UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 97th CONGRESS

FIRST SESSION

VOLUME 127—PART 24

DECEMBER 14, 1981 TO DECEMBER 16, 1981

(PAGES 31057 TO 32434)

GENERAL SERVICES ADMINISTRATION
LAW
LIBRARY
DEC 9 1985
CENTRAL OFFICE

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1981

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

SENATE—*Monday, December 14, 1981*

(Legislative day of Monday, November 30, 1981)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Not to us, O Lord, not to us, but to Thy name give glory, for the sake of Thy steadfast love and Thy faithfulness! Why should the nations say, "Where is their God?" Our God is in the heavens; He does whatever He pleases.—(Psalm 115: 1–3.)

Lord God of the nations, as the Senate returns to its work, the situation in Europe is tense and fragile. Much as the domestic situation demands the attention of our leadership, international affairs cannot be ignored. Grant to the President, the Secretary of State, the National Security Council and the Members of Congress superhuman wisdom and courage so that they may work through the sensitive issues according to the will of God and for the common welfare.

We pray for the leadership of Europe, especially Poland that they may be guided to decisions that will insure peace. Dear God, may the promise of Christmas be a reality as never before, "Glory to God in the highest, peace on earth, good will toward men." In the name of the Father, the Son and the Holy Spirit. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. McCLURE. Mr. President, I ask unanimous consent that the Journal be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. McCLURE. I yield to the majority leader.

POETRY

Mr. BAKER. Mr. President, I leave to the poet, Marianne Moore, the task of distinguishing between understanding and appreciating, on this, the last Monday of the session. I ask unanimous consent that her poem, "Poetry," be printed in the RECORD.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

POETRY

I, too, dislike it: there are things that are
important beyond all this fiddle.
Reading it, however, with a perfect contempt for it, one discovers in
it, after all, a place for the genuine.
Hands that can grasp, eyes
that can dilate, hair that can rise
if it must, these things are important not because a

High-sounding interpretation can be put upon them but because they are
useful. When they become so derivative as to become unintelligible,
the same thing may be said for all of us, that we do not admire what
we cannot understand: the bat
holding on upside down or in quest of something to

eat, elephants pushing, a wild horse taking a roll, a tireless wolf under
a tree, the immovable critic twitching his skin like a horse that feels a flea, the
baseball fan, the statistician—
nor is it valid
to discriminate against "business documents and

school-books"; all these phenomena are important. One must make a distinction
however: when dragged into prominence by half poets, the result is not poetry,
nor till the poets among us can be
"literalists of
the imagination"—above
insolence and triviality and can present

for inspection, "imaginary gardens with real toads in them," shall we have
it. In the meantime, if you demand on the one hand,
the raw material of poetry in
all its rawness and
that which is on the other hand
genuine, then you are interested in poetry.

DEPUTY SECRETARY OF STATE WILLIAM P. CLARK

Mr. BAKER. Mr. President, I call to my colleagues' attention an article which appeared this morning in the Washington Post, an incisive and revealing portrait of Deputy Secretary of State William P. Clark.

Despite his initial lack of expertise in foreign policy, Bill Clark has emerged from his first year in office as one of the most influential and effective No. 2 men in recent State Department history. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CLARK, AFTER A SHAKY START, HAS GAINED RESPECT AT STATE

(By John M. Goshko)

"Reagan chooses nitwit as minister," read the headline in an Amsterdam newspaper; and the London Daily Mirror commented: "America's allies in Europe will hope he is never in charge at a time of crisis."

These were only two of the brutally harsh and sarcastic judgments rendered by the world press on William P. Clark last February after he testified before the Senate Foreign Relations Committee on his qualifications to serve as deputy secretary of state. It wasn't one of Clark's finer hours.

He was unable to identify the prime ministers of South Africa or Zimbabwe and reacted as if he was hearing for the first time about such matters of international interest as the controversy over placing tactical nuclear weapons in Europe or the split in the British Labor Party. In fact, he seemed like one of the most spectacularly ill-suited candidates for a major foreign policy post in modern memory.

Even the normally mild-mannered committee chairman, Charles H. Percy (R-Ill)., who reluctantly voted to confirm Clark out of a sense of party loyalty, later remarked acidly, "Never again can we accept a man who professes to have no knowledge in the area for which he has been nominated."

But that was eight months ago. In the time since, there probably has been no other senior Reagan administration official about whom opinions have changed more radically than Clark, a 50-year-old former California Supreme Court justice who is known throughout the State Department as "the judge."

Clark's name doesn't appear in the news very often these days. However, among people familiar with the inner workings of the administration's foreign policy machinery, he is widely regarded as perhaps the most influential and powerful man to occupy the State Department's second-ranking job since George Ball in the 1960s.

Clark's standing within the administration is so high that he frequently is mentioned as a potential successor to his boss, Secretary of State Alexander M. Haig Jr., or as a possible candidate for an important insider's slot at the White House. More recently, as the

impression has spread that President Reagan's national security affairs adviser, Richard V. Allen, is on his way out, Clark's name keeps cropping up prominently in the speculation about likely replacements.

He got there partly by making up for his lack of expertise through sheer hard work and a punishing, on-the-job learning process. Although there are still a lot of blank spots in his knowledge of world affairs, Clark has parlayed his ability to learn by going into a major role in the internal management of the department. He also has put his fingerprints indelibly on such controversial and high-priority administration policies as its approach to combating Cuban influence in the Caribbean and resolving racial tensions in southern Africa.

However, Clark's real importance rests in his ability to perform another—and unique—function for the administration. He is the principal buffer, interpreter, guidance counselor and damage-control intermediary between the mercurial Haig and the palace guard surrounding Reagan at the White House.

Clark has been able to fit into that role because he has won Haig's trust and respect, while retaining his credentials as a member in high standing of the tight circle of Californians—among them presidential counselor Edwin Meese III, White House deputy chief of staff Michael K. Deaver and Defense Secretary Caspar W. Weinberger—who have been among the president's closest political intimates since his days as governor of California.

It was Clark who moved in as Reagan's chief of staff in 1967 when the governor's office in Sacramento was in a shambles and made it run smoothly, who enlisted Meese and Deaver for the Reagan team and who spent his 1969 vacation in Washington helping Weinberger, then a Nixon administration official, reorganize the Federal Trade Commission.

As one long-time observer of this old-boy network points out, "What Clark lacks in knowledge of foreign affairs is more than compensated for by the fact that he knows every contour of the hearts and minds of Meese and Deaver and Weinberger and Reagan himself. He shares their conservative political outlook and their penchant for doing things in orderly, teamwork fashion. He speaks their language in a way that a temperamental type like Haig would never be able to do."

This ability to "speak their language" keeps Clark almost constantly on the telephone to his old cronies at the White House and the Pentagon, running interference for Haig on policy and jurisdictional disputes and smoothing over the dustups that sometimes have made Haig appear to be in open warfare with the rest of the administration.

Authoritative State Department sources say that at least twice Clark was instrumental in diverting Haig from a collision course that could have had disastrous results for the administration's image. Last spring, when Haig exploded in public anger at the White House's decision to give control of the government's crisis management machinery to Vice President Bush rather than to Haig, Clark sat with the secretary for hours and patiently talked him out of resigning.

Then, these sources add, during the summer, Clark stepped in again and gently dissuaded Haig from demanding that Reagan apologize personally for critical comments about the secretary leaked by White House aides to the press.

Clark's skill at this kind of conciliation helps to explain why most State Department insiders discount the rumors that he might move into the national security adviser's job if the president decides that Allen's problems over his dealings with former Japanese business associates make it advisable to drop him.

In part, many department officials note privately, Clark's education in foreign policy matters still hasn't gone far enough to really qualify him for a job whose main function is to keep the president informed and the rest of the administration coordinated on the broad range of national security business.

Only last week, during a visit to Ireland, Clark demonstrated that there still are some very rough edges on his grasp of sensitive issues. During an interview in Dublin, he used some carelessly loose language that implied the United States was departing from its policy of noninterference in the Irish reunification dispute and that forced the State Department to rush out a clarifying statement that U.S. policy remained unchanged.

But, these officials continue, the main reason Clark is considered unlikely to move to the National Security Council, if and when Allen leaves, is that the president and the senior White House staff consider him more valuable in his present position as their interlocutor with Haig.

It's a role that Clark didn't expect to be playing a year ago when his old friend Reagan, won the presidency. He had left active politics in 1970 for a series of judgeships that culminated in his supreme court appointment, and he was content to divide his time between his cattle and grain ranch in California's San Luis Obispo County and his duties on the court, where he was known as a strict law-and-order conservative at frequent odds with the court's liberal majority.

His name immediately came up on Reagan's short list of candidates for such jobs as attorney general, secretary of agriculture and director of the Central Intelligence Agency, but Clark sent word that he was happy where he was and didn't want to be considered for any of them.

It wasn't until Meese made a cross-country trip to Clark's judicial chambers in San Francisco and advised him that the president wanted him to become deputy secretary of state that Clark reluctantly relented, even though, as he candidly admits, "I didn't know any more about the subject than any casual reader of Time or Newsweek."

Initially, everyone assumed that Reagan wanted Clark at State to act as a watchdog on the unpredictable Haig. But, after the fiasco of Clark's confirmation hearing, it seemed that the pugnacious, internationally famous former general would swallow the softspoken, judiciously quiet outsider from California in a single gulp.

When a reporter asked Haig at a cocktail party how he felt about having a deputy whose credentials seemed so threadbare in comparison to his own far-ranging experience in foreign policy and national security, the secretary grinned broadly and replied: "Actually, I feel pretty good about it."

In reality, State Department sources agree, the two hit it off well from the outset. Both basically shared Reagan's mistrust of communism and his desire to restore American preeminence in world affairs. Haig, instead of trying to shut Clark out, earned his gratitude and affection by taking the newcomer into his confidence and assigning him increasingly important responsibilities.

Clark himself recalls, "From the outset, the problems began piling up to the point where there was far more on Al's plate than he could handle. When something new came in that needed immediate attention, I'd say, 'Al, do you want me to take that one?' and he invariably would answer, 'Bill, could you do that for me?' "

Clark also insists that there never has been a conflict between his loyalties to Reagan and Haig. He says, "Since I've been here, Al has known of every communication I've had with the White House, both before and after; and he, in turn, has shared all his information and decision-making problems with me. We don't always agree on how to do some things, but we work together; and he's never held me away from a problem out of concern that I won't do it the way he wants."

Clark admits, "I had to start pretty much from ground zero and educate myself on subjects I'd never thought about before." But department officials at all levels give him credit for being a quick learner and, even more importantly, a man who could slice through bureacratic red tape and make his decisions stick.

In addition to his primary role of liaison with the White House and other government agency heads, Clark by now has staked out a number of little-noticed but very important functions within the department—ambassadorial appointments, internal management, the controversial shifting of human rights policy away from the activism of the Carter administration—as provinces where his is pretty much the last word.

Where policy initiatives are concerned, Clark has had a big role in two areas where the administration has generated a lot of controversy: Latin America and southern Africa. He has been the main overseer of State's efforts to launch the still evolving Caribbean basin initiative, aimed at combating Cuban influence in that region through development and trade assistance. A few months ago, he went to Pretoria for talks with South African Prime Minister Pieter W. Botha—"the man whose name I didn't know at my confirmation hearing"—to help break the logjam on negotiating an independence settlement for Namibia.

"That doesn't mean that the Caribbean or Africa are areas that have been assigned to me for my exclusive concentration," Clark says. "I have no priorities, and I try to be a utility infielder. More and more, my role inside the department is doublechecking and backstopping things that we're falling behind on in all areas."

"My job is trying to avoid what Al calls the grave error of the Vietnam era when the government got so focused on one issue that we lost sight of other things that were of concern to both our friends and foes. I got into the Caribbean basin thing because we wanted it on the president's agenda at a time when other people wanted to defer its consideration, and I went to South Africa because there was a danger that the Namibia negotiations would get frozen by inertia to the point where the opportunity would be lost."

"Now," he adds, "these matters are on track, for the moment at least; and I can get into other areas that need attention."

As to the future, Clark professes to miss life on his ranch, which is being run for the time being by the eldest of his five children, and talks about getting back there "before too much longer."

However, others see different scenarios for Clark's future. Within the department, there are many career officials, impressed by his access to the White House, who would like to see him become secretary if and when Haig calls it a day. Others, including some Republican politicians, note that Meese reportedly would like to end his service in the Reagan administration as attorney general and say, if that happens, Clark could wind up as Reagan's right hand at the White House.

For the present, such ideas remain in the realm of sheer speculation. What is clear, though, is that both Reagan and Haig seem very happy having Bill Clark sitting in his seventh-floor State Department office ready to pick up the telephone when some smoothing out is needed, and both probably would go to very great lengths to keep him there.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. McCLURE. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the

standing order, there be a period for the transaction of routine morning business, not to extend beyond 30 minutes, with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I reserve the remainder of my time.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

Mr. ROBERT C. BYRD. I thank the Chair.

CRISIS IN POLAND

Mr. ROBERT C. BYRD. Mr. President, events in Poland over the weekend are cause for grave concern among all Americans. It is my sincerest hope that the latest crisis in that country will be resolved peacefully. It is my sincerest hope that the Soviets will see it in their interest to avoid intervention, directly or indirectly, in the present crisis facing Poland.

The Poles must be left alone to resolve the differences between the ruling Communist elite and the 10-million-member Solidarity union movement. The declaration of martial law by the ruling Military Council and the detention of an estimated 1,000 Solidarity union leaders present a potentially explosive situation in Poland. There is room for cautious optimism, however. Reports indicate that Solidarity leader Lech Walesa has flown to Warsaw for talks with Polish authorities. It is my hope, and that of all Americans, that these talks will succeed and the state of emergency will be lifted.

The liberalization effort in Poland which began in the shipyards of Gdansk during the summer of 1980 has been a remarkable development. It has been a particularly welcome development in light of the special relationship the people of the United States have had with Poland over the years. I was, therefore, heartened by Secretary of State Alexander Haig's statement of yesterday which noted:

> A senior Polish foreign official had assured the United States and other western nations that reforms will continue despite the military takeover.

I support the Secretary's statement that the United States "will watch very carefully whether this promise will be kept" and "the political experiment underway in Poland should be allowed to proceed unimpeded."

Mr. President, Americans join with Pope John Paul II in praying that bloodshed will be avoided. The Poles have endured enough suffering throughout their history. It is time for mutual restraint, conciliation, and cooperation in resolving the economic ills plaguing that country. And in this connection, I stand by the efforts of our Government to assist in this endeavor.

THE BUDGET—A HISTORY OF BROKEN PROMISES

Mr. ROBERT C. BYRD. Mr. President, on December 9, the U.S. Senate perpetrated the biggest sham in the history of the budget process when it voted 49 to 48 to adopt a meaningless, nonbudget, when it adopted the Domenici amendment to the second budget resolution.

Through this vote, the Senate also took the amazing step of committing itself to cut social security, defense, and other vital areas of Federal priority. The sponsors of the Domenici amendment have clearly given up on the administration's commitment to a balanced budget. They replaced their earlier trust in the administration with the Domenici amendment which employed a peculiar twist of language whereby the majority of the Budget Committee urged itself to produce a plan next March for fiscal years 1983 and 1984 that results in a balanced budget by fiscal year 1984. I fail to understand why the majority party must ask itself to draft legislative language next year. Since the makeup of the Senate and of the Budget Committee will be the same on March 31 as it is now, what sense did it make to approve such an amendment? Certainly, the amendment captured a few lines of newsprint, and a few seconds of television time, but what was the point of it? Are things any better today than they were before this amendment passed? Are we any closer to a balanced budget in fiscal year 1984 now than we were a few hours before? Obviously, things are no better and we are no closer to a balanced budget.

If this amendment's only failing were that it was pointless, I would not be too upset. After all, I became used to such proposals from my good friends on the other side of the aisle during their long tenure as the minority. But while this amendment was pointless as a balanced budget assurance, it was pernicious in the example it set for future budget cuts.

To quote from the amendment, it urged cuts in "all parts of the budget, including entitlement programs." Let me repeat that, "including entitlement programs."

Well, we on our side do not intend to stand idly by as the most basic entitlement program—social security—is cut, and our contract with this Nation's elderly is broken in two. After the President assured the Nation he would not seek cuts in social security, the majority party nevertheless pushed through an amendment which would require such cuts. Let us take a moment to consider what brought us to this terrible moment.

Throughout the entire budget and tax cutting process, Democrats warned that we would be heading for trouble—that the President's fiscal plan would not work. Yet, our colleagues on the other side of the aisle marched in lock-step with the administration. There was no attempt to achieve a workable program. Now the massive tax cut is in place. Massive deficits are assured.

Let us review the history of this balanced budget fight for a moment.

In January, the President will send us his fiscal year 1983 budget. As this week's newspaper reports indicate, the administration's preliminary calculations are for a budget deficit of $109 billion in fiscal year 1982 rather than the $43 billion projection they gave us in September. For fiscal year 1984, the March, July, and September administration budgets predicted a balanced budget, but the new administration forecast projects a deficit of $162 billion.

Of course, we will hear cries that these are only preliminary projections and that there will be significant cuts to reduce these unacceptably high budget deficits. But there are two important questions to be addressed. The first is: Why are these deficit projections so much higher than those of March or July or September?

I believe the answer is that the administration is finally bringing its economic forecast out of fantasy land. What concerns me now is whether David Stockman or some other administration adviser will rework the economic forecast to make the deficits disappear.

We know from Mr. Stockman's admissions in the Atlantic Monthly article that his first action as OMB Director was to change the computer model that correctly projected high deficits. Will he change the model again?

Or has a balanced budget slipped forever from this administration's grasp?

In September 1980, candidate Reagan promised the American people a balanced budget in fiscal year 1983 by cutting waste, fraud, and abuse. On September 21, 1981, President Reagan reaffirmed his belief in a balanced budget, saying:

> This Administration is committed to a balanced budget, and we will fight to the last vote to achieve it in 1984.

A mere 7 weeks later, on November 6, the country was shocked to hear the President say:

> I've never said anything but that it was a goal. And the eventual goal, whether it comes then [in 1984], or whether it has to be delayed or not, is a balanced budget.

What are we to believe? What signal are we to follow? When this administration first took office and announced its economic recovery plan, the American people were telling us to give the President a chance.

Give him his programs they said. His programs promised a balanced budget, a huge tax cut, and increased defense spending. Well, Congress gave his programs to him—we responded, we gave the President everything he said was necessary for his economic recovery plan. Central to that plan was the promise of a balanced budget in fiscal year 1984, and now that promise has been broken and abandoned.

On November 16, the President said:

> I did not come here to balance the budget—not at the expense of my tax-cutting progam and my defense program. If we can't do it in 1984, we'll have to do it later.

Now we have to ask: What is it the President wants? Will he ever balance the budget?

The second question I must ask is: If the President does still want a balanced budget, how will that budget be balanced? I think $162 billion is too much of a "magic asterisk" even for David Stockman, but one can never be sure.

On October 15, I submitted an amendment instructing OMB Director Stockman to reveal which budget cuts and which tax increases would be necessary to reach the administration's deficit targets of $43.1 billion in fiscal year 1982, $22.9 billion in fiscal year 1983, and a balanced budget in fiscal year 1984. This amendment, which was offered to the social security minimum benefit bill, asked nothing more than that the full picture be painted for the Congress and the American people. The amendment sought to flush out any future social security cuts which might be lurking under the rubric of unidentified cuts. Unfortunately, it was made into a partisan matter and voted down on a straight party line vote.

I would point out at this time that the first budget resolution for fiscal year 1982 includes an assumption that there will be unspecified COLA cuts of almost $5 billion in fiscal year 1982 and $7 billion in both fiscal years 1983 and 1984.

On October 28, I introduced a bill which again directed the Office of Management and Budget to spell out the unidentified budget cuts and tax increases necessary to reach the administration's deficit targets. There has been no action on that bill.

On November 18, when the Senate was considering the ill-fated continuing resolution, I offered a simple sense of the Senate amendment that the President should present a balanced budget for fiscal year 1984 and should detail the plan to reach that balance. Well, that sense of the Senate amendment was spared the opportunity of the veto when it was defeated on a party line vote of 47 to 50.

If one of these amendments had been adopted, there could be no so-called unidentified cuts. There could be no vague language that would leave Congress or the American people in doubt as to what cuts would be necessary or what tax increases would be required in order to achieve a balanced budget in fiscal year 1984. It would all be out on the table, for everyone to see and understand, for the Congress and the American people, so that they could clearly appreciate what cuts would be included and what tax increases would be required.

The administration could not continue to pretend future proposals for savings, unidentified cuts, or magic asterisks can balance a budget.

My concern about the blue smoke and mirrors which were being used to project a balanced budget began when the President transmitted his budget to Congress on March 10. Even at that time, there were disturbing signs. Most disturbing were the $74 billion in unidentified cuts for fiscal years 1983 and 1984. Were magic asterisks the only way this administration could balance a budget?

Last April, when more realistic economics were used by the Senate Budget Committee, three Republicans joined Senate Budget Committee Democrats in opposing the fiscal year 1982 first budget resolution because it did not provide for a balanced budget in fiscal year 1984.

Over the Easter recess, faced with the prospect of no fiscal year 1982 budget resolution, a new master budget plan developed which reduced fiscal year 1984 spending by $44.8 billion, coincidentally the exact amount necessary to balance the budget in fiscal year 1984.

But even this doctored document contained unidentified cuts. In fiscal year 1983, there were $28 billion in unidentified cuts and an incredible $35 billion in fiscal year 1984.

Although these unidentified cuts troubled me and my fellow Democrats, the worst was yet to come, because the administration's July tax cut bill, which slashed $280 billion in revenues between 1982 and 1984, has proven to be a disaster.

Not only is this tax cut an unfair transfer of wealth from middle to upper income citizens, but it put a balanced budget by 1984 out of reach. President Reagan said the Kemp/Roth tax bill "* * * includes just about everything to help the economy. * * *" But we now find out from Mr. Stockman that it was nothing more than a trickle down wolf in the sheep's clothing of supply side economics.

In September, the budget situation turned even more grim. The economy was not responding to the plan. As the bad news continued to mount, the administration announced another multiyear budget plan to bring the deficit to zero by 1984. Their fall budget plan included new spending cuts of $48 billion for fiscal year 1984 on top of the $51 billion that had already been cut by the administration's reconciliation plan passed in July.

After the surprising vote on my October 15 amendment, I sent a letter to Director Stockman on October 29. The letter asked Mr. Stockman to answer two critical questions:

First, what are the amounts of "unidentified" cuts for fiscal years 1982, 1983, and 1984 that are presently included in the President's Fall Budget Program? . . . Second, based on the economic and budget situation as you see it today, what is your best estimate of spending reductions and revenue increases that are necessary to maintain the Fall Budget Program's projected deficits of $43.1 billion in fiscal year 1982, $22.9 billion in fiscal year 1983, and a balanced budget in fiscal year 1984?

Although this letter was sent nearly 5 weeks ago, I received no response until December 4. Mr. Stockman's letter said that there are $49 billion in unidentified savings in the administration's latest budget. He did not answer my question as to what budget cuts and tax increases are necessary to balance the budget by fiscal year 1984.

Recent weeks have brought some added pressures on Director Stockman. The Atlantic Monthly article confirmed the fear I had harbored all along, the fear that had caused me to offer legislation seeking clarification of the unidentified cuts and necessary tax increases assumed by the President's package.

The article depicted David Stockman as dismissing this important matter of unidentified cuts. To him, the unidentified cuts which held his deficit projections together were just magic asterisks. Well, I supose magic asterisks have their place in a program that the Vice President once labeled "voodoo economics." Unfortunately, they have no place in the world of free market economics.

The administration may have decided to abandon its balanced budget goal for 1984, but many of us have not, and the Senate should not. If we abandon this goal, what point of reference do our business and labor leaders have as they try to plan for the future? If we abandon this goal, I am afraid we are jeopardizing economic recovery.

I ask unanimous consent that my letter to Director Stockman, his response, and a special report detailing the administration's flip-flops on the balanced budget be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OFFICE OF THE DEMOCRATIC LEADER,
Washington, D.C., October 29, 1981.

Hon. DAVID A. STOCKMAN,
Director, Office of Management and Budget, Executive, Office Building, Washington, D.C.

DEAR MR. DIRECTOR: On October 15, 1981, I offered an amendment to H.R. 4331, a bill to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits payments under the Social Security Act.

My amendment asked that you report to Congress a complete list of budget reductions and revenue increases that are necessary to achieve the FY 1982 and FY 1983 deficits, and the balanced budget for FY 1984 projected in the President's Fall Budget Program.

My amendment sought to identify all budget initiatives necessary to meet the Administration's most recent projections. This would include your latest internal revisions of the budget, as well as the "undentified" savings assumed in the Fall Budget Program. Based on the information provided in the September 24, 1981, Fact Sheet released by the White House, it appears that there were "unidentified" cuts of $51.7 billion in FY 1983 and $82.0 billion in FY 1984.

Today, for the first time, I learned that the Office of Management and Budget privately disputes that the amounts of "unidentified" cuts in fiscal years 1983 and 1984 are that large.

To help clarify this situation, I would be grateful if you could immediately provide the answers to two questions. First, what are the amounts of "unidentified" cuts for fiscal years 1982, 1983, and 1984 that are presently included in the President's Fall Budget Program? I believe these amounts should include any proposals that have not been transmitted to Congress.

Second, based on the economic and budget situation as you see it today, what is your best estimate of spending reductions and revenue increases that are necessary to maintain the Fall Budget Program's projected deficits of $43.1 billion in fiscal year 1982, $22.9 billion in fiscal year 1983, and a balanced budget in fiscal year 1984?

I would appreciate your immediate attention to this matter.

Sincerely,

ROBERT C. BYRD.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., December 2, 1981.

Hon. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR BOB: This is in response to your letter of October 29, 1981, in which you raise ques-

tions about the Fact Sheet on the Fall Budget Program (September 24, 1981), and about our current assessment of spending reductions and revenue increases necessary to meet the September targets.

The table below shows the identified and unidentified savings reflected in the September estimates. It shows that the Administration identified proposed savings—including both outlay reductions and revenue enhancements—of $16.0 billion in 1982, $28.3 billion in 1983, and $35.8 billion in 1984. In addition, further savings of $11.7 billion in 1983 and $23.0 billion in 1984 were estimated to be required to achieve the Administration's target of a $22.9 billion deficit in 1983 and a balanced budget in 1984. These estimates of unidentified savings are substantially below those mentioned in your letter.

[Estimates in billions of dollars]

	1982	1983	1984
Identified savings:			
12 percent across-the-board cut in fiscal year 1982	8.4	5.3	3.8
Defense slowdown	2.0	5.0	6.0
Entitlements reform	2.6	10.0	15.0
Revenue enhancements	3.0	8.0	11.0
Subtotal, identified	16.0	28.3	35.8
Unidentified savings		11.7	23.0
Total savings	16.0	40.0	58.8

The entitlement reforms and revenue enhancements reflected in the table above, which were originally expected to be transmitted to the Congress in October, will instead be transmitted in the 1983 Budget in January.

In response to your second question, as part of our annual fall review process we are reassessing the economic outlook and its implications for the goals reflected in the President's September address. Because this reassessment has not been completed—and will not be completed until shortly before the 1983 Budget is delivered to Congress—I cannot respond to your second question at this time.

Sincerely,

DAVID A. STOCKMAN,
Director.

SPECIAL REPORT OF DEMOCRATIC POLICY COMMITTEE, NOVEMBER 10, 1981

This Administration is committed to a balanced budget, and we will fight to the last blow to achieve it by 1984. . . .

We will not sit on our hands and watch helplessly as the deficit swells and swells.—President Ronald Reagan, September 21, 1981.

I did not come here to balance the budget—not at the expense of my tax-cutting program and my defense program. If we can't do it in 1984, we'll have to do it later.—President Ronald Reagan, Newsweek, November 16, 1981.

THE BALANCED BUDGET: ANOTHER BROKEN PROMISE

After nine months of predictions that a balanced budget in 1984 would be a reality, the Administration finally admitted what non-Administration economists were saying all along. Given the Administration's economic plan, it cannot happen.

Below is a history of select quotes about the balanced budget starting with September 1980, and ending in November 1981.

On September 9, 1980, Ronald Reagan: "We must balance the budget, reduce taxes, and restore our defenses. These are the challenges. . . . I know we can do these things, and I know we will."—Source: Address to the International Business Council.

On September 21, 1980, Ronald Reagan: "I believe the budget can be balanced by 1982 or 1983."—source: Anderson-Reagan Debate.

On October 28, 1980, Ronald Reagan: "I have submitted an economic plan . . . and believe that over a five year projection, this plan can permit the extra spending for needed refurbishing of our defensive posture, that it can provide for a balanced budget in 1983 if not earlier, and that we can afford—along with the cuts that I have proposed in government spending—we can afford the tax cuts I have proposed. . . ."—Source: Carter-Reagan Debate.

On February 3, 1981, and he (President Reagan) told interviewers in the Oval Office that "one of the things I have not retreated from is the 1983 target" of a balanced budget—Source: The New York Times, February 4, 1981.

On February 18, 1981: By fiscal 1984—under the policy recommendations presented in this document—the Federal budget should be in balance.—Source: "America's New Beginning: A Program for Economic Recovery."

On March 2, 1981, Budget director David A. Stockman said yesterday that the Reagan administration will propose further spending cuts if a weakening economy later this year threatens to increase the budget deficit.

Stockman said that if such a trend develops this spring, the Reagan administration would "as a matter of basic policy, look for offsetting economies," rather than accommodate that kind of growth in the deficit. "It may not be a 100 percent offset," he said, "but we would not allow the budget to become hostage to the economy."—Source: The Washington Post, March 3, 1981.

On September 15, 1981, President Ronald Reagan: "I'm as committed today as on the first day I took office to balancing the budget, freeing the people from punitive taxation, and making America once again strong enough to safeguard our freedom. And I'm surer today than I ever was that we can achieve all three of these things. We'll continue to make budget adjustments as needed, and we'll hold the line."—Source: Remarks at a White House Reception.

On September 21, 1981, President Ronald Reagan: "This Administration is committed to a balanced budget, and we will fight to the last blow to achieve it by 1984. . . .

"We will not sit on our hands and watch helplessly as the deficit swells and swells." Source: Address to the National Federation of Republican Women.

On September 24, 1981, President Ronald Reagan: ". . . Maybe you'll remember that we were told in the spring of 1980 that the 1981 budget, the one we have now, would be balanced. Well, that budget, like so many in the past, hemorrhaged badly and wound up in a sea of red ink:

"I have pledged that we shall not stand idly by and see that same thing happen again."—Source: Televised Address to the Nation, September 24, 1981.

On October 26, 1981, OMB Director David Stockman: "I don't think anybody's talking about literal accounting balance or making a fetish (of a balanced budget)."—Source: The New York Times, October 29, 1981.

On October 29, 1981, White House Communications Director David Gergen: "The President is sticking firmly to the idea of a balanced budget in 1984."—Source: The New York Times, October 31, 1981.

On October 30, 1981, testifying before the Senate Budget Committee, Mr. Regan said it is "possible, but not probable" that the goal (of a balanced budget) will be reached.—Source: The Baltimore Sun, October 31, 1981.

On November 6, 1981, Treausry Secretary Donald Regan: "We will not be able to achieve a balanced budget by 1984, but we will be on a path leading to a balanced budget."—Source: The Baltimore Sun, November 7, 1981.

On November 6, 1981, President Ronald Reagan: "I've never said anything but that it was a goal. And the eventual goal, whether it comes then (in 1984) or whether it has to be delayed or not, is a balanced budget."—Source: The Washington Post, November 7, 1981.

On November 1981, President Ronald Reagan: "I did not come here to balance the budget—not at the expense of my tax-cutting program and my defense program. If we can't do it in 1984, we'll have to do it later."—Source: Newsweek, November 16, 1981.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield to the Senator from Wisconsin.

HOUSE HEARINGS UNDERSCORE NEED FOR RATIFICATION OF GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, last week the Senate Foreign Relations Committee held its 11th day of hearings on the Genocide Convention since President Truman transmitted the Convention to the Senate in 1949. As that committee renews its consideration of the treaty, I would like to take this opportunity to call the attention of my colleagues to important hearings on the crime of genocide held by the House Committee on International Relations in 1975.

For 2 days that committee received testimony from a number of historians, sociologists, and other experts on the two greatest human tragedies of this century, the Holocaust, which destroyed or displaced almost the entire Jewish population in Europe, and the massacre of 1½ million Armenians by the Turks during World War I. By closely examining those two instances of genocide in an effort to reach a broader understanding of the crime of genocide and its implications, the committee sought to provide a basis for the discussion of possible methods of prevention.

First and foremost, the witnesses implored the committee to remember the absolute horror of these human atrocities, the incredible suffering and death borne by the victims, and the callousness, intolerance, hatred, and inhumanity which the perpetrators were capable of.

Subcommittee Chairman Lester Wolff recognized in his opening statement that—

> We cannot permit the passage of time to erase the memory of an act of genocide. It is a time that cannot be forgotten. Just twenty-five years after the massacre of the Armenians, Adolph Hitler, as he was laying out his own plans for atrocities, callously noted, "Who, after all, speaks today of the annihilation of the Armenians?"

Mr. President. that is a shocking quote. Think about it.

That Hitler could possibly have been deterred from instigating the slaughter of Europe's Jews had the international reaction to the Armenian Holocaust just 25 years earlier been firmer and more

vocal is a most disturbing notion, one that must sting in the conscience of us all.

Repeatedly, the witnesses of this hearing stressed that to establish the climate of world opinion necessary to deter future genocides, it is essential that the world be vividly reminded, again and again, of the willful slaughters of human beings that have occurred throughout history.

But, Mr. President, as the international reaction to the Armenian massacre at the time Hitler was plotting his final solution demonstrates to us, the memory of mankind is dangerously short lived.

This fact reiterates the need for the international community to formally commit itself to the prevention of genocide. And that, Mr. President, is exactly what the Genocide Convention does. It provides a framework for the nations of the world to effectively oppose the planned destruction of whole groups of people.

I urge my colleagues to take the time to review some of the excellent testimony contained in this hearing record, which effectively makes the case for ratification of the Genocide Convention by this body.

Mr. President, I ask unanimous consent that former Representative Lester Wolff's excellent opening remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

Mr. WOLFF. The subcommittee will come to order.

Genocide is, perhaps, the most heinous of international crimes. It takes the form of organized violence directed, usually by a state, against a people who are relatively defenseless. As these people are persecuted by the very state in which they live, their only recourse is assistance from abroad.

Today, the Subcommittee on Future Foreign Policy Research and Development, augmented by several additional members who are with us, will hold the first in a series of hearings to probe the terror of genocide: to try to determine how nations can prevent future crimes from occurring and bring to an end genocidal activities that do begin.

There is a growing concern in the Congress over the state of human rights in various nations in the world. These hearings will concentrate on the most extreme violation of human rights, the destruction of a people. To do this, we will examine certain past instances of genocide.

We will study the massacres of the Armenian people, and the "Holocaust" that claimed the lives of millions of European Jews.

We will examine the details of these tragedies and try to draw from conclusions as to the nature of genocide and how our Nation can respond in the future.

We have before us a panel of distinguished guests who will provide us with a wealth of information on the first genocidal tragedy of the 20th century, that which befell the Armenian people in the years 1910–20 when 1.5 million people were killed or driven from their homes and left to die. Our purpose in this is twofold. We shall examine this tragedy as part of the broader problem of genocide and also to determine whether the repercussions of the tragedy are still being felt today.

We cannot permit the passage of time to erase the memory of an act of genocide. It is a crime that cannot be forgotten. Just 25 years after the massacre of the Armenians, Adolph Hitler, as he was laying out his own plans for atrocities, callously noted, "Who, after all, speaks today of the annihilation of the Armenians?"

In these hearings, we will show that such crimes are not forgotten but remain etched in the memory of man and serve to redouble man's efforts to prevent another tragedy.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE CALENDAR

Mr. BAKER. Mr. President, if I may have the attention of the distinguished minority leader for a moment, in examining the Executive Calendar for today, I find that, under nominations, all of those nominations beginning with Calendar Order No. 572, C. T. Conover, of California, to be Comptroller of the Currency, and extending, without exception, through page 41, to include nominations placed on the Secretary's desk in the Coast Guard, Air Force, Army, and Navy, have been cleared on our calendar. I wonder if the minority leader is prepared at this time to proceed to the consideration of all or any of those nominations.

Mr. ROBERT C. BYRD. Mr. President, all nominations on page 2 and going through page 41 have been cleared on this side of the aisle.

Mr. BAKER. Mr. President, would the distinguished minority leader be prepared at this time then to consider those nominations en bloc?

Mr. ROBERT C. BYRD. Mr. President, with the exception of the nomination which appears on page 2 in connection with which Senator PROXMIRE wishes to speak, this side is ready to proceed en bloc.

Mr. BAKER. I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the nominations just identified.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, would the clerk please state the first nomination?

The PRESIDENT pro tempore. The clerk will state the first nomination.

NATIONAL TRANSPORTATION SAFETY BOARD

The assistant legislative clerk read the nomination of James Eugene Burnett, Jr., of Arkansas, to be a member of the National Transportation Safety Board.

Mr. BAKER. Mr. President, I am sorry. The first one, if I am not mistaken, is C. T. Conover, of California. Is that not correct? The others are to be considered en bloc was the advice I received from the minority leader. I believe the minority leader agreed to consider all the nominations beginning on page 2 under "Nominations." It was my hope the Chair would ask the clerk to state the first nomination, which would be C. T. Conover, on which there would be some debate. After the disposition of that nomination, I will ask that the remainder of them be considered en bloc.

The PRESIDENT pro tempore. The clerk will state the nomination.

DEPARTMENT OF THE TREASURY

The assistant legislative clerk read the nomination of C. T. Conover, of California, to be Comptroller of the Currency.

Mr. PROXMIRE. Mr. President, I will be very very brief. I do not expect to be more than 2 minutes.

Mr. President, this is a nomination which gave me a great deal of concern. Fortunately, Mr. Conover has cleared up my principal concern. I commend him for his willingness to compromise.

Mr. Conover had been a founder of the business consulting firm of Edgar, Dunn, and Conover a few short years ago. The firm has represented national banks. In fact, about 20 percent of their business and their revenues is from national banks.

Because the office to which he is being nominated is the most powerful office in the life of national banks and has virtually complete power over them as far as regulation is concerned, I was concerned with the situation of Mr. Conover being Comptroller of the Currency, the top man in this office, and, at the same time, his name appearing on a firm which national banks hired and paid to represent them. The conflict and especially the apparent or perceived conflict of interest could hardly be more obvious. I told Mr. Conover this in his nomination hearings before the Senate Banking Committee, and I told him the same thing when we had a private conference.

I must say, to Mr. Conover's great credit, by a letter dated December 8, 1981, he will have his name removed from the Edgar, Dunn firm. I think Mr. Conover has done the right thing with respect to the firm name. Mr. Conover will also recuse himself from bank client matters involving the Edgar, Dunn firm. For this, too, I commend Mr. Conover and I wish him well and express my desire to work with him as he enters upon his duties as Comptroller of the Currency. I have no objection to him. I think he is a competent man and an intelligent man with a fine background and I approve his nomination.

The PRESIDENT pro tempore. The nomination is confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Now, Mr. President, I ask unanimous consent that the remainder of the nominations appearing on today's Executive Calendar, beginning on page 3, National Transportation Safety Board, and continuing to the end, without exception, and to include the nominations placed on the Secretary's desk, be considered and confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

The nominations confirmed are as follows:

NATIONAL TRANSPORTATION SAFETY BOARD

James Eugene Burnett, Jr., of Arkansas, to be a member of the National Transportation Safety Board for the term expiring December 31, 1985.

COMMUNICATIONS SATELLITE CORPORATION

Robert M. Garrick, of California, to be a member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1984.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Bobby Jack Thompson, of New York, to be Administrator of the U.S. Fire Administration.

U.S. AIR FORCE

The following officers for appointment in the U.S. Air Force under the provisions of chapter 36, title 10 of the United States Code:

Brig. Gen. Leon W. Babcock, Jr., to be major general.

Brig. Gen. Robert D. Beckel, to be major general.

Brig. Gen. John A. Brashear, to be major general.

Brig. Gen. Duane H. Cassidy, to be major general.

Brig. Gen. William M. Charles, Jr., to be major general.

Brig. Gen. Joseph H. Connolly, to be major general.

Brig. Gen. Charles J. Cunningham, Jr., to be major general.

Brig. Gen. Thomas G. Darling, to be major general.

Brig. Gen. William A. Gorton, to be major general.

Brig. Gen. Monroe W. Hatch, Jr., to be major general.

Brig. Gen. Paul H. Hodges, to be major general.

Brig. Gen. William L. Kirk, to be major general.

Brig. Gen. Donald L. Lamberson, to be major general.

Brig. Gen. Gerald D. Larson, to be major general.

Brig. Gen. William J. Mall, Jr., to be major general.

Brig. Gen. Charles McCausland, to be major general.

Brig. Gen. Robert E. Messerli, to be major general.

Brig. Gen. Joseph D. Moore, to be major general.

Brig. Gen. Richard D. Murray, to be major general.

Brig. Gen. David L. Nichols, to be major general.

Brig. Gen. Peter W. Odgers, to be major general.

Brig. Gen. George B. Powers, Jr., to be major general.

Brig. Gen. Richard W. Pryor, to be major general.

Brig. Gen. Bernard P. Randolph, to be major general.

Brig. Gen. Robert H. Reed, to be major general.

Brig. Gen. Thomas C. Richards, to be major general.

Brig. Gen. Robert A. Rosenberg, to be major general.

Brig. Gen. Robert D. Springer, to be major general.

Brig. Gen. Thomas S. Swalm, to be major general.

Gen. William E. Thuman, to be major general.

Gen. Edward L. Tixier, to be major general.

Brig. Gen. Harold W. Todd, to be major general.

Brig. Gen. Kermit Q. Vandenbos, to be major general.

Brig. Gen. Brien D. Ward, to be major general.

Brig. Gen. Clifton D. Wright, Jr., to be major general.

Brig. Gen. Frank H. Smoker, Jr., to be major general.

Brig. Gen. Henry C. Smyth, Jr., to be major general.

Brig. Gen. Herbert L. Wassell, Jr., to be major general.

Col. Carl D. Black, to be brigadier general.

Col. John E. Blewett, to be brigadier general.

Col. James T. Botticelli, to be brigadier general.

Col. Charles S. Cooper III, to be brigadier general.

Col. Michael DiBernardo, to be brigadier general.

Col. Thomas A. Facelle, Jr., to be brigadier general.

Col. Richard J. Geehan, Jr., to be brigadier general.

Col. William H. Johnson, to be brigadier general.

Col. Harold E. Juedeman, to be brigadier general.

Col. John M. Karibo to be brigadier general.

Col. Myrle B. Langley, to be brigadier general.

Col. John R. Layman, to be brigadier general.

Col. Alexander P. MacDonald, to be brigadier general.

Col. William M. MacInnes, to be brigadier general.

Col. John T. Olson, to be brigadier general.

Col. Robert W. Paret, to be brigadier general.

Col. Bertram W. Sealy, Jr., to be brigadier general.

Col. John J. Zito, to be brigadier general.

U.S. ARMY

The following-named officers for appointment in the Regular Army of the United States to the grade indicated under the provisions of section 601(a), Public Law 96–513, 12 December 1980, and title 10, United States Code, section 624:

Maj. Gen. Ames S. Albro, Jr., to be major general.

Maj. Gen. Andrew H. Anderson, to be major general.

Brig. Gen. (promotable) Thurman E. Anderson, to be major general.

Maj. Gen. Richard W. Anson, to be major general.

Maj. Gen. William S. Augerson, to be major general.

Maj. Gen. Donald M. Babers, to be major general.

Maj. Gen. Charles W. Bagnal, to be major general.

Maj. Gen. Floyd W. Baker, to be major general.

Maj. Gen. Quinn H. Becker, to be major general.

Maj. Gen. Robert L. Bergquist, to be major general.

Maj. Gen. Raymond H. Bishop, Jr., to be major general.

Maj Gen. Richard D. Boyle, to be major general.

Maj. Gen. Arthur E. Brown, Jr., to be major general.

Maj. Gen. Edward M. Browne, to be major general.

Maj. Gen. John D. Bruen, to be major general.

Maj. Gen. Paul P. Burns, to be major general.

Brig. Gen. (Promotable) Andrew P. Chambers, to be major general.

Maj. Gen. Mary E. Clarke, to be major general.

Maj. Gen. Neal Creighton, to be major general.

Brig. Gen. (promotable) John S. Crosby, to be major general.

Maj. Gen. Howard G. Crowell, Jr., to be major general.

Maj. Gen. Jerry R. Curry, to be major general.

Brig. Gen. (promotable) William S. deCamp, to be major general.

Maj. Gen. Edward A. Dinges, to be major general.

Maj. Gen. Henry Doctor, Jr., to be major general.

Brig. Gen. (promotable) Robert J. Donahue, to be major general.

Maj. Gen. Benjamin E. Doty, to be major general.

Maj. Gen. David K. Doyle, to be major general.

Maj. Gen. Harry L. Dukes, Jr., to be major general.

Maj. Gen. Charles W. Dyke, to be major general.

Maj. Gen. David W. Einsel, Jr., to be major general.

Brig. Gen. (Promotable) James N. Ellis, to be major general.

Maj. Gen. Robert M. Elton, to be major general.

Maj. Gen. Vincent E. Falter, to be major general.

Maj. Gen. Joseph L. Fant, to be major general.

Maj. Gen. Charles J. Fiala, to be major general.

Maj. Gen. Robert C. Forman, to be major general.

Brig. Gen. (promotable) Robert H. Forman, to be major general.

Brig. Gen. (promotable) Charles D. Franklin, to be major general.

Maj. Gen. James E. Freeze, to be major general.

Maj. Gen. Daniel W. French, to be major general.

Maj. Gen. Niles J. Fulwyler, to be major general.

Maj. Gen. John R. Galvin, to be major general.

Maj. Gen. John D. Granger, to be major general.

Maj. Gen. Henry H. Harper, to be major general.

Maj. Gen. Thomas F. Healy, to be major general.

Maj. Gen. Elvin R. Heiberg III, to be major general.

Maj. Gen. John A. Hemphill, to be major general.

Maj. Gen. Robert L. Herriford, Sr., to be major general.

Brig. Gen. (promotable) Arthur Holmes, Jr., to be major general.

Maj. Gen. John W Hudachek, to be major general.

Maj. Gen. William K. Hunzeker, to be major general.

Maj. Gen. Edward J. Huycke, to be major general.

Maj. Gen. Theodore G. Jenes, Jr., to be major general.

Maj. Gen. James H. Johnson, to be major general.

Maj. Gen. Vaughn O. Lang, to be major general.
Maj. Gen. Donald R. Lasher, to be major general.
Maj. Gen. Richard D. Lawrence, to be major general.
Maj.Gen. Allen H. Light, Jr., to be major general.
Brig. Gen. (promotable) Aaron L. Lilley, Jr., to be major general.
Maj. Gen. James J. Lindsay, to be major general.
Maj. Gen. Fred K. Mahaffey, to be major general.
Maj. Gen. James P. Maloney, to be major general.
Brig. Gen. (promotable) George E. Marine, to be major general.
Maj. Gen. Carl H. McNair, Jr., to be major general.
Brig. Gen. (promotable) Walter J. Mehl, to be major general.
Maj. Gen. Louis C. Menetrey, to be major general.
Maj. Gen. Bernhard T. Mittemeyer, to be major general.
Maj. Gen. William C. Moore, to be major general.
Maj. Gen. Max W. Noah, to be major general.
Maj. Gen. John B. Oblinger, Jr., to be major general.
Maj. Gen. Edward C. O'Connor, to be major general.
Maj. Gen. Joseph T. Palastra, Jr., to be major general.
Maj. Gen. Elmer D. Pendleton, Jr., to be major general.
Maj. Gen. James C. Pennington, to be major general.
Brig. Gen. (promotable) Garrison Rapmund, to be major general.
Maj. Gen. Benjamin F. Register, Jr., to be major general.
Maj. Gen. Roderick D. Remick, Jr., to be major general.
Maj. Gen. Hugh G. Robinson, to be major general.
Maj. Gen. Patrick M. Roddy, to be major general.
Maj. Gen. Vincent M. Russo, to be major general.
Maj. Gen. William H. Schneider, to be major general.
Maj. Gen. Robert L. Schweitzer, to be major general.
Maj. Gen. John W. Seigle, to be major general.
Maj. Gen Lawrence F. Skibbie, to be major general.
Maj. Gen. Harold I. Small, to be major general.
Maj. Gen. Robert B. Solomon, to be major general.
Maj. Gen. Howard F. Stone, to be major general.
Maj. Gen. Albert N. Stubblebine III, to be major general.
Maj. Gen. Duane H. Stubbs, to be major general.
Maj. Gen. Robert A. Sullivan, to be major general.
Maj. Gen. Edward L. Trobaugh, to be major general.
Maj. Gen. Dale A. Vesser, to be major general.
Maj. Gen. Carl E. Vuono, to be major general.
Maj. Gen. Louis C. Wagner, Jr., to be major general.
Maj. Gen. David E. Watts, to be major general.
Maj. Gen. James S. Welch, to be major general.
Maj. Gen. Richard M. Wells, to be major general.
Maj. Gen. James A. Williams, to be major general.
Maj. Gen. John W. Woodmansee, Jr., to be major general.

Brig. Gen. Floyd C. Adams, Jr., to be brigadier general.
Brig. Gen. Robert B. Adams, to be brigadier general.
Col. (promotable) Edwin M. Aguanno, to be brigadier general.
Brig. Gen. Anthony F. Albright, to be brigadier general.
Brig. Gen. Jack A. Apperson, to be brigadier general.
Brig. Gen. Norman E. Archibald, to be brigadier general.
Brig. Gen. John C. Bahnsen, Jr., to be brigadier general.
Brig. Gen. John L. Ballantyne III, to be brigadier general.
Brig. Gen. Lyle J. Barker, Jr., to be brigadier general.
Brig. Gen. Gerald T. Bartlett, to be brigadier general.
Brig. Gen. Richard J. Bednar, to be brigadier general.
Brig. Gen. Gerald H. Bethke, to be brigadier general.
Brig. Gen. Frederick C. Biehusen, to be brigadier general.
Brig. Gen. Zeb B. Bradford, Jr., to be brigadier general.
Brig. Gen. Jack O. Bradshaw, to be brigadier general.
Brig. Gen. James T. Bramlett, to be brigadier general.
Col. (promotable) Joe J. Breedlove, to be brigadier general.
Brig. Gen. Charles F. Briggs, to be brigadier general.
Brig. Gen. Leo A. Brooks, to be brigadier general.
Brig. Gen. Grail L. Brookshire, to be brigadier general.
Brig. Gen. Jeremiah J. Brophy, to be brigadier general.
Brig. Gen. Charles W. Brown, to be brigadier general.
Brig. Gen. Dallas C. Brown, Jr., to be brigadier general.
Brig. Gen. Frederic J. Brown III, to be brigadier general.
Brig. Gen. John M. Brown, to be brigadier general.
Brig. Gen. David L. Buckner, to be brigadier general.
Col. (promotable) Robert H. Buker, to be brigadier general.
Brig. Gen. Jerry M. Bunyard, to be brigadier general.
Brig. Gen. Peter G. Burbules, to be brigadier general.
Brig. Gen. Peter G. Burbules, to be brigadier general.
Col. (promotable) William F. Burns, to be brigadier general.
Brig. Gen. Archie S. Cannon, Jr., to be brigadier general.
Brig. Gen. Richard G. Cardillo, to be brigadier general.
Brig. Gen. William E. Carlson, to be brigadier general.
Brig. Gen. Thomas E. Carpenter III, to be brigadier general.
Col. (promotable) William S. Carpenter, to be brigadier general.
Col. (promotable) James C. Cercy, to be brigadier general.
Brig. Gen. Hubert T. Chandler, to be brigadier general.
Brig. Gen. James L. Collins, Jr., to be brigadier general.
Brig. Gen. Donald W. Connelly, to be brigadier general.
Brig. Gen. Michael J. Conrad, to be brigadier general.
Brig. Gen. Andrew L. Cooley, to be brigadier general.
Col. (promotable) Johnnie H. Corns, to be brigadier general.
Brig. Gen. Walter C. Cousland, to be brigadier general.
Col. (promotable) Eugene R. Cromartie, to be brigadier general.

Brig. Gen. Robert T. Cutting, to be brigagdier general.
Brig. Gen. Harold M. Davis, Jr., to be brigadier general.
Brig. Gen. Sidney Davis, to be brigadier general
Brig. Gen. Peter M. Dawkins, to be brigadier general.
Brig. Gen. Donald J. Delandro, to be brigadier general.
Brig. Gen. Norman G. Delbridge, Jr., to be brigadier general.
Brig. Gen. James R. DeMoss, to be brigadier general.
Brig. Gen. James L. Dozier, to be brigadier general.
Brig. Gen. Charles F. Drenz, to be brigadier general.
Brig. Gen. James E. Drummond, to be brigadier general.
Brig. Gen. William R. Dwyre, to be brigadier general.
Col. (promotable) Donald E. Eckelbarger, to be brigadier general.
Brig. Gen. Charles H. Edmiston, Jr., to be brigadier general.
Brig. Gen. Maurice O. Edmonds, to be brigadier general.
Col. (promotable) Fred E. Elam, to be brigadier general.
Brig. Gen. Jack B. Farris, Jr., to be brigadier general.
Brig. Gen. Thomas J. Flynn, to be brigadier general.
Brig. Gen. Johnie Forte, Jr., to be brigadier general.
Brig. Gen. John W. Foss, to be brigadier general.
Brig. Gen. Eugene Fox, to be brigadier general.
Brig. Gen. Joseph P. Franklin, to be brigadier general.
Col. (promotable) Forrest T. Gay III, to be brigadier general.
Brig. Gen. Charles E. Getz, to be brigadier general.
Brig. Gen. Wendell H. Gilbert, to be brigadier general.
Brig. Gen. Charles F. Gorden, Jr., to be brigadier general.
Brig. Gen. William H. Gourley, to be brigadier general.
Brig. Gen. Todd P. Graham, to be brigadier general.
Brig. Gen. Richard G. Graves, to be brigadier general.
Brig. Gen. Donald J. Gudinas, to be brigadier general.
Brig. Gen. James R. Hall, Jr., to be brigadier general.
Brig. Gen. Robert D. Hammond, to be brigadier general.
Brig. Gen. Bruce R. Harris, to be brigadier general.
Brig. Gen. Henry J. Hatch, to be brigadier general.
Col. (promotable) Mildred E. P. Hedberg, to be brigadier general.
Brig. Gen. James R. Henslick, to be brigadier general.
Brig. Gen. Bernard M. Herring, Jr., to be brigadier general.
Brig. Gen. Patrick J. Hessian, to be brigadier general.
Brig. Gen. James M. Hesson, to be brigadier general.
Col. (promotable) Jere L. Hickman, to be brigadier general.
Col. (promotable) Donald C. Hilbert, to be brigadier general.
Brig. Gen. Jerome B. Hilmes, to be brigadier General.
Brig. Gen. Fred Hissong, Jr., to be brigadier general.
Brig. Gen. Stanislaus J. Hoey, to be brigadier general.
Col. (promotable) Curtis F. Hoglan, to be brigadier general.
Brig. Gen. Ronald M. Holdaway, to be brigadier general.

Brig. Gen. Edward Honor, to be brigadier general.
Brig. Gen. Houston P. Houser III, to be brigadier general.
Brig. Gen. Victor J. Hugo, Jr., to be brigadier general.
Brig. Gen. Cary B. Hutchinson, Jr., to be brigadier general.
Brig. Gen. Claude T. Ivey, to be brigadier general.
Brig. Gen. Hazel W. Johnson, to be brigadier general.
Brig. Gen. Johnny J. Johnston, to be brigadier general.
Brig. Gen. Homer Johnstone, Jr., to be brigadier general.
Brig. Gen. Kenneth A. Jolemore, to be brigadier general.
Brig. Gen. Lincoln Jones III, to be brigadier general.
Col. (promotable) France F. Jordan, to be brigadier general.
Brig. Gen. Robert M. Joyce, to be brigadier general.
Col. (promotable) Walter W. Kastenmayer, to be brigadier general.
Brig. Gen. Thomas W. Kelly, to be brigadier general.
Brik. Gen. Richard S. Kem, to be brigadier general.
Brig. Gen. Richard D. Kenyon, to be brigadier general.
Brig. Gen. Claude M. Kicklighter, to be brigadier general.
Brig. Gen. John M. Kirk, to be brigadier general.
Brik Gen. William E. Klein, to be brigadier general.
Brig. Gen. Eugene S. Korpal, to be brigadier general.
Brig. Gen. Frank F. Ledford, Jr., to be brigadier general.
Col. (promotable) Ray H. Lee, to be brigadier general.
Brig. Gen. Billie B. Lefler, to be brigadier general.
Brig. Gen. Kenneth C. Leuer, to be brigadier general.
Brig. Gen. Kenneth E. Lewis, to be brigadier general.
Brig. Gen. Bernard Loeffke, to be brigadier general.
Brig. Gen. Joseph C. Lutz, to be brigadier general.
Col. (promotable) Robert G. Lynn, to be brigadier general.
Brig. Gen. Bobby J. Maddox, to be brigadier general.
Brig. Gen. Phillip H. Mason, to be brigadier general.
Brig. Gen. Church M. Matthews, Jr., to be brigadier general.
Brig. Gen. James F. McCall, to be brigadier general.
Brig. Gen. Thomas P. McHugh, to be brigadier general.
Brig. Gen. John H. Mitchell, to be brigadier general.
Brig. Gen. John H. Moellering, to be brigadier general.
Brig. Gen. Robert F. Molinelli, to be brigadier general.
Brig. Gen. Gerald E. Monteith, to be brigadier general.
Brig. Gen. James E. Moore, to be brigadier general.
Brig. Gen. Donald R. Morelli, to be brigadier general.
Col. (promotable) Robert D. Morgan, to be brigadier general.
Brig. Gen. John T. Myers, to be brigadier general.
Col. (promotable) Cecil N. Neely, to be brigadier general.
Col. (promotable) Rocco Negris, to be brigadier general.
Brig. Gen. Thomas C. Nelson, to be brigadier general.
Brig. Gen. Stephen E. Nichols, to be brigadier general.
Brig. Gen. John W. Nicholson, to be brigadier general.
Brig. Gen. William E. Odom, to be brigadier general.
Brig. Gen. William G. O'Leksy, to be brigadier general.
Brig. Gen. Hardin L. Olson, Jr., to be brigadier general.
Brig. Gen. Allen K. Ono, to be brigadier general.
Brig. Gen. Donald M. O'Shei, to be brigadier general.
Brig. Gen. Joe S. Owens, to be brigadier general.
Brig. Gen. Dave R. Palmer, to be brigadier general.
Col. (promotable) Ellis D. Parker, to be brigadier general.
Brig. Gen. Julius Parker, Jr., to be brigadier general.
Brig. Gen. Burton D. Patrick, to be brigadier general.
Brig. Gen. Christian Patte, to be brigadier general.
Brig. Gen. August R. Pede, to be brigadier general.
Brig. Gen. Benjamin J. Pellegrini, to be brigadier general.
Col. (promotable) Harry D. Penzler, to be brigadier general.
Brig. Gen. Donald S. Phil, to be brigadier general.
Col. (promotable) James Piner, Jr., to be brigadier general.
Col. (promotable) Robert W. Pointer, Jr., to be brigadier general.
Brig. Gen. Bobby B. Porter, to be brigadier general.
Brig. Gen. William E. Potts, to be brigadier general.
Brig. Gen. Colin L. Powell, to be brigadier general.
Brig. Gen. Charles G. Prather, IV, to be brigadier general.
Brig. Gen. Roger J. Price, to be brigadier general.
Brig. Gen. John P. Prillaman, to be brigadier general.
Brig. Gen. Hugh J. Quinn, to be brigadier general.
Brig. Gen. Frank A. Ramsey, to be brigadier general.
Brig. Gen. Lloyd K. Rector, to be brigadier general.
Brig. Gen. Leonard J. Riley, to be brigadier general.
Brig. Gen. Robert W. Riscassi, to be brigadier general.
Col. (promotable) George R. Robertson, to be brigadier general.
Brig. Gen. Thurman D. Rodgers, to be brigadier general.
Brig. Gen. John E. Rogers, to be brigadier general.
Brig. Gen. William C. Roll, to be brigadier general.
Brig. Gen. Jimmy D. Ross, to be brigadier general.
Col. (promotable) Jackson E. Rozier, Jr., to be brigadier general.
Brig. Gen. Crosbie E. Saint, to be brigadier general.
Col (promotable) Thomas A. Sands, to be brigadier general.
Brig. Gen. William R. Sarber, Jr., to be brigadier general.
Brig. Gen. Richard A. Scholtes, to be brigadier general.
Brig. Gen. Henry J. Schumacher, to be brigadier general.
Brig. Gen. H. Norman Schwarzkopf, to be brigadier general.
Col. (promotable) James E. Shelton, to be brigadier general.
Brig. Gen. Mark J. Sisinyak, to be brigadier general.
Brig. Gen. Joseph J. Skaff, to be brigadier general.
Brig. Gen. Henry G. Skeen, to be brigadier general.
Col. (promotable) Anthony A. Smith, to be brigadier general.
Brig. Gen. Douglas S. Smith, to be brigadier general.
Brig. Gen. Isaac D. Smith, to be brigadier general.
Brig. Gen. Scott B. Smith, to be brigadier general.
Brig. Gen. Tommie G. Smith, to be brigadier general.
Col. (promotable) Harry E. Soyster, brigadier general.
Brig. Gen. David W. Stallings, to be brigadier general.
Col. (promotable) Lynn H. Stevens, to be brigadier general.
Brig. Gen. Eugene L. Stillions, Jr., to be brigadier general.
Brig. Gen. Carl W. Stiner, to be brigadier general.
Brig. Gen. George R. Stotser, to be brigadier general.
Col. (promotable) Tracy E. Strevey, Jr., to be brigadier general.
Col. (promotable) Roy M. Strom, to be brigadier general.
Brig. Gen. Leroy N. Suddath, Jr., to be brigadier general.
Brig. Gen. Robert J. Sunell, to be brigadier general.
Brig. Gen. William E. Sweet, to be brigadier general.
Brig. Gen. James R. Taylor, to be brigadier general.
Brig. Gen. James A. Teal, Jr., to be brigadier general.
Brig. Gen. Charles E. Teeter, to be brigadier general.
Brig. Gen. James E. Thompson, Jr., to be brigadier general.
Brig. Gen. Francis J. Toner, to be brigadier general.
Brig. Gen. Gary L. Turner, to be brigadier general.
Brig. Gen. Guthrie L. Turner, Jr., to be brigadier general.
Brig. Gen. William G. T. Tuttle, Jr., to be brigadier general.
Brig. Gen. Nathan C. Vail, to be brigadier general.
Brig. Gen. James W. van Loben Sels, to be brigadier general.
Brig. Gen. Robert E. Wagner, to be brigadier general.
Brig. Gen. John F. Wall, Jr., to be brigadier general.
Brig. Gen. Chester L. Ward, to be brigadier general.
Brig. Gen. Gerald G. Watson, to be brigadier general.
Brig. Gen. Henry G. Watson, to be brigadier general.
Brig. Gen. Ronald L. Watts, to be brigadier general.
Col. (promotable) Carlton P. Weidenthal, to be brigadier general.
Brig. Gen. Sidney T. Weinstein, to be brigadier general.
Brig. Gen. Donald P. Whalen, to be brigadier general.
Brig. Gen. Albin G. Wheeler, to be brigadier general.
Brig. Gen. Orren R. Whiddon, to be brigadier general.
Brig. Gen. Howard C. Whittaker, to be brigadier general.
Brig. Gen. Robert D. Wiegand, to be brigadier general.
Brig. Gen. Richard W. Wilmot, to be brigadier general.
Brig. Gen. William P. Winkler, Jr., to be brigadier general.
Brig. Gen. Leonard P. Wishart III, to be brigadier general.
Brig. Gen. George W. Withers, Jr., to be brigadier general.
Brig. Gen. Frederick F. Woerner, Jr., to be brigadier general.
Col. (promotable) Jack D. Woodall, to be brigadier general.

Col. (promotable) Stephen R. Woods, Jr., to be brigadier general.

Brig. Gen. John J. Yeosock, to be brigadier general.

Brig. Gen. Robert S. Young, to be brigadier general.

Brig. Gen. Ronald W. Zeltman, to be brigadier general.

The following-named officers for appointment in the Regular Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 611(a) and 624:

Brig. Gen. Norman G Delbridge, Jr., to be permanent major general.

Brig. Gen. Frederic I. Brown III, to be permanent major general.

Brig. Gen. Stephen E. Nichols, to be permanent major general.

Brig. Gen. Francis J. Toner, to be permanent major general.

Brig. Gen. James J. Henslic, to be permanent major general.

Brig. Gen. Leo A. Brooks, to be permanent major general.

Brig. Gen. Richard A. Scholtes, to be permanent major general.

Brig. Gen. H. Norman Schwarzkopf, to be permanent major general.

Brig. Gen. Robert M. Joyce, to be permanent major general.

Brig. Gen. Johnny J. Johnston, to be brigadier general.

Brig. Gen. Joe S. Owens, to be brigadier general.

Brig. Gen. Claude M. Kicklighter, to be brigadier general.

Brig. Gen. John F. Wall, Jr., to be brigadier general.

Brig. Gen. Victor J. Hugo, Jr., to be brigadier general.

Brig. Gen. John H. Mitchell, to be brigadier general.

Brig. Gen. Jerry M. Bunyard, to be brigadier general.

Brig. Gen. Crosbie E. Saint, to be brigadier general.

Brig. Gen. James E. Moore, to be brigadier general.

Brig. Gen. William G. O'Leksy, to be brigadier general.

Brig. Gen. Thomas J. Flynn, to be brigadier general.

Brig. Gen. Robert W. Riscassi, to be brigadier general.

Brig. Gen. William E. Odom, to be brigadier general.

Brig. Gen. Henry J. Schumacher, to be brigadier general.

Lt. Gen. William Joseph Hilsman, to be brigadier general.

Gen. Robert Morin Shoemaker, to be general.

U.S. NAVY

The following-named officers of the U.S. Navy for permanent promotion to the grade indicated in the line and various staff corps, pursuant to title 10, United States Code, Sections 5780, 5781, and 5791, or sections 611(a) and 614 of the Defense Officer Personnel Management Act (Public Law 96-513), as applicable, subject to qualifications therefor as provided by law:

Line

Austin, Robert Clarke, to be rear admiral.

Baldwin, John Ashby, Jr., to be rear admiral.

Booth, Peter Blake, to be rear admiral.

Cassidy, Thomas Joseph, Jr., to be rear admiral.

Cooper, Daniel Leander, to be rear admiral.

Davis, George Wilmot, Jr., to be rear admiral.

Felt, Donald Linn, to be rear admiral.

Grich, Richard John, to be rear admiral.

Hogan, Edward Joseph, Jr., to be rear admiral.

Howe, Jonathan Trumbull, to be rear admiral.

Johnson, Roger David, to be rear admiral.

Johnston, Fred William, Jr., to be rear admiral.

Kearns, William Anselm, Jr., to be rear admiral.

Klein, Verle Wesley, to be rear admiral.

Martin, Edward Holmes, to be rear admiral.

McArthur, John Chester, to be rear admiral.

McCardell, James Elton, Jr., to be rear admiral.

McCarthy, Paul Fenton, Jr., to be rear admiral.

McCauley, William Frederick, to be rear admiral.

Moore, Charles Julian, to be rear admiral.

Moore, Virgil Wayne, Jr., to be rear admiral.

Myers, Lowell Richard, to be rear admiral.

Parker, Jackson Knowles, to be rear admiral.

Parker, John Theodore, Jr., to be rear admiral.

Peebles, Edward Metcalfe, to be rear admiral.

Piotti, Walter Theodore, Jr., to be rear admiral.

Roane, Donald Patterson, to be rear admiral.

Smith, Dickinson Miller, to be rear admiral.

Smith, William Dee, to be rear admiral.

Taylor, Clinton Wagner, to be rear admiral.

Watson, Thomas Campbell, Jr., to be rear admiral.

Wellman, Harold Nixon, to be rear admiral.

Williams, Allen Dean, to be rear admiral.

Wyatt, William Claudius, III, to be rear admiral.

Young, Harold Lawrence, to be rear admiral.

Medical corps

Lowery, Clinton Hershey, to be rear admiral.

Seaton, Lewis Hiram, to be rear admiral.

The following-named officers of the U.S. Navy for permanent promotion to the grades indicated when eligible in the line and various staff corps, pursuant to sections 611 (a) and 614 of the Defense Officer Personnel Management Act (Public Law 96-513), as applicable, subject to qualifications therefor as provided by law:

Line

Addams, John Franklin, to be commodore and rear admiral.

Almstedt, Theodore A., Jr., to be commodore and rear admiral.

Arthur, Stanley Roger, to be commodore and rear admiral.

Aut, Warren Edward, to be commodore and rear admiral.

Batzler, John Richard, to be commodore and rear admiral.

Box, Roger Elden, to be commodore and rear admiral.

Chang, Ming Erh, to be commodore and rear admiral.

Chatham, Walter Lewis, to be commodore and rear admiral.

Demars, Bruce, to be commodore and rear admiral.

Donnell, Joseph Stover, III, to be commodore and rear admiral.

Dunleavy, Richard Michael, to be commodore and rear admiral.

Fetterman, John Henry, Jr., to be commodore and rear admiral.

Flatley, James Henry, III, to be commodore and rear admiral.

Furlong, George Morgan, Jr., to be commodore and rear admiral.

Hecker, Benjamin Thurman, to be commodore and rear admiral.

Hokman, Peter Maynard, Jr., to be commodore and rear admiral.

Herberger, Albert Joseph, to be commodore and rear admiral.

Holland, William Jeremiah, Jr., to be commodore and rear admiral.

Kelso, Frank Benton, II, to be commodore and rear admiral.

Kohn, Edwin Rudolph, Jr., to be commodore and rear admiral.

Kurth, Ronald James, to be commodore and rear admiral.

MacKay, Gerald Wallace, to be commodore and rear admiral.

Marryott, Ronald Frank, to be commodore and rear admiral.

McDowell, Don Hardin, to be commodore and rear admiral.

Maronville, Kendall Elmer, to be commodore and rear admiral.

Narmi, Ronald Eugene, to be commodore and rear admiral.

Nyquist, John Walfrid, to be commodore and rear admiral.

Paulson, Allan Gerald, to be commodore and rear admiral.

Poindexter, John Marlan, to be commodore and rear admiral.

Rogers, Robert Burnett, to be commodore and rear admiral.

Schmitt, Robert William, to be commodore and rear admiral.

Severance, Laverne Stanard, Jr., to be commodore and rear admiral.

Steele, Ted Charles, Jr., to be commodore and rear admiral.

Storms, James Granville, III, to be commodore and rear admiral.

Sutherland, Paul Edward, Jr., to be commodore and rear admiral.

Thompson, Richard Lee, to be commodore and rear admiral.

Toole, Morton Egner, to be commodore and rear admiral.

Walsh, William Albert, to be commodore and rear admiral.

Williams, James Dale, to be commodore and rear admiral.

Medical corps

Cooley, Norman Vale, Jr., to be commodore and rear admiral.

Crews, Quintous Earl, Jr., to be commodore and rear admiral.

Elliott, Robert Cahoone, to be commodore and rear admiral.

McDermott, William M., Jr., to be commodore and rear admiral.

Zimble, James Allen, to be commodore and rear admiral.

Supply corps

Sansone, Joseph Sarto, Jr., to be commodore and rear admiral.

Walker, Edward Keith, Jr., to be commodore and rear admiral.

Wilson, Donald Edwin, to be commodore and rear admiral.

Civil engineer corps

Conner, Donald Lee, to be commodore and rear admiral.

Dental corps

McLeod, Carlton Joseph, to be commodore and rear admiral.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Clarence Eugene Hodges, of Maryland, to be Chief of the Children's Bureau, Department of Health of Human Services.

INTERNATIONAL BANKING ORGANIZATIONS

Myer Rashish, of the District of Columbia, to be U.S. Alternate Governor of the International Bank for Reconstruction and Development for a term of 5 years; U.S. Alternate Governor of the Inter-American Development Bank for a term of 5 years; U.S. Alternate Governor of the Asian Development Bank; and U.S. Alternate Governor of the African Development Fund.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE COAST GUARD, AIR FORCE, ARMY, AND NAVY

Coast Guard nominations beginning Irving G. Sauer, to be captain, and ending Arthur E. Henn, to be captain, which nominations

were received by the Senate and appeared in the Congressional Record on November 2, 1981.

Air Force nominations beginning Thomas F. Abbott, to be lieutenant colonel, and ending Nancy L. Wiseman, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on November 23, 1981.

Air Force nominations beginning William J. Athas, to be lieutenant colonel, and ending Alan B. Johnson, to be lieutenant colonel, with nominations were received by the Senate and appeared in the Congressional Record on November 23, 1981.

Army nominations beginning Donald C. Askew, to be colonel, and ending Bruce Walton, to be lieuteuant colonel, which nominations were received by the Senate and appeared in the Congressional Record on December 1, 1981.

Army nominations beginning Eugene Womack Allen, to be colonel, and ending George Allen J. McNamee, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on December 1, 1981.

Navy nominations beginning Paul F. Abrahams, to be capital, and ending Stephen A. Zimmerman, to be lieutenant commander, which nominations were received by the Senate and appeared in the Congressional Record on November 12, 1981.

Navy nominations beginning Wilbur D. Jones, Jr., to be captain, and ending Frederick A. Aalbue, to be lieutenant (j.g.), which nominations were received by the Senate and appeared in the Congressional Record on December 1, 1981.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President immediately be notified that the Senate has given its consent to these nominations.

The PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDENT pro tempore. Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. BAKER. Mr. President, there is a briefing going on in another part of the Capitol to which all Senators are invited, dealing with the situation in Poland. I think it would not be wise to continue the session of the Senate during that time.

I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

There being no objection, the Senate, at 12:41 p.m., recessed subject to the call of the Chair; whereupon, the Senate reassembled at 1:44 p.m. when called to order by the Presiding Officer (Mr. LUGAR).

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, it is my hope shortly to ask the Senate to proceed with the Treasury-Postal Service appropriations bill. I will not do that at this moment because I do not believe the principals are yet on the floor and available.

After we finish with Treasury-Postal Service, Mr. President, and I hope and expect we can do that today, it would be my hope that we could go to the Nuclear Regulatory Commission reform bill.

There are other matters that may perhaps be dealt with today. It is not expected that today will be a late session of the Senate. I estimate somewhere in the range of 6 o'clock to conclude the activities of the Senate on this calendar day.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, while we await the arrival of those charged with the management of the Treasury-Postal Service bill, and before I ask the Chair to lay that measure before the Senate, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, to extend not past the hour of 2 o'clock, in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE HEALTH EFFECTS OF NITRATE, NITRITE, AND N-NITROSO COMPOUNDS

Mr. GRASSLEY. Mr. President, last Thursday, the 10th of December, the National Research Council of the National Academy of Sciences released a study entitled "the Health Effects of Nitrate, Nitrite, and N-Nitroso Compounds." It includes the following statement: "Evidence does not indicate that nitrite acts directly as a carcinogen in animals." Mr. President, this prestigious report brings welcome news to consumers. It also verifies the precarious and costly position imposed on producers and processors of meat products by certain governmental actions and threats of action in 1978.

First, Mr. President, I would like to share some background information with my colleagues who may not be familiar with this issue. The safety in the use of nitrites in the processing of meats came into question in 1978. For this reason, I ask that a historical perspective, which is included in the NAS report, be made part of the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

CHAPTER 1—EXECUTIVE SUMMARY

HISTORICAL PERSPECTIVE

Curing salts, some of which contain nitrate and nitrite, have been used for many centuries to preserve meat. However, the intentional use of nitrate and nitrite salts to cure meat is a relatively new practice.

Since the 1900s, the U.S. Department of Agriculture (USDA) has regulated and monitored the addition of nitrate and nitrite to red-meat and poultry products. The intentional use of these compounds was originally motivated by their ability to produce a reddish-pink color in meat. Subsequently, it was discovered that nitrite inhibited the growth of certain bacteria such as putrefactive anaerobes, which cause the spoilage of meats, and Clostridium botulinum, which causes a foodborne intoxication—botulism.

In recent years, a number of observations have led to concern about potential risks to human health resulting from the use of nitrate and nitrite. At present, primary concern is focused on the possibility of carcinogenic effects, especially since nitrite can interact with substrates such as amines or amides to produce N-nitroso compounds, which can contaminate the nitrite-preserved foods. Many of these N-nitroso compounds (which include nitrosamines) are known to cause cancer in many animal species. In mid-1978, this concern was exacerbated by the results of a 2-year feeding study in animals, which suggested that nitrite per se causes cancer. These results would have necessitated the banning of nitrite in order to comply with the Food Safety Provisions and, for some uses of nitrite, the Delaney Clause of the Food, Drug and Cosmetics Act, which proscribe the addition of known carcinogens to foods. However, further evaluation of these data suggested that the initial conclusion may not have been justified. Not only did the effects of nitrate and nitrite on human health need to be fully assessed, their contribution to the total body burden of nitrosamines had also to be determined. Thus, in 1980 the USDA and the Food and Drug Administration (FDA) asked the National Academy of Sciences to examine the current state of knowledge concerning these issues and to assess the status of research on curing agents that can be used as alternatives to nitrite.

Mr. GRASSLEY. At that time, when I was a Member of the other body, the Food and Drug Administration and the Department of Agriculture were preparing legislative and regulatory steps to ban the use of nitrites in the processing of meats. Shortly after these efforts began, I learned that the study on which the agencies were basing their actions was less than conclusive.

These reports concerned me because, of course, consumer protection must be based on the most complete information available, and I urged the agencies to reexamine their findings and conclusions. Two points were of particular concern to me: First, were consumers about to be exposed unnecessarily to meats that could cause death because of botulism (a danger in the absence of nitrites); and second, was an unnecessary cloud of uncertainty being raised over meat products, especially pork, which were processed with nitrite.

It has been estimated that the Nation's pork producers suffered nearly $1 billion in damages through just those actions the Government did take. If the governmental agencies had not been questioned and held in check, their actions might have dealt a devastating blow to pork producers, one-fourth to one-third of whom are located in Iowa. We must remember that in 1978 it was not generally recognized that our food safety laws were outdated and in need of revisions—in particular that governmental agencies needed to reexamine how they determined regulatory decisions such as the one pertaining to nitrites.

Because of my concern, I asked Iowa State University to organize a study group to look over the primary data used by the governmental agencies in forming their policies vis-a-vis nitrites. This study group went to work immediately, and their conclusions indicated that the

evidence did not support the pending actions of the governmental agencies.

In addition, Congressman WAMPLER asked the Library of Congress to examine all the material, including internal memos, that related to this issue. Their findings pointed out such serious shortcomings as that there was essentially no peer review of the study used by the agencies—only the Commissioner of the Food and Drug Administration and selected individuals saw the study and contributed to the decision. If you have the interest and time to read this report, I urge you to do so in order to see just how governmental agencies should not go about making a decision. It surely does not do much toward instilling confidence in our agency decisionmakers.

I and several of my House colleagues at that time in 1978 asked the General Accounting Office to look into this matter. The GAO report agreed basically with those of the other groups I have mentioned, in finding that the decisionmaking process in the agencies was poorly executed and that the conclusions of the report did not warrant the actions contemplated by the agencies.

Now we have this report from the National Academy of Sciences. I hope that it will, once and for all, reassure American consumers that nitrites are not directly linked to cancer.

As we all know, legislation has been introduced in both Houses of Congress that addresses the issue of our food safety laws and the handling of the decisionmaking process on these issues. The "nitrite fiasco" certainly made all too clear the need for public debate and revision of these laws. Early this year I testified before the House Agriculture Committee on legislation dealing with the peer review process in this regard, and it is my understanding that there will be hearings in the Senate in late January or early February on amendments to the food safety laws.

I am pleased that we are moving forward with this public debate, but I can assure you it has been a long struggle—sometimes an unpopular one. For the benefit of my colleagues, I ask unanimous consent that the recommendations of the executive summary of the report of the National Academy of Sciences be included in the RECORD.

There being no objection, the recommendations were ordered to be printed in the RECORD, as follows:

RECOMMENDATIONS

1. Results of limited experiments suggest that nitrate is neither carcinogenic nor mutagenic. However, evidence from several epidemiological studies in human populations is consistent with the hypothesis that exposure to high levels of nitrate may be associated with an increased incidence of cancer of the stomach and the esophagus. Thus, the committee recommends that to confirm these preliminary findings, future epidemiological studies focus on correlating the incidence of cancer and established precursor lesions with actual exposure to nitrate, nitrite, N-nitroso compounds, nitrosatable substances, and inhibitors or enhancers of nitrosation. Where possible, exposure should also be correlated with levels of nitrate, nitrite, and N-nitroso compounds in biological fluids such as blood, saliva, or urine.

2. Evidence does not indicate that nitrite acts directly as a carcinogen in animals. However, because it is mutagenic in microbial systems and because of its implied role in the induction of esophageal and stomach cancer in humans, further testing in animals may be warranted. If such tests provide any indication of carcinogenicity, then the committee recommends that attempts be made to distinguish between the types of carcinogenic activity, i.e., activity as a complete carcinogen, cocarcinogen, or promoter.

3. Most N-nitroso compounds are carcinogenic in laboratory animals, mutagenic in microbial and mammalian test systems, and some are teratogenic in laboratory animals. Although these tests are indicative of potential carcinogenicity in humans, they are of limited value for predicting the quantitative risk to humans. The committee recommends that future carcinogenicity assays emphasize quantitative assessment of potency as well as the qualitative outcome. It also recognizes the need to characterize premalignant lesions induced by N-nitroso compounds and to develop short-term in vivo bioassays to determine their carcinogenicity.

4. Because nitrate and nitrite can exert acute toxic effects such as methemoglobinemia and probably contribute significantly to the total body burden of N-nitroso compounds, which are carcinogenic in laboratory animals and may be carcinogenic in humans, the committee recommends that exposure of humans to these agents be reduced. Exposure to nitrite should be reduced to the extent that protection against botulism is not compromised. Additionally, the committee recommends that, with the exception of dry-cured products and fermented sausage products in which the presence of nitrate may be necessary, the use of nitrate salts in the curing process be discontinued in all meat and poultry products. Furthermore, the committee suggests that attention should be given to the feasibility of reducing the nitrate content of vegetables and drinking water and that further studies should be conducted to develop methods to reduce nitrate in vegetables while maintaining the content of ascorbic acid and other inhibitors of nitrosation.

5. The committee suggests that the sources of exposure to N-nitroso compounds in various environmental media be determined so that methods to reduce the exposure to these contaminants can be developed. Standardized analytical methods are needed to assess the total body burden of nonvolatile N-nitroso compounds. In addition, it is necessary to obtain accurate estimates of exposure to nitrate and nitrite by improving the assay procedures, especially to distinguish between free and bound nitrate, and to determine whether the residual nitrite is a true measure of nitrosating capacity.

6 The exposure of humans to amines and nitrosamines can be reduced in certain circumstances by modifying manufacturing practices that result in high levels of exposure. For example, pesticides produced as secondary and tertiary amine salts could be replaced by other formulations and certain readily nitrosated drugs could be replaced by drugs that have the same therapeutic effect but are not nitrosated. Further research should be conducted to identify amino compounds that could be nitrosated in vivo, especially those that are readily nitrosated or to which humans are extensively exposed.

7. The committee believes that additional studies are needed to increase understanding of the metabolism and pharmacokinetics of nitrate in humans. Also requiring clarification is the role of bacteria in the reduction of nitrate to nitrite and the formation of N-nitroso compounds, especially in certain clinical conditions such as gastric achlorhydria and bladder infection.

8. The nitrosation-inhibiting effects of ascorbate and other substances have been established, and this knowledge has been put to use commercially to inhibit the formation of nitrosamines in bacon. Normal dietary constituents that enhance or inhibit nitrosation should be studied further to determine the extent of their effects in the diet and in vivo. Specifically, further research is needed to determine the amount of nitrite that is destroyed in the human stomach and the extent to which nitrosation reactions are modified by the various inhibitors. Attention should also be paid to interactions among inhibitors, catalysts, and other components of the diet (e.g., lipids). The nature and extent of in vivo nitrosation by nitrite, by nitrogen oxides, and by transnitrosation also require further evaluation.

9. Further studies are required to determine the mechanisms whereby nitrite controls the outgrowth of C. botulinum spores. Research is also needed to determine its mechanism of action in cured meats, especially its antioxidant activity and its effect against microorganisms that are responsible for spoilage and against pathogens other than C. botulinum. Since the effect of nitrite varies considerably among products, it should be examined on a product-by-product basis.

10. Although it is not possible to estimate the potential morbidity or mortality from C. botulinum in the absence of nitrite as a curing agent in certain products, the prudent approach to protecting public health requires consideration of the possibility that certain preserved food items may be contaminated and may be abused.

11. In view of the possible but unquantified risk resulting from the use of nitrite as a curing agent, the committee recommends that the search for alternatives and alternative approaches to the use of nitrite be continued. However, no new agent or combination of agents should be substituted for nitrite until adequate testing has ensured that it does not present a hazard to human health.

U.S.S. CORPUS CHRISTI

Mr. GRASSLEY. Mr. President, perhaps nothing better exemplifies the wrong-headedness of certain segments of the peace movement in the United States than the controversy over naming a U.S. submarine the "Corpus Christi." I read with interest an article by William F. Buckley, Jr., in last Friday's Washington Post, which is a lucid account of the controversy. Since I will request, at the appropriate time, that the article be made a part of today's RECORD, I will not bother to recount the details of the controversy. I would, however, like to highlight a portion of the article. At one po'nt, Mr. Buckley quotes from a letter written to Bishop Thomas J. Drury from the Secretary of the Navy, John Lehman.

My concern as a Catholic with the theme that seems to underlie this issue: that naval ships and even military service are somehow profane and less worthy of association with the Sacred Name than, for example, the city itself. I am sure that the real significance of the name of our submarine, suggestive of unity and peace among men, will be reflected in the profession of her commander and crew. They recognize that their essential mission is to keep the peace. A noble, ethical and virtuous mission . . . fully recognized in traditional church teaching.

Mr. President, I am strongly reminded of a story that is told about George Washington. At the Constitutional Convention a delegate rose to propose that the Constitution include a provision that the Army of the United States never be larger than 5,000 men. Now, Washington was presiding over the convention and,

therefore, could not himself make a motion, so he turned to another of the delegates and said "Amend that motion to say that no enemy will invade our shores with more than 3,000 men." Needless to say, Mr. President, the motion to limit the size of the Armed Forces was not adopted.

I do not think any one of us in this body would not rather live in a world where it would be unnecessary to spend 1 penny on defense. Perhaps, with God's grace, we will be able to build such a world. Unfortunately, we must live in the world as it is—a world in which armed conflict and aggression are common occurrences. In such a world, we must be able to defend ourselves if we are to remain free. We may inhabit a more complicated world than George Washington did, but that fact has not altered.

Mr. President, I ask unanimous consent that the article by William F. Buckley appear at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

USS CORPUS CHRISTI

(By William F. Buckley, Jr.)

The failure at the end to have remarked rapturously on the virtues of our secretary of the Navy is to be taken as evidence not of his shortcomings, but of mine. He has transferred much energy and intelligence in the enterprise of rebuilding our fleet, which suffered as much devastation at the hands of President Carter, whose name will live in infamy, as at Pearl Harbor. But his prodigies as a shipbuilder are not the subject of this column, which addresses his stirring exchange with Bishop Thomas J. Drury of Corpus Christi, Tex.

Here is what happened. The elders of Corpus Christi put pressure on the Navy Department to name a vessel after the city, an altogether conventional request, particularly coming from a city by the sea. The Navy acknowledged the request by naming a newly commissioned nuclear submarine the Corpus Christi. The city passed a formal resolution of gratitude and that would have been that—except that Bishop Thomas J. Drury wrote to Secretary John Lehman to protest, on the grounds that it was not fitting to name a warship "Corpus Christi."

One assumes that Bishop Drury is an elderly bishop, and therefore recalls, from the days when Latin was the universal liturgical instrument of the church, what exactly Corpus Christi means, which is "body of Christ." Twenty years after Hiroshima, a group of modernists within the Catholic Church ganged up against the use of Latin, so that the sons of Corpus Christi are probably unaware what it actually is that their city is named after. On the other hand, that knowledge is presumably not denied to the Russians, whose KGB can penetrate most secrets, regardless of how zealously the modernists in the Vatican protect them.

So Secretary Lehman answered the bishop, and began by reminding him that naming a naval vessel "Corpus Christi" was not a historical precedent, since we deployed vessels so named during World War II and Vietnam. The Brazilian navy has a vessel called Espiritu Santo—and so on.

Lehman then reflected on the positive effects that can come from recalling the historical background of American creations, which include not only submarines, but also cities. We cannot know whether the crime rate in Los Angeles would diminish if it were widely advertised that the city was named after Our Lady, Queen of Angels, but it could hardly hurt. The alternative, of course, is to take such names as "St. Paul, Minn.," and strip them of their Christian heritage; but that would be the opposite of exorcism, hardly commending itself to the bishop of Corpus Christi, who precisely wishes to remind us what the city's name is supposed to celebrate.

Then Lehman jollied the bishop along by reminding him that wholly secular uses of saintly references are simply a fact of life, and who can change it?—as when you run into such headlines in the sport pages as "B.C. Crushes Holy Cross," or, "St. Andrews Edges Holy Spirit." As a graduate of St. Joseph's College in Pennsylvania, the secretary is presumably familiar with the problem.

But then Lehman struck. He quoted from St. Augustine ("To maintain peace within the natural order of men, rulers require the power and decision to declare war") and St. Paul ("Not without cause does he carry a sword, for he is God's minister").

"My concern is as a Catholic with the theme that seems to underlie this issue: that naval ships and even military service are somehow profane and less worthy of association with the Sacred Name, than, for instance, the city itself. I am sure that the real significance of the name of our submarine, suggestive of unity and peace among men, will be reflected in the profession of her commander and crew. They recognize that their essential mission is to keep the peace. A noble, ethical and virtuous mission . . . fully recognized in traditional church teaching."

The bishop probably wishes he had been hit by the submarine, rather than its commander. Let us pray for him, as we do for peace.

Mr. GRASSLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONDEMNING THE POLISH CRACKDOWN

Mr. SPECTER. Mr. President, I wish today to comment about the serious and sad events in Poland over the weekend and Poland's declaration of martial law, which I believe to be an unconscionable assault on the forces of freedom in Poland.

During the past year, we have all watched the emergence of Solidarity with hope and admiration. Gradually, and without violence, the trade unionists began to lift the oppression of the Communist regime. Each concession offered by the Polish Government in my view, represented a victory for human rights and human dignity.

The decision to arrest Solidarity's leaders again bluntly reminds us of the intolerance and tyranny of Communist governments. It is a tragic irony that the regime felt compelled to silence the very workers whose welfare it is supposed to be concerned about.

It is my sincere hope that the situation will be resolved without bloodshed. The response of the U.S. Government has been very restrained in terms of simply noting our concern about the right of the Poles and our monitoring the situation with the hope and expectation that there will not be Soviet intervention.

Mr. President, I personally hope that there will be a lifting of martial law and a release of the some 1,000 of Solidarity's leaders and others who are alleged to be in custody to return Poland to the road toward democracy.

This is a time of special trial and tribulation of American citizens of Polish extraction, who are watching the events in Poland. I think it is an event which ought to be commented upon in terms of the oppressiveness and inappropriateness of the action of the Soviet Government in declaring martial law. I hope that that situation will soon be ended for the benefit of freedom and democracy in Poland.

I yield the floor, Mr. President. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DELIBERATE RECESSION: PULLING THE PLUG ON ECONOMIC RECOVERY

Mr. ROBERT C. BYRD. Mr. President, last July, as our economy sank into recession, after the shortest expansion period since 1919, Treasury Secretary Regan said:

All I know is that our economy is slowing down, and I think that's healthy.

Then in October, Commerce Secretary Baldrige said:

A slight recession, I think, is almost necessary right now.

Well, the administration's tight money policies have now produced a recession. Nine million people stand in unemployment lines, stripped of the basic dignity of a job, 15,892 businesses have padlocked their doors forever, and housing starts are at a 16-year low.

Economic retrenchment is an expensive, cynical, and painful policy. It is a policy without a heart.

The Republican Governor of Vermont, Richard Snelling, recently told the League of Cities Annual Convention in Detroit that:

Frankly, I think that what is happening is that we are having an economic Bay of Pigs.

Unfortunately, the frontline soldiers of the economic assault are unwilling conscripts who have lost their jobs or their businesses.

The only way we will bring our budget into balance, lower interest rates, and beat inflation is to put our people back to work. High unemployment means lower Government revenues and greater Government spending. It means more crime, lower productivity, and increased tension in our cities.

Instead of new growth, we have got no growth. Instead of new economic vistas, we have got a new economic waste-

land. Instead of Hoover's Dustbowl, we have got Reagan's Rustbowl as our industrial heartland stands idle.

This administration's policies could have led nowhere but here. As David Stockman's musings have revealed, the administration had no plans beyond its roller coaster rhetoric which hid a program of pain and suffering for the savers, investors, and workers of this country, and reward for the speculators and truly wealthy

The Democratic Policy Committee has assembled the facts about this administration's economic program in a document entitled the "Recession Review." This review shows clearly that its policies are not working.

This administration's so-called economic recovery plan has failed, and the patient's vital signs are weakening. I call on the administration to prescribe a course of treatment, instead of simply pulling the plug on our economy.

I ask unanimous consent that a copy of the "Recession Review" be included in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RECESSION REVIEW

"We think you probably will see a turning of the (economic) tide, probably later this year; the early expectations being reflected in that"—Treasury Secretary Regan, February 19, 1981.

"Literally what no one knows at this point is just how deep a recession we are going to be in . . . the current quarter may be a real downer"—Treasury Secretary Regan, November 9, 1981.

WHERE WE ARE

"I think there's a slight recession, and I hope a short recession"—President Reagan, October 18, 1981.

Most economists agree that the United States has now slipped into its eighth postwar recession. After a strong first quarter rise of 8.6 percent, the nation's real GNP has flattened out dramatically, falling by 1.6 percent in the second quarter and rising a slight 0.6 percent in the third. Though the traditional definition of a recession requires two consecutive quarters of declining real GNP, nearly all economic indicators show that the economy is in a recessionary decline.

Official recessions are declared by the Business Cycle Dating Committee of the National Bureau of Economic Research, a private, non-profit research organization in Cambridge, Massachusetts. When declaring a recession, the Committee looks not only at the two-consecutive-quarters benchmark (the duration), but also at how many industries, businesses and services are affected by the downturn in the economy (the breadth), and at how far real GNP falls (the depth). The next meeting of the Dating Committee will most likely be in January, at which time it is expected to officially announce that the economy sunk into a recession last July.

While the recession is currently unofficial, the effects are all too real for our nation's 8.5 million unemployed workers and the 15,243 businesses which have been forced into bankruptcy this year. Many economists believe that the worst news is not yet upon us. Howard Samuels told a recent Democratic Thursday Afternoon Issues meeting that October was "like hitting a brick wall" for the business community. There is a growing concern that this recession could be our nation's worst since World War II, surpassing the prolonged 1973–75 downturn.

This concern is increased by looking at the standard economic indicators. In September, the Commerce Department's Composite Index of Leading Indicators fell 2.7 percent, its sharpest decline since a 4 percent drop in April of 1980. This September decline followed a 0.5 percent drop in August, and was the fourth downturn in the last five months. In addition, the Composite Index of Roughly Coincident Indicators declined for the second consecutive month, falling almost 1 percent below its cyclical peak in July.

These composite economic indicators are not alone in pointing to a more severe recession. Among other warning signs are:

HOUSING

The housing industry traditionally has been an accurate barometer of the nation's economy. Housing starts are a particularly reliable leading indicator of the economy's direction. That is, housing starts decline before the rest of the economy weakens, and they begin to rise before the rest of the economy climbs out of recession. On average, housing starts lead general economic recovery by slightly more than six months. Over the course of 1981, there has been a consistent decline in housing starts, and there are no signs of a near-term recovery.

Another leading indicator is the number of building permits issued. Like housing starts, the number of building permits issued begins to rise ahead of the general economy. Again, there has been a significant drop during 1981, with no indications of improvement in the immediate future.

According to the National Association of Home Builders, the housing slump is expected to continue well into 1982. The Home Builders' current forecast is for a recovery to begin during the third quarter of next year. Most housing analysts agree that the problems facing the housing industry stem from the depressing effect that high mortgage rates, currently at 17.7 percent, have on home sales. As the number of home sales drops, new construction slows, and the consensus is that mortgage rates must fall to 12 percent or 13 percent before there will be a recovery.

Housing starts plunged 6.8 percent in October to an annual rate of only 857,000, the lowest level in 16 years. The October decline was a continuation of a year-long downward spiral which has caused housing starts to decline by 42 percent since January.

Building permits for new residential structures fell 14.2 percent in October to a level lower than the levels reached during the depths of the 1973–75 recession. The October annual rate of 729,000 was 40 percent below the annual rate of building permits issued in January.

New single-family home sales dropped 12.6 percent in September to the lowest one month level on record.

Sales of existing homes fell sharply in October to an annual rate of only 1.92 million units, the first time in ten years that the number of units sold has dropped below two million.

THE "FLIGHT TO QUALITY" IN INVESTMENT

One sign of a recession is a "flight to quality" in financial investments. In an effort to protect their holdings, investors move out of riskier money funds and stocks and into the most secure investments possible. As this occurs, the increased demand for safe investments lowers the interest rates paid by secure instruments. A good indication of this "flight to quality" is the 91-day Treasury bill interest rate, since it is one of the safest investments available. Over the last two months, the rates on these bills have decline steadily, and dramatically.

As of November 23rd, the yield of 91-day Treasury bills was more than six percentage points below the peak yields paid in May of this year. Since the beginning of October, the rates on these bills have fallen rapidly:

91-Day T-Bills, new issues

October 5th, 14.2 percent; October 26th, 13.4 percent; November 2nd, 12.7 percent; November 9th, 11.1 percent; November 16th 10.7 percent; and November 23rd, 10.6 percent.

BUSINESS STRENGTH

Inventory accumulation is an important measure of business strength, and is a leading indicator of the general economy. It is not only a sign of current sales weakness, but also an indication of future economic weakness. As larger inventories pile up, businesses have to run down their current stock before placing new orders. This leads to a slowdown in manufacturing, which can spread even further as the manufacturers slow their orders for new goods. This chain reaction causes a widespread economic decline, with lower productive output, idle plants and equipment, and decreasing productivity.

As a leading economic indicator, inventory accumulation reaches a low point, and begins climbing, before other areas of the economy. Productive output, capacity utilization, and productivity, on the other hand, generally move in tandem with the whole economy, and are therefore classified as coincident indicators.

Another indicator of business strength is the number of business failures. Traditionally, the bankruptcy rate rises during a recessionary period in the economy. Over the course of 1981, the business failure rate has been well above the pace of previous years, and has been increasing through the year.

After rising a relatively small $4.5 billion in the first quarter of 1981, inventory accumulation peaked in the second quarter, increasing by $23.3 billion. Most analysts foresaw a dramatic slowdown in accumulation during the third quarter, as businesses began to rundown their stocks. Surprisingly, inventory accumulation continued at a strong pace of $17.6 billion in this period.

The index of Industrial Production, which accounts for one-third of the total GNP, and measures the total output of all stages in manufacturing, mining, and utilities, dropped 1.5 percent in October, following a revised 1.2 percent decline in August.

The Rate of Capacity Utilization, which measures the amount of idle equipment in our nation's factories, continued to decline in October. Factories operated at 76.9 percent of capacity in October, down considerably from September's 78.4 percent rate and August's 79.6 percent pace. The drop in October was the fourth downward movement in capacity utilization in the last five months.

Productivity in the non-farm sector fell at a 2.2 percent annual rate during the third quarter, after rising 4.3 percent in the first quarter and 1.4 percent in the second.

As of November 19th, the total number of business failures in 1981 climbed to 15,243, setting the average weekly number of failures to 331, a pace 43 percent above last year's weekly rate. If the current weekly rate is maintained through the end of the year, the number of bankruptcies for all of 1981 will exceed 17,200, the highest level since 1933.

BUSINESS CONFIDENCE

Business confidence in future economic growth can be measured by current and planned spending for basic production materials. If business expects economic growth and prosperity, demand for capital goods should be rising. However, economic indicators suggest that business has little confidence in the short-term future. This is particularly important since the Reagan economic program leans heavily on an expected surge in capital spending by the private sector.

New orders of non-defense capital goods declined, in real terms, by 10.0 percent in September to $11.3 billion.

In October, new orders for manufacturer's durables (equipment with a life of three or more years, measured in constant (1972) dollars), fell to $34.99 billion, a staggering drop of 8.6 percent. The October decline was the third straight monthly decrease, following a 2.9 percent fall in August and a 1.6 percent decrease in September.

In September, machine tool orders dropped to a level 50 percent below their 1980 level.

Contracts and orders for plant and equipment have fallen substantially over the course of 1981. In real terms, they declined 7.2 percent to a level of $12.85 billion during September. With respect to their peak level of $15.4 billion in December, 1980, contracts and orders have declined by 16.6 percent.

Capital spending plans for 1982 appear to be weak. According to the McGraw-Hill autumn survey of plant and equipment spending plans, business plans to expand its spending for capital goods by 9.6 percent. However, since inflation expectations by business are equal to that figure, real spending plans are completely flat.

CONSUMER PLANS

Retail sales reflect the strength of our economy's consumer sector. On average, retail sales move downward in tandem with the economy, but begin to climb 1½ months before the rest of the economy.

For the last two years, as our economy struggled to avoid a serious downturn, retail sales were the most important component of demand stimulus which allowed the economy to avoid a recession. Now it appears that retail sales are weakening dramatically and without a countervailing surge in business investment, the current recession could be deeper and longer than now expected.

According to a Washintgon Post-ABC News survey conducted November 17–22, three out of five Americans plan to cut back their spending during the Christmas season this year. Forty percent of those surveyed said they have had to forego purchases this year because of high interest rates.

Retail sales measured in current dollars plunged 1.5 percent in October for the fifth monthly sales drop this year.

In October, domestic auto sales plummeted 24.6 percent below the seasonally adjusted annual sales rate in September. The unadjusted number of cars sold during the month dropped 26 percent from last October and was the lowest selling rate for that month in 23 years.

In the same Washington Post-ABC News poll, 55 percent of those surveyed said the nation's economy is getting worse, 11 percent said it was getting better, and 33 percent said it was staying the same.

THE ROAD TO OUR CURRENT RECESSION

"All I know is that our economy is slowing down, and I think that's healthy." Treasury Secretary Donald Regan, July 12, 1981.

If the Dating Committee of the National Bureau acts as it is expected to, and declares July the month our current recession began it would mean that, one year after having emerged from the 1980 recession, our 1981 recession began. This would be the shortest expansion period since 1919. By comparison, the average recovery period since 1853 has been 31 months.

We may now be experiencing a real recession after two years of fitful economic performance. Chart I and Table I, in the Appendix, illustrate real GNP performance since the beginning of 1979. The chart shows the overall economic flatness which left us moving into the final quarter of 1981 only $32.9 billion above the first quarter, 1979, real GNP figure of $1.479 trillion.

This flatness disguised a two-tiered economy, with housing and autos leading credit-sensitive sectors to near depression levels, while oil, defense, and non-food retail operations chugged along at healthy levels. Looking at the percent change in profits, as reported in Business Week, since the third quarter, 1979, the two-tiered economy becomes obvious:

CORPORATE PROFITS

Percent change, 3d quarter 1979 versus 3d quarter 1978

Industry Average, plus 22 percent.

The Best

Conglomerates, plus 100 percent.
Fuel, plus 97 percent.
Metals and Mining, plus 89 percent.
Paper and Forest Products, plus 60 percent.
Tobacco, plus 48 percent.
Chemicals, plus 34 percent.

The Worst

Real Estate and Housing, minus 6 percent.
Trucking, minus 6 percent.
Tire and Rubber, minus 67 percent.
Airlines, minus 74 percent.
Appliances, net loss.
Automotive, net loss.

Percent change, full year 1980 vs. full year 1979

Industry Average, plus 3 percent.

The Best

Steel, plus 55 percent.
Oil Svc. & Supply, plus 46 percent.
Appliances, plus 44 percent.
Beverages, plus 27 percent.

The Worst

Building Materials, minus 23 percent.
Tire & Rubber, minus 28 percent.
Savings & Loan, minus 55 percent.
Airlines, minus 89 percent.
Automotive, net loss.

Percent change, 3rd quarter 1981 vs. 3rd 1980

Industry Average, plus 11 percent.

The Best

Steel, plus 1,609 percent.
Tire and Rubber, plus 114 percent.
Oil Svc. & Supply, plus 48 percent.
Chemicals, plus 36 percent.
Retail (Nonfood), plus 22 percent.
Beverages, plus 19 percent.

The Worst

Food & Lodging, minus 11 percent.
Paper, minus 21 percent.
Metals & Mining, minus 25 percent.
Airlines, minus 30 percent.
Building Materials, minus 35 percent.
Real Estate and Housing, minus 76 percent
Savings & Loan, net loss.
Automotive, net loss.

Looking at the industrial production indices, which measure current production as a percentage of production in 1967, the inter-industry differences are just as clear. Charts 11–14, which graph various production indices, show that the production of industrial equipment, commercial, transit, and farm equipment, as well as defense and space equipment were all up. On the other hand, the production of automobiles and construction supplies fell steadily, while consumer durables, represented by appliances, air conditioners and televisions, ended near their first 1979 level.

Naturally, this two-tiered economy was represented in unemployment. The industrial heartland, including Michigan, Ohio, and Pennsylvania, plus the lumber industry in the Pacific Northwest, were hit the hardest, while States like Nebraska and Oklahoma were at near full employment levels. In October 1981, although only the 10 largest States have reported, we see that the range runs from 12.7 percent unemployment in Michigan, and 10.4 percent in Ohio to 5.1 percent in Texas. State-by-State analyses of September unemployment levels appear in Table 4, in the Appendix.

Unemployment differentials among the races is also apparent, even in official unemployment indicators, which have historically understated the rate of minority unemployment. As of October 1981, the rate of unemployment for all workers was 8.0 percent, but it was 6.9 percent for whites, 10.9 percent for Hispanics, and 16.7 percent for blacks. The most egregious case of unemployment's sectoral nature, however, is the case of black teenagers, where unemployment levels rose from a shocking 40.6 percent in October 1980 to 46.3 percent in October 1981. Interestingly, comparing all adult men with all adult women, there was no great difference. It was 6.7 percent for men and 7.0 percent for women.

All indications are, however, that this recession is beginning to move beyond the blue-collar and basic industry sectors to affect a broader range of workers. The movement is beginning in the wholesale and retail trades, agriculture and the finance industries. This is not to say that things are improving in the automotive and construction industries, as the table below makes clear.

Percent unemployed by industry

[In percent]

	October, 1981	October, 1980
Construction	18.0	14.6
Manufacturing	8.6	9.2
Transportation	4.6	5.3
Wholesale and retail trade	8.3	7.8
Finance	6.3	5.6
Government	4.6	4.4
Agricultural	13.3	11.1

THE ROAD OUT OF THE CURRENT RECESSION

"We may be headed for something like the depression . . . I wish we had better economic advice."—An unidentified Senate Republican, Washington Post, November 3, 1981.

"The second half of 1982 will be one of the most vigorous periods of economic growth in recent years."—Murray Weidenbaum, Face the Nation, November 15, 1981.

There is a general belief, or perhaps a general hope, that the scheduled 1982 tax cuts will bring the country out of the recession in the second half of the year. Traditionally, a tax cut is stimulative, and it has been one of the major Keynesian countercyclical weapons during recessions. That is one argument against delaying or reducing the personal tax cut due in July 1982.

Sooner or later, when discussing the path out of this recession, we must come back to interest rates. If interest rates, particularly the long-term rates, remain at, or near, their current levels, in the 1982 tax cuts may not be enough to substantially shorten the recession. There is convincing evidence that the 1981 tax cut has failed to make any headway against this current recession for just this reason.

Speaking to the Economic Club of Indianapolis on September 14, 1981, Secretary of the Treasury Regan said:

"We have carried through on our commitments . . . but where is the business response? Where are the new research and development initiatives? Where are the new plants? Where are the expansion plans? It's like dropping a coin down a well—all I'm hearing is a hollow clink."

The Secretary is correct that the effect of the Reagan program to date has been unimpressive, and one clue to this may lie with the interest rate levels. According to a recently completed Chemical Bank report: ". . . high interest rates this year have cost corporations more than they gained from the tax cuts, and they will continue to provide a

considerable offset to the corporate tax cut of next year."

Interest rates, in particular the long-term rates that corporate borrowers use for capital investment, must begin to come down if new investment is to become profitable.

Traditionally, interest rates decline during recessions, and the current recession seems to be no exception at this point, with the prime rate dropping from 20.5 percent to 16.0 percent, and 91-Day Treasury Bill rates dropping from 14.2 percent on October 5 to 10.6 percent on November 23. However, the key rates to recovery are those for long-term loans that corporations need to finance capital investments that will not pay for themselves in a few years.

Here, there may be substantial problems in bringing rates down enough to support a strong recovery. A few of the more prominent difficulties are:

Competition for borrowing among private businesses, and between businesses and Government, may continue to hold long-term interest rates above acceptable levels. It is widely believed that pent-up business demand for credit runs into the hundreds of billions of dollars. This demand will run head on to ballooning Federal deficits, combined with ballooning State and local borrowing, which will soak up an increasing share of available credit as deficits approach, and pass the $100-billion-a-year mark through 1984. This will, naturally, keep interest rates high.

The Federal Reserve Board may not loosen its tight money policy sufficiently, as it has traditionally done during a recession. Chairman Volcker is convinced that little progress has been made against inflation. Continued tight money policy will mean a continued shortage of credit, and high interest rates.

The money markets are primed to react perversely to an easing of money targets. The Wall Street Journal quotes an official of Weyerhaeuser who expresses the business/financial consensus on high money growth: ". . . it would increase economic activity all right, but at the expense of further inflation." The Administration, and the Federal Reserve Board have made the large business and financial community into monetarists, so the reaction to eased money availability is likely to include expectations of higher future inflation, which means higher interest rates.

Many banks and other lenders were caught by surprise in the 1979–81 inflation bout, and lost money on long-term, low interest loans. These banks are wary of renewed inflation, and will be cautious about long-term loans, demanding a healthy inflation premium. Further, because of their recent losses, many institutions are using the current level of interest rates to make up for lost profits.

In the end, if we are to climb out of recession and escape the sluggish economy of our last few years, interest rates will have to remain well below current levels.

LENGTH OF RECESSIONS IN THE POST-WORLD WAR II ERA

If the recession were to end next July, as Murray Weidenbaum recently predicted on "Face the Nation", it would be a twelve month recession, compared to a post-war recession average of 11.3 months. The seven previous recessions have been:

November 1948–October 1949 (12 months).

July 1953–May 1954 (11 months).

August 1957–April 1958 (9 months).

April 1960–February 1961 (11 months).

December 1969–November 1970 (12 months).

November 1973–March 1975 (17 months).

January 1980–July 1980 (7 months).

It should be noted that five of the seven post-World War II recessions occurred during Republican administrations. The exact duration of each recession is not a matter on which all economists agree, but the National Bureau of Economic Research does set the official standards, which are reflected above.

LABOR AND RECESSION

This recession could hardly be more ill-timed for labor. As the corporate profits table above makes clear, the automative industry is ending its third straight year of net loss, and the food industry's profits are down, as are the earnings positions of many other companies. No one expects 1982 to be a particularly bright year for industry, yet it is the year of pattern-setting bargaining for the next three years' wage cycle, and labor is in its weakest position in years.

Labor represents a smaller percentage of the total workforce than it has since the late 1930's, and its stronghold industries are the ones primarily crippled by high interest rates and the current recession.

This scenario will receive more in depth treatment as the negotiations approach, but the major negotiations are listed below:

Unions and Contract Expiration:

Oil Chemical and Atomic Workers, January 7.

Teamsters, March 31.

Rubber Workers, April 19.

Garment Workers, May 30.

Electrical Workers, June 30/July 15.

United Food and Chemical Workers, August 31.

United Auto Workers, September 14/September 30.

Recent negotiations in the automobile and steel industries have not gone well for labor. The Chrysler wage concessions, followed by hard pre-bargaining talk by General Motors' management, and an ultimatum by Ford in Alabama have marked a sour year for the United Auto Workers. Likewise, the Steel Workers were recently forced to accept a contract with Timken Company of Canton, Ohio, which included an 11-year no-strike clause. This clause was a firm condition of Timken's proposed $500 million investment in new plant and equipment for Canton.

The bargaining position that large unions appear to be adopting is that any wage concessions, including cost-of-living allowance (COLA) eliminations, must be coupled with increased job security and worker participation in shopfloor level decision-making.

APPENDIX

This appendix includes tables and charts which will be updated monthly or quarterly, as appropriate, during the course of the recession, as well as brief explanations of the most reliable cyclical indicators included.

BRIEF EXPLANATION OF INDICES

Economic time series are useful tools for analyzing and forecasting business cycles. Composite indices are summary measures designed to indicate changes in the direction of aggregate economic activity. Each composite index measures the average behavior of a group of economic time series that represents different activities and sectors within the economy, but which show similar timing at business cycle turns. In contrast to composite indices individual time series are more narrowly focused on single types of economic activity. Though their measurement of economic activity is not as broad, individual time series are equally useful cyclical indicators.

The Number of Persons Unemployed and the Unemployment Rate are measures of unemployment within the civilian labor force. Both are lagging indicators during movements from recession to recovery which trail the economy by an average of 3.8 months.

The Composite Index of Leading Indicators is a group of 12 time series which forecast changes in the business cycle. On average, during periods of declining economic performance, the Index of Leading Indicators reaches a low approximately four and one-half months before the economy.

The Composite Index of Roughly Coincident Indicators is composed of four time series which, as its name implies, generally moves in tandem with the economy. On average, the Index of Roughly Coincident Indicators and the economy both reach lows within one month of each other during periods of economic recession.

The Rate of Capacity Utilization, Manufacturing is the ratio of manufacturing production to manufacturing capacity. It coincides with the economy during changes in the business cycle from periods of economic decline to recovery.

The Composite Index of Capital Investment Commitments is a subgroup of the Index of Leading Indicators and is composed of three times series more specifically related to business investment. The Index of Capital Investment Commitments has a lead time of about two months in advance of the economy during shifts from economic decline to recovery.

New Private Housing Units Started, Total measures the number of private housing units on which construction is started each month in the United States. It is classified by cyclical timing as a leader at turning points in the business cycle and, on average, leads the economy by approximately six months during changes from declining to expanding economic activity.

The Index of Industrial Production, Total measures the monthly changes in industrial production in all stages of the manufacturing, mining, and gas and electric utility industries. It is classified by cyclical timing as a coincider during shifts from recession to recovery.

TABLE 1.—*Gross national product, constant (1972) dollars*
[In billions]

	1979	1980	1981
I Quarter	1,479.9	1,501.9	1,516.4
II Quarter	1,473.4	1,463.3	1,510.4
III Quarter	1,488.2	1,471.9	1,512.8
IV Quarter	1,490.6	1,485.6	

TABLE 2.—*Number of unemployed*
[In thousands]

	1979	1980	1981
January	5,958	6,500	7,847
February	5,993	6,454	7,754
March	5,956	6,543	7,764
April	5,918	7,202	7,746
May	5,776	7,944	8,171
June	5,718	7,811	7,784
July	5,738	8,021	7,502
August	6,057	7,942	7,657
September	5,971	7,800	7,966
October	6,132	7,961	8,520
November	6,104	7,946	
December	6,272	7,785	

TABLE 3.—*Unemployment rate, total*
[In percent]

	1979	1980	1981
January	5.8	6.2	7.4
February	5.9	6.2	7.3
March	5.8	6.3	7.3
April	5.8	6.9	7.3
May	5.6	7.6	7.6
June	5.6	7.5	7.3
July	5.6	7.6	7.0
August	5.9	7.6	7.2
September	5.8	7.4	7.5
October	5.9	7.6	8.0
November	5.9	7.5	
December	6.0	7.4	

TABLE 4.—*Unemployment rate, State-by-State September 1981*

	In percent
Michigan	10.7
Ohio	10.0
Alabama	9.8
D.C.	9.5
Indiana	9.1
Oregon	9.0
Washington	8.8
Mississippi	8.3
Pennsylvania	8.2
Florida	8.0
W. Virginia	8.0
Tennessee	8.0
Louisiana	8.0
Illinois	8.0
Alaska	8.0
Arkansas	7.9
S. Carolina	7.6
Maryland	7.2
California	7.0
New York	6.9
Delaware	6.9
New Mexico	6.7
Idaho	6.6
Wisconsin	6.6
Nevada	6.6
Kentucky	6.5
Massachusetts	6.5
Rhode Island	6.4
Missouri	6.3
New Jersey	6.3
Georgia	6.1
Connecticut	6.0
Maine	6.0
Iowa	5.9
Utah	5.9
Arizona	5.9
Virginia	5.6
Montana	5.5
N. Carolina	5.4
Texas	5.3
Hawaii	5.3
Colorado	5.0
Minnesota	4.6
New Hampshire	4.6
Vermont	4.2
S. Dakota	4.2
Kansas	3.9
N. Dakota	3.8
Wyoming	3.5
Nebraska	3.4
Oklahoma	3.2

TABLE 5.—COMPOSITE INDEX OF LEADING INDICATORS
[1967=100]

	1979	1980	1981
January	142.6	134.7	135.2
February	142.3	134.2	135.1
March	143.2	131.5	136.7
April	140.3	126.2	137.5
May	141.4	123.0	135.2
June	141.6	123.9	134.0
July	141.2	128.1	134.4
August	140.1	130.7	133.7
September	140.1	134.4	130.1
October	137.8	135.0	
November	135.6	136.5	
December	135.2	136.3	

TABLE 6.—COMPOSITE INDEX OF ROUGHLY COINCIDENT INDICATORS
[1967=100]

	1979	1980	1981
January	1 44.8	146.1	142.0
February	144.9	145.2	142.5
March	146.6	143.5	142.4
April	144.1	140.5	142.2
May	145.6	138.0	142.2
June	145.0	136.7	142.5
July	145.4	136.5	142.6
August	145.0	136.7	142.2
September	144.9	138.1	141.3
October	145.1	139.7	
November	145.0	140.8	
December	145.2	141.3	

TABLE 7.—RATE OF CAPACITY UTILIZATION, MANUFACTURING
[In percent]

	1979	1980	1981
January	86.6	84.0	80.0
February	86.8	83.6	79.8
March	87.2	82.7	79.8
April	85.3	80.3	79.8
May	86.3	77.6	80.0
June	86.1	75.7	79.7
July	86.0	74.9	79.8
August	84.9	75.8	79.6
September	85.2	77.0	78.4
October	84.8	78.2	76.9
November	84.4	79.3	
December	84.1	79.8	

TABLE 8.—COMPOSITE INDEX OF CAPITAL INVESTMENT COMMITMENTS
[1967=100]

	1979	1980	1981
January	113.9	111.6	106.6
February	113.9	109.9	105.2
March	115.5	107.8	105.2
April	113.6	104.3	106.4
May	113.3	103.2	105.2
June	113.9	104.5	103.8
July	113.6	106.1	103.3
August	112.9	107.0	102.6
September	114.0	108.8	101.8
October	112.7	107.3	
November	112.0	108.2	
December	112.4	108.3	

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

The majority leader is recognized.

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS, 1982

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 4121, the Treasury-Postal Service appropriations bill.

The PRESIDING OFFICER. The bill will be stated by title.

The bill clerk read as follows:

A bill (H.R. 4121) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1982, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. ABDNOR. Mr. President, the Treasury, Postal Service, general government appropriations bill now before the Senate provides funding for 62 Federal agencies and functions and it carries a total cost of $9,397,072,000. That is almost a billion dollars below last year's appropriation.

I might say that the legislative notice which is on the desk of each Senator is not an accurate accounting of this bill. Other actions on the appropriations bill have been taken since its publication.

Funding in this bill provides for four of the most important functions of the Federal Government. These functions are law enforcement, collection of revenues, the world's largest postal service, and policymaking for the most powerful Nation in the free world.

The U.S. Treasury Department is the world's largest law enforcement organization. Upon its bureaus falls the task of policing counterfeiting and forgery and protecting people and places by the Secret Service; the smuggling of contraband is covered by the U.S. Customs Services; tax evasion is policed by the Internal Revenue Service and arsonists, rum runners and terrorist bombers are watched by the Bureau of Alcohol, Tobacco and Firearms. It could truly be said that Treasury collects more money, processes more tax returns, issues more checks to pay Federal bills, arrests more people for violations of law, and keeps the largest set of financial books in the world.

The U.S. Postal Service handles more pieces of mail, delivers it to more places and processes it in more stations than any other nation on Earth. For instance, the mail load of New York City is larger than the total handled by any other nation on Earth.

The General Services Administration is our Nation's housekeeper. It has charge of more than 10,000 buildings, operates the largest supply business in the world and is the largest construction force in existence.

Our committee bill funds the White House and executive offices, and provides the funds for decisionmaking which affects the lives of every human being on Earth.

More than 560,000 employees are provided for in this bill and this constitutes more than one-fourth of the entire Federal work force. It follows, therefore, that the largest single cost factor in the bill is wages.

It has been my honor to chair the subcommittee's efforts toward developing this legislation, however, I must give full credit to my colleagues on the subcommittee, and in particular pay special tribute to our ranking minority member, the Senator from Arizona (Mr. DECONCINI). He has been a faithful and cooperative colleague throughout many long and tedious hours of hearings, meetings, and markup.

I should also note that as the first-year chairman of the subcommittee, I owe a special thank you to the chief clerk Burkett Van Kirk. His knowledge and experience was invaluable to me and other members of the subcommittee during our deliberations on this bill.

Mr. President, at a later time I will submit an amendment giving 5-percent transfer authority to the Department of the Treasury. This amendment will vitiate the language on page 3 of our report which was issued prior to the President's most recent budget submission. The committee now feels that the Department of the Treasury needs the 5-percent transfer authority in view of their severely reduced budget.

Mr. President, I will also submit another amendment increasing the trans-

fer authority between accounts for the General Services Administration to 5 percent. Once again it is our feeling that the General Services Administration, like the Department of the Treasury, has been so severely reduced that satisfactory and adequate operations may become impossible.

Mr. President, the committee report contains guidelines and instructions to the agencies that are just as valid today as when the committee wrote the report. We expect that where applicable and proper, each agency must in good faith carry out the intent and earmarkings contained in our report. For instance, under IRS the committee expects that the $1 million earmarked to provide tax counseling for the elderly will be carried out in toto. Additionally, the committee's instructions regarding the Postal Service revolving fund are to be explicitly carried out as are prohibitions against closing small post offices, instituting less than 6-day mail delivery or mandatory implementation of a 9-digit ZIP code.

Pertaining to the GSA, the committee expects the GSA Administrator to follow to the letter insofar as possible the directives of our report irrespective of the recent September budget reductions. For example, we expect that the earmarking for the national historical records program will be faithfully implemented, and that certain construction projects will be pursued forthwith.

Mr. President, due to printing errors, I ask unanimous consent to make the following technical amendments:

On page 12, line 19, insert a stricken "$13,200,000" before the figure "$12,210,000."

On page 28, line 5, "$20,131,000" instead of "$17,715,000." I send the amendment to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABDNOR. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and the bill as thus amended be regarded for the purpose of amendment as original text provided that no point of order shall be considered to have been waived by agreeing to this request.

Mr. DENTON. Mr. President, reserving the right to object, if the Senator from South Dakota would kindly modify his request to exempt from his request the committee amendment striking from the bill section 619, the so-called Ashbrook amendment, I would have no objection. If the Senator could not see his way clear to agree with this, I have to object at this time.

Mr. ABDNOR. Mr. President, I so modify my request.

Mr. DENTON. Mr. President, I thank the Senator. I have no objection.

The PRESIDING OFFICER (Mr. MURKOWSKI). Without objection, it is so ordered.

Mr. DENTON. Thank you, Mr. President.

On page 2, line 16, strike "$36,007,000" and insert "$35,029,000";

On page 2, line 23, strike "not to exceed $2,000,000", and insert "$1,075,000";

On page 3, line 1, strike "$22,300,000" and insert in lieu thereof "$20,149,000";

On page 3, line 11, strike "$14,279,000" and insert in lieu thereof "$12,566,000";

On page 3, line 15, strike "$209,304,000" and insert in lieu thereof "$153,826,000";

On page 3, line 23, strike "$150,591,000", and insert "$120,473,000";

On page 4, line 10, beginning with the colon, strike through and including line 12;

On page 4, line 21, strike "$499,743,000", and insert "$503,468,000";

On page 4, line 22, beginning with "of", strike through and including "and" on line 23;

On page 5, line 5, strike "$25,000", and insert "$20,000";

On page 5, line 9, after the colon, insert the following:

Provided further, That none of the funds provided in this Act shall be used to close the Phoenix, Arizona Air Radar Support and Air Intelligence facility; the Albuquerque, New Mexico Air Interdiction facility; the El Paso, Texas Air Interdiction facility, or any other Air Interdiction base or support facility in Arizona, New Mexico, or Texas.

On page 5, line 19, strike "$52,206,000", and insert "$45,941,000";

On page 6, line 4, strike "$206,625,000" and insert in lieu thereof "$184,000,000";

On page 6, line 14, strike "$168,436,000" and insert in lieu thereof "$148,224,000";

On page 6, line 20, strike "$867,572,000", and insert "$812,886,000";

On page 6, line 21, strike "$660,000", and insert "$1,000,000";

On page 7, line 6, strike "$933,513,000" and insert in lieu thereof "$901,813,000";

On page 7, line 15, strike "$617,428,000" and insert in lieu thereof "$602,628,000";

On page 7, line 21, strike "$500,000" and insert in lieu thereof "$440,000";

On page 8, line 9, strike "$179,224,000", and insert "$180,324,000";

On page 8, line 23, after the colon, insert the following:

Provided further, That the $1,600,000 appropriated in Public Law 97–12, approved June 5, 1981, for the costs of construction and installation of a White House complex security system shall remain available until expended.

On page 10, strike line 14, through and including line 19;

On page 11, line 6, beginning with "and for", strike through and including page 11, line 17, and insert the following: $869,240,000. *Provided*, That none of the funds provided in this Act shall be used to consolidate or close small rural and other small post offices in the fiscal year ending on September 30, 1982: *Provided further*, That none of the funds provided in this Act shall be used to curtail six-day mail delivery or any other existing postal service in the fiscal year ending on September 30, 1982: *Provided further*, That none of the funds provided in this Act shall be used to mandate the implementation of nine-digit ZIP code in the fiscal year ending on September 30, 1982.

On page 12, line 5, after "$250,000", insert the following:

: *Provided*, That none of the funds made available for official expenses shall be expended for any other purpose and any unused amount shall revert to the Treasury pursuant to section 701 of title 31 of the United States Code: *Provided further*, That none of the funds made available for official expenses shall be considered as taxable to the President.

OFFICE OF ADMINISTRATION

SALARIES AND EXPENSES

For expenses necessary for the Office of Administration, $12,210,000, including services authorized by 5 U.S.C. 3109 and 3 U.S.C. 107, and hire of passenger motor vehicles.

THE WHITE HOUSE OFFICE

SALARIES AND EXPENSES

On page 13, line 10, strike "$22,278,000" and insert in lieu thereof "$19,664,000";

On page 14, line 11, strike "$1,640,000" and insert in lieu thereof "$1,443,000";

On page 14, line 16, strike "$2,263,000" and insert in lieu thereof "$2,035,000";

On page 14, after line 16, insert the following:

OFFICE OF POLICY DEVELOPMENT

SALARIES AND EXPENSES

For necessary expenses of the Office of Policy Development including services as authorized by 5 U.S.C. 3109, and personal services as authorized by 3 U.S.C. 107, $2,604,000.

On page 15, line 5, strike "$3,939,000" and insert in lieu thereof "$3,496,000";

On page 15, line 11, strike "$33,416,000", and insert "$33,416,000";

On page 15, line 17, strike "$2,628,000" and insert in lieu thereof "$2,453,000";

On page 15, line 22, strike "$1,000,000" and insert in lieu thereof "$880,000";

On page 16, line 8, strike "$1,217,000", and insert "$1,095,000";

On page 16, line 14, strike "$1,822,000" and insert in lieu thereof "$1,751,000";

On page 16, line 18, strike "$218,000" and insert in lieu thereof "$192,000";

On page 17, line 2, strike "$621,000" and insert in lieu thereof "$546,000";

On page 17, line 6, strike "$9,662,000", and insert "$9,365,000";

On page 18, line 8, strike "$1,836,200,000", and insert "$1,855,467,000";

On page 18, line 9, strike "$40,464,000", and insert "$57,791,000";

On page 18, after line 13, insert the following:

Arizona:

San Luis, Border Station, $6,866,000

On page 18, strike line 21 through and including line 22;

On page 18, after line 24, insert the following:

Kentucky:

Ashland, Courthouse and Federal Office Building, $8,339,000

On page 19, after line 6, insert the following:

Nebraska:

Omaha, Federal Office Building, $4,566,000, for site acquisition and design

South Carolina:

Charleston, Post Office and Courthouse Annex, $5,400,000

On page 19, line 17, after "$2,570,000", insert the following:

"; Advance Design Work, $5,000,000";

On page 20, line 1, strike "$197,380,000", and insert "$198,581,000";

On page 21, after line 22, insert the following:

South Carolina:

Charleston, Post Office, Courthouse, $1,201,000

On page 23, line 2, strike "$721,700,000", and insert "$722,439,000";

On page 23, line 15, strike "none of the";

On page 23, strike line 17, through and including "for" on line 20;

On page 24, line 11, strike "$1,836,200,000", and insert "$1,855,467,000";

On page 24, line 22, strike "$135,142,000" and insert in lieu thereof "$118,925,000";

On page 25, line 5, strike "$16,330,000" and insert in lieu thereof "$15,166,000";

On page 25, line 15, strike "$89,999,000", and insert "$79,294,000";

On page 25, line 15, after "which", insert "up to";

On page 25, line 16, strike "$1,000,000", and insert "$3,000,000";

On page 26, line 2, strike "$13,399,000" and insert in lieu thereof "$11,791,000";

On page 26, line 17, strike "$47,189,000", and insert "$41,658,000";

On page 27, line 5, strike "$100,000,000" and insert in lieu thereof "$60,000,000";

On page 27, line 21, strike "$134,031,000" and insert in lieu thereof "$119,878,000";

On page 28, line 5, strike "$20,131,000" and insert in lieu thereof "$17,715,000";

On page 31, line 19, strike "$119,800,000", and insert "$105,424,000";

On page 32, line 13, after "expended,", insert the following:

"including payments for the fiscal year ending September 30, 1981";

On page 33, line 11, strike "$15,037,000" and insert in lieu thereof "$13,233,000";

On page 34, line 2, strike "$4,373,000" and insert in lieu thereof "$3,848,000";

On page 34, line 12, strike "$16,812,000", and insert "$14,795,000";

On page 34, line 22, strike "$12,404,000" and insert in lieu thereof "$11,000,000";

On page 36, line 1, strike "Civil Service Commission", and insert the following:

"Office of Personnel Management";

On page 37, after line 3, insert the following:

SEC. 506. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of stainless steel flatware not produced in the United States or its possessions, except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of stainless steel flatware produced in the United States or its possessions, cannot be procured as and when needed from sources in the United States or its possessions, or except in accordance with procedures provided by section 6-104.4(b) of Armed Services Procurement Regulation, dated January 1, 1969. This section shall be applicable to all solicitations for bids issued after its enactment.

On page 37, line 18, strike "506", and insert "507";

On page 37, line 24, strike "507", and insert "508";

On page 38, line 4, strike "508", and insert "509";

On page 44, line 13, after "318),", insert the following: "but shall not be restricted to certain Federal property as otherwise required by the proviso contained in said section,";

On page 46, strike line 16, through and including line 6 on page 47, and on page 47, strike line 16, through and including line 20.

Mr. ABDNOR. Mr. President, I further ask unanimous consent that the majority and the minority managers of the bill have the authority upon their joint agreement to lay aside temporarily this committee amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABDNOR. I shall be happy to notify the Senator from Alabama when we consider the amendment.

At this time I yield to the ranking minority member of the committee who has been so helpful, Senator DECONCINI.

Mr. DECONCINI. Mr. President, I thank the chairman for his kind remarks.

This is one of the leanest, toughest appropriations bills that I have seen come to the Chamber since I entered the Senate 5 years ago. The distinguished chairman of the subcommittee, Senator ABDNOR, has already outlined the aggregate total for the bill, but I believe that they bear some repeating.

On September 22, the Appropriations Committee reported a bill that totaled $9,827,130,000 or $38 million below President Reagan's March 1981 budget estimate of $9,864,638,000. Then on September 30, the President submitted additional budget revisions and reduced the aggregate budget estimates for activities and programs within the Treasury bill by $722.3 million to a new level of $9,142,274,000. Finally, on October 22, the full committee met to consider a package of budget modifications to the committee-reported bill that were crafted by the chairman of the Treasury Subcommittee, Senator ABDNOR, and myself, in response to the President's call for more cuts in discretionary programs. These modifications were approved by the committee and incorporated into H.R. 4121 on November 17.

The bill, as modified on November 17, totals $9,397,072,000 which is $254,798,000 over the new Reagan budget estimates, but is $467,566,000 below the President's March 1981 budget estimates; $430,058,000 below the committee bill as reported on September 22; $348,220,000 below the House-passed bill; and $919,852,000 below fiscal year 1981 for the Treasury bill. By any measure, this bill is an exceptional example of fiscal restraint.

Frankly, Mr. President, there are a number of items in this bill that I was extremely reluctant to reduce at all below the levels approved by the full committee in September. In fact, there are two major law enforcement agencies within the Treasury Department where no reductions were proposed below the amounts contained in the committee-reported bill. They were the U.S. Customs Service and the U.S. Secret Service. Both of these agencies play a major role in our Federal law enforcement effort and should be funded at the committee-passed levels.

It was with great reluctance and with serious reservations that I agreed to modify the committee-passed levels for the Internal Revenue Service, particularly in the areas of examinations and appeals, investigations and collections, and taxpayer service and returns processing. The committee-passed bill had contained funding levels for these activities that I felt were appropriate in light of the important taxpayer service and law enforcement activities involved under these accounts. Under normal economic conditions, I would not have agreed to any modification to these important IRS activities. However, in the spirit of cooperation with the President in his effort to further reduce discretionary spending next year, the chairman and I agreed to the modifications that are incorporated in this bill.

Mr. President, I will highlight the various provisions of the bill.

Mr. President, in view of the rather unorthodox procedure that has been followed this year in handling modifications to the bill that was reported by the full Senate Appropriations Committee on September 22, I believe that it is critical to spell out in some detail the various provisions of the Treasury bill and also address the status of the committee report (Senate Report 97-192) as it is affected by the modifications approved on October 22 by the committee. As you know most of the numbers outlined in the committee report have changed significantly.

However, there are important directives earmarkings, and recommendations contained in the report that are still applicable and should be considered binding by the agencies, commissions, boards, and departments affected. Let me proceed title by title through the bill and make reference to those key provisions in the committee report that should be brought to the attention of the Senate and the agencies funded in this bill.

TITLE I: DEPARTMENT OF THE TREASURY

Appropriations in the bill, as modified, for the Department of the Treasury total $3,725,901,000 which is $50,685,000 over the President's revised budget estimates, $202,985,000 below his March estimates, and $235,961,000 below the House-passed bill.

Within the Office of the Secretary, international affairs activity, the committee has not changed its recommendation that a limitation of $1,075,000 be provided for travel, and has proposed that a full 12-percent cut below the President's March estimates be approved.

The committee has recommended that the funding level reported out of committee on September 22, 1981 for the U.S. Customs Service remain at $503,468,000, which is an increase of $52,267,000 over the revised budget estimates, $23,457,000 over the March budget estimates, and $3,725,000 more than the House bill. The committee bill proposes a floor on Customs employment at the April 30, 1981 level, and has recommended in its report (S. Rept. 97-192) that the 625 positions proposed for reduction by the administration be restored. Included in the committee's recommendations is one that would provide an additional 220 inspector positions over 1981 levels next year. The committee's decision not to reduce its original recommendations for the U.S. Customs Service is a clear indication of the committee's deep concern about the drug enforcement and passenger facilitation activities, where inspectors are of critical importance. If we are to maintain our drug enforcement posture in fiscal year 1982, these additional resources for the Customs Service are essential.

The committee has also proposed an add-on of $5 million for the Customs air interdiction program—a major deterrent to the flow of illegal drug traffic into the southeastern and southwestern sectors of the country.

INTERNAL REVENUE SERVICE

With great reluctance, the committee-passed bill has been modified to reduce funding levels for the Internal Revenue Service below those levels recommended on September 22. A total of $2,465,551,000 has been proposed for IRS which is $100,098,000 below the March budget estimates, $12 million over the President's revised estimates, and $121,398,000 below the House. Within the taxpayer service and returns processing account, the committee has retained the $1 million earmarking for the tax counseling for the elderly program (TCE).

Frankly, I believe that the cuts in the taxpayer service and revenue-generating accounts, that is, examinations and appeals, investigations and collections, and taxpayer service and returns processing, are too deep. However, in order to help achieve the President's goals of cutting the budget, I have reluctantly and with great reservation gone along with the modifications before you.

Finally, the committee has not recommended any modifications to the $180,324,000 proposed for the Secret Service,

another key law enforcement agency with critical protection and investigative functions.

TITLE II: U.S. POSTAL SERVICE: PAYMENT TO THE POSTAL SERVICE FUND

The committee has modified its September 22 recommendations for the Postal Service subsidy and proposed an appropriation of $869,240,000, the same aggregate amount recommended by the President in March but with a different mix. The committee had proposed an appropriation of $946,240,000 for the Postal Service, including $250 million for public service subsidies and the balance of $696,240,000 for so-called revenue foregone subsidies. The modification before you would provide the same amount for the public service subsidy but would provide only $619,240,000 for revenue foregone funding.

However, the administration has proposed only $619 million for the postal subsidy, including total elimination of the public service subsidy. The committee believes that it is important to continue at a reduced level the public service subsidy, and maintain the revenue foregone funding level at a level that is $119,240,00 more than the level proposed in the President's March budget estimate.

Therefore, the appropriation recommended by the committee for the Postal Service is $77 million below the level recommended by the committee in September but is $250 million more than the President's latest budget estimates.

The committee has retained language in the bill which would preclude the closing or consolidation of small post offices, would prohibit the curtailment of 6-day delivery, and would prohibit the use of subsidy funds to mandate the implementation of 9-digit ZIP code.

TITLE III: EXECUTIVE OFFICE OF THE PRESIDENT

The committee bill, as modified, contains a total of $82,310,000 for the offices within the Executive Office of the President. This amount is $10,851,000 below the March budget estimates, $2,163,000 below the House, and $284,000 below the most recent budget estimates submitted on September 30.

The committee has essentially proposed going along with the President's revised budget for all of the entities which comprise the Executive Office of the President, with slightly deeper reductions targeted for the Office of Management and Budget, the Executive Residence, and unanticipated needs.

TITLE IV: INDEPENDENT AGENCIES

This title contains funding for a number of small agencies, boards, commissions, and offices, including the General Services Administration, the Federal Election Commission, and the Office of Personnel Management.

The total appropriation contained in the committee bill, as modified, for these title IV entities is $4.719.621,000, which is $45,603,000 below the current, revised budget estimates, $253,730,000 less than the March budget estimates, and $110,-096.000 below the House-passed bill.

The major bulk of title IV funding goes for the General Services Administration. The modified committee bill proposes sharp reductions in almost every function of this agency. In fact, the modified bill would reduce GSA funding by $43,-184,000 below the President's revised budget and $112,734,000 below the March estimates. The committee has, however, preserved the September 22 recommended funding level of $20,131,000 for the Office of Inspector General at GSA, an important watchdog activity at this troubled agency.

Within the Federal buildings fund at GSA, a number of important building projects have been approved by the committee, including: A border station at San Luis, Ariz., a courthouse at Madison, Wis., a courthouse and Federal office building at Ashland, Ky., startup funding for a Federal office building in Omaha, Nebr., a post office and courthouse annex in Charleston, S.C., a lease construction project in Tallahassee, Fla., and design funding for the Bonneville Power Administration Federal Building in Oregon. Funding levels for the Federal building fund were not reduced by the President in his package of budget revisions on September 30.

Under the National Archives and Records Service operating expenses account, the committee continues to recommend that up to $3 million be provided within the total Archives appropriation to sustain the national historical publications and records grant program in fiscal year 1982. The House has earmarked $1 million for this program next year. The committee believes that this small, but important program should be continued next year at the level discussed in Senate Report 97–192.

In most of the other accounts under title IV, the committee has gone along with the President's revised budget with the exception of the Merit Systems Protection Board and the U.S. Tax Court, where the committee has recommended going below the revised budget estimates.

WASTE, FRAUD, AND ABUSE

The committee has included an important section of language in its report which addresses the issue of waste, fraud, abuse, and mismanagement, and outlines some specific directives to the Office of Management and Budget in this regard. The committee has directed OMB to provide a full report to the committee by March 15, 1982 on the levels of funding within each agency, department, and instrumentality of the Government for consultant services, audiovisual and certain other public relations publications, and debt collection activities.

It is crucial that the Appropriations Committee have this fundamental data next year so that it can focus its attention on the appropriate levels of funding that these activities should receive. I remain convinced that $3 to $4 billion of waste can be saved by reducing these and other administrative expenditures, while, at the same time, accelerating our debt collection effort substantially.

Mr. President, again, this is a lean, tough appropriation bill and I recommend that it be approved.

Mr. President, in closing I shall take just a moment to pay tribute to the chairman of the subcommittee, Senator AEDNOR, who, in his first year as chairman of a major appropriation subcommittee, has done an excellent job of guiding this important appropriation bill through some stormy shoals. He has had to face not one, not two, but three different budgets since January. He has sat through weeks of hearings and markup sessions, and he has had to balance the fiscal marching orders of his President with the need to protect important programs in this bill, particularly those involving law-enforcement activities.

As the ranking minority member of the subcommittee, I have enjoyed working with Senator ABDNOR in bringing this bill to the floor and I appreciate the cooperation and courtesy he has shown me over this past year. I also thank his able majority clerk, Burkett Van Kirk and Bobb Mills for working so closely with the minority staff of this bill.

If the chairman, Senator ABDNOR, has no objection, I will offer an amendment at this time.

The PRESIDING OFFICER. Does the Senator from Arizona lay aside the committee amendment?

Mr. DECONCINI. Mr. President, I ask unanimous consent to lay aside the committee amendment and move to the amendment I will send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DECONCINI. I thank the Chair.

UP AMENDMENT NO. 787

(Purpose: To improve the ability of the U.S. Secret Service to protect the President of the United States and other designated protectees)

Mr. DECONCINI. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Arizona (Mr. DECONCINI) for himself and Mr. KENNEDY, proposes an unprinted amendment numbered 787.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 47, after line 20, insert the following:

SEC. 617. Section 1752 of title 18, United States Code, is amended (1) by amending the title of such section to read as follows:

"§ 1752. Temporary residences and offices of the President and others";

(2) in subparagraph (i) of paragraph (1) of subsection (a) by amending such paragraph to read as follows:

"(i) any building or grounds designated by the Secretary of the Treasury as temporary residences of the President or other person protected by the Secret Service or as temporary offices of the President and the President's staff or any other person protected by the Secret Service, or";

(3) in subparagraph (ii) of paragraph (1) of subsection (a) by inserting the words "or other person protected by the Secret Service" after the word "President";

(4) in paragraph (1) of subsection (d) by amending such paragraph to read as follows:

"(1) to designate by regulations the buildings and grounds which constitute the temporary residences of the President or other person protected by the Secret Service and the temporary offices of the President and the President's staff or of any other person protected by the Secret Service, and";

(5) in paragraph (2) of subsection (d) by inserting the words "or other person protected by the Secret Service" after the word "President"; and

(6) by adding at the end thereof the following new subsection:

"(f) As used in this section the term 'other person protected by the Secret Service' means any person authorized to receive the protection of the United States Secret Service pursuant to section 3056 of title 18, United States Code, or Public Law 90–331, as amended, who has not declined such protection.".

SEC. 2. (a) Chapter 41 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 879. Threats against certain other United States Secret Service protectees

"(a) Whoever knowingly and willfully threatens to kill, kidnap, or inflict bodily harm upon a former President of the United States; a major candidate or the spouse of a major candidate for the Office of the President or Vice President; or a member of the immediate family of the President, the President-elect, the Vice President, the Vice President-elect, or a former Vice President who is receiving Secret Service protection, shall be fined not more than $1,000 or imprisoned not more than five years, or both.

"(b) As used in this section—

"(1) 'major candidate or the spouse of a major candidate for the Office of President or Vice President' means any person receiving Secret Service protection pursuant to provisions of Public Law 90–331, as amended;

"(2) 'immediate family' includes—

"(A) any person who is related by blood, marriage, or adoption to the President, President-elect, the Vice President, or the Vice President-elect and who receives Secret Service protection; or

"(B) any person to whom the President, President-elect, Vice President, or Vice President-elect stands in loco parentis and who receives Secret Service protection; and

"(3) 'President-elect' and 'Vice President-elect' shall have the same meaning given those terms in section 871(b) of this title.".

(b) Section 3056(a) of title 18, United States Code, is amended by striking out in the fifth clause the phrase "and 871" and inserting in lieu thereof "871, and 879".

(c) The analysis for chapter 41 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"879. Threats against certain other United States Secret Service protectees.".

(d) Section 871 of title 18, United States Code, is amended by inserting the words ", to kidnap," in subsection (a) after the words "to take the life of".

SEC. 3. (a) Section 3056 of title 18, United States Code, is amended—

(1) in the first clause of subsection (a) by amending such clause to read as follows: "Subject to the direction of the Secretary of the Treasury, the United States Secret Service, Treasury Department, is authorized to protect the person of the President of the United States, the members of the President's immediate family, the President-elect, the Vice President or other officer next in the order of succession to the Office of President, and the Vice President-elect, and the members of their immediate families unless the members decline such protection";

(2) in the second clause of subsection (a) by amending such clause to read as follows: "protect former Presidents during their lifetime, and the person of a former Vice President and the spouse or surviving spouse and children under sixteen years of age of a former President for a period of six months, unless such protection is declined; provided however that the Secretary of the Treasury may extend or reinstate protection for such persons after the six-month period if the Secretary deems such protection necessary";

(3) in the fifth clause of subsection (a) by amending such clause to read as follows: "detect and arrest any person violating any of the provisions of sections 508, 509, and 871 of this title and, insofar as the Federal Deposit Insurance Corporation, Federal land bank associations are concerned, of sections 213, 216, 433, 493, 657, 709, 1006, 1007, 1011, 1013, 1014, 1907, and 1909 of this title; and

(4) in the ninth clause of subsection (a) by amending such clause to read as follows: "pay expenses for unforeseen emergencies of a confidential nature under the direction of the Secretary of the Treasury and accounted for solely on the Secretary's certificate".

(b) No person receiving Secret Service protection on the date of enactment of this Act shall have such protection terminated by the amendments made by subsection (a).

SEC. 4. Section 102 of the Treasury Department Appropriations Act, 1970 (Public Law 91–74; 31 U.S.C. 1032) is amended to read as follows:

"SEC. 102. Under regulations prescribed by the Secretary of the Treasury, the Department of the Treasury is authorized to—

"(1) reimburse its agents working on protective missions, as provided by law, for subsistence expenses without regard to rates provided by section 5702 of title 5; and

"(2) reimburse its agents for subsistence expenses when working on protective missions, as provided by law, in a nontravel status on a twenty-four-hour-a-day basis.".

Mr. DECONCINI. Mr. President, I do not know of a more important amendment that this body could pass in these last few days of the first session of the 97th Congress than the amendment I have just introduced with the distinguished Senator from Massachusetts, Senator KENNEDY. Let me say at the outset, that I have talked to the director of the FBI, Mr. Webster, and he has no problems with this amendment. Furthermore, this amendment has the full support of the U.S. Secret Service.

Back on Monday, March 30, like a recurring nightmare, this Nation and the entire world were shocked by the senseless and tragic assassination attempt on the life of the President of the United States. That horrible sight of the President, his press secretary, and the courageous law enforcement officers being wounded in front of the Washington Hilton should have pricked the national conscience and warned us in the Congress that something must be done to help our Secret Service win the battle against would-be assassins and terrorists.

Then, just last week, the story broke across the country and around the world that the President's life and the lives of his top officials were threatened by a group of terrorist hitmen, allegedly under the direction of Colonel Qadhafi of Libya, who had penetrated U.S. borders. Secret Service protection was ordered for top administration officials, including the Secretary of Defense and members of the top White House staff.

Mr. President, the amendment that I am offering today will take a major initiative toward providing the Secret Service with the necessary legislative assistance to overcome many of the obstacles which currently impede their efforts to crackdown on potentially dangerous individuals before tragedy strikes—not after the fact.

Frankly, this amendment does not include all of the legislative remedies that I feel are essential to improve our Secret Service's ability to protect the President and to improve the quantity, the qualyity, and protect the confidentiality of intelligence data from all sources including foreign, State, and local governments. For example I believe that the Secret Service should be granted an exemption from the Freedom of Information Act for its records maintained for law enforcement purposes. My amendment does not include this provision.

My amendment also does not include provisions granting the Secret Service concurrent jurisdiction in a number of criminal investigation areas where both the Federal Bureau of Investigation and the Secret Service have particular expertise. These provisions and others are included in legislation that I introduced on June 18, 1981, S. 1394, the Secret Service Reform Act of 1981, which is currently bottled up in the Senate Judiciary Committee.

Let me briefly outline what my amendment does include: First, it permits the Secret Service to establish so-called physical zones of protection for protectees of the Secret Service, other than the President of the United States. Currently, this physical zone of protection authority exists only for the protection of the President. This new provision would provide a specific criminal offense for violation of this zone of protection for protectees of the Service and provide further deterrent for unauthorized personnel to penetrate security areas established by the Service. This was a legislative recommendation of the House Select Commission on Assassinations that has never been implemented. It would cover White House staff and other top officials under Secret Service protection while with the President.

Second, it would extend to various other specified protectees of the Service, including presidential candidates the same type of statutory protection against threats of physical harm which is presently afforded the President and officer next in line of succession to the Presidency. This provision would enable the Service to immediately investigate and prosecute persons making such threats against our highly visible and vulnerable public figures. Investigation and prosecution of such threats have been hampered because of a lack of an applicable Federal statute similar to the Presidential threat statute. This would correct this problem and would also amend section 871 of title 18 U.S.C., to include kidnapping threats to the President under these new protections.

Third, it would continue protection of former Presidents during their lifetime, would extend protection to a former Vice President and the spouse or surviving spouse and children under 16 years of age of a former President for a

period of 6 months, unless such protection is declined or unless the Secretary of the Treasury extends or reinstates such protection after this period.

The Secretary of the Treasury however, would continue to gather intelligence relating to the necessity for providing or reinstating such protection and can reinstate such protection at any time. Furthermore my amendment would "grandfather in" those currently receiving Secret Service protection upon the date of enactment of this measure. For example, Mrs. Reagan, former First Lady Mrs. Johnson and Mrs. Truman would continue to receive protection under current law.

It is the feeling of the Service that the foregoing modifications in existing protection are justified on the basis of the experience of the Service in its protective responsibilities. Intelligence gathered by the Service regarding the number and kinds of threats against public officials and their families suggests that the manpower and resources of the Service can be better utilized in other areas of responsibilities.

Fourth. Finally, it would provide authorization for the Treasury to reimburse its Secret Service agents working on protective missions for subsistence expenses when the agents, though not in travel status, are, nevertheless, specifically assigned to remain in close physical proximity to a protectee on a 24-hour basis. This is not a major legislative change but it would help to improve morale and fairness among on-duty agents and rectify what is believed to be an inequity within the Secret Service.

Mr. President, these are not Secret Service reforms that the Senator from Arizona or the Senator from Massachusetts dreamed up overnight. On April 2, just 3 days after the assassination attempt on the life of President Reagan, the Treasury, Postal Service, General Government Appropriations Subcommittee, of which I am the ranking minority member, held a hearing with the Secret Service which focused both on the tragic events of March 30 at the Hilton and on the legislative changes that would facilitate the gathering of critical intelligence data and improving the protective functions of the Service.

Secret Service Director, H. Stuart Knight, was very candid about the statutory roadblocks that impede the gathering of accurate, crucial intelligence data on potentially-dangerous groups and individuals and the ability of the Service to better protect the President and other protectees. The subcommittee asked the Secret Service to outline in detail the legislative changes that would enable them to do a better job of protection and investigation. Four of those recommendations are included in this amendment that I have introduced with the Senator from Massachusetts.

Mr. President, in closing let me say that at a time when the lives of the President of the United States and his top assistants are once again threatened by terrorists, the time has come to move these and other changes in law in order to help the Secret Service better serve the President and the country in this most critical, dangerous, and difficult task. I have repeatedly attempted to move S. 1394 out of the Judiciary Committee without success. I have worked long, hard, and in close cooperation with the U.S. Secret Service on my bill, S. 1394, and on this particular amendment.

They need this amendment to do their job and we should give it to them now. Finally, Mr. President, I want to allay the fears of those on the Judiciary Committee and perhaps those in other law enforcement agencies downtown that this amendment does not—repeat—does not confer any new criminal investigation authority on the U.S. Secret Service. And again, it does not provide the exemption to the Freedom of Information Act that I mentioned earlier in my statement.

I would hope that my colleagues would recognize the importance of this amendment at this particular time in our history, when terrorism is increasing and the threat against the lives of our top Government leaders are real, and pass this amendment on its merits.

Mr. ABDNOR. Mr. President, I would like to say that we on this side are happy to accept Senator DECONCINI's amendment. As a matter of fact, I think it was an excellent bill and I was happy to be one of the Senator's cosponsors.

Mr. DECONCINI. I thank the chairman. If he will yield, let me say he is a cosponsor of the Secret Service Protection Act, and that has had the effect of moving that bill, and without his help it would not be able to do that.

If there is no further debate then I move the adoption of the amendment.

The amendment (UP No. 787) was agreed to.

Mr. DECONCINI. I move to reconsider the vote by which the amendment was agreed to.

Mr. ABDNOR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 788

Mr. ABDNOR. I now send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Does the Senator further ask unanimous consent to lay aside the excepted committee amendment?

Mr. ABDNOR. This is one of my committee amendments.

The PRESIDING OFFICER. We have an excepted committee amendment which would have to be laid aside temporarily in order to consider further amendments.

Mr. ABDNOR. I now ask unanimous consent to take up the amendment just sent to the desk and temporarily laying aside the excepted committee amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The bill clerk read as follows:

The Senator from South Dakota (Mr. ABDNOR) proposes an unprinted amendment numbered 788.

Mr. ABDNOR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 10, after line 13, insert the following:

SEC. 105. The Secretary of the Treasury is authorized to transfer up to 5 percent from any appropriation within title 1 of this Act: *Provided*, That the recipient appropriation account is not increased by more than 5 percent of the amount provided by this Act: *Provided further*, That approval for such transfers are obtained in advance from the House and Senate Committees on Appropriations.

Mr. ABDNOR. This amendment alludes to a statement I made earlier about giving the Secretary of the Treasury 5-percent transfer authority within the Department of the Treasury subject, of course—and I want to bring this out—to approval in advance from the House and Senate Committees on Appropriations.

Mr. President, I think this is a very necessary amendment particularly since we have cut so deeply into the various budgets of the agencies in the Department of Treasury.

I ask for its immediate adoption.

Mr. DECONCINI. Mr. President, I am going to support the chairman's amendment. I must admit I have had some reservations about granting these two major agencies this type of authority to shift between appropriation accounts.

I know the Treasury Department and particularly GSA are having a difficult time coping with the stringent budget cuts placed on their operations by the administration, and I am sympathetic to the efforts being made by the Senator from South Dakota. He has been under enormous pressures from the Treasury Department to provide this transfer authority.

Mr. President, I must admit that I was initially sympathetic myself to a request from Treasury for a 2-percent transfer authority, a level of transfer authority which was discussed earlier in the fall during committee consideration of the Treasury bill. Now, however, the Department has requested 5-percent transfer authority and now GSA wants to get into the act. Section 5 on page 30 of the bill already grants GSA authority to transfer up to 3 percent of its personnel appropriations between appropriation accounts, so I wonder why this additional authority is needed at this time as it relates to GSA. I realize that the Appropriations Committees would have a veto over such transfer requests from both Treasury and GSA, but I still do not believe that such authority makes good fiscal sense even if the committees would have such a veto.

Mr. President, I would like to support my chairman on this amendment, but after much soul searching, I do not believe that it is in the best interests of the committee or the American taxpayers to permit such extensive transfer authority for Treasury or GSA.

I withhold judgment on that. The chairman has worked long and diligently trying to work out a formula here, and I respect his judgment.

I must also point out that the Senator from Florida (Mr. CHILES) is concerned

about this matter and I am advised he is on his way to debate this amendment.

Mr. ABDNOR. I appreciate the comments by my good friend, the Senator from Arizona, who has been so helpful on this entire bill. Of course we are bound to have a few differences here and there.

I think we must all remember that the level of reductions taken in this particular bill is extremely great and deep. We have even added the 12-percent cut the President asked for early this fall, and we think it is going to cause some severe operational difficulties.

I think what I need to point out to the Members of the Senate is that most of the Department's funds in both GSA and the Treasury go for personnel and related costs. Actually there is relatively little used for the type of expenditure such as construction that can be postponed easily, and there are no major contract or grant programs in the Treasury that can be fine-tuned.

Also the Department funds are split into a large number of separate appropriations that all blend together. So they have an unusual situation, believe me. If anyone on this floor thinks I am inclined to go along with this permissively helping them transfer funds they are mistaken. We have written into this legislation provisions to cover every possibility so as to make sure they are not taken advantage of. They have to come before our subcommittees and before the full committee on both sides, I think, as Members of the Senate we are capable of policing and seeing that it is properly handled.

So I think this is really very, very necessary. I understand the Senator from Florida is coming. We can call for a quorum.

Mr. DECONCINI. Mr. President, I understand the Senator is on his way and will be here momentarily.

Will the distinguished chairman yield?

Mr. ABDNOR. Yes.

Mr. DECONCINI. I just want to say to my colleagues that Senator ABDNOR, the chairman of this subcommittee, has been a stalwart in revising the number of reprogramings and efforts to shift those accounts over the past 10 months. I compliment him for those efforts. It has been no easy task when those requests have come.

In the Appropriations Committee, I did support the chairman's request for a 2-percent transfer authority with the same reservation that I have today, that I felt that was the best the chairman could negotiate. I am sure there is justification, on some manner of argument and presentation, for this 5-percent transfer. I know the chairman has a duty and obligation to proceed with it, but it does trouble me, indeed.

Mr. President, the Senator from Florida should be here momentarily. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABDNOR. Mr. President, I ask unanimous consent that we suspend further action on the proposed amendment, the amendment at the desk, until the arrival of our colleague, the Senator from Florida.

Mr. President, the Senator from Florida has just arrived, so I will withdraw that request and we will continue on with the amendment at the desk.

At this time, I yield to the Senator from Florida.

Mr. CHILES. Mr. President, my understanding is that the amendment that is offered by the distinguished Senator from South Dakota is to allow a transfer provision of 5 percent between the various accounts in both Treasury and GSA. I hate to see us do this, because we had a debate regarding transfer authority on the continuing resolution just this last week and I thought we resolved the matter then.

My concern is that what we are about to start through this transfer authority is really a backdoor way of getting us back into the whole impoundment issue again. Because if we allow these agencies to be able to transfer up to 5 percent, then we are talking about allowing the bureaucrats, basically, to look at any program and decide that they want to cut 5 percent out of that program and basically rewrite the whole bill.

Now, last week it was argued that because the continuing resolution made 4-percent across-the-board cuts, that it was going to be necessary to allow some kind of flexibility to permit the agencies to protect a program.

During that debate we were talking about 2 percent transfer authority, or 2 percent above the 4-percent, across-the-board cut, I think, that we were talking about, up to 6 percent; with 2 percent transfer authority. And this was an issue that the Senator from Florida was very concerned about. I was prepared to debate this at length because of my concern that we were opening up the possibility for the impoundment issue again.

At that time, the distinguished chairman of the Appropriations Committee, who happens to be on the floor at this time, said that he also was concerned about any change that would take us back to the impoundment fight that we would have again. Then Chairman HATFIELD said that he was going to consider this to be reprograming authority that would have to be approved by the committee. A letter has been written by the chairman of the Appropriations Committee, the ranking member of the Appropriations Committee, joined by members of the House Appropriations Committee, to the administration that they should not consider this 2-percent transfer authority that was within an account beyond the basic, 4-percent cut to be anything other than reprograming; that information would have to come back to the committees and the committees would have to consent to that.

Now, the language that we are looking at here provides this transfer authority and allows it now up to 5 percent and not just within an account but between accounts. Where are we going to stop with this? We started with 2 percent and now we are talking about 5 percent in this bill. If this passes and if any one of the agencies sees that they could have a 5-percent transfer authority, why in the world should all of the other agencies not ask for this? And then we are right back into the situation of permitting impounds. It changes the whole thrust.

Now if the administration wants to make a cut of 5 percent with a rescission or a deferral, that has to come and be approved by both Houses of the Congress. Here we are talking about giving authority to cut up to 5 percent out of a program, not to be approved by both Houses of the Congress. You simply give notification and seek approval of the transfer in advance by the House and the Senate Committee on Appropriations. So what we see is the Congress itself surrendering its authority and we are going to be back into the same game that we have been in before when we had court battles and all kinds of other confrontations between the White House and the Congress.

Mr. President, I think we would be totally unwise to enter into somthing like this especially something of this size. For the life of me, I cannot understand why it is necessary for the Department of the Treasury or for the GSA to have authority to transfer up to 5 percent between their accounts. As I say, we were only granting 2 percent in the continuing resolution and the continuing resolution is applying to all of the departments and agencies. Even in that 2 percent, we very carefully laid out, under the auspices of the chairman of the Appropriations Committee, that that would only be done if it was considered to be a reprograming request. Now on top of that we see a request to move from the 2 percent all the way up to 5 percent.

UP AMENDMENT NO. 789

Mr. CHILES. Mr. President, I send to the desk a perfecting amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Florida (Mr. CHILES) proposes an unprinted amendment numbered 789 to Mr. ABDNOR's unprinted amendment numbered 788.

The amendment is as follows:

On line 2 and on line 4 of the amendment strike the phrase "5 percent" and insert in lieu thereof "2 percent" and on page 30, line 6, of the bill strike the phrase "3 per centum" and insert in lieu there of "2 percent.".

Mr. CHILES. Mr. President, this amendment would allow the Treasury Department to have authority to transfer up to 2 percent in the same way that we have under the continuing resolution. I think that that is the extent of what we should do in allowing any kind of transfers.

The PRESIDING OFFICER. The Chair would advise the Senator from Florida that the amendment attempts to amend both the pending amendment and the bill. The part of the amendment attempting to amend the bill would only be in order by unanimous consent.

Mr. CHILES. Mr. President, what we were attempting to do in the second part

was to amend the bill so that we would amend the GSA provision to also have it apply to 2 percent. We can do this with two amendments. I think the argument is really the same. I was trying to save the time of the Senate.

Mr. ABDNOR. I assure the Senator I am not going to object to the Senator offering his amendment.

Mr. CHILES. I appreciate that. I thank the distinguished Senator for that. I ask unanimous consent that the amendment be considered to be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES. Mr. President, I must oppose Chairman ABDNOR'S proposal to give the Treasury Department 5 percent transfer authority between their several appropriation accounts. I understand that Secretary Regan wants this authority in order that the Department can better accommodate to the budget cuts proposed by the President. It sounds like the Treasury Secretary is trying to make an end run around the cuts they have proposed, had adopted and have taken credit for.

My major objection, however, is that this gives away our congressional prerogatives. We decided on the appropriate spending levels after advice from the administration. If these reductions are too great, the administration can send up a supplemental. If the levels are too high, the administration can send up a rescission or a deferral. By these means the Congress can maintain its constitutional powers of the purse.

Chairman HATFIELD and Chairman ABDNOR and I had previously agreed to a 2 percent transfer authority for Treasury to permit them to develop a more credible Inspector General operation.

Mr. President, the Department of the Treasury now has a small Inspector General function included within the Office of the Secretary. This small office has fewer than 15 professional investigators and auditors and does not have statutory independence as do other Inspector Generals in the executive branch; it does not have subpena powers and it is also not required to report to the Congress on its activities as are the statutory Inspector General offices.

Currently, the Department relies on the auditors and investigators in each of the independent agencies to investigate allegations of their own wrongdoing. While the small Inspector General activity in the Office of the Secretary tries to provide oversight to these activities, it is too small to have any real leverage. It is also not independent from top management in the Department.

Last year the Appropriations Committee recommended to the full Senate the transfer of 200 positions and $7.5 million from the various Treasury agencies and departments to create a new Office of Inspector General.

Mr. President, I ask unanimous consent to have a table appear at this point in the record which shows the transfers that were recommended last year. These transfers would have been achieved by moving approximately 15 percent of the auditor and inspector resources that now exist in each of the independent agencies to a central office. This would have left each of Treasury bureaus and agencies with adequate resources to also conduct their own internal investigations.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Office/Bureau	Offsets	
	Positions	Amount
Office of the Secretary	22	$882,000
Bureau of Government Financial Operations	3	115,000
Bureau of Alcohol, Tobacco and Firearms	5	193,600
U.S. Customs Service	30	1,163,700
Bureau of the Mint	1	28,000
Bureau of Public Debt	2	71,000
Internal Revenue Service	134	4,976,500
U.S. Secret Service	3	115,000
Total	200	7,544,800

Mr. CHILES. Mr. President, last year we also recommended that this new Inspector General office be included as a separate appropriation account; that it be given subpena powers; and that it be required to comply with the reporting requirements of section 5 of Public Law 95-452, the Inspector General Law of 1978. As the Members may recall, the Treasury bill never came to the Senate floor last year and, therefore, the full Senate was never given a chance to vote on those particular recommendations.

This year, the House has passed H.R. 2098 to create a statutory Inspector General at Treasury. This legislation is now pending in the Senate Committee on Governmental Affairs. I am hopeful that this legislation will be passed into law and the Department will move quickly with this transfer activity to create a more credible Inspector General operation.

It is my hope that this transfer authority will be used to create a more credible Inspector General at Treasury. In a previous colloquy Senator ABDNOR agreed with me that this would be an appropriate use of the transfer authority.

Mr. President, my arguments for GSA are identical.

We have accepted many of the cuts proposed by the administration for the General Services Administration. The committee has exercised its best judgment on these matters.

To now give the GSA 5 percent transfer authority only undermines our congressional prerogatives and gives GSA the option to rewrite the bill.

There is a process available for GSA to seek adjustment. If the cuts—ones that the administration requested—turn out to be too deep, a supplemental can be requested.

If we provide too much, deferrals or rescissions can be proposed.

Mr. President, basically what the amendment does is it allows the provisions for both the GSA and the Treasury transfer authority to be limited to 2 percent rather than 5 percent. That is the amount we allowed to be transferred in the continuing resolution. I feel that would be proper, rather than seeing us extend it to 5 percent. Some other agency is liable to ask for 10 percent if we continue this way. We ought not to allow this to go any further than we allowed it to go in the continuing resolution. I personally do not think there should be a transfer authority spelled out, but I would agree to the 2 percent as it is in the continuing resolution.

Mr. ABDNOR. Mr. President, I appreciate the efforts of the Senator from Florida. I happen to strenuously disagree with him and his amendment to the amendment.

Back when we proposed our 2-percent transfer authority to the Treasury, prior to the additional cuts that we made in the budget. This made it a serious problem, or it could possibly be a serious problem, to the Department of the Treasury.

As I have said, most of the funding for the Department of the Treasury goes for personnel and related agencies with little of the other kind of expenditure that so many of the other agencies and departments have contained in their budgets. In fact, the department budgets most affected by these reductions are precisely those which spend the most for personnel. These areas include the Internal Revenue Service, which is of great concern to this committee because we do not want to do anything to hamper that service, and the Office of the Secretary of the Treasury, which deals with the larger issues of economic and tax policy.

Both of these areas will be experiencing major reductions if this legislation passes, and both are going to need managerial flexibility in managing their reductions.

In order to do this is why we went from the 2 percent to the 5 percent, which was approved by the Appropriations Committee. It is just a one-time authority to transfer money between the 15 separate appropriations that make up this Department. The authority would be limited, as we said, to a 5-percent transfer on any one appropriation measure. The committee expects it will be consulted.

I guess I have a lot more confidence in the Appropriations Committee than does the Senator from Florida. I just do not believe with what we are experiencing, a shortage of funds for the various agencies, that we will let them be carried away and do foolish things. As long as the subcommittee handles this and the entire Appropriation Committees, not only of one House but of both Houses which have to approve this, it should arrest any fears that any of us have as far as some Mickey-Mousing going around here that we do not approve of, if I can use that expression.

I am not one to give them all kinds of authority. Believe me, I had serious consultations with the Treasury before we agreed to do this. However, I came away convinced that this is necessary, as long as we retain the kind of jurisdiction and control that we do over this transfer. I see no problem with it whatsoever and I urge rejection of the 2 percent and the adoption of the 5 percent for transfer authority.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES. Mr. President, I see the distinguished chairman of the Appropriations Committee on the floor. I wonder if he might take the floor and yield for a question from me.

Mr. ABDNOR. I yield to the distinguished chairman.

Mr. CHILES. This was on a subject that the chairman and I spent some time debating last week, or talking about last week. That was the whole question of transfer authority. It was in the continuing resolution, as the chairman will recall, and I was very concerned, concerned about backing us into the issue of impoundments again. At that time, the distinguished chairman made quite clear, and I think it has now been made clear by letter signed also by the ranking minority member of the Appropriations Committee. The letter to OMB's Stockman makes clear that we consider the 2-percent transfer authority in the continuing resolution to be an extraordinary matter and that it could only be done after the consent of the Appropriations Committee.

At that time, I expressed to the distinguished chairman my fear that we were going to start off with 2 percent, that we were going to see that figure made higher, and agencies would start saying, "Well, if 2 percent is good, why not ask for 5?"

Today we are seeing a request for 5 percent by Treasury and the GSA. What is to stop any other agency from saying, "Well, if they have 5 percent, we would like to have 10 percent."

Before long Congress will be surrendering its authority to say where the money will be spent because the agencies will have this kind of transfer authority to rewrite the bills. That was the concern that I was expressing last week, that we were going too far.

I would like to have the chairman's views on this concerning the area which we are talking about. It is an amendment of 5 percent but I asked that we make that 2 percent, as in the continuing resolution.

Mr. HATFIELD. The Senator is correct, that this was discussed in the debate on the continuing resolution. We are talking about here the flexibility within an account. We were concerned how an agency should be permitted to proceed within an account. It was assumed when the legislative record was made, and we felt very strongly, that if the adjustment was made in the account it should be a reprograming action. Now the Senator is suggesting that we have a problem, perhaps of setting into motion an action that could very quickly proliferate among the other agencies. That is, providing for transfer authority between accounts, if I understand the Senator's question.

I have a very strong feeling that I would much rather support an agency in its general appeals that it may offer to our subcommittees of the Senate Appropriations Committee concerning actions proposed by OMB or the other House.

I also think we have the additional safeguard that if there is something unanticipated that would arise in the life of an agency, that through reprograming the committee can work with that agency in making those adjustments.

Third, I would say there is always the vehicle of the supplemental that the agency has at its command. So that in revision, review, or reassessment it can still get relief through the supplemental system.

I do not see anything happening in terms of an action taken that we cannot control. It will be the Congress that has to give the agency the authority for 2 percent, 1 percent, or 5 percent.

We are willing to yield that kind of appropriation fiscal check and balance. Then it is the Congress, not the agencies. The agencies will push us, I am sure, as far as they can.

I want to cooperate with the agencies, but I think we ought to hold inviolate the legislative responsibility in the appropriations process. Therefore, I have already made my amends with the very distinguished subcommittee chairman, the Senator from South Dakota (Mr. ABDNOR). While I traditionally try to support my subcommittee chairman to the fullest extent, he and I have reached an understanding. We may, I believe, disagree on this point without in any way rupturing that relationship.

I say I shall support the 2-percent transfer authority, but I think the 5 percent is not necessary when the committee is open and available to these agencies. After all, we are in the same party now—the people downtown and the majority of the Senate. I see no reason why the agencies cannot feel a friendly reception up here under Republican leadership. They are Republican appointees that are coming up here to get these adjustments.

I believe this would occur even if it were the other way around, a Democratic controlled Congress. I have sat on this committee now for many years under Democratic leadership and they have studiously assessed those requests by the agencies. They have worked with reprograming, supplementals and appeals in dealing with the committee on what the agencies considered to be a higher level of authorization or appropriation. These have been handled, I think, very professionally.

I say to the Senator from Florida that we only yield what we are willing to yield to those agencies. I believe at this point, 2 percent gives them enough flexibility.

Mr. CHILES. I thank the distinguished chairman of the Committee on Appropriations and I know this is a matter we have not had a chance to discuss in the full committee. I can understand, because once I was a subcommittee chairman and sometimes the agencies come to you with special requests. The matter has not had a chance to come before the full committee, they make a reasonable or what sounds to be a reasonable argument, and you carry that argument to the floor. I would hope that the distinguished chairman of the subcommittee, realizing that this has not had a chance to be discussed in the full committee, would accept the pending amendment that I have made in line with what we did in the continuing resolution, in line with what the distinguished chairman of the Appropriations Committee feels would be a proper policy.

Then this is a matter where, if the agencies want to bring it up, it can come before the committee for full consideration. But more properly, as the distinguished chairman of the Appropriations Committee has said, this is a matter where we shall listen to those agencies. We do have supplementals that will come. There are ways, if a hardship has been worked on them, to fix that. On the one hand, for them to say "We are for these cuts," and on the other hand, for them to come to the back door of Congress and say, "Give us a 5-percent transfer because we want to go in and decide where we want to cut more or not cut more," as the chairman said, is giving away what is purely the Congress authority. I hope that the distinguished chairman of the subcommittee will allow us to make this conform with the continuing resolution and handle it in that way.

Mr. HATFIELD. Mr. President, will the Senator yield for a final comment?

Mr. CHILES. Yes, Mr. President.

Mr. HATFIELD. I know of no person who has been a greater champion of the needs of the Treasury Department and Secretary Regan than the Senator from South Dakota (Mr. ABDNOR). I am sure Secretary Regan would affirm that observation. The Senator from South Dakota has certainly served effectively and conscientiously the needs of that Department. I know the Secretary appreciates the fact that he has been his advocate, his representative, and his defender.

If the Senate accepts the 2 percent rather than the 5 percent, this should in no way affect the genial and effective working relationship between the Appropriations Committee in general and the agencies involved. More especially that should not affect the subcommittee dealing with the Treasury Department and the agency. And even more specifically than that, the relationship between the Senator from South Dakota and the Secretary of the Treasury.

Mr. ABDNOR. Mr. President, let me say that I have spent considerable time on the budget of the Treasury. Of course, I am not exactly known as one of the big spenders. It was after considerable discussion that I went along with the proposal of transfer authority of 5 percent. Maybe it is a dangerous precedent. There was a precedent here once before for transfer authority of a much lesser percentage when money was more available. That was rescinded. I like to think this could be rescinded in the years to come if it is not necessary.

Mr. President, the problem arises—it is not that I am this anxious to have the 5-percent authority back and forth.

That is exactly why we went to the trouble to make sure to have the complete approval of the subcommittees of both the House and the Senate, as well as the entire Appropriations Committee. As I have said, there are over 15 seperate accounts within the Department of the Treasury, some extremely large and some very small.

As the legislation calls for in the amendment, not over 5 percent can be transferred out of any one fund or more than 5 percent added to one account. I look at the large accounts of the Treasury Department, like the taxpayer's service and return processing, which takes over $867 million. I look at examinations and appeals, where we are appropriating $933 million. I look at the investigations and collections, $617 million. Then I look at the smaller ones, like the office of the Secretary with $36 million, the Federal Law Enforcement Training Center, $14 million. Five percent does not amount to very much when you take it out of those small accounts. If you are able to transfer it over to something like IRS work, it may be only a very small percentage into their account, but it is a big percentage out of the account that you made transfer from. This is a thing that troubles me.

I would like to go along with 2 percent, but I hope it would be with the understanding of everybody in the Chamber that when they are in a real bind and it is very obvious to us that it is, that we take care of their problems with supplemental appropriations. I do not know whether we do it this way and make them live with their money or let them spend it all any way they want to and transfer. They will not have to do that now.

They could come back, I guess, and ask for a supplemental. Is that what the Senator has in mind?

Mr. CHILES. I certainly would want to work with the distinguished Senator from South Dakota as he wrestles with those problems. The difference would be that they would come back to us and we would love the chance to make the final decision. Do we agree this is necessary and how should it best be handled? Should it be handled by making the cuts somewhere else or by saying that this is a matter deserving a supplemental and this is something we have to provide money for? Mr. President, that is what the role of Congress is about and I do not think we should be shifting that role to the administration.

Mr. ABDNOR. Let me say to the Senator I honestly feel we are doing all that with having them seek the approval and come to us on a one-time proposition and get the full approval of the committees. That is what we do on any appropriation.

The only thing about going the other route, if there is a place we could have cut, they go ahead and spend and give the ones that need it the extra dollars of general funds, where they might have gotten by with transfer authority. I just think we are going to give them more for the buck under the proposal of the 5 percent.

We started with 2 percent. If the Senator thought 2 percent was satisfactory before we made the 12-percent cut, he should be happy with the 5 percent because we are making a big cut where we took from where we were with the additional second cut of 12 percent. We really cut.

There are some serious doubts and questions. But I am willing to gamble on it with this kind of authority. I suppose it changes my way of thinking, but I feel very strongly that the 5 percent, even though I do not like it, is a necessity.

If it is the opinion of this body that 2 percent is as far as we should go, I will have to accept it, but I think we should bring it to a vote.

Mr. CHILES. I thank the distinguished Senator from South Dakota. I think part of the concern is expressed by the chairman of the Appropriations Committee.

The hangup of the Senator from Florida is not wanting to give away our authority. Even if it puts some additional work on us and it is easier to say, "Let them wrestle with that, and we do not have to look at that," we would be setting a bad precedent.

I thank the Senator from South Dakota for his statement. I think that is the best way out of the dilemma.

Mr. DECONCINI. Mr. President, will the Senator yield?

Mr. CHILES. I yield.

Mr. DECONCINI. Mr. President, the distinguished chairman, the Senator from South Dakota, has struggled with this matter. I supported his 2-percent amendment in the committee, in the discussions we had there, and I did it with great reluctance.

I believe the Senator from Florida is correct, and I regret not supporting the chairman. This amendment brings us back to what the committee decision was and is indeed a compromise, and I would have to support the amendment.

Mr. ABDNOR. Mr. President, I have serious questions about this, but I will accept the amendment of the Senator from Florida, with the understanding that we watch this very closely.

I admonish the Senator from Arizona and the staff that we watch this matter very closely and that we come through with supplementals where necessary.

Mr. DECONCINI. I am thankful that the chairman agrees to accept the Senator's amendment. I commit myself to working with the chairman in the event problems do arise. I think we have struck a very good compromise here.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 789) was agreed to.

Mr. DECONCINI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ABDNOR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the first-degree amendment, as amended.

The first-degree amendment (UP No. 788), as amended, was agreed to.

Mr. DECONCINI. Mr. President, I move to reconsider the vote by which the first-degree amendment, as amended, was agreed to.

Mr. CHILES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 790

Mr. ABDNOR. Mr. President, I move to lay aside the pending committee amendment, and I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Dakota (Mr. ABDNOR) proposes an unprinted amendment numbered 790.

Mr. ABDNOR. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 10, after line 19, insert a new subsection as follows:

SEC. 106. No funds made available pursuant to this Act may be used to accomplish or implement a proposed reorganization of the Bureau of Alcohol, Tobacco, and Firearms before March 31, 1982. Such reorganization plan may be implemented after March 31, 1982, unless disapproved by the House and Senate Committees on Appropriations.

Mr. ABDNOR. Mr. President, this amendment is identical to the amendment which I offered to the recently vetoed continuing resolution and which was accepted by both Houses. Basically what my amendment does is prevent a proposed reorganization or elimination of the Bureau of Alcohol, Tobacco, and Firearms before March 31, 1982. Such reorganization of BATF after March 31, 1982, could be effectuated unless disapproved by the House and Senate Committees on Appropriations.

Mr. President, all my amendment does is maintain the constitutional prerogatives of the Congress. As of this moment no one in the Senate or the other body can tell us for certain what this reorganization will cost. My amendment will give the committee time to hold hearings, call interested witnesses and marshal the evidence to determine whether or not the reorganization of BATF is in fact in the interest of our constituents.

It is my intent, if this amendment is adopted, to hold hearings in February on the issue of the reorganization of BATF.

Let me assure my colleagues that we will call all pertinent witnesses and promptly report our findings to the full Appropriations Committee.

Mr. DECONCINI. Mr. President, I support the amendment of the Senator from South Dakota.

This amendment does not signal our disapproval of the President's reorganization plan for the Bureau of Alcohol, Tobacco, and Firearms. It does not say that we want to keep that troubled agency alive for another year. It merely sends a signal to the Treasury Depart-

ment that the Committee on Appropriations and the Senate want to take a close look at this major shift of both personnel and responsibilities before approving this significant reorganization. And Mr. President, this is a major policy initiative by the administration.

The reorganization plan announced just the other day would apparently call for the shift of 1,200 BATF S. 1811 agents into the Secret Service for the purpose of enforcing the Gun Control Act of 1968 and the explosives program formerly contained within BATF.

The plan also would apparently call for shifting about 700 BATF personnel into the U.S. Customs Service to enforce laws affecting the cigarette and alcohol industries, including enforcement of the Federal Alcohol Administration Act.

I am informed by Treasury that they intend to eliminate all but a few essential alcohol regulatory functions under the President's reorganization plan. This major policy decision could have a very significant effect on both the distilled spirits industry and the beer and wine interests—businesses which total over $11 billion a year. We should know exactly what the ramifications of sharply curtailing these regulatory functions might be and we cannot do that in the last remaining days of this session of Congress.

Mr. President, we are now told that to implement the reorganization plan it will cost an additional $18 million above and beyond the President's revised September 30 budget estimate for the Bureau of Alcohol, Tobacco, and Firearms. We are all aware of the tremendous need to hold the line on spending and we should have the opportunity to see exactly why this large amount of money is required, when supposedly one of the reasons for the reorganization is to save money—not cost the Treasury more money.

We should also know if the recipient agencies—Secret Service and Customs—will be able to absorb these new functions without jeopardizing their other crucial law enforcement, protective, and investigative functions in such areas as protection of the President, drug and narcotic investigations, and passenger facilitation in our national airports.

Mr. President, for all of these reasons and others, we should not strike the language in section 109. We should wait until we have had a chance to examine this plan from top to bottom. We do not have any good information from Treasury as to exactly what they intend to do. Frankly, I'm not sure that Treasury has all of the wrinkles out of the plan. We should have extensive hearings before the Appropriations Committee, including Treasury Department and other administration officials, and outside groups who will be either directly or indirectly affected by the reorganization.

As the ranking minority member of the Treasury Subcommittee, I will give you, the committee, the President, and the Senate my personal assurance that I will work with the distinguished chairman of this subcommittee, Senator ABDNOR, to hold such hearings as early as possible upon the return of the Senate in late January.

Mr. President, in closing, no one is more supportive of the U.S. Secret Service or the U.S. Customs Service than I. And no one is more concerned about the past abuses of the Bureau of Alcohol, Tobacco and Firearms in enforcing the gun-control laws on the books than the Senator from Arizona. My record on both is crystal clear. However, holding up for 3 months the reorganization plan affecting BATF and these two Treasury agencies is a proper action for the Senate to take. We need more information and we will get it. I urge the adoption of the amendment.

Mr. ABDNOR. Mr. President, I appreciate the comments of the Senator from Arizona.

The PRESIDING OFFICER (Mr. QUAYLE). The question is on agreeing to the amendment.

The amendment (UP No. 790) was agreed to.

Mr. DECONCINI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ABDNOR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 791

Mr. ABDNOR. Mr. President, I move to lay aside the pending committee amendment, and I send to the desk another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Dakota (Mr. ABDNOR) proposes an unprinted amendment numbered 791.

Mr. ABDNOR. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, line 12, insert the following: "*Provided further*, That of the funds made available by this act for the Bureau of Alcohol, Tobacco and Firearms, $15,000,000 shall be available solely for the enforcement of the Federal Alcohol Administration Act during fiscal year 1982."

Mr. ABDNOR. Mr. President, this amendment would earmark out of those funds provided for the Bureau of Alcohol, Tobacco and Firearms $15 million to be used for the implementation and enforcement of the Federal Alcohol Administration Act during fiscal year 1982.

Mr. President, all in the world my amendment does is insure that this very socially sensitive issue continue to receive Federal oversight and attention during the current fiscal year. Without my amendment, the Department of the Treasury might fail to enforce the Federal Alcohol Administration Act and that could prove tragic not only for the beverage industry but the Nation at large.

Mr. DECONCINI. Mr. President, I support the Senator's amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 791) was agreed to.

Mr. DECONCINI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ABDNOR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS

● Mr. D'AMATO. Mr. President, it has come to my attention that with the budget of $120 million for the Bureau of Alcohol, Tobacco and Firearms there is a high probability that the enforcement of the Federal Contraband Cigarette Act may be curtailed.

The enforcement of this law is very important to both New York State and New York City to insure that taxes on cigarettes are collected.

Mr. President, Senator MOYNIHAN and I would like to insert into the RECORD a letter from James H. Tully, commissioner of taxation and finance, State of New York.

Mr. Tully's letter states the position of those States, cities, and localities that receive tax revenues from cigarette sales.

The letter follows:

STATE OF NEW YORK, DEPARTMENT OF TAXATION AND FINANCE,
Albany, N.Y., October 26, 1981.

Hon. DONALD T. REGAN,
Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: During the last few weeks, I have heard reports indicating that enforcement of the Federal Contraband Cigarette Act (P.L. 95–575) by the Bureau of Alcohol, Tobacco and Firearms is to be curtailed.

Mr. Secretary, the enforcement of this law is of paramount importance in insuring collection of New York State and New York City cigarette taxes as well as those of other states, and is essential in preventing organized crime from diverting $150–200 million of such taxes each year.

The study of the Advisory Commission on Intergovernmental Relations estimated that prior to the enactment of the act, the states lost a total of $391 million in cigarette tax revenue each year. The Commission estimated that New York State alone lost $72.3 million each year.

However, in the last fiscal year, New York State's loss was reduced to approximately $28 million which I attribute largely to the efforts of the Bureau of Alcohol, Tobacco and Firearms in enforcing the Contraband Cigarette Act. I would expect the State's losses to increase by about $40 million annually if enforcement is curtailed. New York City would lose an additional $10–15 million annually if enforcement is curtailed.

I would point out that the legislative history of the Contraband Cigarette Act makes it clear that the cigarette bootlegging problem is not just a state and local problem. As the Senate Report on the bill noted: "... the interstate nature of organized cigarette bootlegging and the jurisdictional limitations of the various State investigative agencies have resulted in the State's efforts having little impact on the problem of cigarette bootlegging." (Sen. Rep. No. 95–962, p. 8; 5 U.S. Cong. & Adm. News '78, p. 5523). That, succinctly stated, is the reason the bill was enacted and why it should continue to be enforced.

For these reasons, I urge you to reconsider any decision to cease enforcing the act. It might well be that you would decide to transfer such enforcement functions rather

than to eliminate them, and if you do so, we stand ready and most willing to cooperate with any designated agency as we have with the Bureau of Alcohol, Tobacco and Firearms.

I urge also that, if possible, statements be avoided about the curtailment of enforcement. Publicity of that type only invites organized crime to resume interstate bootlegging activity.

Sincerely,

JAMES H. TULLY, Jr.,
Commissioner.

Mr. D'AMATO. Mr. President, in fact, Senate Report 95-962 included a study conducted by the Advisory Commission on Intergovernmental Relations which found that cigarette bootlegging was a serious problem in 14 States and a moderate problem in 8 other States. Those 14 States contained nearly one-half of the Nation's population. This commission estimated that $391 million in revenue for the States was lost as a result of illegal sales of cigarettes.

Mr. President, we cannot allow criminals and racketeers to rob the State treasuries of revenue that rightfully belongs to the people. In this time of tight fiscal policy, we must not hamper the State's efforts to collect tax revenue.

I share the Senator's concern for the need to cut the Federal budget and applaud your leadership in this committee. However, I am sure that you understand my concern over this very pressing problem in the State of New York.

Mr. ABDNOR. Mr. President, I certainly understand the problems that concern the junior Senator from New York. Additionally, I have no desire to curtail the important function that BATF performs in assisting State and local government.

Mr. D'AMATO. I thank the Senator. I hope that during the conference on H.R. 4121, you will bring to the attention of your fellow conferees this important problem and will urge that the necessary funding, which I understand to be an additional $2 million, will be included in the conference report.

Mr. ABDNOR. I can assure my colleagues from New York and the other affected States that I will discuss this with the conferees on H.R. 4121 for the purpose of insuring that this important function of BATF is properly attended to.

Mr. MOYNIHAN. Mr. President, I wish to thank the distinguished chairman the Senator from South Dakota, for taking the time to discuss this matter. And I wish to thank my colleague from New York who has been unflagging in his support.

Since the passage of the Contraband Cigarette Act of 1978, the Bureau of Alcohol, Tobacco and Firearms has played an important role in assisting State and local law enforcement and revenue officials in their efforts to stem illicit trafficking in contraband cigarettes. This effort has helped assure that States and localities receive the tax revenue from cigarette sales to which they are entitled.

For example as a result of the BATF effort, the State of Florida enjoyed a $19 million increase in revenue last year; New York, $10 million; and Ohio, $3.8 million. It is important to recognize that the interstate nature of trafficking in contraband cigarettes means that State and local law enforcement officials are often ill-prepared to control this activity without the active support of the Federal Government.

To illustrate the seriousness of this problem I would insert for the RECORD a reprint of a table from the 1978 hearings on the Contraband Cigarette Act, indicating the loss in tax revenue that was occurring prior to the involvement of BATF in this area.

The material follows:

A number of recent studies have detailed the nature and extent of cigarette bootlegging throughout the country. The most recent of these studies conducted by the Advisory Commission on Intergovernmental Relations (ACIR), found that cigarette bootlegging was a serious problem in 14 States and a moderate problem in 8 other States. The 14 States which considered cigarette bootlegging to be a serious problem contained nearly one-half of the nation's population. ACIR estimated that $391 million in revenue to the States was lost each year as a result of cigarette bootlegging, and for 13 States this amounted to as much as ten percent of their total cigarette tax revenue. As estimated in millions of dollars, the loss to the individual States as computed by ACIR is as follows:

Alabama	6.9
Arizona	3.4
Arkansas	6.5
California	16.0
Connecticut	15.1
Delaware	.2
Florida	35.7
Georgia	2.8
Illinois	21.7
Iowa	4.0
Kansas	1.6
Louisiana	2.1
Maine	2.1
Massachusetts	12.1
Michigan	6.9
Minnesota	12.2
Mississippi	1.3
Missouri	5.0
Montana	.3
Nebraska	1.7
New Jersey	26.0
New Mexico	1.0
New York	72.3
North Dakota	.2
Ohio	16.9
Oklahoma	1.2
Pennsylvania	35.6
Rhode Island	.3
South Dakota	.1
Tennessee	7.8
Texas	43.1
Washington	13.2
West Virginia	1.9
Wisconsin	13.6

These figures show that nearly 70 percent of the States are affected in varying degrees by cigarette bootlegging.

Source: Senate Report 95-962, Racketeering in the Sale and Distribution of Cigarettes, June 28, 1978.●

UP AMENDMENT NO. 792

Mr. HATFIELD. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an unprinted amendment numbered 792.

Mr. HATFIELD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following new section:

SEC. . "Notwithstanding any other provision of law, the Secretary is authorized and shall seek to acquire the lands described in Section 505(a) of the Act of November 10, 1978 (92 Stat. 3467) by first acquiring federal excess or surplus lands of equivalent values in any State or States from the General Services Administration and then exchanging such excess or surplus lands for the lands described in Section 505(a) of that Act with the land owners. Exchanges shall be on the basis of equal value, and any party to the exchange may pay or accept cash, or furnish or accept other lands or properties, in order to equalize the value of the property exchanged."

Mr. HATFIELD. Mr. President, this is one of those hardship cases which I am offering as an amendment to this bill.

In 1969, the Federal Government commenced a study for a public park, a Federal park in Hawaii, entitled Koloko-Honokohau. Since 1978, this park of three private parcels has been so authorized for purchase by the Federal Government.

The only problem is that there has not been an appropriation for this land. The owners have now grown old and are perhaps in their last days. They are incurring very large medical bills. They have no way to dispose of their property and if they should pass on and their heirs inherit this property, the heirs will have to pay estate and other taxes.

So we have a hardship not only of the moment, but a pending hardship.

What this amendment provides is that the GSA would be authorized to exchange or trade Federal land of equal value for this Federal park, in order to relieve the present burden of the ownership of that land. This would give them a clear opportunity to retrieve the value of that land which they have otherwise no ability to sell to a private party because of the cloud that is over their land. The Federal Government shows no immediate plan to purchase the land.

I might say as chairman of the Appropriations Committee, that I do not see under this kind of budgetary restraint, moneys available in the park budget to make such a purchase. But we could move to relieve this unfair burden and this hardship by the opportunity to exchange Federal excess or surplus land of the same value. This is what the amendment proposes to do to relieve this hardship case.

Mr. DECONCINI. Mr. President, will the Senator from Oregon yield?

Mr. HATFIELD. I yield.

Mr. DECONCINI. Is there precedent for this?

Mr. HATFIELD. Yes.

Mr. DECONCINI. This Senator is not aware of the precedent.

Mr. HATFIELD. It is my understanding that there is precedent for such land exchange. It was certainly my intent that this authority be granted for Koloko-Honokohau when Congress passed my amendment to the Interior appropriations bill in November 1980. In fact, we just passed a bill out of the Energy and Natural Resources Committee to provide

for the Department of the Interior to make some land exchanges for the Georgetown waterfront land.

So it is my understanding that there have been other examples of action taken of this kind.

Mr. DECONCINI. Mr. President, will the Senator yield further?

Mr. HATFIELD. I yield.

Mr. DECONCINI. Will this fall under their already authorized authority? Will it fall under the GSA authorized authority?

Mr. HATFIELD. Yes. The GSA has general authority for handling surplus land to be exchanged in any given area. My amendment instructs the Secretary of the Interior to seek to acquire from GSA, excess lands, as well.

This is really, in effect, more of an instruction to GSA to move ahead on this type of action because the GSA has been very reluctant to undertake this task.

It also provides clarification of authority to make an exchange beyond the borders of Hawaii. Again, we are dealing with a very restricted area unlike, say, in the Senator's State or my State, where we may have a multiplicity of Federal ownership from various agencies and acreages. We have a greater restriction in Hawaii itself. So this would authorize Interior and GSA to perhaps exchange excess or surplus land without geographic limitation.

Mr. DECONCINI. I thank the chairman of the Appropriations Committee.

Mr. President, I have no objection to the amendment.

Mr. ABDNOR. Mr. President, I am more than happy to accept this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

The amendment (UP No. 792) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DECONCINI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I thank the leadership for their assistance on this.

UP AMENDMENT NO. 793

(Purpose: To strike section 609)

Mr. HATFIELD. Mr. President, I send a second amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an unprinted amendment numbered 793.

On page 43, strike lines 10 through 16.

Mr. HATFIELD. Mr. President, if I could get a copy of the bill, this is on page 43. I direct the attention of the managers to the bill at this time. On page 43 of H.R. 4121, section 609, it is very brief and I shall merely recite it.

No part of any appropriation contained in this or any other Act, shall be available for interagency financing of boards, commissions, councils, committees, or similar groups (whether or not they are interagency entities) which do not have prior and specific statutory approval to receive financial support or instrumentality.

Mr. President, this simply deletes that provision which prohibits such moneys in the support of interagency activity.

We passed in this Chamber the bipartisan proposal here a week ago to set up a new Hoover Commission to study the reorganization of the Federal executive branch of Government. This does provide the kind of ongoing reorganization and review that should occur.

I think too frequently we think of these Hoover Commissions as a one-shot affair—it happens every 10 years or every 20 years—and there is nothing that has to be done in between.

I think one of the problems we have is an accumulation of things that should have happened in between these major reorganization studies. I, therefore, would not want to encumber any President, Democratic or Republican, from carrying on certain activities that involve interagency review or interagency cooperation. These activities attempt to break down some of the balkanization that exists by nature between the agencies. I think under such circumstances, the President should be free to reform and to propose alternatives that reduce the duplication and overlapping which occurs so readily amongst these various agencies.

This amendment merely deletes that section in order to empower the President to continue interagency activities and interagency reviews. They may not need to have authorization. That is, this authority need not be set into statute. They may just be informal, ad hoc, commissions or task forces, in existence for a 2-week period or a month-long period.

I do not think we should have to pass a law every time there is an interagency action that is geared toward the elimination or streamlining of the Government, which may save us money.

So I wish to suggest to the leadership that this section be deleted.

Mr. DECONCINI. Mr. President, will the Senator yield?

Mr. HATFIELD. I am happy to yield.

Mr. DECONCINI. Is there any cost related to this of which the Senator is aware?

Mr. HATFIELD. There is no budgetary impact of this amendment. Whatever activity would come under this section would have to be funded under existing budget authority and under the existing budget decisions.

Mr. DECONCINI. I have no further questions. I support the amendment.

Mr. ABDNOR. Mr. President, not only are we happy to accept the amendment but we commend the Senator for an excellent amendment. It is something we should have taken care of in the subcommittee.

Mr. HATFIELD. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

The amendment (UP No. 793) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DECONCINI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. I thank again the distinguished managers of the bill for the cooperation on these two amendments.

UP AMENDMENT 794

Mr. DECONCINI. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI), for himself, Mr. MCCLURE, Mr. SASSER, Mr. KASTEN, Mr. STEVENS, and Mr. D'AMATO, proposes an unprinted amendment numbered 794.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert the following:

None of the funds appropriated by this act shall be used to impose or assess any tax due under Subchapter D of Chapter 32 of the Internal Revenue Code of 1954, as amended, sections 4161 and 4181, in all cases where less than fifty (50) items are manufactured or produced per annum.

Mr. DECONCINI. Mr. President, I offer this amendment for myself, Senator MCCLURE, Senator SASSER, Senator KASTEN, Senator STEVENS, and Senator D'AMATO.

This amendment would have been offered today by Senator SASSER from Tennessee.

This amendment provides a limitation on the IRS activities relating to custom gunsmiths. This is, I believe, a very noncontroversial amendment which was approved by the Senate in a different form on the tax bill but was dropped in conference.

The amendment provides that none of the funds available for the IRS can be used to impose any excise taxes on the Nation's custom gunsmiths in those cases where these individuals manufacture 50 or less items annually. Presently excise taxes of 10 or 11 percent are now imposed on American firearms producers. The problem that we have today is that there are many, many custom gunsmiths throughout the Nation that manufacture only a few firearms a year and do not properly regard themselves as firearms manufacturers. These custom gunsmiths produce a limited number of hand-crafted guns either for themselves or for gun collectors throughout the country. They really are not firearms manufacturers.

Because there are some inconsistencies in the definition of what constitutes a firearms manufacturer many of these custom gunsmiths are concerned that the IRS will improperly judge them to be firearms manufacturers and thereby be held liable for back excise taxes. These custom gunsmiths legitimately fear that their small businesses and hobbies will be disrupted or even wiped out by just the threat of an IRS ruling.

This amendment simply provides that these custom gunsmiths will be free from arbitrary and unfair IRS action. I hope this amendment can be adopted.

Mr. President I ask unanimous consent that a fact sheet regarding this amendment be printed in the RECORD at this point.

There being no objection, the fact sheet was ordered to be printed in the RECORD, as follows:

FACT SHEET

The definition of manufacturer contained in Section 4181 of the IRS Code of 1954 and the Treasury Regulations on Manufacturers 26 CFR 48.02, are not consistent with the definition contained in Title 18 USC Section 921(a)(10) relating to firearms manufacturers. The above inconsistency has created a confusing and possibly financially devastating tax problem for custom gunsmiths found liable for back excise taxes. Few, if any, of the many individuals who handicraft custom firearms have ever considered themselves to be manufacturers. Recent rulings deciding the tax status of a firearms manufacturer have been based on such fine technical points as to whether the customer or the gunsmith supplies the action or barrel. Even an individual who makes one firearm for his or her own use can be liable for the excise tax.

When a custom gunsmith is judged by the IRS to be a manufacturer, he is then liable for the tax due on all firearms that he has made in the past. For the small custom gunsmith this is usually equated to bankruptcy.

Congressional intent in imposing the tax was to make it applicable to bona-fide manufacturers, not the individual custom gunsmith.

Custom gunsmiths who produce fifty or fewer firearms per year should not be classified as manufacturers. This change would address the unique nature of the individual craftsman, allowing him to stay in business.

There would be no revenue loss as custom gunsmith's have not considered themselves to be manufacturer's given the inconsistent definitions of manufacturer outlined above. In at least one case, the IRS spent nearly three years and a half million dollars to collect $10,000 from a custom gunsmith.

Exempting custom gunsmiths from being classified as "manufacturers" if they make less than fifty firearms per year would be a simple solution to a significant problem for custom gunsmiths and the nation's sportsmen.

Mr. ABDNOR. Mr. President, I just wish to compliment the Senator for bringing this inequity to the attention of the Senate. I also wish to compliment Senator SASSER, who has spoken to me about this amendment, as well as Senator MCCLURE.

The purpose of the amendment is to resolve a question which has arisen in the application of the excise tax to individuals who produce hand-crafted firearms and fishing rods and reels.

It is contrary to our legislative history for Congress to permit the IRS to distort the everyday meaning of the term "manufacturer" to include an individual who custom-makes a few firearms or fishing rods.

Additionally, I understand the IRS pursued this one custom gunsmith for 3½ years to collect $10,000. This is hardly an efficient tax policy of the administration.

It is an excellent amendment and I am happy to support it.

Mr. DECONCINI. I move the adoption of the amendment.

The PRESIDING OFFICER. Without objection, the excepted committee amendment will be temporarily set aside.

The question is on agreeing to the amendment of the Senator from Arizona.

The amendment (UP No. 794) was agreed to.

Mr. DECONCINI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ABDNOR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COMMITTEE AMENDMENT ON PAGE 74, LINES 7 THROUGH 15

The PRESIDING OFFICER. The question recurs on agreeing to the committee amendment.

Mr. DENTON. Mr. President, the issue today is quite simple and need not provoke a great deal of long emotional debate. This body has repeatedly debated the issue of the Federal funding of abortions, and has voted over 40 times on this question alone, so we pretty much know where we stand.

The matter that this amendment addresses is the one glaring inconsistency in our Federal policy on abortion. Over the past several years, the Congress has enacted, and the Supreme Court has upheld, the Hyde amendment restriction on medicaid-funded abortions. Today, however, the Federal Government continues to assume partial financial responsibility for some 20,000 abortions at a cost of over $9 million a year. These abortions are paid for under the Federal employees health insurance program, which is financed through a 60-percent contribution by the Federal Government.

We in the Congress have denied, since 1976, and I believe rightfully so, the use of taxpayers' dollars for the taking of innocent lives of unborn children of indigent medicaid recipients while continuing to allow the use of tax dollars for abortion for Federal employees.

There are those in this body who believe that Federal health employee benefits are a form of compensation that should not be interfered with, notwithstanding the fact that they support the thrust of my amendment. It must be remembered, however, that participation in this program is not mandatory for Federal employees and that this is not an entitlement program. The Federal Government offers employees these benefits as a means of protecting them against high and unpredictable costs of medical care. The types of benefits offered by any particular health plan are not now nor have they ever been fixed. The Office of Personnel Management is authorized to exclude or include any benefits that it considers necessary or desirable. Currently, benefits such as eyeglasses, dental care and even routine pap semars to detect cervical cancer are excluded by some of the major carriers. Some 18 of the plans exclude coverage for nontherapeautic abortions. Moreover, the CHAMPUS health program for military personnel and their dependents does not finance abortions of convenience.

The essential point to be made is that the Federal Government as an employer is not obligated to finance abortions in which the life of the mother is not in jeopardy. We must realize the character of nontherapeutic abortion. As the Supreme Court said in the McRae against Harris case, upholding the constitutionality of the Hyde amendment:

Abortion is inherently different from other medical procedures because no other procedure involves the purposeful termination of a potential human life.

Congress has no obligation to support the funding of this medical procedure simply because it is legal. The taking of human life in the womb is a concern of Congress. If abortion is truly a private matter, as has been repeatedly contended, then it needs no public financing.

In rejecting this committee amendment, this body will aline itself with the expressed position of both the House and the administration. I would note that the Ashbrook amendment was passed by the House by a vote of 253 to 167 and that the Senate Appropriations Committee struck the amendment by a vote of 13 to 7. The Senate has repeatedly voted to uphold the principle that the Federal Government should not finance abortions. Those of us who voted to add similar language with regard to medicaid-funded abortions in May should vote for the restoration of this House-passed amendment. Additionally, I would note that the Office of Personnel Management recently exercised its legitimate authority to reduce the abortion coverage presently afforded under Federal health insurance programs.

The American Federation of Government Employees filed suit against the administration, challenging the legality of OPM's decision not to approve any health benefit plan that provides abortion coverage. A lone Federal judge held that OPM had acted arbitrarily and outside the scope of its statutory authority, and he ordered that OPM not eliminate abortion coverage in the AFGE plan. Subsequently, several other employee organizations filed similar law suits before the same judge. In light of the judge's decision, OPM has had to permit some plans to continue their abortion coverage.

The basis for the court order is that the administrative decision to exclude abortion benefits is not in line with Executive or congressional intent, even though the House has overwhelmingly passed the Ashbrook amendment. In fact, the court decision and administrative actions have left an even more inconsistent arrangement. Therefore, it is incumbent upon the Senate to clarify congressional intent through completion of the legislative process, by creating a statutory prohibition of funding abortion coverage.

In closing, I would stress, again, that the Ashbrook amendment in no way denies Federal employees the right to obtain or contract for coverage of abortions at their own expense through their insurance carriers. It merely withdraws that portion of Federal participation in paying for abortions. We also are not

talking about taking away any earned benefits. The Government's share for medical care would remain constant for any contract offered in the future. The scope of the abortion benefits will simply be limited in much the same way as occurred in Nebraska and Kentucky recently.

It is time to end this patent inconsistency in Federal policy, and I urge my colleagues to join with me in rejecting the committee amendment.

I respectfully ask unanimous consent that the RECORD include a recent letter from Mr. Donald Devine, Director of the Office of Personnel Management which states, "The Ashbrook amendment is in accord with the Administration's position on abortion."

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., October 30, 1981.

Hon. JEREMIAH DENTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DENTON: Thank you for your letter of October 28, 1981, concerning the Ashbrook Amendment to the Treasury Postal Appropriations bill and your kind remarks.

As you may know, the Office of Personnel Management has recently negotiated a reduction in abortion coverage in all but a few of the insurance plan contracts for 1982. The plans which will provide abortion benefits with Federal participation are offered by employee organizations that have challenged my efforts to limit abortion coverage in the Federal Employees Health Benefits program.

On October 8, 1981, a Federal District Court enjoined me from eliminating or modifying coverage for therapeutic abortions in the plaintiff's 1982 contract, without the agreement of the plaintiff. It is important to note, however, that in the order of the Court, Judge Gesell specified that nothing contained in that order should be "deemed to apply if the Office of Personnel Management is prohibited by statute from funding therapeutic abortion coverage under 1982 benefit plans."

On July 28, 1981, I informed Congressman William Ford, Chairman of the House Committee on Post Office and Civil Service, that the Ashbrook Amendment was in accord with the Administration's position on abortion. That position remains unchanged.

Thank you for your continued interest in this matter.

Sincerely,

DONALD J. DEVINE,
Director.

Mr. DENTON. I urge the adoption of the amendment.

Mr. President, I ask unanimous consent that statements by Senators NICKLES and JEPSEN be entered in the RECORD.

● Mr. NICKLES. Mr. President, I would like to state my support for Senator DENTON'S amendment to H.R. 4121. This amendment would prohibit Federal tax dollars from going to subsidize abortions for Federal employees, except where the life of the mother is endangered.

Prior to OPM's actions this fall, 90 of the 120 health insurance plans offered to Federal employees included some form of coverage for abortions. The Washington Post reported that this policy cost the Government $9 million for a total of 17,000 abortions.

Early last summer OPM realized that the Federal employee health benefits program was in a financial crisis—with the rising cost of health care milking the fund dry. Something had to be done. As part of a plan to cut down on this fall's premium increases, OPM asked the various carriers to cut out or reduce in three areas: mental health benefits, dental benefits, and abortion benefits. This action was seen as consistent with the current administration, both in fiscal and moral terms. However, a court ruling has since said that such a restriction on abortion by the Director of the Office of Personnel Management was beyond his scope of authority.

Such an action is not, however, beyond the scope of the Congress. Since the court decision, OPM has worked out a "compromise agreement" which results in five health packages still offering coverage for abortion. About 292,000 Federal employees are currently enrolled in those plans which cover abortion, but that is subject to change with the approaching open season.

What is needed now is a clear sense from Congress as to our position toward any Federal funding of abortion. Just this past May we voted against Federal funding for abortion under medicaid. In the past year, the House has voted three times for this very same amendment that my colleague, Senator DENTON, has proposed today. Now it is time for the Senate to take a stand on this issue. I say, let us be consistent. If we are going to stand against subsidizing the taking of the innocent life with those who are poor, then we should also prohibit such Government subsidization within our own ranks.

Now, I know that there are some who have alleged that such a policy is denying Federal employees what other workers in the private sector freely receive. There is concern that somehow Congress is butting into private collective bargaining negotiations by passing this amendment. In response to such concerns, I would point to the very significant difference of this situation: No other employee group except those working for the Federal Government has 60 percent of their health premium paid for with tax dollars. Because over $2 billion goes from the Federal till toward premium purchases for Federal employees each year, we have an obligation—a moral responsibility—to make sure that such money is not being used in a manner that is offensive to the American public. And it is offensive to the American public. We are responsible to the American people for how we spend their tax dollars. Let us be consistent. The Federal Government is the employer, and we belong in the collective bargaining process.

In addition, we are not, as some would allege, denying Federal employees any right to an abortion that those in the private sector may have: We are simply saying that tax dollars should not be used to finance such an activity.

I know that there are other questions that my colleagues have as they consider this amendment. Those of a procedural nature, those related to substance, those related to "Mount Sinai", and other practical considerations. I hope that we have full opportunity to address each question and concern to the satisfaction of everyone.

I believe that this is an issue that needs to be resolved. Congress needs to be consistent in its opposition to the Federal funding of abortion. What we decide is appropriate public policy for one segment of our society should be the standard for all.

Therefore, I urge the adoption of this amendment and encourage my colleagues to stand firm against the Federal funding of abortion.●

● Mr. JEPSEN. Mr. President, when the Office of Personnel Management saw fit to revise its employee health plans to prohibit Government funds from being used for nontherapeutic abortions, I hailed that action as a major victory in support of our Nation's unborn. This decision was consistent with the policies of both this administration and this Congress.

However, opponents of this decision have succeeded in blocking its implementation by convincing the Court that the OPM acted beyond its authority. If this is indeed the case, then it falls to the Congress to lead the way in overcoming this obstacle.

The action taken by Dr. Donald J. Devine, the Director of OPM, originally moved to correct a glaring inconsistency in abortion policy, that of allowing roughly 3 million Federal employees to use Government funds to help pay for abortions while prohibiting medicaid recipients from the same service. The new regulations would have blocked Federal funds from even indirectly subsidizing an estimated 17,000 annual abortions at a cost of nearly $10 million.

The Senate must act now to legitimize the OPM decision. The amendment introduced by Congressman ASHBROOK to this appropriations bill must be adopted. It seeks to accomplish through legislation what OPM could not do through regulation. We must now take a forceful stand to remedy the inequities of the present OPM policy and to insure the future protection and sanctity of unborn human life.

It is time for the Congress to reassert the underlying political and moral philosophy of our country, embodied in the Declaration of Independence and the Bill of Rights to the Constitution, which advocates the protection of those who have no one else to protect them.●

Mr. DENTON. Mr. President, my purpose is to place the Senate on record regarding this important issue. I ask for the yeas and nays at this time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, I fully support this action proposed by the distinguished Senator from Alabama (Mr. DENTON). All Americans morally committed to the sanctity of innocent human life certainly support the Senator's leadership on this issue today.

Mr. President, some may contend that the issue today is not abortion. They

would assert that the issue is whether Federal employees should be allowed to negotiate for the health benefits they consider appropriate. In this case, abortion is to be considered a "health benefit."

Recently, before the Subcommittee on the Constitution chaired by the able Senator from Utah, a physician testified on the so-called "prochoice" side of the abortion issue. This physician estimated that there are some 10,000 cases nationwide each year in which abortion is necessary to save the life of the mother. Mr. President, there are some 1½ million abortions reported every year. While some argue that the 10,000 figure is inflated, we can nevertheless conclude that well under 1 percent of the abortions performed annually are necessary to save the life of the mother.

Except in those rare cases where abortion is truly necessary to save the life of the mother, abortion should not and must not be thought of as simply a health benefit. The action under discussion today would, of course, permit continued funding, and I quote the language, "where the life of the mother would be endangered if the fetus were carried to term."

Mr. President, innocent unborn life should not and must not be taken for any reason less compelling than to save the life of the mother. The inclusion of elective abortion in group health plans directly contributes to a sadly misguided viewpoint evident in some segments of our society. This viewpoint regards abortion as nothing more than a routine medical procedure. Americans morally committed to the sanctity of innocent human life recoil from this tragically misguided viewpoint.

The right of an innocent unborn child to life is not negotiable as part of some health benefit package. The right of an unborn child to life is among the most fundamental of human rights.

Mr. President, last year, 17,000 abortions were performed under the Federal employee health benefit program. The Federal Government pays at least 60 percent of the cost of the health benefits. The issue today is clearly abortion and the Federal funding of abortion. Again, I am pleased to give my full support to the efforts of my distinguished colleague from Alabama.

● Mr. ZORINSKY. Mr. President, through the Helms-Hyde amendment, we have long since ended payments for abortions under medicaid, except when necessary to save the life of the mother. Yet we continue to fund abortion-on-demand for Federal employees, congressional staff, and dependents, through the Federal employees health benefits program. This is a blatant inconsistency.

The Federal Government pays at least 60 percent of the cost of FEHB (Federal employees health benefits), which paid for 17,000 abortions last year. Like the Helms-Hyde amendment, the amendment proposed today by my distinguished colleague from Alabama would permit abortion funding "where the life of the mother would be endangered if the fetus were carried to term." This amendment would not interfere with contracts currently in effect. When I was the mayor of Omaha, I led the successful effort to eliminate abortion funding from the city's employee health plan.

Mr. President, it seems to me that on the grounds of consistency alone, regardless of other reasons, I and others who voted for the Helms-Hyde amendment cannot fail to support this amendment as well.

There were those who argued, "Since abortion is legal, the Helms-Hyde amendment is unjust because it denies to the poor what is available to the wealthy." I and others rejected this argument because we recognize that every abortion destroys a living human being. Therefore, no consideration less weighty than the life of the mother itself can justify abortion. And if there is discrimination involved, it is not against the poor, but against the unborn children whose lives cannot be saved by the Helms-Hyde amendment because their destruction is funded through other sources.

In some States, the cost of elective abortions for low-income women has, unfortunately, been assumed by the States. But in those States in which this has not occurred, the number of women in this group who carry their children to term has increased by as much as 40 percent, according to the Center for Disease Control.

Congress has ended Federal funding of abortion-on-demand under medicaid. And we are speaking today of another program which is directly funded and administered by the Federal Government. I suggest that we ought not to continue to provide for the relatively well-to-do something which we have rightly denied the poor. I urge adoption of the amendment.●

The PRESIDING OFFICER. The question is on agreeing to the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. DECONCINI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. D'AMATO. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 795

(Subsequently numbered Amendment No. 1241.)

Mr. D'AMATO. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The Chair will state that only an amendment to section 619 would be in order without unanimous consent.

Mr. D'AMATO. Mr. President, I ask unanimous consent that my amendment on industrial development bonds be considered to be in order.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. D'AMATO), for himself, Mr. WEICKER, Mr. STEVENS, and Mr. DOLE, proposes an unprinted amendment numbered 795.

Mr. D'AMATO. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert:

SEC. . (a) None of the funds appropriated by this Act may be used to—

(1) enforce Revenue Ruling 81-216 or the proposed amendments to Income Tax Regulations § 1.103-7 and § 1.103-10 which were published in the Federal Register on October 8, 1981, or

(2) propose, promulgate, or enforce any ruling or regulation reaching the same result as, or a result similar to, such Revenue Ruling or Regulations, in connection with a qualified issue, or

(3) issue rulings or regulations which treat as exempt from taxation under section 103 (b) (6) of the Internal Revenue Code of 1954 any interest earned on an obligation the proceeds of which are used for a disqualified facility.

(b) (1) For purposes of subsection (a), the term "qualified issue" means a single issue (which is part of a composite or multiple series of issues)—

(A) the obligations of which are directly or indirectly guaranteed or secured in whole or in part by—

(i) a State or political subdivision thereof or an instrumentality of either, or

(ii) in the case of an issue all of the proceeds of which are used for agricultural purposes, a qualified person (within the meaning of section 46(c) (8) (D) of the Internal Revenue Code of 1954 determined without regard to clauses (iii) and (iv) thereof), and

(B) none of the proceeds of which are used in connection with a disqualified facility or a facility with respect to which, at any time before January 1, 1987—

(i) any disqualified person used more than 5 percent of the facility, or

(ii) more than 25 percent of the facility is (in the aggregate) used by the disqualified persons.

For purposes of subparagraph (B), use by a related person (within the meaning of section 103(b) (6) (C) of such Code) shall be treated as use by the disqualified person.

(2) (A) For purposes of paragraph (1), the term "disqualified person" means a person (other than an exempt person within the meaning of section 103(b) (3) of such Code) which has aggregate capital expenditures for any purpose which, for the period beginning October 1, 1979, and ending September 30, 1982, exceed $25,000,000.

(B) For purposes of determining the aggregate capital expenditures of any person under subparagraph (A), there shall be taken into account the capital expenditures of all persons which are—

(i) related persons (within the meaning of section 103(b) (6) (C) of such Code) with respect to such person; or

(ii) guarantors of any portion of the issue with respect to which a determination is being made under this subsection other than a guarantor which—

(I) is a State or a political subdivision thereof or an instrumentality of either, or

(II) in the case of an issue all of the proceeds of which are used for agricultural purposes, a person described in paragraph (1) (A) (ii), or

(III) One or more financial institutions which are not related persons (within the meaning of Section 103(b)(6)(C) of such Code) to the user of the proceeds of the issue.

(C) For purposes of this paragraph, the term "captial expenditures" has the meaning given such term by section 103(b)(6)(D) of such Code, except that such term shall not include any amount paid or incurred by the taxpayer which constitutes a qualified research expense (within the meaning of section 44F(b) of such Code).

(c) For purposes of subsection (a) and subparagraph (b)(1)(B) a "disqualified facility" is any private or commercial

(i) golf course,

(ii) country club,

(iii) massage parlor, or

(iv) tennis club.

(d) It is the sense of the Senate that after August 23, 1981, and until Congress enacts legislation which affects section 103(b)(6) of such Code, the Secretary of the Treasury or his delegate should in all cases enforce any ruling or regulation described in subsection (a) (1) or (2) in a manner consistent with the provisions of subsection (a).

Mr. D'AMATO. Mr. President, I do not wish to belabor my interest in the industrial development bond program. However, I rise to propose an amendment to H.R. 4121 that deals with IRS Revenue Ruling 81–216. This amendment is virtually the same as the amendment that was passed on House Joint Resolution 357 and passed again on House Joint Resolution 370 on December 11, 1981. This amendment is cosponsored by Senators WEICKER, STEVENS, and DOLE, who have all worked tirelessly on this issue. During consideration of House Joint Resolution 370, I delivered a long statement about the IDB program and the necessity for keeping it viable. For the sake of brevity, Mr. President, I will not reiterate that statement, but commend it to the attention of any of my colleagues who are interested. That statement explains both the need for and the meaning of this amendment.

I would further like to point out that this amendment is in no way intended to prohibit—nor in my opinion as the original sponsor of this amendment, does it prohibit—the grandfathering process now being followed by the IRS for those bonds which had begun the process of being issued prior to August 24, 1981.

Mr. DOLE. Mr. President, the amendment regarding multiple lot industrial development bonds offered by Senator D'AMATO is an amendment identical to that adopted by the conference committee on the vetoed continuing resolution and included in the continuing resolution recently passed.

The conference committee version of this amendment was somewhat changed from the Senate compromise version worked out between Senator D'AMATO and myself. As I said when this body voted on the conference committee report, while I wholeheartedly stand behind the original Senate compromise, I strenuously oppose the conference changes.

Despite my opposition to the conference changes, I lend my name to this amendment today to reiterate the messages that both the Senate compromise and the conference agreement make clear: First, big business is an inappropriate beneficiary of the Federal credit subsidy these bonds provide; and second, State or locally backed bonds are to be favored over bonds issued without that backing.

As I have stated before, a message or signal is all that can be derived from this amendment since the amendment does not amend the Internal Revenue Code—and until the code is amended—the disputed revenue ruling, No. 81–216, remains the prevailing interpretation of substantive law, regardless of whether it can be enforced or, temporarily, not enforced. All parties now appear to agree on this point. Because, by adopting this amendment, we do not sanction the issuance of any tax-exempt bonds that would not already be tax exempt under the rule of 81–216, I think it more important to reiterate the basic message of this amendment, rather than delay consideration of this measure because of my disagreement with the conference changes.

So that there is no mistaking what this amendment means, I ask unanimous consent to insert in the RECORD my previous remarks on the subject, including the remarks of the chairman of the Ways and Means Committee, Mr. ROSTENKOWSKI, which I endorse, and a resolution approved by the National League of Cities at their December 2 annual meeting.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR DOLE OF NOVEMBER 22, 1981

Mr. President, I would like to make a brief statement about the House amendment to Senate amendment No. 43 dealing with multiple lot industrial development bonds.

As I said on the floor when the Senate version of this amendment was adopted, the Senate amendment was the result of a negotiated compromise among several Senators.

This Senator stands behind that agreement. Unfortunately, the conference has changed the carefully-drafted language of our amendment and attempts to broaden it.

In spite of this, I will not repudiate the agreement and will not oppose this House amendment, though I strenuously oppose the changes.

I do, however, want to repeat what I said when this provision passed the Senate. I do not believe that this appropriation rider changes the underlying tax code. It affects only the enforcement of the code. Unless we amend the code, we have not said that this type of bond is tax exempt.

I have been asked by the chairman of the Ways and Means Committee, Mr. ROSTENKOWSKI, to express his views on the amendment. I ask unanimous consent to have his remarks printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

REMARKS OF REPRESENTATIVE DAN ROSTENKOWSKI

Mr. ROSTENKOWSKI. Mr. Speaker, I rise to express my strong reservation with respect to the matter contained in Senate amendment numbered 43 on which the conferees are recommending that the House recede and concur with an amendment. My objections are both procedural and substantive in nature.

The amendment attempts to prohibit in certain circumstances the enforcement of Revenue Ruling 81–216, and regulations reaching the same result.

The amendment would prohibit the enforcement of the ruling in the case of bonds which are backed by a State or locality where the proceeds of the bonds are not to be used by very large corporations—with more than $25 million in capital expenditures, worldwide, in a 3-year period.

First of all, on procedural grounds, we have a Senate floor amendment which attempts to negate a proper interpretation by the Internal Revenue Service of a substantive provision of the tax laws by limiting the discretion of the Service in its internal use of its administrative moneys.

Not only is the amendment not properly within the purview of the appropriations process, but the conferees have even gone to the point of expanding its scope to broaden its impact. Those of us on the tax-writing committees find this to be improper and, in a sense, irresponsible inasmuch as the matter addressed by the amendment is a complex one with policy implications which should be carefully reviewed by the tax-writing committees prior to the taking of congressional action.

In a more important sense, I would like to inform my colleagues that it is my view that the action recommended by the conferees in accepting this amendment will have no substantive effect. It will not result in the issuance of bonds which would be prohibited absent the existence of this appropriations rider.

It should be pointed out that, inasmuch as this language in no way amends the Internal Revenue Code, it cannot affect the legal basis under which bonds can be issued under existing law.

Since it is customary for bond counsel to issue opinions on the legal basis for the tax exemption of the bonds in question. I wanted to make this statement at this time so that no bond counsel or potential purchasers would improperly construe that this simple funds limitation has the effect of legalizing the bonds in question.

Once the continuing resolution expires, the IRS will be able to enforce the Revenue Ruling in question, Revenue Ruling 81–216, even as to the interest earned on bonds issued during the period of this appropriations freeze.

I would want to inform my colleagues that I have discussed this issue at great length with the Chairman of the Senate Committee on Finance who shares my view that this language is ineffectual in achieving the purpose which it seeks to accomplish. The sole effect of this language is to delay IRS action in this area. It cannot and does not, the sense of the Senate language relating to future periods notwithstanding, change the underlying law which in the end controls the legal basis for the granting of the tax exemption.

It is unfortunate for the entire legislative process that one or two law firms specializing in the processing of these transactions have attempted to modify the tax laws without going through the appropriate committees which Congress established to deal with the tax laws. In so doing, they have added nothing—except confusion to the whole area of tax-exempt bonds.

REMARKS OF SENATOR DOLE OF NOVEMBER 19, 1981

Mr. President, this amendment is cosponsored by a number of Senators who have been working on this amendment for about 3 weeks. I commend the distinguished Senator from New York (Mr. D'AMATO) for his untiring efforts. I also commend his staff, my staff, and Senator METZENBAUM and his staff and others, Senator STEVENS and Senator WEICKER and their staffs for their efforts.

What we have done is try to tighten up the issuance of multiple lot industrial development bonds and to send a signal about tightening the issuance of all IDB's.

This amendment is intended to replace an amendment sponsored by those Senators I have mentioned and adopted by the Appropriations Committee. Their original amendment would have prohibited the Treasury Department from enforcing revenue ruling 81-216, a ruling interpreting present law to prohibit multiple lot or umbrella bonds—those bonds issued where an issuer or corporate user strings together a series of bond issues with some form of common or "pooled" security. The substitute puts certain limits on the original amendment.

It is important, crucially important, however, to note that neither the original amendment nor this compromise substitute in any way amends substantive law. Both speak only to the enforcement of the law—neither changes the Internal Revenue Code.

BIG BUSINESS IDB USE

Why then is this substitute amendment important? It is important because it sends the message that these bonds, this Federal credit subsidy, is not for big businesses.

The ruling that spawned this amendment, and the proposed regulations that would replace that ruling, do not merely affect small business and State-sponsored umbrella bond programs designed to provide small business with federally subsidized credit. They also affect big business and big business multi-State or multicounty bond issues.

Prior to 81-216, it was common practice for major corporations—manufacturers, motel chains, fast food franchisors—to float multiple lots of $1 million bonds—all commonly guaranteed by the parent corporation or sold to a single investor—to finance capital expenditures all over the country. A fast food chain, for instance, cou'd float a $20 million linked series of bonds in $1 million lots—each lot for a different hamburger stand in 20 different counties—but all lots backed not just by one stand but also by the credit of the national chain. The bonds holders, in such a case, certainly do not believe they are investing in a part of a single $1 million bond issue. They look to the credit of the national chain and the revenues from all the bond-financed projects for security. Ruling 81-216, and the proposed regulations, would prevent this.

If the substitute is not accepted, we benefit not just the Mom and Pop grocery stores and the little tool and die manufacturer in a dying northeastern city. We help Dow Chemical and McDonalds, too.

In fact, it appears that overriding 81-216 without any limits as the resolution now does, would disproportionately help big business—of the composite or multiple lot issues that have been submitted to the IRS for "grandfather" relief from 81-216, 75 percent are to be used by big business, corporations with nationally known names.

While the IRS cannot disclose the taxpayers' names, they have given us figures and broken down those figures by industry group. There have been requests for relief for $1,093 billion in bonds. Of that $319.8 million are for big, nationally recognizable businesses:

	Millions
Big textile companies	$48.8
Big chemical companies	116.7
Big hotel/motel companies	66.9
Big fast food companies	114.2
Big private hospital operators	25.8
Other big business	445.5

Though the IRS cannot disclose taxpayers' names, commercial sources can, and they confirm that big business was the primary target of 81-216. Moody's Bond Survey, dated August 17, 1981, for instance, shows a number of composite issues for big corporations planned for late August, presumably forestalled by 81-216:

	Millions
Dow Chemical	$21.7
St. Regis Paper	5.5
American Stores Co	17.25
W. R. Grace & Co	4.6
Kimberly Clark	3.0
RCA Corporation	2.0

Other information obtained by the Treasury under circumstances where taxpayers confidentially need not be maintained shows a similar pattern of big business use:

	Millions
International Paper Co	$12.15
J. P. Stevens & Co., Inc	30.3
Spring Mills, Inc	5.7
The Bendix Corporation	12.7
Scott Paper	8.8

Information compiled by the Congressional Budget Office on big business use of composite IDB's is truly eye-opening. Since January 1977 a large number of large corporations have issued millions of dollars worth of composite bonds. Let me read you a few examples:

	Millions
Airco	$10
Armco	17.4
Burlington Industries	17
Colt Industries	24
Container Corp. of America	15.7
Dow Chemical	35.7
General Motors	6.8
B. F. Goodrich	10.1
Hoover Univeral	30.2
International Harvester	11.4
Kroger	10.8
McDonalds	42
Nabisco	6.7
PPG Industries	10
Ralston Purina	12.1
Safeway	14.3
Union Camp	25
Weyerhaeuser	51.4

These companies have done nothing wrong—I do not criticize them for using composite IDE's—I criticize myself and Congress for permitting them to use composite bonds. And I shall continue to press for a substantive change to the code that will stop these companies from using any IDB's—composite issues or otherwise.

The National Federation of Independent Businesses, a leading small business organization, just completed a poll of their membership on the use of small issue IDB's generally. 40,000 to 50,000 members responded. These are true small businesses—the average member has 8 employees and $500,000 annual gross sales—the sort of business that is the backbone of American enterprise—the source of the most jobs and the most new ideas. The results? Only 37 percent were for the continued availability of any small issue IDB's—any small issue bonds, not just composite bonds. Forty-nine percent were opposed to the issuance of any small issue bonds. The real small businessmen know who use this credit subsidy—they know that large- and moderate-sized businesses can use these bonds, particularly composite bonds, easier than they can. They want this abuse stopped.

A vote against the compromise substitute is, quite simply, a vote for big businesses continued exploitation of this program. If we send big business that message today we may as well junk any responsible plans to reform IDB's into an effective, small business capital formation tool. If we send big business that message today we might as well vote for Federal credit subsidies for everybody.

ONLY THE BIGGEST OF BIG BUSINESS ELIMINATED

The compromise substitute would limit big business use of composite bonds and composite bonds only, with a $25 million, 3-year capital expenditure limit; $25 million over 3 years is not much of a limit. It only eliminates the biggest of big business—the Fortune 1,000—the type of corporation that, on the average, has more than $150 million annually in business receipts and that has more than $150 million in total assets. These megacorporations constitute only one-tenth of 1 percent of all corporations. If these companies were prohibited from using any small issue IDB's—and that is not what we are doing today—we would be taking a very small bite, about 16 percent, out of the total small issue IDB program—16 percent out of $9.2 billion of bonds that result, this year alone, in over a billion dollars of lost revenue to the Treasury.

For my taste, this is too small a bite. I would prefer a $10 million limit, or even smaller, to take this credit subsidy away from big business. The top one-tenth of 1 percent—companies with $150 million in annual receipts—seems a pretty select group. My definition of big business goes quite a bit deeper.

I accepted this compromise $25 million figure only because it is a step in the right direction—not because it is where I would like to stop. When the Finance Committee considers substantive IDB legislation I would like to consider a lower limit. I hope the small business community, in the interim, will seriously consider whether we should cut a little deeper than the top one-tenth of 1 percent.

STATE OR LOCAL BACKING

The second message this substitute sends is that State and locally guaranteed or backed bonds are to be favored over bonds that are issued without that backing. In the composite or multiple lot area, this means that State-backed programs such as New York's Job Development Authority or Connecticut's small business program would be permitted if this amended the Code while McDonalds-backed composite bonds are not.

Where a State or locality puts some of its credit on the line, then we are relatively assured that a responsible State or local official will look carefully at the users of these bonds. Where no State or local commitment is required, not even the most responsible public official can withstand the pressure to hand out a Federal credit subsidy to just about anybody—because it does not cost him anything at all. And we cannot blame him, really, since his competition in the neighboring State will be under the same pressure and just may give in.

State or local backing makes it easier to say no—easier for States and localities to target the Federal credit subsidy to those who deserve it.

SUBSTANTIVE LEGISLATION SHOULD GO FURTHER

To eliminate all the abusive uses of IDB's, substantive legislation ought to go further than this amendment would indicate. The limits in this amendment are a step in the

right direction but ought to be much tighter. In addition, we should consider putting a limit on the total amount of bonds any one firm has outstanding at any given time. Further, the combination of the accelerated cost recovery system that we enacted this year, when added to tax-free financing is too rich. Substantive legislation ought to soak up some of the excess gravy and prohibit the full use of both ACRS and IDB's procedural restraints are also necessary.

In sum, then, this substitute sends a message—a little garbled perhaps—but clear in one respect at least: big business should not use IDB's. I wish the message could be stronger but, for the time being this will suffice.

NO PRACTICAL EFFECT

Neither this amendment nor the one it replaces can change substantive law. Neither amendment can restore the so-called status quo of August 23, 1981, the date 81-216 was published. Neither amendment will have a practical effect—this tempest in a teapot is symbolic—and the signals sent are far from clear.

Why will neither have a practical effect? Because no appropriations measure can have a practical effect in the tax-free bond area. Only a change to substantive law, a change to the Internal Revenue ruling 81-216, and substantive law cannot be changed on an appropriations bill or continuing resolution. All we can do here is prohibit enforcement of an interpretation of law for a limited period.

Why will the enforcement prohibition not work? Remember that tax-exempt bonds cannot be sold without a tax lawyer's opinion or a ruling letter from the IRS stating that the bonds are exempt. No tax lawyer will render an unqualified favorable opinion on a multiple lot bond issue just because the IRS cannot enforce their regulations for a few months. Call them—my staff called several reputable bond counsels and all agreed—they could not issue a clean opinion, appropriations rider or not appropriations rider.

An appropriations rider will not give the tax lawyer adequate comfort and unless he's comfortable, the all-important clean tax opinions will not be forthcoming. The result? Nothing—no tax opinions, no bonds. Until the Finance Committee holds hearings on this issue and marks up a bill, and until Congress amends the code, this is as it should be.

RESOLUTION NO. 4

REFORMING SMALL ISSUE INDUSTRIAL DEVELOPMENT BONDS

Whereas, financial markets are inter-related; and

Whereas, some state and local governments find it difficult to compete with the Federal government and private sector for long-term capital funds under current laws permitting federal programs and private sector interests to issue tax-exempt securities; and

Whereas, legitimate and traditional capital investment needs of states and cities are not being effectively met because of the burgeoning use of small issue tax exempt industrial development bonds;

Now, therefore, be it resolved, That the National League of Cities believes that in order to ensure and demonstrate the responsible use of small issue industrial development bonds, Federal laws should require that the elected policy making bodies of state or local governments must:

(a) hold a public hearing to declare the public purpose to be served by tax exempt revenue bonds,

(b) approve each issue,

(c) report all issues to the Treasury,

(d) remain functionally and financially associated with the obligations created.

Mr. D'AMATO. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and neas were ordered.

Mr. ABDNOR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. D'AMATO. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. PACKWOOD. Objection.

The PRESIDING OFFICER. Objection is heard.

The clerk will continue to call the roll.

The legislative clerk resumed the call of the roll.

Mr. D'AMATO. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. D'AMATO. Mr. President, I ask unanimous consent that the order for the yeas and nays be vitiated.

The PRESIDING OFFICER. Is there objection? Hearing no objection, the order for the yeas and nays is vitiated.

Mr. D'AMATO. Mr. President, I ask unanimous consent that there be a showing of hands on the amendment as proposed.

The PRESIDING OFFICER. Does the Senator request a voice vote?

Mr. DECONCINI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ANDREWS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. DECONCINI. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will resume the call of the roll.

The legislative clerk resumed the call of the roll.

Mr. ANDREWS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. METZENBAUM. Objection.

Mr. PACKWOOD. Objection.

The PRESIDING OFFICER. Objection is heard. The clerk will resume the call of the roll.

The legislative clerk resumed the call of the roll.

Mr. ANDREWS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

● Mr. D'AMATO. In the continuing resolution which Congress adopted last week, and which will become public law tomorrow, an amount of $20 million was transferred from the general postal subsidy to the revenue foregone account to lower mailing costs for libraries, educational publications, and small newspapers. The effect of this transfer was to set the funding level for the revenue foregone account at $639,240,000. I would like to ask the chairman of the Subcommittee on Treasury, Postal Service Appropriations, whether it is his understanding and intent that this level be maintained in conference with the House on this bill.

Mr. ABDNOR. That is the intent of this Senator. Congress has twice voted for that level of funding, and I believe it is something we can and will accomplish in the conference.

Mr. D'AMATO. The transfer of the $20 million is meritorious, and the distinguished Senator from South Dakota is to be complimented for his efforts in this area. I thank the Senator from South Dakota.●

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, 1982—CONFERENCE REPORT

Mr. ANDREWS. Mr. President, I submit a report of the committee of conference on H.R. 4209 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. QUAYLE). The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4209) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes have met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of December 14, 1981.)

Mr. ANDREWS. Mr. President, this agreement now directs a reduction of $439,250.000 in budget authority from the the amounts which would otherwise be made available by this conference agreement for the projects or activities provided for in the Department of Transportation and Related Agencies Appropriations Act, 1982. This is the same as in the latest continuing resolution. In making this reduction, the committee directs, that to the maximum extent feasible, the earmarkings and directives contained in the conference report and joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriation Act, 1982, will be implemented. Any deviation from the language contained in that report should receive the prior approval of the House and Senate Committees on Appropriations.

The most important point that I wish to bring to my colleagues' attention is that this agreement brings the confer-

ence on the regular annual Transportation Appropriations bill into conformance with the most recently passed continuing resolution. It achieves an estimated further savings of $306 million in outlays from the original conference agreement, representing our fair share of the budget reductions.

It meets the President's criteria for enactment. In essence, Mr. President, the difference between this measure and the recently adopted continuing resolution is that it would extend through the entire fiscal year. Because we itemized the transportation cuts in the continuing resolution, this measure fully reflects congressional priorities and avoids the pitfalls of indiscriminate across-the-board cuts.

I would like to take this opportunity to thank the Senator from Florida (Mr. CHILES), the ranking minority member, and all the other members of the subcommittee for their cooperation and diligent efforts. This has not been an easy year for those of us on the Appropriations Committee, yet each of my colleagues, and their fine staffs, have worked in a bipartisan spirit toward constructive goals. I am proud to be associated with all of them.

The agreement directs, Mr. President, that the reduction for urban discretionary grants appropriations be applied on a pro rata basis for each activity and new start project identified in the statement of the managers accompanying the conference report on the Department of Transportation and Related Agencies Appropriation Act, 1982. The agreement also directs that $58,725,000 of the $64,725,000 reduction in the urban formula grants account be pro rata; the remaining $6,000,000 of the $64,725,000 reduction in this account shall be taken from tier IV only.

Mr. President, in the case of interstate transfer grants, which were specifically earmarked by the conferees on House Joint Resolution 357, the further reductions in this agreement shall be applied on a pro rata basis to the base as specified in the joint explanatory statement of the managers on House Joint Resolution 357. In addition, for the interstate transfer grants-highway program, of the $288,000,000, the funding for Oregon shall be $60,000,000, the funding for northeast Illinois shall be $125,000,000, the funding for Philadelphia shall be $22,000,000, the funding for Omaha shall be $2,000,000 and the remainder of the funding shall be allocated on a pro rata basis among the other earmarked highway projects.

The intention is also that none of the reduction proposed by this amendment for the Federal Railroad Administration, railroad research and development be allocated to the East St. Louis Metropolitan Gateway Area railroad restructuring project. The reduction of $7,000,000 from the funds available for redeemable preference shares shall be derived from the amount not specifically earmarked for any project in the statement of the managers accompanying the conference report on the Department of Transportation and Related Agencies Appropriation Act, 1982.

Also, Mr. President, any personnel reductions in UMTA required by this amendment shall be taken primarily from the Washington, D.C., headquarters office.

The agreement limits the railroad branchline abandonments in the State of North Dakota to 350 miles, and the House and Senate Appropriations Committees understand that the Illinois Central Gulf Railroad has agreed to cooperate with the State in the continued operation of their railroad lines in north Mississippi. We reiterate the language appearing on page 28 of the Joint Explanatory Statement of the Committee of Conference on the Department of Transportation and Related Agencies Appropriation Act, 1982 (H.R. 4209), relating to surcharges, rate increases, and assistance from the section of rail services planning.

Mr. President, the agreement also reiterates the conference agreement and joint explanatory statement of the Committee of Conference on the Department of Transportation and Related Agencies Appropriation Act, 1982, concerning the use of census data in apportioning and allocating funds for section 18 nonurban formula grants for section 5 urban formula grants. We intend that the funds made available by this resolution be apportioned and allocated as soon as possible.

Mr. President, this is a responsible agreement. The dollars are the same as in the continuing resolution. As we all know, we never get anything exactly as we like it, but this is as close as we will ever come. It represents an agreement acceptable to both sides of the aisle, to both the House and the Senate, as well as to the President. It is time to put this bill behind us and move on to the great challenges emerging in the fiscal 1983 budget.

Mr. CHILES. Mr. President, I support the statement just made by Senator ANDREWS, the chairman of the Transportation Appropriations Subcommittee. I compliment him on the excellent bipartisan leadership that he has provided throughout the entire course of this long process that started almost a year ago last January when we began our hearings on the budget requests for the Department of Transportation. I cannot understate my admiration for the work Senator ANDREWS has done. I believe that he has demonstrated himself to be one of the genuine Appropriations Committee experts here in the Senate.

As our time is short and the legislative period is late, I shall not go into any great detail in this matter. I would, however, like to comment on several items. The continuing resolution, House Joint Resolution 370, in section 143(g) exempted a number of Federal activities from any of the reductions made in that continuing resolution. One of the exemptions was for law enforcement activities and specifically included in this list of exemptions were the law enforcement activities for the U.S. Coast Guard.

While there is no specific Coast Guard appropriation account entitled "law enforcement", many of the Coast Guard appropriation accounts do include significant law enforcement activities. It is our intention therefore that none of the law enforcement activities of the Coast Guard should be reduced below the level included in the conference agreement on H.R. 4209, the Transportation bill.

Mr. President, I would like to make one further comment on the Coast Guard. Included in this measure are significant moneys and direction to the Coast Guard to become more actively involved in our war against drugs and specifically to become more involved in drug interdiction at sea.

I would like to call attention to the report language we have on this matter in both our Senate report and the conference report. Senator ANDREWS, the chairman of the subcommittee, and I and others in the House and Senate intend to pursue this matter to insure that our guidance is followed. I would like to reemphasize one point, however, that the moneys we have provided for drug interdiction are also intended to be available and to be used to the extent it is necessary for shore support facilities.

We can no longer let the Coast Guard place their cutters, helicopters, and personnel only in those areas that already have appropriate shore facilities. We must take the Coast Guard to where the problems are, and that means some of these moneys will almost certainly need to be spent for shore support facilities to permit the Coast Guard to cluster a number of its cutters, helicopters, and aircraft in areas where they can be of direct assistance in this Nation's war against the foreign drug invasion.

Mr. President, on another matter in support of the statement made by Chairman HATFIELD last week and Chairman ANDREWS today, all these further reductions shall be made in a totally pro rata fashion, unless otherwise stated, so as to respect and implement as near as possible the earmarkings and guidance provided in the conference report on H.R. 4209. For example, in section 3 of the Urban Mass Transportation Administration we have recommended almost $15 million of additional reductions. There are several small programs and activities that could be totally eliminated or severely crippled if this entire reduction were made to those specific projects. It is our intention, therefore, that this cut, which is approximately 1 percent of the total to section 3, as it relates to the levels of the vetoed continuing resolution, shall be applied in a manner so that no project or activity is reduced by more than 1 percent.

Mr. ANDREWS. Mr. President, I thank the Senator from Florida for his comments and give my full support to them. I think it is important that Senator CHILES has made these comments, as they reemphasize our congressional intent on several important matters.

Mr. President, I ask unanimous consent that a tabular summary of the bill, as agreed to by the conferees, be printed in the RECORD.

There being no objection, the tabular summary was ordered to be printed in the RECORD, as follows:

	FY 1981 New BA Enacted	Sept. Budget Estimates	New BA House	New BA Senate	Amended Conference Agreement	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House Bill	Conference compared with Senate Bill
TITLE I - DEPARTMENT OF TRANSPORTATION									
Office of the Secretary									
Salaries and expenses	36,207,000	35,024,000	35,193,204	35,000,000	35,100,000	-1,107,000	+76,000	-93,204	+100,000
Transportation planning, research, and development	10,788,699	8,492,000	7,250,000	7,250,000	7,250,000	-3,538,699	-1,242,000	---	---
Reduction, OST	---	---	---	---	-4,500,000	-4,500,000	-4,500,000	-4,500,000	-4,500,000
(Limitation on working capital fund)	(57,843,000)	(71,309,000)	(70,909,000)	(70,909,000)	(70,909,000)	(+13,066,000)	(-400,000)	---	---
Total, Office of the Secretary	46,995,699	43,516,000	42,443,204	42,250,000	37,850,000	-9,145,699	-5,666,000	-4,593,204	-4,400,000
Coast Guard									
Operating expenses	1,337,207,000	1,234,580,000	1,409,086,000	1,337,207,000	1,356,600,000	+19,393,000	+122,020,000	-52,486,000	+19,393,000
Appropriation for debt reduction	-233,935	-244,073	-244,073	-244,073	-244,073	-10,138	---	---	---
Total, operating expenses	1,336,973,065	1,234,335,927	1,408,841,927	1,336,962,927	1,356,355,927	+19,382,862	+122,020,000	-52,486,000	+19,393,000
Acquisition, construction, and improvements	333,985,000	330,000,000	391,000,000	537,000,000	384,000,000	+50,015,000	+54,000,000	-7,000,000	-153,000,000
Alteration of bridges	15,850,000	15,400,000	17,500,000	15,000,000	8,000,000	-7,850,000	-7,400,000	-9,500,000	-7,000,000
Retired pay	244,000,000	288,000,000	279,000,000	279,000,000	279,000,000	+35,000,000	-9,000,000	---	---
(By transfer)	(2,000,000)	---	---	---	---	(-2,000,000)	---	---	---
Reserve trainins	49,483,000	44,957,000	50,900,000	45,000,000	49,483,000	---	+4,526,000	-1,417,000	+4,483,000
Research, development, test, and evaluation	25,000,000	26,162,000	29,730,000	22,000,000	18,000,000	-7,000,000	-8,162,000	-11,730,000	-4,000,000
Offshore oil pollution compensation fund:									
Appropriation	12,000,000	8,404,000	9,550,000	1,000,000	2,000,000	-10,000,000	-6,404,000	-7,550,000	+1,000,000
Authority to borrow	2,000,000	---	---	---	---	-2,000,000	---	---	---
Coast Guard supply fund	1,500,000	1,320,000	1,500,000	1,320,000	1,320,000	-180,000	---	-180,000	---
Deepwater port liability fund	5,000,000	8,800,000	5,000,000	1,000,000	2,000,000	-3,000,000	-6,800,000	-3,000,000	+1,000,000
Pollution fund	15,000,000	7,040,000	---	1,000,000	---	-15,000,000	-7,040,000	---	-1,000,000
Total, Coast Guard	2,040,791,065	1,964,418,927	2,193,021,927	2,239,282,927	2,100,158,927	+59,367,862	+135,740,000	-92,863,000	-139,124,000
Federal Aviation Administration									
Operations	2,340,400,000	2,128,192,000	2,306,200,000	2,199,792,000	2,095,000,000	-245,400,000	-33,192,000	-211,200,000	-104,792,000
(By transfer)	---	---	(3,400,000)	(3,400,000)	(3,400,000)	(+3,400,000)	(+3,400,000)	---	---
Facilities, engineering, and development	21,155,000	---	19,000,000	17,797,000	8,797,000	-12,358,000	+8,797,000	-10,203,000	-9,000,000
Facilities and equipment	350,000,000	284,847,000	353,570,000	284,847,000	260,847,000	-89,153,000	-24,000,000	-92,723,000	-24,000,000
Research, engineering and development	85,000,000	92,233,000	80,000,000	71,800,000	55,800,000	-29,200,000	-36,433,000	-24,200,000	-16,000,000
Grants-in-aid for airports (liquidation of contract authorization) (Airport and Airway Trust Fund)	(595,000,000)	(471,000,000)	(481,000,000)	(471,000,000)	(471,000,000)	(-124,000,000)	---	(-10,000,000)	---
Operation and maintenance, Metropolitan Washington Airports	29,208,000	26,922,000	30,593,000	26,922,000	29,982,000	+774,000	+3,060,000	-611,000	+3,060,000
Construction, Metropolitan Washington Airports	16,200,000	34,760,000	38,900,000	34,760,000	26,700,000	+10,500,000	-8,060,000	-12,200,000	-8,060,000
Aircraft purchase loan guarantee program (Limitation on new loan guarantees)	(350,000,000)	(100,000,000)	(175,000,000)	(100,000,000)	(100,000,000)	(-250,000,000)	---	(-75,000,000)	---
Total, Federal Aviation Administration	2,841,963,000	2,566,954,000	2,828,263,000	2,635,918,000	2,477,126,000	-364,837,000	-89,828,000	-351,137,000	-158,792,000

	FY 1981 New BA Enacted	Sept. Budget Estimates	New BA House	New BA Senate	Amended Conference Agreement	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House Bill	Conference compared with Senate Bill
Federal Highway Administration									
(Limitation on general operating expenses)	(196,282,000)	(187,440,000)	(200,400,000)	(187,440,000)	(192,440,000)	(-3,842,000)	(+5,000,000)	(-7,960,000)	(+5,000,000)
Motor carrier safety	14,350,000	12,893,000	14,500,000	12,893,000	12,893,000	-1,457,000	---	-1,607,000	---
(By transfer)	(555,000)	---	---	---	---	(-555,000)	---	---	---
Highway safety research and development	9,000,000	8,360,000	7,200,000	6,860,000	4,860,000	-4,140,000	-3,500,000	-2,340,000	-2,000,000
(By transfer)	---	---	(1,800,000)	(1,500,000)	(1,500,000)	(+1,500,000)	(+1,500,000)	(-300,000)	---
Highway beautification	6,600,000	---	2,000,000	---	500,000	-6,100,000	+500,000	-1,500,000	+500,000
Highway-related safety grants (liquidation of contract authorization) (Trust Fund)	(29,500,000)	(23,300,000)	(23,300,000)	(23,300,000)	(23,300,000)	(-6,200,000)	---	---	---
Railroad-highway crossings demonstration projects	---	---	18,000,000	15,335,000	17,335,000	+17,335,000	+17,335,000	-665,000	+2,000,000
Territorial highways	6,600,000	---	6,000,000	---	3,000,000	-3,600,000	+3,000,000	-3,000,000	+3,000,000
National scenic and recreational highway (liquidation of contract authorization)	(21,000,000)	(21,000,000)	(21,000,000)	(21,000,000)	(21,000,000)	---	---	---	---
Access highways to public recreation areas on certain lakes	16,525,000	---	---	---	---	-16,525,000	---	---	---
Reappropriation	4,798,000	---	---	---	---	-4,798,000	---	---	---
Federal-aid highways (liquidation of contract authorization) (Trust Fund)	(8,750,000,000)	(8,000,000,000)	(8,000,000,000)	(8,000,000,000)	(8,000,000,000)	(-750,000,000)	---	---	---
Interstate transfer grants-highways	---	176,000,000	400,000,000	200,000,000	288,000,000	+288,000,000	+112,000,000	-112,000,000	+88,000,000
Right-of-way Revolving Fund (liquidation of contract authorization) (Trust Fund)	---	(45,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(+25,000,000)	(-20,000,000)	---	---
Carpool and vanpool projects	1,000,000	---	---	---	---	-1,000,000	---	---	---
Appalachian highway system (trust fund)	---	165,000,000	---	---	---	---	-165,000,000	---	---
Urban high density traffic program(contract authority)	33,959,000	---	---	---	---	-33,959,000	---	---	---
Total, Federal Highway Administration	92,832,000	362,253,000	447,700,000	235,088,000	326,588,000	+233,756,000	-35,665,000	-121,112,000	+91,500,000
National Highway Traffic Safety Administration									
Operations and research	85,876,000	81,948,000	85,876,000	79,000,000	74,900,000	-10,976,000	-7,048,000	-10,976,000	-4,100,000
State and community highway safety:									
Appropriation	38,593,000	---	975,308	---	---	-38,593,000	---	-975,308	---
(Liquidation of contract authorization)	(163,800,000)	(150,352,000)	(145,000,000)	(150,200,000)	(150,200,000)	(-13,600,000)	(-152,000)	(+5,200,000)	---
Total, National Highway Traffic Safety Administration	124,469,000	81,948,000	86,851,308	79,000,000	74,900,000	-49,569,000	-7,048,000	-11,951,308	-4,100,000
Federal Railroad Administration									
Office of the Administrator	8,338,000	7,522,000	4,315,000	7,522,000	7,022,000	-1,316,000	-500,000	+2,707,000	-500,000
Railroad safety	27,250,000	23,676,000	26,904,000	26,676,000	24,176,000	-3,074,000	+500,000	-2,728,000	-2,500,000
Railroad research and development	50,000,000	40,000,000	34,000,000	36,000,000	30,000,000	-20,000,000	-10,000,000	-4,000,000	-6,000,000
Rail Service Assistance:									
Rail service assistance	159,804,000	22,061,000	15,624,000	23,069,000	14,500,000	-145,304,000	-7,561,000	-1,124,000	-8,569,000
Appropriation for debt reduction	-60,381,000	---	---	---	---	+60,381,000	---	---	---
Total, rail service assistance	99,423,000	22,061,000	15,624,000	23,069,000	14,500,000	-84,923,000	-7,561,000	-1,124,000	-8,569,000
Rail labor assistance	69,000,000	---	---	---	---	-69,000,000	---	---	---
(By transfer)	---	(25,000,000)	---	(25,000,000)	(25,000,000)	(+25,000,000)	---	(+25,000,000)	---

Conrail workforce reduction program	10,000,000	---	80,000,000	---	---	-10,000,000	---	-80,000,000	---
(By transfer)	(5,000,000)	(115,000,000)	---	(115,000,000)	(100,000,000)	(+95,000,000)	(-15,000,000)	(+100,000,000)	(-15,000,000)
Conrail labor protection (by transfer)	(5,000,000)	(85,000,000)	---	(85,000,000)	(85,000,000)	(+80,000,000)	---	(+85,000,000)	---
Northeast corridor improvement program	350,000,000	176,000,000	200,000,000	176,000,000	170,000,000	-180,000,000	-6,000,000	-30,000,000	-6,000,000
Grants to the National Railroad Passenger Corporation	881,000,000	373,440,000	544,000,000	569,000,000	569,000,000	-312,000,000	+195,560,000	+25,000,000	---
(By transfer)	(15,300,000)	---	---	---	---	(-15,300,000)	---	---	---
Advance appropriation for 1982	166,000,000	---	---	---	---	-166,000,000	---	---	---
Commuter rail service	---	50,000,000	22,000,000	50,000,000	60,000,000	+60,000,000	+10,000,000	+38,000,000	+10,000,000
Payments to the Alaska Railroad Revolving Fund	12,640,000	6,160,000	---	6,160,000	6,160,000	-6,480,000	---	+6,160,000	---
Railroad Rehabilitation and Improvement Financing Funds:									
(Rescission)	-1,000,000	---	---	---	---	+1,000,000	---	---	---
(Limitation on loan guarantees)	(770,000,000)	(870,000,000)	(770,000,000)	(770,000,000)	(770,000,000)	---	(-100,000,000)	---	---
(Limitation on new loan guarantees)	---	(320,000,000)	(270,000,000)	(270,000,000)	(270,000,000)	(+270,000,000)	(-50,000,000)	---	---
(Limitation on new loan guarantees under Emergency Rail Services Act)	(20,000,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(-17,400,000)	---	---	---
Redeemable preference shares									
Appropriation	25,000,000	---	50,000,000	---	---	-25,000,000	---	-50,000,000	---
Authority to borrow	---	40,000,000	---	60,000,000	35,500,000	+35,500,000	-4,500,000	+35,500,000	-24,500,000
(By transfer)	---	---	---	---	(25,000,000)	(+25,000,000)	(+25,000,000)	(+25,000,000)	(+25,000,000)
Settlements of railroad litigation	2,113,000,000	---	---	---	---	-2,113,000,000	---	---	---
Appropriation for debt reduction	-2,113,000,000	---	---	---	---	+2,113,000,000	---	---	---
Total, Federal Railroad Administration	1,697,651,000	738,859,000	976,843,000	954,477,000	916,358,000	-781,293,000	+177,499,000	-60,485,000	-38,069,000
Advance appropriation for 1982	(166,000,000)	---	---	---	---	(-166,000,000)	---	---	---
Urban Mass Transportation Administration									
Administrative expenses	22,200,000	25,476,000	28,300,000	25,476,000	23,888,000	+1,688,000	-1,588,000	-4,412,000	-1,588,000
(By transfer)	(1,000,000)	---	---	---	- -	(-1,000,000)	---	---	---
Research, development, and demonstrations and university research and training	65,500,000	61,600,000	69,000,000	61,600,000	51,600,000	-13,900,000	-10,000,000	-17,400,000	-10,000,000
(By transfer)	(2,000,000)	---	---	---	---	(-2,000,000)	---	---	---
Urban discretionary grants	2,190,000,000	1,333,200,000	1,555,000,000	1,428,000,000	1,449,500,000	-740,500,000	+116,300,000	-105,500,000	+21,500,000
(By transfer)	---	---	(11,000,000)	(11,000,000)	(11,000,000)	(+11,000,000)	(+11,000,000)	---	---
Non-urban formula grants	72,500,000	66,000,000	72,500,000	72,500,000	68,500,000	-4,000,000	+2,500,000	-4,000,000	-4,000,000
Urban formula grants	1,455,000,000	1,302,400,000	1,480,000,000	1,381,000,000	1,365,250,000	-89,750,000	+62,850,000	-114,750,000	-15,750,000
(Liquidation of contract authorization)	(1,500,000,000)	(1,200,000,000)	(1,200,000,000)	(1,200,000,000)	(1,200,000,000)	(-300,000,000)	---	---	---
Waterborne transportation demonstration project	-10,700,000	---	---	-2,000,000	-2,000,000	+8,700,000	-2,000,000	-2,000,000	---
Interstate transfer grants-transit	865,000,000	528,000,000	600,000,000	550,000,000	538,000,000	-327,000,000	+10,000,000	-62,000,000	-12,000,000
Net UMTA (Outlays)	---	---	---	---	---	---	---	---	---
Total, Urban Mass Transportation Administration	4,659,500,000	3,316,676,000	3,804,800,000	3,516,576,000	3,494,738,000	-1,164,762,000	+178,062,000	-310,062,000	-21,838,000
Saint Lawrence Seaway Development Corporation									
(Limitation on administrative expenses)	(1,730,000)	(1,409,000)	(1,601,000)	(1,601,000)	(1,601,000)	(-129,000)	(+192,000)	---	---
Research and Special Programs Administration									
Research and special programs	31,420,000	26,441,000	29,837,000	26,441,000	17,441,000	-13,979,000	-9,000,000	-12,396,000	-9,000,000
Cooperative automotive research	500,000	---	---	- -	---	-500,000	---	---	---
Total, Research and special programs admin	31,920,000	26,441,000	29,837,000	26,441,000	17,441,000	-14,479,000	-9,000,000	-12,396,000	-9,000,000

	FY 1981 New BA Enacted	Sept. Budget Estimates	New BA House	New BA Senate	Amended Conference Agreement	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House Bill	Conference compared with Senate Bill
Office of the Inspector General									
Salaries and expenses	14,657,000	13,047,000	14,826,000	13,047,000	13,047,000	-1,610,000	---	-1,779,000	---
(By transfer)	(8,470,000)	(9,200,000)	(9,454,000)	(9,200,000)	(9,200,000)	(+730,000)	---	(-254,000)	---
Total, title I, Department of Transportation:									
New budget (obligational) authority	11,550,778,764	9,114,112,927	10,424,585,439	9,742,029,927	9,458,206,927	-2,092,571,837	+344,094,000	-966,378,512	-283,823,000
Appropriations	(13,518,636,699)	(9,074,357,000)	(10,424,829,512)	(9,682,274,000)	(9,422,951,000)	(-4,095,685,699)	(+348,594,000)	(-1,001,878,512)	(-259,323,000)
Appropriations for debt reduction	(-2,173,614,935)	(-244,073)	(-244,073)	(-244,073)	(-244,073)	(+2,173,370,862)	---	---	---
Advance appropriation for 1982	(166,000,000)	---	---	---	---	(-166,000,000)	---	---	---
Reappropriations	(4,798,000)	---	---	---	---	(-4,798,000)	---	---	---
Authority to borrow	(2,000,000)	(40,000,000)	---	(60,000,000)	(35,500,000)	(+33,500,000)	(-4,500,000)	(+35,500,000)	(-24,500,000)
(By transfer)	(39,325,000)	(234,200,000)	(25,654,000)	(250,100,000)	(260,100,000)	(+220,775,000)	(+25,900,000)	(+234,446,000)	(+10,000,000)
(Limitations)	(198,012,000)	(188,849,000)	(202,001,000)	(189,041,000)	(194,041,000)	(-3,971,000)	(+5,192,000)	(-7,960,000)	(+5,000,000)
(Limitations on loan guarantees)	(770,000,000)	(870,000,000)	(770,000,000)	(770,000,000)	(770,000,000)	---	(-100,000,000)	---	---
(Limitations on new loan guarantees)	(370,000,000)	(422,600,000)	(447,600,000)	(372,600,000)	(372,600,000)	(+2,600,000)	(-50,000,000)	(-75,000,000)	---
(Limitation on working capital fund)	(57,843,000)	(71,309,000)	(70,909,000)	(70,909,000)	(70,909,000)	(+13,066,000)	(-400,000)	---	---
(Liquidation of contract authorization)	(11,059,300,000)	(9,910,652,000)	(9,895,300,000)	(9,890,500,000)	(9,890,500,000)	(-1,168,800,000)	(-20,152,000)	(-4,800,000)	---
TITLE II - RELATED AGENCIES									
Architectural and Transportation Barriers Compliance Board									
Salaries and expenses	---	---	2,070,000	1,821,000	1,900,000	+1,900,000	+1,900,000	-170,000	+79,000
National Transportation Safety Board									
Salaries and expenses	18,440,000	16,742,000	19,125,000	19,125,000	17,125,000	-1,315,000	+383,000	-2,000,000	-2,000,000
Civil Aeronautics Board									
Salaries and expenses	29,194,000	26,266,000	29,280,000	26,266,000	25,500,000	-3,694,000	-766,000	-3,780,000	-766,000
Payments to air carriers	106,300,000	65,900,000	58,000,000	65,900,000	65,900,000	-40,400,000	---	+7,900,000	---
Total, Civil Aeronautics Board	135,494,000	92,166,000	87,280,000	92,166,000	91,400,000	-44,094,000	-766,000	+4,120,000	-766,000
Interstate Commerce Commission									
Salaries and expenses	82,400,000	69,520,000	74,150,000	74,150,000	70,150,000	-12,250,000	+630,000	-4,000,000	-4,000,000
Payments for directed rail service (limitation on obligations)	(10,000,000)	---	(10,000,000)	(10,000,000)	(10,000,000)	---	(+10,000,000)	---	---
(By transfer)	(2,500,000)	---	---	---	---	(-2,500,000)	---	---	---
Total, Interstate Commerce Commission	82,400,000	69,520,000	74,150,000	74,150,000	70,150,000	-12,250,000	+630,000	-4,000,000	-4,000,000

Motor Carrier Ratemaking Study Commission									
Salaries and expenses	2,000,000	---	---	---	---	-2,000,000	---	---	---
Panama Canal Commission									
Operating expenses	373,050,000	400,754,000	398,744,000	400,754,000	400,754,000	+27,704,000	---	+2,010,000	---
Capital outlay	31,560,000	19,766,000	19,766,000	19,766,000	19,766,000	-11,794,000	---	---	---
Reimbursement of General Fund	(-350,000,000)	---	---	---	---	(+350,000,000)	---	---	---
Emergency Fund	10,000,000	---	---	---	---	-10,000,000	---	---	---
Total, Panama Canal Commission	414,610,000	420,520,000	418,510,000	420,520,000	420,520,000	+5,910,000	---	+2,010,000	---
Department of the Treasury									
Office of the Secretary: (Investment in Fund									
Anticipation Notes)	(24,000,000)	(40,000,000)	(50,000,000)	(60,000,000)	(37,500,000)	(+13,500,000)	(-2,500,000)	(-12,500,000)	(-22,500,000)
(By transfer)	---	---	---	---	(25,000,000)	(+25,000,000)	(+25,000,000)	(+25,000,000)	(+25,000,000)
United States Railway Association									
Administrative expenses	29,000,000	12,320,000	13,000,000	13,000,000	9,000,000	-20,000,000	-3,320,000	-4,000,000	-4,000,000
Payments for purchase of Conrail securities	485,000,000	---	---	---	---	-485,000,000	---	---	---
Total, United States Railway Association	514,000,000	12,320,000	13,000,000	13,000,000	9,000,000	-505,000,000	-3,320,000	-4,000,000	-4,000,000
Washington Metropolitan Area Transit Authority									
Interest payments	65,910,000	51,586,000	51,586,000	51,586,000	51,586,000	-14,324,000	---	---	---
Total, title II, related agencies:									
New budget (obligational) authority	1,232,854,000	662,854,000	665,721,000	672,368,000	661,681,000	-571,173,000	-1,173,000	-4,040,000	-10,687,000
(Limitation on obligations)	(10,000,000)	---	(10,000,000)	(10,000,000)	(10,000,000)	---	(+10,000,000)	---	---
TITLE III - GENERAL PROVISIONS									
Coast Guard:									
Offshore Oil Pollution Compensation Fund									
(limitation on obligations)	(60,000,000)	(60,000,000)	(60,000,000)	(60,000,000)	(60,000,000)	---	---	---	---
Deepwater Port Liability Fund									
(limitation on obligations)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	---	---	---	---
Federal Aviation Administration:									
Grants-in-aid for airports (limitation									
on obligations)	(450,000,000)	(396,000,000)	(650,000,000)	(450,000,000)	(450,000,000)	---	(+54,000,000)	(-200,000,000)	---
Federal Highway Administration:									
Highway related safety grants (limitation on									
obligations)	(28,000,000)	---	(10,000,000)	(10,000,000)	(10,000,000)	(-18,000,000)	(+10,000,000)	---	---
Federal-aid highways (limitation on obligations)	(8,750,000,000)	(7,172,000,000)	(8,200,000,000)	(7,700,000,000)	(8,000,000,000)	(-750,000,000)	(+828,000,000)	(-200,000,000)	(+300,000,000)
National scenic and recreational highway									
(limitation on obligations)	(37,500,000)	---	---	---	---	(-37,500,000)	---	---	---
Emergency relief	---	---	---	---	---	---	---	---	---
National Highway Traffic Safety Administration:									
State and community highway safety (limitation on									

	FY 1981 New BA Enacted	Sept. Budget Estimates	New BA House	New BA Senate	Amended Conference Agreement	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House Bill	Conference compared with Senate Bill
obligations)	(150,405,000)	(67,760,000)	(100,000,000)	(85,000,000)	(92,500,000)	(-57,905,000)	(+24,740,000)	(-7,500,000)	(+7,500,000)
Consultant services	-3,894,000	---	---	---	---	+3,894,000	---	---	---
Total, title III, general provisions:									
New budget (obligational) authority	-3,894,000	---	---	---	---	+3,894,000	---	---	---
(General provisions)	(9,525,905,000)	(7,745,760,000)	(9,070,000,000)	(8,355,000,000)	(8,662,500,000)	(-863,405,000)	(+916,740,000)	(-407,500,000)	(+307,500,000)
RECAPITULATION									
Grand total, titles I, II, and III:									
New budget (obligational) authority, or Total Outlays	12,779,738,764	9,776,966,927	11,090,306,439	10,414,397,927	10,119,887,927	-2,659,850,837	+342,921,000	-970,418,512	-294,510,000
Prior Year Outlays	---	---	--	---	---	---	---	---	---
Outlays new	12,779,738,764	9,776,966,927	11,090,306,439	10,414,397,927	10,119,887,927	-2,659,850,837	+342,921,000	-970,418,512	-294,510,000
Appropriations	(14,747,596,699)	(9,737,211,000)	(11,090,550,512)	(10,354,642,000)	(10,084,632,000)	(-4,662,964,699)	(+347,421,000)	(-1,005,918,512)	(-270,010,000)
Appropriations for debt reduction	(-2,173,614,935)	(-244,073)	(-244,073)	(-244,073)	(-244,073)	(+2,173,370,862)	---	---	---
Advance appropriation for 1982	(166,000,000)	---	---	---	---	(-166,000,000)	---	---	---
Authority to borrow	(2,000,000)	(40,000,000)	---	(60,000,000)	(35,500,000)	(+33,500,000)	(-4,500,000)	(+35,500,000)	(-24,500,000)
Reappropriations	(4,798,000)	---	---	---	---	(-4,798,000)	---	---	---
(By transfer)	(41,825,000)	(234,200,000)	(25,654,000)	(250,100,000)	(260,100,000)	(+218,275,000)	(+25,900,000)	(+234,446,000)	(+10,000,000)
(Limitations)	(198,012,000)	(188,849,000)	(202,001,000)	(189,041,000)	(194,041,000)	(-3,971,000)	(+5,192,000)	(-7,960,000)	(+5,000,000)
(Limitations on obligations)	(9,535,905,000)	(7,745,760,000)	(9,080,000,000)	(8,365,000,000)	(8,672,500,000)	(-863,405,000)	(+926,740,000)	(-407,500,000)	(+307,500,000)
(Limitations on loan guarantees)	(770,000,000)	(870,000,000)	(770,000,000)	(770,000,000)	---	(-100,000,000)	---	---	---
(Limitations on new loan guarantees)	(370,000,000)	(422,600,000)	(447,600,000)	(372,600,000)	(372,600,000)	(+2,600,000)	(-50,000,000)	(-75,000,000)	---
(Limitation on working capital fund)	(57,843,000)	(71,309,000)	(70,909,000)	(70,909,000)	(70,909,000)	(+13,066,000)	(-400,000)	---	---
Memoranda:									
(Appropriations to liquidate contract authorizations)	(11,059,300,000)	(9,910,652,000)	(9,895,300,000)	(9,890,500,000)	(9,890,500,000)	(-1,168,800,000)	(-20,152,000)	(-4,800,000)	---
(Appropriation for debt reduction)	(2,173,614,935)	(244,073)	(244,073)	(244,073)	(244,073)	(-2,173,370,862)	---	---	---
Total, appropriations including appropriations to liquidate contract authorization and appropriations for debt reduction	(26,012,653,699)	(19,687,863,000)	(20,985,850,512)	(20,305,142,000)	(20,010,632,000)	(-6,002,021,699)	(+322,769,000)	(-975,218,512)	(-294,510,000)
Total mandatory and discretionary	12,779,738,764	9,776,966,927	11,090,306,439	10,414,397,927	10,119,887,927	-2,659,850,837	+342,921,000	-970,418,512	-294,510,000
Mandatory	(350,300,000)	(353,900,000)	(337,000,000)	(344,900,000)	(344,900,000)	(-5,400,000)	(-9,000,000)	(+7,900,000)	---
Discretionary	(12,429,438,764)	(9,423,066,927)	(10,753,306,439)	(10,069,497,927)	(9,774,987,927)	(-2,654,450,837)	(+351,921,000)	(-978,318,512)	(-294,510,000)

Mr. ANDREWS. Mr. President, I move that the Senate adopt the conference report on H.R. 4209.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. ANDREWS. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 46 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "That an additional $5,000,000 shall be derived from the National Recreational Boating Safety and Facilities Improvement Fund to implement a program of recreational boat safety, designed by the Secretary pursuant to 46 U.S.C. 1475 and for the purposes set out in Public Law 97-12: Provided further",

Resolved, That the House recede from the disagreement to the amendment of the Senate numbered 7 to the aforesaid bill, and concur thereinwith an amendment as follows:

In lieu of the sum named in said amendment, insert: "$175,000,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 8 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$12,000,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 24 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$31,700,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 25 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert: "New commitments to guarantee loans shall be exclusively for the purchase of aircraft designed to have a maximum passenger capacity of sixty seats or less or a maximum cargo payload of eighteen thousand pounds or less, and shall not exceed in the aggregate $100,000,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 30 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by said amendment amended to read as follows:

HIGHWAY BEAUTIFICATION

For necessary expenses in carrying out section 131 of title 23 U.S.C. and section 104 (a)(11) of the Surface Transportation Assistance Act of 1978, $2,000,000 to remain available until expended: *Provided*, That, notwithstanding any other provision of law, any determination as to whether any outdoor advertising sign, display, or device is or has been lawfully erected under State law or is entitled to compensation shall not be affected by any waiver of compensation.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 46 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$39,000,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 50 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

RAIL LABOR ASSISTANCE (TRANSFER OF FUNDS)

For payment of benefits under section 1160 of the Northeast Rail Service Act of 1981, $25,000,000, to remain available until expended, to be derived from the unobligated balances of "Payments for Purchase of Conrail Securities": *Provided*, That such sum shall be considered to have been appropriated under said section 1160.

CONRAIL WORKFORCE REDUCTION PROGRAM (TRANSFER OF FUNDS)

For expenses of the Conrail Workforce Reduction Program as authorized by section 713 of the Regional Rail Reorganization Act of 1973 as added by section 1143 of the Northeast Rail Service Act of 1981, $100,000,000, to remain available until expended, to be derived from the unobligated balances of "Payments for Purchase of Conrail Securities": *Provided*, That, such sum shall be considered to have been appropriated to the Secretary under section 713 of the Regional Rail Reorganization Act of 1973 to be available for the payment of termination allowances under section 702 of that Act: *Provided further*, That, for purposes of section 710 of the Regional Rail Reorganization Act of 1973 as added by section 1143 of the Northeast Rail Service Act of 1981, such sum shall be considered to have been appropriated under section 713 of the Regional Rail Reorganization Act of 1973 and counted against the limitation on the total liability of the United States.

CONRAIL LABOR PROTECTION (TRANSFER OF FUNDS)

For labor protection as authorized by section 713 of the Regional Rail Reorganization Act of 1973 as added by section 1143 of the Northeast Rail Service Act of 1981, $85,000,000, to remain available until expended, to be derived from the unobligated balances of "Payments for Purchase of Conrail Securities": *Provided*, That, such sum shall be considered to have been appropriated to the Secretary under said section 713 for transfer to the Railroad Retirement Board for the payment of benefits under section 701 of the Regional Rail Reorganization Act of 1973, as amended: *Provided further*, That, for purposes of section 710 of the Regional Rail Reorganization Act of 1973 as added by section 1143 of the Northeast Rail Service Act of 1981, such sum shall be considered to have been appropriated under section 713 of the Regional Rail Reorganization Act of 1973 and counted against the limitation on the total liability of the United States: *Provided further*, That, in addition, such sums as may be necessary shall be derived from the unobligated balances of "Payments for Purchase of Conrail Securities" for necessary expenses of administration of section 701 of the Regional Rail Reorganization Act of 1973 by the Railroad Retirement Board.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 54 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "Notwithstanding any other provision of law, none of the funds appropriated for the benefit of the Corporation pursuant to this Act or the revenues or other assets of the Corporation or any railroad subsidiary thereof shall be available for payment to any State, political subdivision of a State, or local taxing authority for any taxes or other fees levied on the Corporation: *Provided*, That notwithstanding any provision of law, the Corporation shall pay all taxes or other fees appropriately levied on its facilities in Beech Grove, Indiana".

(DISAPPROVAL OF DEFERRAL)

The Congress disapproves in its entirety deferral D82-217 relating to the Federal Railroad Administration, Grants to the National Railroad Passenger Corporation, as set forth in the message of November 6, 1981, which was transmitted to the Congress by the President. This disapproval shall be effective immediately and the amount of the proposed deferral disapproved herein shall be made available for obligation.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 55 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

COMMUTER RAIL SERVICE

For necessary expenses to carry out the commuter rail activities authorized by section 601(d) of the Rail Passenger Service Act (45 U.S.C. 601), as amended, $15,000,000, and for necessary expenses to carry out section 1139(b) of Public Law 97-35, $45,000,000, to remain available until expended.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 58 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert: "for uses authorized for the Fund, in amounts not to exceed $67,500,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 64 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert: "1970 decennial census until March 31, 1982, after which date funds apportioned under this appropriation shall be distributed on the basis of data from the 1980".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 66 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert: "1970 decennial census until March 31, 1982, after which date funds apportioned under this appropriation shall be distributed on the basis of data from the 1980".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 77 to the aforementioned bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: ": *Provided*, That, notwithstanding any other provision of law, none of the funds apropriated by this Act shall be expended under section 406 for services provided after 95 days following the date of enactment of this Act to points which, based on reports filed with the Civil Aeronautics Board, enplaned an average of eighty or more passengers per day in the fiscal year ended September 30, 1981".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 78 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: ": *Provided further*, That, notwithstanding any other provision of law, payments under section 406, exclusive of payments for services provided within the State of Alaska, shall not exceed a total of $14,000,000 for services provided during the period between March 31, 1982, and September 30, 1982, and, to the extent it is necessary to meet this limitation, the compensation otherwise payable by the Board under section 406 shall be reduced by a percentage which is the same for all air carriers receiving such compensation: *Provided further*, That, notwithstanding any other provision of law, payments under section 406 for services provided within the State of Alaska during the period between March 31, 1982, and September 30, 1982, shall not exceed a total of $5,500,000 and, to the extent it is necessary to meet this limitation, the compensation otherwise payable by the Board under section 406 shall be reduced by a percentage which is the same for all carriers receiving such compensation: *Provided further*, That the foregoing limitations shall not apply to payments made pursuant to the requirements of section 419(a)(7)(A) nor shall such payments be reduced by virtue of such provision: *Provided further*, That the provisions of this paragraph shall be effective only until modified by subsequent legislation".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 84 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

DEPARTMENT OF THE TREASURY

OFFICE OF THE SECRETARY

INVESTMENT IN FUND ANTICIPATION NOTES

(Including Transfer of Funds)

For the acquisition, in accordance with section 509 of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, and section 803 of Public Law 95–620, of fund anticipation notes, $67,500,000, of which $25,000,000 shall be derived from the unobligated balances of "Payments for Purchase of Conrail Securities".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 90 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "and $15,000,000 for the Bismarck-Mandan Bridge, $4,000,000 for the Steubenville-Weirton Bridge, and necessary funds required during fiscal year 1982 for the Dickey Road Bridge in East Chicago, Indiana, and the U.S. 12 Bridge over Trail Creek in Michigan City, Indiana".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 93 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

"SEC. 311. None of the funds provided in this Act shall be used by the Interstate Commerce Commission to approve railroad branchline abandonments in fiscal year 1982 in any State in excess of 3 per centum of a State's total mileage of railroad lines operated: *Provided*, That this limitation shall not apply to any abandment of Conrail railroad lines: *Provided* further, That exceptions to this limitation shall be made only upon the specific approval of each of the appropriate committees of Congress".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 99 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by said amendment amended to read as follows:

SEC. 324. None of the funds appropriated by this Act shall be used to implement, administer, or enforce Order 81–5–27 of the Civil Aeronautics Board or any other order of the Civil Aeronautics Board which prohibits or has the effect of prohibiting any U.S. air carrier from participating in the International Air Transport Association's North Atlantic Traffic Conference under its existing articles and provisions: *Provided*, That this limitation may be terminated by an appropriate resolution adopted by the House Public Works and Transportation Committee or the Senate Commerce Committee.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 100 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

"SEC. 325. Notwithstanding any other provision of law, the Secretary shall, with regard to the Urban Discretionary Grant Program of the Urban Mass Transportation Administration, promptly issue a letter of intent for the Dade County, Florida, Circulator System for $63,642,666, and, in addition, shall promptly issue a letter of intent for nonrail projects in the Portland, Oregon, Metropolitan region for $76,800,000 and also issue a letter of intent for the Southeast Michigan Central Automated Transit System for 110 million 1981 dollars."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 101 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "326".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 102 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "327".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 103 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "328".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 104 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

"SEC. 329. As used in section 502(a)(1)(B) of the Rail Passenger Service Act, the term "Amtrak Commuter" shall mean, with respect to the period prior to January 1, 1983, "Conrail".

TITLE IV

SEC. 401. Notwithstanding any other provision of this Act, appropriations made available for the projects or activities provided for in this Act are hereby reduced in the following amounts:

DEPARTMENT OF TRANSPORTATION

Office of the Secretary, salaries and expenses and transportation planning, research, and development, $4,500,000;

Coast Guard, operating expenses, $48,400,000, of which $5,000,000 shall be deducted from the amounts made available for recreational boating safety; acquisition, construction and improvements, $16,000,000; alteration of bridges, $4,000,000; research, development, test, and evaluation, $4,000,000; offshore oil pollution compensation fund, $3,000,000; and deepwater port liability fund, $3,000,000;

Federal Aviation Administration, operations, $125,000,000; facilities, engineering and development, $9,000,000; facilities and equipment (Airport and Airway Trust Fund), $24,000,000; research, engineering and development (Airport and Airway Trust Fund), $16,000,000; and construction, Metropolitan Washington Airports, $5,000,000;

Federal Highway Administration, highway safety research and development, $2,000,000; highway beautification, $1,500,000; territorial highways, $1,000,000; and interstate transfer grants-highways, $37,000,000;

National Highway Traffic Safety Administration, operations and research, $7,000,000;

Federal Railroad Administration, office of the administrator, $500,000; railroad safety, $2,500,000; railroad research and development, $9,000,000; rail service assistance, $4,000,000, of which at least $2,000,000 shall be deducted from amounts made available for the Minority Business Resource Center; Northeast corridor improvement program, $5,000,000; and redeemable preference shares, $7,000,000;

Urban Mass Transportation Administration, administrative expenses, $3,000,000; research, development, and demonstrations and university research and training, $10,000,000; urban discretionary grants, $29,500,000; nonurban formula grants, $4,000,000; urban formula grants, $64,750,000; and interstate transfer grants-transit, $22,000,000;

Research and Special Programs Administration, research and special programs, $9,000,000, of which $2,500,000 shall be deducted from the amounts made available for research and development and $750,000 shall be deducted from amounts made available for grants-in-aid as authorized by section 5 of the Natural Gas Pipeline Safety Act of 1968;

RELATED AGENCIES

Architectural and Transportation Barriers Compliance Board, salaries and expenses, $100,000;

National Transportation Safety Board, salaries and expenses, $2,000,000;

Civil Aeronautics Board, salaries and expenses, $1,500,000;

Interstate Commerce Commission, salaries and expenses, $4,000,000;

Department of the Treasury, Office of the Secretary, investment in fund anticipation notes, ($7,000,000); and

United States Railway Association, administrative expenses, $4,000,000.

SEC. 402. Notwithstanding any other provision of law or of this Act, none of the funds provided in this or any other Act shall hereafter be used by the Interstate Commerce Commission to approve railroad branchline abandonments in the State of North Dakota by the entity generally known as the Burlington Northern Railroad, or its agents or assignees, in excess of a total of 350 miles: *Provided*, That this section shall be in lieu of section 311 (amendment numbered 93) as set forth in the conference report and the joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriations Act, 1982 (H.R. 4209), filed in the House of Representatives on November 13, 1981 (H. Rept. No. 97–331).

SEC. 403. Notwithstanding any other provision of law or of this Act, the funds provided for section 18 nonurban formula grants and section 5 urban formula grants in this Act shall be apportioned and allocated using data from the 1970 decennial census for one-half of the sums appropriated and the remainder shall be apportioned and allocated on the basis of data from the 1980 decennial census.

SEC. 404. Notwithstanding any other provision of law or of this Act, of the fiscal year 1982 Highway Trust Fund available for

emergency relief, $17,000,000 shall be made available for damaged highways or for the prevention of damage to highways in the area affected by eruptions of the Mount Saint Helens volcano.

SEC. 405. Notwithstanding any other provision of title 23, United States Code, or of this Act, the Secretary of Transportation shall approve, upon the request of the State of Indiana, the construction of an interchange to appropriate standards at I-94 and County Line Road at the Porter-La Porte County Line near Michigan City, Indiana, with the Federal share of such construction to be financed out of funds apportioned to the State of Indiana under section 104(b)(5)(A) of title 23, United States Code.

SEC. 406. Notwithstanding any other provision of law, or of this Act, any proposal for deferral of budget authority under section 1013 of the Impoundment Control Act of 1974 (31 U.S.C. 1403) with respect to budget authority for expenses related to the Northeast Corridor Improvement Project authorized under title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210), Acquisition, construction, and improvements, Railroad-highway crossings demonstration projects, Grants to the National Railroad Passenger Corporation, Urban discretionary grants and Interstate transfer grants (highway and transit) shall, upon transmittal to the Congress, be referred to the House and Senate Committees on Appropriations and any amount of budget authority proposed to be deferred therein shall be made available for obligation unless, within a 45-day period which begins on the date of transmittal and which is equivalent to that described in section 10011 (3) and (5) of the Impoundment Control Act of 1974 (31 U.S.C. 1401 (3) and (5)), the Congress has completed action on a bill approving all or part of the proposed deferral.

Mr. ANDREWS. Mr. President, I ask unanimous consent that it be in order to consider amendments 5, 7, 8, 24, 25, 30, 46, 50, 54, 55, 58, 64, 66, 77, 78, 84, 90, 93, 99, 100, 101, 102, 103, and 104 reported en bloc and that it be in order to concur in these amendments of the House to the amendments of the Senate en bloc.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ANDREWS. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 5, 7, 8, 24, 25, 30, 46, 50, 54, 55, 58, 64, 66, 77, 78, 84, 90, 93, 99, 100, 101, 102, 103, and 104.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ANDREWS. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. ABDNOR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ANDREWS. Mr. President, I suggest the absence of a quorum.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. Does the Senator from North Dakota suggest the absence of a quorum?

Mr. ANDREWS. The Senator from North Dakota suggests the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DENTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. PACKWOOD. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will continue to call the roll.

The assistant legislative clerk continued the call of the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, for the purpose of considering the D'Amato amendment, and that immediately thereafter, the Senator from Oregon be recognized.

Mr. BAKER. Mr. President, reserving the right to object——

The PRESIDING OFFICER. Such a request is not in order. The Senator may request that the order for the quorum call be dispensed with.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will continue to call the roll.

The assistant legislative clerk continued the call of the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, to extend not past 4:30 p.m., in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX RELIEF FOR OIL ROYALTY OWNERS

Mr. METZENBAUM. Mr. President, I have spoken a great deal on the Senate floor about the unfortunate and unnecessary tax giveways to the major oil companies which were contained in the recently enacted "Economic Recovery Tax Act of 1981"—the tax cut bill.

However, there was a very important category of tax relief contained in the tax cut bill, directed not to the giants of the oil industry, but to the millions of oil royalty owners who rely upon their royalty checks for household income. These small royalty owners need and deserve tax relief from the effects to the windfall profit tax on their royalty income.

The new tax bill, for which I voted in the Senate, makes three important amendments to the windfall profit tax to ease its burden upon the small royalty owner. First, it increases the current $1,000 tax credit to $2,500 and extends it through the end of calendar year 1981.

Second, the new law provides a 2-barrel-a-day exemption from the windfall profit tax for oil royalty owners for calendar years 1982, 1983, and 1984.

And third, beginning in calendar year 1985, the next tax law increases the windfall profit tax exemption to 3 barrels a day.

Mr. President, this set of new provisions is a significant and timely step to ease the burdens that the windfall profit tax imposed upon our 2.5 million royalty owners.

The Treasury Department estimates that this legislation will return $1.2 billion in tax cuts to royalty owners in fiscal year 1982, $947 million in fiscal year 1983, $986 million in fiscal year 1984, and more than $1.1 billion in windfall profit tax cuts in fiscal year 1985.

Mr. President, small royalty owners deserve this tax reduction. A survey by the National Association of Royalty Owners in 15 States indicated that 73 percent of royalty owners were over 61 years of age, 45 percent were on social security, 27 percent were widows, 12 percent were disabled, and nearly 5 percent were in residential health care facilities.

It is simply the case that these small royalty owners were harshly impacted by the windfall profit tax—they average low annual earnings on their royalty incomes, but their tax burden has been very high.

These important tax reductions were distributed over the approximately 2.5 million royalty owners throughout the United States; 80,000 royalty owners live in Ohio.

Mr. President, I have said before that the Economic Recovery Tax Act of 1981 has many questionable tax reduction provisions contained within it, but the exemption for royalty owners is a well-deserved and important section of the act and should not be diminished or tampered with.

It is time that we moved our royalty owners out from under the burden of the windfall profit tax. They deserve the tax reductions guaranteed to them in the tax cut bill.

FOOD STAMP FRAUD IN NORTH CAROLINA

Mr. HELMS. Mr. President, for a number of years, I have sought, with a fair amount of success, to tighten up the food stamp program to eliminate the obvious fraud and abuse in it. At the outset, I was met with hostile condemnation by the national news media which portrayed me as hardhearted, as a Senator who would deprive the truly needy of essential food.

That kind of criticism continues, but it is being muted by truth, Mr. President. Evidence is piling up across the country that the food stamp program may very well be the most corrupted Federal program ever devised, costing the taxpayers untold billions of dollars.

I have at hand a number of news articles which serve as only one example. These articles appeared on November 29 in the Burlington (N.C.) Times-News. An enterprising reporter for that newspaper, Mark Davis, decided to see if he could be successful in establishing a false identity so that he could apply for and

receive food stamps in Alamance County, N.C.

Clearly, the activities in which he was able to engage are all too common, as has been documented before the Committee on Agriculture, Nutrition, and Forestry by numerous witnesses earlier this year.

Additionally, once on the program, the newspaper reporter was successful in negotiating food stamps for beer and other totally ineligible items from several local grocery stores. Stores selling such items are in violation of the Food Stamp Act of 1977.

Abuses from the use of cash change are also cited by Mr. Davis. Change under $1 from food stamp purchases can be received in cash rather than in credit vouchers as was the case prior to 1979. Some recipients use a $1 food stamp to purchase gum or candy, using the change received for the purchase of ineligible items such as beer or cigarettes.

The problem of selling food stamps for cash—trafficking—was also demonstrated by Mr. Davis who was able to trade $110 in food stamps for $30 in cash in one Burlington store.

Food stamps were used to purchase drugs in an unrelated incident in which the city-county vice squad recovered $150 in food stamps along with cash in one recent drug bust involving marihuana, cocaine, and LSD.

More than anything else, however, the Burlington reporter's story points up the often-stated weakness of the present food stamp program—the ease with which citizens can apply for and receive food stamps. Minimal verification is required to establish identity, salary, household size, assets, and so forth.

The point, Mr. President, is that none of the reporter's incorrect information regarding occupation, salary, household size, assets, and so forth, was detected by the county's department of social services. Unfortunately, such oversights are common under the present program. Indeed, the reporter was finally caught in his false identity only because the Postal Service did not forward his second month's food stamp allotment from his temporary address to his permanent address.

Alamance County in North Carolina is by no means unique in food stamp fraud.

According to one of the news articles, food stamp specialists in the county estimated that almost one out of every three food stamp recipients uses the coupons fraudulently—or should not be receiving them at all. If these estimates by local food stamp officials are reasonably accurate, the implications involving the amount of fraud in the program nationally are frightening. The estimate, by the way, corroborates the Inspector General's findings earlier this year that in selected local food stamp projects in several Southeastern States which were audited by the OIG, the percentages of recipients who underreported their income ranged from 10 to 40 percent.

Needless to say, Mr. President, tax dollars channeled to fraudulent recipients who understate their income reduces the amount available to those who are truly in need of assistance. The deserving recipients include the elderly, and others such as the disabled, who are unable to provide for themselves and therefore have little or no income. Those who are able bodied simply should not be allowed into the program in the first place.

Let me add, Mr. President, that Congress has made some improvements in the program this year through the Omnibus Budget Reconciliation Act. Additional remedies are contained in the farm bill which is now pending in the House and thus have not yet been enacted or implemented.

However, even with all of these changes, many of the problems cited by these articles have not been addressed by Congress. The Inspector General of USDA has repeatedly reported that initial verification of applicant information is the most pressing need in the food stamp program in order to thwart recipient fraud. Regardless of the criticism aimed at me, I intend to continue working closely with the Department, the Inspector General, and interested colleagues and citizens to develop solutions to the verification problems which continue to plague the food stamp program. Our committee will be looking into this area considerably next year.

Mr. President, I ask unanimous consent that the articles from the Burlington (N.C.) Daily Times-News be inserted in the RECORD at the conclusion of my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

A FIRST-HAND SCAM ENDED WITH "GOTCHA"

A $400 free lunch is not only possible but comes courtesy of the federal government in the form of food stamps.

Acting on the motivation supplied by numerous stories of waste and fraud in the food stamp program, two Times-News reporters applied for food stamps to see if it was easy to rip off the system.

Their experience shows ripping off the system is easy and that little lies work better than big ones—but you may get caught.

Reporter Mark Davis played the role of a food stamp recipient until Nov. 12, when the person who approved his applications for stamps caught up with him and his bogus story of need.

The story began Oct. 2 when Davis applied for stamps at the Alamance County Department of Social Services, posing as an unemployed cabinet maker who had fallen on hard times and had two children to feed.

Ardith Shoffner, his social worker, believed everything he said and approved his application.

Four days later Davis' stamps—a packet of stamps worth $183—arrived in the mail for himself and his two nonexistent children.

FALSE ID TRIED

DSS Fraud Investigator Gerald York said lying about employment status and the number of dependents is the most common way to beat the system. Most of those arrested for food-stamp fraud lied about their employment, York says.

Rarer are those who, like reporter Tim Rodriguez, fake their identities to get stamps. Their numbers are fewer and their success rate is not as impressive as those who lie about their jobs.

On Thursday, Oct. 1, Rodriguez, posing as "J. D. Morris" of 426 S. Beaumont Ave., Burlington, applied for stamps. Claiming he was an itinerant painter and fruit picker (two jobs he has in past years held), Rodriguez said he came from Vero Beach, Fla., with a woman and her two pre-teen children to North Carolina in the hopes of finding gainful employment here.

The only items of identification he had were two letters addressed to Morris and delivered to his home, plus a state-issued employment security card, which he had obtained two days earlier at the local Employment Security Commission office. These less-than-substantial "documents" did not carry too much weight.

Claiming he had only $400 and no job, Rodriguez was unable to obtain the stamps because his flimsy identification was unacceptable to DSS intake worker Regina Thomas.

He was unable to produce a Social Security number for the fictitious woman who had come with him from Florida. He promised to return the next day with the woman and her Social Security number.

"J. D. Morris" never darkened Thomas' door again. Exit one would-be fraud . . .

SECOND TRY SUCCESSFUL

Davis tried the next day, relying on the adage that the best way to lie is to stick to the truth as closely as possible. In applying for the stamps, Davis used his real name, his real Social Security number and his real address.

Davis told a tale of unemployment and two hungry children to feed. An aging automobile carried him about Alamance County as he looked in vain for a new job, he added. In better times, he had been a cabinet builder for Dacarlo Cabinets Inc., a Raleigh-based firm that had tried unsuccessfully to open an office in Graham, he said.

The application also contained questions about medical expenses, rent and bills; the answers to these were short and truthful. Davis had moved temporarily to a house near Swepsonville and did not know how much most of the bills would be.

In the end, he handed back a form in which only his employment situation, the number of dependents and the name of his landlord had been falsified; the rest was truth.

APPLICATION SCREENED

Mrs. Shoffner, an intake worker whose job is to screen applicants before deciding whether they should receive stamps, interviewed him.

Davis wove a blanket of lies that included two fictitious young children, 4-year-old Jimmy Edward Davis and 2-year-old Lisa Annette Davis.

"I wondered how many others had made up fake families, paper children who existed only in a file," Davis recalled.

"And where is the mother of these children . . .?" Mrs. Shoffner asked.

"Who knows?" Davis answered bitterly. "Their mother left."

Warming to the tale, Davis added that he was ashamed to be applying for the stamps, "but I have to feed those young'uns."

Clearly sympathetic as the young man squirmed uncomfortably in his chair, Mrs. Shoffner assured Davis the stamps only had to be a temporary aid.

"You don't have to use them long," she said, "only until you get a job."

The only sticking point came when she asked for his address. Though he gave her the right address, he told her "Tommy Stone" was his landlord and would vouch that he had just moved to that address.

As Davis left, Mrs. Shoffner assured him there probably would be no trouble with his application and the stamps should arrive in the mail soon. All that was lacking, she said, was a call from Mr. Stone.

That afternoon Rodriguez, pretending to be landlord "Tommy Stone", called Mrs. Shoffner and assured her that the unem-

ployed cabinet maker and his two children lived at the address.

STAMPS ARRIVED

Four days later on Oct. 6, the stamps arrived in the mail.

He and Rodriguez then used the stamps in an investigation to see what food stamps will buy in Alamance County.

Davis' downfall began developing towards the end of October when he received a letter from Mrs. Shoffner telling him he had to have another interview at DSS Nov. 9 to see if there had been any change in his employment situation. The process is a formality required to determine if a stamp recipient's economic status has changed since he or she began receiving federal aid.

Davis did not visit the office this time; instead, he telephoned. In a brief conversation he told Shoffner his luck had changed. He proudly told her he had secured a job—as a mail-room employee at the Times-News.

Mrs. Shoffner sounded pleased when he said he would start work Dec. 1.

"Well, good," she said. "How much will you be earning?"

When Davis answered he would be making the minimum wage, she suggested that he perhaps should consider remaining on the welfare roll for the sake of his "children." He could receive fewer stamps per month, he said.

"No, I'm going to try it on my own for now," Davis told her. "I can call you back up if I can't do it."

Hanging up the telephone, Davis said he realized the game has rules that are easy to break, guidelines that fail to keep food-stamp customers honest; but that it also has people whose hearts go out to those with the hard-luck stories.

WE CAUGHT YOU

He assumed the game was over—but it was not. Several days later Davis was working on an unrelated story at the Times-News when the telephone rang. It was Mrs. Shoffner.

"Is this Mark Davis?" she asked.

"Yes it is," he answered.

"Mr. Davis, this is Ardith Shoffner, your intake worker," she said. "I've caught you."

Stunned, Davis groped for words for a few seconds before agreeing to see her again at DSS—except this time, he asked the questions.

Mrs. Shoffner, a six-month veteran of DSS, said she began to suspect something was wrong when Davis' second and last food stamp installment was returned. The postal service, according to instructions from DSS, had not forwarded the stamps from his temporary Swepsonville address to his permanent Burlington address.

When she tried to find Davis by contacting the mail room of the Times-News, she recounted, she was told no one named Mark Davis worked there.

Fearing the worst—"I began to think I'd been ripped off"—she contacted the newspaper's business office and was told there was only one Mark Davis at the paper—and he worked in the newsroom, not the mailroom.

Mrs. Shoffner also was told Davis has no children, is not married and has worked at the paper for almost two years.

"That's when I said 'I got you,' " she told Davis.

Mrs. Shoffner admitted she believed Davis' story when he applied a month earlier, and added that the guidelines surrounding food stamp use make it too easy for someone to defraud the system if they are determined.

If Davis had not telephoned Mrs. Shoffner, he probably would not have been caught, the intake worker said. Rather, he would have been placed in an inactive file after efforts to find the young man failed.

According to regulations, a recipient is bound to provide only his or her identification, proof of residence, a Social Security number and any income. Davis, though he lied about his income, met all those criteria.

"About anybody can get food stamps—and that's the sad part about it," Mrs. Shoffner said.

As a result, "I feel like I have to be suspicious of anything a client tells me," she said. "But on the other hand, you try not to harass them."

To keep the record straight, as planned, Davis gave the social services department a Times-News check for $183, the exact amount of the food stamps received.

All of the purchases had been stored. All except those "illegal" items, were given to the local Salvation Army.

FOOD STAMP PROGRAM: ONE IN THREE ABUSE AID, AND VERY FEW ARE CAUGHT

One of every 17 Alamance County residents receives food stamps. The cost in Alamance County is $3 million a year.

And, according to specialists, almost one one of every three food stamp recipients uses the coupons fraudulently or should not be receiving them at all.

Gerald York, the Alamance County Department of Social Services' welfare fraud investigator, estimates $1 million yearly goes to families that do not deserve the help. "I guess it's the easiest program to rip off," he said.

For every person York nails for fraud, 10 go undetected, he adds. So far this year he has filed fraud charges against 17 persons who are accused of trying to bilk the system for $11,796.

Thirteen of the 17 were charged with taking food stamps worth $8,382; the other four were accused of illegally double-dipping, receiving other federal welfare such as Aid to Families with Dependent Children. Eleven of the 13 have been convicted.

INCOME NOT REPORTED

Most often, a fraud case involves a recipient's failure to report income to the social worker, said York.

To apply for stamps, an application must be filed with an intake worker at DSS. The intake worker who reviews an application usually makes no effort to corroborate the claims, said York, adding that workers have too many caseloads to adequately follow up all cases and new applications.

DSS's six workers are responsible for roughly 500 cases each. "We're told not to verify (applicant's claim) unless there's some suspicion, some question," said York.

The government opened new vistas for fraud when it began mailing stamps directly to the home, York said. Before July 1980 a recipient had to pick up the stamps at the post office with an "authorization to purchase" card.

Sometimes the card had a tendency to turn up stolen or lost. To avoid that scam, the government decided to mail stamps directly to homes—and hence, the incidence of thefts from mailboxes skyrocketed.

But many of those "thefts" are not real, York aserts. Some recipients are reporting the stamps "stolen" and using them to buy non-edible items ranging from televisions to tobacco.

Last year DSS replaced $13,000 in "stolen" stamps, York said.

As part of an anti-fraud package, the Reagan administration vows it will not routinely replace the stolen stamps. Last month, Reagan's man in the Agriculture Department promised the USDA "will only replace them if there is evidence they were lost in a disaster such as a fire."

Nationwide, there are 22 million people receiving food stamps—a total bill of about $11 billion. Of that amount, the department estimates, as much as $1 billion a year is lost because of waste, fraud and abuse.

In an attempt to cut down on that waste, Reagan has proposed issuing special photo identification cards and giving Agriculture Department investigators special police powers—to make arrests and carry a gun. Neither of these proposals would have much effect on Alamance County or the rest of the state, officials agree.

Only people in the larger metropolitan areas would get ID cards. And even while Congress wages a battle over a question of special "welfare police," York complains the government will not give local agencies any fraud-detection training. "The feds should be giving us some training," he said.

As a result, a lucrative market has been born in which stamps are used to do more than fill the kitchen cabinets.

Retailers willing to take stamps for non-edible products usually mark up prices by 100 percent, he said. As a result, a six-pack of beer, for example, costs twice what it would with cash, $5 worth of gasoline cost $10 in stamps.

York says most of the illegal trade occurs in what he described as a "network" of recipients who buy and sell stamps in exchange for food, drinks, appliances and hardware. "Most of your buying and selling goes on between your recipients," said York. Nationwide, some food-stamp specialists claim cars, trucks and even guns can be bought with the stamps.

To see how easy it is to make illegal purchases with food stamps, two Times-News reporters went to numerous stores throughout the county with stamps they had received from DSS. What hindered their efforts was their unfamiliarity with the "network" of recipients.

Their findings showed the great majority of storekeepers do abide by the law and food stamp regulations—albeit somewhat grudgingly on occasion. But some did not.

FOOD STAMPS CAN BUY BEER

Want a free beer?

In mid-October two Times-News reporters proved beer can be bought with food stamps, using stamps to buy eight cans of beer.

On Oct. 13, the reporters, working-class young men, traded stamps outright for two beers at a convenience store in Burlington. Three days later they bought beer with stamps at a Graham convenience store.

Their success came easily despite a letter from the U.S. Department of Agriculture being one step ahead of the pair, warning storeowners that both locations of Joe's Shopwell Mini Marts Inc. cannot serve food stamp customers for one year because employees at those stores accepted stamps for non-edible items. Beer, cigarettes, household cleaners and other non-food items had been bought with stamps, the USDA charged.

The two Shopwell locations are the only stores of 139 Alamance County retailers in the food-stamp business caught this year taking coupons for items other than food.

Effective Sept. 19, the two Joe's Shopwell Mini Marts cannot accept food-stamp coupons for a year. U.S. Department of Agriculture officials said Joe L. Wilson, owner of the stores at 1204 Apple St. and 804 S. Mebane St., Burlington, can only accept cash at the stores.

Wilson was caught after undercover agents exchanged food stamps for numerous non-food items at the two stores, the USDA said. Department spokesmen would not say how many agents worked on the case or for how long.

The result was that store owners were on the alert, or, as one proprietory claimed, "They've had people coming around checking on us."

Despite the federal warning, the two reporters went to Rick's Mini Mart at the corner of Ireland and North Church streets on Oct. 13. After selecting pimento cheese, a pack of sliced ham and some frozen biscuits, they

also selected two 16-ounce beers, handing over a $5 food stamp for the total purchase.

It was an easy purchase. Neither the young woman behind the cash register nor the young man beside her said a word as she rang up the purchase, placed it in a bag and asked them to return.

Three days later they bought a six-pack of premium beer from Robert's Mini Mart at the corner of Walker Avenue and Elm Street in Graham.

It was a Friday night. Attired as before, the reporters tried to purchase Dorito chips and two six-packs of beer.

The tall, bearded man behind the counter recognized them—they were infrequent customers at the small store—and nodded hello. But when they produced the stamps to buy the beer, he said he was not allowed to exchange the coupons for the alcohol.

"I wish I could, but . . ." he said, shrugging and ringing up the purchase of chips.

So they paid for the chips with a $5 coupon, leaving the two frosty six-packs on the counter. But then he gave them $3 change in cash—not coupons as required by law.

According to law, any purchase with coupons in which change is handed back to the recipient must be paid back in coupons if the change totals more than $1. In this circumstance, the proprietor should have given them three $1 stamps plus coins.

By giving them three $1 bills plus some silver, he made it possible for them to pick up one six-pack.

"Now you've got it," he said as he rang up the transaction on the cash register.

To see if such a transaction was commonplace, the two immediately went to the King Bee store across from Cannon Mills. Again, they attempted to buy a six-pack, this time adding a can of soup to the purchase.

The young woman refused to sell them the beer, so they bought the soup and left the beer. She handed them four $1 stamps plus some change as required by law.

Merchant Must Face Temptation

Refusing food stamps for non-edible items sometimes is hard to resist, said a young man who manages an area convenience store that deals daily with food-stamp customers.

But "Tony" (not his real name) said he does not cheat the system—though other storekeepers do not always share his scruples.

Tony recently agreed to an interview in which he said there are several ways to circumvent the system and get almost anything you want with stamps, if you're determined.

The most common tactics, he said, is to buy a low-priced food item and use the change to buy non-edible items such as beer or cigarettes. According to law, food-stamp customers must receive change back from their purchases in more stamps if that change totals more than $1. But any change less than $1 is paid back in coins.

That is how customers feed their vices, Tony said.

"They can do it legal," he said. "They can come up here and buy a piece of 20-cent candy and get a beer or cigarettes with the change."

Tony can do nothing about it. As a licensed food-stamp retailer, Tony is bound to sell edible items to any customer who can produce the stamps and proof the stamps belong to them.

Mothers, fathers, brothers and sisters in a food-stamp family can buy cigarettes and wine and keep cars filled with gas—all of it financed by the federal government.

"They can buy anything," he said.

Tony's assertion proved true when a reporter earlier that month managed to buy gas. Using a $1 stamp, he bought a 10 cent piece of bubble gum and used the 90 cents change to put gas in his car's tank. Another reporter, also used change to buy an electrical fuse.

Tony admits he has broken the law by accepting coupons not in a book or in numerical sequence. Regulations require store owners to refuse stamps not in books, though Tony said he does not know of any storeowner who abides by that rule.

"Sometimes we take the coupons when they are not in the book, and we're not supposed to," he said.

Other people do not bother buying a low-priced item for change, offering Tony stamps worth double and triple the price of an article. Sometimes, Tony admitted, the offers are tempting.

"I've been tempted, yeah," he admitted. "I've had a guy offer me $30 worth (of stamps) for a $10 bill. I don't know if he was going to buy beer with it, or cigarettes or what."

"I've had a few people come in and say, 'Will you take food stamps for beer?' and I say 'No,' " Tony said. A possible $10,000 fine and revocation of the store's food stamp license keeps him honest, Tony said.

Loss of the food stamp license could cripple his business, he said. About 15 percent of his small store's trade is with food stamps—and some stores rely on stamps even more, he said.

But most customers make a small purchase and do what they want with the change—a practice that still infuriates Tony even after three years of dealing with customers.

"I'm not as nice to them," he said. "It kind of gets under your skin after a while.

"One man that lives nearby, he must come in here two or three times a day," Tony said, "and each time he buys cigarettes" by purchasing a small piece of candy and using the change to pocket a pack of cigarettes. "He must get five or six packs a day; I don't know what he does with them all."

Tony feels federal regulations should be tightened so that gum, candy and other food of questionable nutritional value cannot be purchased with stamps.

"I think they ought to cut out that candy, that junk food," he said. "It wouldn't bother me none if they tighten it up."

"I've had a few friends tell me they go up there (to the Department of Social Services) and lie to get coupons," he snorted. "Hell, I probably could get them myself."

Surplus Food Stamps Sold for Cash

The adage—"Think of it as money"—once applied only to credit cards. That adage could be expanded now to include food stamps.

On Nov. 19, the last day of an investigation by two Times-News reporters into alleged food-stamp fraud in Alamance County, a reporter sold $110 worth of food stamps for $30 to a storekeeper.

An employee of Judy's Thrift Shop at the corner of James and Mebane streets agreed to the deal, paying $30 for stamps worth almost four times that much.

The store was the fifth call the reporter—posturing as a food stamp client—made that afternoon as he tried to get rid of the stamps.

At first, the reporter tried to purchase a $59 .25-caliber pistol at Burlington Pawn Brokers. The store attendant was shown a $1 coupon; 109 more came with it if he would give the reporter the gun, he was told.

The attendant examined the coupon in silence. He asked the reporter if he had a gun permit. He did not.

The attendant said he needed a permit before any deal could be made. He added that he could not accept the coupons, but he would be glad to accept $110 in "sirloins . . . if you understand me."

The reporter next tried two grocery stores. One did not handle food stamps. At another an employee suggested, "If you don't need them, take them back where you got them."

At another buy-and-trade store, the owner said he would make no such deal. But he suggested selling them to a food-stamp recipient because he or she would surely pay $30 for food stamps worth $110.

At the Judy's Thrift Shop at 502 James St., a man wearing a light-brown corduroy jacket and white shirt was checking his wide assortment of merchandise against a list when the reporter entered.

Asked if he bought "things," he replied, "We're almost all bought out. What do you have?"

The reporter showed him a $1 coupon. "I need $30. I'll give you all 110 of these."

The two went to his desk near the door. The man took a thick wad of bills out of his coat pocket—all $20 bills. Before he counted out the money, he counted the stamps. Anyone could use them to buy food, the reporter claimed. The stamps came from books E53945310A and E53945309A.

The man removed a $20 bill, then some loose bills—a $5 bill and five singles.

"Nice doing business with you," said the reporter. Thirty dollars richer, he left the store.

Chalk up another scam.

Most Fraud Charges Result in Convictions

Persons charged with food stamp fraud apparently have an easier time in Alamance County Superior Court than in District Court, according to court observers.

In the past four years Gerald York, fraud investigator for the Alamance County Department of Social Services, has made 75 arrests and gotten 61 convictions.

While most cases stopped at District Court with suspended sentences, a few—usually involving active prison time—were appealed to Superior Court.

An exemplary case was the $1,500 fraud conviction against Melinda Lee of 825 Ross St., Burlington. On December 1980, she appealed a three-year sentence handed down by District Court Judge J. B. Allen, Jr.

In June, a Superior Court jury found her guilty of the same charges. But the appeal was worth the trouble. Her three-year sentence was reduced to six months by Superior Court Judge D. Marsh McLelland.

Although in prison, Lee's worries are not over, for she faces additional fraud charges. On Nov. 18, Assistant District Attorney Craig Thompson served notice to state prison officials that Lee still needs to be tried on a charge of cheating the federal Aid to Families with Dependent Children program of $235. She was arrested for that charge in October.

Another sample involved Pearl Massey of 403 Popular Road, Burlington. She was convicted in District Court in September 1980 of defrauding DSS of $18,695. The food stamp client owned 42 acres in Virginia, investigators learned, and the court ordered her to sell that land as part of her sentence.

Massey carried her case to Superior Court. On March 5, a deal was struck by Assistant District Attorney William Johnson to drop criminal charges in exchange for the sale of the same property already negotiated in District Court. To date the property has not been sold.

County Attorney Dow Spaulding has been in charge of the land sale in Pittsylvania County, Va. Because "it is very hard to determine the boundaries" of the land, there has been a delay in the sale, he said.

Spaulding had no idea when the land would be sold, but said he is convinced the sale will not recover the $18,695 Massey allegedly stole from taxpayers.

$28,842 in four years

Over the past four years, the court has ordered the welfare cheaters to pay back a total of $28,842. But York figures that plea bargaining in Superior Court has voided collection of at least $1,000 of that money through dropped charges. Six cases amounting to $3,018 are still pending.

According to statistics, the 11 food stamp recipients convicted of fraud this year in District Court all received suspended sentences on the condition they pay back social services. Their sentences vary from six months to two years.

The court can bar a defendant from the food stamp program for as long as two years. DSS also can suspend the cheater for six months if the court does not bar the person from the program.

Judge Allen usually takes the hardest line with fraud defendants, but he said it is unusual to hand down an active sentence in a first offense.

"I'm very satisfied with the sentences in District Court," said York. "But I can't say as I approve of all the plea bargaining in Superior Court."

Assistant DA Johnson said he "takes a practical evaluation to all plea bargains." In determining whether to take a reduced plea, Johnson said, he weighs the chances of conviction against the evidence.

York's 81 percent conviction rate is impressive by any law enforcement standards—but it could be better, the investigator says.

"There is a tremendous amount of fraud in the food stamp program," he said. But, he added, "some high-level federal and state officials will not admit that a real problem exists. I suspect that this is due to over-inflated egos and protection of high-paying jobs."

"Our state bases the food stamp fraud rate on the number of convictions obtained by the county agencies," said York. "Many counties have never prosecuted fraud cases and never will unless they are forced to. There are no agencies in this area that are staffed well enough to catch a high percentage of food stamp cheaters."

York also disagrees with claims that only a low percentage of total food-stamp customers cheat the system. Those claims are based on conviction rates—and that is the tip of a large iceberg, he said.

"Basing the fraud rate on the number of convictions is comparable to basing the murder rate in Alamance County on the number of murder convictions," he said.

According to York's assessment of the fraud problem, the county needs at least two investigators. As the lone investigator, York is not only the watchdog of food stamps but also of Aid to Families with Dependent Children and Medicaid programs—programs with a combined money value of about $6.7 million in Alamance County.

MOST CASES CONVICTED

In four years York has arrested 46 people on AFDC fraud and nine on Medicaid.

Of York's 61 convictions, 38 were the result of failure to report employment and 15 were for giving false information about household members.

Of those convicted during the four-year period, 39 have been black and 22 have been white.

To those who try to run down welfare frauds, a U.S. Supreme Court ruling earlier this month make it no easier. The highest court in the land refused to give state prosecutors the authority to read the files of food stamp recipients in search of welfare cheats. The justices, without comment, left intact a ruling in a Florida case where it was held that such access violates federal law when prosecutors have no reason to suspect cheating by a particular recipient.

ILLEGAL DRUG MARKET MIGHT USE STAMPS

The problem Alamance County's welfare fraud investigator faced four years ago "is larger now or as large as it has ever been."

Just hours after investigator Gerald York made that remark recently, the problem became even larger. The City-County Vice Unit arrested a suspected Burlington drug dealer man who allegedly had taken food stamps in exchange for drugs.

For a long time, vice agents have suspected that food stamps were used in drug trafficking, but the $150 in food stamps reportedly seized along with large quantities of marijuana, LSD and cocaine marked "the first time we've run across it," said vice Agent James Bowland.

In the Nov. 12 raid at the Brooklyn Street residence of Fred L. Allen, agents reported they discovered in an abandoned car in the back yard a bag containing 1½ pounds of marijuana, a gram of cocaine, 32 tablets of LSD and $200.

But there was a twist to this seizure: Agents reported they also seized food stamps worth $150.

Because the food stamps were lumped together with the cash and drugs, vice agents theorized Allen accepted stamps in his alleged drug dealings. Bowland said the stamps probably came from different coupon books since their numbers were not in sequence.

At first vice agents charged Allen with drug and weapon violations, but after talking with York, agents drew up a warrant for accepting federal food stamps "in exchange for controlled substances."

The raid in which Allen was arrested marked the second time this month vice agents had gone to his house with a search warrant. On Nov. 5 agents said they confiscated $32 in food stamps from Allen's residence but did not uncover any drugs. No charges were preferred against him at that time.

To investigator York, whose arrest record for stamp fraud is the best in the state, the arrest illustrated his claim that a "network" of stamp recipients purchase non-edible goods with the stamps. If that is the case, drugs now can be added to the televisions, alcohol, guns and other non-food items that stamps can procure.

Or, as Bowland said, food stamps for drugs is "a way you can get your pot for free."

WHAT THE STATE NEEDS IS MORE BILL HORNERS

Mr. HELMS. Mr. President, on November 22, Bill Horner of Sanford, N.C., celebrated his 80th birthday. Most of us aspire to reach that milestone, but all of us should aspire also the emulate the kind of life that has made this man one of the most remarkable citizens of North Carolina.

I greatly admire Bill Horner, Mr. President, because he is, and always has been, a "do-er." Throughout his life he has been a tireless and unselfish worker for his State and Nation.

A couple of days after Mr. Horner's birthday, another fine friend of mine, Hoover Adams, of Dunn, wrote an editorial for the Dunn Daily Record, of which Mr. Adams is editor and publisher. Hoover headed his editorial, "What the State Needs Is More Bill Horners." I agree with the headline—as far as it goes, but I would amend it to read that what the Nation needs is more Bill Horners.

Mr. President, I ask unanimous consent that the aforementioned editorial be printed in the RECORD at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT THE STATE NEEDS IS MORE BILL HORNERS

Our longtime friend, W. E. (Bill) Horner, Sr., publisher of The Sanford Herald, celebrated his 80th birthday on Sunday.

Ordinarily, when anybody celebrates a birthday, even an 80th, that's a private matter for family and friends.

But when a man like Bill Horner reaches such an important milestone, it's a matter of interest and importance to the whole State because Bill Horner has made such a great contribution not only to the people of the Sanford community but far beyond.

Bill Horner has watched (and directed) the growth of his newspaper from a small semi-weekly to become one of the major and most successful dailies in the State.

He has seen Sanford grow from a small community to a bustling city of over 14,000 people, one of the most highly industrialized cities in the State.

The truth is that Bill Horner and his newspaper have been largely responsible for the growth of Sanford and Lee County. Nothing promotes a community like a good newspaper and The Sanford Herald has always been a leader in that aspect.

Bill Horner's political leadership has also meant a lot to the growth and progress of Sanford and Lee County. As highway commissioner, he paved just about everything in Lee County that concrete would stick to.

Horner Boulevard was named in his honor and in recognition of his outstanding services as one of the ablest highway commissioners this State ever had.

As a newspaperman, Bill Horner is one of the best. He has always done an outstanding job and has always published a good newspaper. He's known throughout the industry and is a former president of the North Carolina Press Association.

He has been successful and has made a lot of money. In fact, he has given away to favorite institutions such as Methodist College and Duke Hospital more money than most people ever made in a lifetime.

Bill Horner is a gentleman of the old school whose ideas are as modern as tomorrow. But he still believes in the old-fashioned virtues of honesty, hard work, integrity and honor. He believes people ought to work for a living instead of taking handouts; he makes no apologies for putting his country first and for believing in the work ethic and Christian principles.

To the rest of us in the newspaper business, he has always been an inspiration.

Even at the ripe young age of 80, he hasn't slowed down much. He's at his typewriter nearly every day and if a word is misspelled in his newspaper he knows about it. He also keeps a keen eye on the cash flow.

At his age, and with his money, most people would be inclined to quit. Not Bill Horner. He keeps active not only in his business but as a community leader and in every other way.

Traveling is his hobby and he just recently returned from a tour of Spain. Already, he's planning for future trips to distant parts of the world.

In the meantime, he has all sorts of other projects going, including a major expansion of his newspaper plant.

We extend heartiest congratulations to fellow publisher Bill Horner on this important milestone of an 80th anniversary.

We've said it before and we say it again: What this country needs is more Bill Horners!

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 3:08 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the amendments of the House to the bill (S. 1003) to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 4559) making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG of Maryland, Mr. OBEY, Mr. YATES, Mr. MCHUGH, Mr. LEHMAN, Mr. WILSON, Mr. DIXON, Mr. GRAY, Mr. WHITTEN, Mr. KEMP, Mr. EDWARDS of Oklahoma, Mr. LIVINGSTON, Mr. LEWIS, Mr. PORTER, and Mr. CONTE as managers of the conference on the part of the House.

The message further announced that the House disagrees to the amendments of the Senate to the bill (H.R. 4995) making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appointed Mr. ADDABBO, Mr. CHAPPELL, Mr. MURTHA, Mr. DICKS, Mr. WILSON of Texas, Mr. HEFNER, Mr. GINN, Mr. WHITTEN, Mr. EDWARDS of Alabama, Mr. ROBINSON, Mr. MCDADE, Mr. YOUNG of Florida, and Mr. CONTE as managers of the conference on the part of the House.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4209) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes; it recedes from its disagreement to the amendments of the Senate numbered 15, 20, 31, 53, 56, 57, and 89 to the bill, and agrees thereto; and has receded from its disagreement to the amendments of the Senate numbered 5, 7, 8, 24, 25, 30, 46, 50, 54, 55, 58, 64, 66, 77, 78, 84, 90, 93, 99, 100, 101, 102, 103, and 104 to the bill, and has agreed to thereto, each with an amendment, in which it requests the concurrence of the Senate.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 4910. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations; and

H.R. 5139. An act to authorize appropriations for certain insular areas of the United States, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 215. Concurrent resolution expressing the sense of the Congress with respect to the imprisonment and treatment by the Government of the Soviet Union of Alexander Paritsky and his family.

HOUSE BILL REFERRED

The following bill was read twice by unanimous consent, and referred as indicated:

H.R. 5139. An act to authorize appropriations for certain insular areas of the United States, and for other purposes; to the Committee on Energy and Natural Resources.

HOUSE CONCURRENT RESOLUTION PLACED ON CALENDAR

The following bill was read twice by unanimous consent, and placed on the calendar:

H. Con. Res. 215. Concurrent resolution expressing the sense of the Congress with respect to the imprisonment and treatment by the Government of the Soviet Union of Alexander Paritsky and his family.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2348. A communication from the Clerk of the United States Court of Claims transmitting, pursuant to law, the court's opinion entering judgment for the plaintiffs in the matter of The American Indians Residing on the Maricopa-AK Chin Reservation v. The United States, No. 235; to the Committee on Appropirations.

EC-2349. A Communication from the Principal Deputy Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics transmitting, pursuant to law, a report concerning Selective Reserve recruiting and retention incentives; to the Committee on Armed Services.

EC-2350. A communication from the Director of the Federal Emergency Management Agency transmitting, pursuant to law, the Stockpile Report for October 1980 to March 1981; to the Committee on Armed Services.

EC-2351. A communication from the Chairman of the National Transportation Safety Board transmitting, pursuant to law, a copy of the Board's letter to the Office of Management and Budget appealing OMB's proposed budget allowance for fiscal year 1983; to the Committee on Commerce, Science, and Transportation.

EC-2352. A communication from the Acting Vice President of Amtrak for Government Affairs transmitting, pursuant to law, notice that Amtrak's report on the ratio of revenue to operating expenses on all basic systems routes will not be ready until February 1, 1982; to the Committee on Commerce, Science, and Transportation.

EC-2353. A communication from the Secretary of Commerce transmitting, pursuant to law, the report of the Inspector General of the Department of Commerce for the period April 1 to September 30, 1981; to the Committee on Commerce, Science, and Transportation.

EC-2354. A communication from the Secretary of the Federal Energy Regulatory Commission transmitting, pursuant to law, notice of the expiration of a stay relative to paragraph (A-2) of the Commission's Opinion No. 37-A, and a copy of an order issued on November 20, 1981; to the Committee on Energy and Natural Resources.

EC-2355. A communication from the Secretary of the Interior transmitting, pursuant to law, the tenth annual report on the operation of the Colorado River; to the Committee on Energy and Natural Resources.

EC-2356. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Requests for Federal Disaster Assistance Need Better Evaluation"; to the Committee on Environment and Public Works.

EC-2357. A communication from the Chairman of the Nuclear Regulatory Commission transmitting a draft of proposed legislation to help alleviate some of the most significant financial hardships associated with relocating the Commission's resident inspectors to individual nuclear facility sites; to the Committee on Environment and Public Works.

EC-2358. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "GSA's Federal Buildings Fund Fails to Meet Primary Objectives"; to the Committee on Environment and Public Works.

EC-2359. A communication from the Chairman of the Board of Foreign Scholarships transmitting, pursuant to law, its annual report entitled "Fulbright Program Exchanges, 1980"; to the Committee on Foreign Relations.

EC-2360. A communication from the Assistant Secretary of Commerce for Administration transmitting, pursuant to law, a report on a proposed new system of records under the Privacy Act; to the Committee on Governmental Affairs.

EC-2361. A communication from the Secretary of the Panama Canal Commission transmitting, pursuant to law, a report on two new systems of records under the Privacy Act; to the Committee on Governmental Affairs.

EC-2362. A communication from the Assistant Secretary of Commerce for Administration transmitting, pursuant to law, a report on a new system of records under the Privacy Act; to the Committee on Governmental Affairs.

EC-2363. A communication from the Deputy Administrator of the General Services Administration transmitting, pursuant to law, a report on the disposal of surplus Federal real property for historic monument purposes for fiscal year 1981; to the Committee on Governmental Affairs.

EC-2364. A communication from the Deputy Chief of the Army and Air Force Exchange Service transmitting, pursuant to law, a report on the financial condition of the Service's pension plans; to the Committee on Governmental Affairs.

EC-2365. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of an Act of the Council, D.C. Act 4-120; to the Committee on Governmental Affairs.

EC-2366. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of an Act of the Council, D.C. Act 4-119; to the Committee on Governmental Affairs.

EC-2367. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of an Act of the Council, D.C. Act 4-117; to the Committee on Governmental Affairs.

EC-2368. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of an Act of the Council, D.C. Act 4-118; to the Committee on Governmental Affairs.

EC-2369. A communication from the Auditor of the District of Columbia transmitting, pursuant to law, a report entitled "University of the District of Columbia President's Discretionary Fund"; to the Committee on Governmental Affairs.

EC-2370. A communication from the Assistant Secretary of the Interior for Indian Affairs transmitting, pursuant to law, a proposed plan for the use and distribution of the Wichita judgment funds; to the Select Committee on Indian Affairs.

EC-2371. A communication from the Chairman of the United States Civil Rights Commission transmitting, pursuant to law, a report on affirmative action; to the Committee on the Judiciary.

EC-2372. A communication from the Assistant Secretary of Education for Civil Rights transmitting, pursuant to law, the annual report on compliance and enforcement activities of the Office for Civil Rights; to the Committee on Labor and Human Resources.

EC-2373. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Regulation of Cancer-Causing Food Additives—Time for a Change?"; to the Committee on Labor and Human Resources.

EC-2374. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Students Receiving Federal Aid are not Making Satisfactory Academic Progress: Tougher Standards are Needed"; to the Committee on Labor and Human Resources.

EC-2375. A communication entitled "Office for Civil Rights Annual Report to Congress", U.S. Department of Education; to the Committee on Labor and Human Resources.

EC-2376. A communication from the Administrator of the Veterans Administration transmitting, pursuant to law, the report on the Exchange of Medical Information program of the Veterans Administration for the fiscal year 1981; to the Committee on Veterans Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-647. A concurrent resolution adopted by the Legislature of the State of Louisiana, to the Committee on Agriculture, Nutrition, and Forestry.

"HOUSE CONCURRENT RESOLUTION No. 28

"Whereas, the United States Congress has passed many measures to assist many industries in this country; and

"Whereas, in recent years the automotive and construction industries have been the beneficiaries of several measures which have produced jobs for people in these industries and which have improved the availability of housing and personal transportation; and

"Whereas, the farm industry has been adversely affected by the same economic factors which have burdened the automotive and construction industries; and

"Whereas, these economic factors include high interest rates, high fuel costs, high costs of materials, and low prices for finished products: and

"Whereas, these economic conditions have forced many established farmers out of operation and have made it impossible for young farmers to enter the industry; and

"Whereas, the availability of wholesome, nutritious food is at least as important as the availability of shelter and transportation.

"Therefore, be it resolved by the House of Representatives of the Legislature of Louisiana, the Senate thereof concurring, that the United States Congress is hereby memorialized to take such steps as are necessary to provide economic incentives and assistance to farmers in this country.

"Be it further resolved, that a copy of this Resolution shall be transmitted without delay to the presiding officers of both Houses of the United States Congress and to each member of the Louisiana Congressional Delegation."

POM-648. A resolution adopted by the Military Order of Foreign Wars of the United States, favoring an active Selective Service System; to the Committee on Armed Services.

POM-649. A concurrent resolution adopted by the Legislature of the State of Louisiana; to the Committee on Energy and Natural Resources.

"HOUSE CONCURRENT RESOLUTION No. 31

"Whereas, Congress enacted the Natural Gas Policy Act in 1978 to remedy the natural gas shortages which had occurred in those areas serviced primarily by interstate natural gas pipeline systems; and

"Whereas, the Louisiana industrial community is presently experiencing a 20 percent shortfall in supplies of natural gas; and

"Whereas, the availability of adequate and reliable supplies of natural gas is absolutely essential to the continued viability of Louisiana's main industry, the petrochemical industry, and to the jobs created by those industries; and

"Whereas, a few of the large petrochemical plants are already laying off large numbers of employees due to their inability to obtain adequate supplies of affordable natural gas; and

"Whereas, the intrastate natural gas pipeline system, which had been healthy and expanding prior to the passage of the Natural Gas Policy Act, is now being squeezed between the higher prices at which the interstate systems are able to buy gas and the lower prices at which they are able to sell gas, because of their cushion of older, cheaper gas; and

"Whereas, Louisiana's intrastate pipeline system is in danger of being squeezed out of the market in Louisiana, and their customers in the industrial sector are not able to obtain adequate gas supplies from the interstate systems due to complex and unfair federal regulations that require that most of the gas going into the interstate market be sent to other states and areas; and

"Whereas, the deregulation provisions of the National Gas Policy Act do not go far enough to remedy the problems that are occurring in Louisiana and that partial deregulation will not occur soon enough to prevent the severe market disruptions which are taking place now; and

"Whereas, there are indications that drilling for natural gas is being hampered by continuing price and market controls; and

"Whereas, decontrol will encourage increased drilling and production, thereby increasing the supplies available to all consumers of natural gas in the country; and

"Whereas, measures must be taken to deal with the problems relating to existing contract clauses which may cause sharp increases in natural gas prices if not addressed; and

"Whereas, inaction with regard to deregulation will cause even sharper increases in prices of natural gas if partial deregulation is allowed to proceed as presently anticipated in the National Gas Policy Act.

"Therefore, be it resolved by the House of Representatives of the Legislature of Louisiana, the Senate thereof concurring, that the President and the Congress of the United States are hereby memorialized to enact amendments to the Natural Gas Policy Act that would immediately remove all legislative and regulatory barriers to accessibility of natural gas by all purchasers, that would decontrol the price of old gas as well as new gas, that would provide for a legislative interpretation of "area-rate" clauses to equate to "market-rate clauses", and that would revise escalator provisions covering maximum lawful prices of all categories of gas to reach market clearing prices.

"Be it further resolved, that Congress should also, as a companion measure amend the Power Plant and Industrial Fuel Use Act to allow for the most efficient use of natural gas as provided in the market place.

"Be is further resolved that a copy of this Resolution be transmitted to the President of the United States and the members of Louisiana's congressional delegation, the Speaker of the United States House of Representatives, and the President of the United States Senate."

POM-650. A resolution adopted by the Episcopal Diocese of Western Massachusetts, relative to the termination of military aid to El Salvador; to the Committee on Foreign Relations.

POM-651. A petition from a citizen of Clearwater, Fla., relative to use of United Nations funds to support the South West Africa People's Organization; to the Committee on Foreign Relations.

POM-652. A resolution adopted by the Ohio Baptist Bible Fellowship of Pastors and Churches, relative to free literature distribution at State fairs; to the Committee on the Judiciary.

POM-653. A petition from the Ethiopian Zion Coptic Church concerning the abolition of the marijuana laws; to the Committee on the Judiciary.

POM-654. A petition from a citizen of Vienna, Va., relating to collection of recoverable funds into the U.S. Treasury; to the Committee on Labor and Human Resources.

POM-655. A resolution adopted by the House of Representatives of the State of Louisiana; to the Committee on Labor and Human Resources.

"HOUSE RESOLUTION No. 6

"Whereas, there presently exist several programs combined under the name "TRIO" which provide various useful and necessary services to secondary and post secondary students; and

"Whereas, among these services are the following: Upward Bound, Special Services, Educational Talent Search, Educational Opportunity Center, and Training for Special Programs; and

"Whereas, these five programs have been especially recognized as being highly successful in attracting students to college, assisting them in securing the means to enroll in colleges, and retaining them in colleges; and

"Whereas, such successes have been documented in the 32 TRIO programs that currently operate in almost every institution of higher education in Louisiana; and

"Whereas, these programs currently serve more than 9,500 students; and

"Whereas, it appears that the Reagan administration is now suggesting cuts in the funding of these very successful programs; and

"Whereas, such cuts would surely work to the detriment of the students currently benefiting from such programs and could possibly result in the eventual termination of these much needed programs.

"Therefore, be it resolved by the House of Representatives of the Louisiana Legislature

that the House does hereby memoralize the Congress of the United States to continue funding TRIO programs at least at the same level as such programs were funded during the last fiscal year.

"*Be it further resolved* that a copy of this Resolution shall be transmitted to the chairmen of the Congress' two standing appropriations committees, the Speaker of the U.S. House of Representatives, the President of the U.S. Senate, the secretary of the U.S. Department of Education, the President's chief budget advisor, the President of the United States, and to each of the members of the Louisiana congressional delegation."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr THURMOND, from the Committee on the Judiciary, without amendment:

S. 267. A bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes (Rept. No. 97-297).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 1402. A bill to establish uniform national standards for the continued regulation, by the several States, of commercial motor vehicle width and length on interstate highways (Rept. No. 97-298).

S. 1879. A bill to amend the Milwaukee Railroad Restructuring Act and the Rock Island Transition and Employee Assistance Act to facilitate the purchase of lines of bankrupt carriers to provide for continued rail service and for other purposes (Rept. No. 97-299).

By Mr. DANFORTH, from the Committee on Governmental Affairs, with an amendment in the nature of a substitute:

S. 1131. A bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

By Mr. ROTH, from the Committee on Governmental Affairs:

Special report prepared by the Permanent Subcommittee on Investigations entitled "Witness Security Program" (Rept. No. 97-300).

WITNESS SECURITY PROGRAM

● Mr. ROTH. Mr. President, on behalf of the Senate Committee on Governmental Affairs, I submit a report of its permanent Subcommittee on Investigations entitled "Witness Security Program."

This report reflects the extensive investigation undertaken by the permanent Subcommittee on Investigations last year under the very able chairmanship of Senator SAM NUNN. It analyzes some of the basic problems associated with one of the programs most essential to the overall law enforcement attack on organized crime and narcotics trafficking—the witness security program.

This report makes several recommendations and seeks specific proposals from the Department of Justice on what legislative and administrative changes are necessary to insure that this program is effective. The report stresses that the program must operate in a way which will truly promote the overall ability of the Federal Government to protect those individuals who, with their own personal safety at stake, are required to provide essential testimony against major criminal offenders.●

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BENTSEN:

S. 1951. A bill to change the penalties for possession of controlled substances under section 401(b) of the Controlled Substances Act; to the Committee on the Judiciary.

By Mr. ZORINSKY:

S. 1952. A bill to authorize the Commodity Credit Corporation to sell corn or other feed grain acquired through price-support operations to persons for conversion into alcohol for use as fuel; to the Committee on Agriculture, Nutrition, and Forestry.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BENTSEN:

S. 1951. A bill to change the penalties for possession of controlled substances under section 401(b) of the Controlled Substances Act; to the Committee on the Judiciary.

PENALTIES FOR POSSESSION OF CONTROLLED SUBSTANCES

● Mr. BENTSEN. Mr. President, I am introducing today to amend the Controlled Substances Act in order to make it a more effective deterrent to traffickers in nonnarcotic drugs.

I would like to explain why this legislation is necessary and what I am trying to accomplish. As currently written, the Controlled Substances Act lists dangerous substances in five schedules and proscribes trafficking in all of them. The most dangerous ones and the ones that are most subject to abuse are listed in schedules I and II. The act, however, distinguishes between narcotic and nonnarcotic drugs in regard to penalties for dealers. Trafficking in narcotic drugs is punishable by imprisonment for a term of up to 15 years or a fine of up to $25,000, or both. By way of contrast, the dealer in nonnarcotic drugs, listed in schedules I and II, is subject to a jail term of not more than 5 years or a fine of up to $15,000 or both.

Mr. President, this historical distinction between narcotic and nonnarcotic substances has lost most of its validity in light of present patterns of abuse. Heroin, for example, is clearly a narcotic; those who deal in it would be liable to severe punishment. But, in recent years we have seen the advent of widespread abuse of substances like LSD, PCP, and speed; none of these is a narcotic.

Many of these dangerous and illicit nonnarcotic drugs are manufactured in domestic clandestine laboratories. The General Accounting Office recently looked into this matter. Citing statistics from the National Narcotics Intelligence Committee, the GAO concluded that these laboratories produced virtually all of the stimulant methamphetamine (speed), hallucinogens, such as phencyclindine (PCP), and lysergic acid diethylamide (LSD) available in this country. In addition, they churned out substantial quantities of amphetamines and methaqualone. It is also important to understand that a substance like PCP is made entirely from synthetic ingredients, which were previously easy to get. A few years ago, unscrupulous individuals were manufacturing PCP in garages and even in vans, and thousands of lives have been destroyed as a result of their efforts. We went on record in 1978 and enacted legislation requiring registeration of purchasers of piperidine, one of the essential ingredients of PCP. This legislation has been helpful in reducing the incidence of PCP abuse. So I think it is important to understand that narcotics are no longer the sole or even the major threat in the area of drug abuse. Nonnarcotic substances pose a menace of equal and potentially greater dimensions.

However, at a time when we have an obvious increasing problem with drug abuse in America and a proliferation of illegal manufacturing centers, the effort to enforce the Controlled Substances Act has been a dismal failure. The GAO study, which I cited earlier, reviewed 68 closed clandestine laboratory cases at 13 Drug Enforcement Administration field offices. These cases involved 153 violators who were convicted in Federal courts for dealing in dangerous drugs.

What happened to these individuals who are the source of much of the illegal mind-destroying substances that found its way to the streets during the 1978–80 period? 44 of them, or 29 percent never went to prison; they were placed on probation, had their sentences suspended, or were simply fined. 56 of them, or 37 percent, received prison sentences of 3 years or less. In other words, Mr. President, even when we catch and convict traffickers under the Controlled Substances Act, two out of three of them either get off scot-free or serve less than 3 years in jail. I think this is an incredible and alarming statistic.

The legislation I am proposing today would eliminate the distinction between the penalties for dealing in narcotic and nonnarcotic substances listed in schedules I and II of the Controlled Substances Act. Dealing in PCP or LSD, for example, would be considered as serious—in terms of potential punishment—as trafficking in heroin.

My legislation would require that all traffickers in dangerous drugs listed under schedules I and II be punished by imprisonment of up to 15 years or a fine of up to $25.000, or both. Dealing in nonnarcotic substances would no longer be a bargain in terms of potential punishment. Second offenders would be sub-

ject to 30 years in jail or a fine of up to $50,000, or both. This legislation would also have the effect of increasing the penalty for trafficking in PCP from 10 to 15 years.

Crime, Mr. President, is a major concern of the American people. The importation, manufacture, and distribution of illegal substances creates much of the criminal activity in America these days. It is not enough to decry crime—we can and we must be prepared to do something about it. The legislation I am proposing today certainly will not eliminate the illegal manufacture of dangerous substances, but it will be a step in the right direction.

It will put those persons who traffic in poisons like PCP, LSD, and speed, on notice that once apprehended, they will be liable for more than a slap on the wrist. It will provide an incentive for law enforcement officials to concentrate on putting these clandestine operations out of business. It will help focus attention on the abuse of nonnarcotic substances.

Mr. President, I hope the Senate will move quickly to approve this legislation and I ask unanimous consent that the text of the bill be printed in the RECORD at the conclusion of these remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1951

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Controlled Substances Amendments Act of 1981".

SEC. 2. Subsection (b) of section 401 of the Controlled Substances Act (21 U.S.C. 841)) is amended by—

(1) striking out the first sentence of subparagraph (A) of paragraph (1) and inserting in lieu thereof the following: "In the case of all controlled substances in Schedule I or II, such person shall be sentenced to a term of imprisonment of not more than 15 years or a fine of not more than $25,000, or both.";

(2) striking out the first sentence of subparagraph (B) of paragraph (1) and inserting in lieu thereof the following: "In the case of any controlled substance in Schedule III, such person shall be sentenced to a term of imprisonment of not more than 5 years, a fine not more than $15,000, or both."; and

(3) by striking out paragraph (5) and redesignating paragraph (6) as paragraph (5).●

By Mr. ZORINSKY:

S. 1952. A bill to authorize the Commodity Credit Corporation to sell corn or other feed grain acquired through price-support operations to persons for conversion into alcohol for use as fuel; to the Committee on Agriculture, Nutrition, and Forestry.

USE OF SURPLUS GRAIN FOR PRODUCTION OF ALCOHOL

Mr. ZORINSKY. Mr. President, I am introducing today a bill to facilitate the use of surplus grain for the production of alcohol.

The Department of Agriculture estimates that only 110 million bushels of corn will be used in the production of gasohol in the 1982 marketing year ending next October 1.

We ought to look upon our ability to produce such an abundance as one of our greatest assets, an advantage that should be put to constructive use. My State of Nebraska has been a pioneer in the production of alcohol from grain. The State government has established an agricultural products industrial utilization committee (gasohol). Farm organizations have supported the conversion of grain into motor fuel. Likewise, the people of Nebraska and all citizens of the United States recognize the great potential grain provides in our efforts to obtain energy self-sufficiency, particularly in motor fuel.

The production of alcohol from a renewable resource would lessen our dependence upon foreign sources in the satisfaction of our energy needs and would improve the balance of payments.

According to USDA, we have a grain abundance near record levels in the carryover of corn. Excluding this year's harvest, beginning corn stocks as of October 1, 1981, total 1.034 billion bushels. If one adds to this amount 8.097 billion bushels expected from the 1981 corn production—the November forecast—and 1 million bushels in imports, we have an estimated carry-in supply of 9.132 billion bushels of corn.

Utilization of corn for feed from the 1981 crop is projected at 4.250 billion bushels. Moreover, USDA estimates 800 million bushels for food, seed, and industrial use. Exports are expected to be 2.450 billion bushels and total domestic use is forecast to be 7.500 billion bushels.

If one subtracts 7.500 billion bushels of utilization from 9.132 billion bushels of carry-in stocks, ending stocks will amount to 1.632 billion bushels at the end of the 1981–82 marketing year, unless we employ American ingenuity and imagination. In analyzing these ending stocks, USDA finds that 237 million bushels will be owned by the Commodity Credit Corporation, 650 million bushels are estimated to be held in the farmer-owned reserve, and the remainder will end up as free stocks. These ending stocks will not only be expensive to store, they will also be depressive to market prices.

Market prices for the grains are already reacting to the forecasts of building surpluses. Since January of this year, the average market price for corn has declined 86 cents per bushel, from $3.19 to $2.33 per bushel. The average market price for milo declined from the January level of $5.48 per hundredweight to $3.96 per hundredweight, a drop of $1.52 per hundredweight.

Greater corn and milo utilization would help strengthen market prices while at the same time Government costs for farm and commercial storage of grain could be substantially reduced.

According to USDA, for example, the average per bushel cost of storing grain owned by the Commodity Credit Corporation is 29.15 cents.

The minimal storage cost for the 237 million bushels of corn already owned by CCC at the end of November is $69 million. Any additional corn channeled into CCC ownership would simply increase this cost.

The size and number of facilities to convert corn to alcohol would, of course, determine the amount of grain that could be utilized. I believe, however, that an effort should be made now to increase grain used for alcohol production. Moreover, we should encourage private investment in alcohol production facilities.

My bill would provide that corn would be available for sale if used in the production of alcohol at the fuel conversion price as determined by the Secretary of Arigculture. The bill specifically provides that "the Secretary of Agriculture shall establish the price for corn sold under this act at such level as he determines will permit and encourage the purchase of such grain for conversion into alcohol for use as a fuel either by itself or in combination with another product and will permit such fuel to be competitive in price with petroleum-based fuels, taking into consideration the energy value of corn or other feed grain, the value of byproducts recoverable from corn, and, when applicable, the differences in octane rating, Federal and State tax incentives applicable to alcohol used for fuel, and such other factors and values as the Secretary considers appropriate."

The bill provides that, notwithstanding the provisions of existing law on the release price of CCC-owned grain, the Secretary would sell grain for the production of alcohol at an economically feasible level.

It is obvious that the fuel conversion price would vary, depending upon changes in the costs of production of both gasoline from crude oil and alcohol from grain. Therefore, the bill provides flexibility in determining an economically feasible price.

If this bill becomes law, our Nation will enjoy many benefits: First, greater self-sufficiency in the satisfaction of our energy needs, particularly motor fuel; second, a reduction in Government costs in the storage of grain; third, an improvement in the balance of payments; and fourth, a marketing opportunity for farmers that will hopefully result in profits from the sale of corn.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1952

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding any other provision of law, the Commodity Credit Corporation may sell corn and other feed grain acquired by it through price support operations to any person, upon application, for the conversion of such grain by such person into alcohol for use as a fuel either by itself or in combination with some other product to include gasohol.

(b) The Commodity Credit Corporation shall sell such grain under the authority of this Act at such price as the Secretary of Agriculture shall establish pursuant to sub-

section (d) and on such other terms and conditions as the Secretary shall prescribe by regulations.

(c) The Secretary of Agriculture shall establish such safeguards as he considers necessary to assure that grain sold under the authority of this Act to any person is used by such person only for conversion into a fuel.

(d) The Secretary of Agriculture shall establish the price for grain under this act at such level as he determines will permit and encourage the purchase of such grain for conversion into alcohol for use as a fuel either by itself or in combination with another product and will permit such fuel to be competitive in price with petroluem-based fuels, taking into consideration the energy value of corn or other feed grain, the value of byproducts recoverable from the grain, and, when applicable, the differences in octane rating, Federal and State tax incentives applicable to alcohol used for fuel, and such other factors and values as the Secretary considers appropriate.

ADDITIONAL COSPONSORS

S. 1215

At the request of Mr. PROXMIRE, the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 1879

At the request of Mrs. KASSEBAUM, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 1879, a bill to amend the Milwaukee Railroad Reconstructing Act and the Rock Island Transition and Employee Assistance Act to facilitate the purchase of lines of bankrupt carriers to provide for continued rail and for other purposes.

SENATE JOINT RESOLUTION 117

At the request of Mr. BOREN, the Senator from Georgia (Mr. NUNN), the Senator from South Carolina (Mr. (THURMOND), the Senator from Missouri (Mr. DANFORTH), and the Senator from Oklahoma (Mr. NICKLES) were added as cosponsors of Senate Joint Resolution 117, a joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week."

SENATE JOINT RESOLUTION 118

At the request of Mr. BENTSEN, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of Senate Joint Resolution 118, a joint resolution to authorize and request the President to designate the month of January 1982, as "National Cerebral Palsy Month."

SENATE JOINT RESOLUTION 133

At the request of Mr. DECONCINI, the Senator from California (Mr. CRANSTON) was added as a cosponsor of Senate Joint Resolution 133, a joint resolution to authorize and request the President to designate August 14, 1982, as "National Navajo Code Talkers Day."

SENATE CONCURRENT RESOLUTION 53

At the request of Mr. BOSCHWITZ, the Senator from New York (Mr. MOYNIHAN) was added as a cosponsor of Senate Concurrent Resolution 53, a concurrent resolution expressing the sense of the Congress with respect to the policies of the Government of the Soviet Union of anti-Semitism and discrimination against Jewish immigration.

SENATE RESOLUTION 257

At the request of Mr. MATTINGLY, the Senator from South Dakota (Mr. ABDNOR) was added as a cosponsor of Senate Resolution 257, a resolution to express the sense of the Senate that the Secretary of Agriculture should continue Department policy in deferring the repayment of, and foreclosure proceedings on, certain outstanding loans made by the Farmers Home Administration.

AMENDMENTS SUBMITTED FOR PRINTING

TREASURY, POST OFFICE APPROPRIATION, 1982

AMENDMENT NO. 1241

(Ordered to be printed.)

Mr. D'AMATO proposed an amendment to the bill (H.R. 4121) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain Independent Agencies for the fiscal year ending September 30, 1982, and for other purposes.

NOTICE OF HEARINGS

SUBCOMMITTEE ON CONSUMER AFFAIRS

Mr. CHAFEE. Mr. President, I would like to announce that the Consumer Affairs Subcommittee will hold a hearing on the issue of delayed funds availability.

The hearing will take place on Wednesday February 24, 1982, beginning at 9:30 a.m., in room 5302 of the Dirksen Senate Office Building.

The subcommittee will examine financial practices with regard to restrictions on customers' abilities to withdraw funds represented by checks deposited into their accounts. This will include an examination of the extent of such restrictions, their relation to the institution's check collection experience, and the extent to which such practices are communicated to consumers.

For further information, you may wish to contact Annette Fribourg at 224–2921. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Senate Committee on Banking, Housing and Urban Affairs, 5300 Dirksen Senate Office Building, Washington, D.C. 20510.

Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of public hearings before the Consumer Affairs Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs.

The hearings will take place on Wednesday, March 3, 1982 beginning at 9:30 a.m., in room 5302 of the Dirksen Senate Office Building. Testimony will be received regarding the extent of the Federal Government's involvement in the operation of the Nation's payment systems.

Over the past decade, the Federal Reserve System has played a major role in the development of electronic funds transfer (EFT) industry, operating all but one of the Nation's automated clearinghouses (ACH's) as well as the Fedwire transfer network. In 1978, the Federal Reserve established a nationwide linking of the individual automated clearinghouses. The Federal Reserve is currently in the process of procuring a new and sophisticated nationwide telecommunications network to be known as FRCS–80 (Federal Reserve Communications System for the 1980's).

Growing concern has been expressed about the Federal Government's increasing operational, as opposed to regulatory, role in the EFT marketplace. The subcommittee will examine the impact of the Federal Reserve service offerings on private sector service providers, depository institutions, and commercial and private consumers. The committee will also explore the costs of the systems being acquired as well as the other costs of providing each of its payments services, and how the explicit pricing of services required by the act will affect the marketplace.

For further information regarding the hearings, you may wish to contact Annette Fribourg at 224–2921.

Those wishing to submit a written statement for the record should write to the Committee on Banking, Housing and Urban Affairs, room 5300, Dirksen Senate Office Building, Washington, D.C. 20510.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Judiciary Committee be authorized to hold a full committee hearing during the session of the Senate at 2 p.m. on Monday, December 14, to discuss the nomination of Stanley Harris to be U.S. Attorney for the District of Columbia.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

PAKISTAN

● Mr. GLENN. Mr. President, on November 19, the Foreign Relations Committee filed report No. 97–276 to accompany Senate Concurrent Resolution 48, a resolution of disapproval of the proposed sale to Pakistan of F–16 aircraft. The committee voted 10 to 7 to report the resolution unfavorably and I joined the committee majority in opposing the resolution. However, the report as filed does not adequately reflect my views concerning the sale of the F–16's, particularly with respect to the implications for our nonproliferation policy, indeed, on this issue I am more in sympathy with the views of the minority. Unfortunately, for various reasons, I did not file additional views to be included with the report. I should therefore like to take this opportunity to explain my position regarding the Pakistani situation and have

this statement serve as my additional views to report No. 97–276.

Mr. President, I am in favor of assisting Pakistan in meeting its national security needs. That does not mean, however, that even under the best of circumstances I can be totally sanguine about the results which may be obtained through the present sale of F–16 aircraft. Although President Zia has been in his position for 4 years, which is a lot longer than many people would have predicted when he first came in, there are significant elements of instability in Pakistan—and that should give us pause. We have gone down that road in the past a number of times.

The last example was disastrous, not only for us, but for many others as well, including the people of Iran. There are other considerations which need to be taken into account in considering this sale. The ostensible purpose is to provide Pakistan with the ability to withstand Soviet, or Soviet-backed aggression. But what is the Pakistani view of their security situation? In a speech by Foreign Minister Agha Shahi given on June 30, 1981 he says:

> There should be no constraint on the pursuit of an independent foreign policy as we have been pursuing in the past. Whether in regard to Jerusalem or Palestine or support to the Iranian revolution or wanting to bring out a transformation of the whole Persian Gulf region into a nonaligned area free of the military presence of the super-powers, free of the presence of the American rapid deployment force and withdrawal of Soviet forces from Afghanistan.

Mr. Shahi continued:

> We have espoused the cause of Palestinians for 35 years. We stand for the liberation of Jerusalem, we support the Islamic Revolution of Iran. We are totally against military super-power presence in the Gulf.

Mr. Shahi also stated:

> The Soviet Union has assured that we pose no danger to you. We have to take the Soviet Union at her word. Again here, if I were speaking to you off the record, I could tell you something more, but I shall have to confine myself on this issue by saying that an attack by a super-power on another country in the region will not remain confined to the aggressor and the victim . . . and therefore this fear in your mind about the danger of an attack by the Soviet Union should be allayed. And the Soviets have categorically assured us, and this has been stated by President Brezhnev a number of times that we should not take into account this possibility. Any other attack, well this is precisely the reason why we want to get the arms quickly. We should be able to defend ourselves against an attack from any quarter.

Finally, Mr. Shahi states in his speech:

> We will pursue, in spite of this agreement, normalization with India, but on the basis of sovereignty, equality, we will never accept the Indian hegemony or its predominant position.

Mr. President, these statements suggest to me that the Pakistanis are at least concerned about their security, vis-a-vis India, as they are vis-a-vis the Soviet Union. Indeed, I have looked into the deployment of Pakistani military manpower and equipment and I can tell you that since the Soviet invasion of Afghanistan, there has been very little movement of troops and material toward the border with Afghanistan. Two-thirds of the Pakistani Army, and its associated equipment are arrayed on or near the Pakistani-Indian border. The Indians are naturally upset at the prospect of a large-scale arms shipment to Pakistan, including the delivery of F–16's, which at some future date could have the capability of being nuclear weapons carriers. I am tempted to say to the Indians that their own billion dollar deal with the Soviet Union for arms as well as their own nuclear program has not exactly been designed to inspire confidence on the part of their neighbors. On the other hand, we must be realistic about what the impact of an arms shipment to Pakistan might be.

If the result is to spark an arms race on the South Asian subcontinent we will have contributed to insecurity and instability rather than the converse. Moreover, there has been significant comment among high-level Indian leaders that a continuation of the Pakistani nuclear program toward a nuclear weapons capability will drive the Indian program still further in the same direction.

For that reason, Mr. President, it is important that we keep close tabs on the political consequences of this sale and the associated arms and economic aid package, that we take an evenhanded view of our relationships with the Indians and Pakistanis, that we not build up the security of one side at the expense of the other and that we not find ourselves in another Iran-type situation somewhere down the road. For that reason, I believe it is important to examine this program year by year to note what our long-term intent is but not to make commitments that will put us in a situation from which we will find ourselves unable to extricate ourselves later on.

One of the major concerns I have about our involvement in the south Asian subcontinent is that we not push our nonproliferation concerns into the background as a result of dealing with the Soviet threat in that area.

And let me say, Mr. President, that my concerns about the nuclear situation in Pakistan are rising, not subsiding, as time goes by. I would like to review the nuclear situation in Pakistan so that the basis for concerns in this area are clear.

PAKISTAN'S NUCLEAR PROGRAM

It is important to recognize at the outset that Pakistan has no nuclear power program to speak of. It has a 5-megawatt research reactor located at Pinstech, the Pakistani Institute of Technology, and a 137-megawatt nuclear powerplant called Kanupp located near Karachi. These plants are under safeguards, although there have been serious problems over a period of time with the application of safeguards at the larger plant. I will say more about that later. Despite their miniscule program the Pakistanis have worked very hard to obtain advanced nuclear technology and equipment—technology and equipment that would be most useful in obtaining weapons-usable materials for use in a nuclear explosion. For example, in 1961 Pakistan entered into an agreement with Belgo-Nucleaire to set up a hot-cell reprocessing unit at Pinstech. Pakistan has also set up a pilot plant for uranium enrichment. Larger scale enrichment and reprocessing facilities are under construction. The reprocessing facility will be capable of producing 10–20 kilograms of plutonium annually—approximately 5–10 kilograms of plutonium is enough for a Nagasaki-type bomb.

In 1975 Pakistan signed a contract with France for a commercial-scale reprocessing facility that would have had the capacity to produce tons of plutonium per year. As a result of American intervention, the deal did not go through entirely, although the technology in the form of blueprints was transferred by the French. But it is in the area of Pakistani activities in building enrichment capacity that is perhaps the most disturbing story of all. A Pakistani national, Dr. A. Q. Khan, managed to obtain a position in 1974 with the European consortium called URENCO that constructs and operates gas centrifuge enrichment facilities. The consortium consists of Britain, Holland, and Germany, and Khan worked for the main contractor located in the Netherlands.

Over a 3-year period Dr. Khan was able to procure probably all the important information and documents, including blueprints of the URENCO gas centrifuge enrichment plant. He also procured the list of subcontractors in Europe who could provide the required equipment and materials. Through a series of dummy corporations and with the active assistance of Western nuclear business firms who were more concerned about money than about nuclear weapons, Pakistan was able to procure much of the items on its shopping list. It was not until 1978 when questions were raised in the British Parliament about the supply of inverters by Emerson Electric that intelligence agencies throughout the world were alerted to the fact that Pakistan was engaged in a worldwide effort to obtain nuclear enrichment equipment and technology that would give it a substantial weapons-making capability.

Among the materials which the Pakistanis have managed to acquire are 6,500 tubes of a special hard-type steel used for gas centrifuges obtained from a firm in Holland; vacuum valves to regulate streams of uranium hexafloride gas into and out of the centrifuge system from a company in Switzerland; inverters from companies in Great Britain, West Germany, and the United States; electronic equipment used for centrifuges from firms in the United States by way of Canada and Turkey; a gas-feed system for the centrifuge from Kora Engineering of Switzerland; a metal finishing plant from Great Britain; rotors from Holland; rotor parts from West Germany; measuring equipment from Holland; aluminum parts from West Germany; vacuum equipment from West Germany; vessels and tanks for the reprocessing plant from an Italian company; precision equipment for the reprocessing plant from Switzerland.

And most recently, on October 31, of this year, during the time when Congress was debating the issue of aid to Pakistan, the U.S. Government seized a shipment

of 5,000 pounds of zirconium metal—a metal that is used for nuclear fuel rods and other nuclear applications—that was bound for Pakistan via Pakistani Airlines. The shipment of metal came from the West Coast, all the way across the United States, and was checked in the baggage room of the airline as mountaineering equipment. Thus, even while we have been debating the issue of aid for Pakistan, Pakistan's clandestine, illegal activities to build their nuclear facilities goes on.

According to press reports, the materials which Pakistan has imported for uranium enrichment could build a plant large enough to produce sufficient enriched uranium for six weapons per year. Further, according to an Associated Press report by Barry Schweid, a secret State Department cable was sent in June of this year to the American Embassy in Ankara that declared, "We have strong reason to believe that Pakistan is seeking to develop a nuclear explosives capability," and that a "covert purchasing organization" of Turkish companies known to the American, Turkish, and Pakistani Governments, was purchasing American-made electrical equipment and diverting it to Pakistan's nuclear weapons program. The cable which Mr. Schweid had gotten hold of also said:

> That Pakistan is conducting a program for the design and development of a triggering package for nuclear explosive devices.

To put the icing on the cake, Mr. Agha Shahi, Foreign Minister of Pakistan, in his speech of June 30, 1981, in a seminar on Pakistan's foreign policy, organized by the council of Pakistani newspaper editors, declared:

> We told Buckley that our program is only for peaceful purposes . . . and we are fully aware of the concern of the United States over our atomic energy program which we think to be baseless, unwarranted, unjustified. But we understand and we have taken note of this concern. So if we decide to carry out an explosion then we would be prepared to forego this (U.S. aid) program. That is a matter for our judgment, but we have given no undertaking to Mr. Buckley about explosions.

Finally, Mr. President, we have most recently received news of an ominous development in Pakistan regarding the safeguards situation at the Kanupp reactor. In essence, the Director-General of the IAEA has told the Board of Governors of that organization that it will no longer be possible for the IAEA to give assurances that diversions are not occurring within countries containing on-load, continuously fueled reactors with other facilities that are not under safeguards. Both Pakistan and India fall under this category. Indeed, as Senator CRANSTON has pointed out, there is some concern that a diversion may even have occurred in Pakistan, although the evidence to date is not definitive.

It is of interest, Mr. President, to consider what the response of Pakistan has been to the Director-General's report. It is my understanding that at the conclusion of the report, the Pakistani representative to the Board of Governors of the IAEA stated that it was a violation of Pakistan's sovereignty for the IAEA to suggest an upgrading of safeguards and that Pakistan would not agree to any additional safeguards beyond those which were negotiated in 1971, years before Pakistan built its present unsafeguarded fuel fabrication plant, and before it engaged in its worldwide clandestine activities in obtaining the materials for constructing a nuclear enrichment and nuclear reprocessing plant.

Mr. President, on October 21, by a vote of 51 to 45, the U.S. Senate went on record as requiring a cutoff of economic and military assistance to Pakistan or to India if those nations explode a nuclear device. The House-Senate conference has yet to act on that measure, so the final outcome is uncertain. It is important to recognize that my amendment does not apply to the cash sales for F–16's. It is therefore important to understand what the administration's position is on the question of continued assistance to Pakistan whether by military sales or by economic and military aid if the Pakistanis explode a nuclear device. In a hearing before the Foreign Relations Committee on November 12, I asked Secretary Buckley what the policy of the administration is at this point if the Pakistanis explode such a device—will we cut off assistance? Secretary Buckley replied:

> We have left, I think, no doubt in the mind of the Pakistani leadership what those consequences would be. I don't believe anyone in Pakistan expects that assistance would continue in the aftermath of an explosion.

When I repeated the question in the context of the F–16 sale, Mr. Buckley's reply was:

> I cannot see drawing lines between the impact in the case of a direct sale versus a guaranteed sale.

Well, Mr. President, Mr. Buckley essentially has said that the Pakistanis would be surprised if the United States were to continue assistance or continue the cash sales of F–16's in the event of a Pakistani nuclear explosion. Frankly, I see no reason why we cannot be unequivocal about it and declare here and now that there will be no further forthcoming cash sales or aid to the Pakistanis if they indeed go ahead and explode a nuclear device and thereby start a nuclear arms race in the south Asian subcontinent. The bomb lobby in New Delhi is certainly paying close attention to this issue. In an article in the Sunday review of the Times of India dated April 26, 1981 Mr. K. Subrahmanyam, director of the institute for defense studies and analyses in New Delhi, suggests that the making of the bomb is the only appropriate Indian answer to the Pakistanti nuclear program. He quotes Prime Minister Gandhi speaking before the Lok Saba as saying that Pakistan's development of nuclear weapons will have grave and irreversible consequences for the subcontinent and India will respond in an appropriate manner to any such development.

Mr. President, I do not believe we should view the approval of sales of F–16's or of economic or military assistance to Pakistan as being a gesture of the United States, independent of any quid-pro-quo from the Pakistanis as far as their nuclear policy is concerned. It is for that reason that I introduced an amendment to the Foreign Assistance Act requiring the President to send up each year, a classified report detailing Pakistan's nuclear related activities and the status of safeguards on their nuclear facilities.

I hope this amendment is adopted by the Senate-House conference on the foreign assistance bill as well so that it can be put into law. I believe Mr. President, that Congress should look very carefully at that report next year and in future years so that we can understand whether the sales of F–16's and the economic and military assistance package are having an effect on Pakistani policies that can have a direct bearing on U.S. national security.

I believe Congress should take the first step and approve the sales and the economic and military assistance package and put the ball squarely in President Zia's lap and challenge him to act responsibly, not only for the sake of his own people, but for the sake of the international community.

I submit for the RECORD two articles relating to reactor metal attempted shipment to Pakistan.

The articles follow:

[From the New York Times, Nov. 20, 1981]

U.S. STUDYING FOILED BID TO EXPORT A KEY REACTOR METAL TO PAKISTAN

(By Leslie Maitland)

Federal authorities are investigating a shipment of a key metal used in the construction of nuclear reactors that was seized as it was about to be loaded on a passenger flight from Kennedy International Airport to Pakistan.

The United States prohibits the shipment of the metal, zirconium, to foreign countries without a license because of its potential use in reactors. There has been growing international speculation that Pakistan is secretly attempting to develop nuclear weaponry.

The shipment under investigation was seized Oct. 31. It did not have the necessary export license from the Commerce Department, and the exporter, Albert A. Goldberg of the National Tronics Company of Manhattan, never applied for one. Had he applied, the request would have been rejected because Pakistan is ineligible to receive imports of zirconium from the United States, according to Sharon R. Connelly, who heads the compliance division of the Commerce Department's Office of Export Administration.

The Commerce Department, the Customs Service and the office of Edward R. Korman, the United States Attorney for the Eastern District of New York, are examining the roles of Mr. Goldberg and the purchaser, identified by Mr. Goldberg as a retired Pakistani Army colonel and a close friend of President Mohammad Zia ul-Haq.

The authorities are attempting to determine whether the case should be presented to a Federal grand jury or whether to leave the matter with the Commerce Department, which, after a hearing, can impose civil sanctions, including fines and a revocation of export rights.

Mr. Goldberg, who has been questioned under oath by Commerce Department officials, said the metal had been purchased by the Government of Pakistan through a trading company headed by Dr. Sarfraz Mir, the retired Pakistani Army officer. In an interview, Mr. Goldberg said he had not applied for a license for the zirconium—5,000 pounds valued at $153,000—because he was unaware that it was a controlled commodity. He also said he had done business with the Pakistani Government before, shipping electrical ca-

pacitors for which he had obtained the necessary licenses.

Mr. Goldberg, according to the Commerce Department, had been penalized twice before for improperly exporting regulated commodities. In an order signed in 1976, the Commerce Department revoked for three years his right to export controlled commodities.

After the zirconium was seized, Mr. Goldberg said, Federal marshals with a search warrant raided his office at 134 West 32d Street and confiscated his financial records.

Dr. Mir of S. J. Enterprises, the Pakistani trading company has not been located. After the zirconium was discovered at the airport, where it was reportedly checked as baggage and labeled as mountain-climbing equipment, customs agents who had Dr. Mir's photograph unsuccessfully search the Pakistan Airlines plane for him, officials said. He is now believed to have left this country. A call to his home in Islamabad was not returned.

Investigators familiar with the case also said that agents of the airline were questioned because the cargo had been checked as baggage. Mr. Goldberg said that the material was supposed to have been shipped as freight.

Saleem Nisar, assistant general manager of the airline for the Americas, said he would check into the matter, but he otherwise declined comment. He confirmed, however, that his Government was the principal owner of Pakistan Airlines.

ADMINISTRATION SEEKS WAIVER

The Reagan Administration has urged Congress to waive a law that bars aid to Pakistan because of its unmonitored nuclear program. The waiver is needed to move ahead on a planned $3.2 billion military and economic aid program.

James L. Buckley, Under Secretary of State for Security Assistance, Science and Technology, has said that President Zia had assured him that Pakistan would not develop nuclear weapons, but had refused to rule out developing the potential to explode a peaceful nuclear device.

The 5,000-pound shipment of zirconium seized by customs agents is not in itself encugh for a reactor, which normally calls for about 50,000 pcunds of the metal, according to the Nuclear Regulatory Commission.

Dr. Charles Till, associate director for reactor research and development at the Argonne National Laboratory, located near Chicago, explained that zirconium was used in reactors to make the tubes that hold uranium fuel.

James Barrett, a spokesman for Teledyne Wah Chang, which manufactured the zirconium shipped by Mr. Goldberg at its Albany, Ore., plant, said the light metal was also used in aircraft and submarines, among other things. However, James Benham, a lawyer for the company, declined to comment on reports that Teledyne had alerted the Commerce Department to the Pakistani purchase.

Compliance division agents under Mrs. Connelly had kept the cargo under surveillance during its trip from Oregon to Kennedy Airport, where they had customs agents seize it.

William von Raab, Commissioner of Customs, this month announced the start of an intensive program, Operation Exodus, designed to stem the illegal export of critical technology from the United States. Teams of customs agents, inspectors and patrol officers are being specially trained to focus on the problem, he said.

[From the Washington Post, Nov. 21, 1981]

U.S. PENALIZES TWO WHO TRIED TO SHIP METAL TO PAKISTAN

Three weeks after seizing a Pakistan-bound shipment of zirconium, a metal used in construction of nuclear reactors, the government has lifted the export privileges of two men it says were involved with the shipment.

The 5,000-pound shipment, valued at about $153,000, was seized by U.S. Customs agents late last month at Kennedy airport in New York, according to a Commerce Department statement issued yesterday.

The statement quoted government hearing commissioner Thomas Hoya as saying that the two men tried to export the metal "without obtaining export authorization."

One of the men, Albert A. Goldberg, president of National-Tronics Co. of New York City, was quoted in yesterday's New York Times as saying he did not apply for special authorization because he did not know he was dealing with a controlled commodity.

Also denied all U.S. export privileges, according to the Commerce Department statement was Sarfraz A. Mir, managing director of S. J. Enterprises of Islamabad, Pakistan.

The order not only denies the men and their companies direct export privileges, but it also prohibits other firms from dealing in any export transactions with them without Commerce Department authorization, the statement said.

The United States prohibits zirconium shipments to foreign countries without a license because of the metal's potential use in nuclear reactors.

Shipments to Pakistan are particularly sensitive in light of persistent reports that that nation's leaders are trying to develop nuclear weapons.

Pakistan has not signed the international nuclear nonproliferation treaty, and therefore a license for exporting zirconium to that nation would not have been granted, a Commerce Department spokesman said.

State Department spokesman Dean Fischer said that "a central element of this administration's nonproliferation policy is the application of effective controls on the export of nuclear materials."

He said the Commerce and Customs actions "mark an important success in the implementation of this policy."

U.S. officials have talked with officials of Pakistan about the recent case and "expressed our concern about the apparent violation of U.S. laws," Fischer said.●

UNEMPLOYMENT

● Mr. EAST. Mr. President, Benjamin Disraeli once declared that there are three categories of untruth: lies, damn lies, "and then, sir, there are statistics."

Just now we are hearing a great deal about unemployment statistics. We are told that the latest unemployment figures reveal that we are about to relive the worst days of the Great Depression. At a recent public appearance by President Reagan, a bogus soup kitchen was set up to dramatize the point.

While neither I nor any member of my party is satisfied with the present level of joblessness in this country, and while none of us would ever attempt to make light of the very real human suffering it entails, I feel that we must keep this issue in proper perspective and not be deterred from doing the hard but necessary things that must be done if we are to restore genuine prosperity to the Nation.

Those who talk darkly about a return to breadlines and apple selling on street corners are twisting the facts of the situation to suit there own purposes. There are significant differences between unemployment in the 1930's and unemployment today. I recommend to my colleagues an excellent article on the subject by Ed Townsend, labor correspondent of the Christian Science Monitor. I ask that the complete text of Mr. Townsend's article be reprinted in the RECORD.

The article follows:

[From the Christian Science Monitor, Dec. 7, 1981]

HOW TODAY'S JOBLESS SCENE DIFFERS FROM 1930's

(By Ed Townsend)

The steep rise in unemployment in November, to 8.4 percent of the labor force, is causing growing concern about the impact that the deepening recession will have on American hourly paid and salaried workers. There is grim talk of a return to the problems of the 1930s.

The worries are largely unwarranted. Today's conditions are by no means the same as those half a century ago. Then, high unemployment was a major social issue; now, it is more a political issue as a result of government and private safeguards against the misery and despair of unemployment.

With 8.4 percent unemployment, an increase from 8 percent in October, the number of jobless reached just over 9 million of a total work force of 107 million. The totals were the highest since the severe recession of 1974–75, when the rate reached 9 percent before turning down.

If President Reagan's first efforts to end a year-long rift with unions have had any limited successes, the November unemployment report probably wiped them out. AFL–CIO president Lane Kirkland immediately renewed attacks on the Reagan economic program: It is "not solving but aggravating the nation's economic and human crisis," he said.

"It is time to adopt a new antirecession program that will ease human hardship now and build toward a healthy economy," Mr. Kirkland said.

Numerically the total is approaching that in the depression 1930s, when unemployment reached 12,830,000. However, with a smaller work force, 51,590,000 in 1933, the national jobless rate was a grim 24.9 percent; only 38,760,000 were working. These hardships resulted in President Franklin Roosevelt's New Deal measures to ease the impact of unemployment through a benefit system that has been revised through the years until a jobless worker now is able to collect benefits that in many instances exceed one-half of what was earned while working. Paid for a limited period, in most instances six months or more, these benefits have eased hardships considerably.

Another change from the 1930s is the large number of families that now have a hubsand and wife as bread earners; 50 years ago so there was almost total reliance on a husband's wages.

Still another change, in auto and other industries, results from labor contracts that assure workers of partial pay if they are laid off—as much as 90 percent or more through pay and jobless benefits in the case of auto workers with long seniority.

Those who are laid off talk of limited or skipped Christmases this year, reduced living standards, and mounting bills, but the specter of soup kitchens, long bread lines, and apple selling on street corners is not likely to reappear.

Union officials who met with Mr. Reagan earlier in the week sharply opposed the administration's economic program and called for changes. Most left the meeting dissatisfied: Except for a minor concession on the air traffic controllers issue, one that could open other government jobs to some of those fired for striking, the best the unionists could say of the meeting was, "We at least talked face to face, something we hadn't been able to do since last January."

When the Bureau of Labor Statistics released its unemployment figures two days later, President Reagan said that, having grown up and entered the work force in the Great Depression, "I can assure you that I do not take unemployment lightly. It's a great tragedy for the people involved."

Nevertheless, the President and others in his administration remain firmly committed to the policies that labor strongly opposes. They said that rising unemloyment is "the price you have to pay for bringing down inflation." The White House expressed optimism that the Reagan economics program will reverse the unemployment trend next year.

For organized labor, that was not enough.

The November unemployment rise affected nearly all groups in the labor force, but the impact was especially large for those in blue-collar occupations. The rate for adult men rose to 7.2 percent, just below the post-World War II high.●

THE ADDICTION TO CONTINUING RESOLUTION

● Mr. DECONCINI. Mr. President, I voted against final passage of House Joint Resolution 370, the third continuing resolution for fiscal year 1982, despite the fact it contains a number of items in which I have a particular interest. The adoption of another continuing resolution covering 10 of the 13 regular appropriations bills is unwarranted, dangerous, and irresponsible.

It is unwarranted, Mr. President, because it is unnecessary. The normal appropriations process was well along toward completion when it was put on hold in September by the leadership of this body at the behest of the administration. At that point, 10 of the 13 appropriations bills had either cleared the House or were pending on the calendar; one had passed the Senate, two were reported, and the majority of the remainder were awaiting full committee action. The Treasury, Postal Service, and general Government bill, for instance, was marked up July 14 and could easily have been disposed of shortly after the August recess had it not been for the scheduling freeze initiated by the administration.

Thus, the record should be clear as to why we are still enacting continuing resolutions at the end of the first quarter of fiscal 1982. The budgetary disarray reflected in House Joint Resolution 370 has not been the result of congressional dereliction. Nor is it attributable to some incapacity on the part of the Appropriations Committees and their leadership. The real causes, as all of us know, lie elsewhere and are much more fundamental than squabbles over a fraction of 1 percent of the total Federal budget would suggest. The hard fact is that the Congress has enacted the President's economic program. On that much, at least, the Senate Budget Committee agrees in its report accompanying the so-called second concurrent resolution. Unfortunately, that plan has failed to perform as advertised. Far from providing a surge of real GNP growth, rapidly declining unemployment, and sharply dropping interest rates, we are now headed for what will probably be the worst economic crisis since the Great Depression. Furthermore, this crisis will be compounded by unpredecented Federal deficits totaling, according to OMB, in excess of $400 billion over the next 3 years.

Addiction to continuing resolutions and comparable omnibus funding measures is dangerous, Mr. President, because it erodes the independence of this branch of the Government and puts intolerable stress on the delicate constitutional balances at the heart of our political and governmental system. It bears repeating in this context that the most telling power conferred upon the legislative branch is the power of the purse. Upon that power hinges, in one way or another, all other effective congressional authorities. To the degree that Congress abdicates its control of public expenditures—to that extent the constitutional foundations of legislative independence are undermined.

Finally, Mr. President, appropriation via continuing resolution under the threat of a Presidential veto is irresponsible. It puts the Congress in the untenable position of approving without due deliberations unspecified funding changes whose full implications cannot be known. In this most recent case, for example, we were given to understand that no amendments, regardless of their merit, were possible because it was imperative to avoid a repetition of last month's cleverly contrived budget crisis. Thus, even those who took the trouble to identify and correct obvious flaws, errors, and deficiencies were precluded from doing so. That is why, Mr. President, House Joint Resolution 370 contains too much for foreign aid and not enough for veterans services or the maternal and child health program, for instance. Also, it should be noted that in the area of defense expenditures under House Joint Resolution 370 is $197 billion, instead of the $208 billion as was approved by the Senate. By enacting House Joint Resolution 370 we are once again shortchanging our national security by spending for less than the Senate defense appropriation bill and what the President has asked for. How long can we continue not to move forward with increases in defense spending? Our national security deserves better and so do the people of this Nation.

The time has come, Mr. President, to draw the line and begin the process of rebuilding responsible budgetary procedure. Financial management by a combination of Executive fiat and omnibus funding resolutions cannot be allowed to continue.●

THE 10TH ANNIVERSARY OF THE CONNECTICUT STATE PLANNING COUNCIL ON DEVELOPMENTAL DISABILITIES

● Mr. WEICKER. Mr. President, Wednesday, December 16, 1981 will mark the 10th anniversary of the Connecticut State Planning Council on Developmental Disabilities. an agency whose accomplishments in service to the disabled deserve the recognition of our colleagues.

In the first decade of its existence the council has awarded over 75 perecnt of its grant funds to initiate direct service projects in the four priority areas established under the law. Although no grant was for more than 3 years duration, it is significant that today 85 percent of the projects funded are still functioning. As a result of council activities in its most recently concluded year over 3,900 disabled individuals were served.

This record of accomplishments is directly the result of the involvement of a wide range of Connecticut citizens. More than 100 people, the majority of them consumers, have been council members and some 67 public and private agencies have participated in the council's work since 1971.

In addition to an actively involved membership the council has also enjoyed the strong and effective leadership of its chairperson, Mildred S. Adams and its executive director Edward T. Preneta.

Earlier this year the Congress reviewed the developmental disabilities program and reaffirmed its support by reauthorizing DD in the Omnibus Reconciliation Act. The Connecticut council's 10th anniversary affords us an opportunity to reflect on one of the many fine State level agencies who actually perform the challenging and vital job of assisting those with lifelong and multiple handicaps to reach their fullest potential in our society. It is an opportunity I take with pride, particularly in this, the International Year of Disabled Persons.●

ADDRESS BY OSCAR FIELD, PRESIDENT OF THE IDAHO FARM BUREAU FEDERATION

● Mr. SYMMS. Mr. President, in the mire of pessimism that has beleaguered the success of President Reagan's economic recovery plan, it is refreshing to hear from someone who recognizes its necessity, and urges continued confidence in this Nation's ability to address its problems and overcome its adversities. I recently read a speech of such a person, and I was so impressed with his words of commonsense and positivism that I want to share them with the Members of this great body. We should heed the wisdom of these thoughts as we face the difficult economic decisions we must make.

The speech was given before the Idaho Farm Bureau Federation by its president, Oscar Field. In the remarks, Mr. Field notes the adversities currently being faced by farmers throughout the Nation, but reminds us that the Reagan formula is still in its infancy compared to 40 years of economic fiscal irresponsibility. His charge that "The best hope of Agriculture is to continue believing that inflation will be curbed by the President's Program," is testament to his strong conviction that our economic problems have only begun to be reversed by the policies of this administration. Mr. Field calls on America's farmers to reaffirm their commitment to the recovery package despite the short-term discomfort of the recovery efforts.

I hope that the Members of this body remember Mr. Field's strong and courageous words as they deliberate on the next steps of the economic program of

President Reagan. The text of Mr. Field's address follows:

REMARKS OF OSCAR FIELD

It's good to be with you for three days of work and relaxation, at this very important meeting where we will accept the policies which will guide us for the coming year. Policy development is near to my heart. This is where every Farm Bureau member has an opportunity for input. Here, is where the grass roots really work.

I appreciate your abilities and dedication to help move this organization along. Thank you Board of Directors, County Presidents, Women of Farm Bureau, Young Farmers and Ranchers, Staff and members.

We are moving in every area. . . . We are accomplishing much . . . but we must do more. . . .

In looking back over the past year, where are our continued concerns? Where are the silver linings coming through the cloudy skies?

Again, we have had bumper crops. We can really produce, no matter whatever obstacles. Our financial success? That's a different story. Our markets are depressed. High inflation, high interest rates, high overhead have a direct relationship to the depressed farm income.

The government with its projected trillion dollar debt, is still the largest borrower, encouraging higher interest rates.

We cannot afford a trillion dollar debt! Do you know how much a trillion dollars is? If you spent one dollar every second ($86,400.00 every day), it would take you over 31,000 years to spend a trillion dollars. A trillion dollar debt means a $12,500 debt for every American household.

Last year, the American people said, "We want to turn this country around. We cannot survive the philosophy of government spending. We cannot carry this financial burden."

Our organization came out in strong support of President Reagan's economic recovery program, because it was in line with Farm Bureau's policies. We did not make that commitment that we would support it only until it became uncomfortable for us!

The President's program has only been implemented for the past two months and already the news media and others are saying it won't work. It took us 40 years to get this headache and it cannot be overcome in 2 months. Someone has said that it is like ordering an air conditioner for your overheated home and then complain that it hasn't worked even before it has been delivered.

ABC Television's recent poll interested me. ABC selected 1500 people to interview and found that a slight majority felt that the President had not delivered on his promises, so had lost faith in him, or were not as pleased with him as they had been one year ago. There are over 230 million people in the United States and ABC was indicating that 1500 people could project the philosophy of the American people.

INFLATION IS STARTING TO COME DOWN . . . INTEREST RATES ARE STARTING DOWN

The best hope for Agriculture is to continue believing that Inflation will be curbed by the President's program. This would give consumers more spendable income and we could expect an increase in the demand for Agricultural products.

In Idaho we have 831,000 people while New York State has 18 million and California nearly 23 million people. We are proud of our growth in the last 8 years of the Idaho Farm Bureau from 14,000 to 24,000 and our over 3 million American Farm Bureau members.

It's easy to see, however, that with farmers making up only 3 percent of the total population, our work is cut out for us. A little calculating—suppose only ¼ of our membership is really active, that means each of us has the responsibility for informing and telling the story of Agriculture to 374 Americans.

Idaho Farm Bureau, as an organization and its individual members and the American Farm Bureau Federation, as a unit and members have been very active in all legislation, but particularly that affecting Agriculture.

We have those working in the areas of Energy, Water development, Marketing, Natural Resources, Estate Planning, Insurance, but there are still areas of concern.

Let me list some problems that need our immediate attention.

The Congress, pushed by conservationist groups, has mandated that every National Forest must have a forest plan by 1983. The plan must cover all the uses of the forest such as regulating fire wood cutting, grazing, timber cutting, mining, recreation, wildlife and all other general uses of the forest for the next ten years. This sounds harmless and a reasonably good idea, but if you don't become involved, you may be stuck with something that will be far from desirable. On completion, the final plan is fed into computers and from that time forward, the computer will be kicking out the instructions for each forest and each function on that forest.

If you are not involved in the plan during its construction, you cannot appeal it. If your concerns are voiced, you can then appeal, at your own expense, any part of the plan with which you disagree and legally have recourse.

You should continually review this plan while it is in its construction form. Send your name and address to the National Forest Supervisor's office in your area asking to be included on the mailing list for the forest planning. Also, ask to be placed on the list to review environmental reports in your specific area of interest. If you don't understand the plan, contact your nearest forest office. They are required to give explanations to the public.

Each plan will cost the taxpayers from $750,000 to 1 million dollars to write. There are more than 90 national forests. All federal agencies, by law, are going through this process, BLM, Wildlife, Fish and Game, Forest Service, etc.

The Lolo Forest, out of Missoula, Montana has finished its plan. The plan has been appealed as unacceptable. If all the plans prove to be unsatisfactory and must be appealed, the cost to the taxpayer will be staggering, plus the damage to the American economy should these plans not support the multiple use philosophy for use of our natural resources.

We must continue to keep a sharp eye on those who would place stumbling blocks in the paths of energy development.

We must be very aware of the groups who are pledged to advance agitation for animal rights. There is a new book that we should all read. It is Love and Anger by Richard Morgan. It calls for organizing activists in the struggle for animal rights and other progressive political movements. Mr. Morgan states that in struggling to change the way humans treat animals and one another, we are working toward nothing less than the transformation of the world. I am not afraid of change . . . I welcome it . . . but the right kind of changes.

The first cast-iron plow invented in 1797 was rejected under the theory that cast iron poisoned the land and stimulated the growth of weeds. Men have insisted that iron ships could never float, planes never carry hundreds of people safely and now critics of the nuclear age believe that nuclear energy can never be harnessed safely.

Our concerns must be based on facts. We must never be guilty of becoming complacent.

Things are looking up. Economists are saying that gasoline prices next year will rise only slightly, diesel supplies are plentiful and will also increase in cost only a small amount.

Government regulations, in the past, have been like an elephant sitting on a baby bird to keep it warm. This year, there will be relief from government regulations. The Occupational Safety and Health Administration and the Environmental Protection Agency will make fewer inspections and concentrate only on the known "bad apples".

We have a president who is not afraid of political pressures. For the first time in many years, he is being the aggressor with the proposal concerning nuclear missiles in Europe. The monkey is now on Russia's back.

Our president is not afraid to do the things that he feels are right to regain America's greatness.

Can we do Less?

I am reminded of the story of the man who had six sons who continually quarreled among themselves. He called them to him and gave each a stick asking them to each break his stick. The task was easy. Then he gave each a bundle of sticks with the same request. The bundle of sticks could not be broken.

Our strength and weaknesses in Farm Bureau lie in the diversification of the many commodities our umbrella organization represents. We are bound to have differences of opinions, but working together, we are like the bundle of sticks . . . We cannot be bent or broken. We can accomplish everything we desire to help Agriculture remain the most important and necessary industry in the lives of all Americans.

According to a recent Iowa State University Report, I quote, "Farmers are about to enter their most prosperous period of this century".

Hang tough! Be informed! Be willing to share your ideas! Generate excitement! Be actively working in Farm Bureau, the organization that will help to make all of our futures bright! Thank you and God Bless!●

OPPOSITION TO BUDGET CUTS PERTAINING TO SENIOR CITIZENS, THE INDIGENT AND MINORITY GROUPS

● Mr. EXON. Mr. President, in Nebraska, citizens of the grand generation have recently finished the second legislative session of the "Silver-Haired Unicameral." This body of senior citizens addressed themselves to laws and issues which can contribute to a better society.

At the request of the "Silver-Haired Unicameral," whose members are greatly concerned that additional budget cuts will slice a hole in the so-called "social safety net," I ask that their resolution number 4 be printed in the RECORD for each Senator to see. The resolution reads:

SILVER-HAIRED RESOLUTION NO. 4

Now, therefore, be it resolved by the members of the Silver-Haired Unicameral of Nebraska, Second Session:

Whereas, the budget proposals suggested and submitted by the Reagan administration affect mostly the senior citizens, the indigent, and minority groups, and,

Whereas the latest proposals as of October 10 will create more hardships for the aged, the blind, the disabled, and

Whereas the President stated in the Spring these would be exempt from such cuts, and

Now therefore be it resolved That this body of Silver Haired Legislators, State of Nebraska go on record opposing these cuts as proposed, and

Be it further resolved a letter stating our views shall be sent to our representatives in both Houses of Congress, asking them to read it to the bodies, and requesting that it be made a part of the Congressional Record, and a like letter be sent to President Reagan.●

QUORUM CALL

Mr. METZENBAUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

ORDERS FOR TUESDAY

RECESS UNTIL 10 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 10 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF CERTAIN SENATORS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders tomorrow under the standing order, the following Senators be recognized on special orders, for not to exceed 15 minutes each: the Senator from Pennsylvania (Mr. SPECTER), the Senator from Wisconsin (Mr. PROXMIRE), the Senator from Arkansas (Mr. BUMPERS), the Senator from Mississippi (Mr. COCHRAN), and the Senator from Pennsylvania (Mr. HEINZ).

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that on tomorow, after the recognition of Senators under the standing order and the special orders just entered, there be a brief period for the transaction of routine morning business, not to extend longer than 15 minutes, in which Senators may speak for not more than 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, if there is no further business to come before the Senate, and I see no Senator seeking recognition, I move, in accordance with the order just entered, that the Senate stand in recess until the hour of 10 a.m. tomorrow.

The motion was agreed to; and at 4:09 p.m. the Senate recessed until tomorow, Tuesday, December 15, 1981, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate December 14, 1981:

FEDERAL ELECTION COMMISSION

Danny Lee McDonald, of Oklahoma, to be a Member of the Federal Election Commission for the term expiring April 30, 1987, vice Robert O. Tiernan, term expired.

FEDERAL MEDIATION AND CONCILIATION SERVICE

Kenneth E. Moffett, of Maryland, to be Federal Mediation and Conciliation Director, vice Wayne L. Horvitz, resigned.

MERIT SYSTEMS PROTECTION BOARD

Herbert E. Ellingwood, of California, to be a Member of the Merit Systems Protection Board for the remainder of the term expiring March 1, 1986, vice Ruth T. Prokop, resigned.

Herbert E. Ellingwood, of California, to be Chairman of the Merit Systems Protection Board, vice Ruth T. Prokop, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate, December 14, 1981:

NATIONAL TRANSPORTATION SAFETY BOARD

James Eugene Burnett, Jr., of Arkansas, to be a Member of the National Transportation Safety Board for the term expiring December 31, 1985.

COMMUNICATIONS SATELLITE CORPORATION

Robert M. Garrick, of California, to be a Member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1984.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Bobby Jack Thompson, of New York, to be Administrator of the United States Fire Administration.

INTERNATIONAL BANKS

Myer Rashish, of the District of Columbia, to be U.S. Alternate Governor of the International Bank for Reconstruction and Development for a term of 5 years; U.S. Alternate Governor of the Inter-American Development Bank for a term of 5 years; U.S. Alternate Governor of the Asian Development Bank; and U.S. Alternate Governor of the African Development Fund.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF THE TREASURY

C. T. Conover, of California, to be Comptroller of the Currency for a term of 5 years.

IN THE AIR FORCE

The following officers for appointment in the U.S. Air Force under the provisions of chapter 36, title 10 of the United States Code:

To be major general

Brig. Gen. Leon W. Babcock, Jr., [redacted], Regular Air Force.
Brig. Gen. Robert D. Beckel, [redacted], Regular Air Force.
Brig. Gen. John A. Brashear, [redacted], Regular Air Force.
Brig. Gen. Duane H. Cassidy, [redacted], Regular Air Force.
Brig. Gen. William M. Charles, Jr., [redacted], Regular Air Force.
Brig. Gen. Joseph H. Connolly, [redacted], Regular Air Force.
Brig. Gen. Charles J. Cunningham, Jr., [redacted], Regular Air Force.
Brig. Gen. Thomas G. Darling, [redacted], Regular Air Force.
Brig. Gen. William A. Gorton, [redacted], Regular Air Force.
Brig. Gen. Monroe W. Hatch Jr., [redacted], Regular Air Force.
Brig. Gen. Paul H. Hodges, [redacted], Regular Air Force.
Brig. Gen. William L. Kirk, [redacted], Regular Air Force.
Brig. Gen. Donald L. Lamberson, [redacted], Regular Air Force.
Brig. Gen. Gerald D. Larson, [redacted], Regular Air Force.
Brig. Gen. William J. Mall, Jr., [redacted], Regular Air Force.
Brig. Gen. Charles McCausland, [redacted], Regular Air Force.
Brig. Gen. Robert E. Messerli, [redacted], Regular Air Force.
Brig. Gen. Joseph D. Moore, [redacted], Regular Air Force.
Brig. Gen. Richard D. Murray, [redacted], Regular Air Force.
Brig. Gen. David L. Nichols, [redacted], Regular Air Force.
Brig. Gen. Peter D. Odgers, [redacted], Regular Air Force.
Brig. Gen. George B. Powers, Jr., [redacted], Regular Air Force.
Brig. Gen. Richard W. Pryor, [redacted], Regular Air Force.
Brig. Gen. Bernard P. Randolph, [redacted], Regular Air Force.
Brig. Gen. Robert H. Reed, [redacted], Regular Air Force.
Brig. Gen. Thomas C. Richards, [redacted], Regular Air Force.
Brig. Gen. Robert A. Rosenberg, [redacted], Regular Air Force.
Brig. Gen. Robert D. Springer, [redacted], Regular Air Force.
Brig. Gen. Thomas S. Swalm, [redacted], Regular Air Force.
Brig. Gen. William E. Thurman, [redacted], Regular Air Force.
Brig. Gen. Edward L. Tixier, [redacted], Regular Air Force.
Brig. Gen. Harold W. Todd, [redacted], Regular Air Force.
Brig. Gen. Kermit Q. Vandenbos, [redacted], Regular Air Force, Medical.
Brig. Gen. Brien D. Ward, [redacted], Regular Air Force.
Brig. Gen. Clifton D. Wright, Jr., [redacted], Regular Air Force.

The following officers for appointment in the Reserve of the Air Force to the grade indicated, under the provisions of chapters 35, 831, and 837, title 10, United States Code:

To be major general

Brig. Gen. Frank H. Smoker, Jr., [redacted], Air National Guard of the United States.
Brig. Gen. Henry C. Smyth, Jr., [redacted], Air National Guard of the United States.
Brig. Gen. Herbert L. Wassell, Jr., [redacted], Air National Guard of the United States.

To be brigadier general

Col. Carl D. Black, [redacted], Air National Guard of the United States.
Col. John E. Blewett, [redacted], Air National Guard of the United States.
Col. James T. Botticelli, [redacted], Air National Guard of the United States.
Col. Charles S. Cooper III, [redacted], Air National Guard of the United States.
Col. Michael DiBernardo, [redacted], Air National Guard of the United States.
Col. Thomas A. Facelle, Jr., [redacted], Air National Guard of the United States.
Col. Richard J. Geehan, Jr., [redacted], Air National Guard of the United States.
Col. William H. Johnson, [redacted], Air National Guard of the United States.
Col. Harold E. Juedeman, [redacted], Air National Guard of the United States.
Col. John M. Karibo, [redacted], Air National Guard of the United States.
Col. Myrle B. Langley, [redacted], Air National Guard of the United States.
Col. John R. Layman, [redacted], Air National Guard of the United States.
Col. Alexander P. MacDonald, [redacted], Air National Guard of the United States.
Col. William M. MacInnes, [redacted], Air National Guard of the United States.
Col. John T. Olson, [redacted] FG, Air National Guard of the United States.
Col. Robert W. Paret, [redacted], Air National Guard of the United States.

Col. Bertram W. Sealy, Jr., [redacted], Air National Guard of the United States.

Col. John J. Zito, [redacted], Air National Guard of the United States.

IN THE ARMY

The following-named officers for appointment in the Regular Army of the United States to the grade indicated under the provisions of § 601(a), Public Law 96–513, 12 December 1980, and title 10, United States Code, § 624:

To be major general

Maj. Gen. Ames S. Albro, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Andrew H. Anderson, [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) Thurman E. Anderson, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Richard W. Anson, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. William S. Augerson, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Donald M. Babers, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Charles W. Bagnal, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Floyd W. Baker, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Quinn H. Becker, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Robert L. Bergquist, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Raymond H. Bishop, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Richard D. Boyle, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Arthur E. Brown, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Edward M. Browne, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. John D. Bruen, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Paul P. Burns, [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) Andrew P. Chambers, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Mary E. Clarke, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Neal Creighton, [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) John S. Crosby, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Howard G. Crowell, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Jerry R. Curry, [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) William S. deCamp, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Edward A. Dinges, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Henry Doctor, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) Robert J. Donahue, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Benjamin E. Doty, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. David K. Doyle, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Harry L. Dukes, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Charles W. Dyke, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. David W. Einsel, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) James N. Ellis, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Robert M. Elton, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Vincent E. Falter, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Joseph L. Fant III, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Charles J. Fiala, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Robert C. Forman, [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) Robert H. Forman, [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) Charles D. Franklin, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. James E. Freeze, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Daniel W. French, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Niles J. Fulwyler, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. John R. Galvin, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. John D. Granger, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Henry H. Harper, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Thomas F. Healy, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Elvin H. Heiberg III, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. John A. Hemphill, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Robert L. Herriford, Sr., 327–24–1260, Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) Arthur Holmes, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. John W. Hudachek, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. William K. Hunzeker, 186–20–7622, Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Edward J. Huycke, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Theodore G. Jones, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. James H. Johnson, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Vaughn O. Lang, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Donald R. Lasher, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Richard D. Lawrence, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Allen H. Light, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) Aaron L. Lilley, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. James J. Lindsay, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Fred K. Mahaffey, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. James P. Maloney, [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) George E. Marine, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Carl H. McNair, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) Walter J. Mehl, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Louis C. Menetrey, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Bernhard T. Mittemeyer, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. William C. Moore, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Max W. Noah, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. John B. Oblinger, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Edward C. O'Connor, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Joseph T. Palastra, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Elmer D. Pendleton, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. James C. Pennington, [redacted], Army of the United States (brigadier general, U.S. Army).

Brig. Gen. (promotable) Garrison Rapmund, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Benjamin F. Register, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Roderick D. Renick, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Hugh G. Robinson, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Patrick M. Roddy, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Vincent M. Russo, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. William H. Schneider, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Robert L. Schweitzer, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. John W. Seigle, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Lawrence F. Skibbie, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Harold I. Small, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Robert B. Solomon, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Howard F. Stone, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Albert N. Stubblebine III, [redacted] Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Duane H. Stubbs, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Robert A. Sullivan, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Edward L. Trobaugh, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Dale A. Vesser, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Carl E. Vuono, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Louis C. Wagner, Jr., [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. David E. Watts, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. James S. Welch, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Richard M. Wells, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. James A. Williams, [redacted], Army of the United States (brigadier general, U.S. Army).

Maj. Gen. John W. Woodmansee, Jr., [redacted], Army of the United States (colonel, U.S. Army).

To be brigadier general

Brig. Gen. Floyd C. Adams, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert B. Adams, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Edwin M. Aguanno, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Anthony F. Albright, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Jack A. Apperson, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Norman E. Archibald, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. John C. Bahnsen, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John L. Ballantyne III, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Lyle J. Barker, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Gerald T. Bartlett, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard J. Bednar, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Gerald H. Bethke, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Frederick C. Biehusen, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Zeb B. Bradford, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Jack O. Bradshaw, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. James T. Bramlett, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Joe J. Breedlove, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Charles F. Briggs, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Leo A. Brooks, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Grail L. Brookshire, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Jeremiah J. Brophy, [redacted], Army of the United States (colonel, U.S Army).

Brig. Gen. Charles W. Brown, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Dallas C. Brown, Jr., [redacted], Army of the United States (colonel, Army).

Brig. Gen. Frederick J. Brown III, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John M. Brown, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Lee D. Brown, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. David L. Buckner, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Robert H. Buker, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Jerry M. Bunyard, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Peter G. Burbules, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) William F. Burns, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Archie S. Cannon, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard G. Cardillo, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. William E. Carlson, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Thomas E. Carpenter III, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. (promotable) William S. Carpenter, [redacted], Army of the United States (lieutenant colonel, U.S Army).

Col. (promotable) James C. Cercy, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Hubert T. Chandler, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James L. Collins, Jr. [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Donald W. Connelly, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Michael J. Conrad, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Andrew L. Cooley, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Johnnie H. Corns, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Walter C. Cousland, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Eugene R. Cromartie, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Robert T. Cutting, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Harold D. Davis, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Sidney Davis, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Peter M. Dawkins, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Donald J. Delandro, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Norman G. Delbridge, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James R. DeMoss, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James L. Dozier, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles F. Drenz, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James E. Drummond, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. William R. Dwyre, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Donald E. Eckelbarger, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Charles H. Edmiston, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Maurice O. Edmonds, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Fred E. Elam, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Jack B. Farris, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Thomas J. Flynn, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Johnnie Forte, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. John W. Foss, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Eugene Foxe, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph P. Franklin, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Forrest T. Gay III, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles E. Getz, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Wendell H. Gilbert, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles F. Gorden, Jr., [redacted], Army of the United States (colonel, U.S. Amy).

Brig. Gen. William H. Gourley, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Todd P. Graham, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard G. Graves, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Donald J. Gudinas, [redacted], Army of the United States (lieutenant colonel, U.S. Amy).

Brig. Gen. James R. Hall, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Amy).

Brig. Gen. Robert D. Hammond, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Bruce R. Harris, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Henry J. Hatch, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Mildred E. P. Hedberg, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James R. Henslick, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Bernard M. Herring, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Patrick J. Hessian, [redacted], Army of the United States (major, U.S. Army).

Brig. Gen. James M. Hesson, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Jere L. Hickman, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Donald C. Hilbert, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Jerome B. Hilmes, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Fred Hissong, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Stanislaus J. Hoey, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Curtis F. Hoglan, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Ronald M. Holdaway, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward Honor, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Houston P. Houser III, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Victor J. Hugo, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Cary B. Hutchinson, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Claude T., Ivey, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Hazel W. Johnson, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Johnny J. Johnston, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Homer Johnstone, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Kenneth A. Jolemore, [redacted], Army of the United States (colonel, U.S. Army.)

Brig. Gen. Lincoln Jones III, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. (promotable) Frances F. Jordan, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert M. Joyce, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Walter W. Kastemayer, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Thomas W. Kelly, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard S. Kem, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard D. Kenyon, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Claude M. Kicklighter, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John M. Kirk, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. William E. Klein, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Eugene S. Korpal, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Frank F. Ledford, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Ray H. Lee, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Billie B. Lefler, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Kenneth C. Leuer, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Kenneth E. Lewi, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Bernard Loeffke, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph C. Lutz, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Robert G. Lynn, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Bobby J. Maddox, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Phillip H. Mason, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Church M. Matthews, Jr., [redacted], Army of the United States, colonel, U.S. Army).

Brig. Gen. James F. McCall, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Thomas P. McHugh, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John H. Mitchell, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John H. Moellering, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Robert F. Molinelli, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Gerald E. Monteith, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James E. Moore, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Donald R. Morelli, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Robert D. Morgan, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John T. Myers, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Cecil N. Neely, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. (promotable) Rocco Negris, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Thomas C. Nelson, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Stephen E. Nichols, [redacted], Army of the United States (colonel, U.S. Army).

Brig Gen. John W. Nicholson, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. William E. Odom, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. William G. O'Leksy, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Hardin L. Olson, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Allen K. Ono, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Donald M. O'Shei, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Joe S. Owens, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Dave R. Palmer, [redacted], Army of the United States (colonel, U.S. Army)

Col. (promotable) Ellis D. Parker, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Julius Parker, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Burton D. Patrick, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Christian Patte, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. August R. Pede, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Benjamin J. Pellegrini, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. (promotable) Harry D. Penzler, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Donald S. Pihl, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. (promotable) James Piner, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Robert W. Pointer, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Bobby B. Porter, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. William E. Potts, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Colin L. Powell, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Charles G. Prather IV, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Roger J. Price, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John P. Prillaman, [redacted], Army of the United States, colonel, U.S. Army).

Brig. Gen. Hugh J. Quinn, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Frank A. Ramsey, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Lloyd K. Rector, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Leonard J. Riley, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert W. Riscassi, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. (promotable) George R. Robertson [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Thurman D. Rodgers, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John E. Rogers, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. William C. Roll, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Jimmy D. Ross, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. (promotable) Jackson E. Rozier, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Crosbie E. Saint, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. (promotable) Thomas A. Sands, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. William R. Sarber, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard A. Scholtes, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Henry J. Schumacher, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. H. Norman Schwarzkopf, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) James E. Shelton, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Mark J. Sisinyak, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph J. Skaff, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Henry G. Skeen, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Anthony A. Smith, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Douglas S. Smith, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Isaac D. Smith, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Scott B. Smith, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Tommie G. Smith, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Harry E. Soyster, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. David W. Stallings, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Lynn H. Stevens, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Eugene L. Stillions, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Carl W. Stiner, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. George R. Stotser, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Tracy E. Strevey, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Roy M. Strom, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Leroy N. Suddath, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert J. Sunell, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. William E. Sweet, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James R. Taylor, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. James A. Teal, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles E. Teeter, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. James E. Thompson, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Francis J. Toner, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Gary L. Turner, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Guthrie L. Turner, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. William G. T. Tuttle, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Nathan C. Vail, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James W. van Loben Sels, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Robert E. Wagner, [redacted], Army of the United States (colonel, U.S. Army).

Brig Gen. John F. Wall, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Chester L. Ward, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Gerald G. Watson [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Henry G. Watson, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Ronald L. Watts, [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Carlton P. Weidenthal, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Sidney T. Weinstein, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Donald P. Whalen, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Albin G. Wheeler, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Orren R. Whiddon, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Howard C. Whittaker, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert D. Wiegand, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard W. Wilmot, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. William P. Winkler, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Leonard P. Wishart III, [redacted], Army of the United States (colonel, U.S Army).

Brig. Gen. George K. Withers, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Frederick F. Woerner, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Col. (promotable) Jack D. Woodall, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. (promotable) Stephen R. Woods, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John J. Yeosock, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Robert S. Young, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Ronald W. Zeltman, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

The following-named officers for appointment in the Regular Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 611(a) and 624:

To be permanent major general

Brig. Gen. Normal G. Delbridge, Jr., [redacted], U.S. Army.

Brig. Gen. Frederic J. Brown III, [redacted], U.S. Army.

Brig. Gen. Stephen E. Nichols, [redacted], U.S. Army.

Brig. Gen. Francis J. Toner, [redacted], U.S. Army.

Brig. Gen. James R. Henslick, [redacted], U.S. Army.

Brig. Gen. Leo A. Brooks, [redacted], U.S. Army.

Brig. Gen. Richard A. Scholtes, [redacted], U.S. Army.

Brig. Gen. H. Norman Schwarzkopf, [redacted], U.S. Army.

Brig. Gen. Robert M. Joyce, [redacted], U.S. Army.

Brig. Gen. Johnny J. Johnston, [redacted], U.S. Army.

Brig. Gen. Joe S. Owens, [redacted], U.S. Army.

Brig. Gen. Claude M. Kicklighter, [redacted], U.S. Army.

Brig. Gen. John F. Wall, Jr., [redacted], U.S. Army.

Brig. Gen. Victor J. Hugo, Jr., [redacted], U.S. Army.

Brig. Gen. John H. Mitchell, [redacted], permanent major general.

Brig. Gen. Jerry M. Bunyard, [redacted], permanent major general.

Brig. Gen. Crosbie E. Saint, [redacted], permanent major general.

Brig Gen. James E. Moore, Jr., [redacted], permanent major general.

Brig. Gen. William G. O'Leksy, [redacted], permanent major general.

Brig. Gen. Thomas J. Flynn, [redacted], permanent major general.

Brig. Gen. Robert W. Riscassi, [redacted], permanent major general.

Brig. Gen. William E. Odom, [redacted], permanent major general.

Brig. Gen. Henry J. Schumacher, [redacted], permanent major general.

The following-named officer for appointment in the Regular Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 601(c)(2) and 624:

To be permanent major general

Lt. Gen. William Joseph Hilsman, [redacted], Army of the United States (brigadier general, U.S. Army).

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be general

Gen. Robert Morin Shoemaker, [redacted] (Age 57), Army of the United States (major general, U.S. Army).

IN THE NAVY

The following-named officers of the U.S. Navy for permanent promotion to the grade of rear admiral in the line and various staff corps, pursuant to title 10, United States Code, sections 5780, 5781, and 5791, or sections 611(a) and 614 of the Defense Officer Personnel Management Act (Pub. L. 96–513), as applicable, subject to qualifications therefor as provided by law:

LINE

Austin, Robert Clarke
Baldwin, John Ashby, Jr.
Booth, Peter Blake
Cassidy, Thomas Joseph, Jr.
Cooper, Daniel Leander
Davis, George Wilmot, Jr.
Felt, Donald Linn
Grich, Richard John
Hogan, Edward Joseph, Jr.
Howe, Jonathan Trumbull
Johnson, Roger David
Johnston, Fred William, Jr.
Kearns, William Anselm, Jr.
Klein, Verle Wesley
Martin, Edward Holmes
McArthur, John Chester
McCardell, James Elton, Jr.
McCarthy, Paul Fenton, Jr.
McCauley, William Frederick
Moore, Charles Julian
Moore, Virgil Wayne, Jr.
Myers, Lowell Richard
Parker, Jackson Knowles
Parker, John Theodore, Jr.
Peebles, Edward Metcalfe
Piotti, Walter Theodore, Jr.
Roane, Donald Patterson
Smith, Dickinson Miller
Smith, William Dee
Taylor, Clinton Wagner
Watson, Thomas Campbell, Jr.
Wellman, Harold Nixon
Williams, Allen Dean
Wyatt, William Claudius, III
Young, Harold Lawrence

MEDICAL CORPS

Lowery, Clinton Hershey
Seaton, Lewis Hiram

The following-named officers of the U.S. Navy for permanent promotion to the grades of commodore and rear admiral when eligible in the line and various staff corps, pursuant to sections 611(a) and 614 of the Defense Officer Personnel Management Act (Pub. L. 96-513), as applicable, subject to qualifications therefor as provided by law:

LINE

Addams, John Franklin
Almstedt, Theodore A., Jr.
Arthur, Stanley Roger
Aut, Warren Edward
Batzler, John Richard
Box, Roger Elden
Chang, Ming Erh
Chatham, Walter Lewis
Demars, Bruce
Donnell, Joseph Stover, III
Dunleavy, Richard Michael
Fetterman, John Henry, Jr.
Flatley, James Henry, III
Furlong, George Morgan, Jr.
Hacker, Benjamin Thurman
Hekman, Peter Maynard, Jr.
Herberger, Albert Joseph
Holland, William Jeremiah, Jr.
Kelso, Frank Benton, II
Kohn, Edwin Rudolph, Jr.
Kurth, Ronald James
Mackay, Gerald Wallace
Marryott, Ronald Frank
McDowell, Don Hardin
Moranville, Kendall Elmer
Narmi, Ronald Eugene
Nyquist, John Walfrid
Paulson, Allan Gerald
Poindexter, John Marlan
Rogers, Robert Burnett
Schmitt, Robert William
Severance, Laverne Stanard, Jr.
Steele, Ted Charles, Jr.
Storms, James Granville, III
Sutherland, Paul Edward, Jr.
Thompson, Richard Lee
Toole, Morton Egner
Walsh, William Albert
Williams, James Dale

MEDICAL CORPS

Cooley, Norman Vale, Jr.
Crews, Quintous Earl, Jr.
Elliott, Robert Cahoone
McDermott, William M., Jr.
Zimble, James Allen

SUPPLY CORPS

Sansone, Joseph Sarto, Jr.
Walker, Edward Keith, Jr.
Wilson, Donald Edwin

CIVIL ENGINEER CORPS

Conner, Donald Lee

DENTAL CORPS

McLeod, Carlton Joseph

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Clarence Eugene Hodges, of Maryland, to be Chief of the Children's Bureau, Department of Health and Human Services, vice John A. Calhoun III.

IN THE COAST GUARD

Coast Guard nominations beginning Irving G. Sauer, to be captain, and ending Arthur E. Henn, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on November 2, 1981.

IN THE AIR FORCE

Air Force nominations beginning Thomas F. Abbott, to be lieutenant colonel, and ending Nancy L. Wiseman, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on November 23, 1981.

Air Force nominations beginning William J. Athas, to be lieutenant colonel, and ending Alan B. Johnson, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on November 23, 1981.

IN THE ARMY

Army nominations beginning Donald C. Askew, to be colonel, and ending Bruce Walton, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on December 1, 1981.

Army nominations beginning Eugene Womack Allen, to be colonel, and ending George Allen J. McNamee, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on December 1, 1981.

IN THE NAVY

Navy nominations beginning Paul F. Abrahams, to be captain, and ending Stephen A. Zimmerman, to be lieutenant commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on November 12, 1981.

Navy nominations beginning Wilbur D. Jones, Jr., to be captain, and ending Frederick A. Albue, to be lieutenant (j.g.), which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on December 1, 1981.

HOUSE OF REPRESENTATIVES—*Monday, December 14, 1981*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Incline Your ear to our prayer, O Lord, and look with favor upon our petitions. We pray for people of every nation who live without the freedoms with which we have been blessed, and especially this day we remember the people of Poland. May not the struggles of that land cause life to be lost and may not the people despair and lose hope for a better day. In this season of light cause us to see more clearly the liberties of the land, that we will be thankful for our gifts and eager to share with those who live in fear and want. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4559. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4559) entitled "An act making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KASTEN, Mr. HATFIELD, Mr. D'AMATO, Mr. RUDMAN, Mr. SPECTER, Mr. INOUYE,, Mr. JOHNSTON, Mr. LEAHY, Mr. DECONCINI, and Mr. PROXMIRE to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1086) entitled "An act to extend and revise the Older Americans Act of 1965, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House with an amendment to a bill of the Senate of the following title:

S. 1003. An act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1196) entitled "An act to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes," agrees to a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PERCY, Mr. HELMS, Mr. HAYAKAWA, Mr. LUGAR, Mr. MATHIAS, Mr. PELL, Mr. BIDEN, Mr. GLENN, and Mr. SARBANES for all provisions except title VI of the Senate bill and title IV of the House amendment (relating to the food-for-peace program, Public Law 480); Mr. CRANSTON (in lieu of Mr. BIDEN), as an additional conferee solely for considerations for provisions dealing with the Peace Corps; Mrs. KASSEBAUM as a substitute conferee (for Mr. MATHIAS) on December 11, 1981, only and Mr. HELMS, Mr. DOLE, Mr. HAYAKAWA, Mr. LUGAR, Mr. HUDDLESTON, Mr. LEAHY, and Mr. ZORINSKY, for consideration of title VI of the Senate bill and title IV of the House amendment (relating to the food-for-peace program, Public Law 480) to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1946. An act to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes;

S. 1948. An act to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, other than Farm Credit System institutions, to borrow from and discount with Federal intermediate credit banks; and

S.J. Res. 123. Joint resolution authorizing and requesting the President to proclaim "National Disabled Veterans Week."

The message also announced that the Senate agreed to the following resolution:

S. RES. 256

Resolved, That the proposed 1982-1983 Needs Analysis Formula for the Pell Grant, the National Defense Student Loan, the College Work-Study, and the Supplemental Educational Opportunity Grant Programs transmitted to the Congress on October 13, 1981, is disapproved pursuant to the provisions of section 482(a) of the Higher Education Act of 1965.

SEC. 2. It is the sense of the Senate that, in addition to the conditions applied to Pell Grants pursuant to the joint resolution entitled, "Joint resolution making further continuing appropriations for the fiscal year 1982, and for other purposes", the family contribution schedule for the 1981-1982 academic year be the family contribution schedule for the 1982-1983 academic year, except that—

(1) the family-size offsets and the dependent-student offsets for both dependent students and independent students used for academic year 1981-1982 be used for academic year 1982-1983 and be increased by the applicable percentage increase in the Consumer Price Index prepared by the Department of Labor;

(2) the assets for the determination of expected family contribution under section 482(b)(5)—

(A) be determined, for families of dependent students and independent students with dependents, by deducting an asset reserve of not less than $25,000 from the net value of all assets,

(B) if net assets include a principal place of residence, be determined by deducting an additional reserve of $25,000 from net assets, and

(C) if net assets include farm or business assets, be determined by deducting an additional reserve of $80,000 from net assets,

except that the total net asset reserve for each family not exceed $100,000;

(3) the assessment rate applied to the discretionary income of families with dependent students be—

(A) 11 percent on the first $5,000 of discretionary income,

(B) 13 percent on discretionary income between $5,001 and $10,000,

(C) 18 percent on discretionary income between $10,001 and $15,000, and

(D) 25 percent on any amount over $15,000;

(4) the same assessment rates applied to the discretionary income of single dependent students, notwithstanding section 482(b), be used as were used in academic year 1981-1982;

(5) the assessment rate for an independent student who has one or more dependents (other than a spouse), notwithstanding section 482(c)(1)(D), be 25 percent of the discretionary income of that student; and

(6) the same assessment rate applied to the discretionary income of single independent students be applied to married independent students (with no dependents other than a spouse) except that if both individuals are students the individuals be treated as if they were single independent students.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled joint resolution on Friday, December 11, 1981:

H.J. Res. 370. Joint resolution making further continuing appropriations for the fiscal year 1982, and for other purposes.

APPOINTMENT OF CONFEREES ON H.R. 4559, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS, 1982

Mr. LONG of Maryland. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4559) making appropriations for foreign assistance and related programs for the fiscal year September 30, 1982, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Maryland? The Chair hears none, and appoints the following conferees: Messrs. LONG of Maryland, OBEY, YATES, MCHUGH, LEHMAN, WILSON, DIXON, GRAY, WHITTEN, KEMP, EDWARDS of Oklahoma, LIVINGSTON, LEWIS, PORTER, and CONTE.

APPOINTMENT OF CONFEREES ON H.R. 4995, DEPARTMENT OF DEFENSE APPROPRIATIONS, 1982

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4995) making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PREFERENTIAL MOTION OFFERED BY MRS. ROUKEMA

Mrs. ROUKEMA. Mr. Speaker, I offer a preferential motion.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mrs. ROUKEMA moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendments to the House bill H.R. 4995 be instructed to insist upon the total amount appropriated (for "procurement") under the provisions contained in title IV of the House bill, and upon the total amount appropriated (for "research, development, test, and evaluation") under the provisions contained in title V of the House bill.

The SPEAKER. The gentlewoman from New Jersey (Mrs. ROUKEMA) is recognized for 1 hour.

Mrs. ROUKEMA. Mr. Speaker, I yield 30 minutes to the gentleman from New York (Mr. ADDABBO), pending which I yield myself such time as I may consume.

I am offering a motion to instruct our conferees to insist upon the House-passed numbers under titles IV and V of H.R. 4995, the Defense appropriations bill. I do so because of widespread concern that, without the registered, strong support from the full House, the conferees would have no recourse but to accede to the usual practice of meeting halfway on these appropriations—a practice which could result in increases up to $4 billion above the House totals. Specifically, the House figure for procurement is $63.7 billion compared to $66.1 billion in the other body; the House figure for research and development is $19.3 billion compared to $20.8 billion. Remember, these are the two fastest-growing portions of this Defense bill. We must give the conferees a strong hand if we are to be successful in our efforts to promote better management and cost efficiency. Since 1977, procurement has increased 60 percent in real dollars from $39.8 billion to $63.7 billion—Congressional Research Service. Research and development has increased 24 percent in real dollars in that same 5-year period from $15.6 to $19.3 billion. Let me emphasize that these numbers are based upon the House-passed figures; if we use the numbers approved by the other body, these increases in real dollars will be even higher. And let me also emphasize that the House-passed bill already contains procurement and/or R. & D. funds for virtually every new weapons system, including the MX and B-1. We should also note that the other body has increased funding for inflation within these two titles by more than a billion dollars; it has also added a built-in 3 percent cost-overrun allowance on top of that for the MX and B-1 bomber.

Let me state clearly: There is no question that we need to improve our defense. But commonsense tells us that we cannot prudently do so in the space of 1 year. Nor should we. The funding levels appropriated by the other body, and the rapid growth within these two titles is an open invitation to inefficiency and poor management.

Apparently, the other body adopted their figures to "send a signal" to the Soviet Union about our willingness to strengthen our defense. It is difficult to believe that a 20-percent increase, in real dollars, in procurement and R. & D., which is contained in the House bill, is not a sufficient "signal" to the Soviets. Furthermore, the Congressional Budget Office has projected a 95 percent real growth in our defense budget over the next 5 years. This is an ample "signal" by any measurement. But, in consideration of our fragile economic status, what about sending a signal to our Nation's financial markets that we are exercising budgetary restraint? And what kind of signal is being sent about our sense of fairness and our priorities when we urge further reductions in virtually every domestic program?

Mr. Speaker, I am fully aware of some Members' reluctance to instruct the conferees. I would agree that the procedure be reserved for exceptions. However, we are faced in this bill with extraordinary circumstances—as we have been on past occasions when the full House has voted to instruct. To cite but two examples, in 1978 the House instructed its conferees on DOD appropriations to insist on their position in support of consolidation of Army and Navy helicopter training. And on May 13 of this year, we instructed our conferees to insist upon our defense totals within the budget resolution.

Let me remind my colleagues that instructions to conferees are advisory and are not binding in a strict sense (Deschler's Procedure 33 section 10.1). But they do put the full moral suasion of the House behind its own committee's work.

In my opinion, there is ample justification for this motion. We cannot disregard the fact that 3 weeks ago the House come within five votes of passing my amendment to cut 2 percent—$1.65 billion—from these titles. But for five votes we would have demanded reduction. How can we now, without registering protest, accede to the other body?

Many Members, myself included, recognized the diligent and meticulous work of the Defense Appropriations Subcommittee and found the committee case persuasive. Some Members who did not support my amendment did so because they were convinced that solid reductions had already been achieved by the committee.

During that debate, there was substantial agreement by both sides about the long hours and hard work that went into bringing about reductions. It was stated, "we do our homework and we know where the lean is." We were reminded that the committee spends its time "pouring over these figures, listening to witnesses, interrogating people and marking up for weeks at a time."

The point is this: 197 Members supported additional cuts in titles IV and V. Among those who did not, many indicated that they were supportive of the competence of the committee and were satisfied with the fact that their budget came in $4 billion less than the administration's. A motion to instruct

would help the conferees make a very strong case for supporting the committee and retaining these carefully calculated spending levels.

There are compelling reasons to "hold the line" in titles IV and V. First, we will absolutely not affect readiness capability if we adopt this motion. That is, we will not affect personnel expenditures, operations and maintenance, military training. These categories all fall under other titles that would not, in any way, be affected by this motion.

Second, economic reality does not just suggest—indeed, it demands—the House stand firm to keep down additional increases in the deficit for fiscal year 1982. We have seen news reports last week about the White House "worst case" projections of a budget deficit of $109 billion. If we do nothing it is almost a certainty that the $4 billion savings, over which we have agonized in the continuing resolution, will be wiped out in the defense appropriations conference. And this without even speculating on the costs of inevitable supplementals.

From another perspective, how does $4 billion translate in terms of other programs?

Education for the handicapped costs $1 billion per year;

The guaranteed student loan program costs $3 billion per year; and

The social security minimum benefit costs $1.3 billion per year.

Or look at it another way:

Four billion dollars equals one-half the cost of veterans' medical and hospital benefits for 1 year;

It equals one-half the cost of the Federal highway program for 1 year; and

It equals the full cost of senior-citizen community centers, nutrition centers, and Meals on Wheels—all within the Older Americans Act—for 5 years.

In summary, approval of the motion to instruct will do the following: First, it will direct the conferees to develop the strongest possible position and ultimately could lead to a savings of $4 billion over the bill passed by the other body; second, we will make a clear statement to our Nation's financial markets that we are dead serious about preventing unwarranted escalation of annual deficits; third, this modest restraint in defense will be one very small step toward requiring efficiency and effective management within the Defense Department. There are no Federal sacred cows; and fourth, finally, we will not impair our continuing drive for an improved national defense, including new weapons, readiness, capability, personnel, training, and operations.

These are extraordinary circumstances. They require decisive action. I urge your support for this motion.

□ 1215

Mr. BEREUTER. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from Nebraska.

Mr. BEREUTER. Mr. Speaker, I rise in strong support of this motion to instruct the House conferees to insist upon the amount appropriated in the House version of the fiscal year 1982 Department of Defense appropriation for procurement and for research, development, testing, and evaluation, and I commend the gentlewoman from New Jersey for her efforts to insure that the large increases in defense spending will be targeted to those areas which have been neglected in recent years, rather than toward the procurement of ever more sophisticated and expensive weapons systems which we sometimes cannot afford in sufficient numbers to enhance our combat effectiveness.

Mr. Speaker, I want to make it clear that I support increased defense spending, that I have, for example, a "Peace through strength" plaque on my wall too, but I am also concerned that our defense establishment simply does not have the capability to effectively absorb the enormous increases in spending which have been proposed for procurement in the near term. If we are to sustain public support for increased defense spending, and it is important that we do so, then we must spend wisely and prudently. The public sentiment for these increases is indeed still substantial, but I and other Members have come to question its depth. There is little question that we can spend the trillion dollars over the next 5 years for defense, but if we do so and no perceptible or concomitant increase in combat effectiveness results, I can assure my colleagues that an antidefense backlash will develop which will make the post-Vietnam era sentiment pale by comparison. The American public simply will not stand idly by and allow the Pentagon, the President, or the Congress to drain the public treasury on unnecessary or ineffective weapons, and on inappropriate allocations generally, while domestic spending is being subjected to severe cuts and while the budget deficit continues to soar.

There are areas of the defense budget which require immediate and substantial increases. The necessary funds for readiness functions, operations and maintenance, fuel for steaming and flying time, and spare parts shortages must be addressed. These are extremely high priorities, and the increased appropriations for these functions which are provided in the House-passed version of the bill will result in a marked increase in combat effectiveness in a relatively short period of time. The motion which is now before us recognizes the importance of these areas. It is in the areas of procurement and R. & D. where the Congress must closely scrutinize the need for, and effectiveness of, massive increases and exercise its very best and careful judgment. As my colleagues will recall, during earlier consideration of the defense appropriation resolution by the House, an amendment to reduce procurement and R. & D. funding by a mere 2 percent was narrowly defeated. At that time, the committee assured the Members that each of the weapons systems included in the bill was necessary and that the funding levels in the bill would indeed provide an adequate defense for the coming year.

We are now faced with a Senate measure which is $3.9 billion over that which passed the House in these procurement and R. & D. functions. I urge my colleagues to reflect for a moment on the need to continue spending more for procurement when, in terms of constant 1982 dollars, procurement has increased 60 percent over the past 5 years. We need to rebuild the defense of the Nation, but we must do so at a pace and in a manner which will reflect a real enhancement of combat capability without placing an untenable burden upon the national Treasury and with an effectiveness which will preserve the American consensus to correct our serious national defense deficiencies. The motion which is before us is a positive contribution to that effort, and I urge its adoption.

Mr. GUNDERSON. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. Mr. Speaker, I rise in strong support of the motion by the gentlelady from New Jersey. And let me begin, by commending her for her outstanding leadership on this issue. It was the gentlelady from New Jersey who offered an amendment 2 weeks ago during consideration of the Defense appropriations bill to cut 2 percent of the money allocated for titles V—research, development, test, and evaluation—and IV—procurement. Now again, she has given this Congress the leadership to at least hold the line on our increase as compared to even larger numbers by the other body.

There exists, I suspect, a large number in this body who have found themselves in the same difficult position regarding our military spending, that I do. Last year, during my campaign for Congress, I was one who made defense spending a major issue. At that time my campaign discussed the needs for major increases in military pay and conventional weapons. In doing so, I mentioned the need of a possible increase in our military budget around $20 billion. This figure was determined by discussions with

various people with much more military expertise than I. In addition, it is not far from the figure both candidates for President used during their campaigns. It is then, a bit uncomfortable to advocate defense increases at one point in time only to later find yourself among those claiming the Defense budget goes too far.

But that is indeed the case. We, the Federal Government, seem intent in going from one extreme of ignoring our defense needs to the other extreme of simply throwing too much money in too short a time.

This country is at a major crossroads in our history; 1981 has been a dramatic year, witnessing an equally dramatic turnaround in our economic program. We are participating in a major change in the role in the Federal Government in our economy, our lives, and our social structure.

The American people have responded with their support for the general concept of the program. They recognize this country, and this Government can no longer live beyond their means. All they ask is that we do not ignore the legitimate role of Government, and that our program for economic recovery be an equitable program for all sectors of the population.

During the past Thanksgiving Day recess, I traveled extensively throughout my district, holding meetings in every one of the 16 counties. The message, I received was very clear. For it came from liberals and conservatives. It came from businessmen and social service directors. They are willing to cut. All they ask is that everyone undergo the same scrutiny. And in that vein, they asked why Congress is neglecting to put the same scrutiny on the Defense and foreign aid budgets that we are asking of everyone else.

That then is the major reason to support the motion by the lady from New Jersey. Frankly, I suspect the entire economic package we have worked so hard to achieve is in danger unless we provide the American people with the credibility and fairness they desire. The bill before us represents about a $25 billion increase in total defense outlays. This combined with other defense bills brings the total increase in outlays for defense purposes to about $33 billion, and the total increase in authorizations to about $50 billion above last year's defense bill. This occurs at the same time we have cut some $40 billion from the other sectors of our Government.

If we quickly look at the numbers in the committee bill brought before us during our consideration of the defense appropriation bill, we can quickly witness the magnitude of the increase. The Army is experiencing a 59-percent increase in aircraft procurement, a 38-percent increase in missile procurement, a 50-percent increase in ammunition procurement. The Navy is experiencing a 43-percent increase in aircraft procurement, while the Air Force witnesses a 33-percent increase in aircraft procurement, a 35-percent increase in missile procurement.

The question before us is the simple one of whether or not these numbers are high enough, or should we make even larger increases as the other body has done. That question does indeed seem a simple one to me, when we recognize that just within the week we have passed the continuing resolution requiring further cuts in our domestic agencies, and programs.

There exists a second reason why we should support the motion before us. And it comes from one who believes in a strong national defense. All year long, as a part of our economic recovery program we have discussed the need to revitalize our American industry. We have talked of the need to provide the tax incentives necessary to allow American business to retool.

You know, I am simply not sure that American industry can handle a $33 billion increase in outlays or a $50 billion increase in budget authority within 1 year. And I fear what will happen within the next 5 years. The headlines will be full of stories about major cost overruns, fraud, and abuse within military procurement.

Such activity will cause the same backlash against military spending we witnessed following Vietnam. That, my friends, is not in the interest of our long-term military needs. The public outcry for defense scrutiny and cuts at that time will be overwhelming. And yet, our contracts will strictly limit the flexibility that we will have to deal with those cuts. As a result, I am afraid that such cuts may occur in areas that none of us desire, such as military pay.

If there is one challenge that transcends everything we have done and will do in this and future Congresses, it is credibility. So often, when asked by the press, what my greatest goal is as a public servant I respond it is to increase the American public's credibility in their Government. For if that does not exist, we can never provide the tough answers to the long-term problems facing our country.

That challenge of credibility is before us today. Do we at least hold the line on the House's spending limits for procurement, research and development? Or do we forsake that credibility by allowing numbers even higher than those to be adopted by the conference committee? I strongly urge everyone to adopt the motion offered by the gentlelady from New Jersey. Thank you.

Ms. SNOWE. Mr. Speaker, I rise in support of the motion to instruct the conferees on the defense appropriations bill. It is a fair and reasonable approach to incorporate some financial sensibility in 1982's defense budget, which as we know, is a prelude to many years of unprecedented defense spending.

In that context, then, it becomes imperative that this Congress make every effort to retain a threshold of spending that is within the realm of reason. That reasonable threshold is the House figures. I supported the defense appropriations bill because I am convinced we need to strengthen our national defense, and I believe the bill does just that. We have appropriated almost $200 billion for the defense of this Nation. This is certainly adequate and in fact admirable. And that is why I think we should retain the House level of spending. The other body has passed a bill which is almost $12 billion more than the House version—a difference which is basically not acceptable in this time of fiscal austerity.

This motion, which instructs our conferees to insist on our levels on title IV—procurement—and V—research, development, test and evaluation—is the least we can do. The gap between the House and Senate versions is almost $4 billion on these two accounts. It is important to remember that the House version has already increased these two programs by a total of $18½ billion, or 20 percent already. I think an increase of $18½ billion is certainly adequate. So we are not talking about a decrease when we instruct our conferees to adhere to the House figures.

It is also worth mentioning that these two accounts, procurement, and research and development, have not been neglected in the last 5 years. In fact they have received the largest increases of any of the accounts over this time period. Surely an $18½ billion increase will suffice.

Although this motion is not binding, I think it will send an important message to our conferees, that unrestrained defense spending is a luxury we cannot afford.

Mr. GILMAN. Mr. Speaker, I rise in strong support of the motion offered by the gentlewoman from New Jersey (Mrs. ROUKEMA) to instruct the House conferees to insist on the House-passed figures for defense procurement and for research and development in the Defense appropriations bill, H.R. 4995.

The other body has seen fit to add huge sums to the budgetary proposals approved by the House and requested by the President. Those amounts, in fact, exceed the House-passed appropriations by $4 billion and the President's request by $2.27 billion.

Mr. Speaker, at a time when we are seeking economy everywhere in Government—when we are, in fact, cutting back on programs that meet essential needs—we cannot totally exempt any substantial portion of the budget from

tough scrutiny. The other body has, unfortunately, fallen into that trap. We must provide an incentive for the Pentagon to economize and set priorities. I very much doubt that either the members of the other body or the Pentagon are in a position to spend the vast increase in the defense budget wisely over the next year.

I supported a prior motion, also offered by the gentlewoman, to cut the amounts for procurement and research and development by a modest 2 percent; that motion failed narrowly by a mere five votes. We should, however, regard the House passed numbers, as they now stand, as ceilings for these accounts, and we should encourage our colleagues on the committee of conference to stand firm in their determination to defend the House position. While I favor a strong national defense, I believe that the proposed $200 billion defense budget can withstand some trimming without jeopardizing our national security.

● Mr. PRITCHARD. Mr. Speaker, I rise in support of the Roukema motion to insist on the House totals for the procurement, research and development titles of the Defense appropriations bill.

We have rightly placed a high priority on strengthening our national defense. At a time when literally hundreds of Federal programs are being reduced, the defense budget is being increased. Substantially increased. However, I do not believe that Congress should simply write blank checks to the Defense Department. The House bill provided for a 22-percent increase in procurement funding, and an 8-percent increase in research and development funding over the previous year, yet the Senate voted an additional $4 billion for these two functions; $4 billion. That is the same amount of money in additional cuts which the President is seeking from the continuing resolution. I submit to you that this additional funding is both fiscally irresponsible and strategically unnecessary. It would set some very bad precedents.

Mr. Speaker, I support this administration's commitment to improving our Nation's defense capabilities. However, instead of seeking ways in which the Pentagon could stretch our defense dollar, improve procurement practices, and eliminate waste, we are presented with a bill which includes $115 million for anticipated cost overruns on the B-1 and MX programs—two projects whose strategic and fiscal wisdom has been questioned by many of us in this body. Furthermore, these two functions of the Defense bill have had a 10-percent rate of inflation factored into their appropriations. The rest of the Federal budget for the next fiscal year has been developed with an 8.7 percent inflation factor. Such efforts to pad expenditures cannot and should not be condoned.

I would like to conclude by reminding my colleagues that when the House considered the Defense appropriations bill just a few short weeks ago, an amendment to lower the appropriation for these two functions by 2 percent was defeated by a mere five votes. Let us not tell the country that we refuse to give military spending the same kind of scrutiny which we have been giving to every other sector of the Federal budget. I urge adoption of the motion.●

● Mr. FRENZEL. Mr. Speaker, I urge support for the motion of the distinguished gentlelady from New Jersey.

Her motion indicates no lack of confidence in our House managers. The motion cannot bind them. We all know that rules of comity will prevail, and that some sort of compromise will occur.

However, the motion is a strong statement in favor of greater scrutiny of defense expenses. It asks the conferees to do better than the usual split between House and Senate figures. It also gives warning that the day of the congressional blank check for military spending may be coming to an end.

I want a strong defense. I believe the gentlewoman from New Jersey does, too. But both of us expect in this motion that all expenses will receive the same careful evaluation and oversight whether they are social or military.●

● Mr. PURSELL. Mr. Speaker, I rise in support of the motion to instruct the House conferees with respect to the fiscal year 1982 Defense appropriations bill—H.R. 4995.

As you know, the Senate version of this legislation provides for considerable increases over the House-passed bill—itself 15 percent above fiscal year 1981 appropriations. A significant portion of those increases involve procurement (title IV) and research and development (title V). The motion before us instructs the House conferees to insist upon the House totals for those two titles.

The House bill already calls for significant increases for titles IV and V over fiscal year 1981 levels. Taking into account the administration's inflation factor (8.7 percent), "real" increases amount to approximately 20 percent. Nevertheless, the Senate went ahead and added almost $4 billion in these areas ($2.35 billion under title IV and $1.61 billion under title V), exceeding the administration's request by $2.35 billion.

In this case, "splitting the difference" with the Senate clearly is not in order. In addition to the feeling by many that the Senate "puffed up" its bill in preparation for such a split, it should be recalled that when the House considered H.R. 4995, an amendment to reduce these two titles by 2 percent was narrowly defeated on a 197-to-202 vote.

The margin of that vote indicates strong concern about the rapid acceleration of funding, along with the need for improved management techniques during this period of intense military buildup. Accordingly, I strongly urge my colleagues to adopt this motion and, thus, strengthen the position of our conference members as they go into negotiations with their Senate counterparts.

Meanwhile, I also would continue to encourage my colleagues to insist that the overall defense budget be given the same degree of scrutiny that has been afforded domestic programs. A strong economy is an essential ingredient in maintaining a strong defense, and gains made through tightening our domestic budget will be lost if defense spending is allowed to increase in a wasteful manner.

In that regard, I would further urge President Reagan to veto any military appropriations measure that exceeds his budget request. This is consistent with his position regarding the continuing appropriations bill passed last week as well as with sound fiscal policy.●

● Mr. WIRTH. Mr. Speaker, I rise in support of Congresswoman ROUKEMA's motion to instruct the House conferees for the fiscal year 1982 appropriations for the Department of Defense to insist on the House passed levels for procurement and research and development.

These are the two areas of the Pentagon budget which historically have the worst records of cost overruns and unproductive investments and which are slated to receive some of the largest increases in the Department. The House of Representatives less than a month ago narrowly defeated an amendment to reduce the funding for these categories and I believe that, at the very least, we should not fund them at levels higher than contained in the final House-passed bill.

Mr. Speaker, I strongly support a strong national defense and believe that certain areas of the Defense budget need to be increased. For example, we need to increase funding for our operations and maintenance categories and the budget categories which will help to improve our readiness capabilities. At the same time however, we must subject the Department of Defense to the same fiscal scrutiny that has been applied to the rest of the budget.

The Department of Defense is replete with examples of waste, mismanagement, and of misguided and poorly planned programs. The past several years alone have yielded examples of billions of dollars squandered on countless questionable ventures, among them: high technology projects

that seem perfect on paper, but fail miserably when tested; $45 million in salaries for public relations specialists; and massive cost overruns for many of the major weapons systems—29 percent above the rate of inflation last year. Besides these dubious expenditures, blatant examples of outright waste exist in the Department of Defense, as in other parts of the Federal bureaucracy, and I strongly believe we must eliminate such waste. The Nation's taxpayers cannot afford $5 million for 300 military servants and $85 million to subsidize dining rooms for officers—including $1.4 million for the dining rooms of the Secretary of Defense and the Joint Chiefs of Staff. Such outlays actually hurt our national defense by sapping money from critical national priorities, and surrounding our military muscle with layers of fat.

The way to approach this waste however, Mr. Speaker, is not through blanket, across-the-board, untargeted reductions, but rather through responsible, and targeted specific proposals. I have consistently opposed this meat-ax approach in the other areas of the budget as irresponsible budget gimmickry; the fact that the defense budget is so much larger than most other budgets is no reason to abdicate the Congress budget responsibilities. The Roukema motion is not an across-the-board reduction, but proposes cuts in two of the Pentagon's specific budget program areas, procurement and R. & D. The chairman of the Defense Appropriations Subcommittee has stated that such a cut would not adversely affect any of the programs and would merely serve to send a message that these units need to improve their administrative practices. Therefore, Mr. Speaker, I rise in support of the Roukema motion and urge my colleagues to support the motion.●

Mrs. FENWICK. Mr. Speaker, I rise in support of the motion to instruct the conferees.

Like my colleagues, I sincerely hope that the Reagan program of reduced Government spending will succeed. If it is to succeed, however, the budget of the Department of Defense cannot escape the serious examination to which the budgets of the other Federal agencies have been subjected.

Last month, the House passed on appropriation bill for the Defense Department which provided an $18.5-billion increase—20 percent above inflation—for the Department's procurement and research and development activities. Many Members of the House felt that even that amount was too great. I joined those Members in supporting the gentlewoman from New Jersey, Mrs. ROUKEMA's amendment to reduce spending in these areas by 2 percent. As you know, that amendment narrowly failed, by the vote of 197 to 202.

In light of that fact, I think it is only appropriate that we instruct our colleagues who will be conferees on the Defense appropriations bill to reject the proposed 34.7-percent increase in procurement and research and development contained in the Senate bill. This increase, 26 percent above inflation as projected by the administration, is unjustifiable. Procurement and research and development are two areas of DOD's budget which have already risen sharply in the last 5 years. Certainly our national defense needs to be strengthened, but the best way to strengthen our defense is to improve our ability to retain quality personnel, to maintain the equipment we already have, and to concentrate on those unglamorous readiness and manpower requirements which we have neglected in recent years. Pouring huge amounts of funds into the accounts for new weapons systems will not solve our national security problems; these increases cannot possibly be absorbed effectively.

I hope that my colleagues will join me in opposing the unnecessarily large increases in Defense procurement and research and development proposed by the Senate. I think that the 28.7-percent increase passed by the House is more than adequate, especially in an era when so many important programs are being reduced substantially, and for that reason, I support the motion to instruct the conferees.

The SPEAKER. The question is on the preferential motion offered by the gentlewoman from New Jersey (Mrs. ROUKEMA).

The preferential motion was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. The Chair appoints the following conferees: Messrs. ADDABBO, CHAPPELL, MURTHA, DICKS, WILSON, HEFNER, GINN, WHITTEN, EDWARDS of Alabama, ROBINSON, MCDADE, YOUNG of Florida, and CONTE.

GENERAL LEAVE

Mr. EDWARDS of Alabama. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the motion just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

PERMISSION TO HAVE UNTIL MIDNIGHT TUESDAY, DECEMBER 15, 1981, TO FILE CONFERENCE REPORT AND MAKING IN ORDER CONSIDERATION OF CONFERENCE REPORT AND AMENDMENTS IN DISAGREEMENT THERETO ON H.R. 4995, DEPARTMENT OF DEFENSE APPROPRIATIONS, 1982

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tomorrow, Tuesday, December 15, 1981, to file a conference report on the bill (H.R. 4995) making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, and that it may be in order to call up the conference report and amendments in disagreement thereto at any time after the report is filed.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

MOTION TO CLOSE CONFERENCE COMMITTEE MEETINGS ON H.R. 4995, DEPARTMENT OF DEFENSE APPROPRIATIONS

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. ADDABBO moves, pursuant to rule XXVIII 6(a) of the House rules, that the conference committee meetings between the House and the Senate on H.R. 4995, the fiscal year 1982 Department of Defense appropriation bill, be closed to the public at such times as classified national security information is under consideration, *Provided however*, That any sitting Member of Congress shall have the right to attend any closed or open meeting.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. ADDABBO).

Under the rules of the House, the motion offered by the gentleman from New York (Mr. ADDABBO) requires a rollcall vote. Members will record their votes by electronic device.

The vote was taken by electronic device, and there were—yeas 359, nays 1, not voting 73, as follows:

[Roll No. 357]

YEAS—359

Addabbo	Barnard	Bonior
Akaka	Barnes	Bonker
Albosta	Bedell	Bouquard
Alexander	Beilenson	Bowen
Anderson	Benedict	Brinkley
Andrews	Benjamin	Brodhead
Annunzio	Bennett	Broomfield
Anthony	Bereuter	Brown (CO)
Applegate	Bethune	Broyhill
Archer	Bevill	Burgener
Ashbrook	Biaggi	Burton, Phillip
Aspin	Bingham	Butler
Atkinson	Bliley	Byron
Bafalis	Boggs	Campbell
Bailey (MO)	Boland	Carman
Bailey (PA)	Boner	Carney

Chappell	Hamilton	Nelligan
Chappie	Hammerschmidt	Nelson
Cheney	Hance	Nichols
Chisholm	Hansen (ID)	Nowak
Clausen	Hansen (UT)	O'Brien
Clay	Harkin	Oakar
Clinger	Hartnett	Obey
Coats	Hawkins	Ottinger
Coelho	Hefner	Oxley
Coleman	Heftel	Panetta
Collins (IL)	Hendon	Parris
Collins (TX)	Hertel	Pashayan
Conable	Hightower	Patman
Conte	Hiler	Paul
Conyers	Hillis	Pease
Corcoran	Holt	Pepper
Coughlin	Hopkins	Perkins
Courter	Horton	Petri
Coyne, James	Howard	Peyser
Coyne, William	Hoyer	Pickle
Craig	Huckaby	Price
Crane, Daniel	Hughes	Pritchard
Crane, Philip	Hutto	Pursell
D'Amours	Hyde	Quillen
Daniel, Dan	Ireland	Rahall
Daniel, R. W.	Jacobs	Railsback
Danielson	Jeffords	Rangel
Dannemeyer	Jeffries	Ratchford
Daschle	Jenkins	Regula
Daub	Johnston	Reuss
Davis	Jones (NC)	Rhodes
de la Garza	Jones (OK)	Richmond
Deckard	Jones (TN)	Ritter
DeNardis	Kastenmeier	Roberts (KS)
Derrick	Kazen	Roberts (SD)
Derwinski	Kemp	Robinson
Dickinson	Kildee	Roemer
Dicks	Kogovsek	Rogers
Dingell	Kramer	Rose
Dixon	LaFalce	Rosenthal
Dorgan	Lagomarsino	Rostenkowski
Dowdy	Lantos	Roth
Downey	Latta	Roybal
Duncan	Leach	Rudd
Dunn	Leath	Sabo
Dwyer	LeBoutillier	Santini
Dymally	Lee	Savage
Dyson	Lehman	Sawyer
Early	Leland	Schneider
Eckart	Lent	Schroeder
Edwards (AL)	Levitas	Schulze
Edwards (CA)	Lewis	Schumer
Edwards (OK)	Livingston	Seiberling
Emerson	Loeffler	Sensenbrenner
Emery	Long (LA)	Shannon
English	Long (MD)	Shaw
Erdahl	Lott	Shelby
Erlenborn	Lowery (CA)	Shumway
Evans (DE)	Lowry (WA)	Shuster
Evans (GA)	Lujan	Siljander
Evans (IA)	Luken	Simon
Evans (IN)	Lundine	Skeen
Fary	Lungren	Skelton
Fascell	Madigan	Smith (AL)
Fenwick	Markey	Smith (IA)
Fields	Marlenee	Smith (NE)
Findley	Marriott	Smith (NJ)
Florio	Martin (NC)	Smith (OR)
Foglietta	Martin (NY)	Smith (PA)
Foley	Matsui	Snowe
Ford (TN)	Mavroules	Snyder
Forsythe	McClory	Solarz
Fountain	McCollum	Solomon
Fowler	McCurdy	St Germain
Frenzel	McDade	Stanton
Fuqua	McEwen	Stark
Gaydos	McGrath	Staton
Gejdenson	McHugh	Stenholm
Gephardt	Michel	Stokes
Gilman	Miller (CA)	Stratton
Gingrich	Miller (OH)	Studds
Ginn	Mineta	Stump
Glickman	Minish	Swift
Gonzalez	Mitchell (NY)	Synar
Gore	Moakley	Tauke
Gradison	Moffett	Tauzin
Gramm	Mollohan	Taylor
Green	Montgomery	Thomas
Gregg	Moore	Traxler
Grisham	Morrison	Udall
Guarini	Mottl	Vander Jagt
Gunderson	Murtha	Volkmer
Hagedorn	Myers	Walker
Hall (OH)	Napier	Wampler
Hall, Ralph	Natcher	Washington
Hall, Sam	Neal	Waxman
Weaver	Williams (MT)	Yates
Weber (OH)	Wilson	Yatron
Weiss	Winn	Young (AK)
White	Wirth	Young (FL)
Whitehurst	Wolf	Young (MO)
Whitley	Wolpe	Zablocki
Whittaker	Wortley	Zeferetti
Whitten	Wyden	

NAYS—1

Mitchell (MD)

NOT VOTING—73

AuCoin	Frank	Murphy
Badham	Frost	Oberstar
Beard	Garcia	Patterson
Blanchard	Gibbons	Porter
Bolling	Goldwater	Rinaldo
Breaux	Goodling	Rodino
Brooks	Gray	Roe
Brown (CA)	Hatcher	Roukema
Brown (OH)	Heckler	Rousselot
Burton, John	Holland	Russo
Crockett	Hollenbeck	Scheuer
Dellums	Hubbard	Shamansky
Donnelly	Hunter	Sharp
Dornan	Kindness	Spence
Dougherty	Marks	Stangeland
Dreier	Martin (IL)	Trible
Edgar	Mattox	Vento
Ertel	Mazzoli	Walgren
Fazio	McCloskey	Watkins
Ferraro	McDonald	Weber (MN)
Fiedler	McKinney	Williams (OH)
Fish	Mica	Wright
Fithian	Mikulski	Wylie
Flippo	Molinari	
Ford (MI)	Moorhead	

□ 1230

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4331, OMNIBUS BUDGET RECONCILIATION ACT OF 1981 AMENDMENTS

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that the conferees have until midnight tonight to file the conference report to accompany the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentleman from Illinois?

There was no objection.

PEACE AND JUSTICE FOR POLAND

(Mr. ANNUNZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANNUNZIO. Mr. Speaker, over 1,000 persons were arrested over the weekend in Poland by that nation's military government, and martial law has been imposed on the entire country, including the occupation by troops of headquarters of Solidarity, the nation's independent trade union formed in 1980. Strict curfews have been imposed, communications within the country and to the outside have been cut off or severely curtailed, and freedom of assembly and the freedom of speech have been banned. Severe penalties of imprisonment and even death have been announced for those in the Government or the army who do not obey orders.

Polish Americans in my own city of Chicago and all over this Nation have expressed their continuing deep concern and worry for the safety of their relatives, their friends, and the future of freedom itself in the Polish nation. Pope John Paul II and Archbishop Josef Glemp, the primate of Poland, have both urged Poles to heed the voices of moderation and continue their search for peaceful solutions to the country's social, economic, and political problems.

For the last 35 years, Polish religious, cultural, and artistic expression has been controlled, the economic sector of the country has been restricted along Communist Party lines, and Poland's policies toward other nations have been directed from Moscow. However, the courageous Polish people have never lost their fervent desire for freedom, and over the generations, they have fought heroically for liberty. It was only through the dedication and sacrifice of Polish patriots and the people's faith in their religious heritage that Poland has been able to win concessions from the Communist tyrants.

I have cosponsored and voted in the past for congressional resolutions encouraging the effective implementation of the agreements by the Polish Government and the Polish workers, making it absolutely clear that the Congress considers the peaceful resolution of the Polish workers' demands, without the interference of foreign nations, a strong contribution to international peace.

Mr. Speaker, as the Christmas season approaches, I know that we all join with the brave people of Poland in their prayers and struggles for a just and peaceful resolution of their beloved country's difficulties.

THE OMINOUS IMPLICATIONS OF MARTIAL LAW IN POLAND

(Mr. MINISH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MINISH. Mr. Speaker, I rise today to call attention to the serious and rapidly deteriorating situation in Poland.

The imposition of martial law by Polish authorities reverses the pattern of resolution of differences through negotiation which has characterized the attitude of the Polish Government. It appears that Prime Minister Jaruzelski and other party authorities have decided that confrontation with

the Polish people and the Solidarity trade union is the only means to assure stability in the country.

Mr. Speaker, this decision could not be more ill-advised or counterproductive. Solidarity leader Lech Walesa, while so far exercising laudable restraint, may be forced by his rank-and-file to take provocative steps of his own.

A head-on, violent confrontation with possible Soviet intervention would have the gravest of consequences for the United States, the Soviet Union, and of course the Polish people themselves. The imposition of martial law, therefore, may be the first step in a tragic course of events.

I urge that Polish authorities seriously reconsider the consequences of their action. Negotiation and compromise between the Polish people and their Government in the past year and a half have kept Poland from plunging into chaos with far-reaching implications for international security. The Polish authorities must continue to follow this course and reverse their decision to impose martial law, a decision from which nothing productive can come.

WORLD MILITARY AND SOCIAL EXPENDITURES

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEASE. Mr. Speaker, as I previously have said on the House floor, military strength is a concern to most Americans. But so are budgets and Federal spending. The study, "World Military and Social Expenditures," by Ruth Sivard, bears out in compelling detail the global investment of resources in the military sector.

Governments continue to spend and spend on sophisticated military weaponry, while one-third of the world's people lack basic necessities of life. Some 800 million live in dire poverty.

Military expenditures definitely and directly have an impact on the social conditions that the world presently faces.

Did you know that the $500 billion now spent in 1 year for arms and armies equals the entire income of 2 billion people living in the poorest countries? As we continue to focus our aims on military priorities, the poor and deprived of the world have steadily grown in record numbers.

Income contrasts are a shocking reminder of how far the global economy must still advance before basic human needs are met in much of the world. Statistics cannot possibly define the crushing poverty in which millions of people live, but I urge my colleagues to reflect on the Sivard study being circulated by MCPL.

MINER DEATHS DRAW REACTION

(Mr. GAYDOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. GAYDOS. Mr. Speaker, the three recent mine accidents that killed 24 miners in less than a week may have been the early signals of an erosion in hard-won miner safety.

The Mine Safety and Health Administration reduced miner deaths to a 10-year low in 1980, but the figures for this year will show an increase.

For this reason, I have sent a representative of the Subcommittee on Health and Safety to the scenes of the recent disasters to determine whether the best oversight can be had in the field or in Washington.

Meanwhile, newspapers have begun voicing editorial concern about the situation in the mines.

Following here is a reaction from the December 13 Pittsburgh Press:

COAL MINE SAFETY

Nobody questions the fact that coal mining is by its very nature a hazardous occupation.

Even so, one must wonder whether more can't be done to reduce the risk.

The recent deaths of 24 miners in three separate accidents in West Virginia, Kentucky and Tennessee have sparked criticism of President Reagan's budget cuts in mine-safety enforcement programs.

It's hard to say how many, if any, of these latest deaths might have been prevented if more federal inspectors were on the job. After all, inspectors can't catch every neglect of safety precautions by mine owners, nor prevent carelessness by miners, nor preclude the natural and unforseen development of a hazard after they've made their rounds.

Nevertheless, mining has become less hazardous since the federal government enacted comprehensive mine-safety laws and leaned on states to pass their own. So federal budget officials and Congress should make sure they are eliminating only fat and not sinew when they cut back on mine-safety enforcement.

The federal government, however, is not solely responsible for mine safety. Too often the states don't pick up their end of the load. In fact, it was the laxness of states that led to the passage of federal laws.

The severity of penalties for violations of rules also has a bearing on mine safety.

After a major disaster several years ago, it was discovered that the mine had been cited for more than 1,000 safety violations over the previous five-year period but the operators had received little more than a slap on the wrist for most of them. That's indefensible.

The coal-mine death toll for the year now stands at 143, up from last year's total of 133. Obviously this is no time to relax government of mine-safety regulations.

STATEMENT OF CONGRESSMAN CLEMENT J. ZABLOCKI ON CRISIS IN POLAND

(Mr. ZABLOCKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Speaker, the action by the Government of Poland this past weekend has confirmed the fears of the entire free world. At this time it should be reemphasized that the Polish people and the Polish Government must be permitted to resolve their own problems without outside interference.

Unfortunately, after 16 months of experimentation with increased civil liberties and political reform the imposition of martial law, even if temporary, reverses the process of democratization initiated by the Solidarity movement. It is my fervent hope that the gains made by the people of Poland in the direction of freedom are not lost.

In my opinion, the people of Poland will accept nothing less than the restoration of their hard-won rights which permitted them a limited degree of freedom so long denied by a succession of Communist regimes. I believe that the ruling military council headed by General Jaruzelski recognizes the reality of social, political, and economic reform. What is at issue is the peace, stability, and extent of such reforms.

During this period of crisis, all parties should be patient, and however deep our concern, must understand the difficulty and sensitivity of the situation.

It is essential that discussions between Lech Walesa and representatives of the Government continue with a view toward reaching an accommodation acceptable to Solidarity, the church, the Government, and ultimately, the people of Poland.

Then, and only then, can Poland make progress in resolving the Nation's economic difficulties vital to its survival.

PERMISSION TO FILE CONFERENCE REPORT ON S. 1196, INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

THE PUPPETS ARE IN CONTROL OF POLAND

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, Webster defines a puppet as "one whose acts are controlled by an outside force or influence." The puppets are in control right now in Poland. The question is for how long will the strings be pulled by the Kremlin before they completely take over the act?

The Polish Government has imposed martial law and other repressive measures in response to the Solidarity Labor Movement. Yet, while they may succeed in dampening the flame of freedom ignited by Solidarity—they will never extinguish it. They may have cracked down on Solidarity but they will never crush the movement.

Solidarity and its message of freedom has struck a responsive cord with the Polish people. Unfortunately, as evidenced by the ongoing events—it struck a raw nerve in the Kremlin which has clearly shown its abhorrence for Solidarity and all that it stands for.

The United States should reaffirm in no uncertain terms our support for the goals of Solidarity. We must restate as Secretary Haig did yesterday—our total opposition to any Soviet intervention in the internal affairs of Poland. Above all our policy must continue to be based on support for self-determination for Poland and her people.

□ 1245

DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE MUST HALT IRRESPONSIBLE AND MISGUIDED ACTIVITIES

(Mr. LUKEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUKEN. Mr. Speaker, my home county has a long and proud tradition of personal thrift. This is demonstrated, among other ways, by the fact that Hamilton County may have more thrift institutions headquarterd there than any other county in the United States. But like thrift institutions nationwide, these enterprises are being victimized by high interest rates—the same high interest rates that have crippled the homebuilding and automotive industries.

While the administration has proclaimed war on high interest rates, a segment of the administration is in fact perpetuating the high rates which you and I and all of our constitutents are forced to pay for home mortgages and automobile loans. I speak of the Depository Institutions Deregulation Committee, which was directed by the 96th Congress to conduct an orderly phaseout of interest rate ceilings over a 6-year period. This phaseout has been far from orderly. And it has not been conducted with the regard for institutional safety and soundness that the 96th Congress specifically directed.

It is time that the DIDC halt its irresponsible and misguided activities, Mr. Speaker. They are heaping unconscionable high costs on depository institutions at a time when those very institutions are suffering earnings problems that rival those of the Great Depression. These costs, of course, are passed on in the form of higher rates. But at those higher rates, no one can afford loans. Housing suffers. The automotive industry suffers. Farmers suffer. And the suffering goes on and on.

It is time for this Congress to stand up to the DIDC and shout "Enough." The DIDC must not take any further action that will add to depository institutions' cost of money, which means the cost of money to every single one of our constitutents.

PROPOSED RULE AFFECTING PURCHASERS OF USED CARS DELAYED

(Mr. MOFFETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker, it is with a sense of gratitude and relief that many of us have heard today that the sponsors of the discharge petition relating to a proposed rule affecting purchasers of used cars are not going to exercise their right to force action before we go home for the recess. It is quite obvious that such a move would not have borne fruit because the Senate was not going to act on it anyway, but I would like to remind my colleagues that this is a modest rule. It is directed not at the Justin Darts and Bloomingdales of this world. It is directed at 75 or 80 percent of the public that buys used cars as their primary form of transportation.

This is a rule which the used car lobby itself was prepared not too long ago to accept. It is a watered down rule. It is my hope that the Federal Trade Commission will not now bend to pressure to withdraw this rule, but will allow it to come before the Congress again when we return.

DOUBLE STANDARDS IN THE APPLICATION OF SUPPLY SIDE INCENTIVES

(Mr. MITCHELL of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MITCHELL of Maryland. Mr. Speaker, as we examine the new economic programs, it is becoming more and more obvious that the Reagan-Stockman supply-side policies put an unconscionably high penalty on poor people who are trying to work their way off of welfare. Benefits are reduced so rapidly as an AFDC mother starts working and earning that there is no monetary incentive to work. Additionally, the loss of AFDC in 20 States means the loss of medicaid. The result is, a mother with two children is faced with two difficult options. She must choose between working for a few extra dollars while losing all benefits, including medical care for her children, or decide to stay out of the work force altogether. Let me cite some very disturbing examples.

In Maryland, an AFDC mother working three-fourths of the time at minimum wage world lose all AFDC benefits under the Reagan policies in this area. Her net gain from working would be 28 cents per hour. Consequently, she would lose benefits and pay payroll taxes equal to 92 percent of her net income.

In Iowa, a mother of two going to work full time would increase her income at a rate of 22 cents per hour, and lose medicaid in the bargain. This mother pays payroll taxes and loses benefits at a rate of 93 cents for each $1 earned.

In California, a mother of two going to work full time at the minimum wage increases her income $15 over not working at all. This amounts to a grand total of 10 cents per hour gained over not staying on AFDC and food stamps. Payroll taxes and benefits losses amount to 97 percent of her net earnings.

By contrast, a family of four with a net income of $154,000 per year can expect to pay an average tax rate of 38 percent and a marginal tax rate of 49 percent once the Reagan package is fully implemented—a total tax reduction of $8,000 over current rates.

The massive business tax cuts have so benefited the large corporations, particularly big oil companies, that they now have the incentive and the cash to engage in bidding wars over the purchase of smaller oil companies.

These policies are a disgrace to America. They tell our most disadvantaged poor that it does not pay to work. Many rational poor people will simply choose not to try to find work under such a system.

Chase econometrics refers to the tax rates on the working poor as disastrously high.

Conservative economists and Nobel prize winner Milton Friedman stated in 1969 that a 50-percent rate on the working poor is the "highest that would allow families a strong enough incentive to work themselves off relief." For once Dr. Friedman is surely right.

If it is sound policy to reduce the marginal tax rate on the richest Americans from 70 to 50 percent to provide an incentive to work and invest, it is sound policy to give the poor an incentive to work.

Surely, the richest country in the world can afford to apply the supply-side incentives to the working poor. Or does the administration have one theory for the rich and another for the poor?

FARM CONFERENCE REPORT MUST BE DEFEATED

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, sometime this week we are going to have the opportunity to finally act on the agriculture conference report. Much is being said about the fact that if we do not pass this report, utter chaos and confusion will take place in the agriculture community.

Well, Mr. Speaker, we have a bill in to extend for 3 months, until March 31, 1982, the present programs, taking care of the situation. So, there are no referendums, nothing new has to be done. The only thing that has to be done is that we have another and better agriculture bill that reflects the thinking of this House, because this bill is the antithesis of what we put out in this House. I just think the House has a stronger role to play in the agriculture decisions of this country, and I am hopeful that we will defeat the conference report this week.

NO VOTE URGED ON FARM CONFERENCE REPORT

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, this week we will be considering, as my colleague from New York has said previously, the conference report on the farm bill. When that bill came before us, some 400 Members joined me in an amendment to reduce the expenditures by a billion dollars, to get it down so that it met the budget. We did that for 1982, and indeed, there is no argument in that respect.

Now, we are coming back with a bill which I believe will be a disaster, very likely for rural agriculture. I believe in a balanced budget. I believe we need to work for one, but we need to consider revenues as well as expenditures. If all we are doing is saving a penny and losing a dollar by throwing our whole rural economy into such a recession, that we have no tax revenues, we are not helping ourselves, we are hurting ourselves in that regard.

I urge my colleagues to vote it down so that we can go back and bring forth a decent bill and not bring disaster to our rural economy, which will spill over very quickly into all of the country.

POLISH FREEDOM

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, the Soviet Union is in the final analysis responsible for any denial of human and civil liberties in Poland.

The Polish Communist Government is also responsible.

But everyone knows—or should know—that the Polish Communist Government could not establish martial law in Poland without the permission of the Soviet Union.

Solidarity's gains in human and civil rights must not be lost.

If the Soviet Union insists upon imposing its rule through force and violence, our Nation's relationship with the Soviet Government has to be reexamined. The Kremlin rulers must be put on notice that we cannot have a normal relationship if the ghostly spirit of Stalin dictates current Soviet policy.

I hope that before the day is over we will have considered and passed an appropriate resolution expressing the collective sentiments of the Congress in this regard.

POLISH GOVERNMENT OPPRESSION AGAINST SOLIDARITY

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, the latest Polish Government crackdown on Solidarity, in conjunction with the declaration of martial law, must be seen within the broad context of Soviet policies in Eastern Europe. The Polish Government has been under constant Soviet pressure to fight the popular movement toward greater openness and democracy in Poland. Soviet spokesmen and press officials have repeatedly criticized Solidarity for undermining the Soviet-controlled totalitarian regime in Poland. This latest round of repression, which has been publicy endorsed by Moscow, could not have conceivably happened without Soviet advance knowledge and approval.

Because of Soviet military control over the Warsaw Pact, Soviet officials are strategically placed throughout the decisionmaking apparatus in every Eastern European country. While some may prefer to believe the fiction that this recent Polish action is independent of Soviet demands, the truth is clearly that the Soviet Union controls, or at least approves, such strong actions by any of its puppet governments in Eastern Europe.

As a consequence, the Soviet Union, which is a signatory to the Helsinki accords, must be considered ultimately responsible for violations of human rights which occur as a result of the military takeover in Poland.

FREEDOM AND COMMUNISM ARE INHERENTLY INCOMPATIBLE CONCEPTS

(Mr. LIVINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LIVINGSTON. Mr. Speaker, once again the world Communist movement has demonstrated that it is incapable of tolerating dissension and opposing viewpoints. The use of military force to crush the widely celebrated Polish Solidarity effort is only the most recent in a 60-year litany of events which unequivocally proves that freedom and communism are inherently incompatible concepts.

The survival of the Communist state depends entirely on the totalitarian repression of the masses—and the brief tinkering with freedom of speech, press, and assembly in Poland was never expected to have become permanent under such a regime.

But the people of Poland have displayed extraordinary courage and independence under tyrannical conditions. The hopes and prayers of free people everywhere long for a successful, and peaceful, resolution to their struggles. May their free spirit overwhelm their tormentors, and may the Polish People's Republic—an unwieldy and corrupt perversion of authority dispersed in the name of utopia—crumble in the dust at their feet.

SATURDAY NIGHT SICKNESS IN POLAND

(Mr. BETHUNE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BETHUNE. Mr. Speaker, this morning we were treated to a front-page story in the newspaper saying that the Soviets are reacting with restraint while the Polish Government closes the borders, allows no one in and out, conducts a midnight raid and arrests 1,000 people.

What sort of silly fiction is it to suggest that the Polish Government is overreacting while the Soviets are practicing restraint? There are two Soviet divisions, well equipped, inside Poland, with 40,000 troops. In East Germany, a neighboring country, there are 20 Soviet divisions with 300,000 troops.

The Soviet Union has proposed, pushed, demanded, coerced, and threatened the very action that was taken Saturday night. The Saturday night sickness did not come from the Polish people or the puppet Polish Government.

How could it when some 10 million Poles are supporting the freedom sought by Solidarity.

No, Mr. Speaker, Saturday night's sickness comes from the Soviet Union.

HOUSE HAS STATED ITS VIEWS ON SITUATION IN POLAND

(Mr. DAUB asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAUB. Mr. Speaker, over this past weekend, we have been watching with increased concern the deteriorating situation in Poland.

From behind the closed walls of the Kremlin, Soviet officials are eyeing with approval the imposition of martial law and closely watching world reaction to it.

Let Soviet and Polish officials be reminded that this body has already formalized its views on such developments with House Resolution 124 passed last summer with the support of 410 Members.

As this resolution stated, "the United States could not remain indifferent to any external aggression or internal repression against the people of Poland and such developments would have serious consequences for East-West relations."

As the sponsor of this resolution, I would forcefully remind both Soviet and Polish officials that the eyes of this body and the world are sharply focused on the well-being of the Polish people.

FBI CAN TRACK DOWN STOLEN AUTOMOBILES BUT NOT STOLEN CHILDREN

(Mr. NELLIGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, I was distressed to learn that over 50,000 children disappear each year in the United States, and that, in fact, these children are not runaways, but are abducted by adults. I was shocked to learn that the FBI's National Crime Information Center is used to track down stolen automobiles and other stolen property but, because of restrictions, cannot be used to track down missing children or to identify as many as 1,000 bodies of children and adults that are found each year.

I am pleased that the gentleman from Illinois (Mr. SIMON) has introduced legislation which will provide for widened use of the FBI's National Crime Information Center to create a missing children file.

He can certainly count on my support in placing as much emphasis on the children of the Nation as has been placed on automobiles. I urge the Judiciary Committee to act immediately on this legislation.

OUTRAGE EXPRESSED OVER TRAGEDY IN POLAND

(Mr. JAMES K. COYNE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JAMES K. COYNE. Mr. Speaker, I rise to join my colleagues and all Americans in expressing our outrage during these days of terrible tragedy in Poland.

The experiment in democracy that we have watched for the past month has been declared unacceptable by the new totalitarian Communist regime. Martial law is now their new strategy to extinguish the flickering flame of freedom that struggles to survive in a state that was once an economic and cultural leader in Europe.

□ 1300

The imposition of martial law is most frightening now because it opens the door to despicable acts of oppression and possible Russian adventurism. When will the other shoe—or should I say boot—drop.

What terrifying plans do these Polish military tyrants have in store to kill Polish freedom? When will the Polish Communist leaders decide that their martial law is not working? When will they then turn to their coconspirators in Moscow and ask for help from the Red army to crush the Polish people?

When will violence and bloodshed spread through the streets of Warsaw and Krakow?

The question that should instead be on the lips of the Polish people is: When will Poland be free to join the free world?

IN RECOGNITION OF THE ASSOCIATION OF AMERICAN BUSINESS CLUBS

(Mr. JOHNSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHNSTON. Mr. Speaker, today, I rise to recognize an organization with national headquarters located in my district in the city of High Point, and which serves communities in more than 16 States throughout the country. I am speaking of the Association of American Business Clubs, a national service organization whose dedication to building better communities and helping the handicapped is characterized by its principles of Americanism, brotherhood, and character.

The association's national project is scholarships for therapists. This national scholarship program assists worthy students in the fields of physical, occupational, speech, and hearing therapy. This year, each association chapter honored a local therapist for his or her contribution to the handicapped in his or her own community. From this group of honorees, a national honoree was selected. The Therapist of the Year for 1981 is Miss Jody Christman of Enid, Okla.

In acknowledging the accomplishment and fine goals of the American Business Clubs, I wish to recognize the nucleus of this organization in High Point, N.C, and to also congratulate Miss Christman for being selected as the American Business Clubs' Therapist of the Year.

SOVIET POWER BEHIND REPRESSION IN POLAND

(Mr. RITTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RITTER. Mr. Speaker, the world can once again taste the bitter fruits of Soviet communism. Where on Earth could one find the near total economic collapse of a nation steeped in the spirit and the competence of European civilization? Where? In the Soviet sphere, of course.

Where in the world can you find a post midnight police state and military operation that turns against its own people? Why in the Soviet sphere, of course.

While hundreds of thousands in Western Europe were protesting America's willingness to help strengthen Europe's defenses, the Polish Communist Party and their puppeteers in Moscow were plotting this cynical move to destroy the rebirth of freedom.

One wonders whether vast demonstrations will emerge over this repression by Soviet Communist power. Or will demonstrations continue over 572 possible American missiles while 600 very certain Soviet missiles are aimed at the heartlands of Europe? And Poland is crushed under the Soviet boot.

Make no mistake about it, without full backing of their Soviet masters, there is no way any Polish Army or police could move on their own people. Indeed without Soviet backing there is no legitimacy to that army or to those police.

Perhaps Western Europe will see new light during these days of darkness.

A "NO" VOTE URGED ON THE FARM BILL CONFERENCE REPORT

(Mr. JEFFORDS asked and was given permission to address the House 1 minute, and to revise and extend his remarks.)

Mr. JEFFORDS. Mr. Speaker, I rise to urge the Members to vote against the conference report on the farm bill.

When the bill left the House, it was a reasonable one. There was room for negotiation, but the conference report that came back is an insult to the House. What it does is it puts back everything that this house took a strong stand on. It puts peanuts and sugar back in the bill. These were both defeated on the House floor when the farm bill was considered.

The grain part is a disaster to the farmers. The dairy is even worse; there is only a 1-percent increase in dairy each year over the next 3 years.

There are problems in the dairy industry, but this is not a solution; it is a demolition of the best farm program we have had.

There are some who will say that we have got to pass this conference in the Christmas rush, but there is nothing that requires us to do that. We can continue as we have been and extend the existing farm bill provisions until March 31. We have already done that with food stamps in the continuing resolution, and there are no problems there.

In fact, if we do not take action on this conference report, nothing drastic is going to happen. We did not do anything in October for 2 weeks, and we did not have any horrendous problems.

So, Mr. Speaker, let us get a reasonable farm bill. Let us go back and do that.

The impact that the dairy support provisions in the conference report will have is best explained by the "Dear Colleague" that I and several other House Members sent out:

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 9, 1981.

DEAR COLLEAGUE: We urge you to reject the House-Senate Conference Report on the 1981 Farm Bill when it is considered on the House floor. The final Conference Report is a financial disaster for the farm economy of this nation.

Particularly alarming are the dairy provisions as accepted by the conferees. Under the new provisions, as admitted by the Administration, there will be a mere 1 percent increase in the support price over 3 years, from October 1, 1980 until September 30, 1983. Other commodities will get at least a 6 percent increase each year. Reasonable alternatives were offered to the Administration. All were rejected. You supported us twice in defeating floor amendments by Mr. Frank and Mr. Findley which were almost identical to those in the Conference Report. We are asking for you to continue this support.

We do not oppose the diary provisions just because similar language was defeated by wide margins twice on the House floor. We oppose it because we believe that it will lead to serious dislocations in farming areas, and to the financial ruin of many young, beginning and highly leveraged farmers in the nation. The ultimate effect will be that many young farmers will be forced out of business, and milk prices will increase for the consumer. We know this will happen because when the Nixon Administration did the same thing in the early 70's the same occurrences took place. The dairy industry was also used then as an example of fiscal constraint. The ultimate loser was the consuming public as consumer prices rose sharply. In the end, no one profited by this move.

The dairy farmers of this nation have done their part to cut government spending. Since April of this year, the American dairy farmer has accepted a 10 percent reduction in support levels that have reduced government expenditures by some $800 million. These cuts, with additional reasonable adjustments, will bring overproduction under control. If the conference language is accepted, support prices in fiscal year 1983 will again be reduced by 10 percent from what is the historical legislated minimum. What other producing sector has made a similar sacrifice?

Please join us again in preventing the financial ruin of our rural economy. The ultimate losers will be the food-consuming public.

Sincerely,

Ed Jones, Al Swift, Steve Gunderson, David Obey, Bob Kastenmeier, Les Aspin, George C. Wortley, Jim Jeffords, Jim Oberstar, Matt McHugh, Harold L. Volkmer, Toby Roth, Jim Sensenbrenner, Tom Harkin.

TIME FOR RESTRAINT BY THE UNITED STATES AS WELL AS THE SOVIET UNION

(Mr. LEACH of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEACH of Iowa. Mr. Speaker, the events in Poland should be taken as a timely reminder of the importance of caution and restraint in world affairs. While the action of the Polish people themselves will be the primary determinant of the Soviet approach to the current crisis, we can hardly expect Soviet decisions to be unaffected by their perception of U.S. actions elsewhere in the world. Whether we like it or not, linkage is a reality in East-West relations.

In this regard it cannot be stressed enough that our actions in Libya and El Salvador are not unrelated to the Polish problem. If we raise an interventionist standard in North American or Latin American, we will not only undercut the moral imprimatur of the West to oppose a Soviet invasion of Poland, but, ironically, we will increase the likelihood of such an invasion.

In this period of extreme delicacy in Poland, the United States should be extremely cautions of doing anything that the Kremlin might put forward as a tradeoff, or justification, for a Soviet move into Poland.

New hopes for arms control and responsible East-West relations should not be jeopardized by an overreaction to irrational potentates like Qadhafi or Castro. Now is the time for restraint by the United States as well as the Soviet Union.

A VOICE FROM THE PAST

(Mr. PHILIP M. CRANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PHILIP M. CRANE. Mr. Speaker, in last Sunday's New York Times magazine, Zbigniew Brzezinski, President Carter's National Security Adviser, referred to President Reagan's arms reduction speech as "a welcome return to the Carter formula of combining a strategic buildup with a commitment to comprehensive arms control."

It is not immediately clear precisely what Professor Brzezinski means by the Carter "strategic buildup."

That is like talking about the Chicago Cubs victory record.

Perhaps he is referring to the Carter cancellation of the B-1, the delay in building the Trident submarine, the erosion of our Navy, the on-again off-again decisions on the neutron warhead.

That is a letdown, not a buildup.

The Carter years are universally acknowledged as a time of unmitigated and total disaster for American national security.

That Jimmy Carter's National Security Adviser still does not recognize this goes far to explain the air of unreality that marked the Carter national security policies.

ISRAELI ANNEXATION OF THE GOLAN HEIGHTS

(Mr. FINDLEY asked and was given permission to address the House for 1 minute.)

Mr. FINDLEY. Mr. Speaker, if the Israeli Parliament carries through with Prime Minister Begin's recommendation that Israeli law be imposed in the Golan Heights, this is sure to provoke a very serious crisis in which the United States cannot remain silent.

The Golan Heights is Syrian territory. It has been under Israeli military occupation for 14 years.

Imposition of Israeli law is viewed by the wire services as tantamount to annexation. At the very least, it is a big step toward unilateral annexation.

The territory was taken and has been held by force of arms, and the only proper way to settle its future is through negotiation. Imposition of Israeli law on the Golan Heights is con-

trary to the letter and spirit of U.N. Resolution 242.

Mr. Speaker, the United States has always opposed annexation of territory by force of arms. It is a sound and revered principle from which the State of Israel should not be exempt. I hope and trust that the U.S. Government will demand that Prime Minister Begin drop the idea.

A PLEA FOR SUPPORT OF THE FARM BILL CONFERENCE REPORT

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AKAKA. Mr. Speaker, I rise today to urge my colleagues to support the conference report on the farm bill. As a Member from an agricultural district, I can assure you that I realize that the farm bill is not the best possible bill for our Nation's diminishing farm community. Nonetheless the record of the conference deliberations shows that this bill is the best bill that could have been achieved under the circumstances. If this conference report is defeated, next year's outcome could well be worse.

What disturbs me is that opponents of the sugar provisions of the farm bill have reduced debate on the farm bill to a debate on sugar. This is an injustice to sugar, and an injustice to the other commodities that have an important stake in the farm bill. Despite the unsubstantiated figures predicting a dramatic price rise in sugar that appeared in Saturday's Washington Post, the fact remains that the sugar loan program in the farm bill is modest by any measure. The sugar program offers the consumer what he desires most—long-term insulation from the effects of rapid and dramatic price fluctuations.

If we examine the support levels provided for the major commodities—wheat, corn, peanuts, dairy, cotton, rice, and sugar—in this farm bill compared to the levels provided for in the 1977 farm bill, we find that the increase in the support level for sugar is by far the lowest. Furthermore, the sugar loan program will require no Government expenditure and thus, no cost to the taxpayer.

I want to remind my colleagues that this bill also authorizes the food stamp program which will benefit the needy of our Nation. You will recall that the authorization provided for food stamps in the continuing resolution will only extend until March 31, whereas the authorization provided in the farm bill will extend for 4 years. I hope my urban colleagues will keep this in mind as they consider their support for the bill.

APPROVAL OF 1981 FARM BILL IS NEEDED

(Mr. DE LA GARZA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Speaker, it has been asserted that passage of the 1981 farm bill is not necessary for carrying out the food stamp program through the 1982 fiscal year. I am quite concerned, because that simply is not the case. The level of funding authorized for the food stamp program by the farm bill for the 1982 fiscal year is $11.3 billion. That figure was arrived at on a bipartisan basis with the approval of the administration. The continuing resolution would fund the program only through August 15 at a level of $10.3 billion. A reauthorization and supplemental appropriation would be required to fund the program for the balance of the year. In the current climate, with unemployment rising and continued suggestions emanating from the administration for further cuts in the program, those who believe in an effective food stamp program would be ill advised to rely on the continuing resolution and then some further possible action by Congress as an adequate safeguard for the program. The farm bill guarantees the program against any further cuts for the balance of the year and a very important proviso protects energy assistance benefits for the poor located in cold weather areas of the country. Further, the farm bill contains a series of provisions fashioned on a bipartisan basis to protect the program from fraud and abuse, particularly on the part of organized crime and through other large-scale illegal activities, which go well beyond recipient fraud.

The farm bill will go far toward protecting the program from those who would rob it, while insuring continued food assistance for those who truly need it. The continuing resolution would, of course, not achieve these worthy objectives.

MARINE PROTECTION, RESEARCH, AND SANCTUARIES ACT OF 1972 AMENDMENTS

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1003) to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983, with a Senate amendment to the House amendments thereto, and concur in the Senate amendment to the House amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendment to the House amendments, as follows:

Page 1, line 8, of the House engrossed amendment to the text of the bill, strike out "such sums as may be necessary" and insert "not to exceed $2,235,000".

Mr. JONES of North Carolina (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment to the House amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

Mr. PRITCHARD. Mr. Speaker, reserving the right to object, I shall not object, but I would like to have the chairman of the committee explain the bill, and I yield to the gentleman for that purpose.

Mr. JONES of North Carolina. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, S. 1003 contains authorizations of $2.235 million for each of fiscal years 1982 and 1983 for the implementation of title III of the Marine Protection, Research, and Sanctuaries Act of 1972.

Title III of the act creates the national marine sanctuaries program which requires the Secretary of Commerce, with the President's approval, to designate a marine sanctuary. Specific characteristics such as conservation, recreational, ecological or esthetic value, must be evident in the area. Often these areas are a popular recreation spot or harbor valuable fisheries and oil and gas resources; consequently, a designated sanctuary site can benefit greatly from a well-balanced and integrated management program of research, monitoring, education, recreation, resource exploitation, long-term planning, and regulation. There are presently six such sanctuaries designated which protect unique habitats such as coral reefs, delicate bay and island communities, and a historic Civil War vessel.

On July 13, S. 1003 was amended by the House to provide $2.235 million for fiscal year 1982 and such sums that may be necessary for fiscal year 1983. On Friday, December 11, the Senate amended S. 1003 with the current authorization figures I am presenting today.

Mr. Speaker, I urge my colleagues to join with me in support of this authorization in order that the national marine sanctuaries program may continue its efforts for the balanced protection of the marine environment.

Mr. PRITCHARD. Mr. Speaker, I thank the committee chairman.

Mr. SNYDER. Mr. Speaker, will the gentleman yield?

Mr. PRITCHARD. I yield to the gentleman from Kentucky.

Mr. SNYDER. Mr. Speaker, I rise in support of S. 1003, as passed by the Senate with an amendment.

This bill would reauthorize title III of the Marine Protection, Research, and Sanctuaries Act for fiscal years 1982 and 1983 at a level of $2.235 million.

The marine sanctuaries program, administered by the National Oceanic and Atmospheric Administration—NOAA—establishes a process for designating unique marine areas which deserve varying degrees and types of protection as marine sanctuaries. Two of the early marine sanctuaries designated off the coast of the United States include, first, the U.S.S. *Monitor* site; and, second, the Key Largo Coral Reef Sanctuary. More recently, four additional sanctuaries have been designated.

There has been considerable confusion between the two bodies in efforts to resolve the difference between the two versions of this legislation. The House-passed version contained "such sums as may be necessary" for fiscal year 1983, while the Senate version contained level funding at $2.235 million for fiscal year 1983.

During attempts to resolve this difference, some of the Republican Members have been alleged to be holding up the bill, while this is really not the case. It was Mr. PRITCHARD who offered the compromise amendment which included the "such sums" language during our committee's consideration of the bill. However, to my knowledge, none of the Republicans have objected to level funding this program.

There has, however, been a considerable range of differences between the majority members of our committee. Several would prefer a higher level for the outyear funding. Others would have preferred lower funds for the outyear, and this has led to considerable delay in reaching a compromise on this bill.

I would like to reiterate that I have no problem whatsoever with level funding for this program, and I would support this reauthorization at this time.

Thank you, Mr. Speaker.

Mr. PRITCHARD. Mr. Speaker, I rise in support of S. 1003, as amended by the other body. This bill would reauthorize the title III of the Marine Protection, Research, and Sanctuaries Act for fiscal years 1982 and 1983 at a level of $2.235 million. The House had originally authorized the program for $2.235 million for fiscal year 1982 and for such sums as may be necessary for fiscal year 1983. However, recently officials within OMB have indicated that they support level funding for the marine sanctuaries program for fiscal year 1983. Therefore, I see no problem in concurring with the other body's amendment which would level fund this program for 2 fiscal years.

The marine sanctuaries program provides a mechanism for the designation of unique marine areas which require certain types of protection based on an areawide focus. To some extent, the concept of designating marine sanctuaries for the protection and management of unique marine areas could be compared to our system for the designation of national parks on land.

Examples of marine sanctuaries which have been designated include the Key Largo Coral Reef Sanctuary, a sanctuary for the protection of the U.S.S. *Monitor* site, Looe Key, Grays Reef off Georgia, and the two most recent marine sanctuaries whose regulations are still pending including the Point Reyes and the Channel Islands marine sanctuary off California.

Mr. Speaker, this has been an effective marine resource management program which deserves to be continued at level funding. There may be some additional sites considered for marine sanctuary designation in the future, but I do not believe that this program should get too carried away in designating vast areas of the ocean as marine sanctuaries, as was envisioned during one period of the prior administration. This is an important program for the protection of unique marine characteristics and resources, once a clear need for their protection has been established. Also, it is required by statute that the activities which are to be regulated pursuant to the marine sanctuary designation be spelled out clearly in advance of the actual designation.

Mr. Speaker, if administered wisely, this is an important program which should be reauthorized at this time. Thank you, Mr. Speaker.

Mr. PRITCHARD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from North Carolina?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members who wish to do so may have 5 legislative days in which to revise and extend their remarks on the Senate bill, S. 1003.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

□ 1315

CONFERENCE REPORT ON H.R. 4209, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. BENJAMIN. Mr. Speaker, I call up the conference report on the bill (H.R. 4209), making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of November 13, 1981.)

The SPEAKER pro tempore. The gentleman from Indiana (Mr. BENJAMIN) will be recognized for 30 minutes, and the gentleman from Pennsylvania (Mr. COUGHLIN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Indiana (Mr. BENJAMIN).

Mr. BENJAMIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we present to the House the conference report on H.R. 4029, the Department of Transportation and Related Agencies Appropriations Act for 1982. Because of the action of the House on the continuing resolution, I will offer a motion which will conform the amounts recommended in our conference agreement to those contained in the OMB substitute offered by Mr. CONTE and passed by the House.

While I did not vote for this substitute bill Thursday, I agree with the statements made by both our full committee chairman, Mr. WHITTEN, and our ranking minority member, Mr. CONTE, that we should pass the regular appropriation bills rather than operate under a continuing resolution. Therefore, I would urge my colleagues to support this conference agreement and the motions which will conform this agreement to the OMB substitute continuing resolution.

I include a summary table:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

	New budget authority					Amended conference compared with—			
	Enacted	Estimates	House	Senate	Amended conference	Enacted	Estimates	House bill	Senate bill
TITLE I—DEPARTMENT OF TRANSPORTATION									
Office of the Secretary									
Salaries and expenses	$36,207,000	$35,024,000	$35,193,204	$35,000,000	$31,370,000	−$4,837,000	−$3,654,000	−$3,823,204	−$3,630,000
Transportation planning, research, and development	10,788,699	8,492,000	7,250,000	7,250,000	6,480,000	−4,308,699	−2,012,000	−770,000	−770,000
(Limitation on working capital fund)	(57,843,000)	(71,309,000)	(70,909,000)	(70,909,000)	(70,909,000)	(+13,066,000)	(−400,000)	.....	.....
Total, Office of the Secretary	46,995,699	43,516,000	42,443,204	42,250,000	37,850,000	−9,145,699	−5,666,000	−4,593,204	−4,400,000
Coast Guard									
Operating expenses	1,337,207,000	1,234,580,000	1,409,086,000	1,337,207,000	1,356,600,000	+19,393,000	+122,020,000	−52,486,000	+19,393,000
Appropriation for debt reduction	−233,935	−244,073	−244,073	−244,073	−244,073	−10,138	.....	.....	.....
Total, operating expenses	1,336,973,065	1,234,335,927	1,408,841,927	1,336,962,927	1,356,355,927	+19,382,862	+122,020,000	−52,486,000	+19,393,000
Acquisition, construction, and improvements	333,985,000	330,000,000	391,000,000	537,000,000	384,000,000	+50,015,000	+54,000,000	−7,000,000	−153,000,000
Alteration of bridges	15,850,000	15,400,000	17,500,000	15,000,000	8,000,000	−7,850,000	−7,400,000	−9,500,000	−7,000,000
Retired pay	244,000,000	288,000,000	279,000,000	279,000,000	279,000,000	+35,000,000	−9,000,000	.....	.....
(By transfer)	(2,000,000)	.....	.....	.....	.....	(−2,000,000)	.....	.....	.....
Reserve training	49,483,000	44,957,000	50,900,000	45,000,000	49,483,000	.....	+4,526,000	−1,417,000	+4,483,000
Research, development, test, and evaluation	25,000,000	26,162,000	29,730,000	22,000,000	18,000,000	−7,000,000	−8,162,000	−11,730,000	−4,000,000
Offshore oil pollution compensation fund:									
Appropriation	12,000,000	8,404,000	9,550,000	1,000,000	2,000,000	−10,000,000	−6,404,000	−7,550,000	+1,000,000
Authority to borrow	2,000,000	.....	.....	.....	.....	−2,000,000	.....	.....	.....
Coast Guard supply fund	1,500,000	1,320,000	1,500,000	1,320,000	1,320,000	−180,000	.....	−180,000	.....
Deepwater port liability fund	5,000,000	8,800,000	5,000,000	1,000,000	2,000,000	−3,000,000	−6,800,000	−3,000,000	+1,000,000
Pollution fund	15,000,000	7,040,000	.....	1,000,000	.....	−15,000,000	−7,040,000	.....	−1,000,000
Total, Coast Guard	2,040,791,065	1,964,418,927	2,193,021,917	2,239,282,927	2,100,158,927	+59,367,862	+135,740,000	−92,863,000	−139,124,000
Federal Aviation Administration									
Operations	2,340,400,000	2,128,192,000	2,306,200,000	2,199,792,000	2,095,000,000	−245,400,000	−33,192,000	−211,200,000	−104,792,000
(By transfer)	.....	.....	(3,400,000)	(3,400,000)	(3,400,000)	(+3,400,000)	(+3,400,000)	.....	.....
Facilities, engineering, and development	21,155,000	.....	19,000,000	17,797,000	8,797,000	−12,358,000	+8,797,000	−10,203,000	−9,000,000
Facilities and equipment	350,000,000	284,847,000	353,570,000	284,847,000	260,847,000	−89,153,000	−24,000,000	−92,723,000	−24,000,000
Research, engineering and development	85,000,000	92,233,000	80,000,000	71,800,000	55,800,000	−29,200,000	−36,433,000	−24,200,000	−16,000,000
Grants-in-aid for airports (liquidation of contract authorization) (Airport and Airway Trust Fund)	(595,000,000)	(471,000,000)	(481,000,000)	(471,000,000)	(471,000,000)	(−124,000,000)	.....	(−10,000,000)	.....
Operation and maintenance, Metropolitan Washington Airports	29,208,000	26,922,000	30,593,000	26,922,000	29,982,000	+774,000	+3,060,000	−611,000	+3,060,000
Construction, Metropolitan Washington Airports	16,200,000	34,760,000	38,900,000	34,760,000	26,700,000	+10,500,000	−8,060,000	−12,200,000	−8,060,000
Aircraft purchase loan guarantee program: (Limitation on new loan guarantees)	(350,000,000)	(100,000,000)	(175,000,000)	(100,000,000)	(100,000,000)	(−250,000,000)	.....	(−75,000,000)	.....
Total, Federal Aviation Administration	2,841,963,000	2,566,954,000	2,828,263,000	2,635,918,000	2,477,126,000	−364,837,000	−89,828,000	−351,137,000	−158,792,000
Federal Highway Administration									
(Limitation on general operating expenses)	(196,282,000)	(187,440,000)	(200,400,000)	(187,440,000)	(192,440,000)	(−3,842,000)	(+5,000,000)	(−7,960,000)	(+5,000,000)
Motor carrier safety	14,350,000	12,893,000	14,500,000	12,893,000	12,893,000	−1,457,000	.....	−1,607,000	.....
(By transfer)	(555,000)	.....	.....	.....	.....	(−555,000)	.....	.....	.....
Highway safety research and development	9,000,000	8,360,000	7,200,000	6,860,000	4,860,000	−4,140,000	−3,500,000	−2,340,000	−2,000,000
(By transfer)	.....	.....	(1,800,000)	(1,500,000)	(1,500,000)	(+1,500,000)	(+1,500,000)	(−300,000)	.....
Highway beautification	6,600,000	.....	2,000,000	.....	500,000	−6,100,000	+500,000	−1,500,000	+500,000
Highway-related safety grants (liquidation of contract authorization) (Trust Fund)	(29,500,000)	(23,300,000)	(23,300,000)	(23,300,000)	(23,300,000)	(−6,200,000)	.....	.....	.....
Railroad-highway crossings demonstration projects	.....	.....	18,000,000	15,335,000	17,335,000	+17,355,000	+17,335,000	−665,000	+2,000,000
Territorial highways	6,600,000	.....	6,000,000	.....	3,000,000	−3,600,000	+3,000,000	−3,000,000	+3,000,000
National scenic and recreational highway (liquidation of contract authorization)	(21,000,000)	(21,000,000)	(21,000,000)	(21,000,000)	(21,000,000)	.....	.....	.....	.....
Access highways to public recreation areas on certain lakes	16,525,000	.....	.....	.....	.....	−16,525,000	.....	.....	.....
Reappropriation	4,798,000	.....	.....	.....	.....	−4,798,000	.....	.....	.....
Federal-aid highways (liquidation of contract authorization) (Trust Fund)	(8,750,000,000)	(8,000,000,000)	(8,000,000,000)	(8,000,000,000)	(8,000,000,000)	(−750,000,000)	.....	.....	.....
Interstate transfer grants-highways	.....	176,000,000	400,000,000	200,000,000	288,000,000	+288,000,000	+112,000,000	−112,000,000	+88,000,000
Right-of-way Revolving Fund (liquidation of contract authorization) (Trust Fund)	.....	(45,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(+25,000,000)	(−20,000,000)	.....	.....
Carpool and vanpool projects	1,000,000	.....	.....	.....	.....	−1,000,000	.....	.....	.....
Appalachian highway system (trust fund)	.....	165,000,000	.....	.....	.....	.....	−165,000,000	.....	.....
Urban high density traffic program (contract authority)	33,959,000	.....	.....	.....	.....	−33,959,000	.....	.....	.....
Total, Federal Highway Admninistration	92,832,000	362,253,000	447,700,000	235,088,000	326,588,000	+233,756,000	−35,665,000	−121,112,000	+91,500,000
National Highway Traffic Safety Administration									
Operation and research	85,876,000	81,948,000	85,876,000	79,000,000	74,900,000	−10,976,000	−7,048,000	−10,976,000	−4,100,000
State and community highway safety:									
Appropriation	38,593,000	.....	975,308	.....	.....	−38,593,000	.....	−975,308	.....
(Liquidation of contract authorization)	(163,800,000)	(150,352,000)	(145,000,000)	(150,200,000)	(150,200,000)	(−13,600,000)	(−152,000)	(+5,200,000)	.....
Total, National Highway Traffic Safety Administration	124,469,000	81,948,000	86,851,308	79,000,000	74,900,000	−49,569,000	−7,048,000	−11,951,308	−4,100,000
Federal Railroad Administration									
Office of the Administrator	8,338,000	7,522,000	4,315,000	7,522,000	7,022,000	−1,316,000	−500,000	+2,707,000	−500,000
Railroad safety	27,250,000	23,676,000	26,904,000	26,676,000	24,176,000	−3,074,000	+500,000	−2,728,000	−2,500,000
Railroad research and development	50,000,000	40,000,000	34,000,000	36,000,000	30,000,000	−20,000,000	−10,000,000	−4,000,000	−6,000,000
Rail Service Assistance:									
Rail service assistance	159,804,000	22,061,000	15,624,000	23,069,000	14,500,000	−145,304,000	−7,561,000	−1,124,000	−8,569,000
Appropriation for debt reduction	−60,381,000	.....	.....	.....	.....	+60,381,000	.....	.....	.....
Total, rail service assistance	99,423,000	22,061,000	15,624,000	23,069,000	14,500,000	−84,923,000	−7,561,000	−1,124,000	−8,569,000
Rail labor assistance	69,000,000	.....	.....	.....	.....	−69,000,000	.....	.....	.....
(By transfer)	.....	(25,000,000)	.....	(25,000,000)	(25,000,000)	(+25,000,000)	.....	(+25,000,000)	.....
Conrail workforce reduction program	10,000,000	.....	80,000,000	.....	.....	−10,000,000	.....	−80,000,000	.....
(By transfer)	(5,000,000)	(115,000,000)	.....	(115,000,000)	(100,000,000)	(+95,000,000)	(−15,000,000)	(+100,000,000)	(−15,000,000)
Conrail labor protection (by transfer)	(5,000,000)	(85,000,000)	.....	(85,000,000)	(85,000,000)	(+80,000,000)	.....	(+85,000,000)	.....
Northeast corridor improvement program	350,000,000	176,000,000	200,000,000	176,000,000	170,000,000	−180,000,000	−6,000,000	−30,000,000	−6,000,000
Grants to the National Railroad Passenger Corporation	881,000,000	373,440,000	544,000,000	569,000,000	569,000,000	−312,000,000	+195,560,000	+25,000,000	.....
(By transfer)	(15,300,000)	.....	.....	.....	.....	(−15,300,000	.....	.....	.....
Advance appropriation for 1982	166,000,000	.....	.....	.....	.....	−166,000,000	.....	.....	.....
Commuter rail service	.....	50,000,000	22,000,000	50,000,000	60,000,000	+60,000,000	+10,000,000	+38,000,000	+10,000,000
Payments to the Alaska Railroad Revolving Fund	12,640,000	6,160,000	.....	6,160,000	6,160,000	−6,480,000	.....	+6,160,000	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY—Continued

	New budget authority					Amended conference compared with—			
	Enacted	Estimates	House	Senate	Amended conference	Enacted	Estimates	House bill	Senate bill
Railroad Rehabilitation and Improvement Financing Funds:									
(Rescission)	−1,000,000					+1,000,000			
(Limitation on loan guarantees)	(770,000,000)	(870,000,000)	(770,000,000)	(770,000,000)	(770,000,000)		(−100,000,000)		
(Limitation on new loan guarantees)		(320,000,000)	(270,000,000)	(270,000,000)	(270,000,000)	(+270,000,000)	(−50,000,000)		
(Limitation on new loan guarantees under Emergency Rail Services Act)	(20,000,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000	(−17,400,000)			
Redeemable preference shares:									
Appropriation	25,000,000		50,000,000			−25,000,000		−50,000,000	
Authority to borrow		40,000,000		60,000,000	35,500,000	+35,500,000	−4,500,000	+35,500,000	−24,500,000
(By transfer)					(25,000,000)	(+25,000,000)	(+25,000,000)	(+25,000,000)	(+25,000,000)
Settlements of railroad litigation	2,113,000,000					−2,113,000,000			
Appropriation for debt reduction	−2,113,000,000					+2,113,000,000			
Total, Federal Railroad Administration	1,697,651,000	738,859,000	976,843,000	954,427,000	916,358,000	−781,293,000	+177,499,000	−60,485,000	−38,069,000
Advance appropriation for 1982	(166,000,000)					(−166,000,000)			
Urban Mass Transportation Administration									
Administrative expenses	22,200,000	25,476,000	28,300,000	25,476,000	23,888,000	+1,688,000	−1,588,000	−4,412,000	−1,588,000
(By transfer)	(1,000,000)					(−1,000,000)			
Research, development, and demonstrations and university research and training	65,500,000	61,600,000	69,000,000	61,600,000	51,600,000	−13,900,000	−10,000,000	−17,400,000	−10,000,000
(By transfer)	(2,000,000)					(−2,000,000)			
Urban discretionary grants	2,190,000,000	1,333,200,000	1,555,000,000	1,428,000,000	1,449,500,000	−740,500,000	+116,300,000	−105,500,000	+21,500,000
(By transfer)			(11,000,000)	(11,000,000)	(11,000,000)	(+11,000,000)	(+11,000,000)		
Non-urban formula grants	72,500,000	66,000,000	72,500,000	72,500,000	68,500,000	−4,000,000	+2,500,000	−4,000,000	−4,000,000
Urban formula grants	1,455,000,000	1,302,400,000	1,480,000,000	1,381,000,000	1,365,250,000	−89,750,000	+62,850,000	−114,750,000	−15,750,000
(Liquidation of contract authorization)	(1,500,000,000)	(1,200,000,000)	(1,200,000,000)	(1,200,000,000)	(1,200,000,000)	(−300,000,000)			
Waterborne transportation demonstration project	−10,700,000			−2,000,000	−2,000,000	+8,700,000	−2,000,000	−2,000,000	
Interstate transfer grants-transit	865,000,000	528,000,000	600,000,000	550,000,000	538,000,000	−327,000,000	+10,000,000	−62,000,000	−12,000,000
Total, Urban Mass Transportation Administration	4,659,500,000	3,316,676,000	3,804,800,000	3,516,567,000	3,494,738,000	−1,164,762,000	+178,062,000	−310,062,000	−21,838,000
Saint Lawrence Seaway Development Corporation									
(Limitation on administrative expenses)	(1,730,000)	(1,409,000)	(1,601,000)	(1,601,000)	(1,601,000)	(−129,000)	(+192,000)		
Research and Special Programs Administration									
Research and special programs	31,420,000	26,441,000	29,837,000	26,441,000	17,441,000	−13,979,000	−9,000,000	−12,396,000	−9,000,000
Cooperative automotive research	500,000					−500,000			
Total, Research and special programs administration	31,920,000	26,441,000	29,837,000	26,441,000	17,441,000	−14,479,000	−9,000,000	−12,396,000	−9,000,000
Office of the Inspector General									
Salaries and expenses	14,657,000	13,047,000	14,826,000	13,047,000	13,047,000	−1,610,000		−1,779,000	
(By transfer)	(8,470,000)	(9,200,000)	(9,454,000)	(9,200,000)	(9,200,000)	(+730,000)		(−254,000)	
Total, title I, Department of Transportation:									
New Budget (obligational) authority	11,550,778,764	9,114,112,927	10,424,585,439	9,742,029,927	9,458,206,927	−2,092,571,837	+344,094,000	−966,378,512	−283,823,000
Appropriations	(13,518,636,699)	(9,074,357,000)	(10,424,829,512)	(9,682,274,000)	(9,422,951,000)	(−4,095,685,699)	(+348,594,000)	(−1,001,878,512)	(−259,323,000)
Appropriations for debt reduction	(−2,173,614,935)	(−244,073)	(−244,073)	(−244,073)	(−244,073)	(+2,173,370,862)			
Advance appropriation for 1982	(166,000,000)					(−166,000,000)			
Reappropriations	(4,798,000)					(−4,798,000)			
Authority to borrow	(2,000,000)	(40,000,000)		(60,000,000)	(35,500,000)	(+33,500,000)	(−4,500,000)	(+35,500,000)	(−24,500,000)
(By transfer)	(39,325,000)	(234,200,000)	(25,654,000)	(250,100,000)	(260,100,000)	(+220,775,000)	(+25,900,000)	(+234,446,000)	(+10,000,000)
(Limitations)	(198,012,000)	(188,849,000)	(202,001,000)	(189,041,000)	(194,041,000)	(−3,971,000)	(+5,192,000)	(−7,960,000)	(+5,000,000)
(Limitations on loan guarantees)	(770,000,000)	(870,000,000)	(770,000,000)	(770,000,000)	(770,000,000)		(−100,000,000)		
(Limitations on new loan guarantees)	(370,000,000)	(422,600,000)	(447,600,000)	(372,600,000)	(372,600,000)	(+2,600,000)	(−50,000,000)	(−75,000,000)	
(Limitation on working capital fund)	(57,843,000)	(71,309,000)	(70,909,000)	(70,909,000)	(70,909,000)	(+13,066,000)	(−400,000)		
(Liquidation of contract authorization)	(11,059,300,000)	(9,910,652,000)	(9,895,300,000)	(9,890,500,000)	(9,890,500,000)	(−1,168,800,000)	(−20,152,000)	(−4,800,000)	
TITLE II—RELATED AGENCIES									
Architectural and Transportation Barriers Compliance Board									
Salaries and expenses			2,070,000	1,821,000	1,900,000	+1,900,000	+1,900,000	−170,000	+79,000
National Transportation Safety Board									
Salaries and expenses	18,440,000	16,742,000	19,125,000	19,125,000	17,125,000	−1,315,000	+383,000	−2,000,000	−2,000,000
Civil Aeronautics Board									
Salaries and expenses	29,194,000	26,266,000	29,280,000	26,266,000	25,500,000	−3,694,000	−766,000	−3,780,000	−766,000
Payments to air carriers	106,300,000	65,900,000	58,000,000	65,900,000	65,900,000	−40,400,000		+7,900,000	
Total, Civil Aeronautics Board	135,494,000	92,166,000	87,280,000	92,166,000	91,400,000	−44,094,000	−766,000	+4,120,000	−766,000
Interstate Commerce Commission									
Salaries and expenses	82,400,000	69,520,000	74,150,000	74,150,000	70,150,000	−12,250,000	+630,000	−4,000,000	−4,000,000
Payments for directed rail service (limitation on obligations)	(10,000,000)		(10,000,000)	(10,000,000)	(10,000,000)		(+10,000,000)		
(By transfer)	(2,500,000)					(−2,500,000)			
Total, Interstate Commerce Commission	82,400,000	69,520,000	74,150,000	74,150,000	70,150,000	−12,250,000	+630,000	−4,000,000	−4,000,000
Motor Carrier Ratemaking Study Commission									
Salaries and expenses	2,000,000					−2,000,000			
Panama Canal Commission									
Operating expenses	373,050,000	400,754,000	398,744,000	400,754,000	400,754,000	+27,704,000		+2,010,000	
Capital outlay	31,560,000	19,766,000	19,766,000	19,766,000	19,766,000	−11,794,000			
Reimbursement of General Fund	(−350,000,000)					(+350,000,000)			
Emergency Fund	10,000,000					−10,000,000			
Total, Panama Canal Commission	414,610,000	420,520,000	418,510,000	420,520,000	420,520,000	+5,910,000		+2,010,000	
Department of the Treasury									
Office of the Secretary: (Investment in Fund Anticipation Notes)	(24,000,000)	(40,000,000)	(50,000,000)	(60,000,000)	(35,500,000)	(+11,500,000)	(−4,500,000)	(−14,500,000)	(−24,500,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY—Continued

	New budget authority					Amended conference compared with—			
	Enacted	Estimates	House	Senate	Amended conference	Enacted	Estimates	House bill	Senate bill
(By transfer)					(25,000,000)	(+25,500,000)	(+25,000,000)	(+25,000,000)	(+25,000,000)
United States Railway Association									
Administrative expenses	29,000,000	12,320,000	13,000,000	13,000,000	9,000,000	−20,000,000	−3,320,000	−4,000,000	−4,000,000
Payments for purchase of Conrail securities	485,000,000					−485,000,000			
Total, United States Railway Association	514,000,000	12,320,000	13,000,000	13,000,000	9,000,000	−505,000,000	−3,320,000	−4,000,000	−4,000,000
Washington Metropolitan Area Transit Authority									
Interest payments	65,910,000	51,586,000	51,586,000	51,586,000	51,586,000	−14,324,000			
Total, title II, related agencies:									
New budget (obligational) authority	1,232,854,000	662,854,000	665,721,000	672,368,000	661,681,000	−571,173,000	−1,173,000	−4,040,000	−10,687,000
(Limitation on obligations)	(10,000,000)		(10,000,000)	(10,000,000)	(10,000,000)		(+10,000,000)		
TITLE III—GENERAL PROVISIONS									
Coast Guard:									
Offshore Oil Pollution Compensation Fund (limitation on obligations)	(60,000,000)	(60,000,000)	(60,000,000)	(60,000,000)	(60,000,000)				
Deepwater Port Liability Fund (limitation on obligations)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)				
Federal Aviation Administration:									
Grants-in-aid for airports (limitation of obligations)	(450,000,000)	(396,000,000)	(650,000,000)	(450,000,000)	(450,000,000)		(+54,000,000)	(−200,000,000)	
Federal Highway Administration:									
Highway related safety grants (limitation on obligations)	(28,000,000)		(10,000,000)	(10,000,000)	(10,000,000)	(−18,000,000)	(+10,000,000)		
Federal-aid highways (limitation on obligations)	(8,750,000,000)	(7,172,000,000)	(8,200,000,000)	(7,700,000,000)	(8,000,000,000)	(−750,000,000)	(+828,000,000)	(−200,000,000)	(+300,000,000)
National scenic and recreational highway (limitation on obligations)	(37,500,000)					(−37,500,000			
Emergency relief									
National Highway Traffic Safety Administration:									
State and community highway safety (limitation on obligations)	(150,405,000)	(67,760,000)	(100,000,000)	(85,000,000)	(92,500,000)	(−57,905,000)	(+24,740,000)	(−7,500,000)	(+7,500,000)
Consultant services	−3,894,000					+3,894,000			
Total, title III, general provisions:									
New budget (obligational) authority	−3,894,000					+3,894,000			
(General provisions)	(9,525,905,000)	(7,745,760,000)	(9,070,000,000)	(8,355,000,000)	(8,662,500,000)	(−863,405,000)	(+916,740,000)	(−407,500,000)	(+307,500,000)
RECAPITULATION									
Ground total, titles I, II, and III:									
New Budget (obligational) authority	12,779,738,764	9,776,966,927	11,090,306,439	10,414,397,927	10,119,887,927	−2,659,850,837	+342,921,000	−970,418,512	−294,510,000
Appropriations	(14,747,596,699)	(9,737,211,000)	(11,090,550,512)	(10,354,642,000)	(10,084,632,000)	(−4,662,964,699)	(+347,421,000)	(−1,005,918,512)	(−270,010,000)
Appropriations for debt reduction	(−2,173,614,935)	(−244,073)	(−244,073)	(−244,073)	(−244,073)	(+2,173,370,862)			
Advance appropriations for 1982	(166,000,000)					(−166,000,000)			
Authority to borrow	(2,000,000)	(40,000,000)		(60,000,000)	(35,500,000)	(+33,500,000)	(−4,500,000)	(+35,500,000)	(−24,500,000)
Reappropriations	(4,798,000)					(−4,798,000)			
(By transfer)	(41,825,000)	(234,200,000)	(25,654,000)	(250,100,000)	(260,100,000)	(+218,275,000)	(+25,900,000)	(+234,446,000)	(+10,000,000)
(Limitations)	(198,012,000)	(188,849,00)	(202,001,000)	(189,041,000)	(194,041,000)	(−3,971,000)	(+5,192,000)	(−7,960,000)	(+5,000,000)
(Limitations on obligations)	(9,535,905,000)	(7,745,760,000)	(9,080,000,000)	(8,365,000,000)	(8,672,500,000)	(−863,405,000)	(+926,740,000)	(407,500,000)	(+307,500,000)
(Limitations on loan guarantees)	(770,000,000)	(870,000,000)	(770,000,000)	(770,000,000)	(770,000,000)		(−100,000,000)		
(Limitations on new loan guarantees)	(370,000,000)	(422,600,000)	(447,600,000)	(372,600,000)	(372,600,00)	(+2,600,000)	(−50,000,000)	(−75,000,000)	
(Limitations on working capital fund)	(57,843,000)	(71,309,00)	(70,909,000)	(70,909,000)	(70,909,000)	(+13,066,000)	(−400,000)		
Memoranda:									
(Appropriations to liquidate contract authorizations)	(11,059,300,000)	(9,910,652,000)	(9,895,300,000)	(9,890,500,000)	(9,890,500,000)	(−1,168,800,000)	(−20,152,000)	(−4,800,000)	
(Appropriation for debt reduction)	(2,173,614,935)	(244,073)	(244,073)	(244,073)	(244,073)	(−2,173,370,862)			
Total appropriations including appropriations to liquidate contract authorization and appropriations for debt reduction	(26,012,653,699)	(19,687,863,000)	(20,985,850,512)	(20,305,142,000)	(20,010,632,000)	(−6,002,021,699)	(+322,769,000)	(−975,218,512)	(−294,510,000)
Total mandatory and discretionary	12,779,738,764	9,776,966,927	11,090,306,439	10,414,397,927	10,119,887,927	−2,659,850,837	+342,921,000	−970,418,512	−294,510,000
Mandatory	(350,300,000)	(353,900,000)	(337,000,000)	(344,900,000)	(344,900,000)	(−5,400,000)	(−9,000,000)	(+7,900,000)	
Discretionary	(12,429,438,764)	(9,423,066,927)	(10,753,306,439)	(10,069,497,927)	(9,774,987,927)	(−2,654,450,837)	(+351,921,000)	(−978,318,512)	(−294,510,000)

Mr. Speaker, I reserve the balance of my time.

Mr. COUGHLIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I certainly concur with the remarks of the chairman of the committee, the distinguished gentleman from Indiana (Mr. BENJAMIN). As he indicated, it is preferable, in fact, to have appropriation bills go to the President and be signed and enacted into law, and that is what we hope to accomplish today.

Mr. BENJAMIN. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. OBERSTAR).

Mr. OBERSTAR. Mr. Speaker, I thank the chairman for yielding. I would like simply to raise a question and seek the chairman's response about a matter in the conference report dealing with so-called 406 subsidies. As written, the conference report would fund that section of the airline program that provides local airline service to remote areas, small communities, rural areas.

The conference report states the rather broad position of the conference committee that the 406 subsidies should not be financed in the future. The exact language of the conference report states:

> The conferees believe that the section 406 program should be terminated. The funding provided in this conference agreement for section 406 is viewed as the final Federal compensation to be made available in order to facilitate an orderly close-out of this program.

I cannot imagine that the committee of conference intend not to finance such a program should it be authorized in the future. In fact, the House Public Works and Transportation Committee is on the verge of reporting out legislation to continue the 406 subsidy program beyond the administration-proposed date for the termination of the Civil Aeronautics Board. If such legislation in enacted into law, does the Transportation Appropriations Subcommittee intend to continue providing such subsidies in the future beyond the present 1985 expiration date if authorized by law?

Mr. BENJAMIN. Mr. Speaker, I yield myself 2 minutes to respond to the gentleman.

The gentleman raises the question about the future of the 406 program. It is apparently the intent of Congress to phase out the 406 program and to restructure the section 419 program as a commuter type program to make sure that we have continuous air service; particularly to the smaller communities.

Although our conference report has indicated that we intend to continue with the phaseout, if there is intervening action by the Congress, promoted by the gentleman's Committee on Public Works and Transportation, the Appropriations Committee will take full cognizance of that action and will take steps to see that the program is continued.

Mr. OBERSTAR. Is it your understanding then that the language in the conference report is limited only to the present situation under current law?

Mr. BENJAMIN. Our action is limited to the situation we presently have at hand.

Mr. OBERSTAR. That action does not, then, presume to prejudge future legislative action by the House Committee on Public Works and Transportation?

Mr. BENJAMIN. That is true.

Mr. OBERSTAR. I thank the gentleman.

Mr. SNYDER. Mr. Speaker, will the gentleman yield for a question?

Mr. BENJAMIN. I yield to the gentleman from Kentucky.

Mr. SNYDER. Could the gentleman tell me how the committee dealt with the Coast Guard in the conference report?

Mr. BENJAMIN. Yes. We conformed the Coast Guard appropriation to the amount provided in the Conte amendment.

Mr. SNYDER. And that is $50 million less than passed here originally; is that correct?

Mr. BENJAMIN. The largest reduction is $48 million in operations which conforms exactly to the Conte amendment to the Coast Guard account in the recent continuing resolution.

Mr. SNYDER. I thank the gentleman.

● Mr. PURSELL. Mr. Speaker, I rise in support of this conference report on H.R. 4209 and urge the Members to unanimously approve its passage.

As a member of the Transportation Appropriations Subcommittee, I want to commend the conferees, and especially Chairman BENJAMIN and the ranking minority member, Mr. COUGHLIN, for their outstanding effort and the bipartisan cooperation exhibited in constructing this compromise.

I believe this bill adequately addresses the transportation needs of this Nation while accomplishing budgetary restraint. It has not been an easy or thoroughly enjoyable task. However, the economies achieved will permit our transportation system to operate more efficiently while maintaining essential services. I am personally grateful that our past year's work will finally come to fruition and that the conference agreement, as amended to reflect the additional reduction of $493,250,000 called for by the bipartisan Continuing Resolution Act (H.J. Res. 370) will accomplish the necessary degree of fiscal restraint needed to help extricate the economy from the current level of stagflation we are currently experiencing.

Clearly, effective transportation policy and funding holds an essential key to the economic revitalization of our Nation. There are many elements of this conference agreement which provide significant enhancements to the lives and well-being of millions of Americans. As a member of the steering committee of the Northeast-Midwest Congressional Coalition, I have been very concerned about the rapid deterioration of our highways and mass transit systems, especially in the Northeast-Midwest region of this Nation.

Our highway system is experiencing decay and decline in epic proportions. Many mass transit systems are in a similar quality of disrepair and there are areas where new systems are in high demand. Amtrak has been an effective mobility force for many Americans in our region and its continued operation is vital to thousands of commuters and travelers with no other reasonable means of transportation. Our airport/airways system is in need of improvements and further development and to a great extent, this transportation mode holds the key to our economic renaissance and the diversification of American business.

As responsible legislators, we must recognize the importance of these transportation systems to the successful movement of commerce and the mobility needs of this Nation. In addition, we must examine alternative financing to preserve our original investment and provide safe and efficient transportation services. I believe this bill satisfies those demands to the extent possible in these troubled economic times.

Mr. Speaker, I would like to associate myself with the statement of the conferees for the Department of Transportation and Related Agencies Appropriations Act, 1982.

With respect to the reductions agreed to in bringing the conference agreement into accordance with the recently implemented Continuing Resolution Act (H.J. Res. 370), I would like to support the intentions of the conferees and that of the Congress that the reductions called for in urban discretionary grants appropriations be applied on a pro rata basis for each activity and new start project identified in the statement of the managers accompanying the conference report on the Department of Transportation and Related Agencies Appropriations Act, 1982.

With respect to the redeemable preference shares program of the Federal Railroad Administration, it is my hope that the $3.5 million remaining in unobligated funds for meritorious projects be reserved for an application by the Ann Arbor Railroad System.

Finally, with respect to the Urban Mass Transportation Administration's bus procurement policies, it is my strong desire that UMTA work more aggressively in administering congressional directives to change from the low-initial-cost-only system for transit equipment procurements to one which more effectively addresses life cycle costs, performance, standardization, and other factors. These directives have been voiced repeatedly through many different, but consistent vehicles, and there has been no evidence that this congressional intent has been heeded.●

Mr. BENJAMIN. Mr. Speaker, I have no other requests for time, and I yield back the balance of my time.

Mr. COUGHLIN. Mr. Speaker, I yield back the balance of my time.

Mr. BENJAMIN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will designate the first amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 5: Page 3, line 16, after *"Provided,"* insert "That $10,000,000 of these funds shall be reserved and made available to implement a program of recreational boat safety, designed by the Secretary pursuant to 46 U.S.C. 1475 and for the purposes set out in Public Law 97-12: *Provided further,"*.

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 5 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "That an additional $5,000,000 shall be derived from the National Recreational Boating Safety and Facilities Improvement Fund to implement a program of recreational boat safety, designed by the Secretary pursuant to 46 U.S.C. 1475 and for the purposes set out in Public Law 97-12: *Provided further,"*.

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 7: Page 4, line 9, after "$391,000,000" insert ": *Provided,* That of the foregoing amount $200,000,000 shall be available only for assets deployed and dedicated in a manner to maximize their contribution to the Coast Guard's drug interdiction program".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 7 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert "$175,000,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 8: Page 4, line 12, strike out "$17,500,000" and insert "$15,000,000".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 8 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$12,000,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 15: Page 6, line 22, after "provement;" insert "payments to lenders required as a consequence of any guaranty under Public Law 85-307, as amended;".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 15 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 20: Page 8, line 14, after *"Provided,"* insert "That of the foregoing amount, $4,000,000 shall be available only for the design, engineering, construction, and equipment for an air traffic control training facility at the University of North Dakota at Grand Forks: *Provided further,*".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 20 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 24: Page 10, line 22, strike out "$38,900,000" and insert "$34,760,000".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$31,700,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 25: Page 11, line 11, strike out all after "1982" down to and including "principal" in line 13 and insert "new commitments to guarantee loans shall be exclusively for the purchase of aircraft designed to have a maximum passenger capacity of sixty seats or less or a maximum payload of eighteen thousand pounds or less, and shall not exceed in the aggregate $100,000,000".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 25 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert "new commitments to guarantee loans shall be exclusively for the purchase of aircraft designed to have a maximum passenger capacity of sixty seats or less or a maximum cargo payload of eighteen thousand pounds or less, and shall not exceed in the aggregate $100,000,000".

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 30: Page 12, strike out lines 16 to 20, inclusive.

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 30 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment amended to read as follows:

"HIGHWAY BEAUTIFICATION

"For necessary expenses in carrying out section 131 of title 23 United States Code and section 104(a)(11) of the Surface Transportation Assistance Act of 1978, $2,000,000 to remain available until expended: *Provided,* that, notwithstanding any other provision of law, any determination as to whether any outdoor advertising sign, display, or device is or has been lawfully erected under State law or is entitled to compensation shall not be affected by any waiver of compensation."

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 31: Page 13, lines 8 and 9, strike out "the Federal-Aid Highway Act of 1970," and insert "title 23, United States Code, section 322(b), to remain available until expended, $2,835,000. For necessary expenses of certain railroad-highway crossings demonstration projects as authorized by".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 31 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 46: Page 16, line 7, strike out "$34,000,000" and insert "$36,000,000".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 46 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$39,000,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 50: Page 17, strike out lines 13 to 18, inclusive, and insert:

"CONRAIL LABOR PROTECTION

"TRANSFER OF FUNDS

"For labor protection as authorized by section 713 of the Regional Rail Reorganization Act as added by section 1143 of the

Northeast Rail Service Act of 1981, and as authorized by section 1160 of the Northeast Rail Service Act of 1981, $225,000,000, to remain available until expended, to be derived from the unobligated balances of "Payments for Purchase of Conrail Securities": $85,000,000 of which shall be considered to have been appropriated to the Secretary for transfer to the Railroad Retirement Board for the payment of benefits and necessary administrative expenses under section 701 of the Regional Rail Reorganization Act of 1973, as amended, $115,000,000 of which shall be considered to have been appropriated to the Secretary, to be available for the payment of termination allowances under section 702 of that Act, and $25,000,000 of which shall have been considered to have been appropriated under section 1160 of the Northeast Rail Service Act of 1981, for purposes of that section of that Act: *Provided*, That for purposes of section 710 of the Regional Rail Reorganization Act of 1973, as added by section 1143 of the Northeast Rail Service Act of 1981, $200,000,000 shall be considered to have been appropriated under section 713 of that Act and counted against the limitation on the total liability of the United States."

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 50 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert:

"RAIL LABOR ASSISTANCE

"(Transfer of Funds)

"For payment of benefits under section 1160 of the Northeast Rail Service Act of 1981, $25,000,000, to remain available until expended, to be derived from the unobligated balances of "Payments for Purchase of Conrail Securities": *Provided*, That such sum shall be considered to have been appropriated under said section 1160.

"CONRAIL WORKFORCE REDUCTION PROGRAM

"(Transfer of Funds)

"For expenses of the Conrail Workforce Reduction Program as authorized by section 713 of the Regional Rail Reorganization Act of 1973 as added by section 1143 of the Northeast Rail Service Act of 1981, $100,000,000, to remain available until expended, to be derived from the unobligated balances of "Payments for Purchase of Conrail Securities": *Provided*, That, such sum shall be considered to have been appropriated to the Secretary under section 713 of the Regional Rail Reorganization Act of 1973 to be available for the payment of termination allowances under section 702 of that Act: *Provided further*, That, for purposes of section 710 of the Regional Rail Reorganization Act of 1973 as added by section 1143 of the Northeast Rail Service Act of 1981, such sum shall be considered to have been appropriated under section 713 of the Regional Rail Reorganization Act of 1973 and counted against the limitation on the total liability of the United States.

"CONRAIL LABOR PROTECTION

"(Transfer of Funds)

"For labor protection as authorized by section 713 of the Regional Rail Reorganization Act of 1973 as added by section 1143 of the Northeast Rail Service Act of 1981, $85,000,000, to remain available until expanded, to be derived from the unobligated balances of "Payments for Purchase of Conrail Securities": *Provided*, That, such sum shall be considered to have been appropriated to the Secretary under said section 713 for transfer to the Railroad Retirement Board for the payment of benefits under section 701 of the Regional Rail Reorganization Act of 1973, as amended: *Provided further*, That, for purposes of section 710; of the Regional Rail Reorganization Act of 1973 as added by section 1143 of the Northeast Rail Service Act of 1981, such sum shall be considered to have been appropriated under section 713 of the Regional Rail Reorganization Act of 1973 and counted against the limitation on the total liability of the United States: *Provided further*, That, in addition, such sums as may be necessary shall be derived from the unobligated balances of "Payments for Purchase of Conrail Securities" for necessary expenses of administration of section 701 of the Regional Rail Reorganization Act of 1973 by the Railroad Retirement Board."

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 53: Page 18, line 22, after "status" insert: *"Provided further*, That notwithstanding any other provision of law, the Corporation shall provide through rail passenger service between Washington, D.C. and Chicago, via Cincinnati."

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 53 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 54: Page 19, after line 3, insert:

"Notwithstanding any other provision of law, none of the funds appropriated for the benefit of the Corporation pursuant to this Act or the revenues or other assets of the Corporation or any railroad subsidiary thereof shall be available for payment to any State, political subdivision of a State, or local taxing authority for any taxes or other fees levied on the Corporation."

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 54 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "Notwithstanding any other provision of law, none of the funds appropriated for the benefit of the Corporation pursuant to this Act or the revenues or other assets of the Corporation or any railroad subsidiary thereof shall be available for payment to any State, political subdivision of a State, or local taxing authority for any taxes or other fees levied on the Corporation: *Provided*, That notwithstanding any provision of law, the Corporation shall pay all taxes or other fees appropriately levied on its facilities in Beech Grove, Indiana.

"(Disapproval of Deferral)

"The Congress disapproves in its entirety deferral D82-217 relating to the Federal Railroad Administration, Grants to the National Railroad Passenger Corporation, as set forth in the message of November 6, 1981, which was transmitted to the Congress by the President. This disapproval shall be effective immediately and the amount of the proposed deferral disapproved herein shall be made available for obligation."

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 55: Page 19, after line 3, insert:

"COMMUTER RAIL SERVICE

"For necessary expenses to carry out the commuter rail activities authorized by section 601(d) of the Rail Passenger Service Act (45 U.S.C. 601), as amended, $5,000,000, and for necessary expenses to carry out section 1139(b) of Public Law 97-35, $45,000,000, to remain available until expended."

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 55 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"COMMUTER RAIL SERVICE

"For necessary expenses to carry out the commuter rail activities authorized by section 601(d) of the Rail Passenger Service Act (45 U.S.C. 601), as amended, $15,000,000, and for necessary expenses to carry out section 1139(b) of Public Law 97-35, $45,000,000, to remain available until expended."

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER, pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 56: Page 19, after line 20, insert:

"PAYMENTS TO THE ALASKA RAILROAD REVOLVING FUND

"For payment to the Alaska Railroad Revolving Fund for capital replacements, improvements, operations and maintenance, $6,160,000, to remain available until expended."

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 56 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 58: Page 20, lines 22 and 23, strike out ", for the St. Louis Terminal restructuring project, in amounts not to exceed $50,000,000" and insert "for the uses authorized for the Fund, in amounts not to exceed $60,000,000".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 58 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert "for uses authorized for the Fund, in amounts not to exceed $67,500,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 64: Page 23, line 1, strike out "1970" and insert "1980".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 64 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert: "1970 decennial census until March 31, 1982, after which date funds apportioned under this appropriation shall be distributed on the basis of data from the 1980".

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 66: Page 23, line 8, strike out "1970" and insert "1980".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 66 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert "1970 decennial census until March 31, 1982, after which date funds apportioned under this appropriation shall be distributed on the basis of data from the 1980".

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 67: Page 24, after line 5, insert:

WATERBORNE TRANSPORTATION DEMONSTRATION PROJECT

(RESCISSION)

Of the funds appropriated under this head in Public Law 96-38, Public Law 96-131 and Public Law 96-400, making appropriations for a waterborne transportation demonstration project for fiscal years 1979, 1980, and 1981, $2,000,000 are rescinded.

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 67 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 77: Page 27, line 10, after "expended" insert ": *Provided*, That, notwithstanding any other provision of law, none of the funds appropriated by this Act shall be expended under section 406 for services provided after the date of enactment of this Act to points which, based on reports filed with the Civil Aeronautics Board, enplaned an average of eighty or more passengers per day in the fiscal year ended September 30, 1981".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 77 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert ": *Provided*, That, notwithstanding any other provision of law, none of the funds appropriated by this Act shall be expended under section 406 for services provided after 95 days following the date of enactment of this Act to points which, based on reports filed with the Civil Aeronautics Board, enplaned an average of eighty or more passengers per day in the fiscal year ended September 30, 1981".

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 78: Page 27, line 10, after "expended" insert ": *Provided further*, That, notwithstanding any other provision of law, payments under section 406 shall not exceed a total of $28,000,000 in fiscal year 1982 and, to the extent it is necessary to meet this limitation, the compensation otherwise payable by the Board under section 406 shall be reduced by a percentage which is the same for all air carriers receiving such compensation".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 78 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert ": *Provided further*, That, notwithstanding any other provision of law, payments under section 406, exclusive of payments for services provided within the State of Alaska, shall not exceed a total of $14,000,000 for services provided during the period between March 31, 1982, and September 30, 1982, and, to the extent it is necessary to meet this limitation, the compensation otherwise payable by the Board under section 406 shall be reduced by a percentage which is the same for all air carriers receiving such compensation: *Provided further*, That, notwithstanding any other provision of law, payments under section 406 for services provided within the State of Alaska during the period between March 31, 1982, and September 30, 1982, shall not exceed a total of $5,500,000 and, to the extent it is necessary to meet this limitation, the compensation otherwise payable by the Board under section 406 shall be reduced by a percentage which is the same for all carriers receiving such compensation: *Provided further*, That the foregoing limitations shall not apply to payments made pursuant to the requirements of section 419(a)(7)(A) nor shall such payments be reduced by virtue of such provision: *Provided further*, That the provisions of this paragraph shall be effective only until modified by subsequent legislation".

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 84: Page 30, line 17, insert:

DEPARTMENT OF THE TREASURY

OFFICE OF THE SECRETARY

INVESTMENT IN FUND ANTICIPATION NOTES

For the acquisition, in accordance with section 509 of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, and section 803 of Public Law 95-620, of fund anticipation notes, $60,000,000.

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 84 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert:

DEPARTMENT OF THE TREASURY

OFFICE OF THE SECRETARY

INVESTMENT IN FUND ANTICIPATION NOTES

(INCLUDING TRANSFER OF FUNDS)

For the acquisition, in accordance with section 509 of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, and section 803 of Public Law 95-620, of fund anticipation notes, $67,500,000, of which $25,000,000 shall be derived from the unobligated balances of "Payments for Purchase of Conrail Securities."

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 89: Page 36, line 10, strike out "expenses and" and insert "expenses,".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 89 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 90: Page 36, line 10, after "highways" insert "and $15,000,000 for the Bismarck-Mandan Bridge and $4,000,000 for the Steubenville-Weirton Bridge".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 90 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert "and $15,000,000 for the Bismarck-Mandan Bridge, $4,000,000 for the Steubenville-Weirton Bridge, and necessary funds required during fiscal year 1982 for the Dickey Road Bridge in East Chicago, Indiana, and the U.S. 12 Bridge over Trail Creek in Michigan City, Indiana".

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

□ 1330

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 93: Page 36, after line 16, insert:

SEC. 311. Notwithstanding any other provision of law, none of the funds provided in this Act shall hereafter be used by the Interstate Commerce Commission to approve railroad branchline abandonments in the State of North Dakota by the entity generally known as the Burlington Northern Railroad, or its agents or assignees, in excess of a total of 350 miles.

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows.

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 93 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert:

SEC. 311. None of the funds provided in this Act shall be used by the Interstate Comerce Commission to approve railroad branchline abandonments in fiscal year 1982 in any State in excess of 3 per centum of a State's total mileage of railroad lines operated: *Provided*, That this limitation shall not apply to any abandonment of Conrail railroad lines: *Provided further*, That exceptions to this limitation shall be made only upon the specific approval of each of the appropriate committees of Congress.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 99: Page 40, strike out all after line 19 over to and including line 2 on page 41.

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 99 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment amended to read as follows:

SEC. 324. None of the funds appropriated by this Act shall be used to implement, administer, or enforce Order 81-5-27 of the Civil Aeronautics Board or any other order of the Civil Aeronautics Board which prohibits or has the effect of prohibiting any U.S. air carrier from participating in the International Air Transport Association's North Atlantic Traffic Conference under its existing articles and provisions: *Provided*, That this limitation may be terminated by an appropriate resolution adopted by the House Public Works and Transportation Committee or the Senate Commerce Committee.

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 100: Page 41, after line 2, insert:

SEC. 323. Notwithstanding any other provision of law, the Secretary shall, with regard to the Urban Discretionary Grant Program of the Urban Mass Transportation Administration, promptly issue a letter of intent for the Dade County, Florida, Circulator System for $63,642,666, and, in addition, shall promptly issue a letter of intent for non-rail projects in the Portland, Oregon, Metropolitan region for $76,800,000.

MOTION OFFERED BY MR. BENJAMIN

Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 100 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

SEC. 325. Notwithstanding any other provision of law, the Secretary shall, with regard to the Urban Discretionary Grant Program of the Urban Mass Transportation Administration, promptly issue a letter of intent for the Dade County, Florida, Circulator System for $63,642,666, and, in addition, shall promptly issue a letter of intent for non-rail projects in the Portland, Oregon, Metropolitan region for $76,800,000 and also issue a letter of intent for the Southeast Michigan Central Automated Transit System for 110 million 1981 dollars.

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 101: Page 41, after line 2, insert:

SEC. 324. (a) The Act entitled "An Act authorizing the State of Maryland, by and through its State Roads Commission or the successors of said Commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State", approved April 7, 1938, and the Act of June 16, 1948 (62 Stat. 463, Public Law 654, 80th Congress), as amended by the Act of November 17, 1967 (81 Stat. 466, Public Law 144, 90th Congress) are hereby repealed.

(b) The State of Maryland, by and through the Maryland Transportation Authority or the successors of such Authority, is authorized, subject to all applicable Federal laws, (1) to continue to collect tolls after the date of enactment of this Act from its existing transportation facilities projects, as defined on the date of enactment of this Act in the laws of the State of Maryland, and (2) to use the revenues from such tolls for transportation projects of the type which the State or the Maryland Transportation Authority is authorized to construct, operate, or maintain under the laws of the State of Maryland as such laws exist on the date of enactment of this Act.

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 101 and concur therein with an amendment, as follows: In lieu of the section number named in said amendment, insert "326".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 102: Page 41, after line 2, insert:

SEC. 325. (a) Notwithstanding section 16 of the Federal Airport Act (as in effect on November 25, 1947), the Secretary of Transportation is authorized, subject to the provisions of section 13 of the Suplus Property Act of 1944 (50 App. U.S.C. 1622g) and the provisions of subsection (b) of this section, to grant release from any of the terms, conditions, reservations, and restrictions contained in a deed of conveyance dated November 25, 1947, under which the United States conveyed certain property to the Greater Rockford Airport Authority for airport purposes and in deeds of conveyance dated May 28, 1948, and April 21, 1949, under which the United States conveyed certain property of the city of Liberal, Kansas for airport purposes.

(b) Any release granted by the Secretary of Transportation under subsection (a) shall be subject to the following conditions:

(1) the Greater Rockford Airport Authority or the city of Liberal, Kansas, as the case may be, shall agree that in conveying any interest in the property which the United States conveyed pursuant to the deeds described in subsection (a), the Greater Rockford Airport Authority or the city of Liberal, Kansas, as the case may be, will receive an amount which is equal to the fair market value; and

(2) any such amount so received shall be used for the development, improvement, operation, or maintenance of a public airport.

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 102 and concur therein with an amendment, as follows: In lieu of the section number 325 named in said amendment, insert "327".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 103: page 41, after line 2, insert:

SEC. 326. (a) Notwithstanding section 13(g) of the Surplus Property Act of 1944 (50 App. U.S.C. 1622(g)) and section 4 of the Act of October 1, 1949 (50 App. U.S.C. 1622c), the Secretary of Transportation, if requested, shall, as to the property described in subsection (f), grant a release to the Parish of East Baton Rouge, Louisiana, from all of the terms, conditions, reservations, and restrictions contained in the deed of conveyance dated August 13, 1948, under which the United States conveyed certain property to the Parish of East Baton Rouge, Louisiana, for airport purposes. This provision does not apply to the portion of the property, conveyed by that deed, that is not specified in subsection (f).

(b) In place of the terms, conditions, reservations, and restrictions released under subsection (a), the following conditions shall apply:

(1) The City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall submit all proposals, policies, and plans for further construction, other development, or changed operating practices (including, but not limited to, policies affecting the size and kind of the inmate population), at East Baton Rouge Parish Prison, to the Secretary for review of airport safety and security prior to such construction, other development, or changed operating practices.

(2) The City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall construct, develop, operate, and maintain the East Baton Rouge Parish Prison in accordance with proposals, policies, and plans submitted to, and approved by, the Secretary with respect to airport safety and security.

(3) The City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall construct, develop, operate, and maintain the East Baton Rouge Parish Prison in compliance with applicable Federal, State, and local laws.

(4) The City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall hold the United States harmless for damage or injury to persons or property, in flight or on the ground, caused by any inmate who has escaped from the East Baton Rouge Parish Prison, or caused by any event occurring at the prison.

(c) Within 90 days after the enactment of this provision, the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall demonstrate, to the satisfaction of the Secretary, that the current operating conditions at the East Baton Rouge Parish Prison meet acceptable levels of airport safety and security.

(d) Any action determined by the Secretary to be necessary to achieve acceptable levels of airport safety or security at the prison shall be accomplished by the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, as soon as practicable. Such determinations are "orders" for the purpose of judicial review under section 1006 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1486).

(e) The opinion of the Secretary concerning the airport safety and security implications of any current or proposed conditions involving the prison shall be conclusive as to those matters.

(f) Subsection (a) applies to the following described area:

One certain lot or parcel of ground together with all the buildings and improvements thereon located in the Parish of East Baton Rouge, State of Louisiana and shown by reference to the following two maps:

1. A map entitled "Airport Boundary Maps showing Ryan Airport Property Owned by the Parish of East Baton Rouge, Louisiana, Compiled from Official Records and Maps" prepared by the Department of Public Works in and for the City of Baton Rouge and the Parish of East Baton Rouge and dated October 13, 1978, and signed by Mr. Charles W. Hair, Jr., Engineer (said map being hereinafter referred to as Map numbered 1); and

2. A map entitled "Map Showing Boundary and Topographic Survey of East Baton Rouge Parish Prison Site" dated March 6, 1981, and signed by Mr. Henry K. Schott, Engineer (said map being hereinafter referred to as Map numbered 2).

Said property being more particularly described by starting at point "A" on Map numbered 1; thence proceeding north 00 degrees 27 minutes 37 seconds west a distance of 56.44 feet to a point and corner; thence proceeding east 90 degrees 00 minutes 00 seconds east a distance of 60.08 feet to the point of beginning and corner; thence proceed north 0 degrees 27 minutes 37 seconds west a distance of 549.61 feet to a point and corner; thence proceed north 88 degrees 44 minutes 42 seconds east a distance of 185.66 feet to a point and corner; thence proceed north 1 degree 01 minute 51 seconds west a distance of 222.05 feet to a point and corner; thence proceed north 88 degrees 44 minutes 42 seconds east a distance of 1,120.20 feet to a point and corner; thence proceed south 10 degrees 34 minutes 12 seconds west a distance of 816.23 feet to a point and corner; thence proceed south 89 degrees 24 minutes 21 seconds west a distance of 387.66 feet to a point; thence proceed north 70 degrees 37 minutes 59 seconds west a distance of 186.66 feet to a point; thence proceed south 86 degrees 36 minutes 21 seconds west a distance of 712.28 feet to the point of beginning; all of said measurements being more particularly shown on Map numbered 2.

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 103 and concur therein with an amendment as follows: In lieu of the section numbered 326 named in said amendment, insert "328".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the last amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 104: Page 41, after line 2, insert:

SEC. 327. As used in section 502(a)(1)(B) of the Rail Passenger Service Act, the term "Amtrak Commuter" shall mean, with re-

spect to the period prior to January 1, 1983, "Conrail".

MOTION OFFERED BY MR. BENJAMIN

Mr. BENJAMIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BENJAMIN moves that the House recede from its disagreement to the amendment of the Senate numbered 104 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

SEC. 329. As used in section 502(a)(1)(B) of the Rail Passenger Service Act, the term "Amtrak commuter" shall mean, with respect to the period prior to January 1, 1983, "Conrail".

TITLE IV

SEC. 401. Notwithstanding any other provision of this Act, appropriations made available for the projects or activities provided for in this Act are hereby reduced in the following amounts:

DEPARTMENT OF TRANSPORTATION

Office of the Secretary, salaries and expenses and transportation planning, research, and development, $4,500,000;

Coast Guard, operating expenses, $48,400,000, of which $5,000,000 shall be deducted from the amounts made available for recreational boating safety; acquisition, construction, and improvements, $16,000,000; alteration of bridges, $4,000,000; research, development, test, and evaluation, $4,000,000; offshore oil pollution compensation fund, $3,000,000; and deepwater port liability fund, $3,000,000;

Federal Aviation Administration, operations, $125,000,000; facilities, engineering and development, $9,000,000; facilities and equipment (Airport and Airway Trust Fund), $24,000,000; research, engineering and development (Airport and Airway Trust Fund), $16,000,000; and construction, Metropolitan Washington Airports, $5,000,000;

Federal Highway Administration, highway safety research and development, $2,000,000; highway beautification, $1,500,000; territorial highways, $1,000,000; and interstate transfer grants-highways, $37,000,000;

National Highway Traffic Safety Administration, operations and research, $7,000,000;

Federal Railroad Administration, office of the administrator, $500,000; railroad safety, $2,500,000; railroad research and development, $9,000,000; rail service assistance, $4,000,000, of which at least $2,000,000 shall be deducted from amounts made available for the Minority Business Resource Center; Northeast corridor improvement program, $6,000,000; and redeemable preference shares, $7,000,000;

Urban Mass Transportation Administration, administrative expenses, $3,000,000; research, development, and demonstrations and university research and training, $10,000,000; urban discretionary grants, $29,500,000; nonurban formula grants, $4,000,000; urban formula grants, $64,750,000; and interstate transfer grants-transit, $22,000,000;

Research and Special Programs Administration, research and special programs, $9,000,000, of which $2,500,000 shall be deducted from the amounts made available for research and development and $750,000 shall be deducted from amounts made available for grants-in-aid as authorized by section 5 of the Natural Gas Pipeline Safety Act of 1968;

RELATED AGENCIES

Architectural and Transportation Barriers Compliance Board, salaries and expenses, $100,000;

National Transportation Safety Board, salaries and expenses, $2,000,000;

Civil Aeronautics Board, salaries and expenses; $1,500,000;

Interstate Commerce Commission, salaries and expenses, $4,000,000;

Department of the Treasury, Office of the Secretary, investment in fund anticipation notes, ($7,000,000); and

United States Railway Association, administrative expenses, $4,000,000.

SEC. 402. Notwithstanding any other provision of law or of this Act, none of the funds provided in this or any other Act shall hereafter be used by the Interstate Commerce Commission to approve railroad branchline abandonments in the State of North Dakota by the entity generally known as the Burlington Northern Railroad, or its agents or assignees, in excess of a total of 350 miles: *Provided*, That this section shall be in lieu of section 311 (amendment numbered 93) as set forth in the conference report and the joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriations Act, 1982 (H.R. 4209), filed in the House of Representatives on November 13, 1981 (H. Rept. No. 97-331).

SEC. 403. Notwithstanding any other provision of law or of this Act, the funds provided for section 18 nonurban formula grants and section 5 urban formula grants in this Act shall be apportioned and allocated using data from the 1970 decennial census for one-half of the sums appropriated and the remainder shall be apportioned and allocated on the basis of data from the 1980 decennial census.

SEC. 404. Notwithstanding any other provision of law or of this Act, of the fiscal year 1982 Highway Trust Funds available for emergency relief, $17,000,000 shall be made available for damaged highways or for the prevention of damage to highways in the area affected by eruptions of the Mount Saint Helens volcano.

SEC. 405. Notwithstanding any other provision of title 23, United States Code, or of this Act, the Secretary of Transportation shall approve, upon the request of the State of Indiana, the construction of an interchange to appropriate standards at I-94 and County Line Road at the Porter-La Porte County Line near Michigan City, Indiana, with the Federal share of such construction to be financed out of funds apportioned to the State of Indiana under section 104(b)(5)(A) of title 23, United States Code.

SEC. 406. Notwithstanding any other provision of law, or of this Act, any proposal for deferral of budget authority under section 1013 of the Impoundment Control Act of 1974 (31 U.S.C. 1403) with respect to budget authority for expenses related to the Northeast Corridor Improvement Project authorized under title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210), Acquisition, construction, and improvements, Railroad-highway crossing demonstration projects, Grants to the National Railroad Passenger Corporation, Urban discretionary grants and Interstate transfer grants (highway and transit) shall, upon transmittal to the Congress, be referred to the House and Senate Committees on Appropriations and any amount of budget authority proposed to be deferred therein shall be made available for obligation unless, within a 45-day period which begins on the date of transmittal and which is equivalent to that described in section 1011 (3) and (5) of the Impoundment Control Act of 1974 (31 U.S.C. 1401 (3) and (5)), the Congress has completed action on a bill approving all or part of the proposed deferral.

Mr. BENJAMIN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BENJAMIN. Mr. Speaker, this amendment conforms the transportation conference agreement to the funding levels contained in the OMB substitute to the continuing resolution passed last week. In proposing this amendment, it is necessary to provide the Department of Transportation with additional instructions on how these reductions are to be allocated.

This motion directs a reduction of $493,250,000 from the amounts which would otherwise be made available by the original conference agreement on the Department of Transportation and Related Agencies Appropriations Act, 1982. In making this reduction, the committee directs that, to the maximum extent feasible, the earmarkings and directives contained in the conference report and joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriation Act, 1982, will be implemented. Any deviation from the language contained in that report should receive the prior approval of the House and Senate Committees on Appropriations.

The agreement directs that the reduction for urban discretionary grants be applied on a pro rata basis for each activity and new start project identified in the statement of the managers accompanying the conference report on the Department of Transportation and Related Agencies Appropriation Act, 1982.

The agreement directs that $58,750,000 of the $64,750,000 reduction in the urban formula grants account be pro rata; the remaining $6,000,000 of the $64,750,000 reduction in this account shall be taken from tier IV only.

The agreement directs that the reductions for the interstate transfer-transit program be applied on a pro-rata basis to the allocations specified in the joint explanatory statement of the managers on House Joint Resolution 357. In allocating the $288,000,000 provided for the interstate transfer-highway program, the funding for Oregon shall be $60,000,000, the funding for northeast Illinois shall be $125,000,000, the funding for Philadelphia shall be $22,000,000, the funding

for Omaha shall be $2,000,000 and the remainder shall be allocated on a pro rata basis to the areas specified in the joint explanatory statement of the managers of House Joint Resolution 357.

The agreement directs that none of the reductions proposed by this amendment for Federal Railroad Administration, railroad research and development be allocated to the East St. Louis metropolitan gateway area railroad restructuring project. The reduction of $7,000,000 from the appropriation redeemable preference shares shall be dervied from the amount not specifically earmarked for any project in the statement of the managers accompanying the conference report on the Department of Transportation and Related Agencies Appropriation Act, 1982.

Any personnel reductions in UMTA required by this amendment shall be taken primarily from the Washington, D.C., headquarters office.

The agreement limits the railroad branchline abandonments in the State of North Dakota to 350 miles.

The House and Senate Appropriations Committees understand that the Illinois Central Gulf Railroad has agreed to cooperate with the State of Mississippi in the continued operation of their railroad lines in north Mississippi.

The agreement reiterates the language appearing on page 28 of the joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriation Act, 1982 (H.R. 4209), relating to surcharges, rate increases, and assistance from the section of railroad services planning.

The committee also wishes to express its concern that the Urban Mass Transportation Administration is not acting aggressively in administering congressional directives to allow for evaluation of life cycle costs, performance, standardization and other relevant factors when making grant awards for the acquisition of transit equipment. The committee believes that the current UMTA procurement policy emphasizing low-bid acquisition unduly inhibits grantees from making the most cost-effective purchases and offers no incentive for manufacturers to develop better products, offer new components, or invest in research and development programs. This policy seems especially inappropriate since it is inhibiting local transit authorities from considering factors in equipment procurements that might significantly lower their operating costs at the same time that UMTA has proposed to abolish transit operating assistance.

The committee considers the current UMTA effort to administer similar provisions included in both the fiscal year 1980 and 1981 DOT appropriation acts and the 1978 Surface Transportation Assistance Act to be inadequate. Stronger steps must be taken to fulfill congressional intent. UMTA should immediately embark upon a program to insure that the provisions contained in H.R. 4209 with respect to rolling stock procurement are fully implemented in a manner which is not overly burdensome to transit authorities and equipment manufacturers. In particular, existing life cycle cost evaluation procedures should be modified so that fair and reasonably based life cycle cost determinations can be made in cases where detailed cost data is unavailable or difficult to collect.

Mr. COUGHLIN. Mr. Speaker, will the gentleman yield?

Mr. BENJAMIN. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Speaker, the chairman and I discussed this before, and we are in agreement with the statement the chairman has put in and support it wholeheartedly.

Mr. BENJAMIN. I thank the gentleman.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Indiana (Mr. BENJAMIN).

The motion agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

GENERAL LEAVE

Mr. BENJAMIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report and the amendments in disagreement on the bill, H.R. 4209, and that I may include tabular matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlman from Indiana?

There was no objection.

GENERAL LEAVE

Mr. FAUNTROY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 4910, the District of Columbia Bond Amendments Act of 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from the District of Columbia?

There was no objection.

DISTRICT OF COLUMBIA BOND AMENDMENTS ACT OF 1981

Mr. FAUNTROY. Mr. Speaker, by direction of the Committee on the District of Columbia and on behalf of its chairman, the gentleman from California, Mr. RONALD V. DELLUMS, I call up the bill (H.R. 4910) to amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations, and I ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from the District of Columbia?

There was no objection.

The Clerk read the bill, as follows:

H.R. 4910

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 103(8) of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 1-122(8)) is amended to read as follows:

"(8) The term 'capital project' means any physical public betterment or improvement, the acquisition of property of a permanent nature, or the purchase of equipment or furnishings, and includes (A) costs of any preliminary plans, studies, and surveys in connection with such betterment, improvement, acquisition, or purchase, (B) costs incidental to such betterment, improvement, acquisition, or purchase, and the financing thereof, including the cost of any election, professional fees, printing or engraving, production and reproduction of documents, publication of notices, taking of title, bond insurance, and interest during construction, and (C) the reimbursement of any fund or account for amounts expended for the payment of any such costs."

SEC. 2. Section 446 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-224) is amended in the fourth sentence by striking out "No" and inserting in lieu thereof "Except as provided in section 467(d), section 471(c), section 472(d)(2), section 483(d), and subsections (f) and (g)(3) of section 490, no".

SEC. 3. Section 448 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-226) is amended—

(1) by inserting "(a)" after "SEC. 448."; and

(2) by adding at the end the following new subsection:

"(b) Notwithstanding subsection (a), the Mayor may make any payments required by section 483(b) and take any actions authorized by an act of the Council under section 467(b)(5) or under subsection (a)(4)(A), or subsection (e)(6) of section 490.".

SEC. 4. Section 461(a) of the District of Columbia Self-Govenment and Governmental Reorganization Act (D.C. Code, sec. 47-241(a)) is amended in the second sentence by striking out "payable annually or semi-annually, at such rate" and inserting in lieu thereof "payable on such dates, at such rate or rates".

SEC. 5. Section 462 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-242) is amended—

(1) by striking out the title of such section and inserting in lieu thereof the following new title:

"CONTENTS OF BORROWING LEGISLATION AND ELECTIONS ON ISSUING GENERAL OBLIGATION BONDS";

(2) by inserting "(a)" after "Sec. 462.";

(3) in paragraph (6)—

(A) by striking out the comma which appears after "discretion"; and

(B) by inserting "the date of such election," after "holding such election,"; and

(4) by adding after paragraph (6) the following new subsections:

"(b) Any election held on the question of issuing general obligation bonds must be held before the act authorizing the issuance of such bonds is transmitted to the Speaker of the House of Representatives and the President of the Senate pursuant to section 602(c).

"(c) Notwithstanding section 602(c)(1), the provisions required by paragraph (6) of subsection (a) to be included in any act authorizing the issuance of general obligation bonds shall take effect on the date of the enactment of such act.".

SEC. 6. Section 463 of the District of Columbia Self-Government and Govenmental Reorganization Act (D.C. Code, sec. 47-243) is amended to read as follows:

"PUBLICATION OF BORROWING LEGISLATION

"SEC. 463. (a) After each act of the Council of the District under section 462(a) authorizing the issuance of general obligation bonds has taken effect, the Mayor shall publish such act at least once in at least one newspaper of general circulation within the District together with a notice that such act has taken effect. Each such notice shall be in substantially the following form:

" 'NOTICE

" 'The following act of the Council of the District of Columbia (published with this notice) authorizing the issuance of general obligation bonds has taken effect. As provided in the District of Columbia Self-Government and Governmental Reorganization Act, the time within which a suit, action, or proceeding questioning the validity of such bonds may be commenced expires at the end of the twenty-day period beginning on the date of the first publication of this notice.

" '_____ _____,

" 'Mayor.'

"(b) Neither the failure to publish the notice provided for in subsection (a) nor any error in any publication of such notice shall impair the effectiveness of the act of the Council authorizing the issuance of such bonds or the validity of any bond issued pursuant to such act.".

SEC. 7. Section 464 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-244) is amended to read as follows:

"SHORT PERIOD OF LIMITATION

"SEC. 464. (a) At the end of the twenty-day period beginning on the date of the first publication pursuant to section 463(a) of the notice that an act authorizing the issuance of general obligation bonds has taken effect—

"(1) any recital or statement of fact contained in such act or in the preamble or title of such act shall be deemed to be true for the purpose of determining the validity of the bonds authorized by such act, and the District and all others interested shall be estopped from denying any such recital or statement of fact; and

"(2) such act, and all proceedings in connection with the authorization of the issuance of such bonds including any election held on the question of issuing such bonds, shall be deemed to have been duly and regularly taken, passed, and done by the District, in compliance with this Act and all other applicable laws, for the purpose of determining the validity of such act and proceedings; and no court shall have jurisdiction in any suit, action, or proceeding questioning the validity of such act or proceedings except in a suit, action, or proceeding commenced before the end of such twenty-day period.

"(b) At the end of the twenty-day period beginning on the date of the first publication pursuant to section 463(a) of the notice that an act authorizing the issuance of general obligation bonds has taken effect, no court shall have jurisdiction in any suit, action, or proceeding questioning the validity of any general obligation bond issued pursuant to such act if—

"(1) such general obligation bond was purchased in good faith and for fair value; and

"(2) such general obligation bond contains substantially the following statement which shall bind the District of Columbia:

'It is hereby certified and recited that all conditions, acts, and things required by the District of Columbia Self-Government and Governmental Reorganization Act and other applicable laws to exist, to have happened, and to have been performed precedent to and in the issuance of this bond exist, have happened, and have been performed and that the issue of bonds, of which this is one, together with all other indebtedness of the District of Columbia, is within every debt and other limit prescribed by law.' ".

SEC. 8. Section 465 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-245) is amended to read as follows:

"ISSUANCE OF GENERAL OBLIGATION BONDS

"SEC. 465. (a)(1) After an act of the Council authorizing the issuance of general obligation bonds under section 461(a) takes effect, the Mayor may issue such general obligation bonds as authorized by such act of the Council. An issue of general obligation bonds may be all or any part of the aggregate principal amount of bonds authorized by such act.

"(b) The principal amount of the general obligation bonds of each issue shall be payable in annual installments beginning not more than three years after the date of such bonds and ending not more than thirty years after such date.

"(c) The general obligation bonds of each issue shall be executed by the manual or facsimile signature of such officials as may be designated to sign such bonds by the act of the Council authorizing the issuance of the bonds, except that at least one such signature shall be manual. Coupons attached to the bonds shall be authenticated by the facsimile signature of the Mayor unless the Council provides otherwise.".

SEC. 9. Section 466 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-246) is amended—

(1) by striking out the title of the section and inserting in lieu thereof "PUBLIC OR PRIVATE SALE";

(2) by striking out "SEC. 466. All" in the first sentence and inserting in lieu thereof "SEC. 466. (a) Except as provided in subsection (b),"; and

(3) by adding at the end the following new subsection:

"(b) Any issue of general obligation bonds which is sold before October 1, 1984, and which is additionally secured by a security interest created in District revenues under section 467(a) may be sold at either a public sale under subsection (a) or at a private sale on a negotiated basis in such manner as the Mayor may determine to be in the public interest.".

SEC. 10. Subpart 1 of part E of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-241 et seq.) is amended by inserting after section 466 the following new section:

"AUTHORITY TO CREATE SECURITY INTERESTS IN DISTRICT REVENUES

"SEC. 467. (a) An act of the Council authorizing the issuance of general obligation bonds under section 461(a) may create a security interest in any District revenues as additional security for the payment of the bonds authorized by such act.

"(b) Any such act creating a security interest in District revenues may contain provisions (which may be part of the contract with the holders of such bonds)—

"(1) describing the particular District revenues which are subject to such security interest;

"(2) creating a reasonably required debt service reserve fund or any other special fund;

"(3) authorizing the Mayor of the District to execute a trust indenture securing the bonds;

"(4) vesting in the trustee under such a trust indenture such properties, rights, powers, and duties in trust as may be necessary, convenient, or desirable;

"(5) authorizing the Mayor of the District to enter into and amend agreements concerning (A) the custody, collection, use, disposition, security, investment, and payment of the proceeds of the bonds and the District revenues which are subject to such security interest, and (B) the doing of any act (or the refraining from doing any act) that the District would have the right to do in the absence of such an agreement;

"(6) prescribing the remedies of the holders of the bonds in the event of a default; and

"(7) authorizing the Mayor of the District to take any other actions in connection with the issuance, sale delivery, security, and payment of the bonds.

"(c) Notwithstanding article 9 of title 28 of the District of Columbia Code, any security interest in District revenues created under subsection (a) shall be valid, binding, and perfected from the time such security interest is created, with or without the physical delivery of any funds or any other property and with or without any further action. Such security interest shall be valid, binding, and perfected whether or not any statement, document, or instrument relating to such security interest is recorded or filed. The lien created by such security interest is valid, binding, and perfected with respect to any individual or legal entity having claims against the District, whether or not such individual or legal entity has notice of such lien.

"(d) The fourth sentence of section 446 shall not apply to any obligation or expenditure of any District revenues to secure any general obligation bond under subsection (a).".

SEC. 11. Section 471 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-247) is amended to read as follows:

"BORROWING TO MEET APPROPRIATIONS

"SEC. 471. (a) In the absence of unappropriated revenues available to meet appropriations made pursuant to section 446, the Council may by act authorize the issuance of general obligation notes. The total amount of all such general obligation notes originally issued during a fiscal year shall not exceed 2 per centum of the total appropriations for the District for such fiscal year.

"(b) Any general obligation note issued under subsection (a), as authorized by an act of the Council, may be renewed. Any such note, including any renewal of such note, shall be due and payable not later than the last day of the fiscal year occurring immediately after the fiscal year during which the act authorizing the original issuance of such note takes effect.

"(c) The fourth sentence of section 446 shall not apply to any amount obligated or expended by the District for the payment of the principal of, interest on, or redemption premium for any general obligation note issued under subsection (a).".

SEC. 12. Section 472 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-248) is amended to read as follows:

"BORROWING IN ANTICIPATION OF REVENUES

"SEC. 472. (a) In anticipation of the collection or receipt of revenues for a fiscal year, the Council may by act authorize the issuance of general obligation notes for such fiscal year, to be known as revenue anticipation notes.

"(b) The total amount of all revenue anticipation notes issued under subsection (a) outstanding at any time during a fiscal year shall not exceed 20 per centum of the total anticipated revenue of the District for such fiscal year, as certified by the Mayor under this subsection. The Mayor shall certify, as of a date which occurs not more than fifteen days before each original issuance of such revenue anticipation notes, the total anticipated revenue of the District for such fiscal year.

"(c) Any revenue anticipation note issued under subsection (a) may be renewed. Any such note, including any renewal of such note, shall be due and payable not later than the last day of the fiscal year during which the note was originally issued.

"(d)(1) Notwithstanding section 602(c)(1), any act of the Council authorizing the issuance of revenue anticipation notes under subsection (a) may take effect on the date of the enactment of such act.

"(2) The fourth sentence of section 446 shall not apply to any amount obligated or expended by the District for the payment of the principal of, interest on, or redemption premium for any revenue anticipation note issued under subsection (a).".

SEC. 13. Section 481 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-251) is amended to read as follows:

"SPECIAL TAX

"SEC. 481. (a) Any act of the Council authorizing the issuance of general obligation bonds under section 461(a) shall provide for the annual levy of a special tax or charge, if the Council determines that such tax or charge is necessary. Such tax or charge shall be levied, without limitation as to rate or amount, in amounts which together with other District revenues available and applicable will be sufficient to pay the principal of and interest on such general obligation bonds as they become due and payable. Such tax or charge shall be levied and collected at the same time and in the same manner as other District taxes are levied and collected, and when collected shall be set aside in a separate debt service fund and irrevocably dedicated to the payment of such principal and interest.

"(b) The Comptroller General of the United States shall make annual audits of the amounts set aside and deposited in each debt service fund pursuant to subsection (a).".

SEC. 14. Subpart 3 of part E of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-251) is amended by adding after section 481 the following new sections:

"FULL FAITH AND CREDIT OF THE DISTRICT

"SEC. 482. The full faith and credit of the District is pledged for the payment of the principal of and interest on any general obligation bond or note issued under section 461(a), section 471(a), or section 472(a), whether or not such pledge is stated in such bond or note or in the act authorizing the issuance of such bond or note.

"PAYMENT OF THE GENERAL OBLIGATION BONDS AND NOTES

"SEC. 483. (a) The Council shall provide in each annual budget for the District of Columbia government for a fiscal year adopted by the Council pursuant to section 446 sufficient funds to pay the principal of and interest on all general obligation bonds or notes issued under section 461(a), section 471(a), or section 472(a) becoming due and payable during such fiscal year.

"(b) The Mayor shall insure that the principal of and interest on all general obligation bonds and notes issued under section 461(a), section 471(a), or section 472(a) are paid when due, including by paying such principal and interest from funds not otherwise legally committed.

"(c) If the Mayor determines that no other funds are available to pay the principal and interest due and payable during any fiscal year on any general obligation bond or note issued under section 461(a), section 471(a), or section 472(a), the annual Federal payment appropriated for such fiscal year under the authorization contained in section 502 shall first be used to pay such principal or interest.

"(d) The fourth sentence of section 446 shall not apply to—

"(1) any amount set aside in a debt service fund under section 481(a);

"(2) any amount obligated or expended for the payment of the principal of, interest on, or redemption premium for any general obligation bond or note issued under section 461(a), section 471(a), or section 472(a);

"(3) any amount obligated or expended as provided by the Council in any annual budget for the District of Columbia government pursuant to subsection (a) or as provided by any amendment or supplement to such budget; or

"(4) any amount obligated or expended by the Mayor pursuant to subsection (b) or (c).".

SEC. 15. Part E of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-241 et seq.) is amended—

(1) by redesignating subpart 4 as subpart 5; and

(2) by inserting after section 481 the following new subpart:

"Subpart 4—Full Faith and Credit of the United States

"FULL FAITH AND CREDIT OF THE UNITED STATES NOT PLEDGED

"SEC. 484. The full faith and credit of the United States is not pledged for the payment of any principal of or interest on any bond, note, or other obligation issued by the District under this part. The United States is not responsible or liable for the payment of any principal of or interest on any bond, note, or other obligation issued by the District under this part.".

SEC. 16. Section 490 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-254) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a)(1) The Council may by act authorize the issuance of revenue bonds, notes, or other obligations (including refunding bonds, notes, or other obligations) to borrow money to finance, to refinance, or to assist in the financing or refinancing of, undertakings in the areas of housing, health facilities, transit and utility facilities, recreational facilities, college and university facilities, pollution control facilities, and industrial and commercial development. Any such financing or refinancing may be effected by loans made directly or indirectly to any individual or legal entity, by the purchase of any mortgage, note, or other security, or by the purchase, lease, or sale of any property.

"(2) Any revenue bond, note, or other obligation issued under paragraph (1) shall be a special obligation of the District and shall be a negotiable instrument, whether or not such bond, note, or other obligation is a security as defined in section 28:8-102(1)(a) of title 28 of the District of Columbia Code.

"(3) Any revenue bond, note, or other obligation issued under paragraph (1) shall be paid and secured (as to principal, interest, and any premium) as provided by the act of the Council authorizing the issuance of such bond, note, or other obligation. Subject to subsection (c), any act of the Council authorizing the issuance of such bond, note, or other obligation may provide for (A) the payment of such bond, note, or other obligation from any available revenues, assets, or property, and (B) the securing of such bond, note, or other obligation by the mortgage of real property or the creation of any security interest in available revenues, assets, or other property.

"(4)(A) In authorizing the issuance of any revenue bond, note, or other obligation under paragraph (1), the Council may enter into, or authorize the Mayor to enter into, any agreement concerning the acquisition, use, or disposition of any funds or property. Any such agreement may create any security interest in any funds or property, may provide for the custody, collection, security, investment, and payment of any funds (including any funds held in trust) for the payment of such bond, note, or other obligation, may mortgage any property, may provide for the acquisition, construction, maintenance, and disposition of the undertaking financed or refinanced using the proceeds of such bond, note, or other obligation, and may provide for the doing of any act (or the refraining from doing of any act) which the District has the right to do in the absence of such agreement. Any such agreement may be assigned for the benefit of, or made a part of any contract with, any holder of

such revenue bond, note, or other obligation issued under paragraph (1).

"(B) Notwithstanding article 9 of title 28 of the District of Columbia Code, any security interest created under subparagraph (A) shall be valid, binding, and perfected from the time such security interest is created, with or without the physical delivery of any funds or any other property and with or without any further action. Such security interest shall be valid, binding, and perfected whether or not any statement, document, or instrument relating to such security interest is recorded or filed. The lien created by such security interest is valid, binding, and perfected with respect to any individual or legal entity having claims against the District, whether or not such individual or legal entity has notice of such lien.

"(C) Any funds of the District held for the payment or security of any revenue bond, note, or other obligation issued under paragraph (1), whether or not such funds are held in trust, may be secured in the manner agreed to by the District and any depository of such funds. Any depository of such funds may give security for the deposit of such funds.";

(2) by striking out subsection (b) and inserting in lieu thereof the following new subsection:

"(b) No property owned by the United States may be mortgaged or made subject to any security interest to secure any revenue bond, note, or other obligation issued under subsection (a)(1).";

(3) by striking out subsection (e) and inserting in lieu thereof the following new subsection:

"(3) Any act of the Council authorizing the issuance of revenue bonds, notes, or other obligations under subsection (a)(1) may—

"(1) briefly describe the purpose for which such bonds, notes, or other obligations are to be issued;

"(2) identify the Act authorizing such purpose;

"(3) prescribe the form, terms, provisions, manner, and method of issuing and selling (including sale by negotiation or by competitive bid) such bonds, notes, or other obligations;

"(4) provide for the rights and remedies of the holders of such bonds, notes, or other obligations upon default;

"(5) prescribe any other details with respect to the issuance, sale, or securing of such bonds, notes, or other obligations; and

"(6) authorize the Mayor to take any actions in connection with the issuance, sale, delivery, security, and payment of such bonds, notes, or other obligations, including the prescribing of any terms or conditions not contained in such act of the Council.";

(4) by striking out subsection (f) and inserting in lieu thereof the following new subsection:

"(f) The fourth sentence of section 446 shall not apply to—

"(1) any amount (including the amount of any accrued interest or premium) obligated or expended from the proceeds of the sale of any revenue bond, note, or other obligation issued under subsection (a)(1);

"(2) any amount obligated or expended for the payment of the principal of, interest on, or any premium for any revenue bond, note, or other obligation issued under subsection (a)(1); and

"(3) any amount obligated or expended to secure any revenue bond, note, or other obligation issued under subsection (a)(1)."; and

(5) by striking out paragraph (3) of subsection (g) and inserting in lieu thereof the following new paragraph:

"(3) The fourth sentence of section 446 shall not apply to—

"(A) any amount (including the amount of any accrued interest or premium) obligated or expended from the proceeds of the sale of any revenue bond, note, or other obligation issued under subsection (g)(1);

"(B) any amount obligated or expended for the payment of the principal of, interest on, or any premium for any revenue bond, note, or other obligation issued under subsection (g)(1); and

"(C) any amount obligated or expended to secure any revenue bond, note, or other obligation issued under subsection (g)(1).".

SEC. 17. Section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 1-147(c)(1)) is amended in the first sentence by inserting "and except as provided in section 462(c) and section 472(d)(1)" after "title IV of this Act".

SEC. 18. The table of contents of the District of Columbia Self-Government and Governmental Reorganization Act is amended—

(1) by striking out the item relating to section 462 and inserting in lieu thereof the following new item:

"Sec. 462. Contents of borrowing legislation and elections on issuing general obligation bonds.";

(2) by striking out the item relating to section 465 and inserting in lieu thereof the following new item:

"Sec. 465. Issuance of general obligation bonds.";

(3) by striking out the item relating to section 466 and inserting in lieu thereof the following new item:

"Sec. 466. Public or private sale.";

(4) by inserting after the item relating to section 466 the following new item:

"Sec. 467. Authority to create security interests in District revenues.";

(5) by inserting after the item relating to section 481 the following new items:

"Sec. 482. Full faith and credit of the District.

"Sec. 483. Payment of general obligation bonds and notes.";

(6) by redesignating subpart 4 of part E as subpart 5; and

(7) by inserting after the item relating to section 483 the following new item:

"Subpart 4—Full Faith and Credit of the United States

"Sec. 484. Full faith and credit of the United States not pledged.".

SEC. 19. (a) Except as provided in subsection (b), this Act shall take effect on the date of the enactment of this Act.

(b) Any revenue bonds, notes, or other obligations authorized by an act of the Council of the District of Columbia enacted subsequent to August 1, 1981, pursuant to section 490(a) of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-254(a)) may be secured by a mortgage of real property or a security interest in any revenues, assets, or other property, notwithstanding that such mortgage or other security interest may not have been authorized by such section 490(a) as of the effective date of such act.

COMMITTEE AMENDMENTS

The SPEAKER pro tempore (Mr. GEJDENSON). The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 8, strike out "section 483(b)" and insert in lieu thereof "subsection (b) or subsection (c) of section 483".

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 10, strike out "467(b)(5)" and insert in lieu thereof "467(b)".

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 11, strike out "subsection (e)(6)" and insert in lieu thereof "subsection (e)".

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 24, strike out "(1)".

The committee amendment was agreed to.

Mr. FAUNTROY. Mr. Speaker, I move to strike the last word.

(By unanimous consent, Mr. FAUNTROY was allowed to proceed for 5 additional minutes.)

Mr. FAUNTROY. Mr. Speaker, I am pleased to rise in support of and advocate for passage of this legislation which is critical to the fiscal health and economic well-being of the District of Columbia.

H.R. 4910 seeks to make certain technical and clarifying amendments to the Home Rule Act with respect to the issuance of general obligation bonds and notes and revenue bonds and notes, as well as other obligations.

Passage of this legislation would accomplish three major and necessary goals. It will—

First, eliminate the legal impediments to a successful public offering of D.C. bonds, notes, and other obligations.

Second, make those technical and conforming amendments which are necessary to resolve several ambiguities relating to the procedures for authorizing and issuing D.C. bonds, notes, and other obligations; and

Third, give the District of Columbia government debt management flexibility comparable to that afforded many other jurisdictions.

From the beginning of home rule, the District has had the authority to issue tax-exempt bonds and notes.

While none have been issued to date, passage of this legislation will place the District well on the road to entry into the bond market.

This proposed legislation does not significantly nor materially alter any provision of the Home Rule Act, but simply removes certain ambiguities and legal hurdles which have been noted by the District government and its excellent bond counsel.

One of the major legal hurdles the District has experienced in contemplating a bond issue is the inability to pay for certain necessary planning costs. This inability is due to the current definition of the term "capital project" in the Home Rule Act.

Section 1 of the bill amends that definition to include certain costs which are not now expressly included. Reimbursement of expenses for planning, payment of incidental financing costs, and expenditure for the purchase of equipment or furnishings is expressly provided in the definition. These costs are typically included in capital projects in the States. The District is simply being placed on equal, and in my view, firmer footing in this area.

Another legal hurdle lies in the appropriations process for the District. Because of the line item congressional review of the District's budget, there is a cloud of doubt on certainty of payment for bond issues. Marketing the bonds would thus be difficult.

The bill removes the annual formality of congressional enactment of debt service appropriations and provides assurance to bondholders that bond proceeds will be available as needed.

Under current law, debt service payments must be made on an equal basis. This rigid requirement results in limited access to the bond market.

Section 8 of the bill deletes the level debt service requirement, thus allowing greater flexibility and improving the prospects for success for District bond issues.

Negotiated sales of bonds is permitted under this legislation. The bill also authorizes the issuance of general obligation notes in anticipation of revenues, thus positioning the District to respond more easily to cash flow problems.

The prohibition in subsection (b) of section 490 of the Home Rule Act against the mortgaging of property as additional security for an issue of revenue bonds is removed by provisions of H.R. 4910.

Removal of these legal hurdles is necessary to assure success of District bond issues.

There are other clarifying and enhancement provisions embodied within H.R. 4910.

One of the important features of this bill is to shore up section 490 of the Home Rule Act which allows, in part, certain classes of organizations, including our local colleges and universities to request the District to issue tax-exempt revenue bonds in their behalf. A new subsection (a) of section 490 would remove a perceived limitation and permit the District to issue revenue bonds or notes for refinancing or assistance in refinancing of undertakings by such organizations.

Whether and how referendums on bond issues is to be conducted is unclear under current provisions of the Home Rule Act. The bill clarifies the process of referendum when issuing general obligation bonds by mandating that the District of Columbia Council establish a firm policy.

Questions have been raised about the Federal Government's obligation to repay the District's debts from a bond issue in the event the District fails to do so.

H.R. 4910 affirmatively states that the full faith and credit of the United States is not pledged to the payment of principal or interest on any bond, note, or other obligation issued by the District.

Because of these impediments to the District's entry into the bond market that I have described, the District government has had no alternative but to continue to borrow funds at a premium from the U.S. Treasury to finance its capital improvements.

This borrowing authority will expire on October 1, 1982, or on the date of enactment of the D.C. Appropriations Act for Fiscal Year 1983, whichever is later. If the Congress is to avoid a further extension, the District must be given the legal means of accessing the municipal bond market.

Passage of H.R. 4910 will remove the impediments and will facilitate less dependence by the District on the U.S. Treasury, a goal which all of us share.

The provisions of H.R. 4910 will in no way relieve the District from adequately addressing and resolving all financial problems and satisfying the creditworthiness tests of the municipal bond market.

Bond ratings will be necessary and the District must convince potential investors that it will sustain balanced annual budgets and develop and pursue an acceptable method of eliminating the existing accumulated operating deficit. In short, the market will ultimately determine whether the bonds can be sold or not.

It should also be noted that the 14-percent limit on the use of bonds as contained in the Home Rule Act remains in place.

On November 12, 1981, following the hearing, the subcommittee met to mark up H.R. 4910. The bill was approved without objection and ordered favorably reported to the full committee, together with any technical amendments deemed necessary by counsel.

On November 17, 1981, the Committee on the District of Columbia met to mark up H.R. 4910. The bill was approved with four technical amendments by unanimous vote and ordered reported to the House.

H.R. 4910 is a bipartisan effort to further assist the District of Columbia to achieve a level of financial responsibility and independence commensurate with that of many other jurisdictions.

While this bill does not dramatically change existing provisions of the Home Rule Act, it enactment could cause a dramatic result. The amendment and repealer provisions of this bill are not major, are noncontroversial, but are desperately needed.

You may note that some of the provisions of this bill are similar to provisions contained in H.R. 1807, the so-called deficit financing bill which has also been passed by the House District Committee. Passage of this bill, however, does not forestall the pressing need for passage of H.R. 1807, and I remain hopeful that this Congress will soon take up that legislation.

H.R. 4910, together with H.R. 1807, can mean a healthy economy for the District of Columbia.

Thank you.

□ 1345

Mr. PARRIS. Mr. Speaker, I move to strike the last word.

Mr. Speaker, a situation exists in the District of Columbia which causes an unnecessary burden on the District and on the Federal Treasury. It is a burden that could easily be remedied by the passage of the legislation sponsored by my colleague from Virginia, Mr. BLILEY. H.R. 4910 is a bill that addresses technical problems contained within the District of Columbia Home Rule Act affecting the borrowing authority of the District.

As the Home Rule Act is now written, the District is unable to obtain the unqualified favorable opinion of its bond counsel which it needs to attract buyers for its bonds. In order that the District may enter the private bond market as soon as possible, thereby saving money on its interest payments and terminating the present practice of borrowing from the Treasury, the Home Rule Act must be amended. Thus, when the District's financial situation permits it to go to the bond market there will be no technical obstacles in the way.

One must keep in mind that H.R. 4910 does not grant the District any authority that it was not granted in the Home Rule Act. The bill does not allow the District to pay off past deficits by selling bonds. The provisions of H.R. 4910 are designed simply to enable the District to use general obligation and revenue bonds for capital and revenue-producing projects.

In addition to general obligation bonds, this bill would enable the District to begin to use its revenue bond authority to enhance the prospects for business expansion in the District. Through the use of this method, the local private colleges and universities will be able to finance long delayed and needed new construction projects.

H.R. 4910 does not remove the congressional review period for the D.C. Bond Act nor does it remove the citizen's right to initiative and referendum on bond matters. I sincerely believe that this legislation would benefit both Congress and residents of the District of Columbia.

Mr. Speaker, I want to compliment the committee staff for their efforts, and particular, Margaret Wright, the minority counsel. Her background as bond counsel has proven invaluable. The legislation we have before us is in no small part a result of her efforts.

Mr. BLILEY. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I would like to take this opportunity to thank my colleagues who have cosponsored this important legislation. They have been of considerable help to me in seeking passage of this bill.

The Members of this Congress are all well aware of the fiscal difficulties facing our cities today. We are also aware that the District of Columbia has its share of these difficulties. There are several causes for the financial problems of the District, including the Congress itself. I hope my colleagues agree with my feeling that it is our responsibility to rectify problems that we have caused and to clear unnecessary obstacles from the path of the District in its attempts to put its own financial house in order.

Acting on this belief, I have introduced H.R. 4910 in order that we may remove a number of technical and procedural obstacles in the way of the District's ability to use the borrowing authority that it was granted in the Home Rule Act. H.R. 4910 was favorably reported on a unanimous vote by the committee and there was no testimony in opposition to this bill.

I would like to emphasize to my colleagues and to others who may have concerns about this bill that it does not grant the District any new or expanded authority. The purpose of H.R. 4910 is simply to permit the implementation of the Home Rule Act. The borrowing authority of the Home Rule Act is similar to the authority which most jurisdictions in this country have. Unfortunately, because of technical problems in the act, the District is presently unable to obtain the unqualified opinion of its bond counsel which is necessary to attract buyers for District bond issues of any type.

In order to properly plan and carry out a capital improvement programs the District must be able to issue general obligation bonds. This is the normal way to fund capital projects and the District is allowed to do this in the Home Rule Act. However, the District is presently only able to obtain these funds from the Treasury. To provide funds for continuing operating expenses when many of the District's revenues are only collected once or twice a year it is customary to issue revenue anticipation notes which are redeemed as the revenues are collected. At this time the District is also obliged to obtain these funds from the Treasury. This authority, along with other traditional borrowing authorities have been granted to the District, yet at this time the District is only able to borrow from the Treasury.

The third type of obligation which would be aided by this bill is revenue bonds. Revenue bonds are one of the major sources of funding for public projects which produce revenue in their own right and for private projects which earn or contribute to their own financing. The District, private businesses, and colleges and universities which desire to relocate or expand in the District are currently faced with great difficulties in financing their ventures. Many of these projects will be of great benefit in economic and cultural terms to the District and should be encouraged. The proper use of revenue bonds for these projects would facilitate their construction and enhance the business climate of Washington. Again, the District has the legislative authority to issue these bonds, but is currently restrained from doing so because of the Home Rule Act errors. H.R. 4910 would remove these errors and obstacles to the financial progress of the District of Columbia. The bill would also clear the way for revenue bonds to be secured with mortgages or other security in order to obtain the lowest possible interest rates.

I have stated before that I am a firm proponent of fiscal responsibility and I have urged, and I continue to urge, the District to get its financial house in order. All of us were concerned earlier this year when we approved another extension of the District's unique authority to borrow money directly from the U.S. Treasury. I do not wish to be asked to grant a further extension when that authority expires in 1984. The District is now almost ready to conduct a bond sale from a financial standpoint, but is, and will continue to be restrained from doing so until the Home Rule Act is amended to clarify its language and procedures. Passage of this legislation would signal to the bond market that the Congress supports this step and is encouraging the District to submit itself to the scrutiny and discipline required by the private sector.

I would point out to my colleagues who may still have some concerns, that all bond acts passed by the District Council will still be submitted to the Congress for its review and approval and that this congressional authority is in no way lessened or abridged by this bill, although I must say that I hope the Congress never feels compelled to exercise this power.

I feel that this bill is a step forward for the Congress and for the District. The time to make these necessary changes is now, as the District is nearing the stage where it can sell bonds, rather than later when the ability is there but the proper authorizing legislation is not.

In closing I would like to pay special thanks to Margaret Wright, the minority counsel of the District Committee who contributed no small amount of time, effort, and expertise to this bill. I feel that if it were not for her we would not be here today with this legislation.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. BLILEY. I yield to the gentleman from Pennsylvania.

The SPEAKER pro tempore. The time of the gentleman from Virginia (Mr. BLILEY) has expired.

(By unanimous consent, Mr. BLILEY was allowed to proceed for 5 additional minutes.)

Mr. WALKER. Mr. Speaker, I have a couple of questions to try to clarify some aspects about the bill.

Does the bill allow the District of Columbia to pay off its past operating deficits by selling bonds?

Mr. BLILEY. Absolutely not. I have been and remain firmly opposed to selling bonds for operating debt financing.

Mr. WALKER. Will the Congress or the Federal Government be obligated by the bonds that are to be sold?

Mr. BLILEY. No, they will not. The bill specifically states that the Congress or the Government are not to be held responsible for these bonds.

Mr. WALKER. Why is it necessary to remove the debt services payments from the yearly appropriations process of the Congress?

Mr. BLILEY. That is a very good question. The reason is to make it like a continuing appropriation. This year, for example, the first appropriation bill we passed and sent to the President for signature was signed November 25. Had the District had a bond payment due on October 1, they would have been in technical default because we had not acted, and I do not think Congress would want that.

Mr. WALKER. Will this bill help the District's colleges and universities to get financing for their construction projects?

Mr. BLILEY. Yes, it will. It will make it easier for them and also free up other funds that they currently have to use as collateral that would

enable them to use the proceeds hopefully to grant more scholarships.

Mr. WALKER. I think probably the most important question on the minds of many of our colleagues is whether this bill is going to cost us anything.

Mr. BLILEY. No. It could conceivably cost us less money because when the District goes to the Treasury window to borrow money, the Treasury has to go out into the market. The less the District has to go to the Treasury window, the less the Treasury has to go to the market for, and it frees up funds for the private sector.

Mr. WALKER. I thank the gentleman.

● Mr. McKINNEY. Mr. Speaker, I rise in strong support of H.R. 4910, and urge my colleagues to pass this necessary legislation. The bill addresses the ambiguities and omissions in the section of the Home Rule Act dealing with bonds, notes, and other borrowing. It does not grant any new authority to the District of Columbia government that was not intended when Congress passed the Home Rule Act in 1973.

I want to commend the distinguished gentleman from Virginia (Mr. BLILEY) who initiated this bill which has bipartisan support within the Committee on the District of Columbia. His perception of the problems facing the city of Washington is accurate, and his remedies, as evidenced in H.R. 4910, are thorough.

As may be remembered, earlier this year our committee reported on H.R. 1807, a bill which on the surface may seem very similar to the measure now before the House. In fact, the titles of the two bills are very similar. I remain strongly opposed to H.R. 1807, the District of Columbia Bond Authorization Act of 1981, which would allow the city to issue bonds to finance its operating deficit.

I want to make it very clear, however, that this bill, H.R. 4910, will not allow the city to market bonds to pay off its operating deficit. As I mentioned earlier, it grants no new borrowing authority to the city—it merely clarifies the original intent of the appropriate sections of the Home Rule Act and clears up certain ambiguities.

The second point I wish to make is that enactment of this legislation will not cost the Federal Government 1 red cent. This is confirmed by a letter from the Congressional Budget Office which is printed in the report of the bill.

Section 15 of the bill further clarifies this point by stating that the full faith and credit of the United States is not pledged in any way, and the United States is in no way liable for payment of principal or interest on any District of Columbia bonds.

There are certain safeguards in the Home Rule Act which will not be changed by this legislation that I feel are worth mentioning. The District government's overall debt service payments will still be prohibited from exceeding 14 percent of revenues. The council will be required to authorize each bond issuance by an act, which will still be subject to the 30-day congressional review period. Finally, and perhaps most importantly, this legislation will not exempt bond proposals from the initiative and referendum process.

Mr. Speaker, I urge my colleagues to support this legislation as a further step toward Home Rule for the Capital City. Without it, the city will never be able to reduce its dependence on the Federal Treasury.●

● Mr. DELLUMS. Mr. Speaker, H.R. 4910, as reported by the full Committee on the District of Columbia, is being offered to revise and amend certain provisions of part E or title IV of the District of Columbia Self-Government and Governmental Reorganization Act—the Home Rule Act—to:

First, eliminate certain legal impediments to a successful public offering of general obligation bonds and notes and revenue bonds, notes and other obligations by the District of Columbia government;

Second, make those technical and conforming amendments to the Home Rule Act which are necessary to resolve several ambiguities relating to the procedures for authorizing and issuing general obligation bonds and notes and revenue bonds, notes, and other obligations; and

Third, give the District of Columbia government debt-management flexibility comparable to that existing in many other jurisdictions.

The Home Rule Act, a originally enacted, provided the District of Columbia government with the statutory authority to issue municipal bonds, notes, and other obligations. However, to date, no such obligations have been issued due in substantial part to omissions, ambiguities, and restrictions contained in the act. These deficiencies have created a serious legal impediment to the District's ability to structure a marketable issue and has resulted in the District having no alternative but to continue to borrow funds, at a premium, from the U.S. Treasury to finance its capital projects under the interim borrowing authority provisions of the Home Rule Act which will soon expire. If the Congress is to avoid a further extension of this authority, allow the District to compete for more favorable interest rates, and insure for the District the capability to achieve a level of financial independence commensurate with that of many other jurisdictions, then the Congress must provide the District with the legal means for access to the municipal bond market. H.R. 4910 provided the legal means.

H.R. 4910 constitutes a major item in the Mayor's legislative program presented to the Congress for consideration during the 1st session of the 97th Congress. The bill was developed through the bipartisan efforts of the majority and minority parties with the assistance of the District of Columbia's Bond Counsel and Financial Adviser.

H.R. 4910 expressly provides that the full faith and credit of the United States is not pledged for the payment of any principal of or interest on any bond, note, or other obligation issued by the District. No cost will be incurred by the Federal Government as a result of the enactment of this bill.

The enactment of H.R. 4910, this session together with the enactment, next session, of H.R. 1807, a bill to authorize the District to issue and sell general obligation bonds for the purpose of paying certain accumulated liabilities will lead directly to the District's long-awaited and long-overdue entry into the municipal bond market. Both of these bills are essential to the economic health and viability of the District of Columbia, our Nation's Capital.

Mr. Speaker, I invite and encourage your support of both of these bills.●

Mr. FAUNTROY. Mr. Speaker, I move the previous question.

The previous question was ordered.

There was no objection.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 375, nays 6, not voting 52, as follows:

[Roll No. 358]

YEAS—375

Addabbo	Bailey (MO)	Bliley
Akaka	Bailey (PA)	Boggs
Albosta	Barnard	Boland
Alexander	Barnes	Boner
Anderson	Bedell	Bonior
Andrews	Beilenson	Bonker
Annunzio	Benedict	Bouquard
Anthony	Benjamin	Bowen
Applegate	Bennett	Brinkley
Archer	Bereuter	Brodhead
Ashbrook	Bethune	Broomfield
Aspin	Bevill	Broyhill
Atkinson	Biaggi	Burgener
Badham	Bingham	Burton, Phillip
Bafalis	Blanchard	Butler

Byron	Gregg	Molinari
Campbell	Grisham	Mollohan
Carman	Guarini	Montgomery
Carney	Gunderson	Moore
Chappell	Hagedorn	Moorhead
Chappie	Hall (OH)	Morrison
Cheney	Hall, Ralph	Mottl
Chisholm	Hall, Sam	Murtha
Clausen	Hamilton	Myers
Clay	Hammerschmidt	Napier
Clinger	Hance	Natcher
Coats	Hansen (ID)	Neal
Coelho	Hansen (UT)	Nelligan
Coleman	Harkin	Nelson
Collins (IL)	Hartnett	Nichols
Conable	Hawkins	Nowak
Conte	Heckler	O'Brien
Conyers	Hefner	Oakar
Corcoran	Heftel	Oberstar
Coughlin	Hendon	Obey
Courter	Hertel	Ottinger
Coyne, James	Hightower	Oxley
Coyne, William	Hiler	Panetta
Craig	Hollenbeck	Parris
Crane, Daniel	Holt	Pashayan
Crane, Philip	Hopkins	Patman
D'Amours	Howard	Pease
Daniel, Dan	Hoyer	Pepper
Daniel, R. W.	Huckaby	Perkins
Danielson	Hughes	Petri
Dannemeyer	Hunter	Peyser
Daschle	Hutto	Pickle
Daub	Hyde	Price
Davis	Ireland	Pritchard
de la Garza	Jacobs	Pursell
Deckard	Jeffords	Quillen
DeNardis	Jeffries	Rahall
Derrick	Jenkins	Railsback
Derwinski	Johnston	Rangel
Dickinson	Jones (NC)	Ratchford
Dicks	Jones (OK)	Regula
Dixon	Jones (TN)	Reuss
Dorgan	Kastenmeier	Rhodes
Dornan	Kazen	Richmond
Dowdy	Kemp	Rinaldo
Downey	Kildee	Ritter
Dreier	Kogovsek	Roberts (KS)
Duncan	Kramer	Roberts (SD)
Dunn	LaFalce	Robinson
Dwyer	Lagomarsino	Rodino
Dymally	Lantos	Roemer
Dyson	Latta	Rogers
Early	Leath	Rose
Eckart	LeBoutillier	Rosenthal
Edgar	Lee	Rostenkowski
Edwards (AL)	Lehman	Roth
Edwards (CA)	Leland	Roukema
Edwards (OK)	Lent	Rousselot
Emerson	Levitas	Roybal
Emery	Lewis	Rudd
English	Loeffler	Sabo
Erdahl	Long (LA)	Santini
Erlenborn	Long (MD)	Savage
Evans (DE)	Lott	Sawyer
Evans (GA)	Lowery (CA)	Scheuer
Evans (IA)	Lowry (WA)	Schneider
Evans (IN)	Lujan	Schroeder
Fary	Luken	Schulze
Fascell	Lundine	Schumer
Fiedler	Lungren	Seiberling
Fields	Madigan	Sensenbrenner
Findley	Markey	Shannon
Fish	Marks	Sharp
Flippo	Marlenee	Shaw
Florio	Marriott	Shumway
Foglietta	Martin (NC)	Shuster
Foley	Martin (NY)	Siljander
Ford (TN)	Matsui	Simon
Forsythe	Mazzoli	Skeen
Fountain	McClory	Skelton
Fowler	McCollum	Smith (AL)
Frenzel	McCurdy	Smith (IA)
Fuqua	McDade	Smith (NE)
Gaydos	McEwen	Smith (NJ)
Gejdenson	McGrath	Smith (OR)
Gephardt	McHugh	Smith (PA)
Gibbons	Mica	Snowe
Gilman	Michel	Snyder
Ginn	Mikulski	Solarz
Glickman	Miller (CA)	Solomon
Goldwater	Miller (OH)	Spence
Gonzalez	Mineta	Stanton
Gore	Minish	Stark
Gradison	Mitchell (MD)	Staton
Gramm	Mitchell (NY)	Stenholm
Green	Moffett	Stokes
Stratton	Wampler	Wilson
Studds	Washington	Winn
Stump	Watkins	Wirth
Synar	Waxman	Wolf
Tauzin	Weaver	Wolpe
Taylor	Weber (MN)	Wortley
Thomas	Weber (OH)	Wyden
Traxler	Weiss	Yates
Trible	White	Yatron
Udall	Whitehurst	Young (AK)
Vander Jagt	Whitley	Young (FL)
Vento	Whittaker	Young (MO)
Volkmer	Whitten	Zablocki
Walker	Williams (MT)	Zeferetti

NAYS—6

Brown (CO)	Dingell	Leach
Collins (TX)	Fenwick	Paul

NOT VOTING—52

AuCoin	Frost	Moakley
Beard	Garcia	Murphy
Bolling	Gingrich	Patterson
Breaux	Goodling	Porter
Brooks	Gray	Roe
Brown (CA)	Hatcher	Russo
Brown (OH)	Hillis	Shamansky
Burton, John	Holland	Shelby
Crockett	Horton	St Germain
Dellums	Hubbard	Stangeland
Donnelly	Kindness	Swift
Dougherty	Livingston	Tauke
Ertel	Martin (IL)	Walgren
Fazio	Mattox	Williams (OH)
Ferraro	Mavroules	Wright
Fithian	McCloskey	Wylie
Ford (MI)	McDonald	
Frank	McKinney	

□ 1400

Mr. BROWN of Colorado changed his vote from "yea" to "nay."

Mr. QUILLEN changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1415

COAST GUARD AUTHORIZATION, FISCAL YEAR 1982

Mr. JONES of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2559) to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina (Mr. JONES).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2559, with Mr. BRINKLEY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Tuesday, December 8, 1981, all time for general debate had expired.

Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute recommended by the Committee on Merchant Marine and Fisheries, now printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

H.R. 2559

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1982 as follows:

(a) for the operation and maintenance of the Coast Guard, including expenses related to the Capehart housing debt reduction: $1,450,000,000;

(b) for the acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto: $425,000,000;

(c) for the alteration or removal of bridges over navigable waters of the United States, constituting obstructions to navigation: $17,500,000; and

(d) for research, development, test, and evaluation: $33,000,000.

SEC. 2. For fiscal year 1982, the Coast Guard is authorized an end-of-year strength for active duty personnel of 42,224. This end-of-year strength shall not include members of the Ready Reserve called to active duty under the authority of section 712 of title 14, United States Code.

SEC. 3. For fiscal year 1982, average military training student loads for the Coast Guard are authorized as follows:

(a) recruit and special training: 3,660 student-years;

(b) flight training: 118 student-years;

(c) professional training in military and civilian institutions: 655 student-years; and

(d) officer acquisition: 1,038 student-years.

SEC. 4. The Act of March 4, 1915, c. 143, § 1 (38 Stat. 1084), as amended (31 U.S.C. 686), is amended by inserting "United States Coast Guard," in the first proviso after "Federal Aviation Administration," and before "and".

SEC. 5. Title 14, United States Code, is amended as follows:

(a) Subsection (a) of section 41a is amended to read as follows:

"(a) The Secretary shall maintain a single active duty promotion list of officers of the Coast Guard on active duty in the grades of ensign and above. Reserve officers on active duty, other than pursuant to an active duty agreement executed under section 679 of title 10, United States Code, retired officers, and officers of the permanent commissioned teaching staff of the Coast Guard Academy shall not be included on the active duty promotion list.".

(b) Subsection (d) of section 41a is amended by striking the word "extended".

(c) Section 41a(b) is amended by striking the period at the end of the second sentence and substituting ", except that the rear admiral serving as Chief of Staff shall be the senior rear admiral for all purposes other than pay.".

(d) Section 290(a) is amended by inserting "or in the position of Chief of Staff" in the second sentence immediately after the words "vice admiral".

(e) Section 711 is amended by striking the first sentence.

(f) Item 711 in the analysis of chapter 21 is amended to read as follows:

"711. Exclusiveness of service.".

(g) Section 93(p) is amended by inserting the following clause after the phrase "of such lines and cables,": "including the installation and use of telephones in residences leased or owned by the Government of the United States when appropriate to assure efficient response to extraordinary operational contingencies of a limited duration,".

SEC. 6. The Act of October 3, 1980 (94 Stat. 1509) is amended as follows:

(a) In paragraph (1) of the first section by striking "$1,248,367,000;" and substituting "$1,337,207,000;".

(b) In section 2 by striking "39,600:" and substituting "39,819:".

SEC. 7. Before the close of fiscal year 1982, the Commandant of the Coast Guard shall carry out a study to determine if the use of cycloidal propulsion systems in appropriate types of Coast Guard vessels will result, at reasonable cost, in operating characteristics that are superior to those that can be obtained with propeller systems. The Commandant shall submit a copy of such study to the Committee on Merchant Marine and Fisheries of the House of Representatives together with his recommendation regarding whether vessels equipped with cycloidal propulsion systems should be considered for future Coast Guard procurement.

SEC. 8. (a) The original and periodic inspections or examinations of a vessel documented or to be documented as a vessel of the United States, both in the United States and in foreign countries, may be delegated to the maximum extent practicable by the Secretary of the department in which the Coast Guard is operating to the Amercian Bureau of Shipping, or similar American classification society, or agent thereof, who may issue certificates of inspection, attesting to compliance with existing Coast Guard regulations, and such other certificates as are essential to documentation.

(b) The Secretary of the department in which the Coast Guard is operating may also contract or enter into agreements with or utilize the American Bureau of Shipping, or similar American classification society for the review and approval of vessel hull, machinery, piping, and electrical plans.

(c) The Secretary of the department in which the Coast Guard is operating shall report to the Congress in the implementation of the foregoing provisions within 6 months of the date of enactment of this Act and annually thereafter for 3 years. Such report shall include the views of the affected industry on the implementation of these provisions.

SEC. 9. Nothing in this Act shall be construed to authorize or provide funds for removing facilities of Coast Guard Group Port Angeles from Ediz Hook.

SEC. 10. Paragraphs (1) and (2) of section 104 of the Vessel Documentation Act (Public Law 96-594, 94 Stat. 3453) are amended to read as follows:

"(1) an individual who is a citizen of the United States, or an association, trust, joint venture, or other entity capable of holding title to a vessel, under the law of the United States, or any State, territory, or possession thereof, or of the District of Columbia, or the Commonwealth of Puerto Rico, all of the members of which are citizens of the United States;

"(2) a partnership whose general partners are citizens of the United States."

SEC. 11. (a) The third sentence of section 707(a) of title 14, United States Code, is amended to read as follows: "For benefit computation, regardless of pay or pay status, the member is considered to have had monthly pay of the monthly equivalent of the minimum rate of basic pay in effect for grade GS-9 of the General Schedule on the date the injury is incurred.".

Mr. JONES of North Carolina (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE: Page 6, after line 25, insert the following:

SEC. 12. Subsection (a) of section 475 of title 14, United States Code, is amended by inserting after the first sentence thereof the following new sentence: "The Secretary is also authorized to lease housing facilities for assignment as public quarters, without rental charge, to military personnel who are on sea duty or duty at remote offshore Coast Guard stations and who do not have dependents; and such authority shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.".

Mr. CONTE. Mr. Chairman, I am offering this amendment today to rectify a situation I have personally observed over the years, and a situation which has been less than adequately addressed since it became apparent. Mr. Chairman, I am talking about the subject of living accommodations for sea duty and offshore remote installation personnel in the Coast Guard who have no dependents.

Over the years, I have had numerous conversations with Coast Guard officers and enlisted personnel at various ports and installations throughout the country. In every discussion on Coast Guard problems, the in-port living quarters problem for sea duty personnel has surfaced. The basic complaint is that Coast Guard sea duty personnel without dependents must, when not at sea, live on board their vessels in cramped, overcrowded conditions which consist primarily of a bunk, a locker, and a sea bag. These accommodations are necessary while at sea, but in my opinion, they should not have to be endured while in port.

Under present law, the Commandant of the Coast Guard is permitted to hire quarters for personnel assigned to sea duty when these members are deprived of their shipboard quarters due to repairs or other conditions which may render them uninhabitable. This authorization is intended only to afford temporary relief when sufficient, temporary Government quarters are not available. It does not address the problem of permanent quarters.

My amendment would simply authorize the leasing of housing facilities on a more permanent basis by the Secretary of the Department under which the Coast Guard is operating. This in turn would allow for individuals who, because of sea duty or dependent status do not qualify for quarters allowance, to be eligible for assignment to this leased housing.

Mr. Chairman, I have given considerable thought to this situation over a period of time. We all know that the Coast Guard faces many problems in trying to stretch resources in the face of considerable mission requirements, many of which I might add have been placed on them by the Congress. We all know that the Coast Guard is having problems with its personnel retention rates, as alluded to in the reprint of an article on Coast Guard problems in the October 21 edition of the CONGRESSIONAL RECORD. There are problems with deteriorating vessels and the list goes on and on.

As one who has been close to these problems over a good many years, I know that they are not going to be solved overnight, if for no other reason, because of a lack of funds. But I think that if we expect to get the Coast Guard on a course where they can deal adequately with their mission requirements in a way the public wants, we need to have competent and willing manpower with experience. The only way we are going to attract that manpower is to address personnel needs—and living conditions represent a personnel need. If we can provide decent living accommodations for sea duty Coast Guard personnel, we might start to see an improvement in morale, and a subsequent rise in retention rates. Coast Guard officials have identified this need, I and others in this body have seen the need and the officers and enlisted personnel have complained about it. I think it is time we do something about these in-port living conditions here in the Congress where the responsibility rests by adopting this simple change in the law.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. Mr. Chairman, this side of the House has had an opportunity to examine this carefully. We concur, and have no objection to the amendment whatsoever.

Mr. CONTE. I appreciate that.

Mr. STUDDS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Massachusetts.

Mr. STUDDS. Mr. Chairman, I say to the gentleman from Massachusetts (Mr. CONTE), we certainly do, as the gentleman from North Carolina (Mr. JONES) has indicated, support the thrust of your amendment.

I would like to take this opportunity to extract the closest thing to a blood oath that I can from the gentleman. The gentleman's amendment authorizes but does not direct the Coast Guard to provide funding for housing for bachelor personnel assigned to vessels, particularly to small vessels. the gentleman, I think, is right on target in attempting to remedy a very serious problem, but I am sure the gentleman would like to assure us that he does not expect the Coast Guard to divert existing, already short funds for this purpose, but that the gentleman will help us as best he can to secure additional funding for this purpose in the next fiscal year.

Mr. CONTE. I can assure the gentleman. Certainly it is discretionary. I want to thank the gentleman from Massachusetts and the gentleman from Alaska for allowing me to offer this amendment, because I want to run downstairs where we are in conference with the Senate, and I am trying to get $300 million in the defense bill for the Coast Guard.

The gentleman is absolutely right. They are in desperate need of money. I would not want to force them to divert anything.

Mr. STUDDS. I thank the gentleman. I wish the gentleman godspeed on the way to the conference.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Chairman, I have no objection to the amendment. I commend the gentleman for offering the amendment at this time, and I support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SNYDER

Mr. SNYDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SNYDER: On page 2, line 5, strike "$1,450,000,000" and insert in lieu thereof "$1,356,355,927".

On page 2, line 9, strike "$425,000,000" and insert in lieu thereof "$384,000,000".

On page 2, line 12, strike "$17,500,000" and insert in lieu thereof "$8,000,000".

On page 2, line 14, strike "$33,000,000" and insert in lieu thereof "$18,000,000".

Mr. SNYDER. Mr. Chairman, the purpose of this amendment is to conform to the conference report on the appropriations for the Department of Transportation which we adopted an hour or so ago here on the floor of the House. I want this bill signed downtown once it is enacted into law. Whether this amendment is adopted or not will not affect the amount of money expended for Coast Guard purposes in fiscal year 1982. It will assure that the bill will be signed, and certain other provisions of the bill that I think are good that should be enacted will then become law.

Now, the response to this amendment is going to be that the Coast Guard is already short funded; that they need more money. But there is no reason to argue that issue today, because that has already been decided. It was decided by the conference committe, the Appropriations Committee for the Department of Transportation, and by this House just within the hour or so.

Mr. Chairman, the amendment I offer to the authorization bill is designed to restore the Coast Guard's fiscal year 1982 authorization to a level consistent with the conference just adopted. The total amount involved in the reductions I am proposing is $158,700,000.

I am certain that our consideration of this bill will generate a great deal of discussion of numbers. I submit to you that the most telling comparison to be made is between the conference report for Coast Guard fiscal year 1982 programs and actual 1981 fiscal year appropriations to the Coast Guard. The conference report totaling $1,766.8 billion for the programs included in H.R. 2559, reflects an increase of over $54.8 million above the 1981 appropriations to the Coast Guard for those same four categories. H.R. 2559, the authorization bill reported from the Committee on Merchant Marine and Fisheries, is over $158 million above the conference report and 100 million above the Reagan March budget.

It is tempting, I know, to quibble over whether the increase over 1981 appropriations levels represents a real dollar boost for the Coast Guard. My amendment will provide the Coast Guard a 2.5 percent increase over fiscal year 1981 levels at a time when many Federal programs and agencies have had to undergo reductions in their 1982 budgets. The Coast Guard has not fared badly in its budget treatment by this administration. The dollar levels for two of the four categories contained in this bill are greater than 1981 appropriations—even after the reductions which my amendment would impose.

The Congress recently tested the President's resolve to veto budget-busting bills. I need not remind anyone of what that outcome was. H.R. 2559, if enacted without the amendment I have proposed, must be considered a prime target for yet another Presidential veto. My amendment is designed to avoid a totally unnecessary confrontation between the President and this Congress.

The issue before us today is not whether to grant a budget increase to the Coast Guard for fiscal year 1982; the real issue is how much of an increase is to be granted. The House faced this same question on September 10, during consideration of the 1982 DOT appropriations bill, and overwhelmingly rejected a proposal to bring Coast Guard appropriations up to the levels authorized in H.R. 2559. I urge the Members to follow suit today, by adopting my amendment.

As an aside, I cannot help but wonder how much, if any, increase in the Coast Guard budget would be necessary if the Coast Guard made more efficient use of its manpower and other resources. For example, my good friend, Mr. TAYLOR, the gentleman from Missouri, has brought to my attention that the Coast Guard requires sport fishing guides on Table Rock Lake in Missouri and Arkansas to pass the same operator's license exam as inland river towboat operators. In addition, the Coast Guard has marked future exams to include questions on oil pollution prevention. I suppose an outboard engine must have been deemed a serious pollution threat, what with a few gallons of oil/gas mixture aboard as fuel. To top it all, Coast Guard officers help the guides answer the questions, to guarantee that everyone passes but then never enforce the license requirement. Why do they bother to prepare and administer the test? The point is this: Better management and elimination of waste can help the Coast Guard function quite capably on the President's requested increase.

With a Coast Guard budget increase already built into the President's request, and the conference report, there are other compelling reasons to adopt the funding levels which my amendment would provide. The administration is currently concluding a comprehensive Coast Guard roles and missions study, in which the entire range of Coast Guard programs and responsibilities is being extensively reviewed. It is reasonable to assume that from that study will come recommendations for major change in Coast Guard operating responsibilites. If changes in the Coast Guard's roles and missions are brought about, we will see significant shifts in the funding support which might be required for Coast Guard program, as well.

The Subcommittee on Coast Guard and Navigation has recently completed its own comprehensive series of oversight hearings and developed a record upon which equally major changes in Coast Guard responsibilities may be proposed. While the subcommittee's oversight report is not the final word on Coast Guard matters, it is important to note that the very report, which has also been adopted by the Committee on Merchant Marine and Fisheries, makes reference to the likelihood of major shifts in Coast Guard program and budgeting priorities. The report speaks of, and I quote:

Increased funding for selected Coast Guard missions and a reduction of responsibilities in other areas * * *

Change is clearly on the way. The measure of that change may very likely be a major restructuring of Coast Guard responsibilities and programs, accompanied by budget requests sufficient to meet those responsibilities and programs. Such fiscal support, when viewed in an overall context, need not require any actual increase in total Coast Guard budget levels. It seems clear that there is widespread agreement that more money is not necessarily the answer to the Coast Guard's ills.

I anticipate that major legislation to implement the Coast Guard Subcommittee's recommendations will be introduced early in the next session of this Congress. In the face of such a prospect, why should we now want to authorize 1982 budget levels for the Coast Guard above the increases already built into the conference report just adopted and President's budget request? I urge the Members to support my amendment and thereby avoid needless further conflict with the President over excessive Federal spending levels.

Mr. JONES of North Carolina. Mr. Chairman, I move to strike the last word, and rise in opposition to the amendment.

Mr. Chairman, I am very reluctant to rise to oppose my good friend, the gentleman from Kentucky (Mr. SNYDER) the ranking minority member of our committee, but I feel compelled to do so.

The gentleman has stated that the figure which the Coast Guard will have to operate, the amount of money, has already been established. Nobody can question that. The conference report adopted, as he said, an hour or so ago establishes that. But I would like to point out to the Members, if I might, that the Coast Guard Subcommittee chaired by the able gentleman from Massachusetts, and our full committee deal with facts regarding the Coast Guard. On the other hand, the Appropriations Committee is dealing with figures. We happen to know the Coast Guard's needs, I think, far better than does the Appropriations Committee. That is no reflection on the Appropriations Committee, because they have so many other financial demands to cope with. But as a matter of principle, I would like to see the committee figures, figures contained in this bill, be retained as evidence of good faith and appreciation of what the Coast Guard is doing, and contrary to some criticism I have heard here on the floor this afternoon, I am one of those who happens to think the Coast Guard does an outstanding job 24 hours around the clock in many cases in search and rescue, the foreign refugee responsibilities, the 200-mile fishing limit, and on and on.

All of these are duties, my friends, we have added to the Coast Guard in the last few years. At the same time, it is my opinion that the appropriations allowed or approved have not kept pace in any degree with the responsibilities we have handed to them. And to show our appreciation, if nothing else, the congressional appreciation, of the fine job the Coast Guard is doing, I would beg that this amendment be voted down and we leave the figure as originally brought out by our authorizing committee.

This amendment reduces the Coast Guard authorization by $159 million, and that is a sizable amount for such a limited budget with which the Coast Guard operates.

□ 1430

Mr. BIAGGI. Mr. Chairman, I rise to speak against the amendment.

Mr. Chairman, I symphathize with the maker of the amendment because I know his heart cannot possibly be within it, because he serves on the Merchant Marine and Fisheries Committee and knows full well the true nature and undertaking and responsibility and dedication that the Coast Guard has clearly displayed throughout history. I understand also the responsibility he has as a senior member of the Republican Party, and closely affiliated with the administration, and hence we offer all our sympathy to my good friend, a man whom I respect and have deep affection for, Mr. SNYDER.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Kentucky.

Mr. SNYDER. I wonder if the gentleman would want to send flowers?

Mr. BIAGGI. I would love to—not immediately. But, I take issue with the gentleman on a number of points. One I think is clearly a significant point, the most significant, I believe, because he states that we should not attempt to test the resolve of the President. I agree. I do not think we should. That resolve has been tested time and time again. He has emerged victorious, but I do not think the President would regard this as an issue of contest. I really believe the President and the administration is most supportive of the Coast Guard. I really believe that the Coast Guard involves the President's respect and regard and concern, especially in the light of the Coast Guard response in many of its missions; and even more importantly, perhaps, because of the President's own enunciation at the outset of his administration where he included the Coast Guard as part of the entire defense picture.

We have had hearings in that connection, and it is inescapable that the Coast Guard is an integral part of the national defense picture. What concerns me here is that the gentleman's amendment, if enacted, would bring us even below the President's own original budget request, which was $1.825 billion. The gentleman's amendment would bring us to $1.66 billion, and I do not understand the logic, especially when I look and listen to the gentleman's laudatory comments with relation to the Coast Guard. I would suggest that the gentleman give vent and give way to his emotion rather than his intellect in this regard.

Let us talk about the Coast Guard and what it does. We witnessed just last week the memorialization of the Pearl Harbor tragedy. We had a vessel here from the Coast Guard, a vessel that was 45 years old and still in operation, the *Taney*. It is still in operation, 45 years old, and after the ceremonies were completed it went back to Norfolk ostensibly to go back and perform missions. But, I would like to inform the Members today that it could not perform missions because there was not enough money for fuel. It is tied up.

That is not the first time that has happened with the Coast Guard. We found when the Coast Guard was involved with drug interdiction in the Caribbean area and off Florida, we found that under the Carter administration—I am not fixing one or the other, just talking about the facts as they relate to the service the Coast Guard provides—we found that the Coast Guard had had to tie up their vessels. No policing permitted; helicopters and other aircraft required to remain landside, just giving open sesame to all the traffickers in contraband.

To exacerbate the situation, the Coast Guard was required to patrol and monitor the seas affecting the Cuban flotilla, and now an additional dimension, the Haitian problem. There are so many—so many missions that the Coast Guard has undertaken, and I can tell the Members that I have supported national defense, Navy, Army, the Air Force, but I suggest that none is superior to the Coast Guard in its dedication and its team play. They are not moaners and groaners. They respond to the situation no matter how much they have to take out of their hide, how much they must sacrifice, and how much they must endure.

They are an important portion of our entire national defense picture, and I urge you, ladies and gentlemen, to defeat this amendment, not because my good friend, JAMES SNYDER, has offered it, but simply because I know where his heart is, it is with the Coast Guard. It is with all us who urge the defeat of this amendment.

Mr. YOUNG of Alaska. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, with some reluctance I rise in opposition because it is my ranking member of the committee, the gentleman from Kentucky (Mr. SNYDER), his leadership, and the knowledge he has used over the years for the improvement of the Coast Guard. I will associate myself with the remarks of the gentleman from New York. I cannot believe his heart is truly in this effort. I understand what he is trying to do, but in the authorizing subcommittee led by the able Mr. STUDDS, and myself as the ranking member, we have reviewed what the Coast Guard needs, where it should be today and why we are supporting the present bill and why I am opposing the amendment.

Although it may sound small in numbers as far as actual dollars, there is something more that lies in this amendment. If this amendment is adopted just because of the Appropriations Committee's recommendation, it appears to me that the authorization committee loses its jurisdiction. I think it is up to this committee to make a decision where the money should be spent, how much is necessary, and if the Appropriations Committee disagrees, so be it.

But we do recognize, and the gentleman from New York has mentioned in his presentation, that we of the Congress have charged the Coast Guard time after time, year after year, with more reponsibilities and never funded it adequately. The gentleman mentioned the celebration of Pearl Harbor and the 45-year-old ship. We have ships in Alaska that are 45 years old that are trying to chase Russian and Japanese ships off the 200-mile limit area, and we are frankly undermanned and underprovided for as far as hardware goes.

I truly believe that as long as this Congress charges the Coast Guard with drug control, oil pollution control, refugee problems, safety and rescue, implementation of the 200-mile limit, then this Congress has the responsibility of funding it adequately. I truly believe that this proposal of the committee is in fact not enough, but it is better than what is being proposed by the gentleman from Kentucky.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I will be glad to yield.

Mr. JONES of North Carolina. Mr. Chairman, I think I am correct, and the gentleman can correct me if I am wrong, that the Senate has already passed the authorizing bill for the Coast Guard, and the Senate version, dominated by the Members of that side of the aisle, has approved $62 million more than our authorization provided.

Mr. YOUNG of Alaska. The gentleman is absolutely correct. The Senate sees the wisdom of funding the Coast Guard adequately. I would like to add to that figure, but if not at this time, I want to stick with the committee bill that came from the committee.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Kentucky.

Mr. SNYDER. Mr. Chairman, I cannot help but comment upon the gentleman's observation and that of the gentleman from New York, that they believe my heart is not really in this. The truth of the matter is that it is.

I am known for being all heart around here. I have got enough heart to go around, on all of the issues. Jack Anderson's column notwithstanding, I am one of the most kind and gentle and heartful fellows around. I have just got enough to go around.

Mr. YOUNG of Alaska. I recognize the gentleman's wisdom and great work on the committee, and compliment him in the support which he has given us.

Mr. Chairman, I urge defeat of the amendment.

Mr. OBERSTAR. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the amendment of the gentleman of Kentucky. I think it is a misplaced amendment. It certainly is one that would do enormous harm to the Coast Guard, quite in contrast to the record of this Subcommittee on the Coast Guard which has worked steadfastly over the years to strengthen the Coast Guard and increase its funding, even against the recommendations of preceding administrations, both Democratic and Republican alike, which have been very restrained, to say the least, in providing funding for the Coast Guard.

I think that dollar for dollar, the U.S. taxpayer gets more out of this money from the Coast Guard performance than he does from any of the military services of the United States.

In fact, if the military budget were as parsimonious, as cost-effective as the Coast Guard is in its budget, we would have plenty of money to spare for the Coast Guard and a good many other Government programs.

I would like to compliment the chairman of the subcommittee, the gentleman from Massachusetts (Mr. STUDDS) for the extraordinary efforts that he has made; the gentleman from New York (Mr. BIAGGI), who just spoke, for the efforts he made as the preceding chairman of that subcommittee to strengthen the Coast Guard and to keep it operating efficiently and economically, but effectively, in carrying out substantial responsibilities that the Congress has given to the Coast Guard over the years, particularly in the 200-mile limit bill, drug enforcement, and law enforcement off our coasts.

The chairman of the Subcommittee on the Coast Guard has concluded extensive hearings into the operation of the Coast Guard, and just concluded a report which the subcommittee adopted earlier this month entitled, "Semi-Paratus," which pretty well describes the role of the Coast Guard—semiprepared, semifunded, semiadequately operated—not through any will or desire of the Coast Guard, but simply through failure of successive administrations and of successive Congresses, to fund the operations of the Coast Guard adequately.

It is overburdened with responsibilities and not adequately funded to conduct the many activities the Coast Guard has to shoulder. One of those is search and rescue. Now, if the amendment of the gentleman from Kentucky is adopted, the Coast Guard will have to proceed with the closing of the Grand Marais, Minnesota, Coast Guard Search and Rescue Station. The Coast Guard has already announced it is reviewing this decision. That's just in my district; there are numerous other search and rescue stations elsewhere in the United States which will be similarly affected.

I would like to dwell on that one example for a moment. Here is a 115 mile stretch of the north shore of Lake Superior between Duluth and the Canadian border. There will be no regular Coast Guard search and rescue operation along that entire stretch of shoreline. In addition, the Coast Guard is now proposing to reduce 19 positions at their Coast Guard station in Duluth, which has administrative authority for the whole of western Lake Superior, where from up to 43 million tons of iron ore essential to the Nation's steel industry, to our national security, is shipped to lower lake ports. The western end of Lake Superior is a major shipping area for coal on the Great Lakes. Nearly 6 million tons of coal move down lake and in the international trade. It is a major point of origin for grain moving to the seven seas. Ships carrying those cargoes must pass through some of the most treacherous water and most punishing weather that exists in any of the coastal areas of the United States.

These actions of the Coast Guard would leave the western end of Lake Superior, indeed a vast area of that enormous lake, unprotected and uncovered with search and rescue capability. That is not in the history, in the tradition of the Coast Guard. The search and rescue station, for example, was reopened just 4 years ago

after being closed for several years. Within 3 weeks of opening, it had saved two lives in the waters just off the city of Grand Marais. Two youngsters were in a boat that capsized in the bay of Grand Marais Within 15 minutes the Coast Guard was there to pick them out of the water. Thirty minutes exposure in that 39° water in Lake Superior means virtually certain death from hypothermia.

Who will die? Whose lives will be threatened when that station is closed? Who will be at risk when the amendment of the gentleman from Kentucky is accepted and the funds are cut? Are cut even further than they have already been cut by President Reagan's past budget proposals. Whose lives will be at risk when the Coast Guard is not there to carry on the responsibilities the Congress has handed it?

The Coast Guard Subcommittee report, "Semi-Paratus," dramatically describes the effects of underfunding the Coast Guard. Since 1970, the calls for search and rescue assistance have increased by over 70 percent and yet the personnel dedicated to this life saving mission remains exactly the same as it was in 1970. In May 1981, the Coast Guard was forced to shut down 90 percent of its Pacific area drug law enforcement program, 20 percent of its Pacific fisheries enforcement, and 60 percent of its Atlantic area fisheries enforcement program due to a shortage of funds. Numerous scheduled Coast Guard patrols have had to be canceled, delayed, or prematurely terminated due to vessel condition or maintenance problems. The September 24 revision in the administration's budget would necessitate an additional $228 million cut and would result in a decrease in military readiness, the closing of two dozen search and rescue missions, reduced maintenance of aids to navigation, reduced levels of fisheries and drug law enforcement, the release of 1,000 Coast Guard reservists, and the possible loss of 3,000 military personnel. It is my hope that a majority of this House will agree with me that these reductions are unacceptable.

Even more alarming are the indications that the Coast Guard may close more facilities serving Lake Superior and the entire Great Lakes region. The effect of leaving the Lakes with minimal Coast Guard services, including ice breaking and aids to navigation, would be disastrous for commerce and cost hundreds, maybe even thousands of lives.

The subcommittee's oversight report adopted on December 3 states,

> The Coast Guard should give its highest priority to the performance of its at-sea operational missions. Funds should be authorized and appropriated for the Coast Guard so that it can fully meet its program goals for search and rescue, while making steady progress toward achieving its law enforcement and military readiness objectives.

In light of this statement, I find it deplorable that the Coast Guard wants to save money by closing search and rescue stations.

I have asked the Commandant to review the proposal regarding Grand Marais and he has agreed to do this. I am sure that the gentleman from Massachusetts will agree with me that this search and rescue station should not be closed without the most rigorous scrutiny of the closing's effect on the safety of the citizens of Duluth, northern Minnesota, and Grand Marais in particular.

I urge the defeat of the amendment of the gentleman from Kentucky.

□ 1445

Mrs. FENWICK. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I yield to nobody in my respect and affection for the Coast Guard. In fact, they rescued me once, and I spent the night in a Coast Guard station in the middle of Long Island Sound. So I have some knowledge of their efficiency and kindness.

However, I honestly think that we should realize that this appropriation, even with the amendment, is more money than they had last year; $1,766-000 is not a pittance. Everything else is getting cut, and the Coast Guard is being improved by getting more money than last year. I cannot see why we have to add that extra $150 million or so. I think it would be better to deduct it, as indeed this amendment proposes.

Mr. Chairman, I support the amendment, and I yield back the balance of my time.

Mr. STUDDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there have been a lot of comments here and there and there will be a lot more, and it can be very confusing. But this issue is very simple and straightforward.

If you think the Coast Guard has enough money now, you should vote for this amendment. If you think the Coast Guard does not have enough money, you should vote against this amendment.

It is not true that the Coast Guard would have more money than it did last year unless the Members know nothing about a phenomenon called inflation. Between fiscal year 1981 and fiscal year 1982 inflation has risen by a rate of roughly 12 percent. The numbers that have become lower in the continuing resolution and that are about to become lower in the DOD conference report passed a few minutes ago are preserved in the numbers offered by the gentleman from Kentucky, and they represent roughly a 3-percent increase in fiscal year 1981, that is to say a cut in real terms of 9 percent for the U.S. Coast Guard.

The fact of the matter is that the Coast Guard ran out of money 5 months before the end of the last fiscal year, and the fact of the matter is that the Coast Guard is now operating under that budget which will be cut an additional 9 percent with the addition of the figures offered by the gentleman from Kentucky.

The Coast Guard for 5 months of the last fiscal year shut down 90 percent of its drug enforcement in the Pacific, 20 percent of its fisheries enforcement in the Pacific, and 60 percent of its fisheries enforcement in the Atlantic, and they have not since conducted even routine environmental controls. That is before the numbers offered by the gentleman from Kentucky. They represent an additional 9-percent cut in those figures.

If any Member thinks those numbers are adequate, that Member ought to vote and vote enthusiastically for the amendment offered by the gentleman from Kentucky.

We are not in this bill proposing an increase in funding for the Coast Guard. We ought to be, and we would if we thought there was a chance in the world we could get one under this administration and this Congress in its present mood.

The numbers in the bill that the gentleman from Kentucky seeks to reduce by this amendment represent that increase in funding for the Coast Guard necessary to keep it even at the same inadequate level that it operated under last year. That is to say it is an increase in authorization of roughly 12 percent, which roughly keeps pace with inflation and which keeps us at the same god-awfully inadequate levels we were operating under last year and are operating under at the moment.

The numbers in the bill provide at least a symbol of congressional support for a strong Coast Guard. The substance of support for the Coast Guard, however, must be demonstrated through the appropriation process.

On September 10 of this year I offered an amendment to bring the appropriation figures up to the level contained in the bill before us at the moment. That amendment failed by a vote of 360 to 129 on this floor.

The figures in this bill will, as I say, not result in any additional outlays, and it seems silly for anyone, even the Office of Management and Budget, to get excited about them or for the President to threaten a veto. The one practical advantage of leaving this language intact is that it provides some room for the Appropriations Committee to include supplemental funds for the Coast Guard to get it through the end of the fiscal year. If no such funds are forthcoming, the Coast Guard will have to close up shop sometime next summer.

The revenues of the pay raise which is now law and the reduction contained in the continuing resolution, which is now or is about to become law, will make supplemental appropriations absolutely necessary, and every single member of this committee knows that. By using numbers somewhat higher than those now included in the appropriation bill, we will be able to absorb a supplemental request without the need for additional authorizing legislation.

Finally, I, as chairman of the Subcommittee on the Coast Guard, am determined that every issue relating to Coast Guard funding, as long as I am chairman of this subcommittee, will be determined from now on by a record vote in this House.

The Coast Guard is not a perpetrator of fraud, waste, and abuse. It is perhaps the most cost effective agency in the Federal Government, with the possible exception of the Internal Revenue Service. The Coast Guard intercepts $1.6 billion worth of marihuana each year. It saves more than a billion and a half dollars of private property each year. That is more than its operating budget.

What other agency of this Government can state that? We save more than we spend on operating expenses every year.

The Coast Guard saves 5,500 human lives every year. Perhaps the Office of Management and Budget would like to attach a dollar figure to that. I certainly would not.

The Coast Guard operates the largest system of aids to navigation in the world. It is a vital contributor to our national security apparatus. It is called upon time and time again by the Federal Government, by States, and by localities and, most importantly, by the people of this country for emergency assistance day and night, in fair weather and foul. Coastguardsmen die every year in the line of duty, and they work 70, 80, 90, 100 hours a week. Their vessels are cramped, crowded, old, and they are wearing out, as the gentleman from Alaska (Mr. YOUNG) pointed out. Their work grows more difficult every year. The demands of the public are growing greater with every single year, and their resources are growing fewer, older, and less adequate to their needs.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. STUDDS) has expired.

(By unanimous consent, Mr. STUDDS was allowed to proceed for 5 additional minutes.)

Mr. STUDDS. Mr. Chairman, I say to the supporters of the amendment that you cannot have it both ways. If additional resources are not given to the Coast Guard, Coast Guard stations will begin closing around this country. The Coast Guard has no choice. They have reached the breaking point.

I have no desire to be melodramatic, but the fact is that the issue is one of life or death for the maritime community. Coast Guard search and rescue operations have become progressively less effective in recent years, and this year's budget, as adopted in the appropriations from the Department of Transportation conference report, will literally cripple the service.

I say to my colleagues, if you think you were elected to get Government off the backs of polluters and drug smugglers and foreign fisherman, the Snyder amendment is just the amendment for you. If you think the Coast Guard can fuel its vessels with salt water and train its people with correspondence courses, this is your amendment. If you honestly believe that after 200 years the United States is suddenly unable for the first time in its history to afford an effective Coast Guard, then you ought to support this amendment and you will then have an opportunity to defend your belief before the people of this country.

If, however, you believe, as I do, that the Coast Guard has earned our support and that it already has the support of the vast majority of the American people, then I hope you will reject this amendment, and then you will make a determination right now to continue to give the Coast Guard the resources it needs to do its job in future years.

Mr. OBERSTAR. Mr. Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from Minnesota.

Mr. OBERSTAR. Mr. Chairman, if we could, I would like to put this matter of funding the Coast Guard in some perspective. Is it not right that the Coast Guard's total annual budget is less than half of the cost of a new nuclear aircraft carrier?

Mr. STUDDS. The gentleman is correct.

Mr. OBERSTAR. And if this amendment is adopted, it would make the Coast Guard's budget rather similar to the Russian economy, not as good as last year but better than next year?

Mr. STUDDS. Mr. Chairman, the gentleman makes an intriguing point. I thank the gentleman for his contribution.

Let me point out that according to the Coast Guard's own figures, it is hard to put it into numbers, as I say, but the effectiveness of search and rescue has declined from 85 to 69 percent over the last 4 years. That represents lives that in the judgment of the Coast Guard could have been saved and would have been saved had they had adequate resources.

At this very moment—and some of the Members on this floor know this, and some have made reference to it—the Coast Guard is deciding which stations it will now have to close because of the numbers contained in the appropriations which are about to become law and which are contained in the continuing resolution.

At my request, I will be briefed later this week on precisely which stations—and they are search and rescue stations for the most part, I dare say—will be closed by the time the Coast Guard because this Congress has adopted figures which are identical to those offered in this amendment by the gentleman from Kentucky.

Let me finally say, Mr. Chairman, that if the Members think the Coast Guard's goals for search and rescue are too high, if they think they are trying to save too many lives, if their goals for the interdiction of drugs are too high—and the Coast Guard now is interdicting about 3 out of 20 or about 15 percent of the illegal drugs and narcotics smuggled into this country—if the Members think the goals of the Coast Guard are too high in trying to contribute to the national security and the national defense of this country, they will love the amendment offered by the gentleman from Kentucky and they ought to support it.

Mr. Chairman, I yield back the balance of my time.

Mr. SHAW. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, since coming to the Congress just a little less than a year ago, I have supported the administration in every single bill that has come to the floor of this House which constituted a cut in the Federal budget. I cannot, however, and will not support the administration in this particular cut.

I do believe that an error, a grievous error, is being committed with this recommendation to this body. I think no doubt that there are some significant modifications that can be made with innovative thinking. I think that there are some responsibilities of the Coast Guard that could possibly be handled in other ways, perhaps even more economically.

However, that plan has not come to this body, that plan has not come to the Subcommittee on Coast Guard on which I serve, and, therefore, I cannot support this particular cut.

We are at this time finding drug smugglers moving through the Caribbean into my own State of Florida almost without being stopped. As the gentleman from Massachusetts (Mr. STUDDS) pointed out, we are at this time only stopping approximately 15 percent of the illegal drugs being smuggled into this country by water.

We have recently followed with a great deal of concern the events happening with regard to the Libyan Government and some of its threats that it has made, and perhaps they are

even trying to carry out those threats against the lives of some of the top executive leaders in this country. In doing so, we have thought and we have debated and we have concerned ourselves as to whether these hit men have entered our country or not. Sad as it may seem, they would certainly enter almost without challenge if they came in with a boatload of marihuana or if they came across some of our borders with some of the illegal aliens who are coming into this country at this time. Our borders are virtually unprotected.

I think that this cut is a movement in the wrong direction, and it is one that we should not support. I think what we need to support, however, is new and innovative uses of existing military personnel in order to assist in some way the Coast Guard in its abilities to protect our shores. This has not happened, and we have not seen this underway at this time.

Therefore, Mr. Chairman, I would vigorously ask all of my colleagues in the House on both sides of the aisle to oppose this amendment.

Mrs. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. SHAW. I yield to the gentlewoman from Louisiana.

Mrs. BOGGS. Mr. Chairman, I want to thank the gentleman from Florida (Mr. SHAW) for his magnificent statement and to associate myself with his remarks.

Those of us who live in the coastal areas, particularly in the area of the Gulf of Mexico, and the Atlantic coastal areas, know full well the magnificent qualities that the Coast Guard has exhibited in protecting us in every conceivable manner.

As one Member of this House who has been intimately associated in the search and rescue efforts in the Alaskan area, I would like also to join other Members in commendation of the search and rescue operations of the Coast Guard. I thank the gentleman from Florida (Mr. SHAW) for taking this stand.

Mr. SHAW. Mr. Chairman, I thank the gentlewoman from Louisiana (Mrs. BOGGS) for those remarks, and I yield back the balance of my time.

AMENDMENT OFFERED BY MR. STUDDS TO THE AMENDMENT OFFERED BY MR. SNYDER

Mr. STUDDS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. STUDDS to the amendment offered by Mr. SNYDER: On page 2, line 5, change the semicolon to a comma, and add the following: "provided that none of these funds may be used to operate Coast Guard facilities in Mobile, Alabama; Pine Bluff, Arkansas; Rio Vista, California; Santa Barbara, California; Peoria, Illinois; Michigan City, Indiana; Morgan City, Louisiana; Annapolis, Maryland; Gulfport, Mississippi; Marblehead, Ohio; Marietta, Ohio; Grand River, Ohio; Lorain, Ohio; Erie, Pennsylvania; Georgetown, South Carolina; Nashville, Tennessee; Galveston, Texas; Freeport, Texas; Chincoteague, Virginia; Norfolk, Virginia; Portsmouth, Virginia; Kennewick, Washington; or Huntington, West Virginia."

□ 1500

Mr. STUDDS. Mr. Chairman, I think the purpose and impact of this amendment is self-evident. It seems to me always important for Members to be able to appreciate the consequences of their positions and of their votes.

This amendment will permit those tempted to vote for the pending Snyder amendment to have the satisfaction of knowing in advance the impact of their opposition to adequate levels of funding for the Coast Guard. The facilities cited in my amendment to the amendment are located in areas represented by Members of this body who voted against the amendment which I offered on September 10 to increase Coast Guard appropriations to the level of funding now included in this bill before us, levels which would be reduced by the amendment offered by the gentleman from Kentucky.

It seems to me only proper that those who are concerned about the Coast Guard should be exempted from the consequences stemming from the votes of those who apparently are not. This amendment would permit the Coast Guard to save millions of dollars by closing down facilities in areas where they are apparently not considered necessary in order to pay full attention to those areas where the services are desperately needed and a good deal more appreciated.

Although this amendment may seem somewhat unusual I am very serious in the point I am trying to make. When we talk about Coast Guard funding we are not, as I said in my earlier remarks, talking about waste, fraud, and abuse. We are not talking about supply side economics or the nuances of neoconservative ideology. We are not talking about Milton Friedman or the Atlantic Monthly's chance for a Pulitzer Prize. We are talking about the ability of the Coast Guard to save human lives, to enforce the laws of this country, and in a manner which I believe is strongly supported by the majority of the American people, I dare say by the majority within every single constituency represented by a Member of this body, coastal or noncoastal, to protect against spills of oil and hazardous substances, to maintain a state of military readiness, and to do all of the other essential things which the Coast Guard is daily called upon to do.

We cannot continue to permit the Coast Guard to deteriorate and still expect it to provide quality service to all parts of this country. It cannot be done. Those of you who favor cutting back on the Coast Guard, which will be the effect in spades of the amendment offered by the gentleman from Kentucky, should go ahead and vote for that amendment, but to do so in full knowledge of the consequences of the adoption of that amendment.

In the past week a number of Members have come to me, as chairman of the subcommittee, alarmed by rumors of the imminent closing of Coast Guard facilities in their Districts. I regret to inform the Members of the House that in many instances these rumors will turn out to be of substance. While this Member of Congress, obviously, and no other Member, for that matter, is in a position to determine which facilities ultimately will be closed and which will not, Members ought to know and to know with absolute certainty that starting this week, as a result of the action of this Congress, most particularly as a result of the refusal of this House to adopt the amendment which I offered in September to the appropriations bill, which would have allowed the Coast Guard to maintain equal levels of funding, not greater, just the same as last year, that due to that action, due to the adoption of the continuing resolution last week in Congress, due to the adoption about an hour ago of the conference report of the Department of Transportation, the Coast Guard will be determining which facilities will be closed for the duration of this fiscal year and beyond.

Members of this body who have supported those cuts can be determining for themselves the explanation they will make to their constituents when search and rescue services and other critical services of the Coast Guard disappear for an indefinite period of time thanks to our unwillingness as a Congress to stand up and say there are some areas of this budget which are important, which are critical, and which deserve our support.

I yield back the balance of my time.

Mr. YOUNG of Alaska. Mr. Chairman, it is with great reluctance that I rise in opposition to the gentleman's amendment.

I understand what the gentleman is trying to do and I commend him for what he is trying to bring to this body, the action of some of those that do not recognize the consequences. But in all reality I think the amendment has served its purpose. It has been printed in the RECORD. It is before this body. I think, without asking the gentleman to withdraw it, I would hope everybody would oppose it so that the gentleman and I can work together and see if we can solve these problems that face the Coast Guard. I ask the amendment be defeated.

Mr. SNYDER. Mr. Chairman, I move to strike the requisite number of words and rise in opposition to the amendment of the gentleman from Massachusetts.

Mr. Chairman, I am sorry to see the gentleman offer this kind of amendment. He has been very honest in his explanation of it. He said in effect if you are one of the 260 Members of this House who voted against his amendment on Rollcall 196 on September 10 when he wanted to increase the appropriations over and above what the Appropriations Committee recommended to this House, if you are one of those and you have a Coast Guard facility, then he wants to reprimand you for voting against him on that amendment.

That is not the way to legislate. The gentleman has 24 Coast Guard facilities in his own District. If he says if you are going to live by the level of the appropriations bill that has been adopted and the continuing resolution and the conference report on transportation appropriations, if you are going to live by that, which I guess we will have to do, it has been adopted, and my amendment just conforms to it, do not cut any of the 24 facilities in his District, but cut the 23 in those Members' districts who voted amongst the 260 against the gentleman's amendment.

Mr. Chairman, we do not legislate like that around here. It is not the proper thing to do. If the gentleman wants a substitute for my amendment, we could have it offered, which cuts out the 24 facilities in his district, but it is not the honorable thing to do and we should not, we should not legislate that way. We should legislate based upon what the facts are, what we have to face in the budgetary situation as we have it today.

The facts are that the Appropriations Committee has already given us a conference report. We have adopted it, both bodies have adopted a continuing resolution, and perhaps it has been signed at this point. All we want to do is conform to that in an orderly fashion, not go around attempting to penalize those people who happen to vote for fiscal responsibility.

The amendment affects, and I think it ought to be clear for the record, Messrs. EDWARDS of Alabama, ANTHONY, FAZIO, LAGOMARSINO, MICHEL, HILER, TAUZIN, Mrs. HOLT, Messrs. LOTT, LATTA, MILLER of Ohio, STANTON of Ohio, PEASE, MARKS, NAPIER, BONER of Tennessee, FIELDS, PAUL, TRIBLE, WHITEHURST, DANIEL, MORRISON, and RAHALL.

I would just say to my colleagues I like all of those people and I think they ought to have to take their cuts the same as the rest of us in this country take their cuts, but they ought not be pointed out as our colleagues who just did not vote the way the gentleman from Massachusetts thought that they ought to vote and, therefore, he will stick in an amendment against them to really cut them to the bone and see that they are penalized for doing what they thought was right under the facts.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I am happy to yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. I would again stress that I oppose this amendment and would also stress let us not lose sight of the original amendment of the gentleman from Kentucky. What we are trying to do on the committee, the gentleman from Massachusetts and myself, is to make sure the committee retains its position as the authorization committee with the amount of money the Coast Guard should have.

I do commend the gentleman on this statement, but let us not lose sight of what we are really talking about, and that is the committee as a whole.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I am glad to yield to the gentleman from California.

Mr. ROUSSELOT. Does the gentleman mean our colleague from Massachusetts with his substitute or whatever he calls it——

Mr. SNYDER. It is an amendment to my amendment.

Mr. ROUSSELOT. He is trying to punish those who did not vote with him?

Mr. SNYDER. That is right.

Mr. ROUSSELOT. That is cute. That is really cute.

Mr. JONES of North Carolina. Mr. Chairman, I move to strike the requisite number of words.

Mr. STUDDS. Mr. Chairman, will the gentleman yield?

Mr. JONES of North Carolina. I yield to the gentleman from Massachusetts.

Mr. STUDDS. I thank the gentleman for yielding.

First of all I want to say that the amendment has accomplished about 101 percent of its purpose. I have never seen as many Members drift onto the floor for discussion of the Coast Guard authorization in the decade, roughly, that I have served here.

I note that there does not appear to be a station in the district represented by the gentleman from California on this list.

Mr. ROUSSELOT. No; there certainly is not. But I would ask the gentleman, what does that have to do with the cuteness of the gentleman's amendment?

Mr. STUDDS. I apologize profusely to the gentleman. I am sorry we do not have something to cut from his district.

Mr. ROUSSELOT. If the gentleman would like to abolish the Santa Anita Racetrack, that facility is in my district and it would make about as much sense to include an amendment to knock out the Santa Anita Racetrack.

Mr. STUDDS. I do not think we have jurisdiction, I will say to the gentleman, or I certainly would have given that consideration.

I am stunned by the attention this amendment seems to have drawn. The majority whip has just raced down the aisle to discuss a station with me in the State of Washington. I hope the gentleman will notice that this is a wonderfully bipartisan list of stations and they appear in districts represented by both parties and in every conceivable, and several, may I say from my parochial point of view, inconceivable parts of the country. So it has accomplished its purpose, obviously. I certainly hate to see the gentleman from Kentucky upset. There is no need to lecture about this.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. STUDDS. I certainly yield. Is not the gentlewoman's district represented either?

Mrs. FENWICK. I do not think it is a question of being upset, and if you will forgive a little rough language, I do not think this is the way to fool around with the people's business. It was, as the gentleman from California has said, "cute" but we are not supposed to be cute on this floor we are supposed to be serious.

Mr. STUDDS. I would say to the gentlewoman that she is delaying the purpose for which I rose, which was to withdraw the amendment, it having made its point, it seems to me, very, very effectively.

I gather alerts have gone out to several dozen offices on the Hill this afternoon with respect to the potential consequences of the adoption of the amendment offered by the gentleman from Kentucky.

It is my intention at this time to ask unanimous consent to withdraw my amendment to the gentleman's amendment. But it does seem to me, if I may resume seriousness for a moment, that while I would not argue for one moment that one ought to legislate by retribution, nor do I ever intend to close a station needed to save human lives because I disagree with the vote cast by a Member of Congress who happens to represent that district, the fact, however, is that the basic substance underlying the amendment offered by the gentleman from Kentucky is brought home, it seems to me, abundantly clearly by the reaction to this amendment because, believe me, while this may not be the list of districts, there will be stations closed around this country and they will be closed because this Congress refused adequately to support funding for the Coast Guard.

Mr. Chairman, I ask unanimous consent to withdraw my amendment to the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The question is on the amendment offered by the gentleman from Massachusetts (Mr. STUDDS) to the amendment offered by the gentleman from Kentucky (Mr. SNYDER).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I demand a recorded vote and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the committee appears. Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1515

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Ohio (Mr. ASHBROOK) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 0, noes 389, answered "present" 2, not voting 42, as follows:

[Roll No. 359]

AYES—0

NOES—389

Addabbo	Bingham	Clay
Akaka	Blanchard	Clinger
Albosta	Bliley	Coats
Alexander	Boggs	Coelho
Anderson	Boland	Coleman
Andrews	Boner	Collins (IL)
Annunzio	Bonior	Collins (TX)
Anthony	Bonker	Conable
Applegate	Bouquard	Conte
Archer	Bowen	Conyers
Ashbrook	Breaux	Corcoran
Aspin	Brinkley	Coughlin
Atkinson	Brodhead	Courter
Badham	Broomfield	Coyne, James
Bafalis	Brown (CO)	Coyne, William
Bailey (MO)	Broyhill	Craig
Bailey (PA)	Burgener	Crane, Daniel
Barnard	Burton, Phillip	Crane, Philip
Barnes	Butler	D'Amours
Bedell	Byron	Daniel, Dan
Beilenson	Campbell	Daniel, R. W.
Benedict	Carman	Danielson
Benjamin	Carney	Dannemeyer
Bennett	Chappell	Daschle
Bereuter	Chappie	Daub
Bethune	Cheney	Davis
Bevill	Chisholm	de la Garza
Biaggi	Clausen	Deckard
DeNardis	Hyde	Petri
Derrick	Ireland	Peyser
Derwinski	Jacobs	Pickle
Dickinson	Jeffords	Porter
Dicks	Jeffries	Price
Dingell	Jenkins	Pritchard
Dixon	Johnston	Pursell
Dorgan	Jones (NC)	Quillen
Dornan	Jones (OK)	Railsback
Dowdy	Jones (TN)	Rangel
Downey	Kastenmeier	Ratchford
Dreier	Kazen	Regula
Duncan	Kildee	Reuss
Dunn	Kogovsek	Rhodes
Dwyer	Kramer	Richmond
Dymally	LaFalce	Rinaldo
Dyson	Lagomarsino	Ritter
Early	Lantos	Roberts (KS)
Eckart	Latta	Roberts (SD)
Edgar	Leach	Robinson
Edwards (AL)	Leath	Rodino
Edwards (CA)	LeBoutillier	Roemer
Edwards (OK)	Lee	Rogers
Emerson	Lehman	Rose
Emery	Leland	Rosenthal
English	Levitas	Rostenkowski
Erdahl	Lewis	Roth
Erlenborn	Livingston	Roukema
Evans (DE)	Loeffler	Rousselot
Evans (GA)	Long (LA)	Roybal
Evans (IA)	Long (MD)	Rudd
Evans (IN)	Lott	Sabo
Fary	Lowery (CA)	Santini
Fascell	Lowry (WA)	Savage
Fazio	Lujan	Sawyer
Fenwick	Luken	Scheuer
Ferraro	Lundine	Schneider
Fiedler	Lungren	Schroeder
Fields	Madigan	Schulze
Findley	Markey	Schumer
Fish	Marks	Seiberling
Flippo	Marlenee	Sensenbrenner
Florio	Marriott	Shannon
Foley	Martin (IL)	Sharp
Ford (MI)	Martin (NC)	Shaw
Ford (TN)	Martin (NY)	Shumway
Forsythe	Matsui	Shuster
Fountain	Mavroules	Siljander
Fowler	Mazzoli	Simon
Frenzel	McClory	Skeen
Fuqua	McCollum	Skelton
Gaydos	McCurdy	Smith (AL)
Gephardt	McDade	Smith (IA)
Gibbons	McEwen	Smith (NE)
Gilman	McGrath	Smith (NJ)
Gingrich	McHugh	Smith (OR)
Ginn	Mica	Smith (PA)
Glickman	Michel	Snowe
Goldwater	Mikulski	Snyder
Gonzalez	Miller (CA)	Solarz
Gore	Miller (OH)	Solomon
Gradison	Mineta	Spence
Gramm	Minish	St Germain
Green	Mitchell (MD)	Stangeland
Gregg	Mitchell (NY)	Stanton
Grisham	Moffett	Stark
Guarini	Molinari	Staton
Gunderson	Mollohan	Stenholm
Hagedorn	Montgomery	Stokes
Hall (OH)	Moore	Stratton
Hall, Ralph	Moorhead	Stump
Hall, Sam	Morrison	Swift
Hamilton	Mottl	Synar
Hammerschmidt	Murtha	Tauke
Hance	Myers	Tauzin
Hansen (ID)	Napier	Taylor
Hansen (UT)	Natcher	Thomas
Harkin	Neal	Traxler
Hawkins	Nelligan	Trible
Heckler	Nelson	Udall
Hefner	Nichols	Vander Jagt
Heftel	Nowak	Vento
Hendon	O'Brien	Volkmer
Hertel	Oakar	Walker
Hightower	Oberstar	Wampler
Hiler	Obey	Washington
Hillis	Ottinger	Watkins
Hollenbeck	Oxley	Waxman
Holt	Panetta	Weaver
Hopkins	Parris	Weber (MN)
Horton	Pashayan	Weber (OH)
Howard	Patman	Weiss
Hoyer	Paul	White
Hughes	Pease	Whitehurst
Hunter	Pepper	Whitley
Hutto	Perkins	Whittaker
Whitten	Wolpe	Young (AK)
Williams (OH)	Wortley	Young (FL)
Wilson	Wyden	Young (MO)
Winn	Wylie	Zablocki
Wirth	Yates	Zeferetti
Wolf	Yatron	

ANSWERED "PRESENT"—2

Gejdenson	Studds

NOT VOTING—42

AuCoin	Frank	McCloskey
Beard	Frost	McDonald
Bolling	Garcia	McKinney
Brooks	Goodling	Moakley
Brown (CA)	Gray	Murphy
Brown (OH)	Hartnett	Patterson
Burton, John	Hatcher	Rahall
Crockett	Holland	Roe
Dellums	Hubbard	Russo
Donnelly	Huckaby	Shamansky
Dougherty	Kemp	Shelby
Ertel	Kindness	Walgren
Fithian	Lent	Williams (MT)
Foglietta	Mattox	Wright

□ 1530

Messrs. PERKINS, STATON of West Virgina, ATKINSON, ROYBAL, PORTER, D'AMOURS, and MARKEY changed their votes from "aye" to "no."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1545

Mr. HUGHES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wonder if I could have my colleagues' attention for just a couple of minutes.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to my distinguished chairman.

Mr. JONES of North Carolina. I thank the gentleman for yielding.

I would like to clarify the situation for the benefit of Members who were not on the floor about 20 minutes ago. The vote which we just cast was on the rhetorical amendment offered by the gentleman from Massachusetts (Mr. STUDDS), who attempted to withdraw that amendment, but the gentleman on the other side of the aisle objected and demanded a rollcall vote.

Mr. Chairman, I repeat for those who did not hear, the last vote which we cast was on a rhetorical amendment by the gentleman from Massachusetts, who attempted to withdraw the amendment, but it was objected to by a member on that side and therefore necessitated a rollcall vote.

Now, the next amendment is a really truly important amendment. It is the one offered by the gentleman from Kentucky which reduces the authorization $159 million from the authorization approved by our subcommittee and our full committee.

As chairman, I would appreciate a very sincere "no" vote.

Mr. HUGHES. Mr. Chairman, let me just say, If I might, that the $159 million that is to be cut from the Coast

Guard authorization is going to impact one program in particular, drug interdiction in this country.

If you are concerned about the fact that we have a bumper crop of heroin in this country right now from Southeast Asia, we have little interdiction effort in the Golden Crescent area because of what has happened to Afghanistan and Iran in particular, and the reality that we are swimming today in marihuana and cocaine in this country, you will vote against this amendment. It is $159 million below the bare bones requirements of the Coast Guard for drug interdiction.

It is disgraceful. In this country we stopped 90 percent of our drug interdiction on the Pacific Coast about 5 months ago because the Coast Guard ran out of fuel. We were interdicting less than 15 percent of the cocaine and the marihuana coming in from Colombia and other parts of South America before we diverted one additional cruiser.

Now we are down to two ships. We are interdicting a pittance of the cocaine and marihuana coming into the country and we are going to cut it even further. Why?

Is that what our constituents want? Certainly not. Look at the public opinion polls. The people of this country equate the importance of drug interdiction and anticrime programs with that of national defense. The American public is willing to spend as much money on anticrime programs as they are on our defense. We are not even spending, first of all, what we spent last year or the year before. We are retreating in our anticrime efforts.

The Coast Guard is the first line of defense when it comes to drug interdiction. It is crazy what we are doing.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I would be happy to yield to my colleague, the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I commend the gentleman for the statement he has just made. A couple of months ago, the House voted to allow the Armed Services to aid in the enforcement of the drug laws on the high seas, and thereby approved a major departure from the law that has been on the books for over a hundred years. We did it because we were so concerned about the flood of illegal drugs coming from overseas. The gentleman from Florida (Mr. BENNETT) made a strong case for action to combat this dreadful menace. However, in the course of the debate, a general consensus emerged concerning the importance of increasing the Coast Guard authorization and appropriation if we are ever going to get control over this terrible drug trade. To go in the opposite direction, as the pending amendment would do, would be a tragic mistake.

Mr. HUGHES. I thank the gentleman. I could not agree with the gentleman more.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to my colleague, the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding. I want to commend the gentleman from New Jersey (Mr. HUGHES) for espousing the cause of the Coast Guard in this extremely important law enforcement effort. I believe that the majority of this House is fully convinced of the need to impose stricter enforcement in narcotics trafficking.

In this regard, the Coast Guard has been doing an outstanding job in interdicting narcotics trafficking originating from Latin America and Southeast Asia.

During fiscal year 1981, the Coast Guard seized 198 vessels, compared to 93 seized in fiscal year 1980; it nearly doubled the amount of marihuana seized—in fiscal year 1981. Nearly 6 million dosage units of quaaludes were seized by the Coast Guard in fiscal year 1981, compared to the 4.7 million dosage units of this deadly drug seized in the previous fiscal year.

If the Coast Guard is to perform its numerous responsibilities, including the difficult and hazardous task of interdicting drug traffickers, then it needs sufficient vessels, adequate equipment, personnel and funds. We can no longer afford to provide our frontline troops with limited, antiquated equipment and expect them to effectively interdict the drug traffickers who possess high-speed vessels and highly sophisticated equipment to avoid detection. Accordingly, Mr. Chairman, I urge my colleagues to support H.R. 2559, the Coast Guard authorizations for fiscal year 1982, and to defeat the amendment offered by the gentleman from Kentucky (Mr. SNYDER), cutting the Coast Guard authorization by $159 million.

Mr. DOWNEY. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to my colleague, the gentleman from New York.

Mr. DOWNEY. Mr. Chairman, I think there is a tendency to look at the Coast Guard from a parochial concern, if you have a district that borders the ocean or not. The fact is as the gentleman has correctly pointed out, without the active interdiction of the Coast Guard drugs come into this country in the shoreline districts and make their way inland with one or two trips by automobile or by truck.

I happen to represent a district in Long Island. If we have more money reduced from this bill, the amount of drugs will increase dramatically. They will wind up in Ohio. They will wind up in Pennsylvania. They will wind up in Kansas.

If anything, and the gentleman has already pointed this out, the people want this drug traffic stopped and the only way it is going to stop is if we spend the money to give the Coast Guard the ability to be able to get these people.

Mr. HUGHES. I thank my colleague.

We are up to our eyeballs in this country in drugs, so if we really want to do something about it, the right way to do it is to vote against the Snyder amendment.

Mr. FASCELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the Snyder amendment to reduce funding for the Coast Guard by $160 million. This is indeed a foolhardy, budget-cutting gesture.

The Coast Guard has been woefully underfunded for many years and is experiencing increasing difficulty in meeting many of its mandates due to a severe lack of funds. Recently, the agency has even been forced to cancel some of its routine law enforcement patrols because of its inability to pay for additional fuel.

With the growing narcotics traffic in south Florida as well as the continued illegal immigration to our shores by sea, the resources and expertise of the Coast Guard are critically necessary if we are ever to be able to deal with these two urgent problems. Instead of attempting to reduce funds for the Coast Guard, we should be increasing the modest funding this important agency receives for its law enforcement responsibilities.

In the strongest possible terms, I urge our colleagues to oppose this amendment, which would cut $160 million from the Coast Guard authorization.

Mr. SAWYER. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to my colleague, who has been trying to get some order.

Mr. SAWYER. Mr. Chairman, I merely want to endorse the statement of the gentleman from New Jersey (Mr. HUGHES).

There is just no question that we are a sieve as far as incoming drugs go and the traffic has now grown to some $65 billion a year and is probably the singlemost cause of the big uprise in violent and other crimes being brought about to sponsor these habits and to defend turfs.

It just seems to me that a little imagination could develop a type of vessel that would meet the wartime needs of the Navy and would meet the interim needs of the Coast Guard so that instead of just being out drilling and patrolling in peacetime, it could be used to interdict this drug traffic and yet in the event of hostilities will immediately become a part of the U.S.

Navy and/or the Defense Establishment.

While we have to some extent diluted the impact of posse comitatus, we are far from rid of it; so that the utility of ships is much greater in the drug traffic that we desperately need in the hands of the Coast Guard, rather than in the hands of the Navy.

As I said, in time of war, with the correct kind of thinking and design, we could utilize the small craft requirements of the Navy.

I thank the gentleman for yielding.

Mr. PHILIP M. CRANE. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Illinois.

Mr. PHILIP M. CRANE. Mr. Chairman, I would like to comment simply on Mr. Stockman's letter to my distinguished colleague, the gentleman from Kentucky, who introduced this amendment, wherein he applauds him for the effort to reduce the authorization $100 million for the U.S. Coast Guard, an indisputably national function, and at the same time this administration fought to preserve an estimated $200 million in the IDA giveaway. When you compare tradeoffs, I will willingly support the effort to maintain our Coast Guard and simultaneously maintain ongoing efforts to cut our foreign aid giveaway.

Mr. FASCELL. Mr. Chairman, I thank my colleagues for their comments.

I think this amendment is going to be overwhelmingly defeated, because it is logical and sensible to do so; but I just wanted to get on record my strong opposition to the amendment.

My feeling is that we have just kicked the Coast Guard around, one of the best Federal services that we have. We have given them almost an impossible task. It is a surprise to me that they have any morale left. The least we could do is give them the money so that they can get the men and equipment to do the job that we have asked them to do.

We cannot enforce the law if we cut back on the FBI, if we merge or cut back the DEA, and if we cut the budget of the Coast Guard. How can the Federal Government do all the things that the United States is supposed to do in enforcing the law? It just does not make sense.

Mr. STUDDS. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the chairman of the subcommittee.

Mr. STUDDS. Mr. Chairman, just very briefly, if I may explain to Members, had it been my idea that we would have been disrupted for a vote on the amendment which bore my name, you would not be here. That amendment was offered for rhetorical purposes. I asked unanimous consent to withdraw it. Objection was made and a request for a vote was made on the other side; however, it did achieve its purpose. It got a great deal of attention for something that we think is very, very important.

The amendment before us now, the amendment of the gentleman from Kentucky (Mr. SNYDER) cuts some $160 million from the Coast Guard. It would get the Coast Guard off the backs of drug smugglers, foreign fishermen, and illegal aliens and people who are drowning. If that is what you want the Government off the backs of, I suggest that you vote for this amendment.

I thank the gentleman for yielding.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from New York.

Mr. SCHEUER. Mr. Chairman, I do not ordinarily rise on this floor to wrap myself in the flag. But I urge my colleagues to think of what the concept of nationhood means to the United States of America. Surely, the first and foremost characteristic of nationhood—of sovereignty is control of a nation's borders, the establishment and maintenance of safe, secure borders. It is a disgrace that our borders are a sieve, and are perceived by the world at large as not be taken seriously.

The same pitiable condition of underfunding that prevails with the Coast Guard, also prevails with the Immigration and Naturalization Service. It is high time that we looked at our Nation the way every other nation perceives itself, namely, that safe and secure borders are the first characteristic of nationhood.

Let us make our borders real, let us commence at long last a serious, high-priority, well-funded effort to enhance and strengthen our borders against the invasion of a continuing avalanche of drug traffickers and illegal immigrants, and defeat this amendment.

Mr. MICA. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. Mr. Chairman, I will yield to my colleague, the gentleman from Florida.

Mr. MICA. Mr. Chairman, I would just like to point out to my colleagues that I took the time to visit some Coast Guard facilities and I think if any Member of this body were to do that, you can see that this amendment should be soundly defeated.

We have one cutter in south Florida that is 28 years old, that must cover 200 miles of coastline for drug interdiction.

Mr. LUJAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I cannot understand really what I am hearing here today. Everything is pinpointed that we are cutting money for the curtailment of drug traffic. I do not see anywhere in this amendment that that is the purpose of it.

□ 1600

Mr. Chairman, I would like to yield to the chairman of the committee to explain exactly what it is, because I think we are talking about not increasing rather than decreasing the amount of this authorization.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. LUJAN. I yield to the gentleman from Kentucky.

Mr. SNYDER. I thank the gentleman for yielding.

Mr. Chairman, I think it is only fair that the gentleman let me set the record straight. I have been accused of all these evil things here today.

This amendment, whether it is adopted or not adopted, is not going to get us one more or one less nickel for the Coast Guard. What we have done is to offer an amendment to make the authorization conform penny for penny what this House adopted in the continuing resolution, what they adopted in the conference report this morning on the Department of Transportation appropriation bill. It is an effort to get the bill signed downtown because there are other things in this bill that also need to be enacted besides the money level.

There will be no more money; no less money. This cuts the authorization, but makes it conform penny for penny to exactly what you voted for today on the conference report, what you voted for on the continuing resolution. As a matter of fact, if the amendment is rejected it will be the opposite of what you voted for on rollcall 196 on September 10 when the gentleman from Massachusetts attempted to raise the appropriation and was defeated by rollcall 129 to 260.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. LUJAN. I will be happy to yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Chairman, I again want to restate that the Committee on the Coast Guard objects to this amendment. We are the authorizing committee. It is true you voted on the appropriations. It is also true that the Coast Guard will have to come back for supplemental appropriations. I want that latitude, and I ask for a no vote on this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. SNYDER).

The amendment was rejected.

AMENDMENT OFFERED BY MR. ANDERSON

Mr. ANDERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDERSON: Page 6, after line 25, insert the following:

SEC. 12. (a) The Congress, in recognition of the heroic efforts that resulted in the

saving, under extremely adverse conditions, of the lives of all 510 passengers aboard the motor vessel Prinsendam which caught fire off the coast of Alaska on October 4, 1980, hereby honors and expresses its thanks to the members of the United States Coast Guard, the individuals of the United States and Canadian Air Forces, and the crew of the tanker Williamsburg and all others who participated directly in this valiant undertaking, as well as the crew of the Prinsendam.

(b) The Commandant of the United States Coast Guard shall determine the names and addresses of those individuals honored under subsection (a), and provide the names and addresses to the Clerk of the House who shall convey in appropriate language the appreciation of Congress to each such individual for his or her actions in connection with the Prinsendam rescue.

Mr. ANDERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ANDERSON. Mr. Chairman, today I offer an amendment to express the thanks of Congress to those individuals directly involved in the rescue of all passengers and crew of the Netherlands Antilles cruise ship *Prinsendam.*

On October 4, 1980, the *Prinsendam,* with 510 people on board, sustained an engineroom fire about 360 miles east of Kodiak, Alaska. The majority of the passengers were elderly. When it became evident the blaze could not be contained to the engineroom, the order to abandon ship was given. The first rescue ship to arrive on the scene was the U.S. tanker *Williamsburg.*

The U.S. Coast Guard, working in conjunction with the United States and Canadian Air Forces, labored around the clock in hazardous conditions to save the lives of the hundreds of people in life boats and liferafts. A doctor and paramedics were flown to the scene of the disaster in order to treat the survivors. Rescue efforts were hampered by strong winds and high waves, as well as the fact that some of the *Prinsendam's* lifeboats were continually losing power. I am proud to say, Mr. Speaker, that there was no loss of life either among the passengers or among those rescuing them.

Mr. Speaker, my amendment thanks those of all nationalities who were directly involved in this outstanding rescue mission.

Further, my amendment requires the Commandant of the Coast Guard to furnish the Clerk of the House the names and addresses of the individuals directly involved.

The Clerk of the House is requested to transmit the following appropriate message of appreciation to all those involved:

The Congress, in recognition of the heroic efforts that resulted in the saving, under extremely adverse conditions, of the lives of all 510 passengers aboard the motor vessel Prinsendam which caught fire off the coast of Alaska on October 4, 1980, hereby honors and expresses its thanks to the members of the United States Coast Guard, the individuals of the United States and Canadian Air Forces, and the crew of the tanker Williamsburg and all others who participated in this valiant undertaking, as well as the crew of the Prinsendam.

(1) on early Saturday morning, October 4, 1980, the motor vessel Prinsendam, a Netherlands Antilles registered four hundred and twenty-seven-foot passenger vessel with five hundred and ten people onboard, the majority of whom were elderly United States citizens, sustained an engineroom fire about three hundred and sixty miles east of Kodiak, Alaska;

(2) the fire could not be contained and was completely out of control after about four hours and the evacuation of the burning vessel was commenced utilizing lifeboats and liferafts;

(3) the one-thousand-and-ninety-five-foot tanker Williamsburg was diverted to the scene and commenced picking up survivors from rafts and lifeboats, even though its efforts were hampered by the fact that lifeboats from the motor vessel Prinsendam continually lost power and by deteriorating weather conditions;

(4) the winds, which increased from twenty to forty-five knots with ten- to twenty-five-foot seas before subsiding after passage of a weather front, posed grave hazards to rescue;

(5) the United States Coast Guard, and United States Air Force, and Canadian Air Force helicopters, working continuously, rescued survivors from rafts and boats and transferred most of them to the Williamsburg, although some were returned to shore when the helicopters returned to base for fuel and supplies;

(6) a doctor and paramedics were flown to the scene to assist with medical problems among the survivors;

(7) the United States Coast Guard Cutter Boutwell arrived on the scene late Saturday evening at which time the fifty-man firefighting party was evacuated from the burning vessel when it assumed a ten-degree list;

(8) by early Sunday morning all were accounted for except for those in the one lifeboat which was still missing, but the cutter Boutwell, with helicopters, continued the search and about eight hours later located the lifeboat and recovered the survivors onboard; and

(9) due to the valiant and untiring efforts of the United States and Canadian crews manning helicopters, surface ships, and shore stations, and the crew of the tanker Williamsburg, as well as due to the efforts of the captain and the crew of the Prinsendam, there were no lives lost or serious injuries sustained during this heroic and unprecedentedly successful operation in the cold and stormy seas off the Alaskan coast.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. I thank the gentleman for yielding.

Mr. Chairman, I am pleased to be able to join with my colleague, Mr. ANDERSON of California, in adding this amendment to the Coast Guard authorization bill. As he has pointed out, this is the Congress opportunity to recognize those individuals who carried out the rescue of passengers onboard the cruise vessel *Prinsendam.*

By adopting this amendment we are recognizing three groups who carried out this heroic rescue. The first group is made up of the military units of the United States from the Coast Guard and the Air Force. In addition, we are recognizing the Canadian search and rescue units which were dispatched to help assist in this effort. The final group are those members of our U.S. merchant marine onboard the tank vessel *Williamsburg* which was diverted to the scene and served as the staging platform from which to execute the successful rescue of all 510 passengers onboard the burning and sinking cruise liner in unusually severe weather conditions. The crew were members of MEBA 2—AMO and the SIU.

I think it is a tribute to all involved that this rescue was performed in concert by these divergent units. The selfless and untiring efforts of all involved epitomize the type of heroic feat that we in Congress should recognize. No lives were lost in this rescue. It will no doubt rank as the most dramatic and miraculous rescue in the history and tradition of the sea.

As the Representative from Alaska, I have long been concerned about search and rescue coverage in the Gulf of Alaska region. Thus, I followed this rescue with deep concern. As successful as this rescue was, the Coast Guard is not always to respond. Additional resources are needed which this bill is intended to provide.

Therefore, I urge all of my colleagues to support the adoption of this amendment to recognize the people who carried out this rescue and vote for the passage of this bill to insure adequate funding for the Coast Guard.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. I yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. Mr. Chairman, I would like to commend the gentleman for this thoughtfulness in this matter.

We have examined the amendment on this side. We wholeheartedly support the amendment and have no objections to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California. (Mr. ANDERSON).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. OBERSTAR

Mr. OBERSTAR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OBERSTAR: Page 6, line 18, strike "." and insert the following: ", and the controlling interest in the

partnership is owned by citizens of the United States.

Mr. OBERSTAR. Mr. Chairman, this is a technical amendment to clarify one that I offered to the bill in subcommittee, to provide for increased construction of vessels in the United States with the use of funds from other sources. The necessity for the amendment was simply to place partnerships which are increasingly involved in vessel construction on the same basis as corporations.

The amendment had some technical question about it as I offered it in subcommittee, and in full committee. At that time I made a commitment that if there were any question, that counsel would work on the language and we would clarify it on the floor. That is the purpose of this amendment. I would hope that the language can be accepted.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. OBERSTAR. I yield to the chairman of the full committee, the gentleman from North Carolina.

Mr. JONES of North Carolina. Will the gentleman's amendment change the Shipping Act of 1916? Specifically, will the gentleman's amendment change the U.S. citizenship requirements of section 2 of the Shipping Act?

Mr. OBERSTAR. No. This amendment changes the Vessel Documentation Act dealing only with documentation. It does not change the ownership and citizenship requirements in section 2 of the Shipping Act. It does not change the Shipping Act at all.

Mr. JONES of North Carolina. Will the gentleman's amendment change the 75 percent U.S. citizenship requirement for coastwise trade?

Mr. OBERSTAR. No, this amendment addresses only the requirements for a partnership to be documented in the United States. Section 111 of the Vessel Documentation Act covers coastwise licenses, and specifically requires, in section 111(a)(3), that vessels eligible for documentation must also qualify under all other U.S. laws in order to be employed in the coastwise trade. Therefore, the 75-percent U.S. citizenship requirement will still apply and is not changed by my amendment to the Vessel Documentation Act.

Mr. JONES of North Carolina. I thank the gentleman.

Mr. Chairman, this side of the aisle has no objection to the amendment. We accept it.

Mr. OBERSTAR. I thank the chairman.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. OBERSTAR. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Chairman, the amendment proposed by Mr. OBERSTAR is a modification of section 10 of H.R. 2559. Section 10 amends section 104 of the Vessel Documentation Act to permit unincorporated entities, trusts, and joint ventures to document vessels as they have traditionally done while enabling partnerships to document vessels provided their general partners are citizens of the United States. This eliminates a disparity in existing law between the treatment of corporations and partnerships. Currently all partners must be citizens of the United States, whereas in a corporation only the corporate officers and managers must be citizens of the United States while the shareholders may be foreign citizens.

The modification made by Mr. OBERSTAR in this amendment is to insure that, in addition to the general partners, a controlling number of all partners would be U.S. citizens. These citizenship requirements would be in addition to, and not in abrogation of, those in section 2 of the Shipping Act, 1916, or required through other provisions of the Vessel Documentation Act.

I have no objection to the enactment of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. OBERSTAR).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. GEJDENSON

Mr. GEJDENSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GEJDENSON: Page 2, line 14, change the period to a comma, and add the following new clause: "of which sufficient funds shall be made available to continue in operation a Coast Guard research and development center through the end of the 1982 fiscal year."

Page 6, at the end of the bill, add the following new section:

"SEC. 12. Notwithstanding any other provision of law, the fiscal 1982 end of year civilian personnel strength of the Coast Guard shall be at least 5,484."

□ 1610

Mr. GEJDENSON. Mr. Chairman, my purpose in offering this amendment is to keep in operation a research and development center within the U.S. Coast Guard. My views are admittedly somewhat parochial because the Coast Guard's present R. & D. center is located in my district, in Groton, Conn. However, the accomplishments of the center are recognized nationally and internationally, and I would be here today supporting the continuation of a Coast Guard R. & D. center no matter where it was located.

Some of the R. & D. center's achievements include the development of an analytical system to identify the source of mystery oil spills. This system was used in numerous successful court tests of the system including the first Federal criminal jury trial involving the Clean Water Act. Seven research chemists received the Silver Medal of the DOT Secretary's Award for their development of the system. This process has been studied and commended throughout the world, resulting in chemists from the R. & D. center being invited to discuss this topic in Hungary, Spain, Norway, Poland, and Canada, as well as visits from scientists from Australia and Japan.

The R. & D. center has also developed a pollution response mobile laboratory designed to respond to all of the EPA "priority pollutants," and the Coast Guard's own list of hazardous chemicals, which numbers close to 1,000 compounds. The center has been successful in designing methods and equipment for use in preventing and reducing discharges of hazardous chemicals—including petroleum products—from endangered vessels. It has also developed a solar photovoltaic energy system for use on lighted navigational aids.

These developments that I have just named all have something in common. They will all save money. The "oil fingerprinting" project cost 2.6 million dollars. Its application has already generated more than twice that amount in payments to the Water Pollution Control Act oil spill fund. It does not take much imagination to see how the implementation of methods to plug leaking oil tankers, and to replace expensive battery operated buoys with solar cells will also save much more than the cost of their design. These are examples of why I believe the R. & D. center's work should continue. Closing this facility would be penny wise and pound foolish. It would not save money over the long run.

I am not trying to restrict the Coast Guard which is facing hard choices in trying to perform difficult and varied services on a shamefully insufficient budget. The 22 million dollars earmarked for Coast Guard R. & D. in the Transportation appropriations conference report, however, should easily be able to provide sufficient funds to operate and maintain the R. & D. center through the end of the year. The cost of running the center was 6.3 million in fiscal year 1981. In light of the fact that R. & D. funds are likely to be appropriated sufficient to keep the center operating, it makes little sense to disband this group of experts; to remove the highly technical and sometimes unique equipment that they have acquired, and to dissolve this highly successful unit. Certainly, the work they have accomplished can not be acquired in a more cost-effective manner. In addition, the cost of putting together such a group again would be enormous, in both time and money.

My amendment not only requires that sufficient funds be used to keep

the R. & D. center operating, it also requires that Coast Guard civilian personnel strength be at least 5,484 at the end of fiscal year 1982. This figure represents civilian personnel at the end of fiscal year 1981. Almost half of the personnel at the Coast Guard R. & D. center are civilians. Regardless of budgetary considerations the center would probably be forced to close if OMB directives to cut civilian personnel are followed. Many of the civilian positions at the R. & D. center cannot currently be filled by military personnel. There are simply not enough military members of the Coast Guard with Ph. D.'s in chemistry, and oceanography, and physics to replace these people.

In addition, cutting civilian personnel strength is a problem throughout the Coast Guard. Civilian personnel do highly technical work, such as that done at the R. & D. center, but, more often, they do support work. This means that the more civilian personnel that is cut, the more military personnel that will have to be used to do clerical and maintenance work. With the Coast Guard so overworked and underbudgeted now, it is very possible that these support functions may have to be performed at the expense of national security or law enforcement duties.

In conclusion, I believe that the adoption of this amendment will provide for the continuation of a very valuable and necessary program—the Coast Guard R. & D. center. I urge its passage.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. GEJDENSON. I yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. Mr. Chairman, the committee is happy to accept this amendment. We have examined it carefully, and it fits with this committee's purpose.

Mr. GEJDENSON. I thank the gentleman.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. GEJDENSON. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Chairman, this side has no objection to the amendment as proposed. I commend the gentleman for offering the amendment. The chairman of the committee and I have been holding hearings on the issue, but I believe the amendment is appropriate at this time.

Mr. GEJDENSON. I thank the gentleman.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

Mr. GEJDENSON. I yield to my colleague from Connecticut.

Mr. MOFFETT. Mr. Chairman, I thank the gentleman for yielding, and I congratulate the gentleman on offering this amendment. I offer my strong support and urge its passage.

Mr. GEJDENSON. I thank the gentleman.

AMENDMENT OFFERED BY MR. EVANS OF DELAWARE TO THE AMENDMENT OFFERED BY MR. GEJDENSON

Mr. EVANS of Delaware. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. EVANS of Delaware to the amendment offered by Mr. GEJDENSON: On page 2, line 14, change the period to a comma, and add the following new clause: "*Provided*, That the Coast Guard submits its research, development, test, and evaluation program plan, including the continuation or operation of a research and development center, for Fiscal Year 1982 to the Committee on Merchant Marine and Fisheries of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate for approval prior to implementation.".

Mr. EVANS of Delaware (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Delaware?

There was no objection.

Mr. EVANS of Delaware. Mr. Chairman, my amendment is merely a supplement to the amendment of the gentleman from Connecticut. He and I have discussed it. It is a compromise which preserve the flexibility of the administration and the Congress. It does no unduly restrict the administration, nor does it permit then to precipitously eliminate a vital program without approval of the authorizing committee.

The amendment parallels the language which the Senator from Connecticut (Mr. WEICKER) inserted in the conference report on the DOT appropriations. The only difference is that my amendment, quite properly, I believe, requires the approval of the authorizing committees—in this instance the Committee on Merchant Marine and Fisheries and the Commerce Committee in the Senate. Senator WEICKER's language requires approval from the Appropriations Committee.

My amendment will allow the Coast Guard Subcommittee to work closely with the administration in allocating scarce Coast Guard dollars, and I believe it does place in proper focus the authorizing committees in the House of Representatives and in the Senate. I think the Appropriations Committees at times, and the Budget Committee at times, have exceeded their originally intended authority and responsibility. When it comes to oversight in a situation like this, the appropriate committee is not the Appropriations Committee, but the Committee on Merchant Marine and Fisheries.

Mr. GEJDENSON. Will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from Connecticut.

Mr. GEJDENSON. Mr. Chairman, we have had an opportunity to review the amendment, and are in full support of it.

Mr. EVANS of Delaware. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Delaware (Mr. EVANS) to the amendment offered by the gentleman from Connecticut (Mr. GEJDENSON).

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut (Mr. GEJDENSON), as amended.

The amendment as amended, was agreed to.

AMENDMENT OFFERED BY MR. SAVAGE

Mr. SAVAGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAVAGE: at the end of the bill, add the following new section: "None of the funds authorized under any provision of this bill and no coast guard personnel, facilities or equipment may be used in any manner to either train or facilitate the training of the coast guard of South Africa or any military personnel of South Africa.".

Mr. SAVAGE. Mr. Chairman, this is just to point up a matter that many of my colleagues may not know about, and that is that the U.S. Coast Guard has been engaged in training members of the Coast Guard of South Africa. It trained 3 or 4 members just this past August. It did so also last year, and also a couple of years before that.

Now, the Coast Guard is the only one of America's five military services that has been engaged in training South African military personnel. The Coast Guard in South Africa, of course, is a part of the military there as the U.S. Coast Guard is here.

So, unquestionably, such training, military training, has political implications, particularly in light of the attitude of the overwhelming majority of the world's nations regarding fascism in South Africa.

I had an opportunity just a few months ago to see fascism's face, look into its ugly face, in a trip to South Africa. Any good American would certainly not want to have us involved, we who symbolize freedom in the world, to be involved militarily on the side of fascism.

We have heard here today some pleas about the problems represented by the Solidarity labor movement in Poland, and have heard also about the problems in other parts of the world, the supposed terrorism supported by Libya, and we have expressed such concern about the danger to freedom in the world just here today, but we should recognize that our concern should start right at home.

Therefore, I propose this amendment to H.R. 2559, the Coast Guard authorization bill for fiscal year 1982, to ban the use of any funds, personnel, facilities, or equipment of the U.S. Coast Guard for training any South African Coast Guard or military personnel.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. SAVAGE. I yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. Mr. Chairman, in the interest of time let me say that, to set the record straight, this side of the aisle will accept the gentleman's amendment. We have no objection to it, but I think it is important to point out that the so-called training of South Africans consisted of some three or four who had been trained in search and rescue, and not in any military sense of the word whatsoever.

Nevertheless, we will accept the gentleman's amendment, and I commend the gentleman for introducing it.

Mr. SAVAGE. I thank the gentleman.

May I just add that the training of any military personnel of a fascist regime, however described, has a tremendous negative political connotation, if not military, in its impact. And because of the status of freedom and democracy in the world today and the concerns we are presently expressing, I urge that we continue to see that our own Coast Guard does not engage in any further military training, regardless of how few the number of trainees involved.

□ 1620

Mr. STUDDS. Mr. Chairman, will the gentleman yield?

Mr. SAVAGE. I yield to the gentleman from Massachusetts.

Mr. STUDDS. Let me say I do not intend to quarrel with the statement of the full committee chairman that he will accept this amendment, but I would like to have the record reflect that the subcommittee is aware of this training. I raised the question myself with the Commandant of the Coast Guard in our hearings.

The reason for which we did not ourselves strike or prohibit the use of funds for this is the assurance given us by the Commandant that, No. 1, an infinitesimal number of people, I believe three in the current fiscal year, are involved and, No. 2, the training is solely in search and rescue alone, only search and rescue. It was only semifacetiously that I asked the assurances of the Commandant about discrimination exercised in choosing who would be searched for and rescued by the South African Coast Guard.

Notwithstanding that, there may be some question with respect to "military" relations of any kind of a formal nature between our Government and that of South Africa. I do not need to assure the gentleman, I suspect, that every Member, I hope every Member of this House, feels as he does about the current regime in South Africa.

But I do want the record to reflect that the subcommittee was aware of this and, because of the assurances by the Coast Guard that this training was solely in the humanitarian enterprise of search and rescue, that we chose not to offer the amendment which the gentleman has chosen to offer.

Mr. SAVAGE. I thank the gentleman.

May I just conclude, however, if I may, and insist that any military training, any training of military personnel by any Department of our Armed Forces, any such training is an involvement contrary to the tenets of democracy and the principles of freedom for which this great Nation stands.

Whatever that training may be, if it is to train military personnel in how to cook, it has negative implications because if you learn how to cook in the Army you relieve someone else from cooking to go out and engage in some other military enterprise.

The point is there is a training relationship that has developed between one of our armed services with the armed services of South Africa. If the Coast Guard does not intend to continue that, and I hope that it does not, then there can be no objection to saying that none of the funds and the personnel and equipment and facilities of this service that we are about to authorize today can be used for that purpose.

Mr. YOUNG of Alaska. Mr. Chairman, I rise in opposition to the amendment. This is the first time that I have seen the amendment today and we did consider this subject in the subcommittee and the committee as a whole. I will tell you right now in 1978 we trained one Air Force major and in 1981, 1982, and 1983 there are two.

I want this body to think of one thing. Let us forget about everything else, but one thing, the Coast Guard is training to rescue and to search for those that are lost. In my State in the waters which my State borders it is absolutely occupied by Russians, Japanese, Chinese, Poles, and whatever there may be in the fishing industry, and not once has our Coast Guard ever turned down someone that was lost, hurt, or needed help.

I am not going to get into the political ramifications of South African politics, but I know this: there must be all types of people lost off that coast. There must be people that need help. When we offer training, that is reimbursed to this Nation, training to the people that are involved in search and rescue, and I think that should be the main effort.

I think this body has a responsibility to train people to rescue people.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Is South Africa the only foreign country that has nationals trained by the Coast Guard?

Mr. YOUNG of Alaska. No; I would say to the gentleman we train many, many different nations across the world in the field of search and rescue for those that are lost.

Mr. ASHBROOK. I guess I wonder, since my colleague is on his feet, whether he has a checklist of the nations that he is not going to allow, if his amendment would prevail, or the concept of his amendment would prevail. Is he talking about the Republic of China?

Mr. SAVAGE. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I would yield to the gentleman to answer the question.

Mr. SAVAGE. I have a question for the gentleman from Alaska. Will the gentleman yield?

Mr. YOUNG of Alaska. I do not yield at this time. The gentleman was asked a question and if he would like to answer the question then I yield for that purpose.

Mr. SAVAGE. I have no complete list.

Mr. ASHBROOK. I wonder if the gentleman has just singled out South Africa or if there is a whole list.

Mr. SAVAGE. If the gentleman will yield, I would not be opposed to the training of Coast Guardsmen of all nations in the world. I single out South Africa because I know South Africa to be a fascist, racist regime.

Would the gentleman from Alaska yield for a question, please?

Mr. YOUNG of Alaska. If I may reclaim my time, may I say I am not arguing the political ramifications. I am talking about how we trained 31 nations' last year in search and rescue. I do not have the complete list of what those nations encompass, but they were 31 nations where we helped train personnel.

Again I want to stress I do not know how many people, how many Russians we have rescued off the coast of Alaska in the last 25 years. That is part of our gesture of good will of the sea. I am not talking about military, I am talking about search and rescue of people in South Africa of both races.

Mr. SAVAGE. Would the gentleman from Alaska favor at this moment American military forces training military forces of Libya?

Mr. YOUNG of Alaska. That is not what we are talking about and the gentleman knows I do not favor that.

Mr. SAVAGE. If the gentleman does not favor Libya, how can he justify

training of military personnel from the most fascist regime on the face of the earth?

Mr. YOUNG of Alaska. My good friends, and I will tell you again, we are talking about the role of the Coast Guard worldwide, and that is to rescue those that are lost, regardless of race and beliefs.

I urge you to defeat this amendment regardless of what the gentleman said, defeat this amendment. It should not be in this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. SAVAGE).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. SAVAGE. Mr. Chairman, I demand a recorded vote and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears. Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1630

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from Illinois (Mr. SAVAGE) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. YOUNG OF ALASKA

Mr. YOUNG of Alaska. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YOUNG of Alaska: Page 6, after line 25, add the following new subsection:

(b) The amendment made by subsection (a) shall apply only with respect to payments for benefits under section 707(a) of title 14, United States Code, for months beginning on or after the date of the enactment of this Act.

□ 1640

Mr. YOUNG of Alaska. Mr. Chairman, section 11 of this bill amends section 707(a) of title 14, United States Code, to provide a more equitable level of disability pay for members of the Coast Guard auxiliary who are injured while engaged in duties on behalf of the Coast Guard. This provision would raise the current $600 per month base rate to the equivalent of that which would be received by a GS-9 civil service employee.

The amendment I am proposing addresses a concern that has been voiced by the administration and others since this bill has been reported from the Merchant Marine and Fisheries Committee. During the course of our deliberation on H.R. 2559 the administration expressed no position on section 11.

The concern is over the effective date of this amendment. The concern basically is that this provision be applied to persons currently on the disability rolls only for benefits received prospectively, rather than from the date of injury. Further, I understand that without an effective date provision, provisions such as in section 11 have been interpreted by the General Accounting Office and others as not applying to persons already receiving the benefit. This interpretation has been made even though the legal basis of the payment has been changed and the prior authority has essentially been repealed and would, therefore, no longer be available as a basis for payment. Clearly the provisions of section 11(a) are to be applied to all beneficiaries whether they are those currently receiving the benefit under this provision or those who may receive it in the future.

My amendment insures that the benefits will be paid prospectively and also applied to beneficiaries currently receiving disability payments. Although this may be unnecessary I am offering it so that no question is left regarding the application of this amendment.

I urge the adoption of this amendment so that the men and women of the Coast Guard auxiliary who give of their time voluntarily are adequately covered should they incur disability or death while performing their duties with the Coast Guard.

Mr. STUDDS. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Massachusetts.

Mr. STUDDS. Mr. Chairman, this amendment is, so far as we know, without controversy and acceptable on our side.

Mr. O'BRIEN. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman who is the real author of this amendment.

Mr. O'BRIEN. Mr. Chairman, I rise in serious support of this amendment.

Mr. Chairman, a Coast Guard Auxiliarist is a volunteer. He receives neither compensation nor credit for retirement purposes. However, while on an authorized "in writing" mission their expenses are covered. If the auxiliarist is injured, the Coast Guard will pay his medical expenses but, if an auxiliarist becomes totally and permanently disabled from an injury sustained while on a Coast Guard mission, the law only allows for a $600 a month disability benefit.

Let me explain the inequity here. If a regular member of the Coast Guard were similarly injured or on an identical mission performing identical duties, the disability compensation would be three to four times greater than the above. This is quite a significant disparity between the two especially when the facts show that the auxiliarists make up approximately 81 percent of the Coast Guard. Obviously, the auxiliarists are relied upon heavily and are its key element in its excellent record in efficiency. There are numerous occasions when a search and rescue case would not have been pursued in a timely manner if it were not for the auxiliary. Much too often these days the Coast Guard has found itself unable to respond with its own personnel and assets because its equipment is too far away, committed to another mission or immobilized for repair and/or maintenance.

Let me state further that in the entire history of the auxiliary organization, only two men have become permanently and totally disabled. If this bill were enacted into law today, it would only apply to them. Their disability incomes would be raised from $7,200 a year to a GS-9, step 1 level or $19,477 a year. It would not provide for any retroactive compensation—only an increase in disability payments from the day the law is enacted.

I do not believe this is too much to ask for an individual who donates his service and equipment to the Government and in turn only asks for compensation at a reasonable rate if and only when he becomes totally and or permanently disabled—a rarity at that.

The Coast Guard is an organization of vital importance to the security of our Nation. The auxiliarists, one of the most outstanding and commendable groups of people in our Nation, do not ask much in return for what they give. Considering the value the public is getting from the auxiliarists, legislation of this sort is but a small token of our appreciation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alaska (Mr. YOUNG).

The amendment was agreed to.

● Mrs. SCHNEIDER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Kentucky (Mr. SNYDER) to reduce the authorization of the Coast Guard from $1.9 billion, approved by the Merchant Marine and Fisheries Committee, to $1.8 billion, a reduction of $100 million.

Mr. Chairman, this represents a $47.1 million reduction for operating expenses, a $50 million reduction for acquisition, construction, and improvements, and a $3.3 million reduction for research, development, testing, and evaluation.

These are cuts we can ill afford. In recent years, we have expanded the missions of the Coast Guard. We have mandated the Coast Guard to interdict illegal drugs and the Haitian refugees. We now rely on the Coast Guard to enforce our ocean dumping laws and to clean up oilspills. At the same time, we require the Coast Guard to continue its more traditional missions of search and rescue, ice breaking, promoting safety and security in ports and waterways, and maintaining readiness to function as part of the Navy in time of war.

Yet while mandating that the Coast Guard fulfill these and other responsibilities, we have not provided the Coast Guard with adequate funding. Our scrimping in previous years has forced the Coast Guard to reduce necessary vessel maintenance to the point that some ships are not able to provide their programed number of days at sea. Coast Guard personnel are undertrained for their required tasks and are forced to work excessive overtime.

Mr. Chairman, the $1.9 billion authorized by H.R. 2559 is not extravagant. It reflects a barebones budget which was arrived at after many hearings, debates, and compromises. Anything less will lead to a further deterioration in the effectiveness of the Coast Guard.

Mr. Chairman, I oppose the amendment by Mr. SNYDER to cut the authorization for the Coast Guard from the levels provided in H.R. 2559. I urge my colleagues to oppose this amendment.●

● Mr. MOFFETT. Mr. Chairman, the Coast Guard Research and Development Center in Groton, Conn., has contributed enormously not only to safety within U.S. territorial waters, but also to the environmental integrity of our oceans. The Center made an invaluable breakthrough for environmental protection when it discovered a means of detecting the source of individual oilspills. Before this development, the prosecution of those responsible for such spills was virtually impossible. The Coast Guard facility's method of fingerprinting oilspills has already generated revenue, in the form of fines from violators, equal to twice the $2.6 million cost of the research project itself. The excellent work of the Coast Guard Research Center continues, as it studies means of counteracting the effects of hazardous pollutants in the oceans.

Directives from David Stockman's Office of Management and Budget threaten to eliminate the Research and Development Center in Groton. It would be shortsighted and irresponsible for the Congress to allow this important facility to be dismantled. I urge all Members of the House of Representatives to support the amendment offered by my colleague from Connecticut (Mr. GEJDENSON) which will insure the continued operation of the Coast Guard Research and Development Center.●

● Mrs. SCHNEIDER. Mr. Chairman, I rise in support of final passage of H.R. 2559.

This bill authorizes our Coast Guard to continue its vital services to the American public. These services range from search and rescue missions, which protect human lives, to enforcement of U.S. fishery laws, which protect our valuable fishery resources. We now rely on the Coast Guard to enforce our ocean dumping laws and to clean up oilspills to protect our health and environment.

H.R. 2559 authorizes funding levels which, while parsimonious, will allow the Coast Guard to carry out its missions. This bill also authorizes an increased level of active duty personnel. This will help relieve some of the excessive overtime Coast Guard personnel have been required to work. Coast Guard personnel now average 110-hour workweeks. Finally, H.R. 2559 contains several provisions which will further increase the efficiency of our already cost efficient Coast Guard.

Mr. Chairman, I support H.R. 2559 and I urge my colleagues to do the same.●

The CHAIRMAN. Are there further amendments to the bill?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose, and the Speaker pro tempore (Mr. FOLEY) having assumed the Chair, Mr. BRINKLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2559) to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes, pursuant to House Resolution 276, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. STUDDS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 391, nays 2, not voting 40, as follows:

[Roll No. 360]

YEAS—391

Addabbo	Dannemeyer	Hagedorn
Akaka	Daschle	Hall (OH)
Albosta	Daub	Hall, Ralph
Alexander	Davis	Hall, Sam
Anderson	de la Garza	Hamilton
Andrews	Deckard	Hammerschmidt
Annunzio	DeNardis	Hance
Anthony	Derrick	Hansen (ID)
Applegate	Derwinski	Hansen (UT)
Archer	Dickinson	Harkin
Ashbrook	Dicks	Hawkins
Aspin	Dingell	Heckler
Atkinson	Dixon	Hefner
Badham	Dorgan	Heftel
Bafalis	Dornan	Hendon
Bailey (MO)	Dowdy	Hertel
Bailey (PA)	Downey	Hightower
Barnard	Dreier	Hiler
Barnes	Duncan	Hillis
Bedell	Dunn	Hollenbeck
Beilenson	Dwyer	Holt
Benedict	Dymally	Hopkins
Benjamin	Dyson	Horton
Bennett	Early	Howard
Bereuter	Eckart	Hoyer
Bethune	Edgar	Huckaby
Bevill	Edwards (AL)	Hughes
Bingham	Edwards (CA)	Hunter
Blanchard	Edwards (OK)	Hutto
Bliley	Emerson	Hyde
Boggs	Emery	Ireland
Boland	English	Jacobs
Boner	Erdahl	Jeffries
Bonker	Erlenborn	Jenkins
Bouquard	Ertel	Jones (NC)
Bowen	Evans (DE)	Jones (OK)
Breaux	Evans (GA)	Jones (TN)
Brinkley	Evans (IA)	Kastenmeier
Brodhead	Evans (IN)	Kazen
Broomfield	Fary	Kildee
Brown (CA)	Fascell	Kogovsek
Brown (CO)	Fazio	Kramer
Brown (OH)	Fenwick	LaFalce
Broyhill	Ferraro	Lagomarsino
Burgener	Fiedler	Lantos
Burton, Phillip	Fields	Latta
Butler	Findley	Leach
Byron	Fish	Leath
Campbell	Flippo	LeBoutillier
Carman	Florio	Lee
Carney	Foglietta	Lehman
Chappell	Foley	Leland
Chappie	Ford (MI)	Lent
Cheney	Ford (TN)	Levitas
Chisholm	Forsythe	Lewis
Clausen	Fountain	Livingston
Clay	Fowler	Loeffler
Clinger	Frenzel	Long (LA)
Coats	Fuqua	Long (MD)
Coelho	Gaydos	Lott
Coleman	Gejdenson	Lowery (CA)
Collins (IL)	Gephardt	Lowry (WA)
Collins (TX)	Gibbons	Lujan
Conte	Gilman	Luken
Conyers	Gingrich	Lundine
Corcoran	Ginn	Lungren
Coughlin	Glickman	Madigan
Courter	Gonzalez	Markey
Coyne, James	Goodling	Marlenee
Coyne, William	Gore	Marriott
Craig	Gradison	Martin (IL)
Crane, Daniel	Gramm	Martin (NC)
Crane, Philip	Green	Martin (NY)
D'Amours	Gregg	Matsui
Daniel, Dan	Grisham	Mavroules
Daniel, R. W.	Guarini	Mazzoli
Danielson	Gunderson	McClory

McCollum	Ratchford	Stangeland
McCurdy	Regula	Stanton
McDade	Reuss	Stark
McEwen	Rhodes	Staton
McGrath	Richmond	Stenholm
McHugh	Rinaldo	Stokes
Mica	Ritter	Stratton
Michel	Roberts (KS)	Studds
Mikulski	Roberts (SD)	Stump
Miller (CA)	Robinson	Swift
Miller (OH)	Rodino	Synar
Mineta	Roemer	Tauke
Minish	Rogers	Tauzin
Mitchell (MD)	Rose	Taylor
Mitchell (NY)	Rosenthal	Thomas
Moffett	Rostenkowski	Traxler
Molinari	Roth	Trible
Montgomery	Roukema	Udall
Moore	Rousselot	Vander Jagt
Moorhead	Roybal	Vento
Morrison	Rudd	Volkmer
Mottl	Sabo	Walker
Murtha	Santini	Wampler
Myers	Savage	Washington
Napier	Sawyer	Watkins
Natcher	Scheuer	Waxman
Neal	Schneider	Weaver
Nelligan	Schroeder	Weber (MN)
Nelson	Schulze	Weber (OH)
Nichols	Schumer	Weiss
Nowak	Seiberling	White
O'Brien	Sensenbrenner	Whitehurst
Oakar	Shamansky	Whitley
Oberstar	Shannon	Whittaker
Obey	Sharp	Whitten
Ottinger	Shaw	Williams (MT)
Oxley	Shumway	Williams (OH)
Panetta	Shuster	Wilson
Parris	Siljander	Winn
Pashayan	Simon	Wirth
Patman	Skeen	Wolf
Pease	Skelton	Wolpe
Pepper	Smith (AL)	Wortley
Perkins	Smith (IA)	Wyden
Petri	Smith (NE)	Wylie
Peyser	Smith (NJ)	Yates
Pickle	Smith (OR)	Yatron
Porter	Smith (PA)	Young (AK)
Price	Snowe	Young (FL)
Pritchard	Snyder	Young (MO)
Pursell	Solarz	Zablocki
Quillen	Solomon	Zeferetti
Railsback	Spence	
Rangel	St Germain	

NAYS—2

Johnston	Paul

NOT VOTING—40

AuCoin	Frost	McDonald
Beard	Garcia	McKinney
Biaggi	Goldwater	Moakley
Bolling	Gray	Mollohan
Bonior	Hartnett	Murphy
Brooks	Hatcher	Patterson
Burton, John	Holland	Rahall
Conable	Hubbard	Roe
Crockett	Jeffords	Russo
Dellums	Kemp	Shelby
Donnelly	Kindness	Walgren
Dougherty	Marks	Wright
Fithian	Mattox	
Frank	McCloskey	

□ 1650

The Clerk announced the following pairs:

Mr. Mattox with Mr. Jeffords.
Mr. Wright with Mr. Beard.
Mr. McDonald with Mr. Dougherty.
Mr. Russo with Mr. Kemp.
Mr. Shelby with Mr. McKinney.
Mr. Moakley with Mr. Goldwater.
Mr. Frost with Mr. Kindness.
Mr. Garcia with Mr. McCloskey.
Mr. AuCoin with Mr. Conable.
Mr. Hubbard with Mr. Frank.
Mr. Mollohan with Mr. Donnelly.
Mr. Murphy with Mr. Bonior of Michigan.
Mr. Roe with Mr. Dellums.
Mr. Rahall with Mr. Crockett.
Mr. Brooks with Mr. Fithian.
Mr. Biaggi with Mr. Hatcher.
Mr. John L. Burton with Mr. Gray.
Mr. Walgren with Mr. Holland.
Mr. Patterson with Mr. Hartnett.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1700

Mr. JONES of North Carolina. Mr. Speaker, pursuant to the provisions of House Resolution 276, I call up from the Speaker's table a similar Senate bill (S. 831) to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. JONES OF NORTH CAROLINA

Mr. JONES of North Carolina. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. JONES of North Carolina moves to strike out all the enacting clause of the Senate bill, S. 831, and to insert in lieu thereof the provisions of the bill, H.R. 2559, passed, as follows:

That funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1982 as follows:

(a) for the operation and maintenance of the Coast Guard, including expenses related to the Capehart housing debt reduction: $1,450,000,000;

(b) for the acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto: $425,000,000;

(c) for the alteration or removal of bridges over navigable waters of the United States, constituting obstructions to navigation: $17,500,000; and

(d) for research, development, test, and evaluation: $33,000,000, of which sufficient funds shall be made available to continue in operation a Coast Guard research and development center through the end of the 1982 fiscal year: *Provided*, That the Coast Guard submits its research, development, test, and evaluation program plan, including the continuation or operation of a research and development center, for Fiscal Year 1982 to the Committee on Merchant Marine and Fisheries of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate for approval prior to implementation.

SEC. 2. For fiscal year 1982, the Coast Guard is authorized an end-of-year strength for active duty personnel of 42,224. This end-of-year strength shall not include members of the Ready Reserve called to active duty under the authority of section 712 of title 14, United States Code.

SEC. 3. For fiscal year 1982, average military training student loads for the Coast Guard are authorized as follows:

(a) recruit and special training: 3,660 student-years;

(b) flight training: 118 student-years;

(c) professional training in military and civilian institutions: 655 student-years; and

(d) officer acquisition: 1,038 student-years.

SEC. 4. The Act of March 4, 1915, c. 143, §1 (38 Stat. 1084), as amended (31 U.S.C. 686), is amended by inserting "United States Coast Guard," in the first proviso after "Federal Aviation Administration," and before "and".

SEC. 5. Title 14, United States Code, is amended as follows:

(a) Subsection (a) of section 41a is amended to read as follows:

"(a) The Secretary shall maintain a single active duty promotion list of officers of the Coast Guard on active duty in the grades of ensign and above. Reserve officers on active duty, other than pursuant to an active duty agreement executed under section 679 of title 10, United States Code, retired officers, and officers of the permanent commissioned teaching staff of the Coast Guard Academy shall not be included on the active duty promotion list.".

(b) Subsection (d) of section 41a is amended by striking the word "extended".

(c) Section 41a(b) is amended by striking the period at the end of the second sentence and substituting ", except that the rear admiral serving as Chief of Staff shall be the senior rear admiral for all purposes other than pay.".

(d) Section 290(a) is amended by inserting "or in the position of Chief of Staff" in the second sentence immediately after the words "vice admiral".

(e) Section 711 is amended by striking the first sentence.

(f) Item 711 in the analysis of chapter 21 is amended to read as follows:

"711. Exclusiveness of service.".

(g) Section 93(p) is amended by inserting the following clause after the phrase "of such lines and cables,": "including the installation and use of telephones in residences leased or owned by the Government of the United States when appropriate to assure efficient response to extraordinary operational contingencies of a limited duration,".

SEC. 6. The Act of October 3, 1980 (94 Stat. 1509) is amended as follows:

(a) In paragraph (1) of the first section by striking "$1,248,367,000;" and substituting "$1,337,207,000;".

(b) In section 2 by striking "39,000:" and substituting "39,819:".

SEC. 7. Before the close of fiscal year 1982, the Commandant of the Coast Guard shall carry out a study to determine if the use of cycloidal propulsion systems in appropriate types of Coast Guard vessels will result, at reasonable cost, in operating characteristics that are superior to those that can be obtained with propeller systems. The Commandant shall submit a copy of such study to the Committee on Merchant Marine and Fisheries of the House of Representatives together with his recommendation regarding whether vessels equipped with cycloidal propulsion systems should be considered for future Coast Guard procurement.

SEC. 8. (a) The original and periodic inspections or examinations of a vessel documented or to be documented as a vessel of the United States, both in the United States and in foreign countries, may be delegated to the maximum extent practicable by the Secretary of the department in which the Coast Guard is operating to the American Bureau of Shipping, or similar American classification society, or agent thereof, who may issue certificates of inspection, attesting to compliance with existing Coast Guard regulations, and such other certificates as are essential to documentation.

(b) The Secretary of the department in which the Coast Guard is operating may also contract or enter into agreements with or utilize the American Bureau of Shipping,

or similar American classification society for the review and approval of vessel hull, machinery, piping, and electrical plans.

(c) The Secretary of the department in which the Coast Guard is operating shall report to the Congress on the implementation of the foregoing provisions within 6 months of the date of enactment of this Act and annually thereafter for 3 years. Such report shall include the views of the affected industry on the implementation of these provisions.

SEC. 9. Nothing in this Act shall be construed to authorize or provide funds for removing facilities of Coast Guard Group Port Angeles from Ediz Hook.

SEC. 10. Paragraphs (1) and (2) of section 104 of the Vessel Documentation Act (Public Law 96-594, 94 Stat. 3453) are amended to read as follows:

"(1) an individual who is a citizen of the United States, or an association, trust, joint venture, or other entity capable of holding title to a vessel, under the law of the United States, or any State, territory, or possession thereof, or of the District of Columbia, or the Commonwealth of Puerto Rico, all of the members of which are citizens of the United States;

"(2) a partnership whose general partners are citizens of the United States, and the controlling interest in the partnership is owned by citizens of the United States."

SEC. 11. (a) The third sentence of section 707(a) of title 14, United States Code, is amended to read as follows: "For benefit computation, regardless of pay or pay status, the member is considered to have had monthly pay of the monthly equivalent of the minimum rate of basic pay in effect for grade GS-9 of the General Schedule on the date the inquiry is incurred.".

(b) The amendment made by subsection (a) shall apply only with respect to payments for benefits under section 707(a) of title 14, United States Code, for months beginning on or after the date of the enactment of this Act.

SEC. 12. Subsection (a) of section 475 of title 14, United States Code, is amended by inserting after the first sentence thereof the following new sentences: "The Secretary is also authorized to lease housing facilities for assignment as public quarters, without rental charge, to military personnel who are on sea duty or duty at remote offshore Coast Guard stations and who do not have dependents; and such authority shall be effective of any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.".

SEC. 13. (a) The Congress, in recognition of the heroic efforts that resulted in the saving, under extremely adverse conditions, of the lives of all 510 passengers aboard the motor vessel Prinsendam which caught fire off the coast of Alaska on October 4, 1980, hereby honors and expresses its thanks to the members of the United States Coast Guard, the individuals of the United States and Canadian Air Forces, and the crew of the tanker Williamsburg and all others who participated directly in this valiant undertaking, as well as the crew of the Prinsendam.

(b) The Commandant of the United States Coast Guard shall determine the names and addresses of those individuals honored under subsection (a), and provide the names and addresses to the Clerk of the House who shall convey in appropriate language the appreciation of Congress to each such individual for his or her actions in connection with the Prinsendam rescue.

SEC. 14. Notwithstanding any other provision of law, the fiscal 1982 end of year civilian personnel strength of the Coast Guard shall be at least 5,484.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill (H.R. 2559), was laid on the table.

AUTHORIZING CLERK TO CORRECT SECTION NUMBERS, CROSS REFERENCES, AND PUNCTUATION MARKS IN ENGROSSMENT OF HOUSE AMENDMENT TO S. 831

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that in the engrossment of the House amendment to the Senate bill, S. 831, the Clerk be authorized to correct section numbers, cross references, and punctuation marks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina (Mr. JONES)?

There was no objection.

TO SUBCOMMITTEE ON COAST GUARD—"WELL DONE"

(Mr. JONES of North Carolina asked and was given permission to address the House for 1 minute.)

Mr. JONES of North Carolina. Mr. Speaker, at this time I would like to commend the chairman of the subcommittee, the gentleman from Massachusetts (Mr. STUDDS), for a job well done, as well as other members of the subcommittee, and the ranking minority member and the staff for the hard work they have put into this bill, the results of which the Members just saw on the voting tally. I am very pleased with that which they have done.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the Senate bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4503, FEDERAL WATER POLLUTION CONTROL ACT AMENDMENTS OF 1981

Mr. NOWAK. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation may have until midnight tonight, December 14, 1981, to file the conference report on the bill (H.R. 4503), to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO HAVE UNTIL 5 P.M., DECEMBER 31, 1981, TO FILE REPORTS ON H.R. 3620, H.R. 3637, AND H.R. 4627

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries may file its reports on H.R. 3620, H.R. 3637, and H.R. 4627 after the House adjourns, and to have until 5 p.m., December 31, 1981, to file said reports.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST THE CONFERENCE REPORT ON S. 884, AGRICULTURE AND FOOD ACT OF 1981

Mr. BEILENSON, from the Committee on Rules, submitted a privileged report (Rept. No. 97-407) on the resolution (H. Res. 303) waiving certain points of order against the conference report on the Senate bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes, which was referred to the House Calendar and ordered to be printed.

PROVIDING FOR CONSIDERATION OF H.R. 4700, STANDBY PETROLEUM EMERGENCY AUTHORIZATION ACT OF 1981

Mr. BEILENSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 288 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move, section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4700) to amend the Energy Policy and Conservation Act to authorize the President to control oil supplies and prices in the event of a severe petroleum supply interruption, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the

chairman and ranking minority member of the Committee on Energy and Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Energy and Commerce now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and said substitute shall be read for amendment by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 4700, it shall be in order to consider, section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, the bill S. 1503 in the House, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 4700 as passed by the House.

The SPEAKER pro tempore. The gentleman from California (Mr. BEILENSON) is recognized for 1 hour.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Arizona (Mr. RHODES), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 288 is an open rule which provides for the consideration of H.R. 4700, the Standby Petroleum Emergency Authority Act of 1981. The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Energy and Commerce.

The rule further provides that the amendment in the nature of a substitute recommended by the Committee on Energy and Commerce now printed in the bill be considered as original text for purpose of amendment and that the amendment shall be read by titles instead of by sections. In addition, the rule waives points of order against the bill for failure to comply with the provisions of section 402(a) of the Congressional Budget Act which prohibits the consideration of any bill which authorizes the enactment of new budget authority for a fiscal year unless that bill has been reported on or before May 15 preceding the beginning of such fiscal year. The bill requires a report to be prepared by the President for submission to the Congress on an emergency preparedness plan and the waiver is necessary to authorize the preparation of the report since this bill was not reported by the Energy Committee until December 3 of this year.

The rule also provides that upon conclusion of consideration of the bill for amendment, any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. A motion to recommit with or without instructions is also provided in the rule.

Finally, the rule waives points of order against the consideration of S. 1503, the Senate companion measure to H.R. 4700, for failure to comply with the provisions of section 402(a) of the Budget Act and provides that it shall be in order to consider that bill in the House. House Resolution 288 provides that it shall be in order in the House to strike out all after the enacting clause of the Senate bill and to insert in lieu thereof the provisions of H.R. 4700 as passed by the House.

Mr. Speaker, the provisions of this bill replace the Emergency Petroleum Allocation Act which was originally passed by the Congress during the energy crisis of 1973 and which expired on September 30 of this year. The Standby Petroleum Emergency Authority Act requires the President to develop a standby oil allocation plan and grants him the discretion to promulgate mandatory price and allocation regulations any time during the 3-year life of the act. Both types of regulations would be subject to congressional review and would be effective only during periods designated by the President at times of severe petroleum supply disruption.

Mr. Speaker, I know of no controversy on the rule and I would urge my colleagues to adopt the rule so that we may proceed to the consideration of H.R. 4700.

□ 1710

Mr. RHODES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 288, as the gentleman from California so ably stated, provides an open rule for consideration of H.R. 4700, the standby petroleum authorization, which authorizes a standby program for the allocation and price controls of crude oil and petroleum products. I am absolutely opposed to this rule for the following reasons.

First, I do not believe the House should be adopting rules for the consideration of additional legislation, particularly controversial legislation, at this point in time. Such action will only exacerbate the time constraints facing us at the end of this session and will result in haste and poor legislation. It is not wise, and I do not think it is even proper to consider a rule under these considerations.

Further I am opposed to the legislation which this rule allows to be considered. Previous experience with petroleum allocation and price controls, twice tried and twice failed, has demonstrated that rather than insuring equity and supply, they make a difficult situation worse by locking the Nation into a bureaucratically imposed, inflexible system.

Moreover, the existence of such a program, even on a standby basis, tends to make the Nation less prepared to deal with a disruption in supply. These controls would act as a strong disincentive for conservation and oil stockpiling, and the securing of long-term contracts between producers and independent suppliers which, along with the stragetic petroleum reserve, are the most effective means of protecting the Nation against future energy supply disruptions.

H.R. 4700, by maintaining an elaborate system of entitlements to priority allocations of oil, would benefit special interest groups while the average American consumer waits endlessly in gasoline lines.

Standby controls scare people. They scare them into raising prices because they feel that the standby controls might be someday imposed and they want to have a price base as high as possible just in case they will be imposed.

So, a standby price control system is actually a self-fulfilling prophesy. It causes prices to rise, which then makes it seem necessary to impose some sort of Federal action. Allocations and price controls are not in the best interests of the Nation, and they should not be undertaken, certainly not at this time.

Also, adequate authority already exists under the Energy Policy and Conservation Act and other laws to deal with energy emergencies.

Mr. Speaker, we do not need additional legislation on our agenda at this time, and I do not believe we need the legislation in question. Consequently, I urge a no vote on this rule, and as one member of the Rules Committee, I can serve notice right now that I do not intend to support any more rules unless they are on conference reports or on some legislation which obviously has a chance to become law, or on which there is some emergency involved.

In past years the Rules Committee would close down at an appropriate time prior to the adjournment on sine die of any session of the Congress. That was a very sensible rule, and we need to go back to it. I sincerely hope that the chairman of the Rules Committee and our leadership on the majority side will take my advice, for whatever it is worth, and be certain that if other rules are called up, they will be opposed. Loading up our agenda at this time is not a responsible way to proceed.

Again, Mr. Speaker, I urge a "no" vote on this rule.

Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes for the purpose of debate only to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Speaker, I rise in support of the rule and in support of the legislation. The need to have emergency legislation in the event of a cutoff of oil is urgent, it is vital. We certainly ought to act on it before we leave, because at any time an oil supply emergency could well take place. Indeed, we are facing a very great prospect of a cutoff of Libyan supplies at the present time. To say that we are going to leave a severe energy supply emergency to the marketplace and not have any tools in hand to be able to cope with a supply emergency is just foolish.

The price of oil in the case of a cutoff by one or more major suppliers would skyrocket, and we would face a situation where critical users within our society might well not have the supplies of oil that they need to keep hospitals going, to keep essential public services going, to keep our transportation system going, to keep our farms running and producing food and for many other vital services within our society.

The legislation before us is the mildest legislation one could imagine. It gives the President maximum flexibility, but it does require him to address the issue.

Mr. RHODES. Mr. Speaker, will the gentleman yield.

Mr. OTTINGER. I will be glad to yield.

Mr. RHODES. I just want to ask if it is not the situation that in existing law, under emergency powers, the President can act to allocate scarce supplies and control?

Mr. OTTINGER. I think not. The gentleman from Indiana will be able to address that question more directly.

Mr. RHODES. Would the gentleman yield to the gentleman from Indiana for that purpose?

Mr. OTTINGER. I yield.

Mr. SHARP. Mr. Speaker, I appreciate the gentleman yielding. The fact is that there are a number of authorities on the books. The difficulty is, they are not clear, comprehensive, and coherent, and it is very likely that if the President tried to act under some of these authorities, he would find himself in court challenged by various private interests.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. BEILENSON. Mr. Speaker, I yield 3 additional minutes to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for his generosity.

As I understand it, there is no provision at the present time for either allocation of supplies or for price controls. I find fault with this legislation because I think there ought to be some standby provisions which would not have to go into effect only upon arrival of emergency conditions, and which this President is clearly not inclined to use except in the severest of emergencies, but the standby authorities and requirement that these matters be thought through, ought to be in place.

I would like to endorse very strongly the separate views that were provided in the report on this legislation by the gentleman from Connecticut (Mr. MOFFETT) and the gentleman from Massachusetts (Mr. MARKEY), in which they point out their concern that H.R. 4700 provides authorities for use only at a time of severe petroleum supply disruption. There are many things that ought to be thought out in advance that could prevent a crisis if they were put into effect, such as refinery controls, inventory management, limited crude sharing. These could solve supply problems before public panic hits, and could forestall more serious disruptions, and kinds of price escalations that inevitably come.

H.R. 4700 provides too little guidance to the President as to what measures should be included in the contingency plan. The only requirement is that the emergency plan include a crude sharing measure. It could ignore measures such as inventory controls—labeled by the General Accounting Office as the single most important emergency measure—standby price and allocation controls, required by the Senate-passed bill; antihoarding provisions; coordination with existing authorities; information collection and a number of other matters, one of the most important of which is some kind of protection for dealers to be provided nondiscriminatory protection in the event of a shortage. Unlike the Senate bill, H.R. 4700 does not include language requiring that refiners receiving protection provide nondiscriminatory treatment to their customers. This language is critical in assuring that retailers and end users are treated fairly. It is exceedingly important.

□ 1720

I understand it is the intention of the gentleman from Indiana (Mr. SHARP) that these matters are covered in this legislation. I hope some of the more explicit Senate protections will be adopted in conference.

I just would like to express my hope that the President in implementing this legislation, will, indeed, follow-through thoroughly and carefully in doing advance planning to cope with a future energy supply emergency.

At the bottom line, I think this is the minimum legislation that is required and that it is tremendously urgent that we pass it.

Let me give my colleagues a word of due warning: The chance of an oil supply emergency in the next few years is great. Any Member who votes against this limited authority can expect to be blamed, in the event of emergency for failure to authorize the emergency planning necessary to cope with the emergency.

Mr. BEILENSON. I thank the gentleman from New York for his supporting comments. I would point out to our colleagues a very similar bill, S. 1503, was passed by the other body about 6 weeks ago by a vote of 85 to 7, so there is every likelihood, apparently, of a conference committee report being reported back to this House later this week.

I have no further requests for time under the resolution.

Mr. RHODES. Mr. Speaker, I yield myself 1 additional minute.

Mr. Speaker, I take this minute to quote from a letter of July 23, 1981, from the Office of the Secretary of Energy signed by the Honorable James B. Edwards. He says these words:

> The administration believes that in the event of future energy supply interruptions it possesses sufficient authorities, without resorting to price and allocation controls, to respond rapidly and effectively if some level of Federal intervention is necessary.

Again I repeat, in my opinion the worst possible response would be allocations and price controls. I feel that the Secretary of Energy and the President of the United States probably agree with that.

The administration is against this bill. There were various minority reports against the bill. It is extremely controversial. In my opinion it should not have been brought up but since it is I hope that we may find in our hearts to vote no on the rule and not waste the time of the House in debating a bill which will not become law.

Mr. Speaker, I yield back the balance of my time.

Mr. BEILENSON. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. RHODES. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 272, nays 113, not voting 48, as follows:

[Roll No. 361]

YEAS—272

Addabbo	Ford (MI)	Neal
Akaka	Ford (TN)	Nelligan
Albosta	Fountain	Nelson
Alexander	Fowler	Nichols
Anderson	Frenzel	Nowak
Andrews	Fuqua	Oakar
Annunzio	Gaydos	Oberstar
Anthony	Gejdenson	Obey
Aspin	Gephardt	Ottinger
Atkinson	Gibbons	Panetta
Bailey (MO)	Gilman	Parris
Bailey (PA)	Ginn	Patman
Barnard	Glickman	Pease
Barnes	Gonzalez	Pepper
Bedell	Gore	Perkins
Beilenson	Green	Peyser
Benedict	Grisham	Pickle
Benjamin	Guarini	Price
Bennett	Gunderson	Railsback
Bereuter	Hall (OH)	Rangel
Bevill	Hall, Ralph	Ratchford
Bingham	Hall, Sam	Regula
Blanchard	Hamilton	Reuss
Boggs	Hance	Richmond
Boland	Harkin	Rinaldo
Boner	Hawkins	Roberts (KS)
Bonior	Heckler	Roberts (SD)
Bonker	Hefner	Rodino
Bouquard	Heftel	Roemer
Bowen	Hertel	Rogers
Breaux	Hightower	Rosenthal
Brinkley	Hollenbeck	Rostenkowski
Brodhead	Horton	Roth
Brown (CA)	Howard	Roukema
Burton, Phillip	Hoyer	Roybal
Byron	Huckaby	Santini
Carman	Hughes	Savage
Carney	Hutto	Scheuer
Chappell	Jacobs	Schneider
Chisholm	Jeffords	Schroeder
Clay	Jenkins	Schumer
Coats	Jones (NC)	Seiberling
Coelho	Jones (OK)	Shamansky
Coleman	Jones (TN)	Shannon
Collins (IL)	Kastenmeier	Sharp
Conte	Kazen	Simon
Conyers	Kildee	Skelton
Coughlin	Kogovsek	Smith (IA)
Coyne, William	LaFalce	Smith (NJ)
Crane, Philip	Leach	Smith (PA)
D'Amours	LeBoutillier	Snowe
Danielson	Lee	Snyder
Daschle	Lehman	Solarz
Daub	Leland	Solomon
de la Garza	Lent	St Germain
Deckard	Levitas	Stangeland
Derrick	Lewis	Stark
Dickinson	Long (LA)	Stenholm
Dicks	Long (MD)	Stokes
Dingell	Lowry (WA)	Stratton
Dixon	Lujan	Studds
Dorgan	Luken	Swift
Dowdy	Lundine	Synar
Duncan	Markey	Tauke
Dwyer	Marks	Tauzin
Dymally	Marlenee	Traxler
Dyson	Martin (IL)	Udall
Early	Martin (NY)	Vander Jagt
Eckart	Matsui	Vento
Edgar	Mavroules	Volkmer
Edwards (AL)	Mazzoli	Wampler
Edwards (CA)	McCurdy	Washington
Edwards (OK)	McDade	Watkins
Emerson	McGrath	Weaver
Emery	McHugh	Weber (MN)
English	Mica	Weiss
Erdahl	Mikulski	White
Ertel	Miller (CA)	Whitley
Evans (DE)	Miller (OH)	Whittaker
Evans (IA)	Mineta	Whitten
Evans (IN)	Minish	Wilson
Fary	Mitchell (MD)	Wirth
Fascell	Mitchell (NY)	Wolpe
Fazio	Molinari	Wortley
Ferraro	Mollohan	Wyden
Fiedler	Montgomery	Yates
Fish	Moore	Yatron
Flippo	Mottl	Young (MO)
Florio	Murtha	Zablocki
Foglietta	Napier	Zeferetti
Foley	Natcher	

NAYS—113

Applegate	Gradison	Paul
Archer	Gramm	Petri
Ashbrook	Gregg	Porter
Bafalis	Hagedorn	Pritchard
Bethune	Hammerschmidt	Pursell
Bliley	Hansen (ID)	Quillen
Broomfield	Hansen (UT)	Rhodes
Brown (CO)	Hendon	Ritter
Brown (OH)	Hiler	Robinson
Broyhill	Hillis	Rousselot
Burgener	Holt	Rudd
Butler	Hopkins	Sawyer
Campbell	Hunter	Schulze
Chappie	Hyde	Sensenbrenner
Cheney	Ireland	Shaw
Clausen	Jeffries	Shumway
Clinger	Johnston	Siljander
Collins (TX)	Kramer	Skeen
Corcoran	Lagomarsino	Smith (AL)
Courter	Latta	Smith (NE)
Coyne, James	Leath	Smith (OR)
Craig	Livingston	Spence
Daniel, Dan	Loeffler	Stanton
Daniel, R. W.	Lott	Staton
Dannemeyer	Lowery (CA)	Stump
Derwinski	Lungren	Taylor
Dornan	Madigan	Thomas
Dreier	Martin (NC)	Trible
Dunn	McClory	Walker
Erlenborn	McCollum	Weber (OH)
Evans (GA)	McEwen	Whitehurst
Fenwick	Michel	Williams (OH)
Fields	Moorhead	Winn
Findley	Morrison	Wolf
Forsythe	Myers	Wylie
Gingrich	O'Brien	Young (AK)
Goldwater	Oxley	Young (FL)
Goodling	Pashayan	

NOT VOTING—48

AuCoin	Fithian	McKinney
Badham	Frank	Moakley
Beard	Frost	Moffett
Biaggi	Garcia	Murphy
Bolling	Gray	Patterson
Brooks	Hartnett	Rahall
Burton, John	Hatcher	Roe
Conable	Holland	Rose
Crane, Daniel	Hubbard	Russo
Crockett	Kemp	Sabo
Davis	Kindness	Shelby
Dellums	Lantos	Shuster
DeNardis	Marriott	Walgren
Donnelly	Mattox	Waxman
Dougherty	McCloskey	Williams (MT)
Downey	McDonald	Wright

□ 1750

The Clerk announced the following pairs:

Mr. Lantos with Mr. Dougherty.
Mr. Wright with Mr. Badham.
Mr. AuCoin with Mr. Kemp.
Mr. Brooks with Mr. McKinney.
Mr. Crockett with Mr. Shuster.
Mr. McDonald with Mr. Marriott.
Mr. Moffett with Mr. Kindness.
Mr. Patterson with Mr. Hartnett.
Mr. Walgren with Mr. McCloskey.
Mr. Rose with Mr. Davis.
Mr. Murphy with Mr. DeNardis.
Mr. Williams of Montana with Mr. Beard.
Mr. Moakley with Mr. Conable.
Mr. Roe with Mr. Fithian.
Mr. Waxman with Mr. Frost.
Mr. Rahall with Mr. Downey.
Mr. Mattox with Mr. Hubbard.
Mr. Garcia with Mr. Gray.
Mr. Russo with Mr. Frank.
Mr. Shelby with Mr. Hatcher.
Mr. Sabo with Mr. Holland.
Mr. Biaggi with Mr. John L. Burton.
Mr. Donnelly with Mr. Dellums.

Mr. MADIGAN and Mr. LOWERY of California changed their votes from "yea" to "nay."

Mr. EMERSON, Mrs. SCHNEIDER, and Mr. WEBER of Minnesota changed their votes from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

(Mrs. MARTIN of Illinois asked and was given permission to address the House for 1 minute.)

Mrs. MARTIN of Illinois. Mr. Speaker, I was unavoidably detained this morning and therefore missed rollcalls No. 357 and 358. Had I been present, I would have voted "aye" on both rollcalls.

STANDBY PETROLEUM EMERGENCY AUTHORITY ACT OF 1981

Mr. SHARP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4700) to amend the Energy Policy and Conservation Act to authorize the President to control oil supplies and prices in the event of a severe petroleum supply interruption, and for other purposes.

The SPEAKER pro tempore (Mr. FOLEY). The question is on the motion offered by the gentleman from Indiana (Mr. SHARP).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4700, with Mr. SMITH of Iowa in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Indiana (Mr. SHARP) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. CORCORAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, on September 30, 1981, the Emergency Petroleum Allocation Act of 1973 (EPAA) expired. With its expiration, the President lost his broad standby authority to impose oil price or allocation controls in a severe oil import emergency.

The purpose of H.R. 4700 is to provide flexible new standby authority to help meet an oil crisis.

The provisions of H.R. 4700 grant discretionary, emergency price and allocation powers to the President. Controls on crude oil and refined products could be imposed only by the Presi-

dent, only during a severe oil import crisis. Controls could last only for 150 days at most. Congress enjoys a one-House veto review over any Presidential decision to use controls. General guidelines for the President's discretion are set out, urging consideration of oil needs of vulnerable sectors such as agriculture, home heating, energy production, independent marketers, and refineries, transportation, and public services like fire and police protection.

The President could not use these standby powers to impose coupon gas rationing, or to boost oil prices with surcharges, duties, and fees. And he cannot allocate certain oil stockpiles held by end-users.

The bill's standby authority to allocate oil expires on December 31, 1984.

Finally, a new drawdown plan for the strategic petroleum reserve (SPR) must be submitted in 6 months. And Congress would gain one-House veto review power over any future drawdown of SPR oil.

Certain international energy program authorities would also be extended until 1985.

By enacting suitable legislation now, during the current worldwide glut of oil, the Congress can act while stocks are relatively high, and passions are low. And there is time for us to make preparations.

Mr. Chairman, there are a number of reasons why we ought to act. First, the United States remains extremely vulnerable to an oil import disruption and will remain vulnerable for the foreseeable future.

Second, existing authorities do not provide clear, comprehensive, and flexible powers to control oil supplies if they are needed to prevent catastrophic consequences for agricultural producers; oil-dependent electric utilities; essential public services such as hospitals, police, and fire protection; and some refineries; the needs of home-heating oil consumers; and other vulnerable sectors.

Third, the use of comprehensive Federal authorities could prevent a maze of conflicting responses to a severe crisis by 50 different States.

Fourth, broad, discretionary, and flexible legislation could be restricted by the President to only those severe disruptions where some action was clearly warranted.

Fifth, standby controls, though hardly an ideal solution to an extended crisis, could give the President an extra option in an uncertain and dangerous world: In light of the other less-than-ideal options—such as complete reliance on the free market, military intervention in the Mideast, or reliance on limited and declining private stocks or on a strategic petroleum reserve that is about 70 percent empty.

Mr. Chairman, this is not intended to the be-all and end-all of an emergency response program. Our Government has available to it the ability to require fuel switching, the ability to engage in demand restraint or conservation measures, the ability to engage in various social ordering mechanisms.

Mr. Chairman, this is only one of the possible arrows that is necessary in the Presidential quiver.

While the EPAA has expired, there has been no fundamental change in the underlying circumstances that led to the EPAA—the significant dependence of the United States on large quantities of imported oil, and the continuing turmoil in the Mideast, which remains a major supply of oil for both the United States and its heavily import-dependent allies in Japan and Europe.

□ 1750

Despite the commendable recent declines in U.S. oil imports, the Nation still imports about one-third of its total petroleum needs. During October of 1981, for example, 5 million barrels per day out of a total U.S. consumption of 15.8 million barrels per day were imported. And this Nation's chief allies remain far more dependent on Middle Eastern oil and reinvested petrodollars than is the United States. The result is that under current oil sharing agreements among the United States and its allies, a large shortfall in U.S. imports could even be magnified as the remaining uninterrupted U.S. imports, and even domestic U.S. oil supplies, are allocated abroad to alleviate worse shortages in Japan and Europe.

Finally, as the administration reported to Congress and testified during hearings on this measure, a severe disruption "remains a very likely possibility * * * there is a substantial chance that a large cutoff will occur sometime in the next decade * * * and allocation measures could be warranted in a severe crisis to ensure that essential functions and services continue"—of the administration.

Mr. Chairman, this legislation has garnered widespread support. A similar measure has passed the U.S. Senate, the other body, S. 1503, by a vote of 85 to 7.

The full Energy and Commerce Committee passed the measure before us by a 2-to-1 vote.

It has won bipartisan support, Mr. Chairman, and I urge my colleagues today to adopt the measure.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. SHARP. I would be happy to yield to the gentleman from Indiana.

Mr. HUCKABY. Mr. Chairman, I wonder if the gentleman could explain to me what is the significant shortfall and who determines when a significant shortfall occurs?

Mr. SHARP. The President will determine the shortfall; however, his implementation will not occur without the approval of Congress. There will be a 15-day delay in which the Congress has the right to veto if he decides to implement. If it is a situation in which we realize that he must act immediately, a concurrent resolution could be passed by Congress and avoid the 15-day delay.

The problem is, no one has been able to come up with a trigger mechanism that objectively can be determined as to what the situation actually is in the marketplace and therefore write it into law and say that at 2 million barrels or 1 million barrels a day you shall have such authority. Most of the people who testified before our committee recommended that it ought to be at the discretion of the President, with a check on that power in the hands of the Congress.

Mr. HUCKABY. But surely the gentleman must have some parameters in mind. Is the gentleman talking in the neighborhood of 5- to 20-percent shortfall?

Mr. SHARP. Well, I think any time you get into a million barrels of oil a day shortage, you are beginning to have problems in this country.

Now, the fact is, however, you may have problems in a region and that is one of the reasons to leave this to the President's discretion. It is quite possible that all the President would ever want to do under this act is issue one order to a major oil producer to supply an independent refiner in a part of the country that is not, for one reason or another, being served; so it might be a very limited response to a situation that one would not want to develop into a major oil crisis.

Mr. CORCORAN. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, let me say at the outset, I am in strong opposition to H.R. 4700. During the course of this debate I think that the opponents of this legislation will be able to spell out in considerable detail the reasons why we think that this proposal, emanating from our committee, is ill advised.

First of all, in that respect, I would like to call the attention of the Committee of the Whole House to the current figures with respect to the U.S. dependence on foreign oil. We checked this earlier this afternoon with the Department of Energy in order to be as current as we possibly could be. Their data indicated that in 1981 we are relying on foreign imports for 33 percent of our oil. In contrast, during 1977 we had to rely on foreign imports for 47 percent of our oil. OPEC oil is now accounting for only 20 percent of our total oil demand. And, furthermore, whereas OPEC oil accounted for 72 percent of our imported oil in 1977, OPEC oil now accounts for only 62 percent of our imported oil.

The point is that the recent trend certainly indicates that the United States is becoming less and less reliant on foreign imported oil, especially OPEC oil; so those who would justify this legislation on the grounds that we have to have it in order to counter the dependence that we had at one time, on OPEC oil, can no longer, in my judgment, develop the facts to support their case.

Second, with respect to the general legislation, I want to make one comment.

The impression that this legislation has created, and I want to commend the sponsors for the superb lobbying job they have done on this, is that we are going to give the President of the United States the authority to develop a plan because we have to have an emergency preparedness plan in the event of a shortage; but the facts are quite otherwise and those who will take the time to read H.R. 4700 will find that we are not just asking the President to develop a plan and send that so-called emergency preparedness plan to the Congress for approval, we are not asking the President simply to send to us his plan and be in a position through various procedures and evaluation stages to comment or perhaps change that plan, but rather, we are telling the President of the United States that in the event of a shortage, there is only one plan, there is only one option that you can exercise and that is the option that we have tried before, that is the option of price and allocation controls. I think it is instructive in this regard to call to the attention of the members of the committee section 273 of the legislation, because it spells out all the things the President cannot exercise in developing that emergency preparedness plan. So, in fact, what we are saying is that the U.S. response to a shortage has to be price and allocation controls.

Mr. Chairman, we have tried that before. The expired Emergency Petroleum Allocation Act with its release on price and allocation controls made a good deal worse the shortages that we had back in 1973 and 1974 as well as in 1979. We do not need to repeat those mistakes.

I would hope that the members of the committee would reject H.R. 4700.

Mr. Chairman, I yield 5 minutes to our distinguished friend, the gentleman from Ohio (Mr. BROWN) who will give us the details about what went wrong in the EPAA and what we do not want to see happen again.

Mr. BROWN of Ohio. Mr. Chairman, as my colleagues know, the Emergency Petroleum Allocation Act of 1973 expired on September 30 of this year; and with it expired the authority of the President to control the prices and the allocation of crude oil and petroleum products: The tried-twice and failed-twice ideas of the past. Controls on prices and on allocations were in effect during both the 1973 oil embargo and during the shortfall in 1979 precipitated by the Iranian revolution. Both times, the evidence now clearly shows, these Federal regulations made matters worse.

But more importantly, the expiration of the EPAA will come at a time when this Nation is far more prepared to weather an energy emergency than ever before. Let me explain.

Since this administration took office, the strategic petroleum reserve has been filled at an aggressive rate with a record of 16 million barrels of oil put in the fill during the month of May 1981 alone, an average of 513,000 barrels a day that month. The SPR office at DOE has informed me that since President Reagan took office the average daily fill has been between 300,000 and 400,000 barrels a day, not as great as in May, but a far cry from the previous rate of fill during the previous administration, which only under congressional pressure brought the rate of fill from zero barrels a day to 100,000 a day.

We did not, however, have a strategic petroleum reserve when we wrote the EPAA. So perhaps when we wrote the EPAA we had the excuse of, if not ignorance, then innocence, or if not innocence, then an overconfidence in this Congress and in the Federal Government. We do not have those excuses today. We ought to be wise enough now to not make the same mistakes we made before.

How can I be so sure that any bill, no matter how simple, is predestined to evolve into another complicated EPAA, with a long and growing list of priorities? Because that is exactly what happened to EPAA itself and is what has happened to this bill in the U.S. Senate and has happened here.

Mr. Chairman, if you and my colleagues would permit a short history of how we first got into price and allocation controls, that might shed enough light to keep us out of the dark this time.

During the Arab oil embargo in 1973, the price controls on petroleum, imposed under the wage and price freeze pursuant to the Economic Stabilization Act of 1970, turned a modest decrease in world oil supplies into a major product distribution crisis in the United States because prices were unable to rise under the price controls, a shortage of product, especially motor gasoline, developed. This shortage led to long gasoline lines and new legislation, the EPAA. Since the price freeze authority had failed, it was believed by many that a scheme of general price and allocation regulations would solve a future crisis and also help to keep consumer prices low.

□ 1800

Mr. Chairman, the EPAA began with the bill, S. 1570, introduced by Senator JACKSON on April 13, 1973, entitled "The Emergency Fuels and Energy Allocation Act of 1973."

It was four pages short.

It granted broad discretion to the President to allocate crude oil and fuels but only when he declared that an "extraordinary shortage or dislocation" existed or was imminent.

It contained not one priority classification although it stated that such protection was within the discretion granted to the President.

It contained no price control authority.

It was due to expire September 1, 1974.

That bill grew into what was passed in November 1973, the Emergency Petroleum Allocation Act, the EPAA. And the EPAA contained a certain section chock full of priority classifications, section 4(b)(1). I could read off this list, but I know my colleagues are familiar enough with all the various interest groups which won—or did not win—a priority over other users.

But let me point out that the one major group not provided for is the average American automobile driver.

The EPAA, as originally passed, did not work as we planned. The shortages, the gasoline lines, and the frustrations of our constituents were not being remedied, they were being compounded. We could not, evidently, legislate the shortages to fit our preconceived plan. But that did not stop us.

So we amended the EPAA time and again.

We prevailed upon the executive branch, under both Republican and Democratic administrations, to improve its regulations. Create a new department. Create the Office of Hearings and Appeals.

Mr. Chairman, I want to show you just exactly how successful we were in keeping a simple piece of legislation extremely simple. From that four pages, Mr. Chairman, we have the result of the legislation that you see before you in terms of regulation, regulations heaped upon regulations in the years that followed.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. BROWN of Ohio was allowed to proceed for 2 additional minutes.)

Mr. BROWN of Ohio. Mr. Chairman, the regulations poured out of the Federal Government. And the appeals from our citizens poured into the Government. Middle-class America was sitting in gas lines, but K Street in Washington was swarming with Energy lawyers. The Economic Regulatory Administration received 110,000 applications for motor gasoline allocation adjustments.

These volumes consist of 80,000 pages of hearings and appeals decisions—only a fraction of the total of 33,000 decisions. But all of this only indicates the burden on the Federal Government as it attempted to adjust these regulations to the real world.

Now, bear in mind this was a four-page piece of legislation. The Office of Hearings and Appeals case files of applications for exception relief and enforcement cases fills 27 standard 5-drawer filing cabinets; 9 larger shelf cabinets; and 573 record boxes. Most of this paper was prepared by private attorneys at great expense to the applicants—thousands of whom were gasoline station dealers.

And I might say there is a considerable expense to the taxpayers in all this, because all that had to be dealt with by the Federal Government.

From the relatively concise, discretionary program of the original EPAA—which would be temporary, only temporary—came reams of regulations, 8 years in existence.

And somehow, over the course of 8 years, the emergency stayed with us. Why? The reason was the EPAA itself.

Mr. Chairman, the original EPAA I voted for. I even signed the conference report. I crossed my fingers, but my sincerity did not help. I am embarrassed that I did that.

I am firmly convinced that we cannot reconsider the EPAA without recreating the EPAA.

And I would like to give my colleagues some advice. Why do you not save yourself the future embarrassment of having to do what I do: Expiate your guilt by showing what happens when we are goodhearted about trying to regulate things and just simply vote against this turkey. Unless we want to bring back the gasoline lines of the Carter energy program, vote down H.R. 4700. And if you do, you will save all this paperwork and all this expense and all those lawyer fees and all those taxpayer bills.

Mr. Chairman, I am opposed to the bill.

Mr. CORCORAN. Mr. Chairman, I yield 7 minutes to the gentleman from Texas, (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Chairman, I am opposed to H.R. 4700 because it is an irrelevant exercise in legislative obsolescence. The conditions that prompted passage of the Emergency Petroleum Allocation Act in 1973 have disappeared; conservation has caused U.S. oil imports to fall 19 percent between 1979 and 1980 and is much more evident in the market than in the 1970's; and the strategic petroleum reserve, a resource only contemplated in the early 1970's, is being filled at the rate of 300,000 barrels of oil per day. Most importantly, our constituents do not want a repeat of gasoline lines and regulation-induced shortages that are the inevitable accompaniments of price and allocation controls, which only make a bad situation worse. Let us examine the case against passage of a replacement petroleum price and allocation statute.

As my colleagues argue in our minority views on H.R. 4700, this bill is actually a recreation of EPAA. There are two central problems with this kind of price and allocation regulation. First, price controls do not allow prices to react by rising and falling in response to supply. Indeed, price controls imposed pursuant to the Economic Stabilization Act of 1970 provided the original price cap on petroleum that led to artificial shortages of gasoline and to calls for passage of the EPAA. The architects of the new price and allocation statute reasoned that since price controls had created shortages, the solution would be Government allocation of supplies. This leads to the second major problem with H.R. 4700: its proclivity to grow into a statutory monster that feeds on big government and voluminous regulations.

We are told that this legislation is limited—it will expire at the end of 1984, it is short, broad discretion is given the President, and it does not provide for gasoline rationing. In fact, we heard these same arguments about EPAA, which grew into a statute that generated applications for relief and enforcement that fill 27 filing cabinets, 9 shelf cabinets, and 573 record boxes. What would have otherwise been a relatively temporary fuel shortage turned into an 8-year crisis, ended only when the President lifted the final controls on oil in January of this year.

It can be argued that H.R. 4700 will be worse than EPAA. EPAA did not start out with priority classifications when it was introduced as S. 1570 by Senator JACKSON in September 1973. H.R. 4700 literally begins with supply prioritization by mandating that regulations promulgated under it are to be consistent with the 4(b)(1) guidelines of EPAA, which sets out what national activities and industries are to receive priority in the supply of fuel needs. Again, as we point out in our minority views, 4(b)(1) places pharmaceutical and the utility industry over national defense. Such a prioritization is good for nothing except market distortion at the pleasure of political expediency.

Another reason for my opposition to this legislation is that the original bill passed from the Fossil and Synthetic Fuels Subcommittee was weakened in the full committee by adoption of a substitute. The substitute locks the President into the development of emergency contingency plans within 180 days of passage of the act. The promulgation of a specific plan evidences an a priori intent not to rely on the market during an emergency and weakens the executive's discretionary ability to respond to a crisis with the maximum amount of flexibility.

The substitute also requires a crude oil sharing plan that must be designed by the President. An oil sharing plan is a recreation of the old entitlement program that led to the small refiner bias and amounted to a bailout of inefficient refineries in the name of equitable access to crude oil. It is true that an oil-sharing plan is the logical extension of passage of EPAA—like legislation, because price controls create refiners who have access to price-controlled domestic crude while others would have to buy oil on the highly prices world market. This is an excellent example of the slippery slope Congress enters upon when it passes price control legislation. When one part of the market is manipulated, for example, oil price controls, another has to be manipulated to fix the distortions of the first, for example, crude oil sharing. The result is bigger Government, more regulations, and exacerbated shortages and fuel lines.

Having looked specifically at H.R. 4700, I want to examine and expand on some other generic arguments about why replacement legislation is not needed.

The Department of Energy, in a report published in July 1981, analyzed a number of domestic and international energy emergency preparedness issues in preparation for debate on H.R. 4700. The conclusion was that a free market during supply emergencies is the best mechanism for national economic adjustment to a serious interruption because "(c)onservation, fuel switching, and domestic oil production will be maximized as millions of individuals and firms respond to rising oil prices. These decisions can best be made on a decentralized basis at the grass roots level by the millions of consumers and producers who are most knowledgeable about their own circumstances and the alternatives available." I agree with DOE's conclusion completely. Look now at eight good reasons new law is not needed.

First, there is adequate statutory authority to allow the President to respond to an emergency. Pursuant to the Defense Production Act, the President can allocate oil supplies for the purposes of national defense. Demand restriction, increased domestic production, fuel switching, fuel efficiency increases, and private stock drawdown incentives are all provided for by the following authority: Sections 106 and 202 of the Energy Policy and Conservation Act (EPCA), title II of the Emergency Energy Conservation Act of 1979, sections 202 (c) and (d) of the Federal Power Act, section 404 of the Powerplant and Industrial Fuel Use Act, the waiver authority under section 110(f) of the Clean Air Act, and

section 473 of the Internal Revenue Code.

Second, petroleum supply and demand patterns have changed. When price controls were imposed on crude oil during the first major supply interruption of the 1970's, imports began to rise: between 1974 and 1979, total imports rose by one-third even though supplies from Alaska provided 1.2 million barrels a day. Compare this with present market conditions. Total U.S. energy production rose 1.3 percent in 1980 from 1979, while our energy use in 1980 dropped 3.8 percent to the equivalent of 35.9 million barrels per day from 1979's equivalent of 37.3 million barrels per day U.S. oil consumption dropped 8 percent from 18.5 million barrels per day in 1979 to 17 million barrels per day in 1980, which represents the largest 1-year decline in history. Further, our oil imports dropped by over 19 percent from 8.4 million barrels per day in 1979 to 6.8 million barrels per day last year—another historic record.

Third, the strategic petroleum reserve: The SPRO was not around to a significant extent during the three significant shortages of the 1970's. Now, SPRO is being aggressively filled at over 300,000 barrels per day. By the end of this year, the size of SPRO will have doubled to over 220 million barrels of crude. We currently have over 200 days worth of SPRO supplies—a margin of safety that will continue to grow.

Fourth, development of private stocks: Business and industry should not rely on Government to bail them out of a supply emergency for which they could have planned. Price and allocation controls are major disincentives to private preparation. The Economic Tax Act, passed last summer, permits 5-year depreciation and investment tax credit treatment for petroleum storage facilities. Industry can, does, and should take part in preparing for an emergency.

Fifth, natural gas deregulation: Natural gas that is half its value under the Natural Gas Policy Act of 1978 is inefficiently used in current energy markets. Absent deregulation, we will spend $27 billion in 1981 dollars for foreign oil by 1985 that could be saved. DOE suggests that oil imports can be reduced between 530 to 790 million barrels per day in 1983, 130 to 370 million barrels per day in 1985, and 0.4 to 1.8 billion cumulative by 1995, the range contingent upon the policy scenario chosen. The entire economy could increase its efficiency by $5 billion between now and 1985 with natural gas deregulation. The energy security benefits of deregulation are much greater than could be expected through price and allocation controls on oil; it is better to conserve via the market than to allocate through the Government.

Sixth, interruptions inevitably lead to problems. Because oil is so significant to our economy and way of life, a serious interruption cannot help but result in losses of output, employment, and income. The mistake must not be made in thinking such dislocations can be avoided through Government programs. Congress must recognize the inherent vulnerability of any industrialized economy when forced to adjust to sharp increases in oil prices and allow the market to perform its natural allocative functions.

Seventh, legislation exacerbates the problem. Price controls preempt price signal functions which leads to allocation regulation which in turn insulates existing purchasers from the pressures of competition. Shortages, and 4(b)(1) like provisions are the inevitable consequence. In short, the market is messed up.

Eighth, economic policy can blunt inflationary impact. Proponents of replacement legislation argue that price controls are essential to prevent inflationary price flyups. It has already been shown that price functioning is essential to connect supply with demand and encourage conservation and efficient allocation of existing supplies. The July DOE study referenced earlier suggests that the rate of inflation during an interruption will be largely determined by monetary policy. As this administration adheres to a steady money supply growth rate to contain inflation, this same policy during an oil shock should prove prudent. A steady money supply growth rate policy—steady growth in nominal income—in an emergency will allow oil prices to escalate such that inflation will be somewhat lower under a market strategy compared to price and allocation controls.

In summary, this Congress should not enact a statute that is no longer relevent in contemporary energy market conditions where the President already has the essential statutory authority to allocate crude for national security reasons. I would urge my colleagues to vote against passage of H.R. 4700.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman from Connecticut.

Mr. MOFFETT. Mr. Chairman, just briefly, the gentleman, as usual, has made a good case for getting the Government out of our lives. I wonder if he would agree that if we really want a free market in energy, we should take back these tax breaks we just gave of $12 billion to the companies, on top of the other tax breaks they have?

Mr. COLLINS of Texas. Mr. Chairman, I would tell the gentleman, and I certainly think we should review taxes, and one we both would agree on is the windfall profit tax.

Mr. MOFFETT. I am talking about the breaks we have given them.

□ 1810

Mr. COLLINS of Texas. I would say that the biggest problem in the energy business is taxation, and taxation is certainly, as Chief Justice Marshall said, "taxation is the power to destroy." We have the most absurd tax in the energy business where we tax American oil 70 percent and OPEC zero percent. If we would really move to get rid of that taxation—I thank the gentleman from Connecticut for raising the issue of taxation.

Mr. SHARP. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Iowa (Mr. TAUKE).

Mr. TAUKE. Mr. Chairman, I rise in support of the legislation before us. I believe it is very important that we recognize why this legislation is needed. First, this legislation is needed because sometime in the foreseeable future there will apparently be a shortage of petroleum products in the United States. During the many hearings before our subcommittee, the message came through loud and clear, time and again, that although we have improved our energy situation, the fact remains, nevertheless, that we are likely to face a very serious oil shortage sometime in the next several years.

The gentleman from Illinois and others have suggested that we really do not have a problem today because we are not importing as much oil as we once did.

I am sure the gentleman is aware, as I am, that one of the reasons imports are down is because we have a serious economic recession in the country. I have enough faith in the Economic Recovery Act, which the gentleman and I support, to know that there will be economic recovery in the next year, and that will cause our demand for energy to increase. I think it would be a mistake for us to hide behind the temporary security that we find in the world oil glut and the temporary economic downturn of this country. Despite the rosiness of the moment, we are likely to experience another energy shortage.

The second reason we need this act is because we ought to prepare now, rather than later, for that shortage. I can assure the Members that if a shortage occurs, there will be legislation enacted. The question is if we are going to enact that legislation now, when we have time to think it through carefully, or if we are going to wait until we have a crisis on our doorsteps, with gasoline lines in our districts and farmers in the fields without fuel, and before we enact legislation. I think it makes a great deal of sense to attempt to try to deal with this potential prob-

lem now, before there is a crisis situation.

Although there has been a lot of discussion about all of the authority the President has, time and again in committee, when we asked the witnesses what law or statute it was that gives the President the authority to do the things he would need to do in an emergency, we were unable to get clear answers. While there are a number of potential laws on the books that could be called upon in an emergency, it is relatively clear that none of these grant explicit authority to the President, and therefore his actions would undoubtedly be challenged in the courts.

Third, I think we need to recognize that this legislation is designed to prevent minor shortages from becoming major shortages. The problem we have had in the past is that we have allowed small regional shortages to develop into major national crisis. That certainly was the case in 1979 when we supposedly had a shortfall of Iranian oil but in fact we had almost as much oil coming in as during the previous year. But the problem was, we allowed panic and hoarding to set in.

This legislation is designed to prevent that kind of occurrence from happening again by insuring that the small regional shortage does not become a major national shortage.

Fourth, this legislation will prevent State controls from being enacted. For whatever reason, the opponents of this legislation seem to want to forget that if we do not enact this kind of legislation each State will be able to enact its own price control law, its own allocation law, any kind of law that it wants to regulate petroleum products. That would cause chaos in the marketing of petroleum products, and I think we should recognize the need for some kind of national legislation to prevent that.

This bill is not the EPAA revisited. I think virtually all of us recognize the failings of the EPAA, and none of us is anxious to reenact that legislation. This measure is different; this legislation relies on the free market. This bill has no permanent controls on price or allocation. This legislation prevents allocation and price controls by giving us the ability to use the strategic petroleum reserve and use crude oil sharing to prevent those small shortages from becoming major ones.

This legislation has no binding priorities. There is guidance, but no mandate as to where the oil will flow.

Finally, this legislation gives maximum flexibility to the President. Ronald Reagan is not known as a President who is going to hang his hat on Government controls and use them excessively. This legislation expires at the end of his term. For all these reasons, I urge the Members' support for this bill.

Mr. SHARP. Mr. Chairman, I yield 1 minute to the gentleman from Hawaii (Mr. HEFTEL).

Mr. HEFTEL. Mr. Chairman, I would appreciate if you would clarify for me the matter of Presidential designation of regional and State disruptions.

As you know, my State of Hawaii is uniquely vulnerable to energy supply disruptions. The combination of a remote location and no indigenous fossil fuels gives Hawaii an unusual set of energy needs. In spite of this, the Government has in the past put Hawaii in the same region as the west coast States, known as PAD V. However, the energy needs of Hawaii are far different from those of California or Alaska.

In recognition of Hawaii's energy needs, strategic military importance, and mid-Pacific location, is the President authorized to determine that a disruption or oil cutoff with severe impacts on Hawaii could be a regional disruption and a severe petroleum supply interruption warranting controls under this bill?

Mr. SHARP. Yes. The President could so designate a disruption or oil cutoff affecting Hawaii as a regional disruption and could use this bill to impose controls.

Mr. HEFTEL. I thank the gentleman from Indiana for his clarification and for his leadership in this important energy issue.

Mr. SHARP. Mr. Chairman, I yield 1 minute to the gentleman from Nevada (Mr. SANTINI).

Mr. SANTINI. Mr. Chairman, I thank the gentleman for yielding.

For all of us in the House who represent districts that are dependent in one fashion or another on tourism and travel, this legislation has obvious impact and importance.

One question that was reoccurring, and I will share with the Chairman at this point, relates to the allocation guidelines where it includes provisions for transportation facilities and services which serve the public at large. Is it the Chairman's and the Committee's intention that such guidelines would include by definition rental cars and taxicabs?

□ 1820

Mr. SHARP. Mr. Chairman, if the gentleman will yield, clearly under this bill, the regulators could and the President could find it appropriate to include rental cars and taxis as such transportation facilities.

Mr. SANTINI. And is that the intention of the Committee?

Mr. SHARP. The gentleman is correct.

Mr. SANTINI. Mr. Chairman, I appreciate the comments of my colleague, the gentleman from Indiana (Mr. SHARP), and I want to thank him for his assistance in clarifying this matter which could have a critical impact on tourism and the travel industry and, incidentally, on one of the most important States in the Union, Nevada.

Mr. SHARP. Mr. Chairman, I yield 1½ minutes to the gentleman from Louisiana (Mr. TAUZIN).

Mr. TAUZIN. Mr. Chairman, I thank the gentleman for yielding this time to me.

Is the distinguished chariman of the subcommittee aware of a potential problem that could result if kerosene-based jet fuel were to be placed under State set-aside programs?

Mr. SHARP. Mr. Chairman, will the gentleman yield?

Mr. TAUZIN. I yield to the gentlemen from Indiana.

Mr. SHARP. Yes; the airline industry has brought this to the attention of the subcommittee. Would the gentleman care to elaborate his concern?

Mr. TAUZIN. Yes; as you are aware, commercial air transportation is of essential national and international nature and is not primarily conducted within State boundaries. My concern arises from the possibility that a set-aside of kerosene-based jet fuel could create a competitive disadvantage for some air carriers. If States were to adopt differing set-asides or if only some States establish programs, one air carrier could conceivably obtain access to a greater volume of jet fuel than another. This would allow that carrier to offer greater capacity to the public, thereby increasing the possibility of receiving greater market shares and profit. This could be achieved at the expense of a competitor whose services have been restricted by governmental action limiting jet fuel availability. Therefore, I would urge the States to consider set-asides of jet fuel only as an absolute last resort.

Mr. SHARP. Mr. Chairman, if the gentleman will yield further, this legislation was not meant to dictate to the States how to run their programs, or even whether they should establish emergency State set-asides, but I believe the gentleman and the industry have raised a legitimate concern, and I, too, would hope that the States would consider this thoroughly and only take set-aside action over jet fuel as an absolute last resort.

Mr. TAUZIN. Mr. Chairman, I thank the gentleman for his comments.

Mr. SHARP. Mr. Chairman, I yield 1½ minutes to the gentleman from Pennsylvania (Mr. BAILEY).

Mr. BAILEY of Pennsylvania. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, section 273(d) of H.R. 4700 provides that regulations under this bill shall be consistent, to the maximum extent practicable, with the discretionary guidelines specified in section 4(b)(1) of the EPAA. Section

4(b) of the EPAA listed a variety of specific users and objectives which the President was directed to protect to the maximum extent possible, including, in subsection (F), "all users." Since H.R. 4700 incorporates the EPAA priorities, I would like to obtain some clarification of the users who would be included in these priorities, particularly as it relates to manufacturing industry, such as the steel, aluminum, automobile, paper, and textile industries.

Manufacturing industry is the very backbone of our industrial economy. Last year our employment totaled approximately 18 million workers. Without adequate supplies of oil, these essential industries could be forced to shut down.

Because of the critical importance of manufacturing to our economy, I want to be sure that the requirements of manufacturing industry have not been inadvertently overlooked. Am I correct that the reference to "all users" in subsection (F), as incorporated by H.R. 4700, should be read to include manufacturing industry and that such users are entitled to be protected by the President in a shortage on the same basis as all other users listed in these statutory priorities?

Mr. SHARP. Mr. Chairman, will the gentleman yield?

Mr. BAILEY of Pennsylvania. I yield to the gentleman from Indiana.

Mr. SHARP. Mr. Chairman, the gentleman is correct. While the EPAA guidelines as incorporated in H.R. 4700 do not mention manufacturing industries by name, they obviously are users and hence are covered by H.R. 4700. If the President implements this program, he is authorized to, and should, administer the program in a manner which assures users, including manufacturers, with equitable access to crude oil at equitable prices to the maximum extent practicable.

Mr. BAILEY of Pennsylvania. And that is the subcommittee's intention?

Mr. SHARP. The gentleman is correct.

Mr. BAILEY of Pennsylvania. Mr. Chairman, I thank the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Chairman, I yield 1 minute to the gentleman from Puerto Rico (Mr. CORRADA).

Mr. CORRADA. Mr. Chairman, I thank the gentleman for yielding me this time.

I would like to address a question to the distinguished chairman of the Subcommittee on Fossil and Synthetic Fuels. In Puerto Rico, we have serious economic problems and high levels of unemployment. These would become more serious in the event of a severe petroleum supply interruption. In such a situation, we would be most concerned with maintaining the highest practical level of employment under the circumstances. Am I correct that this bill would provide the President with sufficient flexibility to take such economic and unemployment factors into account?

Mr. SHARP. Mr. Chairman, will the gentleman yield?

Mr. CORRADA. I yield to the gentleman from Indiana.

Mr. SHARP. The gentleman is correct. This bill would leave the President with the flexibility and discretion to protect the public health, safety and welfare, and economic efficiency. Indeed, we would expect him to do so in appropriate circumstances.

Mr. CORRADA. Mr. Chairman, I thank the gentleman for his clarification.

Mr. SHARP. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. COELHO).

Mr. COELHO. Mr. Chairman, I note that the allocation guidelines include the maintenance of exploration, production, and extraction of essential minerals. In view of the importance of minerals to the agricultural community, our economy and the Nation's welfare, I applaud the committee's retention of the maintenance of these operations.

As we both are aware the agricultural community is dependent on numerous minerals for fertilizer, such as phosphate and potash, and in order to meet agriculture's phosphate and potash requirements it is necessary that the mining, production, and distribution of these minerals be assured petroleum.

In this regard, is it the committee's intent that the mining, production, and distribution of phosphate and potash be included within the guidelines as minerals essential to the requirements of the United States and agricultural operations?

Mr. SHARP. Mr. Chairman, if the gentleman will yield, the gentleman's understanding is correct. Phosphate and potash minerals are included within the bill's allocation guidelines. These minerals are essential to both the United States mineral requirements as well as agricultural operations. In the event a petroleum shortage occurs, it is our intent that, to the maximum extent practicable, fuel be available in a timely manner to meet the needs of the mining, production, and distribution of potash and phosphate to the maximum extent practicable.

Mr. SHARP. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Chairman, I rise in strong support of H.R. 4700, the Standby Petroleum Emergency Authority Act of 1981, a bill that would assure that our Government has the emergency powers it would need to cope with a repeat of the oil supply disruptions which we experienced in the 1970's. As the sponsor of H.R. 2244, a bill that would require the President to devise a plan for allocating gasoline and middle distillates for essential agricultural uses, I am particularly pleased to note that the bill before the House today requires the President to draw up a similar, if broader plan, and designates agriculture as an essential segment of our economy deserving of an assured supply of energy.

The need for new emergency energy allocation authority is obvious in light of the traumatic energy supply disruptions which the United States experienced in 1973 and 1979 and essential in view of the administration's action earlier this year to end all price and supply controls on crude oil and petroleum products.

In 1979, Mr. Chairman, I chaired hearings in a Small Business subcommittee at which we heard from officials with the Departments of Energy and Agriculture who made clear in their testimony that the Government was not prepared to assure critical segments of our economy the fuel they needed in the event of an energy crisis. In fact, as we witnessed in the spring of 1979, petroleum product distributors in many areas of the country came perilously close to being unable to supply farmers with the minimum amount of fuel they needed to plant their crops.

It is particularly important that agriculture be guaranteed the fuel which it needs in the event of an emergency. Although agriculture accounts for just 3 percent of the energy consumed nationally, inadequate fuel supplies during the critical planting and harvesting periods could endanger our entire agricultural production system and threaten our Nation's food supply.

Most farmers in the United States receive their fuel from farmer cooperatives and independent petroleum product refiners and distributors who do not have access to their own supplies of crude oil. Often they must purchase crude for their refineries on the spot market, and thus they are very susceptible to the hardships caused by a disruption in world oil trade.

The bill before us, H.R. 4700, would give the President the authority to allocate crude oil among refineries or refined petroleum products among distributors. The President would be required to develop a standby plan for crude oil sharing within 180 days of enactment of the bill.

Clearly, Mr. Chairman, this bill is necessary and its provisions are reasonable. Therefore, I was rather disappointed to note that the administration has stated repeatedly and in no uncertain terms that it is opposed to both the concept and the language embodied in the bill. The administration has made it clear that it is willing

to rely solely on the free market to allocate supplies of crude and refined products should our country be confronted with another energy emergency.

Mr. Chairman, I hope that my colleagues will recognize that there is a role for our Government to play in assuring the equitable distribution of energy when another crisis occurs, and I also hope that they will realize that the best time to develop an emergency petroleum allocation plan is now, and not when we are threatened with long gas lines and idle tractors in the field.

I urge by colleagues to join me in supporting H.R. 4700.

Mr. SHARP. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. DE LA GARZA), the distinguished chairman of the Committee on Agriculture.

Mr. DE LA GARZA. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I take this time to ask the gentleman how the agriculture sector, the producing part of agriculture, would be handled under the legislation which the gentleman is bringing before us.

Mr. SHARP. Mr. Chairman, if the gentleman will yield, the legislation, as the gentleman may know, includes a guideline for agricultural producers out of special recognition that there are special times of the year when it is critical to have fuel on the farm, and it is expected that the administration, in the development of any allocation program, would develop rules related to this important sector of the economy.

Mr. DE LA GARZA. Mr. Chairman, I thank the gentleman for his explanation, and I appreciate it.

I hope that this will, of course, be part of the legislative history, recognizing that agriculture is our most important function, because if we do not have food, everything else would go for naught. Hopefully, the explanation the gentleman has given will make an impression on the administration as they work on the regulations.

Mr. SHARP. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. GRAMM).

Mr. GRAMM. Mr. Chairman, I have sat here and listened to what is in essence the basic flaw in this bill. We have heard that we are going to take care of tourism; we are going to get people there whether we can get them back or not.

We have heard that we are going to take care of potash and all users and manufacturers, including agriculture.

Now, the point is, if all these people are going to be priority users, who are we going to take all this gasoline away from? The bottom line is that we cannot give it to somebody unless we take it away from somebody else, and we are back today, as we were in the 96th Congress, talking about spreading misery rather than getting on with the job of producing energy and distributing it effectively.

The final point I would like to make, Mr. Chairman, is this: We have a record of allocation and price controls. Virtually every example that has been brought up here of regional shortages had to do with the ability of the independent refiner to get crude, such as the ability of Hawaii to compete for petroleum.

Mr. Chairman, virtually all these problems were the product of allocation and the product of price controls, and we are not going to solve those problems by bringing back the system which caused them.

Mr. SHARP. Mr. Chairman, I yield 3 minutes to the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Chairman, I thank the distinguished subcommittee chairman for yielding me this time.

Mr. Chairman, I am rather surprised at the remarks of some of our colleagues here in terms of their position.

The position of the opponents, it seems to me, by and large is that either they want nothing at all in place, as some have expressed it, or they surmise that in an emergency something will happen and the Congress will act and somehow the job will get done.

I think the speech given by the gentleman from Iowa (Mr. TAUKE) was an excellent one. It said many of the things that many of us believe about why we have to have something in place.

Why would Secretary Haig be meeting with the Nigerians now to try to insure that they will make up any shortfall should we decide not to import Libyan oil or, because of another kind of unfortunate circumstance, we were cut off from foreign oil from another source? Why would Secretary Haig be showing such a sense of urgency about that if in fact he did not see and various experts did not see the fragility of the energy supply?

There are Khomeini-like governments lurking on the horizon. The energy supply is not at all stable, and it is rather astounding that with virtually every witness coming before the committee and saying we need to have the Government centrally involved in planning for an emergency, we are taking instead the view of some of the people in the administration who wish basically to set up a 19th-century laissez-faire laboratory.

□ 1830

My friend from Illinois, who is on his feet, I cannot believe wants to set up a 19th-century laissez-faire laboratory to deal with a situation that is near a 21st-century situation.

This is a watered-down bill and the gentleman knows that. Some of us who submitted additional views said you do not have any antihoarding provisions, you do not have any provisions for inventory control. There is little guidance given to the President as to what we would like him to do. The control some of us would prefer to last longer lasts for a rather brief period.

We watered this thing down, given amendments and so forth, even to the point of taking out a 5-year effort on rationing which my good friend from Texas helped to craft, and S. 1030, which my good friend from Texas (Mr. GRAMM) helped to craft, and was a strong proponent of for emergency planning by the States, and now I think our constituents would be amazed. Every single one of us, I think our constituents, of all of us, would be amazed if they knew that we had taken a rationing plan that is on the shelf in the event of an emergency, taken it down and burned it. It may thrill some of the Members but I do not think that is what most of our constituents wanted us to do. That is gone now.

All we are talking about here is a bare minimum amount of protection. I do not believe for a moment that the gentleman from Illinois believes that the market is going to do that. I have had Exxon and other people come to me and say, "Do not let us decide who is a high priority customer in an emergency; please, Congressman, do not put us in that position."

So what are we doing here? What are we trying to prove? Why are we plunging back into the 19th century and saying the marketplace will work it out?

Mr. CORCORAN. Mr. Chairman, I yield myself 1 minute just to respond to my friend from Connecticut (Mr. MOFFETT).

Mr. Chairman, there are three important programs contained in H.R. 4700. One has to do with price and allocation controls; a second is the crude oil sharing program; and the third involves drawing down the U.S. strategic petroleum reserve.

But the problem in the case of all three, I would say to my friend from Connecticut, is that if this legislation goes into effect, the President would not have the flexibility to respond to the problem the gentleman from Connecticut raised with respect to Nigeria. The President of the United States, were this legislation in effect today, would not have the authority to respond to a Libyan cutoff or any of the other kinds of problems for this very important reason: The plan has to be sent down to Congress. Then we have 15 days for the Congress to consider it in the event the President wants to implement the plan. And before it can be activated—and I would call this to the attention of my friend from Connecticut—before it can be activated it

has to be submitted to a congressional veto. And there is a window there of 15 days in this legislative process during which time the President cannot act to respond to an oil emergency.

I would say to my good friend from Connecticut, the President ought to have flexibility with the strategic petroleum reserve, which by the end of this year will contain 250 million barrels of crude oil. The President ought to be able to get that into the marketplace to counter the impact of any serious shortage immediately, not after waiting 15 days or so.

I would say to my friend he is tying the President's hands at an important time potentially, and I think the gentleman ought to reconsider his position on this very restrictive and ill-advised legislation before us.

Mr. Chairman, I yield 5 minutes to the distinguished gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Chairman, as a member of the Energy and Commerce Committee I was privileged to hear the testimony on this bill. The question that came to my mind from the beginning and still is: Is it not prudent for our Government to have some type of legislation in being in the event we get into a crisis in our country where we have a severe shortfall of petroleum supplies?

I think that is a very profound question and I answer this question that yes, we should have a law available for our authorities to act in the event, when push comes to shove, that we have to take emergency action.

But I will tell my colleagues that on the basis of the evidence that was presented to our committee, we have adequate laws on the books. Let me recite to the Members just briefly the existing laws that will serve this Nation in time of a crisis, in the event of a shortfall. We have the Defense Production Act of 1950, the Trade Expansion Act of 1962, the International Emergency Economic Powers Act, the Export Administration Act, the Energy Policy and Conservation Act, the Emergency Energy Conservation Act of 1979, the Natural Gas Policy Act, the Public Utilities Regulatory Policy Act, the National Gas Act and, finally, the Federal Power Act.

These laws have been cited to our committee as being the basis on which the President can act to allocate supplies, to act in the national interest in the event of an emergency.

On a final note, let me make this observation: We have spent a lot of time here in this Chamber deliberating for what we believe to be the national purpose. But let me suggest to the Members that I hope sooner rather than later we get on with a concern about how we can expand supplies of energy in this country rather than talking about allocating a shortage.

There are various studies around, but one that this Member from California has read that was published just 4 or 5 months ago by a professor at the University of Michigan indicates that we would have a dramatic increase in natural gas in this country if we would only have the courage to deregulate natural gas prices. Professor Lowery made certain conclusions that if we deregulated natural gas prices tomorrow, these are the benefits we would sustain in our economic system within the next 4 years. First, we would back out of usage the oil that we are currently consuming to the tune of 2.83 million barrels of oil per day. Please bear in mind we are currently importing about 5 million barrels a day, so we would reduce our imports by about 60 percent.

Second, we would increase the supply of natural gas by 25 percent, or about 6 trillion cubic feet a year.

By backing out the quantity of oil that I have related, we would drive down the price of oil on the international market that we currently pay about $34 a barrel by $10 per barrel. Think of the dramatic impact this would have on the stranglehold that OPEC nations have on our economic system. We would no longer be sending $40 billion a year to the OPEC nations of the world for the purchase of the oil that we are now importing.

Our consumers would have an increase in their natural gas prices of perhaps as much as 50 percent of what they are now paying. Although this has an adverse initial reaction on consumers, it would promote solar energy.

My friends, how are we going to promote solar energy in this country? I will tell you how. We are going to do it when the marketplace fixes the cost of natural gas in southern California and in this country, and in so doing, we begin to bring into economic utility solar energy. If we continue to hide the true cost of natural gas from our consumers, we are just delaying the shift to solar energy.

For all of these reasons I hope the House and the Congress will take up soon the issue of natural gas deregulation so we can increase supply rather than concern ourselves with the allocation of shortage.

I yield back the balance of my time.

Mr. CORCORAN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I want to inform my colleagues in the Committee of the Whole House that the Reagan administration is very much opposed to this legislation for two principal reasons. First of all the market conditions today are far different from the market conditions for oil that existed in the last decade and we do not need the repetition of what we had when we tried to put the controls on and then allocate the scarcity across this country and, in fact, exacerbate the problems that the two shortages we did have brought upon us.

Second, it seems to me that the Government preparedness, the Government authority to respond, as the gentleman from California has pointed out, is far different today from what it was back in 1973. The principal difference is this: We will have at the end of this calendar year 250 million barrels of crude oil in the strategic petroleum reserve. That is more than equal to 2 months' foreign imports of oil. I would just say to my friends in the House that there is no question about the fact that we are prepared, we have reorganized the Department of Energy in this respect with an Assistant Secretary for Environmental Protection, Safety, and Emergency Preparedness. We have the oil for 2 months' supply to put in the marketplace. We are ready to respond to any emergency both from the standpoint of improved oil market conditions in the United States and from the vantage point of the proper role for the Federal Government in an oil emergency.

Mr. Chairman, I oppose H.R. 4700, the Standby Petroleum Emergency Authority Act of 1981. Everyone agrees that the Emergency Petroleum Allocation Act and the massive scheme of regulations developed pursuant to the EPAA were a mess. Artificial shortages were created. Real shortages were made worse rather than better. And the EPAA encouraged companies and individuals to forgo planning for oil disruptions and instead rely on Government bailouts. To return to price and allocation controls administered by the Federal Government as H.R. 4700 would have us do is to ignore the costly lessons we learned from the EPAA.

Certainly we should all plan for possible disruptions in supplies of imported crude oil. Maximum production of our own energy resources should be encouraged by removing constricting regulations. In the past week, we have been presented with the best possible evidence of the benefits of decontrol: For the first time in a decade, domestic production has increased. OPEC, meanwhile, is meeting to lower crude oil prices. In light of these developments, it is folly to consider yet another scheme of petroleum price and allocation regulations.

Indeed, H.R. 4700 seems determined to repeat the mistakes of the past. The GAO, in a 1980 report entitled, "Gasoline Allocation: A Chaotic Program in Need of Overhaul" reported that State set-aside programs were generally abused, poorly managed, and resulted in inequitable and inefficient distribution of petroleum products. Remarkably, although H.R. 4700 is justified, in part, by the need to prevent a maze of conflicting responses to a severe crisis by 50 different States, this legis-

lation would permit States to make just such conflicting responses by allowing them to conduct set-aside programs for residual fuel and refined petroleum products. These set-aside programs may be implemented at any time, regardless of whether the President has determined that an emergency exists, and are wholly exempt from any Federal supervision. During the committee hearing at which this provision was introduced, I asked what amount of petroleum products would be subject to the Governors' set-aside authority. I also asked who would make that decision? I recieved no answers then and I have received none since. I suspect that it will be Exxon or some other prime supplier which ends up making the operative decision as to how much product is available for these set-aside programs.

What else does this legislation do? It puts the Government back in the business of equitably distributing crude oil among refiners. I would have thought that the entitlements program, and the subsidy of imported crude oil which it provided, would have shown all of us how counterproductive these crude oil sharing programs are.

Finally at a time when the President needs maximum flexibility to deploy approximately 250 million barrels of crude oil now stored in the strategic petroleum reserve, this legislation would require him to prepare a new, more detailed plan as to how and when the SPR will be used. And, after having prepared this new plan and sent it to Congress, the President still my not actually use the SPR until Congress has approved that use in accord with the one-House veto procedures of the Energy Policy and Conservation Act. These constraints on the President's discretion are more than counterproductive; they impair the value of the SPR as a weapon with which to deal with problems such as those currently posed by Colonel Qadhafi of Libya.

We need not repeat the mistakes of the past. We should continue to focus our efforts on preventing a crisis rather than reacting to one. By rejecting H.R. 4700, we can keep the Federal Government out of the business of petroleum price and allocation regualtion—as it should be.

□ 1840

Mr. SHARP. Mr. Chairman, I yield 1 minute to the gentleman from Colorado (Mr. WIRTH), who has played a very important role in this legislation.

Mr. WIRTH. Mr. Chairman, the cover story of the November issue of Harper's magazine announced proudly to the Nation in bold black letters: "The Energy Crisis Is Over!"

The article, by William Tucker, set out what is becoming a disturbingly familiar refrain—that somehow, since domestic oil price controls were lifted in January, the free market has produced a miracle and brought the energy problems of the past decade to an end.

On the surface—for those who do not choose to look ahead—the argument is compelling. U.S. oil imports have fallen to 3.9 million barrels per day, less than one-half of their peak level in 1978. Oil prices have moderated during 1981, providing a small measure of relief for American consumers from the dizzying price increases of 1979 and 1980. And the United States is experiencing an almost unprecedented oil exploration boom, with completed oil producing wells up 41.6 percent in the first six months of this year over the same period in 1980.

In short, the oil market in 1981 appears benevolent.

Just as it did in 1973, before the Arab oil embargo.

The simple fact is this: Our Nation's apparent energy security today is as much a mirage as it was 8 years ago.

And we are as unprepared today to deal with the potential economic catastrophe of a major oil cut-off as we were in 1973 or in 1979, after the fall of the Shah of Iran.

When the Arab oil embargo was declared in 1973, the Nation was completely unprepared. The result was the Emergency Petroleum Allocation Act of 1973, the complex, contradictory regulatory statute under which three Presidents, of both parties, imposed price controls on domestic crude oil production for 7 years.

Despite our increasing dependence on foreign oil imports, we allowed ourselves to be lulled to sleep by the apparent security of a world oil glut in the late 1960's and early 1970's. And when Congress was rudely awakened in 1973, it responded with a major, long-term regulatory program.

If there is one lesson this body should have learned from that experience, it is that we should take extraordinary care to avoid acting in a hasty, ill-advised way during a crisis.

And that crisis will come. Despite the rosy prognostications of those who believe that decontrol of domestic crude oil prices has provided a magic cure for our energy ills, the United States remains dangerously dependent on Middle East oil—so dependent, in fact, that the administration has based much of its rationale for massive defense spending increases on that dependence. Despite the tremendous increase in oil exploration investments over the past 2 years, we have increased our domestic oil production only some 200,000 barrels per day over 1979 levels. And despite those increases, every major U.S. oil company projects that domestic crude oil supplies will once again begin their slow decline within the next several years. And finally, and most importantly, we must recognize that the oil glut of 1981 is very rapidly disappearing. U.S. inventories are declining at near-record rates, and OPEC has finally achieved the price unity which has eluded it for the past 3 years—a price unity which, accompanied by major production cuts by Saudi Arabia, is aimed at wiping out the worldwide oil glut and reestablishing OPEC's control of world oil markets.

It is almost a certainty that we will face, within the next 5 years, a major oil cutoff similar to those we faced in 1973 and 1979. We should have learned much from those experiences—above all, that careful advance planning like that required by H.R. 4700 is critical to protecting our economy.

As chairman of the House majority leader's task force on decontrol, having organized the 1979 effort to bring those controls to an end, my colleagues know that I have no desire to see the complex regulatory schemes of the EPAA recreated. In my view, H.R. 4700 goes as far as any legislation can to guarantee that the Federal Government will not return to intrusive, long-term intervention in the oil marketplace.

At the same time, the bill does require the President and the administration to plan, in advance, to protect our economy and our citizens in the likely event of an oil cutoff.

H.R. 4700 has four critical components:

First. The bill provides the President with broad discretionary authority to act in a crisis—but only with congressional approval.

Second. The bill requires the President to prepare and transmit to the Congress an emergency preparedness plan, making clear to the Congress and to key industries, for their own planning purposes, the steps the Federal Government might take in a crisis.

Third. Any use of pricing and allocation authority under H.R. 4700 is strictly limited to 150 days, unless Congress specifically authorizes continuation of the President's emergency program.

Fourth. H.R. 4700 would integrate the strategic petroleum reserve into our Nation's emergency planning for the first time. The Reagan administration has undertaken an aggressive program of oil acquisition for the SPR—something that many of us in the Congress unsuccessfully urged upon the previous administration. The current SPR distribution plan, prepared in 1979, is extremely vague, and provides neither industry nor the public with any clear idea of how the Federal Government would use the over 220 million barrels of oil now in the SPR in the event of an emergency. H.R. 4700 would require the President to submit

to Congress, for approval under the regular SPR procedures, a new distribution plan 6 months from now.

Mr. Chairman, H.R. 4700 provides a sound basis for both Federal planning for oil emergencies and would provide clear guidance for the private sector in its own emergency planning. I urge my colleagues to join me in supporting this legislation.

Mr. SHARP. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me just very quickly indicate to my colleagues that I think they should vote for this legislation. It is an effort to try to legislate now while stocks of oil in this country and around the world are high and our passions are low. We have discovered from hard experience that it is very difficult for the Congress to reach a consensus, and not mandate all kinds of things that perhaps upon better reflection we would not want to do, when we are under the gun of a crisis.

Mr. Chairman, let me say that much has been made of the strategic petroleum reserve. I and our subcommittee are very strong supporters of a rapid fill of that reserve, we applaud the administration for what it has been doing this year on that. Our concern is that it may not be enough if we have a severe crisis, and it is wise to have these unambiguous additional authorities available to the President.

We hope—I think most of us do—it would not be necessary to exercise allocation authorities, but none of us can know what events will occur in the Middle East, and we are wise to be prepared.

● Mrs. HECKLER. Mr. Chairman, I rise in support of H.R. 4700.

Despite the fact that we are not now as dependent upon foreign oil as we were when the EPAA was enacted, it is nonetheless true that we are vulnerable to a potential cutoff. It is not realistic to assume, even with our increased conservation and use of other energy sources, that we are currently able to meet our energy needs without imported oil. This fact should be kept in mind throughout this debate—that we do not have the ability to go it alone, and that a loss of those imports, regardless of the reduced level, could cripple our economy and endanger our national security.

A cutoff would not effect all parts of this country equally, although the daily lives of the entire Nation will be altered signficantly. In New England, for example, over 50 percent of the energy products are supplied by independent marketers and refiners. These marketers and refiners would be affected first and most severly by a severe disruption of our oil supply. With the crude oil sharing-plan, however, this regional difficulty could be alleviated, and with a minimum of government interference.

Without a unified emergency standby policy, we would also be faced with the prospect of the Federal Government, the 50 State governments, and thousands of local governments each contending with the disruption in a different way. A national problem must be addressed at a national level, particularly during a period of crisis: we have the responsibility of meeting this need.

Opponents of this measure proudly point to the strategic petroleum reserve as a major solution to any potential disruption of imported oil. But what if, as is the case, there is not enough oil in the reserve to meet even the critical needs of the country? Perhaps down the line, the SPR will be able to provide sufficient oil—and, equally important, an effective distribution network for the oil—but until then, we cannot simply rely upon the volatile freemarket system to sustain this country during the staggering crisis a disruption could cause.

Further, it is not even clear whether the current statutory provisions, which opponents cite as authority enough, even provide the President with adequate authority needed to keep this Nation functioning in the event of a cutoff. As is stated in the committee report on this legislation, both the Departments of Justice and Energy recommended that a unified measure be passed that provided clear-cut authority to the President. The last thing we need in a time of crisis is haggling over legal technicalities and legislative fine points.

It is also significant that this bill does not tie down the President to a detailed plan of action, or only permit him to invoke the authorities of the act under specific circumstances. With this flexibility, the President will be able to react—and react quickly—to the precise nature of the disruption.

Mr. Chairman, there simply are too many "if's" without this legislation. If the President has the authority, if the SPR can last long enough, if the free market system works. In the event of a severe disruption of our oil supply, we will need to have a dependable structure in place. The time to enact emergency legislation is now, not when the furor of a crisis is upon us.●

● Mrs. COLLINS of Illinois. Mr. Chairman, I rise in support of H.R. 4700, the Standby Petroleum Emergency Authority Act of 1981. I support this legislation not so much for what it contains in the form of specific authority but rather as an affirmation of the committee's concern for the fate of this country, given the complacency and disinterest of the administration.

In taking a position which stresses "primary reliance on market forces to determine the price and allocation of energy supplies even in an emergency," the administration is adopting a business-as-usual approach to one of the most serious threats to our Nation's security. While for the major oil companies, an oil supply disruption may indeed mean business—that is profits—as usual, it means economic ruin and severe deprivation for many of our Nation's comsumers.

For this reason, I am glad that the committee has seen fit to adopt my amendment which directs the President to compare the economic impact of a severe oil disruption when managed by: First, reliance on so-called free market allocation and pricing; and second, reliance on the emergency preparedness plan called for in this legislation. In so doing, the President must examine the impacts of different policies on various types of businesses and households of diverse income levels. One purpose of this provision, is to educate this administration as to the disastrous consequences of its business-as-usual policy, particularly for the Nation's low-income consumers.

I have provided to the committee my separate views on the inventory management question. I strongly believe that the committee should have included specific antihoarding language in the legislation, as contained in section 16 of the EPAA. The language in section 271, noting the virtues of "prudent inventory management," covers a multitude of sins that are not expiated by the language of the report. I, for one, wish to go on record as being opposed to the industry practice—as followed in previous disruptions—of releasing stocks only after prices have risen to the maximum levels the market will bear.

Having said this, I wish to commend the subcommittee chairman Mr. SHARP, for recognizing the necessity and importance of this legislation.●

● Mr. GUNDERSON. Mr. Chairman, I am in strong support of H.R. 4700 which is similar to H.R. 4313 that I have cosponsored along with 69 other Members.

This legislation is crucial to the welfare and security of our national economy, as we are now without a responsible and effective emergency energy preparedness policy to respond to future crude oil supply disruptions.

By granting the President temporary limited authority, we will insure an orderly handling of any sudden oil supply cutoff. In addition, due to the temporary nature of the authority, we will prevent long-term disruptions in the marketplace.

The U.S. petroleum industry should be allowed to operate unfettered by Government controls during normal market periods. However, another crude oil disruption could result in severe national or regional shortages and result in oil prices doubling again—absent appropriate action—with the OPEC cartel making these

economic injuries permanent. This single event can destroy all progress in our tough economic recovery battle.

H.R. 4700 lays down broad guidelines for emergency energy planning. It would require the President to draw up plans for first, the drawdown of the strategic petroleum reserve (SPR); and second, crude oil sharing among refiners for use in the event of a severe national or regional petroleum supply disruption. H.R. 4700 also gives the President broad allocation and price authority which is similar to that in the Senate bill S. 1503.

It has been little more than 2 years since our last oil shortage with its long lines, short tempers, and skyrocketing prices. Let us learn from that recent bit of unfortunate history by preparing for any future shortfalls now. I urge my colleagues to give their full support to H.R. 4700.●

Mr. SHARP. Mr. Chairman, I yield back the balance of my time.

Mr. CORCORAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the Clerk will now read by titles the substitute committee amendment recommended by the Committee on Energy and Commerce not printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

H.R. 4700

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Standby Petroleum Emergency Authority Act of 1981".

TABLE OF CONTENTS

Sec. 1. Short title; table of contents.

TITLE I—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY

Sec. 101. Amendment to the Energy Policy and Conservation Act.

"PART C—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY

"Sec. 271. Findings and purpose.
"Sec. 272. Definitions.
"Sec. 273. Emergency allocation and price authority regulation.
"Sec. 274. Implementation of regulations.
"Sec. 275. Preemption and contract liability.
"Sec. 276. Crude-sharing plan.
"Sec. 277. Delegation.
"Sec. 278. Expiration.".

Sec. 102. Strategic Petroleum Reserve Distribution Plan.

TITLE II—EXTENSION OF CERTAIN INTERNATIONAL ENERGY PROGRAM AUTHORITIES

Sec. 201. Extension.

TITLE I—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY

AMENDMENT TO THE ENERGY POLICY AND CONSERVATION ACT

SEC. 101. (a) Title II of the Energy Policy and Conservation Act, relating to standby energy authorities, is amended by adding at the end thereof the following new part:

"PART C—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY

"FINDINGS AND PURPOSE

"SEC. 271. (a) FINDINGS.—The Congress finds that—

"(1) past petroleum product supply interruptions have caused serious national and regional disruptions in domestic energy markets which have threatened the public health, safety, and welfare;

"(2) while such threats should be responded to by reliance to the maximum practicable extent upon the free market, temporary regulatory authority should be available to the President in a severe crisis to enable the President to minimize potentially devastating economic impacts and lessen public hardships; and

"(3) prudent development and use of petroleum product inventories furthers the public interest by affording protection against the adverse effects of supply interruptions and reducing the need for the exercise of such regulatory authority.

"(b) PURPOSE.—It is the purpose of this part—

"(1) to provide that the pricing and allocation of petroleum products shall be determined by the market, and shall not be subject to price and allocation regulation by the Federal Government except in the event of a Presidential determination of a severe petroleum supply interruption, and

"(2) to grant the President discretionary, temporary authority to respond to such interruptions in order to minimize their adverse impacts on the American people and the domestic economy and to ensure the public health, safety, and welfare.

DEFINITIONS

"SEC. 272. As used in this part—

"(1) the term 'severe petroleum supply interruption' means a national or regional petroleum product supply interruption which the President in his discretion determines will or may—

"(A) be of such magnitude or duration as to seriously diminish domestic petroleum product inventories;

"(B) not be reasonably manageable under other Presidential authorities or by reliance on free market pricing and allocation;

"(C) threaten the public health, safety, and welfare, the economy of the United States or of any region of the United States, or the national security; and

"(D) result from the interruption of significant amounts of petroleum product imports or from sabotage or an act of God; and

"(2) the term 'regulation' means a rule, regulation, or order.

"EMERGENCY ALLOCATION AND PRICE AUTHORITY REGULATION

"SEC. 273. (a) GENERAL AUTHORITY.—In accordance with the purposes of this part, the President may, by regulation, provide for mandatory allocation of any petroleum product—

"(1) in amounts specified in (or determined in a manner prescribed by) such regulations, and

"(2) at prices specified in (or determined in a manner prescribed by) such regulations.

Such regulations may apply to any petroleum product produced in or imported into the United States.

"(b) MANDATORY AND STANDBY REGULATIONS.—Regulations under this section may be—

"(1) mandatory emergency regulations which are effective upon promulgation (hereinafter in this part referred to as 'mandatory regulations'), or

"(2) standby contingency regulations which are effective contingent on later circumstances (hereinafter in this part referred to as 'contingency regulations'), but any regulation under this part may be implemented only in accordance with section 274.

(c) EMERGENCY PREPAREDNESS PLAN.—(1) Not later than 180 days after the date of the enactment of this part, the President shall promulgate an emergency preparedness plan consisting of contingency regulations under this section, and shall transmit the text of such plan to the Congress. This subsection shall not be construed to limit the authority of the President to amend or revoke such regulations after their promulgation.

"(2) The President shall analyze, and compare the impacts on the domestic economy and on consumers in the United States of—

"(A) complete reliance on free market allocation and pricing, and

"(B) reliance on the emergency preparedness plan during a severe petroleum supply interruption.

Such analysis and comparison shall examine the equity and efficiency of such alternatives and distinguish between the impacts of such alternatives on various categories of business (including small business) and on households of different income levels.

"(3) Within one year after the date of the enactment of this part, the President shall submit a report to the Congress containing the analysis and comparison required by paragraph (2) along with such recommendations as the President deems appropriate.

"(d) DISCRETIONARY GUIDELINES.—Regulations under this section shall be consistent, to the maximum extent practicable, with the discretionary guidelines specified in section 4(b)(1) of the Emergency Petroleum Allocation Act of 1973.

"(e) LIMITATIONS.—The President shall have no authority under this part—

"(1) to prescribe minimum prices for any petroleum product;

"(2) to impose any tax, tariff, or user fee;

"(3) to provide for allocation of any motor gasoline or diesel fuel among end-users through any system involving the issuance of ration coupons or other similar evidences of right; or

"(4) to provide for the allocation of consumer petroleum inventories, impose restrictions on the use of such inventories, or consider or take into account the existence or size of such inventories in determining the amount of petroleum products to be allocated to consumers.

For purposes of paragraph (4), 'consumer petroleum inventories' means inventories of refined petroleum products held by and in the custody of a consumer for its own use which do not exceed the quantity of refined petroleum products held by and in the custody of that consumer 30 days before the President declares that a severe petroleum supply interruption exists.

"IMPLEMENTATION OF REGULATIONS

SEC. 274. (a) REQUIREMENTS FOR IMPLEMENTATION.—Regulations under this part may be implemented only if—

"(1) there is in effect a determination by the President of a severe petroleum supply interruption; and

"(2) notice of such determination, notice of the President's intent to implement such regulations, and the text of such regulations have been transmitted to the Congress in accordance with section 551, and neither House of Congress has disapproved (or both

Houses have approved) implementation of such regulations in accordance with the procedures specified in section 551.

"(b) DURATION; TERMINATION.—Regulations implemented under this section may not remain in effect after the 90-day period which begins on the date on which the authority to implement such regulations first becomes effective, except that such regulations may be extended by the President for up to 60 additional days, upon his express finding that the severe petroleum supply interruption continues in effect, and that the implemented regulations must be continued to meet the purposes of this part. Thereafter, the authority of the President to implement any regulation under section 273 shall terminate, unless pursuant to subsection (a) the President makes a new determination and new transmittal to Congress of mandatory regulations, which are not disapproved by the Congress under subsection (a).

"PREEMPTION AND CONTRACT LIABILITY

"SEC. 275. (a) PREEMPTION.—Except as provided in subsections (b) and (c), the enactment of this part supersedes and preempts any provision of any law or regulation adopted or promulgated by a State or any political subdivision thereof to the extent that such law or regulation provides for the pricing or allocation of any petroleum product.

"(b) EXEMPTION.—(1) The President may, by rule, exempt from the operation of subsection (a) classes or categories of laws or regulations which would otherwise be preempted under subsection (a), to the extent that the President determines that such laws or regulations would—

"(A) preserve a significant State or local interest;

"(B) not unduly burden interstate commerce; and

"(C) not significantly conflict with or impede operation of this part, achievement of the purposes of this part, or achievement of the objectives of the regulations under section 273.

"(2) Rules under paragraph (1) shall not be subject to the implementation requirements of section 274.

"(c) CERTAIN STATE SET-ASIDE PROGRAMS NOT PREEMPTED.—Notwithstanding subsection (a), a set-aside program for residual fuel oil or any refined petroleum product administered by a State shall not be preempted under subsection (a) if—

"(1) the Governor determines that such a program is required to meet a petroleum supply disruption within the State which will significantly impair essential public services or essential economic activity,

"(2) the set-aside program does not continue in effect for more than 90 days, except that, if the Governor determines that continued implementation is required by such disruption, the program may be continued for an additional 90-day period, and

"(3) the Governor determines that the program does not result in the creation of a residual fuel oil or refined petroleum product set-aside which requires any prime supplier to set aside more than 5 percent of the prime supplier's estimated portion of its total supply for that month which will be sold into the State's distribution system for consumption within the State.

For purposes of this subsection, the term 'prime supplier' with respect to any State means the supplier which makes the first sale of any product subject to the State set-aside into the State distribution system for consumption within the State.

"(d) CONTRACT DEFENSE.—There shall be available as a defense to any action brought for breach of contract in any Federal or State court arising out of delay or failure to provide, sell, or offer for sale or exchange any petroleum products, that such delay or failure was caused solely by compliance with the provisions of any regulation under this part.

"CRUDE-SHARING PLAN

"SEC. 276. (a) STANDBY CRUDE-SHARING PLAN.—The President shall include a standby refinery crude-sharing plan in the Emergency Preparedness Plan required under section 273(c)(1).

"(b) PLAN PROVISIONS.—(1) To the maximum extent practicable, the plan established under subsection (a) shall—

"(A) fairly distribute the burdens of any international allocation of petroleum products by United States corporations to foreign countries participating with the United States in the International Energy Program;

"(B) aid in the equitable distribution and sharing of crude oil, at equitable prices, among efficient refineries of all sizes in the United States;

"(C) encourage the maintenance by all refineries of crude oil inventories, and the acquisition of secure supplies of crude oil;

"(D) help offset partially the disproportionate impact of supply disruptions on efficient refineries of all sizes;

"(E) minimize the adverse impacts of severe petroleum supply interruptions upon the customers of disproprotionately impacted refineries of all sizes; and

"(F) help avoid more intrusive and comprehensive petroleum product price and allocation controls.

"(2) Such plan shall provide for the allocation among efficient refineries of crude oil—

"(A) in amounts specified in (or determined in a manner prescribed by) such plan, and

"(B) at prices specified in (or determined in a manner prescribed by) such plan.

"(3) Such plan may be implemented only in accordance with section 274.

"DELEGATION

"SEC. 277. The President may delegate all or any portion of the authority granted to him under this part to such officers, departments, or agencies of the United States, or to any State (or officer thereof), as the President may deem appropriate; except that the President may not delegate the authority to determine any severe petroleum supply interruption.

"EXPIRATION

"SEC. 278. (a) IN GENERAL.—All authority under this part, and any regulation issued pursuant to such authority, shall expire at midnight of December 31, 1984.

"(b) SAVINGS PROVISION.—The expiration of authority under this part, or any regulation issued pursuant to such authority, shall not affect any action or pending proceedings, civil or criminal, not finally determined at the time of such expiration, or any action or proceeding based upon any act committed prior to such expiration.".

(b) The table of contents for such Act is amended by inserting after the items relating to part B of title II the following new items:

"PART C—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY

"Sec. 271. Findings and purpose.
"Sec. 272. Definitions.
"Sec. 273. Emergency allocation and price authority regulation.
"Sec. 274. Implementation of regulations.
"Sec. 275. Preemption and contract liability.
"Sec. 276. Crude-sharing plan.
"Sec. 277. Delegation.
"Sec. 278. Expiration.".

STRATEGIC PETROLEUM RESERVE DISTRIBUTION PLAN

SEC. 102. Section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241) is amended—

(1) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) Not later than 180 days after the date of the enactment of the Standby Petroleum Emergency Authority Act of 1981, the President shall submit a Distribution Plan as an amendment to the Strategic Petroleum Reserve Plan in accordance with sections 159 (d) and (e). Effective beginning 195 days after the date of enactment of such Act, the Distribution Plan previously in effect may not be implemented."; and

(2) by striking out the period at the end of subsection (d) and inserting in lieu thereof the following: "and the Secretary has transmitted such finding to the Congress in accordance with section 551 and neither House of Congress has disapproved (or both Houses have approved) such finding, in accordance with the procedures specified in section 551.".

Mr. SHARP (during the reading). Mr. Chairman, I ask unanimous consent that title I be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

AMENDMENT OFFERED BY MR. RAILSBACK

Mr. RAILSBACK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAILSBACK: In the matter proposed to be added by section 101 of the bill, add at the end of section 273 the following new subsection:

"(f) INFORMATION.—For purposes of this part, the President shall collect information on the pricing, supply, and distribution of petroleum products at the wholesale and retail levels, on a State-by-State basis. Such information shall be substantially of the same type as was collected during September 1981 by the Energy Information Administration pursuant to the Emergency Petroleum Allocation Act of 1973.

Mr. RAILSBACK. Mr. Chairman, for a long time I have been concerned that if we are going to have a Federal energy policy, that policy ought to be based on information gathered by the Government, rather than by the American Petroleum Institute, and I am offering an amendment to the Petroleum Emergency Authority Act, H.R. 4700, which would in effect require the Energy Information Administration (EIA) to maintain its petroleum price and marketing program. During the past year, I and the Northeast-Midwest Congressional Coalition have been concerned about the availability of a central energy data bank.

Data gathered by 9 EIA forms provides Members of Congress, State and local governments, universities, foreign governments, trade associations, and others with important price, supply, and distribution information. Much of the information is available on a State-by-State basis.

The Office of Management and Budget (OMB) is considering five of nine petroleum price and marketing forms. I understand OMB may propose retaining only two of the five forms, one providing State-level supply data and another providing domestic and foreign acquisition costs of crude oil on a national level. We need the information. But, it will not be complete without distribution data and petroleum product prices at the national level.

OMB states that by requesting extention of these forms, EIA is violating the President's January 28 Executive order, "Decontrol of Crude Oil and Refined Petroleum Products", by not eliminating forms unnecessary for emergency planning and information required by law. I disagree.

EIA is already making strong efforts to streamline forms to minimize duplication while maintaining the ability to acquire crucial statistical information. Twenty-three forms and a total of 1.2 million burden hours per year have been eliminated. Seventeen other forms, including nine petroleum price and marketing forms, are being consolidated. EIA published a completed version of the so-called superform, EIA-740, on June 5, but the hastily put together form was not acceptable to industry or other users and another 2 years is needed for development. In the meantime, authority for five price and supply forms expired on September 30. The OMB published a notice of agency forms under review in the September 24 Federal Register. The matter should have been routine, but OMB is considering a draft information system submitted by the American Petroleum Institute (API).

The API draft as originally submitted would have eliminated six of the nine EIA forms collecting price and supply data on the national, regional and State levels, information of particular interest to members of the Northeast-Midwest Congressional Coalition, as well as all Members of Congress. Although API has since indicated an interest in retaining supply data on the State level, price data and market share information, may not be retained. The percentage of the market distributed by retailers, wholesalers, and refiner-marketers. EIA now has the most complete energy price data on a comparative basis for the States. State policymakers need price and supply information for planning and budgeting. Distribution data is used for analysis of refiner-marketer practices, monitoring changes in market shares and refiner distribution patterns, and planning.

Because so many States rely on the information, at least 36 of them contacted OMB when they learned the forms may be eliminated. The National Governors' Association and several research institutions also supported retaining the forms. The only comments in opposition were from the oil industry.

Industry criticism that the information is not needed for emergencies is simply not valid. If the President's authority provided in H.R. 4700 is needed, State-level price, supply and distribution information will be crucial. Congress recognized the need for information not dependent on industry sources when shortages and price increases caused constituents to clamor for unbiased data proving a shortage was, in fact real. Collection of data pertaining to petroleum price, supply, and distribution—especially of home heating fuel is required in the Federal Energy Administration Act of 1974 and the Emergency Energy Conservation Act of 1979.

I would therefore urge support of my amendment, since it would require current data to be continued to be collected, but would not require additional reporting or revive old forms. None of us hopes for a serious shortage. But, if a major supply disruption should occur, we must have adequate information that is not entirely dependent on industry sources.

Mr. TAUKE. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Iowa.

Mr. TAUKE. Mr. Chairman, I commend the gentleman for his leadership on this issue and I strongly support this amendment to H.R. 4700, the Standby Petroleum Emergency Authority Act, to require the Energy Information Administration to continue the collection of State-level information on oil prices, supply, and distribution.

It hardly needs saying that accurate, comprehensive information is vital in any emergency. In a petroleum emergency, information about petroleum shortages on a State-by-State basis will be critical to the effective exercise of the President's authority under H.R. 4700. The bill recognizes that a petroleum emergency may arise within a region, as well as nationally; but it will be difficult to determine whether an emergency exists, or to define its scope, if State-level information is not available.

Moreover, H.R. 4700 recognizes the validity of State set-aside programs; the administration of such programs will be vastly more difficult if State-level information is no longer available.

The reporting burden on the petroleum industry has already been sharply reduced, and I applaud the administration's actions in this area. But in its commendable zeal to reduce paperwork, the administration is now about to cross the line that separates information that is merely useful from information that is essential.

Mr. RAILSBACK. I thank the gentleman.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I also want to commend the gentleman for the amendment. I believe it is an important addition to the bill and I certainly will support it.

Mr. RAILSBACK. I thank the gentleman.

Mr. CORCORAN. Mr. Chairman, I rise in reluctant opposition to the amendment.

Mr. Chairman, let me just point out that the administration opposes this amendment, and I oppose this amendment, not because we are in disagreement with the objective of the gentleman from Illinois (Mr. RAILSBACK), in terms of the authority that would be granted under his proposed amendment, but simply because we feel it would be redundant.

I have talked with the Office of the General Counsel in the Department of Energy, and they point out that the authority that would be granted in the pending amendment is already provided for in two separate sections of the law that governs the Department of Energy with respect to information-gathering. First of all, we have sections 13 and 52 of the Federal Energy Act of 1974 and, second, section 11 of the Energy Supply and Environmental Coordination Act of 1974. And in both cases there is adequate subpena power involved with this data collection. And as a matter of fact, in the latter case, there is also the authority for civil penalties in this connection.

So, I would urge the rejection of this amendment, simply because I think that the authority already exists for the Department and is not needed at this time.

□ 1850

Mr. SHARP. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I applaud the gentleman from Illinois and rise to support the amendment of the gentleman from Illinois (Mr. RAILSBACK). The other gentleman from Illinois (Mr. CORCORAN) is correct that authority does exist to do this. Unfortunately, however, we are having a little difficulty getting the Office of Management and Budget to understand what the law is and what ought to be done.

This amendment has very strong bipartisan support within the National

Governors Conference and also with the Northeast Coalition.

If you want to do anything about energy policy, you have to know what is happening. The only way to know what is happening is to collect information and this will do it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. RAILSBACK).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title I? If not, the Clerk will read title II.

The Clerk read as follows:

TITLE II-EXTENSION OF CERTAIN INTERNATIONAL ENERGY PROGRAM AUTHORITIES

EXTENSION

SEC. 201. Subsection (j) of section 252 of the Energy Policy and Conservation Act (42 U.S.C. 6272(j)) is amended by striking out "April, 1, 1982" and inserting in lieu thereof "June 30, 1985".

Mr. SHARP (during the reading). Mr. Chairman, I ask unanimous consent that title II be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The CHAIRMAN. Are there amendments to title II?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose, and the Speaker pro tempore (Mr. FOLEY) having assumed the chair, Mr. SMITH of Iowa, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4700) to amend the Energy Policy and Conservation Act to authorize the President to control oil supplies and prices in the event of a severe petroleum supply interruption, and for other purposes, pursuant to House Resolution 288, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CORCORAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 244, nays 136, not voting 53, as follows:

[Roll No. 362]

YEAS—244

Addabbo	English	Lowry (WA)
Akaka	Erdahl	Luken
Albosta	Ertel	Lundine
Alexander	Evans (DE)	Markey
Andrews	Evans (IA)	Marks
Annunzio	Evans (IN)	Marlenee
Anthony	Fary	Martin (IL)
Aspin	Fascell	Martin (NY)
Bailey (MO)	Fazio	Matsui
Bailey (PA)	Ferraro	Mavroules
Barnes	Fish	Mazzoli
Bedell	Flippo	McDade
Beilenson	Florio	McGrath
Benedict	Foglietta	McHugh
Benjamin	Foley	Mica
Bennett	Ford (MI)	Mikulski
Bereuter	Ford (TN)	Miller (CA)
Bevill	Fountain	Mineta
Bingham	Fowler	Minish
Blanchard	Fuqua	Mitchell (MD)
Boggs	Gaydos	Mitchell (NY)
Boland	Gejdenson	Moffett
Boner	Gephardt	Molinari
Bonior	Gilman	Mollohan
Bonker	Ginn	Montgomery
Bouquard	Glickman	Mottl
Bowen	Gonzalez	Murtha
Brinkley	Gore	Napier
Brodhead	Guarini	Natcher
Burton, Phillip	Gunderson	Neal
Carman	Hagedorn	Nelligan
Carney	Hall (OH)	Nelson
Chisholm	Hall, Ralph	Nowak
Clay	Hall, Sam	Oakar
Clinger	Hamilton	Oberstar
Coats	Hance	Obey
Coelho	Harkin	Ottinger
Coleman	Hawkins	Panetta
Collins (IL)	Heckler	Pepper
Conte	Hefner	Perkins
Conyers	Heftel	Pickle
Courter	Hertel	Price
Coyne, James	Hightower	Pritchard
Coyne, William	Hollenbeck	Pursell
Craig	Hopkins	Railsback
D'Amours	Howard	Rangel
Danielson	Hoyer	Ratchford
Daschle	Hughes	Reuss
Daub	Jacobs	Richmond
Deckard	Jeffords	Roberts (KS)
DeNardis	Jenkins	Roberts (SD)
Derrick	Jones (NC)	Rodino
Dicks	Jones (OK)	Rogers
Dingell	Jones (TN)	Rosenthal
Dixon	Kastenmeier	Rostenkowski
Dorgan	Kazen	Roukema
Dowdy	Kildee	Roybal
Downey	Kogovsek	Sabo
Duncan	Leach	Santini
Dunn	LeBoutillier	Savage
Dwyer	Lee	Sawyer
Dymally	Lehman	Scheuer
Early	Leland	Schneider
Eckart	Lent	Schumer
Edwards (CA)	Levitas	Seiberling
Emerson	Long (LA)	Shamansky
Emery	Long (MD)	Shannon
Sharp	Studds	Whittaker
Simon	Swift	Whitten
Skelton	Synar	Williams (MT)
Smith (IA)	Tauke	Wilson
Smith (NE)	Tauzin	Wirth
Smith (NJ)	Vento	Wolf
Snowe	Volkmer	Wolpe
Snyder	Wampler	Wortley
Solomon	Washington	Wyden
St Germain	Watkins	Yates
Stangeland	Weaver	Yatron
Stark	Weber (MN)	Young (MO)
Stenholm	Weiss	Zablocki
Stokes	White	
Stratton	Whitley	

NAYS—136

Anderson	Gibbons	Myers
Applegate	Gingrich	O'Brien
Archer	Goldwater	Oxley
Ashbrook	Goodling	Parris
Atkinson	Gradison	Pashayan
Bafalis	Gramm	Patman
Barnard	Green	Paul
Bethune	Gregg	Petri
Bliley	Grisham	Porter
Breaux	Hammerschmidt	Quillen
Broomfield	Hansen (ID)	Regula
Brown (CO)	Hansen (UT)	Rhodes
Brown (OH)	Hendon	Rinaldo
Broyhill	Hiler	Ritter
Burgener	Hillis	Robinson
Butler	Holt	Roemer
Byron	Huckaby	Roth
Campbell	Hunter	Rousselot
Chappie	Hutto	Rudd
Cheney	Hyde	Schroeder
Clausen	Ireland	Schulze
Collins (TX)	Jeffries	Sensenbrenner
Corcoran	Johnston	Shaw
Coughlin	Kindness	Shumway
Crane, Daniel	Kramer	Shuster
Crane, Philip	Lagomarsino	Siljander
Daniel, Dan	Latta	Skeen
Daniel, R. W.	Leath	Smith (AL)
Dannemeyer	Lewis	Smith (OR)
Davis	Livingston	Spence
de la Garza	Loeffler	Stanton
Derwinski	Lott	Staton
Dickinson	Lowery (CA)	Stump
Dornan	Lujan	Taylor
Dreier	Lungren	Thomas
Dyson	Marriott	Trible
Edwards (AL)	Martin (NC)	Walker
Edwards (OK)	McClory	Weber (OH)
Erlenborn	McCollum	Whitehurst
Evans (GA)	McCurdy	Williams (OH)
Fenwick	McEwen	Winn
Fiedler	Michel	Wylie
Fields	Miller (OH)	Young (AK)
Findley	Moore	Young (FL)
Forsythe	Moorhead	
Frenzel	Morrison	

NOT VOTING—53

AuCoin	Garcia	Patterson
Badham	Gray	Pease
Beard	Hartnett	Peyser
Biaggi	Hatcher	Rahall
Bolling	Holland	Roe
Brooks	Horton	Rose
Brown (CA)	Hubbard	Russo
Burton, John	Kemp	Shelby
Chappell	LaFalce	Smith (PA)
Conable	Lantos	Solarz
Crockett	Madigan	Traxler
Dellums	Mattox	Udall
Donnelly	McCloskey	Vander Jagt
Dougherty	McDonald	Walgren
Edgar	McKinney	Waxman
Fithian	Moakley	Wright
Frank	Murphy	Zeferetti
Frost	Nichols	

□ 1900

The Clerk announced the following pairs:

On this vote:

Mr. Rahall for, with Mr. Nichols against.

Mr. Mattox for, with Mr. McDonald against.

Mr. AuCoin for, with Mr. Vander Jagt against.

Mr. Lantos for, with Mr. McCloskey against.
Mr. McKinney for, with Mr. Madigan against.
Mr. Horton for, with Mr. Badham against.

Until further notice:

Mr. Udall with Mr. Hartnett.
Mr. Zeferetti with Mr. Kemp.
Mr. Brooks with Mr. Smith of Pennsylvania.
Mr. Wright with Mr. Conable.
Mr. Chappell with Mr. Beard.
Mr. Dellums with Mr. John L. Burton.
Mr. Edgar with Mr. Hatcher.
Mr. Hubbard with Mr. Roe.
Mr. Gray with Mr. Patterson.
Mr. Shelby with Mr. Russo.
Mr. Garcia with Mr. Walgren.
Mr. Waxman with Mr. Rose.
Mr. Pease with Mr. LaFalce.
Mr. Traxler with Mr. Brown of California.
Mr. Solarz with Mr. Holland.
Mr. Peyser with Mr. Moakley.
Mr. Murphy with Mr. Fithian.
Mr. Biaggi with Mr. Crockett.
Mr. Frank with Mr. Dougherty.
Mr. Donnelly with Mr. Frost.

Mr. BAILEY of Missouri changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1910

Mr. SHARP. Mr. Speaker, pursuant to House Resolution 288, I call up from the Speaker's table the Senate bill (S. 1503) to authorize the President to allocate supplies of crude oil, residual fuel oil, and refined petroleum products during a severe petroleum supply shortage, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. SHARP

Mr. SHARP. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SHARP moves to strike out all after the enacting clause of the Senate bill, S. 1503, and to insert in lieu thereof the provisions of the bill (H.R. 4700) as passed, as follows:

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Standby Petroleum Emergency Authority Act of 1981".

TABLE OF CONTENTS

Sec. 1. Short tile; table of contents
TITLE I—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY
Sec. 101. Amendment to the Energy Policy and Conservation Act.
"PART C—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY
"Sec. 271. Findings and purpose.
"Sec. 272. Definitions.
"Sec. 273. Emergency allocation and price authority regulation.
"Sec. 274. Implementation of regulations.
"Sec. 275. Preemption and contract liability.
"Sec. 276. Crude-sharing plan.
"Sec. 277. Delegation.
"Sec. 278. Expiration."
Sec. 102. Strategic Petroleum Reserve Distribution Plan.
TITLE II—EXTENSION OF CERTAIN INTERNATIONAL ENERGY PROGRAM AUTHORITIES
Sec. 201. Extension.

TITLE I—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY

AMENDMENT TO THE ENERGY POLICY AND CONSERVATION ACT

SEC. 101. (a) Title II of the Energy Policy and Conservation Act, relating to standby energy authorities, is amended by adding at the end thereof the following new part:

"PART C—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY

"FINDINGS AND PURPOSE

"SEC. 271. (a) FINDINGS.—The Congress finds that—

"(1) past petroleum product supply interruptions have caused serious national and regional disruptions in domestic energy markets which have threatened the public health, safety, and welfare;

"(2) while such threats should be responded to by reliance to the maximum practicable extent upon the free market, temporary regulatory authority should be available to the President in a severe crisis to enable the President to minimize potentially devastating economic impacts and lessen public hardships; and

"(3) prudent development and use of petroleum product inventories furthers the public interest by affording protection against the adverse effects of supply interruptions and reducing the need for the exercise of such regulatory authority.

"(b) PURPOSE.—It is the purpose of this part—

"(1) to provide that the pricing and allocation of petroleum products shall be determined by the market, and shall not be subject to price and allocation regulation by the Federal Government except in the event of a Presidential determination of a severe petroleum supply interruption, and

"(2) to grant the President discretionary, temporary authority to respond to such interruptions in order to minimize their adverse impacts on the American people and the domestic economy and to ensure the public health, safety, and welfare.

"DEFINITIONS

"SEC. 272. As used in this part—

"(1) the term 'severe petroleum supply interruption' means a national or regional petroleum product supply interruption which the President in his discretion determines will or may—

"(A) be of such magnitude or duration as to seriously diminish domestic petroleum product inventories;

"(B) not be reasonably manageable under other Presidential authorities or by reliance on free market pricing and allocation;

"(C) threaten the public health, safety, and welfare, the economy of the United States or of any region of the United States, or the national security; and

"(D) result from the interruption of significant amounts of petroleum product imports or from sabotage or an act of God; and

"(2) the term 'regulation' means a rule, regulation, or order.

"EMERGENCY ALLOCATION AND PRICE AUTHORITY REGULATION

"SEC. 273. (a) GENERAL AUTHORITY.—In accordance with the purposes of this part, the President may, by regulation, provide for mandatory allocation of any petroleum product—

"(1) in amounts specified in (or determined in a manner prescribed by) such regulations, and

"(2) at prices specified in (or determined in a manner prescribed by) such regulations. Such regulations may apply to any petroleum product produced in or imported into the United States.

"(b) MANDATORY AND STANDBY REGULATIONS.—Regulations under this section may be—

"(1) mandatory emergency regulations which are effective upon promulgation (hereinafter in this part referred to as 'mandatory regulations'), or

"(2) standby contingency regulations which are effective contingent on later circumstances (hereinafter in this part referred to as 'contingency regulations'), but any regulation under this part may be implemented only in accordance with section 274.

"(c) EMERGENCY PREPAREDNESS PLAN.—(1) Not later than 180 days after the date of the enactment of this part, the President shall promulgate an emergency preparedness plan consisting of contingency regulations under this section, and shall transmit the text of such plan to the Congress. This subsection shall not be construed to limit the authority of the President to amend or revoke such regulations after their promulgation.

"(3) The President shall analyze, and compare the impacts on the domestic economy and on consumers in the United States of—

"(A) complete reliance on free market allocation and pricing, and

"(B) reliance on the emergency preparedness plan during a severe petroleum supply interruption.

Such analysis and comparison shall examine the equity and efficiency of such alternatives and distinguish between the impacts of such alternatives on various categories of business (including small business) and on households of different income levels.

"(3) Within one year after the date of the enactment of this part, the President shall submit a report to the Congress containing the analysis and comparison required by paragraph (2) along with such recommendations as the President deems appropriate.

"(d) DISCRETIONARY GUIDELINES.—Regulations under this section shall be consistent, to the maximum extent practicable, with the discretionary guidelines specified in section 4(b)(1) of the Emergency Petroleum Allocation Act of 1973.

"(e) LIMITATIONS.—The President shall have no authority under this part—

"(1) to prescribe minimum prices for any petroleum product;

"(2) to impose any tax, tariff, or user fee;

"(3) to provide for allocation of any motor gasoline or diesel fuel among end-users through any system involving the issuance of ration coupons or other similar evidences of right; or

"(4) to provide for the allocation of consumer petroleum inventories, impose restrictions on the use of such inventories, or consider or take into account the existence or size of such inventories in determining the amount of petroleum products to be allocated to consumers.

For purposes of paragraph (4), 'consumer petroleum inventories' means inventories of refined petroleum products held by and in the custody of a consumer for its own use

which do not exceed the quantity of refined petroleum products held by and in the custody of that consumer 30 days before the President declares that a severe petroleum supply interruption exists.

"(f) INFORMATION.—For purposes of this part, the President shall collect information on the pricing, supply, and distribution of petroleum products at the wholesale and retail levels, on a State-by-State basis. Such information shall be substantially of the same type as was collected during September 1981 by the Energy Information Administration pursuant to the Emergency Petroleum Allocation Act of 1973.

"IMPLEMENTATION OF REGULATIONS

"SEC. 274. (a) REQUIREMENTS FOR IMPLEMENTATION.—Regulations under this part may be implemented only if—

"(1) there is in effect a determination by the President of a severe petroleum supply interruption; and

"(2) notice of such determination, notice of the President's intent to implement such regulations, and the text of such regulations have been transmitted to the Congress in accordance with section 551, and neither House of Congress has disapproved (or both Houses have approved) implementation of such regulations in accordance with the procedures specified in section 551.

"(b) DURATION; TERMINATION.—Regulations implemented under this section may not remain in effect after the 90-day period which begins on the date on which the authority to implement such regulations first becomes effective, except that such regulations may be extended by the President for up to 60 additional days, upon his express finding that the severe petroleum supply interruption continues in effect, and that the implemented regulations must be continued to meet the purposes of this part. Thereafter, the authority of the President to implement any regulation under section 273 shall terminate, unless pursuant to subsection (a) the President makes a new determination and new transmittal to Congress of mandatory regulations, which are not disapproved by the Congress under subsection (a).

"PREEMPTION AND CONTRACT LIABILITY

"SEC. 275. (a) PREEMPTION.—Except as provided in subsections (b) and (c), the enactment of this part supersedes and preempts any provision of any law or regulation adopted or promulgated by a State or any political subdivision thereof to the extent that such law or regulation provides for the pricing or allocation of any petroleum product.

"(b) EXEMPTION.—(1) The President may, by rule, exempt from the operation of subsection (a) classes or categories of laws or regulations which would otherwise be preempted under subsection (a), to the extent that the President determines that such laws or regulations would—

"(A) preserve a significant State or local interest;

"(B) not unduly burden interstate commerce; and

"(C) not significantly conflict with or impede operation of this part, achievement of the purposes of this part, or achievement of the objectives of the regulations under section 273.

"(2) Rules under paragraph (1) shall not be subject to the implementation requirements of section 274.

"(c) CERTAIN STATE SET-ASIDE PROGRAMS NOT PREEMPTED.—Notwithstanding subsection (a), a set-aside program for residual fuel oil or any refined petroleum product administered by a State shall not be preempted under subsection (a) if—

"(1) the Governor determines that such a program is required to meet a petroleum supply disruption within the State which will significantly impair essential public services or essential economic activity.

"(2) the set-aside program does not continue in effect for more than 90 days, except that, if the Governor determines that continued implementation is required by such disruption, the program may be continued for an additional 90-day period, and

"(3) the Governor determines that the program does not result in the creation of a residual fuel oil or refined petroleum product set-aside which requires any prime supplier to set aside more than 5 percent of the prime supplier's estimated portion of its total supply for that month which will be sold into the State's distribution system for consumption within the State.

For purposes of this subsection, the term 'prime supplier' with respect to any State means the supplier which makes the first sale of any product subject to the State set-aside into the State distribution system for consumption within the State.

"(d) CONTRACT DEFENSE.—There shall be available as a defense to any action brought for breach of contract in any Federal or State court arising out of delay or failure to provide, sell, or offer for sale or exchange any petroleum products, that such delay or failure was caused soley by compliance with the provisions of any regulation under this part.

"CRUDE-SHARING PLAN

"SEC. (a) STANDBY CRUDE-SHARING PLAN.—The President shall include a standby refinery crude-sharing plan in the Emergency Preparedness Plan required under section 273(c)(1).

"(b) PLAN PROVISIONS.—(1) To the maximum extent practicable, the plan established under subsection (a) shall—

"(A) fairly distribute the burdens of any international allocation of petroleum products by United States corporations to foreign countries participating with the United States in the International Energy Program;

"(B) aid in the equitable distribution and sharing of crude oil, at equitable prices, among efficient refineries of all sizes in the United States;

"(C) encourage the maintenance by all refineries of crude oil inventories, and the acquisition of secure supplies of crude oil;

"(D) help offset partially the disproportionate impact of supply disruptions on efficient refineries of all sizes;

"(E) minimize the adverse impacts of severe petroleum supply interruptions upon the customers of disproportionately impacted refineries of all sizes; and

"(F) help avoid more intrusive and comprehensive petroleum product price and allocation controls.

"(2) Such plan shall provide for the allocation among efficient refineries of crude oil—

"(A) in amounts specified in (or determined in a manner prescribed by) such plan, and

"(B) at prices specified in (or determined in a manner prescribed by) such plan.

"(3) Such plan may be implemented only in accordance with section 274.

"DELEGATION

"SEC. 277. The President may delegate all or any portion of the authority granted to him under this part to such officers, departments, or agencies of the United States, or to any State (or officer thereof), as the President may deem appropriate; except that the President may not delegate the authority to determine any severe petroleum supply interruption.

"EXPIRATION

"SEC. 278. (a) IN GENERAL.—All authority under this part, and any regulation issued pursuant to such authority, shall expire at midnight of December 31, 1984.

"(b) SAVINGS PROVISION.—The expiration of authority under this part, or any regulation issued pursuant to such authority, shall not affect any action or pending proceedings, civil or criminal, not finally determined at the time of such expiration, or any action or proceeding based upon any act committed prior to such expiration.".

(b) The table of contents for such Act is amended by inserting after the items relating to part B of title II the following new items:

"PART C—STANDBY PETROLEUM ALLOCATION AND PRICE CONTROL AUTHORITY

"Sec. 271. Findings and purpose.
"Sec. 272. Definitions.
"Sec. 273. Emergency allocation and price authority regulation.
"Sec. 274. Implementation of regulations.
"Sec. 275. Preemption and contract liability.
"Sec. 276. Crude-sharing plan.
"Sec. 277. Delegation.
"Sec. 278. Expiration.".

STRATEGIC PETROLEUM RESERVE DISTRIBUTION PLAN

SEC. 102. Section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241) is amended—

(1) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) Not later than 180 days after the date of the enactment of the Standby Petroleum Emergency Authority Act of 1981, the President shall submit a Distribution Plan as an amendment to the Strategic Petroleum Reserve Plan in accordance with sections 159 (d) and (e). Effective beginning 195 days after the date of enactment of such Act, the Distribution Plan previously in effect may not be implemented."; and

(2) by striking out the period at the end of subsection (d) and inserting in lieu thereof the following: "and the Secretary has transmitted such finding to the Congress in accordance with section 551 and neither House of Congress has disapproved (or both Houses have approved) such finding, in accordance with the procedures specified in section 551.".

TITLE II—EXTENSION OF CERTAIN INTERNATIONAL ENERGY PROGRAM AUTHORITIES

EXTENSION

SEC. 201. Subsection (j) of section 252 of the Energy Policy and Conservation Act (42 U.S.C. 6272(j)) is amended by striking out "April 1, 1982" and inserting in lieu thereof "June 30, 1985".

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read:

"A bill to amend the Energy Policy and Conservation Act to authorize the President to control oil supplies and prices in the

event of a severe petroleum supply interruption, and for other purposes."

A similar House bill (H.R. 4700) was laid on the table.

APPOINTMENT OF CONFEREES

Mr. SHARP. Mr. Speaker, I ask unanimous consent that the House insist on its amendment to the Senate bill, S. 1503, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana? The Chair hears none, and, without objection, appoints the following conferees: Messrs. DINGELL, SHARP, MOFFETT, BROYHILL, and CORCORAN.

There was no objection.

GENERAL LEAVE

Mr. SHARP. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 713 and HOUSE JOINT RESOLUTION 335

Mr. TAUKE. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor from H.R. 713 and House Joint Resolution 335.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

PERMISSION FOR CERTAIN FARM CREDIT ADMINISTRATION REGULATIONS TO BECOME EFFECTIVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1948) to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, other than farm credit system institutions, to borrow from and discount with Federal intermediate credit banks and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. WALKER. Mr. Speaker, reserving the right to object, I had a problem understanding from the title what this was going to do. Could the gentleman give us a short explanation of what this bill is all about?

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Speaker, I would be very happy to explain this bill.

Mr. Speaker, this is a bill to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, other than farm credit system institutions, to borrow from and discount with Federal intermediate credit banks.

The Farm Credit Act of 1971, the statute which governs the operation of both the federally chartered, privately owned farm credit system and the Farm Credit Administration, the Federal supervisory agency, was substantially amended by Congress last year. One of the most significant changes gave assurances to rural banks and other lending institutions that, when necessary, they could discount loans with and borrow from the Federal intermediate banks, which are units of the Federal credit system. It was the objective of Congress that these other financial institutions have access to adequate funds to finance their farm, ranch, and aquatic borrowers.

The Farm Credit Administration has been formulating regulations to implement the new statutory provisions since early this year. During the rulemaking process, comments and suggestions of various interested parties were addressed. The Subcommittee on Conservation, Credit, and Rural Development of the Agriculture Committee was briefed on the matter from time to time. On October 22, 1981, the Farm Credit Administration issued its final regulations on this subject. Because of a question which arose, a clarifying amendment was published on December 8.

The 1980 amendments to the Farm Credit Act subjected regulations issued by the agency on this subject to a two-House legislative veto. They provided that, at the earliest, regulations could not become effective until 60 days of continuous session of Congress after their promulgation. This provision is the source of the problem we must remedy.

It is obvious that the 60-day period of continuous session after promulgation of the regulations and the amendment will not expire before adjournment of the first session of this Congress. Sine die adjournment would break continuity of session for this purpose. Therefore, under the legislative veto provision of law, the 60-day period would begin to run anew upon convening of the the second session of this Congress. This would necessarily postpone the effective date of the regulations and the amendment at least into March 1982. In view of the dire economic circumstances now facing American agriculture, it is highly likely that the additional sources of credit which the regulations would make available will be sorely needed long before next spring.

The purpose of S. 1948 is simply to make these regulations and the amendment effective as of the date of enactment of this bill. Adoption of this bill will not necessarily indicate approval of the regulations by Congress. It will, however, promptly make additional sources of agricultural credit available and thereby accomplish one of the main purposes of Congress in adopting the 1980 farm credit amendments.

I urge my colleagues to join in adopting S. 1948.

Mr. WALKER. I thank the gentleman very much.

Mr. Speaker, I withdraw my reservation of objection.

Mr. JEFFORDS. Mr. Speaker, I reserve the right to object.

Mr. Speaker, I would like to say the minority has reviewed the regulations and also understands the bill, and would certainly support the legislation.

Mr. Speaker, I want to associate myself with the remarks of my colleagues and urge passage of S. 1948, a bill to permit to become effective certain Farm Credit Administration regulations which establish the authority of financing institutions, other than farm credit system institutions, to borrow from and discount with Federal intermediate credit banks.

Mr. Chairman, one of the most controversial items contained in the Farm Credit Act amendments signed into law last year was the provision to allow other financial institutions to use the discount window privileges of the Federal intermediate credit banks of the farm credit system. In order to maintain congressional oversight of the enactment of this important provision, we required the regulations concerning OFI authority subject to congressional veto. As a result, the regulations do not become effective until the passage of 60 calendar days of continuous session of Congress if no committee of either House has reported or been discharged from further consideration of a disapproval resolution by the end of that period.

A sine die adjournment of Congress, however, breaks the continuity of session. If that happens, the review period begins running again at the beginning of the next session of Congress. That is what appears will be the case in this situation if Congress adjourns within the next few days. If this happens, it is unlikely that the regulations will be effective until some time in March or April 1982.

All this bill will do is simply waive the 60-day waiting period, making these regulations effective on the date of the bill's enactment. The bill would in no way alter the statutory waiting period for similar Farm Credit Administration regulations which may be issued in the future.

The comments and suggestions of the various interested parties have been adequately addressed in the agency's rulemaking process. Therefore I ask support of this measure, as it will insure that these regulations become effective before the peak credit season for farmers early next year.

Mr. Speaker, I withdraw my reservation of objection.

Mr. WAMPLER. Mr. Speaker, I reserve the right to object, and I shall not object.

Mr. Speaker, I rise in support of S. 1948, a bill to waive the 60-day waiting period for certain Farm Credit Administration regulations. I want to associate myself with the remarks of the gentleman from Texas (Mr. DE LA GARZA) the chairman of the Committee on Agriculture, and I commend him for his timely action on bringing this bill to the floor.

Last year Congress enacted the Farm Credit Act Amendments of 1980. Among other things, that law expanded the authority for financial institutions to borrow from and discount with the Federal intermediate credit banks of the farm credit system.

This particular provision of the Farm Credit Act was not without controversy during consideration of the bill. As a result, the Congress mandated that the law require regulations concerning the "OFI" provision be subject to congressional veto. Consequently, under current law the regulations cannot become effective until the passage of 60 calendar days of continuous session of Congress if no committee of either House has reported or been discharged from further consideration of a disapproval by the end of that period.

Basically, the new regulations governing discount authorities under the Farm Credit Act amendments provide increased access to additional credit to the Nation's farmers and ranchers. This is done by providing rural banks and other commercial lenders which meet certain specified eligibility requirements with access to funds of Federal intermediate credit banks. As a result, additional sources of credit will be made available to farmers and ranchers, primarily through rural community banks and agricultural credit corporations.

The regulations at issue were published on October 22 of this year. An amendment clarifying the regulations was published in the Federal Register on December 8, 1981. Fifty days of the sixty-day review period already have expired. To my knowledge, no resolution disapproving the regulations has been introduced or will be introduced in the time remaining in this year's session of Congress. However, if Congress adjourns in the next few days as scheduled, the review period on these regulations must start again at the beginning of the next session of Congress. As a result, the regulations could not become effective until late March or April 1982.

The bill before us would waive the continuous 60-day waiting period, thus making these regulations effective on the date of the bill's enactment. The bill would in no way alter the statutory waiting period for similar Farm Credit Administration regulations which may be issued in the future.

Mr. Chairman, our Nation's farmers and ranchers must have adequate sources of credit to assure their continued viability. These regulations will play an important role in insuring that adequate sources of credit are available. The comments and suggestions of the various interested parties have been adequately addressed in the agency's rulemaking process, and I am not aware of opposition to this bill from any interested group or organization.

I ask that my colleagues join me in support of this legislation, as it will insure that these regulations become effective before the peak credit season for farmers next year.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. JONES of Tennessee. Mr. Speaker, I rise in support of S. 1948, and urge its adoption to my colleagues.

This bill simply permits a regulation recently promulgated by the Farm Credit Administration to become effective immediately instead of being held up for a 60-day congressional review period. Because the regulation was not issued by the FCA until October 22 of this year, it appears impossible that the necessary 60 days will lapse before Congress adjourns this session. Therefore, it could be well into next year before the 60-day review period could again be observed.

The regulation in question would implement a new authority for Federal intermediate credit banks of the farm credit system to open their discount windows to other financing institutions not included in the system. This action will result in many rural banks having an additional source of agricultural credit available to them in the coming years. It was for this reason that the Congress granted this new authority last year in the Farm Credit Act Amendments of 1980.

Again, Mr. Chairman, I urge passage of S. 1948, and I assure my colleagues that it is in the best interest of the agricultural sector that we promptly settle this matter.●

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1948

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, the final regulations issued by the Farm Credit Administration amending subpart P, Part 614, title 12 of the Code of Federal Regulations, published in the Federal Register of October 22, 1981 (46 F.R. 51886-51889), together with an amendment thereto published in the Federal Register of December 8, 1981 (46 F.R. 59959), which implement the provisions of section 2.3 of the Farm Credit Act of 1971, as amended by the Farm Credit Act Amendments of 1980, shall become effective on the date of enactment of this Act.

SEC. 2. The provisions of the first section of this Act shall not be deemed an expression of congressional approval of such regulations and the amendment thereto.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE POLISH CRISIS

(Mr. BOLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOLAND. Mr. Speaker, as it has been so often over the last 16 months, the attention of the world is again focused on Poland.

The military crackdown on trade union activists, which began over the weekend, is a matter of the utmost gravity. It imperils the economic and political gains which Solidarity and other unions have so painstakingly made. It threatens Poland with an internal struggle that could have grave repercussions far beyond its borders. Those of us who have applauded the courage and determination of the Polish people, in achieving political reform in their country, can only hope that the declaration of martial law does not signal the end of those reforms. Above all, we pray that the military and union leaders can resolve the present crisis without resorting to bloodshed. As Pope John Paul II noted, too much Polish blood has already been spilled in this century.

Mr. Speaker, the struggle in Poland is now, as it always has been, one for the Polish people to settle. Given the proximity of Poland to the Soviet Union, the temptation for outside intervention is great. Our Government

cannot overstate the gravity of the consequences of Soviet intervention. It is my hope that the Soviets will see the wisdom of allowing the internal affairs of Poland to be managed by the Polish people.

Poland faces serious political and economic problems. Solving those problems will require the cooperation of all elements of the Polish state. As the current crisis unfolds, we will see whether that necessary cooperation is present or whether those who would crush Solidarity, at the risk of their country, will prevail.

A FEDERAL BUDGET PAINTED WITH REAGAN RED

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, over the weekend I appeared in a number of meetings in my district. I was asked by several constituents about the prospects of the President delivering on his promise to balance the budget by 1984. Yesterday, the New York Times published an article written by Stephen Wiseman, which accurately reports on the status of the economic situation today.

Mr. Wiseman points out that the next 3 years are expected to produce record high deficits totaling a cumulative amount of more than a third of a trillion dollars.

Clearly, the President has given us a budget painted with Reagan red.

DEEP IN THE RED

Administration's changing forecasts on the budget deficit

[In billions of dollars]

March projections:	
1982	−45.0
1983	−22.9
1984	0
July projections:	
1982	−42.4
1983	−22.9
1984	0
September projections:	
1982	−109.1
1983	−22.9
1984	0
December projections:	
1982	−109.1
1983	−152.3
1984	−162.0

Total Reagan deficit −$423.4.

Mr. Speaker, following is the text of Mr. Weisman's article in the December 13, 1981, issue of the New York Times:

HUGE DEFICITS FORCE REAGAN INTO SOME TIGHT CORNERS

(By Steven R. Weisman)

WASHINGTON.—Like a house flattened by a hurricane, President Reagan's ambitious economic goals have been splintered by what could turn out to be the worst recession since World War II. Now the master builder is presiding over a construction crew whose members seem to be spending more time swinging their conflicting approaches at each other than in putting the economic—and the political—house back together.

The events of the last week demonstrated that the arguments within the Reagan Administration, not to mention within the Republican Party, are growing increasingly sharper as the tasks ahead grow increasingly difficult. News of the latest Administration projections on the budget deficit—$109 billion this fiscal year, up from an estimated $43 billion only three months ago—sent the Reagan fiscal experts scrambling for two reasons. One was to explain why the program enacted amid such hope in the summer had produced such calamitous results. The other was to try to resolve credibility not only to the Administration, but to their favorite theories.

The disputes might not have occurred if Mr. Reagan's original economic program, enacted in the form he wanted, had achieved its desired results. The supply-side program was designed to bring about huge tax cuts—$750 billion spread over five years—which Americans would use to save and invest, expanding the "supply" of capital and financing both economic growth and the looming deficits.

Instead, fear of those deficits caused the bond market to collapse, which in turn sent interest rates soaring. The high interest rates choked off hopes for economic recovery. And now that Americans are saving as hoped—in newly created retirement accounts, tax-free savings certificates and the like—they are not spending. As economists for the Business Council, which represents the nation's largest corporations, pointed out last week, individuals' failures to consume has already exacerbated the recession and ultimately could critically damage the push for new business investment that is the key of the President's program as enacted. And that could jeopardize Republican hopes for the 1982 elections.

So, last week the "monetarists"—who believe that economic growth depends on monetary growth—were blaming the Federal Reserve Board and its chairman, Paul A Volcker, for keeping an overly tight grip on the supply of money. The adherents to conventional Republican economic theory—led behind the scenes by David A. Stockman, director of the Office of Management and Budget—were arguing that there could be no recovery, and hope of taming inflation, unless the Administration did something about looming budget deficits. Substantial tax increases next year were among the recommendations of the members of this group, who also argued that it would be politically impossible to bring Congress to try to close the Federal deficit with nothing but additional rounds of painful budget cuts.

"AN EMPTY RELATIONSHIP"

The most startling economic advice, however, came from the Administration's "supply siders," the people who believe in the sacredness of reducing the tax burden on Americans. Their zeal was exposed when William Niskanen, a member of the Council of Economic Advisers, observed that it was more important to protect the Administration's previously enacted tax cuts than to worry about Federal deficits, which, he said, don't have much of an impact on inflation anyway. "The simple relationship between deficits and inflation is as close to being empty as can be perceived," said Mr. Niskanen. The remark raised a storm within the Administration and without. Before 24 hours had passed, the White House disavowed it.

In Congress where Republicans have for years worshipped at the shrine of balanced budgets, Senator William Armstrong of Colorado summed up the cries of protest. Mr. Niskanen, he charged, was advocating a "malevolent metamorphosis" from sound economic theory. Inevitably, Democrats noted that Mr. Reagan himself had served as a balanced-budget apostle in his maiden economic address Feb. 5 when he deplored the nation's trillion-dollar debt, saying, "We know now that inflation results from all that deficit spending." Now, of course, the deficits the Administration is projecting could increase that trillion dollars by more than 40 percent by 1984.

Hidden in the smoke of these and other exchanges was a developing antagonism between Treasury Secretary Donald T. Regan, on the one hand, and Mr. Stockman and James A. Baker 3d, the White House chief of staff, on the other. The driving force was the realization that there was no way the Administration could close the deficit gap by spending cuts alone. Not only was there this year's recession-driven increase, the 1983 deficit was newly estimated at $152 billion and the 1984 deficit, at $162 billion. "If you assume that Social Security cuts are off-limits until 1983, and if you assume no new cuts in defense, then there is no way you can make much progress toward closing that deficit without substantial increases in taxes next year," said one official. "Anyone who thinks otherwise hasn't recognized political reality and is just smoking dope."

This was the thinking, in any case, that impelled Mr. Stockman and Mr. Baker to try to force a decision in favor of tax increases on a reluctant President Reagan. In an earlier skirmish this fall, Mr. Reagan rejected their advice—and the advice of Senate Republicans—to go for substantial tax increases, choosing instead a small three-year package of $22 billion in measures aimed at closing "loopholes" in business taxes. Now, Mr. Stockman and Mr. Baker are out to win the war. Forcing an early commitment to get the 1984 budget deficit down to $55 billion to $60 billion would, they reasoned, bring "discipline in the system" that would force Mr. Reagan to come round to their view.

Secretary Regan's response was to observe, like Mr. Niskanen, that budget deficits are not inherently worrisome, so long as the Federal Reserve lets money supply grow, enabling the Government to borrow without driving interest rates into the stratosphere. Mr. Regan let it be known that a deficit of $60 billion was fine with him, but that if it meant increasing taxes to get there, he would recommend "tolerance" of a higher deficit figure. Like Mr. Stockman and Mr. Baker, Mr. Regan seemed to be confident that "reality" would draw the President back to his thinking.

REAGAN, THE MYSTERY MAN

Last week's mystery man was, of course, Mr. Reagan himself. As candidate, Mr. Reagan declared firmly that his economic goals—big tax cuts, big increases in military spending, and a balanced budget—could all be carried out with ease because of the enormous economic growth he seemed confident would ensue.

Officially, the President continues to adhere to this view. At meetings last week, he was reported to have scowled and looked on with horror amid talk of the need to re-

treat on taxes. He was particularly distressed by one idea that was gaining currency—a windfall profits tax on natural gas, something Mr. Reagan, in a letter last summer to an Oklahoma Congressman, promised to veto if it came to his desk.

It was clear from everything that Administration officials said that Mr. Reagan had yet to make up his mind and that his advisers were trying to force him to come to terms with "reality" as each sees it. They all have until Christmas. Then, Mr. Reagan must send his documents for the 1983 budget, which begins next Oct. 1, to the printers. Unlike last year, he no longer has the luxury of advisers who agree on fundamentals.

The battle under way now "for the soul of the Reagan Administration and the mind of Ronald Reagan," as one aide put it, is likely to reveal more about the genial purveyor of economic verities who was elected President last year than any of the speeches or any of the legislation he has put forward so far.

PERSONAL EXPLANATION

Mr. PORTER. Mr. Speaker, I was unavoidably detained at the George Washington Hospital this morning when rollcalls 357 and 358 were taken. Had I been here and voted, I would have voted "aye" on both rollcalls.

Mr. Speaker, I ask unaminous consent that this explanation be placed in the permanent RECORD immediately following those votes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

□ 1920

SOCIAL SECURITY "NOTCH" PROBLEM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. BRINKLEY) is recognized for 60 minutes.

GENERAL LEAVE

Mr. BRINKLEY. Mr. Speaker, I ask unanimous consent that all Members may be given the balance of this week to insert their remarks on this subject which I will address.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. BRINKLEY. Mr. Speaker, on November 17 I introduced legislation which would instruct the Commissioner of Social Security and the Secretary of Health and Human Services to immediately conduct a study and report to Congress on steps which can be taken to correct the social security benefit disparity which has become known as the "notch" problem. My legislation was patterned after that of the gentleman from Maryland, Dr. LONG, and I very much appreciate his leadership in this regard.

The purpose of this legislation, Mr. Speaker, House Concurrent Resolution 222, is to insure fair treatment for those who have based their retirement plans on social security benefit levels which have existed for the past decade, but which would be substantially reduced by changes in the benefit formula scheduled to take effect next year.

As most of you know, I have long been committed to reducing Government spending and restoring fiscal responsibility. However, I am equally determined to see to it that all Americans are treated fairly by our Government, and that inequities within existing programs are corrected.

Certainly, our efforts to correct the Social Security "notch" problem are consistent with our goals for good government. When Congress passed the 1977 law resulting in this situation, it never intended or foresaw the huge gap which has come to exist between the benefit levels paid to those becoming eligible for social security during the past decade and the amounts which now stand to be paid to persons reaching eligibility age next year. That is because this gap is basically a reflection of the extremely high interest rates which have prevailed since 1977, and which were not anticipated when the original law was passed.

The question then, Mr. Speaker, is what should be done? Should we let the unexpectedly large gap that has developed go into effect next year as scheduled, thus saving the Government money but unfairly penalizing those who reach retirement age next year? I do not think so, and that is why I have introduced this concurrent resolution.

Lately, I have detected a growing feeling on the part of many people that our Government has quit caring about them, their families, and their problems. We have got to reverse that perception. We have got to have it clearly understood that, while cutting costs and saving money are important and necessary objectives, doing people right is still the most important standard our Government must meet.

At this point, Mr. Speaker, I will read the resolving clause of House Concurrent Resolution 222, which is as follows:

Resolved by the House of Representatives (the Senate concurring), That, the Commissioner of Social Security and the Secretary of Health and Human Services should immediately conduct a study and report to Congress on steps which can be taken to correct the benefit disparity known as the notch problem, in order to insure equitable and fair treatment for those who have based their retirement plans on benefit levels which have existed for the past decade.

Mr. Speaker, in an effort to be credible and to have our bona fides not suspect, I have examined the CONGRESSIONAL RECORD for the law in question, for the social security financing amendments of 1977, and I have in my hand the legislative history of that act under date of October 26, 1977. The chairman of the Ways and Means Committee at that time was Mr. Ullman, and he states the problem quite succinctly as follows:

The long-range deficit in the system, now estimated at the unsustainable rate of 8.2 percent of taxable payroll, is a result of two factors. One is a flaw in the benefit formula put into the Social Security Act in 1972 when automatic cost-of-living adjustments were added to the system. This formula would result in much higher benefit levels beginning in the 1990's than were intended or that workers could be asked to support with their payroll taxes.

So, he states the problem, and the issue is whether or not the projections made in 1977 are accurate today.

The statement of Mr. Ullman can be found on page 35239 of the CONGRESSIONAL RECORD of October 26, 1977.

Then, later on in the statement, he points to a way that a correction can be made. He says:

H.R. 9346 includes important "decoupling" provisions to correct the unintended benefits of the benefit formula adopted in 1972. The provisions are designed to stabilize future benefit replacement rates on a permanent basis at about 5 percent less than those that will be paid in 1979.

And the question I have to raise today, in 1981, is whether or not that projection was accurate. For you see, Mr. Speaker, most of us are not experts in this field, and we simply wish to know whether the perception and the projections raised in 1977 conform to the real facts of today, and whether or not the disparity gap is a great deal more than it had been projected to be, because he said:

The provisions are designed to stabilize future benefit replacement rates on a permanent basis at about 5 percent less than those that will be paid in 1979.

Is that accurate? Many of us feel that it is not. This is the question that would be resolved by House Concurrent Resolution 222 calling upon the Social Security Administration and the Secretary of Health and Human Services to come forward with options and with the report to let us know precisely whether or not the projections of 1977 conform to the facts of 1981.

Briefly, Mr. Speaker, I turn to the remarks of Mr. CONABLE, which are to be found on that same date, on page 35246, and he also recites the decoupling and wage indexing provisions. I am quoting further:

This bill stabilizes them at a level about 5 percent lower than those existing in January 1979. I think it is a sound proposal, and I am glad it is in there. It has a positive impact upon the actuarial improvement of the total package.

Again the inquiry today, Mr. Speaker, whether or not the perception of Mr. CONABLE in 1977 for both the outyears of 1979 and 1981, and actually for January 1982, are accurate.

On that same CONGRESSIONAL RECORD day, page 35249, Mr. ARCHER

also refers to the sound decoupling provision, and I know that he also would be interested in knowing whether the facts conform to the projections made at that time.

On page 35251 Mr. ROSTENKOWSKI states:

Although it is true that other benefit changes (mainly the correction of errors in the benefit formula through "decoupling") have offsetting cost effects, I believe it should be understood that the bill before us does contain some significant benefit improvements.

And then further, we hear from Mr. Fisher on page 35257, indicating that the bill before the body on that earlier day corrects the overindexing of future benefits.

The inquiry again, Mr. Speaker, is as to whether or not that perception conforms to the facts which are in existence today. If they do not conform, Mr. Speaker, there is a strong case to be made for a transition level which is more modest, because the people who had planned their retirement under social security, instead of experiencing a mild bump in the road, are being confronted with a speed breaker, which is hardly fair and, which should be smoothed out in their behalf.

□ 1930

Finally, Mr. Speaker, the last quote I have is on page 35266 of the CONGRESSIONAL RECORD of October 26, 1977. It is from Mr. GEPHARDT. I quote Mr. GEPHARDT:

First, it corrects the error created by Congress in 1972 of putting a double escalator on entry-level benefits. If this error continues, we will be replacing 52 percent of wages for a worker earning average wages in the year 2000. In 1955 the replacement rate was 31 percent, so the rate of escalation can be fully appreciated. This bill fixes and stabilizes the replacement rate at an average of 43 percent for all times in the future. If this bill did nothing more than this it would be a huge success.

Mr. Speaker, the inquiry I am making by referring to the legislative record for this social security amendments bill of 1977 is whether or not the people back in that time were on target when they referred to the figures involved and the percentages involved. If they are on target, we do not have a whole lot to quarrel about as far as accepting responsibility for the results.

But, Mr. Speaker, in the event the gap has escalated enormously, then I think it is a responsibility of this body to inquire of the Social Security Administration and the Secretary of Health and Human Services asking them to give us the comparisons, to give us some alternatives from which we could choose in making an adjustment in behalf of those people who are born in 1917, who will become 65 years of age in January of 1982.

Mr. ERDAHL. Mr. Speaker, will the gentleman yield?

Mr. BRINKLEY. I yield to the gentleman from Minnesota.

Mr. ERDAHL. Mr. Speaker, I rise in support of the resolution introduced by my colleague from Georgia, calling for a complete review and study of the social security benefit inconsistency known as the "notch" factor.

I think this is a bold effort which will signal to many millions of recently and soon-to-be-retired Americans that this Congress is truly committed to their well-being. It is unacceptable that many retirees should be asked to shoulder a burden created by an inconsistency in the law, which could cost them thousands of dollars in retirement benefits.

In its haste to correct an already inadequate benefit structure created in 1972, the Congress voted in 1977 to create a new benefit formula which would more closely reflect the actual increase in the cost of living expenses. Unfortunately, the 95th Congress was acting under very inaccurate assumptions about the performance of America's economy, so rather than solving a problem, it only created another, known as the "notch" factor.

The notch, or disparity in benefits between the 1972 and the 1977 formula, has resulted from a conscious decision on the part of Congress to reduce benefit levels below those which would otherwise have been payable under the old formula. This reduction in benefit levels created a disparity which was further aggravated by the recent adverse economic conditions.

For example, under the benefit formula adopted in 1977, it is possible for a worker born in January 1917, and retiring at age 65, to receive $110 a month less in monthly payments than someone born just 2 days earlier on December 31, 1916. If this same worker retired at age 66, he could receive $175 less than someone born a few days earlier. Multiplied over a 10-year retirement, this could potentially result in a discrepancy of as much as $21,000.

To claim that this problem is too expensive to correct is inexcusable. The Congress must be bold enough to correct an inequity which it helped create, and I am hopeful that passage of this resolution will begin the reversal of a painful blunder.

Mr. BRINKLEY. I thank the gentleman very much for his comments and for his support.

● Mr. SAWYER. Mr. Speaker, I appreciate the opportunity to participate in this special order today, which focuses on a problem that many constituents of the Fifth District of Michigan have brought to my attention. There is a strong need to correct the existing social security "notch" problem.

The 1977 amendments provided for a revised social security benefits structure that makes major modifications in the way benefits are figured. A major feature of the new benefit structure is that a worker's actual dollar earnings are indexed to take into account changes in average wages in the economy during his working years. This assures that a worker's benefits are based on earnings levels that prevail just prior to age 62.

Although special provisions were included to help smooth the transition from the old system to the new wage-indexed system certain workers retiring at age 65 in 1982 will get lower benefits than those who retire at age 65 in 1981, all other things being equal. There are several reasons why this situation will occur. The principal reason is that workers reaching age 62 before 1979 (age 65 before 1982) continue to get benefits under old law which overcompensates for inflation, while workers reaching age 62 in 1979 (age 65 in 1982) get benefits under new law, which eliminates the overcompensation. In addition, under the new law the Congress eliminated some of the unintended rise in benefits that had occurred under old law since 1972 and that added to the cost of the program. The result is that, in general, benefits are lower under the new system, both over the short and long range, than they would have been under the old system.

To help smooth the transition, House Concurrent Resolution 222 is asking that the Commissioner of Social Security and the Secretary of Health and Human Services conduct an immediate study to report steps which can be taken to rectify this situation.●

Mr. BRINKLEY. Mr. Speaker, I yield back the balance of my time.

POLAND: A NATION IN THE SHADOW OF FEAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MCDADE) is recognized for 5 minutes.

● Mr. MCDADE. Mr. Speaker, the people and workers of Poland are under siege. Once again, due to intimidation of the Soviet Union, they are forced to live under guns of tanks and foot soldiers. The outrageous declaration of martial law in Poland puts that great nation in the shadow of fear.

We do not yet know everything that is happening in Poland for the borders have been sealed and communications have been restricted. But we have the official announcement that soldiers and police have been given authority to take any citizen into custody whom they believe to be suspicious. We have the announcement that, quote, basic civil rights defined in the Polish Constitution, in particular those of personal liberty, are temporarily suspended, close quote.

Poland's people are denied information on what is happening in their own country. Printing and distribution of information is banned, unless it has been approved by authorities. Radio and television broadcasts outside Warsaw are suspended. Public gatherings are banned. Mail is being censored. Even movement on the streets is restricted.

Soviet officials have embarrassed themselves before the world. They have used the most obvious kind of intimidation and, as a result, there is no longer even a semblance of orderly government process in Poland.

All of us understand very well that Poland has been involved in a difficult internal struggle. Polish workers organized the Solidarity trade union and have continued to be persistent in articulating the grievances of the Polish people. They have stood up repeatedly to demand recognition of their needs. As a matter of fact, they have been inspired.

On the other hand, however, the government of any mature nation—if it is to be credible at all—must find a way to meet the essential needs of its people. No government that forces another to turn guns on its own people to maintain order can expect to have the respect of other nations.

We have hoped that in the 1980's—in a Europe that is older and, if not wiser, at least more aware of the futility of violence—we have hoped that Poland would find a way to improve the living conditions of its people, free of the threat of Soviet military might.

We still hold out that hope although Sunday's events in Poland put such hopes in jeopardy. Some trade union leaders and former Communist Party officers have been taken into custody. We seem to be seeing again what we had hoped was outdated: the callous, heavy-handed dictatorial exercise of military power against civilians.

As of now we do not know how the Polish people are reacting. Their relatives and friends wait for the least word. We Americans are their relatives and friends. We pray for them.●

BRAD BURNS, 1951-80

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Massachusetts (Mrs. HECKLER) is recognized for 15 minutes.

● Mrs. HECKLER. Mr. Speaker, 1 year ago today Brad Burns took his life. While this tragic suicide occurred in Brockton, Mass., Brad's friends and fellow veterans say Brad died in Vietnam.

Brad's friends yesterday gathered at his snow-covered gravesite in Canton, Mass. There was no formal service. Brad's family and friends just said whatever came to their minds or just said nothing. The overwhelming sentiment is that if only Brad had managed a little longer.

This year Congress passed long-sought legislation providing agent orange treatment by the Veterans' Administration, extended the psychological counseling program Operation Outreach—in which he worked counseling other veterans—provided additional job training and employment opportunities for Vietnam veterans.

We enacted other laws designed to benefit and assist other Vietnam veterans. But the important point is that this year things began to turn around for the Vietnam veteran. Long neglected, the Vietnam veteran is beginning to be appreciated and better understood by his countrymen. A year ago, things looked as bleak as ever. But because of the efforts of Brad Burns, progress is now being made.

Brad leaves a legacy as one of the most human and caring persons any of us shall ever know. He pursued his mission in life—of helping and assisting others—with such intense purpose and zeal that he rarely had time to himself. And Brad was a doer.

Two years ago Brad founded and became first president of the Massachusetts Vietnam-Era Veterans' Association (VEVA). His commitment to the veteran began immediately after his honorable discharge from the Marine Corps in 1973, after service as a lance corporal mortarman with the 9th Marine Division in Vietnam. He was awarded the Vietnam Service Medal and the Marine Combat Medal.

Upon enrolling at Southeastern Massachusetts University in 1974 on the GI bill, Brad founded and became first president of the campus Veterans' Club. He organized and directed campus veterans in many civic projects and efforts, ranging from "Toys for Tots" to a crisis "Hot Line" for troubled veterans.

Brad also established a crisis hot line for troubled youths in the community. Brad's first involvement in such counseling came while he was in the Marine Corps and served as a peer counselor in the Corps' Pacific Command.

Brad's commitment to helping others was total. His able vet center team leader, Bob Gillis, and personal friend and associate at the center, Frank Penacho, often stood in amazement at how—more than once—Brad would spend an entire night counseling a troubled friend and then report directly to work in the morning to perform his outreach duties. Brad always was readily accessible and available to anyone in need of help and assistance.

It was upon graduation from Southeastern Massachusetts University in 1978 that Brad founded VEVA. As its president, he was the driving force behind the proclamation by the Governor that March 29 of each year shall be Vietnam Veterans' Day in Massachusetts. This annual observance by the Commonwealth's 6 million citizens and residents commemorates the day the last American GI left Vietnam.

Brad Burns' legacy—literally—is the countless number of lives he saved and the many more he touched. Brad was rendered full military honors by a Marine Corps honor guard Thursday, December 18, at Knollwood Cemetery. We can best honor and enhance his legacy by carrying on his fine and selfless work. Brad's life has been an inspiration to each of us. It has been an example to all of us.

A poem Brad carried in his wallet exactly states the dilemma and internal tension that bedeviled him day and night. That poem states:

Going to Vietnam was a war crime;
Refusing to go was a domestic crime;
Sitting still in exile was a moral crime.
It was a terrible time to be American and young.
In fact, it apparently was a crime.

As a part of the legacy of Brad Burns, I place into the RECORD at this time certain newspaper articles about him and his passing. Let us learn from him and from his life's experience.

As his mother Miriam said of Brad:

My son was 29, and he made friends like I haven't made in my lifetime. And they all told me not to worry, that his work will live on. That's important, that his work live on.

It does.

The articles follow:

[From the Boston Phoenix, Dec. 23, 1980]

BRAD BURNS, 1951-80

The tableau at the Canton grave site was near to cliche. The sky was gray, ringed at the horizon with distant sunlight. A cold wind swirled loose snow off the pile of synthetic turf and into the faces of the mourners. Heads down, they pulled their arms in tightly under their overcoats until they appeared to be visibly shrinking. The canvas tent over the grave rippled at its edges.

Under the tent, muffled sobbing came from everywhere and nowhere. A man in fatigue clothing fell into the arms of a woman in furs. "Therefore," said the minister, "we commit his body to the ground."

Across the parking lot from the grave site, the Knollwood Memorial Park had erected a statue dedicated to the American veterans interred there: five United States Marines planting the flag atop Mount Suribachi. Snow drifted up the calves of the granite soldiers. Four live Marines stood in front of the statue. Three carried rifles. The fourth stood rigidly to one side. A plane flew overhead. The fourth Marine gave a command that was inaudible amid the jet roar. The other three Marines aimed their rifles at the sky. They fired three times. The shots echoed far down the hillside.

Those at the graveside were affected in different ways by the three volleys. Some stiffened into military postures. Others wept more openly than before. A few jumped at the sound of gunfire behind them as long-buried reflexes became active. These men looked nervously over their shoulders. They looked off toward the western horizon and the thin band of sunlight. They looked off toward Tulagi and Iwo Jima, toward An Loc and Pleiku and a hun-

dred other places that had followed them home.

One of the places was called Bien Hoa. Brad Burns had gone to Bien Hoa. Unlike many of the people who passed through there, Brad Burns had come back. He had set to work helping people deal with the places they had brought home with them. He was very good at his job.

Some of those people were among the ones startled by the gunfire. They had come to the cold hillside to pay Brad Burns back. They had done it in the only way left open to them now.

They had come to his funeral.

Suicide is mother to the cruelest hindsight. His friends remember that Brad Burns spent his last week getting in touch with everybody who meant anything to him. It would not seem important, except that sometime Sunday night Brad Burns shot himself in the head with a rifle.

"He had an itinerary all set up," said Burn's sister Rhonda Bagtaz. "He knew exactly what he was going to do before he bowed out."

In 1971, a judge gave Brad Burns a choice. He could serve time on a drug bust in Walpole or he could join the armed forces. He chose the latter, believing that in the Army he could get good duty as a heavy-equipment operator. "Everybody asks me if I'd do it again," he said a few years later. "Of course I would. I wasn't going to Walpole."

Burns's record scared off the Army, but the Marines weren't so choosy. They made him an infantryman and stuck him into an outpost in Bien Hoa. While he was in Vietnam, Burns picked up a Bronze Star, the Vietnamese Cross of Gallantry, and a heroin habit. The junk was virtually uncut, and extremely easy to come by.

By the time his hitch was up, Burns knew that his habit was going to bankrupt him back in the States. He volunteered to admit that he was a drug dependent and went through "10 days of hell on Okinawa" getting clean. He became his battalion's Drug Exemption Non-Commissioned Officer. He confronted people under his care with the same question he had faced: he asked them whether they could afford their habits back home.

"It worked on a lot of them," he would later recall.

Burns came back, as he once put it, with "my whole political viewpoint reversed. The moral values I was brought up with were shattered." He enrolled in Southeastern Massachusetts University. There, he played the leading role in the dedication of a amphitheater to Vietnam veterans. Eventually, he founded the Vietnam-Era Veterans' Association (VEVA). He drove himself relentlessly on behalf of the new organization. He set up information nights, inviting all the local media and all the local political heavyweights. Most of the invitations went unanswered. His marriage broke up.

Recently, Burns was working in a veterans' outreach program. He worked as hard as ever. "When he came over for Thanksgiving," his mother, Miriam, remembered, "I asked him to leave his beeper at home. If it went off, he was gone like that."

He appeared to be having some success. VEVA was a recognized political-action group. TV stations were coming around. Mary Richardson had interviewed him on Veterans' Day. Burns was beginning to plan on law school.

More than anything else, Brad Burns was determined to inform the world just what Vietnam meant to the men who fought there. He was a journalist's dream. "I got five stories," any interview would begin. "Which one you want?" Two years ago, he told the *Phoenix* that "I've seen it all. I was there during the abuses era of the war. The only question left was, 'What the —— are we doing here? And no one was buying the lifers' answers any more."

People who worked with him fear that his death might well mean trouble for the programs on which he worked so hard: they worry that questions will be asked about the counseling service's effectiveness, that people will say it couldn't even recognize danger signs in one of its most important employees. The elimination of any of those programs would make the grief surrounding Brad Burn's death well-nigh insupportable.

"My son was 29," his mother said. "And he made friends like I haven't made in my lifetime. And they all told me not to worry, that his work will live on. That's important, that his work live on."

Bob Gillis, who worked in the outreach program with Burns, has felt the impact of that work most directly. "There's been a backlash from our own clients," Gillis said. "There're some who are wondering, "What's the use? I've just got to comfort people, tell them, 'These things just happen to people.' I've got to comfort everybody."

On the day he died, Brad Burns went with his brother-in-law to the Patriots-Buffalo game. He told his mother what a good time he had. Several hours later, he was picking up the rifle. He left behind a will, now in the possession of his ex-wife. In the will, friends say, Brad Burns left instructions about the education of his son, Jamie Paul Burns. According to these friends, the boy is simply "to always be told what is really going on."

Brad Burns composed the will. Then he took his life, for reasons that will remain speculative. A good man. A hard worker. A father. A veteran. "Died unexpectedly," is the way the Brockton Enterprise put it.

The minister had left the graveside. Columns of exhaust smoke began to rise from the parking lot, hanging side by side in the chilly air. There was no more light on the horizon.

Someone laid a small cassette recorder on the ground at the head of the casket. Friends had put together a tape as a musical tribute. "Sam Stone," John Prine's tale of the GI junkie, came out tinny and small, audible only within the canvas walls. Others followed. Creedence. Van Morrison. Some late-'60s psychedelia that eluded identification.

Someone reached out and touched the casket. Someone else followed. Soon, everyone had placed his hands on the lid, singing or crying, softly in either case. Flapping on one of the casket's handles was a ragged strip of fatigue cloth. No one had noticed who tied it there.

Walter Norton, a friend of Brad Burns, was working the edges of the crowd. He was bracing people: a hand on one shoulder, the other arm around another. Telling people to be strong. He was crying, too.

They had all been through it before so many times. Years before. The casket. The salute. The flag being folded into the little triangle like a magician's prop. "We commit his body to the earth."

Brad Burns fought Vietnam long after peace was declared. They knew that. They would continue the fight themselves. But some things seemed immutable. The wind still blows. The grave site is still cold. The tears still freeze in your beard.

Gunshots on hillsides still echo forever, and the war still feasts on gratuitous heartbreak.

[From Brockton Enterprise & Times, Dec. 19, 1981]

VIETNAM VETERANS LOSE A FRIEND—BRAD BURNS FINALLY AT REST

(By Paul R. Stevens)

Brad Burns was buried in Knollwood Memorial Park, Canton, Thursday, at peace at last from the nightmares that had plagued him ever since he saw action in the Third Marine Division in a war he viewed as pointless in Vietnam.

"But he has left behind him thousands of Vietnam veterans still not at peace," his sister, Rhonda Bagtaz, said after the funeral. "What my brother has done in taking his life is a sad example to show how much help is really needed for the veterans of that useless war."

Brad Burns, who founded the Vietnam Era Veterans Association in Brockton and worked literally day and night for the cause of Vietnam veterans everywhere, shot himself Sunday night after his emotions had taken a roller coaster-like ride, up and down. That last "down" had been too much for him.

He died at 29.

Vietnam veterans—some from distant corners of the nation, some wearing faded combat fatigues—crowded into the Farley Funeral Home for the funeral service at 10 a.m. Thursday. Also present was U.S. Rep. Margaret Heckler, who had worked with Brad on legislation to help veterans. She vowed later to continue working for them in Brad's name and memory. She sat beside the family.

Family members included Rhonda, her sister, Laura, and her mother, Miriam, all of whom became, as Rhonda said today, uncontrollably upset.

"And who wouldn't be uncontrollably upset—those of us who loved him so!" Rhonda added. "That war was evil. It's hard to find who to blame for my brother's death. Trying to get an answer from the dense bureaucracies of our government is like trying to find your way out of a strange forest at midnight when there's no moon.

"Right now—right this minute as I talk to you—I haven't much faith left for the U.S.A."

When the Rev. Ernest O. Geigas, pastor of First Congregational Church, had finished his graveside eulogy, co-workers at the outreach center and friends of the dead veteran, who had followed the entourage to the cemetery, held their own particular way of saying "good-bye" to Brad.

Frank Penacho, who once roomed with Brad after the war and works at the outreach center Brad founded, announced in a loud voice to the standing-room-only mourners: "We're going to pay a tribute to Brad. Anyone who would like to stay is welcome."

Someone then turned on a cassette tape recorder—and out burst music. Three of Brad Burns' favorite songs were played, and then Penacho brought out the VEVA flag he and Brad had created, the emblem flag for the outreach center. Veterans placed the flag over the casket, with a bible and a rose.

Suddenly another Vietnam veteran and friend of Brad, Paul Camacho yelled: "How stupid the war was! My sons will never, ever go!"

Hundreds of persons, the majority veterans, had gathered at the cemetery, where

Brad's mother and sisters again broke down as the flag-draped casket was lowered.

Today, Rhonda told of that "terrible last Sunday night."

She said, "I live next door to where Brad lived on Spring Street, and often I'd go over to his place and have tea or coffee to help him break the depressions that struck him from time to time. I didn't this night. There didn't seem to be any reason to.

"At quarter of 11 Brad called me. He seemed to be in great spirits. Brad had a great sense of humor, and soon his jokes had me giggling. After he hung up, I sat watching television, not knowing at the time Brad was aiming a pistol at his head. I didn't suspect."

She says Brad has left two families behind, "his natural one, and the veterans of the war he, and they, hated so much. At the funeral, veterans, grown men, reacted like his relatives when they just hugged each other in their grief and let the tears go."

In looking over her brother's things, Rhonda found in his wallet a mimeographed quotation by Vietnam veteran Jan Crumb. She read it to the Enterprise because, she said, "It was just what my brother felt."

The quotation follows:

"Going to Vietnam was a war crime;
Refusing to go was a domestic crime;
Sitting still somewhere or somehow in exile was a moral crime.
It was a terrible time to be American and young
In fact, it apparently was a crime."

[From the Patriot Ledger, Dec. 18, 1981]

HIS OWN VIETNAM BATTLE IS ENDED

STOUGHTON.—Former Marine Bradford R. Burns was buried yesterday.

Even though he had taken his own life far away from the jungles of Southeast Asia, his friends and family believe his name should be among the thousands killed in Vietnam.

The 29-year-old Burns shot himself—ending life at an age when most young men are full of expectations.

But since coming home, he was unable to discover his own place in life and hold onto it.

Burns helped to found the Brockton-based Vietnam-Era Veterans Association—a group dedicated to aiding other veterans unable to cope with coming home.

He traveled extensively talking with other veterans, helping them avoid drugs, depression, alcohol and suicide. But his friends said he was disillusioned—no one cared.

"Do you want to know why," said fellow veteran Ronald Lembo, when asked what had bothered Burns so much that he put a .22-caliber handgun to his head Sunday. "For 10 years he tried to get people to understand that Vietnam veterans are hurting. People didn't give a damn. The job was bigger than he was."

Among the more than 300 mourners attending services at a local funeral home were veterans wearing faded camouflage combat fatigues. Some had served with Burns in Vietnam. Others he had tried to counsel.

Part of the hurt, Lembo said, is many Americans do not appreciate what they went through in Vietnam. "We have had no parades," said Lembo. "We saw hatred in people's eyes. Some said "Why did you go?" Others asked "Why didn't you stay over there and finish it?" None said "Thanks."

Brad lobbied Congress for better veterans' benefits and helped to convince the state Legislature in 1979 to declare March 29 Vietnam Veterans Day.

He headed the veterans' organization at Southeastern Massachusetts University, from which he earned a sociology degree in 1978. He planned to enter Bridgewater State College in February to gain a master's degree, his mother said.

He moved from his 36 Pine Tree Road home, where he grew up, to Taunton and married Lena Ceeley in 1975. They had a son, Jamie Paul, but the marriage broke up in 1978.

"He went to school in the day and worked with the veterans at night," his mother recalled. "And that didn't leave much time. I think that led to the divorce."

Despite the divorce, he seemed happy, especially while counseling veterans at the outreach center, Mrs. Burns said.

On Thanksgiving, Brad took his mother out for dinner. "He said he was so happy," she recalled. "He was just so happy. He really enjoyed it. He never said anything was wrong."

Sunday, he went to the Patriots game with his brother-in-law, Bobby Bagtaz of Brockton. After the game, he called his sister, Rhonda Bagtaz, and told her he had a "wonderful time," his mother said.

An hour later, a fellow Vietnam veteran found him dead on the floor of his apartment on Spring Street, Brockton, where he had moved six months ago.

"Some of the people he counseled have told me they just don't know how they can get along without him," Mrs. Burns said, unsuccessfully fighting back the tears.

It's unbelievable how many friends he made. I don't think he realized himself. Anybody who came in contact with him loved him."

Funeral services were held at the funeral home and burial was in Knollwood Memorial Park, Canton.

Memorial donations can be made to the Bradford R. Burns Vietnam Veterans Scholarship Fund, care of Blue Hill Credit Union, 490 Washington St.

[From the Herald-American, Boston, Mass., Dec. 19, 1980]

PEACE AT LAST FOR VIETNAM WAR VET

(By Bob Killam)

For Bradford Burns, the Vietnam war never ended. The 29-year-old former Marine went home to his room Sunday night and put a bullet through his head.

"Do you want to know why?" asked his close friend and fellow Vietnam veteran, Ronald Lembo. "For 10 years he tried to get people to understand that Vietnam veterans are hurting. People didn't give a damn. The job was bigger than he was."

Funeral services for the Brockton man were held in Stoughton yesterday, and persons wearing worn and faded combat fatigues were scattered throughout the crowd. Burns spent a year in Vietnam with the Third Marine Division.

His sister, Rhonda Bagtaz, 27, explained, "The Vietnam vets wanted to show their own closeness. They couldn't talk to other people. They could only talk to each other."

Mrs. Bagtaz, who lived almost next door to her brother on Spring Street, said that he had become moody, "happy and laughing one minute, terribly angry the next."

"He was divorced by his wife in June. He loved her and it upset him very much. But no one can blame her. It was understandable why she did it. He became so difficult to live with."

She said Brad Burns had been in pain from cysts in his intestinal tract, a condition he said was due to exposure to the defoliant "Agent Orange" in Vietnam.

"I could hear his screams from my own house. He was being treated at the VA Hospital. They gave him some kind of acid to disolve the cysts. They said it wasn't connected with Agent Orange."

She was sharply critical of the VA. "All they do is fill people with pills to keep them quiet," she said.

Attempts to get comment from the VA on the Burns' case were not successful yet.

Brad Burns had founded the Brockton organization called "Vietnam Era Veterans Association" and from that had grown a larger group whose aim it was to get better treatment for those who served in Southeast Asia.

According to Lembo, Burns was not making the headway in helping the vets he had hoped for. "He kept at it, and kept at it, and kept at it. But it wasn't coming fast enough for Brad."

Lembo, now a "team leader" in Brighton for the Vietnam Era Veterans Outreach Center, expressed bitterness at what he insists is a "total lack of understanding of the war."

"We had no parades," he said. "We saw hatred in people's eyes. Some said, 'Why did you go?' Others asked 'Why didn't you stay over there and finish it?' No one ever said, 'Thanks.' That's all we wanted."

Brad's sister said he was graduated in 1978 from Southeastern Massachusetts University on the dean's list. In 1975 he was selected by faculty and students to represent them in the publication, "Who's Who among Students at American Universities and Colleges."

"The reason all this happened," Bagtaz said, "is that the Vietnam Veterans were not understood or accepted. I am very angry. I was close to him. The country did not offer him the psychological help he needed.

"The war was divided into two eras, pre-Tet Offensive and after Tet. After the Tet offensive, it became really gory and that affected Brad. He never talked about it to me. He would only talk with other vets. His attitude was, 'You weren't there. How could you know what went on.' "

Bagtaz said she was convinced her brother had planned his own death. "You could tell by his pattern last week," she said. "He went around and visited everyone he had ever known. He knew what he was going to do."

A Marine Color Guard was at the funeral. Congresswoman Margaret Heckler of Wellesley was there even though Brockton is not in her district. She had worked on veterans legislation with Burns and they had become friends.

After the services, according to Bagtaz, Mrs. Heckler approached the family and told them, "I'm going to do everything I can to see that nothing like this ever happens again."

Burns was buried in Knollwood Memorial Park, Canton. The family stayed after the Marine Guard left. The cemetery was cold, snowy and silent.

[From the Patriot Ledger, Dec. 18, 1980]

HE FELT GUILTY ABOUT THE WAR

(By Rick Moriarity)

STOUGHTON—Along with 60,295 others, Brad Burns went to Schaefer Stadium Sunday and watched the New England Pa-

triots defeat Buffalo. Then he telephoned his sister to tell her what a "wonderful time" he had. Minutes later, he fired a .22 caliber bullet point blank into his head, fell to the floor and died.

The death certificate simply says Bradford R. Burns died of "lacerations and contusions of the brain, secondary to gunshot wound of head. Self-inflicted while in severe mental depression. Suicide."

But everyone who knew him, knows better. They say he was another case of a disillusioned Vietnam veteran who couldn't get a handle on life, who didn't understand what it all meant anymore. So he ended it. Another classic example of the so-called "Vietnam syndrome."

Brad Burns was an ex-Marine who had devoted his life to helping Vietnam veterans piece together and mend their shattered lives.

And today, Vietnam veterans from throughout the country came to Stoughton to attend his funeral and honor the man who helped many of them turn away from drugs, alcohol and suicide.

Brad, who turned 29 in November, freely discussed his war experiences with veterans, but never told his family about them. He rarely let anyone know he was depressed.

"He never, never spoke about it to me," his mother, Miriam Burns said last night at a wake attended by 100 people at Farley Funeral Home.

"That was the problem. He could talk to other veterans, but not to us. It's a problem with the Vietnam veterans. They feel guilty about the war. They think people believe they lost it, that it was their fault."

He joined the Marines in 1971 after graduating in 1970 from Stoughton High School. He had enjoyed working with youths, coaching Little League baseball and as coordinator of the youth center, which no longer exists.

A lance corporal, Brad gave his mother only glimpses of the trauma of combat.

He sent her a picture of what looked like a mangled hut or house. He wrote: "This is where I slept last night," but gave no other explanation, Mrs, Burns said.

Brad earned the Bronze Star and the Vietnamese Cross of Gallantry, but never told his parents, "I didn't know about the medals until I read the obituary," Mrs. Burns said, "He didn't tell us, not even his father."

Brad's father, James, died about six years ago.

A close friend of Brad's, James Fitzpatrick of 175 Manomet Ave., Hull, who also served in Vietnam, said Brad told him he suffered the same frustrations of many American soldiers.

"He saw the waste of life, like all of us did," Fitzpatrick said. "You know, your friend is beside you, then a shell hits. You turn around and all you see is a black hole and smoke. And maybe you try to piece together what's left of your buddy."

"Time after time, you'd go into the same areas. You'd kill the enemy and he'd kill you."

After the war, Brad spent much of time aiding veterans.

He founded the Vietnam Veterans Outreach Center in Brockton and helped found the Vietnam Era Veterans Association after 13 months of combat in the northern part of South Vietnam in the early 1970s.

He toured the country, counseling veterans and speaking to lawmakers and school children about veterans' problems.●

LEAVE OF ABSENCE FOR NATIONAL GUARD OR RESERVE TRAINING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, today I am introducing a bill to amend title 38, United States Code, to provide that the period for which an employer in required to grant an employee who is a member of the National Guard or Reserve a leave of absence in order to allow the employee to perform required active duty for training in any period of up to 12 consecutive months.

Current law (38 U.S.C. 2024(c)) requires State and private employers to reemploy those who leave their employment to perform the initial active duty for training required of nonprior-service personnel who enlist in the Guard or Reserve. In the usual case, that training is completed in less than 6 months. But a number of military specialties in such technical fields as fire control, radar, electronics, and avionics maintenance require training for continuous periods of 30 weeks or more. If that training is concluded during the member's initial active duty for training, he is protected under current law.

Subsection (d) of section 2024 of title 38, United States Code, provides for leaves of absence for those who have completed their initial active duty for training, in order to perform their inactive duty for training and other active duty for training. The statute does not specify the duration of such active duty for training periods. There are, however, two recent decisions of Federal courts in Florida which construe it as requiring employers to grant leaves of absence only for periods of 90 days or less.

The employment rights of Guard and Reserve members performing conventional active duty for training, such as annual field training and short courses at services schools for branch and technical training of less than 90 days, are adequately protected.

But some who have completed their initial active duty for training require retraining in the more exotic military skills in avionics and other areas described above. Training of undergraduate pilots requires at least 1 full year, as does that of air traffic controllers. If the Florida courts have correctly interpreted current law, the civilian jobs of guardsmen and reservists in this category are in jeopardy since their military training cannot be completed in 3 months or less.

Clearly, it will be impossible to attain the quantity or quality of trained personnel in the more technical and scientific skills required by the Guard and Reserve under these circumstances.

My bill would go far to rectify this situation by making it clear that members of the Guard and Reserve who leave their employment with a State or private employer in order to be trained in a military skill that requires as much as a year to complete are entitled, upon application, to leaves of absence from that employment and restoration to it upon completing the military training.

While a few programs, such as that for undergraduate pilots of the Army and Air National Guard and Reserve, may require over a year, and some programs in the medical field also exceed a year in duration, I believe the 12-month limitation strikes a fair balance between the demands of the military and the legitimate rights of employers in the public and private sectors.

I urge my colleagues to give their full support to this very important legislation.●

CHICAGO SOLIDARITY DAY II

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. SAVAGE) is recognized for 5 minutes.

● Mr. SAVAGE. Mr. Speaker, I rise today to congratulate the Amalgamated Transit Union locals 241 and 308 for initiating what will be known as "Chicago Solidarity Day II."

Solidarity Day II is a continuing step in the heroic effort begun by labor on September 19 of this year to oppose the reactionary forces of the Reagan administration, which, under the guise of balancing the Federal budget by decimating social programs, has in fact taken those funds and used them to feed the seemingly insatiable spending appetite of the Pentagon, the Armed Forces, the CIA, and multinational corporations.

Having successfully pushed through a compliant Congress massive budget cuts that spell increased economic hardship for the poor and the working poor, and a tax cut that bestows even more riches on the rich and well-placed, it is incumbent upon those of us who truly care about those citizens whom this administration has apparently decided to ignore, to speak out in protest against that administration's deception and treachery.

But, we must do more than just raise our voices in outrage and indignation.

In the days, weeks, months, and years ahead, we must expose the Reagan administration's policies to the poor, the unemployed, and the working class for what they really are—a betrayal of the American people.

We must agitate for a new alternative for the vast majority of Americans who are suffering so greatly at the hands of Reagan-induced recession. We must develop and solidify a

movement to unite the progressive forces in our country to continue the historic work begun on Solidarity Day I.

Today, I am calling upon trade unions, women's organizations, senior citizens, and community and public action groups to join in support of the efforts of the Amalgamated Transit Union and locals 241 and 308 to unite labor, community, church, and antinuclear forces in one solid voice. We must speak as one in our insistence that Reagan and those who support his policies in Congress stop stealing from the poor to give to the rich. We must make it known that we will not tolerate balancing the budget on the backs of the poor and working poor. We must agitate for jobs and for fair treatment for all citizens—not just the privileged few—from an administration that to date has seen fit to turn away from social justice.

On December 19, 1981, let us stand together and raise our voices for what we know to be right as we tell Reagan: "No more cuts!" "Protect jobs and services!" "We are one!"

Thank you, Mr. Speaker.●

LEGISLATION RESOLVING DISPUTE OF LAND IN OLYMPIC NATIONAL PARK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. BONKER) is recognized for 5 minutes.

● Mr. BONKER. Mr. Speaker, I am introducing today a bill that resolves a 41-year dispute over the future of some 2,000 acres of private land inside Olympic National Park in Washington State.

The property lies along the north shore of Lake Quinault and upstream along the Quinault River that drains into the lake. The valley provides access to the southwest portion of the park.

The legislation would revise the park boundaries to exclude about two-thirds of this private land from the park. The exclusion would include three platted subdivisions, the sites of some commercial activity, and a number of farms and residences.

The one-third of the land that would remain within the park is less developed and provides some of the best habitat for the elk herds whose protection was a chief reason for originally including the Quinault Valley in the park. This plan would also insure future public ownership of the entire north bank of the river upstream from the lake.

These private lands are the remnants of the homesteads of the original non-Indian settlers of the Quinault Valley. Descendants of these people still live in the valley, and their ties with the land and desires to preserve their way of life are very strong.

Residents of the area are also justifiably concerned about maintaining an adequate property base to accommodate community growth and to support adequate community services. The presence in the area of the national park, the Olympic National Forest, the Quinault Indian Reservation, and extensive State holdings make this a very real concern that the bill will help address.

Since this land has been within the park, the National Park Service has been responsible for law enforcement, road maintenance, and other Government services that are traditionally local concerns. The agency is not well suited for such tasks, and residents dislike having to rely on nonelected officials of a large Federal agency for such services. The people clearly prefer to work with local officials on these matters.

And, finally, the bill settles the four decades of uncertainty that valley residents say has gone with living under what they feel is a near-constant threat of Federal condemnation of their property.

A 1976 Olympic National Park boundary adjustment, which I also sponsored, established a procedure for studying the Quinault situation and developing recommendations designed to expedite resolution of these long-standing issues. This process unfortunately did not do the job for which it was intended, and the bill I am introducing today also cleans up Federal statutes by simply deleting all references to it.

Mr. Speaker, I have seen no other proposal which does a better, more balanced job of settling the future of the private lands in the Quinault Valley. My bill resolves the situation for most of the private landowners and does so in a way that retains within the park the most environmentally important lands and wildlife habitat.●

CONFERENCE REPORT ON H.R. 4503

Mr. ROE submitted the following conference report and statement on the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 97-408)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Municipal Wastewater Treatment Construction Grant Amendments of 1981".

ELIGIBLE CATEGORIES

SEC. 2. (a) Section 201(g)(1) of the Federal Water Pollution Control Act is amended by adding at the end thereof the following: "On and after October 1, 1984, grants under this title shall be made only for projects for secondary treatment or more stringent treatment, or any cost effective alternative thereto, new interceptors and appurtenances, and infiltration-in-flow correction. Notwithstanding the preceding sentence, the Administrator may make grants on and after October 1, 1984, for any project within the definition set forth in section 212(2) of this Act, other than for a project referred to in the preceding sentence, except that not more than 20 per centum (as determined by the Governor of the State) of the amount allotted to a State under section 205 of this Act for any fiscal year shall be obligated in such State under authority of this sentence.".

(b) Section 211(c) of the Federal Water Pollution Control Act is amended by striking out "September 30, 1982," and inserting in lieu thereof "September 30, 1985,".

GRANTS FOR STEPS 1 AND 2

SEC. 3. (a) Section 201 of the Federal Water Pollution Control Act is amended by adding a new subsection (l):

"(l)(1) After the date of enactment of this subsection, Federal grants shall not be made for the purpose of providing assistance solely for facility plans, or plans, specifications, and estimates for any proposed project for the construction of treatment works. In the event that the proposed project receives a grant under this section for construction, the Administrator shall make an allowance in such grant for non-Federal funds expended during the facility planning and advanced engineering and design phase at the prevailing Federal share under section 202(a) of this Act, based on the percentage of total project costs which the Administrator determines is the general experience for such projects.

"(2)(A) Each State shall use a portion of the funds allotted to such State each fiscal year, but not to exceed 10 per centum of such funds, to advance to potential grant applicants under this title the costs of facility planning or the preparation of plans, specifications, and estimates.

"(B) Such an advance shall be limited to the allowance for such costs which the Administrator establishes under paragraph (1) of this subsection, and shall be provided only to a potential grant applicant which is a small community and which in the judgment of the State would otherwise be unable to prepare a request for a grant for construction costs under this section.

"(C) In the event a grant for construction costs is made under this section for a project for which an advance has been made under this paragraph, the Administrator shall reduce the amount of such grant by the allowance established under paragraph (1) of this subsection. In the event no such grant is made, the State is authorized to seek repayment of such advance on such terms and conditions as it may determine.".

MITIGATION AND SPECIAL PROCESSES

SEC. 4. Section 201 of the Federal Water Pollution Control Act is amended by adding the following new subsection:

"(m)(1) Notwithstanding any other provisions of this title, the Administrator is authorized to make a grant from any funds otherwise allotted to the State of California under section 205 of this Act to the project (and in the amount) specified in Order WQG 81-1 of the California State Water Resources Control Board.

"(2) Notwithstanding any other provision of this Act, the Administrator shall make a grant from any funds otherwise allotted to the State of California to the city of Eureka, California, in connection with Project No. C-06-2772, for the purchase of 139 acres of property as environmental mitigation for siting of the proposed treatment plant.

"(3) Notwithstanding any other provision of this Act, the Administrator shall make a grant from any funds otherwise allotted to the State of California to the City of San Diego, California, in connection with that city's aquaculture sewage process (total resources recovery system) as an innovative and alternative waste treatment process.".

COMBINED SEWER OVERFLOW

SEC. 5. Section 201 of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new subsection:

"(n)(1) On and after October 1, 1984, upon the request of the Governor of an affected State, the Administrator is authorized to use funds available to such State under section 205 to address water quality problems due to the impacts of discharges from combined storm water and sanitary sewer overflows, which are not otherwise eligible under this subsection, where correction of such discharges is a major priority for such State.

"(2) Beginning fiscal year 1983, the Administrator shall have available $200,000,000 per fiscal year in addition to those funds authorized in section 207 of this Act to be utilized to address water quality problems of marine bays and estuaries subject to lower levels of water quality due to the impacts of discharges from combined storm water and sanitary sewer overflows from adjacent urban complexes, not otherwise eligible under this subsection. Such sums may be used as deemed appropriate by the Administrator as provided in paragraphs (1) and (2) of this subsection, upon the request of and demonstration of water quality benefits by the Governor of an affected State.".

CAPITAL FINANCING

SEC. 6. Section 201 of the Federal Water Pollution Control Act is amended by adding at the end thereof the following:

"(o) The Administrator shall encourage and assist applicants for grant assistance under this title to develop and file with the Administrator a capital financing plan which, at a minimum—

"(1) projects the future requirements for waste treatment services within the applicant's jurisdiction for a period of no less than ten years;

"(2) projects the nature, extent, timing, and costs of future expansion and reconstruction of treatment works which will be necessary to satisfy the applicant's projected future requirements for waste treatment services; and

"(3) sets forth with specificity the manner in which the applicant intends to finance such future expansion and reconstruction.".

FEDERAL SHARE

SEC. 7. The first sentence of section 202(a)(1) of the Federal Water Pollution Control Act is amended by inserting after "1971," the following: "and ending before October 1, 1984,". The first sentence of such section is further amended by inserting after "(as approved by the Administrator)," the following: "and for any fiscal year beginning on or after October 1, 1984, shall be 55 per centum of the cost of construction thereof (as approved by the Administrator),". Such section 202(a)(1) is further amended by adding at the end thereof the following new sentence: "Notwithstanding the first sentence of this paragraph, in any case where a primary, secondary, or advanced waste treatment facility or its related interceptors or a project for infiltration-in-flow correction has received a grant for erection, building, acquisition, alteration, remodeling, improvement, extension, or correction before October 1, 1984, all segments and phases of such facility, interceptors, and project for infiltration-in-flow correction shall be eligible for grants at 75 per centum of the cost of construction thereof.".

INNOVATIVE AND ALTERNATIVE PROCESSES

SEC. 8. (a) Section 202(a)(2) of the Federal Water Pollution Control Act is amended by inserting after the first sentence the following: "The amount of any grant made after September 30, 1981, for any eligible treatment works or unit processes and techniques thereof utilizing innovative or alternative wastewater treatment processes and techniques referred to in section 201(g)(5) shall be a percentage of the cost of construction thereof equal to 20 per centum greater than the percentage in effect under paragraph (1) of this subsection for such works or unit processes and techniques, but in no event greater than 85 per centum of the cost of construction thereof.".

(b) Section 202(a)(4) of the Federal Water Pollution Control Act is amended by striking out "in the fiscal years ending September 30, 1979, September 30, 1980, and September 30, 1981" and by striking out the last sentence.

(c) Section 205(i) of the Federal Water Pollution Control Act is amended by striking out "and September 30, 1981," in the first sentence and inserting in lieu thereof "September 30, 1981, September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985," and by striking out "from 75 per centum to 85 per centum", and by adding at the end thereof the following: "Including the expenditures authorized by the first sentence of this subsection, a total (as determined by the Governor of the State) of not less than 4 per centum nor more than 7½ per centum of the funds allotted to such State for any fiscal year beginning after September 30, 1981, under subsection (c) of this section shall be expended only for increasing the Federal share of grants for construction of treatment works pursuant to section 202(a)(2) of this Act.".

(d) Section 212(1) of the Federal Water Pollution Control Act is amended by inserting after "procedures," the following: "field testing of innovative or alternative waste water treatment processes and techniques meeting guidelines promulgated under section 304(d)(3) of this Act,".

COMBINED STEP 2 AND 3 GRANTS

SEC. 9. Section 203(a) of the Federal Water Pollution Control Act is amended by striking "$4,000,000" and inserting in lieu thereof "$8,000,000". The last sentence of such section 203(a) is hereby repealed.

RESERVE CAPACITY

SEC. 10. (a) Section 204(a)(5) of the Federal Water Pollution Control Act is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Beginning October 1, 1984, no grant shall be made under this title to construct that portion of any treatment works providing reserve capacity in excess of existing needs (including existing needs of residential, commercial, industrial, and other users) on the date of approval of a grant for the erection, building, acquisition, alteration, remodeling, improvement, or extension of a project for secondary treatment or more stringent treatment or new interceptors and appurtenances, except that in no event shall reserve capacity of a facility and its related interceptors to which this subsection applies be in excess of existing needs on October 1, 1990. In any case in which an applicant proposes to provide reserve capacity greater than that eligible for Federal financial assistance under this title, the incremental costs of the additional reserve capacity shall be paid by the applicant;".

(b) Section 204 of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new subsection:

"(c) The next to the last sentence of paragraph (5) of subsection (a) of this section shall not apply in any case where a primary, secondary, or advanced waste treatment facility or its related interceptors has received a grant for erection, building, acquisition, alteration, remodeling, improvement, or extension before October 1, 1984, and all segments and phases of such facility and interceptors shall be funded based on a 20-year reserve capacity in the case of such facility and a 20-year reserve capacity in the case of such interceptors, except that, if a grant for such interceptors has been approved prior to the date of enactment of the Municipal Wastewater Treatment Construction Grant Amendments of 1981, such interceptors shall be funded based on the approved reserve capacity not to exceed 40 years.".

(c) Section 201(k) of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new sentence: "This subsection shall not be in effect after November 15, 1981.".

BRAND NAME

SEC. 11. Section 204(a)(6) of the Federal Water Pollution Control Act is amended by striking out ", or at least two brand names or trade names of comparable quality or utility are listed and are followed by the words 'or equal'" and by adding at the end thereof the following: "When in the judgment of the grantee, it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a 'brand name or equal' description may be used as a means to define the performance or other salient requirements of a procurement, and in doing so the grantee need not establish the existence of any source other than the brand or source so named.".

ENGINEERING PERFORMANCE

SEC. 12. Section 204 of the Federal Water Pollution Control Act is amended by adding the following new subsection:

"(d)(1) A grant for the construction of treatment works under this title shall provide that the engineer or engineering firm supervising construction or providing architect engineering services during construction shall continue its relationship to the grant applicant for a period of one year

after the completion of construction and initial operation of such treatment works. During such period such engineer or engineering firm shall supervise operation of the treatment works, train operating personnel, and prepare curricula and training material for operating personnel. Costs associated with the implementation of this paragraph shall be eligible for Federal assistance in accordance with this title.

"(2) On the date one year after the completion of construction and initial operation of such treatment works shall certify to the Administrator whether or not such treatment works, the owner and operator of such treatment works meet the design specifications and effluent limitations contained in the grant agreement and permit pursuant to section 402 of the Act for such works. If the owner and operator of such treatment works cannot certify that such treatment works meet such design specifications and effluent limitations, any failure to meet such design specifications and effluent limitations shall be corrected in a timely manner, to allow such affirmative certification, at other than Federal expense.

"(3) Nothing in this section shall be construed to prohibit a grantee under this title from requiring more assurances, guarantees, or indemnity or other contractual requirements from any party to a contract pertaining to a project assisted under this title, than those provided under this subsection.".

ALLOTMENT FORMULA

SEC. 13. (a) Section 205(c) of the Federal Water Pollution Control Act is amended by inserting "(1)" after "(c)" and by adding at the end thereof the following new paragraph:

"(2) Sums authorized to be appropriated pursuant to section 207 for the fiscal years 1982, 1983, 1984, and 1985 shall be allotted for each such year by the Administrator not later than the tenth day which begins after the date of enactment of the Municipal Wastewater Treatment Construction Grant Amendments of 1981. Notwithstanding any other provision of law, sums authorized for the fiscal year ending September 30, 1982, shall be allotted in accordance with table 3 of Committee Print Numbered 95-30 of the Committee on Public Works and Transportation of the House of Representatives. Sums authorized for the fiscal years ending September 30, 1983, September 30, 1984, and September 30, 1985 shall be allotted in accordance with the following table:

Fiscal years 1983 through 1985

States:	
Alabama	0.011398
Alaska	.006101
Arizona	.006885
Arkansas	.006668
California	.072901
Colorado	.008154
Connecticut	.012487
Delaware	.004965
District	.004965
Florida	.304407
Georgia	.017234
Hawaii	.007895
Idaho	.004965
Illinois	.046101
Indiana	.024566
Iowa	.013796
Kansas	.009201
Kentucky	.012973
Louisiana	.011205
Maine	.007788
Maryland	.024653
Massachusetts	.034608
Michigan	.043829
Minnesota	.013735
Mississippi	.009184
Missouri	.028257
Montana	.004965
Nebraska	.005214
Nevada	.004965
New Hampshire	.010186
New Jersey	.041634
New Mexico	.004965
New York	.113097
North Carolina	.018396
North Dakota	.004965
Ohio	.057383
Oklahoma	.008235
Oregon	.011513
Pennsylvania	.040377
Rhode Island	.006750
South Carolina	.010442
South Dakota	.004965
Tennessee	.014807
Texas	.038726
Utah	.005371
Vermont	.004965
Virginia	.020861
Washington	.017726
West Virginia	.013890
Wisconsin	.027557
Wyoming	.004965
Samoa	.000915
Guam	.000662
Northern Marianas	.000425
Puerto Rico	.013295
Pacific Trust Territories	.001305
Virgin Islands	.000531
U.S. Totals	.999996

(b) Section 205(e) of the Federal Water Pollution Control Act is amended by striking out "and 1981" each of the two places it appears and inserting in lieu thereof at each such place "1981, 1982, 1983, 1984, and 1985".

STATE ADMINISTRATION GRANTS

SEC. 14. (a) The first sentence of section 205(g)(1) of the Federal Water Pollution Control Act is amended by inserting immediately after "October 1, 1977," the following: "except in the case of any fiscal year beginning on or after October 1, 1981, and ending before October 1, 1985, in which case the percentage authorized to be reserved shall not exceed 4 per centum.".

(b) Section 205(g)(1) of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new sentence: "Sums authorized to be reserved by this paragraph shall be in addition to and not in lieu of any other funds which may be authorized to carry out this subsection.".

WATER QUALITY MANAGEMENT PLANNING

SEC. 15. Section 205 of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new subsection:

"(j)(1) The Administrator shall reserve each fiscal year not to exceed 1 per centum of the sums allotted and available for obligation to each State under this section for each fiscal year beginning on or after October 1, 1981, or $100,000, whichever amount is the greater.

"(2) Such sums shall be used by the Administrator to make grants to the States to carry out water quality management planning, including, but not limited to—

"(A) identifying most cost effective and locally acceptable facility and non-point measures to meet and maintain water quality standards;

"(B) developing an implementation plan to obtain State and local financial and regulatory commitments to implement measures developed under subparagraph (A);

"(C) determining the nature, extent, and causes of water quality problems in various areas of the State and interstate region, and reporting on these annually; and

"(D) determining those publicly owned treatment works which should be constructed with assistance under this title, in which areas and in what sequence, taking into account the relative degree of effluent reduction attained, the relative contributions to water quality of other point or nonpoint sources, and the consideration of alternatives to such construction, and implementing section 303(e) of this Act.

"(3) In carrying out planning with grants made under paragraph (2) of this subsection, a State shall develop jointly with local, regional, and interstate entities, a plan for carrying out the program and give funding priority to such entities and designated or undesignated public comprehensive planning organizations to carry out the purposes of this subsection.

"(4) All activities undertaken under this subsection shall be in coordination with other related provisions of this Act.".

CONVENTION CENTER

SEC. 16. Section 205 of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new subsection:

"(k) The Administrator shall allot to the State of New York from sums authorized to be appropriated for the fiscal year ending September 30, 1982, an amount necessary to pay the entire cost of conveying sewage from the Convention Center of the city of New York to the Newtown sewage treatment plant, Brooklyn-Queens area, New York. The amount allotted under this subsection shall be in addition to and not in lieu of any other amounts authorized to be allotted to such State under this Act.".

AUTHORIZATION

SEC. 17. Section 207 of the Federal Water Pollution Control Act is amended by striking out all that follows "$2,548,837,000;" and inserting in lieu thereof "and for the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985, not to exceed $2,400,000,000 per fiscal year.".

WATER QUALITY PRIORITY

SEC. 18. Section 216 of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new sentence: "It is the policy of Congress that projects for wastewater treatment and management undertaken with Federal financial assistance under this Act by any State, municipality, or intermunicipal or interstate agency shall be projects which, in the estimation of the State, are designed to achieve optimum water quality management, consistent with the public health and water quality goals and requirements of the Act.".

COST EFFECTIVENESS

SEC. 19. Title II of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new section:

"COST EFFECTIVENESS

SEC. 218. (a) It is the policy of Congress that a project for waste treatment and management undertaken with Federal financial assistance under this Act by any State, municipality, or intermunicipal or interstate agency shall be considered as an overall waste treatment system for waste treatment and management, and shall be that system which constitutes the most economical and cost-effective combination of devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage

or industrial wastes of a liquid nature to implement section 201 of this Act, or necessary to recycle or reuse water at the most economical cost over the estimated life of the works, including intercepting sewers, outfall sewers, sewage collection systems, pumping power, and other equipment, and their appurtenances; extension, improvements, remodeling, additions, and alterations thereof; elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities; and any works, including site acquisition of the land that will be an integral part of the treatment process (including land use for the storage of treated wastewater in land treatment systems prior to land application) or which is used for ultimate disposal of residues resulting from such treatment; and water efficiency measures and devices; and any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste, including storm water runoff, or industrial waste, including waste in combined storm water and sanitary sewer systems; to meet the requirements of this Act.

"(b) In accordance with the policy set forth in subsection (a) of this section, before the Administrator approves any grant to any State, municipality, or intermunicipal or interstate agency for the erection, building, acquisition, alteration, remodeling, improvement, or extension of any treatment works the Administrator shall determine that the facilities plan of which such treatment works are a part constitutes the most economical and cost-effective combination of treatment works over the life of the project to meet the requirements of this Act, including, but not limited to, consideration of construction costs, operation, maintenance, and replacement costs.

"(c) In furtherance of the policy set forth in subsection (a) of this section, the Administrator shall require value engineering review in connection with any treatment works, prior to approval of any grant for the erection, building, acquisition, alteration, remodeling, improvement, or extension of such treatment works, in any case in which the cost of such erection, building, acquisition, alteration, remodeling, improvement, or extension is projected to be in excess of $10,000,000. For purposes of this subsection, the term 'value engineering review' means a specialized cost control technique which uses a systematic and creative approach to identify and to focus on unnecessarily high cost in a project in order to arrive at a cost saving without sacrificing the reliability or efficiency of the project.

"(d) This section applies to projects for waste treatment and management for which no treatment works including a facilities plan for such project have received Federal financial assistance for the preparation of construction plans and specifications under this Act before the date of enactment of this section.".

STATE CERTIFICATION

SEC. 20. Title II of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new section:

"STATE CERTIFICATION OF PROJECTS

"SEC. 219. Whenever the Governor of a State which has been delegated sufficient authority to administer the construction grant program under this title in that State certifies to the Administrator that a grant application meets applicable requirements of Federal and State law for assistance under this title, the Administrator shall approve or disapprove such application within 45 days of the date of receipt of such application. If the Administrator does not approve or disapprove such application within 45 days of receipt, the application shall be deemed approved. If the Administrator disapproves such application the Administrator shall state in writing the reasons for such disapproval. Any grant approved or deemed approved under this section shall be subject to amounts provided in appropriation Acts.".

MUNICIPAL COMPLIANCE DEADLINE

SEC. 21. (a) Section 301(i) of the Federal Water Pollution Control Act is amended by striking out "July 1, 1983," each place it appears and inserting in lieu thereof "July 1, 1988,". The amendment made by this subsection shall not be interpreted or applied to extend the date for compliance with section 301(b)(1) (B) or (C) of the Federal Water Pollution Control Act beyond schedules for compliance in effect as of the date of enactment of this Act, except in cases where reductions in the amount of financial assistance under this Act or changed conditions affecting the rate of construction beyond the control of the owner or operator will make it impossible to complete construction by July 1, 1983.

(b) Section 301(b)(2)(B) of the Federal Water Pollution Control Act is repealed.

OCEAN DISCHARGES

SEC. 22. (a) Section 301(h) of the Federal Water Pollution Control Act is amended in the portion preceding paragraph (1) by striking out "in an existing discharge".

(b) Such section 301(h) is amended by striking out the semicolon at the end of paragraph (7) and inserting in lieu thereof a period and by striking out paragraph (8).

(c) Such section 301(h) is further amended by adding at the end thereof the following: "A municipality which applies secondary treatment shall be eligible to receive a permit pursuant to this subsection which modifies the requirements of subsection (b)(1)(B) of this section with respect to the discharge of any pollutant from any treatment works owned by such municipality into marine waters. No permit issued under this subsection shall authorize the discharge of sewage sludge into marine waters.".

(d) Section 301(j)(1) of the Federal Water Pollution Control Act is amended by striking out clause (A) and inserting in lieu thereof the following new clause:

"(A) subsection (b)(1)(B) under subsection (h) of this section shall be filed not later that the 365th day which begins after the date of enactment of the Municipal Wastewater Treatment Construction Grant Amendments of 1981;".

(e) The amendments made by this section shall take effect on the date of enactment of this Act, except that no applicant, other than the city of Avalon, California, who applies after the date of enactment of this Act for a permit pursuant to subsection (h) of section 301 of the Federal Water Pollution Control Act which modifies the requirements of subsection (b)(1)(B) of section 301 of such Act shall receive such permit during the one-year period which begins on the date of enactment of this Act.

SECONDARY TREATMENT DEFINITION

SEC. 23. Section 304(d) of the Federal Water Pollution Control Act is amended by adding the following new paragraph:

"(4) For the purposes of this subsection, such biological treatment facilities as oxidation ponds, lagoons, and ditches and trickling filters shall be deemed the equivalent of secondary treatment. The Administrator shall provide guidance under paragraph (1) of this subsection on design criteria for such facilities, taking into account pollutant removal efficiencies and, consistent with the objective of the Act, assuring that water quality will not be adversely affected by deeming such facilities as the equivalent of secondary treatment.".

REVISED WATER QUALITY STANDARDS

SEC. 24. The review, revision, and adoption or promulgation of revised or new water quality standards pursuant to section 303(c) of the Federal Water Pollution Control Act shall be completed by the date three years after the enactment of the Municipal Wastewater Treatment Construction Grant Amendments of 1981. No grant shall be made under title II of the Federal Water Pollution Control Act after such date until water quality standards are reviewed and revised pursuant to section 303(c), except where the State has in good faith submitted such revised water quality standards and the Administrator has not acted to approve or disapprove such submission within one hundred and twenty days of receipt.

NEEDS SURVEY

SEC. 25. The Administrator of the Environmental Protection Agency shall submit to the Congress, not later than December 31, 1982, a report containing the detailed estimates, comprehensive study, and comprehensive analysis required by section 516(b) of the Federal Water Pollution Control Act, including an estimate of the total cost and the amount of Federal funds necessary for the construction of needed publicly owned treatment facilities. Such report shall be prepared in the same manner as is required by such section and shall reflect the changes made in the Federal water pollution control program by this Act and the amendments made by this Act. In preparing this report, the Administrator shall give emphasis to the effects of the amendment made by section 2(a) of this Act in addressing water quality needs adequately and appropriately.

JUDICIAL NOTICE

SEC. 26. It is the sense of Congress that judicial notice should be taken of this Act and of the amendments to the Federal Water Pollution Control Act made by this Act, including reduced authorization levels under section 207 of such Act, and that the parties to Federal consent decrees establishing a deadline, schedule, or timetable for the construction of publicly owned treatment works are encouraged to reexamine the provisions of such consent decrees and, where required by equity, to make appropriate adjustments in such provisions.

BATH TOWNSHIP

SEC. 27. For purposes of the Federal Water Pollution Control Act, the project for publicly owned treatment works for Bath Township, Michigan, shall be eligible for payments from sums allocated to the State of Michigan under such Act in an amount equal to the amount such works would be eligible for under section 202 of such Act if such works were to be constructed after the date of enactment of this Act, at the original construction cost.

And the Senate agree to the same.

JAMES J. HOWARD,
ROBERT A. ROE,
JAMES L. OBERSTAR,
BOB EDGAR,
ROBERT A. YOUNG,
BUDDY ROEMER,
DON CLAUSEN,

GENE SNYDER,
JOHN PAUL HAMMERSCHMIDT,
WILLIAM F. CLINGER,
Managers on the Part of the House.

ROBERT T. STAFFORD,
JOHN H. CHAFEE,
PETE V. DOMENICI,
SLADE GORTON,
JENNINGS RANDOLPH,
GEORGE J. MITCHELL,
DANIEL MOYNIHAN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SHORT TITLE

House bill

Provides that the Act may be cited as the "Federal Water Pollution Control Act Amendments of 1981".

Senate amendment

Provides that the Act may be cited as the "Clean Water Act Amendments of 1981".

Conference substitute

Act may be cited as the "Municipal Wastewater Treatment Grant Construction Amendments of 1981".

INNOVATIVE AND ALTERNATIVE PROCESSES

House bill

Amends section 201(g)(5) of the basic Act to require the applicant to study and evaluate various innovative and alternative technologies taking into account and providing for, to the extent practical, the most efficient use of energy and resources which will result in the lowest net cost of water and sewer service to the consumer, including production of usable water through a production treatment process if the savings offset increased costs of the process.

Senate amendment

No comparable provision.

Conference substitute

Authorizes a grant for a project in San Diego, California, which will result in a low net cost for water and sewer service to the consumer.

INDUSTRIAL COST EXCLUSION

House bill

Repeals section 201(k) of the Federal Water Pollution Control Act. Section 201(k) provides that no grant made after November 15, 1981, for construction of a publicly owned treatment works shall be used to treat, store, or convey the flow of any industrial user into such treatment works in excess of a flow equivalent to 50,000 gallons per day of sanitary waste.

Senate amendment

Amends section 201(k) of the basic Act to provide that no step 3 construction grant may be made to treat, store, or convey industrial wastewater in excess of existing flows from industrial users.

Conference substitute

Makes section 201(k) of the basic Act, relating to industrial costs, inapplicable in view of amendments to the reserve capacity provisions of section 204(a)(5).

CAPITAL FINANCING PLANS

Directs the Administrator to encourage and assist applicants for grant assistance to develop and file with the Administrator capital financing plans which will at a minimum, project the applicant's requirements for waste treatment for at least 10 years; project the nature, extent, timing and costs of necessary expansion and reconstruction of treatment works within the applicant's jurisdiction; and set forth the manner in which the applicant intends to finance such expansion and reconstruction.

Senate amendment

No comparable provision.

Conference substitute

Same as House bill.

ALLOTMENT FORMULA

House bill

Provides that the fiscal year 1982 grant funds shall be allotted by the Administrator not later than the tenth day after the date of enactment of the Act.

Also extends the existing formula for allotment of construction grant funds among the States through fiscal year 1982.

Senate amendment

Establishes a new allotment formula that allots funds on the basis of 1980 population and backlog needs in categories I, II, and IVb, also maintains the minimum State share, and has a descending hold harmless provision included in the formula.

Conference substitute

Uses House formula for fiscal year 1982 and for fiscal years 1983, 1984, and 1985 uses the average of the House formula and the Senate formula for fiscal year 1984.

STATE ADMINISTRATION GRANTS

House bill

Provides that for fiscal year 1982 not to exceed 4 percent of the total amount authorized for construction grants is authorized to be reserved for making grants to States for the costs of administering provisions of the Act relating to the grants program which have been delegated to the States.

Senate amendment

Requires that a State's grant for administration of the program be tied directly to the amount of unexpended obligations made but not actually disbursed, plus unobligated allotment funds available to that State at the beginning of a fiscal year.

Conference substitute

Same as the House bill through fiscal year 1985.

INNOVATIVE AND ALTERNATIVE TECHNOLOGY FEDERAL SHARE

House bill

This section extends the set-aside for increasing the Federal grant share from 75 to 85 percent for innovative and alternative technology through fiscal year 1982. It also amends the existing 3 percent mandatory set-aside to provide that the set-aside shall be not less than 3 percent nor more than 5 percent. The amount of any increase between 3 and 5 percent will be at the determination of the Governor of the State.

Senate amendment

Amends section 202(a)(2) of the basis Act to provide that municipal treatment works utilizing innovative or alternative treatment processes shall be funded at a rate 20 percentage points more than conventional treatment processes, but in no event greater than 85 percent of the cost of construction. It also removes the statutory deadline for utilization of these practices for Federal funding under the construction grant program.

Amends section 205(i) of the basic Act to continue the use of a minimum of one-half of one percent of a State's allotted funds for the increased Federal share (that percentage which is over the Federal share for conventional systems). Also increases from three percent to four percent a State's mandatory set-aside of allocated funds in each fiscal year for innovative and alternative treatment systems.

Conference substitute

Similar to Senate amendment. The amount of the mandatory set-aside is established between 4 and 7½ percent as determined by the Governor of the State.

Innovative or alternative unit processes and techniques are made eligible for the increased Federal share. These processes and techniques represent the provisions contained in existing EPA regulations.

BRAND NAMES

House bill

Amends section 204(a)(6) of the basic law to strike the requirement that if a bid specification prepared by a sewage treatment plant grantee includes a specific brand name item, it must include a second brand name, followed by the words "or equal". This language is replaced by a requirement for "one brand name or equal" in situations where it is impractical or uneconomical to make a clear and accurate description of the technical requirements.

Senate amendment

Same as House bill.

Conference substitute

Same as House bill and Senate amendment.

WATER QUALITY MANAGEMENT PLANNING

House bill

Amends section 205 of the Federal Water Pollution Control Act by adding a provision which creates a set-aside of one percent of each State's allotted grant funds or $100,000, whichever amount is greater, to be used to make grants to the States to carry out water quality management planning. This planning is to include the identification of the most cost-effective and locally acceptable measures for treatment works and non-point sources to meet and maintain water quality standards; the development of an implementation plan to obtain State and local financial and regulatory commitments to implement such measures; and the determination of the nature, extent and causes of water quality problems in various areas.

Senate amendment

Section 205(g) of the basic Act is expanded to designate an additional one-half of

one per centum of a State's unexpended obligations and unobligated allotment, or $100,000, if greater for water quality management assistance.

Conference substitute

Same as House bill, except the reserved amount is not to exceed one percent of the sums allotted and available for obligation, and planning is also to include determination of those publicly owned treatment works which should be constructed, and implementation of section 303(e) of the Act.

NEW YORK CONVENTION CENTER

House bill

This section directs the Administrator to allot to the State of New York from fiscal year 1982 funds an amount necessary to pay the cost of conveying sewage from the Convention Center of the City of New York to the Newtown Sewage Treatment Plant in Brooklyn.

Senate amendment

No comparable provision.

Conference substitute

Same as House bill.

AUTHORIZATIONS

House bill

Provides an authorization of $2.4 billion for the construction grant program for fiscal year 1982.

Senate amendment

Amends section 207 of the basic Act by authorizing not to exceed $2.4 billion annually for the construction grant program for fiscal years 1982 through 1985.

Conference substitute

Same as Senate amendment.

Section 206 of the Federal Water Pollution Control Act provides a mechanism for the reimbursement of communities which proceed with construction of treatment works at their own expense if the treatment works meet all of the requirements of the Act. This enables communities to save money by moving ahead before Federal funds are available and thus avoiding the increased costs associated with inflation. This provision of the Act, however, has not been funded in Appropriations Acts. This has resulted in an unfortunate and unnecessary increase in cost for the program both to local interests and to the Federal Government.

With the reductions in Federal assistance incorporated in H.R. 4503, it is even more necessary that ways be found to decrease overall costs associated with the reduction of pollution of our nation's waters. Permitting construction at present day prices, with reimbursement later, is one way of doing this. The conferees urge, therefore, that funds be appropriated to implement section 206 so that the cleanup of our waters may proceed in as efficient and economical manner as possible.

FIELD TESTING

House bill

Amends the definition of the term "construction" in section 212 of the Act to include as grant eligible under title II the field testing of innovative or alternative wastewater treatment processes and techniques meeting guidelines promulgated under section 304(d)(3).

Senate amendment

No comparable provision.

Conference substitute

Same as House bill. It is the intent of the conferees that this provision not become a means for any delay in compliance with the requirements of section 301 of the Act.

COST EFFECTIVENESS

House bill

Expresses the policy of Congress that a project for waste treatment and management undertaken with financial assistance under the Federal Water Pollution Control Act shall be considered as an overall waste treatment system for waste treatment and management, and shall be that system which constitutes the most economical and cost-effective combination of treatment works to meet the requirements of the Act. Also provides that water efficiency measures and devices (conservation measures) are to be considered along with all other alternatives in determining what overall system is most cost-effective.

Senate amendment

No comparable provision.

Conference substitute.

Same as the House bill. This provision does not in any way override the limitation on eligible categories made by section 2 of this Act.

VALUE ENGINEERING

House bill

Provides the Administrator shall require value engineering review in connection with treatment works before any grant is made in excess of $10,000,000 in order to identify unnecessarily high costs in a project without sacrificing reliability or efficiency.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

STATE CERTIFICATION

House bill

Provides that where a State has been delegated sufficient authority to administer the construction grants program under title II, the Governor may certify to the Administrator that a grant application meets applicable requirements of State and Federal law. In such a case, the Administrator must approve or disapprove the grant application within 30 days of the date of application. If it is disapproved, the reasons for disapproval must be set forth in writing. If no action at all is taken within 30 days, the grant application is deemed to be approved.

Senate amendment

No comparable provision.

Conference substitute

Same as House bill, except that approval period is 45 days.

WATER QUALITY FOCUS

House bill

Establishes the policy of Congress that projects for wastewater treatment and management undertaken with Federal financial assistance under the Federal Water Pollution Control Act shall be projects which, in the estimation of the State, are designed to achieve optimum water quality management consistent with the public health and water quality goals and requirements of the Act.

Senate amendment

Amends section 216 of the basic Act to require that State priority lists contain only eligible projects in an order of precedence reflecting significant public health or water quality benefits, especially projects having the greatest effect on the improvement of water quality.

Conference substitute

Amends section 216 of the basic Act to establish the policy set forth in the House bill.

OCEAN DISCHARGE WAIVERS

House bill

Authorizes modifications of best practicable waste treatment technology requirements for ocean dischargers able to meet the same stringent environmental safeguards applicable to modifications of secondary treatment requirements. Deletes from existing law a restriction of eligibility to communities which had ocean discharges on the date of enactment of the 1977 Act, and a requirement, in section 301(j)(1) of the basic Act that applications must be submitted within 270 days of the date of enactment of the 1977 Act. Also removes as redundant a requirement in section 301(h)(8) of the basic Act that construction grant funds available to a community receiving a waiver be used to provide secondary treatment and best practicable waste treatment technology or to carry out the requirements of section 301(h). Clarifies that eligible applicants include communities which have achieved secondary treatment capability. Except for Avalon, California, no waiver for applications made after the date of enactment may be granted for a period of 1 year after the date of enactment.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill, except that no permit issued under section 301(h) shall authorize the discharge of sewage sludge into marine waters from outfalls and applications for waivers can be submitted only for one year from the date of enactment. This provision does not affect the Marine Protection, Research, and Sanctuaries Act. The Conferees intend that during the one-year period in which no waivers can be granted, while Congress is further considering amendments to this section, the research project conducted by the National Oceanic and Atmospheric Administration on sludge from the Orange County Sanitation District may continue.

LEGISLATIVE VETO

House bill

Establishes the procedure whereby rules of the Administrator of the Environmental Protection Agency shall be submitted to the Senate and the House and may be disapproved by those bodies in accordance with the procedure which has been established for such disapprovals in the case of other departments and agencies.

Senate amendment

No comparable provision.

Conference substitute

No comparable provision.

RESERVE CAPACITY

House bill

Retains existing grant assistance for reserve capacity in those projects which are presently receiving Step 2 design or Step 3 construction grant assistance. For projects which have not yet received any grant assistance, or are in Step 1 planning, it would limit such assistance to a reserve capacity representing 10 years of projected growth. The 10 years would be measured from the date of the first application for grant assistance.

Senate amendment

Section 204(a)(5) of the basic Act is amended to preclude the use of Federal construction grant funds for the construction of treatment work facilities in excess of current population or backlog needs except in limited instances.

Projects which have received approval to proceed with the engineering and design of a facility before September 30, 1981, and one segment of which receives a construction grant prior to October 1, 1983, shall receive the full Federal share for reserve capacity contemplated in the design phase and approved by the Administrator. A project shall receive Federal assistance for reserve capacity even if the project receives a phased or segmented construction grant prior to October 1, 1983, provided that the funded phase is for a legitimate portion of the treatment works.

Conference substitute

Beginning October 1, 1984, no grant may be made for a project to provide capacity in excess of needs existing on the date of award of a step 3 grant, and in no event in excess of needs existing on October 1, 1990.

This limitation does not apply to any project or to a subsequent segment of phase of treatment systems (comprised of primary, secondary, or advanced waste treatment and related interceptors) that receives a step 3 grant award prior to October 1, 1984.

If a step 3 grant is approved before October 1, 1984, for a step I, II, or IVb category of a treatment system, then subsequent grants for all of of these categories shall provide for 20 year reserve capacity and, in certain instances, for up to 40 years reserve capacity for interceptors.

ELIGIBLE CATEGORIES

House bill

Retains Federal grant assistance for presently eligible categories for all projects currently receiving assistance under the Act. For new projects which have not yet received any Federal assistance, up to 30 percent of a State's yearly allotment under the Act, as determined by the Governor, could be used for categories such as correction of combined sewer overflows, sewer rehabilitation, and construction of qualifying collector systems. For all projects, correction of infiltration/inflow problems would remain grant eligible where it represents a cost-effective alternative.

Senate amendment

Amends section 202(a)(1) of the basic Act to place a limitation on eligible categories of waste treatment facilities which may receive Federal assistance in the future. The eligible categories will be secondary treatment, more stringent than secondary treatment, and new interceptors and appurtenances. These correspond to categories I, II, and IVb of the Needs Survey updated every two years by the Environmental Protection Agency. This eliminates Federal funding of categories such as new collection systems, replacement and rehabilitation of sewers, combined sewer overflow systems, and correction of infiltration-inflow problems.

Conference substitute

For grants approved prior to October 1, 1984, all categories would be eligible. For grants awarded after October 1, 1984, only categories I, II, IIIa and IVb would be eligible. After October 1, 1984, up to 20 percent of a State's allotment in any fiscal year may, in the Governor's discretion, be used for categories of projects not otherwise eligible. Where a project encompasses eligible categories (as well as otherwise ineligible categories funded out of the 20 percent fund) only the cost of the otherwise ineligible categories will be counted against the 20 percent fund. The eligible categories will be funded out of monies available other than the discretionary fund.

COMBINED SEWER OVERFLOWS

House bill

No comparable provision.

Senate amendment

Amends section 202(a) of the basic Act to permit the use of construction grant funds for the construction of collector sewers in existing communities of less than 3,500 population for a limited period of time and certain larger existing communities which have received grants for collector sewer construction prior to October 1, 1981.

Section 202(a) is also amended to provide in paragraph (7)(A) that a Governor may use a portion of his allotment for treatment of combined sewer overflows upon demonstrating to the Administrator that the water quality goals of the Act will not be achieved without such treatment. The demonstration shall at a minimum prove that significant usage of the water for shellfishing and swimming will not be possible without correction of combined sewer overflows.

Paragraph (7)(B) provides that the Administrator, upon the demonstration of need by the Governor of a State, may fund the necessary facilities to correct combined sewer overflows where the receiving waters will not be improved by other methods of wastewater treatment. It is restricted to those facilities discharging into bays and estuaries.

The Administrator is authorized to utilize $200 million annually to correct combined sewer overflows into marine bays and estuaries. The authorization is not effective until fiscal year 1983. The minimum water quality demonstration for paragraph (7)(B) is the same as (7)(A).

Conference substitute

Same as paragraphs (7)(A) and (7)(B) as proposed to be added to section 202(a) of the basic Act by the Senate amendment.

DEFINITION OF SECONDARY TREATMENT

House bill

No comparable provision.

Senate amendment

Section 304(d) of the basic Act is amended by adding a new paragraph permitting the use of biological treatment facilities such as oxidation ponds, lagoons and ditches, trickling filters, and devices to treat waste waters from combined storm and sanitary sewers, as the equivalent of secondary treatment if it can be proven that water quality will not be adversely affected by such methods.

Conference substitute

Same as Senate amendment, except that the reference to combined storm and sanitary sewers is deleted.

JUDICIAL NOTICE

House bill

States that it is the sense of Congress that judicial notice be taken of the amendments to the Federal Water Pollution Control Act and the other provisions contained in the House bill and that the parties to Federal consent decrees establishing a schedule for construction of publicly owned treatment works are encouraged to reexamine the provisions of such consent decrees and, where required by equity, to make appropriate adjustments in such provisions.

Senate amendment

Expresses the sense of the Congress that courts in supervision of court orders for non-complying municipalities take cognizance of the amendments contained in the Senate amendment in their consideration of modifications to water pollution control deadlines.

Conference substitute

Same as House bill.

NEEDS SURVEY

House bill

Directs the Administrator of EPA to submit to Congress not later than June 30, 1982, a new report of the costs of meeting the requirements of the Federal Water Pollution Control Act as amended by the House bill for discharges of municipal waste. This is the so-called "needs" survey which EPA is required to submit to Congress every two years. In preparing this report, the Administrator is to give emphasis to the effects of section 18 of the bill in addressing water quality needs adequately and appropriately.

Senate amendment

Supplements section 516 of the basic Act by adding a requirement that the Environmental Protection Agency submit a report to the Congress within eighteen months of enactment of this legislation. The report must identify publicly owned treatment works not yet in compliance with the secondary treatment goals of the Act. It must also contain an assessment of the impact of the 1981 amendments on the cost of completing the Federal construction grant program, and the remaining Federal costs necessary to complete the program.

Conference substitute

Combination of both House bill and Senate amendment. This report is due by December 31, 1982.

MITIGATION ELIGIBILITY

House bill

Requires the Administrator of EPA to make a grant to mitigate adverse impacts arising from construction of a grant eligible treatment works from the State's allotment if the State determines that the proposed works are necessary for mitigation of impacts associated with the construction of the treatment works, that the proposed works are grant eligible and that the step II construction grant on the underlying grant eligible treatment works was made no later than February 1, 1981.

Senate amendment

Amends section 201 of the basic Act to authorize the Administrator to make a grant from California's allotted funds for the project specified in the order WQG 81-1 of the California State Water Resources Control Board.

Conference substitute

Same as the Senate amendment with the addition of a provision relating to the Eureka, California, wetlands mitigation, as well as the San Diego project discussed earlier.

BATH TOWNSHIP

House bill

Provides that the project for publicly owned treatment works for Bath Township, Michigan, shall be eligible for payments from sums allotted to the State of Michigan in an amount equal to the amount such works would be eligible for under the Act if the project had been constructed with Federal grant assistance. The amount to be paid

would be limited to the appropriate Federal share of the actual construction cost at the time it was originally constructed.

Senate amendment

No comparable provision.

Conference substitute

Same as House bill.

GRANTS FOR STEPS 1 AND 2

House bill

No comparable provision.

Senate amendment

Amends section 201 of the basic Act by providing for Federal reimbursement to grantees for the costs of planning (step 1) and design (step 2) of wastewater treatment facilities only after awards for actual construction (step 3) have been approved, rather than in advance as is currently authorized. This requirement will take effect on October 1, 1981.

Authorizes States to establish a revolving fund from not more than 10 percent of their annual construction grant funds allotment to be used to advance planning and design money to potential grant applicants who would otherwise be unable to perform such work.

The Administrator of the Environmental Protection Agency is required to determine the average cost of such planning and design based on the total projects in the general program experience. Planning and design costs usually average between seven and ten percent of total project costs. The cost associated with infiltration-in-flow analysis and examination of the need for sewer rehabilitation will be eligible for reimbursement.

If a construction grant is awarded following such an advance to a grantee, the Administrator shall subtract the estimated cost of planning and design from the grant to transfer to the State for replenishment of the revolving fund. In the event no construction grant is made, the State is authorized to seek repayment from the applicant on such terms and conditions as that State determines.

Conference substitute

Same as Senate amendment, except that the State is required to advance money for planning or design to small communities which would otherwise be unable to perform such work, but is not required to establish a revolving fund for that purpose. Money subtracted from a construction grant where an advance was made shall remain in the State's allotment. Where a State or other non-Federal interest has funded Step 1 or Step 2, it would be eligible for reimbursement under this provision.

FEDERAL SHARE

House bill

No comparable provision.

Senate amendment

Provides for the gradual reduction of the Federal share of wastewater treatment facilities from 75 percent through fiscal year 1981 to 65 percent through fiscal year 1984 and 55 percent thereafter. It will not affect grants which had approved step 2 grants prior to September 30, 1981. Municipalities which had voter approved bonds prior to July 1, 1981, and which receive a construction grant prior to July 1, 1985, shall receive a 75 percent grant.

Any treatment facility for which bonds have been approved before July 1, 1981, and which proceeds to construction prior to July 1, 1985, shall receive 75 percent of the cost of a facility from the Federal Government.

Conference substitute

Until October 1, 1984, the grant amount for eligible projects shall be 75 percent of the cost of construction.

Beginning October 1, 1984, the grant amount for eligible projects shall be 55 percent of the cost of construction. However, where a grant for construction of a primary, secondary, or advanced waste treatment facility and related interceptors or for correction of infiltration-in-flow was awarded prior to October 1, 1984, all subsequent segments and phases of such facility, related interceptors, and infiltration-in-flow correction shall be 75 percent of the cost of construction.

COMBINED STEP 2 AND 3 GRANTS

House bill

No comparable provision.

Senate amendment

Amends section 203(a) of the basic Act to raise the estimated cost limitation on small projects for combined step II and III grants from $4 million to $8 million and eliminates the $5 million limitation from projects in high construction cost areas.

Conference substitute

Same as Senate amendment.

ENGINEERING CERTIFICATE OF OPERABILITY

House bill

No comparable provision.

Senate amendment

Amends section 204 of the basic Act to require that the prime consultant to a grantee remain on the site for one year following start-up to certify to the Environmental Protection Agency and the appropriate grantee agency that the treatment works is in compliance with its permit, and to allow the main partners responsible for a treatment works to work cooperatively in making sure that it is meeting its discharge permits. This activity will be grant eligible.

Conference substitute

Same as Senate amendment.

REVISION OF WATER QUALITY STANDARDS

House bill

No comparable provision.

Senate amendment

Requires the review, revision, and adoption or promulgation of revised or new water quality standards within three years after enactment of the 1981 amendments.

After three years, no grant will be made unless this effort has been completed and approved by the Administrator. The sole exception to this is the situation of a State acting in good faith and submitting the necessary documentation to the Administrator and not receiving notification of action within 120 days of such submission.

Conference substitute

Same as Senate amendment, except that all references to total maximum daily loads of pollutants is eliminated.

MUNICIPAL COMPLIANCE DEADLINE

No comparable provision.

Senate amendment

Amends section 301(i) of the basic Act to extend the July 1, 1983, deadline for the uniform achievement of municipal secondary treatment to July 1, 1988. Repeals section 301(b)(G)(3).

Conference substitute

Same as Senate amendment.

HUDSON RIVER PCB'S

House bill

No comparable provision.

Senate amendment

Amends section 116(b) of the basic Act to clarify that funds are allocated under section 205(c) and not section 205(a).

Conference substitute

No comparable provision.

FEDERAL COMMON LAW

House bill

No comparable provision.

Senate amendment

Amends section 511 of the basic Act to provide that the Act does not displace or limit other Federal or State law, including common law.

Conference substitute

Contains no comparable provision with the understanding of the conferees that failure to include this provision is without prejudice and is not intended to displace remedies other than those under the Federal Water Pollution Control Act and with an agreement to examine further in the next session the best means to accomplish this intent.

JAMES J. HOWARD,
ROBERT A. ROE,
JAMES L. OBERSTAR,
BOB EDGAR,
ROBERT A. YOUNG,
BUDDY ROEMER,
DON CLAUSEN,
GENE SNYDER,
JOHN PAUL HAMMERSCHMIDT,
WILLIAM F. CLINGER,
Managers on the Part of the House.

ROBERT T. STAFFORD,
JOHN H. CHAFEE,
PETE V. DOMENICI,
SLADE GORTON,
JENNINGS RANDOLPH,
GEORGE J. MITCHELL,
DANIEL MOYNIHAN,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 4331

Mr. ROSTENKOWSKI submitted the following conference report and statement on the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

CONFERENCE REPORT (H. REPT. No. 97-409)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

INTERFUND BORROWING

SECTION 1. (a) Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(1)(1) If at any time prior to January 1983 the Managing Trustee determines that borrowing authorized under this subsection

is appropriate in order to best meet the need for financing the benefit payments from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, the Managing Trustee may borrow such amounts as he determines to be appropriate from the other such Trust Fund, or from the Federal Hospital Insurance Trust Fund established under section 1817, for transfer to and deposit in the Trust Fund whose need for financing is involved.

"(2) In any case where a loan has been made to a Trust Fund under paragraph (1), there shall be transferred from time to time, from the borrowing Trust Fund to the lending Trust Fund, interest with respect to the unrepaid balance of such loan at a rate equal to the rate which the lending Trust Fund would earn on the amount involved if the loan were an investment under subsection (d).

"(3) If in any month after a loan has been made to a Trust Fund under paragraph (1), the Managing Trustee determines that the assets of such Trust Fund are sufficient to permit repayment of all or part of any loans made to such Fund under paragraph (1), he shall make such repayments as he determines to be appropriate.

"(4) The Board of Trustees shall make a timely report to the Congress of any amounts transferred (including interest payments) under this subsection.".

(b) Section 1817 of such Act is amended by adding at the end thereof the following new subsection:

"(j)(1) If at any time prior to January 1983 the Managing Trustee determines that borrowing authorized under this subsection is appropriate in order to best meet the need for financing the benefit payments from the Federal Hospital Insurance Trust Fund, the Managing Trustee may borrow such amounts as he determines to be appropriate from either the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund for transfer to and deposit in the Federal Hospital Insurance Trust Fund.

"(2) In any case where a loan has been made to the Federal Hospital Insurance Trust Fund under paragraph (1), there shall be transferred from time to time, from such Trust Fund to the lending Trust Fund, interest with respect to the unrepaid balance of such loan at a rate equal to the rate which the lending Trust Fund would earn on the amount involved if the loan were an investment under subsection (c).

"(3) If in any month after a loan has been made to the Federal Hospital Insurance Trust Fund under paragraph (1), the Managing Trustee determines that the assets of such Trust Fund are sufficient to permit repayment of all or part of any loans made to such Fund under paragraph (1), he shall make such repayments as he determines to be appropriate.

"(4) The Board of Trustees shall make a timely report to the Congress of any amounts transferred (including interest payments) under this subsection.".

(c) The amendments made by this section shall be effective on the date of the enactment of this Act.

CONTINUATION OF MINIMUM BENEFITS FOR EXISTING BENEFICIARIES

SEC. 2. (a)(1) Section 215(a)(5) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended—

(A) in the first sentence, by striking out ", and the table for determining primary insurance amounts and maximum family benefits contained in this section in December 1978 shall be modified as specified in paragraph (6)"; and

(B) in the last sentence, by striking out ", modified by the application of paragraph (6),".

(2) Section 215(a)(6)(A) of the Social Security Act (as added by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is amended by striking out "The table of benefits" and all that follows down through "shall be extended" and inserting in lieu thereof the following "In applying the table of benefits in effect in December 1978 under this section for purposes of the last sentence of paragraph (4), such table, revised as provided by subsection (i), as applicable, shall be extended".

(b) Section 215(f)(7) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended—

(1) by striking out the period at the end of the second sentence and inserting in lieu thereof ", and (effective January 1982) the recomputation shall be modified by the application of subsection (a)(6) where applicable."; and

(2) by striking out the last sentence.

(c) Section 215(i)(2)(A)(iii) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by inserting after "this title" the following: "and, with respect to a primary insurance amount determined under subsection (a)(1)(C)(i)(I) in the case of an individual to whom that subsection (as in effect in December 1981) applied, subject to the provisions of subsection (a)(1)(C)(i) and clauses (iv) and (v) of this subparagraph (as then in effect)".

(d) Section 215(i)(4) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by striking out ", modified by the application of subsection (a)(6)," each place it appears.

(e) Section 202(q) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended—

(1) in paragraph (4), by striking out "changed" and "change" each place they appear and inserting in lieu thereof "increased" and "increase", respectively; and

(2) in paragraph (10), by striking out "changed", "change", and "changes" each place they appear and inserting in lieu thereof "increased", "increase", and "increases", respectively.

(f) Section 203(a)(8) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by striking out ", modified by the application of section 215(a)(6),".

(g) Section 217(b)(1) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by striking out ", and as modified by the application of section 215(a)(6),".

(h) Section 1622 of the Social Security Act (as added by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is repealed.

(i) Subsection (e) of section 2201 of the Omnibus Budget Reconciliation Act of 1981 is repealed.

(j)(1) Subsection (h) of section 2201 of the Omnibus Budget Reconciliation Act of 1981 is repealed, effective September 1, 1981.

(2) Except as provided in paragraphs (3) and (4), the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (other than subsection (f) thereof), together with the amendments made by the preceding subsections of this section, shall apply with respect to benefits for months after December 1981; and the amendment made by subsection (f) of such section 2201 shall apply with respect to deaths occurring after December 1981.

(3) Such amendments shall not apply—

(A) in the case of an old-age insurance benefit, if the individual who is entitled to such benefit first became eligible (as defined in section 215(a)(3)(B) of the Social Security Act) for such benefit before January 1982,

(B) in the case of a disability insurance benefit, if the individual who is entitled to such benefit first became eligible (as so defined) for such benefit before January 1982, or attained age 62 before January 1982,

(C) in the case of a wife's or husband's insurance benefit, or a child's insurance benefit based on the wages and self-employment income of a living individual, if the individual on whose wages and self-employment income such benefit is based is entitled to an old-age or disability insurance benefit with respect to which such amendments do not apply, or

(D) in the case of a survivors insurance benefit, if the individual on whose wages and self-employment income such benefit is based died before January 1982, or dies in or after January 1982 and at the time of his death is eligible (as so defined) for an old-age or disability insurance benefit with respect to which such amendments do not apply.

(4) In the case of an individual who is a member of a religious order (within the meaning of section 3121(r)(2) of the Internal Revenue Code of 1954), or an autonomous subdivision of such order, whose members are required to take a vow of poverty, and which order or subdivision elected coverage under title II of the Social Security Act before the date of the enactment of this Act, or who would be such a member except that such individual is considered retired because of old age or total disability, paragraphs (2) and (3) shall apply, except that each reference therein to "December 1981" or "January 1982" shall be considered a reference to "December 1991" or "January 1992", respectively.

EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF SICK PAY

SEC. 3. (a) Clause (2) of section 209(b) of the Social Security Act is amended by inserting immediately after "sickness or accident disability" the following: "(but, in the case of payments made to an employee or any of his dependents, this clause shall exclude from the term 'wages' only payments which are received under a workmen's compensation law)".

(b)(1) Subparagraph (B) of section 3121(a)(2) of the Internal Revenue Code of 1954 (defining wages for purposes of the Federal Insurance Contributions Act) is amended to read as follows:

"(B) sickness or accident disability (but, in the case of payments made to an employee or any of his dependents, this subparagraph shall exclude from the term 'wages' only payments which are received under a workmen's compensation law), or".

(2) Section 3121(a) of such Code is further amended by adding at the end thereof (after and below paragraph (18)) the following new sentence:

"Except as otherwise provided in regulations prescribed by the Secretary, any third party which makes a payment included in

wages solely by reason of the parenthetical matter contained in subparagraph (B) of paragraph (2) shall be treated for purposes of this chapter and chapter 22 as the employer with respect to such wages."

(c) Subsection (e) of section 3231 of such Code (defining compensation for purposes of the Railroad Retirement Tax Act) is amended by adding at the end thereof the following new paragraph:

"(4)(A) For purposes of applying sections 3201(b) and 3221(b) (and so much of section 3211(a) as relates to the rates of the taxes imposed by sections 3101 and 3111), in the case of payments made to an employee or any of his dependents on account of sickness or accident disability, clause (i) of the second sentence of paragraph (1) shall exclude from the term 'compensation' only—

"(i) payments which are received under a workmen's compensation law, and

"(ii) benefits received under the Railroad Retirement Act of 1974.

"(B) Notwithstanding any other provision of law, for purposes of the sections specified in subparagraph (A), the term 'compensation' shall include benefits paid under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness, except to the extent that such sickness (as determined in accordance with standards prescribed by the Railroad Retirement Board) is the result of on-the-job injury.

"(C) Under regulations prescribed by the Secretary, subparagraphs (A) and (B) shall not apply to payments made after the expiration of a 6-month period comparable to the 6-month period described in section 3121(a)(4).

"(D) Except as otherwise provided in regulations prescribed by the Secretary, any third party which makes a payment included in compensation solely by reason of subparagraph (A) or (B) shall be treated for purposes of this chapter as the employer with respect to such compensation."

(d)(1) The regulations prescribed under the last sentence of section 3121(a) of the Internal Revenue Code of 1954, and the regulations prescribed under subparagraph (D) of section 3231(e)(4) of such Code, shall provide procedures under which, if (with respect to any employee) the third party promptly—

(A) withholds the employee portion of the taxes involved,

(B) deposits such portion under section 6302 of such Code, and

(C) notifies the employer of the amount of the wages or compensation involved,

the employer (and not the third party) shall be liable for the employer portion of the taxes involved and for meeting the requirements of section 6051 of such Code (relating to receipts for employees) with respects to the wages or compensation involved.

(2) For purposes of paragraph (1)—

(A) the term "employer" means the employer for whom services are normally rendered,

(B) the term "taxes involved" means, in the case of any employee, the taxes under chapters 21 and 22 which are payable solely by reason of the parenthetical matter contained in subparagraph (B) of section 3121(a)(2) of such Code, or solely by reason of paragraph (4) of section 3231(e) of such Code, and

(C) the term "wages or compensation involved" means, in the case of any employee, wages or compensation with respect to which taxes described in subparagraph (B) are imposed.

(e) For purposes of applying section 209 of the Social Security Act, section 3121(a) of the Internal Revenue Code of 1954, and section 2121(e) of such Code with respect to the parenthetical matter contained in section 209(b)(2) of the Social Security Act or section 3121(a)(2)(B) of the Internal Revenue Code of 1954, or with respect to section 3231(e)(4) of such Code (as the case may be), payments under a State temporary disability law shall be treated as remuneration for service.

(f) Notwithstanding any other provision of law, no penalties or interest shall be assessd on account of any failure to make timely payment of taxes, imposed by section 3101, 3111, 3201(b), 3211, or 3221(b) of the Internal Revenue Code of 1954 with respect to payments made for the period beginning January 1, 1982, and ending June 30, 1982, to the extent that such taxes are attributable to this section (or the amendments made by this section) and that such failure is due to reasonable cause and not to willful neglect.

(g)(1) Except as provided in paragraph (2), this section (and the amendments made by this section) shall apply to remuneration paid after December 31, 1981.

(2) This section (and the amendments made by this section) shall not apply with respect to any payment made by a third party to an employee pursuant to a contractual relationship of an employer with such third party entered into before December 14, 1981, if—

(A) coverage by such third party for the group in which such employee falls ceases before March 1, 1982, and

(B) no payment by such third party is made to such employee under such relationship after February 28, 1982.

PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS

SEC. 4. (a) Section 208(g) of the Social Security Act is amended—

(1) by inserting "or for the purpose of obtaining anything of value from any person," before "or for any other purpose" in the matter preceding paragraph (1); and

(2) by adding after paragraph (2) the following new paragraph:

"(3) knowingly alters a social security card issued by the Secretary, buys or sells a card that is, or purports to be, a card so issued, counterfeits a social security card, or possesses a social security card or counterfeit social security card with intent to sell or alter it; or".

(b) Section 208 of such Act is further amended by striking out "shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both" in the matter following subsection (h) and inserting in lieu thereof "shall be guilty of a felony and upon conviction thereof shall be fined not more than $5,000 or imprisoned for not more than five years, or both".

(c) The amendments made by subsections (a) and (b) shall be effective with respect to violations committed after the date of the enactment of this Act.

STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS

SEC. 5. The last sentence of subsection (c)(2) of section 966 of the Omnibus Reconciliation Act of 1980 (as added by section 2156 of the Omnibus Budget Reconciliation Act of 1981) is amended by inserting "with at least seven States" after "agreements".

INFORMATION WITH RESPECT TO PRISONERS

SEC. 6. Section 223(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law, any agency of the United States Government or of any State (or political subdivision thereof) shall make available to the Secretary, upon written request, the name and social security account number of any individual who is confined in a jail, prison, or other penal institution or correctional facility under the jurisdiction of such agency, pursuant to his conviction of an offense which constituted a felony under applicable law, which the Secretary may require to carry out the provisions of this subsection.".

REPORT TO CONGRESS

SEC. 7. The Secretary of Health and Human Services shall report to the Congress within ninety days after the date of the enactment of this Act with respect to the actions being taken to prevent payments from being made under title II of the Social Security Act to deceased individuals, including to the extent possible the use of the death records available under the medicare program to screen the cash benefit rolls for such deceased individuals.

And the Senate agree to the same.

DAN ROSTENKOWSKI,
J. J. PICKLE,
CHARLES B. RANGEL
(except for section 3),
ANDREW JACOBS, JR.,
RICHARD A. GEPHARDT,
BARBER B. CONABLE, JR.,
WILLIS GRADISON,
Managers on the Part of the House.

BOB DOLE,
W. L. ARMSTRONG,
JOHN HEINZ,
RUSSELL LONG,
DANIEL MOYNIHAN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

INTERFUND BORROWING

Present law.—The present law tax rates for OASDI and HI, and the allocation of the OASDI tax rate between OASI and DI are shown below. No authority exists for administratively transferring funds from one trust fund to another.

PRESENT LAW OASDHI TAX RATES

	OASI	DI	HI	Total
Employees and employers, each (in percent):				
1982	4.575	0.825	1.30	6.70
1983	4.575	.825	1.30	6.70
1984	4.575	.825	1.30	6.70
1985	4.750	.950	1.35	7.05
1986–89	4.750	.950	1.45	7.15
1990–2004	5.100	1.100	1.45	7.65
2005 and after	5.100	1.100	1.45	7.65
Self-employed (in percent):				
1982	6.8125	1.2375	1.30	9.350
1983	6.8125	1.2375	1.30	9.350
1984	6.8125	1.2375	1.30	9.350
1985	7.1250	1.4250	1.35	9.900
1986–89	7.1250	1.4250	1.45	10.000
1990–2004	7.6500	1.6500	1.45	10.750
2005 and after	7.6500	1.6500	1.45	10.750

House bill.—No provision.

Senate amendment.—Section 101 of the amendment would authorize borrowing between the OASI and DI trust funds at any time prior to January 1991. The Managing Trustee, the Secretary of the Treasury, would determine when borrowing would be appropriate to meet the need to finance the benefit payments from these trust funds. The Managing Trustee would be authorized to borrow any amounts which he determines to be appropriate from either of these trust funds for transfer to and deposit in the other trust fund.

In any case where a loan had been made, interest would be paid by the borrowing fund to the lending fund at a rate equal to the rate the lending trust fund would earn on the unrepaid amount if the loan were a regular investment.

Whenever the Managing Trustee determined that the assets of the borrowing trust fund were sufficient to permit repayment of all, or part, of any loans made, he would make such repayments as he determines to be appropriate.

The Board of Trustees would be required to make a timely report to the Congress of any amounts borrowed or repaid (including interest payments).

Section 102 of the Senate amendment revises the distribution of social security taxes between the OASI, DI, and HI trust funds for 1982 and later, but did not alter the overall OASDHI combined tax rate under present law.

PROPOSED REALLOCATION OF OASDHI TAX RATES

	OASI	DI	HI	Total
Employees and employers, each (in percent):				
1982	5.185	0.715	0.80	6.70
1983	5.035	.665	1.00	6.70
1984	4.855	.595	1.25	6.70
1985	5.005	.595	1.45	7.05
1986–89	5.100	.600	1.45	7.15
1990–2004	5.150	.750	1.75	7.65
2005 and after	5.450	.750	1.45	7.65
Self-employed (in percent)				
1982	7.5150	1.0350	0.800	9.350
1983	7.3750	0.9750	1.000	9.350
1984	7.2150	0.8850	1.250	9.350
1985	7.5500	0.9000	1.450	9.900
1986–89	7.6500	0.9000	1.450	10.000
1990–2004	7.8550	1.1450	1.750	10.750
2005 and after	8.1750	1.1250	1.450	10.750

Conference agreement.—The conference agreement does not include the Senate provision with respect to changing the social security tax rates or the allocation of the OASDI tax rate between the OASI and DI trust funds. The conference agreement would authorize borrowing of existing assets between the OASI, DI, and HI trust funds under the same conditions and requirements as provided in the Senate amendment except with regard to effective date for borrowing between the OASI and DI trust funds. Under the conference agreement, the borrowing authority would be effective from the date of enactment through December 31, 1982. In determining that borrowing under this provision is appropriate in order to best meet the need for financing the benefit payments under any of the three trust funds, the Managing Trustee should, after consultation with the other trustees, make such determination no less frequently than on a monthly basis. In no case shall such interfund borrowing make adjustments in the trust funds insuring benefit payments for a period more than six months beyond the date of such determination.

RESTORATION OF MINIMUM BENEFIT FOR CURRENT RECIPIENTS (SECTION 2)

Present law.—The minimum benefit for all present and future beneficiaries will be eliminiated. No person becoming eligible for old-age or disability benefits after October 1981 will be entitled to the minimum benefit. Benefits payable to new beneficiaries will be based on their actual earnings.

All other persons will be affected beginning with benefits payable for the month of March 1982. Their benefits will be recomputed based on their actual earnings record and according to recomputation procedures prescribed in regulations issued by the Secretary of HHS. In addition, persons aged 60 to 64 who are entitled to a minimum benefit for the month of February 1982 will become eligible for a special SSI benefit if they qualify under all SSI rules except that pertaining to age. The amount of the special SSI payment will be limited to the difference between the minimum benefit the individual received in February 1982 (without regard to the earnings test) and the recalculated benefit. These SSI payments will not be adjusted for increases in the cost of living, nor will these 60 to 64 year old persons become eligible for certain other benefits including State supplementation, food stamps, medicaid, or social services as a result of this provision.

This provision was adopted in section 2201 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-37).

House bill.—The House bill would repeal section 2201 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), thereby reinstating the OASDI minimum benefit provision as it existed under prior law for both current and future beneficiaries.

Senate amendment.—Section 103 of the amendment would restore the minimum benefit for all people who are eligible for benefits before November 1981 and who are residents of the 50 States, District of Columbia, Puerto Rico, Guam, Virgin Islands, and American Samoa. Among this group of beneficiaries, those with governmental pensions would, beginning with benefits for June of 1982, have their minimum benefit reduced dollar-for-dollar for the portion of their governmental pensions above $300, but not below the amount of the benefit based on their actual earnings. This offset would apply only to the benefits of retired or disabled workers; it would not affect survivors' or dependents' benefits.

For members of religious orders who have taken a vow of poverty and who were first covered under the social security program prior to the date of enactment as a result of amendments adopted in 1972, the provision would apply the elimination of the minimum benefit for future recipients, only to those who become eligible after October 1991.

Conference Agreement.—The conference agreement restores the minimum benefit for all people who are eligible for benefits before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. Also, the elimination of the minimum benefit for future recipients applies to members of religious orders who have taken a vow of poverty, who were first covered under the social security program prior to the date of enactment, and who become eligible after October 1991.

For current recipients to whom the minimum benefit would be restored, the conference agreement does not include the provision of the Senate amendment that limits the restoration to residents of the United States and does not include the provision reducing the minimum benefit dollar-for-dollar for those also receiving governmental pensions above $300.

EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF SICK PAY—SECTION 3

Present law.—Payments made to or on behalf of an employee of a private employer on account of sickness or accident disability are subject to social security taxes and are treated as covered earnings *unless* they are either: (1) paid under a qualified plan or system; or (2) paid after the employee has not worked for the employer for more than six months. A qualified plan or system is one that applies to the employees of a firm generally or to a class or classes of employees. The existence of a plan or system is shown if the plan or system is in writing or is otherwise made known to employees (for example, through the medium of a bulletin board notice or the long and established practice of the employer). Other indications of the existence of a plan or system include, but are not limited to, contractual references to a plan or system, employer contributions to a plan, or segregated accounts for the payment of benefits.

With respect to railroad employment, the Railroad Retirement Tax Act, sec. 3201 et seq. of the Internal Revenue Code, excludes from taxable compensation the amount of any payment (including any amount paid by an employer for insurance or annuities) made to, or on behalf of, an employee or any of his dependants under a plan or system, on account of sickness or accident disability.

Under the Railroad Unemployment Insurance Act (sec. 2(a)) certain daily benefits are paid from the railroad unemployment insurance account for qualified employees for each day of sickness after the fourth consecutive day of sickness in a period of continuing sickness. In general, the daily benefit rate for such sickness is an amount equal to sixty percent of the employee's daily rate of compensation in a base year, but not less than $12.70 nor in excess of $25.00 per day. The maximum number of days of sickness within a benefit year for which benefits may be paid to an employee is one hundred and thirty (26 weeks). Under present law these sickness and disability benefits are not taxable compensation for railroad retirement tax purposes.

House bill.—No provision.

Senate amendment.—Section 104 of the amendment would remove the exclusion of certain sick pay received under a plan or system during the first six months the employee is off work. However, payments made by an insurance company would still be exempt unless the company is owned, to a substantial extent, by the employer, or the insurance company has an administrative-

services-only contract with the employer under which the insurance company is reimbursed for sick payments actually made plus administrative expenses and profits. In addition, payments required by a workmen's compensation or temporary disability insurance law would continue to be exempt. This provision would be effective for sick payments made in January 1982 and thereafter. The treatment of payments made to an employee more than six months after the employee last worked would be unchanged from current law. Under the Senate amendment, sick payments made to employees covered by the railroad retirement system and sick pay benefits received under the Railroad Unemployment Insurance Act would continue to be exempt from railroad retirement employment taxes.

Conference agreement.—The conference agreement follows the Senate amendment extending coverage to certain forms of sick pay. In addition, the conference agreement would include in the definition of wages both for tax and coverage purposes, payments made under a sick pay plan to an employee or any of his dependents by a third party on account of the employee's illness. However, in the case where an employee has contributed to such plan, "wages" or "compensation" shall not include that portion of such payments attributable to the employee's contributions. It is the view of the conferees that such amounts are properly excludable in that they do not constitute remuneration for employment but rather represent a return on the premium contributions made by the employee. The conferees intend that rules similar to those provided in sec. 105 of the Internal Revenue Code (and regulations promulgated thereunder) shall apply in this instance. Payments which are received under a workmen's compensation law and those paid to an employee by either the employer or a third party more than six months after the employee last worked would continue to be excluded from the definition of wages, as under present law.

The conference agreement also provides that any third party (for example, an insurance company) that makes a payment, which is included in wages solely by reason of this provision, shall be treated as the employer with respect to such wages for purposes of social security and railroad retirement employment taxes. Thus, a third party payor will be responsible for the withholding of employee FICA taxes on wages up to the applicable maximum taxable wage base and for the remittance and timely deposit (as otherwise provided by law) of FICA taxes. However, the conference agreement establishes a specific statutory exception to this rule: the liability for the employer share of the FICA taxes will shift from the third party to the actual employer as soon as the third party payor has deposited the withheld employee taxes and notified the employer of the amount of sick pay made to the employee.

The conference agreement mandates the development of regulations which shall provide procedures under which, if the third party payor promptly withholds the employee portion of the taxes, deposits those taxes pursuant to the rules under section 6302 of the Code, and notifies the employer for whom services are usually rendered, of the payment, the employer (and not the third party payor) shall be liable for the employer portion of tax and for providing written statements and other reporting requirements under Code section 6051. It is the intention of the conferees that these regulations provide that third party payors withhold the employee portion of the tax as payments are made and deposit such withheld amounts under the applicable schedule authorized by Code section 6302 (including information reports such as Form 941 and related forms) as if these amounts were paid out of the third party payor's own payroll. Further, the provision adopted by the conferees requires simultaneous notification of the employer of the amount of compensation paid to each employee. If these conditions are met, the liability for the employer portion of the payroll tax shifts from the party making the payments to the employer for whom services are normally rendered. Upon the employer's receipt of the notification of the payment made by the third party, such employer must deposit the appropriate employer taxes as if these payments were made out of his own payroll on that date. The conferees intend that the implementing regulations shall be promptly issued and that, having met the conditions specified in sec. 3(d), they will be relieved of the liability.

As a result, FICA and railroad retirement employment taxes on combined amounts in excess of the maximum taxable wage base could be withheld from employees and paid by employers. Under section 6413(c) of the Internal Revenue Code, employees who experience such overwithholding are eligible to receive refunds. The conferees expect that the Secretary will attempt to design procedures whereby employers and third party payors can avoid withholding on combined amounts in excess of the maximum taxable wage base (both for FICA and railroad retirement taxes) and will implement these procedures by regulation.

The conference agreement provides that, notwithstanding any other provision of law (including certain payments made under the Railroad Unemployment Insurance Act), compensation for purposes of the Railroad Retirement Tax Act shall include all payments made to an employee or any of his dependents on account of sickness or accident disability during the first six months the employee is off work except: payments which are received under a workmen's compensation law; payments which are received under The Railroad Retirement Act of 1974; or benefits which are paid under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness to the extent that such sickness is the result of on-the-job injury (as determined in accordance with standards prescribed by the Railroad Retirement Board).

In addition, the conference agreement provides that, for purposes of the taxes imposed by this provision, payments made under a state temporary disability insurance law shall be treated as remuneration for service.

Under the conference agreement, no penalties or interest shall be assessed for failure to make timely payments of taxes with respect to payments of sick pay made between January 1, 1982 and June 30, 1982 and which are imposed as a result of amendments made by this section, to the extent that such failure is due to willful neglect and such taxes are paid on or before June 30, 1982.

Finally, the conference agreement provides generally that the amendments made by this section shall apply to remuneration paid after December 31, 1981. However, these amendments shall not apply to any third party payment made to an employee pursuant to a contractual relationship of an employer with such third party which is entered into before December 14, 1981, if the third party's coverage for that employee's group ceases before February 28, 1982 and no third party payment is made to such employee under that contract after February 28, 1982. Since such payments would not be considered remuneration for purposes of these taxes, no employment taxes would be levied on such payments.

PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS (SECTION 4)

Present law.—Criminal penalties are provided for: (1) knowingly and willfully using a social security number that was obtained with false information, (2) using someone else's social security number, or (3) unlawfully disclosing or compelling the disclosure of someone else's social security number. The crime is considered a misdemeanor and the penalty involves a fine of up to $1,000 or imprisonment for up to one year or both.

House bill.—No provision.

Senate amendment.—Section 110 of the amendment would add new acts considered to be a misuse of social security cards by making it unlawful to: (1) alter, (2) buy or sell, or (3) counterfeit social security cards, or (4) possess a regular or counterfeit card with intent to sell or alter it.

The provision would make all unlawful acts affecting the social security number or card a felony, rather than a misdemeanor.

It would increase the maximum fine for conviction of such acts from $1,000 to $5,000 and the maximum prison term from 1 year to 5 years.

Conference agreement.—The conference agreement follows the Senate amendment.

Statutory Deadline for Implementing AFDC Home Health Aide Demonstration Projects (Section 5)

Present law.—P.L. 96-499 authorized the Secretary to enter into agreements with up to 12 States for the purpose of conducting demonstration projects to train AFDC recipients as homemaker-home health aides. This provision was amended by P.L. 97-35 to require the Secretary to establish by October 1, 1981, such guidelines and regulations as may be necessary to assure that agreements with the States are entered into by January 1, 1982.

House bill.—No provision.

Senate amendment.—Section 113 of the amendment would require the Secretary to meet the January 1, 1982 deadline for entering into demonstration agreements with at least 7 States.

Conference agreement.—The conference agreement follows the Senate amendment.

INFORMATION WITH RESPECT TO PRISONERS (SECTION 6)

Present law.—Beginning October 1980, disability insurance benefits cannot be paid while individuals are imprisoned for conviction of a felony, except where the individual is satisfactorily participating in a rehabilitation program which has been specifically approved for that individual by a court of law and which is expected to result in his being able to engage in substantial gainful activity upon release and within a reasonable period of time. Such individuals are also not eligible for student benefits. However, benefits can be paid to dependents of prisoners, just as if the prisoners were receiving benefits.

The law also provides that impairments, to the extent that they arise from, or are aggravated by, the commission of a crime,

cannot be considered in determining whether a person is disabled, and impairments arising while an individual is in prison cannot be considered for purposes of disability as long as the person remains in prison.

In order to implement this law, the Secretary of HHS requires information from penal institutions with which to identify the relevant prisoners. In some cases, providing this information without the consent of the prisoner possibly violates various privacy acts.

House bill.—No provision.

Senate amendment.—Section 108 of the amendment provides that, without regard to any contrary Federal or State law, Federal, State, or local government agencies must furnish the name and social security number of any prisoner convicted of a felony, when the Secretary of HHS makes a written request to the agency for the information.

Conference agreement.—The conference agreement follows the Senate amendment.

REPORT TO CONGRESS REGARDING PAYMENTS TO DECEASED PERSONS (SECTION 7)

Present law.—Social security benefits terminate with the month in which a beneficiary dies. Benefits are not payable for that month.

House bill.—No provision.

Senate amendment.—Section 109 of the amendment would require the Secretary of HHS to report to Congress within 90 days after enactment on actions being taken to prevent payments to deceased social security beneficiaries.

Conference agreement.—The conference agreement follows the Senate amendment.

OTHER PROVISIONS OF THE SENATE AMENDMENT

EXTENSION OF DISABILITY INSURANCE MAXIMUM FAMILY BENEFITS TO OLD-AGE AND SURVIVORS INSURANCE BENEFICIARIES

Present law.—There is a limit on the amount of monthly benefits that can be paid on the earnings record of one worker. This limit is known as the maximum family benefit (MFB). In retirement and survivor cases, the MFB ranges from 150 to 188 percent of the primary insurance amount, the unreduced benefit of the worker. In disability cases, the MFB can be no more than the lower of 85 percent of the worker's average indexed monthly earnings or 150 percent of the primary insurance amount, but not less than 100 percent of the primary insurance amount.

House bill.—No provision.

Senate amendment.—Section 105 of the amendment would provide that the disability maximum family benefit formula would be extended to retirement and survivor cases, for workers reaching age 62 or dying after December 1981.

Conference agreement.—The conference agreement does not include the Senate amendment.

STUDY OF SOCIAL SECURITY ADMINISTRATION EFFICIENCY

Present law.—Administrative expenses of the social security programs are paid out of trust fund monies. No provision of law requires special or ongoing reports to Congress on the adequacy of the administrative capacity of the agency.

House bill.—No provision.

Senate amendment.—Section 106 of the amendment would require GAO to undertake a study of the SSA for the purpose of determining the management efficiency, employee productivity, and technical capacities (including computer hardware and programming) of that agency and the extent of current information on the characteristics of recipients. The Comptroller General would be required to report to Congress, no later than 180 days after the date of enactment, the results of the study and any recommendations for improvements in any of the operations studied.

Conference agreement.—The conference agreement does not include the Senate amendment.

SEPARATE ACCOUNTING FOR SOCIAL SECURITY TRUST FUNDS

Present law.—Reports on the receipts, outlays, surplus or deficit, and reserve balance of each of the social security trust funds are included in the President's annual budget. In addition, the Boards of Trustees publishes annual reports on the financial status of the trust funds and includes in the reports current estimates of the short-run and long-run actuarial balances of each trust fund.

House bill.—No provision.

Senate amendment.—Section 107 of the amendment would require the President, in the annual budget message and midsession review, to include a separate statement containing a summary of his requests for new budget authority and estimating outlays, revenues, and surplus or deficit of the OASI, DI, and HI trust funds. The separate statement would show the revenues, outlays, and surplus or deficit estimates for the trust funds, would describe the economic assumptions that were used in making the estimates for trust funds and the relationship to economic assumptions made for other parts of the budget, would indicate financial prospects of the trust funds, and would present a comparative summary of the three trust funds with all the other portions of the unified budget. This report would be in addition to the usual budget submission which includes the budget estimates for the trust funds within the unified budget estimates.

Conference agreement.—The conference agreement does not include the Senate amendment.

SOCIAL SECURITY CARDS

Present law.—Social security cards are issued on regular paper. No special procedures are employed to prevent alteration and duplication.

House bill. —No provision.

Senate amendment.—Section 111 of the amendment would require that new and replacement social security cards issued more than 190 days after enactment be made of bank-note paper and (to the maximum extent practicable) to be a card that cannot be counterfeited. The Secretary of HHS would be required to report his plans for implementing this provision within 90 days after enactment.

Conference agreement.—The conference agreement does not include the Senate amendment. The conferees, however, are aware that the General Accounting Office has found that there may be a significant problem related to the use of counterfeit social security cards and believe that this matter deserves further consideration. The conferees believe that the Secretary of Health and Human Services should study the costs and benefits to the trust funds of such a proposal, the costs and benefits to other government programs, and the impact of such a proposal on the privacy of individuals.

FUTURE LEGISLATIVE CHANGES IN THE SOCIAL SECURITY ACT

Present law.—Congress has the authority to alter tax and spending provisions.

House bill.—No provision.

Senate amendment.—Section 112 of the amendment provides that it is the sense of the Congress that any future legislative changes in the Social Security Act will not reduce the current dollar amount of monthly OASDI benefits to which individuals are entitled for the month of enactment.

Conference agreement.—The conference agreement does not include the Senate amendment.

HIGHWAY TRUST FUND AND HIGHWAY EXCISE TAXES

Present law.—Under present law, the Highway Trust Fund and its related excise taxes are in place until October 1, 1984. At that time, the current rates of the excise taxes on gasoline and other motor fuels, on lubricating oil, on trucks and trailers, on truck parts and accessories, on tires, tubes and tread rubber and on the use of heavy trucks will expire or revert to prior lower rates. The provision authorizing the deposit of taxes to and appropriations from the Highway Trust Fund will also expire on October 1, 1984.

House bill.—No provision.

Senate amendment.—Sections 202 and 203 of the amendment would extend the highway excise taxes at current rates for 5 years, until October 1, 1989, but deposits of tax revenues to the Highway Trust Fund would be continued for 6 years, to October 1, 1990. Authorization for expenditures from the Highway Trust Fund would also be extended for 6 years, through September 30, 1990.

Conference agreement.—The conference agreement does not include the Senate amendment.

DAN ROSTENKOWSKI,
J. J. PICKLE,
CHARLES B. RANGEL
(except for section 3),
ANDREW JACOBS, Jr.,
RICHARD A. GEPHARDT,
BARBER B. CONABLE, Jr.,
WILLIS GRADISON,
Managers on the Part of the House.

BOB DOLE,
W. L. ARMSTRONG,
JOHN HEINZ,
RUSSELL LONG,
DANIEL MOYNIHAN,
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BEREUTER) to revise and extend their remarks and include extraneous material:)

Mr. GINGRICH, for 60 minutes, today.

Mr. MCDADE, for 5 minutes, today.

Mr. BEREUTER, for 20 minutes, today.

Mrs. HECKLER for 15 minutes, today.

(The following Members (at the request of Mrs. BOGGS) to revise and extend their remarks and to include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. COELHO, for 5 minutes, today.
Mr. MONTGOMERY, for 5 minutes, today.
Mr. SAVAGE, for 5 minutes, today.
Mr. BONKER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mrs. SNOWE, after remarks of Mrs. ROUKEMA on appointment of conferees to H.R. 4995, in the House today.

Mr. GILMAN, after remarks of Mrs. ROUKEMA on appointment of conferees to H.R. 4995, in the House today.

Mrs. FENWICK, prior to the vote on passage of the Roukema motion to instruct conferees on H.R. 4995, today.

(The following Members (at the request of Mr. HILER) and to include extraneous matter:)

Mr. MARLENEE in two instances.
Mr. JOHNSTON in two instances.
Mr. SMITH of New Jersey.
Mr. CARMAN.
Mr. GOODLING.
Mr. COLLINS of Texas in two instances.
Mr. GINGRICH.
Mr. CONABLE in two instances.
Mr. DANNEMEYER.
Mr. LEBOUTILLIER.
Mr. GILMAN in two instances.
Mr. ERDAHL.
Mr. WHITEHURST.
Mr. FISH.
Mr. CONTE.
Mr. GUNDERSON.
Mr. DORNAN of California.
Mr. PORTER in two instances.

(The following Members (at the request of Mrs. BOGGS) and to include extraneous matter:)

Mr. BARNES.
Mr. BAILEY of Pennsylvania.
Mr. STOKES.
Mr. LUNDINE in two instances.
Mr. ANDERSON in 10 instances.
Mr. GONZALEZ in 10 instances.
Mr. ROSENTHAL in 10 instances.
Mrs. BOUQUARD in five instances.
Mr. HAMILTON in 10 instances.
Mr. BROWN of California in 10 instances.
Mr. ANNUNZIO in six instances.
Mr. JONES of Tennessee in 10 instances.
Mr. BONER of Tennessee in five instances.
Mr. EDWARDS of California in five instances.
Mr. SOLARZ in two instances.
Mr. MINETA in two instances.
Mr. NOWAK in three instances.
Mr. BOLAND.
Mr. YATRON in two instances.
Mr. STARK in six instances.
Mr. CLAY in three instances.
Mr. YOUNG of Missouri.
Mr. MURPHY.
Mr. FLORIO in two instances.
Mr. SKELTON in two instances.
Mr. WAXMAN.
Ms. FERRARO.
Mr. BONKER.
Mr. SMITH of Pennsylvania.
Mr. HOYER.
Mr. MOFFETT.
Ms. OAKAR.
Mrs. CHISHOLM.
Mr. LAFALCE in two instances.
Mr. LONG of Maryland.
Mr. WIRTH.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 123. Joint resolution authorizing and requesting the President to proclaim "National Disabled Veterans Week"; to the Committee on Post Office and Civil Service.

ENROLLED JOINT RESOLUTION SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 370. Joint resolution making further continuing appropriations for the fiscal year 1982, and for other purposes.

BILLS AND A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on December 11, 1981, present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H.R. 3455. An act to authorize certain construction at military installations for fiscal year 1982, and for other purposes;

H.R. 3484. An act to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington;

H.R. 4034. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4035. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes; and

H.J. Res. 370. Joint resolution making further continuing appropriations for the fiscal year 1982, and for other purposes.

ADJOURNMENT

Mr. BRINKLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 37 minutes p.m.) the House adjourned until tomorrow, Tuesday, December 15, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2684. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a cumulative report on rescissions and deferrals of budget authority as of December 1, 1981, pursuant to section 1014(e) of Public Law 93-344 (H. Doc. No. 97-121); to the Committee on Appropriations and ordered to be printed.

2685. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Army's proposed sale of certain defense equipment and services to Egypt (Transmittal No. 82-14), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2686. A letter from the Assistant Secretary of State for Congressional Relations, transmitting reports on political contributions made by various ambassadorial nominees and by members of their families, pursuant to section 304(b)(2) of Public Law 96-465; to the Committee on Foreign Affairs.

2687. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment and services to Egypt (Transmittal No. 82-14), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 1486. A bill to establish the Protection Island National Wildlife Refuge, Jefferson County, State of Washington; with amendment (Rept. No. 97-403). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 4961. A bill to make miscellaneous changes in the tax laws; with amendments (Rept. No. 97-404). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 4717. A bill to amend the effective date provision of section 403(b)(3) of the Windfall Profit Tax Act of 1980 (Public Law 96-223) to further defer the effective date of certain provisions providing for the recognition as income of LIFO inventory amounts; with amendment (Rept. No. 97-405). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 5159. A bill to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other

purposes; (Rept. No. 97-406, Pt. I). Ordered to be printed.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 303. Resolution waiving certain points of order against the conference report on S. 884, to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes; (Rept. No. 97-407). Referred to the House Calendar.

Mr. ROE: Committee of conference. Conference report on H.R. 4503 (Rept. No. 97-408). Ordered to be printed.

Mr. ROSTENKOWSKI: Committee of conference. Conference report on H.R. 4331 (Rept. No. 97-409). Ordered to be printed.

SUBSEQUENT ACTION ON A BILL SEQUENTIALLY REFERRED UNDER TIME LIMITATION

Under clause 5 of rule X, the following action was taken by the Speaker:

[Submitted December 12, 1981]

The Committee on Agriculture discharged from consideration of the bill (H.R. 9) which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BONKER:

H.R. 5202. A bill to revise the boundaries of Olympic National Park, Wash.; to the Committee on Interior and Insular Affairs.

By Mr. BROWN of California (for himself, Mr. WAMPLER, Mr. BOWEN, Mr. EMERSON, Mr. EVANS of Iowa, Mr. FITHIAN, Mr. ROBERTS of Kansas, and Mr. THOMAS):

H.R. 5203. A bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act; to the Committee on Agriculture.

By Mr. BURGENER:

H.R. 5204. A bill to authorize and direct the Secretary of the Interior to accept certain lands for the benefit of the Sycuan Band of Mission Indians; to the Committee on Interior and Insular Affairs.

By Mr. CONABLE (for himself, Mr. JONES of Oklahoma, Mr. VANDER JAGT, Mr. FRENZEL, Mr. KEMP, Mr. LAFALCE, and Mr. NOWAK):

H.R. 5205. A bill to amend the Internal Revenue Code of 1954 to deny the deduction for amounts paid or incurred for certain advertisements carried by certain foreign broadcast undertakings; to the Committee on Ways and Means.

By Mr. CONABLE (for himself and Mr. BAILEY of Pennsylvania):

H.R. 5206. A bill to amend the Internal Revenue Code of 1954 to repeal the minimum tax on corporations; to the Committee on Ways and Means.

By Mr. DERRICK:

H.R. 5207. A bill to provide that topsoil declared to be surplus property in connection with the construction of a dam by the United States may be donated to local governments, local public agencies, and private, nonprofit organizations; to the Committee on Government Operations.

By Mr. LOWERY of California:

H.R. 5208. A bill to amend the Bail Reform Act of 1966 to permit consideration of danger to the community in setting pretrial release conditions, to permit pretrial detention of certain offenders, and for other purposes; to the Committee on the Judiciary.

By Mr. MONTGOMERY:

H.R. 5209. A bill to amend title 38, United States Code, to provide that the period for which an employer is required to grant an employee who is a member of the National Guard or Reserves a leave of absence in order to allow the employee to perform required active duty for training is any period of up to 12 consecutive months; to the Committee on Veterans' Affairs.

By Mr. PEYSER (for himself, Mrs. HECKLER, Mr. JEFFORDS, and Mr. LUNDINE):

H.R. 5210. A bill to extend the delay in making any adjustment in the price support level for milk, to extend the time for conducting referendums with respect to marketing quotas for wheat, upland cotton, and rice, and to extend the authority to enter into agreements and programs of assistance under the Agricultural Trade Development and Assistance Act of 1954; to the Committee on Agriculture.

By Mr. RINALDO:

H.R. 5211. A bill to amend title 18, United States Code, to establish criminal penalties applicable to U.S. citizens who are employed in a military or intelligence capacity by certain foreign governments or international terrorist groups, to be named by the President, and for other purposes; to the Committee on on the Judiciary.

By Mr. SCHUMER:

H.R. 5212. A bill to amend section 235 of the National Housing Act; to the Committee on Banking, Finance and Urban Affairs.

H.R. 5213. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of certain payments under section 236 of the National Housing Act received by cooperative housing corporations; to the Committee on Ways and Means.

By Mr. SHUMWAY:

H.R. 5214. A bill to provide for a uniform products liability law; to the Committee on Energy and Commerce.

By Mr. SMITH of Alabama:

H.R. 5215. A bill to amend section 1979 of the Revised Statutes of the United States to eliminate the monetary awards and orders for the benefit of prisoners in certain cases based on overcrowding of jails, prisons, and other similar correctional facilities; to the Committee on the Judiciary.

By Mr. NICHOLS (for himself, Mr. DICKINSON, Mr. EDWARDS of Alabama, Mr. GINN, Mr. MOORE, Mr. DERRICK, Mr. LOTT, Mr. FUQUA, and Mr. BARNARD):

H.J. Res. 376. Joint resolution to commemorate the travels of William Bartram; to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON:

H. Con. Res. 237. Concurrent resolution expressing the sense of the Congress that the Polish Government not seek to end the freedoms won by the trade union Solidarity, that martial law in Poland be ended, and that the Polish Government and Solidarity be allowed to negotiate their differences without outside interference; to the Committee on Foreign Affairs.

By Mr. APPLEGATE:

H. Con. Res. 238. Concurrent resolution expressing the sense of the Congress that the United States should develop, implement, and actively pursue a policy of controlling all imported manufactured goods, and for other purposes; to the Committee on Ways and Means.

By Mr. MICHEL:

H. Con. Res. 239. Concurrent resolution reaffirming the support of the Congress of the United States for the people of Poland; to the Committee on Foreign Affairs.

By Mr. NELLIGAN (for himself and Ms. MIKULSKI):

H. Res. 304. Resolution expressing the sense of the House of Representatives that the President should seek a halt in any deportation proceedings involving Polish citizens until he determines that the political situation in Poland is stable; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JEFFRIES:

H.R. 5216. A bill for the relief of Frank M. Davis; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2646: Mr. DREIER.

H.R. 2869: Mr. PEPPER, Mr. MURPHY, Mr. HUTTO, Mr. GIBBONS, and Mr. LEHMAN.

H.R. 3117: Mr. PURSELL, Mr. SYNAR, Mr. FASCELL, Mr. JAMES K. COYNE, Mr. STOKES, and Mr. GEJDENSON.

H.R. 3234: Mr. PEPPER, Mr. MURPHY, Mr. HUTTO, Mr. GIBBONS, and Mr. LEHMAN.

H.R. 3397: Mr. ROE.

H.R. 3541: Mr. MCCOLLUM.

H.R. 3984: Mr. WHITLEY.

H.R. 4091: Mr. HILER, Mr. MADIGAN, and Mrs. SCHNEIDER.

H.R. 4326: Mr. CLAUSEN, Mr. SMITH of Oregon, Mr. BROYHILL, Mr. ERDAHL, Mr. DOWNEY, and Mr. MOORHEAD.

H.R. 4382: Mr. SILJANDER and Mr. HUNTER.

H.R. 4399: Mr. BEREUTER, Mr. CHAPPIE, Mr. CLAUSEN, Mr. COELHO, Mr. CORCORAN, Mr. FINDLEY, Mr. FOLEY, Mr. HANSEN of Idaho, Mr. KOGOVSEK, Mr. MORRISON, Mr. SUNIA, Mr. WEAVER, Mr. WILSON, Mr. WINN, and Mr. WON PAT.

H.R. 4457: Mr. MINETA, Mr. LIVINGSTON, and Mr. JAMES K. COYNE.

H.R. 4488: Mr. DANNEMEYER and Mr. DERWINSKI.

H.R. 4526: Mr. ROBERTS of Kansas.

H.R. 4547: Mr. DENARDIS.

H.R. 4681: Mr. SHELBY and Mr. NICHOLS.

H.R. 4725: Mr. PEPPER, Mr. MURPHY, Mr. HUTTO, Mr. GIBBONS, and Mr. LEHMAN.

H.R. 4789: Mr. FOWLER, Mr. GEJDENSON, and Mr. KILDEE.

H.R. 4856: Mrs. COLLINS of Illinois, Mr. DELLUMS, Mrs. CHISHOLM, Mr. RANGEL, Mr. MITCHELL of Maryland, Mr. SMITH of Pennsylvania, Mr. FORD of Tennessee, Mr. LEHMAN, Mr. FAUNTROY, Mr. RODINO, Mr. STOKES, Mr. FISH, Mr. FOGLIETTA, Mr. FROST, Mr. IRELAND, Mr. HOYER, Mr. SCHUMER, and Mr. WEISS.

H.R. 4895: Mr. COELHO, Mr. SMITH of Iowa, Ms. FIEDLER, Mr. WYDEN, Mr. WON PAT, Mr. WOLPE, Mr. HATCHER, Mr. HIGHTOWER, Mr. EDGAR, Mr. DYSON, Mr. FRENZEL, Mr. PAUL, Mr. PARRIS, Mr. SIMON, Mr. MCKINNEY, Mr. COATS, Mr. MITCHELL of Maryland, Mr. NELLIGAN, Mrs. BOUQUARD,

Mr. WASHINGTON, Mr. GEJDENSON, Mr. SOLOMON, and Mr. BEDELL.

H.R. 4896: Mr. WON PAT, Mr. DWYER, Mr. EDGAR, Mr. FOGLIETTA, Mrs. COLLINS of Illinois, and Mr. WYDEN.

H.R. 5060: Mr. GEPHARDT and Mr. CLAY.

H.R. 5076: Mrs. BOUQUARD, Mr. KRAMER, Mr. MINETA, Mr. WHITEHURST, Mr. HARKIN, Mr. NEAL, Mr. FAZIO, Mr. EDGAR, and Mr. DOUGHERTY.

H.R. 5102: Mr. SIMON, Ms. FIEDLER, and Mr. JAMES K. COYNE.

H.R. 5150: Mr. RAHALL.

H.R. 5200: Mr. EMERSON.

H.J. Res. 72: Mr. JAMES K. COYNE, Mr. DUNN, Mr. HENDON, Mr. SAWYER, and Mr. MILLER of Ohio.

H.J. Res. 197: Mr. ANTHONY, Mr. DE LA GARZA, Mr. GINGRICH, Mr. CONABLE, Mrs. MARTIN of Illinois, and Mr. WHITE.

H.J. Res. 336: Mr. CLINGER, Mr. SCHUMER, Mr. SABO, Mr. BROWN of California, Ms. FERRARO, Mr. SIMON, Mr. DYSON, and Mr. RICHMOND.

H.J. Res. 346: Mr. FAUNTROY, Mr. PORTER, Mr. SUNIA, Mr. HATCHER, Mr. PEPPER, Mr. SCHEUER, Mr. FRENZEL, Mr. RAHALL, Mr. FAZIO, Mr. DIXON, Mr. LEATH of Texas, Mr. SMITH of Pennsylvania, Mr. VENTO, Mr. DWYER, Mr. MAZZOLI, Mrs. HOLT, Mr. COELHO, Mr. YATRON, Mrs. BOUQUARD, Mr. STOKES, Mr. FISH, and Mr. FORD of Tennessee.

H.J. Res. 354: Mr. WEBER of Minnesota, Mr. FAUNTROY, Mr. RODINO, Mr. DICKS, Mr. RINALDO, Ms. FIEDLER, Mr. CLINGER, Mrs. COLLINS of Illinois, Mr. SAWYER, Mr. SHUMWAY, Mr. MOFFETT, Mr. GOODLING, Mr. ANDERSON, Mr. HARKIN, Mr. MCDADE, Ms. MIKULSKI, Mr. ENGLISH, Mr. KINDNESS, Mr. GUARINI, Mr. RANGEL, Mr. KRAMER, and Mr. BURGENER.

H. Con. Res. 178: Mr. HILER.

H. Con. Res. 222: Mr. SENSENBRENNER, Mr. FRANK, Mr. WASHINGTON, Mr. MCCLORY, Mr. DOUGHERTY, Mr. OTTINGER, Mr. JACOBS, Mr. LEVITAS, and Mr. RHODES.

H. Con. Res. 232: Mr. RAHALL, Mr. MURPHY, Mr. OTTINGER, Mr. BONIOR of Michigan, Mr. PEPPER, Mr. FORD of Tennessee, Mr. MCKINNEY, Mr. FROST, Mr. CROCKETT, Mr. MITCHELL of Maryland, Mr. SOLARZ, and Ms. MIKULSKI.

H. Res. 252: Mr. FISH, Mr. STUDDS, Mr. RANGEL, Ms. FERRARO, Mr. OBERSTAR, Mrs. CHISHOLM, Mr. RINALDO, Mr. ROYBAL, Mr. ADDABBO, Mr. MOAKLEY, Mr. RATCHFORD, Mr. MATSUI, Mr. RODINO, Mr. PATTERSON, and Mr. LANTOS.

H. Res 262: Mr. KOGOVSEK and Mr. MITCHELL of Maryland.

H. Res. 265: Mr. BEDELL, Mr. JEFFRIES, Mr. BOWEN, Mr. RUDD, Mr. KOGOVSEK, Mr. GOODLING, and Mr. MCCOLLUM.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 713: Mr. TAUKE.

H.J. Res. 335: Mr. TAUKE.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2559

By Mr. GEJDENSON:

Page 2, line 14, change the period to a comma, and add the following new clause: "of which sufficient funds shall be made available to continue in operation a Coast Guard research and development center through the end of the 1982 fiscal year.".

Page 6, at the end of the bill, add the following new section:

"SEC. 12. Notwithstanding any other provision of law, the fiscal 1982 end of year civilian personnel strength of the Coast Guard shall be at least 5,484.".

EXTENSIONS OF REMARKS

THE HORRORS OF NUCLEAR WAR

HON. EDWARD J. MARKEY
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. MARKEY. Mr. Speaker, there is a rising tide of emotion in this country about the dangers of nuclear war. This outcry is not coming predominantly from politicians, but from concerned citizens all over this country, who have joined with hundreds of thousands of Europeans to proclaim the need to halt the drift toward Armageddon. One group that is perhaps more acutely aware of the traumatic medical consequences of a nuclear holocaust is the medical profession. Recently, Dr. Barnard Lown wrote a very important commentary in the American Medical Association Journal about nuclear war from the physician's perspective. I believe this is a frightening—and realistic—view of the consequences of nuclear war. I include Dr. Lown's article in full in the CONGRESSIONAL RECORD:

PHYSICIANS AND NUCLEAR WAR

The world is moving inexorably toward the use of nuclear weapons. The atomic age and space flights demonstrate the awesome power of science and technology. These developments have also brought humankind to a bifurcation—one road of unlimited opportunity for improving the quality of life, the other of unmitigated misery, devastation, and death. The road we follow will determine whether modern society has a future.

THE EXPERIENCE OF HIROSHIMA

In Hiroshima, a primitive uranium bomb with an explosive power of 13 kilotons (equivalent to 13,000 tons of TNT) instantaneously killed more than 75,000 persons. Of a population of 245,000 more than 100,000 persons were injured. Ninety percent of the 76,000 buildings within city limits were destroyed. Only three of Hiroshima's 45 hospitals were left unscathed. Fewer than 30 of the 150 physicians were available to attend the thousands of victims. Of the 1,780 nurses only 126 were alive and able to assist the burned and traumatized casulties. Long after the bombing, illness and affliction continued to emerge. Some of the people living in proximity to the nuclear detonation experienced radiation effects years to decades later, including leukemia and cancer of the breast, lung, and thyroid.

With the passage of years, the bomb appeared less threatening. After all, both Hiroshima and Nagasaki continued as vibrant cities, Within hours after the bombing, aid arrived from other parts of Japan. Many of the victims were evacuated to adjacent communities with largely intact medical facilities. Both cities have been rapidly rebuilt. The aftermath of the bombing is now only to be recognized in museums, in commemorative monuments, and in surviving victims. In effect, the consequences of nuclear bombs, contrary to numerous prophesies of doom, could be overcome. But there are a number of new realities that need examination.

NUCLEAR OVERKILL

The United States and the Union of Soviet Socialist Republics, the two superpowers, now possess more than 40,000 nuclear weapons for a total of about 15,000 megatons. Even a single megaton carriers unimaginable destructive power, more than 70 times that which destroyed Hiroshima. A megaton is equivalent to 1 million tons of TNT, and were this to be transported by rail, the train would stretch more than 640 km. If one were to add the weapons in the arsenals of the other nuclear powers, the 20,000-megaton total, now in world stockpiles, provides 5 tons of explosive power for every man, woman, and child on this earth.

The Hiroshima and Nagasaki experiences, horrendous as they were, have but limited validity in extrapolating the consequences of nuclear war with present-day arsenals. Kiloton-sized weapons have been multiplied a thousandfold; instead of individual cities, there are now multiple-city targets. No help could be forthcoming from adjoining or distant communities, which likewise would be victims of blast, firestorm, and radiation. In one likely and specific scenario, during an all-out nuclear war in mid-1980 more than 200 million men, women, and children would be killed outright. More than 60 million would be seriously injured; among these, half would experience radiation sickness. The remainder would be afflicted with various combinations of trauma, burns, and irradiation. Crushing injuries, fractures, perforated viscera, contusions of internal organs, charred extremities, and uncertain radiation exposures, as well as psychiatric derangements, would be commonplace. Such injuries would tax the best of health care systems during peacetime conditions. Even a 1-megaton explosion above a city of 1 million would produce at least ten times more severely burned patients than could be accommodated by all burn treatment facilities in the United States. Given disruption of the health system, its lack of transport, communication facilities, electric power, hospital beds, x-ray and other diagnostic equipment, blood, drugs, and essential instruments, surviving health workers could provide only verbal comforting to those in pain and dying. As Khrushchev direly propheisied, "The living will envy the dead."

Yet, even these extrapolations do not encompass many potential longer-range effects. They exclude possible natural consequences such as degradation of stratospheric ozone layer, long-term climatic changes, radioisotope contamination of the food chain, crop failures resulting from destruction and insect ecology, and yet other unpredictable adverse consequences.

THE INCREASING LIKELIHOOD OF NUCLEAR WAR

A superficial analysis would suggest that society and the nuclear bomb have reached a tolerable symbiosis. The fact that these weapons have been around for 35 years and have not been used by the superpowers against one another promotes wide public belief of the permanence of such stability. In short, we have learned to live with the bomb. This is a dangerous illusion. In the first place, there is the escalating nuclear arms race. The destructive power stored in world arsenals now exceeds by a factor of more than a million the bomb that destroyed Hiroshima. The multiplication of nuclear weapons is intended to promote a nation's security, but the cost is that of increasing world insecurity. History provides scant comfort for the view that peace is promoted by the preparation for war. The arms race cannot be a process without end; its terminus is inevitable nuclear confrontation.

More worrisome than the growth in sheer numbers of weapons or their proliferation is the qualitative transformation in the dynamics of the atomic arms race itself. Until recently, an uneasy peace has prevailed, assured by the doctrine of deterrence or the certainty of incalculable damage to one's adversary. Each side has acknowledged that protection of its own citizenry was based on threat of annihilation of the opposing side. In a sense, nearly 500 million people have been held hostage by the two superpowers. This policy of mutual assured destruction, the acronym for which is MAD, now is undergoing alteration. Changes in strategic doctrine are largely propelled by technological innovation. Development of great precision in so-called terminal guidance systems has increased accuracy of targeting. This makes missiles, in their hardened silos, vulnerable. These weapons then lose value in retaliation. A symmetrical instability ensures wherein the temptation for an enemy to attack is at the same time inducement for one's own preemption. These developments in turn create great uncertainty and international instability.

The instability is enhanced by the fact that in a period of crisis, little time is available for making an awesome decision. Only 30 minutes would elapse between launch and impact of nuclear weapons between the USA and the USSR. This imposes dependence on complex technologies to monitor, detect, and analyze signals of attack. The increased accuracy of guidance systems invites contemplation of preemptive strikes, promotes "hair-trigger" readiness, and increasingly compels reliance on computers to sort out the real from spurious warnings of a potential attack. Physicians in their daily work know the malfunctioning of technological hardware, but while the failure of a pacemaker, a defibrillator, or an oxygenator might jeopardize a single life, the malfunctioning of military technology threatens a way of life. We have set in motion forces over which we shall increasingly have less control. Ultimately, the bomb may take command.

THE COST ON THE WAY TO ARMAGEDDON

Moreover, the arms race is imposing enormous economic, psychological, and moral costs. In the 1970s, world military expenditures exceeded $4 trillion, which is greater than the total goods and services created by mankind in one year. Forty percent of research budgets are devoted to the military. Last year, more than $500 billion was spent by the world's military establishment. This

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

is equivalent to $1.4 billion per day, or $1 million per minute. This massive diversion of scarce resources diminishes development of knowledge, technology, and manpower that could address global ecological and overpopulation problems. A small fraction of these expenditures for the military could provide the world with adequate food and sanitary water supply, housing, education, and modern health care. Physicians can cite numerous illustrations of the power of modest investments in health. For example, slightly more than a decade ago, smallpox was endemic in 33 countries with a total population of 1.2 billion, with 10 to 15 million cases and loss of 2 million lives annually. The World Health Organization campaign for smallpox eradication was successfully completed in a decade. The last case of naturally occurring smallpox was diagnosed in Somalia in 1977. This signal achievement required an investment of $300 million, or approximately five hours of the cost of military budgets. With a diversion of funds consumed by three weeks of the arms race, the world could obtain a sanitary water supply for all of its inhabitants. The lack of clean water now accounts for 80 percent of all the world's illness and imposes untold misery and degradation on half the world's population.

In addition to economic costs, the nuclear arms race has incurred psychological costs as well. Living with the possibility of imminent annihilation has created a new reality for humanity with profound and widespread psychological effects. Not only does each person have to deal with the possibility of one's own agony or sudden death, but also with the dissolution of the total surroundings. Membership in a family, community, society, and nation provides the psychological means for coming to terms with individual death. Something of the "I" survives in the social germ plasm, providing a symbolic continuity or immortality. But suppose nothing survives! How does one come to terms with nothing? And what are the psychological injuries in confronting a world where extinction can be so absolute?

Little is said of the moral degradation deriving from the preparation for nuclear war. Bertrand Russell called attention to this aspect some 30 years ago: "Our world has sprouted a weird conception of security and a warped sense of morality—weapons are sheltered like treasures, while children are exposed to incineration."

THE ROLE OF PHYSICIANS

Physicists who let the atomic genie out of the bottle did not succeed in either stemming the nuclear arms race or persuading mankind of the ominous peril to their lives. We physicians must join our scientific colleagues who have insistently, with an increasing sense of despair and urgency, attempted to alert humanity. Only an aroused world public opinion can compel political leaders to stop the spiraling nuclear arms race.

Physicians, as few other groups in society, are committed to maintaining health and promoting survival. We have a world constituency of 4 million members who have taken a sacred and ancient oath to assuage human misery and preserve life. In the face of the nuclear threat, this commitment imposes social and moral obligations for us to band together, to make our collective voices heard and hopefully heeded. If we are to succeed, we must realize our own limitations. We can have credibility and be effective only as long as we scrupulously adhere to the province of our expertise as scientists and as healers. We must not become bogged down in debating the political differences that have fueled the cold war and have hindered détente. We are not politicians. Nor are we arms control experts; we cannot discourse or debate over weapons systems, deterrence, retaliation, or overkill. We can speak on the threat of nuclear weapons, on the consequences of nuclear war, on the diversion of scarce resources from human needs, on the psychological, moral, and biologic implications of the arms race. We must recognize the one fundamental reality of this nuclear age, that the future, the very fate of US, European, and USSR societies are indissolubly linked. We shall either live together or die together.

A HIGHER DUTY

We are but transient passengers on this planet Earth. It does not belong to us. We are not free to doom generations yet unborn. We are not at liberty to erase humanity's past or dim its future. Social systems do not endure for an eternity. Only life can lay claim to uninterrupted continuity. This continuity is sacred. We physicians, who shepherd human life from birth to death, are aware of the resiliency, courage, and creativeness that human beings possess. We have an abiding faith in the concept that humanity can control what humanity creates. This perception provides optimistic purpose in reversing the direction of humankind's potential tragic destiny.●

PROPOSED CHANGES BY THE DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE

HON. DON BAILEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. BAILEY of Pennsylvania. Mr. Speaker, the continuing decline of our economy is imposing increasing hardship on every segment of society. The disastrous effects of Reaganomics are being felt particularly by small savers who must look on helplessly watching their savings eaten up by inflation while, at the same time, being forced to pay higher and higher interest rates for home mortgages, automobile loans, home improvement loans, loans to farmers and to small business men and women.

The Depository Institutions Deregulation Committee (DIDC), an agency created by Congress, will meet on December 16 to discuss the plight of small savers and the banks and savings and loan institutions which serve them. I have been informed that the DIDC will recommend the creation of new deposit accounts. While I favor higher interest rates for the small saver, I do not want to see a condition created in which billions of dollars are added to the cost burdens of depository institutions. These costs would be passed on to consumers, thus negating any gain realized as the result of higher passbook interest rates. Robbing Peter to pay Paul is not the answer. We must encourage general economic recovery without any inflationary backlash and without depleting the net worth of our traditional depository institutions—especially the savings and loan associations and commercial banks in the smaller cities and towns of this Nation.

I urge the DIDC to carefully examine every aspect of its proposed recommendations and the results that will surely affect us all. I intend to communicate this message to the DIDC, and I call upon all of my colleagues who are concerned for the state of this Nation's economy to do likewise.●

TRIBUTE TO MR. BRUCE A. NEWHALL

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. MINETA. Mr. Speaker, it gives me great pleasure to rise today to honor Mr. Bruce A. Newhall of Los Gatos, Calif. Mr. Newhall has been named to receive the Red Cross Certificate of Merit and accompanying pin. This award is the highest given by the American Red Cross to a person who saves or sustains a life by using skills and knowledge learned in a volunteer training program offered by the Red Cross.

On July 19, 1980, Mr. Newhall, trained in Red Cross first aid, observed a motor vehicle accident where a moped rider suffered a severed leg. Stopping at the scene, Mr. Newhall determined that the victim was in danger of bleeding to death and began first aid procedures to stop the bleeding. He continued his efforts until an ambulance arrived. Without doubt, the use of first aid by Mr. Newhall saved the victim's life.

Mr. Speaker, I ask you and all our colleagues in the House of Representatives to join me in commending Mr. Newhall for his outstanding achievement and to congratulate him on being a recipient of the Red Cross Certificate of Merit.●

STRIKING POLISH WORKERS THREATENED WITH EXECUTION

HON. JOSEPH F. SMITH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. SMITH of Pennsylvania. Mr. Speaker, I rise today to address a particularly disturbing situation that has developed in Poland. The growing tensions between the government and the Solidarity Union has recently culminated in the arrest of innocent people, and the trampling of human dignity. The government has not only banned the Solidarity Union, but it has also

threatened to execute the workers striking in industries. This action, obviously backed by the Soviet Government, is denying Polish citizens the basic rights of free expression, which we find to be a fundamental right of every individual.

The concerns which have been voiced by Polish Americans over the plight of their friends and relatives is well founded. There is not an easy solution to the internal conflicts of Poland, but I believe that we must unite with our Polish American friends and urge the opposing forces to bring their groups back into working contact in order to construct a stable government.

I firmly believe that our handling of the crisis in Poland should be the same with any country that arbitrarily arrests, persecutes, and harasses any of its citizenry, because, we, as leaders of the free world, must go on record in opposition of their actions, and to take steps, both singularly and in concert with our allies, to provide for redress of this injustice. This is not to imply that the United States or any other free nation should pursue the dictatorial policies of the Soviets which have imposed this situation on the people of Poland. We must, however, pursue through the appropriate diplomatic channels viable policies through which our Government can play an instrumental part to relieve this oppression.●

TRAUMA SOCIETY SUPPORTS LEGISLATION AND COMMISSION COMBATING DRUNK DRIVING

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. BARNES. Mr. Speaker, the issue of drunk driving has begun to receive increasing attention over the past year from the Nation's news media, the Congress, and the American public generally.

Perhaps America's greatest tragedy, drunk driving is responsible for the most common occurring form of violent crime in the United States and more than half of the deaths on our highways, killing 70 people and maiming thousands of others each day, and creating economic costs surpassing $5 billion yearly. Yet, only one of every 2,000 drinking drivers on an average day is caught, and the chance of conviction is slim.

Early this year, Senator CLAIBORNE PELL and I introduced identical legislation (S. 671 and H.R. 2488) aimed at discouraging drunk driving nationwide. To date, our legislation has received strong bipartisan support from over 80 Members of Congress.

More recently, I was joined by our colleagues GLENN ANDERSON and JIM HANSEN, asking Members of the Senate and House to co-sign a letter to President Reagan urging the formation of a national commission to finally map out a coordinated master plan combating drunk driving among the Federal, State and local levels. I am most gratified that over 340 Republicans and Democrats, comprising a majority of the Senate and House, joined us to let the President know that drunk driving can no longer be tolerated by a sane society and to ask for the President to help resolve this vitally important issue nationally.

These efforts have received widespread support across the Nation from private organizations and concerned citizens. Just this past Friday, the American Trauma Society's Board of Directors voted unanimously to endorse both our national legislation and the call for the Presidential Commission on Drunk Driving. The American Trauma Society has hundreds of active members nationwide who devote their work to treating and helping prevent trauma—the No. 1 killer of Americans under the age of 35.

I submit for the record copies of the ATS's resolutions supporting our two efforts to combat the Nation's drunk driving epidemic:

DRAFT RESOLUTION NO. 1—LEGISLATION

Whereas, motor vehicle crashes are the principal cause of trauma in the United States; and

Whereas, more than one half of the fatal motor vehicle crashes in the United States each year are caused by drunk drivers; and

Whereas, over 750,000 Americans suffer crippling and other serious injuries each year in drunk driving incidents; and

Whereas, pending legislation in the 97th Congress of the United States in the form of H.R. 2488 and S. 671 addresses the need for coordinated, comprehensive state and local alcohol traffic safety and enforcement programs; be it hereby

Resolved, That The American Trauma Society endorses the goals and programs embodied in H.R. 2488 and S. 671, and urges the expeditious enactment of this legislation.

DRAFT RESOLUTION NO. 2—PRESIDENTIAL COMMISSION

Whereas, drunk driving is the nation's principal highway safety problem; and

Whereas, drunk driving is a national epidemic which knows no jurisdictional boundaries; and

Whereas, effective control of drunk driving can only be accomplished through the coordinated efforts of the Federal government and the States; and

Whereas, the Federal government can play a critical role in providing the necessary national coordination in the deterrence of drunk driving; be it hereby *Resolved*, that the American Trauma Society calls upon the President of The United States to create and appoint a Presidential Commission on The Drinking Driver, and that the Commission be charged with the goal of developing recommendations on ways in which the Federal government and the States can work together to reduce the annual toll of needless death and injury caused by alcohol-related motor vehicle incidents.●

A MOOD OF MEANNESS

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. STOKES. Mr. Speaker, I am delighted to call attention to a very timely article by my honorable colleague from the First Congressional District of Missouri, Congressman WILLIAM L. CLAY.

The article, "A Mood of Meanness" appeared in the St. Louis Post Dispatch on November 29, 1981. Mr. CLAY is deserving of commendation for his incisive review of a troubling national mood. There can be no denying that there is a mood of malevolence in this regard to the human and civil rights of blacks, Hispanics, and the poor of our Nation. He is certainly correct, I believe, that a number of legislative proposals before this body would indeed circumscribe and limit the freedom of certain groups in our society; and in a larger sense, encumber the liberties of all of us.

It is wrong that in a great nation such as ours, unemployment among black youths surpassed that of the great depression; it is wrong in our Nation that members of the Ku Klux Klan and neo-Nazis should openly attack blacks, Jews, and others whom they dislike; it is wrong that over 25 million of our fellow citizens should live in poverty; it is wrong, in the name of Reaganomics, that the hopeless feel more hopeless and the dispossessed feel more threatened and the powerless feel more powerless.

Mr. CLAY suggests strongly in his article, invoking the name of a grand exemplar, Frederick Douglass, that the struggle must go forward. I congratulate the Congressman and believe as he does that the struggle continues. The article in its complete form is presented for your benefit.

[St. Louis Post Dispatch, Nov. 29, 1981]

A MOOD OF MEANNESS—INDIVIDUAL RIGHTS, MINORITY GAINS UNDER ASSAULT

(By Rep. WILLIAM L. CLAY)

Proposals pending before this Congress read like a blueprint for the nullification of the Bill of Rights and a master plan for the creation of a totalitarian, fascist government. If the language is not the same, certainly the intent is.

Legislation pending would give the attorney general the right to deny or revoke passports of those who disagree with the foreign policy of an administration and would make it a crime for individuals, including members of the press, to publish names of American foreign intelligence agents if there is mere reason to believe that publication would impair our foreign intelligence activities.

One regulation now being proposed by the administration would give the CIA authority to conduct covert operations in this country and would allow it to infiltrate domestic groups such as the Black Panthers, the Weatherman, the Ku Klux Klan, and the Communist Party.

But it woud not prohibit it from infiltrating the American Legion, the Elks, the NAACP, the ACLU, the Democratic National Committee, the Girl Scouts, and the PTA. What will happen to the rights of personal privacy and equal protection of the law with warrantless CIA agents reading your mail and tapping your telephones, breaking into your homes and offices and stealing your files? What happens to those guarantees protected under the Fourth Amendment?

Don't think it can't happen because it did under the Nixon administration. During the Kennedy administration the CIA enlisted the aid of organized crime figures to assassinate Fidel Castro. Some of us may not like Fidel Castro, but what would prevent a president or director of the CIA who did not like a Menachim Begin or Margaret Thatcher from assassinating them?

Yes, the mood in this country is one of meanness and it's getting worse. Take a look at the legislation now being considered in Congress to eliminate equal opportunities for women and minorities; the drive to kill all affirmative action programs; and the attempt to establish a sub-minimum wage for youth. In effect, what is being said is that the extension of the rights of youth and minorities somehow infringes on the rights of white male adults.

And perhaps the meanest streak of elected leadership is being displayed in the reckless, irresponsible, insensitive way in which it's dealing with the basic right of life, liberty, and the pursuit of happiness. What this president and this Congress have done to the poor is an indictment of us as a part of the civilized world. This administration and this Congress expect our senior citizens to live in tennis shoes, not houses; our youth to work for less than a living wage; our unemployed to find jobs in a jobless economy; our sick to endure suffering in the name of fiscal restraint; our hungry to eat jelly beans.

The litany of cases documenting the depth and extent of deprivation in this country is shocking. Who would imagine that in the richest country ever to exist 22 million would resort to food stamps, 10 million would fill the rolls of unemployment, 12 million would turn to alcohol and narcotics to escape? Who would have imagined that a nation richer than Egypt under Ramses, Rome under Caesar, and Spain under Isabella would not be able to feed its hungry, clothe its naked, and house its homeless?

In my opinion we must heed the admonition of the great Frederick Douglass. Douglass, a former slave, gave us some excellent advice when he said over 121 years ago:

"The whole history of the progress of human liberty shows that all concessions yet made to her august claims have been borne of earnest struggle. The conflict has been exciting, agitating, all absorbing, and for the time being, putting all other tumults to silence. It must do this or it does nothing.

"If there is no struggle, there is no progress. Those who profess to favor freedom and yet deprecate agitation are men who want crops without plowing up the ground, they want rain without thunder and lightning. They want the ocean without the awful roar of its many waters. This struggle may be a moral one, or it may be a physical one, and it may be both moral and physical. But it must be a struggle.

"Power concedes nothing without a demand. It never did and it never will. Find out just what any people will quietly submit to and you have found out the exact measure of injustices and wrong which will be imposed upon them, and these will continue till they are resisted with either words or blows, or with both. The limits of tyrants are prescribed by the endurances of those whom they oppress."

(The preceding is condensed from an address to the congressional legislative conference of the American Civil Liberties Union of Eastern Missouri. The conference was at Washington University.)

A SPECIAL REMEMBRANCE

HON. ROBERT A. YOUNG

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. YOUNG of Missouri. Mr. Speaker, I come before the House today to recognize the civic and personal contributions of a man I knew as both a dedicated public servant and as a friend. I am speaking of Joseph M. (Bud) Weil, who served the city of Fenton, Mo., in St. Louis County as police chief, fire chief, and goodwill ambassador.

To almost everyone, he was simply known as "Bud" Weil. "Bud" was a native to the predominantly rural area of Fenton and grew up there long before the spread of urban life caught up with the small town in the form of an interstate highway, an automobile plant, and transplanted residents from the city of St. Louis.

"Bud" Weil was not content to just live in Fenton. He wanted to help make Fenton a safe and secure home for everyone who lived there or just happened to pass through its borders. His concern for the welfare of others led him to take the job as the city's first police chief from 1959 to 1966. He then changed hats from police-blue to fireman-red becoming the chief of the Fenton fire protection district in 1966. He served in that post for 10 distinguished years until suffering disabling injuries in a furniture store fire in a neighboring city forced his retirement for medical reasons in 1976.

Yet "Bud's" compassion and concern for others went beyond his job. During the 1960's some people from out-of-town were stranded in the area without money or shelter until "Bud" went to their aid with money and a place to stay. Because of "Bud's" generosity, those people labeled Fenton as the "city with a heart."

"Bud's" concern for the safety of others in the Fenton community continued into his retirement. He recently kept an eye on a suspicious individual he spotted until Missouri Highway Patrol officers arrived to apprehend the man who turned out to be wanted by authorities in Pennsylvania. For his effort, "Bud" was appointed an honorary Missouri State Highway Patrol trooper last April.

I regret to say that "Bud" Weil died Tuesday, September 29, leaving behind his wife, Mary, and three sons, all of whom have carried on their father's tradition as firefighters including a son, Dennis, who took over as Fenton fire chief when his dad retired.

I am proud to have known "Bud" and equally proud to be able to introduce him to my fellow Members of Congress. His life definitely was a model for all of us.●

RESOLVING THE CRISIS AT FAA

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. LUNDINE. Mr. Speaker, since the decertification of PATCO, the crisis at the Federal Aviation Administration (FAA) seems to have dropped from view, at least in the major media. And yet, more than 10,000 controllers are still out of work, questions persist about flight safety, and the Nation's airlines and their employees continue to confront economic hardship.

Recently, the President announced that the dismissed air traffic controllers would be eligible for Federal employment outside the FAA. But, such magnanimity has a hollow ring when one considers that Federal jobs are being reduced by the thousands under the President's own budget. Moreover, such an offer does nothing to address the fundamental concerns about air safety.

Clearly, the point has been made by now that strikes in the Federal Government will not be tolerated. It is time to consider the Nation's best interest. Those interests were cogently assessed in a recent editorial in the Elmira Star-Gazette, a leading newspaper in my district. I think my colleagues will find the Star-Gazette's analysis compelling, and I commend it to their attention.

[From the Elmira Star-Gazette, Nov. 26, 1981]

THE POINT HAS BEEN MADE

How long must a point be hammered in until it is proven? President Reagan would be wise to consider that question in regard to ending his continuing hard-line stand against air traffic controllers who were fired after engaging in an illegal strike.

The 11,500 strikers have been out of those jobs since they went on strike Aug. 3. Their union, the Professional Air Traffic Controllers Organization, has been de-certified. Reagan certainly has made it clear that illegal actions by government workers will be treated harshly.

So whose purposes would it serve to keep refusing to allow the return of those fired controllers who may want to?

Certainly not the nation's, even though the industry has shown that the controllers greatly overestimated their importance to the system. The system is operating and there have been no disasters.

But is it not in the nation's best interest for the system to be operating at full capacity once again. It still will take years for the government to replace the fired controllers. Yet airline service is down 20%. Schedules have been reduced, workers laid off and the economic losses to the airline industry and related business are mounting.

Those economic losses will only get worse as time goes on, particularly now that the holiday season and bad weather is approaching. Winter weather also raises additional questions about safety.

Will it serve Reagan's political purposes to continue the hard line, which received great public support? He was without question correct in taking the position he did at the time of the strike. The controllers clearly broke the law and were well aware of the consequences of their actions.

But would it be a sign of weakness for Reagan to ease off on his position now? Hardly. While some may see it as such, it wouldn't be a retreat, just a smart move.

If the controllers are allowed to return, it would be under the government's terms, not their own. The government obviously could not be seen as caving in to the controllers' original, exhorbitant demands.

So why continue to ignore trained workers? Continued punishment serves no purpose. The price has been high enough.

Reagan surely has made his point. And now would be a good time for him to exercise some wise compassion and pragmatism and consider ways to allow the return of those fired controllers who wish to.●

POLAND WILL BE FREE

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. SMITH of New Jersey. Mr. Speaker, the people of our Nation and of the entire world have watched with great concern the actions of the military council now ruling in Poland. I believe that first and foremost, this Government should appeal to the people of Poland for a peaceful solution to this crisis from within. President Reagan has made it clear "how seriously we would view any interference in Poland," and I believe that my colleagues in the House reflect this serious concern that we have for the Polish people at this time.

Mr. Speaker, no other organization in America has done more to promote freedom for the people of Poland these last few months than the College Republican National Committee. With over 100,000 members on 1,000 campuses across the Nation, they have put the full force of their organization behind the Solidarity Union and what it represents: The de facto rejection of Communist repression.

The College Republican National Committee has recently embarked on the "Poland will be free" campaign to alert the American people of the threat to inalienable rights and send a powerful message of support to the Polish people in their struggle. This campaign involved the circulation of a petition declaring our complete support for the people of Poland. Over 200,000 people have signed this petition in the last 3 months. The goal is to collect 1 million signatures.

Mr. Speaker, I commend the College Republicans for this bold and valiant campaign of support and I enthusiastically join them in sending an important message to the world community. I would like to submit for the RECORD the text of the "Poland will be free" petition, which over 200,000 Americans have signed.

POLAND WILL BE FREE

Whereas, the men and women of Poland share the rights of all people to freedom of religion, freedom of emigration and freedom to organize in voluntary associations such as unions, student groups and churches,

And whereas, these rights have been denied to the people of Poland since 1939, first by National Socialist Germany and now the Soviet Union,

And whereas, the people of Poland have made steady gains in establishing these rights since August, 1980,

And whereas, these newly won rights are jeopardized by a threatened invasion by the Soviet Union and its client states in Eastern Europe, therefore, be it

Resolved, that we the undersigned wish to state before the world community our complete support for the people of Poland in their struggle to retain their inalienable rights.●

TRIBUTE TO AVA PAULING

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. MINETA. Mr. Speaker, I would like to take this opportunity to inform the Congress of the death of Ava Helen Pauling, civil rights leader, peace activist, and conservationist. She died December 7, 1981, at the age of 77 in her Portola Valley, Calif., home.

Mrs. Pauling was three times national vice president of the Women's International League for Peace and Freedom. She was a board member of the American Civil Liberties Union and was a leader of the women-strike-for-peace movement.

In 1961, she helped her husband, Linus Carl Pauling, organize an international symposium on the prevention of the spread of nuclear weapons. The symposium held in Norway was attended by scientists from 15 countries, including the Soviet Union. Recommendations from the conference were used in forming U.S. policy on nuclear proliferation announced in 1962 by President John F. Kennedy.

Mrs. Pauling's support and research assistance led to her husband's award of two Nobel Prizes, for chemistry in 1954 and for peace in 1962.

Mrs. Pauling received numerous awards during her life, including the Janice Holland Award of the Pennsylvania Chapter of the Women's International League for Peace and Freedom, an honorary doctorate of world peace from San Gabriel College, and the Ralph Atkinson Award of the Monterey County Chapter of the American Civil Liberties Union.

The American Civil Liberties Union Award stated; "To Ava Helen Pauling—She spoke out against the internment of the Japanese Americans in 1942, challenged the inquisitorial committee of Congress—the McCarthy era witch hunts for Communists—in the fifties and sixties, and actively supported the ACLU and its programs for half a century."

Mrs. Pauling was also active in preserving coastal and wilderness areas of California. She was a leader in the Sempervirens Fund effort to protect the redwood and Douglas-fir trees, and was active with the Anza-Borrego Desert Protective Council.

Although those of us who knew and respected Mrs. Pauling mourn her loss, her many contributions to our society succeed her.●

THE DIDC SHOULD BE PUT ON HOLD

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. BONKER. Mr. Speaker, the members of the Washington State congressional delegation have formally asked Mr. Steven Skancke, executive secretary of the Depository Institutions Deregulation Committee (DIDC) to defer action on four proposals that could have a disastrous effect on our Nation's thrift institutions.

As I am sure my colleagues are aware, thrift institutions across the country have suffered unprecedented losses over the past year. High interest rates have combined with the institutional stresses of too rapid deregulation of some aspects of the industry with a negative impact on thrifts nationwide. As desirable as it is for consumers to receive a higher rate of interest on their deposits, it is also important that the thrift industry and the housing industry survive this period of adjustment.

It is my understanding that on December 16, the DIDC is scheduled to consider four proposals for new accounts. These would include:

First, establishing a $25,000 "wild card" account with 1-day notice of withdrawal;

Second, creating a $5,000 minimum ceiling-free transaction account;

Third, setting up a 91-day, $10,000 minimum Treasury bill discount rate tied to the 13-week Treasury bill rate; and

Fourth, establishing a new 3½-year "wild card" account.

Representatives of thrift institutions in our State and elsewhere feel strongly that more time is needed for the industry to further changes. The DIDC has an important job to do, but it must not rush ahead so rapidly that it destroys what it is trying to improve. For that reason, I have joined my colleagues from Washington State in urging deferral of any action in this regard.

In line with this request, I would like to commend my colleague, JERRY PATTERSON, for introducing H.R. 5135, of which I am a cosponsor. The bill calls for a 6-month moratorium on any action by the DIDC. This would provide the House Banking Committee adequate opportunity to conduct a full oversight review of DIDC actions to date.

The DIDC was established last year as part of the Depository Institutions Deregulation Act of 1980, Public Law 96-221. It was created by Congress to oversee the "Orderly phaseout and the ultimate elimination of the limitations on the maximum rates of interest and dividends which may be paid on deposits and accounts by depository institutions."

Recognizing that this would be a difficult task, the Congress specifically stated in the act that the DIDC "work toward providing all depositors with a market rate of return on their savings with due regard for the safety and soundness of depository institutions." It is clear that during this past year, the DIDC has ignored the intent and will of Congress.

At a time when a majority of our Nation's depository institutions are operating in the red, the DIDC has taken numerous actions which will significantly increase the cost of funds to all depository institutions. Such an increase in the cost of funds will ultimately be passed on to the consumer, making it all the more expensive to obtain loans. Additionally, the actions of the DIDC do not represent an orderly phaseout of regulations and do not show due regard for the viability of depository institutions.

I believe it is time for Congress to reassert its authority in this field, and insure that committee created by Congress follows the intent of Congress. I would urge my colleagues to support H.R. 5135.●

REMARKS OF KEN HOLUM—I

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. DASCHLE. Mr. Speaker, Mr. Kenneth Holum, general manager of Western Fuels Association and former Secretary of Interior for Water and Power, is among the most distinguished natives of my State of South Dakota. His career as an advocate of rural electrification, resource development and family farming is admired widely in this town, in his home State and by all those who have fought and worked with him.

Ken Holum recently addressed the 24th annual meeting of the Mid-West Electric Consumers Association and Preference Customers Association in Denver. From his description of the trickle-down economics as a "feed the horses and the sparrows will eat" theory, to his perceptive discussion of the agenda he sees needed in the resources area. Ken's remarks will be of interest to the Members of this Congress.

I commend them to you and include them in the RECORD at this point:

REMARKS OF KEN HOLUM, GENERAL MANAGER, WESTERN FUELS ASSOCIATION, INC.

During 1980, after being invited to share my views on issues of concern to a public gathering such as this, one of my friends took me aside and said. "Ken, you talk like you don't think anything good has happened since the end of the Johnson Administration."

My friend's remark made a considerable impression upon me. No one likes to be perceived as a perpetual complainer. Yet, I must admit right now that not much has happened since last year's meeting of the Mid-West Electric Consumers Association to cause me to come here today to lead a "cheering session" for our present leadership in either branch of our national government.

My friend's comment makes me uncomfortable, but I am more discomfitted by not being able to identify examples of significant public interest progress in natural resources development during the administrations of Presidents Nixon, Ford and Carter. I begin to despair for the Reagan administration as well—but more about that later.

My good friends know I never hesitate to give credit where credit is due. For example, I have been consistent in my commendation of Dave Hamil and Bob Feragen for maintaining and capably administering one of the finest public interest programs in the nation—The Rural Electrification Administration. They both deserve our cheers and our gratitude. Rural America is a better place to live because of the fine work of both these gentlemen. I suspect that both had to be vigorous, vigilant and competent champions of the program, within their respective administrations, to achieve the successes they did achieve.

As Western Fuels Association, through its wholly owned subsidiary, Western Fuels-Utah, has begun work on the Deserado Mine in northwestern Colorado, I have had the opportunity to get to know Harold Hunter reasonably well. I like and respect him as an individual. I appreciate his candor in telling us that the REA program will be changed under this Administration.

It is imperative for him as REA's new Administrator to exercise sufficient strength within the Reagan Administration to make certain that these changes, if and as they occur, do not damage this essential program. In this respect I expect his job to be at least as difficult as that of his two predecessors. It is equally as important, if and when changes occur, that he convinced his professional staff at REA that one cannot administer a modified, new or altered program in the same old way. On this score, we are waiting and concerned.

Now that I have mentioned Western Fuels, I would like to give you a brief report on our activities. I always consider doing so appropriate when I attend a Mid-West Electric annual meeting because it was this Association's members that first identified the need for a fuel supply cooperative and provided the essential leadership and support to make Western Fuels a reality. As a practical matter, I consider all Mid-West members an integral part of the Western Fuels' family.

Except for the fact that we share the problems that bedevil electric utility management—I feel comfortable in telling you that things are going well at Western Fuels.

We are well acquainted with and share the headaches of utility managers and policy makers. Two of our members are experiencing start-up problems of unique severity as they struggle to bring new coal-fired electric generating stations to dependable operation. All of our members contend with the problems associated with less than anticipated consumer demand for electric power—a result I believe of a weak economy, unusual weather conditions and national leadership that has failed to recognize the importance of coal-fired electric power generation as a replacement for imported oil.

As a direct result of these problems Western Fuels must contend with coal commitments that exceed our member's requirements. Dealing with this problem is not easy—but I like it better than not being able to supply our members' needs. We can meet their requirements and we are doing so.

Although we continue to secure most of our coal from energy companies, we have financed and supervised the construction of one mine—in southern Illinois—and we have started construction of another mine in northwest Colorado—near Rangely. In both instances the total output is committed to Western Fuels' members. The Brushy Creek Mine supplies coal to Sikeston, Missouri and Kansas City, Kansas—the Deserado Mine will fuel a generating station being built by Deseret G&T in Utah.

The balance of my remarks will deal with problems of a more general nature but, nonetheless, related to the responsibilities and challenges confronting Western Fuels. A few minutes ago I used the phrase "watching and waiting." In a real sense these words will be the theme of these comments as I address myself to areas of concern where we watch and wait and work with Mid-West, APPA and NRECA to achieve public interest results.

Henry Kaufman of Salomon Brothers, New York, who is one of this country's preeminent and most quoted economists, addressed the Western Fuels Association annual meeting last July. He warned that the economic policies undertaken by the

Reagan Administration would continue to produce high interest rates and that they would lead to severe economic problems. We now see plenty of evidence that his forecast was "on target."

I am deeply troubled by the economic policies of the Reagan Administration. The recently disclosed doubts of the President's Director of the Office of Management and Budget—David Stockman—have not eased my concerns. If anything, I am more troubled to learn of his doubts and skepticism about the merits of "supply-side" economics as but the rhetorical guise of that old chestnut, the "trickle-down" theory of economics. We used to call it "feed the horses and the sparrows will eat."

As an admittedly populist New Dealer from a farm in South Dakota, I am even more troubled by the Administration's attitude toward social programs. While I am in no position to prove that civil unrest in the cities and the rising rates of violent crime and crimes against property are a direct result of unemployment and economic despair, I am deeply convinced there is a relationship—one which will become increasingly evident in the months to come.

I expect the ruthless dismantling of social programs to cost this Nation dearly as hungry, homeless, unemployed people become increasingly desperate. I wish our political leaders on Capitol Hill had looked Mr. Stockman's Trojan gift horse in the mouth and calculated the damage that could come from the program.

While I don't expect everyone to adopt my pessimistic view, it is apparently shared by J. Richard Monroe, President of Time, Incorporated. Speaking in mid-November to the Union League Club of New York, an organizaton not known for its progressive leadership, he said of the Reagan economic program:

"In the rush to fight inflation and stimulate investment, I fear that we have cut too deeply, that we have put too high a burden on the poor and elderly, and that we are jeopardizing the long-term goals of this program and the interests of business. I am especially concerned about the cuts in social spending. They have gone too far, too fast. And too few of us understand their impact."

I agree—and now they demand more cuts.●

WE MUST RENEW OUR NATIONAL COMMITMENT TO UNIVERSAL HUMAN RIGHTS

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. SEIBERLING. Mr. Speaker, today is International Human Rights Day—the 34th anniversary of the adoption of the Universal Declaration of Human Rights by the United Nations. The United States has been at the forefront of the struggle for human rights for many years, and Congress has in many ways been responsible for the enactment of human rights restrictions dealing with foreign aid, particularly foreign military sales.

Yet today, we are seeing the progress of the past few years slowed and, in some instances, reversed. The current administration indicates that it prefers to use "quiet diplomacy" in its pursuit of human rights. For the families of the thousands of Argentinians who have disappeared, for the tens of thousands in El Salvador and Guatemala who have been murdered by paramilitary death squads, for political prisoners in Chile and the Philippines, for those imprisoned and executed by revolutionary zealots in Iran, for those imprisoned and harassed for dissidence in the Soviet Union, there is little comfort in quiet diplomacy.

The muting of our National Government's strong support for human rights cannot help but to embolden those who seek to repress and stamp out political opposition in their own countries. One of the greatest strengths of the United States is that we have from the very start stood for humanity. We diminish ourselves in the councils of the world and in the eyes of mankind if we choose to abandon the forceful pursuit of human rights in our dealings with other countries. I hope that we will reflect on the importance of human rights today, and renew our commitment to its pursuit in the fora of international relations. A statement by the Helsinki Watch Group follows my remarks.

STATEMENT OF THE HELSINKI WATCH COMMITTEE AND AMERICAS WATCH COMMITTEE ON HUMAN RIGHTS DAY

This is an unhappy Human Rights Day for many persons: For Andre Sakharov, and his wife Elena Bonner, on a hunger strike in Gorky—or perhaps being force-fed—protesting Soviet refusal to abide by international agreements dealing with the rights to travel and the reunification of families; for Yuri Orlov, founder of the Moscow Helsinki Watch Group, serving a 7 year sentence in a strict-regime labor camp; for Vaclav Havel, playwright and signer of Charter 77, serving a 4 year prison sentence in Czechoslovakia; for Marko Vesvlica, economist recently sentenced to 11 years in prison for discussing "economic mismanagement" in Yugoslavia with a foreign journalist; for Hebe de Bonafini and Maria de Antokoletz in Argentina, still denied word on the fate of their "disappeared" children; for Jaime Castillo, former Minister of Justice of Chile, exiled for his work in the Chilean Human Rights Commission; for the Haitian refugees, imprisoned in barbarous conditions to deter other Haitians following them to the U.S.; and for countless others victimized by governments that disregard the rights they have pledged to honor.

We do not celebrate Human Rights Day. Rather, we note it and pledge to try to do better what we believe best serves the cause of human rights: to speak out loudly, clearly, and consistently in defense of human rights everywhere.●

PUBLIC SERVICES AND THE BUDGET

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. LUNDINE. Mr. Speaker, a great deal has been said about the effects of the Reagan budget on individuals throughout this country. Fewer student grants and loans mean fewer young people can go to college. Diminished coverage under unemployment insurance means greater hardship for increasing numbers of jobless Americans. An emasculated economic development administration portends less economic opportunity for those who live in America's declining cities and regions.

But while many have noted these specific consequences, few have evaluated the cumulative social impact. Recently, the distinguished MIT economist, Lester Thurow, furnished just such an overview. In an "Op-Ed" article for the New York Times, Mr. Thurow observed that retrenchment in the public sector, far from encouraging a revived private sector to take on new responsibilities, may actually undermine the sense of civic pride and commitment. Thurow notes:

Municipal services—clean streets, an efficient transportation system, good schools effective police and fire protection * * * [play an] important role in binding us together and reminding us that we depend upon each other for survival. * * * As municipal services decline in quality, citizens feel they have no stake in society.

These remarks carry special significance, given the increasing burdens on local governments. Thus far, the new federalism promoted by the President appears to mean only increased responsibilities, and decreased revenues with which to meet them. The seriousness of this problem has now been acknowledged by the chairman of the Senate Budget Committee. Despite his record as one of the staunchest supporters of the President's budget, Senator DOMENICI last week declared that the strain on municipal governments had reached the breaking point and that a 3-year moratorium should be placed on further cuts in discretionary funding affecting the local level.

We will discover whether the administration is heeding these cries of distress when the new budget is submitted in January. Meanwhile, as the numbers crunchers at the Office of Management and Budget contemplate new ways to plug the $150 billion hole in the 1983 deficit without curbing the enormous increases in defense expenditures, I hope they will take Mr. Thurow's sobering warning to heart. The article follows:

HOLES IN REAGANOMICS

(By Lester C. Thurow)

CAMBRIDGE, MASS.—Reaganomics is based upon the assumption that society is nothing but a statistical aggregation of private economic actors. From the Reagan perspective, whatever the level of government and whatever the program (with the exception of defense), the public sector should shrink. A completely private economy with minimal government would be a better society, from this point of view.

But societies do not work unless there is a feeling of mutual obligation and willingness to sacrifice for the common good. Sole reliance on self-interest works in some areas of human activity but not all. Regardless of how many weapons are purchased, national defense cannot be achieved unless people are willing to make sacrifices for the welfare of others. Regardless of how privately wealthy we are, a good life cannot be had in the midst of social disintegration.

What Reaganomics forgets is that government plays an important role in creating feelings of mutual obligation and respect. Those feelings don't just exist on their own. They have to be carefully cultivated. They can easily be exterminated by what seem to be relatively trivial problems.

Anyone coming back from Europe or Japan is struck by the filthiness of American cities. Public filthiness lowers our standard of living but, more importantly, it affronts our self-respect. Only vermin deliberately live in filth. Yet clean streets and parks depend upon a sequence of public and private interactions that gradually improve or deteriorate over a period of time.

If private citizens litter and vandalize with abandon, no amount of public street cleaning can succeed. The espirit de corps of sanitation workers plunges in the face of insurmountable filth, and the quality of the service declines. With poor public cleaning, private littering accelerates. Conversely, if public cleaning deteriorates, citizens feel that their individual self-restraint and cooperation does no good—the streets and parks are going to be dirty whatever they do. With less self-restraint and cooperation, littering grows. A vicious cycle begins with our cities getting dirtier and dirtier.

But if no one gives a damn about a clean environment, the feeling quickly grows and spreads to other more important areas of life. People start to be rude to each other when they meet face-to-face on the street. From there it is a simple step to even more hostile actions.

Municipal services—clean streets, an efficient transportation system, good schools, effective police and fire protection—are important in their own right: They make life easier to live. But they play an even more important role in binding us together and reminding us that we depend upon each other for survival. They are the means by which each of us learns that we belong to a society in which our actions and the actions of others are important.

As municipal services decline in quality, citizens feel that they have no stake in the society. The public services that directly affect one's life are not going to improve, so voting does not matter. With fewer people voting, government becomes less representative and fewer people feel that it is their government. The world comes to be seen not as a place where we work out our quarrels peacefully and with consideration for others in the democratic process but as a place where we solve our quarrels by clubbing each other and where the only difference between the rich and the poor is whether the clubbing is legal or illegal.

Government services can, and often should be, cut back selectively. But indiscriminate across-the-board cutbacks in local services, such as most municipal areas are now experiencing under Reagan budget cuts and a deteriorating economy, are a different matter. They result in a society where the public signals indicate that the individual belongs to a society in which everything is getting worse.

No one likes to be associated with institutions that are getting worse on every front. Who can take pride in New York or Boston if the city we see, the public sector, is falling apart? But if we do not feel attached to our cities, it is but a short jump to not feeling attached to our society.

Socially it is important that in some aspect our society is visibly seen to be getting better. Signs of social disintegration—sloppy workmanship, falling educational standards, anger, rudeness, crime—are all around us. We have only to look.

The cycle of increasingly hostile actions ending in crime and social disintegration has to be replaced with a positive cycle. Local public services aren't, in the end, a local problem. They are the place where a positive cycle can begin. The Reagan Administration has to provide some leadership when it comes to local services, or it won't have a national society to lead into battle.●

POLAND AND THE PRINCIPLES OF FREEDOM

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. GOODLING. Mr. Speaker, 41 years ago the free nations of the world went to war over the issue of Polish independence and freedom. After 5 long years of global carnage the war came to an end, its cause forgotten. It was not until a little over 1 year ago, in August 1980, that Poland began to obtain a measure of freedom. Now that too has been cut short and the Polish people are left to languish under severe conditions without a say in the running of their own lives.

The actions taken by the Polish "Government" on Saturday night against the leading members of the Solidarity Union prove beyond a doubt that the so-called government of Poland is nothing more than a puppet of the Kremlin. Although the Red Army has not, as of yet, violated the territorial borders of Poland, the Soviets have seen fit to intervene in the affairs of another country by sheer terror. I do not know for certain whether or not Premier Jaruzelski's actions on Saturday night were the result of a phone call from his "Camrades" across the border to the East, or perhaps a visit from the Soviet Ambassador; but, what is certain is that Jaruzelski's actions would never have been taken were it not for the claws of the bear that stands threateningly on Poland's eastern frontier. What we have seen in Poland is a first: Foreign intervention in a country by proxy, the proxy being that country's own government.

Poland's fate will be indicative of the fate of East-West relations, and, perhaps, the fate of the world. Solidarity is not yet dead: Walesa may be able to rescue the situation, but if Solidarity is crushed, and if the evolution of a democratic process in Poland is killed then we will know once and for all the negotiation is not possible with the Soviets for they will have been the murderers of Solidarity and the principles of freedom in Poland. If Brezhnev sincerely desires talks for the limitation and reduction of arms in Europe, if Brezhnev is truly the advocate of peace he claims to be, then let him put pressure on Jaruzelski to reverse his actions of Saturday night, to allow Solidarity to fulfill its functions as the union and representative of the working people of Poland.

In the meantime, it is of utmost importance that we in the West stand by the leaders of Solidarity, and let the Soviet Union know that the imprisonment of Lech Walesa, should that come about, the stifling of Solidarity, and any measure that threatens the evolution of freedom in Poland will not only be viewed with the greatest seriousness, but will also have the most negative repercussions on arms limitation and reduction talks, as well as economic and diplomatic relations. We cannot, we must not let the people of Poland down; for should we fail the people of Poland, we will have failed ourselves and the principles of freedom.●

ROLLCALL VOTES ON FRIDAY, DECEMBER 11, 1981

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. DANNEMEYER. Mr. Speaker, unfortunately I was necessarily absent during most of the session of the House on Friday, December 11, 1981. Had I been present, I would have cast the following four votes:

Rollcall No. 353 (on resolving into Committee), Yea.

Rollcall No. 354 (Kemp amendment to the pending Edwards amendment), Nay.

Rollcall No. 355 (Edwards amendment, as amended), Yea.

Rollcall No. 356 (Final passage of H.R. 4559, foreign assistance appropriations), Nay.●

INTRODUCTION OF THE HELEN KELLER NATIONAL CENTER ACT

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, last Friday, December 11, I was pleased to have introduced the Helen Keller National Center Act. At first glance, this appears to be a specialized bill affecting just one isolated Federal facility. In fact, nothing could be further from the truth.

The Helen Keller National Center, located in Sands Point, N.Y., is a unique national treatment and rehabilitation center for the deaf, blind, and verbally impaired. This unique national facility helps clients from all over America, and prepares training materials for international use. The rehabilitation and training of America's deaf, blind, and verbally impaired youths and adults is a national effort.

The Center is recognized in section 313 of the Rehabilitation Act of 1973, as amended. Initiated in 1969 in cooperation with the U.S. Department of Health, Education, and Welfare and the Industrial Home for the Blind, the Center was federally constructed and supported. Approximately 87 percent of its income is derived from this source. The Center, directly and through its nine geographically dispersed service regions, has provided testing, rehabilitation and job training to hundreds of deaf, blind, and verbally impaired youths and adults. During 1980, 693 clients received services through the Center's network, and 130 were served at the primary facility at Sands Point, N.Y.

The Helen Keller National Center is a truly national institution. It performs unduplicated services for people with the most severe of disabilities—deaf and blind. My bill seeks to carve out a special niche for the Center in the realm of treatment centers for the handicapped.

Because of the severity of deafness and blindness, effective services must be individually tailored. The Center is able to deliver individualized, highly complex, and effective training services because of its unique design and its well-trained staff. The Center is able to successfully work with large numbers of deaf and blind persons. Without this Center, the training, program development, and rehabilitation provided by the States would be less effective, as well as more expensive.

While the Center presently performs highly qualified services, its future demands are slated to expand. During the mid-1960's, a nationwide rubella outbreak resulted in the birth of at least 6,000 deaf and blind children. This nationally dispersed population is reaching maturity and needs comprehensive training for employment and self-development. Without the existence of the Helen Keller National Center, these deaf and blind young adults would be relegated to warehouse-like institutions, and would be dependent upon public assistance for the remainder of their lives. The Center helps to train these people so that they are able to find employment and become productive members of society. While the "rubella bulge" babies need comprehensive training, others similarly afflicted but for different reasons also need help. These persons also benefit from the training offered at the Helen Keller Center.

There are no other existing specialized comprehensive places such as the Helen Keller Center that are exclusively equipped to deal with the range of training needs for the deaf and blind.

The object of my legislation is to firmly establish the Center, to strengthen it, and to guarantee its survival.

Because of its statutory placement in title III of the Rehabilitation Act, the Center has been lumped together with other rehabilitation projects in the budget and appropriations process. The Center's budget was slated to be heavily cut, and its existence further threatened by inclusion in a block grant. A number of my colleagues and I intervened with the White House and rectified the situation. The Center has since been budgeted at $3.5 million.

I believe that the Congress, in recognition of the uniqueness of the Helen Keller National Center and the seriously disabled population that it ably serves, should enact legislation which will effectively enable the Center to insure its further ability to deliver its vital services. I urge the adoption of this bill.●

PRAYERS AND SUPPORT FOR PEOPLE OF POLAND

HON. GREGORY W. CARMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. CARMAN. Mr. Speaker, today is a solemn day for the lovers of freedom. The puppet government of Poland has threatened to kill workers with essential jobs who do not show up. What other government has ever made such a threat?

What triggered this action? Solidarity had the audacity to suggest a democratic vote of confidence in the present regime. Would this puppet government of the Soviet Union rather slaughter its people than allow the will of the majority of Poles to be felt?

We must not forget that the Soviet Union would directly interfere in Poland in a second to prop up its puppet government if they felt they had the slightest excuse. This crackdown may be a way of seeking an excuse. But let no one be confused. The Poles are clearly united in their support of Solidarity.

I believe that all Americans today send their prayers and their support to the people of Poland.●

WHO SHOULD CHAIR THE EEOC?

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. GINGRICH. Mr. Speaker, controversy surrounds the nomination of William M. Bell to head the Equal Employment Opportunity Commission. Among the many of us who believe President Reagan should find a more qualified candidate as Chairman of the EEOC is our colleague, the Honorable TOM BLILEY of Virginia. A recent editorial in the Richmond Times-Dispatch discusses and endorses our colleague's views. I would like to insert it in the RECORD for the benefit of my colleagues.

The editorial follows:

LEWIS FOR THE EEOC

President Reagan has nominated William M. Bell of Detroit to become chairman of the Equal Employment Opportunity Commission. Mr. Bell appears to have few qualifications for the job.

Virginia's 3rd District Rep. Thomas J. Bliley Jr. declares that "the nomination of William Bell is perceived by some to be the height of insensitivity." It is insensitive to the wishes of minority groups that are directly concerned with successful operation of the EEOC, he says, pointing out that the National NAACP, the National Urban League, and the National Organization for Women are among the groups opposed to the Bell nomination. Rep. Bliley says Mr. Bell's main career experience has been as president and sole employee of an employment recruitment firm that has placed no persons in jobs this year, and that Mr. Bell has never supervised more than four employees. Where are the qualifications to oversee an annual budget of $140 million and the work of 3,300 staff members?

In light of the strong opposition to Mr. Bell's nomination, it seems unlikely that he will be confirmed by the Senate for the position.

Here in Richmond, there is a man well qualified by experience and temperament to head the EEOC. He is Colston A. Lewis, an attorney, who served for nearly seven years as a member of the commission. A Republican, he was appointed by former President Richard Nixon. He was removed from the commission by President Jimmy Carter in 1977.

Mr. Lewis, who was chairman of the city of Richmond's Electoral Board at the time of his selection for the post in Washington, has impressive credentials as an attorney and as an outstanding black leader in Republican Party affairs. In a letter to the White House, Rep. Bliley and Virginia Sen.

John W. Warner declared that during Mr. Lewis' tenure on the EEOC, he "earned and continues to have the respect of his peers for his unquestionable expertise in this area." The Virginians stressed that Mr. Lewis "has demonstrated experience in this field and . . . has the confidence and understanding of the legal and civil rights community."

Once when there was a disagreement among commission members on a matter they were considering, Mr. Lewis wrote to a fellow member: "This agency, as I see it, is mandated to eliminate invidious discrimination when and where it finds it. The means by which we seek to find that discrimination—i.e., analysis, investigation, and decision—require us to be fair and impartial." Fairness and impartiality, he added, give "credibility to our findings and decisions."

We believe Colston Lewis would preside over the EEOC in a fair and impartial manner. We join with Sen. Warner and Rep. Bliley in urging the president to consider him for that responsible and vitally important position.●

DISCUSSION ON SOCIAL SECURITY

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. YATRON. Mr. Speaker, I want to take this opportunity to join my colleagues in this discussion on the social security notch which resulted from the 1977 amendments. I rise in support of legislation to instruct the Social Security Commissioner and the Secretary of Health and Human Services to conduct a study and report to Congress on steps which can be taken to correct this benefit disparity.

It seems to me to be very unfair for those born after 1916 not to receive as high a benefit as those born prior to that date. Many senior citizens need every last dollar they receive from social security just to keep pace with the high cost of living. A benefit reduction of this magnitude comes at a difficult time for the elderly, many of whom have witnessed their retirement savings eaten up by inflation.

I think exploring possible alternatives to alleviate this problem is a prudent step. It would help restore some of the confidence and trust in our Government which was lost as a consequence of the 1977 amendments. With all the conflicting reports circulating with respect to the future of social security, the Congress and the President must work harder than ever to keep our commitments to the senior citizens.●

BIOLOGICAL SOLUTION TO MEDFLY PROBLEM

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. EDWARDS of California. Mr. Speaker, the outbreak of the Mediterranean fruit fly in the Santa Clara Valley and surrounding areas shook the agricultural and San Jose community earlier this past year. Eventually, the USDA led an aerial spraying effort to rid this area of these undesirable pests. I supported the efforts of the California Conservation Corps and local residents as they stripped fruit from trees and applied on the ground an application of malathion. This effort to rid the area of the Medfly was augmented with the release of millions of sterile fruit flies.

Many entymologists remain convinced that despite the Medfly's survival through the 1981 winter in northern California, a projected cold winter in 1982 will kill them off. More importantly though, some believe the weather conditions of northern California are such that the Medfly could never become a significant crop pest.

I am adding to the RECORD today an article which appears in the December issue of Not Man Apart. The article describes the Medfly situation to date, and reveals a new computer program pioneered by Richard Tassen at the University of California which will give us a more accurate picture of the Medfly's life cycle.

As responsible legislators we must listen to a wide variety of specialists on different issues. Regarding the erradication of Medflies, this includes entymologists. The article that follows reveals many facts which have been overlooked by many here in Washington. I hope that my colleagues will take the time to read this article.

[From Not Man Apart, December 1981]

CALIFORNIA'S MEDFLY: WHERE DO WE GO FROM HERE?

The ongoing infestation of California's Santa Clara Valley by the Mediterranean fruit fly has focused public attention on the tools we use to protect our crops from the ravages—or possible ravages—of exotic pests. The experience has also raised serious questions about the depth of our knowledge about these pests and how to control them; and, it has raised questions about the ability of our decision-makers to pay attention to biological rather than political forces when control decisions are made.

By the time medflies were discovered in Venice, near Los Angeles, in 1975, agricultural officials in Florida and Texas had fought off the small fly several times since the 1920s, in earlier years relying on host fruit and tree destruction, in later years relying mainly on aerial and ground applications of the pesticide malathion. Southern California officials were the first to take advantage of the new sterile-fly pest control method which had just been tested in Hawaii. Coupled with selective ground applications of malathion, tens of millions of sterile flies were released into the infested area. Fertile flies were vastly outnumbered and few productive matings occurred. The fly was declared eradicated after seven months.

When the fly was rediscovered in southern California in June 1980—most likely reintroduced from Costa Rica—southern California pest control officers had the benefit of experience. The fly was positively identified the day of discovery. Control efforts—fruit stripping, ground spray, and sterile fly release—began within four days. Residents of the infested area were quickly informed of the problem by mail and asked not to move fruit out of the infested area. No flies were discovered after September, despite numerous traps with scented lures, and agricultural officials declared the fly eradicated in December.

At the same time, the medfly was discovered in northern California's Santa Clara Valley. The fly was mailed to a state lab for identification, causing a five-day delay. It took a month for control efforts to begin, enough time for the flies to produce a new generation in the warm summer weather. Sterile flies were sometimes released in a neighborhood on one day, only to be killed by pesticide spray on the next (well-managed efforts would separate fly release and pesticide applications by several days). Ground crews sprayed 500,000 gallons of fenthion on the ground in an attempt to kill pupae in the soil before someone thought to test the pesticide for effectiveness. Testing proved fenthion to be ineffective. Huge amounts of time, labor, and money were wasted.

These and other problems with the state-run eradication effort in the north (see NMA, September 1981) led the federal government to propose aerial application of malathion in December 1980. Growing public concern about the dangers of toxic chemicals spawned immediate and strong opposition to the aerial spray plans. At least one study had shown the pesticide to be a mild carcinogen. Even if the danger of getting cancer from the malathion alone was very low, some people were nervous about how little was known of the ways malathion might act together with other carcinogens in the environment.

The entymological facts were on the side of the citizens. The relative dormancy of the fly during the winter meant that aerial spray would be largely ineffective. Aerial spray can kill only adult flies; most medflies are in egg, larval, or pupal form during the winter (see sidebar). Also, frequent rainstorms make flying dangerous during the winter and ensure that the poison is washed off the host fruit soon after it is applied. The state's Medfly Technical Review Committee recommended against aerial spray. Staunch citizen opposition, coupled with that recommendation, blocked aerial spray.

Instead, local residents joined forces with the California Conservation Corps to strip fruit from trees and bushes in the infested area, while crews sprayed the ground with a more effective pesticide and released millions of sterile fruit flies.

The ground control seemed a success. In the city of Santa Clara, which had been deemed the core of the infestation in 1980, not a single fly was found in 1981. In mid-June, just as state officials and aerial spray opponents began to speak with hope of

eradication, tens of thousands of apparently fertile, but supposedly sterile, medflies from Peru were released. Within weeks, the number of medfly larvae finds began to climb, indicating the recent presence of fertile flies.

Environmentalists and many entymologists believed that the infestation could still be controlled with ground-based efforts. Others, including some who had been opposing aerial spray, felt that the infestation had gotten too widespread for the amount of equipment and labor available to the ground control effort. For the first time, the Medfly Technical Review Committee recommended aerial spraying. The California Farm Bureau also recommended aerial spray for the first time. While Governor Jerry Brown sided with those who favored ground control efforts, within a week he was forced by the federal government's threat of a quarantine to start aerial spray.

THE PERUVIAN LESSON

The resurgence of the medfly in the early summer of 1981 is being interpreted by some as a failure of ground-based control efforts, or at least of the sterile fly release technique. While most observers would agree that some mistakes were made, most scientists remain convinced that properly run ground efforts remain the best approach to controlling the medfly and other exotic pests.

California medfly project officials maintain the bulk of the resurgence of the fly was due to the release of more than 50,000 fertile flies from Peru on June 14, though the federal government disagrees. Most of the larvae finds in July 1981 were in a small area in which Peruvian flies had been released just two weeks earlier—the right amount of time for larvae to form. Traps caught two supposedly sterile Peruvian flies with mature eggs—proof that at least some flies had not been sterilized.

Troubles with flies from Costa Rican labs had led state officials to no longer accept flies from that source. Some of the flies received from the Peruvian lab in 1980 had to be destroyed because of their poor quality. In June 1981, state officials were primarily using flies from the much more reliable labs in Mexico and Hawaii, but a severe need for more sterile flies lead them to continue to use flies from Peru. California will now accept only flies from Mexico and Hawaii.

To increase the number of high quality sterile flies available to the US, the federal government is replacing the experimental sterile fly facility in Hawaii, capable of producing 100 million sterile flies per week, with a larger permanent facility, capable of producing 500 million reliably sterile flies per week. This new facility, coupled with closer monitoring at the point of release, should ward off repeats of the Peruvian disaster.

Some smaller new fly finds in the early summer of 1981 were probably due to an inadequate number of traps in areas surrounding the original infestations, and people carrying infested fruit out of the core area (studies show that medflies move very little from their place of birth unless carried).

If a repeat of the Peruvian disaster can be avoided, and many entymologists are confident that it can, ground-based efforts at control promise to be not only safer for the public, but more effective at eradicating pests. Aerial spray can only kill adult flies. Eggs, larvae, and pupae are untouched. To eradicate the pest with aerial spray only, it is necessary to spray often and long enough to get all flies as they enter the adult stage. We now know that some flies have remained immature for at least 70 days, more than twice the normal life span. Thus huge amounts of poison must be dumped from the air to insure eradication.

A ground-based program combining spraying the soil to kill pupae, stripping host fruit to eliminate larvae and eggs, and releasing sterile flies to prevent productive matings, attacks the insect in all stages of development.

BRINGING THE COMPUTER ON LINE

Richard Tassen, research associate at the University of California at Berkeley's Division of Biological Control, has been using computers to get a more accurate picture of the medfly's life cycle. The computer model that is developed can be used to improve the effectiveness of either aerial or ground-based eradication programs. The program relates air and soil temperatures to the medfly's speed of development in different communities. Development from egg to adult fly can take place as quickly as three weeks in warm weather or can take as long as several months in cool weather. Air and soil temperatures from approximately 30 stations in infested or recently infested areas throughout the state are fed into the computer. The computer, by comparing temperatures to existing data that relate temperature to the speed of development, calculates when flies in a particular area would have gone through one full generation.

Currently, aerial spraying is stopped if an area has gone through two generations without a fly or larvae find. At first, medfly project officials deemed the results generated by Richard Tassen's program as "theorectical" and overly pessimistic. but the discovery of two fertile medflies—ready to lay eggs—in one San Francisco Bay Area community on November 1 may convince them to take Dr. Tassen's program more seriously. The area had been sprayed 10 times since mid-August and medfly project officials planned no further spray treatments for the area. The two medflies had apparently survived for 69 days, most of that time as larvae. Dr. Tassen's program had indicated that medflies in the area could survive as long as 76 days.

The initial disregard given Dr. Tassen's work is just one example of the tendency of people in charge of eradication efforts to pay more attention to their own hunches or the political pressures they feel, than to the advice of entymologists.

Even where experience has shown that steril fly release could eradicate a smaller medfly infestation, there is a tendency now to call in the aerial spray crew immediately. In August several medflies were found near Tampa, Florida, where they have been found most frequently in the past; flies are often introduced from Central or South America. Flies were also found this summer in an area of southern California that was new to the medfly. This infestation was near Interstate 5, which connects with northern California, and may have been carried via contaminated fruit from the north. Both infestations were smaller than the infestations in 1975, which were successfully eradicated using sterile flies. In spite of the availability of enough reliable sterile flies from Mexico and the existing Hawaiian labs, aerial spray was used in both cases.

Politicians are not ignorant of the trouble Governor Jerry Brown has run into for opposing aerial spray so adamantly. The public now gets very agitated at reports of new infestations, be they in Florida, Texas, or California. No one wants to be accused of not doing enough and, unfortunately, unless you aerially spray, a lot of people will think you're not doing enough.

FURTHER CONCERNS

In spite of the medfly's survival in northern California through at least one, and possibly as many as three, winters, many entymologists remain convinced that the medfly could not become well-established in northern California. Recent winters have been mild; they argue that a cold winter would kill them off. In any case, they argue, conditions in California are such that the medfly could never build up a large enough population to become a significant crop pest.

Some entymologists go so far as to blame our increasingly effective baited traps as the cause of our troubles. In 1956, the medfly had to spread through about 1,000 square miles of Florida's urban and agricultural orchards before it was detected. We can now detect the fly long before it actually does any crop damage.

Considering the huge numbers of tourists that return to the West Coast from Hawaii each year, entymologist Kenneth Maehler believes that the medfly has been brought to California as larvae in fruit "thousands of times over the years," The problem, as he sees it, is that we now know about infestations that, in years past, would have come and gone without our knowing. "To spend," he comments, "$100,000,000 to try and eradicate an insect which past experience indicates cannot live in California is foolish. The fact that it has possibly overwintered is no assurance it will continue to do so. . . . Do we intend to spend millions of dollars every time one of these incipient infestations occurs?

On the whole, the environmental community remains concerned that the medfly not become established as a crop-damaging pest in California. The biggest fear is that some farmers and many homeowners will find it necessary to use more pesticides to protect their fruit. Widespread use of malathion to control medflies has already caused secondary outbreaks of other pests, such as leafhoppers and white flies, driving more people onto the "pesticide treadmill" of ever-increasing pesticide use.

In addition, the only fumigant now commonly accepted for controlling medflies in fruit to be shipped is ethylene dibromide, or EDB, which Dr. Adrian Gross of the Environmental Protection Agency has called "probably the most potent and toxic carcinogenic substance used as a pesticide today." The Carter Administration had planned on stopping all use of EDB by July, 1983, and severely limiting its use until then. Dr. John Todhunter, new pesticides chief at the EPA, approved its use to fumigate California fruit, worrying several EPA employees, including Dr. Gross.

Workers who fumigate the fruit, or handle it on the way to the market, suffer the greatest risk of getting cancer. But one EPA staffer has said that he wouldn't even eat fruit treated according to Dr. Todhunter's guidelines.

Thanks to Dr. Ken Hagen of the University of California's Division of Biological Control and to Steve Dreistadt for the information they provided for this article.

PERSONAL ANNOUNCEMENT

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. DASCHLE. Mr. Speaker, earlier this year I opposed and voted against the first concurrent resolution on the budget, fiscal year 1982, because of massive deficit spending. If I had been present for rollcall vote No. 351, the second concurrent resolution on the budget, fiscal year 1982, I would have voted no as the second concurrent resolution on the budget for this fiscal year merely affirmed the massive budget deficit contained in the first concurrent resolution.●

ANSWER TO "EDUCATION'S THREE MILE ISLAND"

HON. AUSTIN J. MURPHY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. MURPHY. Mr. Speaker, in response to the article, "Public Law 94-142—Education's Three Mile Island," inserted in the RECORD by Senator JOHN EAST on December 1, 1981, I would like to offer the following comments.

It is always possible to use extreme examples to attempt to prove a point but let us consider for a moment the situation that existed for handicapped children prior to the passage of Public Law 94-142, the Education for All Handicapped Children Act. The grim facts are:

There were more than 8 million handicapped children in the United States and less than half were being served, thereby denying them equality of educational opportunity;

More than 1 million handicapped children in the United States were excluded entirely from the public schools, prohibiting their inclusion in the educational process and forcing peer isolation;

Many handicapped children throughout the United States participating in regular school programs had handicaps that were undetected;

Because of the lack of adequate services within public schools systems, families were frequently forced to find services outside these systems, often at great distance from their residences and at their own expense;

There were untold violations of the rights of children and parents with regard to placement and confidentiality of records; and

There was a tremendous gap between personnel trained to deliver services to children with severe and low-incidence handicapping conditions and the numbers of children needing these services.

As a result of the implementation of Public Law 94-142, nearly 4 million handicapped are now receiving a free, appropriate public education. This law has helped to dispel many of the fears and myths surrounding the handicapped and it has helped integrate the handicapped into the school system as they will one day have to integrate into society.

Times have changed and severely handicapped children who in the past were considered uneducable are now being trained to be independent, taxpaying citizens. Choosing to deal with only the extreme cases serves only to undermine the gains that many handicapped children have achieved since the implementation of this important statute.

If, in fact, we are truly concerned about making sure that dollars are well spent, we must remember that each time we provide a handicapped child with an appropriate education program, we are allowing him the opportunity to become a self-sufficient, tax-paying adult. When these programs are provided in the early stages of the child's development we may be preventing additional or more severe handicaps and the need for costly remedial and maintenance programs later in his life.

During hearings held by the Committee on Education and Labor earlier this year, Mrs. Mary Akerley of Silver Spring, Md., provided the following testimony regarding the education program for her 16-year-old son, Edward, who is autistic:

> His specialness has cost the taxpayers about $44,000 so far. * * * By getting the help he needs now, he will not later need SSI, special housing, food stamps, medicaid, and other assistance.
>
> He will pay taxes, probably at least $80,000 worth if he works for 40 years at a minimum wage. That is nearly double what he has cost society. And society will realize an additional saving, $400,000, the current estimated cost of institutionalizing a handicapped person for life.

With the many advances made in educational programing across the country since the implementation of Public Law 94-142, the above example is now the rule, rather than the exception.

If we are serious about rescuing the economy, we will not sacrifice a potential long-term saving of nearly one-half of a million dollars per handicapped person in order to achieve an immediate reduction of one-tenth of that in education costs.●

AMERICAN HISTORY MONTH

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. SKELTON. Mr. Speaker, we have often heard the phrase "history repeats itself," and today I would like to call your attention to a bill which would authorize the President to proclaim February 1982, as "American History Month." The importance of studying history cannot be overemphasized. We must look to the past for a greater understanding of the present and an insight into the future.

The month of February is especially significant in the lessons of American history. It is an appropriate time to study a number of events surrounding the birth of our great Nation. The study of these events, with an emphasis on historical progress and problems, will help the citizens of our country to increase their understanding and awareness of how our Government has operated successfully for the past 200 years.

Mr. Speaker, we should never forget the important lessons that history has taught us. Perhaps its own history is America's most valuable resource.●

THE SHCHARANSKY STEPS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. GILMAN. Mr. Speaker, recently, I had the pleasure of participating in an important ceremony at the Isaiah Peace Wall in New York City, honoring a Soviet Prisoner of Conscience, Anatoly Shcharansky. The purpose of the ceremony was to redesignate the staircase at the Isaiah Peace Wall, which is just across the street from the United Nations, as the "Shcharansky Steps."

Several hundred people congregated at the Isaiah Peace Wall for the "Shcharansky Steps" and many of those participating were political, religious and Soviet Jewry leaders.

Mayor Edward Koch was among the officials who cosponsored the afternoon of prayer, song and remembrance, along with Rabbi Shlomo Rishin of the Student Struggle for Soviet Jewry.

Among those present were city council president Carol Bellamy, city comptroller Harrison J. Goldin, members of the New York State Senate and Assembly; members of the New York City Council; and several of my colleagues in the House of Representatives.

Monsignor Phillip Mulcahy opened the ceremony with a blessing, followed by Herbert Rickman, special assistant to the mayor, who conducted the assembly. Songs by Misha Aleksandrovich, a prominent cantor in the New York area, and a dramatic reading by Kevin Conway, brought variety to the dedication.

The suggestion that a prominent New York City public area or edifice

be named for Shcharansky first came from former prisoner of conscience Iosif Mendelevich, during a recent speaking tour in the New York area. At a City Hall reception where Mendelevich was awarded the key to the city, the former prison mate of Shcharansky urged that a street be named after the human rights activist, to demonstrate the solidarity of the people of New York with his cause.

The action to accord an appropriate tribute to this prisoner of conscience was unanimously adopted by the New York City Council in October.

Anatoly Shcharansky is presently serving the 4th year of a 13-year sentence he received in 1978 as a result of his activities as a human rights leader in the U.S.S.R. A leading human rights and Soviet Jewish activist, Shcharansky has been called a champion of justice and liberty.

The dedication of the Shcharansky Steps just opposite the United Nations serves as a further reminder of the repression of human rights in the Soviet Union and the continuing struggle of Soviet Jewry for the right to emigrate.

I am proud that I was able to participate in this memorable and signficant occasion and wanted to share this event with my colleagues. It is hoped that the Shcharansky steps will contribute to leading the oppressed to freedom.●

COSPONSOR OF CONABLE LEGISLATION

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. NOWAK. Mr. Speaker, I am pleased to consponsor legislation intended to respond to a Canadian policy which has substantially and unfairly injured U.S. broadcasting stations located near the Canadian border. I refer to the bill introduced by my distinguished colleague and neighbor, Mr. CONABLE.

This measure was recommended by President Reagan last month as a result of a petition filed under section 301 of the Trade Act of 1974. One of the 15 border stations that filed the petition is WIVB-TV of Buffalo which serves my district. I would like to quota and endorse a portion of the testimony by the president and general manager of WIVB, Leslie G. Arries, during a hearing before the section 301 committee on July 9, 1980. Mr. Arries stated:

> We have no objections to competing with Canadian broadcasters—as long as the terms are the same. We would much prefer an open trans-border market to protectionist barriers. But if Canada wants the benefits of the services our stations provide, it must allow us a reasonable and competitive opportunity to obtain compensation.
>
> We appreciate the deep concerns about national identity and cultural sovereignty that underlie Canadian policies such as Bill C-58. But such concerns do not justify a policy so plainly unfair and one-sided.
>
> Moreover, Bill C-58 is a misguided attempt to meet these cultural goals. Canada seeks to sustain a domestic television program production industry that can compete for Canadian viewers with the American stations to which these same viewers demand access on their cable systems. But any revenues that might conceivably be diverted from a U.S. border station to a Canadian station can hardly count as more than a drop in the bucket of resources needed to offset the financial advantages enjoyed by the much larger U.S. program production industry.
>
> I still hope our friends in Canada will rethink the wisdom and need for continuation of C-58. But in the meantime, Congress should proceed expeditiously to pass this bill.●

LEGISLATIVE RESPONSE TO CANADIAN TAX PRACTICE

HON. BARBER B. CONABLE JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. CONABLE. Mr. Speaker, I am introducing legislation today, along with several cosponsors, that was suggested by the administration as a response to a nagging trade problem with Canada. The recommended legislation follows several years of effort to persuade the Canadians to remove a discriminatory tax practice that has disrupted trade in services between United States and Canadian advertisers.

Five years ago Canada amended its tax laws so as to deny a deduction to Canadian businesses for the cost of advertisement placed on U.S. border television and radio station programs viewed by Canadians. This law, of course, has discouraged Canadian advertisers from placing ads on popularly viewed U.S. programing and has cost U.S. broadcasters millions of dollars in lost ad revenues.

Since the Canadian law was passed, I have supported efforts by the affected U.S. stations, particularly those in western New York, to persuade the Canadians to modify their discriminatory law. The Canadians have refused to repeal or modify that law.

Finally, the U.S. broadcasters initiated a formal complaint under section 301 of the Trade Act of 1974, which provides for an investigation of unfair trade practices, and if found to be injurious, provides for the development of an appropriate U.S. response. The section 301 process assures the legitimacy of trade discrimination complaints and provides a mechanism for the U.S. Government to seek a negotiated resolution of such discriminatory practices.

On July 31, 1980, under the authority of section 301 and after a thorough investigation, the President determined that the Canadian tax practice was unreasonable and a burden on U.S. commerce. Meanwhile, efforts to seek a solution through negotiation have failed and the discrimination remains.

Last December on this floor I withdrew my objection to a bill which amended the Internal Revenue Code to expand the tax deductibility of expenses for attending business conventions in Canada. I did so only after calling on the Canadians to be more forthcoming in regard to the broadcast dispute. I expressed the hope that Canada would reciprocate our grant of special treatment for conventions held in Canada.

On November 17, President Reagan sent a message to the Congress recommending that mirror legislation be passed. Such a law would amend the Internal Revenue Code to deny a tax deduction for expenses of advertisements placed with a foreign broadcast undertaking and directed primarily to a market in the United States. This restriction in U.S. law would apply only if the laws of the country in which such foreign broadcast undertaking is located deny a similar deduction to advertisers in that country.

The legislation, as the President indicated, may not by itself cause the Canadians to resolve this dispute. I would hope, however, that our friends in Canada understand that this measure reflects the commitment of the Congress and the President to the promotion of free trade while at the same time insuring that our trade laws operate effectively to protect U.S. industry from unreasonable and restrictive practices.

President Reagan clearly expressed the importance of resolving this issue without delay, and has reserved his option to take further action, if appropriate, to obtain elimination of Canada's discriminatory law. I hope, however, that this modest legislation will not have to be strengthened and that Canada will be responsive to settling this dispute.●

ONE VETERAN'S STORY

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. DASCHLE. Mr. Speaker, I was visited last week by Max Inglett, a Vietnam veteran who recently completed a 3,000-mile journey in his wheelchair across the United States. Max has written a very poignant and moving poem concerning his participation in the Vietnam war that I would like to share with my colleagues:

ONE VETERAN'S STORY

(By Max Inglett)

This is one veteran's story, for I've lived my life alone, but like so many others the memories still aren't gone.

I gave up the warmth and comfort of home, because they told me it was time to fight. But deep inside I asked myself if they really had the right, to give me a gun, and teach me to kill.

My heart had no answers, but pride in my country said "I will".

So I landed in a place called Vietnam, they were shooting guns and dropping bombs. Why do these children have to die? God, help me get home alive.

Vivid memories of when my best friend died, because I was "Doc" at his side. Laying there in a pool of blood, the mud, and the tears that fell from my eyes.

Leaving on a jet plane, a so called "freedom bird", not one of us could find a word. We could only pray that time would help us forget the bloodshed, the tears, and the sweat.

And then they asked, "Why are you weeping? These aren't the actions of a man! I said because of sadness, you wouldn't understand. For if it were not meant for me to express my joy or fears, then why did my God not give me a pair of eyes without tears?

As I awoke in an Army hospital bed, they told me that I would never walk again. And at first I prayed to God to please put my life to an end.

But as I lay there paralyzed, I began to realize just how fortunate we are, and for this great country in which we live, I thank my lucky stars. Because you see, I have seen the children who have never climbed a tree. And that little girl who asked to just touch my face, because she could not see. How does a mother say I love you, to a little boy who cannot hear?

Thank you God for the life I have, for myself I have no tears.

One veterans' story, but I speak not by myself, for most have felt it in our hearts.

We're white, we're black, many are brown, some of us are women too. But it makes no difference because you see, we're united all together in a kind of family that few others will ever understand.

Yes, one veterans' story, for I've lived my life alone, but just like all the others, the memories will never ever be gone.●

MISSOURI STATE TEACHER'S ASSOCIATION

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. SKELTON. Mr. Speaker, I take this opportunity to recognize the Missouri State Teacher's Association, which, for the past year, has been celebrating its 125th anniversary. Organized in 1856, the Missouri State Teacher's Association sought to increase the quality of teachers within its own ranks, and in the past 125 years, has made tremendous strides in the furtherance of education in Missouri. Today, the Missouri State Teacher's Association has 37,000 members striving to achieve a number of important goals.

A well-educated citizenry has been, and will continue to be, a cornerstone of our society. The contributions of these teachers to the education of our young people in Missouri is invaluable. Through the dedicated work of these loyal citizens who have chosen to join the education profession, Missouri can celebrate over a lifetime of quality education. This is a marvelous task, and I would like to pay tribute to the Missouri State Teacher's Association for its leadership and progress in the field of education.●

NICARAGUAN HUMAN RIGHTS

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. YATRON. Mr. Speaker, I would like to share a copy of a letter I received from the chairman of the Subcommittee on Human Rights and International Organizations, DON BONKER. This correspondence is a reply to a letter I sent Chairman BONKER regarding a human rights case in Nicaragua which appeared in the CONGRESSIONAL RECORD on December 8.

I would like to take this opportunity to commend Chairman BONKER for taking the initiative in urging the Sandinistas to cease with their policies of repression which threaten the basic human rights of the Nicaraguan people.

The letters follow:

SUBCOMMITTEE ON HUMAN RIGHTS AND INTERNATIONAL ORGANIZATIONS,
Washington, D.C., December 4, 1981.

Hon. GUS YATRON,
Rayburn House Office Building

DEAR GUS: Thank you for your recent letter signed by a number of our colleagues on the Foreign Affairs Committee concerning the deterioration of human rights conditions in Nicaragua.

I have been following the problems in Nicaragua for a long time. Last June 26, I inserted an article in the Congressional Record expressing my concerns. Recently along with a number of other colleagues I signed a telegram to the Junta in Nicaragua expressing our outrage at the arrest of the COSEP leaders. Last November 25, Mike Barnes and I sent another telegram to the Junta protesting the treatment of the COSEP leaders who are in prison (enclosed).

I appreciate very much your interest in this question, Gus, and hope you and our other colleagues will continue to speak out and make your influence felt on such a vital matter.

You can be assured I will continue to monitor the situation in Nicaragua.

Sincerely,

DON BONKER,
Chairman.

JUNTA DEL GOBIERNO DE LA RECONSTRUCCION NACIONAL,
Casa De Gobierno,
Managua, Nicaragua

We have heard reports that COSEP leaders in jail are now being mistreated. We urge you in the name of human rights and decency to take appropriate steps to alleviate the problems.

Signed,

DON BONKER.
MICHAEL BARNES.●

POSTAL PUBLIC SERVICE SUBSIDY

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. CLAY. Mr. Speaker, I rise to address the issue of the postal public service subsidy. I want to express my disagreement with the action taken by the Appropriations Committee in the continuing resolution which would have eliminated the $250 million public service subsidy to the U.S. Postal Service.

I have in the past and will continue to support the need for this subsidy, which covers the cost of certain uneconomical postal operations—6-day mail delivery, small post offices, rural mail delivery, window services, and other postal activities—that are deemed in the public interest.

The Subcommittee on Postal Operations and Services, which I chair, recently began a series of public hearings with the Subcommittee on Postal Personnel and Modernization, to take a close look at the effectiveness of the Postal Reorganization Act of 1970. One of the areas we are looking at is how the Postal Service will be affected by the possible elimination of the public service subsidy.

Mr. Speaker, frankly I worry about the Appropriations Committee's action to accelerate the phased out schedule of this subsidy by its elimination. Last week, Postmaster General Bolger testified before our subcommittees and was questioned closely about the effect on the Postal Service in eliminating this subsidy. He replied that although the Postal Service could absorb these cuts it would most likely lead to increasing postage rates sooner than he had anticipated. This was also the prevailing view presented to the subcommittees by the General Accounting Office.

The American people have been complaining about the fact that in the past year they have seen postage rates increase twice, first to 18 cents and

more recently to 20 cents. I do not think the people of this Nation will be happy to learn that their rates would be going up again sooner because of the Appropriations Committee's proposal to eliminate this subsidy. They want to see their postage rates stabilized for as long as possible.

We all realize that at some point the public service subsidy will be eliminated. However, I believe now is not the time to take this action. I support the continuation of this subsidy.●

SALES REPRESENTATIVES PROTECTION ACT

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. FLORIO. Mr. Speaker, among the many matters considered this year by the Subcommittee on Commerce, Transportation and Tourism is legislation dealing with the relationships between sales representatives and the manufacturers for whom they market products. This bill, the Sales Representatives Protection Act, has been cosponsored by 170 of our colleagues.

The subcommittee held a day of hearings on this bill, H.R. 3496, on June 23. Since that time we have received many letters expressing various concerns about this legislation. Among these is a letter from the Federal Trade Commission indicating their lack of support for H.R. 3496. In the interest of providing all parties concerned with this matter a better understanding of the legislation, I am inserting into the RECORD a memorandum commenting on the FTC opinion.

In this memorandum, Prof. Stephen B. Presser of the Northwestern University School of Law provides a useful analysis of the current state of common law dealing with representative-principal relations. Presser has testified on this legislation twice on retainer to the Bureau of Wholesale Sales Representatives.

The subcommittee has been reviewing the record of the hearings on this bill with a goal of preparing a series of improving amendments that may produce a broad consensus. This effort will continue next year, and I invite all interested Members to provide us the benefit of their views.

The memorandum follows:

You have asked for my comments on the FTC's recent letter indicating that while the Commission recognizes that H.R. 3496 provides for salutary and efficient disclosure of pre-transaction information between sales representatives and their principals (FTC letter, pages 3-4), because the commission believes that the bill might create inefficiences and higher prices to the consuming public, it is unable to support its enactment. The reasons which the FTC gives to support its conclusions are basically the same, indeed many of them are in the exact same language, as those expressed in the FTC letter dated April 17, 1980, commenting on H.R. 5099, the predecessor bill to H.R. 3496.

In my written and oral testimony delivered at June 23, 1981, I indicated my disagreement with the conclusions reached by the FTC in its April 17, 1980 letter, and there is nothing in November 10 FTC letter which causes me to change my views. In this memorandum, I will summarize and develop the reasons expressed in my testimony for my disagreement with the conclusions reached by the FTC, and for my own conclusion that H.R. 3496 is a bill that would not only confer benefits on the sales representatives and their principals, but would confer benefits on the consuming public as well. I will also explain how some amendments currently under consideration could cast further doubt on the conclusions reached by the FTC.

The principal difficulty which I have with the FTC's position is that the Commission appears to have taken a rather simplistic view of what H.R. 3496 would do, a view which not only ignores the current state of the common law regarding sales representatives, but which also ignores important economic aspects of the market for sales representatives' services. This has led the FTC to the view that by creating a situation in which sales representatives are given a limited indemnity for non-good cause termination, H.R. 3496 would create additional costs which would have to be passed on to consumers. The FTC has failed to realize that consumers are now bearing a greater burden of costs created by the uncertainties and inefficiencies of the current state of the law. The reasons that lead me to this conclusion are listed below.

1. H.R. 3496 does not, as the FTC suggests, create a "broad new basis of liability", rather H.R. 3496 appropriately refines and clarifies legal rights which have already been recognized in the common law.—As I have indicated on the two occasions in which I previously testified on the proposed SRPA, there is a clear trend in court decisions to reduce or eliminate the application of the "terminable at will" doctrine between employers and employees, and this trend has clearly been extended to affect the relations between sales representatives and their principals, whether the sales representatives are considered as employees or as independent contractors. The "terminable at will" doctrine is in the process of being replaced by the courts with doctrines requiring "good cause" termination or "reasonable notice" before termination.

The jurisdictions which have explicitly adopted the "wrongful termination" doctrine, and have rejected the "terminable-at-will" rule of the common law remain a minority, but it is an "ever-increasing minority." Phillips v. Goodyear Tire & Rubber Co. 50 Law Week 2099 (5th Cir., 1981). Indeed, three weeks after I testified on H.R. 3496 last June the Maryland Court of Appeals noted that in an appropriate case Maryland would follow Illinois' lead and permit actions for "wrongful discharge." Adler v. American Standard Corp., 50 LW 2069, 2070 (Md. Ct. App., 7/16/81). Still because of uncertainty in the courts over precisely when "public policy" calls for abandonment of the "terminable-at-will" doctrine, and because of similar uncertainty over what remedies are appropriate, and whether a contract or tort standard applies, where the "terminable-at-will" doctrine is rejected, principals and representatives have become unsure of their rights and have been forced to litigate to find out just what their rights are. Several courts have suggested that the employers' right to terminated without cause can only be determined on a case-by-case basis, but the uncertainties of such an approach have led the courts of several states to declare that legislatures should clarify terminations rights of employers and employees, in the manner H.R. 3496 seeks to do.

The costs of litigation and the costs of other uncertainties in this area must ultimately be borne by consumers, and thus prices of some goods may now be higher than they would be if the law were clarified. For example, it is likely that the bill's modest indemnity provisions are significantly lower than those which a court might reach in a case rejecting the "terminable-at-will" doctrine, and a court applying the tort "wrongful termination" standard could impose punitive damages which would be far higher than those specified in H.R. 3496. Finally, as I indicated in my previous testimony, some sales representatives may now be forced to self-insure against termination by demanding higher rates of compensation than they would request if they knew a legal or contractual notice provision were provided. This raises costs to the consumer unnecessarily. It also seems likely that some employers are seeking to self-insure against liability by offering lower commission rates than they might if they knew sales representatives' indemnity recovery was limited.

In either event, it would appear that the uncertain state of the common law is creating inefficiencies because sales representatives may not be receiving the compensation to which their services might entitle them absent the risks of court-imposed liability. In short, the situation which H.R. 3496 is designed to ameliorate is one in which the costs of sales representatives' services may be over-determined by uncertainties in the law, and underdetermined by their intrinsic worth in terms of the representatives' performance in servicing markets. The inefficiencies thus created are surely as bad or worse than any which the FTC has feared. This is particularly true in light of the questions which can be raised concerning the FTC's continuing belief that the bill is anticompetitive.

2. H.R. 3496 does not create a situation in which it is more likely that an ineffective sales force will be maintained, and H.R. 3496, especially if currently-pending amendments are accepted, will provide adquately for termination based on incompetence.—One of the most important reasons which the FTC gives to support its belief that H.R. 3496 would create inefficiences and increase costs is the FTC's assertion that H.R. 3496 "fails to provide adequately for terminations based on incompetence, where the sales representative acts in good faith, is not grossly negligent and does not breach the contract, but nevertheless is simply not a good representative". FTC Letter at 2-3. As the bill is currently drafted, however, Section 3(3)(A)(ii) defines "good cause" for termination (for which no indemnity liability is imposed on the principal) to include any "material breach" of the contract, and leaves it open, in the case of written or oral contracts, for the parties to include "incompetence", however the parties might choose to define it, as a "material breach" of the contract. If the parties so choose, then, they can ensure that the situation the the FTC fears, the existence of incompetence that is not a breach of contract, never occurs.

Further, Mr. Florio has offered an amendment to this section which would clarify the term good cause, by defining it as "conduct on the part of a sales representative with respect to the principal of the sales representative which constitutes a material breach of the express or implied provisions of the contractual relationship between the sales representative and the principal * * *." Mr. Florio's amendment is a change along the lines suggested in my 1980 supplemental testimony (1980 hearings on H.R. 5099, at 472-473), and I believe that this would make it even plainer that incompetence on the part of the sales representative would allow the principal to terminate with no liability under the bill.

3. H.R. 3496 does not unduly restrict the principal from freely exercising his discretion to change distribution and selling techniques in response to current market conditions.—The FTC believes that H.R. 3496 will make it more difficult for principals to respond to declining product lines or other business contingencies, and this difficulty will result in marketing inefficiences. FTC letter, at 3. It should be stressed, however, that in its current form the bill allows the principal, even in the case of non-conforming contracts, to reduce a salesman's activity without liability unless the reduction results in 25 percent less commission for the salesman. In making this calculation, however, reductions in commission caused by "nonperformance" of the sales representative do not count, and this does give some flexiblity to principals.

Further, since good cause for termination includes "marketing area withdrawals" of at least one year's duration, as I remarked in my testimony this summer, changes in response to current market conditions may be effected through such marketing area withdrawals without risk of liability. Finally, as was true with regard to "incompetence," discussed above, where principals take the trouble carefully to draft written contracts, they can provide that conduct on the part of a Representative which would fail to meet competition, or which would result in inefficient operation, could be defined as a material breach, thus allowing "good cause" termination and no liability.

4. If currently-proposed Amendments to H.R. 3496 are adopted, it is highly unlikely that H.R. 3496 would increase the caseload of the federal courts.—The FTC has argued that the "social costs" of H.R. 3496 would be unacceptably high because H.R. 3496, as currently drafted, waives the $10,000 amount in controversy provision for federal jurisdication, and unwisely places the burden of proving "good cause" for a termination upon the defendant principal and provides for attorney's fees to prevailing sales representatives. "Even where no violation of the law had occurred," the FTC maintains, "principals might be compelled to settle non-meritorious claims rather than incur the substantial costs of litigation." FTC letter, at 3. These are serious criticisms, but it is encouraging to note that several amendments now under consideration for H.R. 3496 would ameliorate this problem, in a manner which would ensure basic fairness in litigation, and would thus minimize the risk of non-substantial or harassment actions.

One such amendment would remove the waiver of the federal $10,000 amount in controversy requirement, thus minimizing the risk of litigation over trivial claims. A second amendment would alter the burden of proof, in a manner consistent with similar pieces of legislation (See my supplemental 1980 testimony, at 474-475), to provide that plaintiff sales representatives must make a prima facie showing that they have not engaged in any Section 3(3) conduct which would provide good cause for termination, and that they have complied with their duties under the sales representation contract, before the burden of proving that termination was for good cause would shift to the principal. Finally a third amendment that is being considered would provide that a court could allow attorney's fees to the prevailing party—representative or principal—thus further reducing the risk of meritless litigation. Finally, it should be mentioned that when H.R. 3496 is passed there will no longer be as pressing a need to litigate to determine the existence of any "wrongful termination" rights, and thus it is likely that the mere passage of the bill will reduce, and not promote litigation.

5. Insofar as H.R. 3496 will make it more difficult for principals to fire their reps and sell directly to consumers, the bill may appear to be maintaining higher costs to consumers, but because the bill will also have the effect of encouraging job security for potential sales representatives, in the longer run it may just as easily be seen to reduce costs to consumers.—There is some truth in the FTC's assertion on page 3 of its letter that "Account and territory adjustments are options which are the traditional prerogative of business," but the maintenance of "traditional prerogatives" has never been one of the goals of American law, which has always been hostile to arbitrary prerogatives in any form. Even if total freedom to fire reps and sell directly might often be used to reduce prices to consumers, such activity is impossible to condone, if, as the findings of fact in the bill indicate, such reduce costs would be at the expense of equities built up by the sales representatives.

Not only is the appropriation of the time, energy, and resources spent by a salesman in developing accounts and markets without full compensation inequitable, however, it may also be inefficient and counterproductive. To the extent that the law allows undervaluation of such contributions on the part of sales representatives, the law will discourage investment of time and opportunity in independent sales representation. Those with the talent to be successful in independent service industries will enter other professions than sales representation, and markets will not be developed as efficiently and at as low cost as they would be were the best available talents to be active in sales work. The failure adequately to develop markets could lead to reduced production, and, because of failure for economies of scale to materialize, higher costs. These effects, too, would be as bad as any the FTC forsees from H.R. 3496. With H.R. 3496, then, it seems more likely that economics of scale and concomitant consumer savings will be realized.

As our economy evolves into one in which the provision of human services becomes as prominent and important as the production of goods, a service-intensive industry such as sales representation will become increasingly important, and it seems only appropriate to reexamine the legal maintenance of "traditional prerogatives" of business. Those "traditional prerogatives" were established in the law at a time when the paramount need was not for service industries, but was for the speedy development of industrial capitalism. We are now entering a new economic era, and the courts have been seeking to evolve service-oriented rules to facilitate this economic evolution. H.R. 3496 appears to be a wise step in this process, and one in which the federal legislature can produce a more comprehensive and efficient solution than can the courts.

CONCLUSION

The FTC, in its letter, has recognized that H.R. 3496 is a bill which can be "helpful to both parties" because of its mechanisms for "efficient pre-transaction information disclosure between parties." FTC letter at 3-4. Somehow, however, the FTC has arrived at the conclusion that the benefits that would thus be conferred on both parties would be offset by "the social costs inherent in the interference with the normal free marketing processes and the inefficiencies and higher prices likely to result from the enactment of the bill." FTC letter at 4. The FTC's conclusion seems to be highly questionable because of two factors discussed in this memorandum.

First, the "normal free marketing processes" which the FTC blithely assumes are in existence are imaginary, because of the considerable interference in the "free market" already generated by the courts applying common law doctrine. More is operating in the area of employer-employee and representative-principal contracts than Adam Smith's mythical invisible hand. The visible hands of modern judges have already wielded a powerful force.

Second, insofar as the exchange of information between the parties leads to a correct valuation of and more equitable compensation for the services rendered by sales representatives, it appears that costs to consumers are as likely, in the longer term, to be lowered as they are to be raised. Contrary to what the FTC appears to suggest, then, Congress is not faced with a choice between the parties to the sales representation contracts on the one hand and the consuming public on the other.

A wise legislative measure, such as H.R. 3496, as amended pursuant to current proposals, can confer benefits on the representatives, the principals, and the public. Pursuant to this reasoning, then, it seems entirely appropriate that the piece of legislative which finally emerges ought to be named, as another amendment proposes, the "Sales Representation Contractual Relations Act" or simply the "Sales Agency Act."●

REMARKS OF KEN HOLUM—II

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. DASCHLE. Mr. Speaker, Ken Holum speaks not just as a former Assistant Secretary of Interior and current general manager of Western Fuels, but as a man raised on and still close to the family farm. His concerns in that area mirror my own. I include his remarks on this issue in the RECORD at this point:

REMARKS OF KEN HOLUM—II

My concern goes beyond traditional social programs. While my day-to-day work responsibilities force me to concentrate my attention on other matters, I watch and worry as the Administration bludgeons the Congress into weakening essential farm pro-

grams with the veto threat. I'm close enough to the Holum farm in South Dakota to know that family farms cannot survive when essential equipment sells at inflated prices with obscenely high interest rates at a time when commodity prices are so low. The potential demise of the family farm foreshadows economic and social costs of catastrophic proportion.

This being my point of view, maybe you will be surprised to learn that my concerns did not induce me to sign the Sierra Club petition demanding the ouster of the Secretary of the Interior James Watt.

In spite of the fact that I, personally, worked long and hard as Assistant Secretary for the Dickey-Lincoln School Project and continued that work as a private citizen, I am not going to condemn him for turning "thumbs down" on that Maine project. As we say on the farm, the Secretary was only kicking a dead horse. I surmise he was making a politically cheap concession to the professional environmentalists.

Personally, I assumed the Dickey-Lincoln Dam Project was doomed when former Senator Ed Muskie, in his key position as Environmental Pollution Subcommittee Chairman, turned a deaf ear on our request for help when the whooping crane and the Endangered Species Act needlessly threatened the Grayrocks Dam and Reservoir and the Laramie River Station Project. As I told the Senator in a private letter at that time, after he refused to help us, "Do you really expect nationwide support for your State's project when you refuse to consider the problems of other areas of the country?" In spite of bitter disappointment, I continued to support him and Dickey-Lincoln School.

I must note, however, that this does not imply that I have decided at this time that James Watt will rank alongside the great Secretaries of the Interior of my generation—I put Harold Ickes, Fred Seaton and Stewart Udall in that class. In his case, too, I am watching and I am waiting.

This being my attitude and my theme, what am I watching and waiting for? Let me set forth as succinct an agenda as I can.

The Reagan Administration has said some things and indicated attitudes which we felt would, if carried out, be helpful in such areas as Federal coal leasing, modifying the Clean Air Act, authorizing coal slurry pipeline eminent domain powers, and multipurpose water resource development.

The new Federal Coal Management Program is supposedly on the verge of being made public. Reports are that Interior has modified the Andrus program: That it is being reviewed at OMB and that it will be offered for public comment soon. But we were told that same thing in June. We watch and wait. Will the program provide adequate coal for leasing so as to maintain a competitive market—or will it be related to proven demand to the advantage of the energy companies?

The Clean Air Act is now overdue for amendment. While saying it wants to reduce the total number of applicable regulations, the Administration has not really made its views known. Present requirements mandating the use of the best available control technology have nothing to do with environmental protection. Instead it is economic policy masquerading as an environmental measure. It should go.

The Administration seems to favor easing Clean Air Act regulations on preserving "integral vistas"—which are outstanding panoramic views outside Federal parks as seen from within the park. National parks were given Class 1 area protection under the Clean Air Act. This additional set of prohibitions which extend as far as the eye can see on a clear day, can be used by environmentalist extremists as a means of blocking not only utility and industrial plants but even the mining and hauling of coal.

I think most of us support measures to keep the air as free as possible from man-caused pollutants. In spite of a recent study by the Brookings Institution that the Clean Air Act is mis-directed and not really effective, I think the United States has made good progress in preserving clean air.

But we need energy in addition to clean air, potable water and some other basic necessities if we are to prosper—or even survive—as an industrial nation. And when officials of an Indian tribe or a Board of County Commissioners have the power to declare a new Class I area near an electric generating station or a coal mine under construction in an adjacent jurisdiction, thus creating a costly stall and a jungle of obstacles for the builders, the law and regulations should be changed.●

COURAGE OF POLISH PEOPLE

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Ms. OAKAR. Mr. Speaker, in the past year and a half, Poland has been undergoing a remarkable social transformation. What began as a series of worker strikes over food price increases in August 1980, soon developed into a broad-based nationwide movement to abolish censorship, restore democracy and personal liberties, and win a greater measure of national independence for the country. Poland's "renewal" became possible through the unshakable unity of the Polish people in the face of threats from the central government and from the Kremlin. This unity was harnessed and given direction by the Solidarity workers' union, enabling the Polish people to stand up even to the highly publicized Red Army and Warsaw Pact maneuvers of last year and earlier this year which seemed likely to develop into an actual invasion of the country.

The cost of the social transformation, the "renewal," in Poland has been high. The strikes which demonstrated the strength of the Polish masses, also sapped the strength of the Polish economy that was already in trouble because of the inefficient system imposed by Moscow on the Polish people nearly 40 years ago. Conditions have not been made easier by the Soviet manipulation of the flow of goods in and out of Poland in the past year. This has created shortages that were then blamed on Solidarity.

Since the central government has been unwilling to try any meaningful reforms, the situation in Poland became stalemated. In recent months, Poland has hovered on the edge of economic collapse brought on by stubborn confrontation. Hardship became the daily lot of the Polish people. It is the price that Poles have thus far been willing to pay to achieve greater liberties and political independence from Moscow.

Over the past weekend, the central Polish government has taken steps to break the political stalemate by force. Nearly all communications have been cut off between Poland and the outside world. Under the cover of a news blackout, the Army then went to work arresting hundreds of Polish citizens. The Kremlin is no doubt pleased with the return to massive repressions. For those concerned with peace and freedom in the world, however, the situation in Poland is a matter of grave concern.

The Polish people have historically been courageous and resourceful. That courage has been amply demonstrated in the past year and a half. Because of ideological constraints, though, their resourcefulness was never given a chance to unfold. So much energy was dissipated in political confrontation—always with an eye cast eastward toward the Kremlin—that the real problems of Poland were never addressed. Now the typical Soviet solution—brute force—is going to be tried. It is my fervent prayer that the measures adopted by Premier Mojciech Jaruzelski and the newly formed Military Council will be short lived. The Polish people have too much talent and vigor to be permanently harnessed by a military regime. The spirit generated by Solidarity was leading to the independence and eventual prosperity of the Polish nation. The unhealthy influence and threats of intervention by outside powers—specifically the Soviet Union—has again stifled the potential of a great nation.

It should be clear by now that political arrests and force only postpone a solution to national problems. A permanent solution to Poland's problems can only be achieved with the free expression of the ideas, talents and energies of her people. Let people everywhere who are free to speak their minds come to the defense of the Polish workers and her patriotic citizenry. Peace, prosperity, and freedom are the key to continued peace, prosperity, and the development of freedom in Europe and in the world.●

INEQUITY IN SOCIAL SECURITY RETIREMENT BENEFITS

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. LONG of Maryland. Mr. Speaker, I am delighted to join my friend and colleague, JACK BRINKLEY, in bringing the social security notch

problem to the attention of all Members. My bill, House Concurrent Resolution 192, and Mr. BRINKLEY's bill, House Concurrent Resolution 222, seek to correct this inequity in social security retirement benefits.

Mr. Speaker, I have received many letters from constituents who were shocked to learn that they will draw substantially smaller retirement benefits from social security than many of their fellow workers, simply because of a small difference in age. People who are turning 65 and preparing to retire in 1982 find that their social security checks will be as much as $110 a month less than those of workers retiring at 65 this year. Why, they ask, should we get smaller social security checks when we paid the same social security taxes and had the same work records?

Simply stated, this sharp disparity in benefits, the so-called notch problem, results from adverse economic conditions unforeseeable when Congress made changes in 1977 in the retirement benefit formula. Although Congress tried to avoid creating a notch problem by providing a transition period from the old formula to the new one, the transition rules did not work as intended, largely as the result of continued inflation. Everyone born in 1917—all who turn 65 in 1982, and thereafter—will be sharply and unfairly penalized by the present formula changes, combined with economic conditions.

Mr. Speaker, the notch problem needs to be corrected. Indeed, the National Commission on Social Security, after extensive investigation, agreed that this disparity in benefit amounts was unjust and that steps should be taken to resolve it. My bill, House Concurrent Resolution 192, and Mr. BRINKLEY's bill, offer possible solutions. I urge my colleagues to join in resolving this critical problem.●

INVESTING U.S. PENSIONS ABROAD

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. FLORIO. Mr. Speaker, the Congress has often been criticized for governing too much by hindsight, that we do not exercise sufficient foresight to see problems developing in order that we may act before a crisis results.

One specific area that demands foresight is the increasing trend toward investing U.S. pension assets abroad. I am disturbed that this trend could develop into a serious problem with the result being a loss of jobs for U.S. workers.

Billions of dollars of pension funds of U.S workers are being invested overseas to earn a higher short-term yield. The irony is that these funds are helping to build the industrial strength of Japan, Germany, and other nations and the result may well be more jobs for foreign workers and fewer jobs for workers here.

Pension funds totaling $653 billion in 1980 are the largest single source of funds for U.S. capital markets. Private pension fund assets totaled $450 billion at the end of last year, an increase of 100 percent since 1975.

The danger we are facing is that U.S. industry will need more capital to grow in the future than can be generated by corporations themselves.

So, we are facing a serious financing gap. Next year the U.S. corporate financing gap will be about $20 billion. In 1986 it will grow to about $66 billion.

But by 1990 the U.S. capital financing gap will soar to about $136 billion. And that is almost exactly the amount of U.S. pension assets expected to be invested abroad at that time.

In light of these projections, there is good reason to raise questions about the investment of U.S. pension assets abroad.

Because of this concern, my Subcommittee on Commerce, Transportation, and Tourism will hold a foresight hearing Tuesday morning. Since the subcommittee has jurisdiction over the insurance industry, the hearing will focus on the potential impact of overseas investment of pension portfolios managed by insurance companies.

We hope to develop information about the present and future capital needs of U.S. industry, the dynamics of the foreign diversification of pension assets and the public or social purpose of pension assets.

We realize the need to balance the demands of pension funds to earn the highest rate of return to insure adequate resources and reserves will be available for American workers when they retire.

We also recognize that diversification, including foreign investment, may be required for pension fund integrity and safety.

But at the same time, there is legitimate concern on the part of current workers that their deferred wages, as represented by pension contributions, are being used to invest in overseas facilities that jeopardize U.S. job security.

Our hearing, therefore, will appreciate the need for evaluation of the need for high earnings on the investment of pension funds, as well as the need for capital to build our productivity here in the United States.●

PETER A. BOZICK

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. HOYER. Mr. Speaker, we are fortunate in Prince Georges County, Md., to have a number of men and women who see public service as an integral part of citizenship. On December 16, one man who has served Maryland and Prince Georges County, in particular, will be honored for his many contributions to the political scene.

Peter A. Bozick has been a State senator in Maryland since 1971. He will officially leave office on January 4, 1982, when he will transfer his residency from his current address in Camp Springs, to his new home in Dunkirk, Md. While I hope that Senator Bozick continues his political career in Dunkirk, I wanted to take a moment to note his many accomplishments while serving Prince Georges County.

Senator Bozick was born in New York City and came to this area in his early years. He attended Baltimore City and Baltimore County parochial and public schools and received his bachelor of science degree from the University of Maryland. During the war, Bozick served his country in the Office of Strategic Services. He also attended the Johns Hopkins University and the University of Baltimore School of Law.

Soon after Senator Bozick moved to Prince Georges County, he began his career in public life, serving, in 1965 to 1970, as a commissioner, and chairman, of the Washington Suburban Sanitary Commission. The senator also took an active role in reshaping the structure of our county government, serving as a member on the Prince Georges Community Goals Committee and the Prince Georges County Charter Advisory Committee.

Mr. Bozick was appointed to the State senate in 1971 and he won reelection in 1974 and 1978. As a State senator, Mr. Bozick won needed funds for Prince Georges County as a member of the prestigious budget and taxation committee. He also was active on the Chesapeake Bay Commission which reviews plans and actions concerning the bay.

Mr. Bozick's leadership abilities and expertise have been of vital importance to our State. He has fully understood the meaning of public service and has rendered it with integrity, concern, and candor.

Mr. Speaker, I know you would want to join with me in saluting Peter Bozick for his many achievements and for his dedication as a true public servant.●

AL BARKAN—THE ARCHITECT OF LABOR'S POLITICAL ROLE RETIRES

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. SOLARZ. Mr. Speaker, this January one of the architects of labor involvement in the world of politics retires after 19 years as national director of the Committee on Political Education of the AFL-CIO.

Al Barkan practically invented political action committees. Many of today's PAC's, including rightwing ones, have modeled themselves on the innovative and practical model Al created at COPE. Under his effective leadership the AFL-CIO PAC was a positive force for political education and effective action.

A dynamic platform speaker, Al Barkan tirelessly crisscrossed the country, appearing before audiences of workers in big cities and small towns, stirring up union members to get involved in the important political and economic issues of the day. But despite the pressures of his work, Al Barkan always had time for his friends and coworkers; whether they were clerks, Congressmen, or union officials. The zest and enthusiasm which characterized his 27 years of organizing, building, and improving COPE will be a major challenge for all who come after him.

He has left a mighty imprint on the American political scene through his efforts to increase workers participation in the electoral process and thus improve the well-being of millions of Americans.

Mr. Speaker, I am proud to pay tribute to this wonderful man, and to say how fortunate I am to count him and his family as friends. Al's sister, Gertrude Iris, is an able volunteer worker in my Brooklyn office and I must say that she, too, is blessed with the same gracious manner and dedicated zeal that characterizes her brother.

We here in Washington will sorely miss Al Barkan—but we won't be able to forget what he has done through 35 years of dedicated and effective trade unionism to affect the course of this Republic.

I am proud to have this opportunity to recognize and pay tribute to the outstanding achievements of Al Barkan, and to express my personal thanks to him for all that he has done for me, for the Democratic Party, and for the people of our Nation.

Mr. Speaker, I insert an editorial from COPE's "Legislative Alert" on Al's place in political history to be reprinted in today's RECORD:

AL BARKAN—A PLACE IN POLITICAL HISTORY

In early January, Al Barkan will retire after 35 years in labor political action—the past 27 of them with COPE, and the last 19 of those as its National Director.

He is a unique man, with a unique and secure place in the political history of these three decades—both for all he's been and all that he's done. He is the architect of a labor political structure built on a firm foundation and built to last.

If political programs are to be judged by a standard of election wins and losses, the COPE record under Al Barkan's leadership is unmatched by any PAC or party. During his lengthy stewardship, 62.9 percent of all COPE-endorsed candidates for President, U.S. House and Senate and governor were elected.

If political programs are to be judged on the degree of citizen participation they generate, COPE's record under Al Barkan again is unequalled. More than 140,000 union members, their spouses and offspring participate year-around in their communities as volunteers in the COPE registration, education and get-out-the-vote programs.

The result of their efforts has been a dramatic increase in union member participation in the democratic process. Whereas 20 years ago, union members registered and voted in numbers 10-15 percent lower than the electorate-at-large, they now register and vote in numbers 10-15 percent higher than the general voting public.

If political programs are to be judged on the degree of innovation they introduce, COPE under Al Barkan has been a trailblazer. Barkan began moving labor's political activities into the computer age in 1965. Today, in the COPE computer are the names of nearly 15 million union members. Because of this constant urging over the years, all State AFL-CIO bodies and virtually all international unions now have staff people working full time on political programs.

In every respect, the COPE program is stronger, better organized and more effective than it was 20 years ago. This is Al Barkan's legacy to the labor movement he has served selflessly.

Nothing in him as an individual or leader smacks of personal vanity or aggrandizement. Everything he has done as COPE National Director has been motivated by his determination to serve through political education and action the purposes of the AFL-CIO, the well-being of the millions of members it represents, and the nation itself.

The COPE Al Barkan built has countless admirers and imitators in the political field, even among its foes. Many "new right" PACs openly patterned themselves after the COPE structure and program that Al Barkan developed.

Director Barkan has been a mover, a motivator, an innovator, an inspirer. From the platform, he is pure dynamite. No one who hears him address a labor audience fails to be galvanized by the energy, drama and enthusiasm he pours into a speech.

Off the platform he has been a forward-looking and innovative leader, a builder, a person admirable both in achievement and character, an extraordinarily considerate and decent person to work for and with.

In his case, the person and the job were one—a perfect fit.

The COPE structure Al Barkan developed inevitably will be embellished and altered by time, circumstances and events. But always, ineradicably carved in its cornerstone, will be the name of Al Barkan.●

UCO, INC.—50TH ANNIVERSARY

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. DYMALLY. Mr. Speaker, I am pleased to bring to the attention of the Members the fact that UCO, Inc., will celebrate its 50th anniversary—today Monday, December 14, 1981.

In just 50 years, UCO, Inc., has grown from a small sole proprietorship into one of the largest privately held corporations in America. From its modest beginning as a gasoline retail operation, UCO has been transformed into one of the world's leading independent marketers and shippers of petroleum products. If it were a public company, UCO would have ranked 250th on the Fortune 500 list of prominent companies in 1981.

Earlier this year, UCO divested one of its major oil related companies. This decision proved a significant step in the evolution of UCO as it reflected an ongoing tradition of parlaying strength through the sale and acquisition of assets and companies.

Today, UCO, Inc., is a diversified corporation with divisions active in real estate investment, aviation, construction, shipping, and the international oil industry.

Long term planning and strength in management have contributed largely to UCO's success. The company has earned an enviable reputation for its ability to respond quickly to changes in the business climate and to prosper by maximizing investments in areas of high economic growth. This is a legacy UCO intends to protect and enhance.

As UCO, Inc., enters its second half-century of operation, UCO looks with pride to their accomplishments and enthusiastically welcome the challenges to be faced in a dynamic and changing business world.

I join with UCO's many friends and customers in coveying to them best wishes and success in their future endeavors.●

REMARKS OF KEN HOLUM—III

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. DASCHLE. Mr. Speaker, the conclusion of Mr. Holum's remarks deal with the frustrations of balancing competing needs for energy development and environmental protection. He deals with complex matters based on a wealth of experience and in the same straightforward manner that has allowed those of us who know him to work, learn, and debate with him over

the years secure in the knowledge we might disagree but would always come away from our discussions understanding more than we had before. His remarks continue:

Will these changes be made or proposed to Congress?

Will unsuitability for mining requirements be modified in coal areas to reduce harassing litigation? In both cases, I hope so, yet, with mixed signals on both, we again must wait and watch.

As for the federal coal management program developed during the Carter Administration, we saw on limited lease sale before the change of administrations—quite a record for four years of work. Under the Reagan Administration we've seen a small number of public competitive lease sales conducted. There have been no "public body set-aside" tracts offered except for one allowed at the request of Alabama Electric Cooperative for a sale in Alabama later this month. The law requires a reasonable number of tracts be set aside for acquisition by government bodies, rural electric cooperatives, municipal utilities and other public entities. Will this provision be vigorously pursued? We must again wait and see.

At another earlier Mid-West annual meeting during the administration of President Carter and Cecil Andrus, I commented sarcastically that their water resource management program contemplated storing the precious fresh water of the Rocky Mountains and the arid high plains in the Gulf of Mexico. For four years they managed a program consistent with my sarcastic comment.

As we watch and wait, our limited fresh water supplies continue to find their way to the Gulf of Mexico. So far at least the only discernible difference between the Carter and the Reagan Administrations is found in their rationale for inaction—Carter with his hit list yielded to the professional environmentalists; Reagan proposed to invest our financial resources in MX missiles and B1 bombers and then says we can't afford resource development to strengthen the country's economic base.

Carter didn't build the Gregory pump back storage project—do you think Reagan will? Do any of you expect meaningful new starts on multipurpose water resource development in the Missouri Basin or your individual states during the Reagan Administration? If you do—I hope your optimism is justified.

The Staggers Rail Act has stripped captive shippers such as coal users from any real protection against monopoly rail carriers. Deregulation of railroads seems to have blown the roof off rail rates for hauling coal and it is still not apparent there is any reasonable ceiling on the prices the railroads can charge. The Burlington Northern is moving aggressively to raise rates for hauling coal for all of its utility customers. Instead of making reductions and service adjustments flexible, deregulation seems merely to have led to increased rates and increased abandonments. Again, we wait and watch and worry about our obligation at Western Fuels for getting goal delivered to our members at reasonable defensible rates.

While the Staggers Rail Act has unleashed the railroads to demand higher tariffs and escalation formulae that bear little relationship to reality, the Administration has moved—either independently or in concert with the railroads—I don't know which—to diminish the effect of existing or potential competition.

On one hand they recommend user charges, higher taxes on fuel for tugs and a variety of other measures that will significantly increase the cost of moving coal and farm commodities on our inland waterways. Simultaneously, they oppose national eminent domain legislation for coal slurry pipelines on states rights grounds—while ignoring the national interest. I can assure you that both decisions are being cheered in railroad board rooms and executive offices. They are not in the best interest of consumers.

There also is clear evidence that President Reagan's Economic Recovery Tax Act, passed by Congress last July, is hurting the demand for tax-exempt bonds. The law decreases tax rates, increases an individual's ability to shelter earnings in an individual retirement account, taxes capital gains at only 20 percent, and defers taxes on reinvested dividends, leaving fewer individuals in the market for tax-exempt bonds—the life blood of consumer-owned utilities.

This law also has effectively repealed corporate taxes, giving investor-owned utilities who already have little tax liability an opportunity to sell tax advantages they are unable to use themselves. As a result, investor-owned utilities have access to massive amounts of interest-free capital while municipal and cooperative utilities are faced with the need to finance a total of $11 billion in 1982 without federal assistance. This structural change in the credit markets is drastically altering public power's competitive position in financing. With interest rates at unacceptably high levels, the impact upon consumer-owned utilities is cause for real concern. The facts are that investor-owned utilities can now finance at more attractive rates than publicly owned utilities and rural electric cooperatives.

I had this in mind as I read the Washington comment column in the November issue of Electrical World. If Mel Ray, the author, is right, the Reagan Administration is concerned that electric power supplies may not be adequate to supply demand when economic recovery occurs. I agree that electric power shortages in the future are a real possibility. Apparently they are seeking ways to assist and encourage investment by the investor-owned utilities beyond the generous help provided by the Economic Recovery Act.

I wonder what they have in mind for the rural electric cooperatives? Will REA's loan guarantee authority be increased? Interest rates lowered? Do they expect economic recovery in rural America? What will they do to encourage investment in new facilities by municipal electric utilities?

This, then, is my agenda for judging the Reagan Administration in the resources area. We must see definitive action on the following issues:

Federal coal leasing and management program, including public body performance;

Federal Clean Air Act amendments;

Competition among coal transportation alternatives;

Adequate and competitive financing of consumer-owned utilities;

Support for a vigorous REA program; and

A new start for public interest, multipurpose water resource development.

Based upon this agenda and their performance, I will either lead a cheering section for the Reagan Administration at this time next year or continue to sound as though nothing good has happened since the Johnson Administration.

Now you—and I—can only wait and see.

I suggest you not consider my wait-and-see attitude an expression of personal optimism.●

SUPPORT FOR H.R. 5180, TO COVER HOSPICES UNDER MEDICARE

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. WAXMAN. Mr. Speaker, on Friday I joined with my colleague, Mr. PANETTA, from the State of California to introduce H.R. 5180, a bill to provide hospice care under the medicare program. We were joined in this effort by a number of distinguished colleagues from both sides of the aisle who are widely recognized for their expertise in health issues and the problems of the aging. I believe this bipartisan support indicates widespread concern about the need for Federal programs to recognize the value of the hospice alternative and to provide a humane alternative to hospital care for the terminally ill.

I have followed the evolution of the hospice movement in this country with a great deal of interest over the past years. Hospices provide care and services to patients and their families to help deal with the pain and other symptoms associated with terminal illness. They were developed as an alternative to the often impersonal, high technology acute care that terminally ill individuals are generally confronted with. Their growth demonstrates that they fill a need which has been widely perceived. Since hospices offer a unique combination of compassionate care and potential cost effectiveness, they merit being included in our Nation's health financing programs.

In making the hospice benefit available to the medicare population, we must be sensitive, however, to the problems which will occur if we do not design coverage and reimbursement standards with great care. The hospice movement has thus far been characterized by compassionate care givers, and we must be careful to design the program to assure that we will retain the essential nature of that industry. It would be tragic if the availability of medicare reimbursement drew persons into the field who were concerned more with the money to be gained than with the provision of a humane alternative for the terminally ill. Nothing could hurt the hospice movement more. I am convinced in my discussions with leaders in the hospice movement that they are keenly aware of this. They have cooperated fully in working with Mr. PANETTA to design this legislation to minimize the likelihood of abuse and problems. One unique feature of the bill, for example,

is the requirement that GAO report on the experience with the reimbursement system within 2 years, and provide Congress with recommendations for any necessary changes. As this legislation moves through hearings, further safeguards may be developed. Certainly H.R. 5180 provides a strong framework to move ahead.

I believe one of the strengths of the current hospice movement is its reliance on volunteers—including family and friends. This legislation recognizes that. Further, it is my hope that we can construct a better way to use the reimbursement system to further encourage and reflect the role of volunteers in providing hospice services.

We await a CBO estimate of the cost of adding the hospice option to medicare. My own belief is that this benefit can and will be cost effective if it is designed properly. The bill I am cosponsoring with Mr. PANETTA is a good first step to bring about the necessary changes in medicare. I believe many of our colleagues in the House will want to support it. I look forward to working with them to make hospice care a reality in the medicare program.●

HAITIANS MARCH ON WASHINGTON

HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mrs. CHISHOLM. Mr. Speaker, this past weekend over 6,000 Haitian Americans and their supporters marched on Washington to urge the release of their countrymen from detention camps and Federal prisons around the country. Our colleague, Congressman WALTER E. FAUNTROY, chairman of the Congressional Black Caucus, addressed the rally and march on the Monument Grounds along with Rev. Benjamin Hooks, executive director of the NAACP. I have included Congressman FAUNTROY's remarks for the benefit of our colleagues. I am hopeful that his remarks will inspire a change in our Government's policies toward Haitian asylum seekers.

DEMONSTRATION REMARKS BY HON. WALTER E. FAUNTROY

To my brother and colleague in the freedom movement, Ben Hooks; Father Adrien, fellow demonstrators; on behalf of my colleagues and myself, the eighteen members of the Congressional Black Caucus, let me say thank you for being here today and helping to bring to the conscience of our nation the plight of the Haitian refugees and the suffering of our brothers and sisters in Haiti.

I come here also in a spirit of solidarity with my colleague on Capitol Hill, Congresswoman Shirley Chisholm, that great drum major for justice for the Haitian refugees.

I come today primarily to send four messages to four groups that have a responsibility with regard to the Haitian refugee issue.

I bring these four messages to these four groups with the hope that our nation can begin the necessary dialogue that we need to have with regard to the purpose, the ethics, and the principles that ought to define our refugee and immigration policies and practices.

MESSAGE TO THE REAGAN ADMINISTRATION

The first message is to the President, the Department of State, and the Department of Justice and it is one of outrage at the harsh treatment of Haitian refugees manifested in a program to interdict Haitian refugee boats on the high seas. It is a message of outrage at the harsh policy of cruel and punitive detention of Haitian refugees. Unfortunately, I can not say that we in the Congressional Black Caucus are surprised by the Administration's action on interdiction. Its alarming tilt toward the racist government of South Africa, its recent announcements about refugee allocations and its decision to eliminate the "extended voluntary departure" program for Ethiopian nationals are all indicative of this Administration's total disregard for the human rights of Black refugees. This country has continued, despite a change in our refugee law, to show a decided preference for refugees from communist regimes. This ideological bias is compounded by the obvious pattern and practice of racial exclusion. For example, Ethiopians, fleeing from a Communist regime, have had to meet a rigid and unrealistic standard of proof in their asylum claims not required of persons seeking asylum from the Soviet Union or other Eastern European countries.

As we stated in our letter of August 13th to President Reagan, interdiction is clearly a violation of the U.N. protocol relating to refugees and Article 13 of the Universal Declaration of Human Rights which guarantees the right of a person to emigrate. At a hearing before the House Judiciary Committee on the refugee allocation for FY 1982, Under Secretary of State Walter J. Stoessel stated that one of the reasons for the increase in refugee admission numbers for the Soviet Union is to send a signal to that country that the U.S. opposes their restriction on emigration in violation of the universal declaration of human rights. Yet, somehow these violations don't seem to matter when it comes to Black refugees. Interdiction is enforcing Haitian law which makes it a crime to leave Haiti without a visa from the Government. The Haitian law is identical to the exit visa requirements in the Soviet Union. But we have applied a different standard in dealing with Haitian refugees. Further, our policy is also decidedly different in comparison to our treatment of Indochinese refugees who are also fleeing by sea.

In response to the continuing pattern and practice of bias in our country's refugee policies the Congressional Black Caucus announced on October 1st that there would be a reassessment of our support for the reauthorization of the Refugee Act in 1982. At that time we noted that the Conference Report on the Refugee Act of 1980 passed the House by only a four vote margin. Our message to the Administration is clear and in the words of Jesse Jackson it is: "Cut us in or cut it out."

In the interim, we in the Congressional Black Caucus will be pursuing legislation to provide the institutional reform which we believe is necessary if due process and equal protection is to be afforded to all claimants for refugee status or asylum. We are interested in the creation of an independent corps of asylum officers positioned outside of the Immigration and Naturalization Service and free of the geopolitical bureaus of the Department of State. Such a corps of asylum officers should be knowledgeable in the requirements of the Refugee Act of 1980 and the United Nations Protocol relating to refugees as well educated on the political, social, and economic conditions in source countries which are generating refugees. There is a need to establish one layer for appeals of decisions against applicants for asylum through an independent appellate review board which is also free of the ideological, national origin, and racial bias so prevalent in the treatment of the Haitian refugees and others.

We will also be pushing for change so that mass asylum situations such as in the case of the Haitian refugees will be treated in the same manner in which we evaluate refugee claims, that is humane processing which avoids the long periods of detention in federal prison as well as the disgraceful form letter denials for Haitian asylum claimants.

Finally, let me say that interdiction, detention, and denial of due process to Haitian refugees is a policy decision made by an Administration which chooses to define our foreign policy challenges exclusively in militaristic terms. It is evident that the Reagan Administration does not yet have the political maturity to implement a refugee policy which is free of ideological and racial bias. Rather, this Administration has chosen to align itself with racist elements at home and abroad.

The causes of the Haitian refugee phenomenon are political, social and economic in nature and reflect a basic lack of justice in Haitian society. A resolution of the Haitian refugee problem will require that the governmental sector Haiti reverse its position and make a commitment to political freedom. It must also remove itself as a barrier to development for the poorest of the poor in Haiti. Until these steps are taken, refugees will continue to leave Haiti with or without a program of interdiction. It is time for the Administration to get with the Government of President Duvalier on the issue of corruption, human rights, and complicity in the desperate flight of Haitian refugees.

The message to the Administration is to engage with us in a serious dialogue on the Haitian refugee issue; don't ignore us for we in the Congressional Black Caucus are in touch with our constituency and know the anger which your policies toward the Haitians are igniting and the chaos that awaits if the present course is not changed to one that is rational and humane. We can and want to be part of a solution based on justice.

MESSAGE TO THE VOLUNTARY AGENCIES AND THOSE ENGAGED IN REFUGEE RESETTLEMENT

The second message that I want to send today is to the religious community, those working with the voluntary agencies and engaged in refugee resettlement.

This is a message wrapped in the spirit of speaking the truth in love to my brothers and sisters who have provided such wonderful and humanitarian service in resettling the hundreds of thousands of people who because they were fleeing from our ideological adversaries were fortunate enough to be officially called refugees.

The message is that in doing God's work of bringing good news to the poor and displaced we must be concerned with all the poor and displaced. There must be a concern for all the "boat people", the boat

people from Indo-China yes, the "black boat people", from Haiti yes, but also the sons and daughters of displaced rural black sharecroppers new faced with unemployment and a future of despair accelerated by cold and cruel budget cuts placed on the backs of the least among us in our society.

There are grave disparities in treatment within the refugee program and between the care and concern correctly being given to those we officially call refugees on the one hand and those we do not; such as the Haitian refugees. There are grave questions of equity between those we call and resettle as official refugees and those in our inner cities, born here, neglected and forgotten, now without job training, job placement, and without the prospect of a job or a future.

Common sense tells us that this is unjust and a prescription for resentment, rage, and chaos.

The message to the voluntary agencies and the resettlement community is that we in the Congressional Black Caucus want to intensify the dialogue that has begun on these questions of equity and the requirement to be concerned for all of God's children, the homeless, and dispossessed both here and abroad.

MESSAGE TO THE GOVERNMENT OF HAITI

My third message is to the Government of Haiti and it is that you will not get over by just talking that talk of negritude and Black pride and brotherhood but you will have to walk that walk by reordering your priorities and structures so that the voices of freedom can be allowed to speak and the Haitian people can benefit from the fruit of their labor. You have continously attempted to shift the responsibility for your own country's development and social justice to others. You have not demonstrated an interest in creating justice or enhancing political freedom for your own people. Haiti, which once symbolized Black liberation struggle as the world's first Black republic, under your present and corrupt and repressive policies can no longer lay claim to this proud heritage. This situation is one of profound sadness for the Congressional Black Caucus.

The Government of Haiti should know that the Congressional Black Caucus would be interested in a dialogue but only in a dialogue that is fixed on bringing good news to the oppressed poor of Haiti and not one merely based upon color. Being a brother is a matter of acting like a brother, it is a matter of the content of your character, not the pigmentation of your skin.

We in the Congressional Black Caucus are concerned about economic development in Haiti. But we are particularly concerned that our economic development assistance help the least of those the poor, and not merely support the lifestyle of the rich in Haiti.

Given the scarce resources we ourselves have for the poor right here in the United States of America it is our responsibility to be sure that the governments to which we provide assistance have a demonstrated commitment to enhancing the quality of life for the poor. The test of commitment is the willingness of the rich in Haiti to generate internal savings by cutting back their consumption of luxury goods to be used in programs to break the cycle of poverty, oppression, and despair.

You are failing this test miserably. Fully two-thirds of the development budget of Haiti is funded by foreign financial sources. Eighty three (83 percent) of your fiscal expenditures are made in Port Au Prince, which has only 20 percent of your population. The concentration of wealth in the hands of a few is simply outstanding. Four fifths of one percent (0.8 percent) of the population takes 44.8 percent of your national income. While 80 percent of the population lives in rural areas and depends upon agriculture for survival, government expenditures for agriculture are no higher than 7-10 percent of the national budget. Peasant farmers who are productive are threatened by coerced expropriation of their products and because of insecure land tenure and lack of credit are subject to loss of their access to the land, particularly in the more fertile areas. All too many wealthy Haitians connected to the government are permitted to place their earnings abroad. The tax structure is extremely regressive, taxing the basics produced and consumed by the poor, while leaving relatively untouched imported and non-essential luxury goods.

Government of Haiti, this must stop if you want a sympathetic ear from us in the United States generally and in the Black nation in particular. The answer is not to repress, jail, exile, or force into hiding those courageous journalists, agronomists, and community workers who have worked with the poor as you did last year on November 28, 1980. The answer is not to say as was recently said that "only the United States can save Haiti from Moscow." That is not credible. Haitians can save Haiti if given the chance and opportunity to participate fully in the political and economic life of their country.

Now finally, I want to remind the Government of Haiti of a message first delivered by my brother, now Mayor-Elect of Atlanta, Ambassador Andrew Young. In August of 1977 Andy Young told the truth in love to you during an official visit to your country. Andy said to you that "Imprisonment of the voices of freedom and dignity among the society, denying them access to their families, treating them with brutality, does not do anything to further the growth and development of a country. In fact it contributes ultimately to its downfall."

This is and was an eternally valid message from Black America to the Government of Haiti. I reaffirm it today.

MESSAGE TO BLACK AMERICA

My fourth and final message today is to Black America. For too long we have been left out of the formulation of immigration and refugee policy. We must now become involved because it is our right, our responsibility, and our interests are affected. Having spoken with several heads of organizations holding membership in the Black Leadership Forum, Benjamin Hooks of the NAACP the cosponsor of this much needed demonstration, Joseph Lowery of the Southern Christian Leadership Conference, Jesse Jackson of Operation Push, Carl Holman of the National Urban Coalition, and Dorothy Height of the National Council of Negro Women, I can report that we are ready to lead in the formulation of immigration and refugee policy and we see the treatment of the Haitian refugees as a primary concern. Additionally, we in the Congressional Black Caucus will be giving high priority to the placement of a member of the Congressional Black Caucus on the Subcommittee on Immigration, Refugees, and International Law of the Committee on the Judiciary. My message to Black America today also involves a time tested idea and political principle which this demonstration celebrates and that is that in unity there is strength. It is with this wisdom and idea in mind that we in Black America must address the difficult problems that must be faced with courage in the issue area of refugee and immigration policy. As we in the Black nation take up these difficult questions of immigration and refugee policies, particularly during these very hard and difficult times, we must have the wisdom and strength to resist demogogic appeals to bigotry against "strangers in our midst" that have always been used to divide and conquer those who otherwise might in unity be able to muster the political strength to bring good news to the poor. We in the Black nation must speak to the question of refugee and immigration policy with the wisdom of Dr. Martin Luther King, who once said:

"We are all caught up in a network of mutuality, wrapped in a single garment of destiny, and what affects one of us directly affects all of us indirectly.

"I can't be what I ought to be until you are what you ought to be. You can't be what you ought to be until I am what I ought to be. This is the inter-related structure of reality."

Now, before someone says "who needs to listen to Blacks on Refugee and Immigration Policy", I want to say a few more things. We in the Black nation here know the arithmetic of our political power in key elections in this nation, and come November, 1982 we're going to send a message to those who have been against us on budget matters, voting rights, Southern Africa, and yes, Haitian refugees. We may have to let down some Democrats and lift up some Republicans in Congressional Districts that our voters have kept Democratic for decades, but we are determined to send a message. We may have to bring down some Republicans and lift up some Democrats to keep you Republicans from gaining control of the House, and if that's what it takes, we're going to send a message next year.

The message is "Democrats, don't take us for granted anymore;" and "Republicans, ignore us at your considerable risk in your quest for power in our nation." We'll be voting next year on how you vote and act this year. And the Haitian refugee issue will be part of this equation. To skeptics about the power of the Black vote it may be instructive to ask Governor-elect Charles Robb of Virginia and Mayor Maurice Ferre of Miami about the importance of the Black vote in their recent elections.

Now, the absolutely last thing I am going to say is a message to all of us and it is that what is impossible with man alone is possible with God. The strength of Black people has always been in our spiritual and intellectual unity. I want to remind you that we in Black America met the challenges of the fifties and sixties with our spiritual strength embodied in our civil rights movement. My understanding of the Haitian revolution against the slave owners includes a comprehension of the deep African religious underpinnings of that historic struggle.

In Black America we got on the freedom road because a Black woman who had gone to church all of her life decided that she was tired of singing "I'm a child of the king" on Sunday, and not acting like it on Monday through Saturday.

So she sat down on a bus one day; and when she sat down a Black spiritual leader endowed with a liberal dose of intellect—named Martin Luther King, Jr.—stood up in a church one cold winter night and asked a teeming crowd of Black people who had as-

sembled to assess the condition of the dry bones of a dream deferred. "Can these dry bones live?" And when he did, somebody stood up and said, "Yes, Reverend. If the headbone connects to the neckbone and the neckbone connects to the shoulder bone, the shoulder bone connects to the backbone, the backbone connects to the hip bone, the hip bone connects to the leg bone, and these bones start walking around—somebody's going to hear the word of the Lord."

Before you knew it, Black Ph.D.s linked up with the A.B.s and the B.D.s and the "No-D-Goods" and they marched! In Montgomery, and Birmingham, and Selma they marched until the patter of their feet became the thunder of the marching men of Joshua and the world rocked beneath their tread; rocked until I could sit in the East Room of the White House with Martin Luther King, Jr. and watch President Lyndon B. Johnson sign a piece of paper that enabled me to get up and rush to the phone to call Andy Young, then Executive Director of the SCLC. I said, "Andy, Good news! Go tell it on the mountain, over the hills and everywhere. Tell our people that the day is over when we can be herded like dumb, driven cattle to the backs of buses. Tell them that the day is over when we can be denied access to the command posts of political power. Tell Lester Maddox, Andy, that either he will fry chicken for Black folks or he will not fry chicken." We met the challenge in the decade of the 60s. All of this we achieved in the 50s and 60s because we realized that our strength is in our own spiritual and intellectual unity.

But as Goethe has reminded us: "What we have inherited from our Fathers, we must earn again for ourselves, else we will lose it."

The plight of the Haitian refugees is such a reminder.

We can bring and have the obligation to bring our spiritual and intellectual unity to the question of the Haitian refugees. Your presence here today is testimony that we are ready to lead in the difficult national debate on refugee and immigration policy which we are beginning today.

God bless you.●

GLOBAL EDUCATION: THE OCEANS

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. WHITEHURST. Mr. Speaker, the article which follows appeared in the Christian Science Monitor on Monday, December 7. It was written by Jim Bencivenga, a staff writer for that paper, and I believe that it makes a strong case for the development of a national sea-grant college program.

I commend Mr. Bencivenga's column to my colleagues, and I hope that they will give it careful consideration:

[From the Christian Science Monitor, Dec. 7, 1981]

THE OCEANS

(By Jim Bencivenga)

Our earth is sustained in an endlessly rocking cradle of water.

From Prince Henry the Navigator of Portugal in the 15th century to Christopher Columbus, Ferdinand Magellan, and Captain Cook, early explorers had a hint of this startling fact. Modern scientists and environmentalists also are aware of our dependence on the one world ocean.

But not until the Apollo astronauts did mankind truly see its water planet for the first time. We saw "home" as a bright orb mantled in blue and framed by the black of space. Brown and green continents, partly concealed by lovely cloud patterns of white water-vapor, turned as islands.

The view transmitted by America's pioneering star-sailors affirmed there is no separation between the earth's destiny and that of the sea.

We peer out from island masses. With 70 percent of the globe covered by water the continents need to be undertood as patches of land in the ocean. And not, as in the past, as dominant land masses surrounded by water. The "difference" sounds subtle, but is actually enormous.

To understand ourselves we must understand the waters of the world. Our schools must teach this. The challenge for educators is immense.

No longer can students be timid bathers on the shores of global thought. They need to get their feet wet in more than disparate and haphazard marine-biology curricula. They must plunge into the full spectrum of the oceanic frontier if a common sense response to its potential is to affect their lives.

And like the tides that guided the first explorer's sailing ships, a number of contemporary currents are charting the course for more direct involvement by schools in oceanic education. They include:

A broad-based environmental awareness of the delicate balance of the coastal zone and the creative tension of competing claims made on it: by land developers, the fishing industry, and "sea-creation" (boating and maritime leisure pursuits.)

Maturing of the 13-year-old National Oceanic and Atmospheric Administration's (NOAA) Sea Grant programs, which seeks to do for marine research and education what the land grant colleges have done for agriculture.

Awareness of the Law of the Sea conference and the international consensus it is trying to hammer out—a first in the history of man.

The technological leadership of the United States in oceanography, offshore oil drilling, and deep-sea mining at a time when the US is looking to be more competitive in world commerce.

For Dr. John Bern, director of (NOAA), "The seas can no longer be looked at as barriers. They must be see as links; and the Law of the Sea conference is a clear example of this.

"Any time you can get 160 nations together to talk about common law it is very positive for the development of mankind. This positive side of increased ocean understanding is what must be communicated to students," he says.

Yet in talking with marine educators one barrier becomes clear: Ocean-related education has resided to long in the ivory towers of graduate schools of oceanography, naval and merchant marine academies, or institutes of naval architecture. The tide must change and ocean education must come ashore not only in undergraduate programs, but in elementary and secondary schools as well.

"The problem of oceanic education transcends the interest of the marine science community, the environmentalists, the oceanic technician. What we must deal with is the understanding of the American people at all levels," says Gilvin M. Slonim, president of The Oceanic Education Foundation.

With the television his classroom and countless viewers his students, one teacher who most links the 20th century to the watery world of Neptune is Jacques Cousteau.

"We are concerned about education, about what the ocean really means. And not only for resources, but for life—for quality life, which is what we have to assume," Cousteau says.

Gazing out the 32nd floor window of the Cousteau Society's island headquarters in Manhattan, Captain Cousteau says, "The goal of education is really to show the children there is something else than concrete in life. That they have to fall in love with these things in order to protect them and keep them as an asset, an incomparable asset. To own it, and to extend the scope of their life."

But there exists a tension between the specialist and generalist in oceanic education.

The trickle-down knowledge from specialized marine-research schools needs to take into account the fact that this country was "discovered" by sea; its forebearers came here in ships; the clipper ship was invented here; in World War II the greatest Navy and merchant fleet of all time was built here; that Herman Melville wrote "Moby Dick;" Richard Henry Dana produced "Two Years Before the Mast;" Ernest Hemingway told the tale of "The Old Man and the Sea;" and Anne Morrow Lindbergh gave us "Gift From the Sea."

Even our maps are all wrong when it comes to understanding our water planet.

"You must think in contour maps when discussing the sea—multilevel, multinational and multidisciplinary," says Mr. Slonim. "World geography is ocean geography."

"Despite 200 years of dependence upon the sea, the United States to date has failed to provide education pertaining to the seas within American schools," he continues. "At the water's edge an entirely new world of human enrichment, human enjoyment, of oceanic thought and action, of challenges to the mettle and spirit of men and women emerges.

"The most critical element which has been lacking insofar as seeking oceanic and global understanding by American citizens has been teachers who are trained, educated, motivated, and confident in their teaching of the full spectrum of disciplines to the world ocean, humanities as well as sciences," Mr. Slonim concludes.

This is not to say that institutions like Woods Hole Oceanographic Institute on Cape Cod in Massachusetts, or Scripps Institution of Oceanography in La Jolla, Calif., aren't important. They are the cutting edge of new research about the ocean deep: biology, chemistry, geology and geophysics, ocean engineering, and physical oceanography.

But the kind of student and curriculum these graduate schools serve are very specialized.

(Dr. Charles D. Hollister, dean of the graduate program at Woods Hole, offers this advice to the interested college science major: "Take an extra year and concentrate on mathematics and physics, then apply. I can't emphasize enough that math is the language of science and without a solid foundation in math a student can't talk

about what it is he or she will research about the oceans.")

Sea Grant is a crucial link in developing a broad understanding of the sea. It is the catalyst transferring the specialized knowledge generated at major maritime research universities to the broader public. This is done at the local level much as the county agent in agricultural extension programs.

In the last five years, in addition to its support of research and marine resource development, Sea Grant has begun to develop a marine environment education program. A spokesman states, "Sea Grant people are not going to be in there teaching the kids, but they will be helping those who are."

Sea Grant has set its sights on having at least one institutional marine education program in each of the 30 coastal states. Coastal states include the eight Great Lakes states as well as those directly bordering on the oceans. When inland waterways that give access to the oceans are taken into account, there are 40 coastal states.

An interesting sidelight to these classifications is that the state with the highest per capita boat ownership is the desert state of Arizona.

Uncertainty over budget cuts has caused concern among Sea Grant personnel. The Reagan administration's David Stockman, chief of the Office of Management and Budget, called for elimination of Sea Grant's $31 million budget. The House appropriated $21 million and the Senate $41 million. The issue now is before a joint conference committee.

Even with education about the oceans for everyone relatively new, there are still numerous marine studies programs in schools throughout the country.

Big city school systems, despite budget cutbacks, still have the resources to offer some students enhanced marine education curriculum.

Los Angeles County Public Schools offer a unique opportunity to study the marine environment aboard a marine science floating laboratory. Beach Channel High School, a magnet school in New York City, centers its entire curricula on oceanographic subjects from literature to the sciences. The Oceanic Studies program at McLean (Va.) High School began its seventh year this fall.

Classroom outings to coastal areas and whale watches along both the east and west coasts are some of the more popular field trips.

Speaking as a specialist, Dr. David Ross, director of Marine Policy and Ocean Management at Woods Hole asks: "Imagine 100 oceanographers in a country like Somalia. Compare the contribution they could make to the standard of living of the people there as compared to 100 physicists, or 100 military advisers? The coastal fisheries could be studied for the greatest return of protein. Harbor, housing, or mineral (oil) development could move forward. The possibilities are unlimited.

"Then imagine these 100 oceanographers in each of the countries throughout the third world. The transfer of technical skills would just be the beginning, the world could be changed," he emphasizes.

As a generalist Jacques Cousteau promises that love of knowledge about the seas will generate its own intellectual passion. "Leaning provides extension—extension by knowledge, by sharing, by love, and by creation.

"We cannot find happiness in contemplating ourselves; but we can find it in contemplating infinity. Reaching out, with our imagination, toward its majesty, it will in turn embrace us and inspire us."

For students, the sea is big enough for both the specialist and the generalist.●

FINAL PORTION OF MONOGRAPH ON THE LEGAL SERVICES CORPORATION

HON. ALBERT LEE SMITH, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. SMITH of Alabama. Mr. Speaker, I offer the final portion of Mr. Hammond's monograph on the Legal Services Corporation and hope my colleagues have found this exposé to be thought provoking and enlightening. I trust this information will help spur the Congress to correct the abuses of the Legal Services Corporation.

MISSIONARIES FOR LIBERALISM: UNCLE SAM'S ESTABLISHED CHURCH

(By Michael E. Hammond)

ALTERNATIVES TO THE LEGAL SERVICES CORPORATION

Block grants

The attraction of the comprehensive Social Services Block Grant approach is that state governments are permitted to set priorities among competing service bureaucracies. If enacted, state and local governments will be allowed to channel funds to those services which they feel are most urgently required.

If, as ABA Secretary and Legal Services Corporation board chairman F. William McAlpin contends, "it's not realistic to ask a welfare mother to take ten percent of the food out of the mouths of her children in order to pay for legal services," it may be equally "unrealistic" to require a diversion of funding from food and housing programs for the poor to a program that essentially puts money in the pockets of lawyers.

Apparently intimidated by President Reagan's recommendation that service providers be required to compete for resources under the control of state officials, Legal Services Corporation President Dan Bradley responded:

"I felt an atomic bomb had been dropped on the Legal Services Program for the poor . . . I wouldn't be surprised if [Legal Services opponent] Howard Phillips were not over at the Supreme Court building today with a hammer and a chisel, chiseling out the words 'equal justice under law.' [If the Legal Services Corporation is not funded,] there will not be justice for 30 million poor people in America."

The first problem with Bradley's exaggerated predictions of dire consequences is that Legal Services' current level of funding is historically unprecedented. In 1965, the Office of Legal Services was created within the Office of Economic Opportunity with a budget of $1.3 million. By 1975, that figure had grown to $90 million, rising to $157.4 million in 1978, $261 million in 1979, and $321.3 million for 1981. The 1981 figure, therefore, was three and one half times the amount authorized only six years earlier.

What McAlpin and his colleagues really fear is that states would not place legal services, as presently provided, high on the list of priorities for servicing the poor. New York Mayor Edward Koch indicated in a statement, "It has always been my policy that Federal financing of the Legal Services Corporation should be extended. But now priorities must be set. My highest priorities are mass-transit aid, the continuation of the food stamp program and aid under Title XX of the Social Security Act for the elderly and very young."

Similarly, a spokesman for New York Governor Hugh Carey stated that the Governor had not included Legal Services among items on a list of proposed Federal budget cutbacks to which Carey would have serious objections.

But, in other states, such as California, there is strong political support for local funding of legal services projects.

TAX INCENTIVES FOR LAWYERS

Congressmen Henry Hyde (R-Ill.) and John Ashbrook (R.-Ohio) have introduced H.R. 3929, a bill to provide tax incentives for the provision of free legal services to the poor.

Attorneys would receive a tax credit for voluntarily contributing legal services to the poor free-of-charge. The credit could not be invoked for types of representation which could not currently be funded by the Legal Services Corporation because of the restrictions contained in section 1007(b) of the Legal Services Act.

In addition, an individual could not take a legal services tax credit for representation of poor relatives, representation at criminal proceedings, or representation which would result in a credit exceeding 30% of the individual's tax liability for the taxable year.

The proposal would not be triggered until the attorney had given at least twenty hours of free services for which he received no tax advantage. After this initial $1000 worth of services had been provided, the attorney would be allowed to deduct fifty percent of the reasonable value of the legal services he provided free of charge to poor persons. A cap of $50 per hour, and a $1000 deduction ceiling would be imposed.

The advantage of the Hyde-Ashbrook tax incentive plan is that it would lead to a client-based, rather than a provider-based, system for assuring the poor equal access to our system of justice.

In other words, eligible indigent individuals would establish priorities for representation. This would contrast sharpy with the present system, in which the officers and employees of Legal Services projects are able to set priorities, controlling, as they do, a monopoly on the supply of a "free" service, the demand for which is potentially unlimited.

ALTERNATIVE FUNDING

Even without Block Grant funds or a system of tax incentives for lawyers to contribute their services to the poor, there are numerous alternative private and public sources of financing, including the Administration on Aging, Revenue Sharing, Community Development Block Grants, Titles IX and XX of the Social Security Act, CETA, VISTA, United Way, and many more.

Los Angeles County Bar Association president and LSC supporter Joseph Mandel concedes that private contributions from individuals and entities such as the United Way can be expected to increase somewhat if Legal Services Corporation grants are eliminated.

Prepaid legal insurance is another significant way of meeting genuine legal needs.

Private lawyers can also be expected to increase their already extensive provision of free legal services to the poor. Currently, for example, the Los Angeles Bar's Mandel

estimates that members of his association are annually providing more than $2-million of free legal services to the poor. The Columbus (Ohio) Citizen-Journal paraphrases as similar sentiment by Legal Aid Society of Columbus Executive Director Douglas Rogers: "Before the government got into the legal aid business, private lawyers provided the poor with free help."

For some unexplained reason, Rogers felt that "times have changed," and that these private lawyers would be more reluctant to service the poor today. If some members of the American Bar Association have their way, attorneys may not have a choice. A resolution currently under consideration by the ABA would require that lawyers provide a stipulated amount of pro bono work as a condition of practice.

Other approaches are possible. In Sacramento, Democratic State Senator Nicholas Petris of Oakland introduced a state bar-sponsored bill which would allow interest on client trust fund accounts to be used to pay for legal services programs for the poor. The bill is similar to legislation which has been approved in Florida.

In a commencement address to Widener University's Delaware Law School, Presidential Counsellor Edwin Meese III advocated "a variety of mechanisms such as the Judicare program in which individual lawyers render service and then present their bills to be recompensed as in the case of Medicare." He went on to discuss utilization of volunteer Legal Services by Legal Aid Societies, expansion of Legal Services provided by individuals on a pro bono basis, and the enhancement of law school clinical programs serving the poor.

Finally, in 1979, Congress enacted the Dispute Resolution Act, which was designed to fund experimental state programs to shift minor controversies out of courts and into more informal forums. The notion was that, through the increased use of medication, small claims courts, peer adjudication, and other methods of informal dispute resolution, the costs of resolving these minor disputes—in which attorneys fees often far outweigh the amount in litigation—could be considerably reduced. This new program, which has not yet received Federal funding, should be given priority ahead of programs to fund more costly and formal methods of legal adjudication.

CONCLUSION

In considering the role of the Federal government in the provision of Legal Services, there are at least two important public policy questions to be addressed.

One of those questions relates to the inability of many Americans, not just the poor, to afford to sue because of economic constraint.

Contrary to the claims of Legal Services Corporation advocates, there must be some limits on the degree to which the American taxpayer, himself unable to afford legal services in many cases, must be required to hire lawyers for others.

Another equally, if not more important, public policy question is whether the fundamental accountability and legitimacy of our political system is undermined by subsidizing a group of advocates who, purporting to act in the interests of a class of the public, are accorded a specially subsidized place of influence in the arena of public policy debate.

The problems with the Legal Services Corporation can not be cured merely by the designation of a new board of directors, or the selection of a new headquarters staff.

The more than 323 organizations which are recipients of Legal Services funds enjoy a presumptive right to refunding which will not be affected by the appointment of Reaganites to vacancies on the Corporation Board. No recipient program can be closed down because of disagreement with its policy priorities, only on the basis of established violations of an Act which is itself admittedly full of loopholes. Even when violations occur, procedures are so arcane that it is virtually impossible to single out an abusive grantee for punishment or reform.

Nor would the appointment of a new board cure the fundamental structural problem in Legal Services: the staff attorney system.

No degree of regulation can adequately guard against the establishment of secular faith which results when some 17,000 individuals are given guaranteed annual salaries and authorized to engage in lobbying, litigation, grass roots organizing, media campaigns and the manipulation of Federal resources, to advance their particular notions of what constitutes justice for the public as a whole, or for a particular class.●

THE OIL COMPANY MERGER BLIZZARD

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. CONTE. Mr. Speaker, as you well know, this past week winter arrived with a bang in our part of the country. After the blizzard last Sunday, Boston had exhausted its snow removal funds that were supposed to last the entire winter. With a lot of snow, but not a lot of money, this could be a very harsh winter for the towns and for the people up there indeed.

There is another resource besides money which is in short supply now. While there is supposedly a glut of oil and petroleum products on the market now, there is at the same time a shortage of warmth, caused by budgetary constraints. I know in my district there are a lot of homes that are cold, colder than they should be for many people, such as the elderly, but cold nonetheless because warmth is expensive and unaffordable. I cannot tell you how many letters I have received telling me that heating and electricity now cost more per month than the mortgage payments on the house itself; how people wake up in the middle of the night during the summer, when it is 80° outside, wondering how they are going to pay their utility bills in the upcoming winter and keep their children warm.

Mr. Speaker, there has been a massive transferral of wealth caused by the incredible increase in energy prices over the past decade. That transferral of wealth has not gone solely to the OPEC countries. It has also gone to the oil companies who have reaped massive profits from the tenfold increase in the price of crude oil and from decontrol.

That increase, it is said, has one benefit, which is to increase the incentive of oil companies to find domestic sources of energy—petroleum and other sources like renewables—to liberate us from the cold kiss of OPEC crude. But how are the oil companies spending their OPEC-bloated profits?

Take the case of Mobil. Mobil is a large oil company, the second largest, in fact, after Exxon. Its net profit for 1980 was $3.3 billion, an increase of 63 percent from the previous year, from total revenues of $63 billion and total assets of $32 billion. It is one of four participants in Aramco, the oil production company in Saudi Arabia, but it has the lowest production of domestic crude oil and natural gas among the top five American oil companies. Furthermore, its reserves of domestic resources are relatively low. So what is it doing to improve its domestic production? Is it using its immense profits to explore for new sources of petroleum?

That depends where you look. If you happen to be on the floor of the New York Stock Exchange, you are likely to see Mobil's exploration team hard at work. Last year, $700 million of its $2 billion outlay for exploration and production in America was spent to acquire Trans Ocean Oil, Inc. The year before, it paid $792 million to acquire the oil and gas business of General Crude Oil. This year, however, it has gotten serious about its domestic exploration program. First, it tried to purchase Conoco for somewhere in the neighborhood of $9 billion, but it lost to Du Pont. Now it is trying to purchase Marathon Oil for $6.5 billion, and, failing that, is also trying to buy a portion of United States Steel, its competing bidder to force United States Steel to sell Marathon's prize asset, the Yates field, to it.

The potential effect of Mobil's original offer for Marathon on retail gasoline marketing was bad enough from an antitrust point of view that a Federal court has enjoined the purchase until the antitrust suit can be heard. And just this week the Federal Trade Commission stated that it would intervene to stop the takeover under the terms of the original bid.

Not to be stopped, Mobil has recruited Amerada Hess to form a joint bidding venture in hopes of eliminating the retail marketing antitrust problems.

Because of these latest developments in the bidding war, the debate on the takeover of Marathon is moving to a different level—whether we and the American people are expected to sit by and watch our money, paid in ransom to OPEC, and these companies have not hesitated to profit from OPEC's price fixing, be used not to find new domestic sources of oil,

but to buy up other companies who have already made substantial domestic discoveries.

Mr. Speaker, Wall Street has warned us that if this merger goes through between a first tier and a second tier oil company, there are a number of other second tier companies waiting to be grabbed—Getty, Sun, Union, Citgo, Pennzoil and Kerr-McGee, among others. As one former Harvard antitrust professor has said, permitting this merger to go through would be "like an invitation to race to merge." There would be a blizzard, Mr. Speaker, a blizzard of takeovers, resulting in a new breed of supergiant oil companies. Whatever competition that exists is in danger of being substantially diminished. And what would the consumer have? Not more oil, not cheaper oil, not more competition, but a foregone opportunity to liberate our country from Arab dominance and a promise to pay an even higher percentage of their scarce resources to an even more concentrated industry.

Before Marathon's resources are swallowed by Mobil, and before the threatened avalanche of other oil company mergers occurs, I urge my colleagues to put a hold on these mergers until we know what the effects of these mergers would be on the country. H.R. 4920, introduced by the gentleman from Ohio (Mr. BROWN), would be one way to do this. I also believe we should look at United States Steel's offer, for the reason that United States Steel has maintained that it is capital poor and cannot presently afford the cost of modernization of its steel plants and yet it can afford to make a $6 billion offer for an oil company.

Unless action is taken to stop this merger trend in the oil industry, the resulting concentration and lessening of competition could make this winter that is now upon us a symbol of the climate our citizens can expect—snow white and beautiful, but very cold and very austere.●

POUL HARTLING—HIGH COMMISSIONER

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. FISH. Mr. Speaker, amid the often unsettling news of human cruelty and violent conflict, we can derive comfort and encouragement from the knowledge that the work of reconstructing shattered lives continues. The Office of the United Nations High Commissioner for Refugees provides international protection and material assistance to millions of dispossessed people from many lands. The organization encourages nations to provide first asylum opportunities, and seeks permanent solutions to refugee crises through voluntary repatriation, integration into countries of refuge, and resettlement in third countries.

Poul Hartling, the present High Commissioner, fills one of the most delicate and demanding jobs in the world. A former theologian and educator, Hartling served as Denmark's Minister for Foreign Affairs from 1968 to 1971 and Prime Minister from 1973 to 1975. Shortly after his election as High Commissioner in 1977, Hartling poignantly observed that "there will always be refugees, but what is not understood and what encourages me is that they are not always the same people year after year looking for help." Under Hartling's leadership, the Office of the High Commissioner recently received its second Nobel Peace Prize.

In an interview with the Washington Post, Poul Hartling describes the uplifting experience of seeing desperate people rescued. I commend this article to my colleagues, because I believe the humanitarian work of the High Commissioner's office deserves our continued support. The article follows:

[From the Washington Post, Nov. 10, 1981]

BATTLE FOR THE LOST MILLIONS—THE U.N.'S POUL HARTLING AND THE REFUGEE TRAGEDY

(By Jacqueline Trescott)

Poul Hartling, the U.N. High Commissioner for Refugees whose agency just won the Nobel Peace Prize, has a favorite story. One young Vietnamese, whose boat to freedom had broken up, was rescued by a Norwegian ship. Deciding to settle in Norway, he survived the rigors of weather and language and passed a technical examination. "In the summertime, he went by train down into Europe, got a bicycle, biked to Geneva, because he [wanted] to see the high commissioner. He spoke to me in Norwegian. He had learned so much. That's encouraging. You have seen them in their destitute situation, but you have seen them rescued."

Sitting in a Washington office, the tall, pale man, whose concern and humor are barely hidden behind his gold-rimmed glasses, savors the success of an occupation in which the odds of winning are brutally low. He has experienced the trappings of world power as Denmark's former foreign minister and prime minister; now he mostly sees the pit of world misery. Over the last 30 years the agency he has headed since 1977 has resettled 25 million refugees, and the numbers keep growing. Yet Hartling's determination is continually reinspired by the human spirit of that young man from Vietnam and thousands of others.

This fall Hartling, 66, was in Pakistan visiting the Afghan refugees. In the desert where they were camped there was nothing but rows of tents and unflagging patience. "They have only one thing in their minds, to go back, when the possibility comes, to go back in dignity. There the impression was of a proud people, very dignified," says Hartling.

Hartling, who also establishes refugee policy with both the original and host countries, dispassionately re-creates his field work, careful to walk the thin wire between the tragic reality and sensationalism, the work and his own passion. "Sometimes there are impressions that go to the heart. Impossible to forget what you have seen," says Hartling. "If you are depressed that refugees still are coming, you cannot do the job. I sometimes say the picture is just like a hospital. The doctors see patients coming, sick people coming. If you say, 'I give up, more sick people are coming,' it's hopeless. But no, if you can help, more people are coming the next day, you can help some."

When Hartling visited a settlement in southern China this fall, his step was lighter. China had settled most of the Vietnamese refugees in state farms, but the 10,000 fishermen preferred a port location, so one was refurbished. "One of the captains had a family of 13 people and they lived in one boat. It was 6 by 3 meters. That was the space. Now, he said, 'They gave me a flat with three bedrooms and one sitting room. The sitting room is more space than before,'" says Hartling.

Now in its 30th year, the agency concentrates on the first phase of the refugee problems, saving the displaced from starvation and homelessness. The long-range goal is repatriation or integration in other countries. In the last few years, 200,000 Burmese have returned from Bangladesh, 100,000 Nicaraguans from Costa Rica and Honduras, and 150,000 Zairians from Angola. "What we want to do is go out of business," says Hartling flatly.

Though the estimates go as high as 18 million, the agency deals with the 10 million refugees who have been displaced by natural and social upheavals, and who have registered with the agency. Right now, the agency is helping 250,000 Southeast Asian refugees in Thailand, 1.7 million Afghan refugees in Pakistan, 700,000 Ethiopians in Somalia, and 500,000 refugees from various African states in Sudan.

That number is only a small indication of the size of the problem—including 5 million refugees on the African continent, and the latest flood of hundreds of thousands of Salvadorans in Central America. The agency does not even work with some problem areas, like Haiti, until a host government invites its participation.

Hartling's own involvement with refugee programs started 25 years ago when he was a founding father of the refugee council of a Danish relief organization, Danish Inter-Church Aid. The impetus had been the Palestinian refugees in Jordan. Then, as now, he enjoyed the small details as well as the larger philosophical questions.

After persuading drug firms to donate medicine that was outdated but still effective, he went to the shipping firms. "I said, 'You are going out anyway. Why not take a few cases? We are not going to pay for it.' That was exciting," he said.

Hartling feels that the Nobel Prize, which his agency also won in 1954 for its resettlement of European refugees, will again focus attention on the refugee problems, encourage other humanitarian organizations to participate and ease the task of fund-raising—$365 million this year.

Hartling turns to the small encounters for his inspiration—when "some of the children begin to be naughty, which is a very good sign," he says, laughing. On his last visit to Zimbabwe, he stopped by the office of the minister of interior, one of the 660,000 Zimbabweans he had helped return to his homeland. "He said to me: 'Do you remember where we met the last time, it was in Mozambique, in the camp.' He laughed," says Hartling. "When I came out of his

office, in front of his door there was a typist and she also said, 'I saw you in the camp.'"

The Nobel Prize notwithstanding, those moments might be Poul Hartling's real reward.●

THE POLISH CRISIS

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. MOFFETT. Mr. Speaker, today the attention of the world is focused on the Polish Government's dramatic crackdown on the independent trade union, Solidarity. Amid sketchy reports of arrests, strikes, and potential violence between workers and Polish authorities, the hopes which the free world has held for freedom in Poland are fading as the reality of totalitarian rule asserts itself once again on the Polish political scene.

While it is too early to tell how the current crisis will end, some of the gains made by the Polish workers' fragile experiment in self-determination will undoubtedly be lost. Press reports indicate that at least 17 leading members of Solidarity have been arrested, while the status of Solidarity leader Lech Walesa remains in doubt. Civil rights have been suspended, a curfew is in force, and communications within the country have been cut off. These drastic developments, while not entirely surprising, are a cause for sadness and fear for the Poles among those of us who have been following their valiant struggle against totalitarianism.

Mr. Speaker, the events in Poland over the last year and a half raised our hopes for freedom in that country. Unwilling to suffer further under a government that was unresponsive to the needs and aspirations of its people, the Polish workers took the initiative in a dramatic move to set up an independent trade union. This unprecedented action, heralded in the West and feared in the Warsaw Pact, renewed our hopes that the dismal repression endemic to Soviet bloc nations could be countered by the will of the people themselves.

The successes of the Solidarity movement continues. Its membership grew to include over half of Poland's 19 million workers, and it freely elected its own leaders. And finally, facing increasing intransigence from newly elected Communist Party leader Wojciech Jaruzelski, the union took the bold step of proposing a nationwide referendum on setting up a non-Communist government. Within hours, Poland's Communist government cracked down on Solidarity and declared martial law.

It is my fervent hope that, through bravery and perseverence, the Polish people will ride out this latest crisis, and retain the basic freedoms they have already won. As details unfold, in the days ahead, of the Jaruzelski government's intentions, we will be watching the situation in Poland closely, with great hope that the victories of the past will not be lost.●

ROBERT B. CULLUM OF TEXAS

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. COLLINS of Texas. Mr. Speaker, all Dallas was saddened with the loss of our great civic leader, Robert B. Cullum, who died at the Baylor University Medical Center with services held at Highland Park Methodist Church.

Mayor Jack Evans said that Bob's last words were "Take care of our town." Mayor Evans added that Cullum was a great citizen, was known all over the world as an outstanding leader in business, professional, civic, and philantropic circles.

Bob Cullum was a leader in all of the civic affairs of Dallas. In October, a secton of State Highway 362, leading to the gates of the State fair, was dedicated as Robert Cullum Boulevard. Earlier, he and his brother had been named "1981 Enterpreneurs of the Year" by their alma mater, Southern Methodist University.

For 9 years Bob served as president of the Texas State Fair Board. Honored at a luncheon, former Mayor J. Erik Jonsson said:

When leadership was needed, you give it with full measure. When you die . . . and you arrive at the pearly gates and are issued a harp, some wings, and assigned to a soft cloud, we know that in about 3 days you will be oiling the gates."

Bob had the best sense of humor of anyone in Texas. Being 5 foot 6 inches, he used to joke, "I am small—but I am frequent."

Bob Cullum and his brother, Charlie, started the Tom Thumb grocery chain in 1948 by taking over three bankrupt grocery stores. From this they built up the Tom Thumb chain which today has 132 supermarkets in the Texas midwest and west.

Let me quote for you some of the sections of the comprehenseive summary of Bob Cullum's activities as they were reported in the Dallas Morning News:

Bob Cullum became an influential force in the city in the 1960s as president of the Dallas Chamber of Commerce and a member of the Dallas Citizens Council, whose members were the most influential Dallas businessmen. He was one of the three Dallas negotiators who in 1964 and 1965 set in motion the plans for Dallas/Fort Worth Airport.

Cullum received the Linz award for civic service in 1962 and the Brotherhood Citation of the National Conference of Christians and Jews. In 1964, he was named the Dallas Press Club's Headliner of the Year. He received the SMU distinguished alumnus award in 1967.

Cullum was a past president of the Cotton Bowl Athletic Association, the Salesmanship Club of Dallas, the SMU Alumni Association, Dallas Country Club, Texas Wholesale Grocers Association and the Super Market Institute of America. He was a member of Highland Park United Methodist Church.

He was a director of the Dallas Council of World Affairs, the Greater Dallas Planning Council, the American Red Cross, the Children's Medical Center, Texas Research Foundation, Callier Center for Communication Disorders, Dallas Zoological Society, Southwestern Medical Foundation, the Better Business Bureau of Metropolitan Dallas, the SMU Board of Governors and the D/FW Airport Board.

He served on the board of directors of Dallas Power & Light Co., Dr. Pepper, Inc., Republic National Bank and Great National Life Insurance Co. He was director emeritus of Dallas Federal Savings & Loan Association.

In addition to his wife and his brother, he is survived by two daughters, Mrs. Betsy Bolin of Houston and Mrs. Houston R. Holmes Jr. of Dallas, two sons, Dan Rogers Cullum and Robert B. Cullum Jr., both of Dallas, and three sisters, Mrs. Mary Cullum Nash, Miss Eloise Cullum and Mrs. Alice Warford, all of Dallas.

The News summed it up well when they said Bob Cullum was—

Civic champion and business magnate, a grocery tycoon who liked to describe himself as "just a cabbage trimmer."

I have known Bob Cullum all my life. He represents the finest of the American traditions. Bob was a hard worker in business, a devoted family man at home, and a leader in every activity to build for a greater Dallas. The great thing about Bob Cullum was that when the going was tough and you needed someone in rough times, you could always count on Bob Cullum. I was proud to call Bob Cullum my friend. He will go down in Texas history as one of the greatest Texans.●

CONFERENCE ON SOCIAL SECURITY MINIMUM BENEFIT HAS TO BE COMPLETED BEFORE THE NEW YEAR

HON. RON MARLENEE

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. MARLENEE. Mr. Speaker, over 4 months ago, the House voted to reinstate the social security minimum benefit. For over a month, the conference committee on the social security minimum benefit has been deadlocked, leaving a large group of Americans unsure about their future.

There is no doubt that the House and the administration are unified in their desire to restore the minimum

benefit to those already receiving it. It is very important to settle this issue without further delay. Thankfully, the Social Security Administration has not mailed notices to minimum benefit recipients telling them their minimum benefit is due to be terminated. But, nonetheless, these people are living day to day wondering and worrying if their benefits will change.

Those receiving this benefit have a right to know where they stand. I urge the conferees to settle this issue once and for all, before we recess for the holidays.●

CORPORATE MINIMUM TAX REPEAL LEGISLATION

HON. BARBER B. CONABLE, JR

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. CONABLE. Mr. Speaker, I have today introduced for my distinguished Ways and Means colleague, Mr. BAILEY, and myself, a bill repealing the corporate minimum tax. We propose repeal of the corporate minimum tax; because it has not functioned equitably, it is not an impressive generator of tax revenues, and it operates in many cases to contradict and dilute the effectiveness of other provisions of the Tax Code which had been enacted to spur productivity and economic performance through capital investment for new equipment and plant modernization.

The corporate minimum tax is not a well-known feature of the Federal tax laws. It was enacted as part of the Tax Reform Act of 1969, along with the highly publicized provisions establishing a minimum tax on individuals. It will be recalled that the individual minimum tax was proposed following public revelations that some 154 taxpayers with adjusted gross income in excess of $200,000 paid no Federal income taxes in 1966.

For those of us in the House of Representatives, it may be of interest to know that the House bill which ultimately led to the Tax Reform Act of 1969 did not apply its minimum tax provisions to corporations. The inclusion of corporations occurred in a Senate amendment which was ultimately sustained in the House-Senate conference. Also, it is important to know that the mechanics of the minimum tax as proposed in the House bill were radically modified in the Senate, and the Senate version ultimately prevailed in conference. The minimum tax, as approved by the House, was a comparative tax, which operated as an alternative to the regular tax liability. The minimum tax as it appears in the Internal Revenue Code is an add-on tax over and above any regular tax liability.

Simply described, the corporate minimum tax is calculated in the following manner:

Certain statutory deductions and exclusions are designated as "preference items." For corporations, the three principal "preference items" are: The excess of depletion allowance deductions over the adjusted basis of the property; the untaxed portion of capital gains; and bad debt reserve deductions of financial institutions, to the extent such deductions exceed amounts otherwise permitted on an institutional experience basis.

All "preference items" are aggregated by the corporate taxpayer. To the extent that the aggregate amount of these "preference items" exceeds a corporation's regular corporate tax liability (after application of available tax credits), the excess is taxed at a flat rate of 15 percent.

Because there is very little legislative history available on the corporate minimum tax, we are left to speculate as to the underlying public policy rationale. If we look to the individual minimum tax as a guide, we might conclude that the corporate minimum tax was meant to be levied on highly profitable corporations, which used provisions of the Tax Code for their benefit in a manner not contemplated or intended, so as to dramatically reduce their tax liability or to avoid taxation altogether. If that was the conceptual objective of the corporate minimum tax, there is abundant evidence that it has not worked out that way in practice. In fact, the corporate minimum tax occurs most frequently in cases of low profitability or large deductions and credits for new plant equipment on some combination of these two circumstances. That this is the practical result should be no surprise. The very mechanics of the provisions suggest that such a result is almost inevitable. As profits decline, regular taxes will, of course, be correspondingly reduced, and "preference items," which arise in the normal course of business, while not large in relation to the size of the company, may nevertheless exceed the regular tax, and thus trigger a 15 percent minimum tax. Similarly, if a company is in a capital-intensive business, such as mining, and is making significant modernizing capital expenditures for equipment, the combination of the depreciation deductions and applicable investment credits may well reduce corporate tax liability in relation to depletion allowance deductions so as to trigger the 15 percent add-on tax.

Such results make no sense. Why should an episode of low profitability or the pursuit of a capital expansion or modernization program (precisely the results sought from accelerated depreciation and investment tax credits) produce for some companies a selective, add-on tax applied against a base, which is not, in fact, income. Our judgment, based on the evidence available to us, is that the corporate minimum tax appears to have few, if any, redeeming features and should be repealed.

I noted earlier that in addition to the perverse and inequitable effects produced by this tax, it has not been an impressive generator of tax revenues. For example, in 1977 the minimum tax produced $267 million from the corporate sector, as contrasted with $56 billion raised from regular corporate tax payments. Estimates are that the corporate minimum tax will produce $350 to $400 million in taxes in the current fiscal year.

The ultimate illogic of the operating effects of this tax are probably best illustrated by a company which has "preference items" and which suffers an operating loss. Obviously, its regular corporate tax will be "0," with the result that every dollar of its "preference items" will be taxed at a 15 percent rate. A totally absurd imposition on a company with an operating loss. Such a result may well be occurring among many savings and loan associations, as the minimum tax is applied to excess bad debt reserve deductions.

Another classic example of the perverse results which can be produced by the minimum tax can be found in the case of companies which sell major assets in the course of an effort to turn around low-profit performance. The asset sale produces a capital gain. The untaxed portion of the capital gain, a "preference item," may well exceed the amount of regular corporate tax, which means this struggling company has the privilege of paying a higher capital gains tax than its more robust competitors, courtesy of the corporate minimum tax.

So that our colleagues may have a better understanding of the corporate minimum tax and the unfair—and I hope unintended—results it produces, I have appended to this statement a series of working examples.

We understand that this is not the ideal fiscal climate in which to propose any change in our tax code which reduces revenues, no matter how modest. But the corporate minimum tax is so illogical in its application and so contradictory of other major corporate tax policies designed to foster capital formation, we believe it must receive priority attention as a matter for repeal at the earliest appropriate opportunity.

We invite the support and interest of affected businesses and trade organizations. We urge companies to provide us with other working examples of the minimum tax. Likewise, if there are students of tax policy who believe that there are sound public policy reasons for having a minimum tax applicable to corporations, we should like

to be educated as to those reasons. But we should like also to have their recommendations for a provision that will operate fairly and rationally.

For the present, we stand for repeal. We urge our colleagues to educate themselves concerning the incongruous results which are produced by the corporate minimum tax. Particularly hard hit by this tax are companies engaged in mining, timber operations, and basic metals production, all industries that have been suffering periods of low profitability and should assuredly not be burdened with a surtax on normal corporate taxes.

ILLUSTRATIVE EXAMPLES OF THE MINIMUM TAX IN OPERATION WITH OTHER PROVISIONS OF THE INTERNAL REVENUE CODE

Calculation of the minimum tax

Basic example:	
Tax preference total	$12,000
Less tax liability (net)	2,000
Excess tax preference over tax	10,000
Minimum tax at 15 percent	1,500

NET OPERATING LOSS EXAMPLE

	Year 1	
	Before NOL carryback	After NOL carryback
Year 1:		
Tax preference total	$10,000	$10,000
Taxable income	50,000	0
Tax liability	23,000	0
Minimum tax	0	1,500
Year 2:		
Tax preference total	10,000	10,000
Net operating loss (carried back to year 1)	(50,000)	.....
Tax liability	0	0
Minimum tax at 15 percent	1,500	1,500

Excess tax carryover example (repealed in 1976)

Year 1:	
Tax preference total	$15,000
Tax liability	25,000
Excess tax carried to year 2	$10,000
Year 2:	
Tax preference	15,000
Tax liability	5,000
Excess tax carryforward	10,000
Total	15,000
Excess tax preference:	
With carryforward	0
Without carryforward	10,000
Minimum tax at 15 percent	1,500

EXAMPLE COMPARING THE EFFECT OF A DEDUCTION FOR PERCENTAGE DEPLETION WITH A DEDUCTION FOR NONPREFERENCE ITEM

	Preference	Non preference
Separate taxable income before deduction	$10,000	$10,000
Separate deduction for:		
Percentage deletion	(6,000)	.....
Research and development	.....	(6,000)
Net taxable income	$4,000	4,000
Regular tax at 46 percent	1,840	1,840
Minimum tax: $6,000 minus $1,840 equals $4,160 times 15 percent	624	0
Total tax	2,464	1,840

Example showing effect of credits to create a minimum tax

Taxable income before percentage depletion	$25,000
Percentage depletion	−5,000
Net taxable income	20,000
Tax at 46 percent before application of credits	9,200
(No minimum tax at this point—tax liability is higher than preference.)	
Credits allowed under Revenue Code:	
Foreign tax	−2,200
Balance	7,000
Investment tax credit (80 percent of tax in 1981)	−5,600
Balance	1,400
Energy tax credit (up to 100 percent of the tax)	−1,400
Net tax liability	0
Minimum tax:	
Preference item	5,000
Less net tax	0
Total	5,000
Multiplied by 15 percent	750

EXAMPLE TO SHOW THAT ACRS (OR 10-5-3) WILL NOT HAVE FULL INTENDED EFFECT IF THE MINIMUM TAX IS APPLICABLE

	Old depreciation law	ACRS no tax preference	ACRS with tax preference
Taxable income before percentage depletion and ACRS or depreciation	$21,000	$21,000	$21,000
Percentage depletion deduction	.....	.....	(5,000)
Any nonpreference deduction	(5,000)	(5,000)	.....
Capital recovery—$50,000 item:			
5-yr ACRS	.....	(10,000)	(10,000)
10-yr depreciation	(5,000)	.....	.....
Net taxable income	11,000	6,000	6,000
Tax at 46 percent	5,060	2,760	2,760
Minimum tax:			
Preference item	$5,000	.....	.....
Less net tax	2,760	.....	.....
Total	$2,240	.....	.....
Multiplied by 15 percent	.....	.....	336
Total tax	5,060	2,760	3,096

ACRS should have reduced the tax by $2,300 ($5,000 additional capital recovery times 46 percent equals $2,300).

Because of minimum tax, tax was only reduced $1,964 ($5,060 minus $3,096 equals $1,964.)

EXAMPLE TO SHOW THE POSSIBLE EFFECT OF AMORTIZATION OF POLLUTION CONTROL FACILITY COMPARED TO DEPRECIATION

	Amortize	Depreciate
Taxable income before amortization or depreciation	$50,000	$50,000
$250,000 pollution control facility:		
Amortized	(50,000)	.....
Depreciated	.....	20,000
Net taxable income	0	30,000
Regular tax at 46 percent	0	13,800
Preference item:		
Excess of amortization over depreciation	30,000	.....
Regular tax	0	.....
Excess	30,000	.....
Multiplied by 15 percent	4,500	.....

Note.—This will be academic if ACRS or 10-5-3 is adopted since 5 year cost recovery is better than 5 year straight line amortization.

Example to show that the minimum tax can change the 10 percent investment tax credit to an 8½ percent credit

Taxable income before percentage depletion	$14,600
Percentage depletion	−4,600
Net taxable income	10,000
Tax at 46 percent	4,600
(No minimum tax-preference and tax are equal.)	
Investment tax credit applied	−1,000
Net tax	3,600
Minimum tax:	
Preference item	4,600
Less net tax	3,600
Total	1,000
Multiplied by 15 percent	150
Total tax	3,750
Total net reduction from $1,000 ITC	$850●

CRISIS IN POLAND

HON. ARLEN ERDAHL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. ERDAHL. Mr. Speaker, today we are witnessing a crisis in Poland that comes out of the very type of economic and political system that has proven itself in the past to be inefficient and inherently unworkable. East Germany in the late 1940's, Hungary in the 1950's, Czechoslovakia in the 1960's, and now Poland all point to the fact that communism simply does not work. The imposition or the threat of military imposition is all that holds that fragile fabric together.

We in the United States need to stand by them during this crisis and insure them of our concern for basic human rights and needs. The Poles certainly recognize the difference between the threats of the Soviet Union and the support of the United States.

The recent meeting between Chairman Erich Honecker of East Germany and Chancellor Helmut Schmidt of West Germany comes on the heels of the very important visit of President Leonid Brezhnev to Bonn. The importance of that historic meeting, along with the discussion between the two German heads of state, should not be lost among those contemplating the future of Poland. This is a time for reason and for judging the terrible effects any Soviet intervention in Poland may have on East-West relations.

It is clear that for any long-term solution we will have to encourage the Polish people to work out their political and economic problems internally. The struggle they face now may actually be the beacon of hope for a more peaceful and prosperous future.●

LABOR'S PROGRESSIVE ROLE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. LaFALCE. Mr. Speaker, last month the biennial AFL-CIO convention had a very special meaning. In addition to the important issues addressed by the delegates, the AFL-CIO was also commemorating the 100th anniversary of the organized labor movement in America. The theme of this year's centennial celebration is "A Century of Achievement, a Challenge for the Future." There could be no more appropriate theme for the beginning of the second century of the labor movement at a time when the needs of America's working men and women, and the survival of the important programs for which labor has vigorously fought, are at a critical crossroads.

My good friend, Paul Cole, an educator, member of the board of directors of the New York State United Teachers, and vice president of the American Federation of Teachers, recently wrote an excellent column for the Buffalo Courier-Express commemorating this special centennial celebration.

In his column, Mr. Cole describes the importance of the labor movement's contributions to our Nation's development over the past 100 years. He describes how the labor movement has strived for and achieved gains—always working within our basic American economic free-enterprise system.

Mr. Speaker, I am sure that my colleagues will benefit from Mr. Cole's insights and understandings of labor's past accomplishments and future vision. I ask that Mr. Cole's column from the December 11, 1981, Buffalo Courier-Express be inserted in the RECORD at this time.

LABOR'S PROGRESSIVE ROLE

(By Paul Cole)

(Mr. Cole is a Lewiston-Porter Senior High School social studies teacher, a member of the board of directors of the New York State United Teachers and vice president of the American Federation of Teachers, AFL-CIO.)

They gathered in Pittsburgh on Nov. 15, 1881.

Delegates came from the carpenters, the cigar makers, the printers, merchant seamen, and the steel workers, as well as from a few city labor bodies and a sprinkling of delegates from local units of the Knights of Labor.

They came to form the Federation of Organized Trades and Labor Unions which in five years was transformed into the American Federation of Labor (AFL). And so was born the modern trade union movement in America and it is this centennial of American labor that was commemorated at the biennial convention of the AFL-CIO last month in New York City.

The roots of our country's trade unions extended much deeper into the early history of America. It included the primitive unions, or guilds, of carpenters and cordwainers, of cabinet makers and cobblers, which made their appearance, often temporarily, in the various cities along the Atlantic seaboard of colonial American. But it is this gathering a hundred years ago which laid the foundation of the labor movement as we know it today.

In those hundred years, workers have had to endure many struggles in order to gain the basic right to organize and bargain collectively. Throughout America's history, attempts by workers to organize were met with open and hostile opposition by not only employers, but all three branches of our government as well.

The first unions were declared "conspiracies in restraint of trade" by the courts. State legislatures and the Congress were loath to enact laws protecting workers and more often than not sided with the corporate giants whose influence among them was unrivaled. And presidents and governors alike did not hesitate to send in militia to help employers break the backs of workers who were striking in order to alleviate intolerable working conditions on the railroads, in the mines and in the factories.

But under the leadership of such men as Samuel Gompers, the first president of the AFL, workers fought until they had gained an eight hour day, improvements in working conditions, and "a fair day's wage for a fair day's work."

It is fashionable to criticize unions today for being greedy and selfish. This has always been the case will probably always be. To do so, however, fails to recognize some very important aspects of the American labor movement. The labor movement in the United States has never sought to replace the basic American economic free enterprise system but to work within that system, and within our democracy, to provide workers and their families with a decent standard of living so that they may live in dignity and share in the fruits of this great land.

It was the American labor movement that fought for, and won, free, universal public education in America. It was labor that fought for programs of social and economic justice that benefited all poor people whether they were union members or not.

A review of the resolutions adopted last month by the AFL-CIO further attests to its role as the "people's lobby." They adopted statements calling for tax justice, support for low and middle-income housing, energy conservation, protection of the nation's environment, occupational safety and health, and a strong public school system. They called for protection of our Social Security system and improvements in health services. They adopted resolutions supporting civil rights and consumer protection. And they reiterated their stand calling for a strong America.

As is often the case, the accomplishments of the labor movement are obscured by headlines about strikes or corruption because they are newsworthy. It's important to pause, in this, labor's centennial year, and view the movement in perspective. The preamble of the AFL-CIO Constitution states ". . . At the collective bargaining table, in the community, in the exercise of the rights and responsibilities of citizenship, we shall responsibly serve the interests of all the American people."

The labor movement has been true to the tradition and it is in that spirit that we greet the second century of the American labor movement.●

THE CZAR IN CHARGE OF NUCLEAR ARMS

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. WIRTH. Mr. Speaker, I rise to bring to the attention of the House of Representatives an article which appeared in the New York Times, Saturday, December 12, 1981, on Mr. Herman Roser, Assistant Secretary of Energy for Defense Programs.

Throughout my 7 years in Congress, I have worked extensively with Mr. Roser on many issues involving the Rocky Flats nuclear weapons facility in Golden, Colo., and have developed a great respect for him. His long record of achievement within the nuclear weapons complex has distinguished him as a true professional in every sense of the word. This article is a tribute to Mr. Roser, who, having assumed a very difficult task, possesses the qualifications to provide the Department of Energy with first-rate leadership. I respectfully ask that the article be reprinted in its entirety.

[From the New York Times, Dec. 12, 1981]

THE CZAR IN CHARGE OF NUCLEAR ARMS

(By Robert D. Hershey, Jr.)

WASHINGTON, Dec. 11—At one time the Atomic Energy Commission and an 18-member joint Congressional committee were in charge of America's mighty nuclear arsenal.

Nowadays, however, much of the responsibility for it and for the Reagan Administration's big planned weapons buildup rests in other hands. They belong to Herman E. Roser.

Mr. Roser, a 59-year-old career civil servant who was appointed Assistant Secretary of Energy for defense programs by President Reagan, is not actually a one-man successor to two major Federal bodies, but he does function as a sort of nuclear weapons czar.

His name is virtually unknown to the public, or even to the movement that opposes nuclear arms. Yet Mr. Roser is directly in charge of a weapons complex that employs 54,000 people and whose annual budget of almost $5 billion exceeds that of such departments as State, Interior, Justice and Commerce.

He supervises the design, testing, production, storage and security of all nuclear warheads. But neither he nor his nominal chief, Energy Secretary James B. Edwards, has much to do with decisions about whether the nation actually needs, say, the MX missile.

NOT HOW MANY OR WHAT KIND

"It's not our function to determine how many or what kind of weapons systems we should have," Mr. Roser said in an interview at his trim, very secure office in suburban Maryland. The Pentagon, acting through the Military Liaison Committee and with the coordination of the National Security Council, "asks us what we can furnish that can meet their requirements," he said.

That statement in itself reflects how much authority has changed since the days

immediately after World War II when, after a bitter fight between military and civilian scientists, the Atomic Energy Commission was set up with the explicit idea of maintaining civilian control over nuclear weapons.

In principle, the commission was to review the Pentagon's annual weapons requests and determine whether nuclear warheads should be developed and built. In practice, the commission generally went along with the Pentagon's "buy orders," although it occasionally rejected some warheads wanted by the military, as it did, for example, in the Kennedy Administration.

Mr. Roser, who was born in New Mexico, has spent his career working on nuclear weapons, but it would be hard to imagine anyone less akin to the maniacal Dr. Strangelove stereotype. In Washington, where he dons three-piece suits instead of the Western sport shirt and string tie garb he prefers, he looks like a Wall Street banker or a corporation president.

It is also hard to find, even among those skeptical of the Administration's arms policy, anyone who will whisper a critical word about him.

"He is the perfect example of the technical professional civil servant," said John Deutsch, a former Under Secretary of Energy who is now a professor of chemistry at the Massachusetts Institute of Technology. "There's no person in the country more qualified for the job.".

John J. Burke, a former Atomic Energy Commission official who plucked Mr. Roser from the ranks of the Zia Company, a contractor at Los Alamos, in the early 1960's, added, "I regard him as the quintessential public service executive."

UP FROM RETRENCHMENT

As deputy manager and then manager of the Energy Department's giant Albuquerque Operations Office, Mr. Roser was widely credited with carrying the nuclear weapons program through what one official calls the "retrenchment mode" of the 1970's when the topic of nuclear arms was about as popular as the Vietnam War.

What he did was keep up the standards and morale of an agency at a time when few people had any use for things military. In the words of N. Douglas Pewitt, assistance science adviser to President Reagan, nuclear weapons "were sort of in the dustbin of the Federal bureaucracy and I think he did an exceptionally good job of keeping up the standards." Albuquerque Operations embraces nine major facilities stretching from California to Florida, including production plants, test sites, the warhead final assembly plant in Amarillo, Tex., and research laboratories that are often locked in competition with one another.

Some people lament the fact that with the 1977 demise of the Joint Committee on Atomic Energy and the disappearance in 1975 of the Atomic Energy Commission there has been a diminution of civilian control over the nuclear stockpile.

Today there is no one outside the White House who can say "no" to the Defense Department's weapons requests, which are transmitted annually in top-secret "stockpile memorandum."

Although the joint committee did, at least, sometimes veto elements of the Pentagon shopping list, some officials say that its oversight job has been spread so thinly among many committees that none seems to care.

"We used to have strong civilian control," said John T. Conway, former executive director of the joint committee, now a lobbyist for nuclear utilities. "But we don't have that today. It's so diversified—with no expertise."

In addition to working these days on the latest generation of missiles, Mr. Roser is involved in a program begun by the Carter Administration to modernize the weapons-making plants themselves, many of which date from World War II.

"We have some rebuilding to do," he asserted. But to call the facilities dilapidated, as some have done, he said, "is probably an overstatement."

AS ALWAYS, TIME AND MONEY

One of his biggest problems, Mr. Roser said, is inflation, which has raised the Government's weapons costs no less than its other programs. He pledged at his Senate confirmation hearings in June to continue to seek ways to improve productivity.

"It's always a matter of time and money," Mr. Roser said recently, but "we're doing the job more efficiently than we've ever done it" before.

Despite a heart attack and bypass surgery that has forced him off a two-pack-a-day cigarette habit in favor of a pipe, Mr. Roser maintains a punishing schedule that includes heavy travel to his far-flung empire.

"My style of management calls for me to get out and kick the tires," he said.

Friends say that while Mr. Roser, a widower, who remarried last year, is probably "a good bit more wound up and coiled than he appears," as one put it, there is little sign that he worries much about what his arsenal might be called upon to do.

He regards himself primarily as manager of an enterprise "very much like an industrial organization—with perhaps higher standards," he said, one filled with professionals in whom he has gained confidence over many years.

"We'd all like to see the day when you don't need weapons," he declared just before the arms negotiations resumed recently in Geneva. "But I don't see anything on the world horizon that indicates we'll be going out of the nuclear weapons business anytime soon."●

FARM DEBT—HOW HIGH?

HON. RON MARLENEE

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. MARLENEE. Mr. Speaker, I include the following:

FARM DEBT—HOW HIGH?

(By Dick Hansen, Jr.)

There are few who argue that American agriculture is hemorrhaging badly today. How long and how severe are the critical questions now facing both farmers and agribusiness? There are optimistic signs, but many of these projections are far in the future barring unforeseen circumstances.

For the present however, one prominent ag observer put it succinctly. "The citizens of Washington, D.C. can rest easy about the possibility of more tractorcades this year. Farmers now can't afford the fuel," he said. Even the normally ultra-optimistic U.S. Department of Agriculture admits that the nation's food producers are in their deepest trouble in over 50 years.

Producers, of course, don't need to be told this. But it needs to be clearly brought to the attention of the nation's consumers and lawmakers. And it looks like this tremendous job will be the responsibility of these same producers if it is to be done.

Many economists and others say it will take about six months to a year for what could be our worst agricultural holocaust in history to be felt throughout our national economy.

This will be when the millions in ag-related jobs and industries begin lining up for unemployment checks because producers can no longer afford such things as new tractors, trucks, buildings, and hundreds of other ag inputs. Already such agribusiness giants as International Harvester are feeling the squeeze. Added to this will be increased pressure on such areas as ag lending, where many hard-pressed producers will have a struggle just to meet interest payments, much less any paydown on loan principle.

Of virtually no help to the situation is the new farm bill, which many see as only speeding up the process of bankrupting thousands of already nearly-broke farmers and ranchers. Most call it a blueprint for economic disaster in rural America.

"A year from now," said H. L. Tinley, who heads the nation's largest farm management concern, "there will be two camps—one of ex-farmers and the other survivors."

All of this and more beginning to echo through our already depressed rural mainstreets as the shockwaves of potential economic disaster to producers are being felt. Producers are cutting back even more sharply on already curtailed purchases of every kind except bare necessities in many cases.

When the U.S. federal debt reached $1 trillion recently, it was heralded with suitable hoopla by the national media. At the beginning of 1981, however, our national farm asset value reached $1.1 trillion with no fanfare at all. Even more newsworthy, and ignored, was that last year's rise in agricultural debt exceeded the growth in assets. And many analysts say the farm debt-to-asset ratio, which was 16 percent at the start of the year, will likely climb by some two percent or more before year's end. If this happens, and many believe it will, this would be the highest in history.

Farm debt has soared by over 650 percent in the last 20 years.

Even more discouraging is that projections for 1982 are for an even greater decrease in ag proprietors equity interest. Net farm income plummeted from $32.7 billion in 1979 to $19.9 billion in 1980—a decrease of 39 percent. At the same time net farm expenses rose by over 10 percent.

Secretary of Agriculture John Block told the Joint Economic Committee on Agriculture last October that while farm income for 1981 will be up slightly, after adjusting for inflation, net farm income will be no better that during the 1980's and that spells trouble in rural America Block said.

Yet, despite his seeming realization of this, Block, as a main man on the Reagan team, still seems determined to help his team deal even more misery for the same rural America he admits is in such desperate straits. Block's answering "How high" each time Secretary of State Haig or OMS's Stockan tell him to jump makes one wonder if he is indeed captain of his ship.

His flat-out rejection of raising loan rates to a more realistic level on the new farm bill is a good example. Loan rates effectively set world prices for all world grain exporting nations. They are also repaid with interest

by producers, and this, not a real government expenditure.

One ag specialist said he hoped we in America could put a higher priority on food, and the price of food can reach a point where it is profitable for the producer, because, he said, but for the grace of God, we could also become have-nots.

"If agriculture is neglected we could end up in the same plight as other countries who seek our help. Research and development must be continued and expanded if we are to remain the leader in the race to supply food for mankind," this source said.●

"WINDFALL": SOCIAL SECURITY AND RAILROAD RETIREMENT

HON. JAMES L. OBERSTAR
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. OBERSTAR. Mr. Speaker, social security is the cornerstone of retirement life for most Americans, with 35 million people now receiving benefits. For 1 million others, railroad retirement benefits are a mainstay. In each case, the promise of a retirement income is a compact between the Federal Government as trustee, employees and employers who finance benefits, and retirees who, through years of work, established eligibility for retirement income by meeting program criteria set by law.

Social security and railroad retirement benefits are paid not as a handout, but as an earned right.

Over a year ago, candidate Ronald Reagan promised our senior citizens that would not change; under his stewardship, their retirement income would not be touched.

This year, President Reagan labeled a substantial part of retirement income as windfall and now tells us his commitment no longer applies.

That has already happened with minimum benefit annuitants as well as widows and children drawing social security and it is happening with railroad retirees.

Does anyone here believe that the same rationale cannot or will not be applied to other retirees or those close to retirement?

The Social Security Act contemplates a 40-year work life. Because it is still a maturing system, virtually anyone retiring before 1991 will receive a windfall. Even without regard to the total number of years used to determine average lifetime income, the benefit formula itself provides a windfall to low-income earners and their families.

But what is windfall? For nearly 400,000 railroad retirees and their families, it is a vested entitlement to both a railroad annuity and a social security benefit.

This supposed "windfall" is due to congressional action 30 years ago authorizing dual benefits to individuals who worked under each program a sufficient length of time to qualify for a retirement annuity.

Since 1951, the Social Security Act and the Railroad Retirement Act have been integrated. A financial interchange between the two funds keeps social security trust funds in the same condition they would be in if railroad employees were covered by social security. On an annual basis, the books are balanced and funds interchanged as necessary. Workers with 120 months of railroad service are guaranteed a railroad annuity at retirement age. Workers with less than 120 months railroad service have all wage credits transferred to the Social Security Administration to be combined with any other wage credits earned for work under social security.

The seeds for future difficulties were sown by the 1951 act and compounded by a 1954 act which provided that railroad workers and their spouses could qualify for two separate annuities if they were fully vested under both the Social Security Act and the Railroad Retirement Act. Legislative history makes it abundantly clear that Congress intentionally authorized dual benefits.

Declining railroad employment and the seasonal natural of railroad work in many parts of the Nation resulted in millions of workers qualifying for benefits under both programs. Additionally, millions of wives became eligible for social security on their own work records and also qualified for spouse or widow's benefits on a railroad husband's work record. In either case, these dually insured persons qualified under the law for combined benefits exceeding what would have been paid if all lifetime work had been either under social security or railroad retirement.

By 1970, it would be apparent that the Railroad Retirement Trust Fund would become bankrupt if required to continue bearing the full cost of funding dual benefits. Nearly 2 years of labor-management negotiations went into devising a solution to the funding problems. The result was the 1974 amendments which completely restructured the Railroad Retirement Act and eliminated dual benefits for everyone not fully vested for both social security and railroad retirement in December 1974. Congress then accepted its share of responsibility and authorized Federal appropriations to fund a phaseout of dual benefits for those people already vested.

The 1974 act was not a Federal bailout of an industry problem; it was a balanced solution to a situation caused years earlier. Labor and management accepted unprecedented benefit reductions to future annuitants and strengthened the financing of the Railroad Trust Fund—an action repeated this year in a continuing effort to compensate for the failure of the Federal Government to meet its 1974 commitment to fully fund dual benefits.

Dually insured individuals do not just sit back and reap excess benefits. They are required to absorb the greatest share of all increases in the cost-of-living. Railroad tier I benefits (computed as if work had been covered by social security) are adjusted for increases in the consumer price index only to the extent that they exceed social security benefits also being paid. Railroad tier II benefits are reduced at time of retirement by 25 percent of windfall entitlement and receive only 32.5 percent of CPI as an annual cost-of-living adjustment. Windfall, once computed at time of retirement, is never adjusted for increases in the consumer price index.

The Senate Labor and Public Welfare Committee, in 1974 explained the need to phaseout rather than eliminate dual benefits by stating:

> Cutting off the benefits to those already receiving or legally entitled to them would clearly be inequitable. These individuals have a right to receive those benefits the law had led them to rely upon or expect.

The arguments advanced in 1974 are still valid today. Some of these workers or their survivors have been receiving annuities for years. In October 1981, however, 389,000 retirees were notified that a portion of their annuity was a windfall which was being reduced 21 percent. On December 1, this so-called windfall was completely eliminated from monthly checks. In tears, retirees called or visited my district offices. "How can I pay my rent?" "What am I supposed to eat?" "I don't know anything about a windfall," were some of the comments I received.

This situation is the result: First, of a Budget Reconciliation Act provision separating windfall from the railroad retirement trust fund and creating a separate dual benefits payments account; second, the Reagan administration request for and House authorization of an appropriation equal to only 79 percent of 1982 fiscal year requirement for dual benefits, and, third, the Office of Management and Budget's attempt to force an additional 12 percent reduction in windfall dual benefits.

"Callous and insensitive" was the description given the latest benefit elimination action by a Member of the other body. I couldn't agree more.

Congress must advise the administration and the Office of Management and Budget in no uncertain terms that it will not tolerate retroactive elimination of earned benefits or budget brinkmanship at the expense of retirees. Minimum benefit social security annuitants, dually entitled railroad annuitants, and any other group already vested or receiving retirement annu-

ities must not be required to live from month to month in fear of reductions in benefits to which they have an earned right and on which they have made their retirement plans.

The continuing resolution passed by this body on December 10 exceeds the $350 million for the dual benefits payments accounts approved by the House of Representatives in July, but is still less than the $440 million needed to pay full dual benefits during fiscal year 1982. We have been promised that a supplemental appropriation will be forthcoming to provide full funding for the dual benefits payments account. The administration and Congress have an obligation, in all fairness to railroad retirees, to restore the full amount of the earned entitlement. I hope that all of my colleagues will support that legislation when it is offered next year.●

WESTERN NEW YORK TO PAY FOR REAGAN ECONOMIC BLUNDERS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. LAFALCE. Mr. Speaker, a distinguished former member of the U.S. House of Representatives, Max McCarthy, has written a pointed analysis of the impact the President's economic recovery program is bound to create in western New York.

Mr. McCarthy, now the bureau chief for the Buffalo News, does not paint a pretty picture. Yet, despite the fact that as a Congressman he sat on the Democratic side of the aisle, his views reflect those held by a good many western New Yorkers, regardless of party.

Mr. McCarthy's analysis deserves the attention of all Members who are concerned with the problems of our older, industrial regions.

The article follows:

[From the Buffalo News, Dec. 13, 1981]

WNY TO PAY FOR REAGAN ECONOMIC BLUNDERS

(By Max McCarthy)

WASHINGTON.—The performance of the Reagan administration in its handling of the economy is turning out to be a disaster for most parts of the nation—especially the older industrial areas like Western New York.

It shows what happens when "tinsel town" moves to the shores of the Potomac.

The latest word from "Hollywood East" is that we soon may face the worst of all possible economic worlds:

Deep recession.

Record deficits.

Unemployment at or near 8½ percent into 1982.

Higher taxes.

More budget cutting of programs needed by so many in Buffalo.

At the same time, a small percentage of Americans—the wealthiest 5 percent—are doing better than ever thanks to the deep income-tax cuts evangelized by Western New York's own Jack Kemp and ardently embraced by President Reagan. These revenue reductions are among the main reasons for the enormous deficits facing us.

Here is a "conservative" administration that came to power promising to spur the U.S. economy with its tax cuts and also to balance the budget. It shows what happens when a football player and a movie star team up to plot the nation's economic game plan. Kemp and Reagan may be "winning one for the Gipper" and others in the top 5 percent but they are losing the game for most Americans. What good are income-tax cuts to people without income?

The reason that the geniuses planning our economy now are talking about higher taxes and more budget cuts is that without them, the federal budget deficit will hit $109 billion this year, $152 billion in 1983 and $162 billion in 1984.

If "Coach" Reagan and "Quarterback" Kemp compiled a losing streak like this for, say, the Buffalo Bills, they both would be sacked.

Aides at the White House say the former actor was given the bad news about the projected deficits a week ago Friday. That was the same day that his own Labor Department disclosed that the nation's unemployment rate zoomed to 8.4 percent in November, the highest in nearly six years.

Now we hear that the president's advisers expect that rate to continue well into next year. Private-sector economists, such as Citibank's Arthur Gandolfi, foresee an even grimmer 1982. He predicts that "there will be rising unemployment throughout most of the year."

If past experience is any guide, the Buffalo area will post an unemployment rate substantially higher than the national average. At the same time, thousands of unemployed workers and their families can look forward to fewer public programs to tide them over if Reagan has his way. This will spell genuine tragedy for thousands of Buffalo-area citizens.

White House insiders say the president's first reaction to the bleak budget news was to resist any suggestion that he try to reduce the projected deficits by not increasing defense spending as much as planned. Instead, he again indicated that he wants further spending cuts in non-defense programs.

Oddly, the most vocal members of his new opposition are not Democrats but members of his own party—Republican governors and mayors who see, in practical and human terms, the disastrous consequences of Reagan's economic program.

Budget cuts, these GOP officials are telling the White House, were made too fast and too deep. Additional reductions now being planned are insensitive to the growing needs of their constituents.

These Republicans are also saying that the Kemp-Reagan tax cuts were too large, too responsive to that 5 percent of special interests and amateurly designed to stimulate economic growth.

In one of his rare departures from ideology over reality, the president has acknowledged that some states and localities are in dire straits but the answer is for the residents of these locations to move to places with better economic climates.

How can be say that to a recently unemployed worker in Cheektowaga with a half-paid off mortgage, with several children in local schools, living in the community where he was born close to relatives and friends? If you follow the logic of that, Buffalo soon would be a ghost town except for people like my nearly blind 85-year-old mother who couldn't move to Texas if she had to.

This country can't afford to write off Buffalo or Detroit or Erie or Toledo. We need professional political and economic leadership that will devise realistic policies that will revive these national assets. We need leaders who can add 2 and 2 and not tell us, like snake oil salesman, that you can cut taxes, increase defense spending and have a balanced budget—all at the same time. We should have known better. Fool me once, shame on you! Fool me twice, shame on me?●

SOVIETS POUR BILLIONS INTO ANTI-AMERICAN PROPAGANDA DRIVE

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 14, 1981

● Mr. PORTER. Mr. Speaker, Soviet communism once again is showing the world its dark face. Pressures have been brought on the Polish Government to impose martial law and stamp out nascent democratic institutions which threaten the present totalitarian rule of the Communist Party in Poland.

But confusion about Soviet motives and methods employed in East and West Europe is only too obvious. Recent demonstrations on a giant scale in European capitals against U.S. policies on theater nuclear forces in Europe is but one manifestation.

Next we will be hearing about how the Soviets are saving freedom in Poland. Lest any remain in doubt about Soviet foreign policy goals and intentions after this latest Soviet-manipulated suppression of a peoples' basic freedoms by order of the Communist party government in Poland, it is time renewed alert is called to Soviet methods in foreign affairs.

I want to have inserted in the RECORD for Members attention at this time a documented study of Soviet propaganda and disinformation. Because the cost of a single insertion is $1,440 to the taxpayers, I intend to insert this information in a three-part series at no additional cost, the first of which is enclosed today.

Mr. Speaker, more than $3 billion a year and 70,000 employees go into the Soviet propaganda and disinformation drive against the United States. The United States is alleged to have engaged in an assassination plot against Pope Paul II and engineered the plane crash which killed Panama President Torrijos. The Soviets accuse the United States of wanting to turn Western Europe into a nuclear battleground in order to eliminate European industry and leave America free to

dominate world markets without competition. The Soviets, on the other hand, represent themselves as peace-loving, seeking only to end the arms race and concentrate resources on human welfare.

How do the Soviets persuade peoples everywhere that these patently fabricated allegations have validity? By a series of diabolically clever publication and dissemination techniques perfected by their extensive experience in this Soviet national industry.

Illustrations of this distortion technique are contained in this month's "Project Truth," a Soviet Propaganda Alert published by USIA. So that all Members can observe the cleverness employed in distorting and misinforming publics around the world, I ask to insert the following material from this alert:

I. CHARACTERISTICS OF SOVIET EXTERNAL PROPAGANDA

A. SOVIET EXTERNAL PROPAGANDA [1]

Soviet external propaganda has two main purposes:

To represent the Soviet Union as dedicated to peace and detente, and

To show the Soviet Union as a just, fair, progressive society, worthy of admiration if not emulation.

For these purposes, Soviet propagandists follow several basic principles. The first of these is a systematic denigration of the U.S., its culture, political system, and belief structures. By showing that the U.S.—the acknowledged representative of all things Western—is a doomed, decadent, inherently evil society which opposes all progressive change, Soviet propagandists hope to persuade target audiences that it is not a fit model for their own countries.

The Soviet Union presents itself as the only alternative to the U.S. as a system of social organization. It portrays itself as the near-perfect society. Armed with an ideology that maintains that the Soviet form of society is the inevitable next step in human development, Soviet propagandists draw invidious comparisons between almost every aspect of American and Soviet life.

Another key feature of Soviet propaganda is the argument that while the U.S. and the West are doomed in historical terms, the U.S. is all the more dangerous because it will defend its way of life to the end, taking the rest of the world with it to destruction if need be.

By contrast, the Soviet Union arms only to defend itself and its allies. It does this reluctantly because its main goal is to perfect the social, cultural, and economic lives of its citizens; and armaments are a drain on that process.

From these basic principles flow the whole litany of Soviet propaganda and, for that matter, foreign policy:

Support for "National liberation" movements is justified in terms of putting them on the road to the higher plane of existence enjoyed by the Soviet Union.

The foreign and domestic policies of Western countries are criticized because they are dedicated to the preservation of the status quo and are opposed to progressive change.

Western military measures are portrayed as inherently aggressive because they are directed against the Soviet Union and the progressive principles for which it stands.

Anti-imperialism (anti-Americanism) is claimed to be good because it represents a movement against the *ancien regime* and toward historical progress. The methods used in the anti-imperialist struggle are sometimes harsh but are justified by the ends.

The Soviet Union is the natural ally of Third World countries and all others who have freed themselves from imperialism (i.e., Eastern Europe).

B. SOVIET PROPAGANDA TECHNIQUES

Soviet propagandists employ a vast array of techniques, crude and sophisticated. As well as simply being very good at what they do, Soviet propagandists are not restrained by truth, honesty, and morality; rather, they are guided by a new morality, defined by Lenin as that which serves the good of the Party. Their ideology rationalizes the use of falsehood and deception by promising that the end—the perfect society—justifies all means and that shrinking from the use of all available means constitutes betrayal of the cause.

Soviet propagandists use selective information, half-truths, distortions, and innuendo, as well as outright lies. Many Soviet propagandists (such as Radio Moscow's Vladimir Pozner) have an excellent understanding of the American psyche and take advantage of American feelings about fair play to justify their own actions or call those of the West into question.

A favorite Soviet propaganda technique is indirection: an item from a Western or other non-Soviet source is cited in support of the Soviet position on an issue, the item sometimes having been planted by the Soviets. Ironically, the Soviets tend to think sources from the bourgeois West will have the greatest credibility, even among their own population. An alternative form of indirection is the inaccurate citation of a foreign source or the portrayal of the source as broadly representative of the larger society when it is not (i.e., frequent citations from the U.S. Communist Party newspaper, Daily Worker).

Disinformation is another technique. It is impossible to tell how widespread the practice is because good disinformation is usually not detected. One form of disinformation is the "revelation" of false information (such as a forged U.S. document), preferably in a foreign source that cannot be directly associated with the Soviet Union. Another disinformation technique is to draw attention to past covert actions by U.S. intelligence agencies and they to imply that the attempted assassination of the Pope or the bombings in Iran are similar types of activities. From here it is a short step to the suggestion that the U.S. could have been involved.

A most effective technique is imputing false motives to U.S. policy. The Soviets are quick to exploit any opening offered by a U.S. action by pointing out adverse consequences or offensive features to the countries affected. Thus, any U.S. action which can be interpreted to support Israel is portrayed as being anti-Arab in nature. U.S. attempts to achieve "balance" in situations such as the recent South African incursion into Angola are dismissed as hyprocrisy.

Another technique is to debase the meaning of words. Soviet propaganda has succeeded in appropriating the word "socialist" as a synonym for the word "communist," and propagandists seldom refer to themselves or their East European allies as communist countries. In so doing, they acquire at least semantic legitimacy with groups and countries that consider themselves to be socialist but not communist. Perhaps the term most debased is "anti-Soviet": virtually every development in the world is seen as either pro- or anti-Soviet and whatever is not clearly "pro" is immediately labeled "anti." There is also the example of the application of "national liberation movement" to groups which seek the violent overthrow of governments unfriendly or neutral toward the Soviet Union.

Diversion is a technique used to blunt attacks on the USSR. When the USSR is criticized, Soviet propaganda responds with a barrage of countercharges, trying to turn the accusation made against the USSR against the accusers themselves. For example, Western charges of Soviet experimentation with biological warfare, arising in connection with the Sverdlovsk anthrax incident, were answered by a Soviet propaganda blitz on Western development of biological weapons. Soviet propagandists often concoct even the most absurd accusations in the belief that even these will help distract attention from the charges against the USSR.

This is not to say that everything that Soviet propagandists create is untrue or that Soviets necessarily disbelieve their own arguments even if they appear to be untrue in Western eyes. Because their ideology dictates the "correct" interpretation of most facts, Soviets may often read a vastly different meaning into a situation or action than would their Western counterparts. Over the years, Soviet ideologists have developed an array of philosophical rationalizations that make all Western actions appear to be threatening or malevolent regardless of their objective intent, while all Soviet actions are laudable, no matter how they might appear to the outside observer.

II. CURRENT SOVIET EXTERNAL PROPAGANDA THEMES

This list of current propaganda themes and variations is not exhaustive. Soviet propagandists adjust quickly to changing situations, developing variations on general and constant themes in the Soviet repertoire to suit the needs of the moment. Thus, a general theme (e.g.: "The U.S. is a threat to peace") can be refined to apply to an unlimited range of geographic and situational requirements.

The themes are organized according to their geographic concerns—global, regional, or country-specific—and within these categories according to whether they involve military-strategic matters or seek to contrast the Soviet Union with the United States.

A. GLOBAL THEMES: MILITARY-STRATEGIC

The aggressiveness of the U.S. as contrasted with the peace-loving nature of the USSR is one of the dominant themes of Soviet propaganda. It encompasses many sub-themes, some of which are discussed below.

According to Soviet propaganda, the U.S. is escalating the arms race, provoking conflict, and trying to counter every aspect of Soviet influence in the world in its efforts to regain the military-strategic superiority it once possessed. Aggressive behavior by the U.S. stems largely from its inability and/or unwillingness to adjust to the new "correlation of forces" in the world (the decline of the Western capitalism and the rise of socialism). U.S. frustration at no longer being

[1] In the Soviet lexicon, the word "propaganda" does not carry the negative connotation that it does in the West.

"number one" is expressed in violence, directed primarily at its chief rival, the Soviet Union.

The USSR, on the other hand, has always been and continues to be dedicated to the struggle for peace. Its military might is intended only to defend itself and other peoples who want and deserve help in defending themselves. In recent months, the so-called Brezhnev "peace offensive" has been cited repeatedly as testimony to the peace-loving nature of Soviet policy.

While Soviet propaganda always presents U.S. military-strategic aggressiveness as a real and dangerous threat, it also indicates that U.S. actions will ultimately prove futile. For as Marxism-Leninism teaches, the capitalist/imperialist world is doomed, despite its desperate efforts to survive, and socialism—with the USSR its leading representative—is the future. Nonetheless, the forces of socialism cannot wait passively for the collapse of the capitalist world; they must actively counter its "last gasps" of harmful activity.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, December 15, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

DECEMBER 16

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and States with respect to abortion.
2228 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Foreign Agriculture Policy Subcommittee
To resume hearings in U.S. agriculture trade policies, focusing on the status of trade with the European economic community.
324 Russell Building

Commerce, Science, and Transportation
Aviation Subcommittee
To hold oversight hearings on training and testing programs for air traffic controllers.
235 Russell Building

Select on Indian Affairs
Business meeting, to mark up S. 159, authorizing the exchange of certain land held by the Navajo Indian Tribe and the Bureau of Land Management, Department of the Interior; S. 792, establishing a National Institute of Native American Culture and Arts Development; S. 1779, providing for the exchange of certain land held in trust by the U.S. for the Navajo Indian Tribe; to resume consideration of S. 563, authorizing the States and Indian tribes to enter into mutual agreements and compacts respecting jurisdiction and governmental operations in Indian country, and to further consider the substance of S. 1088, promoting the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives, and Alaskan Natives.
5302 Dirksen Building

10:30 a.m.
Armed Services
Preparedness Subcommittee
To hold closed hearings to examine plans and policies of the Department of Defense relating to mobilization fuel requirements.
212 Russell Building

2:00 p.m.
Judiciary
Constitution Subcommittee
Business meeting to mark up S.J. Res. 110, S.J. Res. 17, S.J. Res. 18, and S.J. Res. 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

Select on Intelligence
Budget Subcommittee
Closed briefing on intelligence matters.
S-407, Capitol

DECEMBER 17

9:30 a.m.
Agriculture, Nutrition, and Forestry
Foreign Agriculture Policy Subcommittee
To continue hearings on U.S. agriculture trade policies, focusing on the status of trade with the European economic community.
324 Russell Building

10:00 a.m.
Armed Services
Preparedness Subcommittee
To hold hearings on the organization, missions, and readiness of the U.S. Army's Reserve components.
212 Russell Building

JANUARY 11, 1982

9:30 a.m.
Labor and Human Resources
Employment and Productivity Subcommittee
To hold hearings on unemployment problems in the automobile industry, focusing on the need for job opportunities and training assistance programs.
4232 Dirksen Building

JANUARY 12, 1982

9:30 a.m.
Labor and Human Resources
Employment and Productivity Subcommittee
To continue hearings on unemployment problems in the automobile industry, focusing on the need for job opportunities and training assistance programs.
4232 Dirksen Building

JANUARY 13, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 14, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To continue hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 20, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 26, 1982

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, amending the Employee Retirement Income Security Act (ERISA) by simplifying both reporting and disclosure requirements, and the process for employers to provide retirement income to employees, and providing incentives for employers to provide pension benefits to employees.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

JANUARY 27, 1982

10:00 a.m.
Labor and Human Resources
Investigations and General Oversight Subcommittee
To hold hearings on problems of drug abuse in the American school system.
4232 Dirksen Building

JANUARY 28, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1785, increasing the penalties for violations of the Taft-Hartley Act, requiring immediate removal of certain individuals convicted of crimes relating to his official position, broadening the definition of the types of positions an individual is barred from upon conviction, increasing the time of disbarment from 5 to 10 years, escrowing a convicted official's salary for the duration of his appeal, and clarifying the jurisdiction of the Department of Labor relating to detecting and investigating criminal violations relating to ERISA.
4232 Dirksen Building
10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

FEBRUARY 2, 1982

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

FEBRUARY 3, 1982

10:00 a.m.
Environment and Public Works
Environmental Pollution Subcommittee
To resume hearings on S. 1018, prohibiting the Federal Government from funding commercial and residential growth on undeveloped barrier beaches and islands.
4200 Dirksen Building

FEBRUARY 4, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building
10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

FEBRUARY 9, 1982

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

FEBRUARY 10, 1982

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1748, exempting certain employers from withdrawal and plan termination insurance provisions of title IV of the Employee Retirement Income Security Act (ERISA).
4232 Dirksen Building

FEBRUARY 11, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building
10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
1202 Dirksen Building

FEBRUARY 18, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 23, 1982

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building
11:00 a.m.
Veterans' Affairs
To hold hearings on legislative recommendations of the Disabled American Veterans.
Room to be announced

FEBRUARY 24, 1982

9:30 a.m.
Banking, Housing, and Urban Affairs
Consumer Affairs Subcommittee
To hold hearings to examine certain financial institution practices restricting individuals from withdrawing funds represented by checks deposited to their accounts.
5302 Dirksen Building

FEBRUARY 25, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building
10.00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clear Air Act (Public Law 95-95).
318 Russell Building

MARCH 3, 1982

9:30 a.m.
Banking, Housing, and Urban Affairs
Consumer Affairs Subcommittee
To hold hearings on the role of the Federal Government in the operation of American payment systems.
5302 Dirksen Building

CANCELLATIONS

DECEMBER 16, 1981

9:30 a.m.
*Veterans' Affairs
Business meeting, to mark up S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building
10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

DECEMBER 17, 1981

10:00 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on the impact of immigration numbers and the interrelation of immigration policy and population policy.
5110 Dirksen Building

SENATE—*Tuesday, December 15, 1981*

(Legislative day of Monday, November 30, 1981)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Blessed is the man who walks not in the counsel of the ungodly, nor stands in the way of sinners, nor sits in the seat of the scornful; but his delight is in the law of the Lord and on his law he meditates day and night.—Psalm 1: 1, 2.

We thank Thee, God for Thy word, the Bible. We are guilty of thinking of it as a book of outdated, inflexible rules designed to take the pleasure out of life when in reality it is like an operation manual from the factory showing us how to put it all together. It is given to make life more abundant, free and joyful.

Teach us the truth and light and love that shines through its pages. Remind us that we ignore the Bible or neglect it to our own peril. We deprive ourselves of essential spiritual and moral nurture. We forfeit our opportunity to be instructed in the way and will of the Lord.

Help us, dear God, to avail ourselves of this incalculable treasure which is meat for our souls, light for our way, and strength for the day. We ask this in the name of Him who is the bread of life and the light of the world. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

CONFERENCE AGREEMENT ON DEFENSE APPROPRIATIONS BILL, 1982

Mr. STEVENS. Mr. President, I am pleased to report to the Senate that the conference on the Defense appropriations bill, H.R. 4995, completed its work last evening.

The conference agreement appropriates $199,691,264,000 for the military services and the Defense Department agencies and for intelligence activities. This amount is $2,247,975,000 above the allowance in the House-passed bill and $8,984,481,000 below the Senate version of this bill. It is also $1,186,970,000 below the budget estimates of the President in his budget request.

Among other major changes adopted by the conferees, the $4.8 billion which the Senate added at my request to fund the October pay raise and the $1.6 billion which represented an inflation increase from 8.4 to 10 percent which the Senate also approved at my request, were deleted from the bill with the conference agreement that these unbudgeted costs will be considered in a supplemental appropriations bill.

The conferees also agreed to a House reduction of nearly $500 million based on adjusted fuel cost projections with the cost of fuel coming down for the Defense Department as it is throughout the country.

The conferees approved a Senate increase of $300 million to be allocated by the Department of Defense to the Coast Guard for ship construction and other capital equipment needs.

(Mrs. KASSEBAUM assumed the chair.)

Mr. STEVENS. Madam President, that item specifically refers to the need of the Coast Guard for new cutters particularly the 270's, so that the Coast Guard can carry out its vital work with respect to enforcement of our laws on the seas.

The B–1 bomber cost language was approved, and the Cohen amendment concerning MX missile basing was approved by the conference without change.

Nearly $250 million in increased funding for the National Guard and Reserves equipment and supplies was approved under the conference agreement.

The strength increases approved for the Reserve components were agreed to be funded with an increase of $50 million.

Shipbuilding and conversion were increased in conference by $372 million over the House allowance.

Madam President, this was a very intense conference. We had absolute cooperation throughout the day and ran late into the night last night.

I congratulate the distinguished Congressman from New York, Congressman JOE ADDABBO and those who served with him as members of the conference and all of those who served on our side and particularly we are indebted once again to the distinguished Senator from Mississippi, Senator JOHN STENNIS, for his leadership in being able to bring back to the Senate a bill which we can recommend and I believe it will be a unanimous recommendation from the Members of the Senate—I hope it will be—that the Senate approve this conference report.

Mr. PROXMIRE. Madam President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. PROXMIRE. Madam President, the distinguished Senator from Alaska did really a magnificent job in handling that conference. He was chairman of the conference. He not only had to work all day yesterday from 9:30 in the morning when the Senate conferees met until 8 o'clock last night, but he met for days before that with Chairman ADDABBO in the House of Representatives.

This bill, as we all know, contained literally hundreds of separate items, all very important and amounting to the biggest appropriations bill in the history of our country.

I think that we all agree that this is going to be much bigger than $200 billion because it will have to have a pay increase. It will have to have probably an allowance for inflation that will be more substantial.

But I cannot recall a conference that was more difficult or a conference that was handled in a more orderly way, in a fairer way, with better feeling on both sides, even though there was a strong difference of opinion on many individual items.

I think that all Senators should be very proud of the Senator from Alaska who did really an outstanding, a brilliant job under very difficult circumstances.

Mr. STEVENS. Madam President, I am grateful to the Senator.

I reserve the remainder of our time.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. Under the previous order the minority leader is recognized.

Mr. ROBERT C. BYRD. Madam President, I thank the Chair.

THE SENATE SCHEDULE

Mr. ROBERT C. BYRD. Madam President, I wonder if the distinguished majority leader would be in a position to announce the program at this time for the remainder of the day, for tomorrow, and for Thursday if necessary.

Mr. BAKER. I thank the minority leader.

Madam President, I am pleased to do that.

The controlling issue is how soon we receive the Defense appropriations conference report from the House of Representatives. It is my hope that the House of Representatives will act on that measure today and transmit it to the Senate. If they do so and in time for the Senate to act on the measure tonight it is conceivable that the Senate could complete its work this evening, albeit a late evening.

I think it is far more likely that we will be in session tomorrow. It is even

possible that we will be in Thursday because of these measures, first, the one I have just referred to, the Department of Defense appropriations conference report, which clearly must be dealt with before we finish.

Then there are the following measures:

The identities bill, which I hope to ask the Senate to consider today and which I trust will not take an inordinate amount of time.

The Nuclear Regulatory Commission reform bill, which is also scheduled for today, which I believe will not take a great amount of time, perhaps an hour or somewhat longer.

The Export Administration conference report, which is available and must be dealt with today, should not be an unduly long debate.

The military construction conference report, which is available to the Senate and must be acted on today and can be dealt with, I believe, in a very short period of time.

Then there is the social security minimum benefits conference report which must be acted on by the Senate first, in which I hope will be done today; the agricultural appropriations conference report, and there may be other matters, Madam President, that must be dealt with. But this appears to be the must list at this point.

I will consult with the minority leader on any other measures he wishes to take up, and with other Senators.

There are routine matters, of course, which can be dealt with in the course of the day, and housekeeping details will be arranged between the leaders on both sides.

So in answer to the minority leader it is possible we could finish late this evening, but I doubt it.

If the House does complete action on the Department of Defense appropriations conference report, and if the Senate wishes to do so, I am prepared to stay late tonight in an effort to finish this list of items. If the House does not act, then obviously we cannot finish until tomorrow or, perhaps, even on Thursday.

That is the situation as I see it at this time.

Mr. ROBERT C. BYRD. Madam President, I thank the majority leader for his very lucid statement. I appreciate his courtesy always, and I want to compliment him on the good job he has done and continues to do. I share the hope that the Senate will be able to complete its work today, certainly by tomorrow, hopefully not beyond tomorrow.

Mr. BAKER. Madam President, I am grateful to the minority leader and I am sure if ever there was a bipartisan commitment of the joint leadership it was to try to get us out of here as soon as possible.

Madam President, I yield the floor.

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that any further statements I may have today be inserted in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Does the distinguished Senator from Wisconsin wish my time?

Mr. PROXMIRE. No.

Mr. ROBERT C. BYRD. I yield back my time.

RECOGNITION OF SENATOR SPECTER

The PRESIDING OFFICER. Under the previous order, the Senator from Pennsylvania (Mr. SPECTER) is recognized for not to exceed 15 minutes.

Mr. SPECTER. I thank the Chair.

S. 1953—THE VIETNAM VETERANS AGENT ORANGE RELIEF ACT

Mr. SPECTER. Madam President, I rise today to introduce the Vietnam Veterans' Agent Orange Relief Act.

The pain and suffering inflicted by the Vietnam war continues to this day. The purpose of this bill is to give belated recognition and relief to the thousands of brave men and women who have suffered physical harm because of their exposure to the defoliant agent orange and other toxic herbicides during the Vietnam war.

The solemn pledge of the Veterans' Administration is "to care for him who has borne the battle, and for his widow and his orphan." If that pledge of care is to have real meaning, it must be fulfilled willingly, fairly, and expeditiously. This pledge has not been kept for the veterans of the Vietnam war who suffer from their exposure to agent orange more than a decade ago.

Attention is only now being given to the plight of the Vietnam veteran. It is attention that is long overdue, for in our ambivalence, or guilt, about the Vietnam war, we allowed these veterans to return to us without fanfare, without thanks, and without concern for the special problems that might plague their lives.

I have conducted a series of hearings throughout Pennsylvania to examine the readjustment problems of Vietnam veterans. Almost 500,000 Vietnam-era veterans live in Pennsylvania. The focus of their concerns has been the perceived Government disinterest, if not hostility, to veterans who claim to have been seriously injured by their exposure to agent orange. We are all by now familiar with the commonly cited injuries of these veterans. They include tumors, debilitating stomach ailments, skin rashes, and genetic damage.

However, it is impossible to gauge the frustration and rage felt by many of these veterans unless you hear their stories, face to face. Several veterans testified that they were treated as "the enemy" when seeking help for their injuries. Most disturbingly, many veterans who served our country out of a profound sense of duty and patriotism said they would not let their children serve in the Armed Forces because of the Government's handling of the agent orange question.

Presently, the Veterans' Administration recognizes only a skin rash known as chlorance as having been caused by agent orange exposure and, therefore, subject to compensation as a service-connected injury. No compensation is available for the other alleged injuries because of the lack of a proven service-connection. Vietnam veterans who claim to have been harmed by agent orange are given an examination and entered into the agent orange registry. Medical attention is now available. But for compensation, they must wait, and wait, and wait.

The Federal Government has imposed an impossible burden of proof on Vietnam veterans to establish service-connection for their injuries. It is a burden of proof that far exceeds any imposed on litigants in civil trials who must establish liability for injuries far less serious than those involved in veterans' cases. It is difficult to understand why these veterans, to whom we own so great a debt, are subjected to such a singularly difficult legal barrier to just compensation.

After more than a decade since the Vietnam war, there is little, if any, solace in the impressive array of tests, studies, and experiments being conducted on the effects of exposure to agent orange and other toxic herbicides. No clear deadline has yet been produced as to when the debate will be ended and compensation paid. Veterans wait with mounting and understandable frustration as the Veterans' Administration still struggles with a protocol to get its main study begun. The other investigations grind on without promise of a resolution of this controversy within the near future.

During the confirmation hearing of Deputy Veterans' Administration Administrator Charles T. Hagel, I posed a number of questions regarding the anticipated dates of completion of the various agent orange studies. Written answers submitted by Mr. Hagel last week underlined the necessity of expediting this process. In response to my request for an estimate of when the issue of causal connection between agent orange and birth defects will be resolved, Mr. Hagel concluded:

> At present, we cannot estimate how long it will take to obtain sufficient evidence to arrive at a sound scientific conclusion.

Mr. Hagel added that as to the question of the effects of agent orange exposure generally:

> We shall be more and more definite about the health effects as information accumulates; we shall be more certain 2 years from now than we are today and still more certain 10 years from now.

This is simply too long to wait.

The legislation which I propose will provide for compensation for a 20 percent disability for a disease caused ac-

cording to credible medical opinion by exposure to agent orange. It is frankly difficult to formulate appropriate tests as to what the standard of proof should be, whether it should be a "could" standard, "may" standard, more probably the "may not" standard, and among the various alternatives considered that we have settled on the standard that the disease was caused according to credible medical opinion by exposure to agent orange. That is akin to the standard for submission of an issue to a jury in a civil litigation matter where a single doctor's testimony may be sufficient evidentiary base for a jury's conclusion.

We call for something more than a single doctor to testify that a given ailment is caused according to his opinion by exposure to agent orange, but in a generalized sense according to credible medical opinion which is a standard we believe the VA can realistically administer.

It is long, long past time that Vietnam veterans received the help they need. That is the only way to put the Vietnam war behind us and to fulfill our pledge to the men and women who served their country when called.

I ask unanimous consent to have the bill printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1953

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Vietnam Veterans Agent Orange Relief Act."

SEC. 2. Section 312 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(c)(1) For the purposes of section 310 of this title and subject to the provisions of section 313 of this title, in the case of any veteran who served in Southeast Asia during the Vietnam era and who (A) after such service, developed a disability of 20 per centum or more as a result of a disease which is determined under paragraph (2)(A) of this subsection to be a disease caused, according to credible medical opinion, by exposure to phenoxy herbicides, and (B) during such service, was exposed to phenoxy herbicides, as determined in accordance with rules prescribed by the Administrator under paragraph (3) of this subsection, such disease shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of evidence of such disease during the period of service.

"(2) The Administrator shall determine—

"(A) the diseases which are caused, according to credible medical opinion, by exposure to phenoxy herbicides; and

"(B) the conditions of service in Southeast Asia during the Vietnam era which are sufficient to establish exposure to phenoxy herbicides for the purposes of paragraph (1) of this subsection.

"(3)(A) The Administrator shall prescribe rules for the administration of this subsection. Such rules shall set forth—

"(i) the diseases which have been determined by the Administrator under paragraph (2) of this subsection to be diseases which are caused, according to credible medical opinion, by exposure to phenoxy herbicides;

"(ii) the conditions of service in Southeast Asia during the Vietnam era which are sufficient to establish exposure to phenoxy herbicides for the purposes of paragraph (1) of this subsection; and

"(iii) the factors considered and the standards used by the Administrator in making the determinations required by paragraph (2) of this subsection.

"(B) The rules prescribed under subparagraph (A)(ii) of this paragraph—

"(i) may not include a requirement that a veteran provide any information to the Veterans' Administration in connection with a claim for compensation based on paragraph (1) of this subsection other than the information included in such veteran's military service records; and

"(ii) shall include a rule establishing a presumption that a veteran was exposed to phenoxy herbicides in Southeast Asia during the Vietnam era if the information included in the veteran's military service records, information provided by the veteran, and any other information available to the Administrator establish a reasonable possibility that such veteran was exposed to phenoxy herbicides in Southeast Asia during the Vietnam era.

"(4) Notwithstanding any other provision of law, section 553 of title 5 shall apply to the promulgation of rules under paragraph (3) of this subsection, and such rules shall be made on the record after opportunity for a hearing in accordance with sections 556 and 557 of such title. Such rules shall be subject to judicial review in accordance with the provisions of chapter 7 of such title.

"(5) Not later than three months after the date of enactment of the Vietnam Veterans Agent Orange Relief Act, the Administrator shall complete final agency action to promulgate the rules required to be promulgated by paragraph (3) of this subsection. The initial rules shall be promulgated simultaneously and as one set of rules.".

Mr. SPECTER. Madam President, I yield the floor.

Mr. HEINZ. Madam President, will the Senator yield to me before he yields the floor?

Mr. SPECTER. I yield to the Senator from Pennsylvania.

Mr. HEINZ. I commend my colleague from Pennsylvania for this initiative. This is an area which has been of particular concern to this Senator ever since I arrived here in the Senate in 1977 as virtually the only Vietnam-era veteran in the entire U.S. Senate.

The Senator from Pennsylvania, my distinguished colleague, Senator SPECTER, very wisely chose earlier this year to become a member of the Veterans' Affairs Committee. I think it was, both for himself and for our veterans, particularly our Vietnam veterans, an extraordinarily wise choice.

I, having had a chance to work with Vietnam veterans over the last 5 years, can testify, from firsthand knowledge, to many of the statements that the Senator from Pennsylvania just made in his very eloquent statement on the introduction of his legislation. And the truth is that when you have a herbicide like agent orange, which contains in it some tremendously dangerous poisons, such as dioxane, so dangerous in fact that when a herbicide, 245T, was going to be used in Oregon a few years ago, that herbicide, 245T, which contained dioxane at one-fiftieth the level of its concentration in agent orange, was banned by the Environmental Protection Agency from use under an authority that they rarely, if ever, use; namely, an emergency authority saying that it was an imminent hazard to the public health. Now that, I would remind you, was in the case of a herbicide with one-fiftieth the level of poison in it that agent orange had, an imminent threat to public health.

Madam President, I suspect that if the Environmental Protection Agency thought that something with one-fiftieth the toxicity of agent orange was a threat to Americans in Oregon, that it does not take a great leap of imagination to grasp what 50 times that concentration of poison must do when it comes to the effect it has on the health of our servicemen who were sprayed, inadvertently, but nonetheless repeatedly, during their service in Vietnam.

I also want to note that I have been very pleased with the action taken by my colleagues in the Senate on occasion. I introduced a bill, somewhat different from the one the Senator from Pennsylvania introduces today, in three different Congresses, this and the previous two. The legislation—which Senator SIMPSON is intimately familiar with, the chairman of the Veterans' Affairs Committee, who is here also with us on the floor sharing in this this morning—essentially established a presumption that a Vietnam veteran, who had been exposed to agent orange by virtue of service in Vietnam and who had a compensable disability, would be recompensed for that disability upon the completion of the epidemiological study that we seem so hung up on.

That legislation has in fact passed the Senate three times. And the fact is that, unfortunately, when it has gone to conference with the House, we have not always gotten back that which we sent to conference. As a result, that legislation which has passed the Senate three times is not yet law, notwithstanding the bill the President signed a few months ago.

So I think that the effort that my friend and colleague from Pennsylvania is making today is absolutely essential if we are in any way to meet our responsibilities to our veterans. In this case, it is our Vietnam veterans, but I say our veterans generically for this reason: we want to be sure that, if we are ever called upon to ask the young men of this country to go and defend our national interests, they will do so secure in the knowledge that we will not forget them when they return, those that are fortunate enough to return.

I must say, Madam President, at this time this country has a terminal case of amnesia when it comes to our Vietnam veterans. I salute my friend and colleague from Pennsylvania on having 20–20 memory and a very high sense of what needs to be done. I am pleased I was here on the floor to have a chance to support him in that effort.

Mr. SPECTER. I thank my colleague

from Pennsylvania for those very generous remarks.

Mr. SIMPSON. Madam President, will the Senator from Pennsylvania yield for 2 minutes?

Mr. SPECTER. I do yield to the distinguished Senator from Wyoming, the chairman of the Veterans' Affairs Committee.

Mr. SIMPSON. Madam President, I came here to the floor on other business, but hearing the remarks of the good Senator and my friend from Pennsylvania, both of the Senators from Pennsylvania, who are fine contributing Members in this body, I just want to state how much I appreciate the work of Senator SPECTER, who is a new member of the Veterans' Affairs Committee. He has held hearings in his State with regard to this critical issue of agent orange. I assure him, now as I have in the past, that indeed we shall pursue the issue of agent orange and do that with hopeful skill and alacrity and as much effort we can give to it.

The thing that has always caused me concern is that we must be assured that we do here what we do in other areas of legal cause and effect. We must establish that cause and effect in this case and we will do so. An agent orange registry is being used. People are applying to the Veterans Hospital with ailments and saying they wish to be listed on the registry. We know where they are.

I thank both of the Senators from Pennsylvania who keep at me and do keep me alert in this particular area. I appreciate that. I assure them of proper hearings. The easiest thing for me to do as chairman of the Veterans' Affairs Committee would be to call about two hearings a week. And I do not choose to do that because I do not think anything would be served in that process. It is highly emotional. We must see that the protocol works. I assure both of my colleagues that we will have proper oversight, proper hearings, and we will proceed.

I appreciate very much what both Senators from Pennsylvania have done in this area. I look forward to their assistance and their cooperation in the future.

Mr. SPECTER. I thank the distinguished Senator from Wyoming for those generous remarks. I can assure him that my distinguished colleague, Senator HEINZ, and I will keep at him and it will not be necessary to have two hearings a week on the subject, one hearing would be sufficient.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 15 minutes.

PRESIDENTIAL USE OF DEBT LIMIT CRUCIAL FOR CONTROLLING DEFICITS

Mr. PROXMIRE. Madam President, we find ourselves in a very different kind of a recession than we have ever had before, at least that we have had in a long time, and certainly different than the classic type of recession. Because this is a recession that is caused by huge Government deficit and enormous Government borrowing, which have driven interest rates so high that the credit-sensitive industries—housing, automobiles, small business, farm implements, and so forth—have readily led this country into a recession.

Now we have a trillion dollar Federal debt and we have to find some way of combating it with fiscal restraint. That almost seems to be a contradiction. In the past 50 years when we have faced a recession, the obvious Federal reaction has been to start spending money in a big way to put people to work. That was the right course during the Great Depression. We had had deflation, we had a tremendous shortage of demand, and we had extraordinarily low interest rates. In fact, they were almost negative at times. But now we face an entirely different, and more complex challenge.

Is it possible that we can exercise fiscal restraint while at the same time leading this country out of our present recession?

Madam President, this country faces a crisis in Government financing. In 23 of the last 25 years, the Federal budget has run a deficit. Since fiscal year 1960, when there was a tiny $269 million surplus—million, not billion; in other words, less than a third of a billion dollars—and in 1969 when there was a slight $3.2 billion surplus, except for those 2 years, we have had a massive deficit almost every year—and a deficit every year, in fact—for the last 25 years.

The total deficit over these 25 years has been a unbelievable, whopping, incredible figure of more than $525 billion.

Mr. President, if you want to know why the country and the economy is in trouble, why auto sales are off and housing is a basket case, why prices have taken the up only elevator while wages and incomes have had to climb the stairs, this figure tells us. It does not tell us all or everything, but it tells us plently.

Personally I am not opposed to all Federal budget deficits. There was a time, during the Hoover and Coolidge periods, and for most of our 19th century history, when all American Governments believed we should have a surplus each and every year.

During the Great Depression we found that cutting spending and raising taxes just made things worse. A deficit to reinflate the economy was both necessary and an intelligent way to act.

We therefore conceived of the countercyclical budget theory. That said we should have a balanced budget not every year but a balanced budget over the business cycle. Surpluses in good years would offset deficits in bad years. Surpluses in good years would dampen down inflationary pressures. Deficits in bad years would pour money into the economy at a time when inflation was no problem. This was good theory. The only problem is that it has never been carried out.

At the economy has grown about 3 percent a year historically, to keep the country on an even keel we should have had surpluses in those years when we grew at that rate or higher. Deficits were justified when we grew at a lower than 3-percent rate.

If we had followed this policy over the last quarter of a century we would have had about 15 surpluses and only 10 deficits.

We would have reduced the national debt. Incidentally, in the course of reducing the national debt, we would have made it far easier to balance the budget because next year $100 billion will be the cost of servicing that national debt, $100 billion to pay interest on the national debt.

Instead we have had 23 deficits in 25 years and the country has not seen anything yet.

Each of the last two Presidents—President Carter and President Reagan—have campaigned on a balanced budget. Originally President Reagan promised it in fiscal year 1982. He then retrenched and called for and promised a balanced budget in his fourth year—fiscal year 1984.

President Carter—after the same kinds of pushing and hauling, of climbing up the hill and then climbing down again—also promised a balanced budget in his fourth year.

But in his fourth year, fiscal year 1981, we had a $58 to $60 billion deficit.

In fiscal year 1982, after being promised a balanced budget a few years ago—yes, that is what the budget resolutions proposed—after President Carter proposed a $27 billion deficit, and after President Reagan and his new supply side economists told us it would remain at the $40 to $45 billion level, we face a $100 billion deficit.

The $100 billion deficit forecast for fiscal year 1982 is more money than the Government spent in any year from 1789 through fiscal year 1961, or for the first 172 years of our economic and budget history.

The President—every President—in the last quarter of a century—has been unable to restrain the budget. The Congress, for a quarter of a century, has been unable to discipline either itself or the budget.

This country is in a fiscal and economic mess due in large part to the inability of the President and the Congress to follow a prudent, disciplined, budget and fiscal policy.

The irony of that is that we find ourselves in the recession we are in because the Federal Government has spent too much or taxed too little, has followed an irresponsible, year after year, unremitting policy of big deficits and now bigger and bigger deficits.

As a result we have had the worst inflation in our peacetime history. Interest rates have risen to unprecedented heights. Deficits have grown larger and larger. And the end is not in sight.

Only a few weeks ago we increased the ceiling on the national debt from $985 billion to $1,079 trillion, or a $94 billion increase. That was supposed to last a year, until the end of fiscal year 1982, next September 30.

But by December 9—a week ago tomorrow—the national debt had risen to $1,014 trillion, or a $29 billion increase in less than 2½ months. At that rate, we will have to raise the national debt in this coming calendar year and sharply.

Madam President, early last week the already shaky U.S. economy received the troubling latest internal Reagan administration's calculations for budget deficits and general economic projections for the coming years. I have just indicated what they are.

At the same time, we are told that the gross national product in current prices has been reestimated to grow only 7.9 percent during calendar year 1982. That would be the lowest rate of nominal economic growth since 1970. With this lower rate of growth tax revenues will fall drastically and help create the ballooning deficit.

At the same time, unemployment which was 8.4 percent in November, the latest month, is projected to rise above 9 percent before declining according to newspaper accounts of the Reagan administration forecast.

Of course, administrations have always been very optimistic about unemployment and about inflation. There is no reason to suspect that unemployment is likely to stop at 9 percent. It may very well go to 9.5 percent, 10 percent, or even higher.

Madam President, 9 percent is the post-World War II record. Some economists believe that a deficit in the $100 billion range can be financed in 1982 without a resurgence of interest rates.

But, of course, the only way we can do that is if the recession gives us a helping hand. I do not think anybody would want it to happen that way. Certainly, it is impossible to balance the budget in fiscal 1982, and I would concede that. But if the deficits persist at such levels once the recovery is underway, and the Federal Reserve continues to restrict the growth of money supply to hold down inflation, there is not any question that interest rates will climb, and climb very sharply, and recovery in housing, construction, and automobiles will be stymied and our economy will stagnate again.

Madam President, the Washington Post carried a lead editorial this morning in which they pointed out the virtual certainty that we are likely to have a situation in which the deficit is going to shove us into another recession. I would like to read just the last paragraph of that editorial because it is so timely.

When the recession ends and recovery begins some time next year, there will be a rapid expansion of demand for private credit. That's the point at which the federal deficit becomes dangerous. It will have to be financed by borrowing in competition with the private businesses that are also trying to borrow from the same pool of lending. The tightening competition is the process that sends interest rates shooting upward. Twice in the past two years, very high interest rates have cut off economic growth and thrown the country into recession. That's why there won't be steady growth until the structural deficit can be substantially reduced. Instead, it's getting bigger.

That is the Washington Post, a liberal newspaper that has consistently been critical of those who call year after year for balanced budgets but which realizes that we are now in a really very serious situation where, as I pointed out at the beginning of my remarks, the failure of the Federal Government to follow a responsible fiscal policy, the year after year huge deficits, have so crowded private borrowing now that they have caused our recession. To recover we now have to follow a policy of restraint. It is going to be very difficult for us to pursue that policy.

How can we end this terrible cycle of high interest rates leading to recession and unemployment and then slow recovery with rising interest rates?

Madam President, the answer is clear. The President can force the Congress to balance the budget in 1983 and beyond. How can he do this? The answer: by using the debt limit. And here is how: The President can decide now that he will not increase the debt limit beyond its present $1.79 trillion level. By the end of the current fiscal year, even with careful and conservative fiscal policies, the ballooning national debt will use up all of the remaining $70 billion. This would mean that we would be faced before September with the need either to increase the debt or to move rapidly toward balancing the Federal budget.

What we must do is begin the task of balancing the budget now. We must clearly realize that this recession is significantly different from previous recessions, because the extraordinarily high interest rates, caused in great part by the substantial federal deficit, is the central reason for the declining American economy. The clearest answer is fiscal restraint now and the secret to achieving fiscal restraint now is to pledge ourselves not to exceed the current Federal debt limit.

Madam President, I wrote the chairman of the Council of Economic Advisers and the Secretary of the Treasury, pleading with them to consider this tool that would give the President the strongest weapon he could have in achieving a balanced budget—that is, limiting the debt. He can do that. I received two very disappointing replies, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE TREASURY.
Washingon, D.C., December 2, 1981.

Hon. WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR BILL: I am pleased to respond to your letter concerning your proposal that no new legislation to raise the statutory debt limit be proposed at the end of fiscal year 1982.

I share your concern for controlling the growth of the public debt. However, the statutory debt limit has not been an effective way to control the public debt. We must first reduce Government spending and thus eliminate the budget deficits which cause the public debt to increase. Moreover, even with a balanced budget, it will be necessary to increase the debt subject to limit because surpluses of trust funds, including the social security trust funds, are invested in Treasury securities which are suject to the debt limit.

I hope this information is helpful.

With best wishes.

Sincerely,

DONALD T. REGAN.

THE CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., November 25, 1981.

Senator WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR BILL: I read with interest your recent letter to the President, as well as your letter to me personally, in which you supported a balanced budget in 1983 and suggested it could be achieved by announcing that there will be no further increases in the ceiling on the national debt.

If such a pronouncement were believed, it would indeed put pressure on Congress and the Executive departments to take the tough actions you list to contain the budget deficit and Federal borrowing requirements. However, the policy changes that would be required and the dislocations that would result would be so drastic that I doubt the threat of maintaining the current debt ceiling would be credible.

Apart from the critical issue of credibility, a balanced budget is only one among several goals of economic policy that I believe you share with this Administration: reducing the burden of taxation on the American people, strengthening the nation's defenses, restraining monetary growth in order to bring down the long-run rate of inflation, eliminating unnecessary Federal government involvement in the economy and preserving commitments to citizens who truly need its help. Although you and I may disagree sometimes on the definition of these goals, we both recognize all of them as important objectives. However, refusing to raise the debt ceiling is tantamount to sacrificing some of them at the shrine of a balanced budget. The Administration's economic policy is designed to produce gradual progress on several fronts at once—including movement towards a balanced budget—without making any one goal supreme.

With best wishes,

Sincerely yours,

MURRAY L. WEIDENBAUM.

Mr. PROXMIRE. Madam President, Secretary of the Treasury Regan, who manages the debt for this country, said:

I share your concern for controlling the growth of the public debt. However, the statutory debt limit has not been an effective way to control the public debt. We must first reduce Government spending and thus eliminate the budget deficits which cause the public debt to increase.

He argues that we simply cannot do it that way. Moreover, he says, even with a balanced budget, we shall have to borrow more. He gives a very obscure reason. I have talked this over with every expert

I have found, and nobody can understand what the Secretary is talking about. He says:

> Moreover, even with a balanced budget, it will be necessary to increase the debt subject to limit because surpluses of trust funds, including the social security trust funds, are invested in Treasury securities which are subject to the debt limit.

So what, Madam President? That does not follow that we cannot balance the budget, simply because we are investing Government funds in the Federal debt. The Federal debt is enormous. Of course, it turns over every year. So there will be plenty of debt to invest in for many, many years to come.

Then I received an answer from Murray Weidenbaum, the Chairman of the Council of Economic Advisers, a fine man and an excellent economist. Mr. Weidenbaum again turns down my argument on the grounds that we should not sacrifice our other objectives at the shrine of a balanced budget.

Madam President, I love that "at the shrine of a balanced budget." We have had one little balanced budget in the last 20 years, one, in 1969. Some shrine that is. We are hardly worshiping at the shrine of a balanced budget.

Madam President, the fact is that we can overdo the balanced budget approach. As I say, we should not try to balance the budget in a year with 8.4 percent unemployment. We should recognize that if we do recover at the rate we are expected to recover over the next year or so, we should make an effort to balance the budget not in 1984 but in 1983.

There is no reason why we cannot do that, and I think if you look at it very carefully, Madam President, you will see that the growth of the economy will permit that.

I see my time is up, Madam President, and I yield the floor.

RECOGNITION OF SENATOR BUMPERS

The PRESIDING OFFICER. Under the previous order, the Senator from Arkansas (Mr. BUMPERS) is recognized for not to exceed 15 minutes.

THE PLIGHT OF THE FARMER

Mr. BUMPERS. Madam President, if I have time, I have two things I want to talk about. If I have more time, I shall touch upon a third. First of all, the plight of the American farmer.

As this recession deepens, Madam President, there are a lot of segments of our economy that are suffering unbelievable adversity. Some were suffering even before the recession started, and the recession has only exacerbated their plight. Industries such as auto manufacturing, auto dealers, housing, and agriculture have been in an economic slump for years, and many in those industries are now taking bankruptcy at an exponential rate.

The purpose of my remarks is to dramatize the plight of one of those—farming. In doing so, I in no way intend to diminish the plight of other depressed industries, because similar figures would apply to them, also.

Last summer, the summer of 1980, as I campaigned for reelection around my State. I witnessed the effects of the worst drought in our history. I saw millions of acres of crops withering under a searing Sun and no rain in sight. I watched rich soil turn to powder and the roots of plants became exposed. I watched farmers by the thousands soically watch their crops being destroyed with no hope of salvaging enough to even pay the costs of their seed, not even enough to pay the costs of plowing the crops under. Our agricultural loss in Arkansas was conservatively set at $1 billion.

A concerned Congress passed appropriations to provide low-interest loans to those who could qualify, and for many it simply meant prolonging the agony, because they were already debt-ridden to an insurmountable degree. While some dropped out, others struggled to try one more time.

That loan program itself had problems, Madam President. The Reagan administration stopped the program in midstream only to start it up again after which it was only marginally effective.

So, this year, God provided bountiful rain and moderate temperatures, and the farmers of this country produced one of our best crops, probably our best since 1973. Nationally, our yields of rice, soybeans, corn, and wheat set all-time records. But this year, Madam President, another factor, no act of God, has conspired to assure those who struggled to rise from the dust of last year's drought, that their commodities will not bring nearly enough to pay for the cost of production. The price of everything the farmer raises in my State had dropped dramatically.

To illustrate what has occurred in the last year, let me tell you what has happened to commodity prices. One year ago the prices of our three major crops—soybeans, rice, and cotton were as follows:

Soybeans were $8.02 a bushel. Rice, a commodity in which Arkansas leads the Nation in production, was $5.77 a bushel. Cotton was 79.5 cents a pound. Today, soybeans are $5.95 a bushel, or 2.07 cents a bushel less than a year ago. Rice is averaging $3.75 a bushel or $2.02 a bushel less than a year ago; and cotton is selling for 54½ cents a pound, 25¼ cents less a pound than a year ago.

Madam President, that is a one-third drop in the price of cotton. This year alone in my State, farmers will raise 100,050,000 bushels of soybeans, 153,333,000 bushels of rice, and 650,000 bales of cotton. If you calculate the drop in prices, you will see very quickly that the farmers in my State alone, if they had to sell their crop today, would get $595 million less for their crops than they would have received a year ago.

Farmers are eternal optimists, and they love what they do more than any other group I know. The only thing I ever enjoyed in my life and knew I was enjoying it was when I was farming. But optimism has to give way to reality and the reality is that barring a miracle a large percentage of our farmers will not be able to continue their chosen careers.

We laud farmers daily around here because words do not cost anything. We applaud the family farm, and pass estate tax exemptions for everyone. The thrust of the estate tax reform was for farmers, to keep the family farm intact and to assure the widow and children they would not have to sell the farm to pay their estate taxes.

But with the agricultural policies of this country we are assured that those who are not foreclosed on will be forced to sell to agribusiness interests which can afford to stay until everyone else is gone. We are going to pay a high price, Madam President, for our neglect and indifference.

Madam President, I have never wavered from the principles set out in a bill Senator Hodges and I introduced in 1978, S. 2626. It was realistic because it recognized our propensity to overproduce; it was inexpensive because it provided a cutback in production to assure a decent price, thereby eliminating subsidies and target prices; it was protective in that farmers were not force to sell at the bottom of the market to pay off their loans. At one time, we had a large number of cosponsors and the bill looked as though it had promise. But alas, enthusiasm waned, and now we have an administration that apparently has absolutely nothing in mind to save farmers. On the contrary, we just passed a bill that was only slightly better than no bill at all.

The reintroduction of S. 2626 now would get absolutely nowhere nor would any other bill to save agriculture.

So, Madam President, this will be a sad, sad Christmas season for hundreds of thousands of farmers in this Nation who look at their bountiful crops, stored in bulging bins, wondering about their seeming catch 22 situation—if they produce, there is no price—and if they have nothing to sell, the price is great.

EVENTS IN POLAND

Mr. BUMPERS. Madam President, we are all saddened by events in Poland. At a time when the Christian world is in the midst of its most joyous season, Poland, a devout Christian nation itself, is confronted with the loss, by military suppression, of small, but measurable gains in freedom, courageously won over the past 18 months. The most intense yearning of man is to be free. To see a national struggle for economic and political freedom so summarily wiped out casts an ominous pall over the world. Events in Poland and Afghanistan should serve as notice to all nations, developed and underdeveloped, that toying with systems long on rhetoric, but with miserable rec-

ords on human rights, contain within them a natural bent against freedom of expression and action.

Madam President, I recall one of Aesop's fables about the fox and the gingerbread man. On a promise by the fox, the gingerbread man decided to cooperate with the fox, only to find himself being eaten.

Many years ago, when I was Governor in my State, I read a similar story about the grasshopper trying to get across a stream. A turtle offered him a ride on his back. The grasshopper resisted, saying, "I know what you'll do. You'll get out in the middle of the stream and go under with me and I'll drown." The turtle insisted he would never do such a thing. After repeated assurances by the turtle the grasshopper finally agreed to take a chance and the trip commenced.

Sure enough, about the middle of the stream the turtle dived under and just before the grasshopper drowned he said to the turtle, "You promised you wouldn't do that, and now I'm going to drown. Why did you do it?" The turtle replied, "I really don't know. I guess it's just my nature."

So it is with the nature of those systems.

Madam President, I pray, as do my colleagues that violence can be averted in Poland; that a just solution will be found; and that the threat to world peace will be diminished.

ORDER OF PROCEDURE

Mr. BUMPERS. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Arkansas has 6 minutes remaining.

Mr. BUMPERS. There is another subject on which I really did not come to talk on this morning, but inasmuch as I have 6 minutes remaining, I will take the opportunity to do so.

DEREGULATION OF NATURAL GAS

Mr. BUMPERS. Madam President, I continue to read in the newspapers that the President has said he is opposed to any type of windfall profit tax on natural gas, if natural gas should be deregulated. I have noticed that our distinguished majority leader, for whom I have the very highest regard, is suggesting to the President that if we are ever going to come close to diminishing the monumental budget deficits that the country is facing, some dramatic action will have to be taken. One of those things is to deregulate natural gas and impose a windfall profit tax. This type of tax is calculated to produce $10 billion to $20 billion a year for the Treasury, and thereby reduce the deficit by that amount each year.

It seems to me that we have bypassed the issue of whether or not natural gas should be deregulated. We just bypassed that with the question, "Should we impose a windfall profit tax in the event natural gas is deregulated?"

I should like to go back a step and say that this is one Senator who probably will be lying prostrate on the floor of this Chamber before natural gas is deregulated.

My State is a gas-using State, and I can tell you that 85 percent to 90 percent of the people in my State are going to be very hard pressed to pay their gas bills if natural gas is deregulated. I do not say this is a matter of hyperbole or to be dramatic. I am saying that 85 percent to 90 percent of the people in my State are going to have a very tough time staying warm this winter because they will not be able to pay their gas bills at current gas prices.

Right now, the national average of natural gas is $1.78 a thousand cubic feet or, as they say in the industry, an MCF.

If natural gas were to be deregulated today, you have to assume that it would immediately go to a price at least equal to the Btu equivalent of oil. The Btu equivalent price on natural gas, if it does go to the Btu equivalent of oil, is $4.52. But natural gas is a premium fuel, much more desirable to most industries than heating oil, much more desirable for home heating than oil.

However, being very conservative, I can tell you with absolute certainty that if the President were to deregulate natural gas today, the national average price would go from $1.78 to a minimum of $4.52. I can tell you, further, that deregulation of natural gas will double the price of heating the homes of Arkansas this coming winter.

That is the reason why I am telling you that I will engage in a filibuster, I will engage in any kind of delaying tactic, I will do anything I can do in this body, within the rules of the Senate, to prevent the deregulation of natural gas.

Madam President, in 1980, according to Business Week magazine, if you exclude financial institutions, the oil and gas industry made 36 percent of all the corporate profit made in America. Incidentally, that was up from 16 percent in 1973. From 16 percent to 36 percent of all the profit in America, excluding financial institutions.

Further, according to a recent House committee report, in the 2-year period covering 1979 and 1980 the oil and gas industry accounted for 98 percent of the increase in profits of the top 500 companies in this country.

So far as I am concerned, Madam President, we have not yet reached the issue of whether we are going to have a windfall profit tax. First, we will have to debate a Presidential decision to deregulate natural gas. I can think of no quicker way to put people into the streets of this Nation than to tell them that they and their children and their families cannot stay warm without doubling the price of their heating bills.

RECOGNITION OF SENATOR COCHRAN

The PRESIDING OFFICER. Under the previous order, the distinguished Senator from Mississippi (Mr. COCHRAN) is recognized for not to exceed 15 minutes.

ECONOMIC RECOVERY: THE ROLE OF VOC-ED AND THE EMPLOYMENT SERVICE

Mr. COCHRAN. Madam President, as the debate over how to cope with budget deficits, high interest rates, inflation, and unemployment continues to occupy the minds of all Americans, I want to bring to the attention of the Senate my particular interest in, and concern over two Federal programs which, I feel, will play an integral and important role in the recovery of our economy.

An essential element of the President's economic program is the effort to stimulate the private sector to produce more jobs, increase productivity and thereby restore health and vitality to the Nation's economy. I have been, and continue to be, supportive of the President's efforts.

I am concerned, though, that in our efforts to stick by our policy of reducing Federal spending, we should not forget the important Government role as facilitator, better enabling private industry to meet its challenge of producing jobs.

Two Federal efforts which have played significant roles in the functioning of the labor market and the supply of labor in this country are the U.S. Employment Service and our vocational education programs.

The U.S. Employment Service provides assistance to States in establishing and maintaining a system of local employment service offices. These offices are responsible for providing job placement and other employment-related services to individual jobseekers and employers. Services include recruitment and counseling, developing information on employment and unemployment, and on occupational demand and supply necessary for the planning and operation of job training and vocational education programs within the State.

Some of the Federal efforts which rely heavily upon the functions of the Employment Service are:

First, unemployment insurance program; second, targeted jobs tax credit; third, work incentive program (WIN); fourth, veterans outreach; fifth, job corps; sixth, State occupational information coordinating committees; seventh, farmworker placement; eighth, alien certification; and ninth, vocational education placement.

The Employment Service is also responsible for maintaining labor statistics, and providing appropriate data for economic development.

The Comprehensive Employment and Training Act provides for a set-aside of 6 percent of funds available to the States to be used to provide vocational education and related services to CETA participants. An additional 1 percent is set aside for encouraging coordination and establishing linkages with educational agencies and institutions which

provide training programs, such as State boards of vocational education.

In Mississippi, for instance, the department of education, vocational division, administers the CETA/vocational training primarily through the Mississippi junior college system. In addition to utilizing the existing vocational education structure for providing training, existing public facilities and equipment are also used to a large extent, a cooperative arrangement which is providing maximum use of public facilities, equipment and personnel.

Each program provides a comprehensive curriculum for its participants, with the major focus on skill or occupational training in a field where there is a reasonable expectation of employment in the private sector. The participant also receives basic education in math and communication skills, counseling services emphasizing personal growth and development, methods of obtaining employment and development of good work habits, ethics, and attitude. This kind of employability skills training is essential for participants to accomplish their goals and to obtain and retain unsubsidized employment in the private sector.

As a result of the joint cooperation of the Mississippi Department of Education, the Mississippi Employment Security Commission and other providers of employment and training programs, many Mississippians have gained vocational skills, obtained unsubsidized employment, and have become more productive citizens of our State.

Thus, these two programs play a critical role in the development and creation of job opportunities and the training, education, and other services which have historically enabled individuals to secure and retain private employment at their maximum potential. These services are essential to the full development of our Nation's human resources.

In the last few months, we have seen strong evidence of the economic downturn forecasters had predicted and unemployment is at the highest monthly rate in more than 6 years. How severe the recession will be is uncertain. What is certain, however, is that as the economy begins to recover there will be an increase in the availability of jobs, jobs created by a growing and expanding private sector. Ironically, we are also facing a critical shortage of skilled workers, and we all know that the availability of a trained and competent labor force will be a primary factor in any firm's incentive for expansion.

This country needs a coordinated and functioning employment and training policy to aid in that recovery. I agree with the Secretary of Labor that this policy must mandate a system of performance standards so that we have some measure of progress. Vocational educators have always had high standards for program completion and certification of competence. The next step is to make sure that persons who complete training programs such as vocational education actually get into jobs for which they were trained. That is where employment services come in. If we are going to reach the goals of a workable and cost-efficient training and placement program described by Assistant Secretary of Labor for Employment and Training, Albert Angrisani, we need to thoroughly examine already exsting programs such as the Employment service and vocational education and utilize the resources which they have developed and which are now in place.

In the coming months Congress will consider the budget for fiscal year 1983 and the reauthorization of both the Comprehensive Employment and Training Act (CETA) and the Vocational Education Act. It is my hope that we do not undo the important work that both of these programs have accomplished over the years and thereby delegate to the private sector the task of reinventing the wheel. We should be ready to consider changes which would improve the effectiveness of the vocational education programs and the employment services within the constraints of the budget.

In order to put our unused manpower resources to work we have to use our ability to train these people and our ability to place them into productive private sector employment. If we fail to do so the consequences will be continued high unemployment, escalating pressure on our entitlement programs on one hand, and private industry stagnant for lack of skilled labor, on the other.

It will be my hope as we debate the authorization and appropriations measures next year that a new emphasis will be placed on a national jobs and employment policy to help make economic recovery really meaningful for those who are now unemployed or underemployed.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. ANDREWS). The Senator yields back the remainder of his time.

Mr. COCHRAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR HEINZ

The PRESIDING OFFICER. Under the previous order, the Senator from Pennsylvania (Mr. HEINZ) is recognized for not to exceed 15 minutes.

Mr. HEINZ. I thank the Chair.

FACTS SHOW WHY S. 708 DESERVES TO BECOME LAW

Mr. HEINZ. Mr. President, last month, on November 23, the Senate passed S. 708, amendments to the Foreign Corrupt Practices Act, legislation I was pleased to manage. On the House side, the Energy and Commerce Committee's Subcommittee on Telecommunications, Consumer Protection, and Finance has begun extensive hearings on the subject, the third of which will be held tomorrow.

S. 708, the bill which we passed here in the Senate, emerged from the Senate Banking Committee and, indeed, from the Senate itself, with considerable bipartisan support, and I hope the House will approach it in the same spirit. S. 708 is not aimed at trying to weaken the law, its goal is to clarify the law so American businessmen operating abroad will know with certainly what is legal or illegal. I expect that Government enforcement agencies will do a better job under these more certain standards, and that violators will be accorded swifter, surer punishment, as a result.

Let me explore further the question of greater certainty for American businessmen.

Throughout the debate on the bill, the question of certainty has been a critical one, and linked to it has been the problem of documenting sales lost by American companies because of the act.

One of the difficulties with this whole issue is in obtaining quotable examples. First of all, it is difficult to document what did not happen, and what we are primarily talking about here are sales that were not made, lost sales opportunities, indeed sales that were not even pursued because of the uncertainty generated by the Foreign Corrupt Practices Act. That is very difficult to document.

Second, it is difficult to get companies to talk about cases that border on what may be considered by some to be inappropriate activity, and, under some constructions of the current FCPA, even illegal. In other words, the ambiguities in the bill that leave so much doubt as to what is and what is not illegal are exactly what keep companies from talking about them. They fear that even discussion of the problem might lead them into trouble. When you have an American law that elicits that kind of response, that is so vague that companies are unsure of what is permitted, then the Congress is not doing its job in writing clear and precise laws. S. 708, in my judgment, corrects that and in the process of developing it, some specific business examples have been made available, and a body of evidence has been compiled. We do have some specific incidents, reinforced by a large amount of evidence compiled in the aggregate, that strongly support our efforts to amend the Foreign Corrupt Practices Act.

I would like to share some of these examples with my colleagues, emphasizing that each case is representative of many other similar cases. These are chosen to point out different aspects of the problem.

The general problem is that the FCPA currently pays little or no attention to foreign conditions. It is as if it were created with blinders on. In some coun-

tries—I should say in a great many countries—small gratuities, or "grease payments"—facilitating payments—are essential, everyday aspects of commerce if one is to get anything accomplished. The FCPA tried to make an exception for these, but did not so do clearly. Companies still do not know what is and what is not permissible. Let me cite an example:

During an exhibition trip to Singapore, a U.S. company learned that a series of payments would be required in order to do business in Indonesia. These included payments to the switchboard operator in the hotel, to secretaries for arranging appointments, to the administrative assistant of the customer to meet with the customer (although an appointment had already been made), to all the company sales representatives, to guards watching unloaded merchandise, and to customs officials. Unclear as to which payments were proscribed by the FCPA, the company withdrew from competition for installation of the communications equipment.

Another case where the FCPA comes up, not against bribery in its true sense, but against customary practice in a culture far different from our own occurs in some Asian countries where it has always been customary and, in fact, required to provide samples of new drugs to doctors and hospitals. Health care in this part of the world is often provided in government facilities. It is well known that the samples are sold to provide extra income for government hospital doctors and staff.

Those firms that "sample generously" are more likely to have their products prescribed. Now, due to the FCPA, pharmaceutical companies are unsure as to how much sampling would constitute a violation. There is a question as to whether samples provided to doctors and purchasing agents that ultimately are given to government doctors and hospitals can be considered corrupt payments. The alternative is that less sampling by U.S. producers results in Japanese, German, and Swiss competition taking away the business of the U.S. pharmaceutical companies because they have no restrictions on their sampling practices.

These are not payments, gifts, and so forth, designed to obtain business to which one would not be entitled. These are practices often essential for doing business in these countries. It was not the intent of the drafters of the FCPA to proscribe this activity, but it has surely been the effect of the present law.

Often because of these uncertainties companies choose not even to try to enter the market for fear of unintentionally violating the law. One such example is the following:

A multinational U.S.-based engineering company spent approximately a quarter million dollars on a 1979 study to evaluate its potential market in Latin America. Three countries—Brazil, Mexico, and Venezuela—were seriously considered as potential markets for either exporting process engineering services or establishing local engineering services. One of the major reasons the company chose not to pursue these markets was that business practices associated with the construction industry in these countries are significantly different from those in the more developed markets in which the company currently operates.

Although the company is opposed to the concept of improper payments and, in fact, specifically prohibits them as part of its corporate policy, it felt that the unrealistic provisions of the FCPA regarding responsibility for the activities of independent agents and subcontractors and the concomitant costs to try to police such activities would have markedly lessened its competitiveness in this market.

The FCPA is driving American businesses out of export markets. It is losing us sales, offending those who were our commercial friends. This latter effect comes about often because the law requires that a company be responsible for the actions of its agents, even if the company has only some undefined "reason to know" that some sort of poorly defined inappropriate payment might be made. Let me cite an example:

An American manufacturing company exported its products to a country in Southeast Asia where they were marketed by a local agent. The relationship had existed for over 10 years. Although the commission paid to the agent was reasonable, the manufacturer suspected that the agent may have used part of the commission to pay Government procurement officials. His suspicions were based mainly on his knowledge of local trading practices, although there was no way he could verify these concerns.

Shortly after passage of the FCPA, the agent abruptly canceled his agreement with the manufacturer. It was determined later that the agent had signed an agreement with a European competitor. Two months later the manufacturer lost a tender, on which he bid directly, to his old agent, even though his bid was competitive. After an unsuccessful attempt to find a new agent, the manufacturer withdrew from the market in 1979.

Gov. Robert Graham of Florida, testifying in favor of S. 708 on behalf of the National Governors Association, cited several examples of how the FCPA was unintentionally disrupting U.S. export relations. These come from the failure of the act to take foreign conditions into account, a major consideration addressed by S. 708. I wish to quote from Governor Graham's testimony and share two additional examples:

I have also solicited from Florida business some other examples. One that I would share, a south Florida firm, after two years of negotiations, entered into a $200 million equipment contract for a major hospital complex in the Middle East. Corporate counsel reviewed and recommended that the foreign agent sign an affidavit concerning his past and present conduct.

The agent refused to do that, considering it an insult, and terminating what had been a longstanding profitable business relationship. The company lost $200 million in contract, a minimum of 200 new jobs.

The second example was a Florida manufacturing company which negotiated a contract for a major hotel project in the Middle East. Florida legal counsel insisted on the clause in the contract providing that the agent would comply with the U.S. Foreign Corrupt Practices Act. The agent was offended. This destroyed a 10 year business relationship between the agent and the Florida company. This particular contract would have meant $25 million and 75 new jobs in our State.

Mr. President, the ultimate point of these examples is that we are depriving ourselves of much-needed foreign trade which, in turn, would mean jobs for our work force, support for our balance of payments, and stimulation of our industry. Allow me to quote two last examples to show just how the FCPA is taxing American business:

An American company held 20 percent equity in a company in Southeast Asia. As part of their agreement, the American company provided technical and managerial expertise and held one seat of a five-man board in return for a fixed fee and a percent of the profit. Under the consent agreement reached with the U.S. Government, the manager of the American company was required to sign quarterly statements of FCPA compliance. When he informed the affiliate's board of directors of this requirement, they suggested the following alternatives:

(A) Replace the American manager with another national who would not be required to sign the compliance statement; or

(B) Divest their interest in the affiliate's company.

Since the American company knew that the change of manager would not release them from the FCPA compliance agreement, they were forced into the divestiture alternative. Unfortunately, the timing was poor and the sale of equity was at half the asset value. The loss for 1979 on the investment, management fees, and profit sharing was estimated at $2 million.

The last example that I will cite, and I emphasize once again that these are representative of many, many more cases, is from the testimony of John T. Subak, the group vice president and general counsel of Rohm & Haas Co.

We believe that the "reason to know" standard is sufficiently vague and, as I've said, it is a standard where we might well be judged by hindsight so that we, in fact, walk away from business in a number of countries not because we would have to bribe to get the business, but because it is customary to deal in those countries through distributors and we simply cannot live up to the vague standard under the present law.

We, therefore, have voluntarily walked away from that business. It hasn't busted us. We were profitable before. We are still profitable, but it hurts, and we believe that we are quite typical of a number of other countries.

You might properly ask how much. That is very hard to tell. We have made various guesses at it. We are guessing it is in the $15-to-$20 million-a-year range. That guess may be a little high, it may be a little low, but it's probably in the right ballpark. If you multiplied that number by the number of other American businesses that are similarly affected, I think that you will recognize that the law is a serious impediment to our competitive position outside the United States.

As Mr. Subak mentions, Mr. President, that is just one company, with $15 to $20 million in sales lost per year because of ambiguities in our law. I asked the Emergency Committee for American Trade to survey their members and to estimate, for the record, what they thought was the total cost to their membership, which constitutes the Fortune 100, of the uncertainties contained in the FCPA. Their estimate was that the FCPA was a factor in losses of business totaling over $2 billion. Now, they do not claim it is the sole cause, but it certainly has been an important factor. That is why we are proposing S. 708, to remove what amounts to a regressive tax on American commerce that brings revenues to no one except our trade competitors.

For these reasons, Mr. President, I must say that I was pleased by the action of the Senate in adopting S. 708. I was very pleased by its very wide and strong bipartisan support. I think the action on passage shows that we have acted to preserve the essential prohibitions against foreign bribery while eliminating costly and unnecessary inhibitions to our legitimate exports. Indeed, I challenge any Member of Congress, or anyone else, to show where S. 708, as passed by the Senate would permit any American company to act contrary to the underlying intent of the act.

I suggest that the reason that challenge has not been taken up is because S. 708, as approved by the Senate, is a moderate, reasonable piece of legislation, a compromise bill that enjoys bipartisan support and merits prompt enactment into law.

For these reasons, Mr. President, I hope that the other body will follow the example of the Senate and take prompt action on S. 708 so that we may send the revised law to the President for his signature. We will thereby do our exporters and the economy important and valuable service.

ROUTINE MORNING BUSINESS

The PRESIDIING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 3 minutes each.

EDUCATION EXCHANGE PROGRAMS

Mr. COCHRAN. Mr. President, on December 9, the pending business before the Senate was the amendment offered by the Senator from Connecticut (Mr. WEICKER) to express the sense of the Senate that academic exchange programs should not be reduced. However, consideration of the measure had to be postponed.

I rise at this time to indicate my strong support for the continued full funding of these programs. The educational and cultural exchange programs within the International Communications Agency serve a critical purpose in enabling the United States to maintain academic contact and hence a full flow of knowledge between and about our differing societies.

As a consequence of the educational and cultural programs of the ICA, there are now 35 heads of state and 400 cabinet ministers in foreign lands who early in their careers gained direct knowledge of American democracy and political freedom, and who established ties of continuing friendship with people in our country. The significance of these programs to our national defense and foreign policy presents not only a strong argument to maintain their existence but also one to increase support for them.

Intangibles, such as political climate, economic conditions, and attitudes, including good will developed by our exchange programs, make the Senate-recommended expenditure for educational and cultural programs very attractive. If the proposed cutbacks of these programs is allowed, the United States will surrender the field to the Soviet Union, which now offers more than 10 times as many fellowships to the Third World as we do. Hundreds of thousands of Third World students, including future leaders, will go to the U.S.S.R. to study, instead of coming to us, unless we have the vision to continue funding these important programs.

An administration-requested 56-percent reduction in the Fulbright exchange programs of students and faculty will affect our relations with 61 countries, and the reduction in the international visitors program will affect us in 75 countries. The Humphrey program will be eliminated entirely. We cannot allow such a crippling of a vital component of U.S. international good will.

I rose in support of the educational and cultural exchange programs when this issue was last discussed in the Chamber. Since that time the other body adopted a funding level of $1 million during the conference on the first resolution making continuing appropriations for fiscal year 1982. That $1 million funding level is also contained in the continuing resolution awaiting President Reagan's signature now. I hope that Congress has sent a message by these actions, that message being our strong support for adequate funds for these programs.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

EXPORT ADMINISTRATION AMENDMENTS ACT OF 1981—CONFERENCE REPORT

Mr. BAKER. Mr. President, this has been cleared with the minority. I ask unanimous consent that the Chair now lay before the Senate the conference report on the Export Administration Amendments Act of 1981, H.R. 3567, and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3567) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of December 11, 1981.)

Mr. BAKER. Mr. President, it is my hope that this measure can be cleared and taken to final passage in a fairly short period of time. I will not now ask for a time agreement. I am advised, though, that perhaps an hour would cover the Members on both sides.

The distinguished chairman of the Foreign Relations Committee is not yet on the floor. He will be here shortly. While I make other arrangements with the responsible parties on this side to manage the measure, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CORRECTION OF STATEMENT BY THE MANAGERS

Mr. HEINZ. Mr. President, before we begin consideration of the conference report, I would like to draw the attention of my colleagues to a printing error that was made in the conference report in the statement of the managers. The statement of the managers contains a reference to section 6130 of the Internal Revenue Code. The bill correctly cites the reference as section 6103. So, 6130 in the managers' statement should be understood as 6103.

Mr. President, I know there are a number of my colleagues coming over to the floor, but in order to advance consideration, I thought I might begin my comments on the conference report which we consider today, the conference report on H.R. 3567, the Export Administration Amentments Act of 1981.

Let me say to my colleagues that I believe this is a good conference report.

Like most good conference reports, it reflects give and take by both bodies, while showing a broad consensus on the provisions that form the heart of the act.

In addition to providing authorizations for the Export Administration ac-

tivities of the Commerce Department, the act addresses some of the major concerns that surround this important area of national policy.

For example, Mr. President, there has been a disturbing and dangerous increase in efforts by the Soviet Union, both overtly and covertly, to obtain high technology from the United States. H.R. 3567 improves our defenses against those efforts by dramatically increasing the fines for violation of any controls that are placed on U.S. exports for foreign policy or national security reasons.

The maximum $1 million fine per violation for corporations and a $250,000 maximum fine per violation for individuals for criminal violations, should, when combined with the current substantial jail terms, be sufficient to deter anyone from exporting goods or technology or services that would be a hazard to our national interest. The point is not to increase the punishment as much as it is to increase the deterrent so that such an export would never occur in the first place. I am confident, Mr. President, that this increased authority will go a long way toward achieving that objective.

On the civil penalty issue, the House receded to the Senate position, that a dramatic increase in the maximum fine currently is only necessary with respect to national security controls.

The House also receded to the Senate language providing for increased cooperation among Federal agencies responsible for enforcement of the act, another area that has been a source of difficulties and inefficiencies in the past. Related to this, H.R. 3567 provides for improved oversight by the Congress and the General Accounting Office. The House conferees agreed to accept this latter provision as well, which was not contained in the version originally passed by the House. It is an important provision that will help to insure that export controls are carried out fully in accordance with congressional intent.

But, Mr. President, I mentioned that there was give and take involved in the conference. The Senate receded, with reluctance, to the House authorization level for fiscal year 1983. The House conferees also found it necessary to object to two of the provisions in the Senate bill that were added during debate on the Senate floor. Although expressing sympathy for their intent, the House conferees indicated that the amendments, not being germane to the bill, and being under the jurisdiction of a different House committee, would be subject to a point of order on the House floor. The Senate conferees found it sensible to recede to the House position on these amendments.

The House Members raised strong and persistent objections to the amendment in the Senate bill concerning grain embargoes.

I know my colleague from Illinois, indeed, I suspect both of my colleagues from Illinois. will have some very pertinent remarks in that regard. I look forward to hearing them, Mr. President.

In light of that firm opposition by the Members of the other body, the Senate conferees deemed it advisable to recede to the House rather than unnecessarily put off the adoption of an already overdue piece of legislation. The Senate conferees noted that the protection sought by the amendment is already provided for in the Agricultural Authorization Act, which establishes a 100-percent parity standard for losses sustained by farmers due to an agricultural embargo.

Moreover, Mr. President, the provision in the Senate bill would not have entered into effect until 1985. Inasmuch as the bill before us is only a 2-year authorization, there will be another opportunity before then, in 1983, to amend the act should circumstances make it clear that it would be wise to do so.

In sum, Mr. President, this is a balanced conference report. It is a good conference report. Both Houses had to give a little, and both Houses got most of what they wanted. That is the way that our bicameral system works. The heart of the legislation was only strengthened. The fines are higher for violation of the national security controls. Increased cooperation among enforcement agencies is provided for, and the Congress and the GAO are given enhanced oversight powers. That is what the Export Administration Amendments Act entails, and I urge adoption of the conference report.

The PRESIDING OFFICER (Mr. GARN). The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I am disappointed that the conferees on the Export Administration Act adopted the House funding levels for fiscal year 1983. The House fiscal year 1983 funding level exceeded the President's request by $1.3 million which the Senate adopted. While $1.3 million may not appear to be much in the face of budget deficits projected in the range of $100 billion, the failure to save these small sums adds up.

I will not quote Everett Dirksen on that subject, but whether it is $1 million or $1 billion, it is money, and I think we should have been more careful.

The Appropriations Committees and the Congress in authorizing expenditures for fiscal year 1983 during the budget process will have to be careful with examples such as this.

There is much in this legislation to commend it. I agree with the action of the conferees in not adopting the grain embargo language. I also agree with the access to Commerce information that the GAO is granted. The sharing of information by IRS with Commerce is also a positive development.

By adopting this legislation we send a signal to the Soviet Union to keep hands off Poland. The legislation provides that no provision of law shall prohibit a total embargo against the Soviet Union in the event of military action against Poland. Stronger action is not precluded. This is a step forward and I hope the Soviets will see this as a strong signal to stay out of Poland's affairs.

I congratulate the chairman of the subcommittee, Chairman HEINZ, for his very competent work in handling the report in conference.

Mr. President, I yield the floor.

Mr. DIXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DIXON. Mr. President, first I want to thank my distinguished colleague and friend, the Senator from Pennsylvania, and my colleague and friend, the Senator from Wisconsin, the ranking minority member and the manager on this side, with respect to this bill, for their courtesy throughout this proceeding.

However, I regret very much, Mr. President, that I must rise in opposition to this conference committee report, a conference report that the junior Senator from Illinois declined to sign.

Mr. President, on November 9 of this year, my distinguished senior colleague and warm friend, the chairman of the Committee on Foreign Relations (Mr. PERCY), and I offered an amendment to S. 1112, the Export Administration Amendments Act of 1981, requiring the President to obtain congressional approval for future selective embargoes of agricultural commodities.

On November 12, 1981, that amendment, in a slightly modified form, was adopted by the Senate by a substantial vote of 66 to 20.

Now the Senate is considering the conference report on H.R. 3567, the companion House measure. This act does not contain the language that Senator PERCY and I offered. In fact, it makes no change in existing law as it relates to agricultural commodities.

I continue to believe that the case for this amendment is compelling. American agriculture has been too often disadvantaged in the past by the imposition of export controls and needs the protection that the amendment would have provided.

The amendment is a simple one. It provides for meaningful congressional input into the decisionmaking process at a time when it counts, rather than, as now, when it is too late.

Mr. President, I do not want to take the time of the Senate to make again all the arguments I made when the amendment was first considered on the Senate floor. However, I do believe they deserve restating, in at least summary fashion.

The simple truth is that agricultural embargoes represent poor public policy. They feed the impression that the United States is an impulsive and unreliable supplier of goods and services.

Embargoes, or even the possibility of embargoes, make it more difficult for our farmers to meet increased foreign competition.

Embargoes act to increase the volatility of the marketplace, making it difficult for farmers to plan intelligently.

Embargoes can also have an adverse impact on the U.S. balance of payments.

In sum, Mr. President, the economic costs include inflation, economic stagnation, and unemployment, the full extent depending in part upon the uncertain duration of the embargoes.

Mr. President, let me state again that I am not suggesting that an embargo is never sound public policy. I do believe, however, that farmers should not be singled out as targets for export controls except under exceptional circumstances.

I also remind my colleagues that the amendment that was adopted by the Senate was a compromise. The facts, as I see them, warrant going considerably further. The important point to remember, however, is that the compromise language that was adopted helped to protect the American farmer while also working to preserve the President's ability to respond rapidly to fast-moving events abroad.

I am extremely disappointed, therefore, that I was outvoted in the conference and that the other conferees chose to ignore the will of the Senate and drop the Percy-Dixon amendment. I believe that the conference committee erred in not accepting the Percy-Dixon amendment.

I urge my colleagues, therefore, to join with me in opposing this conference report, to demonstrate to the House that the Senate is serious in its desire to address this issue. Defeating this conference report will demonstrate the importance the Senate attaches to the agricultural embargo question. Mr. President, I believe that the failure of the House to engage in meaningful negotiations on this issue requires the defeat of the conference report.

I urge again its defeat.

Mr. President, let me make very quickly a few points in conclusion:

First. This basic act, the act we are talking about, does not have to be extended until 1983, so it does not matter if we reject this conference committee report now, because we do not have to act until 1983.

Second. The appropriation for this act is presently contained in the continuing resolution that we passed a few days ago, so we do not kill the Export Administration Act by voting against this conference report. The act is still in place; the act is still funded by the continuing resolution.

Third. My good and warm friend, the Senator from Pennsylvania (Mr. HEINZ), has suggested that in the farm bill, there is an export embargo provision that will protect the American farmer. I agree that there is. I helped put it in there in the Committee on Agriculture with my friends, Senator DOLE, Senator JEPSEN, and others. That farm bill is not the only thing the farmers want and need. Farmers and farm organizations want this provision as well, the Percy-Dixon amendment, that was adopted by the Senate 66 to 20. They work together. They go hand in glove. They provide that the Congress of the United States must act when agricultural embargoes are under consideration.

Fourth. The conference committee was made up of members from the Banking Committee in the Senate and the Foreign Affairs Committee from the House, and there were not, frankly, other spokesmen to support my position with respect to the concerns of farm organizations on this very vital question to the American farmer.

Fifth. What do embargoes do? Yesterday, the news in the country was that we might cut off some food supplies from Poland. I hold in my hand a clipping from the Chicago Tribune of today. The Chicago Tribune business section says today, "Grains, Beans Skid on Poland Crisis."

What does it say in the body of the article? It says this:

> But after the United States suspended food aid to Poland, futures fell to new lows, just after midday.
>
> Wheat closed 8¾ to 12¾ cents lower, corn was 5 to 6½ cents lower, oats were 1¾ to 4½ cents lower, and soybeans were 1 to 9 cents lower.

My friends, the American farmer, right now, faces a major crisis. In these inflated times, he is paying $90,000 for tractors, $125,000 for combines, facing the highest interest rates he has faced in decades. And his commodity prices are dropping like a rock.

This is not any time to send the American farmer another bad message, Mr. President. This Percy-Dixon amendment was adopted in the U.S. Senate, 66 to 20. It sent the right message to the American farmer. In my view, it is an unconscionable act to remove it from this conference committee report.

I say in conclusion, Mr. President, the Senate's act in voting against this conference committee report does not mean a vote against the Export Administration Act. It does not go out of business until 1983. We can look at it again next year. And it does not fail to fund that act. That act is funded in the continuing resolution.

Strike a blow for the farmer. Vote against this conference committee report. I urge my colleagues to vote no on the conference committee report.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COCHRAN). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, the action of the conferees on the Export Administration Act has come as a tremendous disappointment to my distinguished colleague (Mr. DIXON) and myself.

Senator DIXON was a conferee and vigorously fought for the conference to accept this amendment. We felt it was right. It was overwhelmingly supported by the Senate, and it should have prevailed. It is a source of deep disappointment not only to us but also to every farmer in the United States of America.

I should like to express my feelings as to why the Percy-Dixon amendment should not have been dropped from this bill, and why I intend to oppose this conference report.

Our amendment passed the Senate on November 12 by a vote of 66 to 20, a strong statement by the Senate that restrictions on the export of agricultural products to any country for foreign policy or national security reasons should not be imposed unless such an across-the-board ban on all trade with that country. By adopting this amendment, the Senate agreed to preclude in the future the restriction of agricultural exports in other than a total trade embargo. If for some reason, however, of foreign policy or national security agricultural products were singled out for export control, the approval of both Houses of Congress would be required.

Mr. President, I stated at the time, and I still believe today, that—as a practical matter—we must recognize that circumstances do exist in which the economic benefits and the presumption against Government interference with international commerce by U.S. citizens are outweighed by the potential adverse effect of particular exports on the national security, foreign policy, or economy of the United States. Our amendment in no way hampered the President's authority to impose an across-the-board embargo. Because of President Carter's grain embargo, and instability it caused in the agricultural sector, there are still larger questions remaining about how selective embargoes are imposed.

Our amendment would have required congressional approval for agricultural embargoes not later than 60 days after the President acts. We felt that by adding such a provision to the Export Administration Act, full consultation by the executive branch with Congress and its leadership and with the farm community would be guaranteed.

I believe the farm community of this country has been done a great disservice in the conferees' rejection of the Percy-Dixon amendment, and I can see no other course of action but to vote against this conference report.

Mr. President, I should like to point up again the inequity of a policy that would single out agricultural products for embargo or suspended shipment and then continue business as usual for foreign policy reasons.

This was the first time in the history of America that a President did use an agricultural export embargo for foreign policy reasons. We have used them before, particularly during the Nixon administration when suspending exports was intended for the purpose of having an impact on domestic pricing. But when the Carter administration imposed the grain embargo on the Soviet Union, it was the first time such action had been taken for foreign policy reasons.

Yesterday, during a briefing that I asked the State Department to give, on a classified basis, to the Members of the Senate on events in Poland, we learned that the Polish Government had been notified by the administration of a suspension of consideration of further agricultural shipments to Poland. This should be looked upon as a period to assess what is happening in Poland, and what the intentions are of the military regime with respect to Poland's renewal and the civil rights of Polish citizens. Secretary Haig, speaking last night for the administration, announced that products in the pipeline previously approved and committed would continue to be shipped. Some $15 million worth of food and other humaritarian aid en route through CARE, Catholic Relief Agencies, and other private charities will also go forward unimpeded. What is immediately suspended and under further consideration by the administration is Poland's $740 million worth of agricultural credits for fiscal year 1982, including an initial $100 million worth of emergency credits approved last week by the administration in principle but subject to working out of technical financing details even before the weekend's imposition of martial law.

Here, again, I understand the administration's suspension to be for temporary purposes of assessment. Over the longer term, it would be perfectly improper for us to single out food, agricultural products, for people who are short of food. Those are the very kinds of shipments that should be made for humanitarian purposes, that should have the highest priority.

If we are going to suspend any shipments, all shipments should be suspended. In this case, we should give very careful consideration—and I know the administration will give very careful consideration—to any suspension of humanitarian assistance.

This is simply a pause now to assess what is happening in these rapidly changing and unfolding events in Poland.

Mr. President, I ask unanimous consent to have printed in the RECORD the statement of the administration in this regard and the action to be taken, as reported in this morning's Washington Post.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. LACKS INFORMATION, ACTS WARILY

(By John M. Goshko and Don Oberdorfer)

Senior administration officials, admitting that they still lack sufficient information to make "hard judgments" about the Polish crisis, said yesterday the United States will try to reserve its policy options toward Poland until the extent of repression, stability and Soviet involvement in the military crackdown there becomes clear.

Illustrative of this attempt to approach Poland with a cautious wait-and-see attitude were the remarks of Secretary of State Alexander M. Haig Jr. as he arrived back in Washington from Brussels. He said U.S. food aid in the pipeline for Poland should be delivered on schedule. But he added that decisions on pending requests from the economically hard-pressed Polish authorities for new assistance will be held in abeyance.

Haig's comment was intended, in part, to clear up an apparent misunderstanding that occurred when Sen. Charles H. Percy (R-Ill.), chairman of the Foreign Relations Committee, announced he had been told that shipments of U.S. food were being suspended. U.S. officials said Haig was anxious to point out that aid already agreed upon will continue and that there is no intention of taking punitive action against the Polish people.

This U.S. stance was described by a senior official aboard Haig's plane as trying to tread a fine line in actions and public comment on the Polish situation. The aim, the official stressed, is to avoid inciting violence that might lead to Soviet intervention, while at the same time, not giving the impression of U.S. acquiescence in any repression of the Polish reform process.

According to other officials, that approach also was taken by President Reagan when he talked by telephone yesterday with Pope John Paul II. The officials said the Polish-born pontiff had asked that the United States continue its food aid to his country, and they added that the president promised to give the request serious consideration.

Following Haig's return, the President's key foreign policy advisers met for an hour at the White House last night under the chairmanship of Vice President Bush for the first full-scale review of the situation and an attempt to carve out the outlines of a policy for dealing with it.

Deputy White House press secretary Larry Speakes said Reagan would not take part in the meeting, which included all of his chief aides in the foreign policy, defense and economic areas. Instead, Speakes said, the gist of what was discussed at the meeting would be relayed to the President.

According to the senior official accompanying Haig, participants in the meeting will have to wrestle with two main questions: the extent to which the dissident trade union, Solidarity, and the Polish people will resist the crackdown, and whether the military's aim in assuming complete power is a temporary slowing down of the reform process or a permanent repression of it.

As of last night, the official conceded, none of this was clear. He said: "We really lack enough information to make any hard judgments. . . . For this reason, our stance has been to avoid making hard decisions until more facts are known."

The official added, "In the hours, days and perhaps weeks ahead, we are best served by a careful monitorship and the avoidance of precipitous judgments, actions or statements."

In response to questions about whether the Soviets were involved directly or indirectly in the military takeover over the weekend, the official said western intelligence agencies had not reported any change from the situation on Sunday. At that time, Haig said there were no signs of direct Soviet involvement.

The official said the tools available to the United States and its allies in dealing with Poland are both diplomatic and economic. On the economic side, the question is whether the West will continue to provide food and financial support for that debt-ridden, increasingly destitute nation.

Although U.S. officials refused to discuss it yesterday, the administration on Friday decided to authorize $100 million in new feed-grain credits for Poland and then suspended it after the military takeover.

Other officials said the aid question was among the subjects marked for intensive discussion at last night's White House meeting. The administration, they added, recognizes there is a potential problem in reconciling political decisions that might be made by the United States and its European allies with the economic interests of private banks, which hold $16 billion of Poland's $26 billion debt to the West.

Of this $26 billion, approximately $4 billion is accounted for by loans from the U.S. government and private American banks.

The official on Haig's plane said the Voice of America had been instructed, in its broadcasts to Poland, to emphasize "factual, objective reporting of the situation" and be careful not to give the impression that the United States is calling for violence or acquiescing in the crackdown.

After landing at Andrews Air Force Base, Haig said he thought the administration had received "a fair, acceptable level of intelligence" in terms of what the Polish armed forces might do. He added, however, that Washington, its allies and the leaders of Solidarity all were surprised by the military's decision to go ahead with a crackdown and by its timing.

In addition to Bush and Haig, participants in the White House meeting last night were Defense Secretary Caspar W. Weinberger, Treasury Secretary Donald T. Regan, acting national security adviser James Nance, Central Intelligence Agency Director William P. Casey, U.N. Ambassador Jeane Kirkpatrick, Deputy Secretary of State William P. Clark, Deputy Defense Secretary Frank Carlucci, White House chief of staff James A. Baker III and deputy chief of staff Michael K Deaver.

Mr. PERCY. Mr. President, I will comment subsequently on this particular action.

Mr. DIXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DIXON. Mr. President, I ask for the yeas and nays on this conference report.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is there further debate on the conference report? If not, the question is on agreeing to the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Missouri (Mr. EAGLETON) and the Senator from Montana (Mr. MELCHER) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "yes."

The PRESIDING OFFICER (Mrs. HAWKINS). Are there any Senators in the Chamber wishing to vote?

The result was announced—yeas 67, nays 27, as follows:

[Rollcall Vote No. 485 Leg.]

YEAS—67

Armstrong	Garn	Mitchell
Baker	Glenn	Moynihan
Baucus	Gorton	Murkowski
Boschwitz	Hart	Packwood
Bradley	Hatch	Pell
Bumpers	Hatfield	Quayle
Byrd, Harry F., Jr.	Hawkins	Randolph
	Hayakawa	Riegle
Byrd, Robert C.	Heinz	Rudman
Cannon	Hollings	Sarbanes
Chafee	Inouye	Schmitt
Chiles	Jackson	Simpson
Cochran	Johnston	Specter
Cohen	Kasten	Stafford
Cranston	Kennedy	Stennis
D'Amato	Laxalt	Stevens
Danforth	Leahy	Thurmond
DeConcini	Levin	Tsongas
Denton	Long	Wallop
Dodd	Lugar	Warner
Domenici	Matsunaga	Weicker
Durenberger	Mattingly	Williams
Ford	Metzenbaum	

NAYS—27

Abdnor	Exon	Nunn
Andrews	Grassley	Percy
Bentsen	Heflin	Pressler
Biden	Helms	Proxmire
Boren	Huddleston	Pryor
Burdick	Humphrey	Roth
Dixon	Jepsen	Sasser
Dole	McClure	Symms
East	Nickles	Zorinsky

NOT VOTING—6

Eagleton	Kassebaum	Melcher
Goldwater	Mathias	Tower

So the conference report was agreed to.

Mr. STEVENS. Madam President, I move to reconsider the vote by which the conference report was adopted.

Mr. PROXMIRE. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RECESS UNTIL 2 P.M.

Mr. BAKER. Madam President, I wish to announce that a number of Senators, happily not a majority but a significant minority of Senators, are in a party caucus off the floor. In deference to that quasi-official function of the Senate, and since it involves so many Members of the Senate, I ask unanimous consent that the Senate now stand in recess until the hour of 2 p.m.

There being no objection, the Senate, at 12:32 p.m. recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. WARNER).

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Pennsylvania.

DISAPPROVAL OF DEFERRAL NUMBERED D82-193

Mr. SPECTER. Mr. President, I ask unanimous consent that the Committees on Appropriations, Budget, and Judiciary be discharged from further consideration of Senate Resolution 260.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object—and I will not object—I reserve solely for the purpose of saying that the request made by the distinguished Senator from Pennsylvania is cleared on the majority side, and I yield to the minority.

Mr. BURDICK. Mr. President, it is likewise cleared on the minority side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the resolution by title.

The bill clerk read as follows:

A resolution (S. Res. 260) to disapprove deferral numbered D82-193.

Mr. SPECTER. Mr. President, I further ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate proceeded to consider the resolution.

Mr. SPECTER. Mr. President, this resolution in addition to myself, is sponsored by Mr. KENNEDY, Mr. METZENBAUM, Mr. HEFLIN, Mr. WEICKER, Mr. MATHIAS, Mr. DURENBERGER, Mr. LEVIN, and Mr. RIEGLE.

I ask unanimous consent that Senator GORTON be added as a cosponsor.

Mr. President, this matter was sent to the desk on Friday last. It seeks to obtain clearance for some $70 million of urgent funding for the programs of the Office of Juvenile Justice and Delinquency Prevention, and funding of various other programs within the Office of Justice Assistance, Research and Statistics at the Department of Justice. These funds have passed all of the substantial hurdles to qualify for expenditure.

The juvenile justice program is one which has attained very great success on a matter of great urgency; it includes efforts of crime prevention among juveniles, who regrettably contribute so much to the problem of violent crime in this country.

The fiscal year 1981 figure for the Federal juvenile justice program approximated $100 million. Former President Carter had asked for $135 million for fiscal year 1982, and in line with economies generally that has been reduced to $70 million. That figure was approved by the Senate Committee on the Judiciary, the authorizing committee, and ultimately by the Committee on Appropriations. But there has been put into effect by OMB a deferral. That deferral is having very disastrous consequences and jeopardizes the juvenile justice programs in States including Alabama, Arizona, Arkansas, Louisiana, Maryland, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas, Utah, Vermont, Washington, West Virginia, and in the District of Columbia.

In order to expedite this matter I asked the distinguished Senator from New Mexico (Mr. DOMENICI) for clearance on Friday, and he obtained a favorable poll on Monday from the Committee on the Budget and so notified us yesterday. I wish to thank the distinguished Senator from Washington (Mr. GORTON), a member of that committee for joining as cosponsor, along with Senators METZENBAUM and RIEGLE, who have been steadfast supporters of this program.

I asked for clearance from the distinguished Senator from South Carolina (Mr. THURMOND) who did not object and this resolution was cleared through the Committee on the Judiciary this morning. I thank him for his prompt action and my colleagues from Massachusetts (Mr. KENNEDY), Maryland (Mr. MATHIAS), Ohio (Mr. METZENBAUM), and Alabama (Mr. HEFLIN), who are members of that committee cosponsoring this resolution.

The matter has been submitted to the distinguished Senator from Oregon (Mr. HATFIELD) who has given his clearance. I know of no objection to the resolution from the Appropriations Committee. Indeed, the distinguished Senator from Connecticut (Mr. WEICKER), who chairs the relevant subcommittee is a cosponsor and strong supporter of this resolution.

The approval of the other side of the aisle has also been obtained.

● Mr. KENNEDY. Mr. President, I am pleased to join with Senator SPECTER this afternoon in offering this resolution to disapprove the administration's effort to defer the appropriation for juvenile justice programs.

This matter has been before the Judiciary Committee a number of times and the committee has made clear our commitment to continue juvenile justice programs as part of the effort to combat violent crime.

In fiscal year 1981 the State of Massachusetts received $1.5 million from the juvenile justice program in the Department of Justice. With its share of $367,000 of this money, the city of Boston established eight educational and employment programs aimed at offering juveniles an alternative to a career in crime. This year, Massachusetts would receive $986,000 if the President releases the funds.

The deferral is an effort to reverse the will of Congress by OMB fiat. Since the beginning of this fiscal year, no funds have been spent on juvenile justice programs in the States and the program is being adversely effected. For example, three quarters of the Massachusetts programs will close if no funding is received by February 1, 1982.

The purpose of the OMB deferral is allegedly to "preserve policy options." But there is no question concerning congressional intent to fund the juvenile justice program. Both Houses have proposed a level of $70 million. We should send a clear message to the administration that the Congress remains serious about combating virulent juvenile delinquency.

This is just one more instance in which the administration's vaunted "war on crime" turns out to be a war in which law enforcement officials are sent into combat with little or no ammunition. For the vast majority of Americans, security on their street and in their homes is as important as international security. We cannot afford cuts in these vital programs.●

● Mr. HEFLIN. Mr. President. I rise today in support of the resolution introduced by Senator SPECTER and several

more of my distinguished colleagues. This resolution would result in a continuation of Federal funding for the Office of Juvenile Justice and Delinquency Prevention.

This is not the first time that I have addressed this body on matters related to the problem of crime in the United States, yet I feel that it is one of the most important. Crime is still a very serious domestic problem for our Nation, and adoption of this resolution will be a very important step in our fight against crime.

During the past several years, Americans have seen violent crime reach epidemic proportions in this country. Violent crime has spread to every section of America, carrying with it widespread feelings of fear. Americans are retreating, living behind locked doors to protect themselves. The current administration has declared that the reduction of violent crime is the top priority of the Department of Justice.

Today, with this resolution, we have a chance to take a step forward in the prevention of violent crime and the protection of our citizens.

According to the FBI Uniform Crime Report on Crime in the United States, juveniles are disproportionately responsible for violent crime in our country. Although less than 14 percent of the total population is made up of juveniles, juveniles account for more than 20 percent of all arrests for violent crime. Almost one-half of those arrested for arson, and one-third of those arrested for robbery are juveniles. They account for more than 15 percent of rape and aggravated assault arrests, and almost 10 percent of arrests for murder. Given these statistics, it is clear that if we are to take steps to reduce violent crime, we must certainly have a strong program of juvenile justice and delinquency prevention.

The testimony of juvenile justice experts in various forums around the country shows that the Federal Government plays an important and cost-beneficial role as a program catalyst to State and local jurisdictions in a united effort to alleviate these problems. The Office of Juvenile Justice and Delinquency Prevention has provided the major impetus of this effort, and has made significant progress. Through the efforts of this agency juvenile justice programs across our Nation have worked to reduce the commission of violent acts by juveniles, to improve the administration of juvenile justice, and to develop new approaches and responses to delinquent behavior. If we fail to adopt this resolution, these efforts, for the most part, will stop.

The Subcommittee on Juvenile Justice has heard testimony on what will happen if we do not act to continue funding of these programs. Already juvenile justice efforts are hampered by the temporary deferral of funding. Several years have been spent in developing these programs and today it is of the utmost importance that we continue them.

A year ago, when we passed the Juvenile Justice Amendments of 1980 which were signed into law by the President, the Senate Judiciary Committee reported that in view of the extent and costs of juvenile crime, the $200 million annual authorization for juvenile justice programs should be doubled or tripled. This year, rather than increasing that authorization, the committee reduced it by almost two-thirds to keep in line with efforts to reduce the Federal budget. Now, this resolution would save that $70 million authorization—the minimum amount necessary to continue this vital aspect of our effort against violent crime.

We have the opportunity, as I have said, to take an important step in our fight against crime. It is important not only to ourselves, but to our Nation and to all the Americans living in fear of violent crime. I urge each and every one of you to support this resolution and continue these important juvenile justice programs.

Thank you, Mr. President.●

Mr. SPECTER. At this point, I move adoption of the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 260) was agreed to as follows:

Resolved, That the Senate hereby disapproves the proposed deferral of budget authority (deferral numbered D82–193) for the Office of Justice Assistance, Research, and Statistics of the Department of Justice, as set forth in the special message transmitted by the President to the Congress on October 29, 1981, under section 1013 of the Impoundment Control Act of 1974.

Mr. SPECTER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPECTER. Mr. President, I thank the distinguished majority leader for his very substanital assistance in pointing the way procedurally that enabled us to reach this point, and I thank him in behalf of thousands, perhaps tens of thousands, of people who are administering this program and benefit from it all across the country and who need this funding. This action taken by the Senate before it goes out of session will insure the continuation of this important juvenile crime prevention program, and all of us thank the Senator.

Mr. BAKER. I thank the Senator from Pennsylvania for his perseverance and skill in bringing this matter to the attention of the Senate at this time. It is indeed a major piece of legislation that will have a tremendous impact, and I think the Senate and the country owe him a debt of gratitude for his perseverance in seeing that this matter was dealt with during this session.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, it is my hope that we can proceed to the consideration of the social security minimum benefits conference report momentarily. I do not see Senators on the floor who are charged with the duty of managing that measure at the moment. I will seek to obtain their attendance on the floor so that we can proceed with that matter.

It is the intention of the leadership this afternoon to try to deal with other matters, particularly other conference reports, in the course of the afternoon. I also intend to ask the Senate later today to turn to the consideration of the agent identities bill when the appropriate time arrives.

Mr. President, while we await the managers of the bill on both sides, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BURDICK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RURAL HEALTH CARE FOR THE ELDERLY: NEW PATHS IN NORTH DAKOTA

Mr. BURDICK. Mr. President, during the month of November I conducted a hearing of the Senate Special Committee on Aging in Grand Forks, N. Dak., to explore new ways of providing health services to the rural elderly. Many of us in Congress have been looking for ways to improve health services to the rural elderly for some time, and I thought that North Dakota offered a unique opportunity for us to gather valuable insights into the problems of rural areas.

North Dakota has the distinction of being the most rural State in the Nation. It also has a very large elderly population, and more than half of our State's elderly live in isolated, rural areas.

Given the growth of the elderly population expected in the near future, particularly among the oldest who need more specialized medical care, it is imperative that we find new and innovative ways of delivering health care services in rural areas.

The problems for rural areas are really twofold:

Historically, rural areas have been underserved by health care providers. Physicians and other health care personnel have been concentrated in more urban areas. We have taken some steps to provide incentives for health practitioners to locate in rural areas, and some progress has been made in the last few years to close the distribution gaps. But many rural areas of the country are still underserved. North Dakota certainly fits that description. Almost half of North Dakota's counties are officially designated health shortage areas, and eight do not even have a practicing physician. Over 80 percent of our physicians work in the 10 most populous counties, leav-

ing less than 20 percent of the doctors to serve the 43 percent of the population who live elsewhere.

A second problem of maldistribution is an undersupply of certain specialty areas—such as geriatric, family, and internal medicine specialties. Again, partially because of Federal incentives for increased training, part of this gap in family and internal medicine specialties has been closed. The need for geriatric specialties, however, is only beginning to be addressed. Very few physicians and other health care providers receive special training to provide health care to the elderly.

Experts now recognize that the coming explosion of the Nation's elderly population requires immediate attention to the development of geriatric training programs. I believe our hearing showed that this same problem is much more acute in rural areas.

I was especially pleased that Dr. Robert Butler, Director of the National Institute on Aging, was able to participate in our hearing and bring his insights on the need for specialized training in illnesses and care of the elderly to the discussion.

Our hearing also showed that already the demand for specialized health services to the rural elderly is booming. As Dr. Robin Staebler, chairman of the University of North Dakota's Department of Family Medicine pointed out, in North Dakota 60 percent of the present hospital care is directed to the elderly population. Nursing homes have long waiting lists and adult children are contracting their family doctors looking for specialized health services for their aged parents. The demand for health professionals who are trained in geriatrics will be made with greater frequency as nursing homes, hospitals, and physicians must expand to meet the growing number of aged patients.

All of our witnesses agreed that health professionals need much more preparation during their training for working with elderly patients.

Dr. Henry Janssen, who has practiced medicine for 2½ years in Linton, N. Dak., a very rural area in the southern part of the State, said that providing good quality health care for the rural elderly is quite difficult. He gave many reasons for this, including the isolation of the aged and the great distances which must be traveled to reach health services.

He also noted, however, what he called a lack of proper communication between the elderly and health care professionals, and strongly recommended more stress put on preventive medicine efforts through aggressive outreach and health screening programs.

One proposal which looks encouraging is a geriatric program which is now being designed by the North Dakota Department of Family Medicine. The program, called the applied gerontology educational system, will provide continuing medical education in the fields of gerontology and geriatric medicine, continuing education for nursing, allied health, and nonmedical professional personnel, and will also provide consumer education to elderly patients and their families.

Another example of the innovative work being done in North Dakota is the CARES project of the University of North Dakota Rehabilitation Hospital which provides outreach into rural areas. A team of physicians and allied health professionals provide onsite consultation with doctors and their patients for a variety of medical problems relating to rehabilitation.

Problems of getting transportation to available health services were also high on the list of problems presented by witnesses. Henry Lundene, himself a senior citizen, described a typical situation:

> In my county, an area of 36 townships or about 1,300 square miles with approximately 18,000 population, we do have a County Seat and another fair-sized city where we do have some medical services but many of my Walsh County people must somehow find transportation for 35 miles or more and then sit for hours in an uncomfortable waiting room; and pay from $12 to $16 for a blood pressure test or other minor medical service. If they are unable to contact the Senior Citizen Bus, then many must impose upon friends and relatives, which makes several of them hesitate.

Several witnesses said that one of the great failings was the lack of more homemaker and health care services for the elderly in their own homes. Home health care, in fact, was one of the ideas discussed most often. Another was the idea of a mobile health van that could travel between a number of small rural communities to provide basic preventive health services to local elderly residents. Apparently, some States already have developed this concept and have mobile health units that can serve several isolated rural communities at one time.

Both of these are ideas that I will be working to develop in the coming session of Congress. The Community Home Health Services Act, which I have cosponsored with Senator HATCH, is a promising way of making some of the ideas discussed at the hearing a reality. Despite today's budget restraints, I think there are also other things we can do at the Federal level to encourage wellness for the elderly, and I will be looking for ways of developing them in the coming year. Certainly, our hearing in North Dakota offered many innovative examples of how the whole health community, working with the rural elderly and others, can come to grips with some of the more difficult and often costly health problems faced by the rural elderly.

Mr. BURDICK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend not past the hour of 2:30 p.m. in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE SECURITY SITUATION IN CENTRAL AMERICA AND THE CARIBBEAN BASIN

Mr. HELMS. Mr. President, just a few minutes ago, the Subcommittee on Western Hemisphere Affairs of the Committee on Foreign Relations concluded 3 days of briefings and hearings focusing on the security situation in Central America and the Caribbean Basin.

On Thursday, December 10, the subcommittee received a classified briefing from the Central Intelligence Agency and the Defense Intelligence Agency on Cuban and Soviet-backed subversion in Central America. Mr. President, their briefings could not have been more professional. The Central Intelligence Agency's representative, Dr. Constantine Menges, gave the subcommittee a professional and measured overview of the security situation in the region; while the DIA representative, Ms. Kathleen Hayden, went into detail about technical aspects of weapons movement, routes of supply and strengths of insurgent forces.

Following the classified briefings, the subcommittee heard from Ambassador Thomas Enders, Assistant Secretary of State for Inter-American Affairs, on Monday, December 14. Ambassador Enders presented the subcommittee with a 37 page research paper entitled, "Cuba's Renewed Support for Violence in the Hemisphere." This detailed study outlines, first in general overview, and then on a country-by-country basis, the renewed efforts by Cuba to foment subversion in the Americas. Beginning with support for the struggling Sandinista movement in 1978, Cuba has increased support for leftist guerrilla movements in a dramatic way.

Not only does Cuba act as a training base for terrorists, but Fidel Castro's agents are active in the field. There are more than 1,500 Cuban military personnel in Nicaragua at present. In addition, there are another 4,300 nonmilitary Cuban personnel in that country. Cuba supplies weapons, either directly or as a conduit from the Soviet bloc, Libya, Algeria, and Iraq. Cuba supplies safe haven for guerrilla personnel, a transit point for training in the Soviet Union, and a conduit for money to rebel forces.

Cuba has become the greatest threat to freedom in this hemisphere, "the crown colony" of Soviet Imperialism, as Dr. Fred Ikle, today's witness before the Subcommittee on Western Hemisphere Affairs, called the Soviet outpost in the Caribbean.

Dr. Ikle, who is Undersecretary of Defense for Policy, painted a bleak picture of what Cuba is doing. With $2.5 billion worth of arms supplied by the Soviet Union, Cuba is a massive military machine, ready to do the bidding of its Soviet masters. With an army of more than 225,000 men in arms, a navy of 11,000, and an air force of 16,000. Cuba is an armed camp. And these figures do not in-

clude those hundreds of thousands of military-trained Cubans who serve as reservists—in many cases, these "reservists" are better trained than the regular armed forces of other Latin American nations.

With more than 200 Mig fighters, 650 tanks, 90 helicopters, nearly 50 torpedo and missile and attack boats, not to mention two attack submarines of the *Foxtrot* class, Cuba possesses a significant military capability. This capability is enhanced by the presence of a 3,000 man Soviet brigade stationed near Havana, 7,000 Soviet civilian advisers, and an additional 2,000 Soviet military advisers.

Dr. Ikle pointed out something that Americans are woefully unaware of—Cuba poses a not insubstantial military threat to the United States. In peacetime, 44 percent of all foreign trade tonnage and 45 percent of the crude oil to the United States pass through the Caribbean, within reach of Cuba's military might. In wartime, more than half of NATO's supplies would pass through the region. Thus, Cuba and the Soviet Union using Cuba as a basing area, pose serious threats to U.S. shipping in peacetime and wartime. In addition, Soviet technicians now use Cuba as an important intelligence gathering facility, just 90 miles from U.S. soil. Hardened aircraft storage facilities dot Cuba's massive aircraft runways, capable of servicing the most advanced attack and bomber aircraft in the Soviet inventory.

But Dr. Ikle did not confine his remarks solely to Cuba, Mr. President. In a chilling overview of the military build-up in Nicaragua, Mr. Ikle graphically showed the effect of the increase in the size of Nicaragua's armed forces:

> If Mexico, our good friend and neighbor, were ruled by a Sandinista regime and if such regime followed the pattern of the Sandinista military build-up, Mexico would acquire an armed force of seven million men. That is what the per capita mobilization in Nicaragua would translate into in Mexico: almost two million under arms today, and nearly seven million with the projected Nicaragua build-up.

Those are startling figures, Mr. President, especially when we learn that Mexico's Armed Force today is a 130,000-man force.

Mr. President, why does Nicaragua need such a large armed force? Are they afraid that the United States will invade them? I do not believe that is the case. If such fears were true, then the United States should have invaded Mexico years ago—in light of so many differences of such longstanding between our two countries. But Mexico does not fear invasion from the United States, nor should Nicaragua . . . unless Nicaragua uses its massive military force to attack its neighbors or spread subversion in the Hemisphere. Then, I predict, it will not be the United States acting alone against Nicaragua, it will be the nations of the hemisphere acting as American brothers, and dealing with an inter-American problem in an inter-American manner.

Mr. President, I commend the testimony and report provided by Ambassador Enders to my colleagues, and ask unanimous consent that they be included in the RECORD at the conclusion of my remarks.

I highly recommend that Senators take the time to read the testimony of Dr. Ikle, and ask unanimous consent that it be printed in the RECORD at the end of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE SECURITY THREAT IN THE CARIBBEAN AND CENTRAL AMERICA

Mr. Chairman, I am gratified that you invited me to appear before your committee. You have asked me to address the military developments in the Caribbean and in Central America.

For a century and a half, Mr. Chairman, the security of this hemisphere had been protected from the reach of European imperialism, initially through the application of the Monroe Doctrine and later through the efforts of collective security of the American republics. The West European empires, against which the Monroe Doctrine had been designed have long been disolved. But a new Imperialism has expanded in the East and is expanding still, stretching from the center of Europe to Afghanistan and Mongolia, with its outlying colonies and military outposts scattered around the globe: Vietnam, South Yemen, Angola—and the crown colony in the Caribbean, the island of Cuba.

The suppression of the unruly subjects in this Empire, and the annexation of new territories, is a major military enterprise.

It is backed up by the largest military arsenals in the world, it is being driven forward by the greatest military build-up in history.

In the center of the Caribbean, the crown colony of this Imperialism is becoming increasingly a direct military threat to the region and an indirect threat as an arms depot and logistics base for new Imperial annexations in Africa and Central America.

The Soviet Union has provided a high level of military imports into Cuba. The total value of Soviet arms shipments to Cuba since 1960 is about $2.5 billion. Since Cuban intervention in Angola, the average yearly totals have been almost twice that of the years preceding 1975. If one considers the weight of arms delivered thus far in 1981, Cuba has received 63,000 metric tons, making this the highest yearly total since the massive buildup in 1962—the year of the missile crisis.

Cuba's military personnel strength has increased and its military capabilities have improved dramatically over the last five years. A significant trend has been the development of an effective ready reserve which gives Castro and his Soviet masters a well trained, and to a large extent, battle experienced mercenary force which can be activated on short notice. About 70 percent of Cuba's forces in Angola and Ethiopia are these ready reservists who were recalled to active duty. The Cuban military capability is far in excess of any actual or imaginary defensive needs. Cuban armed forces include an army of over 225,000 a navy of about 11,000 and air and air defense forces of 16,000. These figures do not include hundreds of thousands of paramilitary forces which in many instances are better trained and equipped than the regular armed forces of other Caribbean countries.

Cuba has over 2.3 percent of its population in the regular armed forces. In fact, one of every twenty Cubans participates in some kind of security mission. By comparison, Mexico, with seven times Cuba's population, maintains regular defense forces half the size of Cuba's and has less than two tenths of one percent of its people in the regular armed forces. Brazil, the largest Latin American country, with 12 times the population of Cuba, also has only about two tenths of one percent of its population in its active military. And, in the United States, we have less than one percent of our people in the regular armed forces; that is to say, Mr. Chairman, Fidel Castro maintains about a ten-to-twenty times larger military effort than any of the other major nations in this hemisphere.

Cuba's neighbors in Central America (with the exception of Nicaragua) maintain small defense forces which vary from almost none for Costa Rica, to about 8,000 to 10,000 for Panama and 15,000 to 16,000 for Honduras and Guatemala, to about 20,000 for El Salvador. El Salvador, of course, has been compelled to expand its armed forces because of the totalitarian aggression against it. The Cuban army includes nine active and 18 reserve divisions.

The Cubans have over 200 MIG fighter aircraft, 650 tanks, 90 helicopters, two Foxtrot attack submarines, one Koni-class frigate, and about 50 torpedo and missile attack boats. This is clear and convincing evidence that Cuba is truly a highly militarized society with a growing military capability.

The Soviet influence in Cuba is all pervasive. The Soviet brigade with a strength of about 2,600 to 3,000 is located near Havana. In this area, the Soviets have a major intelligence collection facility which monitors U.S. communications. There are also an estimated 6,000 to 8,000 Soviet civilian advisors on the island. About 2,000 Soviet military advisors provide technical advice in support of such sophisticated weapons as the MIG's, surface-to-air missiles, and Cuba's Foxtrot submarines. Additionally, Soviet advisors are attached to Cuban ground units.

The Soviet Union has great influence on the Cuban Government for several reasons. First, the Soviets provide Cuba's principal economic support—a leverage that Fidel Castro cannot ignore. Second, the presence of Soviet personnel on the island, especially the large embassy staff and advisors in the economic and military spheres, allow the Soviet Imperial Masters to monitor closely their Caribbean crown colony.

It would be a grave mistake, Mr. Chairman, if we ignored the direct military threat that this Soviet-Cuban arsenal represents, some 90 miles to the south of Florida. This Soviet military outpost supports a massive intelligence collection center and sits astride critical sea lines of communication.

In peacetime, 44 percent of all foreign trade tonnage and 45 percent of the crude oil to the U.S. pass through the Caribbean. In addition, the Caribbean is a major refinery area in its own right. In wartime, half of NATO's supplies would transit by sea from Gulf ports through the Florida Straits and onward to Europe. Much of the petroleum shipments and important reinforcements destined for U.S. forces in Europe would be originating from Gulf ports. The security of our maritime operations in the Caribbean, hence, is critical to the security of the Atlantic Alliance.

Mr. Chairman, the increased Soviet military presence on Cuban soil and in the Caribbean poses a grave threat to this vital lifeline of the Alliance. In 1970, Soviet naval vessels spent approximately 200 ship days in the South Atlantic. In 1980, this number had increased thirteen-fold to 2,600 ship days. Given this presence and the current strength and disposition of the U.S. Navy, the South Atlantic sea lines of communication are far more vulnerable today than 10 years ago as or at the time of the Cuban missile crisis.

Mr. Chairman, sometimes it seems to me our European Allies, whose most basic security depends on this South Atlantic lifeline, are much to insouciant and cavalier about the growing military threat in the Caribbean.

More disturbing, perhaps, or at least more immediately pressing than this threat to the Alliance in the event of war, is the Soviet-Cuban effort presently underway further to

expand the reach of Soviet imperialism. This attempt for expansion and annexation employs all the tools of modern empire building: propaganda and deception, the export of terrorism, massive shipments of arms, and finally, the overthrow of established governments followed by the imposition of the new totalitarian rule, which is intended to be made irreversible through the import of these clever policy experts from East Berlin.

Nicaragua is close to the final stage of this intended irreversible transition, El Salvador is fighting in the middle phase, Honduras—as Secretary Enders explained to you yesterday—is now threatened by the early phase.

There are now between four and five thousand Cuban civilian advisors and about 1,500 Cuban military and security advisors in Nicaragua. Cuban advisors are believed to be serving in key posts throughout the government in which they exert considerable influence. Cuba is also getting considerable help from East European nations. We may soon see more East German police advisors, those efficient Gestapo's that operate in South Yemen and Angola.

There are advisors in Nicaragua from East Germany, Bulgaria, North Korea and the Soviet Union to assist in building the Sandinista Army from its currently estimated strength of 60,000 into a force of 250,000. Once achieved, this military buildup will mean one in ten Nicaraguans under arms. Even at its present strength, Mr. Chairman, the Sandinista Army represents the largest military force in the history of Central America.

Approximately 70 Nicaraguans are being trained as jet pilots and mechanics in Bulgaria. Existing landing strips in Nicaragua are being lengthened and will be able to accommodate sophisticated jet aircraft. Soviet advisors are deeply involved in directing the effort to upgrade the Nicaraguan Air Force. Although there is no evidence of MIG's in Nicaragua at present, the sighting of incoming MIG–21 crates in Cuba provides cause for concern. Arrival of MIG's would dramatically increase Nicaragua's threat to its neighbors, whose fighter inventory consists of aging World War II vintage day-fighter aircraft. Honduras, for example, has only 20 super MYSTERE and F–36 fighters with no all-weather capability. A loss of a single aircraft, such as occurred last year, will degrade this modest capability. Since Nicaragua's neighbors have no match for MIG's, one must ask why Nicaragua would want such an air buildup, which would clearly be destabilizing? And why would Nicaragua want to introduce 20 to 30 Soviet tanks?

Let us look at the cold numbers, Mr. Chairman, in all their starkness. I have a chart here that shows the present and the projected level of the Nicaraguan military buildup in terms of men under arms. This chart juxtaposes this "accomplishment of Socialism" (as Radio Moscow might call it) to the armed forces of those right-wing facist dictatorships that will be the beneficiaries of so-called "national liberation movements" Some liberation. The two neighbors of Nicaragua: Honduras and Costa Rica, have armed forces so small you can barely see them on this chart.

It is important to understand the dynamics of what is going on at the outer edges of Soviet imperialism. What does this size of Nicaragua's armed forces tell you, Mr. Chairman? It tells you this: if Mexico, our good friend and neighbor, were ruled by a Sandinista regime and if such a regime followed the pattern of the Sandinista military buildup, Mexico would acquire an armed force of nearly 7 million men. That is what the per capita mobilization in Nicaragua would translate into in Mexico: almost 2 million under arms with the present Sandinista buildup, and nearly 7 million with the projected Nicaragua buildup.

Mexico, of course, is a free and independent democracy, with which we live in peace. Today, Mexico has approximately a 130,000-man military force.

What does this development lead to? Nicaragua is now regularly violating Honduran territory in supplying the Salvadoran guerrillas. The Nicaraguan military buildup is unquestionably a threat to efforts in the region to move toward pluralism and self-determination. The November 29 elections in Honduras should put the West European admirers of the Sandinistas to shame. This election stands in marked contrast to the broken electoral pledges of the Sandinistas in Nicaragua.

In El Salvador, Cuba acted as the catalyst to organize and unify the disparate groups of the far left, as Secretary Enders testified here yesterday, and helped organize a guerrilla combined military command in 1980. Cuba assisted the guerrillas in developing a military strategy and initial war plans. It was Cuba that both encouraged and assisted the guerrillas to launch the ill-fated, so-called "final" offensive in January 1981.

The Cubans have played a key role in arranging for the acquisition and delivery of weapons for the Salvadoran guerrillas from Vietnam, Ethiopia, and Eastern Europe by way of Nicaragua. Guerrilla recruits have been transported to Cuba and elsewhere for extensive training in guerrilla tactics, marksmanship, demolitions, artillery and field fortifications as well as in a variety of other military skills.

One observer has reported seeing groups of up to battalion size in training in Cuba, which suggests that at least some Salvadoran guerrillas probably have trained as integral units. The Soviet Union has, of course, bankrolled and assisted these efforts by underwriting its Cuban proxy at a cost of $3 billion annually and by supporting efforts to collect funds, arms, and supplies from the Communist Bloc for delivery to the guerrillas.

Cuba has not devoted its attention and resources only to Nicaragua and El Salvador, but has likewise coordinated clandestine support organizations in Honduras, Costa Rica and Guatemala. In fact, convincing evidence of Cuban subversion activities has surfaced in virtually every Caribbean Basin country.

In Grenada, Cuban influence has reached such a high level that it can be considered a Cuban satellite. The Cubans are constructing air and naval facilities there that far exceed requirements of this tiny island nation.

Mr. Chairman, the news is bad, the hour is late. What can be done? I am sure that you are interested in what is being done and can be done to deal with this serious threat to American security interests. In September, the Defense Department dispatched a team of experts to El Salvador to assist the Salvadorans in developing a national military strategy. The team spent two months in El Salvador discussing the existing military capabilities and assessing requirements. The detailed findings and recommendations of the team are currently under review but some of the recommendations are already being implemented.

The Salvadorans have requested and we have agreed to provide out-of-country training for about 500-600 officer candidates, for a light infantry battalion of about 1,000 men, and for non-commissioned officers. We hope to begin this training as early as possible in 1982. There are physical problems in simply being able to marshal the people and resources to accomplish this effort in such a short time, however, the need for better trained military leaders is compelling. As you already may be aware, the cost of Salvadoran requirements far exceed planned fiscal year 82 foreign military assistance and training levels. Thus, we will need the support of the Congress if we are going to fund this urgent need and respond in a timely manner.

We are continuing to provide small mobile training teams to train personnel in areas that are deficient, such as maintenance and coastal patrolling. Equipment provided through Foreign Military Sales includes communications equipment, helicopters, weapons and trucks that should allow the Salvadoran forces to improve their mobility, command and control, and ability to interdict the supply lines of the insurgents to their external suppliers.

This effort is being supplemented by support from other concerned Latin American countries. If the favorable consensus that has developed at the fourteenth conference of American Armies in November, and more recently at the OAS meeting in St. Lucia, is indicative of the awareness in the hemisphere, a more cooperative mutual security effort can evolve among concerned nations of the Americas. We will continue to nurture the concept of collective security as it applies to the Western Hemisphere.

Both by long-standing policy and by the Rio Treaty, we are committed to join with our Latin American Allies in "mutual assistance and common defense of the American Republics." In the President's words, the United States "will accord high priority to requests from its major alliance partners and to those nations with whom it has friendly and cooperative security relationships."

Considering the nature of the security interests at stake, we would be remiss if we failed to advise you that we are developing the necessary contingency plans to respond as required and appropriate to further military threats and acts of aggression. This kind of planning is the responsibility of the Joint Chiefs of Staff and must be done by them routinely in order to fulfill their responsibility to the President and to the Nation.

In closing, I would like to emphasize that our security interests in the Caribbean basin must receive higher priority and far greater resources than in the past. In order to gain time to address the underlying political, economic and social problems of the region, we must cooperate closely with our neighbors. We must halt terrorist aggression and deter further military attacks in the hemisphere. A failure to respond to the current threat would only lead to greater suffering, and far greater human and material costs in the future.

THE STRATEGIC SITUATION IN CENTRAL AMERICA AND THE CARIBBEAN

There are four major developments that have come together to create what can only be described as a state of danger in the Caribbean Basin.

One is the new Cuban strategy for uniting the left in the countries of the region, committing it to violence, arming it, training it in warfare, and attempting to use it for the destruction of existing governments.

I say new because it is only three years ago that the policy was adopted. Prior to 1978—for some 10 years since the death of Che Guevara on an Andean hillside—Cuba had made a sustained effort to portray itself as a member of the international community not unlike others, carrying on state-to-state relations through embassies, emphasizing trade and cultural contacts.

Observing this pattern, many in this and other countries of the Hemisphere began to hope that revolutionary Cuba was on the way to becoming a status-quo nation. The 1970's, of course, were marked by Cuban intervention in Africa on a continent-wide scale. But, it was argued, Africa was a special case.

The turn came in 1978, when Cuba decided to back the insurrection in Nicaragua. At first it was not apparent to many that a new

Cuban strategy was in operation, for Nicaragua seemed like a case all of its own. But then the same thing was tried in El Salvador, in Guatemala, in Colombia; now it is being tried in Honduras.

We have attempted to identify and illustrate the full scope of this new Cuban strategy in a research paper, which I would like to submit to the Committee for its study. The paper is based on both public and intelligence sources. It was not written to make sensational revelations, and it does not. But I wonder how many Americans are aware of the sweep and the sophistication of what is going on. In many countries of the region, Cuba is attempting no less than to construct a machine to destroy the established governments.

The pattern is always the same. For years the radical left in the area has been divided by disagreement over tactics. The old line Comintern parties argued patience: you only had to wait for Marx's famous objective conditions to emerge, and the revolution would occur. Other factions were for setting up Che Guevara-style focos: put some armed guerrilleros into the countryside and their presence will radicalize the peasants. Others were for guerra prolongada: discredit the regime by hitting the economy. Still others advocated spectacular kidnappings and assassinations.

Under the new strategy Cuba is approaching each of these groups, often calling them to Havana. Cuba offers to supply (or arrange for the supply of) arms and training. But there are conditions: the left must unite, it must create a single directorate for command and control, it must commit to a single strategy (which often is written out and approved by Castro personally). And that strategy is always the same: armed struggle against the established government.

It is important to be clear about the effects of this process. It enhances Cuba's role as the guide (and sometimes as the arbiter) of each revolutionary movement. It increases the pressure on democratic movements on the left to make common cause with the men with the guns, rather than face blame as the obstacle to the unity of the left. Once unity on the left has been created, democratic socialists in the Hemisphere and in Europe face the dilemma of whether or not to support it. Many have supported such movements, only to learn with bitterness that their money and political backing are welcome, their ideas are not.

This is not only history. The process goes on. In Honduras, Cuba has just now completed the same unification operation—parties have been joined together in a national directorate committed to armed struggle. A new attempt to overthrow an established government by force is underway.

Under challenge in this way, the democracies in the Hemisphere have had to break, suspend or downgrade relations with Cuba: Colombia, Costa Rica, Jamaica, Venezuela, Peru and Ecuador.

The second development is the economic and social crisis in the region. It also began in 1978, just as Castro was launching his new policy of intervention.

For the past two generations, most of the Central American countries and many of the islands compiled an enviable record of economic and social change.

But in 1978 a serious deterioration began. Prices for export commodities—coffee, sugar, cocoa—began to decline sharply. Prices for imported oil and imported capital kept going up. With slowed economic growth in the industrial world, tourism stagnated. Run-on credit crunches resulted. Some countries are bankrupt. Others are threatened with bankruptcy. In two, Cuban-assisted insurrections are destroying power plants, bridges, and crops, and attempting to disrupt the tourist trade.

The result is a grave, general economic crisis, bringing with it misery and despair for many millions of people in the region. Coinciding as it does with the Cuban drive to unify the left and commit it to violence, economic crisis creates great potential political vulnerability throughout the area.

The third factor is developing the role of Nicaragua as a platform for intervention throughout Central America.

We have watched with deepening concern as Nicaragua has moved away from pledges of political pluralism toward a repressive, one-party state. At the same time it is greatly expanding its army and building up an inventory of heavy arms. It continues to be deeply involved in logistics and other support for the insurgency in El Salvador.

The United States and a number of other countries have tried to provide an alternative to these trends, notably by providing economic aid, but also by maintaining political contacts. Since 1979 the U.S. alone gave $120 million in assistance. Recently we tried by diplomatic means to achieve a rapprochement with Managua. And we don't close the door on future attempts.

But frankly there is little to show for our efforts. Indeed I wonder whether any of the democratic countries that have supported Nicaragua can claim to have slowed down, much less to have stopped the negative trends.

There are more than 1,500 Cuban military and security advisors in Nicaragua, twice as many as there were at the start of the year. More tanks are reported on their way. Preparations for the receipt of MIG's are well advanced.

A final factor is the special importance of the struggle in El Salvador for the future of the area.

El Salvador is the second largest Central American state in population, and in the past has achieved a relatively high level of economic development.

But El Salvador is important not only for itself. There are underway these two critical experiments in reform: one in land tenure, the other in the creation of democratic institutions and strengthening the political center. If these reforms are defeated by arms, prospects for peaceful change elsewhere will be seriously set back.

There is something else. If after Nicaragua El Salvador is captured by a violent minority, what state in Central America will be able to resist? How long would it be before the major strategic United States interests—the canal, sea lanes, oil supplies—were at risk?

To meet and overcome these challenges the United States must also have a comprehensive strategy. Let me summarize briefly the line of action we are now developing.

First, we must make sure that our friends have the means to defend themselves. El Salvador and Honduras are the two most threatened countries. The build-up in Nicaragua menaces both; targeting of El Salvador's economy by Nicaraguan-supported insurgents creates a situation of emergency in that country. Both need more resources—above all economic but military as well. We will be consulting with the Congress on how we can best provide help.

Second, we must join with others to help provide the Caribbean Basin countries the opportunity to achieve long-term prosperity. President Reagan is preparing for submission to the Congress early next year a far-reaching package of proposals. Because the markets in the countries of the Basin are so small, investment other than in staples is often unattractive. But if investors could be sure of unimpeded access to outside markets, particularly to the vast U.S. market, at least for a defined period of time, then investment in the area becomes more interesting. The skilled and relatively low cost labor of the area becomes an attraction. We are developing proposals for one-way free trade arrangements and for investment incentives; there will also be provision for preventing abuses. At the same time we will present proposals for emergency financial assistance to tide countries over until they can take advantage of the new opportunities to begin earning their own way.

Third, we must not falter in our pursuit of democratic values—for they assure the legitimacy of governments we hope to help. In a free, open election with broad participation Honduras chose a new government last month. Costa Rica—whose deeply-rooted democratic institutions are helping it to weather a brutal economic crisis without violence—goes to the polls in February. El Salvador will follow with elections for a constituent assembly—the first step in creating representative, constitutionally bound government in that nation. In Central America only the Nicaraguan government refuses to go before the people.

Let me in this regard make a remark on the subject of proposals for negotiation between the government and the insurgents. Members of the Frente Democratico Revolucionario say they want to talk about "restructuring the army" and "establishing a new order." In their view such changes are conditions precedent to elections.

But the establishment of a new order and the status of the army are among the subjects for the constituent assembly to be elected in March. Why should they only be debated and decided with the insurgents, and not with the campesinos, the labor unions, and the political parties? Why shouldn't the FDR have—only have—the representation in the assembly it can get by campaigning?

In July the U.S. said it would facilitate contacts and discussions on election issues. In September we sent a group to El Salvador and talked to all interested in talking to us, including the MNR, a member of the FDR. The representative of another member of the FDR has asked to see us in Washington this week, and we are receiving him on the same basis. If there are opposition elements who believe in a democratic solution, we will help them participate in the electoral process. But it would be wrong to assist those—in negotiations or otherwise—who are committed to the destruction of democracy.

Fourth, we must continue the pursuit of justice for the countries of the area. Lawlessness from both the left and right has been a major weakness in El Salvador. But the government is making progress in bringing it under control. Violent deaths other than in combat as reported each week by our Embassy in San Salvador are down by more than a half since last year. I do not want to give you the impression that our weekly figures are complete. But the trend is significant. Progress is unmistakable. I wonder whether the insurgents have made any contribution to that progress at all. For they claim that their violence is justified by a higher goal.

Fifth, our emphasis should be on collective action. Last week the Organization of American States voted 22 to 3 with 4 abstentions in support of free elections as a means to a political solution in El Salvador. In the same forum Secretary Haig has suggested that all countries in Central America should address the arms race that now threatens in Central America as a result of Nicaraguan imports of heavy weapons and the Cuban military advisor presence in Nicaragua. Should more serious threats emerge, it is in collective security that we should seek solutions.

Finally, we must communicate to Cuba that the costs of escalating their intervention in the region will be very high. We have readied measures to prevent another Mariel sealift should Cuba again seek to utilize the longings of its own citizens to harm this country. We are tightening the economic embargo. We are preparing creation of a ra-

dio devoted to Cuba news and beamed to the island, so that Cubans can be better able to hold their government accountable for its actions. Our underlying message is clear: we will not accept, we do not believe the countries of the region will accept, that the future of the Caribbean Basin be manipulated from Havana. It must be determined by the countries themselves.

CUBA'S RENEWED SUPPORT FOR VIOLENCE IN THE HEMISPHERE

PREFACE

Any formulation of U.S. foreign policy for Latin America and the Caribbean would be incomplete without in-depth analysis of Cuba's role in the region. Some of Cuba's international activities have received publicity and attention, but much has taken place out of the public view. While understanding the full range of Cuba's activities abroad is obviously essential for governments engaged in foreign policy planning, the general public is often uninformed about the nature and extent of Cuba's involvement in other countries. This study of Cuban activities in Latin America and the Caribbean is being issued in the interest of contributing to better public understanding of U.S. foreign policy and developments in the region.

The focus of this study is Cuba's activities in the Americas. It does not attempt to give a description of conditions in the countries in which Cuba is active, or to analyze why violent groups develop, but instead examines the degree to which Cuba is directly engaged in efforts to destabilize its neighbors by promoting armed opposition movements. Cuba is clearly not the sole source of violence and instability in the region, but Cuban activities militarize and internationalize what would otherwise be local conflicts. In a region whose primary needs are for economic development, social equity, and greater democracy, Cuba is compounding existing problems by encouraging armed insurrection.

This report describes Cuban activities that are either publicly known or can be revealed without jeopardizing intelligence sources and methods. Cuban involvement is not limited to the examples contained in this study.

SUMMARY

A country-by-country examination of Cuba's activities in Latin America and the Caribbean makes clear that Cuba has renewed its campaign of the 1960's to promote armed insurgencies. In particular, Cuba has stepped up efforts to stimulate violence and destabilize its neighbors, turning away from its early policy of strengthening normal diplomatic relations in the hemisphere.

Since 1978, Cuba has:

Worked to unite traditionally splintered radical groups behind a commitment to armed struggle with Cuban advice and material assistance;

Trained ideologically committed cadres in urban and rural guerrilla warfare;

Supplied or arranged for the supply of weapons to support the Cuban-trained cadres' efforts to assume power by force;

Encouraged terrorism in hope of provoking indiscriminate violence and repression in order to weaken government legitimacy and attract new converts to armed struggle; and

Used military aid and advisors to gain influence over guerrilla fronts and radical governments through armed pro-Cuban Marxists.

Unlike Che Guevara's attempts during the 1960's, Cuban subversion today is backed by an extensive secret intelligence and training apparatus, modern military forces, and a large and sophisticated propaganda network. Utilizing agents and contracts nurtured over more than twenty years, the Castro government is providing ideological and military training and material and propaganda support to numerous violent groups, often several in one country.

Cuba is most active in Central America, where its immediate goals are to exploit and control the revolution in Nicaragua and to induce the overthrow of the governments of El Salvador and Guatemala. At the same time, Cuba is working to destabilize governments elsewhere in the hemisphere. Cuba provides advice, safehaven, communications, training, and some financial support to several violent South American organizations. In the Caribbean, Cuban interference in the post-election period has been blunted in Jamaica, but Grenada has become a virtual Cuban client.

Cuba's new drive to promote armed insurgency does not discriminate between democracies and dictatorships. And attempts by Cuba to destabilize governments occur in spite of the existence of diplomatic ties.

This long-range campaign is directed by the Cuban Communist Party which oversees far-flung operations that include secret training camps in Cuba, intelligence officers abroad, training programs for select foreign students, networks for covert movement of personnel and material between Cuba and abroad, and propaganda support.

Cuba's enormous investment of energy, money, and agents in this campaign would not be possible without Soviet help. Soviet assistance, now totalling over $8 million a day, enables Cuba to maintain the best equipped and largest per capita military forces in Latin America and to channel substantial resources abroad. In return, Cuba usually is careful not to jeopardize ongoing government relationships in Latin America important to the Soviet Union.

The scope of Cuba's activities in the hemisphere has prevented Cuba from always keeping covert operations hidden. For instance, during 1981 alone:

In Nicaragua, Cuba has quietly increased its presence to 5,000 personnel, including more than 1,500 security and military advisors.

In El Salvador, Cuba's key role in arming the Salvadoran guerrillas was exposed and Castro admitted supplying arms.

In Costa Rica, a Special Legislative Commission documented Cuba's role in establishing an arms supply network during the Nicaraguan civil war and found the network was later used to supply Salvadoran insurgents.

In Colombia, Cuba was discovered to have trained guerrillas attempting to establish a "people's army."

Cuba's new policies abroad and its reaction to emigration pressures at home have reversed the trend in Latin America toward normalization of relations with Cuba. During the last two years, Colombia, Costa Rica and Jamaica suspended or broke relations with Cuba. Venezuela, Peru, and Ecuador withdrew their ambassadors from Havana.

Cuban intervention is, of course, not the sole source of instability. The origins of occasional violent conflict in Latin America lie in historical social and economic inequities which have generated frustrations among a number of people. Sustained economic growth over the past 20 years and resilient national institutions, however, have limited the appeal of radical groups. But in some countries, particularly the small nations of Central America, dislocations resulting from rapid growth compounded existing tensions, leading to the emergence in several countries of radical movements, which often originated with frustrated elements of the middle class. Subsequent economic reversals have subjected already weak institutions to additional stress, making these countries more vulnerable to the appeals of radical groups backed by Cuba.

Cuba is quick to exploit legitimate grievances for its own ends. But its strategy of armed struggle is not based on appeals to the "people." Instead, Cuba concentrates on developing self-proclaimed "vanguards" committed to violent action. Revolutions, according to this approach, are made by armed revolutionaries.

Cuba's readiness to train, equip and advise those who opt for violent solutions imposes obstacles to economic progress, democratic development and self-determination in countries faced with growing economic difficulties. The spiralling cycle of violence and counterviolence which is central to Cuba's policy only exacerbates the suffering of ordinary people and makes necessary adjustments more difficut.

Cuba's renewed campaign of violence is of great concern to many countries, including the United States. Cuba should not escape responsibility for its actions. Exposing Cuba's efforts to promote armed struggle will increase the costs to Cuba of its intervention.

I. POLICIES

When it first came to power, the Castro regime had its own theory of how to spread revolution: To reproduce elsewhere the rural-based guerrilla warfare experience of Castro's 26th of July Movement in Cuba. In Che Guevara's words, the Andes would become the Sierra Maestra of South America.

Initial attempts to repeat Cuba's revolution elsewhere failed decisively. During the late 1960's, the Castro regime gradually reined in its zealots. Without abandoning its ties to radical states and movements or its ideology, Cuba began to pursue normal government-to-government relations in the hemisphere. By the mid-1970's Cuba's isolation in the Americas eased and full diplomatic or consular relations were reestablished with a number of countries.

But diplomacy proved unable to satisfy the Castro government's ambitions. First in Africa, and now in Latin America and the Caribbean, Cuba's policy has again shifted to re-emphasize intervention.

On July 26, 1980, Fidel Castro declared that the experiences of Guatemala, El Salvador, Chile, and Bolivia teach us that there is no other way than revolution, that there is no other "formula" than "revolutionary armed struggle."

Castro's statement was an attempt to justify publicly what Cuban agents had been doing secretly since 1978: stepping up support for armed insurgency in neighboring countries.

This study traces the development of this latest phase in Cuba's foreign policy.

Early Failures. The original Cuban theory held that a continental Marxist revolution could be achieved by establishing armed focal points (focos) in several countries. Operating in rural areas, small bands of guerrillas could initiate struggles that would spread throughout the continent.

In 1959, Castro aided armed expeditions against Panama, the Dominican Republic, and Haiti. During the early and mid 1960's, Guatemala, Colombia, Venezuela, Peru, and Bolivia all faced serious Cuban-backed attempts to develop guerrilla focos.

In seeking indigenous groups with which to cooperate, the Cubans rejected the orthodox Latin American communist parties, which they regarded as ineffectual. Instead, they lent their support to more militant groups dedicated to armed violence even when their Marxism was not fully articulated.

The Soviet Union was suspicious of Cuba's policy of inciting armed violence, preferring to work through established Moscow-line communist parties. Disagreement over this issue was a serious point of friction for several years. Cuba denounced the Soviet policy of "peaceful coexistence" as a fraud, arguing that it implicitly undercut

the legitimacy of aiding "national liberation," struggles. At the 1966 Tricontinental Conference, Cuba sought to enlist North Vietnam and North Korea and create a more aggressive revolutionary internationalism.

None of the Latin American insurgencies fomented by Havana, however, aroused much popular support. The most severe blow to Cuba's policy during this period came in Bolivia in 1967, when Che Guevara's guerrilla band was opposed by both the peasantry and the Bolivian Communist Party.

After this maverick approach failed to establish a continental revolution, Cuban foreign policy moved into closer conformity with that of the Soviet Union. Castro endorsed the 1968 Soviet invasion of Czechoslovakia and accepted Soviet views on East-West relations. Within the hemisphere Cuba generally conformed to the Soviet approach of fostering state-to-state relations with several Latin American countries.

The Turn to Africa. In the mid-1970's, Cuba renewed its penchant for direct intervention, not in Latin America, but in Africa.[1]

In Angola, 20,000 Cuban troops, supported by Soviet logistics and materiel, assured the supremacy of the Popular Movement for the Liberation of Angola (MPLA), which had the strongest ties to Moscow of the three movements competing for power after Portugal's withdrawal.

In Ethopia, the integration of Soviet and Cuban operations was even more complete, with the Soviets providing overall command and control, materiel, and transport for 13–15,000 Cuban troops fighting against Somali forces.

The Moscow-Havana Axis. These African operations gave evidence of Cuba's military value to the Soviet Union. In areas of the Third World where the Soviets were under constraints not binding on Cuba, Havana could portray its actions as an outgrowth of its own foreign policy of support for "national liberation movements."

Cuba's extensive and costly activities overseas would have been impossible, however, without Soviet aid. The Cuban armed forces, some 225,000 strong with new sophisticated weaponry from the Soviet Union, became a formidable offensive military machine. Soviet aid and subsidies to the Cuban economy have climbed to over $3 billion annually, or about one-fourth of Cuba's gross national product. In December 1979, at a time when Soviet oil deliveries to Eastern Europe were being cut back and prices raised, Castro announced that the Soviet Union had guaranteed Cuba's oil needs through 1985 at a price roughly one-third that of the world market. The Soviet Union also pays up to 4 and 5 times the world price for Cuban sugar.[2]

In return, Cuba champions the notion of a "natural alliance" between the Soviet bloc and the Third World in the Non-Aligned Movement. At the Cuban Communist Party Congress in December 1980, Castro explicitly endorsed the Soviet intervention in Afghanistan and defended the Soviet "right" to intervene in Poland. He also reiterated that Cuba is irrevocably committed to communism and to supporting "national liberation" struggles around the world.

Cuba's policies abroad are thus linked to its relationship to the Soviet Union. By intervening in behalf of armed struggle in Latin America, Cuba injects East-West dimensions into local conflicts.

II. METHODS

Even when pursuing an open policy in the 1970's of establishing normal diplomatic relations with a number of Latin American countries, Cuba retained its clandestine ties with remnants of the insurgents and other pro-Cuban elements in Latin America, providing asylum, propaganda, some training, and other support. Between 1970 and 1973 Cuba's security services moved arms and agents into Chile. At the same time, Cubans helped organize President Allende's personal security and trained many leaders of the Chilean Movement of the Revolutionary Left (MIR).

Cuba's renewed campaign to promote insurgencies draws on these contacts and experiences and combines several different elements.

SOPHISTICATED STRATEGY

Learning from Che Guevara's failure in Bolivia, Cuban doctrine now emphasizes the need to enlist support for armed struggle through advanced training of local guerrilla cadres, sustained aid and advice, and extensive propaganda activities. The foco approach of the 1960's—when a Cuban-sponsored team in the field was considered enough to spark insurrection—has given way to a more sophisticated strategy involving extensive commitments and risks.

Soviet Support. A major difference from the 1960's is that, instead of throwing up obstacles, the Soviet Union generally has backed Cuban efforts to incorporate non-doctrinaire groups into broad political-military fronts dedicated to armed struggle. Particularly in Central America, Soviet ties to local communist parties and Bloc relationships have been used to favor insurrectionary violence. For example, a senior Soviet Communist Party functionary traveled to Panama in August 1981, to discuss strategy for Central America with Cuban officials and leaders of Central American communist parties. The Soviet Union has also used its extensive propaganda network to selectively discredit governments and build support for armed opposition groups.

Allowing Havana to take the lead in the hemisphere enables Moscow to maintain a low profile and cultivate state-to-state relations and economic ties with major countries like Brazil and Argentina.

Cuba, in turn, is generally cautious not to undercut the Soviet Union where the Soviets have established valued relationships. In Peru, for example, Cuba has been careful to exercise restraint to avoid prejudicing the status of the 300 Soviet officials there or jeopardizing the Soviet Union's arms supply arrangement.

Central Control. Most of the covert operations in support of this strategy are planned and coordinated by the America Department of the Cuban Communist Party, headed by Manuel Pineiro Losada. The America Department emerged in 1974 to centralize operational control of Cuba's covert activities. The Department brings together the expertise of the Cuban military and the General Directorate of Intelligence (DGI) into a farflung operation that includes secret training camps in Cuba, networks for covert movement of personnel and materiel between Cuba and abroad, and sophisticated propaganda support.

Agents of the America Department are present in every Cuban diplomatic mission in Latin America and the Caribbean—in at least five recent instances in the person of the Ambassador or Charge d'Affaires. America Department officials frequently serve as employees of Cuba's official press agency, Prensa Latina, of Cubana Airlines, the Cuban Institute of Friendship With People (ICAP), and other apparently benign organizations. When too great an identification with Cuba proves counterproductive, Cuban intelligence officers work through front groups, preferably those with non-Cuban leadership.[3]

Cuban military intelligence personnel selected for clandestine operations in Latin America, Africa and the Middle East go through an elaborate training program conducted by Cuban, Soviet, East German and Czech instructors in Havana with special sessions in surrounding cities. In addition to the language and customs of the area to which they are assigned, and typical intelligence operation such an infiltration procedures and photography techniques, the Cubans are instructed in handling explosives. To disguise their true occupation, the intelligence agents are also instructed in civilian skills such as automotive mechanics, carpentry and heavy equipment operation.

Armed Struggle. The new Cuban offensive relies heavily on violence. In outline, Cuba's strategy is to:

United traditionally splintered radical groups behind a commitment to armed struggle with Cuban advice and material assistance;

Train ideologically committed cadres in urban and rural guerrilla warfare;

Supply or arrange for the supply of weapons to support the Cuban-trained cadres' efforts to assume power by force.

Encourage terrorism in the hope of provoking indiscriminate violence and repression, and generalized disorder in order to weaken government legitimacy and attract new converts to armed struggle; and

Use military aid and advisors to gain influence over guerrilla fronts and radical governments through armed pro-Cuban Marxists.

The application of this strategy is demonstrated in detail in the case studies that follow. It should be noted, however, that Cuba sometimes emphasizes certain tactics over others. In pursuing its long-term strategy, Cuba concentrates initially on building a network of loyal cadres. When local extremist groups are not capable of or committed to armed struggle, Cuba generally draws on them in support of active insurgencies elsewhere while developing their capacity and willingness for agitation in their homeland. In addition, foreign policy concerns may deter Cuba from promoting armed struggle in a particular country. For example, Cuba attempts to avoid activities which could jeopardize its relations with the Mexican government since Castro seeks Mexico's support to avoid isolation in the hemisphere.[4]

Propaganda. Cuba's extensive cultural exchange and propaganda activities are tailored to support covert operations and elicit support for armed struggle.[5] For example, during the past year, Cubans have used Mexico as a base for coordination of propaganda on behalf of insurgents in El Salvador, Guatemala, and Colombia. Radio Havana and other Cuban media recently have publicized statements by Chilean Communist Party leaders urging unity of the Chilean left, and calling for armed action to topple Chile's government. Radio Havana has directed broadcasts to Paraguay urging the overthrow of the Paraguayan government.

Sports competitions, youth and cultural festivals, and special scholarships to Cuba provide channels to identify potential agents for intelligence and propaganda operations. In Ecuador, Cuban Embassy officers in Quito used their ties with Ecuadorean students to try to orchestrate pro-Cuba demonstrations when the government of Ecuador threatened to suspend relations after Cuba's forcible and unauthorized occupation in February 1981 of the Ecuadorean Embassy in Havana, following its seizure by a group of Cubans seeking to leave Cuba.

Military Training. Witnesses and former trainees have described several camps in Cuba dedicated specifically to military training, including one in Pinar del Rio province and another near Guanabaco, east of Havana. The camps can accommodate several hundred trainees. Groups from El Salvador, Nicaragua, Guatemala, Cost Rica, Honduras, Colombia, Grenada, the Dominican Republic, Jamaica,

Footnotes at end of article.

Haiti, Chile, and Uruguay have been trained in these facilities during the past two years.[6]

Recruits are normally provided false documentation (sometimes Cuban passports) by Cuban agents in third countries and are flown to Cuba on civil aircraft under cover as "students" or other occupations. Panama has been used as a regular transit point for Central and South Americans to and from military training in Cuba.[7]

Once in Cuba, trainees generally are taken immediately to the guerrilla training camps where they usually are grouped according to nationality and the organization for which they are being trained in order to promote a sense of cohesiveness and esprit de corps.

Training normally lasts 3–6 months and consists of instruction by Cuban cadres in sabotage, explosives, military tactics, and weapons use. Although military training is frequently tied closely to operational requirements (the M–19 guerrillas that landed in Colombia in early 1981 did so immediately upon completion of their military instruction in Cuba), witnesses report that political indoctrination is also included in the curriculum.

Many Cuban instructors are active military officers and veterans of Cuban expeditionary forces in Africa. Soviet personnel have been reported at these camps, but they apparently do not participate directly in the guerrilla training.

Political Training. Each year Cuba offers hundreds of scholarships to foreign students. All Cuban mass organizations operate schools in organizational work and indoctrination open to carefully selected foreign students.[8] In addition, some 11,000 non-Cuban secondary school students, mostly teenagers, were enrolled in 1980 in 15 schools on the Isle of Youth alone. Cuba does not publicize complete foreign enrollment statistics, nor does it release the names of those trained. From the Eastern Caribbean alone, close to 300 students are currently in Cuba studying technical and academic subjects. The study of Marxism-Leninism is compulsory in many courses and military affairs is compulsory in some. When governments have turned down Cuban scholarship offers, as occurred recently in Belize and Dominica, Cuba has gone ahead and concluded private agreements. Local Marxist-Leninist groups with ties to Cuba play a major role in selecting those students who receive scholarships.

In sum, the infrastructure for Cuba's intensified revolutionary agitation in Latin America is a multifaceted yet carefully coordinated mechanism. The Cuban Communist Party, through its America Department, provides cohesion and direction to a complex network that consists of intelligence officers, elements of Cuba's foreign ministry, armed forces, mass organizations, commercial and cultural entities, and front groups.

This extensive apparatus is designed to support one objective: a systematic, long-range campaign to destabilize governments.

III. CASE STUDIES

The Cuban activities described in the case studies which follow must be considered to understand developments within the particular countries in question. However, the focus of the case studies is Cuban involvement in each country. Readers should therefore guard against assuming that the cases below provide a comprehensive picture of the general situation in the country where the events described have taken place.

Central America

Nicaragua

In July 1979, internal and external factors converged to bring about the triumph of the anti-Somoza insurrection and the subsequent domination of the new Nicaraguan government by the Cuban-trained leadership of the Sandinista National Liberation Front (FSLN). These events provided a key test for Cuba's new mechanisms and strategy for promoting armed pro-Cuban movements in this hemisphere.

Opposition to Somoza's authoritarian rule in the late 1970's was widespread. The 1978 killing of Pedro Joaquin Chamorro, publisher of Nicaragua's most respected newspaper La Prensa, converted many Nicaraguans to the armed opposition of which the FSLN was the core; FSLN assurances on democracy and pluralism were accepted by newly allied political moderates and private businessmen. Internationally, sympathy for the struggle against Somoza led Venezuela, Panama, and Costa Rica to aid the insurgents, while Somoza stood practically without friends.

This environment enabled Cuba to disguise the extent of its support for the FSLN and avoid disrupting the fragile alliances between the FSLN and other opponents of Somoza. Behind the scenes, Cuba played an active role in organizing the FSLN, and in training and equipping it militarily.

Cuba had provided some training and arms to the FSLN in the early 1960's. Until late 1977, however, Cuban support consisted mainly of propaganda and safehaven.

In 1977 and early 1978, a high ranking America Department official, Armando Ulises Estrada,[9] made numerous secret trips to facilitate the uprising by working to unify the three major factions of the FSLN. Stepped-up Cuban support to the Sandinistas was conditioned on effective unity. During the XI World Youth Festival in Havana in late July 1978, the Cubans announced that the unification of the three factions had been achieved and urged Latin American radicals present at the meeting to demonstrate solidarity with the FSLN by staging operations in their own countries.

At the same time, Estrada concentrated on building a supply network for channelling arms and other supplies to guerrilla forces. International sympathy for the struggle against Somoza provided a convenient facade for Cuban operations. In preparation for the first FSLN offensive in the fall of 1978, arms were flown from Cuba to Panama, transhipped to Costa Rica on smaller planes, and supplied to Nicaraguan guerrillas based in northern Costa Rica. To monitor and assist the flow, the America Department established a secret operations center in San Jose. By the end of 1978, Cuban advisors were dispatched to northern Costa Rica to train and equip the FSLN forces with arms which began to arrive direct from Cuba. FSLN guerrillas trained in Cuba, however, continued to return to Nicaragua via Panama.

In early 1979, Cuba helped organize, arm, and transport an "internationalist brigade" to fight alongside FSLN guerrillas. Members were drawn from several Central and South American extremist groups, many of them experienced in terrorist activities. Castro also dispatched Cuban military specialists to the field to help coordinate the war efforts. Factionalism threatened Sandinista unity again in early 1979, and Castro met personally with leaders of three FSLN factions to hammer out a renewed unity pact.

When the insurgents' final offensive was launched in mid-1979, Cuban military advisors from the Department of Special Operations, a special military unit, were with FSLN columns and maintained direct radio communications to Havana. A number of Cuban advisors were wounded in combat and were evacuated to Cuba via Panama.

The operations center run by the American Department in San Jose was the focal point for coordination of Cuba's support. After the triumph of the anti-Somoza forces in July 1979, the chief of the center, Julian Lopez Diaz, became Cuban Ambassador to Nicaragua. One of his America Department assistants in San Jose, Andres Barahona, was redocumented as a Nicaraguan citizen and became a top official of the Nicaraguan intelligence service.

Castro has counseled the Sandinistas to protect their Western ties to keep the country afloat economically. But to ensure that the FSLN could move to dominate the Nicaraguan government, Cuba has acted quickly to build up Sandinista military and security forces.

Since July 1979, Cuba has provided substantial military, technical, and political assistance. Some 5,000 Cuban advisors, teachers, and medical personnel work at all levels of the military and civilian infrastructures.[10] Of this number, more than 1500 military and security advisors are actively providing military instruction and combat training; instruction in intelligence and counterintelligence activities; instruction on security protection for the FSLN leadership and advice on organization of the Nicaraguan police force. In addition, Nicaragua has received within the past year approximately $28 million worth of military equipment from the USSR, Eastern Europe, and Cuba. This has included tanks, light aircraft, helicopters, heavy artillery, SAM's, anti-aircraft weapons, hundreds of military transport vehicles, as well as tons of small arms and ammunition.

Cuba presently is using Nicaraguan territory to provide training and other facilities to guerrillas active in neighboring countries. The Cuban Ambassador to Nicaragua and other America Department officials frequently meet with Central American guerrillas in Managua to advise them on tactics and strategy. Individual Sandinista leaders have participated in such meetings and have met independently with Guatemalan and Salvadoran insurgents. The FSLN also has cooperated in a joint effort by Cuba and Palestinian groups to provide military training in the Mideast to selected Latin American extremists. Some Sandinistas were themselves trained by the PLO, which maintains an embassy in Nicaragua.

Between October 1980 and February 1981, Nicaragua was the staging site for a massive Cuban-directed flow of arms to Salvadoran guerrillas. Arms destined for Salvadoran and Guatemalan guerrillas continue to pass through Nicaragua.

El Salvador

Before 1979, Cuban support to Salvadoran radicals involved training small numbers of guerrillas, providing modest financial aid, and serving as a political conduit between Salvadoran extremists and communists outside the hemisphere.

During the Nicaraguan war, Cuba concentrated on support for the FSLN. After the fall of Somoza, Cuba began intense efforts to help pro-Cuba guerrillas come to power in El Salvador. When a reform-minded civil-military government was established in October 1979, Cuba's first priority was to tighten the political organization and unity of El Salvador's fragmented violent left. At first, arms shipments and other aid from Cuba were kept low as the Cubans insisted on a unified strategy as the price of increased material support. To forge unity, Cuba sponsored a December 1979 meeting in Havana that resulted in an initial unity agreement among the Armed Forces of National Resistance (FARN), the Popular Liberation Forces (FPL), and the Communist Party of El Salvador (PCES), which had itself formed an armed wing at Cuban and Soviet insistence. In late May 1980, after more negotiations in Havana, the Popular Revolutionary Army (ERP) was admitted into the guerrilla coalition.

The new combined military command assumed the name of the Unified Revolutionary Directorate (DRU). During this period, Cuba also coordinated the development of clandestine support networks in Honduras,

Footnotes at end of article.

Costa Rica, and Nicaragua, sometimes using arms supply mechanisms established during the Nicaraguan civil war.

With unified tactics and operations now possible, Cuba began to assist the guerrillas in formulating military strategy. Cuban specialists helped the DRU devise initial war plans in the summer of 1980. The Cubans influenced the guerrillas to launch a general offensive in January 1981. After the offensive failed, guerrilla leaders traveled to Havana in February 1981 to finalize a strategy to "improve our internal military situation" by engaging in a "negotiating maneuver" to gain time to regroup.[11]

Cuba provided few weapons and ammunition to Salvadoran guerrillas from its own resources, but played a key role in coordinating the acquisition and delivery of arms from Vietnam, Ethiopia, and Eastern Europe through Nicaragua.[12] After the unmasking of this network, Cuba and Nicaragua reduced the flow in March and early April. Prior to a guerrilla offensive in August an upswing in deliveries occurred. The arms flow continues via clandestine surface and air routes. In addition, the Cubans over the past year have established a network of small ships to deliver arms to Salvadoran insurgent groups.

Cuba also assists the Salvadoran guerrillas in contacts with Arab radical states and movements to arrange military training and financing for arms acquisitions. In September 1980, Cuba laundered $500,000 in Iraqi funds for the Salvadoran insurgents. In March 1981, the Salvadoran Communist Party Secretary General, Shafik Handal, visited Lebanon and Syria to met with Palestinian leaders. Cuba also coordinates the training of a relatively small number of Salvadoran guerrillas in Palestinian camps in the Mideast.

Cuban training of Salvadoran guerrillas increased sharply in 1980 as Cuba concentrated on building a trained army able to mount major offensives. A typical three-month training program included courses in: guerrilla tactics; marksmanship and weapons use; field engineering; demolition; fortification construction; land navigation; use of artillery and mines. One observer reported seeing groups up to battalion size (250–500 men) under instruction, suggesting that some guerrillas trained as integral units.[13]

Cuba has provided selected guerrillas more intensive training on specialized subjects. A former FPL guerrilla who defected in fall 1981 reported that during 1980 he had received 7 months of military training in Cuba which included instruction in scuba diving and underwater demolition. Soviet scuba equipment was used. The group trained as frogmen called themselves "combat swimmers" and were told that their mission was to destroy dams, bridges, port facilities and boats.

Cuba also gives political, organizational and propaganda support to the guerrillas. Cuban diplomatic facilities worldwide help guerrilla front groups with travel arrangements and contacts. The Cuban press agency, Prensa Latina, has handled communications for guerrilla representation abroad. Cuba and the Soviet Union have pressed communist parties and radical groups to support the insurgency directly and through solidarity organizations with propaganda and facilities (office space, equipment, etc.).

The Salvadoran insurgents have publicly stressed the importance of solidarity groups. A member of the FPL, Oscar Bonilla, who attended the Fourth Consultative Meeting in Havana of the Continental Organization of Latin American Students (OCLAE), a Cuban front group, told Radio Havana in August 1981 that OCLAE: "has been the most important means of solidarity of all the peoples and has gotten us ready to form an anti-interventionalist student front in El Salvador, Central America and the Caribbean. . . . We believe that it is good to carry out immediate plans for actions which will permit us to stop an imperialist intervention in El Salvador. In this respect, the students of Latin America will have to confront and attack U.S. interests so that the United States will see how the Latin American and Caribbean student movement responds to an aggression by imperialism in El Salvador."

With Soviet assistance, Cuba has orchestrated propaganda to distort the realities of the Salvadoran conflict. Unattributed foreign media placements and efforts to organize protests against the Salvadoran government and U.S. policy, which have accompanied official propaganda, stress the theme of U.S. intent to intervene militarily in El Salvador.

Unfounded claims and accusations originated by the Salvadoran guerrillas are routinely replayed to a regional and world audience by Cuba's Radio Havana or Prensa Latina, then echoed by the official Soviet Press Agency, TASS, Radio Mosoow, and Eastern European media. For example, a false report of a U.S. soldier killed in El Salvador that resounded widely in Cuban/Soviet propaganda during 1980 was traced finally to the Salvadoran Communist Party. This rumor was to support an even bigger lie: that hundreds of U.S. soldiers were in El Salvador, building U.S. bases, and herding peasants into Vietnam-style strategic hamlets.[14]

Guatemala

Castro has stepped up Cuba's support to Guatemalan guerrillas whom he has aided with arms and training since he came to power.

As elsewhere, Cuba has influenced divided extremist groups to unite and conditioned increased Cuban aid on a commitment to armed struggle and a unified strategy. During 1980, discussions about a unity agreement were held among leaders of the Guerrilla Army of the Poor (EGP), the Rebel Armed Forces (FAR), the Organization of People in Arms (ORPA), and the dissident faction of the Guatemalan Communist Party (PGT/D). At the invitation of Sandinista leaders, representatives of the four groups met in Managua under strict security to continue discussions. In November 1980, the four organizations signed a unity agreement in Managua to establish the National Revolutionary Union (with a revolutionary directorate called the General Revolutionary Command—CGR). Manuel Pineiro Losada, Chief of the America Department, and Ramiro Jesus Abreu Quintana, head of its Central American Division, represented Fidel Castro at the signing ceremony. Following the signing of the unity agreement, representatives of the CGR traveled to Havana to present the document to Castro. ORPA publicized the agreement in a communique issued November 18, 1980. All parties agreed it was significant that the unity agreement was the first such document signed on Central American soil.

After this unity agreement was concluded, Cuba agreed to increase military training and assistance. A large number of the 2,000 or more guerrillas now active have trained in Cuba. Recent military training programs have included instruction in the use of heavy weapons.

During the past year arms have been smuggled to Guatemala from Nicaragua passing overland through Honduras. The guerrilla arsenal now includes 50 mm mortars, submachine guns, rocket launchers, and other weapons. Captured M–16 rifles have been traced to U.S. forces in Vietnam. On June 26, 1981, Paulino Castillo, a 28-year-old guerrilla with ORPA, told newsmen in Guatemala that he was part of a 23-man group of Guatemalans that underwent seven months of training in Cuba, beginning around February 1980. His group was divided into sections for urban and rural combat training in explosives and firearms use. To get to Cuba, Castillo travelled to Costa Rica from Guatemala by public bus. In Costa Rica a go-between obtained a Panamanian passport for Castillo to enter Panama. In Panama other contacts equipped him with a Cuban passport and he continued on to Cuba. Castillo returned to Guatemala via Nicaragua to rejoin the guerrillas. He later surrendered to a Guatemalan army patrol.

Guatemalan guerrillas have collaborated with Salvadoran guerrillas. In January 1981, the EGP, ORPA, FAR and the PGT/D circulated a joint bulletin announcing the intensification of their activities in support of the general offensive in El Salvador. The Salvadorans in turn have provided the Guatemalans with small quantities of arms.

Unity has not been fully achieved, as the four groups have not yet carried out plans to establish a political front group. The joint military strategy, however, is being implemented. The guerrillas have stepped up terrorist actions in an effort to provoke repression and destabilize the government. For example, the EGP took responsibility for placing a bomb in one of the pieces of luggage that was to have been loaded onto a U.S. Eastern Airlines plane on July 2. The bomb exploded before being loaded, killing a Guatemalan airport employee.

Costa Rica

Cuba took advantage of Costa Rica's strong popular and governmental opposition to Somoza's authoritarian government and of Costa Rica's open democratic society to establish and coordinate a covert support network for guerrilla operations elsewhere in Central America. The apparatus was established during the course of the Nicaraguan civil war and maintained clandestinely thereafter. Costa Rica was well-disposed toward groups that opposed Somoza, including the Sandinista guerrillas. Aid provided by Panama and Venezuela was openly funneled through Costa Rica to the Nicaraguan rebels. Cuba, however, kept its role largely hidden.

A Special Legislative Commission established in June 1980 by the Costa Rican Legislature revealed Cuba's extensive role in arming the Nicaraguan guerrillas. The Commission determined that there were at least 21 flights carrying war material between Cuba and Llano Grande and Juan Santamaria Airports in Costa Rica.[15]

Costa Rican pilots who made these flights reported Cubans frequently accompanied the shipments. Although Cubans were stationed at Llano Grande, their main operations center for coordinating logistics and contacts with the Sandinistas was set up secretly in San Jose and run by America Department official Lopez Diaz. The Special Legislative Commission estimated that a minimum of one million pounds of arms moved to Costa Rica from Cuba and elsewhere during the Nicaraguan civil war, including anti-aircraft machine guns, rocket launchers, bazookas, and mortars. The Commission also estimated that a substantial quantity of these weapons remained in Costa Rica after the fall of Somoza in July 1979.

The Special Legislative Commission concluded that after the Nicaraguan civil war had ended, "arms trafficking (began), originating in Costa Rica or through Costa Rican territory, toward El Salvador, indirectly or using Honduras as a bridge." Through 1980 and into 1981 traffic flowed intermittently through Costa Rica to El Salvador, directed clandestinely by the Cubans.

In the summer of 1979 the Cubans and their paid agent, Fernando Carrasco Llanes, a Chilean national residing in Costa Rica,

Footnotes at end of article.

(along with several Costa Ricans previously involved in the logistics effort for the FSLN) agreed to continue smuggling arms to Salvadoran guerrillas. The Cubans arranged for acquisition of some of the arms and ammunition remaining in Costa Rica from the Nicaraguan airlift to supply the Salvadoran insurgents.

This new Cuban operation was coordinated from San Jose, first from their secret operations center then later directly from the Cuban Consulate. The major coordinator, until his expulsion from Costa Rica in May 1981 following the break in consular relations between Costa Rica and Cuba, was Fernando Pascual Comas Perez of the America Department. Comas worked directly for Manuel Pineiro and had the cover title of Cuban Vice Consul in San Jose. Cuban agents made arrangements to store arms for transshipment to El Salvado, and to help hundreds of Salvadoran guerrillas pass through Costa Rica in small groups on their way to training in Cuba. Cuban operations have been facilitated by Costa Rica's three Marxist-Leninist parties, which have provided funds, safehaven, transportation and false documents.[16]

Terrorism had been virtually unknown in Costa Rica until March 1981 except for scattered incidents of largely foreign origin. The first Costa Rican terrorists made their appearance in March when they blew up a vehicle carrying a Costa Rican chauffeur and three Marine security guards from the U.S. Embassy in San Jose. In April, four terrorists from the same group were captured after machine-gunning a police vehicle. In June, the group murdered three policemen and a taxi driver. Costa Rican authorities have arrested some twenty accused terrorists and are continuing to investigate leads linking them to South American terrorist groups such as the Argentine Montoneros, the Uruguayan Tupamaros, Colombia's M–19 and to Cuba itself. Two of the accused terrorists are known to have received training in the Soviet Union.

Director of the Judicial Investigation Organization Eduardo Aguilar Bloise told a press conference August 12 that captured terrorist documents indicated that two Costa Rican peasants had been given "ideological/military training" in Cuba and returned to work in the Atlantic coastal zone of Costa Rica. The documents indicate that the two were in Cuba from 8–12 months—possibly in 1978—and were financed by the terrorist group known popularly in Costa Rica as "the family." Aguilar said he did not discount the possibility that others had been trained in Cuba.

While most of Costa Rica's Marxist-Leninist parties have advocated a peaceful line in respect to Costa Rica, one group with close ties to Cuba—the Revolutionary Movement of the People (MRP)—while disavowing responsibility for terrorist acts, has spoken of them as "well intentioned." Some of the arrested terrorists are known to have belonged to the MRP at one time. On November 5 the Office of National Security announced the discovery of a terrorist cell clearly connected with the MRP. Among the arms and terrorist paraphernalia confiscated was an Uzi submachinegun with silencer. Earlier, the authorities had confiscated a "plan for Guanacaste" from an MRP official which noted such objectives as "prevent the electoral process from developing in a festive atmosphere" and "the taking of power by the armed people." The head of the MRP has traveled many times to Cuba and Cuba has given training to other MRP leaders.

Honduras

Cuba provided paramilitary training to a small number of Hondurans in the early 1960's, but relations with Honduran radicals were strained until the late 1970's. Cuba then resumed military training for members of the Honduran Communist Party (PCH) and integrated them into the "internationalist brigade" fighting in the Nicaraguan civil war. After the war, PCH members returned to Cuba for additional training.

Since then Cuba has concentrated primarily on developing Honduras as a conduit for arms and other aid to guerrillas active elsewhere in Central America. In January 1981, Honduran officials discovered a large cache of concealed arms intended for Salvadoran guerrillas, which included M–16 rifles traced to Vietnam. Smuggled arms have continued to be intercepted.

While considering Honduras a useful support base for insurgencies elsewhere, Cuba is also working to develop the capacity for insurrection within Honduras. In the normal pattern, Havana has urged splintered extremist groups in Honduras to unify and embrace armed struggle. While holding back from levels of support given to Salvadoran and Guatemalan guerrillas, Cuba has increased its training of Honduran extremists in political organization and military operations. Cuba has also promised to provide Honduran guerrillas their own arms, including submachine guns and rifles.

On November 27, Honduran authorities discovered a guerrilla safehouse on the outskirts of Tegucigalpa. Two guerrillas were killed in the resulting shootout, including a Uruguayan citizen. Nicaraguans as well as Hondurans were captured at the house, where a substantial arsenal of automatic weapons and explosives were seized. Incriminating documents, including notebooks which indicate recent attendance in training courses in Cuba, were also confiscated. One of those arrested, Jorge Pinel Betancourt, a 22-year-old Honduran, told reporters the group was headed for El Salvador to join Salvadoran guerrillas. Two additional guerrilla safehouses located in La Ceiba and San Pedro Sula were raided on November 29, and authorities seized sizable armscaches, explosives and communications equipment. These arms may have been destined for use within Honduras.

The Caribbean

Jamaica

In the late 1970's, Jamaica became a special target for Cuba. Fidel Castro and other Cuban officials developed close relationships with important members of the People's National Party (PNP) which governed Jamaica from 1973 until 1980. Cuban security personnel trained Jamaican security officers in Cuba and Jamaica, including members of the security force of the office of the Prime Minister. Cuba also trained about 1,400 Jamaican youths in Cuba as construction workers through a "brigadista" program. Political indoctrination in Cuba formed part of this group's curriculum. A considerable number of these Jamaican youths received military training while in Cuba, including instruction in revolutionary tactics and use of arms.

During this same period, the Cuban diplomatic mission in Jamaica grew in size. Most of the embassy staff, including former Ambassador Ulises Estrada, were Cuban intelligence agents. Ulises Estrada, who had served as a deputy head of the America Department for five years, had a long history of involvement in political action activities and intelligence operations, and went to Jamaica in July 1979, after playing a major role in Cuba's involvement in the Nicaraguan civil war.

Cuba was instrumental in smuggling arms and ammunition into Jamaica. A Cuban front corporation (Moonex International, registered in Lichtenstein, with subsidaries in Panama and Jamaica) was discovered in May 1980 to be the designated recipient of a shipment of 200,000 shotgun shells and .38 caliber pistol ammunition shipped illegally to Jamaica from Miami. Jamaican authorities apprehended the local manager of the corporation as he was attempting to leave the country, in defiance of police instructions, on a private plane accompanied by the Jamaican Minister of National Security and Cuban Ambassador Estrada. The manager subsequently paid a fine of U.S. $300,000 set by a Jamaican court.

In 1980, weapons were reported stockpiled in the Cuban embassy for possible use by Jamaicans during the elections campaign. M–16 rifles then appeared in Jamaica for the first time and were used in attacks against supporters of the opposition Jamaican Labour Party (JLP) and the security forces. Over seventy of these weapons have been found by Jamaican authorities. Some of the M–16's found in Jamaica have serial numbers in the same numerical series as captured M–16's shipped to Salvadoran guerrillas from Vietnam.

Ambassador Ulises Estrada was withdrawn from his post in November 1980, at the request of the newly-elected JLP government. In January 1981, the Jamaican government terminated the "brigadista" program and recalled Jamaican students remaining in Cuba under this program. The government decided to maintain diplomatic relations but warned Cuba to stop its interference in Jamaican affairs. Cuba continued to maintain some fifteen intelligence agents at the Cuban Embassy in Kingston. On October 29, the government broke diplomatic relations with Cuba and cited Cuba's failure to return three Jamaican fugitive criminals as the immediate cause for this action. On November 17, the government publicly detailed Cuba's role in providing covert military training under the curtailed "brigadista" program.

Guyana

In 1978, as many as 200 Cuban technicians, advisors, and medical personnel were stationed in Guyana. However, while claiming fraternal relations with Guyana's government, Cuba maintained contact with radical opposition groups. Guyanese authorities suspected the Cubans of involvement in a crippling sugar strike. In August 1978, five Cuban diplomats were expelled for involvement in illegal activities.

Cuban military advisors have provided guerrilla training outside Guyana to members of a small radical Guyanese opposition group, the Working People's Alliance. Five of the seven members of the Cuban Embassy are known or suspected intelligence agents.

Grenada

Cuban influence in Grenada mushroomed almost immediately after the March 1979 coup led by the New Jewel Movement of Maurice Bishop. Bishop and his closest colleagues were Western-educated Marxist radicals, and they turned for help to Fidel Castro, who proved willing to provide assistance.

To allow close Cuban supervision of Grenadian programs, a senior intelligence officer from the America Department, Julian Torres Rizo, was sent to Grenada as ambassador. Torres Rizo has maintained intimate relations with Bishop and other People's Revolutionary Government (PRG) Ministers, such as Bernard Coard.

The Grenadian government has followed a pro-Soviet foreign policy line. Cuban and Grenadian voting records in international organizations have been nearly identical, so much so that they alone of all Western Hemisphere nations have voted against U.N. resolutions condemning the Soviet invasion of Afghanistan.

Cuban aid to Grenada has been most intense in those areas which affect the security of its client government and the island's strategic usefulness to Cuba. Cuba has advisors on the island offering military, technical, security and propaganda assistance to the Bishop government. Many Grenadians have been sent to Cuba for training in these

Footnotes at end of article.

areas. Last year journalists observed Cuban officials directing and giving orders to Grenadian soldiers marching in ceremonies in St. George's.

Cuba is aiding the construction of a 75-kilowatt transmitter for Radio Free Grenada. Grenada's state-controlled press, enjoying a government-enforced monopoly, currently hews to a strict "revolutionary" line. Indications are that the new transmitter will continue this emphasis while providing facilities for beaming Cuban and Soviet supplied propaganda into the Caribbean and South America.

Cuba's largest project in Grenada is the construction of a major airfield at Point Salines on the southern tip of the island. Cuba has provided hundreds of construction workers and Soviet equipment to build the airfield. This airfield, according to PRG statements, is required to bring tourism to its full economic potential and will be used as a civilian airport only. Many questions have been raised, however, about the economic justification for the project. The Grenadian government has ignored requests for a standard project analysis of economic benefits. The planned 9,800-foot Point Salines runway, moreover, has clear military potential. Such an airfield will allow operations of every aircraft in the Soviet/Cuban inventory. Cuba's MiG aircraft and troop transports will enjoy a greater radius of operation. The airport will give Cuba a guaranteed refueling stop for military flights to Africa.

Bishop himself has given an implicit endorsement of future military use of the airfield. A March 31, 1980, Newsweek report quoted Bishop's comments to a U.S. reporter: "Suppose there's a war next door in Trinidad, where the forces of Fascism are about to take control, and the Trinidadians need external assistance, why should we oppose anybody passing through Grenada to assist them?"

The Dominican Republic

With its renewed commitment to armed struggle, Cuba's interest in the Dominican Republic has revived. Since early 1980, the Cubans have been encouraging radicals in the Dominican Republic to unite and prepare for armed actions. Cuban intelligence officials, like Omar Cordoba Rivas, chief of the Dominican Republic desk of the America Department, make periodic visits to the island.

The Soviet Union, Cuba and other communist countries have mounted extensive training programs for Dominican students. In July 1981 the Moscow-line Dominican Communist Party (PCD) for the first time publicized the Soviet scholarship program. Some 700 Dominican students are currently studying at Soviet universities (principally Patrice Lumumba University) with another 75 in five other communist states (Bulgaria, Cuba, the German Democratic Republic, Hungary and Romania). The PCD itself selects the more than 100 students who begin the Soviet program each year.

At the same time, the Soviet Union has been pressuring the PCD to unite with other extreme left organizations. The PCD and the pro-Cuban Dominican Liberation Party (PLD) receive funds from both Cuba and the Soviet Union and send significant numbers of their members and potential sympathizers for academic and political schooling, as well as military training in communist countries. Cuba also has given military instruction to many members of small extremist splinter groups like the Social Workers Movement (MST) and the Socialist Party (PS).

South America

Colombia

Since the 1960's, Cuba has nurtured contacts with violent extremist groups in democratic Colombia. During the 1970's, Cuba established full diplomatic relations with Colombia; Cuban involvement with Colombian revolutionaries was fairly limited although Cuba provided some training to guerrilla leadership. Many leaders of the April 19 Movement (M-19), including the founder, Jaime Bateman (who also attended a communist cadre school in Moscow), were trained in Cuba. Leaders of the National Liberation Army (ELN) and the Moscow-oriented Revolutionary Armed Forces of Colombia (FARC) also received Cuban instruction.

Cuban assistance to Colombian guerrillas was stepped up after the February 1980 seizure of the Dominican Republic Embassy in Bogota. A number of diplomats, including the U.S. Ambassador, were taken hostage by M-19 terrorists. As part of a negotiated settlement, the terrorists were flown on April 17 to Cuba, where the remaining hostages were released and the terrorists were given asylum.

During mid-1980, Cuban intelligence officers arranged a meeting of Colombian extremists attended by representatives from the M-19, FARC, ELN, and other Colombian radical groups to discuss a common strategy and tactics. The M-19 had previously held talks with the Nicaraguan FSLN on ways to achieve unity of action among guerrilla groups in Latin America. Although the meeting did not result in agreement by Colombian guerrillas on a unified strategy, practical cooperation among the guerrilla organizations increased.

In late 1980, the M-19 set in motion a large scale operation in Colombia with Cuban help. In November, the M-19 sent guerrillas to Cuba via Panama to begin training for the operation. The group included members who had received no prior political or military training, as well as new recruits. In Cuba the guerrillas were given three months of military instruction from Cuban army instructors, including training in the use of explosives, automatic weapons, hand-to-hand combat, military tactics and communications. A course in politics and ideology was taught as well. Members of the M-19 group given asylum in Cuba after the takeover of the Dominican Republic Embassy also participated in the training program.

In February 1981, some 100-200 armed M-19 guerrillas reinfiltrated into Colombia from Panama by boat along the Pacific coast. The guerrillas' mission to establish a "people's army" failed. The M-19 members proved to be poorly equipped for the difficult countryside and the Cuba-organized operation was soon dismantled by Colombian authorities. Among those captured was Rosenberg Pabon Pabon, the M-19 leader who had directed the Dominican Republic Embassy takeover, and then fled to Cuba. Cuba denied any involvement with the M-19 landings, but did not deny training the guerrillas.[17]

Cuba's propaganda support for Colombian terrorists was impossible to deny. When a group apparently consisting of M-19 dissidents kidnapped an American working for a private religious institute, Cuba implicitly supported the terrorists' action through Radio Havana broadcasts beamed to Colombia in February 1981, which denounced the institute workers as "U.S. spies." Radio Moscow picked up the unfounded accusation to use in its Spanish broadcasts to Latin America. The American was later murdered by the kidnappers.[18]

Colombia suspended relations with Cuba on March 23, in view of the clear evidence of Cuba's role in training M-19 guerrillas. President Turbay commented in an August 13 New York Times interview: ". . . When we found that Cuba, a country with which we had diplomatic relations, was using those relations to prepare a group of guerrillas to come and fight against the government, it was a kind of Pearl Harbor for us. It was like sending ministers to Washington at the same time you are about to bomb ships in Hawaii."

Chile

After Allende's fall in 1973, Castro promised Chilean radicals "all the aid in Cuba's power to provide." Although Cuban officials maintained regular contact with many Chilean exiles, divisions among the exiles inhibited major operations. The Moscow-line Chilean Communist Party (PCCH), holding the position that revolutionary change could be accomplished by non-violent means, was critical of "left-wing forces" like the Movement of the Revolutionary Left (MIR) with which Cuba had close relations.

Throughout the 1970's, members of the MIR received training in Cuba—and in some cases instructed other Latin American revolutionaries. This training ranged from political indoctrination and instruction in small arms use to sophisticated courses in document fabrication, explosives, code writing, photography, and disguise. In addition, Cuban instructors trained MIR activists in the Mideast and Africa.

With its renewed commitment to armed struggle, Cuba increased its training of Chileans beginning in 1979. By mid-1979, the MIR had recruited several hundred Chilean exiles and sent them to Cuba for training and eventual infiltration into Chile. At the same time, members of the MIR who had been living and working in Cuba since Allende's overthrow began to receive training in urban guerrilla warfare techniques. The training in some cases lasted as long as seven months and included organization and political strategy, small unit tactics, security, and communications.

Once training was completed, Cuba helped the terrorists return to Chile, providing false passports and false identification documents. By late 1980, at least 100 highly trained MIR terrorists had reentered Chile, and the MIR had claimed responsibility for a number of bombings and bank robberies. Cuba's official newspaper Granma wrote in February 1981 that the "Chilean Resistance" forces had successfully conducted more than 100 "armed actions" in Chile in 1980.

By late 1979, the PCCH was reevaluating its position in light of events in Nicaragua, where the fragmented Nicaraguan Communist Party emerged from the civil war subservient to the FSLN. In December 1980, PCCH leader Luis Corvalan held talks in Cuba with Fidel Castro, who urged Corvalan to establish a unified Chilean opposition. During the Cuban Party Congress that month, Corvalan delivered a speech which sketched a new party line calling for armed struggle to overthrow the Chilean government and for coordination of efforts by all parties, including the violent left. In January 1981, Corvalan commended MIR terrorist acts as "helpful" and stated that the PCCH was willing not only to talk with MIR representatives but to sign agreements with the group. Several days after this offer, Corvalan signed a unity agreement with several Chilean extremist groups, including the MIR.

Until January 1981, when the new PCCH policy evidently had been ironed out and validated by the agreement for a broad opposition coalition, Corvalan's statements were issued from such places as Czechoslovakia, East Germany, Cuba, and Peru—but never from Moscow. Within two weeks of the agreement, however, Moscow showed its implicit approval of the policy change and began broadcasting (in Spanish to Latin America and to Chile in particular) PCCH explanations of the new policy and calls for mass resistance and acts of terrorism to overthrow the Chilean government.

Terrorist activities by MIR commandos operating in Chile have increased substantially during the past year. These have included increased efforts by MIR activists to establish clandestine bases for rural insurgency, killings of policemen, and a number of assassi-

Footnotes at end of article.

nation attempts against high government officials.

Argentina

The Cubans have a long history of association with, encouragement of, and active backing for terrorism in Argentina. The Cubans were linked to the two groups responsible for unleashing the wave of leftist terrorism that swept Argentina in the early and mid-1970's, the Montoneros and the People's Revolutionary Army (ERP). Cuba backed these organizations with advice on tactics and instructions on recruiting operations and with training in Cuba in urban and rural guerrilla techniques. During the height of Argentine terrorism, in the early and mid-1970's the Cubans used their embassy in Buenos Aires to maintain direct liaison with Argentine terrorists.

The Argentine terrorists were virtually defeated by 1978. In that year, Castro permitted the Montonero national leadership to relocate its headquarters in Cuba. Today, the Montonero top command, its labor organization, its intelligence organization, among other units, are all located in Cuba. The Cubans facilitate the travel and communications of Montoneros, supplying them with false documentation and access to Cuban diplomatic pouches. Montoneros have been among the Latin American guerrillas trained in guerrilla warfare over the past year in the Mideast as part of a cooperative effort between Palestinian groups and Cuba.

Following the move of their high command to Havana, the Montoneros made repeated attempts to reinfiltrate Argentina. In late 1979, small groups of infiltrators eluded detection and were able to carry out several terrorist actions, including four murders. Subsequent attempts by the Montoneros to infiltrate terrorists in early 1980 proved unsuccessful.

With Cuban support, Montoneros are active outside Argentina. Cuban-trained Montoneros were among the members of the "internationalist brigade" that Cuba supported in Nicaragua in 1979. This connection was highlighted when Montonero leader Mario Firmenich attended the first anniversary of the July 1979 victory, wearing the uniform of a Sandinista Commander. Montoneros have been active elsewhere as well. Montoneros largely staffed and administered Radio Noticias Del Continente, which broadcast Cuban propaganda to Central and South America from San Jose until it was closed by the Costa Rican Government in 1981, after war materials were discovered on its installations.

Uruguay

After the failure of the urban insurgency organized in the early 1970's by the National Liberation Movement (MLN-Tupamaros), several hundred Tupamaros went to Cuba. During the mid-1970's, Cuba provided some of them with training in military and terrorist tactics, weapons and intelligence. Several of these former Tupamaros subsequently assisted Cuba in running intelligence operations in Europe and Latin America. Some participated in the Cuban-organized "internationalist brigade" that fought in the Nicaraguan civil war.

Cuba continues to provide propaganda support for the Tupamaros and the Uruguayan Communist Party. Radio Havana reported on June 30, 1981, that the leader of the Communist Party of Uruguay attended a ceremony "in solidarity with the Uruguayan peoples' struggle" at the headquarters of the Cuban State Committee for Material and Technical Supply in Havana. Pro-Cuban Uruguayan leaders are given red carpet treatment when they visit Havana and are usually received by at least a member of the Cuban Politburo.

IV. POSTSCRIPT

Cuba's renewed campaign of violence has had a negative impact on Cuba's relations with its neighbors. Cuba's policies abroad and its reaction to emigration pressures at home have reversed the trend in Latin America toward normalization of relations. Although the Castro government has developed close ties to Nicaragua and Grenada, Cuba finds itself increasingly isolated throughout the Americas.

Peru nearly broke relations and removed its ambassador in April 1980, when the Cuban government encouraged Cubans eager to leave the island to occupy the Peruvian Embassy. After over 10,000 Cubans crowded into the Embassy compound, Castro thwarted efforts by concerned governments to develop an orderly departure program and opened the port of Mariel to emigration, also expelling many criminals and the mentally ill, and ultimately allowing over 125,000 people to leave under sometimes perilous conditions. But Cuba still refuses to issue safe conduct passes to the 14 Cubans that remain cloistered in the Peruvian Embassy in Havana today.

Cuba's neighbors were further shocked when Cuban MiG 21's sank the Bahamian patrol boat "Flamingo" on May 10, 1980, in an unprovoked attack in Bahamian coastal waters. Subsequently, four Bahamian seamen were machine-gunned while trying to save themselves after their vessel sank. Their bodies were never recovered. U.S. Coast Guard aircraft were harrassed by Cuban MiG's while searching for survivors at the request of the Bahamian government.

Relations between Venezuela and Cuba deteriorated badly in 1980, principally over the asylum issue, to the degree that Venezuela removed its ambassador from Havana. In November 1980, Jamaica expelled the Cuban Ambassador for interference in Jamaica's internal affairs and in October 1981, broke diplomatic relations. Colombia suspended relations in March 1981, over Cuba's training of M-19 guerrillas. Cuba's handling of an incident in which a group of Cubans demanding asylum forcibly occupied Ecuador's Embassy in Havana, prompted Ecuador to remove its ambassador from Cuba in May 1981. Also in May, Costa Rica severed existing consular ties with Cuba, expelling Cuban officials active in coordinating support networks for Central American insurgents.

Today, outside the English-speaking Caribbean, only Argentina, Panama, Mexico, and Nicaragua conduct relatively normal relations through resident ambassadors in Havana. Use of Panama as a transit point for Colombian guerrillas, however, led Panama to reassess its relations with Cuba, and resulted in sharp public criticism of Cuba's "manifest disregard for international standards of political co-existence" by a high Panamanian government official.

FOOTNOTES

[1] Cuba's military and political activities in Africa are intense and wide-ranging. Cuba still maintains expeditionary forces of at least 15–19,000 in Angola and 11–15,000 in Ethiopia. Cuba has military and security advisor contingents in a number of other African countries and in South Yemen.

[2] According to the World Bank, Cuba's per capita annual growth rate averaged *minus* 1.2 percent between 1960–78. Cuban economic performance ranked in the lowest 5 percent worldwide and was the worst of all socialist countries. Only massive infusions of Soviet aid have kept consumption levels from plummeting. Cuba today depends more heavily on sugar than before 1959. The industrial sector has been plagued by mismanagement, absenteeism, and serious shortages in capital goods and foreign exchange. The economic picture is so bleak that in 1979, and again in October 1981, the Cuban leadership had to warn that 10 to 20 more years of sacrifice lie ahead.

[3] Cuba maintains some front organizations set up in the 1960's. One of these, the Continental Organization of Latin American Students, still holds irregular congresses of student leaders from Latin America and the Caribbean (the most recent was held in Havana in August 1981) and publishes a monthly journal, which is distributed by the Cuban government.

[4] Although Cuba is not involved in actions directly threatening to Mexican internal stability, Cuba has taken advantage of Mexico's open society and its extensive presence there—Cuba's Embassy in Mexico City is its largest diplomatic mission in the hemisphere—to carry out support activities for insurgencies in other countries. Mexico is a principal base for Cuban contacts with representatives of several armed Latin American groups on guerrilla strategy, logistical support, and international activities.

[5] Prensa Latina, the press agency of the Cuban Government, has field offices in 35 countries, including eleven different Latin American and Caribbean countries, and combines news gathering and propaganda dissemination with intelligence operations. Radio Havana, Cuba's shortwave broadcasting service, transmits over 350 program hours per week in eight languages to all points of the world. Cuba also transmits nightly medium-wave Spanish-language broadcasts over "La Voz de Cuba," a network of high-powered transmitters located in different parts of Cuba In the Caribbean alone, Radio Havana's weekly broadcasts include 14 hours in Creole to Haiti; 60 hours in English, 3 hours in French, and 125 hours in Spanish. Prensa Latina and Radio Havana, in close coordination with TASS and Radio Moscow, regularly use disinformation to distort news reports transmitted to the region, especially those concerning places where Cuban covert activities are most intense.

[6] Latin Americans are not the only trainees. In a May 1978 Reuters interview published in Beirut, Abu Khalaf, a leader of the military branch of El Fatah, confirmed that Palestinian agents have received training in Cuba since the late 1960's. Palestinian organizations have reciprocated by training various Latin American groups in the Middle East with Cuban assistance. Libya, which hosted a meeting of Latin American "liberation movements" January 25-February 1, 1979, also has trained some Latin American extremists.

[7] Public exposure in March 1981 of the use of Panama as a transit point for Colombian guerrillas trained in Cuba led to sharp criticism of Cuba by the Panamanian government. Panama imposed greater controls on activities of exiled Central and South Americans, and the transit of guerrillas through Panama appears to have ceased, at least temporarily.

[8] Courses in agitation and propaganda open to foreigners include the Central Union of Cuban Workers' Lazaro Pena Trade Union Cadre School and similar courses run by the Union of Young Communists, the Cuban Women's Federation, the National Association of Small Farmers, and the Committees for the Defense of the Revolution. Even the Cuban Communist Party offers special courses for non-Cubans in party provincial schools and in the Nico Lopez National Training School, its highest educational institution. The Cuban press reported graduation ceremonies July 17, 1981, for this year's 70 Cuban graduates and announced that 69 foreigners had also attended advanced courses at the Nico Lopez school. Foreign students represented political organizations from Venezuela, Costa Rica, Panama, Peru, Colombia, Ecuador, Jamaica, the Dominican Republic, Guatemala, Nicaragua, Chile, Grenada, Angola, Namibia, South Africa, Sao Tome y Principe and South Yemen. Official Cuban Communist Party newspaper *Granma* labeled their presence "a beautiful example of proletarian internationalism." Courses of

instruction at the Nico Lopez school, which is chaired by senior party leaders, include "political training for journalists," "political training for propagandists," economics, and ideology.

[9] Ulises Estrada was given his first ambassadorial post in Jamaica following the July 1979 victory of anti-Somoza forces (see Jamaica case study). He is currently Cuba's ambassador to South Yemen.

[10] The very quantity of Cuban advisors has caused resentment among nationalist Nicaraguans leading to sporadic outbursts of anti-Cuban feelings. On June 3, 1981, the FSLN announced that 2,000 Cuban primary school teachers presently in Nicaragua would return to Cuba in July, at the mid-point of Nicaragua's academic year. The Nicaraguan Education Minister announced on June 18 that 800 of those departing would return in September after vacations in Cuba, while Cuba would replace the other 1200 teachers in February. By November 1981, however, all 2,000 Cuban teachers had returned to Nicaragua.

[11] A guerrilla document outlining this strategy was found in Nicaragua in February 1981. Guerrilla representatives later confirmed its authenticity to Western Europeans with the disclaimer that the strategy elaborately developed in the paper had been rejected.

[12] The Cuban role as arms broker to the DRU since 1979 has been documented in the Department of State's Special Report No. 80, *Communist Interference in El Salvador*, February 23, 1981. In April 1981, when Socialist International representative Wischnewski confronted Castro with the evidence in the report, Castro admitted to him that Cuba had shipped arms to the guerrillas. In discussions with several Inter-Parliamentary Union (IPU) delegations at the September 1981 IPU conference in Havana, Castro again conceded that Cuba had supplied arms.

[13] Cuban Vice President Carlos Rafael Rodriguez tacitly admitted that Cuba was providing military training to Salvadoran guerrillas in an interview published in *Der Spiegel* on September 28, 1981.

[14] At the time these reports first appeared, the U.S. was providing neither arms nor ammunition to El Salvador. In January 1981 the U.S. responded to the Cuban-orchestrated general offensive by sending some military assistance and later sent American military trainers, whose numbers never exceeded 55. There are no U.S. combatants, bases, or strategic hamlets in El Salvador. TASS continues to report falsely that "hundreds" of U.S. military personnel are in El Salvador and participate in combat.

[15] The Commission's report was issued May 14, 1981.

[16] In a recorded interview broadcast by Radio Havana on June 16, 1981, Eduardo Mora, Deputy Secretary General of Costa Rica's Popular Vanguard Party (the Moscow-line traditional Communist party, the least disposed to violence of the country's several Marxist parties and splinter groups) explained his party's position. "We establish ties with all revolutionary organizations in Central America. We have close ties and are willing to give all the aid we possibly can in accordance with the principles of proletarian internationalism because we believe that the struggle of the Central American people is the struggle of our own people."

[17] Cuban Vice President Carlos Rafael Rodriquez explained in an interview published in *Der Spiegel* on September 28, 1981, why Cuba had not denied training the M–19 guerrillas: "We did not deny this because in the past few years many people came to our country for various reasons to ask for training. We did not deny this desire. If a revolutionary for Latin America wishes to learn the technique and organization of resistance for his own self-defense, we cannot refuse in view of the brutal oppression. This also holds true for the Salvadorans."

[18] The U.S. citizen killed, Chester Allen Bitterman, was working for the Summer Institute of Linguistics, a religious group which develops written forms of indigenous languages.

THE CALENDAR

Mr. BAKER. Mr. President, there are a number of items on the calendar that are cleared for action by unanimous consent. Could I invite the minority leader's attention to certain ones of those—I am referring to Calendar Order Nos. 400, 402, 403, 407, 409, and 417—as to whether he might be in a position to agree to their consideration at this time?

Mr. ROBERT C. BYRD. Mr. President, those items have been cleared on this side of the aisle.

Mr. BAKER. I thank the minority leader.

Mr. President, I ask the Chair to lay before the Senate the calendar order numbers just identified, beginning with Calendar Order No. 400, Senate Joint Resolution 121.

BICENTENNIAL YEAR OF THE AMERICAN BALD EAGLE AND NATIONAL BALD EAGLE DAY

The PRESIDING OFFICER. The clerk will state the joint resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 121) to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle", and the designation of June 20, 1982, as "National Bald Eagle Day".

The Senate proceeded to consider the joint resolution.

Mr. RANDOLPH. Mr. President, I am a cosponsor of this resolution proclaiming 1982 as the "Bicentennial Year of the Eagle" and June 20 as "National Bald Eagle Day" and urge its adoption.

I am gratified to observe that June 20 is also "West Virginia Day." It was on that day in 1863 that West Virginia was established as a State, through the action of President Lincoln. In 1982 the citizens of our beautiful Mountain State will be celebrating its 119th anniversary of statehood.

It is appropriate to also honor on that day our majestic symbol of strength and independence. It is with particular pride that West Virginians will share June 20 of next year with the bald eagle because the first active eagle nest ever to be recorded in the State of West Virginia was discovered only last summer by researchers from the National Wildlife Federation. We are honored that this wilderness-loving bird is now a part of West Virginia's abundant natural resources.

We are fortunate that the eagle is apparently beginning the slow recovery from near extinction. Let us support this resolution, and join next year to celebrate the striking beauty and fierce independence of the bald eagle and the Nation it represents.

Mr. President, in its November edition our State's excellent magazine, Wonderful West Virginia, has published an article on the bald eagle, its history as a national symbol and the work of the National Wildlife Federation in protecting this magnificant bird.

I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BALD EAGLE SIGHTED IN WEST VIRGINIA

The National Wildlife Federation has called upon the nation to observe 1982 as the "Year of the Eagle" to commemorate the 200th anniversary of the selection of the bald eagle as its national symbol.

The bald eagle, now an endangered species throughout most of the country, was adopted as the central figure of the great seal of the United States by the second Continental Congress on June 20, 1782, six years after a committee consisting of Benjamin Franklin, John Adams, and Thomas Jefferson was named to recommend an official seal for the newly-independent country.

"By next June, the bald eagle will have served as our national bird and symbol for 200 years," said Dr. Jay D. Hair, executive vice president of the NWF. "An eagle bicentennial will remind all Americans of our wildlife heritage—a priceless natural resource that we must manage wisely if it is to survive—and it will also remind us of the virtues—the strength and courage—that the eagle symbolizes."

On the national seal and also the Presidential seal the eagle carries an olive branch, signifying the country's desire for peace, in one talon. In the other it holds a bundle of 13 arrows, symbolizing the willingness of the 13 colonies to fight for freedom.

The high-powered committee appointed to develop a national seal, which included two future Presidents, was created on July 4, 1776, the same day that the colonies declared their independence from England. Benjamin Franklin later said he opposed the choice of the eagle on grounds that is was a cowardly creature of "bad moral character" that stole its food from other birds.

In a letter he wrote in 1784, Franklin said he had favored the turkey gobbler as the national bird despite the fact that turkeys were sometimes "vain and silly."

Zoologists dispute Franklin's contention that the bald eagle, a bird found only in North America, is a "rank coward." After years of study by three committees, William Barton, a Philadelphia expert on heraldry (and brother of Benjamin Barton, a well-known naturalist), submitted a design to Charles Thomson, secretary of the Continental Congress, and Thomson presented his drawing, with some changes, to the Congress.

The U.S. was by no means the first country to use an eagle—there are more than 50 species of the bird worldwide—as its symbol. Eagles appeared in the heraldry of Mesopotamia more than 3,000 years before Christ and served as emblems for Roman emperors, Charlemagne, Napoleon, and Peter the Great.

Ornithologists believe the bald eagle soared over all of the present "lower 48" states when the first Europeans arrived on this continent. Their numbers declined steadily as settlers pushed back the frontier and destroyed their wilderness habitat, then fell sharply in the 1950s and 60s as DDT, dieldren, and other man-made pesticides contaminated their food supplies. The indiscriminate use of these deadly pesticides was outlawed in the early 1970s.

Shooting has also taken its toll of the "bird of freedom." Until 1940, when Congress passed the Bald Eagle Protection Act, some states actually paid bounties for carcasses of the predatory "varmit" bird. The federal pro-

tection law was reinforced by the Endangered Species Acts of 1966 and 1973 and by a campaign by the National Wildlife Federation to stamp out illegal shooting of the bird.

Since 1972 the NWF has paid 13 $500 rewards for information leading to the conviction of eagle killers—a program that the U.S. Fish and Wildlife Service now duplicates as a deterrent to eagle poaching.

The bald eagle is now listed as "endangered" in all but five of the lower 48 states. In Minnesota, Wisconsin, Michigan, Washington and Oregon it is listed as "threatened." In the 49th state, Alaska, bald eagles are plentiful and in the 50th, Hawaii, they are non-existent.

CELEBRATE TWO CENTURIES OF THE AMERICAN BALD EAGLE

Mr. ROBERT C. BYRD. Mr. President, I am pleased to cosponsor Senate Joint Resolution 121, providing for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle," and for the designation of June 20, 1982, as "National Bald Eagle Day."

As my distinguished colleague from West Virginia, JENNINGS RANDOLPH, has noted, the date of June 20 occupies a special place in the sentiments of West Virginians. The State of West Virginia will be 119 years old on that day.

The citizens of my State will be honored to know that the bald eagle, the national symbol incorporated into the great seal of the United States, the Senate seal, our coin and currency, and other places of respect, is sharing the day set aside to celebrate the beginnings of West Virginia.

All Americans can feel proud of the majestic bald eagle itself, and of the patriotic chords that the symbol of the eagle touches in our people. The qualities of strength, bravery, and freedom that seem to belong inherently to the noble eagle are also present today, as they were 200 years ago, in the American people.

Let this resolution serve as a bright reminder to Americans of the freedom we enjoy, as symbolized by our own bald eagle.

Mr. MITCHELL. Mr. President, I would like to thank my colleagues for their consideration of Senate Joint Resolution 121 which designates 1982 as the "Bicentennial Year of the American Bald Eagle" and June 20 as "National Bald Eagle Day." I am pleased to note that since Senator CHAFEE and I introduced the bill on November 9, 1981 it has acquired 51 cosponsors.

The 200th anniversary of the designation of the eagle as our national symbol holds both good and bad news for this singularly American bird. On a sad note, the eagle population of today is but a small remnant of the numbers present 200 years ago. Where tens of thousands of bald eagles once soared over the lower 48 States, now fewer than 3,000 survive. Human activities such as destruction of habitat, chemical contamination, shooting, and egg collection contributed to the sharp decline in the eagle population.

On the brighter side, years of tenacious research and action are beginning to reverse the eagle's downward trend. While the fight to return the eagle to healthy population levels has not been won, it has achieved encouraging successes. In Maine, for example, 64 nesting eagle pairs produced 49 young last year. Summer eagle populations in Maine may be as high as 200.

Senate Joint Resolution 121 will provide a tribute not only to the majesty of the bald eagle and the Nation it represents, but also the efforts of a wide variety of Americans who are working for its recovery. In this context I would like to recognize the efforts of the National Wildlife Federation in calling the attention of Congress to the bicentennial year of our national symbol. This organization has worked hard for passage of Senate Joint Resolution 121. More importantly, it has contributed its considerable resources to the conservation and recovery of the American bald eagle.

Since 1972 the Federation has paid 13 $500 rewards for information leading to the conviction of eagle killers. In addition, NWF coordinates and conducts eagle surveys, banding research projects, and informational symposia. The organizations films and brochures also bring problems facing the eagle to the public's attention. These and similar efforts by other conservation groups, State and Federal agencies and private industry will help to insure that future generations will have the pleasure of viewing our national symbol in the wild.

The PRESIDING OFFICER. The joint resolution is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S.J. RES. 121

Whereas on June 20, 1782, the Congress adopted the American bald eagle as the symbol of our Nation;

Whereas the American bald eagle was so adopted because of its legendary strength and its single-minded commitment to the protection of its young and the defense of its home;

Whereas the American public has adopted the American bald eagle as a symbol of strength, courage, determination, and beauty;

Whereas the seals of twelve States and the District of Columbia bear the image of the American bald eagle;

Whereas human encroachment on the American bald eagle's natural habitat has resulted in the designation of the American bald eagle as an endangered species throughout most of the United States;

Whereas Federal, State and local governments and private wildlife conservation groups have adopted programs in recent years to increase the number and dispersal of nesting pairs in the United States:

Whereas the celebration of the Bicentennial Year of the American Bald Eagle and National Bald Eagle Day will serve to make people more aware of the current plight of our country's living symbol;

Whereas such celebration will draw attention to the spirit the American bald eagle represents and the pride that it signifies;

Whereas such celebration should be conducted in a manner that encourages additional efforts to keep the American bald eagle a flying symbol of freedom: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the year 1982 is designated as the "Bicentennial Year of the American Bald Eagle" and June 20, 1982, is designated as "National Bald Eagle Day". In order to promote and enhance efforts to inform the American people of the plight of our national bird, the American bald eagle, and to encourage additional efforts to protect and increase the population of this symbol of our Nation, the President of the United States is authorized and requested—

(1) to issue a proclamation calling upon the people of the United States, including wildlife conservation organizations and educational institutions, to observe such year and day with appropriate ceremonies and activities;

(2) to send a suitable copy of such proclamation to the Governor of each State and to each Member of Congress; and

(3) to direct all Federal agencies and departments which have activities which affect the bald eagle to cooperate with and participate in the celebration of such year and day.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

E. MICHAEL ROLL POST OFFICE

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4431) to provide for the designation of E. Michael Roll Post Office.

The Senate proceeded to consider the bill.

Mr. SARBANES. Mr. President, I am pleased to join in this effort initiated by my colleague in the House of Representatives, Congressman STENY HOYER, in honoring one of Prince Georges County and the State of Maryland's most distinguished citizens. The bill before us, H.R. 4431, would honor Mayor E. Michael Roll by naming the new post office in District Heights-Forestville for him. Mayor Roll, one of Maryland's best-known and best-loved elected officials, died recently after a lifetime dedicated to public service.

Mayor Roll served 13 consecutive terms as the mayor of District Heights and was the senior municipal officer in Maryland at the time of his death. His unprecedented career included the presidency of the Maryland Municipal League and service on its board. He was president of the Prince Georges County Municipal League and an active member of the National League of Cities, including attendance at 12 of its conventions. In addition, Mayor Roll took a great interest in public education by serving as a member of the Prince Georges Community College Advisory Board. As a member of the charter review commission in Prince Georges County, he played an active role in formulating the new charter for the county. In July of this year, the Prince Georges County Council took the unusual step of honoring Mayor Roll for his many contributions to the county and to District Heights. Mayor Roll was a past president of both the Prince Georges County Board of Trade and the

Prince Georges Chamber of Commerce. In 1977 he received the board of trade's "Man of the Year" award.

Mayor Michael Roll was born in Nusco, Avelino, Italy and came to this country as a child. Upon moving to District Heights in 1948, Mr. Roll became intensely involved in community affairs and spent untold hours in the effort to improve the lives of his fellow citizens in that community. To name the U.S. Post Office, which he worked so hard to obtain, for Mayor Michael Roll is a fitting tribute to this remarkable man and his exceptional life.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 4431) was ordered to a third reading, was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL CEREBRAL PALSY MONTH

The PRESIDING OFFICER. The clerk will state the joint resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 118) to authorize and request the President to designate the month of January 1982 as "National Cerebral Palsy Month."

The Senate proceeded to consider the joint resolution.

Mr. BENTSEN. Mr. President, on November 2, 1981, I introduced Senate Joint Resolution 118 designating the month of January 1982 "Cerebral Palsy Month." Cerebral palsy is caused by damage to the brain and central nervous system and can occur before, during, or shortly after birth. Cerebral palsy is not a disease and as such cannot be cured. Its effects, however, can be lessened with proper therapy.

This resolution was drafted in the hope that its passage will add new impetus and vitality to our efforts to expand educational and employment opportunities for Americans affected by cerebral palsy. As we move ahead during this decade of the 1980's we cannot be satisfied with the progress achieved in rehabilitation techniques which today aid our handicapped populations. Rather, we must adopt a new resolve and rekindle our national commitment to go even further, to take even greater strides is fostering awareness of the contributions which these Americans make.

As Members of Congress, we are uniquely privileged to be able to generate greater understanding by helping to dispel the misconceptions which often surround the capabilities of handicapped persons. It is my hope that passage of this resolution will focus attention on possible legislative initiatives aimed at improving the condition of this important segment of our society.

The PRESIDING OFFICER. The joint resolution is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S.J. RES. 118

Whereas cerebral palsy affects more than seven hundred thousand children and adults in the United States;

Whereas the Department of Health and Human Services estimates the annual cost of care for persons with cerebral palsy exceeds $3,750,000,000; and

Whereas increased national awareness of the effects of cerebral palsy may add new impetus to efforts to expand research activities, and educational and employment opportunities for persons affected by the condition: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the month of January 1982 as "National Cerebral Palsy Month", and calling upon all Government agencies and people of the United States to observe the month with appropriate programs, ceremonies, and activities.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DOCUMENTATION OF VESSEL "CAPT TOM"

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 1797) to direct the Secretary of the Department in which the United States Coast Guard is operating to cause the vessel Capt Tom to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade.

The Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, Science, and Transportation with an amendment to strike out all after the enacting clause, and insert the following:

That, notwithstanding the provisions of section 27 of the Merchant Marine Act of 1920 (46 U.S.C. 883) or any other provision of law to the contrary, the Secretary of the department in which the United States Coast Guard is operating shall cause the vessels *Capt Tom*, owned by Mr. John W. Coston of Hampstead, North Carolina, and the *Yardarm Knot*, owned by Mr. Denton Sherry of Seattle, Washington, to be documented as vessels of the United States, upon compliance with the usual requirements, with the privilege of engaging in the coastwise trade and fishing so long as such vessels are owned by a citizen of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 1797) was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZING AN UNDER SECRETARY OF COMMERCE FOR ECONOMIC AFFAIRS

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 1808) to authorize an Under Secretary of Commerce for Economic Affairs.

The Senate proceeded to consider the bill which had been reported from the Committee on Commerce, Science, and Transportation, with an amendment to strike out all after the enacting clause, and insert the following:

That (a) there shall be in the Department of Commerce an Under Secretary of Commerce for Economic Affairs who shall be appointed by the President by and with the advice and consent of the Senate. The Under Secretary shall perform such duties as the Secretary of Commerce shall prescribe.

(b)(1) Section 5314 of title 5, United States Code, is amended by inserting before "and Under" in the item relating to the Under Secretaries of Commerce: ", Under Secretary of Commerce for Economic Affairs,".

(2) Section 5315 of title 5, United States Code, is amended in the item relating to the Assistant Secretaries of Commerce by striking out "(7)" and inserting in lieu thereof "(8)".

(c)(1) Section 2 of the Act entitled "An Act to establish the Department of Commerce and Labor", approved February 14, 1903, as amended (15 U.S.C. 1504), is amended by striking out the first two sentences.

(2) Section 8 of the Air Commerce Act of 1926 (44 Stat. 568; 52 Stat. 1029) is hereby repealed.

(3) Section 601(a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3201) is amended by striking out "and shall be compensated at the rate provided for level IV of the Federal Executive Salary Schedule".

(4) Section 9(a) of the Maritime Appropriation Authorization Act for Fiscal Year 1978 (15 U.S.C. 1507b) is amended by striking out "shall receive compensation at the rate prescribed by law for Assistant Secretaries of Commerce, and".

(5) Section 4 of the Reorganization Plan Numbered 1 of 1977 (91 Stat. 1633; 5 U.S.C. Appendix) is amended by striking out ", and who shall be entitled to receive compensation at the rate now or hereafter prescribed by law for level IV of the Executive Schedule".

(6) Section 2(d) of Reorganization Plan Numbered 3 of 1979 (93 Stat. 1382; 5 U.S.C. Appendix) is amended by striking out "shall receive compensation at the rate payable for level IV of the Executive Schedule, and".

Mr. PACKWOOD. Mr. President, the Congressional Budget Office has estimated that the net budget impact of this legislation will be $1,000 in each of fiscal years 1982 through 1986. This increase in cost is due to the fact that the measure creates an Executive Schedule III position, with an annual salary of $59,500, and abolishes an Executive Schedule IV position, with an annual salary of $58,500. I would like to inform the Senators

that the committee intends that this additional cost will be absorbed by the Department of Commerce. The bill is not intended to drive up the Department's budget request.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute.

The committee amendment was agreed to.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill, having been read the third time, the question is, Shall it pass?

The bill (S. 1808) was passed as follows:

S. 1808

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there shall be in the Department of Commerce an Under Secretary of Commerce for Economic Affairs who shall be appointed by the President by and with the advice and consent of the Senate. The Under Secretary shall perform such duties as the Secretary Commerce shall prescribe.

(b)(1) Section 5314 of title 5, United States Code, is amended by inserting before "and Under" in the item relating to the Under Secretaries of Commerce: ", Under Secretary of Commerce for Economic Affairs,".

(2) Section 5315 of title 5, United States Code, is amended in the item relating to the Assistant Secretaries of Commerce by striking out "(7)" and inserting in lieu thereof "(8)".

(c)(1) Section 2 of the Act entitled "An Act to establish the Department of Commerce and Labor", approved February 14, 1903, as amended (15 U.S.C. 1504), is amended by striking out the first two sentences.

(2) Section 8 of the Air Commerce Act of 1926 (44 Stat. 568; 52 Stat. 1029) is hereby repealed.

(3) Section 601(a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3201) is amended by striking out "and shall be compensated at the rate provided for level IV of the Federal Executive Salary Schedule".

(4) Section 9(a) of the Maritime Appropriation Authorization Act for Fiscal Year 1978 (15 U.S.C. 1507b) is amended by striking out "shall receive compensation at the rate prescribed by law for Assistant Secretaries of Commerce, and".

(5) Section 4 of the Reorganization Plan Numbered 1 of 1977 (91 Stat. 1633; 5 U.S.C. Appendix) is amended by striking out ", and who shall be entitled to receive compensation at the rate now or hereafter prescribed by law for level IV of the Executive Schedule".

(6) Section 2(d) of Reorganization Plan Numbered 3 of 1979 (93 Stat. 1382; 5 U.S.C. Appendix) is amended by striking out "shall receive compensation at the rate payable for level IV of the Executive Schedule, and".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DELINQUENT PAYMENTS ACT OF 1981

The PRESIDING OFFICER. The clerk will state the bill S. 1131 by title.

The assistant legislative clerk read as follows:

A bill (S. 1131) to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Governmental Affairs with an amendment to strike out all after the enacting clause, and insert the following:

That this Act may be cited as the "Delinquent Payments Act of 1981".

INTEREST ON DELINQUENT PAYMENTS

SEC. 2. (a) The Administrator of the Office of Federal Procurement Policy (hereafter in this Act referred to as the "Administrator") shall promulgate regulations requiring each agency to include in any contract provisions specifying—

(1) due dates for payment; and

(2) that the United States will pay interest on any amount which is not paid by the due date for payment under the contract.

(b)(1) Except as provided in paragraphs (2) and (3), the Administrator shall promulgate regulations requiring each agency which enters into a contract to pay interest to the contractor on any amount which is not paid by the due date for payment under the contract or, in any case in which the contract does not specify a due date for payment, on any amount which is not paid within thirty days after the agency receives a proper invoice for such property or services.

(2) In the case of any contract for the procurement of meat or meat food products, the Administrator shall promulgate regulations requiring each agency to—

(A) specify in any such contract a due date for payment which is not later than seven days after delivery of each item under the contract;

(B) make payment by such due date, or, in the case of a contract in which a due date is not specified, within seven days after delivery of each item under the contract; and

(C) pay interest on any amount which is not paid in accordance with subparagraph (B).

(3) In the case of any contract for the procurement of any perishable agricultural commodity, the Administrator shall promulgate regulations requiring each agency to—

(A) specify in any such contract a due date for payment in accordance with the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499 et seq.);

(5) make payment by such due date and in accordance with such Act; and

(C) pay interest on any amount which is not paid by the due date for payment specified under the contract or, in any case in which the contract does not specify a due date for payment, to pay interest on any amount which is not paid in accordance with such Act.

(c) In the case of any contract which provides for separate payment for partial delivery or execution of property or services, the Administrator shall promulgate regulations requiring each agency—

(1) to include in such contract a due date for each such separate payment; and

(2) to pay interest on any amount of each such separate payment which is not paid by the due date specified for such payment under the contract.

(d)(1) Interest payable under rules and regulations promulgated under this Act shall be computed for the period beginning on the day after payment is due and ending on the day on which payment is paid. Interest shall be computed at the rate determined by the Secretary of the Treasury for interest payments under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611). The Secretary of the Treasury shall publish such rate in the Federal Register.

(2) Any amount of interest which is not paid at the end of any thirty-day period beginning on the day after payment is due shall be added to the principal amount of the amount due and interest shall accrue on each such additional amount.

(e) An agency shall pay any interest charges required by this Act out of funds made available for the administration of agency programs. This Act does not authorize the appropriation of additional funds to any agency for the payment of interest required by this Act.

(f) This Act does not require an agency to pay interest with respect to a contract if performance is not in accordance with the terms of the contract.

(g) Regulations required under this section shall be promulgated not later than ninety days after the date of enactment of this Act. The Administrator may not delegate to any other person or office the responsibility for promulgating regulations under this Act.

LIMITATION ON DISCOUNT PAYMENTS

SEC. 3. If a contractor offers an agency a discount from the amount due under a contract for property or services in exchange for payment within a specified period of time, the agency may make payment in an amount equal to the discounted price only if payment is made within the specified time.

CONGRESSIONAL OVERSIGHT

SEC. 4. (a) Within sixty days after the end of each fiscal year, each agency shall submit to the Director of the Office of Management and Budget a report concerning the performance of the agency in making payments under contracts during the preceding fiscal year. The report shall include a description of any actions that the agency has taken or will take to assure timely payment under contracts and an accounting of delinquent payments and interest payments during the preceding fiscal year.

(b) Within one hundred and twenty days after the end of each fiscal year, the Director of the Office of Management and Budget shall submit to the Committee on Governmental Affairs of the Senate and to the Committee on Government Operations of the House of Representatives a report concerning the performance of the agencies in paying contractors during the preceding fiscal year. Such report shall include, by agency, the information set forth in subsection (a).

(c) The provisions of this section shall terminate one hundred and twenty-one days after the end of fiscal year 1987.

DEFINITIONS

SEC. 5. (a) For the purposes of this Act—

(1) the term "agency" means—

(A) an executive department as defined in section 101 of title 5, United States Code;

(B) a military department as defined in section 102 of such title;

(C) a Government corporation as defined in section 103 of such title; and

(D) an independent establishment as defined in section 104 of such title, except that the term "agency" includes the United States Postal Service and the Postal Rate Commission;

(2) the term "contractor" means any person who has entered into a contract with an agency;

(3) the term "contract" means a written agreement, including amendments and modifications thereto, between an agency and a contractor for the procurement of property or services;

(4) the term "meat food products" has the same meaning as in section 2(a)(3) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(3));

(5) the term "perishable agricultural commodity" has the meaning as in section 1(4) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(4));

(6) the term "person" has the same meaning as in section 551(2) of title 5, United States Code; and

(7) the term "property" means real or personal property, and includes intellectual property and leasehold interests.

(b) In accordance with regulations to be promulgated by the Administrator—

(1) an invoice shall be considered a proper invoice—

(A) if it contains or is accompanied by such substantiation of the contractor's performance of the contractual obligations as the Administrator may require by regulation, or

(B) if the agency which received the invoice fails to notify the contractor promptly of deficiencies in the invoice,

(2) an invoice shall be considered received by an agency on the later of—

(A) the date on which the agency's designated payment office or finance center actually receives a proper invoice, or

(B) the date on which the agency accepts the property or service concerned, and

(3) a payment shall be considered paid on the date the Government's check is dated for payment.

CLAIMS SUBJECT TO CONTRACT DISPUTES ACT

SEC. 6. Claims arising under this Act shall be subject to the provisions of the Contract Disputes Act of 1978 (41 U.S.C. 601 et seq.).

EFFECTIVE DATES; APPLICABILITY

SEC. 7. (a) The provisions of this Act requiring the promulgation of regulations shall be effective upon enactment.

(b) Except as provided in subsection (c), the provisions of this Act shall apply to payments made or due on or after the date which is one hundred and eighty days after the date of enactment of this Act.

(c) Each agency which, prior to the effective date specified in subsection (b), failed to make a payment under a contract by the due date of such payment shall make such payment by such effective date. Beginning on such effective date, interest shall accrue in accordance with this Act on any payment which is referred to in the preceding sentence and which is not paid prior to such effective date.

(d) The provisions of this Act shall apply to the Tennessee Valley Authority: *Provided however*, That any regulation promulgated under the authority of this Act shall not be applicable to the Tennessee Valley Authority, which shall be solely responsible for implementing the provisions of this Act with respect to its contracts.

Mr. WEICKER. Mr. President, I wish to express my strong support, and that of the small business community, for S. 1131, the Delinquent Payments Act of 1981. As I indicated when Senator DANFORTH and I introduced the bill, and again when I testified before the Subcommittee on Federal Expenditures, Research and Rules, I view late payments by the Government as one of the most pressing problems facing small Government contractors today. And I find it to be one of the most inexcusable of all Federal practices.

I would like to commend the distinguished Senator from Missouri for his outstanding leadership on this issue. He has worked diligently and expertly to move this much-needed legislation through the legislative process. I also would like to commend the distinguished chairman of the Committee on Governmental Affairs for expediting consideration of S. 1131.

Mr. President, the impact of late payments on small Federal contractors is crippling—especially in these days of high interest rates. Since introduction of this legislation, I have heard from dozens of small business organizations, representing thousands of small firms, throughout the country. These diverse organizations have united and formed a "Slow Pay Coalition," whose main purpose is to achieve enactment of this legislation.

Mr. President, this coalition has informed me of numerous late pay "horror stories" that should not be permitted to happen. They tell me that small businesses are routinely forced to wait 3 to 4 months for payments of goods and services delivered to the Government. Small firms write of cash flow problems and wasted time and money spent tracking unpaid bills. Worst of all, because of the late pay problem, small businessmen and women are increasingly writing me of their determination to avoid the Federal marketplace altogether.

Mr. President, at this point, I would like to submit a list of recent examples of Federal late payments compiled by the Slow Pay Coalition. The first case, that of Mr. Ron Chainey, of Hartford, Conn., was brought to light in hearings before the Senate Small Business Committee.

The list follows:

EXAMPLES OF LATE PAYMENTS

At a March 9, 1981, hearing before the United States Senate, the owner of a cleaning business in Connecticut said that he had been trying to collect $10,000 from the U.S. Navy for five months. He pointed out that the money was collecting no interest, meeting no payroll nor covering any of his other operating expenses.

The Atlanta regional office of a mid-western business materials firm found that 25 percent of its government accounts receivable were over 30 days due. The GSA store in Memphis had taken 85 days to pay a bill for $6,144; the GSA store in Jacksonville had taken 87 days to pay a $2,952 bill and 67 days to pay $8,414; the Atlanta office of the U.S. Fish and Wildlife Service took 86 days to pay $542, 181 days to pay $23 and 126 days to pay $42; the Atlanta regional office of the Department of Housing and Urban Development paid $965 in 85 days; and the Raleigh office of the Office of Personnel Management took 112 days to pay an invoice for $302.

A North Carolina dealer reports that a southeastern military installation has owed $16,000 for more than 60 days and that part of that figure goes back as far as 12 months. The dealer complained that if every part of the invoice is not complete, federal agencies make no effort to have it completed or to notify the dealer.

An aerospace corporation holding several contracts with the Navy calculated the loss resulting from chronically late payments on four contracts it holds. The losses are $99,718, $41,459, $89,848 and $303,648. Losses were calculated from an interest factor of 17 percent for 1980 and 20.05 percent for 1981 and based on invoices paid after 30 days.

A photo products firm in Oakland is owed money from the Naval Supply Center for some invoices going as far back as 1979. At one point in 1981, amount due over 90 days from Naval Supply Center exceeded $24,000. Firms state that "these are not contested charges—the Navy tells they are just having problems processing paperwork."

A New Jersey firm told its Congressman: "I am constantly in a financial bind because of delinquent federal payments. This is a serious problem for small businesses. Sometimes the government agencies are months late in paying their bills."

A study of the government accounts receivable by a Richmond, Virginia audio visual firm found that 95 percent of the dollars owed it by the Defense General Supply office had been outstanding more than 30 days and 67 percent had been outstanding for more than 90 days. Fifty-nine percent of the dollars owed the firm by the U.S. Navy were past due 30 days with 29 percent over 90 days. The U.S. Naval Weapons Center has owed the firm over $1,000 dollars for more than 90 days. Ninety-six percent of the dollars owed to the firm from the Marine Corps School were past due 30 days. One bill to the Navy for $109 has been unpaid since February 27, 1971.

The U.S. Department of Justice purchased $500 worth of dictating equipment for the Department Office in Kansas City. Purchase was made in March 1980 but was not paid for until March 1981.

A metropolitan St. Louis firm reports that by the end of 1980, the U.S. Army Corps of Engineers, Omaha, Nebraska, owed $960 and was 120 days overdue. Once a buyer goes over 120 days, it is placed on a cash-on-delivery basis.

An Indiana firm says that many agencies it deals with take cash discounts long after the discount period has expired. Bills paid as much as 45 days late with 1 percent prompt payment discount deducted. This firm also had problem of not receiving partial payment for partial delivery. A $3,000 video package was delivered in full with exception of a $15 service manual. Equipment fully warranteed for one year, making service manual unnecessary. Manual delivered 60 days after receipt of equipment, payment made 30 days later (or 90 days after equipment delivered). Government took 1 percent prompt payment discount on full $3,000.

A Washington D.C. consulting firm had to wait 10 weeks to get paid by the Department of Health and Human Services.

A Maryland firm writes: "We do a great deal of business with the U.S. government on GSA and open market. To date, I don't ever remember getting paid in 30 days." The Goddard Space Flight Center in Greenbelt, Maryland ordered $2,151 worth of equipment from the firm. Six months later, they still had not been paid.

A Texas firm provided $5,543 in merchandise to the Letterkenny Army Depot in Pennsylvania. The firm waited more than six months for payment. The Army depot said that the reason for nonpayment was that it was "awaiting modifications from purchasing officer."

By the first of January, 1981, the U.S. Coast Guard was overdue 120 days on $9.04 owed to a Missouri firm.

A middle Atlantic service firm had the following record of payment from federal agencies: the President's Commission on Military Compensation, 79 day payment with 1 percent discount; the Department of Labor Employment and Training Administration, 55 to 75 day payment; the Justice Department, 151 day payment; the Armed Forces Information Service, 99 day payment; the Depart-

ment of Commerce, 69 day payment; the Department of Energy, 60 to 75 day payment; the Executive Office of the President, 80 day payment; the Labor Department, 62 day payment; the Army Research Institute, 78 day payment; and the Interior Department, 61 day payment.

One firm reported that as of April 1, 1981, of all the money owed it by the federal government, $222,702 was due over 90 days. This 90 day figure has averaged $252,000 during the past year, roughly 25 percent of its government accounts receivable. For this company, the military was the worst offender. The Air Force owed $47,627 (or 44 percent of its total) for 90 days; the Army $15,972 (28 percent) for 90 days; and the Navy $54,871 (46 percent) for 90 days.

The Veterans' Administration Hospital, Danville, Illinois was 30 days late on a bill of $292 owed to a Missouri firm.

From a firm in Washington State: "Our experiences in many instances was that the government did not meet our terms of 1 percent discount in 20 days, net 30 days, but would often string the payment out significantly longer. And after much followup was done, the government might still take the 1 percent discount. When that happened, I'd sometimes let the matter go, for it wasn't worth spending more money to try to then recover the discount."

Another Washington State firm had much the same problem: "When we finally tracked down the invoice, the contracting officer said, 'Well, I need to ask you if it is okay if I take the prompt payment discount?' I told him no, of course not, and said that he ought to be paying a sizable interest penalty instead. He said that he was instructed to do this, and his supervisor had indicated that no matter how late the bill was, they should take the prompt payment discount because most suppliers (when it came right down to it) would be mad but would not go to the trouble to try to collect the discount because of the hassle involved. In instances where this has happened to us, we have taken the trouble to collect the discount and have generally been successful, but we certainly spent more in doing so than we recovered."

As of May 13, 1981, an audio visual firm was owed a balance of $1,700 from a job done for the Marine Corps in 1978. The Marine Corps claimed that the people who were involved in the original purchase are no longer available to confirm that the firm is still owed the money.

A large northeastern manufacturer studied its accounts receivable for the first five months of 1981 for government contracts. One division had accounts receivable of over $5 million, of which 50 percent were past due. The breakdown was as follows: 17 percent, 1 to 30 days late; 15 percent, 31 to 90 days late; 10 percent, 91 to 180 days late; 6 percent, 181 to 360 days late; 2 percent, over 360 days late.

A small information technology consulting firm did a project for the National Commission on Library and Information Sciences. Total invoice for $2,280 submited on February 12, 1979. Followup invoices sent periodically throughout 1979. By January 30, 1980 had received payment of only $1,422. After five letters and 10 phone calls, wrote to NCLIS chairman for help. Finally received check for balance of payment on May 20, 1980.

The Social Security Administration's Office of Hearing Appeals in Kansas City, Missouri purchased $500 worth of dictating equipment in April 1978. It was finally paid for three years later in March 1981.

Another office of the Social Security Administration ordered $4,238 worth of supplies from a company in the eastern U.S. The invoice, dated August 20, 1980 was paid December 5, 1980.

A California firm writes: "As a representative selling products for several manufacturers, my income has been directly affected as a result of slow-paying government agencies."

From a Louisiana businessman: "Frankly, the government isn't a big part of our business—but we can always count on the government and its grantees to pay late. It's terrible that the government sets such a rotten example."

A Rhode Island manufacturer wrote to its congressman: "We offer time discounts in order to obtain payment in a timely manner. In practice, however, the discount is taken even though payment is made after the account is delinquent. The government expects the best price on all commodities but will no longer honor requests for payment of partial shipments even though delivery of every line item may be complete. Our government runs the risk of driving qualified suppliers from the market and eventually paying higher prices for all requirements.

A Richmond firm that renders over 400 invoices per month to the federal government has some agencies on a C.O.D. basis. One such agency is the Office of Personnel Management, which had been paying its bills anywhere from four months to one year late. In all, the firm says that 35 percent of its government invoices are delinquent.

A Connecticut company complained that the federal government owed it over $12,000 in receivables that were well over 90 days old. Some unpaid invoices went as far back as one year. He said that calls to expedite payment usually ran into a frustrating wall of bureaucratic red tape, and that being a very small company, they were "in no position to alienate customers whose patronage they have worked hard to develop over the years."

A businessman in Florida said that the problem of government slow pay was so pervasive, their primary business lender would not extend credit on any government account. Thus, a sale is guaranteed to strain—or indeed wipe out—their working capital.

Mr. WEICKER. Mr. President, there is absolutely no excuse for this kind of continuing negligence by the U.S. Government. According to a 1978 General Accounting Office (GAO) report, one-third of all Federal bills are paid late. Unfortunately, this situation is not improving. In an updated report submitted in October 1981, GAO found that private contractors are losing between $150 million and $375 million annually because of late payments. Despite promises by Federal agencies to clean up their payment procedures, GAO states that "adequate corrective actions have not yet been taken." I think it is high time that we in the Congress act to remedy this problem once and for all.

The bill we are considering today, the Delinquent Payments Act, would require Federal agencies to pay their bills within 30 days after the date on which payment is due under the terms of the contract, or pay an interest penalty. These interest penalties would be set at a rate determined by the Secretary of the Treasury and would be paid from each agency's existing budget. It would also preclude Government agencies from taking early payment discounts, long after the discount period has expired.

Mr. President, I believe that this legislation is only fair. Imagine if you will, how the Internal Revenue Service would react if a small business owner paid his taxes 4 to 6 months late. We all know the answer—the IRS would slap penalties and interest charges on him without a moment's hesitation. And yet, Federal agencies are routinely paying their bills whenever they get around to it, without penalties or interest charges.

In the meantime, small firms awaiting payment from the Government—firms with neither the cash flow to carry these overdue accounts for a long time or the administrative personnel necessary to cope with a large number of accounts receivable—are being forced to take out short-term loans just to make the weekly payroll.

Mr. President, these small businesses have to pay their own bills on time or face severe interest charges. I think it is only fair that the Federal Government should have to do the same.

Mr. President, I would like to submit a list of small business and trade associations supporting the legislation and thank them for their dedication in keeping the Congress informed about the extent of the Federal late payment problem.

The list follows:

ORGANIZATIONS WHICH ARE URGING THE CONGRESS TO RESOLVE THE SLOW PAY PROBLEM

National Audio-Visual Association (NAVA).
National Office Products Association (NOPA).
National Micrographics Association (NMA).
National Association of Wholesaler-Distributors (NAW).
Independent Media Producers Association (IMPA).
Association of Reproduction Materials Manufacturers (ARMM).
Coalition for Common Sense in Government Procurement (CCSGP).
Media Educational Sales Association (MESA).
National Meat Association (NMA).
American Logistics Association (ALA).
Business Products Council Association (BPCA).
Business and Institutional Furniture Manufacturers Association (BIFMA).
Association of Editorial Businesses, Inc. (AEB).
National Association of Manufacturers (NAM).
American Meat Institute (AMI).
Association of the Wall & Ceiling Industries—International (AWCII).
Associated General Contractors (AGC).
National Broiler Council (NBC).
Latin American Manufacturers Association (LAMA).
Automotive Service Industry Association (ASIA).
Automotive Parts Rebuilders Association (APRA).
Committee on Federal Contracting Practices (CFCP).
United Fresh Fruit & Vegetable Association (UFFVA).
National Association of Meat Purveyors (NAMP).
American Association of Nurserymen (AAN).
National Independent Dairies Association (NIDA).
Council of Smaller Enterprises (CSE).
The National Small Business Association (NSBA).

Smaller Business Association of New England (SBANE).
Door and Hardware Institute (DHI).
Small Business United (SBU).
National Council of Professional Service Firms (NCPSF).
Mid-Continent Small Business United (MSBU).
Independent Business Association of Wisconsin (IBAW).
Chicago Association of Commerce & Industry (CACI).
National Moving & Storage Association (NMSA).
American Consulting Engineers Council.
National Federation of Independent Businesses.

Mr. WEICKER. Mr. President, I urge my colleagues to join me in supporting this measure. The idea embodied in the Delinquent Payments Act is not revolutionary, reactionary, or unreasonable. It is just good—and fair business. And I think it is the very least that small business contractors should expect from their Government.

Mr. DANFORTH. Mr. President, I am pleased to present S. 1131 to the Senate today, the Delinquent Payments Act of 1981. I thank the leadership for expediting the consideration of this bill, which enjoys broad bipartisan support. I am pleased to say that 65 Members of the Senate are now cosponsors of the bill. In particular I am grateful for the early and strong support of Senator ROTH, the chairman of the Governmental Affairs Committee; Senator WEICKER, the chairman of the Small Business Committee; and Senator SASSER, who was one of the first to call attention to the serious problems businesses—in particular small businesses—encounter when the Government fails to pay its bills on time.

Mr. President, the committee report on S. 1131 explains the legislation in some detail. I will not repeat that discussion here, but certain points do deserve to be restated.

Plainly and simply stated, the purpose of S. 1131 is to get the Government to pay its bills on time. To this end, under regulations to be promulgated by the Office of Federal Procurement Policy, the bill requires all contracts for the procurement of goods and services to include due dates for payment—and requires further that the United States pay interest on any amount which is not paid by the due date.

In 1978, the General Accounting Office issued a report on the Federal Government's bill payment performance. The GAO, which spent nearly 2 years investigating complaints that Federal contractors had experienced lengthy, unexcused delays in receiving payment for their work, found that over 40 percent of all invoices submitted to Government payment centers, representing 20 percent of the dollar volume of Federal payments, were not made within the commercially accepted 30-day time period.

Even though contractors could be blamed for some of the delays, the GAO found that 30 percent of the invoices and 15 percent of the dollar volume were late for no reason other than slowness and inefficiency on the part of the Federal money managers. The GAO report documented instances in which contractors, through no fault of their own, awaited payment for months after their services were rendered or their goods were provided.

The 1978 report estimated Federal contractors may have incurred interest costs exceeding $30 million during the GAO's 6-month sampling period—simply because their money was tied up in overdue Government bills. All told, the GAO estimated that $9.8 billion in Federal payments to contractors were paid late during the sampling period.

At my request, the GAO conducted a followup survey this year to determine if the Government's bill payment performance had improved since 1978. In a report filed October 9, 1981, the GAO stated that there had been no improvement:

Although we made specific recommendations for continued bill payment monitoring and for changes in procurement regulations more than 3 years ago, adequate corrective actions have not yet been taken. The Treasury's monitoring of federal government bill payment practices has been ineffective, and responsible agency headquarters offices apparently do little payment performance monitoring themselves. Payment due date standards for the major types of goods and services have not yet been developed and contract documents generally still do not include specific payment due dates, although we have shown good reasons for doing both.

As a result, OMB and Treasury do not know how good the government's current bill payment performance is, or if agencies have implemented recommended actions to improve payment procedures. Responsible agency headquarters offices apparently are also generally unaware of whether their agency is paying its bills when due and agency financial managers continue to have problems with non-specific payment terms in contract documents.

To its credit, OMB has acted within the last 2 months to improve financial management practices in the executive branch.

I welcome this initiative, but remain unconvinced that administrative actions will do the job. I see no chance that agencies will get serious about paying their bills unless and until they are forced to pay for their tardiness by paying interest on overdue accounts. To date, the executive branch has not even been able to accomplish the simple task of monitoring bill payment performance.

In 1979, agencies were ordered to report to the Treasury Department on their cash management practices; specifically, these reports were to include information on bills paid late. Although 86 agencies are subject to annual reporting, in the last 2 years only 18 reports have been filed. According to the GAO, virtually all of the reports received were useless for monitoring bill payment since they made broad generalizations—that is, "This agency is doing a good job"—or neglected to mention bill payment at all.

Given the Government's dismal track record in paying its bills, it is not surprising that a number of contractors simply refuse to do business with the Government. This finding by the General Accounting Office in 1978 was supported by an earlier Department of Defense study which reported that "delays in making payments have contributed to the shrinking competitive base of the military industrial establishment." Typical of the testimony received on this point was the statement of Kenton Pattie, spokesman for the "Slow Pay Coalition," a consortium of 25 trade associations:

Senator DANFORTH. To your knowledge, are there businesses that would just as soon not transact business with the Federal Government because of the difficulty in doing so? Is there less competition for the Federal contract?

Mr. PATTIE. There is no doubt about it, Senator. When I called through Missouri, Illinois, and Iowa prior to this hearing, a number of my members told me: "Frankly, we just do not do that sort of business. There is no way we are going to get involved in that. They pay late. It is too much of a hassle, and they have too many requirements. We just do not do that kind of work." I think that if the Government were a better business partner and more reliable in its payment system, I think some of these companies would rethink their participation in the Government sector.

Such anecdotal evidence is reinforced by the recent findings of the Office of Federal Procurement Policy. In its draft proposal for a uniform procurement system, OFPP notes that "the Government's payment record discourages contractors from doing business with the government and, in some cases, severely restricts competition." The committee is very concerned about such reports. When competition for Government contracts declines, prices climb and quality often suffers. For this reason, it is clearly in the Government's interests—as well as in the interest of Government contractors—for the Government to pay its bills on time.

There are other ways that sloppy cash management practices cost American taxpayers. In its 1978 report, and again in its October 8 report of this year, the GAO pointed out that the Government frequently pays its bills too early—well before payment is due. By paying bills when due, instead of early, the GAO estimated the Government could save anywhere from $900 million to $3.8 billion each year. The GAO blamed this problem on nonspecific payment terms in Government contracts which leave open to question when payment is due. Because S. 1131 requires contracts to contain clear payment terms, the committee expects that this legislation will not only reduce late payments, but also will reduce the number of early payments, with resultant savings to the Government.

The experience of the last 3 years should make it clear that there will be no meaningful improvement in the Federal Government's bill paying practices unless Governmentwide enforcement efforts have teeth. It is clear that a requirement that interest on late payments to contractors be paid out of agency accounts will prove to be the only effective means to provide proper incentives to agency bill payers.

I urge the Senate to support this legislation.

Mr. MATTINGLY. Mr. President, I rise to offer my support for S. 1131, the Delinquent Payments Act of 1981. This is a fine bill that I am pleased to cosponsor.

Before I joined this honorable body, I

was a small businessman. I know how tight cash flow can be and just how much all small business people rely upon their creditors to pay in a timely fashion. For a large creditor to be constantly negligent in his accounts often leads to the failure of the small business. Even if the large debtor ultimately reconciles with the small business, the consequences of the delay and the long collection procedure are often irrevocable.

The problem becomes a national shame when the debtor is the Federal Government. It above all others should be prompt with its bills.

This bill will help to see that the Federal Government becomes prompt with its bills. The various departments must now become accountable for their delays in payment. Congress will be able to see which branches of the Government are consistently behind in their payments, and we will be able to act accordingly.

This is a good bill, a needed bill, and one I am certain will pass this Congress with little trouble. We must move now, so that American businesses can see a "new year" in their dealings with the Federal Government.

Mr. SASSER. Mr. President, as an original cosponsor of the Delinquent Payments Act of 1981 (S. 1131) and the sponsor of the Late Payment Act of 1981 (S. 30), I urge speedy enactment of legislation to speed the payment of the Government's bills.

The committee report on S. 1131 points out the fact that between 30 and 40 percent of the time the Federal Government does not pay its bills on time. Indeed, during the recent GAO investigation of this matter, the committee found that $9.8 billion in Federal payments to Government contractors were not paid within the prescribed 30-day period. Consequently, Federal contractors may have paid some $30 million in excess interest costs due to slow payment of Federal contracts.

The committee notes that GAO has consistently filed reports that demonstrate the magnitude of this problem but that timely executive branch action is still lacking. Indeed, while Federal agencies were required in 1979 to file annual reports on cash management practices, including their record on promptly paying their bills, very few reports have been filed; and Federal contractors are still plagued by late payments problems.

I am most concerned by the fact that at a time when the Governmental Affairs Committee has acted on debt collection initiatives that I have sponsored in the 96th Congress to collect the more than $34 billion in debt that is legitimately owed to the Federal Government, the Federal Government is not setting a good example in paying its own debts on time. The American taxpayer expects that the Federal Government should collect and pay its debts on time—nothing more and nothing less. By enactment of this legislation, we will start down the road to more progressive cash management policies for the National Government.

The average American citizen knows that he will have to pay his bills on time or be subjected to an interest penalty. He accepts this as a condition of doing business. It is high time that the Federal Government be subjected to these same rules and promptly pay its bills on time. Therefore, I urge speedy enactment of S. 1131.

Mr. RIEGLE. Mr. President, it is a pleasure for me to join my colleagues in sponsoring S. 1131, the Delinquent Payments Act of 1981, legislation designed to improve the Federal Government's bill-paying practices. The purpose of this legislation is to require the Federal Government to pay interest on its overdue bills, bringing U.S. Government agencies in line with the payment practices that all businesses in America have to follow.

In the current economic climate this bill is particularly important to small businesses—90 percent of the everyday commercial products purchased by the Government come from small distributors and manufacturers. Today's economic situation is more than enough burden for small businesses, with inflation and sky-high interest rates causing businesses across the country to fold up and close their doors in record numbers. Small businesses do not have the cash flow capability to carry overdue accounts for a long period of time, nor do these businesses have the administrative personnel necessary to develop cash and credit management practices that would help them to weather the cost of carrying overdue accounts receivable or meet high financing costs. It is inexclusable for the Federal Government to compound these problems by not paying its bills on time.

A 1978 GAO study found that 39 percent of the Federal Government's bills are paid late, with an average delay of 74 days. Following this report, the Department of the Treasury in May 1978 issued cash management regulations requiring Federal agencies to make payments when due. Beginning in 1979, Federal fiscal regulations required agencies to report to the Treasury at least annually on their cash management practices and include information on late payment of bills. However, 2 years later the Treasury had received only 18 reports, although 86 agencies were subject to reporting. In addition the few reports received were inadequate for monitoring the agencies' bill payment performance.

There has been no appreciable improvement in the Federal Government's paying practices since the 1978 report. A recent update of the earlier report, released October 8, 1981, notes no significant progress in dealing with the late payments problem. Further, GAO estimates—applying an interest rate of 12 percent and assuming annual Federal procurements of $100 billion—that contractors are possibly losing at least $150 million annually on late payments and losses could be as high as $375 million. In addition, many businesses are finding that slow payment practices are the norm rather than the exception when dealing with Government agencies—consequently many small businesses cannot afford to continue to do business with the Government if this problem persists.

The Delinquent Payments Act would require Federal agencies to pay interest on any payments over 30 days late under the terms of the contract, or within 30 days after receipt of a proper invoice. The rate of interest paid is to be determined by the Secretary of the Treasury every 6 months, based on current market rates of interest for private commercial new loans maturing in approximately 5 years. The 30-day payment requirement and the concept of interest penalties contained in this legislation are not new ideas. They are standard business practices in all sectors of the U.S. economy—unless a firm is doing business with the Federal Government.

S. 1131 would provide built-in incentives to force agencies to become more efficient and improve their cash management practices, since any interest charges for late payments would come directly from the agency's own operating budget and not from additional Treasury funds. The Delinquent Payments Act specifically states that no additional funds shall be authorized for payment of such interest penalties, eliminating any additional cost to taxpayers. Offending agencies will also be required to report to Congress on interest payments made pursuant to the act, increasing the incentive to meet their obligations on time.

Delinquent payments cost small businesses and the Government unnecessary time and money in tracking unpaid bills and late payments discourage many businesses from dealing with the Federal Government. S. 1131 makes good business sense by formally implementing a procedure to provide built-in incentives to force agencies to become more efficient and improve their cash management practices. This legislation will put Federal agencies on notice that the Congress no longer finds poor financial management acceptable and expects a legitimate effort to pay their bills on time. I congratulate Senators DANFORTH and WEICKER for introducing the Delinquent Payments Act of 1981 and hope that my colleagues will move quickly and forcefully to enact this needed legislation before the end of the first session.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute.

The committee amendment was agreed to.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (S. 1131) was passed, as follows:

S. 1131

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Delinquent Payments Act of 1981".

INTEREST ON DELINQUENT PAYMENTS

SEC. 2. (a) The Administrator of the Office of Federal Procurement Policy (hereafter in

this Act referred to as the "Administrator") shall promulgate regulations requiring each agency to include in any contract provisions specifying—

(1) due dates for payment; and

(2) that the United States will pay interest on any amount which is not paid by the due date for payment under the contract.

(b)(1) Except as provided in paragraphs (2) and (3), the Administrator shall promulgate regulations requiring each agency which enters into a contract to pay interest to the contractor on any amount which is not paid by the due date for payment under the contract or, in any case in which the contract does not specify a due date for payment, on any amount which is not paid within thirty days after the agency receives a proper invoice for such property or services.

(2) In the case of any contract for the procurement of meat or meat food products, the Administrator shall promulgate regulations requiring each agency to—

(A) specify in any such contract a due date for payment which is not later than seven days after delivery of each item under the contract;

(B) make payment by such due date, or, in the case of a contract in which a due date is not specified, within seven days after delivery of each item under the contract; and

(C) pay interest on any amount which is not paid in accordance with subparagraph (B).

(3) In the case of any contract for the procurement of any perishable agricultural commodity, the Administrator shall promulgate regulations requiring each agency to—

(A) specify in any such contract a due date for payment in accordance with the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499 et seq.):

(B) make payment by such due date and in accordance with such Act; and

(C) pay interest on any amount which is not paid by the due date for payment specified under the contract or, in any case in which the contract does not specify a due date for payment, to pay interest on any amount which is not paid in accordance with such Act.

(c) In the case of any contract which provides for separate payment for partial delivery or execution of property or services, the Administrator shall promulgate regulations requiring each agency—

(1) to include in such contract a due date for each such separate payment; and

(2) to pay interest on any amount of each such separate payment which is not paid by the due date specified for such payment under the contract.

(d)(1) Interest payable under rules and regulations promulgated under this Act shall be computed for the period beginning on the day after payment is due and ending on the day on which payment is paid. Interest shall be computed at the rate determined by the Secretary of the Treasury for interest payments under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611). The Secretary of the Treasury shall publish such rate in the Federal Register.

(2) Any amount of interest which is not paid at the end of any thirty-day period beginning on the day after payment is due shall be added to the principal amount of the amount due and interest shall accrue on each such additional amount.

(e) An agency shall pay any interest charges required by this Act out of funds made available for the administration of agency programs. This Act does not authorize the appropriation of additional funds to any agency for the payment of interest required by this Act.

(f) This Act does not require an agency to pay interest with respect to a contract if performance is not in accordance with the terms of the contract.

(g) Regulations required under this section shall be promulgated not later than ninety days after the date of enactment of this Act. The Administrator may not delegate to any other person or office the responsibility for promulgating regulations under this Act.

LIMITATION ON DISCOUNT PAYMENTS

SEC. 3. If a contractor offers an agency a discount from the amount due under a contract for property or services in exchange for payment within a specified period of time, the agency may make payment in an amount equal to the discounted price only if payment is made within the specified time.

CONGRESSIONAL OVERSIGHT

SEC. 4. (a) Within sixty days after the end of each fiscal year, each agency shall submit to the Director of the Office of Management and Budget a report concerning the performance of the agency in making payments under contracts during the preceding fiscal year. The report shall include a description of any actions that the agency has taken or will take to assure timely payment under contracts and an accounting of delinquent payments and interest payments during the preceding fiscal year.

(b) Within one hundred and twenty days after the end of each fiscal year, the Director of the Office of Management and Budget shall submit to the Committee on Governmental Affairs of the Senate and to the Committee on Government Operations of the House of Representatives a report concerning the performance of the agencies in paying contractors during the preceding fiscal year. Such report shall include, by agency, the information set forth in subsection (5).

The provisions of this section shall terminate one hundred and twenty-one days after the end of fiscal year 1987.

DEFINITIONS

SEC. 5. (a) For the purposes of this Act—

(1) the term "agency" means—

(A) an executive department as defined in section 101 of title 5, United States Code;

(B) a military department as defined in section 102 of such title;

(C) a Government corporation as defined in section 103 of such title; and

(D) an independent establishment as defined in section 104 of such title, except that the term "agency" includes the United States Postal Service and the Postal Rate Commission;

(2) the term "contractor" means any person who has entered into a contract with an agency;

(3) the term "contract" means a written agreement, including amendments and modifications thereto, between an agency and a contractor for the procurement of property or services;

(4) the term "meat food products" has the same meaning as in section 2(a)(3) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(3));

(5) the term "perishable agricultural commodity" has the meaning as in section 1(4) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 4992(4));

(6) the term "person" has the same meaning as in section 551(2) of title 5, United States Code; and

(7) the term "property" means real or personal property, and includes intellectual property and leasehold interests.

(b) In accordance with regulations to be promulgated by the Administrator—

(1) an invoice shall be considered a proper invoice—

(A) if it contains or is accompanied by such substantiation of the contractor's performance of the contractual obligations as the Administrator may require by regulation, or

(B) if the agency which received the invoice fails to notify the contractor promptly of deficiencies in the invoice,

(2) an invoice shall be considered received by an agency on the later of—

(A) the date on which the agency's designated payment office or finance center actually receives a proper invoice, or

(B) the date on which the agency accepts the property or service concerned, and

(3) a payment shall be considered paid on the date the Government's check is dated for payment.

CLAIMS SUBJECT TO CONTRACT DISPUTES ACT

SEC. 6. Claims arising under this Act shall be subject to the provisions of the Contract Disputes Act of 1978 (41 U.S.C. 601 et seq.).

EFFECTIVE DATES; APPLICABILITY

SEC. 7. (a) The provisions of this Act requiring the promulgation of regulations shall be effective upon enactment.

(b) Except as provided in subsection (c), the provisions of this Act shall apply to payments made or due on or after the date which is one hundred and eighty days after the date of enactment of this Act.

(c) Each agency which, prior to the effective date specified in subsection (b), failed to make a payment under a contract by the due date of such payment shall make such payment by such effective date. Beginning on such effective date, interest shall accrue in accordance with this Act on any payment which is referred to in the preceding sentence and which is not paid prior to such effective date.

(d) The provisions of this Act shall apply to the Tennessee Valley Authority, provided, however, that any regulations promulgated under the authority of this Act shall not be applicable to the Tennessee Valley Authority, which shall be solely responsible for implementing the provisions of this Act with respect to its contracts.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I thank the distinguished minority leader for his willingness to proceed with these six calendar items.

Mr. President, there are a number of other matters, which have been cleared, I believe, on the minority side. I will put a series of requests at this time.

STANDBY PETROLEUM EMERGENCY AUTHORITY ACT OF 1981

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1503.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House insist upon its amendments to the bill (S. 1503) entitled "An Act to authorize the President to allocate supplies of crude oil, residual fuel oil, and refined petroleum products during a severe petroleum supply shortage, and for other purposes", and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. Dingell, Mr. Sharp, Mr. Moffett, Mr. Broyhill, and Mr. Corcoran be the managers of the conference on the part of the House.

Mr. STEVENS. Mr. President, with the consent of the minority leader, I move

that the Senate agree to the request from the House for a conference and the Chair be authorized to appoint conferees.

The motion was agreed to; and the Presiding Officer (Mr. HEINZ) appointed Mr. MCCLURE, Mr. WEICKER, Mr. DOMENICI, Mr. WALLOP, Mr. WARNER, Mr. JACKSON, Mr. JOHNSTON, Mr. FORD, and Mr. METZENBAUM conferees on the part of the Senate.

DISTRICT OF COLUMBIA BOND AMENDMENTS ACT OF 1981

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House on H.R. 4910, the District of Columbia Bond Amendments Act of 1981.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4910) to amend the District of Columbia Self-Government and Governmental Reorganization Act and the Charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations.

The PRESIDING OFFICER. Without objection, the bill will be considered as having been read twice and the Senate will now proceed to its immediate consideration.

The Senate proceeded to consider the bill.

● Mr. MATHIAS. Mr. President, I rise in support of H.R. 4910, a bill to amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes and other obligations.

H.R. 4910 is identical to S. 1845 which I introduced, along with Senators EAGLETON and RUDMAN, on November 12, 1981. The Subcommittee on Governmental Efficiency and the District of Columbia, to which the bill was referred, held a hearing on December 9, 1981. Testimony was heard from Barbara Washington, Assistant City Administrator for Intergovernmental Relations; Stephen L. Reichenberg, Budget Director of the Council of the District of Columbia; Roswell Dikeman of Wilkie, Farr and Gallagher, the city's bond counsel, and Franklin D. Raines of Lazard Freres & Co., the city's financial advisors. All of the witnesses expressed strong support for S. 1845, and urged its expedited consideration by the Senate. On December 11, 1981, the Subcommittee on Governmental Efficiency and the District of Columbia ordered the bill favorably reported to the full Governmental Affairs Committee.

The purpose of S. 1845, like H.R. 4910, is to revise and amend certain provisions of part E of title IV of the District of Columbia Self-Government and Governmental Reorganization Act to:

Eliminate certain legal impediments to a successful public offering of general obligation bonds and notes and revenue bonds, notes and other obligations of the District of Columbia government;

Make those technical and conforming amendments to the Home Rule Act which are necessary to resolve several ambiguities relating to the procedures for authorizing and issuing general obligation bonds and notes and revenue bonds, notes and other obligations; and,

Give the District of Columbia debt management flexibility comparable to that existing in many other jurisdictions.

Mr. President, the District of Columbia government was granted the statutory authority by Congress to issue general obligation bonds and notes and revenue bonds, notes and other obligations in 1973 with the enactment of the District of Columbia Self-Government and Governmental Reorganization Act, also known as the Home Rule Act. To date, however, the city has not been in a position to take advantage of these provisions of the Home Rule Act, in part because of ambiguities and certain legal impediments to a successful public offering of bonds contained in that law. As a result, the city has had no alternative but to continue to borrow funds, at a premium, from the U.S. Treasury to finance its capital improvements under borrowing authority provisions of the Home Rule Act.

The provisions of H.R. 4910 will in no way exempt the District of Columbia from adequately addressing and resolving all financial problems and satisfying the creditworthiness tests of the municipal bonds market. Bond ratings will be necessary and the District must convince potential investors that it will sustain balanced annual budgets and develop and pursue an acceptable method of eliminating the existing operating deficit. H.R. 4910 merely corrects technical problems in the Home Rule Act that do not reflect the realities of the bond market and, thus, make it impossible for the District to sell its bonds. When enacted, it will allow the city to enter the municipal bonds market in a comparable position to other municipalities across the Nation.

Mr. President, H.R. 4910 is a bipartisan effort in both the House and Senate to further assist the District of Columbia to achieve the level of financial responsibility and independence commensurate with that of other jurisdictions. As such, I urge its approval by the Senate.

Mr. President, I ask that a section-by-section analysis of H.R. 4910 be printed at this point in the RECORD.

The analysis follows:

SECTION-BY-SECTION ANALYSIS

SECTION 1. DEFINITION OF CAPITAL PROJECT

Under section 461(a) of the Home Rule Act, the District is empowered to issue general obligation bonds to pay the cost of acquiring or undertaking its various "capital projects" as defined in section 103(8). Section 1 amends this definition to include within the term "capital project" certain costs not expressly enumerated at present.

It is not clear whether the current definition permits the District to utilize bond proceeds to reimburse preliminary expenses for planning, studies, and similar items incurred before the capital project to which they relate is authorized and a bond act adopted for its financing. Often, the cost of preliminary planning will be substantial and must be incurred in order to estimate the cost of a capital project, thereby forming a basis for the adoption of a financing authorization. Such costs are a legitimate part of the total cost of the project, yet they must be paid before the financing of the project is accomplished. One of the amendments made by section 1 would give express sanction to the use of bond proceeds to make reimbursements for amounts previously expended for the payment of preliminary costs.

The existing definition of "capital project" makes no mention of incidental expenses, other than "preliminary studies and surveys", or incidental financing costs (such as interest during construction and bond insurance) although such items are normally treated as capital costs. The amended definition resolves this omission by including in the definition of "capital project" costs incidental to the project and to its financing.

Finally section 103(8) now limits the District to financing equipment for an improvement or betterment when first erected or acquired. Thus, bonds may not be issued for re-equipping or furnishing a District-owned building to be substantially rehabilitated although the cost of such rehabilitation itself might be financed in this manner. Neither could bond proceeds be used to purchase equipment or furnishings alone when not connected with the erection or acquisition of a betterment or improvement although it would seem appropriate to utilize long-term financing for such substantial and long-term items as fire equipment, computer-hardware, heavy-duty construction equipment, and furnishings for buildings. This would be changed by expanding the definition of "capital project" to include the purchase of equipment or furnishings. It is expected, however, that only equipment and furnishings with a relatively long useful life would be financed in this maner and that bond proceeds could not be used to purchase supplies.

SECTION 2. EXEMPTION OF CERTAIN EXPENDITURES FROM ANNUAL CONGRESSIONAL APPROPRIATIONS

Section 446 of the Home Rule Act, which includes a requirement for congressional approval of any amount "obligated or expended by any officer or employee of the District of Columbia Government," would be amended to take account of the exceptions to such requirement contained in amendments to several sections relating to borrowing. See analysis of sections 10, 11, 12, 14 and 16 for a further explanation of such exceptions.

SECTION 3. FINANCIAL DUTIES OF THE MAYOR

Section 448 of the Home Rule Act specifies certain "financial duties" of the Mayor. In particular paragraph (7) requires that the Mayor have custody of all public funds belonging to or under the control of the District or any of its agencies. Such funds must be deposited in such depositories as may be designated and under such terms and conditions as may be prescribed by act of the Council. Paragraph (8) requires that the Mayor have custody of all investments and invested funds of the District. These paragraphs do not take into account the traditional practice of utilizing a trustee bank to hold moneys to pay or secure revenue obligations, including securities in which such funds may be invested. The purpose of the amendment proposed to this section is simply to cross reference exceptions to the broadly phrased requirements mentioned above.

SECTION 4. PAYMENT OF INTEREST ON GENERAL OBLIGATION BONDS

Subsection (a) of section 461 of the Home Rule Act presently requires that general obligation bonds bear interest payable annually or semi-annually. This provision might be read to require that interest be pavable annually or at six month intervals only. While it is standard practice to have interest pay-

able in this way, it is not always possible or desirable, particularly with respect to the first interest payment after issuance of the bonds.

For budgetary or other reasons, the District may wish to have interest on an issue of general obligation bonds due on specific dates, such as October 1 and April 1. If bonds were sold in January, it would be necessary to have the first coupon cover either three or nine months, with subsequent coupons for six months, to fit into this schedule.

The alternative would be to date the bonds October 1, although they would not be sold and delivered until January. To avoid requiring the District to pay interest on funds which it does not yet have on hand, the practice has developed in such cases of including in the purchase price of the bonds an amount equal to the interest which has accrued from the date of the bonds to the date of delivery. The purchaser would pay this accrued interest to the District, which would deposit the funds in the special account from which principal and interest payments are to be made, and then pay the same amount, together with interest accrued from the date of delivery to the interest payment date, back to the purchaser on the first interest payment date. Purchasers of bonds object to paying excessive amounts of accrued interest since it deprives them of the use of (and investment income on) a sometimes considerable amount of money for the period during which it is on deposit in the District's account. Thus, it would be desirable to allow the District to set shorter first coupon dates rather than requiring that bonds be dated substantially in advance of the delivery date.

The amendment proposed to this subsection would eliminate any question as to whether this practice could be used by the District by permitting interest to be paid "on such dates" as the Mayor may determine.

The revised language restates, in clearer terms, the right of the District to fix more than one rate of interest which is often a practical necessity in the marketing of such bonds.

SECTION 5. ELECTIONS ON GENERAL OBLIGATION BONDS

Paragraph (6) of section 462 of the Home Rule Act presently authorizes the Council in its discretion to submit the question of issuing general obligation bonds to a vote of the qualified voters of the District. A question exists as to whether the election must be held before or after the submission of the bond act to the Congress for its review as required by section 602(c). The subsequent adoption of Charter Amendment No. 1, relating to initiative and referendum, and of amendments to section 602(c), makes it probable that such an election was intended to be held prior to submission of the bond act to the Congress. The amendment proposed to section 462 would (1) require the election to be held before submission of the bond act to the Congress, and (2) provide that the provisions of the bond act relating to the time and manner of holding the election take effect immediately upon the enactment of such act, since the bond act itself would not become effective until after the election and the expiration of the congressional review period. It should be emphasized that this latter provision does not affect congressional review of the substantive provisions of the bond act in other respects after its approval by the voters.

SECTION 6. PUBLICATION OF BORROWING LEGISLATION

The existing provisions of section 463 of the Home Rule Act are ambiguous in several respects. These ambiguities would be corrected by the amendments proposed.

Section 463 of the Home Rule Act directs the Mayor to publish a notice setting forth the text of each act authorizing the issuance of general obligation bonds. Such section provides that the Mayor shall make such publication within five days after the "enactment" of the bond act. The notice required to be published with the bond act must state that the act as published "has become effective". This section, in its present form, is not clear as to the exact time when the notice should be published, since "enactment" of an act is not synonymous with an act becoming "effective". Also, a question exists as to whether the notice is to be published prior to or after the election in those instances where the Council has determined to call an election on a bond issue pursuant to section 462(6).

Another question exists as to whether the provision which states that the Mayor shall publish the notice within five days after enactment is directory or mandatory (a "directory" provision in a statute is one the observation of which is not necessary to the validity of the proceedings to which it relates). Although it appears that a failure to publish within the time stipulated (as distinct from a complete failure to publish) would not affect the validity of the bond act, a court might rule that failure to publish within five days would render inoperative the short period of limitation for contesting the validity of the bond authorization proceedings as provided in section 464. In order to avoid any controversy on these points and inasmuch as the direction to publish within a particular time period appears to serve no useful purpose, such provision would be eliminated. In its place section 463 would provide that neither the failure to publish the notice nor any error in publication shall impair the effectiveness of the bond act in question or the validity of any bonds issued pursuant thereto. It should be noted, however, that a failure to publish the notice would, and an error in publication might (dependent upon the materiality of the error) continue to eliminate the application of the short period of limitation for contesting validity provided in section 464.

The amendment would direct that publication of the notice be in one or more newspapers of general circulation within the District.

This language is consistent with that contained in section 466 relating to the publication of notices of bond sales. In particular, the change is designed to remove any question regarding the authority of the Mayor to publish, in his discretion, in more than one newspaper. Under the existing provisions (which must be read with the definition of the term "publish" appearing in paragraph (12) of section 103), it might be argued that the Mayor is limited to publishing the notice in a single newspaper. The change would also require publication in a newspaper designed to reach most parties interested in the bond issue. The current provision leaves it unclear as to the type and level of circulation of the newspaper which must be used.

SECTION 7. SHORT PERIOD OF LIMITATION

Section 464 of the Home Rule Act provides a twenty day short period of limitation for contesting the validity of general obligation bond proceedings, which period is set in motion by the first publication of the notice specified in section 463. In addition to conforming section 464 to the amendments made to section 463, this section makes one substantive change by virtue of new subsection (b). The existing procedure, designed to forestall untimely collateral attacks upon the validity of bond authorization proceedings, has one major flaw. Events transpiring subsequent to the adoption of the bond act and the publication of the notice apparently are not covered. A court could hold that the publication of the section 463 notice would not estop an interested party from contesting the validity of general obligation bonds due to an alleged subsequent failure to comply with statutory requirements in connection with the sale or issuance of the bonds. New subsection (b) added to section 464 eliminates this possibility by stipulating that after the expiration of the twenty-day estoppel period, no court will have jurisdiction in any action contesting the validity of the bonds if the bonds were purchased in good faith and for fair value and the bonds contain the "Dillon estoppel clause" set forth in such subsection. It is further provided that the recitations in such estoppel clause shall bind the District.

SECTION 8. ISSUANCE OF GENERAL OBLIGATION BONDS

Two substantive amendments are proposed to section 465 of the Home Rule Act, one relating to debt service payments on general obligation bonds and the other to the manner of execution of coupons appertaining to such bonds. The amendments would also separate the various provisions of the section into separate subsections and delete several unnecessary provisions, making the section clearer and more precise.

Section 465 requires each general obligation bond issue to be payable in annual installments beginning not more than three years after the date of issue and ending not more than thirty years from such date. It is further provided that principal and interest payments in each year be substantially equal. The District's financial advisor has testified that this limitation on debt service payments substantially impedes the ability of the District to arrange its overall debt service in a manner consistent with sound fiscal planning, and may adversely affect marketability by preventing the District from arranging the maturity schedule for a given issue in the manner most acceptable to prospective investors. The amendments to this section (new subsection (b)) include the deletion of the requirement for level debt service.

The amendments proposed also would delete a portion of the second sentence of section 465, referring to the time when indebtedness is deemed to be incurred, inasmuch as this provision is simply a statement of well established principles of municipal law which are unnecessary to be restated by statute.

The sixth sentence of section 465 now provides that bonds and coupons may be executed by the facsimile signature of each of the officers designated to sign the bonds by the act authorizing such bonds, with the exception that at least one signature shall be manual. This language is ambiguous with reference to coupons which customarily are authenticated only by a single facsimile signature. To correct this ambiguity, new subsection (c) would provide that bonds shall be executed by the facsimile signature of each of the officers designated by the act authorizing the bonds with the exception that at least one signature on the bonds shall be manual. Coupons attached to bonds are to be authenticated by the facsimile signature of the Mayor unless the bond act provides otherwise.

The proposed amendment also deletes the last two sentences in present section 465, dealing with the denominations in which bonds may be issued and the places of payment which may be authorized. These provisions are considered to be unnecessary in the Home Rule Act in that they will be provided for each issue by the bond act authorizing that particular issue. In particular, the provision limiting the denominations of bonds which may be issued is considered to be outdated and too restrictive in that purchasers may desire to have bonds issued in larger denominations. The elimination of the specified limit on denominations will give the District the flexibility to design an issue to meet the needs of potential investors.

SECTION 9. PUBLIC OR PRIVATE SALE OF CERTAIN BONDS

Section 466 of the Home Rule Act requires that all general obligation bonds be sold at competitive sale. Although this is a common requirement for this type of municipal obligation the District's financial advisor has recommended that, due to the existing state of the District's finances and its lack of any track record in the municipal bond market, it may be in the District's best interest, for the next several years, to sell general obligation bonds by negotiated sale rather than by competitive bid, at least in those cases where the bonds are additionally secured by a security interest in District revenues as authorized by new section 467 (added by section 10). Accordingly, new subsection (b) of section 466 would permit negotiated sales of such additionally secured bonds until October 1, 1984, by which time it is expected that the District will have established an ongoing municipal bond issuance program.

SECTION 10. AUTHORITY TO CREATE SECURITY INTEREST IN DISTRICT REVENUES

This section adds a new section 467 specifically authorizing the District to secure general obligation bonds further by creating a security interest in favor of bondholders in specified District revenues. The District's financial advisor is of the opinion that this type of "double-barrelled" bond may be necessary to insure the successful marketing of District general obligation bonds during the next several years.

Subsection (b) lists specific provisions which may be included in the bond act creating a security interest in District revenues (including authorization for execution of a trust indenture and other agreements necessary to secure the issue). Subsection (c) provides that a security interest in District revenues shall be valid, binding, and perfected from the time it is made (the delivery of the executed documents) without the necessity for filing or recording any documents and without the physical delivery of any property. Subsection (d) exempts from section 446 any obligations or expenditures under section 467 to secure "double-barrelled" bonds (see section 14 below).

SECTION 11. BORROWING TO MEET APPROPRIATIONS

Section 471 now allows the District to issue general obligation notes to raise funds to meet appropriations made pursuant to section 446 in the absence of available unappropriated revenues. The total notes issued during a fiscal year may not exceed in amount 2 percent of the total appropriations for such year. The notes must be paid off by the end of the fiscal year next succeeding the fiscal year during which the act authorizing the notes takes effect. The amendments proposed to this section will harmonize the terminology of the section with other sections relating to borrowing and make the section more readable.

In addition, the amendment proposes a substantive change, in that it would exempt amounts obligated or expended for the payment of such notes from the congressional appropriation process provided in section 446 (see section 14 below).

SECTION 12. BORROWING IN ANTICIPATION OF REVENUES

Like section 471, section 472 of the Home Rule Act authorizes the issuance of a particular, limited type of short-term general obligation note. Specifically, borrowing under this section is authorized in anticipation of revenues which are expected to be received by the District during the current fiscal year, but which, because of the timing of the need for money relative to the collection of revenues, may not be available as needed for operative expenses. The notes must be repaid by the end of the current fiscal year. The total amount of notes outstanding at any time during a fiscal year may not exceed 20 percent of the anticipated revenue for that fiscal year. The Mayor is required to certify the amount of revenue anticipated for the fiscal year as of a date not more than fifteen days prior to each original issuance of such notes.

In addition to creating the exception to section 446 (see section 14 below) section 12 proposes an important change in section 472. Subsection (d)(1), as amended, would exempt any act authorizing the issuance of revenue anticipation notes from the congressional review process required by section 602(c). This is a practical necessity if this type of financing is to be utilized for the purpose intended, namely to meet cash flow problems which may well arise as the result of unanticipated events. If an act authorizing such notes is adopted subject to the thirty-day congressional review process there would be a substantial delay before the notes could be issued, so that the District might be unable to respond to a temporary cash flow crisis. The Committee feels that the District must be placed in a position to react expeditiously to cash flow problems if dependence upon the U.S. Treasury is to be terminated. The Committee also feels that the restrictions placed on the issuance of such notes are sufficient to assure their use in a fiscally responsible manner without the necessity of congressional review as to each issue.

SECTION 13. SPECIAL TAX

Section 481 of the Home Rule Act currently provides for the levy of a special tax in the event the Council deems it to be necessary to provide for the payment of bonds. The section also provides for the deposit of such a tax, together with other revenues intended for the payment of general obligation bonds, in a "sinking fund" and makes certain other provisions with regard to funds available for the payment of bonds. In order to clarify the meaning of these provisions and to separate the provisions for the special tax from the other, more generally applicable, provisions for payment of general obligation bonds and notes, the special tax provisions have been left in section 481 and other provisions currently in section 481 would be moved to new sections 482 and 483, discussed below. In addition, the provisions remaining in section 481 have been rewritten slightly to make them more intelligible and to eliminate the reference to a "sinking fund" replacing such reference with reference to a "separate debt service fund", to more clearly describe the nature and use of such fund. It is intended that a separate such fund be established for each bond issue for which a special tax is levied.

SECTION 14. FULL FAITH AND CREDIT OF THE DISTRICT; PAYMENT OF GENERAL OBLIGATION BONDS AND NOTES

New section 482 simply restates the provisions, currently contained in section 481, pledging the full faith and credit of the District of Columbia for the payment of the principal of and interest on all general obligation bonds and notes issued by the District.

Subsections (a), (b) and (c) of new section 483 clarify and strengthen existing provisions relating to the payment of the principal of and interest on general obligation bonds and notes. Subsection (d) adds a new substantive provision which is discussed in detail below.

Subsection (a) requires the Council to provide funds in each annual budget sufficient to pay the principal of and interest on general obligation bonds and notes becoming due and payable during the fiscal year for which such budget is prepared.

Subsection (b) imposes on the Mayor the ultimate responsibility for assuring that such principal and interest are actually paid when due. If appropriated revenues are not available to make such payments, the Mayor is directed to pay such principal or interest from any funds of the District which are not legally committed to other uses.

Under Subsection (c), if the Mayor determines no other funds are available to make principal and interest payments, he must use the federal payment provided by the Congress for this purpose before committing such payment to other uses. It is intended that all actions of the Mayor, taken to assure payment when due of the principal of and interest on general obligation bonds and notes, will be taken without the necessity for any prior action or approval by either the Council or the Congress. Such provisions are similar to provisions existing in other jurisdictions with regard to the payment of general obligations and assure bondholders of the priority of their claims and timely payment.

Subsection (d) of new section 483 is one of the most important and substantive changes proposed by this bill. This change is intended to eliminate an existing limitation which seriously impairs the marketability of District obligations.

Unlike provisions applicable to the payment of Federal indebtedness, the Home Rule Act does not authorize an automatic or continuing appropriation for the payment of the principal of and interest on District general obligation bonds and notes. Inasmuch as section 446 presently provides, without exception, that no amount may be obligated or expended by any officer or employee of the District unless such amount has been approved by Act of the Congress, it seems clear that payment of such debt service currently would be contingent upon amounts being included therefor in the annual or supplemental budget of the District and approved by Act of the Congress. Accordingly, a District bondholder would have no assurance that moneys will legally be available each year in time to pay his obligation as it matures. While it is unlikely that the Congress would refuse to approve an appropriation for debt service (particularly since the Congress would have reviewed the act authorizing the indebtedness to which such debt service relates except for notes issued under section 472) the possibility, however remote, that such approval would be withheld or that it might be delayed would materially and adversely affect the marketability of District obligations. Accordingly, the Committee feels that it is essential to the successful public offering of District obligations that the formality of annual congressional enactment of debt service appropriations be eliminated. That is the purpose of the exemption from section 446 contained in new subsection 483(d).

SECTION 15. FULL FAITH AND CREDIT OF THE UNITED STATES NOT PLEDGED

This section would add a new section 484, entitled "Full Faith and Credit of the United States Not Pledged", which makes clear the fact that the United States is under no circumstances responsible or liable for payment of principal of or interest on any District of Columbia bond or note.

SECTION 16. REVENUE BONDS AND OTHER OBLIGATIONS

Section 16 contains a general revision of section 490 of the Home Rule Act relating to the issuance of revenue bonds and notes. The revisions are designed to remove several ambiguities, restrictions, and limitations currently contained in this section and generally recast its provisions in a form and style more compatible with the customs and usages of the municipal bond market. The changes which would be made are as follows:

New subsection (a) of section 490 would permit the District to issue revenue bonds or notes for the purpose of refinancing or to assist in the refinancing of undertakings in the areas enumerated. For example, several private colleges and universities within the District have expressed an interest in re-

financing existing indebtedness incurred for various projects as is now allowed by many state laws which permit conduit financing for institutions of this type. Because the interest rate payable on tax-exempt District revenue bonds might be substantially less than the interest being paid on outstanding conventional loans the refinancing of such debt could be financially advantageous to the institutions concerned. The District's bond counsel has expressed the opinion that such refinancing is not permissible under the Home Rule Act as currently written.

The specific addition of "pollution control facilities" to the types of undertakings which may be financed by revenue bonds is not intended as a substantive change. It was deemed advisable, for purposes of clarity, to add a specific reference to such facilities rather than rely upon the more generalized reference to industrial and commercial development. This stems from the fact that pollution control facilities are frequently categorized separately in other contexts.

Finally, although the list of entities which may be the beneficiaries of revenue bond financing has been eliminated in new subsection (a)(1), this was done for drafting reasons only and is not intended to imply any change in the types of entities which may receive financing from the proceeds of revenue bonds issued under section 490. It is intended that all public, private, and quasi-private corporations, partnerships, associations, persons, or other legal entities continue to be eligible for such financing.

Proposed new subsection (a)(2) provides that revenue bonds, notes, and other obligations shall be special obligations of the District. This is merely a restatement of the limitation on the District's liability for payment of revenue bonds presently contained in subsection (c) of section 490, and which would be retained in the amended section. In addition, the provision states that such bonds, notes and other obligations shall be negotiable instruments regardless of whether they would be considered a "security" under the applicable provisions of the District's Commercial Code. Subsection (a) now states that revenue bonds, notes or other obligations shall be "fully negotiable". While it is desirable that all debt instruments issued by the District be fully negotiable, it does not necessarily follow that all such instruments should be required to qualify as a "security" within the meaning of Article 8 of the Uniform Commercial Code in order to be negotiable. Accordingly, the existing quoted reference to negotiability would be replaced by the statement mentioned above.

Proposed new subsections (a)(3) and (a)(4) relate generally to the source of security for revenue obligations and are intended to clarify the powers of both the Council and the Mayor with respect to security agreements and the creation of security interests. The only significant changes made in these subsections are: first, the elimination of any restriction on the mortgaging of property to secure revenue bonds and notes (except for property owned by the United States as provided in subsection (b)); second, the addition of a provision similar to that discussed under section 10, providing that any security interest created for the purpose of securing a revenue bond or note shall be valid and enforceable without any physical delivery of the property in question or any filing or recording of any statement or document relating thereto; and third, specific legal authority is provided for depository banks to secure deposits of moneys held for the payment or security of revenue bonds or notes in such manner as may be agreed upon with the District.

Subsection (b) now prohibits the mortgaging of property as additional security for an issue of revenue bonds or notes except in certain enumerated instances. In recognition of the common practice of securing revenue bonds issued by municipalities for revenue producing improvements by a mortgage of the improvements financed this limitation would be eliminated. The prohibition against the mortgaging or pledging of property of the United States is continued.

Subsection (e) of section 490 sets forth provisions which may be contained in a bond act authorizing an issue of revenue bonds. Three clarifying changes would be made to such subsection, none of which are substantive in nature.

In present paragraph (e)(4), which is redesignated as paragraph (e)(5), a reference is added to the effect that the act may contain provisions relating to the security for the bonds authorized thereby.

A new paragraph (e)(4) is added expressly authorizing provisions relating to remedies of bondholders in the event of a default.

The existing last sentence of subsection (e) is revised as a new paragraph (e)(6). As so revised, this paragraph specifically affirms the authority of the Council to delegate to the Mayor the power to establish the terms and conditions of the bonds (interest rates, purchase price, etc.) not provided for in the bond act. It should be noted that, as a practical matter, terms and conditions such as those mentioned could not be included in a bond act since the bond act would be enacted many months before the bond sale at a time when it would be impossible to determine such details. Such pricing details would be determined either at, or just prior to, actual sale of the bonds depending on whether the sale was competitive or negotiated.

Subsection (f) of section 490 currently provides that the provisions of section 446 relating to the obligation or expenditure of District funds without approval by Act of Congress do not apply to the transfer of bond proceeds to a private college or university for whose benefit revenue bonds or notes have been issued or to the payment of any such bond or note.

Subsection (f), as revised, will apply to all revenue bonds and notes issued by the District and will exempt from the requirements of section 446 (prohibiting the obligation or expenditure of any amount unless such amount has been approved by Act of the Congress): (1) any amount obligated or expended from the proceeds of such obligations; (2) any amount obligated or expended for the payment of debt service on such obligations; and (3) any amount obligated or expended to secure such obligations. For the reasons stated in section 14 above, it is important that bondholders be assured of the prompt receipt of principal and interest payments. Similarly, with respect to the third exception, it is important that bondholders be assured that amounts needed to secure obligations held by them will not be made subject to congressional action. The viability of a revenue bond issue is usually dependent upon timely completion of the project financed so as to insure a flow of revenues sufficient to meet the payment of the obligations undertaken by the issuer on their due date. Any delay in the prompt expenditure of bond proceeds in order to complete the project could be disastrous. Accordingly, the second exception listed above is deemed essential so as to obviate any possibility of such delay by reason of the need to obtain prior congressional approval.

The proposed amendments to subsection (g) of section 490 are intended simply to clarify that the exemption from section 446 for the obligation or expenditure of amounts in connection with housing finance agency bonds are the same as those provided in subsection (f) with regard to all other revenue bonds. (Such an exemption is currently in section 490(g). By framing the exceptions in identical language, no argument can be raised that a different meaning should be attributed to a difference in language).

SECTION 17. EXEMPTION FROM CONGRESSIONAL REVIEW

The proposed amendment to section 602 (c) of the Home Rule Act merely cross-references those sections, discussed above, where the Act provides for certain types of Council acts to become effective immediately upon enactment by the Council.

SECTION 18. TABLE OF CONTENTS

This section makes conforming amendments to the table of contents of the Home Rule Act to incorporate changes made in the titles of several sections and to include several new sections added by the amendments.

SECTION 19. EFFECTIVE DATE

Section 19 covers a special situation with respect to a proposed issue of revenue bonds by the District to finance facilities for the George Washington University pursuant to section 490 of the Home Rule Act. The proceedings relating to such proposed bonds provide, subject to certain conditions, for the substitution of a mortgage of real property for a pledge of certain revenues in the event this type of security becomes legally permissible. Section 19 would insure that this provision in the bond proceedings may become operative notwithstanding that such proceedings were adopted prior to the passage of the amendments discussed above to subsection (b) of section 490.●

● Mr. WARNER. Mr. President, I rise in support of this legislation H.R. 4910. We are all aware of the problems facing our cities today. This legislation will allow the District of Columbia to enter the private financial markets like other cities. Due to technical problems contained within the District of Columbia Home Rule Act, the District has been unable to obtain the unqualified favorable opinion of its bond counsel, which it needs to attract buyers for its bonds.

This legislation will make the necessary changes to allow the District to hopefully save money on interest payments and to curtail the present practice of borrowing from the Treasury. It will also give the District government debt management flexibility comparable to other jurisdictions.

In addition this bill should assist the District's colleges and universities to get financing for their construction projects.

Mr. President, this legislation should be approved because it is right and just to provide the District with the tools to help it compete with other cities for private capital and strive for a level of financial responsibility commensurate with other jurisdictions.

Mr. President, I urge the adoption of H.R. 4910.●

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 4910) was ordered to a third reading, was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

IMPRISONMENT AND TREATMENT OF ALEXANDER PARITSKY AND HIS FAMILY BY THE SOVIET UNION

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on House Concurrent Resolution 215.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 215) expressing the sense of the Congress with respect to the imprisonment and treatment by the Government of the Soviet Union of Alexander Paritsky and his family.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. TSONGAS. Mr. President, I rise in support of the resolution which calls on President Reagan and the Secretary of State to express at every suitable opportunity and in the strongest possible terms our opposition to the imprisonment of Alexander Paritsky. As I am sure my colleagues know, Alexander Paritsky, a leader of the Jewish community in Kharkov, Ukraine, was recently sentenced to 3 years in a labor camp for slandering the Soviet state. It is clear, however, that his only real crime has been his desire to immigrate to Israel.

Mr. President, I believe we must make it very clear to Soviet leaders that their continued violation of the internationally recognized human rights of their citizens is unacceptable to the Congress and to the American people.

While the Paritsky case is important on its own, it should also remind us of the thousands upon thousands of other Jews in the Soviet Union who desire to be free. Unfortunately, the number of those granted permission to emigrate has continued on a precipitous decline during the last 12 months. Last month's total—363—is the lowest monthly figure since the Jewish exodus from the U.S.S.R. began 10 years ago.

What does this mean for the tens of thousands of other Jews in the Soviet Union who have applied to emigrate? Well, it means they will have to wait a very long time before they are free to practice their religious beliefs. Their wait will also be quite painful, for after requesting permission to leave, they become pariahs in their own country.

They will be forced out of their jobs. Their children will not be allowed to continue their education, even if they are the very best students. They will be castigated in the local newspaper and, of course, they will have to deal with the KGB.

Wiretaps on their phones, bugs in their apartments, constant surveillance, illegal searches, long interrogations and harassment will become routine. If they become too outspoken in their criticism of the Soviet system, they may receive a few years in a labor camp, as did Alexander Paritsky, on trumped up charges.

Yet these people persevere. How? I do not know. They include people like Alexander Lerner of Moscow. Once the leading computer scientist in the Soviet Union, he has been waiting to emigrate for 10 years. His wife recently died and the Soviet Government refused to allow her remains to be buried in Israel. But Professor Lerner, one of Anatoly Shcharansky's teachers, spends much of his time painting beautiful pictures of a world that should seem very ugly to him.

Another citizen who has persevered is Alexander Marysin of Riga. Once one of Latvia's best engineers, he now spends his days caring for his wife, who has received inadequate treatment for a severe brain tumor.

Mr. President, I ask unanimous consent that a letter he recently sent to the United States be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OCTOBER 20, 1981.

DEAR FRIEND: Thank you very much for your greeting, concern and kind words. I receive now many letters from many friends, but am not able to answer them all for a misfortune has come over us again.

Leah is very ill and I have to do a lot regarding her illness. She sustained an operation on the head. It was performed based on a wrong diagnosis. She suffered very much after it, and now has to undergo a new one. It is much more complicated and dangerous.

Today is Simhat Tora and I congratulate you on the holiday and am sorry for sending such sad messages.

I wrote already to another friend about a case which really took place on this very holiday.

In 1944, in a train which was loaded with Hungarian Jews, and was being led to Ozventzim, to the plant of death, someone remembered that it was the day of Simhat Tora. There happened to be a rabbi in the coach. So they turned to the rabbi and asked him whether they, being led to death, should celebrate this holiday. The rabbi thought a little, then answered affirmatively, because it is written that a Jew should sing and dance around the Tora on this day.

"Yes, Rabbi, but we don't have a Tora," they told him. The rabbi responded, "Then take a little baby and it will serve instead of a Tora." So they took a baby and danced and sang at the same time when the train could stop any minute near the furnace where they had to meet their fate.

It's a wonderful story about a wonderful people. That's us, and no one can make us otherwise. We were and shall remain such.

So we celebrated Simhat Tora and were merry, too.

Regards from Leah and Fany. Regards to all friends.

Much love,

ALEXANDER MARIASIN.

Mr. TSONGAS. These individuals are among the many thousands of extraordinary refuseniks in the Soviet Union. We must never, never forget them.

Mr. President, I ask unanimous consent that Senators ARMSTRONG, BAUCUS, BOREN, BOSCHWITZ, BRADLEY, BURDICK, COHEN, D'AMATO, DANFORTH, DECONCINI, DIXON, DODD, DOMENICI, DURENBERGER, EAGLETON, EAST, EXON, GORTON, GRASSLEY, HART, HAYAKAWA, HEINZ, HOLLINGS, LEVIN, LUGAR, MOYNIHAN, PELL, PERCY, PRESSLER, PROXMIRE, RIEGLE, RUDMAN, SARBANES, SPECTER, SYMMS, WILLIAMS, and ZORINSKY be added as cosponsors to Senate Concurrent Resolution 47.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TSONGAS. These Senators' commitment to the struggle of Soviet Jewry is greatly appreciated. Let me also express my appreciation to Congressmen FRANK and BONKER, who successfully guided this resolution through the House of Representatives.

Finally, Mr. President, let me add my deep thanks to all members of the Committee to Free the Paritsky Family, which is led by Lenny Marcus. Rarely have I met a young man who is so deeply committed to the cause of human rights

● Mr. PERCY. Mr. President, I am proud to be a cosponsor of Senate Concurrent Resolution 47, on the Alexander Paritsky family. This family represents an individual tragedy. It also symbolizes the step-up of late in Soviet harassment of Jews in the Soviet Union, both those who wish to emigrate and those who simply want to practice their religion and traditions in the U.S.S.R.

Paritsky and his family have been attempting to emigrate from the Soviet Union since 1976. In 1977 he was dismissed from his job as a scientist as a direct result. Since then he and his family have been repeatedly harassed and threatened. Last August Alexander Paritsky was arrested. In November he was sentenced to 3 years in prison for allegedly defaming the Soviet state. Intimidation of his wife and small children has continued.

The Soviet Union itself has signed several international covenants guaranteeing the right to emigrate, as well as other basic human freedoms.

This resolution urges the Soviet Union to live up to its committments by releasing Alexander Paritsky from prison, ceasing all harassment of him and his family, and allowing them to emigrate.●

The concurrent resolution was considered and agreed to, as follows:

H. CON. RES. 215

Whereas the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights guarantee to all citizens the rights to freedom of religion, the right to hold opinions without interference, the right to freedom of expression, and the right to emigrate;

Whereas the Final Act of the Conference on Security and Cooperation in Europe commits the signatory nations to respect individual rights and freedom, specifically the right to immigrate to the country of one's choice to rejoin their relatives;

Whereas the Soviet Union has signed the Final Act of the Conference on Security and Cooperation in Europe, is a party to the Universal Declaration of Human Rights, and has ratified the International Covenant on Civil and Political Rights;

Whereas Alexander Paritsky and his family first applied to emigrate from the Soviet Union in 1976 and have been repeatedly denied permission;

Whereas Alexander Paritsky was dismissed from his position as a scientist at the Kharkov Institute for Metrology in 1977 as a direct result of requesting permission to emigrate;

Whereas Alexander Paritsky and his fam-

ily have been continually harassed by Soviet authorities as a result of his involvement with the Kharkov Jewish University;

Whereas Soviet officials have confiscated numerous books, letters, and medicines from the Paritskys' apartment;

Whereas Soviet officials have published slanderous articles in the Kharkov press accusing Alexander Paritsky of black marketeering and racism;

Whereas Dorina Paritsky, aged fifteen, has been harshly interrogated by Soviet investigators at her school and told to denounce her family;

Whereas Paulina Paritsky has been threatened with arrest and informed that she will lose custody of her two daughters;

Whereas Alexander Paritsky was arrested on August 28 and charged with anti-Soviet agitation and propaganda;

Whereas Alexander Paritsky is scheduled to be tried by Soviet officials on November 11 and has been denied the legal counsel of his choice; and

Whereas Paulina Paritsky was forcefully prevented from obtaining an independent lawyer for her husband: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the President, acting directly or through the Secretary of State, should—

(1) continue to express at every suitable opportunity and in the strongest terms the opposition of the United States Government to the imprisonment of Alexander Paritsky;

(2) urge the Government of the Soviet Union to—

(A) release Alexander Paritsky from prison,

(B) halt all further harassment of Alexander Paritsky and his family, and

(C) permit Alexander, Paulina, Dorina, and Anna Paritsky to emigrate to Israel to join their relatives, in accordance with the Final Act of the Conference on Security and Cooperation in Europe, the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights; and

(3) inform the Government of the Soviet Union that the Government of the United States, in evaluating its relations with other countries, will take into account the extent to which such countries honor their commitments under international law, especially commitments with respect to the protection of human rights.

SEC. 2. The Clerk of the House of Representatives shall transmit a copy of this concurrent resolution to the President with the request that he further transmit such copy to the Ambassador of the Union of Soviet Socialist Republics to the United States.

Passed the House of Representatives December 9, 1981.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that calendar order No. 405, Senate Concurrent Resolution 47, the Senate companion bill, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

INCREASING EXPENDITURES BY THE SPECIAL COMMITTEE ON AGING

Mr. BAKER. Mr. President, I move that the Committee on Rules and Administration be discharged from further consideration of Senate Resolution 244, a resolution relating to a limitation by the Special Committee on Aging, and I ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 244) increasing the limitation on expenditures by the Special Committee on Aging for the procurement of consultants.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 244) was agreed to, as follows:

S. RES. 244

Resolved, That section 2 of S. Res. 45, Ninety-seventh Congress, agreed to March 3, 1981, is amended by striking out "$25,000" and inserting in lieu thereof "$35,000".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FEDERAL PHYSICIANS COMPARABILITY ALLOWANCE AMENDMENTS OF 1981

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1551.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1551) entitled "An Act to amend title 5, United States Code, to extend the period within which physicians comparability contracts may be entered into, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Federal Physicians Comparability Allowance Amendments of 1981".

SEC. 2. Section 5948 of title 5, United States Code, is amended—

(1) in subsection (d)—

(A) by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1983"; and

(B) by striking out "September 30, 1983" and inserting in lieu thereof "September 30, 1985";

(2) in subsection (g), by amending so much of paragraph (1) as precedes subparagraph (A) to read as follows:

"(1) 'Government physician' means any individual employed as a physician or dentist who is paid under—"; and

(3) in subsection (g)(1)(F), by striking out "title 4 of the Foreign Service Act of 1946 (22 U.S.C. 861–890)" and inserting in lieu thereof "chapter 4 of title I of the Foreign Service Act of 1980 (22 U.S.C. 3961 and following)".

SEC. 3. Section 3 of the Federal Physicians Comparability Allowance Act of 1978 (Public Law 95–603; 92 Stat. 3018) is amended by striking out "September 30, 1983" and inserting in lieu thereof "September 30, 1985".

SEC. 4. (a) Any service agreement entered into on or after the date of the enactment of this Act pursuant to section 5948 of title 5, United States Code, as amended by section 2 of this Act, shall be effective only to such extent or in such amounts as are provided in advance in appropriation Acts.

(b) The amendments made by this Act shall not be construed to authorize additional or supplemental appropriations for the fiscal year ending September 30, 1982.

SEC. 5. (a) Section 8344(c) of title 5, United States Code, relating to termination of civil service annuities on reemployment, is amended by adding at the end thereof the following: "Upon separation from such position, an individual whose annuity is so terminated is entitled to have his rights redetermined under this subchapter, except that the amount of the annuity resulting from such redetermination shall be at least equal to the amount of the terminated annuity plus any increases under section 8340 of this title occurring after the termination and before the commencement of the redetermined annuity.".

(b)(1) Subject to paragraph (2), the amendment made by subsection (a) shall apply to individuals whose annuities terminate under section 8344(c) of title 5, United States Code, on or after October 1, 1976.

(2) In the case of an individual whose reemployment ended before the date of the enactment of this Act, the amendment shall apply only upon application by the individual to the Office of Personnel Management within one year after the date of enactment. Upon receipt of such application, the Office shall recompute the annuity, effective as of the day following the day reemployment ended.

Amend the title so as to read: "An Act to amend title 5, United States Code, to extend the Federal Physicians Comparability Allowance Act of 1978, and for other purposes.".

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

Mr. STEVENS. Mr. President, S. 1551 is a bill to extend for a 2-year period the special allowance provisions of the Federal Physicians' Comparability Act of 1978. This act was originally considered by the Governmental Affairs Committee during the 95th Congress and was enacted as Public Law 95–603. The 1978 act allowed Government agencies experiencing physician recruitment and retention problems to grant allowances to physicians who agreed to stay with the agency for a specified length of time. The allowances could not exceed $7,000 per year for those with less than 2 years of service, or $10,000 per year for those with more than 2 years of service. Under Public Law 95–603 as amended by Public Law 96–166, the authority to enter into these agreements expired on December 30 of this year and no agreement with a physician can be extended beyond September 30, 1983. The legislation we are acting on today would continue this program for an additional 24 months.

As originally passed by the Senate earlier this year, S. 1551 would have extended this program for only 12 months. However, the administration now supports a full 2-year extension, and S. 1551 as passed by the House and in the form now before us would extend for 2 years, until September 30, 1983, the pe-

riod during which agencies may enter into service agreements with physicians in exchange for special allowances. It also extends for 2 years, until September 30, 1985, the period of service which may be covered by such agreements.

The Office of Personnel Management has advised the committee that the Physician's Comparability Act program "has significantly helped" agencies of the Federal Government in their recruitment and retention efforts and urges continuation of the program for an aditional 2 years.

Mr. President, I should also observe at this time that there has been some misunderstanding among some departments of the Federal Government employing Federal civil service physicians—notably the Department of Health and Human Services—regarding congressional intent in the matter of retroactivity in this legislation. The committee has taken note of the fact that authority to enter into service agreements under this act expired on September 30 of the current year. By extending this date to September 30, 1983, it is the understanding of committee counsel and it is the intent of this committee as well as the intent of the House Post Office and Civil Service Committee that no civil service physician be denied bonus allowances for the time which expired following September 30, 1981, and the eventual date of enactment of this legislation. By extending the period during which agencies may enter into service agreements from September 30, 1981, to September 30, 1983, it is our intent that all of the time between those dates be covered by this legislation and that bonuses for this time should be paid.

It has also been the observation of the committee that implementation of the special allowance provision of the Federal Physicians' Comparability Act has been inconsistent among the Federal agencies. In some cases, agencies have granted the full allowance to all of the physicians while in other cases—notably that of the Federal Aviation Administration—no allowance has been granted at all in spite of serious recruitment and retention problems. It is our expectation, therefore, that the Office of Personnel Management and also those agencies employing civil service physicians will examine more closely the recruitment and retention problems that exist with respect to these physicians and will make more effective use of the allowances authorized by this act where measurable problems exist.

I think it is important to note the benefit to the public derived from recruiting and retaining qualified, competent physicians. These physicians perform vital functions such as research and occupational medicine for the Center for Disease Control and the Food and Drug Administration. We need to attract and retain qualified medical specialists to continue promoting the public's health and well-being. Passage of this bill will continue our promotion of this service to the public.

Mr. MATHIAS. Mr. President, I rise to add my support for S. 1551, a bill I introduced, to extend the Federal Physicians' Comparability Act of 1978 for 2 additional years. As my friend has noted, S. 1551 is intended to continue in law a program to address retention and recruitment problems as well as pay comparability problems which now exist among Federal civil service physicians. As it has already been noted, the administration supports extension of this act for an additional 2 years. In his letter to the committee on this subject, Donald J. Devine, Director of the Office of Personnel Management, noted that—

Federal agencies using the authority have all told us that the ability to pay the allowance has significantly helped them in their recruitment and retention efforts, and they urge continuation of the allowance authority in view of the continuing difficulty they are having in competing with non-Federal employers for doctors. I would like to offer a copy of the letter for the record.

Mr. President, I would also like to echo the comments of the chairman of the subcommittee regarding the need for more uniform implementation of the Physicians' Comparability Act. I have been advised by Dr. Walter Barquist, president of the American Academy of Federal Civil Service Physicians, that implementation problems in many cases have been serious and in some cases indiscriminate. Certainly, it is our hope that the Office of Personnel Management will more closely monitor the use of the bonus allowance program among the Federal agencies and that those agencies experiencing recruitment and retention problems will, indeed, make use of these provisions wherever identifiable problems exist.

Finally, I would also like to echo my understanding of the applicability of the legislation for the weeks that have passed since September 30, 1981. Clearly, the intent of Congress is that no bonus allowance be denied physicians who have entered into contracts since that date. Thus, with this intent of Congress clarified to authorize bonus allowances for the time period between September 30, 1981, and the date of implementation of this act, I am confident that any question about retroactivity can be answered.

MARY E. CARTER, DEBORAH M. ANDERSON, AND GREGORY ANDERSON; AND BETTY J. SCHULZ

Mr. BAKER. Mr. President, I send to the desk two resolutions and ask unanimous consent that the Senate proceed to their consideration en bloc. I might say parenthetically that both are routine resolutions which would authorize the payment of gratuities to the heirs of deceased Senate employees.

The first would authorize the payment of $2,471.73 each to Mary E. Carter, Deborah M. Anderson, and Gregory Anderson, children of John C. Henry, an employee of the Architect of the Capitol, a laborer assigned to duty in the Senate Office Buildings at the time of his death. The second would authorize payment of $5,774.25 to Betty Schulz, the mother of Scott Schulz, a staff assistant in the office of Senator PERCY at the time of his death.

The resolutions (S. Res. 263 and S. Res. 264) were read, considered by unanimous consent, and agreed to as follows:

S. RES. 263

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Mary E. Carter and Deborah M. Anderson, daughters of John C. Henry, and Gregory Anderson, son of John C. Henry, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum to each equal to one-third of six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

S. RES. 264

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Betty J. Schulz, mother of Scott Shulz, an employee of the Senate at the time of his death, a sum equal to 3 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolutions were agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZING APPEARANCE BY CERTAIN EMPLOYEES OF THE SENATE IN LITIGATION

Mr. BAKER. Mr. President, finally, I have a Senate resolution authorizing testimony by Roy C. Myers, and representation by the Senate Legal Counsel in the case of William P. Tavoulareas, et al. against the Washington Post Company, et al.

I sent the resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 265) authorizing testimony by Roy C. Myers, and representation by the Senate Legal Counsel in the cases of William P. Tavoulareas, et al. v. The Washington Post Company, et al., and William P. Tavoulareas, et al. v. Philip Prio, Civil Action Nos. 80–3032, 80–2387.

The resolution (S. Res. 265) was read, considered by unanimous consent, and agreed to as follows:

S. RES. 265

Whereas, in the cases of *William P. Tavoulareas, et al.* v. *The Washington Post Co., et al.* and *William P. Tavoulareas, et al.* v. *Philip Piro,* Civil Action Nos. 80–3032, 80–2387, pending in the United States District Court for the District of Columbia, counsel for plaintiffs have requested the testimony and production of certain documents by Roy C. Myers, an employee of the Senate;

Whereas, Title VII of the Ethics in Government Act of 1978, Public Law 95–521 ("the Act"), establishes the Office of Senate Legal Counsel and provides that the Senate may direct its Counsel to represent the Senate, its committees, Members, officers, or employees;

Whereas, by the privileges of the Senate

of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that testimony of an employee of the Senate is needful for use in any court for the promotion of justice and, further, that such testimony may involve documents, papers and records under the control of or in the possession of the Senate and communications, conversations, and matters related thereto, the Senate will take such action thereon as will promote the ends of justice consistently with the privileges and rights of the Senate: Now, therefore, be it

Resolved, That pursuant to section 704(a)(2) of the Act, the Senate Legal Counsel is directed to represent Roy C. Myers in connection with his testimony in the cases of *William P. Tavoulareas, et al.* v. *The Washington Post Co., et al.* and *William P. Tavoulareas, et al.* v. *Philip Piro*, Civil Action Nos. 80-3032, 80-2387;

SEC. 2. That Roy C. Myers is authorized to testify at deposition in the cases of *William P. Tavoulareas, et al.* v. *The Washington Post Co., et al.* and *William P. Tavoulareas, et al.* v. *Philip Piro*, Civil Action Nos. 80-3032-80-2387, and to produce documents requested of him, except concerning matters for which he and the Senate Legal Counsel or his representative determines are privileged from disclosure.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. BAKER. Now, Mr. President, I observe that the distinguished chairman of the Finance Committee is on the floor. Might I inquire of him if he is ready at this time to proceed to the consideration of the minimum benefit social security conference report?

Mr. DOLE. Mr. President, I am ready to proceed if the distinguished Senator from Louisiana (Mr. LONG) and the distinguished Senator from New York (Mr. MOYNIHAN) are also prepared.

Mr. BAKER. Mr. President, is the minority leader prepared to proceed at this time?

Mr. ROBERT C. BYRD. Yes.

SOCIAL SECURITY MINIMUM BENEFIT—CONFERENCE REPORT

Mr. BAKER. Mr. President, I submit a report of the committee of conference on H.R. 4331 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of today, December 15, 1981.)

Mr. BAKER. Mr. President, I understand there are a number of Senators who wish a rollcall vote on this measure. I ask for yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, the distinguished Senator from Louisiana is not on the floor, but I understand he is prepared to proceed. In the meantime, the Senator from Kansas will make a statement and perhaps by that time the Senator from Louisiana will arrive.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kansas.

THE SOCIAL SECURITY AMENDMENTS OF 1981

Mr. DOLE. Mr. President, yesterday, the House-Senate conferees reached agreement on provisions of H.R. 4331, the bill to restore the social security minimum benefit. After several weeks of negotiations, the conferees agreed to fully restore the minimum benefit for all current recipients and to partially finance this change by extending the payroll tax on covered workers. Interfund borrowing on a temporary basis is authorized in the conference agreement to insure that the retirement and survivors' insurance trust fund can remain solvent next year by drawing on the resources of the disability and hospital insurance trust funds. Finally, several amendments offered on the Senate floor were accepted that should lead to improvements in the administration of the social security program.

As we all know, under the Reconciliation Act, the minimum benefit will be eliminated for all present beneficiaries in March and is eliminated for all future beneficiaries, effective last month. No person becoming eligible for old age or disability benefits after October 1981 will be entitled to the minimum benefit, and benefits payable to new beneficiaries will be based on their actual earnings.

The conference agreement restores the minimum benefit for all people eligible for benefits before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. The elimination of the minimum benefit for future recipients also becomes effective in January. Members of religious orders who have taken a vow of poverty and who were first covered under the social security program prior to the date of enactment would, however, maintain their eligibility for the minimum benefit for a 10-year period, as under the Senate bill, until December 1991.

To help finance the minimum benefit change, the conference agreement extends social security tax coverage to the first 6 months of certain sick pay. Conferees accepted a House proposal to extend the tax beyond the Senate amendment to cover not only sick pay received under an employer plan or system but also those payments made under a sick pay plan to an employee or any of his dependents by a third party (such as an insurance company) on account of the employee's illness. In the case where an employee has contributed to such a plan, however, only that portion of payments attributable to the employer's contributions will be taxable. This provision would be effective January 1982, although interest and penalties for failure to comply would be waved for 6 months in cases where late payments are not due to wilful neglect.

Regarding the tax reallocation and interfund borrowing contained in the Senate amendment to H.R. 4331, the conference agreement does not include reallocation of the social security payroll tax among the three trust funds. The authority for interfund borrowing is expanded to permit borrowing among all three trust funds, however, and the authority expires after 1 year.

In particular, the conference agreement would authorize borrowing of existing assets among the OASI, DI, and HI trust funds under the same conditions and requirements as provided in the Senate amendment except with regard to effective date. The borrowing authority would be effective from the date of enactment through December 31, 1982.

In the statement of managers, guidance is provided to the managing trustee for determining when borrowing is appropriate in order to best meet the need for financing benefits. The managing trustee is instructed to consult with the other trustees in making such determinations which should occur no less frequently than on a monthly basis.

Moreover, interfund borrowing should not make adjustments in the trust funds that insure benefit payments for a period of more than 6 months beyond the date of determination. It was the view of the conferees that interfund borrowing was a safety mechanism to insure benefit payments could be paid next year. The conferees do not intend that interfund borrowing should be used as a substiute for more comprehensive financing legislation in then near and long term.

In fact, several conferees, particularly the House conferees, were suggesting we have a lameduck session after the next election, in November of 1982, and address the entire social security problem at that time.

Although all of the Senate floor amendments to H.R. 4331 had merit, the conferees ultimately agreed to just four.

First, to facilitate the denial of disability benefits to prisoners, as enacted in 1980, the conference agreement would waive any contrary Federal or State laws to require Federal, State, or local government agencies to furnish to the Secretary of HHS the names and social security numbers of prisoners convicted of felonies.

Second, to improve the situation with regard to incorrect payments or overpayments, a provision is included that would require the Secretary of HHS to report to Congress within 90 days on actions being taken to prevent payments to deceased social security beneficiaries.

Third, the conference agreement makes it unlawful to alter, buy, sell, or counterfeit social security cards; increases the classification of card violations from misdemeanors to felonies; and increases the maximum penalty to $5,000 or 5 years in prison.

Finally, the Secretary of HHS would be required, by January 1, 1982, to enter into agreements with at least seven States for demonstration projects to train AFDC recipients as home health aides. The Secretary is currently authorized to approve up to 12 such projects.

Mr. President, while I am pleased an agreement has been reached that will make two quite widely supported changes—restoring the minimum benefit and authorizing interfund borrowing—I am disappointed that House conferees were unwilling to make the changes necessary to finance the restoration of the minimum benefit. Unlike the Senate amendment, which was passed by unanimous vote on October 15, the conference agreement does not maintain the financial condition of the trust funds in the next 5 years—the critical years—but actually worsens their condition. According to the social security actuaries, this agreement will, on net, cost the trust funds at least $1.8 billion over the next 5 years.

As others and I have said on many occasions, the financial condition of social security is critical. Under trustees' intermediate assumptions, $50 billion is still needed by 1990 to insure the barest level of solvency; nearly $100 billion is needed to restore current levels of reserves. Over the longer term, the situation only becomes more grave. The system's deficit is projected to equal 29 percent of expenditures over the next 75 years. Responsible action must be taken.

Despite my disappointment in the outcome of the conference. I support the conference agreement and urge my colleagues to vote for its passage. With the restoration of the minimum benefit behind us, and with another year or two of solvency provided by interfund borrowing, we have the opportunity to reopen and deal responsibly with the issue of social security financing.

Mr. President, finally, I understand that the task force on social security is about to be appointed by the majority and minority leaders in the Senate, by the Speaker and minority leader in the House and by the President. Therefore, it is our hope that the task force can finish its work in time so that we may address the problems—as we should have addressed them this year—no later than mid-1983. I found almost unanimous agreement among Republicans and Democrats, regardless of philosophy and regardless of their concern or lack of concern about the social security problem, that that should be done. Again, I indicate that this is one reason the interfund borrowing period was shortened. It was 10 years in the bill passed by the Senate; it ended up to be about 13 months.

The House Republican conferees very properly, in my opinion, insisted on a very short duration for interfund borrowing. It is their purpose to keep the pressure on all of us who have the responsibility to restore this system to what it should be.

Mr. President, I urge the adoption of the conference report.

I ask unanimous consent that excerpts of the statement of managers be printed in the RECORD that describe the provisions adopted by the conferees.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

EXCERPTS FROM CONFERENCE REPORT TO ACCOMPANY H.R. 4331, STATEMENT OF MANAGERS

INTERFUND BORROWING

Section 1

Present Law.—The present law tax rates for OASDI and HI, and the allocation of the OASDI tax rate between OASI and DI are shown below. No authority exists for administratively transferring funds from one trust fund to another.

PRESENT LAW OASDHI TAX RATES

	OASI	DI	HI	Total
Employees and employers, each (in percent):				
1982	4.575	0.825	1.30	6.70
1983	4.575	.825	1.30	6.70
1984	4.575	.825	1.30	6.70
1985	4.750	.950	1.35	7.05
1986–89	4.750	.950	1.45	7.15
1990–2004	5.100	1.100	1.45	7.65
2005 and after	5.100	1.100	1.45	7.65
Self-employed (in percent):				
1982	6.8125	1.2375	1.30	9.350
1983	6.8125	1.2375	1.30	9.350
1984	6.8125	1.2375	1.30	9.350
1985	7.1250	1.4250	1.35	9.900
1986–89	7.1250	1.4250	1.45	10.000
1990–2004	7.6500	1.6500	1.45	10.750
2005 and after	7.6500	1.6500	1.45	10.750

House Bill.—No provision.

Senate Amendment.—Section 101 of the amendment would authorize borrowing between the OASI and DI trust funds at any time prior to January 1991. The Managing Trustee, the Secretary of the Treasury, would determine when borrowing would be appropriate to meet the need to finance the benefit payments from these trust funds. The Managing Trustee would be authorized to borrow any amounts which he determines to be appropriate from either of these trust funds for transfer to and deposit in the other trust fund.

In any case where a loan had been made, interest would be paid by the borrowing fund to the lending fund at a rate equal to the rate the lending trust fund would earn on the unrepaid amount if the loan were a regular investment.

Whenever the Managing Trustee determined that the assets of the borrowing trust fund were sufficient to permit repayment of all, or part, of any loans made, he would make such repayments as he determines to be appropriate.

The Board of Trustees would be required to make a timely report to the Congress of any amounts borrowed or repaid (including interest payments).

Section 102 of the Senate amendment revises the distribution of social security taxes between the OASI, DI, and HI trust funds for 1982 and later, but did not alter the overall OASDHI combined tax rate under present law.

PROPOSED REALLOCATION OF OASDHI TAX RATES

	OASI	DI	HI	Total
Employees and employers, each (in percent):				
1982	5.185	0.715	0.80	6.70
1983	5.035	.665	1.00	6.70
1984	4.855	.595	1.25	6.70
1985	5.005	.595	1.45	7.05
1986–89	5.100	.600	1.45	7.15
1990–2004	5.150	.750	1.75	7.65
2005 and after	5.450	.750	1.45	7.65
Self-employed (in percent):				
1982	7.5150	1.0350	0.800	9.350
1983	7.3750	.9750	1.000	9.350
1984	7.2150	.8850	1.250	9.350
1985	7.5500	.9000	1.450	9.900
1986–89	7.6500	.9000	1.450	10.000
1990–2004	7.8550	1.1450	1.750	10.750
2005 and after	8.1750	1.1250	1.450	10.750

Conference Agreement.—The conference agreement does not include the Senate provision with respect to changing the social security tax rates or the allocation of the OASDI tax rate between the OASI and DI trust funds. The conference agreement would authorize borrowing of existing assets between the OASI, DI, and HI trust funds under the same conditions and requirements as provided in the Senate amendment except with regard to effective date for borrowing between the OASI and DI trust funds. Under the conference agreement, the borrowing authority would be effective from the date of enactment through December 31, 1982. In determining that borrowing under this provision is appropriate in order to best meet the need for financing the benefit payments under any of the three trust funds, the Managing Trustee should, after consultation with the other trustees, make such determination no less frequently than on a monthly basis. In no case shall such interfund borrowing make adjustments in the trust funds insuring benefit payments for a period more than six months beyond the date of such determination.

RESTORATION OF MINIMUM BENEFIT FOR CURRENT RECIPIENTS

Section 2

Present law.—The minimum benefit for all present and future beneficiaries will be eliminated. No person becoming eligible for old-age or disability benefits after October 1981 will be entitled to the minimum benefit. Benefits payable to new beneficiaries will be based on their actual earnings.

All other persons will be affected beginning with benefits payable for the month of March 1982. Their benefits will be recomputed based on their actual earnings record and according to recomputation procedures prescribed in regulations issued by the Secretary of HHS. In addition, persons aged 60 to 64 who are entitled to a minimum benefit for the month of February 1982 will become eligible for a special SSI benefit if they qualify under all SSI rules except that pertaining to age. The amount of the special SSI payment will be limited to the difference between the minimum benefit the individual received in February 1982 (without regard to the earnings test) and the recalculated benefit. These SSI payments will not be adjusted for increases in the cost of living, nor will these 60 to 64 year old persons become eligible for certain other benefits including State supplementation, food stamps, medicaid, or social services as a result of this provision.

This provision was adopted in section 2201 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-37).

House bill.—The House bill would repeal section 2201 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), thereby reinstating the OASDI minimum benefit provision as it existed under prior law for both current and future beneficiaries.

Senate amendment.—Section 103 of the amendment would restore the minimum benefit for all people who are eligible for benefits before November 1981 and who are residents of the 50 States, District of Columbia, Puerto Rico, Guam, Virgin Islands, and American Samoa. Among this group of beneficiaries, those with governmental pensions would, beginning with benefits for June of 1982, have their minimum benefit reduced dollar-for-dollar for the portion of their governmental pensions above $300, but not below the amount of the benefit based on their actual earnings. This offset would apply only to the benefits of retired or disabled workers; it would not affect survivors' or dependents' benefits.

For members of religious orders who have taken a vow of poverty and who were first covered under the social security program prior to the date of enactment as a result of amendments adopted in 1972, the provision would apply the elimination of the minimum benefit for future recipients, only to those who become eligible after October 1991.

Conference agreement.—The conference agreement restores the minimum benefit for all people who are eligible for benefits before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. Also, the elimination of the minimum benefit for future recipients applies to members of religious orders who have taken a vow of poverty, who were first covered under the social security program prior to the date of enactment, and who become eligible after October 1991.

For current recipients to whom the minimum benefit would be restored, the conference agreement does not include the provision of the Senate amendment that limits the restoration to residents of the United States and does not include the provision reducing the minimum benefit dollar-for-dollar for those also receiving governmental pensions above $300.

EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF SICK PAY

Section 3

Present law.—Payments made to or on behalf of an employee of a private employer on account of sickness or accident disability are subject to social security taxes and are treated as covered earnings unless they are either: (1) paid under a qualified plan or system; or (2) paid after the employee has not worked for the employer for more than six months. A qualified plan or system is one that applies to the employees of a firm generally or to a class or classes of employees. The existence of a plan or system is shown if the plan or system is in writing or is otherwise made known to employees (for example, through the medium of a bulletin board notice or the long and established practice of the employer). Other indications of the existence of a plan or system include, but are not limited to, contractual references to a plan or system, employer contributions to a plan, or segregated accounts for the payment of benefits.

With respect to railroad employment, the Railroad Retirement Tax Act, sec. 3201 et seq. of the Internal Revenue Code, excludes from taxable compensation the amount of any payment (including any amount paid by an employer for insurance or annuities) made to, or on behalf of, an employee or any of his dependents under a plan or system, on account of sickness or accident disability.

Under the Railroad Unemployment Insurance Act (sec. 2(a)) certain daily benefits are paid from the railroad unemployment insurance account for qualified employees for each day of sickness after the fourth consecutive day of sickness in a period of continuing sickness. In general, the daily benefit rate for such sickness is an amount equal to sixty percent of the employee's daily rate of compensation in a base year, but not less than $12.70 nor in excess of $25.00 per day. The maximum number of days of sickness within a benefit year for which benefits may be paid to an employee is one hundred and thirty (26 weeks). Under present law these sickness and disability benefits are not taxable compensation for railroad retirement tax purposes.

House bill.—No provision.

Senate amendment.—Section 104 of the amendment would remove the exclusion of certain sick pay received under a plan or system during the first six months the employee is off work. However, payments made by an insurance company would still be exempt unless the company is owned, to a substantial extent, by the employer, or the insurance company has an administrative-services-only contract with the employer under which the insurance company is reimbursed for sick payments actually made plus administrative expenses and profits. In addition, payments required by a workmen's compensation or temporary disability insurance law would continue to be exempt. This provision would be effective for sick payments made in January 1982 and thereafter. The treatment of payments made to an employee more than six months after the employee last worked would be unchanged from current law. Under the Senate amendment, sick payments made to employees covered by the railroad retirement system and sick pay benefits received under the Railroad Unemployment Insurance Act would continue to be exempt from railroad retirement employment taxes.

Conference agreement.—The conference agreement follows the Senate amendment extending coverage to certain forms of sick pay. In addition, the conference agreement would include in the definition of wages both for tax and coverage purposes, payments made under a sick pay plan to an employee or any of his dependents by a third party on account of the employee's illness. However, in the case where an employee has contributed to such plan, "wages" or "compensation" shall not include that portion of such payments attributable to the employee's contributions. It is the view of the conferees that such amounts are properly excludable in that they do not constitute remuneration for employment but rather represent a return on the premium contributions made by the employee. The conferees intend that rules similar to those provided in sec. 105 of the Internal Revenue Code (and regulation promulgated thereunder) shall apply in this instance. Payments which are received under a workmen's compensation law and those paid to an employee by either the employer or a third party more than six months after the employee last worked would continue to be excluded from the definition of wages, as under present law.

The conference agreement also provides that any third party (for example, an insurance company) that makes a payment, which is included in wages solely by reason of this provision, shall be treated as the employer with respect to such wages for purposes of social security and railroad retirement employment taxes. Thus, a third party payor will be responsible for the withholding of employee FICA taxes on wages up to the applicable maximum taxable wage base and for the remittance and timely deposit (as otherwise provided by law) of FICA taxes. However, the conference agreement establishes a specific statutory exception to this rule: the liability for the employer share of the FICA taxes will shift from the third party to the actual employer as soon as the third party payor has deposited the withheld employee taxes and notified the employer of the amount of sick pay made to the employee.

The conference agreement mandates the development of regulations which shall provide procedures under which, if the third party payor promptly withholds the employee portion of the taxes, deposits those taxes pursuant to the rules under section 6302 of the Code, and notifies the employer for whom services are usually rendered, of the payment, the employer (and not the third party payor) shall be liable for the employer portion of the tax and for providing written statements and other reporting requirements under Code section 6051. It is the intention of the conferees that these regulations provide that third party payors withhold the employee portion of the tax as payments are made and deposit such withheld amounts under the applicable schedule authorized by Code section 6302 (including information reports such as Form 941 and related forms) as if these amounts were paid out of the third party payor's own payroll. Further, the provision adopted by the conferees requires simultaneous notification of the employer of the amount of compensation paid to each employee. If these conditions are met, the liability for the employer portion of the payroll tax shifts from the party making the payments to the employer for whom services are normally rendered. Upon the employer's receipt of the notification of the payment made by the third party, such employer must deposit the appropriate employer taxes as if these payments were made out of his own payroll on that date. The conferees intend that the implementing regulations shall be promptly issued and that, having met the conditions specified in sec. 3(d), they will be relieved of the liability.

As a result, FICA and railroad retirement employment taxes on combined amounts in excess of the maximum taxable wage base could be withheld from employees and paid by employers. Under section 6413(c) of the Internal Revenue Code, employees who experience such overwithholding are eligible to receive refunds. The conferees expect that the Secretary will attempt to design proce-

dures whereby employers and third party payors can avoid withholding on combined amounts in excess of the maximum taxable wage base (both for FICA and railroad retirement taxes) and will implement these procedures by regulation.

The conference agreement provides that, notwithstanding any other provision of law (including certain payments made under the Railroad Unemployment Insurance Act), compensation for purposes of the Railroad Retirement Tax Act shall include all payments made to an employee or any of his dependents on account of sickness or accident disability during the first six months the employee is off work except: payments which are received under a workmen's compensation law; payments which are received under the Railroad Retirement Act of 1974; or benefits which are paid under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness to the extent that such sickness is the result of on-the-job injury (as determined in accordance with standards prescribed by the Railroad Retirement Board).

In addition, the conference agreement provides that, for purposes of the taxes imposed by this provision, payments made under a state temporary disability insurance law shall be treated as remuneration for service.

Under the conference agreement, no penalties or interest shall be assessed for failure to make timely payments of taxes with respect to payments of sick pay made between January 1, 1982 and June 30, 1982 and which are imposed as a result of amendments made by this section, to the extent that such failure is due to willful neglect and such taxes are paid on or before June 30, 1982.

Finally, the conference agreement provides generally that the amendments made by this section shall apply to remuneration paid after December 31, 1981. However, these amendments shall not apply to any third party payment made to an employee pursuant to a contractual relationship of an employer with such third party which is entered into before December 14, 1981, if the third party's coverage for that employee's group ceases before February 28, 1982 and no third party payment is made to such employee under that contract after February 28, 1982. Since such payments would not be considered remuneration for purposes of these taxes, no employment taxes would be levied on such payments.

PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS

Section 4

Present law.—Criminal penalties are provided for: (1) knowingly and willfully using a social security number that was obtained with false information, (2) using someone else's social security number, or (3) unlawfully disclosing or compelling the disclosure of someone else's social security number. The crime is considered a misdemeanor and the penalty involves a fine of up to $1,000 or imprisonment for up to one year or both.

House bill.—No provision.

Senate amendment.—Section 110 of the amendment would add new acts considered to be a misuse of social security cards by making it unlawful to: (1) alter, (2) buy or sell, or (3) counterfeit social security cards, or (4) possess a regular or counterfeit card with intent to sell or alter it.

The provision would make all unlawful acts affecting the social security number or card a felony, rather than a misdemeanor.

It would increase the maximum fine for conviction of such acts from $1,000 to $5,000 and the maximum prison term from 1 year to 5 years.

Conference agreement.—The conference agreement follows the Senate amendment.

STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS

Section 5

Present law.—P.L. 96-499 authorized the Secretary to enter into agreemnts with up to 12 States for the purpose of conducting demonstration projects to train AFDC recipients as homemaker-home health aides. This provision was amended by P.L. 97-35 to require the Secretary to establish by October 1, 1981, such guidelines and regulations as may be necessary to assure that agreements with the States are entered into by January 1, 1982.

House bill.—No provision.

Senate amendment.—Section 113 of the amendment would require the Secretary to meet the January 1, 1982 deadline for entering into demonstration agreements with at least 7 States.

Conference agreement.—The conference agreement follows the Senate amendment.

INFORMATION WITH RESPECT TO PRISONERS

Section 6

Present law.—Beginning October 1980, disability insurance benefits cannot be paid while individuals are imprisoned for conviction of a felony, except where the individual is satisfactorily participating in a rehabilitation program which has been specifically approved for that individual by a court of law and which is expected to result in his being able to engage in substantial gainful activity upon release and within a reasonable period of time. Such individuals are also not eligible for student benefits. However, benefits can be paid to dependents of prisoners, just as if the prisoners were receiving benefits.

The law also provides that impairments, to the extent that they arise from, or are aggravated by, the commission of a crime, cannot be considered in determining whether a person is disabled, and impairments arising while an individual is in prison cannot be considered for purposes of disability as long as the person remains in prison.

In order to implement this law, the Secretary of HHS requires information from penal institutions with which to identify the relevant prisoners. In some cases, providing this information without the consent of the prisoner possibly violates various privacy acts.

House bill.—No provision.

Senate amendment.—Section 108 of the amendment provides that, without regard to any contrary Federal or State law, Federal, State, or local government agencies must furnish the name and social security number of any prisoner convicted of a felony, when the Secretary of HHS makes a written request to the agency for that information.

Conference agreement.—The conference agreement follows the Senate amendment.

REPORT TO CONGRESS REGARDING PAYMENTS TO DECEASED PERSONS

Section 7

Present law.—Social security benefits terminate with the month in which a beneficiary dies. Benefits are not payable for that month.

House bill.—No provision.

Senate amendment.—Section 109 of the amendment would require the Secretary of HHS to report to Congress within 90 days after enactment on actions being taken to prevent payments to deceased social security beneficiaries.

Conference agreement.—The conference agreement follows the Senate amendment.

Mr. MOYNIHAN. Mr. President, as Senators on both sides of the aisle will, I am sure, acknowledge, this effort did not begin as a bipartisan enterprise. It nonetheless has ended as one. I wish to express what I am sure is the appreciation of many—I hope all—Members of the Senate to the distinguished chairman of the Committee on Finance, who had the not always easy task of acknowledging positions made on this side and advancing his own and others' views on his side of the aisle; such that we come to the Senate with a unanimous judgment of the conferees on our side that follows the unanimous report from the Committee on Finance. I hope it is received in the bipartisan manner that has been, now, finally consummated.

I make two points, Mr. President. The first is that I hope in the aftermath of this almost year-long debate, begun in March, we can agree that the integrity of the social security funds and the system extends to the proposition that at no point should the revenues of that system be used for purposes elsewhere in the budget. The effort to cut benefits by as much as 40 percent for persons entering the system come January did not respond to a need of the system, the social security system, but, rather, the anticipation of budget deficits in this next few years that has since become public and, indeed, has become publicly acknowledged, perhaps inadvertently, by the Director of the Office of Management and Budget in his celebrated interview in the Atlantic Monthly.

We now have a basis to go forward, Mr. President. We established in the conference the proposition that there needed to be larger revenues in the system. We almost wholly compensated for the restoration of the minimum benefit. Much more importantly, we established a system that the principle of social security is a contract. You do not take benefits away from persons who have been receiving them, who have every reason in the very near term to expect them. This is a long-run system. One person in seven in the Nation depends on it. Changes have to be made in a careful and considered fashion. It may be that we have not found how much turmoil is aroused by the other approach. We can now do what needs doing in an appropriate manner.

Mr. President, I should like to call attention to the statement that the chairman of the committee made about discussion in the committee of conference of a congressional session following the November elections of 1982 that might be exclusively devoted to this subject. It need not be called a lame-duck session. That was a term that was used up until 1934 when the elections took place in November and Congress reconvened in January and routinely continued, if I recall, until the 25th of March.

In any event, there was a long session automatically held after elections and before a new Congress, already elected to office. Can we not call it a special session of the Senate that would confine itself to this matter and approach it with the recommendations that the representatives of the President's Commission might bring to the matter?

This is indeed an opportunity. We have to some degree created a necessity, because the interfund borrowing, which was proposed by the Senator from New York and the minority leader last Sep-

tember, extends only to the end of calendar year 1982; and what needs to be done, at least in 1983, can perhaps best be done in November–December of the preceding year.

A second matter, not as consequential to the social security system but certainly worth noting, is that while the committee of conference accepted our position that the counterfeiting of a social security card should be a felony and now will be—this was a measure which I had proposed 3 years ago—it inexplicably declines to accept what was in the original legislation I introduced in the last Congress, the companion provision that it should be made difficult if not impossible to counterfeit such cards.

Social security cards continue to be the same pasteboard cards that were issued in 1935 to the first recipients. I received mine in 1940, as I recall. There is not the least effort to make them durable, much less difficult to reproduce, and they are counterfeited routinely.

The General Accounting Office, in a report of December 1980, estimated that some $15 billion in fraudulently obtained benefits occur each year; and these fraudulently acquired benefits typically involve—not in all cases, but typically involve—a counterfeited social security card.

The cost of replacing these cards in the routine of doing business each year, just choosing a different style, would be minimal. It would be a sum that is not even calculated in our considerations of social security cards.

Mr. William Driver, in September of 1980, wrote to the then-chairman of the subcommittee, Senator Gaylord Nelson—whom we all miss in this Chamber—concerning two bills I had introduced and said, "If you simply were to use notepaper, as it is called, bank notepaper, there would be an extra cost of approximately $1.2 million a year."

This would mean that cards newly issued and cards issued to replace older cards that have been lost could begin immediately and, at the minimum cost, begin to appear in the system. How fast they would appear might surprise some colleagues.

Over the next 5 years, we will issue or replace 46,597,000 cards. The production is somewhat less than 2 to 1. For nearly every two new cards issued, an old card is replaced.

Social security cards are basic to American identification arrangements. They are not identity cards, but social security numbers are widely used for purposes as extensive as serial numbers in the armed services, drivers' licenses, library cards, and are required to obtain AFDC benefits and to enter Veterans' Administration hospitals. Holders of Treasury bonds have to present their social security numbers. They are used in connection with motor vehicle registration routinely. In some States, to become a registered voter, you give your social security number; also, upon opening bank accounts, charge accounts, and the like, a social security number is required.

In 5 years, a quarter of the cards in circulation would be of a kind that cannot be counterfeited.

What a mysterious position for the Administrator of the system to take, as he did yesterday, in opposition to this measure. It goes back to the early convictions of the founders of social security that, somehow, this must not be a form of identification. It has become one, and an altogether agreeable and acceptable one. It is what the American people choose and do not object to.

If the object of preventing the $15 billion in fraud—obviously, not all of that is going to be prevented—but if the reason the administration does not want to spend the $1.2 million is economy, then, surely it is a bizarre economy measure. If waste, fraud, and abuse—a subject of which we hear an ever-increasing amount of rhetoric—is a real concern, why not address it in this simple and forthright manner? I hope that within the Social Security Administration this measure has not become a point of concern because illegal aliens working with counterfeit social security cards in fact contribute to the system and receive no benefits from it.

It certainly is unworthy of the administration to object to a simple, forthright measure of this kind for purposes they are not open about—if, in fact, that is one of their concerns. If that is not one of their concerns, the whole matter becomes inexplicable. Even so, this can be addressed in our major review of the program, and I have the understanding of the conferees that it will be.

Finally, Mr. President, we have to note that the conferees did not accept our sense-of-Congress statement that no future changes will reduce social security benefits to anyone now receiving them. I hope that that rejection does not augur a position in the House, which I do not believe it does, that we will do anything of the kind.

Benefits may have to be adjusted so that they do not rise as rapidly as they have in the past owing to some miscalculations in the past. That is the very different thing from taking away from Americans entitlements they have received under law and which they have every expectation that they will continue to receive.

Congress made a mistake when it voted to abolish the minimum benefit, which involves people utterly in need. Had it done so, the costs in supplementary security income and medicare and medicaid would have nearly outweighed the advantage of the reduction in the minimum benefit.

However, the principle was much more important than the particulars, and the principle has been sustained. I think it does not contravene the spirit of this conference report to say that it would not have been sustained, I fear, had it not been for the firmest opposition to the matter from this side of the aisle. But the episode concludes in bipartisan agreement, and I hope that the report of the committee of conference will be so received. I hope we will put ourselves, you might say, on notice that this is a matter not concluded but, rather, begun; that we have a year ahead of us.

We should see whether we can get ourselves together as a commission to devise some long-term proposals—and there will be some short-term matters to be dealt with—and if we can genuinely consider now the prospect of a special session of Congress to deal with this most special of American national social insurance programs.

I know there are those who would think there are better things to do with November and December. Yet, if once in 50 years the social security system requires that kind of effort, I am sure there will be a good-hearted and good-faith effort to join in it, especially and not least from my friend from Colorado, who is the distinguished chairman of the Subcommittee on Social Security.

I see that he has arrived, and I see that he is all smiles. I take that to be satisfaction at the outcome of the conference and anticipation of the success of a special session.

Mr. ARMSTRONG. Mr. President, I wonder how many Senators recall Parkinson's law of committee procedure. We all remember that Parkinson postulated in his law of administration that works expands to fill the time allotted to it. Certainly, that is applicable to the social security bill.

However, I think the more applicable reference is what Parkinson said about how committees function. He said that if a committee is confronted with decisions about a mule barn and a cyclotron, it will dispose of the cyclotron within 15 minutes after it convenes and spend the remainder of the time working on the mule barn.

He said the reason for this is that nobody really understands cyclotrons, but everybody has some opinion about the size, shape, utilization, painting, and remodeling of mule barns. So it is a natural tendency for committee members to focus on that.

This conference report is a good illustration of that. We have ducked the main issue and handled some really minor housekeeping things which were easy to agree on. Not that these are inherently unworthy. I do not oppose the conference report. I will vote for it. But I think it is a travesty to suggest that we have fulfilled our responsibility.

Every day, every minute, every second, social security is running deeper and deeper into the red. It is going into the red, I am told, at the rate of something like $12,000 a minute—not 8 hours a day, but around the clock, 365 days a year.

The situation is growing perceptively worse in the fund balances. Instead of meeting the problem with a permanent solution, we have provided for a limited period of interfund borrowing. I support that, under the general premise of making the best of a bad situation, as another stopgap measure; but I think it is important for Senators to understand that it is nothing more than a stopgap measure.

The fact we were able to achieve even that much is in large part a tribute to the statesmanship, scholarly, and political mastery of our chairman, the Senator

from Kansas. He has shown once again his great ability to get people together, to talk things through and find out some way to resolve a complicated and potentially divisive issue, and I cannot fault him on that. The fact that we were able to get something out of this and at least restore the minimum benefit and have the interfund borrowing portion and, as has been noted both by the Senator from Kansas and the Senator from New York, we have largely paid the cost of doing so, I think is a tribute to Senator DOLE's leadership and the cooperation of other Members.

But I return to the main issue, where we started on this matter earlier in the year, and that is what are we going to do about social security? Even today there remains some doubt, I guess, in the minds of some people as to whether or not we have to actually do something or whether or not we sort of have to muddle through with some stopgap and halfway measures.

Just for the record and for the benefit of anybody concerned with the long-time crisis, I want to make this point: Despite all of the political rhetoric that has flowed on this subject, despite the charge that somehow political terrorism is being used or there has been grandstanding or somebody is attempting to use social security funds to balance the budget or we are trying to balance the budget on the backs of the poor, the fact is social security is going broke. It is doing so in slow motion. It is a large fund, and it takes a long time for this kind of a fund to go over the brink, but it is losing $12,300 every minute, and unless action is taken at some point we will not be able to fully pay the benefits we have promised to the 36 million recipients and their families.

The exact month at which the fund will finally end with interfund borrowing, go broke and run out of money, is a matter of some conjecture. But I would suggest, one of our witnesses before the subcommittee made the point very well, that we should not be debating when the last dollar will be spent; that to argue whether or not the very last dollar in the system will be spent and the fund will be insolvent a year from now or 2 years from now or 5 years from now or 25 years from now begs the issue of our trustee responsibilities.

There is a group which is legally and technically the Board of Trustees of the social security system. But in the larger sense, in the sense of our moral obligation as Members of the Congress of the United States, we are the trustees of this social security system and it is up to us to provide the adjustments in the social security financing structure and the benefits and eligibility standards that will permit funds to meet its long-term obligations.

The report which we are considering today does not do so. It is just a stopgap which restores the minimum benefit to those now receiving it, and provides for the interfund borrowing, both of which are desirable but neither of which addresses itself to the long-run problem.

Even so it may be that this bill has a silver lining, and that had been alluded to by at least one of those who has already spoken, and that is the question of whether or not by the adoption of this bill and the manner and atmosphere in which it has been adopted will tend to diffuse the political donnybrook which has resulted from the proposals submitted by the President on May 12.

As many of you know, I faulted the President for his proposal in one very significant respect. I thought his plan was a masterpiece of bad timing. It arrived on the Hill at exactly the moment when there had been a very divisive and a very vigorous struggle over the budget in the House of Representatives.

The Speaker of the House and others in the House were looking for an issue to jump on, and they jumped on this one, and in response to that initiative a lot of people jumped on the President's proposal and really criticized it—and while I did not agree with it fully, I think really criticized the President's proposal—more than it deserved and, as a consequence, we have spent all year trying to somehow recreate the sort of bipartisan atmosphere in which it will be possible to legislate on this subject.

Mr. President, I would like to pay tribute, as we shut down this issue for the year, to a number of people in this Chamber and in the other body of both parties who have approached it in that spirit of bipartisanship. That is what it is going to take to solve the social security problem. So to the extent that this conference report and this faltering step that we take today contribute to that effort I certainly think it is worthwhile.

It will be my hope and my purpose as we resume deliberations of this issue in the Senate, in the committee, and in whatever forums there may be for discussion of social security needs and reform to do so in a low key and bipartisan way.

However, I must say this: If we are treated next year to a resumption of the kind of partisan attacks that we have seen this year then I can guarantee that the Senator from Colorado is going to respond in kind.

Finally, Mr. President, I heard something during the last few minutes which caused me great concern. For those who are wondering why my hair is standing on end, it is because I thought I heard somebody say something about a lameduck session next year. I hope that we could have assurances from whatever proper authorities there may be that we are not going to have a lameduck session. Certainly to plan for such a thing a year in advance is, in my view, irresponsible. As I have pointed out at some earlier time to Senators, I think the notion of a postelection or lameduck session is unwise under almost any circumstances short of a true national emergency such as war or a natural disaster.

To have such a session simply means that after an election people who no longer possess fresh and valid charters from their constituents are nonetheless summoned back here to legislate, or to be more direct about it, people who have either retired from office or have been voted out of office by their constituents come back to legislate for a couple of months.

While this is technically legal and is certainly precedented, it is not a good practice, in my opinion.

It has not been long the custom of Congress and it would not be a good tradition to get started. We have done it at some time in the past. My view is, first, it is wrong in principle because it does have a bunch of people who are lameducks or whatever you want to call them legislating, and that is not a good practice. It is not consistent with the ideals of representative democracy.

Second, it does not seem to produce high-quality work. That I guess is in the eye of the beholder, but in the eye of at least one beholder it smacks of illegitimacy and produces poor results. So I would be hopeful we would not be forced to resort to a lameduck session next year.

Mr. President, again with my appreciation for those who made it possible for us to take even this modest step toward the conference report, I will urge its adoption.

Mr. MOYNIHAN. Mr. President, I rose to say that the matter we bring to the Senate this afternoon from the committee of conference did not begin as a bipartisan effort, but it ended as one, and I would have thought—I could be wrong, and I am happy to hear wherein I was if that is the case—because I certainly did not intend it—I would have thought my remarks were bipartisan. I do not feel that the response of the distinguished Senator from Colorado, who is the chairman of our subcommittee, of which I am the ranking member, were in any way similar to that suggestion on my part.

I see the Senator has returned and I am happy because I would not want to speak in his absence.

The Senator began by referring to the President's proposal to reduce social security by 40 percent in January for persons retiring at age 62—the majority of persons who do retire take their retirement before age 65—as a masterpiece of bad timing. It could have been done, if it had been calculated, a little bit better.

This is reminiscent of a statement made by the Counselor to the President, Mr. Edwin Meese, which was reported in the New York Times of September 25, 1981. Referring to that masterpiece of bad timing, he is quoted as saying:

It was not the policy aspect that was the problem. It was the fact that the selling of it, the marketing of it, which is not my domain, was the problem.

It did not happen on his watch, it did not happen in his part of the operation.

The people who worked to market it were guilty of a masterpiece of bad timing. I think these are remarkably convergent observations.

Let me then take the time of the Senate to read from "The Education of David Stockman." Remember, we said that the proposal to slash benefits by 40 percent did not respond to the crisis of the fund in the 1980's, but to the need to get revenue to offset deficits elsewhere? But here is from page 45, after describing the original proposal, and this is Mr. Greider speaking.

Despite the political uproar, Stockman thcught a compromise would eventually emerge because of the pressure to "save" social security. This would give him at least a portion of the budget savings he needed.

May I repeat this for the benefit of the Senators:

This would give him at least a portion of the budget savings he needed.

Not for social security, not for social security, let me repeat, but to work out the aftermath of the collapse of the Trojan horse.

I continue, and now we are quoting Mr. Stockman:

I still think we will recover a good deal of ground from this. It will permit the politicians to make it look like they are doing something for the beneficiary population when they are doing something to it which they normally wouldn't have the courage to undertake.

Quoting Mr. Greider:

But there was less "courage" among politicians than Stockman assumed. Indeed one politician who scurried away from the President's proposed cuts in social security was the President. Stockman wanted him to go on television again, address the Nation on social security's impending bankruptcy and build a popular constituency for the changes. But White House advisers did not.

Quoting Mr. Stockman again:

The President was very interested in the reform package and he believed it was the right thing to do.

The problem is that the politicians are so wary of the Social Security issue per se that they want to keep him away from it, thinking they could somehow have an administration initiative that came out of the boondocks somewhere and the President wouldn't be tagged with it. Well, that was just pure naive nonsense . . . My view was, if you had to play this thing over, you should have the President go on TV and give a twenty-minute Fireside Chat, with some nice charts . . . You could have created a climate in which major things could be changed."

The White House rejected that idea. Ronald Reagan kept his distance from the controversy, but it would not go away. In September, Reagan did finally address the issue in a televised chat with the nation; he disowned Stockman's reform plan. Reagan said that there was a lot of "misinformation" about in the land, to the effect that the President wanted to cut Social Security. Not true, he declared, though Reagan had proposed such a cut in May. Indeed, the President not only buried the Social Security cut he had proposed earlier but retreated on one reform measure—elimination of the minimum benefits—that Congress had already, reluctantly, approved.

Mr. President, it is not necessary to be partisan about this, but it is possible. Only just this last weekend, the distinguished majority leader of the House of Representatives, speaking about this particular article, asked a painful question. He said:

If the Director of the Office of Management and Budget knew the degree of deception involved in that early proposal, was he the only one in the White House who did?

Perhaps "deception" is too strong a word. And yet "imminent bankruptcy," et cetera, et cetera, et cetera, was used, language that did terrify people. And here it is in print just as we said.

It was nothing to do with the state of the social security fund. It was meant to save money to offset deficits elsewhere in the budget.

Now, that is the fact. It is an acknowledged fact. My Lord in heaven, it usually takes three official biographers before you find out that that is really what Cordell Hull had in mind in 1937. We might have waited until the year 2020 to learn this. But it happens we just learned it a month ago. And what we learned was what we knew.

I did not come to this floor in anything other than a spirit of bipartisan compromise of saying we have done good work and saying there is work yet to be done. But I do not think that what happened last May was a masterpiece of bad timing. I do not share the view of the counselor to the President that it was the marketing of the program, not his responsibility, as he made it. Let me repeat Mr. Meese's statement.

It was not the policy aspect that was the problem. It was the fact of the selling of it, the marketing of it, which is not my domain, was the problem.

Now, in bringing this matter to the floor, after a unanimous decision of the Committee on Finance and a unanimous conferees' vote on the Senate side of the conference committee, I would hope we put behind us a policy, the thought that this was all just a mistake in timing or in marketing. If it continues to be the purpose of the administration and the majority in this body sharply to cut the social security system of our country, reduce benefits of the people now receiving them, then the year has, indeed, not had the success I thought it had.

I thought that when we vote on May 20 by 96 to zero not to do that, that those were good faith votes on the other side of the aisle. And I am sure they were. But I wonder, was that a vote against a mistake in timing or a mistake in policy? Was there, in fact, no mistake in policy but merely bad marketing, bad selling of it?

Perhaps we have not come to the end of our division here. Perhaps there is not a bipartisan judgment that the system needs to be attended to. But can it be, without impairing it? I would hope that that is not so.

But if it is, let it be understood that this side of the aisle is now alerted to that prospect. If we have to smash the efforts next time as we smashed them last time, we will. We are not going to break word with the American people. We put this system in place against a bitter opposition of the persons opposite. And if that opposition, after 45 years, is still there and the face of a 6-month healing effort has not healed at all but simply has become more concealed, only to come up once a decision has been made, well, we shall still be here and social security will still be here.

We went through something that I had hoped we would never go through again—attempt to use the retirement benefits of the American people for the political purpose of offsetting a deficit that came about through political miscalculations, economic miscalculations. That money does not belong to the Budget Director. It does not belong to the Congress or the President. It belongs in the social security trust fund. It is not to be used for other purposes. Attempts to use it were brazen, it was declared in this Chamber, then this was revealed by Mr. Stockman. I came to this floor this afternon to say, "Well, fine that is behind us. We have a bipartisan support. We have worked to do it and we will do it. And if it can be done in a special session, fine. If a special session is not appropriate, fine. But it has to be done. But whenever we do it, ours will not be the work of dismantling the social security system."

And if we cannot have an understanding on that, we shall have war over it. We smashed the last effort; we will smash the next one. We did not do it with any pleasure. We did it out of a sense of duty and responsibility and understanding of this system. We did not put it in place because we did not know what it was.

We know perfectly well that the President's message of May 12 was exactly what Mr. Stockman told Mr. Greider, that it was an effort to give him at least a portion of the budget savings he needed. Now, it is not often in the history of political debate that a charge made in a partisan atmosphere is so quickly confirmed to have been true.

I rose on this floor where the majority leader is sitting on May 20 and said that this is not an effort to save the social security system; that this is an effort to save the collapsing budget prospects of the administration. They knew perfectly well that they were asking for vastly more reductions in benefits and payments in the 1980's than they could ever reasonably think they would need to maintain a balanced fund situation. And then, after the 1990's, social security would go into a period of approximately 25 years of surplus, after which there would be a new period of deficit.

I stood right there and I said that this is not for social security, this is to produce savings in the budget. And in the Atlantic Monthly, you read exactly, within days, that Mr. Stockman was saying that to Mr. Greider.

We have been prepared to forget all about that and say let us ascribe it to the first year in office, which is never the easiest of transition for anyone to make. But if we have not put that behind us, if it is still ahead of us, let it be on the record that we are still here and we are alerted. We are committed to this program. We are not obsessive about it.

The Members on this side went to that conference committee proposing to raise funds to offset the minimum. We have not hesitated to do things that are not easy to do. It is not easy for us to impose on sick pay the ordinary level of FICA taxes.

It is the fact, as I understand it, and I believe I am correct in this, that the original exemption was made in order to encourage the adoption of sick pay provisions. They were not common in the 1930's. They were rare. They are common

now. It is defensible social policy to say that they should be treated as any other income because they are designed to be as any other income.

It would have been easy to say there was not a single chance, but if the effort of May 1980 was simply a masterpiece of bad timing and if it was not the policy aspect of the problem, that it was the fact that the selling of it, the marketing of it, was the problem, then we have a turbulent time ahead indeed. If that is to be, so be it.

Mr. President, I will not detain the Senate any longer. The distinguished ranking member of the Committee on Finance is present, as is the minority leader. I simply want to say I came on this floor in the spirit of compromise and bipartisan understanding of a common responsibility, and I expect that will survive this little exchange. But no one should be proposing that the Members on this side will not be aware of what has been said, alerted to what might be done, and, indeed, if we have to go through the events of the last 8 months once again, we will go through the events of the last 8 months once again.

I would hope, Mr. President, that we could proceed in the spirit of the Finance Committee's original report and the committee of conference, which is a bipartisan effort to secure the system and to restore to the American people a shamelessly damaged understanding of the fundamental soundness of the social security system. It is sound because, as the distinguished Senator from Louisiana has said, Congress will keep it sound. Nothing larger could be said but in the history of human institutions, that is a very powerful statement. I thank the Chair.

The PRESIDING OFFICER. The Senator from Louisiana, Mr. LONG.

Mr. LONG. Mr. President, I support the conference report on the bill H.R. 4331. The main element in this legislation is the restoration of the social security minimum benefit. Under this provision, that benefit will be preserved for all those who are already on the benefit rolls or who become eligible before the end of this month. On several occasions over the past year, I offered and supported amendments to assure that the minimum benefit would not be taken away from those already receiving it. Many of these people are quite old and have been depending on that income for many years. I am pleased that agreement has been reached on legislation to avoid that unfortunate situation.

The conference agreement also includes an extension of social security taxes to cover sick pay. This provision will partially offset the cost to the trust fund from the restoration of the minimum benefit. In addition, the conference agreement allows for interfund borrowing through the end of next year. Clearly further action by the Congress will be needed to assure the soundness of the program, but these provisions do give us some time to take the needed actions. I urge the adoption of the conference agreement.

Mr. DECONCINI addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. DECONCINI. Mr. President, I rise in support of the conference report on H.R. 4331. The conference report does restore the minimum benefit for those presently receiving it and for those who qualified before December 31, 1981. Those retiring after this year would not be eligible.

On at least five occasions a majority saw fit on this floor to oppose the restoration of this benefit. I applaud them for supporting the President's change of heart in this effort and restoring the minimum benefit for those presently receiving it. I wish we had not tinkered with this in the first place. There was no justifiable reason. With strong commitments on a bipartisan basis on both sides of the aisle, the President on many occasions had said this was a safety net and would not be touched. Then we not only touched it but we hammered away at it.

In total, this is an improvement. I think it is best left alone when you have a commitment not to change the basic structures, and I think the social security system is such a basic structure, at least as it relates to the benefit side.

We ought not to be making those alterations.

On the side of financing and the management of those funds there are many alterations that must be considered, but as far as reducing the benefit, raising age limitations, eliminating or substantially reducing the cost of living, we can do better here in balancing the budget.

I just came from the Foreign Operations Appropriations Conference Committee. We will indeed, I suspect, agree on a conference report from that Appropriations Subcommittee that will be a larger foreign aid bill under this administration than it was under the previous administration.

It is hard for me to face retirees, people who have worked and paid in their hard-earned money into the social security system, and then be asked that to balance the budget we must make some alterations or reductions.

I am glad to learn that most of the more onerous provisions in the Senate version of H.R. 4331 have been removed. For example, the offset for those receiving Government pensions was removed during the conference. However, the provision taxing the first 6 months of sick pay remains. This reduction in benefits and the failure to provide minimum benefits for future retirees causes me some concern. But in the spirit of getting the restoration of the minimum benefits, restored almost to what they were, I will reluctantly support the conference report, for unless we pass this measure those presently receiving benefits will have them terminated.

Mr. MOYNIHAN. Mr. President, in order that the record might be clear, might I say that the exemption of sick pay was included in the law in 1939, not in the original 1935 legislation. My understanding remains that it was done to encourage the adoption of this provision at a time when it was not common.

SOCIAL SECURITY

Mr. ROBERT C. BYRD. Mr. President, 2 weeks ago, President Reagan addressed the White House Conference on Aging. In that speech, the President made some amazing statements about the record of his administration on social security.

The President began:

> Maybe you can understand my frustration . . . to be portrayed as somehow an enemy of my own generation. Most of the attack has been centered around one issue, social security.

Less than 4 months into his term, last May, the President asked Congress to cut social security benefits by more than $88 billion over the next 5 years. The administration asked Congress to immediately slash retirement benefits for Americans having to retire before the age of 65 by 40 percent. Eight days after the administration formally proposed its $88 billion benefit cut plan, the Republican-controlled Senate rejected it, by a unanimous vote of 96 to zero. Yet, late into the summer, the administration continued to assume these deep benefit cuts in its budget.

At the Conference on Aging, the President said:

> There's been political demagoguery and outright falsehood, and as a result, many who rely on social security for their livelihood have been needlessly and cruelly frightened.

Again, the President is right. In announcing the administration's plan of $88 billion in social security benefit cuts, it was Health and Human Services Secretary Schweiker who said:

> The crisis is inescapable. It is here. It is now. It is serious.

In defending the administration's May plan, it was OMB Director Stockman who testified before the House Ways and Means Committee:

> The question before Congress is whether the 36 million Americans who currently depend on the Social Security system can count on any check at all in less than two years hence.... The most devastating bankruptcy in history will occur on or about Nov. 3, 1982.

Yet, by the administration's own estimates, the May social security plan called for deeper benefit cuts and greater savings than might be needed to insure the financial solvency of the system. In its plan, the administration appeared to be using the revenues of the social security system to balance the Federal budget.

Many of us read the December issue of the Atlantic Monthly. This time, David Stockman said:

> The Social Security problem is not simply one of satisfying actuaries . . . It's one of satisfying the here-and-now of budget requirements.

At the Conference on Aging, the President said:

> In October of 1980, I pledged that I would try to restore the integrity of social security and to do so without penalty to those dependent on that program. I have kept my pledge and intend to keep it.

Today, we are taking a major step toward helping the President begin to keep that campaign pledge—as many of us have attempted to do throughout this session. The President asked Congress to cut the social security minimum benefit payment for retired Americans as part of his Federal budget-cutting plan. He asked for it and OMB Director Stockman fought for it.

The integrity of social security—and the overwhelming success of the system—is dependent upon the trust, confidence and predictability that promised benefits will be paid. Yet, as part of its Federal budget-cutting bill, in which the Congress was to cut waste, fraud and abuse, the administration asked Congress to take away a basic social security retirement benefit from some 3 million retired Americans.

The minimum benefit was designed to be a safety net under social security, to insure an adequate retirement pension for America's lowest-income workers. Over half the minimum benefit recipients are over the age of 70; 75 percent are elderly women. Over half a million Americans over the age of 80 have been receiving the minimum benefit for at least 15 years.

Democrats in the Senate attempted to prevent the minimum benefit from being eliminated by the administration's budget-cutting bill. OMB Director Stockman fought forcefully and consistently for complete across-the-board repeal. In an official statement, OMB described the pension payment as a "pure windfall for recipients," saying that financially needy retirees had a safety net of public welfare assistance to fall back on after their hard-earned retirement income was slashed.

On at least five votes in the Senate this year, Democrats fought to prevent elimination of the minimum benefit. Five times, we were defeated by Members from the other party, marching in lockstep to David Stockman's marching orders. Senate Democrats would have welcomed Republican votes in the fight to preserve the benefit, but partisan politics, directed from the OMB, resulted in partisan votes time and time again, on this, as well as other matters.

Two months after the House voted 404 to 20 to restore the minimum benefit cut—hardly what one could characterize as a partisan vote—and on this same night that Senate Democrats had been defeated, by only two votes, in their fifth attempt to preserve the benefit, the White House changed its mind and asked that the benefit be restored.

This change in thinking came only after it became clear that Democrats would not give up on this question—that the issue would not go away—and after it was clear that Congress would eventually act to restore the payment. Such action was inevitable.

In times of a partisan Senate, where straight party line votes seem to be the order of the day, this bill represents a victory where victories, for Democrats, appear to be scarce. And it is a victory to cherish because it is one springing from legitimate and strongly held policy disagreements regarding the future of social security.

It is a victory of the senior citizens of the country and I congratulate the Senate on what will soon be a vote to restore that minimum benefit payment.

Mr. President, I ask unanimous consent that a part of the special report of the Democratic Policy Committee listing the votes this year on the minimum benefit be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

SPECIAL REPORT

SOCIAL SECURITY VOTES, 1981

Minimum benefits

No. 50 Riegle, et al, amendment to restore $800 million in 1982 outlays and $900 million in 1983 outlays to maintain current payments for Social Security minimum benefits and offsets these amounts by savings in administrative costs. Defeated 39 to 55. 91 percent of Democrats voted yea; 100 percent of Republicans voted nay. (S. Con. Res. 9, Budget Reconciliation, 1981–83, March 30, 1981)

No. 160 Riegle, et al, amendment to limit repeal of Social Security minimum benefit to new beneficiaries. Defeated 45 to 53. 89 percent of Democrats voted yea; 92 percent of Republicans voted nay. (S. 1377, Omnibus Reconciliation, 1981, June 23, 1981)

No. 207 Dole motion to table Riegle, et al, amendment to restore Social Security minimum benefits to persons enrolled prior to December 1981. Tabled 52 to 46. 91 percent of Democrats voted nay; 92 percent of Republicans voted yea. (H.J. Res. 266 (H.R. 4242), Economic Recovery Tax Act of 1981, July 21, 1981)

No. 248 Chair ruling that Moynihan, et al, motion to bring up bill to restore Social Security minimum benefit is not in order in that no bill from the House may be considered on day received unless by unanimous consent. Chair sustained 57 to 30. 79 percent of Democrats voted nay; 100 percent of Republicans voted yea. (H.R. 4331, Social Security Minimum Benefits, July 31, 1981)

No. 249 Robert C. Byrd motion to adjourn for one minute as a means of considering Social Security Minimum Benefits bill. Motion rejected 37 to 49. 95 percent of Democrats voted yea; 100 percent of Republicans voted nay. (H.R. 4331, Social Security Minimum Benefits, July 31, 1981)

No. 284 Hatfield motion to table the Sasser, et al, amendment reducing the travel budgets of non-defense agencies, taking with it the second degree Chiles, et al, amendment continuing Social Security minimum benefits for current recipients. Tabled 46 to 44. 95 percent of Democrats voted nay; 92 percent of Republicans voted yea. (H.J. Res. 325, Continuing Appropriations, 1982, September 24, 1981)

No. 315 Passage of bill restoring the minimum benefit for current recipients except those with monthly government pensions in excess of $300 and allowing interfund borrowing. Bill passed 95 to 0. (H.R. 4331, Social Security Minimum Benefits, October 15, 1981)

Mr. MOYNIHAN. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes, I yield.

Mr. MOYNIHAN. Mr. President, I congratulate the minority leader, who has been steadfast in this matter, without whose leadership and conviction there would be 3 million Americans, a third of whom are over 80 and have no other source of income, whose meager incomes would be substantially reduced. That is meager. It is not hyperbole. We are talking about poor people who would be reduced to welfare and are not now. If the distinguished minority leader goes home for Christmas with nothing else to look back on for the year, it would be a more than successful one for any normal person, not that he is not a normal person, but even so, I thank him.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator, who, as ranking member of the Senate Committee on Finance, led the way, offered the amendments, was chief sponsor and author of the amendments, and provided the direction for the rest of us to follow. I personally thank him. The Senate is in his debt. The elderly citizens of this country will never cease to remember the services he has given in this regard.

Mr. DOMENICI. Mr. President, I yield myself 2 minutes.

Mr. President, I shall vote for this conference report that restores the social security minimum benefit, permits interfund borrowing among all of its trust funds, and makes other changes. The President has given his support to this bill and it obviously has broad congressional support.

However, as I said when the committee bill was considered on the floor, I am truly disappointed that we cannot agree on a wider range of proposals necessary to the soundness of social security. After all that this Congress has accomplished, we failed on perhaps the most important issue facing us. The bill today is merely a bandaid on a very serious wound.

I am also disappointed in this report from a budget standpoint. This bill will cost about $400 million in fiscal year 1982, undoing a portion of reconciliation. We are also conceding that the $4.2 billion in additional social security savings assumed in the first and second concurrent budget resolutions cannot be achieved.

Chairman DOLE plans on considering further changes to social security in the near future. I congratulate him and the other Senate conferees for their commitment and dedication.

Let us face a few realities, Mr. President. This bill does not solve the underlying financial problems of the social security system. The President knows this; the Congressional Budget Office has stated this; the House and Senate know it; and the public had better understand it. We will have to act again, and soon, to save the social security system and reassure millions of elderly and disabled recipients that their benefits will continue.

How soon? Mr. President, the estimates vary. Depending upon the estimate, social security could be in deficit in 1983 even with the legislation now before us. It all depends upon the economic recovery of the country. If economic conditions are even slightly worse than projected, we could be facing urgent social security financing problems even sooner.

I have confidence that Chairman DOLE and the Finance Committee can muster cooperation on this issue. I truly hope that everyone in this Chamber will join in support of the committee's efforts to address the social security financing dilemma. No partisan benefit will accrue to anyone if we allow social security to go bankrupt.

The administration has clearly indicated its willingness to discuss and consider all possible solutions to social security. I think that is a wise judgment. Social security must be separated from partisanship and discussed in an open and honest manner.

But Congress must show responsibility and act soon. Frankly what we are doing today is a short-term quick fix which contributes very little to solving longer-

run problems. The next time we work on social security, Congress will need to be far more courageous than it is being today.

Mr. President, it is interesting. I was not present when all the remarks about what has gone on in the past regarding the minimum benefit episode were given, but I think everyone should understand it from the standpoint of the single most important issue about social security, which is the solvency of the trust funds. It is interesting to note that when you finally analyze what has been done, this has been an excellent exercise in solvency, because the end product means that Congress will take care of what they perceive to be a commitment, and also, on a net basis, the trust fund is not going to lose any money over the next 3 years.

Regarding the major solvency problem that we are going to confront, I do not construe this present episode and one excellent exercise to solve a great deal of the solvency problem. But it is interesting for all that has been said here on the floor, and from the little I have heard, that there was some intent to hurt people and that we should live up to our commitments. As a matter of fact, some additional revenues were found; some changes were made and what we have now is a minimum benefit acceptable to everyone that at least does not cause the trust funds any further deficits in the next 3 years.

Mr. MOYNIHAN. Would the Senator yield for one remark? I simply want to express the appreciation of the conferees and the Committee on Finance for his generous comments.

Mr. DOMENICI. I am sorry, Mr. President. I did not hear Senator MOYNIHAN.

Mr. MOYNIHAN. I simply want to express the appreciation of the conferees and the Committee on Finance for his generous comments.

Mr. DOMENICI. I say, thank you very much, to my good friend from New York.

Mr. MOYNIHAN. I hope my friend from New Mexico has not developed a hearing impairment with respect to kind words.

Mr. DOMENICI. Mr. President, my head is so filled with numbers that I unintentionally immunized it from kind remarks. I apologize.

Mr. President, I believe the central issue that we are going to have to face up to, and I guess each could say it in his own way, is indeed, are we going to live up to a commitment to the social security recipients of this country? Perhaps there are different ways of looking at that. I think the central issue is not of a budgetary nature but that this commitment is to the solvency of the fund, both the solvency of the medicare fund and of the fund that disburses the retirement and disability checks to our millions and millions of beneficiaries.

I regret that people constantly state that there is no real budget reason for looking at it. I want to state from my standpoint, Mr. President, the only reason that I think it relates to the budget is that we must address the nature, the quality and quantity of the reserve that is established to assure the commitment to pay benefits. That is what makes it part of budgetary debate. I want the Senate to know that this Senator does not look at it as chairman of the Budget Committee, from the standpoint of balancing budgets. But I say, I cannot disassociate, unless you want to take that out from under the budget of the U.S. Government, the responsibility for prudent reserves, stability of all three trust funds from budgetary consideration.

It was Lyndon Johnson who put social security into the consolidated Federal budget, and many people think it should come out. I do not think so. I believe that a budget item of this magnitude, with solvency of the trust funds, is indeed an integral part of looking at the Federal budget. Since that solvency is impacted by economics, by unemployment, by the level of employment, by growth, by inflation, and by interest, it certainly should be considered in the total package as we look at and share our responsibility, as a Budget Committee, to this institution and to the American people.

It is in that context that I hope those who are standing on the floor, on both sides of the aisle, saying that they are concerned about social security, will join hands, rather than forming some kind of irreconcilable chasm between us.

If we focus on the reality of the solvency of the fund and address that issue as we look at social security, I can assure you that we will have joint efforts at living up to the commitment everyone is speaking about. The commitment is not for the next 10 years. It is not just to those who are beneficiaries. It is also to those millions upon millions who are paying into that fund now and will be paying for 20 or 30 years. Both must be assured that the fund will be there to make its basic payments and live up to its basic responsibility.

Mr. MOYNIHAN. Mr. President, I say to the chairman of the Budget Committee, of which I am a member, that he makes perfect sense in what he has said.

An expenditure of this magnitude cannot be neutral with regard to the budget. It is part of the activities of the Federal Government, whether you print it in one volume or two. Generally speaking, it is desirable that there be an adequate surplus in the trust funds—probably not a huge surplus.

I can imagine some future budget director about the year 2010 finding that social security payments are taking more money out of the economy than he would wish to be the case. It could happen. It certainly is the case that for many years Presidents had a rather easy time of things because there was that small but not insignificant surplus.

The Senator from New York would not contradict anything the Senator from New Mexico has said.

Mr. DOMENICI. Mr. President, I say to the Senator from New York that I think where we may differ in the future, and it will all come out as his committee, under the leadership of the distinguished Senator from Kansas—and when the blue ribbon commission is actually operative—the differences will come out only with respect to how critical is the solvency issue. Is it 10 years down the line? Is it 3 years? Is it 15 years? Have we, by interfund borrowing, brought the proximity of insolvency closer? Is there some way to once again disassociate the two? But, obviously, sooner or later, we have to address that issue.

I wish we never had to do so. I wish I could stand here and say you did not have to raise any revenue to offset the cost of the minimum benefit, but you did. I do not think you did because you like to go through an exercise in raising revenue. I think you went through it because there is a genuine concern on the part of your committee, and obviously on the part of your counterparts in the House, that we cannot afford any significant outlays, at least without maximizing that day of reckoning.

That is what I said in commending the Senator.

Obviously, that is a different situation from the one we had when we started reconciliation some 7 or 8 months ago. We had the minimum benefit, with no new revenues. It was broader when you brought it back, and you narrowed it somewhat and paid for it. With the interfund borrowing, and no other kinds of reforms being looked at for a while, how close is the system to insolvency or serious solvency problems?

I think you could have a date in mind today and be absolutely looking at the facts as you see them. I could have a closer date in mind as to when that would occur, and I think I would be entitled to the same.

I hope that, in the next 24 months, we will arrive at the same conclusion, or that a compelling majority of both Houses will arrive at the same conclusion, with reference to this, and then address it.

Mr. HUDDLESTON. Mr. President, I support the pending conference report which would restore the social security minimum benefit to some 3 million beneficiaries nationwide. It is a benefit which never should have been repealed in the first place, and I am pleased that this body and the administration are finally giving the serious consideration due to a proposal to reinstate it. The House has already voted to do so, and I believe that we in the Senate have the responsibility to do the same.

The American people support the concept of reduced Federal spending, and on the whole, judging from the countless people I have heard from in Kentucky, would support some rational adjustments in the social security system if need be. It is the irrational cuts, particularly that of the minimum benefit, that they are not willing to stand by and support.

The financing of the old age and survivor's insurance trust fund does need to be strengthened; no present or future statistics dispute this. What is more, anticipated problems may surface much sooner than we would like to believe. All this depends on the ability of the economy to rebound and respond to what we all hope will be the successful effects of

the administration's economic policy on this country.

At issue, however, is not whether changes should be made, but how. I believe and have consistently stated that this can and should be achieved without severe reductions in benefits to those now receiving them and without reducing promised protection for those now contributing to the program. The massive and piecemeal cuts proposed by the administration to solve the problems facing the social security system have done just the opposite; they have been examples of using a meat ax instead of a scalpel to perform necessary surgery.

In the President's televised message to the Nation on September 24, we finally had a glimpse of what the administration has meant all these months in its referral to the truly needy. In fact, the main impact of the proposal to repeal the minimum benefit would fall on somewhere around 1.3 million elderly poor beneficiaries who would be forced to find other sources of assistance, most probably SSI or some form of State welfare.

It does not seem to me to be good, sound policy to deny benefits to elderly poeple who have been living for years on benefits we have pledged them and who have no ability to otherwise compensate for the loss of income proposed. And forcing them onto welfare or State public relief rolls is not the answer either.

There are other ways to bring the social security system out of immediate threat of insolvency than to drastically cut benefits to individuals who were paying into a system that claimed it would aid them in their retirement. I believe that the interfund borrowing mechanism endorsed by the Senate Finance Committee, and more recently, by the President, is one which will allow us to take a serious and indepth look at the long-term financing of the system without placing the bulk of the responsibility of these problems on those least able to bear it.

I believe too that the 15-member task force proposed by the President will now have the time and resources which are integral to the formation of reasonable and workable answers to the future of social security.

Mr. President, the American people, by electing us to represent their interests in Washington, placed a trust in us. They have every right to expect us to uphold that trust, and in fact, to insist upon it. They have already experienced a violation of that trust in an administration that promised no changes in social security and then pushed through to passage benefit reductions which would collectively constitute the most severe cuts in the history of the system.

The implications for such a blatant violation of that trust are very serious. Should the American people get used to this game of chance where the tables can turn on them in the matter of seconds? I believe not. I urge my colleagues to join in this effort to restore the minimum benefit to those now receiving it and in so doing, some of the lost confidence and trust of the American people in their elected representatives.

Mr. HEINZ. Mr. President, first, I commend the manager of this bill.

I note the presence on the floor of several Members who have been instrumental in bringing about this work product—the chairman of the Finance Committee, Senator DOLE; the chairman of the subcommittee, Senator ARMSTRONG, who now occupies the chair; the ranking minority member on the subcommittee, Senator MOYNIHAN.

Senator DOLE and Senator MOYNIHAN are not occupied with the responsibilities of the chair at this moment, and I wish to bring to their attention a problem that was brought to my attention earlier today regarding page 13 of this bill, where I believe there has been an inadvertent drafting error.

I think Senator MOYNIHAN and Senator DOLE will recall a discussion involving ourselves and Mr. Spahn, and I think the transcript of that discussion will show that at our meeting of the conferees on this bill yesterday, we had reached a clear understanding that the waiver of interest and penalties referred to in section 3(f) of the bill would be granted automatically in all cases of the delinquent payment of the payroll tax on sick pay prior to June 30, 1982, unless it could be shown that late payment was due to willful neglect.

I ask my colleagues if that was their understanding as well.

Mr. DOLE. That is our understanding.

First, I thank the distinguished Senator from Pennsylvania, one of the conferees, for raising this issue in conference. He is correct. There is a drafting error that failed to remove the words involving "reasonable cause." That was the agreement reached by the conference.

It was the view of the conferees that the tax should be made effective in January and that interest and penalties for failure to comply should be waived for 6 months unless the late payment is due to willful neglect.

Mr. MOYNIHAN. That is my understanding, too.

Mr. HEINZ. I think the record we make here is clear: that there is no burden on the employer in having to show that he has reasonable cause. The burden, as I understand it, would be on the enforcement agency of this bill to show willful neglect.

Mr. DOLE. That is the understanding of the chairman of the conference, and I think it is the understanding of the other conferees.

Mr. MOYNIHAN. That is the understanding of the Senator from New York.

Mr. HEINZ. I thank my colleagues. I appreciate it.

Mr. President, the conference report now before the Senate is one which I suspect everyone in this Chamber will be able to support. With this action we can end the discussion of the minimum benefit and act positively to assure that the 3 million individuals who now rely on this $122 a month to continue receiving it without interruption. While I am pleased that we can at last send this bill to the President, I am disappointed that the Congress has been unable to agree to any measures which could help alleviate social security's pressing financing problem.

It was my hope, and I believe the hope of my fellow conferees on this bill, that we could retain the minimum benefit without losing any of the short-term savings we achieved in the Omnibus Budget Reconciliation Act earlier this year. This bill was never intended to provide any solution to social security's short-term problems, but it should have at least been neutral in its impact on the trust funds. Unfortunately, this bill not only does nothing to improve the trust funds, it actually ends up costing the trust funds $1.7 billion between now and 1986. Given the highly charged atmosphere surrounding the social security issue this year, I am persuaded to conclude, albeit reluctantly, that this package is the best compromise we can expect. At least it leaves us with no illusions—it can not get social security through the decade, it cannot even get it through the next 5 years. In fact, the Congress will be lucky if we are spared the agony of wrestling with social security again before the next election.

Mr. President, this bill does nothing to lessen the urgency of social security's financing problems. Interfund borrowing for 12 months only postpones the inevitable depletion of the old age, survivor's and disability funds until the end of next year. Before then the Congress must come to grips with the need for additional revenues or savings in the old age and survivors insurance and the hospital insurance program.

Even if we had authorized interfund borrowing until the end of the decade, we would still only have about 97 percent of the revenues needed in all three funds to cover outlays and maintain a 2-month reserve cushion under intermediate assumptions. I consider this an optimistic assessment. In fact, if you look at the performance of the economy this year, it is clear that we will be lucky to see an economy as healthy as the intermediate assumptions forecast.

This year's price increases appear to be exceeding wage increases by more than was forecast. And the rising rates of unemployment and declining growth rates are cause for concern in reviewing next year's forecasts.

The real problem in social security, however, is not the short term deficits in OASDI. These deficits are small by comparison to the deficits we will see in medicare in the next decade; and they are temporary. After 1990, an already scheduled increase in the payroll tax rate will restore the solvency of OASDI for another 25 years. At the same time, medicare will be headed for imminent and permanent depletion. We cannot allow this to happen. Medicare has been the foundation for improved health care for millions of older men and women. It has vastly contributed to the better health that now prevails among the elderly and it is vital to their continued well-being. But if we look beyond this decade, we can clearly see that medicare's financing problems dwarf the difficulties we have in OASDI, either short range or long range. Between now and the turn of the century, OASDI will actually have on average an annual surplus, while medicare will have, on average, large annual deficits twice as large as the surpluses in OASDI.

In the next 25 years, under intermediate assumptions, OASDI will average a surplus of $8.1 billion a year in constant 1981 dollars. Over the same period, the hospital insurance fund will average a deficit of $16.1 billion a year (constant dollars). If you extend the period to 50 years or 75 years, the differences are even more extreme. For instance, over the next 50 years, the average annual deficits in HI are 10 times as great as those in OASDI.

The medicare financing problem, and the short-term and long-term deficits in the old age, survivors, and disability insurance programs are now matters to be taken up by the bipartisan task force the President called for in his nationally televised speech on September 24. I urge the task force and the Congress to work quickly. The confidence of the American people in social security and in the Congress is dwindling rapidly. It is unfair to those who have retired and those about to retire to keep up this atmosphere of alarm and uncertainty indefinitely. And ultimately, it can only weaken public support for the social security system to drag the country through these prophecies of gloom and doom year after year. This bill will give the Congress a brief respite we need from the politics of social security to consider options for resolving the system's problems. I urge my colleagues to support this conference report and then to take advantage of the opportunity this affords us for addressing social security's problems more objectively in the next session.

Mr. DOLE. Mr. President, it is my understanding that there is an agreement that there will be no vote before 4 o'clock. Is that correct?

Does the Senator from New York know of other speakers on his side?

Mr. MOYNIHAN. I am not aware of any.

Mr. DOLE. Mr. President, I thank the distinguished Senator from New York and others who have participated in the discussion—the Senator from Colorado, the Senator from Pennsylvania, and others. The Senator from Kansas was necessarily absent for about 30 minutes.

Mr. President, we have a responsibility, those of us on the committee and those who may serve on the task force—I understand that some in this body will be on that task force—to come to some resolution of this very important problem.

We were told in the last few days that we will soon reach the point when social security will take up about 23 percent of the total budget. It is a large item that needs to be addressed.

I do not suggest, as the Senator from New York has indicated a number of times, that we should balance the budget on the backs of social security.

That is not in the interest of current beneficiaries or future beneficiaries. But all of us certainly have some responsibilities to restore the solvency of the social security program. I hope we can soon go to work in that area.

(Mr. HEINZ assumed the chair.)

Mr. MOYNIHAN. I wonder if I could ask the distinguished chairman what has he heard about the status of our task force, commission, board of inquiry?

Mr. DOLE. The Senator from Kansas understands it is about to be hatched.

Mr. MOYNIHAN. About to be hatched?

Mr. DOLE. Not axed but hatched.

Mr. MOYNIHAN. Is it hoped that the Senator from Kansas is to be a member?

Mr. DOLE. That is a possibility, but I cannot speak for the majority leader. I base my supposition that the appointments will soon be made on the fact that we are at the end of the session. There is some effort to conclude that procedure before the session ends.

Mr. MOYNIHAN. May I say it has been suggested to me by the minority leader that I be a member, and I said I would be proud to serve on it. I hope the President will be careful about the persons he chooses, and I know he will be. There is a long tradition of bipartisan concern among both parties. There are persons of experience in both parties, and I hope we might see a mixture in the Executive appointments that reflect that 45 years, and I am sure we will.

Mr. DOLE. Right. The Senator from Kansas heard a number of names under consideration, including such constituents of the Senator from New York as Alan Greenspan and others with considerable knowledge in the area.

Mr. MOYNIHAN. Alan Greenspan would be a superb appointee from some point of view. He is not likely to make my life easier, but he might sharpen my wits a bit, as he frequently does.

Mr. DOLE. It is only a rumor. I like to start rumors if I cannot do anything else, and I can start a few rumors while we are waiting to check out the votes. I understand that process is now under way.

The Senator from Iowa (Mr. JEPSEN) is on his way to the floor to make a brief statement on the conference report. So while he is about to enter the Chamber I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. JEPSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEPSEN. Mr. President, a great deal has been said on the floor today regarding the real status of the social security trust funds. In addition, we have heard Members tell us how it was only through the efforts of our Democratic colleagues that the minimum benefit was saved. I think it important, Mr. President to try and get this whole issue in perspective. I do this, because it is my solemn desire, along with my colleagues, to see social security handled in a bipartisan manner. I am afraid, however, that in light of the comments made here this afternoon, this may prove difficult.

I therefore would like to quote from a Democratic study group report. It is a fact sheet dealing with social security.

It is a factsheet dated October 17, 1977, from the Democratic Study Group. These are the Democrats now in 1977, and the factsheet reads as follows:

The social security system currently faces two financing crises, long term and short term. Since 1975, due to the high rates of unemployment (which curtail social security revenues) and the equally high rates of inflation (which cause increases in social security benefits), the OASI and DI trust funds have experienced annual deficits; i.e., expenditures have exceeded income. Thus, the funds have had to eat into their reserves. Projections show that if no action is taken, the DI trust fund will be exhausted in 1979 and the OASI trust fund will run out in 1983.

The long term crisis is primarily caused by the sharp decline in the birth rate, along with an increase in average life expectancy and a trend toward earlier retirement. These trends mean that the number of people working and paying social security contributions in the future will be smaller in relation to the number drawing benefits. For example, today there are about three workers for every person getting social security benefits; the next century is expected to have only about two workers for every beneficiary. Consequently, the cost of the program per worker will rise.

What is most important about this statement, Mr. President, is the fact that it was made in 1977. The date of this factsheet is October 17, 1977.

The other point I would like to make, Mr. President, deals with the social security minimum benefit. Included in this same report is a list of amendments to be offered by House Members. Under the following heading "Minimum Benefit," the following Democratic proposal appears:

MINIMUM BENEFIT

If the universal coverage provisions are stricken from the bill, Rep. Corman will offer an amendment to eliminate the minimum benefit from the social security program.

Arguments for the Amendment.—Proponents of the amendment argue that if universal coverage is striken from the bill the minimum benefit must be eliminated to address the problem of "double dipping." Eliminating the minimum benefit will cut off the windfall social security benefits received by many retired civil servants. The minimum benefit is often paid to governmental employees who either moonlight or retire early and work just long enough under social security to meet the minimum eligibility requirements. As of December 1975 about 45 percent of civil service retirement annuitants also received social security benefits, and more than a quarter of them were receiving the minimum.

As we all know, Mr. President, universal coverage for Federal employees was not enacted. Thus, the Democratic alternative to this proposal was elimination of the so-called minimum benefit.

As I mentioned when I began my remarks, I would hope that social security could be dealt with in a responsible, bipartisan manner. Unfortunately, the rhetoric which has surrounded the debate thus far has only served to muddy the issue. Instead of trying to lay blame for the problems, for surely social security has been in trouble for a long time, we should lay aside the rhetoric and get down to restoring the system to its proper financial stability.

I thank my colleagues for listening to these interesting comments made by the Democrats in 1977. I think it gives us all some food for thought.

I thank the Chair.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. JEPSEN. Yes.

Mr. DOLE. I want to thank the distinguished Senator from Iowa for bringing

that material to the floor. There has been on the part of some on the other side—not all—a suggestion that somehow Republicans dreamed up this elimination of the minimum benefit. Some suggest that we are heartless and cold and do not care about low-income Americans. But by eliminating the minimum benefit we were trying to address some of the problems outlined by the distinguished Senator from Iowa. We did not give up until we got to conference on the theory that if, in fact, you have a sizable Federal, State, or local pension, you should not also receive a minimum benefit. You should receive your earned benefit but not the minimum.

But the House would not accept that. I only regret that I did not have that DSG document in conference. It would have been very helpful, and I appreciate the Senator from Iowa's diligence in furnishing this material.

Hopefully, those who cover this story will take note of the history of the minimum benefit elimination and will properly indicate that there are politics in social security. There always will be.

But, as the Senator from Iowa points up in his final statement, we do have a bipartisan obligation. I do not believe most senior citizens really care, when it comes to dealing with social security, what our party affiliation may be. I do not believe that the 115-million working Americans, Americans paying into this system, are interested so much in politics as in trying to find some way to preserve this system.

Based on the statement by the Senator from Iowa and others today on the Senate floor, I hope that we will accept that responsibility.

Social security is a highly politicized issue, no doubt about it. We can lay the blame in a number of places. The point is we have not addressed the social security problem. It is a matter of great concern to the Senate Finance Committee. I do regret, as chairman of that committee, that we have been unable to make any movement on social security except for the few changes made in the reconciliation bill. These changes were largely due to the efforts, I might say, of the chairman of the Budget Committee and others.

So we are going to do our best to work with Republicans and Democrats to forge meaningful change in the social security program—not to cut benefits but to restrain the growth in some areas so that those who now rely on social security and will rely on the program in the future can be assured that the system is sound.

To conclude, I urge my colleagues to support the conference agreement in full knowledge that the possibility of insolvency is right around the corner. The near-term financial condition of social security is revealed most clearly by recent projections of the "trust fund ratio"—the ratio of reserves in the system to the potential payout. In a sense, this statistic tells us whether we have sufficient money to pay benefits.

The historic level of these reserve ratios is instructive and points to the need for financing reform. We have always felt we should have a "fully self-sustaining" system—that is, enough money on hand to insure benefits can continue to be paid without interruption.

In 1950, we had a fund reserve equal to 10 years worth of benefits. The reserve ratio was 1,157 percent of potential payouts. In 1960, the ratio was 186 percent. In 1970, the ratio dropped to 94 percent, and many in public life were quite concerned that the system was less than secure. In 1975, the combined fund ratio dropped to 68 percent, and after a major financing bill was passed in 1977, the ratio fell to 29 percent at the beginning of 1980, and to 23 percent at the beginning of this year. It now stands at 20 percent of annual outgo—just 2 months worth of benefits. It is projected to fall continuously.

If the reserve ratio ever dropped below 9 percent, the fund would not have sufficient funds to pay the benefits in the upcoming month. This is a tragic situation that should never be allowed to occur.

Some have said that we have no short-term financing problem because under current law, or as in the conference agreement, reserves should "only" fall to the range of 12 percent of the projected payout in 1985, according to CBO. This is simply not enough money to slip by, however.

The CBO believes that if we start a year with as little as 12 percent of needed funds, the normal swings in income to the fund that occur from month to month will plunge the ratio below 9 percent during the year. That is, the normal swings in income to the system, due to such factors as changes in the unemployment rate, will probably not permit the payment of benefits during 1985. If the CBO economic assumptions are at all optimistic, of course, then we will have a serious problem much sooner.

CBO does not believe we will slip through with current law and this package. As I have stressed on several occasions, we have a short-term problem of major proportions that we are not addressing here.

I thank my colleagues.

Mr. BRADLEY. Mr. President, I am pleased to vote today to restore social security minimum benefits to current beneficiaries and to those who become eligible by the end of 1981.

The administration's insistence on ending the program threatened significant hardship for many low-income elderly individuals and couples who count the $122 monthly minimum benefit as an important source of income. Even the administration admitted that over half a million beneficiaries had incomes low enough to qualify them as "truly needy" and make them eligible for other assistance programs. But the administration excused this sudden harsh action by saying that these older Americans could simply go to their local welfare offices, stand in line, cope with the many confusing forms, document their income and expenses, and eventually receive aid.

The fact is that these older Americans would be sufficiently discouraged or embarrassed by these requirements that not very many of them would apply for aid. The administration admitted as much—rather cynically, in my opinion—when they estimated that the cost of new assistance for these eligible low-income elderly would not be very great due to this discouragement factor. Phasing out the program was never considered; the administration wanted up-front savings and only total elimination of the program would bring the dollars needed to offset the administration's growing budget deficit.

Mr. President, despite Democratic attempts to continue social security minimum benefits to current recipients, the Congress did pass the administration's proposal to eliminate the program in the Reconciliation Act last summer.

However, as legislators began to hear from their constituents about this particularly rash bit of budget cutting, they started questioning the wisdom of ending minimum benefits for those already receiving them. The result is the legislation now before us for final passage, which would undo the earlier harmful action. Moreover, this legislation would not discriminate against those beneficiaries who are receiving Government pensions, earned through many years of dedicated public service. Nor would it reduce family benefits, as earlier proposed.

Mr. President, today we have the opportunity to correct a mistake. Many older Americans have endured months of worry about their financial status. That worry should never have plagued them; the administration's proposal should never have been passed. Mr. President, I am pleased to join my colleagues in easing the minds of these older Americans by restoring the social security minimum benefits on which so many of them depend.

Mr. DECONCINI. Mr. President, I am pleased to cosponsor S. 1944, a bill introduced by Senator LEVIN which amends title II of the Social Security Act to provide that disability benefits cannot be terminated prior to exhaustion of administrative remedies unless current medical evidence substantiates such a termination.

According to a newspaper report, the administration recently estimated that up to 25 percent of those receiving social security disability payments are physically able to work. The article went on to say that John Svahn, Social Security Administrator, told a House subcommittee that of 55,000 final decisions made by the end of September, 26,000 were ordered taken off the rolls. Mr. Svahn was quoted as saying that a substantial number of appeals are anticipated.

I do not believe that too many would quarrel with the proposition that those who are capable of engaging in "substantial gainful activity" should not be receiving social security disability benefits—I would not. Thus, the administration's effort to ferret out those who should not be receiving disability benefits is commendable. However, even the most avid ferreter, one assumes, would have the necessary medical evidence to document a termination of one's disability benefits.

Apparently, current medical evidence is not high on the priority list of those

who have the responsibility for ferreting. In a survey of those most familiar with the review process for making an eligibility determination several cogent conclusions were reached. This survey conducted by members of Senator LEVIN'S staff resulted in the following conclusions.

First. Persons have been terminated from the Disability rolls even when they meet the medical listing of the Social Security disability program.

Second. Hundreds of terminations were the result of staff error. Hundreds more were as a result of arbitrary decisions rendered by overworked, untrained staffers.

Third. State agency employees revealed they were instructed to meet quotas.

Fourth. Beneficiaries are being terminated from the rolls even in some cases where the findings of the consultative exam and the treating physician is that the patient cannot even perform the normal day to day functions of living. Many of these terminations were beneficiaries over the age of 55, with a good work history prior to their disabling condition and had been on the rolls 2 or 3 years.

Fifth. Beneficiaries are being terminated from the rolls without any current medical findings. Determinations are being made based on file findings—in many cases there has been no physical-medical examination of the beneficiary from 6 months to 1 year or more.

It is appalling that numerous terminations of disability benefits are based on scanty or no medical evidence at all, and in many instances are arbitrary decisions of overworked and untrained staff, made because a quota must be met. Further, these kinds of decisions affect some of the most vulnerable of our citizens. The National Commission on Social Security in its final report stated:

Those receiving Disability Insurance benefits tend to be older workers; 73 percent of those on the Disability Insurance rolls at the end of 1977 were over the age of 50; 58 percent were over the age of 55. Many have progressive impairments that are not likely to be reversed. Many have limited educations and job skills and few prospects for transferring to new occupations before retirement.

Mr. President, it saddens me that lives must be severely disrupted and in some cases taken before we feel compelled to act. Senator LEVIN cited in his introductory statement, as I did in the RECORD last February, the suicide of an Arizona constituent who took her life 2 days before an appeal reversal decision arrived in the mail. Other similar examples, both in Arizona and throughout the Nation, could be given, but rather than such recitations, what is needed is prompt actions on S. 1944.

What could be more fair, more equitable, more humane, than to simply require that disability benefits should continue through the appeals process unless a current medical examination attests to a change in the medical condition of the beneficiary which would support the conclusion that the beneficiary is capable of engaging in substantial gainful activity. I urge my colleagues to support S. 1944.

Mr. MITCHELL. Mr. President, the conference committee on the minimum benefit has taken a number of positive steps. First, it has restored the minimum benefit for all current beneficiaries. Second, it has averted a crisis in the financing of the social security system next year by authorizing borrowing among the three trust funds. Finally, it pays for most of the additional costs incurred by the restoration of the minimum benefit through a reform in the treatment of sick pay.

Based on President Reagan's original budget request, the Congress eliminated the minimum benefit for all beneficiaries in the Reconciliation Act. I opposed this action, both in the Finance Committee and on the Senate floor. Although budget cuts are necessary, they should not come at the expense of the neediest of the elderly. Many individuals changed their employment and retirement plans, based on the expectation of receiving the minimum benefit. Recalculating the benefits of these retirees imposes a major burden and breaks a commitment made by the Federal Government.

The conference version of the bill is much more equitable than the action taken in the Reconciliation Act. The conference version restores the minimum benefit to all retirees who would have been eligible for minimum up to January 1, 1982. Most of the additional costs resulting from this move will be covered by extending the social security payroll tax to the first 6 months of sick pay.

I am pleased that the conference retained an amendment that I offered in the Finance Committee. This amendment delays the effective date for elimination of the minimum benefit for members of religious orders by 10 years. These individuals are much more likely to have work histories in covered employment that result in earned benefits less than the minimum. This is due to vows of poverty these individuals take and because they have been covered by social security only since 1972. I believe that these circumstances are unique and that this legislation should reflect that fact. I am also pleased that the conference version does not single out retired Government employees to receive less than the minimum benefit. The Senate version would have reduced the minimum benefit for retired Government workers by the excess of their pensions over $300.

Another important provision of the conference version is the 1-year authority for interfund borrowing. Even under optimistic economic assumptions, a transfer of revenues among the three trust funds would have been necessary to avert a financial crisis in the social security system in the near term. A shortfall was forecast for the retirement fund because the Congress, when it last allocated the payroll tax rate among the trust funds, did not earmark a sufficient amount of revenues for the retirement fund. This problem is best addressed by allowing a transfer among the trust funds rather than by cutting benefits or increasing taxes.

I commend the conference committee for its actions. It has addressed the most pressing issues facing the social security system. With no action, the minimum benefit would have been eliminated and the retirement fund would not have adequate reserves to pay monthly benefits some time next year. By approving the conference report, Congress can restore public confidence in its ability to deal with the problems confronting the social security system.

Mr. KENNEDY. Mr. President, I am pleased today to join with my colleagues in supporting the agreement of House-Senate conference. This report endorses what many of us on this side of the aisle have been saying for months. The administration's social security proposals went far beyond what was needed to solve the trust funds' short term problems. The administration's plan to penalize early retirees and cut benefits for other senior citizens was nothing more than a veiled attempt to balance the budget on the backs of the elderly.

I just want to point out that I, along with the vast majority of my colleagues on this side of the aisle, have supported the proposal to permit interfund borrowing since the day the administration announced its ill-conceived cuts in social security.

Senator MOYNIHAN, Senator CHILES, and I offered an amendment to authorize interfund borrowing. It was defeated 51 to 54, with only one Republican voting with us.

We said that interfund borrowing would address the immediate short-term financing problem in the system and permit consideration of the potential long term problems in a calm, deliberative fashion. Secretary Schweiker, in testimony before the Finance Committee, supported this idea. Four former directors of the Social Security Administration supported it at a policy forum I held back in May when the President first announced his program.

For the last 7 months the senior citizens of this country have been told by the administration that the system was verging on collapse and that the financial crisis required immediate draconian cuts in benefits. But when we read the concessions of David Stockman we learned the real motives of this administration. As Stockman confessed, he was desperate to find the budget savings that were needed to offset the giveaways to the oil companies and windfalls to the rich in the tax bill the administration so eagerly embraced.

But this time the politicians listened to the people and rejected the Reagan-Stockman plan.

The proposal before us also restores the minimum benefit for current beneficiaries. The President said in his address to the Nation last September that he was asking that the minimum benefit be restored, implying that the Congress had taken steps to eliminate it.

I think we should again set the record straight.

The President's budget request called for eliminating the minimum benefit.

On six separate occasions Members of this body had the opportunity to restore the minimum benefit. On each occasion, the majority of Republicans voted against those amendments.

In a letter to Senator BYRD last July, the President suggested that "opportunistic political manuvering especially designed to play on the fears of many Americans" lay behind initiatives to restore the minimum benefit.

The public did not accept that explanation then and does not believe it now. Senior citizens know that it was the administration who wanted to cut benefits and concerned Democrats who worked to restore them.

I am pleased that so many of my colleagues are now willing to change their minds and their votes.

I commend the work of the conferees. I believe the proposal worked out by the House and Senate offers a reasonable and responsible solution to the financing problems facing social security in the short term.

It is a significant departure from the administration's draconian proposals and a significant victory for our Nation's senior citizens. Our action here today renews our Nation's contract with those seniors who have paid in to social security over the years and now rely on those benefits.

Our action here today reaffirms this Nation's commitment to maintain a financially sound social security system without cutting benefits. Our action should reassure all those still working who doubt whether social security will be there when they retire.

Over the months my Democratic colleagues and I have argued that we cannot allow a questionable economic program to undermine and endanger the financial security of those citizens now retired and those workers about to retire. I am pleased that today so many of my Republican colleagues now see the wisdom of our arguments and will vote to protect the integrity of the social security system.

Senator BENTSEN. Mr. President, I would like to take just a moment to congratulate my colleagues Chairman DOLE and Senators LONG, MOYNIHAN, ARMSTRONG, HEINZ, and DANFORTH for having reached a workable compromise on the bill now before us. I am pleased to cast my vote one more time in favor of retaining the minimum social security benefit for the more than 3 million retirees now receiving these benefits, and to lend my support to an interfund transfer provision designed to alleviate the immediate financing difficulties of the retirement fund.

While I continue to believe that we in the Congress must be prepared to take on the difficult but necessary task of strengthening the future solvency of the social security system, I will not endorse modifications that force those now retired to bear the brunt of such changes through cuts in their monthly benefits. Our objective must be to strengthen the social security system for the long term and to insure Americans that their Government is capable of and determined to live up to its commitments. Any other approach to this issue would constitute a breach of trust with the 150 million American workers and retirees who built this country and whose retirement plans depend on a sound and equitable social security system. I urge my colleagues to join me in support of the agreement reached by the conferees.

Mrs. HAWKINS. Mr. President, today the Senate will vote on the conference report to H.R. 4331, the Social Security Amendments of 1981. Once again we address the issue of whether or not to restore the minimum benefit which was eliminated in the Omnibus Reconciliation Act of 1981.

Ever since the elimination of the minimum benefit, I have consistently supported its restoration. On July 21, 1981, I voted to restore the minimum benefit. Again, on July 23, 1981, I voted to restore the minimum benefit to current beneficiaries. And on October 15, 1981, I voted to restore the minimum benefit.

It is with reservation that I vote in favor of this conference report. I will vote for the measure because it restores the minimum benefit for eligible beneficiaries retiring before January 1982.

Unfortunately, beneficiaries who retire later will not be so fortunate. I do not believe this is fair. The Congress should also honor its prior commitments at least to those planning to retire soon who have long counted on the minimum benefit when planning their retirement.

Furthermore, the conference report proposes interfund borrowing from the date of enactment through December 31, 1982. Permitting interfund borrowing for 1 year should not qualify as even a stop gap measure, it is just a temporary deferral from real decisionmaking.

The Senate amendment to H.R. 4331 would have authorized borrowing between OASI and DI trust funds until January 1991. This temporary decision does not really address the short term financing problems of the social security system. The Congress will have to act again prior to final adjournment of the 97th Congress.

In addition, when the Senate considered H.R. 4331, I expressed my opposition to limiting further the maximum received when a primary wage earner with dependents retires or dies. For this reason, I am pleased by the action taken by the conference committee to eliminate this unfair change.

Mr. President, although we need to authorize interfund borrowing for longer than 1 year and restore the minimum benefit to others not covered by this bill. I will vote for the report. However, the benefit from restoring the minimum benefit to over 3 million people outweighs the omissions I have stated.

Mr. DOLE. Mr. President, I know of no other requests for time.

Mr. MOYNIHAN. Mr. President, I know of no requests on our side.

Mr. DOLE. The yeas and nays have been ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER) is necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "yea."

The PRESIDING OFFICER (Mr. JEPSEN). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 486 Leg.]

YEAS—96

Abdnor	Ford	Moynihan
Andrews	Garn	Murkowski
Armstrong	Glenn	Nickles
Baker	Gorton	Nunn
Baucus	Grassley	Packwood
Bentsen	Hart	Pell
Biden	Hatch	Percy
Boren	Hatfield	Pressler
Boschwitz	Hawkins	Proxmire
Bradley	Hayakawa	Pryor
Bumpers	Heflin	Quayle
Burdick	Heinz	Randolph
Byrd, Harry F., Jr.	Helms	Riegle
	Hollings	Roth
Byrd, Robert C.	Huddleston	Rudman
Cannon	Humphrey	Sarbanes
Chafee	Inouye	Sasser
Chiles	Jackson	Schmitt
Cochran	Jepsen	Simpson
Cohen	Johnston	Specter
Cranston	Kassebaum	Stafford
D'Amato	Kasten	Stennis
Danforth	Kennedy	Stevens
DeConcini	Laxalt	Symms
Denton	Leahy	Thurmond
Dixon	Levin	Tsongas
Dodd	Long	Wallop
Dole	Lugar	Warner
Domenici	Matsunaga	Weicker
Durenberger	Mattingly	Williams
Eagleton	McClure	Zorinsky
East	Metzenbaum	
Exon	Mitchell	

NOT VOTING—4

Goldwater	Melcher	Tower
Mathias		

So the conference report was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. METZENBAUM. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the majority leader.

THE SENATE'S SCHEDULE

Mr. BAKER. Mr. President, if I may have the attention of the Senate for a moment, I shall try to outline my hopes for the schedule of the Senate for the remainder of this day.

Mr. President, it is not possible, in my judgment, to finish and adjourn sine die today. It will be necessary to go over until tomorrow.

I hope, however, that before this day is over we could do the following things:

A Senate joint resolution to be offered by the distinguished Senator from Arizona (Mr. DECONCINI) which has been cleared, I believe, on both sides for action by unanimous consent, and I propose to do that assuming that the clearances are complete on both sides immediately after this announcement is complete and before we go to the next major item of business.

After that, Mr. President, I hope that we can proceed to the consideration of the agriculture appropriations conference report, to be followed by the military construction conference report, to be followed by the Department of Defense appropriations conference report,

to be followed by the identities bill, the agents identification bill.

That is a full platter, Mr. President, but I think it is possible to do and if we are to finish and adjourn sine die tomorrow, I think it is necessary that we try to complete at least this much of the Senate's work tonight.

Mr. President, I am also advised by the distinguished chairman of the Committee on Indian Affairs that there are two other related resolutions dealing with Indian matters which are cleared and that also should be offered or disposed of at this time. I propose that we deal with the DeConcini resolution and then the two resolutions to be offered by the Senator from Maine (Mr. COHEN) and then proceed to the agriculture appropriations conference report.

Mr. BIDEN. Will the Senator yield for a question?

Mr. BAKER. Yes, Mr. President, I am glad to yield.

Mr. BIDEN. Is it the leader's hope that all five matters he spoke of will be brought up and dealt with by the end of the day or the end of business tomorrow?

Mr. BAKER. I hope we can do them today. I am told the Indian affairs matter will not take more than perhaps 5 minutes. The agriculture appropriations bill, I think, can be done promptly. Military construction I am told can be done quickly. We do not get to one that is going to take a long time until we get to the Department of Defense appropriations bill.

Mr. President, I know of the Senator's concern for the agents identities bill, but we ought to get to that by 5:30, I think. I hope we can proceed as expeditiously as possible.

Mr. DOLE. Mr. President, may I address a question to the distinguished majority leader?

Mr. BAKER. I am happy to yield to the Senator from Kansas.

Mr. DOLE. Mr. President, this does not preclude, depending on how fast other things are disposed of, taking up such matters as the black lung matter, does it?

Mr. BAKER. No, by all means. I urge Senators to do that, and any other matters that must be dealt with or that can be dealt with. I hope Senators will come forward and offer them. I have not put a request to limit action to these items but rather gave this list as an illustration of what I hope we shall be able to do tonight. I hope as well we can do other matters, including ones the Senator from Kansas spoke of.

Mr. DOLE. Mr. President, there is black lung, plus others coming over from the House side that we can act upon, if possible.

Mr. BAKER. Mr. President, I hope if we get on with these things, we can be out by 7 o'clock tonight.

Mr. SIMPSON. Mr. President, may I inquire of the majority leader if there is a place on the agenda for the consideration of the Nuclear Regulatory Commission authorization measure?

Mr. BAKER. Mr. President, I thank the Senator from Wyoming. Not on today's schedule, but I fully assure the Senator I shall ask——

Mr. SIMPSON. There will be a period after 2 o'clock tomorrow when the ranking member of the subcommittee (Mr. HART) will not be present after that time.

Mr. BAKER. I tell my friend that it is my present intention to ask the Senate to come in at 10 o'clock tomorrow. It is my hope then to go to the NRC measure immediately after that.

Mr. SIMPSON. I thank the majority leader.

Mr. President, I ask unanimous consent that the Senator from Arizona may proceed with the matter I discussed.

The PRESIDING OFFICER. Without objection, it is so ordered.

EFFECTIVENESS OF PLAN FOR JUDGMENT TO SAN CARLOS TRIBE

Mr. DECONCINI. Mr. President, I thank the majority leader.

I send to the desk a Senate joint resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 136) to validate the effectiveness of a plan for the use or distribution of funds appropriated to pay a judgment awarded to the San Carlos Tribe of Arizona.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. COHEN. I object, Mr. President.

The PRESIDING OFFICER. The objection is heard.

Mr. DECONCINI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BURDICK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

EFFECTIVENESS OF THE PLAN FOR JUDGMENT TO SAN CARLOS TRIBE

Mr. DECONCINI. Mr. President, I ask unanimous consent that it be in order to proceed with consideration of Senate Joint Resolution 136.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object. Mr. President, has the distinguished chairman of the committee resolved his questions?

Mr. COHEN. Yes, Mr. President.

Mr. BAKER. I have no objection, Mr. President.

The PRESIDING OFFICER. Without objection, the resolution will be stated.

The assistant legislative clerk read as follows:

A Senate joint resolution (S.J. Res. 136) to validate the effectiveness of a plan for the use or distribution of funds appropriated to pay a judgment awarded to the San Carlos Tribe of Arizona.

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. DECONCINI. Mr. President, I thank the chairman of the Select Committee on Indian Affairs, the Senator from Maine (Mr. COHEN) for permitting this matter to proceed, as well as the ranking member, the Senator from Montana (Mr. MELCHER) and also the majority and minority leaders. This measure has been cleared with both the majority and the minority. It is self-explanatory. Because Congress will adjourn before Thursday, the San Carlos Apache Tribe of Arizona will not be able to disperse funds recently awarded to it by the Court of Claims. This is because the 60-day review period will not terminate in the House until Thursday, December 17. This measure will validate the distribution plan so that the funds can be distributed even if the Congress adjourns prior to December 17, 1981.

Mr. President, I move adoption of the joint resolution.

The PRESIDING OFFICER. The question is on engrossment and third reading of the Senate joint resolution.

The joint resolution (S.J. Res. 136) was ordered to be engrossed for the third reading, was read the third time, and passed.

The preamble was agreed to.

The joint resolution with its preamble is as follows:

S.J. RES. 136

Whereas, pursuant to Public Law 93-134 (Act of October 19, 1973; 87 Stat. 466; 25 U.S.C. 1401), the Secretary of the Interior or his designee submitted a plan on October 7, 1981, for the use or distribution of funds appropriated to pay a judgment awarded to the San Carlos Apache Indian Tribe of Arizona.

Whereas, such plan has not been disapproved by congressional action;

Whereas, such plan has lain before the Senate for the requisite period of sixty (60) legislative days as provided by Public Law 93-134 but sixty (60) legislative days in the House of Representatives will not expire until December 18, 1981, after the Congress has adjourned; and

Whereas, it is the purpose of this resolution to validate the effectiveness of the plan which was submitted to the Congress pursuant to Public Law 93-134.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the plan for the use or distribution of funds awarded the San Carlos Apache Tribe of Indians in Docket No. 22-H before the U.S. Court of Claims is hereby declared to be valid and effective as of the date of enactment of this Resolution and such plan is declared to have been validly submitted and is exempted from any further review.

Mr. DECONCINI. I move to reconsider the vote by which the resolution passed.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DECONCINI. Mr. President, I thank the Chair.

Mr. BAKER. Mr. President, it appears that the other two resolutions dealing with Indian affairs are not quite ready. I trust they will be ready before long. In the meantime, I ask unanimous consent that the Chair lay before the Senate the conference report on agriculture appropriations.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION, 1982—CONFERENCE REPORT

Mr. COCHRAN. Mr. President, I submit a report of the committee of conference on H.R. 4119 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4119) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of today, December 15, 1981.)

Mr. COCHRAN. Mr. President, I am very pleased that, at long last, we have before us today the agriculture, rural development, and related agencies appropriations bill for fiscal year 1982 conference report. This has been a long and difficult budget year, demanding extraordinary time and efforts by both the staff and the members. We have succeeded, however, in finally shaping this measure to a very fine balance between unprecedented budgetary constraints and the ever-growing demand for continued progress in agricultural technology, soil conservation, rural development, addressing food needs here and abroad, and the many other goals represented by programs funded in this bill.

Before proceeding any further, I commend the distinguished Senator from Missouri (Mr. EAGLETON), who, as ranking minority member for the subcommittee, has contributed so much to the consideration of this measure. His experience and sound judgment were invaluable in making the many difficult decisions required to achieve the spending targets confronting us.

Mr. President, the bill provides $23 billion in budget authority and $19.5 billion in outlays. This is a reduction of $317 million from the original conference report level for budget authority and $212 million less in outlays, thereby matching the level provided for this bill in the recently approved continuing resolution. As was discussed during the consideration of that measure, the administration has made a commitment to sign any regular appropriation bill which conformed to the continuing resolution level, and I have been assured by the Office of Management and Budget that the revised conference agreement that we have before us today will be recommended for signature by the President.

The specific reductions to achieve the savings I have just discussed are enumerated in the modification of amendment No. 112 of the bill, and are listed in a table which I request unanimous consent to have printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD as follows:

	H.J. Res. 370	Proposed committee amendment	
	BA	BA	Outlays
In Whitten resolution:			
(C) Office of Governmental and Public Affairs	$359,000	$359,000	$359,000
Scientific activities overseas	200,000	5,000,000	1,000,000
Hatch Act	5,744,000	2,500,000	2,500,000
Special grants	912,000	912,000	91,000
Animal health grants	240,000	240,000	240,000
Competitive grants	680,000	680,000	136,000
Smith-Lever	8,935,000	4,000,000	4,000,000
Renewable resources	120,000	1,000,000	950,000
Public Law 480	44,141,000	103,528,000	103,528,000
RHIF restoration	32,199,000	97,000,000	18,000,000
RDIF restoration	8,162,000	24,000,000	
Other options:			
(C) WIC	38,920,000	38,920,000	38,786,000
ARS	18,120,000	10,000,000	9,500,000
Farmers Home, S & E	11,297,000	6,000,000	5,700,000
(C) Economic Research Service	1,640,000	1,640,000	1,558,000
(C) Statistical Research Service	2,151,000	2,151,000	2,043,000
Food Safety and Inspection Service	13,130,000	5,000,000	4,750,000
Food and Drug Administration	13,281,000	4,000,000	3,800,000
Animal and Plant Health Inspection Service	11,375,000	4,000,000	3,800,000
SCS, conservation operations	12,592,000	4,000,000	3,800,000
FCIC, administration and operating expenses	4,800,000	2,400,000	2,280,000
ASCS, CCC transfer	(12,560,000)	(5,000,000)	4,750,000
Total		317,330,000	211,571,000

Mr. COCHRAN. Mr. President, these reductions to the original conference agreement have been made in programs and activities which are in the best position to absorb them. I cannot assure the Senate that they will be of minimal or inconsequential impact, because there is no way that such savings can be achieved without substantial impact on some very valuable programs. I do believe, however, that these specific reductions are much less disruptive and far better than the indiscriminate across-the-board reductions which will occur under the continuing resolution.

As modified, the conference agreement is $200 million less than the House-passed version of the bill, and is $247 million less than what was originally passed by the Senate. The total budget authority contained in this measure is more than $2.8 billion less than was provided for these same programs last year, $1.2 billion less than the President's March budget request and is about $300 million more than the amount requested in the September budget revision. In other words, it achieves nearly three-quarters of the President's budget authority savings.

Mr. President, I am pleased to say also that the amounts provided will still allow us to make significant progress in the critical area of agricultural research. The measure we have before us provides more than $969 million for research and extension, an increase of $39 million over last year. For soil and water conservation, this bill provides nearly $800 million to continue to make needed technical assistance and cost-sharing efforts to promote practices which will protect and enhance our Nation's soil and water resources. These are critical investments in the productivity of American agriculture and must be maintained if we are to continue to have food at reasonable cost for our own citizens, as well as enough to share with commercial markets and the hungry overseas.

Mr. President, this bill also provides $10.3 billion for the food stamp program, which includes $206 million for a new block grant program for Puerto Rico. This is the full amount of the budget estimate. It should be made clear, however, that the administration has indicated that a supplemental request for this program totaling $900 million will be submitted this spring.

Mr. EAGLETON. Mr. President, the agriculture, rural development, and related agencies appropriations bill is our Nation's food bill. Through the many feeding programs which are funded in this bill—food stamps, the special supplemental feeding program for women, infants, and children (WIC), the school lunch program—literally millions of Americans receive their daily sustenance. Through the many programs funded in this bill which are directly or indirectly related to the production of food—agricultural research and extension, the soil conservation program, and the lending programs which provide farmers with working capital—we continue to assure that the food production in our Nation is adequate to not only feed our own people, but millions throughout the world as well.

I am convinced the conference agreement originally worked out on the agriculture bill was the best possible under the current budgetary situation. It did not accept the drastic reductions proposed by President Reagan last September. In fact, that agreement represented a reduction in funding of almost $2.6 billion from the fiscal year 1981 level of funding and $1.7 billion below the budget proposed by President Reagan in March of this year.

Funding for soil conservation in that agreement was below what it was last year. Funding to protect our Nation's agriculture from pests and disease outbreaks was cut below last year. Funding for agricultural research and extension was below levels necessary to keep pace with inflation. Funding for the domestic feeding programs was almost $1.8 billion

below last year's level, and funding for the food for peace program used to provide the minimum of food aid to those who are starving to death throughout the world was cut by almost $65 million below last year's level. This was hardly what I would consider a bloated bill.

Even with these reductions, though, the indication from the White House was that we had been too generous—too generous to the land-grant universities that perform some of the finest research carried out in our Nation; too generous to the soil conservation programs which are aimed at slowing the alarming rate at which we are losing our topsoil; and too generous to the pregnant women and infants who receive food supplements under the WIC program.

The proposal the House has now sent to us reduces the original conference agreement by $317 million in budget authority. It achieves the compromise level of the savings the White House indicated they wanted from this bill almost exactly. The proposal before us is far from perfect. It does mean that soil conservation, agricultural research, extension, the Food and Drug Administration, and many other programs are not cut as much as they were in the last continuing resolution, and it means that many programs will be supported at levels higher than the President's September budget request.

This proposal cuts the level we originally provided for the WIC program by $38.9 million. Although this means that the 2.2 million participation level we had wanted to achieve will not be attainable, it does mean that participation will be able to increase modestly over current levels. This is a vast improvement over the President's September budget proposal which would have cut almost 700,000 people from the program.

It should be clear, though, Mr. President, that to achieve the budget savings demanded by President Reagan and to provide even the modicum of protection being provided to these domestic programs, the food for peace program has had to absorb an even deeper cut than President Reagan proposed. We are protecting domestic programs and, let me not be misnuderstood, these are programs I believe deserve protection. We are protecting them in literally taking food from the poorest people in the world. That, apparently, is what we have come to in this Nation. Mr. President, it is a sad day.

Mr. COCHRAN. Mr. President, I move that the conference report be adopted.

The PRESIDING OFFICER. Is there further debate?

Mr. EAGLETON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is there further debate? If not, the question is on the adoption of the conference report. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. EXON. (when his name was called). Mr. President, on this vote I have a pair with the Senator from Montana (Mr. MELCHER). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withold my vote.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER), is necessarily absent.

The PRESIDING OFFICER (Mr. DANFORTH). Does any other Senator desire to vote?

The result was announced—yeas 75, nays 20, as follows:

[Rollcall Vote No. 487 Leg.]

YEAS—75

Abdnor	Glenn	McClure
Andrews	Gorton	Mitchell
Baker	Grassley	Murkowski
Baucus	Hatch	Nickles
Bentsen	Hatfield	Nunn
Boren	Hawkins	Packwood
Boschwitz	Hayakawa	Percy
Bumpers	Heflin	Pryor
Burdick	Heinz	Quayle
Byrd, Robert C.	Helms	Randolph
Cannon	Hollings	Riegle
Chiles	Huddleston	Rudman
Cochran	Inouye	Sarbanes
Cohen	Jackson	Sasser
Cranston	Jepsen	Schmitt
Danforth	Johnston	Simpson
DeConcini	Kassebaum	Specter
Denton	Kennedy	Stafford
Dixon	Laxalt	Stennis
Dole	Leahy	Stevens
Domenici	Levin	Thurmond
Durenberger	Long	Wallop
East	Lugar	Warner
Ford	Matsunaga	Williams
Garn	Mattingly	Zorinsky

NAYS—20

Armstrong	Dodd	Pell
Biden	Eagleton	Pressler
Bradley	Hart	Proxmire
Byrd, Harry F., Jr.	Humphrey	Roth
	Kasten	Symms
Chafee	Metzenbaum	Tsongas
D'Amato	Moynihan	Weicker

PRESENT AND GIVING AGGREGATE PAIR, AS PREVIOUSLY RECORDED—1

Exon, against.

NOT VOTING—4

Goldwater	Melcher	Tower
Mathias		

So the conference report was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Senate consider the amendments in disagreement en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The amendment in disagreement will be stated.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 15 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$8,596,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 23 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$225,548,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 30 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$314,381,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 35 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows: "not to exceed $8,983,000 shall be available for the Mediterranean fruit fly program and".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 94 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows: ", of which not to exceed $500,000 shall be available for the pilot supplemental food program when authorized by law."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 112 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: ", and ceilings on full-time equivalent staff years established for or by the Department of Agriculture shall exclude overtime as well as staff years expended as a result of carrying out programs associated with natural disasters, such as forest fires, drought, floods, and other acts of God: *Provided*, That notwithstanding any other provision of this Act, appropriations under this Act for the following agencies or activities shall not exceed:

"Governmental and Public Affairs	$8,628,000
Agricultural Research Service:	
Salaries and Expenses	432,410,000
Scientific Activities Overseas (Special Foreign Currency Program)	----------
Cooperative State Research Service:	
Hatch Act payments	141,109,000
Animal Health and Disease programs	5,760,000
Special grants	21,899,000
Competitive grants	16,320,000
Extension Service:	
Smith-Lever payments	219,376,000
Renewable Resources	2,000,000
Animal and Plant Health Inspection Service:	
Salaries and Expenses	277,382,000
Food Safety and Inspection Service	323,250,000
Economic Research Service	39,360,000
Statistical Reporting Service	51,636,000
Agricultural Stabilization and Conservation Service:	
Salaries and Expenses (Transfer from Commodity Credit Corporation)	(309,000,000)

Federal Crop Insurance Corporation:	
Administrative and Operating Expenses	117,600,000
Farmers Home Administration:	
Rural Housing Insurance Fund Reimbursement	707,967,000
Rural Development Insurance Fund Reimbursement	180,040,000
Salaries and Expenses	276,418,000
Soil Conservation Service:	
Conservation Operations	310,809,000
Special Supplemental Food Programs (WIC)	934,080,000
Public Law 480	1,000,000,000
Titles I and III	(325,127,000)
Title II	(674,873,000)
Food and Drug Administration:	
Salaries and Expenses	328,032,000

"Provided further, That, where applicable, the reductions made by this provision shall be applied proportionally to each appropriation account and activity, unless justified in writing and concurred in by the House and Senate Appropriations Committees".

Mr. COCHRAN. Mr. President, I move that the Senate concur en bloc in the amendments of the House of Representatives to the amendments of the Senate numbered 15, 23, 30, 35, 94, and 112.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi.

The motion was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate is not in order.

The majority leader.

Mr. BAKER. Mr. President, I wish to commend the distinguished managers of the bill for handling an important matter in a very expeditious way in the waning hours of this session of Congress.

MILITARY CONSTRUCTION APPROPRIATIONS, 1982—CONFERENCE REPORT

Mr. BAKER. Mr. President, according to the announcement I made earlier, I ask that the Chair now lay before the Senate the conference report on military construction appropriations, H.R. 4241.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of today, December 15, 1981.)

Mr. BAKER. Mr. President, it is my hope that this matter can be dealt with promptly. I am advised it should not take a great length of time. After we finish with military construction, it is my intention to ask the Senate to go to the Department of Defense appropriation conference report.

Mr. LAXALT addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. LAXALT. Mr. President, I am pleased to support the conference report on H.R. 4241 making appropriations for military construction for fiscal year 1982.

The conferees have agreed to provide $7,059,260,000 for military construction and military family housing requirements during this fiscal year. The conference agreement represents a decrease from the Senate-passed bill of $256.8 million; an increase over the House-passed bill of $171.7 million; and a figure of $241.3 million below the President's amended budget request. However, let me point out that at the recommended amount, this bill represents an increase of $1.7 billion over last year's bill and is the largest military construction bill ever agreed to by the Congress.

Mr. President, I believe that we have provided funds for the most valid requirements presented in the budget. We have been able to provide the Defense Department with a sizable increase over last year's bill and yet come in under the President's budget in budget authority and in outlays.

Let me provide some highlights of the conference agreement at this point:

With regard to the MX missile, the House agreed to the Senate recommendation to delete the requested $19.3 million in planning and design funds. However, the conferees stated that the Air Force is free to use the $92 million deferred from fiscal year 1981 MX planning and design funds. In addition, the conferees agreed to language requiring the Defense Department to report to the Committees on Appropriations with all plans and costs relative to the interim basing of the MX in the existing silos.

The conferees agreed on the importance of the efforts to maintain stability in the Persian Gulf/Indian Ocean area through the use of the rapid deployment force. In agreeing to this, the conference approved $440.7 million for facilities and design at Diego Garcia, Egypt, Somalia, Kenya, Oman, and Lajes Field, Portugal.

Concerning Ras Banas, Egypt, the conferees strongly support the need to continue efforts to develop an RDF base at Ras Banas. The conferees have provided $14 million for planning and design and recommended that this planning be accelerated. In addition, the conferees have recommended that the Secretary of Defense consider using his contingency fund, if necessary, for any urgent requirements at Ras Banas. The conferees also stated that the committees will be receptive to reviewing requirements in Egypt through supplementals, again, if necessary. The conferees deferred the funding for Ras Banas solely on the basis that planning and design was still in its earliest stages and estimates were not adequate to provide the detail necessary to make sound recommendations.

Concerning the request for land acquisition at Fort Carson, Colo., the conferees agreed to provide $28 million to allow the Army to acquire the land so badly needed for training purposes at Fort Carson.

The $32 million request for a land lease at the Mariana Islands was deferred without prejudice. It was the decision of the conferees that this project could be deferred until fiscal year 1983 without any harm to national security. The conferees feel that this project should be made a part of the defense agencies' request in fiscal 1983 rather than the Navy's budget submission.

The conferees agreed to delete the funds added by the Senate for the aeropropulsion systems test facility at the Arnold Engineering Development Center in Tennessee. However, the conferees directed the Air Force to move forward with this facility and recommended several sources of reprograming for the funds needed. The committees will continue to carefully review this project.

The conference agreement provides $55.1 million for the first phase of construction on a major building program for the National Security Agency at Fort Meade, Md.

And finally, the conferees agreed to provide the Guard and Reserve components with $311.4 million for fiscal year 1982. This amount represents an increase of approximately $75 million above the budget request and emphasizes the conferees' agreement that the Guard and Reserve are indeed a vital part of the total force concept for the Armed Forces. This substantial increase will provide the Guard and Reserve forces with some of the modern facilities necessary for them to be at the state of readiness required of them.

Mr. President, I believe that we have brought to the Senate a fine piece of legislation providing $7.1 billion for military construction appropriations in fiscal year 1982. I urge my colleagues to support this conference agreement.

Mr. President, I now yield to the distinguished ranking minority member of the Subcommittee on Military Construction, Mr. SASSER, for any comments he may wish to make regarding this conference report.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. SASSER. Mr. President, I thank the distinguished Senator from Nevada for yielding to me.

Mr. President, I want to commend the distinguished chairman of the subcommittee, Senator LAXALT, for his leadership in presenting this conference report.

The military construction appropriations conference report is $241 million under the budget estimates, yet it pro-

vides the largest military construction funding in history.

The chairman has covered the highlights of the conference agreement in his remarks. However, I would like to discuss one item of interest.

The conferees have approved report language which directs the Air Force to request reprograming from three other specified programs from which funds are available to provide the shortfall funding for the aeropropulsion systems test facility at Arnold Engineering Development Center in Tullahoma, Tenn. The Congress previously enacted the authorization bill which provided an $80 million authorization for this project.

Mr. President, because this project is located in my State, I have taken a special interest in reviewing this situation. Upon learning of the significant cost increase on this project, I ask the staff of the subcommittee to make a thorough review of the facts which surround this cost increase.

The staff reported to the subcommittee that, while serious errors in early project development had been made, there exists today no alternative but to complete the project.

In addition, because of the magnitude of this cost increase, I asked the General Accounting Office to review the situation. The GAO will be reporting to the Congress at a later date on their findings. However, preliminary findings indicate that the Air Force failed to provide proper oversight during the early development of this project.

I have also toured the facility personally and was briefed at the construction site.

The Appropriations Subcommittee and the Authorization Subcommittee held joint hearings to receive testimony from the Air Force on this item. Air Force Gen. Clifton Wright made what I believe to be a compelling statement on behalf of completing this project.

The funding mechanism approved by the conferees will allow this project to be completed and will allow work to continue uninterrupted.

The conference report does make clear, however, that the committees want to receive detailed justifications for each funding increment before reprogramings are approved.

Mr. President, I am concerned with the magnitude of this overrun. The mistakes of the early 1970's should not have occurred. But based on Air Force testimony, the Congress has determined that it is in the national interest to complete this project as soon as possible as it will enhance national security.

I urge the Department of Defense to come forward with a reprograming request as soon as possible so the House and Senate committees can act on the next increment of funding for the facility.

Mr. President, I also urge the Air Force to include any further shortfall requirements for this project in the fiscal year 1983 budget proposal. The Department of Defense is responsible for the errors which occurred on this project, and we expect the Department to come forward with a budget request and detailed justifications for any additional requirements which may be needed in fiscal year 1983 so that further funding for this project can be considered through the regular budget process.

Mr. ROBERT C. BYRD. Mr. President, today is a happy day for the people of the south Charleston area of West Virginia. The passage of the 1982 military construction appropriation bill marks the final congressional requirement necessary to initiate an important economic development project for that area.

A few years ago, we were faced with a situation in South Charleston wherein Volkswagen of America, which employs 100 people locally, expressed the need for additional capacity for automobile parts stamping operations. The only reasonable way to meet this need was for the plant to expand onto adjacent property which is now occupied by the Army and Marine Reserve centers. Such an expansion would provide up to 500 new jobs in addition to the 700 employees currently working at the Volkswagen plant. The Department of Defense has been working with me on this project, and it was concluded that because the three Reserve centers in the South Charleston area were built more than 30 years ago at scattered sites and were overcrowded, they did not well serve the needs of the Army, Navy, and Marine Corps Reserve programs. So, there was a unique opportunity to work for a modern and more efficient combined Armed Forces Reserve center and at the same time to accommodate the Volkswagen expansion and boost the economy of the South Charleston area.

I am pleased today, that after many months of planning and effort in the Senate, the green light for the new Reserve center and Volkswagen plant expansion is imminent. Provision for this new center was made at my request, supported by Senator RANDOLPH, in both the 1982 military construction authorization bill and the appropriation bill in the Senate. The amendments have now been agreed to by both Houses of Congress, and the two bills have been sent to the White House. I am hopeful that, within a week or so, this legislation will be signed into law by the President.

Mr. BRADLEY. Mr. President, I am delighted that the military construction appropriations bill provides $18 million for barracks modernization at the Fort Dix Army Training Center.

Fort Dix, as you know, is the last remaining basic training facility in the Northeast-Midwest. In addition to its important basic training program, it is one of the critical locations in the event of an emergency mobilization. Given the importance of enhancing the Army's ability to respond in the event of mobilization, the proximity of Fort Dix to McGuire Air Force Base makes its of essential strategic importance.

The lack of any construction since 1973 has left Fort Dix in need of basic modernization to permit them to continue the outstanding basic training they currently provide.

Earlier this year, the Secretary of the Army made a prudent decision to cease any consideration of closing the basic training program at Fort Dix. Indeed, more recently the Army decided to reassign five basic training companies from Fort Gordon to Fort Dix.

The surge in training activities at Fort Dix makes the accelerated modernization program even more important. I am very pleased, therefore, that the conference committee has agreed to the need for these funds and I want to thank the Senator from Nevada for his assistance in this matter.

Mr. President. I ask for the yeas and nays on the conference report.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays are ordered.

The question is on agreeing on the conference report. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 96, nays 1, as follows:

[Rollcall Vote No. 488 Leg.]

YEAS—96

Abdnor	Ford	Mitchell
Andrews	Garn	Moynihan
Armstrong	Glenn	Murkowski
Baker	Gorton	Nickles
Baucus	Grassley	Nunn
Bentsen	Hart	Packwood
Biden	Hatch	Pell
Boren	Hatfield	Percy
Boschwitz	Hawkins	Provmire
Bradley	Havakawa	Pryor
Bumpers	Heflin	Quayle
Burdick	Heinz	Randolph
Byrd, Harry F., Jr.	Helms	Riegle
	Hollings	Roth
Byrd, Robert C.	Huddleston	Rudman
Cannon	Humphrey	Sarbanes
Chafee	Inouye	Sasser
Chiles	Jackson	Schmitt
Cochran	Jepsen	Simpson
Cohen	Johnston	Specter
Cranston	Kassebaum	Stafford
D'Amato	Kasten	Stennis
Danforth	Kennedy	Stevens
DeConcini	La'alt	Symms
Denton	Leahy	Thurmond
Dixon	Levin	Tsongas
Dodd	Long	Wallop
Dole	Lugar	Warner
Domenici	Matsunaga	Weicker
Durenberger	Mattingly	Williams
Eagleton	McClure	Zorinsky
East	Melcher	
Exon	Metzenbaum	

NAYS—1

Pressler

NOT VOTING—3

Goldwater	Mathias	Tower

So the conference report was agreed to.

Mr. SASSER. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The amendments in disagreement will be stated.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 11 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: "$64,703,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 15 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: "$280,235,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 24 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

SEC. 122. It is the sense of the Congress that the administration should call on the pertinent member nations of the North Atlantic Treaty Organization and on Japan to meet or exceed their pledges for at least a 3 per centum real increase in defense spending in furtherance of increased unity, equitable sharing of our common defense burden, and international stability.

Mr. LAXALT. Mr. President, I ask unanimous consent that the amendments in disagreement be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAXALT. Mr. President, I ask unanimous consent that the Senate concur en bloc to the amendments of the House to the amendments of the Senate numbered 11, 15, and 24.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAXALT. I move to reconsider the vote by which the Senate concurred in the amendments of the House to the amendments of the Senate.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I should like to take this opportunity to commend the distinguished managers of this bill, the Senator from Nevada (Mr. LAXALT) and the Senator from Tennessee (Mr. SASSER). They have handled the conference report in what I think is an expeditious way, and I am happy at the result.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1982 — CONFERENCE REPORT

Mr. BAKER. Mr. President, I submit a report of the committee of conference on H.R. 4995 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4995) making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of today, December 15, 1981.)

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on the conference report.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I could not present this conference report without calling to the Senate's attention the very serious obstacles and the problems we had in producing an acceptable bill before this session of Congress adjourns As we all know, there is a continuing resolution in effect which does carry defense appropriations into February 15 and Congress could have gone home without completing this bill.

I commend the House conferees for their cooperation in overcoming serious obstacles and producing an acceptable bill before this session of Congress adjourns. I particularly wish to commend the chairman of the House Defense Appropriations Subcommittee, Mr. ADDABBO of New York, and the ranking minority member of that subcommittee, Mr. EDWARDS of Alabama. It clearly would have been impossible to resolve all the difficult issues involved in this bill in a single marathon conference session that lasted one complete day, without their skillful cooperation. This was the attitude reflected by all conferees, for that matter, Senate and House Members alike.

My special thanks as well to the former chairman and now the ranking minority member of the subcommittee, the Senator from Mississippi (Mr. STENNIS). Like all conferees, he not only helped us prepare for the conference for several days prior to the time we went to conference, but he has worked long, late, and hard to achieve the conference report and was willing to present a bipartisan approach to this conference which brings us here today.

Mr. President, the conference report we are bringing to the Senate today culminates a long and arduous struggle to deliver the biggest ever peacetime appropriation bill for the armed services, defense agencies and related activities.

There was a wide gulf between the Senate and House versions of this bill as we took it to conference, not only in the obvious dollar differences but in the important policy issues. But there was a determination on both sides of the conference committee to resolve these policy differences quickly and fairly, and I believe the agreement we present now is a sound product that manages in nearly every instance to preserve the better qualities of each version of the bill.

MAJOR AGREEMENTS

Mr. President, the total funding recommended by the conference committee is nearly $199.7 billion. This is more than $2.2 billion above the House allowance and some $28.3 billion above appropriations to date for fiscal year 1981. Although the conference agreement does fall $8.9 billion below the Senate amount, a good part of that reduction involves mandatory pay costs and funding increases based on inflation projections and cost overruns that can be considered in a supplemental appropriations bill next session.

Mr. President, the amount agreed to in conference falls nearly $1.2 billion below the President's September request. That is less than 1 percent off the military spending package of nearly $201 billion contained in the President's budget. In my judgment, that represents a strong endorsement of the President's defense initiative and his strategic program. This is particularly so when we recognize that nearly $500 million of that budget reduction is based simply on cost savings resulting from adjustments in fuel price projections.

This year, the Senate broke tradition and recommended funding in this regular bill for the military pay raises authorized by Congress, which went into effect in October, a provision normally reserved for the supplemental appropriation bill that comes later in the fiscal year. At the request of the House conferees, the Senate did agree to defer the $4.8 billion included for pay costs, recognizing that this funding will have to be approved in one form or another before the year is out.

The Senate also agreed to forego the $1.6 billion added to the President's budget to sustain a 10-percent inflation rate, which the Appropriations Committee considered more realistic. The House conferees did not attempt to challenge the validity of the Senate's projections but, requested us to present these items and preferred to consider these requirements in a supplemental funding measure.

The Senate, meanwhile, sustained several important features of its version of the bill. The Navy's shipbuilding and conversion funding, for example, was resolved at $672.5 million above the House allowance. Nearly half of this—$300 million—was for allocation to the Coast Guard to address its own urgent shipbuilding needs and other capital equipment requirements, particularly in the area of the Coast Guard cutters.

Mr. President, I ask unanimous consent that a comparative table of the conference agreement on the Defense appropriation bill be printed in the RECORD displaying the various amounts by appropriation account.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

		Budget Estimates FY 1982	New BA House	New BA Senate	New BA Conference	Conference compared with Estimates	Conference compared with House Bill	Conference compared with Senate Bill
100	TITLE I - MILITARY PERSONNEL							
120	Military personnel: Army	12,631,700,000	12,288,300,000	14,095,781,000	12,447,827,000	-183,873,000	+159,527,000	-1,647,954,000
140	Military personnel: Navy	9,340,090,000	8,807,520,000	10,453,767,000	9,117,956,000	-222,134,000	+310,436,000	-1,335,811,000
160	Military personnel: Marine Corps	2,807,870,000	2,703,970,000	3,151,526,000	2,766,966,000	-40,904,000	+62,996,000	-384,560,000
170	(Transfer from other accounts)	---	---	---	---	---	---	---
180	Military personnel: Air Force	10,440,820,000	10,209,920,000	11,688,381,000	10,305,414,000	-135,406,000	+95,494,000	-1,382,967,000
195	Military personnel: special pay for aviation officers	---	---	---	---	---	---	---
200	Reserve personnel: Army	955,200,000	962,500,000	1,054,750,000	964,400,000	+9,200,000	+1,900,000	-90,350,000
220	Reserve personnel: Navy	329,020,000	346,420,000	361,643,000	346,770,000	+17,750,000	+350,000	-14,873,000
240	Reserve personnel: Marine Corps	138,920,000	138,120,000	152,212,000	138,720,000	-200,000	+600,000	-13,492,000
260	Reserve personnel: Air Force	298,848,000	291,548,000	326,399,000	292,073,000	-6,775,000	+525,000	-34,326,000
280	National Guard personnel: Army	1,299,100,000	1,287,600,000	1,468,136,000	1,294,100,000	-5,000,000	+6,500,000	-174,036,000
300	National Guard personnel: Air Force	418,192,000	421,392,000	475,078,000	423,867,000	+5,675,000	+2,475,000	-51,211,000
320	Total: title I: new budget (obligational)							
340	authority: Military personnel	38,659,760,000	37,457,290,000	43,227,673,000	38,098,093,000	-561,667,000	+640,803,000	-5,129,580,000
350	(Transfer from other accounts)	---	---	---	---	---	---	---
360	TITLE II - RETIRED MILITARY PERSONNEL							
380	Retired pay: Defense	14,981,815,000	14,931,815,000	14,944,815,000	14,938,315,000	-43,500,000	+6,500,000	-6,500,000
440	TITLE III - OPERATION AND MAINTENANCE							
460	Operation and maintenance: Army	15,207,500,000	15,019,062,000	15,354,400,000	15,037,897,000	-169,603,000	+18,835,000	-316,503,000
465	(Liquidation of contract authority)	---	---	---	---	---	---	---
480	(Transfer from other accounts)	---	---	---	---	---	---	---
490	Army stock fund	211,300,000	163,300,000	211,300,000	176,300,000	-35,000,000	+13,000,000	-35,000,000
500	Operation and maintenance: Navy	19,611,170,000	19,345,000,000	19,944,389,000	19,385,889,000	-225,281,000	+40,889,000	-558,500,000
510	(Liquidation of contract authority)	---	---	---	---	---	---	---
520	(Transfer from other accounts)	---	---	---	---	---	---	---
540	Navy stock fund	17,435,000	5,435,000	17,435,000	9,435,000	-8,000,000	+4,000,000	-8,000,000
560	Operation and maintenance: Marine Corps	1,176,940,000	1,184,540,000	1,186,440,000	1,185,540,000	+8,600,000	+1,000,000	-900,000
565	(Liquidation of contract authority)	---	---	---	---	---	---	---
580	(Transfer from other accounts)	---	---	---	---	---	---	---
600	Marine Corps stock fund	13,334,000	13,334,000	13,334,000	13,334,000	---	---	---
620	Operation and maintenance: Air Force	16,696,076,000	15,978,376,000	16,906,069,000	16,079,719,000	-616,357,000	+101,343,000	-826,350,000
625	(Liquidation of contract authority)	---	---	---	---	---	---	---
640	(Transfer from other accounts)	---	---	---	---	---	---	---
660	Air Force stock fund	107,800,000	67,800,000	107,800,000	78,800,000	-29,000,000	+11,000,000	-29,000,000
680	Operation and maintenance: Defense agencies	4,635,500,000	4,949,470,000	4,768,000,000	4,985,400,000	+349,900,000	+35,930,000	+217,400,000
700	(Transfer from other accounts)	---	---	---	---	---	---	---
720	Defense stock fund	79,000,000	59,000,000	79,000,000	69,000,000	-10,000,000	+10,000,000	-10,000,000
740	Operation and maintenance: Army Reserve	614,900,000	661,635,000	619,700,000	658,150,000	+43,250,000	-3,485,000	+38,450,000
760	Operation and maintenance: Navy Reserve	578,640,000	585,540,000	565,540,000	570,940,000	-7,700,000	-14,600,000	+5,400,000
765	(Liquidation of contract authority)	---	---	---	---	---	---	---
780	Operation and maintenance: Marine Corps Reserve	40,299,000	40,299,000	40,799,000	40,299,000	---	---	-500,000
800	Operation and maintenance: Air Force Reserve	678,008,000	668,454,000	682,608,000	669,154,000	-8,854,000	+700,000	-13,454,000
805	(Liquidation of contract authority)	---	---	---	---	---	---	---
820	Operation and maintenance: Army National Guard	1,041,200,000	1,087,250,000	1,047,600,000	1,087,950,000	+46,750,000	+700,000	+40,350,000
825	(Liquidation of contract authority)	---	---	---	---	---	---	---
840	Operation and maintenance: Air National Guard	1,682,468,000	1,643,818,000	1,682,568,000	1,646,418,000	-36,050,000	+2,600,000	-36,150,000
845	(Liquidation of contract authority)	---	---	---	---	---	---	---
860	National Board for the Promotion of Rifle Practice:							
880	Army	444,000	845,000	845,000	845,000	+401,000	---	---
900	Claims: Defense	195,500,000	153,700,000	198,200,000	155,700,000	-39,800,000	---	-42,500,000
920	Court of Military Appeals: Defense	2,607,000	2,607,000	2,607,000	2,607,000	---	---	---
940	Liquidation of obligations: 1976	---	---	---	---	---	---	---
960	Total: title III: Operation and maintenance:							
980	New budget (obligational) authority	62,590,121,000	61,631,465,000	63,428,634,000	61,853,377,000	-736,744,000	+221,912,000	-1,575,257,000
990	(Liquidation of contract authority)	---	---	---	---	---	---	---
1000	(Transfer from other accounts)	---	---	---	---	---	---	---
1020	TITLE IV - PROCUREMENT							
1040	Aircraft procurement: Army	1,897,300,000	1,903,500,000	1,940,900,000	1,911,100,000	+13,800,000	+7,600,000	-29,800,000
1060	Missile procurement: Army	2,210,200,000	2,131,200,000	2,177,200,000	2,131,200,000	-79,000,000	---	-46,000,000
1080	Procurement of weapons and tracked combat vehicles:							
1100	Army	3,856,700,000	3,818,200,000	3,962,600,000	3,825,200,000	-31,500,000	+7,000,000	-137,400,000
1120	Procurement of ammunition: Army	2,282,500,000	2,350,900,000	2,338,400,000	2,381,900,000	+99,400,000	+31,000,000	+43,500,000
1140	Other procurement: Army	3,683,800,000	3,804,300,000	3,728,071,000	3,721,971,000	+38,171,000	-82,329,000	-6,100,000
1150	National Guard Equipment: Army	---	---	50,000,000	50,000,000	+50,000,000	+50,000,000	---

	Budget Estimates FY 1982	New BA House	New BA Senate	New BA Conference	Conference compared with Estimates	Conference compared with House Bill	Conference compared with Senate Bill
1160 Aircraft procurement, Navy	9,244,500,000	8,946,800,000	9,431,400,000	9,115,800,000	-128,700,000	+169,000,000	-315,600,000
1180 Weapons procurement, Navy	3,283,800,000	3,196,100,000	3,327,100,000	3,207,100,000	-76,700,000	+11,000,000	-120,000,000
1200 Shipbuilding and conversion, Navy	8,475,300,000	8,148,900,000	9,331,900,000	8,821,400,000	+346,100,000	+672,500,000	-510,500,000
1220 (Transfer from other accounts)	---	(73,100,000)	(102,400,000)	(117,500,000)	(+117,500,000)	(+44,400,000)	(+15,100,000)
1240 Other procurement, Navy	3,822,000,000	3,695,577,000	3,880,268,000	3,708,777,000	-113,223,000	+13,200,000	-171,491,000
1260 Procurement, Marine Corps	1,734,916,000	1,682,556,000	1,758,716,000	1,711,456,000	-23,460,000	+28,900,000	-47,260,000
1280 Aircraft procurement, Air Force	13,843,898,000	13,835,898,000	14,106,398,000	13,818,998,000	-24,900,000	-16,900,000	-287,400,000
1290 Rescission	(-65,700,000)	---	---	---	(+65,700,000)	---	---
1295 (Transfer from other accounts)	---	---	(89,700,000)	(89,700,000)	(+89,700,000)	(+89,700,000)	---
1300 Missile procurement, Air Force	4,204,646,000	4,555,550,000	4,217,746,000	4,559,550,000	+354,904,000	+4,000,000	+341,804,000
1305 Rescission	(-22,500,000)	---	---	---	(+22,500,000)	---	---
1320 Other procurement, Air Force	5,174,144,000	5,379,288,000	5,357,589,000	5,365,633,000	+191,489,000	-13,655,000	+8,044,000
1330 (Transfer from other accounts)	---	(800,000)	(800,000)	(800,000)	(+800,000)	---	---
1340 Procurement, Defense agencies	512,200,000	511,500,000	518,700,000	511,500,000	-700,000	---	-7,200,000
1360 Total, title IV, Procurement:							
1380 New budget (obligational) authority	64,225,904,000	63,960,269,000	66,126,988,000	64,841,585,000	+615,681,000	+881,316,000	-1,285,403,000
1400 (Transfer from other accounts)	---	(73,900,000)	(192,900,000)	(208,000,000)	(+208,000,000)	(+134,100,000)	(+15,100,000)
1420 TITLE V - RESEARCH, DEVELOPMENT, TEST, AND EVALUATION							
1440 Research, development, test, and evaluation, Army	3,768,500,000	3,577,119,000	3,759,409,000	3,609,535,000	-158,965,000	+32,416,000	-149,874,000
1460 Research, development, test, and evaluation, Navy	5,885,488,000	5,617,671,000	6,113,579,000	5,844,357,000	-41,131,000	+226,686,000	-269,222,000
1480 Reappropriation, by transfer	---	---	---	---	---	---	---
1500 (Transfer from other accounts)	---	---	---	---	---	---	---
1520 Research, development, test, and evaluation, Air Force	8,823,400,000	8,501,210,000	9,076,906,000	8,659,610,000	-163,790,000	+158,400,000	-417,296,000
1540 Research, development, test, and evaluation, Defense agencies	1,789,000,000	1,613,204,000	1,843,495,000	1,692,646,000	-96,354,000	+79,442,000	-150,849,000
1580 Director of Test and Evaluation, Defense	53,000,000	53,000,000	53,000,000	53,000,000	---	---	---
1600 Total, title V, Research, development, test, and evaluation:							
1640 New budget (obligational) authority	20,319,388,000	19,362,204,000	20,846,389,000	19,859,148,000	-460,240,000	+496,944,000	-987,241,000
1660 (Transfer from other accounts)	---	---	---	---	---	---	---
1680 TITLE VI - SPECIAL FOREIGN CURRENCY PROGRAM							
1700 Special foreign currency program	3,083,000	3,083,000	3,083,000	3,083,000	---	---	---
1760 TITLE VII - GENERAL PROVISIONS							
1780 (Additional transfer authority, sec. 733)	(1,000,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	(-250,000,000)	---	---
1840 TITLE VIII - RELATED AGENCIES							
1860 Intelligence Community Staff	13,563,000	12,563,000	13,563,000	13,063,000	-500,000	+500,000	-500,000
1880 CIA Retirement and Disability System Fund	84,600,000	84,600,000	84,600,000	84,600,000	---	---	---
1900 Total, title VIII, new budget (obligational) authority, Related agencies	98,163,000	97,163,000	98,163,000	97,663,000	-500,000	+500,000	-500,000
1940 RECAPITULATION							
1960 Title I - Military personnel	38,659,760,000	37,457,290,000	43,227,673,000	38,098,093,000	-561,667,000	+640,803,000	-5,129,580,000
1970 (Transfer from other accounts)	---	---	---	---	---	---	---
1980 Title II - Retired military personnel	14,981,815,000	14,931,815,000	14,944,815,000	14,938,315,000	-43,500,000	+6,500,000	-6,500,000
2000 Title III - Operation and maintenance	62,390,121,000	61,631,465,000	63,428,634,000	61,853,377,000	-736,744,000	+221,912,000	-1,575,257,000
2010 (Liquidation of contract authority)	---	---	---	---	---	---	---
2020 (Transfer from other accounts)	---	---	---	---	---	---	---
2040 Title IV - Procurement	64,225,904,000	63,960,269,000	66,126,988,000	64,841,585,000	+615,681,000	+881,316,000	-1,285,403,000
2060 (Transfer from other accounts)	---	(73,900,000)	(192,900,000)	(208,000,000)	(+208,000,000)	(+134,100,000)	(+15,100,000)
2080 Title V - Research, development, test, and evaluation	20,319,388,000	19,362,204,000	20,846,389,000	19,859,148,000	-460,240,000	+496,944,000	-987,241,000
2100 (Transfer from other accounts)	---	---	---	---	---	---	---
2120 Title VI - Special foreign currency program	3,083,000	3,083,000	3,083,000	3,083,000	---	---	---
2140 Title VII - General provisions (additional transfer authority, sec. 733)	(1,000,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	(-250,000,000)	---	---
2180 Title VIII - Related agencies	98,163,000	97,163,000	98,163,000	97,663,000	-500,000	+500,000	-500,000
2200 Total, Department of Defense (NOA)	200,878,234,000	197,443,289,000	208,675,745,000	199,691,264,000	-1,186,970,000	+2,247,975,000	-8,984,481,000
2220 (Transfer from other accounts)	---	(73,900,000)	(192,900,000)	(208,000,000)	(+208,000,000)	(+134,100,000)	(+15,100,000)
2240 Total funding available	200,878,234,000	197,517,189,000	208,868,645,000	199,899,264,000	-978,970,000	+2,382,075,000	-8,969,381,000
2260 (Transfer authority)	(1,000,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	(-250,000,000)	---	---

		Budget Estimates FY 1982	New BA House	New BA Senate	New BA Conference	Conference compared with Estimates	Conference compared with House Bill	Conference compared with Senate Bill
2280	Distribution by organizational component:							
2300	Army	49,660,344,000	49,035,711,000	51,759,092,000	49,248,375,000	-411,969,000	+192,664,000	-2,510,717,000
2320	(Transfer from other accounts)	---	---	---	---	---	---	---
2340	Navy	66,499,722,000	64,457,782,000	69,730,048,000	65,984,739,000	-514,983,000	+1,526,957,000	-3,745,309,000
2360	(Transfer from other accounts)	---	(73,100,000)	(102,400,000)	(117,500,000)	(+117,500,000)	(+44,400,000)	(+15,100,000)
2380	Air Force	62,280,100,000	61,353,254,000	64,627,542,000	61,899,236,000	-380,864,000	+345,982,000	-2,728,306,000
2400	(Transfer from other accounts)	---	(800,000)	(90,500,000)	(90,500,000)	(+90,500,000)	(+89,700,000)	---
2420	Defense agencies/OSD	7,269,890,000	7,347,564,000	7,466,085,000	7,472,936,000	+203,046,000	+125,372,000	+6,851,000
2440	Retired military personnel	14,981,815,000	14,931,815,000	14,944,815,000	14,938,315,000	-43,500,000	+6,500,000	-6,500,000
2460	Related agencies	98,163,000	97,163,000	98,163,000	97,663,000	-500,000	+500,000	-500,000
2480	Total, Department of Defense (NOA)	200,878,234,000	197,443,289,000	208,675,745,000	199,691,264,000	-1,186,970,000	+2,247,975,000	-8,984,481,000
2500	(Transfer from other accounts)	---	(73,900,000)	(192,900,000)	(208,000,000)	(+208,000,000)	(+134,100,000)	(+15,100,000)
2520	Total funding available	200,878,234,000	197,517,189,000	208,868,645,000	199,899,264,000	-978,970,000	+2,382,075,000	-8,969,381,000
2540	(Transfer authority)	(1,000,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	(-250,000,000)	---	---
2546	Total mandatory and discretionary	200,878,234,000	197,443,289,000	208,675,745,000	199,691,264,000	-1,186,970,000	+2,247,975,000	-8,984,481,000
2547	Mandatory	(15,066,415,000)	(15,016,415,000)	(15,029,415,000)	(15,022,915,000)	(-43,500,000)	(+6,500,000)	(-6,500,000)
2548	Discretionary	(185,811,819,000)	(182,426,874,000)	(193,646,330,000)	(184,668,349,000)	(-1,143,470,000)	(+2,241,475,000)	(-8,977,981,000)

Mr. STEVENS. Mr. President, there were more than dollar differences involved in conference, as I said earlier. I am pleased to report that the Senate's language designed to control costs of the B–1B bomber and to insure a wide array of basing options for the MX missile was retained intact. And the House agreed to our language designed to insure a high priority for development of the advanced technology bomber.

Let me touch briefly on some other important features of the conference agreement now before us:

There is more than $250 million over the budget in this bill to bolster equipment and supplies for the National Guard and Reserve forces.

An additional $42 million is in the bill, as proposed by the Senate, to increase Guard and Reserve personnel end strengths.

In all, funding for military personnel is nearly $641 million over the House, most of it in funding restorations that we thought were critical to military readiness.

An increase over the House of nearly $222 million for operations and maintenance, including substantial increases for Air Force flying hours and Navy ship maintenance, was approved.

Some $497 million in research and development increases over the House, including important elements of the President's strategic communication, command, and control package, was sustained.

REPROGRAMING PROCEDURES

Mr. President, let me draw the attention of the Senate to an important issue that was resolved in conference but was inadvertently omitted from the statement of the managers in the rush to complete this bill. I am speaking of revised reprograming guidelines recommended by the Senate. We proposed various levels of increases in the threshold below which the Department can shift funds without obtaining advance reprograming approval from the committees.

The House did not agree entirely with our recommendations, but we were able to negotiate a realistic readjustment to the Senate-proposed thresholds, which I should like to detail at this point in my remarks so that there is a clear legislative record on this understanding.

For military personnel, the reprograming threshold is increased from $5 to $10 million; for procurement increases, the threshold is also raised from $5 to $10 million; and for research and development increases, we have moved the threshold from $2 to $4 million. There was no change agreed to for reprograming thresholds involved in new starts.

An important provision also agreed to in conference provides that only one reprograming is permitted within a given activity each year within the threshold. This new provision requires the Department to seek prior approval for any subsequent reprogramings, without regard to thresholds, once one reprograming under the threshold is approved.

No agreement is perfect, Mr. President, but I believe the agreement we present today reflects a solid endorsement of the President's readiness and modernization initiatives for the Armed Forces and our Nation's defense capabilities.

Mr. President, I cannot emphasize too much the working relationship that all members of the committee have had with the distinguished Senator from Mississippi (Mr. STENNIS). At this time, I yield to him for any remarks he may care to make concerning the conference report.

Mr. STENNIS. Mr. President, I am sure that everyone has found this conference report very nearly satisfactory to their thinking, even though there were emergencies to start with. Some of the money difference will come back in this fiscal year, as the Senator from Alaska has stated, and that is part of a pattern we have been operating under. I will not dwell on items of that kind.

SEVERAL SENATORS. May we have order?

Mr. STENNIS. Mr. President, I will defer to these people if they wish to speak now.

The PRESIDING OFFICER. The Senate will be in order.

Mr. STENNIS. Mr. President, this has been an outstanding year of activity. I wish to emphasize, first, my supreme satisfaction that we stood together as a parliamentary body and prepared and passed and now have in final form an appropriation bill for our vast, worldwide military preparedness and operational program.

It is ridiculous to think that we would spend the greater part of a year here authorizing a program and safeguarding it and providing for it in every way we could think of, and then to walk off and leave it here, without an appropriation bill that fit in with the pattern and carried out the basic law that we passed with reference to this vast program.

So there is the idea of letting it run through whatever may be the rule with reference to other programs. I hope we never, never rely, except for a few days at a time, on a continuing resolution to operate our military preparedness and defense program.

Mr. President, the groundwork here is laid, though, for the need to appropriate vast sums of money, great sums of money that are going to start coming due in a big way the second year, the third year, and the fourth year. We have to make room and make preparation for them.

The shipbuilding program one might say is fully launched by this bill. We have not agreed yet on the MX basing, as we know. We have not agreed on the bomber problem fully and other things about the cargo aircraft. I am not as strong on the vast cargo carrier as some. But those matters are to be settled later in some form and they are going to be expensive, also.

So we cannot just ignore the fact of the ship program itself, and it is a fine program, but it is going to take many billions of dollars to complete it. A 5-year program is just a beginning. But to carry out to its ultimate form this 600-ship Navy that we glibly at times talk about, we are getting up to $22 and $24 billion to complete that by the year 2000.

So, I warn now, we have to go to saving where we can if we are going into this vast program and continue it because there we have to have quality and that means top prices and increased prices. Every year there have been increased prices. This year I think we suffered a $4.5 billion increase just in inflation, extra costs of 37 military programs that we had in being.

So that just indicates the far-reaching effect of this plan. It does meet an extraordinary situation. I hope we are wise enough to apply it. It has taken a great deal of work, most of which was done by someone else, not by me, and I give credit to those who helped work on it. I think every member of our Armed Services Committee really put in a lot of hard digging and hard work and judgment making, negotiation, persuasion, and everything that goes with these tough problems. I do not mean we solved them all. We found a fine attitude in the House committee over there, which is the subcommittee on this bill. It is one of the outstanding units I think of in the entire Congress.

So I commend again the Senator from Alaska for the tremendous grasp that he has of these problems. He is already familiar with them but he has mastered them now.

The Senator from Oregon has done an extraordinary year's work as chairman of our Appropriations Committee and the Senator from Texas has moved forward greatly as chairman of our Armed Services Committee.

Mr. President, I do not want to detain the group any longer. I thank the Senator from Alaska for his fine work. I yield.

DEPARTMENT OF DEFENSE BILL NOW IS WITHIN BUDGET LEVELS

Mr. PROXMIRE. Mr. President, I intend to vote for this fiscal year 1982 Defense appropriations conference report. The conferees have worked hard to pare this bill down to a total that is within the President's budget request. Given that fact and the importance of funding the major ongoing programs for the Department of Defense, I shall support this bill.

When the Department of Defense appropriations bill came to the Senate floor it was $7.6 billion above the request of the President and the Office of Management and Budget. The President had increased the bill by $29.4 billion over last year, not an insubstantial amount by any calculation. I do not think that anyone has accused President Reagan of overlooking or shortchanging the Defense budget. And yet the Senate decided to go over the President's request by $7.6 billion, a figure which was again increased on the floor to almost $8 billion.

The House bill was more modest in nature and within the budget at $196.6 billion. The compromises reached in the conference were heavily weighed on budgetary reasoning, to bring this bill down to a total that was within the request of the President. In order to do this it must be recognized that some of the increases proposed by the Senate simply have been pushed off to a supplemental bill early in 1982.

The pay raise which went into effect on October 1, 1981, obviously must be funded. So this $4.8 billion, or whatever amount remains after DOD absorbs some portion of it, will have to be included in a supplemental bill. The same applies to any increase in inflation during the interim period. The $1.6 billion Senate add-on for a higher inflation rate of 10 percent will have to be reflected to some degree in a later bill.

These two items alone represent $6.4 billion that has been postponed for consideration until next year. Therefore, one must look at this bill realistically. It does not fund all of the programs for fiscal year 1982 that have been approved by Congress nor does it fully take account of the current inflation rate in defense programs. We may be within the budget when this bill passes, but there will be a substantial supplemental bill during the winter.

Mr. President, there are many positive elements in this bill. Not the least of these is the emphasis placed on manpower issues. We have increased the package of incentives necessary to recruit and retain an All-Volunteer Force. We have recognized that special skills demand special attention in the form of bonuses and pay.

We have reinvigorated the National Guard and Reserves with a package of amendments which will begin to support their requirements. If the Guard and Reserves are to be thought of as part of the total force, then we have to give them the fiscal resources to carry out their missions. We have only started to understand and make commitments to resolve this problem.

While this bill rightly continues an emphasis on manpower, it wastes the taxpayers' money on certain procurement items. I continue to believe that resurrecting the B–1B bomber is a serious mistake. The resources committed to this project are desperately needed for other programs. At best the B–1B will consume over $40 billion for a useful penetration life of 4 or 5 years. If we were serious about stressing the defenses of the Soviet Union, we would have accelerated the Stealth bomber and canceled the interim measure—the B–1B.

The conferees should be commended for deciding to reorient the MX program. The hard silo option involved a commitment of $5 to $7 billion for a limited number of missiles and a questionable degree of increased security. The administration should recognize the need to accelerate its decision on a final basing mode for the MX be it deep silo, patrol aircraft or some new form of mobility.

I am pleased that the conferees decided to drop the Senate amendment which would have increased the B–1B and MX items by $115 million for cost growth over and above inflation. This cost growth has not yet occurred. It would have been a precedent of mammoth proportions if the Congress were to have agreed to pay cost growth in advance on any Government project. There would be no incentive to program managers to restrain cost growth if they knew that Congress had anticipated them and fully funded any future problems. This was a budget busting precedent without equal in recent years. Should we start funding waste, fraud and abuse in future bills just because we know it exists? I think not and am pleased that the conferees agreed.

In sum, Mr. President, this bill deserves the support of the Senate. It establishes the basis for our defense posture for the next year. I could not support it while it was significantly above the President's budget, but I support it now that the totals have been reduced to proper budgetary proportions.

Mr. DOMENICI. Mr. President, I take this opportunity to comment upon the relationship of the two defense-related appropriation conference reports which the Senate has approved today—the defense appropriation bill, H.R. 4995 and the military construction appropriation bill, H.R. 4241—to the current budget situation.

Although a great deal of attention has been given to the size of the defense budget, few Members of the Senate would argue that defense has not experienced real decline during most of the last decade. Thus, while we are increasing our defense effort, it is an increase well deserved in view of the world situation.

I would like to compliment the chairmen and ranking members of the Defense and Military Construction Subcommittees, Senators STEVENS, LAXALT, STENNIS, and SASSER, for the excellent manner in which they have handled their bills and kept them both within the President's September requests. Indeed, the defense bill is actually $1.2 billion below the request in budget authority and $1.2 billion below the request in outlays after prior-year action and later requirements are considered. The military construction bill is $200 million below the request and outlays are at the request after prior-year action is considered.

The managers of these two bills have done an excellent job in seeing to our national defense in a manner consistent with budgetary guidelines. I applaud their actions and congratulate them.

Mr. President, I ask unanimous consent that a table showing the relationship of these two conference agreements, together with possible later requirements, to the congressional budget and the President's budget requests be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOMENICI. Mr. President, I compliment the chairman, the distinguished Senator from Alaska, who chaired the subcommittee and went to conference on this bill. He is proud of this effort and I think we should be proud of him and all of those who helped him.

This bill obviously begins to address the military needs of this country but when you look back at where we were and how we got to this evening, I think everyone would agree that it has been a masterful performance and for those who think they have not been concerned about saving money obviously it is the largest ever, but even with the full knowledge that it does most of that which we need done, it has come in under the President's September request as the distinguished Senator from Alaska has indicated.

I think that bodes well for the future in terms of the appropriation process being the way to handle these matters, not continuing resolutions, and not any

other approach but leaving it in their good hands.

I have an analysis of both bills in terms of the budget process and the September request. Both are in under the September request in both authority and outlays.

I commend Senator STEVENS, Senator LAXALT and their respective ranking minority Senators who helped them.

EXHIBIT 1

H.R. 4995, DEPARTMENT OF DEFENSE APPROPRIATION BILL CONFERENCE AGREEMENT, 1982

[In billions of dollars]

	Fiscal year 1982	
	BA	O
Outlays from prior-year budget authority and other actions completed		49.3
H.R. 4995, conference agreement	199.7	121.8
Possible later requirements: DOD civilian and military pay raise	5.6	5.5
Total for Defense Subcommittee	205.3	176.6
First Budget Resolution level	214.3	178.5
Senate-passed level	209.6	178.8
House-passed level	203.0	175.4
President's March request	214.3	180.6
President's September request	206.5	177.8
Defense Subcommittee compared to:		
First Budget Resolution level	−9.0	−1.9
Senate-passed level	−4.3	−2.2
House-passed level	+2.3	+1.2
President's March request	−9.0	−4.0
President's September request	−1.2	−1.2

H.R. 4241, MILITARY CONSTRUCTION BILL CONFERENCE AGREEMENT, 1982

Outlays form prior-year budget authority and other actions completed		2.5
H.R. 4241, conference agreement	7.1	2.0
Possible later requirements: None		
Total for Military Construction Subcommittee	7.1	4.5
First Budget Resolution level	8.0	4.6
Senate-passed level	7.3	4.5
House-passed level	6.9	4.4
President's March request	8.0	4.7
President's September request	7.3	4.5
Military Construction Subcommittee compared to:		
First Budget Resolution level	−.9	−.1
Senate-passed level	−.2	
House-passed level	+.2	+.1
President's March request	−.9	−.2
President's September request	−.2	

Mr. STEVENS. Mr. President, I am pleased to hear that statement from the Senate Budget Committee chairman.

I emphasize to the Senate that we have not used any mirrors. The items not in this bill, but included in our amendments and deleted in conference with the House were items that were not budgeted, but they were authorized and as such we will face budget requests for them. But we have not saved money on this bill by taking out items that were irrelevant to the budget process. This bill is truly and I emphasize that it is truly below the President's September mark. He had already reduced the outlays by $2 billion. This reduces the outlays I think the chairman will agree with me about $1 billion.

Mr. DOMENICI. The Senator is correct.

Mr. STEVENS. Although we are $1.2 billion below in budget authority, we were conscious of the items we kept out of this bill in order to try and meet some of the outlay problems that other committees faced frankly and we have come in here with a large bill and we are not over the budget either in outlays or in budget authority. We have left at least $1 billion below the September mark of the President which already was $2 billion below the President's March budget mark as far as budget outlays are concerned.

I have no hesitancy in saying that notwithstanding that fact, this bill is balanced and does in fact meet the national defense requirements of this country.

I would warn that in the outyears, because we have started massive programs, that we face funding crises in the years 1983, 1984, and 1985, which will be substantial. That is what the Senator from Mississippi said and he knows what he is saying. We listened to him. I listened to him particularly because I know if JOHN STENNIS sees trouble coming I better get prepared for it. There is trouble coming in this budget.

But this year, and I state it again, this year we are under the budget both in budget authority and budget outlay. Where the Senator from New Mexico asked us to come back was at least at or below the budget so there would be no problem with regard to the continuing resolution, and our committee has done so.

I yield to the Senator.

Mr. PRYOR. Will the distinguished Senator yield for a question with respect to the legislation before us at this time?

Mr. STEVENS. I would be glad to do so.

(Mr. SPECTER assumed the chair.)

Mr. PRYOR. I would like to ask my friend from Alaska, who has done such an outstanding job in the legislation, shepherding it through this body and over in the House, about a particular amendment that I do not see present in the bill. That was an amendment I offered to this legislation during the debate on the defense appropriation bill relative to contractors who do business with the Department of Defense, who have been able to charge their lobbying expenses back to the taxpayers.

I know the Senator from Alaska graciously accepted this amendment on the floor of this body. It went to conference. I do not see it in the legislation at this time in final form, and I wonder if the Senator can give an explanation as to what happened to the lobbying amendment.

Mr. STEVENS. Mr. President, I am pleased to respond to the Senator. I regret to inform the Senator that his amendment, which was section 776, was not included.

The conferees, as indicated in the report, felt that inclusion of such a detailed legislative matter in an appropriation bill violated the jurisdiction of the legislative committees involved.

We did, however, agree that the appropriate legislative committees should hold hearings and give careful consideration to the revisions in the law regulating lobbying activities.

I might say to the Senator, who was the author of the amendment, that we agreed because we are the prime targets of the lobbying activities the Senator sought to address. Both the chairman of the House subcommittee and I have agreed to send a letter to the legislative committees stressing the importance of holding hearings and presenting to the House and the Senate the revisions of the laws regulating lobbying activities which should be presented specifically to include those that the Senator has mentioned, detailing the problem of billing the taxpayers for the costs of lobbying activities.

I am hopeful the legislative committees will respond. We did not delete this because we disagreed with the Senator but because of the problem of the legislative committees and the requirements to deal with other matters in the lobbying laws beyond those addressed by the Senator's amendment.

Mr. PRYOR. I thank the Senator from Alaska. If I might be permitted to make one observation. it is this: I do not recall that the issue of the point of order as to legislating on an appropriations bill was mentioned, but that is history now.

The real point I would like to make to my colleagues and to the distinguished floor manager of the bill and the distinguished Senator from Mississippi (Mr. STENNIS) is that today contractors who do business with the Department of Defense have the best of both worlds.

They have the best of both worlds two ways: One is when they actually deduct legitimate business expenses in the area of lobbying, and I do not question that. I think that is a legitimate tax deduction, if it is cleared by the IRS.

But, second, the thing that is so repugnant to me about the system we have operated under for so long is they are not only satisfied with that particular interpretation of the IRS or that particular way of doing business, but they want to go the second step. They want to gouge the taxpayers for a second time by saying that any lobbying expenses they can justifiably charge off to the American taxpayers will be built into the base cost of the contract.

We have seen time and time again by the General Accounting Office, and by those people who audit the contractors and the Defense Department, millions of dollars being charged back to the taxpayers, placed on the backs of the taxpayers, and this increases the profit of the defense contractors in the end.

We had one defense contractor, for example, in our office just a few days ago who said if the so-called Pryor lobbying amendment were kept in the defense appropriation bill for 1982 this would be his last trip to Washington.

We asked the question, "What do you mean your last trip to Washington?" He said, "We won't be able to come anymore and lobby on these matters which affect our national defense or our particular company."

We said, "That is not what the Pryor lobbying amendment is all about. The Pryor amendment says that you can still deduct the expenditure and maybe not pay it in income tax, but it also says, furthermore, that this expense will not be charged to the taxpayer."

This particular contractor said, "Well, that is the way we have done business all these years, and that is the way we hope to continue doing business at this time—business as usual."

Furthermore, he made an odd statement in addition to that which I thought about a great deal. He said, "You know, if your amendment stays in this bill we are just going to totally abolish our political action fund, our PAC committees."

We said, "Why would you do that?" He said, "We would not be able to lobby you as we have in the past and lobby other Members of the Senate and the House, and we would have to destroy the way we have done business in the past."

I just wanted to bring this one personal story to the attention of my colleagues in the Senate at this late hour so that we might realize how very important this particular amendment is.

I can only say how grateful I am to the Senator from Alaska for attempting to push this measure through the authorizing committee, and let the authorizing Committee on Armed Services look at this matter and hopefully bring it not only to a fruitful but to a successful conclusion in early spring.

I thank the Senator for yielding and I thank him for being direct in answering my questions.

Mr. STEVENS. The Senator's amendment was argued for in conference not only by me but by the distinguished Senator from Mississippi. He did speak out about the work Senator PRYOR had done on this amendment. I want to assure you that we do not disagree with the concept. We did not raise the point of order on this legislation because we felt our legislative committee should raise that if it were to be raised in this instance. It was not. But in the House there was a question raised, and we must recognize the rights of committees in the other body.

But I would say to you that in the exposure that we have in dealing with money and in the volume, the sheer size, of this bill, the number of lobbyists we come in contact with is astounding, and from my point of view—I do not know about the rest of the Senate, but from my point of view—I believe those activities that relate to obtaining contracts in which the contractors make a profit should be a legitimate business deduction from their income. But I do not think it should be part of the defense contracting cost to add to it the cost of the lobbying activities or whatever activities they engaged in to obtain the contract from the Government in the military area.

I pledge to the Senator that we are in agreement. We will work with you. As I said, the chairman of the House subcommittee, Mr. ADDABBO of New York, and I have agreed to send a letter to the legislative committees. We will appear and testify with you and urge the legislative committees to move. But I do not believe we can expect to get a partial amendment to the lobbying laws through the House. The House wants a comprehensive revision of the lobbying laws.

Mr. PRYOR. Mr. President, if the Senator will yield for one additional observation on this point, I would like to express my appreciation to my distinguished friend from Alaska for his assurances. In addition, I wish to inform him and my colleagues that this evening I am introducing a bill so that we will have something to work from next spring. We will have the proper committee atmosphere to accomplish this purpose. I will introduce this piece of legislation this evening.

Mr. STEVENS. Does the Senator from Mississippi wish to respond on this item?

Mr. STENNIS. For just less than 1 minute.

Mr. President, let me say to the Senator from Arkansas that I was attracted to his amendment and I stopped at this very chair and listened. The thought came up about legislation on an appropriation bill. Really I was tied up on something else and went off, and I was willing for it to get a chance to run the gauntlet. It received a great deal of favorable attention and discussion in our conference.

I am certain his thought has considerable merit. It is an idea that is timely and is on its way with considerable headway. I certainly wish him well as he pushes it, and I will watch him and follow him.

Mr. PRYOR. I appreciate that.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I wish to congratulate the managers of this bill, together with the staff.

The distinguished Senator from Georgia (Mr. NUNN) and I were delegated by the Senate Armed Services Committee to work with the conferees on those programs which had classifications, which precluded complete disclosure of all details during the debate on the floor and during the course of deliberations of the conference. I wish to assure those Senators supportive of these various programs in the classified areas that, in my judgment, this bill adequately funds those programs.

I, again, express appreciation for the cooperation of the managers of the bill and those staff members that assisted in this evaluation.

Mr. STEVENS. Mr. President, I see the distinguished Senator, who is the author of the amendment that really paved the way for the passage of this bill, Senator COHEN, is in the Chamber. I want to thank him and again point out to the Senate that the amendment that he authored here with Senator NUNN has survived and is in fact in the final version of this bill.

But I would be remiss if I did not point out that for the first time that I have known of, the Defense Subcommittee has as members four Senators who are new Senators. In my time, I cannot remember a new Senator going on the Appropriations Committee in his first year. We not only have these members on the Appropriations Committee, but they are on the Defense Appropriations Committee, which, again, in the days when I joined this body, we waited several years to get on the Defense Appropriations Committee. They are on there.

I cannot comment effusively enough on the work that Senators ANDREWS, KASTEN, D'AMATO, and RUDMAN have done as working members of this subcommittee. Each one of them has made a major contribution to our subcommittee.

Without trying to downplay the contributions of the other three, I point out that the Senator from New Hampshire, in my opinion, has developed probably the best expertise in the area of high technology in defense weapons systems in a short period of time than has any other person I have ever known. He will be, I think, known to the Senate before long as the Senate's expert in this area. He has devoted a great deal of time and effort to this subcommittee. I cannot remember him missing even a subcommittee hearing. He has been very attentive and I personally am very grateful to him for his help.

Mr. LEVIN. Mr. President, when this bill was before the Senate, I voted against it. Reluctantly, I must also vote against this conference agreement. I do so for essentially the same reasons which compelled me to oppose the Senate bill.

First, I believe this bill seriously underfunds critical readiness needs and conventional force requirements in order to support unnecessary and ill-conceived strategic nuclear programs. Instead of funding Persian Gulf readiness programs, we have sunk billions into the MX missile without having any idea of how we should base it. Instead of funding the research needed to accelerate the delivery of the Stealth bomber. we have sunk billions into the B–1 bomber knowing full well that it will have only a brief lifespan and relatively little military utility. The original Senate bill and this conference report have seriously tilted the balance of power—not between ourselves and the Soviets, but rather between our conventional forces and our strategic programs.

In addition, Mr. President, I believe that this conference report seriously underestimates costs in some critical areas. The Senate bill at least recognized that we needed to provide for inflation and scheduled pay increases. This conference report short changes both of those items and, as a result, both guarantees a significant supplemental request next year and has the effect of distorting the true costs of this defense program.

Mr. PELL. Mr. President, I have decided with great reluctance to vote in favor of the defense appropriations conference report which is before the Senate. It is in many ways the budget buster I voted against December 4. However, I would point out that it is a substantially better bill than the $208 billion measure that passed the Senate 11 days ago.

The conferees have worked hard under great time pressure to reduce the level of spending by $9 billion from the amount in the Senate-passed bill. The conference report represents an increase of only $2.3 billion from the House bill and, while I continue to believe this bill is execssive from the standpoint of national defense requirements, it is far closer to a realistic level of military spending than was the Senate bill. Additionally, there are several areas in the bill which have received the strong support of the conferees, and which I believe are vitally necessary for our national defense.

This conference report contains $315 million in funding for the Trident program—a level much closer to the amount needed to keep that key program moving

forward without serious delays. Additionally, I commend the conferees for including the $300 million in funding for the Coast Guard's shipbuilding program. This is a long-overdue recognition of the Coast Guard's contribution to our Armed Forces, and I hope similar or greater amounts will be included in all future DOD appropriations bills.

While I have great reservations about the huge sums this bill contains for the B–1 and MX programs, and would have preferred a smaller bill, on the whole the conferees have done a good job in resolving differences between the House and Senate bills in favor of restraint. There is much in this bill that is urgently needed to modernize our conventional forces, and improve their state of readiness. The conference report goes further than I would like, but there is much that is good in it, and I have reluctantly decided to vote for it.

Mr. STEVENS. If there is no one else who wishes to talk about the conference report, Mr. President, I ask that the conference report be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 93, nays, 4, as follows:

[Rollcall Vote No. 489 Leg.]

YEAS—93

Abdnor	Ford	Moynihan
Andrews	Garn	Murkowski
Armstrong	Glenn	Nickles
Baker	Gorton	Nunn
Baucus	Grassley	Packwood
Bentsen	Hart	Pell
Biden	Hatch	Percy
Boren	Hawkins	Pressler
Boschwitz	Hayakawa	Proxmire
Bradley	Heflin	Pryor
Burdick	Heinz	Quayle
Byrd, Harry F., Jr.	Helms	Randolph
	Hollings	Riegle
Byrd, Robert C.	Huddleston	Roth
Cannon	Humphrey	Rudman
Chafee	Inouye	Sarbanes
Chiles	Jackson	Sasser
Cochran	Jepsen	Schmitt
Cohen	Johnston	Simpson
Cranston	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Kennedy	Stennis
DeConcini	Laxalt	Stevens
Denton	Leahy	Symms
Dixon	Long	Thurmond
Dodd	Lugar	Wallop
Dole	Matsunaga	Warner
Domenici	Mattingly	Weicker
Durenberger	McClure	Williams
Eagleton	Melcher	Zorinsky
East	Metzenbaum	
Exon	Mitchell	

NAYS—4

Bumpers	Levin	Tsongas
Hatfield		

NOT VOTING—3

Goldwater	Mathias	Tower

So the conference report was agreed to.

Mr. STEVENS. I move to reconsider the vote by which the conference report was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask that the clerk state the amendments in disagreement.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The bill clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 24 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$4,985,400,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 31 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$1,087,950,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 36 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$1,911,100,000: *Provided*, That notwithstanding any other provision of this Act, after the head of the agency concerned gives written notification of a proposed multiyear contract for the purchase of the UH–60A Black Hawk aircraft to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, such contract may not then be awarded until the end of a period of 45 days beginning on the date of such notification,".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 39 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$2,381,900,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 40 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$3,721,971,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 54 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "for acquisition, construction and improvement, Coast Guard, $300,000,000, to be allocated to the Coast Guard: 'Acquisition, Construction and Improvements';".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 55 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$117,500,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 62 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$117,500,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 67 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$13,818,998,000 of which $102,800,000 shall be available only for a classified program, and".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 68 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "and $1,801,000,000 shall be available only for purchase of B–1B aircraft when the President certifies to the Congress that it is feasible to accomplish the program for the purchase of 100 B–1B aircraft at a total program cost of not to exceed $20,500,000,000 (in constant fiscal year 1981 dollars), or in such other amount as the President certifies and explains to the Congress, and such funds for the purchase of B–1B aircraft shall remain available during any quarter that the total program cost of 100 B–1B aircraft is included in any Selected Acquisition Report required for the B–1B program for the previous quarter by section 811 of the Department of Defense Appropriation Authorization Act, 1976 (10 U.S.C. 139 note),".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 72 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed in said amendment, insert: "$4,559,550,000, of which $624,400,000 shall be available only for a classified program".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 87 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

"SEC. 765A. None of the funds made available by this Act shall be used in any way for the leasing to non-Federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 89 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken by said amendment, and insert:

"SEC. 770. None of the funds appropriated in this or any other Act shall be available for obligation to reimburse a contractor for the cost of commercial insurance that would protect against the costs of the contractor for correction of the contractor's own defects in materials or workmanship."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 93 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "773".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 96 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

"SEC. 775. None of the funds appropriated by this Act for the pay of Reserve and National Guard technicians based upon their employment as technicians and their performance of duty as members of the Reserve components of the Armed Forces shall be

available to pay such technicians a combined compensation in excess of the rate payable for level V of the Executive Schedule: *Provided*, That for purpose of calculating such combined compensation, no military compensation other than basic pay will be included.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 101 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "778".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 107 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows:

"(b) No funds appropriated by this Act may be used for the transfer of a technical data package from any Government-owned and operated defense plant to any foreign government, nor for assisting any such government in producting any defense item currently being manufactured or developed in a United States Government-owned, Government-operated defense plant manufacturing large caliber cannons."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 109 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows:

"SEC. 783. None of the funds available in this Act shall be used by the Secretary of a military department to make a contract for the purchase of administrative motor vehicles that are manufactured outside the United States or Canada unless the contractor was selected through competitive bidding without a differential in favor of foreign manufacturers: *Provided*, That this section does not apply to contracts for amounts less than $50,000, nor to existing contracts."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 110 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows:

"SEC. 784. None of the funds appropriated in this Act may be made available through transfer, reprogramming, or other means for any intelligence or special activity different from that previously justified to the Congress unless the Director of Central Intelligence or the Secretary of Defense has notified the House and Senate Appropriations Committees of the intent to make such funds available for such activity."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 115 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "787".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 116 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "788".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 117 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "789".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 118 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "790".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 120 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: "791".

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate concur en bloc in the amendments of the House to the amendments of the Senate numbered 24, 31, 36, 39, 40, 54, 55, 62, 67, 68, 72, 87, 89, 93, 96, 101, 107, 109, 110, 115, 116, 117, 118, and 120.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the Senate concurred in the House amendments to the amendments of the Senate.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEVENS. Does that completely clear this bill as it was brought to us from the House?

The PRESIDING OFFICER. That clears the conference report.

Mr. STEVENS. I am indebted to the Chair.

THANKS TO THE STAFF

Mr. President, I call the attention of the Senate to the fact that we have a new chief of staff on our Defense Appropriations Subcommittee. He is not new to the Senate. He is Dwight Dyer. This is the first bill in the Defense Subcommittee he has handled, along with Fred Rhodes, who has managed that bill on the Democratic side of the aisle for many years. These two men, Dwight Dyer and Fred Rhodes, Mr. President, have done excellent work. The Senate must be aware of the detail that is in this bill and the days and days that they worked together on a bipartisan basis to assure that we could do what we have done.

We brought this bill out of conference in 1 day and it has pased both the House and the Senate without question by any Member on either side that required a vote. I think that is a record and they are primarily responsible for that result.

And my commendation certainly extends to the full staff, to Susan Shekmar to Wayne Schroeder, to Sean O'Keefe, and to Norma Perna, Mazie Mattson, and Jane McMullan. All put in long hours to bring the bill to this point.

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. STENNIS. I do yield.

Mr. SCHMITT. Mr. President, I want first of all to second the comment by the distinguished Senator from Alaska relative to the staff and the cooperation that members of the subcommittee received from that staff. I also compliment the Senator from Alaska and the Senator from Mississippi and everyone who participated so directly and continuously in this conference and the formulation of the bill itself.

Mr. President, even though it was accomplished in roughly 8 hours of continuous session—that is, the conference report was agreed to by the conferees—every item in conference was seriously considered and considered in the presence of most of the members of the conference, if I am not mistaken. So it was not as if this bill were rushed through the conference in any way whatsoever. There was serious discussion on almost every issue of consequence in this conference report.

Mr. President, I compliment the Senator from Alaska again for having made sure that that occurred and our colleagues on the House side made sure it occurred, believe me. It worked, and I think we all ought to feel not only thankful that it was done but also that we have a bill that will further rejuvenate the Nation's defenses.

THANKS TO SENATOR STEVENS

Mr. BAKER. Mr. President, I take this opportunity to commend the distinguished Senator from Alaska. He has persevered in a difficult assignment and brought to us a bill that has now passed the Senate by a substantial margin and resolved an issue that, earlier this year, even a few weeks ago, many predicted would not be resolvable in this session of Congress. It was a major accomplishment by the Senator from Alaska and his counterparts on the minority side. I thank Members on both sides of the aisle for their tireless effort in bringing this matter through both Houses to conference and now to passage.

Mr. THURMOND. Mr. President, I congratulate the able Senator from Alaska for the magnificent leadership he provided in this defense appropriations bill. This bill has been handled with much skill and it contains, I think, an adequate appropriation to take care of our Defense Establishment. This was no easy task to attain.

I feel we can be very proud of this bill and what the President can do under this bill for the defense and security of our Nation.

Mr. McCLURE. Mr. President, I, too, commend the Senator from Alaska and the staff on both sides of the aisle that worked on this. I might just comment that, at birth, this bill was bigger than Lily, but I think Lily is growing faster. I compliment the Senator from Alaska on both efforts.

Mr. STEVENS. I thank the Senator.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I had announced earlier that I hoped today to be able to do a number of things. That is the Agriculture appropriations conference report, the military construction conference report, the Department of Defense appropriations conference report, and the identities bill. We have done all those now except for agents identities. I am sure, to the grave disappointment of some Senators, I am going to suggest now, particularly since it is snowing outside, that instead of doing the identities matter tonight, we now go to the foreign

assistance conference report which is here and available and we shall deal with identities on tomorrow.

CONFERENCE REPORT ON INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. BAKER. Mr. President, I submit a report of the committee of conference on S. 1196 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. SPECTER). The report will be stated.

The bill clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the House proceedings of the RECORD).

Mr. BAKER. Mr. President, I ask for the yeas and nays on the conference report.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, in addition to the foreign assistance authorization conference report, there may be other matters we can deal with, but I am unsure at this time.

I did not mean to imply that there will be nothing else. I simply meant to say that I am substituting the foreign assistance conference report for the identities bill.

I hope we can transact other matters, and I expect the Senate to be in session until 7:30 tonight.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, I yield to the Senator from Illinois.

Mr. PERCY. Mr. President, I understand that the conference report on economic and military assistance is the pending business.

The PRESIDING OFFICER. The Senator is correct.

Mr. PERCY. Mr. President, the House-Senate conferees met for 2 days and last night agreed to all provisions of this conference report, S. 1196.

This bill contains authorizations for appropriations of $5.9 billion in fiscal year 1982 and $5.9 billion in fiscal year 1983.

These levels represent about $800 million in reductions from the President's original foreign aid request and is consistent with his revised request.

The bill provides the President with $3.8 billion in security assistance programs in each year for strategically important countries like Israel, Egypt, Turkey, the Sudan, and Pakistan. In this sense, this bill is related to the Defense appropriations conference report just passed by the Senate. Both help protect U.S. national security interests.

The bill provides a new grant military aid program and authorizes the special defense acquisition fund. This fund should shorten the lead time for deliveries of U.S. arms to our allies.

The bill also authorizes development assistance funds of $1.6 billion in each fiscal year. These programs complement the security assistance program and provide for longer term economic security in the developing world.

The bill also provides authorization for the Public Law 480 food-for-peace program and for the Peace Corps. The Peace Corps would be separated from ACTION under the provisions of this bill.

The bill also provides the President with additional flexibility to conduct foreign policy. For example, it lifts the repeal of foreign aid prohibition on Argentina and Chile after certain certifications are made by the President. The bill also repeals dozens of outmoded provisions and consolidates and reduces reporting requirements.

Both military and economic assistance is provided in El Salvador, but the President is required to make several certifications related to internal developments there before such aid can be provided.

The bill contains funds for the President's new initiative with regard to Pakistan. At the same time, it strengthens U.S. nuclear nonproliferation policy by providing a strict cutoff of assistance if a nonnuclear country should detonate a nuclear device or should receive delivery of a nuclear weapon.

Funds are also included for important congressional initiatives relating to aid to Poland, Costa Rica, and Tunisia.

Mr. President, this is a well-balanced bill. It provides adequate economic and military aid with the concept of budget restraint in mind. It provides for additional Presidential flexibility without giving up congressional prerogative. This bill serves the national security interests of the United States. The administration strongly supports its adoption.

Mr. President, I take this opportunity to thank my committee colleagues on both sides of the aisle, and certainly my distinguished friend and colleague, Senator PELL, of Rhode Island, who has been a power of strength in all of these matters this year.

This has been a very demanding year on the Foreign Relations Committee but in this bill and in other bills, although we have not always agreed, we have always abided by our word. We tried to see that we had fair representation of all opposing points of view, and when we were ready for the vote, we had the vote. That has expedited the work of this conference.

I wish to pay great tribute to our colleagues in the House of Representatives who did attend all of the conference meetings in full force and who contributed significantly to this bill. I particularly wish to commend my colleague, the chairman of the House Foreign Affairs Committee, Congressman ZABLOCKI, who acted as chairman of our conference with exemplary skill.

Mr. CRANSTON. Mr. President, there is one segment of the conference report I have a very strong interest in. Title VI of S. 1196—which derives from S. 1015, the Peace Corps autonomy bill that I introduced on April 27, 1981—provides for the separation of the Peace Corps from the ACTION Agency. Enactment of this measure will mean the fulfillment of the goal which I and the many, many friends of the Peace Corps throughout the Nation have long awaited.

As I have said several times over the past year during the several debates in this Chamber on this matter, I can think of no more fitting present to bestow upon this magnificent program during this, its 20th year than to give it the independence necessary to restore it to the strength and vitality it once enjoyed. So, today is indeed a long awaited, joyous day for the Peace Corps.

LEGISLATIVE BACKGROUND

Mr. President, let me briefly recount the steps that led to the inclusion of these provisions in today's conference report.

For some time—prior to this administration—there has been a great deal of unhappiness regarding the placement of the Peace Corps within the ACTION agency. Many individuals felt that President Nixon's original decision to place the Peace Corps within the ACTION Agency was a calculated move to downgrade and eventually eliminate the Peace Corps. During its early years within the ACTION Agency, the Peace Corps lost much of its visibility. It did not even have its own stationery then. Many people wondered if the Peace Corps still existed.

The situation had improved somewhat by the time the Carter administration took over, but there continued to exist strong feelings that the Peace Corps was ill-served in the ACTION Agency bureaucracy. These concerns led the House in 1979 to pass legislation to remove the Peace Corps from the ACTION Agency and place it in the then newly forming International Development Cooperation Agency.

The Senate did not approve similar proposals—partly because of opposition to placement of the Peace Corps in an international development agency and partly because of the issuance of a new Executive Order No. 12137 in 1979 which was aimed at giving the Peace Corps autonomy within the ACTION Agency. Many of us in 1979 expressed our desire to give the new Executive order a chance to work. Unfortunately, it did not resolve the problems inherent in the relationship between the ACTION Agency and the Peace Corps.

The ACTION Agency, not the Peace Corps, retained control over critical functions such as recruitment and communications. This arrangement was costly to the Peace Corps in terms of dollars as well as morale and efficiency. Internal Peace Corps budget projections have indicated that after one-time separation costs of about $900,000, the Peace Corps will save $1 million annually after it is freed from the ACTION bureaucracy.

The nomination early this year to be Director of the ACTION Agency of an individual with a substantial background in military intelligence training and overseas military intelligence operations was also a matter of grave concern to many friends of the Peace Corps. Throughout every administration since the Peace Corps was first established, there has been a firm commitment to complete and total separation of this program from intelligence activities.

There has also been an equally strong commitment to avoiding even the appearance of a connection with intelligence activities. The nomination of the new Director of the ACTION Agency breached this longstanding policy and provided additional impetus for the move to separate the Peace Corps from the ACTION Agency.

Thus, on April 27, 1981, I introduced S. 1015 to separate the Peace Corps from the ACTION Agency. This measure was cosponsored by Senators from both sides of the aisle, including Senators PELL, MATHIAS, BIDEN, SARBANES, TSONGAS, BAUCUS, KENNEDY, DODD, GLENN, BRADLEY, BOSCHWITZ, LEVIN, and HART.

On May 13, the Foreign Relations Committee approved S. 1015 and incorporated the identical text in S. 1196, the measure before us today.

On June 17, I offered the text of S. 1015 as reported as an amendment to the Department of State authorization bill, S. 1193, and it was approved by the Senate after a motion to table the amendment was defeated on a vote of 45 to 52.

On October 22, the Senate again approved these provisions as part of S. 1196 by defeating—on a vote of 39 to 48—a motion to strike these provisions and by tabling—on a vote of 49 to 37—an amendment to delay until October 1982 the effective date of separation.

My statements on these matters appear in the RECORD daily editions for April 27, June 17, and October 21 and 22 beginning at S3986, S6370, S11797, and S11875, respectively, and I call the attention of any colleagues to my explanation in those debates of the importance of and reasons in support of Peace Corps autonomy.

With the House approval last week of almost identical provisions—by rejecting on a vote of 155 to 258 a motion to strike these provisions from the House foreign assistance authorization bill, H.R. 3566—separation of the Peace Corps from the ACTION Agency had received a strong bipartisan endorsement in both bodies.

The Congress, in these several votes taken this year, has now spoken clearly and unequivocally in support of Peace Corps autonomy, and enactment of this conference report will make this long-awaited goal a reality.

CONFERENCE AGREEMENT

Mr. President, the Senate and House provisions regarding the Peace Corps were very similar, with only a very few differences.

First, the Senate bill contained several provisions, all of which were retained in the conference agreement, dealing with employee rights including the transfer of personnel from the ACTION Agency general schedule personnel system to the Peace Corps foreign service-based personnel system. These latter provisions are derived from section 5 of Public Law 89–134 which established the unique, unified Peace Corps personnel system, and the conferees expressed in the joint explanatory statement accompanying the conference report the intent that these provisions be implemented in a similar fashion.

Second, the conference report includes an amendment to these Senate provisions to clarify that the transfer of personnel under these authorities would not be subject to the provisions of subparagraph (B) of section 7(a)(2) of the Peace Corps Act. Subparagraph (B), sometimes referred to as the "in and out" rule, generally prohibits an individual who has been employed by the Peace Corps from being reemployed until he or she has been out of Peace Corps employment for a period of time equal to the duration of that individual's preceding tour of Peace Corps employment. Under the conference agreement, this limitation would not apply so as to bar the transfer from the ACTION Agency to the Peace Corps, in connection with enactment of the separation legislation, of a particular employee who was previously employed by the Peace Corps.

Third, the conference agreement contains a provision—derived from the House amendment—requiring that the Director of the Peace Corps continue to perform the functions the Director was performing on December 14, 1981—the date the conference reached agreement on this bill. In other words, the President would not be authorized to withdraw from the Director of the Peace Corps responsibilities which had previously been delegated to the Director of the Peace Corps.

Finally, Mr. President, the Senate bill and the House amendment both provided that the separation would be effective immediately upon enactment and included provisions for various reports to be made to the appropriate committees of the Congress and the Comptroller General on implementation of the separation legislation and for the Comptroller General to oversee that implementation.

CONTRIBUTIONS OF MANY

Mr. President, in closing I want to pay tribute to those individuals who have worked so very hard for enactment of this measure. Great credit goes to Sargent Shriver, the first Director of the Peace Corps, and William Josephson, one of the Peace Corps' founding fathers and a former Peace Corps General Counsel, for their tireless work on behalf of this matter and on behalf of the Peace Corps generally.

On the Senate side, the distinguished chairman of the Senate Foreign Relations Committee (Mr. PERCY) and its most able ranking Democratic member (Mr. PELL), as well as my colleague and good friend from Maryland (Mr. MATHIAS), have all steadfastly supported this effort. My very good friends and colleagues on the Foreign Relations Committee and the two former Peace Corps volunteers now serving in the Senate, the Senator from Massachusetts (Mr. TSONGAS) and the Senator from Connecticut (Mr. DODD), have also worked very hard for enactment of this measure, and their experience and commitment to the Peace Corps contributed greatly to this body's careful consideration of the issues involved.

In the other body, great thanks are owed to the distinguished chairman of the House Foreign Affairs Committee (Mr. ZABLOCKI) and the member from Washington (Mr. BONKER), a long-time champion of Peace Corps independence legislation, who so ably guided these provisions through that body.

Finally, I want to express my appreciation to the many staff members in both bodies who have worked with great dedication and persistence on these provisions over this year—Margaret Goodman of Chairman ZABLOCKI's staff, Holly Burkhalter of Representative BONKER's staff, Gerry Connolly, Gerry Christianson, and Bob Russell of the Foreign Relations Committee staff, as well as those staff members assisting me who have devoted seemingly endless hours to this legislation—Susanne Martinez and David Krawitz, as well as Ed Scott and Jon Steinberg, each of whom, incidently, has served as Deputy General Counsel of the Peace Corps.

CONCLUSION

Mr. President, I wish for the Peace Corps renewed vitality, strength, and dedication to the principles upon which this wonderful program was founded. In adopting this conference report, the entire Congress is joining in these sentiments.

The Peace Corps has always represented the best that is within the American people—the willingness to give of themselves for the betterment of mankind. I hope that with the separation issue behind us the administration and those of us in the Congress who believe so strongly in the idealism from which the Peace Corps draws its greatest strength will unite in support of this program.

The Peace Corps is not and never has been a partisan program. It has always enjoyed broad bipartisan support, and I believe and hope that this support will continue and grow and that we will see in the next decade renewed commitment and support for this truly inspiring program of people-to-people assistance, love, and mutual understanding.

Mr. PELL. Mr. President, I join with the chairman of the committee, the senior Senator from Illinois, in supporting this conference report.

I congratulate him on the expeditious way he went through it, and on the give and take that was evident at the con-

ference. I think we have a good final product which is midway between the House position and the Senate position.

I suggest we vote upon it.

Mr. PERCY. Mr. President, have the yeas and nays already been ordered? We are ready for the vote.

The PRESIDING OFFICER. The Senator is correct. The yeas and nays have already been ordered.

The question is on agreeing to the conference report.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The PRESIDING OFFICER. Is there any other Senator in the Chamber who wishes to vote?

The result was announced—yeas 55, nays 42, as follows:

[Rollcall Vote No. 490 Leg.]

YEAS—55

Baker	Gorton	Murkowski
Biden	Hart	Packwood
Boschwitz	Hatfield	Pell
Bradley	Hawkins	Percy
Bumpers	Hayakawa	Quayle
Chafee	Heinz	Riegle
Chiles	Huddleston	Rudman
Cochran	Inouye	Sarbanes
Cohen	Jackson	Sasser
Cranston	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Kennedy	Stevens
Denton	Leahy	Thurmond
Dixon	Levin	Tsongas
Dodd	Lugar	Wallop
Dole	Matsunaga	Weicker
Durenberger	Metzenbaum	Williams
Garn	Mitchell	
Glenn	Moynihan	

NAYS—42

Abdnor	Exon	Nickles
Andrews	Ford	Nunn
Armstrong	Grassley	Pressler
Baucus	Hatch	Proxmire
Bentsen	Heflin	Pryor
Boren	Helms	Randolph
Burdick	Hollings	Roth
Byrd, Harry F., Jr.	Humphrey	Schmitt
Byrd, Robert C.	Jepsen	Simpson
Cannon	Johnston	Stennis
DeConcini	Lavalt	Symms
Domenici	Long	Warner
Eagleton	Mattingly	Zorinsky
East	McClure	
	Melcher	

NOT VOTING—3

Goldwater	Mathias	Tower

So the conference report was agreed to.

IMPOSITION OF MARTIAL LAW IN POLAND

Mr. PERCY. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 268) on the imposition of martial law in Poland.

Mr. RANDOLPH. Mr. President, we cannot hear. The Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order.

Is there objection to the immediate consideration of the resolution? Without objection, it is so ordered.

The Senate proceeded to consider the resolution.

Mr. PERCY. Mr. President, I offer this resolution on behalf of myself and Senator MOYNIHAN, the principal cosponsor, and Senators ABDNOR, BENTSEN, BRADLEY, COHEN, D'AMATO, DECONCINI, DODD, DOMENICI, DURENBERGER, EAGLETON, HEINZ, HUMPHREY, KENNEDY, LEAHY, LEVIN, METZENBAUM, MITCHELL, MURKOWSKI, NUNN, SPECTER, THURMOND, WALLOP, WEICKER, and ZORINSKY.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. PERCY. Mr. President, all Americans are saddened and anxious about the severe setback to Poland's courageous and inspiring renewal process represented by the imposition of marital law. This represents a sharp break with the practice, throughout the 18 months of Poland's renewal, of resolving problems throughout negotiation and compromise.

I am hopeful that General Jaruzelski and the people around him will indeed put the interests of the Polish people and nation first, that they mean it when they say there will be no return to the conditions prevailing before August 1980, that they are committed to the reform process, and that they will implement martial law provisions with regard for the civil and human rights of the population.

It is, frankly, too early to tell. But there are worrisome signs already in the Government's widespread detentions, in the abrogation of many civil rights, and in the cutting of most internal and external communications.

It is very timely therefore for the U.S. Senate to put down a marker now, that the attitude of the American people toward the present Government in Poland will be directly related to evidence of its commitment to continuation of the renewal process, and of its treatment of the Polish people.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MOYNIHAN. Mr. President, as the principal cosponsor of the resolution under consideration, may I add the simple statement, which I am sure is a judgment to be shared by this entire body, that the Senate does deeply desire that we might see Lech Walesa on Polish television.

His apparent disappearance, the reports that he has been placed under house arrest, have not been confirmed, is ominous, and I will return to that point in a moment.

Mr. President, may I offer the view that this is a time when we all share the profound sense that there are right things to say and wrong things to say, publicly, about the events unfolding in Poland. There should be no doubt about our determination and resolve to stand for a measure of decency and respect as it concerns the relations amongst nations. There are standards of international law, there are standards of decency to which civilized nations adhere, and the United State of America will not tolerate flagrant violations of those standards.

As to the events evolving in Poland, I make the point that we have stated over and over that the foreign policy of our Nation is contingent in part on the manner in which other nations conduct their domestic affairs. We do not consort with nations which violate, flagrantly, the civil and human rights of their own citizens. Neither do we abide by ruthless, totalitarian practices which are designed, in the very least, to intimidate and harass the legitimate aspirations of those who struggle to be free.

I make this point, Mr. President, because we have witnessed over the past year a series of developments in Poland which have been truly staggering in their importance to the free world. There was a time when I, and a good many others, held the notion that a totalitarian system would never assent to political reform and economic reform which challenged the institutional structure of that system's society.

Over the last year in Poland there have been profound changes in Polish society which call that notion into dispute. There has been recognition of a free and independent trade union movement. There has been open and, to a degree, unfettered debate over the role workers may play in managing the economic affairs of the enterprise.

These developments have been cause for optimism in the West. They have been a signal that there might be common grounds upon which the peoples and governments of nations, East and West, might carry on productive dialog. This hope has been, indeed, stronger than at any time before in the history of relations between the socialist and democratic nations.

Poland, we should remember, has a proud history of popular efforts to reform, to improve, to change—from the struggle for the institution of free workers councils in 1956–58, to the argument over economic reform in 1970 which led to greater attention to the needs of Polish consumers, to the flowering of the Solidarity organization and an undeniably democratic movement in Poland during the past 22 months.

Mr. President, there is, thus, a history here we should recognize. A cherished sentiment among the Polish people that there are alternatives to the Stalinist, command-oriented political economy which has stifled progress and freedom in so many other totalitarian societies.

Tonight, Mr. President, the Senate of the United States associates itself with this struggle of the Polish people. It makes the statement contained in this resolution not from a sense of confrontation, but from a perspective of compassion for those who are now laying the achievements of the past year on the line.

The purpose of this resolution, more than anything else, Mr. President, is to say to Poland, and indeed to all those who might victimize Poland, that the whole world is watching. The progress

and the liberty which was beginning to shine in Poland will not be darkened so long as the world notes and supports the valiant struggle to the Polish workers. And the world will never forget, never forgive if even darker forces now seek to extinguish that light. Mr. President, we await the outcome of the struggle in Poland and we say, as a united Senate, that the institutions of our Government, the President, and the Congress, stand mobilized to do what we may in the name of freedom, and in the name of common decency.

Mr. President, there are materials which I should wish to submit for inclusion in the RECORD at the conclusion of my statement and I would also note, as I did earlier, that the first step the Polish authorities might take to alleviate the profound concern and anxiety in the West is to show us that Lech Walesa continues his extraordinary work as a spokesman for Polish workers. Let them put Lech Walesa on the air so that we all might hear an accurate report of where the negotiations stand. It would be a beginning to the process which must occur if we all are to avoid a most serious and disruptive crisis in world affairs.

Mr. President, I commend the Senator from Illinois (Mr. PERCY), and I say that it is an honor and a distinct privilege to have cooperated in the drafting of this resolution, which I now proudly join in cosponsoring.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE IN SUPPORT OF SOLIDARITY

We, the undersigned, declare: At midnight on December 13th, 1981, the Polish army and police raided the offices of the Independent Trade Union "Solidarity"; thousands, perhaps tens of thousands of people, were arrested in their homes. The Prime Minister, Minister of Defense and First Secretary of the Polish Communist Party in one person, General Jaruzelski, declared martial law.

Polish society, in whose overwhelming support Solidarity has its strength, has exercised tremendous restraint in the face of countless acts of provocation on the part of the government. In the course of its sixteen months of existence, Solidarity has committed *NO* illegal acts; it has rigorously respected the Polish constitution and all the forms of political life accepted in civilized societies. Each and every voice from Solidarity, even if termed "radical" by the communist party or the western media, has been no more than the exercise of that right to free and open discussion of national affairs which is guaranteed by the constitution. The party and the government, on the other hand, have violated almost every agreement they have signed; they have also violated the basic right of all citizens to freedom of expression.

The present events are NOT the "internal affairs of Poland." The Soviet Union has been intervening in Polish internal affairs since 1944. The Junta of General Jaruzelski, by linking the arrests of Solidarity members to those of former party officials, is clearly attempting to blame Solidarity for the thirty-six years of indolent and devastating communist rule which have brought Poland to economic collapse. The strikes called by Solidarity have resulted in the loss of one day's work in sixteen months; the losses due to mismanagement and lack of supplies have resulted in the loss of over twenty days of work.

We appeal to every democratic government, and to all those who believe in the Polish people's right to basic freedoms, immediately to halt all transactions, economic and other, with Poland, until every member of Solidarity is freed.

STANISLAW BARANCZAK.
JOSIF BRODSKY.
LESZEK KOLAKOVSKI.
CZESLAW MILOSZ.
SUSAN SONNTAG.
THOMAS WANZLOUTS.
ADAM ULAN.

When we signed the Gdansk Agreements at the end of September 1980, it was in the hope that from this moment the method of governing in Poland would change, that the process of economic collapse would be stopped, and that society would regain its voice. Our hopes were misguided. In the course of sixteen months, out of twenty-one points of accord only two have been realized. During this time negotiations took place concerning both minor matters, such as work conditions, and those of fundamental importance to the state, such as economic reform. None of these accords were realized. For sixteen months the government was on strike. The Polish authorities took no action whatesoever towards strengthening the economy; instead they blamed Solidarity for thirty-six years of indolent and incompetent economic management.

For thirteen months we waited for the enaction of the law on censorship; for twelve months we waited for the law on self-management. A year was needed for negotiations concerning the law on higher education and on economic reform. And for the law on trade unions we have now been waiting sixteen months.

In the course of the past month the government has been trying to undermine the fundamental right by working people in August 1980—the right to strike. Solidarity has no access to the media, which are controlled by the communist regime. In an atmosphere of endless attacks and insults from the authorities, the strike, the political strike, became the sole remaining weapon. (In 1981, strikes took up little more than one working day.)

It is hardly surprising that Polish society has no confidence in the government. Since none of our accords, our hopes or our expectations have been realized, we have with increasing frequency had to demand structural changes in the system of government. At the end of last week these demands led to a call for a national referendum on the degree of confluence on the part of the people in the existing government.

It must be stressed that neither Solidarity nor any of the dissident organizations in Poland have ever made any statements concerning the Warsaw Pact or the Council for Mutual Economic Aid.

The authorities have involved us in countless provocations. Some examples: the October 1980 crisis provoked by the refusal to register Solidarity as a trade union; the March 1981 assault on Solidarity representatives during their visit to the National Council in Bydgoanon, where they had been invited for talks; the November 1981 incident in Silesia, where so-called "unknown agents" scattered containers of poisonous gas—70 workers were subsequently hospitalized. There is no lack of examples. The current attack is yet another attempt to stifle Solidarity and deprive Polish society of the limited freedom which it fought for and won in August 1980.

KIROSLAW CHOJECKI.

Mr. PERCY. I thank my colleague from New York for the deep concern he has expressed today.

The PRESIDING OFFICER. Who yields time?

Mr. PERCY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. PERCY. I withhold that request for just a moment.

Mr. JEPSEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. JEPSEN. Will the Senator yield for a question?

Mr. PERCY. I am happy to yield.

Mr. JEPSEN. In the judgment of the Senator from Illinois, is there anything in this resolution anywhere which indicates an approval or sanction by this resolution of any type of an embargo being singled out in any way? The resolution refers to "except for humanitarian reasons."

Mr. PERCY. I do not believe that there is anything in here that would in any way call for or countenance an embargo. The section most pertinent would be section 3:

(3) recent events call into question the suitability of the further provision of assistance to the government of Poland except for humanitarian programs.

That is simply stating a fact. I have previously, on the floor of the Senate today, at some considerable length, developed the fact that this is the exact kind of case where, if the Government of the United States decides to take action, it must take action across the board on anything and everything, and not simply, once again, singling out, as was done several years ago, agriculture to bear the full price and the full burden of implementing our foreign policy.

This is simply a statement of what the executive branch has decided to do at this time. I think we want to make eminently clear that many of us feel very strongly that agriculture should not bear the burden.

Mr. JEPSEN. Mr. President, there have been rumors, and that is not uncommon around here, that there would be a possible trade embargo with regard to the Polish situation. I called the Department of Agriculture and they reiterated a statement made by Secretary Block today on the Reagan administration's keeping the trade channels open, that the American farmer will not be singled out to bear the financial burden of an embargo.

I want to be certain that this Senate does not go on record with anything that will be regarded as being contrary to that.

Mr. PERCY. Mr. President, in view of the fact that there may be some under the impression that the last vote on foreign assistance was the last rollcall vote, I see no reason for the yeas and nays, and I would suggest that we have a voice vote on this resolution.

Mr. MOYNIHAN. Would the distinguished Chairman allow me to observe that were we to have a rollcall vote, I am sure it would be unanimous.

Mr. PERCY. There would be no question about it.

Mr. PELL. Mr. President, ever since July 1980, when workers in Gdansk began a historic strike, Americans have watched the unfolding drama in Poland with a mixture of hope and concern. The reason for hope has been obvious: the

formation of a Polish free trade union movement has demonstrated the determination of Poland's people to lift from themselves the terrible burden of economic and political repression under which they have labored so long. The cause for concern has been equally clear: though gallant and necessary, the national effort to bring greater freedom to Poland has raised the dual specter of domestic violence and Soviet intervention.

Thus far, neither has occurred. But recent developments are both sad and ominous. By declaring martial law and suspending basic civil freedoms as well as newly-won union rights, the government of Prime Minister Jaruzelski has dealt a tragic blow to the aspirations of the Polish people. It has also created an immediate danger of civil strife, which could in turn invite Soviet action.

As of today, we cannot know how severe the Polish Government will be in acting to impose order. Nor can we yet gauge the full extent or nature of resistance among the Polish people. What we must hope to encourage, however, is some continuation of the process of negotiation and compromise which has carried Poland without bloodshed through the tumultuous months since the summer of 1980. The landmark agreement reached then between government and labor was made possible because as defense minister, General Jaruzelski refused to use Polish troops against Polish factory workers. Poland's great question today is whether the same General Jaruzelski, as head of the 20-member military council which now controls the Polish government, will continue to demonstrate such flexibility and restraint.

Given the great uncertainty that surrounds current developments in Poland, American actions must necessarily at this point be limited. But certain steps are appropriate. In imposing martial law, Poland's new military council declared that it does not intend to return Poland to the system against which workers arose in 1980. American policy must make clear that Poland's future relations with the West will depend on how well this promise is kept. We should also, in concert with our allies, reiterate to the Kremlin the extreme gravity with which we would respond to Soviet intervention in Poland. Finally, we need to consult further with our allies to insure a coordinated Western response to any eventuality.

Mr. President, the stakes in Poland could hardly be higher than they are today. At issue is the welfare of the entire Polish nation and possibly the future of East-West relations. In large measure, the outcome of the crisis will be determined in Poland by the Poles themselves. But as events unfold, our own actions could have significant bearing. I therefore intend to vote for this resolution both as an expression of deeply-felt American concern and as the outline of a prudent American policy.

Mr. KENNEDY. Mr. President, I am pleased to join as a cosponsor of this sense-of-the-Senate resolution against repression in Poland.

This resolution expresses the deep concerns of this body—which I believe are shared by the Congress and the American people—about the imposition of martial law, the promulgation of new and repressive emergency measures, and the arrests of labor union leaders in Poland.

None of these actions are acceptable to the Polish people or to international opinion, Mr. President. This resolution makes clear our opposition to these actions. It supports an early and peaceful and popularly supported resolution of the problems faced by the Polish nation. It opposes outside interference of any kind in Poland. And it relates future U.S. dealings with the Polish Government to the avoidance of violence and bloodshed and to the Polish Government's respect for a full and legitimate role for the Solidarity Labor Union and its commitment to the continuation of reforms in Poland.

These are all important elements of an effective United States and Western policy toward Poland, Mr. President, I was pleased to work with the chairman of the Senate Foreign Relations Committee and sponsor of this resolution, Senator PERCY, and I express appreciation for his agreement to the provision which I had suggested involving the full and legitimate role of Solidarity in Poland's future.

Mr. President, the achievements of Solidarity have brought new hope to the Polish nation and to all who care about the cause of Polish freedom. Whatever developments may occur in these difficult days, we know that the flame of liberty can never be extinguished—not in Poland, not in Eastern Europe, not even in the Soviet Union.

I call upon all my colleagues to support the resolution presently before the Senate, and through this resolution, to express their support for the cause of freedom and liberty in Poland and throughout the world.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, may I ask the distinguished chairman of the Foreign Relations Committee to add me as a cosponsor?

Mr. PERCY. Mr. President, I ask unanimous consent that the distinguished Senator from Virginia be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. I would like to ask the Senator from Illinois a question, if I might.

I refer to paragraph 3 of the resolve clause.

The PRESIDING OFFICER. Will the Senator use his microphone?

Mr. HARRY F. BYRD, JR. It says, "recent events called into question the suitability of the further provision of assistance to the Government of Poland."

My question is, what assistance does the U.S. Government now give to the Government of Poland?

Mr. PERCY. Well, it has been essentially food assistance. This is large-scale sales, on the order of $700 million. The Government of Poland has made a request for continuing the assistance on extended or concessional credit terms. That is the request that is now being taken under advisement by the administration.

They have announced, as of yesterday, that everything that was in the pipeline destined for Poland will stay in that pipeline, but they are for the moment suspending consideration to the new request Poland has made for food assistance.

Mr. HARRY F. BYRD, JR. Essentially with food. What else besides food is this country going to give in the way of assistance?

Mr. PERCY. It is essentially food in that program.

Mr. HARRY F. BYRD, JR. The Government of Poland does not get assistance from the United States in the way of economic assistance or any other assistance except for food?

Mr. PERCY. That is the bulk of the program.

Mr. HARRY F. BYRD, JR. Is there any technology going to Poland?

Mr. PERCY. Not under an AID program.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. RANDOLPH. Will the Senator yield?

Mr. PERCY. I am happy to yield.

Mr. RANDOLPH. Mr. President, I strongly support this resolution and I ask to be included as a cosponsor.

Mr. PERCY. Mr. President, I ask unanimous consent that Senator RANDOLPH be added as a cosponsor and also Senators EXON and BURDICK.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Also I wish to add as a cosponsor the Senator from Ohio (Mr. GLENN), and the Senator from Florida (Mr. CHILES).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Several Senators addressed the Chair.

Mr. SARBANES. Mr. President, may I be added as a cosponsor?

Mr. PERCY. Mr. President, I ask unanimous consent that I may add the Senator from Maryland (Mr. SARBANES) as a cosponsor.

The PRESIDING OFFICER. Without objection. it is so ordered.

Mr. MOYNIHAN. Would the distinguished chairman simply ask for those who wish to be added as cosponsors?

Mr. PERCY. Will those Senators wishing to be added as cosponsors please list their names with the clerk?

(The following names were added as cosponsors:)

Senators Bumpers, Burdick, Byrd, Harry F., Jr., Byrd, Robert C., Chafee, Chiles, Cranston, Dixon, Dole, Exon, Ford, Glenn, Gorton, Jepsen, Johnston, Kasten, Matsunaga, Melcher, Packwood, Pell, Pressler, Randolph, Riegle, Sarbanes, Sasser, Schmitt, and Williams.

Mr. DURENBERGER. Mr. President, for more than the past year, Americans have watched the events in Poland with a mixture of admiration and concern: Admiration for the courage of Polish citizens fighting for basic human rights and concern over the possible consequences of their brave stand.

Our admiration and concern were heightened this past weekend with the imposition of martial law by the Polish Government. The situation is serious; we all hope and pray that it is resolved peacefully and quickly.

The events in Poland have a special meaning for me. My great-grandfather was born in Pilchowice, 25 miles from the birthplace of Pope John Paul II. Several of my relatives still live near Pilchowice. A cousin spent 9 years in a Siberian prison camp and another cousin works long hours in a coal mine. Part of the irony of life in Poland is that despite my cousin's hard labor in the coal mines, he and his family cannot get enough coal to keep them warm in the winter.

As well as anyone, I am aware of the harshness of life in Poland. As closely as anyone, I have followed the events in Poland, watching each development with that same mixture of admiration and concern shared by other Americans, especially other Polish Americans.

Those emotions, though as deeply as they may be felt, must not be our guide in determining America's response to this latest crisis. So far, President Reagan and this country have responded with firmness and caution. That is a wise course to follow until events dictate otherwise.

For the sake of all those people in Poland for whom we care so much, we must work quietly to snuff out a smoldering fuse. That is the route President Reagan has chosen and it is the right one.

We will pray for the people of Poland and we will take the appropriate diplomatic steps. Right now, that course is in the best interests of the people of Poland.

Mr. President, I ask unanimous consent that two editorials—one from the December 15 Minneapolis Tribune and one from the December 15 St. Paul Pioneer Press be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD as follows:

[From the Minneapolis Tribune, Dec. 15, 1981]

HOW TO RESPOND TO THE CRISIS IN POLAND

Martial law in Poland has destroyed what shreds of meaning remained in the country's formal name. The Polish People's Republic is in crisis not only because of years-long ineptitude and corruption in an authoritarian system that demonstrably does not represent its people. The crisis also has erupted because workers in that supposedly socialist state want a say in running it and last week called for nationwide free elections. In response, the government displayed unusual efficiency. The breadth and severity of the weekend clampdown point to carefully drawn plans, not a spur-of-the-moment reaction to the latest demands by Solidarity union leaders.

People everywhere will sympathize with Prime Minister Jaruzelski's plea that Poles "restrain the phantom of civil war" and build bridges rather than barricades. But the barricades are the abandonment of all pretense of civilian government, the arrests of dissidents and former government officials, the harsh restrictions on travel, communications, public gatherings. The government's actions testify to failure instead of strength, to fear instead of confidence. And though Solidarty's 9 million members may be forced to bend, their movement is unlikely to be broken. Therein lies the risk—to Poles, to their neighbors and to many other countries and institutions.

So far, the United States has responded with appropriate prudence. President Reagan and Secretary of State Haig have expressed their concern and have given clear but nonprovocative warnings against Soviet intervention. No responsible Western leaders suggest the use of armed force to prevent a Soviet move, but neither is the non-Communist world an isolated spectator.

Poland's strong Catholic Church, reinforced by a Polish pope, provides a unique avenue for moral suasion. Moreover, the West is bound to Poland by cultural and economic ties. An immediate issue is the rescheduling, planned for this week, of $2.4 billion of the $26-million Polish debt to Western banks and governments. And the Reagan administration must weigh a request by the Polish government for an additional $700 million in economic aid—roughly the same as the total granted to Poland all this year.

Soviet-Polish ties are far closer, and the dilemma for the Soviets is correspondingly greater. With the largest and best-equipped army of any Soviet ally, Poland remains of paramount importance to the Soviet Union. Yet for more than a year the Soviets have not responded to Solidarity's challenge as they did to the stirrings of self-determination in Hungary in 1956 and Czechoslovakia in 1966, when in each case the Soviets sent in their own military forces. This is not to rule out that possibility now. In undoubted collaboration with Moscow, the military leaders in Warsaw have dropped one shoe; further confrontation in Poland could cause the other to drop, bringing in Soviet troops.

Western leaders must watch, wait and seek quietly to defuse the crisis. The steps are limited but important. Urge the Polish government and Solidarity leaders to back away from ultimatums. Keep open the door to debt renegotiations. Point out the impossibility of providing aid in the midst of a Polish government crackdown. Push for remedying the economic mismanagement that has hobbled Poland for years. And advise the Soviet Union what it should already know—that an invasion of Poland would do enormous damage to trade and other relations with the United States.

[From the St. Paul Pioneer Press, Dec. 15, 1981]

POLAND'S MARTIAL LAW

The imposition of martial law by the Polish government could hardly be described as unexpected. The government and Solidarity, the Polish independent union movement, had been moving toward confrontation in fits and starts, but inexorably, for more than a year.

Most of the questions being asked in the West involve the Soviet Union. Was the Polish government's move forced upon it by Moscow, or did Warsaw act on its own in response to a challenge to its existence? Is this Moscow's way of overturning all the gains made by Solidarity, or does the Polish government intend that some of them shall survive the period of martial law? Has the Soviet Union outfoxed the United States and the West in a calculated maneuver to keep the situation one of purely Polish domestic concern, thus inhibiting any Western attempt to carry out its threats of "grave consequences" for Soviet intervention?

We cannot know the answers now, though certainly we can speculate that most or all these elements were present in the Polish government's decision to act. Nor are we ever likely to know the answers with any degree of certainty unless resistance to martial law finds the Polish authorities unable to cope and the Russians move in. There is no doubt the Kremlin is pleased by the Polish government's action, and will be even more pleased if Solidarity and the forces of discontent it represents are permanently subdued, but to say the Soviet Union dictated the move, as many in the western media are saying, is to make as-yet unwarranted assumptions.

Much depends on the Polish Catholic church—even on Pope John Paul II—and the direction in which it tries to steer the Polish people. If it seeks accommodation and compromise to avoid violent popular reaction (and these are objectives which have marked its successful course since World War II), Poland's long revolt against its Communist masters, their failures and their hated privileges, could cool from near the boiling point to a slow simmer.

More depends on the government itself. If under martial law it cannot shorten the food lines, find decent housing, improve health care and destroy the hated Communist-Party "class system" that makes rich men out of bureaucrats and ignores the workers it is supposed to represent—in short, unless communism can overcome its own failures—nothing the church or "moderate" Solidarity leaders can do will put down the fires.

The odds are that the Soviet Union will be content to stand by for the present, to see how well the Polish authorities handle their problems. They have to be hoping they do their job swiftly and thoroughly.

A wait-and-see attitude is all to Moscow's advantage. For one thing, it puts the United States in a perplexing situation. Washington cannot take action against Moscow—to embargo all trade, for example, or even to seek some sort of diplomatic censure—and it must now wrestle with the question of going ahead with economic aid to the Poles. That is, America cannot take such action unless and until it has substantive proof that Moscow directly instigated the Polish martial law. And no such evidence may exist.

Americans should be careful not to misinterpret the nature of the Poles' rebellion against Communist government. It is not a simple case of wanting to replace communism with capitalism, western style. That there are those within Solidarity who would like that sort of capitalism is probably true, but Solidarity is a complex amalgam of a wide variety of views, right to left, including some to the left of orthodox communism.

Solidarity represents a revolt not so much against the theory of communism or even its practice as against its many and manifest failures and, with particular bitterness, against its profound abuses. As in other Communist countries, communism brings with it a distinct class system, with privileges for party and government "biggies" that are the more galling because Communism professes to be the means of eliminating class distinctions and privileges.

In Poland these privileges have become especially scandalous. Party and government officials live high on the hog in a land with serious long-term food and housing shortages.

In his martial law decree, Prime Minister Wojciech Jaruzelski hinted that the government would act to eliminate these abuses of power and position. Among those put under arrest were a number of the high-riding bureacrats and party members, including a former party secretary. If he means what he says, he may go far toward placating the people and undercutting Solidarity's strength. If he does not, the country may drop into that abyss he has been so fond of describing as imminent.

That there is a powerful sentiment in Poland against communism itself, however, cannot be denied. But it is not likely that, even had Solidarity been able to have its way, the Poles would have returned to old-fashioned capitalism. Rather, it is likely they would have sought a socialism with more control vested in the unions (there is a strong streak of syndicalism in Solidarity) and far less in central government planning, Moscow-style.

It is possible some such system may yet evolve in Poland, but the eventual shape of the Polish economic system is hardly the main issue right now. Today the issue is survival as a society with at least some freedom, even within the Soviet sphere, to determine its own fate.

Mr. ABDNOR. Mr. President, we are all aware of the state of emergency that exists today in Poland. The Communist government has jailed the leaders of the free Solidarity Union and threatened the people of Poland with execution if they protest this violent crackdown with strikes or public gatherings.

Despite the fear that the Polish people must live with day after day, they know that they have the full support of the American people. Over 200,000 persons have signed a petition circulated by the College Republican National Committee, stating complete support for the people of Poland to retain their inalienable rights.

And although the Communist Party is attempting to stifle freedom of expression by banning all public gatherings in Poland, the College Republicans have held public rallies of support for Solidarity in 12 States across the Nation. Twenty-seven such rallies were held in November and many more are planned in the coming weeks.

I commend the College Republican National Committee for this nationwide campaign of support. The world must know how firmly we stand behind those who desire their birthright of freedoms that we so often take for granted.

Mr. President, I am also proud to cosponsor with the distinguished chairman of the Committee on Foreign Relations, the senior Senator from Illinois, a sense of the Senate resolution expressing grave concern with the imposition of martial law in Poland and the imminent threat of outside interference to Poland's renewal.

Mr. LEVIN. Mr. President, earlier today, I wrote to President Reagan and Secretary of State Haig indicating my support for the general tone they had adopted relative to the current situation in Poland. In that letter, I also spelled out some of the problems I have with certain components of our policy. I ask unanimous consent that the letter appear in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., Dec. 15, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I support those of your efforts which suggest America's compelling interest in the emerging Polish crisis while expressing the hope that this matter can be resolved by the Polish people themselves.

I do, however, have problems with three specific components of the approach we have adopted. I hope that you will consider these concerns and, to the extent possible, incorporate them into the future actions of the Administration.

First, in terms of food aid, I do not understand the reasoning behind Secretary Haig's announced decision to hold in abeyance any decisions for future PL 480 food assistance. Obviously, the food shortage in Poland is one of the factors driving the current conflict. Thus, while we are urging all parties to "cool down" and engage in peaceful discussions, we threaten the very food shipments which can help make conditions bearable and help reduce a primary cause of tension. The only result I can see flowing from a delay in additional food aid is an increase in the frustration of the Polish people, a corresponding increase in government repression, and an increasing possibility of a direct Soviet military involvement. Accordingly, Mr. President, I would hope that you will make clear that the United States will continue and even increase food aid to the Polish people. There is no reason, and no benefit, associated with attempts to punish the Polish people for the acts of their government.

Second, I am concerned about the fact that the Administration has ruled out any American military response to a Soviet invasion of Poland. I understand that the geo-politics of the region makes any effective American response unlikely. But I see no reason to make Soviet strategy easier by announcing that we will not consider a military response, either in Poland or elsewhere, in the event of overt intervention of Soviet troops into Poland. I am not calling on the Administration to threaten the Soviets by pledging that we would respond militarily to an invasion. But I am suggesting that we ought not rule out such a response. It is better to keep the Russians guessing.

Third, I am concerned about our failure to be more specific about some of the economic consequences which would flow from a Soviet invasion while we should not limit our response to these specifics. I believe that your Administration ought to make it clear that a Soviet invasion would be met, for instance, with a total embargo on American trade with the Soviets, including the cancellation of the current wheat deal. Similarly, I believe your Administration should seek to obtain from our European allies their commitment to support a similar embargo, including cancellation of the natural gas pipeline proposal.

Mr. President, in this Christmas season, the Polish people are in the process of giving a gift of hope to freedom-loving people around the world. I believe that we need to make sure that they understand—and the Soviets understand—that their gift is appreciated and that we are willing to go to great lengths to guarantee that the Polish people will share the same gift this Christmas.

I appreciate your attention to these comments and suggestions.

Sincerely,

CARL LEVIN.

RUSSIAN-SPONSORED OPPRESSION IN POLAND

Mr. THURMOND. Mr. President, today in Poland the dead hand of Joseph Stalin animates a puppet Polish general, Wojciech Jaruzelski, as he works the will of his Russian master.

At his side, Soviet Marshal Victor Kulikov, First Minister of Defense of the Soviet Union, stands astride Poland insuring that Russian orders are obeyed.

The Polish people, who felt the warm breeze of freedom during this summer, now again face the harsh winter of Russian tyranny.

This is the background against which I speak. Yet, some suggest that the actions of the past few days are not sanctioned by the Soviet Union.

Their naivete is astonishing. The Soviet Union has two armored divisions already stationed in Poland, communications and helicopter units have recently reinforced them, and more than a week ago the Soviet marshal arrived to oversee the arrest and terror tactics of the Jaruzelski dictatorship.

Very little of the true state of affairs has reached the American public. The extent of censorship imposed by the Polish dictatorship makes clear again that there is indeed an Iron Curtain across Europe which enslaves the people of the Soviet bloc.

We have learned, however, in sketchy accounts that at least 3,000 of the Solidarity and intellectual leadership are under military arrest. We are informed that Solidarity leader Lech Walesa has not been arrested but is negotiating with the government.

Other accounts advise that Walesa is a "guest" in government quarters, but the quality of his freedom is largely of academic interest when an entire nation has been jailed—while the West learns again the forgotten lesson: Communism is the enemy of freedom in whatever form freedom takes and wherever freedom appears.

Even now Polish workers throughout the country are striking back at oppression. Their courage is an example for us all and a monument to the unrelenting desire of man for freedom.

But, words are many and actions far too few.

The United States, as leader of the free world, has an obligation to the Polish people and to all oppressed nations which cannot be discharged by words. I am pleased that the President and others in authority in the executive branch are considering a wide range of actions intended to punish the Soviet Union and the regime in Poland for this new assault on a people who ought to be free. For these people much should be done.

First, I urge that action taken by the administration be uniform and not involve only one form of sanction. A range of steps must be considered and should be implemented.

Second, the administration should seek only those punitive measures which most directly damage the Governments of the Soviet Union and of Poland and which least directly prejudice the ordinary people of either country.

Among the actions available to the United States, I urge the administration to consider specifically the following:

First, termination of the strategic arms negotiations now under way in Geneva, Switzerland;

Second, curtailment of the travel privileges of Communist bloc diplomats and employees stationed at the United Nations;

Third, denial to Poland and to the Soviet Union of any further bank credits, private or public, or any other international monetary assistance which may be within the control of the United States;

Fourth, imposition of a complete and effective embargo of all high technology exports to the Soviet Union or other

Warsaw Pact nations coupled with a cancellation of all existing export licenses under which the goods are to be exported but have not yet been delivered;

Fifth, stepped up support for anti-Communist forces in Central America and southern Africa at a level sufficient to roll back communism in those regions; and

Sixth, renewed efforts to block the Soviet oil and gas pipeline into West Germany for the purpose of maintaining the security of NATO forces.

In Congress, too, there are actions in which Congress can take the initiative.

The Senate and the House of Representatives should consider rules or other procedures to limit the accessibility to Congress of intelligence agents of the Soviet Union and other Soviet bloc countries. I, today, joined with Senator DENTON in introducing a bill which would have that effect.

Congress, too, should take a more active role in exposing the extent of Soviet KGB influence in the present Polish Government, in other nations of the Warsaw Pact, and in many so-called neutral Third World nations.

Finally, Congress should, to the maximum extent possible, inform the public of the scope and extent of KGB activities within the United States.

These actions, then, represent initial steps well within the power of the United States. These steps would serve to extract a price for the Stalinist attack on the people of Poland.

If we do nothing, or if we do little, the world will be confirmed in its growing belief that communism, once imposed, can never be overturned and that a nation under Soviet domination can never be freed, once enslaved.

But if courageous steps are taken communism can be turned back and freedom regained.

The PRESIDING OFFICER. The question is on agreeing to the resolution. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from Colorado (Mr. HART) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 95, nays 0, as follows:

[Rollcall Vote No. 491 Leg.]

YEAS—95

Abdnor	Byrd, Robert C.	Dole
Andrews	Cannon	Domenici
Armstrong	Chafee	Durenberger
Baker	Chiles	Eagleton
Baucus	Cochran	East
Bentsen	Cohen	Exon
Boren	Cranston	Ford
Boschwitz	D'Amato	Garn
Bradley	Danforth	Glenn
Bumpers	DeConcini	Gorton
Burdick	Denton	Grassley
Byrd, Harry F., Jr.	Dixon	Hatch
	Dodd	Hatfield
Hawkins	Lugar	Riegle
Hayakawa	Matsunaga	Roth
Heflin	Mattingly	Rudman
Heinz	McClure	Sarbanes
Helms	Melcher	Sasser
Hollings	Metzenbaum	Schmitt
Huddleston	Mitchell	Simpson
Humphrey	Moynihan	Specter
Inouye	Murkowski	Stafford
Jackson	Nickles	Stennis
Jepsen	Nunn	Stevens
Johnston	Packwood	Symms
Kassebaum	Pell	Thurmond
Kasten	Percy	Tsongas
Kennedy	Pressler	Wallop
Laxalt	Proxmire	Warner
Leahy	Pryor	Weicker
Levin	Quayle	Williams
Long	Randolph	Zorinsky

NOT VOTING—5

Biden	Hart	Tower
Goldwater	Mathias	

So the resolution (S. Res. 268) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 268

Resolved,

Whereas the American and Polish peoples share a deep and abiding friendship;

Whereas the imposition of martial law and the suspension of workers' rights in Poland on December 13, 1981, constitute grave abridgements of the human rights and civil liberties of the Polish people;

Whereas it is the clear and unassailable right of the Polish people collectively to determine their own future: Now, therefore, be it

Resolved, That it is the Sense of the Senate that—

(1) the American people desire an early and peaceful and popularly supported resolution of the issues which have led to the imposition of martial law in Poland;

(2) the American people deplore the imposition of martial law in Poland, the suspension of the rights of workers to organize and peaceably to defend their interests, and the arrests of leaders of Solidarity, the free trade union;

(3) recent events call into question the suitability of the further provision of assistance to the government of Poland except for humanitarian programs.

(4) it is the right of the Polish people to resolve their own problems without outside interference of any kind;

(5) the support of the American people for continued U.S. dealings with the present government of Poland will relate directly to the degree to which the Polish government avoids violence and bloodshed, and demonstrates by its actions its respect for a full and legitimate role for the Solidarity labor union and its commitment to the continuation of Poland's reforms;

(6) the President and the Secretary of State should continue to stress this U.S. position in all dealings with Polish officials;

(7) the President and his Administration should consult intensively with our allies to develop a concerted and sustained response to the threat to the democratization process in Poland.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, there will be no more record votes tonight.

Mr. President, I wish to commend the distinguished chairman of the Foreign Relations Committee and the distinguished Senator from New York (Mr. MOYNIHAN) for their initiative and efforts on this important resolution. The unanimous vote of the Senate just recorded I think underscores the gravity of the situation and the commitment Members of the Senate have to the contents of this document.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, there are three other measures that can be dealt with tonight.

There are two bills that can be dealt with by the distinguished chairman of the Indian Affairs Committee. There is one that will be dealt with by the distinguished chairman of the Banking Committee.

Mr. President, after that it is contemplated that the black lung bill will be called up and made the pending business and will be pending when we return in the morning.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business tonight it stand in recess until the hour of 10 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I yield the floor so that the Senator from Maine may proceed with the matters at hand.

The PRESIDING OFFICER. The Senator from Maine is recognized.

SUBORDINATION BY U.S. INTEREST OF MINERAL INTERESTS OF THE OSAGE INDIAN TRIBE

Mr. COHEN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 4926, which is a bill to provide for a subordination by the United States of the mineral interests of the Osage Indian Tribe of Oklahoma as necessary for the construction and operation of the Skiatook Dam and Lake in Osage County, Okla.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4926) to authorize the Secretary of the Army to acquire, by purchase or condemnation, such interests in oil, gas, coal, and other minerals owned or controlled by the Osage Tribe of Indians as are needed for Skiatook Lake, Okla., and for other purposes.

The PRESIDING OFFICER. Without objection, the bill will be considered to have been read twice and the Senate will proceed with its immediate consideration.

Mr. COHEN. Mr. President, I rise today to ask for immediate consideration of H.R. 4926, a bill to provide for a subordination by the United States of the mineral interests of the Osage Indian Tribe of Oklahoma as necessary for the con-

struction and operation of the Skiatook Dam and Lake in Osage County, Okla.

It is of the utmost urgency that Congress enact this legislation before the Christmas recess. The Corps of Engineers and the Osage Tribal Council have agreed on the value to be paid the Osage as compensation for the acquisition of this subordination and both the corps and the tribal council support this legislation.

Mr. President, this legislation does not involve any cost to the Government other than the $7.4 million that will be paid to the Osage Tribe from funds available to the Corps of Engineers authorized by other legislation. I urge the immediate enactment of this legislation.

Mr. BOREN. Mr. President, I first commend the distinguished chairman of the Select Committee on Indian Affairs, the Senator from Maine, for his expeditious handling of this very important piece of legislation.

H.R. 4926 represents the culmination of nearly 3 years of hard work to finalize an agreement between the Osage Tribe of Oklahoma and the Army Corps of Engineers for the completion of Skiatook Reservoir in northeastern Oklahoma. Under the provisions of a Federal court ruling, it is necessary for Congress to acquire a subordination of the Osage mineral rights before tribal lands can be flooded and the Skiatook project completed. H.R. 4926 provides for a settlement of $7.4 million in acquiring this subordination.

When completed, Skiatook Reservoir will provide much needed water to a rapidly growing section of Oklahoma. Over 10 communities have already applied for water from the Skiatook project, and the list is expected to grow. These communities presently depend on the city of Tulsa to supply their water needs. Since existing supplies are already becoming overextended, it is essential that the Skiatook project be completed as quickly as possible.

I express my special thanks to the Osage Tribe for its cooperation and assistance in working out the details of this agreement. I know the tribal leaders join with me in saying that this legislation represents a fair and equitable solution which serves the interests of all Oklahomans.

Mr. NICKLES. Mr. President, I wish to commend Senator COHEN for the outstanding job and also my colleague, Senator BOREN, for the cooperation in moving this important piece of legislation to the forefront and hopefully to final passage.

Mr. President, I support the legislation now before the U.S. Senate which will authorize the Secretary of the Army to acquire a subordination over the mineral rights owned by the Osage Tribe of Oklahoma in order to complete the Skiatook Reservoir in Osage County, Okla.

The bill represents the culmination of many months of effort by members of the Osage Tribe, the Corps of Engineers, and legislative staff of the House of Representatives and the U.S. Senate. The cooperation exhibited by all connected with this issue is an excellent example of the democratic process.

The Osage Tribe and the Corps of Engineers negotiated an agreement which will permit oil and gas recovery from the public use lands except the damsite area. The United States will, in turn, compensate the tribe for the subordination by a payment of $7.4 million.

This legislation is necessary because the courts found, in the case of the *United States* v. *Winnebago* Tribe of Nebraska, 542 F.2d 1002 (8th Cir., 1976), that the United States is not authorized to acquire mineral rights to Indian trust lands without a clear expression of congressional purpose to permit such acquisition. Construction had already started on the Skiatook project which was authorized in the Flood Control Act of 1962 when this judgment was handed down by the courts.

Again, I wish to commend the Osage Tribal Council and the Corps of Engineers who diligently pursued the agreement that will allow the completion of the Skiatook reservoir now over halfway. I also wish to express my appreciation to Senator COHEN, the chairman of the Select Committee on Indian Affairs, and the members of his committee staff in their assistance to see rapid enactment of this legislation.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 4926) was ordered to a third reading, was read the third time, and passed.

Mr. BOREN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. NICKLES. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZING THE DISBURSEMENT OF CERTAIN TRUST FUNDS OF THE LAC COURTE OREILLES BAND OF CHIPPEWA INDIANS

Mr. COHEN. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 4894, a bill authorizing the disbursement of certain trust funds of the Lac Courte Oreilles Band of Chippewa Indians.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4894) to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. COHEN. Mr. President, I rise today to support H.R. 4894, a bill which would authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Chippewa Indians to satisfy tribal indebtedness.

Mr. President, the Select Committee on Indian Affairs has held a hearing on the Senate companion to H.R. 4894 (S. 1890) and reported the bill on Friday of last week. We believe this bill to be a responsible short-term solution to the problems which the tribe has encountered in the administration of programs under the Self-Determination Act.

Although the tribe should be commended for initiating this solution, the Congress should be aware that the problem is not limited to the Lac Courte Oreilles Band. On the contrary many tribes have experienced great difficulty in coping with the method of accounting that has been used to determine costs under the Self-Determination Act. This is a serious problem and should be the subject of further attention by Congress in the next session of the 97th Congress.

As I noted earlier, the Select Committee on Indian Affairs has held a hearing on this matter and has reported legislation dealing with it. The committee's bill corrects and clarifies the House bill.

UP AMENDMENT NO. 796

Mr. COHEN. Mr. President, I send to the desk an amendment in the nature of a substitute and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Maine (Mr. COHEN) proposes unprinted amendment numbered 796.

Mr. COHEN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the enacting clause and insert, in lieu thereof, the following:

"That the Secretary of the Interior shall, at the request of the governing body of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, pay to the State Bank of Drummond, Drummond, Wisconsin, a portion (not to exceed 20 per centum) of the funds of such tribe derived from awards of the Indian Claims Commission in dockets numbered 18-C and 18-T which are deposited in the United States Treasury to the credit of such tribe in trust accounts numbered 14x9228 and 14x9728. Such payments shall be used for the sole purpose of covering or reducing an overdraft on an account (designated "general fund") maintained by such tribe in such bank which was incurred by such tribe in support of the administration of Federal contracts.

"SEC. 2. In the event that the United States acts to adjust the accounts of Indian tribes or organizations administering Federal conracts for the overrecovery or underrecovery of indirect costs, the Secretary of the Interior, at his discretion, may reimburse the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, in whole or in part for any disbursement made under the first section of this Act."

Mr. COHEN. Mr. President, the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of northwestern Wisconsin includes approximately 1,800 tribal members living on or near the reservation. The band has been actively acquiring Federal grants and contracts from the Bureau of Indian Affairs and other agencies since the late 1960's in order to provide services to its members. The current Federal policy of Indian self-determination encourages operation by tribes of programs to provide services to their members.

However, the award of such grants

and contracts to the Lac Courte Oreilles Band has led to a situation where the band is in serious financial trouble due to the indirect costs associated with them. This stems from the following situation. For Indian grantees and contractors, including tribes, Indian organizations, and Indian-operated schools, that have an indirect cost rate, that rate is applied to grants and contracts—percentage rate times the amount of the direct costs of the grant or contract—and this amount is the theoretical indirect cost recovery.

However, few grants and contracts allow the full recovery, so the actual indirect cost recovery is often much less than the theoretical recovery. But the grantee or contractor is held accountable as if it received the theoretical recovery, and the indirect cost rate for the following year is reduced by the percentage to reduce the indirect cost income to make up the difference between the theoretical and actual recoveries for the previous year.

Some program legislation contains explicit restrictions on the reimbursement of particular costs and some Federal awards are subject to laws that limit the amount of indirect costs that may be charged against them. Other Federal agencies negotiate lesser indirect cost rates for contracts and grants when there is no such limitation or restriction in law. But accepting the indirect cost rate established pursuant to the indirect cost proposal, the tribe or other contractor or grantee agrees that it is the responsibility of that entity to collect the indirect costs applicable to each of its programs or projects, that any such costs that are not collected must be funded with its own funds, and that for the purpose of computing the amount of the carry forward for the next year, it will be assumed that all in direct costs applicable to all programs have been recovered.

Year after year of covering the differences between the actual indirect cost expenses and the amount recovered, coupled with a smaller and smaller indirect cost rate each year to make up the difference between the theoretical and actual recoveries, can and does lead to more and more use of tribal funds to administer Federal programs. This is further exacerbated for the next year's carryforward when a tribe or organization recovers more indirect costs under the negotiated rate for certain programs than were actually incurred. Although State and local governments have sources of revenue to cover these costs, tribal governments often do not have unrestricted resources which they might use to fund the indirect costs not reimbursed through the indirect cost rate. As a result, many tribes and organizations are on the verge of financial collapse.

The Lac Courte Oreilles Band of Lake Superior Chippewa Indians has been coping with the indirect cost problem and the resulting cash flow problem by authorizing the State Bank of Drummond, Drummond, Wis., for the last 2 years to merge the various accounts of the band into one balance for the purpose of offsetting overdrafts in any account. This allowed the bank to consider all of the band's separate accounts together so that an overdraft would happen only when the sum total of all checks presented for payment exceeded all deposits.

This arrangement will work as a short-term way of coping with the band's indirect cost problem until December 31, 1981. The Federal Deposit Insurance Corporation will require all overdrafts to be reported with no offsets between accounts effective January 1, 1982.

The band had a general fund bank balance deficit of $493,487 as of September 20, 1981. Representatives of the band have traveled to Washington during the fall of 1981 in search of a remedy for this problem. It has been determined that the only alternative to pay the indebtedness is the use of judgment funds held in trust for the band.

H.R. 4894 would authorize the Secretary of the Interior to disburse Lac Courte Oreilles trust funds, at the request of the band, to pay to the State Bank of Drummond not to exceed 20 percent of funds in specified trust accounts. The Congressional Budget Office has indicated that the 20-percent portion subject to the provisions of the bill is $534,000.

H.R. 4894 will solve the immediate indirect cost problem for this one band. However, it does not solve the basic problem and the band and other tribes could subsequently find themselves in similar circumstances unless an administrative or legislative solution is found to the indirect costs problems tribes face.

The Select Committee on Indian Affairs will schedule hearings on the subject of indirect costs next session. In the meantime, I urge my colleagues to support my amendment to H.R. 4894 which is an amendment in the nature of a substitute to make technical, correcting, and clarifying changes, including a correction of one of the trust account numbers. The Select Committee on Indian Affairs has reported companion legislation, S. 1890, and this amendment to H.R. 4894 would conform the bill to the provisions of S. 1890, as reported. I urge passage of the bill, as amended, as an emergency measure to prevent the bankruptcy of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin.

Mr. President, I move adoption of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maine.

The amendment (UP No. 796) was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time, and passed.

Mr. COHEN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

APPOINTMENT ON BEHALF OF THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore, appoints the Senator from Oregon (Mr. HATFIELD), the Senator from Maryland (Mr. MATHIAS), the Senator from New York (Mr. D'AMATO), the Senator from New York (Mr. MOYNIHAN), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Kentucky (Mr. FORD), and the Senator from Washington (Mr. JACKSON) to the Franklin Delano Roosevelt Joint Committee on Arrangements pursuant to House Concurrent Resolution 220.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, could I inquire if the distinguished Senator from Utah is prepared to proceed to the matter that he has?

INTERNATIONAL BANKING FACILITY DEPOSIT INSURANCE ACT

Mr. GARN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 4879.

Mr. BOREN. Mr. President, reserving the right to object, I wish to inquire of the Senator from Utah what the subject matter of this legislation is.

Mr. GARN. This is the international banking facility. It has been cleared and reported unanimously by all members of the Banking Committee. Senator PROXMIRE is here in the Chamber to manage for the minority.

But it has to do with setting up international banking facilities to allow foreign deposits to be accepted and only foreign loans to be made.

There is a lot of business we are losing to foreign banks and we prefer to be able to allow our banks to compete.

Mr. BOREN. It does not relate in any way to the depository deregulation?

Mr. GARN. No, it does not. I would not bring up that this late at night.

Mr. BOREN. I will not object.

The PRESIDING OFFICER. The bill be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4879) to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing, and Urban Affairs with amendments, as follows:

On page 4, after line 18, insert the following:

(b)(1) Section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) is amended by inserting after the third sentence thereof the following: "With respect to any transaction in which a seller contemporaneously sells mortgages originated more than one year old prior to the date of sale to the Corporation and receives in payment for such mortgages secu-

rities representing undivided interests only in those mortgages, the Corporation shall not impose any fee or charge upon an eligible seller which is not a member of a Federal Home Loan Bank which differs from that imposed upon an eligible seller which is such a member.".

(2) The amendment made by paragraph (1) shall take effect on January 1, 1982, and shall apply to commitments entered into on or after such date.

On page 5, line 19, strike "(b)", and insert "(c)";

On page 6, after line 11, insert the following:

TITLE III—MISCELLANEOUS

SEC. 301. Section 625(a) of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"SEC. 625. (a) Except as provided in section 608(b), the amendments made by this title shall take effect upon the expiration of two years and six months after the date of enactment of this title.".

SEC. 302. Section 206 of the Depository Institution Management Interlocks Act is amended to read as follows:

"SEC. 206. (a) A person whose service in a position as a management official began prior to the date of enactment of this title and who was not immediately prior to the date of enactment of this title in violation of section 8 of the Clayton Act is not prohibited by section 203 or section 204 of this title from continuing to serve in that position for a period of ten years after the date of enactment of this title. The appropriate Federal banking agency (as set forth in section 209) may provide a reasonable period of time for compliance with this title, not exceeding fifteen months, after any change in circumstances which makes service described in the preceding sentence prohibited by this title, except that a merger, acquisition, increase in total assets, establishment of one or more offices, or change in management responsibilities shall not constitute changes in circumstances which would make such service prohibited by section 203 or section 204 of this title.

"(b) Effective on the date of enactment of this title, a person who serves as a management official of a company which is not a depository institution or a depository holding company and as a management official of a depository institution or a depository holding company is not prohibited from continuing to serve as a management official of that depository institution or depository holding company as a result of that company which is not a depository institution or depository holding company becoming a diversified savings and loan holding company as that term is defined in section 408(a) of the National Housing Act. This subsection shall expire ten years after the date of enactment of this title.".

SEC. 303. Section 313 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"ALASKA USA FEDERAL CREDIT UNION

"SEC. 313. The provisions of section 5 of the charter of the Alaska USA Federal Credit Union which would terminate the eligibility for membership in the Credit Union of the enrollees and employees of certain corporations shall not be effective.".

SEC. 304. The fourth sentence of section 235(h)(1) of the National Housing Act is amended—

(1) by inserting "(i)" after "except";

(2) by striking out "or" after "March 31, 1982," the second place it appears and inserting in lieu thereof "(ii)"; and

(3) by inserting before the period after "1974" the following: ", or (iii) pursuant to other commitments issued on or before September 30, 1981, where housing under this section is to be developed on land which was municipally owned on September 30, 1981, and where a local government contributes at least $1,000 per unit of funds obtained under title I of the Housing and Community Development Act of 1974 and at least $2,000 per unit of additional funds to assist housing under this section".

Mr. GARN. Mr. President, today we have before us H.R. 4879 which has passed the House of Representatives and has been unanimously approved by the Senate Banking Committee. The bill combines several matters which were already under consideration by the Senate Banking Committee—including a provision which would exempt deposits at International Bank facilities from FDIC insurance assessments and one that will facilitate the continued operation of FreddieMac and FannieMae mortgage SWAP programs.

The IBF deposit exemption was developed by the distinguished Senator from New York, ALFONSE D'AMATO and introduced by him in S. 1508. Both the IBF and the mortgage SWAP provisions were incorporated in S. 1720, but due to the vital need for passage this year the committee urges that they be considered separately.

As of December 3, 1981, the Federal Reserve Board has authorized the establishment of U.S. international banking facilities so that banks could offer international banking services in the United States as competitively as those offered in foreign financial centers. Under the rules adopted by the Federal Reserve Board on June 18, an IBF may accept deposits from and provide credit to foreign residents or other IBF's without being subject to reserve requirements or regulation Q interest rate ceilings.

However, the very narrow margins of IBF's have required changes in both State tax laws and Federal deposit insurance laws if American banks are to compete effectively on American soil. Approximately one-half of the business which will be conducted by IBF's consists of interbank placements that typically carry margins of one-sixteenth of 1 percent. The spreads on loans to be made by IBF's will generally be in the range of three-eighths to five-eighths of 1 percent.

Nineteen States including the District have already made, are in the process of making, or require no changes in their tax laws to facilitate the establishment of IBF's—they include California, Connecticut, the District of Columbia, Florida, Georgia, Hawaii, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, and Washington.

Title I of H.R. 4879 would exempt deposits at American bank IBF's from the one-twelfth of 1 percent FDIC insurance assessment. Under the International Banking Act of 1978 and FDIC insurance regulations, very few foreign bank branches in the United States are required to maintain FDIC insurance.

Unless we act today the IBF's already established by American banks in 17 States may be assessed for insurance premiums on December 31 and may be forced to discontinue operations. So unless we act, foreign bank IBF's in America will have an advantage over American banks—and the Federal Reserve has already received 139 notifications of foreign international bank facilities already operating on American shores. Thus title I of H.R. 4879 (originally S. 1508) will insure that American bank IBF's will remain competitive and remove a significant disincentive to the establishment of IBF's.

The legislation is fully consistent with the present structure and long-standing purpose of the Federal Deposit Insurance Act. The act generally provides for the insurance and assessment of all domestic deposits with certain exceptions.

However, section 3(1) of the act exempts from assessment and insurance coverage foreign deposits payable at offices located outside the United States. The proposed bill would simply continue the exemption for these foreign activities, when carried on in an IBF. Additionally the bill gives the Federal Reserve Board the authority to define what constitutes an IBF deposit. It is important that the Federal Reserve Board be given this authority since the establishment of IBF's could have an effect on the Fed's monetary growth measurements.

Section 103 of H.R. 4879 contains a provision which was not previously considered by the Senate Banking Committee. It would amend the Federal Deposit Insurance Act to permit the FDIC to insure deposits in the branch offices of insured banks operating in the Trust Territory of the Pacific Islands. Currently FDIC's authority to insure deposits includes areas in the Pacific such as Guam and American Samoa—but does not include the Trust Territory. Although the FSLIC presently has the authority to insure thrift deposits in the Trust Territory, there is not Federal insurance currently available for deposits at commercial banks. The FDIC does not object to the geographic extension of coverage.

SECONDARY MORTGAGE MARKET PROVISIONS IN TITLE II

Mr. President, recently the Federal Home Loan Mortgage Corporation (FreddiMac) began a highly successful program to receive seasoned mortgage loans from lenders in exchange for mortgage securities representing undivided interests in the mortgages received. This program—aptly known as the SWAP program—has been enthusiastically welcomed and used by the thrift institutions, as well as other mortgage lenders. A similar program has also been initiated by the Federal National Mortgage Association (FannieMae).

Title II of this bill is intended to reopen and facilitate these SWAP operations. The Charter Acts of both FannieMae and FreddiMac limit the dollar value of older loans, which are no more than a year old when sold, to 20 percent of the total value of conventional mortgages held in the FNMA or FHLMC portfolio. Unfortunately, until this limitation is increased or removed, it will force a shutdown of the FreddiMac SWAP program. In a letter I recently received from Phillip Brinkerhoff, president of the Mort-

gage Corporation, he indicated that in the last two auctions for the SWAP program, the Mortgage Corporation could only accept $3.7 billion from a total of $5 billion in bids. Acceptance of this amount virtually exhausted all of their authority to purchase older loans. Mr. Brinkerhoff noted that:

Without removal of the 20-percent limitation, it is unlikely that we would acquire sufficient volume in loan purchases during the coming months to enable us to hold an auction for older loans before at least mid-year.

I would like to point out that the Mortgage Corporation has emphasized that elimination of this Charter Act requirement in no way diminishes its commitment to the new loan origination market, which it believes is an essential part of its present and future business.

Mr. President, section 202(b) of this bill further amends the Federal Home Loan Mortgage Corporation Charter Act to provide that SWAP program operations, involving purchase of loans more than 1 year old, shall be available to all eligible lenders on an equal fee basis. Under present rules, the Mortgage Corporation charges banks, mortgage bankers and credit unions a one-half percent sales fee because they are not members of a Federal Home Loan Bank, while institutions which are members are not charged this fee.

Section 202(a) of this bill insures the continued operation of the FreddieMac SWAP program—a program which is designed to provide an opportunity for residential mortgage lenders to exchange older, low-yielding mortgages for highly liquid securities.

Since the lower yielding mortgages have created earnings problems for banks, as well as for thrifts, the SWAP program involving older mortgages should be available on an equal fee basis to banks and thrift institutions. This section, therefore, prohibits the Mortgage Corporation from charging different fees for SWAP program participation based on status as a member, or nonmember, of the Federal Home Loan Bank System.

Section 203 of this bill authorizes the Mortgage Corporation to purchase loans from the Federal Deposit Insurance Corporation and the National Credit Union Association. This authority was requested by the FDIC and the NCUA to assist them in the orderly management of their portfolios of loans.

Mr. President, I would like to point out that these changes to the Charter Acts of FannieMae and FreddiMac are limited in scope. The committee will be more closely examining secondary mortgage market activities in the coming year, paying particular attention to S. 1805, a bill to restructure and recapitalize the Federal Home Loan Mortgage Corporation. At this time, I would urge the passage of these provisions to insure that SWAP auctions can be held in the coming months.

TITLE III

Section 301 would postpone the effective date of the Truth in Lending Simplification Act (title VI of the Depository Institutions Deregulation and Monetary Control Act of 1980) for 6 months. This extension is essential in order to provide for an orderly and cost-effective transition to the new requirements.

While the original intent of the act was to give creditors a complete year to conform their procedures and disclosure forms to the new law once the implementing regulations were promulgated, a 6-month delay in the release of the Federal Reserve Board's "Official Staff Commentary," which interprets the regulation, has effectively reduced that period to 6 months.

Since virtually all closed-end credit disclosure forms in the country will need to be changed in order to conform to the new requirements, a 6-month extension is absolutely essential. In addition, such an extension will carry out the congressional intent of providing creditors with a 1-year conversion period following finalization of the implementing provisions for the act.

Mr. President, as you and my colleagues are well aware, I have been the leading advocate of simplification and reform of the Truth in Lending Act for nearly 6 years. While we took a major step in the direction of simplification through the provisions that were enacted in 1980, a number of amendments are still necessary in order to truly achieve that objective.

I included three amendments in the Financial Institutions Restructuring and Services Act of 1981 (S. 1720) that I believed would accomplish that long sought-after goal. Now, I have been asked by the House to agree not to take up those amendments for a 6-month period after the enactment of this bill (H.R. 4879), as a condition precedent to their acceptance of this effective date extension. While I believe that these other three amendments are extremely important, I have agreed to that condition in recognition of the time-critical nature of, and the need for, the extension of the effective date.

In section 302 the Banking Committee has also added amendments to H.R. 4879 which would:

First. Provide an automatic 10-year grandfather treatment under title II of the Financial Institutions Regulatory Act of 1978 (FIRA) for individuals serving as management officials of more than one financial institution prior to November 10, 1978.

FIRA prohibits interlocking relationships by management officials at depository institutions within standard market areas and among larger institutions regardless of location. While FIRA provides a 10-year grandfather provision, it also provides that, if changes in circumstances between the interlocking institutions or officials occur, the grandfathered interlocks must be terminated within 15 months after such change.

Under the committee's bill, the term "change in circumstances" would exclude mergers, acquisitions, increases in total assets, establishment of an office or changes in management responsibilities. The amendment is intended to apply to management officials who have already left or have been directed to relinquish a board or management position because of a "change in circumstances"; and

Second. Authorize a 10-year exemption from the restrictions of title II of FIRA for an individual who is a management official of a banking organization and of a nonbanking organization which becomes a savings and loan holding company. This is intended to facilitate the orderly merger of financially troubled thrifts into healthy corporations and to prevent unnecessary disruptions of legitimate business activities.

ALASKA USA AMENDMENT

Section 303 is an amendment presented by Senator STEVENS to grant Alaskan Natives permanent membership in the Federal Credit Union, Alaska USA, has also been approved by the Banking Committee. Originally Alaskan Natives were given temporary membership status until they were sufficiently trained to establish their own credit unions.

However, technical and financial factors have inhibited the establishment of native credit unions, and most of the credit unions which have been spun off have proved unsuccessful and have been merged with Alaska USA. Without this amendment, Native membership in Alaska USA must be terminated on March 31, 1982. However, Alaska USA would be required to service outstanding loan accounts in the millions of dollars. The National Credit Union Administration supports this amendment.

Section 304 amends the provisions of the Omnibus Budget Reconciliation Act of 1981 which phase out assistance under section 235 of the National Housing Act. Generally, that act amended section 235 to provide that no new assistance payments contracts may be entered into after March 31, 1982, except pursuant to firm commitments issued on or before that date.

A special exception was provided for section 235 funds to be used in conjunction with an urban development action grant project, under circumstances where, while no firm commitment had been issued, funds had been reserved for section 235 assistance before June 30, 1981.

This amendment would provide a second exception to the basic requirement that a firm commitment be issued by HUD on or before March 31 of next year.

I recognize that phasing out an assistance program like section 235 can cause serious problems for participants who may have committed themselves to an elaborate course of action in reliance on the expectation of subsidy help. I am convinced that this amendment is intended to respond to just such a circumstance, and for that reason I will support the amendment.

It should be clearly understood, however, that this amendment is intended to have—and will have—very limited application.

First, to come within the proposed exception, there must have been a reservation of section 235 housing assistance funds issued on or before September 30, 1981.

Second, the exception will only have application where the houses will be built

on land owned by the local government on September 30, 1981.

Third, the exception will only have application where a local government has contributed at least $1,000 per unit from community development block grant funds, and at least an additional $2,000 per unit of other funds, to assist the housing for which housing assistance payments contracts will be sought.

Finally, this new exception will be subject—as are all other reservations and commitments for section 235 assistance—to the final statutory cutoff date for entering into 235 payments contracts. That date is September 30, 1983.

It is my understanding that the sole effect of this amendment will be to fulfill the reasonable expectations of an ongoing local program which has committed itself financially by contributing at least $1,000 per unit from community development block grant funds, and at least an additional $2,000 per unit of other funds, to assist the housing for which housing assistance payments contracts will be sought.

This local project cannot meet existing statutory deadlines for reaching firm commitments. My support for the amendment is based upon assurances I have received that these local financial commitments will be met and that the amendment will not have the effect of opening up the section 235 program beyond the point necessary to accomplish this limited goal.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the National Credit Union Administration supporting this bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL CREDIT UNION ADMINISTRATION,
Washington, D.C., December 15, 1981.

HON. JAKE GARN,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I have been informed by your staff that you intend to offer an amendment to H.R. 4879, which would permit the Alaska USA Federal Credit Union to serve on a permanent basis those Alaska Native Corporations which are contained in section 5 of the charter of this credit union.

While I would not normally want to see proposed legislation dealing with individual credit unions due to potential difficulties concerning the provisions of the Federal Credit Union Act, I do offer my support for this amendment as the solution to a particularly difficult situation.

Very truly yours,

E. F. CALLAHAN,
Chairman.

Mr. GARN. Mr. President, I yield to the Senator from Wisconsin at this point.

Mr. PROXMIRE. Mr. President, this legislation will provide jobs for major money centers throughout the country to buttress the secondary market for home mortgage lending.

A key provision in this bill will provide for the effective establishment of international banking facilities. By relieving IBF deposits from regulation Q, reserve requirements and FDIC insurance, the legislation will enable the Eurodollar deposit and foreign loan business now exempted from these requirements overseas to be conducted at home. I think we should do all we can to enhance our country with its great capital markets as centers of international finance.

In other words, we are losing business now to London and to Hong Kong and to various other parts of the world. And we should not lose it because we have by far the best capital markets in the world right here in this country.

Another important provision of this legislation is a provision to allow the FHLMC to engage in swap transactions with institutions respecting mortgages over 1 year old. This provision will allow thrift institutions now under fire with older low yielding mortgage loans to increase the liquidity in their portfolios.

The House has already passed these two provisions. Mr. President, there is every indication that the House will pass this legislation along with a package of amendments added to the House provisions in time for these provisions to become law this year.

The amendments: First, provide effective grandfather treatment to the prohibition on interlocking directors among thrifts and banks; second, provide parity between banks and thrifts under the FHLMC swap program for older mortgages; third, gives grandfather rights to Alaskan Natives under military credit unions; fourth, extends for 6 months the initial date of application of the Truth-in-Lending Simplification Amendments; and fifth, provides an 18-month extension for New York City to complete certain housing construction under the HUD 235 program.

Mr. D'AMATO. Mr. President, will the Senator yield for a question?

Mr. GARN. I yield.

Mr. D'AMATO. Chairman Isaac of the FDIC has expressed a desire to me that the exemption of IBF deposits from insured assessments contain a 2-year sunset provision. As the chairman knows, the bill that is before us does not contain such a provision.

Would you consider it appropriate to include a sunset provision at this time?

Mr. GARN. I respond to my distinguished colleague from New York to say that the IBF legislation, in its current form, does not provide for a 2-year sunset provision as recommended by the FDIC. One reason is that the Banking Committee feels the need for quick passage of the bill necessitates avoiding considering any potentially controversial changes at this time. As I have indicated, 139 foreign banks have already established IBF's in the United States and, for the most part, they are free of FDIC insurance assessments under the provisions of the International Banking Act of 1978.

Moreover, the Banking Committee agrees with the FDIC that the current statutory framework for assessing deposits of insured commercial banks deserves a comprehensive review by the Congress at an early date. The need for a sunset of the IBF exemption is obviated by a commitment that I am making today to a comprehensive review of the entire Federal system of deposit insurance.

The FDIC has already begun analysis of other issues which should be included in such a review and will soon be prepared to begin working with the Banking Committee. One of those issues will be the proposal in S. 1721 to merge the three Federal deposit insurance funds.

Another issue which has been suggested for consideration is relating deposit insurance assessments to the risk posed by an individual bank. Yet another is the desirability and feasibility of coinsurance of large depositors whereby they would not be fully covered if a bank were closed and the FDIC used its authority to perform a purchase and assumption transaction.

These and other issues involving the assessing of deposits for insurance purposes, including a reexamination of the assessment base itself, deserve a thorough review by the Congress. I am committed to this review.

So at this time I would not be in favor of trying to amend this bill. But my commitment is trying to review the entire measure.

Mr. D'AMATO. Mr. President, on June 9, 1981, the Board of Governors of the Federal Reserve System authorized the establishment in the United States of international banking facilities (IBF's). The Federal Reserve's objective was to bring back the foreign deposit and loan activities currently conducted at financial centers abroad. Addition, in 18 States, and the District of Columbia, legislation had been adopted to allow these facilities to be established.

For the first time in decades, American banks will be able to compete in the United States and in the Euro-dollar market which at the present time contains a pool of approximately $1 trillion. Economists at the Federal Reserve estimate that as much as $125 billion in deposits could flow back to the United States in just a few months. I believe the establishment of IBF's will foster an increase in jobs and economic activity.

However, one significant impediment must be removed before American banks can competitively operate IBF's in the United States. Under current law deposits at American IBF's are subject to assessment by the FDIC for insurance costs. This is a significant regulatory cost not imposed on foreign banks offering competitive services.

On July 22, 1981, I introduced S. 1508, a bill which would allow U.S. banks which establish IBF's to compete on equal terms with foreign banks establishing similar facilities. S. 1508 would have amended section 13(e) of the Federal Deposit Insurance Act to exempt IBF's of American banks from FDIC assessment. My staff and I had many discussions with members of the banking community during the development of S. 1508.

On October 7, 1981, the distinguished chairman of the Banking Committee, my colleague from Utah, Senator GARN, in-

troduced S. 1720, "the Financial Institutions Restructuring and Services Act of 1981," which included S. 1508 as part of his comprehensive package. Since IBF's were authorized to begin operating in the United States on December 3, 1981. It has now become necessary to pass this necessary exemption from FDIC insurance.

H.R. 4879, the bill presently being considered, was introduced in the House by Congressman SCHUMER on November 2, 1981, and was passed by the House on November 17, 1981. Congressman SCHUMER's bill contains the same provision as S. 1508, the bill I introduced on July 22, 1981.

The exemption of IBF deposits from FDIC assessment is essential if IBF's are to be effective and fulfill the important public policy objectives for which they are designed. In the absence of such an exemption, American banks will be placed at a serious competitive disadvantage.

Mr. President, I urge adoption of H.R. 4879.

In addition to the very important exemption of IBF's from FDIC assessment, another problem is being addressed by this bill.

Mr. President, this bill will permit the same exemption for those homes with section 235 funding on municipally owned land as the Congress granted to those homes that were built with section 235 funding and urban development action grants. When Congress passed the Housing and Community Development Amendments of 1981, it extended the time period for construction and sale of such homes until September 31, 1981.

New York City has never been able to use the 235 program previously because of the low mortgage limitations. In fact, it only began its involvement in the last stages of the program's existence. In order to fully participate, the city is extending a 20-year tax exemption and is writing down the cost of the land. Additionally, New York City has contributed over $7 million of its capital and expense budget money and over $2 million of community development money to develop one- and two-family homes in areas that are presently deteriorating.

This program will be the first time that New York City has used a Federal program to develop lower density housing for households with incomes insufficient to purchase homes without a subsidy. The program will utilize over 100 acres of vacant land in four boroughs, returning it to the tax rolls, and rebuilding areas that are presently deteriorating. It is my hope, and the hope of all New Yorkers, that these first developments will be the catalyst for future conventionally financed homes.

Mr. President, I wish to thank Chairman GARN and his able committee staff for their patience, both with my concerns for the international banking facilities bill and for helping to correct the inequity in the section 235 housing problem in New York City. Additionally, I wish to personally make mention of Congressman SCHUMER and Congressman STANTON, who have helped in developing and passing this excellent legislation. Finally, I must also thank Chairman ST GERMAIN for his willingness to address the problems that H.R. 4879 attempts to solve.

Mr. President, I ask that the Senate adopt H.R. 4879.

Mr. WILLIAMS. Mr. President, I wish to ask the junior Senator from New York some questions concerning the extension of 235 funding. Are there any other cities that have funding reserved under section 235 that could move to final commitment?

Mr. D'AMATO. As I understand it, New York City is the only locality eligible for this funding. The New York situation is unique and the units have already been allocated to New York City in the following locations:

The borough of the Bronx, 46 units; Brooklyn, 1,144 units; Queens, 210 units; and Manhattan, 178 units.

Mr. WILLIAMS. Can these units be used by other localities if New York City fails to use them by March 31, 1981?

Mr. D'AMATO. No, these units have already been allocated to New York City and cannot be reallocated to any other locality. If New York City fails to use them, the units would be recaptured by HUD and the funds would not be used. Additionally, New York City would lose its contribution of over $9 million.

Mr. STEVENS. Mr. President, I am pleased to rise in support of this legislation, and in particular an amendment my good friend from Utah was willing to accommodate concerning the Alaska USA Federal Credit Union.

Mr. President, after passage of the 1971 Native Claims Settlement Act the National Credit Union Administration (NCUA) asked the Alaska USA Federal Credit Union to provide technical assistance to the new Native corporations organized under the Alaska Native Claims Settlement Act (ANCSA) so that they might eventually initiate their own credit unions.

During this process, the field of membership of Alaska USA was expanded to include Native members of 10 regional Native corporations. The idea was to allow Native membership in Alaska USA long enough for each Native corporation to spinoff their own credit unions.

Advertisements to potential Native members included language to the effect that "once a member, always a member" in the credit union. Native membership was limited, however, since specific dates were provided for termination of Native membership in Alaska USA, anticipating that Native corporation spinoff credit unions would be available to serve the financial needs of Alaska's Natives.

The anticipated Native credit union spinoffs, despite Alaska USA's excellent efforts to provide assistance, were few in number, and extensions of the termination dates were given by the NCUA and Congress to set up a more complete infrastucture for Federal credit unions. The current termination date for Native membership is March 31, 1982.

Even though extensions have been granted, only one or two spinoffs have been successful, and the ones that have not been successful have merged with Alaska USA.

Alaska's Natives have made it clear, Mr. President, that they do not want simply an extension of membership rights in Alaska USA. The Native corporations have not achieved the spinoff credit unions that were envisioned. This has not been due to a lack of desire on the corporations' part, but the sheer magnitude, complexity, and economics of scale involved in setting up a credit union. Alaska's Natives want and need the continued services of Alaska USA.

Unfortunately, Mr. President, if this amendment is not adopted, Native membership in Alaska USA must be terminated on March 31, 1982. In that event Alaska USA would be required to continue to service millions of dollars in loans with persons who were no longer members of the credit union. The amendment solves this problem by providing for permanent membership for Alaska Natives in Alaska USA by elimination of the termination dates in Alaska USA's field of membership provision contained in its charter.

This amendment is supported by the National Credit Union Administration and has been cleared with both House's Banking Committees. I would like to thank my good friend from Utah for his help in resolving this matter.

In summary, continued Native membership in Alaska USA would be in the best interest of Alaska's Natives and forwarding Federal policy under the Alaska Native Claims Settlement Act.

Mr. GARN. Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GARN. Mr. President, I know of no other comments on this particular bill, and I ask for the third reading.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments en bloc.

The committee amendments were agreed to en bloc.

The PRESIDING OFFICER. If there are no further amendments, the question is on the engrossment of the amendments and the third reading of the bill.

The bill was ordered to be read a third time and was read the third time, and passed, as follows:

H.R. 4879

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—INTERNATIONAL BANKING FACILITY DEPOSIT INSURANCE ACT

SHORT TITLE

SEC. 101. This title may be cited as the "International Banking Facility Deposit Insurance Act".

INTERNATIONAL BANKING FACILITY DEPOSITS

SEC. 102. Section 3(l)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)(5)) is amended to read as follows:

"(5) such other obligations of a bank as the Board of Directors, after consultation with the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, shall find and prescribe by regulation to be deposit liabilities by general usage, except that the following shall not be a deposit for any of the purposes of this Act or be included as part of the total deposits or of an insured deposit:

"(A) any obligation of a bank which is payable only at an office of such bank lo-

cated outside of the States of the United States, the District of Columbia, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands; and

"(B) any international banking facility deposit, including an international banking facility time deposit, as such term is from time to time defined by the Board of Governors of the Federal Reserve System in regulation D or any successor regulation issued by the Board of Governors of the Federal Reserve System.".

BRANCHES OF INSURED BANKS IN THE TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 103. (a) Section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) is amended—

(1) in subsection (a), by inserting "the Trust Territory of the Pacific Islands," after "American Samoa," each place it appears therein;

(2) in subsection (m)(1), by inserting "of the Trust Territory of the Pacific Islands," after "American Samoa,"; and

(3) in subsection (o), by inserting "the Trust Territory of the Pacific Islands," after "American Samoa," each place it appears therein.

(b) Section 7 of such Act (12 U.S.C. 1817) is amended—

(1) in subsection (a)(4), by inserting "the Trust Territory of the Pacific Islands," and "American Samoa,"; and

(2) in subsection (b)(5)(B), by inserting "the Trust Territory of the Pacific Islands," after "American Samoa,".

(c) Section 11(a)(2)(A)(iv) of such Act (12 U.S.C. 1821(a)(2)(A)(iv)) is amended—

(1) by inserting "of the Trust Territory of the Pacific Islands," after "of American Samoa,"; and

(2) by inserting "the Trust Territory of the Pacific Islands," after "Virgin Islands, American Samoa,".

TITLE II—MORTGAGE PURCHASE AMENDMENTS OF 1981

SHORT TITLE

SEC. 201. This title may be cited as the "Mortgage Purchase Amendments of 1981".

PURCHASES OF MORTGAGES MORE THAN ONE YEAR OLD

SEC. 202. (a) The third sentence of section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) is amended to read as follows: "The Corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any other seller currently engaged in mortgage lending or investing activities.".

(b)(1) Section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) is amended by inserting after the third sentence thereof the following: "With respect to any transaction in which a seller contemporaneously sells mortgages originated more than one year old prior to the date of sale to the Corporation and receives in payment for such mortgages securities representing undivided interests only in those mortgages, the corporation shall not impose any fee or charge upon an eligible seller which is not a member of a Federal Home Loan Bank which differs from that imposed upon an eligible seller which is such a member.".

(2) The amendment made by paragraph (1) shall take effect on January 1, 1982, and shall apply to commitments entered into on or after such date.

(c) The fourth sentence of section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)) is amended to read as follows: "The Corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any other seller currently engaged in mortgage lending or investing activities.".

MORTGAGE LOAN PURCHASES FROM THE FEDERAL DEPOSIT INSURANCE CORPORATION AND THE NATIONAL CREDIT UNION ADMINISTRATION

SEC. 203. Subsections (a)(1) and (b) of section 305 of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454) are amended by inserting "the Federal Deposit Insurance Corporation, the National Credit Union Administration," after "Federal Savings and Loan Insurance Corporation," each place it appears.

TITLE III—MISCELLANEOUS

SEC. 301. Section 625(a) of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"SEC. 625. (a) Except as provided in section 608(b), the amendments made by this title shall take effect upon the expiration of two years and six months after the date of enactment of this title.".

SEC. 302. Section 206 of the Depository Institution Management Interlocks Act is amended to read as follows:

"SEC. 206. (a) A person whose service in a position as a management official began prior to the date of enactment of this title and who was not immediately prior to the date of enactment of this title in violation of section 8 of the Clayton Act is not prohibited by section 203 or section 204 of this title from continuing to serve in that position for a period of ten years after the date of enactment of this title. The appropriate Federal banking agency (as set forth in section 209) may provide a reasonable period of time for compliance with this title, not exceeding fifteen months, after any change in circumstances which makes service described in the preceding sentence prohibited by this title, except that a merger, acquisition, increase in total assets, establishment of one or more offices, or change in management responsibilities shall not constitute changes in circumstances which would make such service prohibited by section 203 or section 204 of this title.

"(b) Effective on the date of enactment of this title, a person who serves as a management official of a company which is not a depository institution or a depository holding company and as a management official of a depository institution or a depository holding company is not prohibited from continuing to serve as a management official of that depository institution or depository holding company as a result of that company which is not a depository institution or depository holding company becoming a diversified savings and loan holding company as that term is defined in section 408(a) of the National Housing Act. This subsection shall expire ten years after the date of enactment of this title.".

SEC. 303. Section 313 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"ALASKA USA FEDERAL CREDIT UNION

"SEC. 313. The provisions of section 5 of the charter of the Alaska USA Federal Credit Union which would terminate the eligibility for membership in the Credit Union of the enrollees and employees of certain corporations shall not be effective.".

SEC. 304. The fourth sentence of section 235(h)(1) of the National Housing Act is amended—

(1) by inserting "(i)" after "except";

(2) by striking out "or" after "March 31, 1982," the second place it appears and inserting in lieu thereof "(ii)"; and

(3) by inserting before the period after "1974" the following: ", or (iii) pursuant to other commitments issued on or before September 30, 1981, where housing under this section is to be developed on land which was municipally owned on September 30, 1981, and where a local government contributes at least $1,000 per unit of funds obtained under title I of the Housing and Community Development Act of 1974 and at least $2,000 per unit of additional funds to assist housing under this section".

Mr. GARN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. D'AMATO. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONFERENCE REPORTS

Mr. ROBERT C. BYRD. Mr. President, I want to take this opportunity to express my appreciation, and that of my colleagues, for the sterling performance of the floor managers on the four conference reports which we have passed this evening.

Senator TED STEVENS for the majority and Senator JOHN STENNIS for the minority, both deserve a vote of appreciation from us for the outstanding work they did in managing H.R. 4995, the Department of Defense appropriations for fiscal year 1982. H.R. 4995 represents the first installment of the largest peacetime defense budget in the history of our country. This is a vital commitment on the part of the United States in responding to the Soviet buildup throughout the decade of the 1970's. As such, it is an extremely complex piece of legislation and the floor managers deserve credit for the work they have done in guiding this legislation through the committee, floor, and conference process.

Senator PAUL LAXALT for the majority and Senator JIM SASSER for the minority were the managers for H.R. 4241, the military construction appropriations for fiscal year 1982. Once again, this piece of legislation is vital to the national security of the United States. Both Senator LAXALT and Senator SASSER are to be commended for the work they have done in managing this legislation through the very tortuous appropriations process.

A special vote of thanks should go to Senator THAD COCHRAN of the majority and Senator TOM EAGLETON for the minority for the work they did on H.R. 4119, the Agriculture Appropriations Act for fiscal year 1982. This legislation is vital to the maintenance of the position of the United States as the world's leading producer of food. In these times of budget stringency, the managers of this legislation are to be commended for fashioning an appropriations act which will maintain this high level of agricultural productivity in this country.

And finally, Mr. President, I want to pay tribute to Senator CHARLES PERCY for the majority and Senator CLAIBORNE PELL for the minority, who floor managed the always controversial foreign assistance authorization through the congressional process.

In sum, Mr. President, we all owe a deep debt of gratitude to our colleagues who have devoted considerable time and effort to seeing enactment of these measures. There were difficult decisions facing all of us as they related to each individual bill we have acted upon this evening. Yet, the floor managers, on both sides of the aisle, demonstrated exemplary patience and knowledge in managing these bills through the legislative process.

A NEW STRATEGY FOR NATO

Mr. COHEN. Mr. President, the New York Times magazine this past Sunday had an excellent article by former Central Intelligence Agency Director Stansfield Turner, "A New Strategy for NATO."

Admiral Turner argues in his piece that the United States should reduce its military forces in Europe and strengthen its defenses against the Soviet threat to Third-World countries. He suggests that the bickerings and differences between the United States and its allies in Western Europe are symptomatic of a deeper problem.

"The military threat to Western Europe has changed—the result of new conditions inside the Soviet bloc that have changed Soviet perspectives," Turner says: "The Western alliance is organized around a strategy for yesterday's dangers."

We cannot ignore the threat to the Western alliance posed by the Soviet threat to Third World areas like the Persian Gulf. If we do, we and the nations of Western Europe all lose.

It is Turner's proposal that the United States reduce its contribution to the military defense of Western Europe so that we can divert forces to the Third World. "The Europeans will be shocked, but the alliance will survive and emerge all the stronger for recognizing the realities of the 1980's," he concludes. "In fact, fear of facing up to reality will vitiate the partnership more surely than anything else."

Turner's article is a thought-provoking one. I commend it to the attention of my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times Magazine, Dec. 13, 1981]

A NEW STRATEGY FOR NATO

(By Stansfield Turner)

There are times in the history of military alliances when some long-latent problem reaches a point where a decision, no matter how painful, must be made. Such a time has arrived for the North Atlantic Treaty Organization, the compact of free nations that for 32 years have been the framework of security for Western Europe and the United States.

The Soviet Union and its Eastern European satellites, banded together under the Warsaw Pact, have been growing stronger in military terms. Yet the Atlantic alliance cannot seem to agree on how best to respond. The Europeans have lost much of their old confidence in American leadership; they tend more and more to be preoccupied with narrow national concerns and to take independent positions on issues that demand a common allied strategy. This restiveness has even seeped down to the level of public opinion. In recent weeks, the political atmosphere in Western Europe has been roiled by mass demonstrations against allied plans for deploying new American missiles on European soil.

These bickerings and differences are symptomatic of a deeper problem. The military threat to Western Europe has changed—the result of new conditions inside the Soviet bloc that have changed Soviet perspectives. The Western alliance is organized around a strategy for yesterday's dangers. All these trans-Atlantic disagreements over force levels and weapons missions stem largely from inner doubts and plain confusion about their relevance to present needs.

The most likely threat to the Western alliance today is pointed not directly at Western Europe but, obliquely, across third-world areas like the Persian Gulf. What we need is a new strategy providing those regions with a defensive shield. This would best be done by the United States and Western Europe acting in concert. But if, as seems probable, the Europeans are unwilling or unable to increase their military potential for this purpose, the United States must act alone.

This will mean a smaller American contribution to the military defense of Western Europe, as we divert forces to the third world. The Europeans will be shocked, but the alliance will survive and emerge all the stronger for recognizing the realities of the 1980's. In fact, fear of facing up to reality will vitiate the partnership more surely than anything else.

It must be admitted, to start with, that, by and large, Western Europe and the United States bring differing viewpoints to the question of whether the times call for more détente or more defense.

Détente for Europe has meant new markets for trade with Eastern Europe and the Soviet Union, increased dialogue with the East and a chance to influence East-West relations independently of the United States. The Europeans have put emphasis on perpetuating détente despite the Soviet invasion of Afghanistan and Moscow's blatant pressures on Poland. The very fact that the Polish workers dared to rebel and the Kremlin has been holding back from military intervention is seen by Europeans as deriving partly from the attitudes of détente acquired in the 1970's.

Most Americans, on the other hand, see détente more as a desirable principle than a working basis of foreign policy. We have supported détente publicly but we question it privately, tending to see it as having led to Soviet gains in Angola, Ethiopia, Southern Yemen, Nicaragua and Cambodia. We look on East-West trade with much less enthusiasm than the Europeans, reasoning that, from the Western standpoint, the impetus for such trade is political rather than economic. (Western Europe's trade with Communist countries accounted for only 4.9 percent of its total foreign trade in 1980; alternative markets could easily have been found elsewhere.) The European view that the Soviet leaders are sincerely committed to détente, if only because of their concern with the Soviet bloc's internal political and economic difficulties, gets a skeptical hearing in the United States.

There is, nonetheless, something to be said for the European analysis. The Kremlin's current difficulties could well be having some inhibiting effect. The Soviet leaders must be increasingly worried about the satellites' political reliability. Poland is only the most dramatic expression of this endemic problem; there are long-term forces undermining the foundations of socialism across a much wider spectrum within the Warsaw Pact. Each Eastern European leader must feel that his fate hinges to some degree on the outcome of the Polish drama. Tension within the Communist alliance is bound to increase. And whatever makes the satellites even less reliable will tend to limit Moscow's freedom of action toward the West.

The economic malaise spreading across the Soviet empire is just as serious in its implications. The problems of the Soviet-style planned economy, with its lack of individual incentive, have assumed formidable proportions. Growth rates are declining both in output and productivity. The Soviet leaders are caught between three competing needs—continued spending on the military, investment in plant and equipment, and a better break for the consumer—and there are no easy choices to be made.

But a different analysis of Moscow's difficulties could lead to a conclusion far different from the one espoused by most Europeans. As economic requirements push up against military spending, and as political tensions within the Warsaw Pact grow more serious, the Soviet leaders could be tempted to establish footholds around the world before their military advantages ebb and before our renewed defense program takes effect. The objective, according to this "lash-out" theory, would be not only to win all they can while they can but to divert domestic attention from increased austerity at home.

The Russians could take military action in remote regions alone, but this would hardly achieve their objective. They could, as a second alternative, lash out on the central front in Europe, but that would be risky indeed. A third option, an attack on Europe's flanks, or on Iran or Pakistan, would also involve serious hazards. Thus, while the possibility of some desperate move of this nature cannot be ruled out entirely, it seems unlikely—at least during the next few years, when the Russians will almost certainly be faced with the unsettling difficulties of a succession to the aging leadership of Leonid I. Brezhnev and his men.

A fourth alternative seems more probable—a Soviet foreign policy not unlike the one we have seen for some years, combining aggressive opportunism in the third world with military intimidation and political-economic inducements in Europe.

There is now a question, however, about the European aspects of this policy. Except for the realm of strategic forces, the Russians' potential for intimidating Western Europe will lessen as their military buildup reaches the limits of their capacity and as the reliability of their East European allies becomes increasingly suspect. At the same time, Soviet inducements to Western Europe will look less appealing as the harshness of the Communist societies comes more to the surface in response to the buildup of internal pressures.

In the third world, on the other hand, the outlook for Moscow is more promising. In the wake of the Vietnam War, the United States offered no real opposition as the Soviet Union extended its influence over one third-world country after another. Our stiffer reaction to the invasion of Afghanistan took the Russians by surprise but is not likely to deter them in the future. They have seen little consistency in our foreign policy over recent years, and one grain embargo is hardly likely to persuade them that we will be as firm next time, especially since the embargo was lifted by President Reagan in response to pressure from the domestic farm bloc.

The Russians are likely to continue to seize opportunities to support and manipulate leftist factions in the third world. In some cases, these will be revolutionary ele-

ments seeking to take control, as in Angola in 1975. In others, they will be socialists in power who come under challenge from domestic opponents, as in Ethiopia in 1978. There will be blatant moves to install power from outside the country, as the Vietnamese and Russians did in Cambodia in 1978.

There are, it is true, some inherent limitations to this Soviet technique. Moscow's aid to its political protégés is almost entirely military in character. Lacking sufficient reserves of materials, money and know-how for the kind of economic programs that could meet the recipient countries' needs for economic growth, the Russians have rarely been able to establish close, long-term relations with their new-found friends. In the past 20 years, they have been ejected from China, Indonesia, Egypt, Sudan and Somalia, losing out in most cases to strong forces of nationalism.

Yet the Russians have always been willing to make a stab at controlling selected parts of the third world and cutting their losses, if necessary. And today there are two new factors at work. In Angola, Ethiopia and Cambodia, the Russians have left behind sizable surrogate forces, Cuban or Vietnamese. It would be much more difficult for these nations to escape from the Soviet camp than it was for the Egyptians and others. And in Nicaragua, we may have recently witnessed a new Soviet technique—meddling based on Libyan financing. If the Russians can induce Libya to fill the economic void in selected underdeveloped countries, their capability for intervention could be significantly enlarged.

Look, for instance, at what they might attempt from their position in Southern Yemen. By destabilizing Oman, on one side of Saudi Arabia, and Yemen, on the other side, they could outflank the Saudi regime and generate considerable pressure on that Government to amend its pro-Western posture. Soviet prospects in Iran after the death or exit of the Ayatollah Ruhollah Khomeini are even brighter. If the Communist Tudeh Party emerged even temporarily as the dominant Iranian political force, and if the Tudeh "invited" a Soviet military detachment into the country, Iran could be brought under Soviet hegemony. A subsequent march to the northern shores of the Persian Gulf would intimidate Saudi Arabia and place the flow of oil to the West in jeopardy.

Look, also, at the exposed position of several other nations to which we have formal or implied commitments. Pakistan has Soviet troops just across its border with Afghanistan and is frequently accused by the Russians of aiding the Afghan resistance. Thailand's territory has been violated by spillovers from the fighting in Cambodia. South Korea must worry constantly about Moscow encouraging the North Korean leader, Kim Il Sung, into another act of aggression.

If the Russians continue to discern few risks in such third-world adventurism, they surely will continue to make use of their opportunities. It is for these areas, therefore, that a new policy must be forged by the Western alliance, and primarily by the United States.

It must be our common purpose to create unacceptable risks for the Russians—to make the costs of aggression unacceptably high wherever our vital interests are involved. This is not to advocate universal intervention in troubled areas or a return to total containment of the Soviet Union. It suggests selective and determined resistance in areas of overriding concern.

Clearly, we have vital interests in the major oil-producing countries. There are many other suppliers of raw materials on whom we and our allies depend, and many of these countries are key markets for our exports. The Russians seek to drive a wedge between these countries and the West, to cut off our mineral supplies and to create strains within the Atlantic alliance by forcing each member to scramble to protect its own interests.

The Russians need not take direct military action to cut our supplies. They may influence a leftist-leaning government to do that; they may foment internal disorders or regional wars that will interrupt production and shipment. In anticipation of this kind of Soviet meddling, we must make sure they know that we are ready and capable of resisting their overtures and interventions.

Our resistance can take a number of forms—diplomatic, economic or military. In most instances in the third world, the tools of diplomacy and economic aid will be more applicable than military presence or combat. But diplomatic and economic leverage will be insufficient unless the Western alliance can present a united front and display a readiness to protect its interests with adequate military power.

In the Persian Gulf, clearly a nexus of the vital interests of the United States and its allies, it has become highly probable that we will need the capacity to at least threaten the use of force—and enough power in the region to make the threat credible. The Russians must be left with no doubts about our readiness to resist any attempt to alter the balance of power in this critical area. Only when they become convinced of our resolution and capacity will they see the costs and risks of overseas adventurism as being higher than in the past.

Our chances of drawing a line and holding it are good. In measuring risks against opportunities, the Russians will have to take their own lessening economic and political strength into account. The Russians are bogged down in Afghanistan; they are subsidizing Cuba, underwriting Vietnam's occupation of Cambodia and standing poised with 30 to 40 divisions on Poland's perimeter; surely they must think carefully before extending themselves further. A full range of responses to Soviet meddling in the third world has a better chance of success today than ever before.

We should encourage our European allies to participate in the development of new Western defenses in the third world. It will always be helpful politically to have a multinational force rather than one that is strictly American. French and British naval forces, and the 4,000-man French Army contingent posted in Djibouti, are the best candidates. But the Europeans have only limited potential for projecting sizable military power over long distances. The transport and support of any allied forces carried into action would have to come from the United States.

The rub is that this is bound to affect our military posture in Western Europe. The United States cannot maintain two armies and two air forces, one for the plains of Europe and one for deployment around the world; neither the American public nor the Congress would support that expense. Difficult as the decision would be, a reduction of our forces in Western Europe is an unavoidable component of a new strategy that in the end would enhance the security of both Europe and the United States.

The change would, of course, pose a variety of problems. Some of them are technical. The military equipment we need for remote regions is quite different from what we now have in Europe. If we are to transport tanks, artillery, armored personnel carriers and other such hardware to remote areas, they must be light and compact. Since we can't have two armies and two air forces, our troops in Europe must adapt their tactics to lighter and more mobile equipment. This means less dependence on massive firepower and stoutly defended positions and more reliance on mobility and maneuver. Instead of holding fixed front-line positions by firepower and armored defense, American ground units in Europe would be trained to move rapidly to where Warsaw Pact forces have been positioned for a breakthrough.

There are those who believe that such tactics of maneuver are more suited, in any case, to tomorrow's technology and battlefield environment. In any event, the alliance's military tactics would have to change appreciably if the United States retooled its ground forces to acquire a dual capability for Europe and for the third world. The forces of our European allies would have to be similarly reshaped—or they would have to think through a new role for themselves, complementing a lighter, more flexible American force.

Similarly, land-based American air power must be easily transportable around the world. The problem is not with the aircraft themselves but with the cumbersome support elements of spare parts, computerized testing equipment, technicians, and so on, that must follow along to keep the sophisticated aircraft flying. Switching to less sophisticated aircraft with more sophisticated weapons could make a big difference.

It would take years to develop and deploy these lighter forces and apply these new tactics. In the meantime, we could improve on our ability to move quickly to unexpected trouble spots by drawing upon equipment and personnel in Europe whenever they are closer to the scene.

In the best of all worlds, our European allies would accept the argument that the United States must take these steps even at the cost of doing less in Europe, and that they should compensate by taking on a larger role themselves. If they did not, in view of their disinclination to increase their defense spending, our best course would be to proceed independently, though after full explanation and consultation. To ignore the problem of continued Soviet interventionism in the third world would be shortsighted. To take on this new responsibility without making the necessary adjustments in Europe would be unrealistic.

Some feel that our military capabilities can be extended to the third world without having any great impact on our commitments in Europe; perhaps a small Rapid Deployment Force, as initiated by President Carter, would do the trick. It could—where the Soviet Union is not directly involved. But it would be patently inadequate in cases of Soviet or Soviet-sponsored military adventurism. The Cuban presence in Ethiopia and Angola is sizable and well equipped; a Soviet thrust into Iran would be massive. A commando force big enough only for putting out "brush fires" in the third world does not constitute a serious enough commitment to have a deterrent effect on Moscow.

There are others who argue that if Washington reduced its military effort in the defense of Europe, the Europeans could drift into neutralism and accommodation with the Soviet Union. Indeed, as we have noted, there are increasingly vocal leftist factions in Europe that may be willing to sell out their heritage of freedom in just this way, but it would be surprising if this minority view prevailed. There is also the argument that this is no time to raise such a difficult new issue—we have enough problems within the alliance as it is. That is a reasonable principle, but the problem is that the threat of Soviet subversion in vital areas like the Persian Gulf will not go away. The alliance cannot remain strong if it chooses to ignore a critical threat to its survival.

The basic fault with our present alliance strategy is that it confuses preparedness for the most serious possible threat with preparedness for the most likely threat. Our focus for all of these past 32 years has been on the danger of Soviet conquest of Western Europe. Naturally, adequate defense against this possibility must remain among our top priorities. But the most likely danger today

is the indirect one of Soviet attempts to extend control over the West's supplies of oil and other minerals and over its political and economic relationships with the third world. The old saying that the road to Berlin is through Baghdad is worth renewed consideration.

The Soviet Union, as we have seen, is facing a set of conditions, internally and externally, that will make it tempting for the Soviet leaders to improve their world position while they still can. The perilous uncertainties of an attack on Western Europe would make that a very difficult choice, to put it mildly, for any Soviet leadership. Yet the impulse to do something may be very strong. An effort to undermine the alliance by way of the third world will be a compelling alternative.

Facing up to this new challenge will test the Atlantic alliance, but the process of testing can also be one of reinvigoration. It can establish new criteria for the sharing of effort, new ability to adjust to change and a renewed sense of commitment to our basic objectives. Yes, there are risks that the alliance will not measure up, but avoidance of necessary risk has never been a sensible policy in the defense of freedom.

AN ADDED COMMENDATION FOR A YOUNG WOMAN WHO DOES HER JOB EXTRAORDINARILY WELL

Mr. ROBERT C. BYRD. Mr. President, thousands of men and women are engaged in the work of Congress. Whether those thousands are involved in meeting the physical necessities of Congress—as are the maintenance and food-service people—or in providing their Senators and Congressmen with highly specialized and technical assistance—as are our personal and committee staff members—those men and women are serving vital roles on Capitol Hill.

From time to time, however, one of those vital people achieves a special standing among us. Such a person is Susan Alvarado, Legislative Assistant to Vice President GEORGE BUSH. So prominent and valued has Ms. Alvarado become that today's Washington Post featured her in its "Style" section.

As interesting as that article is, however, it catches only certain facets of Ms. Alvarado's personality, career, and significance on Capitol Hill. Though I do not want to detract from the luster of the Post article, or to "gild the lily," I do want to add some words of personal appreciation in Susan Alvarado's behalf—words with which I believe many of our colleagues will concur.

Though Susan Alvarado has been in her current position for a relatively brief time, she is a Capitol Hill veteran. Many Senators were impressed favorably with her efficiency, spirit, and helpfulness when she served on Senator STEVENS' assistant minority leader's staff. The understanding, skill, and expertise that Ms. Alvarado learned under Senator STEVENS' tutelage has served her, the Senate, and the Vice President well in her most recent capacity, and we are all indebted to Senator STEVENS for first introducing Ms. Alvarado to her Capitol Hill duties, and to Vice President BUSH for providing her with a wider field of responsibility in which to serve the Senate.

Susan Alvarado is a mature, alert, and perceptive staff member who possesses great promise. Throughout her successful professional rise, she has, however, never lost the deeply sensitive and humane instincts that have always characterized her, and that make her well-suited for her Senate duties. Susan is a master of issues, but she is also a master of personality. Working side-by-side with famous and notable people has neither jaded her inherent courtesy nor blinded her to their essential humanity. She is, in short, a born diplomat of substance and intelligence.

We are fortunate to have Susan Alvarado working among us, and I know that I speak for our colleagues when I express my own personal appreciation for the uncomplaining, helpful, efficient, and effective manner in which she conducts herself and carries out her duties.

THE ARAB–ISRAELI CONFLICT

Mr. PERCY. Mr. President, it was with great disappointment that I heard of the action of the Israeli Knesset in extending Israeli law to the occupied Syrian territory on the Golan Heights. This is a unilateral action which constitutes an unnecessary impediment to the negotiation of a comprehensive settlement of the Arab-Israeli conflict based on U.N. Security Council Resolutions 242 and 338.

The United States has taken the position that the final status of territory occupied by Israel in June 1967 must be determined through negotiations under these U.N. resolutions to which Israel agreed.

We have had a long partnership with Israel, a partnership I wish us to sustain and nurture, but such a partnership requires close consultation on matters which are of mutual concern. It is very difficult to work to bring peace to the region if our efforts are undercut by unilateral actions of this nature. The Knesset vote is harmful to the peace process and creates a new complication for U.S. efforts to advance the Camp David process to which we are firmly committed.

All the parties to the Arab-Israeli dispute should engage their energies in the effort to achieve a just, lasting and comprehensive settlement of the conflict without taking unilateral actions which undermine the prospects for peace.

HOW AMERICA LOOKS AT EUROPE

Mr. PERCY. Mr. President, on December 1 the very able distinguished Arthur Burns, U.S. Ambassador to the Federal Republic of Germany, gave a speech in Bonn on "How America Looks at Europe." Ambassador Burns made several points that I would particularly like to call to the attention of my colleagues in the Senate.

First, he points out that part of Europeans' uncertainty about U.S. leadership in recent years derives directly from foreign perceptions of U.S. loss of economic vigor, creativity and productivity.

Second, the Ambassador says he has no difficulty understanding people in Europe who disagree with U.S. policies, and even demonstrate peacefully against them. But he has great difficulties understanding Europeans who equate U.S. motives internationally with Soviet motives.

Third, he reminds Europeans that American commitment to the North Atlantic Alliance remains strong and steadfast, but that Americans are also watching the nuclear debate in Europe with increasing concern. If Europeans' reaffirmation of alliance determination to seek collective security through both adequate defense preparedness, and arms control negotiations, is long postponed or uncertain, "there may well be a growing sentiment in America to turn back upon itself and let Europe depend, for its security and freedom, upon its own resources or upon Soviet good will."

Finally and most important, Ambassador Burns stresses that the foundation of the alliance is those common values that bind together our shared heritage and culture: respect for human rights, faith in democracy, and devotion to the rule of law. He goes on to express his feeling that confidence in the objectives of the alliance and the United States will not be fully restored until all our citizens learn or rediscover that these values are worth protecting. He further suggests that appreciation of the values and achievements of our western civilization must begin, on both sides of the Atlantic, in our homes, schools and parliaments.

Mr. President I ask unanimous consent that the full text of Ambassador Burns' remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

HOW AMERICA LOOKS AT EUROPE
(By Hon. Arthur F. Burns)

As an economist who has studied and lived history, I am both humble and proud to represent my country in the Federal Republic of Germany—our close and respected partner in the preservation of peace, freedom and security. And as one whose roots are in Europe but whose life has been spent in America, I have long been convinced that Europe and America are woven into a mantle that covers our common history, our culture, our civilization.

We are bound by more than the accidents of history and mass migration. The ways in which Europe and the United States have generally viewed one another are based on numerous factors, but what fundamentally underlies these perceptions in the sense of shared ethos that we call "Western Civilization."

That civilization evolved through the centuries from its origin in ancient Greece. It was shaped by the pragmatism of the Romans, by the ethics of the Judaeo-Christian tradition, by the concern of Humanism for the worth of the individual, and by the faith in progress nurtured by the Enlightenment. The political and socioeconomic institutions built on this Western ethos were transplanted in North America, where—while modified—they have been able to flourish. The family metaphor, commonly used to describe the American-European relationship, suggests its enduring nature and complexity. Viewed historically as the offspring in Europe, the United States mirrored "Old World" conflicts and values even in rebellion and

during subsequent attempts to create a separate identity. The European sense of paternalism remained even when the United States emerged from the 19th Century as a large and powerful nation that had manifestly come of age. The symbiotic relationship was bound more tightly by the huge and successive waves of immigration to America from every corner of Europe.

During the first half of the 20th Century, as two major wars and political upheaval tore apart the social and economic fabric of Europe, a dramatic transformation took place in this relationship. A new, powerful Byzantium arose and extended its sway into the very heart of the continent. The "Old World" found itself weakened, dependent, and endangered. In these circumstances, the rich and powerful "New World" quickly came to the aid of its European family and supplied both the military power and the economic sustenance to protect and resuscitate the continent.

The bricks in the Atlantic edifice were money, technology, and guns but the mortar holding it together was the common heritage and values of Western civilization.

In this new and troubled environment, the interests and policies of the United States dominated for many years. However, by the late 1960's and early 1970's several factors brought on significant changes in the situation. Foremost among them was the renewed industrial and financial strength of Western Europe. Other influences also played a role—among them, the preoccupation of the United States with Asia, lack of sympathy toward American policy in Vietnam, diminishing fear of Soviet expansionist intentions in Europe, and also the reduced economic power of the United States in the world. By the mid-1970's the United States and Europe had moved toward a more traditional and more equal relationship.

But the situation remains uneasy. The generation that grew up when American power was dominant and Europe was in temporary decline, tends to look upon the United States as an old and conservative country. As the foremost capitalist nation in the world, it is frequently seen as being backward, as less advanced in social policy than most European nations, as the defender of the status quo. Cooperation with the United States is deemed essential because of its continuing vast power, rather than because of its creative capacity in dealing with problems of mutual concern.

European domestic and foreign policy interests are today less automatically identified with those of the United States. To be sure, our mutual interests are still considered to be broadly compatible, but the fact that they are not identical is now articulated with some frequency and emphasis. Many Europeans, particularly the younger men and women, want to deal with their own economic and social problems in ways cast in traditional terms of self-interest. To the extent that these European attitudes reflect a return of self-assurance, they are entirely wholesome. But there is always a danger that they may be carried to excess and in the process threaten the Western unity that is essential to preserving our common cultural heritage.

As the official representative of the United States in the Federal Republic, I am concerned about this drifting apart, especially of the younger people in our respective societies. I find that my American colleagues here and many of our German friends have been occupied with this problem for several years. It has to do, I believe, with the gradual passing from positions of power and influence of a generation of Germans and Americans, many of whom formed a network of human relationships linking the two countries after the Second World War. The network included many of the German emigres of the 1930's, German prisoners of war who spent years in the United States, many thousands of German and American officials who cooperated in the rebuilding of Germany, and numerous German participants in the educational exchange programs of the early post-war years—when a trip to America often meant the discovery of freedom. The generation taking their places has not had similar formative experiences and it has no comparable commitment to the German-American relationship. The younger they are, the less do German people seem to know about the Marshall Plan, about the origins of the Cold War and of the North Atlantic Alliance, about Berlin in 1953, or Hungary in 1956, or even Czechoslovakia in 1968, to say nothing about American disarmament after 1945. Their information about American society is often superficial and even confused—an unfortunate result of the lack of interest in our times in the teaching or study of history, especially the history of the post-war era.

This phenomenon is not limited to Germany or Europe. On the other side of the Atlantic, an entire American generation has matured without any direct experience with the camaraderie and shared purpose that characterized the European-American relationship in World War II and the reconstruction period. The fading memory of two world wars has warped the understanding that young Americans have of the links between the security of their country and the security of Europe. Despite increasing American travel to Europe, it appears that there has been a weakening of the ties that bound the older generation of Americans and Europeans. The decline of foreign language studies in the United States and the infrequent exposure to serious European culture have blurred the perceptions that young Americans have of Europe and the Europeans.

In this situation, ladies and gentlemen, the sense of a shared ethos that underlies the relationship between Europe and the United States assumes special importance. It has been relegated to the background in recent years, possibly because it is less obvious than the power relationship and less tangible than national self-interest. But a shared ethos is the philosophic and ethical essence of our relationship; it is the basic element that in times of crisis and challenge makes natural allies of the Western democracies.

This shared ethos is based on values that are fundamental to both of our societies and that bind them together—namely, respect for human rights, faith in democracy, and devotion to the rule of law. And these common binding values make our societies different from those that do not share them—those that profess an ideology which scorns human rights, which relies on dictatorial power, which flouts the rule of law, and which is incapable of tolerating dissent.

I have no difficulty understanding people who disagree with the policies of my government, and who exercise their right to demonstrate peacefully against its policies. But understanding fails me when supposedly educated young people equate the motives or objectives of the United States vis-a-viz Europe, with those of the Soviet Union, as many young men and women—and some not so young—are now doing. That, ladies and gentlemen, reflects sheer ignorance, or intellectual blindness, or perhaps even intentional distortion. A cursory knowledge of postwar history should suffice to put this kind of thinking to rest. Individuals who earnestly seek truth need merely to inquire about the condition of life in Poland, Czechoslovakia, East Germany, Cuba or Afghanistan to discover the fallacy of equating American and Soviet motives or actions.

There are people in my country who are concerned and perplexed by recent political stirrings in Germany and elsewhere in Western Europe. They are asking serious questions about the demonstrations of young people against policies that have been the basis of the Atlantic Alliance. They are puzzled by press reports of urgent demands for the removal of American weapons from Europe or the demilitarization of Germany. The people of the United States have been sacrificing materially and personally by maintaining some 350,000 American troops in Europe.

They are stationed here to assure the maintenance of peace, so that the democratic way of life in our Western societies can be preserved. They will not stay here if they are not welcome. It is important that responsible German leaders tell the American people that, despite the headlines in the papers, the excesses of young people represent the feelings of only a small minority of the German electorate, not a consensus among thinking people in this country.

It is important that the American public understand that much of what is described by the press as anti-Americanism is simply a search on the part of sensitive young people for their identity in a troubled world, and that even where anti-Americanism actually exists it can rarely be equated with pro-Sovietism.

My government is convinced that the Atlantic Alliance has been and continues to be the basis of our own security and that of Europe. Our commitments to the Alliance remain strong and steadfast. I would, however, be remiss in my responsibility as my country's representative if I were not also to report to you that the nuclear debate in Europe is being watched in the United States with increasing concern. The debate is becoming a battle for the soul of Europe with clear alternatives.

On the one hand, the West can reaffirm unequivocally its determination to achieve sufficient collective security to deter Soviet aggression even as the United States seeks through negotiations with the Soviet Union to achieve major reductions of nuclear weapons. On the other hand, if such reaffirmation is long postponed or becomes uncertain, there may well be a growing sentiment in America to turn back upon itself and let Europe depend, for its security and freedom upon its own resources or upon Soviet good will. Isolationism is by no means the alternative that my country seeks, but many Americans are now wondering whether Europeans are sufficiently mindful of the fact that the Atlantic Alliance has made a free, prosperous and peaceful Western Europe possible during the past thirty years.

The liberty that Americans and Europeans cherish, the opportunity to shape our own destinies, the democratic institutions that have flourished among us, the laws that have protected us as individuals—these are our precious inheritance. They need to be guarded with utmost care. We must be prepared to defend them against those who may seek to impose their ideology upon us. History clearly suggests that being prepared to protect our ethical, cultural, and political values—being prepared to fight for them if necessary—is the only practical way of being assured that we shall not have to fight for them.

Is this not the principle on which the Atlantic Alliance is founded? Being prepared to defend our democratic way of life requires both vigilance and sacrifice. This principle is supported by the NATO strategy of deterrence; namely, that if the adversary knows that one is able, willing, and well equipped to fight for one's values, then there is a strong likelihood that the adversary will restrain his belligerent impulses.

This concept of mutual deterrence has been seriously weakened by the unremitting efforts of the Soviet Union during the past decade to increase its armaments far beyond the limits that might be needed for its defense. The massive Soviet effort to gain a unilateral nuclear advantage occurred at the

very time when the United States practiced notable restraint in its defense outlays. This Soviet effort is the critical destabilizing element in the current international situation, and it has forced the Atlantic Alliance to undertake modernization of its nuclear arsenal in the event that negotiations with the Soviets on arms reduction prove unsuccessful. Fortunately, the NATO decision to reestablish the deterrent capability of the Alliance has finally persuaded the Soviets to come to the negotiating table.

It is in this context that two weeks ago President Reagan presented to the entire world his vision of genuine peace and international security and proposed a concrete program for realizing his vision. Determined that the tragedies of the two terrible wars in this century not be repeated, he proposed the creation of an environment that will minimize military threats and political intimidation; so that all nations can pursue the goals of human advancement and economic growth without carrying a heavy burden of armaments.

More specifically, President Reagan has indicated that the United States is committed to the goal of virtual elimination of intermediate-range missiles in Europe; and that it will therefore not deploy the modernized nuclear weapons scheduled for 1983 if the Soviet Union will agree to dismantle its own intermediate-range nuclear weapons. Negotiations with the Soviet Union about the future of these weapons started in Geneva yesterday, and as President Reagan has explained, the United States will before long also seek to persuade the Soviet Union to agree to meaningful reductions of conventional forces in Europe as well as to meaningful reductions of intercontinental nuclear weapons. The President concluded his dramatic proposals for reducing armaments by observing that "there is no reason why people in any part of the world should have to live in permanent fear of war or its spectre;" that "the time is right to move forward on arms control;" that "nothing will have a higher priority" for him "and for the American people;" moreover, that "the American concept of peace goes well beyond the absence of war;" and that it also includes help to the poorest nations in achieving "self-sustaining growth."

I like to think that President Reagan's moving call for sanity about military matters will help German and other critics of the United States to see current international tensions in a clearer perspective. But I also feel that confidence in the objectives of the United States and of the Atlantic Alliance will not be fully restored until the citizens in our countries who scorn the values of our democratic way of life learn or rediscover that these values are worth protecting. That must be a task for us all.

The fact that these values are troublesome to the Soviet Union should encourage us, for it shows that our opponents are afraid of the inherent appeal and strength of our values. Witness the anxiety that is currently expressed in the Soviet capital over the open and vigorous reaffirmation of Western values in Poland. Witness Soviet jamming of Western radio broadcasts. Witness Soviet censorship of practically all channels of information. Witness their suppression of creative efforts that do not conform to their ideology. They are afraid of the contagiousness of the concept of human rights, of the free flow of ideas, of the rule of law—because these are values inherent in Western civilization. And that, of course, is our strength.

It is up to all of us, ladies and gentlemen, to make sure that our young citizens are helped to understand our common ethical and intellectual traditions, and that they be prepared to defend them. Most young people form their philosophy of life—their Weltanschauung—from the manner in which the world is presented to them at home and in school.

Their education does not always emphasize the economic, the political, the religious, or the cultural blessings of freedom. Need I say that an education that fails to convey respect for established values, that extolls class warfare, that inculcates cynicism about the virtues of our civilization will often lead to nihilism, to a turning away from community responsibility or from life itself. The advantages of individual freedom, the protection that the rule of law provides for minorities as well as for the majority, the benefits of democracy—all this must be explained to young people as the precious inheritance of Western civilization that they in turn will need to enlarge and transmit to their children.

That is not an easy educational task, yet I firmly believe that a revival of ethical teaching and historical study can greatly help young people to reach rational conclusions, that it will do so by enabling them to benefit from the lessons of human experience accumulated across the centuries. It is up to us on both sides of the Atlantic to give young people the opportunity to appreciate the values and achievements of our Western civilization. That must be accomplished in the homes, in the schools, in the universities, and in the parliaments of our countries. I pledge you my personal energy and that of my colleagues who work here with me in this common task. It is a worthy task, since as Americans and Europeans, bound by a common ethos, we can indeed strive to remain, in Schiller's immortal words, "ein einzig Volk von Bruedern."

REIMBURSEMENT OF LOSS OF FEDERAL DOLLARS DUE TO TAX CUT AND FEDERAL PROGRAM BUDGET CUTS

Mr. THURMOND. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution which was adopted by the 16th Guam Legislature and which has been received by the office of the President pro tempore.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION No. 191

Be resolved by the legislature of the Territory of Guam:

Whereas, Senate Bill No. 1674 introduced by Senator Lowell Weicker, Jr. seeks reimbursement of the loss of federal dollars due to the tax cut and federal program budget cuts; and

Whereas, some thirty million dollars are considered the net loss of revenues to the government of Guam due to these cuts; and

Whereas, this shortfall of revenues severely impacts on the overall economy of Guam; and

Whereas, the government of Guam cannot operate at present levels due to lack of funds; and

Whereas, this fiscal year, the government of Guam plans a 35-hour workweek in order to meet its payroll or suffer massive layoffs; and

Whereas, the reduction of working hours will cause severe hardship to the employees of government of Guam; and

Whereas, this loss of earnings is tragic since Guam's cost of living is ten percent (10%) higher than Washington, D.C.; and

Whereas, inflation, being the number one culprit of our economy, continues to be a more burdensome problem on Guam since we have to deal with importation of ninety percent (90%) of our foodstuff, articles and goods, etc.; and

Whereas, the construction industry is virtually at a stand still due to absence of federal capital expenditures and private housing construction is limited due to high interest rates, cost of construction and the low levels of the average wage earner on Guam; and

Whereas, the planned withdrawal of the U.S.S. Proteus and Polaris Submarines will severely impact Guam's economy; now, therefore, be it

Resolved, That the people of Guam humbly request President Reagan and the U.S. Congress to lend their support to Senate Bill No. 1674 now being considered in committee; and be it further

Resolved, That the people of Guam appreciate and support the effort and concern of Senator Weicker for the problems facing this territory; and be it further

Resolved, That the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the Honorable Ronald Reagan, President of the United States of America; to the Honorable Strom Thurmond, President Pro-tem of the United States Senate; to the Honorable Thomas P. O'Neill, Speaker of the House of Representatives, United States Congress; to Senator Lowell Weicker, Jr.; to the Honorable James A. McClure, Chairman of the Senate Committee on Energy and Natural Resources; to the members of the Senate Committee on Energy and Natural Resources; to the Honorable Robert Dole, Chairman, Senate Finance Committee; to the Honorable Howard H. Baker, Senate Majority Leader; to the Honorable James G. Watt, Secretary of the Interior; to Mr. Pedro San Juan, Director Designate, Office of Territories; to Congressman Antonio B. Won Pat; and to the Governor of Guam.

DEPARTURE OF WALTER "JOE" STEWART FROM U.S. SENATE SERVICE

Mr. CANNON. Mr. President, it is a pleasure to commend Walter "Joe" Stewart for his service to the U.S. Senate and to wish him every success as he enters the private sector. Unfortunately, along with the pleasure of seeing Joe move into a new challenge and opportunity comes a sense of loss for the Senate.

For 30 years, Joe has tirelessly discharged important duties and responsibilities in service to the Senate. Prior to his term as secretary for the minority and as secretary for the majority, he served as head of the staff of the Democratic Cloak Room, was an assistant to the secretary of the majority, and was a professional staff member of the Senate Committee on Appropriations. Joe started his illustrious career as a Senate page and graduated from the Capitol Page School as president of his class.

During my chairmanship of the Committee on Commerce, Science, and Transportation, Joe was immensely helpful in expediting and coordinating the movement of nominations within the jurisdiction of the committee. He advised me on floor scheduling and briefed me on the floor on pending bills and amendments. Joe was always courteous, considerate, and well informed as to the institutional workings of the Senate.

I like Joe Stewart, and I will miss him. His departure is a real loss for the Senate, and I join his many admirers in wishing him good luck in the future.

TRIBUTE TO WALTER J. STEWART

Mr. STENNIS. Mr. President, when Walter J. (Joe) Stewart began his career

in the Senate as a page in 1951, I had been a Member of the Senate for almost 4 years. Since that time I have worked with Joe very closely and have always admired and respected his dependability, efficiency, and dedication. Through most of his career, Joe Stewart has been at the heart of the Democratic side of the Senate. He culminated his career by serving as secretary for the majority and secretary for the minority in 1981. In June 1981, Joe completed 30 years in the Senate and he decided to leave and accept a position in private business. All of us wish him well in his new endeavors, and I join my colleagues in expressing my very best wishes for his future success.

Joe Stewart has been my friend, and it is hard for me to realize that the U.S. Senate will no longer have the benefit of his services. I would be remiss if I did not take this occasion to pay tribute to his dedication, the high quality of his work, and the skill and good nature with which he discharged his responsibilities.

WALTER J. STEWART

Mr. RANDOLPH. Mr. President, life is a constant adjustment to change, and it is a challenge to take proper notice to such events when they occur. As most of my colleagues are aware, our former secretary to the minority, Walter Joseph Stewart, has left the Senate to accept a position in private industry.

He served as secretary to the majority from 1979 until January of this past year, when he was elected to the minority post.

Joe Stewart was a creature of Congress, having come to Washington in 1951 as a page under the sponsorship of Senator Spessard Holland of Florida. He was graduated from the Capitol Page School in 1953 as president of his class. During his Senate career, he attended undergraduate and law school, as a night student. He attained his law degree from American University in 1963. Significantly, he received his law degree in the graduating class which included his longtime friend and employer, Senator ROBERT C. BYRD. President John F. Kennedy was the honored speaker at the commencement exercises.

Beginning his service on the staff of the Democratic Cloak Room, Joe shortly became supervisor of the staff. Several years later, he was named as assistant to the secretary's staff. His duties included supervising the secretary's staff, as well as being on the Senate floor during session to inform Members on pending legislation.

Following his graduation from law school, Joe became a member of the professional staff of the Senate Committee on Appropriations. He remained in that position until 1971, when he became legislative assistant to Senator BYRD, then majority whip, where he remained for 6 years.

When Senator BYRD was elected majority leader in 1977, Joe was named assistant for floor operations and served in that position for 2 years. In 1979, he was elected secretary for the majority.

Mr. President, Joe Stewart's departure left a real void in the administrative structure of the Senate, for he always performed his assigned duties with dedication and efficiency. He worked in and loved the Senate for 30 years, and his departure was taken with great reluctance. Each of us, in some way, has reason to be grateful for Joe Stewart's loyalty to this institution, and wish him good fortune in his future career.

RETIREMENT OF ALEXANDER E. BARKAN

Mr. MOYNIHAN. Mr. President, on December 3, 1981, the American labor movement bid farewell to the indefatigable Al Barkan, who on that day was celebrating his retirement after 43 years as a distinguished labor leader, the last 18 of which placed him in command of the Committee on Political Education of the AFL–CIO.

His career reflects the deep passion and commitment that has made the labor movement more than a self-interested institution of our society. Indeed, Al's persuasive skills and talents as an organizer, flow from his experiences and his life story—a story filled with struggle, with hardship, and with devotion to economic justice for American working people.

A native of Bayonne, N.J., Al Barkan went to work when young as a newsboy—learning at an early age the value of work, the hardship of urban life during difficult times, and the need for workers to stand together in the face of recalcitrant employers. He also learned in Hudson County something of the rough and tumble nature of modern politics. Al was graduated from the University of Chicago, where he took a degree in economics and political science. He launched his career as an educator in the Bayonne school system's night program while writing, at the same time, an eloquent column entitled "Through Workers' Eyes" for a weekly paper. Thus was merged in his own work the fusion between education and labor which became so vital to his later efforts.

After arranging a meeting between striking oil workers and John L. Lewis, to the displeasure of his school board, Al Barkan began a lifetime of work on behalf of organized labor serving first as a volunteer for the Textile Workers Organizing Committee, and later as a staff member for the reconstituted Textile Workers Union of America.

He served his time in Franklin Roosevelt's Navy as a radio operator on the U.S.S. *Alabama* where, one should note, he organized Roosevelt's reelection campaign on shipboard. Then he returned to New Jersey as executive director of the State CIO Council.

After the merger of the A.F. of L. and the CIO, Al Barkan became a mainstay of the federation's political education committee and in 1963, he succeeded then COPE director, James McDewitt.

Mr. President, Al Barkan's career responded magnificiently to the changes in our political life over the last two decades and he will forever be considered the one responsible for modernizing the techniques of political awareness and organization that have been vital to the labor movement in the last decades of the 20th century. His skills have sharpened the AFL–CIO's role as a voice for progressivism and for all those who cherish a good political fight, Al Barkan's departure leaves us absent a valuable friend and an able ally.

DEMOTING SYNFUELS—AGAIN

Mr. RANDOLPH. Mr. President, establishing a synthetic fuels industry by the turn of the century is becoming less and less of a possibility.

It is obvious, regardless of statements to the contrary, that private industry will not use available capital for development of this necessary effort without Federal participation. Several energy concerns in fact are using funds which should be directed toward assuring domestic security of energy supply by establishment of a viable synfuels program, for monopolistic energy aquisitions instead.

This year West Virginia witnessed the abandonment of two projects which would have served as critical building blocks for a synthetic fuels industry. In June, the solvent refined coal direct liquefaction plant to be developed and located in Morgantown by the United States, West Germany, and Japan in cooperation with Gulf Oil Co., was abandoned. Last month Consolidated Gas Co., and Sohio Oil Co., cancelled plans for high Btu gas/methanol plant at Point Pleasant.

President Reagan's decision to reduce Government participation in pilot plant projects now operating and stopping all Department of Energy funding for alternative fuels is wrong. The Synthetic Fuel Corporation should carry out its mandate. If it does not progress toward viable synthetic fuels production is in doubt.

The role of synthetic fuels might grow as the price of other energy fuels make them economically competitive. Because synthetics, however, are more expensive than petroleum products, the synthetic fuels industry will not emerge or grow on its own. This dictates that we must support the strategy developed last year in the Energy Production Act of 1980 to guarantee synthetic fuels production is stimulated.

One element of a total synthetic fuels strategy is the contribution that methanol fuels can make in meeting energy needs by using methanol blends in gasoline for automobiles and as a utility fuel. I was encouraged recently when I read a quote from Jerry McCleskey, president of Conoco Coal Development Co. He emphasized that the way to get a total coal conversion industry going is to use methanol production as its base. It is refreshing to see at least one chemical/oil conglomerate incorporating the Nation's welfare into its long-term capital investment strategies.

If we do nothing to encourage alternative fuel production and disruption of oil imports again becomes a reality, this administration will be held responsible for

slowing development of all alternative forms of energy.

We abandoned our first commercial effort on direct liquefaction technology in June of this year. The West Germans were to participate in that project. Now, in addition to an expected $10 billion West European gas pipeline agreement with the Soviet Union, the Russians have signaled they may be ready to buy an advanced version of a West German direct liquefaction synthetic technology. Pilot plants using hydrogenation are producing in Germany. It is probably the only country other than the United States that could build a commercial scale direct liquefaction plant. The size of the effort being discussed by the Soviet Union and West Germany would convert 20 metric tons of coal annually which is 22 million barrels of diesel fuel and gasoline during the next 10 years.

Reserves of conventionally produced oil and natural gas will not last forever, regardless of modifications made to domestic Federal reserve lands or our offshore leases. If we had continued Government support of synthetic fuel initiated in the 1940's, we would have domestic commercial production of synthetic fuels today. If we continue to ignore necessary applications of coal use and again snuff out the fledgling synthetic fuels industry we have fostered over the last 2 years, we sentence ourselves to the inability to control our own energy and economic future.

NATIONAL HARBORS IMPROVEMENT AND MAINTENANCE ACT

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that a "Dear Colleague" letter on S. 1692, the National Harbors Improvement and Maintenance Act, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON ENVIRONMENT
AND PUBLIC WORKS,
Washington, D.C., December 14, 1981.

DEAR COLLEAGUE: We understand that you may have been asked to sign a letter regarding the referral of the National Harbors Improvement and Maintenance Act, S. 1692, which the Committee on Environment and Public Works has ordered reported to the Senate.

This bill was introduced in a very similar form on October 1, 1981, and the Parliamentarian referred it to the Committee on Environment and Public Works. This legislation was properly referred. It does not impose any "tax".

The bill requires cost-sharing between the Federal government and the ports, similar to other public works legislation. In an effort to assist the ports, the bill authorizes non-Federal interests, if they so desire, to recover their share of costs through charges on the direct beneficiaries, charges that relate directly to the cost of the work and the benefits received.

We intend to report S. 1692 to the floor within two days. We would hope that you would review this bill carefully. We are convinced that opponents of the bill are using the "referral" issue as a tactic to delay this important legislation rather than allowing the full Senate to work its will in debate on the merits of the legislation.

Upon your review of the bill and the report, we are confident that you will find it reasonable, workable, and fully within the jurisdiction of the Committee on Environment and Public Works.

Sincerely,

ROBERT T. STAFFORD.
JAMES ABDNOR.
JENNINGS RANDOLPH.
PATRICK MOYNIHAN.

WATER FOR COLORADO'S FUTURE

Mr. ARMSTRONG. Mr. President, there is an old story from Colorado dustbowl days about a farmer who is asked if he thinks it is going to rain and replies, "Hope so. Not so much for my sake as the children's. I've seen rain."

Old-timers tell a lot of such stories about Colorado's perpetual shortage of water. And with good reason. Our State has been blessed with extraordinarily talented people, matchless climate and scenery, mineral wealth and other resources. But our way of life and economic vitality depend on water, and it is scarce. Really scarce.

Colorado receives only about 16.5 inches of precipitation in an average year.[1] Will this be enough to sustain the rapidly growing needs of Colorado households, agriculture, mining and industry and, at the same time, preserve our yards, parks, and other amenities that require so much precious water? Colorado leaders have been concerned about this issue for a long time.

Former Gov. John Love repeatedly emphasized wise management of our limited water resources. He said the only limit to Colorado's future is the availability of water. He was absolutely right.

In terms of water, Colorado is like Hawaii and unlike any other State: no major rivers flow into the State; they all flow out. Perched astride the Rocky Mountains, our State is part of the semi-arid region that constitutes 50 percent of the Nation's land mass but receives only 19 percent of its usable water.

Colorado's 16.5 inches of annual precipitation translates into more than 15 million acre-feet of water a year. An acre-foot is the volume of water necessary to cover an acre to a depth of 1 foot; it equals 325,853 gallons and will meet the needs of a family of four for more than a year. So 15 million acre-feet sounds like a lot of water. But it is not as much as you might think.

Much of that precipitation simply evaporates and is never used in our State. Of the remainder, much is snow that falls in the mountains and melts rapidly in the late spring. It flows out of the State just as rapidly, by way of the six major American river systems that have their headwaters in Colorado: the North and South Platte, Rio Grande, Arkansas, Republican, and, of course, the Colorado itself. It is this enormous volume of water, which rushes so quickly out of the State, that makes the storage of water in lakes and reservoirs so important if Colorado is to have a well-regulated, year-round supply.

Unfortunately, Colorado is not entitled to use all of the water that falls in its extensive watersheds. Over the years, we have made compacts with other States and Mexico, agreeing to let them have a specific share of water from these interstate streams. The waters of the Colorado River, for example, are divided between Mexico and the seven States in the river basin.

A 1944 treaty with Mexico guarantees that country 1.5 million acre-feet each year, while the Colorado River compact of 1922 gives the Lower Basin States of California, Nevada, and Arizona one half of the total average flow. The other half, between 5 and 7 million acre-feet in an average year is to be divided between the Upper Basin States in shares agreed upon in the Upper Basin compact of 1948: Colorado, 51.75 percent; Utah, 23 percent; Wyoming, 14 percent; and New Mexico, 11.25 percent. Similar compacts, also given the force of law by congressional ratification, exist for all of the significant rivers that flow out of our State, leaving Colorado with an approximate total allocation of 7.4 million acre-feet in an average—or less than half the water that originates in the States.

Of that amount, we presently consume 5.5 million acre-feet, which means nearly 2 million acre-feet of Colorado's entitlement water is flowing past our borders. A recent authoritative study by the Colorado Energy Research Institute projects that, by the year 2000, we will need to store and use every gallon of water Colorado is entitled to if we are to accommodate the rapid population increase that is projected to follow in the wake of energy resource development.

Still, many people have the idea that progress in the area of water storage can only be achieved at the expense of the environment, but that is not necessarily the case. It is true that altering the unregulated flow of waters can cause a degree of environmental change, but it is also true that planners take extraordinary steps to minimize and mitigate any disruption. Water development planning occurs under the strict control and protection of the National Environmental Policy Act of 1969 and actually provides an opportunity for enormous environmental improvement.

The sophisticated design of modern-day water projects features comprehensive planning aimed at multiple benefits and typically provides for fish hatcheries, wetland acreage, and dramatically improved fish and wildlife habitats. Man is no longer the sole beneficiary of water development; now, all members of a water ecosystem stand to benefit from the wise use of water resources.

Moreover, increased water conservation and storage is an environmental imperative if we are to limit the disruption that could be caused by the massive growth Colorado will experience between now and the end of this century. Water is the natural resource that will define the quality of this growth. We need new

[1] By comparison, the following ten cities receive these amounts, in inches: Atlanta, 48.3; Boston, 42.5; Chicago, 34.4; Houston, 48.2; Los Angeles, 14.0; Minneapolis, 26.0; New York, 40.2; St. Louis, 35.9; Seattle, 38.8; and Washington, D.C., 38.9.

water to extract the oil shale and coal, reclaim the mined lands, generate electricity, provide for continued strength in the agricultural sector, accomodate municipal growth and provide recreational opportunities. With prudent water development, we can meet all these needs and preserve our traditional way of life in Colorado; without it, we face the very real prospect of an environmental disaster on an unprecedented scale.

INVESTMENT OR PORK BARREL

Many people, especially from outside the West, have a vague idea that money spent on water conservation and storage projects is somehow wastful. In fact, however, when the Federal Government puts money into carefully planned reclamation projects, it is investing in the country's continued prosperity. Water is a critical component in agriculture, recreation, municipal and industrial growth, transportation, and energy resource development. The theory that water projects are pork barrel politics as usual is nothing but a tired political saw that we hear all too often from people who really have not studied the benefits that derive from this kind of Federal investment.

Western reclamation projects have already returned more money to the Federal Treasury than they have taken out, and most of these will go on paying for decades. Since passage of the Reclamation Act of 1902, less than $10 billion has been appropriated for all existing reclamation projects. In only 38 years of that period, from 1940 to 1978, they generated $25.6 billion in tax revenues. In 1978 alone, Western reclamation projects generated $8.5 billion in private income and $1.7 billion in corporate profits, which in turn generated $1.1 billion in State and local taxes and $2.2 billion in Federal taxes—for a total economic production of $13.5 billion. All this in addition to the long-term repayment schedule for much of the initial investment in construction funding.

Just in Colorado, there are roughly 871,000 acres of farmland irrigated by water from reclamation projects. Nationally, the figure is 10 million acres on 148,000 farms and in 1980 they produced 54.5-million tons of food, fiber and forage. This is enough to meet the annual food requirements and provide a richly diversified diet for 39 million people and has a gross crop value of $7.4 billion, about $1 billion of which was exported and helped pay for what we imported from other countries. Dr. J. Gordon Milliken, senior research economist for the Denver Research Institute, has proved that reclamation projects pay their own way. Using a highly sophisticated model for economic analysis, he came up with the following data:

TABLE 1.—NET INCREASE IN BUSINESS ACTIVITY, WAGES, AND JOBS CAUSED BY RECLAMATION PROJECTS IN 1979

[Dollar amounts in millions]

Type of output	Net value of output	Total tax base		Nontax base items	Total wages and net farm income	Person-years of employment (thousands)
		Personal income	Corporate profits			
Agriculture	$8,627.3	$5,702.8	$893.0	$2,031.5	$4,841.6	436.8
Net crop production	4,264.7	3,041.5	297.8	925.4	2,523.9	232.5
Livestock	567.4	394.7	34.3	138.4	317.4	29.4
Food processors	3,795.2	2,266.6	560.9	967.7	2,000.3	174.9
Municipal and industrial water	3,566.9	2,277.7	622.8	666.4	2,030.4	176.5
Retail water sales	204.7	104.9	12.4	87.4	34.5	2.0
Output of water dependent industries	3,362.2	2,172.8	610.4	579.0	1,995.9	174.5
Hydroelectric power	1,765.8	745.1	321.3	699.4	543.5	40.4
Retail sales	1,395.5	524.3	276.4	594.8	189.4	11.2
Output of hydro-dependent industries	370.3	220.8	44.9	104.6	354.1	29.2
Recreation spending	318.3	208.0	34.4	75.9	178.7	16.1
Capital investment	2,284.2	1,490.3	224.9	569.0	1,286.3	108.0
Bureau of Reclamation direct spending	860.6	562.8	53.7	244.1	519.0	37.6
Total	17,423.1	10,986.7	2,150.1	4,286.3	9,399.5	815.4

Wayne Aspinall, former chairman of of the House Interior and Insular Affairs Committee, calls Western water the "magic ingredient" that has transformed a once-barren wasteland into some of the richest, most productive farmland in the world, producing a major proportion of some of America's most important cash crops. The return on the agricultural portion alone makes reclamation projects an attractive investment.

From 1906 to 1980, the total gross crop value from lands irrigated by water from these projects was in excess of $78 billion. Add to that the incalculable benefits which have accrued and will continue to accrue from other aspects of water development—municipal and industrial uses, flood control, energy development, clean and renewable hydroelectric power, and recreation—and you begin to get an idea of what this kind of investment is worth.

The $10 billion that has been invested in Western reclamation projects over a period of 80 years has created a productive giant that not only pays back the initial investment with interest, but also generates untold billions of dollars in profits and tax revenues. In 1980 alone, this $10 billion was repaid in the form of direct benefits. Since 1902, a total of $100 billion has been repaid 10 times the original investment.

Most Federal spending projects cannot claim such an enviable record. The Washington metro subway system, for example, is costing the Nation's taxpayers about $10 billion, approximately the same amount as the total invested in all Western water projects since the turn of the century. But the subway will not ever pay back the taxpayers a dime. In fact, the subway cannot even meet its own operating expenses out of passenger revenues, let alone pay the cost of construction or return a profit to the Government.

But despite the proven need and cost effectiveness of water conservation and storage projects, the last 4 years have been dry ones for the West. President Carter was not willing to provide adequate funding for these critical needs.

I believe President Reagan, himself a westerner, will be more willing. He understands the crucial role of water in our way of life.

Unfortunately, however, the budget situation could hardly be worse. The Nation is facing staggering deficits, perhaps as much as $300 billion in the next 3 years, unless Congress moves decisively to curtail projected increases in Federal spending. Such deficits, if permitted, would trigger renewed inflation and even higher interest rates with disastrous economic results and hardships for every family in America. Obviously, we must find ways to cut the budget. Under the circumstances, it will be very, very difficult—perhaps impossible—for the President to recommend additional spending for any purpose, even one as well justified as Western water projects.

Nonetheless, I am working with the President and his advisors to achieve sufficient savings in lower priority spending functions in order to permit the President to recommend some new water project funding. If we are successful, the budget which the President will submit to Congress in January will include funds for at least one new water project—the first such funding in over 4 years.

In view of this need for fiscal restraint, it may be that innovative financing techniques will need to be developed for some new water projects. Senator DOMENICI of New Mexico, for example, has proposed that States invest 25 percent of construction costs. An investment partnership of this kind might not be a bad idea, because States would gain a greater voice in determining how their water resources would be developed. However, I do not think such a requirement should apply to projects that have already been authorized by Congress, unless the circumstances in a particular case are so changed as to justify a reevaluation.

COLORADO PROJECTS

There are many projects that have completed the planning phase and are ready to go to construction. In Colorado, there are two projects that are particularly timely—the Narrows Unit near Fort Morgan and the Animas-La Plata project south of Durango.

The possibility of a dam on the lower South Platte has been seriously discussed for over 75 years. The Narrows, according to Bureau of Reclamation plans, would provide for a total volume of 1,609,000 acre-feet, of which about a third would be left empty to capture flood flows. It would serve the agricultural and municipal water needs of 37,000 people in the immediate vicinity and provide a recreational resource available for 2 million people in the Front Range population centers with an estimated 1.3 million visitor/days annually.

The project was first authorized by Congress in 1944 and reauthorized in 1970. More than $6 million has been spent on the project since 1970 to ready it for construction, which is expected to take approximately 5 years. Features to be constructed include Narrows Dam and Reservoir, a fish hatchery and rearing unit, and several public-use recreation areas. The dam will be an earth embankment 147 feet high and 4.2 miles in length—the longest in Colorado. It is designed to impound some of the 350,000 acre-feet of the South Platte River water Colorado is entitled to under an interstate compact, but which flows out of the State in an average year. It had actually begun construction at one point but progress was suspended in 1977 after President Carter's controversial hit list of Western water projects.

The most recent Bureau of Reclamation cost estimate for this project is $329 million, which gives it a favorable cost/benefit ratio even by the strict Federal formulas that only consider direct and demonstrable benefits.

These benefits include irrigation, flood control, recreation, fish and wildlife enhancement, along with potential municipal and industrial water supplies. While providing a first-class warm water fishery, the Bureau expects it to enrich nearly 300,000 acres of prime farmland in northeastern Colorado. As a result, crop and livestock production in the area is expected to increase an average of $17.2 million annually. The nearby communities of Brush, Fort Morgan, and Sterling have expressed an interest in obtaining supplemental water supplies from the Narrows for municipal and industrial use.

A watershed of 13,450 square miles drains into the South Platte above Narrows damsite and, on the average of once every 8 years, damaging floodcrests roll through the river's floodplain—the last time in 1973. Flood flows upstream of the Narrows would be controlled in the future, which would reduce downstream flood damage by an average of $836,000 annually, according to a study by the Army Corps of Engineers.

Opponents of the Narrows claim the threat of flooding on the South Platte has been eliminated by a series of off-stream projects upstream from the reservoir site. They also point out that the Narrows may disrupt a critical habitat for whooping cranes downstream in Nebraska. The technical design of the Narrows has been challenged by opponents, who allege that the planned reservoir site consists of extremely porous soil that will allow the reservoir to leak and will either destabilize the dam or require a very expensive relining of the site. They claim the upstream Hardin site has less porous soil and would deliver water to a larger area. The Colorado Legislature recently funded a study of the site question, and this review is now underway.

The Animas-La Plata project, authorized by Congress in 1968, would be located in southwestern Colorado and northwestern New Mexico. The Bureau of Reclamation plan calls for two off-stream reservoirs—natural depressions that are ideal for water storage when they are dammed up. Water will be diverted out of the Animas River and pumped into the Ridges Basin Reservoir southwest of Durango, and out of the La Plata River into the Southern Ute Reservoir on the New Mexico border. The Ridges Basin Dam will be an earthfill structure 313 feet high and 1,600 feet long; the reservoir will have a capacity of 280,000 acre-feet, leaving room to contain flood flows. The somewhat smaller Southern Ute Dam, also an earthfill structure, will be 170 feet high and 2,900 feet long; it will have a capacity of 70,000 acre-feet, along with room for flood flows. Construction of the entire project is expected to take about 10 years at a currently estimated cost of $520 million, which yields a favorable cost/benefit ratio under the strict Federal formulas. In fact, the Bureau of Reclamation estimates that average annual benefits deriving from the Animas-La Plata project will be in the vicinity of $30 million in constant dollars.

Through an elaborate system of 11 buried pipe laterals, the project will distribute 118,000 acre-feet of water annually to 70,000 acres of farmland in both Colorado and New Mexico. In addition, it will supply 80,000 acre-feet of water annually to several communities, including Durango and Farmington, for municipal and industrial use. An especially interesting feature of this project is that it was specifically designed to serve the growing water needs of three important Indian tribes in the Four Corners Area: The Southern and Ute Mountain Utes and the Navajos. Their representatives have been involved in the planning and design of the Animas-La Plata project, and the two Ute tribes have secured 32,500 acre-feet per year to develop the significant coal reserves on their reservations. Moreover, the three tribes would receive additional water for irrigation and domestic purposes. And finally, the Ute tribes are considering abandoning their claims—currently pending in State water court—on other streams in the San Juan Basin if this project can meet their long-term needs.

The project will provide 3,600 surface acres of prime water recreation in a rapidly developing area of our State. The enhancement of fish and wildlife habitats is another important aspect of the Animas-La Plata design, including provision of a major big game habitat just west of Durango.

Critics of the project agree that additional water should be provided to dryland farmers in the western part of La Plata County, but allege that the Animas-La Plata was designed to include many landowners who have perfectly adequate supplies of water, just to improve its cost/benefit ratio. They say it is unnecessary, too expensive and too big.

As a example, opponents point out that the city of Durango does not need to draw water out of the project because it has sufficient water rights on the Florida and Animas Rivers. The project also raises health and environmental concerns, because the diversion point for one of the reservoirs is very near to a uranium mill tailings pile and diversion to the reservoirs would significantly reduce downstream flows in the Animas River. Opponents also point out that the Animas-La Plata will produce no hydroelectricity, but will instead consume large amounts of energy in pumping water water uphill to the off-stream reservoirs.

There are dozens of other water projects in Colorado that are either already operating or are in the planning or construction phase.[2] The Bureau of Reclamation is operating the Bostwick Park project, which consists of the Silver Jack Dam and Reservoir on Cimarron Creek in Gunnison County; the Vega Dam and Reservoir comprise the Collbran project in Mesa County; the Vega Dam and Reservoir comprise the Collbran project in Mesa County; the Colorado-Big Thompson project in north-central Colorado, one of the Bureau's largest, consists of over 100 structures and diverts water from the Colorado River to the Front Range in addition to regulating the waters of the Big Thompson River.

The Wayne N. Aspinall storage unit governs 40 miles of the Gunnison River in Gunnison County and includes Blue Mesa, Morrow Point and Crystal Dams; the San Luis Valley project in Colorado and New Mexico includes the Platoro Dam and Reservoir on the Conejos River in Conejos County; Rifle Gap Dam and Reservoir on Rifle Creek in Garfield County comprise the Silt project; the San Juan-Chama project diverts water from the San Juan River in Archuleta County for use in the Rio Grande Basin; Crawford Dam and Reservoir are the main components of the Smith Fork project in Delta and Montrose Counties; the Lemon Dam and Reservoir comprise the Florida project north of Durango in La Plata County.

The Uncompahgre project consists of the Taylor Park Dam and Reservoir and a series of diversion dams and canals in Montrose and Delta Counties; the Fruitgrowers project is located on Alfalfa Run in Delta County; the Fryingpan- Arkansas project is a large trasmountain di-

[2] Space does not permit more than a mention of these projects to show their diversity, but anyone interested in further information about them should contact my office.

version network, providing supplementary water to Colorado Spring, Pueblo and the Arkansas Valley; the Pick-Sloan Missouri Basin program is an ambitious 10-State project, which includes Bonny Reservoir in Yuma County near the Kansas border; the Grand Valley Diversion Dam in Mesa County diverts water from the Colorado River into the irrigation network that serves the Grand Junction area; Vallecito Dam and Reservoir in La Plata County comprise the Pine River project; Jackson Gulch Dam and an offstream reservoir near the Mancos River are the main structures in the Mancos project in Montezuma County; and the Paonia Dam and Reservoir are located on a tributary of the Gunnison River in Gunnison County.

The Army Corps of Engineers operates several flood control reservoirs in Colorado; the John Martin Reservoir on the Arkansas River in Bent County; Trinidad Lake on the Purgatoire River near the city of Trinidad; and three important reservoirs in the Platte River Watershed near Denver—Chatfield, Cherry Creek, and Bear Creek.

Several Colorado water projects are currently under construction by the Bureau of Reclamation: the Paradox Valley unit on the Dolores River in western Montrose County and the Grand Valley unit on the Colorado River near Grand Junction are part of a larger effort to control the level of salinity in the Colorado River watershed; the Dallas Creek project, consisting of Ridgway Dam and Reservoir, is being built in Ouray County; the Dolores project, consisting of the McPhee Dam and Reservoir, is now under construction in western Dolores and Montezuma Counties; and the Closed Basin Division, which comprises wells, pumps, and canals to salvage San Luis Valley groundwater for delivery to the Rio Grande system.

In addition, the northern Colorado Conservancy District is building Windy Gap Reservoir on the Colorado River downstream from Granby in Grand County as a part of a transmountain diversion project.

On the drawing board of the Bureau of Reclamation are several new Colorado projects: four additional salinity projects are being planned, including McElmo Creek in western Montezuma County, Glenwood-Dotsero in Garfield County, Lower Gunnison Basin in Delta, Montrose and Ouray Counties, and Meeker Dome in western Rio Blanco County; and the Dominguez Reservoir project on the Gunnison River in Mesa and Delta Counties. The Corps of Engineers is conducting general studies of the Arkansas, Rio Grande, and Colorado Rivers to determine what additional flood control measures might be taken.

Finally, there are a great many non-Federal projects that are being planned or built by private developers and will not require any Federal money or participation. Among these are Azure Reservoir, on the Colorado downstream from Kremmling in Grand County, which is to built by the northern Colorado Water Conservancy District to compensate for water taken out of the Colorado River system by their Windy Gap transmountain project; the Colorado River District is planning the Juniper-Cross Mountain project, consisting of two reservoirs on the Yampa River west of Craig in Moffat County and the Rangely Reservoir, to be built on the White River at Taylor Draw near the town of Rangely in Rio Blanco County; and the Yellow Jacket Reservoir is also being designed for the White River east of Meeker in Rio Blanco County. Denver, along with other Colorado cities, is building substantial water harvesting facilities. Large business enterprises are also making important contributions to conserving Colorado's water resources.

WATER OWNERSHIP AND USE: STATES VERSUS FEDERAL GOVERNMENT

President Carter's opposition to new water projects was frustrating. But the former administration's attitude toward water policy and ownership of water was positively alarming. Fortunately, the present administration is reasserting a policy, which had been in place for more than a century, that favors letting the States set their own goals and objectives in water policy. It respects State water law as well as State water policy and realizes it is foolish to think that a group of water bureaucrats on the banks of the Potomac can fashion a monolithic Federal water policy that could meet all the country's diverse water needs, problems and priorities.

In another important area, this administration has already dramatically reversed the water policy of its predecessor. Under President Carter, the Federal Government claimed to have special rights to untold quantities of the public water supply. These rights, they argued, were somehow attached to Federal lands—whether managed by the Forest Service, the Bureau of Land Management or the Park Service—merely because rivers and streams flowed through them. This very doubtful doctrine caused an uproar, because it disrupted the principle of arid States that whoever first puts water to beneficial use obtains a right to continue to do so. If the Federal Government could acquire massive wholesale water rights just by being trustee of public lands, then it would displace literally thousands of people who had obtained their water rights in the time-honored Western tradition. And State water law would be trampled on in the process.

In September, however, the Reagan administration quieted this furor when Interior Secretary James Watt declared that when the Federal Government wants to acquire a water right in connection with the land it manages, it would have to do so strictly in accordance with State water law and legal precedent. With this decisive action the Federal Government admitted the supremacy of State water law and demonstrated that it wants to be a good neighbor with the States and with individual landowners.

WATER FROM THE EARTH

Apart from the State's river systems, which are partially regulated by water management projects, Colorado's only other source of water is the network of deep and shallow aquifers, or groundwater reserves. Many of these aquifers, not directly recharged by river flows, have been built up over hundreds or thousands of years, but can be drained in just decades. A quarter of America's water use depends on aquifers. In all, national groundwater reserves total 59 quadrillion gallons, or 181 billion acre-feet. Looked at another way, that is 45 Lake Michigan's or 12,000 years of Colorado river flows.

That is a mind-boggling amount of water, but much of it is located in parts of the country where it is not needed and much of it is too far underground to be commercially usable. Consider also that, between 1950 and 1980, annual consumption of groundwater more than doubled to about 25 trillion gallons. Every day, America uses 21 billion gallons more groundwater than seeps back into deposits. Many aquifers are replenished or recharged so slowly, in fact, that they are looked at as a nonrenewable resource and water experts talk of mining groundwater.

Also, aquifers are a very delicate resource. As fresh water is drained out of them, it is possible that salt water from oceans or underground salt deposits can seep in. Whole aquifers can be polluted and rendered unusable for millennia by small amounts of contamination from many sources: erosion from farm land, bacteria from sewage, salt from the treatment of icy highways, and waste from feedlots, fertilizers and pesticides.

One of the most important underground reservoirs in the country is the Ogallala Aquifer. It has a volume roughly equivalent to Lake Huron and underlies much of eastern Colorado in addition to Nebraska, Kansas, New Mexico, Oklahoma and Texas. The Ogallala irrigates hundreds of millions of farm acres in this region and helps to make the American bread basket the envy of a hungry world. And yet, it is being consumed so rapidly that it could be effectively exhausted within the next generation.

Congress has ordered an intensive study of the Ogallala to understand this resource and in cooperation with the affected States, including Colorado, to develop a management plan that will enhance it and slow down the rate of depletion, in an effort to guarantee a supply of water to the farms and communities that depend on it.

WETLANDS

Section 404 of the clean Water Act of 1977 gives responsibility to the Corps of Engineers for regulating dredge and fill operations in America's navigable waterways and their adjacent wetlands. The crucial question is, What is a navigable waterway? In a series of landmark court cases, that definition was so broadened that eventually the courts declared any stream with an average annual flow of 5 cubic feet per second was navigable—that is, as small as 5 feet wide and 1 inch deep. The result is that the Corps of Engineers regulates very ordinary activities as "dredge and fill" in very small streams that no reasonable onlooker would think of as "navigable."

All adjacent wetlands come under the corps authority, too. So, while Congress

intended for the corps to keep America's major water highways free from pollution, the Army's engineers instead find themselves controlling land use in and around the streams and brooks of Colorado's high country, hundreds of miles from any navigable waterway. It is an absurd result—a classic case of bureaucracy, assisted by the courts, perverting the intention of Congress.

This provision has become an acute problem in Colorado, where much of our high country is frozen one half the year and wet the other half. Large proportions of these mountain counties—in some cases over 80 percent—are already administered by the Federal Government, through the Forest Service and the Fish and Wildlife Service, and now Washington is trying to control the remaining private ground through section 404 of the Clean Water Act. If you have ever been to Summit, Grand, or Gunnison County, you know that its creeks are not navigable in any ordinary sense of the word. As a result, cynics say "navigable" now means any stream that will float a Supreme Court decision.

The problem came to a head last winter when the Army Corps of Engineers published a map of Gunnison County, labeling almost all the private property in the county as wetland and forcing every landowner to go through the time-consuming process of applying for a Federal Government permit before they would be allowed to do such common things as excavate a foundation for a home or take gravel out of a stream on their own property.

Along with Senator TOWER, I have introduced legislation (S. 777) to redefine "navigable waterway" to mean a body of water that was or is being used for interstate or international commerce. This bill will restore some commonsense and manageability to the Clean Water Act and will restore important rights to private landowners. It will also return issues of land use planning to State and local officials, where they properly belong, and give them more authority for establishing and maintaining policies to deal with the diversity of wetland ecosystems.

The Clean Water Act expires next year, and its extension, along with an amendment like S. 777, will be high on Congress priority list when it returns in January to begin its second session. I have urged holding regional hearings on this bill in Denver so that landowners, along with State and local officials, will have a chance to be heard on how section 404 affects them and how it could be improved. I hope many people in Colorado and throughout the Rocky Mountain region will be able to participate.

RECLAMATION LAW REFORM

In 1902, the Reclamation Act was passed so that Federal, State, and local officials could work together to reclaim the arid West through the system of reservoirs and canals that have made the Western deserts bloom. Originally, that act allowed a farmer to receive Federal water on no more than 160 acres of land, with an additional 160-acre allowance for a spouse, and it required farmers to live on or near their land.

Over the years, as farming technology greatly expanded the acreage that a single family would have to farm to be economically competitive, that limit rapidly became obsolete and holdings in excess of it were routinely ignored or officially exempted. The Carter administration, however, decided to enforce the law to the letter—a decision that threatened to disrupt literally millions of acres of Western family farms. That decision touched off a drive last year to amend the act. The Senate passed a package of reforms that I strongly supported, but the House failed to act before the end of the session a year ago.

In this new Congress, with a new President, similar reform efforts are already underway, and prospects are good that the Reclamation Act will soon be brought into line with the farming conditions of the 1980's.

The Reagan administration is very supportive of this reform effort, which will need to approach the problem from several angles. The limitation to 160 acres will need to be revised upward; for example, a limit of 960 acres would accommodate 97.5 percent of reclamation farmers, but would exclude the large corporate farms that comprise 30 percent of reclamation project land. Provision will also need to be made for leased farmland, an arrangement that has become very common since passage of the 1902 act. The residency provisions will probably need to be repealed. Today's farmer often lives many miles from substantial parcels of the land being farmed, or has moved away and leased the property to someone else.

Finally, it should be made clear that the limitations of the 1902 act do not apply to Corps of Engineers' project water; these projects evolved for very different purposes than reclamation—mainly flood control—and, although they may produce irrigation water, do not belong under rules designed to govern reclamation projects.

The Reclamation Act of 1902 is designed to apply only to the reclamation projects that have reclaimed the arid West. Under the act, the Bureau of Reclamation has confined its operations to the 17 Western States, while the Corps of Engineers has a nationwide jurisdiction. Bureau of Reclamation projects are multipurpose and often have irrigation, hydroelectric, industrial, municipal and recreation features. Corps projects, on the other hand, are usually intended for flood control, though the corps also has a responsibility for dikes, levees, harbors, dredge and fill activities, coastal waters, canals, navigation and shipping—and its annual budget is therefore nearly three times as large.

THE COLORADO RIVER SALINITY ACT

The Colorado River, with its source high in the Colorado Rockies, begins its long journey to the sea as pure, melted snow. By the time it ends up in the Gulf of California, however, it is so adulterated by silt and dissolved minerals that it is of very poor quality. It is extremely saline and hard—that is, it has a very high concentration of dissolved salts and other minerals—and cannot readily be used for irrigation, municipal or industrial purposes until it first undergoes extensive, and very expensive treatment. The river has this problem mainly because it traverses some of the most saline soil formations in the world and is so heavily utilized. In fact, it rarely makes it into the Gulf of California, but instead ends up as a dry creekbed in the Mexican desert.

There are many good reasons to reduce the salinity levels and clean up the Colorado River. We have a negotiated obligation with Mexico, for example, on the salt content of the Colorado River water that flows into that country. Clean-up of the Colorado River will maintain our good relations with our increasingly important neighbor to the South.

A multimillion-dollar agricultural industry depends on fresh, usable Colorado River water. This is especially true in the rich irrigated farmland of southern California, which has to use the dirtiest part of the river. A reduction in salinity will also dramatically improve the incredibly diverse and valuable fish and wildlife habitats in and around the Colorado River for all of its 1,400-mile length. For these reasons, unless something is done about salinity levels, increased consumptive use of Colorado River water will be impossible or prohibitively expensive—because the more water we take out of the river the greater the concentration of the salt and minerals.

That is why Congress passed the Colorado River Basin Salinity Control Act of 1974. Although the seven Basin States love to argue from seven different perspectives about the Colorado River, salinity control is something they all agree is important. Last year, I was privileged to lead a solid coalition of Basin State Senators to improve salinity control.

The bill we introduced was designed to improve the 1974 act's purposes of lining irrigation canals to reduce contact with saline soils and enclosing ditches to prevent evaporation. After holding hearings on this bill, the Senate authorized the Bureau of Reclamation to go ahead with these activities while Congress continues to study ways to improve the Nation's salinity control effort. Other approaches, too, are being tried, including on-farm programs to help farmers use more efficient, and less expensive, irrigating techniques.

This year, I will be introducing a bill to move even further toward cleaning up the Colorado River and enhancing the multiple benefits it brings to the Western United States and Mexico. I am optimistic that it will win congressional approval in the coming year, so we can get down to the business of improving the water that irrigates 1 million acres of prime Western farmland and on which 17 million people, from Denver to San Diego, depend.

NEW WATER, NEW ENERGY: THE FUTURE

By its very nature, water resource planning is complicated, uncertain and long range. We need to be developing plans today for solving water problems that are many years down the road. For us in Colorado, that task is all the more difficult due to the complicating factor of energy development and its many secondary impacts. What will our water

problems be at the turn of the century? Where will additional water come from? Will technological advances keep pace with these problems? For Coloradans especially, the future of water is a question mark.

The answer to this question lies in vision and planning. We stand today on a new frontier; we should seize the opportunity now to chart a course for Colorado with the same courage and conviction that typified our State's planners a century ago. We need to look boldly into our future, recognizing that the potential benefit is greater than any problem we will face, and go forth with confidence. We must begin today to plan for all time.

First, we need to consider how best to conserve the 2 million acre-feet of Colorado's entitlement water that is flowing past our boundaries each year. It has become a cliche to say that water is the West's lifeblood—but that is what it is, and enough of it for 2 million families drains away every 12 months. The experts tell us we will need every gallon of it and then some by the year 2000.

The 20th century is the century of technology, and its history is the repetition of the far-fetched becoming the farsighted. Even now, futuristic plans are being developed and considered for augmenting rivers flows by weather modification—harvesting the clouds. Speculation is cropping up again about diverting water from more prosperous river basins—the Missouri and the Columbia—into the heavily used Colorado River system. There is even a study of a mammoth engineering project, to be undertaken jointly with Canada, to sell and export practically untold amounts of water from Alaska and north Canadian watersheds into the American heartland. While the engineers sit at their drawing boards, planning for tomorrow's needs, we must be out in the field solving today's problems. Colorado holds vast reserves of energy, and the time has obviously come for their development.

Water will be an important determinant of both the extent and the quality of that development. Increased water conservation and storage will be necessary on Colorado's west slope, where most of the primary impact of coal, oil and gas, and especially oil shale development will be felt. Without new water resources, we will see oil companies buying up more and more agricultural water rights and the rural way of life will become a thing of the past in Colorado west. I believe an agricultural tradition and energy development can and must co-exist and sufficient water is the key.

It is on the east slope where secondary impacts of an enormous magnitude will occur. Even in a scenario that calls for more moderate energy development, Colorado's population is expected to increase 2 million by the year 2000, and most of this growth will occur along Colorado's Front Range. Enormous amounts of new water will be necessary to meet their needs—whether for municipal and industrial purposes, increased agricultural output, hydroelectricity, recreation or any of the many ways water touches our lives.

Our State is sure to play a leading role in reducing America's dangerous dependence on foreign oil. We will answer that call and meet the challenge, but we must insure that our particular needs are met and that the special quality of life we enjoy is preserved for present as well as future generations of Coloradans. Our State has been blessed with productive soil and a bold, hard-working people; water is the only limit to what we may do and what we may become.

ADDRESS BY SENATOR GORTON AT THE NATIONAL COUNCIL FOR RESOURCE DEVELOPMENT

Mr. MATTINGLY. Mr. President, I wish to call to the attention of my colleagues a speech delivered by the distinguished Senator from Washington (Mr. GORTON) at the National Council for Resource Development Conference on the subject of the economy and the Federal budget. I believe this subject should have the attention of every Senator and, indeed, of every American.

I ask that the address made at the 15th Annual National Council for Resource Development Conference in Washington, D.C., on December 3, 1981, be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

SPEECH OF SENATOR SLADE GORTON

Today I intend to devote my time to discussing the course of the 97th Congress thus far, and some of the things we hope to accomplish in the future. It will come as no surprise to anyone in this room that the main concern of the Congress and the Administration has been to devise and to implement a solution to our current economic crisis.

In January, when I took my seat in the Senate, our national economy was characterized by double digit inflation, sky-high interest rates, high unemployment and stagnating economic growth. The urgency of the crisis was obvious to everyone. In the first eight months of this year, the Administration and the Congress drafted and passed into law an economic recovery program which took effect October 1st. This program, which I strongly supported, represents an important first step toward the revival of prosperity, but only a first step.

I shall first outline these measures which have already been taken toward economic recovery, then consider the problem of what remains to be done, and finally I will attempt to assess the impact of these actions on higher education, especially those programs which are of particular interest to two-year institutions.

When President Reagan signed both the "Tax Cut Bill" and the "Budget Reduction Act" on the same day, he and the Congress reversed the economic course followed by our national government for two decades and put into place the cornerstone of a program for economic recovery. The tax bill provides for the largest reduction in taxes during this century and the budget bill authorizes the biggest reduction in the growth of government spending in five decades.

In my opinion, excessive government spending has been a major cause of our current economic crisis. The federal government has, over the last few years, consistently spent significantly more than it has received in taxes. Huge deficits have been the inevitable consequence. These deficits can be covered either by borrowing money or by creating money. If the federal government borrows to cover the deficits, it uses money that would have otherwise been available to lend to businesses and to individuals. As a direct result, the economy has less new investment capital and the overall rate of productivity and economic growth is lowered. If the money to cover the deficits is created, or printed, then prices rise and inflation worsens. During inflationary periods, like those which we have experienced for the past 15 years, nothing good comes from large budget deficits.

For these reasons I believe the solution to our economic crisis had to begin with a reduction in government spending. The Congress and the President have taken this vital first step with the Omnibus Reconciliation Act of 1981. This law reduced government spending by $35.2 billion for this fiscal year—or by more than $150 for every man, woman, and child in this country. The budgets of over 200 domestic programs were cut and some programs were eliminated altogether. In addition, almost all major entitlement programs have had their growth rates limited. Reconciliation represents an historic step toward economic recovery.

But budget cutting alone will not solve our economic crisis. The ravages of inflation have gone too far for that. The economic stagnation which characterized the last half of the 1970's testifies to this fact. Something had to be done to stimulate savings and investment and to revive and restore incentives to produce. The Economic Recovery Tax Act of 1981 (by cutting individual and business taxes) is designed to provide these necessary incentives.

Inflation reduces the individuals' incentive to save. If goods are going to cost more in the future, and that increase in price is greater than what an individual can earn after taxes on savings, the incentive is to buy now. As a result, the Nation's savings rate has fallen until it is the lowest among all developed countries. It is now at the lowest level in our Nation's history, with the exception of the years of the great depression. Capital can only be financed out of savings, so a low rate of savings means a low rate of investment and capital formation and reduced rates of productivity growth.

Furthermore, inflation works with the progressive tax structure to increase marginal tax rates, often to punishing, incentive-reducing levels. The marginal tax rate paid by the median income recipient in 1965 was 17 percent, but in 1980, it was 24 percent, which is equivalent to a 41 percent tax rate increase. A person who received twice the median income in 1965 paid a marginal rate of 22 percent. In 1980, he or she paid 43 percent, a doubling of marginal tax rates. This phenomenon, known as "bracket creep," effectively discourages effort and investment.

Under the provisions of the Economic Recovery Tax Act of 1981, federal income tax rates will be reduced 25 percent over 33 months, beginning October 7th of this year, when the amount withheld for taxes from most employees' paychecks dropped by 5 percent. Additional 10 percent reductions in the withholding rate are scheduled to occur next July and again in July of 1983. After these cuts have occurred, tax rates will be indexed to the rate of inflation, ending once and for all the problem of "bracket creep."

In addition to the reduction in personal income taxes, business will benefit from much more rapid depreciation schedules, from the reduction of the capital gains tax, and from the virtual elimination of estate taxes, except for the very wealthy. These tax reductions will go a long way toward restoring the incentives required to stimulate savings, investment and the added work effort necessary for economic recovery. Already,

however, many are calling for the cancellation of some or all of these tax reductions. Since reducing future deficits is absolutely essential to the control of inflation, it may be that additional revenues will be needed. But additional revenues can be obtained without damaging the incentives created by the 1981 Tax Reduction Act as I shall explain in a few minutes.

As an integral part of the economic recovery program, the Federal Reserve Board has maintained a tight monetary policy, a necessary step if inflation is to be successfully curtailed. The money supply has been growing this year at less than half the rate averaged over the past 3 years. The rate of inflation, as a consequence, has been falling.

The heart of the program for economic recovery is to provide the incentives needed for the private sector to sole our current economic crisis. Incentives are provided for individuals to work harder and save more and for business to invest and grow. The President's original goal was a balanced federal budget in 1984. This is still the goal of many of us in the Senate. A balanced budget would eliminate the government as the foremost borrower in our capital markets and allow the Federal Reserve Board to continue a tight money policy to insure that the problem of inflation is permanently solved.

I would be less than candid if I were to tell you that the end of our economic troubles is at hand.

While much of the President's program is now in place, more needs to be done. Inflation has been an ever-growing curse for 15 years. At many times in the past, attacks on inflation have been mounted and later abandoned. As a consequence, each time this occurred, the solution to the inflation problem became more difficult.

While inflation has recently begun to subside, unemployment rates have begun to rise. I am afraid that this should have been expected. Each time in the recent past that our government has taken effective steps to control inflation, the unemployment rate has increased. Whenever this has occurred, the prime focus of the Administration's and the Congress' concern has shifted from inflation to unemployment, and immediate steps have been taken to reinflate the economy to bring down the unemployment rate.

Everyone remembers these false starts that characterized past attempts to stop inflation. Had we but stayed the course, as soon as the economy had adjusted to the lower inflation rates, the unemployment rate would have fallen back to a normal range. Each time in the past we in government quit too soon, the economy paid the price in terms of temporarily higher unemployment, but was cheated out of the benefits of a permanently lower inflation rate. We must convince people that, this time, we in government are serious. In order to do this, we must demonstrate our resolve.

I firmly believe that such a resolute commitment to the strategy of monetary and fiscal austerity is the best way to solve our economic problems. If we waiver now, as we so often have in the past, we shall lose the best chance we have to end inflation permanently and to restore prosperity to the economy.

The present economic situation seems almost to have been designed to test our determination. The combination of slower than initially anticipated economic activity, higher unemployment, and higher than expected inflation and interest rates have raised the projected budget deficit. The deficit in 1982 is now envisioned by most economists to be over $70 billion. This is $27½ billion more than the Administration originally predicted. Deficits of $90 billion and $100 billion are now projected for 1983 and 1984 respectively.

Clearly, projected deficits of this size are intolerably large. As President Reagan said last September, "We can run, but we can't hide" from the fiscal problems that will become increasingly apparent to the Nation. Additional fiscal action will have to occur, but it will not be easy. In fact, imposing additional fiscal restraint on top of what has already been done will be a herculean political task. It will require the utmost cooperation between the Administration and the Congress to achieve.

It is obvious that the President will, as he must, take the lead in dealing with the Nation's fiscal problems. The fate of the President's September request suggests that, if the Administration's proposals are to be accepted, there must be widespread support for them in the Congress. In September, the President requested a further 12 percent reduction in non-defense discretionary programs; these are the programs for which Congress must appropriate funds each year, and most education programs are included in this group. These discretionary programs make up approximately 20 percent of the expenditures of the federal government. Furthermore, most of these programs had already been substantially reduced by Reconciliation earlier in the year. I, and a majority of my colleagues, believed that this was an unacceptable way to solve our fiscal crisis. The spending reductions that are required to solve our budget problems are simply too great to be met by further cutting the discretionary programs. The economic situation requires that any further reductions be shared among defense and entitlement programs.

A further look at the budget clearly will illustrate that this broader approach is necessary. Defense and entitlement programs, along with interest payments on the national debt, account for roughly 80 percent of government spending. Entitlement programs, which make up 42 percent of federal expenditures, are those programs that oblige the government to make payments on the basis of eligibility requirements. The federal government is obligated to appropriate sufficient monies to satisfy the rights of all those who are eligible. A partial list of entitlement programs includes farm subsidies, unemployment compensation, Medicare and Medicaid, and all federal retirement programs, such as Social Security. Defense spending accounts for 23 percent of expenditures, and interest payments over 15 percent. It is simply not feasible to significantly reduce the budget deficit by repeatedly cutting the discretionary programs which make up only a fifth of total expenditures. Nor is it fair to put so much of the burden of economic recovery on one area.

In the near future, the President will send to the Congress his 1983 budget proposals. If these proposals are to escape the fate of his September requests, they must be more in tune with Congressional thinking. Recently, ten Republican Members of the Senate Budget Committee, including myself, gave the Administration the benefit of current Congressional thinking, when we supported a budget plan proposed by Senator Pete V. Domenici, the Committee's Chairman.

The Domenici plan would result in a balanced budget in 1984. This proposal incorporates a judicious blend of revenue increases and reductions in the rate of growth of expenditures. Both national defense and entitlements would share in the expenditure reductions. Under this plan, total federal outlays, which have been growing at a rate of 13.6 percent a year, would increase by 9.3 percent in fiscal year 1982, 5.2 percent in fiscal 1983, and 4.5 percent in fiscal 1984.

While entitlements would continue to grow under this plan, they would do so at a considerably slower rate. Defense spending would still grow dramatically, but more slowly than requested by the Administration. Discretionary programs would grow very little, but neither would they be required to suffer additional reductions. Finally, this plan envisions substantial tax reforms, which would increase the fairness and equity of our tax system and not destroy the economic incentives created by the 1981 Tax Reduction Act.

The Domenici Plan would reduce outlays over the next three years by $112 billion and increase revenues by $48 billion through the narrowing of tax loopholes. The result of adopting this plan would be to balance the budget in 1984, and equally as important, to do so in a fair and equitable manner.

Ten Republican Members of the Senate Budget Committee supported this proposal. Two Republicans did not, and when they voted with Committee Democrats, the plan was rejected. The two Republicans who voted against the plan did so not because they disliked it, but because the President did not approve of it.

The President did not approve the Domenici Plan because it contained a tax increase, and even more importantly, because he wanted us to wait until after his January 15th budget message. He told me this personally, when I and two other Senators visited him at the White House two weeks ago. This visit did, however, allow us the opportunity to inform the President of our thinking.

The President did not relent, and so the Budget Committee did not adopt the Domenici Plan. I believe, however, that the President's January Budget message will make proposals which are similar to those outlined in this plan; at least I hope so.

What does all of this mean concerning the federal programs of special interest to you? We do not have the time to discuss all of these in detail, but let me give you a few examples. The Strengthening Developing Institutions program, under Title III of the Higher Education Act, had a Fiscal Year 1981 appropriation of $120 million. The Budget Reconciliation Act authorized nearly $130 million for this program. The House Appropriations Bill also provides for nearly $130 million, as does the Senate Appropriations Committee recommendation.

Under Title IV, the 1981 figure for the Student Financial Assistance programs (other than Guaranteed Student Loans) was roughly $3.8 billion. Budget Reconciliation authorized just over $4 billion; however, the House bill allows $3.83 billion, while the Senate Committee recommendation was $3.41 billion. Under this Senate version, the Word Study program and National Direct Student Loans would be funded at 1981 levels, Pell grants and SEOG would be funded at reduced levels and SSIG would not be funded. Also under Title IV, both the House bill and Senate Committee recommendation call for funding the TRIO program at the 1981 level of $156.6 million.

These examples illustrate an important point. Overall at this stage of the process, we are talking about a reduction in the growth of federal expenditures, not a reduction in the amount of expenditures from current levels. But, in the education area as in all areas, in the case of individual programs, some will be funded at higher levels than 1981, some at the same levels (before inflation) and some will actually be funded at lower levels.

Student Financial Assistance programs, which have expanded substantially over the past several years, appear at this point to be scheduled for relatively large reductions. The Reagan Administration proposals are based on an increased emphasis on the traditional role of students and their families in financing postsecondary education, as well as the need to reduce overall federal spending. I share your concern about the potential effect on students with financial need and on colleges and universities.

Furthermore, the process is not yet complete. The Congress has not yet completed

final action on the appropriations bills for Fiscal Year 1982. The first continuing resolution, which provided the necessary temporary funding at restrictive rates, expired on November 20, 1981. In passing a second continuing resolution, the Senate adopted a proposal to apply a four percent across-the-board cut to most discretionary programs. I voted against this additional cut on the basis of my previously described belief that such an approach is too narrowly focused, and is neither balanced nor fair. The House and Senate ultimately compromised by agreeing to a two percent across-the board cut, which was theoretically to include entitlement programs (although the eligibility requirements were not changed) and defense expenditures, as well as the discretionary programs. The President vetoed this compromise bill. Now, therefore, the federal government is being funded until December 15, 1981, by an extension of the provisions of the first continuing resolution.

Obviously, difficult decisions still face us. When the next continuing resolution and the Labor, HHS and Education Appropriations bill reach the floor, I am certain amendments will be proposed to restore funding for many of the education programs, as well as for numerous other programs. Frankly, I believe that few, if any, of these are likely to pass. Similar attempts largely failed in the case of the Second Continuing Resolution because most of us feared they would push the total figure for the bill to a level which would assure a Presidential veto. This proved to be more than true as the President did veto it despite the additional two percent across-the-board reduction. It would still be counterproductive to support such amendments, even where we believe the programs to be worthy, if the result is to assure another veto.

I deeply regret that I cannot paint a more optimistic picture for you. Junior and community colleges have played a vital role in expanding access to postsecondary education. Your institutions have provided important new opportunities for people to obtain the education necessary to participate fully in society. This, of course, benefits all of us, and is, itself, an important element of any program to restore prosperity.

It is important that two year colleges continue to play their unique role in higher education, while we strive towards the restoration of our country's economic health. I recognize this will not be easy when these painful fiscal reductions come simultaneously with additional problems which are associated with the threat of declining student enrollments, reductions of state and local financial support, and the like. I assure you that we in the Congress recognize the vital service you provide to our society.

What we must do, I am absolutely convinced, is continue on a course for economic recovery. A course which does require financial incentives through a fairer tax code; a course which does require us to meet and to beat a deficit of over $100 billion during the course of the next 3 years; but requires us to do this in a manner which is totally fair. It is going to take a great deal of political courage on the part of Members of Congress to be willing to take on these entitlement programs because each of them benefit literally tens of millions of people in the United States. It is going to take a great deal of courage to make the kinds of judicious decisions in the field of national defense which both provide for the security of the United States and assure that we are not overspending. It is going to take a good deal of political courage for Members of Congress to raise additional revenues, even if they are not raised by an across-the-board increase in income taxes. And yet, it is only if we show the willingness to do these things that we can at the same time, create a strong economy in the United States and see to it that the discretionary programs, those which we fund every year, those which build the infrastructure both fiscal and human, of our society, are properly funded.

So you have a very great and a very immediate stake in the success of this program. You have a very great and a very immediate stake in helping us broaden our field to include these other difficult areas. Because without them, we simply are not going to be able to provide the support for your institutions which I believe to be necessary. We are all in this together. I am convinced that the American people are willing to follow a course which will lead relatively quickly down the road to economic prosperity as long as they are persuaded that everyone is being asked to sacrifice; that everyone has an equal share, both in the programs which we fund, and in the success of our overall effort.

Thank you very much for inviting me here today.

EDUCATIONAL EXCHANGE PROGRAM DEDUCTIONS

Mr. GARN. Mr. President, I am pleased to join my colleague from Minnesota (Senator DURENBERGER) in sponsoring legislation that will increase the amount of income that may be deducted by families who maintain students participating in educational exchange programs as members of their households for part of the year.

My interest in this measure extends beyond the more familiar foreign exchange programs to a unique program that enhances the education opportunities of Indian students whose families reside on the Indian reservations. The program is the Indian placement program sponsored by the Church of Jesus Christ of Latter Day Saints. The program was begun in 1954 with only 68 students, and over 25,000 primary and secondary students have since participated. These young students leave their families and homes on the reservations in New Mexico, Arizona, South Dakota, and Montana, to live with sponsoring families in Utah, Idaho, and California during the school year.

The program offers these children a much broader education, both academically and socially, than is often available on the reservation. As they reach adulthood, the education they have acquired enables them to qualify for entrance into colleges and universities or other productive occupations that would otherwise not have been open to them. They are able to take home knowledge and experience that can help them to improve themselves, their homes, and their families, and to make important cultural, economic, and social contributions to our whole society.

The opportunity has been almost as rewarding to the families who have sponsored these children. Many of them are able to sponsor the same child year after year from elementary through high school. The opportunity to make such a contribution and to gain firsthand an understanding and appreciation of a different culture and lifestyle is all too rare, and one that because of the increased costs of living fewer and fewer families are able to enjoy. The law currently allows a deduction for these families of $50 a month, a level set in 1954. According to the Bureau of Labor Statistics, the equivalent of 50 1960 dollars in 1981 is $157.26. This legislation, S. 1840, would only increase the deduction to $100, an investment with immeasurable returns. I urge its speedy and favorable consideration.

REMARKS BY AMBASSADOR J. WILLIAM MIDDENDORF AT THE UNIVERSITY OF MIAMI

Mr. THURMOND. Mr. President, much progress has been made in recent months in the Organization of American States in efforts to bolster free enterprise in the Western Hemisphere. The prime mover in those activities is our Ambassador to the Organization of American States, J. William Middendorf, who is well known and respected by many Senators.

I recently studied in some detail a speech Ambassador Middendorf made at the University of Miami this past summer. I was greatly impressed with his ideas. So that other Senators may be aware of the approach he is adopting, I ask unanimous consent that his remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

THE REAGAN ADMINISTRATION AND ECONOMIC DEVELOPMENT IN THE THIRD WORLD

(Address by the Honorable J. William Middendorf)

I am extremely pleased to have the opportunity to share a few thoughts with you on the Reagan administration's views on economic development in the third world and ways in which such development can be advanced more effectively and efficiently.

The performance among the developing countries over the past twenty years has been quite uneven—some have made impressive gains and are fast approaching economic maturity; others are still struggling to keep pace with their growing populations.

The key, as we see it, is to encourage the kinds of policies in developing countries that will maximize productivity and efficiency. This we believe, can be best done within a free market-oriented context.

The new administration has embarked on a new economic course that will have significant implications on the prospects for development and prosperity abroad. Here at home, the President's program will release the energy and creativity of our free economy to restore the productive vitality of American society.

The essential ingredients for economic recovery in this country are: A reduction of the Government's role in the economy and its intervention in the market place, allowing the individual the freedom to maximize both efficiency and profit, and adoption of policies designed to induce greater investment, capital formation, and productivity.

At the same time, while we are attempting to put our economic house in order, the developing nations of the hemisphere are seeking to expand their markets and their access to capital in order to finance growing economies. The new administration will be exploring ways to secure greater private sector involvement in developing countries. We would like to see the private sector more active in a greater number of developing countries, providing capital and technological expertise to supplement domestic resources. Quite often the private sector can accomplish what the public sector cannot.

Although it is the government to government aspects of international relations that garner the attention, it is the day to day business aspects of these relations that are the most important economically. For exam-

ple, in 1979, the flow of U.S. private investment to LDC's was roughly twice the net level of bilateral development assistance. Imports from LDC's, excluding OPEC, were 14 times our total development assistance.

As Mr. Stockman is fond of saying, it is the 99.8 percent of the U.S. economy that is in fact the most important to the LDC's despite their disproportionate attention to the 0.2 percent that goes to official development assistance.

Many developing countries have increasingly come to discover the advantages of encouraging the private sector and promoting free market policies in spurring economic growth. Large and small nations alike are turning away from the state intervention models of development that were the fashion hardly a decade ago.

Following World War II, when the developing countries were in the early stages of economic development, government intervention was used to mobilize scarce capital into specific directions. Basic economic infrastructure was lacking and the modern private sector was often weak or non-existent. Over time, that infrastructure has been put into place, and what was initially a government effort to construct a modern economy, has become heavy-handed obstructionism and inefficiency. Today government intervention has become a negative factor in development efforts.

The post-World War II policies of government intervention in the economy arose from the view that the allocation of resources induced by the market were not serving the public welfare and that in countries where capital was scarce, government direction and control were needed to foster economic growth, which usually meant industrialization. This led to the encouragement of import substitution—the replacement of imported by locally produced goods.

In retrospect, this strategy of industrializing through import substitution has been disappointing. It has fostered dual economies, crippled development in the agricultural sector, resulted in frequenet balance of payments crises, and contributed to rapid urban growth and political instability. Studies by the OECD and the World Bank both recognize that a substantial relaxation of import restrictions coupled with moves toward appropriate exchange rates are necessary to expand exports and overcome the shortage of foreign exchange that most developing countries (except for the oil exporters) seem to face.

For these reasons, the U.S. is urging developing countries to use great caution in applying import substitution measures and encouraging those countries to focus more actively on the possibilities which exports offer their economies while striving to keep our markets open to those exports.

In the seventies many of the more successful developing countries have been pursuing precisely such a strategy. The economic success stories, such as Taiwan, Korea, and Singapore, have all adopted policies which emphasize exports as a means of promoting rapid industrialization.

In recent years, these and other countries have shifted toward more liberal trade and payment regimens. Often these moves have not been as rapid or as encompassing as we might want. But overall, particularly in Latin America, and East and Southeast Asia, there has been a clear tendency of the more economically progressive and successful countries to move in the direction of liberalizing trade barriers and adopting policies aimed at stimulating exports.

The U.S. assists such countries by generally maintaining our own markets open to their exports. We do this in several ways. First, we have pursued a global policy of seeking to lower trade barriers, particularly in the various rounds of multilateral tariff negotiations. The Tokyo round of trade negotiations continued this process. When its reductions are complete, average U.S. MFN tariffs will drop from 10.6% to 6.5%. In addition, the Tokyo round also increased discipline on non-tariff barriers to trade through a series of new codes. We are urging developing countries, particularly those which most actively participate in the world trading system, to join these codes.

The United States, along with all other industrialized nations, has also provided special access to its markets for certain products from developing countries. The U.S. generalized system of preferences program, or GSP, was authorized in the Trade Act of 1974. Currently, roughly 2,800 eligible items from 140 beneficiary countries enter the U.S. duty free, subject to cutoff criteria designed to remove benefits for specific products from those developing country suppliers which no longer need the special competitive edge provided for by the GSP.

There is another, complementary way to mobilize capital required for economic development. Vigorous domestic capital markets are essential for balanced growth and can be an efficient engine of economic development. Economic arguments for restricting foreign trade presume that the domestic capital market isn't working, and new industries cannot get capital. Such arguments are irrelevant once domestic capital markets and financial growth gets underway. Producers who use imports would no longer need to be taxed by tariffs in order to subsidize new domestic producers. Instead new firms, with good prospects will be able to borrow more easily. Although industrial growth will be probably slower initially, the emergence of manufacturing enterprises able to compete in foreign markets will be faster and national productivity as a whole will grow more rapidly.

Private investment flows are another extremely important factor in promoting economic development in LDC's. The financial benefits to the U.S. direct investment, in balance of payment terms, are obvious. Less obvious, but equally important is direct investment's non-monetary contribution to economic growth. Direct private investment provides an efficient mechanism for the transfer of needed technology and management skills. In some cases, such investment also furnishes needed linkages between the new industry in the developing country and international supply and marketing channels.

Evidence of the success of direct private investment in promoting growth is the fact that it is becoming increasingly self-generating. Between 1969 and 1979, the ratio of earnings reinvested to total earnings of incorporated affiliates in developing countries reached 60 percent in 1979.

The U.S. has programs to offset non-economic risks in developing countries and to assist those countries in creating an economic climate conducive to attracting investment.

Working with the developing country, we can reduce the investor's perception of risk through bilateral treaties; e.g., tax and investment and insurance agreements to allow coverage of political and other risks (OPIC). U.S. embassies and domestic U.S. agencies provide assistance to facilitate investor entry into foreign markets.

Although the USG does what it can to facilitate investment in LDC's, the primary responsibility for attracting foreign investment must, of course, be with the host government, itself. The host government should establish clear guidelines and an environment in which foreign investment can operate and prosper. The objective of LDC's that want to attract foreign investment should be to accord the foreign investor equitable treatment, so far as possible. Domestic and foreign investors should play by the same rules—preferably simple ones. An investment climate distorted by executive regulations and restrictions will not only deter foreign capital flows, but can cripple domestic as well.

Government policy in developing countries, therefore, should encourage economic development through incentives to save, invest, and export, not through restrictions, overvalued currencies, high import barriers, and repressed financial markets. In other words, governments must permit a market oriented system in which the private sector is able to do what it can do best.

Many developing countries have come to recognize this fact and take concrete steps to lighten the hand of government intervention.

Recently at the organization of American states during a discussion concerning the creation of a new hemispheric framework for cooperation, the Chilean Ambassador stated that, "until now, the private sector . . . has not been part of cooperation programs. However, we are seeing this sector more actively involved in the development of (the countries of Latin America). Circumstances advise that the regions private sector be given a role in any system of cooperation.

I think it is particularly appropriate that the representative from Chile should express these views. Thanks, in large measure to its liberalized trade policies, open market conditions, and encouragement of free enterprise, the Chilean economy has experienced, since the mid-seventies, solid growth with reduced inflation together with significant increases in real income. The Inter-American Development Bank has attributed this impressive performance to the new economic policies pursued by the Chilean Government—that is, the deregulation of the domestic market, the elimination of subsidies and other non-price incentives, and an end to the policy of import substitution industrialization.

Recently, the Chilean economy has been stimulated by renewed growth in private consumption while public expenditures remain in check. Despite the government's tight fiscal policy, fixed investment has increased dramatically. During the first year of economic recovery in 1977, fixed capital investment increased over 18 percent and continued to grow at rates of 10.7 and 18 percent during 1978 and 1979 respectively. Similarly favorable results were recorded in Chile's foreign trade sector as well.

I cite Chile merely as an example of how market-oriented policies can turn a country's economy around. However, Chile is not the only country in Latin America to see the value of the free market system. Other countries, such as Peru and Jamaica are reducing government intervention in order to free the productive forces of their societies to most effectively allocate their scarce resources.

Even in some of the poorer parts of the world, free market policies can make a difference. As Jude Wanniski points out in his epic work The Way the World Works, a good laboratory case compares neighboring Ghana and the Ivory Coast since 1960. Ghana imposed heavy taxes (especially on the margin—progressive disincentives on the higher brackets) while the Ivory Coast did not.

The Ivory Coast adopted a freely convertible currency, encouraged private foreign investment, and supported the private sector. Although both countries started with similar natural resources, ethnic structures, and per capita incomes, by the late seventies nearly every economic indicator showed the Ivory Coast ahead. Today it has twice the per capita income of Ghana.

Although the success stories among the LDC's are those whose strategies most closely

parallel the kinds of policies we are advocating, many others still resist a strong role for the private sector, either in the form of foreign investment or a large domestic private sector. We will have a major task in demonstrating the merits of this approach to many of the LDC's. We will need to pursue this effort patiently in our bilateral relations and in our dealings with them in multilateral fora. I would hope that, instead of continuing to respond to LDC demands for systemic changes, we will be able to offer our own strategy aimed at having them participate fully in our system with its proven track record and benefits. This will be neither costless or easy. It will require the U.S. to be competitive and dynamic, and to deal with the process of industrial change creatively.

For this approach to succeed, I suspect that the bulk of the educational task will fall to the private sector itself. The daily conduct of business around the world gives the private sector a depth and breadth of contact with LDC governments and enterprises that vastly exceeds the extent of government to government relations. These contacts, and the practical results that the business community can deliver, are what will bring home to the LDC's the private sector's importance to the development process.

That process, of course, will only be hastened if the individual entrepreneur can be free to pursue productive goals, unencumbered by discriminatory and burdensome regulations, oppressive tax rates, and disincentives to save and invest.

The point, simply put, is that government, at all levels, must avoid erecting barriers that destroy incentives to innovate, and to improve productivity. This fundamental principle applies equally to the developing world as it does to industrialized economies. As such, it provides the framework in which the economic pie can grow, benefitting all sectors of society in developing countries.

SECRETARY HAIG ON ECONOMIC REVIVAL

Mr. PERCY. Mr. President, the November 1981 issue of "Enterprise" magazine, published by the National Association of Manufacturers, carries an excellent speech on foreign policy by the Secretary of State.

We expect the Secretary of State, whoever he is, to have a deep grasp of the international political and economic forces that continually modify and affect our foreign policy. It is not as often, however, that we find a Secretary of State that also has a keen appreciation of the role domestic economic matters play in the shaping of foreign policy. Secretary Haig has that appreciation, I am pleased to say, and it is a requirement for a lasting foreign policy.

Secretary Haig's speech to the NAM Board of Directors centers on this theme and he notes that economic recovery is the chief pillar of U.S. foreign policy. The Secretary notes at the outset of his remarks that "the United States cannot be an effective leader abroad and structure the environment in accordance with our goals if we continue to preside over an economic shambles here at home."

Mr. President, I commend the Secretary's remarks to my colleagues and ask unanimous consent that they be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

ECONOMIC REVIVAL: A PILLAR OF U.S. FOREIGN POLICY

(By Alexander M. Haig, Jr.)

No foreign policy can have substance without a fundamental bedrock of national purpose. It is President Reagan's national purpose that we work during his encumbency to create an international structure that will be hospitable to American values and ideals: the freedom and dignity of the individual, and an environment in which his ingenuity, work and skill can contribute to progress worldwide.

A further aspect of this goal is to shape our policies in such a way that necessary and desirable historic change occur within the accepted rules of international law and the standards developed by 2,000 years of Western civilization. Hence, there must be policies that favor peaceful change and that reject the concept of rule-by-force, bloodshed, terrorism and so-called "wars of liberation," which have become increasingly the style for historic change.

Our foreign policy is structured on four fundamental pillars. The first is of keen interest to business: recognition that the United States cannot be an effective leader abroad and structure the environment in accordance with our goals if we continue to preside over an economic shambles here at home.

The president's economic recovery program is well known to NAM members. It involves a greater degree of fiscal responsibility (designed to get a handle on runaway double-digit inflation), regulatory and monetary reform, and perhaps the more controversial tax incentive package (designed to ensure individual saving and corporate investment in the period ahead).

There are international aspects to this economic recovery program that are very important from my perspective. I sat abroad for five years and watched American prestige and effectiveness decline precipitously and, while there were many foreign policy contributors to that process in the post-Vietnam, post-Watergate America, one of the most important was in the economic sphere. The American dollar plummeted in value and our European friends were convinced that, as a society, we were unable to discipline ourselves to meet the challenges of a modern economic system that had been jolted, for example, by two petroleum shocks.

In the international sphere, one of the great challenges facing all nations today is the trading system itself, because all of us, for various reasons, are experiencing a great economic crisis. And, in such periods, protectionism always rears its ugly and potentially fatal head.

So, this administration will remain consistently an advocate for free trade. We will continue to seek a favorable climate for both free trade and free investment abroad.

We are profoundly and fundamentally interdependent. And those who flirt with short-term, seemingly self-serving policies that fail to recognize this are on a very self-defeating course.

That is the first pillar: economic recovery here at home and greater economic effectiveness abroad. We feel we're in partnership with American business in that regard. I've recently sent instructions to all our embassies abroad that their job, day-in and day-out, is to be a catalyst and facilitator for American business.

The second pillar we have tried to structure is one involving the American-Soviet, East-West relationship. The president has insisted that there will be a new era of East-West relationship, characterized by restraint and reciprocity.

The third element of President Reagan's foreign policy is, of course, a refurbishing and strengthening of traditional friendships, alliances and relationships with those who share common values with us worldwide. There has been a fundamental shift in European, Asian and Latin American assessments of American leadership. Americans may once more walk into an international gathering, no matter what its character, with a sense of pride. There's a new view that America has reversed course and is once again on the road to recovery and strength and international leadership.

Lastly, there is the developing world and our objective of developing a just and responsible relationship with it. That's the fourth pillar of President Reagan's foreign policy. It means that the United States recognizes that these developing people are going to have an increasing impact on the health and vitality of our own society.

We are seeking growth in the international sphere with fundamental emphasis on things Americans do best—to emanate from the private sector, from the market economy system, technology and education. No more grand handouts. The days of those are over.

MARKING A WEEK OF HIGH-LEVEL INTERNATIONAL TRADE TALKS

Mr. PERCY. Mr. President, Secretary Haig was in Brussels last week speaking with Gaston Thorn, President of the European Commission, on mutual international trade concerns. He was accompanied on this mission by Secretary of Agriculture Block, Secretary of Commerce Baldrige and our Trade Representative, William Brock. This was an almost-unprecedented event, that four Cabinet-rank officers should travel together abroad to discuss our top trade concerns. I strongly supported their trip to Brussels which shows that this administration is united in its effort to turn back protectionism. Their meeting in Brussels was a firm statement of the trade expansion precepts that have been the hallmark of U.S. international economic policy for decades.

At the same time our Cabinet officers were in Europe on this trade mission, the Deputy Trade Representative, David Macdonald, was in Japan on a similar mission. With an anticipated 1982 trade deficit with Japan of $20 billion, there have been strong calls for Japan to open its markets wider to U.S.-origin products. There is still a great deal more the Japanese can do in this respect and I believe Ambassador Macdonald's mission was as important as that of our Cabinet officers' in Europe.

Prior to the departure of these officials for that highly unusual week of international trade deliberations, I wrote each of them about the trade interests of Illinois. As the premier agricultural exporting State and the No. 2 manufactured goods exporting State, Illinois has a great stake in expanded international trade.

Mr. President, I ask unanimous consent that my letters to Secretary Haig and Ambassador Macdonald be printed in the RECORD following my remarks. I would like to add that although I am only inserting the letter to Secretary Haig, I sent similar letters to Secretaries Block and Baldrige and Ambassador Brock.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., December 4, 1981.

Hon. ALEXANDER MEIGS HAIG, JR.,
Secretary of State,
Washington, D.C.

DEAR AL: I am very pleased to learn of your meeting in Brussels on December 10 with Gaston Thorn, President of the European Commission. Your visit, in conjunction with three other Cabinet officers, will send a strong signal that the United States is still committed to trade negotiation over trade protectionism.

I have become greatly concerned in the past months, as I know you have, with what appears to be a rising sentiment for trade protectionism on both sides of the Atlantic. We embarked on a similar course forty years ago when Congress enacted the highest tariff walls in our history. We also know in hindsight that that route led straight to economic disaster for the Western economies. We should resist calls to move in that direction now lest we repeat the past.

When you talk with Gaston Thorn, I urge you to remain firm with regard to our agricultural exports to the European Community. As you know, our trade bindings were negotiated with the Europeans under the auspices of the General Agreement on Tariffs and Trade (GATT). We made trade concessions to the Europeans in exchange for the lower duties on our agricultural exports. I hope you will reiterate that any unilateral action by the Europeans against our corn and soybean exports would be viewed most seriously in Congress and throughout the farm states.

I have recently conducted agricultural export hearings in Illinois on both corn and soybean export issues. My Illinois constituents, who produce more soybeans than farmers in any other state, were alarmed by the decision of a GATT dispute settlement panel that upheld the right of the Spanish government to limit the consumption of soybean oil in Spain. In addition, the Illinois corn producers voiced their concern that our European markets for corn and corn gluten feed could slip away if the European Community expanded their Common Agricultural Policy (CAP) to encompass these items.

Although U.S. efforts to combat the GATT dispute settlement report were successful in Geneva last month, dangers to our soybean trade remain. Regrettably, Spain is still permitted to continue its practice of limiting soybean oil consumption. When Spain and Portugal, both major olive oil producers, join the European Community in a few years, I am concerned that the Spanish practice could be "grandfathered" into the Community, thereby substantially impairing our oilseeds trade with Europe. Also down the road is the possibility of a European consumer tax on vegetable fats and oils.

Regarding corn gluten feed, I understand the Europeans have backed off on an earlier proposal to impose a levy to discourage imports from the U.S. Recent conversations my staff held with European Commission representatives in Brussels, however, indicated that the Community may yet seek to restrict our access to their markets as early as next March.

In addition to these priority issues pertaining to corn and soybeans, I urge you to let the Europeans know of our concern in two other agricultural trade areas.

Illinois farmers have complained to me about the level of export subsidies that undercut our products in third country markets like Latin America and China. Like our difficulties with other types of export financing, it is a no-win situation for us to engage in a bidding game to see which country can offer the most subsidized financing. It is in our mutual interests to join together to reduce these subsidies that may very well violate Section 301 of our own trade laws.

I believe it would also be useful to raise with the Europeans the possibility of developing a pilot program that would allow more U.S. value-added products to enter Europe. We have developed tremendous markets for our raw commodities, but have not taken advantage of markets that could be created for processed agricultural products.

Without question the Europeans will raise with you their concerns on steel. It is to be expected because trade is a two-way street. We have no quarrel with their legitimate concerns, but we should continue to resolve our disagreements in talks together: Your mission to Brussels will show our trading partners that this Administration wants to foster a positive dialogue on trade. I believe the majority of us in Congress support you in that endeavor as long as our own legitimate concerns on agricultural exports are not neglected in the process.

Best wishes to you on your talks in Brussels.

Warm personal regards,

CHARLES H. PERCY,
U.S. Senator.

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., December 3, 1981.

HON. DAVID R. MACDONALD,
Deputy U.S. Trade Representative, Office of the U.S. Trade Representative, Washington, D.C.

DEAR MR. AMBASSADOR: As you prepare for your trip to Japan to initiate discussions over our trade policy, I want to bring to your attention several areas that you will want to raise with the Japanese. With a pending trade deficit with Japan next year of close to $20 billion, there is more Japan can do to open its markets to U.S.-origin goods and produce.

Since my first days as President of Bell & Howell, I have strongly advocated expanding trade between the United States and Japan. The trade negotiations we have held over the last two decades have helped reduce trade barriers across-the-board. I hope your talks in Tokyo next week will lead to progress in narrowing our trade gap with the Japanese. Negotiations are unquestionably the preferable method of reducing trade differences. I know you share this goal, too.

Our state of Illinois is one of the foremost exporting states in the United States. We rank number one in agricultural exports and second in terms of manufactured goods. International trade is truly a way of life in Illinois.

Nowhere in Illinois is there more interest in foreign trade than in the farm community. One of every two farm jobs depends on exports. Our state leads in the exports of corn and soybeans. Japan is one of our principal markets for these grains and buys the majority of its imports from the U.S. in these areas. In fact, about one-third of Japan's $6.7 billion in agricultural imports from this country are comprised of corn and soybeans. It is a healthy trade, but one we can build on.

Japan maintains a significant tariff on imported soybean oil. Although there was an agreement during the Multilateral Trade Negotiations (MTN) to lower this tariff gradually between 1980 and 1987, it will still remain high, thereby discouraging imports of processed U.S. soybean oil. For example, the tariff of 19.25 yen per kilo that is now charged on less processed soybean oil will only drop to 17 yen per kilo by 1987. With refined soybean oil, the tariff falls only from 26.18 yen per kilo to 20.7 yen per kilo. This is an excellent area for further reductions.

In corn there are areas for negotiation, too. Japan maintains a tariff quota on corn which allows duty-free entry of corn up to a limit. This year, as much as two million tons can enter duty-free. Amounts imported above that level, however, are subject to a 15 percent duty. Moreover, farmers who wish to mix their own grains outside of the officially-licensed milling system have their imported grains subject to a $65 a ton duty. Both of these restrictions have the effect of reducing our sales of corn to Japan.

In one other agricultural commodity, Japan could make improvements in its tariff structure that would help reduce the trade deficit. Japan is now our top customer for pork products, yet a variable levy is applied to pork imports. I understand the MTN reduced this somewhat, but perhaps we could urge total elimination of this restriction.

In urging Japan to increase imports, you might want to pursue a suggestion I have been making for years to the Japanese. I have long felt that Japan could make a contribution toward improving the trade balance with the United States and assisting needy nations by purchasing U.S. grains for distribution abroad in a Japanese program similar to our Food for Peace program. Japan is reluctant to increase its defense spending dramatically, but has readily accepted the view that Japan can contribute to Western security interests by assisting in the economic development of nations important to the West. Japan has already made some minimal purchases of U.S. grains for distribution as food aid and our job should be to convince them that the program should be continued and expanded.

The Illinois Basin contains one of the largest deposits of coal in the world. Japan has already stated that it would like the United States to be its "preferred" steam coal source in the 1990s and 21st century. Our vast supplies and Japan's acute need for imported fuel supplies seem to mesh. Coal use for power generation and cement manufacturing is rising swiftly in Japan. I urge you to raise this matter with your counterparts as this may be a significant area for increased trade.

In manufactured goods, there is also room for increased trade. Japan maintains duties on trucks and vehicle bearings. It is true that the MTN agreement will phase out some of these limits by 1987, but even then duties will remain. Perhaps your talks next week could focus on this phase-out schedule, with an eye toward speeding it up. In addition, I have heard from the President of the Bearing Headquarters Company in Illinois who points out that Japan applies a commodity tax for most U.S. autos and requires extensive testing of American-made autos. Changes in these areas would be a major benefit for our auto parts manufacturers and could be a shot in the arm at this time of high unemployment in the auto and auto parts industries.

Another Illinois company, Monitor Manufacturing Inc., has brought to my attention a non-tariff barrier to its exports. Many of our trading partners accept the Underwriters Laboratories (UL) approval on electrical appliances and instruments. The Japanese government does not and requires prospective U.S. exporters to submit their blueprints if they want to sell in Japan. My constituent will not comply with this requirement, as he feels his trade secrets contained in his blueprints would subsequently be lost to his Japanese competition. I hope you can discuss this NTB with Japanese officials.

This is by no means a complete list of areas of concern, but I highlight them to give you a window on Japan trade concerns in Illinois. I wish you well in your talks and would be grateful if you could let me know the disposition of these points upon your return to Washington.

Sincerely,

CHARLES H. PERCY,
U.S. Senator.

STOCKMAN PROPOSAL FOR HEAD START

Mr. CRANSTON. Mr. President, I want to express in the strongest possible terms my opposition to the new proposal of David Stockman to destroy the Head Start program.

It has been revealed that Mr. Stockman, over the protests of the Secretary of Health and Human Services, Richard Schweiker, is proposing to fold the Head Start program into the community services block grant program and to slash its funding by over $130 million.

Mr. President, I think we need to be very clear about one thing: Mr. Stockman's proposal is one which would destroy the Head Start program—nothing less. Block granting Head Start would eliminate the unique characteristics that have made this program such a resounding success. It would dismantle the network of Head Start programs operated by local community entities throughout the Nation. The proposed reduction in funding would force thousands of children out of the program.

This Stockman attack upon Head Start is virtually incomprehensible. Less than 10 months ago, President Reagan acknowledged the importance and proven success of Head Start when he placed it in the so-called "safety net." Head Start was one of the very few programs affecting low-income children to escape the budget slashing. Mr. Stockman's plans for Head Start would totally tear to shreds President Reagan's already thread-bare safety net.

EFFECTIVENESS OF HEAD START

Mr. President, what makes this new assault upon the Head Start program so difficult to understand is that Head Start is America's most effective program helping people who need a helping hand. And the fact that those "people" are children makes Mr. Stockman's proposed action even more heartless.

Empirical, longitudinal studies of Head Start graduates have shown that the impact of participation in a Head Start program continues long after the pre-school experience. Head Start graduates are less likely to need expensive special education classes or to fail grades. They score significantly higher on mathematics achievement tests and tend to score higher on reading tests as well. They show stronger achievement orientation than non-Head Start children.

A report of the President's commission on Head Start in the 1980's released last year during the 15th anniversary of Head Start noted that "when the costs of Head Start are weighed against both its benefits (increased projected lifetime earnings for children) and the high costs of special educational services later for non-Head Start children, Head Start's benefits outweigh its costs by 236 percent." On a cost-benefit ratio, the U.S. economy would lose more than $306 million annually in future benefits if Head Start is reduced by Stockman's figure. Some of Head Start's benefits cannot be measured in dollars and cents. A GAO report issued 2 years ago noted that Head Start not only reduces educational and health deficiencies in young children that, if left unattended, can become expensive and difficult to overcome in later years, but reduces long-term dependency upon public assistance and promotes self-sufficiency.

CONCLUSION

Mr. President, this proposal to undermine the Head Start program is cruel and short-sighted. The Head Start program provides an opportunity for children from impoverished families to break the cycle of poverty and despair which limits their growth and achievement. A society which turns its back upon these innocent children and denies them the opportunities to reach their full potential is a society which also denies itself the contributions these children could make. I do not believe that the Congress will accept Mr. Stockman's proposal. I cannot believe that the American people will accept this cruel abandonment of thousands of innocent children.

Mr. President, in Monday morning's Washington Post, Dorothy Gilliam quite aptly described Mr. Stockman as a "real-life, modern-day Scrooge" in his behavior toward the Head Start program. I could not agree more. I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SCROOGE 1981

(By Dorothy Gilliam)

Just in time for Christmas, it seems we have a real-life, modern-day Scrooge. But he's not like the mean-spirited, quivering old codger in Charles Dickens' "A Christmas Carol," sputtering and ugly and wondering how in blazes his silly nephew could be merry because he was "poor enough." Nor does the visage of today's Scrooge resemble that ornery old fictional curmudgeon that, every year about this time, flickers across our TV screens.

No, quite the contrary. This Scrooge is handsome, youthful looking beyond his years. On top of that, he is smooth and honey-tongued. In fact, many of the cliches apply: while butter probably does not melt in his mouth, his smile is warm enough to melt the heart of his fellow citizens, even when his actions and decisions threaten to rob them of their future.

This is a Scrooge in lamb's clothing, a man who is so affable, so homey, so goodnatured that it is darn near impossible to dislike him. Indeed, it seems he is so loved by his charges that they keep on liking him even as he goes about trimming back on the amount of food and education they get. They believe him when he says that fattening the defense budget is for their own good because it protects them from the nasty Communists—his version of a Grinch, no doubt.

It is only when this sweet-talking Scrooge starts slinging his budget-cutting ax like some Paul Bunyan that the ugliness of the situation starts to show. And what shows is not just the ugliness of Scrooge 1981. Because when budgets get trimmed, it is only the poor who end up screaming. Nobody else seems to hear them or, if they do, much care. Most are too busy worrying about their own financial future. They can't see beyond their own shrinking dollar. They just keep hoping things will get better. After all, that's what lovable old Scrooge promises will happen if they just let him do what he thinks is best.

Besides, he had assured Americans that certain things would be spared the ax. Programs such as Head Start for preschool children from low-income homes, he pledged, would be forever safe from budget trims. Head Start was one of seven essential programs, we were told not too long ago. It had done a good job. And it was still desperately needed.

For those of us who had been worrying about the future of our nation's poor children and who had been driven to near distraction by all of the other health and welfare program cuts, that was good news. Here was a program that had proven successes. Underprivileged kids who had participated in the preschool Head Start Program have been shown to do better in school than those who had not had the advantage of Head Start. In fact, what was really needed was more Head Start because only 20 percent of the American children who need it can participate.

At least Head Start was safe, we sighed with relief. At least some lucky kids would have a chance at an equal start in life.

But lo and behold, just in time for Christmas, Scrooge has reminded us he is still a skinflint at heart. Merry Chistmas, poor preschoolers: the 374,000 of you in Head Start programs across the country may be among the last because Scrooge's helpers have proposed phasing out Head Start by merging it into community service block grants over the next four years.

Now, everybody knows that that is just a way of saying the program's days are numbered. Consider this: in the meantime, Scrooge's helpers are recommending that, starting in 1983, Head Start's budget be cut to $780 million from the $912 million Congress has okayed for 1982.

Typical is the reaction of Marian Wright Edelman, president of the Children's Defense Fund. "This is outrageous," she said. "This is the most successful program . . . They are out to gut the very nature of the program."

Of course, we all know that Dickens' tale has a happy ending. Scrooge eventually has a dramatic change of heart, thanks to an evening's encounter with Christmases Past, Present and Future, and showers everyone in sight with gifts and joy. But I have serious doubt that our real-life Scrooge will ever undergo such a dramatic metamorphosis.

Not as long as he believes eradicating budget deficits is more important than educating the poor.

GOLDEN FLEECE TO DEFENSE DEPARTMENT

Mr. PROXMIRE. Mr. President, I am giving my Golden Fleece of the Month Award for December to the U.S. Department of Defense for running a $13,000, 6-year program in which a bull was tested for possible biological effects resulting from a submarine communications device—a study later found useless by Navy officials. Long subject to local rumors, the story of Sylvester the Bull was recently confirmed in official Navy correspondence to me.

While the award given this month is not as large as the $100 billion Interstate Highway System cost overrun which won the award in November, the wasted $13,000 represents about the average annual income of a typical Wisconsin family. The ELF system is composed of 28 miles of above-ground cables which transmit waves into the atmosphere and down into the water to waiting submarines. Wisconsin was selected along with Michigan for ELF because of the underlying rock formation used to help transmit the waves.

The bull program began because William Clements, Deputy Secretary of De-

fense, and now Governor of Texas, mistakenly told a congressional committee chairman in 1974 that a bull was being used to determine if the extremely low frequency (ELF) system, then called Sanguine, produced environmental conditions that could harm people or animals.

The Department spent $13,000 to purchase and keep a Hereford bull, nicknamed Sylvester, in order to make good the statement by Secretary Clements that the ELF facility at Clam Lake, Wis., had been tested on cattle. The Navy kept the charade going for 6 years until Sylvester was needlessly killed in 1980. Here is the full story as confirmed by Navy documents.

Deputy Secretary of Defense William Clements, Jr., was a strong supporter of the ELF project. He briefed many congressional committees and Members of Congress giving his view about the importance of ELF. During a briefing in 1974, to Congressman George Mahon, chairman of the House Defense Appropriations Subcommittee, Mr. Clements was asked about the effects of Sanguine (ELF) radio waves on cattle.

He told Chairman Mahon that the Navy had a bull at Clam Lake to study this very issue. Shortly afterward, the Navy informed Mr. Clements that there was no such bull and there were no plans to put one in Wisconsin. A Navy memo sums up by saying that "it has been determined that no one has ever heard of the bull idea."

Now, obviously, this was not a satisfactory situation. A most important chairman of the most important committee had been told there was a bull. According to a November 19, 1974, Navy document, Mr. Clements "was most upset and told Mr. Reed, Director of Telecommunications, Command, and Control, that he wanted a bull at the Wisconsin test facility by Monday, November 25."

And so it came to be. An 18-month-old bull, named Sylvester, was purchased for $300 plus $700 for 6 months' feed and delivered as promised on Monday, November 25, to the Wisconsin test facility. He was duly examined by a vet and placed in the only available place, a 10 by 10 foot enclosure.

I have always been bullish on Wisconsin but this is not what I had in mind.

The Navy did not think much of the bull plan. Internal messages flowed back and forth in the Navy pointing out that no scientific research could be conducted with just one animal of questionable quality.

Further, they argued that if the bull died, the local population might think that the Sanguine facility had caused it. And a young bull within the Wisconsin test facility compound presented a certain amount of danger to employees there, Navy officials thought.

In other words, they were definitely not "sanguine" about having the bull on board. But no one wanted to buck Secretary Clements. So Sylvester stayed put.

In official Navy correspondence, Sylvester became the bovine test subject. Veterinarians were called in periodically for fertility tests. Soon, more objections came from Navy scientists. The fertility study was declared useless. Plans were made for transferring the fertility study over to mice or monkeys. When questioned by local visitors, the Chief Engineer at Clam Lake was told to say nonetheless that "there is no intention to sacrifice the animal."

Even a letter from a vice admiral of the Navy, Director of Command and Control, G. R. Nagler, acknowledged the uselessness of the study from a scientific point of view. Here is what he said in a letter to me dated October 27, 1981:

> It was ascertained, however, that the bull's presence at the Wisconsin Test Facility would not constitute an experiment having any scientific value because of lack of precise documentation of the bull prior to his purchase and also due to the limited size (one bull) of the sample data base.

But the story has a grim ending for Sylvester.

The Navy knew the test was phony, But no one wanted to challenge Secretary Clements and succeeding Secretaries either knew nothing about Sylvester or chose to ignore the situation. So Sylvester was kept in his pen year after year. He grew fat and sluggish from lack of exercise. His disposition soured.

Finally, on October 18, 1980, someone in the Navy gave the order to shoot Sylvester. In order to carry out the fiction of a scientific test, he was subjected to a necropsy, an autopsy. The Navy, in its thoroughness, concluded that Sylvester appears to be essentially a normal bull although somewhat obese. The last line in the necropsy report reads:

> Since Sylvester had been kept by himself during his adult life probably his main interest was only food.

What an insult to our Wisconsin cows.

So Sylvester came to a cruel and unnecessary death at the hands of an embarrassed bureaucracy.

While exact cost records are not available, the Navy admits that they spent at least $13,000 on Sylvester over 6 years. This may be one of the few cases in history where bureaucrats literally killed one of their own programs, and no bull.

COST-EFFECTIVE SHIPBUILDING: THE BATH PERSPECTIVE

Mr. COHEN. Mr. President, if the administration is to achieve its goal of true naval superiority, we must have a strong shipbuilding industry.

Recently, Eddy Nicholson, president and chief operating officer of Congoleum Corp., addressed a group of congressional staff members on the U.S. shipbuilding industry's capability to build up to a 600-ship Navy.

Bath Iron Works, which consistently delivers ships to the Navy under cost and ahead of schedule, is a Congoleum subsidiary. Thus, Nicholson's words bear special importance for those of us who are concerned about the ability of our Nation to rebuild its military strength in a time of economic uncertainty.

Nicholson raises a number of essential points in his speech. He outlines the elements of a cost-effective shipbuilding process, and he points to three basic goals of which the Navy and Congress must not lose sight:

The cost of ships must be reduced by increasing productivity and capacity in the efficient yards and by reducing the contract award to delivery times, thereby reducing exposure to inflation;

The quality of ships being built must be improved; and

The size and effectiveness of the fleet must be built up more rapidly.

This is not a pipedream, Nicholson notes. Bath is already setting the example. He told the staff group:

> We are doing nothing that others could not emulate. And we are proving that even in the world of Naval ship construction, the marketplace can work. Indeed, in the world of budget cuts, it must work.

Eddy Nicholson's message is important for all of us who care about defense contracting procedures and about the strength of our shipbuilding industry. It will, I hope, be of interest to all who read the RECORD. I ask unanimous consent that the speech be inserted in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SPEECH BY EDDY NICHOLSON

It is a real pleasure to be with you tonight. I am grateful to CSIS for inviting me, but even more so for bringing all of us together for a serious discussion of our Navy's needs and the most cost-effective way of meeting them. It is increasingly clear that that dual goal—meeting the need and doing so with a keen eye to the bottom line—is the responsibility of all of us—the Navy, the Congress and the shipbuilding industry.

There can be little doubt that a significant U.S. naval build-up is essential to our national security. Our Navy is now about half the size it was in the late 1960's. Yet we face an ever more adventurous Soviet Navy whose fleet is four times the size of ours. Although less sophisticated, its global reach is greater and requires a meaningful response. We simply have not been keeping pace. Our Navy is spread too thin. We need only look at the difficulties encountered in responding to recent needs in the Indian Ocean and Persian Gulf to understand the problem.

Along with recognition that a build-up is needed, questions have been raised about the shipbuilding industry's ability to respond. Can we build the 600-ship Navy? There is no question in my mind that we can. The capacity and management skills are in place and available to build ships at the rate planned by the Navy. If funds are appropriated in line with the Navy's plans, the job will get done.

But the physical ability to build is not enough. Enhancing naval capability is an important national priority. However, holding down Federal expenditures has equal priority. To achieve both, all of us in this room and our business and government colleagues must develop a process that allows expansion of the fleet in the most cost effective manner possible.

It is this process that I want to discuss tonight. I think we, at Bath, are uniquely suited to talk about cost effective shipbuilding. Bath Iron Works has a widely recognized and, I think, well deserved reputation for delivering new ships and major overhauls under target cost, ahead of schedule and at a profit. But more important, from your perspective, we have done nothing that our industry colleagues could not duplicate. With a teamwork approach by industry, the navy and Congress, I think there is much more we can do.

Let me briefly outline the elements of a cost effective shipbuilding process and then

discuss, in somewhat more detail, each of those elements:

Naval procurement schedules for new ships and overhauls must effectively utilize the industry's best capacity.

Increased standardization of components and whole ships is essential for developing economies of scale and mass production.

Improved long-range planning and management controls by Congress, the navy and industry will improve quality and reduce construction time and cost.

Finally, the marketplace must be permitted to work through genuine competition that rewards efficiency and innovation: Shipbuilders should assume a larger percentage of the risk/reward of follow-on contracts, and shipbuilders must invest more in the latest technology and allocate a greater percentage of profits to R. & D. to assure their long-range competitive position.

The shipbuilding industry has sufficient and probably excess capacity for projected construction and overhaul plans. But efficiently utilizing that capacity is problematic. In general, two yards should be qualified on each program whenever possible. Competition is good for the navy and the industry. Only two programs—nuclear carriers and trident submarines—would seem to warrant sole sourcing. On the other hand, using more than two yards spreads work too thin, eliminates economies of scale and results in excess capacity. These are luxuries we cannot afford and don't need.

The FFG program is a good example. Bath was awarded the lead FFG contract in 1973. In 1975 it was decided—appropriately, I think—to add a second yard for follow-on ships. Unfortunately, it was also decided to add a third yard. To be blunt, the third yard was not needed. Orders could have been spread more evenly over subsequent years and handled with maximum efficiency at two yards. The result would have been far less expensive FFG's.

Recently there has been a lot of talk about surge capability in defense industry: the need to maintain excess capacity to rapidly increase production in emergencies. Frankly, the concept as it is generally conceived simply isn't applicable to shipbuilding. Leadtimes for today's complex navy ships are simply too long. Maintaining unused capacity to handle emergencies is a waste of taxpayers' money. It is possible to maintain some marginal capability in otherwise active yards to speed up work already underway, but that's all.

What we really need to do is develop an ongoing shipbuilding program to assure that our fleet is always becoming the most effective in the world. Our entire defense posture is based on deterrence. In some areas, deterrent capability includes the industrial base, but not in navy ships. Here, there is no substitute for ships on station or near completion.

Standardization is another facet of that cost effective shipbuilding process. Ships are not automobiles that pour off an assembly line, but the Navy and we shipbuilders must both move away from our one-of-a-kind mentality. First, the navy should continue awarding specific ship programs to yards most capable of building them in a cost effective manner. Then they should tailor designs to meet Navy needs but also to best utilize the facilities selected.

Second, the Navy and industry should continue developing common weapons and electronics systems that are compatible with a variety of ships. Not only does this allow for longer runs by suppliers but it also makes it much easier to upgrade of completely change key systems.

Third, shipyards can go much further toward standardizing basic mechanical and structural components and then quickly assembling them into a largely finished ship. Employee productivity is significantly improved and costs are reduced.

Finally, the Navy and industry should continue moving toward the multi-purpose concept. There is no way a U.S. Navy—even with 600 vessels—can mtach the Soviet fleet ship-for-ship. Therefore, each of our ships must be a multi-purpose platform with great flexibility. The DDGX program, currently in the early design stage, is the perfect example. Its size, speed and range, combined with a variety of sophisticated weapons systems will make this new destroyer an effective anti-submarine, antiair, convoy and shore bombardment platform. Since it will be multi-functional, it can be built in sufficient numbers to be cost effective.

Closely tied to standardization is the need for improved Government and industry planning and controls. Here we need your help and we need it soon. Planning equals savings. The relationship is that simple. But to plan, we need predictable and consistent ship procurement. That translates into multi-purpose funding.

We recently had an experience that shows the cost impact of long-term funding. In April of this year, Bath and Todd were each awarded contracts for three more FFG's. At about the same time, the Spanish Government also ordered three FFG's. As lead yard, Bath went to suppliers of 42 basic components to order nine ship sets. As usual, they gave us a quantity price break, but they said, if we ordered 12 sets we would save another $2.9 million. Knowing the Navy planned to order three more FFG's for the year 1982, we asked for authority to buy all 12 sets. The answer was "no." Funding had not been approved. The Government not only lost the $2.9 million but exposed itself needlessly to another year of inflation. This example is a small one but could be multiplied thousands of times throughout the Navy's programs.

I am not suggesting that in 1973 Congress should have funded 50 FFG's. But clearly it is not cost effective to buy ships in small annual lots. In fact, it's wasteful. It creates tremendous uncertainty among prime and subcontractors. And it discourages the kind of capital investment by the yards that could result in even greater cost savings.

Planning applies equally to overhauls. Bath has worked closely with the Navy in improving lead times for overhauling the FF 1052's. Contracts have been signed further in advance of the ship's arrival in our yard and, as a result, we have been able to purchase equipment and supplies sooner. This means the ships are completed faster and at less cost than before.

You have all heard a great deal about change orders. Our view of them may be different than that of others in our industry. Given the limited fleet size change orders are inevitable—and probably essential to assure that each new ship is as modern and capable as possible. If a new radar system is developed while a ship is under construction, it is probably folly not to build it in. But the change order process does need to be contained to assure that changes are really meaningful and that as much lead time as possible is given. Again, it is a matter of planning.

Risk sharing is another component of cost effective shipbuilding. In any program, building the lead ship is a complex, unpredictable process. Major changes are frequent, as they should be, to assure the most flexible and effective design. Industry, therefore, cannot be expected to bear the risks of the lead ship. Follow-on ships are a very different story, however. Incentives should be built into contracts to assure that builders make every effort to hold down costs. As programs mature, the risk should shift dramatically to the builder.

The Navy has just signed a contract with Newport News for additional attack submarines that provides for a 50/50 sharing of cost overruns—or underruns. We strongly support this approach. In fact, Bath recently discussed a fixed price contract on FFG's that would have shifted all risks except inflation to the private sector. Unfortunately, we were turned down—even though it would have reduced the government's risk.

I make no apology for the fact that assuming greater risk would be more profitable for Bath. Sometimes we lose sight of the fact that profit is the major incentive to increased investment and improved productivity. Both lead to greater cost savings for the shipbuilder and the Navy.

Our experience at Bath proves the point conclusively. We have made major investments and, as a result, we are probably the most nearly state-of-the art producer in the country.

Increasingly, we are building ships in modules and assembling them on the ways. Modules are built indoors, eliminating weather delays, as well as vastly improving labor productivity. As an example, the productivity of the electrical departments has been improved 35 percent due to such small changes as being able to turn the module in order that the electrician may work down rather than overhead.

Also, we are pre-outfitting these components so our ships spend only about six months on the ways and are 70 percent complete at launch. By contrast, FFG's built at other yards are substantially less complete at launch.

Bath is turning more and more to the use of computer assisted design and manufacturing to more quickly and accurately design and form numerous components. Frankly, we think we can do much more. We plan to develop a more sophisticated automated design capability for complex piping and electrical systems. This will lead us directly into automated welding and dramatically improved dimensional control of parts and components.

Working closely with suppliers during the design process, we do more with prepacking major systems, increasing standardization and interchangeability.

Why have we made these investments in capital equipment and methods changes? Very simply, it improves our profitability and reduces our risks. We are able to manage better. It lets us function very well in the marketplace, a marketplace by the way that we believe should be encouraged to work as freely as possible.

Some would say the free market won't work in naval shipbuilding. I would have to disagree. If structured as I have suggested, the Navy's program can reward efficiency and innovation while penalizing overruns and delays. In the end, some yards will prosper. Other will drop by the wayside. That's as it should be.

I fully subscribe to the Boston consulting group's theory that says only the top two companies in any industry niche will survive long term. Government efforts to subsidize the weak builders only keep the weak barely above the water while the efficient producers do not have sufficient market shares in order for them to make the necessary investments in capital equipment and R. & D. to assure a quantum leap in productivity and technology.

The weak remain weak and the efficient producers make minimal gains. Under a free market system, the strong would get stronger and therefore be capable of producing ships in sufficient quantities at the lowest possible cost.

A strategy for subsidizing the weak pro-

ducer under the guise of maintaining an industrial base is clearly counter-productive in light of our critical build-up needs and limited resources.

The real point is that all of us in industry, in Congress and in the Navy cannot lose sight of our three basic goals:

First, reduce the cost of ships by increasing the productivity and the capacity of the efficient yards and reducing the contract-award-to delivery times, thereby reducing exposure to inflation; and also by

Second, improve the quality of the ships built.

Third, build up the size and effectiveness of the fleet more rapidly.

This is not a pipedream. We've been doing it at Bath!

Our construction time is down and we are advancing along the learning curve of ship programs more rapidly than even we thought possible.

We are routinely delivering new FFG's ahead of schedule, under target cost, and above nominal specifications.

The FF 1052 overhauls are on or ahead of schedule despite the inherent uncertainties of the overhaul process where we are never sure what's needed until we begin work.

We have made major investments and technological innovations and we consistently operate under the tightest possible management and financial controls.

As a result, we have effectively increased capacity by moving production faster and more efficiently. We are producing quality ships that make us proud and serve the Navy well.

As I said before, we are doing nothing that others could not emulate. And we are proving that even in the world of naval ship construction, the marketplace can work. Indeed, in the world of budget cuts, it must work.

A LIVING LIBRARY

Mr. PROXMIRE. Mr. President, I am pleased to note that my alma mater, Yale University, will soon receive a collection of more than 200 video-taped interviews with survivors of the Holocaust. The interviews, which focus on the psychological and human reactions of the survivors, will undoubtedly become an integral part of Yale's Judaica Library and its newly established Jewish studies program.

According to an article that appeared in the New York Times on Sunday, the interview was chiefly the work of Laurel Vlock, who won an Emmy Award for a television documentary on the survivors. "They had a great need to tell and we had a great need to ask," and that, she explained, was the motivating force behind the project.

In view of Yale's commitment to Jewish studies, she felt it was fitting that the school receive the collection. She also expressed her hope that the collection would help the university establish a center "to document for all time the most tragic event in human history."

Mr. President, I commend Laurel Vlock and Yale University for their commitment to preserving the memory of the Holocaust, as a tribute to the victims, and as a stark warning to future generations.

Mr. President, the living library that Yale University is establishing is important. Very important. But it is not enough. It never could be.

The memory of the Holocaust, and the preservation of that memory, has only been worthwhile if it spurs us to action. If it serves to prod us to take every step possible to preclude such atrocities in the future.

We have an opportunity here to take that next step.

We have an opportunity to take one small step forward by giving our advice and consent to the ratification of the Genocide Convention, and I urge my colleagues to join with me in seeking ratification of this Congress.

I ask unanimous consent that a recent article from the New York Times concerning this matter be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

YALE TO GET VIDEOTAPED INTERVIEWS WITH HOLOCAUST SURVIVORS

NEW HAVEN.—Yale will become the first American university to house a collection of videotaped interviews with survivors of the Holocaust. A local group is to donate more than 200 such interviews to Yale's Sterling Memorial Library next week, university officials said.

The collection, which includes interviews with survivors who live in Connecticut, New York, Virignia, Florida and Israel, will become "an integral part of Yale's Judaica library and will be used for educational, curricular and research purposes," according to Geoffrey H. Hartman. He is a professor of English and comparative literature and co-chairman of Yale's national committee for Judaic studies development.

The interview project was begun in 1979 by Laurel F. Vlock, a local film maker. The videotaped interviews are being given to Yale with the hope of establishing a center there "to document for all time the most tragic event in human history," Mrs. Vlock said.

JEWISH STUDIES PROGRAM

"Yale is absolutely right for this collection," she added, saying that the university has a Judaica library and a newly established Jewish studies program.

Mrs. Vlock, who won an Emmy Award last spring for a television documentary on the survivors that she filmed for WNEW-TV in New York, founded the Holocaust Survivors Film Project in New Haven, with Dr. Dori Laub, an associate clinical professor of psychiatry at Yale.

After personally financing interviews with four local survivors, Mrs. Vlock and Dr. Laub decided to solicit funds from the community to expand their project and seek out other survivors. "They had a great need to tell and we had a great need to ask," Mrs. Vlock said.

Last June, Mrs. Vlock also broadcast for the Public Broadcasting Service the world gathering of Holocaust survivors in Jerusalem. Several interviews in the collection were made at the conference, she said.

Mrs. Vlock and Dr. Laub, himself a survivor of a little-known camp in the Rumanian-occupied portion of the Ukraine, involved other New Haven residents in the project and raised at least $100,000, Dr. Laub said.

The interviews focus on the psychological and human reactions of survivors, rather than on the historical aspects, which, he said, have become standardized over the years. "You listen to human stories and they are varied," he said. He added that many of the survivors expressed "hopefulness, not at all pessimism and despair."

CONCLUSIONS AND RECOMMENDATIONS OF THE ENERGY RESEARCH ADVISORY BOARD ON FEDERAL ENERGY R.D. & D. PRIORITIES

Mr. GLENN. Mr. President, on December 11, 1981, the Energy Research Advisory Board on Federal Energy R.D. & D. priorities delivered a report in response to a request received last August from the Deputy Secretary of Energy, the Honorable W. Kenneth Davis. I believe this report is an excellent document that reflects the carefully considered views of a most distinguished panel of experts in the energy field. The report is rather lengthy, but I recommend that every person in this body, indeed, everyone interested in U.S. energy policy, should read the entire document. What is of particular interest is that the Board's recommendations, which are considerably different from those in its 1980 report, stem from the Board's adherence to the Reagan administration's redefinition of the appropriate role of federally sponsored energy R. & D. Whereas the previous administration defined an expansive role for federally sponsored R. & D. including demonstration and commercialization, the present philosophy is to drastically shift the emphasis from Federal sponsorship to reliance on the private sector. Federally sponsored R. & D. under this philosophy is limited to basic energy science and technology; research on health safety and environmental aspects of energy supply and use; and energy R. & D. of a long-term, high-risk character.

It is obvious, Mr. President, that the Energy Research Advisory Board (ERAB) struggled mightily to produce recommendations that could fit within such a narrowly prescribed Federal role for this most important activity of research and development that helped make the United States the great country that it is today. That the Board has some concern about following an overly strict interpretation of the administration's philosophy is revealed by the following quotation from the report:

ERAB's deliberations have reflected an expectation that Federal funds for R&D will be stringently limited for the foreseeable future. In evaluating R&D programs, ERAB has conformed generally but not slavishly to this policy. We applaud greater reliance on the private sector whenever possible. We applaud the restoration of a free market in petroleum. ERAB believes that much, perhaps most, of new energy supplies and greater efficiency in energy use will, in fact, be achieved by higher energy prices, but ERAB is concerned that some energy R&D of great potential significance for the achievement of the nation's energy goals will fall between Federal and industry responsibilities.

The new policy recognizes that private industry cannot be expected to do basic energy research or projects of a long-term, higher risk character, but there are other circumstances in which it would be unrealistic to expect timely and effective assumption by industry of R. & D. responsibilities abdicated by the government, however worthy the projects involved, and despite the provision of new generous tax incentives.

Mr. President, as I indicated in my floor statement on December 11, I am concerned about the health of our R. & D. enterprise as a result of the misplaced priorities of the administration. In the energy area in particular, it is obvious that the administration's priorities are severely skewed. In examining the fiscal year 1982 budget submitted by the President, the ERAB panel concluded that R. & D. for electric supply technology, which is mostly nuclear, is receiving a larger proportion of funding than the

present and projected share of electricity in our national energy supplies. While supporting continued funding for conventional reactor systems and safety, waste disposal and uranium enrichment, as well as breeder R. & D. The Board states that "construction of a (breeder) demonstration plant in the early 1980's is not an urgent national priority." This is a polite way of saying that spending the additional $1.2 billion to $2 billion that will be needed to complete the Clinch River project is a waste of the taxpayers' money.

At the same time, the Board strongly recommends increased funding in conservation and utilization R. & D. programs, suggesting that the overall level of Federal support for such programs is too low in view of their potential for energy improvements and the inability of many important energy consuming sectors to conduct R. & D. Indeed, the Board suggests that funding for the industrial conservation program in particular, should be restored to approximately the level of fiscal year 1981. This program, which is perceived by many people, including ERAB, as having significant merit, has been zeroed out by the administration for fiscal year 1983, a result that is little short of scandalous considering the need for industrial conservation and the achievements of the program to date.

I was also gratified, Mr. President, by the Board's strong recommendation for continued support of two programs that I have had a particular interest in over the past few years, namely, the program in energy storage R. & D., and the program on waste heat utilization at our uranium enrichment plants. Once again, however, the present projection for fiscal year 1983 for these programs is poor.

The waste heat utilization program is scheduled for extinction, and the energy storage program, which includes electrical energy storage—an area of tremendous importance—is scheduled to be reduced to a total of about $9.3 million. Mr. President, the shortsightedness of the administration in the energy R. & D. area is going to come back to haunt us. The full dimension of the impact of these shortsighted budget cuts will not become apparent until some years after this administration has left office. The claim is that the administration is cutting the fat out of Federal programs, but in the R. & D. area, I believe they are cutting our future.

Mr. President, I hope all my colleagues will join me in commending the Energy Research and Advisory Board of DOE for having completed, in such fine fashion, a difficult task under difficult constraints. I believe we should pay close attention to their recommendations and I hope that the appropriate committees will examine their report carefully when examing the President's fiscal year 1983 budget request in the area of energy R. & D.

I ask unanimous consent to place in the RECORD the following excerpts from the ERAB report:

The list of panel members; the Executive Summary; and the list of conclusions and recommendations concerning energy R. & D. priorities.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

R. & D. PANEL

Chairman, John S. Foster, Vice President for Science and Technology, TRW, Inc., Cleveland, OH 44177.

Vice Chairman, William McCormick, Executive Vice President, Michigan-Wisconsin Pipeline Co., American Natural Resources System, Detroit, MI 48226.

MEMBERSHIP

Ivan L. Bennett, Dean and Provost, New York University Medical Center, New York, NY 10016.

Herman R. Branson, President, Lincoln University, Pennsylvania 19352.

Solomon J. Buchsbaum, Executive Vice President, Customer Systems, Bell Laboratories, Holmdel, NJ 07733.

Melvin Calvin, Professor of Chemistry, University of California, Berkeley, CA 94720.

Dayton Clewell, Senior Vice President (Retired), Mobil Oil Corporation, Darien, CT 06820.

Thomas B. Cochran, Senior Staff Scientist, Natural Resources Defense Council, Washington. DC 20006.

James C. Fletcher, University of Pittsburgh, Pittsburgh, PA 19352.

Norman Hackerman, President, Rice University, Houston, TX 77001.

Philip Handler, President (Retired), National Academy of Sciences, Woods Hole, MA 02543.

Charles J. Hitch, President Emeritus, University of California, Berkeley, CA 94720.

Hans H. Landsberg, Senior Fellow, Resources for the Future, Washington, DC 20036.

William S. Lee, President and Chief Operating Officer, Duke Power Company, Charlotte, NC 28242.

Martin A. Elliott, Consultant to Texas Eastern Transmission Corporation, Houston, TX 77079.

Eric H. Reichl, President (Retired), Conoco Coal Development Company, Greenwich, CT 06836.

Louis H. Roddis, Consulting Engineer, Charleston, SC 29401.

Roland W. Schmitt, Vice President, Corporate Research & Development, General Electric Company, Schenectady, NY 12301.

David Pimentel, Professor, Department of Entomology and Section on Ecology & Systematics, Cornell University, Ithaca, NY 14850.

John W. Simpson, Consultant to International Energy Associates, Ltd., Hilton Head, SC 29928.

Grant P. Thompson, Senior Associate, The Conservation Foundation, Washington, DC 20036.

Victoria J. Tschinkel, Secretary, Department of Environmental Regulation, State of Florida, Tallahassee, FL 32301.

STAFF

James M. Williams, Executive Secretary, ERAB R&D Panel, Los Alamos National Laboratory, Los Alamos, NM 87545.

Thomas J. Kuehn, Executive Director, Energy Research Advisory Board, Department of Energy, Forrestal Building, ER-43, Washington, DC 20585.

EXCERPTS—EXECUTIVE SUMMARY

In the electric supply sector, priority should be given to supporting:

Nuclear waste isolation research and demonstration, conventional reactor systems and safety, the LMFBR base program, uranium enrichment R&D.

Programs in which reductions can be made include:

Small reductions in magnetic fusion;

Significant reductions in the Clinch River breeder, the light water breeder, electricity transmission, and high temperature geothermal; and

Phase-out of funding for hydropower and magnetohydrodynamics.

The Board noted that the electric supply technology is receiving a fraction of DOE's funding that is substantially in excess of its contribution to present and future energy supplies.

In fuels supply technologies, the Board believes that technologies such as enhanced oil and gas recovery, while urgent because of near term benefits, will be adequately supported by the private sector. DOE's support of these programs can thus be reduced. The Board also recommends that:

The major Federal effort in synthetic fuels research and development be directed at innovative concepts at the laboratory and small pilot-plant scale. In view of the financial guarantees available from DOE and the Synfuels Corporation, DOE's budget for cost-shared projects at the large pilot plant and demonstration-plant scale and for in situ shale recovery should be reduced.

The funding level for R&D directed at producing liquids and gases from biomass and the production of alcohol is at an appropriate level.

ERAB urges that the parts of Advanced Research and Environmental Control Technology R&D (FE) concerned with technologies to control SO_x, NO_x and particulates emissions be increased and strengthened at the expense of other activities in this program.

On an overall basis within the Department of Energy, R&D funding for energy conservation and end-use technology is underfunded, particularly when compared with funding levels for supply technologies. A balance that better reflects the opportunities, importance, and nature of the Federal role in supporting private sector response needs to be achieved. This should be achieved by increases in funds allocated to buildings and community systems and industrial conservation.

The Board believes that if its recommendations are implemented, a net reduction in DOE's budget will result.

VIII. CONCLUSIONS AND RECOMMENDATIONS CONCERNING ENERGY R. & D. PRIORITIES

A. OVERALL R. & D. PROGRAM PRIORITIES

Table VIII-A summarizes the results of the Board's evaluations of the four major energy R&D sectors: Electric supply, liquid and gas supply, conservation and utilization, and technology base. There are a number of electric-supply-related R&D programs that, for a variety of reasons, are of low priority and whose funding should either be substantially reduced or terminated. This reflects, in part, the Board's view that although no "correct balance among energy forms and resources can be defined a priori," R&D for electric supply technology is receiving a larger proportion of funding than the present and projected share of electricity in our national energy supplies.

The Board concluded that the overall Federal funding level in the liquid and gas R&D supply was higher than needed. This view results from the belief that the oil and gas industries are in a good position to take advantage of energy R&D opportunities and that the Federal Government role should be primarily focused on longer-term, higher-risk, applied research and development. It should not directly support costly demonstrations or large pilot plant projects (except as funded by loan or price guarantees through DOE and later under the Synthetic Fuels Corporation). However, great care should be taken in phasing out existing Federal R&D programs to insure technology transfer to the private sector.

In the conservation and end-use utilization area, the Board concluded that funding should be increased. The Board recognizes that higher energy prices have resulted in substantial reductions in energy demand and that this process is likely to continue. How-

ever, private enterprise in the buildings sector and, to a large degree, in the industrial sector is unlikely to do all the R&D needed. The Board believes that funds allocated to R&D in these two sectors should be increased. Such increases, combined with other ERAB recommendations, would increase the total allocation to the utilization and conservation technologies.

With regard to technology base programs, it was the Board's view that the funding for such programs should not be decreased and in certain areas should be increased. This stems from the Board's belief that, of all the sectors for energy R&D funding, the technology base programs are less likely to attract industry support; therefore, the Federal Government's role is greatest. Continued and increased support in the technology base programs offers the best chance for substantial technological break-throughs and improvements.

TABLE VIII-A.—RELATIVE PROGRAM RANKING

Program	Funding
Electric supply:	
Higher priority:	
Commerical nuclear waste	Same.
Defense nuclear waste	Same.
Medium priority:	
Conventional reactors	More.
Breeder fuel cycle R. & D	Little less.
Centrifuge	Same.
LMFBR	Same.
Solar power technology	Less.
Advanced isotope separation	Same.
Lower priority:	
Magnetic fusion	Little less.
Light water breeder	Less.
Uranium resource	Same.
Electric energy/storage	Less.
Hydropower	Zero.
Clinch River breeder	Less.
Geothermal	Less.
Magnetohydrodynamics	Zero.
Fuel supply:	
Higher priority:	
Enhanced oil recovery	Less.
Medium priority:	
Advanced technology	Same.
Enhanced gas recovery	Less.
Coal liquefaction	Less.
Biomass energy	Same.
Surface coal gasification	Less.
Lower priority:	
Mining R. & D	Less.
In-situ oil shale	Less.
Alcohol fuels	Same.
In-situ coal gasification	Less.
Conservation and utilization:	
Higher priority:	
Coal combustion	Same.
Buildings/community systems	More.
Industrial conservation	More.
Medium priority:	
Transportation conservation	Same.
Solar applications/buildings	Same.
Heat engines/heat recovery	Same.
Multisectors conservation	Same.
Fuel cells	Same.
Lower priority:	
Solar applications/industry	Less.
Science and technology base:[1]	
Higher priority:	
Materials sciences	More.
Climate and CO_2 research	More.
Chemical sciences	More.
Biol/environmental research	More.
Biological energy sciences	More.
Nuclear medicine	Same.
High energy physics	Same.
University research	More.
Environment and safety	Same.
Engineering/math/geosciences	Same.
Nuclear physics	Same.
Medium priority:	
Nuclear sciences	Same.
Advanced energy projects	Same.
Lower priority:	
Technology assessments	Same.

[1] Science and technology base programs were evaluated by a different set of criteria from the R.D. & D. programs and are not directly comparable to them.

The remainder of this Chapter summarizes the conclusions and recommendations* of the Board in each of the Energy R&D program areas.

B. ELECTRIC SUPPLY R&D PROGRAMS

With regard to Electric Supply R&D Programs, the major conclusions of the Board are as follow:

1. Continued emphasis is needed to complete the development and commercialization of light water nuclear power reactors in the U.S. A commitment has been made by this Administration to nuclear power. It has a significant role in the nation's energy mix; continued Federal support at this time is necessary. Hence, the Board recommends that continued funding be given to conventional reactor systems and safety, waste disposal programs (particularly accelerated demonstration), and uranium enrichment.

2. With respect to the liquid metal breeder reactor, research and development should be continued in order to maintain the capability for demonstrating breeder technology in the future. However, construction of a demonstration plant in the early 1980s is not an urgent national priority. Sufficient coal and uranium supplies exist to satisfy projected levels of electrical demand for at least 40 years and possibly well beyond. For these reasons, the panel recommends continued research and development on the liquid metal breeder reactor, as well as other breeder concepts, but that demonstration of breeder technology be delayed until a future time.**

3. With respect to fusion, ERAB members agree on the long-term importance of this program and that the primary Federal role should be to continue to sponsor a joint program of the federal laboratories, industry and university scientific communities to determine if fusion can be practical. The potential payoff is very large, but is much too far in the future for significant private sector support. There was agreement that a stretch-out of the program is possible if budgetary pressures demanded it, but maintenance of a substantial level of Federal R&D funding is judged to be essential. It is also recommended that an enhanced effort to examine the use of fusion for the breeding of nuclear fuels deserves consideration.

4. Finally, there are several electric programs for which funding should be reduced or eliminated (such as solar power technology, light water breeder reactors, electric transmission systems, geothermal, magnetohydrodynamics, and hydropower) due to their relatively small contribution to electric supplies in comparison with other programs.

C. LIQUID GAS SUPPLY R&D PROGRAMS

With regard to Liquid and Gas Supply R&D Programs, the major conclusions of the Board are as follows:

1. With respect to enhanced oil and gas R&D recovery programs, the ERAB concluded that the U.S. oil and gas industry has sufficient resources and financial incentives to develop these technologies without substantial government assistance. The Board concluded that, even though these programs are important from the standpoint of urgency and energy security, the Federal R&D role should be minimal with less Federal funding needed.

2. With regard to coal liquefaction and coal gasification, it was concluded that large-scale demonstration projects involving substantial cost-shared Federal outlays are not necessary or appropriate considering the financial guarantees (e.g., loan guarantees, price guarantees) that are available from DOE and the Synthetic Fuels Corporation. The major Federal effort in synthetic fuels research and development should be directed at innovative concepts at the laboratory and small pilot-plant scale with particular emphasis toward exploring a wider range of technological options with potential for significant efficiency and cost improvements. The Board recommends a reduced budget for DOE's cost-shared projects at the large pilot plant and demonstration-plant scale.

3. With respect to in-situ oil shale recovery, the Board recommends a decrease in funding based on the fact that several major oil companies have in-situ shale projects that do not involve Federal assistance.

4. The funding level for R&D directed at producing liquids and gases from biomass and the production of alcohol is at an appropriate level.*

5. Continuing increases in the price of conventional oil and gas suggest that the time when coal and oil shale will be economic sources of oil may be near at hand. This situation is stimulating the private sector to consider some commercial operations by 1990.

* See ERAB reports on Biomass and Alcohol Fuels.

ERAB concludes that the private sector can be expected to carry out important actions that justify a lessening of DOE research in these technologies. However, it is recommended that DOE accelerate its research in environmental problems and infrastructure problems associated with the commercialization of these technologies.

6. The bulk of the coal produced for the next several decades will be used directly as boiler fuel, both in existing and new units, reducing dependence on oil and gas for this purpose. But improved emission control technologies to reduce SO_x, NO_x and particulate emission in flue gases will be essential to the success of this effort. ERAB therefore urges that this part of the Advanced Research and Environmental Control Technology (FE) programs be increased and given higher priority at the expense of the other activities in this program.

D. CONSERVATION AND UTILIZATION R&D PROGRAMS

With regard to Conservation and Utilization R&D Programs, the major conclusions of the Board are as follows:

1. The overall level of Federal R&D funding for conservation and improved utilization programs is too low in view of their potential for energy improvements and the inability of many important energy-consuming sectors to conduct R&D. Moreover, Departmentwide, the balance between supply oriented R&D and conservation R&D is too heavily weighted toward the supply side.

2. The Board concluded that R&D in Buildings and Community Systems needs increased funding in view of the large amount of energy consumed in this sector and the lack of private sector institutions able to undertake building systems R&D. This is particularly true in the case of the important retrofit technologies.

3. R&D in the transportation sector should be redirected away from its present heavy emphasis on automobile engines and toward the heavy freight truck sector. The phase out should include a sharp reduction in work on the electric and hybrid vehicle.* Transportation systems utilization activities deserve support. Overall, funding levels in this area should remain the same.

4. Funding for the Multi-Sector Conservation program should remain the same and should be concentrated on work in the Energy Conversion and Utilization Technology program (ECUT).

5. Funding for the Industrial Conservation programs should be restored to approximately the level in FY81. Many industries have no capacity for private sector R&D and that the

*All funding recommendations are relative to the President's FY82 budget request.

**See dissenting opinion and additional remarks in Appendix D.

*See dissenting opinion in Appendix D.

close cooperation with users that characterized this program deserves continuation.

6. Solar Applications for Buildings should be redirected slightly to emphasize passive heating and cooling. Solar pond and ice cooling technology should be continued since it is highly promising.

7. Funding for Solar Thermal Applications for Industry deserves slightly lower levels of support with redirection toward high temperature collector and dish technology development.

8. Funding for direct coal combustion systems (a high priority program), fuel cells, and heat engines and heat recovery should remain at the same levels.

E. SCIENCE AND TECHNOLOGY BASE PROGRAMS

The Board recommends increased Federal funding in a number of program areas. The Board would give particular emphasis to environmental and health-related research, clearly important from the standpoint of understanding and evaluating the long-term impact of the introduction of new energy technologies. Of particular importance are the CO_2 and acid rain issues. As previously indicated, the panel believes that the science and technology base programs should have a relatively higher Federal priority because of the lower likelihood that industry would provide adequate funds for such basic and applied research.

F. GENERAL CONCLUSIONS AND RECOMMENDATIONS

1. Serious attention must be paid to several related environmental issues. First, development of nuclear waste disposal technologies and control technologies in the Advanced Research and Environmental Control Technology Program are necessary for environmentally sound implementation of present and future technologies. Second, several of the programs in the science and technology base are essential if a proper energy mix is to be employed. These include the acid rain program, the climate CO_2 program, and Health and Environmental Research.

2. Our energy system is a web of machines and people; the current budget is focused on machines. Consideration should be given to research in social areas, to prepare for rapid energy development in certain portions of the country and to help transfer conservation technologies for the industrial and residential sectors.

ADVERTISING COUNCIL CELEBRATES 40TH ANNIVERSARY

Mr. PERCY. Mr. President, we have just marked the 40th anniversary of a day that "will live in infamy."

Yet if the unprovoked attack on Pearl Harbor brought one of the darkest hours in American history, it also evoked a triumph of the American spirit of volunteerism.

I am speaking of the founding of The Advertising Council, the nonprofit organization through which American business, advertising and the media contribute their professional skills and organizational resources to promote voluntary citizen actions in solving national problems.

On December 9, 1941, 2 days following Pearl Harbor, the late Donald M. Nelson of the Office of Production Management wrote to the late Paul B. West, then president of the Association of National Advertisers, as follows:

The gravity of the situation confronting this country is now apparent to all.

One of the pressing requirements the Government is to have the help of the established organizations representing the creative ability of advertising and the channels of communication reaching the public . . . in short, we must have the means of quickly and effectively disseminating facts to the American people that in all ways are necessary and proper to bring about a united effort of all the people of the country.

Then, referring to a new advertising industry plan to establish an organization to undertake advertising programs "in the public interest," he continued:

The (impending) establishment, by the representatives of the Association of National Advertisers and the American Association of Advertising Agencies together with the national media, of a Council representative of these various interests is most timely. It would seem to offer a focal point through which the government could most effectively obtain the counsel and help so greatly needed.

It is therefore our patriotic duty to explore the possibilities of establishing a working relationship between the Division of Information (of the Office of Production Management) and the Advertising Council, and I suggest that you arrange for a meeting of the representatives of the Council with the representatives of the Government at the earliest possible date.

And so, the Advertising Council was born to join in the fight for victory. The suggested meeting was held, and the rest is history. By the war's end, 4 years later, more than 85 million Americans had bought more than 800 million war bonds.

Fifty million victory gardens were planted in backyards and vacant lots, supplying 40 percent of the fresh vegetables consumed on the home front.

Americans voluntarily salvaged 23 million tons of paper, 538 million pounds of waste fats, and 800 million pounds of tin.

War workers were recruited for factories and students recruited for part-time farm work. Merchant seamen were recruited to keep supply ships sailing. In addition, millions of volunteers were recruited as blood donors, auxiliary police and firemen, ration board workers and for other volunteer civilian war jobs.

In all, over 100 different home-front campaigns were conducted. The estimated value of contributed advertising during the hectic war years: $1 billion, and all at no cost to the taxpayer.

With an historic job done, the War Advertising Council (its wartime name) began making plans to disband, when cries of protest were heard on all sides. The U.S. Treasury had a victory loan drive to run, with millions of victory bonds to be sold. The Veterans, War, and Navy Departments were plagued with information problems concerning returning veterans. The problems of reconversion to peace time crowded in. And so the President of the United States, leaders of Government, industry, and advertising requested that the council continue.

Thus it came about that the council reverted to its original name—the Advertising Council—tackled the problems of peace.

From the end of World War II to the present, the campaigns of the council reflect their times.

The initial famine emergency campaigns of 1946 and 1947, as well as campaigns for CARE, were unselfish (and successful) American attempts to stave off postwar want in Europe. Domestic postwar shortages were reflected in emergency campaigns for iron and steel scrap, for fuel conservation, for continued fat salvage and for student nurse recruitment. A campaign for better schools attempted to repair the damage of wartime neglect.

A burst of postwar patriotism and pride was reflected in the campaign for the historic Freedom Train. Sagging postwar recruiting for the military services was bolstered by a campaign for Armed Forces prestige. The need for Government reorganization was mirrored by an intensive campaign for the bipartisan Hoover report.

The decade of 1950–60 is called to memory by a mere listing of some of the council campaigns of the period. The council docket contained such campaigns as Crusade for Freedom (for Radio Free Europe), Ground Observer Corps, NATO, Civil Defense, Engineers Wanted, and Hungarian Relief.

Also in this period were projects reflecting domestic problems such as, "Prevent Polio" through Salk shots, "Prevent Asian Flu." "Confidence in America" (to counter a recession), "Help the College of Your Choice" and the Census of 1960. These were accompanied by continuing efforts to cut traffic accidents, to reduce forest fires, to improve our schools, to U.S. savings bonds, and many others.

Many of these campaigns are still with us. "Help the College of Your Choice" is now Aid to Higher Education. In 1981, the American Red Cross celebrated its 38th year with the Advertising Council and its own 100th anniversary. The 1980 census generated $37,990,000 in media support and resulted in virtually every (99 percent add) man, woman, teenager, and child in the United States being exposed to an average of 100 census advertising messages from one medium source or another between January and June 1980.

Since 1949 the Council's Religion in American Life campaign has encouraged people everywhere to worship regularly and to put their faith to work in their daily lives. Meanwhile, the U.S. savings bonds program remains the council's longest-running campaign. And, after 34 years, the United Way continues to assess needs in more than 2,000 communities nationwide, planning how to fill those needs, raising the necessary funds and then distributing them according to the needs.

New additions to the council's roster continue to reflect the changing socio-economic climate in the country. From 1975 to 1980 the council's campaign "American Economic System" improved economic literacy and increased people's knowledge and understanding of the workings of the American economic system.

This was followed in 1979–80 with a broad Anti-Inflation campaign de-

signed to inform the public of the history and dimensions of the inflation problem; to explain the role each of us plays in the economy and how we can help. From 1976 onward, the council's "Child Abuse Prevention" campaign has stimulated public awareness of child abuse and what the public can do about it. "Take A Bite Out Of Crime" is the rallying cry for the new crime prevention campaign.

The campaign's primary goal is to change the preception of the public toward crime—to convince people that crime is not inevitable, to reduce the fear of crime and to instill a sense of responsibility and action toward crime prevention. When the council's "direct deposit" campaign was launched in October 1978, 8.4 million individuals or 21 percent of those eligible, had enrolled in the program.

Today nearly 12 million or 27 percent of the eligible recipients are enjoying the benefits of direct deposits. And because energy shortage and conservation methods are affecting every community, and because our residents, schools, hospitals, businesses and Government have to find ways to save energy, the "Alliance to Save Energy" campaign offers specific, free information on how continued efforts by all Americans to save energy will reduce our dependence on foreign oil and will improve the balance of trade, the value of the dollar, and our economy in general.

ACTION/Peace Corps, ACTION/Vista, Employer Support of the Guard and Reserve, Forest Fire Prevention, Help Fight Pollution, High Blood Pressure, National Alliance of Business, Technician Education and Training, United Negro College Fund, and World Hunger are all campaigns that offer ample testimony that coping with socioeconomic problems confronting communities throughout America is the business of the Advertising Council.

Its communication programs for the public good remain in effect a mirror image of our society. Yet, if the Advertising Council is a mirror of America, it is also a mirror that reflects the conscience of American business by its support of the public service programs deemed most vital by the private sector and by the Government for the greatest good of the American people.

It is evident that no one will ever be able to fully quantify the good that has been accomplished through the campaigns of the Advertising Council. Nevertheless, if some small measure of that good were to be singled out, perhaps it would best be found in the value of the space and time contributed by the media to the council for its programs over the past 40 years. By the end of 1980 it had already stood at $11,691,715,673.

That is more than eleven and a half billion dollars. And by this year's end the total will have far exceeded $12 billion, a figure made all the more staggering in a time when the administration is striving valiantly to reduce the size of Government and return responsibility to the private sector. Thus, the accomplishments of the Advertising Council stand more clearly than ever as incontrovertible testimony to the fact that participation and support of its endeavors are a true reflection of the interest and involvement of American business in the social and physical well-being of the citizens of our country.

Mr. President, on the occasion of the 40th anniversary of its uninterrupted service to the people of the United States, I salute the Advertising Council.

TRIBUTE TO SCOTT AND PAUL SCHULZ

Mr. PERCY. Mr. President, on October 6 of this year, the Schulz family of Grayslake, Ill., suffered a double tragedy in the loss of Paul and Scott, father and son, who were killed in a plane crash. The family's loss is also keenly felt by all who knew these two fine men, and particularly by myself and my staff who knew Scott as a beloved friend and colleague. He served ably and well as a member of my Chicago staff from 1979 until the time of his death.

On Tuesday, October 13, a memorial service was held in the Capitol, conducted by our Senate Chaplain—the Reverend Richard C. Halverson—to give thanks for the lives of Scott and Paul Schulz. It was an especially moving hour of remembrance, not only because we were so fond of Scott and Paul, but also because it provided an opportunity for my Washington staff, several members of my Chicago and Springfield staffs, and members of the family—Scott's mother, Betty, three of his brothers, Craig, Christopher and Matt—and his sister, Gayle—to be all together to share our affection for Scott and Paul, and our memories of them. We were also honored by the presence of several members of the staff of my Senate colleague, ALAN DIXON, and representatives of Governor Thompson, all of whom had worked with Scott Schulz in the past.

As a further memorial to Scott and Paul Schulz, I ask unanimous consent that the eulogy I delivered at the memorial service be printed in the RECORD at this point.

There being no objection, the eulogy was ordered to be printed in the RECORD, as follows:

SCOTT P. SCHULZ

Just a few moments after I was notified of the assassination of Anwar Sadat whom I had characterized six years ago as one of the noblest and greatest men I have ever known in my life, I was advised of the crash of a plane that took the lives of Paul Schulz and his son, and our valued colleague, Scott. The feeling that came over me was a feeling, the impact of which I had not felt since the sense of grief I felt when learning of the death of my own father and our own daughter years ago.

Scott and his father had a close relationship and we know of the intimate and close ties that bound together the entire family. His mother, Betty, his four brothers; Bill, Craig, Christopher and Matt, and his sister Gayle had a relationship with one another which strengthened and reinforced each one of them and will sustain and reinforce them now.

Scott Schulz, born on February 10, 1954, graduated from Grayslake High School in 1972 and received a B.S. in Political Science from Northern Illinois University in 1976. From 1977 to early 1979, he served as a Community Management Representative for the Illinois Department of Commerce and Community Affairs. In March 1979, Scott became Projects Director for my Chicago office.

Scott believed very much in the work he did. He believed that the purpose of government was to help its citizens.

Above all else, Scott believed in helping constituents. No matter what the request, whether it properly fell under the purview of a U.S. Senator's office or not, whether it was a personal problem or request from a constituent who did not know where to go for help, or whether it was a matter which stood little chance of being rectified, Scott would do whatever he possibly could to help. He always gave that little bit extra—tried just one more approach—made just one more phone call.

Scott was at once proud and humble. He took tremendous pride in his work and refused to engage in any endeavor which did not come up to his own high standards. His humility was itself a part of that pride. Never would he seek credit or praise for his efforts—he had simply done his job as it should be done.

Scott was well-liked, respected, and knew how to be a good friend. His sense of humor sustained him and those around him. His occasional constructive criticism never hid the fact that he was a believer. His frequent quips and cracks to coworkers camouflaged the great care and consideration he always showed to them. In many ways, he was a private person who most enjoyed the solitude of camping, rafting down the rapids, or bicycling along the lake.

Few people knew the extent of the work Scott did for others. He never tooted his own horn. If his light was hidden from many under a bushel basket, it did shine on those whom he helped and on those who had the extreme pleasure of knowing him.

Scott's strength of character, sense of purpose and devotion to the United States Senate and our office serves as an inspiration to all of us. Every place he went he tackled problems as though they were his problems, sought solutions as if finding them was a personal challenge that would not only strengthen our office but the institution of government that he represented and provided to him a sense of satisfaction usually reserved for private entrepreneurs and owners and managers of their own business. He did so because the business of government was something he had mastered and he looked upon the partnership underlying the relationship between municipal, state and federal government as the underlying strength of our federal system of government.

He had the utmost respect for those with whom he worked in government and they held him in the respect usually reserved for someone far beyond his age.

If we believe in an afterlife, and I hereby reaffirm my faith in it, we shall some day be with him again, and he is now with so many of those we have loved and miss. He shall always prove an inspiration, a source of joy, and love for all of us. We grieve not for him because he is with his Father and Maker, but we do understandably grieve for ourselves until we are once again reunited with him. He shall be ever watchful of our work, which in every sense of the word is the Lord's work.

PAUL SCHULZ

We pay tribute also today to Paul G. Schulz, who was born in 1929 and married Betty Johnson Schulz in 1951. They had six children; Gayle, Scott, Bill, Craig, Christopher and Matt. Paul Schulz served as Executive Director of the Work Glove Manufacturers Association, a position that brought me into not only a professional but also a personal relationship with him. He was always very active in community affairs.

We loved these two children of God. And we love their family that is here with us today.

EXPORT TRADING COMPANIES: AN ILLINOIS INSTITUTION

Mr. PERCY. Mr. President, I was very pleased earlier this year to be appointed one of three Senators to sit on the President's Export Council. This distinguished panel has been extremely active in recent years and made thorough recommendations a year ago on ways this country can boost its exports and narrow its trade deficit.

One of the many recommendations made by the council last year was that Congress should pass comprehensive legislation to facilitate the formation of one-stop export trading companies. In fact, the Senate has now twice passed legislation of this nature and has been held up both times by inaction in the House of Representatives.

At the first meeting of the council this year, this legislation was discussed as the top priority item for the council. I am a cosponsor of S. 734, which establishes export trading companies, and fully support the council's initiative in this area.

From Illinois, we have had experience for many years with export trading companies. One of the most active and knowledgeable export trading companies in the country is headquartered in my State, with good reason. Illinois is the top agricultural exporting State in the Nation and ranks only second in terms of manufactured goods exports. We know the importance to the Nation's economy that derives from exporting and without question the Marshall International Trading Co. receives a large part of the credit for expanding trade opportunities in Illinois.

My good friend, Joel Honigberg, who is vice chairman of Marshall International Trading Co., recently spoke in Illinois about export trading companies. Anyone interested in exports should listen when Joel Honigberg speaks on this subject because of his expertise and foresight.

Mr. Honigberg spoke on October 5, 1981 before the International Business Council of Cambridge, Mass., which was holding its fall meeting in Itasca, Ill., just outside Chicago. His topic was "Will the Advent of Export Trading Companies Dominate U.S. Foreign Trade During the Remainder of the 20th Century?"

Mr. Honigberg raises a number of compelling questions about the future of export trading companies. Certainly, passage of the legislation I mentioned earlier will not in itself increase exports. For that we will have to depend on the private sector, using the new tools of the law. I strongly commend to my colleagues the speech of Mr. Honigberg, as it is an excellent analysis of export promotion from a man who knows exporting inside and out.

Mr. President, I ask unanimous consent that Mr. Honigberg's speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

WILL THE ADVENT OF EXPORT TRADING COMPANIES DOMINATE U.S. FOREIGN TRADE DURING THE REMAINDER OF THE 20TH CENTURY

(By Joel D. Honigberg)

For the opportunity of appearing before you, this morning, I should like to thank Will Pilcher of the Levi Strauss Company. Moreover, on your program notes, he has honored me with a title I have yet to earn. I am neither doctor, nor fireman, nor Indian chief. I prefer that you think of me as a trader; a businessman whose instincts and interest have led him to the four corners of the World. It should be clear, then, that I have not come here to lecture you. With this reassurance, I hope that you will relax and enjoy the presentation. I have chosen an ambitious subject, today. The considerable time span which the remainder of the 20th century encompasses makes it also a rather dangerous subject to organize.

To speak with any degree of certainty on what may occur in the area of World Trade, fraught as it is with unknowns and variables, especially in front of such a group of venerable planners and strategists is perhaps like walking the plank into a raging sea.

In my mind, the purpose of these remarks will have been fulfilled if they help to shape your perspective on how a specific organizational scheme of handling trade, backed by the full force and weight of the United States government, may effect the future conduct of the our country's international business, that is so vital to the nation's economic viability and to the living standards of its people.

Perhaps, there has never been a world without trade. In ancient time, we know there was flourishing international commerce and its numerous traces are being continuously uncovered by archaeologists. We can even understand the importance of trade in the life of primitive peoples.

The principle of reciprocal transfer of goods, of giving and taking, seems in fact, to be deep-rooted in human nature.

A country's very existence may pivot on procuring foreign sources of such basic commodities as petroleum, coal, iron, lumber, cotton and foodstuffs. Japan is a prime example.

When properly functioning, trade enables consumers across the globe to realize higher standards of living.

Trade policies have shaped the destinies of nations as surely as have wars. A highly organized and traditional mechanism for handling trade between countries is by means of a general trading company engaged in exports and imports.

To the average American, notions about trading companies often stem from some familiarity with the great British trading houses that helped build that country's Empire. It was often said that "trade followed the flag". But it was undoubtedly equally true that the flag perhaps more frequently followed trade, as in the cases of the East India Company and the Borneo Company. Such trading companies were formed by restless and adventurous men who pooled their often modest capital and spread the risks of pioneering new trading posts in strange lands. Jardines and Inchcape, large, modern, trading conglomerates trace their beginnings to those early times.

Of perhaps greater impact on the American business psyche, due to sheer size and complexity, are the Japanese trading companies. Dating back to 1868 when Japan emerged from behind the walls that isolated it from the rest of the world—it was infinitely far behind in industrial development and there was no foreign trade. Because the country lacked essential raw materials, and without export revenues to pay for them, major commercial groups of that period including Mitsui and Mitsubishi established separate divisions which dealt in exports and imports. While at first an auxiliary type operation handling small trade transactions for its affiliated companies, these trade units combed the country for personnel who would learn foreign languages and who would be willing to gain experience in foreign countries.

Gradually, thse trading divisions tended to become focal points for the entire Group, equal in importance to the Group-owned Bank. During the post-war years and until today the sogo shosha or "general trading company" has become the lead company of a complex corporate network. Not themselves manufacturers, they facilitate the trade of thousands of products—from ocean going vessels to noodles. Except for one soft spot in the early 1960's when Japanese automakers and electrical appliance manufacturers developed foreign marketing and service networks to handle their own products, Japan's trading companies have never faltered.

Today, there are approximately 8000 trading companies in Japan providing an amazing resilience to its economy. Among these, the top 9 account for between 50 and 60% of all Japanese exports and imports, with Mitsui and Mitsubishi each taking 10%. In 1978, the largest of the sogo shosha had 100 to 130 overseas offices with the smallest of the 9 maintaining only 86. Conceptuallly, Japanese Trading Companies are aggressively creative. They no longer merely export and import. They have become resource developers.

Nissho-Iwai, which ranks 6th in the trading company size put together a group of investors to explore for, and develop Nickel deposits in the Philippines. They arranged financing through the Overseas Economic Cooperation Fund, the Export-Import Bank of Japan and a group of Japanese commercial banks. Besides organizer, coordinator and shareholder in this venture, Nissho-Iwai exported shovel loaders, excavating machinery and ore drying equipment to this project; for the most part produced in Japan; and to complete the circle, the company became Japan's leading Nickel Ore importer accounting for over 25% of the country's purchases of that essential metal.

Japanese trading companies also see themselves as creators of "trade flows"; on the one hand, actively stimulating sources of production in Japan and often in other countries, while on the other hand, scouring world markets to develop a level of demand which will absorb the supply.

Seemingly undaunted by the size of an undertaking, these same trading groups have built enormous receiving, fabricating, distributing complexes which are called "Combinats."

Marubeni has a six-acre lumber center near Tokyo encompassing 20 wholesalers and a sawmill.

At Kobe harbor, Mitsui organized a 57-acre food combinat with berthing facilities for 60,000 ton cargoes including conveyors, silos refrigeration, wholesale and retail distribution on the site. We look at Japan today, as an innovator of new trading concepts in the same way that we view her as a consumer electronics product innovator.

The world watches and learns.

Trading Company management of Japan's trade functions have enabled Japanese manufacturers to use capital to improve factories and products. Their administrative and credit services have helped small and medium sized firms to participate effectively in international trade, to the great benefit of Japan. As a method of organizing commercial enterprise the general trading company—large, diversified, flexible, mastering a great flow of information and expert at arranging international transactions, backed by the resources of major banks, and able to

stand as the consumate intermediary, has a number of virtues not lost on other countries eager to emulate Japan's extraordinary export success.

The general trading companies of South Korea have been fashioned in the image of Japanese Sogo Shoja. Their charter is quite specific:

(1) To penetrate domestic and foreign markets.

(2) To establish a global distribution network.

(3) To finance smaller Korean companies that act as suppliers.

Each year, the Korean Government accords "General Trading Company" (GTC) status to firms which have fulfilled certain requirements: exports equal to at least 2 percent of total Korean exports in the previous year; exports totalling a least one million dollars in each of a least 5 out of the 30 export product categories of importance to Korea; and a total of at least 20 overseas branch offices. In 1980, 10 Korean firms have been designated as GTC's.

Designation as a GTC confers certain benefits above and beyond those available to exporting firms generally.

GTC's are given priority when the Korean Government controls competition among Korean firms in international bidding;

They are not limited to the use of special foreign exchange banks when importing raw materials for export purposes;

Unlike other Korean firms, GTC's are authorized to send more than 10 staff members to overseas branches;

Unlike other Korean firms, GTC's are allowed to use standby letters of credit as a revolving credit line.

Apart from such pragmatic benefits, exporters also receive a degree of high-level moral support that is probably unexcelled anywhere else in the world. The President of Korea, for example, holds a monthly "trade promotion meeting" where he is given a detailed briefing on trade performance in the previous month; and where he exhorts the laggards to pull up their socks. Korean Ambassadors overseas are given export targets and are expected to stick to them. Cabinet Ministers routinely make trips abroad to support Korean contract bids. Prestigious awards and publicity are bestowed each year on the most successful exporters.

This has undoubtedly been a factor in the outstanding record of the $1.3 billion Samsung Group, for example, who maintains a competitive presence in 29 countries—building hotels, refining sugar, and overseeing many other businesses. Since 1970 it has averaged slightly less than 50 percent growth in annual revenues; and today Samsung accounts for approximately 4 percent of South Korea's gross national product.

So influential has been the Japanese Trading Company model, and so expedient the need perceived by many nations to efficiently organize their exports as a means to improve trade competitiveness, that there has been a throng of countries shaping favorable conditions within their borders to attract the establishment of trading companies.

Taiwan has a strong National Export Trading Company program. Mexico and Brazil made similar moves in the middle 1970's.

Our neighbor to the North has recently released the report of its Special Committee on a National Trading Corporation in which it recommended:

(1) That the federal government sponsor the development of a major Canadian trading corporation.

(2) That the Canadian Trading Corporation be established by a new act of Parliament.

(3) That the Canadian Trading Corporation be given a mandate to engage in exports, imports and third-party trade between foreign countries.

(4) That it ultimately be capable of selling any commercially viable product.

(5) That it provide a complete set of trade-related services covering both general trade and capital projects.

(6) That it give the highest priority to establishing selected foreign-based operations in growth market regions.

(7) That it be established with an initial equity commitment by the shareholders of at least $300 million.

This final recommendation was formulated on a 5 year plan, by the end of which time, it was expected that the corporation would be doing $2 billion worth of business, a figure that places the $300 million equity base, it was claimed, well within the range of normal working capital to equity ratios.

What is truly behind this energetic and somewhat radical crusade for a national trading house?

Canada is already an active trading nation. It ranks eighth, internationally, in terms of value of its exports. Merchandise exports equal 25% of its GNP, putting it in a position similar to that of West Germany, the United Kingdom, Austria and the Scandanavian countries, and well ahead of the United States and Japan, who export in the area of 10% of their GNP.

Canada foresees a Global Battle for Export Growth, the title of Chapter One of this comprehensive official report. It views trade as crucial to economic survival. It is concerned about a loss in its share of world trade and one of the major goals of the National Trading Company, apparently, would be a reversal of this downward trend. Only by competing directly with the industrialized world can Canada hope to gain a trade advantage. The report concedes that world competition for exports has indeed become a battleground for economic survival in the next decade or two.

Finally, it emphasizes, beyond any question of doubt, the essential role of government in making Trade a National Priority.

Curious that Canada has chosen the general trading company vehicle to travel the road to economic survival, and one may suppose, to national prosperity.

To be sure there are alternative routes. The theme of my today's remarks, in fact, focuses on the degree of probability that new export trading companies will dominate America's trade picture during the remaining years of this century, in the face of such alternatives.

Since Canada is such a near reflection of our country's economy it is, perhaps, not too early to list these alternatives as:

(1) Trade subsidiaries of Multinational Corporations (MNC's).

(2) A coalition of MNC interests.

(3) A Government owned Trading Company.

(4) A trade organization cooperatively capitalized by government and private shareholders.

(5) Strengthening existing export trading companies.

Later, I will be addressing some of these alternatives in greater detail, with the United States as our frame of reference, but for now, let me point out that the Canadian report rejected the multinational alternative.

With MNC's the size of Alcan Aluminum and Canada Wire and Cable the committee, nevertheless, concluded that the corporate sector did not have a compelling interest in promoting general trade because its primary focus was on in-house products.

In any event, the committee recommended the establishment of a Trading Corporation which could ultimately benefit the home economy by offering it strengths which include:

Comprehensive market intelligence.
Expertise in developing new markets.
Expertise in foreign sales.
A well-established distribution network.
A portfolio of competitive trade services.
A knowledge of new methods of trade.
Expertise in procurement.
Financial strength.

Control of the international marketing function, allowing more of the value of the products sold to accrue to the supplier country.

Diversification of export risk due to the volume of business and number of products.

This formidable set of strengths, it was thought, when exercised through the capabilities of a trading house could fulfill the role proposed by the committee of:

(1) A broad and significant Export-Import capability.

(2) Competence to trade in all products, including the export of capital projects.

(3) A complete set of general trade-related services including transportation, storage, financial support packages and after-sales service facilities.

(4) A focus on growth markets, and not to be underestimated.

(5) Means of assisting small and medium sized Canadian Business to expand their Export Markets.

Two other propositions offered in this report are worth mentioning and remembering:

To attain the proper degree of commitment to international markets, and continuity of supplies to these market exporters, will inevitably need recourse to an outside financial base capable of supporting overseas capital projects.

This statement may be examined as partial justification that banks, under U.S. Law, ought to be permitted to own equity positions, or possibly controlling interest in a trading company in order to provide a broad enough financial base.

And, finally, the report contained the notion that "trade is no longer governed by a static set of rules" and that, in this case, Canada may well decide to take the lead in setting new rules for international competition.

On this subject, many of you in the audience today may decide to turn your creative talents and planning skills. If anyone is going to develop a new set of rules for international competition, I should think that this group is capable of contributing pivotal ideas.

Let me summarize this rather lengthy introduction to the current position and future potential of trading companies. Today Japan, Korea and Taiwan. Tomorrow Canada, Brazil and Mexico. How may other governments will perceive that general trading companies many hold the key to changing world business patterns?

I can sincerely express my view that the United States, for one, appears to believe that trading companies are the vanguard of U.S. export growth. In their generally unswerving support of the Export Trading Act of 1981, the 97th Congress and the Reagan Administration, as did previously the 96th Congress and the Carter Administration have apparently discovered the same beneficial elements in the export trading company mechanism as have the Canadians.

It may well be that the rest of the free world's trading powers will decide unanimously that the ago-old trading company is the wave of the future; the type of operation to propagate and perfect; so that no nation will have a trading advantage and all countries will be on an equal footing again.

Before we cross that bridge, I want to remind you that the banking and anti-trust provisions of this legislation have bogged

down the progress of the bill, which is presently being examined by three different House sub-committees, after having passed the Senate last March by a vote of 93 to zero.

I have just returned from Washington, D.C., last week and I can tell you that no one, either the Congress or in the Administration believes that the Export Trading Company Act will fail to become law. The exuberant advocates suspect its passage by Thanksgiving, the most conservative predict February, 1982.

Because of its imminent appearance on the U.S. business scene, let us take some moments to understand the nature of an American-style Export Trading Company as defined in the legislation, and the principal provisions of the proposed Act.

The bill defines an export trading company as:

A company which does business under the laws of the United States and which is organized and operated principally,

(1) To export goods or services produced in the United States, or

(2) To facilitate the exportation of goods and services produced in the U.S. by unaffiliated entities.

The definition excludes subsidiaries of American corporations created to export the products of the corporate group and concentrates on export management companies or trading companies best suited to provide a full range of services to small and medium-sized firms seeking the opportunity to enter foreign markets or to expand their exports.

Such companies could be highly competitive abroad but because of size or inexperience are ill-equipped to absorb risks involved in developing overseas markets. The Department of Commerce estimates that 20,000 such manufacturers could be induced to export given a one-stop export service.

The main elements of the act are:

1. The Secretary of Commerce is directed to establish a two-way referral system between producers of exportable goods and firms offering export trade services.

2. American banks are authorized to invest up to 5 percent of their consolidated capital and surplus in one or more export trading companies. Investments up to $10 million could be made without prior approval of the appropriate regulatory agency.

If United States export trading companies are to be successful in promoting United States exports and in competing with foreign trading companies, they must be able to draw on the resources, expertise, and knowledge of the United States banking system, both in the United States and abroad.

The provision for direct equity investment by banking organizations has been one of the more controversial aspects of the bill. Opponents argue that ownership of ETCs by banks violates the traditional separation of banking and commerce. Proponents believe that adequate safeguards are contained in the bill, and that exceptions have been made to numerous statutes before, to facilitate export trade.

3. The Economic Development Administration and the Small Business Administration are authorized an additional $20 million per year through 1985 to support loans or guarantees to ETCs.

4. The Export-Import Bank may establish loan guarantees secured by accounts receivables or inventories of ETC's if the private sector credit market is not providing adequate financing.

5. The Webb-Pomerene Act of 1918 which grants a limited exemption from Sherman and Clayton Antitrust Acts is amended to include exports of services as well as goods. The new act allows combinations of exporters provided that their cooperation does not reduce competition or restrain trade within the U.S. Trading companies will apply to the Secretary of Commerce for antitrust clearance. Once clearance is granted, the company is immune from the danger of private treble damage suits. Certificates can, however, be revoked by actions of the Attorney General or the Federal Trade Commission.

Jack Valenti, President of the Motion Picture Association of America, the largest and most successful Webb-Pomerene Association recently said "Webb-Pomerene is an essential and indispensable ally to promote and increase American export trade; it should be maintained and expanded." He added,

"That without Webb-Pomerene, the American film industry would be an invalid, and we would not be able, as we are now to return to the United States each year some $800 million as a surplus in our balance of trade which incidentally is approximately equivalent to 50 percent of the film industry's total annual profits.

"Do expanded Webb-Pomerene associations of producers in closely allied fields point the way to a new generation of Export Trading Companies?

"Senator John Heinz, Republican from Pennsylvania in his introduction, early this year, to the Senate version of the bill made the following remarks:

" 'Every successful program of trade promotion is a step in the right direction'.

" 'This bill will help by encouraging the development of intermediaries to provide the marketing and financial tools necessary to help small business to export while helping them to benefit from economies of scale and diffusion of risk'.

In my view, this was the Senator's way of saying that America's small and medium-sized manufacturing firms represent an untapped source of business energy.

For most of the nation's history, domestic demand has engaged average-sized firms to the exclusion of investigating foreign markets. Today a tiny fraction of American manufacturers have any regular export practice—only 8.3 perecnt of 300,000 firms, according to 1980 data from the Commerce Department's Office of International Trade Administration.

The average firm has neither tremendous financial strength nor intimate knowledge of foreign business, and it fears the risks of credit and collection. International trade involves serious costs and inconveniences in producing and handling documents. Locating and analyzing foreign markets and arranging effective foreign sales representation present two further discouraging problems. In the face of these obstacles, is it surprising that the mass of small and medium sized firms appear to export by chance, if at all.

With the U.S. experiencing a 23 percent loss of world market share since 1970—equivalent to a $125 billion loss in total production and an estimated 2 million fewer industrial jobs available; with growing trade deficits in every year, since 1975, and a record gap of $5.6 billion in August of this year, we can sympathize with the comments to his colleagues of Senator John Danforth, Chairman of the Senate International Trade Subcommittee that, "economic stability of our Nation is being swiftly eroded." To quiet the outcry of the international business community for a consistent, long-term policy commitment by the government to export growth, the urgency to legislate the Export Trading Act of 1981 into Law becomes clear. In a rush to lose no more time in beginning to correct our trade imbalances, is it any wonder that our leaders, inside and outside government, while casting an envious eye at Japan's adept trading conglomerates, are also taking a careful tally of our country's professional export industry, made up of more than 1000 export management companies.

I am convinced that established Export Management Companies have a leadership role to fulfill in the new export business environment which passage of this legislation will create.

At J. D. Marshall International we have the intention of meeting the challenge and providing as much leadership as we can.

It would also be my idea to act affirmatively to form or join one or more ETC's outside the framework of our current export operations.

I should think that the bill would give free rein to existing export organizations to:

(1) Form or join an Export Trading Company in one or more activities apart from its normal business.

(2) Own all or part of the ETC (just as the banks may under the banking provision).

(3) Inject capital into a new ETC using either private or banking resources.

For it does follow logically that if the stated purpose of our national policy is to increase exports, and because the Congress and Administration see thousands of new exporters banded together in new export entities as the best means to accomplish that goal, then in the same way that banks and larger industrial concerns will form or join ETC's, Export companies should not be inhibited from doing the same if it serves the purpose of profitable business growth.

I suspect that the sponsors of the Export Trading Act of 1981 in both the Senate and the House understand the importance of the professional exporter's knowledge and experience in making this national venture a success.

At Marshall International, we currently have two plans of action under study which assure our participation in future developments resulting from passage of this legislation.

The first scheme uses a satellite concept with Marshall group know-how and export facilities forming a core or hub, sections of which can be linked by joint venture agreements to manufacturing and financial groups.

The second concept may be said to resemble a device commonly used in department stores: that of a leased department requiring special skills or merchandising. In this plan, the experienced export organization contracts its services to an ETC which possesses all prerequisite elements except the personnel and expertise to make it work correctly.

One cannot easily forecast the time it will take to start-up any specific number of new export associations or trading companies.

When I was invited last year by the Assistant Secretary of Commerce to act in an advisory capacity on how best to promote the Export Trading Company concept to the business community, I did not hesitate to point out that a corporate audience would be most responsive to three forms of incentives.

(1) Availability of low-cost funds to finance export inventories and receivables.

(2) Tax savings to encourage reinvestment of profits in a growing ETC enterprise.

(3) Direct government monetary support in the form of grants or loans to help defray start-up costs of new export selling operations.

A reading of the Senate bill, and the several versions now circulating in the House reveal no direct grants, no tax savings, and no subsidized interest rates. There are no freebies in this legislation. That is to say, there are no incentives! May one assume that the Congress and Administration realistically expect to ignite the business community to great export activity on the strength of:

(1) The removal of impediments to the formation of export trading associations, and

(2) The entry of banking institutions as part owners, or owner-operators of export trading companies?

The new ETC's, on which the Government

is pinning its hopes, will not materialize by the mere wave of a wand. Structuring ownership may be complex and lengthy. The job will require expert organizers with a real sense of purpose. The bill itself will not do it. Who shall provide the leadership: government, banks, industrial concerns, or professional exporters?

In contemplating start-up of an export trading company, a bank must consider the demand for such services. How many companies will be receptive to exporting through the ETC? Large firms will already have international departments. Medium and small firms may have concerns about preserving competitive secrets and proprietary information about their products and operations. Or they may question whether the ETC will have the technical specialists necessary to properly sell their products. A bank must consider what advantage it expects from its capital investment. Is the motive return-on-investment through profits of the ETC, or is it expansion of banking business through providing ancillary services?

Many banks already have extensive overseas and domestic networks and already provide many of the export financing services and market intelligence services that would complement an export trading company.

The basic issue remains: will passage of the ETC bill create the kind of environment which favors the formation of hundreds and perhaps thousands of new export trading companies and over what period of time may we expect this development to occur?

If the bill does nothing more than create new structures that merely reshuffle the same old number of producers who either export directly or through professional export intermediaries, then the entire legislative exercise will be of questionable value. However, if the new trading companies which will surely be initiated as a result of this bill are truly able to harness the productive forces of U.S. industry, if they are able to attract to their fold significant numbers of "new-to-export" firms as well as firms who today do geographically spotty exporting, then, true progress will have been made with a resultant significant impact on overall U.S. export sales and on our annual trade deficit.

We are told that the issue of the 1980's and beyond is growth, and that the globalization of markets will erase any distinction between foreign and domestic business. This scenario may favor larger U.S. trading entities that cluster and acquire smaller specialized trading companies who may bring into the group diverse supplier expertise which will further enhance the merged export trading company's international markets.

I believe, however, that in the early years, we are going to see bank controlled ETC groups specialized in capital goods and project sales which require substantial long-term financing; that we will have trade association sponsored ETC's engaged in short-term intensive export selling efforts to penetrate target markets within a single product family; and that export management participation in a number of new ETC's will tend to be highly specialized in partnership with one or more producers in promoting a single product worldwide or in taking a somewhat larger portfolio of products to a single country market or even to a segment of that market.

By 1983 or 1984, I wouldn't be surprised to see joint venture mechanisms for the sale of coal and other raw materials working as export selling associations; Engineers, Architects, and construction companies working as foreign bidding and contractor associations; and then, diverse service industries combining their resources as international service groups.

Companies will band together under an Export Trading Company umbrella if, by combining forces, the group achieves the critical mass required to make a measurable impact on its target markets and if reasonable export revenues and profits results. Risk spread is yet an additional important factor.

I see pools of potential Export Trading Company investors providing attorneys and auditing firms with unparalleled opportunities for creative corporate structuring and share ownership.

I also discern many unanswerable questions:

(1) Will ETC management have the ability to mobilize U.S. production sufficiently quickly to fill overseas market needs as they emerge from time to time and to do this on a sustained basis?

(2) Who will move this increased level of product to foreign market? Are existing channels of export transportation sufficient? Will forwarders, freight carriers and insurance companies have a piece of the ETC action?

(3) Should an ETC have some form of control over distribution outlets within major foreign markets if such distribution and its market support systems be essential to market penetration and buyer acceptance?

(4) Can ETC owned or controlled distribution centers justified by the investment involved in their implementation?

(5) Will U.S. product distribution centers be superimposable on the highly developed distribution systems already existing within the desirable, stable national markets which have been targeted?

(6) Will local producers in national markets "X" and major exporting nation competitors for market "X" give up without battle their market share to the increased efforts and investment on the part of numerous (I dare say aggressive) U.S. ETC's?

In closing, I wish to address the theme of my today's paper as described in its title—"Will the advent of the export trading company dominate U.S. foreign trade during the remainder of the 20th Century?"

The probability is that it will not!

To dominate, it would have to replace or surpass the combined trading strength of:

(1) Current exporting and importing entities.

(2) Third country trading companies who operate in the U.S.

(3) U.S. multinationals who relate world sourcing to production, and production to market demand.

(4) Third country MNC's.

(5) Coalitions of U.S. and third country multinationals.

However, the Export Trading Company structure is, undoubtedly a significant, viable alternative for manufacturers and service oganizations who seek a safe and profitable entry into potentially lucrative overseas markets.

The inherent flexibility of a trading company tied to no particular product, tied to no particular geography, able to move rapidly when a new source of a given product is available or when it senses demand in a new market, provides the ETC with an incomparable ability to adapt to changing economic conditions in the home market, while at the same time making an unflagging and important contribution to international commerce.

Its advent would certainly fulfill the U.S. governments' promise to give this country's international business community a new, consistent policy commitment to export growth which we have been looking for.

I do sincerely believe that either the Export Trading Company Act of 1981 will shake this country's foreign trade system to its very foundations or it will have hardly a ripple effect on the country's traditional export-import patterns.

In either case, there has never been a more exciting time to be a world trader. There has never been a greater reason for the U.S. to become a first-class trading nation.

Thank you.

GENERAL ASSEMBLY SPEECH BY ALAN A. REICH

Mr. PERCY. Mr. President, the International Year of Disabled Persons has had impact throughout the world. It has stimulated action in most countries to improve the lives of the half billion disabled persons in the world. The programs of the U.S. Council for IYDP, a privately funded and organized group, have, for example, reached 1,850 communities throughout America. They have engaged disabled and nondisabled individuals in partnerships to identify needs and set goals. As our Nation struggles with limitations of financial resources, these voluntary grassroots efforts are most encouraging. They offer a model for other areas of human concern. Most heartening are the commitments for the future stimulated by the IYDP—both in the United States and throughout the world.

But there is another contribution of the IYDP which is also important to us all. This observance has opened up a new area of international communication on the very human problems of disability. People-to-people communication, as generated through the IYDP in the area of disability, has become an important force in international relations throughout the world.

Mr. President, the existence of informal nongovernmental communications on common problems tend to reduce the level of tension when conflicts of interest occur and contributes to a climate in which they may be negotiated more effectively. International people-to-people relations help develop enduring networks of communications which cut across boundaries and reduce the likelihood of polarization along political or nationalist lines.

In the U.S. speech on the International Year of Disabled Persons before the General Assembly of the United Nations on December 7, Mr. Alan A. Reich, president of the U.S. Council for IYDP, elaborated on these two important contributions of the International Year of Disabled Persons—improving the human condition and opening new transnational communication. To continue and enhance these efforts, he has urged continuation of the momentum of the IYDP in the United States, the United Nations and throughout the world.

Mr. President, I commend to my colleagues Mr. Reich's U.N. speech on behalf of the United States. We all can benefit from this important statement on improving both the human condition and prospects for public diplomacy.

I ask unanimous consent to have the speech printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

STATEMENT BY ALAN A. REICH

Mr. President, the United Nations, by proclaiming 1981 the International Year of Disabled Persons, has aroused the hopes and aspirations of fully a billion people comprising the world's "disability family." This family is made up of one-half billion persons who are disabled themselves plus at least an equal number of family members who also live with the limitations and challenges of

our disabilities. Thanks to the vision and leadership of the member nations, the Secretary General and the Secretariat, and the agencies of the United Nations system, the disability family now can look more optimistically to the future. The response to the challenge of the IYDP has been gratifying. But having accepted the challenge, and the responsibility, we now must intensify our efforts, for the serious problems of disability do not end with the IYDP.

By promoting its five-point IYDP program, the United Nations has stimulated commitment and purposeful action by governments, U.N. agencies, nongovernmental organizations and concerned individuals throughout the world. While their responses have varied, reflecting differing social structures, stages of development, and levels of resources, several significant common themes have emerged. They include an outpouring of compassion, a recognition that disabled persons are an important resource, and the active involvement of disabled persons themselves.

Mr. President, I am pleased to have the opportunity to comment on the United States and worldwide responses to the IYDP challenge and on the implications for the future. In the United States the IYDP initiative has led to significant programs and results. As President Reagan stated in his IYDP proclamation on February 6, 1981, "All of us stand to gain when those who are disabled share in America's opportunities." At the government level, forty-two agencies have undertaken IYDP activities aimed at bringing Americans with disabilities more fully into the mainstream. Their efforts have included reviewing hiring practices, streamlining legislation as it relates to disability, and carrying out special information programs. Of equal importance, the government has encouraged the private sector in the United States to take advantage of the IYDP opportunity.

The private sector—comprised of disability, business, religious, labor, youth, women's, professional, and other organizations—has responded with vigor and enthusiasm. The concept of partnership—between the disabled and non-disabled; between government and the private sector; and between organizations at the national state and local levels—has been a dominant theme. The IYDP mission in the United States, adopted jointly by the government and the private sector, has been to increase public understanding of the needs and potential contribution of disabled persons and to accelerate progress toward long-term goals.

The corporate and disability communities together formed the U.S. council, funded by non-governmental sources. Its purpose has been to carry the IYDP challenge of the United Nations to the towns and cities of America, where our 35 million citizens with physical or mental disabilities go about their lives. In more than 1,850 communities, partnership committees of disabled and non-disabled persons have been formed. They have identified needs, set goals, and undertaken programs to meet their own goals. The Governors of all fifty states, more than 330 national organizations, and 270 leading corporations have joined in this partnership program. Demonstrating tremendous corporate social responsibility, America's corporations have provided resources and enlightened leadership. They have realized that bringing disabled persons into the economic mainstream is in their own best interest. To cite one example of this corporate commitment, Xerox Corporation last month donated $3,000,000 worth of sophisticated reading machines for the blind to 100 university libraries.

In American communities, people from all walks of life have advanced the United Nations IYDP theme of "full participation of disabled persons." They have made public buildings and facilities more accessible, developed special transportation systems, modified churches and parks to accommodate disabled persons, facilitated voting by disabled individuals, passed new ordinances on housing for disabled persons, held job fairs to bring together employers and disabled job seekers, and they have carried out locally devised awareness programs. A common theme throughout America has been encouraging self-reliance and self-help initiatives.

In the United States, the observance has been marked by strong and enthusiastic involvement of disabled persons themselves. They have been stimulated by the IYDP to assume greater leadership in shaping their own destinies. Through a nationwide advertising and media campaign aimed at changing attitudes, the public has gained a greater appreciation of the contribution of disabled persons. The result is that future efforts will be based less on charity and more on recognition that disabled persons are important contributors to society. The significance of the year in the United States was expressed by one seriously disabled person, "never again do I need to take a back seat or to stay at home; I now feel I can participate like anyone else. I am grateful that the IYDP helped to open opportunity for me. The IYDP has given me dignity."

None of us anticipated, Mr. President, that the IYDP would be an end. The serious problems of the disability family go on. The IYDP has given impetus to new beginning. It has accelerated progress. Attitudinal barriers are coming down. At a recent conference in Washington of IYDP representatives appointed by the governors of all fifty States and of community representatives from throughout the country, the participants urged unanimously that the IYDP momentum be continued. This initiative is of the healthiest kind. It is based on the feelings of people, most of them disabled, at the grassroots level—in the town and cities of America. It is based on the voluntary spirit of citizens. The response to date to the unanimous resolution at this conference has been two-fold:

First, it is my great privilege to announce today, Mr. President, an important initiative to follow through on the IYDP. In January, a new non-governmental organization—the National Office on Disability—will be opened in Washington, D.C. Its purpose will be to encourage and support the continuation of the momentum of the international year of disabled persons in the United States. Launching of this organization is made possible by a generous contribution of a leading American corporation.

Second, a resolution has been introduced in the United States Congress to designate 1982 the National Year of Disabled Persons. The United States is following the leadership of other nations, in Africa and in South America, which first developed plans for designating 1932 their national years of disabled persons. This designation will help further full participation of disabled persons at the national, State, and local levels.

From these efforts, we, and you, can take heart.

Americans are not unmindful of the fact, Mr. President, that the problems of disability are compounded in the developing nations. The greater seriousness of disability among those in poverty and in less fortunate circumstances is apparent to us in our own country. We are, therefore, greatly pleased by the initiatives of the United Nations and its agencies which have taken advantage of the IYDP to launch long-term programs. The world health organization, for example, is now including the problems of disability within its long-term program of "health for all by the year 2000." This initiative offers promise for concerted efforts, among others, to prevent and eventually eliminate certain disabling conditions affecting more than five million newborn children in the world annually.

We are inspired by the new efforts of UNICEF to ensure that disabled children have a better chance at life. There is hope for many in UNESCO's new programs to reduce the burden of dependency through greater educational opportunity for disabled children. The International Labor Office's expanded efforts to provide technical rehabilitation assistance will have a radiating impact in years to come; there now is greater recognition that organized labor has a real stake in reducing disability. The United Nations development program has brought about realization in many countries of the importance of including disabled persons in the development process. These few examples of the United Nations agencies' actions are encouraging to us all.

The efforts of the IYDP secretariat in Vienna, under the direction of Assistant Secretary-General Mrs. Leticia Shahani, to promote the ongoing work of the national committees formed in 127 nations, will continue to pay dividends. Despite limited resources, the secretariat has played a key role in expanding world-wide concern for disabled persons.

Among the 800 international non-governmental organizations affiliated with the United Nations there has been enthusiastic response to the IYDP challenge. To cite an example again, Rotary International, which has 10,000 clubs in 150 countries has undertaken many IYDP activities. They include a project of the Rotary Club of Randolph, Massachusetts, USA, which provided a specially-equipped bus for disabled youth to attend camp, and they include a project of the Rotary Club of Raniginj, India, which sponsored a polio immunization campaign for 2,400 children. Most importantly, Rotary and many other non-governmental organizations have made long-term plans to continue their commitment after 1981.

Mr. President, by proclaiming this year, the United Nations has done much to improve the human condition. This is a central role of the United Nations. But, we would not do justice to this U.N. initiative if we did not also recognize another important contribution of the IYDP. By focusing world-wide attention on this human concern, the United Nations has opened an important area of transnational communication across political boundaries on a common problem affecting all people.

This communication will continue. It will further international cooperation and improve the climate for resolving other differences peaceably. The interactions among the 127 national committees, the worldwide consideration of the world draft plan of action growing out of the IYDP, and the ongoing communication in the area of disability among non-governmental organizations will contribute to the climate of peace and cooperation among nations. I am reminded of the words inscribed here in the General Assembly building, "Since wars begin in the minds of men, it is in the minds of men that the defenses of peace must be constructed." The IYDP is an idea born in the minds of men which is helping to build the human foundations of the structure of peace.

These two results of the IYDP—new commitment to improve the human condition and opening a new area of transnational communication—are marvelous testimony to the moral force of the United Nations. The voluntary response throughout the world to the IYDP challenge and opportunity demonstrate the U.N.'s tremendous capacity to stimulate purposeful action and commitment. With limited funds, the U.N. has fostered programs with far-reaching implications in all countries. The success of the IYDP is not in what was done but in what was started. By focusing attention, the U.N.

has created opportunity—the continuing opportunity—for us all to attack the serious problems of disability on an ongoing basis.

And, Mr. President, let us no longer question the value of international year observances. The IYDP has demonstrated it can, through them, unleash tremendous human and organizational potential. As we look ahead to another signal year—the bimillennium—the continuing response to the IYDP can be a beacon of hope.

Speaking on behalf of the world's disability family, Mr. President, I applaud the IYDP initiative. We commend and thank the distinguished member nation representatives. As my predecessor this morning, the distinguished delegate from the Philippines, Mrs. Marcos, stated, "human problems demand human solutions." I urge you and the other leaders of our United Nations to continue and intensify the quest for human solutions to the staggering human problems of disability. By challenging thee world and by taking on this responsibility, you have become champions of the disabled. We need you as partners. We need your vision and your leadership. We need your continuing concern, compassion and commitment.

You are giving us opportunity. You are inspiring hope. Please keep up the momentum! Together we can make our planet more livable!

Thank you, Mr. President.

EMPLOYEE OWNERSHIP AND PRODUCTIVITY

Mr. LONG. Mr. President, over the past several years the Congress has enacted a number of bills designed to encourage employee ownership, including several provisions promoting the use of employee stock ownership plans (ESOP's). It has been my pleasure to offer many of these provisions and I intend to offer many more in the future.

Where employee ownership has been tried, it has generally been successful. Often, it has been very successful. A number of studies of companies with some degree of employee ownership help to confirm what commonsense would suggest; namely, that companies with the good sense to try employee ownership tend to be more productive and more profitable than those without.

The national center for employee ownership recently compiled a summary of 13 studies of companies with the foresight to include employee ownership as part of their operating philosophy. The results are impressive. It is my hope that studies such as these will help us to realize the close connection between ownership and productivity. Just as the company with employee ownership will have a productive advantage over a conventionally owned competitor, so too should the U.S. economy enjoy a competitive edge with a national policy supportive of employee ownership.

The following studies are indicative of the productive potential that we have only just begun to tap:

GENERAL STUDIES

(1) University of Michigan, Survey Research Center, Arnold Tannenbaum and Michael Conte, "Employee Ownership: Report to the Economic Development Administration." Compared 30 employee ownership companies' pre-tax net profits divided by sales with the same figure for comparable firms in their industries. The employee ownership firms were 1.5 times as profitable. The ratio increased with the amount of equity employees owned.

(2) Katrina Berman, Worker Owned Plywood Companies. Pullman, Washington: Washington State Univ. Press, 1967. The plywood companies studied are run as worker owned cooperatives—each worker has one share and one vote, and workers make up the board of directors. Every shareholder receives the same rate of pay. Output per worker in the cooperatives was about 30% higher than in comparable conventional plywood firms. In a court case with the IRS, the cooperatives were able to satisfy the government that they were entitled to pay their workers 25% more than workers in conventional firms because their workers' productivity was high enough to justify it (the IRS will contest a company's deducting salaries to owners that are in excess of what is determined to be a "reasonable" wage—this is to assure that companies do not underreport profits by inflating owner salaries).

(3) 1979 ESOP Association Survey: 72 companies responded to the Association survey. All were members of the Association. The average company had been in operation for 24 years and had had its ESOP in place for three years. In that three year period, the ESOP acquired an average of 20.6% of company stock, and the percentage continues to grow. Average profits increased 15%, employment grew 25%, sales per employee 37%, and total annual sales 72%.

(4) William F. Whyte, Cornell University, testimony before Senate Small Business Committee, 1979. Whyte and colleagues have followed employee buyouts of failing firms that have occurred since 1971. There have been approximately 60 such buyouts. Whyte reports that only two small firms are known to have failed, and most are reported to have returned to strong profitability.

(5) Thomas R. Marsh and Dale E. McAllister, "ESOPs Tables: A Survey of Companies with Employee Stock Ownership Plans." Journal of Corporation Law, v. 6, No. 3, Spring, 1981. This survey of 229 companies with ESOPs at least three years old was drawn from a Labor Department list of ESOP companies, and thus is the best sample of all the studies so far. 128 of the 229 companies were able to provide productivity data. For the period 1975–1979, the ESOP companies showed an annual average increase in productivity of .78 percent, while a weighted national average (weighted so that the companies being compared were in comparable industries) showed a decline in productivity of −.74 percent. The significance of this finding can be best understood in the context of Edward Dennison's massive study on productivity for the Bureau of Economic Research, in which he found only one factor—advance in knowledge—to have an impact as large on productivity as the impact found here for ESOPs. Factors such as changes in the labor force and decline in investment lagged well behind. The Marsh and McAllister article also found that ESOPs reduced employee turnover and improved the quality of work in one-third of the companies, while negatively affecting these factors in only 5 percent and 1 percent of the cases, respectively.

CASE STUDIES

(1) Saratoga Knitting Mills was bought by employees in the mid-1970's after a period of continuing losses. In the period after the buyout, share value at SKM went up 25 percent, turnover dropped by over 50 percent, and scrap loss was cut from 1.5 percent to .28 percent. Over 140 jobs were saved.

(2) A Canadian trucking firm studied by Professor Richard Long was also bought by employees in the mid-1970's. In the period following the buyout, share value increased 300 percent, damage reported by customers declined 60 percent and tons loaded were up 5 percent.

(3) Rath Packing Company: In 1979, Rath was purchased by employees, who also gained control of the board. In the following year, Rath returned to profitability—the first profitable year in the last six. The number of hogs slaughtered per day increased from 2300 to 5000. Although in 1981 changes in the hog market have caused industry-wide losses, including at Rath, workers are still optimistic that their efforts will pay off—and that their 2500 jobs will be saved.

(4) Lowe's Company: Lowe's is a large chain of home improvement stores, with 6,000 employees. These employees now own 24% of the company (and the share is increasing). Lowe's sales per employee are three times the sales per employee of the big three retailers. Shrinkage is one half of one percent—less than 20% of the shrinkage comparable firms typically faced. Income tax per employee is twice that paid before the employee ownership plan. Net earnings per employee were three times that of the big three U.S. retailers in 1980. Most impressively, several employees with long tenure at Lowe's (15 years or more) have left the company with several hundred thousand dollars in stock, even though most of these employees never earned more than $125–250 per week.

(5) E-Systems: E-Systems is a large, Dallas-based, high technology company, now 25% employee owned. Among the several improvements the ESOP has produced is a 50% reduction in employee turnover.

(6) Allied Plywood: Allied Plywood is a 20 employee plywood distributor in Alexandria, Virginia 51% owned by employees. Allied has lost one employee in nine years, has been consistently profitable, even in the current housing depression, and pays its employees an average of $30,000–$50,000 a year in wages, bonuses, and stock.

(7) Chicago and Northwestern Transportation Company: C&NW was bought by employees in 1971. The company was on the verge of bankruptcy, threatening 13,000 jobs. Since the buyout. C&NW has become one of the few money making railroads in the country and has seen its stock value increase over 50 times.

(8) Denver Yellow Cab: Denver Yellow Cab was recently purchased by its 1,000 employees and organized as a worker cooperative. Since that time. it has established a strong record of profitability and the best safety record of any cab company in the country.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session. the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

1980 AERONAUTICS AND SPACE REPORT—MESSAGE FROM THE PRESIDENT—PM 99

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation:

To the Congress of the United States:

In accordance with the requirements of Section 206 of the National Aeronau-

tics and Space Act of 1958, as amended (42 U.S.C. 2476), I hereby transmit the 1980 Aeronautics and Space Report. The period covered by this report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 15, 1981.*

ANNUAL REPORT ON PIPELINE SAFETY—MESSAGE FROM THE PRESIDENT—PM 100

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation:

To the Congress of the United States:

In accordance with the requirements of Section 16 of the Natural Gas Pipeline Safety Act of 1968, as amended, and Section 213 of the Hazardous Liquid Pipeline Safety Act of 1979, I hereby transmit the Annual Report on Pipeline Safety for calendar year 1980. The period covered by this report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 15, 1981.*

ANNUAL REPORT ON HAZARDOUS MATERIAL TRANSPORTATION—MESSAGE FROM THE PRESIDENT—PM 101

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation:

To the Congress of the United States:

In accordance with the requirements of Section 109(e) of the Hazardous Materials Transportation Act (P.L. 93–633), I hereby transmit the Eleventh Annual Report on Hazardous Materials Transportation for calendar year 1980. The period covered by this report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 15, 1981.*

OPERATION OF AUTOMOTIVE PRODUCTS TRADE ACT—MESSAGE FROM THE PRESIDENT—PM 102

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Finance:

To the Congress of the United States:

In accordance with the Automotive Products Trade Act of 1965 (Public Law 89–283), I transmit herewith the fifteenth annual report relating to developments during 1980. The period covered by the report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 15, 1981.*

MESSAGES FROM THE HOUSE

At 12 noon, a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (S. 1503) to authorize the President to allocate supplies of crude oil, residual fuel oil, and refined petroleum products during a severe petroleum supply shortage, and for other purposes, with amendments; it insists upon its amendments to the bill, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. DINGELL, Mr. SHARP, Mr. MOFFETT, Mr. BROYHILL, and Mr. CORCORAN as managers of the conference on the part of the House.

The message further announced that the House passed the following bill, without amendment:

S. 831. An act to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes.

The message further announced that the House passed the following bill, without amendment:

S. 1948. An act to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, other than Farm Credit System Institutions, to borrow from and discount with Federal intermediate credit banks.

ENROLLED BILLS SIGNED

At 2:20 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the Speaker has signed the following enrolled bills:

S. 1003. An act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983, and for other purposes; and

H.R. 4845. An act to designate the building known as the Lincoln Federal Building and Courthouse in Lincoln, Nebraska, as the "Robert V. Denney Federal Building and Courthouse".

The enrolled bills were subsequently signed by the President pro tempore (Mr. THURMOND).

At 3:35 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 3210) to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes, with an amendment, in which it requests the concurrence of the Senate.

The message also announced that the House has passed the following bill, with an amendment:

S. 478. An act to provide for the partitioning of certain restricted Indian land in the State of Kansas.

The message further announced that the House has agreed to the following concurrent resolution, with amendments:

S. Con. Res. 43. Concurrent resolution granting the status of permanent residence to certain aliens.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes; it recedes from its disagreement to the amendment of the Senate numbered 13 to the bill, and has agreed thereto; and it recedes from its disagreement to the amendments of the Senate numbered 11, 15, and 24 to the bill, and has agreed thereto, each with an amendment, in which it requests the concurrence of the Senate.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4995) making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes; it recedes from its disagreement to the amendments of the Senate numbered 34, 41, 57, 64, 71, 78, 84, and 85 of the bill, and has agreed thereto; and it recedes from is disagreement to the amendments of the Senate numbered 24, 31, 36, 39, 40, 54, 55, 62, 67, 68, 72, 87, 89, 93, 96, 101, 107, 109, 110, 115, 116, 117, 118, and 120 to the bill, and agrees thereto, each with an amendment, in which it requests the concurrence of the Senate.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 825. An act for the relief of Yick Bong Au Yeung;

H.R. 1281. An act to provide for the conveyance of certain lands in Alaska comprising trade and trade manufacturing site A–056802 without regard to the eighty-rod limitation provided by existing law;

H.R. 1783. An act for the relief of Felipe B. Manalo and Maria A. Manalo;

H.R. 1841. An act for the relief of Isabella Clima Portilla;

H.R. 2342. An act for the relief of Maria Cecilia Gabella-Ossa;

H.R. 2475. An act to modify a withdrawal of certain lands in Mono County, California, to facilitate an exchange for certain other lands in Mono County, California, and for other purposes;

H.R. 2863. An act to authorize the Secretary of Agriculture to sell the portion of the Tahoe National Forest known as Blyth Arena;

H.R. 3126. An act to direct the Secretary of the department in which the United States Coast Guard is operating to cause the vessel Sky Lark to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade;

H.R. 3433. An act to modify the boundaries of the San Juan and San Isabel National Forests in the State of Colorado, and for other purposes;

H.R. 3731. An act to amend the Act of October 19, 1973 (87 Stat. 466), relating to the use or distribution of certain judgment funds awarded by the Indian Claims Commission or the Court of Claims;

H.R. 4001. An act to authorize the exchange of certain land held in trust by the United States for the Navajo Tribe, and for other purposes;

H.R. 4364. An act to declare that the United States holds in trust for the Pascua Yaqui Tribe of Arizona certain land in Pima County, Arizona; and

H.R. 4894. An act to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior or Chippewa Indians of Wisconsin, and for other purposes.

At 4:11 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House agrees to the report of the committee

of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4119) making appropriations for Agriculture, Rural Development, and Reated Agencies programs for the fiscal year ending September 30, 1982, and for other purposes; it recedes from its disagreement to the amendments of the Senate numbered 37, 38, 71, 82, 98, and 111 to the bill, and agrees thereto; and it recedes from its disagreement to the amendments of the Senate numbered 15, 23, 30, 35, 94, and 112 to the bill, and agrees thereto, each with an amendment in which it requests the concurrence of the Senate.

At 6:18 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House has passed the following bill, with an amendment:

S. 1119. A bill to correct the boundary of Crater Lake National Park in the State of Oregon, and for other purposes.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 9. An act to designate components of the National Wilderness Preservation System in the State of Florida;

H.R. 4717. An act to delay for 1 year the effective date of certain provisions recognizing gain on certain dispositions of LIFO inventories, to make adjustments in the net operating loss carryback and carryforward rules for the Federal National Mortgage Association, and to require information returns with respect to safe harbor leases;

H.R. 4926. An act to authorize the Secretary of the Army to acquire, by purchase or condemnation, such interests in oil, gas, coal, and other minerals owned or controlled by the Osage Tribe of Indians as are needed for Skiatook Lake, Oklahoma, and for other purposes; and

H.R. 4961. An act to make miscellaneous changes in the tax laws, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker has signed the following enrolled bills:

S. 1948. An act to permit to become effective certain Farm Credit Administration regulations which expand the authority of financial institutions, other than farm credit system institutions, to borrow from and discount with Federal intermediate credit banks; and

H.R. 4209. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore (Mr. THURMOND).

At 7:10 p.m., a message from the House of Representatives, delivered by Mr. Gregory, announced that the House had passed the following bill, with an amendment:

S. 1946. An act to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1486. An act to establish the Protection Island National Wildlife Refugee, Jefferson County, State of Washington;

H.R. 2241. An act to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon, and for other purposes;

H.R. 3799. An act to extend the Federal tort claims provisions of title 28, United States Code, to acts of omissions of members of the National Guard, and to provide that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard;

H.R. 3816. An act to improve the operation of the Fishermen's Contingency Fund established to compensate commercial fishermen for damages resulting from oil and gas exploration, development, and production in areas of the Outer Continental Shelf;

H.R. 5021. An act to extend the date for the submission to Congress of the reports of the Commission on Wartime Relocation and Internment of Civilians;

H.R. 5159. An act to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes; and

H.J. Res. 377. Joint resolution providing for the convening of the second session of the Ninety-seventh Congress.

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 240. Concurrent resolution reaffirming the support of the Congress of the United States for the people of Poland.

HOUSE BILLS REFERRED

The following bills were read twice by unanimous consent, and referred as indicated:

H.R. 9. An act to designate components of the National Wilderness Preservation System in the State of Florida; to the Committee on Energy and Natural Resources.

H.R. 825. An act for the relief of Yick Bong Au Yeung; to the Committee on the Judiciary.

H.R. 1281. An act to provide for the conveyance of certain lands in Alaska comprising trade and trade manufacturing site A–056802 without regard to the 80-rod limitation provided by existing law; to the Committee on Energy and Natural Resources.

H.R. 1486. An act to establish the Protection Island National Wildlife Refuge, Jefferson County, State of Washington; to the Committee on Energy and Natural Resources.

H.R. 1783. An act for the relief of Felipe M. Manalo and Maria Monita A. Manalo; to the Committee on the Judiciary.

H.R. 1841. An act for the relief of Isabelita Clima Portilla; to the Committee on the Judiciary.

H.R. 2241. An act to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 2342. An act for the relief of Maria Cecilia Gabella-Ossa; to the Committee on the Judiciary.

H.R. 2475. An act to modify a withdrawal of certain lands in Mono County, California, to facilitate an exchange for certain other lands in Mono County, California, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 2863. An act to authorize the Secretary of Agriculture to sell the portion of the Tahoe National Forest known as Blyth Arena; to the Committee on Energy and Natural Resources.

H.R. 3126. An act to direct the Secretary of the department in which the United States Coast Guard is operating to cause the vessel *Sky Lark* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade; to the Committee on Commerce, Science, and Transportation.

H.R. 3433. An act to modify the boundaries of the San Juan and San Isabel National Forests in the State of Colorado, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 3731. An act to amend the act of October 19, 1973 (87 Stat. 466), relating to the use or distribution of certain judgment funds awarded by the Indian Claims Commission or the Court of Claims; to the Select Committee on Indian Affairs.

H.R. 3799. An act to extend the Federal tort claims provisions of title 28, United States Code, to acts of omissions of members of the National Guard, and to provide that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard; to the Committee on the Judiciary.

H.R. 3816. An act to improve the operation of the Fishermen's Contingency Fund established to compensate commercial fishermen for damage resulting from oil and gas exploration, development, and production in areas of the Outer Continental Shelf; to the Committee on Commerce, Science, and Transportation.

H.R. 4001. An act to authorize the exchange of certain land held in trust by the United States for the Navajo Tribe, and for other purposes; to the Select Committee on Indian Affairs.

H.R. 4364. An act to declare that the United States holds in trust for the Pascua Yaqui Tribe of Arizona certain land in Pima County, Arizona; to the Select Committee on Indian Affairs.

HOUSE BILL PLACED ON THE CALENDAR

The following bill was read twice by unanimous consent, and placed on the calendar:

H.R. 5159. An act to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes.

HOUSE CONCURRENT RESOLUTION REFERRED

The following concurrent resolution was read, and referred to the Committee on Foreign Relations:

H. Con. Res. 240. Concurrent resolution reaffirming the support of the Congress of the United States for the people of Poland.

ENROLLED BILL PRESENTED

The Secretary reported that on today, December 15, 1981, he had presented to the President of the United States the following enrolled bill:

S. 1003. An act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 326. A bill to require the divorcement of motor fuel service stations from operation by certain producers and refiners of motor fuels, to control sales by producers and refiners of motor fuels, and for other purposes (Rept. No. 97–303).

By Mr. ABDNOR, from the Committee on Environment and Public Works, with an amendment in the nature of a substitute:

S. 1692. A bill to provide for the operation, maintenance, and construction of deep-draft channels and harbors (Rept. No. 97–301).

THE NEED FOR A NEW THRUST IN NATIONAL HARBOR DEVELOPMENT

● Mr. ABDNOR. Mr. President, in his September 24 speech to the Nation, President Reagan discussed the need to utilize more user charges as a tool in moving toward a balanced budget. The President stated:

Finally, I am renewing my plea to Congress to approve my proposals for user fees—proposals first suggested last spring, but which have been neglected since.

When the Federal Government provides a service directly to a particular industry or to a group of citizens, I believe that those who receive benefits should bear the cost. For example, this next year the Federal Government will spend $525 million to maintain river harbors, channels, lock and dams for the barge and maritime industries. Yacht owners, commercial vessels and the airlines will receive services worth $2.8 billion from Uncle Sam.

My spring budget proposals included legislation that would authorize the Federal Government to recover a total of $980 million from the users of these services through fees. That is only a third of the $3.3 billion it will cost the Government to provide these same services.

Mr. President, the Committee on Environment and Public Works is reporting S. 1692 to the Senate. This is legislation that will create greater balance in the ways that Federal and non-Federal interests share the costs of port construction and maintenance. I urge that my colleagues examine this bill, which represents a sound synthesis of alternatives, and is written in a manner to protect all ports.●

By Mr. DOLE, from the Committee on Finance, without amendment:

S. 1957. An original bill to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes.

By Mr. DANFORTH, from the Committee on Governmental Affairs:

Report to accompany the bill (S. 1131) to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes (together with additional views) (Rept. No. 97–302).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S.J. Res. 117. Joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week"; and

S.J. Res. 134. Joint resolution to designate 1982 as the "National Year of Disabled Persons".

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment and an amendment to the title:

H.R. 4755. An Act to recognize the organization known as Former Members of Congress.

By Mr. GARN, from the Committee on Banking, Housing and Urban Affairs, with amendments:

H.R. 4879. An act to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, with 2 reservations and an understanding:

Treaty Doc. No. 97–10. Tax Treaty (and Proposed Protocol) with the Argentine Republic for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment (Exec. Rept. No. 97–44).

By Mr. THURMOND, from the Committee on the Judiciary:

David L. Russell, of Oklahoma, to be U.S. District Judge for the northern, eastern, and western districts of Oklahoma;

Harold L. Ryan, of Idaho, to be U.S. District Judge for the district of Idaho;

Benjamin F. Baer, of California, to be a Commissioner of the U.S. Parole Commission for the term of 6 years;

Glenn L. Archer, Jr., of Virginia, to be an Assistant Attorney General;

Stanley S. Harris, of the District of Columbia, to be U.S. attorney for the District of Columbia for the term of four years;

Richard C. Turner, of Iowa, to be U.S. attorney for the southern district of Iowa for the term of 4 years;

Donald W. Wyatt, of Rhode Island, to be U.S. marshal for the district of Rhode Island for the term of 4 years;

Bruce R. Montgomery, of Tennessee, to be U.S. marshal for the eastern district of Tennessee for the term of 4 years; and

Robert T. Keating, of Wisconsin, to be U.S. marshal for the eastern district of Wisconsin for the term of 4 years.

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry:

Kalo A. Hineman, of Kansas, to be a Commissioner of the Commodity Futures Trading Commission for the term expiring June 19, 1986.

(The above nomination from the Committee on Agriculture, Nutrition, and Forestry was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

Peter McCoy, of California, to be Under Secretary of Commerce for Travel and Tourism.

(The above nomination from the Committee on Commerce, Science, and Transportation was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SPECTER:

S. 1953. A bill to amend title 38, United States Code, to provide a presumption of service connection for the occurrence of certain diseases in veterans who were exposed to phenoxy herbicides while serving in Southeast Asia during the Vietnam era; to the Committee on Veterans' Affairs.

By Mr. MATSUNAGA:

S. 1954. A bill for the relief of Da Ying Huang and Shao Lan Huang, husband and wife, and their child, Si Jing Huang; to the Committee on the Judiciary.

By Mr. MOYNIHAN:

S. 1955. A bill to extend the delay in making any adjustment in the price support level for milk, to extend the time for conducting referenda with respect to marketing quotas for wheat, upland cotton, and rice, and to extend the authority to enter into agreements and programs of assistance under the Agricultural Trade Development and Assistance Act of 1954; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. THURMOND:

S. 1956. A bill to amend title 38, United States Code, to authorize reimbursement for the reasonable charge for chiropractic services provided to certain veterans; to the Committee on Veterans' Affairs.

By Mr. DOLE; from the Committee on Finance:

S. 1957. An original bill to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax proposed on producers of coal, and for other purposes; placed on the calendar.

By Mr. DOLE (for himself, Mr. PACKWOOD, Mr. LONG, Mr. BAUCUS, Mr. BRADLEY, Mr. CHILES, Mr. COHEN, Mr. HATCH, Mr. HEINZ, Mr. INOUYE, Mr. KENNEDY, Mr. MATSUNAGA, Mr. MOYNIHAN, Mr. PRYOR, and Mr. MITCHELL):

S. 1958. A bill to amend title XVIII of the Social Security Act to provide for coverage of hospice care under the Medicare program; to the Committee on Finance.

By Mr. DENTON (for himself and Mr. THURMOND):

S. 1959. A bill to require all nationals of Communist countries to register with the Attorney General before engaging in certain activities involving Members of Congress and congressional employees, in order to protect the internal security of the United States and impede espionage; to the Committee on the Judiciary.

By Mr. SYMMS:

S. 1960. A bill to amend the Internal Revenue Code of 1954 to clarify the definition of geothermal energy, and for other purposes; to the Committee on Finance.

By Mr. MITCHELL:

S. 1961. A bill to amend the Internal Revenue Code of 1954 to provide energy tax credits for equipment used aboard or installed on fishing vessels; to the Committee on Finance.

By Mr. RIEGLE:

S. 1962. A bill to amend the Credit Control Act; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. DENTON (for himself, Mr. EAST and Mr. THURMOND):

S. 1963. A bill to improve the Internal Security of the United States by clarifying the notification requirements for foreign agents under Section 951 of Title 18, United States Code, and to increase the penalties for failure to notify; to the Committee on the Judiciary.

By Mr. EAGLETON (for himself and Mr. DANFORTH):

S. 1964. A bill to designate certain lands in the Mark Twain National Forest, Missouri, which comprise about seventeen thousand five hundred and sixty-two acres, and known as the Irish Wilderness, as a component of the National Wilderness Preservation System; to the Committee on Energy and Natural Resources.

S. 1965. A bill to designate certain lands in the Mark Twain National Forest in Missouri, which comprise approximately six thousand eight hundred and eigthty-eight acres, and which are generally depicted on a map entitled "Paddy Creek Wilderness Area", as a component of the National Wilderness Preservation System; to the Committee on Environment and Public Works.

By Mr. DANFORTH:

S. 1966. A bill to eliminate the unnecessary paperwork and reporting requirements contained in the Public Utility Regulatory Policies Act of 1978; to the Committee on Energy and Natural Resources.

S. 1967. A bill to eliminate unnecessary paperwork and reporting requirements contained in section 15(1)(D) of the Outer Continental Shelf Lands Act, and section 601 of the Outer Continental Shelf Lands Act Amendments of 1978; to the Committee on Energy and Natural Resources.

By Mr. HATCH (for himself, Mr. KASTEN and Mr. BAUCUS):

S. 1968. A bill to clarify the application of the Clayton Act and the Federal Trade Commission Act with respect to certain joint ventures which promote the international competitiveness of U.S. businesses; to the Committee on the Judiciary.

By Mr. PRYOR:

S. 1969. A bill to prohibit the use of appropriations for the payment of certain lobbying costs; to the Committee on Governmental Affairs.

By Mr. JACKSON:

S. 1970. A bill for the relief of James P. Purvis; to the Committee on the Judiciary.

By Mr. BRADLEY:

S. 1971. A bill to designate the New York Bulk and Foreign Mail Center located at 80 County Road, Jersey City, New Jersey, as the "Michael McDermott Bulk and Foreign Mail Center"; to the Committee on Governmental Affairs.

By Mr. RIEGLE:

S. 1972. A bill to amend the Internal Revenue Code of 1954 to exempt from the manufacturers' excise tax parts or accessories for light-duty trucks, and to allow manufacture of a taxable truck body or chassis to combine it with certain taxable parts or accessories without incurring additional tax by reason of the combination; to the Committee on Finance.

By Mr. RIEGLE:

S. 1973. A bill to amend the National Ocean Pollution Planning Act of 1978 to provide greater coordination of research efforts concerning the Great Lakes, and for other purposes; to the Committee on Environment and Public Works.

By Mr. DURENBERGER:

S. 1974. A bill to amend section 7(j) of the Federal Deposit Insurance Act; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GRASSLEY:

S. 1975. A bill to amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes; to the Committee on the Judiciary.

By Mr. DECONCINI:

S.J. Res. 136. A joint resolution to validate the effectiveness of a plan for the use or distribution of funds appropriated to pay a judgement awarded to the San Carlos Tribe of Arizona; considered and passed.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LEAHY (for himself, Mr. HATFIELD, Mr. PERCY, Mr. COHEN, Mr. STAFFORD, Mr. HUDDLESTON, Mr. JACKSON, Mr. DURENBERGER, Mr. BUMPERS, Mr. RUDMAN, Mr. TSONGAS, Mr. CHAFEE, Mr. BRADLEY, Mr. D'AMATO, Mr. LEVIN, Mr. GORTON, Mr. DODD, Mr. HEINZ, Mr. KENNEDY, Mr. MITCHELL, Mr. PELL, Mr. BAUCUS, Mr. FORD, Mr. MELCHER, Mr. STENNIS, Mr. INOUYE, Mr. CRANSTON, Mr. SARBANES, Mr. BIDEN, Mr. PRYOR, Mr. WEICKER, Mr. WALLOP, Mr. HART, Mr. RIEGLE, Mr. MOYNIHAN and Mr. MATSUNAGA):

S. Res. 262. Resolution to express the sense of the U.S. Senate support for energy conservation programs; to the Committee on Energy and Natural Resources.

By Mr. BAKER:

S. Res. 263. Resolution to pay a gratuity to Mary E. Carter, Deborah M. Anderson, and Gregory Anderson; considered and agreed to.

S. Res. 264. Resolution to pay a gratuity to Betty J. Schulz; considered and agreed to.

S. Res. 265. Resolution authorizing testimony by Roy C. Myers, and representation by the Senate Legal Counsel in the cases of *William P. Tavoularеas, et al.* v. *The Washington Post Co., et al., and William P. Tavoularеas, et al.* v. *Philip Piro*, Civil Action Nos. 80-3032, 80-2387; considered and agreed to.

By Mr. WEICKER (for himself, Mr. MOYNIHAN, Mr. LEVIN, Mr. DURENBERGER, Mr. TSONGAS and Mr. CRANSTON):

S. Res. 266. Resolution to declare March 1, 1982, as "National Day of the Seal"; to the Committee on the Judiciary.

By Mr. JACKSON:

S. Res. 267. Resolution to refer S. 1970 to the Chief Commissioner of the Court of Claims; to the Committee on the Judiciary.

By Mr. PERCY (for himself, Mr. MOYNIHAN, Mr. ABDNOR, Mr. BRADLEY, Mr. COHEN, Mr. D'AMATO, Mr. DECONCINI, Mr. DOMENICI, Mr. DURENBERGER, Mr. EAGLETON, Mr. HEINZ, Mr. LEAHY, Mr. LEVIN, Mr. MITCHELL, Mr. METZENBAUM, Mr. MURKOWSKI, Mr. THURMOND, Mr. WALLOP, Mr. WEICKER, Mr. ZORINSKY, Mr. KENNEDY, Mr. BENTSEN, Mr. DODD, Mr. HUMPHREY, Mr. DENTON, Mr. SPECTER, Mr. BUMPERS, Mr. HARRY F. BYRD, JR., Mr. ROBERT C. BYRD, Mr. CHAFEE, Mr. CHILES, Mr. CRANSTON, Mr. DIXON, Mr. DOLE, Mr. EXON, Mr. FORD, Mr. NUNN, Mr. BURDICK, Mr. GLENN, Mr. GORTON, Mr. JEPSEN, Mr. JOHNSTON, Mr. KASTEN, Mr. MATSUNAGA, Mr. MELCHER, Mr. PACKWOOD, Mr. PELL, Mr. PRESSLER, Mr. RANDOLPH, Mr. RIEGLE, Mr. SARBANES, Mr. SASSER, Mr. SCHMITT and Mr. WILLIAMS):

S. Res. 268. Resolution on the imposition of martial law in Poland; considered and agreed to.

By Mr. DURENBERGER (for himself, Mr. METZENBAUM, Mr. SPECTER, Mr. BAUCUS and Mr. ROTH):

S. Res. 269. Resolution expressing the sense of the Senate with respect to railroad retirement full funding; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER:

S. 1953. A bill to amend title 38, United States Code, to provide a presumption of service connection for the occurrence of certain diseases in veterans who were exposed to phenoxy herbicides while serving in the Armed Forces in Southeast Asia during the Vietnam era; to the Committee on Veterans' Affairs.

(The remarks of Mr. SPECTER on this legislation appear earlier in today's RECORD.)

By Mr. MOYNIHAN:

S. 1955. A bill to extend the delay in making any adjustment in the price support level for milk, to extend the time for conducting referenda with respect to marketing quotas for wheat, upland cotton, and rice, and to extend the authority to enter into agreements and programs of assistance under the Agricultural Trade Development and Assistance Act of 1954; to the Committee on Agriculture, Nutrition, and Forestry.

EXTENSION OF CERTAIN FARM MARKETING REFERENDA

● Mr. MOYNIHAN. Mr. President, on December 10, the Senate agreed to the conference report on the farm bill, S. 884, by a vote of 68 to 31. I voted against the conference report because it includes provisions that are most wasteful and thus constitutes an unnecessary raid on the Treasury.

The House is scheduled to vote on the conference report soon. It now appears possible that the House will reject this measure. In anticipation of such action by the House, Congressman PEYSER has introduced legislation providing for an extension until March 31 of the current price support provisions applicable to milk and providing for a further extension of the time for conducting the referenda with respect to the national marketing quotas for wheat, upland cotton, and rice. The bill also extends the authority for the food for peace program to enter into agreements and programs of assistance. The bill I introduce today is identical to Congressman PEYSER's.

The purpose of my bill is simple and straightforward: To allow, if necessary, for a 3-month extension of the status quo, giving the conferees time to fashion a conference report that is acceptable to both the House and the Senate. Otherwise, the provisions of the 1938 and 1949 acts relating to the dairy program and the wheat, cotton, and rice referenda will require unnecessary and costly actions by the Secretary of Agriculture, and there could be no new contracts in the food for peace program. Therefore, it is crucial that Congress further extend the relevant dates through March 31, 1982. My bill does just that, Mr. President, and I urge that the Senate pass this bill.●

By Mr. THURMOND:

S. 1956. A bill to amend title 38, United States Code, to authorize reimbursement for the reasonable charge for chiropractic services provided to certain veterans; to the Committee on Veterans' Affairs.

CHIROPRACTIC SERVICES FOR CERTAIN VETERANS

Mr. THURMOND. Mr. President, today I am introducing a bill which will amend title 38 of the United States Code, to authorize eligible veterans to receive chiropractic care in certain circumstances under the Veterans' Administration medical care program.

Mr. President, let me begin my remarks by stating that the VA already has the authority to provide chiropractic services to veterans. Under current policy, any VA physician may on a case by case basis refer an eligible veteran to a chiropractor for treatment. Despite this authority only a few, if any veterans,

have ever been referred by a VA physician to a chiropractor at VA expense.

I believe it is time that the VA's policy and practice be brought more in line with the programs of other State and Federal health care programs which now provide chiropractic treatment to their beneficiaries. For instance, under the medicare program which is administered by HHS, it is typical for eligible persons in need of chiropractic care to seek and obtain the services of a doctor of chiropractic and to receive reimbursement for such services from HHS. Reimbursement for chiropractic services is also currently provided under the Federal Employees Compensation Act, and a number of States include chiropractic services under their medical assistance programs.

Mr. President, the total current chiropractic patient population of the United States is estimated to be between 10 to 20 million. This Nation has more than 30 million veterans, and I believe that there is an overwhelming likelihood that a substantial number of our veterans who receive medical care at VA facilities are either active or potential chiropractic patients. Our veterans deserve the same access to medical treatment, including chiropractic treatment, as do the recipients of medicare and other Government programs which provide health care services.

Mr. President, the legislation which I propose today will establish a pilot program to compel the use of chiropractors within the VA. It limits the veterans who are eligible for its benefits and also limits total expenditures for chiropractic services to $4 million in any fiscal year. Unless extended, the program, as proposed, will expire on September 30, 1985.

In conclusion, Mr. President, let me say that during the last Congress the Senate passed an identical bill to the one which I am introducing today. That bill was defeated in the House, but in the conference report of H.R. 3892, the Congress strongly urged the VA's Department of Medicine and Surgery to reevaluate its position and to use its existing authorities to provide, at least on a pilot basis, chiropractic services in appropriate cases as part of the hospital care or medical services furnished to veterans. This message was ignored by the VA.

I, therefore, urge Congress to send a stronger message to the VA on this matter by favorably considering this bill.

Mr. President, I ask unanimous consent that it be referred to the appropriate committee for prompt consideration and that it be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1956

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 601 of title 38, United States Code, is amended by adding at the end thereof the following new paragraph:

"(9) The term 'chiropractic services' means the manual manipulation of the spine performed by a chiropractor (who is licensed as such by the State in which he or she performs such services and who meets the uniform minimum standards promulgated for chiropractors under section 1861(r)(5) of the Social Security Act (42 U.S.C. 1395x(r)(5))) to correct a subluxation of the spine. For the purposes of this paragraph, such term does not include physical examinations, laboratory tests, radiologic services, or other tests or services determined by the Administrator to be excluded.".

(b)(1) Subchapter III of chapter 17 of such title is amended by adding at the end thereof the following new section:

"§ 629. Chiropractic services

"(a) The Administrator shall under regulations which the Administrator shall prescribe, reimburse a veteran eligible for medical services under this chapter for the reasonable charge for chiropractic sevices, for which such veteran has made payment, if—

"(1) such chiropractic services were for the treatment of a service-connected neuromusculoskeletal condition of the spine,

"(2) the veteran is a veteran who has been furnished hospital care by the Veterans' Administration for a neuromusculoskeletal condition of the spine within a twelve-month period prior to the provision of such chiropractic services, or

"(3) the veteran is a veteran described in section 612(f)(2) of this title who has been furnished hospital care or medical services by the Veterans' Administration for a neuromusculoskeletal condition of the spine, to the extent that such veteran is not entitled to such chiropractic services or reimbursement for the expenses of such services under an insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar arrangement for the purpose of providing, paying for, or reimbursing expenses for such services.

"(b) In any case in which reimbursement may be made under this section, the Administrator may, in lieu of reimbursing such veteran, make payment of the reasonable charge for such chiropractic services directly to the chiropractor who furnished such services.

"(c)(1) The Administrator shall, in consultation with appropriate public and nonprofit organizations and other Federal departments and agencies that provide reimbursement for chiropractic services, establish a schedule of reasonable charges for such services, which schedule shall be consistent with the reasonable charges allowed under title XVIII of the Social Security Act (42 U.S.C. ch. 7).

"(2) The amount payable by the Administrator for chiropractic services furnished under this section shall not exceed $200 in any twelve-month period in the case of any veteran.

"(d) Notwithstanding any other provision of this title, total expenditures for chiropractic services reimbursed under this section shall not exceed $4,000,000 in any fiscal year and no reimbursement or payment may be made under this section for chiropractic services furnished after September 30, 1985.".

(2) The table of sections at the beginning of chapter 17 of such title is amended by inserting after the item relating to section 628 the following new item:

"629. Chiropractic services.".

SEC. 2. Not later than December 31, 1982, and not later than December 31 of each of the next three years thereafter, the Administrator of Veterans' Affairs shall prepare and submit to the Committee on Veterans' Affairs of the Senate and the House of Representatives reports on the use made of the authority provided for in the amendments made by the first section. Each such report shall include—

(1) the number of requests by eligible veterans for reimbursement or payment for chiropractic services in the most recent fiscal year under section 629 of title 38, United States Code (as added by subsection (b)(1) of the first section), and the number of such veterans who made such requests;

(2) the number of reimbursements or payments made by the Administrator of Veterans' Affairs under such section in such fiscal year and the number of veterans to or for whom such reimbursements or payments were made; and

(3) the total amounts of expenditures by the Administrator of Veterans' Affairs for such reimbursements and payments under such section in such fiscal year.

By Mr. DOLE (for himself, Mr. PACKWOOD, Mr. LONG, Mr. BAUCUS, Mr. BRADLEY, Mr. CHILES, Mr. COHEN, Mr. HATCH, Mr. HEINZ, Mr. INOUYE, Mr. KENNEDY, Mr. MATSUNAGA, Mr. MOYNIHAN, Mr. PRYOR, and Mr. MITCHELL):

S. 1958. A bill to amend title XVIII of the Social Security Act to provide for coverage of hospice care under the medicare program; to the Committee on Finance.

HOSPICE CARE

● Mr. DOLE. Mr. President, I am introducing legislation today that would redirect benefits under medicare to include hospice care services for the terminally ill. I am pleased to say that Representative PANETTA introduced an identical bill last Friday in the House of Representatives.

The term hospice has come to mean physical and emotional support and dignity to thousands upon thousands of individuals around the world.

The concept of hospice care carries with it the thought of living, not of death and dying. This model of care and treatment is long overdue in the United States.

QUALITY OF HEALTH CARE

The quality of health care in the twentieth century is going to be judged not only by our efforts toward preventing illness but also our efforts toward maximizing the quality of life for all, including the terminally ill.

For many years, the thrust of health care in the United States has been toward the goal of extending life. Our efforts in these areas have been rewarding. However, we have lost sight of a consideration that is critical—how to care adequately and sensitively for those in our society who are dying. Health professionals and laymen have assumed in the past that the hospital is the most appropriate place for terminal care, as well as for death itself. Without question, the American preoccupation with life and living has made it difficult to perceive the needs of the dying.

NEEDS OF TERMINALLY ILL

We must begin to examine how we care for the terminally ill—we must begin to focus more attention on their needs and desires.

While death looms close at hand, we consistently remove their ability to control their own lives long before they are ready to give away this right. More often than not, they are not given a choice of where they want to die, a choice of treatment, and, in many instances, they are not even told the truth about their illness or prognosis.

Traditionally, we have not supported the basic human rights of these patients.

CURRENT ACTIVITIES

There is no question in my mind that we should begin in earnest discussions

on how our health care financing programs can appropriately help in the development of programs which provide options to the terminally ill. However, our experience has shown us that the often heavy-handed involvement of the Federal Government stifles creativity such as has been characteristic of the hospice movement. Accordingly, we must move forward with caution.

HOME CARE

As society has moved from the extended family of old to the smaller family of today, the support systems necessary to care for a terminally ill family member have become less available. This is further complicated by our present reimbursement system which pays for institutional care but not for home care in many instances.

There is a clear desire on the part of many to look to home care again as a viable resource.

We must also continue to seek out other models of care, for while there is general consensus that for the individual with appropriate support systems the best place to die may be at home, there are circumstances, such as the physical condition of the individual, where this is not appropriate.

What appears to be emerging is a sensitivity toward the dying individual and an appreciation for the role of the family and the home in caring for these people. We must seek out forms of treatment that support this movement, and afford the individual the optimum opportunity to make their own decisions.

HOSPICE

The hospice approach to care for the dying is a program of active medical attention whose chief characteristics are the sophisticated management of severe pain and optimum use of home care. Hospice care may be available through home care, outpatient services, or an inpatient program. Care is provided by a multidisciplinary team made up of nurses, physicians, and other providers. Psychological, spiritual, and sociological needs are regarded as important to care as physical complaints.

The most well-known hospice at this time is St. Christopher's in London.

The hospice concept dates back to the middle ages in England, Italy, France, and Germany. A hospice during that time was frequently run by a religious order and was a place where early medical care was provided.

"Hospice" as a place for the final days before death seems to have begun in Dublin, Ireland sometime during the 19th century. Homes then followed in England.

There are presently programs existing in this country which have many of the same components as the English system.

U.S. EXPERIENCE

We have learned a great deal through our close examination of the British system, but it is difficult to translate accurately from experiences occuring in societies differing from our own. For this reason, and in response to our desire to develop information on which we could base specific legislative changes, in 1978 the Department of Health and Human Services announced its intention to conduct demonstration projects with organizations providing hospice services. The demonstration project permits the waiver of certain statutory and regulatory requirements to allow coverage of hospice services provided to medicare beneficiaries and medicaid recipients.

The demonstration, which actually began on October 1, 1980, has a 24-month experimental phase during which hospice services will be reimbursed. Twenty-six sites were selected for participation in this HCFA demonstration program. The preliminary and the final results of these studies will certainly assist us in determining what we might do; however, these activities are not our only options as far as information is concerned.

The Warner-Lambert Foundation recently commissioned an independent cost analysis on the fiscal impact of caring for the terminally ill in the current medicare system as opposed to a medicare system which included the hospice alternative.

The National Cancer Institute also conducted a 3-year demonstration program on the costs of hospice care.

Blue Cross plans in several States have studied the comparative costs of caring for the terminally ill in the traditional system against the costs in hospice. Private insurance companies have conducted analysis prior to adding the hospice benefit to group health policies.

All of this information is being carefully evaluated, and we hope that the final results will indeed show hospice care to be not only more humane but also less costly.

SUMMARY OF PROPOSAL

The bill I am introducing today would permit medicare beneficiaries who are expected to die within 6 months to elect to receive a full range of hospice services. The kinds of services covered include those now covered as home health services plus physicians' services, short-term institutional care, respite services (to periodically relieve family members of the burden of caring for the patient), homemaker services, drugs, and various forms of counseling.

A beneficiary could elect to receive hospice benefits for no more than two periods, each lasting no more than 6 months. In electing hospice benefits, the beneficiary would waive entitlement to all the nonhospice benefits available under medicare except for benefits for his attending physician, who might, in some cases, wish to continue caring for the patient in conjunction with the hospice physician.

A hospice would be reimbursed under part A of medicare for 100 percent of its covered costs subject to a ceiling which attempts to insure that the hospice payments would not exceed the amount that would have been spent by medicare had the patient been treated in the traditional manner.

Mr. President, this bill is designed as the starting point for our discussions; it is not etched in stone. There are a number of issues which we know must be addressed prior to agreement on a final product. These issues include uncertainty about the requirements that hospice programs should meet, the specific services that should be paid for, and how they should be paid. The bill could discourage the continued use of volunteers by making services reimbursable which hospices now provide free of charge through the use of neighbors, family, and other volunteers. The cap on reimbursements offers some, but perhaps not enough, protection to the medicare program since a hospice that operates with grossly excessive costs could stay under it by taking patients whose life expectancy is significantly less than the 6 months assumed in setting the cap.

Again, the Senator from Kansas believes these problems can be adequately addressed, and introduces legislation at this time so we might have the opportunity to publicly discuss them.

I look forward to working with my distinguished colleague in the House, Mr. PANETTA, and with the cosponsors of the bill in arriving at agreement on a final legislative product so we might offer these services to all medicare recipients.

Mr. President, I ask unanimous consent to have the text of the bill printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1958

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1811 of the Social Security Act is amended by striking out "and home health services" and inserting in lieu thereof "home health services, and hospice care".

(b) Section 7(d)(1) of the Railroad Retirement Act of 1974 is amended by inserting "hospice care," after "home health services,".

SEC. 2. (a) Section 1812(a) of the Social Security Act is amended by striking out "and" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and", and by adding after paragraph (3) the following new paragraph:

"(4) in lieu of certain other benefits, hospice care with respect to the individual during up to two periods of 180 days each with respect to which the individual makes an election under subsection (d)(1).".

(c) Section 1812 of such Act is further amended by inserting after subsection (c) the following new subsection:

"(d)(1) Payment under this part may be made for hospice care provided with respect to an individual only during two periods of 180 days each during the individual's lifetime and only, with respect to each such period, if the individual makes an election under this paragraph to receive hospice care under this part by (or through) a particular hospice program instead of certain other benefits under this title.

"(2)(A) Except as provided in subparagraphs (B) and (C) and except in such exceptional and unusual circumstances as the Secretary may provide, if an individual makes such an election for a period with respect to a particular hospice program, the individual shall be deemed to have waived all rights to have payment made under this title with respect to—

"(i) hospice care provided by another hospice program (other than through arrangements with the particular hospice program) during the period, or

"(ii) services furnished during the period, other than physicians' service furnished by the individual's attending physician and other than services provided by (or under arrangements with) a hospice program, that are determined (in accordance with guidelines of the Secretary) either to be related to the treatment of the individual's condition with respect to which a diagnosis of ter-

minal illness has been made or to be equivalent to (or duplicative of) hospice care.

"(B) After an individual makes such an election with respect to a 180-day period, the individual may revoke the election during the period, in which case—

"(i) the revocation shall act as a waiver of the right to have payment made under this part for any hospice care benefits for the remaining time in such period and (for purposes of subsection (a)(4) and subparagraph (A)) the individual shall be deemed to have been provided such benefits during such entire period, and

"(ii) the individual may at any time after the revocation execute a new election for a subsequent 180-day-period, if the individual otherwise is entitled to hospice care benefits with respect to such a period.

"(C) An individual may, once in each such period, change the hospice program with respect to which the election is made and such change shall not be considered a revocation of an election under subparagraph (B).

"(D) For purposes of this title, an individual's election with respect to a hospice program shall no longer be considered to be in effect with respect to that hospice program after the date of the individual's death or, if earlier, the date the individual revocation or change of election with respect to that election takes effect.

"(3) Notwithstanding any other provision of this title, payment under this part may be made for hospice care provided, with respect to an individual, after the death of the individual, but only to the extent of three bereavement counseling visits (as defined by the Secretary) and only if such visits occur during the 1-year period immediately following the date of the individual's death. For purposes of paragraph (1)(A), subsection (a)(4), and section 1814(a)(8), such visits shall be deemed to have been provided on the date of the death of such individual.".

SEC. 3. (a) Section 1814(a) of the Social Security Act is amended by striking out "and" at the end of paragraph (6), by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and", and by inserting after paragraph (7) the following new paragraph:

"(8) in the case of hospice care provided an individual in—

"(A)(i) the first 180-day period—

"(I) the individual's attending physician (as defined in section 1861(dd)(3)(B)), and

"(II) the medical director (or physician member of the interdisciplinary group described in section 1861(dd)(2)(B)) of the hospice program providing (or arranging for) the care, each certify, not later than 2 days after hospice care is initiated, that the individual is terminally ill (as defined in section 1861(dd)(3)(A)), or

"(ii) the second 180-day period, the medical director or physician described in clause (i)(II) recertifies at the beginning of the period that the individual is terminally ill;

"(B) a written plan for providing hospice care with respect to such individual has been established (before such care is provided by, or under arrangements made by, that hospice program) and is periodically reviewed by the medical director (and the interdisciplinary group described in section 1861(dd)(2)(B)) of the hospice program; and

"(C) such care is being or was provided pursuant to such plan of care.".

(b)(1) Section 1814(b) of such Act is amended by inserting "(other than a hospice program providing hospice care)" after "The amount paid to any provider of services".

(2) Section 1814 of such Act is further amended by adding at the end the following new subsection:

"(i)(1) Subject to the limitation under paragraph (2), the amount paid to a hospice program with respect to hospice care for which payment may be made under this part shall be an amount equal to the costs which are reasonable and related to the cost necessary in the efficient delivery of needed hospice care, or which are based on such other tests of reasonableness as the Secretary may prescribe in regulations (including those authorized under section 1861(v)(1)(A)).

"(2) The amount of payment made under this part for hospice care provided by (or under arrangements made by) a hospice program located in a region (as defined by the Secretary) for an accounting year may not exceed the 'cap amount' for the region for the year (computed under subparagraph (B)) multiplied by the number of medicare beneficiaries in the hospice program in that year (determined under subparagraph (C)).

"(B) For purposes of subparagraph (A), the 'cap amount' for a region for a year is computed as follows:

"(i) The Secretary, using records of the program under this title, shall identify individuals (or a representative sample of such individuals) who died during the base period (as defined in clause (v)), with respect to whose death the primary cause of death was cancer, and who, during the six-month period preceding death, were provided benefits under this title.

"(ii) The Secretary shall determine a national average medicare per capita expenditure aemount by (I) determining (or estimating) the amount of payments made under this title with respect to services provided to individuals identified in clause (i) during the six months before death, and (II) dividing such amount of payments by the number of such individuals.

"(iii) The Secretary shall then compute a regional average medicare per capita expenditure amount for each region, by adjusting the national average medicare per capita expenditure amount (computed under clause (ii)) to reflect the relative difference between that region's average cost of delivering health care and the national average cost of delivering health care.

"(iv) The 'cap amount' for a region for an accounting year is 75 percent of the regional average determined under clause (iii) for that region, increased by the same percentage as the percentage increase in the medical care expenditure category of the consumer price index for all urban consumers (U.S. city average), published by the Bureau of Labor Statistics, from the fourth month of the base period to the fifth month of the accounting year.

"(v) For purposes of this subparagraph, the term 'base period' means the most recent period of 12 months (ending before the date of the enactment of this subsection) for which the Secretary determines he has sufficient data to make the determinations required under clauses (i) through (iii).

"(C) For purposes of subparagraph (A), the 'number of medicare beneficiaries' in a hospice program in an accounting year is equal to the number of individuals who have made an election under subsection (d) with respect to the hospice program and have been provided hospice care by (or under arrangements made by) the hospice program under this part in the accounting year, such number reduced to reflect the proportion of hospice care that each such individual was provided in a previous or subsequent accounting year or under a plan of care established by another hospice program.

"(3) The Comptroller General shall conduct a study and, not later than two years after the date of the enactment of this subsection, report to the Congress and the Secretary on whether or not the method of reimbursement for hospice care and the limitation on such reimbursement, described in paragraphs (1) and (2), are fair and equitable and promote the most efficient provision of hospice care, and the feasibility and advisability of developing and providing for a methodology for the reimbursement of hospice care on a prospective basis. If such report recommends that such methodolgy be developed, the Secretary, shall, not later than 18 months after the date such report is made, provide for development of such methodology and report to the Congress on the development of such methodology and changes in legislation which may be required to implement such methodology.".

SEC. 4. (a) Section 1861(u) of the Social Security Act is amended by inserting "hospice program," after "home health agency,".

(b) Section 1861(w)(1) of such Act is amended by striking out "or home health agency" and by inserting in lieu thereof "home health agency, or hospice program".

(c) Section 1861 of such Act is further amended by adding at the end the following new subsection:

"HOSPICE CARE; HOSPICE PROGRAM

"(dd)(1) The term 'hospice care' means the following items and services furnished to a terminally ill individual (and, with respect to counseling services described in subparagraph (H), to the individual's immediate family (as defined in paragraph (4)), by a hospice program under a written plan (for providing such care to such individual and immediate family) established and periodically reviewed by the medical director (and by the interdisciplinary group described in paragraph (2)(B)) of the program.

"(A) nursing care provided by or under the supervision of a registered professional nurse,

"(B) physical, occupational, or speech therapy,

"(C) medical social services under the direction of a physician,

"(D)(i) services of a home health aide who has successfully completed a training program approved by the Secretary and (ii) homemaker services,

"(E) medical supplies (including drugs and biologicals) and the use of medical appliances, while under such a plan,

"(F) physicians' services,

"(G) short-term inpatient care (including both respite care and procedures necessary for pain control and acute and chronic symptom management) in an inpatient facility meeting such conditions as the Secretary determines to be appropriate to provide such care, and

"(H) counseling (including bereavement and dietary counseling) with respect to care of the terminally ill individual and adjustment to his death.

The care and services described in subparagraphs (A) and (D) may be provided on a 24-hour, continuous basis only during periods of crisis (meeting criteria established by the Secretary) and only as necessary to maintain the terminally ill individual at home.

"(2) The term 'hospice program' means a public agency or private organization (or a subdivision thereof) which—

"(A)(i) is primarily engaged in providing the care and services described in paragraph (1) and makes such services available (as needed) on a 24-hour basis,

"(ii) provides for such care and services in individuals' homes, on an outpatient basis, and on a short-term inpatient basis, directly or through arrangements with other hospice programs, and

"(iii) provides assurances satisfactory to the Secretary that the aggregate number of days of inpatient care described in paragraph (1)(G) provided in any 12-month period to individuals who have an election in effect under section 1812(d) with respect to that agency or organization does not exceed 20 percent of the aggregate number of days during that period on which such elections for such individuals are in effect;

"(B) has an interdisciplinary group of personnel which—

"(i) includes at least (I) one physician as defined in subsection (r)(1)), (II) one registered professional nurse, (III) one social worker, and (IV) one pastoral or other

counselor, employed by the agency or organization,

"(ii) provides the care and services described in paragraph (1), and

"(iii) establishes the policies governing the provision of such care and services;

"(C) maintains central clinical records on all patients;

"(D) does not discontinue the care it provides with respect to a patient because of the inability of the patient to pay for such care;

"(E)(i) utilizes volunteers in its provision of care and services and (ii) maintains records on the use of these volunteers and the cost savings and expansion of care and services achieved through the use of these volunteers,

"(F) in the case of an agency or organization in any State in which State or applicable local law provides for the licensing of agencies or organizations of this nature, is licensed pursuant to such law; and

"(G) meets such other requirements as the Secretary may find necessary in the interest of the health and safety of the individuals who are provided care and services by such agency or organization.

"(3)(A) An individual is considered to be 'terminally ill' if the individual has a medical prognosis that the individual's life expectancy is six months or less.

"(B) The term 'attending physician' means, with respect to an individual, the physician (as defined in subsection (r)(1)) whom the individual identifies as having the most significant role in the determination and delivery of medical care to the individual at the time the individual is to be provided hospice care.

"(4) The term 'immediate family' means, with respect to an individual, the individual's spouse, parents, and children, and another person (not employed by a hospice program providing hospice care to the individual) who has assumed (as determined in accordance with guidelines of the Secretary) primary responsibility for assisting in the care of the individual.".

SEC. 5. Section 1862(a) of the Social Security Act is amended—

(1) by inserting ", or, in the case of hospice care, which are not reasonable and necessary for the palliation or management of terminal illness" before the semicolon at the end of paragraph (1);

(2) by inserting "(except, in the case of hospice care, as is otherwise permitted under paragraph (1))" in paragraph (6) after "comfort items"; and

(3) by inserting "(except, in the case of hospice care, as is otherwise permitted under paragraph (1))" in paragraph (9) after "custodial care".

SEC. 6. (a) Section 1863 of the Social Security Act is amended by striking out "and (cc)(2)(I)" and inserting in lieu thereof "(cc)(2)(I), and (dd)(2)".

(b) Section 1864(a) of such Act is amended—

(1) by inserting "or whether an agency is a hospice program" in the first sentence after "home health agency,"; and

(2) by striking out "or home health agency" in the second sentence and inserting in lieu thereof "home health agency, or hospice program".

(c) Section 1865(a) of such Act is amended by striking out "or (o)" in the last sentence and inserting in lieu thereof "(o), or (dd)".

(d) Section 1866(b)(4)(A) of such Act is amended by inserting "or hospice care" after "home health services".

SEC 7. (a) The amendments made by this Act apply to hospice care provided during and after the fourth month beginning after the date of the enactment of this Act.

(b) In order to provide for the timely implementation of the amendments made by this Act, the Secretary of Health and Human Services shall, not later than 90 days after the date of the enactment of this Act, promulgate such final regulations (whether on an interim or other basis) as may be necessary to set forth—

(1) a description of the care included in "hospice care" and the standards for qualification of a "hospice program", under section 1861(dd) of the Social Security Act, and

(2) the standards for payment for hospice care under part A of title XVIII of such Act, pursuant to section 1814(i) of such Act.●

● Mr. CHILES. Mr. President, I am very pleased to join today with Senator DOLE to introduce a bill to recognize and establish hospice care as a medicare alternative for care of the terminally ill.

Providing medicare reimbursement for hospice care is a sound example of achieving good medicine and good public policy at the same time. This bill would make it possible to recognize the human and caring health services which are so often the choice of terminally ill patients and their families, and save money for the medicare program at the same time.

Hospice care has become more and more popular throughout the country as an effective substitute, both medically and emotionally, for the more costly acute hospital care which is often the only choice for terminal patients now. Since hospice is not recognized as a comprehensive form of care under medicare, however, its development has been hindered.

The concepts in this bill closely parallel the successful hospice experience in the Nation, and particularly in my own State of Florida. With its bipartisan introduction in both the Senate and the House of Representatives, we can now move ahead and make hospice care a realistic alternative for thousands of medicare beneficiaries.

What this bill would do, first, is permit medicare beneficiaries who are certified by their physicians as having 6 months or less to live to elect to receive a full range of hospice services instead of utilizing their medicare hospital insurance benefit. The hospice benefit, if chosen by the patient and his or her family, would be available for up to two lifetime benefit periods of 180 days each.

The services provided as part of the hospice benefit would include physician's services; a full range of nursing and home health aide services; palliative care, such as painkilling drugs; and counseling support for the patient and bereaved family members.

Under the terms of the bill, hospice services would primarily be delivered in the home of the patient. A terminally ill patient could be institutionalized only when necessary during crisis periods and to provide a respite period for family members.

Second, the bill would set standards which must be met by any hospice program in order to qualify for medicare reimbursement. A hospice program would be required to furnish care directly or through arrangements with other hospice services, as needed, on a 24-hour basis. The hospice would be required to have one or more physicians, registered professional nurses, social workers, pastoral or other counselors, and volunteers. The hospice would also have to be licensed under any existing State licensing program for hospice care.

Third, the cost to the medicare program would be limited by ceilings on the amounts payable for hospice services and the number of days which could be spent in an in-patient setting would be limited to no more than 20 percent of the total hospice benefit period.

It gives me a great deal of pleasure to be a sponsor of this bill because so much of its development is based on the hospice experience in Florida. In 1979, the Florida Legislature passed the first State law in the Nation to license and supervise hospice care. Since then, the Florida hospice program has become a model for the Nation. There are now hospice programs throughout the State. Dr. Daniel C. Hadlock, the president of the National Hospice Organization and a leader in the development of hospice throughout the country, is a Florida oncologist.

The Florida program is, like this bill, based on a full range of hospice services primarily provided in the home with backup inpatient care available for acute episodes. The Florida program also provides counseling services to allow bereaved family members of terminal patients to obtain help adjusting to their loss.

Another aspect of the Florida experience, also included in this bill, is a recognition of the heavy involvement of volunteers in the hospice program. In Florida over 2,000 volunteers have been giving freely of their time in a number of ways. Volunteers provide physician care, nursing, counseling, advocacy services to obtain special services for patients and their families, and even on occasion actually provide food and shelter to the families of hospice patients. The unstinting contributions of caring hospice volunteers have been an indispensable part of bringing the hospice movement as far as it is in this country today. Every one of Florida's 11 hospice programs was started, in large part, by volunteers. I consider it extremely important that this element of voluntary caregiving in hospice programs be preserved. The bill we are introducing today recognizes this by requiring that any hospice program have an active volunteer component as a condition for medicare reimbursement.

It is rare when we can come up with a way to improve medicare benefits without any additional cost to the program. But this is the case with hospice.

One way to look at the potential cost-savings aspect of this bill is to consider that, under current law, medicare will pay about $7,000 for hospital care during the last 6 months of life for each of 200,000 medicare-eligible persons who will die of cancer this year. In a recent National Cancer Institute hospice demonstration program, the highest cost of the hospice services available to this same patient and his family during the same period of time was $4,500.

A similar study of patients in northeast Florida conducted by the Methodist hospice program in Jacksonville showed that costs for the in-patient portion of care for terminally ill cancer patients were one-fifth per day less than the costs of a typical hospital day. The average per day cost for acute hospital care was

over $250. The average per-day cost for in-patient hospice care was $170. In addition to this per-day savings for hospital stays, the Methodist hospice study showed that the total number of days spent in an in-patient setting was cut in half for patients in the hospice program. Most of the hospice care was provided through the less costly home care component of the hospice program.

I would also like to point out that covering hospice services under medicare, as they are defined in this bill, is not an add-on to the medicare program. Anyone who would be eligible for the hospice benefit would already be entitled to medicare reimbursement for hospital, skilled nursing home, or home health services. If a patient elects to participate in a hospice program, he or she would give up entitlement to these other medicare benefits. A patient would be free, however, to give up the hospice benefit and reelect a full hospital benefit if desired.

Nor does this bill mandate the creation of new health providers. Hospice programs provide care for patients in their own homes and, when necessary for short periods of time, in existing hospitals and nursing homes. A hospice program would also have to meet any existing State licensing standards, including certificate of need requirements, before it could be eligible for medicare reimbursement.

The time to recognize hospice services as an alternative to costly, often painful, and frequently unwanted hospital care for the terminally ill patient has come. We have learned a lot from the Florida experience and from the growing hospice movement all across the country, and I look forward to hearings on this bill as early as possible next year.●

● Mr. BAUCUS. Mr. President, I am pleased to join Senator DOLE, chairman of the Finance Committee, in presenting a bill to provide for medicare coverage of hospice care. The hospice movement has been active in my own State since 1979, and currently there are six hospices operating in Montana, with a number in the planning stage. Hospice care has become an increasingly popular alternative to traditional methods of treating the terminally ill. This bill should provide the members of the Finance Committee with a starting point to take action in this area, and I expect the committee to pay special attention to the cost implications of the bill, its assurance for quality hospice services, and the method of medicare reimbursement.

While I am excited by the possibilities presented by this bill in the area of hospice care, I feel that the Finance Committee should move carefully in this area, conduct the necessary hearings, and investigate all possible means to improve this measure.●

● Mr. HATCH. Mr. President, I rise to commend and congratulate my colleague, Senator DOLE, with whom I join as a cosponsor of his legislation to extend hospice services under medicare. The bill being introduced today would allow those terminally ill patients who are expected to die within 6 months to be medicare-eligible for hospice services. That is, it would make it possible for them to have the medical and homemaker care and comfort especially designed to help people during the last few months of their lives.

The central provision in this legislation provides terminally ill patients, these being cancer patients in most cases, with the option of remaining and being cared for at home should they choose to do so. Institutional care for these patients is often very painful and expensive, yet tragically ineffective.

While clinical and pathological experts continue to debate which form of cancer treatment is best and under what circumstances, nearly everyone at least agrees that a patient ought to have the choice of remaining in his or her own home. For those who are physician-certified to have a terminal illness and who are eligible to receive medicare, this legislation for the first time would allow them to spend these last days at home.

Today the Committee on Labor and Human Resources marked up S. 234, giving final committee consideration to the Community Home Health Services Act which I introduced last January. The provisions in this bill which extend medical and homemaker home health care services for the elderly infirm and the disabled are in many ways natural complements to comparable sections of Senator DOLE's bill being offered today which provides for home health care for the terminally ill.

Hospices and the other forms of bereavement care outlined in Senator DOLE's legislation, as with many home health care services as outlined in my own bill, S. 234, are not now included under medicare. To the extent that they are not, citizens needing such health and nonmedical forms of assistance are not permitted to get them. Allowing these citizens options other than the lonely road to institutionalization is what our separate but I believe parallel legislative efforts are all about.

Senator DOLE's legislation is enlisted for a cause as urgent as it is worthy. Several of its provisions eliminate the federally created hurdles blocking reimbursement, without compromising needed statutory and regulatory mechanisms needed to stem possible fraud and abuse.

We have an opportunity here to minimize the pain and suffering for thousands of Americans who will die between now and the end of 1982. We have a chance to employ cost-effectiveness and commonsense in pursuit of a very humane purpose. Every Member of this Chamber ought to cosponsor Senator DOLE's very worthy bill, and expedite its legislative consideration.●

● Mr. HEINZ. Mr. President, I am pleased to join my distinguished colleague, the chairman of the Finance Committee, Mr. DOLE, in introducing today legislation which will provide for hospice care under the medicare program.

Mr. President, when medicare was established in 1965, hospice programs in this country did not exist. Indeed, fewer than 8 years have passed since the opening of the first hospice program of care in the United States.

Today, there are hospice programs in every State of the Union. The total number of hospice programs will soon surpass 400.

The bill we are introducing today will bring the medicare program up to date with the progress in our health care delivery system across the country. This legislation will give medicare beneficiaries the choice to participate in qualified hospice programs.

Mr. President, hospice care is designed to help the terminally ill continue life with minimal disruption in their family activities, including working and remaining in the family environment.

For many people, an hospice alternative is a much more humane and dignified way of coping with their illness. Instead of relying on institutional care, either inpatient hospital or nursing home care, hospice programs emphasize home care. Inpatient facilities are available as back-up support. I stress that we are not talking about building new facilities where people will go to die. Rather, we are primarily talking about supportive services necessary to enable dying people to live at home.

A key facet of the hospice concept is involvement of the family in caring for the dying person. Hospice programs also help the family cope with the stresses of the patient's illness and death.

Mr. President, despite the nationwide popularity of hospice care as an effective substitute, both medically and emotionally, for institutional care, the Government's largest health care reimbursement system—medicare—does not recognize these important services. As a consequence, older and disabled Americans who choose hospice care instead of institutional care are, in effect, penalized for that choice.

The irony, Mr. President, is that hospice services undoubtedly cost no more than the institutional services medicare currently provides for the terminally ill. Indeed, hospice care may even save money for the medicare program. The services that hospice programs can provide include social services, chore services, nursing, therapy, pastoral counseling, family counseling and bereavement care, physician services, and pain control, as well as hospital services.

Mr. President, this bill provides Congress with a rare opportunity to improve health care for older and disabled Americans at no additional cost. The adoption of this legislation promises to increase the responsiveness, as well as the efficiency, of our Nation's health care system.●

By Mr. SYMMS:

S. 1960. A bill to amend the Internal Revenue Code of 1954 to clarify the definition of geothermal energy, and for other purposes; to the Committee on Finance.

DEFINITION OF GEOTHERMAL ENERGY

● Mr. SYMMS. Mr. President, I am today introducing legislation to amend the Energy Tax Act of 1978 (Public Law 95-618) to clarify the definition of "geothermal energy" within that act and to assure the application of the residential and business tax credits to energy systems that are supplied primarily from geothermal sources. The bill is estimated to have only a minimal effect on revenues.

Although this Senator has been an opponent of energy tax credits since they

were first implemented several years ago, I certainly feel that in this instance, a bureaucratic inequity has been created by a regulatory misinterpretation of the intent of Congress.

Specifically, this legislation is necessary because the Internal Revenue Service has taken an unreasonably restrictive approach to implementing the geothermal provisions of the Energy Tax Act. For instance, regulations which the IRS has issued to implement the residential energy tax credit provisions of the 1978 law state that only water of a temperature of 122°F (50°C) or greater qualifies as a "geothermal deposit." This means that homeowners who have water cooler than 122°F cannot qualify for the residential energy credit even if the water is still hot enough for space heating purposes. This arbitrary temperature requirement was not mandated by the Energy Tax Act, and there is absolutely no evidence that Congress intended to so limit the application of the residential energy credit. In fact, just the opposite is true.

When the Senate Finance Committee approved the Energy Tax Act, its stated purposes were to encourage "consumers of oil and gas to conserve energy and convert to alternative energy sources." The restrictive IRS position effectively excludes many homeowners and businessmen from exercising a conversion to geothermal energy resources.

Another example of how the IRS regulations limit the application of the tax incentives enacted in 1978 is the case of a company building an electrical generating plant using geothermal energy and waste wood. According to the regulations promulgated by the IRS in response to the business energy investment credits established in the Energy Tax Act, the owners of the plant can take the geothermal investment credit on the equipment which is run solely on geothermal energy and the biomass credit on the equipment which is exclusively fueled by wood residues.

However, those components of the plant which use energy from both geothermal and biomass sources cannot qualify for either credit. Thus, under the IRS regulations, major portions of a "hybrid" powerplant—including such components as the turbine generator set—would not qualify for the business energy credit. Not only is such an interpretation of congressional intent in approving the Energy Tax Act unsubstantiated, it is contrary to the legislative history surrounding this law. Clearly, Congress was trying to encourage energy entrepreneurs to develop innovative energy systems.

My work as a member of the Energy and Agricultural Taxation Subcommittee of the Senate Finance Committee confirms my belief that our energy tax laws should not discriminate against one energy production form over another, and that they should not be subject to the whims of regulatory interpretation.

As usual, the Washington bureaucrats disregarded the intent of Congress in enforcing our laws, and as is often the case, their interpretation hurts the little guys. My sponsorship of this legislation is intended to correct that inequity, and allow the energy tax laws to do what they were meant to do—hasten geothermal development in Western States like Idaho, wherever there are hydrothermal or geothermal resources.

Mr. President, I ask unanimous consent that a fact sheet which explains the need for this legislation and details its four main provisions, and the text of the bill be printed at this point in the RECORD.

There being no objection, the bill and fact sheet were ordered to be printed in the RECORD, as follows:

S. 1960

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That—

(a) CLARIFICATION OF DEFINITION OF GEOTHERMAL ENERGY.

(1) Paragraph (3) of section 613(e) of the Internal Revenue Code of 1954 (defining geothermal deposit) is amended to read as follows:

"(3) GEOTHERMAL ENERGY DEFINED.—For purposes of paragraph (1), the term 'geothermal energy' means the natural heat of the earth (at any temperature) which is stored in rocks, an aqueous liquid or vapor (whether or not under pressure), or any other medium. A geothermal well shall in no case be treated as a gas well for purposes of this section or section 613A, and this section shall not apply to any geothermal property which is located outside the United States or its possessions."

(b) CLARIFICATION OF APPLICATION OF BUSINESS CREDIT AND RESIDENTIAL CREDIT TO GEOTHERMAL PROPERTY.—

(1) Subparagraph (D) of section 44C(c)(7) of such Code is amended by adding at the end thereof the following: "In the case of a system which uses both geothermal energy and an energy source not eligible for the credit under this section, all of the equipment comprising the system shall be eligible for the credit if, on a British thermal unit (BTU) basis, geothermal energy provides more than 80 percent of the energy in a typical year for which the system is designed. If less than 80 percent of the energy is supplied by geothermal energy, the credit shall apply to those portions of the system which produce, distribute, transfer, extract, or use energy which is more than 50 percent supplied by geothermal energy (on an annual BTU basis)."

(2) Paragraph (3) of section 48(1) of such Code is amended by adding at the end thereof the following new subparagraph:

"(D) APPLICATION OF CREDIT UNDER SECTION 46 TO EQUIPMENT WHICH USES BOTH GEOTHERMAL ENERGY AND ANOTHER ENERGY SOURCE.—

(i) In the case of a system which uses both geothermal energy and an energy source not eligible for the credit under Section 46, all of the equipment comprising the system shall be eligible for the credit for Solar, Wind, or Geothermal Property under section 46(a)(2)(C) if, on a British Thermal Unit (BTU) basis, geothermal energy provides more than 80 percent of the energy in a typical year for which the system is designed. If less than 80 percent of the energy is supplied by geothermal energy, the credit shall apply to those portions of the system which produce, distribute, transfer, extract, or use energy which is more than 50 percent supplied by geothermal energy (on an annual BTU basis).

(ii) In the case of a system which uses both geothermal energy and another energy source eligible for the credit under section 46 (such as biomass, solar, wind, ocean thermal, or hydroelectric), all of the equipment comprising the system (up to, but not including the electrical transmission stage in the case of an electrical generation facility) shall be eligible for the credit for Solar, Wind, or Geothermal Property under section 46(a)(2)(C) if, on a BTU basis, more than 80 percent of the energy in a typical year for which the system is designed, is supplied by geothermal energy, or any of the other forms of energy eligible for the credit under section 46, or any combination thereof (hereinafter referred to in this subparagraph as "qualified sources"). If less than 80 percent of the energy is supplied by qualified sources, the credit shall apply to those portions of the system which produce, distribute, transfer, extract, or use energy which is more than 50 percent supplied by such qualified sources (on an annual BTU basis)."

(c) CONFORMING AMENDMENTS.

(1) Clause (ii) of section 44C(c)(2)(B) of such Code is amended by striking "any geothermal deposit" and inserting in lieu thereof "geothermal energy".

(2) Clause (1) of 44C(c)(5)(A) of such Code is amended by striking out "energy derived from the geothermal deposits" and inserting in lieu thereof "geothermal energy'.

(3) Clause (viii) of section 48(1)(3)(A) of such Code is amended by striking out "energy derived from geothermal deposit" and inserting in lieu thereof "geothermal energy".

(4) Clause (ii) of section 57(a)(11)(D) of such Code is amended to read as follows:

"(ii) all geothermal properties."

(5) Subsection (c) of section 263 of such Code is amended by striking out "any geothermal deposit" and inserting in lieu thereof "geothermal energy".

(6) Subparagraph (E) of section 465(c)(1) of such Code is amended by striking out "geothermal deposits" and inserting in lieu thereof "geothermal energy".

(7) Paragraph (1) of section 613(c) of such Code is amended by striking out "geothermal deposit" and inserting in lieu thereof "geothermal well".

(8) Subsection (e) of section 613 of such Code is amended—

(A) by striking out "deposits" each place it appears in paragraph (1) and inserting in lieu thereof "properties", and

(B) by striking out "DEPOSITS" in the subsection heading and inserting in lieu thereof "PROPERTIES."

(9) Subsection (b) of section 614 of such Code is amended—

(A) by striking out "geothermal deposits" in the text and inserting in lieu thereof "geothermal wells", and

(B) by striking out "GEOTHERMAL DEPOSITS" in the subsection heading and inserting in lieu thereof "GEOTHERMAL WELLS".

(10) Paragraph (1) of section 614(c) of such Code is amended by striking out "oil and gas wells and geothermal deposits" each place it appears and inserting in lieu thereof "oil, gas, and geothermal wells".

GEOTHERMAL TAX LEGISLATION

BACKGROUND AND NEED

In its report on the Energy Tax Act of 1978 (P.L. 95-618), the Senate Finance Committee stated that the purposes of the legislation were to "induce consumers of oil and gas to conserve energy and convert to alternative energy sources." To meet this goal, the Energy Tax Act provided major tax incentives for the production of energy from such resources as geothermal, solar, wind, and biomass. These incentives—mostly in the form of tax credits, deductions, and allowances—have generated unprecedented interest in developing alternative energy projects.

However, regulations recently issued by the Internal Revenue Service (IRS) have drastically limited the application of the alternative energy incentives enacted in 1978 and reaffirmed and expanded by the Windfall Profit Tax Act (P.L. 96-223). With regard to geothermal energy, four specific limitations imposed by the IRS appear to run contrary to the intent of Congress:

Only water of a temperature of 50°C (122° F) or greater qualines as "geothermal energy", even though the Energy Tax Act itself contains no temperature threshold. As a result, homeowners or businesses with water that is cooler than 50°C cannot qualify for the residential or business investment tax credits.*

A homeowner who installs a geothermal system to heat his residence cannot qualify for the residential credit unless 100 percent of the energy in the system is supplied by geothermal sources. Geothermal energy systems often include peaking equipment fueled by oil, gas, or coal. This peaking energy typically provides less than 10 to 20 percent of the total annual energy load. The extra wells, pipe, and pump capacity required for a system to be 100 percent geothermal on the few coldest days of the year add too much to the cost to be attractive.

A business that installs geothermal equipment cannot qualify for the investment tax credit if the geothermal energy is "mixed" with energy from another source. Geothermal resources may not, in many instances, be hot enough to fully satisfy a particular industrial process requirement. However, by adding a few degrees to the heat supplied from the geothermal source, it will often be possible to replace a large fraction of the oil or gas used in a plant or facility. Furthermore, many industrial processes involve several steps at different temperatures. Some of these steps can use geothermal heat, but others may require superheating. Under the IRS limitation, if an industrial or commercial geothermal system requires even a minimal addition of nongeothermal heat, then the entire system becomes ineligible for the energy investment tax credit.

A company building (for instance) a large hybrid geothermal-waste wood electrical generating plant can take the geothermal investment credit on the equipment which is run solely on geothermal energy and the biomass credit on the equipment which is exclusively fueled by biomass. But, those components of the plant which use energy from both geothermal and biomass sources cannot qualify for either credit.

A LEGISLATIVE PROPOSAL

A bill to eliminate the limitations contained in the IRS regulations implementing the Energy Tax Act has been drafted for introduction in the Senate. That bill has four basic elements:

1. The definition of geothermal energy in the Internal Revenue Code is amended to make it explicit that there is no temperature requirement for the geothermal tax credit for residences or the business investment credit.

2. In conjunction with the redefinition of geothermal energy to eliminate the temperature threshold, certain conforming amendments are made to the Internal Revenue Code.

3. In the case of a residence or business which uses both geothermal energy and energy from a source not eligible for the credits (such as oil or gas), a new eligibility formula is proposed: all of the equipment of the system shall be eligible for the credit if more than 80 percent of the energy is supplied from geothermal resources. If less than 80 percent come from geothermal, the credit shall apply to only those portions of the system which produce, extract, transfer, or use energy which is more than 50 percent supplied by geothermal.

4. For a system which uses geothermal energy and another energy source which is eligible for the energy investment credit (such as biomass, wind, or solar), all of the equipment of the system shall be eligible for the 15 percent tax credit if more than 80 percent of the energy comes from geothermal or any of the other alternative energy sources eligible for the credit, or any combination thereof (referred to as "qualified sources"). If less than 80 percent of the energy is supplied by qualified sources, the credit shall apply to those portions of the system which produce, distribute, transfer, extract, or use energy which is more than 50 percent supplied by such qualified sources.

Prepared for GeoProducts Corporation by F. H. Hutchison, September 10, 1981.●

* The residential credit is 40 percent of the first $10,000 of qualifying expenditures. The business investment credit for qualifying equipment is set at 15 percent.

By Mr. MITCHELL:

S. 1961. A bill to amend the Internal Revenue Code of 1954 to provide energy tax credits for equipment used aboard or installed on fishing vessels; to the Committee on Finance.

FISHING TAX CREDITS

Mr. MITCHELL. Mr. President, I am today introducing legislation to extend the existing energy tax credit program and provide incentives to American fishermen when they reduce the amount of energy which their vessels consume.

When the energy tax credit program was established in 1978, and later modified in 1980, its provisions were so specific that fishing vessel operators are not eligible for tax credits when they invest in equipment to reduce fuel consumption.

I can think of no good reason why a land-based businessman ought to get tax write-off for a fuel-efficient furnace or some other device, while the sea-going businessman—a fisherman—cannot take a credit for fuel-saving equipment which meets his needs.

My bill corrects this situation.

When a fisherman installs expensive special equipment—for instance a "Kort" nozzle, a variable pitch or two-speed propeller, or a fuel flow meter—under my bill he will be eligible to receive a 10-percent investment tax credit. When added to the standard 15-percent investment tax credit, this means that one-quarter of the cost of the equipment may be written-off by the purchaser.

Our national energy policies place commercial fishermen in a difficult competitive situation with fishermen in nations which have controlled fuel prices, such as Canada and Mexico.

My legislation will help them cope in the marketplace and will insure that they receive the same kinds of tax treatment enjoyed by land-based businesses which take direct action to conserve fuel.

I ask unanimous consent that the full text of my bill appear in the RECORD at this point:

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1961

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 48(1) of the Internal Revenue Code of 1954 (relating to property for which businesses may take an energy investment credit) is amended—

(a) by inserting after paragraph (2)(ix) the following new paragraph:

"(x) qualified harvesting vessel equipment."

(b) by redesignating paragraph (17) as paragraph (18); and

(c) by inserting after paragraph (16) the following new paragraph:

"(17) QUALIFIED HARVESTING VESSEL EQUIPMENT.—The term "qualified harvesting vessel equipment" means equipment used aboard or installed on a vessel engaged in the harvesting of marine resources which reduces fuel (which can be oil, diesel fuel or gasoline) consumption, and is—

(A) a fuel flow meter or fuel management digital microprocessor,

(B) a hull speed meter,

(C) a propeller thrust nozzle,

(D) a variable pitch or two-speed propeller,

(E) a large-bladed propeller,

(F) a bow or side thruster,

(G) a hull treatment,

(H) a bulbous bow,

(I) an on-board heat exchanger,

(J) auxiliary sail equipment, or

(K) automatic Loran C navigational apparatus."

By Mr. RIEGLE:

S. 1962. A bill to amend the Credit Control Act; to the Committee on Banking, Housing, and Urban Affairs.

AMENDMENT OF CREDIT CONTROL ACT

● Mr. RIEGLE. Mr. President, I am introducing today a bill that both would retain the President's flexibility of action during periods when interest rates hit dangerously high levels and would provide greater public accountability under the Credit Control Act of 1969.

I am pleased that my colleagues, Senator TSONGAS, Senator MOYNIHAN, and Senator WILLIAMS are also original cosponsors of this legislation. I urge other Senators to consider the bill carefully and join us in support of it.

Mr. President, I am certain that the need for our bill will become increasingly urgent over the next several months. I want to take a few moments to describe the bill and my reasons for believing that the Congress should give it prompt consideration.

First, the bill explicitly recognizes that several key sectors of the American economy are extremely vulnerable to sharp rises in the cost of borrowing or to severe reductions in the supply of credit.

Tight monetary policies place very unequal burdens on different economic sectors. The Federal Government always gets the credit it needs. Powerful corporations can also get credit readily—even for nonproductive purposes. But many borrowers who depend on credit for their financial survival are very quickly shut out of the credit markets when the money supply is tightened.

We have seen stark evidence of this very recently as U.S. banks opened up over $20 billion in lines of credit to finance corporate takeovers at the same time that credit windows were being slammed in the faces of the thousands of small borrowers who needed to finance productive investment.

This bill therefore identifies several key groups of borrowers as "credit sensitive sectors of the economy."

Those sectors deserve special attentoin, Mr. President. When farmers cannot get sufficient credit at affordable rates, their incomes are deeply cut and they cannot finance their land, equipment, feed, and fertilizer.

When families are unable to finance the purchase of a new home, economic disaster hits the homebuilding, lumbering, building supply, and many other industries that contribute to home construction.

When interest rates soar, the competitive strength of the U.S. auto industry is severely damaged as car sales

plummet. Auto dealers are crushed by immense inventory costs, and manufacturers are forced to delay vital investments in more productive plant and equipment.

When credit is tightened, many of the best-managed small businesses may be forced into bankruptcy because they cannot finance the inventory, the minimum working capital and the other investments that are needed to remain competitive.

This bill would direct the Federal Reserve Board to take into account the credit needs of those sectors when administering the Credit Control Act.

Last July I asked Federal Reserve Board Chairman Volcker to prepare a report on how credit sensitive sectors of the economy are being affected by current tight money policies. The report recognized that these sectors are being forced to bear an unfair burden, but no specific steps are being taken to correct that unfairness either by the administration or the Fed. In fact, the dominant attitude within the Reagan administration until now has been to ignore the special needs of many key sectors of the economy. I believe the Congress should make sure that these sectors get the careful attention they deserve, and Congress should do so quickly.

Second, Mr. President, our bill would give fuller recognition of the constitutional responsibility of the Congress for monetary policy. In passing the Credit Control Act of 1969, the Congress recognized that the Federal Reserve Board may need special powers to act effectively in the national interest when the President finds there is an extraordinary economic emergency.

Our bill would make the Board and the President more accountable to Congress and the public when exercising those powers.

The bill would require the President to report regularly to Congress whenever he invokes the Credit Control Act, first, stating his reasons for giving the Board special authority under the act, second, describing the Board's actions under that authority, third, presenting his analysis of how effective the Board's actions are in achieving the purposes of the act, and fourth, identifying the impact of those actions on credit sensitive sectors of the economy and on productive investment in all sectors. These reports would be submitted every 3 months so long as the act is invoked.

Also, whenever the Federal Reserve Board prescribes a regulation under the act, the bill would require the Board to report to the Senate and House Banking Committees setting forth the provisions of the regulation, describing the methods chosen to implement the regulation and explaining the Board's reasons for issuing the regulation.

The bill, finally, requires each Banking Committee to hold hearings promptly on each regulation and report to its respective House on the appropriateness of the regulation and its effect on credit sensitive sectors of the economy.

I believe that these provisions of the bill would insure that the Board is fully accountable to the Congress and the public in administering the act. They would also allow the President and the Board to take the fast action that is necessary to avoid undesirable disruptions in the credit markets.

Third, our bill would retain the President's emergency standby authority under the Credit Control Act through December 31, 1985. A Senate floor amendment, which was added to the COWPS authorization bill last year on a close vote, set an expiration date for the Credit Control Act. Therefore, unless Congress acts, the President will lose the emergency authority on July 1, 1982, that is now available to him under the Credit Control Act.

The existence of that standby authority greatly increases the flexibility and effectiveness of Presidential action in a credit crisis. Even if the President does not invoke the act, his ability informally to ease a credit crisis is greatly enhanced by the standby authority. That is why I believe that this President could have been doing much more than he has over the last year to reduce the diversion of credit into nonproductive purposes and to provide some relief to farmers, homebuilders, auto dealers, other credit sensitive small businesses and consumers.

The usefulness of this standby authority is great today. The need for it may be even greater a year from now if leading economists are right in predicting an even more severe credit crisis when the current recession is over.

Mr. President, I have discussed this bill with people from a wide spectrum of opinion and from many different sectors. I found a broad consensus that our bill would be an important improvement to the Credit Control Act. Virtually no one felt that it would be better for the country to let the current act expire and then force Congress to reauthorize it in the midst of a severe credit crisis.

Several organizations have written me of their support. I ask that their letters be printed in the RECORD at the conclusion of my remarks together with the text of the bill.

I urge my colleagues to give this bill prompt and favorable consideration.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1962

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 202 of the Credit Control Act is amended by redesignating subsections (h) through (l) as subsections (i) through (m) respectively, and by inserting after subsection (g) the following:

"(h) The term 'credit sensitive sectors of the economy' includes but is not necessarily limited to—

"(1) farming and industries that produce or distribute agricultural equipment or supplies;

"(2) housing, including homebuilding, housing sales, and industries that produce or distribute residential construction materials;

"(3) the motor vehicle industry, including manufacturers, suppliers, and dealers;

"(4) consumers; and

"(5) small businesses.".

SEC. 2. Section 205 of the Credit Control Act is amended by adding at the end thereof the following:

"(c) In administering this Act, the Board shall take into account the effects of such regulation and control on the availability of credit to the credit sensitive sectors of the economy;

"(d)(1) The President shall, at the times prescribed in paragraph (2) of this subsection, submit to the Congress reports setting forth—

"(A) his reasons for authorizing the Board to regulate and control credit under subsection (a);

"(B) a description of the Board's action under that authority;

"(C) his analysis of the effectiveness of the Board's action in achieving the purposes of this Act; and

"(D) the effect of the Board's action on credit sensitive sectors of the economy and on productive investment in all sectors.

"(2) Reports required under this subsection shall be submitted—

"(A) not later than three months after the President authorizes the Board to regulate and control credit under subsection (a);

"(B) every three months thereafter so long as the Board is authorized by the President to regulate and control credit under subsection (a); and

"(C) not later than three months after the date on which the Board's authority under this Act is terminated.".

SEC. 3. Section 206 of the Credit Control Act is amended—

(1) by inserting "(a)" before the words "The Board" at the beginning of the section; and

(2) by adding at the end thereof the following:

"(b) Whenever the Board prescribes a regulation under subsection (a), it shall transmit promptly to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives a written report containing—

"(1) the provisions of such regulation;

"(2) the methods chosen to implement the regulation; and

"(3) the reasons why the Board considers the regulation necessary or appropriate to achieve the purposes of this Act.

Each such Committee shall promptly hold hearings with respect to the regulation and shall report to its respective house on—

"(A) the consistency of the regulation with the purposes of this Act;

"(B) the impact the regulation will have on the credit sensitive sectors of the economy; and

"(C) such other matters the Committee deems appropriate.".

SEC. 4. Section 211 of the Credit Control Act is amended by striking out "June 30, 1982" and inserting in lieu thereof "December 31, 1985".

PROVISIONS OF S. 1962 TO AMEND THE CREDIT CONTROL ACT OF 1969

RECOGNIZE THE NEEDS OF CREDIT SENSITIVE SECTORS OF THE ECONOMY

Under current law, the President may authorize the Federal Reserve Board "to regulate and control any or all extensions of credit whenever the President determines that such action is necessary or appropriate for the purpose of preventing or controlling inflation. . . ." The Board would have broad authority so long as the President permits. The Act does not explicitly recognize that some key economic sectors are extremely vulnerable to tightening credit.

S. 1962 directs the Board to take into account the credit needs of "the credit sensitive sectors of the economy", a term that includes (1) farming and agricultural suppliers, (2) housing and building suppliers, (3) the motor vehicle industry, (4) consumers, and (5) small businesses generally.

The purpose of this provision is to assure equitable treatment under the Act for all economic sectors.

PROVIDE FOR CONGRESSIONAL OVERSIGHT

Under current law, neither the President nor the Board is required to consult with Congress on action taken under the Act.

S. 1962 would require the President to report to Congress on the Board's actions under the Act every three months as long as the authority is extended. The reports would explain the President's reasons for invoking the Act, his assessment of the Board's action under that authority and the impact on credit sensitive sectors of the economy.

The Board would be required to report to the House and Senate Banking Committees on each regulation it issues under the Act, describing the implementation of the regulation and setting forth the Board's reasons for issuing the regulation.

Each Banking Committee would be required to hold prompt hearings on each regulation and to report to its House on the regulation's consistency with the purposes of the Act, its impact on credit sensitive sectors of the economy and other matters the Committees deem appropriate.

The purpose of these provisions is to keep the Federal Reserve Board's action under close Congressional review.

EXTEND EXPIRATION DATE OF THE ACT

Under current law, the Credit Control Act of 1969 expires on June 30, 1982. An expiration date for the Act was imposed by a floor amendment to the COWPS reauthorization. The amendment passed the Senate on June 2, 1980 with a vote of 43–40.

S. Would change the expiration date of the Act to December 31, 1985.

Purposes of the amendment are:

To avoid depriving the President of emergency authority in the midst of the current interest rate crisis;

To strengthen the President's ability to jawbone voluntary steps;

To avoid Congressional action on new legislation in a crisis atmosphere.

NATIONAL ASSOCIATION OF HOME BUILDERS,
Washington, D.C., December 9, 1981.

Hon. DONALD RIEGLE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RIEGLE: On behalf of the more than 123,000 members of the National Association of Home Builders (NAHB), I am writing to express our support for your legislation which would extend the expiration date of the Credit Control Act from June 31, 1982 until December 31, 1985. We believe this legislation is necessary to continue to provide the President with the necessary standby authority to deal with a credit emergency. The severe state of our economy and the uncertainty that lies ahead may warrant emergency action by the President as authorized under the Credit Control Act. We believe the time to act is now before another credit emergency occurs.

This legislation would also direct the Federal Reserve Board, when administering the Act, to take into account the needs of credit sensitive sectors of the economy, which include farming, housing, the automobile industry, consumers, and other small businesses. Since the homebuilding industry has borne a severely disproportionate share in the Federal Reserve Board's high interest policy designed to fight inflation, such legislation will serve to make the Fed more sensitive to the credit needs of home buyers and builders.

The proposed legislation would also require Congressional oversight over regulations issued by the Fed under the authority of the Credit Control Act. In addition, the President would be required to report to the Congress regularly on the Board's actions invoked under the Act. This provision provides Congress the opportunity to ho'd hearings and review any credit control measures when, and if, they are invoked.

I thank you for the opportunity to express our views on this important matter.

Sincerely,

HERMAN SMITH,
President.

NATIONAL FARMERS UNION,
October 23, 1981.

Senator DONALD W. RIEGLE, Jr.,
Ranking Member, Subcommittee on Economic Policy, Committee on Banking, Housing and Urban Affairs, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR RIEGLE: It is imperative in our view for the Congress to extend the Credit Control Act of 1969 beyond its scheduled June 30, 1982 expiration date.

From all appearances, the monetary strategy of the Federal Reserve Board and the White House is not succeeding and likely will not succeed. Meanwhile, agriculture, housing, the automobile industry and small business continue to be punished by the desperately high level of interest rates. The recession, now officially confirmed, is expected to continue through the first quarter of 1982.

While the prime rate has slightly softened in the past two months, some noted economists expect another upturn with perhaps a new record prime of 23 percent at some point in 1982.

At that juncture, it will be vital for the President to have discretionary powers, flexible in scope as in Title II of P.L. 91–151, so that he can direct the Federal Reserve Board to take selective actions to limit credit extensions, interest rates and to channel credit into housing and other essential activities such as agriculture and small business.

The language of Title II and the accompanying conference reports, wisely provide a variety of options at the disposal of the President.

In our opinion, the federal presence in credit markets has little impact in the existing credit explosion. True, the federal debt has now pierced the trillion dollar plateau, as a result of the high interest rate policies now in force, but the federal debt is only 14 percent of the total public and private debt load of $7.0 trillion. Federal debt has doubled since 1975, but private debt has tripled in that same period. Federal debt as a percentage of GNP will likely be 23 or 24 percent by the end of 1984, compared with the 28 percent rate five years ago and the 40 percent level of the early 1960's.

The outstanding debt of U.S. farmers, which was $82 billion in 1975, was $180.5 billion on the first of this year and is currently estimated to be in excess of $200 billion.

If the policy of constricting the money supply continues, it will mean that agriculture, housing and other essential users of credit will have to compete for capital in the commercial money markets against all sorts of speculative ventures and commercial developments of doubtful merit.

Such projects as gambling casinos, luxury hotels and shopping malls gobble up vast amounts of venture capital, which far more desirable should be devoted to essential services such as housing, food and agriculture or to modernization of manufacturing plant and equipment.

Another utterly wasteful diversion of capital takes place when one conglomerate swallows another. It is difficult to discern any benefit to American society from the acquisition by Dupont of Conoco, yet it took $7 billion in financing to accomplish that feat.

One may not prefer the stern medicine of credit controls or credit allocation, but they are clearly more acceptable than the intolerable continuation of high unemployment, inflation, recession and hardship.

Therefore, the Credit Control Act of 1969 ought to continue to be available so that the President has some tools when he at last recognizes the desperate situation in the national economy.

Yours respectfully,

GEORGE W. STONE,
President.

INDUSTRIAL UNION DEPARTMENT,
Washington, D.C., November 4, 1981.

Hon. DONALD W. RIEGLE, Jr.,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR RIEGLE: Crushing interest rates are devastating almost every part of the American economy. Not only are high interest rates retarding economic growth and fueling inflation, but they are also having a disproportionate impact on key sectors of our economy, including automobile and auto-related industries, small business, farming and housing. In addition, state and local governments are reeling under the pressure of skyrocketing debt service costs, resulting in reductions in public employment and critical social services.

While the Fed's tight money, high interest rate policy has tumbled the nation into recession, it has dropped states such as Michigan into the depths of depression. The auto industry's efforts to restore its position in the marketplace are being stifled by continued high and volatile interest rates.

On behalf of our 60 affiliated unions, I would like to express our very deep concern about the Federal Reserve's disastrous monetary policy and urge you to support the extension of the Credit Control Act of 1969, which expires in June of 1982.

The productive sectors of the American economy must be assured adequate credit at affordable prices. Currently, however, huge non-productive demands for credit—for corporate takeovers, commodity speculation, and condominium conversions—soak up vast amounts of loanable capital without strengthening the nation's economy one iota. As a result of these unproductive demands for capital, interest rates for productive loans are driven through the roof. We strongly feel that available credit must be targeted to productive industries such as housing, auto, farming, and small business—industries whose health is a prerequisite for a healthy American economy. The provisions of the Credit Control Act may be the only means available to assure adequate credit for these vital productive sectors.

We look forward to working with you on this very important issue.

Sincerely,

HOWARD D. SAMUEL.

NATIONAL COUNCIL FOR
LOW INTEREST RATES,
Washington, D.C., November 4, 1981.

Hon. DONALD W. RIEGLE,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR RIEGLE: The Federal Reserve's tight money policy is wreaking havoc on the American economy, driving interest rates to record levels and choking off investment and economic growth. Despite monetarist theory, we are seeing a resurgence in both inflation and unemployment as high interest rates have idled productive capacity and fueled inflation. The automobile and auto-parts industry, among others, is particularly hard hit, with production at one of its lowest levels in more than a decade.

Reflecting a widespread concern throughout industry and the labor movement, a coalition of business, labor, farm and consumer organizations has formed to voice opposition and develop alternatives to the Federal Reserve's disastrous tight money policy. The National Council for Low Interest Rates believes that there is an urgent need to redirect our nation's monetary policy in a way that lowers interest rates and encourages economic growth.

The Council also feels strongly that adequate and affordable credit must be provided to the productive sectors of our economy, that is, those sectors that are vital for stimulating job creation, productivity gains, and economic growth. Currently, non-productive uses of credit—corporate acquisitions and condominium conversions—compete with productive uses, forcing up interest rates and stifling economic growth.

The National Council for Low Interest Rates urges you, as a first step, to support the extension and strengthening of the Credit Control Act of 1969, which provides the means by which credit might be targeted to the vital productive sectors of our economy.

I have enclosed our Council's policy statement along with some background materials.

We look forward to working with you to help bring interest rates down.

Sincerely,

J. C. TURNER,
Chairman.

AMERICAN PUBLIC POWER ASSOCIATION,
Washington, D.C., October 27, 1981.

Hon. DONALD RIEGLE,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR RIEGLE: As you are well aware, every sector of the American economy is experiencing serious financial difficulties because of high interest rates. In particular, the electric utility industry is being severely impacted by these rates, relative to other sectors of the economy, because it is so capital intensive. The American Public Power Association, as the national service organization representing over 1,750 local publicly owned electric utilities, is therefore urging that Congress act now to bring rates down.

Publicly owned electric utilities have a commitment to provide their consumers with electrical service at reasonable rates. A key to meeting this commitment is the availability of affordable capital financing. However, public power agencies are now paying interest rates as high as 15 percent on their tax exempt bonds. Unless rates are reduced appreciably, the costs of reconditioning plants or building new ones may well become prohibitive.

APPA therefore encourages you to take a leadership role on this issue. One means of reducing rates may be to extend the Credit Control Act beyond its June 1982 expiration date. Under the Act, the President has the authority to direct the Federal Reserve Board to regulate credit during periods of high inflation. Given the current economic condition of the utility, automotive, and housing industries, for example, President Reagan may want to consider exerting his authority under this law. I hope you will consider introducing legislation to extend the Credit Control Act and take any other appropriate action that will bring interest rates down now.

Thank you for your consideration of our views. Please feel free to call on us for any assistance you may need in your efforts to reduce interest rates.

Sincerely,

ALEX RADIN,
Executive Director.●

By Mr. DENTON (for himself, Mr. EAST, and Mr. THURMOND):

S. 1963. A bill to improve the Internal Security of the United States by clarifying the notification requirements for foreign agents under section 951 of title 18, United States Code, and to increase the penalties for failure to notify; to the Committee on the Judiciary.

NOTIFICATION UNDER TITLE 18, UNITED STATES CODE

● Mr. DENTON. Mr. President, today I have introduced a bill which will serve to clarify the notification procedures for nondiplomatic foreign agents and to transfer the responsibility for receiving such notifications from the Secretary of State to the Attorney General.

Mr. President, 18 United States Code section 951[1] is an act which in its present form requires nondiplomatic agents of foreign governments to notify the Secretary of State prior to their acting within the United States, on behalf of the foreign government which they represent.

The problem is this: In all the years the State Department has had responsibility for receiving these notifications, and this dates back to June 15, 1917, the agency has never promulgated regulations nor formalized the procedures for receiving notifications. The State Department's view seems to have been that this act often puts the agency at odds with representatives of "client" states and, therefore, is an impediment to foreign relations. Additionally, officials from the Department of State have testified before a committee of the Congress that this law is coextensive with the Foreign Agents Registration Act of 1938, as amended, found in title 22, United States Code, sections 611 et seq. This is not the case.

In my view, apart from ceremony, there is little difference in receiving a formal notification from an individual, not a diplomat who represents a foreign government, when compared with receiving a formal notification from a diplomat who represents the same government. Moreover, my staff has made a very detailed study of the Foreign Agents Registration Act, and I am satisfied that the two statutes are in no way coextensive.

The Notification Act which this bill seeks to amend in its present form covers all activity performed by nondiplomatic agents who represent only foreign governments. It does not cover those who represent multinational corporations, foreign individuals, or political factions. In its present form it requires no disclosure other than the mere fact of intention to act.

The Foreign Agents Registration Act requires the registration of those who act for or in the interests of a foreign principal, which term is broadly defined, and conversely, the nature of activities covered under the act are rather limited. For example, the legislative history of the act makes it abundantly clear that the activities triggering registration and disclosure must be political or border on the political. "Political activity" is a term of art, which is defined in the act itself.

Mr. President, I believe the importance of 18 U.S.C. 951 should be apparent when we consider that the Department of Justice frequently utilizes it in the prosecution of major espionage cases and has found it to be a useful adjunct, especially in cases where it is difficult to establish the national defense character of classified materials transmitted by a defendant.

In transferring responsibility for the administration of this statute from the Department of State to the Department of Justice, I believe we allow for the creation of a mechanism whereby the Department of Justice is afforded an opportunity to monitor the activities of those who file notifications. The Department would thereby become informed when the activities cross the threshold which would trigger the registration and disclosure requirements of the Foreign Agents Registration Act, which it now administers. I would add that this bill imposes upon the Attorney General the duty to keep the Department of State informed regarding notifications received.

Mr. President, it should also be noted that while the period of imprisonment for violation of this 10-year statute is substantial, in my view the financial sanctions have not kept up with inflation and my bill would increase the financial penalty from $5,000 to $50,000.●

[1] 18 U.S.C. 951 (June 25, 1981, c.645, 62 Stat. 743.) Whoever, other than a diplomatic or consular officer or attaché, acts in the United States as an agent of a foreign government without prior notification to the Secretary of State, shall be fined not more than $5,000 or imprisoned not more than 10 years, or both.

By Mr. EAGLETON (for himself and Mr. DANFORTH):

S. 1964. A bill to designate certain lands in the Mark Twain National Forest, Missouri, which comprise about 17,562 acres, and known as the Irish Wilderness, as a component of the National Wilderness Preservation System; to the Committee on Energy and Natural Resources.

S. 1965. A bill to designate certain lands in the Mark Twain National Forest in Missouri, which comprise approximately 6,888 acres, and which are generally depicted on a map entitled "Paddy Creek Wilderness Area," as a component of the National Wilderness Preservation System; to the Committee on Energy and Natural Resources.

DESIGNATION OF CERTAIN AREAS AS WILDERNESS

● Mr. EAGLETON. Mr. President, I am pleased today to introduce with my colleague, Senator DANFORTH, two bills to designate Paddy Creek and Irish Wilderness areas as part of the National Wilderness System.

In terms of wilderness areas that lie west of the Great Divide, Missouri's wilderness areas are not much larger than the backyard. But each is unique within its own boundaries, and provides a very special retreat for the many Missourians who hike or canoe into the undeveloped areas each year.

Senator DANFORTH and I took great pride in cosponsoring a bill last year that designated 27,821 acres as wilderness. Previously, Senator Symington and I were successful in having Hercules Glades and Mingo Wildlife added to the Eastern Wilderness System. Missouri is one of the few States in the Midwest with potential wilderness areas left. Unfortunately, these two legislative victories did not complete the wilderness picture in Missouri. Two key areas remain to be added to the Missouri wilderness system—Paddy Creek and Irish Wilderness. I hope these two bills introduced today will complete the efforts begun in 1973 by Senator Symington and myself.

In 1976, legislation was introduced to establish some of Missouri lands as wilderness study areas—which included Paddy Creek. The congressionally mandated studies were passed, and the Na-

tional Forest Service began work on the studies. The studies, however, were overtaken by the Forest Service's national RARE I and II studies, which resulted in recommendations to Congress for areas across the country to be designated as wilderness. Paddy Creek was placed in a further planning category, awaiting the conclusion of the congressional study. This year ends the 5-year study period, and the Forest Service has recommended that the area be placed in the wilderness system.

Paddy Creek is 6,888 acres in Texas County, located in the south central Ozarks of Missouri. Little Paddy Creek, which flows northwestward, meets Big Paddy Creek, from the south, to form Paddy Creek. Paddy Creek then flows in the Big Piney River out of the Clark National Forest.

Paddy Creek is noted for high quality botantical and geological features, including outcroppings of the Roubidoux Sandstone formation. It has obvious and outstanding wilderness values that led to its designation by Congress as a wilderness study area.

Paddy Creek is very popular with hikers and backpackers and has many hiking and riding trails. There is also a one mile nature trail from the Paddy Creek recreation area with easy access for those who prefer an easier walk. Hunting and fishing are popular in and around the area and several caves are suitable for spelunking.

In an economic analysis, Paddy Creek supplies only 1.69 percent of the commercial forest land suitable for timbering in Texas County. There are no current grading areas on the Paddy Creek area and no proven mineral reserves. The Forest Service estimates no loss of man-years for the Houston multicounty planning unit if Paddy Creek is designated wilderness. Congress should act now to add Paddy Creek to the National Wilderness Preservation System.

Irish Wilderness has been called the crown jewel of the Missouri wilderness area. Named for an ill-fated settlement of Irish immigrants prior to the Civil War, the area was the first to be proposed for wilderness. It contains more track of pristine hollows, ridges, and bluffs than anywhere in the State. It is the home to many wildlife, including wild turkeys, black bears, and even some eastern cougars. Irish's limestone topography and geological structure is outstanding, and is used by many students of geology for field examinations.

The Senate passed a bill in 1973 to designate Irish Wilderness, but the Irish Wilderness area was dropped by the House in its consideration. Since 1973, Irish Wilderness legislation has been reintroduced by Senator DANFORTH and myself.

With the change in administrations there is even more compelling reasons to give Irish its final designation. Secretary Watt has stated that one of the specific "goals" of the Department of the Interior will be to "open wilderness areas." Secretary Watt has publicly stated his support for the House-Santini bill, commonly known as the National Minerals Security Act. The act would give the Secretary of the Interior broad discretion to open "withdrawn, restricted, or closed" lands for mineral entry, and extends the current 1984 deadline under the Wilderness Act for 10 more years.

Irish has a long history of controversy over the question of lead development. It is anyone's guess whether the pristine lands really store a wealth of lead, or not. I firmly believe in a balanced approach to energy and mineral development, and believe that this bill gives any mineral company the opportunity to apply for exploratory mining permits until 1984. It will not affect the pending application before the National Forest Service for an exploratory permit. Wilderness areas, however, should not be opened in perpetuity to uncontrolled mineral development. Irish cannot forever be a pawn in this guessing game. This bill provides a logical timetable to end this decade-old battle.

Mr. President, I ask unanimous consent that the text of the two bills be printed in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1964

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be known as the Irish Wilderness Act of 1981.

SEC. 2. In furtherance of the purposes of the Wilderness Act (78 Stat. 890) and the Act of January 3, 1975 (88 Stat. 2096), the following area as generally depicted on a map appropriately referenced, dated December, 1981, is hereby designated as wilderness and, therefore, as a component of the National Wilderness Preservation System—

(1) certain lands in the Mark Twain National Forest, Missouri, which comprise about seventeen thousand five hundred and sixty-two acres, are generally depicted on a map entitled "Irish Wilderness", dated December 1981, and shall be known as the Irish Wilderness.

SEC. 3. As soon as practicable after this Act takes effect, the Secretary of Agriculture shall file a map and a legal description of the Irish Wilderness area with the Energy Senate and the Interior and Insular Affairs Committee of the House of Representatives, and such description shall have the same force and effect as if included in this Act: *Provided however,* That correction of clerical and typographical errors in such legal description and map may be made.

SEC. 4. The area designated as wilderness by this Act shall be administered in accordance with the applicable provisions of the Wilderness Act (78 Stat. 890) and the Act of January 3, 1975 (88 Stat. 2096), except that any reference in such provisions to the effective date of such Acts shall be deemed to be a reference to the effective date of this Act.

S. 1965

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be known as the Paddy Creek Wilderness Act of 1981.

SEC. 2. In furtherance of the purposes of the Wilderness Act (78 Stat. 890) and the Act of January 3, 1975 (88 Stat. 2096), the following area as generally depicted on a map appropriately referenced, dated December, 1981, is hereby designated as wilderness and, therefore, as a component of the National Wilderness Preservation System—

(1) certain lands in the Mark Twain National Forest, Missouri which comprise about six thousand eight hundred and eighty-eight acres, are generally depicted on a map entitled "Paddy Creek Wilderness Area", dated December 1981, and shall be known as the Paddy Creek Wilderness Area.

SEC. 3. As soon as practicable after this Act takes effect, the Secretary of Agriculture shall file a map and legal description of the Paddy Creek Wilderness Area with the Energy and Natural Resources Committee of the Senate and the Interior and Insular Affairs Committee of the House of Representatives, and such description shall have the same force and effect as if included in this Act: *Provided however,* That correction of clerical and typographical errors in such legal description and map may be made.

SEC. 4. The area designated as wilderness by this Act shall be administered in accordance with the applicable provisions of the Wilderness Act (78 Stat. 890) and the Act of January 3, 1975 (88 Stat. 2096), except that any reference in such provisions to the effective date of such Acts shall be deemed to be a reference to the effective date of this Act.●

● Mr. DANFORTH. Mr. President, I am pleased today to join with my colleague from Missouri in introducing two bills that would establish further wilderness areas in my State. When I ran for the Senate 5 years ago, I pledged to the voters that I would press for wilderness legislation if elected. One of my first acts upon arrival in this body was to introduce wilderness legislation. And, in 1980, four such areas in Missouri were included by the Congress in the National Wilderness Preservation System.

The bills we are proposing today would add the two major candidates remaining for wilderness designation in Missouri. The first, known as the Irish Wilderness, is the most prized such area in the entire State. The second area, known as Paddy Creek, is a smaller area highlighted by unique geological formations. Designation of these areas has the wholehearted support of the Missouri Wilderness Coalition, a group of some 35 organizations that have banded together to work on wilderness issues.

The purpose of wilderness conservation is to protect certain unique areas of the public domain from changes wrought by man. Wilderness areas have both recreational and scientific value. Not only do they provide high quality outdoor recreational opportunities—places where we can meet nature on its own terms—but they also provide badly needed wildlife habitat and sites for wildlife, forestry, and water quality research. And, in a world which is increasingly abused by modern technology, these areas preserve a natural heritage of irreplaceable esthetic value.

IRISH WILDERNESS

The Irish Wilderness has been described as the crown jewel of Missouri's actual and potential wilderness areas. In the words of the Missouri Wilderness Coalition:

> It is, without question, the clearest, strongest expression of Ozark landscape, geology, ecology, and natural beauty.... The Irish is the best of its kind, and the last of its kind. If it is lost, it is lost forever.

Located along the free-flowing and unspoiled Eleven Point River—itself designated as a national scenic river area—the Irish Wilderness is a 17,562-acre segment of the Mark Twain National Forest in southernmost Missouri. It draws its name from a bit of pre-Civil War history.

As a young missionary priest in frontier Missouri, Father John Hogan was deeply affected by the suffering and poverty he saw among the Irish immigrants in the railroad camps around St. Louis. He resolved to help these people acquire land of their own and start a new life In 1858 he led the first group of about 40 Irish families to a wilderness area in southern Missouri, where they bought Government land for 12½ cents an acre. The settlers were wiped out by marauders during the Civil War years, but the name stayed with the area, and even today Father Hogan's words provide the most moving description of the beauty of the Irish Wilderness:

> The quiet solitariness of the place seemed to inspire devotion. Nowhere could the human soul so profoundly worship as in the depths of that leafy forest, beneath the swaying branches of the lofty oaks and pines, where solitude and the heart of man united in praise and wonder of the Great Creator.

Within the Irish Wilderness are numerous drainages known in the backland vernacular as "hollows." Starting as little more than shallow washes in the rolling upland woods, they wander toward the Eleven Point River, deepening their valleys along the way. Pocked with sinkholes in their upper reaches, some descend underground to help feed the subsurface water systems, emerging later as springs from rock ledges in mossy grottoes. On some hillsides, such outlets have been left high and dry by the downward-cutting streams, becoming caves.

Although the original stands of pine and oak were cut down at the end of the 19th century, the basic forest cover has returned, and with every passing year more closely resembles the virgin forest. Because of the large size of the wilderness area, the Irish has remained home to practically the full range of Ozark wildlife, with sightings reported of the American black bear and the eastern cougar.

The diversity of the various biological communities—terrestrial as well as aquatic—results from the combination of geology, topography, soils, plants, and animals. The fact that all of these elements exist in a context of genuine spaciousness and remoteness from disturbance is rare. The area is large enough to function essentially on its own, and this is its most important value in terms of natural history.

The Irish Wilderness was designated as a "further planning area" during the roadless area review and evaluation process. The chief impediment to its designation as wilderness has been the concern that minerals—primarily lead and zinc—might underlie the area. Causing this concern is the fact that the Viburnum Trend, a rich lead belt, exists some 40 miles to the north. This lead belt was formed during the Cambrian Period, along with a now-buried ocean reef. Neither the buried reef nor its associated rocks and ores are identifiable at ground surface.

Nearby drill-hole records indicate that these rock types, if they exist in the Irish, lie about 2,000 feet below the surface. No means have been found to discover such deep-lying lead and zinc in this area without drilling; and until the prospect arose that the Irish Wilderness might be set aside from development—that is, until the Irish became forbidden fruit—no mining company had considered the area promising enough to seek a drilling permit.

Indeed, D. L. Chrisinger, an economic geologist at Southwest Missouri State University, has concluded: "To project the reef southward, away from the pre-Cambrian knobs with which it is so closely associated, is geologically unsound." Similarly, a geology professor at St. Louis University, Charles Belts, has concluded, "To project the reef structure 39 miles (or to project the ore bodies) is geologically unacceptable."

I am sympathetic to the need to inventory our natural resources, and I would support some limited exploration in the Irish Wilderness. But I am not satisfied that mining companies permitted to stake a claim in the Irish can be adequately restrained and that irreparable damage to the Irish will not occur. For this reason, I have decided to push at this time for immediate wilderness designation of this precious area.

PADDY CREEK

The proposed Paddy Creek Wilderness area consists of 6,888 acres in the Salem plateau region of south-central Missouri. Streams that cut through the plateau have exposed sedimentary bedrock formations—primarily of Roubidoux sandstone and Gasconade dolomite in the Paddy Creek area. This action has resulted in large areas of rough terrain—a maze of winding valleys and deep hollows divided by sharp, rocky ridges.

Within this proposed wilderness area, Little Paddy Creek and Big Paddy Creek come together to form Paddy Creek, which then flows into the Big Piney River shortly after leaving the Mark Twain National Forest. The first settlers of the area, who arrived in 1816, are recorded as "Boones and Paddies," and the creeks apparently took their names from the latter family.

Perhaps the most unusual geological feature of the area is the prevalent exposure of the Roubidoux sandstone, which forms the top ledges of many of the stream-side bluffs. In addition, chunks of this stone have tumbled down together on some steep slopes to create "boulder falls." In one hollow, fallen sandstone has choked off the valley and created a miniature box canyon.

One of Missouri's most popular hiking trails, the 17-mile-long Big Piney Trail, wanders through the Paddy Creek area and passes several of the major points of interest. The streams themselves provide fishermen a primitive back-country environment that is rare for Missouri. No significant mineral deposits are known to exist in the area.

Paddy Creek was placed in the "further planning" category during the roadless area review and evaluation process, but the Forest Service now has recommended wilderness designation. I believe the Congress should act quickly to implement that recommendation.

Mr. President, the bills we are introducing today involve just 24,450 acres of national forest land, but they would remove two precious areas from man's influence and preserve them for future generations.

Speaking to a reporter for the St. Louis Globe-Democrat, a river patrolman from Alton, Mo., named Milburn Roberts, put this issue into proper perspective some years ago. "Why don't we leave something for our grandchildren?" he asked. "I've only got four, but I'd like to see them have something. We're doing too much with the bulldozer and the saw.

"God gave us this earth and possession of it for a few years, but we don't own it—we never did, and we never will."●

By Mr. DANFORTH:

S. 1966. A bill to eliminate unnecessary paperwork and reporting requirements contained in the Public Utility Regulatory Policies Act of 1978; to the Committee on Energy and Natural Resources.

S. 1967. A bill to eliminate unnecessary paperwork and reporting requirements contained in section 15(1)(D) of the Outer Continental Shelf Lands Act, and section 601 of the Outer Continental Shelf Land Act Amendments of 1978; to the Committee on Energy and Natural Resources.

ELIMINATION OF CERTAIN PAPERWORK AND REPORTING REQUIREMENTS

● Mr. DANFORTH. Mr. President, I believe that all of us would like to reduce Government paperwork and eliminate unnecessary regulatory requirements. Today I am introducing two bills that would take small but positive steps in that direction.

The five-part energy package enacted by the Congress in 1978 included the Public Utility Regulatory Policies Act (Public Law 95–617). Title I of this law seeks to encourage conservation, energy efficiency, and equitable electric rates for consumers. To accomplish this, it requires the States, through their appropriate regulatory authorities, and also nonregulated electric utilities to determine whether certain regulatory and ratemaking standards would further those policies.

The deadline for completion of this process was November 9, 1981. Nonetheless, the law requires the States and utilities to continue to report to the Department of Energy on their progress until 1990, and DOE in turn is required to report to the President and the Congress. Understandably, DOE is unclear about what these reports should contain after 1982; it does not believe that the reports should cover actual implementation of the standards.

On September 14, the General Accounting Office issued a report to the Congress entitled, "Burdensome and Unnecessary Reporting Requirements of the Public Utility Regulatory Policies Act Need To Be Changed."

GAO questioned the timeliness, accuracy, and reporting categories of the data in these DOE reports. In addition, it noted that the National Association of Regulatory Utility Commissions, through its electric utility rate design study, prepares reports containing almost identical information.

GAO concluded that while the act was intended to "provide worthwhile information to parties involved in utility rate proceedings, in a time of budget cuts and continuing utility rate increases it is necessary to carefully examine the costs and benefits associated with the regulatory requirements. This is particularly true if information serving the same purpose is available from other sources."

In 1980, according to DOE estimates, the States and nonregulated utilities expended 6,294 staff-hours on preparation of these reports. In addition, the Federal Government expended $259,160 on the data collection effort. The idea of continuing this kind of wasteful and unnecessary spending for the rest of this decade is truly offensive.

In light of these considerations, GAO called the need for continued reporting "questionable." It recommended that the pertinent section of the law be repealed following completion of DOE's 1982 report:

> This would reduce the paperwork burden on both the Federal Government and the private sector, and eliminate the cost ultimately borne by the individual taxpayer. If there is future interest in the ratemaking status of States and utilities that is not satisfied by available reports, Congress can request the preparation of such reports at future times.

GAO further reported that DOE agrees with its recommendation to repeal this section of the law.

The Outer Continental Shelf Lands Act Amendments of 1978 (Public Law 95–372) require the Secretary of the Interior to report annually to the Congress on the Outer Continental Shelf oil and gas leasing and production program. Specifically, the Secretary must list all shut-in oil and gas wells and wells flaring natural gas on leases issued under the Outer Continental Shelf Lands Act. This report also must indicate why each well is shut-in or flaring natural gas and whether the Secretary intends to require production on such a shut-in well or to order cessation flaring. The Comptroller General, in turn, is required annually to review and evaluate the methodology used by the Secretary in allowing the wells to be shut-in or to flare natural gas.

On November 19, the General Accounting Office issued its latest such report, entitled "Annual Report on Outer Continental Shelf Shut-in or Flaring Wells Is No Longer Needed."

A primary concern of the Congress in enacting these annual reporting requirements was to determine whether operators on the Outer Continental Shelf were deliberately withholding production in anticipation of higher prices.

But the GAO found that Interior's methodology and reporting "is not and never has been adequate to determine whether this is happening." It also noted that "recent legislation and administration actions decontrolling the price of oil and natural gas make the report of dubious value, since decontrol makes it unlikely that operators would deliberately withhold production."

Interior's most recent report on shut-in and flaring wells includes 14 pages of narrative and tabular information and 690 pages of appendices. Both the GAO and Interior say that the reports serve no useful purpose, and elimination would save a combined total of about $280,000 annually. Abolishing the report, of course, would not affect Interior's continuing responsibilities for inspecting and monitoring the Outer Continental Shelf Lands Act lease activities to insure efficient development of oil and gas resources.

GAO recommended that the Congress repeal section 15(1)(D) of the Outer Continental Shelf Lands Act, as amended, and sections 601 (a) and (b) of the Outer Continental Shelf Lands Act Amendments of 1978. Interior agrees with the recommendation.

Mr. President, the Subcommittee on Federal Expenditures, Research, and Rules, which I chair, is responsible for overseeing the Government's paperwork requirements. The GAO says that a section of the Public Utility Regulatory Policies Act soon will become utterly unnecessary, already is duplicative, and wastes hundreds of thousands of dollars annually. It says that sections of the Outer Continental Shelf Lands Act Amendments of 1978 similarly are costly and unneeded. I strongly urge prompt action to accomplish their repeal.●

By Mr. HATCH (for himself, Mr. KASTEN, and Mr. BAUCUS):

S. 1968. A bill to clarify the application of the Clayton Act and the Federal Trade Commission Act with respect to certain joint ventures which promote the international competitiveness of U.S. businesses; to the Committee on the Judiciary.

INTERNATIONAL JOINT VENTURE ACT OF 1981

Mr. HATCH. Mr. President, I am today introducing the International Joint Venture Act of 1981 on behalf of myself, Senator KASTEN, and Senator BAUCUS. This bill is identical to a bill introduced in the House, H.R. 4868, by the ranking minority member of the House Judiciary Committee, Mr. MCCLORY. The bill will strengthen the ability of American companies to compete in foreign markets, and thus benefit our economy domestically, by limiting the application of the actual potential entrant antitrust doctrine to allow U.S. companies to participate in certain joint ventures with foreign companies.

I know that my colleagues in the Senate appreciate, as I do, the importance of American companies being able to compete in world markets. U.S. companies, in order to gain new export markets, will often find it beneficial to enter into cooperative arrangements with foreign companies to obtain valuable technology, supplemental product lines, raw materials, et cetera. These associations strengthen the company domestically and benefit our economy through increased exports and the employment the company will provide to American citizens in its domestic operations.

However, the actual potential entrant antitrust doctrine prohibits an association between a company and a potential future competitor of that company on the grounds that it illegally restrains trade by preventing the potential competitor from entering U.S. markets on its own. The doctrine was to serve the laudable goal of preventing combinations designed to limit competition from companies which had decided, and were able, to enter a line of commerce on their own. Under the actual potential entrant doctrine, cooperative arrangements with foreign corporations which are not currently competing in the United States may be characterized as future potential competitors. While the courts have not applied this doctrine unless there was hard evidence and while the policy of the Department of Justice has not focused on the doctrine, the Federal Trade Commission is applying the actual potential entrant doctrine broadly.

Since companies which are able to compete effectively in the United States on their own do not enter joint ventures which prevent them from doing so, the effect of the FTC's broad application of the actual potential entrant doctrine discourages American companies from cooperating with foreign companies in ways which would increase our ability to compete in world markets. This situation can result in the loss of export opportunities and the diminution of the strength of our companies at a time when our efforts should be to foster U.S. trade interests. Foreign companies encounter no such discouragement from their governments.

A perfect example of the detrimental results of applying the actual potential entrant doctrine too broadly is the recent case involving the Brunswick Corp. In 1972, Brunswick entered into a 10-year joint venture with Yamaha, a Japanese company, for the manufacture of outboard engines in Japan. Yamaha had previously attempted unsuccessfully to penetrate the U.S. market on its own.

The joint venture was beneficial to both parties. Brunswick developed new markets in Europe, Australia, and Mexico and introduced a new line of outboard engines in the United States. Yamaha gained the needed technology to compete successfully here, and, with this, notified Brunswick in 1979 of its intentions to terminate the joint venture in 1982.

Yet, despite this and despite the fact that the Federal Trade Commission's administrative law judge had previously ruled that the joint venture promoted competition, the FTC, in 1979, found that the joint venture potentially restrained competition by temporarily preventing Yamaha from capturing a share of the U.S. market. The FTC ordered Brunswick to sell its interest in the successful joint venture to Yamaha and no one else at a price far below market value, which also jeopardized the continued supply of parts and engines at reasonable prices—all to the advantage of the foreign company.

The legislation I am introducing will simply make it clear that a U.S. company may join temporarily with a foreign company to engage in a line of commerce in which they do not compete in the United States, even if the foreign company is a potential competitor. The requirement that the joint venture have a limited term guarantees that the foreign company could not be indefinitely precluded from competing in the U.S. market on its own. But the legislation does not overrule the actual potential entrant doctrine, and it does not sanc-

tion joint venture arrangements among U.S. companies. Nor does the legislation sanction a joint venture between a U.S. company and a foreign company if the foreign company or any of its affiliates is actually and substantially engaged in the same line of commerce in the United States as the joint venture.

I urge my colleagues to support this legislation which will remove the unnecessary restrictions and impediments to our companies trying to compete in world markets.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1968

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Joint Venture Act of 1981".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds the following:

(1) The health and productivity of United States businesses have become increasingly dependent upon their ability to compete effectively in world markets.

(2) To complete effectively in world markets, United States businesses find it advantageous and often necessary to enter into certain limited joint venture arrangements with foreign businesses, through which United States businesses obtain valuable technology, supplemental product lines, raw materials, access to new export markets, and access to distribution, marketing, and manufacturing facilities.

(3) United States businesses are currently discouraged from entering into such joint ventures by the application of certain antitrust laws of the United States to cooperative arrangements with foreign businesses which are not currently competitors in the United States but which may, under the "actual potential entrant" doctrine, be characterized as future potential competitors.

(4) Such application of the antitrust laws reduces the competitiveness of United States businesses in world markets and is not necessary to promote the entry of foreign competitors in the United States.

(b) It is the purpose of this Act to promote the international competitiveness of United States businesses by permitting them to participate in certain limited international joint ventures.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) the term "United States person" means an individual who is a citizen of the United States, or a partnership, corporation, or other legal entity organized under the laws of the United States or any State or territory of the United States, and

(2) the term "foreign person" means any person other than a United States person.

CLAYTON AND FEDERAL TRADE COMMISSION ACTS

SEC. 4. Section 7 of the Clayton Act (15 U.S.C. 18) and section 5 of the Federal Trade Commission Act (15 U.S.C. 45) shall not be construed to prohibit a United States person from entering into any contract or agreement providing for the establishment, or the performance of the business of, a joint venture or to prohibit the acquisition or ownership by a United States person of stock, other capital, or assets of a joint venture if such joint venture—

(1) is formed by only such United States person and one or more foreign persons,

(2) does not engage, or is not intended to engage, in any line of commerce in the United States in which such foreign person, or any person controlling, controlled by, or under common control with such foreign person, is actually and substantially engaged in the United States at the time such joint venture is formed,

(3) is terminable at the will of any party to such joint venture no later than ten years after the date such joint venture is formed, and

(4)(A) provides for the exchange of licenses, patents, trade secrets, or other forms of technology, or

(B) provides access to raw materials or to distribution, marketing, or manufacturing facilities.

EFFECTIVE DATE

SEC. 5. This Act shall apply with respect to any proceeding which is pending on or after the date of the enactment of this Act.

By Mr. JACKSON:

S. 1970. A bill for the relief of James P. Purvis; to the Committee on the Judiciary.

RELIEF OF JAMES P. PURVIS

● Mr. JACKSON. Mr. President, today I am introducing a private relief bill in behalf of Mr. James Purvis of Spokane, Wash. I am also submitting a resolution which would refer this claim to the Court of Claims for review and recommendation in accordance with the procedures of Public Law 89-681 which governs private bills referred by the Congress to the Court of Claims for a hearing.

The history of the case of Purvis against United States is long and tortuous involving some two dozen separate administrative and judicial proceedings and spanning two decades from 1961 to the present. Briefly, James Purvis, then doing business as the Purvis Construction Co., was awarded a contract by the General Services Administration to construct the U.S. exhibit buildings at the Seattle World's Fair. Purvis was forced to accelerate performance on the contract to overcome delays and disruptions caused by the Government which resulted in greatly increased expenditures and ultimately bankrupted his construction company. For 20 years, Purvis sought recovery of his losses before the Boards of Contract Appeals and the Court of Claims.

Finally, in 1980, the Court of Claims ordered the Government to pay Purvis $390,248 in damages, since reduced by stipulation to $366,623.41, worth approximately $152,197 in 1961 dollars.

In its opinion in Purvis the Court said:

> The delays in final decision have become celebrated as among the horribles of (administrative) procedure.

Also, as stipulated by the parties, the award to Purvis—

> compensates plaintiff only to the extent presently permitted by law and is not intended to prejudice nor affect plaintiff's application for or receipt of private relief.

Since the Purvis case the Congress has changed the law and interest is paid on claims to a contractor from the date the contracting officer receives the claim until payment of the claim.

Although James Purvis can never be made financially whole, Congress can in its equity power grant a measure of relief comparable to what it has since provided for contract claims under the Contract Disputes Act. The congressional reference bill procedure by which the Court of Claims reviews cases such as this is an appropriate means for consideration of the merits of this case. I urge the committee to act promptly and favorably on the resolution so that we may get the opinion of the court on whether an equitable remedy is justified in this case.

(The text of the resolution, Senate Resolution 267, appears later in today's RECORD.) ●

By Mr. BRADLEY:

S. 1971. A bill to designate the New York Bulk and Foreign Mail Center located at 80 County Road, Jersey City, N.J., as the "Michael McDermott Bulk and Foreign Mail Center"; to the Committee on Governmental Affairs.

MICHAEL M'DERMOTT MAIL CENTERS

Mr. BRADLEY. Mr. President, today is a very sad day for the postal employees at the New York Bulk and Foreign Mail Center in Jersey City, N.J. It was exactly 2 years ago on this date that Michael McDermott, a 25-year-old postal employee was killed in a conveyor belt accident. At the time of his death in 1979 he was married and had an 8-month-old daughter. The bill which I am today introducing designates the New York Bulk and Foreign Mail Center at Jersey City as the "Michael McDermott Bulk and Foreign Mail Center".

The naming of this important postal facility for Michael McDermott will serve a dual purpose: It will remind us of both the public service and tragic sacrifice of this one individual, and it will also remind us of the need to monitor workplace safety and remove conditions which can cause injuries to postal employees across this Nation. The designation of the New York Bulk and Foreign Mail Center in honor of Michael McDermott will not erase the tragedy of 2 years ago, but it may help other postal employees avoid such accidents as they serve the public.

By Mr. RIEGLE:

S. 1972. A bill to amend the Internal Revenue Code of 1954 to exempt from the manufacturers' excise tax parts or accessories for light-duty trucks, and to allow manufacturers of a taxable truck body or chassis to combine it with certain taxable parts or accessories without incurring additional tax by reason of the combination; to the Committee on Finance.

EXCISE TAX ON TRUCK PARTS

● Mr. RIEGLE. Mr. President, today I am introducing legislation to amend the manufacturers' excise tax on truck parts and accessories. Similar legislation (H.R. 4452) has been introduced in the House of Representatives by Congressman BRODHEAD of Michigan.

The bill will help alleviate certain unfair competitive disadvantages within the industry caused by the current structure of the tax and ease the burden of complying with certain complicated provisions of the law. A more comprehensive reexamination of the excise tax burden that is addressed by S. 1179 which was introduced May 13, 1981 is still needed but the specific provisions of the legislation proposed today are judged noncontroversial, in that they are very limited and with minimal tax revenue impact.

This legislation aims at three improvements. First, it repeals the excise tax on the few remaining light duty truck parts not currently exempted. Currently, there are appreciable costs to industry to keep track of the few interchangeable parts which are subject to the truck tax, which is easily avoided to the competitive disadvantage of the conscientious manufacturer.

Second, the bill corrects the unfair situation where manufacturers of truck chassis who combine one or more of a specified list of parts must pay 10 percent tax on the entire unit, while nonmanufacturers when performing the same operation are liable for only 8 percent tax on the same part. There is no apparent justification for such discrimination against the truck assembler.

Finally, this legislation expands the current list of truck add-on items exempted from the 10-percent tax, to include chassis lengthening and factory assembly of lift axles. Currently these improvements are artificially delayed until after original purchase, for the sole purpose of circumventing applicable taxes and to the competitive detriment of truck fabricators.

In my view, these changes would immediately correct specific inequities within the industry caused by the present law. I urge my colleagues to join me in support of the amendments proposed.●

By Mr. RIEGLE:

S. 1973. A bill to amend the National Ocean Pollution Planning Act of 1978 to provide greater coordination of research efforts concerning the Great Lakes, and for other purposes; to the Committee on Environment and Public Works.

GREAT LAKES PROTECTION ACT OF 1981

● Mr. RIEGLE. Mr. President, today I am introducing the Great Lakes Protection Act of 1981. This bill has been introduced in the House of Representatives by my Michigan colleague, JIM BLANCHARD, and I commend him for the development of this important measure.

This bill will give the same level of recognition and attention to the Great Lakes that has been directed toward the oceans in recent years. I feel that this attention is long overdue, and there has been a tendency to overlook the critical importance of the lakes, and the tremendous resources and benefits that they provide for the country. More than 95 percent of the surface freshwater in the United States is contained in the five Great Lakes, and this is 20 percent of the world's total supply. More than 37 million people depend on the lakes for their potable water, industrial needs, transportation, fishing, and recreation. Clearly, we cannot afford to damage this resource and must begin a coordinated effort to insure their protection.

We have seen evidence of the lower priority given to the Great Lakes in several areas. Both the past and the present administrations proposed severe reductions in the work of the Large Lakes Research Lab at Grosse Isle, Mich. This is a unique facility, which monitors overall water quality in the lakes, and its impact on the health of surrounding populations. Fortunately, we were able to continue funding for Grosse Isle in the HUD and independent agencies appropriations bill, and legislation to continue the authorization for the lab has also advanced. In a more general sense, the administration has proposed other reductions in programs designed to protect Great Lakes resources and to enhance water quality efforts. These proposals have a potentially adverse impact on our relations with Canada, as well as threatening the vitality of the lakes for years to come.

This legislation contains two key features which will add to existing protections of the Great Lakes. The first mandates that all Federal agencies that begin projects with significant impacts on the Great Lakes identify and analyze those impacts. Since there is already a requirement for Federal agencies to prepare environmental impact statements, the Great Lakes analysis would simply add an additional section to the formal statement. The second feature of the bill would establish a coordinating office to oversee the actions of the 20 Federal agencies that have responsibility in Great Lakes matters. This Great Lakes office would prepare an analysis of significant Federal actions of recent years to determine where we have succeeded or failed in Great Lakes protections, as well as looking to the future in terms of streamlining coordination between Federal entities.

There is little budgetary impact in this legislation which places a ceiling on authorizations at $4 million annually after 1982. I feel strongly that this legislation will provide the needed impetus to grant the Great Lakes protection and recognition as extremely valuable natural and economic resources.●

By Mr. DURENBERGER:

S. 1974. A bill to amend section 7(j) of the Federal Deposit Insurance Act; to the Committee on Banking, Housing, and Urban Affairs.

SALE OF INSURED BANKS

● Mr. DURENBERGER. Mr. President, this is an era of regulatory reform for our financial institutions. It is clear that the maze of rules, regulations, and reporting requirements that we have imposed on all of our financial institutions has cost the consumer. Unfortunately, much of this regulation has been imposed layer by layer creating a variety of duplicative efforts at the State and national levels.

I am offering legislation today that would lift one such burden. This bill provides that an insured bank, other than a national bank or a district bank, could be sold or acquired subject to approval by a State bank supervisory agency which operates under State law which is substantially the same as the FDIC requirements in these cases. It serves little or no purpose to require approval by both the State and Federal banking agencies when they have similar requirements. The cost of this duplication in terms of time and money are exorbitant. This legislation should help improve the system.

I look forward to working with the Banking Committee on this provision which I believe Senator GARN has already expressed an interest in reviewing.●

By Mr. GRASSLEY:

S. 1975. A bill amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes; to the Committee on the Judiciary.

VOTING RIGHTS ACT AMENDMENTS OF 1981

Mr. GRASSLEY. Mr. President, on November 6, 1981, President Reagan announced his position on the issue of the Voting Rights Act of 1965. The President pledged that "no barrier would ever come between a secret ballot and the citizens' right to cast one."

I, too, am a wholehearted supporter of protecting the right to vote and feel the Voting Rights Act, and its extension, are both justified and necessary.

He also stated that he felt it was necessary to extend the Voting Rights Act "either through a direct extension of the act or through a modified version of the new bill recently passed by the House of Representatives." Essentially, the President endorsed a 10-year extension; reasonable "bail-out" provisions; extending the bilingual provisions to be concurrent with the other special provisions, and retaining the "intent" test in section 2.

After having considered the Voting Rights Act of 1965, the House bill, and statistics regarding both covered and noncovered jurisdictions, I formulated a measure which I feel embodies the spirit of President Reagan's position.

Initially, I want to emphasize that this proposal is not an administrative bill, but rather a bill which I feel squares in most respects with President Reagan's November 6 announcement.

I want to further emphasize that I am not personally wedded to each and every requirement mandated by this measure. The Subcommittee on the Constitution, of the Judiciary Committee, will open its hearings on the act in January and it is incumbent that the subcommittee have before it a vehicle which contains the President's endorsements for open and fair examination. I, too, may change my position on portions of this bill before it is all said and done.

Initially, this bill would extent the present form of the Voting Rights Act until at least 1987. I realize that the President suggested a 10-year extension, but the history of this legislation reveals its original term was for 5 years, the 1970 amendment was for 5 years, and the 1975 amendment was for 7 years. Accordingly, I believe that an additional period of at least 5 years is in keeping with the historical limitation dealing with this act and assures congressional oversight of the act.

In addition, all references to dates would be made concurrent with the 1987 date. This would be applicable to jurisdictions covered in the 1975 amendments dealing with minority language coverage as well as section 203(b) coverage of bilingual election material requirements. There would be one and only one "sunset" date for all jurisdictions.

Finally, this bill allows for immediate release by covered jurisdiction who can prove that for a 5-year period:

(1) No test or device for discriminatory purposes has been used;

(2) All substantial submissions for section 5 preclearance have been made;

(3) There have been no unremedied objections by the Attorney General; and

(4) There have been no court decrees that the jurisdiction purposefully denied or abridged the right to vote in violation of the act.

This requirement creates a higher burden of proof than is presently found in the law, and, of course, jurisdictions who cannot meet this burden will be unable to seek immediate release. This section also allows political subdivisions of covered jurisdictions to seek release as a separate unit.

Moreover, this new section would allow jurisdictions which seek immediate release to bring the action in a three judge court convened in the circuit in which the action arises. In light of the fact that the burden of proof for immediate release is made higher than that found in present law, this new requirement accomplishes two things: First, it precludes the involvement of a Federal judge from the State of the party-jurisdiction, yet, second, it does not require that the hearing be held within the District of Columbia. This will accommodate petitioning jurisdictions who will more than likely have to present much evidence. Moreover, it will accommodate those persons who may seek to be heard in opposition to the jurisdiction's petition.

Mr. President, this measure, as I have said, generally attempts to comport with what I believe the position of the President to be. I am certain that it will be subject to debate and criticism, but the fact remains it is time for us to take a close look at the Voting Rights Act and ask ourselves if we want an act to protect every citizen's right to unfettered access to the ballot; or in 1981, do we want to amend the rules of the game to seek new goals?

I believe this bill will be an aid in insuring that these questions be asked. We will all need to become more familiar with the issues and this bill will help. As I stated earlier, protecting the right to vote is still a paramount priority. The question now is whether sections of the country East, West, North, and South—will have to continue to seek Federal approval of their voting actions, or will we allow those jurisdictions which have abided by the law, both in fact as well as in spirit, to regain their sovereignty in a fair and realistic fashion.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1975

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Voting Rights Act Amendments of 1981".

SEC. 2. Section 4(a) of the Voting Rights Act of 1965 is amended—

(1) by inserting "(1)" after "(a)";

(2) by striking out "seventeen years" each place it appears and inserting in lieu thereof "twenty-two years";

(3) by striking out "ten years" each place it appears and inserting in lieu thereof "twelve years";

(4) by inserting ", except as hereinafter provided in section 4(a)(2) and section 4(a)(3)," after "*Provided*, that no such declaratory judgement shall issue with respect to any plaintiff" each place it appears; and

(5) by inserting at the end of the section new subsections to read as follows:

"(2) Notwithstanding the provisions of section 4(a)(1), any such State or any political subdivision thereof, although the determinations of section 4(b) were not made as to the subdivision as a separate unit, or any such political subdivision with respect to which the determinations of section 4(b) have been made, may at any time bring an action pursuant to the provisions of section 4(a)(3) against the United States for a declaratory judgement that during the five years preceding the filing of the action:

"(A) no test or device has been used within such State or political subdivision for the purpose or with the effect of denying or abridging the right to vote in contravention of the guarantees of this Act;

"(B) such State or political subdivision has made all substantial submissions in compliance with section 5 of this Act;

"(C) there remain no unremedied objections by the Attorney General to any submission made pursuant to section 5; and

"(D) there have been no final judgements of any court of the United States that such State or political subdivision purposefully denied or abridged the right of any citizen to vote in contravention of the guarantees of this Act.

"Upon making such a showing to the satisfaction of the Court, a declaratory judgement shall issue that with respect to such State or a separate political subdivision thereof or such political subdivision the terms of this section have been complied with."

"(3) Notwithstanding the provisions of section 4(a)(1), an action brought pursuant to section 4(a)(2) shall be heard and determined by a court of three judges in accordance with the provisions of section 2284 of title 28 of the United States Code and appeal shall lie to the Supreme Court: *Provided*, That all filings for the request for three judges pursuant to this section shall be referred to the Chief Judge of the circuit who shall designate three judges from the circuit, other than from the petitioning State or from the State in which the petitioning political subdivision is located."

SEC. 3. Section 203(b) of the Voting Rights Act of 1965 is amended by striking out "August 6, 1985" and inserting in lieu thereof "August 6, 1987".

SEC. 4. This Act shall become effective on the date it is enacted.

By Mr. DURENBERGER (for himself, Mr. METZENBAUM, Mr. SPECTER, Mr. BAUCUS, and Mr. ROTH):

Senate Journal Resolution 269. A joint resolution expressing the sense of the Senate with respect to railroad retirement full funding; to the Committee on Labor and Human Resources.

RAILROAD RETIREMENT FUNDING

● Mr. DURENBERGER. Mr. President, in recent weeks no issue has provoked more calls and letters from angry, confused, and upset Minnesotans than the railroad retirement cutbacks. Railroad retirement—a lifeline to 400,000 senior citizens in this country—simply can no longer be the object of this ongoing political struggle over the Federal budget. The U.S. Congress must act immediately and firmly to assure those railroad retirees that their lives will no longer be put through the chaos of recent weeks.

If I may, Mr. President, let me set out in a simple and brief manner what has happened to railroad retirement in the last few months. Prior to 1974, railroad employees could be insured under both railroad retirement and social security. The benefits that these working people built up were part of a total compensation package offered through their employment and were considered deferred wages. In 1974, Congress eliminated the possibility of future retirees receiving benefits under both accounts. Those entitled to both benefits before 1975, however, were exempted from the change and Congress authorized annual appropriations from general revenues from 1976 to 2000 to finance the cost of phasing out the original program.

In the last few years, unfortunately the Office of Management and Budget has ignored congressional intent by failing to request the full appropriation required to fully fund that account, making up the short fall from the general account. This short-sighted action on the part of past administrations created a serious drain on the railroad retirement system.

During the budget reconciliation this fall, Congress made several changes in the railroad retirement fund. These changes were primarily aimed at insuring the solvency of the fund and included many cost saving provisions which amounted to $400 million over the next 3 years.

In addition to these changes, Congress provided for the "windfall" benefit to be paid out of a specific "dual benefits payment account" and stopped the practice of allowing the shortfalls to the windfall account to be funded by draining the general railroad retirement account.

It was not the intent of Congress to reduce the benefits of current railroad retirees. Rather, the intent of Congress at that time was to shore up the financially troubled fund and not to allow for new categories of beneficiaries. We accomplished this task with the support of both management and labor. Now we must correct this injustice inadvertently inflicted on the retirees—we must restore the full benefits of all railroad retirees.

During consideration of the "first" continuing resolution in November, the Senate passed an amendment offered by Senator METZENBAUM, Senator ROTH, myself, and several others that would have restored the benefits of all retirees to their rightful level. However, to the dismay of all of us in the Senate, the funds provided by that amendment were cut in half by the House-Senate Conference Committee. The whole issue became temporarily moot when the President vetoed the entire continuing resolution.

We have now passed a "second" continuing resolution to provide funding for the Government through March 31. Unfortunately, though, only half of the October 1 cut to railroad retirees—minus the across-the-board 4-percent cut that virtually all Government programs were subjected to—will now be restored.

Mr. President, this nonsense must cease once and for all. It is time to give the railroad retirees of this Nation the full benefits they worked many years to earn. I come from a railroad family, and I know what these benefits mean to railroad retirees. The resolution I am offering today will express these sentiments clearly and publically. The resolution will leave no doubt that we intend to move to restore this funding at the next available opportunity. Mr. President, I urge all my colleagues to work together to restore full benefits to railroad retirees as soon as we possibly can.●

ADDITIONAL STATEMENTS

LIBYAN INTERFERENCE IN ITALY

● Mr. EAST. Mr. President, in the last week, the American people have listened with dread to continued reports of a Libyan assassination team dispatched to this country by Colonel Qadhafi to kill the President and top leaders of the Government.

The continued interference, with lethal consequences, in the affairs of other countries by Colonel Qadhafi is an act of aggression and terrorism, and it is time that the civilized world take strong measures against this tyrant and aggressor.

However, the United States is not the only country that has been threatened by Qadhafi's intrigues. Over 40 countries in the world have been victimized by his support of terrorism and insurgency. One of the countries which has been targeted by Qadhafi is Italy, a strong NATO ally and a democratic government. Some weeks ago, I asked Dr. Vittorfranco S. Pisano of the Library of Congress to prepare a report on Libyan interference in Italian affairs. I am happy to say that this report is now ready, and I am asking that it be reprinted in the CONGRESSIONAL RECORD today.

Dr. Pisano is one of this country's foremost authorities on Italian affairs and politics, especially on Italian terrorism. He is senior foreign law specialist in the European Law Division of the Library of Congress and author of several publications on terrorism and intelligence. He has taught modern foreign governments in the Department of Government at Georgetown University.

The report follows:

LIBYA'S MULTIFACETED FOREIGN POLICY: THE ITALIAN APPLICATION

(By Vittorfranco S. Pisano)

Ongoing reports of Libyan "hit squads" tasked with the assassination of the President himself, together with senior officials of the Reagan administration, are likely to overshadow Libyan practices in other democracies committed to the preservation of Western values. Yet, it is at this very point in time that an in-depth global assessment of the Libyan modus operandi could prove highly opportune, if not indispensable.

Within such a broad spectrum, Libyan aims and actions in Italy—and, indeed, the manner in which they are represented and perceived—constitute an instructive case study, particularly in consideration of the fact that Italy appears to be Libya's most targeted nation outside of Libyan adventurism in the Afro-Islamic world.

On June 1, 1980, Italy's most circulated political weekly, the Left-oriented L'Espresso of Rome, appeared on the newsstands displaying a portrait of Qaddafi on the cover page. This was neither the first nor the last time that the Libyan leader would make the cover page of an Italian magazine, be it of the leftist or other persuasion. In point of fact, Qaddafi's image is the object of inordinate exposure in the Italian media. What actually made L'Espresso's cover page of June 1, 1980, food for thought was the caption: "Qaddafi I, King of Italy." Hyperbole aside, the Libyan presence—real, perceived, propagandized, or imagined—seems to weigh heavily on the Italian scene.

A careful and systematic reading of the Italian press suggests a multidirectional Libyan policy vis-a-vis the Italian peninsula. Although oftentimes in apparent contradiction with one another, Libyan overtures to Italy range from attestations of Libyan-Italian affinity, religious proselytism, cultural penetration, financial, industrial, and land investment, and mutually advantageous commercial opportunities to physical elimination of Libyan emigres living in Italy, support for Italian terrorist elements of the Left and of the Right, use of Italian territory for international terrorist operations, harassment of Italian fishing boats and oil-prospecting platforms, violations of Italian air space, and economic and military threats. Equally disquieting are media reports alleging a special relationship between Libya and the Italian intelligence services.

The island of Sicily is generally regarded as the avenue of approach for Libyan cultural, economic, and even subversive penetration into Italy. In a 1979 interview granted to Italian journalist Dina Nascetti, Colonel Qaddafi offered the following explanation for Libya's endeavors in Sicily: "Our interest lies in friendship and cooperation, while we are concerned with the aims of the United States that would want to transform Sicily into a large military base. Because of its geographic position and historical precedents, Sicily is for us a natural bridge in the relationship of cooperation with Italy. It should not be forgotten that a sizeable portion of the Sicilian population is of Arabic descent: in fact, the Arabs governed Sicily for many centuries thus giving birth to a prosperous civilization, whose existence is well documented."

Apart from the Colonel's self-serving statements, Libya's current cultural-economic hold on Sicily is not negligible. After an absence of one thousand years from the island, a mosque, financed with Libyan funds, is now open for worship in the city of Catania. Its opening conveniently provided the occasion to organize an essay contest for high school students on "the affinity between Sicily and the Arab world." Seventy of them were rewarded with a trip to Tripoli. At the same time, the Libyan Consulate in Palermo, in operation since 1975, indicated that 10,000 visas have been issued to Italians desiring to visit Libya for business reasons.

It has been estimated that the Libyans themselves have invested a minimum of 500 to 700 billion lire in the agricultural, construction, and fishing industries of the island. Cities with major Libyan investments include Palermo, Catania, and Siracusa. Moreover, Pantelleria—a considerably smaller island that is part of the Region of Sicily and is endowed with strategic-military importance—has been the target of vast Libyan investments in land and realty.

On the propaganda or "public relations" side, a bimonthly publication, Sicilia Oggi (Sicily Today), a private TV channel, Tele Sicilia Color, and a radio station, Radio Trinacria, afford ample resonance to the principles of Qaddafi's "green socialism." Some coverage of Libyan affairs is also provided in the Arabic bimonthly section of the Palermo daily L'Ora. At least in part, Libya's interests in Sicily have been promoted by Catania attorney Michele Papa, one of the founders of the pro-Libyan Sicilian-Arab Association and a former partisan of Sicilian independence from Italy. Papa's twofold role has entailed the development of Libyan business and the enhancement of Libya's image through cultural and other social events, frequently accompanied by lavish refreshments. Papa was also instrumental in establishing Billy Carter's Libyan connection. In the later case, Sicily served as a stepping stone not only to the Italian mainland, but also to the United States.

Officially, Libya's aggregate investments in Italy—Sicily included—amount to 370 billion lire, in addition to ownership of 100 billion lire in Treasury bonds. These figures include a 9.1 percent (13.4 percent by the end of 1982) holding—360 billion lire—in the stock of FIAT. Consequently, two Libyans sit on the Board of Directors of Italy's major private corporation. Moreover, Libya openly owns seven percent of the capital of the Union of Arab and European Banks. However, as the estimates cited for Libyan holdings in Sicily indicate, unchallenged journalistic investigations have revealed the existence of considerably larger investments throughout Italy's national territory. These "covert" investments are reportedly made by resorting to "dummy" corporations of different nationalities, "official" Italian investors, and obliging Libyan residents of Italy.

Attempts at cultural penetration in Italy's mainland frequently entail subsidies to various printing establishments throughout the peninsula, which publish, inter alia, Qaddafi's fundamentalist Green Book. Excerpts from the latter, as well as the Colonel's speeches, are regularly aired from a Rome private TV channel, Tele Tevere. Though not comparable to the exhibitionist role played by Papa in Sicily, Libya's frequently cited "agents of influence" on the mainland include Emo Egoli, Secretary of the Italian-Arabic Friendship Society in Rome, and Socialist politicians Enrico Manca and Michele Achilli.

While successfully pursuing economic and politico-cultural expansion into Italy, Libya has also insured Italian dependence on Libyan products and markets. On one hand, Italy relies on Libyan petroleum for 17 percent of domestic energy needs. On the other hand, Italian products and services for export find a highly lucrative market in Libya. Two examples pertaining to the armaments and construction sectors of the economy are particularly significant. Libya constitutes the best customer of the Italian armaments industry (Agusta, Aermacchi, Beretta, Oto-Melara, etc.), although the Italian Minister of Defense has recently stated that current deliveries substantially represent performance of past contractual obligations. It might be parenthetically pointed out that on a global level Italian arms exports have increased between 1970 and 1980 from 80 billion to 2,500 billion lire. With respect to construction, Italian firms and an Italian labor force have been contracted to build a 315-kilometer "defensive" barrier between Libya and Egypt.

The total Italian labor force employed in Libya on various projects comprises approximately 20,000 residents. Of comparable magnitude are the figures on Italy-Libya trade, which has increased from 2.421 billion lire in 1977 to 3.742 billion lire in 1979. Between January and October of 1980, Italian imports from Libya amounted to 2.390 billion lire, whereas exports amounted to 1.642 billion lire. Italy's heavy reliance on petroleum imports has consistently favored the Libyan balance of trade between the two countries.

The economy's need for Libyan investments, petroleum, and markets and the Government's concern for the safety of Italy's extensive labor force in Libya are normally regarded as the principal factors that make it possible for the Tripoli regime to embark upon a parallel foreign policy based on various forms of intimidation.

Of these, terrorism has been the most clamor-inducing. Between March 21 and June 11, 1980, Libyan elements in Rome and Milan targeted seven of their countrymen, who had expatriated taking along personal assets. Of the seven, five were murdered, one was wounded, and one managed to escape. These operations were reportedly directed from the Libyan Consulate in Palermo with the assistance of some 200 informants and trained killers. (Libyan concentration of effort on Italian territory is reflected by the fact that during the same time frame only five incidents of the same nature took place elsewhere in Europe and in the Middle East.) It is not clear whether these attacks were solely motivated by the victims' refusal to repatriate with their wealth or also by their uncooperative attitude vis-a-vis unlawful demands placed on them in Italy by Tripoli's emissaries. After the Italian police arrested a number of suspects, including a self-con-

fessed assassin, Qaddafi's Government retaliated by imprisoning nine Italians who work in Libya.

With respect to support for domestic Italian terrorism, a variety of allegations, testimony, and circumstantial evidence point an accusing finger at the Qaddafi regime. A locality near Bengasi—code name "Zujur"—has been indicated as a training camp attended by Italian terrorists. A diary kept by rightist extremist Mario Tuti, who killed two Carabinieri near Florence in 1975 and carried out sabotage operations against the railway system, makes reference to Libyan aid. Captured terrorist of the Left Fabrizio Giai revealed to the investigating magistrates that in 1978 Libya served as an intermediary in the acquisition of weapons from the Popular Front for the Liberation of Palestine by the leftist terrorist organizations Red Brigades (BR) and Front Line (PL). Other "repentant" terrorists have reportedly confirmed other instances of Libyan mediation. The fact that Tripoli appears to be aiding indiscriminately terrorism of the Right and of the Left has been attributed to broad destabilization designs on the part of Colonel Qaddafi in Italy.

Italian territory also constitutes an important base for Libyan terrorist enterprises unrelated to Libyan expatriates and Italian subversives. One of three major depots of arms maintained by the Qaddafi regime abroad is allegedly located in Sicily and used to support various Mediterranean extremist movements. Italian Senator Leo Valiani has been quoted by the press as having reminded his colleagues that it was the Libyan ambassador in Rome who delivered to German terrorist Klein diplomatic luggage filled with weapons, which were subsequently used in the assault on the Vienna OPEC summit meeting of 1975. In March of the following year, a group of Libyans armed with pistols and grenades was apprehended at the Rome international airport as it tried to board a flight to Paris.

On February 24, 1981, a "hit squad" comprising several guerrillas from African and Arab countries opened fire also at the Rome international airport against four individuals of diverse Arab nationalities. One of the arrestees identified himself as "a Qaddafi guerrilla." Some news analyses have considered reports of Libyan training received by Mehmet Ali Agca, who, on May 13, 1981, fired upon Pope John Paul II—Supreme Pontiff of the Roman Catholic Church and head of the State of the Vatican City—as a possible indication of direct or indirect Libyan involvement in that transnational act of terror as well. Most recently, in October of 1981, Maxwell M. Rabb, U.S. Ambassador to Italy, was reportedly the target of a Libyan assassination plot discovered by the Italian authorities.

But, from the Italian perspective, the most sinister of the terrorist or terrorism-connected actions in which Libya has been involved, or suspected of responsibility, is the indiscriminate bombing of the Bologna railroad station, which caused 85 deaths and nearly 200 injuries among bystanders. In this case, allegations of Libyan involvement rest exclusively on circumstantial evidence, as the accusers themselves readily concede. The explosion took place in concomitance with the initial steps of the diplomatic process that led to the signing of the Italy-Malta agreement, pursuant to which the former guarantees the neutrality of the latter.

Because of its offshore oil deposits and strategic location in the Mediterranean, Malta has consistently been an objective of Qaddafi's expansionist designs. Moreover, some of the rightist extremists charged with the material perpetration of the Bologna massacre are believed to have a history of subversive ties with Libya. If Libya is in fact the principal behind this terrorist incident, whose destructiveness is unprecedented in Italy, it would have to be regarded as a message to the Italian Government itself.

Indeed, warnings, retaliation, and other hostile actions have been a highly visible component of Qaddafi's Italian policy. One of the first official acts of the Colonel, after his successful plot of September 1, 1969 to overthrow the pro-Western King Idris of Libya, was the confiscation of their property, estimated at 200,000 billion lire, and the expulsion of 20,000 Italian settlers—not to be confused with Italy's current labor force in Libya—whose presence there had outlasted Italian colonial rule. Likewise, Qaddafi's navy has regularly harassed Italian fishing vessels, accused of violating Libyan territorial waters, to the point of boarding one of them in 1978 from a submarine. Four years earlier, a Libyan jet had strafed an Italian warship in the Sicilian Channel.

In August of 1980, during a seven-day span, Libya resorted to two other intimidatory acts. On the 20th, two Libyan warships forced an Italian oil-drilling rig in the employ of Texaco and the Maltese Government to cease its prospecting activities in non-Libyan waters under dispute between Malta and Libya. Seven days later, the Tripoli regime demanded World War II damages from the Rome Government. Some commentators have interpreted these last two events as a follow-up on the Bologna massacre perpetrated earlier on in the month.

Most recently, following the Gulf of Sidra incident of August 19, 1981, in the course of which two Libyan warplanes were defensively downed by two U.S. counterparts, Libya's Qaddafi threatened to bomb select NATO installations in the Alliance's southern flank and placed Sicily at the top of the list. In reply to the Italian Government's protest, the Libyan Ambassador to Rome stated that the Colonel's "speech was misunderstood." Yet, according to Italian press accounts, Libyan missiles based in Tripoli and Kufra are assigned Italian targets and can actually reach Sicily, Sardinia, and the southern portion of the Italian mainland up to Naples.

It has further been submitted that Qaddafi's specific intent is to block the deployment on Italian territory of NATO's modernized Theater Nuclear Force. On his part, the Italian Minister of Defense, defined by Qaddafi as a "Fascist" and a "tool of the U.S. Central Intelligence Agency," downplayed the present missile threat, but acknowledged four disquieting eventualities: (1) Closer Soviet-Libyan ties; (2) deployment of Libyan commando units for "demonstrative" operations; (3) enhancement of the Libyan missile potential through East-German technical assistance; and (4) foreign policy leverage resulting from Libya's enormous stockpiling of armaments.

The massiveness of Libya's stockpiling has led some analysts to consider whether this might ultimately reflect an alternative Soviet plan, in the event of military hostilities, to approach Italy from the South and bypass its defenses in the North, where the preponderance of Italy's NATO-assigned troops is concentrated. Other observers have implied that Qaddafi's threat to Italy could be effectively carried out only by manning the stockpiled armaments with Soviet and Czech operators. Finally there are those who would restructure the disposition of Italy's armed forces to counter whatever threat may come from the South. It has been rebutted, however, that a goal of the Soviets is the weakening of Italy's defenses in the North, the traditional invasion route. Implicit to the rebuttal is Qaddafi's cooperation with the Soviet Union.

Italian efforts not to jeopardize Rome-Tripoli relations have reportedly required the intervention of the intelligence services. Media accounts allege that at the beginning of the 1970's Italian intelligence foiled an anti-Qaddafi plot to be executed by an international mercenary commando force. Shortly thereafter Italian intelligence reportedly delivered weapons to the Libyan Government on behalf of West Germany and even provided to the Libyans armaments "borrowed" from the Italian army in order to meet a deadline that the Italian company Oto Melara would otherwise have defaulted upon. The intelligence services are also believed to have been instrumental in reducing Italian-Libyan frictions over the seizure of fishing boats by directly paying ransoms to the Libyans and redispatching Italian fishermen toward the waters of the more friendly Tunisian neighbor.

Finally, dissident Libyan expatriates have accused the Italian secret services of turning over to Qaddafi—by direct home delivery or through his emissaries in Italy—captured members of "hit squads," dissenters themselves, and lists of dissenters with their Italian addresses. According to the dissenters, the Italian authorities are even unwilling to "tail" Qaddafi's agents.

The extent to which the reports and analyses surveyed herein are reliable, erroneous, willfully false, or simply superficial is frequently impossible to substantiate at the researcher's level. The lesson to be learned from the study of media accounts and official documents in the public domain is that Libya is perceived as a force and an influence in contemporary Italy. However, considerations pertaining to both Italian and collective Western security would suggest—and this becomes the investigator's task—that every effort be made to determine whether this perception of Libyan power should be attributed to questionable reporting techniques on the part of the media or to possible disinformation orchestrated by the Qaddafi regime and eventual Soviet mentors.●

JAPANESE ECONOMIC POLICIES

● Mr. MITCHELL. Mr. President, Japan's economic performance over the past several years has been the envy of the industrialized nations. Japan has managed to maintain a high level of economic growth and low rates of inflation, despite the two oil price shocks that seriously disrupted the economies of most developed countries.

Although structural and cultural differences between Japan and the United States would make it more difficult to be as successful with similar policies in the United States, an understanding of Japanese economic policies is helpful. I recommend to my colleagues a recent speech given by Takashi Kato, the Director-General of the International Finance Bureau of Ministry of Finance in Japan. The speech was delivered in Tokyo on November 18 to a group of U.S. security analysts, at a meeting sponsored by the American Family Life Assurance Co.

I ask that the speech be printed in the RECORD.

The speech follows:

ECONOMIC POLICY IN JAPAN

Today I would like to discuss some aspects of current and future Japanese economic policies, particularly its international aspects. First, for your background information, let me review briefly our current economic conditions.

1. THE CURRENT JAPANESE ECONOMY

Japan's economic growth rate continues to expand faster than most other major industrial countries. During the past half decade, the Japanese economy has grown at an average annual rate of nearly 5 percent (5.1 percent in FY 1976, 5.3 percent in FY 1977, 5.2 percent in FY 1978, 5.5 percent in FY 1979, and 3.8 percent in FY 1980). For FY 1981 (which began on April 1), we forecast an economic growth rate of 4.7 percent. This rate of growth is especially notable when compared with the U.S. and West

German economies which are both currently experiencing declining growth rates.

Japan's inflation rate remains among the lowest of the major industrial countries, despite almost entire reliance on crude oil imports. Compared with most other developed countries where inflation has been in double digits, the Japanese inflation rates have remained a single digit since 1976: 9.3 percent in 1976, 8.1 percent in 1977, 3.8 percent in 1978, 3.6 percent in 1979, and 8.0 percent in 1980. Only West Germany, with an average inflation rate of approximately 4 percent, outperformed Japan. Recently, prices have become increasingly stable. As measured by the Consumer Price Index, the rate of increase declined over the previous year from 4.4 percent in July to 4.1 percent in August and 3.9 percent in September. For the year as a whole, we estimate that the CPI increase will be limited to 5 percent.

Surprisingly, Japan managed to keep inflation relatively low during the second oil crisis, even though relying almost totally on imports for its supply of crude oil. We are justifiably proud of our efforts to control inflation and particularly of our adroit management of the second oil crisis.

Japan's balance of payments situation remains vulnerable because of our heavy reliance on imports for energy and other raw materials. During the past few years, we have experienced wide swings in our balance of payments primarily due to OPEC oil price increases. Before the second oil shock, Japan had a comfortable surplus in its current account, which was more or less offset by a constant outflow of long term capital. In FY 1978, the current account surplus was $11.9 billion, and the long term capital outflow $16.3 billion. In FY 1979, however, the oil price hikes caused a current account deficit of $13.9 billion, a swing of more than $25 billion in one year.

The balance of payments improved as the yen depreciated, oil prices stabilized, and the economy slowed. Although we had earlier pessimistically forecasted a current account deficit of $6 billion, we now expect a $7 billion or larger surplus for FY 1981. Obviously, this improvement in the current account is unlikely to continue at the present rate because anticipated faster economic growth should stimulate imports and restrain exports.

The yen has been quite volatile. It hit an all-time high of 176 yen to the dollar October 31, 1978. However, the next day, the Carter Administration announced a package of dollar rescue measures, which eventually led to a turn-around of the yen-dollar ratio. In the latter half of 1979, the rapid rise in oil prices led to a sharp deterioration in our balance of payments, which in turn caused the yen to depreciate considerably. As in the first oil crisis, perceived vulnerability of the Japanese economy due to its dependence on oil imports exaggerated the pessimism of the bearish. Further pressure on the yen occurred as U.S. interest rates began rising. On April 8, 1981, the yen hit a low of 260 yen to the dollar. As the balance of payments improved, the yen began to recover gradually, and, although it has fluctuated, it recently has stayed in the range of 215 to 220 to the dollar.

2. JAPAN'S CAPABILITY FOR ECONOMIC ADJUSTMENT

The oil crises of the 1970s were a great challenge to economic policymakers in oil-importing countries. Oil-importing countries, including OECD countries, piled up huge deficits as OPEC member countries accumulated enormous balance of payments surpluses. Non-oil-producing countries suffered from accelerating inflation and stagnating growth rates as a result of higher energy costs and huge capital accumulation in a limited number of countries. Japan was no exception to these effects.

The first and second oil crises together caused an eleven-fold increase in crude oil costs in less than eight years. The average price of imported crude oil, which was only $3.30 per barrel in 1973, rose to $36.70 in September 1981. Japan's crude oil bill rose from $6.0 billion in 1973 to nearly $54 billion in FY 1980. During the second oil crisis alone, the average price of a barrel of imported crude oil rose from $13.80 in November 1978 to $25.40 in December 1979 and to $36.70 in September of this year.

For Japan, it was particularly difficult to weather these two oil crises because Japan was so dependent on imports. However, by most indicators, we have successfully overcome the second "oil shock". Two major factors contributed to the successful adjustment of the Japanese economy.

The first factor was careful management of aggregate demand through flexible fiscal and monetary policies, easing or restraining the economy depending on its stage. Fiscal policy was most frequently and actively used in the form of increased government expenditures when an increase in aggregate demand was required. From FY 1976 to FY 1978, we undertook a sizable increase in public works expenditures. As a result, we became heavily dependent on public borrowing. About one third of the central government's general account expenditures was financed through public borrowing in FY 1980. Government bond issues in FY 1981 are estimated to be ¥12.27 trillion, approximately $56 billion, which is larger than that of the United States, and three to four times as large as that of West Germany or the United Kingdom.

As a result of huge borrowing requirements in successive years, government debt is enormous and has become a major constraint on fiscal and monetary policies. Government bonds outstanding may reach ¥82 trillion, roughly $370 billion, at the end of FY 1981. The interest payment on this debt amounts to $70 million per day. Consequently, the current administration has made reduction of this deficit a top priority and has been actively pursuing administrative and fiscal reforms.

Monetary policy also has been used extensively for demand management in Japan, just as in other countries. This has been very effective because of Japan's unique corporate financial structure which relies more heavily upon external financing that that of the U.S. Corporations in Japan tend to borrow from commercial banks relatively more than their U.S. counterparts, who may be more likely to raise funds directly in capital markets. Because Japanese banks are more responsive to administrative guidance from the Central Bank, monetary policy in Japan, which relies on adjustment of the discount rate, reserve requirements, or open market operations, generally tends to be more effective than in the U.S. and other countries where corporate reliance on commercial bank borrowing is smaller and commercial banks less responsive to central bank policies.

Our discount rate was lowered five times within a year to deal with economic stagnation following the second oil crisis. Since then it has been lowered several times more and now stands at 6.25 percent. It should be noted that a country's discount rate policy cannot escape the influence of the level of interest rates in other countries. For example, high interest rates in the U.S. would significantly discourage reduction in Japan's discount rate, even if it was needed to stimulate the domestic economy, because of its probable adverse effects upon the yen's value and capital outflows.

I would like to mention Japan's window guidance which the Bank of Japan implements to relatively large commercial banks. This is a measure taken by our central bank when the decrease in demand is required. The central bank sets limits to the increase in lending of the big commercial banks. This is an effective measure under the funding structure I mentioned before.

Demand management policy rather than the control of the money supply prevails in Japan. We do not attempt to set targets for the money supply. The Bank of Japan simply announces a quarterly forecast. This policy has been in force since the middle of 1978.

The second factor which contributed strongly to the Japanese economy's successful adjustment to the two oil crises was that each economic unit, whether business, household or individual, recognized the changes in the economic environments, both external and internal, and accepted its share of the burden of adjustment. The Economic Survey on Japan published by OECD described this as a successful "supply adjustment" and "flexibility of wages and labour units."

I personally feel that Japan's successful economic performance has been possible because the principle of the free market mechanism has worked effectively to facilitate needed changes in industrial structure and reallocation of the labor force. It always requires effort and pain to accept and adapt to new circumstances. In this regard, our achievements have been due to the painstaking efforts of the Japanese people.

3. INTERNATIONAL MONETARY POLICY

Next, I would like to discuss Japan's international monetary policy, which is my primary area of responsibility. Two specific policy areas, foreign exchange policy and internationalization of the yen, may interest you.

First, I would like to point out the foreign exchange policy problems posed by the present floating exchange rate system. Theoretically, under such a system, imbalances are supposed to be restored automatically through changes in the foreign exchange rate. Therefore, we should be able to concentrate on domestic economic policy goals, such as sustainable growth, price stability, and full employment, relatively free from interference by external actors. However, as a result of our eight years experience since the system started in 1973, we have learned there are two serious problems with the floating exchange rate system.

One problem is that the actual swings in the foreign exchange rate tend to be too drastic. For example, as I mentioned earlier, the yen, which on the day before the announcement of the dollar rescue measures in 1978, was 176 yen to the dollar, fell to 264 yen amidst the second oil crisis in April 1980. This was a depreciation of 33 percent in less than 2 years. The yen, which stood at 199 at the beginning of this year, closed at 226 recently, about a 12 percent swing. This extreme volatility, thus, implies that, at times, we have to continue to use monetary or fiscal policy to stabilize the currency.

The second problem relates to the adjustment process to restore external balance through the floating exchange rate. There is a tendency for the actual exchange rate to overshoot the proper exchange rate. Because there is a time lag between changes in the exchange rate and the restoration of external balance, known as the J-curve effect, we sometimes see, for example, deterioration of the current account at a time of currency depreciation, which in turn requires some corrective measures. For example, in addition to demand control through fiscal and monetary policy, we had to take yen defense measures mainly aimed at attracting capital to Japan in November 1979 and in March 1980.

These experiences have shown us the desirability of intervention in the foreign exchange market to avoid erratic and distorting currency swings. They also show the need for coordinated and cooperative action, including cooperative intervention by the monetary authorities of different countries.

Second, I want to express my views on the internationalization of the yen. If the internationalization of a currency is defined as the emergence of a currency having all three

traditional functions of money in the international system, namely measure of value, means of exchange, and store of value, then the world economic system has no international currency other than the dollar at present. The yen has become internationalized only to the extent that there is some advance in its use as a store of value. The share of yen assets in foreign currency reserves held by monetary authorities has been gradually increasing. It went up to 3.2 percent in 1979, as compared with 0.6 percent in 1975.

This may be seen as a part of a general trend of diversification of reserve assets, which is attributable to external and internal factors. Externally, reserve assets have been increasingly diversified as oil producing countries suddenly accumulated huge amounts of reserves to invest. Internally, countries such as Japan and Germany had to accept increased non-resident holdings of assets denominated in their current account deficits, which resulted from a sudden rise in crude oil prices. We may add that the increased confidence in the Japanese economy and the realization of the attractiveness of holding yen assets were additional factors which promoted the "internationalization" of the yen.

When a currency comes to be actively used internationally, there must be more frequent exchanges of the currency for other currencies. This may in turn limit the scope of domestic economic policies in the country concerned. Therefore, although the diversification of assets is a fact of life, we must monitor its development carefully. We need to discuss with different monetary authorities how best to deal with it. One school of thought holds that an increased use of SDRs would be useful as a means of controlling the undesirable effects of asset diversification, such as instability of foreign exchange rates.

Frankly, there are many unresolved problems with the concept of SDRs and there is little possibility of reaching an agreement in the near future. So until we find a satisfactory means of controlling different reserve currencies, we should not, in principle, advance policies which promote international usage of a home currency apart from the dollar.

We believe we should remain cautious toward the international use of the yen as long as it is used only as a store of value, one of the three inherent functions of a currency. At the same time, in view of the present developments of our balance of payments and economic environment at home and abroad, we have to accept, in principle, the inevitable international use of the yen. Consequently, we must endeavor to adapt the Japanese economy to the natural evolution of the world economy through sound economic policies in harmony with the world.●

BATF FUNDING

● Mrs. HAWKINS. Mr. President, without sufficient funding to do so, the Bureau of Alcohol, Tobacco, and Firearms (BATF) will be unable to enforce the Federal Contraband Cigarette Act. Should this occur, organized criminals will receive additional illegal windfall profits by increasing cigarette smuggling beyond the estimated $1.5 billion in 1978. I, therefore, support efforts to restore $2 million in funding for BATF.

Cigarette smuggling must be considered a national responsibility because State and local governments are ill equipped to fight it alone. Illegal opportunities for profit are, in fact, generated by taking advantage of differences in State and local taxation. By buying in low-tax States and selling in high-tax States, smugglers reap rewards intended for State and local treasuries. The only effective way State and local governments could fight such interstate trafficking is to eliminate differences in their taxation of cigarettes. While bending to such pressure would stop cigarette bootlegging, it violates the principle that each State and locality has the right to establish its own taxation policies. Therefore, only the Federal Government can stop organized efforts to defraud State and local governments through manipulation of differences in local taxation of easily transported commodities like cigarettes.

At a time when the fiscal pressures on State and local governments are mounting, it is especially important that they recoup as much as possible of the $391 million in annually lost revenue from cigarette smuggling. My own State now loses about $36 million because of lax enforcement. Cutting BATF enforcement funds will only drive these losses up and further enrich those who make a living breaking the law.●

THE ENERGY CRISIS

● Mr. TSONGAS. Mr. President, for months, newspapers have proclaimed the presence of an oil glut. With prices dropping on the spot market, some analysts predict that OPEC's day is done. They say that ongoing structural changes in the U.S. economy will quickly lead to energy independence.

Is the energy crisis over? The answer is "No." Several factors lead inescapably to this conclusion.

First, it is true that conservation efforts, a slowed world economy, depletion of larger than normal commercial reserves, and high Saudi production have provided a roughly 5-percent excess in crude supply over demand—even in the face of a substantial decrease in overall OPEC production. However, this oil surplus could end at any time. Oil supply disruptions, an expanding world economy, inventory buildup, or a host of other factors could rapidly soak up the surplus. The recent Saudi decision to cut production to 8.5 million barrels of oil per day (MBD)—2 MBD below its summer peak—is likely to end this surplus by late spring.

Second, the current world oil surplus does not signal an end to the energy crisis—nor will energy independence. Oil is a finite and diminishing resource—one that we are rapidly using up. Current efforts to increase domestic production and reduce our foreign dependence are nothing more than a "drain America first" policy. What will we do when our own reserves are used up and we have not developed renewable alternatives? We must see the energy crisis as a long-term problem.

Third, the so-called structural changes some analysts have noted in our economy are nothing more than a modest response to significant price increases. The absolutely essential changes in the structure of our economy to allow the natural transition to renewables have barely begun:

Energy continues to be undervalued;

Energy production continues to be subsidized at the expense of conservation; and

Market and financial barriers continue to impede the implementation of conservation and renewables.

In the world series of energy, it is not the top of the ninth, it is only the bottom of the second. Let us examine these points in detail.

TODAY'S OIL SURPLUS IS TEMPORARY

There is, indeed, a surplus of oil on the world market today. OPEC production has dropped from nearly 31 MBD in mid-1979 to roughly 24 MBD today, and there is still a 2 to 3 MBD or 5 percent worldwide surplus over demand. In response, a number of producing countries, faced with dwindling oil sales and large development programs to finance, have reduced prices to recapture their share of the market. Recently, Nigeria cut prices from $40 per barrel to $36 per barrel. Spot market prices may fall further yet.

In context, however, the price readjustment has been exceedingly modest. The past 2 years saw Saudi light crude jump from $13 per barrel at the start of 1979 to $34 per barrel today, and spot market prices for some crudes climb to over $40 per barrel. The current oil surplus, on the other hand, has forced the average world price of oil down by only $1.20 from its peak of $35.53 per barrel in February. Today's average price of oil is still above that of last December.

It should also be noted that today's surplus of roughly 5 percent in free world oil supply over demand is about the same size as the shortfall in 1979 that drove prices up by a factor of three. Clearly, we are not seeing signs of a major breakup of OPEC power. To the contrary, in their most recent meeting in Geneva, the OPEC oil ministers agreed on a unified price structure. At best, we will have stable prices for a while, but Mideast political instability will not likely allow them for long.

Worldwide energy conservation efforts have been a major factor in producing this oil surplus. In 1979, the 21 nations of the International Energy Agency—principally Western Europe, the United States, Canada, and Japan—used 35.9 MBD. In 1980 this dropped to 33 MBD and this year the rate is roughly 31 MBD. In the United States, oil imports have dropped from 8.8 MBD in 1978 to roughly 5.4 MBD today. Our gasoline consumption so far this year has been 2 percent less than 1980 and 8 percent less than in 1979, due to less driving and more efficient automobiles.

Slowed economic growth has also been a factor in these reductions in consumption. In 1979, the annual eonomic growth of the developed countries grew at just 1.1 percent in 1980. This caused a 2- to 3-percent lower demand than would have otherwise been expected.

A third factor is that since last fall, commercial stocks have been reduced by 500 million barrels—a 10-percent reduction. As it cost $6 to $9 per year to store a barrel of oil, it makes sense for the industry to not maintain excessively high stocks. At the same time, this has reduced world demand by over 1 MBD.

A fourth factor in causing the current oil surplus was the Saudi maintenance of higher than normal production. Last summer, the Saudis were producing oil at roughly 10.5 Mbbl/d. They have since

agreed to reduce it to 8.5 Mbbl/d as part of OPEC's effort to unify prices at $34 per barrel. Some argue that the Saudi's maintained high production levels to force prices to stabilize and even drop. In contrast to many OPEC members whose oil reserves will be substantially depleted during the next 20 years, Saudi reserves will last well into the next century. The Saudis thus must be concerned about maintaining a market for their oil for a long period. Their OPEC partners want the highest possible price for their dwindling reserves today, even though this will force more rapid development of alternatives. The Saudis' high production levels to control prices is nothing more, it is argued, than an attempt to keep us on the oil fix and insure their market into the next century. Whatever their motives may have been, the recent OPEC agreement ended the high Saudi production rates.

The current oil surplus could end at any moment; we have a breathing space—no more. Political turbulence in the Middle East could result in a sudden supply disruption and another round of price increases such as followed the collapse of Iran 2 years ago. Even if it were possible, American energy independence would not end our vulnerability. Our European and Pacific allies will continue to be highly dependent on OPEC oil. Currently, West Germany is dependent on OPEC for 64 percent of its oil; Japan's dependence is 77 percent; France's is 95 percent.

THE ENERGY CRISIS IS A LONG TERM PROBLEM

Even without a sudden disruption, the current surplus cannot be expected to last and prices will eventually again rise. In the long term, OPEC policies will matter very little. Worldwide oil demand will increase while supplies decrease.

The world's population is growing and with it, the demand for oil. As the Western economy rebounds from the last 2 years of sluggish growth, oil use will do the same. Similarly, oil use to fuel the growth of less developed countries is expected to increase 70 percent by 1990. A strong commitment to develop cost-effective conservation alternatives to offset these demands is essential now and into the future.

Simultaneously, world oil resources are falling steadily. Production by several OPEC nations such as Algeria and Libya will end by the turn of the century. North Sea production is expected to level off as is Alaskan North Slope production. Oil production in the continental United States is expected to decline. The Congressional Office of Technology Assessment study, "World Petroleum Availability, 1980–2000," predicts that U.S. oil production will fall from its current level of 10.2 MBD to a level of 7.2 to 8.5 MBD in 1985 and 4 to 7 MBD in the year 2000.

Projections by major oil companies such as Exxon are comparable. The amount of oil produced per foot of well drilled in the lower 48 States has declined for the last 40 years—despite improved technology and better understanding of geology. Some studies have predicted that within 20 years, it may take, on the average, more energy to drill an oil well in the continental United States than the well would produce. Alternatives must be developed and soon.

THE TRANSITION TO RENEWABLES

Over the next few decades we will be faced with an increasingly serious shortage of oil. We have no choice but to develop alternative energy resources. In the near term, the strategic petroleum reserve (SPR) can provide us insurance against a sudden oil cutoff. Energy conservation can cut our energy consumption—reducing our vulnerability to a sudden disruption. This will also extend the life of our oil resources and give us more time to develop alternatives to oil.

In the midterm, other more abundant fossil fuels such as coal, and the synfuels derived from coal, may help ease the shortages. However, the environmental impacts—such as acid rain and the greenhouse effect—of fossil fuel use generally and coal in particular may necessitate limiting their use.

In the long term, renewable energy resources are the only answer. They must be developed and implemented well before our fossil fuel resources run out or their use is restricted. That does not leave us much time.

Transition will require fundamental changes in our economy. The decontrol of oil prices was an important first step but hardly sufficient. Further changes are vital. They include the following steps:

First, the marketplace must be allowed to function rationally. The price of energy to the consumer must reflect its true cost, including environmental, national security, and other indirect costs. Direct and indirect subsidies of energy production and use must be eliminated. When possible, the price of energy should reflect the cost of providing new energy resources, not the average cost of old plus new resources. These changes will provide the correct signals to the consumer to make rational energy choices. At the same time, consumers need assistance in adjusting to these market realities.

Second, intrinsic market barriers must be removed. Many cost-effective investments in energy conservation or alternative energy resources are possible today but cannot be taken advantage of due to market imperfections. One example is the difficulty of inducing the landlord or the tenants to weatherize a rental unit. A second is the difficulty of financing the high front end capital costs of cost effective alternative energy improvements by a homeowner or a small business. A third is that major appliances such as furnaces and central air conditioners are usually purchased by the builder, not the homeowner or renter, and are usually purchased on the basis of their lowest first cost. The homeowner/renter is then stuck with appliances that usually prove to be the most expensive to operate and the most expensive in total lifetime costs.

Third, the short time horizons of the marketplace must be overcome. Investors in energy efficiency improvements typically demand a payback in 3 or 4 years or less. They do not consider potential energy price increases and shortages in later years. Given a building lifetime of 40 years and more, for example, failure to take future events into account could cost us dearly. The buildings we construct today may not be operable 10 years from now.

FEDERAL RESPONSES

Energy analysts all agree that we must speed the development and implementation of energy conservation and renewable energy resources. Politically, however, we have gone in circles. Each time we have an energy crisis we have had to relearn the basic facts about energy over again. Every Congress and administration in recent years has had to face these facts but have never developed an adequate response. The programs developed have never been sufficient to meet the need.

This is not to argue for an overwhelming Federal presence in energy; that is neither necessary nor desirable. However, a greater Federal effort is needed to develop sufficient workable emergency response and to overcome existing market distortions and imperfections.

Mr. President, contrary to what many are saying in the face of the current oil surplus, the energy ball game has not yet been won. On the contrary, it is only the bottom of the second and already we are way behind. I would ask that we carefully reexamine current national energy policy and reformulate it to address energy reality. We must be more prepared for emergencies, we must encourage energy efficiency, and we must make the transition to renewables.●

THE TRADE POLICY OF THE REAGAN ADMINISTRATION

● Mr. LUGAR. Mr. President, our distinguished Ambassador to the Federal Republic of Germany, Arthur Burns, recently delivered an address on "The Trade Policy of the Reagan Administration." The address outlines with the usual clarity of its author the relationship between foreign policy, trade policy, and domestic economic policy.

Dr. Burns says:

A thriving international commerce requires not only freedom from tariffs, quotas, and other governmental inhibitions; it also requires and at the same time promotes a politically stable and peaceful world.

Dr. Burns indicates the importance of the American resolve to defend an international environment that assures the preservation of democratic values, freedom, and peace. I commend Dr. Burns' speech to my colleagues, and ask permission that it be reprinted in full:

Dr. Burns' speech follows:

THE TRADE POLICY OF THE REAGAN ADMINISTRATION

(By Arthur F. Burns)

My aim this evening is to discuss the foreign trade policy of the Reagan Administration. I have chosen to address this distinguished audience on that subject because of my admiration, as well as that of my government, for the contribution that the German business community has made over the years to the strengthening of international trade and investment.

The importance of foreign trade to the German economy is well known, but its importance to the United States is neither as well known nor as much appreciated. Twenty years ago, merchandise exports constituted less than 4 percent of America's gross na-

tional product. By 1980 they amounted to more than 8.5 percent of our gross national product. Export industries, of course, have always played a larger role in Germany than in the United States. It is nevertheless interesting to note that the doubling in the past twenty years of the role of exports in the over-all performance of the American economy exceeds the growth of Germany's exports relative to the over-all performance of its economy.

The United States may never export as large a portion of its total production as does Germany. Our population, Geographic size, and physical location militate against this. Even so, merchandise exports constitute a significant and growing sector of our economy.

But if American exports have been growing, so too have our imports; indeed, imports have grown much faster than exports. Our trade balance has consequently been almost steadily in deficit during the past decade. To be sure, our international accounts have been powerfully reinforced by earnings from foreign investments and from trade in services. Even so, the balance of payments of the United States has been weaker during the past decade than at any earlier time in our history. The position of the dollar has improved materially in the past year, as you well know. But today's dollar no longer enjoys the confidence of international traders or financiers that the dollar had in 1950 or even in 1970. The need to expand merchandise exports further has thus inevitably become a major objective of American Economic policy.

The trade policy of the Reagan Administration is best understood as an integral part of the Reagan macroeconomic program. That program is directed to meeting two urgent needs of the American economy that by now are well understood by thoughtful Americans across the political spectrum.

In recent years, business investment in new plant and equipment has languished in the United States. Unemployment—particularly among young people—has materially increased. Moreover, the historic upward trend of industrial productivity—that is, output per manhour—has decisively flattened out. The need to put an end to the sluggishness of the American economy has therefore become urgent. Another and no less vital need is to unwind the inflation of costs and prices that has afflicted the United States since the mid-1960's.

These two needs—to curb inflation and to reinvigorate the economy—are, of course, closely related. As long as inflationary fears and expectations govern the outlook of businessmen and consumers, the American economy cannot prosper. In an inflationary environment, incentives to save and to invest tend to deteriorate.

Not only that, but much of the finest energy of businessmen and investors is gradually diverted from creative entrepreneurial activities into speculative pursuits that add little to the nation's economic strength—such as acquiring or trading in real estate, in commodity futures, in paintings, old coins, foreign currency and whatnot. All this, of course, has been widely practiced in the United States in the anxious hope of somehow keeping up with, or possibly staying ahead of, inflation.

Keynesian remedies for stimulating general economic activity, however great their merits in the early postwar years, have by now lost their potency and are no longer promising. As a practical matter, at least in the case of the United States, economic sluggishness can no longer be effectively remedied by easy credit or by enlarging the government sector. To reinvigorate the economy, the Reagan Administration is therefore seeking to create a better environment for business enterprise.

It is doing this by curbing government expenditures, by lowering both individual and corporate income taxes, by reducing the burdens that governmental regulation imposes on business, by reducing the growth of the money supply, and—perhaps most important of all—by assuring the business world that these reforms will be carried out in a cumulative way—that is, that they will not be temporary, that they will not be confined to this year, but that they will in fact be enlarged progressively in the years ahead.

The thinking behind this economic program is by now familiar. Lower tax rates are expected to strengthen incentives to work, to save, and to innovate. Tax relief will enlarge the pool of funds available for business investment. With savings increasing, new investments in plant, machinery, and equipment will be facilitated. The basic force driving capital investment forward will be the emergence of a more favorable business environment—an environment marked by more moderate government spending, lower tax rates, faster depreciation, fewer regulatory obstacles to enterprise, and a monetary policy that aims to gradually restore a stable price level. The reasoning goes that in such an environment, business confidence will again flourish, so that capital investment will keep expanding, industrial productivity will resume its customary upward course, and job opportunities for both the young and the old will multiply.

This economic theory was questioned at the start by not a few economists, and skepticism concerning it has certainly mounted in the past two or three months. For my own part, I believe that the implementation of the theory has not measured up to its original promise—more specifically, that tax reduction has been pushed too far while reduction in projected government spending have not been pushed far enough. Fortunately, political forces are now gathering in the United States to restore a better fiscal balance. But whether or not this is accomplished in the near future, the implications for trade policy of the Reagan economic program are both clear and important.

To the extent that the program succeeds in improving industrial productivity and curbing cost and price inflation, it will also improve the competitiveness of American businesses both in their home market and in foreign markets—provided, of course, that protectionist forces are kept in check. With business capital investment increasing, outlays on research and development growing, and general business activity again advancing at a satisfactory rate, American firms and workers will be able to adjust more easily to changing competitive conditions in international markets.

In view of these expectations, as well as because of the Reagan commitment to broad regulatory relief, it should not be surprising that the Reagan economic program has given new and added impetus to American advocacy of open and unrestricted international trade. At recent international gatherings the United States has taken every opportunity to urge strong support of an open trading system and full implementation of the Tokyo Round Agreements. That approach to trade policy is by no means new for the United States; but it is now more tightly linked to the basic economic philosophy of free enterprise, and this fact should be reassuring to the international business community.

The Reagan economic program has additional favorable implications for international trade. To the extent that it succeeds in breaking the cost-price spiral, the inflationary premium that has become imbedded in American interest rates will be reduced or even eliminated. The unwinding of inflationary expectations would therefore result in lower interest rates. Once both inflation and interest rates are substantially lower in the United States, foreign exchange markets should gain in stability. This in turn will make it easier for businessmen to engage in international trade. When foreign exchange markets are highly volatile, as they have become of late, businessmen must not only cope with the rigors of international competition but also with abrupt changes that may occur in the value of their country's currency relative to the currency of the foreign firms to which they sell or from whom they buy.

To some extent bankers have developed new financial mechanisms for shielding traders from exchange rate fluctuations. Most traders, however, would undoubtedly prefer stable foreign currency markets to the large and unpredictable swings that have marked recent years. By contributing to stability in foreign exchange markets, a dollar of stable domestic purchasing power would surely exert a positive influence on international trade.

My remarks thus far have been devoted to showing how the broad thrust of the Reagan Administration's foreign trade policy is related to its basic macroeconomic program. I would like to turn next to some of the specific problems in international trade that now concern American policy makers and that are likely to loom increasingly important in the years immediately ahead.

First of all, the Administration is taking steps to remove or reduce the obstacles to exporting for which our government is itself responsible. By easing the income tax burden on American businessmen working abroad, this year's legislation has placed American executives in a position similar to that of many foreign executives working outside their countries. The new legislation should improve the ability of American firms to compete overseas, particularly in places where it is difficult or impossible to find qualified local distributors or representatives. The Administration is also seeking to amend the Foreign Corrupt Practices Act since uncertainty about interpreting its provisions has led to some loss of foreign sales. Still another proposal on the administration's agenda has the aim of easing antitrust barriers to the formation of joint export trading companies.

Second, the Administration is launching a drive to liberalize world trade in services. The reasons for special attention to this area are compelling. For many years the service sector has been growing more rapidly in the United States than the production of goods. The trend in other industrial countries has been similar. American service firms—that is, firms engaged in engineering, shipping, air transport, banking, insurance, advertising, communications, and so on—have thus become an increasingly important factor in the international economy as well as in our own economy.

Despite this growth, trade negotiations between the United States and other countries have continued to focus on problems faced by manufacturers and farmers. Governmental barriers that limit international trade in services—for example, subsidies of domestic enterprises or regulatory restraints on foreign firms—have hitherto been largely neglected. That is why a major aim of American trade policy at present is to seek a framework in the GATT for resolving trade problems in the service area that will be as effective as the existing framework for handling trade problems in the goods area.

A third objective of American trade policy is to impress on the rest of the world, especially on developing countries, the importance of a liberal investment policy. Some countries impose special conditions for foreign investments within their boundaries and thereby circumvent internationally agreed trade arrangements. Governmental regula-

tions that subject foreign enterprises to performance requirements—such as the extent to which locally produced parts must be used or the extent to which final products must be sold abroad—distort trade as effectively as traditional tariff barriers.

If these more subtle forms of protectionism remain unchecked, much of the trade liberalization that has been accomplished in the past thirty years may be undone. Therefore, the Reagan Administration is not only resolved to maintain an open investment environment domestically; it will just as firmly seek the reduction of foreign barriers to American investments—partly, to be sure, for the sake of American business, but also in the hope of fostering economic growth abroad, particularly in the developing countries.

A fourth objective of American trade policy is to reduce the interference with normal market forces to which various foreign countries are resorting in order to protect their high technology industries—among them, the firms involved in producing aircraft, computers, power plants, telecommunications, and pharmaceutical goods. High technology industries are clearly of major importance to America's economic future, as well as to our national security. Our government is therefore determined to seek an international environment in which other governments will be less inclined to favor their domestic producers through preferential tax policies, subsidized export financing, or other forms of intervention.

Some progress in reducing subsidized export credit arrangements in Europe and Japan has recently been achieved, but much more needs to be done to bring interest rates on foreign credit sales into line with prevailing market rates. A free trade environment in high technology goods will be increasingly stressed by the American government both in bilateral and multilateral negotiations next year and in the years ahead.

Finally, the older concerns of American trade policy—those centering on trade in agricultural products, steel, shoes, and textiles—as well as the more recent concerns about automobile imports will continue to count in the domestic politics of the United States and will be accorded some international expression. That is practically unavoidable, particularly when the general economy is sluggish and some industries are severely depressed.

But the preponderant emphasis of American trade policy during the coming decade is likely to be on the several trade issues on which I have dwelt—namely, the removal of American disincentives to exports, the need to expand international trade in services, the avoidance of investment regulations that distort international trade and the critical imporance of high technology exports to the future of the United States.

At the beginning of my address I pointed out that the internal logic of the Reagan Administration's macroeconomic program requires a basic commitment to open markets and unfettered international trade. Before concluding my remarks this evening, I also want to note how the Administration's trade policy is related to its overall foreign policy.

The fundamental objective of American foreign policy is to foster an international environment that assures the preservation of our democratic way of life in a world that remains at peace. The great majority of the American people are by now convinced that a stronger national defense is needed to provide that assurance.

The Reagan Administration has therefore projected substantially larger outlays on defense at the very time when it is boldly moving to cut back the portion of the nation's resources of labor and capital that the government has been absorbing. A strengthened national defense, it is reasoned, will not only deter aggressive Soviet adventures; it will also protect the flow of foreign raw materials that is vital to our own economy and that of our NATO allies.

A thriving international commerce requires not only substantial freedom from tariffs, quotas, and other governmental inhibitions; it also requires and at the same time promotes a politically stable and peaceful world. In its turn a stable and peaceful world favors the liberalization of trade that is so essential to the economic growth and welfare of the international community.

These are major reasons why the United States, besides maintaining a generally open market for foreign products, is participating actively in the "general system of preferences" that enables developing countries to export many of their products on a duty-free basis. Although statutory authority for this preferential system does not expire until January 1985, the Reagan Administration has already decided to seek an extension of that authority and is now consulting with the European Community and Japan on ways to reform the system so that developing nations may derive greater benefits from it.

There is also an opposite development in trade policy that I must not leave unmentioned—namely, the Reagan Administration's departure from the principle of free trade in connection with exports of strategic goods to the Soviet Union and Eastern Europe. It is my strong personal hope, as well as that of my Government, that intervention in East-West trade will not last many years. But in view of the urgent security needs now facing the United States and our Allies, the efforts of the Soviet Union and its East European partners to purchase military or quasi-military goods from Western suppliers cannot be ignored.

The Reagan Administration is engaged in a thorough re-examination of the procedures now being used to license exports to the Soviet Union and Eastern Europe. That is being done in consultation with our Allies in the hope that we may mutually agree to tighten existing export standards. Agreement in this area is not easy. Individual governments have different views concerning what constitutes or contributes to military technology.

Different views also exist about the proper economic relationship between West and East. Discussion of these matters is made more difficult by current economic weakness in both the United States and Europe. When order books are thin and growth prospects low, it is tempting to focus on the benefits to jobs and profits that can result from larger East-West trade. It is also tempting to argue that if the Soviets and East Europeans cannot buy goods in one country, they will be able to do so in another.

While all this is an inherently complex subject, neither the United States nor its Allies can permit the enticements of East-West trade to undermine our collective efforts to strengthen and modernize the common defense.

Let me say, in conclusion, that the American commitment to open markets and unfettered foreign trade, while by no means absolute, is still far reaching. The objective of this commitment is not only to advance the economic and political interests of the United States; the objective is also to promote the economic and political interests of the international community at large. Free trade permits specialization of individual countries along lines of comparative advantage. It rewards productive efficiency and penalizes inefficiency. By encouraging new technologies and effective marketing, it keeps production costs down and therefore serves as a significant counterforce to inflation.

These are fundamental teachings of both economic theory and economy history. They have not always been respected by the United States or other countries of the world; and they are not fully respected today in the United States or elsewhere. But the fact of paramount importance is that despite the economic difficulties of recent years, both the United States and most other countries have largely avoided the short-run advantages that can occasionally be achieved through protectionism.

Fortunately, American policy makers as well as those in Germany and many other countries fully recognize that the gains from protectionism are often illusory even in the short run, and that they are certainly overshadowed in the long run by the loss to society that results from inefficient use of scarce resources. I hope that the members of this distinguished audience will deem it fitting to participate in disseminating this basic truth.●

COUNCIL OF JEWISH FEDERATIONS 50TH ANNIVERSARY GENERAL ASSEMBLY

● Mr. LEVIN. Mr. President, it is with pleasure that I rise on the floor to recognize the splendid activities of the Council of Jewish Federations on its 50th anniversary general assembly which was held in St. Louis, Mo., November 10–15, 1981.

Mr. President, I am delighted with the election of a distinguished citizen of Michigan, Mr. Martin Citrin, as the new president of the Council of Jewish Federations at this 50th anniversary general assembly. Mr. Citrin has had a long and distinguished career as a national leader in philanthropic sector. He will be serving in this position to which he was elected for a 3-year term. We extend to him our heartiest congratulations and best wishes for a successful and productive presidency.

The Council of Jewish Federations is comprised of 200 local Jewish community federations which in turn are an umbrella for over 800 social services agencies in hundreds of communities throughout the United States.

This 50th year anniversary is one of particular great celebration because of the splendid work the council and its local affiliate federations have consistently done over the past 50 years.

Jewish federations throughout the country have provided direct highly professional, volunteer lead, delivery of service in health care, meeting the needs of our elderly, educational activities, community center activities, recreation, athletics, family service, vocational service and a myriad of other activities which have met the needs of the Jewish community as well as the non-Jewish community in which the agencies are located.

The Council of Jewish Federations has symbolized to me and to millions of others around the United States some of the best examples of what voluntarism can produce in the delivery of real services to citizens throughout the United States.

In addition, the council and its local federations have contributed mightly through their voluntary activities as well as their financial assistance to communities in need throughout the world and

to the continuing relationship with the people of the State of Israel.

Over 2,500 delegates were elected by local communities to the 50th anniversary general assembly. In connection with seminars and meetings on vital subjects, the delegates considered very important resolutions which were developed over the past year in connection with public concerns on which they wanted to express their feelings.

I wish to have printed at this point in the RECORD six major resolutions on very diverse areas of interest so that this body and the country can have the benefit of the thinking of this outstanding organization and its membership.

I know the Senate wishes to join me in congratulating the Council of Jewish Federations on the celebration of its very productive 50 years of service to America and to the world.

The resolutions of the 50th anniversary General Assembly of the Council of Jewish Federations are as follows:

RESOLUTIONS—NATIONAL AND COMMUNITY ACTIONS

The resolutions adopted by the CJF General Assembly express the views of the delegates of the member Federations.

The General Assembly is the governing body of the CJF. Its actions define the policies which govern the board and staff of the Council. They serve as recommendations and guides to communities for local actions.

A number of the resolutions urge specific actions to be taken in each community. Only to the extent that these actions take place, can the resolution move forward from the platform statement to reality; the essence of many of these resolutions can be achieved if, in each community which approves them. they are followed by concrete performance to carry out the objectives of the resolutions. Accordingly, we look forward to community approval by action rather than merely approval in principle.

Resolutions adopted by the Assembly in previous years continue in force, unless revised by subsequent Assembly actions.

PEACE IN THE MIDDLE EAST

Recent events in the Middle East have underscored the importance of building a solid structure of peace. While it is gratifying that the new leadership of Egypt has committed itself to the continued carrying out of the terms of the Camp David accords and normalization of relations with Israel, we believe the United States must reaffirm the validity and importance of these agreements as the only appropriate framework and process for the negotiation and resolution of remaining points of dispute in the Arab-Israeli conflict.

Given the serious risks Israel undertook in giving back all of Sinai to Egypt, the negotiations relating to autonomy in Judea-Samaria should take into consideration Israel's security needs. We urge the United States government to reject the Saudi-Arabian 8-point proposal which is an imposed settlement intended to destroy the Camp David process and would lead to the destruction of Israel.

We call upon the United States Administration to demonstrate its commitment to the Camp David process as the only instrument to achieve peace.

The United States Administration is to be commended for its recognition of the Middle East as an arena of East-West conflict in which Israel is an essential strategic ally of the United States and we welcome the proposal by the Reagan Administration to engage in strategic cooperation with Israel as part of the United States program to build a regional anti-Soviet strategic consensus. We hope that strategic cooperation between the United States and Israel will soon be demonstrated in tangible and significant programs of mutual benefit since Israel is America's only stable, militarily viable ally in the region.

In order to maintain the strategic balance of power, which is an essential stabilizing factor in the region, the United States must be mindful of the massive military build-up in the Arab world and resist Arab pressure to accept a linkage between oil supplies in exchange for arms.

In this context, the Administration's sale to Saudi Arabia of AWACS planes and offensive sophisticated military equipment, we still believe, is not in the best interests of the United States. These arms will not only undermine Israel's military position, they constitute a clear and present danger to the United States military interests because they may fall into unfriendly hands. The experience with the United States equipment in Iran should serve as a reminder and a warning. In seeking congressional approval of the sale the Administration argued that the Saudis would be drawn closer to the United States and the United States-sponsored peace process; the Administration now bears the obligation of demonstrating the soundness of this rationale, and must continue to evaluate the process as it unfolds. The Administration should also take steps to insure that the assurances given the U.S. Senate on the manning of the aircraft should be faithfully carried out.

It should be noted that the events of the past year have confirmed that United States access to the oil of the Persian Gulf does not rest on the Arab-Israeli equation. Many other factors impinge on the situation, including the continued Soviet involvement in Afghanistan, the Iranian revolution, the Iraq-Iranian war, the Syrian occupation of Lebanon and the rise of fanatical Islamic fundamentalism that acts out its views in murder and assassination.

We commend the United States Administration's continued commitment to military and economic assistance to Israel as a vital link in the free world's defense of the Middle East.

The President and Secretary of State should be commended for adhering to the United States position that the United States will not negotiate with the PLO so long as that terrorist organization refuses to recognize Israel's right to exist and refuses to accept UN Resolutions 242 and 338 which are the basis of the Camp David agreements.

The true terrorist nature of the PLO was visible for all to see in the murderous bombings of synagogues in Antwerp, Vienna and Paris as well as in the events that have unfolded in Lebanon. Here a country is being ripped to shreds and all but destroyed by the PLO and its Syrian and Libyan sponsors—in turn supported by the Soviet Union.

The Syrian missiles still threaten Israel and it is essential that the United States revive the Habib Mission so that these weapons can be removed promptly from Lebanon.

We also take note of the substantial arms build-up by the PLO during the ceasefire, and the threats that these weapons represent to the peace of the area.

Recently, there have appeared some unfortunate statements that American Jews should not express their views on American foreign policy or issues of United States security or American-Israel relations. The Council of Jewish Federations, deeply conscious of the values on which this country is based, and the pluralistic nature of American society, unequivocally asserts the constitutional rights and duties of all United States citizens to petition members of Congress and to state their views to the Executive branch on all issues foreign and domestic.

WOMEN'S CONCERNS AND WOMEN'S RIGHTS

In 1975, this General Assembly adopted a resolution calling for non-discrimination in the selection of men and women for the highest Jewish communal responsibilities. It applauded the actions of communities where women were participating in the highest policy-making roles and urged all member Federations to make the fullest utilization of the talents of all individuals. We now call attention to the continuing need for Federations to take action in this area.

The Council of Jewish Federations reaffirms its commitment to equality and urges all member Federations to maximize involvement of women in communal leadership roles and to upgrade women professional workers in Jewish communal service as well as practice non-discrimination in pay scales. CJF commits itself to take additional steps to increase the number of women in leadership roles in CJF.

In the general community women continue to suffer from discriminatory treatment in the workplace and in other areas of life. Whenever women suffer such discrimination, we call upon our member Federations to take all appropriate actions to assure equal rights for women, including support of the Equal Rights Amendment.

REDUCTION IN GOVERNMENT FUNDS FOR HUMAN SERVICES

A week after the Presidential elections last year, this General Assembly took the position that "an unfair portion of the burden of our economic situation should not be imposed on that portion of the population least able to bear it—the poor, the aged, the unemployed and minorities."

As the Reagan Administration's plan began to unfold, this position was reiterated by the CJF Board in April, 1981.

Despite commitments by the Administration to maintenance of a "social safety net", the budgetary cutback of more than $35 billion is demonstrably hurting the elderly, the working poor, the sick, those needing food supplements. Direct losses to voluntary agencies in federal funding in 1982 will exceed $4 billion, with no likelihood of voluntary contributions being able to make up this amount.

But even the $35 billion reduction will not be the end for 1982. The Administration has called for additional cutbacks that may go as high as $12 billion in order to reach its planned goals. And these reductions must come out of the programs already sharply reduced in the first wave of reductions.

We state our firm opposition to further cutbacks. The consequences can be disastrous. Not only are the lives and families of millions of citizens adversely affected, but the very fabric and unity of our society is being tested.

The Federations have a special role to play. Many Federations have already assessed the impact on their agencies and their clients, and others should do so immediately. It is essential that we who know the human consequences should articulate them to the public and our elected representatives. We should continue to monitor the impact on a day-to-day basis.

Federations and CJF should take steps to develop know-how, expertise, guidelines, and contacts at state and local levels in order to be effective in influencing the direction of state block grant expenditures. This means each Federation must assign volunteer and staff leadership to this area of activity and will call for inter-Federation collaboration at a higher level than ever before. A number of Federations have joined together to develop action at the State level in such areas as Maryland, Florida, Illinois, New Jersey, Ohio, California, Pennsylvania, and New York. CJF is working with these efforts and offering assistance and encouragement. Our Washington Action office is actively involved.

The entire voluntary sector has expressed its concern with these developments. The Administration has indicated its commitment to work to strengthen the voluntary sector and

this is a development to be welcomed and commended. But there should be no illusion that the voluntary sector can effectively approach the level of making up for the public cutbacks. In the voluntary sector there will be a greater need for coalition-building and inter-agency collaboration. Federations are urged to work with their local counterparts, even as CJF works at the national level with like-minded groups.

STRENGTHENING ADVOCACY ON BEHALF OF SOVIET JEWRY

The number of Jews being permitted to leave the Soviet Union has dropped precipitously as the result of a deliberate Soviet policy implemented by complex and cumbersome regulations. The consequence of these actions has been the almost total demoralization of the Jewish activist movement in Soviet Russia. Unless this situation is reversed we may be faced with the possibility of the total loss to the Jewish people of hundreds of thousands of Jews who are eager to exit Russia and reunite with their people.

We must dedicate ourselves anew to the sacred tasks before us. We pledge to redouble our efforts to insure that United States and Canadian public opinion supports expanded Soviet Jewish emigration in conformity with the Helsinki accords and basic human rights. The Madrid Conference designed to monitor the implementation of Helsinki agreements is not yet concluded and we must make the maximum use of this forum as leverage for change.

The Soviet Union continues to use prison and the threat of prison to dampen the emigration movement. There must be a halt to these "trials" and a release of those imprisoned.

As a result of the denial of exit visas to the thousands who apply for emigration, the number of "refuseniks" has grown to tragic proportions. These people face the loss of their rights to work and to live as decent human beings. These cruel and inhuman practices must cease.

There is continuing evidence of growing anti-Semitism in the Soviet Union and Russia is now the world center for dissemination of racist and anti-Semitic literature. As in the past, Jews are denied the rights guaranteed by the Soviet constitution to their distinctive cultural and religious life—with no publications in Hebrew, no genuine newspapers, theater, schools, or other tools of religious and cultural life.

North American Jewry is now confronted with a major crisis in the movement for redemption of Soviet Jewry. If we fail, the historic consequences will be devastating. We must rededicate ourselves to a revitalized effort to meet the dimensions of the challenge.

We call upon both the U.S. and Canadian governments to make the fullest use of the forums available to them to raise the issue of the fate of Soviet Jewry with the Soviet government, including negotiations around trade and economic issues.

We call upon the about-to-be-appointed U.S. Under Secretary of Human Rights to keep the issue of Soviet Jewry high on the agenda of our country's concern.

UNITED STATES HOLOCAUST MEMORIAL

The Council of Jewish Federations strongly commends the United States government's commitment to perpetuate the memory of the Holocaust, as expressed in its establishment in 1978 by President Carter and ongoing support for the United States Holocaust Memorial Council. As President Reagan said at the second annual commemoration of Days of Remembrance, ". . . we need always guard against that kind of tyranny and inhumanity. Our spirit is strengthened by remembering."

We wish to commend the United States Holocaust Memorial Council and the U.S. government for sponsoring the unique and highly successful International Conference of Liberators of the Concentration Camps. We look forward to the availability of the video and printed records of the entire remarkable proceedings for use by communities throughout the country.

The Council of Jewish Federations hereby strongly supports the efforts of the United States Holocaust Memorial Council to develop a dignified and enduring commemorative institution, the National Holocaust Museum, in Washington, D.C.

ENERGY CONSERVATION

We reaffirm the Resolution on Energy Conservation passed by the 1979 General Assembly with amendments as follows:

"One of the greatest challenges facing the United States today is the reduction of its dependence on unstable Persian Gulf oil sources. The development of an effective United States energy policy is vital to the economic and social well-being of our country, to our national security, to the maintenance of an independent United States foreign policy, and to world economic and political stability.

"The American Jewish community has a crucial stake and important role to play in promoting sound United States policies to reduce our dependence and in practicing individual energy conservation. America's reliance on imported oil at ever-increasing prices (over tenfold since 1973) contributes to staggering inflation in the United States, a shrinking dollar, and a United States balance of payments deficit of over 28 billion dollars. This threatens to curtail U.S. economic growth and to exacerbate group tensions over a shrinking economic pie. Energy decisions will help determine whether we have an expanding or contracting economy and whether the American government can continue to fund the social and economic programs which the Jewish community has traditionally endorsed.

"Moreover, energy decisions are key to the future security of Israel. Arab oil revenues (over 50 billion dollars invested in the United States and an additional 16 billion dollars in trade) provide the increasing leverage of the Arab-OPEC countries' negative influence on the independence of the foreign policy of the United States and of other energy-dependent countries.

"The Jewish community as well as all other Americans have a responsibility to make energy programming a top priority and to urge that the United States adopt energy policies which will result in substantial reductions of the United States oil dependence through a balanced program to reduce wasteful energy consumption, increase domestic and non-OPEC supplies, develop alternative, renewable sources, guard the United States against supply cut-off, and protect the poor against increased energy costs.

"The Council of Jewish Federations urges its member Federations and affiliated agencies to devise and practice diligently all possible measures of energy conservation. Such measures include conducting a conservation energy audit of Federation and agency facilities to ascertain their operating efficiency from a conservation point of view. Efforts should be made to make the community aware of the problem of energy waste and consumption, and current conservation information should be regularly circulated among the million families affiliated with the Federation constituency.

"The following facts about oil consumption in U.S. transportation should be made widely known:

"1. The transportation sector accounts for 26 percent of United States energy consumption and 50 percent of United States oil consumption.

"2. The Americans who drive automobiles alone consume one-ninth of the oil consumed daily in the world.

"We believe that the American people are prepared to make sacrifices on an equitable basis, and we call upon the United States Congress to give leadership in this regard.

"In addition to developing practical programs for energy conservation in the buildings controlled by the Federation and their agencies and encouraging public discussion of energy issues, we call for stepped-up United States government funds to provide incentives for conservation measures which will have a substantial impact on the energy habits of this nation.

"We urge the United States to expend available domestic energy resources, accommodating to necessary environmental and other safeguards, but propelled by an understanding of the serious economic and political hazards of increasing dependence on overseas energy sources.

"We further urge government and industry to undertake more intensive research and develop programs on the various alternative energy sources such as solar, wind, hydro-electric, geothermal, fusion, synthetic fuels, biomas (including gasohol), and any others which give promise of technical and commercial feasibility in the near and long term."●

TUITION TAX CREDITS

● Mr. GARN. Mr. President, as many of my colleagues have, I am sure, I have received a number of letters from my constituents, predominantly educators, about my position in favor of the concept of tuition tax credits. Many of these letters are thoughtful and insightful; some of them reflect a misunderstanding of some of the proposals for tuition tax credits; many more reflect a basic difference of philosophy about the nature of public education. About these latter differences there is not much that can be done, other than to communicate as clearly as possible the philosophy which leads me to support tuition tax credits. Today I would like to take a moment to do that.

To begin with, I should note that I am a product of the public schools. My children have attended and continue to attend public schools. I have never seriously considered the possibility of private schools. I am grateful to my teachers and to the school administrators who made possible for me and my children what I consider to be an excellent education. At the same time, I certainly recognize that there are those whose experience with the public schools has been less satisfactory than mine, and those whose expectations of what a school should provide are different from mine.

Having said that, let me outline some of the objections to tuition tax credits as expressed by my constituents, with my own reaction and comments.

First. Tuition tax credits are unconstitutional. It is certainly difficult to know what the Supreme Court will do with tuition tax credit legislation when faced with it. The Court's record in this area is very mixed. However, whatever the Court thinks, I think that aid to individuals in procuring education for their children is constitutional, even if that education is provided by a religious institution. Historically, I think my case is unassailable: The Congress that pro-

posed the 1st and 14th amendments to the States certainly could not have been suggesting that there was anything wrong with fairly overt assistance by Government to religion in general, though they were careful not to favor one church over another.

But the historical argument aside, I would simply argue that this society, as any successful society, must rest upon a foundation of religious morality. It may be unpopular to say it in these days of rampant secularism, but I know of no long-lasting society which has ever been built on any other foundation, and I am concerned about the trend toward eradication of religious influence in our daily lives.

Besides, I see no real constitutional problems in designing a system of aid to individuals, rather than to religious schools. The G.I. Bill did exactly that for higher education, and the line between higher education and elementary and secondary is purely arbitrary.

Second. Tuition tax credits would encourage the establishment of inadequate schools. There is no reason for this to happen. Schools would continue to have to meet State certification requirements, just as they do now. Besides, there are those who argue that the public schools are already performing inadequately, and that it ill behooves them to be casting stones.

Third. Tuition tax credits would drain money away from the public education budget. It is true that tax credits will reduce Federal revenue but it does not mean that the education budget will be directly reduced by that amount.

Fourth. Public school parents will be taxed twice, once to pay for the public schools and again to assume the burden of the credit to private school parents. I confess that this is a difficult charge for me to understand. It appears to arise out of a difference in philosophy about the nature of taxation. As I see it, public school parents will continue to have the education of their children subsidized, first by those who have no children—an ever-increasing proportion of Americans—and second by parents of private school children, whose tax credits do not match the savings they bequeath to society by taking their children out of public schools.

Fifth. Tuition tax credits provide more assistance, per pupil, to private schools than is currently spent for public schools. That is true by considering only direct Federal expenditures. Since the Federal share of the education budget is less than 10 percent of the total, this is surely a misleading charge.

Sixth. Private schools do not have to accept all students, and thus should not receive public support. But whether they have to or not, private schools do accept the handicapped, the learning disabled, the disruptive, and the criminal. And in some cases they do an excellent job of teaching them. Marva Collins, in Chicago, has taken children who have been permanently expelled from the public schools, and has taught them successfully, at a lower cost than the public schools. As for the poor, it is a desire to give the poor the option of going to private schools that led to the idea of tuition tax credits in the first place. Nor are private schools a haven for racial bigots. They would have to comply with applicable law in order to qualify for tax credits, of course, but studies already show that private schools are more integrated than public schools.

Seventh. Tuition tax credits would help the wealthy more than they would the poor. That is always a problem with any kind of tax relief, since the wealthy pay more taxes than the poor do. The important thing is that at present, the wealthy can send their children to private schools if they wish. It is the poor who cannot. Tuition tax credits will make it possible, for the first time, for poorer people to take advantage of private schools. In that sense, they will help the poor people more than they will the rich people.

Eighth. Government support will bring Government control over private schools. This argument is somewhat suspect when it is raised by those who oppose private schools. It is a legitimate fear of those who have struggled to keep their private schools out from the regulations Government is already attempting to impose on them. However, in my view the beauty of tuition tax credits is that they avoid controls, since the assistance goes to the parents, and not to the institution itself. Schools would have to meet minimal accreditation requirements, but would not become subdivisions of the Government.

Mr. President, these are the major arguments raised against tuition tax credits. But in the letters, and in my conversations with those opposing the credits, I sense some other currents at work, and I would like to address them for a moment.

Once is that tuition tax credits will destroy the public schools. One constituent went so far as to say "let's not destroy the system by allowing competition."

Mr. President, I reject the idea that the public schools are so bad that they will be destroyed by competition. If the charge is true, then things have come to a sorry pass, and perhaps the public schools ought to disappear. It is not true, and I am confident that the public schools will meet the competition. They will have to make some changes, I am sure. But I think that some changes are warranted. I have faith in the principle of competition in education as in economics, and I see no harm coming from the minimal competition that a modest tuition tax credit will provide.

A second unspoken current concerns the question of diversity and homogeneity. Many of my constituents allude to the role of the public schools in melding Americans from all ethnic, racial, and economic backgrounds into a cohesive whole. I think the schools have done that, to some extent, in the past, and I am grateful for it. At the same time, the problem confronting us now may be too much homogeneity. It may be that we could do with a bit more variety in backgrounds than we have now. I have often said on the floor of this Senate that the Nation would be better served if our lawmakers were not so overwhelmingly members of a single profession, the legal profession. There are great homogenizing instruments at work in the United States today, the most powerful being television. It will not hurt us to maintain some variety in our educational institutions.

A final current, and perhaps the most serious one, is the fear on the part of many educators, whether expressed or not, that the public schools have irretrievably lost the confidence of the people they serve. This current is related to the one I mentioned first earlier, but it is not quite the same. This one involves a recognition that the schools have undertaken, in many cases unwillingly, sometimes with gladness, tasks not suited to them. The result has been failure, and a failure that has spilled over into more traditional areas of academic life.

To choose an innocent example, the schools have been charged with teaching driving skills. This was not something forced upon them, but something they went out and sought, sometimes to give the football coach something to do until sixth period. The schools have taught driver training, but they have not succeeded: Adolescents who have taken driver ed have as many accidents as those who have not.

As I said, this failure of the schools in a nonacademic area is a harmless one. At least those who take driver's ed do not have more accidents. The failure of the schools in sex education is much more serious, much more divisive, and much more erosive of the basis of support the schools must have if they are to continue to survive public scrutiny. Under the circumstances, it is a wonder to me that any school board would seek to take on these added responsibilities, but they seem to.

Besides these self-inflicted wounds, the schools have also had thrust upon them a variety of responsibilities as a result of Federal court decisions and the machinations of Federal education bureaucrats. These range from the bilingual education programs that have been the subject of so much controversy to the establishment of coequal athletic programs for boys and girls, with the resulting public controversy and budgetary demands.

The result is a failure of school bond issues, a declining enrollment, public criticism of teachers and administrators, a fall-off in respect for the educational establishment, and a spiralling loss of authority and discipline. Under the circumstances, it is a wonder, as one commentator on the District of Columbia tuition tax credit proposal remarked, that this movement has been so long in developing.

That same observer expressed the wish that, if the proposal failed in the District of Columbia, which it did, of course, that that not be taken as an expression of approval for the way the schools in the District are operated. I hope that as well, and suggest that school districts around the country take a look at what the Washington schools are like, as a preview of what could very well happen in

any school district which yields to the extreme demands of groups determined to use the schools to promote broad social change.

Such groups are abroad in the land, and that is what leads to tuition tax credit demands. These demands are legitimate, and I support them, even though I do not make them myself. Mr. President, I hope this brief speech has clarified my own position, and make it intelligible to my constituents.●

UNIVERSITY OF CONNECTICUT SOCCER TEAM

● Mr. DODD. Mr. President, less than 2 weeks ago, the University of Connecticut soccer team won its 20th game this season and, with that victory, the national soccer championship. That 2 to 1 win over Alabama A. & M. at the National Collegiate Athletic Association tournament reinforced what we in Connecticut have believed for years: the University of Connecticut soccer team is the best in America.

In the past 7 years, no soccer team in the country has achieved more in player development, fan support, national recognition, and consistency—and it is consistency that Connecticut soccer coach Joe Morrone stresses.

Coach Morrone's efforts have paid off. In the past 13 years, against the Nation's top-ranked teams, the "UConn" soccer team has won more than 18 games six times, including at least two 20-victory seasons. Morrone has coached 12 All Americans (at this time 1981 selections have not been made), and sent nine players to professional soccer teams.

Mr. President, in an era of college soccer teams dominated by foreign born and recruited players, the UConn team is a welcome anomaly. They have been for years, in large part due to Coach Morrone's commitment to soccer in Connecticut and in this country.

The UConn soccer team and its coach have won the hearts and minds of us all in Connecticut. We take tremendous pride in their accomplishments—in not only the victories but also that special brand of commitment, discipline, and skill that has become their trademark. There is a special congratulations this year for a hard-fought and well-deserved championship but every year this team proves itself unique and earns our continuing admiration and respect.

Mr. President, I ask that a list of the University of Connecticut soccer team, its coaches, managers, and others who made the championship a reality be inserted into the RECORD at the end of my remarks.

My congratulations go to these individuals and to the thousands of others who have joined me in supporting UConn teams over the years.

To the seniors on this year's team, captain Charles J. McSpiritt, Carlos M. Carlos, Elvis A. Comrie, Pedro G. DeBrito, James J. Renehan, and James J. Lyman, this season marks a brilliant finish to intercollegiate athletic careers already marked by excellence. To them, and to coach Morrone and UConn athletic director John Toner, along with the remainder of the team, this season was a dream come true.

The information follows:

THE UNIVERSITY OF CONNECTICUT 1981 NATIONAL CHAMPIONSHIP SOCCER TEAM

Charles J. McSpiritt, Captain; Carlos M. Carlos, Elvis A. Comrie, Pedro G. DeBrito, James J. Renehan, James A. Lyman, John R. Brubacher, Graziano Cornolo, Paul F. Hunter, Timothy H. Masley, William T. Morrone, James A. D'Orsaneo, Edward J. Lynch, Anthony L. Pierce.

Elio Romeo, Carlos A. Almeida, Kieran P. Coffey, Jeffrey S. Dunn, James K. Kiernan, Noel H. Moon, Eric T. Myren, Thoukis Stavrianidis, Brian H. Stevenson, Shawn L. Sullivan, Thomas F. Thompson, Roger P. Vergries.

Head Coach: Joseph J. Morrone.

Assistant Coaches: Eric J. Swallow, James F. Luce.

Managers: Ann M. Maher, Karen L. Shaw.

Athletic Director: John Toner.

Sports Information Director: Joseph J. Soltys.

Trainer: Ralph C. Mansell.

Administrator: Thomas W. Weston.●

SPECIAL OLYMPICS

● Mr. WEICKER. Mr. President, as chairman of the Subcommittee on the Handicapped, I continue to become more aware and sensitive to the needs and aspirations of individuals with handicaps, and their families. In this last month of the International Year of Disabled Persons we can look all across this country and observe private and governmental organizations working well together to strengthen public understanding of the potential contributions of disabled Americans. We must continue to invest in people and assist individuals with disabilities to become more independent and productive members of society.

A program worthy of our attention and recognition is the special olympics. It is the special olympics program which now serves over 1 million retarded individuals that has achieved a great victory of the spirit. A program of year-round sports training and athletic competition, special olympics honors the ideal of the Greek Olympics. Mentally retarded individuals have learned through sports they can compete and succeed in life.

On January 4, millions of Americans will have the opportunity to share in the feelings of joy and pride which special olympics brings to retarded individuals and their families through a very special television movie, "The Kid From Nowhere."

It is the story of a young mother raising her son, and a coach who introduces them to special olympics and a new way of life.

One of the greatest barriers parents face raising a retarded child is the problem of attitudes. This type of television movie can promote improved public understanding and sensitivity toward mental retardation. It reminds us that individuals who are mentally retarded are more like us than they are different. We must emphasize and develop the abilities of people, not isolate people because of their disabilities.

The star of this movie is Ricky Wittmann, a real-life special olympian from California. It is through Ricky that we are reminded of the need for mentally retarded individuals to be provided the chance to experience life and develop self-confidence.

Families everywhere, I believe, can benefit from watching "The Kid From Nowhere" on Monday night, January 4.●

OPPOSING THE INCREASE IN FEDERAL EXCISE TAXES ON DISTILLED SPIRITS

● Mr. HUDDLESTON. Mr. President, early next year, the Congress will again be considering various proposals to lower the rapidly escalating Federal deficits. One such proposal that has been put forth is an increase in excise taxes. Such a tax increase would be a discriminatory and inequitable method of raising additional revenues. The effect on the various industries that are involved would be disastrous.

I would like to share with my colleagues a resolution that was recently approved by the Kentucky Distillers' Association. This resolution states the firm opposition of these distillers to any increase in the Federal excise taxes on distilled spirits. In addition, it enumerates the already large tax burden borne by this industry, as well as the severe effects that a doubling of the excise tax would have on this industry.

I ask that the complete text of the resolution be printed in the RECORD. I offer it to my colleagues for their review.

The resolution follows:

RESOLUTION OPPOSING THE INCREASE IN FEDERAL EXCISE TAXES ON DISTILLED SPIRITS

Whereas, There is considerable discussion among officials of the Reagan Administration and members of Congress to increase the excise tax on distilled spirits from $10.50 to $21.00 per proof gallon; and,

Whereas, Such an increase is purported to add to the federal revenues to offset certain budget cuts, but is based on the erroneous assumption that the current rate of distilled spirits consumption in the United States would continue; and,

Whereas, The current total tax burden is already more than 50 percent of the purchase price of a medium priced bottle of distilled spirits; and,

Whereas, Such an increase on a product that already bears the heaviest tax burden of any consumer produce would reduce rather than increase the excise tax income. It is an unsound and unprincipled policy to levy excise tax on one industry to the exclusion of others; and,

Whereas, the retail price of distilled spirits has not kept pace or increased at nearly the same rate as other consumer products, and tax increases would significantly contribute to an inflationary economy through the Consumer Price Index; and,

Whereas, Distilled spirits have a right to be offered to the consumer without a tax burden that threatens the distiller viability as an industry, as well as the consumers right to enjoy the product; and,

Whereas, The adoption of such a tax increase would cause irrevocable harm to all distillers, and perhaps extinction of the smaller companies, reducing revenues to the local economy, and contributing to unemployment.

Therefore, be it Resolved, by the Kentucky Distillers' Association, that this resolution, adopted by unanimous vote of the membership at its meeting in Louisville, Kentucky, on October 20, 1981, be sent to all members of our Kentucky Congressional delegation,

and to others, seeking their support, help and assistance in strongly opposing increases of the federal excise tax on distilled spirits.●

MALCOLM BALDRIGE: A SUPERB SECRETARY OF COMMERCE

● Mr. PACKWOOD. Mr. President, it may be out of fashion, but I think it is still entirely appropriate to pay Government leaders a compliment when they deserve one. And while many of our department heads have become all too accustomed to receiving slings and arrows, I feel it is time to recognize the excellence some leaders bring to Washington.

Without question, Malcolm Baldrige is a superb Secretary of Commerce. From the day he began the job, he has played a significant role in national economic and trade policy. And from the day he first appeared before the Senate Commerce Committee, I quickly admired his easy manner, his self-confidence and his straight talk. I have watched him grow to become among the ablest of our President's advisers.

It is a privilege to work with Mac Baldrige on a daily basis it seems. The same can be said of his top staff members, who bring enormous skill and professionalism to their work. Together, I am delighted we are able to fulfill many of the goals President Reagan has set for us.

I am very pleased to realize that Malcolm Baldrige's accomplishments are not going unnoticed. For the record, Mr. President, I ask that a recent profile of Secretary Baldrige written by Clyde Farnsworth for the New York Times be printed at this point. Mr. Farnsworth's story is aptly entitled "Baldrige Sits Tall in the Saddle on Economic Policy."

The article follows:

BALDRIGE SITS TALL IN THE SADDLE ON ECONOMIC POLICY

(By Clyde H. Farnsworth)

WASHINGTON.—He was the first Cabinet officer to predict a recession this year, the first to talk about a jobless rate that could exceed 9 percent. And when the Administration was trying to figure out what to do about Japanese cars, Commerce Secretary Malcolm Baldrige was also calling the shots remarkably accurately. The Japanese, he said, would have to accept some voluntary limitations on exports. Now, as head of a conglomerate department whose 38,000 bureaucrats manage public works, chart the seas, forecast the weather, count the population, collect economic statistics and control imports and exports, Mr. Baldrige is at the vortex of the budget debate.

It's an unusual place for a Commerce Secretary to be, but he's an unusual Commerce Secretary. His rapport with President Reagan is the closest since Maurice Stans' with Richard Nixon. And, though far less visible than either budget director David A. Stockman or Treasury Secretary Donald T. Regan, Mr. Baldrige has become the Cabinet's consensus molder. One of his advantages, he says, is that he does not identify, and is not identified, with currently fashionable economic schools. Neither a monetarist nor a supply-sider, he observes: "I've got a more eclectic background. I don't think you can just take one economic theory. You have to take ideas from several."

So, Mr. Baldrige agrees with the supply-siders in the Treasury that the tax cuts already in place combined with what has already been a 25 percent reduction in the inflation rate over the past 12 months will generate a strong recovery by early summer. "I don't think they are being too optimistic," he comments. He does cite the monetarists, agreeing that the deficit, no matter what its size, must not be financed by inflation, that is, by excessive growth of the money supply. And despite public statements to the contrary last week by members of the Council of Economic Advisers, he believes that it's important to cut spending, that deficits do matter. But what matters most, he says, is the trend—the demonstration that the deficit will be contracting over time.

To any who will listen, the Secretary offers this advice which may be especially needed now: "Underpromise and overdeliver." As for Mr. Stockman, Mr. Baldrige takes his forecasts of mighty $100-billion-plus deficits with a grain of salt. They are "ultra-cautious," he says, so that Mr. Stockman "won't be caught off base."

Although Mr. Baldrige is fighting budget office efforts to slash his department's export promotion, the former corporate chief executive is very much a team player, who refuses to comment on the struggles. "You read and hear about disarray in the Cabinet," he says. "It isn't disarray, it's disagreement. President Reagan didn't appoint each of us to sit around the table and nod our heads 'yes.' He put us there to be advisers, which means there will be disagreements—not disagreements on goals, but on ways to reach those goals. And that's good effective management."

A George Bush man during the election campaign (he ran the Connecticut primary for Mr. Bush, one of the few in which Mr. Bush defeated Mr. Reagan), Mr. Baldrige has only in recent months come to know the President well. They took to each other. Mr. Baldrige's grey pinstripe only partly conceals his hand-tooled Western belt, and he seems of the same cowboy mold as the film roles the President once played. (In fact, the Secretary is so serious about his steer-roping that he remains a card-carrying member of the Professional Rodeo Cowboys Association.)

KINSHIP WITH THE PRESIDENT

Beyond that kinship, his plain-speaking, and credentials, as a self-made businessman which the President especially admires, Mr. Baldrige's influence lies in the power base that the long-neglected Commerce Department is becoming. Its economic and trade roles have been strengthened, Mr. Baldrige says, "because the President wants it that way." To reinforce its analytical and economic forecasting functions, the Department now has an assistant secretary for economic affairs as well as a chief economist. A Bureau of Competitive Asessment has been created, to project where each industrial sector will be in comparison with competitors worldwide by 1990. And Edwin Meese 3d, counselor to the President, is pressing to have the Office of the United States Trade Representative, now headed by William E. Brock 3d, former chairman of the Republican National Committee, swallowed up by Commerce as well.

The Department now also monitors and controls imports, a function that it took over from the Treasury. Mr. Baldrige has just filed complaints against seven countries, accusing them of selling unfairly low-priced, subsidized steel in the United States. But the Department also leads the Administration's auto task force and has just reported that the domestic industry, depressed by the worst sales in two decades, may run out of working capital by the end of this year. Although he decries protectionism, he favored limitations by the Japanese on their exports to give American companies, as he put it, "some running room."

With all of these responsibilities and others besides, such as overseeing telecommunications deregulation, Mr. Baldrige sits on three Cabinet Councils, as many as Treasury Secretary Regan. He is chairman of the Cabinet Council on Commerce and Trade, a member of the Council on Economic Affairs and of the Council on Natural Resources. He also sits in on the Cabinet forecasting sessions of the Treasury, the Office of Management and Budget and the Council of Economic Advisers, the first time a Commerce Secretary has joined the so-called Troika.

While he goes to a lot of meetings, he refuses to get tangled in details, so much so that in some negotiating sessions with foreign governments he's been criticized for failing to prepare adequately. But the critics also remember that when in business, Mr. Baldrige took a 180-year-old Connecticut manufacturer of brass buttons, Scovill, Inc., and turned it into a diversified producer of housing fixtures, appliances and other products. Under his tenure, the company's sales grew five-fold.●

50TH BIRTHDAY OF SRI CHINMOY

● Mr. TSONGAS. Mr. President, I call attention today, as we see 1981 coming to a close, to the occasion of this year marking the 50th birthday of Sri Chinmoy. Sports enthusiast, artist, musician, poet, and director of a meditation group at the United Nations, Sri Chinmoy in a very brief period has accomplished more than most people do in a lifetime. We wish Sri Chinmoy in all his endeavors that help so many, success in the years ahead and best wishes for a long and continuingly fruitful life.●

NATIONAL DISABLED VETERANS WEEK

● Mr. SIMPSON. Mr. President, I wish to speak in behalf of the resolution introduced by my fine colleague from the State of California (Mr. HAYAKAWA) as amended. The resolution to designate the week of November 7, 1982, as "National Disabled Veterans Week" indeed recognizes in a most positive way those who have sacrificed the most in defending our Nation. There are currently some 2.3 million veterans suffering from service-connected disabilities. Many of these are disabled as the result of injuries received in combat.

Mr. President, any recognition we may give to these courageous men and women pales into insignificance when compared with the sacrifices they made when they answered their Nation's call. Yet we must always continue to recognize what they have done for us. Naming the week within which falls Veterans Day, November 11, a "National Disabled Veterans Week" indeed does express recognition, humble and inadequate though it be, to these persons and to their families.

Mr. President, I have served as chairman of the Senate Veterans' Affairs Committee throughout this session of the Congress. Prior to that I had the privilege to serve as the ranking minority member with my good friend, esteemed colleague, and former chairman, the senior Senator from California, who now serves as the ranking minority member.

I have in this time of legislative service developed a deep respect for the contributions made by our Nation's veterans. This respect, and indeed, a feeling of humility and pride are especially pro-

found as I consider the sacrifices of those who were disabled during their time in service. I know that all Members of this body share these feelings with me. Indeed, some of our Members are themselves veterans wounded in combat. I ask that all join in unanimous support of Senate Joint Resolution 123 naming the week of November 7 through 13, 1982, as "National Disabled Veterans Week," and I am pleased that it has passed the Senate.●

TRIBUTE TO WILLIAM N. PLYMAT

● Mr. JEPSEN. Mr. President, many people have contributed to our knowledge concerning alcohol problems, especially those relating to the problems of drunk driving. Few, however, have contributed as much as William N. Plymat of Des Moines.

Bill Plymat is a lawyer and former Iowa State senator who has given selflessly of his time and energy over the past 50 years to educate the public about this serious problem. Currently he serves as chairman of the Iowa Commission on Substance Abuse, is executive director of the American Council on Alcohol Abuse, and is chairman emeritus of the Preferred Risk Mutual Insurance Company in Des Moines.

While associated with an auto insurance company, Bill became interested in the problem of alcohol-related accidents. During that time, he conducted a national study of the nature and extent of the drunk driving problem. Consequently, he became cofounder of the Preferred Risk Mutual Insurance Company founded on the idea of insuring people who do not use alcohol. The company has grown successfully over the years under Bill's guidance and currently has a net worth of $67 million. It insures over 400,000 people and has offices in 48 States.

Bill has been associated for many years with the American Council on Alcohol Problems. He has served as legal counsel and, since his retirement from active duty at Preferred Risk, has been the council's executive director.

This organization is over 75 years old, with some 30 State group affiliates and 2,000 individual associate members. Recently Bill has been a guiding force behind the letter sent to President Reagan which so many Members of the Senate and House of Representatives signed. The letter requests that the President form a national commission to study and make recommendations on how to solve the drunk driving problem.

The idea for this letter started at the annual board meeting of the Council in Minneapolis. Sandy Golden, an investigative journalist from Washington, suggested the idea. Bill Plymat then directed all his energy to make this project successful. His efforts were highly successful; 305 Members, including myself, signed the letter, which was delivered to the President on November 13.

As I stated earlier, few people have given as much time and effort to solving a problem as Bill Plymat has given to the problem of drunk driving, and few have been as successful. I commend Bill for his dedication and resolve. He has proved to be a valuable asset to his country and to his fellow man. He sets a splendid example of voluntarism for others to follow.

Mr. President, at this point I ask that Bill Plymat's testimony before the Senate Judiciary Subcommittee on Courts concerning driving while intoxicated be entered into the RECORD.

The testimony follows:

HEARING ON THE ADJUDICATION BY STATE AND LOCAL COURTS OF DRIVING WHILE INTOXICATED-DUI

(By William N. Plymat)

The announced purpose of this hearing is to examine the actions of state and local courts as they respond to our severe drinking-driving problem. If we are to make real progress, however, we must examine the whole spectrum of the drinking-driving problem.

We must find out what is happening across the country—what the specific problems are and how they are now being approached. We must examine all phases of the problem. This may involve many things not related to the court system directly. And we should come up with a comprehensive program of action. This will require research, exchanges of information between states, cities, courts, public officials, legislators, police, safety organizations, schools, and multitudes of ordinary citizens.

The general public needs to be made aware of the nature and extent of the problem. Citizen involvement in prevention should be invited. Then they will become volunteers who can aid law enforcement officials and courts and back the actions of judges who develop the courage to assess adequate penalties and provide proper restrictions.

Today our judicial system is overburdened and cannot handle the volume of cases that normally arise. We must do things that find the alcoholics and get them off the roads and into therapy. We must also deal with the careless social drinkers who drink and drive with little concern for others.

Police are often reluctant to arrest drinking drivers because they feel the courts will not do justice to the cases. The foundation of this problem is the fact that in most states we have inadequate laws which are vague and indefinite. These laws operate with presumptions instead of a specific standard of law violation. Therefore police feel it is futile to arrest those who are drinking and driving. Often charges are reduced to reckless driving. Often bail is set at a low figure and the driver is back on the street, quickly drinking and driving again. Until our people become educated and become active in supporting police and the courts there will be no really effective judicial action.

I feel qualified to respond with my testimony today because I have been involved in the area of alcohol concerns for the past fifty years. In my high school and college days I was a leader in youth education about alcohol. After entering the practice of law in Des Moines, I worked to improve the laws in my state which related to the use of alcohol, and also a number of years later when I became a State Senator. While affiliated with an auto insurance company, I became interested in the specific problem of alcohol-related accidents. I conducted a national study of the nature and extent of the drinking-driving problem, consulting traffic officials and coroners. I became convinced in the early 1940's that drinking was involved in 50 percent of all fatal traffic accidents.

This led me to conceive the idea of an auto insurance company to insure exclusively persons who did not use alcohol. This company, the Preferred Risk Mutual Insurance Company of Des Moines, started with a very modest capital in 1947. Today it is one of the largest and most successful companies in the country. Its 1980 asset total was over $160,000,000; its premium collection over $119,000,000; its policies in force over 400,000; it's current surplus (net worth) is over $57,000,000. It is a mutual company owned by its policyholders; it has 2500 agents, is licensed in 48 states and has 37 branch offices. Best's Insurance Reports gives the company an A+ rating and says that its rate structure averages 15 percent to 20 percent below the so-called "Manual" which are the rates charged by the "Bureau" companies, which comprise 60 percent of the companies writing casualty insurance. The record of this company provides some evidence of what might be hoped for if we were able to substantially reduce the excessive costs of drinking-driving accidents across our country. The losses as a result of a drinking-driving accident are sometimes astronomical in dollar costs.

I have served Preferred Risk for many years as President and then Board Chairman and am now Chairman of the Board Emeritus. For many years I served as legal counsel for the American Council on Alcohol Problems. Since my retirement from active duty at Preferred Risk, I have served the organization as Executive Director. This organization has operated in the field for over 75 years and has some thirty state groups affiliated with it and some 2,000 individual associate members. It issues a quarterly publication, The American Issue, and its main office is at 6955 University Avenue in Des Moines, Iowa.

COURTS NEED TO DEAL DIFFERENTLY WITH TWO CLASSES OF DRINKING DRIVERS

There are two kinds of drinking drivers. One consists of alcoholics or severe problem drinkers who should be viewed as addicts to the drug alcohol and who do not have adequate control of their actions in drinking. The other group consists of persons who drink excessively in bars and in social groups without real concern for the dangers they create. Hopefully their minds can be reached and actions can be controlled if they are dealt with quickly by immediate prosecutions and penalties. Prompt and positive actions by courts will reach the press and the minds of thousands who are drinking and driving without regard to the dangers or the penalties will be reached and hopefully they will conclude that the day of reckoning has arrived.

The average judge needs a great deal of education in order to make an initial decision on the category that each offender fits as he comes before him. However, judges, even if well educated, can not always be expected to do a really efficient job of this task. This is where specialists are needed.

A PROGRAM DEALING WITH ALCOHOLICS AND PROBLEM DRINKERS

In Polk County, Iowa (Des Moines) an innovative program is in operation. If an offender has no felony record and is not otherwise barred, he or she is turned over to an assessment center for evaluation. This evaluation takes over two hours. It uses testing, a mental examination, contacts with others, use of a check list of factors that indicate addiction, etc. If this study indicates that the offender is truly an alcoholic or severe problem drinker, lacking in adequate mental control over his or her conduct, the person is referred to a therapy facility for a long term program which hopefully will result in the solution of the problem. In the past fiscal year, ending June 30, 1981, the total arrests in Polk County were 1963 and 968 persons were referred to this agency for assessment. In the case of the 968, around 90% were referred to a therapy facility, and the remainder were returned to the County Attorney for immediate prosecution. Those who were turned over to the therapy groups were given deferred

prosecution, which will continue for one year, provided there is no recurrence of a drinking-driving charge. At the end of the year, if the therapy appears to have resulted in success, and they do 40 hours of public service work, the charge is dropped.

At this time it is impossible to know if this program is effective in handling the problem of repeat offenses. One may question how many of this group do find and maintain sobriety, i.e., continuing total abstinence (the only real answer to these problems), but it is possible that if some of these people do continue to drink, they may conclude that they will not drink and drive under any circumstance. A study will be made to determine the long term effectiveness of this program. This deferred prosecution response is based upon the claimed prosecutor's discretion right. These people are considered to be entitled to this type of handling on the basis of the belief that the individuals are sick and unable to control their conduct at the time of the offense and this fact justifies the different treatment from those who may be considered purely volitional violators. This innovative program was instituted by Polk County Attorney Dan Johnston and John Tapscott, who is head of the Des Moines Chapter of the National Council on Alcoholism. Mr. Tapscott, with the aid of state and county money, set up the assessment center.

IMPORTANT ACTIONS NEEDED FOR RECKLESS SOCIAL DRINKERS

Records indicate that many offenders are persons in their teens and twenties. Most often these persons are not alcoholics or severe problem drinkers. Also, many others do not classify as alcoholics. The courts should view these people as purely volitional law violators. They should be handled firmly by the courts with adequate fines, etc. In one recent case a young teenage driver (the press reported as intoxicated on alcohol and drugs) ran into two girls on bicycles and killed one and injured the other. The bail set by the court was only $300. In another recent case in Iowa a 19-year-old driver who had been convicted of speeding seven times in 1981 was driving between 75 and 100 miles an hour at 2:35 A.M. While traveling in the wrong lane of an interstate four-lane road, he ran into another car, killing the other driver and severely injuring the driver's wife. The police had been looking for this youth for many months to serve a suspension of driver's license. He is charged with manslaughter and drunk driving. He was released from jail the same day upon posting a bond of $5500.00.

Should our law and court administration be such as to permit such a driver to be free to drive again immediately, as he might do, even without a legal license? What should penalties be in the case of this offense? Should deferred sentences be permitted under the law? If so, on what terms? In such cases should there be suspension of licenses to drive for some period of time? Some states require a two-day mandatory jail term for convicted drivers. Is this a wise penalty? I will consider this a bit later.

THE IMPORTANCE OF A "PER SE" LAW IN ADMINISTRATION

We need the passage of "per se" laws by all states which have not already passed such laws. Such a law simply says that operating a motor vehicle with an alcohol level above a specified percentage in the blood (.10% in the usual case) is an offense "per se" (in itself). A penalty is then affixed for the offense. I believe ten states have such laws. They constitute an important and necessary improvement over the usual laws which simply outlaw "driving while intoxicated" or "driving under the influence." These usual laws have defined this state in terms of a percentage of blood alcohol and then said that if an alcohol reading is that percentage or above, the driver is "presumed" guilty of the offense. Unfortunately, those presumptions are often quite effectively overcome by testimony of the defendant and his friends. Under a "per se" law a specific and effective "speed limit" is put on drinking and driving.

Under the presumption laws the judge submits the chemical test (blood or breath) of the defendant for the jury's consideration in connection with the testimony of the defendant and friends. Under the "per se" law the judge simply instructs the jury to determine if the test of blood or breath has been properly given. If that is found and the test given has revealed (the usual) .10%, the judge says the jury shall find the defendant guilty of an offense.

In the early days of our country the offense of speeding was simply defined as "unreasonable speed." We got nowhere in controlling speed under such a vague standard. In a similar way we have not made progress under our presumption laws in controlling drinking driving. We need the specific limit, as we have in the case of speed.

When we have a "per se" law we can expect a new attitude on the part of police. When an officer finds a reading of .10% or above he can tell the driver this is an offense. The offender may decide he has no real option but to plead guilty. Today when police radar says a person has been exceeding the speed limit, there is not much he can do but plead guilty. That has caused most drivers to decide they must obey the law. When "per se" laws are adopted and the public is adequately educated, with the help of the media, there is reason to believe drivers will decide they can no longer get away with drinking and driving if caught. Courts will find their case loads dropping to reasonable levels. There will be very few jury trials on the question of "driving while intoxicated." Such a case may still occur, however, where for one reason or another no chemical test reading has been obtained.

It is believed that with "per se" laws, police will be inspired to intensify their efforts to apprehend those who are drinking and driving. And with the public demanding such action, we will begin to reduce the problem. I am informed that the following states now have "per se" laws: Vermont, New York, Delaware, North Carolina, Florida, Wisconsin, Minnesota, Missouri, South Dakota, Nebraska, Utah, Oregon, Maine, California and Iowa.

There is ample justification for "per se" laws based on blood alcohol levels of .10% or lower. Researchers have known for years that even a small amount of alcohol in the blood impairs driving ability. In 1951 the Reader's Digest reported on a well-known Swedish study of expert drivers which revealed that even a slight amount of alcohol "caused a deterioration of between 25 and 30 percent in driving performance." This and many other tests have revealed the somewhat surprising conclusion that impairment is significant after as little as two beers or two mixed drinks, at a blood-alcohol level of .05%. Various experts have concluded that when a blood alcohol level of .10% is reached, a person is physically unfit to drive a car.

During my term in the Iowa Senate (1972–1976) I was unable to convince the Senate that Iowa should pass a "per se" law; but in 1981 the Iowa Legislature did pass such a law with the level of .13%, which I believe is too high.

SHOULD MANDATORY TWO-DAY JAIL SENTENCES BE REQUIRED?

While I was unable to secure a "per se" law, as a result of my efforts in the Senate, the Iowa Legislature finally passed a requirement of a two-day jail sentence for convicted drinking-driving offenders. At that time I sincerely believed this was wise and would have deterrent value on the drinking-driving public. For those who went through the traumatic experience it would be a powerful message not to repeat the performance.

I came to this belief upon learning about experience in the courts of Chicago. In 1970 a study was conducted there under the supervision of Dr. Edward J. Kelleher, Director of the Circuit Court Psychiatric Institute. The study was of 400 drivers who had been arrested for driving while intoxicated—250 of which were convicted, 100 found not guilty and 50 of whom were defendants from suburban courts. It revealed that only 20 percent were alcoholics and 80 percent were occasional or social drinkers. This led Judge Raymond K. Berg to say that there existed a prevalent and deplorable attitude among the driving public that DWI laws were made for chronic alcoholics and not for the occasional or social drinker. He said he thought the occasional drinker would think, "That man they're talking about is a drunk, an alcoholic, not me." This attitude, Judge Berg concluded, increased the possibility that the social drinker would overdrink and drive.

It is well-known that during the Christmas and New Year season there are higher levels of drinking and resulting drinking-driving. In December, 1970, under the leadership of Judge Berg, then supervising judge of the Traffic Court in the Circuit Court of Cook County, Illinois, an announcement was made by the judges of that court that anyone convicted of driving while under the influence after December 17th that year would be sentenced to a minimum of seven days in jail coupled with a one-year's driver license revocation. This was widely publicized by the media in Chicago and known throughout the area. In fact, when I rode a plane to Chicago during that period I was warned by a passenger sitting next to me to avoid all drinking-driving in Chicago.

Fatalities during the period December 18 through January 3 totaled 8 compared with 22 for the same period in 1969; 23 in 1968; and 25 in 1967. During that period also there were 994 personal injury accidents, a substantial drop from the totals of 2,003, 2,028 and 2,156 in the three previous years. This program was continued during the first quarter of 1971. The fatalities for the first quarter of 1971 represented a 32-percent decrease from the first quarter of 1970; a 42-percent decrease from the first quarter of 1969; and a 41-percent decrease from the first quarter of 1968. The March 31, 1971 report of the Illinois State Police covering traffic fatalities throughout the state indicated that they were up throughout the state with the exception of Chicago. Also, personal injury and property damage accidents dropped during the first quarter of 1971 over 1970. Personal injuries dropped from 9,491 to 8,341 and property damage accidents dropped from 36,116 to 32,891.

A year later there was a report of a study by three researchers which claimed that the Chicago "crackdown" produced no reduction in the city's number of car-crash fatalities or arrests. I read the report and was not impressed by what seemed to me to be efforts to explain away the figures by suggesting other possible factors, and a claim that Milwaukee had had similar reductions without a "crackdown". It is quite possible that the "fear" of arrest on drinking and driving developed in Chicago may have carried over into nearby Milwaukee and caused the comparable reduction without an actual "crackdown."

I hear comments that some experts in the field of traffic safety are opposed to the mandatory short jail sentence. They say it would fill the jails beyond capacity. But an Iowa state safety official who supports mandatory jail terms says that during the week most county jails are only 20 percent filled. There is some fear that a jail sentence provision would cause some people to believe this is all that needs to be done. Many times the jail sentence is avoided by judges who permit

persons to "plea bargain" down to reckless driving. The severity of penalty is less important than the feeling that one will be caught and suffer almost certain conviction and penalty.

New York this year passed a law mandating jail sentences of 7 to 180 days and fines of $200 to $500 for those convicted of drunken driving after their licenses were suspended or revoked for an alcohol-related driving offense.

Maine has just passed new laws on drunken driving. In the case of repeat offenders and speeders charged with criminal violations and convicted, judges are required to impose a minimum $350 fine and at least a two-day jail term. Governor Joseph Brennan recently said: "I never believed in mandatory jail sentence before, but we felt that nothing else had worked."

Whether the fear of a jail term provides good deterrence can probably only be ascertained by further research—interviews with those who have received this punishment and study of records to determine whether those so punished repeat their offenses as frequently as those who have not been jailed.

When I was in the Iowa Senate and we were considering decriminalizing intoxication, a lawyer who was a recovered alcoholic called me and urged me not to vote for that. He said he had had a severe drinking problem but had been refusing to admit that he was an alcoholic. Then one night he was picked up and taken to jail. He said: "When that jail door swung closed on me and I found myself locked up for the night like a caged animal, it hit me like a ton of brick. The next morning when I got out I made a decision that this was the end of my drinking days. I went for therapy and have been 100% sober since." This caused me to decide that the two-day jail sentence was at least worth a real try in my state.

MONITORING COURT ACTIONS

Practices of deferred sentences, deferred prosecutions and plea bargaining have had an adverse effect in causing many persons who drink and drive to feel that even if they are caught, the penalty will not be severe. The Iowa Legislature has passed a law requiring a period of suspension of driver's license if a deferred sentence is granted. There are serious questions on the granting of low bail and paroles for persons who have been arrested for drinking driving offenses. Sometimes very modest amounts are set, even where there is a death or severe injury in an accident. Citizen groups need to monitor what is going on in the courts and perhaps see that there is adequate publicity on outcomes, which in turn may result in improved actions in our court system. The suspension of drivers' licenses is important because, as it has been said: "Many a man will not stop drinking and driving to protect himself or others from injury or loss of life, but he will do so to protect his driver's license."

If the courts learn that their actions are being monitored by persons who are in the court when cases are heard and by those who may check and tabulate results, it will create strong pressure on judges to resist the often skillful work of defense lawyers who are able to get people quickly released on modest bail, pled down to lesser charges, and in other ways dealt with leniently.

MONEY FOR ENFORCEMENT ACTIONS

It is widely believed that the police do not have sufficient funds to properly seek out and arrest drunk drivers, even where federally funded alcohol action safety projects have been in operation. I hear that many of these federally funded programs are being eliminated because of the reduction in federal expenditures. Money is needed to provide adequate numbers of police, court officials and others in an effective program seeking out and arresting violators. It is believed that even where drivers' licenses are suspended, large numbers of drivers continue to drive without a license. We need officers to monitor such persons by frequently watching them when they depart from their residences or business places. Severe penalties should be imposed upon the offense of driving without a license.

Efforts have been made in Minnesota to pass a law to assess a 5-cent tax on liquor-by-the-drink sales. The amount of money that such a tax would raise is very large indeed. It would fund good action programs as well as needed funds for alcoholic rehabilitation programs. So far the legislature there has refused to bring such a bill up for serious consideration.

A good solution would be to raise the federal tax on beer, wine and whiskey. There have been proposals in recent days to raise such taxes and taxes on tobacco by 100 percent, which might come close to meeting the federal deficit. It appears no such sizable taxes will be seriously considered with the 1982 elections looming. But a modest tax increase might well be adopted to meet money needs in dealing with the drinking driving problem.

MONITORING OF BARS

When Prohibition ended, many states set up state-owned liquor stores. It was claimed that the old saloon would not come back. The contention was that those wanting to drink should buy their bottles and take them home. Yet in due course liquor by the drink came back. Most of today's bars run into the wee hours, sometimes to 4 and even 5 A.M. I believe it is all night in Nevada.

My study in Iowa covering the years 1970, 1971 and 1972 showed that the period from 9 P.M. to 3 A.M. of each day of the week accounted for 301 out of 665 fatal alcohol-related accidents, or 52.8 percent. These periods starting at 9 P.M. on Friday and Saturday nights accounted for 196 out of the 665 total or 29.5 percent. A similar study I did of the years 1976, 1977, 1978, and 1979 showed that these hours accounted for 514 such accidents, or 58.9 percent of the total, and the Friday and Saturday night periods accounted for 289, or 32 percent of the total.

When liquor-by-the-drink became legal in most states it was argued that a man should be able to have a drink with his dinner. But bars do not close at the end of a normal dinner period, but run for hours afterward.

It would be wise to require that any bar legally operating after 9 P.M. should be required at its cost to have an officer in attendance to observe patrons leaving the bar. The officer could invite patrons to test themselves with a convenient breath-testing device. If one suspected of being impaired were to refuse, the officer could say that he or she would be followed. If the driver's conduct seemed impaired, then the person would be stopped and required to submit to a test on pain of losing a license in states which have the implied consent laws.

Since the passage of the new tough Maine laws on drinking and driving, one popular night spot in Bangor added to their establishment a pocket-size gadget which would test the blood alcohol level. A green light indicates the driver can drive safely and an amber light indicates that someone who is sober should take the person home.

If lawmakers are unwilling to require bars to pay for such monitoring, it could be done with public funds, and then on a spot check basis, if funds were not ample to serve all bars in an area.

CLOSING BARS AT AN EARLIER HOUR

If bars were required by law to close at 9 or 10 P.M., I believe there would be a great reduction in our alcohol-related accident toll. Some claim this would merely shift the problem from the late night hours of closing to the hour after an earlier closing. This might be true to some degree. But when bars run into the wee hours, people who might have to go home earlier before they became impaired sit and drink on and on, often losing track of the number of drinks they have had. They wind up a real menace on the road. Perhaps it seems unrealistic to expect that state laws could be passed to do this in the immediate future, but undoubtedly many city and county ordinances could be passed in areas where public concern proves adequate.

MEDIA SHOULD RESPOND TO THE PROBLEM

It is believed that the media has not given proper attention to the problem. There should be special efforts to get the media to carry the message to the public about the fact that in the case of arrest there will be adequate investigations, license suspensions, adequate bail, and that citizen groups will monitor court actions. This would have deterrent value. The recommendation for people to avoid driving on streets and highways after 9 P.M. to the maximum extent possible would eliminate many targets for drinking drivers. There is a real challenge for the media in educating the public.

NEEDED WARNINGS ON DANGERS OF MODERATE DRINKING AND DRIVING

Most Americans drive with little knowledge of the dangers involved in even moderate drinking. They need to be informed that the National Safety Council has recommended that everyone should wait one hour after every drink before driving. The alcoholic beverage trade has campaigned with the statement that everyone should "know your limits." This implies that there is a safe level of alcohol as far as driving is concerned. The focus should be on the avoidance of all drinking and driving.

Attention should be given to the fact that "half drunk drivers are dangerous, too." This is the title of a very popular and effective educational leaflet which has been widely distributed by the Preferred Risk Mutual Insurance Company and the American Council on Alcohol Problems. My son, William N. Plymat, Jr., was the author of this leaflet.

A NEW NATIONAL ETHIC NEEDS DEVELOPMENT

This same idea is now being presented in the State of Wisconsin. Dr. Ralph F. Hudson of Eau Claire, Wisconsin, has challenged his fellow doctors in a three county medical society to adopt a resolution that all drivers be required to follow the requirements imposed on public vehicle drivers and operators who must have zero percent level of alcohol in the blood. Railroad engineers, bus drivers, airplane pilots and ambulance drivers and others are required to be total abstainers while driving.

As a result their safety records are outstanding. This doctor, who has seen the sad results of many alcohol-related accidents, asks why all drivers should not be required to refrain from all use of alcohol. He is asking his state medical society to urge that policy as a matter of law. Following his leadership, a high school leader in his town and his principal have just dispatched a letter to all high schools in Wisconsin, calling attention to the fact that one of their student leaders was killed by a drunk driver, and asking that the above-mentioned policy of no alcohol for drivers be made a matter of law in Wisconsin.

Hopefully the day will arrive when this would become a national policy. Similar citizen action throughout the country may hasten that day. In the meantime, even without such a law, good citizens should be stimulated to indicate their intentions to refrain from driving after drinking.

NEED FOR EDUCATION

As we said at the beginning, there is a need to face the entire alcohol problem if we are going to solve the drinking driving problem, and this calls for much education of the public, especially youth and newly licensed drivers. The American Council on Alcohol Problems last year brought forth a leaflet

titled, "What You Need to Know About Alcohol for Your Health and Safety." This covered the subject of drinking and driving, as well as other subjects and presented a proposed warning for alcoholic beverage bottles. We printed 600,000 copies of this leaflet for widespread distribution. We managed to persuade state-owned liquor stores to distribute these to their customers. Now we have brought forth a new leaflet considered to be of special value in educating youth. It is titled, "Alcohol Facts—5 Ways Drinking Can Hurt You." It also deals with drinking and driving. Over 200,000 of these will be printed and made available very shortly.

NEED FOR LABEL WARNINGS

This need is now being recognized. S. 1543 which would require warnings on labels of liquor bottles is a bill which should pass. Purchasers of bottled liquor should be confronted with the information such warnings would contain, and constantly reminded of the dangers involved. A section of such a warning refers to the danger of drinking and driving. S. 1543 is being cosponsored by 12 U.S. Senators. There is a companion bill in the House sponsored by Rep. Geo. E. Brown, Jr. and cosponsored by 17 other Representatives. Senator Jepsen proposes to amend S. 1543 to include warnings on beer and wine bottles also.

ALCOHOL ADVERTISING

It is reported that about $500 million a year is expended by the alcoholic beverage industries in promoting consumption of their products. Much of this is glamorous in nature and directed at youth, women and minority groups. It would be very desirable if such a volume of advertising could be reduced. Even where it is permitted, so-called "lifestyle" ads should be avoided. If the industry wishes to prove its sincerity in preventing alcohol problems and accidents, without the requirements of legislation, it could avoid such advertising.

The passage of the bill, H.R. 1800, by Rep. Geo. E. Brown, Jr. (D., CA) to make expenditures for alcoholic beverage advertising a non-deductible business expense in computing net income for tax purposes would be of value, and also increase tax revenues into the U.S. Treasury. It could, in itself, provide the extra funds needed for the actions specified above.

CURRENT EFFORT TO OBTAIN A NATIONAL COMMISSION

The current Congressional effort to secure a National Commission to be appointed by the President on the drinking driver problem follows the effort which began with the American Council on Alcohol Problems to obtain such a Commission. In August I was contacted by Sandy Golden, of Gaithersburg, Maryland, an investigative reporter, who told me of his efforts spanning 15 months to secure such a Commission. I invited him to speak at the Annual Board Meeting of our Council in Minneapolis on September 17th. He suggested a letter to President Reagan and presented a proposed text. The Board responded immediately and 45 persons present at that meeting, representing some 30 organizations, joined in signing it. This was sent to the President and we are hopefully awaiting a reply.

This led, in turn, to a Congressional press conference on October 6th. The conference was hosted by Representatives Michael D. Barnes, James V. Hansen and Glenn Anderson, and resulted in many newspaper articles across the country and including the Washington Post. Mr. Golden was involved in helping preparations, testifying at the hearing and exhibiting a film which showed the problem and the needs. At this conference, the Representatives mentioned announced they were sending a "Dear Colleague" letter to all members of the House and Senate, asking them to join with them in signing a letter to President Reagan, which was essentially the same in text as our letter. Already, at the time of preparing this statement, 30 Senators and 143 Representatives have authoried their names to be attached to the letter going to the President.

Sandy Golden left private investigative work to dedicate himself to this mission of research, public speaking on the issue, working with government agencies, and organizing public education and activities in this field. He has worked independently without compensation during this period and deserves much credit. It shows what can be accomplished by one person when a serious human problem is recognized and needs attention.

WHAT CAN A FEDERAL COMMISSION DO?

As this statement indicates, there are many important aspects to be considered in responding totally to the seriousness of the drinking driving problem. I have outlined a number of them. This leads to the realization of the reason why a National Commission on this problem would be helpful—even necessary. It could produce a master plan to cope with this problem. It could provide leadership and coordination for the task. It could develop public awareness and inspire individuals, communities and states to volunteer their vigilance and support. Further, it could:

1. Make investigations and receive reports of conditions in the various states; study trends in the problem and actions taken which have worked and could be followed in other states; study laws in various states and suggest changes; seek uniformity of laws across the country.

2. Encourage formation of state and local task forces to take needed action. Efforts of citizen task forces in Maryland and California have already accomplished much with new laws being passed, law enforcement enhanced and citizen involvement accomplished.

3. Seek collaboration with enforcement authorities, courts, media, rehabilitation agencies, public officials, schools and citizen groups.

4. Develop changes in public attitudes on drinking and driving to prevent accidents.

A National Commission on the drinking driving problem would implement many of the ideas and suggestions contained in this statement, and in the end result in a substantial reduction of the annual death toll from this problem. It would result in the reduction also of many other costs which are now borne by the taxpayers of this country. I am hopeful there will be immediate forward motion in this direction.●

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress received advance notification of proposed arms sales under that act in excess of $25 million, or in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that three such notifications have been received.

Interested Senators may inquire as to the details of these preliminary notifications at the office of the Committee on Foreign Relations, room 4229, Dirksen Building.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C.

In reply refer to: I-02308/81ct.

DR. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The American Institute in Taiwan is considering an offer to the Coordination Council for North American Affairs tentatively estimated to cost in excess of $25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C.

In reply refer to: I-2154/81.

DR. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The American Institute in Taiwan is considering an offer to the Coordination Council for North American Affairs tentatively estimated to cost in excess of $25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C.

In reply refer to: I-12434/81ct.

DR. HANS BINNENDIJK,
Professional Staff, Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director. Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Northeast Asian country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.●

PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 mil-

lion. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulated that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with the committee's intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the notification which has been received. The classified annex referred to in the covering letter is available to Senators in the office of the Foreign Relations Committee, room 4229 of the Dirksen Building.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C.

In reply refer to: I-03686/81ct.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 82-14 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Army's proposed Letter of Offer to Egypt for defense articles and services estimated to cost $25 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL NO. 82-14

(Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act)

(i) Prospective Purchaser: Egypt.

(ii) Total Estimated Value:

	Millions
Major Defense Equipment*	$21
Other	4
Total	25

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Six AN/TPQ-36 mortar locating radars with required support equipment, spare parts, and support services.

(iv) Military Department: Army (UDR).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending September 30, 1981.

(viii) Date Report Delivered to Congress: December 14, 1981.

POLICY JUSTIFICATION

EGYPT—MORTAR LOCATING RADARS

The Government of Egypt has requested the purchase of six AN/TPQ-36 mortar locating radars with required support equipment, spare parts, and support services at an estimated cost of $25 million.

This sale is consistent with the stated U.S. policy of assisting other nations to provide for their own defense by allowing the transfer of reasonable amounts of defense articles and services. It will demonstrate the continuing willingness of the United States to support the Egyptian effort to improve the security of the country through modernization of the Egyptian forces.

The purchase of the radars and support will provide the Egyptian Army an automated capability for locating hostile mortars. As such, it will enhance the effectiveness of Egyptian counter-mortar fire.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be the Hughes Aircraft Corporation of Fullerton, California.

Implementation of this sale will require the assignment of a small U.S. military training team to Egypt for approximately six months and the assignment of a small contractor contingent for approximately two years.

There will be no adverse impact on U.S. defense readiness as a result of this sale.●

CONGRESSIONAL BUDGET PROCESS

● Mr. HART. Mr. President, today the Washington Post published an excellent article written by Senator CHILES which discusses how recent congressional budget decisions have undermined the congressional accountability which the public deserves on Federal spending matters.

As a colleague of Senator CHILES on the Senate Budget Committee, I share his concern about maintaining the strength and integrity of the congressional budget process. His article provides some extremely useful insights into what the appropriate roles should be for Congress and the executive branch in the budget process.

I ask the article be printed in the RECORD at this point.

The article follows:

THE BUDGET: DON'T CUT CONGRESS OUT

(By LAWTON CHILES)

Recent congressional actions on appropriations measures have posed a serious threat to the integrity of the legislative process. The immediate disputes over funding levels should not be allowed to obscure the longer-term procedural issues. What we have at stake is not a power struggle between Congress and the president, or between Democrats and Republicans. The real stake is in maintaining our constitutional system of checks and balances, which ensures a full measure of accountability to the public for federal spending decisions. Accountability means putting specific spending figures into laws and having members of Congress stand up and be counted on where to cut and where to add.

The most recent threat to constitutional checks and balances came in the continuing resolution passed by the Congress last Friday. The press and the public have focused on the funds cut by that resolution and paid too little attention to the methods by which it would be carried out. The language of the resolution requires the president to make a 4 percent cut in spending for domestic programs in five large appropriation areas. Within each spending account, the administration may decide to cut a particular program or activity by anywhere from zero to 6 percent as long as the overall account is reduced by 4 percent. In the floor debate in the Senate, however, it was clarified that Congress expects the administration to seek approval for any particular cut that deviates from the 4 percent.

Not all the detailed decisions made in the appropriations bill are made by the president. Anyone who has worked through appropriations bills knows that only a few major decisions, like the B1 bomber or Social Security benefits, are actually made by the president. Most of the 1-, 5-, or 50-million-dollar decisions are made by mid-level bureaucrats in the agencies or in OMB. Those bureaucrats have some professional judgments about what is good for the country; they also have personal opinions, whims and pet projects, like anyone else. But those bureaucrats do not have to go home to 50 states and 435 congressional districts to defend their decisions or see the results. The legislative process may be cumbersome, but it is tremendously open to the public. Once the president's budget proposals come out, members of Congress—particularly those of us on the Budget and Appropriations committees—get a flood of firsthand information about the details of those programs. Farmers tell us which pest control program works and which should be scrapped. Parents and schoolteachers tell us which education programs are effective. Local officials and concerned citizens tell us what will happen if we delay or proceed to build a new road or park. While congressional revision of administration proposals sometimes reflects the protection of special interests, to a greater degree it reflects the role of the American public in shaping legislation.

The only way the public can hold members of Congress accountable for spending is by requiring them to stand up and be counted on specific budget figures, whether they be cuts or increases. It is far too tempting to be able to stand up and tell each group—farmers, schools, retirees, defense—that you voted for full funding of their program, but then turn around and say you voted for a balanced budget, because you gave the President the authority to withhold 5 or 10 percent. No one would know what you really stood for. That is what we had before the 1974 Budget Act. Members voted for individual spending bills, but never had to vote on the bottom-line total. The result was massive spending and huge deficits.

Impoundment authority would also undermine public accountability of the president. He could submit a budget that made all his major constituents happy—and all presidents like to make people happy—by not detailing his proposed cuts. He could then request a 5, 1 or 25 percent cut authority to hold down the total. No one would even really know what the budget for a program was, or who had cut it. The full funding figure would be printed in the books, but somehow it would not get spent. That may be the easy way out for politicians, but it is not a good way to let the public grade the people it elects.

Tough as this year's budget decisions are, next year's will be even worse. At the Budget Committee we are looking at federal deficit projections ranging from $92 billion in 1982 to $165 billion in 1984. The American people are still being told that they can have only good things—a 25 percent tax cut, a big national defense buildup and painless cuts of waste and fat in domestic programs.

Moving to a balanced budget is going to require telling the American people that they cannot have all these things at once. Cutting back tens of billions of dollars in federal spending is going to require hard decisions that many politicians would rather avoid. Making those cuts in a fair and efficient manner is going to require that the public be given a full chance to participate by means of the legislative process, and that members of Congress continue to listen to the wisdom of the public.●

BUDGET LEAKS

● Mr. EAST. Mr. President, we are all aware of what the burden of increased military spending means for the American people. While I am convinced that there is a genuine need for us to upgrade our defenses, I am also concerned that this money be wisely spent.

I was therefore most gratified to read of the strenuous efforts that are being

made within the Defense Department to curb fraud, waste, and mismanagement. In a recent article for the Christian Science Monitor, reporter Stephen Webbe summarizes the efforts of Deputy Defense Secretary Frank Carlucci in this area.

Mr. President, I commend Mr. Carlucci for his diligence, and I commend Mr. Webbe and the Monitor for giving him due credit for his work. As we all know, it is a rare thing for the public media to cover the efforts being made within the Defense Department to give American taxpayers their money's worth. I ask that the complete text of Mr. Webbe's article be reprinted in the RECORD.

The article follows:

PENTAGON PLUGS LEAKS IN BUDGET

(By Stephen Webbe)

The Pentagon says it is saving billions of dollars in a crackdown on fraud, waste, and inefficient management.

Deputy Defense Secretary Frank C. Carlucci says defense auditors probed $12 billion worth of contracts this year and refused to pay contractors about $3.5 billion they demanded. Fifty-three percent of the saving stemmed from audits conducted since April 1, 1981, and 47 percent stemmed from earlier investigations.

Mr. Carlucci was commenting Dec. 8 on the release of the semiannual report to Congress detailing the efforts of the Defense Contract Audit Agency (DCAA) to eliminate fraud, waste, and inefficiency from the Pentagon during the six-month period ending Sept. 30, 1981.

Some of the 33,600 audits carried out by the DCAA turned up potentially fraudulent activities by contractors. One subcontractor allegedly charged the government $275,000 for material ordered but never delivered. It also notes that a roofing contractor claimed $500,000 for work that was not performed. Both cases are under investigation.

The Pentagon report reveals that 27 cases of potential fraud ferreted out by investigators were referred to the Justice Department. Another 11 were referred to military commanders for further action. Altogether these 38 cases involved losses of $11.8 million, say defense officials, adding that the Pentagon succeeded in recovering some $750,000.

According to Carlucci, there has been a "dramatic increase" in the use of the Pentagon hot line set up to permit the anonymous reporting of cases of fraud and waste. "Six hundred sixty calls and letters were received, and 554 of the most substantive ones were referred . . . for appropriate action," the report observes.

Carlucci says auditors identified procedures that if corrected could save more than $1.2 billion. For example, the Defense Department report says a US Army brigade in Europe was not "effectively using programs designed to identify excess repair parts." The brigade accumulated about $2 million worth of unneeded repair parts—at the same time it had an additional $650,000 worth of parts on order.

Carlucci says the Pentagon, which will be requesting some $244 billion for its fiscal 1983 budget, aims to chalk up $31 billion in savings over the next six years.

In an effort to increase economy and management efficiency, the Air Force has set its own program, supervised by Under Secretary of the Air Force Edward C. Aldridge.

When the Air Force Weapons Laboratory at Kirtland Air Force Base in New Mexico wanted large pressure tanks for a chemical laser experiment it found two surplus tanks at Patrick Air Force Base in Florida. "These were transported to Kirtland, refurbished and installed at a cost of $5,000," says an Air Force spokesman. "The original manufacturer estimated the cost of new tanks as $1.6 million, with delivery in 38–40 weeks. By using the surplus tanks, the Air Force obtained a cost avoidance of almost $1.6 million."

In his now-famous interview in The Atlantic Office of Management and Budget Director David A. Stockman was quoted as saying that the Pentagon suffered from "blatant inefficiency, poor deployment of manpower, [and] contracting idiocy." He estimated that there is a "swamp of $10 to $20 to $30 billion worth of waste in the Pentagon that can be ferreted out if you really push hard."

Defense Secretary Caspar W. Weinberger later retorted that the Pentagon is "very dry land," adding that "there is not that degree of waste or inefficiency or ineffectiveness in what we're doing."●

ACID RAIN BOOMERANG

● Mr. STAFFORD. Mr. President, the best laid plans often go astray. That seems to be the case with a series of newspaper ads which have been running recently in the Washington Post, the New York Times, and other newspapers.

The ads are sponsored by the "Coalition for Environmental-Energy Balance," which is apparently headquartered in Columbus, Ohio. Their purpose is to cast a shadow over acid rain legislation sponsored by Senators including the Senator from Maine (Mr. MITCHELL), the Senator from Rhode Island (Mr. CHAFEE), the Senator from New York (Mr. MOYNIHAN), and myself, as well as others. The ad implies that acid rain proposals are a product of "overreaction and overregulation." It concludes that "this is bad legislation. We believe we ought to say so publicly, and urge you to do so too."

Judging from the letters I have received, the public reaction is probably not quite what the coalition for an environmental-energy balance had in mind. People are writing, to be sure. But what they are saying is not that acid rain legislation is a bad idea, but that it is good. As one correspondent said:

The Advertisement also argues that "quick Congressional 'fixes' (of this type) can cause irreparable harm." I fail to see the irreparable harm which might be caused by cleaning up pollution. Perhaps the coalition refers to the damage done to their collective wallet by anti-pollution restraints.

Mr. President, I would like to take this opportunity to do two things.

First, if there is no objection, ask that the advertisement be printed in the RECORD at this point, together with the text of two letters supporting acid rain legislation. I have deleted the names and addresses of the authors.

Second, I would like to express my appreciation to the coalition for an environmental-energy balance, whoever they are and wherever they are. I have received no letters in support of their ad. But thanks to their advertisement, I now know for a certainty that many voters in fact care a great deal about acid rain. And what they want is action, not inaction.

The material follows:

THINGS TO REMEMBER ABOUT ACID RAIN . . .

Almost daily we read, hear or see information about "acid rain". Some of the information is scientific, much of it is opinion.

In trying to sort it all out, there are a few things to remember about the subject of "acid rain."

It is worldwide in scope.

The issue is not confined to one nation, one region, one state or one community. Since it is an issue of greater than national scope, there is no easy, simple local or regional answer.

Because it is worldwide in scope, it doubtless results from a variety of causes.

It may be that one or more of these causes are larger factors than others, but that cannot be stated with certainty.

Given that uncertainty, quick Congressional "fixes" can cause irreparable harm.

For example, the Senate Environment and Public Works Committee is considering two measures concerning acid rain.

The sponsor of one bill admits that the proposed standards are "arbitrary." And, an aide has said "no one knows" if the program will work.

The Congressional Office of Technology Assessment has analyzed the bills and reported that in 31 states bordering on and east of the Mississippi River, consumers' cost as a result of such legislation would be between $2.2 and $4.1 billion each and every year. For consumers in at least three states, Ohio, Indiana, and Illinois, this could mean increases of as much as 50 percent in their electric bill.

We thought the era of overreaction and overregulation had passed from the scene in Washington. Apparently not.

We think this is bad legislation. We believe we ought to say so publicly, and we urge you to do so, too. You can do so by letter, wire or phone to the following Committee members: Stafford (R-VT), Baker (R-Tenn.), Domenici (R-N. Mex.), Chafee (R-R.I.), Simpson (R-Wyo.), Abdnor (R-S.D.), Symms (R-ID), Gorton (R-WA), Murkowski (R-AK), Randolph (D-W. Va.), Bentsen (D-Tex.), Burdick (D-N.D.), Hart (D-CO), Moynihan (D-N.Y.), Mitchell (D-Me.), Baucus (D-MT).

If you would like more "Things to Remember" write: Coalition for Environmental Energy Balance, P.O. Box 15026, Columbus, Ohio 43215 (614) 464–0771.

DEAR SIR: The Washington Post of November 25, 1981 contains the enclosed political advertisement urging citizens to communicate to you their positions on the issue of "acid rain." I am taking this opportunity to do just that.

According to the ad, which opposes the efforts of your Committee to regulate causes of acid rain here in the United States, the problem is "worldwide in scope." This is certainly true. However, the fact that this problem is worldwide in scope is no reason for the United States to abdicate its responsibility to preserve the Earth for future generations. To argue that this country need not do what it can to alleviate a problem just because "everybody else does it," is absurd. Furthermore, as a (and perhaps the) major nation responsible for acid rain, the U.S.A. might set a sterling example for the rest of the world in dealing with this problem.

The advertisement also argues that "quick Congressional 'fixes' (of this type) can cause irreparable harm." I fail to see this irreparable harm which might be caused by cleaning up pollution. Perhaps the Coalition refers to the damage done to their collective wallet by the imposition of anti-pollution restraints.

I urge you and your Committee, therefore, to stand firm in the face of this pressure. The preservation of our environment cannot be quantified in monetary terms. It is invaluable, and therefore must be maintained. Your efforts in this area would be greatly appreciated.

DECEMBER 2, 1981.

HON. ROBERT T. STAFFORD,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: The New York Times has been running a series of advertisements sim-

ilar to the one attached regarding the acid rain issue. These advertisements are clearly designed to accomplish two goals; (1) create a smoke screen of doubt by saying "do we really know the cause" and, (2) to purposely induce fear into the readership by stating that unless you leave us alone your costs will skyrocket in the near future. In my opinion the advertisements are arrogant and repugnant.

At stake here is not only an environmental issue but an international issue. At question is the integrity of the United States as viewed by other countries and its clear responsibility to its own citizens to provide a strong country in future years.

I do not consider myself to be an environmental extremist but I am weary of and angry over continued attempts by industrialists to preserve the status quo and the profit motive at all costs. This issue will not disappear, it will only increase in severity.

What will it take for governmental leaders to resist these continuous assaults and chart a course that does demonstrate integrity—for other countries, for our own countrymen and for our environment?●

"JIMMY MILLER DAY" IN CONYERS

● Mr. MATTINGLY. Mr. President, I am proud to join with the good people of Conyers. Ga., in honoring their former classmate and neighbor, James C. Miller III.

December 19 has been designated "Jimmy Miller Day" in Conyers. Dr. Miller's many hometown friends are justifiably proud of his accomplishments, including his most recent honor of being nominated by President Reagan and confirmed by the Senate as Chairman of the Federal Trade Commission.

Jim Miller is a man in whom all Georgians and other Americans can take pride. As Administrator of the Presidential Task Force on Regulatory Relief before his confirmation to the FTC Chairmanship, Dr. Miller's staff leadership greatly contributed to the administration's efforts to identify and eliminate unnecessary regulation.

"Jimmy Miller Day" is a fitting tribute to a fine American. Conyers has much to be proud of.

Mr. President, I ask that the announcement of "Jimmy Miller Day" circulated by Dr. Miller's classmates be printed in the RECORD.

The announcement follows:

SENIOR CLASS OF ROCKDALE COUNTY HIGH SCHOOL, 1960

DEAR FELLOW CLASSMATE: I am sure you will be interested in knowing that Jimmy Miller was recently appointed Chairman of the Federal Trade Commission by President Reagan. This is a real honor and an outstanding achievement.

Mayor Charles Walker has declared December 19, 1981, as JIMMY MILLER DAY in Conyers. A number of recognition ceremonies and receptions are being planned for that weekend. I know you will agree with me that our graduating class would like to participate in the festivities honoring Jimmy.

On Friday night, December 18, 1981, we are planning to have an informal gathering for R C H S Class of 1960 at Lucas' Ranch House Barbecue Restaurant on Highway 138 in Conyers. We will begin at 6:30 P.M. We would like for everyone to have dinner there. There will not be a planned schedule. You will be free to order dinner whenever you would like to eat. A country band begins playing at 9:00 P.M. if anyone is interested in staying for the music.

If you have other parties planned for that weekend, perhaps you can just drop by and say "hello" to Jimmy and his family. Please feel free to bring your family with you.

I am looking forward to this opportunity to let Jimmy know how proud we are of his accomplishments. I hope you will join our other classmates and me on Decemoer 18th.

DANNY ADOCK,
Class President.●

CIVIL AIR PATROL HAS SERVED AMERICA IN WAR AND PEACE FOR FOUR DECADES; SAVING LIVES IS ITS PRIMARY MISSION

● Mr. RANDOLPH. Mr. President, this month marks the 40th anniversary of the establishment of the Civil Air Patrol, an organization which has served valiantly as an auxiliary to the Army Air Corps and U.S. Air Force in both times of peace and war.

The Civil Air Patrol was established on December 1, 1941, as a force to augment the Nation's military defenses. It has continued to serve as the volunteer civilian auxiliary of the U.S. Air Force.

In 1946, it was chartered by Congress as a private nonprofit corporation. In 1948 the CAP became a civilian auxiliary of the Air Force by act of Congress.

At the outbreak of the Second World War, the Civil Air Patrol went on coastal patrol duty, and its members flew 86,685 missions covering 24 million miles in 244,600 hours of flying hours. As the result of these efforts, 173 submarines were sighted, 83 bombs and depth charges were dropped on 57 of them, and a number of the subs were destroyed.

In 1980, the CAP was involved in 1,175 missions—search and rescue—with 14,424 hours flown. It had 469 finds and 115 saves.

CAP personnel assisted in 14 natural disasters in 11 States.

There are 60,000 members—23,000 cadets and 37,000 seniors.

There areo ver 600 members in West Virginia.

The three CAP missions are: First, a national program of aerospace education for adults and youth; second, search and rescue and disaster relief missions; and third, a cadet program to develop tomorrow's leaders.

During today's Capitol Hill luncheon commemorating the 40th anniversary of the Civil Air Patrol, my able colleague Senator ROBERT STAFFORD of Vermont—an active pilot—told of the importance of the CAP.

Joining with us from the House of Representatives were Representative NICK RAHALL, CAP congressional squadron commander; and Representative LINDY BOGGS, CAP congressional squadron vice commander, who spoke briefly.

Also present was Arthur C. Hyde, a native of Moorefield, W. Va., who was wing commander of the Civil Air Patrol for Maryland, the District of Columbia, and parts of Virginia. during the forties. On November 6, 1943, Mr. Hyde piloted a single-engine plane 175 miles from Morgantown, W. Va., to Washington National Airport on aviation fuel processed from coal.

Mr. President, I ask unanimous consent that the names of those CAP and U.S. Air Force officials participating in today s 40th anniversary celebration be inserted in the RECORD as proper recognition for their service to America.

The information follows:

Brig. Gen. Jim Gormley, USAF-ret., former Deputy Director of Air Force legislative liaison;

Brig. Gen. B. D. Lary, USAF, Deputy Director for Air Force legislative liaison;

Brig. Gen. David Patton, USAF, Executive Director of CAP and Commander of CAP Headquarters, Maxwell AFB;

Col. Walt Flint, USAF-ret., former Curator of the National Air and Space Museum;

Col. David Brandt, USAF, Officer for Middle East Region/CAP;

Col. William Shea, CAP/USAF, Director of Airports/FAA;

Maj. Tom Handley, USAF-ret., National Legal Officer /CAP; and

Lt. Col. James B. Huggins, Deputy Commander and Executive Officer of CAP Congressional Squadron who coordinated arrangements for today's anniversary luncheon.●

WAR TALK DOWN SOUTH

● Mr. DURENBERGER. Mr. President, the view from the United States of current events in Central America is often colored by preconceptions, misinterpretations and—on occasion—self-fulfilling prophets.

It is a difficult situation and without precedent. For those with an open mind and a need to be helpful, I suggest the article "War Talk Down South" from the December 23 issue of the New Republic.

Mr. President, I ask that the article be printed in the RECORD.

The article follows:

WAR TALK DOWN SOUTH

It appears that the United States is not going to war with Cuba or Nicaragua, or both. after all. If you were scared by State Department and White House chatter about a naval blockade (and the consequences, perhaps, if a Soviet ship should try to run it), or if you thought that the top officials of this Administration had taken leave of their senses (assuming you thought they had any to begin with) by planning acts of war, you can relax. The word from the Administration this week is that the saber-rattling of last week and the week before—Secretary Haig's hints of military intervention, President Reagan's ruling out of ground combat operations "at this time," Edwin Meese's refusal to rule out the naval operation—was just psychological warfare designed to raise the consciousness of other Western Hemisphere nations about Cuban and Nicaraguan misbehavior and to throw a scare into Havana and Managua. The damage that is thereby done to the peace of mind of American citizens, or to the credibility of the Administration itself, is supposed to be just part of the price one pays for global gamesmanship. This is the second time this year the Administration has indulged in such war-game tactics—the last time, Secretary Haig was going to "go to the source"—and then called them off. Now the military chest-thumping needs to stop, or else it will appear pure bluff.

Overall, however, we think that the Administration's strategy in Central America and the Caribbean is basically right and is not appreciated by most Americans. We have been pleasantly surprised by the development of Reagan policy. When the Administration first came into office, it appeared that liberals'

worst fears about the conservative Republicans would be borne out—that they would make Hemispheric policy a mere extension of reflexive anti-Sovietism, that they would rely more or less exclusively on military solutions, that they would identify with the region's most brutal reactionaries and would succeed in squandering the credit the U.S. earned during the Carter Administration as a force for democracy and human rights—and that all this would cause sympathy and support to flow toward Cuba and Nicaragua.

This hasn't happened. To be sure, military aid, training, and threats are more important aspects of Mr. Reagan's policy than they were of Jimmy Carter's (though it was Mr. Carter, one should remember, who resumed military aid to El Salvador to counter supplies from Cuba and Nicaragua). It's true that this Administration has stopped publicly criticizing—and has improved relations with—some of the region's most notorious human rights malefactors. But it is also true that the Reagan policy is not exclusively military. There has been a political component to it, an economic component, a propaganda component, and even a human rights component. And the Administration's policies are showing progress. With strong U.S. encouragement, Honduras has just held elections and switched from military to civilian rule. The U.S. is pushing elections, too, in Guatemala and El Salvador, and although those countries are not about to become perfect democracies any time soon—Guatemala, in particular, remains a human rights horror—the fact that elections are scheduled at all distinguishes them from Cuba and Nicaragua, where supposedly popular regimes do not even make a pretense of submitting themselves to the judgment of the people.

Left-wing opinion in the U.S., Europe, and elsewhere scorns the idea of elections in El Salvador, but it is a mistake to suppose that the whole of Latin America—fascist dictators excepted, of course—shares that scorn and supports the French-Mexican call for a negotiated settlement between the Salvadoran government and the left-wing opposition. In fact, the French-Mexican initiative, has been roundly condemned by most of Latin America's democracies. On December 7, in a step that went practically unreported in the U.S. press, 22 of the 29 nations in the Organization of American States backed a resolution supporting Salvadoran President José Napoleón Duarte's election plan. Those opposed were Nicaragua, Grenada, and Mexico.

On December 4, at the OAS meeting on the island of St. Lucia, Secretary Haig delivered an encouraging speech on U.S. aims in Latin America. It was, in a way, a counterpart to President Reagan's nuclear policy speech of November 18—a clear statement of U.S. ideals, an abandonment of bellicosity, and an appeal for cooperation among U.S. allies. Mr. Haig called on the OAS to reaffirm and promote democracy and declared that "the United States opposes human rights abuses regardless of the source. Our judgment of events must be fair and we must not allow ourselves a double standard. We should not be more tolerant of the infractions of those who reject democratic values and peaceful change, yet more critical of the lapses of those searching for democracy and social justice. Clearly a nation cannot be liberated when its people are deprived of liberty. A civilization cannot be creative when its poets and philosophers are in jail or in exile. A state cannot be free when its independence is subordinated to a foreign power. And a government cannot be democratic if it refuses to submit to the test of a free election." Mr. Haig's remarks clearly were honed to cut most strongly against Marxist-Leninist regimes, but they also cut against right-wing dictatorships. And they provide a standard against which to judge U.S. activities. To be true to Mr. Haig's words, the Administration should be active in securing the release of jailed intellectuals—which it has so far almost wholly failed to do—and should avoid imposing its will on independent countries which do not pose a threat to their neighbors.

Mr. Haig also reaffirmed that the U.S. soon will take steps to deal with the economic crisis afflicting much of the Caribbean region through an initiative that includes a one-way free trade zone whereby almost all Caribbean products would enter the U.S. without duty, special incentives for U.S. investment in Caribbean countries, and an increase in U.S. economic assistance by some $200 million next year. The full "Caribbean Basin Initiative" is to be unveiled in January and will require congressional approval, which may not be easy to obtain in the midst of a recession. The Administration can't duplicate the Marshall Plan or the Alliance for Progress, but its initative does deserve support.

The main Haig message in St. Lucia, of course, was a renewed verbal assault on Cuba and Nicaragua—but with the difference that instead of again threatening unilateral U.S. action, the U.S. this time was calling for collective attention—and possible collective action—to uphold the principle of nonintervention in the Hemisphere.

"We must all face up to the fact," Mr. Haig declared, "that the principle of nonintervention is being violated today." He said that "since 1978, Cuba, with the support of the Soviet Union, has embarked on a systematic campaign of increasing interference against its neighbors," uniting feuding anti-government guerrilla groups, training revolutionaries, supplying weapons, and providing political support.

The Sandinista regime in Nicaragua, Mr. Haig pointed out, now has an army three times the size of that maintained by the Somoza dictatorship it replaced. It is on its way to establishing the largest force in Central American history, with assistance from 1,500 Cuban advisers. Nicaragua has tanks and other heavy equipment never before deployed in Central America, and apparently is getting ready to acquire modern jet fighter planes.

In the post-Watergate, post-Vietnam atmosphere still prevailing in the U.S., there is a tendency on the part of the press, Congress, and the people to demand courtroom-quality proof of official assertions such as Mr. Haig's. The Administration's white paper on Communist assistance to the Salvadoran insurgents is widely regarded as a fraud because it failed to prove that all the weapons requested from the Soviet Union, Vietnam, Ethiopia, and other countries actually made it to El Salvador and were trans-shipped, as charged, through Cuba and Nicaragua. The Administration did overstate its case about the centrality of outside influence in El Salvador (as though there would be no insurgency except for Cuban intervention), but the fact remains that insurgent leaders did go to Communist countries for arms, and arms—including some heavy arms—did duly show up.

The Administration is coming out with a new bill of particulars in January, this one to bolster charges of Cuban subversion in the Hemisphere. Obviously the document shouldn't be accepted uncritically, but it should be read with certain facts in mind which have nothing to do with Reagan Administration ideology. For example, last March the government of Colombia (a democracy) rounded up more than 100 would-be insurgents who said they had been trained in Cuba and returned for the purpose of organizing a "people's army." Some members of the band turned out to be participants in the February 1980 armed takeover of the Dominican embassy in Boogta by the M–19 guerrilla movement. As part of the hostage-release settlement, the M–19 group was flown to Cuba via Panama. In an interview with the German magazine Der Spiegel, Cuban Vice President Carlo Rafael Rodriguez admitted that his country had trained the Colombians. On March 23, Colombia suspended diplomatic relations with Cuba—another story that failed to make it into prominent positions in U.S. newspapers.

Last month, Jamaica broke diplomatic relations with Cuba after evidence was developed that Jamaicans sent to Cuba for training in construction skills were given military and ideological training, apparently so that they would return home as insurgents. In all, six Latin democracies have either broken or down-graded diplomatic relations with Cuba in the past two years.

There is increasing concern in the Hemisphere, too, about Nicaragua, but it has not reached anything like the sense of outrage and danger that is building over Cuba. The Reagan Administration should not create sympathy for the Sandinistas, therefore, by making war threats. Nicaragua is not a Marxist-Leninist country yet, even though it has thrown four business leaders in jail and has repeatedly closed down the independent newspaper La Prensa (which is something even Anastasio Somoza never did). It is not a Soviet or Cuban satellite yet either, even though Communist bloc countries are gaining increasing influence and even though Nicaragua increasingly votes with the Soviets in international forums. The United States should do everything possible to prevent Nicaragua from going over the brink that its leaders are driving it toward, including continuing economic aid to sustain the independent private sector. Most important, the United States should do nothing that would leave it liable to charges of having pushed Nicaragua into the arms of the Cubans and Soviets. If the Sandinistas choose to snuff out liberty in their country, the responsibility ought to be entirely on their heads. They should not be able to claim that threats of invasion, blockade, or economic destabilization from the United States forced them to build a massive army or deny freedom to their population.

It is important that the Administration stop talking about acts of war against either Cuba or Nicaragua. Talking and failing to act sap U.S. credibility both in the Hemisphere and at home. Right now, the Administration's credibility is most in need of repair at home. The Reaganites need to spread the word about actions such as Jamaica's and Colombia's in breaking relations with Cuba. They should also tell what they know about the activities and political programs of guerrilla groups in El Salvador and Guatemala. In the United States it is beginning to sink in that Nicaragua gained little in the trade between Somoza and the Sandinistas, but it is still widely believed here that any regime would be preferable to the present ones in Salvador and Guatemala. The Administration has to make it plain, at home and in the Hemisphere, that it is working urgently to create alternatives to domination by the brutal right and brutal left.●

THREE BRAVE YOUNG MEN

● Mr. DECONCINI. Mr. President, I wish to call to the attention of my colleagues an act of heroism and valor which occurred recently in my home State of Arizona.

Three Arizonans, Allen Hullenaar, Jeff Corallo, and Steve Loper, came upon the scene of an accident near Sunflower, Ariz., on the evening of October 30. As they approached the burning wreckage of the two vehicles, a voice could be heard crying, "Help, I'm burning."

The three men were unable to open the doors of the vehicle, and quickly broke out the windows. They then pulled Try Castorena, age 10, and Chad Castorena, age 9, from the vehicle, in the process half-climbing into a vehicle which was in imminent danger of exploding.

These two boys would surely have perished in a terrible inferno had Allen Hullenaar, Jeff Corallo, and Steve Loper not responded to this crisis as they did. How many of us can say that we would be able to respond with such courageous disregard for our own lives if we were to be confronted with such a situation? We should all take a moment to reflect with pride on these great citizens, who risked their own lives to save the lives of others.

I would also like to thank Mr. Rexbell Young, the Arizona State legislative officer for the Veterans of Foreign Wars, for calling to my attention the heroism of these three fine Arizonans.●

IN TRIBUTE TO JERRY WURF

● Mr. WILLIAMS. The news of Jerry Wurf's death on Tuesday, December 10, touched me deeply. As international president of the American Federation of State, County, and Municipal Employees for 17 years, Jerry Wurf and I had worked closely together as I struggled with the many issues facing the Labor and Human Resources Committee—or as it is often referred to—the People's Committee.

While employee working conditions and dignity were always foremost on his mind, Jerry Wurf fought equally hard for the rights of the elderly, blacks and other racial minorities, women, and the disabled. To him, equality was the issue and oppression the fight. I, for one, was of one mind with him. My own legislative responsibilities and personal objectives cut across all of those issues and I often relied on Jerry Wurf's counsel and advice. No longer to have such counsel is a personal loss for me. For this country no longer to have the strong, relentless voice on behalf of workers and other Americans is a great loss to us all.

Among his accomplishments, Jerry Wurf succeeded in leading the growth of AFSCME to 1 million members presently, making it the third largest union in the AFL–CIO. Additionally, he led the fight for public employee collective bargaining laws in several States, he was a founder of the Congress of Racial Equality, he was the author of the civil rights document "the Strategy of the Cities," and he was a member of the Board of the Leadership Conference on Civil Rights.

I point out in my tribute today Mr. Wurf's activities and credits in community services and his leadership on national social policy issues partly as the best eulogy I can offer to this friend and American. But, in addition, reflecting on his words and his activities, I am reminded how many visions we shared about America: That national priorities had to reflect the most descriminated against and the neediest Americans, that some Americans are less powerful than others in influencing policy unless they join together in one voice on behalf of each other. It makes me feel optimistic about the future knowing that, even in the face of irresponsible budget cuts in programs that affect people's lives and even in the midst of new administration policies that cut the strings from those Americans who were informed that they would be protected in a so-called safety net—even with all of this, people who sacrifice their own personal lives to organize Americans for common social good will reverse these administration trends and the people will be heard again. Jerry Wurf was one of these Americans whose own contributions can be measured in this country's work places as well as the cities. His continued contribution will be missed.●

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

● Mr. DURENBERGER. Mr. President, in the last several years, making scapegoats out of Federal employees has become a national pastime. Bureaucrats get blamed for everything. Good sense may tell you to stay away from politics or religion at a cocktail party, but mention the insensitivity of bureaucrats and you are guaranteed a bigger audience than E. F. Hutton.

Of course there are lazy bureaucrats. There are bureaucrats who should not be on the job. Bureaucrats who are insensitive to the needs of the people they were hired to serve.

But the same can be said about politicians, lawyers, doctors, construction workers; in short, the same can be said about any group of people.

The fact of the matter is that the vast majority of the 3 million Federal employees is dedicated and hard working. Yet, we—the politicians are more guilty of this than anyone I know—continue to lump all Federal employees into one group. It seems that all we have to do to get a nod of approval is to mention the buzzword "bureaucrat" and we have scored a point with constituents.

Perhaps, if that is all we were doing to Federal employees, it would not be so bad. But we have not stopped at that. This year we gave them a 4.8-percent pay increase when the projected rate of inflation is exactly twice that amount. We also promised them we will address their concerns next year, but we have been saying that since I got here—with no result.

We make our Federal employees uncertain about their future employment. And now we are telling them that their health care benefits will be cut while their premiums will be increased—maybe by as much as 40 percent. What is more, they have been denied the opportunity to change plans. They will be locked into their existing plan and forced to accept whatever changes their plan makes. A marketplace philosophy does not mean much when you do not give the consumer a chance to make choices.

Not only have Federal employees been denied a choice of plans, but also, they have been denied a voice in shaping what those plans look like. The benefit cuts negotiated between the Office of Personnel Management and the participating plans had little or no input from employees. Thus, when Blue Cross made its cuts in mental health coverage, the enrollees had little to say about it.

Frankly, I regret the Blue Cross decision to reduce mental health coverage. But I do not believe the Government should single out any plan and impose minimum benefit standards. Minimum benefits should apply to all plans, not just select ones, and employees should be involved in establishing those standards.

To be sure, the problem this year has its roots in many causes—the policies of past administrations, health cost increases, the Office of Personnel Management, the participating health plans, and in the structure of the Federal employees health benefits plan itself.

Many of the problems are now being addressed in the courts. I hope they can be resolved as expeditiously as possible so that an open season can occur. However, the problems we are now experiencing are symptoms of deep-seated deficiences in the entire program. We must address these deficiencies and correct them if we expect to avoid similar problems in the future. I, for one, intend to vigorously pursue legislative reform of the Federal employees health benefits plan next year.

Mr. President, I intended to offer amendment 1240 to H.R. 4121, the bill making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1982, and for other purposes. That amendment, in the form of a resolution, expressed the concern I have about the status of the Federal employees health benefits plan this year and the impact on Federal employees and their families. Federal employees need to know that we are aware of the problems and that we are working hard to remedy them.

The Office of Personnel Management needs to know that it is important to minimize the disruption that will occur to Federal employees. OPM should do everything possible to maintain the integrity of the FEHBP. An open season should be scheduled as soon as the benefit levels are decided in the courts and informational material can be prepared and distributed.

The participating health plans need to know that the Government will honor its commitment to provide Federal employees with the opportunity to change health plans.

A well-organized open season, in which Federal employees have adequate information from which to make a choice, is in the best interests of all concerned parties.

I believe the Federal Government can operate with fewer employees. I believe we should make every effort to weed out ineffective employees. I believe we should assure taxpayers that they are getting their dollar's worth from their employees.

But let us be up front about it. What we are doing is making Federal employees

and their families pay a steep price for the inability to make decisions and carry out effective policies.

I must say, Mr. President, that it is in the health care benefit that we have the greatest obligation to those whose job effectiveness we cannot measure—the children and the families of Federal employees. Federal employees and their families have needs just like the rest of us. Government spending cuts should not be achieved at the expense of their health. Let us see to it that we act as responsible employers in addressing this very important issue.●

ARMS CONTROL AND THE REAGAN ADMINISTRATION

● Mr. PRESSLER. Mr. President, today, I should like to comment on the Reagan administration's arms control policy and practice. At least until President Reagan's address on Theatre Nuclear Forces on November 18th, many would have concluded that this will be a very short speech. They might have suggested that the subject would parallel in brevity the chapter on the owls of Iceland in Bishop Pontoppidan's history of Iceland, which consisted of a single sentence declaring that there are no owls in Iceland.

To be sure, there have been doubts and skepticism about the intentions of the President himself and his principal advisers respecting arms control. Many have observed that the administration's interests are primarily domestic and that foreign affairs has been relegated to the rumble seat, with arms control dragging behind on a fraying rope. I do not share that view.

I do not share it for several reasons—some based on actual developments since President Reagan took office and some based on what I consider to be strong potential developments. We should remember that this administration entered office with a philosophy of government sharply contrasting with that of its predecessor. Clearly, too, it did give priority to domestic issues, particularly the economy, which it attacked vigorously and quickly. One may argue with the particulars or question the results, but hardly deny the resolve and energy of the approach. I believe that we shall soon see a good bit of that energy funneled into foreign policy and arms control issues.

Some delay on the part of the administration in respect to foreign policy and arms control seems excusable. Clearly, there was good reason to examine carefully all aspects of the foreign policy inherited from President Carter which, as you remember, came under frequent and intense criticism. A rather considerable housecleaning of personnel in the upper levels of the administration occurred in this area, and it is natural that the new appointees require some months to become familiar with their responsibilities. There is a balance to be struck here, of course, as we do not need the pace of a glacier either.

I do know that the administration is undertaking interdepartmental studies of arms control issues. I cannot blame them for not wanting to be overly hasty in making decisions on matters that may well affect the United States for decades to come. We should remember that previous administrations have not exactly set world records for speed in negotiating arms control agreements. If the first year of President Reagan's term of office produces sound analyses of arms control issues, which as we all know are monumentally complex, that will be a small price to pay. It hardly is necessary for me to discuss here in detail the substance of the President's dramatic speech on TNF. That speech, more than any other single event, has convinced many people in the United States and Europe that the Reagan administration is committed to a serious and full-scale arms reduction program.

I have pointed out in a speech that I gave in July what I then identified as some positive steps that the administration had taken in the field of strategic theater negotiations. I cannot overestimate the significance of our decision to enter into negotiations on limiting land-based nuclear weapons in Europe, the Theatre Nuclear Forces Talks. They began in Geneva on November 30.

The United States has made perfectly clear at an early date that it intends to respect the SALT I and SALT II restrictions on strategic offensive armaments. The strategic modernization program recently announced by the President does not conflict with this intention, although both Secretary Weinberger and Secretary Haig have reiterated their commitment not only to observing SALT I and SALT II but also to opening new strategic weapons negotiations, probably in February or March. I should also add that the United States has continued to meet with the U.S.S.R. on the Standing Consultative Commission. The summer meeting did not become, as some in the United States would have liked, a forum to attack the Soviets for alleged violations of the SALT process. The session instead made some progress, and the SCC will continue to meet in future sessions.

In addition to actions in the strategic and theater arms control arena, the administration has continued to participate fully in other arms control forums—namely, the Conference on Security and Cooperation in Europe, which is meeting in Madrid; the Mutual and Balanced Force Reductions talks in Vienna, and the Committee on Disarmament in Geneva. The United Nations itself continues to serve as an overall platform for arms control questions.

It has largely escaped notice that within 3 weeks the Reagan administration made a bold move in the Conference on Security and Cooperation. This Conference, stemming from the prestigious Helsinki accords of 1975, is the only all-European forum given over to security questions, as well as to human rights and some issues of economic cooperation. The Carter administration had vacillated for months over whether to agree to a French proposal for a Conference on Disarmament in Europe. Within a month of taking office, this administration boldly decided to support the French initiative and at a single stroke ended a long period of tension and bickering with our allies. I should also add that President Reagan left as the Ambassador to CSCE that very effective negotiator, Max Kampleman, who has continued to do a superb job.

The very fact that the President has elected to continue full participation in the Mutual and Balanced Force Reduction talks is, to me, an important sign of serious intentions in respect to arms control. Without for a moment discounting the enormous significance of strategic nuclear weapons, it is still with conventional forces that a war is most likely to be fought. I suspect that MBFR may before long make a sweeping contribution to arms reductions. But I would like to defer discussions of why until a bit later, as the subject belongs to the part of the speech dealing with potential developments.

Another arms control milestone—the protocol of the Treaty of Tlatelolco, due to Reagan administration leadership, has been ratified by the Senate. The basic treaty prohibits nuclear weapons in Latin America, whereas protocol I obligates countries that have nonself-governing territories to adhere to the treaty. In the case of the United States, such territories include Puerto Rico, the Virgin Islands, and Guantanamo Naval Base. This protocol represents the first tangible step for the administration in the arms control arena, and I consider it substantively and symbolically important.

The administration also announced after a few months its nuclear nonproliferation policy and its conventional arms transfer policy. In outline they were similar to President Carter's, although they tend now to stress greater willingness to supply armaments and nuclear materials to states that are friendly to us. The AWACS sale was of course part of the arms transfer policy. The closeness of the vote and the intensity of the process must have sent a clear signal that Congress is keeping a close watch. Again, there will be differences of opinion, but I suspect that there will be a great deal of restraint in respect to these two sensitive categories—nuclear materials and sophisticated conventional arms.

Regarding nuclear matters, there are strong currents that lead one to expect that the administration will urge the ratification of both the Threshold Test Ban and Peaceful Nuclear Explosions Treaties between the United States and the U.S.S.R. They do not go as far as some may wish, but they seem to be giant strides toward bringing the nuclear monster under control.

I have touched upon what I consider some solid progress that President Reagan has made in arms control. Now I want to turn to some factors that I believe will make arms control a perma-

nent and large part of this administration's foreign policy. I say this of course on the assumption that the Soviets are at least half as sincere about peace as Mr. Brezhnev indicated in his speech on November 3, and that they do not invade Poland or commit some other egregious act.

At the beginning of my speech, I mentioned President Reagan's having given priority to the domestic economy. I suspect that this will also impact on his arms control policy. News reports daily tell us that the economy is in difficulty—a recession, high unemployment, huge deficits for this next year, talk of tax increases, and high interest rates. I cannot see how the Defense Establishment can eventually escape its share of cuts. Arms control, again assuming Soviet willingness, is a means of reducing defense costs and at the same time meeting our security requirements. Secretary Haig clearly enumerated this in his arms control speech in July. Necessity may again be the mother of invention.

The recent demonstrations in Europe are another catalyst for arms control. Clearly our allies are under pressure from highly vocal elements in their countries to resist the emplacement of new U.S. weapons systems. I certainly resent the one-sidedness of the demonstrations, which usually ignore the Soviet menace, but the fact remains that the dynamics of European politics may dictate that arms control negotiations are not just an option but the only choice. The "zero-option," proposed by the President on November 18 is indicative of U.S. sensitivity to European opinion.

I believe, furthermore, that we may soon come to the point where conventional armament reductions in Europe will also be viable, most likely in the alliance-to-alliance Mutual and Balanced Force Reductions talks. It may be that retrenchment of U.S. forces in Europe would not be all that bad. It may well stimulate our allies to shoulder much more of the burden for their own defense, something that I have advocated for a long time. I suppose that I should also note that inspection of our military forces in Europe during the late summer left me with the distinct feeling that many of them belong not as our frontline forces but in the United States.

In summary, the Reagan administration has already demonstrated, to the surprise of some, a substantial interest in arms control. There have been no precipitous denunciations of arms control as a sellout of our defense effort or accusations that the arms controllers are fellow travelers or worse. The administration has systematic reviews under way of all aspects of arms control. It has adhered to the SALT agreements, has begun TNF discussions with a dynamic, far-reaching proposal, and has taken significant steps in CSCE to endorse arms control negotiations. The Treaty of Tlatelolco is clearly a bold stroke.

Economic necessity at home and political realities in Europe may serve as the catalyst for this administration to achieve a dramatic record in successful arms control. I have several times observed that it took a Republican President to establish normal relations with China, and so it may also take one to achieve a true breakthrough not just in arms limitations but in reductions. President Reagan has unimpeachable credentials as a loyal American totally devoted to our security and defense. He is perhaps uniquely capable of rallying the conservative support needed to negotiate real, not cosmetic, arms control agreements that will be verifiable and militarily sound. In support of these arms control efforts, I intend to chair hearings of my Arms Control Subcomittee in major U.S. cities in order to involve citizens more directly in the process.

At the beginning of my speech, I surmised that some would liken a speech on the Reagan arms control policy to the one sentence chapter of Bishop Pontoppidan on the owls of Iceland, in which he said there were none. I am happy to report that the good Bishop erred. There are owls in Iceland, and there is a Reagan arms control policy.●

WORLD PEACE LUNCHEON

● Mr. DURENBERGER. Mr. President, I went to Birmingham, Ala., to see my son march with the Marion Military Institute White Knights Drill Team on Veterans' Day 1981.

Not only did I see my son, but I had a special opportunity to gain insight to a unique part of our country and some very special people.

To a Minnesotan, Alabama is different. It is "the Deep South." But what I saw on November 11 opened my eyes to a tradition and a commitment Alabamians have made to America that is unique.

I participated in the world peace luncheon at the 35th celebration of National Veterans Day in Birmingham. It was a celebration of peace and the commitment that Americans of all walks of life have made to preserve that peace. People came from all over this great country to participate.

Most of all, it was the commitment of the people of Alabama I witnessed that noon and in the afternoon parade to preserve that peace through preparedness that was impressive.

Perhaps the theme for the occasion was best articulated by a Virginian who, as I was, was a guest. I cannot recall having heard a Veterans Day occasion honored more than it was in Birmingham on November 11, 1981, by the Secretary of the Army, the Honorable John Marsh.

Mr. President, I ask that Secretary Marsh's remarks, together with a moving introduction by Alabama Congressman BILL NICHOLS, be printed in the RECORD.

The material referred to follows:

INTRODUCTORY OF GUEST SPEAKER BY CONGRESSMAN BILL NICHOLS

Many years ago, a British soldier penciled on an old British Sentry box, in white chalk, the following words: ["God and Soldier, all men adore, in time of trouble, and then no more, for when war is over, and wrongs are righted, God is neglected, and the Soldier slighted."] I am pleased today, on this Veterans Day, that that cannot be said about this great country in which we live.

Governor James and General Cobb, I am pleased that that cannot be said about our great state of Alabama. Mr. Mayor Arrington certainly it cannot be said about our great city of Birmingham. So I will take this time to publicly thank all of those who have had a part in making this the largest Veterans Day commemoration in the entire United States.

Our speaker today is a native of the Old Dominion state of Virginia. Secretary Marsh comes from Winchester, which is in the apple country of the great state of Virginia. He is a constitutional scholar, following in the illustrious footsteps of his predecessors General George Washington, Thomas Jefferson, Robert E. Lee and Senator Byrd. He entered the United States Army in 1944. He was commissioned from Officer Candidate School as a 2d Lieutenant in 1945. He saw duty with the United States Occupational Forces in Germany in World War II at the ripe age of 19. In 1951 following World War II, he received his law degree from prestigious Washington and Lee University, and he was admitted to practice law in the Virginia Bar.

In 1962, however, politics got into the Secretary's blood. He elected to run, as a Democrat, from his district in Virginia for the United States Congress. He won over four other candidates and he served from 1963 to 1971.

I had the privilege of serving with this great Virginian. He was a member of the appropriations committee. He elected not to seek reelection for his fifth term, certainly not because he could not have been re-elected, but because he had other desires—to practice law—and so he went back into the law profession.

In January 1974, he became Vice President Ford's Assistant for National Security Affairs. His next position was Counselor with Cabinet rank to President Ford, a position he held from August 74 to January 1977.

After serving with President Gerald Ford, Secretary Marsh again elected to return to private law practice in Richmond, Virginia.

And so from 1951 to 1976, when he retired from the Army with the rank of Lieutenant Colonel, this distinguished speaker, and our guest today, served with the 116th Infantry Regiment of the 29th Infantry Division. He served with State Headquarters Detachment of the Virginia National Guard and, I might add, that he served with great distinction as a member of the board of visitors to Virginia Military Institute.

As an old foot soldier in the Brown Shoe Army, World War II, I recall a saying which soldiers often times credited to General George Patton. They said, "He was a soldier's soldier." What they meant by that is, they would follow him into battle, that they had trust in him, they had confidence in him, and I think that statement befits the man who brings us the message on this particular day. I believe it is correct to say that, he was the only member of the United States Congress who elected to do his Reserve training in the summer months in Vietnam. I think that says a great deal about Secretary John Marsh.

He has been awarded the Department of Defense Distinguished Public Service Medal, the American Legion Distinguished Service Medal, the National Guard Distinguished Service Medal.

I had the pleasure of flying down with him from Washington today with his most attractive wife and I think you would want to know that his two sons serve proudly today in the United States Army. His son Bob, former Special Forces Paramedic, now is a 2d Lieutenant in medical school, and his son Scott, a 2d Lieutenant Virginia National Guard. It is a pleasure for me to present to this home state audience, my distinguished friend, and great American, Secretary John Marsh, Secretary of the United States Army.

WORLD PEACE LUNCHEON
(By John O. Marsh, Jr.)

Of all the creatures of the earth, it is only man that has a sense of history. It is this gift which causes us to assemble here today.

In the town where I grew up as a youngster, in the Valley of Virginia, on a small plot of ground, at the intersection of Liberty and Main Streets, is a beautiful monument to those men of Harrisonburg and Rockingham County who gave their lives in World War I. It is a sculptured figure of Liberty mourning her dead.

Carved around the base of the monument are the words:

"They tasted death in youth that Liberty might grow old."

In the 1930's, I can remember in the classrooms on this day, the moment of silence as we paid tribute to mark the 11th hour, of the 11th day, of the 11th month when the Armistice was signed to end the war which was to have ended wars—to make the world safe for Democracy.

Now, over 60 years later, we know that the world has not been made safe for Democracy and wars have not ended. We gather here in Birmingham to pay homage to all of our veterans, not just those of World War I.

Normandy, Midway, Korea, and South Vietnam, these were places of violence and valor, far removed from the peaceful and prosperous state of Alabama.

It was an English poet who captured the solemnity of this moment, when the tempo of a nation slows to honor its dead:

"The tumult and the shouting dies,
The Captains and the Kings depart;
Still stands Thine ancient sacrifice,
An humble and a contrite heart.
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!"

And it was a Canadian soldier, who would be buried in the Fields of Flanders, of which he wrote, who reminded us, the living, of our commitment to our countrymen who fell in battle.

Perhaps we have become too sophisticated and the words seem too old-fashioned or hackneyed. We do not want to be reminded of the obligation of the soldier-poet who says to us:

"Take up our quarrel with the foe;
To you from failing hands we throw the torch; be yours to hold it high.
If you break faith with us who die
We shall not sleep, though poppies grow in Flanders fields."

The purpose in being here today is twofold. It is commemorative. It is commitment.

Commemoration of this day shall not be complete until such time as this Nation honors all of its veterans of all of its wars. You have done this in Birmingham.

In our public parks, in the hallways of our schools, at the campus, and in the town squares, in the court houses and in the churches, are the plaques, tableaus and statuary which have become community reminders to those who fell in other wars. However, too often there is no shrine to those who served and died on the battlefields of Vietnam. This should trouble our National Conscience. It should be set aright. They made no less a sacrifice for the cause of freedom.

In our time, the formula for a peaceful world is directly related to U.S. defense. A defense that deters war—a defense that causes any would-be aggressor to realize the foolhardiness of an attack on any U.S. interest.

As President Reagan recently stated at Yorktown:

". . . of equal concern to me is the uncertainty some seem to have about the need for a strong American defense . . .

"Military inferiority does not avoid a conflict, it only invites one, and then insures defeat. We have been trusted with freedom and must ensure it for our children and for their children. We're rebuilding our defenses so that our sons and daughters never need to be sent to war."

We do not seek empire, nor do we seek to force our will on others. Our record after both World Wars is testimony to that.

But, because we are not an aggressive nation, our potential adversaries nevertheless should not forget one of our early flags, carried by our successful Revolutionary forebearers. It was a pine tree displayed on a white background. Around the base of the tree was coiled a rattlesnake and printed across the bottom of that banner were the words, "Don't tread on me."

As we set ourselves to the task of strengthening America's defenses, let us remember that we have much to do. That it will not be done in a day. That it will require sacrifice. Yet, we must get on with it, and we shall get it done.

Let us speak to this commitment.

The world in which we live has three dimensions:

It is a world of crisis.

It is a world of change.

It is a world of ideas.

We live in a troubled world. We live in a world of precarious peace, a peace which is maintained only by U.S. strength. And, to the extent that the U.S. appears to be weakened, peace is weakened. It is only the U.S. leadership of the Free World and U.S. power that safe-guards an uneasy truce.

A hasty global overview points to the difficulties of our times. There are seven major geographic areas of concern today:

1. Europe—Where NATO forces are counter-posed to prevent aggression by the Warsaw Pact. Our attention is also riveted on the events in Poland.

2. Africa—That continent is the scene of great instability and political cross currents, but is vital to the West because of its resources;

3. The Middle East—which at times appears to be a tinderbox of conflict. This volatile area is the source of enormous energy supplies;

4. Southwest Asia—where we find 85,000 Soviet combat forces in Afghanistan;

5. Northeast Asia—where U.S. forces, along with our Korean allies, safeguard the Korean Peninsula;

6. Southeast Asia—which is still gripped by oppression; and,

7. Latin America—where we see growing unrest and instability in our own Hemisphere.

To meet these threats of violence, U.S. forces are organized on the basis of the Total Force Concept whereby the regulars, the Guard and the Reserve are co-equal partners.

It is vitally important that we give greater emphasis to the National Guard and the Reserve. In the Army in the coming year you will see greater attention to these essential civilian components.

Soviet power is awesome. Their intercontinental strategic arsenal includes 7,000 nuclear warheads—almost 1,400 of which are in their Intercontinental Ballistic Missile Force and over 900 of which are placed aboard Soviet submarines.

Like their land and sea forces, their air power is a formidable force—strategically and tactically.

A new Soviet blue water navy is appearing on the world's oceans. The naval force is designed to project Soviet power around the world.

The Soviet Ground Forces have now grown to more than 180 divisions. We have 24 divisions, eight of which are in the National Guard. They have about 47,000 tanks. We have 11,000. We find similar ratios in most other types of essential equipment.

While we have reduced our ability to produce equipment, they have increased theirs.

By any reasonable test, the Soviets have far more than they need to defend their own frontiers. The fact is they have the capability to launch such an attack and project military power beyond their borders.

I have spoken of the military role as we view this threat to our security. But what can others do? Specifically, what can the friends of the Armed Forces and the United States Army do?

I appeal to you this afternoon for special help in educating ourselves on matters that concern the Defense Establishment and the Army. You can tell this story to our fellow citizens who do not have the same level of knowledge or interest about defense matters as you do.

It is the story of: The threat we face, and what needs to be done in:

Manpower; readiness; modernization; and sustainability.

These needs are not easy and they have a price. Our changing times add to the challenge.

We live in a world of change impacted by technology, by communications, by transportation, by exploration into outer space. It is a world being changed by exploding populations and emerging nations.

However, the world is not changed by armies nor by machines. It is changed by ideas.

The world of ideas and hope is America's world. Its preservation requires dedication and sacrifice from each of its citizens. It requires your skills, your efforts and it requires your time.

You are our greatest resource. You are America's hope for the future.

The last line of the Declaration of Independence is a commitment:

"And for the support of this Declaration, with a firm Reliance on the Protection of divine Providence, we mutually pledge to each other our lives, our fortunes, and our sacred Honor."

We must make this pledge.

President Reagan at Yorktown said:

". . . The freedom we enjoy today has not always existed, and carries no guarantees. In our search for an everlasting peace, let all of us resolve to remain so sure of our strength that the victory for mankind we won here is never threatened."

Perhaps some historian at some future milestone will write—Here passed a small group of Americans, who in their time explored the reaches of outer space and raised the curtain on a new age of discovery.

Through science and medicine, they sought to conquer famine and disease, and helped alleviate human suffering by finding ways to lessen pain.

Through quiet strength and reason, they made less shrill the voices of prejudice and hate.

They paid Liberty's price of eternal vigilance, yet became neither oppressor nor oppressed.

To a land troubled by drugs and crime—by poverty and loss of destiny—they brought a measure of purpose and order as well as personal dignity.

They helped restore the beauty of the earth and safeguarded the elements of our planet vital to all forms of life.

They were a people who willingly bore the burdens of defense. Whose forces kept freedom's lonely vigil and were the guardian of their Nation's values.

And, to a world torn by war, they renewed again the hope of peace.

These things they were able to do because they possessed not only the knowledge, but the will to do them—and believed they could.

Let me leave a charge with you today which was the charge that Washington made to the delegates to the Constitutional Convention. At a time when it appeared the Convention would fall into disarray and the sacrifices of the American Revolution have gone for naught because of differences that developed in the Convention between regions over differences of political philosophies and economic concerns, Washington, the President of the Convention, charged the delegates as to their task with these words:

"Let us raise a standard to which the wise and the honest can repair. The event is in the hands of God."

Let us raise that standard today.●

MINORITY HEALTH CARE

● Mr. INOUYE. Mr. President, as I reflect today upon the many benefits that each one of us has derived from our Nation's health delivery system, I am afraid that the harsh reality is that even now, our Nation's minorities still face staggering obstacles in their efforts to achieve adequate health care for themselves and their families. The statistics that I have seen clearly reflect the severity of the problem. For example, it has been reported that twice as many minority women, compared to their white counterparts, lack prenatal care at almost every stage of pregnancy. Minority mothers die in childbirth three times as often. Of those who do survive, 1 in 40 must then watch her baby die in the first year of life.

Taking a more developmental approach, the evidence clearly indicates that minority children in this Nation of all ages are simply more prone to becoming ill; in my judgment, this is most likely primarily because their families are poor. One out of seven minority children under the age of 15 lacks a regular source of health care. Our overcrowded public hospital emergency departments and outpatient clinics frequently serve as their major source of health care services.

If we look at the data on alcoholism, we quickly find that among all special populations groups, American Indians have the highest reported frequency of problems associated with drinking. That the alcoholism rate among Native Americans is reported to be almost twice the overall national rate, or as high as 10 percent of the Native American population. The native Hawaiians in my State have the highest incidence of that dreaded disease, cancer. Our Nation's mental health experts have consistently stressed that there is a disporportionately high level of schizophrenia and drug abuse among our Nation's minority population.

Yet, who is it that has actually demonstrated their willingness to serve these many pressing needs? I would suggest that it has been our Nation's minority nurses. Everyone of us in Congress have received countless reports of serious shortages of minorities within every health manpower discipline, whether we are talking about clinical psychologists, physicians, and so forth.

We constantly are urged to do all that we can to insure that our Nation's health care practitioners will be truly sensitive to the many cultural nuances involved, that special efforts will be made to insure that our practitioners will have sufficient linguistic ability to truly communicate with their patients. Yet, it has been my observation that it has been our Nation's minority nurses who have been most willing to respond to this national challenge.

Simply stated, minority nurses today proportionally provide the majority of health care to the 20 percent of our population that are minorities. Thus, it comes as no surprise to me that when I talk informally with various representatives of our Nation's poor and/or minority interests, they make it quite clear that at this point in time, an even higher priority should be placed on the training of more of these dedicated professionals—not the higher paid, greater status practitioners, but those who have demonstrated their professional willingness to actually provide the types of care that are needed, to provide care in a manner that patients can afford.

Today, only 7.8 percent, 80,184, of the presently employed registered nurses are minorities; this in itself continues to represent a major barrier to providing adequate health care in our Nation. There clearly is a significant shortage of minority registered nurses and, accordingly, regardless of the popularity of the current day rhetoric emphasizing "budget balancing" and a diminished Federal role in health care, I personally feel most strongly that we must increase our Federal commitment to training these particular practitioners.

In many ways, our Nation's minority nurses can themselves be described as having a triple disadvantage. For this professional is a minority, a nurse, and usually a female. All three of these roles have traditionally been at the bottom of hierarchical recognition for health professionals. The minority nurse is first of all a registered nurse; that is, a graduate of an approved nursing education program authorized by the State to prepare persons for licensure. After successful completion of the program, this graduate must then meet various State requirements for licensure in the State in which he or she wishes to practice.

I am most pleased to report that there is an ever-increasing number of minority nurses being prepared at the baccalaureate and masters level in university programs that are accredited by the National League of Nursing. These minority nurses are being educated to function as community/public health nurses, certified nurse midwives, psychiatric mental health nurses and emergency department nurses, to name but a few.

Specifically, Federal assistance to these university programs through the Nurse Training Act has been the single most important factor in facilitating the entry of minorities into nursing. Through this act, 37 institutions across the Nation have been funded specifically to recruit, retain and graduate minority nurses.

I also think that it is important to expressly point out that the minority nurse is an especially good investment of our taxpayer's dollars. Minority nurses, when compared to others, are less likely to leave the ranks of nursing for another career. Proportionally, more minority nurses are employed in full-time nursing positions than their majority associates. These individuals tend to see their jobs as full-fledged careers to be continued as a source of financial support to their families.

History has shown that these professionals, in particular, are not likely to halt their careers for childbearing, even in the child's preschool years. Their perspective seems to be that the role of being a good provider and being a good mother are fully compatible.

For example, focusing upon one particular ethnic group, a 1980 study conducted by Dr. Eleanor Feldbaum for the Division of Nursing, U.S. Department of Health and Human Services, reported that black nurses were more likely to have worked with predominantly black clientel, 52.8 percent, than their white colleagues, 16.7 percent.

In addition, one-fourth of the black nurses had worked more than half their nursing years serving black clients, whereas only 5.2 percent of their white counterparts had done so. The mean percentage of time spent with black clients was 26.58 years for black nurses and 6.12 years for whites. It is clear from this data that the education of the minority nurses is necessary to provide a reliable, consistent source of health care for underserved populations.

As in all of our health disciplines, there is a continuing need in nursing for leadership, teaching, research, and the development of new refined strategies to provide a more efficient system of health care delivery to the American people. At the forefront of the nursing profession in this regard are those nurses who hold doctoral degrees in nursing science or a field related to their nursing specialty—for example, behavioral sciences and education.

There are an estimated 2,300 nurses in the United States with doctoral degrees, of which 183, 8.2 percent, are members of minority groups. In my judgment, this serious shortage of well-prepared minority leaders and researchers has a strangling effect on the development of culturally sensitive and relevant knowledge for the health care of the American people.

In an unprecedented effort to address this leadership vacuum, the center for minority group mental health programs of the National Institute of Mental Health under the creative leadership of Dr. James Ralph, funded the American nurses' association fellowship program in nursing for ethnic minorities in July 1974. The express purpose of this program was to assist in the preparation of doctoral level minority nurses for research and clinical practice in the mental health areas.

Over the past 5 years, a total of 45 minority nurses in 33 different universities—for example, University of Hawaii, Catholic University, University of Maryland, New York University, and so forth, have received support ranging from $3,000 to $7,500 per year.

As of August 1981, 39 fellows have earned their doctorates and affiliated themselves with institutions addressing health care problems of minority populations. And, in 1981, this program produced the country's first Native American doctorally prepared nurse, Dr. Jennie Joe from the University of California at Berkeley.

Two minority doctorally prepared nurses who were especially instrumental in the inception and progress of this unique program are respectively Dr. Mary Harper, director of research, progam, policy and issues, President's Commission on Aging, and Dr. Hattie Bessent, the American Nurses' Association's program director for the past 4 years.

Further, I would be remiss if I did not state that it was the center for minority group mental health programs that was the catalyst for my proposal to establish an associate director for minority concerns within the National Institute of Mental Health (Public Law 96-398).

Without question, as I have indicated, the primary reason for the current shortage of minority nurses is not due to a lack of interest in nursing as a career nor to the familial and childbearing demands of our society, but instead to the shortage of opportunities and resources available. Potential minority nurses are usually nontraditional college students—a 31-year-old married female, who is a mother with previous work experience, and heavy financial obligations.

The Nurse Training Act and the American Nurses' Association's fellowship program in nursing for ethnic minorities have both made significant steps in providing increasing numbers of competent health care providers for our underserved populations. But again, this is not the time to rest in our efforts.

Today, as we salute the services of our Nation's minority nurses, we must also reaffirm our commitment to their growth and continued contributions to the improvement of health care for our American people.●

VOLUNTARISM AND THE REAGAN ECONOMIC PROGRAM

● Mr. DURENBERGER. Mr. President, I ask that an article by Dr. Stuart Butler of the Heritage Foundation be printed in the RECORD at the conclusion of my remarks. The article is an analysis of the impact of the Economic Recovery Tax Act of 1981 on voluntary and nonprofit organizations.

Although I generally support Dr. Butler's analysis, there are three specific issues he raises that deserve further clarification. First, I do not believe that we have created a "gap." Second, religious and voluntary institutions can and should play a stronger role in the delivery of certain human services. Third, philanthropy is an important part of corporate responsibility.

THE "GAP"

Dr. Butler does an admirable job of putting the "gap" into perspective. However, I would take his arguments one step further—and that is to say that there is no "gap." What we have accomplished with our reductions in Federal spending is to stop the galloping growth in public programs that has threatened to bankrupt this Nation. And by doing so we have narrowed the gap between the tax revenues needed this year and what would have been needed next year had we allowed inflation to continue at a double-digit rate.

All we have done is to reduce the increase. That was the target. We have stretched out a few commitments. We have put a cap on a few programs. I invite anyone to go back to the budget figures of 2 or 3 years ago—back to 1978 and 1979. Look at who was being served, who was eligible, and try to make a case for a "gap" that needs filling.

We cannot measure needs in terms of Government-mandated services and satisfaction of needs by the amount of Federal dollars expended.

Needs must be identified by citizens who have the capacity to satisfy those needs through access to resources. Resources must be looked at as the totality of time, talent, and revenue generated by society and made available to its citizens. Government has a responsibility to insure access to those resources by its citizens but cannot be expected to produce those resources itself.

The myth that the Federal Government can, or should, be both the decider and the doer cannot continue. The Federal budget reduction and the Economic Recovery Tax Act are part of our effort to correct that myth.

BUDGET CUTS

In calculating the impact of the budget cuts, Butler challenges the assumption that for every Federal dollar removed there must be a private dollar found to replace it. To allow that assumption is to say that Federal dollars have only supported needed, effective, and efficient services—I believe few would argue that has always been the case.

There is also, as he points out, an underlying assumption that those services which are of value, and may face some reduction in Federal support, must now be supported solely by charitable contribution. Again, advocates for this view are minimizing the "contribution" to be made by such things as fees paid by the beneficiaries of services or the potential provision of some services by business for employees—such as transportation or childcare.

We have, for too long subsidized middle class America in order to insure equity for the poor—it is time I believe, and this administration believes, that we again turn the attention of the Federal dollar to those individuals who are truly in need. And, target those dollars to building their capacity to decide where and how their needs should be satisfied.

THE ROLE OF RELIGIOUS AND VOLUNTARY INSTITUTIONS

I agree with Butler's belief that the Urban Institute skewed the outcome of its report by not taking into account the influence of a change in demand for charitable dollars created by the Federal budget cuts. He asserts that this increase on the demand side of the equation will have a favorable impression on giving. As Butler says, if this is the case—

> The structure of giving will shift in favor of those organizations hurt by the cuts and seen by the public as socially valuable.

Religious and voluntary institutions who have traditionally played a strong role in the delivery of certain types of welfare services may reap the benefits of this phenomenon and certain provisions of the new tax law as well.

In a study just released by the Brookings Institution, authors Bruce Smith and Nelson Rosenbaum conclude:

> According to some estimates, churches and synagogues may well absorb more than half of the increases in giving spurred by the new law. This will provide an expanded fiscal base from which to finance not only sacramental activities but also the nonsacramental service activities in which so many religious institutions engage.
>
> Because of religion's expanded receipts and because religion occupies a stable, central role in American life, religious institutions will be looked to as a backup finance and delivery mechanism by other sub-sectors . . . particularly in the human services.

Religious organizations, frequently constrained by overzealous zoning regulations must be freed from unnecessary barriers to their increased involvement in solving our Nations social ills. We must be reminded that our religious institutions are one of the founding fathers of our national tradition of voluntarism. The potential shouldering of more human welfare responsibilities by churches and synagogues should be a welcome prospect for those people who in times of crisis turn to a church as one of the primary "mediating structures" in their lives.

THE ROLE OF CORPORATE PHILANTHROPY

Philanthropy is an important part of a corporation's role in society. On this point I challenge Butler's statement:

> The argument that business should blindly support charity out of some notion of corporate "conscience" is irrational . . . corporations would simply be controlling charitable dollars that should be allocated to shareholders. Surely it is better to have a situation in which the distribution of funds to charity reflects the cumulative decisions of individuals rather than the Boards of corporate America.

There are two basic reasons why people make contributions to charity, altruism, and self-interest. Individuals may give for either reason, or, in many cases, for both. Corporations on the other hand should, and generally do, look for self-interest—and corporate philanthropy is in the best self-interest of business. Ken Dayton of the Minnesota-based Dayton Hudson Corp. puts it this way:

> To begin with, building a better environment for free enterprise is crucial to business survival, as is building greater public confidence and credibility in the private sector. More importantly, to protect our business "bottom line" we must be concerned with the environment in which our businesses operate. Crime rates, housing conditions, the quality of education and cultural resources all influence our business success just as surely as productivity and management practices. So increasing corporate giving is also a smart business decision.

Corporations have another reason for contributing to society, its called corporate citizenship. When a company makes a decision to locate a plant in a particular community it has made a decision which has a variety of consequences for that community. To be sure the company will pay taxes. It will hire workers from the community. Frequently it will bring new residents and other businesses into the community. It will need sewer, water, roads and other services of the community. In short, it has become a citizen of the community.

That citizenship brings with it responsibilities which, I believe for the corporation, go beyond the basics of observing the laws and paying taxes.

There are many ways a business can meet these citizenship responsibilities. For example, active involvement in the local business association, transportation programs for employees, decisions about new hires and layoffs, loaned executives and employees serving as volunteers in local government and nonprofit organizations—and philanthropy.

Butler states that shareholders should be philanthropic, not companies. Nearly all shareholders today hold equities in more than one company. More often than not they are institutions representing groups of individuals—mutual funds, pension funds, trusts—and frequently they do not live in or near the communities where company plants are located.

Decisions about charitable contributions made by shareholders under these circumstances seldom reach the community most affected by the plant. The potential benefit to the employees, the community and the plant are therefore lost.

Butler is correct in suggesting that decisions about charitable contributions are best made by individuals concerned about their community "rather than by the boards of corporate America." Indeed with so many companies managed by absentee boards, philanthropic decisions made by them would have the same effect as those decisions made by absentee shareholders.

To respond to this concern, many companies have formed contributions committees comprised of company employees. Considering the benefits of contributions to charity by business, might this not be a more promising alternative?

Another frequently voiced argument against corporate philanthropy is that companies are ill-equipped to evaluate the requests they receive for contributions.

Clearly, it has been the case in many companies that the issue of corporate responsibility has been relegated to a small, underpaid and poorly qualified staff—if there is a staff assignment at all. Another common practice is to "dump" the responsibility on an about-to-retire executive. The result is all too often little pygmy grants spread all around the community in order to buy goodwill rather than a better community.

A truly meaningful and effective program is the one which employs professional staff and establishes very specific goals developed at the top of the corporation. Employees contributions committees can then serve as an excellent mechanism for evaluating requests or helping to design strategies for carrying out corporate philanthropic objectives.

In summary, corporations do have a philanthropic role—because it is good for employees, it is good for the community, and it is good for business.

CONCLUSION

I commend Dr. Butler's article to you because it is a thoughtful and realistic analysis of the consequences of the Economic Recovery Tax Act on voluntary organizations. In reviewing his study however, there are three things to keep in mind.

First, the foremost purpose of the Federal budget reductions and new tax policies has been economic revitalization for the country. It is only through economic revitalization and a reduction in Government spending that we can narrow the gap between revenues and inflation. We have not created a gap, we are closing one.

Second, both the budget reductions and the tax act have stimulated new opportunities for involvement of the private sector. Corporations and religious institutions in particular have a special role to play in bringing the solutions to society's problems closer to the people of America.

Finally, I believe that we should and will see an increase in giving by business. It will be spurred by the realization of business that it is part of economic recovery. It will be stimulated by changes in the tax law that build business' capacity to give. But, most importantly, it will happen because American businesses are beginning to believe that it can, and it will make a difference.

The article follows:

VOLUNTARISM AND THE REAGAN ECONOMIC PROGRAM

(By Stuart M. Butler)

INTRODUCTION

In recent speeches, President Reagan has stressed the voluntary sector as a crucial element in his strategy to alter the balance between the government and the people in American society. "Voluntarism is an essential part of our plan to give government back to the people," Mr. Reagan declared October 5 before the National Alliance of Business. He then announced the formation of a Presidential Task Force on Private Sector Initiatives, to be headed by Armco Inc. chairman William Verity, which will examine ways of stimulating voluntarism.

Considerable attention has been given to the feasibility of employing the voluntary sector as an alternative source of funding to offset the 1981 budget cuts in welfare and other programs, but Reagan has made it clear that he views the sector as far more than a new source of finance for reduced federal programs. It is a key part of the Administration's policy of moving the provision of services as close as possible to their intended recipients, so that local needs and sources of assistance can be blended. Strengthening the "mediating structures" between government and the individual—voluntary associations, churches, foundations, neighborhood groups, etc.—is seen as important in reinvigorating the bonds of community. The growth of the voluntary sector is also viewed by the Administration as necessary to the effective rebuilding of notions of social obligation and "good neighborliness"—fundamental features of American society that have been eroded by the growth of government.

Many representatives of the voluntary sector, however, seem to doubt that it can respond fully to its challenge and opportunity. Some analysts have argued, for instance, that tax law changes in 1969, together with the explosion of state and federal regulations concerning fundraising and other charitable activities, have caused stagnation in the sector. If this trend is not reversed, it will be impossible for philanthropy to reach its full potential.[1] Others go even further, by maintaining that at the very time the Reagan Administration is advocating an expansion of voluntarism, its 1981 tax and budget package actually will discourage charitable giving. A controversial Urban Institute study commissioned by the Independent Sector, an umbrella group of non-profit organizations, maintains that the budget and tax portions of the 1981 Economic Recovery Program will cost charities at least $45 billion during the 1981–1984 period, compared with what would have been available without the changes.[2] Independent Sector President Brian O'Connell claims that the Reagan Administration has delivered the voluntary sector a: "triple whammy . . . Federal program support has already been cut, contributions are now projected to go down, and all this at a time when everyone is looking to these same organizations to expand their services."

Yet the assumptions on which the Urban Institute study are based are open to serious challenge. When the assumptions are examined carefully, it becomes evident that much of the extreme pessimism of the charitable organizations is unwarranted. While there are tax and regulatory obstacles to philanthropy which could be removed, there are also good reasons to suppose that the "gap" left by the budget cuts is smaller than the critics believe, and that charitable giving will expand more rapidly than is generally expected.

The size and nature of the impending "gap," and the ability of the voluntary sector to fill it, is a critical issue in the Administration's policy of encouraging voluntarism. The Urban Institute study is the only comprehensive examination to date of this issue, and it has widely been used as the definitive analysis of the impact of the Economic Recovery Act. It is necessary, therefore, to scrutinize the study carefully.

Yet there is another important element in the debate on voluntarism—an element that is as much philosophical as practical in nature. Increasingly, the argument is raised that foundations and corporations should expand considerably their charitable activities to alleviate the burden on other segments of philanthropy. Not only is there doubt that foundations and corporations will increase their contributions significantly, given the existing regulations and tax law, but it is by no means obvious that corporations should be major sponsors of charity. A discussion of the appropriate role of corporations and foundations in philanthropy must therefore accompany an assessment of the outlook for voluntarism.

PART I: CAN THE GAP BE FILLED?

The budget cuts

Although the Urban Institute analysis of the budget changes was completed before the budget bill passed Congress, the difference between the Administration's proposals and the final outcome are not large enough to materially affect the study's claim that charitable non-profit organizations will lose approximately $27 billion in government funding during 1981–1984. This would constitute almost one-third of their direct government support. In addition, the study claims, reductions in federal outlays in areas of interest to non-profit groups will result in pressure on such groups to increase their public services. For the non-profit organizations to

Footnotes at end of article.

finance existing services previously funded by government—without regard to new demands—private giving allegedly would have to increase at three times the rate of previous years.

The Independent Sector and others who cite these conclusions as proof that an impossible task faces the voluntary sector seem to ignore an important caveat in the study:

"This report makes no effort to assess the merits of the budget proposals advanced by the current Administration, either with respect to particular proposals or with respect to the package as a whole. The focus of attention is on what the proposals are and what they will mean for non-profit organizations, not on whether they are desirable or undesirable." [3]

In other words, the study includes no assessment of the worth of programs cut in the budget. In calculating the gap, the assumption is that for every dollar reduction in government support to a non-profit organization, a private dollar must be found to replace it. This may be a necessary assumption to make in order to arrive at a "neutral" conclusion, but it weakens the study as a guide to future needs. Although the budget cuts were generally intended to reduce the level of federal spending, the Administration did not cut at random, but sought to concentrate the reductions in areas where government funding was of questionable efficiency, such as:

(a) Reductions in waste, fraud, and ineffective programs:

Several of the programs cut or eliminated were wasteful and unnecessarily bureaucratic. As Senator Proxmire often has pointed out, many research awards and other expenditures finance activities of highly questionable value. And many "service" organizations seem to be more interested in obtaining and consuming government grants than in providing tangible assistance to anyone. Must waste of this kind now be financed by the private sector?

Many government-supported programs have been of marginal use, while others arguably have been counterproductive. Certain community development programs, for example, seem to have done little to develop communities, and some may even have exacerbated the problems of depressed neighborhoods. The public-sector CETA program, for instance, has often been accused of providing little real training and of inculcating negative attitudes about private sector employment. In addition, many welfare programs have trapped their recipients in a state of dependency, rather than providing a ladder out of poverty.

Although there would be considerable debate over the value of the particular programs cut, it is clearly not valid to view all the cuts as necessarily requiring some alternative sources of support. In some cases, programs cut should be reduced and even allowed to die; in many other cases, enormous waste can be reduced without impairing the quality of services provided.

(b) Activities to be financed directly by recipients:

Part of the budget cutbacks for the arts and education, such as the new needs test for student loans, rests on the contention that users of some service should pay directly for the cost. While this involves trimming federal support of certain non-profit organizations, it does not mean that there is a gap to be filled by private donations. The gap, such as it is, is to be covered by the beneficiaries.

In addition to an analysis of the degree to which non-profit organizations would lose federal funding, the Urban Institute study also examined the effect of the 1981 Tax Act on the incentives for charitable donations.

Footnotes at end of article.

The tax act—individual income tax rates

Spokesmen for the voluntary sector have expressed considerable concern over the effect that the reduction in individual income tax rates will have on charitable giving. Stated simply, the argument is that the higher a taxpayer's marginal tax rate, the more a charitable deduction is worth and thus the lower is the "price" of a gift. A taxpayer in the top 70 percent bracket (prior to the new law), for instance, would pay only $30 "out-of-pocket" for a $100 donation. The new law raises this net cost of giving. Because the top rate in 1982 will be 50 percent, the after-tax cost of the $100 gift will be $50. The 25 percent cut in rates for the other brackets will have a similar effect. In every case, the new law will make charitable contributions more expensive compared with other ways of spending one's income.

There is strong evidence for the contention that the "price effect" tends to reduce charitable giving—but only if all other things are equal.[4] The evidence further suggests that price sensitivity is more pronounced at higher income levels than at lower. High income donors tend to give more heavily to educational and health organizations than to welfare or religious groups, and so the across-the-board tax cut can be expected to affect health and educational bodies to a greater degree than other non-profit organizations.

Complicating the calculation of the aggregate effects of the tax cut, however, are a number of factors:

(a) Deductions for non-itemizers:

Only taxpayers who itemize deductions are influenced by the price effect under normal circumstances. For the more than 60 percent of taxpayers (concentrated in the lower and middle income ranges) who take the standard deduction, the price of giving has been the full amount contributed. The 1981 Tax Act, however, contains a provision allowing non-itemizers a special deduction on the short form. This effectively reduces the price of donations by the amount of the taxpayers's marginal rate. If a taxpayer is in the 30-percent bracket and does not itemize his deductions, a $100 gift to charity has meant an out-of-pocket cost of $100. But under the new law, the donor will be able to deduct charitable gifts from his taxable income, and then take the standard deduction. So a future 100 donation by a non-itemizing taxpayer in the 30-percent bracket will cost him only $70. Until 1985, a ceiling will restrict this special deduction; after that, there will be no limit.

Although contributions by lower income donors tend to be less price sensitive than those by high income taxpayers, the special deduction should stimulate gifts to organizations supported by non-itemizers, in particular churches and social welfare organizations. Martin Feldstein and Lawrence Lindsey, of the National Bureau of Economic Research, estimate that the special deduction will increase total philanthropy by 12 percent.[5] This will offset at least part of the price effect stemming from the tax cut.

(b) Income Effects:

The negative effect of a reduction in marginal tax rates will also be offset by changes in the income of donors, both as a direct result of the tax cut, and because of future growth in the economy. The more money people earn, the more generous their giving. Central to any projection of giving in the future must be a set of assumptions regarding the growth of the economy, but there is no consensus on what that level of growth will be.

(c) Switching:

A third, albeit minor, complication involves the manner in which gifts are made. The Tax Act is so sweeping in its scope that it is likely to prompt changes in the pattern of giving. The reduction in estate taxes, for example, may reduce the level of bequests to charity, but donors could simply switch all or part of their intended contributions to gifts during their lifetime, thus swelling the aggregate of gifts by living individuals. This would depend on whether a donor wished to defer a contribution until his death, or simply wanted to give under the most favorable tax treatment. There are several other similar tax changes which will be summarized later. The interaction of these changes makes the net effect of the Tax Act very difficult to project accurately if the analysis is confined to only one form of giving, even if that method is the most common.

The Urban Institute Study[6]

The recent Urban Institute study on the implications of the Tax Cut for philanthropy has been widely quoted as concluding that individual contributions to churches, colleges, hospitals, and other non-profit organizations will fall by a total of over $18 billion during the next four years. If this is added to their earlier estimates of the losses to be suffered from the budget cuts, the combined shortfall could be $45 billion between 1981–1984. The study concluded that three-quarters of this "loss" would be from reduced giving by individuals in the top seven tax brackets, and so the greatest impact would be felt by organizations supported by higher income donors.

Like the earlier assessment of the budget cuts, the tax study rests on certain assumptions critical to its conclusions. Once again, these caveats were largely ignored in the media interpretations of the study. The principal assumptions and limitations of the study are:

(a) The exclusive focus on charitable donations by living individuals. Foundations, corporations, and bequests are not included. The authors defend these omissions on the grounds that reliable analyses of the giving behavior of these other donors are not available, and that contributions by living individuals account for well over 80 percent of total charitable giving.

(b) Basing projections on the relationships between tax, income, and donations that have been observed in the past. The study simply assumes that there will be no change in the basic pattern of philanthropy.

(c) Using the Carter Administration's economic forecast to estimate the level of giving that would have occurred in 1981–1984, had the pre-1981 tax law remained in force. For their projection of giving under the Reagan program, the authors used the present Administration's forecast for 1981–1984.

Limiting the analysis to living individuals may appear to be a valid approach. While the tax law does change the treatment of contributions by corporations and foundations, these probably will result in only a modest change in donations. In any case, individual support dominates total giving. On the other hand, 60 percent of gifts by living individuals are donated to religious organizations. Such gifts are a negligible proportion of donations by other segments of philanthropy. Of the non-religious element of giving, corporations and foundations account for over one-fifth. Thus, confining the study to living individuals greatly skews the outcome.

The second and third assumptions are even more problematical. The study concludes that under the Reagan Tax Act and economic scenario, charitable giving in real terms will increase faster during the next four years than during the last four years (a 14 percent total increase compared with 13.3 percent). If the study's projections of giving under the new Tax Act suggest a rate of increase that is greater than the trend in recent years, how

can the study conclude that there will be an $18 billion loss during 1981–1984? The answer: using the Carter economic forecast and tax law, the study projected a quite remarkable upturn in individual giving compared with 1976–1980. Over the next four years, said the study, giving would have increased by 25 percent—double the rate of increase during the last four years. As Table 1 illustrates, it would also have meant a complete reversal of the present downward trend of individual giving as a percentage of personal income. The Reagan figures require no such dramatic turnaround.

TABLE I.—INDIVIDUAL GIVING AS A PERCENTAGE OF PERSONAL INCOME, 1976–80, AND PROJECTIONS FOR 1981–84, 1981 TAX ACT VERSUS PRE-1981 LAW

Year	1981 tax act	Pre-1981 law
1976	NA	1.92
1977	NA	1.91
1978	NA	1.91
1979	NA	1.89
1980	NA	1.84
1981[1]	1.85	1.86
1982[1]	1.84	1.94
1983[1]	1.83	1.99
1984[1]	1.88	2.10

[1] Estimated by the authors.

Source: Clotfelter and Salamon, "The Federal Government and the Nonprofit Sector," p. 19.

The "decline" of $18 billion ($9.9 billion in constant 1980 dollars) in individual giving "below what it would have been under prior law, as a result of the recently enacted Economic Recovery Act of 1981" (as the authors put it) is therefore not a loss in any meaningful sense. It is only a comparative decline, based on a projection of giving which would have required a complete reversal of the trend of giving as a percentage of personal income and a doubling of the real rate of increase of contributions.

While the authors estimate that the rate of giving under Reagan will increase, they also claim that contributions to health and education will fall by 3 percent, in real terms, between 1981 and 1984. Religious and social welfare organizations will enjoy most of the increase. But this must be seen in context. Gifts to health and educational organizations showed virtually no increase, in real terms, during the 1970s.[7] So a decline of 3 percent would not be a major departure from the present trend, if one were to accept all the assumptions and reasoning of the study. Moreover, corporations and foundations are heavy supporters of health and education. Roughly two-thirds of all corporate contributions are split between these areas, and about 20 percent of all support to higher education comes from foundations.[8] Consequently, the future pattern of contributions to these two areas is likely to be influenced very strongly by factors that were not examined by the study.

Not only is the study's benchmark projection of giving under the pre-1981 law very suspect, but the assumption that the basic pattern of giving will remain unchanged over the next four years is also contentious. Patterns do change over time. In constant dollars, giving to religious organizations has risen steadily during the last twenty years. Gifts to education, on the other hand, doubled between 1960 and 1970 and then grew very little over the next ten years. Donations to welfare organizations, measured in constant dollars, actually fell between 1960 and 1970, while support to health more than doubled. Philanthropy patterns are complex, and can change greatly in a relatively short period.

Voodoo voluntarism?

The Urban Institute study assumes that the supply and demand for charitable dollars are completely unrelated. In assessing trends for the next four years, the authors assume that a person's desire to give is simply a function of the price of giving (which depends on the tax rate) and the level of his income. The principal reason why giving was projected to rise so rapidly under the pre-1981 law was because "bracket-creep" would have lowered the marginal cost of donations. The decision to give, in other words, is considered in the study to be exclusively a "supply-side" phenomenon (to borrow a phrase), bearing no relation to any change in demand for charitable dollars. The assumption that supply and demand are unconnected is a serious and very fundamental flaw which could discredit the study and leave it as merely an interesting example of voodoo voluntarism.

There are very strong reasons to suppose that donors take into account perceived needs when they contribute funds. People do respond to appeals. And as a direct result of federal budget cuts, there will be strong appeals for donations. If the flexible patterns of the past are a guide, the structure of giving will shift in favor of those organizations hurt by the cuts and seen by the public as socially valuable.

Another reason why we can expect charitable giving to increase to meet new needs is what may be called a "crowding-out" theory of philanthropy. According to this hypothesis, people within a society have a view of what they feel to be an appropriate level of public services in each field. This level will change over time, depending on attitudes and the wealth of the society, and the range of services thought necessary.

These services can be financed either through the private sector, in the form of fees or donations, or by government. If government funding of a particular service increases, private support will tend to fall. This is due, in part, to the popular feeling that private money is needed less. And it is due in part to the disinclination of people to contribute twice to the same organization—first in the form of a tax and then as a charitable donation. Government support of charities, according to the theory, has the effect of "crowding-out" private funding.

There is historical evidence to support the theory. The increase in government expenditures on public services has been accompanied by an erosion of private funding in many countries. The great charities of victorian England have declined in importance in the wake of the British welfare state. In America, the same trend is noticeable. Private donations to health, education, and welfare organizations have stagnated, in real terms, in the years since the Great Society programs were enacted.

If the "crowding-out" theory is correct, it should also operate in reverse. As government aid is cut to organizations which the public deems worthy of support, private giving will increase. The depth of the budget cuts, and the publicity given to them, will assist popular charities in their requests for private help, and provide a stimulus to giving, thus altering the pattern of support. And the tax cuts, rather than reducing the desire to give, as supposed by the Urban Institute researchers, may on balance tend to increase giving, because donors will see fewer dollars preempted by government. The future pattern of giving, therefore, probably will have very little to do with the state of the economy, previous patterns of giving, or even the price of gifts. It is more likely to be the product of a desire by the public to fund services that are considered of value to society. In other words, a simple case of philanthropy.

The tax act—estate and gift taxes

In addition to changes in taxes on income, the 1981 Act contained certain other provisions that will affect gifts made by individuals. The most important of these is probably the modification of the tax on estates and gifts.

Under the pre-1981 law, estates and accumulated gifts greater than $175,625 were liable to a tax ranging from 18 percent to 70 percent. A spouse, however, could inherit half of an estate free of this tax. The new law raises the tax-free gift and estate threshold in increments to $600,000 in 1987, and reduces the maximum rate on taxable gifts and estates to 50 percent by 1986. The exclusion from tax of transfers to a spouse is raised to 100 percent, and a lower valuation for farm and other real business property will be used for tax purposes. Furthermore, the annual level of gifts allowed as an exclusion from the tax is to climb from $3,000 per donee to $10,000.

The effect of these changes will be to increase the price (i.e., after-tax cost) of bequests and lifetime gifts to charity relative to disposals for other purposes. The degree to which this will affect total giving, however, is difficult to determine. It may cause a significant fall in the level of contributions to colleges and other organizations traditionally funded through bequests. On the other hand, it may cause an alteration in the form of gift, rather than in the amount. Some donors, for instance, may create a foundation rather than provide for a bequest.

There is understandable concern among college administrators about the net effect of these new provisions. But several fundraisers point out that the increase in the tax-free allowances will not substantially change the tax liability of the multimillion dollar estates that are the source of so many bequests. Richard Winter, director of deferred giving at Rice University, noted recently that large contributors tend to have estates much greater than $600,000. "The major donors are still going to have tax problems," he said.[9]

A provision in the Tax Act may encourage certain kinds of support to education and health organizations. The new law excludes tuition payments, training fees, and medical payments from the $10,000 annual tax-free gift allowance. There is no ceiling on this exclusion nor restriction on the relationship between the donor and the donee. So there will be a tax incentive for donors who take the full annual gift tax exclusion to consider providing scholarships (and hence funds for education).

PART II: FOUNDATIONS, CORPORATIONS AND VOLUNTARISM

While individuals provide over 80 percent of private support to non-profit organizations, increasing attention is being given to the role of foundations and corporations. Pressure is mounting for them to expand their charitable activities. This raises two questions: To what extent can foundations and corporations provide more support to charity, given the present tax law and regulations? And what should their role be?

The Tax Act and foundations

Under the pre-1981 law, private grantmaking foundations were required to distribute annually either 5 percent of their net investment assets or their realized new income, whichever was the greater. In the new law, this minimum payout requirement is limited to 5 percent of assets.

This change should help to reverse a trend that seemed destined to lead to the extinction of the private foundation as an important source of charitable funds. The payout requirement was instituted in 1969 to ensure that foundations distributed a reasonable share of their income each year. The 1970s, however, were a period in which the real value of equity investments fell, while the income yields of most assets rose. Tax-exempt bodies other than private foundations could defend their assets by holding high-yield instruments and reinvesting the proceeds. But the payout requirement prevented foundations from using this strategy to build up their financial base. The base eroded and the ability to give consequently declined. As a result, gifts by foundations, measured in con-

Footnotes at end of article.

stant dollars, have fallen by almost half since 1969, and, according to the Council of Foundations, the total real value of foundation assets has been reduced by about 40 percent.

The new flat 5 percent minimum, instead of the requirement that all net income must be disbursed, will enable surviving foundations to repair the damage of the last twelve years and stimulate the formation of new foundations, since the rigidity of the old payout requirement discouraged donors from establishing foundations.

The Tax Act and corporations

Pre-1981 law allowed a corporation to deduct no more than 5 percent of its taxable income as charitable contributions. This was raised to 10 percent by the new law. For tax-exempt corporations, created by non-profit organizations, the ceiling on tax-free unrelated business income remains at 5 percent.

Some spokesmen for non-profit groups seem to assume that raising the limit on deductible corporate contributions will unleash a torrent of donations. Yet, the 5 percent rule has hardly been a severe obstacle. While some corporations may have felt restricted by the ceiling, the average level of corporate donations in recent years has been closer to 1 percent than 5 percent. The increased limit thus is not going to facilitate any constrained desire to give. Moreover, the new depreciation schedules and other business tax relief will reduce taxable income of most companies, especially in the short term. This can only reduce the tax incentives for corporate philanthropy.

The corporate world does seem to be coming under strong pressure, however, to increase donations. There have always been those who see corporations as a convenient source of money to finance any number of causes, without regard to the function of corporations or the economic consequences of such a strategy. These people are now arguing that an increase in corporate philanthropy is the price that business is obligated to pay for its tax relief.

While this kind of sentiment is expected from the usual critics of American business, similar notions are now coming from officials in the White House. Thinly-veiled threats and arm-twisting seem to be a part of the Administration's approach to corporate "voluntarism." James Rosebush, the White House aide responsible for voluntary sector liaison, remarked in a National Journal interview, "I don't think that the Administration will hold the corporate sector accountable. I think the American people will. . . . We won't point out the good and bad [corporate] performances, but the American people will." [10] And if they don't, Rosebush might have added, Ralph Nader and his associates will be delighted to do so.

Yet even if corporations responded to this kind of pressure and greatly expanded their giving, they could not cover the reduction in federal support without severe cuts in their investment programs. Corporations account for only 5 percent of charitable contributions. If the Administration continues to jawbone corporations, and to tell the public that business will come to the rescue, it will achieve little more than providing its own critics with a very effective stick.

But is it correct to suppose that corporations should try to fill the gap, even if they could? Individuals give money to charity for various personal reasons, and they allocate their funds accordingly. Corporations, on the other hand, can hardly be said to have charitable instincts, in any meaningful sense. They are operated by managers of other people's money, and the proper goal of the managers is to achieve the best return for the shareholders. In so doing, they also efficiently provide services and goods to the public. When corporations in a free society engage in charitable activities, the motivation is and should be a function of normal business goals.

Within this framework, charitable activities can have very tangible economic returns in certain circumstances, and donations should be seen strictly in that way. Support to colleges and training programs, or for research, can be a sensible way for a corporation to develop new techniques and a skilled workforce. Similarly, there are often good reasons of mutual self-interest behind corporate support for local community development groups. A stable, improving urban environment benefits the businesses as well as the residents of the city. But the argument that business should blindly support charity out of some notion of corporate "conscience" is irrational. At worse, an increase in contributions would be little more than a begrudged and wasteful payoff to avoid harassment, and at best it would be inefficient, since the allocation decisions would be devoid of any element of individual obligation or charitable instinct. Moreover, the corporations would be simply controlling charitable dollars that should be allocated by shareholders. Surely it is better to have a situation in which the distribution of funds to charity reflects the cumulative decisions of individuals rather than the boards of corporate America.

The best way that a corporation can "contribute" is through its owners, the shareholders who are the corporation. The duty of corporate managers is to provide revenue to the shareholders. It is the duty of shareholders to give to charity.

This is not to say that corporations cannot play an important role in providing services to the public, but rather that this should be done in the context of normal business activities. Many private firms deliver services under contract, and they are often much more efficient than either government or non-profit organizations. The for-profit hospitals, for example, have an excellent record of providing value for money. Similarly, subsidized job-training programs in the private sector have a far better track record than the wasteful CETA public jobs program cut by the Administration. It would be more sensible to view corporations as a partner in the provision of necessary public services than to see them as a convenient source of "guilt" money.

Mobilizing the voluntary sector

The President's Task Force on Private Sector Initiatives will explore methods of expanding voluntarism, and examine mechanisms to increase support for non-profit organizations. But while the "gap" is narrower than many suppose, and there is great potential in the sector, there are nevertheless laws and regulations that needlessly impede the voluntary sector in its efforts to respond to the challenge before it. The Task Force must address these. In addition, it should be recognized that money is not the only issue. There are some remarkable examples of innovative uses of voluntary sector resources. The Task Force should identify these and encourage other organizations to learn from them.

Some of these problems and possibilities are summarized below.

(a) The Regulation of Fundraising:

Fundraising activities will have to increase considerably if the voluntary sector is to obtain the finance necessary to expand its role in providing services. But the recent growth of government restrictions on fundraising poses a serious obstacle. In his book Charity Under Siege, Bruce Hopkins, a charity law expert, described the nature of this "onslaught" of regulation:

"Fundraising regulation has not come upon the voluntary sector by means of a single law, but is, instead, an amalgam of slowly building and encompassing local, state and federal administrative regulation.

"It is an unfortunate fact that the charitable world is now wholly exposed to creeping regulation by federal, state and local agencies. While this regulation intensifies, the charities seem immobilized." [11]

The greatest problem of all, according to Hopkins, confronts organizations which seek to raise money by direct mail in several states. These groups face: "a bewildering array of differing requirements, forms, due dates, exemptions, and accounting principles. All too frequently the organization "solves" this problem by registering in only a few states—or, perhaps, in none at all."

Regulation is not confined to mail fundraising however. Complex rules apply to virtually all aspects of funding activities by all non-profit organizations. These regulations discourage the growth of most groups and cause others to cease their activities completely. For those groups which try to understand and comply with the law the effect is to increase fundraising costs and to provide employment for lawyers and accountants.

The Task Force should review the debilitating federal burden on the voluntary sector and suggest ways in which state and local rules could be simplified. By doing so, obstacles in the path of existing organizations would be reduced, and the formation of new voluntary groups would be encouraged.

(b) Taxes and Restrictions on Contributions: [12]

The Tax Reform Act of 1969 included substantial changes in the tax-deductibility of gifts of appreciated property (including stock) to charitable organizations. The proportion of the appreciation in market value that could be deducted was cut severely, for both individuals and corporations. In the case of gifts to private foundations, even lower deduction limits were imposed. Inflation during the 1970s and 1980s, in conjunction with these changes, has reduced the attractiveness of such gifts. This has been particularly harmful to private foundations, and has accelerated their decline.

The Task Force should examine these effects closely, and suggest a new framework of legislation that will treat gifts of appreciated property in the light of today's rate of inflation. In addition, the distinction between private foundations and other charitable organizations must be ended, if the foundations are to be revived.

The 1981 law contained a little-noticed provision which could prove damaging to many non-profit groups. The tax rates on unrelated business taxable income [13] were reduced in line with the general cut on corporate rates. However, the new 10 percent ceiling on tax-free income that can be contributed will not apply to unrelated business income earned by non-profits. In the latter case, the old 5 percent limit continues.

The tax on unrelated business income was instituted in 1950 to end unfair competition in the market place, by putting businesses operated by charities on the same tax footing as any other business. But the new law will result in a relatively greater tax burden for charity subsidiaries. Not only is this a breach of the principle of equal treatment, but it is particularly regrettable because many of the charitable organizations which once relied heavily on government support are now in the process of creating business ventures to supplement their funding. This process should have been helped, not hindered by the new tax law.

Foundations

In addition to the regulations affecting fundraising, private foundations have been inundated in recent years with restrictions on almost every part of their activities. The extensive reports that must be filed with the federal government, and the close scrutiny that is required in the case of grants to

Footnotes at end of article.

individuals, have discouraged foundations from supporting new ideas. Government policy has forced foundations to become more bureaucratic and conservative. As Marian Edelman of the Children's Defense Fund remarked recently, to obtain foundation support for a thoughtful proposal these days, "the burden of proof is more substantial than it used to be." [14]

These restrictions grew largely out of a perception in the 1950s and 1960s that foundations were merely unaccountable tax havens. Some reforms were clearly necessary, but the pendulum has now swung too far in the other direction. The decline of the private foundation must be reversed, because these organizations play a key role in philanthropy—a role which is now more important than ever in view of the new demands on the voluntary sector. Foundations are sources of finance, but they are much more than that. They are the entrepreneurs and catalysts of the voluntary sector. According to Ford Foundation president Franklin Thomas:

"There is a growing need for foundations to play a connective role in society—to link private-sector resources with the energies of people in the community who are trying to address problems, whether these people are in community groups or social agencies that work for the public's benefit." [15]

This entrepreneurial feature will be vital in the new era of voluntarism. The infusion of organizational skills, combined with modest amounts of seed money, is likely to induce far more activity than simply providing large amounts of cash. Voluntary organizations are seeking ways of delivering new services and stabilizing their financial base. Foundations can aid that process and make it more efficient. But they must be allowed to do so.

Privatization and contracting

In his speech to the National Alliance of Business, President Reagan drew attention to the work of one Philadelphia organization, operated by a married couple. The House of Umoja, on a shoestring budget, has been responsible for turning 500 former gang members into responsible citizens, and has helped to achieve a remarkable reduction in gang warfare.

The House of Umoja is a highly successful example of something that has been happening all over America: small, self-help groups either supplementing public services or providing entirely new ones. Many of these unorthodox groups fail, or at least do not reach their full potential, because they find themselves frustrated by government, rather than being helped by it.

The Task Force should monitor and publicize the achievements of these organizations, and it should identify and press for the removal of barriers to them. Small, inner-city day care centers, for example, are often hampered by absurdly rigid licensing requirements which protect nobody. Self-help housing rehabilitation groups can find their costs soaring because of the Davis-Bacon Act. The list is endless.

Government can also help the finances of community-based and other organizations while alleviating some of its own budget worries. Cities should consider contracting with non-profit organizations to provide services which they can deliver more efficiently. Neighborhood groups, for instance, can often provide cheaper and more effective management services for public housing projects than can professionals. Government should experiment with contracts of this form. They are a source of valuable funding and experience for the non-profit groups and they can result in considerable savings to the city. In addition, cities and states should encourage businesses to bid for contracts when appropriate, such as for job training and educational programs.

CONCLUSION

The budget cuts and tax reductions set in motion by the Reagan Administration constitute a long-overdue attempt to shift both power and responsibility back to the people. The voluntary sector will play a central role in this process, and the Administration must enable and encourage the sector to meet the challenge. In view of the restrictions imposed on the voluntary sector during the last twenty years, it is perhaps not surprising that many of its representatives are pessimistic. But the evidence indicates that the task is much less daunting than is generally supposed, and that Americans will respond to the obligations placed on them.

But government must help the voluntary sector make the transition. Unnecessary obstacles to voluntarism must be identified and removed, and every individual should be given encouragement to increase their giving. Corporations should not be pressured into fulfilling a function which is inappropriate to their role in society. Foundations are in dire straits thanks to perverse tax incentives and regulations, and their revival should be a priority—the entrepreneurial skills of foundations will be desparately needed as non-profit organizations adjust to the new era. Above all, the vast potential offered by the countless voluntary associations engaged in unorthodox solutions to the problems of providing public services must be given full rein.

FOOTNOTES

[1] See Stuart Butler, *Philanthropy in America* (Washington, D.C.: The Heritage Foundation, 1980); Bruce Hopkins, *Charity Under Siege: Government Regulations of Fundraising* (New York: John Wiley and Sons, 1980).

[2] Lester Salamon and Alan Abramson, *The Federal Government and the Nonprofit Sector: Implications of the Reagan Budget Proposals* (Washington, D.C.: The Urban Institute, May 1981); Charles Clotfelter and Lester Salamon, *The Federal Government and the Nonprofit Sector: The Implications of the 1981 Tax on Individual Charitable Giving* (Washington, D.C.: The Urban Institute, August 1981).

[3] Salamon, *Budget Proposals*, p. 4.

[4] See, for example, Martin Feldstein, "Tax Incentives and Charitable Contributions," *National Tax Journal*, 1975; Martin Feldstein and Amy Taylor, "The Income Tax and Charitable Contributions," *Econometrica*, 1976; Feldstein, Testimony before the Subcommittee on Taxation, Senate Finance Committee, January 31, 1980; Charles Clotfelter and Eugene Steuerle, "Charitable Contributions," in Henry Aaron and Joseph Pechman (eds.), *How Taxes Affect Economic Behavior* (Washington, D.C.: The Brookings Institution, 1981).

[5] Martin Feldstein and Lawrence Lindsey, *Stimulating Nonlinear Tax Rules and Nonstandard Behavior: An Application to the Tax Treatment of Charitable Contributions* (Cambridge, Massachusetts: National Bureau of Economic Research, 1981).

[6] See note 2.

[7] See Butler, *Philanthropy in America*, p. 3.

[8] *Ibid.* p. 31.

[9] *The Wall Street Journal*, July 28, 1981.

[10] *The National Journal*, September 19, 1981, pp. 1668–1669.

[11] Hopkins, *Charity Under Siege*, p. viii.

[12] For a general account of this issue, see Butler, *Philanthropy in America*.

[13] That is, income from a business owned by a non-profit organization, where the income results from operations which are unrelated to the charity's tax-exempt activities; for example, a coffee shop run by a church.

[14] *U.S. News and World Report*, March 23, 1981, p. 62.

[15] Ibid.●

TIBOR HOLLO, OUTSTANDING FLORIDIAN

● Mrs. HAWKINS. Mr. President, I take this opportunity to share with the world the outstanding accomplishments of a fellow Floridian, Tibor Hollo, a great American, whose visionary developments have dramatically changed Miami's skyline. Few other individuals can match his record as an entrepreneur, businessman, and successful developer. Mr. Hollo has been the driving force responsible for revitalizing the downtown area of Miami. His innovative efforts created the development of Plaza Venetia Omni, a $500 million residential, retail, and commercial complex situated in the center of Greater Miami on Biscayne Bay.

The dramatic influence of Tibor Hollo has also been felt in other cities in Florida including Tampa where he has converted the famous old Bayshore Royal into a spectacular rental apartment building. The Deerfield Boca Raton area will soon experience his creativity and special flare for the unique with the development of a new shopping center.

Tibor Hollo first became nationally recognized in 1956 when Fortune magazine named him the Nation's 10th largest contractor. His company, Florida East Coast Properties, Inc., of which he is chairman and president of the board, is actively engaged in development, management, and investment building. The properties he constructs are uniquely his own. His projects have been constructed without benefit of Government programs or financial aid.

It is only through the vision, the foresight, the "can-do" attitude of people like Tibor Hollo that we can hope to rebuild and maintain the vibrancy of this country's inner cities. Tibor Hollo has demonstrated his ability to meet that challenge.

His involvement in business would seem to leave time for little else, yet he is an outstanding religious leader and public servant. He has served on city and statewide advisory boards for many years and was just recently appointed to the Miami Beach Ad Hoc Committee for Economic Adjustment Strategy.

Tibor Hollo is a gentleman; a man of great energy and great vision. He displays the qualities that have, and will continue to make this great country even greater.

It gives me great pleasure today to recognize achievements of a fellow Floridian, Tibor Holo.●

S. 1701—MISSING CHILDREN ACT

● Mr. MITCHELL. Mr. President, I support the bill offered by the distinguished Senator from Florida (Mrs. HAWKINS), which would greatly aid in the search for missing children throughout our Nation. I am honored to add my name as a cosponsor of S. 1701, the Missing Children Act, and I urge my colleagues to join me in this support.

S. 1701 would require the National Crime Information Center (NCIC) to maintain a current and complete information system pertaining to missing chil-

dren and unidentified dead. In addition, this bill would require the Attorney General to assist State and local law enforcement agencies in collecting and disseminating information on missing children.

Such a Federal information system to aid State and local efforts is long overdue. One only need look to the city of Atlanta to realize the seriousness of the problem. In the past year, more than 30 of Atlanta's young black children were reported missing or dead. Everyone remembers the horror the Nation felt as that number steadily grew.

Mr. President, missing children are not the problem of a particular city or area. Missing children are a national problem. Each year, more than 150,000 children are reported missing. If this bill provides a means of bringing some of them home, then it is time we act.

Recently, in the city of Portland, Maine, police found an 18-year-old male wandering aimlessly. The youth was slightly retarded and as police questioned him to locate his home, he became confused.

When the police had certified he was not from Maine, they began the laborious process of calling State by State to check missing person lists. Each call led to many others as police tracked down information through State and local law enforcement agencies. One by one, States were eliminated from the search. Late in the afternoon, Portland police discovered the youth was from West Virginia and sent him on a bus home to his family. I hope this helps to illustrate what a difficult task it is to locate a missing child.

If the police recover a stolen car, they can program information into a computer system and know within a minute whether the car has been reported missing anywhere in the Nation. Almost any object can be traced nationally using this computer system.

However, if a child is reported missing, it can take days to locate that child. Tragically, some children are never located. S. 1701 may not give law enforcement officials the key to finding missing children, but it should help. We owe the grieving parents of America at least that much.●

HEAD START

● Mr. PRYOR. Mr. President, if I learned one thing from my years in politics, it is that you do not "mess with success." Yet, reports are circulating that the Office of Management and Budget wishes to cut back and phase out one of the most successful and efficient programs this country has seen in recent years.

I was deeply disturbed to read that Budget Director Stockman now has recommended doing away with the Head Start program which now has over 370,000 children enrolled in it. If we do this, I am afraid we are being penny wise but pound foolish. This program has allowed hundreds of thousands of children from low-income homes—some with special handicaps—to develop the skills needed to allow them to begin the first grade on equal footing with every other child. It gives these children the background to keep up with their classmates, stay in school and later find employment. Without Head Start, I am afraid few of them would be able to break the cycle of poverty and lead productive and rewarding lives.

Mr. President, I wish to ask that a copy of a letter I have written to Budget Director Stockman be printed in the RECORD. It further spells out my reasons for supporting this program which has been so important to children in my State. I hope my colleagues will join me in urging the administration to keep this program.

The letter follows:

U.S. SENATE,
Washington, D.C., December 14, 1981.

Hon. DAVID STOCKMAN,
Director, Office of Management and Budget, Executive Office Building, Washington, D.C.

DEAR DAVID: Newspaper reports that the Office of Management and Budget has proposed the phasing out of Head Start disturb me greatly.

While cuts in this program may save dollars today, I fear that in the long run such a move would prove more costly than ever. As one Head Start director in Arkansas summarizes the situation: "(The program) gives many low-income children the only chance they will have to become an integral part of their community and not a burden on taxpayers."

Head Start has been especially successful in allowing children from low-income homes—some with special handicaps—to develop the skills needed to allow them entrance to the first grade on equal footing with every other child. Without these services, it is likely that many children would never catch up and would become dropouts, unable to find jobs and forced to become dependent upon such government programs as welfare, unemployment and food stamps. Head Start, on the other hand, would allow them to break what I call the cycle of poverty and thus lead productive and rewarding lives.

It is important to note that Head Start deals not simply with education but with the total child. In Arkansas, for instance, it coordinates other federal programs from health and nutrition to a wide range of social services. We know the program has been successful because we hear from a large number of parents who have benefitted and who write unsolicited personal notes of gratitude. These include families of children who have had speech deficiencies corrected through Head Start, relatives and guardians of those who have had severe health problems caught and corrected, and parents who realize their children's background would put them at a severe disadvantage upon entering school. One mother wrote a letter of thanks after her three-year old daughter received through Head Start the proper referrals that saved extensive dental work because the family was unable to pay a $1,000 bill.

Two considerations particularly disturb me concerning Head Start:

First, I cannot believe that sufficient attention was given to the success and cost-effectivenes of individual programs, particularly those in rural areas. Some of the criticisms I read refers to "transportation systems," high adult/pupil ratios, and per-pupil costs. My state does not even have a transportation system for these pupils to use, and in most cases the adult/pupil ratio is low and per-pupil costs certainly are below the average figures your office cites.

In addition, while it may appear on paper to a Washington bureaucrat that reducing hours of the program will save money, in many places this simply does not hold up. One director pointed out that since his staff already staggers hours a reduction from eight- to six-hour days would make no difference. Without exception, each director in Arkansas emphasizes that many parents who work would not be able to make the arrangements necessary to pick up a child from school earlier in the day, or to pay for additional child care. Therefore, either the child could not participate in the program or one parent would be forced to give up his or her job and draw other government benefits in order for the child to continue in Head Start.

My second and greatest problem with this decision is that we are now spending less than $1 billion on Head Start, and the recommended cutbacks for FY '83 would be less than $200 million. Yet even the Inspector General in the Department of Health and Human Services testified recently to $6 or $7 billion waste in this Department. It is a shame and a crime to allow this careless waste to go on at the expense of our nation's children.

If this program is phased out, I would see it as one of the greatest examples of a government that is penny-wise and pound-foolish. I have every hope that something can be done to keep it.

Sincerely,

DAVID PRYOR.●

MORTGAGE DELINQUENCIES

● Mr. RIEGLE. Mr. President, the Washington Post recently noted in a front page story that mortgage delinquency rates reached the highest level ever recorded during the third quarter of 1981. The data, which come from the National Delinquency Survey of the Mortgage Bankers' Association, reveals clearly the hardship that the current recession has brought to families all across the country.

Particularly hard hit by mortgage delinquencies are the Northeast and Midwest, where unemployment has soared well beyond the national level. The east north central region of the country, which includes my home State of Michigan, experienced a 7.78-percent delinquency rate, the highest in the country. The introduction to the survey contains the alarming prediction that the "current recession, with its high unemployment, could exacerbate the delinquency problem in the next few months, especially in those regions with large numbers of laid-off workers."

In other words, the survey expects that mortgage delinquencies will climb above their already historically high levels. Given the fact that the period of the survey, June–September 1981, does not take into account the dramatic increases in unemployment in October and November, almost a full percentage point, we can readily expect that prediction to come true.

Mr. President, over many months the administration's economic policies have taken an increasingly heavy toll on the housing sector, dashing the home-buying hopes of millions of families, throwing millions of construction workers into unemployment lines, and pushing thousands of small businessmen over the brink to financial ruin. Now, as the recession deepens, thousands of those already victimized by the recession through loss of their job will suffer the loss of their homes. This is a tragedy

for which this administration must bear major responsibility.

Mr. President, I have obtained a copy of the National Delinquency Survey. So that my colleagues may learn the level of mortgage delinquencies in their States and regions, I ask that this survey be printed in the RECORD at this point.

The survey follows:

NATIONAL DELINQUENCY SURVEY

The delinquency rate for all 1- to 4-unit residential loans reached a new high of 5.33 percent in the quarter ending September 30, 1981, an increase of seven basis points from the previous quarter. This marks the highest level for this indicator since the National Delinquency Survey began in 1953. A 26 basis point climb in the past due rate for conventional loans accounted for two-thirds of the overall rise.

Breaking down the "All Loans" category into component parts reveals some interesting patterns. The number of loans 30 days past due rose six basis points while those 60 days past due increased one basis point. These increases in the short-to-medium term delinquency rates however, ran counter to the trend in long-term delinquencies and foreclosures. Loans with installments 90 days or-more past due were unchanged in the third quarter and the rate of foreclosures started actually declined two basis points. This is a welcome change from the past few quarters, but it may not be a continuing trend.

Because delinquencies typically lag adverse economic conditions by several months the current improvement in long-term delinquencies and foreclosures may reflect only last summer's slight improvement in unemployment and interest rates. As unemployment rises during this quarter and into the next, the delinquency rate could also climb in the early part of 1982. If mortgage servicers can again move quickly in the initial stage of the delinquency they may prevent these cases from turning into long-term problems. However welcome, it is important to realize that the current levelling off in the 90 days-or-more and foreclosures started categories may be only a temporary phenomenon.

The majority of the delinquencies among conventional loans occurred in the 30-days past due category, which rose 21 basis points between the second and third quarters. This was the biggest quarter to quarter jump since 1979. Increased delinquency rates for conventional loans are often viewed as bellwethers for the general economy. This is not surprising since the larger downpayments of conventional loans mean that those mortgagors have more of an equity stake in their property than other mortgage holders. The across-the-board increases in conventional delinquency rates are convincing evidence of the severity of the current recession, the second in as many years.

As conventional delinquency rates moved sharply upward, FHA and VA delinquencies seemed more stable. The FHA total past due rate rose only 11 basis points in the third quarter, a much smaller increase than the 20 to 30 basis point swings of the past two years. The VA total past due rate actually declined one basis point during the third quarter. Foreclosures started in the quarter declined sharply for both loan groups to the lowest levels in more than a year. This improvement does not reflect any turnaround in the economic situation.

The current recession, with its high unemployment, could exacerbate the delinquency problem in the next few months, especially in those regions with large numbers of laid-off workers. The nationwide scope of the economic downturn is apparent in the substantial increases in short term delinquenciees shown in all regions. Although foreclosure rates have moderated, it will take a stronger economy and improved family incomes to bring down delinquency rates substantially.

SURVEY INFORMATION AND NOTES

1. This survey includes over 7.5 million mortgage loans on 1- to 4-unit residential properties totalling an estimated $208.6 billion of debt. These loans are serviced by more than 550 reporters, including mortgage bankers, commercial banks, savings banks, savings and loan associations, and life insurance companies.

2. A loan is considered 30 days delinquent if the September 1 installment has not been paid as of September 30. A loan is 60 days delinquent if the August 1 installment is unpaid as of September 30, etc.

3. "Foreclosure started during quarter" includes loans placed in the process of foreclosure during third quarter, deeds in lieu of foreclosure, and loans assigned to FHA, VA, other insurers or investors. "Foreclosure inventory end of quarter" includes all loans in process of foreclosure on September 30. Both foreclosure categories are excluded from "total installments past due."

4. Not all reporters provide data on FHA loans by section, thus, the sum of the two types of MHA loan breakdowns will not necessarily equal the number of all FHA loans reported.

5. National totals include Puerto Rico loans and loans of firms not providing state-by-state data.

6. s.a.—seasonally adjusted data

7. nc—not calculated

8. Series does not exhibit stable seasonal patterns.

DELINQUENCY RATES OF 1- TO 4-UNIT RESIDENTIAL MORTGAGE LOANS
Seasonally Adjusted

END OF QTR	ALL LOANS					CONVENTIONAL LOANS					VA LOANS					ALL FHA LOANS				
	PERCENT OF LOANS																			
	Total Past Due	Installments Past Due			Fcls started	Total Past Due	Installments Past Due			Fcls * started	Total Past Due	Installments Past Due			Fcls started	Total Past Due	Installments Past Due			Fcls started
		30 Days	60 Days	90 Days or more			30 Days	60 Days	90 Days or more			30 Days	60 Days	90 Days or more			30 Days	60 Days	90 Days or more	
1979																				
1st	4.45	3.26	0.73	0.46	0.15	2.66	2.01	0.41	0.24	0.07	4.54	3.24	0.79	0.51	0.19	6.00	4.40	0.96	0.64	0.21
2nd	4.51	3.30	0.74	0.47	0.14	2.56	1.95	0.36	0.25	0.06	4.68	3.33	0.83	0.52	0.18	6.01	4.42	0.96	0.63	0.19
3rd	4.84	3.58	0.78	0.48	0.13	3.03	2.36	0.43	0.24	0.06	5.02	3.58	0.88	0.56	0.15	6.40	4.73	1.02	0.65	0.16
4th	4.69	3.40	0.78	0.51	0.15	2.82	2.12	0.44	0.26	0.06	5.02	3.49	0.90	0.63	0.19	6.39	4.68	1.02	0.69	0.21
1980																				
1st	4.93	3.57	0.83	0.53	0.13	3.04	2.30	0.47	0.27	0.07	5.23	3.62	0.97	0.64	0.16	6.50	4.74	1.05	0.71	0.15
2nd	5.03	3.63	0.85	0.55	0.14	3.07	2.28	0.51	0.28	0.07	5.29	3.66	0.97	0.66	0.18	6.78	4.92	1.11	0.75	0.18
3rd	5.01	3.57	0.85	0.59	0.16	3.11	2.28	0.52	0.31	0.09	5.39	3.73	0.96	0.70	0.18	6.61	4.72	1.10	0.79	0.20
4th	4.92	3.44	0.86	0.62	0.15	3.12	2.26	0.53	0.33	0.09	5.40	3.71	0.97	0.72	0.19	6.34	4.43	1.10	0.81	0.21
1981																				
1st	5.31	3.80	0.86	0.65	0.16	3.06	2.27	0.47	0.32	0.09	5.83	4.11	0.96	0.76	0.18	7.02	5.01	1.13	0.88	0.20
2nd	5.26	3.73	0.89	0.64	0.17	3.22	2.33	0.55	0.34	0.11	5.66	3.94	0.96	0.76	0.20	6.76	4.79	1.16	0.81	0.22
3rd	5.33	3.79	0.90	0.64	0.15	3.48	2.54	0.58	0.36	0.11	5.65	3.94	0.97	0.74	0.16	6.87	4.88	1.14	0.85	0.19

STATE, AREA AND CENSUS REGION	ALL LOANS							CONVENTIONAL LOANS						
	NUMBER OF LOANS SERVICED	PERCENT OF LOANS WITH INSTALLMENTS PAST DUE				PERCENT OF LOANS IN FORECLOSURE		NUMBER OF LOANS SERVICED	PERCENT OF LOANS WITH INSTALLMENTS PAST DUE				PERCENT OF LOANS IN FORECLOSURE	
		TOTAL PAST DUE	30 DAYS	60 DAYS	90 DAYS OR MORE	INVENTORY END OF QUARTER	STARTED DURING QUARTER		TOTAL PAST DUE	30 DAYS	60 DAYS	90 DAYS OR MORE	INVENTORY END OF QUARTER	STARTED DURING QUARTER
CONNECTICUT	121,995	4.42	2.78	0.91	0.73	0.20	0.10	100,954	4.31	2.66	0.89	0.76	0.19	0.09
MAINE	19,940	4.24	3.07	0.74	0.43	0.24	0.09	14,898	3.84	2.83	0.66	0.35	0.24	0.11
MASSACHUSETTS	51,687	3.39	2.34	0.70	0.35	0.23	0.08	31,071	1.64	1.14	0.36	0.14	0.09	0.05
NEW HAMPSHIRE	16,767	3.48	2.55	0.76	0.17	0.06	0.09	11,820	2.69	2.08	0.46	0.15	0.03	0.07
RHODE ISLAND	5,412	3.59	2.44	0.91	0.24	0.17	0.11	4,253	3.34	2.16	0.99	0.19	0.16	0.12
VERMONT	513	4.87	4.09	0.39	0.39	0.78	0.39	11	9.09	9.09	0.00	0.00	0.00	0.00
NEW ENGLAND	**216,314**	**4.07**	**2.68**	**0.83**	**0.56**	**0.20**	**0.09**	**163,007**	**3.62**	**2.33**	**0.74**	**0.55**	**0.16**	**0.08**
NEW JERSEY	198,278	5.66	3.86	1.07	0.73	0.70	0.19	108,017	3.63	2.52	0.75	0.36	0.26	0.07
NEW YORK	445,348	6.82	5.07	1.13	0.62	0.38	0.10	281,921	5.44	4.15	0.86	0.43	0.21	0.07
PENNSYLVANIA	272,552	5.54	3.84	1.02	0.68	0.63	0.15	145,763	3.43	2.31	0.67	0.45	0.21	0.08
MID ATLANTIC	**916,178**	**6.18**	**4.44**	**1.08**	**0.66**	**0.52**	**0.14**	**535,701**	**4.53**	**3.32**	**0.79**	**0.42**	**0.22**	**0.07**
ILLINOIS	217,546	9.14	6.14	1.46	1.54	1.15	0.27	60,204	4.67	3.76	0.54	0.37	0.26	0.09
INDIANA	169,562	7.11	5.09	1.21	0.81	0.83	0.23	35,125	2.98	2.20	0.47	0.31	0.30	0.10
MICHIGAN	386,846	7.42	5.06	1.33	1.03	0.56	0.25	189,052	3.74	2.78	0.65	0.31	0.14	0.13
OHIO	277,713	7.94	5.28	1.37	1.29	1.14	0.16	82,268	5.87	3.87	1.07	0.93	0.67	0.03
WISCONSIN	45,756	5.82	3.75	1.05	1.02	0.74	0.19	16,066	2.56	1.80	0.44	0.32	0.15	0.05
E.N. CENTRAL	**1,097,423**	**7.78**	**5.28**	**1.34**	**1.16**	**0.87**	**0.23**	**382,715**	**4.24**	**3.08**	**0.70**	**0.46**	**0.29**	**0.10**
IOWA	45,558	4.38	2.69	0.74	0.95	0.43	0.09	16,151	1.99	1.21	0.28	0.50	0.09	0.03
KANSAS	29,662	4.26	2.90	0.65	0.71	0.41	0.11	4,775	1.74	1.30	0.21	0.23	0.15	0.10
MINNESOTA	162,025	4.64	3.49	0.71	0.44	0.19	0.08	63,853	3.57	2.96	0.44	0.17	0.14	0.10
MISSOURI	79,242	5.35	3.66	0.92	0.77	0.31	0.12	9,246	2.09	1.33	0.39	0.37	0.10	0.06
NEBRASKA	44,549	3.92	2.69	0.76	0.47	0.39	0.14	21,611	2.33	1.65	0.52	0.16	0.40	0.12
NORTH DAKOTA	984	6.20	3.76	1.32	1.12	0.10	0.00	234	12.82	6.41	3.85	2.56	0.00	0.00
SOUTH DAKOTA	6,821	1.77	1.08	0.25	0.44	0.53	0.03	2,258	0.70	0.53	0.04	0.13	0.22	0.00
W.N. CENTRAL	**368,841**	**4.59**	**3.24**	**0.75**	**0.60**	**0.29**	**0.10**	**118,128**	**2.91**	**2.25**	**0.42**	**0.24**	**0.18**	**0.09**
DELAWARE	32,179	3.40	2.44	0.57	0.39	0.21	0 11	17,846	1.10	0 80	0.15	0.15	0.11	0.06
D.C.	11,009	7.52	5.46	1.32	0.74	0.76	0.29	3,117	4.00	2.98	0.80	0.22	0.61	0.42
FLORIDA	349,356	5.10	3.71	0.88	0.51	0.29	0.11	67,857	2.07	1.65	0.31	0.11	0.13	0.07
GEORGIA	178,024	6.00	4.45	0.98	0.57	0.28	0.12	34,635	2.92	2.30	0.39	0.23	0.13	0.07
MARYLAND	132,522	4.14	3.07	0.68	0.39	0 23	0.09	48,826	1.89	1.43	0.31	0.15	0.16	0.10
N.C.	135,343	4.89	3.73	0.73	0.43	0.24	0.07	21,729	1.98	1.44	0.38	0.16	0.06	0.03
S.C.	80,678	7.49	5.59	1.26	0.64	0.53	0.21	6,151	2.62	2.15	0.34	0.13	0.08	0.02
VIRGINIA	236,543	3.85	3.00	0.55	0.30	0.14	0.05	66,050	2.29	1.80	0.32	0.17	0.07	0.05
W. VIRGINIA	12,369	4.71	3.10	0.95	0.66	0.57	0.06	3,862	4.06	2.43	0.93	0.70	0.31	0.13
S. ATLANTIC	**1,168,023**	**4.98**	**3.71**	**0.81**	**0.46**	**0.27**	**0.10**	**270,073**	**2.18**	**1.69**	**0.33**	**0.16**	**0.12**	**0.07**
ALABAMA	108,960	6.07	4.32	1.10	0.65	0.14	0.14	14,328	2.85	2.25	0.43	0.17	0.06	0.05
KENTUCKY	74,862	5.19	3.57	0.91	0.71	0.47	0.13	8,960	3.80	2.97	0.48	0.35	0.31	0.07
MISSISSIPPI	55,001	5.80	4.01	1.06	0.73	0.16	0.22	22,704	4.44	2.86	1.10	0.48	0.11	0.24
TENNESSEE	97,271	6.97	4.85	1.27	0.85	0.36	0.16	14,877	3.50	2.57	0.57	0.36	0.11	0.04
E.S. CENTRAL	**336,094**	**6.09**	**4.26**	**1.10**	**0.73**	**0.28**	**0.16**	**60,869**	**3.74**	**2.66**	**0.72**	**0.36**	**0.13**	**0.12**
ARKANSAS	35,627	5.96	4.15	1.00	0.81	0.32	0.12	5,716	2.81	1.98	0.59	0.24	0.17	0.03
LOUISIANA	115,940	4.28	3.34	0.64	0.30	0.11	0.08	30,145	2.26	1.87	0.28	0.11	0.08	0.07
OKLAHOMA	106,196	4.62	3.52	0.70	0.40	0.22	0.12	16,582	2.53	2.07	0.27	0.19	0.12	0.07
TEXAS	547,076	4.28	3.19	0.69	0.40	0.06	0.09	117,607	2.19	1.70	0.31	0.18	0.03	0.07
W.S. CENTRAL	**804,839**	**4.41**	**3.30**	**0.70**	**0.41**	**0.10**	**0.09**	**170,050**	**2.26**	**1.78**	**0.31**	**0.17**	**0.06**	**0.07**
ARIZONA	239,507	4.78	3.55	0.80	0.43	0.25	0.13	47,502	2.80	2.16	0.41	0.23	0.23	0.13
COLORADO	226,323	4.33	3.05	0.75	0.53	0.23	0.11	83,763	2.89	2.25	0.44	0.20	0.09	0.08
IDAHO	30,016	5.40	3.73	1.06	0.61	0.57	0.29	8,795	4.59	3.42	0.81	0.36	0.38	0.16
MONTANA	15,566	4.78	3.27	0.84	0.67	0.87	0.31	3,519	2.47	1.93	0.20	0.34	0.20	0.20
NEVADA	56,772	6.16	4.34	1.08	0.74	0.45	0.13	9,074	3.41	2.48	0.58	0.35	0.29	0.13
NEW MEXICO	45,616	3.50	2.67	0.58	0.25	0.10	0.07	8,365	2.38	1.81	0.43	0.14	0.07	0.07
UTAH	69,136	5.98	4.06	1.11	0.81	0.49	0.20	22,416	3.79	2.48	0.69	0.62	0.31	0.18
WYOMING	7,909	5.00	3.34	0.90	0.76	0.28	0.16	1,163	2.75	2.06	0.43	0.26	0.09	0.26
MOUNTAIN	**690,845**	**4.81**	**3.45**	**0.83**	**0.53**	**0.30**	**0.14**	**184,597**	**3.05**	**2.29**	**0.48**	**0.28**	**0.18**	**0.12**
ALASKA	13,381	2.90	2.17	0.36	0.37	0.13	0.04	7,102	2.37	1.75	0.30	0.32	0.08	0.04
CALIFORNIA	1,051,338	5.14	3.64	0.88	0.62	0.43	0.13	391,142	3.30	2.46	0.57	0.27	0.30	0.13
HAWAII	60,293	3.83	2.37	0.77	0.69	0.15	0.03	39,971	3.54	2.17	0.71	0.66	0.11	0.02
OREGON	59,481	4.16	3.05	0.64	0.47	0.30	0.14	26,252	3.40	2.54	0.45	0.41	0.24	0.10
WASHINGTON	239,484	4.00	2.77	0.67	0.56	0.27	0.10	97,782	2.38	1.66	0.43	0.29	0.16	0.06
PACIFIC	**1,423,977**	**4.83**	**3.40**	**0.83**	**0.60**	**0.39**	**0.12**	**562,249**	**3.15**	**2.30**	**0.54**	**0.31**	**0.26**	**0.11**
PUERTO RICO	103,665	9.54	6.20	1.80	1.54	1.51	0.89	14,945	9.99	6.09	2.17	1.73	2.37	1.92
NORTHEAST	**1,132,492**	**5.78**	**4.10**	**1.04**	**0.64**	**0.46**	**0.13**	**698,708**	**4.32**	**3.09**	**0.78**	**0.45**	**0.21**	**0.07**
NORTH CENTRAL	**1,466,264**	**6.98**	**4.77**	**1.19**	**1.02**	**0.73**	**0.19**	**500,843**	**3.91**	**2.88**	**0.63**	**0.40**	**0.26**	**0.10**
SOUTH	**2,308,956**	**4.94**	**3.65**	**0.81**	**0.48**	**0.21**	**0.11**	**500,992**	**2.40**	**1.84**	**0.37**	**0.19**	**0.10**	**0.08**
WEST	**2,114,822**	**4.83**	**3.42**	**0.83**	**0.58**	**0.36**	**0.13**	**746,846**	**3.13**	**2.30**	**0.53**	**0.30**	**0.24**	**0.11**
U.S. TOTAL	**7,574,773**	**5.48**	**3.89**	**0.94**	**0.65**	**0.41**	**0.14**	**2,642,605**	**3.50**	**2.56**	**0.59**	**0.35**	**0.21**	**0.10**
U S TOTAL (S A)	*NC*	*5.33*	*3.79*	*0.90*	*0.64*	*NC*	*0 15*	*NC*	*3.48*	*2.54*	*0.58*	*0.36*	*NC*	*0.11*

NATIONAL DELINQUENCY SURVEY
OF 1- TO 4-UNIT RESIDENTIAL MORTGAGE LOANS

STATE, AREA AND CENSUS REGION	VA LOANS							ALL FHA LOANS						
	NUMBER OF LOANS SERVICED	PERCENT OF LOANS WITH INSTALLMENTS PAST DUE				PERCENT OF LOANS IN FORECLOSURE		NUMBER OF LOANS SERVICED	PERCENT OF LOANS WITH INSTALLMENTS PAST DUE				PERCENT OF LOANS IN FORECLOSURE	
		TOTAL PAST DUE	30 DAYS	60 DAYS	90 DAYS OR MORE	INVENTORY END OF QUARTER	STARTED DURING QUARTER		TOTAL PAST DUE	30 DAYS	60 DAYS	90 DAYS OR MORE	INVENTORY END OF QUARTER	STARTED DURING QUARTER
CONNECTICUT	10,544	4.26	2.88	0.90	0.48	0.26	0.12	10,497	5.65	3.83	1.11	0.71	0.21	0.10
MAINE	3,043	5.82	4.11	0.95	0.76	0.30	0.07	1,999	4.75	3.25	1.00	0.50	0.10	0.00
MASSACHUSETTS	8,430	5.10	3.57	0.89	0.64	0.46	0.17	12,186	6.66	4.55	1.44	0.67	0.42	0.11
NEW HAMPSHIRE	3,761	5.75	3.80	1.68	0.27	0.19	0.19	1,186	4.21	3.29	0.84	0.08	0.00	0.00
RHODE ISLAND	375	5.34	4.80	0.27	0.27	0.27	0.27	784	4.09	2.81	0.77	0.51	0.13	0.00
VERMONT	346	5.21	4.34	0.58	0.29	1.16	0.58	156	3.85	3.21	0.00	0.64	0.00	0.00
NEW ENGLAND	**26,499**	**4.95**	**3.42**	**1.00**	**0.53**	**0.33**	**0.15**	**26,808**	**5.93**	**4.05**	**1.23**	**0.65**	**0.28**	**0.09**
NEW JERSEY	40,349	6.99	4.73	1.22	1.04	1.01	0.28	49,912	8.97	6.05	1.66	1.26	1.38	0.36
NEW YORK	66,016	7.42	5.59	1.22	0.61	0.54	0.15	97,411	10.39	7.38	1.83	1.18	0.77	0.19
PENNSYLVANIA	50,307	7.43	5.02	1.36	1.05	1.28	0.24	76,482	8.28	5.96	1.45	0.87	0.99	0.23
MID ATLANTIC	**156,672**	**7.31**	**5.18**	**1.27**	**0.86**	**0.90**	**0.21**	**223,805**	**9.35**	**6.60**	**1.66**	**1.09**	**0.98**	**0.24**
ILLINOIS	64,323	9.50	5.89	1.61	2.00	1.62	0.35	93,019	11.80	7.87	1.96	1.97	1.40	0.33
INDIANA	58,284	7.85	5.53	1.41	0.91	0.95	0.25	76,153	8.44	6.08	1.40	0.96	0.98	0.27
MICHIGAN	51,730	8.01	5.35	1.54	1.12	0.43	0.26	146,064	11.98	7.92	2.13	1.93	1.15	0.40
OHIO	97,253	8.86	5.85	1.56	1.45	1.52	0.24	98,192	8.78	5.90	1.45	1.43	1.15	0.19
WISCONSIN	11,538	7.59	4.52	1.54	1.53	0.83	0.23	18,152	7.59	5.00	1.28	1.31	1.20	0.28
E.N. CENTRAL	**283,128**	**8.59**	**5.65**	**1.53**	**1.41**	**1.20**	**0.27**	**431,580**	**10.40**	**7.00**	**1.77**	**1.63**	**1.18**	**0.31**
IOWA	14,192	6.14	3.44	1.20	1.50	0.79	0.13	15,215	5.29	3.58	0.80	0.91	0.46	0.12
KANSAS	14,175	5.06	3.31	0.80	0.95	0.48	0.11	10,712	4.35	3.08	0.65	0.62	0.43	0.11
MINNESOTA	44,893	5.41	3.85	0.92	0.64	0.21	0.08	53,279	5.27	3.83	0.85	0.59	0.22	0.07
MISSOURI	28,042	4.68	3.34	0.72	0.62	0.23	0.10	41,954	6.52	4.38	1.18	0.96	0.41	0.15
NEBRASKA	9,173	4.53	2.82	0.90	0.81	0.44	0.17	13,765	6.00	4.24	1.03	0.73	0.34	0.15
NORTH DAKOTA	388	3.61	2.06	0.52	1.03	0.26	0.00	362	4.70	3.87	0.55	0.28	0.00	0.00
SOUTH DAKOTA	1,316	3.04	1.67	0.38	0.99	0.61	0.15	3,247	2.00	1.23	0.34	0.43	0.71	0.00
W.N. CENTRAL	**112,179**	**5.17**	**3.49**	**0.88**	**0.80**	**0.35**	**0.10**	**138,534**	**5.57**	**3.89**	**0.93**	**0.75**	**0.34**	**0.11**
DELAWARE	5,571	5.47	3.66	1.13	0.68	0.41	0.13	8,762	6.74	5.00	1.06	0.68	0.29	0.21
D.C.	3,782	8.94	6.27	1.48	1.19	1.08	0.32	4,110	8.88	6.59	1.56	0.73	0.58	0.17
FLORIDA	108,024	5.17	3.65	0.94	0.58	0.27	0.12	173,475	6.24	4.55	1.07	0.62	0.35	0.12
GEORGIA	73,327	6.16	4.51	1.04	0.61	0.31	0.13	70,062	7.35	5.44	1.20	0.71	0.33	0.13
MARYLAND	48,680	4.90	3.65	0.80	0.45	0.25	0.08	35,016	6.21	4.55	1.02	0.64	0.32	0.11
N.C.	66,129	5.00	3.80	0.74	0.46	0.23	0.07	47,485	6.06	4.67	0.88	0.51	0.33	0.08
S.C.	33,795	6.30	4.66	1.14	0.50	0.44	0.19	40,732	9.21	6.87	1.50	0.84	0.68	0.25
VIRGINIA	109,615	3.93	3.03	0.58	0.32	0.13	0.05	60,878	5.42	4.26	0.74	0.42	0.24	0.06
W. VIRGINIA	4,486	5.57	3.63	1.05	0.89	1.09	0.07	4,021	4.40	3.16	0.87	0.37	0.25	0.00
S. ATLANTIC	**453,409**	**5.10**	**3.76**	**0.85**	**0.49**	**0.26**	**0.10**	**444,541**	**6.56**	**4.89**	**1.06**	**0.61**	**0.36**	**0.12**
ALABAMA	43,264	5.89	4.11	1.11	0.67	0.11	0.10	51,368	7.12	5.08	1.28	0.76	0.18	0.20
KENTUCKY	23,625	4.49	3.02	0.78	0.69	0.42	0.09	42,277	5.87	4.00	1.08	0.79	0.54	0.17
MISSISSIPPI	15,080	5.84	4.22	0.80	0.82	0.13	0.17	17,217	7.57	5.34	1.24	0.99	0.24	0.22
TENNESSEE	30,193	6.72	4.71	1.28	0.73	0.26	0.13	52,201	8.10	5.59	1.46	1.05	0.49	0.22
E.S. CENTRAL	**112,162**	**5.82**	**4.06**	**1.05**	**0.71**	**0.22**	**0.12**	**163,063**	**7.15**	**4.99**	**1.28**	**0.88**	**0.38**	**0.20**
ARKANSAS	14,415	6.27	4.29	1.09	0.89	0.42	0.15	15,496	6.84	4.81	1.07	0.96	0.27	0.12
LOUISIANA	40,184	3.80	2.95	0.55	0.30	0.09	0.05	45,611	6.05	4.66	0.96	0.43	0.15	0.11
OKLAHOMA	34,200	4.95	3.68	0.78	0.49	0.40	0.19	55,414	5.05	3.86	0.78	0.41	0.14	0.09
TEXAS	202,779	4.87	3.55	0.81	0.51	0.09	0.11	226,690	4.84	3.64	0.77	0.43	0.05	0.08
W.S. CENTRAL	**291,578**	**4.80**	**3.52**	**0.78**	**0.50**	**0.14**	**0.11**	**343,211**	**5.13**	**3.87**	**0.81**	**0.45**	**0.09**	**0.09**
ARIZONA	65,618	5.06	3.74	0.87	0.45	0.26	0.12	126,387	5.38	3.98	0.90	0.50	0.25	0.13
COLORADO	86,383	5.03	3.43	0.89	0.71	0.31	0.13	56,177	5.40	3.67	1.00	0.73	0.33	0.13
IDAHO	10,958	5.96	3.93	1.28	0.75	0.69	0.38	10,263	5.48	3.78	1.04	0.66	0.61	0.30
MONTANA	5,364	6.10	4.10	1.14	0.86	1.30	0.37	6,683	4.94	3.31	0.94	0.69	0.88	0.33
NEVADA	17,391	5.64	4.09	0.95	0.60	0.49	0.12	30,307	7.29	5.05	1.30	0.94	0.49	0.14
NEW MEXICO	13,362	3.16	2.44	0.47	0.25	0.03	0.00	23,889	4.07	3.10	0.69	0.28	0.15	0.10
UTAH	16,790	7.00	4.73	1.31	0.96	0.61	0.26	29,930	7.07	4.88	1.31	0.88	0.56	0.17
WYOMING	3,706	5.40	3.40	1.08	0.92	0.38	0.08	3,040	5.37	3.75	0.86	0.76	0.23	0.23
MOUNTAIN	**219,572**	**5.22**	**3.66**	**0.93**	**0.63**	**0.36**	**0.15**	**286,676**	**5.64**	**4.03**	**0.99**	**0.62**	**0.34**	**0.14**
ALASKA	4,115	3.41	2.41	0.51	0.49	0.24	0.07	2,164	3.70	3.10	0.28	0.32	0.05	0.00
CALIFORNIA	288,533	5.66	3.84	1.02	0.80	0.52	0.12	371,663	6.67	4.72	1.11	0.84	0.50	0.14
HAWAII	9,011	3.91	2.42	0.72	0.77	0.36	0.07	11,311	4.76	3.04	1.00	0.72	0.13	0.02
OREGON	8,607	5.62	4.00	0.85	0.77	0.57	0.21	24,622	4.47	3.26	0.78	0.43	0.28	0.16
WASHINGTON	43,701	5.73	3.75	1.01	0.97	0.49	0.17	98,001	4.86	3.45	0.76	0.65	0.29	0.11
PACIFIC	**353,967**	**5.59**	**3.78**	**1.00**	**0.81**	**0.51**	**0.13**	**507,761**	**6.16**	**4.36**	**1.02**	**0.78**	**0.44**	**0.13**
PUERTO RICO	19,403	11.01	7.12	2.12	1.77	2.03	0.88	69,317	9.03	5.97	1.63	1.43	1.17	0.67
NORTHEAST	**183,171**	**6.97**	**4.93**	**1.23**	**0.81**	**0.82**	**0.20**	**250,613**	**8.99**	**6.33**	**1.62**	**1.04**	**0.91**	**0.22**
NORTH CENTRAL	**395,307**	**7.61**	**5.03**	**1.35**	**1.23**	**0.96**	**0.22**	**570,114**	**9.23**	**6.25**	**1.57**	**1.41**	**0.97**	**0.26**
SOUTH	**857,149**	**5.09**	**3.72**	**0.85**	**0.52**	**0.22**	**0.10**	**950,815**	**6.15**	**4.54**	**1.01**	**0.60**	**0.27**	**0.12**
WEST	**573,539**	**5.44**	**3.73**	**0.97**	**0.74**	**0.45**	**0.13**	**794,437**	**5.97**	**4.24**	**1.01**	**0.72**	**0.41**	**0.14**
U.S. TOTAL	**2,146,761**	**5.87**	**4.10**	**1.02**	**0.75**	**0.48**	**0.15**	**2,785,407**	**7.07**	**5.00**	**1.20**	**0.87**	**0.54**	**0.18**
U.S. TOTAL (S.A.)	*NC*	*5.65*	*3.94*	*0.97*	*0.74*	*NC*	*0.16*	*NC*	*6.87*	*4.88*	*1.14*	*0.85*	*NC*	*0.19*

A ON 1- TO 4-UNIT RESIDENTIAL MORTGAGE LOANS AS OF SEPTEMBER 30, 1981 AND FOR 3rd QUARTER, 1981

STATE, AREA AND CENSUS REGION	F.H.A. 235 and 237 LOANS							F.H.A. 245 LOANS						
	NUMBER OF LOANS SERVICED	PERCENT OF LOANS WITH INSTALLMENTS PAST DUE				PERCENT OF LOANS IN FORECLOSURE		NUMBER OF LOANS SERVICED	PERCENT OF LOANS WITH INSTALLMENTS PAST DUE				PERCENT OF LOANS IN FORECLOSURE	
		TOTAL PAST DUE	30 DAYS	60 DAYS	90 DAYS OR MORE	INVENTORY END OF QUARTER	STARTED DURING QUARTER		TOTAL PAST DUE	30 DAYS	60 DAYS	90 DAYS OR MORE	INVENTORY END OF QUARTER	STARTED DURING QUARTER
CONNECTICUT	418	16.75	8.85	4.55	3.35	1.67	0.72	228	3.07	2.19	0.44	0.44	0.00	0.00
MAINE	325	7.39	4.62	1.54	1.23	0.31	0.00	4	0.00	0.00	0.00	0.00	0.00	0.00
MASSACHUSETTS	1,502	14.44	9.19	3.99	1.26	0.20	0.13	259	6.95	5.41	0.77	0.77	2.32	0.00
NEW HAMPSHIRE	23	17.39	0.00	13.04	4.35	0.00	0.00	62	6.45	4.84	1.61	0.00	0.00	0.00
RHODE ISLAND	72	6.95	2.78	2.78	1.39	0.00	0.00	8	0.00	0.00	0.00	0.00	0.00	0.00
VERMONT	16	18.75	12.50	0.00	6.25	0.00	0.00	20	0.00	0.00	0.00	0.00	0.00	0.00
NEW ENGLAND	**2,356**	**13.71**	**8.23**	**3.78**	**1.70**	**0.47**	**0.21**	**581**	**5.00**	**3.79**	**0.69**	**0.52**	**1.03**	**0.00**
NEW JERSEY	1,247	15.96	10.34	2.89	2.73	3.53	0.00	1,342	4.40	2.91	0.89	0.60	0.89	0.37
NEW YORK	2,728	13.63	10.13	2.05	1.43	1.94	0.88	90	2.22	0.00	2.22	0.00	0.00	0.00
PENNSYLVANIA	1,351	16.95	11.18	2.66	3.11	1.11	0.59	1,191	4.28	2.60	1.34	0.34	0.59	0.17
MID ATLANTIC	**5,326**	**15.02**	**10.46**	**2.40**	**2.16**	**2.10**	**0.60**	**2,623**	**4.27**	**2.67**	**1.14**	**0.46**	**0.72**	**0.27**
ILLINOIS	3,192	18.08	12.22	2.98	2.88	1.79	0.53	6,246	7.80	4.71	1.39	1.70	1.09	0.06
INDIANA	1,554	11.39	8.04	1.87	1.48	1.67	0.32	766	8.10	4.57	1.96	1.57	0.26	0.00
MICHIGAN	4,349	16.81	10.62	3.50	2.69	1.31	0.41	273	9.52	6.59	1.83	1.10	1.10	1.10
OHIO	3,858	12.59	9.15	1.63	1.81	1.11	0.13	2,221	6.84	4.59	1.26	0.99	0.95	0.00
WISCONSIN	1,456	11.20	7.28	2.34	1.58	0.82	0.55	1,704	4.98	2.99	1.17	0.82	0.82	0.00
E.N. CENTRAL	**14,409**	**14.82**	**9.97**	**2.59**	**2.26**	**1.35**	**0.37**	**11,210**	**7.24**	**4.46**	**1.38**	**1.40**	**0.96**	**0.06**
IOWA	804	8.58	5.35	2.11	1.12	0.25	0.25	2,242	5.44	3.61	0.89	0.94	0.18	0.00
KANSAS	215	11.16	9.30	0.93	0.93	0.47	0.00	1,145	3.75	2.36	0.52	0.87	0.17	0.00
MINNESOTA	1,433	7.47	5.23	1.12	1.12	0.21	0.07	3,705	4.45	3.18	0.78	0.49	0.19	0.03
MISSOURI	1,387	11.26	7.43	2.24	1.59	0.58	0.14	1,268	4.19	2.92	0.95	0.32	0.08	0.00
NEBRASKA	1,943	6.29	4.43	1.24	0.62	0.26	0.15	730	5.06	3.42	0.82	0.82	0.27	0.14
NORTH DAKOTA	96	3.12	2.08	1.04	0.00	0.00	0.00	41	4.88	2.44	2.44	0.00	0.00	0.00
SOUTH DAKOTA	440	2.05	1.82	0.00	0.23	0.23	0.00	419	2.39	1.67	0.00	0.72	0.24	0.00
W.N. CENTRAL	**6,318**	**7.75**	**5.33**	**1.44**	**0.98**	**0.32**	**0.13**	**9,550**	**4.52**	**3.10**	**0.77**	**0.65**	**0.18**	**0.02**
DELAWARE	74	21.62	12.16	4.05	5.41	0.00	0.00	13	0.00	0.00	0.00	0.00	0.00	0.00
D.C.	211	17.53	16.11	1.42	0.00	0.47	0.00	61	8.20	1.64	3.28	3.28	3.28	1.64
FLORIDA	13,704	9.02	6.65	1.58	0.79	0.36	0.20	6,327	4.74	3.62	0.76	0.36	0.30	0.14
GEORGIA	4,563	12.36	9.20	2.06	1.10	0.28	0.24	3,360	5.89	4.67	0.80	0.42	0.09	0.09
MARYLAND	208	11.54	10.58	0.48	0.48	0.00	0.00	2,995	4.94	3.67	0.87	0.40	0.23	0.03
N.C.	3,440	9.83	7.24	1.98	0.61	0.38	0.00	1,845	4.39	3.74	0.49	0.16	0.43	0.00
S.C.	2,880	15.31	11.60	2.43	1.28	1.15	0.49	837	7.64	5.73	1.31	0.60	0.12	0.12
VIRGINIA	2,594	11.37	8.75	1.35	1.27	0.42	0.04	3,583	5.38	4.07	0.89	0.42	0.47	0.03
W. VIRGINIA	162	9.87	6.79	1.85	1.23	1.85	0.00	16	6.25	0.00	6.25	0.00	0.00	0.00
S. ATLANTIC	**27,836**	**10.66**	**7.97**	**1.77**	**0.92**	**0.45**	**0.19**	**19,037**	**5.20**	**3.99**	**0.82**	**0.39**	**0.30**	**0.08**
ALABAMA	5,544	12.77	9.63	2.22	0.92	0.32	0.22	1,280	5.32	3.52	1.41	0.39	0.70	0.08
KENTUCKY	4,300	8.72	5.53	2.19	1.00	0.44	0.07	422	5.92	4.50	1.18	0.24	0.47	0.95
MISSISSIPPI	773	10.74	7.12	2.59	1.03	1.03	0.39	358	6.71	5.03	0.84	0.84	0.28	0.28
TENNESSEE	4,375	13.19	8.80	2.72	1.67	0.57	0.30	1,691	6.56	4.55	1.30	0.71	0.35	0.06
E.S. CENTRAL	**14,992**	**11.62**	**8.08**	**2.37**	**1.17**	**0.47**	**0.21**	**3,751**	**6.08**	**4.24**	**1.28**	**0.56**	**0.48**	**0.19**
ARKANSAS	644	6.05	4.19	1.24	0.62	0.62	0.31	126	6.34	3.17	2.38	0.79	0.00	0.00
LOUISIANA	5,532	10.48	7.94	1.74	0.80	0.31	0.20	178	5.62	2.81	1.12	1.69	0.00	0.56
OKLAHOMA	2,003	11.59	8.49	1.55	1.55	0.20	0.20	2,068	6.14	4.59	0.92	0.63	0.15	0.15
TEXAS	8,171	11.74	8.77	1.95	1.02	0.12	0.17	6,561	3.43	2.48	0.61	0.34	0.03	0.05
W.S. CENTRAL	**16,350**	**11.07**	**8.28**	**1.80**	**0.99**	**0.21**	**0.19**	**8,933**	**4.15**	**2.99**	**0.72**	**0.44**	**0.06**	**0.08**
ARIZONA	5,376	9.12	6.72	1.56	0.84	0.50	0.39	7,098	7.39	5.33	1.24	0.82	0.20	0.11
COLORADO	1,944	8.53	6.12	1.59	0.82	0.41	0.26	10,468	5.78	3.95	0.98	0.85	0.29	0.05
IDAHO	3,159	4.56	3.64	0.51	0.41	0.13	0.16	1,633	3.67	2.14	0.98	0.55	0.18	0.12
MONTANA	1,015	6.40	3.94	1.87	0.59	0.39	0.30	757	4.76	2.25	1.19	1.32	0.92	0.40
NEVADA	1,532	16.26	10.84	3.00	2.42	0.39	0.20	1,514	6.81	4.10	1.85	0.86	0.53	0.00
NEW MEXICO	2,325	8.21	6.45	1.20	0.56	0.26	0.43	619	4.37	2.75	0.65	0.97	0.16	0.16
UTAH	5,886	5.78	4.06	1.14	0.58	0.31	0.25	4,335	7.10	4.59	1.50	1.01	0.65	0.21
WYOMING	832	5.77	4.09	1.32	0.36	0.24	0.00	219	8.22	5.48	1.37	1.37	0.00	0.00
MOUNTAIN	**22,069**	**7.68**	**5.55**	**1.37**	**0.76**	**0.34**	**0.28**	**26,643**	**6.32**	**4.26**	**1.19**	**0.87**	**0.34**	**0.11**
ALASKA	10	10.00	10.00	0.00	0.00	0.00	0.00	29	6.90	0.00	0.00	6.90	0.00	0.00
CALIFORNIA	10,340	12.71	8.70	2.39	1.62	0.64	0.30	30,973	6.86	4.69	1.20	0.97	0.57	0.13
HAWAII	1,116	20.44	11.92	5.38	3.14	0.09	0.18	362	4.42	3.04	0.83	0.55	1.38	0.00
OREGON	689	7.70	6.39	0.87	0.44	0.15	0.15	1,375	5.89	4.73	0.87	0.29	0.22	0.00
WASHINGTON	3,018	11.13	7.82	2.12	1.19	0.43	0.03	5,707	5.17	3.38	0.98	0.81	0.40	0.11
PACIFIC	**15,173**	**12.73**	**8.66**	**2.48**	**1.59**	**0.53**	**0.23**	**38,446**	**6.55**	**4.48**	**1.15**	**0.92**	**0.54**	**0.12**
PUERTO RICO	5,147	18.44	12.53	3.36	2.55	1.05	1.28	0	0.00	0.00	0.00	0.00	0.00	0.00
NORTHEAST	**7,682**	**14.62**	**9.78**	**2.82**	**2.02**	**1.60**	**0.48**	**3,204**	**4.40**	**2.87**	**1.06**	**0.47**	**0.78**	**0.22**
NORTH CENTRAL	**20,727**	**12.66**	**8.55**	**2.24**	**1.87**	**1.04**	**0.29**	**20,760**	**5.98**	**3.83**	**1.10**	**1.05**	**0.60**	**0.04**
SOUTH	**59,178**	**11.01**	**8.08**	**1.93**	**1.00**	**0.39**	**0.19**	**31,721**	**5.00**	**3.74**	**0.84**	**0.42**	**0.25**	**0.09**
WEST	**37,242**	**9.73**	**6.81**	**1.82**	**1.10**	**0.42**	**0.26**	**65,089**	**6.46**	**4.39**	**1.17**	**0.90**	**0.46**	**0.12**
U.S. TOTAL	**138,238**	**11.44**	**8.09**	**2.06**	**1.29**	**0.58**	**0.27**	**125,021**	**5.88**	**4.04**	**1.06**	**0.78**	**0.43**	**0.10**
U S TOTAL (S A)	*NC*	*11.05*	*7.90*	*1.94*	*1.21*	*NC*	*0.29*	*NC*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*NC*	*n.a.*

NATIONAL DELINQUENCY SURVEY OF 1- TO 4-UNIT RESIDENTIAL MORTGAGE LOANS
SEPTEMBER 30, 1981

CENSUS REGION	PERCENT OF LOANS WITH INSTALLMENTS PAST DUE														PERCENT OF LOANS FORECLOSURES STARTED DURING QUARTER		
	TOTAL PAST DUE			30 DAYS			60 DAYS			90 DAYS OR MORE			90 DAYS OR MORE (S A)				
		CHANGE FROM			CHANGE FROM			CHANGE FROM			CHANGE FROM			CHANGE FROM		CHANGE FROM	
	CURR QTR	YR AGO	QTR AGO	CURR QTR	YR AGO	QTR AGO	CURR QTR	YR AGO	QTR AGO	CURR QTR	YR AGO	QTR AGO	CURR QTR	QTR AGO	CURR QTR	YR AGO	QTR AGO
CONVENTIONAL LOANS																	
Northeast	4.32	0.12	0.43	3.09	0.06	0.23	0.78	0.04	0.12	0.45	0.02	0.06	0.46	0.07	0.07	(0.01)	(0.01)
North Central	3.91	1.10	0.71	2.88	0.78	0.55	0.63	0.18	0.13	0.40	0.14	0.03	0.40	0.00	0.10	0.03	0.02
South	2.40	0.13	0.24	1.84	0.13	0.20	0.37	0.03	0.04	0.19	(0.03)	0.00	0.19	(0.03)	0.08	0.02	0.01
West	3.13	0.41	0.29	2.30	0.25	0.19	0.53	0.10	0.07	0.30	0.06	0.00	0.30	(0.03)	0.11	0.04	(0.03)
U.S. TOTAL	**3.50**	**0.38**	**0.42**	**2.56**	**0.26**	**0.30**	**0.59**	**0.07**	**0.09**	**0.35**	**0.05**	**0.03**	—	—	**0.10**	**0.02**	**0.00**
U.S. Total (s.a.)	*3.48*	—	*0.26*	*2.54*	—	*0.21*	*0.58*	—	*0.03*	*0.36*	—	*0.02*	*0.36*	*0.02*	*0.11*	—	*0.00*
V.A. LOANS																	
Northeast	6.97	0.37	0.38	4.93	0.36	0.42	1.23	(0.02)	0.06	0.81	0.03	(0.10)	0.82	(0.20)	0.20	0.01	(0.06)
North Central	7.61	0.85	0.97	5.03	0.60	0.54	1.35	0.07	0.23	1.23	0.18	0.20	1.16	(0.01)	0.22	(0.03)	(0.01)
South	5.09	0.05	0.52	3.72	0.13	0.34	0.85	(0.03)	0.14	0.52	(0.05)	0.04	0.51	(0.03)	0.10	(0.05)	(0.03)
West	5.44	0.42	0.60	3.73	0.23	0.36	0.97	0.08	0.16	0.74	0.11	0.08	0.73	(0.04)	0.13	0.02	(0.04)
U.S. TOTAL	**5.87**	**0.27**	**0.61**	**4.10**	**0.22**	**0.38**	**1.02**	**0.01**	**0.15**	**0.75**	**0.04**	**0.08**	—	—	**0.15**	**(0.02)**	**(0.03)**
U.S. Total (s.a.)	*5.65*	—	*(0.01)*	*3.94*	—	*0.00*	*0.97*	—	*0.01*	*0.74*	—	*(0.02)*	*0.74*	*(0.02)*	*0.16*	—	*(0.04)*
ALL F.H.A. LOANS																	
Northeast	8.99	0.05	0.68	6.33	0.05	0.56	1.62	0.01	0.17	1.04	(0.01)	(0.05)	1.06	(0.14)	0.22	0.02	(0.07)
North Central	9.23	0.64	1.19	6.25	0.39	0.64	1.57	0.03	0.25	1.41	0.22	0.30	1.38	0.16	0.26	(0.02)	(0.02)
South	6.15	0.23	0.68	4.54	0.17	0.43	1.01	0.05	0.17	0.60	0.01	0.08	0.60	0.02	0.12	(0.06)	(0.02)
West	5.97	0.40	0.71	4.24	0.19	0.49	1.01	0.10	0.13	0.72	0.11	0.09	0.71	(0.02)	0.14	0.04	(0.01)
U.S. TOTAL	**7.07**	**0.27**	**0.75**	**5.00**	**0.17**	**0.46**	**1.20**	**0.04**	**0.16**	**0.87**	**0.06**	**0.13**	—	—	**0.18**	**(0.01)**	**(0.03)**
U.S. Total (s.a.)	*6.87*	—	*0.11*	*4.88*	—	*0.09*	*1.14*	—	*(0.02)*	*0.85*	—	*0.04*	*0.85*	*0.04*	*0.19*	—	*(0.03)*
F.H.A. LOANS (excluding 235 & 237)																	
Northeast	8.83	0.05	0.63	6.15	(0.03)	0.53	1.60	0.08	0.19	1.08	0.00	(0.09)	1.11	(0.16)	0.18	0.01	(0.12)
North Central	8.95	0.75	1.27	5.99	0.42	0.67	1.51	0.05	0.26	1.45	0.28	0.34	1.42	0.21	0.24	(0.01)	(0.02)
South	5.84	0.30	0.72	4.31	0.21	0.44	0.94	0.06	0.18	0.59	0.03	0.10	0.58	0.03	0.11	(0.06)	(0.02)
West	5.76	0.41	0.70	4.10	0.21	0.49	0.96	0.09	0.11	0.70	0.11	0.10	0.71	0.03	0.12	0.02	(0.01)
U.S. TOTAL	**6.72**	**0.34**	**0.76**	**4.74**	**0.20**	**0.47**	**1.13**	**0.06**	**0.16**	**0.85**	**0.08**	**0.13**	—	—	**0.16**	**(0.01)**	**(0.04)**
U.S. Total (s.a.)	*6.55*	—	*0.22*	*4.63*	—	*0.15*	*1.08*	—	*0.01*	*0.84*	—	*0.06*	*0.84*	*0.06*	*0.17*	—	*(0.03)*
F.H.A. LOANS (Section 235 and 237)																	
Northeast	14.62	2.65	1.49	9.78	1.41	1.15	2.82	0.59	0.07	2.02	0.65	0.27	2.08	0.23	0.48	(0.04)	(0.11)
North Central	12.66	(0.55)	1.33	8.55	(0.72)	0.80	2.24	(0.05)	0.17	1.87	0.22	0.36	1.80	0.15	0.29	(0.05)	(0.09)
South	11.01	(0.14)	1.38	8.08	0.08	0.83	1.93	(0.06)	0.34	1.00	(0.16)	0.21	0.97	0.08	0.19	(0.06)	0.01
West	9.73	(2.18)	0.78	6.81	(1.82)	0.29	1.82	(0.16)	0.31	1.10	(0.20)	0.18	1.01	(0.07)	0.26	0.03	0.02
U.S. TOTAL	**11.44**	**(0.78)**	**1.18**	**8.09**	**(0.48)**	**0.66**	**2.06**	**(0.08)**	**0.26**	**1.29**	**(0.22)**	**0.26**	—	—	**0.27**	**(0.08)**	**(0.03)**
U.S. Total (s.a.)	*11.05*	—	*0.18*	*7.90*	—	*0.07*	*1.94*	—	*(0.01)*	*1.21*	—	*0.12*	*1.21*	*0.12*	*0.29*	—	*(0.01)*
F.H.A. 245 LOANS																	
Northeast	4.40	0.40	(0.59)	2.87	0.02	(0.50)	1.06	0.21	0.13	0.47	0.17	(0.22)	—	—	0.22	0.05	0.14
North Central	5.98	1.08	0.98	3.83	0.91	0.50	1.10	0.09	0.32	1.05	0.08	0.16	—	—	0.04	(0.17)	(0.03)
South	5.00	0.64	(0.01)	3.74	0.52	(0.09)	0.84	0.14	0.11	0.42	(0.02)	(0.03)	—	—	0.09	0.03	0.02
West	6.46	(0.02)	0.35	4.39	0.00	0.26	1.17	(0.04)	0.02	0.90	0.02	0.07	—	—	0.12	0.09	(0.04)
U.S. TOTAL	**5.88**	**0.22**	**0.35**	**4.04**	**0.20**	**0.20**	**1.06**	**0.02**	**0.10**	**0.78**	**0.00**	**0.05**	—	—	**0.10**	**0.02**	**(0.02)**
U.S. Total (s.a.)	*n.a.*	—	—	*n.a.*	—	—	*n.a.*	—	—	*n.a.*	—	—	—	—	*n.a.*	—	—

*Seasonally adjusted series for 90 days or more and U.S. Totals, are not available.

ADDITIONAL COSPONSORS

S. 1498

At the request of Mrs. KASSEBAUM, the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of S. 1498, a bill to establish an office in the National Institutes of Health to assist in the development of drugs for diseases and conditions of low incidence.

S. 1595

At the request of Mr. INOUYE, the Senator from Montana (Mr. MELCHER), and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of S. 1595, a bill to provide for the designation of income tax payments to the United States Olympic Development Fund.

S. 1634

At the request of Mr. COCHRAN, the Senator from Minnesota (Mr. BOSCHWITZ), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of S. 1634, a bill to incorporate the National Federation of Music Clubs.

S. 1637

At the request of Mr. D'AMATO, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 1637, a bill to establish a Federal annuity program to compensate participants in private pension plans which terminated before July 1, 1974, for nonforfeitable pensions benefits which were lost by reason of the termination, and for other purposes.

S. 1656

At the request of Mr. DURENBERGER, the Senator from Massachusetts (Mr. TSONGAS) was added as a cosponsor of S. 1656, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds, and for other purposes.

S. 1693

At the request of Mr. KASTEN, the Senator from Alabama (Mr. HEFLIN), the Senator from Washington (Mr. JACKSON), and the Senator from Tennessee (Mr. SASSER) were added as cosponsors of S. 1693, a bill to provide for the issuance of a special stamp to commemorate the 200th anniversary of the presence of the bald eagle on the official seal of the United States of America.

S. 1833

At the request of Mr. BENTSEN, the Senator from Iowa (Mr. GRASSLEY), the Senator from North Dakota (Mr. BURDICK), and the Senator from Kentucky (Mr. HUDDLESTON) were added as cosponsors of S. 1833, a bill to reduce the regulatory burden.

S. 1835

At the request of Mr. LEVIN, the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of S. 1835, a bill to allow for the termination of certain single-employer pension plans maintained by enterprises which have been created pursuant to an order by the Federal Trade Commission.

S. 1839

At the request of Mr. DURENBERGER, the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of S. 1839, a bill to amend the effective date provision of section 403(b)(3) of the Windfall Profit Tax Act of 1980 (Public Law 96-223) to further defer the effective date of certain provisions providing for the recognition as income of LIFO inventory amounts.

S. 1848

At the request of Mr. GORTON, the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 1848, a bill to amend the Congressional Budget Act of 1974 to impose limits on the amount of total budget outlays contained in concurrent resolutions on the budget, and for other purposes.

S. 1865

At the request of Mr. DANFORTH, the Senator from New Jersey (Mr. BRADLEY) was added as a cosponsor of S. 1865, a bill to delay the effective date of amendments relating to group eligibility requirements for trade adjustment assistance.

S. 1881

At the request of Mr. SASSER, the Senator from Hawaii (Mr. INOUYE), the Senator from Nebraska (Mr. EXON), the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Kentucky (Mr. HUDDLESTON) were added as cosponsors of S. 1881, a bill to provide for the issuance of a commemorative stamp to honor the dedication of the Vietnam Veterans Memorial.

S. 1887

At the request of Mr. DANFORTH, the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 1887, a bill to amend the Internal Revenue Code of 1954 to expedite the installation of automatic safety airbags.

S. 1903

At the request of Mr. BENTSEN, the Senator from Iowa (Mr. GRASSLEY), and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of S. 1903, a bill to require the President to determine what activities now performed by the Federal Government could more efficiently be conducted by small business, and to prepare a schedule for transferring those activities to the private sector.

S. 1936

At the request of Mrs. KASSEBAUM, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 1936, a bill to require members of the National Transportation Safety Board to be chosen from individuals with expertise in the fields of accident reconstruction, safety engineering, transportation safety, or transportation regulation.

S. 1944

At the request of Mr. LEVIN, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 1944, a bill to amend title II of the Social Security Act to provide that disability benefits shall not be terminated prior to an exhaustion of administrative remedies unless current medical evidence substantiates such termination.

SENATE JOINT RESOLUTION 117

At the request of Mr. THURMOND, the Senator from Alabama (Mr. DENTON) was added as a cosponsor of Senate Joint Resolution 117, a joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week."

SENATE JOINT RESOLUTION 121

At the request of Mr. ROBERT C. BYRD, his name was added as a cosponsor of Senate Joint Resolution 121, a joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day".

At the request of Mr. MITCHELL, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of Senate Joint Resolution 121, supra.

SENATE JOINT RESOLUTION 123

At the request of Mr. HAYAKAWA, the Senator from Wyoming (Mr. SIMPSON), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Arizona (Mr. DECONCINI), the Senator from Maine (Mr. MITCHELL), and the Senator from California (Mr. CRANSTON) were added as cosponsors of Senate Joint Resolution 123, a joint resolution authorizing the President to proclaim "National Disabled Veterans Week."

SENATE JOINT RESOLUTION 133

At the request of Mr. DECONCINI, the Senator from Nebraska (Mr. EXON) and the Senator from Massachusetts (Mr. TSONGAS) were added as cosponsors of Senate Joint Resolution 133, a joint resolution to authorize and request the President to designate August 14, 1982, as "National Navajo Code Talkers Day."

SENATE JOINT RESOLUTION 134

At the request of Mr. THURMOND, his name was added as a cosponsor of Senate Joint Resolution 134, a joint resolution to designate 1982 as the "Year of Disabled Persons."

SENATE CONCURRENT RESOLUTION 47

At the request of Mr. TSONGAS, the Senator from Montana (Mr. BAUCUS), the Senator from Oklahoma (Mr. BOREN), the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from New Jersey (Mr. BRADLEY), the Senator from North Dakota (Mr. BURDICK), the Senator from Maine (Mr. COHEN), the Senator from New York (Mr. D'AMATO), the Senator from Missouri (Mr. DANFORTH), the Senator from Arizona (Mr. DECONCINI), the Senator from Illinois (Mr. DIXON), the Senator from Connecticut (Mr. DODD), the Senator from New Mexico (Mr. DOMENICI), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. EAST), the Senator from Washington (Mr. GORTON), the Senator from Nebraska (Mr. EXON), the Senator from Iowa (Mr. GRASSLEY), the Senator from Colorado (Mr. HART), the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. HEINZ), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Michigan (Mr. LEVIN), the Senator from Indiana (Mr. LUGAR), the Senator from New York (Mr. MOYNIHAN), the Senator from Rhode Island (Mr. PELL), the Senator from Illinois (Mr. PERCY), the Senator from South Dakota (Mr. PRESSLER), the Senator from Wisconsin (Mr. PROXMIRE), the Senator from Michigan (Mr. RIEGLE), the Senator from New Hampshire (Mr.

RUDMAN), the Senator from Maryland (Mr. SARBANES), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Idaho (Mr. SYMMS), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Colorado (Mr. ARMSTRONG) were added as cosponsors of Senate Concurrent Resolution 47, a concurrent resolution expressing the sense of the Congress with respect to the imprisonment and treatment by the Government of the Soviet Union of Alexander Paritsky and his family.

SENATE RESOLUTION 260

At the request of Mr. SPECTER, the Senator from Washington (Mr. GORTON) was added as a cosponsor of Senate Resolution 260, a resolution to disapprove Deferral D82–193.

SENATE RESOLUTION 262—RESOLUTION EXPRESSING SUPPORT FOR ENERGY CONSERVATION PROGRAMS

Mr. LEAHY (for himself, Mr. HATFIELD, Mr. HUDDLESTON, Mr. JACKSON, Mr. STAFFORD, Mr. PERCY, Mr. COHEN, Mr. DURENBERGER, Mr. BUMPERS, Mr. RUDMAN, Mr. TSONGAS, Mr. CHAFEE, Mr. BRADLEY, Mr. D'AMATO, Mr. LEVIN, Mr. GORTON, Mr. DODD, Mr. HEINZ, Mr. KENNEDY, Mr. MITCHELL, Mr. PELL, Mr. BAUCUS, Mr. FORD, Mr. MELCHER, Mr. STENNIS, Mr. INOUYE, Mr. CRANSTON, Mr. SARBANES, Mr. BIDEN, Mr. PRYOR, Mr. WEICKER, Mr. WALLOP, Mr. HART, Mr. RIEGLE, and Mr. MOYNIHAN) submitted the following resolution; which was referred to the Committee on Energy and Natural Resources:

S. RES. 262

Whereas, international energy stability is dependent on the preservation of peace in the Middle East;

Whereas, the conservation of energy has substantially improved our energy security;

Whereas, programs which weatherize the homes of lower-income citizens are essential for the protection of the health of these citizens and reduce federal outlays for energy assistance;

Whereas, conservation is a potential energy resource which market forces will not fully utilize without adequate information or research and development;

Whereas, the cost of energy to the U.S. economy will be approximately $400 billion in 1981;

Whereas, the Congress has mandated in the Department of Energy Organization Act, the Energy Policy and Conservation Act, the Energy Conservation and Production Act, the National Energy Conservation Policy Act of 1978, the Energy Security Act of 1980 and authorizations of the Department of Energy that a strong, effective energy conservation program exist at the Department of Energy;

Whereas, through the First Budget Resolution, the Congress provided for a program of over $500 million, and, through the 1982 appropriation, provided funding of over $380 million;

Whereas, the Department of Energy is expected to request less than $25 million for its entire energy conservation efforts in 1983: Now therefore, be it

Resolved, That the Congress strongly reaffirms that the Federal Government should promote the conservation of energy by:

(1) Assisting the weatherization of homes of our lower-income citizens;

(2) Providing information to citizens and businesses which enables them to increase the efficiency of energy use; and

(3) Funding research and development which increases the efficiency of energy use.

Mr. LEAHY. Mr. President, energy conservation is the one policy that has developed a broad consensus of political support in the United States. It was not always so. In the past, some have attacked energy conservation as being antibusiness, antimarket, and antigrowth. There are still many who either misunderstand or misinterpret energy conservation as a negative policy of cutbacks, inconvenience, and discomfort. Despite past misunderstandings, a new consensus has developed as study after study has concluded that conservation, understood as energy efficiency, is the soundest path and the soundest foundation for energy policy.

Energy conservation has achieved this unique consensus because of its special attributes. Energy conservation is the one energy policy that:

Is already succeeding in a major way;

Is the most cost effective, least inflationary alternative to insecure oil imports;

Has significant potential, especially over the next decade;

Involves the least uncertainty about its energy benefits;

Is regionally and socially equitable; and

Has little or no political opposition.

Conservation is the only energy policy which—for all practical purposes—is working. Since 1973, oil drilling has increased by 123 percent but oil production is the same as it was in 1973.

In contrast, conservation has been very successful. Oil imports are 30 percent lower than they were in 1978. Almost all this saving comes from energy conservation.

In the future, the Exxon Corp. has estimated that energy conservation will save the equivalent of 13 million barrels of oil per day.

The benefits of conservation affect all Americans. Energy conservation has allowed our economy to grow without proportionally increasing the amount of energy we consume. Americans have not had to lower their standard of living in order to conserve. In fact, money saved from conservation can be spent in other areas.

Vermonters and New Englanders have proven that conservation can work by reducing energy consumption by twice as much as other regions between 1978 and 1980. During this period real personal income in New England has increased 4.6 percent while energy consumption has dropped 6.5 percent. High energy prices, uncertain supplies, and conservation incentives have all contributed to New England's success in reducing energy consumption.

In spite of the fact that energy conservation has been our most successful energy policy in the past and has the greatest potential for the future, the new administration has proposed drastic changes in both Federal energy conservation programs and Federal energy conservation tax incentives.

President Carter's budget for 1982 proposed a $922 million energy conservation budget for such activities as weatherization and research. President Reagan reduced this budget to $195 million—a 78-percent cut. Not all energy budgets were cut. For instance, the nuclear energy budget increased by 30 percent.

Congress has not accepted such drastic cuts in the energy conservation budget. Although final action on the appropriations bills is not complete, it now appears that about $380 million will be appropriated for energy conservation activities. This is a 100-percent increase over the Reagan administration's request, but still represents more than a 55-percent cut in Federal support for energy conservation. The increase by Congress—in a period of very tight budgets—does demonstrate strong congressional support for energy conservation programs.

In spite of the strong commitment to energy conservation represented by these appropriations, the administration will propose an energy conservation budget for 1983 that is so low it effectively abolishes the energy conservation program at the Department of Energy.

Department of Energy documents show that only $20 million will be requested for the entire DOE energy conservation effort. This means that the weatherization, schools and hospitals, industrial energy conservation, and many other programs will be abolished.

I was especially disturbed that the Department of Energy did not appeal these OMB-mandated budget cuts, but did strongly appeal for more increases in nuclear energy funding. This is a completely imbalanced, unsound energy policy. If the free market were in fact a sufficient incentive for conservation and renewable resource investments, then it would be good enough for nuclear power as well.

Mr. President, this is completely unacceptable. When Congress funds these programs, as it should and will, other programs which are part of the Interior appropriations bill will have to be cut. Federal laws mandate the existence of both fossil energy and energy conservation programs. If the administration wants to abolish these programs, it should do so by sending legislation to the Congress. Without those changes, the administration should request the necessary funds.

It was for these reasons that I asked the chairman of the Appropriations Committee to join me in submitting this resolution. Mr. HATFIELD has been a leading proponent of energy conservation in the Senate. In recognition of his efforts, he was recently awarded the Energy Conservation Coalition's award as Energy Conservation Advocate of the Year.

I am proud to be joined in this resolution by the ranking minority member of the Energy Committee, Mr. JACKSON, and the minority whip, Mr. CRANSTON. This resolution is cosponsored by a bipartisan group of Senators including the senior Senator from Vermont, Mr. STAFFORD. I hope this resolution sends a clear and unmistakable signal to the administration that its efforts to abolish these important energy conservation programs by administrative fiat are not acceptable to the Senate.

As part of its effort to reduce the deficit by increasing taxes, this September

the Reagan administration also proposed ending energy conservation and renewable energy tax credits. Over 3,000 Vermonters took advantage of this credit last year. Abolishing these credits will raise taxes in Vermont by more than $3 million per year.

The ingenuity of American families and businesses has made energy conservation our Nation's most effective energy program. Therefore, on November 3, I introduced legislation to preserve this energy conservation tax credit and to increase the limits to reflect inflation and to make the credit more available to small businesses. Energy conservation efforts should be rewarded—by continuing the energy conservation and renewable energy tax credit—and expanding it to include wood stoves.

● Mr. HATFIELD. Mr. President, I join my colleague, Senator LEAHY, and the other cosponsors, in submitting this Senate resolution to promote continued activities in energy conservation and renewable energy research and development.

The purpose of the resolution, Mr. President, is to draw attention, once again, to the importance of energy investments to this Nation's economic stability and national security. Much of this year's debate about national energy policy has focused on budget cuts and excessive Federal regulations. Too little attention has been given the long-term economic and national security implications of issues such as low-income weatherization, research and development and high-efficiency consumer products such as light bulbs and automobiles, and energy education about more efficient use of this valuable natural resource. These programs have proven to have substantial and cost effective impacts on national energy consumption.

Mr. President, to illustrate our shortsightedness in the area of alternative energy programs we need only look at activities in other countries, Japan, for example, has recently doubled its conservation commitment. France's investment has increased 221 percent, and Germany has increased investments by 66 percent to a total of $1 billion. What do these countries know that we do not? Simply, Mr. President, that investments in energy pay important and immediate dividends to the economy by reducing expensive and unnecessary dependence on foreign petroleum.

I urge the support of my colleagues, Mr. President, and ask for its timely consideration.●

● Mr. HUDDLESTON. Mr. President, I join my colleagues in submitting this resolution which reaffirms the commitment of the Senate to support Federal programs for energy conservation.

It is truly astounding to me that the Office of Management and Budget could be recommending the kinds of cuts in vital energy programs which reportedly they are recommending.

For energy conservation programs, the OMB recommendation reportedly is in the range of only $20 million—a staggering cut when you consider that the fiscal year 1981 appropriation was $711.7 million.

For fossil energy programs, the OMB recommendation reportedly is only slightly over $100 million—compared to $660 million in fiscal year 1981.

There is no way that viable programs can be funded at these budget levels. These are clearly program phaseout levels, leaving DOE as essentially a nuclear research agency. Considering the unrealized potential for energy conservation in this country, and considering that fossil energy will continue to provide 60 to 70 percent of our energy over the next 20 years, these recommendations simply do not make sense. More than that, they are dangerous.

The absence of long gasoline lines notwithstanding, this Nation's energy problems are not over and will not be over until we no longer have to import 5.5 million barrels of oil a day to meet our energy needs. Our 5.5 million barrel-a-day habit seriously jeopardizes our national security and costs us billions of dollars that our shaky economy can ill afford.

The basic circumstances which led the three previous Presidents and the Congress to commit our Nation to an aggressive energy policy have not changed, and these programs which the OMB proposes to abandon are needed just as much now as they ever have been.

I urge my colleagues to send a strong message downtown that the funding levels under consideration for conservation and fossil programs are totally unacceptable.

I further ask unanimous consent that the text of a telegram which I have sent to President Reagan be included in the RECORD at this point.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

DEAR MR. PRESIDENT: I am deeply disturbed by reports that the Office of Management and Budget is recommending cutting funding for fossil energy and conservation programs to program phaseout levels in Fiscal Year 1983. I strongly urge that our nation's commitment to an aggressive energy policy not be diminished, and that these vital programs be funded at viable levels.●

SENATE RESOLUTION 266—DESIGNATING THE "NATIONAL DAY OF THE SEAL"

Mr. WEICKER (for himself, Mr. MOYNIHAN, Mr. LEVIN, Mr. DURENBERGER, Mr. TSONGAS, and Mr. CRANSTON) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 266

Whereas the seal is an essential and inseparable part of the marine ecosystem; and

Whereas the seal, of which there are some thirty-three species, is a land mammal that returned to the oceans twenty to thirty million years ago; and

Whereas the presence of the seal helps maintain the health and balance of this environment; and

Whereas the presence of the seal is an indication of a whole and healthy ecosystem; and

Whereas the seal is a social creature with a highly evolved nervous system and physiology especially adapted to its marine environment; and

Whereas the seal epitomizes the freedom and the mystique of the oceans and in many cultures is revered as a spiritual embodiment of the mind in the waters; and

Whereas March is the month of the year when the Harp seal renew their eternal cycle; and

Whereas the growing worldwide awareness of the ecological and esthetic value of the seal has led to a desire to designate a special day of recognition; now, therefore be it resolved by the Senate (the House of Representatives concurring), that the Congress proclaims March 1, 1982, as the "National Day of the Seal" and urges all citizens join in this celebration of life with appropriate activity.

Resolved, that March 1, 1982 is declared "National Day of the Seal."

NATIONAL DAY OF THE SEAL

● Mr. WEICKER. Mr. President, today I am pleased to introduce, along with my distinguished colleagues, Senators MOYNIHAN, LEVIN, DURENBERGER, TSONGAS, and CRANSTON, a resolution to declare March 1, 1982 as "National Day of the Seal."

The seal and other members of the suborder Pennipedia are an essential part of the ocean environment. They are warm blooded fur bearing predators that inhabit coastal areas all over the world. Seals are predominantly fish eaters, but they occasionally feed on squid, decapods, crustaceans, krill, and other invertebrates. The leopard seal in the Antarctic is the only known seal to feed on warm blooded animals, occasionally taking penguin for food. Seals, of which there are 33 species, are predominantly cold and temperate water dwellers. In one season an individual seal may migrate thousands of miles.

The seal has been hunted for food and its fine fur for centuries. Some species have been depleted so badly by hunters that a number of nations, including the United States, now protect seals along with other marine mammals. Presently, the only exemption for the hunting of seals in this country is by Alaskan Natives on the Pribilof Islands. An average annual harvest of 26,507 of the North Pacific fur seal has been taken in recent years. The Pribilof seals are clubbed to death in the same manner that the harp seal pups are harvested in northern Canada.

For more than two centuries, the Newfoundland fishermen have hunted the harp seal for cash income during the spring when income is normally low. The annual landed value of the harp seal catch is estimated at about $4 to $5 million. Much of the impetus for passage of the Marine Mammal Protection Act of 1972 came from public outrage over the Canadian clubbing of the baby harp seal. The act has thus far had a great impact on the protection and revitalization of several species of marine mammals.

One of the few tropical seals, the Hawaiian monk seal is the most endangered marine mammal within the jurisdiction of the United States. Only the awareness by a concerned citizenry of the special role these mammals play in the world's web of life has prevented their total disappearance. The Hawaiian monk seal thus stands as a symbol of man's attempts to conserve and live in harmony with the natural realm.

As you know from previous statements that I have made on this floor, I believe that the oceans are becoming increasingly important to this Nation and the

rest of the world in terms of food, energy, minerals, transportation and recreation. The very survival of mankind in the future may very well depend on a healthy marine environment to provide us with many of the essentials of life.

Mr. President, not only is the seal an essential part of the marine ecosystem, it is, to many of us, an esthetic symbol of a free-spirited animal in complete accord with its environment. Left to their own devices, without the interference of man, the seals' highly adaptive behavior flows with the rhythm of the sea, assuring its health and survival.

Man has much to learn in this regard and I trust that this resolution will bring a greater awareness to us all of the essential place of the seal in the global ecosystem in which man also plays an integral role.●

SENATE RESOLUTION 267—RESOLUTION TO REFER THE BILL S. 1970 TO THE COURT OF CLAIMS

Mr. JACKSON submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 267

Resolved, That S. 1970 entitled "A Bill for the Relief of James P. Purvis", together with all accompanying papers, is hereby referred to the Chief Commissioner of the Court of Claims pursuant to section 1492 of title 28, United States Code, for further proceedings in accordance with applicable law.

NOTICES OF HEARINGS

SUBCOMMITTEE ON WATER RESOURCES

Mr. ABDNOR. Mr. President, the Subcommittee on Water Resources will conduct hearings on Wednesday, January 27, 1982, and Friday, January 29, 1982, on issues relating to our Nation's waterways.

Specifically, the subcommittee intends to hold hearings on the impacts study that was undertaken pursuant to section 205 of Public Law 95–502, which is expected to be released soon. In addition, the subcommittee intends to review the Upper Mississippi River master plan study, which was authorized by section 101 of that same act. As part of this review, the subcommittee will evaluate the study's expected recommendation favoring construction of a second lock at locks and dam 26 on the Mississippi River.

Because these hearings should prove most interesting and important, I would urge anyone wishing to testify to notify the subcommittee as soon as possible, in order that we may provide as balanced an analysis of these proposals as possible, recognizing that it may be impossible to accommodate everyone who may wish to testify.

AUTHORITY FOR COMMITTEE TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition and Forestry be authorized to meet during the session of the Senate on Tuesday, December 15, to consider the nomination of Kalo Hineman to be Commissioner of the Commodity Futures Trading Commission.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, if I could invite the attention of the distinguished minority leader at the moment, I am advised that roads outside are really bad now and although he and I have a good deal of work yet to do in our folders, I am prepared to do that in the morning.

Mr. ROBERT C. BYRD. I am in agreement with that.

ORDER REDUCING LEADERS' TIME TO 5 MINUTES

Mr. BAKER. Mr. President, I wonder if the minority leader would be agreeable to cutting our time down to 5 minutes each tomorrow?

Mr. ROBERT C. BYRD. Yes, Mr. President, I am agreeable.

Mr. BAKER. I thank the minority leader.

Mr. President, I ask unanimous consent that the time for the two leaders under the standing order be reduced to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PERIOD FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Following the recognition of the two leaders, I ask unanimous consent that there be a period of 5 minutes for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF H.R. 5159, THE BLACK LUNG BILL

Mr. BAKER. Mr. President, at the conclusion of that time or after all the time is yielded back for the transaction of routine morning business, I ask unanimous consent that the Senate turn to the consideration of H.R. 5159, the black lung bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, before the Senator adjourns the Senate in order to clear the air, I understand that on the black lung bill an amendment may be offered that would provide for a $15,000 standard deduction for Members of Congress from their income tax in lieu of itemizing their deductions away from home in their State. There are lots of pros and cons to be said about that, but I want to make it very clear that I am going to ask for a rollcall on that and I think we should have it.

Mr. BAKER. I am sure there will be a rollcall. It is my understanding that the amendment to be offered to the black lung bill is not precisely that. Members would have either the option of itemizing the deduction or claiming a fixed sum, in which case there would not be a requirement for itemization. But I believe the amendment to be offered will be in the alternative rather than a flat sum.

I can assure the Senator, however, that there will be no effort to deal with this other than fully and fairly, and that there will be adequate time for debate, and I am sure there will be a rollcall vote on the amendment, and I am sure there will be as well on the bill because the Senator from West Virginia and I are determined to see the bill indeed does pass and it survives any challenge.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I expect the Senate, the Congress, will be able to adjourn sine die tomorrow. It is not certain, of course, but I see no reason to expect otherwise. I hope we can do so by the middle of the afternoon, and I hope all Senators will take account of that as we schedule our activities for the morning and proceed to dispatch the business on tomorrow.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, if there is no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 10 o'clock tomorrow morning.

The motion was agreed to; and the Senate, at 8:17 p.m. recessed until Wednesday, December 16, 1981, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate December 15, 1981:

FEDERAL HOME LOAN BANK BOARD

James Jay Jackson, of Texas, to be a Member of the Federal Home Loan Bank Board for the remainder of the term expiring June 30, 1982, vice John H. Dalton, resigned.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

John R. Bolton, of Virginia, to be an Assistant Administrator of the Agency for International Development, vice Alexander Shakow, resigned.

Otto J. Reich, of Virginia, to be an Assistant Administrator of the Agency for International Development, vice Abelardo Lopez Valdez.

SENIOR FOREIGN SERVICE

The following-named Career Members of the Senior Foreign Service of the Agency for International Development for promotion in the Senior Foreign Service to the classes indicated:

Career Members of the Senior Foreign Service of the United States of America, class of Career Minister:

Donald S. Brown, of Maryland.
Joseph C. Wheeler, of Virginia.

Career Members of the Senior Foreign Service of the United States of America, class of Minister-Counselor:

Julius Earl Coles, of Georgia.
Owen Cylke, of Maryland.
Edgar C. Harrell, of Maryland.
Lane Ellis Holdcroft, of Washington.
Clark Joel, of Florida.
Calvin Lee Martin, of North Dakota.
Irving Rosenthal, of Florida.
Roy Addison Stacy, of California.
H. Peters Strong, of Virginia.

The following-named Career Members of the Foreign Service of the Agency for International Development for promotion into the Senior Foreign Service to the class indicated,

and for the other appointments also indicated:

Career Members of the Senior Foreign Service of the United States of America, class of Counselor, and Consular Officers and Secretaries in the Diplomatic Service of the United States of America:

Henry H. Bassford, of Connecticut.
Timothy J. Bork, of Virginia.
Robert W. Beckman, of Virginia.
Peter J. Bloom, of the District of Columbia.
Daniel A. Chaij, of California.
Dennis M. Chandler, of Virginia.
Eugene R. Chiavaroli, of Ohio.
Harold W. Collamer, of Michigan.
Ann A. Fitzcharles, of California.
Robin L. Gomez, of Virginia.
Hasan A. Hasan, of Virginia.
George A. Hill, of New York.
Robert D. Hinderliter, of Virginia.
Albert D. Hulliung, of Florida.
Richard L. Hughes, of Virginia.
Charles W. Johnson, of California.
William H. McCluskey, of Oregon.
David N. Merrill, of Maryland.
William F. Mulcahy, of Massachusetts.
John B. O'Donnell, of Ohio.
Robert G. Pratt, of Maryland.
Thomas H. Reese III, of New Jersey.
Jimmie M. Stone, of California.
Ronald F. Venezia, of South Carolina.
Gerald R. Wein, of California.

IN THE COAST GUARD

The following-named commanders of the Coast Guard Reserve to be permanent commissioned officers in the Coast Guard Reserve in the grade of captain:

Richard Fremont-Smith
Paul K. Hinkley
Gregory L. Crane
Max J. Forbes
James G. Moore
Richard J. Flynn
Robert R. Caron
James L. Krish
Lawrence F. Merlino
Paul O. Larson
Edward B. Peel
Fred S. Golove
Peter N. Davidson
Burton G. Womble
Kenneth A. Klein
Victor K. Goodman, Jr.

The following officers of the U.S. Coast Guard for promotion to the grade of commander:

Paul L. Milligan
Conley D. Nelson
Earl J. Meiers, Jr.
Richard J. Dein, Jr.
Ronald R. Digennaro
Bruce S. Washburn
James W. Szymanski
James W. Calhoun
David E. Cole
Herbert D. Robinson, Jr.
Cecil T. Loter
Michael P. Lovett
David C. Jeffrey
Darryl R. Hannon
Craig T. Lynch
Jon W. Young
Charles M. Wrighter
John H. Distin
Carmond C. Fitzgerald
John C. Voden
Richard S. Tweedie
James R. White, Jr.
Russell J. Collins
Richard B. Cook
Thomas W. Snook
George J. Sepel
Richard M. Larrabee III
Paul J. Pluta
Geoffrey C. Kline
James F. Verplanck
Kenneth L. Ervin
Allen T. Maurer
Helmut E. Walter
Lawrence F. Cox, Jr.
Chad B. Doherty
Ronald E. Beck
Joseph F. Angelico
David M. Strasser
Thomas C. Greene
James R. Townley, Jr.
Gary J. E. Thornton
David E. Prosser
Robert F. Riley, Jr.
John R. Painter
Douglas M. Miller
David H. Lyon
Robert E. Long
David J. West
Stephen W. Clark
Jack A. Lang
James L. MacDonald
Winston G. Churchill
Robert W. Sitton
Bennett C. Osborne
James J. Shaw, Jr.
Terence T. Post
Terence M. O'Connell
Leo B. Tyo
Charles G. Boyer
Mont J. Smith, Jr.
William M. Jacobs
George T. Jones
Andrew J. Sedlock
French H. Mcelrath
Dallas G. Schmidt, Jr.
Peter R. Hoffman
Donald D. Stansell
Keith King
Ronald R. Crooker
John A. Buzga
Stewart C. Sutherland
Eric J. Williams III
Francis J. Aube
William S. Shaffer
Donald E. Bodron
Ronnie R. Elliott
James J. Keller
James L. Hassall
David J. Kantor
Kent W. Mathews
Larry S. Craig
Robert C. Herold
James H. Oliver
John H. Powers III
Frank C. Lewis
John F. Weseman
Frank K. Cole
Carl D. Fry
Paul C. Monette
Michael G. Cavett
Richard F. Mattingly, Jr.
Herman F. Hirsh III
Robert J. Parsons
Douglas D. Lundberg
Paul M. Regan
Craig M. Nicholson
Vernon K. Carlson
James B. Morris
Michael F. McCormack
Richard G. Jones
Douglas A. Smith
Robert F. Powers
Quintin K. Quinn
Paul D. Mankovich
John K. Colvin
James M. Sherman
John Rice
Fletcher W. Brown III
Fred L. Ames
Peter A. Poerschke
Steven J. Delaney
Drew R. Hamblin

The following officers of the U.S. Coast Guard for promotion to the grade of lieutenant commander:

Timothy A. Thompson
Milton S. Dillon III
Edward M. Howey
William E. Hensley
Charles F. McCarthy III
William M. Bannister
James F. McCarthy III
Rex A. Buddenberg
Francis J. Kishman, Jr.
Robert W. Vail
Brian W. Ross
Bernard J. Lambert
Edward G. Webb
Loren M. Marovelli
Michael W. Ragsdale
William H. Fels
Robert F. Duncan
John M. Gray III
John M. Crye
John G. Calhoun
Kevid J. Scheid
Craig A. Leisy
Charles A. Farnsworth
William P. Foreman
Thomas C. Paar
James H. B. Morton, Jr.
Jeffrey A. Hill
Harold E. Blaney, Jr.
Michael P. Decesare
Thomas D. Walters
Merritt H. Aurich IV
Douglas S. Neeb
David L. Waits
Paul J. Howard
Timothy C. Healey
Francis J. Sambor
Glenn A. Gipson
Dennis A. Sande
Anthony Dupree, Jr.
John D. Koski
William M. Riley
Terry L. Rice
Richard W. Tate
John C. Luther
Grover C. Breckenridge
James E. Andrews
Joseph A. Walker, Jr.
William J. Thrall
William E. Thibault
Robert E. Drake, Jr.
Robert G. Winter
Franklin T. Fowler
William F. Walker
Douglas W. Loskot
Nicholas E. Garcia
Robert W. Brach
Donald S. Gilbert
Douglas A. Lentsch
Scott P. Cooper
Wayne E. Luginbuhl
Richard E. Bennis
Gary L. Sonnenberg
Charles J. Mathias
William P. Athayde
Gregory W. Westrup
Roger L. Ryan
Thomas E. Schaad
Mark R. Mayne
Randall P. Parmentier
Martin C. Eger
Stephen R. Campbell
Galen W. Dunton
Norman D. Robb
Timothy M. Armstrong
Terrence L. Stagg
Roger G. Evans
William J. Morani, Jr.
Gerald W. Vonantz
Ronald V. Larsen
Joseph B. Egan
Bruce A. Terrell
John S. Calhoun
Christian D. Bohner
Dennis N. Herbert
James E. Koehler
Richard P. Tittermary
Wayne K. Gibson
Douglas K. Mcfadden
Thomas A. Trosvig
Richard E. Frye II
Dennis R. Shoebotham
Walter Sapp
James W. Guin, Jr.
William A. Danner
David J. Doyle
Arthur E. Adkins
Herman S. Prichard
Woody L. Loveland
Clifford I. Pearson
Marc W. Wolfson
David B. Peterman
Scot W. Tiernan
Robert A. Jones
William R. Ashforth
Thomas G. Landvogt
Joseph J. Kucinski
David W. Kunkel
Adolph E. Zimmer II
Michael P. Drzal
Michael L. Beatty
Ronald L. Nelson
David A. Rilkonen
Francis G. Barnett
Gary A. Reiter
William M. Hayes
Harold D. Pittenger, Jr.
Frederick V. Newman
Larry L. Mizell
Harry E. Schultz III
Johnny F. Burell
Wayne R. Hamilton
Lewis J. Beach
Hugh M. Odoherty
Andrew J. Key, Jr.
Donald T. Graviss
Denis J. Mayberry
Jack D. Campbell
Dale E. Goodreau
Mark E. Whyte
Daniel J. Connolly
Jonathan S. Glantz
Richard K. Softye
John T. Egbert
Steven B. Sullivan
William W. Spitler
Kenneth T. Venuto
Gary K. Sooy
John J. Anthony
James A. Rauch
Bruce J. Good
William C. Helgeson
William D. Kline
Dennis G. Bohlayer
Gregory S. Chapman
Phillip P. Wieczynski
Paul J. Moeller
Daniel J. Farrell
Daniel W. Stuhlmann
Kenneth M. Norris
Miles A. Millbach
Carl V. Mosebach
Michael G. Fay
Patrick T. Hoopes
Bernard J. Roan
Robert H. Fitch
John E. Veentjer
Thomas J. Allard
John R. Sprouse
Brian J. Clark
George T. Gunther
Thomas J. Haas
David R. Nicholson

The following named Reserve officer of the Coast Guard to be permanent commissioned officer in the grade of lieutenant (junior grade):

Duane N. Smith

IN THE AIR FORCE

The following-named officers for promotion as a Reserve of the Air Force, under the appropriate provisions of chapter 35 and 837, title 10, United States Code.

Lieutenant colonel to colonel

LINE OF THE AIR FORCE

Aler, Earl A., Jr., [redacted]
Armstrong, James E., [redacted]
Arthur, Guy B., III, [redacted]
Astafan, Nora A., [redacted]
Bacon, Barbara P., [redacted]
Barley, Thomas A., [redacted]
Barr, Sammie D., [redacted]
Bates, Larrie C., [redacted]
Bauer, Richard, [redacted]
Benkin, Isaac D., [redacted]
Bernasconi, Ronald P., [redacted]
Bertie, Margie M., [redacted]
Blythe, Ardven L., [redacted]
Boyd, Kenneth K., [redacted]
Braun, Gerard J., [redacted]
Broderick, Edward F., Jr., [redacted]
Burris, John H., [redacted]
Campbell, Joe L., [redacted]
Cary, Bryan S., [redacted]
Chilingar, George V., [redacted]
Dabal, Edward R., [redacted]
Daniel, Ted L., [redacted]
Dean, Donald E., [redacted]
Delawter, Wayne E., [redacted]
Devejian, John G., [redacted]
Doherty, James B., [redacted]
Dominguez, Jesse P., [redacted]
Doss, William W., [redacted]
Duffy, Patrick, [redacted]
Ellington, John D., [redacted]
Ellis, Ryan B., [redacted]
England, Boyd A., [redacted]
Evers, Michael J., [redacted]
Fean, Robert A., [redacted]
Forsbrey, Ewald S., [redacted]
Freeman, Charles E., [redacted]
George, Richard L., [redacted]
Gerry, Harold J., [redacted]
Gingold, Lawrence H., [redacted]
Graham, Norman D., [redacted]
Green, Lester L., [redacted]
Greene, Neil R., [redacted]
Hafler, Harry A., [redacted]
Hainor, John B., [redacted]
Hall, Toxey A., [redacted]
Hammond, Bobby L., Jr., [redacted]
Harris, Robert W., [redacted]
Hauber, Carl H., [redacted]
Hayes, Joseph M., [redacted]
Henry, Matthew B., [redacted]
Huisjen, John H., [redacted]
Johnson, Herbert A., [redacted]
Johnson, Michael M., [redacted]
Kane, Terrance J., [redacted]
Kerbel, Waldemar K., [redacted]
Kingston, George, [redacted]
Kizer, Perry W., Jr., [redacted]
Kleweno, Melvin L., Jr., [redacted]
Landguth, Charles B., [redacted]
Lavillette, John R., [redacted]
Lawall, Gerald W., [redacted]
Lawlis, Monte D., [redacted]
Lemp, John, Jr., [redacted]
Liboky, John B., [redacted]
MacGowan, Clyde L., Jr., [redacted]
Mangum, Charles T., [redacted]

McDavid, John E., Jr., [redacted]
Morgan, Wayne K., [redacted]
Nufer, Harold F., [redacted]
O'Grady, John W., [redacted]
Olander, Clark O., [redacted]
Passalacqua, Benedict J., [redacted]
Patterson, Gary L., [redacted]
Penick, Thomas E., Jr., [redacted]
Pfeffer, Clarence F., [redacted]
Pitman, Jack R., [redacted]
Plaisance, Emile J., [redacted]
Reardon, Joseph F., Jr., [redacted]
Reilly, John E., [redacted]
Renick, Larry L., [redacted]
Rich, John L., [redacted]
Rowell, George H., [redacted]
Santow, Leonard J., [redacted]
Saunders, Dale A., [redacted]
Schaltenbrand, Eugene D., [redacted]
Snyder, Warren D., [redacted]
Spechler, Jay W., [redacted]
Stahl, Lowell J., [redacted]
Stein, Robert G., [redacted]
Sullivan, Mortimer A., Jr., [redacted]
Sundin, Theodore A., [redacted]
Thomas, Allan R., [redacted]
Thompson, Ralph G., [redacted]
Tollison, Benjamin H., [redacted]
Torres, Julio L., [redacted]
Turkelson, Morris J., [redacted]
Turner, Howard C., Jr., [redacted]
Vannederveen, Gilles K., [redacted]
Ward, James C., [redacted]
Wenker, William J., [redacted]
Whitnell, Terry G., [redacted]
Whittington, William A., [redacted]
Williams, Ronald K., [redacted]
Winner, Robert J., [redacted]
Wood, Richard J., [redacted]
Woodrow, Samuel G., [redacted]
Yeager, Robert B., [redacted]
Youngs, Ronald C., [redacted]

CHAPLAIN CORPS

Gallop, Walter L., [redacted]
Haddick, Ben S., [redacted]
Peace, Philip C., [redacted]

DENTAL CORPS

Barkmeier, Wayne W., [redacted]
Liu, Calvin Y. Y., [redacted]
Maestrelli, Raymond C., [redacted]
Ryan, Doran E., [redacted]

MEDICAL CORPS

Armbrustmacher, Vernon, W., [redacted]
Dean, Gilbert O., Jr., [redacted]
Dear, Steven R., [redacted]
Delaney, John F., Jr., [redacted]
Ellenbogen, Charles, [redacted]
Gibson, Gordon L. M., [redacted]
Hansen, Paul T., [redacted]
Jones, Warner E., [redacted]
Kendall, Tommy E., [redacted]
Kennedy, James J., III, [redacted]
Pruett, George A., [redacted]
Russell, David S., [redacted]
Singleton, Charles M., [redacted]
Yonkers, Anthony J., [redacted]

NURSE CORPS

Abshier, Barbara J., [redacted]
Borneman, Lorraine A., [redacted]
Hartnett, Joan T., [redacted]
Reed, Elinor F., [redacted]
Smiley, Martha J., [redacted]
Spurlin, Annie R., [redacted]
Vairo, Sharon A., [redacted]

MEDICAL SERVICE CORPS

Likewise, Roger L., [redacted]
Logan, Curtis D., [redacted]
Turshen, Ethan A., [redacted]

BIOMEDICAL SCIENCES CORPS

Shearer, Claude W., [redacted]

The following Air National Guard of the United States officers for promotion in the Reserve of the Air Force under the provisions of section 593(a) title 10 of the United States Code, as amended:

To be lieutenant colonel

LINE OF THE AIR FORCE

Maj. Charles M. Dooley, [redacted]
Maj. Billy F. Freeman, [redacted]
Maj. Michael S. Hall, [redacted]
Maj. Edward P. Handren, [redacted]
Maj. Maurice G. Ison, [redacted]
Maj. John M. Lotz, [redacted]
Maj. Arvey E. Mason, [redacted]
Maj. Richard L. Senecal, [redacted]
Maj. James L. Thibodeaux, [redacted]

MEDICAL CORPS

Maj. Bruce L. Dietrice, [redacted]
Maj. Donald A. Majercik, [redacted]

DENTAL CORPS

Maj. Alvin W. Stevens, Jr., [redacted]

The following officers for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with grades and dates of rank to be determined by the Secretary of the Air Force in accordance with section 533, title 10, United States Code.

CHAPLAIN

Boyle, James F., [redacted]
Cuneo, James J., [redacted]
Curry, James A., [redacted]
Gwinn, Andrew O., [redacted]
Harris, John V., [redacted]
Hawkins, Carl T., [redacted]
Helfin, James G., [redacted]
Hucabee, Wallace M., [redacted]
Laghezza, Bernardine P., [redacted]
McAllister, Marvin, [redacted]
Miller, James P., [redacted]
Moore, Thermon E., [redacted]
Page, William G., [redacted]
Robinson, Robert E., [redacted]
Ross, Robert J., [redacted]
Rutkowski, Edward A., [redacted]
Saulnier, Donald F., [redacted]
Thomas, Meredith J., [redacted]
Tolbert, I. V., [redacted]
Watkins, Clarence N., [redacted]
Willis, Paul F., [redacted]

NURSE CORPS

Adamczyk, Leonore M., [redacted]
Bagley, Alvin E., [redacted]
Betz, Coralie S., [redacted]
Bishop, Mary E., [redacted]
Black, Joanne M., [redacted]
Blaskovitz, Eugenie A., [redacted]
Breault, Helen D., [redacted]
Borsellega, Johanna E., [redacted]
Bullard, Willis G., [redacted]
Christensen, Mary A., [redacted]
Davidson, Brenda S., [redacted]
Drake, Ronald E., [redacted]
Eastwood, Walter H., Jr., [redacted]
Faust, Ingrid V., [redacted]
Fremming, Jackie L., [redacted]
Gaughan, Donna L., [redacted]
Gillane, Melba M., [redacted]
Griffin, Mary E., [redacted]
Hewitt, Loretta O., [redacted]
Hiet, Janice A., [redacted]
Jenkins, Jennie M., [redacted]
Kew, James R., [redacted]
Kingham, Sandra K., [redacted]
Kulow, David S., [redacted]
Lagomarsino, Sarah L., [redacted]
Lee, Elvira, [redacted]
Leigh, Mary A., [redacted]
McGowan, Geraldine B., [redacted]
McGuane, Marilyn S., [redacted]
Nelson, Margaret P. C., [redacted]
Newman, Loren D., [redacted]
Pilkington, Louise G., [redacted]
Porter, Carolyn S., [redacted]
Reinke, Frances F., [redacted]
Ricci, Sara E., [redacted]
Roe, Jane, [redacted]
Ross, Hilda J., [redacted]
Seaton, Ottilie A., [redacted]
Skiles, Patricia A., [redacted]
Sobieski, Catherine A., [redacted]
Ward, Warren R., [redacted]
Wilson, Lois R., [redacted]

DENTAL CORPS

Blevins, Cynthia A., [redacted]
Gordner, Wayne H., [redacted]
James, Ronald L., [redacted]
Nordberg, Rodney C., [redacted]
Saunders, Kip W., [redacted]
Shaker, Gregory L., [redacted]
Wooton, Randy D., [redacted]

MEDICAL CORPS

Blumberg, Andrey I., [redacted]
Dunn, William J., [redacted]
Gauvin, Lloyd D., [redacted]
Gilmer, William D., [redacted]
Johnson, Douglas N., [redacted]
Stockwell, John R., [redacted]
Wolf, Earl G., Jr., [redacted]

The following officers for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with grades and dates of rank to be determined by the Secretary of the Air Force.

LINE OF THE AIR FORCE

Eberling, Gary M., [redacted]
Jones, Richard L., [redacted]
Lubbers, Edward J., [redacted]
Luck, Gary W., [redacted]
Lytle, Thomas E., III, [redacted]
Spangler, Jeffrey C., [redacted]

The following cadet, U.S. Air Force Academy, for appointment in the Regular Air Force, under the provisions of section 9353 (b) and 531, title 10, United States Code, with grade indicated and date of rank to be determined by the Secretary of the Air Force.

LINE OF THE AIR FORCE

To be second lieutenant

Sinclair, Lori A., [redacted]

The following persons for appointment as Reserve of the Air Force, in grade indicated, under the provisions of section 593, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated.

MEDICAL CORPS

To be colonel

Dunn, James R., Jr., [redacted]
Zimmerman, Raymond E. P., [redacted]

To be lieutenant colonel

Abrams, Bernard L., [redacted]
Albea, John M., [redacted]
Albelda, Louis, [redacted]
Bartlett, William G., [redacted]
Buchanan, Millicent K., [redacted]
Callan, John P., [redacted]
Chaker, Henry, [redacted]
Clemenz, Frederick, [redacted]
Dehart, Ollie W., [redacted]
Dennis, Charles H., [redacted]
Droney, Raymond J., [redacted]
Fortson, Luther G., Jr., [redacted]
Gerlock, Amil J., Jr., [redacted]
Klingbeil, Robert T., [redacted]
Leclair, Joseph A. R., [redacted]
Lockwood, Richard A., [redacted]
Lopez, Francisco, [redacted]
Manolis, Demosthenes A., [redacted]
Mortel, Vicente G., [redacted]
Murry, John W., [redacted]
O'Malley, Edward P., [redacted]
O'Sullivan, Mary J., [redacted]
Pickett, Justus C., [redacted]
Royo, Paris E., [redacted]
Rutland, Andrew, [redacted]
Schmidt, Philip, [redacted]
Shield, Charles F., III, [redacted]
Watson, David S., [redacted]
Webb, Dean R., Jr., [redacted]
Weitzner, Howard B., [redacted]

The following person for appointment as a Reserve of the Air Force, in the grade in-

dicated, under the provisions of sections 593, title 10, United States Code.

LINE OF THE AIR FORCE

To be lieutenant colonel

Ulrich, Donald R., XXX-XX-XXXX.

The following persons for appointment as Reserve of the Air Force (ANGUS) in the grade indicated, under the provisions of sections 593 and 8351, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated.

MEDICAL CORPS

To be lieutenant colonel

Curry, Leon E., XXX-XX-XXXX.
Davis, Henry F., XXX-XX-XXXX.
Dickinson, Grady L., Jr., XXX-XX-XXXX.
Salita, Agatona B., XXX-XX-XXXX.
Wilson, James A., XXX-XX-XXXX.
Wittke, Paul E., XXX-XX-XXXX.
Zeller, James F., XXX-XX-XXXX.

DENTAL CORPS

To be lieutenant colonel

Ghiz, Frederick A., XXX-XX-XXXX.

The following officer for promotion in the Air Force Reserve, under the provision of sections 1552 and 8366, title 10, United States Code. (Non-EAD)

Major to lieutenant colonel

DENTAL CORPS

Hess, Robert E., Jr., XXX-XX-XXXX.

The following officers for promotion in the Air Force Reserve, under the provision of section 8376, title 10, United States Code. (Non-EAD)

Major to lieutenant colonel

MEDICAL CORPS

Feldtman, Robert W., XXX-XX-XXXX.
Makarewycz, Bohdan A., XXX-XX-XXXX.

The following named officers for permanent promotion in the U.S. Air Force, in accordance with section 601, title VI, Transition Provisions, Defense Officer Personnel Management Act of 1980, with dates of rank to be determined by the Secretary of the Air Force.

LINE OF THE AIR FORCE

To be lieutenant colonel

Dodrill, Reginald M., XXX-XX-XXXX.
Gamble, Billy R., XXX-XX-XXXX.
Harmon, Steven E., XXX-XX-XXXX.
Stoll, Leonard P., XXX-XX-XXXX.
Tannehill, James, II, XXX-XX-XXXX.
Tattini, James G., XXX-XX-XXXX.
Young, Ronald E., XXX-XX-XXXX.

MEDICAL CORPS

To be major

Kilpatrick, Russell J., XXX-XX-XXXX.
Pontius, Uwe R., XXX-XX-XXXX.
Rivas, Osler F. C., XXX-XX-XXXX.

The following Air Force officer for appointment as a permanent professor, U.S. Air Force Academy, under the provisions of section 9333(b), title 10, United States Code:

Woody, James R., XXX-XX-XXXX.

The following named Air Force officer for reappointment to the active duty list of the Regular Air Force in the grade of major, Regular Air Force, under the provisions of sections 1210 and 1211, title 10, United States Code.

LINE OF THE AIR FORCE

To be major

Nagai, Yasumi, XXX-XX-XXXX.

IN THE NAVY

The following-named temporary captain of the U.S. Naval Reserve for permanent promotion to the grade of captain in the line, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Pub. L. 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

Sulit, Robert A.

The following-named temporary commanders of the U.S. Navy and Naval Reserve for permanent promotion to the grade of commander in the line and various staff corps, as indicated, pursuant to section 611 (a) of the Defense Officer Personnel Management Act (Pub L. 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

LINE

Abbot, James L., III	Parker, Robert C., Jr.
Barnett, Peter A.	Pelaez, Marc Y. E.
Brown, Thomas L.	Robinson, Welford C.
Morgan, Donald L.	Strum, Richard R.

MEDICAL CORPS

Otten, Richard H.	Volpe, Rocco J.

CIVIL ENGINEER CORPS

Falke, John W.

JUDGE ADVOCATE GENERAL'S CORPS

Blake, Donald F.	Henkel, George E.

The following-named temporary lieutenant commanders of the U.S. Navy and Naval Reserve for permanent promotion to the grade of lieutenant commander in the line and various staff corps, as indicated, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Pub. L. 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

LINE

Corey, Robert O.
Edwards, Scott W.
Kane, William J.

MEDICAL CORPS

Mayers, Douglas L.
Wilker, John F.

SUPPLY CORPS

Brown, Robert A.
Curtin, Timothy P.
Pratt, Walter J.

CIVIL ENGINEER CORPS

Huggins, Howard H.

DENTAL CORPS

Kiselica, Lawrence D.

The following-named Naval Reserve Officers Training Corps candidates to be appointed permanent ensign in the line or staff corps of the U.S. Navy, subject to qualification therefor as provided by law:

Barge, Thomas H., II	Juergens, Jurgen E.
Bird, James F.	Seerden, James A.
Brown, Albert H., II	Smith, Roger M.
Butler, Scott R.	Spikes, Arnetta
Edwards, Michael C.	Stanczak, Dennis C.
Hoener, William J.	Taylor, David C.
Jacobs, Herbert G.	Traaen, Thomas C.

The following-named candidates in the Enlisted Commissioning Program to be appointed permanent ensign in the line or staff corps of the U.S. Navy, subject to qualification therefor as provided by law:

Brewer, Bonnie S.	Niemy, David W.
Dillingham, Fred D.	Offerdahl, Robin L.
Durden, Patrick E.	Parshall, Ione I.
Eddings, John W.	Proper, Jeffrey D.
England, David L.	Richardson, Richard L.
Ethridge, James E.	Slone, Don E.
Goodman, Cheryl A.	Smith, Mark P.
Hutto, Cecile A.	Stone, JoAnn M.
Jordon, Bernice E.	Thomas, Bruce A.
Lilly, James E.	Thorstenson, Roger G.
Madrigal, Larry	Vickers, Gregory
Mayer, Gerrit L.	Wende, Randall W.
Miller, Dennis R.	Werner, Mark R.
Mullins, Terry G.	

Capt. George W. Evans, Jr., Chaplain Corps, U.S. Naval Reserve, to be appointed a permanent captain in the Chaplain Corps of the U.S. Navy, subject to qualification therefor as provided by law.

The following-named Naval Reserve officers to be appointed permanent commander in the Medical Corps of the U.S. Navy, subject to qualification therefor as provided by law:

Anderson, Daniel S.	Maraist, Donald J.
Ashamalla, Medhat G.	Mazur, David O.
Barbier, George H.	Moyer, David B.
Bohan, John S.	Orejudos, Benjamin C.
Bottomy, David P.	Patel, Thakorbhai G.
Bumagat, Ferdinand M.	Patterson, John F.
Catron, Phillip W.	Pellegrini, Arthur E.
Chambers, Donald S.	Schneider, James R.
Childs, Kenneth A.	Simmons, Leo B., Jr.
Choi, Ivan C. S.	Stokos, James
Faber, Myron M.	Supnet, Benbrigido M.
Fowler, James T., III	Supnet, Leonora D.
Grady, John L.	Sweet, Robert M.
Handy, Richard D.	Thomas, William J., Jr.
Hardman, Jane M.	Tidball, John S.
Hartman, David S.	Timmons, Robert W.
Hoillingsworth, D. Vertrees	Varley-Maneclang, L. Winnie
Kerr, James H.	Veach, Stephen R.
Labouvie, Eric W.	Westbrook, John
Lee, Jonathan O.	
Lopez, Virgilio D.	
MacDonald, Gordon R., Jr.	

The following-named Naval Reserve officers to be appointed permanent lieutenant commander in the Medical Corps of the U.S. Navy, subject to qualification therefor as provided by law:

Aleta, Elenita F.	Liu, Renchang
Alexander, James E., Jr.	McCamley, Gordon D.
Artman, Lee E.	Mottet, Michael D.
Burckhardt, William A., III	Pentzien, Roger J.
Hufstader, Robert D., Jr.	Sohn, Steven S.
Jamison, James C.	Stock, Margaret E. O.
Jung, Byung I.	Swearingen, David C.
Leonard, Dale F.	Trace, David A.
	Worsham, George F., Jr.
	Zekos, Nicholas V.

Lt. Cmdr. Thomas R. Gustafson, Dental Corps, U.S. Naval Reserve, to be appointed a permanent lieutenant commander in the Dental Corps of the U.S. Navy, subject to qualification therefor as provided by law.

The following-named chief warrant officers, W-2, U.S. Naval Reserve, to be appointed permanent chief warrant officer, W-2, in the U.S. Navy, subject to qualification therefor as provided by law:

Crowl, Peter E.	Heath, Robert D.
Feyh, William H.	Kirchberg, Daniel J.
Galeski, Steven M.	Marrioneaux, Ory S.

The following-named temporary chief warrant officers, W-4, to be appointed permanent chief warrant officer, W-3, in the U.S. Navy, subject to qualification therefor as provided by law:

Foreman, Henin D.
Joiner, Hollis K.

The following-named temporary chief warrant officers, W-3, to be appointed permanent chief warrant officer, W-2, in the U.S. Navy, subject to qualification therefor as provided by law:

Nicholson, James A.
Rial, Robert D.
Thomas, David R.

Lt. James M. Morgan, U.S. Navy, retired, to be reappointed a permanent lieutenant from the Temporary Disability Retired List, subject to qualification therefor as provided by law.

Richard E. Pfeiffer, medical college graduate, to be appointed a permanent captain in the Medical Corps in the Reserve of the U.S.

Navy, subject to qualification therefor as provided by law.

The following-named ex-U.S. Navy officers, to be appointed permanent commander in the Medical Corps in the Reserves of the U.S. Navy, subject to qualification therefor as provided by law:

Cilento, Bartley G. Cooper, John R., Jr.

The following-named ex-Naval Reserve officers, to be appointed permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law:

Bucayu, Nemesio B., Jr.
Runnels, John B.

The following-named medical college graduates to be appointed permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law:

Atkinson, Billie M.
Bailey, Harry
Burchell, Mary C.
Cardello, Frank P.
Cosmides, James C.
Harkness, James A.
Hsu, Zutzang
Katz, Arnold E.
Pastorelle, Dominic J., Jr.

The following-named U.S. Navy officers to be appointed permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law:

Aldis, John W.
Cummings, Nicholas A.
Hunt, Clyde M.
Lowell, William G.
Magnuson, Robert L.

Cmdr. Terry L. Carlberg, Dental Corps, U.S. Navy, to be appointed permanent commander in the Dental Corps in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

John W. Schindler, Jr., ex-Naval Reserve officer, to be appointed a permanent commander, Special Duty (Merchant Marine, Deck) in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

Raymond E. Fosse, civilian college graduate, to be appointed a permanent commander, Special Duty (Merchant Marine, Deck) in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

The following-named temporary lieutenant commanders of the U.S. Navy for permanent promotion to the grade of lieutenant commander in the line, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Pub. L. 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualification therefor as provided by law:

Ackerman, John W.
Adams, James P., Jr.
Allen, Duke D.
Andersen, Richard E.
Arnold, Charles D.
Atchison, Laurence J. H.
Attebury, Ervel E.
Bales, James L.
Barger, David L.
Barnett, Eben E., II
Bauder, John T.
Beane, William L., Jr.
Biegler, Loren W.
Book, Roy L.
Boyar, John A.
Boycourt, Ivon G., Jr.
Branson, Jack R.
Brayman, Thomas E.
Breslin, Joseph J. III
Briley, Earl D.
Brittingham, Robert P.
Bromaghim, Ward M.
Brosh, Lawrence D.
Bullard, Bobby J.
Butters, Joseph K.
Calabrese, Geoffrey J.
Carawon, Bruce C.
Casper, J. Kip
Cherry, Stephen W.
Clayburn, Michael W.
Clements, David L.
Coffman, Bert U.
Coleman, Hubert E.
Conahan, Francis C.
Connell, James L.
Crabtree, Richard E.
Davis, Levi
Davis, William H.
Denam, Harvey E.
Duran, Luis M.
Enos, Russell W., Jr.
Evans, James M.
Fenton, William C., Jr.
Florida, Frank E.
Fluck, John D.
Fone, Raymond B.
Fortson, Frank S., III
Free, James R., Jr.
Freegard, Sidney B., Jr.
Furst, David E.
Galen, Howard E., Jr.
Gilbert, Melvin L.
Glidden, Eric S.
Godwin, Jackie E.
Granlund, Richard
Greene, Ronald M.
Greer, Arthur W.
Gschwend, David A.
Hall, Randal R.
Hammerle, Gerald T.
Hammontree, James I.
Heller, Richard B.
Henry, James P.
Hicks, Edward K.
Hill, Thomas G.
Hogue, Charles W.
Hoover, Daniel L.
Hopkins, Michael R.
Howard, John L.
Hulse, Reynold N.
Hurst, Ernest W.
Iannetta, John M.
Johnson, Lester
Johnson, Patrick H.
Jones, Howard L.
Judd, Michael R.
Justet, Patrick K.
Kaufman, David L.
Kearney, Thomas E.
Kelly, Herbert C., Jr.
Kemp, Alfred D., Jr.
Kitts, Joseph C.
Kroeger, Daniel R.
LaPoint, John T.
Larson, Glenn K.
Layne, Claude R.
Lewis, Ira J.
Lunt, Robert T.
Mackenn, John F.
Mahaffey, Joseph W.
McKinzie, Joe E.
McNeal, Garrel R.
McPherson, Richard G.
Meeks, John D.
Mergen, William L.
Minnick, Hubert W.
Moore, Herman C., Jr.
Moore, Johnnie C., Jr.
Morris, Charles C.
Morris, Erwin C., Jr.
Moss, Curtis
Mow, Warren C.
Mundy, Merlin E., Jr.
Noha, Joseph P., Jr.
North, Albert L.
Odell, Joseph M.
Parsons, Robert M.
Patton, Gary D.
Peters, Frank C.
Phipps, Frank P.
Pierce, Donald A.
Plimmer, Emmett L.
Poch, Richard R., Sr.
Porter, Robert L.
Poston, Charles B.
Reed, Ralph G.
Richards, Daniel R.
Ritchie, Freddie W.
Roach, Frank E., Jr.
Robertson, Thomas A.
Safford, Russell M.
Sage, William R.
Saye, William A.
Schmidt, William A.
Schulmeister, Arnold R., Jr.
Schwartz, Gerald M.
Scott, Michael F.
Sheridan, Dennis D.
Shriver, John M.
Shull, Kenneth G.
Siar, Richard K., Jr.
Sitton, William E.
Slack, Robert H.
Smith, Donald M.
Starnes, John H.
Steib, John F., Jr.
Stephens, Hugh L.
Stewart, William J.
Stolarz, Robert M.
Stuntz, Richard L.
Sulman, Bernard I.
Vicek, Ralph M.
Wallace, Robert E.
Walthall, James E.
Weaver, Jimmie D.
Weavil, Richard L.
Werbiskis, James J.
Wilhelm, Wallace W.
Wise, Carlton J.
Woods, Joseph

HOUSE OF REPRESENTATIVES—*Tuesday, December 15, 1981*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious Spirit, Lord of Life, may Your blessing be upon this assembly and upon all those who turn to You for grace. Give us the gift of understanding as we contemplate the tasks before us; give us the gift of wisdom as we try to discern the road of justice; give us the gift of patience as we seek to discover solutions to immediate needs; give us the gift of kindness in a world of stridency and anger, and give us the gift of peace on Earth, good will toward all people. We pray in Your name. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On October 20, 1981:

H.R. 4612. An act to temporarily delay the October 1, 1981, increase in the price support level of milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

On October 26, 1981:

H.J. Res. 268, Joint resolution to designate October 23, 1981, as "Hungarian Freedom Fighters Day."

On November 3, 1981:

H.R. 3499, An act to amend title 38, United States Code, to extend the period for Vietnam-era veterans to request counseling under the veterans' readjustment counseling program, to provide medical care eligibility for veterans exposed to herbicides or defoliants (including agent orange), or to nuclear radiation, to establish a minimum total number of operating beds in Veterans' Administration hospital and nursing home facilities, to extend for certain Vietnam-era veterans the period of time in which GI bill educational assistance benefits may be used for the pursuit of certain training, to provide a small business loan program for Vietnam-era and disabled veterans, and to extend the authority for veterans readjustment appointments in the civil service; and for other purposes.

On November 5, 1981:

H.R. 4608. An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes.

On November 13, 1981:

H.R. 661. An act for the relief of Blanca Rosa Luna de Frei;

H.R. 688. An act for the relief of Junior Edmund Moncrieffe;

H.R. 783. An act for the relief of Roland Karl Heinz Vogel;

H.R. 1469. An act for the relief of Madeleine Mesnager;

H.R. 1480. An act for the relief of Omar Marach;

H.R. 1550. An act for the relief of Aurora Isidra Rullan Diaz;

H.R. 1785. An act for the relief of Gladys Belleville Schultz;

H.R. 2010. An act for the relief of Kai-Mee Chen;

H.R. 2185. An act for the relief of Hanife Frantz;

H.R. 2573. An act for the relief of Moses Bank; and

H.R. 2975. An act for the relief of Yuk Yee Li.

On November 16, 1981:

H.R. 3975, An act to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits.

On November 20, 1981:

H.R. 4734, An act to recognize the organization known as the Italian American War Veterans of the United States; and

H.R. 4792, An act to amend title 10, United States Code, to improve the military justice system.

On November 23, 1981

H.J. Res. 368, Joint resolution making further continuing appropriations for the fiscal year 1982.

On December 4, 1981

H.R. 3413, An act to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982, and for other purposes; and

H.R. 3454, An act to authorize appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the United States Government, for the Intelligence Community Staff, and for the Central Intelligence Agency Retirement and Disability System, to authorize supplemental appropriations for fiscal year 1981 for the intelligence and intelligence-related activities of the United States Government, and for other purposes.

H.R. 4144, An act making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes.

H.R. 4522, An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1982, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4209) entitled "An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House of Representatives to the amendments of the Senate numbered 5, 7, 8, 24, 25, 30, 46, 50, 54, 55, 58, 64, 66, 77, 78, 84, 90, 93, 99, 100, 101, 102, 103, and 104 to the above-entitled bill.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

REMEDIOS R. ALCUDIA, CHRISTOPHER, EZRA, VERMILLION, AND PERISTELLO ALCUDIA

The Clerk called the bill (H.R. 1547) for the relief of Remedios R. Alcudia, Christopher, Ezra, Vermillion, and Peristello Alcudia.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

LASZLO REVESZ

The Clerk called the bill (H.R. 1352) for the relief of Laszlo Revesz.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

RESTORATION OF COASTWISE TRADING PRIVILEGES TO THE VESSEL "SKY LARK"

The Clerk called the bill (H.R. 3126) to direct the Secretary of the Department in which the U.S. Coast Guard is operating to cause the vessel *Sky Lark* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade.

There being no objection, the Clerk read the bill as follows:

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

H.R. 3126

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 27 of the Merchant Marine Act of 1920 (46 U.S.C. 883), the provisions of section 4132 of the Revised Statutes of the United States (46 U.S.C. 11), and any other provision of law, the Secretary of the department in which the United States Coast Guard is operating shall cause the vessel Sky Lark (official Coast Guard number 617395), owned by Edwin E. Corwin, of Costa Mesa, California, to be documented as a vessel of the United States, upon compliance with the usual requirements, with the privilege of engaging in the coastwise trade so long as such vessel is owned by a citizen of the United States.

With the following committee amendments:

On page 2, line 1, insert a comma after the word "That".

On page 2, lines 2, 3, and 4, strike the words "the provisions of section 4132 of the Revised Statutes of the United States (46 U.S.C. 11), and any other provision of law," and insert in lieu thereof "or any other provisions of law to the contrary,".

On page 2, lines 7 and 8, strike the words "(official Coast Guard number 617395)," and insert in lieu thereof "(Official Number 617395),".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

YICK BONG AU YEUNG

The Clerk called the bill (H.R. 825) for the relief of Yick Bong Au Yeung.

There being no objection, the Clerk read the bill as follows:

H.R. 825

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Yick Bong Au Yeung shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to deduct one number from the total number of immigrant visas and conditional entries which are made available to natives of the country of the alien's birth under section 203(a) of the Immigration and Nationality Act or, if applicable, from the total number of such visas and entries which are made available to such natives under section 202(e) of such Act.

With the following committee amendments:

Page 2, line 6, delete the words "and conditional entries".

Page 2, line 9, delete the words "and entries".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read a third time, and passed, and a motion to reconsider was laid on the table.

FELIPE B. MANALO AND MARIA MONITA A. MANALO

The Clerk called the bill (H.R. 1783) for the relief of Felipe B. Manalo and Maria Monita A. Manalo.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Felipe B. Manalo and Maria Monita A. Manalo shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of enactment of this Act, upon payment of the required visa fees. Upon granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper officer to deduct two numbers from the total number of immigrant visas and conditional entries which are made available to natives of the country of the aliens' birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

With the following committee amendment:

Page 2, delete lines 6 through 9 and insert in lieu thereof:

Of immigrant visas which are made available to natives of the country of the aliens' birth under section 203(a) of the Immigration and Nationality Act or, if applicable, from the total number of such visas which are made available to such natives under section 202(e) of such Act.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ISABELITA CLIMA PORTILLA

The Clerk called the bill (H.R. 1841) for the relief of Isabelita Clima Portilla.

There being no objection, the Clerk read the bill, as follows:

H.R. 1841

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Isabelita Clima Portilla may be classified as a child within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in her behalf by Gilberto Portilla and Constancia Portilla, citizens of the United States, pursuant to section 204 of the Act: *Provided,* That the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARIA CECILIA GABELLA-OSSA

The Clerk called the bill (H.R. 2342) for the relief of Maria Cecilia Gabella-Ossa.

There being no objection, the Clerk read the bill as follows:

H.R. 2342

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Maria Cecilia Gabella-Ossa shall be held and considered to have satisfied the requirements of section 316 of the Immigration and Nationality Act relating to required periods of residence and physical presence within the United States and, notwithstanding the provisons of section 310(d) of that Act, may be naturalized at any time after the date of enactment of this Act if otherwise eligible for naturalization under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GRANTING THE STATUS OF PERMANENT RESIDENCE TO CERTAIN ALIENS

The Clerk called the Senate concurrent resolution (S. Con. Res. 43) granting the status of permanent residence to certain aliens.

There being no objection, the Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 43

Resolved by the Senate (the House of Representatives concurring), That the Congress favors the suspension of deportation in the case of alien hereinafter named, in which the Attorney General has suspended deportation pursuant to the provisions of section 244(a)(2) of the Immigration and Nationality Act (8 U.S.C. 1254):

A5 916 562, Bluestein, Nathan; and
A7 899 438, Cemlier, Ivan.

With the following committee amendments:

On page 1, strike out all of line 7.

On page 1, line 3, strike "each" and insert in lieu thereof "the".

The committee amendments were agreed to.

The Senate concurrent resolution was concurred in.

The title of the Senate concurrent resolution was amended so as to read: "Concurrent resolution granting the status of permanent residence to Ivan Cemlier."

A motion to reconsider was laid on the table.

OPPOSING THE GRANTING OF PERMANENT RESIDENCE IN THE UNITED STATES OF CERTAIN ALIENS

The Clerk called the resolution (H. Res. 282) opposing the granting of permanent residence in the United States to certain aliens.

There being no objection, the Clerk read the resolution, as follows:

H. RES. 282

Resolved, That the House of Representatives does not approve the granting of permanent residence in the United States to the aliens hereinafter named in which cases the Attorney General has submitted reports to Congress pursuant to section 13(c) of the Act of September 11, 1957 (71 Stat. 642-643):

Hossein Amirghaffari, A22-233-934;
Homayoon Dokht Amirghaffari, A22-233-930;
Reza Amirghaffari, A22-233-933;
Roya Amirghaffari, A22-233-929;
Enrique Bermudez, A22-239-491;
Elsa Italia Bermudez, A22-239-490;
Enrique Alfredo Bermudez, A22-239-489;
Angela Virginia Bermudez, A22-239-488;
Elsa Cristina Bermudez, A22-239-487;
Tecola Work Hagos, A21-099-833;
Silfide Rivera, A21-324-501;
Nosratollah Samali, A22-228-797;
Nosrat Samali, A22-228-796;
Behnaz Samali, A22-240-840;
Bita Samali, A22-240-841;
Bijan Samali, A22-240-842;
Youssef Akbar, A22-578-819;
Homa Akbar, A22-578-820;
Fatemeh Akbar, A22-578-821;
Sk. Rustum Ali, A20-622-460;
Nazma Ali, A21-400-208;
Ali Mahmood, A21-400-000;
Ali Emran, A21-400-206;
Gerard Soloman Bouchette, A20-842-149;
Maria Da Penha Bouchette, A20-842-150;
Mahmud Musa, A22-579-828;
Raul Chavez, A22-235-494;
Gilberte Marie-Therese Francois, A22-194-379;
Alfred Keller, A21-127-030;
Marion Keller, A21-127-038;
Vyramuttu Somasundram, A22-193-883;
Thayanithy Somasundram, A22-193-882;
Nirmala Somasundram, A22-193-884;
Rohini Somasundram, A22-193-881;
Jeyaratnam Somasundram, A22-193-885;
Yohannes Woldemariam, A21-664-993;
Getachew Yohannes, A22-240-642;
Beniam Yohannes, A22-240-650;
Daniel Yohannes, A22-240-641;
Mahboob Ali, A22-638-253;
Farida Mahboob, A22-638-250;
Rizwan Mahboob, A22-638-252;
Shahid Mahboob, A22-638-254;
Salman Mahboob, A22-638-255;
Adnan Mahboob, A22-638-263; and
Ijaz Mahboob, A22-638-251.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of the Private Calendar.

AMERICAN JUSTICE

(Mr. LONG of Louisiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LONG of Louisiana. Mr. Speaker, when police apprehend a man who has just shot the President of the United States, at the scene of the crime with the gun still in his hand, and with television cameras recording the shooting for all to see, the American people have the right to expect that the man expeditiously will be brought to trial and punished. In a case of this importance prosecutors should be able to proceed without delay so that other would-be assailants will know that swift and certain punishment awaits them should they assault America's political leaders. Why then has it taken more than 8 months already to bring John W. Hinckley to trial, with the prospect of many more months of delay and appeals to come?

The delay in the Hinckley case, however, is even more troubling when compared to the prosecutions in Italy and Egypt of the assailants of Pope John Paul II and President Anwar Sadat. In both cases the assailants were brought to trial within 10 weeks of the incident. The Pope's attacker already has been sentenced to life imprisonment and President Sadat's assassins already are on trial even though a widespread conspiracy apparently was involved. The facts of these two cases are strikingly similar to those in the attempt on President Reagan's life; what is different is the ability of the American criminal justice system to respond.

The delay in the Hinckley prosecution undermines the confidence of the American people in our criminal justice system. Apparently there are no disputes over the facts in the case. What is in doubt is the ability of the prosecutors and the courts to focus on these facts, rather than become snared in legal maneuvering. In this case, where the whole world is watching, justice that is imposed too late is inherently too little. The message we are communicating to the world is not that the American system is more just, but rather that it is more ineffectual.

OPPOSING THE GRANTING OF PERMANENT RESIDENCE IN UNITED STATES TO CERTAIN ALIENS

Mr. MAZZOLI. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of the resolution (H. Res. 293) opposing the granting of permanent residence in the United States to certain aliens, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. SENSENBRENNER. Reserving the right to object, Mr. Speaker, I am wondering if the gentleman from Kentucky (Mr. MAZZOLI) can explain this resolution and why it is necessary to be passed this week.

Mr. MAZZOLI. Mr. Speaker, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. I thank the gentleman for yielding and I would very much like to answer the gentleman.

Mr. Speaker, House Resolution 293 relates to cases in which the Attorney General has suspended deportation under section 244(a)(1) of the Immigration and Nationality Act.

The criteria for relief under the law is that the person—first, have 7 years continuous residence in the United States; second, be of good moral character during the 7 years; and third, demonstrate "extreme hardship" to the alien, a spouse, parent, or child who is a U.S. citizen or permanent resident alien.

The cases in which the Attorney General has recommended relief are submitted to the Congress for action. There were 279 cases in which the Attorney General granted relief during 1980.

The committee has reviewed these cases and has found that the six listed on House Resolution 293 do not meet the statutory criteria I have mentioned. In particular, the committee did not find that deportation would result in extreme hardship in any of the cases.

The committee also notes that the applicants for suspension of deportation listed on House Resolution 293 have no close relatives in the United States.

Disapproval by means of this resolution is required in order to oppose the Attorney General's recommendation that permanent residence be granted to these individuals.

In fact, under the immigration law, this resolution must be acted upon in the current session of Congress in order to be effective. This is the reason for the unusual manner in which the committee has brought this resolution to the floor.

Mr. SENSENBRENNER. Mr. Speaker, further reserving the right to object, is it not true that House Resolution 293 is similar in nature to House Resolution 282 passed by the House that further disapproved the granting of permanent residence of aliens in the United States?

Mr. MAZZOLI. The gentleman is correct.

Mr. SENSENBRENNER. Mr. Speaker, I withdraw my reserving of objection.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky (Mr. MAZZOLI)?

Mr. FISH. Reserving the right to object, Mr. Speaker, I shall not object. I simply want to commend the chairman of the Subcommittee on Immigration, Refugees, and International Law. We had 279 of these cases referred to us. The gentleman did a commendable job in reviewing them. The subcommittee decided unanimously that it did not favor suspension of deportation for the six individuals covered by this resolution.

Mr. MAZZOLI. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. I thank the gentleman for those statements. I would like to commend the gentleman and his counsel, Mr. Levinson, for the work that has been done really not just on these cases, but all year long. We have a hard working subcommittee. The minority and majority staff have done yeoman work and I appreciate the help that the gentleman has exhibited right from the very start.

Mr. FISH. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky (Mr. MAZZOLI)?

There was no objection.

The Clerk read the resolution as follows:

H. RES. 293

Resolved, That the House of Representative does not approve the granting of permanent residence in the United States to the aliens hereinafter named in which cases the Attorney General has submitted reports to the Congress pursuant to section 244(a)(1) of the Immigration and Nationality Act, as amended:

Clarence Nathaniel Grant, A22-160-038.
Manuel Martinez-Manrigguez, A21-524-849.
Antonio Mamerto Mercado, A14-831-863.
Gracia Antonia Mercado, A14-831-686.
Gayomard Meherji Mistry, A12-628-329.
Joseph Wong, A14-138-540.

The resolution was agreed to.

A motion to reconsider was laid on the table.

TEMPORARY VISAS SHOULD BE EXTENDED ON POLISH CITIZENS IN THE UNITED STATES

(Ms. MIKULSKI asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. MIKULSKI. Mr. Speaker, I think the whole world is watching the events in Poland. We are tense about the situation and I think the whole world also grieves for the safety and well being of Poland.

Right now the free world has stepped forward and offered assistance in a variety of ways. Austria has reopened its border and will allow refugees in. Australia has stepped forward and said that it will take unlimited numbers of refugees.

Our administration currently is considering what contingency plan it needs to have in the event of refugees, but right now we have Polish people in this country who are here under bona fide visas that are running out.

The gentleman from Pennsylvania (Mr. NELLIGAN) and myself fear for the health and safety of those people if they are forced to be deported at this time.

Therefore, later in this session today, the gentleman from Pennsylvania (Mr. NELLIGAN) and I will be bringing before the House of Representatives a resolution on the sense of Congress that all Polish citizens who are currently in the United States on a temporary visa be allowed to remain in the United States until such time as the President of the United States would certify their safety upon their return.

When the resolution comes up, we will have more ample debate on that, but I want to bring to the attention of my colleagues this particular issue. It is a responsible humanitarian way that those people who are here under legal visas not be forced to return because of the untimely termination of them.

OUR GRATITUDE AND THANKS TO DR. SOLOMON GARB

(Mr. BRINKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRINKLEY. Mr. Speaker, I wish to call to the attention of the House of Representatives the illness of Dr. Solomon Garb of Denver, Colorado, who was cochairman of the Citizens Committee for the Conquest of Cancer and who worked with many of us for many years in his efforts at preventative treatment, the control and containment of the ravages of the disease of cancer.

As I say, he is ill. He is in Houston, Tex., being treated at this very moment, and today I am introducing a House joint resolution to extend deepest gratitude and heartfelt thanks to Dr. Solomon Garb for his national leadership in the war against cancer.

□ 1215

DOWNEY COMMENCES CAREER IN NEBRASKA NAVY

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DOWNEY. Mr. Speaker, some time ago an Army general of White House position and absurd twist of mind delivered himself of some spectacularly bizarre remarks on the state of the U.S. military posture. I then took the well of the House and remarked, among other things, that this gentleman could, even in this administration, expect transfer to command of all submarines in the Nebraska National Guard.

As it turns out, I was speaking from abysmal ignorance, for which I hereby apologize with all due abjectness. The appropriate agency was not the Nebraska National Guard but the Great Navy of the State of Nebraska.

Upon reading of my interest in the subject, and of my passionate dedication to the security of the Nebraska sea lanes, the citizens of that great State have responded in a most heart warming and spine-tingling fashion.

To wit, they have appointed me an admiral in their great navy. For the benefit of any doubters and scoffers, I hold here in my hand the official commission and appointment, signed by the Governor himself.

While there may be some question as to the appropriateness of the rank involved, on the whole I believe it is the proper way to go. By not providing me with five-star rank immediately, the good citizens of Nebraska have permitted me room for growth.

Mr. Speaker, henceforth I will be honored to regard Nebraska as my second home. If I am to command anybody's navy, it is certainly best that it be that of the people of Nebraska, and I humbly hope I will continue to merit their confidence.

THE GREAT NAVY OF THE STATE OF NEBRASKA

TO ALL WHO SHALL SEE THESE PRESENTS—GREETINGS

Know ye, that reposing special trust and confidence in the Patriotism valor, fidelity and abilities of Thomas Downey and knowing him to be a good fellow and a loyal friend and counselor I have nominated and do appoint him an Admiral in the Great Navy of the State of Nebraska. He is therefore called to diligently discharge the duties of Admiral by doing and performing all manner of things thereto belonging. And I do strictly charge and require all officers, seamen, tadpoles and goldfish under his command to be obedient to his orders as Admiral—and he is to observe and follow, from time to time, such directions as he shall receive, according to the rules and discipline of the Great Navy of the State of Nebraska. This commission to continue in force during the period of his good behavior, and the pleasure of the Chief Admiral of the Great Navy of the State of Nebraska.

Given under my hand in the City of Lincoln, State of Nebraska this 4 day of November 1981 in the year of our Lord.

CHARLES THONE,
Governor.

TIME HAS RUN OUT FOR MILLIONS OF WORKERS

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, the unemployment rate for last month was an astounding 8.4 percent, and still, the Reagan administration has no plans to deal with unemployment or the enormous human misery that unemployment causes.

Since July of this year—that is just 4 short months—940,000 people have become unemployed. That is enough additional unemployed people to equal the entire populations of Fort Wayne, Ind., and Spokane, Wash., and Salt Lake City, Utah, and Kansas City, Kans., and Hartford, Conn., and Orlando, Fla.

In November of this year, alone, some 190,000 people were thrown out of work dispite the fiscal policies of the Reagan administration. That is enough people to populate the city of Des Moines, Iowa.

The administration tells us that it needs time for its economic program to take hold—that is, it needs time for its economic program to trickle down to the poorest of our society.

But for millions of workers, time has run out, and they find themselves without jobs. And, the President's economic advisers tell us that the unemployment situation will only get worse.

Already, there are more people unemployed than at any time since the Great Depression. And still, we wait for the Reagan administration to tell us how they will put an end to this suffering.

THE OMINOUS IMPLICATIONS OF MARTIAL LAW IN POLAND

(Mr. MINISH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MINISH. Mr. Speaker, I rise today to call attention to the serious and rapidly deteriorating situation in Poland.

The imposition of martial law by Polish authorities reverses the pattern of resolution of differences through negotiation which has characterized the attitude of the Polish Government. It appears that Prime Minister Jaruzelski and other party authorities have decided that confrontation with the Polish people and the Solidarity trade union is the only means to assure stability in the country.

Mr. Speaker, this decision could not be more ill advised or counterproductive. Solidarity leader Lech Walesa, while so far exercising laudable restraint, may be forced by his rank and file to take provocative steps of his own.

A head-on, violent confrontation with possible Soviet intervention would have the gravest of consequences for the United States, the Soviet Union, and of course the Polish people themselves. The imposition of martial law, therefore, may be the first step in a tragic course of events.

I urge that Polish authorities seriously reconsider the consequences of their action. Negotiation and compromise between the Polish people and their Government in the past year and a half have kept Poland from plunging into chaos with far-reaching implications for international security. The Polish authorities must continue to follow this course and reverse their decision to impose martial law, a decision from which nothing productive can come.

TIME FOR AMNESTY TO PATCO

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, as wintertime bears down on us, we still have thousands of air traffic controllers out of work in this country.

From the beginning, Mr. Speaker, I did not agree with PATCO's decision to strike against the Government. I was one of those who advised against it. From a practical standpoint, I did not see how they could win, and from a philosophical standpoint, I thought then and believe now that what they did was not best.

But the fact remains that this is a group of very talented people, a national resource of professional men and women in highly skilled positions. Many have children and mortgages and tuition bills to take care of. They have been out of work for a long time now, and the toll in suffering has been great.

The PATCO members knew the odds and they took their chances. But they misread the administration and they misread the public. And now, after almost 5 months of no job and no income, they sincerely want to go back to work.

The administration has taken a good first step by agreeing to hire the controllers in other Government jobs. But as the holiday season approaches, we see more cutbacks in airline traffic, more delays for passengers, and a greater potential for a tragic accident.

Since the administration has recognized the controllers as potential Government employees, I think we could do a service to the country and the former controllers by extending this offer of amnesty to include air control duties on a case-by-case basis for those individuals willing to reaffirm the oath of office, in writing. Their skills are unique and much needed.

Back at work, I feel sure the administration would see a new attitude and a new willingness on the part of these professionals to do the job for which they were trained, and to work out differences in a calm and reasoned manner.

The Federal Government, Mr. Speaker, gains nothing from this point on by allowing the wounds to go deeper. These were not young radicals out on a whim; PATCO endorsed President Reagan, and its members risked their jobs because they genuinely believed working conditions and terms needed to be improved.

The administration has done an admirable job of keeping the airlanes open despite the strike. But there are reports that military flight training is suffering. FAA supervisors and military air controllers are working "time and a half" and "double time" and have been for weeks. We are spending millions to train new workers, and our patchwork system has yet to be tested by snow and ice and winter fog.

The President has proved his point, and it was a valid one. Surely, we could go on without the strikers. We have proven we can. But the union which led the illegal strike has been discredited and decertified. Now we should recall that for all things there is a season. This is a time when the administration has the chance to show its true strength, and its compassion. There is a time to cast out, and a time to take in, Mr. Speaker; and also there is a time to bust strikes and a time to end them.

The SPEAKER pro tempore (Mr. MURTHA). The Chair recognizes the gentleman from Maryland (Mr. DYSON).

FOREIGN ASSISTANCE SHOULD NOT BE IMMUNE TO CUTS

(Mr. DYSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DYSON. Mr. Speaker, while I appreciate the perspective of those who would like to supply enough foreign assistance to eliminate the ills of our allies, unfortunately in these times of spiralling inflation the means are just not available.

The United States will continue to be the world's largest donor with aid to over 100 countries. But fiscal restraint can no longer be confined to campaign rhetoric. It has to become a national commitment. At a time when important domestic programs have been reduced or even eliminated, the hard-working taxpayers in my district and across the Nation will not tolerate, nor should they be asked to, a tightening of belts when we are not asking as much of our foreign allies.

Recognition of these budgetary limitations is vital if our Government is to reestablish its priorities. To be strong overseas, we must first be sound at home. First and foremost, our national commitment must be dedicated to the restoration of our economy's strength, the maintenance of a strong defense, and assistance to those Americans who truly need it. When, and only when, these national priorities are fulfilled can we truly devote our full attention overseas.

Foreign assistance should not be immune to cuts. Because it is meant to be humanitarian or to further our Nation's strategic position does not mean that waste does not abound within. Much of the foreign assistance we provide never reaches those who so desperately need it. If we can eliminate waste, fraud, and inefficiency in our foreign assistance programs, less money will go farther, do more, and go farther to enhancing our image

79-059 O-85-13 (Pt. 24)

abroad. We cannot afford to undermine the financial strength of our Nation by using a shotgun approach to foreign assistance, but must target our goals specifically and spend our funds wisely.

A STORY WORTHY OF DICKENS

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, it is a story worthy of Dickens. As thousands of American children and their working mothers endure cold and hunger this holiday season, many well-fed corporations will be enjoying the delectable pleasure of paying little or no income taxes.

A new study, based on reports made by companies to the SEC, says that such well-known firms as Chase Manhattan, Squibb, and Monsanto paid no taxes on income in 1980 despite domestic earnings between $75 and $200 million; 1981 will bring these and other companies even larger tax breaks as the new tax law goes into effect. Yet, the administration continues to pursue its offensive against domestic programs and to countenance tax loopholes while it creates even more.

Enter Scrooge: Secretary Schweiker says that Federal assistance to working poor families will be reduced $1 for every dollar they receive from local governments that attempt to cushion the effect of the new AFDC rule which eliminated incentives for recipients to work.

The plight of Tiny Tim probably brings tears to Ronald Reagan's eyes. Would not it be nice if he and his administration were as moved by the plight of a million and a half children whose mothers are trying desperately to pull them out of poverty?

A VIABLE ALTERNATIVE TO ADMINISTRATION'S PROPOSALS ON SOCIAL SECURITY

(Ms. FERRARO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. FERRARO. Mr. Speaker, on September 24, the President went on national TV to divorce himself from his own proposed social security cuts. The President said his proposals were "a starting point for a bipartisan solution to the problem."

Mr. Speaker, today I am introducing legislation which I consider to be a viable alternative to the administration's proposals. My bill would compensate the medicare trust fund with general revenues for payroll tax receipts lost when unemployment rises above 6 percent. Medicare is the most logical part of social security to be funded out of general revenues. Ninety percent of the social security deficit over the next 50 years is in medicare, and health care for the elderly is not a social security problem, it is a hospital cost problem that must concern us all.

For supporters of the President's economic program, my bill offers insurance. If the economic recovery does not happen, at least medicare will be protected.

On the other hand, if there really is a Santa Claus, and universal prosperity occurs, the bill will not change anything.

SAVING OUR NATION'S THRIFTS

(Mr. HOYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOYER. Mr. Speaker, as you know, the activities of the housing industry in our country are at a virtual standstill. Continued high interest rates and the administration's monetary policies leave little hope for improvement in the near future.

In addition, thrift institutions, the Nation's primary housing lenders, have been greatly affected by continued unfavorable economic conditions. Further aggravating the earnings problems of the thrifts are the recent actions taken by the Depository Institutions Deregulation Committee (DIDC). The DIDC was created by Congress to oversee the orderly phaseout of the deposit interest rate ceiling now set for financial institutions, while insuring the continued stability of these institutions.

Mr. Speaker, I feel that the safety and soundness of financial institutions have not been fully considered by the DIDC. Recent actions taken by the committee include: Removal of the 12-percent cap on the Small Saver Certificate; increase of the passbook rate ceilings by 50 basis points; a new IRA/Keogh "wild card" account; and plans to accelerate the financial deregulation process at a time when a great majority of thrifts are already running in the red. Fortunately, the increase in the passbook rate was subsequently rescinded. If this had gone into effect, it is estimated that it would have cost the depositories at least $1 billion in earnings.

At its next meeting, which is scheduled for tomorrow, December 16, the DIDC will decide on additional measures which would cause a further negative impact on thrift earnings and credit for housing.

I urge my colleagues to join me in calling upon the DIDC to defer these and other proposals which would lead to increasing the cost of money to financial institutions, until such time as economic conditions improve and thrift institutions are in a more stable position.

A CHRISTMAS PRESENT FOR HAITIAN REFUGEES

(Mr. GARCIA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GARCIA. Mr. Speaker, I just returned from the Fort Allen refugee camp near Ponce, Puerto Rico. The Fort Allen camp has 800 Haitian refugees; most of them have been there since August. These men, women, and children sit and wait for news of their release, for news of their fate. There is nothing to do at the camp. The refugees are treated like prisoners in a concentration camp, isolated, depressed, their spirits broken.

Now that Christmas is approaching, the depression from which these forgotten people are suffering is intensified. Christmas is a time of joy for most of us, but for these Haitians, incarcerated in refugee camps both in the United States and Puerto Rico, there is little reason to celebrate. Instead of gazing on Christmas decorations, they will only see barbed wire, guards, and rows of canvas tents.

The Haitian refugees are not violent. They have no ax to grind. Haitians are traditionally hard working and spirited. Now, they are demoralized and desperate. Their lives are regimented. Everything they do, every move they make, must be approved in writing by the camp administration. The administration, through INS, is waging psychological warfare against these people.

The racism evident in the treatment of Haitian refugees may be subtle, but it is clear. A week ago, a refugee died in Fort Allen. One of his fellow inmates said his death was a result of "thinking too much." Depression certainly played a part in the man's death.

There is nothing for the Haitians to do but sit and wait. Not only that, but because Fort Allen is in an out of the way spot in Puerto Rico, it is more regimented than the camps in the United States. The treatment of the refugees is much worse. There is one happy note. The Puerto Rican people have offered to help the Haitians. There was a march in Puerto Rico last weekend in support of the refugees. Also, many Puerto Rican families, church groups, and civic organizations have offered to take in the Haitians while their fate is being decided.

There are no easy answers to this problem. But there are immediate remedies which can alleviate the suffering of the refugees. The conditions in the camp could be greatly improved. Those refugees who have sponsors should be released while their cases are being decided. We are dealing with human beings in Fort Allen, men and women like you and I. They only want to be treated with dig-

nity, not like stray dogs. Consider how we might feel had an accident of fate made us part of this suffering mass. Our attitude would certainly be different, our perspective more enlightened.

THE PLIGHT OF OUR THRIFT INSTITUTIONS

(Mr. PATTERSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PATTERSON. Mr. Speaker, this past Sunday the Washington Post started a series of articles on the plight of the thrift institutions across this great land.

For those of you who may not be members of the Banking Committee, as I am, the thrift institutions are those institutions like savings and loans, small commercial banks and mutual savings banks, that finance housing for America.

I urge my colleagues to read these articles on just showing how serious the plight of the thrift financial institutions is, as opposed to the commercial banks at this time.

Part of the problem that they have had is with the DIDC, the Depository Institutions Deregulation Committee. They have issued regulations since September 22 of this year that have damaged and hurt the housing financial institutions across our country.

Tomorrow the DIDC meets in the afternoon to consider some more regulations to hurt the thrift institutions. Before it does, in the morning the subcommittee on Oversight and Renegotiations and Banking will have a chance to ask some very interesting questions of Secretary Regan, the Chairman of the DIDC.

□ 1230

SPEAKER PROVIDES FREE OFFICE SPACE

(Mr. SAWYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAWYER. Mr. Speaker, perhaps some other colleagues here noticed the article in this morning's Washington Post entitled "O'Neill Gives Free Office Space to Maker of Flattering Film," alleging that the Speaker has provided free space in the House side here to one Jerry Colbert of an independent television station in Pennsylvania. The spokesman for the Speaker says he has the right to allocate space under his control to anyone he chooses.

I do not for 1 minute endorse the motives attributed to the Speaker in that article, but I do say that if the Speaker has extra space, it is a shame that he is appropriating to the Rules Committee the ladies and children's lounge here that has been here for 70 years on the third floor and leaving the entire House side without any such facility because of alleged lack of space available for House functions.

FAILURE OF COMMUNISM IN POLAND

(Mr. WEBER of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEBER of Ohio. Mr. Speaker, we are all aware of the state of emergency that exists today in Poland. The Communist government has jailed many of the leaders of the Free Solidarity Union and has threatened the people of Poland with execution if they protest this violent abuse of freedom with strikes or public gatherings.

I have joined over 200,000 citizens of this country by signing a petition circulated by the College Republican National Committee, which expresses their complete support for the people of Poland in their effort to retain their fundamental right of freedom.

The demonstrations in France, Britain, and in communities throughout the United States which have protested the Communist Party's attempt to stifle freedom of expression in Poland by the banning of all public gatherings, should serve as a reminder of the precious freedom that we enjoy under our Constitution in the United States.

Mr. Speaker, the economic and political crisis in Poland marks another failure of communism and dramatizes the importance of the free political processes that are the blessings of liberty in a democracy.

SOLICITING CAMPAIGN FUNDS ON FEDERAL PROPERTY

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, title 18, United States Code, section 607, makes it unlawful to solicit campaign funds on Federal property. This morning, I received this letter from the National Democratic Senatorial Committee addressed to me in my office in the House of Representatives, which everyone knows is Federal property. In the last 6 months, my office and all of the rest of the Members of this House have been barraged by Democratic fundraising letters. I have personally received 51 solicitation letters signed by, among others, Senator KENNEDY, Senator CRANSTON, former Senator Birch Bayh, the chairman of the National Democratic Committee, et cetera, et cetera, ad nauseum.

I can understand the desire of the Democratic Party to regain the majority in the U.S. Senate, but I cannot condone unlawful conduct.

Mr. Speaker, I fail to understand why the appropriate authorities of the House of Representatives do not take action to stop this clearly illegal activity and to stop it right now.

HALT DEPORTATION OF POLISH CITIZENS

(Mr. NELLIGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, yesterday I introduced a resolution with the gentlelady from Maryland, Representative MIKULSKI, that would request a halt to all deportation proceedings against Polish citizens whose visas have, or will soon, expire.

Our resolution (H. Res. 304) asks for a halt in deportation proceedings until such time as the President determines that the political situation in Poland is stable and that Poles will encounter no undue risk in returning to their country.

At present, any Polish citizen facing deportation is being asked to "walk the plank." Several of my constituents have contacted me, expressing serious fears about Polish citizens being forced to return to Poland. They are concerned over the volatile situation in Poland—a situation which could jeopardize the lives or personal safety of these Polish people.

In only a few hours' time, we have obtained the bipartisan support of 34 Members for this resolution.

Mr. Speaker, at the appropriate time today, I will ask unanimous consent for the immediate consideration of House Resolution 304.

SOCIAL SECURITY MINIMUM BENEFIT

(Mr. MARLENEE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARLENEE. Mr. Speaker, finally, the conference committee on social security has finished its report. And while it is far more complicated than the bill passed by the House on July 31, it does accomplish what we have been urging—the restoration of the minimum benefit for all of those people whoe are currently receiving benefits.

In addition, the conference report would authorize interfund borrowing among the trust funds which will give Congress time to find equitable and long lasting solutions to the long- and short-term financing problems with the system. And the report makes other changes to the program which will aid the Social Security Administration in reducing fraud and error which robs rightful recipients of their benefits.

I urge the House to pass this conference report immediately, so that the

social security minimum benefit recipients can rest easy knowing their benefits will be intact.

HOUSE SUBCOMMITTEE ON ACCOUNTS HOLDS THE LINE ON COMMITTEE STAFF FUNDING

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLLINS of Texas. Mr. Speaker, as I came in the Hall I visited with the chairman of the Accounts Subcommittee of the Committee on House Administration, the gentleman from Illinois (Mr. ANNUNZIO) and he told me something that is most commendable. It is something the entire House can be proud of that we accomplished during this past year.

In the House Accounts Subcommittee, they did not increase—they did not increase—one single committee staff funding. There were no supplemental appropriations approved this year. Now, this committee showed a lot of courage and it showed an example that we should follow in future years.

What I am saying is, there was not one single supplemental appropriation approved for committee staffing. It showed financial restraint. It is what I hope we can see more of in 1982.

MAKING IN ORDER CONSIDERATION OF CONFERENCE REPORT ON S. 1196, INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981, ANY TIME AFTER REPORT IS FILED IN THE HOUSE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that it be in order to consider the conference report on the Senate bill S. 1196, the International Security and Development Cooperation Act of 1981, at any time after the report is filed in the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

MAKING IN ORDER CONSIDERATION OF CONFERENCE REPORT ON H.R. 3567, EXPORT ADMINISTRATION AMENDMENTS ACT FOR 1981, AT ANY TIME AFTER REPORT IS FILED IN THE HOUSE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that it be in order to consider the conference report on the bill (H.R. 3567) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes, at any time after the report is filed in the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

CONSENT CALENDAR

The SPEAKER pro tempore. pursuant to the order of the House of December 15, 1981, this is the day for the call of the Consent Calendar. The Clerk will call the first bill on the Consent Calendar.

AUTHORIZING EXCHANGE OF CERTAIN LAND HELD IN TRUST BY THE UNITED STATES FOR THE NAVAJO TRIBE

The Clerk called the bill (H.R. 4001) to authorize the exchange of certain land held in trust by the United States for the Navajo Tribe, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

H.R. 4001

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subject to the approval of the Secretary of the Interior, the Navajo Tribe may exchange all of its interests in any land held in trust by the United States for the tribe in sections 4, 5, 8, and 9 of township 12 north, range 18 west, New Mexico principal meridian for the land located in section 14, township 13 north, range 18 west, New Mexico principal meridian which is owned by Bernard J. VanderWagen or Linda VanderWagen Ortega or both of them. The land so acquired by the Navajo Tribe shall be held in trust by the United States for the tribe and shall have the same status as the land exchanged.

With the following committee amendments:

Page 2, line 5, change "VanderWagen" to "Vanderwagon".

Page 2, line 6, change "VanderWagen" to "Vanderwagon".

The committee amendments were agreed to.

● Mr. SKEEN. Mr. Speaker, I rise in support of H.R. 4001, to authorize the exchange of certain land held in trust by the United States for the Navajo Tribe, and for other purposes.

The purpose of this legislation is to allow an exchange of land between the Navajo Tribe and Mr. Bernard J. Vanderwagon and his daughter. The property is located in McKinley County, north of Gallup, N. Mex. Although Mr. Vanderwagon and the Navajo families who are directly affected have mutually agreed that such an exchange would be beneficial to all parties, at present there is no general statutory or legal authority for the Navajo Tribe to conduct land exchanges.

For over a quarter of a century, Mr. Speaker, eight Navajo families have lived on land owned by Mr. Vanderwagon. These families have built their homes and grazed their sheep on this land. Throughout the period, there has been an understanding that this land in use by the Navajo families would be exchanged for an equal amount of tribal land which adjoins another portion of the Vanderwagon ranch. This oral agreement cannot be formalized without the formal passage of this special legislation. All parties have agreed that formal acquisition of the properties will enable them to make certain improvements to the land without the uncertainties which currently exist. Enactment of this special legislation will result in the creation of two viable ranches. The Navajo families will receive approximately a section of excellent grazing land in a developing area. The Vanderwagon family will acquire an equal amount of land between their existing ranch and a nearby highway.

Mr. Speaker, the Senate Committee on Indian Affairs has favorably considered a companion bill, S. 1779, by Senator SCHMITT. I urge the passage of this noncontroversial bill, Mr. Speaker, so that this measure may also proceed to final action by the Senate. Thank you, Mr. Speaker.●

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WALKER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include therein extraneous matter, on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

DECLARING THAT THE UNITED STATES HOLDS IN TRUST FOR THE PASCUA YAQUI TRIBE OF ARIZONA CERTAIN LAND IN PIMA COUNTY, ARIZ.

The Clerk called the bill (H.R. 4364) to declare that the United States holds in trust for the Pascua Yaqui Tribe of Arizona certain land in Pima County, Ariz.

There being no objection, the Clerk read the bill, as follows:

H.R. 4364

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subject to all valid existing rights, all right, title, and interest of the United States in the following described tracts of lands shall be held by the United States in trust for the Pascua Yaqui Tribe of Arizona and shall be a part of the reservation of such tribe:

(1) the southeast quarter northeast quarter northwest quarter of section 24;

(2) the southwest quarter northwest quarter of section 24;

(3) the northeast quarter northeast quarter south half northeast quarter north half

southeast quarter south half northwest quarter and southwest quarter of section 23; and

(4) the east half southeast quarter of section 22; all in township 15 south, range 12 east, Gila and Salt River meridian.

SEC. 2. The State of Arizona shall exercise criminal and civil jurisdiction over such lands as if it had assumed jurisdiction pursuant to the Act of August 15, 1953 (67 Stat. 588), as amended by the Act of April 11, 1968 (82 Stat. 79).

With the following committee amendment:

On page 2, strike all of lines 5 through 13 and insert, in lieu thereof, the following:

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING THE SECRETARY OF THE INTERIOR TO DISBURSE TRUST FUNDS OF THE LAC COURTE OREILLES BAND OF LAKE SUPERIOR CHIPPEWA INDIANS OF WISCONSIN, AND FOR OTHER PURPOSES

The Clerk called the bill (H.R. 4894) to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

H.R. 4894

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior shall, at the request of the governing body of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, pay to the State Bank of Drummond, Drummond, Wisconsin, not to exceed 20 per centum of the funds of such tribe derived from awards of the Indian Claims Commission in dockets numbered 18-C and 18-T which are deposited in the United States Treasury to the credit of such tribe in trust accounts numbered 14x9228 and 14x9278. Such payments shall be used for the sole purpose of covering or reducing an overdraft incurred by the tribe in support of administration of Federal contracts on an account maintained by the tribe in such bank which is designated "general fund".

SEC. 2. In the event that the United States acts to adjust the accounts of Indian tribes or organizations administering Federal contracts for the underrecovery of contract support money, the Secretary of the Interior, at his discretion, may reimburse the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, in whole or in part, for this disbursement.

With the following committee amendments:

Page 2, line 8, change "14 x 9278." to "14 x 9728".

Page 2, in lines 15 and 16, strike the phrase, "underrecovery of contract support money" and insert, in lieu thereof, the phrase, "overrecovery or underrecovery of indirect costs".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING ACT RELATING TO THE USE OR DISTRIBUTION OF CERTAIN JUDGMENT FUNDS AWARDED BY THE INDIAN CLAIMS COMMISSION OR THE COURT OF CLAIMS

The Clerk called the bill (H.R. 3731) to amend the act of October 19, 1973 (87 Stat. 466), relating to the use or distribution of certain judgment funds awarded by the Indian Claims Commission or the Court of Claims.

There being no objection, the Clerk read the bill, as follows:

H.R. 3731

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of October 19, 1973 (87 Stat. 466), is amended to read as follows:

"(a) Within one year after the appropriation of funds (including appropriation pursuant to section 1302 of the Supplemental Appropriation Act, 1957, as amended (31 U.S.C. 724a)) to pay a judgment of the Indian Claims Commission or the Court of Claims to any Indian tribe, the Secretary shall prepare and submit to the Congress a plan for the use and distribution of the funds: *Provided,* That with respect to judgments for which funds have been appropriated prior to the enactment of the amended section, but for which use or distribution has not been authorized by enactment of legislation or by an effective plan under this Act, the Secretary shall prepare and submit such plans within one year of the enactment of this amended section. Such plan shall include identification of the present-day beneficiaries, a formula for the division of the funds among two or more beneficiary entities if such is warranted, and a proposal for the use and distribution of the funds. The Secretary shall simultaneously submit a copy of such plan to the governing body or official representative of each affected tribe or group.

"(b) If the Secretary determines that an appropriate plan cannot be submitted to the Congress within the period specified in subsection (a) of this section, the Secretary shall submit to the Congress a schedule specifying a date by when such plan will be submitted to the Congress and such schedule shall replace that prescribed in said subsection (a) unless disapproved by enactment of a joint resolution.".

With the following committee amendment:

Strike all after the enacting clause and insert the following:

That Section 2 of the Act of October 19, 1973 (87 Stat. 446; 25 U.S.C. 1401 et seq.) is amended to read as follows:

"SEC. 2(a) Within one year after appropriation of funds to pay a judgment of the Indian Claims Commission or the Court of Claims to any Indian tribe, the Secretary of the Interior shall prepare and submit to Congress a plan for the use and distribution of the funds. Such plan shall include identification of the present day beneficiaries, a formula for the division of the funds among two or more beneficiary entities if such is warranted, and a proposal for the use and distribution of the funds. The Secretary shall simultaneously submit a copy of such plan to each affected tribe or group.

"(b) With respect to judgments, for which funds have been appropriated prior to the enactment of this amended section, but for which use or distribution has not been authorized by enactment of legislation or by an effective plan under this Act, the Secretary shall prepare and submit such plans within one year of the enactment of this amended section.

"(c) In any case where the Secretary determines that the circumstances do not permit the preparation and submission of a plan as provided in this Act, he shall submit to the Congress within the one year period proposed legislation to authorize use or distribution of such funds, together with a report thereon.

"(d) In cases where the Secretary has to submit a plan dividing judgment funds between two or more beneficiary entities, he shall obtain the consent of the tribal governments involved to the proposed division. If the Secretary cannot obtain such consent within 180 days after appropriation of the funds for the award or within 180 days of the enactment of this amended section, he shall submit proposed legislation to the Congress as provided in section 2(c).

"(e) An extension of the one year period, not to exceed 18 days, may be requested by the Secretary or by the affected Indian tribe, submitting such request to the Committees through the Secretary, and any such request will be subject to the approval of both the Senate Select Committee on Indian Affairs and the U.S. House of Representatives Committee on Interior and Insular Affairs."

SEC. 2. Section 3(b)(3) of said Act is hereby amended by adding at the end thereof, the following proviso:

"*Provided,* That such funds may be disbursed to the parents or legal guardian of such minors or legal incompetents in such amounts as may be necessary for the minor or legal incompetent's health, education, welfare or emergencies under a plan or plans approved by the Secretary and the tribal governing body of the Indian tribe involved."

SEC. 3. Section 5 of said Act is amended by adding the following subsections:

(c) Within the sixty-day period and before the adoption of any resolution disapproving a plan, the Secretary may withdraw or amend such plan; *Provided,* That any amendments affecting the division of an award between two or more beneficiary entities shall be subjected to the consent of these entities as provided in section 2(d) of this Act. Any such amended plan shall become valid at the end of a sixty-day period beginning on the day such amendment is submitted to the Congress, unless during such sixty-day period, either House adopts a resolution disapproving such plan as amended.

(d) Once a plan is withdrawn before the end of a sixty-day period, the Secretary has until the expiration of the original one-year deadline to resubmit a plan to the Congress. Such plan shall become valid at the end of a sixty-day period beginning on the day such new plan is submitted to the Congress, unless during such sixty-day period, either House adopts a resolution disapproving such plan."

SEC. 4. Section 7 of said Act is amended to read as follows:

"SEC. 7. None of the funds distributed per capita or held in trust under the provisions of this Act shall be subject to Federal or State income taxes, nor shall such funds nor their availability be considered as income or resources or otherwise utilized as the basis for denying or reducing the financial assistance or other benefits to which such household or member would otherwise be entitled under the Social Security Act or, except for per capita shares in excess of $2,000, any Federal or federally-assisted program."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR PARTITIONING OF CERTAIN RESTRICTED INDIAN LAND IN THE STATE OF KANSAS

The Clerk called the Senate bill (S. 478) to provide for the partitioning of certain restricted Indian land in the State of Kansas.

There being no objection, the Clerk read the Senate bill, as follows:

S. 478

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any owner of an interest in lands derived from a patent under the Act of March 3, 1859 (11 Stat. 430) may commence an action in the United States District Court for Kansas to partition the same in kind or for the sale of such land in accordance with the laws of the State of Kansas. Moneys resulting from a sale in lieu of partition shall be distributed and administered through trust accounts of the Bureau of Indian Affairs in the case of Indian heirs. Moneys of non-Indian heirs shall be turned over to the appropriate State court in Kansas for distribution and administration in accordance with the laws of Kansas. For the purpose of such action, the Indian owners shall be regarded as vested with an unrestricted fee simple title to their interests in the land and the United States shall be a necessary party to the proceedings. Any conveyance ordered by the court in such proceedings will be made in unrestricted fee simple to non-Indian grantees and in a restricted fee to Indian grantees.

With the following committee amendment:

Strike all after the enacting clause and insert:

That any owner of an interest in the following lands:

(1) the north half southeast quarter of section 25, 14 acres on the south side of southeast quarter northeast quarter of section 25 township 11 south, range 22 east, sixth principal meridian, Kansas, containing 94 acres and also known as the Newton McNeer Shawnee Reserve Numbered 206;

(2) the southeast quarter northwest quarter of section 12, township 12 south, range 23 east, 6th principal meridian, Kansas, containing 20 acres and also known as the Black Snake Shawnee Allotment Number 69;

(3) the east half, southwest quarter, section 13, township 19 south, range 24 east, sixth principal meridian, Kansas, containing 80 acres and known as the Maria Christiana Miami Allotment, lands derived from a patent under the Act of March 3, 1859 (11 Stat. 430) may commence an action in the United States District Court for Kansas to partition the same in kind or for the sale of such land in accordance with the laws of the State of Kansas. Moneys resulting from a sale in lieu of partition shall be distributed and administered through trust accounts of the Bureau of Indian Affairs in the case of Indian heirs. Moneys of non-Indian heirs shall be turned over to the appropriate State court in Kansas for distribution and administration in accordance with the laws of Kansas. For the purpose of such action, the Indian owners shall be regarded as vested with an unrestricted fee simple title to their interests in the land and the United States shall be a necessary party to the proceedings. Any conveyance ordered by the court in such proceedings will be made in unrestricted fee simple to non-Indian grantees and in a restricted fee to Indian grantees.

The committee amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR CONVEYANCE OF CERTAIN LANDS IN ALASKA WITHOUT REGARD TO THE 80-ROD LIMITATION PROVIDED BY EXISTING LAW

The Clerk called the bill (H.R. 1281) to provide for the conveyance of certain lands in Alaska comprising trade and trade manufacturing site A-056802 without regard to the 80-rod limitation provided by existing law.

There being no objection, the Clerk read the bill, as follows:

H.R. 1281

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subject to the requirements provided in section 2 of this Act, the Secretary of the Interior is authorized to reconsider and act upon trade and manufacturing site application A-056802, comprising approximately 16.33 acres in the State of Alaska, under section 10 of the Act of May 14, 1898 (30 Stat. 409, 43 U.S.C. 687a), without regard to the eighty-rod limitation contained in the first proviso of that Act. The land comprising trade and manufacturing site A-056802 is located between Nuyakuk and Tikchik Lakes in protraction section 36, T.S.S., range 24 west, Seward meridian (USS 4699).

SEC. 2. Notwithstanding the payment provisions in section 10 of the Act of May 14, 1898, the Secretary of the Interior shall require payment of fair market value for any acreage conveyed under this Act in excess of the acreage to which the Secretary determines the applicant would have been entitled under section 10, had the eighty-rods limitation therein been applicable.

With the following committee amendments:

Page 2, line 3, strike "site" and in lieu thereof insert "claim."

Page 2, line 6, after "409," insert "413, as amended and supplemented,".

Page 2, line 8, strike "Act." and in lieu thereof insert "section.".

Page 2, line 9, strike "site" and in lieu thereof insert "claim".

Page 2, lines 10 through 12, strike "protraction section 36, T.S.S., range 24 west, Seward meridian (USS 4699)." and in lieu thereof insert the following: "protracted section 36, T. 2 S., R. 54 W., Seward meridian.".

Page 2, strike lines 14 through 20 and in lieu thereof insert the following:

SEC. 2. Notwithstanding the payment provisions in section 10 of the Act of May 14, 1898, the Secretary of the Interior shall require payment of fair market value for the approximately 6.27 acres authorized to be conveyed under this act in excess of the approximately 10.06 acres to which the Secretary has determined the applicant would have been entitled under section 10, had the eighty-rod limitation therein been applicable. Fair market value shall be determined by the Secretary as of the date of filing of such trade and manufacturing claim application A—056802, and shall not include the value of any enhancement of the land.

SEC. 3. The Secretary of the Interior shall not convey any land under this Act unless and until the State of Alaska conveys to the United States all right, title, and interest that it has in that portion of the land included in trade and manufacturing claim application A—056802 that has been selected under the Alaska Statehood Act of July 7, 1958 (72 Stat. 339, as amended), and tentatively approved, and warrants that it has not alienated or conveyed any interests in these lands to a third party. The State of Alaska is hereby authorized to make such a conveyance regarding such portion of such lands, notwithstanding any other provision of law.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WITHDRAWING CERTAIN LANDS IN MONO COUNTY, CALIF., FROM SETTLEMENT, SALE, LOCATION, OR ENTRY FOR THE PURPOSE OF PROTECTING THE WATERSHED SUPPLYING WATER TO THE CITY OF LOS ANGELES, AND TO RESCIND SUCH WITHDRAWAL FOR CERTAIN OTHER LANDS IN MONO COUNTY, CALIF.

The Clerk called the bill (H.R. 2475) to withdraw certain lands in Mono County, Calif., from settlement, sale, location, or entry for the purpose of protecting the watershed supplying water to the city of Los Angeles, and to rescind such withdrawal for certain other lands in Mono County, Calif.

There being no objection, the Clerk read the bill, as follows:

H.R. 2475

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. Notwithstanding the Act of March 4, 1931 (46 Stat. 1530-1548), or any other provision of law, the following described lands, located in Mono County, California, and comprising 202.167 acres, are

withdrawn from settlement, sale, location, or entry, under all of the general land laws, for the purpose of protecting the watershed supplying water to the city of Los Angeles: The southeast quarter of the southeast quarter of section 23, the west half of the northwest quarter of section 25, and the north half of the northeast quarter of section 26, all in township 5 south, range 32 east, Mount Diablo meridian, California.

SEC. 2. Nothwithstanding the first section of the Act of March 4, 1931 (46 Stat. 1530, 1532), the following described lands, located in Mono County, California, and comprising 160 acres, shall no longer be withdrawn from settlement, location, filing, entry, or disposal under the land laws of the United States: The southwest quarter of section 34, township 5 south, range 33 east, Mount Diablo meridian, California.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

That notwithstanding the Act of March 4, 1931, (46 Stat. 1530-1548), or any other provision of law, the following described lands, situated in Mono County, California, and comprising approximately 202.167 acres, are withdrawn from settlement, sale, location, or entry under all of the general land laws: The southeast quarter of the southeast quarter of section 23, the west half of the northwest quarter of section 25, and the north half of the northeast quarter of section 26, all in township 5 south, range 32 east, Mount Diablo meridian, California.

SEC. 2. Notwithstanding the first section of the Act of March 4, 1931, (46 Stat. 1530, 1532), the withdrawal accomplished by said Act of March 4, 1931, of the lands described as the southwest quarter of section 34, township 5 south, range 33 east, Mount Diablo meridian, comprising approximately 160 acres, situated in Mono County, California, is hereby modified to the extent that the lands described in this section may be exchanged by the Secretary of the Interior in accordance with the directive contained in section 3 of this Act.

SEC. 3. Notwithstanding any other provision of law, the Secretary of the Interior is hereby authorized to exchange the Federal lands described in section 2 of this Act for the lands described in section 1 of this Act, the title to the lands to be acquired by the United States to be satisfactory in all respects to the Secretary and to be conveyed by a good and sufficient deed, in recordable form, that is satisfactory to the Secretary.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title of the bill was amended so as to read: "A bill to modify a withdrawal of certain lands in Mono County, California, to facilitate an exchange for certain other lands in Mono County, California, and for other purposes."

A motion to reconsider was laid on the table.

AUTHORIZING THE SECRETARY OF AGRICULTURE TO SELL THE PORTION OF THE TAHOE NATIONAL FOREST KNOWN AS BLYTH ARENA

The Clerk called the bill (H.R. 2863) to authorize the Secretary of Agriculture to sell the portion of the Tahoe National Forest known as Blyth Arena.

There being no objection, the Clerk read the bill, as follows:

H.R. 2863

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture may sell at public auction, for not less than fair market value, all right, title, and interest in the approximately 5.22 acres of land which is known as Blythe Arena and located in the Tahoe National Forest, and which is depicted on a map entitled "Blythe Arena Sale or Exchange Proposal", dated February 1981, on file in the office of the Chief, Forest Service, Department of Agriculture.

SEC. 2. There is authorized to be appropriated for the acquisition, by the Secretary of Agriculture, of lands in the State of California an amount equal to the amount of any proceeds received from the sale of Blythe Arena under the first section of this Act. Lands acquired with funds appropriated under the preceding sentence shall be permanently reserved, held, and administered as part of the national forest system.

With the following committee amendments:

Page 1, line 3, strike "That the Secretary of Agriculture may sell" and in lieu thereof insert the following:

That notwithstanding any other provision of law, the Secretary of Agriculture may dispose of by exchange pursuant to the General Exchange Act of March 20, 1922, as amended (16 U.S.C. 485, 486) and the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716, 1717) or by sale.

Page 2, line 6, strike "5.22" and in lieu thereof insert "5.2"

Page 2, lines 8 and 9, after "Tahoe National Forest," insert "which is an exception to Land Patent Number 04-70-0146,"

Page 2, strike lines 13 through 20 and in lieu thereof insert the following:

SEC. 2. If the Secretary of Agriculture disposes of the land described in section one of this Act by sale, the proceeds shall be retained by the Secretary and shall be used for acquisition by the Secretary of lands in the State of California which shall be included within the national forest system and shall be permanently reserved, held, and administered as part of such system.

The committee amendments were agreed to.

AMENDMENTS OFFERED BY MR. UDALL

Mr. UDALL. Mr. Speaker, I offer amendments making two technical corrections, and I ask unanimous consent that these amendments be considered en bloc, and that they be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The amendments are as follows:

Amendments offered by Mr. UDALL: Page 1, line 6 change "Blythe" to "Blyth".

Page 1, line 7, change "Blythe" to "Blyth".

The SPEAKER pro tempore. The question is on the amendments offered by the gentleman from Arizona (Mr. UDALL).

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title of the bill was amended so as to read: "A bill to authorize the Secretary of Agriculture to sell the portion of the Tahoe National Forest known as Blyth Arena."

A motion to reconsider was laid on the table.

MODIFYING BOUNDARIES OF THE SAN JUAN AND SAN ISABEL NATIONAL FORESTS IN THE STATE OF COLORADO

The Clerk called the bill (H.R. 3433) to modify the boundaries of the San Juan and San Isabel National Forests in the State of Colorado, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

H.R. 3433

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That to provide for consolidation of lands in the San Juan and San Isabel National Forests, and lands administered by the Bureau of Land Management, Montrose District, all in Colorado, to accommodate the transfer of lands acquired by the Water and Power Resources Service as a part of the McPhee Dam and Reservoir, and provide for more efficient administration of those lands, the exterior boundaries of the San Juan and San Isabel National Forests in the State of Colorado are hereby modified as shown on United States Department of Agriculture, Forest Service maps entitled "Boundary Modification, San Juan National Forest," and "Boundary Modification, San Isabel National Forest," dated February 1981. The maps and legal description of the boundaries of such lands shall be on file and available for public inspection in the appropriate offices of the Chief of the Forest Service, Department of Agriculture, the Director of the Bureau of Land Management, Department of the Interior, and appropriate field offices of those agencies.

SEC. 2. Subject to valid existing rights and privileges, all Bureau of Land Management administered lands comprising about twenty-five thousand five hundred and fifty-nine acres depicted as areas 1 through 8 on the maps referred to in section 1 of this Act, falling within the boundaries of the San Juan and San Isabel National Forests, as modified by section 1 of this Act, are hereby added to the respective national forests and shall be administered in accordance with the laws, rules, and regulations applicable thereto.

SEC. 3. Subject to valid existing rights and privileges, all national forest lands comprising about thirty-one thousand six hundred and seven acres depicted as areas 9 through 11 on the maps referred to in section 1 of

this Act that are outside the San Juan National Forest boundary, as modified by section 1 of this Act, and hereby returned to the Secretary of the Interior and shall be administered in accordance with the laws, rules, and regulations applicable to the public lands as defined in section 103(e) of the Federal Land Policy and Management Act of 1976, as amended (43 U.S.C. 1702(c)).

SEC. 4. For the purpose of section 6 (renumbered section 7 by the Act of July 11, 1972 (86 Stat. 459)) of the Land and Water Conservation Fund Act of 1965 (78 Stat. 903, as amended; 16 U.S.C. 4601.9 (1976)) the boundaries of the San Juan and San Isabel National Forests, as modified by section 1 of this Act, shall be treated as if they were the boundaries of those forests on January 1, 1965.

SEC. 5. Nothing in this Act shall affect the validity or the terms and conditions of any existing right-of-way, easement, lease, license, or permit on lands transferred by this Act, except that they shall be administered by the agency having jurisdiction of the land after the enactment of this Act in accordance with sections 2 and 3 herein. Reissuance of any authorization shall be in accordance with the regulations of the agency having jurisdiction provided that the change of jurisdiction shall not constitute a ground to deny the renewal or reissuance of any such authorization.

SEC. 6. The provisions of this Act shall take effect on the date of enactment of this Act.

With the following committee amendment:

Strike all after the enacting clause and insert the following:

That to provide for consolidation of lands in the San Juan and San Isabel National Forests, lands administered by the Bureau of Land Management, Montrose District, and lands acquired by Bureau of Reclamation as a part of the McPhee Dam and Reservoir, all in Colorado, and to provide for more efficient administration of those lands, the exterior boundaries of the San Juan and San Isabel Naional Forests in the State of Colorado are hereby modified as shown on United States Department of Agriculture, Forest Service maps entitled "Boundary Modification, San Juan National Forest," and "Boundary Modification, San Isabel National Forest" dated August 1981. The maps and legal description of the boundaries of such lands shall be be on file and available for public inspection in the offices of the Chief of the Forest Service, Department of Agriculture; the Director of the Bureau of Land Management, and the Commissioner of the Bureau of Reclamation, Department of the Interior and appropriate field offices of those agencies.

SEC. 2. All Bureau of Land Management-administered lands that, by reason of the boundary modification described in the first section of this Act, fall within the boundaries of the San Juan or San Isabel National Forests, comprising about 25,559 acres and depicted as Areas 1-8 on the maps referred to in such section, are hereby added to the respective national forests and shall be administered in accordance with the laws, rules, and regulations applicable to the National Forest System.

SEC. 3. All National Forest System lands that, by reason of the boundary modification described in the first section of this Act, no longer fall within the boundaries of the San Juan National Forest, comprising about 31,607 acres and depicted as Areas 9-11 on the maps referred to in such section, are hereby removed from the National Forest System and transferred to the Secretary of the Interior to be administered in accordance with the laws, rules, and regulations applicable to the public lands as defined in section 103(e) of the Federal Land Policy and Management Act of 1976, as amended (90 Stat. 2746; 43 U.S.C. 1702(e)).

SEC. 4. Notwithstanding the first section of this Act or any other law, the Secretary of the Interior shall retain jurisdiction over all lands administered by the Bureau of Reclamation that, by reason of the boundary modification described in the first section of this Act, fall within the boundary of the San Juan National Forest, until such time as the Secretary of the Interior, by agreement with the Secretary of Agriculture, transfers such jurisdiction to the Secretary of Agriculture. Upon such transfer, the land involved shall be added to the San Juan National Forest and shall be administered in accordance with the laws, rules, and regulations applicable to the National Forest System.

SEC. 5. For the purpose of section 6 (renumbered section 7 by the Act of July 11, 1972 (86 Stat. 459)) of the Land and Water Conservation Fund Act of 1965 (78 Stat. 903, as amended; 16 U.S.C. 460 l-9) the boundaries of the San Juan and San Isabel National Forests, as modified by the first section of this Act, shall be treated as if they were the boundaries of those Forests on January 1, 1965.

SEC. 6. Nothing in this Act shall affect valid existing rights, or interest in existing land use authorizations, except that any such right or authorization shall be administered by the agency having jurisdiction of the land after the enactment of this Act in accordance with sections 2 and 3 of this Act and other applicable law. Reissuance of any such authorization shall be in accordance with applicable law and the regulations of the agency having jurisdiction, *Provided*, That the change of administrative jurisdiction shall not in itself constitute a ground to deny the renewal of reissuance of any such authorization.

SEC. 7. Those parts of Bureau of Land Management Wilderness Study Areas (Needle Creek, CO-030-229B; West Needles Contiguous, CO-30-229A; Whitehead Gulch, CO-030-230B; and Weminuche Contiguous, CO-030-238B) contained within Area 3 and that are made a part of the National Forest System by this Act shall be studied in conjunction with the West Needle Wilderness Study Area in accordance with the provisions of section 105 of the Colorado Wilderness Act of 1980, including the requirement that the Secretary of Agriculture review the suitability or unsuitability of such lands for inclusion in the National Wilderness Preservation System and report to Congress by December 31, 1983. Inclusion of such parts of such wilderness study areas in the National Forest System by this Act shall not affect the status of the parts of such areas not so included, which shall continue to be reviewed pursuant to section 603 of the Federal Land Management and Policy Act of 1976.

SEC. 8. The provisions of this Act shall take effect on the date of enactment of this Act.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FEDERAL-AID HIGHWAY ACT OF 1981

Mr. ANDERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3210) to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes with a Senate amendment, and concur in the Senate amendment with an amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause, and insert:

SEC. 101. This Act may be cited as the "Federal-Aid Highway Improvement Act of 1981".

REVISION OF AUTHORIZATION FOR APPROPRIATIONS FOR THE INTERSTATE SYSTEM

SEC. 102. (a) Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is amended by striking out "the additional sum of $3,200,000,000 for the fiscal year ending September 30, 1983", and all that follows through the period at the end of the sentence and by inserting in lieu thereof the following: "the additional sum of $3,100,000,000 for the fiscal year ending September 30, 1983, the additional sum of $3,500,000,000 for the fiscal year ending September 30, 1984, the additional sum of $3,400,000,000 for the fiscal year ending September 30, 1985, the additional sum of $3,400,000,000 for the fiscal year ending September 30, 1986, the additional sum of $3,500,000,000 for the fiscal year ending September 30, 1987, the additional sum of $3,625,000,000 for the fiscal year ending September 30, 1988, the additional sum of $3,625,000,000 for the fiscal year ending September 30, 1989, and the additional sum of $3,625,000,000 for the fiscal year ending September 30, 1990.".

(b) Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is further amended by adding at the end thereof the following: Section 103 of title 23, United States Code, is amended by adding the following new subsection:

"(g) The obligation of funds authorized by subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, after the date of enactment of this subsection, except for advance construction interstate projects approved prior to enactment of this subsection, shall be limited to essential construction necessary to complete routes and portions on the Interstate System. Essential construction consists of (1) full access control; (2) a pavement design to accommodate the types and volumes of traffic anticipated for the twenty-year period from date of authorization of the initial basic construction contract; (3) essential environmental requirements; and (4) a design of not more than six lanes in rural areas and all urbanized areas under four hundred thousand population, and up to eight lanes in urbanized areas of four hundred thousand population or more as shown in the 1980 Federal census. The obligation of funds authorized by subsection (b) of section 108 of the Federal-Aid Highway Act of 1956 shall be further limited to the design concepts, locations, geometrics, and other construction features included in the 1981 Interstate Cost Estimate.".

(c) Section 104(b)(5)(A) of title 23, United States Code, is amended by adding at the end thereof the following new sentence:

"Notwithstanding any other provisions of this subparagraph, the Secretary in making the revised estimate of the cost of completing the then designated Interstate System for the purpose of transmitting it to the Senate and House of Representatives within ten days subsequent to January 2, 1983, or thereafter, shall include only those costs eligible for funds authorized by subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, and as further amended by section 102(b) of the Federal-Aid Highway Improvement Act of 1981.".

AUTHORIZATION OF USE OF COST ESTIMATES FOR APPORTIONMENT OF INTERSTATE FUNDS

SEC. 103. The Secretary of Transportation shall apportion for the fiscal years ending September 30, 1983, and September 30, 1984, the sums authorized to be appropriated for such periods by section 108(b) of the Federal-Aid Highway Act of 1956, as amended, for expenditures on the National System of Interstate and Defense Highways, using the apportionment factors contained in table of Committee Print of the Committee on Public Works and Transportation of the House of Representatives.

HIGHWAY AUTHORIZATIONS

SEC. 104. (a) Each of the authorizations for the fiscal year ending September 30, 1982, contained in section 104 of the Federal-Aid Highway Act of 1978 is hereby repealed. For the purpose of carrying out the following provisions of title 23, United States Code, the following sums are authorized to be appropriated out of the Highway Trust Fund:

(1) For the Federal-aid primary program, $1,500,000,000 for the fiscal year ending September 30, 1982, $1,500,000,000 for the fiscal year ending September 30, 1983, $1,600,000,000 for the fiscal year ending September 30, 1984, $1,600,000,000 for the fiscal year ending September 30, 1985, and $1,600,000,000 for the fiscal year ending September 30, 1986.

(2) For the Federal-aid rural program, $525,000,000 for the fiscal year ending September 30, 1982, $500,000,000 for the fiscal year ending September 30, 1983, $500,000,000 for the fiscal year ending September 30, 1984, $500,000,000 for the fiscal year ending September 30, 1985, and $400,000,000 for the fiscal year ending September 30, 1986.

(3) For the Federal-aid urban program, $725,000,000 for the fiscal year ending September 30, 1982, $700,000,000 for the fiscal year ending September 30, 1983, $700,000,000 for the fiscal year ending September 30, 1984, $700,000,000 for the fiscal year ending September 30, 1985, and $600,000,000 for the fiscal year ending September 30, 1986.

(4) For forest highways, $34,000,000 for the fiscal year ending September 30, 1982, $34,000,000 for the fiscal year ending September 30, 1983, $34,000,000 for the fiscal year ending September 30, 1984, $34,000,000 for the fiscal year ending September 30, 1985, and $34,000,000 for the fiscal year ending September 30, 1986.

(5) For public lands highways, $16,000,000 for the fiscal year ending September 30, 1982, $16,000,000 for the fiscal year ending September 30, 1983, $16,000,000 for the fiscal year ending September 30, 1984, $16,000,000 for the fiscal year ending September 30, 1985, and $16,000,000 for the fiscal year ending September 30, 1986.

(6) For bridge replacement and rehabilitation under section 144 of title 23, United States Code, $725,000,000 for the fiscal year ending September 30, 1982, $1,100,000,000 for the fiscal year ending September 30, 1983, $1,300,000,000 for the fiscal year ending September 30, 1984, $1,300,000,000 for the fiscal year ending September 30, 1985, and $1,300,000,000 for the fiscal year ending September 30, 1986.

(7) For the highway safety improvement program, $100,000,000 for the fiscal year ending September 30, 1982, $100,000,000 for the fiscal year ending September 30, 1983, $50,000,000 for the fiscal year ending September 30, 1984, $50,000,000 for the fiscal year ending September 30, 1985, and $50,000,000 for the fiscal year ending September 30, 1986.

(8) For carrying out section 215(a) of title 23, United States Code—

(A) for the Virgin Islands, not to exceed $5,000,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, September 30, 1985, and September 30, 1986.

(B) for Guam, not to exceed $5,000,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, September 30, 1985, and September 30, 1986.

(C) for American Samoa, not to exceed $1,000,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, September 30, 1985, and September 30, 1986.

Sums authorized by this paragraph shall be available for obligation at the beginning of the period for which authorized in the same manner and to the same extent as if such sums were apportioned under chapter 1 of title 23, United States Code.

(9) For the Commonwealth of the Northern Mariana Islands, not to exceed $1,000,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, September 30, 1985, and September 30, 1986. Sums authorized by this paragraph shall be expended in the same manner as sums authorized to carry out section 215 of title 23, United States Code. Sums authorized by this paragraph shall be available for obligation at the beginning of the period for which authorized in the same manner and to the same extent as if such sums were apportioned under chapter 1 of title 23, United States Code.

(b)(1) For each of the fiscal years 1983, 1984, 1985, 1986, and 1987, no State, including the State of Alaska, shall receive less than one-half of 1 per centum of the total apportionment for the Interstate System under section 104(b)(5)(A) of title 23, United States Code. Whenever amounts made available under this subsection for the Interstate System in any State exceed the estimated cost of completing that State's portion of the Interstate System, and exceed the estimated cost of necessary resurfacing, restoration, rehabilitation, and reconstruction of the Interstate System within such State, the excess amount shall be eligible for expenditure for those purposes for which funds apportioned under paragraphs (1), (2), and (6) of such section 104(b) may be expended.

(2) Subsection (g) of section 144 of title 23, United States Code, is amended as follows:

"(g) Of the amount authorized per fiscal year, for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, September 30, 1985, and September 30, 1986, all but $200,000,000 for fiscal years 1982, 1983, 1984, 1985, and 1986 shall be apportioned as provided in subsection (e) of this section; $200,000,000 for fiscal years 1982, 1983, 1984, 1985, and 1986 of the amount authorized shall be available for obligation on the date of each such apportionment in the same manner and to the same extent as the sums apportioned on such date except that the obligation of such sums shall be at the discretion of the Secretary and shall be only for projects for those highway bridges the replacement and rehabilitation cost of each of which is more than $10,000,000 and for any project for a highway bridge replacement or rehabilitation cost of which is less than $10,000,000 if such cost is at least twice the amount apportioned to the State in which such bridge is located under subsection (e) of this section for the fiscal year in which application is made for a grant for such bridge. Not less than 15 per centum of the amount apportioned to each State in a fiscal year shall be expended for projects to replace or rehabilitate bridges located on public roads other than those on public roads functionally classified as arterials or major collectors. The Secretary after consultation with State and local officials may, with respect to a State, reduce the requirement for expenditure for bridges not on public roads functionally classified as arterials or major collectors when he determines that such State has inadequate needs to justify such expenditure.".

(3) Paragraph (3) of section 202 of the Highway Safety Act of 1978 is amended by striking out "September 30, 1981, and September 30, 1982." and inserting in lieu thereof the following: "and September 30, 1981.".

(4) Paragraph (6) of section 202 of the Highway Safety Act of 1978 is amended by striking out "$1,300,000,000 for the fiscal year ending September 30, 1981, and $900,000,000 for the fiscal year ending September 30, 1982." and inserting in lieu thereof the following: "and $1,300,000,000 for the fiscal year ending September 30, 1981.".

(5) Paragraph (8) of section 202 of the Highway Safety Act of 1978 is amended by striking out "$150,000,000 for the fiscal year ending September 30, 1981, and $200,000,000 for the fiscal year ending September 30, 1982." and inserting in lieu thereof the following: "and $150,000,000 for the fiscal year ending September 30, 1982.".

(c) The unobligated balance of contract authority established in paragraph (15) of section 104(a) of the Federal-Aid Highway Act of 1978 shall lapse September 30, 1981.

(d) Section 203(b) of the Highway Safety Act of 1973, as amended by section 203(a) of the Highway Safety Act of 1978, is amended by striking out "September 30, 1981, and September 30, 1982." and inserting in lieu thereof "and September 30, 1981.".

(e) Section 163 of the Federal-Aid Highway Act of 1973, as amended by section 134(c) of the Federal-Aid Highway Act of 1978, is further amended by striking out "$100,000,000 for the fiscal year ending September 30, 1981, and $100,000,000 for the fiscal year ending September 30, 1982, except that" and inserting in lieu thereof "and $100,000,000 for the fiscal year ending September 30, 1981, except that".

(f) Section 141(i) of the Federal-Aid Highway Act of 1978 is amended by striking out "September 30, 1981, and September 30, 1982," and inserting in lieu thereof "and September 30, 1981,".

INTERSTATE SYSTEM RESURFACING APPORTIONMENT

SEC. 105. Section 104(b)(5)(B) of title 23, United States Code, is amended to read as follows:

"(B) For resurfacing, restoring, rehabilitating, and reconstructing the Interstate System:

"60 per centum in the ratio that lane miles on the Interstate routes designated under sections 103 and 139(c) of this title (other than those on toll roads not subject to a Secretarial agreement provided for in section 105 of the Federal-Aid Highway Act of 1978) in each State bears to the total of all such lane miles in all States; and 40 per centum in the ratio that vehicle miles traveled on lanes on the Interstate routes designated under sections 103 and 139(c) of this title (other than those on toll roads not subject to a Secretarial agreement provided for in section 105 of the Federal-Aid Highway Act of 1978) in each State bears to the total of all such vehicle miles in all States. Notwithstanding the preceding sentence, no State excluding any State that has no interstate lane miles shall receive less than one-half of 1 per centum of the total apportionment made by this subparagraph for any fiscal year.".

INTERSTATE SYSTEM RESURFACING AUTHORIZATION

SEC. 106. Section 105 of the Federal-Aid Highway Act of 1978 is amended to read as follows: "In addition to any funds authorized to be appropriated, there is authorized to be appropriated out of the Highway Trust Fund, not to exceed $175,000,000 per fiscal year for each of the fiscal years ending September 30, 1980, and September 30, 1981, not to exceed $275,000,000 for the fiscal year ending September 30, 1982, not to exceed $875,000,000 for the fiscal year ending September 30, 1983, not to exceed $1,300,000,000 for the fiscal year ending September 30, 1984, not to exceed $1,700,000,000 for the fiscal year ending September 30, 1985, not to exceed $1,700,000,000 for the fiscal year ending September 30, 1986, and not to exceed $2,200,000,000 for the fiscal year ending September 30, 1987. Such sums shall be obligated for projects for resurfacing, restoring, rehabilitating, and reconstructing routes of the Interstate System designated under sections 103 and 139(c) of title 23, United States Code (other than those on toll roads not subject to a Secretarial agreement provided for in section 105 of the Federal-Aid Highway Act of 1978), except that where a State certifies to the Secretary that any part of such sums are in excess of the needs of such State for resurfacing, restoring, rehabilitating, and reconstructing the Interstate System and the Secretary accepts such certification, such State may transfer sums apportioned to it under section 104(b)(5)(B) to its apportionment under section 104(b)(1) of title 23, United States Code. Such sums may also be obligated for projects for resurfacing, restoring, rehabilitating and reconstructing a toll road which has been designated as a part of the Interstate System if an agreement satisfactory to the Secretary of Transportation has been reached with the State highway department and any public authority with jurisdiction over such toll road prior to the approval of such project that the toll road will become free to the public upon the collection of tolls sufficient to liquidate the cost of the toll road or any bonds outstanding at the time constituting a valid lien against it, and the cost of maintenance and operation and debt service during the period of toll collections. The agreement referred to in the preceding sentence shall contain a provision requiring that if, for any reason, a toll road receiving Federal assistance under this section does not become free to the public upon collection of sufficient tolls, as specified in the preceding sentence, Federal funds used for projects on such toll road pursuant to this section shall be repaid to the Federal Treasury.".

INTERSTATE SYSTEM RESURFACING

SEC. 107. (a) Section 119(a) of title 23, United States Code, is amended by striking out the words "and rehabilitating" and by inserting in lieu thereof the words "rehabilitating, and reconstructing" and by striking out the words "those lanes in use for more than five years on the Interstate System" and inserting in lieu thereof the words "routes of the Interstate System designated under sections 103 and 139(c) of this title.".

(b) Section 119 of title 23, United States Code, is further amended by adding the following new subsection:

"(b) Reconstructing as authorized in subsection (a) of this section may include, but is not limited to, the addition of travel lanes and the reconstruction of interchanges and overcrossings along existing completed interstate routes, including the acquisition of right-of-way where necessary.".

HOLD HARMLESS—INTERSTATE RESURFACING

SEC. 108. (a) The amount a State, excluding any State that has no interstate mileage, receives by apportionment on October 1, 1981, under section 104(b)(5)(B) of title 23, United States Code, shall be sufficient to assure that its total apportionments under section 104(b)(5) of title 23, United States Code, are not less than that which would have been made on October 1, 1981, to such State under section 104(b)(5) of title 23, United States Code, prior to the enactment of this Act.

(b) There is hereby authorized to be appropriated out of the Highway Trust Fund, $100,000,000 for the fiscal year ending September 30, 1983 to carry out this section. Funds authorized to be appropriated by this section shall be available for obligation in the same manner and to the same extent as if such funds were apportioned under chapter 1 of title 23, United States Code.

INTERSTATE SUBSTITUTION AUTHORIZATION

SEC. 109. (a) In addition to any funds authorized to be appropriated out of the general fund, there is authorized to be appropriated, out of the Highway Trust Fund, for substitute highway projects under section 103(e)(4) of title 23, United States Code, $225,000,000 for the fiscal year ending September 30, 1983, $250,000,000 for the fiscal year ending September 30, 1984, $250,000,000 for the fiscal year ending September 30, 1985, and $300,000,000 for the fiscal year ending September 30, 1986. Funds authorized to carry out this section shall be available for obligation in the same manner and to the same extent as if such sums were apportioned under chapter 1 of title 23, United States Code.

(b)(1) The first sentence of section 103(e)(4) of title 23, United States Code is amended by striking "which is within an urbanized area or which passes through and connects urbanized areas within a State and".

(2) The second sentence of section 103(e)(4) of title 23, United States Code is amended by striking "which will serve the urbanized area and the connecting nonurbanized area corridor from which the interstate route or portion thereof was withdrawn, which are selected by the responsible local officials of the urbanized area or area to be served, and which are submitted by the Governor of the State in which the withdrawn route was located." and inserting in lieu thereof, "which will serve the area or areas from which the interstate route or portion thereof was withdrawn, which are selected by the responsible local officials of the urbanized area or areas to be served if the withdrawn interstate route or portion thereof was within an urbanized area or passed through and connected urbanized areas, which are selected by the Governors of the States in which the withdrawn route was located if the withdrawn route was not within an urbanized area or did not pass through and connect urbanized areas, and which are submitted by the Governors of the States in which the withdrawn route was located.".

(c) Section 103(e)(4) of title 23, United States Code, is amended by adding at the end of such subsection the following: "Any route or segment thereof added to the Interstate System after March 7, 1978, pursuant to specific legislation will not be eligible for withdrawal and substitution under this subsection.".

(d) The first sentence of section 120(d) of title 23, United States Code, is amended by inserting after the words "traffic control signalization," the following: "including traffic control signalization projects under section 103(e)(4) of this title, notwithstanding the provisions of the fifth sentence of section 103(e)(4),".

PRIMARY PROGRAM

SEC. 110. (a) The first sentence of subsection (b)(1) of section 104 of title 23, United States Code, is amended by striking out "and priority primary routes".

(b) The first sentence of subsection (c) of section 104 of the Federal-Aid Highway Act of 1978 is amended by striking out "September 30, 1981 and September 30, 1982," and inserting in lieu thereof the following: "and September 30, 1981,".

(c) Section 147 of title 23, United States Code, is repealed.

(d) The analysis of chapter 1 of title 23 is amended by deleting

"147. Priority Primary Routes."

and inserting in lieu thereof

"147. Repealed.".

FEDERAL-AID URBAN PROGRAM

SEC. 111. Section 103 of title 23, United States Code, is amended by deleting subsection (d) and inserting in lieu thereof the following:

"(d) The Secretary may approve Federal-aid urban programs in urban areas which programs shall be selected by the appropriate local officials so as to serve the goals and objectives of the community, with the concurrence of the State highway department, as provided in section 105 of this title. The programs shall facilitate transportation in the urban area and include projects to: reduce congestion and improve the flow of traffic on arterial and collector routes, aid integration of different transportation modes to and from airports and other terminals and business districts, support clean air and energy conservation objectives, make highway capital improvements, improve highway safety, eliminate safety hazards and roadside obstacles, implement transportation systems management activities and serve other national goals and objectives. All public roads in urban areas are eligible except those on the primary system and the Interstate System. The applicable provisions of chapters 1 and 3 of this title, including provisions applicable to Federal-aid systems, shall apply to urban programs, except those provisions determined by the Secretary to be inconsistent with this subsection. The Secretary shall not waive the

applicability of the planning requirements of section 134 of this title.".

FEDERAL-AID RURAL PROGRAM

SEC. 112. Section 103 of title 23, United States Code, is amended by deleting subsection (c) and inserting in lieu thereof:

"(c) The Federal-aid rural program shall be selected by the State highway agencies and the appropriate local road officials in cooperation with each other, subject to approval by the Secretary as provided in subsection (f) of this section and section 105 of this title. In making such selections, the needs of agriculture roads, rural mail routes, public school bus routes, local rural roads, airport and water port access roads, and goods movement shall be considered. All public roads, except those on the primary system, the Interstate System, and those in urban areas are eligible. Projects to improve highway safety and nonurbanized public transportation projects, including facilities and technical assistance, are also eligible for assistance under this section. The applicable provisions of chapters 1 and 3 of this title, including provisions applicable to Federal-aid systems, shall apply to rural programs, except those provisions determined by the Secretary to be inconsistent with this subsection.".

TRANSFERABILITY

SEC. 113. Paragraphs (1) and (2) of subsection (d) of section 104 of title 23, United States Code, are amended by striking out "50" each place it appears and inserting in lieu thereof at each such place "100".

HIGHWAY SAFETY IMPROVEMENT PROGRAM

SEC. 114. (a) Section 151 of title 23, United States Code, is amended to read as follows:

"§151. Highway safety improvement program

"(a) The Secretary shall establish a highway safety improvement program for projects on any public road or street in rural or urban areas. Assistance shall be available under this program for highway safety improvement projects, as defined in subsection (a) of section 101 of this title; for railway-highway crossing projects as provided for in section 130 of this title; for the implementation of highway-related safety requirements and guidelines issued by the Secretary under section 402 of this title; and for the development, implementation, and evaluation of the highway safety improvement program required under subsection (b) of this section.

"(b) Each State shall develop and implement on a continuing basis a highway safety improvement program including procedures for the planning, implementation, and evaluation of highway safety improvement projects on all highways, with the specific objective of reducing the number and severity of highway traffic accidents. Each State shall have a process for collecting, maintaining, and analyzing accident, traffic, and highway data; for conducting engineering studies of hazardous locations, sections and elements, for assigning priorities to the various types of hazards identified; for implementing safety improvement projects in accordance with the priorities developed; and for the evaluation of the safety benefits obtained.

"(c) Of the funds authorized to carry out this section each State shall expend 35 per centum of the sums apportioned for projects under section 203 of the Highway Safety Act of 1973 unless the State requests the Secretary to waive this minimum and the Secretary finds other safety projects are of a higher priority.

"(d)(1) Funds authorized to carry out this section shall be available for expenditure for projects on any public road (other than the Interstate System).

"(2) The Federal share payable on any project under this section shall not exceed 90 per centum of the cost thereof except that the Federal share of safety improvement projects for the elimination of hazards of rail-highway crossings shall not exceed that as provided in section 120(d) of this title.

"(3) The unobligated balance of contract authority established prior to enactment of this section for carrying out section 402 by the Federal Highway Administration shall remain available for obligation as provided prior to enactment of this section and shall lapse not later than September 30, 1984.

"(e) Funds authorized to be appropriated to carry out this section shall be apportioned to the States as follows: 60 per centum in the ratio which the population of each State bears to the total population of all States, and 40 per centum in the ratio which the public road mileage in each State bears to the total public road mileage in all States. The annual apportionment for each State shall not be less than one-half of 1 per centum of the total apportionment. Such sums shall be available for obligation in the same manner and to the same extent as if such funds were apportioned under section 104(b)(1), except that the Secretary is authorized to waive such provisions of this title that he deems inconsistent with the purposes of this section.

"(f) In any State wherein the State is without legal authority to construct or maintain a project under this section, such State shall enter into a formal agreement for such construction or maintenance with the appropriate local officials of the county or municipality in which such project is located.

"(g) One-half of 1 per centum of funds authorized for carrying out this section shall be made available to the Secretary of the Interior, who shall exercise the responsibilities assigned to States under subsection (b) of this section in carrying out this section on Indian reservations. Such funds shall be subject to a deduction of not to exceed 5 per centum for the necessary costs of administering the provisions of this section.

"(h) Each State shall report to the Secretary of Transportation not later than December 30 of each year, on the progress being made to implement the highway safety improvement program and the effectiveness of safety improvements in reducing the number and severity of accidents. The Secretary of Transportation shall submit a report to the Congress not later than April 1 of each year on the progress being made by the States in implementing the highway safety improvement program.".

(b) Section 152 of title 23, United States Code, is repealed.

(c) The analysis of chapter 1 of title 23, United States Code, is amended by deleting

"151. Pavement marking demonstration program.", and

"152. Hazard elimination program.",

and inserting in lieu thereof

"151. Highway safety improvement program.", and

"152. Repealed.".

(d) Section 203(e) of the Highway Safety Act of 1973 (Public Law 93-87), as amended by the Congressional Reports Elimination Act of 1980 (Public Law 96-470), is repealed.

HIGHWAY BRIDGE REPLACEMENT AND REHABILITATION PROGRAM APPORTIONED FUNDS

SEC. 115. (a) Subsection (e) of section 144 of title 23, United States Code, is amended to read as follows:

"(e) Funds authorized to carry out this section shall be apportioned among the several States on October 1 of the fiscal year for which authorized according to the following formula: All deficient bridges will be divided into four categories: (1) Federal-aid system bridges, and bridges on public roads functionally classified as major collectors, eligible for replacement, (2) Federal-aid system bridges, and bridges on public roads functionally classified as major collectors, eligible for rehabilitation, (3) off-system bridges eligible for replacement, and (4) off-system bridges eligible for rehabilitation. The square footage of deficient Federal-aid system bridges, or bridges on public roads functionally classified as major collectors, both those eligible for replacement and those eligible for rehabilitation, shall be multiplied by a factor of two. The square footage of deficient bridges in each category shall be multiplied by the average national unit cost, on a State-by-State basis, as determined by the Secretary; and the total cost of each State divided by the total cost of the Nation's deficient bridges shall yield the apportionment factors. No State shall receive more 9 per centum or less than 0.25 per centum of the total apportionment for any one fiscal year. The Secretary shall make these determinations based upon the latest available data, which shall be updated annually. Funds authorized to carry out this section which are apportioned under this section shall be available for expenditure for three years after the close of the fiscal year for which they are authorized.".

(b) Notwithstanding any other provision of law or Federal regulation, any new bridge which is to be constructed pursuant to section 144 of title 23, United States Code, in tandem with any existing major structure built after June 28, 1969, with no more than 2.7 miles of highway between them need not carry a roadway width in excess of 69 feet.

FEDERAL LANDS HIGHWAYS

SEC. 116. Section 101 of title 23, United States Code, is amended by adding the following subsection:

"(f) It is the sense of Congress that Federal roads which are public roads receive the same uniform policies as roads which are on the Federal-aid systems or under the Federal-aid programs. The Congress therefore finds that in order to accomplish this objective there shall be a coordinated Federal lands highway program which shall consist of the forest highways, park roads, parkways, Indian reservation roads, and public lands highways. Appropriations for the construction and improvement of such Federal roads shall be administered by the Secretary in conformity with regulations jointly approved by him and the Secretaries of the appropriate Federal land managing agencies.".

CARPOOL AND VANPOOL PROJECTS

SEC. 117. (a) Section 120(d) of title 23, United States Code, is amended by inserting before the words "may amount to 100 per centum" the words "or commuter carpooling or vanpooling".

(b) Section 142 of title 23, United States Code, is amended as follows:

(1) In subsection (a)(1) delete in the first sentence the words "bus lanes" and inserting in lieu thereof the following: "high occupancy vehicle lanes" and by deleting the words "bus and other" and inserting in lieu thereof the following: "high occupancy vehicle and".

(2) In subsection (b) delete the word "bus" and in lieu thereof insert "high occupancy vehicle".

(3) In subsection (f) delete the words "public mass transportation systems" and in lieu thereof insert "high occupancy vehicles".

(c) The Secretary of Transportation is authorized and directed to expend such sums as are necessary out of the administrative funds authorized by subsection (a), section 104, title 23, United States Code to carry out the provisions of subsection (d), section 126 of the Federal-Aid Highway Act of 1978.

(d) Section 146 of title 23, United States Code, is amended by redesignating existing subsection (b) as subsection (c) and by inserting the following new subsection (b):

"(b)(1) The Secretary may approve for Federal financial assistance from funds apportioned under section 104(b)(5)(B) of this title, projects for designating existing facilities, or for acquisition of rights of way or construction of new facilities, for use as preferential parking for carpools, provided that such facilities (1) are located outside of a central business district and within an interstate highway corridor, and (2) have as their primary purpose the reduction of vehicular traffic on the interstate highway.

"(2) Nothing in this subsection, or in any rule or regulation issued under this subsection, or in any agreement required by this subsection, shall prohibit (1) any State, political subdivision, or agency or instrumentality thereof, from contracting with any person to operate any parking facility designated or constructed under this subsection, or (2) any such person from so operating such facility. Any fees charged for the use of any such facility in connection with the purpose of this subsection shall not be in excess of the amount required for operation and maintenance, including compensation to any person for operating the facility.

"(3) For the purposes of this subsection, the terms "facilities" and "parking facilities" are synonymous and shall have the same meaning given "parking facilities" in section 137 of this title.".

EMERGENCY RELIEF

SEC. 118. (a)(1) The first sentence of subsection (a) of section 125 of title 23, United States Code, is amended by striking the first sentence thereof and inserting in lieu thereof the following: "An emergency fund is authorized for expenditure by the Secretary, subject to the provisions of this section and section 119 of this title, for the repair or reconstruction of highways, roads, and trails which the Secretary shall find have suffered serious damage as the result of (1) natural disaster over a wide area such as by floods, hurricanes, tidal waves, earthquakes, severe storms, or landslides, or (2) catastrophic failures from any external cause, in any part of the United States. In no event shall funds be used pursuant to this section for the repair or reconstruction of bridges which have been permanently closed to all vehicular traffic by the State because of imminent danger of collapse due to structural deficiencies or physical deterioration.".

(2) Subsection (a) of section 125 of title 23, United States Code, is further amended by inserting in the second sentence, as that sentence read prior to the amendments made by paragraph (1) of this subsection, after the word "appropriated" the words "from the Highway Trust Fund"; by striking the colon in the second sentence and inserting in lieu thereof a period; by deleting "(1)" after the colon in the second sentence; by inserting a period after the words "in such years" and by striking the remainder of the sentence following "in such years".

(b) Notwithstanding any other provision of law, all expenditures made under section 125 of title 23, United States Code, prior to the fiscal year ending September 30, 1978, are authorized to be appropriated from the Highway Trust Fund.

(c) Subsection (a) of section 125 of title 23, United States Code, is amended by inserting in the second sentence after the words "after September 30, 1976," the words "and not more than $150,000,000 is authorized to be expended in any one fiscal year commencing after September 30, 1980.".

(d) Subsection (b) of section 125 of title 23, United States Code, is amended by striking the period at the end of the first sentence, inserting a colon in lieu thereof, and by adding the following: "Provided, That obligations for projects under this section, including those on highways, roads, and trails mentioned in subsection (c) of this section, resulting from a single natural disaster or a single catastrophic failure shall not exceed $30,000,000 in any State.".

(e) The amendments made by subsection (d) of this section shall apply to natural disasters or catastrophic failures which the Secretary finds eligible for emergency relief subsequent to the date of enactment of this section.

(f) Subsection (f) of section 120 of title 23, United States Code, is amended to read as follows:

"(f) The Federal share payable on account of any repair or reconstruction provided for by funds made available under section 125 of this title shall not exceed 75 per centum of the cost thereof: Provided, That the Federal share payable on account of any repair or reconstruction of forest highways, forest development roads and trails, park roads and trails, parkways, public lands highways, public lands development roads and trails, and Indian reservation roads may amount to 100 per centum of the cost thereof. The total cost of a project may not exceed the cost of repair or reconstruction of a comparable facility. As used in this section with respect to bridges and in section 144 of this title, "a comparable facility" shall mean a facility which meets the current geometric and construction standards required for the types and volume of traffic which such facility will carry over its design life.".

(g) All obligations for projects resulting from a natural disaster or catastrophic failure which the Secretary finds to be eligible for emergency relief subsequent to the date of enactment of this subsection shall provide for the Federal share required by subsection (f) of section 120 of title 23, United States Code, as amended by this section.

(h)(1) Subsection (b) of section 125 of title 23, United States Code, is amended by striking the words "the Federal-aid highway systems, including the Interstate System" and by inserting in lieu thereof the words "the Interstate System, the Primary System, and on any routes functionally classified as arterials or major collectors," in the two places the stricken words appear.

(2) Subsection (c) of section 125 of title 23, United States Code, is amended by striking the words "on any of the Federal-aid highway systems" and inserting in lieu thereof the words "routes functionally classified as arterials or major collectors".

ACCESS TO LAKES

SEC. 119. (a) Section 155 of title 23, United States Code, is amended by deleting subsection (e) and inserting in lieu thereof:

"(e) Sums apportioned in accordance with paragraph (2) of section 104(b) of this title shall be available for projects under this section.".

(b) Sums authorized under section 155 of title 23, United States Code, prior to enactment of the section shall continue to be available for the fiscal year authorized and for the three succeeding fiscal years.

(c) Section 104(a)(18) of the Surface Transportation Assistance Act of 1978 is amended by deleting "September 30, 1981, and September 30, 1982" and inserting in lieu thereof "and September 30, 1981".

BICYCLE TRANSPORTATION PROGRAM

SEC. 120. Section 217 of title 23, United States Code is amended—

(1) by striking in the first sentence of subsection (a), the words "and the multiple use of highway rights-of-way" and "on or in conjunction with highway rights-of-way";

(2) by inserting after the first sentence in subsection (a) the following: "Federal-aid highway projects may include nonconstruction programs or projects which can reasonably be expected to enhance the safety and use of bicycles.";

(3) by striking out in subsection (b) the words "that provided in section 120 of this title" and inserting in lieu thereof "100 per centum"; and

(4) by striking out subsection (e).

HIGHLAND SCENIC HIGHWAY

SEC. 121. Section 161(f) of the Federal-Aid Highway Act of 1973, as amended by section 21 of Public Law 96-106, is further amended to read as follows:

"(f) The Highland Scenic Highway as authorized by subsection (a) of this section and all associated lands and rights-of-way shall be managed as part of the Monongahela National Forest for scenic and recreational purposes. Vehicle use shall be confined to passenger cars, recreational vehicles and limited truck traffic to the extent such use is compatible with the purpose for which the highway was constructed. Commercial use by trucks may be limited and controlled by permit.".

ALLOCATION OF URBAN FUNDS

SEC. 122. Section 150 of title 23, United States Code, is amended by adding the following sentence at the end thereof: "Funds allocated to an urbanized area under the provisions of this section may, at the request of the Governor and upon approval of the appropriate local officials of the area and the Secretary, be transferred to the allocation of another such area in the State or to the State for use in any urban area.".

CERTIFICATION DEMONSTRATION

SEC. 123. The Secretary of Transportation is directed to conduct a demonstration program in not more than four States of geographic and population diversity to study the impacts of expanding the availability of the procedures under the Certification Acceptance and Secondary Road Plan programs to other Federal-aid systems or programs as now provided by section 117 of title 23, United States Code. The demonstration program should study the impacts of allowing the Secretary of Transportation to discharge his responsibilities under any Federal law relative to a Federal-aid highway project provided certification is made by the States pursuant to section 117 of title 23, United States Code, and other requirements of Federal law.

DEFENSE ACCESS ROAD

SEC. 124. Section 210(c) of title 23, United States Code, is amended by striking "Not exceeding $5,000,000 of any funds appropriated under the Act approved October 16, 1951 (65 Stat. 422)", and inserting in lieu thereof "Funds appropriated for defense maneuvers and exercises".

MAINTENANCE

SEC. 125. (a) Subsection (a) of section 116 of title 23, United States Code, is amended by striking the second sentence.

(b) Subsection (b) of section 116 of title 23, United States Code, is amended by striking "constructed on the Federal-aid secondary system or within a municipality,".

(c) The second sentence of subsection (c) of section 116 of title 23, United States Code, is amended to read as follows: "If, within ninety days after receipt of such notice, such project has not been put in proper condition of maintenance, the Secretary shall withhold approval of further projects of all types in the State highway district, municipality, county, other political or administrative subdivision of the State, or the entire State, in which such project shall be located, as he deems most appropriate until such project shall have been put in proper condition of maintenance.".

(d) Section 109 of title 23, United States Code, is amended by striking subsection (m) and by relettering subsection (n) as (m).

(e) Section 116 of title 23, United States Code, is amended by adding subsection (f) as follows:

"(f) The Secretary shall issue guidelines describing the criteria applicable to the Interstate System in order to insure that the condition of these routes is maintained at the level required by the purposes for which they were designed. The initial guidelines shall be issued no later than July 1, 1982.".

(f) Section 119 of title 23, United States Code, is amended by striking subsection (b).

(g) Section 116 of title 23, United States Code, is amended by adding subsection (g) as follows:

"(g) Not later than one year after the date of issuance of initial guidelines under subsection (f) of this section each State shall have a program for the Interstate System in accordance with such guidelines. Each State shall certify on January 1 of each year that it has such a program and the Interstate System is maintained in accordance with the program. If a State fails to certify as required or if the Secretary determines a State is not adequately maintaining the Interstate System in accordance with such program, the next apportionment of funds to such State for the Interstate System shall be reduced by amounts equal to 10 per centum of the amount which would otherwise be apportioned to such State under section 104 of this title. If, within one year from the date the apportionment for a State is reduced under this subsection, the Secretary determines that such State is maintaining the Interstate System in accordance with the guidelines the apportionment of such State shall be increased by an amount equal to the reduction. If the Secretary does not make such a determination within such one year period, the amount withheld shall be reapportioned to all other eligible States.".

CONSTRUCTION

SEC. 126. (a) Subsection (a) of section 114 of title 23, United States Code is amended to read as follows:

"(a) The construction of any highways or portions of highways located on a Federal-aid system or under a Federal-aid program shall be undertaken by the respective State highway departments or under their direct supervision. The construction work and labor in each State shall be in accordance with the laws of that State and applicable Federal laws. Except as provided in section 117 of this title, the Secretary shall establish procedures for the inspection and approval of such construction. Construction may begin as soon as funds are available pursuant to subsection (a) of section 118 of this title. The State highway department shall not erect any informational signs other than official traffic control devices conforming with standards developed by the Secretary on any project where actual construction is in progress and visible to highway users.".

(b) Subsection (c) of section 121 of title 23, United States Code is amended by striking the words "following inspections".

RESEARCH AND PLANNING

SEC. 127. (a) Subsection (c) of section 307, title 23, United States Code, is amended by adding paragraph (5) as follows:

"(5) The sums provided pursuant to paragraph (2) of this subsection shall be combined and administered by the Secretary as a single fund which shall be available for obligation for the same period as funds apportioned under section 104(b)(1) of this title.".

(b) Section 120 of title 23, United States Code, is amended by adding a subsection (i) as follows:

(i) The Federal share payable on account of any project financed under section 307(c) of this title shall be 85 per centum, except that in the case of any State containing nontaxable Indian lands, individual and tribal, and public domain lands (both reserved and unreserved) exclusive of national forests and national parks and monuments, exceeding 5 per centum of the total area of all lands therein, the Federal share shall be increased by a percentage of the remaining cost equal to the percentage that the area of all such lands in such State is of its total area, except that such Federal share payable on any project in any State shall not exceed 95 per centum of the total cost of any such project.".

BRIDGE RECONSTRUCTION

SEC. 128. (a) The Secretary of Transportation may approve any project for the reconstruction, resurfacing, restoration, or rehabilitation of any bridge on the Interstate System which is both owned by the United States Government and located in two States and the District of Columbia, whenever both such States and the District shall submit to the Secretary for approval appropriate plans, specifications, and estimates for any such project.

(b) The Secretary of Transportation shall prior to approval of such project enter into an agreement with such States and the District for future maintenance and rehabilitation of the bridge.

(c) There is hereby authorized to be appropriated $60,000,000, out of the Highway Trust Fund, to be available until expended, to carry out the provisions of this section. Such sums shall be available for obligation in the same manner and to the same extent as if such funds were apportioned for the Interstate System under chapter 1 of title 23, United States Code. The Federal share of the project cost shall be 100 per centum.

(d) In making any revised estimate of the cost completing the Interstate System, which estimate is required by section 104(b)(5)(A) of title 23, United States Code, to be transmitted to the Congress after the date of enactment of this Act, the Secretary of Transportation shall not include any costs for any bridge eligible for approval under subsection (a). The Secretary shall reduce apportionments made under section 104(b)(5) of title 23, United States Code, to such States or District by an amount, if any, equal to amounts apportioned under such section to any such State or District with respect to any such bridge for any fiscal year ending before October 1, 1981. The reduction, if any, made by the preceding sentence for each State or the District shall be made out of apportionments under such section to such State or the District, beginning with the apportionment for the fiscal year ending September 30, 1983, and shall be made, in equal shares, over the number of fiscal years in which apportionments described in the preceding sentence were made.

NONDISCRIMINATION

SEC. 129. (a) The first and third sentences of subsection (a) of section 140 of title 23, United States Code, are amended by striking the words "or national origin" and inserting in lieu thereof the words "national origin or sex".

(b) Section 140 of title 23, United States Code, is amended by adding new subsection (c) as follows:

"(c) The Secretary, in cooperation with any other department or agency of the Government, State agency, authority, association, institution, corporation (profit or nonprofit), or any other organization or person, is authorized to develop, conduct, and administer training programs and assistance programs in connection with any program under this title in order that minority businesses may achieve proficiency to compete, on an equal basis, for contracts and subcontracts. Whenever apportionments are made under subsection 104(b) of this title, the Secretary shall deduct such sums as he may deem necessary, not to exceed $10,000,000 per fiscal year, for the administration of this subsection. The provisions of section 3709 of the Revised Statute, as amended (41 U.S.C. 5), shall not be applicable to contracts and agreements made under the authority herein granted to the Secretary notwithstanding the provisions of 41 U.S.C. 252(e).".

(c) The title of section 140 of title 23, United States Code, is amended to read:

"§140. Nondiscrimination"

and the analysis of chapter 1 of title 23, United States Code, is amended by striking out

"140. Equal employment opportunity."

and inserting in lieu thereof

"140. Nondiscrimination.".

INTERAGENCY AGREEMENTS

SEC. 130. (a) Chapter 1 of title 23, United States Code, is amended by adding after section 156 the following new section:

"§157. Interagency agreements

"Not later than one hundred and eighty days after the date of enactment of this section, the Secretary shall enter into agreements with the Secretaries of the Departments of Interior and Defense, the Administrator of the Environmental Protection Agency, and the heads of such other Federal departments, agencies, and instrumentalities as the Secretary determines, to minimize, to the greatest extent possible, duplication, paperwork, and delays in the development and approval of projects under this title and any other provision of law relating to the Federal highway programs. Notwithstanding any other provision of law, such agreements shall provide that actions on applications or requests for permits, licenses, findings, and other approvals and determinations required for such projects will be fully coordinated by the Department of Transportation with the review process established under the National Environmental Policy Act of 1969, as amended, and, to the greatest extent practicable, that a deci-

sion with respect to each such application or request will be made contemporaneously with approval of the environmental impact statement, finding of no significant impact, or categorical exclusion required for such project, but in no event later than ninety days after the date of approval of such environmental review document.".

(b) The analysis of chapter 1 of title 23, United States Code, is amended by adding at the end thereof the following:

"157. Interagency agreements.".

FEDERAL SHARE—FEDERAL-AID RURAL AND URBAN PROGRAMS

SEC. 131. Section 120(a) of title 23, United States Code, is amended (1) by adding after "75 per centum of the cost of construction" wherever it occurs the following: "for projects on the Federal-aid primary system and for projects to resurface, restore, rehabilitate, and reconstruct the Federal-aid Interstate System and 50 per centum of the cost of construction for projects under the Federal-aid rural program and the Federal-aid urban program," and (2) by adding the following new sentence at the end thereof: "The Federal share payable on account of any project under the Federal-aid rural program or the Federal-aid urban program which the Secretary has approved prior to enactment of the Federal-Aid Highway Improvement Act of 1981 shall not exceed 75 per centum of the cost of construction subject to the conditions set forth in this subsection or at the option of the State the Federal share may be revised to 50 per centum of such cost, but the Federal share payable for any such project which the Secretary approves after enactment of such Act shall not exceed 50 per centum of the cost of construction subject to the conditions set forth in this subsection.".

OBLIGATION LIMITATION AND ALLOCATION FORMULA

SEC. 132. (a) Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs for fiscal year 1982 shall not exceed $7,700,000,000. This limitation shall not apply to obligations for emergency relief under section 125 of title 23, United States Code, or projects covered under section 320 of title 23, United States Code, section 147 of the Surface Transportation Assistance Act of 1978, sections 109 and 129 of the Federal-Aid Highway Improvement Act of 1981, and the third sentence of subsection 218(a) of title 23, United States Code, as added by this Act. No obligation constraints shall be placed upon any ongoing emergency project carried out under section 125 of title 23, United States Code, or section 147 of the Surface Transportation Assistance Act of 1978.

(b) For the fiscal year 1982, the Secretary shall distribute the limitation imposed by subsection (a) by allocation in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to each State for such fiscal year bears to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to all the States for such fiscal year.

(c) During the period October 1 through December 31, 1981, no State shall obligate more than 35 per centum of the amount distributed to such State under subsection (b), and the total of all State obligations during such period shall not exceed 25 per centum of the total amount distributed to all States under such subsection.

(d) Notwithstanding subsections (b) and (c), the Secretary shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction which have been apportioned to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1, 1982, revise a distribution of the funds made available under subsection (b) if a State will not obligate the amount distributed during that fiscal year and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during that fiscal year; and

(3) not distribute amounts authorized for administrative expenses and forest highways.

NATIONAL MAXIMUM SPEED LIMIT

SEC. 133. Section 154(f) of title 23, United States Code, is amended to read as follows:

"(f) If the data submitted by a State pursuant to subsection (e) of this section show that the percentage of motor vehicles exceeding fifty-five miles per hour is greater than 50 per centum, the Secretary shall reduce the State's apportionment of Federal-aid highway funds under each of sections 104(b)(1), 104(b)(2), and 104(b)(6) of this title in an aggregate amount of up to 5 per centum of the amount to be apportioned for the following fiscal year.".

MARYLAND TRANSPORTATION AUTHORITY

SEC. 134. (a) The Act entitled "An Act authorizing the State of Maryland, by and through its State Roads Commission of the successors of said Commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State", approved April 7, 1938, and the Act of June 16, 1948 (62 Stat. 463, Public Law 654, 80th Congress), as amended by the Act of November 17, 1967 (81 Stat. 466, Public Law 144, 90th Congress), are hereby repealed.

(b) The State of Maryland, by and through the Maryland Transportation Authority or the successors of such Authority, is authorized, subject to all applicable Federal laws, (1) to continue to collect tolls after the date of enactment of this Act from its existing transportation facilities projects, as defined on the date of enactment of this Act in the laws of the State of Maryland, and (2) to use the revenues from such tolls for transportation projects of the type which the State or the Maryland Transportation Authority is authorized to construct, operate, or maintain under the laws of the State of Maryland as such laws exist on the date of enactment of this Act.

INTERSTATE SYSTEM ADDITIONS

SEC. 135. Section 139 of title 23, United States Code, is amended by adding a new subsection (c) as follows:

"(c) The Secretary shall designate those portions of highway segments on the Federal-aid primary system in States which have no Interstate System that are logical components to a system serving the State's principal cities, national defense needs and military installations, and traffic generated by rail, water, and air transportation modes. The designated segments shall have been constructed to the geometric and construction standards adequate for current and probable future traffic demands and the needs of the locality of the segment. The mileage of any highway designated as part of the Interstate System under this subsection shall not be charged against the limitation established by the first sentence of section 103(e)(1) of this title. The designation of a highway under this subsection shall create no Federal financial responsibility with respect to such highway, except that the State involved may use Federal-aid highway funds available to it under sections 104(b)(1) and 104(b)(5)(B) of this title, for the resurfacing, rehabilitation, restoration, and reconstruction of a highway designated as a route on the Interstate System under this subsection.".

ALASKA HIGHWAY

SEC. 136. (a) Subsection (a) of section 218 of title 23, United States Code, is amended by adding after the second sentence the following: "In addition to such funds, the State of Alaska is authorized to expend on such highway any Federal-aid highway funds apportioned to the State of Alaska under this title as its Federal share. Notwithstanding any other provision of law any obligation limitation enacted for fiscal year 1982 or for any fiscal year thereafter shall not apply to projects authorized by the previous sentence.".

(b) This amendment shall be effective upon the date of the enactment of this Act.

THE MAINE TURNPIKE

SEC. 137. Section 145 of the Federal-Aid Highway Act of 1978 is amended to read as follows:

"SEC. 145. (a) Upon satisfaction by the State of Maine or the Maine Turnpike Authority of the following conditions, the State of Maine and the Maine Turnpike Authority shall be free of all restrictions with respect to the imposition and collection of tolls or other charges on the Maine Turnpike or for the use thereof contained in title 23, United States Code, or in any regulation or agreement thereunder:

"(1) repayment by the State of Maine or the Maine Turnpike Authority to the Treasurer of the United States of the sum of $8,577,900 which is the amount of Federal-aid highway funds received for construction of interchanges or connections with the Maine Turnpike at West Gardiner, Kennebec County, Maine, at York, York County, Maine, and at Scarborough-South Portland, Cumberland County, Maine. The amount to be repaid shall be deposited to the credit of the appropriation for 'Federal-Aid Highway (Trust Fund)'. Such repayment shall be credited to the unprogramed balance of the Federal-aid highway funds of the classes determined by the Secretary to and in cooperation with the State of Maine. The amount so credited shall be in addition to all other funds then apportioned to such State and shall be available for expenditure in accordance with the provisions of title 23, United States Code.

"(b) The State of Maine and the Maine Turnpike Authority are deemed to be in compliance with section 129(c) of title 23, United States Code: Provided, That the conditions of subsection (a) are satisfied.".

REDWOOD BYPASS HIGHWAY

SEC. 138. Section 152 of the Federal-Aid Highway Act of 1978 is amended by adding after "fiscal year 1981" the following "and $55,000,000 for fiscal year 1983".

VENDING MACHINE DEMONSTRATION PROJECT EXTENSION

SEC. 139. The vending machine demonstration project authorized by section 153 of the Surface Transportation Assistance Act of 1978 shall be extended for a period not later

than two years after the date of enactment of this section.

REIMBURSEMENT

SEC. 140. In any case in which the city of Santa Rosa, California, has incurred costs on behalf of the State of California for the acquisition, between the date of enactment of Public Law 94-154 and the date of enactment of the Federal-Aid Highway Act of 1976 (Public Law 94-280), of land which was utilized in a Federal-aid urban system project at an intersection with a segment of the Federal-aid primary system, the Secretary of Transportation is authorized, notwithstanding any other provision of law, to reimburse the State of California from funds apportioned to the State of California under section 104(b)(6) of title 23, United States Code, 75 per centum of such costs.

INTERSTATE WITHDRAWAL STUDY

SEC. 141. The Secretary of Transportation is directed to study problems relating to sections of the Interstate System which do not provide correctivity and could be withdrawn for a substitute highway project. Such study shall include alternative funding methods available if such section is withdrawn under section 103(e)(4) of title 23, United States Code. The study together with recommendations shall be transmitted to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Transportation of the House of Representatives not later than March 31, 1982.

TECHNICAL AMENDMENTS

SEC. 142. (a) Section 101(a) is amended as follows:

(1) In the tenth sentence, by inserting the words "or under one of the Federal-aid programs" immediately after the words "Federal-aid systems";

(2) In the nineteenth sentence, by striking the period at the end thereof and adding the words "or under the Federal-aid programs.";

(3) In the thirtieth sentence, by deleting the words "secondary system" and inserting in lieu thereof the words "rural program", and by deleting the word "system" and inserting in lieu thereof the word "program";

(4) In the thirty-first sentence, by deleting the word "system" each time it appears and inserting in lieu thereof the word "program"; and

(5) By adding after the twenty-eighth sentence the following sentence: "The term "Federal-aid program" means any one of the Federal-aid highway programs described in section 103 of this title.".

(b)(1) Section 103 is amended by adding to the title the words "and programs" after the words "Federal-aid systems";

(2) Section 103(a) is amended to read as follows: "For the purpose of this title, the Federal-aid systems, which consist of the primary system and the Interstate System, along with the Federal-aid programs, which consist of the Federal-aid rural program and the Federal-aid urban program, are established and continued pursuant to the provisions of this section.";

(3) Section 103(f) is amended to read as follows: "The Secretary shall have authority to approve in whole or in part the Federal-aid primary system, the Federal-aid rural program, the Federal-aid urban program, and the Interstate System, as and when such systems and programs or portions thereof are designated, or to require modifications or revisions thereof. No Federal-aid system or program or portion thereof shall be eligible for projects in which Federal funds participate until approved by the Secretary.";

(4) Subsection (g) and (h) of section 103 are repealed; and

(5) The analysis of chapter 1 of title 23 is amended by deleting

"103. Federal-aid systems."

and inserting in lieu thereof

"103. Federal-aid systems and programs.".

(c) Section 104 is amended as follows:

(1) In subsection (a) and (b)(1), by inserting the words "and programs" immediately after the words "Federal-aid systems" each time they appear;

(2) In paragraph (2) of section 104(b), by deleting the words "secondary system" and inserting in lieu thereof the words "rural program";

(3) By deleting paragraph (4) of section 104(b);

(4) By redesignating paragraph "(5)" as paragraph "(4)", and by deleting therein the first full sentence and the fifth sentence through the twenty-first sentence;

(5) By redesignating paragraph "(6)" as paragraph "(5)", and by deleting the word "system" and inserting in lieu thereof the word "program";

(6) In subsection (c)(1), by deleting the phrase ", commencing with the apportionment of funds authorized to be appropriated under subsection (a) of section 102 of the Federal-aid Highway Act of 1956 (70 Stat. 374),"; and

(7) In subsection (f)(1), by inserting the words "and programs" immediately after the words "Federal-aid systems".

(d) Section 105 is amended as follows:

(1) In the first sentence of subsection (a) by inserting the words "and programs" after the words "Federal-aid systems", and by deleting in the third sentence the comma and all that follows and inserting a period after the word "part"; and

(2) In subsection (d) by deleting the words "programs for", and by deleting the words "on the Federal-aid urban system" and inserting in lieu thereof the words "under the Federal-aid urban program".

(e) Section 106(d) is amended by inserting the words "or under any Federal-aid program" immediately after the words "Federal-aid system".

(f)(1) Section 108(a) is amended by inserting the words "or under any of the Federal-aid highway programs," immediately after the words "Interstate System," the first time they appear, and by inserting the words "and programs" immediately after the words "Federal-aid highway systems" the second time they appear;

(2) Section 108(c)(2) is amended by inserting the words "or under any Federal-aid program" immediately after the words "Federal-aid system"; and

(3) The last sentence of section 108(c)(3) is amended by inserting the words "or under the Federal-aid program" immediately after the words "Federal-aid system".

(g)(1) Section 109(a) is amended by inserting the words "or under any Federal-aid program" immediately after the words "Federal-aid system";

(2) Section 109(c) is amended by deleting the words "Projects on the Federal-aid secondary system" and inserting in lieu thereof the words "Federal-aid rural program projects";

(3) Section 109(e) is amended by deleting the phrase "No funds shall be approved for expenditure on any Federal-aid highway," and inserting in lieu thereof the following phrase: "No funds shall be approved for expenditure on any highway on the Federal-aid highway system or under the Federal-aid highway program,";

(4) Section 109(h) is amended by inserting the words "or under any Federal-aid program" immediately after the words "Federal-aid system";

(5) Section 109(i) is amended by inserting the words "or under any Federal-aid program" immediately after the words "Federal-aid system" each time they appear in the first and second sentences, by inserting the words "or under a Federal-aid program" immediately after the words "Federal-aid system" in the third sentence, by inserting the words "or program" immediately after the words "Federal-aid system" in the fifth sentence, and by inserting the words "or under" immediately after the word "on" in such sentence; and

(6) Section 109(l)(1) is amended by inserting the words "or under any Federal-aid program" immediately after the words "Federal-aid system".

(h)(1) Section 113(a) is amended by deleting the words "the primary and secondary, as well as their extensions in urban areas, and the Interstate System, authorized under the highway laws providing for the expenditure of Federal funds upon the Federal-aid systems," and inserting in lieu thereof the words "the primary as well as its extensions in urban areas, and the Interstate System, or under the Federal-aid programs, authorized under the highway laws providing for the expenditure of Federal funds upon the Federal-aid systems and programs,"; and

(2) Section 113(b) is amended by inserting the words "or under any of the Federal-aid programs" immediately after the words "Federal-aid systems".

(i) Section 115(a) is amended to read as follows: "(a) When a State has obligated all funds for the primary system or for any of the Federal-aid programs apportioned to it under section 104 of this title, and proceeds to construct any projects without the aid of Federal funds, including one or more parts of any project, on the primary system or under any of the Federal-aid programs in such State, as that system may be designated or any of those programs may be comprised at that time, in accordance with all procedures and all requirements applicable to projects on the primary system or under any such program, except insofar as such procedures and requirements limit a State to the construction of projects with the aid of Federal funds previously apportioned to it, the Secretary, upon application by such State and his approval of such application, is authorized to pay to such State the Federal share of the costs of construction of such project when additional funds are apportioned to such State under section 104 of this title if—

(1) prior to the construction of the project the Secretary approves the plans and specifications therefor in the same manner as other projects on the primary system or under the Federal-aid program involved, and

(2) the project conforms to the applicable standards adopted under section 109 of this title.

The Secretary may not approve an application under this section unless an authorization is in effect for the fiscal year for which the application is sought beyond the currently authorized funds for such State and that no application may be approved which will exceed the State's expected apportionment of such authorization.".

(j) Section 118(d) is amended by inserting the words "or under a Federal-aid program"

immediately after the words "Federal-aid system".

(k)(1) Section 120(a) is amended by deleting in the first sentence all of the words between "(a)" and "(A)" and inserting in lieu thereof the words "Subject to the provisions of subsection (d) of this section, the Federal share payable on account of any project, financed with primary, rural, or urban funds, on the Federal-aid primary system, under the Federal-aid rural program, and under the Federal-aid urban program shall either"; and

(2) Section 120(g) is amended by deleting the words "Federal-aid highways" and inserting in lieu thereof the words "Federal-aid projects".

(l) Section 121(c) is amended by inserting the words "or under a Federal-aid program" immediately after the words "Federal-aid system".

(m) Section 123(a) is amended by deleting the words "the Federal-aid primary or secondary systems or on the Interstate System, including extensions thereof within urban areas," and inserting in lieu thereof the words "a Federal-aid system or under a Federal-aid program,".

(n) Section 124(a) is amended by inserting the words "or under any of the Federal-aid programs," immediately after the phrase "including the Interstate System,".

(o) Section 129 is amended as follows:

(1) In subsection (c), by inserting the words "and programs" immediately after the words "Federal-aid highway systems";

(2) In subsections (f) and (g)(2), by inserting the words "or programs" immediately after the words "Federal-aid systems" each time they appear; and

(3) In subsection (i), by deleting the words "Federal-aid system, other than the Interstate System," and inserting in lieu thereof the words "Federal-aid project other than one of the Interstate System,".

(p) Section 135(b) is amended by placing a period after the word "flow" and deleting the remainder of the sentence.

(q) Section 137(a) is amended by deleting the words "project on the Federal-aid urban system" and inserting in lieu thereof the words "project under the Federal-aid urban program".

(r) Section 140(a) is amended by inserting the words "or under any of the Federal-aid programs" immediately after the words "Federal-aid systems".

(s) Section 141(b) of title 23, United States Code, is amended to read as follows:

"(b) Each State shall certify to the Secretary before January 1 of each year that it is enforcing in accordance with section 127 of this title all State laws respecting maximum vehicle size and weights permitted on all roads receiving funds under the Federal-aid program, including the primary system, the Interstate System, and is a route functionally classified as an arterial or major collector.".

(t) Section 142 is amended as follows:

(1) In subsection (a)(1) by inserting the words "and highways under the Federal-aid programs" immediately after the words "Federal-aid systems", and by deleting the words "as a project on any Federal-aid system";

(2) In subsection (a)(2) by deleting the words "project on the Federal-aid urban system" each place it appears and inserting in lieu thereof "project under the Federal-aid urban program", ; and

(3) In subsection (e)(2) by deleting the words "projects on the Federal-aid urban system" and inserting in lieu thereof "projects under the urban program".

(u) Section 143 is amended as follows:

(1) In subsection (a), (b), and (c) by inserting the words "or under a Federal-aid program" immediately after the words "a Federal-aid system (other than the Interstate System)" each place they appear, and

(2) In subsection (d) and (e) by deleting the words "Federal-aid system on" each time they appear and inserting in lieu thereof the words "Federal-aid system or program on or under".

(v) Section 149 is amended as follows—

(1) by inserting the words "or under any Federal-aid program" immediately after the words "Federal-aid system".

(2) by amending the analysis of chapter 1 of title 23, United States Code, by deleting:

"150. Allocation of urban system funds.".

and inserting in lieu thereof:

"150. Allocation of urban program funds.".

(w) Section 150 is amended by deleting the word "system" in the title and inserting the word "program" in lieu thereof.

(x) Section 302(b) is amended by deleting the words "on the Federal-aid secondary system," and inserting in lieu thereof the words "under the Federal-aid rural program", and by deleting the words "secondary funds," and inserting in lieu thereof the words "rural funds,".

(y) Section 304 is amended by inserting the words "and highways under the Federal-aid programs" between the word "systems" and the comma.

(z) Section 317(d) is amended by inserting the words "or under a Federal-aid program" immediately after the words "Federal-aid system".

(aa) Section 320(a) is amended by inserting the words "or programs" immediately after the words "highway systems" in the second sentence.

(bb) Section 322 is amended as follows:

(1) In subsection (c)(1) by deleting the words "any Federal-aid system," and inserting in lieu thereof the words "the Interstate System, the Primary System, or is a route functionally classified as an arterial or major collector,"; and

(2) In subsection (c)(2) by deleting the words "any Federal-aid system," and inserting in lieu thereof the words "the Interstate System, the Primary System, or is not a route functionally classified as an arterial or major collector,".

(cc) Section 402(d) is amended by inserting the words "and programs" immediately after the words "Federal-aid systems".

(dd) Section 117 is amended as follows:

(1) By inserting in subsection (a) the words "or under any Federal-aid programs" immediately after the words "Federal-aid systems".

(2) By deleting in subsection (f)(1) the words "secondary system" where they appear and inserting in lieu thereof the words "rural program".

The Clerk read the House amendment to the Senate amendment, as follows:

Strike out the matter proposed to be stricken and in lieu of the matter proposed to be inserted, insert the following:

That the first sentence of section 105 of the Surface Transportation Assistance Act of 1978 is amended by striking out "per fiscal year for each of the fiscal years ending September 30, 1982 and September 30, 1983," and inserting in lieu thereof "for the fiscal year ending September 30, 1982, not to exceed $800,000,000 for the fiscal year ending September 30, 1983, and not to exceed $800,000,000 for the fiscal year year ending September 30, 1984.".

SEC. 2. The Secretary of Transportation shall apportion for the fiscal year ending September 30, 1983, the sums authorized to be apportioned for such year by section 108(b) of the Federal-Aid Highway Act of 1956, as amended, for expenditures on the National System of Interstate and Defense Highways, using the apportionment factors contained in revised table 5 of the committee print numbered 97-28 of the Committee on Public Works and Transportation of the House of Representatives.

SEC. 3. (a) Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs for fiscal year 1982 shall not exceed $8,000,000,000. This limitation shall not apply to obligations for emergency relief under section 125 of title 23, United States Code, or projects covered under section 320 of title 23, United States Code, section 147 of the Surface Transportation Assistance Act of 1978, or section 9 of the Federal-Aid Highway Act of 1981. No obligation constraints shall be placed upon any ongoing emergency project carried out under section 125 of title 23, United States Code, or section 147 of the Surface Transportation Assistance Act of 1978.

(b) For the fiscal year 1982, the Secretary shall distribute the limitation imposed by subsection (a) by allocation in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to each State for such fiscal year bears to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to all the States for such fiscal year.

(c) During the period October 1 through December 31, 1981, no State shall obligate more than 35 per centum of the amount distributed to such State under subsection (b), and the total of all State obligations during such period shall not exceed 25 per centum of the total amount distributed to all States under such subsection.

(d) Notwithstanding subsections (b) and (c), the Secretary shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction which have been apportioned to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1, 1982, revise a distribution of the funds made available under subsection (b) if a State will not obligate the amount distributed during that fiscal year and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during that fiscal year; and

(3) not distribute amounts authorized for administrative expenses and forest highways.

SEC. 4. (a) Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is amended by striking out "the additional sum of $3,200,000,000 for the fiscal year ending September 30, 1983," and inserting in lieu thereof the following: "the additional sum of $3,100,000,000 for the fiscal year ending September 30, 1983,".

(b) Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is further amended by adding at the end thereof the following: "Effective on and after the date of enactment of this sentence, the obligation of funds authorized by this subsection, except for advance construction interstate projects approved before the date of enactment of this sentence, shall be limited to the construction necessary to provide a minimum level of acceptable service on the Interstate System which shall consist of (1) full access control; (2) a pavement design to accommodate the types and volumes of traffic anticipated for the twenty-year period from date of authorization of the initial basic construction contract; (3) essential environmental requirements; (4) a design of not more than six lanes (exclusive of high occupancy vehicle lanes) in rural areas and all urbanized areas under four hundred thousand population, and up to eight lanes (exclusive of high occupancy vehicle lanes) in urbanized areas of four hundred thousand population or more as shown in the 1980 Federal census; and (5) those high occupancy vehicle lanes (including approaches and all directly related facilities) included in the interstate cost estimate for fiscal year 1981. The obligation of funds authorized by this subsection shall be further limited to the actual costs of only those design concepts, locations, geometrics, and other construction features included in the 1981 interstate cost estimate, except in any case where the Secretary of Transportation determines that a provision of Federal law requires a different design, location, geometric, or other construction feature of a type authorized by this subsection. For purposes of this subsection, construction necessary to provide a minimum level of acceptable service on the Interstate System shall include, but not be limited to, any construction on the Interstate System which is required under a court order issued before the date of enactment of this sentence.

(c) Section 104(b)(5)(A) of title 23, United States Code, is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provisions of this subparagraph, the Secretary in making the revised estimate of the cost of completing the then designated Interstate System for the purpose of transmitting it to the Senate and House of Representatives within ten days subsequent to Januray 2, 1983, or thereafter, shall include only those costs eligible for funds authorized by subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, including the amendments made by section 4 of the Federal-Aid Highway Act of 1981.".

SEC. 5. Section 104(b)(5)(B) of title 23, United States Code, is amended to read as follows:

"(B) For resurfacing, restoring, rehabilitating, and reconstructing the Interstate System:

"55 per centum in the ratio that lane miles on the Interstate routes designated under section 103 and 139(c) of this title (other than those on toll roads not subject to a Secretarial agreement provided for in section 105 of the Federal-Aid Highway Act of 1978) in each State bears to the total of all such lane miles in all States; and 45 per centum in the ratio that vehicle miles traveled on lanes on the Interstate routes designated under sections 103 and 139(c) of this title (other than those on toll roads not subject to a Secretarial agreement provided for in section 105 of the Federal-Aid Highway Act of 1978) in each State bears to the total of all such vehicle miles in all States. Notwithstanding the preceding sentence, no State excluding any State that has no interstate lane miles shall receive less than one-half of 1 per centum of the total apportionment made by this subparagraph for any fiscal year.".

SEC. 6. (a) Section 119(a) of title 23, United States Code, is amended by striking out the words "and rehabilitating" and by inserting in lieu thereof the words "rehabilitating, and reconstructing" and by striking out the words "those lanes in use for more than five years on the Interstate System" and inserting in lieu thereof the words "routes of the Interstate System designated under sections 103 and 139(c) of this title.".

(b) Section 119 of title 23, United States Code, is further amended by adding the following new subsection:

"(b) Reconstructing as authorized in subsection (a) of this section may include, but is not limited to, the addition of travel lanes and the construction and reconstruction of interchanges and overcrossings along existing completed interstate routes, including the acquisition of right-of-way where necessary.".

SEC. 7. Subsection (a) of section 119 of title 23, United States Code, is amended by adding at the end thereof the following: "Effective on and after the date of enactment of this sentence, the Federal share for projects financed by funds apportioned under section 104(b)(5)(B) of title 23, United States Code, for resurfacing, restoring, rehabilitating, and reconstructing routes of the Interstate System designated under sections 103 and 139(c) of this title shall be that set forth in section 120(c) of this title.".

SEC. 8. In any case in which the city of Santa Rosa, California, has incurred costs on behalf of the State of California for the acquisition, between the date of enactment of Public Law 94-154 and the date of enactment of the Federal-Aid Highway Act of 1976 (Public Law 94-280), of land which was utilized in a Federal-aid urban system project at an intersection with a segment of the Federal-aid primary system, the Secretary of Transportation is authorized, notwithstanding any other provision of law, to reimburse the State of California from funds apportioned to the State of California under section 104(b)(6) of title 23, United States Code, 75 per centum of such costs.

SEC. 9. (a) The Secretary of Transportation may approve any project for the reconstruction, resurfacing, restoration, or rehabilitation of any bridge on the Interstate System which is both owned by the United States Government and located in two States and the District of Columbia, whenever both such States and the District shall submit to the Secretary for approval appropriate plans, specifications, and estimates for any such project.

(b) The Secretary of Transportation shall prior to approval of such project into an agreement with such States and the District for future maintenance and rehabilitation of the bridge.

(c) There is hereby authorized to be appropriated $60,000,000, out of the Highway Trust Fund, to be available until expended, to carry out the provisions of this section. Such sums shall be available for obligation in the same manner and to the same extent as if such funds were apportioned for the Interstate System under chapter 1 of title 23, United States Code. The Federal share of the project cost shall be 100 per centum.

(d) In making any revised estimate of the cost completing the Interstate System, which estimate is required by section 104(b)(5)(A) of title 23, United States Code, to be transmitted to the Congress after the date of enactment of this Act, the Secretary of Transportation shall not include any costs for any bridge eligible for approval under subsection (a). The Secretary shall reduce apportionments made under section 104(b)(5) of title 23, United States Code, to such States or District by an amount, if any, equal to amounts apportioned under such section to any such State or District with respect to any such bridge for any fiscal year ending before October 1, 1982. The reduction, if any, made by the preceding sentence for each State or the District shall be made out of apportionments under such section to such State or the District, beginning with the apportionment for the fiscal year ending September 30, 1983, and shall be made, in equal shares, over the number of fiscal years in which apportionments described in the preceding sentence were made.

SEC. 10. Section 139 of title 23, United States Code, is amended by adding a new subsection (c) as follows:

"(c) The Secretary shall designate those portions of highway segments on the Federal-aid primary system in States which have no Interstate System that are logical components to a system serving the State's principal cities, national defense needs and military installations, and traffic generated by rail, water, and air transportation modes. The designated segments shall have been constructed to the geometric and construction standards adequate for current and probable future traffic demands a..d the needs of the locality of the segment. The mileage of any highway designated as part of the Interstate System under this subsection shall not be charged against the limitation established by the first sentence of section 103(e)(1) of this title. The designation of a highway under this subsection shall create no Federal financial responsibility with respect to such highway, except that the State involved may use Federal-aid highway funds available to it under sections 104(b)(1) and 104(b)(5)(B) of this title, for the resurfacing, rehabilitation, restoration, and reconstruction of a highway designated as a route on the Interstate System under this subsection.".

SEC. 11. Section 145 of the Federal-Aid Highway Act of 1978 is amended to read as follows:

"SEC. 145. (a) Upon satisfaction by the State of Maine or the Maine Turnpike Authority of the following conditions, the State of Maine and the Maine Turnpike Authority shall be free of all restrictions with respect to the imposition and collection of tolls or other charges on the Maine Turnpike or for the use thereof contained in title 23, United States Code, or in any regulation

or agreement thereunder: repayment by the State of Maine or the Maine Turnpike Authority to the Treasurer of the United States of the sum of $8,577,900 which is the amount of Federal-aid highway funds received for construction of interchanges or connections with the Maine Turnpike at West Gardiner, Kennebec County, Maine, at York, York County, Maine, and at Scarborough-South Portland, Cumberland County, Maine. The amount to be repaid shall be deposited to the credit of the appropriation for 'Federal-Aid Highway (Trust Fund)'. Such repayment shall be credited to the unprogramed balance of the Federal-aid highway funds of the classes determined by the Secretary to and in cooperation with the State of Maine. The amount so credited shall be in addition to all other funds then apportioned to such State and shall be available for expenditure in accordance with the provisions of title 23, United States Code.

"(b) The State of Maine and the Maine Turnpike Authority are deemed to be in compliance with section 129(c) of title 23, United States Code: Provided, That the conditions of subsection (a) are satisfied.".

SEC. 12 (a) Section 152 of the Federal-Aid Highway Act of 1978 is amended by adding after "fiscal year 1981" the following "and $55,000,000 for fiscal year 1983".

(b) Such section 152 is further amended by adding at the end thereof the following new sentence: "Sums authorized to be appropriated under this section shall not be subject to any State or local law relating to apportionment of funds available for the construction or improvement of highways.".

SEC. 13. This Act may be cited as the "Federal-Aid Highway Act 1981".

Mr. ANDERSON (during the reading). Mr. Speaker, I ask unanimous consent that the House amendment to the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from California?

Mr. SHUSTER. Mr. Speaker, reserving the right to object, I reserve the right to object not because I intend to do so but, rather, to clarify the legislation on the floor.

Mr. Speaker, I yield to the distinguished chairman of the full committee.

□ 1245

Mr. HOWARD. Mr. Speaker, I rise in strong support of the substitute that has been offered by the distinguished chairman of the Subcommittee on Surface Transportation and associate myself totally with his characterization of, and remarks on, this bill. This is the culmination of a year's work, not only among that subcommittee and the full Public Works and Transportation Committee, but among all the Members of the House and, more recently, the other body as well.

The subcommittee chairman from California and the ranking member of the full committee (Mr. CLAUSEN) and of the subcommittee (Mr. SHUSTER) are to be commended not only for their outstanding individual efforts, but for their ability to cooperate and work together to produce a document which is certainly in the public interest, and one which preserves many of the provisions of H.R. 3210, the Federal-Aid Highway Act of 1981, which first passed the House nearly 3 months ago.

This substitute, if enacted, will reduce the cost of completing the Interstate System, from about $53 billion to a level just below $39 billion—a savings of over $14 billion.

At the same time, it allows the country to move, in a meaningful way toward the reconstruction of the Interstate System. We are expanding the present 3-R program to 4-R and increasing that program's funding from $275 million to $800 million. The foresight demonstrated by this Congress in making this significant move will be appreciated by generations of users of our Nation's Interstate System.

Mr. Speaker, the other body adopted a significantly different approach from the House in addressing highway legislation this year. I think the other body has come to recognize, in the past few weeks, that the approach we adopted in H.R. 3210 was, if not the better approach, the one that we could mutually agree on.

Of course, as is the nature of the legislative process, both sides had to give. And we did give on some points. As a result, we have before us a badly needed piece of legislation which significantly improves the face and the structure of the interstate program.

I urge its adoption.

Mr. SHUSTER. Mr. Speaker, I yield to the distinguished ranking minority member of the full committee, the gentleman from California (Mr. CLAUSEN).

Mr. CLAUSEN. Mr. Speaker, I rise in strong support of the amendment to H.R. 3210 offered by the gentleman from California, our distinguished chairman of the Subcommittee on Surface Transportation, Mr. ANDERSON, and I would like to associate myself with his able description of the amendment being offered and to compliment him for his leadership, patience, and cooperation in bringing about the compromise legislative product we are presenting here today.

I would also like to commend our distinguished colleague from New Jersey, the chairman of the full Committee on Public Works and Transportation, Mr. HOWARD. Were it not for his diligence and initiative, it is highly unlikely that we would have the opportunity to make what I believe are significant contributions to the Federal-aid highway system during the 1st session of the 97th Congress.

On September 24, the Committee on Public Works and Transportation brought before this body H.R. 3210, a 1-year highway bill intended to reconcile the authorizations for fiscal year 1982 with those contained in the Reagan administration budget, and also to make significant changes in the interstate highway program. The interstate changes were intended to redefine interstate completion in terms more realistically achievable, by shifting the emphasis on our interstate program from the new construction mode to one of maintaining our investment in a 42,500-mile network.

I am sure I do not have to remind anyone in this Chamber that because of our economic crisis, it has been necessary to further reduce spending for fiscal year 1982. The amendment we have before us will achieve our highway objectives toward those highway budget reductions. The obligation limitation for the Federal-aid highway system for fiscal year 1982 is set at $8 billion, $200 million below the level set in the original House passed H.R. 3210, as well as in the Budget Reconciliation Act.

While I know a number of you would have preferred to be rising in support of a multiyear highway bill, a position taken by our Senate colleagues, I believe a consensus has been reached supportive of at least immediate needs of our Nation's highway program by reducing costs to complete the Interstate System to a more achievable objective and by expanding our interstate restoration efforts to help begin the task of insuring that our Nation's most costly transportation investment is adequately protected. Even the staunchest supporters of multiyear legislation agree that it is better to make the changes in the definition of interstate completion and begin the interstate 4R program than to allow projects to be obligated during fiscal year 1982 that would be ineligible under the new definition. This amendment to H.R. 3210 satisfies those objectives.

This amendment represents a true compromise with regard to the Interstate Highway System components. Both this Chamber and the Senate redefine interstate completion to reduce the cost-to-complete estimate by some $15 to $17 billion. While both the Senate and House versions were similar, certain elements of the interstate program would have been eligible under one version but not the other. In an effort to resolve these differences, the two redefinitions have been merged to insure that any project eligible under one of the redefinitions would still be eligible under the redefinition contained in this amendment. This merging has been completed and the result is a cost estimate reduced from more than $53 billion to one in the range of $38 billion.

The new interstate completion definition would permit up to six lanes per designated interstate highway in rural areas and urban areas up to 400,000 population and up to eight lanes per designated interstate highways in areas of 400,000 population and above. Those lane limitations would not include high occupancy vehicle lanes. The thrust behind the new definition would be to make interstate construction funds available only to construct interstate segments to a minimum level of acceptable service consisting of full access control and a pavement assigned to accommodate traffic anticipated for the next 20 years. Work no longer fundable under the redefinition of interstate completion would be eligible under the expanded interstate 3R–4R program.

The reduction in the interstate completion category corresponds directly with the expanded interstate 3R–4R program. This newly defined category will fund projects for interstate resurfacing, restoring, rehabilitation, and reconstruction work. Items no longer eligible for funding under the interstate completion category will be eligible for funding under the interstate 4R category. The Federal share for both interstate construction and interstate 4R will be 90 percent.

The redefinition of interstate completion and the new 4R program closely parallel the amendment offered by the distinguished gentleman from Pennsylvania (Mr. SHUSTER) during the markup of H.R. 3210, before the Subcommittee on Surface Transportation last May. The ranking minority member of the subcommittee deserves our recognition and commendation for the lead role he exercised in promoting a redefinition of the interstate program this year.

His efforts are chiefly responsible for transforming a simple 1-year authorization bill into a significant piece of legislation.

The combined funding level for the interstate programs has been increased for fiscal year 1982 from $3.6 billion to $4.025 billion. In addition, the interstate 4R category has been authorized for a second year at a level of $800 million.

During the floor debate on H.R. 3210 this past September, several Members expressed concern about the proposed elimination of the half percent minimum set-aside for smaller States. The amendment under consideration retains the provision guaranteeing that every State will receive at least one-half of 1 percent of the interstate of the interstate construction funds. As was pointed out by our colleagues from Delaware, Vermont, New Hampshire, North Dakota, South Dakota, Maine, Nebraska, and Wyoming, the elimination of the half percent minimum would have denied these States more than half of the interstate money they had been receiving and for which they were planning for fiscal years 1982 and 1983. And these reductions in interstate construction funds would not have been offset by increases and interstate 4R funds under our original bill. In several instances, these States have completed their interstate systems and have major interstate restoration needs. The amendment under consideration cures that defect.

Also included in our amendment is a provision which will provide full Federal funding for rebuilding the Woodrow Wilson Bridge that carries Interstate 95 over the Potomac River. During the floor debate on H.R. 3210, our colleagues, Mrs. HOLT of Maryland and Mr. WOLF and Mr. PARRIS of Virginia, ably described the exigent circumstances that existed on this federally owned bridge on the Interstate Highway System. The provision in this amendment would permit Federal interstate funds to be expended to rehabilitate the bridge at its current lane capacity by the Federal Government. However, to insure that appropriate agreements are reached between the three jurisdictions that most significantly benefit from the Woodrow Wilson Bridge; namely, the Commonwealth of Virginia, the District of Columbia, and the State of Maryland, no moneys may be obligated until the Secretary of Transportation is assured that the three jurisdictions have executed agreements to insure the bridge's continued viability. We would strongly urge the Secretary to encourage the three jurisdictions to expeditiously reach an agreement for the transfer of ownership away from the Federal Government.

I would like to take this opportunity to commend Governor Dalton from the Commonwealth of Virginia and Governor Hughes from the State of Maryland for calling this serious problem to the attention of the Congress, and for their outstanding leadership in the area of transportation.

In addition to the interstate changes, the amendment to H.R. 3210 contains a few other significant provisions, a section has been included which gives the Secretary of Transportation the needed authority to waive technical compliance with Federal requirements in the acquisition of certain real property in connection with the highway project in Santa Rosa, Calif. Under this provision, the State of California would be permitted to use a portion of its Federal-aid apportionment to reimburse the city of Santa Rosa for costs already incurred by the city in connection with the Federal-aid project which meets Federal standards.

Mr. Speaker, this provision rights a misunderstanding that has existed for several years and does not involve any additional money to be expended from the Federal-aid highway system.

I have had conversations with the distinguished ranking member of the Subcommittee on Surface Transportation, the gentleman from Pennsylvania, Mr. SHUSTER, and agree with him that the interstate redefinition changes and projects of national significance are too important not to resolve immediately and, therefore, cannot be delayed until we take up multiyear highway legislation during the next session. However, I want the gentleman from Pennsylvania to know that I share his concern that funds may not currently be distributed in a way to direct dollars to where they are most needed or could be most effectively used in maintaining a national highway network. I know the gentleman is examining new bases for distributing interstate 4R funds. I will be most supportive of considering formula changes next year to achieve a more equitable distribution.

I am also aware of Mr. SHUSTER's concerns about U.S. Route 522 in Huntingdon County, Pa. This situation sounds to me like the type of project that priority primary funds was intended to address. I believe the designation of this project as a priority primary route should be given favorable consideration during our deliberations next session on multiyear highway legislation.

Finally, Mr. Speaker, the amendment to H.R. 3210 contains a provision of national significance not related to the Interstate Highway System. In the Surface Transportation Act of 1978 we included a provision for the construction of a bypass highway that would reroute traffic around the Redwood National Park. We thought at that time that we had provided both the necessary funds and authority to construct the project.

Mr. Speaker, I would like to direct my colleagues attention to section 12 of the compromise bill. This section deals with a matter which has been, and continues to be, of major importance to the Congress.

Briefly stated, section 12 does two things. First, subsection (a) of section 12 provides an additional authorization of $55 million for the Redwood bypass highway project, bringing the total amount authorized to $105 million. And second, subsection (b) of section 12 assures that the Redwood bypass highway project will provide the economic stimulus and the infrastructure improvement which Congress intended to help offset, at least partially, the loss of employment and economic activity associated with expansion of the Redwood National Park.

As I am sure my colleagues remember, in enacting section 152 of the Federal-Aid Highway Act of 1978 and sec-

tion 101(a)(5) of the Redwood National Park Expansion Act of 1978, Congress provided for the construction of a bypass highway around the Redwood National Park in order to divert motor vehicle traffic around the park so as to best serve the needs of the traveling public while preserving the natural beauty of the park.

The Congress regarded this project as unique, a fact clearly reflected in the priority treatment accorded the project in the Federal-Aid Highway Act of 1978 and the Redwood National Park Expansion Act of 1978. This priority reflects the need for the project, long recognized by the Congress, in terms of mobility and safety for the traveling public, access to the park, preservation of its environmental values, and both economic stimulus and infrastructure improvement to help offset partially the loss of employment and economic activity associated with expansion of the Redwood National Park.

Section 12 of the compromise bill before us today addresses two problems which have arisen since the project was authorized in 1978.

The first problem deals with the cost of the project. The California Department of Transportation has estimated that the construction costs of the preferred alternative, taking into account inflation, would be $102 million in 1986 costs. Since Congress authorized only $50 million in the Federal-Aid Highway Act of 1978, an additional authorization is necessary. In order to remedy this situation, subsection (a) of section 12 of the compromise bill authorizes an additional $55 million in contract authority for the Redwood bypass highway project, bringing the total amount authorized to $105 million. This amount should be sufficient to cover the Federal share of the entire cost of the project.

The second problem relates to the decision of the California Department of Transportation that the Federal funds available for the Redwood bypass highway project are subject to California Streets and Highways Code Section 825 which requires 60 percent of all Federal highway funds received by California to be allocated to the southern portion of the State and the remaining 40 percent to be spent in the northern counties. As a result of California's determination that Federal funding for the project is not exempt from this allocation, the four-county transportation district—Humboldt, Del Norte, Lake and Mendocino—would have to postpone many other highway projects in order to fund the Redwood bypass highway.

This is completely contrary to the original intent of Congress. At the time section 152 of the Federal-Aid Highway Act of 1978 was enacted, Congress was acutely aware of the commitments which State, regional, and local governments had made to other highway projects that were already in the pipeline. We did not want to upset or unbalance those priorities in any way. Therefore, the $50 million in funding which we provided for the Redwood bypass highway project was over and above California's normal apportionment of highway funds. Moreover, these funds could only be used for the purpose of building the Redwood bypass highway; they could not be spent on, or allocated to, any other segment of the California highway system. This legislative history clearly demonstrates that Congress was responding to a unique problem in a unique manner, authorizing a priority provision separate from and over and above the assistance provided by the regular Federal-aid programs.

Not only is the decision of the California Department of Transportation contrary to the intent of Congress, but it also totally undermines one of the primary purposes of the project. As I mentioned previously, one of the major purposes of the project was to provide both economic stimulus and infrastructure improvement to help offset, at least partially, the loss of employment and economic activity associated with expansion of the Redwood National Park. This economic stimulus would only occur if the Redwood bypass highway project was in addition to those projects which were already in the pipeline. Therefore, the State's decision, which would result in many other highway projects being postponed in order to fund the bypass, completely negates a primary purpose of the project.

Subsection (b) of section 12, which was added to the compromise bill at my urging, resolves this problem by, in effect, exempting the Redwood bypass highway project from California Streets and Highways Code Section 825. It provides that all of the funds authorized for the bypass highway shall not be subject to any State or local law relating to apportionment of funds available for the construction and improvement of highways. Therefore, subsection (b) of section 12 will have the effect of overturning the decision of the California Department of Transportation that Federal funds for the bypass highway are not exempt from the 40-60 allocation.

Frankly, I am disappointed that we have to resolve this matter at the Federal level. I have felt all along that California had sufficient discretion, in light of the legislative history of the project, to rule that it was not subject to the 40-60 split. Had this been done, we would not have to act today.

However, since California continues to take the position that the legislative history of section 152 of the Federal-aid Highway Act of 1981 does not clearly indicate that the project is to be exempt from California Streets and Highways Code Section 825—40-60 allocation—it is necessary for us to clarify this matter in the legislation before us today.

In carrying out the provisions of section 12 of this act, and section 152 of the Federal Aid Highway Act of 1978, the Secretary of Transportation should work with the Secretary of the Interior or provide for the donation and delivery, to the greatest degree practicable, of raw wood materials to Redwoods United, Inc., a nonprofit corporation located in Manila, Calif.

The raw materials would be obtained during the clearing of the right-of-way for the Redwood bypass highway project and delivered to the Redwoods United site in Manila. The raw materials would include logs, stumps, and chunks which could be used by the corporation in connection with the community services and employment opportunities they provide.

Public Law 95-250, section 101(4) and section 107 originally provided for the continued operation of the Redwoods United workshop by providing for the supply of raw materials from Redwood National Park. Continued supply of raw materials obtained from the right-of-way clearance would be a logical extension of this effort inasmuch as the highway is an extension of the job loss mitigation effort begun after expansion of the park in 1978.

As the park rehabilitation effort winds down it will become more difficult to supply raw materials to Redwoods United. The right-of-way clearance is an excellent opportunity for us to provide several large deliveries of materials to the workshop.

I want to assure my colleagues that the amendments we make today will carry out the original intent of Congress. Since none of the funds authorized for the Redwood bypass highway project will be subject to 40-60 split, funding the project will not result in any other highway projects being postponed, thereby providing the maximum economic stimulus to the region. This is critical in light of loss of employment and economic activity that has resulted from the park expansion.

Mr. Speaker, the amendment to H.R. 3210 achieves changes in the Interstate System which all parties agree are necessary and beneficial to the program. A consensus has now been reached that the issues that will face Congress during the second session during the consideration of comprehensive multiyear surface transportation legislation need not be further complicated by the inclusion of these vital interstate changes. In short, necessary changes can be achieved now without compromising the objectives of the competing interests for surface transportation legislation in 1982. We have received assurances that the

Senate will accept the provisions in this amendment. I urge its adoption.

Mr. SHUSTER. Mr. Speaker, I yield to the gentleman from California (Mr. ANDERSON), chairman of the Subcommittee on Surface Transportation.

Mr. ANDERSON. Mr. Speaker, on April 10 of this year, the chairman, the ranking minority members of the Committee on Public Works and Transportation and the Subcommittee on Surface Transportation and I introduced H.R. 3210, the Federal-Aid Highway Act of 1981. This legislation, essentially, was a 1-year bill which contained increased budget authority in certain of our contract authority Federal-aid highway programs to bring the total authorizations up to the level recommended by the new administration.

To be certain, the administration did propose and send to Congress a bill significantly restructuring these programs and did suggest the adoption of multiyear legislation. Because of the relatively late submission of these proposals, because the Congress spent so much of its time fashioning our Omnibus Budget Reconciliation Act, and because of our May 15 deadline for reporting authorizing legislation from the committee, as mandated in the 1974 Budget Act, it was felt that there was not sufficient time to carefully consider a comprehensive restructuring of our highway program which would certainly have a long lasting impact on the Nation's transportation infrastructure.

Since May 15, the Surface Transportation Subcommittee has held 8 days of hearings, in Washington and in the field, on the country's future transportation needs. It is only now, in the closing days of the 1st session of the 97th Congress, that I feel comfortable drafting legislation which will play such a significant role in shaping the future of our country's transportation policy. I am convinced it would have been a grave error to undertake such an effort before we had increased our knowledge and enhanced our awareness of the problems and challenges facing us to the extent that we have today.

This is not to say that we failed to respond, in drafting H.R. 3210, to the initiatives put forward by the administration. As I have previously stated, the authorization levels contained therein did conform to those recommended by the White House. And perhaps more significantly, with the leadership of the gentleman from Pennsylvania (Mr. SHUSTER) and the gentleman from California (Mr. CLAUSEN), we embraced and adopted the concept posited by the administration to redefine the Nation's Interstate System.

As some of my colleagues may be aware, 1981 marks the 25th anniversary of the Interstate System. Fewer, perhaps, are cognizant of the fact that most of the system is constructed with a design life of 20 to 25 years. We have now reached the point, then, when 95 percent of the total system is open to traffic, but when, also, an increasing proportion of these miles are in need of reconstruction. Indeed, one study has reported that the amount of interstate miles rated in "poor" condition more than doubled between 1975 and 1978, with another doubling anticipated by 1985. Clearly, this is a problem which must be addressed.

As passed in this Chamber on September 24, H.R. 3210 added reconstruction to the interstate 3-R program—resurfacing, restoration, and rehabilitation—to create a new 4-R program. Funding for this program was increased from $275 million to $800 million. Additionally, a more equitable formula was devised for distributing these funds among the States.

In passing H.R. 3210, this body was by no means neglectful of the very important job of completing the Interstate System. Indeed, the meeting of this challenge was facilitated by that bill and will be brought closer to fruition by the amendment that is before us today. Mindful of the increased costs of freeway construction and our present budgetary constraints, that bill and this amendment will allow us to focus the Nation's precious financial resources on the most crucial work that remains to be done. Certain nonessential projects on the Interstate System are being dropped from the interstate cost estimate. Any project previously eligible under the ICE, but now dropped, will be eligible under the expanded 4-R program.

There were certain differences between items maintained under the ICE in the House and Senate bills. This Chamber, for example, maintained in the construction program all high occupancy vehicle lanes contained in the 1981 ICE. The Senate bill failed to include this important provision, but it is included in the amendment that is brought to the floor today.

By redefining eligibility for the interstate construction program, we are able to reduce the interstate cost estimate from about $53 billion to about $38.9 billion. This constitutes a savings, not even accounting for future inflation, of about $14 billion.

Let me repeat that, by voting for this amendment, we can save the American taxpayer $14 billion in the cost of completing the Interstate System.

And by trimming these costs, we will be expediting system completion by funneling available funds to those projects which are most crucial.

This amendment is vitally needed for the long-range implications it will have on the interstate program. Its enactment is also of very great short-term significance.

The Department of Transportation's authority to apportion interstate construction funds among the States expired at the end of fiscal year 1981. When our colleagues passed H.R. 3210 earlier this year, we extended that authority and revised the apportionment factors to reflect the redefinition of the system.

When it became apparent that H.R. 3210 would not be enacted by October 1, House Concurrent Resolution 179 was brought to the floor, and passed, allowing the Secretary to apportion interstate construction funds using our old factors. That legislation was never adopted by our colleagues in the other body. So, these funds have been frozen in Washington for over 10 weeks. Passage of this amendment will relieve that situation and relieve it in a most favorable manner by not only allowing these funds to be apportioned, but by allowing them to be apportioned utilizing our redefined factors.

H.R. 3210, as passed by the House, was significantly amended in the other body on November 16 and sent back to us. The other body would have us hastily consider many of the same program revisions we chose to more thoroughly and thoughtfully examine next year.

Since November 16, led by my good friend, the gentleman from New Jersey, we have been working with Senate leaders to fashion a compromise approach.

I feel that the substitute being considered today is that compromise. It preserves the integrity of the legislation previously passed in general approach and in substantial detail. I would urge that it be passed here today and sent back to the other Chamber so that it may be expeditiously approved there, according to assurances that have been given to us, and sent to the White House for enactment.

SECTION 1—INTERSTATE 4R AUTHORIZATIONS

Section 1 of my amendment parallels section 2 of H.R. 3210 as passed by the House. The interstate resurfacing, restoration, and rehabilitation program authorization in section 2 of the House-passed bill was raised from the current level of $275 million to $800 million for fiscal year 1983. My amendment is identical, except that an additional $800 million is authorized for fiscal year 1984.

SECTION 2—AUTHORIZATION OF USE OF COST ESTIMATES FOR APPORTIONMENT OF THE INTERSTATE FUNDS

Section 2 of my amendment deals with the same subject matter covered in section 4 of H.R. 3210 as passed by the House. Section 4 approved the use of apportionment factors contained in revised table 5 of the committee report accompanying H.R. 3210 for fiscal years 1983 and 1984 interstate fund

apportionments. This table was based upon the proposed redefinition of remaining Interstate System costs as contained in the committee reported bill.

Section 2 of my amendment approves the use of apportionment factors contained in revised table 5 of committee print numbered 97-28 of the Committee on Public Works and Transportation of the House of Representatives for the apportionment of funds authorized for fiscal year 1983 only. Additional action by the Congress will be necessary to authorize the apportionment of funds for fiscal year 1984 and subsequent years.

The revised table 5 of committee print numbered 97-28 is based upon the proposed redefinition of remaining Interstate System costs and contained in section 4 of my amendment.

SECTION 3—OBLIGATION LIMITATION

Section 3 of my amendment is similar to section 5 of H.R. 3210 as passed by the House. Section 5 provides a limitation on funding obligations of $8.2 billion for Federal-aid highways for fiscal year 1982. Section 3 of my amendment is identical except the obligation limitation is reduced to $8 billion, a level which is identical to the level provided by the continuing resolution for fiscal year 1982 appropriations, and further, the obligation limitation shall not apply to obligations for reconstruction of the Woodrow Wilson Bridge and bridges on Federal dams authorized by section 320 of title 23, United States Code.

SECTION 4—INTERSTATE SYSTEM CONSTRUCTION

Section 4 of my amendment parallels section 7 of H.R. 3210, as passed by the House.

Section 7 reduced the authorization for fiscal year 1983 for interstate construction, from $3.2 to $3.1 billion, and limited the obligation of interstate construction funds, except for advance construction interstate projects approved before October 1, 1981, to construction necessary to provide a minimum level of acceptable service on the Interstate System which shall consist of first, full access control; second, a pavement design to accommodate the types and volumes of traffic anticipated for the 20-year period from date of authorization of the initial basic construction contract; third, a design of four lanes—exclusive of high-occupancy vehicle lanes—in rural areas and all urban and urbanized areas under 400,000 population, up to six lanes—exclusive of high-occupancy vehicle lanes—in urbanized areas of 400,000 to 1 million population, and up to eight lanes—exclusive of high-occupancy vehicle lanes—in urbanized areas of 1 million or more population, as shown in the 1980 Federal census; and fourth, those high-occupancy vehicle lanes included in the interstate cost estimate for fiscal year 1981.

Section 4 of my amendment is the same as the House-passed bill, except that any items which S. 1024, as passed by the Senate, continues to make eligible for interstate construction funding would continue to be eligible under my amendment. Items contained only in the Senate bill include certain gap sections, certain stage construction sections, and certain sections built without interstate construction funds and incorporated into the Interstate System which have a design of up to six lanes in rural areas and all urbanized areas under 400,000 population and up to eight lanes in urbanized areas of 400,000 population or more; and certain required environmental features for gap sections, stage construction sections, and sections built without interstate construction funds and incorporated into the Interstate System. Also included would be certain added lanes up to the six- and eight-lane maximum for sections previously built with interstate construction funds.

SECTION 5—INTERSTATE 4-R FORMULA

Section 5 of my amendment parallels section 8 of H.R. 3210, as passed by the House.

Section 8 established a new interstate 4-R apportionment formula under which funds would be apportioned; 50 percent based upon the total number of interstate lane-miles in each State—other than on toll roads—and 50 percent based upon vehicle-miles traveled on the Interstate System in each State—other than on toll roads. No State, excluding any State without Interstate System mileage, would receive less than one-half of 1 percent of the total amounts apportioned.

Section 5 of my amendment is identical, except that funds would be apportioned: 55 percent based upon the total number of interstate lane miles in each State and 45 percent based upon vehicle miles traveled on the Interstate System in each State. Further, interstate toll roads which are subject to a Secretarial agreement, as provided for in section 105 of the Federal-Aid Highway Act of 1978, would be included in the formula and would be eligible for interstate 4-R funding.

The committee believes the interstate 4-R formula change in this amendment is a step in the right direction. It does not go as far as the committee or the administration would have preferred, but in the spirit of compromise with the other body, we have had to move away from this House's original position. However, we do have an understanding with the other body that the formula will be reviewed during consideration of major highway legislation next year and that factors other than lane miles and vehicle miles traveled will also be examined.

SECTION 6—INTERSTATE RECONSTRUCTION

Section 6 of my amendment is similar to section 9 of the House-passed bill.

Section 9 of the House-passed bill did three things: First, it expanded the types of projects eligible for interstate 3-R funding to include reconstruction projects. The effect of this provision is to convert the program from a "3-R" program to a "4-R" program. Second, it eliminated the restriction that interstate 4-R projects could only be on lanes in use for more than 5 years. And third, it made some technical changes to reflect the fact that toll roads subject to Secretarial agreements would no longer be eligible for interstate 4-R funding.

Section 6 of my amendment is similar to section 9 of the House-passed bill. There are three basic differences. First, section 6 does not make the technical change concerning toll roads since toll roads subject to Secretarial agreements would still be eligible for interstate 4-R funding. Second, section 6 includes language reflecting the fact that interstate 4-R funding can be used on Alaskan routes designated as part of the Interstate System under section 139(c) of title 23, United States Code. Third, clarifying language is included as to what Congress means by reconstruction. More specifically, reconstruction would include, but would not be limited to, the addition of travel lanes and the construction and reconstruction of interchanges and overcrossings along existing completed interstate routes, including the acquisition of rights-of-way where necessary.

I would emphasize that many improvements under the interstate 4-R program will not be subject to the same eligibility criteria as improvements if they were to be funded under the interstate construction program. For example, States will be able to construct new interchanges under the interstate 4-R program subject only to the normal requirements. The very rigid justifications presently required to add new interchanges to the interstate cost estimate for open-traffic routes previously financed with interstate funds will no longer be required under the interstate 4-R program. The States will have greater flexibility in the use of interstate 4-R funds.

In removing many safety improvement projects from interstate cost eligibility and making them eligible under the interstate 4-R program, the committee wants to emphasize that this change should not be viewed as a deemphasis of highway safety. In our discussions with the other body, we were successful in maintaining a 90-percent Federal share for the interstate 4-R program. The committee wishes to make clear that the purchase of safety devices, such as energy

absorption barriers and impact attenuators, would be eligible under the interstate 4-R program. Recent evaluations by the Federal Highway Administration show these devices to be among the most cost-effective safety countermeasures to be implemented on the highways.

SECTION 7—FEDERAL SHARE

Section 7 of my amendment is very similar to section 10 of the House-passed bill.

Section 10 of the House-passed bill increased the Federal share for interstate 4-R projects from 75 percent to 90 percent, effective October 1, 1981. Section 7 of my amendment is identical to section 10 of the House-passed bill, with two exceptions. First, the increased Federal share would take effect on the date of enactment instead of October 1, 1981. And second, the increased Federal share would also apply to interstate 4-R projects on routes designated in Alaska as part of the Interstate System under section 139(c) of title 23, United States Code.

SECTION 8—REIMBURSEMENT

Section 8 of my amendment is identical to section 12 of the House-passed bill and section 140 of the Senate-passed bill.

Section 8 of my amendment gives the Secretary of Transportation the needed authority to waive technical compliance with Federal requirements in the acquisition of certain real property in connection with a highway project in Santa Rosa, Calif. The State of California would be permitted to use a portion of its Federal-aid apportionment to reimburse the city of Santa Rosa for costs already incurred by the city in connection with a Federal-aid project wihich meets the Federal standards.

SECTION 9—BRIDGE RECONSTRUCTION

Section 9 of my amendment deals with the reconstruction of the Woodrow Wilson Bridge, a subject which was not addressed in the House-passed bill. Section 9 is virtually identical to section 128 of the Senate-passed bill.

Section 9 of my amendment authorizes $60 million from the highway trust fund to rehabilitate the Woodrow Wilson Bridge on Interstate Route 95. This bridge is on the Interstate System and is located in three jurisdictions: Maryland, Virginia, and the District of Columbia. The bridge is owned by the Federal Government, and this provision provides 100-percent Federal funding for the rehabilitation of the bridge, provided the three jurisdictions enter into an agreement with the Secretary of Transportation providing for taking responsibility for all future maintenance and rehabilitation of the bridge.

Although the Public Works Committee had planned to address this issue in next year's multiyear highway bill, I feel that it is particularly appropriate that we deal with it in this bill in light of the pressing need to rehabilitate the bridge.

SECTION 10—INTERSTATE SYSTEM ADDITIONS

Section 10 of my amendment provides for the designation of certain primary system highways in Alaska as part of the Interstate System. This issue was not addressed in the House-passed bill. Section 10 is identical to section 135 of the Senate-passed bill.

Alaska was the only State which did not receive interstate mileage when the Interstate System was designated. Section 10 of my amendment would direct the Secretary of Transportation to work with the State of Alaska in designating certain portions of the primary system as completed interstate. This mileage would be designated as completed with no interstate construction funds available. The mileage would not be upgraded to full interstate standards. Alaska would be eligible, as all other States are, for interstate 4-R funds.

SECTION 11—MAINE TURNPIKE

Section 11 of my amendment deals with a matter which was not addressed in the House-passed bill but was addressed in section 137 of the Senate-passed bill.

The Federal-Aid Highway Act of 1978 authorized the repayment of funds obligated by the State of Maine for two interchanges on the Maine Turnpike. Section 11 of my amendment authorizes the State of Maine to repay additional funds for the third interchange on the Maine Turnpike for which interstate funds were used. Total Federal funds repaid to the Treasury under the two provisions will be $8,577,900. By removing the requirement for repayment for the South Portland interchange, the State of Maine will be permitted to retain tolls on the Maine Turnpike and not make it toll free as required when it received interstate funds for the interchanges.

SECTION 12—REDWOOD BYPASS HIGHWAY

Section 12 of my amendment is similar to section 138 of the Senate-passed bill.

Section 152 of the Surface Transportation Assistance Act of 1978 directed the Secretary of Transportation to carry out a demonstration project to construct a bypass highway around the Redwood National Park. The Congress regards this project as unique, a fact clearly reflected in the priority treatment accorded the project in the Surface Transportation Assistance Act and in the Redwood National Park Expansion Act. This priority reflects the need for the project, long recognized by the Congress, in terms of mobility and safety for the traveling public, access to the park, preservation of its environmental values, and both economic stimulus and infrastructure to help offset partially the loss of employment and economic activity associated with expansion of the Redwood National Park.

Section 12 of my amendment provides an additional $55 million in contract authority for construction of the Redwood Bypass Highway, bringing the total Federal funding to $105 million. The additional $55 million will become available in fiscal year 1983 and will remain available until expended.

Section 12 of my amendment also provides that the sums authorized to be appropriated under section 152 of the Surface Transportation Assistance Act, as amended, shall not be subject to any State or local law relating to apportionment of funds available for the construction or improvement of highways.

The funds authorized for the bypass highway project cannot be spent on, or allocated to, any other segment of the California highway system and are in addition to California's normal apportionment of highway funds. Congress did not intend that any highway projects, either at the State or local level, be deferred or delayed in any way. This reflects the fact that one of the major purposes of the project is to provide economic stimulus and infrastructure to help offset the loss of employment and economic activity associated with expansion of the park. Thus, section 12 of my amendment will assure that the Redwood Bypass Highway project does not result in any other highway project being deferred or terminated. It accomplishes this by exempting the Redwood project from the provisions of the California Streets and Highways Code requiring an apportionment of highway funds—40-60 North-South split.

SECTION 13—SHORT TITLE

Section 13 of my amendment provides that this act may be cited as the "Federal-Aid Highway Act of 1981."

Mr. MYERS. Mr. Speaker, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Speaker, I thank my colleague for yielding.

I rise to ask a question about the Wilson Bridge.

There is no question that the bridge needs to be repaired, but we have one of the major bridges already semi-closed, the Chain Bridge. Will this Wilson Bridge be closed for repairs while this other bridge is partially closed?

Mr. SHUSTER. I am informed that the answer is "No."

Mr. MYERS. That is good, because I do not think Congress ought to decide these issues, but nevertheless it certainly does present a congestion problem for those of us who live on that side and who have to commute in if

they are going to close all the bridges coming from Virginia.

Mr. SHUSTER. The gentleman has an excellent point.

Mr. Speaker, it is a pleasure today to join with my colleagues in presenting and supporting this compromise 1-year highway bill. This is essentially the bill passed overwhelmingly 377 to 25 on September 24, with minor modifications negotiated with the Senate and supported by them.

This legislation is needed badly to continue the Federal highway program until next year when the Surface Transportation Subcommittee will be considering a multiyear bill. I favored the multiyear approach this year in order to give the States a long leadtime to know the rules of the game and plan accordingly. Unfortunately, circumstances did not allow that to happen this year but the Members of the House can be assured this bill will be an adequate stopgap until next year.

There are a few provisions which I feel the Members should note specifically. First, there is a major redefinition of the interstate cost to complete. This redefinition should reduce the cost-to-complete of our Interstate Highway System from an unrealistic $54 billion down to a more attainable $39 billion. However, I am very concerned about several high priority projects in Pennsylvania. Those projects are 12 miles of the Schuylkill Expressway—Interstate 76—in Philadelphia, one-half mile of the Parkway East—Interstate 376—in Pittsburgh and the East Street Valley Expressway in Pittsburgh. To the extent possible, I would strongly urge the Secretary to interpret the definition to include these projects to the maximum degree due to their high priority in maintaining an efficient highway system.

A new category of reconstruction was added to the current 3-R program and the authorization was increased from $275 million to $800 million. This amendment, which I sponsored, is a clear signal to the States that the interstate must be completed on time and our multibillion national highway system maintained and preserved.

The committee was also able to negotiate with the Senate a 90-10 Federal match for the new interstate 4-R program. A lower match would not have made any sense with current interstate construction funds at the same 90-10.

It is also my understanding that those States that use primary funds for interstate maintenance and reconstruction would like to be able to convert those 75-25 funds to 90-10. It is logical for the States to be able to use the same match for primary funds if the States so choose to utilize these funds in that manner. I urge the Secretary of Transportation to permit the States to convert these funds within the discretion of the law. If such a commitment cannot be made, I would place this as a top agenda item to be considered next year. Furthermore, the House and Senate both agreed next year to take a hard look at the interstate 4-R allocation formula which could use better criteria to determine those States that need more funds for 4-R.

In addition, a section on the Woodrow Wilson Bridge was included particularly because of the hard work and counsel of Congressman WOLF, Congressman PARRIS and Congresswoman HOLT. There efforts were invaluable in insuring that this difficult problem was addressed and addressed this year.

Finally, the priority primary program was retained for this year with possible revisions in our multiyear bill next year. This category was meant to handle high-priced items the States could not handle on their own, such as Route 522 in Huntingdon County, Pa. This route from Mount Union, Pa., to Interstate 76 at Burnt Cabins is the only access to the Interstate System for this particular area. The designation of a route such as this would be the intent of the Congress.

In conclusion, this is a good compromise which should be accepted by the Senate and sent on its way to the President. This legislation is badly needed and many States would suffer from decreased interstate allocations if this measure were not accepted. I urge my colleagues to support H.R. 3210.

● Mrs. HOLT. Mr. Speaker, I rise in strong support of the bill, H.R. 3210, the Federal Highway Act of 1981, which is an amendment to the Senate bill, S. 1024. In this connection, I want to commend and thank the majority and minority leadership for their bipartisan and statesmanlike efforts in providing full Federal funding for the badly needed major rebuilding of the Woodrow Wilson Bridge—a key interstate link serving the entire eastern seaboard.

I am especially grateful to the gentleman from New Jersey (Mr. HOWARD), the committee chairman; the gentleman from California (Mr. CLAUSEN), the ranking minority member; the gentleman from California (Mr. ANDERSON), and the gentleman from Pennsylvania (Mr. SHUSTER)—the subcommittee chairman and ranking minority member, respectively—who have all played an important part in bringing this important bill to the floor today.

Mr. Speaker, I remind my colleagues that the full funding for the bridge is the same as provided for in an amendment which I offered to last year's Federal highway bill and which was accepted by the House. Now that the Senate too has included this amendment in their bill, the urgently needed repair of the Woodrow Wilson Bridge can begin soon.

I also wish to thank my colleagues, the gentlemen from Virginia (Mr. PARRIS and Mr. WOLF) who have worked diligently to gain this funding.●

● Mr. HAGEDORN. Mr. Speaker, I am happy to rise in support of this important legislation, which represents a fair compromise between previously passed House and Senate bills.

Even though I still believe the multiyear approach is the best way to go with high-cost, long-term highway and bridge construction projects, it is critically important to pass this bill now despite its imperfections. Failure of the Congress to take action now might not have a profound effect on the regular Federal-aid highway program, but it would have a devastating and irreconcilable effect on the interstate program, which has ground to a halt in many States in the absence of new apportionments.

My home State of Minnesota has urged adoption of this compromise, as has the National Governor's Association, and I believe it represents a fair and reasonable way to introduce some vitality into the program until a multiyear bill can be worked out.

I would like to emphasize my own strong and personal support for one of the major features of this compromise, and that is the manner in which the interstate reconstruction program was treated. The compromise expands the program by definition and makes reconstruction an eligible item in the new 4-R program, curing what I always felt was a major weakness in the program.

This simple step will probably do more to fashion the future of the interstate program than any in recent memory, and will help to insure that the massive investment of Federal interstate dollars over the last 25 years will be preserved and protected.

I also applaud the conference managers for agreeing to the redefinition of interstate completion to include essential construction only, and for approving a reduced interstate cost estimate, both of which will give the States a clear indication of congressional intent with regard to the future of the program.

Mr. Speaker, this is one of those rare occasions when a Republican who believes in and is committed to Reaganomics can stand on the floor of the House and enthusiastically support a bill that is going to cost some money. It is a rather strange feeling at that.

But we can do it today because this is also one of those rare moments when we are voting to spend money that we already have. The highway program, as we all know, is supported by the user-generated highway trust fund, which by its nature is neither in-

flationary, nor contributes to the deficit. This is the fairest form of taxation known to man, and reflects the way Federal money ought to be spent.

Mr. Speaker, I would like to take a moment to congratulate my colleagues on the committee who worked so hard not only to hammer out this compromise, but also to draft the original legislation months ago. The bipartisan team of full committee Chairman HOWARD and his Republican counterpart Mr. CLAUSEN, and Subcommittee Chairman ANDERSON and his able counterpart Mr. SHUSTER, deserve the thanks of this House for a job well done.

Mr. Speaker, I urge adoption of this measure.●

Mr. ALBOSTA. Will the distinguished chairman of the Subcommittee on Surface Transportation, the gentleman from California, yield for a minute.

Mr. ANDERSON. I yield to my colleague, the gentleman from Michigan.

Mr. ALBOSTA. The bill that the House is considering now, H.R. 3210, the Federal Highway Act of 1981, is very important to my own State of Michigan. I am particularly concerned about the third item in section 4b of the bill as it pertains to environmental requirements and the construction of essential parts of the interstate highway project called I-696. The environmental impact statement that sets out the environmental requirements has been agreed to by local, State, and Federal officials and signed by the Secretary of Transportation. Is it not the intent of section 4b that the environmental requirements that are presently eligible for interstate construction funding will continue to be paid for out of the interstate construction fund and not out of the 4-R fund and that this money will be included in the interstate cost estimate and apportionment at the necessary time?

Mr. ANDERSON. Yes, that is the intent of section 4b and Michigan will receive interstate construction funds for the environmental requirements that are contained in the approved EIS for the I-696 project in Michigan, and which are presently eligible for interstate funds.

Mr. ALBOSTA. I want to thank the gentlemen from California for his comments and express my appreciation for the leadership he has shown on this important piece of legislation.

Mr. SHUSTER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from California?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SHUSTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CONFERENCE REPORT ON H.R. 4241, MILITARY CONSTRUCTION APPROPRIATIONS, 1982

Mr. GINN. Mr. Speaker, pursuant to the order of the House of Friday, December 11, 1981, I call up the conference report on the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 11, 1981.)

Mr. GINN (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the statement.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The SPEAKER pro tempore. The gentleman from Georgia (Mr. GINN) will be recognized for 30 minutes, and the gentleman from Ohio (Mr. REGULA) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Georgia (Mr. GINN).

GENERAL LEAVE

Mr. GINN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous matter on the conference report and the amendments in disagreement.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. GINN. Mr. Speaker, I yield myself such time as I may consume.

We are presenting today the conference report on H.R. 4241, providing for military construction for the fiscal year 1982. The conference agreement provided $7.059 billion, which is $241 million below the President's request and $257 million below the Senate. Additionally, the agreement is approximately $53 million below the fiscal year 1982 section 302 budget allocation.

Although I have just noted various reductions, the military construction conference agreement provides for the largest expenditure for defense construction ever recommended by Congress. The fiscal year 1982 program will be an increase of $1.7 billion, or more than a 30 percent increase over fiscal year 1981. If we compare the bill to fiscal year 1980, the military construction appropriations has doubled in 2 years. Military construction is the backbone of a majority of Defense programs, and an increase in spending represents a confirmation of the need to address our military construction needs.

The conference agreement reflects a series of changes to the House bill, but we have been able to bring the bill back to the House below the President's budget request and still keep intact the majority of the initiatives and concerns of the House. I will highlight some of the major proposals included in the conference agreement:

MX PLANNING AND DESIGN

The conferees agreed to the release of $92 million in MX planning and design funds, which we deferred last July. However, as outlined in the report, the Department cannot obligate funds for site-specific design until a series of reports and studies have been submitted to both the House and Senate Appropriations Committees.

PERSIAN GULF PROGRAM

In the Persian Gulf construction program, the conference agreement calls for an expenditure of $441 million compared to the $546 million requested. The conferees recommend funding for projects in Oman, Somalia, Kenya, and Diego Garcia. Projects totaling $46.6 million for Lajes Field, Portugal, were approved but placed on hold until the committees are satisfied that the Portuguese Government will permit the full use of the planned facilities. Construction funding for a proposed base in Ras Banas, Egypt, has been deferred because of the preliminary nature of the construction program. The conferees did support the continuation of $14 million in design funds for Ras Banas.

Finally, the conference agreement reinforces both the House and Senate feeling that a new system of burden sharing in the Middle East should be developed that provides increased financial support from our allies.

EUROPE

The conferees have endorsed funding for European construction at a record level of approximately $1 billion. This action represents a feeling on the part of both sides that it is time to move forward to improve facilities for our military personnel in Europe. The conferees also agreed to support the proposed master restationing plan in Germany, but called on the executive branch to accelerate efforts to obtain funding from the Federal Republic of Germany for the program.

DOMESTIC PROJECTS

The conferees have agreed to fund more than 700 projects and family housing in the United States totaling in excess of $3.5 billion. In the matter of acquiring property for Fort Carson, Colo., the conferees agreed to provide $28 million of the $29 million requested and to require the Department to supply additional information prior to proceeding with the obligation of funds.

The conferees did not recommend additional funding for the cost overrun at the Arnold Engineering Development Center in Tennessee. However, the conferees did indicate there was a need to complete a usable facility and directed the Department to request funding through reprograming as additional requirements become known. This method was chosen to allow both the House and Senate to further review the funding requirements.

Agreement was reached on proceeding with the Rapid Deployment Joint Task Force Headquarters at MacDill Air Force Base, Fla. However, further assurances on the manning levels and need for new facilities are to be provided.

Other projects approved or deferred are listed in the conference report.

QUALITY OF LIFE IN THE MILITARY

The conference agreement supports efforts made by the House to provide facilities that will improve the quality of life for personnel in the military. Funding has been included for 15,500 new or improved barracks spaces, substantial increases for family housing, child care centers, family services centers, and medical facilities. Additionally, the conference agreement supports the House position to accelerate design funding in order to reduce the 300,000 substandard barracks spaces now in the inventory. In all, the military construction program for quality of life projects has been recognized as an essential priority to improve on-duty and off-duty life in the military.

Mr. Speaker, the conference agreement before us provides for the highest priority military construction projects in a well-balanced program. This program reflects the requirements of the Department of Defense on the priorities and initiatives of the Congress. The agreement is both within the 302 budget act allocations and the President's request. I recommend, therefore, approval of the conference report.

I would like to thank the Subcommittee on Installations and Facilities of the Armed Services Committee, chaired by the distinguished gentleman from Georgia (Mr. BRINKLEY), for the very fine authorization bill which it sent us from which to work. I would like to thank the distinguished ranking minority member of the subcommittee, the gentleman from Ohio (Mr. REGULA) for his strict attention to duty and thank him profoundly for a job well done.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

[In dollars]

	New budget authority					Conference compared with—			
	Enacted	Estimates	House	Senate	Conference	Enacted	Estimates	House bill	Senate bill
Military construction, Army	886,234,000	900,100,000	1,029,519,000	942,081,000	943,701,000	+57,467,000	+43,601,000	−85,818,000	+1,620,000
Military construction, Navy	791,135,000	1,477,800,000	1,404,883,000	1,475,813,000	1,451,393,000	+660,258,000	−26,407,000	+46,510,000	−24,420,000
Military construction, Air Force	937,225,000	1,709,400,000	1,407,565,000	1,693,426,000	1,545,751,000	+608,526,000	−163,649,000	+138,186,000	−147,675,000
Military construction, Defense agencies	262,000,000	354,100,000	251,004,000	338,315,000	306,490,000	+44,490,000	−47,610,000	+55,486,000	−31,825,000
Transfer, not to exceed	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)				
North Atlantic Treaty Organization infrastructure	250,000,000	385,000,000	385,000,000	345,000,000	345,000,000	+95,000,000	−40,000,000	−40,000,000	
Military construction, Army National Guard	42,269,000	47,000,000	62,925,000	67,658,000	67,658,000	+25,389,000	+20,658,000	+4,733,000	
Military construction, Air National Guard	89,700,000	89,100,000	117,740,000	105,140,000	105,140,000	+15,440,000	+16,040,000	−12,600,000	
Military construction, Army Reserve	43,200,000	39,000,000	59,277,000	59,665,000	64,703,000	+21,503,000	+25,703,000	+5,426,000	+5,038,000
Military construction, Naval Reserve	33,000,000	26,400,000	36,000,000	39,400,000	36,000,000	+3,000,000	+9,600,000		−3,400,000
Military construction, Air Force Reserve	21,600,000	34,700,000	37,400,000	37,400,000	37,400,000	+15,800,000	+2,700,000		
Military construction, Reserve components generally	3,742,000			+470,000	470,000	−3,272,000	+−470,000	+470,000	
Total, military construction	3,360,105,000	5,062,600,000	4,791,313,000	5,104,368,000	4,903,706,000	+1,543,601,000	−158,894,000	+112,393,000	−200,662,000
Family housing, Defense	2,109,831,000	2,364,896,000	2,223,117,000	2,338,536,000	2,282,442,000	+172,611,000	−82,454,000	+59,325,000	−56,094,000
(By transfer)	(18,651,000)	(1,992,000)	(1,992,000)	(1,992,000)	(1,992,000)	(−16,659,000)			
Portion applied to debt reduction	−126,056,000	−128,888,000	−128,888,000	−128,888,000	−128,888,000	−2,832,000			
Total, family housing	1,983,775,000	2,236,008,000	2,094,229,000	2,209,648,000	2,153,554,000	+169,779,000	−82,454,000	+59,325,000	−56,094,000
Homeowners assistance fund, Defense		2,000,000	2,000,000	2,000,000	2,000,000	+2,000,000			
Grand total, new budget (obligational) authority	5,343,880,000	7,300,608,000	6,887,542,000	7,316,016,000	7,059,260,000	+1,715,380,000	−241,348,000	+171,718,000	−256,756,000
Total mandatory and discretionary	5,343,880,000	7,300,608,000	6,887,542,000	7,316,016,000	7,059,260,000	+1,715,380,000	−241,348,000	+171,718,000	−256,756,000
Mandatory		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(+2,000,000)			
Discretionary	(5,343,880,000)	(7,298,608,000)	(6,885,542,000	(7,314,016,000)	(7,057,260,000)	(+1,713,380,000)	(−241,348,000)	(+171,718,000)	(−256,756,000)

Mr. REGULA. Mr. Speaker, after reviewing the request of the Department of Defense for the largest military construction budget in our history, the conference committee has agreed to a level of funding over $240 million under the administration's request. Budget outlays of $4,480,000,000 are $60 million below the 302 allocations.

This conference report reflects the accomplishments of our committee, which earlier this year brought you a bill totaling $6.9 billion. Since then, we have carefully considered revisions made by the administration, particularly in our strategic programs. After serious deliberation and conference with our colleagues from the Senate, we are bringing a conference agreement of just a little over $7 billion.

I believe this agreement achieves a balance between our national defense needs throughout the world and the need to control Federal spending. The conference report reflects the current economic conditions of the country and balances those conditions against this country's highest priority military requirements.

The chairman has pointed out several issues that have been addressed in the conference report.

I would like to add my strong support for funding construction of new facilities in West Germany. The living and working conditions for our men and women stationed in West Germany are woefully obsolete and inadequate. Time magazine has described the situation as "conditions that could cause riots in U.S. prisons."

While this construction is a top priority with our committee, the conferees have again urged the administration to seek increased host nation funding.

In addition to increased support from West European allies, the conferees again urge the administration to develop a new system of burden sharing among all our allies—especially Japan.

I believe this conference agreement strikes a balance between our serious national defense needs worldwide and the equally serious need to control Federal spending.

● Mr. NELLIGAN. Mr. Speaker, I rise in support of the conference report on

military construction appropriations for fiscal year 1982.

However, my support of this bill is tempered by the existence of money for planning and design of Rapid Deployment Force facilities at Ras Banas, Egypt.

The conference report contains $14.3 million in planning and design funds for Ras Banas and further indicates that the Appropriations Committees will be receptive to supplemental requests if progress is made on the project.

While I am glad that the House conferees prevailed on the issue of construction funds for Ras Banas—deferring the $106 million requested for this purpose—I believe the inclusion of design funds with the intent to proceed with Ras Banas construction is unwise.

I visited Ras Banas in June. What I found were very primitive facilities in a very harsh climate. In testimony before the House Appropriations Committee, the runways at Ras Banas were described as "an asphalt road in the desert." I think this is a very apt description. The runways I saw at Ras Banas were built for light tactical aircraft and will require massive improvements to be utilized for heavy cargo aircraft.

In addition, Ras Banas is a very small facility. It stretches only about three-quarters of a mile around a bay. Not only will the runways have to be improved but substantial alterations will have to be made to existing port facilities, which are totally inadequate for RDF needs.

I should also note that fresh water is a serious problem in utilizing Ras Banas. Water will either have to be obtained from desalinization or from a $100 million pipeline from the Aswan Lake.

What this all boils down to is a large expenditure of the taxpayers' money for something which is described as an "austere" facility. Preliminary estimates made earlier this year placed the cost of improving Ras Banas at $400 to $500 million. However, when I visited Ras Banas and examined the decrepit facilities which now exist, I thought that this estimate was extremely optimistic at best. I would place the total cost of the contemplated improvements in the range of $750 million to $1 billion.

One billion dollars is a tremendous amount of money for improving a base which the chairman of the Appropriations Committee referred to as "a wasteland."

One billion dollars is also a tremendous amount of money for a facility where the United States does not even have a formal agreement with the host Government. As I understand the current situation, the United States has only informal assurances over the future use of Ras Banas. It does not have a signed, enforceable agreement, but instead only an understanding reached with President Sadat before his tragic assassination.

Therefore—although I intend to vote for this bill—I believe the Congress should seriously consider viable alternatives to Ras Banas.

At the present time, there are two excellent facilities in the Sinai—in particular, a superb air base at Etzion. While these bases are subject to the implementation of the Camp David agreements, it seems incredible that we are about to destroy much of the support facilities which are at these bases, blowing up aircraft shelters and the like, when we are simultaneously embarking on a $1 billion plan for a remote and limited facility at Ras Banas.

While I support the objectives of the Rapid Deployment Force, I believe the RAS Banas situation needs immediate reevaluation. I hope that the Appropriations Committee will reconsider its decision to favorably treat future requests for Ras Banas. I also plan to raise this issue from my position on the House Armed Services Committee.

Since we are dealing today with an important appropriations bill, one which should not be delayed, I will not seek to offer an amendment on Ras Banas. However, I hope that my comments have made other Members aware of this unwise use of funds. I am convinced that it would be a serious mistake to proceed with the construction phase of Ras Banas.●

● Mr. RAHALL. Mr. Speaker, I rise today in support of the conference report on H.R. 4221 making appropriations for the Military Construction Act for fiscal year 1982. I want to express my appreciation to the members of the conference committee who agreed to an amendment the Senate added to its bill. That amendment called for a land conveyance between the city of South Charleston, W. Va., and the Department of Defense along with the construction of a Joint U.S. Armed Forces Reserve Center.

This amendment is necessary because it will allow the local Volkswagen of America plant to expand, creating an estimated 500 new jobs, and provide the Army, Navy, and Marine Corps with the more modern and efficient facilities.

Again, I want to thank all of those who have worked to see that this legislation is included in the Military Construction Act for fiscal year 1982. I might also add that this project has the support of the entire West Virginia delegation.●

□ 1300

Mr. GINN. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 11: Page 6, line 6, strike out "$59,277,000" and insert "$59,665,000".

MOTION OFFERED BY MR. GINN

Mr. GINN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. GINN moves that the House recede from its disagreement to the amendment of the Senate numbered 11 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert the following: "64,703,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 13: Page 6, after line 21, insert:

MILITARY CONSTRUCTION, RESERVE COMPONENTS GENERALLY

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Reserve components of the Armed Forces, $470,000, to be allocated by the Secretary of Defense for the Army Reserve, and to remain available until September 30, 1985.

MOTION OFFERED BY MR. GINN

Mr. GINN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. GINN moves that the House recede from its disagreement to the amendment of the Senate numbered 13, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 15: Page 7, line 8, strike out "$260,635,000" and insert "$261,344,000".

MOTION OFFERED BY MR. GINN

Mr. GINN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. GINN moves that the House recede from its disagreement to amendment of the Senate numbered 15 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert the following: "280,235,000"

The motion was agreed to.

The SPEAKER. pro tempore. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 24: Page 14, after line 13, insert:

SEC. 120. It is the sense of the Congress that the administration should call on the pertinent member nations of the North Atlantic Treaty Orgainzation and on Japan to meet or exceed their pledges for at least a 3

per centum real increase in defense spending in furtherance of increased unity, equitable sharing of our common defense burden, and international stability.

MOTION OFFERED BY MR. GINN

Mr. GINN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. GINN moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

SEC. 122. It is the sense of the Congress that the administration should call on the pertinent member nations of the North Atlantic Treaty Organization and on Japan to meet or exceed their pledges for at least a 3 per centum real increase in defense spending in furtherance of increased unity, equitable sharing of our common defense burden, and international stability."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

CONFERENCE REPORT ON H.R. 4995, DEPARTMENT OF DEFENSE APPROPRIATIONS, 1982

Mr. ADDABBO submitted the following conference report and statement on the bill (H.R. 4995) making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 97-410)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4995) "making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 19, 25, 29, 35, 37, 45, 46, 47, 49, 50, 52, 53, 56, 58, 59, 60, 63, 74, 83, 86, 88, 90, 91, 92, 99, 104, 105, 106, 114, and 119.

That the House recede from its disagreement to the amendments of the Senate numbered 17, 18, 33, 48, 70, 81, 82, 94, 100, 103, 108, and 111, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert $12,447,827,000; and the Senate agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$9,117,956,000*; and the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$2,766,966,000*; and the Senate agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$10,305,414,000*; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$964,400,000*; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$346,770,000;* and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$138,720,000;* and the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$292,073,000*; and the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,294,100,000*; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$423,867,000*; and the Senate agree to the same.

Amendment numbered 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$14,938,315,000*; and the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$15,037,897,000*; and the Senate agree to the same.

Amendment numbered 13:

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$944,600,000*; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$176,300,000*; and the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$19,385,889,000*; and the Senate agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$685,000,000*; and the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$9,435,000*; and the Senate agree to the same.

Amendment numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,185,540,000*; and the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *$16,079,719,000, of which not less than $29,000,000 shall be available only for the installation of modification kits into KC-135 aircraft*; and the Senate agree to the same.

Amendment numbered 23:

That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert: *$78,800,000*; and the Senate agree to the same.

Amendment numbered 26:

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$69,000,000*; and the Senate agree to the same.

Amendment numbered 27:

That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$658,150,000*; and the Senate agree to the same.

Amendment numbered 28:

That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$570,940,000*; and the Senate agree to the same.

Amendment numbered 30:

That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$669,154,000*; and the Senate agree to the same.

Amendment numbered 32:

That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,646,418,000*; and the Senate agree to the same.

Amendment numbered 38:

That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *$3,825,200,000, of which $1,900,000 shall be available only for the continued testing and evaluation of 9 mm handguns without delay*; and the Senate agree to the same.

Amendment numbered 42:

That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$9,115,800,000*; and the Senate agree to the same.

Amendment numbered 43:

That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,207,100,000*; and the Senate agree to the same.

Amendment numbered 44:

That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$315,600,000*; and the Senate agree to the same.

Amendment numbered 51:

That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$307,600,000*; and the Senate agree to the same.

Amendment numbered 61:

That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$8,821,400,000*; and the Senate agree to the same.

Amendment numbered 65:

That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,708,777,000*; and the Senate agree to the same.

Amendment numbered 66:

That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,711,456,000*; and the Senate agree to the same.

Amendment numbered 69:

That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows:

In lieu of the sum named in said amendment insert *$56,000,000*; and the Senate agree to the same.

Amendment numbered 73:

That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$5,365,633,000*; and the Senate agree to the same.

Amendment numbered 75:

That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,609,535,000*; and the Senate agree to the same.

Amendment numbered 76:

That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$5,844,357,000*; and the Senate agree to the same.

Amendment numbered 77:

That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$8,659,610,000*; and the Senate agree to the same.

Amendment numbered 79:

That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,692,646,000*; and the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *; (m) for payment of unusual cost overruns incident to ship overhaul, maintenance, and repair for ships inducted into industrial fund activities or contracted for in prior fiscal years: Provided, That the Secretary of Defense shall notify the Congress promptly prior to obligation of any such payments; and (n) for payments from annual appropriations to industrial fund activities and/or under contract for changes in scope of ship overhaul, maintenance, and repair after expiration of such appropriations, for such work either inducted into the industrial fund activity or contracted for in that fiscal year; and the Senate agree to the same.*

Amendment numbered 95:

That the House recede from its disagreement to the amendment of the Senate numbered 95, and agree to the same with an amendment, as follows:

In lieu of the section number named in said amendment, insert *774*; and the Senate agree to the same.

Amendment numbered 97:

That the House recede from its disagreement to the amendment of the Senate numbered 97, and agree to the same with an amendment, as follows:

In lieu of the section number 775 named in said amendment, insert *776*; and the Senate agree to the same.

Amendment numbered 98:

That the House recede from its disagreement to the amendment of the Senate numbered 98, and agree to the same with an amendment, as follows:

In lieu of the section number named in said amendment, insert *777*; and the Senate agree to the same.

Amendment numbered 102:

That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment, as follows:

In lieu of the section number named in said amendment, insert *779*; and the Senate agree to the same.

Amendment numbered 112:

That the House recede from its disagreement to the amendment of the Senate numbered 112, and agree to the same with an amendment, as follows:

In lieu of the section number named in said amendment, insert *785*; and the Senate agree to the same.

Amendment numbered 113:

That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows:

Sec. 786. None of the funds appropriated by this Act may be used to appoint or compensate more than 35 individuals in the Department of Defense in positions in the Executive Schedule (as provided in sections 5312-5316 of title 5, United States Code).

And the Senate agree to the same.

Amendment numbered 121:

That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert $13,063,000; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 24, 31, 34, 36, 39, 40, 41, 54, 55, 57, 62, 64, 67, 68, 71, 72, 78, 84, 85, 87, 89, 93, 96, 101, 107, 109, 110, 115, 116, 117, 118, and 120.

JOSEPH P. ADDABBO,
BILL CHAPPELL, Jr.,
JOHN P. MURTHA,
NORMAN D. DICKS,
CHARLES WILSON,
W. G. HEFNER,
BO GINN,
JAMIE L. WHITTEN,
JACK EDWARDS (except as to amendment No. 54),
J. KENNETH ROBINSON,
JOSEPH M. McDADE (except as to amendment No. 54),
C. W. BILL YOUNG,
SILVIO O. CONTE (except as to amendment No. 116),

Managers on the Part of the House.

TED STEVENS,
LOWELL P. WEICKER, Jr.,
JAKE GARN,
JAMES A. McCLURE,
HARRISON SCHMITT,
MARK ANDREWS,
ROBERT W. KASTEN, Jr.,
ALFONSE M. D'AMATO,
WARREN RUDMAN,
JOHN C. STENNIS,
WILLIAM PROXMIRE, (except for ELF R. & D.),
DANIEL K. INOUYE,
ERNEST F. HOLLINGS,
LAWTON CHILES,

J. BENNETT JOHNSTON,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The Managers on the Part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4995), making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the Managers and recommended in the accompanying conference report:

TITLE I—MILITARY PERSONNEL

The following language items represent the agreement of the conferees. Specific dollar amounts by military service are reflected under each summary table. Language contained in the report of only one body and not addressed below should be considered the agreement of the conferees.

New Bonus and Benefit Authorizations.—The Uniformed Services Pay Act of 1981 included authorization for several new bonuses and benefits. Since some of these new payments are entitlements for which costs are already being incurred, the conferees have included funds for hazardous duty pay, aviation career incentive pay, submarine incentive pay, transportation of vehicles, and shipboard BAQ and VHA. Except as provided elsewhere in this report, no funds have been included for these several new non-entitlement bonuses and benefits which may be paid at the discretion of the Secretary of Defense. The conferees agree that the Department should submit a reprogramming or supplemental request to the Appropriations Committees for those discretionary authorities the Department wishes to exercise.

Installment Reenlistment Bonus.—The conferees agree reenlistment bonuses should be paid on a modified lump-sum installment basis. Up to 50 percent of the total bonus may be paid as the first installment with the remaining portion being paid in equal annual amounts over the rest of the reenlistment contract period.

Compensation Drag-alongs.—The long-standing link between basic pay and bonuses was established so that various ranks would be equally "drawn" to bonus awards. Because of this linkage, however, bonuses automatically increase with a pay raise, a promotion, or increased longevity. The Conferees are concerned that such discretionary pay increases are not actually necessary to meet program objectives. Although the Department reviews bonus multiplier levels so that retention requirements are met, these reviews do not always coincide with or even consider pay increases. Accordingly, the Conferees direct that the Department of Defense schedule reviews of bonus amounts to ensure that any downward revisions of bonus amounts which can be made as a result of pay raises become effective on the date of the pay raise. With regard to the October 1, 1981, pay raise, it will be applied to only those bonuses which justifiably require an increase.

The Conferees likewise direct the Department of Defense to submit a report no later than May 1, 1982 which provides a thorough evaluation of possible modifications or alternatives to the present system for determining bonus awards. Possibilities such as the eliminate of the direct link to basic pay, fixed sum amounts, and the use of fractional bonus multipliers should be considered to assure that bonus amounts reflect specific skill retention requirements rather than basic pay levels.

Per Diem, Travel, and Transportation Allowance Committee.—The Conferees agree that the current method of administering travel and transportation allowances permits decisions that are not fiscally sound. The Conferees also agree that the Department may continue to operate the Per Diem, Travel, and Transportation Allowance Committee, but must comply with the quarterly reporting requirement addressed by the House.

Foreign Duty Pay.—While acknowledging that foreign duty pay is an important element in compensating enlisted personnel for foreign assignments, the conferees agree that the Department of Defense should conduct a thorough review so that only truly arduous assignments will be eligible for such payments. The conferees also agree that any individual who is receiving foreign duty pay on January 1, 1982 shall continue to be eligible for such pay until reassigned out of that geographic area.

MILITARY PERSONNEL, ARMY

Amendment No. 1: Appropriates $12,447,827,000 instead of $12,288,300,000 as proposed by the House and $14,095,781,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Basic pay:	8,121,707	8,097,407	8,119,307	8,110,657
Mil pay acctg waste, fraud, and abuse		(−16,500)		(−8,250)
Military bands		(−400)		(−400)
Duplicate leadership training		(−7,200)		
Medical intell and info agency		(−200)		
Air traffic controllers			(−2,400)	(−2,400)
Subsistence:	979,854	924,454	968,854	944,454
Subsistence waste, fraud, and abuse		(−40,000)		(−10,000)
New rations		(−1,000)		
Career basic allowance for subsistence		(−14,400)		(−14,400)
Subsistence-in-kind			(−11,000)	(−11,000)
Special pays and allowances	968,938	825,238	957,138	899,838
Installment reenlistment bonus		(−93,500)		(−46,750)
New enlistment bonus ceiling		(10,000)	(−15,000)	(−15,000)
Barracks cost-of-living allowance		(−6,000)		
Foreign duty pay		(−9,300)		(−4,650)
Proficiency pay		(−32,700)	(−26,800)	(−32,700)
Medical pay		(−2,300)		
Variable housing allowance		(−9,900)		
Permanent change of station (PCS) travel	1,108,100	1,054,700	1,098,200	1,078,800
PCS waste, and fraud, and abuse		(−5,500)		(−5,500)
PCS mileage		(−13,900)		(−13,900)
Reduced number of PCS moves		(−20,000)		
Temporary lodging allowance		(−14,000)	(−9,000)	(−9,000)
Trailer allowances			(−900)	(−900)
Other adjustments:		−17,700	1,548,081	9,877
Army Guard and Reserve equipment		(−17,700)		(−8,850)
Fiscal year 1982 pay raise			(1,491,069)	
New bonus and benefit authorizations			(57,012)	(18,727)

MILITARY PERSONNEL, NAVY

Amendment No. 2: Appropriates $9,117,956,000 instead of $8,807,520,000 as proposed by the House and $10,453,767,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Basic pay and basic allowance for quarters (BAQ)	6,576,926	6,426,656	6,575,326	6,530,634
Mil. pay acctg. waste, fraud, abuse		(−13,500)		(−6,750)
Military bands		(−100)		(−100)
Duplicate leadership training		(−1,100)		
Bogus ROTC program		(−4,000)		
Recruiting and advertising		(−11,000)		
Ship retirement		(−6,000)		(−3,000)
Exchange military personnel		(−3,800)		(−722)
Overbudgeting		(−58,500)		(−29,250)
CINCUSNAVEUR (Navy London Headquarters)		(−2,000)		(−2,000)
Overeaters anonymous		(−100)		(−100)
Tencap office		(−70)	(−70)	
Air traffic controllers			(−1,600)	(−1,600)
Basic allowance for quarters mismanagement		(−47,400)		
Audiovisual		(−2,700)		(−2,700)
Subsistence	724,599	684,899	714,799	697,599
Subsistence waste, fraud, abuse		(−30,000)		(−7,500)
Career basic allowance for subsistence		(−9,700)		(−9,700)
Subsistence—in-kind			(−9,800)	(−9,800)
Special pays and allowances	960,749	715,049	949,949	845,099
Installment reenlistment bonus		(−205,600)		(−102,800)
Barracks cost of living allowance		(−2,700)		
Foreign duty pay		(−4,100)		(−2,050)
Navy sea pay			(−5,400)	(−5,400)
Aviation bonus		(−20,000)		
Variable housing allowance		(−13,300)		
Lump-sum leave and Sep pmts			(−5,400)	(−5,400)
Permanent change of station (PCS) travel	669,257	617,757	668,157	649,157
PCS waste, fraud, abuse		(−3,500)		(−3,500)
PCS mileage		(−15,500)		(−15,500)
Reduce number of PCS moves		(−32,500)		
Trailer allowances			(−1,100)	(−1,100)
Other adjustments		13,300	1,169,077	19,008
Army Guard and Reserve equipment		(−13,300)		(−6,650)
Fiscal year 1982 pay raise			(1,076,194)	
New bonus and benefit authorizations			(92,883)	(25,658)

MILITARY PERSONNEL MARINE CORPS

Amendment No. 3: Appropriates $2,766,966,000 instead of $2,703,970,000 as proposed by the House and $3,151,526,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Basic pay and basic allowance for quarters (BAQ)	2,051,261	2,036,861	2,051,061	2,047,011
Mil pay acctg. waste, fraud, abuse		(−6,500)		(−3,250)
Military bands		(−100)		(−100)
Recruiting and advertising		(−2,000)		
Basic allowance for quarters mismanagement		(−5,100)		
Audiovisual		(−700)		(−700)
Air traffic controllers			(−200)	(−200)
Subsistence	223,412	208,012	219,212	213,812
Subsistence waste, fraud, abuse		(−10,000)		(−2,500)

	Budget	House	Senate	Conference
Career basic allowance for subsistence		(−2,900)		(−2,900)
Subsistence-in-kind			(−2,700)	(−2,700)
New rations		(−2,500)		
Leave rations			(−1,500)	(−1,500)
Special pays and allowances	186,752	132,552	199,198	174,148
Installment reenlistment bonus		(−36,800)		(−18,400)
Additional reenlistment bonus		(5,000)	(15,000)	(10,000)
Barracks cost of living allowance		(−9,300)		
Foreign duty pay		(−3,300)		(−1,650)
Variable housing allowance		(−3,400)		
Aviation bonus		(−6,000)		
Flight and sea pay rates		(−400)	(−654)	(−654)
Lump sum leave and sep. pmts.			(−1,900)	(−1,900)
Permanent change of station (PCS) travel	205,105	192,105	204,605	195,605
PCS waste, fraud, abuse		(−1,100)		1,100)
PCS mileage		(−7,900)		(−7,900)
Reduced number of PCS moves		(−4,000)		
Trailer allowances			(−500)	(−500)
Other adjustments		−3,900	339,110	−1,950
Army Guard and Reserve equipment		(−3,900)		(−1,950)
Fiscal year 1982 pay raise			(327,521)	
New bonus and benefit authorizations			(11,589)	

MILITARY PERSONNEL, AIR FORCE

Amendment numbered 4: Appropriates $10,305,414,000 instead of $10,209,920,000 as proposed by the House and $11,688,381,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Basic pay and basic allowance for quarters (BAQ)	7,817,375	7,787,275	7,807,375	7,795,025
Mil pay acctg waste, fraud, abuse		(−10,500)		(−5,250)
Military bands		(−100)		(−100)
Training sites		(−2,500)		(−2,500)
Air traffic controllers			(−10,000)	(−10,000)
Audiovisual		(−4,500)		(−4,500)
PARCS		(−500)		
Recruiting and advertising		(−12,000)		
Subsistence	769,087	746,287	765,287	753,737
Subsistence waste, fraud, abuse		(−15,000)		(−3,750)
Career basic allowance for subsistence		(−7,800)		(−7,800)
Subsistence-in-kind			(−3,800)	(−3,800)
Special pays and allowances	627,058	536,258	627,002	591,852
Installment reenlistment bonus		(−62,000)		(−31,000)
Barracks cost-of-living allowance		(−8,000)		
Proficiency pay			(−56)	(−56)
Foreign duty pay		(−8,300)		(−4,150)
Variable housing allowance		(−12,500)		
Permanent change of station (PCS) travel	908,943	877,043	908,343	894,443
PCS waste, fraud, abuse		(−4,900)		(−4,900)
PCS mileage		(−9,000)		(−9,000)
Reduced number of PCS moves		(−18,000)		
Trailer allowances			(−600)	(−600)
Other adjustments		−14,600	1,302,717	−7,300
Army Guard and Reserve equipment		(−14,600)		(−7,300)
Fiscal year 1982 pay raise			(1,260,252)	
New bonus and benefit authorizations			(42,465)	

Amendment No. 5: Appropriates $964,400,000 instead of $962,500,000 as proposed by the House and $1,054,750,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Pay and benefits:	807,255	813,755	800,783	815,655
Subsistence waste, fraud, abuse		(−1,600)		(−400)
Drill attendance		(−9,600)		(−4,800)
FEMA transfer		(−700)		
Strength improvements		(18,400)		(18,400)
Individual Ready Reserve bonus			(−6,472)	(−4,800)
Other adjustments:			(105,222)	
FY 1982 pay raise			(104,822)	
New bonus and benefit authorizations			(400)	

RESERVE PERSONNEL, NAVY

Amendment No. 6: Appropriates $346,770,000 instead of $346,420,000 as proposed by the House and $361,643,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Pay and benefits	261,774	278,074	259,474	278,424
Subsistence waste, fraud, abuse		(−400)		(−100)
Drill attendance		(−3,300)		(−1,650)
94,000 strength level		(20,000)		(20,000)
Individual ready reserve bonus			(−2,300)	(−1,600)
Other adjustments			33,823	
Fiscal year 1982 pay raise			(33,566)	
New bonus and benefit authorizations			(257)	

RESERVE PERSONNEL, MARINE CORPS

Amendment No. 7: Appropriates $138,720,000 instead of $138,120,000 as proposed by the House and $152,212,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Pay and benefits:	102,475	100,875	102,075	101,475
Subsistence waste, fraud, and abuse		(−200)		(−50)
Drill attendance		(−1,400)		(−700)
Individual Ready Reserve bonus			(−400)	(−250)
Other adjustments:			12,892	
FY 1982 pay raise			(12,831)	
New bonus and benefit authorizations			(61)	

RESERVE PERSONNEL, AIR FORCE

Amendment No. 8: Appropriates $292,073,000 instead of $291,548,000 as proposed by the House and $326,399,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Pay and benefits	255,592	251,392	253,092	251,917
Subsistence waste, fraud, abuse		(−300)		(−75)
Drill attendance		(−3,000)		(−1,500)
FEMA transfer		(−900)		
Individual ready reserve bonus			(−2,500)	(−2,100)
Other adjustments			33,151	
Fiscal year 1982 pay raise			(32,622)	
New bonus and benefit authorizations			(529)	

NATIONAL GUARD PERSONNEL, ARMY

Amendment No. 9: Appropriates $1,294,100,000 instead of $1,287,600,000 as proposed by the House and $1,468,136,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Pay and benefits	1,138,516	1,126,516	1,138,516	1,133,016
Subsistence waste, fraud, abuse		(−2,000)		(−2,000)
Drill attendance		(−13,000)		(−6,500)
Key personnel upgrade program		(3,000)		(3,000)
Other adjustments			168,536	
Fiscal year 1982 pay raise			(168,289)	
New bonus and benefit authorizations			(247)	

NATIONAL GUARD PERSONNEL, AIR FORCE

Amendment No. 10: Appropriates $423,867,000 instead of $421,392,000 as proposed by the House and $475,078,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Pay and benefits:	377,320	378,220	377,320	380,695
Subsistance waste, fraud, abuse		(−500)		(−125)
Drill attendance		(−4,200)		(−2,100)
Skill retraining		(2,000		(2,000)
Strength improvements		(3,600)		(3,600)
Other adjustments:				
FY 1982 pay raise			(53,981)	
New bonus and benefit authorizations			(605)	

TITLE II—RETIRED PAY, DEFENSE

Amendment numbered 11: Appropriates $14,938,315,000 instead of $14,931,815,000 as proposed by the House and $14,944,815,000 as proposed by the Senate.

Summary.—The agreement on items in conference is as follows:

[In thousands dollars]

	Budget	House	Senate	Conference
Accounting waste, fraud, and abuse		(−13,000)		(−6,500)
Other adjustments		(−37,000)	(−37,000)	(−37,000)

TITLE III—OPERATION AND MAINTENANCE

The following items addressed by the conferees apply to all operation and maintenance appropriations of the Department of Defense:

OPERATING APPROPRIATION REPROGRAMING REQUIREMENTS

The conferees agree to accept the House Report language on non-programmatic reductions and reprogramming procedures. The appeals informally provided by the Military Departments indicate that there is some misunderstanding as to what is expected in complying with the House guidance. The conferees expect that each military service will provide the Committees, through Comptroller/budget channels a quarterly listing along with a short explanation of all transfers in excess of $5.0 million to the aggregate program element listing contained in this report. This listing need not reflect actual accounting records, but only report budgetary changes made by or known to personnel in the various Military Service budget offices.

The first such report is due in conjunction with the submission of the fiscal year 1983 (March 1, 1982) budget and the next report three months later (June 1, September 1, and December 1) the reports will list changes in excess of $5.0 million to both the fiscal year 1982 and fiscal year 1983 budgets. The usual reprogramming procedures for items of special interest and changes in budget activity levels remain in effect. This report of transfers and budget level changes will be of great assistance to the Committees in determining the most recent status of the programs prior to funding the next year's requirement and in insuring compliance with Congressional funding decisions.

CIVILIAN PERSONNEL CEILING

The conferees agree with the views expressed by the House Committee that the continued application of civilian personnel ceilings below the authorized level and 2 percent latitude serves as a deterrent to the effective and economical execution of Defense programs. If the civilian personnel levels were raised to the full authorized level, the Department of Defense could continue its programs with no increase in funding, yet decrease consulting contracts. Removal of the artificial ceiling constraints on civilian personnel hiring will help assure the orderly execution of the expanded program funded in fiscal year 1982. The conferees fully endorse the direction to eliminate personnel ceilings below the authorization. The conferees also support the House direction to exclude from all personnel ceilings, employees engaged in foreign military sales related activities.

FOREIGN MILITARY SALES

The conferees adopted the House position with respect to the need for (1) centralized accounting for foreign military sales, (2) the need to exclude from personnel ceilings employees who spend more than 50 percent of their time performing foreign military sales functions for which DOD is reimbursed by a foreign customer, (3) assign sufficient staff to the Security Assistance Accounting Center to insure that stock fund and secondary items are sold at prices high enough to recover their replacement cost as required by law, and (4) report to the Appropriations Committees the reasons for and amounts waived for nonrecurring production or R.D.T. & E. costs on an FMS sale when DOD believes it is in the national interest to do so.

The conferees did agree to restore $60 million of the House reduction because there is some concern that DOD may not be able to recover the entire reduction from foreign customers before the fiscal year ends due to already negotiated commitments.

WORLDWIDE MILITARY COMMAND AND CONTROL SYSTEM—AUTOMATIC DATA PROCESSING (WWMCCS-ADP)

The WWMCCS-ADP system currently consists of 35 medium-to-large computer systems and remote processors and/or terminals. The role of this system includes providing information necessary for planning, decisionmaking, and force deployment and employment. A total of $196,393,000 is requested in fiscal year 1982 for this program.

The conferees note that O. & M. costs for this system are projected to grow from a level of $66,873,000 in fiscal year 1980 to $120,062,000 in fiscal year 1983. This large cost growth is occurring despite only marginal operating improvements and few significant equipment changes during this period. The General Accounting Office has raised serious reservations about many aspects of the WWMCCS-ADP system in various reports over the years. In the most recent GAO report (MASAD-82-2) the GAO questioned DOD's entire approach for improving and updating the current ADP system.

The conferees note that recently, a new Joint Program Manager (JPM) office has been set up in the Air Force for the WWMCCS information system program. The Joint Project Manager has been designated to be the central focal point for coordination and control of all WWMCCS-ADP upgrading and modernization.

The House report directed that a number of issues be addressed in a study of this program and the report be submitted to the committee in 3 months. In light of the fact that a new Joint Project Manager (JPM) has been set up for this program, the conferees direct that the report referred to in the House report be written by the JPM rather than the Defense Communications Agency and be submitted in 6 months rather than 3.

The conferees also agree that the JPM have apropriate management authority over all funds programed for the WWMCCS-ADP system. Any funds requested to support this system which are not under the management responsibility of the JPM will be considered not to be a part of the WWMCCS-ADP program.

The House report included language prohibiting proceeding with any major initiatives in certain subprograms of WWMCCS-ADP until a report, addressing various issues, was submitted to the committee. In view of the above direction such efforts can proceed if the JPM determines that they are essential to updating and improving the WWMCCS-ADP. Efforts which will not assist in this work, or which will have to be redone under one or more of the various updating programs will be terminated.

STANDARD LEVEL USER CHARGE

The conferees agree to delete the general provision proposed by the House which would have limited reimbursement to the General Services Administration to only 50 percent of the standard level user charge. The conferees did agree, however, that to the extent permitted by existing law: (a) space improvements paid for by DOD that are properly the responsibility of GSA should not be included in determining the standard level user charge; (b) any unilateral decrease in the support provided by GSA (such as cleaning and guard service) should be offset by a decrease in the standard level user charge; and (c) the qualilty of service provided by GSA for routine maintenance, painting, and other building services should be comparable to that in the private sector for similar type space being leased at comparable rates.

NATIONAL CAPITAL REGION TRANSPORTATION CONSOLIDATION

The conferees direct that the consolidation of the military services motor pool should be planned by the Department of Defense as the senior agency involved. The Department should implement these recommendations with the objective of maximizing efficiencies and economies that may be realized by consolidation or other actions as deemed appropriate. The Department of Defense shall be responsible for the management of such a consolidation and determine the guidelines for operations.

OPERATION AND MAINTENANCE, ARMY

Amendment No. 12: Appropriates $15,037,897,000 instead of $15,019,062,000 as proposed by the House and $15,354,400,000 as proposed by the Senate.

Amendment No. 13: Provides $944,600,000 only for the maintenance of real property in lieu of $898,600,000 as proposed by the House and $998,600,000 as proposed by the Senate.

SKILL QUALIFICATION TEST

The House deleted all funds for the Skill Qualification Test (SQT) based upon adverse reports by the General Accounting Office and the Army itself. The conferees endorse the concept of using an objective test to support personnel decisions and recognize that a portion of the development completed for the SQT could be retained in any follow-on test. The conferees have therefore restored half of the House reduction. The Army is directed that any additional funding will be provided via a reprogramming or a supplemental request only upon proper justification by the Army that a thorough analysis has been performed and a clear plan has been prepared as a basis for any follow-on test.

MEDICAL INTELLIGENCE AND INFORMATION AGENCY (MIIA)

The conferees agree to the continuance of the MIIA in FY 1982 at the budgeted funding and manpower levels. Additionally, the conferees agree to include MIIA in the FY 1982 General Defense intelligence Program (GDIP). This action was taken reluctantly and the conferees expect that in FY 1983 the MIIA will be strictly an intelligence activity funded in the Defense Agencies (DIA) account. It should report to the Director, DIA, and not the Army Surgeon General, unless the Secretary of Defense furnishes the Appropriations Committees, by June 30, 1982, compelling justification as to why the existing organizational structure should not be altered.

The Department of Defense made a strong appeal that the MIIA is a valuable intelligence production agency, and the conferees expect it to be exactly that and nothing more. Other non-intelligence activities performed by the MIIA, as well as the funding and manpower billets related to them, are to be abolished. Additionally, the medical intelligence activities of all other DOD components are to be taken over by the MIIA. The conferees expect that the MIIA will be the only medical intelligence agency in DOD.

NEW CUMBERLAND ARMY DEPOT

The conferees agree that the Army shall continue the maintenance of CH-47 helicopters at the New Cumberland Army Depot as specified in the House report.

Summary.— Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement of items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Europe forces	1,046,904	1,037,701	1,015,809	1,017,001
(POMCUS)		(−8,400)		(−8,400)
(Force modernization)			(−17,792)	(−8,600)
(NCO academies)		(−800)		(−800)
(Base level commercial equipment)			(−13,300)	(−12,100)
Conus forces—Forscom (force modernization)	735,762	735,762	721,202	728,462
Other Conus forces	197,117	197,017	197,117	197,017
(Military bands)		(−100)		(−100)
JCS directed and coordinated exercises	79,623	61,623	79,623	61,623
Base OPNS—RPMA—Forscom and other Conus	512,589	542,589	576,589	552,589
Base OPNS—Europe (foreign employees)	672,382	642,382	612,382	612,382
Base OPNS—RPMA—Europe	859,954	899,954	919,954	899,954
Base OPNS—Pacific	232,464	221,914	229,864	224,264
(Rust proofing)		(−1,600)		(−1,600)
(Korean payback)		(−8,200)		
(Hawaii vacation travel)		(−750)		(−750)
(Base level commercial equipment)		(2,600)		
Base OPNS—RPMA—Pacific	226,941	234,941	239,941	234,941
World-wide Mil command and Con Sys—ADP	16,638	14,638	16,638	16,638
"Mission" info in separate intell justif book	143,820	139,835	140,520	140,320
(Med. Intel. and Info. Agency)		(−485)		
Long haul communications (Autodin II)	302,237	300,237	302,237	300,237
Base communications	200,595	198,995	200,595	200,595
Base operations—RPMA—communications	23,643	27,643	23,643	23,643
General reduction		−2,300		
Supply depot operations	683,327	671,627	673,527	671,627
(Pomcus)		(−1,900)		(−1,900)
(AMMO to Europe)		(−9,800)	(−9,800)	(−9,800)
Supply management operations (Force modernization)	173,242	173,242	165,957	169,642
Troop issue subsistence activities	28,087	25,387	28,087	25,387
First destination transportation	28,831	53,831	28,831	53,831
Second destination transportation	965,203	941,403	953,745	939,203
(Pomcus)		(−2,100)		(−2,100)
(AMMO to Europe)		(−7,000)	(−7,000)	(−7,000)
(Unaccounted for increase)		(−14,700)		(−14,700)
(Force Modernization)			(−4,458)	(−2,200)
Base operations (supply and maintenance)	159,748	158,148	157,248	155,648
(Rocky Mountain Arsenal)		(−1,600)		(−1,600)
(Base level commercial equipment)			(−2,500)	(−2,500)
Base operations—RPMA	134,893	140,893	155,893	145,893
Maintenance support activities	411,167	411,167	393,565	400,667
(Force modernization)			(−14,102)	(−7,000)
(Base level commercial equipment)			(−3,500)	(−3,500)
Training support	330,781	306,881	328,981	315,881
(Skill qualifications test)		(−18,000)		(−9,000)
(New weapons intro. force mod.)		(−5,900)	(−1,800)	(−5,900)
Base operations—training (BLCE)	532,685	532,685	531,285	531,285
Base operations—RPMA—training	468,740	488,740	510,740	488,740
Station hospitals and medical clinics	428,972	424,472	428,972	423,772
Care in non-defense facilities	43,064	36,364	43,064	39,764
Army continuing education system	127,390	102,790	127,390	102,790
(Life coping skills)		(−8,600)		(−8,600)
Double subsistence payments		−10,000		−10,000
Army Guard and Reserve equipment		1,700		
Veterinary position conversions		−350		−350
Servicewide support	615,203	561,353	612,203	610,153
(SLUC)		(−48,800)		
(Workers compensation fund)		(−3,000)	(−3,000)	(−3,000)
(Civ. personnel on-site review)		(−550)		(−550)
(Overseas banking)		(−1,500)		(−1,500)
Base operations—RPMA	31,995	28,595	31,995	28,595
Inflation adjustment			110,600	
Spouse and child advocacy programs			3,000	1,500
Fuel price adjustment		−19,000		−19,000
Supply activities		−9,000		−9,000
OSHA/EPA		−4,000		−4,000
Real property maintenance, waste, fraud and abuse		−8,000		
Quality of life		−10,000		−10,000
Alcohol and soft drinks		−9,000		
Efficiency review program		−12,000		−12,000
Korean won revaluation		−5,000		−5,000

ARMY STOCK FUND

Amendment No. 14: Appropriates $176,300,000 instead of $163,300,000 as proposed by the House and $211,300,000 as proposed by the Senate.

OPERATION AND MAINTENANCE, NAVY

Amendment No. 15: Appropriates $19,385,889,000 instead of $19,345,000,000 as proposed by the House and $19,944,389,000 as proposed by the Senate.

SHIP OVERHAUL CHANGE ORDERS AND ADVANCE FUNDING

In view of the lateness of the appropriation, the conferees agree that it would be impractical to implement the ship overhaul change orders and advance funding procedures in this fiscal year as directed by the House Committee. However, the conferees fully endorse the implementation of this procedure in fiscal year 1983 as expressed by the Senate Committee. Although the funding required to begin this practice in fiscal year 1982 has been deleted in accordance with this agreement, the general provisions retain Section 708 (m) and (n) to reaffirm the conferees' resolve that this procedure shall be implemented in fiscal year 1983. It is expected that the fiscal year 1983 budget submission will include the necessary funding request to achieve this objective.

SHIP LEASES

The conferees direct that ships to be leased with the $60.0 million added to the operation and maintenance appropriation in conjunction with the October budget amendments must be used to lease ships with an option to purchase. Also, none of the funds provided are for overhaul or major configuration changes to such ships while they remain in private ownership. The Navy will inform the appropriate congressional committees by March 30, 1982 of the status of plans to lease and/or purchase appropriate seaborne transportation for the Rapid Deployment Force.

It is the intent of the conferees that no ships may be offered for charter to the United States under any program specifically including but not limited to the T-AKX program, unless the rebuilding, conversion, or reconstruction necessary to meet U.S. Navy performance requirements is accomplished in a shipyard or shipyards located in the United States.

Amendment No. 16: Provides $685,000,000 instead of $646,500,000 as proposed by the House and $736,800,000 as proposed by the Senate for the maintenance of real property.

Amendment No. 17: The conferees agree to the Senate proposal deleting the provision in the House bill which made available $3,699,700,000 only for regularly scheduled ship overhauls, restricted availabilities, and ship modifications. The conferees also agreed to the Senate amendment deleting the set aside of not less than $24,000,000 for work at the Ship Repair facility, Guam.

Amendment No. 18: The conferees agrees to the Senate proposal deleting the set aside of not less than $24,000,000 for work at the Ship Repair Facility, Guam. Also deleted was the House provision that made available funds for work at other shipyards in amounts equal to the amount of work placed at the Ship Repair Facility, Guam.

Amendment No. 19: Restores House provision which makes not less than $59,000,000 of the Navy Operation and Maintenance appropriation available only for payment in support of the LEASAT program.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
FBM ship operations	80,232	73,232	80,232	76,732
Strategic weapons systems	478,397	469,397	478,397	469,397
Trident system operational support	219,112	214,112	219,112	214,112
Base operations (strategic systems)	86,157	80,057	86,931	80,831
General purpose ship operations	2,189,384	2,289,384	2,291,384	2,291,384
(A.E. transfer)		(−2,000)		
General purpose ship maint. & mod	3,936,825	3,900,525	3,938,725	3,933,825
(Pyro Mauna KEA Ammo ship)			(18,300)	(18,300)
(USS Merrill)			(−16,400)	(−16,400)
(Bartender)			(6,900)	(2,000)
(Tarbotness)		(−5,000)		
(Fin. chg. orders scope of effort ship overhauls)		(58,000)		
(Advance funding ship overhauls)		(−82,400)		
Base operations (general purpose programs)	1,291,077	1,285,277	1,320,935	1,304,277
Fleet commands & staffs (Cincusnaveur)	208,647	208,147	208,647	208,147
Cruise missile (project office)	13,283	9,883	13,283	13,283
JCS directed & coord. exercises	18,663	6,463	18,663	6,463
Consolidated cryptologic prog	77,758	77,758	77,977	77,758
General defense intell prog	98,850	98,250	98,850	98,250
Leased communications (T&CCP) (Lease-sat)	117,860	176,260	117,860	117,860
World-wide MIL command & control	14,597	13,197	14,597	14,597
Base operations	109,457	107,857	111,550	109,957
Field operations (NASC)	110,897	109,297	110,897	109,297
Logistic support services (NASC)	70,833	66,833	70,833	66,833
Maintenance engineering & spt svcs (NASC)	58,819	53,819	58,819	53,819
Technical support (NASC)	115,325	109,325	115,325	109,325
Field operations (NSSC)	48,390	44,590	48,390	44,590
Major equip support (NSSC)	49,837	49,037	49,837	49,037
Technical support (NSSC)	76,892	64,592	76,892	67,692
(Carrier activation study)		(−5,000)		(−1,900)
(Personnel services contracts)		(−7,300)		(−7,300)
Surface ordnance maint. spt. (NSSC)	24,541	18,541	24,541	18,541
Other sea maintenance support (NSSC)	45,460	44,760	45,460	44,760
Procurement operations (NSUPSC)	31,370	27,170	31,370	27,170
Base operations (NFEC)	172,269	172,269	223,982	193,982
Command (CNM)	31,887	30,387	26,887	26,887
Navy regional data automation cntrs (CNO)	93,897	84,797	93,897	89,379
Recruit training	3,243	2,843	3,243	2,843

	Budget	House	Senate	Conference
Specialized skills	84,133	81,833	84,133	81,833
(Training litigation)		(−200)		(−200)
(One time training costs)		(−2,100)		(−2,100)
Officer acquisition	35,499	33,999	35,499	33,999
Station hospitals & medical clinics	137,268	130,868	137,268	130,868
Care in non-defense facilities	45,952	39,452	45,952	42,652
Recruiting activities	66,955	60,955	66,955	60,955
Advertising activities	22,180	17,180	22,180	17,180
Other personnel services (bands and overeaters)	62,024	61,524	62,024	61,524
Off-duty voluntary ed	22,833	21,833	22,833	21,833
Civilian education	15,892	15,192	15,892	15,192
Base operations (program 8)	568,024	566,524	579,286	566,524
Secnav staff offices	25,148	24,548	25,148	24,548
Naval civilian personnel command-field	8,591	7,991	8,591	7,991
Navy manpower & mat'l analysis cnters	16,339	14,839	16,339	15,589
Management headquarters (E. O. Adv.)	12,558	12,158	12,558	12,158
Base operations (SLUC Changes)	108,806	81,106	108,806	108,806
Double subsistence payments		−10,000		−10,000
Per diem committee		−3,000		−3,000
Contract consultant support			−70,000	−35,000
Inflation adjustment			201,600	
Fuel price adjustment		−181,000		−181,000
Audio-visual activities		5,900		5,900
Spouse and child advocacy programs			4,000	2,000
Supply activities		−13,000		−6,500
Real property maintenance—Waste, fraud, and abuse		−2,000		
Alcohol and soft drinks		−6,000		
Personal service contracts		−32,600		
Efficiency review program		−17,000		−17,000
Real property maintenance		41,830		
Cita administration		−4,000		
Total O&M, Navy	19,611,170	19,345,000	19,944,389	19,385,889

NAVY STOCK FUND

Amendment No. 20: Appropriates $9,435,000 instead of $5,435,000 as proposed by the House and $17,435,000 as proposed by the Senate.

OPERATION AND MAINTENANCE, MARINE CORPS

Amendment No. 21: Appropriates $1,185,540,000 instead of $1,184,540,000 as proposed by the House and $1,186,440,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Land forces	216,903	225,403	216,903	225,403
(Camouflage uniforms)		(8,500)		(8,500)
Base operations—forces	459,801	467,501	459,801	467,501
Equipment maintenance	60,785	68,785	60,785	68,785
Recruiting	35,472	32,472	35,472	32,472
Advertising	13,217	12,217	13,217	12,217
Base operations—training	76,946	81,946	76,946	81,946
Double subsistence payments		−5,000		−5,000
Per diem committee		−3,500		−3,500
Inflation adjustment			9,600	
Fuel price adjustment		−4,000		−4,000
Audio visual activities		−700		−700
Supply activities		−1,500		−1,500
OSHA/EPA		−800		−800
Alcohol and soft drinks		−1,000		
Efficiency review program		−1,000		−1,000

OPERATION AND MAINTENANCE, AIR FORCE

Amendment numbered 22: Appropriates $16,079,719,000 instead of $15,978,376,000 as proposed by the House and $16,906,069,000 as proposed by the Senate. The conferees also agree to make $29,000,000 available only for the installation of modification kits into KC-135 aircraft in lieu of $46,800,000 as provided by the House and no funds as provided by the Senate.

DEPOT MAINTENANCE INDUSTRIAL FUND

The conferees agree that the Air Force should discontinue the award of depot maintenance contracts in advance of appropriations and direct the Air Force to award only those contracts for which appropriations are currently available. The Air Force may seek the legislative authority to change this procedure, but in the absence of such legislation, the Air Force should seek to achieve the objectives outlined by the Senate Committee to assure a full transition to this procedure in fiscal year 1983.

B-52D'S

The conferees agree that the B-52D's should be continued in operation until such time as the B-1 or other new strategic bomber becomes available. At that time existing B-52G and H model aircraft currently devoted to SIOP missions can be freed and programmed for the conventional warfare role. The B-52D's are to be retained and supported as planned in the original President's budget submission.

KC-135 REENGINING PROGRAM

A total of $29 million is provided in the operating account and $56 million in the procurement account for the reengining of KC-135 aircraft with JT3D engines. This funding is adequate to reengine the KC-135's in overhaul until the first delivery of the new CFM-56 engines. In that regard, no funds are to be diverted from the CFM-56 program in order to insure current delivery schedules of these engines as planned.

CADIN-PINE TREE

The conferees agree to restore the $3.8 million reduction made by the House to the Cadin-Pine Tree system of Air Defense radars. The restoration of these funds was made with the understanding that the Air Force and other appropriate Federal entities will undertake negotiations with the Canadian Government with a view toward sharing overall costs in a manner that is closer to the sharing arrangements prior to expanded contracting of facility operations.

CONTRACTOR OPERATED SUPPLY STORES

The Air Force has for a number of years used contractor operated stores for base supply purposes. These stores are referred to as Contractor Operated Civil Engineer Supply Stores (COCESS) and Contractor Operated Parts Stores (COPARS). The conferees agree to delete the $3 million added by the House to return these activities to direct Government operation. Accordingly, the Air Force need not begin the conversion of these stores to in-house operations in fiscal year 1982 as directed by the House.

However, the conferees expect the Secretary of Defense to make an independent assessment of the operation of these stores to include addressing the repeated allegations of contract abuse, product fraud, and other irregularities. If the Secretary of Defense determines that the continued operation of these stores results in economies and efficiencies as the Air Force claims, and that the allegations of fraud are unfounded, then the Appropriations Committees expect to be informed why such stores should not also be established at Army and Navy installations. The conferees expect a full report on this matter from the Secretary of Defense by June 1, 1982.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Aircraft (B-52 trainer)	1,378,014	1,389,914	1,389,414	1,389,414
Base operations	561,168	551,368	586,168	578,368
Surveillance and warning-radars	280,066	249,266	270,666	270,666
(Dew Line phase down)		(−19,400)	(−9,400)	(−9,400)
(Cabin-Pine Tree)		(−3,800)		
(Intelligence related)		(−7,600)		
Base operations (strategic programs)	319,765	315,015	344,665	327,015
(Real property maintenance—SAC)			(20,000)	(5,000)
(Real property maintenance—AAC)			(7,000)	(7,000)
SAC projection force		−3,900		−3,900
Tactical fighters and weapons	1,191,052	1,185,652	1,188,852	1,185,652
(GLCM)		(−2,200)	(−2,200)	(−2,200)
(Contract engineering)		(−3,200)		(−3,200)
Tactical recon elect warfare and spec OPS force	111,845	109,845	109,545	109,845
(Panama helicopters)		(−2,000)	(−2,000)	(−2,000)
(Compass call)		(−300)		(−300)
JCS exercises	299,710	32,910	299,710	32,910
Combat support	555,205	550,605	544,105	553,005
(Rapier)			(−1,100)	(−1,100)
(Desert and mountain warfare)		(−10,000)	(−10,000)	(−10,000)
(KC-10 flying hours)		(12,400)		(12,400)
(Ground defense flights)		(−7,000)		(−3,500)
Other tactical operations (HQ OPS)	95,515	95,515	91,815	91,815
Base operations (general purpose forces)	1,273,730	1,234,830	1,314,730	1,254,880
(Real property maintenance)			(48,000)	(10,000)
(Pay raise restoration)		(−33,400)		(−16,700)
(Kadena Base transfer)		(−4,400)		(−4,400)
(Overseas banking)		(−750)		(−750)
(Other adjustments)			(−6,650)	(−6,650)
General defense intel program (GDIP)	228,420	226,120	228,420	226,920
Other communications (NEACP)	163,008	163,008	159,008	159,008
Station operations communications	114,026	112,426	114,026	114,026
Leased communications (Autodin II)	212,327	210,327	212,327	210,327
Assigned airlift mission (C-5 cabin load)	557,253	544,753	557,253	557,253
Base operations (airlift and sealift)	402,522	391,022	406,522	397,722
(Real property maintenance)			(4,000)	
(Pay raise restoration)		(−11,500)		(−4,800)
Combat rescue		−5,000		−5,000
Depot maintenance	2,655,759	2,706,459	2,660,259	2,688,659
(KC-135 reengining)		(46,800)		(29,000)
(Harm)		(−600)		(−600)
Transportation	579,788	565,188	579,788	565,188
Misc logistic support activities	189,416	186,016	189,416	186,016
Test ranges (special interest test)	214,944	204,944	209,497	209,497
(Special interest tests)			(−5,447)	(−5,447)
(Eastern test range)		(−10,000)		
Base operations (central supply and maintenance)	468,019	440,119	469,019	454,619
(Real property maintenance)			(1,000)	(1,000)
(Pay raise restoration)		(−19,000)		(−9,500)
(Other base operations, M-X)		(−8,900)		(−4,900)
Recruiting and advertising	53,895	43,895	53,895	43,895
Recruit and specialized trng	176,247	176,247	169,387	169,387
Officer acquisition (Academy P.A. system)	48,978	48,878	48,978	48,878
Professional development education	33,921	32,521	33,921	32,521
Other personnel activities	89,308	86,508	89,308	86,508
(Books and periodicals)		(−1,500)		(−1,500)
(Tuition assistance)		(−1,000)		(−1,000)
(New equal opportunity journal)		(−300)		(−300)
Base operations (training)	416,257	405,257	418,257	412,757
(Real property maintenance)			(2,000)	(2,000)
(Pay raise restoration)		(−11,000)		(−5,500)
Hospital operations	413,254	409,854	413,254	413,254
Care in non-service fac	30,529	27,729	30,529	29,129
Base operations (military bands)	86,043	85,943	86,043	85,943
Veterinary position conversions		−200		−200
Service-wide support	207,431	200,031	203,931	203,731
(Federal employee compensation)			(−3,500)	
(Program growth)		(−7,400)		(−3,700)

	Budget	House	Senate	Conference
Personnel activities (on site reviews)	38,909	38,459	38,909	38,459
Base operations (sluc)	18,629	11,529	18,629	18,629
Double subsistence payments		−10,000		−10,000
Per diem committee		−3,500		−3,500
Fuel price adjustment		−233,000		−233,000
Audio visual activities		12,400		12,400
Supply activities		−19,700		−19,700
OSHA/EPA		−3,500		
Contractor operated engineer stores and parts stores		3,000		
Alcohol and soft drinks		−7,000		
WWMCCS		−18,000		−16,000
(Transferred to other accounts)		(−16,000)		(−16,000)
C–140 phaseout		−5,500		−2,800
Saudi Arabia AWACS		−18,200		
Inflation adjustment			147,200	
Spouse and child advocacy programs			3,000	1,500
Premature deployment funding		−2,700		
Korean won reduction		−2,100		−2,100
Efficiency review program		−14,000		−14,000
Chemical warfare equipment		4,500		4,500
Real property maintenance		47,000		

AIR FORCE STOCK FUND

Amendment No. 23: Appropriates $78,800,000 instead of $67,800,000 as proposed by the House and $107,800,000 as proposed by the Senate.

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

Amendment No. 24: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment appropriating $4,985,400,000 instead of $4,949,470,000 as proposed by the House and $4,768,000,000 as proposed by the Senate. The Managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 25: The conferees agree to appropriate $5,812,000 for emergencies and extraordinary expenses as proposed by the House, instead of $8,500,000 as proposed by the Senate. This matter is discussed in the classified annex of the statement of the managers.

CIVILIAN HEALTH AND MEDICAL PROGRAMS OF THE UNIFORMED SERVICES

The conferees reached the following agreements with respect to various items in the reports which impact the Civilian Health and Medical Program of the Uniformed Services.

Biofeedback.—The conferees agree that CHAMPUS should continue to develop guidelines under which payments for biofeedback services could be reimbursed. Actual payments for such services in FY 1982 has not been authorized.

Child and Spouse Abuse.—The conferees agree that the Department of Defense should continue to address the problem of child and spouse abuse. An additional $5.0 million has been provided for this by the conferees. The conferees also agree to accept the Senate amendment which makes funds available to establish a program of child advocacy and family counseling services to deal with problems of child and spouse abuse.

Residential Treatment Centers.—The FY 1982 budget proposed that Residential Treatment Centers no longer be recognized as authorized providers for new admissions after October 1, 1981. The Senate report directed that DoD continue the RTC program as a recognized benefit. The conferees accept the Senate position and interpose no objection to the continued use of RTC's. Senate report language directing CHAMPUS to eliminate continued fraud and abuse is to be strictly observed.

Health Maintenance Organizations.—The conferees agree with the Senate report on the need for CHAMPUS to guarantee a return to regular CHAMPUS coverage for those beneficiaries who select to participate in the HMO test and find it unsatisfactory. The conferees further agree that the office of CHAMPUS or other appropriate activities of the Department of Defense will examine other types of health insurance, including existing government employee plans for possible use by military beneficiaries.

Nonphysician Health Care Providers.—The conferees agree to a change in the House version of the bill which will permit a certified nurse practitioner to bill directly for services provided. The conferees also agree to continue to allow certified clinical social workers to bill directly on a test basis only.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Intelligence and communications	1,172,144	1,169,614	1,172,144	1,169,944
Defense Logistics Agency	1,292,315	1,281,315	1,292,315	1,281,315
Overseas dependent education	400,548	479,548	475,548	479,548
Civilian health and med prog of the unif serv	938,631	936,131	968,631	966,131
Secretary of Defense	98,012	99,012	98,012	99,012
Long distance telephone		−200		
DOL disability compensation			−4,500	
Efficiency review program		−6,000		−6,000
Standard level user charges		−3,200		
JCS directed and coordinated exercises		264,000		264,000
Inflation adjustment			32,000	
Civilian workers compensation payments		−4,900		−4,900
Data processing activities		−2,200		
WWMCCS (ADP)		2,500		2,500

DEFENSE STOCK FUND

Amendment No. 26: Appropriates $69,000,000 instead of $59,000,000 as proposed by the House and $79,000,000 as proposed by the Senate.

OPERATION AND MAINTENANCE, ARMY RESERVE

Amendment No. 27: Appropriates $658,150,000 instead of $661,635,000 as proposed by the House and $619,700,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Training and organization of missing forces	373,600	418,600	373,600	418,600
Depot maintenance	7,500	8,500	7,500	8,500
Base operations	153,583	157,068	153,583	153,583
Inflation adjustment			4,800	
OSHA/EPA		−1,400		−1,400
Incompatible positions		−150		−150
Confederation of Inter-Allied officers		−200		−200
Second destination transportation		−1,000		−1,000

OPERATION AND MAINTENANCE, NAVY RESERVE

Amendment No. 28: Appropriates $570,940,000 instead of $585,540,000 as proposed by the House and $565,540,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Naval Air Forces	209,721	223,721	209,721	223,721
Ship operations	53,583	58,783	55,583	56,783
(AE transfer to Active Force)			(−2,000)	(−2,000)
Ship maintenance	84,299	88,299	65,999	69,999
(AE transfer to Active Force)			(−18,300)	(−18,300)
Aircraft maintenance	76,071	82,071	76,071	82,071
Base operations	136,224	134,024	136,224	135,124
Fuel price adjustment		−11,000		−11,000
Pay raise restoration		−9,100		−4,500
Inflation adjustment			3,200	

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

Amendment No. 29: Appropriates $40,299,000 as proposed by the House in lieu of $40,799,000 as proposed by the Senate.

[In thousands of dollars]

	Budget	House	Senate	Conference
Inflation adjustment			500	

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

Amendment No. 30: Appropriates $669,154,000 instead of $668,454,000 as proposed by the House and $682,608,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Mission forces (Civ tech pay)	488,041	492,641	487,441	487,441
Other support	112,925	111,425	111,925	111,425
Civilian technicians			4,600	4,600
Fuel price adjustment		−10,000		−10,000
Audio visual activities		−54		−54
Inflation adjustment			1,600	
Headquarters		−2,600		−1,300

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

Amendment No. 31: Reported in technical disagreement. The Managers on the Part of the House will offer a motion to recede and concur in the Senate amendment with an amendment appropriating $1,087,950,000 in lieu of $1,087,250,000 as proposed by the House and $1,047,600,000 as proposed by the Senate. The Managers on the Part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Logistical support	778,647	828,647	778,647	828,347
Headquarters and command support	70,992	68,992	70,992	69,992
OSHA/EPA		−1,600		−1,600
Incompatible positions		−350		−350
Inflation adjustment			6,400	

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

Amendment No. 32: Appropriates $1,646,418,000 instead of $1,643,818,000 as proposed by the House and $1,682,568,000 as proposed by the Senate.

Summary.—Items for which the conferees have provided specific guidance have been addressed elsewhere. The agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Operation of aircraft	574,650	575,150	574,650	575,150
Logistical support	242,398	236,398	240,398	236,398
Training support	865,944	865,944	863,244	867,244
Fuel price adjustment		−32,000		−32,000
Inflation adjustment			4,800	
Audio-visual activities		−350		−350
Pay raise restoration		−2,700		−1,400
OSHA/EPA		−1,500		−1,500
Base operations		−3,200		−3,200
War reserve spares		10,000		10,000
Camouflage nets		−3,400		−3,400

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE

Amendment No. 33: Provides that $680,000 worth of ammunition may be issued for the promotion of rifle practice as provided by the Senate in lieu of $340,000 as provided by the House.

Amendment No. 34: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate, as follows:

Provided, That competitors at national matches under title 10, United States Code, section 4312, may be paid subsistence and travel allowances in excess of the amounts provided under title 10, United States Code, section 4313.

CLAIMS, DEFENSE

Amendment No. 35: Appropriates $155,700,000 as proposed by the House in lieu of $198,200,000 as proposed by the Senate.

TITLE IV—PROCUREMENT

AIRCRAFT PROCUREMENT, ARMY

Amendment No. 36: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: In lieu of the sum proposed by said amendment, insert the following: *; $1,911,100,000: Provided, That notwithstanding any other provision of this Act, after the head of the agency concerned gives written notification of a proposed multiyear contract for the purchase of the UH-60A Black Hawk aircraft to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, such contract may not then be awarded until the end of a period of 45 days beginning on the date of such notification*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The bill language agreed to by the conferees will enable the Army to enter into a multiyear contract for procurement of the Black Hawk helicopter, subject to prior approval of the Committees on Armed Services and Appropriations of the House of Representatives and the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Airplane, UV–18 (Twin Otter)			3,600	3,600
Foreign military sales adjustment		−4,000		
Army Guard and Reserve Equipment transfer		−2,700		−2,700
Reduction, inflation/offsets	−2,000	−2,000	−25,100	−2,000

MISSILE PROCUREMENT, ARMY

Amendment No. 37: Appropriates $2,131,200,000 as proposed by the House instead of $2,177,200,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Stinger	223,900	192,100	203,900	192,100
Spares and repair parts	181,800	181,000	181,800	181,000
Army Guard and Reserve equipment transfer	—	−3,100	—	−3,100
Reduction, offsets/inflation	−3,000	−3,000	27,300	−3,000

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

Amendment No. 38: Restores House language earmarking funds for the continued evaluation and testing of 9 mm handguns and appropriates $3,825,200,000 instead of $3,818,200,000 as proposed by the House and $3,962,600,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Field artillery ammunition support vehicle	4,000		4,000	
Tank, combat, ft, 105MM gun, XM1 series	1,348,000	1,348,000	1,424,000	1,348,000
Reduction, offsets/inflation	−5,000	−5,000	47,000	−5,000
Foreign military sales adjustment		−7,000		
Army Guard and Reserve equipment transfer		−5,400		−5,400

PROCUREMENT OF AMMUNITION, ARMY

Amendment No. 39: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $2,381,900,000 instead of $2,350,900,000 as proposed by the House and $2,338,400,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Cartridge, 5.56mm, blank	19,500	24,400	19,500	24,400
Cartirdige, 7.62mm, all types	48,600	58,300	48,600	58,300
Cartridge, 14.5mm, with fuze, all types	1,600		1,600	
Cartridge, 20mm, all types	11,800	10,700	11,800	10,700
Cartridge, 25mm, Heit–T	54,100	56,100	54,100	56,100
Cartridge, 25mm, APDS–T	72,800	74,700	72,800	74,700
Cartridge, 4.2 inch, illum, w/fuze	44,800	49,400	44,800	49,400
Cartridge, 105mm, Heat–T F/tank gun	45,200	58,200	45,200	58,200
Cartridge, 105mm, TP–T, F/tank gun	68,500	71,200	68,500	71,200
Cartridge, 105mm, DS–TP	82,200	86,600	82,200	86,600
Cartridge, 105mm, APFSDS–T	72,100	70,100	72,100	70,100
Projectile, 155mm, HE, ICM (DP)	101,800	101,800	116,800	116,800
Projectile, 155mm, HE, ADAM	75,600	105,300	75,600	105,300
Projectile, 155mm, HE, RAAMS	58,400	86,500	58,400	86,500
Charge, propelling, 155mm, white bag	74,300	66,500	74,300	66,500
Fuze, point detonating	12,500		12,500	12,500
Mines, practice and inert all types	7,000	14,000	7,000	14,000
Demolition munitions (EA)	7,100	14,100	7,100	14,100
Rocket, 2.75 inch, LSFFAR, all types	83,300	114,900	83,300	114,900
Signals, all types	17,200	22,000	17,200	22,000
Nitroguanadine	13,500		13,500	
Provision of industrial facilities	241,800	238,300	251,300	241,800
Reduction, offsets/inflation	−3,000	−3,000	28,400	−3,000
General reduction, first destination transportation		−37,800		−37,800
Army Guard and Reserve equipment transfer		−3,200		−3,200

155 MM IMPROVED CONVENTIONAL MUNITION (ICM)

The conferees agree to a total of $116,800,000 for the 155 mm ICM, an increase of $15,000,000 above the budget. The additional funds shall be used only for full-funded procurement of projectile end-items.

OTHER PROCUREMENT, ARMY

Amendment No. 40: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $3,721,971,000 instead of $3,804,300,000 as proposed by the House and $3,728,071,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Truck, 5T, 6X6, ABT	301,700	296,700	301,700	296,700
Truck, 10T, 8X8, ABT	200,600	195,600	200,600	195,600
Intelligence data handling system (IDHS)	5,300	4,300	4,271	4,271
Position location reporting system (PLRS)	30,500		30,500	
Radar set, artillery locating AN/TPQ–37	95,600	95,600	79,600	79,600
Spares and repair parts	92,400	89,300	92,400	89,300
Detector, chemical agent, M43A1	67,000	67,000	55,000	55,000
Field kitchen, mobile, TRL MTD		3,500		3,500
Air cushion vehicle, 25–30 ton		27,300		27,300
Base level com'l equipment	23,300	23,300	45,700	39,000
Guard and Reserve readiness equipment		139,500		69,500
Reduction, offsets/inflation		−4,000	46,900	−4,000
Army Guard and Reserve equipment transfer		−5,200		−5,200

POSITION LOCATION REPORTING SYSTEM

Because of unresolved developmental problems, the conferees do not believe that

procurement of the Precision Location Reporting System (PLRS) for the Army and Marine Corps would be prudent at this time. The conferees are in agreement, however, that such a system, which would improve the tactical battlefield commander's ability to provide automatic and accurate identification, location and navigation data in all terrain and weather and enhance maneuver control, fire response time and airspace management, is an urgent requirement. Should the Department of Defense find it necessary to request procurement funding for PLRS items in Fiscal Year 1982, the conferees would seriously consider either a supplemental request or a reprogramming action, if data are provided indicating that the aforementioned developmental problems have been satisfactorily resolved.

ARMY NATIONAL GUARD EQUIPMENT

Amendment No. 41: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate appropriating $50,000,000 for Army National Guard equipment. The House bill contained no appropriation.

The conference agreement will provide the following:

[In thousands of dollars]

	Budget	House	Senate	Conference
155mm Howitzer, M-109			20,700	20,700
Armored vehicle Laumen bridge			18,000	18,000
Mortor carrier M-125 A2			6,900	6,900
Command post vehicle			4,400	4,400

AIRCRAFT PROCUREMENT, NAVY

Amendment No. 42: Appropriates $9,115,800,000 instead of $8,946,800,000 as proposed by the House and $9,431,400,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
F-18 (fighter) Hornet (AP-CY)	236,400	189,200	236,400	189,200
CH-53E (helicopter) Super Stallion	270,600	240,300	270,600	240,300
SH-60B (ASW Helo) Seahawk	585,600	558,600	585,600	558,600
SH-60B (ASW Helo) Seahawk (AP-CY)	155,300	118,100	155,300	137,100
KC-130 (Marine Corps)				64,000
A-4 series	47,700	46,500	47,700	46,500
A-6 series	116,500	111,200	116,500	111,200
A-7 series	98,900	95,100	98,900	95,100
AV-8A	15,700	13,900	15,700	13,900
F-4 series	45,000	34,500	45,000	34,500
RF-4 series	26,000	24,500	26,000	24,500
F-14A	107,700	34,500	107,700	91,500
H-46 series	47,400	42,400	47,400	42,400
S-3	28,100	26,500	28,100	26,500
E-2 series	25,000	24,700	25,000	24,700
Spares and repair parts	1,529,400	1,518,400	1,607,900	1,545,400
Reduction, offsets/inflation	−11,000	−11,000	117,900	−11,000
Army Guard and Reserve equipment transfer		−12,900		−12,900
Consultants, studies, and analyses	−5,000	−10,400	−5,000	−10,400
Foreign military sales adjustment		−2,000		

KC-130 TANKER

The conferees agree to add $64,000,000 for 4 KC-130's for the Marine Corps Reserve.

AIRCRAFT SPARES AND REPAIR PARTS

The conferees agree to add $27,000,000 over the $1,518,400,000 in the House bill for aircraft, spares and repair parts. This increase includes funds for the spares associated with the F-14, TF-30-414 engine modification program.

WEAPONS PROCUREMENT, NAVY

Amendment No. 43: Appropriates $3,207,100,000 instead of $3,196,100,000 as proposed by the House and $3,327,100,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
AIM/RIM-7 F/M Sparrow	144,700	124,700	144,700	134,700
AIM-54A/C (Phoenix) (AP-CY)	26,200	21,000	26,200	21,000
AGM-84A Harpoon (AP-CY)	18,000		18,000	
Torpedo MK-48	133,500	120,500	133,500	120,500
Torpedo MK-46	65,000	57,600	65,000	57,600
Torpedo MK-46 MODS	113,600	95,700	113,600	95,700
Reduction, offsets/inflation	−3,000	−3,000	40,300	−3,000
Army Guard and reserve equipment transfer		−4,600		−4,600
Consultants, studies, and analyses		−600		−600
Foreign military sales and adjustment		−1,000		

SHIPBUILDING AND CONVERSION, NAVY

Amendment No. 44: Appropriates $315,600,000 for the Trident submarine program instead of $230,700,000 as proposed by the House and $330,700,000 as proposed by the Senate. The conference agreement also provides for the transfer of $15,100,000 of unobligated balances from the "Trident submarine program" of "Shipbuilding and Conversion, Navy 1979/1983" to be used for Trident advance procurement funding.

Amendment No. 45: Appropriates $475,000,000 for the CVN aircraft carrier program as proposed by the House instead of $658,000,000 as proposed by the Senate.

Amendment No. 46: Appropriates $81,000,000 for the aircraft carrier service life extension program as proposed by the House instead of $100,800,000 as proposed by the Senate.

Amendment No. 47: Appropriates $2,929,300,000 for the CG-47 AEGIS Cruiser program as proposed by the House instead of $2,946,300,000 as proposed by the Senate.

Amendment No. 48: Appropriates $45,000,000 for the LHA/LHDX helicopter assault ship program as proposed by the Senate. No funds for the LHA/LHDX were included in the House bill.

Amendment No. 49: Appropriates $926,100,000 for the FFG guided missile frigate program as proposed by the House instead of $971,900,000 as proposed by the Senate.

Amendment No. 50: Appropriates $135,500,000 for the ARS salvage ship program as proposed by the House instead of $160,500,000 as proposed by the Senate.

Amendment No. 51: Appropriates $307,600,000 for the T-AKRX fast logistic ship program instead of $184,00,000 as proposed by the House and $323,000,000 as proposed by the Senate. The conference agreement also provides for the transfer of $102,400,000 of unobligated balances of which $58,000,000 shall be derived from the "maritime prepositioning ship programs" and $44,400,000 shall be derived by transfer from the "fast logistic ship (T-AKRX) program," both of which are from "Shipbuilding and Conversion, Navy, 1981/1985."

Additionally, the conferees direct that the Navy proceed immediately with the acquisition of the remaining two SL-7 ships; minimodification of four SL-7 ships; and the partial RO/RO conversion of four SL-7 ships.

Amendment No. 52: Appropriates $754,700,000 for craft, outfitting, post delivery, cost growth and escalation on prior year programs as proposed by the House instead of $808,500,000 as proposed by the Senate.

Amendment No. 53: Deletes Senate amendment appropriating $105,000,000 for inflation adjustments.

Amendment No. 54: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: *for acquisition, construction and improvement, Coast Guard, $300,000,000, to be allocated to the Coast Guard: "Acquisition, Construction and Improvements";*

The managers on the part of the Senate will move to concur in the amendment of House to the amendment of the Senate.

Amendment No. 55: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment transferring a total of $117,500,000 instead of $73,100,000 as proposed by the House and $102,400,000 as proposed by the Senate.

The managers on the part of the Senate will move to concur in the amendment of House to the amendment of the Senate.

Amendment No. 56: Provides for the transfer of $15,100,000 to be derived from the "Trident submarine program" of "Shipbuilding and Conversion, Navy 1979/1983" as proposed by the House. The Senate amendment deleted this transfer.

Amendment No. 57: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate transferring $44,400,000 from the "fast logistics ship (T-AKRX) program" of "Shipbuilding and Conversion, Navy, 1981/1985". The House bill did not contain this transfer.

Amendment No 58: Provides for the reduction of $12,000,000 for inflation offsets as proposed by the House. The Senate did not provide for this reduction.

Amendment No. 59: Provides for the reduction of $13,700,000 for consultants, studies and analyses as proposed by the House instead of a reduction of $7,000,000 as proposed by the Senate.

Amendment No. 60: Provides for the reduction of $11,900,000 for Army Guard and Reserve equipment transfer as proposed by the House. The Senate did not provide for this reduction.

Amendment No. 61: Provides a total of $8,821,400,000 for Shipbuilding and Conversion, Navy appropriation instead of $8,148,900,000 as proposed by the House and $9,331,900,000 as proposed by the Senate.

Amendment No. 62: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment transferring a total of $117,500,000 instead of $73,100,000 as proposed by the House and $120,400,000 as proposed by the Senate.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 63: Provides that the Shipbuilding funds in the amount of $8,821,400,000 and in addition, $117,500,000 to be derived by transfer, will remain avail-

able until September 30, 1986, as proposed by the House instead of September 30, 1988, as proposed by the Senate.

Amendment No. 64: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that $119,000,000 of the appropriation for "Shipbuilding and Conversion, Navy" which expired for obligation on September 30, 1981 shall remain available for obligation until September 30, 1983, as proposed by the Senate. The House did not provide for this reappropriation.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Trident (nuclear) (AP–CY)	330,700	230,700	330,700	315,600
Transfer from other accounts				(15,100)
CVN aircraft carrier (nuclear) (AP–CY)	658,000	475,000	658,000	475,000
CV SLEP (AP–CY)	100,800	81,000	100,800	81,000
CG–47 Aegis cruiser	2,925,600	2,908,600	2,925,600	2,908,600
LHA Amp helicopter assault ship (AP–CY)			45,000	45,000
FFG guided missile frigate	747,900	926,100	971,900	926,100
ARS	160,500	135,500	160,500	135,500
Fast logistics ship (T–AKRX) (conv)	668,400	184,000	323,000	307,600
Transfer from other accounts			(102,400)	(102,400)
Service craft	42,400	33,700	42,400	33,700
Post delivery	122,300	117,200	122,300	117,200
Cost growth escalation on prior year programs	448,000	408,000	448,000	408,000
Transfer from other accounts		(73,100)		
Reappropriation			119,000	119,000
Acquisition, construction and improvements Coast Guard			300,000	300,000
Reduction, offsets/inflation	−12,000	−12,000	105,000	−12,000
Army Guard and Reserve equipment transfer		−11,900		−11,900
Consultants, studies, and analyses	−7,000	−13,700	−7,000	−13,700

REACTIVATION OF THE BATTLESHIP IOWA

The conference agreement includes $89 million for long leadtime items for the reactivation of the Battleship Iowa. The conferees direct that the Navy include, as part of the criteria in selecting the shipyard to reactivate the Battleship Iowa, the costs associated with the rescheduling of work previously planned on other ships. The workload adjustments required to accommodate the reactivation, such as rescheduling of such work at a later date, will increase the cost of work on the other ships. Such costs must be included in any cost comparisons made. Additionally, consideration must be given to the cost impact when weapons and long-lead components will be deferred from newer ships to be placed on the Iowa.

CONCERN FOR ADEQUATE SEALIFT

The conferees recognize the importance of providing adequate sealift for mobilization purposes. It is also noted that the Administration has recently announced its intention to place increassed reliance on maritime pre-positioning over land basing in Southwest Asia.

In light of these factors, the conferees are concerned with the impact of elimination of funds for the acquisition of commercially obsolete US flag merchant vessels for the Ready Reserve Fleet and the National Defense Reserve Fleet under Section 510 of the Merchant Marine Act. This elimination of funds comes about as a consequence of the suspension of the Construction Differential Subsidy, but was not fully debated as part of that action. The limited funds deferred to fiscal year 1982 for the program have already been obligated, and it appears that the Government will not be able to take advantage of all desirable offers to the Maritime Administration for such ships.

Therefore, the conferees urge the Department to give prompt attention to this matter and to advise the Appropriations Committees on the availability of ships with potential Rapid Deployment Force, Ready Reserve Fleet or National Defense Reserve Fleet application. In addition, a description of the adequacy of present assets to meet mobilization requirements shall be provided. Should needed ships be identified, the Department shall consider submitting a reprogramming or supplemental request for their acquisition.

OTHER PROCUREMENT, NAVY

Amendment No. 65: Appropriates $3,708,777,000 instead of $3,695,577,000 as proposed by the House and $3,880,268,000 as proposed by the Senate.

The conference agreement on items in conference is a follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Elec Gyro Nav Sys	16,565	14,665	16,565	14,665
Navsat receiver	196	2,296	196	2,296
AN/WSS–1 data terminal link		1,300		1,300
Electronic warfare equipment, Navy Reserve		20,000		
AN/SSQ–57 (special purpose)	2,686	2,186	2,686	2,186
AN/SSQ–77 (VLAD)	33,255	20,055	33,255	33,255
General purpose bombs	36,864	30,864	36,864	30,864
Practice bombs	30,664	27,364	30,664	27,364
Lamps III	40,067	20,067	40,067	40,067
5/54 Ammo components	62,669	57,669	62,669	57,669
Passenger carrying vehicles	4,665	2,465	4,665	2,465
Trucks	28,585	26,985	28,585	26,985
Trailers	2,131	1,631	2,131	1,631
Lighting/power gen equip	14,220	1,020	14,220	1,020
Fire fighting equipment	3,291	2,891	3,291	2,891
Combat const support equip	48,146	2,346	48,146	2,346
Telephone equipment	1,977	1,477	1,977	1,477
Medical support equipment	48,959	25,359	48,959	25,359
Intelligence support equipment	17,687	16,287	17,687	16,287
Productivity enhancement	3,323		3,323	
Reduction, offsets/inflation	−4,000	−4,000	48,000	−4,000
Consultants, studies, and analyses	−3,000	−4,300	−3,000	−4,300
General reduction, first destination transportation		−3,800		−3,800
Army Guard and Reserve equipment transfer		−5,400		−5,400
Audio Visual equipment		−1,800		−1,800
Classified program			1,368	

LAMPS MARK III

The House, because of the dramatic increase in cost, directed that the Navy cancel the LAMPS MARK III backfitting program for 31 FFG–7's, 4 DD–993's, and 2 CG–47's and the procurement of LAMPS MARK III shipboard equipment for these ships. The conferees agree that consideration will be given during the fiscal year 1983 budget deliberations to alternative strategies, submitted by the Department, as they relate to the LAMPS MARK III retrofitting program.

PROCUREMENT, MARINE CORPS

Amendment No. 66: Appropriates $1,711,456,000 instead of $1,682,556,000 as proposed by the House and $1,758,716,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Items less than $900,000	8,571	8,071	8,571	8,071
General reduction, first destination transportation		−500		−500
General reduction		−8,500		−4,600
PLRS system (Nontel)	40,460		40,460	
Field medical equipment				25,000
Reduction, offsets/inflation	−1,984	−1,984	21,816	−1,984
Army Guard and Reserve equipment transfer		−2,400		−2,400

AIRCRAFT PROCUREMENT, AIR FORCE

Amendment No. 67: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum proposed in said amendment, insert: *$13,818,998,000, of which $102,800,000 shall be available only for a classified program, and*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Long range combat aircraft	1,674,000	1,574,000	1,724,200	1,574,000
Long range combat aircraft (AP–CY)	227,000	227,000	233,800	227,000
A–10	249,700	209,700	229,700	209,700
A–10 (AP–CY)	20,000	20,000		20,000
F–16A/B (AP–CY) multiyear contract	546,800	546,800	481,100	546,800
Transfer from other accounts			(65,700)	(65,700)
F/RF–4	118,400	125,500	118,400	125,500
Thrust computing		9,000		9,000
Other production charges	1,128,298	1,117,398	1,092,498	1,092,498
Reduction, offsets/inflation	−17,000	−17,000	175,800	−17,000
Army Guard and Reserve equipment transfer		−19,400		−19,400
Foreign military sales adjustment		−8,000		

Amendment No. 68: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: *and $1,801,000,000 shall be available only for purchase of B–1B aircraft when the President certifies to the Congress that it is feasible to accomplish the program for the purchase of 100 B–1B aircraft at a total program cost of not to exceed $20,500,000,000 (in constant fiscal year 1981 dollars), or in such other amount as the President certifies and explains to the Congress, and such funds for the purchase of B–1B aircraft shall remain available during any quarter that the total program cost of 100 B–1B aircraft is included in any Selected Acquisition Report required for the B–1B program for the previous quarter by section 811 of the Department of Defense Appropriation Authorization Act, 1976 (10 U.S.C. 139 note),*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 69: Makes available $56,000,000 only for the procurement of B–707 aircraft to provide for engines and parts to reengine KC–135 aircraft, instead of $103,500,000 as proposed by the House. The Senate amendment deleted the House language.

Amendment No. 70: Earmarks $344,300,000, as proposed by the Senate, for contribution of the U.S. share of the cost of the acquisition by NATO of AWACS aircraft instead of $334,300,000 as proposed by the House.

Amendment No. 71: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which transfers $89,700,000 from aircraft procurement, Air Force, 1981-83.

MISSILE PROCUREMENT, AIR FORCE

Amendment No. 72: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum proposed in said amendment, insert: *$4,559,550,000, of which $624,400,000 shall be available only for a classified program*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Minuteman upgrade and expansion			5,000	5,000
ICBM C3 integration	54,436	54,436	56,136	54,436
MK-12A reentry vehicle		44,600		22,300
AIM-7F/M Sparrow	227,041	195,541	227,041	211,541
Rapier	110,086	139,286	132,986	139,286
Global positioning	73,596		73,596	
Defense support program	230,254	242,254	230,254	242,254
Special programs	757,772	757,772	763,072	763,072
Special update programs	441,286	791,286	333,786	791,286
Reduction, offsets/inflation	−5,000	−5,000	54,600	−5,000
Army Guard and Reserve equipment transfer		−5,900		−5,900

MK-12A REENTRY VEHICLE

The House included $44,600,000 for continuing procurement of the MK-12A reentry vehicle. The Senate included no funds for this program. The conferees recommend $22,300,000 for the MK-12A program and direct the Air Force to reprogram any funds necessary to maintain production.

NAVSTAR-GPS

The conferees agree the NAVSTAR Global Positioning Satellite (GPS) system is of critical importance for strategic and tactical defense missions. The conferees also are concerned that without procurement appropriations, the Initial Operational Capability (IOC) of NAVSTAR will slip. The conferees, therefore, direct the Air Force to reprogram funds necessary to maintain the current IOC of NAVSTAR.

DEFENSE SUPPORT PROGRAM

The conferees agree that the $242,254,000 for the Defense Support Program is to be used to procure long leadtime items, including the manufacture of components and subsystems to the maximum extent feasible. The Air Force is to submit a budget in fiscal year 1983 based on fully-funding the units for the Defense Support Program in a block buy in order to maximize cost savings.

CLASSIFIED PROGRAM

The conferees agree to the addition of $5,300,000 for a classified program as proposed by the Senate. The conferees further agree that this additional sum is subject to the later concurrence of the authorization committees.

OTHER PROCUREMENT, AIR FORCE

Amendment No. 73: Appropriates $5,365,633,000 instead of $5,379,288,000 as proposed by the House and $5,357,589,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Caliber .38	7,195	5,295	7,195	5,295
30 mm API	232,619	232,619	222,619	222,619
FMU-112	9,422		9,422	
General reduction, first destination transportation		−2,100		−2,100
25K A/C loader	8,462	7,362	8,462	7,362
SACDIN	24,768	22,268	24,768	22,268
RDF equipment, Air Guard		30,400		
Pave Paws			71,000	
Base mechanization equipment	13,330	8,330	8,300	8,300
Items less than $900,000	23,025	20,025	20,000	20,000
Medical/dental equipment	46,794	27,294	46,794	46,794
Selected activities	1,903,468	1,884,214	1,903,468	1,890,514
Special update program	282,533	532,533	282,533	532,533
Reduction, offsets/inflation	−6,000	−6,000	65,500	−6,000
Foreign military sales adjustment		−1,000		
Audio visual equipment		−3,280		−3,280
Army Guard and Reserve equipment transfer		−7,200		−7,200
Classified programs			59,000	

SLBM PHASED ARRAY RADAR

The conferees agree to provide no procurement funds for the PAVE PAWS radar, as proposed by the House, instead of $71,000,000 as proposed by the Senate. The conferees further agree that the Appropriations Committees will consider a supplemental budget request to initiate procurement of this rada for the southeastern site if the Air Force deems that it is of sufficient priority to be included in a supplemental budget request.

CLASSIFIED PROGRAM

The conferees agree to the addition of $3,300,000 for a classified program as proposed by the Senate. The conferees further agree that this additional sum is subject to the later concurrence of the authorization committees. The conferees also agree to restore $3,000,000 as proposed by the Senate which will be explained in the classified annex to the Statement of the Managers.

PROCUREMENT, DEFENSE AGENCIES

Amendment No. 74: Appropriates $511,500,000 as proposed by the House instead of $518,700,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Classified programs	447,058	442,058	447,058	442,058
Reduction, offsets/inflation	−1,000	−1,000	5,500	−1,000
Army Guard and Reserve equipment transfer		−1,200		−1,200
Reallocation of WWMCCS resources		5,500		5,500

FIGHTING VEHICLE SYSTEMS (FVS)

The conferees agree that a side by side comparison of FVS alternatives is not necessary but that the Army should consider procuring or leasing such alternatives for testing in conjunction with the 9th Infantry test bed program.

VIPER

The conferees agree with language in the Senate report expressing concern about the cost and technical problems of VIPER and directing testing and evaluation of alternative systems. This testing program is to be carried out within available funds. The testing program shall address the needs of all services and the Office of the Secretary of Defense shall be involved in the evaluation.

SECURE VOICE IMPROVEMENT PROGRAM (SVIP)

The House report directed that the funds requested for upgrading the AUTOSEVOCOM secure voice system be used instead to procure standard telephone unit (STU II) secure telephones. The conferees agree that the DOD may proceed with the planned upgrade of the AUTOSEVOCOM system but direct that $1,000,000 of the funds requested for that upgrade be expended on procurement of standard telephone units.

C-130 AIRCRAFT

The conferees agree that all eight of the C-130 aircraft provided in the aircraft procurement, Air Force account, shall be allocated to the Air National Guard.

TITLE V—RESEARCH, DEVELOPMENT, TEST AND EVALUATION

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

Amendment No. 75: Appropriates $3,609,535,000 instead of $3,577,119,000 as proposed by the House and $3,759,409,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senator	Conference
Defense research sciences	161,811	152,405	166,000	157,000
Materials	10,482	10,482	11,182	10,482
Atmospheric investigations	5,547	5,547	6,747	5,547
Fuze/nuclear wpns effects/fluidics	5,240	5,240	5,840	5,240
Aircraft weapons technology	2,290	2,000	2,290	2,100
Aeronautical technology	18,086	18,086	18,886	18,086
Missile technology	30,134	30,134	30,634	30,134
High energy laser technology	24,956	21,456	24,956	23,000
Tank and automotive technology	14,685	14,685	15,785	14,685
Small cal and fire cntrl technology	8,516	11,016	11,500	11,500
Ballistics technology	23,912	21,912	23,912	21,912
Chemical munitions/chemical cmbt spt	20,528	18,528	20,528	18,528
Cmbt Surv target acq/id	2,217	2,217	2,617	2,217
Chem biological Def/Gen Invest	22,970	20,000	22,970	22,970
Mapping—Geodesy	5,758	5,758	6,058	5,758
Night vision investigations	13,190	13,190	13,490	13,190
Human factors engr in sys dev	8,568	8,568	8,668	8,568
Human performance effect/simulation	3,380	3,380	3,580	3,380
Nonsystem training devices	2,665	2,665	3,165	2,665
Cold regions engineering technology	5,451	5,451	5,651	5,451
Military facilities engineering technology	3,402	3,402	3,502	3,402
Mobility equipment technology	10,189	10,189	11,389	10,189
Med defense against chem agents	23,252	23,252	25,852	25,852
Systems health hazard prevent tech	15,529	14,000	15,529	14,000
Energy tech appl for military facil	1,479	1,479	1,579	1,479
Classified programs	29,726	29,546	36,246	29,546
Fuels and lubricants	1,308	1,308	2,308	1,308
Aircraft weapons	10,312	522	10,312	512
Aircraft avionics equipment	2,320	2,320	5,120	2,320
Synthetic flight simulators	7,773	3,746	6,000	6,000
Terminally guided projectiles		2,000		2,000
Manpower and personnel	4,614	3,614	4,614	4,114
Adv dev of automatic test eq/sys	5,355	14,355	5,355	9,655
Electric power modernization			500	500
Corps support weapon system	10,762	10,762	11,762	10,762
Combat support munitions	3,157	3,157	6,157	3,157
Single channel grd/abn radio sub-sys	15,225	12,225	15,225	13,725
Air mobility support equipment	2,310	2,310	3,010	2,310
Synthetic flight training systems	8,333	3,080	8,333	3,080
Joint tactical fusion program	38,547	30,547	33,547	30,547
Fighting vehicles sys	103,671	103,671	106,721	103,671
Landmine warfare	8,146	4,963	8,146	4,963
Acft surv/ew self-protection sys	14,448	14,448	16,148	14,448
Tactical electrical power-sources	1,544	1,544	2,144	1,544
General combat support	8,018	8,018	12,018	8,018
Battlefield data systems			5,000	

	Budget	House	Senator	Conference
Force level : maneuver ctrl system sigma	14,869	11,000	14,869	14,869
Jt tactical comm prog	48,107	43,107	48,107	43,107
Satcom ground environment	36,438	36,438	41,638	41,638
Eucom C3 systems	4,028	4,028	4,069	4,028
Classified programs	127,151	114,245	118,764	114,245
Nonsystem tng devices engr	11,363	11,363	12,863	11,363
Material systems analysis	12,458	12,458	14,458	12,458
Support of operational testing	42,691	42,691	43,691	42,691
Program-wide activities	67,815	63,915	68,815	63,915
Darcom major range/test facil	292,109	270,000	297,653	281,000
DOD high energy laser systems test fac	40,349	40,349	41,349	40,349
Fuel price adjustment		−3,000		−3,000
Army Guard and Reserve equipment transfer		−5,300		−5,300
Reduction, inflation/offsets	−5,000	−5,000	28,500	−5,000

AIRCRAFT WEAPONS

The conferees agree to provide $512,000 for Aircraft Weapons as proposed by the House, rather than $10,312,000 as proposed by the Senate. The $9,800,000 reduction was receomended for advanced development of millimeter wave radar and fire control systems for attack helicopters. The action taken by the conferees is taken without prejudice, since the project is asked to be deferred, pending transfer of more mature technology from on-going millimeter wave programs to this program, and the onset of increased stabilization in the Advanced Attack Helicopter (AAH) procurement program.

ADVANCED DEVELOPMENT OF AUTOMATIC TEST EQUIPMENT

The conferees agree to provide $9,655,000 for Advanced Development of Automatic Test Equipment, instead of $14,355,000 as proposed by the House and $5,355,000 as proposed by the Senate. This amount, together with the $4,700,000 unobligated balance remaining in this program from fiscal year 1981, will provide the full authorized amount for fiscal year 1982.

FORCE LEVEL MANEUVER CONTROL—SIGMA

The conferees agree to provide $14,869,000 for Force Level Maneuver Control—SIGMA as proposed by the Senate, rather than $11,000,000 as proposed by the House.

The conferees agree that Army efforts for fiscal year 1982 should go forward as planned, with the clear understanding, however, that TCT and TCS equipment will begin procurement in fiscal year 1983, so that practical operational benefits can be obtained as rapidly as possible.

ROTARY WING AIRCRAFT ESCAPE SYSTEM

HELICOPTER ESCAPE SYSTEMS

The conferees agree to the language in House Report No. 97-333 concerning Rotary Wing Aircraft Escape System, also referred to as Helicopter Escape Systems.

ARMY CALIBRATION EQUIPMENT

The conferees agree that the Army has been slow in assembling an accurate data base on which to support decisions on the future purchase of calibration equipment. Despite testing by the White Sands Missile Range and intensive review by the General Accounting Office and the Inspector General of the Army, the Army states that it is still uncertain as to the cost effectiveness of alternate systems, including those manufactured by Julie Research Laboratories, Inc. The conferees direct the Army to assemble and analyze all of its previous findings, from whatever source, and to submit to Congress no later than March 15, 1982, a final comprehensive report, including a detailed implementation plan for the acquisition of calibration equipment. This does not restrict in any way the Army's authority to purchase calibration equipment during fiscal year 1982.

RESEARCH DEVELOPMENT, TEST AND EVALUATION, NAVY

Amendment No. 76: Appropriates $5,844,357,000 instead of $5,617,671,000 as proposed by the House and $6,113,579,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Defense research sciences	260,611	251,572	260,611	255,000
Surf/aerospace target surveil tech	35,536	32,544	35,536	34,000
Command/control technology	30,312	29,299	30,312	29,412
Human factors/simulation tech	7,973	6,778	6,973	6,778
Biomedical technology	10,846	9,663	10,846	10,846
Logistics technology	14,603	12,872	14,603	13,500
Materials technology	32,428	32,428	34,428	33,428
Directed energy technology	6,993	3,360	8,000	6,000
Human factors eng dev	4,150	4,150	3,650	3,650
Medical development	11,644	9,044	11,644	11,644
Training device tech	8,252	7,552	8,252	7,950
MC diesel rotary engine		9,500	9,700	9,700
Extremely low frequency comm	34,874		34,874	34,874
Gryphon	22,260	22,260	25,760	22,260
Acft survivability/vulnerability	10,825	9,825	10,825	9,825
Army/Navy sam tech	13,568	11,000	13,568	12,000
Weaponizing (Proto)			1,000	
Antiship torpedo defense (H)			500	
Advanced command data systems	5,310	2,655	5,310	2,655
Retract silver	63,528		63,528	63,528
Retract amber	12,960	12,960	17,960	17,960
Sub tactical warfare sys	79,640	49,640	79,640	98,609
Light carrier design			10,000	
Mine development	21,484	21,484	23,000	21,484
MC inter/elc warfare sys	2,867	2,209	2,867	2,209
Moored surveil sys	11,000	5,000	11,000	7,000
Avionics development/vast	15,044	10,357	13,000	13,000
HSX ASW helicopter (H)	5,229		5,229	
Aera air defense	34,446	34,446	45,046	34,446
Surface launched weaponry sys tech	57,386	57,386	60,386	60,386
Sub tactical warfare sys	127,057	107,057	127,057	95,453
Submarine warfare tng dev	6,384	4,553	6,384	4,553
C2 Surveillance/recon spt	4,160	1,695	4,160	1,695
Aviation spt—attack air wings	10,983	10,983	8,983	8,983
JT tactical comm prog	17,362	16,612	16,362	16,362
JT tactical comm prog	10,678	8,678	10,678	9,678
Security/investigative actys	737	737		
Special warfare craft		2,000		2,000
Surface effect ship			5,000	
LHDX			15,000	15,000
Lexington/Oriskany design study			8,800	
Classified programs	113,002	111,002	119,402	111,002
AIM-7M test and evaluation		5,000		5,000
Productivity enhancement	13,508	6,508	13,508	10,490
ACFT propulsion eval general	2,865	2,865	2,000	2,000
Fuel price adjustment		−3,000		−3,000
Reduction, inflation/offsets	−7,000	−7,000	47,500	−7,000
Undistributed reduction	−211,300	−111,300		−111,300
Consultants, analyses and studies		−48,000		
Audio-visual adjustment		−1,200		−1,200
Army Guard and Reserve equipment transfer		−8,200		−8,200

S-1 COMPUTER

The conferees agree to provide $900,000 for the Navy S-1 computer. This is one-half the Navy request of $1.8 million. The conferees note that the $7.5 million funding increase for the S-1 computer in FY 1981 was considered sufficient to complete the Lawrence Livermore Laboratory effort during FY 1981. Should the Navy determine that additional funding is required for further testing and development of the S-1 advanced multiprocessor computer in FY 1982, both appropriations committees would be willing to entertain a reprograming action to accommodate such an initiative.

MEDICAL RESEARCH AND DEVELOPMENT

The House designated the Army as lead agency for infectious diseases and combat dental research. The conferees understand that the House language requires neither the closure of any present Navy R&D laboratory nor the cessation of Navy participation in these efforts. The conferees further understand that manpower management practices, as in other consolidated R&D efforts, will provide preservation of Navy identity and maintain Navy career patterns, while continuing the practice of periodic assignments of scientists of one Service to the laboratories of another. With these understandings, the conferees agree to the language of the House.

Because fiscal year 1982 has already begun, the transfer of funds from the Navy to the Army proposed by the House may be disruptive of on-going efforts. The conferees therefore agree to provide the full budgeted amounts for Navy Biomedical Technology and Navy Medical Development.

MK-48 ADCAP

The conferees agree to provide $154,400,000 for MK-48 ADCAP, rather than $117,000,000 as proposed by the House and $167,200,000 as proposed by the Senate. The conferees agree that signficant cost increases in the MK-48 ADCAP program are a matter of deep concern, and that the Navy should provide the results of a "Should Cost" study by March 1, 1982. In order to avoid adverse impact on this important program, the conferees agree that the Navy may use without further restriction up to $91,900,000 for the Validation Phase of the program. The conferees agree that obligation and expenditure of funds for the full scale engineering development phase of the program will remain subject to the conditions stated in House Report No. 97-333.

HXM HELICOPTER

The conferees agree to provide no funds for HXM Helicopter as recommended by the House, instead of $5,229,000 as recommended by the Senate. The conferees are concerned over the potentially very high cost of such a program, as well as the apparent lack of firm plans. The conferees believe that additional CH-53E procurement should provide adequately for Marine Corps needs. The conferees agree the Appropriations Committees will entertain a reprogramming request should the Marine Corps require funds to study the problem.

NAVY UNDERGRADUATE JET FLIGHT TRAINING SYSTEM

The Navy announced on November 19 that the team of McDonnell Douglas/British Aerospace/Sperry had been selected to begin pre-full scale development of the Navy's new undergraduate training system, the VTXTS, thus ending a competition among five contractors for this award. The Navy procurement plan for VTXTS called for retaining two sources in competition through the pre-full scale development phase during which firm specifications and development costs would be generated. By eliminating all but one contactor the Navy has prematurely ended the competition for this award with the result that firm specifications and program costs would be negotiated on a sole source basis with the remaining contactor. The conferees believe that the continuation of this program on a competitive basis through the end of pre-full scale development would result in savings of hundreds of millions of dollars in a program estimated to have a 20-year life cycle cost of at least $5.5 billion. The conferees therefore direct the Navy to continue a competition of two contractors through the end of the pre-full scale development phase using available

funds to sustain a competitive pre-full scale development program.

SURFACE EFFECTS SHIPS

The conferees agree to provide no funds for Surface Effects Ships as proposed by the House, instead of $5,000,000 as proposed by the Senate. The conferees agree that the Navy may use existing funds to maintain the current design office, pending receipt of a supplemental funding request to carry out the program outlined in the December 11, 1981 letter of the Under Secretary of Defense for Research and Engineering, at which time the Committees on Appropriations will afford it full consideration.

MK 92 UPGRADE PROGRAM

The conferees emphasize their strong support for this program which will provide a substantial increase in the antiair warfare capability of the MK 92 fire control system through the addition of a new four-faced, x-band phased array radar to the system for use on the FFG-7 class frigates. The primary aim in this program's development should be the earliest possible introduction of this system into the fleet.

To date, the start of this program has been unacceptably delayed. Therefore, the conferees request that this program be executed without further delay. Special emphasis should be given to the early development of the phased array radar.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

Amendment No. 77: Appropriates $8,659,610,000 instead of $8,501,210,000 as proposed by the House and $9,076,906,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Defense research sciences	139,500	133,500	139,500	136,500
Geophysics	34,600	33,600	34,600	33,600
Materials	43,300	40,300	43,300	42,300
Aerospace avionics/vhsi circuits	63,700	59,700	63,700	61,700
Advanced weapons	40,300	38,300	40,300	39,300
Conventional munitions	32,800	31,800	32,800	32,800
Command/control/communication	67,100	65,000	67,100	66,100
Hypervelocity missile	8,100	8,100	11,000	8,100
Very high speed integrated circuits	50,700	55,700	40,700	55,700
Conventional weapons	23,300	21,300	23,300	21,300
Advanced radiation tech	80,800	70,800	80,800	75,800
Advanced technology cruise missile	30,100	30,100	45,200	35,000
Long range combat aircraft	471,000	291,900	471,000	291,900
M-X	1,913,200	1,913,200	2,008,706	1,913,200
Space Defense Sys	180,900	180,900	200,900	200,900
Minuteman squadrons	14,200	14,200	38,500	19,700
Post Attach Comd/Cntrl Sys	9,400	9,400	11,400	9,400
Conus over-the-horizon radar	21,300	17,300	21,300	17,300
Minimum essential emer comm network	45,600	45,600	51,200	45,600
Air Force sat comm sys	50,100	50,100	82,100	82,100
SLBM radar warning sys			3,800	3,800
Emp hardening			200	100
Next generation trainer acft	14,700		14,700	14,700
Enforcer			6,000	6,000
Adv tactical air reconaissance sys	3,000		3,000	
Tactical identification system	8,500	8,500	14,800	14,800
Pave mover	5,200	5,200	5,700	5,200
Engine model derivative prog	25,100	25,100	25,100	42,600
Airlift enhancement			15,000	
Fighter mission analysis			5,000	
Acft engine component improve prog	122,500	122,500	125,000	125,000
Tactical fusion centers	8,300	5,300	9,800	5,300
C/B defense equipment	8,800	8,800	12,800	8,800
Close air support weapons system	14,600	14,600	25,000	25,000
Other operational equipment	13,200	12,200	13,200	12,200
Jt Tactical Comm prog (TRI-TAC)	28,500	25,500	28,500	27,000
Classified programs	95,200	135,100	120,200	135,100
Classified programs	918,733	935,633	942,533	955,833
Mgt Hq (Research/Dev)	22,900	22,900	20,900	20,900
Fuel price adjustment		−3,000		−3,000
Audio-visual adjustment		−4,190		−4,190
Reduction, inflation/offsets	−12,000	−12,000	77,700	−12,000
Army Guard and Reserve equipment transfer		−12,400		−12,400

VERY HIGH SPEED INTEGRATED CIRCUITS

The conferees agree to provide $55,700,000 for Very High Speed Integrated Circuits (VHSIC), as proposed by the House instead of $40,700,000 as proposed by the Senate. In addition, the conferees are informed that the Air Force has transferred $10,000,000 out of the VHSIC program during fiscal years 1980 and 1981. The Air Force is directed to reprogram these funds back into VHSIC during fiscal year 1982.

AIRBORNE LAUNCH CONTROL SYSTEM

The conferees agree to the House position to provide no funding for the Air Force Airborne Launch Control System (ALCS) Phase III program for 200 Minuteman III ICBM's. The conferees suggest that if this program is of sufficiently high priority, the Air Force may wish to consider a supplemental request for funds.

ENFORCER

The conferees agree to provide $6,000,000 for Enforcer as proposed by the Senate, instead of no funds as proposed by the House. The conferees direct the Air Force to conclude this test of the Enforcer, in a timely manner, during FY 1982. The conferees agree that there should be no need for additional appropriations for this test of the Enforcer.

NIGHT PRECISION ATTACK (LANTIRN)

The conferees agree to provide an appropriation of $87,600,000. This amount is required to prevent schedule slip and cost growth in fabrication of development pods, flight test of navigation targeting pods, and production readiness initiatives. The optimum program avoids inefficient development delays and cost increases. These funds are to be used only for continuation of the ongoing development program as currently structured by the Air Force to preclude further delays and increased costs.

RAPPORT III

The conferees agree that the Rapport III system, currently being tested by the Belgian Air Force with U.S. Air Force assistance, should be viewed as a possible interim capability pending availability of the airborne self-protection jammer (ASPJ), and as a potential backup if ASPJ should encounter significant technical or cost problems. The Air Force is directed to procure RAPPORT III test articles and to conduct necessary testing for a full and fair evaluation of the system for use by the USAF in the F-16 aircraft. The total amount to be spent to carry out this direction shall not exceed $6 million, exclusive of support costs, and shall be derived by reprogramming of available funds within the various electronic warfare programs. All testing and evaluation shall be completed during fiscal year 1982. The conferees are confident that these directions will be carried out promptly and in a spirit of cooperation, and that the subsequent evaluation will be objective.

ALTERNATE FIGHTER ENGINE

ENGINE MODEL DERIVATIVE PROGRAM

The conferees agree to provide $35,000,000 in the Alternate Fighter Engine program to continue development of the F-101 Derivative Fighter Engine. The conferees further agree to add $17,500,000 above the budget to the engine model derivative program for development work on increasing the thrust of the existing F-100 engine.

The conferees strongly support continued competition in the field of fighter engines. Although the Air Force is on record as having no present requirement for higher thrust engines, the conferees are concerned that such a requirement may emerge in the future. In that event, availability of at least two competing engines of the same thrust class will be in the Nation's best interests. For this reason, the conferees have agreed to the stated funding.

ADVANCED BALLISTIC RE-ENTRY SYSTEMS (ABRES)

The Senate and the House increased the ABRES funding from $49 million to $100 million. This additional amount is to be used in part to complete advance development and flight testing for the Advanced Ballistic Reentry Vehicle and fuzing subsystems. This advanced technology will provide payload options for the MX, Trident D5, Minuteman and possibly the small ICBM.

CLASSIFIED PROGRAM

The conferees agree to the addition of $16,400,000 for a classified program as proposed by the Senate. The conferees further agree that this additional sum is subject to the later concurrence of the authorization committees.

Amendment No. 78: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which restricts use of $334,000,000 of MX funds to only research and development related to non-superhardened silos.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE AGENCIES

Amendment No. 79: Appropriates $1,692,646,000 instead of $1,613,204,000 as proposed by the House and $1,843,495,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference
Defense research sciences	94,400	89,400	94,400	89,400
Strategic technology	145,831	145,831	192,431	151,831
Particle beam technology	29,000	29,000	36,000	32,500
Experimental eval maj innovative tech	273,340	216,340	251,340	241,340
Defense Nuclear Agency	288,078	230,000	279,278	260,000
NMCS-wide support	7,713	9,313	7,713	9,313
WWMCCS ADP-JTSA	12,814	14,314	12,814	14,314
WWMCCS system engineer	45,052	49,452	82,552	49,452
Map/chart/geodesy inv/prototype dev	19,810	15,808	19,810	17,000
Long-haul communications (DCS)	19,550	18,050	19,700	18,200
Classified programs	623,580	576,154	602,980	589,754
Special activities			3,135	
Reduction, inflation/offsets	−2,000	−2,000	17,300	−2,000
Army guard and reserve equipment transfer		−2,500		−2,500

STRATEGIC TECHNOLOGY, DARPA

The conferees agree to an appropriation of 151,831,000 for Strategic Technology, DARPA. The Strategic Technology appropriation is allocated accordingly:

	Thousands
Blue-green laser communications	30,200
Space based lasers	64,200
Carbon-carbon	1,000
Strategic technology	28,611

Other programs	33,420
September reduction	−5,600
Total, strategic technology-DARPA	151,831

KOREAN EQUIPMENT UPGRADE

The conferees agree to provide $5,000,000 for program management activities in project SORAK, a Korean equipment upgrade. However, before this major new initiative is undertaken, complete plans, schedules and life cycle costs must be provided, as well as the terms of any host nation funding agreements. In addition, while the demonstration is largely drawn from DARPA developed technology and DARPA therefore should play a major role, this demonstration is more properly a joint Army and Air Force project requiring close coordination with Commander in Chief, Pacific, and the services should be active participants.

TEAL RAIN/RADIUS WHITE

The conferees were informed by the Department of Defense that an addition of $20 million made by the authorization conference for two classified programs (Teal Rain and Radius White) was erroneously authorized in the Strategic Technology account (PE62301E). The Department requested that the additional $20 million be appropriated in the Experimental Evaluation in Major Innovative Technologies (PE62711E) account. The conferees agree to appropriate the $20 million for these two programs in the Experimental Evaluation in Major Innovative Technologies account.

LONG-HAUL COMMUNICATIONS

The conferees agree to an appropriation of $18,200,000 for Long-Haul Communications. This is the figure proposed by the House, together with the addition of $150,000 for EMP hardening of certain White House facilities and DCA's contribution to the development of modulation techniques to facilitate communications propagation through scintillation effects.

TITLE VII—GENERAL PROVISIONS

Amendment No. 80: Deletes House provision allowing for payments for depot maintenance contracts for twelve months beginning at any time during fiscal the year.

The conferees also agree to adopt House subsections (n) and (o) now renumbered as subsections (m) and (n) which provide for new ship overhaul and repair funding procedures.

Amendment No. 81: Deletes House provision which prohibits the use of funds in the bill to facilitate the sale of foreign manufactured optional uniform items by military clothing sales stores or by the Department of Defense operated exchange system stores.

Amendment No. 82: Deletes House provision which permitted the procurement of specialty metals or chemical warfare protective clothing produced outside the United States. This provision provided exceptions to the "buy American" section of the bill (section 723) allowing the purchase of foreign produced items for the purpose of offsetting sales made by the U.S. Government or U.S. firms under approved programs serving defense requirements or where such procurement is necessary in furtherance of the standardization and interoperability of equipment requirements within NATO so long as such agreements with foreign governments comply, where applicable, with requirements of section 36 of the Arms Export Control Act and with section 814 of the Department of Defense Appropriation Authorization Act, 1976.

Amendment No. 83: The Senate receded from its amendment which strikes a portion of section 741 from the bill. The portion restored by the conferees exempts CHAMPUS beneficiaries from the limitation requiring use of a military medical facility for nonemergency in-patient hospital care when residing within 40 miles of a military medical facility and the beneficiary has supplemental primary insurance coverage which will pay for at least 75 percent of the covered medical services.

Amendment No. 84: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which strikes House subsection (e) and inserts in lieu thereof a revised subsection (e) of section 742 so that no cosmetic surgery for any purpose is automatically excluded from coverage if a serious deformity is involved. The amended section reads as follows: *(e) surgery which improves physical appearance but which is not expected to significantly restore functions including, but not limited to, mammary augmentation, face lifts and sex gender changes except that breast reconstructive surgery following mastectomy and reconstructive surgery to correct serious deformities caused by congenital anomalies, accidental injuries and neoplastic surgery are not excluded;*

Amendment No. 85: Reported in technical disagreement. The Managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which permits direct reimbursement to certified nurse practitioners from funds appropriated for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). The Senate provision also continues the test of direct reimbursement to certified clinical social workers as did the House bill.

Amendment No. 86: The Managers on the part of the Senate receded from the amendment striking Section 765 from the bill. The section continues the restriction to prohibit the use of funds for medical care in the United States on an inpatient basis for foreign military and diplomatic personnel and their dependents unless they or their sponsoring government reimburse the United States for costs incurred.

Amendment No. 87: Reported in technical disagreement. The Managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

Sec. 765A. None of the funds made available by this Act shall be used in any way for the leasing to non-federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector.

The Managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees agree that the Department of Defense should discontinue the leasing out of aircraft or vehicles when suitable aircraft or vehicles are commercially available in the private sector. The House amendment to the Senate amendment specifies that such leasing to non-federal agencies of aircraft or vehicles owned and operated by DoD shall be restricted by this provision.

Amendment No. 88: The conferees agree to the House language, which requires specific provision in this Act for a multiyear procurement contract to be awarded for a major weapons system, instead of the Senate amendment to the House language which would have limited application of the House language to multiyear contracts with cancellation ceilings over $100,000,000. In this connection the conferees also agree to include language in Amendment No. 36, Aircraft Procurement, Army, to permit award of a multiyear procurement contract for the UH-60A Black Hawk aircraft with prior approval of the Committees on Armed Services and on Appropriations of the Senate and House.

Amendment No. 89: Reported in technical disagreement. The Managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the matter stricken by said amendment, insert the following:

Sec. 770. None of the funds appropriated in this or any other Act shall be available for obligation to reimburse a contractor for the cost of commercial insurance that would protect against the costs of the contractor for correction of the contractor's own defects in materials or workmanship.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 90: Restores the House provision which prohibits paying two subsistence allowances to enlisted personnel when they are in a travel status.

Amendment No. 91: Deletes Senate provision which prohibited use of funds in the Act for evaluation or procurement of 9 mm handguns.

Amendment No. 92: Restores the House provision which rounds military retirement service credit to the nearest month for any portion of a year in excess of six months.

Amendment No. 93: Reported in technical disagreement. The Managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the section number named in said amendment insert 773.

The Managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

This section permits DoD to transfer up to $1,700,000 to the Fedeal Emergency Management Agency for military support to civil defense.

Amendment No. 94: Deletes House provision which would have limited rental reimbursement to the General Services Administration to 50 percent of the Standard Level User Charge.

Amendment No. 95: The conferees agree to include language proposed by the Senate prohibiting implementation of the Competitive Rate Program for the transportation of household goods to or from Alaska or Hawaii and to change the section number to 774. A similar provision has been contained in previous Department of Defense Appropriation Acts. The conferees also agree that the Department of Defense should proceed with the review of industry proposals to develop a competitive rate system and report to the Appropriations Committees as directed in the Senate report.

Amendment No. 96: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

Sec. 775. None of the funds appropriated by this Act for the pay of Reserve and National Guard technicians based upon their employment as technicians and their performance of duty as members of the Reserve

components of the Armed Forces shall be available to pay such technicians a combined compensation in excess of the rate payable for level V of the Executive Schedule: Provided, That for purpose of calculating such combined compensation, no military compensation other than basic pay will be included.

The Managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 97: Restores the matter stricken by said amendment pertaining to the reporting of waivers of RDT&E or other costs related to a foreign military sale as proposed by the House and changes the section number from 775 to 776.

Amendment No. 98: Restores the House provision which prohibits an employee who transfers or has been reassigned from Alaska or Hawaii from continuing to receive the higher Alaska or Hawaii pay rate. Current procedure allows an employee transferred or reassigned from Alaska or Hawaii to continue to receive the higher pay rate for up to two years after the reassignment or transfer. This provision does not apply to employees who are transferred or reassigned as a result of a reduction in force or a reorganizational transfer, and changes the section from 776 to 777.

Amendment No. 99: Deletes section proposed by the Senate which authorized $25,000,000 for a dental care test program as part of the Civilian Health and Medical Program of the Uniformed Services.

Amendment No. 100: Deletes the House provision which prohibits the hiring of foreign nationals when qualified United States citizens are available to perform the work. This provision only applied to United States citizens living in the foreign country where the vacant positions occur. The conferees agree that the DoD should take every possible action including renegotiation of existing agreements if necessary in order to enhance the employment opportunities for U.S. citizens living in overseas areas.

Amendment No. 101: Reported in technical disagreement. The Managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of section number 774 named in said amendment, insert 778.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

This section makes funds available for a child advocacy and family counseling services program.

Amendment No. 102: Restores the matter stricken by said amendment pertaining to the Army POMCUS program and changes the section number from 778 to 779.

Amendment No. 103: Deletes House provision prohibiting the operation of the Army Medical Intelligence and Information Agency after September 1, 1982.

Amendment No. 104: Restores House section number (780).

Amendment No. 105: Restores the House provision permitting the Department of Defense to lease no more than six aircraft as suitable replacements for C-140 aircraft.

Amendment No. 106: Restores the House provision which prohibits the transfer of any article of military equipment, data, or technical data package to a foreign country prior to the approval of the Secretary of the military service involved.

Amendment No. 107: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows:

(b) No funds appropriated by this Act may be used for the transfer of a technical data package from any Government-owned and operated defense plant to any foreign government, nor for assisting any such government in producing any defense item currently being manufactured or developed in a United States Government-owned, Government-operated defense plant manufacturing large caliber cannons.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 108: Deletes House provision relating to implementation of Phase II of the Single Manager for Conventional Ammunition, as proposed by the Senate. The conferees agree that the recently reissued Department of Defense Directive is a step in the right direction toward strengthening the Office of the Single Manager for Conventional Ammunition. Agreeing to delete the House provision, however, should not be interpreted as approval that this directive is fully satisfactory. The Department of Defense should be prepared to explain its plans for further strengthening this Office in next year's hearings. Such plans should fully address the observations and recommendations of the General Accounting Office and the Committees of Congress.

Amendment No. 109: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate, with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows:

SEC. *783. None of the funds available in this Act shall be used by the Secretary of a military department to make a contract for the purchase of administrative motor vehicles that are manufactured outside the United States or Canada unless the contractor was selected through competitive bidding without a differential in favor of foreign manufacturers: Provided, That this section does not apply to contracts for amounts less than $50,000, nor to existing contracts.*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 110: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate, with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows:

Sec. 784. None of the funds appropriated in this Act may be made available through transfer, reprogramming, or other means for any intelligence or special activity different from that previously justified to the Congress unless the Director of Central Intelligence or the Secretary of Defense has notified the House and Senate Appropriations Committees of the intent to make such funds available for such activity.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 111: Deletes House provision prohibiting a personal cook, chauffeur, or servant for any DOD employee or officer.

Amendment No. 112: Restores the matter stricken by said amendment pertaining to EPA gas mileage of passenger automobiles procured with funds in the Act and changes the section number from 787 to 785.

Amendment No. 113: Restores the matter stricken by said amendment pertaining to Executive Schedule positions in DOD and changes the section number from 788 to 786 and the number of positions allowed from 33 to 35.

Amendment No. 114: Deletes Senate provision preventing the use of any funds in the Act to pay lobbying costs.

The conferees agree not to include Senate Section 776 since there are existing federal laws which regulate lobbying. The conferees further feel that the inclusion of such a detailed legislative matter in an appropriation bill violates the jurisdiction of the legislative committees involved. The conferees agree that the appropriate legislative committees should hold hearings and give careful consideration to required revisions in the law regulating lobbying activities.

Amendment No. 115: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the section number named in said amendment, insert 787.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 116: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the section number named in said amendment, insert 788.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 117: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the section number named in said amendment, insert 789.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 118: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of section number named in said amendment, insert 790.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 119: Deletes the sense of the Senate provision commending the delegates and observers to the 1981 White House Conference on the Aging.

Amendment No. 120: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of section number 782 named in said amendment, insert *791*.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The Senate amendment pertains to the role, mission, and shipbuilding program of the United States Department of the Navy.

TITLE VIII—RELATED AGENCIES

INTELLIGENCE COMMUNITY STAFF

Amendment No. 121: Appropriates $13,063,000 instead of $12,563,000 as proposed by the House and $13,563,000 as proposed by the Senate. The conferees agree

that the funds appropriated will support a total of 210 personnel for the Intelligence Community Staff during fiscal year 1982.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1982 recommended by the Committee of Conference, with comparisons to the fiscal year 1981 amount, the 1982 budget estimates, and the House and Senate bills for 1982 follow:

[In thousands of dollars]

New budget (obligational) authority, fiscal year 1981	171,350,899
Transfer from other accounts, fiscal year 1981	(303,866)
Total funding available	171,654,765
Budget estimates of new (obligational) authority, fiscal year 1981	200,878,234
Transfer from other accounts	
Total funding available	200,878,234
House bill, fiscal year 1982	197,443,289
Transfer from other accounts	(73,900)
Total funding available	197,517,189
Senate bill, fiscal year 1982	208,675,745
Transfer from other accounts	(192,900)
Total funding available	208,868,645
Conference agreement, fiscal year 1982	199,691,264
Transfer from other accounts	(208,000)
Total funding available	199,899,264
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1981	+28,340,365
Transfer from other accounts	(−95,866)
Total funding available	28,244,499
Budget estimates of new (obligational) authority, fiscal year 1982	−1,186,970
Transfer from other accounts	(+208,000)
Total funding available	−978,970
House bill, fiscal year 1982	+2,247,975
Transfer from other accounts	(+134,100)
Total funding available	+2,382,075
Senate bill, fiscal year 1982	−8,984,481
Transfer from other accounts	(+15,100)
Total funding available	−8,969,381

JOSEPH P. ADDABBO,
BILL CHAPPELL, Jr.,
JOHN P. MURTHA,
NORMAN D. DICKS,
CHARLES WILSON,
W. G. HEFNER,
BO GINN,
JAMIE L. WHITTEN,
JACK EDWARDS
(except as to amendment No. 54),
J. KENNETH ROBINSON,
JOSEPH M. McDADE
(except as to amendment No. 54),
C. W. BILL YOUNG,
SILVIO O. CONTE
(except as to amendment No. 116),
Managers on the Part of the House.

TED STEVENS,
LOWELL P. WEICKER, Jr.,
JAKE GARN,
JAMES A. McCLURE,
HARRISON SCHMITT,
MARK ANDREWS,
ROBERT W. KASTEN, Jr.,
ALFONSE M. D'AMATO,
WARREN RUDMAN,
JOHN C. STENNIS,
WILLIAM PROXMIRE
(except for ELF R. & D.),
DANIEL K. INOUYE,
ERNEST F. HOLLINGS,
LAWTON CHILES,
J. BENNETT JOHNSTON,
Managers on the Part of the Senate.

Mr. ADDABBO. Mr. Speaker, pursuant to order of the House granted on yesterday, December 14, 1981, I call up the conference report on the bill (H.R. 4995) making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

Mr. ADDABBO (during the reading). Mr Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore (Mr. SIMON). The gentleman from New York (Mr. ADDABBO) will be recognized for 30 minutes, and the gentleman from Alabama (Mr. EDWARDS) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York (Mr. ADDABBO).

Mr. ADDABBO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the defense appropriations conference report for fiscal 1982 represents the single largest amount of money ever presented to any legislative body in history for national defense. It appropriates nearly $199.9 billion, a sum so large it is certain to have a massive impact on our economy and on our people. It is not the bill I would have chosen, but then it is not the bill that some others would have chosen either. It does represent, I believe, the best possible resolution that reasonable men have been able to make under extremely trying circumstances.

I believe that the managers on the part of the House did a superb job. The Senate was $11 billion over the House figure and in the conference the Senate receded on $8.9 billion and the House receded on $2.4 billion. I believe that it is proper to say that the managers on the part of the Senate acted forthrightly and diligently when faced with very difficult options. I salute all of the conferees who spent many hours working out these matters.

The question that is obviously of prime concern to the Members of the House as it is to the White House is are we getting an adequate defense for the amount of money we are spending and what exactly was it that the Senate gave up when it receded on $8.9 billion?

First of all, let me say that I agree with Senate Majority Leader BAKER who said yesterday he believes Congress could cut $10 billion more from the defense bill without harming any basic defense programs. Obviously, neither the Congress nor the White House was prepared during 1981 to take the time and the effort to cut irrelevant and wasteful programs where we could have. Every effort to make those cuts was overwhelmingly defeated, no matter how valid the arguments. My prediction is that next year and especially in the following years a severe shortage of dollars will force pruning of programs that are not cost effective and absolutely essential. But that remains to be battled on a different day. Let me concentrate for the moment on what the Senate receded to and why the conferees felt no serious harm to national defense came because of it.

The conference agreement is $978.9 million under the revised budget estimate.

The Senate had added a great deal of money to the bill above the budget. The Senate had included some $4.8 billion for the supplemental amounts required for the pay raises enacted this year. It is the custom that such funds are requested and made available in a supplemental appropriation bill in the next year. While the Senate agreed in conference to drop the pay raise funds, they will be considered in the supplemental as is the usual case and as will be the case with the rest of the Government.

The Senate added $1.6 billion to the bill for inflation. It was the position of the Senate that the sums included in the Defense appropriation bill for inflation were inadequate, that inflation would be at a higher rate than the rate projected in the budget, and that the additional funds should be provided. Once again, it is customary for such amounts to be adjusted in a supplemental bill and we persuaded the Senate to delete the additional inflation amounts from the bill.

The bill as passed the House was about $3.3 billion below the budget. The Senate restored basically all of the House reductions without regard to merit, but as a matter of policy. In the conference, we were able to persuade the Senate to agree to the House reductions in a number of cases.

The Defense appropriation bill as reflected in the conference report is in no way a rubberstamped bill. The stamp of the Congress has been firmly placed on the bill. There are a great number of additions and reductions which are made.

The Members may be interested in just where the money goes in major categories. The sum of $38 billion is provided for military personnel costs. For retired pay, $14.9 billion is appro-

priated. For "operation and maintenance," $61.8 billion is appropriated. For "procurement," $64.8 billion are provided and for "research, development, test, and evaluation," $19.9 billion are provided.

By organization, the breakdown is as follows: For the Army, $49.2 billion; for the Navy, $65.9 billion; for the Air Force, $61.9 billion; and for the Defense Agencies, $7.5 billion. So once again, the Navy receives the lion's share of the annual appropriation.

The bill provides for the new B-1B bomber, for the new MX ICBM, and for the advanced technology bomber for the future. These were not matters of great debate in the conference since the amounts proposed by the two Houses were very close together.

One of the major reductions which had been proposed is maintained in the conference agreement. The House had deleted almost one-half of a billion dollars based on the fact that the fuel prices reflected in the budget are higher than actual fuel prices which had been experienced or which are estimated to occur during the fiscal year. So, that money is deleted from the bill without reducing the fuel consumption of the military services.

The Senate had proposed an increase of $76 million for the M-1 tank. The tank has been experiencing production difficulties, and in the view of the House, the additional funds which were unbudgeted were not justified. The Senate agreed to the deletion of these funds.

The Senate had placed a provision in the bill which prohibited the use of funds for the evaluation of procurement of 9 mm handguns for the military services. The House conferees felt strongly that a new modern handgun is needed and persuaded the Senate to drop their prohibition.

The House had deleted funds totaling some $70 million for the Army and the Marine Corps for a new position location reporting system (PLRS). The Senate had restored the funds. In the conference the Senate agreed to the deletion of the funds and the House conferees agreed to give every consideration to the funding of this program at the time at which the research and development had progressed sufficiently to warrant production.

The House had made a reduction of $73 million in the program to modify the engines on the F-14A aircraft. The Senate restored the funds and the conference agreed to the restoration.

The conference agreed to provide $64 million for four KC-130 aircraft for the Marine Corps Reserves. These funds were not budgeted but the aircraft are urgently required by the Marine Corps Reserves. The House had proposed that the aircraft be taken from the airport inventory but in lieu of strong protest on the part of the Air Force, the conference agreed to provide additional funds. The House had made $100 million reduction in the advance procurement request for the Trident nuclear submarine viewing this request as incremental funding and shipbuilding which is something the Appropriations Committee is much opposed to. In the conference the Senate persuaded us to restore $85 million of that amount as urgently needed for the Trident program. In view of the high priority we all place on the Trident which is the most secure leg of our strategic triad, the House agreed to the restoration.

The House did not agree to the restoration of $183 million which had been deleted from the CVN nuclear carrier program. The funds were in excess of the amounts required for a single CVN in fiscal year 1982. The committee strongly opposes the proposal of the Navy to incrementally fund large ships such as aircraft carriers and the Senate agrees.

In my view, one of the most difficult matters before the conference was the inclusion of $300 million for the Coast Guard in the Defense appropriation bill. The Coast Guard, even though in wartime becomes a part of the Navy, is not a Defense agency and is not funded in the Defense appropriation bill. The Coast Guard is funded in the Transportation bill. I have long worked with Coast Guard and with the Coast Guard funding and while I greatly admire the Coast Guard for very fine work which it does, I do not feel that this kind of back door approach to funding through a subcommittee different than the one which has jurisdiction is a wise course to follow. However, the Senate was adamant on this point and many of the House conferees felt that the Coast Guard should be taken care of even though great harm might be done to the appropriation process in the doing. We were able to persuade the Senate to agree to offsetting reductions totaling some $100 million, but regrettably in my opinion there is in the Defense appropriation bill $300 million to be allocated to the Coast Guard. I can think of many other programs which are underfunded and if we want to start the precedent of funding any and everything which is reduced by OMB in the Defense appropriation bill, I think that I can find a number of areas in which I would like to make increases, but I do not feel that this is a wise procedure. I hope it does not happen again. It is difficult enough for Congress to act in an orderly way on appropriations without such end runs. In the area of Air Force aircraft, funds were provided by both Houses for the procurement of A-10 aircraft in fiscal year 1982. The Senate had not provided long leadtime funds for procurement in fiscal year 1983 but agreed to do so in the conference.

The conference fully funded the F-16 multiyear procurement program. However, the conferees directed that 20 of the F-16 aircraft be assigned to the Air National Guard rather than the Active Air Force. One of the more controversial items in the Air Force is the Senate addition of $71 million which had not been included in the budget to establish a strategic warning site called PAVE PAWS in the Southeastern United States. The House conferees were able to persuade the Senate that procurement funding for this program is not essential at this time. There is $38 million included in the bill in R.D.T. & E. There are a number of new general provisions in the conference agreement. The Senate had inserted a lengthy legislative section regarding lobbying. The House Members felt that since there is already law on the books concerning lobbying and since the matter introduced by the Senate was completely legislative in nature and under the jurisdiction of the legislative committees that the section would not be included in an appropriation bill but that the chairman of the two Defense Appropriations Subcommittees—Senator STEVENS and myself—would direct a letter to the appropriate legislative committee pointing out the action of the Senate and urging legislative action in this regard.

The Senate had included a provision requesting certain information with regard to chemical and biological warfare and the House agreed to the Senate language.

One of the most difficult of the general provisions was a Senate provision which proposed to prohibit the sale of silver from the national defense stockpile. After lengthy debate, the House conferees agreed to the Senate amendment.

Mr. Speaker, in the haste to prepare this conference report for expeditious consideration by the House, there was a report item which was inadvertently omitted from the Statement of Managers. The Senate report on the bill proposed certain changes in the thresholds for reprogramings. The conferees agreed to certain changes in the Senate proposal. The conference agreement is for the following new thresholds:

	Millions
Military personnel—program increase	$10
Procurement—program increase	10
R.D.T. & E.—program increase	4

In addition, the conferees agree that any line item may only be reprogramed below threshold once in any fiscal year.

The Senate had included a lengthy sense of the Congress provision with regard to the need for a strong Navy. The House conferees agreed to that position.

Mr. Speaker, I believe the conference report will be satisfactory to most Members. To those who advocate a high level of defense spending, it certainly provides that. The bill is some $28 billion more than the sum provided for the previous fiscal year and we will undoubtedly have a large supplemental request transmitted next month. For those who want to try to hold the line to some extent in defense spending, I would point out that we were able to persuade the Senate to delete almost $9 billion which had been in the Senate bill. Overall, the conference report is a good agreement and I urge its adoption.

Mr. EDWARDS of Alabama. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first I would like to commend the chairman of our subcommittee and the members who serve on it for their diligent work and for putting in many hours of time and effort to get this conference report finished and bring it to the floor.

I must also say, Mr. Speaker, that we have one of the finest staffs anywhere on the Hill. They have worked hard and long; they have done a great service in aiding us to bring this conference report to the Members today.

I would just like to run briefly across a line of numbers so that we can have in one place here in the RECORD exactly what we have done.

I would first mention that in fiscal year 1981 we enacted finally, after supplementals, a bill that was $171,350 million. The Reagan 1982 budget figure that came in in September was $200,878 million the House appropriation figure was $197,443 million; The Senate appropriation number was $208,675 million. The conference number is $199,691 million.

That is $28,340 million greater than the 1981 number; that is $1,186 million less than the Reagan September budget; that is $2,247 million more than the House-passed bill, and it is $8,984 million less than the Senate bill.

I think, considering all of that, that we did have a good conference. We were instructed on yesterday by the Roukema motion to do our best to stick with the House position, and I think we have the responsibility to account to the Members for our actions in that regard.

On procurement, which was part of the Roukema instruction, after considerable negotiation with the Senate we ended up $881 million over the House bill but $1,285 million; under the Senate bill. On the instruction having to do with research, development, test, and evaluation, we were $496 million over the House bill, but we were $987 million under the Senate bill.

So while we obviously were not able to carry out to the letter the instructions given to us by the House, I think we made a diligent effort and one of which I think we can be proud.

So, Mr. Speaker, I come here urging support for this conference report. I would reserve just one comment for a section of this conference report that gives me considerable trouble.

Amendment No. 54 has to do with $300 million added to this bill in the Senate to provide for ships for the Coast Guard.

Now, Mr. Speaker, the Coast Guard does not receive money under this budget, and in my view it is simply not supposed to be included in this bill. So, when I signed the conference report, I excepted to that amendment No. 54 simply because the Coast Guard should be funded properly in the transportation appropriations bill and not in the Defense Department bill.

Let me say that while I object strongly to providing for the Coast Guard in this bill, it is clear to me that we were led to the position we are in because of the frustrating experience the Coast Guard has been going through in trying to get sufficient funds either through OMB or the administrations, now and in the past, or through the Transportation Subcommittee, to carry out in a proper way the job that it has to do. So my sympathies are with them, and my concerns are with them. My concerns are with them for the many problems they have had and the job that we have asked the Coast Guard to attempt to do without providing them with the ships and the O. & M. money to do it.

□ 1315

So I know why the other body did what they did. I know why the conferees did what they did. But I just simply could not bring myself to vote for $300 million for the Coast Guard in the Defense budget where it simply does not belong.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Massachusetts. I must say the gentleman from Massachusetts fought, and has fought for years, long and hard for the benefit of the Coast Guard and probably understands their problems more than any other Member in this House.

Mr. CONTE. I want to thank the gentleman in the well. The gentleman in the well is absolutely right. I did fight in the conference for the $300 million, though I agree that it should not be in the defense bill.

But, unfortunately, the Coast Guard has had its hands tied behind its back.

The U.S. Coast Guard has been the forgotten stepchild of the other military services for too long now. Year after year I have watched the Coast Guard function with hand-me-down equipment from the Navy. I have attempted to turn that trend around as the ranking member of the Transportation Appropriations Subcommittee. The decision to include $300 million in the Department of Defense appropriations bill for the Coast Guard's acquisition, construction, and improvement account must be applauded.

As we all know, the Congress continues to burden this already lean branch of the services with additional responsibilities. While doing so, not only have we failed to fund the applicable accounts at an appropriate rate, but, in fact, have reduced these critical levels of funding. Currently, the Coast Guard has a diverse mix of missions. Those missions include search and rescue missions, aids to navigation functions, and ice-breaking duties. In addition to these more historic missions, they are responsible for enforcing the laws of treaties at sea, which include drug interdiction and the Haitian refugee dilemma now facing this Nation.

The Coast Guard is indeed a military service—one that utilizes ships, aircraft, and boats. It has a military readiness mission to perform. In time of war they are part of the Navy and operate directly under the Chief of Naval Operations. In sum, the Guard is a multimission agency which performs its duties with a lean budget.

I can personally attest to this fact. During the August recess I visited some of the Coast Guard bases in this country. The stories I heard regarding capabilities were appalling. I was informed that the bases, in many cases, do not have sufficient funds now to carry out their normal patrol missions.

Mr. Speaker, in light of the fact that the average age of the Coast Guard's ships are now 27 years, many of them are handed down from the Navy, I welcome this $300 million appropriation for the Guard's acquisition, construction, and improvement account.

We are caught in this temporary crunch and this appears to be the only way out. I hope, as the gentleman says, that we can go back to the normal appropriations process and that we can put the necessary funds in for the Coast Guard so that they can carry out their missions the way they are supposed to.

Mr. EDWARDS of Alabama. I thank the gentleman for his comments and I certainly agree with him up to the point of putting them in this bill.

But if nothing else occurs from this, I would hope that those who run the Office of Management and Budget, those who run the Department of Transportation, would take heed from what is happening here today and start to provide the proper funds and the proper budget to see that the Coast Guard is given the wherewithal to do the job that we have assigned the Coast Guard.

Mr. CONTE. I thank the gentleman.

Mr. EDWARDS of Alabama. Mr. Speaker, I yield back the balance of my time.

Mr. CONTE. Mr. Speaker, during its consideration of H.R. 4995, the fiscal year 1982 Department of Defense appropriations bill, the Senate adopted an amendment which will halt the sale of excess silver from the national defense stockpile until the President redetermines that the silver authorized for disposal at the present time is excess to the requirements of the stockpile. Mr. Speaker, I think that amendment was a mistake.

I have followed the defense stockpile silver issue for a considerable period of time, having first introduced in 1973, legislation to effect disposal of surplus silver. My feeling is and has been that to the extent that the silver in the stockpile has been declared excess by the responsible Government agencies, it simply ought to be sold.

In July of 1976, a National Security Council directed study on the needs of the strategic and critical materials stockpile, and the policy options available in dealing with the stockpile question, prompted the then Federal Preparedness Agency to set the Nation's silver stockpile goal at zero.

In 1979, at the request of the Senate Armed Services Committee, the General Accounting Office issued a report titled "National Defense Requirements for a Silver Stockpile." The conclusion of that report, following a review of the methodology used by the then Federal Preparedness Agency in establishing national stockpile goals, was that a zero stockpile goal for silver was appropriate.

Today, according to the Federal Emergency Management Agency, the silver presently remaining in the stockpile is still considered excess to national security requirements because the annual production of silver in the United States is ample for defense needs, not to mention the imports we obtain from Canada and Mexico. In addition, officials responsible for maintaining the stockpile feel that in national emergencies, there are other silver sources available which could be drawn on such as Defense and Treasury Department stocks, industrial holdings and so forth.

Mr. Speaker, I have never quarreled over the amount of silver necessary for defense purposes. What I have tried to do, and what I have tried to encourage my colleagues to do, is see to it that those materials in the stockpile, considered excess to our needs, are disposed of in a timely fashion in accordance with section 6 of the Strategic and Critical Materials Stockpiling Act. That section of the act directs the President to provide for the timely disposal of materials which are excess to stockpile requirements in a manner which avoids undue disruption of the usual markets for such materials.

In pursuit of that goal, and in view of the fact that the silver stocks in the stockpile have been considered excess, the Congress authorized the sale of the excess silver in the omnibus reconciliation bill just a few short months ago. Both the House and Senate Armed Services Committees heard testimony on this subject before approving those sales.

After all of the consideration which has been given this subject in the past years here in Congress, after all of the various studies done by the agencies responsible for the stockpile, declaring the excess of silver, after finally authorizing the sale of this excess silver in the reconciliation bill, we have turned ourselves around, and started the process over by heaping the same requirements on the administration. No wonder the public wonders sometimes what goes on in Washington.

GENERAL LEAVE

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report under consideration on the bill H.R. 4995.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. VENTO. Mr. Speaker, one of the criticisms of Congress has been that it lacks discipline in supporting programs. This Congress has, by and large realized the need for fiscal restraint and has even to the point of following the Presidential programs blindly aimed at so-called fiscal responsibility. This has been unthinking and automatic even if second thoughts, occurred showing details of glaring injustices such as the abolition of the minimum social security benefit needed to be corrected, votes have been based on emotion not commonsense.

In the area of defense, however, there have been few attempts at discipline. The Presidential defense budget has, in fact, been shrinking in response to economic realities Yet, there has been no great responsiveness in Congress. Instead of a rational evaluation of defense, there has been a kneejerk willingness to accommodate the pressure groups of the Pentagon.

Last Thursday, Deputy Defense Secretary Carlucci informed senior members of the Defense Resources Board that Pentagon outlay figures must be cut by $3 billion from the September figures. Pentagon greed was exceeding even the President's generosity. Nevertheless, the obligational authority contained in this bill does not show this fiscal restraint. This is not to say that such models about fiscal restraint do not exist. Two months ago, the chairman of the Senate Appropriations Committee proposed over $2 billion in outlay savings. This model was available yet there has been no reaction from the conference committee.

Some in the Defense Department are recognizing this need for austerity. The AH-64, the Army new attack helicopter, has had a cost increase of about 35 percent in the last 10 weeks. Even in the Pentagon, this cost overrun could not be ignored. The Army is reevaluating its need for the AH-64, yet this reevaluation is not reflected in the conference report.

Expenditures for personnel are clearly not evaluated closely. Do we really need to spend over $100 million on military bands?

In the Air Force, we are faced with a situation of premium $600 million cost for buying extra F-15's rather than extra F-16's. Is this a worthwhile outlay in a time of fiscal restraint?

The most outrageous service is, however, the Navy, which if press reports are to be believed, is arguing for unlimited expansion, even if its procurement of glamour systems must be at the expense of such vital systems such as the P3 Orion antisubmarine. Vital naval systems are being sacrificed to pay for expensive toys, expensive toys many of which do not work.

Last July, I introduced an amendment to zero the authorization for the F/A-18. Members of the authorizing committee spoke against my amendment supporting what they called an excellent plane. However, I have recently obtained a report to the Chief of Naval Operations dated June 16 which demonstrates that the authorizing committee had not been well briefed. This report suggests that the F/A-18 is scarcely effective as a fighter. A faulty radar made it ineffective in its attempts to intercept targets. Control problems degraded its dogfight capability. In the attack mode, the strafing runs had to be broken off before coming into effective range of its gun. Ineffective air-to-ground operations also resulted from insufficient roll performance and inadequate air-to-ground radar and from other cockpit displays.

For carrier operations, the effective range is one-half of that claimed for the aircraft. To quote the report, "Power projection beyond these operational ranges may be necessary."

Despite this report, this aircraft, this stuffed, fat $35 billion Christmas turkey for the Pentagon, has sailed through the appropriations process unscathed.

Mr. Speaker, the interests of national security means that we must have large defense budgets. However, the interest of national security also requires a strong economy, which cannot be achieved with waste in defense spending. This bill contains too much waste. I hope this bill will be defeated in order that the committee may

report a more responsible solution to our problems of national defense.

I regret having to persist in this position, but the largest money bill ever to pass Congress must be one with which we can face the American people at a time when we have required great personal sacrifices and hardships from many in the name of fiscal responsibility.

● Mr. LENT. Mr. Speaker, I rise in support of the conference report on H.R. 4995, the fiscal year 1982 Department of Defense appropriation bill. My concern that we need to enhance our national defense stance is well known. What may be less obvious, however, is my concern for the role that the U.S. Coast Guard plays in meeting our national security needs. As a member of the Merchant Marine and Fisheries Coast Guard Subcommittees, I am most gratified to note that the DOD appropriation bill before us today allocates $300 million for Coast Guard acquisition, construction and improvements.

Just yesterday, December 14, 1981, this body approved the fiscal year 1982 Coast Guard authorization, H.R. 2559, providing over $425 million for acquisition, construction, and improvement of aircraft, vessels, shore facilities, and navigational aids. The $300 million incorporated by the other body in its DOD appropriation, S. 1857, is designed to supplement the Coast Guard's capital investment program. Unfortunately, that Transportation appropriation, the traditional source of Coast Guard support, provided only limited funding increases. Consequently, Members concerned with defense funding matters who rightly recognize the Coast Guard as an integral part of our Armed Forces included this much needed support in the fiscal year 1982 DOD appropriation and I commend them for it.

For too long, the Coast Guard has been given short shrift in funding, while its mandate from Congress continues to grow. Not only does the Coast Guard come within the naval command structure during time of war, but the Coast Guard is also involved with the Navy in coastal defense, antisubmarine warfare, convoy escort, and icebreaking. As well, the Coast Guard is charged with immigration patrol on the high seas, drug interdiction, search and rescue missions, protection of the 200-mile fisheries limit, and response to military crises requiring near-shore maritime operations. Yet, the average age of our Coast Guard's vessels is more than 27 years. Maintenance problems diminish vessel availability, reliability, and overall readiness.

I support funding to permit the Coast Guard to keep pace and effectively carry out these wide ranging mandates. I commend the Members of this Congress who see the current deficiences in this unit of our Armed Forces, and did what they could to correct them.●

● Mr. COLEMAN. Mr. Speaker, this fall, when the Air Force sought funding to modernize its fleet of KC-135 aircraft, Congress was faced with an unusual opportunity. We had the option of choosing between two modification proposals to upgrade the KC-135 tanker—one at a cost of $4.5 million per plane, the other at a cost of $23 million per plane.

The first option, which I supported, involved re-engining with JT3D engines from commercial B-707 aircraft. This option offered several advantages besides its much lower cost. The Air Force already has maintenance people trained to handle the engines, and replacement parts are already in stock. The engines can be maintained at existing facilities, and the fleet can be modernized in a short period of time.

There is already a program to retrofit a number of tanker engines at the Trans World Airlines Overhaul Base in Kansas City in my district. Under current fiscal year 1981 appropriations, TWA's program of re-engining special use C/KC-135 aircraft with the JT3D engines is proceeding as scheduled. Eighteen airplanes and seventy-two engines are involved in the program, which has enabled TWA to recall hundreds of workers in the Kansas City area previously furloughed from their jobs.

The second option, supported by the Air Force, involved the purchase of new CFM56 turbofan engines at a cost of $23 million per plane. The CFM56 engine is still being developed, and utilization of this engine on the KC-135 would make it necessary to retrain Air Force personnel, and would require a new stockpile of replacement parts. Also, in addition to the much higher cost, it would take much longer to modernize the fleet.

Mr. Speaker, as you know, the House of Representatives endorsed the first option, and provided for the purchase of B-707 aircraft for parts and engines in H.R. 4995. Unfortunately, efforts to include similar provisions in the Senate version of this bill were not successful, and the re-engining of the KC-135 was one of the issues dealt with during the conference on this bill.

Mr. Speaker, I strongly urge my colleagues to adopt the conference report because of this unique opportunity to save the Federal Government money without sacrifice of quality, and retain funding for the re-engining of KC-135 aircraft with the JT3D engine.●

Mrs. ROUKEMA. Mr. Speaker, I intend to vote against the conference report for the Defense appropriations bill for two reasons:

First, the totals for titles IV and V, procurement and research and development, did not come close to the strong sentiment expressed by the House for reducing the 1-year increase of 20 percent in these areas. Specifically, the House went on record yesterday in favor of my motion to instruct the conferees to insist upon the House-passed figures for procurement and R. & D., yet the increases in the conference report are $1.5 billion higher than the House totals for titles IV and V and $200 million over the administration's request;

Second, the conference report engages in what amounts to budgetary camouflage by not including the military pay raise as part of the final bill. The pay raise amounts to $4.8 billion, and we are all aware that it will eventually have to be appropriated in a supplemental. Therefore, the bill is actually well over the amount requested by the President, although it appears $1 billion under his total. At a time when we should be showing fiscal restraint in the Defense Department and every other department and Federal agency—at a time when the Federal deficit threatens to top $100 billion—we are engaging in a budgetary "sleight-of-hand" by passing a bill that exceeds the President's request for procurement and will ultimately exceed his overall defense request.

Procurement and research and development are the two fastest growing portions of the Defense budget, having increased more than 60 and 25 percent over the past 5 years, respectively, in real dollars. The totals approved by the conferees and now by the House of Representatives are sufficient in keeping growth in these titles under control; they are insufficient in attempting to force efficiencies and better management on the Department of Defense; they are insufficient in holding down the tremendous 1-year increases in the Defense budget—increases that cannot possibly be wisely spent over a 1-year period. While I remain strongly committed to an improved and stronger national defense, this cannot be accomplished by a reckless and haphazard approach to defense spending.

● Mr. FRENZEL. Mr. Speaker, I am going to vote for this conference report. The funds it provides to improve our defense posture are needed. While the United States has been reducing real spending on defense through the decade, the U.S.S.R. has been increasing its military spending. We dare not let this trend continue.

However, I regret that the conferees did not stay with the House spending figures which were several billion less than this bill now calls for. In a period of economic difficulty and budget austerity, increases of this magnitude, nearly 20 percent, ought to be scrutinized much more carefully.

Obviously, we cannot continue such large expenditures, even though we

are committed to real increases. The Department of Defense has genuine needs, but it has not yet demonstrated sufficient discrimination in program priorities, nor sufficient commitment to better procurement procedures. It needs to be told that its available resources are limited.●

Mr. ADDABBO. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WEISS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 334, nays 84, not voting 15, as follows:

[Roll No. 363]

YEAS—334

Addabbo	Corcoran	Fountain
Akaka	Coyne, William	Fowler
Albosta	Craig	Frenzel
Alexander	Crane, Daniel	Frost
Anderson	Crane, Philip	Fuqua
Andrews	D'Amours	Gaydos
Annunzio	Daniel, Dan	Gejdenson
Anthony	Daniel, R. W.	Gephardt
Applegate	Danielson	Gibbons
Archer	Dannemeyer	Gilman
Ashbrook	Daschle	Gingrich
Atkinson	Daub	Ginn
Badham	Davis	Glickman
Bafalis	de la Garza	Gonzalez
Bailey (MO)	Deckard	Gore
Bailey (PA)	DeNardis	Gradison
Barnard	Derrick	Gramm
Barnes	Derwinski	Green
Beard	Dickinson	Gregg
Benedict	Dicks	Grisham
Benjamin	Dingell	Guarini
Bennett	Dixon	Hagedorn
Bereuter	Dornan	Hall (OH)
Bethune	Dougherty	Hall, Ralph
Biaggi	Dowdy	Hall, Sam
Biliey	Dreier	Hamilton
Boggs	Duncan	Hammerschmidt
Boland	Dunn	Hance
Boner	Dwyer	Hansen (ID)
Bonker	Dymally	Hansen (UT)
Bouquard	Dyson	Hartnett
Bowen	Eckart	Hatcher
Breaux	Edwards (AL)	Hawkins
Brinkley	Edwards (OK)	Heckler
Brooks	Emerson	Hefner
Broomfield	Emery	Heftel
Brown (OH)	English	Hightower
Broyhill	Erlenborn	Hiler
Burgener	Ertel	Hillis
Butler	Evans (DE)	Holland
Byron	Evans (GA)	Holt
Campbell	Evans (IN)	Hopkins
Carman	Fary	Horton
Carney	Fascell	Howard
Chappell	Fazio	Hoyer
Chappie	Fenwick	Hubbard
Cheney	Ferraro	Huckaby
Clausen	Fiedler	Hunter
Clinger	Fields	Hutto
Coats	Findley	Hyde
Coelho	Fish	Ireland
Coleman	Flippo	Jacobs
Collins (TX)	Florio	Jeffries
Conable	Foglietta	Jenkins
Conte	Foley	Johnston
Jones (NC)	Moorhead	Shuster
Jones (OK)	Morrison	Siljander
Jones (TN)	Mottl	Simon
Kazen	Murphy	Skeen
Kemp	Murtha	Skelton
Kindness	Myers	Smith (AL)
Kogovsek	Napier	Smith (NJ)
Kramer	Natcher	Smith (OR)
Lagomarsino	Neal	Smith (PA)
Lantos	Nelligan	Snowe
Latta	Nelson	Snyder
Leach	Nichols	Solarz
Leath	O'Brien	Solomon
LeBoutillier	Oakar	Spence
Lee	Oxley	St Germain
Lent	Panetta	Stangeland
Levitas	Parris	Stanton
Lewis	Pashayan	Staton
Livingston	Patman	Stenholm
Loeffler	Patterson	Stratton
Long (LA)	Pease	Stump
Long (MD)	Pepper	Swift
Lott	Perkins	Synar
Lowery (CA)	Peyser	Tauzin
Lujan	Pickle	Taylor
Luken	Porter	Thomas
Lundine	Price	Traxler
Lungren	Pritchard	Trible
Madigan	Quillen	Udall
Marks	Rahall	Vander Jagt
Marlenee	Railsback	Volkmer
Marriott	Ratchford	Walker
Martin (IL)	Regula	Wampler
Martin (NC)	Rhodes	Watkins
Martin (NY)	Rinaldo	Waxman
Matsui	Roberts (KS)	Weber (MN)
Mavroules	Roberts (SD)	Weber (OH)
Mazzoli	Robinson	White
McClory	Roe	Whitley
McCloskey	Roemer	Whittaker
McCollum	Rogers	Whitten
McCurdy	Rose	Williams (OH)
McDade	Rostenkowski	Wilson
McEwen	Roth	Winn
McGrath	Rousselot	Wirth
McHugh	Rudd	Wolf
Mica	Santini	Wortley
Michel	Sawyer	Wright
Miller (OH)	Scheuer	Wylie
Mineta	Schneider	Yatron
Minish	Schulze	Young (AK)
Mitchell (NY)	Sensenbrenner	Young (FL)
Moakley	Shamansky	Young (MO)
Molinari	Sharp	Zablocki
Mollohan	Shaw	Zeferetti
Montgomery	Shelby	
Moore	Shumway	

NAYS—84

Aspin	Forsythe	Reuss
Bedell	Garcia	Richmond
Beilenson	Gray	Ritter
Bingham	Gunderson	Rodino
Blanchard	Harkin	Roukema
Bonior	Hertel	Roybal
Brodhead	Hollenbeck	Russo
Brown (CA)	Hughes	Sabo
Brown (CO)	Jeffords	Savage
Burton, Phillip	Kastenmeier	Schroeder
Chisholm	Kildee	Schumer
Clay	LaFalce	Seiberling
Collins (IL)	Lehman	Shannon
Conyers	Leland	Smith (IA)
Coughlin	Lowry (WA)	Smith (NE)
Coyne, James	Markey	Stark
Crockett	Mikulski	Stokes
Dellums	Miller (CA)	Studds
Donnelly	Mitchell (MD)	Tauke
Dorgan	Moffett	Vento
Downey	Nowak	Walgren
Early	Oberstar	Washington
Edgar	Obey	Weaver
Edwards (CA)	Ottinger	Weiss
Erdahl	Paul	Williams (MT)
Evans (IA)	Petri	Wolpe
Ford (MI)	Pursell	Wyden
Ford (TN)	Rangel	Yates

NOT VOTING—15

AuCoin	Fithian	Mattox
Bevill	Frank	McDonald
Bolling	Goldwater	McKinney
Burton, John	Goodling	Rosenthal
Courter	Hendon	Whitehurst

□ 1330

The Clerk announced the following pairs:

On this vote:

Mr. McDonald for, with Mr. AuCoin against.

Mr. FORD of Michigan changed his vote from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. COURTER. Mr. Speaker, at the last rollcall vote, rollcall No. 363, I inadvertently missed that vote. Ironically, I happened to be with the Secretary of the Army, Mr. Marsh.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore (Mr. SIMON). The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 24: Page 10, line 2, strike out "$4,949,470,000" and insert "$4,768,000,000".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$4,985,400".

The motion was agreed to.

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent that the Senate amendments numbered 34, 41, 57, 64, 71, 78, 84, and 85 be considered en bloc, considered as read, and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendments considered en bloc are as follows:

Senate amendment No. 34: Page 14, line 2, after "4311" insert ": *Provided*, That competitors at national matches under title 10, United States Code, section 4312, may be paid subsistence and travel allowances in excess of the amounts provided under title 10, United States Code, section 4313".

Senate amendment No. 41: Page 18, after line 11, insert:

"ARMY NATIONAL GUARD EQUIPMENT

"For military equipment for Army National Guard units, $50,000,000, to remain available until September 30, 1984."

Senate amendment No. 57: Page 21, line 2, after "1985"" insert ", and $44,400,000 shall be derived by transfer from the "fast logistics ship (T-AKRX) program" of "Shipbuilding and Conversion, Navy, 1981/1985"".

Senate amendment No. 64: Page 21, line 7, after *"Provided,"* insert "That of the appropriation for "Shipbuilding and Conversion, Navy," that expired for obligation on September 30, 1981, $119,000,000 shall remain

available for obligation until September 30, 1983: *Provided further,*".

Senate amendment No. 71: Page 23, line 18, after "Programme," insert "and $89,700,000 shall be derived by transfer from Aircraft Procurement, Air Force, 1981/1983,".

Senate amendment No. 78: Page 26, line 23, after "$8,501,210,000," insert "of which $334,000,000 shall be available only for Research and Development related to initial deployment of the MX missile in nonsuperhardened existing silos in a manner compatible with a permanent basing mode which could include the addition to existing silos of ballistic missile defense, the provision of location uncertainty for offensive missiles and defensive systems, and superhardening and subsequent deployment in a permanent basing mode to be recommended to the Congress by the Secretary of Defense no later than July 1, 1983,".

Senate amendment No. 84: Page 50, line 11, strike out all after "treated;" down to and including "changes;" in line 15 and insert "(e) surgery which improves physical appearance but which is not expected to significantly restore functions including, but not limited changes except that breast reconstructive surgery following mastectomy and reconstructive surgery to correct serious deformities caused by congenital anomalies, accidental injuries and neoplastic surgery are not excluded;".

Senate amendment No. 85: Page 50, line 25, after "nurse-midwife," insert "certified nurse practitioner, or for the purpose of conducting a test during fiscal year 1982, by a certified clinical social worker,".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendments of the Senate numbered 34, 41, 57, 64, 71, 78, 84, and 85, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 31: Page 12, line 17, strike out "$1,087,250,000" and insert "$1,047,600,000".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 31 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$1,087,950".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 36: Page 15, line 9, strike out "$1,903,500,000" and insert "$1,940,900,000".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 36 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "$1,911,100,000: *Provided,* That notwithstanding any other provision of this Act, after the head of the agency concerned gives written notification of a proposed multiyear contract for the purchase of the UH-60A Black Hawk aircraft to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, such contract may not then be awarded until the end of a period of 45 days beginning on the date of such notification,".

Mr. ADDABBO (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 39: Page 17, line 12, strike out "$2,350,900,000" and insert "$2,338,400,000".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 39 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$2,381,900,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 40: Page 18, line 10, strike out "$3,804,300,000" and insert "$3,728,071,000".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 40 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$3,721,971,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 54: Page 20, line 21, after "$754,700,000;" insert "for acquisition, construction and improvement, Coast Guard, $300,000,000, to be transferred to the Coast Guard: "Acquisition, Construction and Improvements";".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 54 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert "for acquisition, construction and improvement, Coast Guard, $300,000,000, to be allocated to the Coast Guard: "Acquisition, Construction and Improvements";".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 55: Page 20, line 21, strike out "$73,100,000" and insert "$102,400,000".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 55 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$117,500,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 62: Page 21, line 6, strike out "$73,100,000" and insert "$102,400,000".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 62 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$117,500,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 67: Page 23, line 7, strike out "$13,835,898,000" and insert "$14,106,398,000".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 67 and concur therein with an amendment, as follows: in lieu of the sum proposed in said amendment, insert "$13,818,998,000, of which $102,800,000 shall be available only for a classified program, and".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 68: Page 23, line 9, after "tract," insert "and $1,958,000,000 shall be available only for purchase of B-1B aircraft when the President certifies to the Congress that it is feasible to accomplish the program for the purchase of 100 B-1B aircraft at a total program cost of not to exceed $20,500,000,000 (in constant fiscal year 1981 dollars), or in such other amount

as the President certifies and explains to the Congress, and such funds for the purchase of B-1B aircraft shall remain available during any quarter that the total program cost of 100 B-1B aircraft is included in any Selected Acquisition Report required for the B-1B program for the previous quarter by section 811 of the Department of Defense Appropriation Authorization Act, 1976 (10 U.S.C. 139 note),".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 68 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert "and $1,801,000,000 shall be available only for purchase of B-1B aircraft when the President certifies to the Congress that it is feasible to accomplish the program for the purchase of 100 B-1B aircraft at a total program cost of not to exceed $20,500,000,000 (in constant fiscal year 1981 dollars), or in such other amount as the President certifies and explains to the Congress, and such funds for the purchase of B-1B aircraft shall remain available during any quarter that the total program cost of 100 B-1B aircraft is included in any Selected Acquisition Report required for the B-1B program for the previous quarter by section 811 of the Department of Defense Appropriation Authorization Act, 1976 (10 U.S.C. 139 note),".

Mr. ADDABBO (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

Mr. SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 72: Page 24, line 9, strike out "$4,555,550,000" and insert "$4,217,746,000".

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 72 and concur therein with an amendment, as follows: in lieu of the sum proposed in said amendment, insert "$4,559,550,000, of which $624,400,000 shall be available only for a classified program".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in the disagreement.

The Clerk read as follows:

Senate amendment No. 87: Page 59, after line 17, insert:

SEC. 765. None of the funds made available by this Act shall be used in any way for the leasing in the United States of military aircraft or vehicles when suitable aircraft or vehicles are commercially available in the private sector.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 87 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert:

SEC. 765A. None of the funds made available by this Act shall be used in any way for the leasing to non-Federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector.

Mr. ADDABBO (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 89: Page 61, strike out lines 1 to 6, inclusive.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 89 and concur therein with an amendment, as follows: In lieu of the matter stricken by said amendment, insert the following:

SEC. 770. None of the funds appropriated in this or any other Act shall be available for obligation to reimburse a contractor for the cost of commercial insurance that would protect against the costs of the contractor for correction of the contractor's own defects in materials or workmanship.

Mr. ADDABBO (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 93: Page 62, after line 20, insert:

SEC. 771. Not to exceed $1,700,000 of the funds available to the Department of Defense for Reserve Personnel shall be available for transfer to appropriations available to the Federal Emergency Management Agency.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 93 and concur therein with an amendment, as follows: In lieu of the section number named in said amendment insert "773".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 96: Page 63, strike out lines 3 to 9, inclusive.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 96 and concur therein with an amendment, as follows: In lieu of the matter proposed to be stricken, insert:

"SEC. 775. None of the funds appropriated by this Act for the pay of Reserve and National Guard technicians based upon their employment as technicians and their performance of duty as members of the Reserve components of the Armed Forces shall be available to pay such technicians a combined compensation in excess of the rate payable for level V of the Executive Schedule. *Provided*, That for purpose of calculating such combined compensation, no military compensation other than basic pay will be included."

Mr. ADDABBO (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion was agreed.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 101: Page 64, after line 18, insert:

SEC. 774. Funds available to the Department of Defense during the current fiscal year shall be available to establish a program to provide child advocacy and family counseling services to deal with problems of child and spouse abuse.

MOTION OFFERED BY MR ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 101 and concur therein with an amendment, as follows: In lieu of section number 774 named in said amendment, insert "778".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 107: Page 65, strike out all after line 23 over to and including line 5 on page 66.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 107 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment, amended to read as follows:

(b) No funds appropriated by this Act may be used for the transfer of a technical data package from any Government-owned and operated defense plant to any foreign government, nor for assisting any such government in producing any defense item currently being manufactured or developed in a United States Government-owned, Government-operated defense plant manufacturing large caliber cannons.

Mr. ADDABBO (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 109: Page 66, strike out lines 10 to 17, inclusive.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 109 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment, amended to read as follows:

SEC. 783. None of the funds available in this Act shall be used by the Secretary of a military department to make a contract for the purchase of administrative motor vehicles that are manufactured outside the United States or Canada unless the contractor was selected through competitive bidding without a differential in favor of foreign manufacturers: *Provided*, That this section does not apply to contracts for amounts less than $50,000, nor to existing contracts.

Mr. ADDABBO (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 110: Page 66, strike out lines 18 to 24, inclusive.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 110 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment, amended to read as follows:

SEC. 784. None of the funds appropriated in this Act may be made available through transfer, reprogramming, or other means for any intelligence or special activity different from that previously justified to the Congress unless the Director of Central Intelligence or the Secretary of Defense has notified the House and Senate Appropriations Committees of the intent to make such funds available for such activity.

Mr. ADDABBO (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 115: Page 67, after line 15, insert:

SEC. 777. Congress remains concerned about the rapidly escalating cost of the chemical and biological warfare programs that have not yet been adequately justified by the Administration.

Congress directed the Administration as part of the Conference Report to the fiscal year 1981 supplemental appropriations bill (H. Rept. No. 97-124) to provide studies of:

the long-range costs of the modernization program;

a country-by-country report from our NATO allies with respect to their official views on that long-range program;

an overview of the mission-oriented requirements for the various binary weapons; and

an arms control impact study of the mission oriented requirements.

This information has yet to be supplied to Congress.

The Congress reaffirms the language of the Supplemental Conference Report as adopted earlier this year by Congress. Funding for binary weapons in this year's appropriation is not production or construction-oriented, but rather limited strictly to research and development. Therefore, these requirements do not apply to funding provided in this Act. The Congress too views such requirements with the utmost concern and seriousness, and fully expects them to be fulfilled prior to any future request for production or construction-oriented binary weapons funding.

Congress also urges the Administration to resume as rapidly as possible negotiations with the Union of Soviet Socialist Republics to prohibit the development, production and stockpiling of chemical weapons. These negotiations are vital to enhance United States national security and achieve budgetary stability.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 115 and concur therein with an amendment, as follows: In lieu of the section number named in said amendment, insert "787".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 116: Page 67, after line 15, insert:

SEC. 778. After the date of enactment of this Act no sale of silver from the National Defense Stockpile under the authority of Public Law 97-35, or any other Act, shall occur until the President, not later than July 1, 1982, redetermines that the silver authorized for disposal is excess to the requirements of the stockpile, taking into consideration such factors as the President considers relevant, including the following factors:

(1) The findings and recommendations of the report by the General Accounting Office on the sale of silver from the National Defense Stockpile to be completed on or before January 1, 1982.

(2) The demand for silver to meet defense, essential civilian, basic industrial, and monetary requirements, taking into account the most recent "Defense Guidance" used by the Department of Defense in programming general purpose conventional forces as well as historical monetary uses of silver as a medium of payment to foreign workers and troops during times of national emergency.

(3) The projected magnitude of the increase in production as well as the accuracy and reliability of the data used in projecting increases in both domestic and reliable foreign production capacity, taking into account the lead times associated with expanding capacity and obtaining such requirements as the necessary labor, equipment, transportation and energy.

(4) The current reliability of supplies from foreign sources and the economic and security implications resulting from our dependence on these sources of supply in times of national emergency taking into account the probability of a supply disruption or sharp price increase and its impact on the United States economy or a national priority such as defense.

(5) The need for silver in the stockpile during the next ten year period taking into account long-term supply and demand projections of the Bureau of Mines, United States Department of the Interior.

Should the President taking into consideration the factors described above find the silver to be in excess to stockpile needs, he shall report to the Committees on Armed Services of the Senate and House of Representatives that he has made such a determination, and shall include a detailed discussion and analysis of the factors set forth above, and other relevant factors, including alternative methods of disposal for such silver, together with his recommended method of disposal. No action shall be taken to dispose of silver from the National Defense Stockpile, prior to the approval by Congress of the recommended method of disposal.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 116 and concur therein with an amendment, as follows: In lieu of the section number named in said amendment, insert "788".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 117: Page 67, after line 15, insert:

SEC. 779. So far as may be practicable Indian labor shall be employed, and pur-

chases of the products of Indian industry may be made in open market in the discretion of the Secretary of Defense.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 117 and concur therein with an amendment, as follows: In lieu of the section number named in said amendment, insert "789".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 118: Page 67, after line 15, insert:

SEC. 780. Of the funds appropriated by this Act for strategic programs, the Secretary of Defense shall provide funds for the Advanced Technology Bomber program at a level at least equal to the amount provided by the committee on conference on this Act in order to maintain priority emphasis on this program.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 118 and concur therein with an amendment, as follows: In lieu of section number named in said amendment, insert "790".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate Amendment No. 120: Page 67, after line 15, insert:

SEC. 782. It is the sense of the Congress that—

(1) A larger and stronger American Navy is needed as an essential ingredient of our Armed Forces, in order to fulfill its basic missions of (A) protecting the sea lanes to preserve the safety of the free world's commerce, (B) assuring continued access to raw materials essential to the well-being of the free world, (C) enhancing our capacity to project effective American forces into regions of the world where the vital interests of the United States must be protected, (D) engaging the Navy of the Soviet Union or any other potential adversary successfully, (E) continuing to serve as a viable leg of our strategic triad, and (F) providing visible evidence of American diplomatic, economic and military commitments throughout the world.

(2) In order to conduct the numerous and growing missions of the modern American Navy, a goal of a naval inventory of approximately six hundred active ships of various types by the end of the century at the latest, is highly desirable, the exact figure to be flexible to accommodate new designs as the specific details of our naval missions evolve to meet various contingencies.

(3) The Secretary of Defense comply with section 808 of Public Law 94-106, the Department of Defense Appropriation Authorization Act of 1976, in order that the Congress may more properly appropriate the funds necessary to reach a six hundred-ship goal at least by the end of the present century.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 120 and concur therein with an amendment, as follows: In lieu of section number named in said amendment, insert "SEC. 791.".

The motion was agreed to.

PERMISSION TO VACATE PROCEEDINGS REGARDING SENATE AMENDMENTS NUMBERED 24 AND 31

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent that the House vacate the proceedings by which Senate amendments numbered 24 and 31, as amended, were agreed to. There was a typographical error.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$4,985,400,000".

The motion was agreed to.

MOTION OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves that the House recede from its disagreement of the Senate numbered 31 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$1,087,950,000".

Mr. ADDABBO. Mr. Speaker, at this time I yield to the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. I thank the gentleman for yielding.

Mr. Speaker, I would like to engage the chairman of the subcommittee in a discussion dealing with the question of converting civilian positions to full-time military personnel.

I am aware that the Defense Appropriations Committee has closely monitored this issue for a number of years. A test program was directed by the subcommittee with civilian to military conversions to occur only under prescribed circumstances and guidelines.

The subcommittee has continued its oversight of this issue in connection with the 1982 appropriation bill. Page 42 of the committee report contains guidance to the Department of Defense concerning the National Guard and reserve technician conversion programs.

Let me just add that I hope the civilian to military conversions will occur only if cost savings or increased efficiencies have been adequately demonstrated.

□ 1400

Mr. ADDABBO. Mr. Speaker, if the gentleman will yield, we have looked into this matter very carefully. As the gentleman has stated, we have studied the question, and again we have repeated certain guidelines on page 42 of our report, because there had developed during the hearings that there was needed further guidance.

The subcommittee will be monitoring it to make sure that the program is properly managed. The test is over, but there had been certain quidelines put into place. We must insure that any conversions are made in a fair and equitable manner.

Mr. BOLAND. I thank the gentleman from New York and applaud the oversight that this committee has given to this particular program.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. ADDABBO).

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3567) entitled "An act to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes".

EXPRESSING SENSE OF THE HOUSE ON DEPORTATION PROCEEDINGS OF POLISH CITIZENS

Mr. RODINO. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of the resolution (H. Res. 304) expressing the sense of the House of Representatives that the President should seek a halt in any deportation proceedings involving Polish citizens until he determines that the political situation in Poland is stable, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

Mr. MAZZOLI. Mr. Speaker, I reserve the right to object.

Mr. Speaker, I shall not object, but I take this time to direct a few comments to the House and to the chairman of our full committee, the distinguished gentleman from New Jersey.

Mr. Speaker, I have reserved this right to object for the purpose of making a few statements so that the House understands what will happen if we pass this resolution and understands what its Subcommittee on Immigration, Refugees, and International Law, has been doing. Lest anyone get the impression that this subcommittee, which I have the honor of chairing, has been somnolent during the crisis in Poland or any of the crises that have taken place recently, I would like to report that just today, in the office of the gentleman from New York (Mr. FISH), we met with the gentleman who now heads the State Department Office of Humanitarian Affairs and Human Rights. We discussed many matters, one of which was preeminent, and that is the situation in Poland and the situation which would face people who might have to return to Poland from the United States or any other nation.

The gentleman from Kentucky had called the State Department yesterday to establish meetings scheduled for later this week with the gentleman who heads the refugee program in the State Department. Under the 1980 Refugee Act there is a process called consultation to handle refugee crises. The gentleman from kentucky had already engaged in that type of action which will have fruit later this week.

To further establish the fact that this subcommittee has not been quiet recently, the gentleman from Kentucky was in Europe 2 weeks ago, including the camp at Traiskirchen where the Polish people are located now in Austria, to give myself background and a deeper understanding of this situation.

I shall not object to this procedure today which takes this resolution away from the normal procedure which would call for it to have hearings and discussions in our committee, because of the nature of the moment. But I would like to yield at this time to the gentleman from New York (Mr. FISH) to amplify on what I have said about what the Subcommittee on Immigration, Refugees, and International Law has been doing in regard to the problem.

Mr. Speaker, I yield to the gentleman from New York (Mr. FISH).

Mr. FISH. Mr. Speaker, I thank my chairman for yielding.

Mr. Speaker, we all know that the situation in Poland is very delicate at this point. The United States does not have a great deal of leverage.

I think it has been said very properly on this floor that what we are witnessing in Poland today represents a failure of Soviet imperialism.

We have, as a nation, appropriately warned against foreign intervention and, while we are monitoring the crisis and expressing our sympathy for the Polish workers, I think the very least we can do today is respond to the proposal of the gentleman from Pennsylvania (Mr. NELLIGAN), who has before us a sense-of-Congress resolution that is a step we should take.

This would put us on record, as a body, as encouraging the executive branch to grant extended voluntary departure upon Polish Nationals presently in the United States who might be out of status because of their visitors' visas having expired.

I am confident this step will be taken by the administration.

I think it is important that the State Department and the Justice Department and the American people know that this House supports such action.

I thank the gentleman for yielding.

Mr. MAZZOLI. Mr. Speaker, I thank the gentleman.

I yielded to the gentleman not so much to talk about the resolution, but to augment the statements of the gentleman from Kentucky that this subcommittee has not been sitting on its hands, because it recognizes the problem faced by the people in Poland. In the gentleman's office, as recently as this morning, we had meetings with people from the State Department to give us an update.

While I will not object to this procedure, I think it ought to be noted to the House that this is an extraordinary situation and we all recognize it to be that. However, the Subcommittee on Immigration, Refugees, and International Law, which I am privileged to chair, recognizes its responsibilities and is prepared to shoulder them.

Mr. Speaker, I would ask our distinguished chairman, the gentleman from New Jersey, does this procedure today set a precedent in future matters involving the subject of refugees or immigration? Is it the gentleman's understanding that we still have full jurisdiction over all subject matter that we normally would have?

Mr. RODINO. Mr. Speaker, will the gentleman yield?

Mr. MAZZOLI. I would be happy to, yes.

Mr. RODINO. Well, Mr. Speaker, of course, I would like to point out that the chairman of the subcommittee has certainly been very vigilant in these matters. We recognize that there are matters that must be deliberated on. We are not attempting to set or establish any precedent here for circumventing committee action.

We recognize, however, that the Congress at this time must express a certain sentiment on the tragic situation confronting Polish citizens in that country and in the United States. For this reason we bring up this resolution at this time without in any way, of course, depriving the Committee on the Judiciary, and especially its Immigration Subcommittee of the necessary jurisdiction and responsibility for addressing the numerous aspects of the problem.

Mr. MAZZOLI. Further reserving the right to object, Mr. Speaker, I would ask my distinguished chairman of the full committee, the gentleman from New Jersey, to further state in his judgment, will the action of the House today in any way change the consultation process? Does it in any way insert the House as a middle organization in the process between the executive branch and the subcommittee which I have the privilege to chair?

Mr. RODINO. Mr. Speaker, will the gentleman yield?

Mr. MAZZOLI. I would be happy to yield.

Mr. RODINO, Well, as the gentleman knows, we have written into the statute a requirement that there be consultation between the executive branch and the legislative branch and in all refugee matters. As such, approval of this resolution in no way detracts from that authority and responsibility.

Mr. MAZZOLI. One last thing to which I would ask my chairman to respond. Would any legislation which would implement any aspect of the matter that is before us in the sense of Congress resolution still have to come to the committee of the distinguished chairman?

Mr. RODINO. That is absolutely correct.

Mr. MAZZOLI. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey (Mr. RODINO)?

Mr. FISH. Further reserving the right to object, Mr. Speaker, of course, I am not going to object; but I would like simply to elaborate on the discussion we have had.

What we have before us is solely a sense of Congress resolution, as I have indicated. As the chairman of the subcommittee said, he recently visited Vienna, and a number of us in the subcommittee visited Vienna last August. Historically ever since the end of World War II, Austria has been the country of first asylum for refugees in that part of Europe and they continue in this magnificent tradition.

I think it is important that we recognize that and do all we can to help that country to continue its policy.

As the chairman said, your committee has been in constant consultation with members of the executive branch. There are well over 200,000

Poles presently outside their country in Western European countries.

We reaffirmed this morning that the consultation process with the Congress of the United States would apply should there be any need in the intervening period before the second session of this Congress for consideration of any increase in refugee admission from Poland.

We are aware of the fact that there are and have been for some time contingency plans by our Government and in concert with other governments.

So I leave for this Christmas break confident that we have touched the bases that are necessary to touch, exchanged phone numbers and we will be monitoring the situation over the holidays.

Mr. MAZZOLI. Mr. Speaker, will the gentleman yield under his reservation?

Mr. FISH. I would be pleased to yield.

Mr. MAZZOLI. Mr. Speaker, I thank the gentleman for yielding.

Does the gentleman share the view of the gentleman from Kentucky that we are establishing no precedent here, and should there be any legislation to implement anything that is done here by way of a sense of Congress resolution and should there be any further activities regarding refugee numbers, that those matters would come to the Immigration Subcommittee, of which the gentleman is a ranking member?

Mr. FISH. Absolutely. I do not see that this establishes any precedent at all. It merely puts the Congress on the side of the action I believe the administration would take administratively, anyway, in putting a hold on a situation which otherwise could not be dealt with. It really has nothing to do with the jurisdiction of the committee with respect to refugees.

Mr. MAZZOLI. I thank the gentleman.

Mr. FISH. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey (Mr. RODINO)?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 304

Whereas the declaration of martial law in Poland has forced a political crisis in such country;

Whereas there are many Poles in the United States who may be required to leave this country in the coming days and months pursuant to proceedings initiated by the Attorney General under the Immigration and Nationality Act;

Whereas these Poles may face an unfavorable and uncertain political situation on their return; and

Whereas this political situation could be a threat to their lives and personal safety: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that the President should immediately seek a halt in any proceedings initiated by the Attorney General which could result in the deportation of any Polish citizen to Poland until such time as the President determines that the political situation is stable and that such Poles will encounter no undue risk in returning to their country.

The SPEAKER pro tempore. The gentleman from New Jersey (Mr. RODINO) is recognized for 1 hour.

Mr. RODINO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I shall not take more than a minute. The matter which we are considering today is certainly one that is in keeping again with the great tradition of this country to express and reaffirm once again its commitment to freedom and to human rights and its concern for Polish citizens everywhere. The climate that exists in Poland at this time certainly is unstable and, in my judgment, it would be inappropriate for deportation proceedings to be carried out against Polish aliens who are here now on a temporary status.

In short, Mr. Speaker, favorable action on this resolution would be a clear expression of our humanitarian commitment to these individuals and a recognition of our obligation not to return them, at this time, to Poland.

This resolution is indeed timely for many reasons.

What little news we are getting out of Poland is not encouraging. Today's dispatches tell of severe food shortages and mounting protests against the martial law imposed there over the weekend. There are reports that Solidarity movement leader Lech Walesa has not been seen in public since the military takeover, and that Solidarity labor members are resisting the Polish Government's occupation of their factories and mines. The exact number of arrests made by the Government remains a mystery.

There are no Telex's or telephone communications emanating from Poland—we have to rely primarily on the news coming from the Government's radio programs and a few eyewitness accounts. Now is certainly not the time to deport the thousands of Polish citizens living in America on a temporary status. As long as the stability and political future remain in doubt, it could be disastrous for these people to be sent back. Our sense of compassion, our commitment to freedom, and our humanitarian traditions demand that we swiftly pass this resolution and urge President Reagan to halt the deportation of Polish nationals from this country.

At this time, Mr. Speaker, I yield to the gentlewoman from Maryland (Ms. MIKULSKI).

Ms. MIKULSKI. Mr. Chairman, I rise in support of this resolution.

I am the only woman of Polish extraction ever elected to the Congress of the United States. I rise to speak not on the geopolitical issues confronting Poland today but for humanitarian reasons.

My great-grandmother came to this country about 90 years ago looking for the American dream of economic opportunity and physical safety that no king, kaiser, or czar could take from her or the family she hoped to have. Her dream, and that of other Polish Americans, was fulfilled.

We are grateful to America, fiercely American, but with strong ties to the old country. And we find ourselves today troubled and fearful of the events in Poland. We are troubled that our aunts and uncles, cousins and other relatives in Poland are facing military rule, possible imprisonment, the lack of freedom, the lack of food, and the lack of fuel. And we hope some humanitarian efforts will be taken.

While we condemn the military rule in Poland, we thank Austria for opening its borders to refugees, we thank Australia for accepting refugees. And while our Government is considering contingency plans in the area of immigration visas and so on, as the gentleman from Kentucky said, with careful deliberation and prudence, we urge now that this very modest, humanitarian gesture be taken that would allow our Government to extend the visas for people who are currently here under such bona fide visas until such time as the President of the United States would determine it would be safe for them to return.

I ask that because of the situation I find Poles visiting this country in, both in my own district and throughout the country. The people that I am talking about are students who came here to study medicine, nursing, skills that will be needed in Poland; elderly who have come to visit relatives; nuns and priests who are concerned about returning.

Therefore, I would hope that we would adopt this resolution and show the world that we are concerned about the safety of Poles in terms of their own country.

Mr. Chairman, I yield back the balance of the time that the gentleman so graciously yielded to me.

Mr. RODINO. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. NELLIGAN).

Mr. NELLIGAN. Thank you, Mr. Chairman.

I thank the distinguished chairman of the Judiciary Committee (Mr. RODINO) and the members of the Judiciary Committee for permitting this resolution to come to the floor at this time. I also thank the distinguished gentleman from Kentucky (Mr. MAZZOLI) and the distinguished gentleman from New York (Mr. FISH) for not objecting to this resolution and permitting its consideration by the House of

Representatives. Let me applaud them for their efforts, which address the issues we are discussing today.

I would also like to say what a pleasure it has been working with the gentlewoman from Maryland (Ms. MIKULSKI) in formulating this resolution and also obtaining the support of so many enthusiastic Members and cosponsors.

I will be very brief, Mr. Speaker. I merely want to state that the motivation behind my thinking on this resolution was this: In the last 2 or 3 months, there have been several Polish immigrants in my district who have come to me, asking if it would be at all possible to remain in the United States until the situation in Poland became more secure. It has been a very volatile situation, as we all know, with the threat of internal strife or Soviet intervention constantly in the background. And it was heartbreaking and frustrating for me to have to tell these constituents that there was nothing I could do after pleading with the immigration officials in my area and finding out that it was virtually impossible to extend their visas any longer.

It was a very distressing situation. I felt we were asking people from Poland in the United States, as I said this morning, to walk the plank. I felt we were asking people from Poland to return to an unfavorable and uncertain political situation in which their lives or personal safety could be endangered.

Today, we are asking the President to put a freeze on deporting any Polish citizens at this particular time, pending a time when the situation is not so critical.

House Resolution 304 would request that the President immediately seek a halt to all proceedings which could result in the deportation of Polish citizens whose visas have, or will soon, expire. We are requesting that the President take this action until he determines that the political situation in Poland is stable and that any Polish people returning to their homeland would encounter no undue risk.

Mr. Speaker, within hours of introducing this resolution, Representative MIKULSKI and I gathered bipartisan support from over 55 Members of Congress. I believe the level of support for this measure—from both sides of the aisle—is a tribute to congressional concern over recent events in Poland. I would therefore like to enter a list of the original cosponsors of House Resolution 304 into the RECORD at this time:

LIST OF COSPONSORS

Representative Donald Joseph Albosta.
Representative Gerald B. H. Solomon.
Representative William E. Dannemeyer.
Representative David Michael Staton.
Representative John LeBoutellier.
Representative Bobbi Fiedler.
Representative Jerry Lewis.
Representative Lawrence J. DeNardis.
Representative Margaret Heckler.
Representative Trent Lott.
Representative Bob Edgar.
Representative Thomas M. Foglietta.
Representative Joseph M. McDade.
Representative Patricia Schroeder.
Representative Jim Leach.
Representative Eugene V. Atkinson.
Representative Edward P. Boland.
Representative Frederick W. Richmond.
Representative Robert A. Roe.
Representative Gus Yatron.
Representative Tom Corcoran.
Representative Edwin B. Forsythe.
Representative Hal Daub.
Representative Robert H. Michel.
Representative Dick Cheney.
Representative Tom Railsback.
Representative Henry J. Hyde.
Representative Paul Findley.
Representative Don Bailey.
Representative Parren J. Mitchell.
Representative Nicholas Mavroules.
Representative John Hiler.
Representative Dan Coats.
Representative Christopher H. Smith.
Representative Gregory W. Carman.
Representative Guy V. Molinari.
Representative John L. Napier.
Representative William C. Wampler.
Representative Ed Bethune.
Representative Thomas J. Tauke.
Representative John Edward Porter.
Representative Bernard J. Dwyer.
Representative Bob Traxler.
Representative Bill Lowery.
Representative Sam Gejdenson.
Representative Duncan Hunter.
Representative John G. Fary.
Representative Wayne Grisham.
Representative Tom Lantos.
Representative John Conyers, Jr.
Representative Carlos J. Moorhead.
Representative Jim Santini.
Representative James L. Oberstar.
Representative William M. Brodhead.
Representative Brian J. Donnelly.

Mr. DAUB. Will the gentleman yield?

Mr. NELLIGAN. I would be glad to yield to the gentleman from Nebraska.

Mr. DAUB. I thank the gentleman for yielding. I wish to commend him for his leadership.

I rise in strong support of the gentleman's sense of the House resolution and find it most appropriate that this step be taken now, at this time of year.

The gentleman's leadership is appreciated. I hope that the House will indeed dispatch this and let the rest of the world know that we are watching the very serious circumstances of Poland and those nationals who may be in this country and feel somewhat stranded.

Mr. NELLIGAN. I thank the gentleman from Nebraska. I appreciate the gentleman's concern and support.

Mr. RICHMOND. Will the gentleman yield?

Mr. NELLIGAN. I yield to the gentleman from New York.

Mr. RICHMOND. I thank the gentleman for yielding.

I want to congratulate the gentleman and the gentlewoman from Maryland (Ms. MIKULSKI) for this wonderful resolution.

Mr. Speaker, I rise in strong support of House Resolution 304, a resolution requesting that the administration immediately halt all proceedings which could result in the deportation of Polish citizens, until such time as the President determines that the political situation in Poland is stable and that those individuals would encounter no undue risk in returning to their country.

I would like to commend the gentleman from Pennsylvania (Mr. NELLIGAN) and the gentlewoman from Maryland (Ms. MIKULSKI) for their prompt actions in introducing this critical resolution and expediting its consideration before the full House.

Obviously, the current political crisis in Poland may create grave risks to the lives and safety of Polish citizens in the United States if they are forced to return to their homeland at the present time. Our Nation's humanitarian tradition demands that we not expel those whose lives would be threatened by deportation and it is, therefore, imperative that we permit Polish citizens to remain here until they can safely return home.

Passage of House Resolution 304 would send a clear message around the world of this Congress compassion and concern for people of Polish ancestry, here in the United States, as well as in the beleaguered nation of Poland.

As a cosponsor of House Resolution 304, I strongly urge my colleagues to approve this resolution urging the administration to help guarantee the safety of Polish citizens currently in this country.

Mr. BROOMFIELD. Will the gentleman yield?

Mr. NELLIGAN. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. I rise in support of the resolution. I endorse House Resolution 304, introduced by Congresswoman MIKULSKI and Congressman NELLIGAN. At this moment of great uncertainty in Poland, when lives and personal safety are in jeopardy, I believe that it is appropriate to express the sense of the House of Representatives that the President should halt proceedings regarding the deportation of Polish citizens to Poland. The President can evaluate the situation at a later date, once the Polish political scene has stabilized, to ascertain if it is safe for Poles to return to their homeland.

Until such time, it is the humanitarian obligation of the United States to insure that Poles visiting or working in the United States are not thrust back into Poland now. Although the Polish Government is showing a harsh disregard for the liberty and well-being of its own citizens, the United States must exercise even greater prudence to insure the safety of Polish citizens presently on our soil.

Mr. NELLIGAN. Mr. Speaker, I would merely ask that the resolution be passed by this body today, if for no other reason than humanitarian reasons. The imposition of martial law in Poland has forced a political crisis which the United States must address. We should not force Polish citizens to return to a volatile and dangerous situation.

Thank you, Mr. Speaker.

I thank the gentleman for yielding.

Mr. RODINO. I yield to the gentleman from Pennsylvania (Mr. MARKS).

Mr. MARKS. Thank you, Mr. Speaker, for yielding to me at this time.

I congratulate you for bringing forth this resolution as I also congratulate the gentlewoman from Maryland (Ms. MIKULSKI) and the gentleman from Pennsylvania (Mr. NELLIGAN).

I have the privilege of representing the 24th District of Pennsylvania. The 24th District comprises a very large number of people of Polish extraction and ancestry. I wish to join with them in their grave concern with the events taking place in Poland today.

Polish-Americans in my district, and throughout the entire United States, are proud to be Americans but, justifiably, take great pride in the experiment in freedom being conducted by their brethren in Poland. Polish-Americans are patriotic, hard-working people and are thankful for the freedoms we enjoy here in America. They wish to see their family, friends, and relatives still in Poland enjoy like personal and political freedoms.

Many of my Polish friends and constituents have particular concerns about what is going on in Poland. They worry about friends, family, and relatives still there.

Right now I wish to speak not only for them, but for the many people in my district who have contacted me by telephone, letter, or post card—urging me, even though they are not of Polish extraction, to express to the President, his close advisers and my colleagues in the Congress, their high regard for the Polish people and the hope that we will do whatever is necessary to support the people of Poland. God knows, we wish we could do more.

Again, I congratulate my colleagues and ask all Members of the House to join with me in voting for this resolution.

Mr. RODINO. Mr. Speaker, I yield 5 minutes to the chairman of the Subcommittee on Immigration of the Committee on the Judiciary, the gentleman from Kentucky (Mr. MAZZOLI).

Mr. MAZZOLI. I thank the chairman. I hope I will not take the full 5 minutes.

Mr. Speaker, let me preface my remarks today by saying that I commend the people of Poland. I think that we should exhibit our solidarity with them at this particularly dangerous and delicate point in their history.

I commend the gentlewoman from Maryland (Ms. MIKULSKI) and the gentleman from Pennsylvania (Mr. NELLIGAN) for having cosponsored this resolution, and the gentleman from New Jersey, our chairman, for having devised the parliamentary procedure to bring it up today.

Mr. Speaker, I think that there is probably no country in the world that more often has had to be called upon to express its own national honor and its sense of zeal for ideals than the nation of Poland. And I guess that the Lord is calling upon it once again. I think anything the United States can do to help is certainly in order.

In making my statements today, it is in the spirit of the parliamentary process by which we have established certain rulings in the House. Unless a unique situation occurs, and this is one today, those rules ought to be followed.

I would like to remind the House that the gentleman from Kentucky, along with other members of his subcommittee, labored very long and hard this year to bring some sense of proportion and harmony and coherence to the Refugee Act of 1980, which does set up definitions of refugees, and sets up a mechanism of consultations by which people are admitted into the Nation under the rubric of refugee. We have had hearings to the point that I cannot count. We have worked with members of the executive branch and Congress to try to be sure that we know what this act means and that it will be able to accommodate situations in the future in which people become displaced.

Mr. Speaker, I am afraid that the move taken today could have, though I think it will not have, the effect of creating a piecemeal approach to a problem which our subcommittee has been trying to deal with in an overall fashion. Just the other day we passed in the House a sense-of-Congress resolution concerning El Salvador, and the people from that tortured nation. There are people who feel strongly that the ones who have left the country of Haiti have reason not to return because of fear of their life and because of fear of persecution.

Mr. Speaker, what I am saying is that the subcommittee believes it is on track through the process of consultations under the 1980 act to handle all matters within that act coherently rather than separately by sense-of-Congress resolutions and by separate legislation. While today we have a special situation, I would ask the House to have caution about proceeding in this way in the future, simply because it diminishes our ability to coherently handle the refugee problem.

If we deal with refugees a little bit, a little bit, a little bit, we never see the full nature of the problem. Accordingly, this resolution today could have the effect—and I hope it will not, and I think it shall not—of putting a roadblock in the path of the subcommittee in working within the 1980 act.

The gentleman from New Jersey, our distinguished chairman, has, in the process of consultations, asked for State Department and Justice Department assistance in defining what a refugee is under the 1980 act. We are looking for uniformity. We are looking for coherence.

While this resolution is eminently supportable, and everyone should support it, I hope this will not lead to a piecemeal approach to what is a global problem which I think our committee is working hard to solve in a global way.

Mr. RODINO. Mr. Speaker, again I want to commend the gentleman from Kentucky, the chairman of the subcommittee, for supporting this resolution and recognizing the importance of taking it up in this manner. The gentleman has been very diligent, and certainly he and his subcommittee have performed admirably in an area that is fraught with complexity. I think the gentleman has spelled out for the House just what the problems are in the area of immigration and refugee policy and why sometimes we are confronted with situations such as this.

But I want to assure the gentleman that again, this in no way establishes a precedent. What we are doing now is taking timely action to respond to a critical situation. This Congress could do no less than express its very strong commitment and affirmation of support for these Polish citizens.

Mr. Speaker, I yield 2 minutes, for purposes of debate, to the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. I thank the chairman for yielding.

Mr. Speaker, I rise in support of the resolution, and think it is not only appropriate but essential that this type of action be taken, recognizing the concerns that the gentleman from Kentucky has expressed. But I think we need to let the world know our feelings on this matter, and this is a perfect opportunity and an ideal time to do so.

Mr. Speaker, I have a question on a related subject which comes up in this same context that I would like to ask the gentleman from Kentucky, the chairman of the subcommittee, to respond to. That relates to the fact that it has come to my attention in recent months that Iranians who are Christians or Jews are now being processed for deportation, or their status in this country is being threatened, to be sent back to Iran. In light of the activities and the policies and the actions of the Iranian Government with respect to Christians and Jews, I am very concerned about this.

I wonder if the gentleman from Kentucky could inform me about what steps, if any, might be taken in this regard.

□ 1430

Mr. MAZZOLI. Will the gentleman yield?

Mr. LEVITAS. I yield.

Mr. MAZZOLI. The gentleman brings up a very timely question, because just as recently as this morning at 10:30, in the office of the gentleman from New York (Mr. FISH) we met with the gentleman from the State Department, Elliott Abrams, who heads the Office of Humanitarian Affairs. The very first order of business was with respect to Jews in Iran, Christians and Baha'i. The Baha'i's have been for the most part not caused to be returned to Iran. There has been some indication that perhaps Christians and maybe Jews would be.

We had a very interesting conversation with Mr. Abrams, a very exceptional conversation. Mr. Abrams has given us to believe that indeed, within a relatively few days, perhaps a relatively few hours, there will be a solution agreed to on the part of the Department of State which would not require the Jews nor the Christians from Iran to have to endure the prospects and the problems which a return to their country would lead to.

Mr. LEVITAS. I thank the gentleman for that response. I am very encouraged by it. This Nation has always been, throughout its history, a haven for the oppressed, and I think this certainly will go a long way toward that end.

Mr. RODINO. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio (Ms. OAKAR).

Ms. OAKAR. Mr. Speaker, I certainly want to commend the chairman and the committee responsible for this resolution. I know so many people of Polish ancestry will be very grateful and I think it is important that we show our commitment to the Polish people not only in this country, but in Poland.

The Polish people have been so courageous in their quest for freedom and they are a role model for the world community. I thank the chairman and those members of the committee, along with my colleague, Congresswoman MIKULSKI, for all the good work that they have done.

Mr. RODINO. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. RODINO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CONFERENCE REPORT ON H.R. 4119, AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. WHITTEN. Mr. Speaker, I call up the conference report on the bill (H.R. 4119) making appropriations for the Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. OBERSTAR). Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of November 4, 1981.)

The SPEAKER pro tempore. The gentleman from Mississippi (Mr. WHITTEN) will be recognized for 30 minutes, and the gentlewoman from Nebraska (Mrs. SMITH) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Mississippi (Mr. WHITTEN).

Mr. WHITTEN. Mr. Speaker, I yield myself such time as I may require.

AGRICULTURE ESSENTIAL

Mr. Speaker, in bringing you the conference report on the appropriations for the Department of Agriculture, I feel that once again I should call my colleagues' attention, and others, to the fact that the basis for all our prosperity, the basis for our economy, goes back to the wonderful job that those engaged in agriculture do for the rest of us. I do not believe there is any nation in history other than the United States where 4 percent of the people provide food, clothing, and shelter for the other 96 percent of the people so that they can do something else. That 4 percent of our people also supply food to our neighbors abroad, to people abroad who are so badly in need of food.

In addition, they are also the biggest supporter for our maintaining a balance of trade. I would like to say once again, for the RECORD, and to my colleagues who are on the floor, that agriculture is the biggest buyer of the products of industry that we have. By being the biggest buyer for American industry, they also are the biggest supporter of American labor.

FARM PROGRAM ESSENTIAL

Frequently I read, and I think it is time that we realize, that which goes to the farmer which is identified as subsidy is nothing in the world but returning to him a share of the consumer dollar that through law and through the passage of time goes into the hands of the manufacturer and the middleman, the nonfarmers. Yet, over the years, while the farmers' costs have increased and while his investment has greatly increased, and his risk greatly increased, his share of the consumer dollar has declined.

I want to repeat again, and I hope our President, I hope those who advise our President will realize that preceding the Great Depression that we had, we had a collapse in farm income. As I have tried to point out many times, farm income is price times volume, less cost. At the present time, with the volume being restricted, with the cost going up and the price going down, we have reached the point where we are going to have, in the legislative bill, to be sure that we keep a balance among agriculture, industry, and labor.

I regret to say that in bringing you the bill today providing appropriations for the Department of Agriculture, we are having to reduce it as a result of the continuing resolution (H.J. Res. 370) which was recently passed and has become law. I say to you that we need all the help that we can get. If 4 percent of the people are going to keep the rest of us in some other kind of business, we are going to see to it that farm income is kept up. Do it by price—that is fine. Do it by volume—that is fine. But, we had better do it, because the price of food, Mr. Speaker, is going to be paid either by the purchaser of the product or by the land itself.

I repeat again, Mr. Speaker, that throughout history, man has often failed to recognize that the cost of producing food, clothing, and shelter must be paid—either by the consumer of the products of such land or by the abuse of land from which they come. Man has ignored the fact that—due to lack of knowledge and responsible stewardship—that the land cannot be cultivated year after year, unless as much fertility is put back each year as is taken out.

Twenty-eight out of twenty-eight times we have had to override recommendations of the President's Bureau of the Budget who tried to cut out the soil conservation programs. I do not know whether Members have had it in their areas or not, but for weeks now we have had stories carried in local papers about soil erosion and the loss of topsoil. Stories which talk about the wasting away of our very basis for our well-being, our topsoil. And all the time they are reducing the funds that go into helping the farmer, the custodian of the land today on which our children and our children's children will be dependent.

So, I say to the Members that we bring them a bill on which all the rest of our economy depends, and yet as we

become more and more urban we find fewer and fewer people that realize the order of things within our economy.

AGRICULTURAL EXPORTS ESSENTIAL

Through the years, Mr. Speaker, the committee has done everything possible to encourage exportation of U.S. agricultural commodities which are surplus to domestic needs. We have continued to insist that the United States be a consistent supplier of such commodities in world markets at competitive prices.

The Department's failure to sell abroad competitively in the 1950's—despite authority in basic law to do so—did great damage to American agriculture. Inventories of CCC held stocks increased nearly tenfold from 1953 to 1960. This large accumulation of commodities was then used by the Secretary of Agriculture to reduce acreage and thereby force thousands of producers off their farm.

It should be recalled that when the Secretary of Agriculture—at the insistence of our committee—finally offered the first cotton for sale overseas for dollars in 1955, 1 million bales were sold in a few weeks and 7 million bales were sold soon after the sale was announced.

Failure to export American farm products competitively has a number of adverse effects. it depresses prices at the farm level to the point of total national distress. It impairs our ability to earn much needed foreign exchange. It damages our image as a consistent supplier in world markets and it denies food to other countries to feed their hungry people.

Mr. Speaker, our rural and urban people both benefit from agricultural exports. It is estimated that as many as half a million American producers are able to stay on the farms due to production for export markets. It is estimated that an even larger number of urban dwellers are engaged in the processing, transportation, and marketing of farm products sold in export markets.

WE MUST BE A NATION OF PLENTY

Mr. Speaker, it is a far more sound national policy to produce abundant supplies of food and fiber—and sell or even donate domestic surpluses to hungry people in other parts of the world—than to limit production in an attempt to force reasonable prices at the marketplace. A national policy of agricultural "abundance" rather than "scarcity" is not only beneficial to the American economy, it is also a humane approach to helping to meet world food needs—an approach worthy of the American people. While the control of price through limiting of production may possibly be justified for the products of industry and labor, no such practice can ever be condoned for the production of food and fiber—the basic necessities of life.

Stability of market prices should be assured through a price support policy which provides fair prices to producers and adequate food for consumers at reasonable prices.

Mr. Speaker, I have urged the President and Secretary of Agriculture to follow this approach in dealing with farm programs of the future, so that a strong agriculture will be used to make a significant contribution to the goals of national financial recovery and economic stability.

DAIRY SUPPLIES NOT SURPLUS TO WORLD NEED

Mr. Speaker, the reason I mentioned that is that in recent months we read about $2 billion in dairy products that the Department of Agriculture has in storage. The reason we have them in storage is that we did not offer them for sale. We will not sell them. Oh, we will sell corn, we will sell wheat, but we kept dairy products off the world markets. Not only that, but I read in the paper where they are prohibiting the use of these surplus commodities in our own school lunch programs, wanting schools to pay whether they have the money or not.

I say here and now that this Congress must insist that the farmer be permitted to farm and that his products be allowed to move in world trade. Imagine a country, with the world starving, selling guns but withholding food. Food is what they so badly need. I say right now that I expect to go as far as it takes to see that these products are made available to the people of the world.

I understand that much of this is at the insistence of our State Department.

I think the Secretary of Agriculture agrees with me. I know they all agree with me that we have the right to sell competitively for what the market will bring. In doing so, we will be a real friend to people around the world.

As we bring this bill to you today, may I say that it is $2.8 billion less than 1981. It is $1.2 billion less than the budget request in March. It is $2 billion less than the congressional budget target. The full amount of the budget request for food stamps is in the bill, but we have placed $292 million in reserve so that if they can save it by proper regulation, by enforcement of the requirements that we have spelled out, they can save it. It is the best approach I know. I have found in the years I have been here, the best approach is to hold a portion in reserve and try to save it.

I could go on and on, but we bring you a bill, not with any pleasure, because we cut some places where we hated to see the bill cut. We have to propose these reductions because we are in the times in which we live and under the circumstances we face. But I repeat again, our very well-being is dependent on the fact that 4 percent of our people provide all of these things so the rest of us can provide the thousand and one things that make up our standard of living.

LESSONS OF HISTORY

I repeat again that the Great Depression, if we study history, started out with a fall in the income of those engaged in agriculture. If the Members will read the history of the Great Depression, and I hope they will, they will find that the farm programs were first passed in an effort to restore the purchasing power of the farmer. In my area, Mr. Speaker, we have had three short crops. Over 60 percent of our people are borrowing money from Farmers Home Administration to stay in business. I have urged the Director of the Office of Management and Budget, and I have urged the Secretary of Agriculture to study each of those cases. In those cases where they can stretch out the time of payment, I have asked them to do everything they can to help the borrower to work his way out of his present situation because once you start foreclosing, it will spread like wildfire.

Many Members wonder why I feel so strongly about this. It is because I came to Congress right after the Great Depression, which lasted 10 years. Many economists can tell you why we had the Great Depression, but I have never heard of one who can explain why it lasted 10 years. You could drive 100 miles from my hometown in any direction and be lucky to find one man who owned his land. As a youngster of 21 I voted to extend from 1 to 3 years the time to redeem land sold to the State for taxes. You could not buy a bag of flour on the credit of the State of Mississippi.

May I say to the Members that the course we are following today is exactly the course that was followed preceding the depression, first by Mr. Hoover and then by Mr. Roosevelt. When Mr. Roosevelt found it did not work, he turned the other way.

Mr. Speaker, we bring you a good bill, and we hope that we will have your support in its passage.

Mr. Speaker, I will provide detailed tables for the RECORD at this point:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

	New BA enacted	March budget estimates	Revised budget estimates	New BA House	New BA Senate	New BA conference	Conference compared with enacted	Conference compared with House bill	Conference compared with Senate bill
TITLE I—AGRICULTURAL PROGRAMS									
Production, Processing and Marketing									
Office of the Secretary	5,226,000	5,358,000	4,715,000	5,358,000	4,715,000	4,715,000	−511,000	−643,000	
Departmental Administration	13,654,000	19,955,000	17,560,000	15,280,000	14,468,000	14,468,000	+814,000	−812,000	
Office of Governmental and Public Affairs	8,903,000	11,008,000	9,687,000	8,508,000	8,987,000	27,562,000	−275,000	−880,000	−359,000
Office of the Inspector General	28,752,000	31,320,000	27,561,000	30,828,000	27,562,000	27,562,000	−1,190,000	−3,266,000	
(Transfer from food stamp program)	(10,000,000)	(9,508,000)	(8,367,000)	(10,000,000)	(13,266,000)	(13,266,000)	(+3,266,000)	(+3,266,000)	
Total, Office of the Inspector General	(38,752,000)	(40,828,000)	(35,928,000)	(40,828,000)	(40,828,000)	(40,828,000)	(+2,076,000)		
Office of the General Counsel	12,519,000	13,718,000	12,072,000	13,210,000	12,572,000	12,822,000	+303,000	−388,000	+250,000
(Transfer from food stamp program)				(508,000)	(508,000)	(508,000)	(+508,000)		
Federal Grain Inspection Service	25,062,000	29,980,000	29,274,000	29,980,000	5,600,000	5,600,000	−19,462,000	−24,380,000	
Rescission			−24,101,000	−24,101,000				+24,101,000	
(Limitation on supervision)				(24,101,000)				(−24,101,000)	
(Limitation on inspection and weighing				(36,683,000)	(60,260,000)	(60,260,000)	(+60,260,000)	(+23,577,000)	
Agricultural Research Service	424,831,000	456,569,000	401,781,000	541,749,000	440,360,000	432,410,000	+7,579,000	−19,339,000	−7,950,000
Special fund	2,000,000			2,000,000		2,000,000			+2,000,000
Buildings and facilities		1,900,000	1,672,000	6,596,000	2,000,000	8,596,000	+8,596,000	+2,000,000	+6,596,000
Scientific activities overseas (special foreign currency program	5,000,000	5,754,000	5,064,000	5,000,000	5,000,000		−5,000,000	−5,000,000	−5,000,000
Cooperative State Research Service	200,897,000	234,188,000	206,085,000	219,936,000	222,506,000	221,216,000	+20,319,000	+1,280,000	−1,290,000
Extension Service	303,769,000	317,378,000	279,293,000	321,398,000	321,500,000	315,702,000	+11,933,000	−5,696,000	−5,798,000
Rescission									
National Agricultural Library	8,822,000	9,271,000	8,158,000	9,271,000	8,500,000	8,750,000	−72,000	−521,000	+250,000
Total, research and extension	945,319,000	1,025,060,000	902,053,000	1,015,950,000	999,866,000	988,674,000	+43,355,000	−27,276,000	−11,192,000
Animal and Plant Health Inspection Service:									
Salaries and expenses	282,385,000	291,101,000	256,169,000	297,609,000	270,545,000	277,385,000	−5,003,000	−20,227,000	+6,837,000
Buildings and facilities	6,986,000			3,251,000	3,000,000	3,000,000	−3,986,000	−251,000	
Total, Animal and Plant Health Inspection Service	289,371,000	291,101,000	256,169,000	300,860,000	373,545,000	280,382,000	−8,989,000	−20,478,000	+6,837,000
Food Safety and Inspection Service	311,106,000	328,250,000	288,189,000	328,250,000	328,250,000	323,250,000	+12,144,000	−5,000,000	−5,000,000
Economic Research Service	39,487,000	44,623,000	39,647,000	41,893,000	40,077,000	39,360,000	−127,000	−2,533,000	−717,000
Statistical Reporting Service	53,787,000	55,564,000	48,448,000	55,564,000	48,448,000	51,636,000	−2,151,000	−3,928,000	+3,188,000
Agricultural Cooperative Service	4,500,000	4,795,000	4,220,000	4,795,000	4,220,000	4,639,000	+139,000	−156,000	+419,000
World Agricultural Outlook Board	1,731,000	1,552,000	1,436,000	1,352,000	1,436,000	1,422,000	−309,000	+70,000	−14,000
Agricultural Marketing:									
Marketing Services	50,882,000	44,031,000	18,475,000	44,031,000	21,975,000	23,211,000	−27,671,000	−20,820,000	+1,236,000
Rescission				−20,820,000				+20,820,000	
(Transfer from sec. 32)		(5,670,000)	(5,670,000)	(5,670,000)	(5,670,000)	(5,670,000)	(+5,670,000)		
(Limitation on grading and standardization)				(20,820,000)	(23,000,000)	(23,000,000)	(+23,000,000)	(+2,180,000)	
Transportation office	2,000,000	2,923,000	2,572,000	2,688,000	2,400,000	2,400,000	+400,000	−288,000	
Payments to States and possessions	1,600,000			1,500,000		1,000,000	−600,000	−500,000	+1,000,000
Total, Agricultural Marketing Service	54,482,000	46,954,000	21,047,000	27,399,000	24,375,000	26,611,000	−27,871,000	−788,000	+2,236,000
Packers and Stockyards Administration		9,368,000	8,244,000	9,368,000	8,244,000	8,806,000	+8,806,000	−562,000	+562,000
Total, production, processing and marketing	1,793,899,000	1,918,606,000	1,646,221,000	1,865,494,000	1,802,365,000	1,798,575,000	+4,676,000	−66,919,000	−3,790,000
Farm Income Stabilization									
Agricultural Stabilization and Conservation Service:									
Salaries and expenses	208,834,000	215,480,000	189,622,000	214,880,000	62,000,000	62,000,000	−146,834,000	−152,880,000	
(Transfer from Commodity Credit Corporation)	(166,620,000)	(176,241,000)	(155,093,000)	(176,241,000)	(314,000,000)	(309,000,000)	(+142,380,000)	(+132,759,000)	(−5,000,000)
Total, salaries and expenses, ASCS	(375,454,000)	(391,721,000)	(344,715,000)	(391,121,000)	(376,000,000)	(371,000,000)	(−4,454,000)	(−20,121,000)	(−5,000,000)
Dairy indemnity program	1,700,000	200,000	176,000	200,000	176,000	176,000	−1,524,000	−24,000	
Total, Agricultural Stabilization and Conservation Service	210,534,000	215,680,000	189,798,000	215,080,000	62,176,000	62,176,000	−148,358,000	−152,904,000	
Federal Crop Insurance Corporation:									
Administrative and operating expenses	57,739,000	135,877,000	119,572,000	120,000,000	120,000,000	117,600,000	+59,861,000	−2,400,000	−2,400,000
Subscription to capital stock		350,000,000	308,000,000	250,000,000	250,000,000	250,000,000	+250,000,000		
Federal Crop Insurance Corporation Fund		57,456,000	50,561,000	57,456,000	57,456,000	57,456,000	+57,456,000		
Total, Federal Crop Insurance Corporation	57,739,000	543,333,000	478,133,000	427,456,000	427,456,000	425,056,000	+367,317,000	−2,400,000	−2,400,000
Commodity Credit Corporation:									
Reimbursement for net realized losses	3,299,887,000	2,295,856,000	2,295,856,000	2,220,000,000	2,043,229,000	2,043,229,000	−1,256,658,000	−176,771,000	
(Limitation on direct loans)	(2,200,000,000)						(−2,200,000,000)		
(Limitation on administrative expenses)	(52,750,000)	(58,000,000)	(58,000,000)	(52,564,000)			(−52,750,000)	(−52,564,000)	
Total, farm income stabilization	3,568,160,000	3,054,869,000	2,963,787,000	2,862,536,000	2,532,861,000	2,530,461,000	−1,037,699,000	−332,075,000	−2,400,000
Total, title I, new budget (obligational) authority, agricultural programs	5,362,059,000	4,973,475,000	4,610,008,000	4,728,030,000	4,335,226,000	4,329,036,000	−1,033,023,000	−398,994,000	−6,190,000
Appropriations	5,362,059,000	4,973,475,000	4,634,109,000	4,772,951,000	4,335,226,000	4,329,036,000	−1,033,023,000	−443,915,000	−6,190,000
Rescissions			−24,101,000	−44,921,000				+44,921,000	
TITLE II—RURAL DEVELOPMENT PROGRAMS									
Rural Development Assistance									
Farmers Home Administration:									
Rural Housing Insurance Fund:									
Direct loans	(24,000,000)	(24,000,000)	(24,000,000)	(24,000,000)	(24,000,000)	(24,000,000)			
Insured loans	(3,925,600,000)	(3,700,600,000)	(3,700,600,000)	(3,700,600,000)	(3,700,600,000)	(3,700,600,000)	(−225,000,000)		
Guaranteed loans	(25,000,000)						(−25,000,000)		
Construction Defects Authorization	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)			
Rent Supplement Authorization	(403,000,000)	(398,000,000)	(398,000,000)	(398,000,000)	(398,000,000)	(398,000,000)	(−5,000,000)		
Miscellaneous offsetting adjustments	−99,000,000						+99,000,000		
Reimbursement for interest and other losses	504,318,000	653,967,000	575,491,000	653,967,000	653,967,000	556,967,000	+52,649,000	−97,000,000	−97,000,000
Reimbursement for rent supplement payments	111,000,000	151,000,000	132,880,000	151,000,000	151,000,000	151,000,000	+40,000,000		

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY—Continued

	New BA enacted	March budget estimates	Revised budget estimates	New BA House	New BA Senate	New BA conference	Conference compared with enacted	Conference compared with House bill	Conference compared with Senate bill
Total, Rural Housing Insurance Fund	(4,492,918,000)	(4,531,567,000)	(4,434,971,000)	(4,531,567,000)	(4,531,567,000)	(4,434,567,000)	(−58,351,000)	(−97,000,000)	(−97,000,000)
Agricultural Credit Insurance Fund:									
Real estate loans:									
Insured	(893,600,000)	(778,200,000)	(768,200,000)	(773,600,000)	(773,600,000)	(773,600,000)	(−120,000,000)		
Guaranteed	(56,000,000)	(131,000,000)	(131,000,000)	(131,000,000)	(131,000,000)	(131,000,000)	(+75,000,000)		
Total, real estate loans	(949,600,000)	(899,200,000)	(899,200,000)	(904,600,000)	(904,600,000)	(904,600,000)	(−45,000,000)		
Soil conservation loans	(30,000,000)	(26,000,000)	(26,000,000)	(30,000,000)	(30,000,000)	(30,000,000)			
Operating loans:									
Insured	(850,000,000)	(1,325,000,000)	(1,325,000,000)	(1,325,000,000)	(1,325,000,000)	(1,325,000,000)	(+475,000,000)		
Guaranteed	(25,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(+25,000,000)		
Total, operating loans	(875,000,000)	(1,375,000,000)	(1,375,000,000)	(1,375,000,000)	(1,375,000,000)	(1,375,000,000)	(+500,000,000)		
Emergency disaster loans	(2,000,000,000)	(1,600,000,000)	(1,600,000,000)	(1,600,000,000)	(1,600,000,000)	(1,600,000,000)	(−400,000,000)		
Reimbursement for interest and other losses	297,032,000	464,083,000	408,393,000	464,083,000	464,083,000	464,083,000	+167,051,000		
Total, Agricultural Credit Insurance Fund	(4,151,632,000)	(4,364,283,000)	(4,308,593,000)	(4,373,683,000)	(4,373,683,000)	(4,373,683,000)	(+222,051,000)		
Rural Development Insurance Fund:									
Reimbursement for losses	143,282,000	204,040,000	179,555,000	204,040,000	204,040,000	180,040,000	+36,758,000	−24,000,000	−24,000,000
Water and sewer facility loans	(750,000,000)	(300,000,000)	(300,000,000)	(450,000,000)	(300,000,000)	(375,000,000)	(−375,000,000)	(−75,000,000)	(+75,000,000)
Industrial development loans: Guaranteed	(741,000,000)			(300,000,000)	(300,000,000)	(300,000,000)	(−441,000,000)		
Alcohol production facilities loans: (Limitation on guaranteed loans)	(250,000,000)			(250,000,000)			(−250,000,000)	(−250,000,000)	
Community facility loans	(260,000,000)	(130,000,000)	(130,000,000)	(130,000,000)	(130,000,000)	(130,000,000)	(−130,000,000)		
Total, Rural Development Insurance Fund	(1,153,282,000)	(634,040,000)	(609,555,000)	(784,040,000)	(634,040,000)	(685,040,000)	(−468,242,000)	(−99,000,000)	(+51,000,000)
Mutual and self-help housing		5,000,000	4,400,000	3,500,000	4,400,000	3,950,000	+3,950,000	+450,000	−450,000
Rural water and waste disposal grants	200,000,000	100,000,000	88,000,000	150,000,000	100,000,000	125,000,000	−75,000,000	−25,000,000	+25,000,000
Very low-income housing repair grants	25,000,000	25,000,000	22,000,000	12,500,000	22,000,000	15,000,000	−10,000,000	+2,500,000	−7,000,000
Rural housing for domestic farm labor	25,000,000	25,000,000	22,000,000	12,500,000	15,000,000	13,750,000	−11,250,000	+1,250,000	−1,250,000
Self-help housing land development fund	1,000,000	1,000,000	880,000	1,000,000			−1,000,000	−1,000,000	
(Limitation on direct loans)		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(+2,000,000)		
Rural community fire protection grants	3,500,000			3,500,000	3,000,000	3,250,000	−250,000	−250,000	+250,000
Rural development planning grants	5,000,000						−5,000,000		
Rural housing supervisory assistance grants	1,000,000						−1,000,000		
Rural development grants	5,000,000						−5,000,000		
Salaries and expenses	252,497,000	282,836,000	248,896,000	284,836,000	280,000,000	276,418,000	+23,921,000	−8,418,000	−3,582,000
(Transfer from loan accounts)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)			
Total, salaries and expenses	(255,997,000)	(286,336,000)	(252,396,000)	(288,336,000)	(283,500,000)	(279,918,000)	(+23,921,000)	(−8,418,000)	(−3,582,000)
Total, Farmers Home Administration	1,474,629,000	1,911,926,000	1,682,495,000	1,940,926,000	1,897,490,000	1,789,458,000	+314,829,000	−151,468,000	−108,032,000
Rural Electrification Administration:									
Rural electrification and telephone revolving fund:									
Electric loans	(850,000,000)	(700,000,000)	(700,000,000)	(850,000,000)	(850,000,000)	(850,000,000)			
Telephone loans	(250,000,000)			(250,000,000)	(250,000,000)	(250,000,000)			
Total, loans	(1,100,000,000)	(700,000,000)	(700,000,000)	(1,100,000,000)	(1,100,000,000)	(1,100,000,000)			
Rural telephone bank	(22,500,000)			(30,000,000)	(30,000,000)	(30,000,000)	(+7,500,000)		
Rural communication development fund: (Limitation on direct loans)	(18,000,000)						(−18,000,000)		
Salaries and expenses	28,309,000	29,673,000	26,112,000	29,673,000	28,309,000	29,673,000	+1,364,000		+1,364,000
Total, Rural Electrification Administration	28,309,000	29,673,000	26,112,000	29,673,000	28,309,000	29,673,000	+1,364,000		+1,364,000
Total, rural development assistance	1,502,938,000	1,941,599,000	1,708,607,000	1,970,599,000	1,925,799,000	1,819,131,000	+316,193,000	−51,468,000	−106,668,000
Conservation									
Soil Conservation Service:									
Conservation operations	311,863,000	317,639,000	279,522,000	317,639,000	311,979,000	310,809,000	−1,054,000	−6,830,000	−1,170,000
River basin surveys and investigations	18,323,000	16,165,000	14,225,000	16,165,000	14,225,000	15,500,000	−2,823,000	−665,000	+1,275,000
Watershed planning	10,813,000	6,690,000	5,887,000	8,690,000	8,690,000	8,690,000	−2,123,000		
Watershed and flood prevention operations	192,524,000	162,045,000	142,600,000	192,045,000	187,000,000	192,045,000	−479,000		+5,045,000
Resource conservation and development	34,046,000	26,812,000	23,595,000	26,812,000	26,000,000	26,000,000	−8,046,000	−812,000	
Great Plains conservation program	20,664,000	22,288,000	19,613,000	21,500,000	21,500,000	21,500,000	+836,000		
Total, Soil Conservation Service	588,233,000	551,639,000	485,442,000	582,851,000	569,394,000	574,544,000	−13,689,000	−8,307,000	+5,150,000
Agricultural Stabilization and Conservation Service:									
Agricultural conservation program	190,000,000	150,000,000	132,000,000	190,000,000	190,000,000	190,000,000			
Rural clean water program	20,000,000	20,000,000	17,600,000				−20,000,000		
Forestry incentives program	12,500,000	10,000,000	8,800,000		12,500,000	12,500,000		+12,500,000	
Water bank program	10,000,000				8,800,000	8,800,000	−1,200,000	+8,800,000	
Emergency conservation program	10,000,000	10,000,000	8,800,000	10,000,000	8,800,000	8,800,000	−1,200,000	−1,200,000	
Total, Agricultural Stabilization and Conservation Service	242,500,000	190,000,000	167,200,000	200,000,000	220,100,000	220,100,000	−22,400,000	+20,100,000	
Total, conservation	830,733,000	741,639,000	652,642,000	782,851,000	789,494,000	794,644,000	−36,089,000	+11,793,000	+5,150,000
Total, title II, rural development programs: New budget (obligational) authority	2,333,671,000	2,683,238,000	2,361,249,000	2,753,450,000	2,715,293,000	2,613,775,000	+280,104,000	−139,675,000	−101,518,,000
TITLE III—DOMESTIC FOOD PROGRAMS									
Food and Nutrition Service:									
Child nutrition programs	1,868,998,000	2,001,090,000	1,077,890,000	2,076,090,000	1,082,890,000	1,082,890,000	−761,108,000	−993,200,000	
Rescission	−285,000,000			−1,115,700,000			+285,000,000	+1,115,700,000	
(Transfer from sec. 32)	(1,879,653,000)	(1,763,948,000)	(1,763,948,000)	(1,688,948,000)	(1,763,948,000)	(1,763,948,000)	(−115,705,000)	(+75,000,000)	
Total, child nutrition programs	(3,463,651,000)	(3,765,038,000)	(2,841,838,000)	(2,649,338,000)	(2,846,838,000)	(2,846,838,000)	(−616,813,000)	(+197,500,000)	
Special milk program	118,800,000	124,800,000	28,100,000	124,800,000	28,100,000	28,100,000	−90,700,000	−96,700,000	
Rescission				−95,000,000				+95,000,000	
Special supplemental food programs (WIC)	927,040,000	741,600,000	652,608,000	1,069,000,000	973,000,000	934,080,000	+7,040,000	−134,920,000	−38,920,000
Rescission									

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY—Continued

	New BA enacted	March budget estimates	Revised budget estimates	New BA House	New BA Senate	New BA conference	Conference compared with enacted	Conference compared with House bill	Conference compared with Senate bill
Food stamp program	11,480,000,000	9,764,684,000	10,086,884,000	9,764,684,000	10,293,384,000	10,293,384,000	−1,186,616,000	+528,700,000	.....
Nutrition assistance for Puerto Rico	.....	.....	206,500,000	.....	.....	.....	.....	.....	.....
Food donations programs:									
Needy family program	53,750,000	48,220,000	48,220,000	48,220,000	48,200,000	48,200,000	−5,530,000	.....	.....
Elderly feeding program	74,910,000	.....	.....	.....	.....	.....	−74,910,000	.....	.....
Total, food donations programs	128,660,000	48,220,000	48,220,000	48,220,000	48,220,000	48,220,000	−80,440,000	.....	.....
Food Program Administration	84,592,000	92,569,000	81,461,000	89,592,000	86,461,000	86,461,000	+1,869,000	−3,131,000	.....
Total, title III, new budget (obligational) authority, domestic food programs	14,323,090,000	12,772,963,000	12,181,663,000	11,961,686,000	12,512,055,000	12,473,135,000	−1,849,955,000	+511,449,000	−38,920,000
Appropriations	14,608,090,000	12,772,963,000	12,181,663,000	13,172,386,000	12,512,055,000	12,473,135,000	−2,134,955,000	−699,251,000	−38,920,000
Rescissions	−285,000,000	.....	.....	1,210,700,000	.....	.....	+285,000,000	+1,210,700,000	.....
TITLE IV—INTERNATIONAL PROGRAMS									
Foreign Agricultural Service	60,816,000	69,694,000	61,331,000	69,694,000	65,331,000	67,694,000	+6,878,000	−2,000,000	+2,363,000
Sales manager	(4,719,000)	(5,436,000)	(4,784,000)	(5,436,000)	(5,436,000)	(5,436,000)	(+717,000)	.....	.....
Office of International Cooperation and Development	3,500,000	4,122,000	3,627,000	4,000,000	3,627,000	3,627,000	+127,000	−373,000	.....
Public Law 480:									
Title I and III—credit sales	441,330,000	398,900,000	351,032,000	398,900,000	381,032,000	345,285,000	−96,045,000	−53,615,000	−35,747,000
Title II—commodities for disposition abroad	787,600,000	764,200,000	672,496,000	764,200,000	722,496,000	654,715,000	−132,885,000	−109,485,000	−67,781,000
Total, Public Law 480	1,228,930,000	1,163,100,000	1,023,528,000	1,163,100,000	1,103,528,000	1,000,000,000	−228,930,000	−163,100,000	−103,528,000
Total, title IV, new budget (obligational) authority, international programs	1,293,246,000	1,236,916,000	1,088,486,000	1,236,794,000	1,172,486,000	1,071,321,000	−221,925,000	−165,473,000	−101,165,000
TITLE V—RELATED AGENCIES									
Department of Health and Human Services									
Food and Drug Administration:									
Salaries and expenses	326,925,000	336,032,000	295,708,000	336,032,000	328,032,000	328,032,000	+1,107,000	−8,000,000	.....
Buildings and facilities	28,253,000	.....	.....	.....	.....	.....	−28,253,000	.....	.....
Total, Food and Drug Administration	355,178,000	336,032,000	295,708,000	336,032,000	328,032,000	328,032,000	−27,146,000	−8,000,000	.....
Independent Agencies									
Commodity Futures Trading Commission	18,781,000	19,924,000	17,533,000	19,924,000	19,924,000	19,924,000	+1,143,000	.....	.....
Farm Credit Administration (limitation on administrative expenses)	(14,132,000)	(16,226,000)	(16,226,000)	(16,000,000)	(16,113,000)	(16,113,000)	(+1,981,000)	(+113,000)	(−113,000)
Total, title V, new budget (obligational) authority, related agencies	373,959,000	355,956,000	313,241,000	355,956,000	347,956,000	347,956,000	−26,003,000	−8,000,000	.....
RECAPITULATION									
Title I—Agricultural programs	5,362,059,000	4,973,475,000	4,610,008,000	4,728,030,000	4,335,226,000	4,329,036,000	−1,033,023,000	−398,994,000	−6,190,000
Title II—Rural development programs	2,333,671,000	2,683,238,000	2,361,249,000	2,753,450,000	2,715,293,000	2,613,775,000	+280,104,000	−139,675,000	−101,518,000
Title III—Domestic food programs	14,323,090,000	12,772,963,000	12,181,663,000	11,961,686,000	12,512,055,000	12,473,135,000	−1,849,955,000	+511,449,000	−38,920,000
Title IV—International programs	1,293,246,000	1,236,916,000	1,088,486,000	1,236,794,000	1,172,486,000	1,071,321,000	−221,925,000	−165,473,000	−101,165,000
Title V—Related agencies	373,959,000	355,956,000	313,241,000	355,956,000	347,956,000	347,956,000	−26,003,000	−8,000,000	.....
Total, new budget (obligational) authority	23,686,025,000	22,022,548,000	20,554,647,000	21,035,916,000	21,083,016,000	20,835,223,000	−2,850,802,000	−200,693,000	−247,793,000
transfer from sec. 32	1,879,653,000	1,769,618,000	1,769,618,000	1,694,618,000	1,769,618,000	1,769,618,000	−110,035,000	+75,000,000	.....
Total obligational authority	25,565,678,000	23,792,166,000	22,324,265,000	22,730,534,000	22,852,634,000	22,604,841,000	−2,960,837,000	−125,693,000	−247,793,000
Consisting of:									
1. Appropriations	23,971,025,000	22,022,548,000	20,578,748,000	22,291,537,000	21,083,016,000	20,835,223,000	−3,135,802,000	−1,456,314,000	−247,793,000
2. Rescissions	−285,000,000	.....	−24,101,000	−1,255,621,000	.....	.....	+285,000,000	+1,255,621,000	.....
3. Direct and insured loan level	12,053,200,000	8,577,800,000	8,577,800,000	9,137,200,000	8,987,200,000	9,062,200,000	−2,991,000,000	−75,000,000	+75,000,000
4. Guaranteed loan level	1,097,000,000	181,000,000	181,000,000	731,000,000	481,000,000	481,000,000	−616,000,000	−250,000,000	.....
5. Rent supplement authorization	403,000,000	398,000,000	398,000,000	398,000,000	398,000,000	398,000,000	−5,000,000	.....	.....
Memoranda:									
1. Appropriations, including appropriations to liquidate contract authority	23,686,025,000	22,022,548,000	20,554,647,000	21,035,916,000	21,083,016,000	20,835,223,000	−2,850,802,000	−200,693,000	−247,793,000
2. Transfers from sec. 32	1,879,653,000	1,769,618,000	1,769,618,000	1,694,618,000	1,769,618,000	1,769,618,000	−110,035,000	+75,000,000	.....
3. Transfers from Commodity Credit Corporation	166,620,000	176,241,000	155,093,000	176,241,000	314,000,000	309,000,000	+142,380,000	+132,759,000	−5,000,000
Total mandatory and discretionary	25,565,678,000	23,792,166,000	22,324,265,000	22,730,534,000	22,852,634,000	22,604,841,000	−2,960,837,000	−125,693,000	−247,793,000
Mandatory	(3,584,151,000)	(3,890,038,000)	(2,870,114,000)	(2,679,338,000)	(2,875,114,000)	(2,875,114,000)	(−709,037,000)	(+195,776,000)	.....
Discretionary	(21,981,527,000)	(19,902,128,000)	(19,454,151,000)	(20,051,196,000)	(19,977,520,000)	(19,729,727,000)	(−2,251,800,000)	(−321,469,000)	(−247,793,000)

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate my colleague yielding, and I appreciate his comments about what happened during the Great Depression of 1930 and why we need the farm program to help stabilize a way of living for the farmers. Of course, we did not have $10.3 billion worth of food stamps in that bill like we do in this appropriation. How many farmers are using food stamps?

Mr. WHITTEN. Farmers?

Mr. ROUSSELOT. Yes.

Mr. WHITTEN. I do not know, perhaps the gentleman knows. Does he know?

Mr. ROUSSELOT. Well, my understanding is, very few farmers utilize the food stamp program. So, what I am saying to the gentleman, you know as well as I do this program has grown out of control. We now have almost 21 million people getting food stamps, which is also in this bill. What has that to do with helping the farmer?

Mr. WHITTEN. One of my colleagues said that he spoke to the Cattlemen's Association and they said $1 billion of their product was purchased with food stamps. May I say that we have tried to hold this program in line. Some years ago we reduced it $2.5 billion by our committee's recommendation. That bill passed and was signed by the President. One judge stopped it. Not only that, but the next President got rid of the regulations which would have achieved these savings.

So I say to the gentleman that we have tried to hold those things in line. But I also say that those stamps are used to buy food, food we are holding off world markets and storing.

Mr. ROUSSELOT. As the gentleman well knows, there is $10.3 billion in this bill for food stamps and it is hard

for me to accept the fact that that really helps the farmers that the gentleman has been talking about. I appreciate the fact that we want to keep our farm community in place, especially the producers, and I understand that, but it is hard for me to believe and accept the fact that this $10.3 billion helps the farmer.

□ 1445

Mr. WHITTEN. Well, Mr. Speaker, may I say that those food stamps go for the purchase of food.

Mr. MYERS. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Speaker, I thank the gentleman for yielding.

I certainly am in sympathy with what the gentleman from California (Mr. ROUSSELOT) is saying, but he is chasing the wrong rabbit, to use the old Hoosier vernacular.

Mr. ROUSSELOT. I have never called the gentleman from Indiana a "rabbit."

Mr. MYERS. Mr. Speaker, we agree completely, and as the chairman of the committee said, we have tried to do something. We tried to do something years ago, and the Court stopped us. This bill is the vehicle we must use to fund the program, but the authorization for the food stamp program is not in our committee's jurisdiction. So our hands are tied.

Mr. ROUSSELOT. We will be taking that up later this week, and what are we doing in that bill to stop it?

Mr. MYERS. That is what we are talking about now, in the entitlement.

Mr. ROUSSELOT. I want to talk about it now, because this is the money to fund the program.

Mr. MYERS. We have no choice but to fund it, because the courts have told us to do this. Our hands are tied. We are in sympathy with what the gentleman says, but our hands are tied.

Mr. ROUSSELOT. That is what we always say. We point at the other committee and say that it is the authorizing committee's fault, and then the authorizing committee says, "We have to do what the Appropriations Committee said," and it just goes around in a circle. We still have not put a control on this program. It is out of control, as the committee chairman himself has said.

Mr. MYERS. If the gentleman understands entitlements and what our problem is, I am sure he knows the situation.

Mr. ROUSSELOT. Oh, I understand entitlements as well as the gentleman does.

Mr. WHITTEN. Mr. Speaker, I thank my colleague for his comments. May I say that he has an understanding of the problem, and we have all worked together on the problem. As I say, we have a subcommittee that works together.

But let me go back to the point that, as the chairman of the committee that set-up the Budget Act, I worked to have that committee set-up to do something about entitlements and backdoor spending. Instead of that, unfortunately they are working on the discretionary programs and leaving these entitlement programs alone.

We might say that the same thing is happening downtown. But I do say one thing, at one time we had a program where we distributed surplus food.

Mr. ROUSSELOT. Yes, but if the gentleman will yield, that was when it started out.

Mr. WHITTEN. But the Congress passed a measure to hold this program in line, and the courts have held against us. We have worked hard on this, and we have done the best we can.

Mr. ROUSSELOT. The gentleman has worked with the authorizing committee, but what if they do not do anything with the food stamp program to make sure it is not out of control? As a result, we have kids going to college and getting food stamps.

Mr. WHITTEN. We have done the best we can, I say to the gentleman. Apparently, the way the gentleman describes it, it must be beyond his control, too.

Mr. ROUSSELOT. The point is, if the gentleman will yield further, that we are waiting for the authorizing committee. But here we are on an appropriation bill, and the gentleman tells us he has done the best he could, but it is still basically a little out of control.

When are we going to bring this thing under control? I ask that because this is the biggest part of this bill.

Mr. WHITTEN. Mr. Speaker, the gentleman has as much to do with that as I do. It is beyond our control, because nobody has brought in a bill from the legislative committees, nor have I read about anything coming from downtown that will fully present the concerns of the gentleman. Maybe there has been, but I have not heard about it. But it is beyond my control as much as it is beyond the gentleman's control.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding.

I would like to know, how closely does the appropriation we have before us here track the farm bill that we are going to vote on either later today or tomorrow?

Mr. WHITTEN. Mr. Speaker, I am not too positive about what the farm bill does or does not do. I have talked to various Members about the bill. As the gentleman knows, I have been working day and night on matters that are my primary responsibility. I am not an expert on what is in that bill. I have not heard of anybody being happy about it.

Mr. WALKER. I am concerned about the fact, for instance, that there is money in the diary price support program. Is the money in this bill going to be sufficient to fund a program which might go beyond what is in the farm bill? Are we committed to spending money on the peanut and sugar programs, for instance, in this bill?

Mr. WHITTEN. The gentleman, I know, is interested in that. He will be around here, I know, and I suggest that he talk to those Members who are handling that bill. I have not been able to keep up with the details of that bill.

Mr. WALKER. I have one other question, Mr. Speaker, if I may.

Is there sufficient money, so far as the gentleman knows, in this bill to fund the food stamp program for the entire year, or are there projections that we are going to have to come back with a supplemental to get additional money later on in the year?

Mr. WHITTEN. Of course, when we get updates on the projections and anticipations of what the economy might do and all that, we will know. What with the present rate of unemployment, the chances are that the demands are going to increase. We could say that it looks like that is true now.

May I say that in an effort to try to make savings, we put $292 million in reserve. If the Department can correct all this misuse and fraud, as we hope, they will have the $292 million left.

I wish the gentleman would wait until we get to the legislative committee's bill.

Mrs. SMITH of Nebraska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the bill, and I want to highly commend our distinguished committee chairman. Certainly producers and consumers alike are richly placed in the knowledge and concern of our chairman. It has been a great privilege to work with him, as well as to work with all the members of the committee. I want to assure the Members that we have worked on a bipartisan basis in the interest of agriculture.

Now, we have made additional budget cuts in this appropriation bill in line with the President's request and in line with the continuing resolution. In fact, our figure today is slightly below the continuing resolution.

We were very careful in those budget cuts and tried to protect ongoing action programs, soil programs, re-

search programs, and agricultural marketing programs, which certainly in this time of heavily depressed agricultural prices are even more important than ordinarily, and it is important to protect the Extension Service.

I think this is a good bill. It is $2.8 billion less than the 1981 bill. I support the bill.

Mr. Speaker, I have no requests for time at this point, and I reserve the balance of my time.

Mr. WHITTEN. Mr. Speaker, I yield 5 minutes to the gentleman from Oklahoma (Mr. WATKINS).

Mr. WATKINS. Mr. Speaker, I thank my committee chairman for yielding this time to me, and I will not take that much time. I would like to state that I am in support of the bill, and I also express my appreciation to the committee chairman, the dean of the House of Representatives, the gentleman from Mississippi (Mr. WHITTEN), for a tremendous job in difficult and trying times in bringing out this agricultural appropriation bill.

I know that the gentleman shares with me the thought that there is a lot of things we would like to do to achieve more, but under the circumstances we are going to be faced with a tremendous dilemma in trying to finance agriculture. A lot of farmers are going to be facing bankruptcy.

I want to thank the gentlewoman from Nebraska (Mrs. SMITH) for her hard work. We are glad to have her help, and we appreciate very much the work she has done.

I would like to say one thing further to those who have some reluctance in supporting this bill. This bill does not do what we all would like to have it do because we have a very difficult and trying time in the farm belts of this country. There needs to be more money to be able to allow the farmers to survive, especially when we look at the relationship of the amount of money that is here for emergency disaster loans compared to what has been put in the foreign aid bill. There is much more money in the foreign aid bill to provide guaranteed loans for foreign aid than there is in this bill.

To those who are worried about the amount in this bill, I would like to say this: Last Friday there was an appropriation bill approved for foreign aid that exceeded the continuing resolution by more than $2 billion. That was more money, exceeding the amount in that particular bill, than what the President was using in order to shut down the Government the Monday before.

Mr. Speaker, I would just like to say that I think all the members of the Agriculture Appropriation Subcommittee worked hard in trying to get this bill out here to do the job. Hopefully and prayerfully, it will do the job, and I want to commend the committee chairman, the gentleman from Mississippi (Mr. WHITTEN), and the gentlewoman from Nebraska (Mrs. SMITH), the ranking minority member, for their tremendous work.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa (Mr. SMITH) who is a long-time supporter of agriculture.

Mr. SMITH of Iowa. Mr. Speaker, I thank the gentleman for yielding this time to me.

I really did not intend to take any time on this bill, but I began to wonder about the rhetoric I have heard and about the actions I have witnessed the past week.

On Thursday of last week, this House passed a bill that reduced by $1.1 billion the amount of money that goes to grants for local governments for health and education because they said we could not afford the expenditures. Then we came in here on Friday, and the majority voted for a 25-percent increase in foreign aid. We saw the same Members voting for a lower figure for the grants to local governments so they can provide needed services on Thursday that voted for the big increase in foreign aid on Friday.

It is hard enough to rationalize that, but then comes an agriculture bill like this, and the agricultural economy in this country is in bad shape. We have unemployment in agri-business and we have farm machinery companies going broke. These big consumers of steel and coal and electric motors are not buying them, and agriculture needs some support. So we should do something about it.

I commend the Agriculture Appropriations Subcommittee for doing as well as it did, but it was forced to cut back on consumer protection, and now we hear a lot of rhetoric about food stamps. Let me say something about food stamps.

Food stamps in this country cost three-tenths of 1 percent of our national production. That is three-tenths of 1 percent, and then the other people who can afford to buy all the food they need secure their food for 17 percent of their income.

No other country in the whole world has been able to do what we have been able to do simultaneously for producers and those poor people who cannot pay for enough food. Other countries, in order to secure the food for the poor people, have destroyed their productive system. They have had revolutions, and after the revolution is over they find they have destroyed incentive to produce or the ability to produce. But we have found a method in this country by which, for a little bit of money, three-tenths of 1 percent, we can let the poor people who cannot find food in any other way have the minimum amount of food and at the same time preserve the incentive for producers to continue producing.

This has been a successful program. All we hear on the floor is rhetoric about how bad it is. The fact of the matter is that no other country in the whole world has been as successful as we have been in accomplishing this dual purpose of providing food for the poor and protecting the producers, and at the same time we did not destroy our productive system. I think it is about time that we look at how good the program is instead of always hearing rhetoric about how we cannot affort to give poor people a minimum amount of food, that is for those who through no fault of their own cannot secure needed quantities of needed food.

Mr. Speaker, it seems that if we must cut back on consumer protection because funds are not available, it is inconsistent to say we have plenty of money for a foreign aid increase of 25 percent and an increase of $28 billion in 1 year in the Defense Department. That does not make sense.

I do commend the Appropriations Subcommittee for doing as well as they did with this bill under the circumstances.

Mrs. SMITH of Nebraska. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Indiana (Mr. MYERS).

Mr. MYERS. Mr. Speaker, I rise in support of this compromise.

It has been said here that this is not the first choice of any Member of this Chamber, but it is a compromise worked out primarily by the committee chairman and certainly the ranking minority member, the gentlewoman from Nebraska (Mrs. SMITH), along with other Members and the staff who worked very hard for several months to come to this compromise. I think it is worthy of our support.

However, there are, of course, parts of this bill that we are not very pleased with, and they have been identified by several Members. I must take exception with my good friend, the gentleman from Iowa (Mr. SMITH). There is too much money in this bill for food stamps. But we are not ever intending to take food out of hungry people mouths. There has been abuse and misuse of the food stamp program. The gentleman from California (Mr. ROUSSELOT) is right, there is too much money in it.

But that is not this committee's fault. Our hands have been tied, and I think it is appropriate that early action in the next session in January should be taken to correct those parts of the authorization committee bill that allowed this to be first, an entitlement.

Second, we should tighten up the reins and close the holes. I know the gentleman from Iowa did not mean to

leave the impression that we should not for a moment ignore the waste in the food stamp program.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. MYERS. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Speaker, there are some things that we cannot do with Federal legislation. For one thing, in the food stamp program there are two people who administer it. One is the local governments, and there are, second, the grocers.

Now, how can we pass a law that makes them administer the law better? As for the grocer, if he permits them to buy food they are not supposed to use food stamps to pay for, the grocer is the one that really is responsible rather than the law. We should be doing what we can do to prevent people from getting it that should not have it but just passing another Federal law is not going to correct the situation.

□ 1500

Mr. MYERS. Possibly another Federal law would not be. But a correction of the mistakes we have made in the past would, in permitting these things and these accounts that are not conducted today, first off, on the eligibility. You will have to admit that the eligibility requirements today are pretty loose, that the individual can apply for food stamps and they get them regardless of having to prove the need or justification.

We cannot raise enough tax money, let alone pass enough laws if we are going to make an entitlement that the individual is entitled to them just because they asked for them.

Mr. SMITH of Iowa. You cannot have more Inspectors General when you are cutting the money down for Inspectors General.

Mr. MYERS. I would not disagree. But we have to start someplace. When we start enforcing the laws maybe we will not need quite so many Inspectors General.

Nevertheless, I am not going to condone what is wrong in the bill today about the food stamps. It is not our fault. We are going to try now to vote with the gentleman from California to help correct this mistake, but today we are fixed with a situation where they have not corrected the entitlement and the authorization.

The gentleman from California asked a question, if there would be a supplemental. Of course, no one knows. But I expect to see several supplementals on a number of things in this next year and I am sure the gentleman from California would agree. Several of those supplementals are going to contain agricultural items. Food stamps is one of them, without any question. We are going to run out of money by some time late in the summer.

I have another concern and that is I am concerned about the Commodity Credit Corporation. I do not think we have enough money here to support prices because of the low commodity and grain prices that we have today. There is going to be a big demand for commodity credit lending in this next year and I am sure we are going to have to put additional money in for this purpose.

The chairman talked about Secretary Benson several years ago not selling grain. I am concerned about the Commodity Credit Corporation being able to sell any through the Public Law 480, and I am afraid the cutback in Public Law 480 may tie our hands somewhat.

I realize the compromise worked out here is with the White House. This is coming under the target. We have done the best we can do. But I am concerned about what is going to happen. I think we are going to be in trouble with Public Law 480 because we simply have cut back a little bit too deep. But faced with the situation we have today, we are going to build up larger surpluses because we have them today. If we are not going to be able to sell them through the channels of Public Law 480, we are going to have to come back in with higher Commodity Credit Corporation supports and more loans.

So I think we may be doing the wrong thing here, but it is a compromise.

As my last remarks I do want to say I think the committee has done the best job we can do considering the situation. I believe this bill deserves the support of everyone here. The President has made a compromise with us. He has on other items. I agree with the chairman in his remarks the other day, we do not want the White House writing appropriation bills and we do not want them writing authorization bills. But we must recognize that we did not have enough votes to override any veto.

So we have to compromise. The President in this spirit of compromise has also compromised. He did not get everything he wanted in this bill. But I think it is a bill that he will sign. I know he will sign it. It is a bill that we can all agree to. It is the best we can come with today and still, I completely agree, too, we do not want to continue to run the country on a continuing resolution.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. MYERS. I yield to the gentleman from California.

Mr. ROUSSELOT. I think the point the gentleman has made is correct, that our basic problem, as was pointed out by the chairman, is what we do in our entitlement programs. The reason I brought up the food stamps is that is the biggest chunk of this bill, $10.2 billion. That is a lot of money. My colleague from Iowa can kind of downplay it, that we are only taking care of the poor. That is not true.

The General Accounting Office has pointed out time and time again, not everybody, but many of the 21-some-odd million participating in the food stamp program would not normally be eligible, as the gentleman pointed out, for food stamps. They really are not in the class of the very poor.

The point is that we need at some time in this Congress to take the responsibility to tighten up on the entitlements, to disallow the overuse of the food stamp program.

Nobody is claiming that the really poor should be denied, those that are not able to care for themselves. The point is that we have allowed the program to get out of hand.

I appreciate my colleague pointing out that we should not defend the overuse or the misuse of the food stamp program, which is the biggest chunk of this program. It is $10.2 billion. My friend from Iowa may be able to play down that that is only a certain percentage of the total gross national product or something else, but it is still being carried on the backs of the taxpayers of this country.

Mr. MYERS. A few billion here and a few billion there and it soon becomes real dollars, does it not?

Mr. ROUSSELOT. It certainly does.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. MYERS. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. I would point out that yes, it is a lot of money, but it is one-third of the increase in defense that we just voted a few days ago.

Mr. MYERS. In fairness, I would say to the gentleman, who else in this country takes care of U.S. defense except your U.S. Government. In welfare programs, in all of these programs, helping poor people, helping those less fortunate people, local government, city, county, and State help contribute.

Other agencies, churches help do this. But who takes care of the national defense except your U.S. Government? We are the only ones.

So I do not think it is fair to compare the increases on national defense with welfare programs when we are the only ball game in town funding national defense.

Mr. SMITH of Iowa. The fact is we cannot spend that much additional money in 1 year without wasting it. They are going to waste $10 billion of that $30 billion because it cannot be spent that fast without wasting it. That is the fact of the matter.

But the thing I really want to point out in regard to all of this, to clear it

up, is we are depending upon local governments and upon the grocers to enforce the bill. If we employ people who will prosecute those people, it is not a matter of changing entitlements. Entitlements do not permit them to get them now where there is an abuse. But we do not have a method, and I do not know of anybody proposing a better method other than using inspectors general. But we are cutting down on the inspectors general.

Mr. MYERS. This committee 3 years ago tried to provide some language in the report strengthening the hand of the Department of Agriculture to enforce, and we were struck down by the courts because it is an entitlement.

So I think we are going to have to go to the problem, and I think you will all agree, and I am sure the gentleman from Iowa is not condoning the misuse and the mishandling and the abuse of the food stamps because it is unfair to the needy people of this country for so many greedy ones to be receiving stamps. We have to start tightening our belts. It is a small item, sure, but a lot of small items add up to the $100 billion increase in the national debt.

Mr. SMITH of Iowa. The other thing is that they issue food stamps—and we cannot condemn the whole program because this happens—they issue food stamps to people who claim they have lost them and then they sell them and people can buy them. They could get away from this whole thing by having an electronic system or a credit card system, but they have not proposed to do that.

Mr. MYERS. I think we need to tighten up. We all agree with the gentleman, but this is a committee that cannot do that. It is going to take the authorization committee and the full Congress to really put some teeth in this.

I yield back the balance of my time.

Mr. WHITTEN. Mr. Speaker, I would like to note how fortunate we are in the membership of the committee. I would like to say to the House that through the years my colleagues on this committee have done a tremendous job. This year particularly, they have all made major and essential contributions to the development of this bill.

Mr. Speaker, may I say that I would particularly like to express my appreciation to the gentlewoman from Nebraska, Mrs. VIRGINIA SMITH, as the ranking minority member of the subcommittee, for her diligent and thoughtful work in developing this legislation. I would also like to add my thanks to the gentleman from Michigan (Mr. TRAXLER), our ranking majority member, the gentleman from Arkansas (Mr. ALEXANDER), the gentleman from New York (Mr. MCHUGH), the gentleman from Kentucky (Mr. NATCHER) whom I have worked closely with for many years now, the gentleman from Texas (Mr. HIGHTOWER), the gentleman from Hawaii (Mr. AKAKA), and the gentleman from Oklahoma (Mr. WATKINS). I would also like to commend our other minority members, the gentleman from Virginia (Mr. ROBINSON), the gentleman from Indiana (Mr. MYERS), and the gentleman from California (Mr. LEWIS).

Mr. Speaker, may I also say it has been a pleasure this year, not only on this bill but all bills we deal with, to work with the gentleman from Massachusetts (Mr. CONTE), the ranking minority member of the full committee.

Mr. Speaker, all of these people have done a marvelous job, and we have been able to bring this bill to you because the House has confidence in them and in their efforts on this bill, which is so important to the standard of living of every American. I give my personal thanks to each and every one of them.

I have arisen at this time to pay special tribute to the gentleman from Indiana, (Mr. MYERS.) I do not know of any man who has better standing in this Congress or who is held in higher esteem on both sides of the aisle. He was the ranking member of this Subcommittee on Agriculture. He is now the ranking member on the Public Works Subcommittee. But I appreciate his continuing contribution here. Through the years he has been the one who told it like it was and held the line and got things done.

I just want to say for the RECORD about the gentleman from Indiana, Congressman MYERS, that there is none better in this House and I appreciate his contributions here.

COMMITTEE RECOMMENDATION

Mr. Speaker, as I mentioned earlier, this has been an extraordinary year. Circumstances have changed yet again in the brief time that has passed since the conference report on this appropriations bill was submitted. In response to these changing circumstances, the committee is offering an amendment to the conference report which will make reductions from the conference in 22 specific accounts. These reductions are designed to achieve a total savings of $317,330,000 in budget authority and $211,571,000 in outlays in areas not involving direct assistance to those engaged in agriculture.

Mr. Speaker, the amendment offered by the committee also provides that, where applicable, these reductions shall be applied proportionally to each appropriation account and activity, unless justified in writing and concurred in by the House and Senate Appropriations Committees. Further, it is the intention of the committee to continue to give close attention to actions taken by the Farmers Home Administration to help avoid bankruptcy or forced sale of assets for those engaged in agriculture. Therefore, the committee directs that the reductions in the FmHA accounts be taken from activities other than farmer programs and single family housing. In addition to this instruction, it is the intention of the committee that the Food and Drug Administration is still expected to establish a project entitled "Orphan Drugs" which will account for no less than $1.5 million of the resources currently available to the human drugs program.

Mr. MOFFETT. Mr. Speaker, I want to commend the House conferees on their efforts to provide viable levels of funding for the child nutrition programs. Actually, I use the word "viable" for lack of a better word, under the circumstances. The school lunch administrators I am hearing from will tell you that a budget cut of $1.5 billion to the lunch program hardly leaves them with viable funding. But we did not have much to work with, so we have the best we could get. For that, I am indeed thankful.

Now with the across-the-board cutbacks contained in the latest continuing resolution, I have to take a minute to express my very grave concern about the school lunch program.

By approving further spending reductions in the school lunch program, Congress is gouging a program that is essential for the growth of thousands of poor children.

Ask the USDA—their own studies show that poor kids rely on school lunches for as much as one-half of their needed nutrients. Back in the spring, when President Reagan proposed his austerity budget, persons who understood that the school lunch program is administered on the local level as a business warned that schools could not sustain the program with huge cutbacks. The paying students' participation in the program is essential, we were warned; if prices for lunch have to be increased, these students might just drop out of the program altogether. And then there would be no lunch program for anyone, affluent or poor.

As with Cassandra, these warnings went unheeded by the administration. Mr. Stockman testified at hearings last April:

> All of these dire predictions are based on an assumption. I don't believe those assumptions have been verified. It seems to me middle- and upper-income students will stay in the program and that their families will be willing to put in 30¢ more a meal because it is still a good deal.
>
> If there is a major retention of participation, which we believe there will be, there will be no changes in the unit costs for running these programs, and the kind of dropout, the kind of attrition that has been predicted, in my judgment, won't happen.

Given the recent accounts of Mr. Stockman's inner feelings about supply-side economics, it is likely that he did not believe what he was saying

about school lunches, either. But his statements certainly have been questioned. In a recent New York Times article, it was reported that participation in the school lunch program is down by 15 to 20 percent in my home State of Connecticut, 20 to 30 percent in New Jersey, 30 to 35 percent in California, 20 percent in Wisconsin, 22 percent in Idaho, and by 15 percent in Florida. And, prices for lunches have indeed risen, to $1 in some schools in Connecticut.

The school lunch administrators at home are telling me that they cannot bear another round of budget cuts. Already, five towns have dropped out of the lunch program. What do we have to look forward to? Eliminating the paying student from the program and a rehash of the USDA's deleterious regulations? Is there anything but bleak news ahead for school lunches? Hopefully not.

My colleagues Representative GEORGE MILLER and Representative TONY HALL have introduced legislation that represents meaningful action to protect the school lunch program. First is a resolution which expresses the sense of Congress that the USDA retain the traditional and longstanding goal of the lunch program to provide participating children with approximately one-third of their daily nutritional needs. As the authors of the resolution stated, even though funding for the program has been reduced, there are ways to accommodate adjustments without impairing the nutritional value of the meals. It is not necessary to lower the standard, which has been unchanged since the creation of the lunch program in 1946.

The second positive step for the program is the legislation introduced by my friend and colleague GEORGE MILLER, which will reduce the business lunch and entertainment tax deductions to a 70-percent subsidy, and target the savings to restore the school lunch program. This is not punitive legislation; it simply seeks to have the Nation's businessmen share a little bit of their subsidy with the Nation's children.

I am cosponsoring both initiatives to protect the integrity and future of the school lunch program. I encourage you to do the same. By these efforts, we can restore a vital nutrition program which represents a very wise investment in our future society.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will designate the first amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 15: Page 7, line 18, strike out "$6,596,000" and insert "$2,000,000".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 15 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "$8,596,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 23: Page 10, line 2, strike out "$219,936,000" and insert "$222,506,000".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 23 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "$225,548,000".

The motion was agreed to.

□ 1510

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 30: Page 11, line 8, strike out "$314,783,000" and insert "$315,179,000".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 30 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "$314,381,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 35: Page 12, lines 20 and 21, strike out "not to exceed $14,983,000 shall be available for the Mediterranean fruit fly program and".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 35 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment, amended to read as follows: "not to exceed $8,983,000 shall be available for the Mediterranean fruit fly program and".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 37: Page 13, line 19, strike out "insect infestations" and insert "pests".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 37 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 38: Page 13, line 22, after "amended," insert "including not less than $6,000,000 for the eradication of infestations of the Mediterranean fruit fly in the continental United States,".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 38 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 71: Page 31, line 25, after "amounts" insert "but during 1982, total commitments to guarantee loans pursuant to section 306, shall not be less than $5,145,000,000, nor more than $6,400,000,000 of contingent liability for loan principal".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 71 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 82: Page 40, after line 10, insert

FORESTRY INCENTIVES PROGRAM

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, $12,500,000, to remain available until expended, as authorized by that Act.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 82 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 94: Page 43, line 7, strike out all after "$751,400,000" down to and including "law" in line 9.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 94 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment, amended to read as follows: ", of which not to exceed $500,000 shall be available for the pilot supplemental food program when authorized by law".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 98: Page 44, line 4, after "law" insert ": *Provided further,* That not less than $65,000,000 of the amount provided herein shall be used for work registration and job search activities".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 98 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 111: Page 51, line 4, after "480;" insert "Mutual and Self-Help Housing;".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 111 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the last amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 112: Page 51, line 22, after "utilized" insert ", and ceilings on full-time equivalent staff years established for or by the Department of Agriculture shall exclude overtime as well as staff years expended as a result of carrying out programs associated with natural disasters, such as forest fires, drought, floods, and other acts of God".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 112 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

, and ceilings on full-time equivalent staff years established for or by the Department of Agriculture shall exclude overtime as well as staff years expended as a result of carrying out programs associated with natural disasters, such as forest fires, drought, floods, and other acts of God: *Provided,* That notwithstanding any other provision of this Act, appropriations under this Act for the following agencies or activities shall not exceed:

	Thousands
Governmental and Public Affairs	$8,628
Agricultural Research Service:	
Salaries and expenses	432,410
Scientific activities overseas (Special foreign currency program)	
Cooperative State Research Service:	
Hatch Act payments	141,109
Animal Health and Disease programs	5,760
Special grants	21,899
Competitive grants	16,320
Extension Service:	
Smith-Lever payments	219,376
Renewable resources	2,000
Animal and Plant Health Inspection Service: Salaries and expenses	277,382
Food Safety and Inspection Service	323,250
Economic Research Service	39,360
Statistical Reporting Service	51,636
Agricultural Stabilization and Conservation Service: Salaries and expenses (Transfer from Commodity Credit Corporation).	−309,000
Federal Crop Insurance Corporation: Administrative and operating expenses	117,600
Farmers Home Administration:	
Rural Housing Insurance Fund reimbursement	707,967
Rural Development Insurance Fund reimbursement	180,040
Salaries and expenses	276,418
Soil Conservation Service: Conservation operations	310,809
Special supplemental food programs (WIC)	934,080
Public Law 480	−1,000,000
Titles I and III	−325,127
Title II	−674,873
Food and Drug Administration:	
Salaries and expenses	328,032

: *Provided further,* That, where applicable, the reductions made by this provision shall be applied proportionally to each appropriation account and activity, unless justified in writing and concurred in by the House and Senate Appropriations Committees.

Mr. WHITTEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and that I be permitted to include tables, charts and other extraneous material, on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken later today, and other privileged business may interrupt the consideration of the suspension list.

BLACK LUNG BENEFITS REVENUE ACT OF 1981

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5159) to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes

The Clerk read as follows:

H.R. 5159

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Black Lung Benefits Revenue Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. TEMPORARY INCREASE IN AMOUNT OF TAX.

(A) GENERAL RULE.—Section 4121 (relating to tax on coal) is amended by adding at the end thereof the following new subsection:

"(e) TEMPORARY INCREASE IN AMOUNT OF TAX.—

"(1) IN GENERAL.—Effective with respect to sales after December 31, 1981, and before the temporary increase termination date—

"(A) subsection (a) shall be applied—

"(i) by substituting '$1' for '50 cents', and

"(ii) by substituting '50 cents' for '25 cents', and

"(B) subsection (b) shall be applied by substituting '4 percent' for '2 percent'.

"(2) TEMPORARY INCREASE TERMINATION DATE.—For purposes of paragraph (1), the temporary increase termination date is the earlier of—

"(A) January 1, 1996, or

"(B) the first January 1 after 1981 as of which there is—

"(i) no balance of repayable advances made to the Black Lung Disability Trust Fund, and

"(ii) no unpaid interest on such advances."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to sales after December 31, 1981.

SEC. 3. BLACK LUNG DISABILITY TRUST FUND.

(a) GENERAL RULE.—The Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subtitle:

"Subtitle I—Trust Fund Code

"SEC. 9500. SHORT TITLE.

"This subtitle may be cited as the 'Trust Fund Code of 1981'.

"CHAPTER 98—TRUST FUND CODE

"Subchapter A. Establishment of Trust Funds.
"Subchapter B. General provisions.

"Subchapter A—Establishment of Trust Funds

"Sec. 9501. Establishment of Black Lung Disability Trust Fund.

"SEC. 9501. ESTABLISHMENT OF BLACK LUNG DISABILITY TRUST FUND.

"(a) CREATION OF TRUST FUND.—

"(1) IN GENERAL.—There is established in the Treasury of the United States a trust fund to be known as the 'Black Lung Disability Trust Fund', consisting of such amounts as may be appropriated or credited to the Black Lung Disability Trust Fund.

"(2) TRUSTEES.—The trustees of the Black Lung Disability Trust Fund shall be the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health and Human Services.

"(b) TRANSFER OF CERTAIN TAXES; OTHER RECEIPTS.—

"(1) TRANSFER TO BLACK LUNG DISABILITY TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—There are hereby appropriated to the Black Lung Disability Trust Fund amounts equivalent to the taxes received in the Treasury under section 4121 or subchapter B of chapter 42.

(2) CERTAIN REPAID AMOUNTS, ETC.—The following amounts shall be credited to the Black Lung Disability Trust Fund:

"(A) Amounts repaid or recovered under subsection (b) of section 424 of the Black Lung Benefits Act (including interest thereon).

"(B) Amounts paid as fines or penalties, or interest thereon, under section 423, 431, or 432 of the Black Lung Benefits Act.

"(C) Amounts paid into the Black Lung Disability Trust Fund by a trust described in section 501(c)(21).

"(c) REPAYABLE ADVANCES.—

"(1) AUTHORIZATION.—There are authorized to be appropriated to the Black Lung Disability Trust Fund, as repayable advances, such sums as may from time to time be necessary to make the expenditures described in subsection (d).

"(2) REPAYMENT WITH INTEREST.—Repayable advances made to the Black Lung Disability Trust Fund shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary of the Treasury determines that moneys are available in the Black Lung Disability Trust Fund for such purposes.

"(3) RATE OF INTEREST.—Interest on advances made pursuant to this subsection shall be at a rate determined by the Secretary of the Treasury (as of the close of the calendar month preceding the month in which the advance is made) to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding.

"(d) EXPENDITURES FROM TRUST FUND.—Amounts in the Black Lung Disability Trust Fund shall be available, as provided by appropriation Acts, for—

"(1) the payment of benefits under section 422 of the Black Lung Benefits Act in any case in which the Secretary of Labor determines that—

"(A) the operator liable for the payment of such benefits—

"(i) has not commenced payment of such benefits within 30 days after the date of an initial determination of eligibility by the Secretary of Labor, or

"(ii) has not made a payment within 30 days after that payment is due,

except that, in the case of a claim filed on or after the date of the enactment of the Black Lung Benefits Revenue Act of 1981, amounts will be available under this subparagraph only for benefits accruing after the date of such initial determination, or

"(B) there is no operator who is liable for the payment of such benefits,

"(2) the payment of obligations incurred by the Secretary of Labor with respect to all claims of miners or their survivors in which the miner's last coal mine employment was before January 1, 1970,

"(3) the repayment into the Treasury of the United States of an amount equal to the sum of the amounts expended by the Secretary of Labor for claims under part C of the Black Lung Benefits Act which were paid before April 1, 1978, except that the Black Lung Disability Trust Fund shall not be obligated to pay or reimburse any such amounts which are attributable to periods of eligibility before January 1, 1974,

"(4) the repayment of, and the payment of interest on, repayable advances to the Black Lung Disability Trust Fund,

"(5) the payment of all expenses of administration on or after March 1, 1978—

"(A) incurred by the Department of Labor or the Department of Health and Human Services under part C of the Black Lung Benefits Act (other than under section 427(a) or 433), or

"(B) incurred by the Department of the Treasury in administering subchapter B of chapter 32 and in carrying out its responsibilities with respect to the Black Lung Disability Trust Fund,

"(6) the reimbursement of operators for amounts

paid by such operators (other than as penalties or interest) before April 1, 1978, in satisfaction (in whole or in part) of claims of miners whose last employment in coal mines was terminated before January 1, 1970, and

"(7) the reimbursement of operators and insurers for amounts paid by such operators and insurers (other than amounts paid as penalties, interest, or attorney fees) at any time in satisfaction (in whole or in part) of any claim denied (within the meaning of section 402(i) of the Black Lung Benefits Act) before March 1, 1978, and which is or has been approved in accordance with the provisions of section 435 of the Black Lung Benefits Act.

For purposes of the preceding sentence, any reference to section 402(i), 422, or 435 of the Black Lung Benefits Act shall be treated as a reference to such section as in effect immediately after the enactment of this section.

"Subchapter B—General Provisions

"Sec. 9601. Transfer of amounts.
"Sec. 9602. Management of Trust Fund.

"SEC. 9601. TRANSFER OF AMOUNTS.

"The amounts appropriated by any section of subchapter A to any Trust Fund established by such subchapter shall be transferred at least monthly from the general fund of the Treasury to such Trust Fund on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in such section. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"SEC. 9602. MANAGEMENT OF TRUST FUND.

"(a) REPORT.—It shall be the duty of the Secretary of the Treasury to hold each Trust Fund established by subchapter A, and (after consultation with any other trustees of the Trust Fund) to report to the Congress each year on the financial condition and the results of the operations of such Trust Fund during the preceding fiscal year and on its expected condition and operations during the next 5 fiscal years. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(b) INVESTMENT.—

"(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to invest such portion of any Trust Fund established by subchapter A as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired—

"(A) on original issue at the issue price, or

"(B) by purchase of outstanding obligations at the market price.

"(2) SALE OF OBLIGATIONS.—Any obligation acquired by a Trust Fund established by subchapter A may be sold by the Secretary of the Treasury at the market price.

"(3) INTEREST OF CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligation held in a Trust Fund established by subchapter A shall be credited to and form a part of the Trust Fund."

(b) REPEAL OF SUBSECTIONS (a), (b), AND (c) OF SECTION 3 OF THE BLACK LUNG BENEFITS REVENUE ACT OF 1977.—Subsections (a), (b), and (c) of section 3 of the Black Lung Benefits Revenue Act of 1977 are hereby repealed.

(c) CLERICAL AMENDMENTS.—

(1) Clause (iii) of section 501(c)(21)(B) is amended by striking out "established under section 3 of the Black Lung Benefits Revenue Act of 1977" and inserting in lieu thereof "established under section 9501".

(2) The table of subtitles for such Code is amended by adding at the end thereof the following new item:

"SUBTITLE I. Trust Fund Code."

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 1982. Section 9501(c)(3) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall only apply to advances made after December 31, 1981.

(2) SAVINGS PROVISIONS.—The Black Lung Disability Trust Fund established by the amendments made by this section shall be treated for all purposes of law as the continuation of the Black Lung Disability Trust Fund established by section 3 of the Black Lung Benefits Revenue Act of 1977. Any reference in any law to the Black Lung Disability Trust Fund established by such section 3 shall be deemed to include a reference to the Black Lung Disability Trust Fund established by the amendments made by this section.

SEC. 4. Amendments to Section 424 of the Black Lung Benefits Act.

(a) INTEREST ON OPERATOR LIABILITIES.—

(1) RATE OF INTEREST.—Subsection (b) of section 424 of the Black Lung Benefits Act is amended by adding at the end thereof the following new paragraph:

"(5) THE RATE OF INTEREST UNDER THIS SUBSECTION.—

"(A) for any period during calendar year 1982, shall be 15 percent, and

"(B) for any period after calendar year 1982, shall be the rate established by section 6621 of the Internal Revenue Code of 1954 which is in effect for such period."

(2) CLARIFYING AMENDMENT.—The first sentence of section 424(b)(1) of the Black Lung Benefits Act is amended by inserting "plus interest thereon" after "attributed to him.".

(3) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on January 1, 1982, and shall apply to amounts outstanding on such date or arising thereafter.

(b) CONFORMING AMENDMENT.—Subsection (a) of section 424 of the Black Lung Benefits Act is amended to read as follows:

"(a) For purposes of this section, the term 'fund' means the Black Lung Disability Trust Fund established by section 9501 of the Internal Revenue Code of 1954."

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Illinois (Mr. ROSTENKOWSKI) will be recognized for 20 minutes, and the gentleman from New York (Mr. CONABLE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 5159, presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Ways and Means has reported a bill, H.R. 5159, the Black Lung Benefits Revenue Act of 1981. This legislation represents the culmination of the efforts of many in the Congress, in the administration, and in the coal industry to restore the black lung disability trust fund to fiscal solvency over a period of years. It deserves the support of all those in Congress who desire a fair and balanced resolution to the controversies that have plagued this program since its inception. Let me now provide my colleagues with a summary of present law and the principal provisions of the bill before us.

PRESENT LAW

Mr. Speaker, the black lung disability trust fund was created in 1978 pursuant to the Black Lung Benefits Revenue Act of 1977. Revenues for the fund are derived from an excise tax on coal. Currently, the tax is 25 cents per ton for surface-mined coal and 50 cents per ton for underground-mined coal, with a cap of 2 percent of the sales price. Expenditures from the fund are made to pay benefits to coal miners who are totally disabled by coal workers' pneumoconiosis—"black lung" disease—and to their survivors. The fund was intended to place primary financial responsibility for the black lung disability program on the coal mining industry rather than the Federal taxpayer.

The fund pays benefits for miners who terminated coal mine employment prior to January 1, 1970, and filed a claim after June 30, 1973. If a miner's last coal mine employment occurred after December 31, 1969, and the miner filed a claim after June 30, 1973, one of his employers—designated as the "responsible operator"—pays any benefits to which the miner may be entitled. If no "responsible operator" can be found, or if that operator is in default, the fund will pay the benefits. The fund also pays the administrative costs of a portion of the program.

This system was intended to be self-sustaining, but since its creation in 1978, coal excise tax receipts have never been able to meet trust fund expenditures. As a result, the fund has had to borrow money from the general revenues of the Treasury. Since the trust fund must pay interest on advances from the Treasury at increasing rates, the deficit of the fund is growing. The cumulative deficit of the fund as of October 30, 1981, was approximately $1.5 billion, and the projected deficit for 1995, absent this legislation, would total $9 billion.

OVERSIGHT HEARINGS AND REPORT

Mr. Speaker, the Subcommittee on Oversight of the Committee on Ways and Means conducted two hearings on the fiscal insolvency of the black lung disability trust fund on July 27, 1981, and September 28, 1981. A formal report containing the recommendations of the subcommittee was filed with the full committee, and the legislation which the committee reported is consistent with the recommendations of the Oversight Subcommittee.

PROVISIONS OF THE BILL

H.R. 5159 contains only those provisions of the black lung disability program and the trust fund that are within the jurisdiction of the Committee on Ways and Means. As such, it provides for a temporary doubling of the present coal excise taxes on coal producers, from 50 cents to $1 per ton for underground-mined coal and from 25 cents to 50 cents per ton for surface-mined coal. The cap on these taxes is also doubled, from 2 percent to 4 percent of the sales price of the coal. These tax increases will remain in effect until the fund becomes solvent or until January 1, 1996, whichever occurs first.

The bill also includes provisions which require that certain payments due to or due by the trust fund carry a current market rate of interest. In addition, the bill standardizes and modernizes provisions of the trust fund to conform to the language of other trust funds, and transfers the trust fund provisions to the Internal Revenue Code.

The trust fund's expenditure purposes are expanded to include claims previously denied but subsequently granted due to the retroactive application of the 1977 black lung disability amendments and to exclude certain retroactive lump-sum payments when claims are contested.

Finally, the bill provides that fund moneys will be available to meet obligations incurred under sections 402(i), 422, and 435 of the Black Lung Benefits Act, as such sections are in effect immediately after the enactment of this bill. This provision requires that the expenditure purposes of the fund be conformed to reflect substantive changes relating to eligibility and benefits that may be made by other appropriate committees in the future, before the fund will make payment for any such amended purpose. This provision is to insure that the fund will have sufficient revenue to satisfy obligations arising from amendments made after enactment of this bill.

Mr. Speaker, an important element in the effort to reform the black lung disability program and to restore the trust fund to solvency involves changes in the eligibility standards and benefit provisions. These provisions are within the jurisdiction of the Committee on Education and Labor. Changes to these provisions will be proposed at a later time. However, all parties affected by this legislation have agreed that the Committee on Ways and Means should go forward with those tax and trust fund provisions within its jurisdiction. As reported by the Committee on Ways and Means, the legislation is supported by the administration and a broad coalition of coal producers, mineworkers, insurers, and others affected by the legislation.

This bill represents a compromise among a number of competing interests. As such, we have resisted amendments to this bill because of a concern for jeopardizing the consensus behind this bill. I would hope the Senate will follow our example in this regard to assure speedy passage of this critical legislation.

Thus, I urge my colleagues to vote to suspend the rules and adopt H.R. 5159, the Black Lung Benefits Revenue Act of 1981.

□ 1520

Mr. CONABLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, with reluctance I support H.R. 5159 as a modest forward step in establishing solvency of the black lung disability trust fund. The proposal was developed by a coalition of interested and previously contrary parties, including the coal industry, the insurance industry, the Labor Department, and the executive board of the United Mine Workers.

First, the bill temporarily doubles the manufacturers' excise tax on coal, from $0.25 per ton for surface coal and $0.50 per ton for underground coal to $0.50 and $1, respectively. The tax would not exceed 4 percent of the sales price for a ton of coal, however, and the increase will terminate either on January 1, 1996, or on the first January 1 after this year when there is no balance of repayable advances made to the fund and no unpaid interest thereon.

The increased excise tax on coal is estimated to increase receipts of the trust fund by $193 million in fiscal year 1982, $299 million in 1983, $313 million in 1984, and $327 million in 1985.

The increased excise tax on coal is estimated to increase net tax receipts after accounting for lower income tax receipts as a result of the coal excise tax by $141 million in fiscal year 1982, $218 million in 1983, and so forth.

These figures are set out in the committee report.

A second reason for supporting this measure is that liability for certain claims would be transferred from responsible operators to the fund. Generally, these are the claims which had been denied, or were pending prior to March 1, 1978, and which were re-reviewed and approved as a result of the Black Lung Benefits Reform Act of 1977.

Third, the bill eliminates the requirement that the fund pay retroactive lump sum benefits after eligibility is determined, when the claim is being contested by the responsible operator. The fund will, however, still pay benefits accruing after the initial determination of eligibility is made.

Fourth, the rate of interest paid by responsible operators on repayment to the fund of amounts paid by the fund on claims for which the operator is liable, is increased from 6 percent to the prime rate, determined annually. The rate for calendar year 1982 would be 15 percent. The bill also amends the method for computing interest paid by the fund to the general fund for repayable advances.

Basically, the rate would be equal to the current average market yield on outstanding U.S. obligations with comparable maturity for the calendar month preceding the month in which the advance is made.

Finally, the black lung disability trust fund—and the provisions by which amounts appropriated to the fund are transferred from the general fund—would become part of a new chapter of the Internal Revenue Code and the language would be updated and standardized to conform with the language of the other trust funds.

The provisions in this bill would take effect on January 1, 1982.

Mr. Speaker, this measure will begin the difficult task of salvaging the currently bankrupt fund. It represents a compromise on the part of almost all the interested parties, although it is considerably less than the best of legislative compromises.

I personally am persuaded that it improves our fiscal position with respect to a badly conceived program and that we should not delay this possible improvement in the faint hope of rationalizing further the many inconsistencies, definitions, and abuses which seem to have defied resolution over the life of the black lung program.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 5 minutes to the gentleman from West Virginia (Mr. RAHALL).

Mr. RAHALL. Mr. Speaker, today the Congress considers the Black Lung Benefits Revenue Act of 1981 which is aimed at reducing the large and ever growing deficit of the black lung disability trust fund. I would like to take this opportunity first, to read the following excerpt from an article published by the Journal of Public Health Policy, entitled "Black Lung" for the benefit of my colleagues who have never been in a coal mine.

> At work, coal miners are covered with dust. It's in their hair, their clothes and their skin. It gets between their teeth and they swallow it. They suck so much of it into their lungs that until they die they never stop spitting up coal dust. Some cough so hard they wonder if they have any lungs left. Gradually the miners notice they are getting short of breath when they walk up hills. On the job they must stop work to catch their breath. Finally, just walking across the room at home is an effort.

Many of my colleagues know full well the devastating effect coal dust has on the health and welfare of the brave souls who daily descend deep within the bowls of the Earth to extract coal to power the industrial and utility boilers of this Nation. We also know full well the horrors of mine disasters, a horror deeply implanted in the American public's mind on November 20, 1968, when the Nation watched on television the devastating coal-mine explosion at Farmington, W. Va., where 78 miners were slaughtered. There were countless mine disasters before that, at Farmington, and there have been countless disasters since. Within the first half of this month, for example, 24 coal miners have been killed by three disasters in West Virginia, Kentucky, and Tennessee.

Mine disasters and black lung represent a two-pronged risk faced by coal miners. The only difference between them is that the former brings immediate death, the latter a slow and agonizing death.

Mr. Speaker, I am often disturbed by the insensibility some have toward those who mine coal. The administration appears intent on reducing the number of coal mine inspectors and even the level of federally mandated inspections of the Nation's deep mines. In the same sense, some of my colleagues who do not represent coal regions, and who have no idea of the social impacts of coal mining, have proposed measures to reduce the eligibility for black lung benefits. All this, they say, because of economic considerations.

This is wrong. It is, to say the least, immoral. There comes a time when economic considerations no longer apply, when the value of human life must take precedent.

We are at such a time now.

While the legislation pending before us today seeks to bring solvency to the black lung disability trust fund, we must be very careful that other nontax-related provisions which may be added in the near future are not done at the expense of the health of the human beings who mine this Nation's coal supplies.

Back in 1952, Alabama was the first State to provide compensation for victims of black lung. However, it was not until Congress enacted the Federal Coal Mine Health and Safety Act of 1969 did Congress, for the first time, mandate that an occupational disease occurring in a major industry be eradicated. This landmark law sought to decrease the levels of respirable dust in the coal mine along with setting up a Federal black lung benefits program.

The 1969 act was then amended in 1972 and again in 1978 with the passage of the Black Lung Benefits Reform Act. These amending statutes sought to clarify and fine-tune eligibility for black lung benefits and the manner in which they were to be funded. The 1978 law specifically stipulated that coal mine operators must assume a greater share of the cost of financing the black lung benefits program.

Today, we again consider legislation which will place a heavier burden on coal mine operators. The Black Lung Benefits Revenue Act of 1981 would temporarily double the present coal excise tax paid by every operator on a per-ton basis into the trust fund. This increase would remain in effect until the fund reaches solvency or until January 1, 1996. The bill also contains provisions which require these payments carry a current market rate of interest, and it authorizes the fund to assume liability for previously denied

claims which were granted due to the retroactive application of the 1977 amendments.

This bill is supported by coal producers, coal miners, and the administration. It is commendable legislation and I congratulate the distinguished chairman of the Committee on Ways and Means for bringing it to the floor in such an expedited fashion. I fully intend to support this bill and urge my colleagues to do likewise.

In conclusion, I might add that black lung statistics are alarming. It is estimated that some 138,000 persons are receiving black lung benefits. However, the important thing to remember is that each one of these people is a human being whose lungs have been diseased, and at some point, disabled. This is the penalty they pay for mining coal. It is a risk they take for contributing to this Nation's energy security. Yet, it is a dreadful price to pay for this contribution.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. RAHALL. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding.

I am very happy to hear my colleague speak as he has spoken of the suffering of those with black lung, and I would like to bring to the attention of this House another equally terrible disease, white lung, which is caused by working with asbestos. I have today introduced a bill which will bring help to those who suffer from this disease and I trust that my colleagues will look at it kindly.

□ 1530

Mr. CONABLE. Mr. Speaker, I yield 2 minutes to a valued member of the committee, the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Speaker, I rise in support of the Black Lung Benefits Revenue Act of 1981, H.R. 5159. This bill will take immediate action to correct the growing deficit of the black lung disability trust fund. The bill will accomplish this through a temporary increase in the coal excise tax and adjustments in the trust fund to prevent further revenue loss.

The financial status of the black lung disability trust fund requires immediate action to head off an increasing deficit. The trust fund has been operating in the red since it was set up in 1978. At the end of fiscal year 1981, the cumulative deficit stood at $1.5 billion. If the present situation continues, a deficit of $9 billion is projected for 1995.

To correct this situation, this bill doubles the coal excise tax, and assumes responsibility for certain cases by the trust fund. This action will increase the revenues of the trust fund and reduce the drain on the fund which results from advances out of general revenue which must be repaid with interest.

I believe this bill provides an adequate and just solution to the fund's fiscal problems. The miners who suffer from black lung disease will continue to be protected and cared for in the future. The bill supports the intention of Congress for the coal industry to provide the revenue for this fund.

The Labor Department issued a statement today which states the bill represents a major element of the Reagan administration's comprehensive black lung reform proposal. This legislation has also received the support of the business and labor spokesmen of the coal industry. The National Coal Association and the United Mine Workers' Union have both endorsed this action.

In light of the consensus support for this legislation and the need for immediate action to prevent a greater deficit in the trust fund, I believe this bill should be passed by the House. We must continue to protect coal miners and provide benefits to those suffering from black lung disease. This bill insures that this protection will continue in the future. I urge my colleagues to support H.R. 5159.

Mr. CONABLE. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. ERLENBORN).

Mr. ERLENBORN. Mr. Speaker, this bill has been brought to the floor of the House in haste. The bill was introduced on the 10th of December. It was reported yesterday by the committee and only a few moments ago was the report of the committee made available here on the floor.

Let me read to you a description of the bill as contained in the Daily Labor Report published by the Bureau of National Affairs:

> The measure would raise the tax on coal from 50 cents per ton of underground-mined coal to $1 per ton and from 25 cents per ton of surface coal to 50 cents.
>
> Essentially, the draft bill separates revenue provisions from proposals to scale back black lung benefits. A committee aide explained that the strategy is to get the revenue portion of the plan adopted by the House and sent to the Senate, where the Finance Committee is expected to concur. The Senate Labor and Human Resources Committee then is expected to offer benefit reduction amendments to the measure.
>
> After clearing it on the Senate floor, the measure would be returned to the House. The House panel with jurisdiction over black lung benefits—the Education and Labor Committee—is more willing to concede to benefit cuts approved by the Senate than to initiate its own reductions, the aid said.

Mr. Speaker, in spite of the fact that this administration and the representatives of the coalition supporting the bill before us gave me repeated assurances over the past year that this kind of procedure would not be utilized, but rather the bill would go through our committee, would come on the floor under a rule, subject to full debate, subject to amendment, we do now find this procedure designed to deny to the House the opportunity for full debate. We will have one vote up or down here without amendment. We will have one vote when the bill comes back in a motion to concur with the Senate amendments, and that is a rotten way to legislate.

Mr. Speaker, under the bill certain claims which have been assigned individual coal operators would be transferred to the black lung disability trust fund. In general these are claims which had been denied prior to March 1, 1978, but which have been rereviewed and approved under the liberalized eligibility criteria and evidentiary standards of the Black Lung Reform Act of 1977.

The committee estimates the cost of transferring the obligation of these claims from coal companies and insurance companies to the trust fund will be one and a half billion dollars.

Now, the gentleman from New York has already told us that the increased excise tax over the next several years will be x number of dollars each year. In the report I have that for the next 5 years. That totals $1.48 billion, or a little bit less than needed to make up for the additional obligations of the trust fund caused by the transfer; but what is even more interesting is the net revenue effect, because income taxes are reduced by the payment of these excise taxes and in the next 5 years the net revenue effect is $1.08 billion. That means we have a one and a half billion dollar additional obligation and we are going to collect $1.08 billion, or almost a half billion dollar net loss in revenue over the next 5 years.

Now, we have been told everybody supports this, insurance companies, coal companies, the United Mineworkers, the administration, the only one I cannot understand is the administration. The insurance companies love because they are going to be reimbursed for claims they have already paid when we transfer the obligation of these claims to the trust fund.

The coal companies are losing the obligation and will be reimbursed for claims they have already been paid. Of course, they like it.

These 10,200 claims being transferred are now subject to controversion by the insurance companies and coal companies and some coal companies have had a 70-percent rate of cases being overturned on appeals to the courts.

Of course, the United Mine Workers love this bill because the trust fund by law is not allowed to controvert claims, so these claims all of a sudden become claims that will be allowed with

nobody allowed to defend against them; so of course, the United Mine Workers like this.

Mr. Speaker, I have said often and I think it is quite true of this bill that when insurance companies, coal companies, and mineworkers get together, the consumers and the taxpayers better watch out. In the next 5 years the taxpayers have a net one-half billion dollar loss of revenue, and that hurts your taxpayers.

What about the consumers? The Edison Electric Institute in the Senate yesterday testified that these excise taxes actually will be paid in the main by electric utilities that buy the coal. They can automatically pass this on in their rates without even going to rate commissions as a fuel adjustment allowance, so it is your electric consumers who are going to be picking up the bill and the taxpayers are going to be picking up the bill and coal companies and insurance companies will have more money in their pockets. This is not the way to legislate.

I agree, we should make the trust fund solvent. I think it should be done in the normal legislative fashion instead of rushing this through. It will be back tomorrow. They want to have the bill on the President's desk before we adjourn. Let us wait until next year and use the regular legislative process.

Please vote "no."

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Speaker, we can always say one thing about the gentleman from Illinois (Mr. ERLENBORN). He always runs true to form. He was against this legislation from day one, even before we marked it up in 1969.

Mr. ERLENBORN. Mr. Speaker, will the gentleman yield?

Mr. PERKINS. I would like to compliment him on his perseverance. He has gone all the way ever since day one, 1969.

Mr. ERLENBORN. Mr. Speaker, will the gentleman yield?

Mr. PERKINS. Yes, I yield.

□ 1540

Mr. ERLENBORN. Mr. Speaker, just to correct the record, I supported and voted for the Coal Mine Health and Safety Act as it passed the House in 1969. It was only after it was grievously changed in the conference that I voted against it.

I thank the gentleman for letting me correct that record.

Mr. PERKINS. Mr. Speaker, let me say to the gentleman, when we undertook to tie the black lung legislation to the mine safety legislation in 1969, I should have stated, that was the time that he so vigorously opposed that strategy.

But be that as it may, I do not think this House should forget that one time we had more than 800,000 coal miners mining coal which furnished fuel for two World Wars, and I want to say that the consumers benefited from that cheap fuel.

No matter who testified on the other side yesterday, the gentleman representing the utilities was way out of bounds when he tries to place responsibility for increased coal cost to the consumers on the coal miners of this country.

This law should have been enacted 20 or 25 years ago. In fact, the Congress was derelict for not enacting the legislation sooner than we did.

Mr. SIMON. Mr. Speaker, will the gentleman yield?

Mr. PERKINS. I yield to my friend, the gentleman from Illinois.

Mr. SIMON. Mr. Speaker, I want to associate myself with the remarks of the gentleman from Kentucky.

If I could just respond very briefly to my colleague from Illinois, for whom I have great respect, while I differ with some of my colleague's conclusions, I differ strongly, if he is correct as to what will happen when this goes over to the Senate and comes back in the conference report, I may join the gentleman on the floor in opposition to the bill.

But right now what this does is to put the trust fund in decent shape, and I think it is a bill that ought to be supported by all Members of the House.

Mr. PERKINS. And that is all we are doing here. And we reserve the right to see what is in this bill when it comes back before the House.

Mr. Speaker, I urge my colleagues to join me today in support of H.R. 5159, a bill which will restore solvency to the black lung trust fund.

It may not be necessary for me to remind my colleagues, as I have in the past, of the hazards, indeed the peril, faced by coal miners in their work throughout the years in producing energy for the Nation. Only in the past several days have we again been reminded of the perils of this most hazardous occupation by the tragedies at Topmost, Ky., Bergoo, W. Va., and near Palmer, Tenn., which claimed the lives of 24 miners underground.

Tragic as these highly publicized events are, there is an equally tragic peril which claims the lives of thousands of miners each year. Coal miners disease—black lung—pneumoconiosis—whatever name is applied to it, the disease is progressive and irreversible. Sufferers have marked lung impairment and sharply restricts a person's physical capabilities. It often induces death by heart failure and may contribute to other causes of death.

Contrary to what some opponents of the program may try to lead you to believe, all miners who apply for benefits and are impaired as a consequence of the inhalation of coal dust do not have their claims approved. In fact, only a small percentage do. The approval rate this year for claims by the Department of Labor through November 20, 1981, was only approximately 14 percent—372 cases being approved, 2,333 being denied. To date, under part C administered by the Department of Labor, there have only been 77,841 approved claims out of 28,160 decisions. There were still 4,289 undecided claims as of November 29, 1981. Overall, only about a third of these claims have been approved.

Mr. Speaker, the excise tax on coal, which is the source of revenue for paying claims through the black lung trust fund, is insufficient to pay these benefits. Accumulated deficiencies which have been made up by borrowings from the Treasury, amount to almost $1.5 billion. These will reach $9 billion by 1995 unless this legislation is enacted into law.

If the legislation is enacted, there will be no need after 1985 for Treasury advances. Moreover, if this legislation is enacted into law, by 1995 the trust fund will be able to make repayment to the Treasury of accumulated principal and interest.

In mentioning interest, I might stress that one of the major reasons for a deficiency in the trust fund is the extremely high level of interest charges, which is not novel to this program. Also major aspects of the deficit are the insufficiency of the tax level and the requirement in the 1977 law for a re-review of approximately 118,000 claims which had previously been denied by which the new law required a review under the new eligibility standards.

The bill before us would double the tax, making the tax 50 cents a ton for surface coal and $1 a ton for underground coal. Under existing law, the tax could not exceed 2 percent of the sales price. Under the amendment proposed by this bill, the tax could not exceed 4 percent of the sales price.

This is responsible legislation and I urge my colleagues to join me in giving it wholehearted support.

The SPEAKER pro tempore. The time of the gentleman has expired.

(On request of Mr. ROSTENKOWSKI and by unanimous consent, Mr. PERKINS was allowed to proceed for 2 additional minutes.)

Mr. PERKINS. Mr. Speaker, let me say in conclusion that this act has helped deserving and in many cases desperate people. I would hope that all the Members would vote for this bill which will put benefit payments on a solid financial basis.

Many of these miners worked in the 1920's and in the 1930's and in the 1940's, more than 50 years in the coal mines of this country. And today we want to keep this fund solvent. That is all we are asking.

It is true enough that there were more claimants than any of us anticipated when we first enacted the legislation. There were more coal miners than we ever anticipated when we enacted the legislation. And we have given benefits to the coal miners throughout the country, that were and are suffering from this disease. But for this assistance throughout the 1970's, I do not know how those people would have lived. Many of them, most of them, would have been on relief, to say the least.

This legislation has been well considered. It is nothing new. And if we establish a trust fund there is only one way to pay for it, and that is from coal.

Let all of us—I would hope that everyone, every Member in this House would—support this legislation, Mr. Speaker, and then we can see what the Senate puts on this bill, and in conference I am very sure the House conferees are going to stand together. The chairman of the House Committee on Ways and Means, the gentleman from Illinois (Mr. ROSTENKOWSKI) and I have already discussed a conference, and we want to be fair to everybody concerned. This is something that I think this legislation, this increased tax, that there should not be any votes in this Chamber against.

The SPEAKER pro tempore. The Chair will state that the gentleman from Illinois (Mr. ROSTENKOWSKI) has 3 minutes remaining, and the gentleman from New York (Mr. CONABLE) has 10 minutes remaining.

Mr. CONABLE. Mr. Speaker, I now yield 3 minutes to the gentleman from Kentucky (Mr. ROGERS).

Mr. ROGERS. Mr. Speaker, I rise today in strong support of the bill H.R. 5159, the Black Lung Benefits Revenue Act of 1981. And I would like to commend my distinguished colleagues from Kentucky, New York, and Illinois for their fine leadership in bringing this bill to the floor.

As my colleagues have pointed out today, the black lung trust fund is in a serious financial condition. It is paying out more than it is taking in.

And prompt action is needed to restore the trust fund to solvency.

Next year, the fund will be $300 million short. It will have to borrow this money from the U.S. Treasury in order to go on paying out black lung benefits. And this will mean higher financing costs in the long run and increased pressure to cut back on benefits, even for those miners and ex-miners who are truly disabled.

And both of these alternatives are totally unacceptable.

Mr. Speaker, I suspect that many of my colleagues have no idea of why the black lung benefits are so vitally important. It would be difficult for a Representative from Massachusetts, Iowa or Oregon, for example, to understand the dire necessity of a black lung beneficiary. So I would like to tell my colleagues some of the reasons why this program is absolutely essential.

Let me paint a picture for you. I want you to imagine a young man who goes down into the mines every day. He steps out of the fresh, crisp air and goes into the damp mine with its dust-laden air.

He can do everything right—he can check for problems with the roof and he can keep an eye out for faulty electrical systems. He knows that mining is risky, especially after the horrible mining accidents over the last week. But no matter what he does, he can not help breathing the dusty air.

After a number of years, he begins to notice a few problems. He has some difficulty walking up a little hill—he is just a little short of breath.

Then a few years later, he starts that violent and painful cough. He starts dreading going to sleep at night since he is terrified of suffocating in his sleep.

And in your mind's eye, I want you to think of what this miner's wife and children are going through when they hear their husband's and father's racking cough.

Mr. Speaker, it is not a pretty picture. But it is a picture we have to face and which we must work to improve.

These miners are fighting our country's energy war. Every time one of your constituents in Florida switches on a light, every time one of your constituents in New York turns up the heat in his apartment, one of the miners in Harlan, Middlesboro, or Hyden is paying the cost. Those coal miners are providing the energy needs of constituents in nearly every district throughout the country.

And we have an obligation to take care of those miners who become disabled as a result of fighting our country's energy war.

Mr. Speaker, the bill before us today is one step in the right direction. By increasing the tonnage tax on coal, it will help to get rid of the sky-rocketing deficit in the black lung trust fund. A $9 billion deficit has been projected for 1995, but as a result of this bill we should be able to entirely eliminate this deficit.

It is high time we got this trust fund into good sound financial shape so we can be sure that it will continue to be capable of paying out benefits for those miners who have been disabled by black lung.

I urge my colleagues to join with me in supporting this bill.

□ 1550

Mr. CONABLE. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. MCDADE).

Mr. MCDADE. Mr. Speaker, my colleagues, I rise in strong support of this legislation. I want to commend the administration for bringing us this bill and bringing it to us in a way that represents such an effort toward consensus between so many diverse parties reacting with it. I want to associate my remarks with those of my friend from Kentucky who just preceded me in the well.

Those of us who have seen first hand the ravages of black lung disease can speak with some authority to the Members of the House who have not seen those who suffer from this dread disease. My colleagues on the Ways and Means Committee have taken the first vital step in restoring to solvency a program that has projected before it a deficit that puts at jeopardy future claims under this act. They are to be commended for taking this necessary step to restore the balance to this program.

I hope my colleagues will support the recommendations of the Labor Department, of the administration, and join together with the broad coalition of mine workers and mine operators who support this bill, and keep in mind that those who suffered from this horrible affliction called black lung because they had the courage and the guts to go underground and mine the Nation's energy when it was so dearly needed, and it has never been more dearly needed than today when we try to break the shackles of the OPEC cartel by using our own resources at home, and as everyone knows, our most abundant resources at home is a fossil fuel called coal.

To those who mine it and must endure this occupational risk, we have a national, I believe, commitment to recognize the continuation of that risk and to take care of those who contract this dread disease, and put some kind of a floor under the individual miner who is afflicted and his widow and his dependents.

Mr. Speaker, I hope this bill is passed with a resounding vote.

Mr. CONABLE. Mr. Speaker, I now yield 2 minutes to the gentleman from Virginia (Mr. WAMPLER).

Mr. WAMPLER. Mr. Speaker, I rise in strong support of H.R. 5159 and request permission to revise and extend my remarks.

As a supporter of the black lung program since its inception, I have grown increasingly concerned with the ability of the financing mechanism that was established to meet the obligations due by law to our disabled coal miners.

The black lung beneficiaries deserve the security of a healthy and stable trust fund for their benefits, and the temporary user taxes imposed by this bill will help to assure that the original intent of the black lung disability trust fund is met. When this fund was established, it was felt that the level

of the tonnage charge on coal imposed at that time would be sufficient to cover the costs of the program. However, at the same time the program was substantially expanded, and huge deficits are now projected for the fund if action is not taken.

Other language of the bill establishing the average prime rate as the annual interest rate on deficiency payments owed by mine operators to the trust fund is also necessary. Especially in these budget-conscious times, advances to the fund from the Treasury financed by borrowing on the commercial market and being repaid at lower interest rates cannot be justified.

An injustice to the coal operators is also corrected in this measure, by allowing the trust fund to assume liability for claims denied prior to, but allowed subsequent to, the enactment of Public Law 95-488. With approval of this law, operators were suddenly made retroactively responsible for claims approved as a result of the 1977 black lung amendments. Problems arose, and still exist, with the insurance companies and their obligations to the coal operators they insure as a result of this law. I urge my colleagues to approve H.R. 5159, the Black Lung Benefits Revenue Act of 1981. Most importantly, this measure will help to assure the solvency of the black lung disability trust fund, and keep the promise made by the Congress to the coal miners of this Nation.

The SPEAKER pro tempore (Mr. DE LA GARZA). The gentleman from New York (Mr. CONABLE) has 2 minutes remaining.

Mr. CONABLE. Mr. Speaker, I yield those 2 minutes to the gentleman from West Virginia (Mr. BENEDICT).

Mr. BENEDICT. Mr. Speaker, the black lung disability trust fund which makes payments to miners disabled by black lung disease is financed from a coal tax on underground and surface-mined coal. Benefit payments from this fund currently exceed revenues and the fund has been forced to borrow the difference from the U.S. Treasury.

When the Omnibus Reconciliation Act was considered by the House, provisions were included to help alleviate this problem. Unfortunately, the final version of the bill did not contain the needed fee increases for the coal tax. My colleagues now have another opportunity to vote their support for this provision, and I urge them to do so.

The Reagan administration has proposed revisions which will preserve the program—revisions which have been worked out with careful consideration of all interests involved and which have the support of coal operators, insurance companies, and the United Mine Workers. These changes are included in the bill before us now. This bill also addresses the problem of excessive payments, fraud, and abuse which have been an unfortunate part of the black lung program.

If these changes are enacted, the trust fund would be solvent by 1995. Our current economic constraints and the needs of our miners demand the action of this body. I urge my colleagues to support the bill.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. MURPHY).

Mr. MURPHY. I rise in support of H.R. 5159, the Black Lung Benefits Review Act of 1981, which is now being considered and is designed to bring solvency to the black lung disability trust fund.

No one wants to see the cost of our energy or our natural resources related to energy increase; however, this Congress has for many years now, determined that there are aspects in the mining of coal that demand the focus of our attention. Stream clearance, mine reclamation, clean air, and the health of the men and women who are mining the coal must be considered. In this instance, Congress has decided for many years that those miners who go far beneath the surface of the Earth in damp, dark, dusty conditions to mine our Nation's chief energy resource—coal—are subjected to a hazard known as miner's anthrocylicosis, commonly referred to as black lung. I have visited the homes of miners afflicted with black lung. They have visited my offices. I have been in their company at meetings and at their workplaces and believe me, my colleagues, it is a most debilitating disease; one that progresses as they continue to work in the mines and progresses, as they continue to age, to the point where when they are in their midfifties to sixties, many miners are no longer able to perform the physical functions that are normal in everyone's daily life.

This bill is consistent with the administration's proposal to amend the black lung program. The purpose of the administration's proposal is to bring solvency to the trust fund and to make certain adjustments to eligibility standards and benefits for future claims and claimants and to transfer to the fund the liability of responsible operators in certain cases affected retroactively by the 1977 black lung amendments.

The administration's proposal was developed by the Department of Labor in consultation with the major parties directly affected by the black lung program, including representatives of the mine workers, the coal industry, and insurers. While the amendment may not reflect the idea for any of the particular interest groups, I believe that the package as a whole represents a fair compromise and is a necessary and important step forward for the black lung program. We also recognize that the package is responsive to the compelling public interest in resolving immediately the major concerns about the existing program.

The black lung disability trust fund pays benefits to coal miners disabled by black lung. The benefits are financed by a tax on coal; however, in recent years benefit payments are currently exceeding revenues to the fund. The fund has had to borrow from the U.S. Treasury to meet the payments promised by the prior action of this Congress. The bill will only temporarily increase the tax on coal sold by producers from 50 cents per ton to $1 per ton on underground coal and from 25 cents per ton to 50 cents per ton on surface mined coal. It also increases the overall limit on the tax from 2 percent of the sales price of the coal to a maximum of 4 percent. The temporary increase would remain in effect until January 1, of the first year after which the trust fund becomes solvent and we expect that date to be sometime in the late eighties, or the imposition will last no longer than January 1, 1996, whichever date occurs first. The bill also places the black lung disability trust fund within the Internal Revenue Code and standardizes the trust fund provisions to conform to the provisions of the other trust funds. The bill does permit the fund to assume liability for claims which had been denied before March 1, 1978, and which were subsequently allowed under the 1977 black lung disability amendments. The bill eliminates the provision in current law which requires the fund to pay retroactive benefits in the event of operator nonpayment. This is a compromise agreed to by representatives of the mine workers even though for the past several years, this Congress has recognized the equities of making these retroactive payments.

The gentleman from Illinois pointed out the burdens by adding to the cost of coal and we are all aware that we do not want to add additional costs to our Nation's major energy resource; however, in many States of this country they are already adding costs onto each ton of coal mined in that State and these funds are not used in direct relationship to the mining industry. They are instead used for general tax purposes in many of those States. We are by congressional action already assessing a tonnage on coal for the reclamation of our former mined areas. So it is not unusual for us, in this instance, to have the cost of coal pay for the human losses suffered in its mining. I am, this date, requesting the chairman of the committee involved to take into consideration in this measure, when it reaches the conference committee the method and timing of

payments of this tax by the coal mine operators.

It is my understanding that currently an operator has two tax liability periods each month—from the 1st to the 15th and from the 16th to the end of the month. The operator has only 9 days from the end of each liability period to make his report and payments on the tax to the Federal Government. If he is late a penalty is immediately assessed. It would seem to me to be more reasonable to suggest that the method of payment be made less cumbersome. Instead of having two reporting periods each month I would suggest that payments be made once each month and add the reporting period times together for a total of 18 days allowing payment to be made on/or before the 18th or the 20th day of the following month. It would certainly eliminate a great deal of paperwork on behalf of the coal operators, postage bookwork, and so forth. It would also allow the coal operators to receive payment from the shipments of their coal at approximately the same time they must report and pay to the Federal Government a portion of those proceeds.

In short, I believe that this measure can bring about equity to a very essential program that we for several years now have recognized the necessity of having. Thank you.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. BAILEY).

Mr. BAILEY of Pennsylvania. Mr. Speaker, I rise in support of the legislation. I think it reflects a hard job extremely well done.

Mr. ROSTENKOWSKI. Mr. Speaker, at this time I would like to extend my gratitude to the gentleman from Kentucky (Mr. PERKINS) for the cooperative effort with which we brought this bill to the floor.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) that the House suspend the rules and pass the bill, H.R. 5159.

The question was taken.

Mr. ERLENBORN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. ERLENBORN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

Under the rule, the point of order of no quorum is withdrawn.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H.R. 4431. An act to provide for the designation of the E. Michael Roll Post Office;

H.R. 4910. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations; and

H. Con. Res. 215. Concurrent resolution expressing the sense of the Congress with respect to the imprisonment and treatment by the Govenment of the Soviet Union of Alexander Paritsky and his family.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 1797. An act to direct the Secretary of the department in which the United States Coast Guard is operating to cause the vessel *Capt Tom* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade.

The message also announced that the Senate agrees to the amendments of the House to the bill of the Senate of the following title:

S. 1551. An act to amend title 5, United States Code, to extend the period within which physicians comparability contracts may be entered into, and for other purposes.

The message also announced that the Senate disagrees to the amendments of the House to a bill (S. 1503) entitled "An act to authorize the President to allocate supplies of crude oil, residual fuel oil, and refined petroleum products during a severe petroleum supply shortage, and for other purposes," agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCCLURE, Mr. WEICKER, Mr. DOMENICI, Mr. WALLOP, Mr. WARNER, Mr. JACKSON, Mr. JOHNSTON, Mr. FORD, and Mr. METZENBAUM to be the conferees on the part of the Senate.

The message also announced that the Senate hereby disapproves the proposed deferral of budget authority (deferral numbered D82-193) for the Office of Justice Assistance, Research, and Statistics of the Department of Justice, as set forth in the special message transmitted by the President to the Congress on October 29, 1981, under section 1013 of the Impoundment Control Act of 1974.

The message also announced that the Senate had passed bills and Joint Resolutions of the following titles, in which the concurrence of the House is requested:

S. 1131. An act to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes;

S. 1808. A bill to authorize an Under Secretary of Commerce for Economic Affairs;

S.J. Res. 118. Joint resolution to authorize and request the President to designate the month of January 1982 as "National Cerebral Palsy Month"; and

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day."

MISCELLANEOUS REVENUE ACT OF 1981

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4961) to make miscellaneous changes in the tax laws, as amended.

The Clerk read as follows:

H.R. 4961

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—TAX PROVISIONS

SECTION 101. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This title may be cited as the "Miscellaneous Revenue Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 102. AMENDMENTS TO SECTION 280A.

(a) RENTAL TO FAMILY MEMBERS AND SHARED EQUITY AGREEMENTS PERMITTED.—

(1) IN GENERAL.—Subsection (d) of section 280A (relating to disallowance of certain expenses in connection with business use of home, rental of vacation homes, etc.) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) RENTAL TO FAMILY MEMBERS, ETC., FOR USE AS PRINCIPAL RESIDENCE.—

"(A) IN GENERAL.—A taxpayer shall not be treated as using a dwelling unit for personal purposes by reason of a rental arrangement for any period if for such period such dwelling unit is rented, at a fair rental, to any person for use as such person's principal residence.

"(B) SPECIAL RULES FOR RENTAL TO PERSON HAVING INTEREST IN UNIT.—

"(i) RENTAL MUST BE PURSUANT TO SHARED EQUITY FINANCING AGREEMENT.—Subparagraph (A) shall apply to a rental to a person who has an interest in the dwelling unit only if such rental is pursuant to a shared equity financing agreement.

"(ii) DETERMINATION OF FAIR RENTAL.—In the case of a rental pursuant to a shared equity financing agreement, fair rental shall be determined as of the time the agreement is entered into and by taking into account the occupant's qualified ownership interest.

"(C) SHARED EQUITY FINANCING AGREEMENT.—For purposes of this paragraph, the term 'shared equity financing agreement' means an agreement under which—

"(i) 2 or more persons acquire qualified ownership interests in a dwelling unit, and

"(ii) the person (or persons) holding one of such interests—

"(I) is entitled to occupy the dwelling unit for use as a principal residence, and

"(II) is required to pay rent to 1 or more other persons holding qualified ownership interests in the dwelling unit.

"(D) QUALIFIED OWNERSHIP INTEREST.—For purposes of this paragraph, the term 'qualified ownership interest' means an undivided interest for more than 50 years in the entire dwelling unit and appurtenant land being acquired in the transaction to which the shared equity financing agreement relates."

(2) DEFINITION OF QUALIFIED RENTAL PERIOD.—Subparagraph (B) of section 280A(d)(4), as redesignated by paragraph (1), is amended by striking out "to a person other than a member of the family (as defined in section 267(c)(4)) of the taxpayer".

(b) TREATMENT OF BUSINESSMEN WHILE AWAY FROM HOME IN PURSUIT OF TRADE OR BUSINESS.—Subsection (f) of section 280A is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH SECTION 162(a)(2), ETC.—Nothing in this section shall be construed to disallow any deduction allowable under section 162(a)(2) (or any deduction which meets the tests of section 162(a)(2) but is allowable under another provision of this title) by reason of the taxpayer's being away from home in the pursuit of a trade or business (other than the trade or business of renting dwelling units)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1981.

SEC. 103. AWARDING OF REASONABLE LITIGATION COSTS TO TAXPAYER WHERE TAXPAYER PREVAILS AND UNITED STATES POSITION WAS UNREASONABLE.

(a) IN GENERAL.—Subchapter B of Chapter 76 (relating to proceedings by taxpayers and third parties) is amended by redesignating section 7430 as section 7431 and by inserting after section 7429 the following new section:

"SEC. 7430. AWARDING OF REASONABLE LITIGATION COSTS WHERE TAXPAYER PREVAILS AND UNITED STATES POSITION WAS UNREASONABLE.

"(a) IN GENERAL.—In the case of any civil proceeding which is—

"(1) brought by or against the United States in connection with the determination, collection, or refund of any tax, interest, or penalty under this title, and

"(2) brought in a court of the United States (including the Tax Court),

if the position of the United States in such proceeding was unreasonable, the prevailing party may be awarded a judgment for reasonable litigation costs incurred in such proceeding.

"(b) LIMITATIONS.—

"(1) AWARD MAY NOT EXCEED $50,000.—The amount of reasonable litigation costs which may be awarded under subsection (a) with respect to any proceeding shall not exceed $50,000.

"(2) REQUIREMENT THAT ADMINISTRATIVE REMEDIES BE EXHAUSTED.—A judgment for reasonable litigation costs shall not be awarded under subsection (a) unless the court determines that the prevailing party has exhausted the administrative remedies available to such party within the Internal Revenue Service.

"(3) ONLY COSTS ALLOCABLE TO THE UNITED STATES.—An award under subsection (a) shall be made only for reasonable litigation costs which are allocable to the United States and not to any other party to the proceeding.

"(4) EXCLUSION OF DECLARATORY JUDGMENT PROCEEDINGS.—

"(A) IN GENERAL.—No award for reasonable litigation costs may be made under subsection (a) with respect to any declaratory judgment proceeding.

"(B) EXCEPTION FOR SECTION 501(c)(3) DETERMINATION REVOCATION PROCEEDINGS.—Subparagraph (A) shall not apply to any proceeding which involves the revocation of a determination that the organization is described in section 501(c)(3).

"(c) DEFINITIONS.—For purposes of this section—

"(1) REASONABLE LITIGATION COSTS.—

"(A) IN GENERAL.—The term 'reasonable litigation costs' includes—

"(i) reasonable court costs,

"(ii) the reasonable expenses of expert witnesses in connection with the civil proceeding,

"(iii) the reasonable cost of any study, analysis, engineering report, test, or project which if found by the court to be necessary for the preparation of the party's case, and

"(iv) reasonable fees paid or incurred for the services of attorneys in connection with the civil proceeding.

"(B) PERSONS AUTHORIZED TO PRACTICE BEFORE TAX COURT.—In the case of any proceeding in the Tax Court, fees for the services of an individual (whether or not an attorney) who is authorized to practice before the Tax Court shall be treated as fees for the services of an attorney.

"(2) PREVAILING PARTY.—

"(A) IN GENERAL.—The term 'prevailing party' means any party to any proceeding described in subsection (a) (other than the United States or any creditor of the taxpayer involved) which—

"(i) has substantially prevailed with respect to the amount in controversy, or

"(ii) has substantially prevailed with respect to the most significant issue or set of issues presented.

"(B) SPECIAL RULE FOR SECTION 501(c)(3) ORGANIZATIONS.—In any proceeding where—

"(i) the most significant issue (or set of issues) presented is the deductibility under section 170, 642(c), 2055, 2106(a)(2), or 2522 of a transfer to or for the use of an organization described in section 501(c)(3) and exempt from tax under section 501(a), and

"(ii) a party to such proceeding has substantially prevailed with respect to such issue (or set of issues),

such organization may also be treated as a prevailing party.

"(3) DETERMINATIONS AS TO UNREASONABLENESS AND AS TO PREVAILING PARTY.—Any determination under subsection (a) as to whether the position of the United States in the proceeding was unreasonable, and any determination under subparagraph (2) as to whether a person is a prevailing party, shall be made—

"(A) by the court, or

"(B) by agreement of the parties.

"(4) CIVIL PROCEEDING INCLUDES CIVIL ACTION.—The term 'civil proceeding' includes a civil action.

"(d) PROCEDURE ON APPEAL.—An order granting or denying an award for reasonable litigation costs under subsection (a), in whole or in part, shall be incorporated as a part of the decision or judgement in the case.

"(e) COORDINATION WITH OTHER PROVISIONS OF LAW.—Section 2412 of title 28, United States Code, shall not apply to any costs, fees, and other expenses in connection with any proceeding described in paragraphs (1) and (2) of subsection (a) (determined without regard to subsection (b)). Nothing in the preceding sentence shall prevent the awarding, under subsection (a) of section 2412 of title 28, of costs enumerated in section 1920 of title 28 (as in effect on October 1, 1981).

"(f) TERMINATION.—This section (other than subsection (e)) shall not apply to any proceeding commenced after September 30, 1984."

(b) PENALTY FOR USING TAX COURT PROCEEDINGS FOR DELAY; PENALTY FOR FRIVOLOUS OR GROUNDLESS PROCEEDING.—The first sentence of section 6673 (relating to damages assessible by instituting proceedings before the Tax Court merely for delay) is amended to read as follows: "Whenever it appears to the Tax Court that proceedings before it have been instituted or maintained by the taxpayer primarily for delay or that the taxpayer's position in such proceedings is frivilous or groundless, damages in an amount not in excess of $5,000 shall be awarded to the United States by the Tax Court in its decision."

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 76 is amended by striking out the item relating to section 7430 and inserting the following new items:

"Sec. 7430. Awarding of reasonable litigation costs where taxpayer prevails and United States position was unreasonable.

"Sec. 7431. Cross references."

(2)(A) The section heading of section 6673 is amended by striking out "MERELY FOR DELAY." and inserting in lieu thereof "PRIMARILY FOR DELAY, ETC."

(B) The table of sections for subchapter B of chapter 68 is amended by striking out "Merely for delay." in the item relating to section 6673 and inserting in lieu thereof "primarily for delay, etc."

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply—

(A) to any action or proceeding (not in the Tax Court) which is pending on October 1, 1981, or commenced on or after such date, and

(B) to any action or proceeding in the Tax Court commenced after December 31, 1982.

Such amendments shall not apply to any costs, fees, or other expenses awarded before the date of the enactment of this Act.

(2) PENALTY.—The amendments made by subsections (b) and (c)(2) shall apply to any action or proceeding in the Tax Court commenced after December 31, 1981.

SEC. 104. LIMITATION ON ACCELERATION OF ACCRUAL OF TAXES NOT TO APPLY TO CERTAIN TAXPAYERS.

(a) SECTION 461(d)(1) NOT TO APPLY TO CERTAIN TAXPAYERS.—Section 461 (relating to general rule for taxable year of deduction) is amended by adding at the end thereof the following new subsection:

"(h) SUBSECTION (d)(1) DOES NOT APPLY TO CERTAIN TAXPAYERS.—

"(1) TAXPAYERS NOT PREVIOUSLY SUBJECT TO THE ACCELERATED TAX.—

"(A) IN GENERAL.—Subsection (d)(1) shall not apply to any action of a taxing jurisdiction with respect to which the taxpayer is a new taxpayer.

"(B) NEW TAXPAYER DEFINED.—For purposes of subparagraph (A), a taxpayer is a new taxpayer with respect to an action if, at no time before such action took effect, was the taxpayer (or a predecessor) liable for any tax the time for accrual of which was accelerated by such action.

"(2) TAXPAYER WHO ELECTS SUSPENSE ACCOUNT.—

"(A) IN GENERAL.—Subsection (d)(1) shall not apply to any action of a taxing jurisdiction if the taxpayer—

"(i) makes an election under this paragraph, and

"(ii) establishes a suspense account for each tax the accrual of which was accelerated by such action.

"(B) INITIAL OPENING BALANCE.—For the first taxable year to which the election applies, the opening balance of the suspense account with respect to any tax shall be the largest amount of such tax which would have been allowable as a deduction to the taxpayer for any of the 3 immediately preceding taxable years.

"(C) ADJUSTMENTS IN SUSPENSE ACCOUNT.—

"(i) REDUCTION.—At the close of each taxable year, the suspense account shall be reduced by the excess (if any) of—

"(I) the opening balance of the suspense account for the taxable year, over

"(II) the amount allowable as a deduction for the taxable year (of the current year and the 2 immediately preceding taxable years) for which the deduction for the tax involved was (or would have been) the largest.

"(ii) INCREASE.—At the close of each taxable year, the suspense account shall be increased (but not in excess of the initial opening balance) by the excess (if any) of—

"(I) the amount allowable as a deduction for the taxable year for the tax involved, over

"(II) the opening balance of the suspense account for the taxable year.

"(D) INCOME ADJUSTMENTS.—

"(i) REDUCTION ALLOWED AS A DEDUCTION.—In the case of any reduction under subparagraph (C)(i) in the account for the taxable year, an amount equal to such reduction shall be allowed as a deduction for such taxable year.

"(ii) INCREASE ADDED TO GROSS INCOME.—In the case of any increase under subparagraph (C)(ii) in the account for the taxable year, an amount equal to such increase shall be included in gross income for such taxable year.

"(iii) ADDITION TO GROSS INCOME WHERE INITIAL OPENING BALANCE IS BASED ON DEDUCTION FROM PRECEDING TAXABLE YEAR.—If the amount described in subparagraph (B) exceeds the amount of the deduction which would have been allowable (for the tax involved) for the taxable year preceding the first taxable year for which the election is effective, then an amount equal to the amount of such excess shall be included in gross income for such first taxable year.

"(E) ASSUMPTIONS FOR PRECEDING YEAR COMPUTATIONS.—For purposes of subparagraphs (B), (C)(i), and (D)(iii), the amount of a deduction for any preceding taxable year shall be determined by assuming that—

"(i) the election under this paragraph applied to all preceding taxable years, and

"(ii) the action with respect to which the election was made was in effect at all times during all preceding taxable years.

"(F) ELECTION.—

"(i) IN GENERAL.—An election under this paragraph may be made without the consent of the Secretary. Such an election shall be made in such manner as the Secretary may by regulations prescribe and shall be made for any taxable year not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof).

"(ii) PERIOD TO WHICH ELECTION APPLIES.—An election under this paragraph shall apply to the taxable year for which it is made and for all succeeding taxable years, unless the taxpayer secures the consent of the Secretary to the revocation of such election.

"(G) COORDINATION WITH SECTION 481.—The establishment of a suspense account under this paragraph shall be in lieu of applying section 481 to the adjustments necessary (by reason of the action referred to in subsection (d)(1)) to prevent amounts from being duplicated or omitted.

"(H) COMPUTATION UNDER ELECTION TREATED AS METHOD OF ACCOUNTING.—Except to the extent inconsistent with the provisions of this paragraph, for purposes of this subtitle, the computation of taxable income under an election made under this paragraph shall be treated as a method of accounting.

"(3) SUBSTANTIALLY SIMILAR TAXES TREATED AS SAME TAX.—Under regulations prescribed by the Secretary, for purposes of this subsection, if any tax is enacted as a substitute for a substantially similar tax, such taxes shall be treated as the same tax.

"(4) TREATMENT OF CERTAIN NONRECOGNITION TRANSACTIONS.—The application of this subsection with respect to a taxpayer which is a party to any transacton with respect to which there is nonrecognition of gain or loss to any party by reason of subchapter C or K or any other provision of this title shall be determined under regulations prescribed by the Secretary."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendment made by subsection (a) shall apply to taxable years ending on or after the date of the enactment of this Act.

(2) TAXPAYERS NOT PREVIOUSLY SUBJECT TO THE ACCELERATED TAX.—Paragraph (1) of section 461(h) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall apply only with respect to actions of taxing jurisdictions taken after the date of the enactment of this Act.

(3) TRANSITIONAL RULE FOR CERTAIN TAXPAYERS WHO BECAME SUBJECT TO FRANCHISE TAX BASED ON INCOME AFTER IT WAS ACCELERATED.—

(A) TAXPAYER MAY ELECT NOT TO HAVE SECTION 461(d)(1) APPLY TO CONTINUOUS PERIOD.—If—

(i) an action of a taxing jurisdiction involved a franchise tax based on income,

(ii) at no time before such action took effect was the taxpayer (or a predecessor) liable for such tax,

(iii) for a continuous period which begins with the first taxable year in which the taxpayer (or a predecessor) was subject to such tax, the taxpayer (and his predecessor, if any) consistently accrued such tax in the year in which it would have accrued without regard to section 461(d)(1) of the Internal Revenue Code of 1954, and

(iv) the taxpayer makes an election under section 461(h)(2) of such Code (with respect to the action of the taxing jurisdiction) for the taxpayer's first or second taxable year ending on or after the date of the enactment of this Act,

then the taxpayer may make an election under this paragraph to have section 461(d)(1) of such Code not apply with respect to such action by the taxing jurisdiction for such continuous period.

(B) NO SUSPENSE ACCOUNT WHERE THERE IS NO GAP BETWEEN CONTINUOUS PERIOD AND PROSPECTIVE ELECTION.—If a taxpayer's election under this paragraph applies to a continuous period which ends with the taxable year immediately preceding the first taxable year for which the election described in subparagraph (A)(iv) applies, such taxpayer shall not be required to establish a suspense account under section 461(h)(2) of such Code by reason of the election described in subparagraph (A)(iv).

(C) TIME AND MANNER OF ELECTION.—An election under this paragraph shall be made at such time and in such manner as the Secretary of the Treasury or his delegate may by regulations prescribe, except that the approval of the Secretary of the Treasury or his delegate to the making of such an election may not be required.

SEC. 105. TREATMENT OF CERTAIN LENDING OR FINANCE BUSINESSES FOR PURPOSES OF THE TAX ON PERSONAL HOLDING COMPANIES.

(a) REMOVAL OF LIMITATION ON AMOUNT OF ORDINARY GROSS INCOME FROM LENDING OR FINANCE BUSINESS TAKEN INTO ACCOUNT.—Clause (ii) of section 542(c)(6)(C) (relating to exceptions from definition of personal holding company) is amended by striking out "but not $1,000,000".

(b) CHANGES IN DEFINITION OF LENDING OR FINANCE BUSINESS.—Clause (i) of section 542(d)(1)(B) (relating to exceptions from definition of lending or finance business) is amended to read as follows:

"(i) making loans, or purchasing or discounting accounts receivable, notes, or installment obligations, if (at the time of the loan, purchase, or discount) the remaining maturity exceeds 144 months; unless—

"(I) the loans, notes, or installment obligations are evidenced or secured by contracts of conditional sale, chattel mortgages, or chattel lease agreements arising out of the sale of goods or services in the course of the borrower's or transferor's trade or business, or

"(II) the loans, notes, or installment obligations are made or acquired by the taxpayer and meet the requirements of subparagraph (C), or".

(c) INDEFINITE MATURITY CREDIT TRANSACTIONS.—Paragraph (1) of section 542(d) (relating to special rules) is amended by adding at the end thereof the following new subparagraph:

"(C) INDEFINITE MATURITY CREDIT TRANSACTIONS.—For purposes of subparagraph (B)(i), a loan, note, or installment obligation meets the requirements of this subparagraph if it is made under an agreement—

"(i) under which the creditor agrees to make loans or advances (not in excess of an agreed upon maximum amount) from time to time to or for the account of the debtor upon request, and

"(ii) under which the debtor may repay the loan or advance in full or in installments."

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1981.

(2) SUBSECTIONS (b) AND (c).—The amendments made by subsections (b) and (c) shall apply to taxable years beginning after December 31, 1980.

SEC. 106. ADDITIONAL 2-YEAR DELAY IN APPLICATION OF THE NET OPERATING LOSS RULES ADDED BY THE TAX REFORM ACT OF 1976.

Paragraphs (2) and (3) of section 806(g) of the Tax Reform Act of 1976 (relating to effective dates for the amendments to sections 382 and 383 of the Internal Revenue Code of 1954) are amended by striking out "1982" each place it appears and inserting in lieu thereof "1984".

SEC. 107. ADDITIONAL REFUNDS RELATING TO REPEAL OF EXCISE TAX ON BUSES.

(a) TIME FOR FILING CLAIM.—Subparagraph (C) of section 231(c)(2) of the Energy Tax Act of 1978 (relating to refunds with respect to certain consumer purchases) is amended by striking out "the first day of such 10th calendar month" and inserting in lieu thereof "December 31, 1982".

(b) PROCEDURE FOR PASSING THROUGH REFUND.—Subparagraph (A) of section 231(c)(2) of such Act is amended by inserting before the semicolon ", or, in lieu of evidence of reimbursement, he makes such reimbursement simultaneously with the receipt of such a refund under an arrangement satisfactory to such Secretary which assures such simultaneous reimbursement".

TITLE II—UNEMPLOYMENT COMPENSATION AND WELFARE PROVISIONS

SEC. 201. USE OF CERTAIN AMOUNTS TRANSFERRED TO STATE UNEMPLOYMENT FUNDS.

(a) GENERAL RULE.—Paragraph (2) of section 903(c) of the Social Security Act is amended—

(1) by striking out "twenty-four" each place it appears and inserting in lieu thereof "thirty-four", and

(2) by striking out "twenty-fourth" in the second sentence and inserting in lieu thereof "thirty-fourth".

(b) RESTORATION OF AMOUNTS USED TO PAY BENEFITS.—Subsection (c) of section 903 of such Act is amended by adding at the end thereof the following new paragraph:

"(3)(A) If—

"(i) amounts transferred to the account of a State pursuant to subsections (a) and (b) of this section were used in payment of unemployment benefits to individuals, and

"(ii) the Governor of such State submits a request to the Secretary of Labor that such amounts be restored under this paragraph,

then the amounts described in clause (i) shall be restored to the status of funds transferred under subsections (a) and (b) of this section which have not been used by eliminating any charge against amounts so transferred for the use of such amounts in the payment of unemployment benefits.

"(B) Subparagraph (A) shall apply only to the extent that the amounts described in clause (i) of such subparagraph do not exceed the amount then in the State's account.

"(C) Subparagraph (A) shall not apply if the State has a balance of advances made to its account under title XII of this Act.

"(D) If the Secretary of Labor determines that the requirements of this paragraph are met with respect to any request, the Secretary shall notify the Governor of the State that such requirements are met with respect to such request and the amount restored under this paragraph. Such restoration shall be as of the first day of the first month following the month in which the notification is made."

SEC. 202. TREATMENT OF CERTAIN SERVICES PERFORMED BY STUDENTS.

(a) GENERAL RULE.—Subparagraph (C) of section 3306(c)(10) of the Internal Revenue Code of 1954 (defining employment) is amended by striking out "under the age of 22".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to services performed after the date of the enactment of this Act.

SEC. 203. TREATMENT OF CERTAIN ALIEN FARM WORKERS.

Subparagraph (B) of section 3306(c)(1) of the Internal Revenue Code of 1954 (defining employment) is amended by striking out "January 1, 1982" and inserting in lieu thereof "January 1, 1984".

SEC 204. UNEMPLOYMENT BENEFITS PAID TO EX-SERVICE MEMBERS.

(a) RESTORATION OF PREVIOUS ELIGIBILITY REQUIREMENTS.—Subparagraph (B) of section 8521(a)(1) of title 5, United States Code, is amended to read as follows:

"(B) with respect to that service, the individual—

"(i) was discharged or released under conditions other than dishonorable; and

"(ii) was not given a bad conduct discharge or, if an officer, did not resign for the good of the service;".

(b) INCREASE IN REQUIRED LENGTH OF SERVICE.—Subparagraph (A) of section 8521(a)(1) of such title 5 is amended by striking out "365 days" and inserting in lieu thereof "730 days".

(c) PERIOD FOR WHICH BENEFITS PAYABLE.—Section 8521 of such title 5 is amended by adding at the end thereof the following new subsection:

"(c)(1) An individual shall not be entitled to compensation under this subchapter for any week before the fifth week beginning after the week in which the individual was discharged or released.

"(2) The aggregate amount of compensation payable under this subchapter to any individual with respect to any benefit year shall not exceed 13 times the individual's weekly benefit amount for total unemployment."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to terminations of service on or after July 1, 1981, but only for purposes of determining eligibility for benefits for weeks of unemployment beginning after the date of the enactment of this Act.

SEC. 205. SUPPLEMENTAL SECURITY INCOME ACCOUNTING PERIOD.

(a) REPEAL OF RECONCILIATION ACT PROVISION.—Effective on the date of the enactment of this Act, subsections (a) and (c) of section 2341 of the Omnibus Budget Reconciliation Act of 1981 are repealed, and the amendment made by subsection (a) of such section shall be of no force or effect.

(b) ESTABLISHMENT OF SUPPLEMENTAL SECURITY INCOME ACCOUNTING PERIOD.—Section 1611(c)(1) of the Social Security Act is amended to read as follows:

"(1) An individual's eligibility for a benefit under this title for any month, and the amount of such benefit, shall be determined on the basis of the individual's (and eligible spouse's, if any) income, resources, and other relevant characteristics in such amount. Eligibility for and the amount of such benefits shall be redetermined at such time or times as may be provided by the Secretary."

(c) EFFECTIVE DATE.—The amendment made by subsection (b), and the amendments made by section 2341(b) of the Omnibus Budget Reconciliation Act of 1981, shall be effective with respect to months after the first calendar quarter which ends more than two months after the month in which this Act is enacted.

SEC. 206. TREATMENT OF UNNEGOTIATED CHECKS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) IN GENERAL.—Section 1631(i)(2) of the Social Security Act (as added by section 2343(a) of the Omnibus Budget Reconciliation Act of 1981) is amended by striking out "included in all checks payable to individuals entitled to benefits under this title but" in the first sentence and inserting in lieu thereof "included in all such benefit checks".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective October 1, 1982.

SEC. 207. COLLECTION OF ADMINISTRATIVE COSTS FOR NONAID TO FAMILIES WITH DEPENDENT CHILDREN SUPPORT ENFORCEMENT.

(a) IN GENERAL.—Section 454(6) of the Social Security Act is amended—

(1) by inserting "including, at the option of the State, support collection services for the spouse (or former spouse) with whom the absent parent's child is living (but only if a support obligation has been established with respect to such spouse)," after "with the State," in clause (A);

(2) by striking out "services under the State plan (other than collection of support)" in clause (B) and inserting in lieu thereof "such services"; and

(3) by amending clause (C) to read as follows:

"(C) any costs in excess of the fee so imposed may be collected from such individual by deducting such costs from the amount of any recovery made, or, at the option of the State, from the parent who owes the child or spousal support obligation involved".

(b) CONFORMING AMENDMENTS.—

(1) Section 454 of such Act is further amended—

(A) by adding "and" after the semicolon at the end of paragraph (18);

(B) by striking out paragraph (19); and

(C) by redesignating paragraph (20) as paragraph (19).

(2) Section 2333(c) of the Omnibus Budget Reconciliation Act of 1981 is amended by striking out "Section 453(a) of such Act is amended" and inserting in lieu thereof "Section 455(a) of such Act is amended".

(3) Section 303(e)(2)(A)(iii)(II) of such Act is amended by striking out "454(20)(B)(i)" and inserting in lieu thereof "454(19)(B)(i)".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective as of October 1, 1981.

SEC. 208. TECHNICAL AMENDMENTS TO CHILD SUPPORT ENFORCEMENT PROVISIONS IN RECONCILIATION ACT.

(a) IN GENERAL.—

(1) The first sentence of section 452(b) of the Social Security Act is amended by striking out "certify" and all that follows land inserting in lieu thereof "certify to the Secretary of the (Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954 the amount of any child support obligation (including any support obligation with respect to the parent who is living with the child and receiving aid under the State plan approved under part A) which is assigned to such State or is undertaken to be collected by such State pursuant to section 454(6).".

(2) Section 303(e)(2)(A)(i) of such Act is amended by striking out "of this subsection" and inserting in lieu thereof "of paragraph (1)".

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective as of October 1, 1981.

SEC. 209. TECHNICAL AMENDMENTS TO SOCIAL SERVICES AND FOSTER CARE PROVISIONS IN RECONCILIATION ACT.

(a) USE IN TERRITORIAL SOCIAL SERVICES PROGRAMS OF CERTAIN AMOUNTS NOT NEEDED IN PUBLIC ASSISTANCE PROGRAMS.—Section 1108(a) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Each jurisdiction specified in this subsection may use in its program under title XX any sums available to it under this subsection which are not needed to carry out the programs specified in this subsection."

(b) ALLOTMENT FORMULA UNDER SOCIAL SERVICES PROGRAMS.—Section 2003(b) of such Act is amended in the matter following clause (2) by inserting "(other than Puerto Rico, Guam, the Virgin Islands, and the Northern Mariana Islands)" after "the population of all the States".

(c) PARTICIPATION OF TERRITORIES IN SOCIAL SERVICES PROGRAM.—Section 1101(a)(1) of such Act is amended by striking out "American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands" and inserting instead "Guam, and the Northern Mariana Islands".

(d) FOSTER CARE STANDARDS.—Section 2353(r) of the Omnibus Budget Reconciliation Act of 1981 is amended to read as follows:

"(r) Section 471(a)(10) of such Act is amended to read as follows:

"(10) provides for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for foster family homes and child care institutions which are reasonably in accord with recommended standards of national organizations concerned with standards for such institutions or homes, including standards related to admissions policies, safety, sanitation, and protection of civil rights, and provides that the standards so established shall be applied by the State to any foster family home or child care institution receiving funds under this part or part B of this title;'."

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective as of October 1, 1981.

The SPEAKER pro tempore. Is a second demanded?

Mr. CONABLE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ROSTENKOWSKI) will be recognized for 20 minutes, and the gentleman from New York (Mr. CONABLE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

□ 1600

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 4961, presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4961 makes a number of miscellaneous changes in the tax laws and in certain public assistance and unemployment compensation programs. Title I consolidates five minor tax bills which were considered individually in hearings by the Subcommittee on Select Revenue Measures and approved by the subcommittee in November. This title includes: First, amendments to section 280A to remove certain restrictions on rentals at fair market value to family members; second, provisions to allow the awarding of litigation costs to taxpayers who prevail in litigation against the United States when the United States had been unreasonable; third, a provision changing the rules under which taxpayers must accrue income and other taxes when the State imposing the tax has shifted the tax assessment date; fourth, amendments to the personal holding company rules relating to lending and finance of businesses; fifth, an additional 2-year delay in the application of the net operating loss rules added by the Tax Reform Act of 1976; and sixth, a provision allowing certain manufacturers to obtain a refund of bus excise taxes imposed under prior law.

Title II incorporates the provisions of H.R. 4942, a bill making changes in unemployment compensation, supplemental security income (SSI), child support enforcement (CSE), and title XX social services programs. H.R. 4942 was the subject of hearings by the Subcommittee on Public Assistance and Unemployment Compensation and was also approved by the subcommittee in November.

Both titles of this bill were favorably reported by the Committee on Ways and Means. Let me explain the provisions of the bill in greater detail.

TITLE I: REVENUE PROVISIONS

Mr. Speaker, section 280A of present law restricts the ability of taxpayers to take deductions in connection with homes and other dwelling units that are used for personal purposes. A taxpayer has used a dwelling unit for personal purposes if the unit was used by the taxpayer or any member of his family or by a coowner or a member of the coowner's family. These personal use rules apply even if the family member using the unit is paying a fair rental value. Under the bill, a taxpayer will not be treated as having used a residence for personal purposes if the unit it rented to another person at fair rental and the person renting the unit is using it as his principal residence. The bill also contains a provision coordinating the application of section 280A with the deductions allowable under section 162(a)(2) and other provisions of the Internal Revenue Code in situations where taxpayers are away from home in pursuit of a trade or business. These amendments take effect in 1982.

The second provision of the bill amends the present law rules relating to the awarding of attorney's fees in tax litigation by substituting a new set of rules to be applied in tax cases. Under the new provision a taxpayer could be awarded reasonable litigation costs up to $50,000 if the position of the United States in the tax litigation was unreasonable. This provision will discourage any possible overreaching by the Internal Revenue Service in its handling of tax litigation. The bill also allows the Tax Court to impose a penalty of up to $5,000 on taxpayers who institute litigation for the purpose of delay or who maintain a frivolous or groundless position before the court. The new provisions generally apply to civil tax proceedings in U.S. courts other than the Tax Court as of October 1, 1981, and to proceedings commenced in the U.S. Tax Court after December 31, 1982.

The third provision of the bill relates to the present law rule that requires accrual basis taxpayers to continue to use the old assessment date when a taxing jurisdiction changes the assessment date for a deductible tax. This present law rule prevents taxpayers from claiming two deductions in a single year. Under the committee bill, accrual method taxpayers will be allowed to use the new assessment date if their first accrual of tax occurs after the change in the assessment date or if they elect to switch to the new date and to establish a suspense account which will prevent deduction of two taxes in a single year.

The fourth change made by the bill relates to the treatment of lending or finance businesses for purposes of the personal holding company tax. Generally, present law imposes a tax on the undistributed personal holding company income of a personal holding company. A corporation actively engaged in a lending or finance business is exempt from the personal holding company tax if the corporation meets a specified minimum business expense requirement. Under the committee bill, the definition of a lending or finance business is modified to include the business of making loans with maturities up to 144 months. This change would be effective starting in 1981. In addition, starting in 1980, the bill increases the qualified business expense requirement for businesses with ordinary gross income in excess of $1 million.

The fifth change made by the committee bill is a 2-year delay in the application of the net operating net loss rules added by the Congress in the Tax Reform Act of 1976. The committee believes that there are a number of technical problems with respect to the provisions added in 1976 and that further study of these provisions is necessary before they can be allowed to take effect.

The sixth amendment made by the committee bill relates to the refunding of bus excise taxes under the Energy Tax Act of 1978. That act provided for refunds of bus excise tax paid after April 19, 1977, and before November 10, 1978. Some taxpayers were unable to meet the procedural requirements necessary to obtain a refund of the excise tax. The bill liberalizes these conditions for eligibility to allow for additional refunds consistent with the intent of the 1978 act. The bill does not provide for the payment of interest on these refunds.

REVENUE EFFECTS

This title of the bill is estimated to reduce fiscal year budget receipts by $69 million in 1982, $169 million in 1983, $198 million in 1984, $239 million in 1985, and $301 million in 1986. The bill is also estimated to result in an increase in fiscal year budget outlays of not more than $5 million as a result of the litigation cost awards provisions.

TITLE II: PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION PROVISIONS

The public assistance and unemployment compensation provisions in title II eliminate a number of unintended effects created by changes enacted in the reconciliation bill. Some of the provisions are included at the request of the administration; others were developed after consultation with the administration; or are based on information received by the committee during oversight hearings. The provisions result in net budget savings.

The title XX provisions restore, at the administration's request, flexibility to those territories whose social services programs were unintentionally eliminated by the reconciliation bill. Other provisions make technical corrections requested by the administration in the title XX, SSI and child support enforcement program changes enacted by the reconciliation bill.

Title II also substitutes a 1-month prospective accounting period in the SSI program for the retrospective accounting period required under provisions enacted in the Reconciliation Act, modifies provisions in the act that require State child support enforcement agencies to charge a 10-percent fee to non-AFDC families, and establishes new requirements regarding the eligibility of ex-service members for unemployment benefits (UCX).

The objective of these reconciliation provisions was to reduce program costs in these programs. The committee, however, has been informed that the SSI and CSE provisions included in reconciliation will increase rather than decrease costs. The amendments in title II address this problem and produce savings to the Federal Government of $69 million in fiscal year 1982.

The UCX requirements enacted in the reconciliation bill, by providing unemployment benefits only to those who are not acceptable for reenlistment, penalize those individuals who satisfactorily fulfill their military obligation and are therefore offered the opportunity to reenlist but choose to leave the service. The UCX provision in title II will eliminate this penalty and replace the reconciliation bill requirements with new requirements based on prior law. The amendment is identical to a provision previously passed in the House version of the reconciliation bill and is a compromise between a return to previous law and the Reconciliation Act.

Three other unemployment compensation provisions in title II extend for 10 years the authority for States to use for administrative purposes certain funds credited to their individual State unemployment trust funds accounts—so-called Reed Act accounts—and exclude from Federal unemployment compensation taxes wages paid to certain alien farmworkers and to student interns.

Mr. Speaker, I yield 5 minutes to the distinguished chairman of the Subcommittee on Select Revenue Measures, the gentleman from California, Mr. PETE STARK, for an explanation of those provisions in the consideration of H.R. 4961, as considered by his subcommittee.

I also would like to congratulate him on the outstanding job done in that subcommittee.

Mr. STARK. Mr. Speaker, six of the provisions of H.R. 4961 were the subjects of careful review by the Subcommittee on Select Revenue Measures in public hearings and were unanimously approved with minor amendments by both the subcommittee and full comittee by voice vote. The changes are generally noncontroversial and technical in nature and have been drafted largely in consultation with the Treasury Department. Briefly, these changes include the elimination of the so-called family rental tax in certain circumstances, the awarding of reasonable litigation costs to a taxpayer who prevails against the Government if the Government's position was unreasonable, other and minor changes in the tax laws. In addition, the bill makes a limited amendment to the provision in the Energy Tax Act of 1987 repealing the excise tax on intercity buses, to allow certain additional refunds.

Mr. Speaker, I will briefly describe the individual provisions of this legislation.

Section 102 of the bill permits a taxpayer to treat rentals to family members like rentals to unrelated parties if a fair rental is charged and the dwelling unit is to be used as the family member's principal residence. This exception also applies to the rental of a dwelling unit by a co-owner for use as a principal residence if the rental is pursuant to a shared equity financing arrangement. The bill also coordinates the application of code section 280A with the deductions allowable under section 162(a)(2) and other provisions of the Internal Revenue Code by reason of the taxpayer's being away from home in the pursuit of a trade or business.

It should be noted for the record that one group of "businessmen" affected by this provision will be those Members of Congress whose families join the Member in Washington. In terms of this provision, Congressmen will be treated the same—no more and no less—as other businessmen.

Section 103 of the bill generally provides that a prevailing party in a civil tax proceeding brought by or against the United States may be awarded reasonable litigation costs (including attorney's fees) up to $50,000, if the position of the United States in the proceeding was unreasonable. The provisions apply to civil tax proceedings in any U.S. court, including the U.S. Tax Court, and provide the exclusive mechanism through which litigation costs, other than direct costs, may be recovered in tax cases.

The bill also provides that if it appears to the U.S. Tax Court that proceedings have been instituted or maintained by the taxpayer primarily for delay or that the taxpayer's position in the proceedings is frivolous or groundless, then the Tax Court may award damages not in excess of $5,000 to the United States.

Mr. Speaker, I would like to note that I am particularly pleased that the Committee on Ways and Means and the House have decided to move on this provision. I first introduced the concept of Tax Court cost awards as a separate bill, in order to help bring some additional safeguards and protections to the taxpayer against unreasonable actions by the IRS. I hope that this provision will help provide a moderating effect on the enormous police powers of the IRS.

Section 104 addresses a problem which results when a taxing jurisdiction accelerates the assessment date of a tax. Under present law, if a State or locality changes the assessment date for a deductible tax, an accrual basis taxpayer cannot accrue a deduction for the tax on the new assessment date because it might result in two tax deductions in the year of change. Section 104 permits accrual method taxpayers to use the new assessment date

if: (1) Their first accrual of tax occurs after the assessment date was changed that is, new taxpayers who could not obtain two tax deductions anyway; or (2) they elect to switch to the new date and establish a suspense account for the amount that would have accrued using the old accrual date in either the year of change or one of the 2 preceding years, whichever is greatest.

I would like to add, Mr. Speaker, that this provision is particularly important to my own State of California, which has been adversely affected by the differences in assessment dates between the State of California and the Federal Government. I would also like to point out that the need for this corrective amendment was called to my attention by the taxation section of the California AICPA.

Section 105 amends the definition of a lending or finance business for purposes of the personal holding company tax to include the business of making loans with indefinite maturities or maturities of not more than 144 months, effective December 31, 1980. The $1 million cap in the business expense requirement of present law is repealed, effective December 31, 1981. This change brings the tax law into conformity with present business practices.

Section 106 defers for 2 years, until January 1, 1984, the effective date of the limitations on net operating loss carryovers (code section 382) enacted in the Tax Reform Act of 1976. The postponement is necessary because the Ways and Means Committee has not yet had the opportunity to resolve technical problems which have arisen in the 1976 amendments.

Section 107 permits additional refunds of the excise tax on intercity buses, repealed by the Energy Tax Act of 1978, under certain limited conditions. This change affords relief to ultimate purchasers who were deprived of refunds of the excise tax because the importer was financially unable to make an advance refund of the tax in a timely manner.

Mr. Speaker, it is estimated that these provisions in H.R. 4961 will reduce fiscal year budget receipts by $69 million in 1982. In addition, it is estimated that section 3 of the bill will increase budget outlays by less than $5 million per year. This amount is within the budget figures for the present fiscal year.

Mr. Speaker, I urge prompt adoption of H.R. 4961.

Mr. CONABLE. Mr. Speaker, I yield 6 minutes to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Mr. Speaker, all sections of this bill, save one, are acceptable and should become law. But there is one section, section 2405, that should not become law.

By virtue of this bill coming up under suspension, an amendment cannot be offered by myself or others who feel likewise to amend section 2405 out of the bill. It is indeed quite possible that if this section remains in the bill, in the other body the bill itself might never become law since it taints it to that degree.

Section 2405, to which I object, provides unemployment compensation benefits to essentially all ex-servicemen who voluntarily leave the military. This reverses and retreats from the change we made in the reconciliation bill where we prohibited such payments except under certain circumstances.

This reversal or retreat from action we have already taken in the reconciliation bill should be defeated for basically four reasons.

The first reason I offer is the fact that this is bad policy. A serviceman and an employee in the private sector should be treated equally. The same rule should apply to either one. In the private sector when an employee leaves voluntarily a place of employment, he is not qualified for unemployment compensation benefits; yet if section 2405 stays in this bill, we are going to treat the serviceman differently than the private employee by allowing him unemployment compensation benefits when he voluntarily leaves the service.

It is bad policy to create this difference in treatment. When we used to have draftees, I guess one could rationalize the law being that way on the grounds that we were involuntarily plucking a man or woman out of their employment and putting them in the service of their country and perhaps we should do something for them when they leave. We do not have that anymore. Now we have a voluntary military. People go into the military knowing they are going to leave at a certain time. Most of them are preparing for that date. As a matter of fact, most of them use their last days of leave or they use the service training they are getting in service to prepare for when they leave.

There is no necessity in making a payment to these people when they are leaving their employment voluntarily, which we deny private employees.

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from California, chairman of the subcommittee, certainly.

Mr. STARK. It seems to me that there is a slight difference. I think this might be a time to bring it out. It is my understanding that in the United States, pretty generally if somebody works in private enterprise and they decide to quit, they can walk off the job, can they not?

Mr. MOORE. They can leave the job anytime they wish. But they leave voluntarily and they do not qualify.

Mr. STARK. Does the gentleman know what happens to a member of the armed services who walks off the job in the midst of his or her enlistment?

Mr. MOORE. I will say to the gentleman if you have a contract with the military, that can be enforced, but if you sign an employment contract, that contract can be enforced as well.

Mr. STARK. Does the gentleman know what the penalty is for desertion?

Mr. MOORE. Under fire it is very severe, but we are not talking about people who are deserting or leaving the military under those conditions.

Mr. STARK. If the gentleman would yield further, I think that that is one major distinction that one should keep in mind for our brave and valiant men and women who serve in the armed services.

Mr. MOORE. I appreciate the chairman of the subcommittee pointing this out. There are penalties for someone leaving employment under a contract and they can be sued for damages. The difference between a civil contract and military contract is one that is very necessary for the Nation's defense. That does not mean we should treat them differently for unemployment compensation. The difference in penalties for abdicating their responsibilities may be different but certainly that should not subscribe them being treated differently for purposes of unemployment compensation.

The second reason the section should be defeated is the fact that it is going to cost the Treasury, according to the Department of Labor, over the next 5 years, $599 million, one-half billion over the next 5 years in increased payments out of the General Treasury which we are going to have to make. That is not budgeted and not there now. This is at the very time that we are trying to balance the budget and struggling to do so.

If we are going to increase payments, if we are going to increase the deficits, I think there are some things in line that many Members may wish to see done before something like this.

Third, this is a bad precedent. When we start retreating and reversing the tough actions we took in the reconciliation bill to save the economy, where is it going to stop? I venture to say that every Member of this distinguished body has one or more things in the reconciliation bill he would like to see undone. If we begin to undo them one at a time, just like this, particularly with a low priority one like this, then by the end of next year we will have completely undone everything we did this year in the reconcili-

ation bill. Then, where will the economy be? It will be no different than it has been right now and will be the very thing that has caused us to take the difficult actions we took this spring in the reconciliation bill.

This is no time to retreat, no time to begin to undo what we have already done.

Fourth and finally, because of these three prior reasons, the administration now is very strongly opposed to this section of the bill and it stated so in the workings of our committee through the Department of Labor and in a recent letter to me from OMB.

I conclude by simply saying this is not an action for veterans or against veterans. I am a veteran and I am a member of the American Legion. I have supported every veterans' bill that has come to the House of Representatives in the 7 years I have been here. But to help veterans, if that is what we want to do, if veterans have got problems, if we are not paying them enough, if veterans' benefits are not good enough, let us adjust that through proper legislation, legislation coming out of the House Armed Services Committee or the Veterans' Affairs Committee, and let us not do it by this backhanded method.

□1610

Let us not do it by weakening the unemployment compensation program by creating unequal employment treatment of private individuals and those who come out of the military and by increasing the deficit of the country at a time we are trying to balance it. This retreat should not be allowed to succeed.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 9 minutes to the gentleman from Tennessee (Mr. FORD), chairman of the Subcommittee on Public Assistance and Unemployment Compensation, who has done a tremendous job in packaging this product.

Mr. FORD of Tennessee. Mr. Speaker, I thank my distinguished chairman of the Committee on Ways and Means for yielding so that I might comment on title II of the bill.

Mr. Speaker, title II of the bill contains amendments to the Federal-State unemployment compensation program, the supplemental security income (SSI) program, the child support enforcement (CSE) program, and the social services program established under title XX of the Social Security Act.

The unemployment compensation amendments were the subject of careful review by the Subcommittee on Public Assistance and Unemployment Compensation. Most of the public assistance amendments were included in the bill at the request of the administration; and the others were developed in consultation with administration officials.

Mr. Speaker, I will briefly describe and explain the individual provisions of title II.

Section 201 extends for 10 years the Reed Act authority which allows States to use for administrative purposes certain excess Federal unemployment compensation funds credited to individual State unemployment trust fund accounts in 1956, 1957, and 1958. In addition, it allows States that have used such funds to pay unemployment benefits to reestablish a Reed Act account. Under current law, authority for States to use the 1956 portion of Reed Act funds for administrative purposes expired on July 1, 1981. Authority to use Reed Act funds credited in 1957 for administrative purposes expires on July 1, 1982; and administrative authority for the 1958 funds expires July 1, 1983.

Extending the Reed Act, and permitting States to reestablish Reed Act accounts, will strengthen the Federal-State unemployment compensation system. States have used Reed Act funds to pay administrative program costs for which Federal grant funds were not available, and many States have utilized funds to finance major capital expenditures, such as the construction of employment security offices. These investments have resulted in substantial cost savings, in terms of reduced expenditures for leasing facilities and improvements in the operations of State unemployment security programs.

Sections 202 and 203 involve exclusions from the Federal Unemployment Tax Act (FUTA). Under present law, employers do not have to pay FUTA taxes on wages paid to certain student interns and to alien farmworkers, commonly called H-2 workers.

Under current law, wages paid to a student under age 22, who is a full-time student enrolled in a work-study, cooperative education, or internship program, are excluded from FUTA if the work performed is an integral part of the student's academic program. Section 202 would remove the age limitation so that student intern wages would be exempt from FUTA regardless of the age of the student.

The exemption in current law pertaining to student interns was enacted in 1970; however, no explanation for the age limitation was given in the materials which accompanied the amendment. Inasmuch as the work performed by a student which is a required component of an integrated work-study curriculum does not involve the kind of employment or the employer-employee relationship that was intended to be covered by the unemployment insurance system, there is no basis for the present age-22 limitation.

H-2 workers may be employed only upon certification by the Department of Labor that U.S. workers will not be adversely affected. The present FUTA exclusion for alien farmworkers expires on December 31, 1981. Section 203 of the bill would extend the present exclusion for 2 years—January 1, 1982, to January 1, 1984.

The reconciliation bill enacted this summer, Mr. Speaker, established new requirements regarding the eligibility for ex-service members for unemployment compensation benefits. Prior to the reconciliation bill, federally funded unemployment benefits were provided to ex-service members, under the UCX program, who had served at least 1 year or more and who were separated from the service under other than dishonorable conditions. The provisions in the reconciliation bill, however, disqualify for unemployment compensation benefits anyone who leaves the military at the end of an enlistment period if he or she was eligible to reenlist.

During hearings on the UCX program held by the Subcommittee on Public Assistance and Unemployment Compensation, widespread concern was expressed about the impact and fairness of this provision. Some 110,000 individuals who have honorably served their Nation in the Armed Forces but are unable to find employment immediately after they leave the service, will be denied unemployment benefits in fiscal 1982 according to administration estimates. By providing unemployment benefits only to those who are not acceptable for reenlistment, the UCX requirements enacted in the reconciliation bill penalize those individuals who satisfactorily fulfill their military obligation and are therefore offered the opportunity to reenlist but chose to leave the service.

Section 204 will eliminate this penalty and replace the UCX requirements enacted in the reconciliation bill with new requirements. UCX eligibility would be limited to ex-service members who have served 2 years or more. A 4-week waiting period between the week in which the individual is separated and the week in which he or she first becomes entitled to benefits would be required, and benefits would be limited to 13 weeks.

Section 204 of the bill is identical to a provision previously adopted by the subcommittee, approved by the Ways and Means Committee and passed in the House version of the reconciliation bill. The provision is a good compromise between a return to previous law and the reconciliation bill. It will substantially reduce UCX program costs as compared to previous law, but will also treat ex-service members with respect and fairness.

Sections 205 through 208 of the bill involves modifications in amendments enacted in the reconciliation bill to the supplemental security income

(SSI) program and the child support enforcement (CSE) program.

Sections 206 and 208 are generally technical in nature and are included in the bill at the request of the administration. They would clarify that the new process for dealing with unnegotiated SSI checks apply to all types of SSI-State supplement checks, and would correct several inaccurate references in the CSE provisions enacted in the reconciliation bill.

Section 205 would substitute a 1-month prospective accounting period in the SSI program for the retrospective accounting period required under provisions in the Reconciliation Act. Section 207 modifies provisions in the act which require State child support enforcement agencies to charge a 10-percent fee to non-AFDC families for services they provide to non-AFDC families.

Under SSI law in effect through March 1982, computation of SSI eligibility and amount of benefits is based on the income and resources for the current calendar quarter. The reconciliation bill, however, requires that, after March 1982, these computations will be on a monthly basis. Benefits, generally, will be determined on a monthly retrospective basis. That is, the amount of SSI benefit for any month will be determined on the basis of the individual's or couple's income, resources, and other circumstances in the preceding month, or at the discretion of the Secretary of Health and Human Services, the second preceding month.

The objective of this change in SSI was to reduce program costs by reducing the number of erroneous payments. Because benefits are computed on the basis of the recipient's actual income in a prior month, rather than projected income, it was assumed that retrospective accounting would reduce errors and thereby reduce SSI costs.

The committee, however, has been informed by the administration and the States that the retrospective accounting procedure will increase, rather than decrease, SSI costs. The Congressional Budget Office estimates that this increase will be $69 million in fiscal 1982. The reason for the increase in costs is that, under retrospective accounting, yearly cost-of-living increases in other Federal benefits which SSI recipients receive will not be counted for SSI purposes for the first 2 months that the increases are actually received. In addition, it is highly questionable as to how much if any savings would be achieved through a reduction in errors.

Section 205 will return SSI to a prospective accounting system, which will allow SSI payments to be adjusted to take account of increases in other Federal benefit programs received by recipients in the first month in which they occur. In addition, a 1-month prospective period would be established which will allow SSI cases to be reviewed more frequently and, as a result, changes in circumstances that affect the payment amount should be detected more quickly.

Section 207 would modify provisions enacted in the reconciliation bill that require all States, in cases involving non-AFDC families, to charge any absent parent who is obligated to pay child support through the State child support enforcement agency a fee equal to 10 percent of the child support payment to cover the agency's administrative costs. The purpose of the fee is to recover the agency's administrative costs.

According to the Council of State Child Support Enforcement Administrators, however, the reconciliation bill provision will cost the Federal Government between $10 and $20 million in lost child support collections, rather than increase collections as was initially estimated.

The primary reason for the anticipated reduction in collections is that the provision requires the absent parent to pay the 10-percent fee after all arrearages are satisfied. In other words, the fee is charged only to those who remain completely current in their child support obligation. This provides an incentive for the absent parent to fall behind in his payments in order to avoid the 10-percent additional cost.

Section 207 reinstates the options in prior law under which the State could recover administrative expenses by charging a fee and retaining a portion of the amount collected. In addition, this section provides States the alternative option of charging the absent parent who owes child support an amount, in addition to the support payment, equal to administrative costs.

Section 209 of the bill contains technical amendments to the title XX social service program provisions enacted in the reconciliation bill. The amendments in section 209 were requested by the administration. Briefly, the amendments would restore flexibility to the Territories unintentionally eliminated by the reconciliation bill regarding their social services programs, would correct several inaccurate references contained in the reconciliation bill, and make conforming amendments regarding title XX and the title IV-E foster care program.

I urge the Members to support this bill.

Mr. MOORE. Mr. Speaker, will the gentleman yield?

Mr. FORD of Tennessee. I yield to the gentleman from Louisiana.

Mr. MOORE. I appreciate the distinguished chairman of our subcommittee yielding.

The gentleman made a comment, and I think I would like to address that comment, on what we are intending to do with the existing law. I do agree with the gentleman that the provision in this bill is an improvement over the law prior to reconciliation. What we are doing with the reconciliation bill, which is now law, is trying to see to it that the only people who are service people who are entitled to unemployment compensation benefits are these who desire to remain in the military, are qualified to remain but are not allowed to because of layoffs or not meeting the MOS anymore, or whatever; that the law—and the gentleman full well knows—gives the military the right for cause to deny anybody from otherwise getting unemployment compensation benefits—that "for cause" meaning people who would not be retained by the service because they were not bright enough, because they were disciplinary problems, or whatever.

I do not think it is fair to characterize the present law, vis-a-vis what is trying to be accomplished in this bill, one of getting unemployment compensation to honorably dischargees and the existing law not doing so. I do not think that is a fair comparison.

Mr. BAILEY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. FORD of Tennessee. I yield to the gentleman from Pennsylvania.

Mr. BAILEY of Pennsylvania. I thank my subcommittee chairman and my full committee chairman, who have done a yoeman's job on this issue.

I would only say, in response to the gentleman from Louisiana, that this change does in fact change or correct an anomaly in the law, and that anomaly was that an individual who in fact had served well, had served honorably, but who was eligible or the service wanted to have back for reenlistment purposes, that individual did not qualify. And it is important, I think, for the gentleman to know that.

Mr. MOORE. Mr. Speaker, will the gentleman yield?

Mr. FORD of Tennessee. I yield to the gentleman from Louisiana.

Mr. MOORE. I appreciate that, and I would say to my good friend, the gentleman from Pennsylvania, that I understand that. The point is that one who is honorable and could stay but desires not to is analogous to a private employee who voluntarily quits and should not receive those benefits.

Mr. BAILEY of Pennsylvania. The gentleman made that argument initially and, of course, we disagree on that.

I just want to say, in response to his remarks, that in fact the anomaly is being corrected by this legislation and perhaps was not quite the way it was explained.

Mr. FORD of Tennessee. May I say further to the gentleman from Lou-

siana, who talked about the cost of the program, the cost of the program prior to the reconciliation bill in fiscal year 1982 is $306 million, in fiscal year 1983 it is $294 million, and it goes on.

The cost of the program under section 204 of this bill is only $130 million, with the savings of $176 million in fiscal year 1982, and, over a 5-year period, a savings of $875 million.

We are talking about a requirement of military service for 2 years rather than 1 year. We are talking about a requirement of a 4-week waiting period which will encourage these ex-service persons to go back into their hometowns, to seek employment, and to obtain employment. If they cannot find employment we believe it is fair to allow them 13 weeks of unemployment compensation.

Mr. MOORE. Will the gentleman yield?

Mr. FORD of Tennessee. I yield to the gentleman from Louisiana.

Mr. MOORE. I do not know of the correctness of the gentleman's figures, but I think what the gentleman is saying is that the section in this bill would save the amount of sums he had indicated over the old law prior to reconciliation.

Mr. FORD of Tennessee. The gentleman has to understand that the Public Assistance and Unemployment Compensation Subcommittee passed ths bill twice. The full Committee on Ways and Means passed this bill twice. This same language was acted upon in the budget reconciliation bill in the House. It was taken out in that mass of confusion with the conferees on the reconciliation bill. This one item was deleted from the bill in the reconciliation conference committee. I think it is high time for us to come back and to correct the mistake which the conferees made as it relates to ex-service members.

□ 1620

Mr. MOORE. But getting back to the item of cost, the gentleman does not disagree that as concerns the reconciliation bill this provision in this bill will cost $499 million over the next 5 years, more than if we stuck with the reconciliation language presently in the law?

Mr. FORD of Tennessee. I think the figures that the gentleman used are figures from the Department of Labor and I am not certain whether we can count on those figures to be correct. The Congressional Budget Office in its figures shows a cost of approximately $300 million and the Labor Department is some $200 million off in their figures.

Therefore, we are only talking about $50 to $70 million per year, over a 5-year period, and we are not talking about $500 million that the gentleman referred to earlier.

Mr. MOORE. Even using the figures the gentleman is using, the Congressional Budget Office, the gentleman is talking about an increased expenditure of this section of the now existing law as for the reconciliation bill.

Mr. FORD of Tennessee. But we are talking about a savings over prior law of $176 million.

In 1983 we are talking about $172 million. In fiscal year 1984 we are talking about $167 million. In 1985, $169 million. In 1986, $181 million, giving us a total savings of $865 million.

Mr. MOORE. As I understand the gentleman's point, it is going to cost, by the gentleman's figures, $300 million, the Department of Labor, $500 million over the next 5 years.

Mr. FORD of Tennessee. I urge passage of this legislation.

Mr. CONABLE. Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. GUNDERSON).

Mr. GUNDERSON. Mr. Speaker, I rise in strong support of section 202 of the unemployment compensation amendments to H.R. 4961. Due to a quirk in the Internal Revenue Code as it relates to unemployment compensation, teacher internship programs at our colleges and universities are presently in jeopardy.

School districts were first included in unemployment compensation legislation in 1972. In 1973, teacher interns were determined ineligible for unemployment compensation benefits under an exception that prevented individuals who were regularly attending an educational institution from receiving benefits. The work study portion of the statute that prohibits benefits to students under age 22 was not considered at that time.

However, in 1977 the statutes were amended to exclude non-profit organizations and governmental units, from the 1973 exception. By definition, school districts are considered governmental units under the IRS statutes. The work study portion of the statute was now applicable to school districts rather than the 1973 exception.

As a result of this amendment, teacher interns, age 22 and older (as 90 percent of them are), have been found eligible to receive unemployment compensation benefits at the expense of the school district they worked in after completing their internship.

Many school districts have, therefore, terminated their participation in internship programs. In the long run this will impair the quality of instruction our children and grandchildren receive as future teachers are denied an opportunity to work under the guidance of an experienced teacher before entering the teaching profession.

In recognition of the disruptions this quirk in the Code has caused the intern program, I introduced H.R. 3253 to amend section 3306(c)(1))(C) of the Internal Revenue Code by striking "under age 22" from the work study portion of the unemployment compensation statute.

By including similar language in H.R. 4961, the members of the Ways and Means Committee will remove this obstacle to participation in the intern program by local school districts and insure the availability of internship programs to future generations of students.

I urge my colleagues to support this language in H.R. 4961.

Mr. CONABLE. Mr. Speaker, I now yield 5 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, first of all, I want to associate myself with the remarks of the distinguished gentleman from Louisiana (Mr. MOORE), with whom I have joined in supplementary remarks in the committee report on the subject of the one feature of this bill which deserves to be defeated. That is, of course, section 2405, which would allow voluntarily unemployed ex-service members to collect unemployment compensation.

The money to pay unemployment compensation in this bill does not come out of some magic fund paid into by giant multinational corporations. It comes out of general revenues, out of the money that taxpayers have to ante up to run this Government.

I would like to remind Members of this body that that general revenue fund is going to be short about $100 billion in this particular fiscal year.

If we did have unemployment compensation funds we did not know what to do with, we have better uses than giving them to people who are voluntarily out of work. We had to gut our trade adjustment assistance program this year. We have had to reduce unemployment compensation in areas where it is really needed. There is no sense, in my judgment, in providing it where it is not needed.

Providing unemployment compensation to ex-military personnel who could have stayed on active duty made sense when the country had a draft. Then we drafted young men, or we allowed the threat of a draft to encourage their enlistment.

Now we have an all-volunteer military service. There is no draft and no compulsion. When one of our volunteers leaves the service by his or her own choice, that volunteer is voluntarily unemployed. If any State wishes to use the contributions of its employers to pay the claims of these veterans who opt out, it may do so. That state will not do so because it knows it needs its own funds to carry its own employees who are involuntarily unemployed.

If the Department of Defense wants to provide some sort of retirement

bonus, I suppose it could ask us for the authority to appropriate it. It will not, of course, because it wants to keep these people. It does not want to give them an incentive to retire, as this bill gives them, nor does it want us to give them an incentive to retire.

Unemployment compensation is not a prize. It is an emergency sustenance to help people who are out of work through no fault of their own, and so this Congress has no obligation to fund this class of Americans.

The States and the Department of Defense do not want the obligation and yet this bill proposes to use the taxpayers' money from general revenue to fund this unnecessary unemployment compensation.

I am told by the Department of Labor that this bill will cost about $100 million a year—a little less according to the Budget Office. We do not have to spend that $80 million to $100 million annually. We ought to give unemployment compensation benefits to ex-service personnel who are not invited to reenlist. That is the current law. They have become unemployed involuntarily.

But we ought not give benefits to those to whom reenlistment is offered. If they turn the reenlistment down, they are voluntarily unemployed.

Now I do not think that many of our constituents would like their hard-earned tax dollars to go to people who voluntarily left their jobs. The money comes from taxpayers, again I state, and not from employers. We ought to reject this unwise feature of the bill, follow the advice of OMB, and save our hard-pressed taxpayers $100 million a year.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. BAILEY).

Mr. BAILEY of Pennsylvania. Mr. Speaker, I just want to thank the chairman of the full committee and the subcommittee chairman for the help that they have given in this effort. It is not because the provisions of this legislation are supported by the American Legion or the Veterans of Foreign Wars, or the Disabled American Veterans, the Reserve Association, and other groups, universally. I think it is a matter of justice whether or not it is a question of a volunteer quit, which it is not.

There is room for open and honest debate about that issue in a philosophic sense, but the point boils down to this: whether or not a young man or woman having problems at home, who have sent their money home, are faced with a reenlistment opportunity, that is, the service wants them, has to subjugate personal needs and wants and environment that is different than a civilian work environment under conditions that are different than civilian or normal contracts of employment, and simply needs some help finding a job when they get home.

We have limited the benefits. We have compromised them. I think it is fair and I hope that the entire Congress will support the veterans' groups and all of our people who sacrifice for the good of our country.

● Mr. MOFFETT. Mr. Speaker, I would like to state my strong support for the proposed changes in veterans' unemployment compensation rules, which were unfairly altered by the Reagan budget bill this past summer. Those rules were changed in order to save money, without regard for the impact on those affected by the changes. Under the new rules, a veteran may only receive unemployment compensation if his or her service record shows that the armed services do not want him or her to reenlist. However, those who have served with sufficient distinction to qualify for reenlistment are barred from receiving unemployment compensation. This is a rather curious way in which to reward those who have served their country well.

The new rules also have the effect of encouraging persons presently in the armed services to do sufficiently poor work to be refused reenlistment. Only then will they be eligible for unemployment compensation after leaving the service. This clearly makes no sense, since we should be striving for better performance, not worse, in the armed services.

It is for these reasons that I strongly support the changes proposed in the legislation before us, H.R. 4961. They are very sensibly constructed, in that they would provide unemployment compensation only to persons who had served at least 2 years, and require a 4 week waiting period between the week of separation from the service and the first week of benefits. In addition, benefits would be limited to 13 weeks. These rules would have the effect of making sure that veterans can get unemployment compensation, but not for an indefinite period of time. They would correct the injustice that has existed since this past summer in an intelligent way. Moreover, the total cost of these changes proves to be quite small, compared to the total Federal budget, to say the least.●

● Mr. KASTENMEIER. Mr. Speaker, I rise in support of H.R. 4961. Section 3 of H.R. 4961 authorizes the awarding of attorneys' fees and other litigation costs in any civil proceeding involving tax matters.

Last Congress, as chairman of the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice, I helped process the Equal Access to Justice Act (title II, Public Law 96-481). Although that act covered some tax cases, it did not include cases filed in the Tax Court. H.R. 4961 includes tax cases in the Tax Court, as well as those in the district courts and Court of Claims. Therefore, the bill has a potential of reaching more taxpayer litigants than under the Equal Access to Justice Act. Under this bill recovery of attorneys' fees would be authorized to a party who has substantially prevailed with respect to the amount in controversy or with respect to the most significant issue or set of issues presented. The Committee on Ways and Means has also developed other criteria affecting the ability to receive awards, for example: First, that the award not exceed $50,000; second, that administrative remedies be exhausted; and third, that the determination whether the United States was unreasonable and whether the party has prevailed can be made by the court or with the agreement of the parties.

When the Equal Access to Justice Act was being processed last Congress, it was my intent and that of other Members that we should allow the committees with tax jurisdiction the option of developing a separate bill on attorneys' fees. That is one reason why the effective date of that act was delayed 1 year until October 1981. Although H.R. 4961 was not enacted by that date, I am pleased that the Committee on Ways and Means has acted as expeditiously as possible to enact a tax bill expanding the liability of the Government in tax cases when a taxpayer prevails and the Government acted unreasonably.

The bill deserves your support.●

● Mr. SCHULZE. Mr. Speaker, I would like to address those provisions of the bill which will extend to December 31, 1982, the deadline for rebate of Federal excise taxes on the sale of certain buses. Let me stress that these are taxes that Congress has already agreed to refund. This bill is remedial in nature and intended to insure that administrative requirements of the original repealing act do not deny the purchasers of the buses their rightful refund.

When Congress passed the windfall profit tax, it terminated the excise tax on certain buses. As part of this repeal, the statute provided that the IRS would pay out a refund of excise taxes already collected on buses sold between April 20, 1977, and the date of enactment.

Because Congress had bad experience with the automobile excise tax refund, the bus excise tax repealer established a procedure designed to guarantee that the purchaser of the buses, upon whom the real burden of the tax fell, would actually receive the tax refund. This was a laudable goal. However, the administrative requirements were difficult to comply with.

The law specified that the seller of the buses act as financial intermediary by first refunding to the customer the

amount of the excise tax collected. Second, the seller could apply to the IRS to get a rebate of the amounts paid to the customers. While this insured that the customers got the tax rebate, it also set up a system in which the seller had to put his money out for the benefit of the U.S. Government, and hope that he could get it back soon. In essence, the statute contemplated an interest-free loan by the seller to the Government.

Some large-scale sellers of buses were able to get swift response by the IRS or cooperative treatment in setting up simultaneous exchange arrangements. But, as is so frequently the case, the small businessman was not successful in dealing with the IRS.

What this bill proposes is to extend the time period for making the payment to the customers, and to the vendors which have made application for a refund within the time limits of the original law.

Further, the bill contemplates that a simultaneous escrow arrangement or other mechanism satisfactory to the Treasury be used so as to facilitate the refund of these taxes. The beneficiaries would be small bus operators in at least 12 States.●

● Mr. VANDER JAGT. Mr. Speaker, I rise in support of H.R. 4961 which makes a number of changes in tax law. I am pleased to join as a cosponsor of this bill, and wish to commend my colleagues on the Committee on Ways and Means for the bipartisan spirit of cooperation that led to favorable action in the committee.

The most important provision of H.R. 4961, in my estimation, is the section that authorizes the award of attorney fees who prevail in tax cases when the position of the Government is unreasonable. This has been a longstanding legislative goal of mine, and I am pleased to have participated in shaping the particular language included in H.R. 4961.

Early in my congressional career, I introduced a bill that I called the "David and Goliath" legislation—so-called because it permitted individuals to take on the full weight of the Federal Government and be reimbursed for their legal expenses if they won. I am sure that most of my colleagues understand the frustration of many of their constituents who feel very intimidated by the Government, knowing that even if they are proved right the cost and aggravation of their legal defense will severely penalize them. For this reason, my early legislation to reimburse individuals who prevail against the Government was very popular.

Enactment of the Equal Access to Justice Act in 1980 was a great step toward this legislative goal. However, that act could not address the situation in Tax Court cases, so further legislation is necessary to fill this gap. Admittedly, the situation in tax cases is somewhat different from other issues inasmuch as tens of thousands of tax disputes are resolved each year between taxpayers and the Government. The vast majority are resolved at the administrative level, but several thousand are decided in the U.S. Tax Court. Under current law, no taxpayers are entitled to recover their legal fees if they prevail against the Government in Tax Court. In some situations this may encourage a taxpayer to pursue the case in the U.S. District Court where attorney fees can be awarded, rather than in the Tax Court which is better equipped to handle tax cases.

The standard the Ways and Means Committee developed to determine when it would be appropriate for attorney fees to be awarded is a classic compromise. Under the language of H.R. 4961, taxpayers who prevail may be entitled to reimbursement of attorney fees when the position of the Government is determined by the Court to have been unreasonable. Frankly, I am sympathetic to the arguments of many that taxpayers should automatically be entitled to attorney fees if they win in tax cases, just as they would in other legal disputes. The Treasury Department points out, however, that thousands of cases are litigated to clarify interpretations of the Tax Code and the application of the Code to the facts and circumstances of the particular taxpayers involved, with many cases resulting in a give and take on both sides. The Treasury Department sought a standard that would limit reimbursement to cases where the Government acted in bad faith.

The final standard of unreasonableness on the part of the Government appears to be both workable and equitable. The language and accompanying report of H.R. 4961 make it clear that this determination will be made by the Tax Court based primarily on the record of the case, so the taxpayer will not have to be subject to another lengthy legal ordeal after he prevails in his original case. Tax Court judges with extensive experience in tax litigation will in most cases be able to determine with relative ease the situations where the Government's case was unreasonable.

The committee accepted my amendment to limit attorney fee awards to no more than $50,000 to satisfy the concern that very large corporations and very wealthy individuals would potentially be able to recover multimillion-dollar awards for their attorney fees in complex cases litigated over a number of years. I feel most of us would agree that the objective of this legislation is to encourage the little guy—individuals and small businesses—to pursue their case if they feel the Government is being unreasonable and the $50,000 amount should satisfy all but the most complex cases. The dollar limitation was viewed as a more workable solution than the approach taken in the Equal Access to Justice Act which limits the class of person and business entitled to recover attorney fees to spare a taxpayer who prevails against an unreasonable Government position the ordeal of proving yet a third condition, that he is in fact, of a net worth entitled to the award.

Mr. Speaker, I also want to voice my support for a minor provision of H.R. 4961 concerning refunds of the manufacturers excise tax on buses. The Windfall Profit Tax Act of 1978 repealed the excise-tax on buses and established the criteria for certain refunds of taxes already paid. Unfortunately, some purchasers of buses were denied the refund because the act required dealers to make the refund before receiving the funds from the Treasury. Some dealers were financially unable to make those refund payments due to the economic conditions, and the purchasers were denied the payments the Congress intended in the 1978 act. This change takes care of this situation with little loss to the Treasury, about $300,000 in excise taxes that actually should have been refunded earlier.

Mr. Speaker, I urge my colleagues to support H.R. 4961 as reported from the Committee on Ways and Means.●

Mr. CONABLE. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) that the House suspend the rules and pass the bill, H.R. 4961, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to make miscellaneous changes in the tax laws, and for other purposes."

A motion to reconsider was laid on the table.

MISCELLANEOUS PROVISIONS INCLUDING SAFE HARBOR LEASES AND FNMA

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4717) to amend the effective date provision of section 403(b)(3) of the Windfall Profit Tax Act of 1980 (Public Law 96-223) to further defer the effective date of certain provisions providing for the recognition as income of LIFO inventory amounts, as amended.

The Clerk read as follows:

H.R. 4717

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DELAY IN PROVISIONS RECOGNIZING GAIN ON CERTAIN DISPOSITIONS OF LIFO INVENTORIES.

Paragraph (3) of section 403(b) of the Crude Oil Windfall Profit Tax Act of 1980 (relating to effective date for recognition of gain on certain dispositions of LIFO inventories) is amended by striking out "December 31, 1981" and inserting in lieu thereof "December 31, 1982".

SEC. 2. ADJUSTMENTS TO NET OPERATING LOSS CARRYBACK AND CARRYFORWARD RULES FOR FEDERAL NATIONAL MORTGAGE ASSOCIATION.

(a) 10-YEAR CARRYBACK AND 5-YEAR CARRYFORWARD FOR LOSSES OTHER THAN MORTGAGE DISPOSITION LOSSES.—Paragraph (1) of section 172(b) of the Internal Revenue Code of 1954 (relating to net operating loss carrybacks and carryovers) is amended by redesignating subparagraphs (H) and (I) as subparagraphs (I) and (J), respectively, and by inserting after subparagraph (G) the following new subparagraph:

"(H) In the case of a new operating loss of the Federal National Mortgage Association for any taxable year beginning after December 31, 1981—

"(i) such loss, to the extent it exceeds the FNMA mortgage disposition loss (within the meaning of subsection (i)), shall be—

"(I) a net operating loss carryback to each of the 10 taxable years preceding the taxable year of the loss, and

"(II) a net operating loss carryover to each of the 5 taxable years following the taxable year of the loss, and

"(ii) the FNMA mortgage disposition loss shall be—

"(I) a net operating loss carryback to each of the 3 taxable years preceding the taxable year of the loss, and

"(II) a net operating loss carryover to each of the 15 taxable years following the taxable year of the loss."

(b) RULES RELATING TO FNMA MORTGAGE DISPOSITION LOSS.—Section 172 of such Code is amended by redesignating subsections (i) and (j) as subjections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

"(i) RULES RELATING TO FNMA MORTGAGE DISPOSITION LOSS.—

"(1) FNMA MORTGAGE DISPOSITION LOSS DEFINED.—

"(A) IN GENERAL.—For purposes of subsection (b)(1)(H) and this subsection, the term 'FNMA mortgage disposition loss' means for any taxable year the excess (if any) of—

"(i) the losses for such year from the sale or exchange of mortgages, securities, and other evidences of indebtedness, over

"(ii) the gains for such year from the sale or exchange of such assets.

"(B) FNMA MORTGAGE DISPOSITION LOSS CANNOT EXCEED THE NET OPERATING LOSS FOR THE YEAR.—The amount of the FNMA mortgage disposition loss for any taxable year shall not be greater than the net operating loss for such year.

"(C) FORECLOSURE TRANSACTIONS NOT INCLUDED.—In applying subparagraph (A), any gain or loss which is attributable to a mortgate foreclosure shall not be taken into account.

"(2) COORDINATION WITH SUBSECTION (B)(2).—In applying paragraph (2) of subsection (b), a FNMA mortgage disposition loss shall be treated in a manner similar to the manner in which a foreign expropriation loss is treated."

(c) CONFORMING AMENDMENTS.—

(1) Subpararaph (A) of section 172(b)(1) of such Code is amended by striking out "(H), (I)" and inserting in lieu thereof "(H), (I), and (J)".

(2) Subparagraph (B) of section 172(b)(1) of such Code is amended by striking out "and (I)" in the second sentence and inserting in lieu thereof "(H), and (J)".

(3) Subparagraph (I) of section 172(b)(1) of such Code, as redesignated by subsection (a), is amended by striking out "subsection (i)" and inserting in lieu thereof "subsection (j)".

(4) Paragraph (3) of section 172(j) of such Code, as redesignated by subsection (b), is amended by striking out "subsection (b)(1)(H)" each place it appears and inserting in lieu thereof "subsection (b)(1)(I)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1981.

SEC. 3. INFORMATION RETURNS WITH RESPECT TO SAFE HARBOR LEASES.

(a) REQUIREMENT OF RETURNS.—Paragraph (8) of section 168(f) of the Internal Revenue Code of 1954 (relating to special rule for leases) shall not apply with respect to an agreement unless a return, signed by the lessor and lessee and containing the information required to be included in the return pursuant to subsection (b), has been filed with the Internal Revenue Service not later than whichever of the following is the later:

(1) January 31, 1982, or

(2) the 30th day after the date on which the agreement is executed.

(b) INFORMATION REQUIRED.—The information required to be included in the return pursuant to this subsection is as follows:

(1) The name, address, and taxpayer identifying number of the lessor and the lessee (and parent company if a consolidated return is filed);

(2) The district director's office with which the income tax returns of the lessor and lessee are filed;

(3) A description of each individual property with respect to which the election is made;

(4) The date on which the lessee places the property in service, the date on which the lease begins and the term of the lease;

(5) The recovery property class and the ADR midpoint life of the leased property;

(6) The payment terms between the parties to the lease transaction;

(7) Whether the ACRS deductions and the investment tax credit are allowable to the same taxpayer;

(8) The aggregate amount paid to outside parties to arrange or carry out the transaction;

(9) For the lessor only: the unadjusted basis of the property as defined in section 168(d)(1);

(10) For the lessor only: if the lessor is a partnership or a grantor trust, the name, address, and taxpayer identifying number of the partners or the beneficiaries, and the district director's office with which the income tax return of each partner or beneficiary is filed; and

(11) Such other information as may be required by the return or its instructions.

Paragraph (8) shall not apply with respect to any person for any calendar year if it is reasonable to estimate that the aggregate adjusted basis of the property of such person which will be subject to subsection (a) for such year is $1,000,000 or less.

(c) COORDINATION WITH OTHER INFORMATION REQUIREMENTS.—In the case of agreements executed after December 31, 1982, to the extent provided in regulations prescribed by the Secretary of the Treasury or his delegate, the provisions of this section shall be modified to coordinate such provisions with the other information requirements of the Internal Revenue Code of 1954.

(d) CHARACTERIZATION BY PARTIES.—For purposes of this section, any determination as to whether a person is a lessor or lessee or property is leased shall be made on the basis of the characterization of such person or property under the agreement described in subsection (a).

The SPEAKER pro tempore. Is a second demanded?

Mr. CONABLE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ROSTENKOWSKI) will be recognized for 20 minutes, and the gentleman from New York (Mr. CONABLE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 4717, presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4717 has three provisions. These provisions deal with: First, a 1-year deferral of the effective date for LIFO inventory recapture; second, the net operating loss treatment of the Federal National Mortgage Association; and third, the filing of an information return regarding the safe harbor leasing provisions. Let me describe each of these provisions.

LIFO INVENTORY RECAPTURE EFFECTIVE DATE (SECTION 1)

In the Crude Oil Windfall Profit Tax Act of 1980, Congress included a provision which required that a corporation which distributes its LIFO inventory in a partial or complete liquidation must recognize as ordinary income its LIFO reserve, the excess of the inventory's FIFO basis over its LIFO basis. Also, a corporation that sells its LIFO inventory in the course of a 12-month liquidation must recognize the inventory's LIFO reserve as ordinary income. The provision did not require the recognition of the LIFO reserve on corporate liquidations where the adjusted basis of the LIFO

inventory in the hands of the acquiring corporation is carried over from the liquidating corporation.

Congress believed that the LIFO reserve of a corporation's inventory should be subject to tax upon a corporate liquidation unless the LIFO reserve is preserved in the corporation's inventory by virtue of a carryover basis. Otherwise, corporations could convert the tax deferral provided by LIFO into an outright exclusion from tax.

This provision was made effective for distributions and dispositions which are made pursuant to plans of liquidation adopted after December 31, 1981. The delayed effective date was set to allow time for congressional hearings on the effect of the provision. These hearings have not, as yet, been held. Therefore, Mr. Speaker, the Committee on Ways and Means believes that the effective date of these provisions should be delayed for 1 additional year, to December 31, 1982, in order to allow the committee time to hold such hearings to review the merits and the impact of the provision.

NET OPERATING LOSS TREATMENT OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION (SECTION 2)

The second provision of the bill amends the present treatment of net operating losses in the case of the Federal National Mortgage Association.

Under present law, taxpayers generally may carry back a net operating loss for 3 years and carry forward an NOL for 15 years. Banks and certain other financial institutions are permitted a special 10-year NOL carryover. FNMA is not eligible for the special 10-year NOL carryback, and thus must use the 3-year carryback and 15-year carryover rule.

FNMA typically provides a secondary market for mortgages by borrowing on a short-term basis and investing in long-term mortgages. In this respect, FNMA operates similarly to certain financial institutions which are eligible for the 10-year carryback of net operating losses.

Mr. Speaker, the committee bill provides a 10-year carryback and a 5-year carryover for net operating losses of FNMA. Thus, the carryback period will be lengthened by 7 years and the carryover period will be shortened by 10 years. This treatment is to apply only to that portion of a net operating loss of FNMA that is not derived from its net losses from sales of mortgages, securities, and other evidences of indebtedness. For the portion of the NOL derived from the losses on mortgages, securities and other evidences of indebtedness, the present law 3-year carryback and 15-year carryforward will continue to apply. The bill is effective for NOL's incurred in taxable years beginning after December 31, 1981.

INFORMATION RETURN FOR SAFE HARBOR LEASING TRANSACTIONS (SECTION 3)

The third provision of the bill relates to information reporting requirements for certain leasing transactions.

The accelerated cost recovery system, enacted as part of the Economic Recovery Tax Act of 1981, contains a safe harbor leasing provision, which, in effect, permits corporations to buy and sell investment tax credits and depreciation deductions.

These provisions have been very controversial, to say the least. Their impact, operation, and cost have not been fully assessed. The tax-writing committees of Congress need a base of information upon which to make such an assessment.

Under the committee bill, an information return is required to be filed with the Internal Revenue Service in order for an agreement to qualify as a "lease" under the safe harbor leasing provisions. The return must contain certain specified information, much of which is the same as that required to be filed under temporary Treasury regulations interpreting these provisions. The bill requires that the return must be filed with the national office of the Internal Revenue Service not later than the 30th day after the date the agreement is executed, or January 31, 1982, whichever is later.

Mr. Speaker, the committee believes that these provisions should be adopted this year. I therefore urge my colleagues to vote to suspend the rules and pass the bill, H.R. 4717, as amended.

□ 1630

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Speaker, I wish to make a few comments on section 2 of H.R. 4717 that deals with the carryback of losses incurred by the Federal National Mortgage Association, commonly referred to as Fannie Mae. Under that provision of the bill, Fannie Mae would be allowed to carry back net operating losses over a 10-year period and to carry forward any net operating losses, not used up in the carryback process, for an additional 5 years. These are the carryback and carryforward rules that currently apply to depository institutions. The general rule under current law provides a 3-year carryback period for net operating losses and a 15-year carryforward.

Under an amendment that I sponsored which was agreed to without objection by the committee, any Fannie Mae losses attributable to the sale of mortgages, securities, or other evidences of indebtednesses will not be eligible for the more generous carryback provision. Let me explain the significance of this feature of the provision.

The revenue loss for this provision has been estimated by the staff of the Joint Committee on Taxation at $14 million in fiscal year 1983, offset by a $14 million gain in 1984. This estimate is based on the assumption that interest rates will decline and that Fannie Mae once again will become profitable. Some calender year 1982 losses will be carried back under the provision to permit a refund of $14 million of taxes paid in prior years. By 1983, it is assumed that Fannie Mae will be paying $14 million more in taxes than would be the case under current law because 1982 losses will not be carried forward to that year. Different economic assumptions would result in different estimates of the revenue loss from this provision. The Treasury Department estimate is for $35 million in fiscal year 1982 to be recaptured in subsequent years. If interest rates rise sharply and stay at high levels, the loss could be as much as $500 million and much of it would be a permanent revenue loss.

The estimating procedures that have been used assume that Fannie Mae will not sustain losses by selling mortgages or other securities from its portfolio at prices below book value. Such action on Fannie Mae's part would generate additional ordinary losses. The purpose of my amendment was to assure that such losses, since they would result from Fannie Mae's own actions rather than be the result of impersonal market forces, would not receive more favorable carryback treatment than they do under current law.

During testimony before the committee, David Maxwell, the Chairman of the Board and Chief Executive Officer of Fannie Mae, indicated that they had no intention of selling mortgages at a loss out of their $60 billion portfolio even though limited amounts of such sales had occurred in the past.

Specifically, Mr. David O. Maxwell, Chairman of the Board and CEO of FNMA stated to the Ways and Means Committee, and I quote from the transcript:

> I would like preliminarily to address myself to Mr. Downey's question which he asked of Secretary Chapoton concerning the possible sale of mortgage loans by Fannie Mae. . . .
>
> Fannie Mae has no intention of selling a volume of loans out of its portfolio. Our business plan includes no such arrangement. There are sound reasons, including the incurring of additional losses, why we would not want to do that

Mr. Speaker, because of this commitment—but to insure that future managers of Fannie Mae stand by that commitment, the committee adopted amendment to protect Treasury revenues against the possibility that, as a matter of corporate strategy, Fannie Mae might change its policy in the future and choose to recognize some

portfolio losses in order to gain a refund of prior year taxes.

Mr. CONABLE. Mr. Speaker, I yield myself 5 minutes.

Mr. CONABLE. Mr. Speaker, I support the suspension of rules and passage of H.R. 4717.

H.R. 4717 contains three important income tax provisions. First, it delays until January 1, 1983 the effective date of changes in the tax treatment of LIFO accounting which were enacted as part of the Crude Oil Windfall Profit Tax Act of 1980 and which are scheduled to take effect on January 1, 1982.

LIFO stands for the "last-in, first-out" method of accounting for inventory profits. It is advantageous to use LIFO accounting in inflationary times because it reduces what would otherwise be artificially high nominal profits. Part of LIFO accounting includes the establishment of a reserve account which represents deferred inventory profits.

Under the normal corporate tax rules no gain or loss is recognized in a liquidation where there is an exchange of assets for stock held by the shareholders. The Crude Oil Windfall Profit Tax Act provided that beginning January 1, 1982 that the corporate liquidation of LIFO inventory assets generally will be a taxable transaction. That is, the LIFO reserve will be taxed as ordinary income. H.R. 4717 postpones the effective date of this change until January 1, 1983.

There is concern that this change may have been premature. For example, some persons argue that LIFO reserves are a legitimate tax tool and should not be considered a tax "preference" item, subject to punitive-type treatment. The 1-year delay in the effective date will allow the Congress and the new Treasury Department an opportunity to review this issue.

The second feature of H.R. 4717 I would like to refer to more specifically that provides the Federal National Mortgage Association, known as Fannie Mae with a carryback and carryforward treatment for net operating losses comparable to that accorded other financial institutions with similar roles. In general, a business has a 3-year period over which to carryback net operating losses and a 15-year period over which to carryforward net operating losses. Financial institutions, however, have a 10-year carryback period and only a 5-year carryforward period.

The second section of H.R. 4717 extends to Fannie Mae the same net operating loss carryback and carryforward time period as applies to financial institutions. This change recognizes that Fannie Mae acts for all intents and purposes as a financial institution in maintaining a secondary market for home mortgages in our economy. Therefore, it is fitting to treat Fannie Mae by the same tax rules applicable to financial institutions.

As a matter of fact, Fannie Mae needs the additional liquidity resulting from the carryback provisions, the same as other financial institutions were accorded.

Now, the third section of H.R. 4717 establishes an information-reporting requirement with respect to the Safe Harbor Leasing provisions of the Economic Recovery Tax Act. Recently, Mr. Speaker, I spent some time in the well of the House on a special order trying to put some perspective on the Safe Harbor Leasing provisions. Many people felt that I was defending them at that time. The Safe Harbor Leasing provision has received considerable attention, along with critical commentary. The information reporting makes no judgment about the merits of the leasing tax provisions. The reporting will provide the basic information by which the administration and the Congress may monitor the operation of the new leasing rules. The type of information which must be reported includes the date the equipment is placed in service, the term of the lease, and the treatment of the accelerated depreciation and the investment tax credit. The reporting will provide us with a base line of data for evaluating the new leasing rules. It is entirely appropriate, Mr. Speaker, that we have this information and the Congress in the wise exercise of oversight should pass this provision, along with the other provisions of H.R. 4717 without delay.

Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Ohio (Mr. GRADISON).

Mr. GRADISON. Mr. Speaker, I rise in support of H.R. 4717 to delay the effective date of LIFO recapture.

I have been working for sometime to simplify existing last-in, first-out (LIFO) inventory accounting procedures to encourage their use by small business. LIFO enables a business to pay less tax during inflationary periods when the goods they buy are more expensive. Boosting its operating capital increases a business' chance of surviving these inflationary periods.

The Economic Recovery Tax Act of 1931, included several simplifications designed to enable small business to use LIFO. Many of these simplifications were part of a package I introduced in May as H.R. 3606. That bill was based on recommendations made by Representative NOWAK's access to Capital Subcommittee. However, one provision, the repeal of the unwise and unstudied LIFO recapture proposal, was not included in the tax bill. Mr. JENKINS and I later introduced legislation to delay recapture because a thorough discussion of this complex proposal's repeal was impossible before the provision's scheduled enactment at the end of this year. The delay which we consider here today was approved in our committee by a large bipartisan majority of 29-6. Unless this delay is also approved by this body, this disastrous LIFO recapture proposal will become effective. I oppose LIFO recapture and support a 1-year delay to study its merits for the following reasons:

(1) First and foremost, is that this proposal has never been studied by either of the congressional tax writing committees. Its inclusion in the windfall profit tax bill in 1979 bypassed the House of Representatives entirely. This initiative was added to the windfall profit tax bill as a nongermane amendment on the Senate floor at the insistence of the Treasury Department. The conferees took the unusual step of delaying its enactment 2 years so it could be scrutinized through the proper hearing process. No hearings have yet been held. No business input was solicited in its creation. No accounting expertise was sought. The members of my committee and of this body were not even consulted. Indeed, this fundamental change in tax policy, directly bearing on thousands of domestic businesses and directing their business conduct in unknown directions, was researched, written, and promoted entirely by the Treasury Department with no public input. This precedent is dangerous. I do not think it is asking too much to allow community input and congressional understanding before passing any new tax law. A 1-year delay will allow this to occur.

Second, recapture discriminates unnecessarily against the LIFO method of accounting at a time when Congress and the administration have committed themselves to simplifying the system to encourage its use by small business. How many small businesses can be expected to convert to LIFO when they see such a system accumulates a huge tax debt due in full upon liquidation? This tax debt makes a business far less attractive to potential purchasers. It lowers the price a LIFO businessman can expect for his ongoing business. It penalizes him for using an accepted accounting system that merely sequences the flow of costs through a taxpayer's inventory. It restricts business flexibility and dictates policy abrogating the legislation tax goal of neutrality.

Finally, the Ways and Means Committee has commissioned a broad Treasury study of this specific question of how business inventories should be taxed. That study is not due until December 31, 1981. We cannot wisely legislate with no hearings and before Treasury's policy recommendations are know or studied.

In summary, Mr. Speaker, I believe the premature enactment of LIFO re-

capture would erode the authority of this Chamber. It would build a broad and inconsistent new precedent into the Tax Code and, to put it plainly, it is a sloppy way to legislate. I hope the distinguished Members of this body will join with our committee in supporting delay so that hearings can be held at the earliest possible moment.

Thank you Mr. Speaker.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia (Mr. JENKINS).

Mr. JENKINS. Mr. Speaker, I urge my colleagues to support H.R. 4717, which contains legislation I introduced to defer for 1 year the effective date of the LIFO recapture provision that was added to the Internal Revenue Code by section 403(c) of the Crude Oil Windfall Profit Tax Act of 1980.

This provision materially alters the rules relating to the treatment of inventories in corporate liquidations occurring after December 31, 1981. I would point out to my colleagues that there were no hearings held on the issue in either the House Ways and Means Committee or the Senate Finance Committee prior to enactment. Therefore, the matter did not receive the consideration which would normally be considered appropriate prior to enactment of such a broad tax policy change. The provision was adopted as a floor amendment in the Senate. Our conferees, evidently troubled by the lack of prior review, succeeded in delaying the effective date of the provision, in order that hearings could be held and an assessment made of the implications.

In the intervening months, we have enacted the Economic Recovery Tax Act of 1981. A provision of this act directs the Secretary of the Treasury to undertake a study of tax accounting methods for inventories, and LIFO accounting in particular. The study is due by December 31, 1982, which would coincide with the deferred effective date included in this legislation.

I think it is appropriate that we postpone this provision, in order that we might hold hearings, reflect on the matter, and make a fully informed judgment.

Mr. ROSTENKOWSKI. Mr. Speaker, I have no further requests for time.

Mr. CONABLE. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) that the House suspend the rules and pass the bill, H.R. 4717, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "A bill to delay for 1 year the effective date of certain provisions recognizing gain on certain dispositions of LIFO inventories, to make adjustments in the net operating loss carryback and carryforward rules for the Federal National Mortgage Association, and to require information returns with respect to safe harbor leases."

A motion to reconsider was laid on the table.

AMENDING RULES OF THE HOUSE OF REPRESENTATIVES TO INCREASE OUTSIDE EARNED INCOME

Mr. MURTHA. Mr. Speaker, I have at the desk a resolution and I ask for its immediate consideration.

The SPEAKER. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 305

Resolved, That clause 1 of Rule XLVII of the Rules of the House of Representatives is amended by striking out "15" both times it appears therein and by inserting in lieu thereof "30".

SEC. 2. Clause 2 of Rule XLVII of the Rules of the House of Representatives is amended to read as follows:

"2. For purposes of clause 1, honoraria shall be attributable to the calendar year in which payment is received.".

SEC. 3. The amendments made by this resolution shall take effect on January 1, 1981.

Mr. MURTHA (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CRATER LAKE NATIONAL PARK BOUNDARY

Mr. SEIBERLING. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1119) to correct the boundary of Crater Lake National Park in the State of Oregon, and for other purposes, as amended.

The Clerk read as follows:

S. 1119

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first section of the Act entitled, "An Act reserving from the public lands in the State of Oregon, as a public park for the benefit of the people of the United States, and for the protection and preservation of the game, fish, timber, and all other natural objects therein, a tract of land herein described, and so forth", approved May 22, 1902 (32 Stat. 202), as amended, is further amended by revising the second sentence thereof to read as follows: "The boundary of the park shall encompass the lands, waters, and interests therein within the area generally depicted on the map entitled, 'Crater Lake National Park, Oregon', numbered 106-80-001-A, and dated March 1981, which shall be on file and available for public inspection in the office of the National Park Service, Department of the Interior.".

(b) Lands, water, and interests therein excluded from the boundary of Crater Lake National Park by subsection (a) are hereby made a part of the Rogue River National Forest, and the boundary of such national forest is revised accordingly.

(c) The Secretary of the Interior is authorized and directed to promptly instigate studies and investigations as to the status and trends of change of the water quality of Crater Lake, and to immediately implement such actions as may be necessary to assure the retention of the lake's natural pristine water quality. Within two years of the effective date of this provision, and biennially thereafter for a period of ten years, the Secretary shall report the results of such studies and investigations, and any implementation actions instigated, to the appropriate committees of the Congress.

SEC. 2. (a) In accordance with section 3(c) of the Wilderness Act (78 Stat. 890, 892; 16 U.S.C. 1132(c)), certain lands in the Cumberland Island National Seashore, Georgia, which comprise about eight thousand eight hundred and forty acres, and which are depicted on the map entitled "Wilderness Plan, Cumberland Island National Seashore, Georgia", dated November 1981, and numbered 640-20038E, are hereby designated as wilderness and therefor, as components of the National Wilderness Preservation System. Certain other lands in the Seashore, which comprise about eleven thousand seven hundred and eighteen acres, and which are designated on such map as "Potential Wilderness", are, effective upon publication in the Federal Register of a notice by the Secretary of the Interior that all uses thereon prohibited by the Wilderness Act have ceased, designated wilderness. Such notice shall be published with respect to any tract within such eleven thousand seven hundred and eighteen acre area after the Secretary has determined that such uses have ceased on that tract. The map and a description of the boundaries of the areas designated by this section as wilderness shall be on file and available for public inspection in the office of the Director of the National Park Service, Department of the Interior, and in the office of the Superintendent of the Cumberland Island National Seashore.

(b) Within six months after the enactment of this Act, a map and a description of the boundaries of the Cumberland Island Wilderness shall be filed with the Energy and Natural Resources Committee of the United States Senate and with the Interior and Insular Affairs Committee of the United States House of Representatives. Such map and description shall have the same force and effect as if included in this Act, except that correction of clerical and typographical errors in such map and description may be made.

(c) The wilderness area designated by this section shall be known as the Cumberland Island Wilderness. Subject to valid existing rights, the wilderness area shall be administratered by the Secretary of the Interior in accordance with the applicable provisions of the Wilderness Act governing areas designated by that Act as wilderness areas, except that any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act, and where appropriate, any reference in that Act to the Secre-

tary of Agriculture shall be deemed to be a reference to the Secretary of the Interior.

The SPEAKER. Pursuant to the rule, a second is not required on this motion.

The gentleman from Ohio (Mr. SEIBERLING) will be recognized for 20 minutes, and the gentleman from Alaska (Mr. YOUNG) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 1119 was authored by our distinguished colleague in the other body, the senior Senator from Oregon, Mr. HATFIELD. Section 1 proposes to delete 480 acres from the boundary of Crater Lake National Park, Oreg., and return this land to the jurisdiction of the U.S. Forest Service. Included within the 480 acres is an existing timber sale of 39 acres. Additionally, about 58 acres of the area was clearcut prior to inclusion in the park. The bill also requires a study of the water quality of Crater Lake. A companion bill was introduced in the House by our colleague from Oregon, DENNY SMITH.

Section 2 would designate certain lands as wilderness and potential wilderness additions at Cumberland Island National Seashore, Ga. About 8,840 acres would be designated wilderness and about 11,718 acres would be designated potential wilderness; most of which is intertidal area owned by the State of Georgia.

With regard to section 1; the act approved December 19, 1980 (94 Stat. 3255; Public Law 96-533), amended the basic act establishing Crater Lake National Park (32 Stat. 202) by transferring some 22,890 acres from adjacent national forests to Crater Lake National Park. The purpose of these additions was threefold: First, to include certain national forest lands which had been identified by the Forest Service for designation as wilderness; second, to improve the park boundary by more closely following topographical features of the land area; and third, to add to the park key natural features of the land area, including springs and geological formations.

The boundary adopted included a small parcel of timber on the west boundary which was scheduled to be cut under a contract entered into in 1976. Timber harvesting is not permitted within Crater Lake National Park. Accordingly, this legislation would remove from the park about 480 acres, of which 39 acres are scheduled to be harvested and 58 acres were cut during 1960-66. The new boundary line will conform the boundary to that which was intended by all parties when the 1980 legislation was considered. I wish to express my thanks and appreciation to our colleague DENNY SMITH for his assistance in perfecting this portion of the bill.

With regard to section 2; the act establishing the Cumberland Island National Seashore, established in 1972, called for a study of the seashore to determine if certain lands should be preserved as wilderness under the provisions of the Wilderness Act. The bill (H.R. 4713) to designate wilderness was introduced by our distinguished colleague Bo GINN on May 19, 1981. The legislation will preserve as wilderness, outstanding examples of southern coastal island ecology. Potential wilderness additions are included, to be designated wilderness upon completion of acquisition or expiration of authorized retained rights.

Hearings were held by the subcommittee on public lands and national parks on October 16, 1981 and the bill, as amended, was passed by the Committee on Interior and Insular Affairs by unanimous voice vote on December 10, 1981.

I commend the diligence, patience, and hard work of our colleague from Georgia, Bo GINN, in bringing about a sensitive and constructive long range solution to preserving the fragile coastal ecology at Cumberland Island National Seashore while maintaining open access to the outstanding historical features of the Seashore.

□ 1650

Mr. YOUNG of Alaska. Mr. Speaker, I yield whatever time he may consume to the gentleman from Oregon (Mr. SMITH).

Mr. SMITH of Oregon. Mr. Speaker, I rise to express my strong support for S. 1119, legislation which is intended to correct an oversight in drawing the boundary of Crater Lake National Park in my home State of Oregon.

In 1980, Congress enacted public Law 96-533, which revised the boundary of Crater Lake National Park. This act transferred approximately 22,890 acres from adjacent national forests to the boundary of the park. However, of this land included in the park boundaries, 480 acres were scheduled for timber harvesting, or were previously harvested, and were never intended to have been included in the park.

There were three reasons for the legislation to change the boundaries of the Crater Lake National Park. First, the additional acreage included certain national forest lands which had been identified by the Forest Service for designation as wilderness; second, to improve the park boundary by more closely following topographical features of the land area; and third, to add to the park key natural features of the land area, including springs and geological formations.

Personnel from the Park Service and Forest Service examined the area, and based on the above criteria, drew the boundary line. However, as I previously stated, it was discovered that the line included a small parcel of land on the west boundary of the park which was scheduled for a cut under a contract entered into in 1976. I have been informed that the field personnel of the National Park Service were not aware that there was an outstanding timber sale in the lands added to Crater Lake National Park. I do not believe it was the intent of Congress to prohibit the exercise of valid contractual rights to cut timber in this area. For this reason, I sponsored the House version of this legislation which would remove 480 acres from the park since the harvesting of timber is not allowed in national parks.

There is also a provision in the bill that directs the National Park Service to promptly initiate monitoring and study efforts to address the water clarity of Crater Lake. The water of Crater Lake has long been considered to be some of the deepest and purest water in the world. The lake itself constitutes the principal reason for Crater Lake having been set aside as a national park back in 1902. Yet according to the National Park Service, recent research data has indicated that the water clarity of Crater Lake has reduced 25 percent in the last 13 years. Not only is the water clarity reduction very dramatic, but it also has taken place over a very short period of time. We do not know the cause and we do not know the trend and rate of change. Perhaps the cause is natural; perhaps it is not. But this is a potentially serious matter and prompt research action should be taken.

I urge my colleagues to support passage of this legislation which will rectify a boundary situation which was never intended to exist, as well as emphasize the necessity for a study of the water clarity of Crater Lake in Oregon.

Mr. YOUNG of Alaska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the ranking Republican member of the Subcommittee on Public Lands and National Parks, I support passage of the bill now under consideration, S. 1119, which deals with two existing units of our national park system—Crater Lake National Park in Oregon, and Cumberland Island National Seashore in Georgia. To my knowledge, this bill is totally noncontroversial.

I want to particularly commend two of my colleagues on the committee for their leadership and work on this bill: Congressman SEIBERLING, the chairman of the subcommittee; and Congressman DENNY SMITH, in whose district Crater Lake National Park lies, who brought the Crater Lake bill itself before us and who further identified an important issue which the bill ad-

dresses in terms of the water quality study of Crater Lake itself.

Subsections 1(a) and 1(b) of this bill were already passed by the Senate and do nothing more than make a minor adjustment in the boundary of Crater Lake National Park. Thousands of acres were added to the park by the Congress last year from adjacent national forest lands. In the process, a small parcel of land was included in the park which had on it an unexercised timber contract. This bill deletes 480 acres within which that contract area was included and puts it back into Forest Service jurisdiction so that the timber contract can be exercised.

Subsection 1(c) of the bill requires the National Park Service to conduct investigations as to the status and trends of change of the water quality of Crater Lake. Crater Lake has long been known to constitute one of the deepest and most pure natural bodies of water in the world. Yet recent data indicate that water clarity has reduced 25 percent since 1968. Should this type of change be verified by further study, and correlate with unnatural processes or influences, immediate actions would need to be taken. This provision is intended to determine the present water quality condition, to document over time both magnitude and trend of any change, if any, and to direct that appropriate preventive or mitigative actions be taken, as necessary, to assure the retention of the natural pristine water quality of the lake. The study results are to be reported to the appropriate committees of the Congress—authorizing and appropriations—biennially for a 10-year period, so as to assure congressional and public knowledge with regard to this concern. The National Park Service will be responsible for all of the provisions of this subsection, but may be assisted by the technical expertise of others.

Mr. Speaker, section 2 of the bill deals with the designation of wilderness on certain lands within the Cumberland Island National Seashore in Georgia. This proposal has gone through a lengthy process of development and refinement, and I believe that all who have been involved with it are basically pleased with this final result. The bill constitutes a further step to reduce the impact and influence of man and his activities on the natural landscape of the island, and much of the acreage which is designated in this bill as potential wilderness will change to pure wilderness status with the passage of time and the disappearance of facilities and activities which are contrary to wilderness.

The National Park Service is expected to set an example by conducting all of its activities within the wilderness and potential wilderness areas in a manner as compatible to wilderness as is possible.

Mr. Speaker, I believe this is a good bill. It is simple and has also been noncontroversial, and I urge my colleagues to support it.

Mr. SEIBERLING. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER. The question is on the motion offered by the gentleman from Ohio (Mr. SEIBERLING) that the House suspend the rules and pass the Senate bill, S. 1119, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks in the RECORD on the Senate bill just considered.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

AUTHORIZING SECRETARY OF ARMY TO ACQUIRE MINERAL INTERESTS OWNED BY OSAGE TRIBE OF INDIANS

Mr. UDALL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4926) to authorize the Secretary of the Army to acquire, by purchase or condemnation, such interest in oil, gas, coal, and other minerals owned or controlled by the Osage Tribe of Indians as are needed for Skiatook Lake, Okla., and for other purposes, as amended.

The Clerk read as follows:

H.R. 4926

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds that—

(1) Under the Act of June 28, 1906 (34 Stat. 539; Public Law 59-321), the Osage Tribal Council is vested with authority to administer the Osage mineral estate and that such authority includes authority to agree upon compensation to be paid the Osage Tribe of Indians for the subordination to be acquired under the terms of this Act.

(2) The Osage Tribal Council and the United States Corps of Engineers have agreed that $7,400,000 should be paid to the Osage Tribe of Indians as compensation for the acquisition of the subordination of the oil, gas, coal, and other minerals owned by the Osage Tribe as is necessary for the construction of works relating to the Skiatook Lake and the operation and maintenance of such lake.

SEC. 2. (a) Immediately upon the payment of $7,400,000, as provided in subsection (b) of this section, there hereby vests in the United States a subordination of such interests in oil, gas, coal, and other minerals owned by the Osage Tribe of Indians or held in trust by the United States for the benefit of the tribe as are necessary for the construction of works relating to Skiatook Lake and the operation and maintenance of such lake as a part of the project for improvement of the Verdigris River and tributaries, Oklahoma and Kansas, authorized by section 203 of the Flood Control Act of 1962 (76 Stat. 1180; Public Law 87-874). The nature of the subordination and the conditions and restrictions for oil and gas operations within the project area are set forth in the agreement between the Osage Tribe of Indians and the Secretary of the Army as set out in a resolution of the Osage Tribal Council numbered 25-651, dated December 3, 1981, together with appendices "A (Public Use Areas)"; "A (Reservoir Areas)"; "B-1"; and "B-2".

(b) The payment of $7,400,000 for such subordination shall be made by the Secretary of the Army to the Secretary of the Interior, on behalf of the Osage Tribe of Indians.

(c) The Secretary of the Army is authorized to acquire, by purchase or condemnation, a subordination of any interest in oil, gas, coal, and other minerals leased by, or on behalf of, the Osage Tribe of Indians as are necessary for the Skiatook Lake project referred to in subsection (a) of this section.

SEC. 3. The Secretary of the Interior, upon payment by the Secretary of the Army of the amount authorized by section 1 of this Act, is authorized to disburse such payment to the Osage Tribe of Indians in accordance with applicable law.

SEC. 4. Funds paid to the Osage Tribe of Indians under the provisions of this Act shall not be subject to the payment of attorney fees.

The SPEAKER. Pursuant to the rule, a second is not required on this motion.

The gentleman from Arizona (Mr. UDALL) will be recognized for 20 minutes, and the gentleman from Nebraska (Mr. BEREUTER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Arizona (Mr. UDALL).

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks, and that all Members may have 5 legislative days in which to extend their remarks on the bill under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4926 provides that a subordination of the Osage Tribe's mineral interests will vest in the United States immediately upon payment of $7.4 million by the Secretary of the Army to the Secretary of the Interior on behalf of the Osage Tribe of Indians.

As written the bill embodies the terms of a negotiated agreement between the Osage Tribal Council and the U.S. Army Corps of Engineers.

The subordination of these mineral interests of the Osage Tribe of Indians

of Oklahoma is necessary in order to accommodate the construction of the Skiatook Dam, a component of a flood control project on the Verdigris River and its tributaries in Oklahoma and Kansas. As planned the Skiatook Lake will inundate approximately 12,000 acres, the subsurface interest of which is owned by the Osage Tribe. The Corps of Engineers has embarked upon construction of the Skiatook project as authorized by the act of October 23, 1962, as amended with the understanding that it could condemn or subordinate the tribe's mineral interests. However, a 1976 Federal court decision held that the treaty rights of an Indian tribe could not be abrogated by implication but only by express congressional language. The general condemnation authority of the corps was held not to be such express language. Since the mineral interests of the Osage Tribe is derived from various treaties and acts of Congress, the corps must get express congressional authority in order to acquire such mineral interests.

The present bill, as reported by the Committee on Interior and Insular Affairs accepts as a fair and reasonable value for the subordination of the tribe's mineral interests the $7.4 million price agreed to by the Osage Tribal Council and the Corps of Engineers and it is the committee's understanding that such funds are available to the Secretary of the Army under prior authorization and thus do not require enactment of additional budget authority.

Prompt action is needed on this bill because since the dam has already been built, flooding may occur on these 12,000 acres. Flooding of the area without this legislation will expose the United States to financial liability substantially greater than the $7.4 million due the Osage Tribe under the bill.

I urge passage of this bill.

The SPEAKER pro tempore (Mr. BINGHAM). The Chair recognizes the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 4926.

The purpose of this bill is to solve an unexpected problem that is delaying completion of the Skiatook flood control project on the Verdigris River in eastern Oklahoma.

As the sponsors of the bill have pointed out, the problem is that without specific congressional authority, the Corps of Engineers cannot obtain the necessary subordination of mineral rights that are owned or controlled by the Osage Indian Tribe and which lie under 12,000 acres to be inundated by Skiatook Lake.

If those rights cannot be obtained very soon, the United States risks substantial liability if heavy winter rains cause flooding of producing oil and gas wells in the area behind Skiatook Dam.

H.R. 4926 will provide a quick solution to this problem. The bill embodies the terms of an agreement negotiated by the Osage Tribal Council and the Corps of Engineers. That agreement provides for the subordination of the tribe's mineral interests upon payment of $7.4 million by the Secretary of the Army to the Secretary of the Interior on behalf of the Osage Tribe. These funds are available to the Secretary of the Army under a separate authorization.

Mr. Speaker, I am aware of no significant opposition to this legislation. The Public Works Committee has waived its jurisdiction over it. The Oklahoma delegation, both in the House and Senate, is firmly in support. The Departments of the Army and Interior, with OMB approval, support enactment, and the Osage Tribal Council is in full support.

In view of the noncontroversial nature of the bill and the broad support for its enactment, I am pleased to join the chairman of my committee and the Oklahoma delegation in urging the House to suspend the rules and pass H.R. 4926 without delay.

Mr. Speaker, I reserve the balance of my time.

Mr. UDALL. Mr. Speaker, I yield 4 minutes to the gentleman from New Jersey (Mr. ROE).

Mr. ROE. Mr. Speaker, I rise in support of H.R. 4926, a bill to subordinate certain mineral interests of the Osage Tribe of Indians of Oklahoma to the purposes of the Skiatook Lake project of the U.S. Army Corps of Engineers.

This bill was referred jointly to the Committees on Interior and Insular Affairs and Public Works and Transportation. Its purpose is to allow the Skiatook Lake project to proceed to completion while providing a means for the resolution of questions associated with the mineral interests of the Osage Tribe. Under the Osage Allotment Act of 1906, the mineral rights to the reservation lands were retained in tribal ownership. These lands have been one of the Nation's major oil and gas fields. Some of these lands will be inundated by the Skiatook project. However, the Corps of Engineers condemnation authority is not sufficient to permit it to acquire the interests needed for the project. The 1976 court decision in United States against Winnebago Tribe of Nebraska held that the abrogation of a treaty right of an Indian tribe may not be done by Congress by implication, but must be accomplished by specific legislation. Hence the general acquisition authorities of the corps are not adequate.

H.R. 4926, as reported by the Committee on Interior and Insular Affairs, embodies the terms of an agreement between the Corps of Engineers and the Osage Tribal Council. It provides for the subordination of the tribe's mineral interests to take effect upon payment to the Secretary of the Interior, on behalf of the Osage Indian Tribe, of $7.4 million.

Mr. Speaker, our Committee on Public Works and Transportation has not had an opportunity to hold hearings and markup on this bill because of the press of other business, especially the Water Pollution Control Act amendments on which we just reached agreement with the Senate conferees. However, we have examined the reported bill carefully, and concur in the action taken by the Interior Committee. Because of the need for quick action on this legislation, we offer no objection to its consideration by the House.

I urge passage of the bill.

□ 1700

Mr. HAMMERSCHMIDT. Mr. Speaker, will the gentleman yield?

Mr. ROE. I yield to my good friend from Arkansas, the Honorable JOHN PAUL HAMMERSCHMIDT.

Mr. HAMMERSCHMIDT. Mr. Speaker, I rise in support of H.R. 4926. This bill provides legislative approval of an agreement which the Corps of Engineers and the Osage Tribal Council have reached regarding mineral rights on tribal lands and a Corps of Engineers project which is currently under construction.

This legislation has been reported by the Committee on Interior and Insular Affairs. While it is, of course, equally under the jurisdiction of the Committee on Public Works and Transportation, the committee has chosen not to conduct hearings and markup of the bill. We are able, in this specific case, to allow the legislation to go forward for several reasons:

Hearings have been held on this subject in both the House and Senate.

The leadership of the Interior Committee has kept the Committee on Public Works informed as to the progress of the legislation.

The Interior Committee leadership has specifically requested that the Public Works Committee support their action.

The Corps of Engineers appears to have no opposition to this legislation and will be able to proceed with their project after this legislation is enacted.

Funds will be available for the Corps of Engineers to transfer to the Department of the Interior for disbursement to the Osage Tribe.

Mr. Speaker, on behalf of Mr. CLAUSEN, the ranking member of the full committee and myself as ranking

member of the Water Resources Subcommittee, the minority has no objection to the consideration here today of H.R. 4926.

Mr. ROE. Mr. Speaker, I yield back the balance of my time.

Mr. UDALL. Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma (Mr. SYNAR).

Mr. SYNAR. Mr. Speaker, I want to take just a moment to reemphasize the remarks of my colleague and good friend from Oklahoma (Mr. JONES).

The Skiatook project is located in my congressional district. During my 3 years in office, I have worked to balance the joint responsibilities of seeing this much needed project completed while, at the same time, respecting the legitimate claims and concerns of the members of the Osage Tribe. The legislation we have before us today achieves that goal.

As the gentleman from Oklahoma (Mr. JONES) has stated, this legislation is the product of extensive negotiation between the Osage Tribal Council and the Corps of Engineers. It is satisfactory to both parties—no small feat, I might add. It was hammered out in extended sessions between the representatives of the corps and the very able and knowledgeable legal counsel of the tribe. I can assure my colleagues that the Osage Tribal Council and their legal counsel can more than hold their own in negotiations with the Corps of Engineers or anyone else. They tell me that this legislation represents an equitable compensation for lost mineral rights and the fairest of guidelines for continued development of the oil and gas reserves in the area. I am confident that such is the case.

I would also emphasize the necessity for this project. The water needs of my district, and particularly of the area of the district in which Skiatook is located are significant. While we in eastern Oklahoma have been fortunate in that several manmade reservoirs have been constructed in previous years, recently completed studies by the corp point out that we will experience serious water problems in the 1990's. Skiatook Reservoir will assist in meeting the mid- and long-term water needs of the area.

I thank my colleagues for their attention and urge the passage of this legislation.

Mr. UDALL. Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Speaker, I wish to thank the distinguished chairman and ranking Republican member of the Interior and Insular Affairs Committee as well as the chairman and ranking Republican of the Public Works and Transportation Committee for their support of this effort.

Mr. Speaker, I rise in support of H.R. 4926, a bill which Mr. SYNAR and I introduced that affects the northeast section of Oklahoma. This bill is needed to complete the project by the Corps of Engineers known as the Skiatook Lake.

The proposed lake is located in Osage County, Okla., one of the major oil and gas fields in the United States for nearly 100 years. The mineral rights in question are held in trust by the Secretary of Interior on behalf of the Osage Tribe of Oklahoma. The Justice Department has indicated that special considerations must be given to the corps project because it is located on trust lands. An earlier court ruling, U.S. against Winnebago, held that the United States was without authority to condemn lands acquired by the Winnebago Indian Treaty and held in trust by the United States without a clear expression of congressional intent to authorize the condemnation. The Justice Department's opinion is the U.S. against Winnebago would apply equally to the Osage Tribes situation. It is for this reason that we are seeking the enactment of this legislation.

This bill is the result of much hard work on the part of the Osage Tribal Council and the Corps of Engineers. At issue was whether the tribe would be able to continue to retrieve their vast mineral resources at the same time that the corps was able to provide flood protection and a water supply to this area of Oklahoma. The agreement that has been reached recognizes the importance of both the water and the mineral resources, and this is fortunate.

The Osage Tribe has agreed to subordinate their mineral rights to the surface rights of that land so that the Skiatook Lake can be completed. The corps will allow the tribe to continue their drilling operations in the area, and will compensate the Osage mineral estate for the subordination of their mineral rights. This compensation will amount to $7.4 million. Both parties reached this agreement prior to the introduction of the House bill, and both parties requested the introduction and passage of this legislation. Mr. SYNAR and I have been happy to assist the corps and the Osage Tribe in reaching their mutual goals.

I would like to personally thank the chairman of the House Interior Committee for his rapid action on this legislation. As I explained to the distinguished chairman, we need to move quickly on this bill since the corps project is over halfway completed and there is a risk that the area could be flooded. Such flooding could result in water pollution from the existing oil wells. Also, the corps would be liable for any damages to those wells. In order to avoid this unnecessary complication, expeditious action is needed.

In conjunction with the thanks to the chairman, I would also like to express my gratitude to the gentleman from Michigan (Mr. KILDEE), who chaired the hearings on the Osage bill, and to the gentleman from Montana (Mr. WILLIAMS), who brought the bill up in committee. Finally, I would like to thank the chairmen of the subcommittee and the full Committee on Public Works and Transportation, Mr. ROE and Mr. HOWARD, in conjunction with the ranking minority members. Mr. CLAUSEN and Mr. HAMMERSCHMIDT, for agreeing to defer to the work done by the Interior Committee on this legislation. The bill was jointly referred to their committee and I appreciate their accepting the work done by the Interior Committee as sufficient for their purposes. Lastly, I thank the leadership for agreeing to schedule this bill on the Suspension Calendar today.

This is a noncontroversial bill that will help northeastern Oklahoma, and I urge my colleagues to support the legislation.

● Mr. ROE. Mr. Speaker, I rise in support of the bill, H.R. 4926, which would subordinate legal interests of the Osage Tribe of Indians to the purposes of the Skiatook Lake project. The Skiatook project, being constructed by the Corps of Engineers, was authorized by the Flood Control Act of 1962. It will serve the purposes of flood control, water quality, water supply, recreation, and fish and wildlife management. The project will inundate lands in which the Osage Indian Tribe holds mineral rights deriving from the Osage Allotment Act of 1906. The lands in which the mineral rights were retained have been one of the Nation's major oil and gas fields.

Construction of the project necessitates the subordination of the mineral rights to the purposes of the project. Because the mineral rights were established by treaty, a specific act of Congress is required to accomplish the subordination.

This bill was referred jointly to the Committees on Interior and Insular Affairs, and Public Works and Transportation. Our committee has not yet had an opportunity to conduct formal hearings and markup on the bill. We have, however, reviewed the bill as reported by the Interior Committee with great care, and have no objection to it. In view of the urgent need to pass this legislation quickly, we interpose no objection to its consideration by the House.●

Mr. UDALL. Mr. Speaker, I yield back the balance of my time.

Mr. BEREUTER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by

the gentleman from Arizona (Mr. UDALL) that the House suspend the rules and pass the bill, H.R. 4926, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

FLORIDA WILDERNESS ACT OF 1982

Mr. SEIBERLING. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9) to designate components of the National Wilderness Preservation System in the State of Florida, as amended.

The Clerk read as follows:

H.R. 9

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Florida Wilderness Act of 1982".

WILDERNESS DESIGNATION

SECTION 1. In furtherance of the purposes of the Wilderness Act (16 U.S.C. 1131 et seq.) the following lands are hereby designated as wilderness, and therefore, as components of the National Wilderness Preservation System—

(1) certain lands in the Apalachicola National Forest, Florida, which comprise approximately one thousand one hundred and seventy acres, are generally depicted on a map entitled "Bradwell Bay Wilderness Addition—Proposed", dated February 1980, and which are hereby incorporated in and shall be deemed a part of, the Bradwell Bay Wilderness as designated by Public Law 93-622;

(2) certain lands in the Apalachicola National Forest, Florida, which comprise approximately seven thousand eight hundred acres, are generally depicted on a map entitled "Mud Swamp/New River Wilderness—Proposed", dated February 1980, and shall be known as the Mud Swamp/New River Wilderness;

(3) certain lands in the Osceola National Forest, Florida, which comprise approximately thirteen thousand six hundred acres, as generally depicted on a map entitled "Big Gum Swamp Wilderness—Proposed", dated March 1980, and shall be known as the Big Gum Swamp Wilderness;

(4) certain lands in the Ocala National Forest, Florida, which comprise approximately seven thousand seven hundred acres, as generally depicted on a map entitled "Alexander Springs & Billies Bay Wilderness—Proposed", dated March 1980, and shall be known as the Alexander Springs Wilderness: *Provided, however,* That the Secretary of Agriculture shall not prohibit existing motorboat use on Alexander Springs Creek;

(5) certain lands in the Ocala National Forest, Florida, which comprise approximately thirteen thousand two hundred and sixty acres, as generally depicted on a map entitled "Juniper Prairie Wilderness—Proposed", dated November 1981, and shall be known as the Juniper Prairie Wilderness;

(6) certain lands in the Ocala National Forest, Florida, which comprise approximately two thousand five hundred acres, as generally depicted on a map entitled "Little Lake George Wilderness—Proposed", dated March 1980, and shall be known as the Little Lake George Wilderness; and

(7) certain lands in the Ocala National Forest, Florida, which comprise approximately three thousand one hundred and twenty acres, as generally depicted on a map entitled "Alexander Springs and Billies Bay Wilderness—Proposed", dated March 1980, and shall be known as the Billies Bay Wilderness.

MAPS AND DESCRIPTIONS

SEC. 2. As soon as practicable after the provisions of section 1 of this Act take effect, the Secretary of Agriculture shall file maps and legal descriptions of each wilderness area designated by such section with the Committee on Interior and Insular Affairs and the Committee on Agriculture of the House of Representatives and the Committee on Energy and Natural Resources of the United States Senate, and each such map and legal description shall have the same force and effect as if included in this Act: *Provided, however,* That correction of clerical and typographical errors in such legal descriptions and maps may be made. Each such map and legal description shall be on file and available for public inspection in the office of the Chief, United States Forest Service, Department of Agriculture.

ADMINISTRATION OF WILDERNESS

SEC. 3. Subject to valid existing rights, each wilderness area designated by this Act shall be administered by the Secretary of Agriculture in accordance with the provisions of the Wilderness Act governing areas designated by that Act as wilderness: *Provided,* That any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of the relevant provisions of this Act.

SEC. 4. (a)(1) The Department of the Interior shall not issue phosphate leases in the Osecola National Forest, Florida, unless and until the President transmits a recommendation to the Congress that phosphate leasing be permitted in a specified area in the Osceola National Forest. Notice of such transmittal shall be published in the Federal Register. No recommendation of the President under this section may be transmitted to the Congress before ninety days after publication in the Federal Register of notice of his intention to submit such recommendation.

(2) FINDINGS.—A recommendation may be transmitted to the Congress under subsection (a) if the President finds that, based on the information available to him—

(i) there is a clear and present national need for the phosphate resulting from a domestic shortage of phosphate reserves, and

(ii) such national need outweighs the overall public values of the public lands involved, including the wilderness area designated in section 1(3) of this Act, and the temporary adverse environmental impacts which are likely to result from the activity.

(3) REPORT.—Together with his recommendation, the President shall submit to the Congress—

(i) a report setting forth in detail the relevant factual background and the reasons for his findings and recommendation;

(ii) a statement of the conditions and stipulations which would govern the activity; and

(iii) in any case in which an enivironmental impact statement is required under the National Environmental Policy Act of 1969, a statement which complies with the requirements of section 102(2)(C) of such Act. In the case of any recommendation for which an environmental impact statement is not required under section 102(2)(C) of the National Environmental Policy Act of 1969, the President may, if he deems it desirable, include such a statement in his transmittal to the Congress.

(4) DISAPPROVAL.—Any recommendation under this section shall take effect after ninety days of continuous session of Congress have passed since the date of receipt by both Houses of such recommendation unless a concurrent resolution disapproving such recommendation is approved. Any recommendation of the President submitted to Congress under subsection (a) shall be considered received by both Houses for purposes of this section on the first day on which both are in session occurring after such recommendation is submitted.

(5) NINETY-DAY COMPUTATION.—For purposes of this section—

(i) continuity of session of Congress is broken only by an adjournment sine die; and

(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the ninety-day calendar period.

(b) Within sixty days of the date of enactment of this Act, the Secretary of the Interior shall with respect to those individuals and companies (hereinafter referred to as "applicants") which have applied for phosphate preference right leases by applications numbered:

BLM-A-080538, 080539, 080540, 080544, 080545, 080546, 080547, 080548, 080549, 080093, 080297, 080298, 080299, 080801, 080975, 079903, 079904, 079905, 079906, 079907, 079956, 079957, 079958, 079959, 079992, 080004, 080027, 080028, 080048, 080067, 080069, 080070, 080632, 080634, 080638; ES-0980, 0981, 0982, 0983, 3181, and 3208,

determine if any of those individuals or companies have made a discovery or discoveries of valuable deposits in accordance with the regulations and policies in effect as of the date of the filing of the applications.

(c) Within one year of the date of enactment of this Act, the Secretary, in consultation with the applicants, shall determine the present fair maket value of leases which would be issued, absent the leasing prohibition of subsection (a) of this section, for those applications for which the Secretary has determined that a valuable deposit discovery or discoveries exist. The determination of fair market value shall be based on the replacement cost of the phosphate rock, taking into account comparable sales of phosphate rock in the Eastern United States, costs of compliance with all applicable Federal, State, and local laws and regulations including reclamation and restoration of the land (including wetlands) and other costs normally incurred in the mining of phosphate. In the event the Secretary and any or all of the applicants cannot agree on fair market value within one year of the date of enactment of this Act, the Secretary and the applicant or applicants concerned shall submit the determination of fair market value to binding arbitration by a board of arbitration conducted in accordance with the rules of the American Arbitration Association. Each member of the board of arbitration shall be selected through utilization of the procedures of the American Arbitration Association: Provided,

That such board shall consist of not less than three arbitrators unless the Secretary and the applicant mutually agree to a lesser number.

(d)(1) Within three months of the date of enactment of this Act the Secretary of the Interior shall enter into negotiations to, and shall within three years of the date of enactment of this Act, for those lease applications for which he has determined a valuable deposit discovery or discoveries exist, at the lease applicant's option:

(A) exchange the preference right lease applications for mineral leases subject to the provisions of the Mineral Leasing Act (30 U.S.C. 181 et seq., as amended) or the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351, 352, 354, 359), but without competitive bidding, upon voluntary surrender and relinquishment by the lease applicant of such preference right lease applications and all right to lease the land covered by such applications; or

(B) extend to the applicant, its successors, and assigns a monetary credit to be used for bidding rights, bonus, rental, or royalty payments on any mineral lease competitively won or otherwise held by the applicant, its successors and assigns; or

(C) suspend the issuance of phosphate preference right leases until such time as the President pursuant to subsection (A) transmits a recommendation to the Congress permitting the Secretary to issue a phosphate preference right lease to such lease applicant and Congress has not acted within ninety days as provided in said subsection; or

(D) exercise any combination of the options enumerated in (A) through (C) above.

(2) All options authorized pursuant to this subsection shall be based on the fair market value of the prospective leases as determined through agreement or binding arbitration pursuant to subsection (c) of this section. In determining fair market value the Secretary may contract with an applicant to perform any necessary exploratory drilling or other evaluation work and may compensate the applicant therefor through payment of money or in any subsequent exchange under this Act. In lieu of the options in (A) through (D) above, the Secretary may, at his option only, offer to purchase the preference right to the applicant's lease.

(3) Any leases to be issued by the Secretary pursuant to subsection (d)(1)(A) of this section and the preference right lease applications to be exchanged therefor shall be of substantially equal value, or if they are not, the values may be equalized by the payment of money to the Secretary or the applicant so long as the payment does not exceed 25 per centum of the value of the leases to be issued by the Secretary. The Secretary shall try to reduce the amount of the payment of money to as small an amount as possible. Upon completion of each negotiation for an exchange, the Secretary shall notify the Committee on Interior and Insular Affairs of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate of the details of such negotiation and exchange.

(e) In the event the applicant selects the exchange option of subsection (d)(1)(A) and the applicant and the Secretary are unable to agree on an exchange within three years of the date of enactment of this Act (or at such time prior thereto mutually agreed upon by the Secretary and the applicant concerned), the exchange shall be submitted to binding arbitration and development of an exchange proposal by a board of arbitration in accordance with the rules of the American Arbitration Association. Each member of the board of arbitrators shall be selected through utilization of the procedures of the American Arbitration Association: *Provided*, That such board shall consist of not less than there are arbitrators, unless the Secretary and the applicant mutually agree to a lesser number. The decision of the board of arbitration shall be binding on the applicant and the Secretary, and the exchange proposed by the board shall be implemented by the applicant and the Secretary. At any point prior to the consummation of the exchange, the Secretary and the applicant may mutually agree to terminate the exchange in favor of the monetary credit or purchase options of subsection (d).

(f) The designation of the Big Gum Swamp wilderness shall in no way be construed to diminish, abate, impair, or modify any rights which may be vested in the applicants on the date of enactment of this Act for Federal phosphate preference right leases applicable to any lands within the Big Gum Swamp wilderness area designated by this Act. The fair market or exchange value of any such rights as may exist shall be determined without reference to any restrictions on access or use which may result from designation of the areas as wilderness.

(g) Notwithstanding any provision of this section to the contrary, the Secretary and the applicant may mutually agree to extend any of the time limitations in this section.

(h) Effective October 1, 1982 there are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this Act: *Provided*, That any payments made pursuant to this Act shall be effective only to such extent or in such amounts as are provided in advance in appropriation Acts: *Provided, however*, that until the necessary sums are appropriated or an exchange agreement is executed with the holder of a phosphate lease application specified in section 4(b), such legal rights as such holder may have under such application shall remain in full force and effect.

The SPEAKER pro tempore. Is a second demanded?

Mr. YOUNG of Alaska. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. SEIBERLING) will be recognized for 20 minutes, and the gentleman from Alaska (Mr. YOUNG) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 9, which implements the RARE II wilderness recommendations for Florida and bans phosphate leasing and mining in the Osceola National Forest unless and until the President, at some future date, determines mining is needed in the national interest based on a clear and present national need for the Osceola phosphate reserves. H.R. 9 is supported by the entire Florida delegation and including Senators CHILES and HAWKINS and the State administration as well.

The wilderness proposals of the bill contain some modifications of the original RARE II submissions in order to accommodate the concerns of the administration, the Florida delegation, and other interested parties. With one minor exception, they are the same as were contained in legislation which passed the House in the 96th Congress, and I believe they are noncontroversial.

The other major issue addressed by H.R. 9 deals with the question of phosphate leasing in the Osceola National Forest. Once again, H.R. 9 closely parallels last year's bill and bans the issuance of phosphate leases unless and until the President determines mining is in the national interest. This ban is supported by the entire Florida delegation, the State of Florida, and numerous units of State and local government. Just last month, the subcommittee received a letter from Gov. Bob Graham, accompanied by a lengthy and well-researched backup report, which reiterates the State's strong opposition to phosphate leasing in the Osceola. In a nutshell, the State's report stresses that phosphate mining reclamation techniques are still in their infancy and that the State adamantly opposes using the Osceola National Forest as the test area for this unproven technology.

I might add the Osceola phosphate reserve represents less than 1 percent of the entire phosphate reserves in the State of Florida. Of course, there are similar reserves in other States.

Briefly, H.R. 9 deals with the phosphate issue in the following manner:

First, as requested by the State and the congressional delegation, it bans the issuance of phosphate leases in that national forest.

However, it provides that if at some future time the President finds that there is a need for phosphate due to domestic shortage of reserves, leasing could take place in the Osceola unless Congress disapproves of the recommendation by concurrent resolution within 90 days. Quite frankly, this amendment was offered without advance notice and was not given the consideration I would have liked. However, in view of the huge reserves of phosphate on private lands in Florida as well as other States the provision is not likely to be utilized for many decades and was, therefore, accepted in the interest of getting the bill reported expeditiously to the House.

In these circumstances I do not consider this provision to be a model or a precedent for future legislation.

Second, the bill sets up a mechanism for determining the fair market value of leases which would be issued to the

four lease applicants if it were not for the leasing prohibition.

If the Secretary and the applicants run into difficulty in determining fair market value, the issue is referred to binding arbitration under procedures similar to those contained in last year's Superfund bill and the Amateur Sports Act of 1978. The American Arbitration Association, which would implement the arbitration, has reviewed H.R. 9 and has found it satisfactory as far as their role is concerned.

Third, using the fair market value determination, the bill directs the Secretary of the Interior to negotiate with the applicants to acquire their rights to a lease by exchange, bidding or royalty credits, suspension of lease issuance until some later date, or, at the Secretary's option only, by purchase. It is anticipated that the acquisition will probably occur through exchange, and the bill therefore provides for binding arbitration in the event exchange negotiations bog down.

Fourth, the bill is designated to end years of delay and uncertainty by reaching a fair market value determination of the applicant's rights within 1 year, with subsequent acquisition of those rights within 3 years.

Finally, the bill insures that the values of the applicants lease rights will in no way be diminished or impaired by the designation of the Big Gum Swamp Wilderness.

I would also like to comment on one other amendment. At the end of the bill there is a provision which was put in at the request of the Budget Committee which provides that any payments that are made pursuant to the act shall be effective only to such extent or in such amounts as are provided in advance in appropriation acts.

In addition, there is an additional amendment, additional proviso that says that until such sums are appropriated or an exchange agreement is executed with the holder of phosphate lease applications as specified in the bill, such legal rights as the holder may have under such application shall remain in full force and effect.

In offering this proviso, it should be clearly understood that the proviso in no way overrules the leasing ban imposed by subsection 4(a). The proviso merely insures that the lease applicant's right to be fairly compensated for such lease rights as they may possess will not be impaired or diminished by any delay or failure by the Congress to authorize appropriate amounts of compensation in a timely manner.

As is often the case, the bill represents a compromise which is not entirely satisfactory to some of the parties concerned. Some may believe that the bill is overly generous in recognizing the applicants' right to a lease and subsequent compensation. Such parties might prefer to challenge lease issuance on the ground that the applicants have not made a "valuable discovery" and are therefore not entitled to leases. While they may have a legitimate case, such a course would likely throw the issue into the courts for many years to come, resulting in continued uncertainty and controversy. I believe the uncertainty and controversy have gone on long enough, and that a legislated compromise is preferable.

On the other hand, I am aware that some of the companies and the administration believe reclamation technology is proven to the point where it may be appropriate to proceed with phosphate mining in the Osceola. This approach would essentially lead to using the Osceola National Forest as a guinea pig for developing reclamation technology. Its proponents also argue that it would create needed jobs, enhance revenue to local units of government, and produce badly needed phosphate. While I understand this position, I would simply note that those most directly affected by the proposed mining; namely, the State of Florida and local units of government, strongly oppose mining. If there is any doubt about this opposition, I would refer my colleagues to recent strongly worded editorials roundly condemning mining which appeared in virtually every major newspaper in Florida, and would note the October 29, 1981, letter we received from Governor Graham of Florida which is published in the committee report on H.R. 9. given this position, can there be any doubt that lease issuance would be followed by litigation and continued controversy?

I would also point out that recent studies conducted for phospate producers in Florida indicate that Florida's phosphate reserves are not dwindling and are sufficient to supply projected domestic needs and export demands for more than 100 years using existing mining technology. Indeed, according to industry estimates, the Osceola phosphate deposits comprise less than 1 percent of the known reserves in the State of Florida.

In closing, I would like to summarize by quoting from the statement filed by the counsel for one of the lease applicants, the Pittsburgh & Midway Coal Mining Co., during our recent hearing on H.R. 9, as I believe it frames the issue nicely:

> P & M does not believe that the issuance of these leases will solve all of the problems associated with these leases because the State of Florida and several local environmental groups are strongly opposed to mining in the Osceola National Forest. Therefore, P & M believes that legislation authorizing the exchange of these phosphate lease rights for other minerals, where the local public and environmental concerns are not so strong, is an equitable solution. Such legislation would compensate P & M for the long delays in the issuance of these leases and resolve the local social-political problems concerning mining in the Osceola National Forest.

I concur with Pittsburgh & Midway's assessment. I urge my colleagues to support this important legislation.

Mr. Speaker, I yield 5 minutes to the distinguished dean of the Florida delegation, our much-admired colleague from Florida (Mr. FUQUA).

□ 1710

Mr. FUQUA. Mr. Speaker, I rise in strong support for H.R. 9, the Florida Wilderness Act. I am the original sponsor of this bill and I am pleased to be able to report that H.R. 9 has now been cosponsored by the entire Florida House delegation. This bill is truly important to Florida.

Let me first discuss the wilderness designations in the act. H.R. 9 expands the Bradwell Bay Wilderness in the Apalachicola National Forest by 1,170 acres. Additionally, it creates the Mud Swamp/New River Wilderness Area to be composed of 7,800 acres. In the Osceola National Forest, it creates the Big Gum Swamp Wilderness to be composed of 13,600 acres.

This legislation also established four wilderness areas in the Ocala National Forest which lies in the congressional district ably represented by my friend and colleague, BILL CHAPPELL. I heartily endorse these provisions.

Of particular significance are the provisions of H.R. 9 terminating phosphate lease rights in the Osceola National Forest. This small, 157,000-acre forest is located in the Second Congressional District, which I represent. Presently four companies have lease rights to mine 52,000 acres of the forest—a full one-third of the entire national forest.

The Osceola is enjoyed for boating, camping, fishing, swimming, hiking, and hunting. All of these uses would have to be curtailed for 30 or more years while we mine the phosphate. There is a possibility, because of limitations in technology, that some of the uses would have to be abandoned entirely. All of this disturbance to mine phosphate we do not need.

Right now the United States exports 59 percent of the phosphate we mine. This simple fact should lay to rest any claims that we need the phosphate for national security reasons. We do not. We are exporting phosphate now and should continue to do same for the foreseeable future. Research reports indicate that we have proven phosphate reserves in Florida to last for at least another 200 years and, with improved extraction techniques, perhaps longer. It would be sheer folly to strip mine the Osceola.

Some have claimed that Florida does not want its national forest mined and wants to shift the burden of mining to other States. This is totally false. Florida is responsible for 80 percent of the

phosphate mined in the United States today and will continue to be the leader in phosphate well into the 21st century. Florida is not a mineral-rich State. We are, however, doing our fair share to meet national and international needs.

There is phosphate located in the Osceola National Forest and one day, in the distant future, we may need it. H.R. 9 provides a mechanism for swift congressional review of the need to mine and Congress could permit mining to proceed. Certainly, if it is ever needed, no one would logically oppose the mining. It does not make sense, however, to mine now or anytime soon.

As my colleagues know, I am not one to oppose mining when it is deemed to be in our best interest. I feel in this case, however, that we must stand up and be counted. We should not agree to mining our national forests for minerals we do not need. That is senseless mining—mining only for the sake of mining—and should be opposed. Mining should not be done at any cost. Our precious natural heritage is too important for that.

Mr. Speaker, this bill is important to me and the people I represent. The fact that the entire Florida delegation is cosponsoring this effort indicates how widespread the support for the bill is throughout Florida. H.R. 9 received bipartisan support in the Interior and Insular Affairs Committee and every effort has been made to accommodate concerns from members of both parties.

The time to act is now and I urge my colleagues to vote in favor of H.R. 9.

Mr. SEIBERLING. Mr. Speaker, I reserve the balance of my time.

Mr. YOUNG of Alaska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the chairman of the Public Lands and National Parks Subcommittee has explained, H.R. 9 is essentially a straightforward bill. It establishes seven new wilderness areas on national forest land in the State of Florida totaling approximately 49,150 acres. The only controversial portion of the bill is the ban on phosphate leasing in the Osceola National Forest in Florida.

The committee did, however, approve an amendment allowing the President to recommend such leasing upon finding that a clear and present national need for phosphate exists resulting from a domestic shortage. He must submit his recommendation to Congress which would then have 90 days to disapprove his actions by passage of a concurrent resolution.

The minority members of the Interior Committee were concerned, Mr. Speaker, that we may otherwise be locking up permanently a valuable mineral deposit. With this provision, we wish to emphasize the need to retain some flexibility in making a final decision of when and how to develop this resource.

In information provided to us by the Department of the Interior, estimates of the amount of phosphate in the Osceola totals 100 million tons with a current market value of $3 billion. While in terms of simple percentages this may not seem like a significant amount, we do believe that it could be critical to the needs of our farmers at some future but not too distant time.

The decision not to mine at this time also involves a loss of revenue to the Federal Treasury as a result of lost mineral receipts. The Department estimates that at a production rate of 5 million tons a year over 20 years, mining this resource would return $98 million in constant 1981 dollars to the Federal Government over the life of the mine. The State of Florida and the local counties would also realize substantial revenues from their share of the receipts.

As pointed out by the gentleman from Idaho (Mr. CRAIG) in his minority views in the committee report, we should be careful in passing legislation of this type that we do not overlook the impact on the Treasury, and the precedent our actions are setting.

The fact that the lease applications will be exchanged for leases elsewhere does not alter this fact. If the valid preference rights are exchanged for other leases, possibly in the East but more likely in the West, the Federal Government, as well as the State in which the new leaseholds are located, will lose substantial bonus revenues. These losses will result because the leases received in exchange for the Florida phosphate leases will have to contain proven reserves and would normally be leased competitively with bonuses based on the fair market value of the resources. It is impossible to calculate the precise revenue loss that will result from issuing the exchange leases noncompetitively; however, it will be substantial. In addition to bonus moneys, there will also be a loss in revenues and jobs which would be generated in Florida and elsewhere if the phosphate resources were mined and developed.

For these reasons, the bill is not cost free even though it may appear that way on the surface. Our amendment, inserted in section 4(1)(a) of the bill, helps meet some of these concerns but not all of them. Given, however, willingness of the chairman to accept our amendment and the overwhelming support of the Florida delegation, I will not oppose the bill.

Thank you, Mr. Speaker.

Mr. MARLENEE. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Montana.

Mr. MARLENEE. I thank the gentleman for yielding.

Mr. Speaker, I am not going to speak in opposition to this bill. However, I am going to voice a concern about the way it was referred and handled. It was referred to the Agriculture Committee. We did not have a sufficient amount of time to address the legislation, and I think that shows some gross neglect on the part of someone here. In the future, I would hope that we would have more time for consideration on issues such as this which dramatically could impact and affect agriculture in this country.

Mr. SEIBERLING. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. YOUNG of Alaska. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. SEIBERLING) that the House suspend the rules and pass the bill, H.R. 9, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

CZECHOSLOVAKIAN CLAIMS SETTLEMENT ACT OF 1981

Mr. BINGHAM. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5125) to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes, as amended.

The Clerk read as follows:

H.R. 5125

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Czechoslovakian Claims Settlement Act of 1981".

APPROVAL OF AGREEMENT

SEC. 2. (a) The Congress hereby approves the Agreement between the Government of the United States of America and the Government of the Czechoslovak Socialist Republic on the Settlement of Certain Outstanding Claims and Financial Issues, initiated at Prague, Czechoslovakia on November 6, 1981.

(b) The President may, without further approval by the Congress, execute such technical revisions of the Agreement approved by subsection (a) of this section as in his judgment may from time to time be re-

quired to facilitate the implementation of that Agreement. Nothing in this subsection shall be construed to authorize any revision of that Agreement to reduce any amount to be paid by the Government of the Czechoslovak Socialist Republic to the United States Government under the Agreement, or to defer the payment of any such amount.

DEFINITIONS

SEC. 3. For the purposes of this Act—

(1) "Agreement" means the Agreement on the Settlement of Certain Outstanding Claims and Financial Issues approved by section 2(a) of this Act;

(2) "national of the United States" has the meaning given such term by section 401(1) of the International Claims Settlement Act of 1949;

(3) "Commission" means the Foreign Claims Settlement Commission of the United States;

(4) "Fund" means the Czechoslovakian Claims Fund established by section 402(b) of the International Claims Settlement Act of 1949;

(5) "Secretary" means the Secretary of the Treasury; and

(6) "property" means any property, right, or interest.

THE FUND

SEC. 4. (a) The Secretary shall cover into the Fund the amount paid by the Government of the Czechoslovak Socialist Republic in settlement and discharge of claims of nationals of the United States pursuant to article 1(1) of the Agreement, and shall deduct from that amount $500,000 for reimbursement to the United States Government for expenses incurred by the Department of the Treasury and the Commission in the administration of this Act and title IV of the International Claims Settlement Act of 1949. The amount so deducted shall be covered into the Treasury to the credit of miscellaneous receipts. The deduction required by this subsection shall be made in lieu of the deduction provided in section 402(e) of the International Claims Settlement Act of 1949.

(b) The Secretary shall establish three accounts in the Fund into which the amount covered into the Fund pursuant to subsection (a) of this section, less the deduction required by that subsection, shall be covered as follows:

(1) An account into which $72,500,000 shall be covered, to be available for payment in accordance with section 8 of this Act on account of awards certified pursuant to section 410 of the International Claims Settlement Act of 1949.

(2) An account into which $1,500,000 shall be covered, to be available for payment in accordance with section 8 of this Act on account of awards determined pursuant to section 5 of this Act.

(3) An account into which the remainder of amounts in the Fund shall be covered, to be available for payment in accordance with section 8 of this Act on account of awards determined pursuant to section 6 of this Act.

DETERMINATION OF CERTAIN CLAIMS

SEC. 5. (a) The Commission shall receive and determine, in accordance with applicable substantive law, including international law, the validity and amount of claims by nationals of the United States against the Government of the Czechoslovak Socialist Republic for losses resulting from the nationalization or other taking of property owned at the time by nationals of the United States, which nationalization or other taking occurred between August 8, 1958, and the date on which the Agreement enters into force. In making the determination with respect to the validity and amount of any such claim and the value of the property taken the Commission is authorized to accept the fair or proved value of such property as of the time when the property taken was last operated, used, managed, or controlled by the national or nationals of the United States asserting the claim, regardless of whether such time is prior to the actual date of nationalization or other taking by the Government of the Czechoslovak Socialist Republic.

(b) The Commission shall certify to the Secretary the amount of any award determined pursuant to subsection (a).

DETERMINATION OF OTHER CLAIMS

SEC. 6. (a)(1) The Congress finds that—

(A) in the case of certain persons holding claims against the Czechoslovakian Government who became nationals of the United States by February 26, 1948, the date on which the current Communist Government of Czechoslovakia assumed power, under generally accepted principles of international law the properties of those persons were taken by the Communist Government because the actions by the previous Government of Eduard Benes against those properties were accompanied by promises of compensation which the Communist Government repudiated; and

(B) while the Commission had the authority to deny those claims described in subparagraph (A) on the basis that the properties involved had been taken by the Benes Government while the claimants were not yet nationals of the United States, the effect of that denial is to withhold compensation to persons who have been United States citizens for many years and whose expropriated property has benefited the Communist Government of Czechoslovakia no less than properties expropriated more directly and clearly by the Communist Government.

(2)(A) It is therefore the purpose of this section, in accordance with the intent of the Congress in enacting title IV of the International Claims Settlement Act of 1949 and in the interests of equity, to make ex gratia payments to the claimants described in paragraph (1) of this subsection.

(B) The Congress reaffirms the principle and practice of the United States to seek compensation from foreign governments on behalf only of persons who were nationals of the United States at the time they sustained losses by the nationalization or other taking of their property by those foreign governments. In making payments under this section, the Congress does not establish any precedent for future claims payments.

(b) The Commission shall reopen and redetermine the validity and amount of any claim against the Government of Czechoslovakia which was filed with the Commission in accordance with the provisions of title IV of the International Claims Settlement Act of 1949, which was based on property found by the Commission to have been nationalized or taken by the Government of Czechoslovakia on or after January 1, 1945, and before February 26, 1948, and which was denied by the Commission because such property was not owned by a person who was a national of the United States on the date of such nationalization or taking. The provisions of section 405 of the International Claims Settlement Act of 1949 requiring that the property upon which a claim is based must have been owned by a national of the United States on the date of nationalization or other taking by the Government of Czechoslovakia shall be deemed to be met if such property was owned on such date by a person who became a national of the United States on or before February 26, 1948. The Commission shall certify to the Secretary the amount of any award determined pursuant to this subsection.

PROCEDURES

SEC. 7. (a) The provisions of sections 401, 403, 405, 406, 407, 408, 409, 414, 415, and 416 of the International Claims Settlement Act of 1949, to the extent that such provisions are not inconsistent with this Act, together with such regulations as the Commission may prescribe, shall apply with respect to any claim determined pursuant to section 5(a) of this Act or redetermined pursuant to section 6(b) of this Act.

(b) Not later than sixty days after the date of the enactment of this Act, the Commission shall establish and publish in the Federal Register a period of time within which claims described in section 5 of the Act must be filed with the Commission, and the date for the completion of the Commission's affairs in connection with the determination of those such claims and claims described in section 6 of this Act. Such filing period shall be not more than one year after the date of such publication in the Federal Register, and such completion date shall be not more than two years after the final date for the filing of claims under section 5. No person holding a claim to which section 6 of this Act applies shall be required to refile that claim before the Commission makes the redetermination required by that section.

PAYMENT OF AWARDS

SEC. 8. (a) As soon as practicable after the date of the enactment of this Act, the Secretary shall make payments from amounts in the account established pursuant to section 4(b)(1) of this Act on the unpaid balance of each award certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949.

(b) As soon as practicable after the Commission has completed the certification of awards pursuant to section 5(b) of this Act, the Secretary shall make payments on account of each such award from the amounts in the account established pursuant to section 4(b)(2) of this Act.

(c) As soon as practicable after the Commission has completed the certification of awards pursuant to section 6(b) of this Act, the Secretary shall make payments on account of each such award from the amounts in the account established pursuant to section 4(b)(3) of this Act.

(d) In the event that—

(1) the amounts in the account established pursuant to section 4(b)(2) of this Act exceed the aggregate total of all awards certified by the Commission pursuant to section 5(b) of this Act, or

(2) the amounts in the account established pursuant to section 4(b)(3) of this Act exceed the aggregate total of all awards certified by the Commission pursuant to section 6(b) of this Act,

the Secretary shall cover such excess amounts into the account established pursuant to section 4(b)(1) of this Act. The Secretary shall make payments pursuant to subsection (a) of this section, from such excess amounts, on the unpaid balance of awards certified by the Commission pursuant to

section 410 of the International Claims Settlement Act of 1949.

(e) Payments under this section shall be made on the unpaid balance of each award which bear to such unpaid balance the same proportion as the total amount in the account in the Fund from which the payments are made bears to the aggregate unpaid balance of all awards payable from the account. Payments under this section, and applications for such payments shall be made in accordance with such regulations as the Secretary may prescribe.

(f) In the event that—

(1) the Secretary is unable, within three years after the date of the establishment of the account prescribed by section 4(b)(1) of this Act, to locate any person entitled to receive payment under this section on account of an award certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949 or to locate any lawful heirs, successors, or legal representatives of that person, or if no valid application for payment is made by or on behalf of that person within six months after the Secretary has located that person or that person's heirs, successors, or legal representatives; or

(2) within six months after the Commission has completed the certification of awards pursuant to sections 5(b) and 6(b) of this Act, no valid application for payment is made by or on behalf of any person entitled to receive payment under this section on account of an award certified by the Commission pursuant to either such section,

the Secretary shall give notive by publication in the Federal Register and in such other publications as the Secretary may determine that, unless valid application for payment is made within sixty days after the date of such publication, that person's award under title IV of the International Claims Settlement Act of 1949 or this Act, as the case may be, and that person's right to receive payment on account of such award, shall lapse. Upon the expiration of such sixty-day period that person's award and right to receive payment shall lapse, and the amounts payable to that person shall be paid pro rata by the Secretary on account of all other awards under title IV of the International Claims Settlement Act of 1949 or this Act, as the case may be.

INVESTMENT OF FUNDS

SEC. 9. The Secretary shall invest and hold in separate accounts the amounts held respectively in the accounts established by section 4 of this Act. Such investment shall be in public debt securities with maturities suitable for the needs of the separate accounts and bearing interest at rates determined by the Secretary, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities. The interest earned on the amounts in each account established by section 4 of this Act shall be used to make payments, in accordance with section 8(e) of this Act, on awards payable from that account.

IMPLEMENTATION OF AGREEMENT

SEC. 10. (a) If, within sixty days after the date of the enactment of this Act—

(1) the Government of the Czechoslovak Socialist Republic does not make the payments to the United States Government described in article 6(2) of the Agreement, or

(2) the Czechoslovak Government does not receive the gold provided in article 6(1) of the Agreement,

the provisions of this Act shall cease to be effective, and the provisions of the Agreement may not be implemented unless the Congress approves the Agreement after the end of that sixty-day period.

(b) The sixty-day period for implementation of the Agreement required by subsection (a) shall be extended by an additional period of thirty calendar days if, before the expiration of that sixty-day period, the Secretary of State certifies in writing that such extension is consistent with the purposes of this Act and reports that certification to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations of the Senate, together with a detailed statement of the reasons for the extension. If at the end of that additional thirty-day period the events set forth in paragraphs (1) and (2) of subsection (a) have occurred, the provisions of this Act shall cease to be effective and the provisions of the Agreement may not be implemented unless the Congress approves the Agreement after the end of that thirty-day period or unless the Congress, before the expiration of that thirty-day period, authorizes by joint resolution a further extension of time for implementation of the Agreement. Such joint resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976, and in the House of Representatives a motion to proceed to the consideration of such joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged.

SOCIAL SECURITY AGREEMENT

SEC. 11. The Secretary of State shall conduct a detailed review of the exchange of letters between the United States and Czechoslovakia providing for reciprocal social security payments to residents of the two countries. Such review should include an examination of the extent to which Czechoslovakia is complying with the spirit and provisions of the letters, a comparison of the benefits being realized by residents of Czechoslovakia and of the United States under the letters, and an evaluation of the basis of differences in such benefits. The Secretary of State, in consultation with the Department of Health and Human Services, shall report to the Congress, not later than six months after the date of the enactment of this Act, the results of such review, together with any recommendations for legislation or changes in the agreement made by the letters that may be necessary to achieve greater comparability and equity of benefits for the residents of the two countries. Such report should include specific assessments of the feasibility, likely effects, and advisability of terminating United States social security payments to residents of Czechoslovakia in response to inequities and incomparabilities of benefits payments under the exchange of letters.

The SPEAKER pro tempore. Is a second demanded?

Mr. LAGOMARSINO. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from New York (Mr. BINGHAM) will be recognized for 20 minutes, and the gentleman from California (Mr. LAGOMARSINO) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me begin by saying that the purpose and effect of this bill (H.R. 5125) is to benefit Americans who have long been denied economic justice. It would benefit Americans who fled the Nazi invasion of their homeland—the Czechoslavakia—rather than submit to, or become accomplices of, that regime. They came to this country as refugees, and became citizens by February 1948, when the Communists took over Czechoslavakia. Some served in our Armed Forces in World War II and subsequent wars. They, of course, left their property behind, where it was eventially expropriated by the Communist regime either dieectly, or by Communist repudiation of promises of compensation made by previous governments.

These people have been waiting now more than 30 years to be compensated for that property. They are obviously elderly. Some are sick and poor.

This bill, at long last, will provide some measure of compensation for these Americans. It gives concongressional approval of an agreement reached by this administration under which Czechoslavakia will, among other things, pay $81.5 million up front—immmediately—in cash to compensate these Americans.

Now, this bill raises issues about Czechoslovakia and our current and most equitable way of distributing the claims funds. It raises issues of compensating the U.S. Government, and returning gold to Czechoslovakia. But as we discuss those issues, as we will this afternoon, the main thing in our minds should be the 30 years that these people have waited to be compensated for all their worldly possessions left behind and eventually taken without compensation.

The needs of these Americans is why the Committee on Foreign Affairs expedited action on this legislation; and why the administration wants this bill if at all possible in this session of Congress—before we go home for Christmas. We have put the bill on suspension because its purpose and fundamental effect is absolutely noncontroversial—namely the compensation of Americans who have waited so long to be paid a debt by a Communist government.

I want, if I may, at this point, to read excerpts from just one of many letters I have received which illustrates what I have been saying. I will not mention the lady's name, so as not to subject her to any unwanted publicity, but any Member can see this letter at the desk and verify its authenticity.

It is typical of many that have come in.

An 85-year-old lady writes that she hopes the Congress will be able to act. She obviously has not very much time to wait longer. She says, in part:

I am one of many or few people to whom the money belongs. It is many years since 1946 or 1948 when America took the gold over. I have received many announcements from Washington, but they are only promises.

And so on.

This lady and others like her are the reason this bill is before us today on suspension, and the committee is presenting it with the hope that the Senate will accept it and it will be enacted this week.

Now, as to the details, under the agreement that would be approved by this legislation, the United States would receive the following from Czechoslovakia: $81.5 million, as I have mentioned, for payment of U.S. private property claims; $8 million for some surplus army equipment Czechoslovakia bought in 1946, but never paid for; and $1 million in U.S. bank accounts that have been frozen in Czechoslovakia.

That comes to a total of $90.5 million. Czechoslovakia also agrees to negotiate a settlement of defaulted Czech bonds owned by Americans.

In return for that, and simultaneously, the United States will release to Czechoslovakia gold which that country claims and which is now valued at about $108 million.

The committee feels that is an acceptable agreement on several grounds.

First, it is a much better offer than the one made by Czechoslovakia in 1974, which the Congress rejected when it enacted section 408 of the Trade Act of 1974. The offer in 1974 was only $20 million to be paid over close to 10 years. As part of that agreement, Czechoslovakia would also have gotten some trade concessions from the United States, and I want to emphasize that there are no such trade benefits from this legislation—H.R. 5125. On the contrary, in negotiating the current agreement, the administration, in consultation with the Foreign Affairs Committee and the Ways and Means and Finance Committees, has made it absolutely clear that this settlement in no way commits us to proceeding to grant most-favored-nation status to Czechoslovakia, or any other trade concessions.

Second, this is an acceptable agreement because it is equivalent to the only alternative course that might be available to us to compensate the claimants—namely, liquidating that gold, investing the proceeds, and using the interest to pay the claimants. We have no authority under international law to take the gold, as some have suggested. In fact, it is controlled by us jointly with the British and French under an international agreement—the Tripartite Commission for the Restitution of Monetary Gold. But we might sell it and use interest on the amounts realized to pay the claimants. Indeed, I and Senator MOYNIHAN and others have sponsored legislation that would have done just that if an equivalent agreement had not been reached by negotiation. This agreement is just that—an equivalent; $81.5 million paid to the claimants now—immediately—is roughly equivalent to what they would receive in trickles over 10 years or more from interest earned on the Czech gold if we chose to liquidate that gold. Obviously for aging claimants who have already waited so long, there is every advantage to taking the $81.5 million now through enactment of this legislation.

The agreement approved by this legislation also clears the way for the release of some $130 million in Czech gold held by the United Kingdom. I would emphasize, however, that from that amount must be deducted the claims of British citizens against Czechoslovakia, which are now being negotiated.

The committee faced the greatest problems with this legislation in attempting to arrive at the most equitable distribution of the $81.5 million. After extensive hearings on earlier legislation in the 96th Congress, and further hearings in this Congress, and after listening to claimants and attorneys on all sides, as well as the Treasury and State Departments, and the Foreign Claims Settlement Commission, this is what we decided and what is in this bill—as amended by my motion suspending the rules:

First and foremost, $72.5 million for the U.S. claimants with claims certified by the Foreign Claims Settlement Commission under the 1958 claims review program established by Congress. That amount will pay them 100 percent of the principal amount of their claims, which is $64.1 million, plus $8.4 million in interest. Such a level of payment is virtually unprecedented in the history of U.S. claims settlements. Typically, we have had to settle for about 40 cents on the dollar. Admittedly, these people have waited longer than others, and will not receive all the interest to which they are entitled. But they are getting the most generous payment in U.S. claims history, and the fullest amount that it would be possible to extract from Czechoslovakia.

Second, as a matter of equity, $7 million in payments to a group the committee felt were denied certified claims on a legal technicality, but who fully meet Congress intent in enacting the 1958 claims program that everyone should be paid who lost property to the Communist government and who was a citizen of the United States when that government took over in 1948. This group—the so-called Benes claimants—were citizens by that time, and the committee feels strongly that they deserve to be paid something from this settlement, albeit much less in proportion to their claims than the certified claimants.

Finally, the $1.5 million is reserved for U.S. citizens whose property may have been taken after 1958—when the claims program was closed—and whose claims remain to be adjudicated.

Despite the unprecedented size of this settlement, there are still more claims than funds to pay them. The committee has done its very best to provide for the distribution of the funds in the fullest and fairest possible manner, considering the dictates both of law and equity. We believe we have arrived at a good distribution, and I will be glad to answer any questions that might arise about it.

In contrast to earlier agreements reached between the United States and Czechoslovakia which have been rejected by Congress as inadequate, this agreement is the product of very close and constant consultation between the negotiators in the executive branch and the concerned committees of the Congress. The negotiators took no major step without having satisfied themselves of congressional support, and gave foremost attention to the need to get any final agreement approved by Congress. I think we and the claimants owe a great debt of thanks, and vote of confidence and congratulations, to Ambassador Rozanne Ridgway for a suberb job of negotiating with the Czechs and of communicating and coordinating with the Congress. The increased value of the gold, and the specter of legislation to liquidate it in the near future to pay the claimants if a comparable and equitable negotiated settlement could not be reached, gave her the leverage she needed to reach this agreement. The credit, however, of having made the best of that leverage must go to her and her negotiating team.

Mr. Speaker, I would note that this legislation contains a deadline for implementation of the agreement once Congress has approved it. That deadline is 60 days from enactment of this legislation, which can be extended an additional 30 days by the Secretary of State. It is essential that there be no further delay in settling this situation after more than 30 years, and the committee feels this deadline is necessary to assure timely payment to the claimants.

Finally, Mr. Speaker, the bill directs the Secretary of State to investigate and report back to the Congress on possible inequities under an agreement between Czechoslovakia and the United States to honor the social security and pension rights of each other's

citizens. There appears to be a very serious problem of people in the United States failing to receive pension payments to which they are entitled from Czechoslovakia, while at the same time the United States pays out millions of dollars every month in social security benefits to U.S. citizens and Czech nationals living in Czechoslovakia. That problem could not be resolved in this legislation, but H.R. 5125 calls for a study and report to Congress which could serve as the basis for future remedial action, if feasible and necessary.

The version of this bill, H.R. 5125, that is at the desk, and that I have moved be passed under suspension of the rules, contains two changes in what was reported by the Committee on Foreign Affairs and what is printed and available on the floor. I have taken the liberty of making these changes after some discussion with the floor managers in the other body, which has already passed a similar bill. I make them in the shape, and with some expectation, that they will make it possible for the Senate to adopt this bill, once the House has passed it, without need for a conference, which could not be held until next year. In brief, the changes increase the amount reserved for payment to certified U.S. award holders by $3 million; and reduce the amount reserved for so-called Benes claimants by an identical amount; and restore section 408 of the Trade Act of 1974, which would have been repealed by H.R. 5125 as reported. These changes would bring this bill closer to that passed by the Senate. At the appropriate time, I will ask unanimous consent to take up the Senate bill (S. 1946) and substitute the House text.

Mr. Speaker, I urge that the House pass H.R. 5125.

□ 1720

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. BINGHAM. Mr. Speaker, I am glad to yield to the gentleman from Minnesota, who I know has a problem with the inclusion of the so-called Benes claimants.

Mr. FRENZEL. I thank the gentleman for yielding.

I thank the gentleman also for his description of the bill and the amendment. It is the amendment on which I seek clarification.

I understand that the gentleman increased the certified holders and decreased the Benes holders by 3 million each.

Mr. BINGHAM. That is right.

Mr. FRENZEL. And the gentleman is deleting the repeal of section 408 of the Trade Act.

The third item on the gentleman's explanation sheet is a certain technical amendment. I do not think I need to know the technical amendment, but I would like to ask the distinguished chairman if he has made any modifications in section 9, which is the section that has also been criticized by members of our committee and by certain members of the other body.

Mr. BINGHAM. The answer to the gentleman is "no."

Mr. FRENZEL. And the technical amendments are technical with no substance?

Mr. BINGHAM. That is correct.

Mr. FRENZEL. I thank the gentleman.

Mr. BINGHAM. Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Speaker, I rise in support of the bill before the House, H.R. 5125, which would approve the settlement of U.S. claims against Czechoslovakia.

First. I would like to commend the chairmen of the Subcommittees on Europe and the Middle East and International Economic Policy and Trade, Mr. BINGHAM and Mr. HAMILTON, and on the Republican side Mr. LAGOMARSINO and Mrs. FENWICK, for bringing to the floor an excellent bill which provides a reasonable solution to the various conflicting interests in this matter.

Second. I would like to thank the chairman of the Committee on Ways and Means, Mr. ROSTENKOWSKI, and of its Subcommittee on Trade, Mr. GIBBONS, and the minority leadership on the committee, for their cooperation in expediting consideration of this legislation. The Committee on Ways and Means, which has had a longstanding interest in this issue, agreed to waive sequential referral of H.R. 5125 in order that it would be brought to the House floor prior to adjournment. In recognition of the interest and jurisdiction of the Committee on Ways and Means in this issue, I would like to draw the Members' attention to the exchange of letters between myself and Chairman ROSTENKOWSKI which is found on pages 11 and 23 of the committee report.

In closing, let me emphasize that this legislation authorizes a settlement which benefits U.S. citizens first, and only secondarily Czechoslovakia to the extent that it resolves a longstanding irritant in United States-Czechoslovakian relations.

I urge the Members to support the bill.

Mr. BINGHAM. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. HAMILTON).

Mr. HAMILTON. Mr. Speaker, I rise in support of H.R. 5125, a bill to provide for final settlement of claims by our citizens against the Government of Czechoslovakia.

It is a sure, sound and equitable way to redress the injustices suffered by many American claimants.

The bill implements an agreement between our Government and the Government of Czechoslovakia. Gold taken into custody by the Allied Forces will be returned to Czechoslovakia in exchange for a cash payment of $81.5 million. The bill, as amended in committee, divides the $81.5 million this way: $72.5 million for the certified award holders, these claimants filed by 1958 and were U.S. citizens when their property was seized; $7 million for the Benes group of claimants, these claimants had their property nationalized by the Benes government (1946–48) but they were not U.S. citizens at that time. However, they had become citizens before 1948 when the communist government took over and refused to recognize the Benes government's pledge to compensate these people; $1.5 million for the post-1958 claimants, those claimants who had their property seized after the 1958 claims filing deadline; $500,000 to the Treasury for administrative expenses. Let me state some of my reasons for supporting the legislation:

First, the proposed settlement is unprecedented in the history of U.S. claims agreements with Communist governments. U.S. nationals would receive more than 100 percent of the principal amount of their claims;

Second, the large cash settlement offers the elderly claimants a large sum of money now, while most are still alive and can enjoy it;

Third, settlement of the long pending claims issue by negotiations clears away a long-standing irritant in United States-Czechoslovakia relations, and may lead to an expansion of trade or other steps toward better relations. Without overcoming this obstacle to improved relations, the United States would have little prospect for any improvement of that relationship;

Fourth, the Congress can take a large share of credit for this very favorable settlement. A legislative initiative taken by Congress during our last session to seize the gold, invest it, and pay claimants with the proceeds seems to have provided the administration with the motivation and drive to secure the largest possible cash settlement payable as soon as possible for the award holders. This legislative initiative helped convince the Government of Czechoslovakia that Members of Congress were dead serious in wanting fair, immediate, and final compensation for the claimants. The two previous agreements were rejected as inadequate, a proposal in 1963 of $2 million and in 1974 of $20 million. The agreement we have this time is for $81.5 million, a considerably larger sum;

Fifth, the amendments that have been added by the committee are fair to the different categories of claimants. It seems to me that the bill strikes a balanced and equitable approach to the distribution of the settlement amount;

Sixth, the bill sets a time limit to implementation of the agreement. There is a 60-day deadline to insure expeditious implementation of the settlement. That 60-day period can only be extended for an additional 30 days if the Secretary of State certifies in writing to Congress that such an extension in time is needed. The committee felt that there cannot be any slippage at this point. The agreement must be implemented immediately so that our citizens who have waited 35 years can finally be compensated.

I commend the negotiating team from the Departments of State and Treasury under the capable and effective leadership of Ambassador Rozanne Ridgway. They have worked hard to achieve this settlement. They have consulted closely with Congress throughout the negotiations. The Congress can do its part now by acting quickly to approve the settlement thereby providing fair and prompt compensation to these people.

I urge my colleagues to support H.R. 5125.

Mr. BINGHAM. I thank the gentleman for his remarks and I would like to thank him also for his splendid support as chairman of the Subcommittee on Europe and the Middle East throughout the consideration of this bill. I join in his commendation for Ambassador Ridgway and those in the administration responsible for the negotiations, as I said in my opening remarks.

Mr. LAGOMARSINO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 5125, which gives congressional approval to an agreement reached by the Governments of the United States and Czechoslovakia to settle the outstanding claims between our two countries.

I know some of my colleagues may be concerned about the statement issued by OMB urging amendments to this bill to make it more acceptable. At the same time, the Department of State is urging prompt passage of this bill to avoid any chance that the Polish situation would disintegrate and Eastern Europe would be thrown into such turmoil that the Czech Government might renege on its agreement. I should also advise my colleagues that it is my understanding that the OMB statement is not to be construed as a veto message. Based on that understanding, I am compelled to support this legislation. I believe the lack of agreement on claims against Czechoslovakia has gone on for too long. Some claimants have already died, and others are well advanced in years. It would be unfair to have succeeded in negotiating an acceptable agreement and then reject it at the last moment.

Where previous agreements to settle Czech claims have fallen far short of a satisfactory solution, this one, I believe, addresses the concerns of the U.S. Government as well as the certified claimants. I had previously joined Chairman BINGHAM in sponsoring legislation which would have provided relief for Czech claimants if no agreement were reached in negotiations with the Czech Government. I believe the threat of that legislation was responsible, in part, for the agreement we have today. For the chairman's initiative in that regard, all those concerned with this issue owe him a debt of gratitude.

Another provision of this legislation includes authorization for the Foreign Claim Settlement Commission to adjudicate additional claims against Czechoslovakia resulting from expropriation of property during the Benes regime of 1945–48. As the chairman pointed out, the payment to the Benes claimants is to be made ex gratia and will not represent a precedent for other foreign claims settlement cases. There should be no misunderstanding on that point.

Also, the fact that the payments will be made to the certified claimants in one lump sum is a significant improvement over previous arrangements which would have allowed a payout over a period of years. I am very pleased that many aging recipients will finally be able to enjoy their just claims after so long a struggle.

I urge my colleagues to support H.R. 5125 and write an end to this saga of some 30-plus years.

□ 1730

Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I rise in support of H.R. 5125, the Czechoslovakian Claims Settlement Act of 1981.

This important legislation will give congressional approval to an agreement between the United States and Czechoslovakia reached on November 6 of this year to settle expropriation claims of U.S. citizens and for other purposes.

I wish to commend the efforts of my colleagues, the gentleman from New York (Mr. BINGHAM) and the gentleman from California (Mr. LAGOMARSINO), chairman and ranking minority member respectively of the Subcommittee on Economic Policy and Trade, for their leadership on this issue. As a member of the subcommittee and a cosponsor of some of the past legislation on this issue, I believe that it is important to recognize the significant role the subcommittee has played in resolving this difficult question.

Since the enactment of legislation in 1958, the U.S. Government has tried to resolve the various claims against Czechoslovakia for property that was taken without compensation from 1945 to 1958. Several Czechoslovakian settlement offers have been received over the years and rejected as grossly inadequate. The major leverage the United States has had in these negotiations is the possession of some 8.2 metric tons of gold taken from the Germans after World War II and claimed by Czechoslovakia. With the rise in gold prices and increasing pressure from Congress through legislation I have cosponsored to liquidate the gold to pay claims, the United States was finally able to reach the current settlement authorized by H.R. 5125.

I am somewhat disappointed that the agreement reached does not fully compensate with full principal and interest those citizens who have suffered the loss of their assets for as many as 37 years. Nonetheless, I believe when you consider that the last agreement which was negotiated in 1974 and rejected by the Congress was for less than one-fifth of this settlement, this is the best deal we can achieve. The settlement does provide an immediate payment of some $81.5 million and the unfreezing of certain official U.S. Government accounts. This represents a settlement in excess of 100 percent of the principal as opposed to past foreign settlements which averaged about 40 cents on the dollar.

The many U.S. citizens who have claims against Czechoslovakia have suffered greatly for many decades as their entire worth in some cases was taken from them. Most are now in their older years. Some have unfortunately died without ever seeing a resolution of this issue. I welcome this settlement so that those needy, elderly claimants and the heirs of those who have died will have an immediate return and use of their assets.

Accordingly, I urge my colleagues to join with me in support of H.R. 5125.

Mr. LAGOMARSINO. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I oppose H.R. 5125, a bill providing for settlement of certain claims made against Czechoslovakia for the nationalization of property following World War II. As has been outlined by some of the previous speakers, the agreement implemented by this bill represents the largest reparations payment, as a percentage of principal, in the history of such claims settlements.

As a matter of fact, I want to join with others who have congratulated Ambassador Ridgeway for her extraor-

dinary prowess in negotiating, and being able to bring home, such a fine settlement.

However, the chairman of the Committee on Foreign Affairs, the distinguished gentleman from Wisconsin, pointed out that the Ways and Means Committee by letter did waive its jurisdiction. I think it is fair that the House hear the last paragraph in that letter. Mr. ROSTENKOWSKI writes:

In agreeing to waive referral, I want to point out that reimbursement to questionable claimants, ones that have been repeatedly rejected in this case and elsewhere under current claims procedures, sets an unfortunate precedent that may present difficulties in the future for the Ways and Means Committee, especially during its review of most favored nation treatment waivers.

That letter states the problem with this bill, Mr. Speaker. It is that the bill recognizes a class of claimants which is not allowed under the act of 1949, which is the governing act, nor under the Foreign Settlement Claims Commission decision. That Commission was established in 1958.

The so-called Benes claimants are a group who were Czechoslovakian citizens in 1945 or 1946 when the property was first seized. By 1948 they were American citizens. At that point the current Government of Czechoslovakia took power and took the assets. These people hired clever lawyers and have pressed their claim ever since and now they are being given status as claimants.

That would be all right if they were given status on their own if there were extra money to pay them. Unfortunately, the money this bill gives them must come: First, the taxpayers who are supposed to get 5 percent of the total claim, but are denied that under this bill; and second, from legitimate claimants who qualify under the act of 1949 and who were recognized by the Claims Settlement Commission of 1958.

Now, that is the gist of my argument with this bill. It is also fair to say that the administration opposes both section 6, the Benes claimants, and section 9. I understand that Members of the other body oppose these sections too. I hope they will be excised when this bill goes over to the Senate.

Although I am relieved that a longstanding claims dispute between the United States and Czechoslovakia finally has been resolved, I cannot support the implementing bill. My objection centers on the fact that the bill as reported goes beyond the negotiated settlement in a manner as unprecedented as the amount of payment.

Section 6 of the bill legitimizes a particular category of claimants who would otherwise not qualify to participate in the settlement, and provides for ex gratia payments to them out of the funds intended for properly certified claimants. This special treatment for a narrow category of claimants not only establishes a bad precedent for future claims settlements but also represents inequitable treatment for other claimants in similar circumstances who were required, and will be in the future, to meet the statutory criteria that has governed the description of claimants for more than 30 years.

The settlement which we are considering today was negotiated by the Department of State under guidelines set out in the International Claims Settlement Act of 1949. That statute requires that the property upon which a claim is based must have been owned by a national of the United States on the date of expropriation or other taking. The category of claimants covered by section 6 had property taken by the government of Eduard Benes between 1945 and 1948 with promises of compensation. None of these claimants were U.S. citizens at the time. At the time of the Communist takeover on February 26, 1948, the property transferred to the control of the new government. Meanwhile, some of these claimants had become U.S. citizens and now are seeking to redefine the date of expropriation. Others who became citizens accepted the requirements of the 1949 act and did not press their claims.

Mr. Speaker, in 1946 the Paris Reparations Agreement earmarked for Czechoslovakia over 18 tons of gold which had been looted by the Nazis from countries throughout Europe. This gold has been held in international escrow by a tripartite commission of the United States, the United Kingdom, and France. Until the pending agreement, settlement of outstanding U.S. claims has prevented the gold from being turned over to Czechoslovakia.

In the Trade Act of 1974, we denied permission for the administration to go through with a completed negotiation which they had begun on this case. The $8½ million in reparations is a significantly better settlement than that which was achieved in 1974; although in the meantime we may have lost a good deal in terms of trade and relationships with the Government of Czechoslovakia.

Comparable agreements have been reached with Poland for 39 percent; Romania, 37 percent; Yugoslavia, 36 percent; Hungary, 42 percent, and China, 41 percent.

In numerous instances with respect to these earlier agreements, claimants surfaced who could not meet the criteria of the 1949 act. Many of us have heard from constituents that claim they were U.S. citizens when their property was expropriated because later Communist governments, who gained control of the property, refused to pay compensation. Yet the guidelines of the 1949 act were followed, and these claimants were excluded from any settlement payments. Future claimants, of course, will once again be subject to the old citizenship requirements.

The Ways and Means Committee is especially concerned about the precedent this bill sets with respect to noncitizen claimants, because similar claimants come forward each year during the annual review of MFN agreements with nonmarket economics. They usually ask that MFN treatment for a particular country be withdrawn until their claims are satisfied. This causes a great deal of uncertainty for U.S. businesses in those countries and others who depended on the continued favored market treatment that MFN provides.

Here is a settlement that is over 100 percent which speaks, I think, volumes for the effective negotiation ability of Ambassador Ridgeway and her associates in the State Department.

Nevertheless, this bill, although it tries to follow the intent of that negotiation, fails and is deficient because it recognizes this unfair class of claimants which is not otherwise qualified.

Now, you may want to give some money to them, as the committee does, because they are old, or they are nice people, or they have seniority, or they are obese, or for some other reason. The committee, however, is not supposed to be a welfare department. It is supposed to recognize legitimate claims and deny unworthy ones. It is not supposed to give away other people's money according to its own whim.

In my judgment, the bill will give credence to a variety of groups of claimants, both based on citizenship and otherwise, who feel that they should get a special arrangement.

I think the precedent will be disruptive and, therefore, I urge my colleagues to defeat H.R. 5125.

Mr. LAGOMARSINO. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, I want the Members to know that I have studied this measure very carefully. I have prepared a very thoughtful, scholarly, historic analysis of this issue. Since I have permission to revise and extend, the Members can read it in tomorrow's RECORD.

Mr. Speaker, this measure was made necessary by the conclusion of negotiations which resulted in an agreement initialed in Prague on November 6. I must first raise the objection of an unnecessarily fast track on this bill.

I am reminded of the agreement with the Government of Hungary under which we returned the Crown of St. Stephen to that country. That arrangement, I believe, was less than satisfactory. More importantly, the administration at that time did not con-

sult with Hungarian American leaders and obtain their input on the issue.

My question, therefore, is whether Czechoslovak Americans were properly consulted with respect to the return to Czechoslovakia of the impounded gold and if their views and overall concerns were any part of the negotiations with the Czechoslovak authorities?

I believe that when the Czechoslovak gold was seized, a provision should have been made to use it to compensate those who suffered in Communist jails in Czechoslovakia. However, under this agreement we are considering now, we are limiting compensation to loss of nationalized property. I do not think this is the full compensation. However it is my hope that it may lead to an easing of the treatment of dissidents and others who do not accept the Communist line of the Czechoslovak Government.

These views are not intended as blind opposition, but to provide a cautionary note which I wish the House would take into consideration. I wish that we could have been given the time to study this agreement closely with the special constituencies involved so that we would not have a repeat, as I have noted, of the controversial decision when the Crown of St. Stephen was returned.

The most important point, nevertheless, is whether anything in this agreement would produce any internal liberalization in Czechoslovakia, less oppression, and better treatment of the citizens of that country.

□ 11740

Mr. LAGOMARSINO. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. HYDE).

Mr. HYDE. Mr. Speaker, I object to this legislation, I understand the purpose. It says the legitimate claims of American citizens against the Czechoslovak Government. But I have many Czech refugees from the Communist tyranny in Czechoslovakia who object to that Government, which they insist, and I share that insistence, does not represent the people of Czechoslovakia, from receiving any of this money, this $100 million in gold. They say it is the people's money, the people of Czechoslovakia, not the Communist government which does not represent them, but is a satellite of the Soviet Union.

So for this reason, despite the fact that we have claimants who will profit to the extent that they will have their legitimate claims satisfied, I cannot support this legislation.

● Mr. BONKER. Mr. Speaker, I endorse H.R. 5125 and the statement made by my chairman, the gentleman from New York, concerning this bill. As a member of the subcommittee and a sponsor of the bill, I am pleased that the committee accepted my amendment to provide another $5 million for the principal certified claimants. This is the best we can do. We should act expeditiously, without any further delay, and pass this legislation. I also want to commend Roz Ridgway for a job well done.●

● Mr. OTTINGER. Mr. Speaker, as a Member of Congress with a long and active interest in settling the expropriation claims of U.S. citizens against Czechoslovakia, I rise in support of H.R. 5125, the Czechoslovakian Claims Settlement Act of 1981. I want to commend my good friend, the chairman of the Foreign Affairs Subcommittee on International Economic Policy and Trade Mr. BINGHAM, for his leadership on this issue. I also wish to express my thanks to Ambassador Ridgway who so ably handled the delicate negotiations with Prague which led to the agreement which Congress is being asked to approve today.

The issue of compensating U.S. nationals for property seized by the Czech Government has dragged on for over 30 years. I have communicated personally with many of the aging claimants and their families, and understand their frustration and disappointment that this matter has gone unresolved for so long. That is why I introduced H.R. 2352 in March 1981, which called for a fair negotiated settlement with the Czechs and required:

First, liquidation of the Czech gold located in the Federal Reserve Bank in New York;

Second, investment of the gold's proceeds; and

Third, repayment of the American awardholders from the investment interest. The bill would have returned the principle amount of the proceeds of the gold to Czechoslovakia only after all U.S. claimants were paid in full.

While my bill was pending in the Foreign Affairs Committee, negotiations resumed between our Government and Czechoslovakia in an effort to resolve these claims and other financial problems. Such an agreement was reached and initialed by both Governments in Prague on November 6, 1981.

This agreement, which is being submitted for our approval today, requires Czechoslovakia to make an immediate lump-sum payment of $81.5 million to compensate U.S. claimants for expropriated property; to unblock certain official U.S. Government accounts in Czechoslovakian banks; and to pay the United States certain sums owed under the terms of the 1946 United States-Czechoslovak Credit Agreement on the Purchase of Surplus Property of the U.S. Army.

I concur with the House Foreign Affairs Committee that this agreement "is the most generous settlement that can reasonably be obtained now or in the forseeable future, and one which compares favorably with any practicable alternative means of compensating U.S. claimants * * *." I am delighted with this agreement for several reasons:

First. This agreement is an enormous improvement over the terms of past agreements submitted to Congress.

Second. This negotiated settlement provides in excess of 100 percent of the principal amount of certified U.S. claims, and thus is virtually unprecedented in the history of U.S. claims negotiations.

Third. I am impressed by the immediacy of payment contained in this agreement. Czechoslovakia will pay the full $81.5 million in a single lump sum. The bill requires the United States and Czechoslovakia to exchange the gold for the lump-sum settlement within 60 days of the bill's enactment, thus providing for expeditious distribution to claimants.

I must say that I am disappointed that claimants will be paid only a fraction of the interest to which they are entitled. I agree, however, with the Foreign Affairs Committee's assessment that: "As a practical matter * * * there is no chance that Czechoslovakia would pay more than the $81.5 million they have offered in this settlement." I am concerned that rejecting this settlement on the basis of the limited interest payments it provides will only prolong negotiations for an unendurable period of time, particularly for those claimants who have been suffering without compensation for 30 years.

I am delighted that this matter is on the verge of being resolved. I hope my efforts and those of my colleagues to focus attention on the plight of thousands of elderly claimants and their families have helped contribute to this settlement. I urge my colleagues to support H.R. 5125, so that we may finally resolve this dispute and provide relief to these deserved awardholders.●

Mr. LAGOMARSINO. Mr. Speaker, I have no further requests for time.

Mr. BINGHAM. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. BINGHAM) that the House suspend the rules and pass the bill, H.R. 5125, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1946) to provide for the final settlement of certain claims against Czecho-

slovakia, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1946

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Czechoslovakian Claims Settlement Act of 1981".

APPROVAL OF AGREEMENT

SEC. 2. (a) The agreement between the Government of the United States of America and the Government of the Czechoslovak Socialist Republic on the settlement of certain outstanding claims and financial issues, initialed at Prague on November 6, 1981, is hereby approved by the Congress.

(b) The President may, without further approval by the Congress, execute such technical revisions of the agreement approved by subsection (a) of this section as in his judgment may from time to time be required to facilitate its implementation. Nothing in this subsection shall be construed to authorize any revision of such agreement to reduce any amount to be paid by the Government of the Czechoslovak Socialist Republic to the United States Government thereunder, or to defer the payment thereof.

DEFINITIONS

SEC. 3. For the purposes of this Act—

(1) "agreement" means the agreement on the settlement of certain outstanding claims and financial issues approved by section 2(a) of this Act;

(2) "national of the United States" has the meaning given such term by section 401(1) of the International Claims Settlement Act of 1949;

(3) "Commission" means the Foreign Claims Settlement Commission of the United States;

(4) "Fund" means the Czechoslovakian Claims Fund established by section 402(b) of the International Claims Settlement Act of 1949; and

(5) "Secretary" means the Secretary of the Treasury.

THE FUND

SEC. 4. (a) The Secretary shall cover into the Fund the amount paid by the Government of the Czechoslovak Socialist Republic in settlement and discharge of claims of nationals of the United States pursuant to article 1(1) of the agreement, and shall deduct therefrom $500,000 for reimbursement to the United States Government for expenses incurred by the Department of the Treasury and the Commission in the administration of this Act and title IV of the International Claims Settlement Act of 1949. The amount so deducted shall be covered into the Treasury to the credit of miscellaneous receipts. The deduction required by this subsection shall be made in lieu of the deduction provided in section 402(e) of the International Claims Settlement Act of 1949.

(b) The Secretary shall establish two accounts in the Fund into which the amount covered into the Fund pursuant to subsection (a) of this section, less the deduction provided for in such subsection, shall be covered as follows:

(1) An account into which not less than $79,500,000 shall be covered, to be available for payment in accordance with section 7 of this Act on account of awards certified pursuant to section 410 of the International Claims Settlement Act of 1949.

(2) An account into which $1,500,000 shall be covered, to be available for payment in accordance with section 7 of this Act on account of awards certified pursuant to section 6(c) of this Act.

(c)(1) Until such time as the Secretary makes payments on awards pursuant to section 7 of this Act, the Secretary shall invest any amounts covered into the accounts established pursuant to subsection (b) of this section in public debt securities which produce maximum short-term interest on income.

(2)(A) The income from the investment pursuant to paragraph (1) of this subsection of amounts in the account established pursuant to subsection (b)(1) of this section shall be credited to and form part of that account and shall be available for payment in accordance with section 7(b) of this Act.

(b) The income from the investment pursuant to paragraph (1) of this subsection of amounts in the account established pursuant to subsection (b)(2) of this section shall be credited to and form part of such account, to be available for payment in accordance with section 7(c)(1) of this Act.

DETERMINATION OF CLAIMS

SEC. 5. The Commission is authorized to receive and determine, in accordance with applicable substantive law, including international law, the validity and amount of claims by nationals of the United States against the Government of the Czechoslovak Socialist Republic for losses resulting from the nationalization or other taking of property, including any rights or interests therein, owned at the time by nationals of the United States, which nationalization or other taking occurred between August 8, 1958, and the date on which the agreement enters into force. In making the determination with respect to the validity and amount of such claims and the value of properties, rights, or interests taken, the Commission is authorized to accept the fair or proved value of such property, right, or interest as of a time when the property or business interest taken was last operated, used, managed, or controlled by the national or nationals of the United States asserting a claim, regardless of whether such time is prior to the actual date of nationalization or other taking by the Czechoslovak Socialist Republic.

PROCEDURES AND CERTIFICATION OF CLAIMS

SEC. 6. (a) To the extent that they are not inconsistent with this Act, the provisions of sections 401, 403, 405, 406, 407, 408, 409, 414, 415, and 416 of the International Claims Settlement Act of 1949 shall be applicable with respect to claims determined by the Commission pursuant to section 5 of this Act, together with such regulations as the Commission may prescribe.

(b) Not later than sixty days after the date of the enactment of this Act, the Commission shall establish and publish in the Federal Register a period of time within which claims described in section 5 of this Act must be filed with the Commission, and the date for the completion of the Commission's affairs in connection with the determination of such claims. Such filing period shall not be greater than one year from the date of such publication in the Federal Register, and such completion date shall not be more than two years after the final date for the filing of such claims.

(c) The Commission shall certify to the Secretary any awards determined under section 5 of this Act, for payment on account by the Secretary in accordance with section 7 of this Act.

PAYMENTS OF AWARDS

SEC. 7. (a) In accordance with the provisions of this section, the Secretary shall make payments, out of the amounts available under section 4 of this Act, including accumulated interest, on account of awards certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949 or pursuant to section 6(c) of this Act.

(b) As soon as practicable after the date of the enactment of this Act, the Secretary shall make pro rata payments from amounts in the account established pursuant to section 4(b)(1) of this Act, including accumulated interest, on the unpaid balance of each award certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949.

(c)(1) As soon as practicable after the certification of any awards by the Commission pursuant to section 6(c) of this Act, the Secretary shall make payments on account of each such award from the amounts, including accumulated interest, in the account established pursuant to section 4(b)(2) of this Act.

(2) In the event that the amounts in the account established pursuant to section 4(b)(2) of this Act exceed the aggregate total of all awards certified by the Commission pursuant to section 6(c) of this Act, the Secretary shall cover such excess amounts into the account established pursuant to section 4(b)(1) of this Act, to be available for payments pursuant to subsection (b) of this section on the unpaid balance of awards certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949.

(d) Payments under this section shall be made in accordance with section 413(a)(2) of the International Claims Settlement Act of 1949. Such payments, and applications therefor, shall be made in accordance with such regulations as the Secretary may prescribe.

(e) In the event that—

(1) the Secretary is unable, within three years after the date of the establishment of the account prescribed by section 4(b)(1) of this Act, to locate any of the persons entitled to receive payment under this section on account of awards certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949 or their lawful heirs, successors, or legal representatives or, having been located, no valid application for payment is made by or on behalf of such persons within six months after their having been located; or

(2) no valid application for payment is made by or on behalf of any of the persons entitled to receive payment under this section on account of awards certified by the Commission pursuant to section 6(c) of this Act within six months after the completion by the Commission of the determination and certification of claims pursuant to sections 5 and 6 of this Act,

the Secretary shall give notice by publication in the Federal Register, and in such other publications as the Secretary may de-

termine, to the effect that, unless valid application for payment is made within sixty days of the date of such publication, such person's award pursuant to title IV of the International Claims Settlement Act of 1949 or this Act, as the case may be, and right to receive payment shall lapse, and upon the expiration of such sixty-day period such award and right to receive payment shall lapse, and the amounts payable to such person shall be paid pro rata on account of all other awards payable out of the same account as the lapsed award would have been paid pursuant to section 410 of title IV of the International Claims Settlement Act of 1949, or this Act, as the case may be.

IMPLEMENTATION OF AGREEMENT

SEC. 8. (a). If, within sixty days after the date of the enactment of this Act, the Government of the Czechoslovak Socialist Republic does not make the payment to the United States Government provided for in article 1 of the agreement, the provisions of this Act shall cease to be effective, and the provisions of the agreement may not be implemented unless the Congress approves the agreement after the end of that sixty-day period.

(b) The President shall have the authority to waive the provisions of this section for a period not to exceed thirty days: *Provided*, That he supplies to Congress, in writing, his reasons for so doing.

SOCIAL SECURITY AGREEMENT

SEC. 9. The Secretary of State shall conduct a detailed review of the exchange of letters between the United States and Czechoslovakia providing for reciprocal social security payments to residents of the two countries. Such review should include the extent to which Czechoslovakia is complying with the spirit and provisions of the letters, a comparison of the benefits being realized by residents of Czechoslovakia and of the United States under the letters, and an evaluation of the basis of differences in such benefits. The Secretary of State, in consultation with the Secretary of Health and Human Services, shall report to the Congress, not later than six months after the date of the enactment of this Act, the results of such review, together with any recommendations for legislation or changes in the agreement made by the letters that may be necessary to achieve greater comparability and equity of benefits for the residents of the two countries. Such report should include specific assessments of the feasibility, likely effects, and advisability of terminating United States social security payments to residents of Czechoslovakia in response to inequities and incomparabilities of benefits payments under the exchange of letters.

MOTION OFFERED BY MR. BINGHAM

Mr. BINGHAM. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BINGHAM moves to strike out all after the enacting clause of the Senate bill S. 1946, and to insert in lieu thereof the provisions contained in the bill, H.R. 5125, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read a third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 5125) was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4331) entitled "An act to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act."

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 136. Joint resolution to validate the effectiveness of a plan for the use or distribution of funds appropriated to pay a judgment awarded to the San Carlos Tribe of Arizona.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4559, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS, 1982

Mr. LONG of Maryland. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 4559) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

MAKING IN ORDER FOR SPEAKER TO RECOGNIZE MOTIONS FOR SUSPENSION OF THE RULES ON TOMORROW

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that it shall be in order tomorrow for the Speaker to recognize motions for suspension of the rules.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING SPEAKER TO DECLARE RECESSES OF THE HOUSE ON TOMORROW

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that it shall be in order tomorrow for the Speaker to declare recesses of the House, subject to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

REQUEST TO VACATE PROCEEDINGS WHEREBY HOUSE RESOLUTION 305 WAS AGREED TO

Mr. WALKER. Mr. Speaker, I ask unanimous consent to vacate proceedings whereby House Resolution 305 was agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

SECOND REGULAR SESSION OF NINETY-SEVENTH CONGRESS

Mr. FOLEY. Mr. Speaker, I send to the desk a joint resolution (H.J. Res. 377) and ask unanimous consent for its immediate consideration.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There is no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 377

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the second regular session of the Ninety-seventh Congress shall begin at 12 o'clock meridian on Monday, January 25, 1982.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. For the information of Members, that means when the House adjourns sine die, it will be adjourning to reconvene on January 25, so the House may have the knowledge at this time.

The President will be addressing the Congress on the evening of January 26.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO FILE REPORTS ON H.R. 5106, H.R. 4353, H.R. 5116, AND H.R. 4935 DURING ADJOURNMENT

Mr. DANIELSON. I ask unanimous consent that the Committee on the Judiciary be permitted to file reports on the following bills during the adjournment:

H.R. 5106. To amend the Clayton Act to modify the amount of damages payable to foreign states and instrumentalities of foreign states which sue for violations of the antitrust laws;

H.R. 4353. To amend the Bankruptcy Act in regard to certain fees charged;

H.R. 5116. To amend the Bankruptcy Act in regard to certain fees charged; and

H.R. 4935. To amend title 11, United States Code, to correct technical amendments and to clarify and make substantive changes with respect to securities and commodities.

The minority has heretofore been consulted and agreed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENDING DATE FOR REPORTING ON WARTIME RELOCATION AND INTERNMENT OF CIVILIANS

Mr. DANIELSON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5021) to extend the date for the submission to the Congress of the report of the Commission on Wartime Relocation and Internment of Civilians.

The Clerk read as follows:

H.R. 5021

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4(c) of the Commission on Wartime Relocation and Internment of Civilians Act (94 Stat. 965; 50 U.S.C. app. 1981 note) is amended by striking out "the date which" and all that follows through "Act" and inserting in lieu thereof "December 31, 1982".

The SPEAKER. Pursuant to the rule, a second is not required on this motion.

The gentleman from California (Mr. DANIELSON) will be recognized for 20 minutes, and the gentleman from California (Mr. MOORHEAD) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. DANIELSON).

GENERAL LEAVE

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks with respect to this bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DANIELSON. Mr. Speaker, the bill, H.R. 5021, would amend the law creating the Commission on Wartime Relocation and Internment of Civilians by providing that it shall submit its report of findings and recommendations to Congress not later than December 31, 1982.

The Commission on Wartime Relocation and Internment of Civilians was established pursuant to Public Law 96-317. The Commission is headed by Joan Z. Bernstein and is composed of nine members. It has compiled an extensive historical record concerning the detention of persons of Japanese ancestry during World War II, and over 700 witnesses appeared before the Commission at hearings across the country. The Commission now must analyze this information and testimony and arrive at its recommendations. At the subcommittee hearing held on the bill on November 20, 1981, the testimony emphasized that the additional time provided in this bill is necessary for the work and deliberation of the Commission which must be completed in order for it to report to Congress.

Section 4(c) of Public Law 96-317 now provides that the report of findings and recommendations to Congress is to be submitted no later than 1 year after the date of the first meeting of the Commission. Due to delays in naming members and staff of the Commission, the first meeting was not held until January 23, 1981. As I have stated, this bill would amend the law to provide that the final report to the Congress shall be submitted no later than December 31, 1982, and the committee found that this period of time is necessary to permit the Commission to adequately perform the duties imposed upon it by the Congress.

The Commission on Wartime Relocation and Internment of Civilians must review the history of the evacuation and relocation of Japanese and Japanese Americans from the west coast in 1942 and their detention in the relocation centers of the War Relocation Authority. It must also look at the historic record involving the evacuation of Aleuts from the Pribilof and some of the Aleutian Islands during World War II. At its hearings, it received testimony from those who were evacuated and relocated; from the surviving Government officials involved in these actions during the war; and from qualified professionals such as military historians, sociologists, and psychologists. On the basis of these materials, the Commission has the responsibility of reporting to Congress.

The Commission must review historical records on the evacuation and detention of persons of Japanese ancestry and these are voluminous. For instance, there are special collections at UCLA and University of California at Berkeley as well as collections at the National Archives and other Government depositories. This is a major task.

Gathering the facts concerning the evacuation of Aleuts from the Aleutian Islands during World War II has proven to be a difficult task. Locating Department of the Interior records after the passage of 35 years has been difficult and time consuming. The Commission's physical distance from Alaska only complicates this research task.

To date, a major part of the Commission's work has related to hearings across the country on the historical facts, and personal experiences of those civilians who were interned or detained by the Government during World War II. Hearings have been held in Washington, D.C., and in Chicago and New York, as well as in Anchorage, Alaska, and in the Aleutians. On the west coast, the hearings were held in Los Angeles, San Francisco, and Seattle. With these hearings almost at an end, the Commission has held hearings on 20 days and heard more than 700 witnesses. In addition. numerous lengthy submissions have been received from organized groups with particular arguments to make to the Commission.

All of the work of the Commission which I have outlined had to be done before the Commissioners could begin the most vital part of their work, that of analyzing the information gathered by the Commission and beginning the careful discussion and argument necessary to formulating the Commission's report and recommendations to Congress.

The additional time provided in this bill is absolutely required to enable the Commission to complete its work and formulate a report for the Congress.

Mr. MOORHEAD. Mr. Speaker, during the 96th Congress we enacted legislation providing for a Commission on Wartime Relocation and Internment of Civilians. The purpose of this legislation is to have the Commission review the Executive Order 9066 issued by President Roosevelt, which led to the confinement of Japanese Americans and permanent resident aliens of Japanese ancestry during World War II. More particularly, the Commission would study the facts and circumstances surrounding the Executive order, study its impact, and make recommendations on appropriate remedies.

Public Law 96-317 directed that the Commission file its report 1 year after its first full meeting. That meeting was held in February of 1981, which requires that a final report be filed by February 1982. So that a thorough going, quality report can be made on this important issue the Commission asks for deadline extension to December 31, 1982, approximately 10 months.

Since we do not want a "rush to judgment," I support this legislation. We have to give the Commission enough time to finish its work. Moreover, H.R. 5021 does not require any further funding to complete its mission.

I firmly believe that this needed extension of time is the wisest course of action we can take and ask my colleagues to vote for it.

Mr. McCLORY. Mr. Speaker, will the gentleman yield?

Mr. MOORHEAD. I yield to the gentleman from Illinois.

Mr. McCLORY. I thank the gentleman for yielding.

Mr. Speaker, in testimony before the Administrative Law Subcommittee Congressman DAN LUNGREN testified that the Commission on Wartime Relocation needed a 10-month extension to file its report, now due in February of 1982. Our subcommittee reported

this bill with the understanding that the Commission required no additional funds to go along with the extension of time.

Briefly, the mandate of the Commission is to study and review the facts and the impact of President Roosevelt's Executive Order 9066 which led to the relocation and internment of 120,000 Japanese Americans during the early part of World War II.

I support the work of the Commission as the best method available for providing fair and impartial alternatives to Congress so that the issue may be resolved. Our committee specifically rejected a comprehensive claims program as unrealistic—cost estimates have ranged as high as $3 billion.

If the Commission needs 10 more months to provide a practical and realistic solution to this most difficult problem, I support such an extension.

□ 1750

Mr. DANIELSON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. DANIELSON) that the House suspend the rules and pass the bill, H.R. 5021.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

FEDERAL TORT CLAIMS PROVISIONS

Mr. DANIELSON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3799) to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes, as amended.

H.R. 3799

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2671 of title 28, United States Code, is amended—

(1) in the second paragraph, by inserting "members of the National Guard while engaged in training or duty under section 316, 502, 503, 504, or 505 of title 32," after "naval forces of the United States,"; and

(2) in the third paragraph by inserting "or a member of the National Guard as defined in section 101(3) of title 32" immediately after "United States".

SEC. 2. Section 1089(a) of title 10, United States Code, is amended by inserting "the National Guard while engaged in training or duty under section 316, 502, 503, 504, or 505 of title 32," after "armed forces,".

SEC. 3. Section 334 of title 32, United States Code, and the item relating to such section in the section analysis of chapter 3 of such title, are repealed.

SEC. 4. The amendments made by this Act and the repeal made by section 3 of this Act shall apply only with respect to claims arising on or after the date of the enactment of this Act.

The SPEAKER. Is a second demanded?

Mr. MOORHEAD. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from California (Mr. DANIELSON) will be recognized for 20 minutes, and the gentleman from California (Mr. MOORHEAD) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. DANIELSON).

GENERAL LEAVE

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks with respect to this bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DANIELSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill, H.R. 3799, as amended, would extend the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard, and would provide that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard.

The National Guard is a Reserve component of the Armed Forces. As such, it has been assigned important responsibilities as a Reserve force in the event it is called upon in an emergency. To assure our national defense, it must continuously engage in federally prescribed training and demonstrate a high degree of readiness. The Federal Government provides the funds to pay for training of Guard personnel and the equipment necessary for Guard operation and training. Except when federalized, the Guard is under the direct orders of State governments. For this reason, its activities have not been covered by the Tort Claims Act even though the Army and Air National Guard have similar roles in Defense planning and training as do the Army Reserve and the Air Force Reserve. This bill amends the tort claims provisions of title 28 to provide the National Guard the same coverage under the Tort Claims Act as now exists for the Armed Forces and its other Reserve components.

The bill, with the subcommittee amendments, provides for amendments to title 28 to accomplish this purpose and makes the necessary amendments to the provisions concerning medical personnel in title 10. This includes the repeal of section 334 of title 32 which presently indemnifies National Guard medical personnel for liability incident to Federal training activity.

In the 97th Congress, the Senate Armed Services Committee adopted an amendment to S. 815, the Department of Defense authorization for fiscal 1982, which established Federal liability for damages arising out of the acts or omissions of National Guard personnel during Federal training in the same manner and to the same extent that the United States would be liable in any other action brought against the United States under the Federal tort claims provisions of title 28. The Senate passed S. 815 as amended on May 14, 1981. The House-passed bill (H.R. 3519) did not include similar provisions, and the Senate receded to the House on the issue in conference. On July 23, 1981, the Senate Judiciary Subcommittee on Agency Administration held hearings on the National Guard tort provisions of S. 815, and on S. 267, a bill identical to S. 1858.

On June 4, 1981, Mr. Kastenmeier introduced H.R. 3799 for himself and Mr. Montgomery. The bill was referred jointly to the Committees on the Judiciary and Armed Services. On October 13, 1981, and October 29, 1981, the Subcommittee on Administrative Law and Governmental Relations of the House Judiciary Committee held hearings on H.R. 3799. On October 29, the subcommittee considered and adopted an amendment in the nature of a substitute for H.R. 3799 and favorably recommended the bill, as amended to the full Judiciary Committee. The Judiciary Committee reported H.R. 3799, as amended, to the House by unanimous voice vote on December 8, 1981, and the report was filed on December 10, 1981.

By letter dated November 3, 1981, to Hon. Peter W. Rodino, Jr., chairman of the House Judiciary Committee, Hon. Melvin Price, chairman of the House Armed Services Committee indicated the support of the Armed Services Committee for the action of the subcommittee. The letter further expressed the intent of the Armed Services Committee not to hold hearings on the subject, and to support the bill as reported by the Judiciary Committee on the floor. The complete text of the letter is reprinted in the appendix to the committee report.

Testimony and materials supplied to the subcommittee in the course of the hearings indicate that there is substantial risk of personal liability by National Guard personnel engaged in Federal training activity. National Guard representatives from every State except Arkansas and West Virginia reported to the National Guard Association on litigation against Na-

tional Guard personnel in their States since 1960. The information supplied to the subcommittee by the National Guard Association indicates that there are 956 known instances of claims against National Guard personnel since 1960. Of those, less than 10 percent, or 94 claims, were actionable against the Federal Government under the current Federal tort claims provisions of title 28. In only 339, or 35 percent of the cases, were claimants reported to have filed a claim under the National Guard Claims Act. A total of 859, or 89.85 percent, of reported claims involved motor vehicles. While information is not complete for the entire reporting period, all 48 reporting States included data for 1975 to present. During that period, 360 claims were reported to have been settled for an aggregate sum of $914,536.02. Available information from those States reporting indicates that since 1960, a total of 431 claims have been settled for an aggregated amount of $1,165,691.25.

Information supplied by the Army Claims Service indicates that between 1977 and October 1981, approximately 1,689 claims involving Army National Guard personnel have been filed under the National Guard Claims Act, and have been settled for the approximate aggregate amount of $2,807,239. Motor vehicle claims accounted for 89 percent of Army National Guard claims reported by the Army Claims Service from 1978 to October 1981. The Air Force Claims Service reports a total of 651 claims involving Air National Guard personnel from 1973 to October 1981. Of those 462 have been settled for an aggregated $3,397,555. The Air Force does not have a category for motor vehicle claims.

The statistical information before the committee indicates that a substantial number of claims arise every year as a result of federally prescribed National Guard training and that the preponderance of these claims involve motor vehicles. Moreover, as the information from the National Guard Association indicates, the individual National Guard member is subject to personal liability for damages arising out of Federal training activity.

The subcommittee also received testimony on the organizational structure and the role of the National Guard. The Department of Justice pointed out in its testimony relating to H.R. 3799, that article I, section 8, clause 16, of the Constitution, reserves to States the power to appoint officers of the militia and the authority to train the militia according to the discipline prescribed by Congress. Because the Federal Government does not command the National Guard during Federal training, the Department of Justice opposed the bill in that it would provide for liability on the part of the Federal Government for the acts or omissions of National Guard personnel during that training. However, as was pointed out in testimony before the subcommittee, the primary role of the modern National Guard is to provide a well-trained and integral Reserve Force for our Nation's defense, and the Federal Government does exercise a great deal of control over the Federal training activities of the National Guard.

The same Department of Defense regulations that govern Army and Air Force Reserve training activities govern the Federal training activities of the National Guard. Army and Air Force officers are assigned to each State National Guard organization. They conduct inspections, monitor and assist in training activities and approve promotion of National Guard personnel. In addition, they coordinate National Guard training with the needs of the Army and Air Force. The Federal Government not only prescribes the duration and type of National Guard training, it pays National Guard personnel for Federal training, it provides workman's compensation to National Guard personnel for injuries sustained during Federal training and it provides the equipment used by National Guard personnel during training. Thus, while actual command during Federal training activities is maintained by the States as a matter of law, as a matter of policy, it is appropriate that the Federal liability for damages arising out of the acts or omissions of National Guard personnel during Federal training be equivalent to Federal liability for the acts or omissions of Air Force and Army Reserve personnel which arise out of their identical training.

The bill, as amended by the subcommittee, merely amends the definition of the phrases "employee of the Government" and "acting within the scope of his office or employment" as they are used in the tort claims provisions of title 28 to include National Guard personnel engaged in Federal training. It is the intent of the committee that coverage under these provisions be the same for National Guard personnel as it is for members of the Army and Air Force Reserves. (See 43 Comp. Gen. 412, B-148324 (1963).) (inactive duty training extends from the time of first muster until the end of scheduled inactive duty training for the day and does not include travel to and from home and headquarters). This decision of the Comptroller General is reprinted in the appendix of the committee report. It is well settled that claims for injuries to servicemen that "arise out of or are in the course of activity incident to service" may not be brought under the Federal tort claims provisions of title 28, see, *Feres* v. *United States*, 340 U.S. 135, 71 S. Ct. 153, 95 L. Ed. 152 (1950). It is the intent of the committee that the rule of the *Feres* case apply to the acts or omissions of National Guard personnel.

The amendments made by this bill to the tort claims provisions of title 28, and specifically to the definitions contained in section 2671 of that title, only concern the application of the Federal tort claims provisions of that title. They do not change or modify the application of any other laws governing Federal employees such as the Ethics in Government Act of 1978, as amended.

The Congressional Budget Office, in its letter of December 10, 1981, advised the committee that it is expected that passage of this legislation will result in additional outlays of $681,000 in fiscal year 1982, $721,000 in fiscal year 1983, $757,000 in fiscal year 1984, $792,000 in fiscal year 1985, and $823,000 in fiscal year 1986. This estimate is based on figures provided by the U.S. Army and Air Force Claims Service as well as information from the States of New York and California.

Mr. Speaker, I reserve the balance of my time.

Mr. MOORHEAD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, from the time of the American Revolution to the present, the National Guard has stood side by side with the regular forces in our country's defense. Today, 50 percent of deployable combat forces for the United States comes from the Army National Guard, while the Air National Guard provides 40 percent of deployable combat aircraft. This sums up the vital role that the Guard plays in national defense. I am particularly proud of the California National Guard. They serve not by their words but by their deeds and their commitment.

Except when called to special duty by the Governor of a State, the reservist and National Guard personnel are indistinguishable. Federal control over the Guard is complete. It includes pay, regulations, training, and equipment.

Recruitment, morale and readiness in the National Guard have suffered because Guard personnel are not classified as "Federal employees" even when engaged in Federal activity. Individual Guard personnel are therefore beyond the coverage of the Federal Tort Claims Act and open to personal suit in connection with any aspect of their training. Reservists are protected under the FTCA and can perform their duties without the thought of personal suits.

H.R. 3799 would remedy this by bringing the National Guard under the protection of the Federal Tort Claims Act. This action is long overdue and I urge my colleagues to vote for the bill.

Mr. McCLORY. Mr. Speaker, will the gentleman yield?

Mr. MOORHEAD. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Speaker, authority to establish a National Guard is derived from the Constitution. Article I, section 8 empowers Congress to organize, arm, and discipline the State militia. Today the militia is composed of the Army and the Air National Guard. Every State in the Union is represented.

Since World War II the Guard has assumed more and more of a Federal role. Virtually all activity of the National Guard is federally prescribed and funded. The same Department of Defense regulations that govern the Army and Air Force Reserve training activities also govern the training activities of the National Guard. Regular Army and Air Force officers are assigned to each State National Guard organization. They conduct inspections, monitor and assist in training activities and approve the promotion of Guard personnel. Finally, the Federal Government pays for Federal training and provides workmen's compensation for injuries sustained during training in addition to providing equipment used during training. However, there is one exception, when a State Governor calls the Guard into duty for certain crises such as disaster assistance or law enforcement there is no Federal control.

As a matter of national defense then, the Guard and the reservist are indistinguishable. Unlike reservists, National Guard personnel are not classified as Federal employees. Therefore, they are not entitled to protection under the Federal Tort Claims Act. Where reservists are held harmless, Guard personnel are threatened with suits which could result in individual liability. Needless to say, this poses a threat to a vital segment of our national defense. H.R. 3799 would remove that threat.

This legislation would bring the Guard within the coverage of the Federal Tort Claims Act when engaged in Federal activities. The law would not apply when they were engaged in State affairs such as law enforcement or disaster assistance.

I strongly support H.R. 3799 and urge my colleagues to vote for it.

Mr. DANIELSON. Mr. Speaker, we are honored to have with us today the gentleman from Mississippi (Mr. MONTGOMERY), and I yield such time as he may consume to the gentleman.

Mr. MONTGOMERY. Mr. Speaker, I would like to commend the gentleman from California (Mr. DANIELSON), for bringing this important piece of legislation and also thank Mr. MOORHEAD on the minority side for his support of this bill.

Mr. Speaker, as a member of the Armed Services Committee to which H.R. 3799 was jointly referred, I rise in strong support of that bill, which would establish Federal coverage for National Guard personnel during Federal training in the same manner as other reservists are covered under similar circumstances.

Mr. Speaker, this legislation is long overdue as is indicated in the statistical information concerning the number of claims which arise each year as a result of federally prescribed National Guard training. In addition, testimony of record shows clearly that individual National Guard members are subject to personal liability for damages arising out of Federal training activity, which just should not be the case.

From the very beginning of the total-force concept, the Department of Defense has included the National Guard as a significant component of our Reserve Forces to be mobilized in time of national emergency or war. Indeed, the same Department of Defense regulations that govern Army and Air Force Reserve activities govern the Federal training activities of the National Guard. Active duty military personnel oversee National Guard training and integrate the training program with the requirements of the Army and Air Force. The U.S. Government provides the guardsmen with their pay checks for Federal training and, as just about everyone is aware, provides equipment used by the National Guard in training activities.

Mr. Speaker, while in Federal training the National Guard is clearly an arm of our military forces and should be covered under the provisions of the Federal Tort Claims Act, as would be an Army or Air Force reservist under exactly the same circumstances.

I wish to commend the distinguished chairman of the Judiciary Committee, as well as the chairman of the Subcommittee on Administrative Law and Government Relations, for their prompt action in reporting this legislation to the floor of the House. I joined in the introduction of H.R. 3799, the bill before us today, in the firm belief that in the interest of equality, coverage for liabilities incurred while undergoing Federal training should also embrace our National Guard personnel.

Mr. Speaker, I urge my colleagues to join in supporting this legislation as truly being in the best interest of our national security.

● Mr. PRICE. Mr. Speaker, I am happy to join the Judiciary Committee on the floor today in strong support of H.R. 3799, the National Guard Federal tort claims bill.

Although the legislation was jointly referred to the Judiciary Committee and the Armed Services Committee, we in the Armed Services Committee did not find it necessary to hold hearings or formally report on the legislation in view of the outstanding manner in which the Judiciary Subcommittee on Administrative Law and Government Relations conducted its review of the bill. It was clear that the subcommittee touched every base and protected the interests of the Armed Services Committee in reporting the legislation. In my letter to the distinguished chairman of the Judiciary Committee dated November 3, 1981, I expressed those views and wish to thank the committee for making that correspondence a part of the record.

Mr. Speaker, the excellent report on H.R. 3799 covers completely the need for enacting this bill. I wish only to emphasize that the National Guard is a reserve component warmly embraced by the Department of Defense in the total-force concept. The Guard is subject to call in time of national emergency or war. It trains annually under Federal guidance and receives its pay from the Federal payroll during such training. Thus, I strongly urge my colleagues to support this legislation which bring equality in liability coverage to all Reserve Forces.●

● Mr. KASTENMEIER. Mr. Speaker, I rise in support of H.R. 3799. As a cosponsor of this legislation along with the gentleman from Mississippi (Mr. MONTGOMERY), I am pleased that the bill has been reported favorably to this body.

This bill has been referred to as the National Guard Torts Claims Act, and its purpose is to extend coverage under the Federal Torts Claims Act to the National Guard while engaged in training or duty authorized by title 32, United States Code. In addition, the bill would add National Guard medical personnel to the categories covered by section 1089 of title 10, United States Code. This would make the Torts Claims Act the exclusive remedy in actions arising out of alleged medical malpractice during training or duty under title 32. Members of the National Guard are by definition part of the organized militia of the several States and territories. In that capacity they may be ordered to active duty by the Governor in case of natural disaster or to provide military aid to the civil authorities. At such times the personnel of the National Guard are entitled to pay, allowances, medical care, protection from liability for personal injury, death, or property damage, and any other benefits which the laws of the appropriate State provide. In such capacity, they, of course, would not be engaged in duty or training under title 32, and therefore, while engaged in State-ordered duties, would not be within the purview of this legislation.

The main purpose of this bill is to bring the National Guard, while in Federal duty, under the coverage of the Federal Torts Claims Act in order to put them on equal footing with the Active and Reserve military in this regard. I recognize the dual status of

the Guard. It is not the intention of this legislation to affect the Guard's rights or responsibilities while under the control and direction of the States, and the bill is drafted to make this point clear.

Currently, members of the National Guard are not afforded Federal protection against individual liability for acts committed in the line of Federal duty. Unlike their counterparts in the Active and Reserve military, who are protected under the Federal Torts Claims Act, members of the National Guard are exposed to civil suits against them in an individual capacity which too often can have very unfortunate results. Not only do we find cases of National Guard members having their homes, businesses, or other personal property seized as a result of a judgment arising out of their National Guard activities, but we also find deserving claimants against National Guard activities left with no adequate remedy because the individual guardsman has no personal resources to satisfy a claim.

The National Guard is a very important component of our national defense, and should not be treated differently than other members of the military in this regard. This unequal status is damaging to morale and affects the training of the individuals and the units. As a matter of national policy, a person who has been injured, or sustained damage or loss of property as a result of National Guard activity should have the same judicial remedy available as if the violator had been a member of the Armed Forces on active duty or a member of the Reserves. Members of the National Guard should have the same legal protections while in the performance of official Federal duty granted Active and Reserve military in the same capacity. This bill provides that equity.

I urge your support for H.R. 3799.●

● Mr. ROBERTS of South Dakota. Mr. Speaker, I rise in support of H.R. 3799, which extends the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard. Under the act, the members would be held harmless during Federal duty except in cases of medical malpractice.

From the time of the American Revolution to the present, the National Guard has stood side by side with the regular forces in our country's defense. The South Dakota Air National Guard and Army National Guard are part of today's Guard that provides nearly 50 percent of our deployable combat forces.

When the Guard is called to special duty by the Governor of the State, the Guard and Reserves are indistinguishable. Pay, regulations, training, and equipment are all under the control of the Federal Government. Yet, we have not provided the same protections for the Guard as we have for other personnel.

H.R. 3799 remedies this situation, and brings the Guard under the protections of the Federal Tort Claims Act, during the call to active Federal duty. This protection is for our citizens, as well as Guard personnel, and I fully support this legislation.●

Mr. DANIELSON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. DANIELSON) that the House suspend the rules and pass the bill, H.R. 3799, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "A bill to extend the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard, and to provide that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard."

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 1196, INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. ZABLOCKI submitted the following conference report and statement on the Senate bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 97-413)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

SHORT TITLE

SECTION *1. This Act may be cited as the "International Security and Development Cooperation Act of 1981".*

TITLE I—MILITARY SALES AND RELATED PROGRAMS

REPORTS TO THE CONGRESS

SEC. *101. (a)(1) Section 3(d)(1) of the Arms Export Control Act is amended—*

(A) in the text preceding subparagraph (A) by striking out "to a transfer of a defense article, or related training or other defense service, sold under this Act and may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961" and inserting in lieu thereof ", or under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961, to a transfer of any major defense equipment valued (in terms of its original acquisition cost) at $14,000,000 or more, or any defense article or related training or other defense service valued (in terms of its original acquisition cost) at $50,000,000 or more,";

(B) by amending subparagraph (B) to read as follows:

"(B) a description of the article or service proposed to be transferred, including its acquisition cost,";

(C) in subparagraph (C) by striking out "defense article or related training or other defense service" and inserting in lieu thereof "article or service"; and

(D) in the last sentence by striking out "defense articles, or related training or other defense services," and inserting in lieu thereof "articles or services".

(2) Section 3(d)(3) of such Act is amended by striking out all that follows "The President may not give his consent" through "section 38 of this Act," and inserting in lieu thereof "to the transfer of any major defense equipment valued (in terms of its original acquisition cost) at $14,000,000 or more, or of any defense article or defense service valued (in terms of its original acquisition cost) at $50,000,000 or more, the export of which has been licensed or approved under section 38 of this Act,".

(3) Section 3(d)(4) of such Act is amended—

(A) by inserting "or" at the end of subparagraph (B);

(B) by striking out "; or" at the end of subparagraph (C) and inserting in lieu thereof a period; and

(C) by striking out subparagraph (D).

(b)(1) Section 28(a) of such Act is amended by striking out "five" and inserting in lieu thereof "fifteen".

(2) Section 28(b) of such Act is amended by striking out "the issuance of a letter of offer in accordance with such request would be subject to the requirements of section 36(b) of this Act" and inserting in lieu thereof "the request involves a proposed sale of major defense equipment for $7,000,000 or more or of any other defense articles or defense services for $25,000,000 or more".

(c) The first sentence of section 36(b)(1) of such Act is amended—

(1) by striking out "$25,000,000" and inserting in lieu thereof "$50,000,000"; and

(2) by striking out "$7,000,000" and inserting in lieu thereof "$14,000,000".

(d) Section 36(c) of such Act is amended in the first sentence of paragraph (1)—

(1) by striking out "$7,000,000" and inserting in lieu thereof "$14,000,000"; and

(2) by striking out "$25,000,000" and inserting in lieu thereof "$50,000,000".

(e) Section 36(d) of such Act is amended by striking out "(c)" and inserting in lieu thereof "(c)(1)".

PROPOSED TRANSFERS OR SALES TO THE NORTH ATLANTIC TREATY ORGANIZATION, JAPAN, AUSTRALIA, OR NEW ZEALAND

SEC. 102. (a) Section 3(d)(2) of the Arms Export Control Act is amended—

(1) by striking out "(2) Unless" and inserting in lieu thereof "(2)(A) Except as provided in subparagraph (B), unless"; and

(2) by adding at the end thereof the following:

"(B) In the case of a proposed transfer to the North Atlantic Treaty Organization, or any member country of such Organization, Japan, Australia, or New Zealand, unless the President states in the certification submitted pursuant to paragraph (1) of this subsection that an emergency exists which requires that consent to the proposed transfer become effective immediately in the national security interests of the United States, such consent shall not become effective until fifteen calendar days after the date of such submission and such consent shall become effective then only if the Congress does not adopt, within such fifteen-day period, a concurrent resolution disapproving the proposed transfer.".

(b)(1) Section 36(b)(1) of such Act is amended in the fifth sentence by striking out "if the Congress, within thirty calendar days after receiving such certification," and inserting in lieu thereof the following: ", with respect to a proposed sale to the North Atlantic Treaty Organization, any member country of such Organization, Japan, Australia, or New Zealand, if the Congress, within fifteen calendar days after receiving such certification, or with respect to a proposed sale to any other country or organization, if the Congress within thirty calendar days after receiving such certification,".

(2) Section 36(b)(2) of such act is amended by inserting before the period at the end thereof a comma and the following: "except that for purposes of consideration of any resolution with respect to the North Atlantic Treaty Organization, any member country of such Organization, Japan, Australia, or New Zealand, it shall be in order in the Senate to move to discharge a committee to which such resolution was referred if such committee has not reported such resolution at the end of five calendar days after its introduction".

PERSONNEL PERFORMING DEFENSE SERVICES

SEC. 103. Section 21(c)(2) of the Arms Export Control Act is amended to read as follows:

"(2) Within forty-eight hours of the existence of, or a change in status of significant hostilities or terrorist acts or a series of such acts, which may endanger American lives or property, involving a country in which United States personnel are performing defense services pursuant to this Act or the Foreign Assistance Act of 1961, the President shall submit to the Speaker of the House of Representatives and to the President pro tempore of the Senate a report, in writing, classified if necessary, setting forth—

"(A) the identity of such country;

"(B) a description of such hostilities or terrorist acts; and

"(C) the number of members of the United States Armed Forces and the number of United States civilian personnel that may be endangered by such hostilities or terrorist acts.".

CHARGES FOR USE AND NONRECURRING RESEARCH, DEVELOPMENT, AND PRODUCTION COSTS

SEC. 104. Section 21(e)(2) of the Arms Export Control Act is amended by inserting "standardization with the Armed Forces of Japan, Australia, or New Zealand in furtherance of the mutual defense treaties between the United States and those countries," immediately after "standardization,".

FOREIGN MILITARY SALES AUTHORIZATION AND AGGREGATE CEILINGS

SEC. 105. (a) Section 31(a) of the Arms Export Control Act is amended by striking out "$500,000,000 for the fiscal year 1981" and inserting in lieu thereof "$800,000,000 for the fiscal year 1982 and $800,000,000 for the fiscal year 1983".

(b) Section 31(b) of such Act is amended to read as follows:

"(b)(1) The total amount of credits (or participations in credits) extended under section 23 of this Act shall not exceed $800,000,000 for the fiscal year 1982 and $800,000,000 for the fiscal year 1983.

"(2) The total principal amount of loans guaranteed under section 24(a) of this Act shall not exceed $3,269,525,000 for the fiscal year 1982 and $3,269,525,000 for the fiscal year 1983.

"(3) Of the aggregate total of credits (or participations in credits) under section 23 of this Act, and of the total principal amount of loans guaranteed under section 24(a) of this Act, not less than $1,400,000,000 of the fiscal year 1982 and not less than $1,400,000,000 for the fiscal year 1983 shall be available only for Israel, of which not less than $550,000,000 for each such year shall be available as credits under section 23 of this Act.

"(4) Of the amount available under paragraph (2) of this subsection for loan guaranties under section 24(a) of this Act, not less than $280,000,000 for fiscal year 1982 and not less than $280,000,000 for the fiscal year 1983 shall be available only for Greece.

"(5) The principal amount of loans guaranteed under section 24(a) of this Act for the fiscal year 1982 and for the fiscal year 1983 with respect to Egypt, Greece, Sudan, Somalia, and Turkey shall (if and to the extent each such country so desires) be repaid in not more than twenty years, following a grace period of ten years on repayment of principal.

"(6) Of the total amount of credits (or participations in credits) extended under section 23 of this Act for the fiscal years 1982 and 1983, not less than $200,000,000 for each such year shall be available only for Egypt, and Egypt shall be released from its contractual liability to repay the United States Government with respect to such credits and participations in credits.

"(7) Of the total amount of credits (or participations in credits) extended under section 23 of this Act for the fiscal years 1982 and 1983, not less than $50,000,000 for each such year shall be available only for the Sudan, and the Sudan shall be released from its contractual liability to repay the United States Government with respect to such credits and participations in credits.".

(c) Section 31(c) of such Act is amended—

(1) in the first sentence by striking out "fiscal year 1981" and inserting in lieu thereof "fiscal year 1982 and for the fiscal year 1983";

(2) in the last sentence by striking out "$500,000,000" and inserting in lieu thereof "$550,000,000"; and

(3) in the last sentence by inserting "each" immediately before "such year".

REPEAL OF CEILING ON COMMERCIAL SALES

SEC. 106. Section 38(b)(3) of the Arms Export Control Act is repealed.

PERIODIC REVIEW OF ITEMS ON THE MUNITIONS LIST

SEC. 107. Section 38 of the Arms Export Control Act is amended by adding at the end thereof the following new subsection:

"(f) The President shall periodically review the items on the United States Munitions List to determine what items, if any, no longer warrant export controls under this section. The results of such reviews shall be reported to the Speaker of the House of Representatives and to the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate. Such a report shall be submitted at least 30 days before any item is removed from the Munitions List and shall describe the nature of any controls to be imposed on that item under the Export Administration Act of 1979.".

SPECIAL DEFENSE ACQUISITION FUND

SEC. 108. (a) The Arms Export Control Act is amended by adding at the end thereof the following new chapter:

"CHAPTER 5—SPECIAL DEFENSE ACQUISITION FUND

"SEC. 51. SPECIAL DEFENSE ACQUISITION FUND.—(a)(1) Under the direction of the President and in consultation with the Secretary of State, the Secretary of Defense shall establish a Special Defense Acquisition Fund (hereafter in this chapter referred to as the 'Fund'), to be used as a revolving fund separate from other accounts, under the control of the Department of Defense, to finance the acquisition of defense articles and defense service in anticipation of their transfer pursuant to this Act, the Foreign Assistance Act of 1961, or as otherwise authorized by law, to eligible foreign countries and international organizations, and may acquire such articles and services with the funds in the Fund as he may determine. Acquisition under this chapter of items for which the initial issue quantity requirements for United States Armed Forces have not been fulfilled and are not under current procurement contract shall be emphasized when compatible with security assistance requirements for the transfer of such items.

"(2) Nothing in this chapter may be construed to limit or impair any responsibilities conferred upon the Secretary of State or the Secretary of Defense under this Act or the Foreign Assistance Act of 1961.

"(b) The Fund shall consist of—

"(1) collections from sales made under letters of offer issued pursuant to section 21(a)(1) of this Act representing the actual value of defense articles not intended to be replaced in stock,

"(2) collections from sales representing the value of asset use charges (including contractor rental payments for United States Government-owned plant and production equipment) and charges for the proportionate recoupment of nonrecurring research, development, and production costs, and

"(3) collections from sales made under letters of offer (or transfers made under the Foreign Assistance Act of 1961) of defense articles and defense services acquired under this chapter, representing the value of such items calculated in accordance with paragraph (2) or (3) of section 21(a) or section 22 of this Act or section 644(m) of the Foreign Assistance Act of 1961, as appropriate,

together with such funds as may be authorized and appropriated or otherwise made available for the purposes of the Fund.

"(c)(1) The size of the Fund may not exceed such dollar amount as is prescribed

in section 138(g) of title 10, United States Code. For purposes of this limitation, the size of the Fund is the amounts in the Fund plus the value (in terms of acquisition cost) of the defense articles acquired under this chapter which have not been transferred from the Fund in accordance with this chapter.

"(2) Amounts in the Fund shall be available for obligation in any fiscal year only to such extent or in such amounts as are provided in advance in appropriate Acts.

SEC. 52. USE AND TRANSFER OF ITEMS PROCURED BY THE FUND.—(a) No defense article or defense service acquired by the Secretary of Defense under this chapter may be transferred to any foreign country or international organization unless such transfer is authorized by this Act, the Foreign Assistance Act of 1961, or other law.

"(b) The President may authorize the temporary use by the United States Armed Forces of defense articles and defense services acquired under this chapter prior to their transfer to a foreign country or international organization, if such is necessary to meet national defense requirements and the United States Armed Forces bear the costs of operation and maintenance of such articles or services while in their use and the costs of restoration or replacement upon the termination of such use.

"(c) Except as provided in subsection (b) of this section, the Fund may be used to pay for storage, maintenance, and other costs related to the preservation and preparation for transfer of defense articles and defense services acquired under this chapter prior to their transfer, as well as the administrative costs of the Department of Defense incurred in the acquisition of such items to the extent not reimbursed pursuant to section 43(b) of this Act.

SEC. 53. ANNUAL REPORTS TO CONGRESS.—(a) Not later than December 31 of each year, the President shall submit to the Congress a comprehensive report on acquisition of defense articles and defense services under this chapter. Each such report shall include—

"(1) a description of each contract for the acquisition of defense articles or defense services under this chapter which was entered into during the preceding fiscal year;

"(2) a description of each contract for the acquisition of defense articles or defense services under this chapter which the President anticipates will be entered into during the current fiscal year;

"(3) a description of each defense article or defense service acquired under this chapter which was transferred to a foreign country or international organization during the preceding fiscal year; and

"(4) an evaluation of the impact of the utilization of the authority of this chapter on United States defense production and the readiness of the United States Armed Forces.

"(b) As part of the annual written report to the Congress required by section 139(a) of title 10, United States Code, regarding procurement schedules for each weapon system for which funding authorization is required, the President shall provide a report estimating the likely procurements to be made through the Fund.".

(b) Section 138 of title 10, United States Code, is amended by adding immediately following subsection (f) the following new subsection:

"(g) The size of the Special Defense Acquisition Fund established pursuant to chapter 5 of the Arms Export Control Act may not exceed $300,000,000 in fiscal year 1982 and may not exceed $600,000,000 in fiscal year 1983 or any fiscal year thereafter.".

LEASING OF DEFENSE ARTICLES

SEC. 109. (a) The Arms Export Control Act, as amended by section 108 of this Act, is further amended by adding at the end thereof the following new chapter:

"CHAPTER 6—LEASES OF DEFENSE ARTICLES

"SEC. 61. LEASING AUTHORITY.—(a) President may lease defense articles in the stocks of the Department of Defense to an eligible foreign country or international organization if—

"(1) he determines that there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than on a sales basis under this Act;

"(2) he determines that the articles are not for the time needed for public use; and

"(3) the country or international organization has agreed to pay in United States dollars all costs incurred by the United States Government in leasing such articles, including reimbursement for depreciation of such articles while leased, the costs of restoration or replacement if the articles are damaged while leased, and the replacement cost (less any depreciation in the value) of the articles if the articles are lost or destroyed while leased.

The requirement of paragraph (3) shall not apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three-quarters of its normal service life.

"(b) Each lease agreement under this section shall be for a fixed duration of not to exceed five years and shall provide that, at any time during the duration of the lease, the President may terminate the lease and require the immediate return of the leased articles.

"(c) Defense articles in the stocks of the Department of Defense may be leased or loaned to a foreign country or international organization only under the authority of this chapter or chapter 2 of part II of the Foreign Assistance Act of 1961, and may not be leased to a foreign country or international organization under the authority of section 2667 of title 10, United States Code.

"SEC. 62. REPORTS TO THE CONGRESS.—(a) Not less than 30 days before entering into or renewing any agreement with a foreign country or international organization to lease any defense article under this chapter, or to loan any defense article under chapter 2 part II of the Foreign Assistance Act of 1961, for a period of one year or longer, the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate and the chairman of the Committee on Armed Services of the Senate, a written certification which specifies—

"(1) the country or international organization to which the defense article is to be leased or loaned;

"(2) the type, quantity, and value (in terms of replacement cost) of the defense article to be leased or loaned;

"(3) the terms and duration of the lease or loan; and

"(4) a justification for the lease or loan, including an explanation of why the defense article is being leased or loaned rather than sold under this Act.

"(b) The President may waive the requirements of this section (and in the case of an agreement described in section 63, may waive the provisions of that section) if he determines, and immediately reports to the Congress, that an emergency exists which requires that the lease or loan be entered into immediately in the national security interests of the United States.

"SEC. 63. LEGISLATIVE REVIEW.—(a)(1) In the case of any agreement involving the lease under his chapter, or the loan under chapter 2 of part II of the Foreign Assistance Act of 1961, to any foreign country or international organization for a period of one year or longer of any defense articles which are either (i) major defense equipment valued (in terms of its replacement cost less any depreciation in its value) at $14,000,000 or more, or (ii) defense articles valued (in terms of their replacement cost less any depreciation in their value) at $50,000 or more, the agreement may not be entered into or renewed if the Congress, within 30 calendar days after receiving the certification with respect to that proposed agreement pursuant to section 62(a), adopts a concurrent resolution stating that it objects to the proposed lease or loan.

"(2) This section shall not apply with respect to a loan or lease to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand.

"(b) Any resolution under subsection (a) shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(c) For the purpose of expediting the consideration and adoption of concurrent resolutions under subsection (a), a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"SEC. 64. APPLICATION OF OTHER PROVISIONS OF LAW. Any reference to sales of defense articles under this Act in any provision of law restricting the countries or organizations to which such sales may be made shall be deemed to include a reference to leases of defense articles under this chapter.".

(b) Such Act is further amended—

(1) in section 2(b)—

(A) by inserting ", leases," immediately after "sales" both places it appears,

(B) by inserting "whether there shall be a lease to a country," immediately after "thereof,", and

(C) by inserting ", lease," immediately after "sale" the second place it appears;

(2) in section 3(a)—

(A) in the text preceding paragraph (1) by inserting "or leased" immediately after "sold", and

(B) in paragraph (4) by inserting "or lease" immediately after "purchase"; and

(3) in section 4 by inserting "or leased" immediately after "sold" in the first sentence.

(c) Paragraph (5) of section 503(b) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(5) the loan agreement provides that (A) if the defense article is damaged while on loan, the country or international organization to which it was loaned will reimburse the United States for the cost of restoring or replacing the defense article, and (B) if the defense article is lost or destroyed while on loan, the country or international organization to which it was loaned will pay to the United States an amount equal to the re-

placement cost (less any depreciation in the value) of the defense article.".

(d)(1) Section 109 of the International Security and Development Cooperation Act of 1980 is repealed.

(2) Section 36(a) of the Arms Export Control Act is amended—

(A) by inserting "and" at the end of paragraph (9) and inserting in lieu thereof a period; and

(C) by striking out paragraph (10).

MILITARY ASSISTANCE

SEC. 110. (a) Section 504(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a)(1) There are authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed $238,500,000 for the fiscal year 1982 and not to exceed $238,500,000 for the fiscal year 1983.

"(2) Amounts appropriated under this subsection are authorized to remain available until expended.".

(b) Section 506(a) of such Act is amended by striking out "$50,000,000" and inserting in lieu thereof "$75,000,000".

(c) Section 503(a)(3) of such Act is amended by striking out "specified in section 504(a)(1) of this Act, within the dollar limitations of that section," and inserting in lieu thereof "country,".

(d) Section 516 of such Act is repealed.

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

SEC. 111. Section 514(b)(2) of the Foreign Assistance Act of 1961 is amended by striking out "$85,000,000 for the fiscal year 1981" and inserting in lieu thereof "$130,000,000 for the fiscal year 1982 and $125,000,000 for the fiscal year 1983".

INTERNATIONAL MILITARY ASSISTANCE AND SALES PROGRAM MANAGEMENT

SEC. 112. Section 515 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 515. OVERSEAS MANAGEMENT OF ASSISTANCE AND SALES PROGRAMS.—(a) In order to carry out his responsibilities for the management of international security assistance programs conducted under this chapter, chapter 5 of this part, and the Arms Export Control Act, the President may assign members of the Armed Forces of the United States to a foreign country to perform one or more of the following functions:

"(1) equipment and services case management;

"(2) training management;

"(3) program monitoring;

"(4) evaluation and planning of the host government's military capabilities and requirements;

"(5) administrative support;

"(6) promoting rationalization, standardization, interoperability, and other defense cooperation measures among members of the North Atlantic Treaty Organization and with the Armed Forces of Japan, Australia, and New Zealand; and

"(7) liaison functions exclusive of advisory and training assistance.

"(b) Advisory and training assistance conducted by military personnel assigned under this section shall be kept to an absolute minimum. It is the sense of the Congress that advising and training assistance in countries to which military personnel are assigned under this section shall be provided primarily by other personnel who are not assigned under this section and who are detailed for limited periods to perform specific tasks.

"(c)(1) The number of members of the Armed Forces assigned to a foreign country under this section may not exceed six unless specifically authorized by the Congress. The President may waive this limitation if he determines and reports to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, 30 days prior to the introduction of the additional military personnel, that United States national interests require that more than six members of the Armed Forces be assigned under this section to carry out international security assistance programs in a country not specified in this paragraph. For the fiscal year 1982 and the fiscal year 1983, Indonesia, the Republic of Korea, the Philippines, Thailand, Egypt, Jordan, Morocco, Saudi Arabia, Greece, Portugal, Spain, and Turkey are authorized to have military personnel strengths larger than six under this section to carry out international security assistance programs.

"(2) The total number of members of the Armed Forces assigned under this section to a foreign country in a fiscal year may not exceed the number justified to the Congress for that country in the congressional presentation materials for that fiscal year, unless the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives are notified 30 days in advance of the introduction of the additional military personnel.

"(d) Effective October 1, 1982, the entire costs (including salaries of the United States military personnel) of overseas management of international security assistance programs under this section shall be charged to or reimbursed from funds made available to carry out this chapter, other than any such costs which are either paid directly for such defense services under section 21(a) of the Arms Export Control Act or reimbursed from charges for services collected from foreign governments pursuant to section 21(e) and section 43(b) of that Act.

"(e) Members of the Armed Forces assigned to a foreign country under this section shall serve under the direction and supervision of the Chief of the United States Diplomatic Mission to that country.

"(f) The President shall continue to instruct United States diplomatic and military personnel in the United States missions abroad that they should not encourage, promote, or influence the purchase by any foreign country of United States-made military equipment, unless they are specifically instructed to do so by an appropriate official of the executive branch.".

INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 113. Section 542 of the Foreign Assistance Act of 1961 is amended by striking out "$34,000,000 for the fiscal year 1981" and inserting in lieu thereof "$42,000,000 for the fiscal year 1982 and $42,000,000 for the fiscal year 1983".

PEACEKEEPING OPERATIONS

SEC. 114. (a) Section 552(a) of the Foreign Assistance Act of 1961 is amended by striking out "$25,000,000 for the fiscal year 1981" and inserting in lieu thereof "$19,000,000 for the fiscal year 1982 and $19,000,000 for the fiscal year 1983".

(b) Section 552(c) of such Act is amended by striking out "(1)" and all that follows through "may not be transferred" and inserting in lieu thereof "the total amount so transferred in any fiscal year may not exceed $15,000,000".

FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES

SEC. 115. Chaper 1 of the Arms Export Control Act is amended by adding at the end thereof the following new section:

SEC. 6. FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES.—No letters of offer may be issued, no credits or guarantees may be extended, and no export licenses may be issued under this Act with respect to any country determined by the President to be engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States. The President shall report any such determination promptly to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate.".

TITLE II—ECONOMIC SUPPORT FUND

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. Section 531(b)(1) of the Foreign Assistance Act of 1961 is amended by striking out "for the fiscal year 1981, $2,065,300,000" and inserting in lieu thereof "$2,623,500,000 for the fiscal year 1982 and $2,723,500,000 for the fiscal year 1983".

PROVISIONS RELATING TO USE OF FUNDS

SEC. 202. Chapter 4 of part II of the Foreign Assistance Act of 1961 is amended by striking out sections 532 and 533 and inserting in lieu thereof the following new sections:

"SEC. 532. MIDDLE EAST PROGRAMS.—(a)(1) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, not less than $785,000,000 for each such year shall be available only for Israel and not less than $750,000,000 for each such year shall be available only for Egypt. Amounts made available for Israel and Egypt for the fiscal year 1982 pursuant to this paragraph shall be in addition to the amounts made available to those countries pursuant to paragraph (4) of this subsection.

"(2) All of the funds made available to Israel and to Egypt under this chapter for the fiscal years 1982 and 1983 shall be provided on a grant basis.

"(3) The total amount of funds allocated for Israel under this chapter for the fiscal year 1982 and for the fiscal year 1983 may be made available as a cash transfer. In exercising the authority of this paragraph, the President shall ensure that the level of cash transfers made to Israel does not cause an adverse impact on the total amount of nonmilitary exports from the United States to Israel.

"(4) In addition to the amounts requested for Israel and Egypt under this chapter for the fiscal year 1982, $21,000,000 shall be made available for Israel for the fiscal year 1982 and $21,000,000 shall be made available for Egypt for the fiscal year 1982 in order to replace the funds which were authorized and appropriated for those countries in the fiscal year 1981 but which were reprogrammed in order to provide assistance for Liberia and El Salvador.

"(5) Of the amounts provided to Egypt under this chapter for the fiscal year 1982 and for the fiscal year 1983, up to $50,000,000 for each such year may be used under title XII of chapter 2 of part I of this Act in building agricultural extension services in Egypt for the small farmer in order to upgrade the skills of the agricultural faculty in provincial universities, improve the agricultural curriculum offered and the equipment available in provincial universi-

ties, and establish a provincial university extension service with an outreach program which can directly reach the Egyptian small farmer.

"(b)(1) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, $11,000,000 for each such year may be used for special requirements in the Middle East, including regional cooperative projects of a scientific and technological nature in accordance with paragraph (2) of this subsection, other regional programs, development programs on the West Bank and in Gaza, population programs, project development and support, and programs of participant training.

"(2) It is the sense of the Congress that, in order to continue to build the structure of peace in the Middle East, the United States should finance, and where appropriate participate in, cooperative projects of a scientific and technological nature involving Israel and Egypt and other Middle East countries wishing to participate. These cooperative projects should include projects in the fields of agriculture, health, energy, the environment, education, water resources, and the social sciences. Of the funds available under paragraph (1) of this subsection for the fiscal year 1982 and for the fiscal year 1983, $4,000,000 for each such year may be used in accordance with this paragraph for scientific and technological projects which will promote regional cooperation among Israel and Egypt and other Middle East countries.

"(3) The President may obligate funds under paragraph (1) of this subsection only if, in accordance with the established prenotification procedures under section 634A of this Act, he transmits a report to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives, and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate, at least 15 days prior to such obligation. This report shall set forth—

"(A) the name of the proposed recipient of such funds,

"(B) the amount of funds to be made available to such recipient, and

"(C) the purpose for which such funds are to be made available.

"(4) At the end of the fiscal year 1981, at the end of the fiscal year 1982, and the end of the fiscal year 1983, the President shall report to the Congress on the use of funds under this chaper during that fiscal year for special requirements in the Middle East.

"(c) None of the funds appropriated to carry out this chapter for the fiscal year 1982 or the fiscal year 1983 may be made available to Syria.

"(d) It is the sense of the Congress that, of the funds authorized to be appropriated to carry out this chapter, $7,000,000 for the fiscal year 1982 and $7,000,000 or more for the fiscal year 1983 should be made available for Lebanon for relief and rehabilitation programs of international and private voluntary agencies and other not-for-profit United States organizations operating in Lebanon.

"SEC. 533. EASTERN MEDITERRANEAN PROGRAMS.—(a) Not less than two-thirds of the funds made available to Turkey under this chapter for each of the fiscal years 1982 and 1983 shall be provided on a grant basis.

"(b) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, $15,000,000 for each such year shall be available only for Cyprus. Of that amount, $5,000,000 for the fiscal year 1982 and $10,000,000 for the fiscal year 1983 shall be for scholarship programs to bring Cypriots to the United States for education.

"SEC. 534. Prohibition on Use of Funds for Nuclear Facilities.—Funds available to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983 may not be used to finance the construction of, the operation or maintenance of, or the supplying of fuel for, any nuclear facility in a foreign country unless the President certifies to the Congress that use of funds for such purpose is indispensable to the achievement of nonproliferation objectives which are uniquely significant and of paramount importance to the United States.

"SEC. 535. EMERGENCY ASSISTANCE.—(a) Of the funds appropriated to carry out this chapter, up to $75,000,000 for the fiscal year 1982 and up to $75,000,000 for the fiscal year 1983 may be made available for emergency use under this chapter when the national interests of the United States urgently require economic support to promote economic or political stability.

"(b) Notwithstanding any provision of this chapter or of an appropriations Act (including a joint resolution making continuing appropriations) which earmarks funds available to carry out this chapter for a specific country or purpose, up to 5 percent of each amount so earmarked may be used to carry out this section.

"SEC. 536. SPECIAL REQUIREMENTS FUND.—Of the amounts appropriated to carry out this chapter, up to $75,000,000 for the fiscal year 1982 may be made available as a special requirements fund, except that such funds may not be obligated unless the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committee on Appropriations of each House of the Congress are notified fifteen days in advance of such obligation.

"SEC. 537. TUNISIA.—Of the funds authorized to be appropriated to carry out this chapter for the fiscal years 1982 and 1983, not less than $5,000,000 for each such year shall be available for Tunisia.

"SEC. 538. COSTA RICA.—Of the funds authorized to be appropriated to carry out this chapter for the fiscal years 1982 and 1983, not less than $15,000,000 for each such year shall be available only for Costa Rica for the purposes of economic assistance.

"SEC. 539. NICARAGUA.—Of the funds authorized to be appropriated to carry out this chapter, $20,000,000 for the fiscal year 1982 and $20,000,000 for the fiscal year 1983 shall be available only for Nicaragua.".

ACQUISITION OF AGRICULTURAL COMMODITIES AND RELATED PRODUCTS UNDER COMMODITY IMPORT PROGRAMS

SEC. 203. The Congress directs the President to allocate at least 15 percent of the funds which are made available each fiscal year under this title for commodity import programs for use in financing the purchase of agricultural commodities and agricultural-related products which are of United States-origin.

TITLE III—DEVELOPMENT ASSISTANCE

AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

SEC. 301. (a) The first sentence of section 103(a)(2) of the Foreign Assistance Act of 1961 is amended by striking out "$713,500,000 for the fiscal year 1981" and inserting in lieu thereof "$700,000,000 for the fiscal year 1982 and $700,000,000 for the fiscal year 1983, of which up to $1,000,000 for each such fiscal year shall be available only to carry out section 316 of the International Security and Development Cooperation Act of 1980".

(b)(1) It is the sense of the Congress that the United States should strongly support the efforts of developing countries to improve infant feeding practices, in particular through the promotion of breast feeding. As a demonstration of that support, the President is authorized to use up to $5,000,000 of the funds made available for the fiscal year 1982 to carry out the purpose of sections 103 and 104(c) of the Foreign Assistance Act of 1961 in order to assist developing countries establish or improve programs to encourage improved infant feeding practices. In carrying out this paragraph, the Agency for International Development should provide funds for necessary research to obtain better information on the precise nature and magnitude of problems relating to infant feeding practices, including the use of infant formula, in developing countries.

(2) The President shall, as part of the congressional presentation documentation for the fiscal years 1983 and 1984, include information relevant to the implementation of this subsection, including—

(A) a description of actions taken by the Agency for International Development to promote breastfeeding and to improve supplemental infant feeding practices in developing countries through funds made available in this subsection and through its regular programs in the fields of health, nutrition, and population activities;

(B) summary of the results of studies authorized by this subsection on the nature and magnitude of problems in developing countries related to infant feeding practices; and

(C) a summary of reports by member countries of the World Health Organization on their actions to implement the International Code of Marketing of Breast Milk Substitutes.

(c) Section 103 of such Act is amended by adding at the end thereof the following new subsection.

"(g) In order to carry out the purposes of this section, the President may continue to participate in and may provide, on such terms and conditions as he may determine, up to $180,000,000 to the International Fund for Agricultural Development. There are authorized to be appropriated to the President for the purposes of this subsection $180,000,000, except that not more than $40,500,000 may be appropriated under this subsection for the fiscal year 1982. Amounts appropriated under this subsection are authorized to remain available until expended.".

POPULATION AND HEALTH

SEC. 302. (a) Section 104(g) of the Foreign Assistance Act of 1961 is amended by striking out the first sentence and inserting in lieu thereof the following: "There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes—

"(1) $211,000,000 for the fiscal year 1982 and $211,000,000 for the fiscal year 1983 to carry out subsection (b) of this section; and

"(2) $133,405,000 for the fiscal year 1982 and $133,405,000 for the fiscal year 1983 to carry out subsection (c) of this section.

Of the funds appropriated for each of the fiscal years 1982 and 1983 to carry out subsection (b) of this section, not less than 16 percent or $38,000,000, whichever amount is

less, shall be available only for the United Nations Fund for Population Activities.".

(b) Section 104(f) of such Act is amended by adding at the end thereof the following:

"(3) None of the funds made available to carry out this part may be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.".

EDUCATION AND HUMAN RESOURCES DEVELOPMENT

SEC. 303. (a) The second sentence of section 105(a) of the Foreign Assistance Act of 1961 is amended by striking out "$101,000,000 for the fiscal year 1981" and inserting in lieu thereof "$103,600,000 for the fiscal year 1982 and $103,600,000 for the fiscal year 1983".

(b) Such section is further amended by adding at the end thereof the following: "For each of the fiscal years 1982 and 1983, the President shall use not less than $4,000,000 of the funds made available for the purposes of this section to finance scholarships for undergraduate or professional education in the United States for South African students who are disadvantaged by virtue of legal restrictions on their ability to get an adequate undergraduate or professional education, except that up to $1,000,000 of the funds made available for each such fiscal year under chapter 4 of part II of this Act for southern African regional programs may be used to finance such scholarships in lieu of an equal amount under this section.".

ENERGY, PRIVATE VOLUNTARY ORGANIZATIONS, AND SELECTED DEVELOPMENT ACTIVITIES

SEC. 304. (a) Section 106(d)(3) of the Foreign Assistance Act of 1961 is amended by inserting immediately before the semicolon at the end thereof the following: "and programs of disaster preparedness, including the prediction of and contingency planning for natural disasters abroad".

(b) Section 106(e)(1) of such Act is amended by striking out "$140,000,000 for the fiscal year 1981" and inserting in lieu thereof "$147,200,000 for the fiscal year 1982 and $147,200,000 for the fiscal year 1983".

UNITED NATIONS DECADE FOR WOMEN

SEC. 305. Section 113 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(c) Not less than $500,000 of the funds made available under this chapter for the fiscal year 1982 shall be expended on international programs which support the original goals of the United Nations Decade for Women.".

HUMAN RIGHTS

SEC. 306. The first sentence of section 116(e) of the Foreign Assistance Act of 1961 is amended by striking out "the fiscal year 1981" and inserting in lieu thereof "each of the fiscal years 1982 and 1983".

ENVIRONMENT AND NATURAL RESOURCES

SEC. 307. Section 118 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 118. ENVIRONMENT AND NATURAL RESOURCES.—(a) The Congress finds that if current trends in the degradation of natural resources in developing countries continue, they will severely undermine the best efforts to meet basic human needs, to achieve sustained economic growth, and to prevent international tension and conflict. The Congress also finds that the world faces enormous, urgent, and complex problems, with respect to natural resources, which require new forms of cooperation between the United States and developing countries to prevent such problems from becoming unmanageable. It is, therefore, in the economic and security interests of the United States to provide leadership both in thoroughly reassessing policies relating to natural resources and the environment, and in cooperating extensively with developing countries in order to achieve environmentally sound development.

"(b) In order to address the serious problems described in subsection (a), the President is authorized to furnish assistance under this part for developing and strengthening the capacity of developing countries to protect and manage their environment and natural resources. Special efforts shall be made to maintain and where possible to restore the land, vegetation, water, wildlife, and other resources upon which depend economic growth and human well-being, especially of the poor.

"(c)(1) The President, in implementing programs and projects under this chapter, shall take fully into account the impact of such programs and projects upon the environment and natural resources of developing countries. Subject to such procedures as the President considers appropriate, the President shall require all agencies and officials responsible for programs or projects under this chapter—

"(A) to prepare and take fully into account an environmental impact statement for any program or project under this chapter significantly affecting the environment of the global commons outside the jurisdiction of any country, the environment of the United States, or other aspects of the environment which the President may specify; and

"(B) to prepare and take fully into account an environmental assessment of any proposed program or project under this chapter significantly affecting the environment of any foreign country.

Such agencies and officials should, where appropriate, use local technical resources in preparing environmental impact statements and environmental assessments pursuant to this subsection.

"(2) The President may establish exceptions from the requirements of this subsection for emergency conditions and for cases in which compliance with those requirements would be seriously detrimental to the foreign policy interests of the United States.

"(d)(1) In enacting section 103(b)(3) of this Act the Congress recognized the importance of forests and tree cover to the developing countries. The Congress is particularly concerned about the continuing and accelerating alteration, destruction, and loss of tropical forest in developing countries. Tropical forests constitute a major world resource. There destruction and loss pose a serious threat to development and the environment in developing countries. Tropical forest destruction and loss result in shortages of wood, especially wood for fuel; siltation of lakes, reservoirs and irrigation systems; floods; destruction of indigenous peoples; extinction of plant and animal species; reduced capacity for food production; and loss of genetic resources; and can result in decertification and in destabilization of the earth's climate. Properly managed tropical forests provide a sustained source of fiber and other commodities essential to the economic growth of developing countries.

"(2) The concerns expressed in paragraph (1) and the recommendations of the United States Interagency Task Force on Tropical Forests shall be considered by the President—

"(A) in formulating and carrying out programs and policies with respect to developing countries, including those relating to bilateral and multilateral assistance and those relating to private sector activities, and

"(B) in seeking opportunities to coordinate public and private development and investment activities which affect forests in developing countries.

"(3) It is the sense of the Congress that the President should instruct the representatives of the United States to the United Nations and to other appropriate international organizations to urge—

"(A) that higher priority be given in the programs of these organizations to the problems of tropical forest alteration and loss, and

"(B) that there be improved cooperation and coordination among these organizations with respect to tropical forest activities.".

SAHEL DEVELOPMENT PROGRAM—IMPLEMENTATION

SEC. 308. (a) Section 121(c) of the Foreign Assistance Act of 1961 is amended in the third sentence by striking out "$88,442,000 for the fiscal year 1981" and inserting in lieu thereof "$86,558,000 for the fiscal year 1982 and $86,558,000 for the fiscal year 1983".

(b) Section 121 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Funds available to carry out this section (including foreign currencies acquired with funds appropriated to carry out this section) may not be made available to any foreign government for disbursement unless the Administrator of the Agency for International Development determines that the foreign government will maintain a system of accounts with respect to those funds which will provide adequate identification of and control over the receipt and expenditure of those funds.".

PRIVATE AND VOLUNTARY ORGANIZATIONS

SEC. 309. Section 123 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsections:

"(f) For each of the fiscal years 1982, 1983, and 1984, funds in an amount not less than twelve percent of the aggregate amount appropriated for that fiscal year to carry out sections 103(a), 104(b), 104(c), 105, 106, 121, and 491 of this Act shall be made available for the activities of private and voluntary organizations, and the President shall seek to channel funds in an amount not less than sixteen percent of such aggregate amount for the activities of private and voluntary organizations.

"(g) After December 31, 1984, funds made available to carry out section 103(a), 104(b), 104(c), 105, 106, 121, or 491 of this Act may not be made available for programs of any United States private and voluntary organization which does not obtain at least 20 percent of its total annual financial support for its international activities from sources other than the United States Government, except that this restriction does not apply with respect to programs which, as of that date, are receiving financial support from the agency primarily responsible for administering this part. The Administrator of the agency primarily responsible for administering this part may, on a case-by-case basis, waive the restriction established by this subsection, after taking into account the effectiveness of the overseas development activi-

ties of the organization, its level of volunteer support, its financial viability and stability, and the degree of its dependence for its financial support on the agency primarily responsible for administering this part.".

HOUSING GUARANTY PROGRAMS

SEC. 310. (a) Section 222(a) of the Foreign Assistance Act of 1961 is amended—

(1) in the second sentence by striking out "$1,555,000,000" and inserting in lieu thereof "$1,718,000,000"; and

(2) in the third sentence by striking out "September 30, 1982" and inserting in lieu thereof "September 30, 1984".

(b) Section 223(b) of such Act is amended by adding at the end thereof the following: "All of the foregoing fees referred to in this section together with earnings thereon and other income arising from guaranty operations under this title shall be held in a revolving fund account maintained in the Treasury of the United States. All funds in such account may be invested in obligations of the United States. Any interest or other receipts derived from such investments shall be credited to such account and may be used for the purposes cited in this section.".

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 311. (a) Section 301 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(h) The President is authorized to permit the United States to participate in and to use any of the funds made available under this part after the date of enactment of this subsection for the purpose of furnishing assistance (on such terms and conditions as the President may determine) to the International Food Policy Research Institute.".

(b) Section 302(a)(1) of such Act is amended by striking out "$233,350,000 for the fiscal year 1981" and inserting in lieu thereof "$218,600,000 for the fiscal year 1982 and $218,600,000 for the fiscal year 1983. Of the funds appropriated under this paragraph for each of the fiscal years 1982 and 1983, (A) not less than 19.6 percent or $45,000,000, whichever amount is less, shall be available only for the United States Children's Fund, (B) not less than 59.5 percent or $134,500,000, whichever amount is less, shall be available only for the United Nations Development Fund, (C) not less than 4.4 percent or $10,000,000, whichever amount is less, shall be available only for the United Nations Environment Fund, (D) not less than .159 percent or $400,000, whichever amount is less, shall be available only for the United Nations Trust Fund for Southern Africa, and (E) not less than .196 percent or $500,000, whichever amount is less, shall be available only for the United Nations Institute for Training and Research".

TRADE AND DEVELOPMENT PROGRAM

SEC. 312. (a) The section caption of section 661 of the Foreign Assistance Act of 1961 is amended by striking out "REIMBURSABLE DEVELOPMENT PROGRAMS" and inserting in lieu thereof "TRADE AND DEVELOPMENT PROGRAM".

(b) Such section 661 is further amended—

(1) by inserting "(a)" immediately before "The President";

(2) in the first sentence by striking out "to use $4,000,000 of the funds made available for the fiscal year 1981 for the purposes of this Act"; and

(3) by adding at the end thereof the following new subsection:

"(b) There are authorized to the appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, $6,907,000 for the fiscal year 1982 and $6,907,000 for the fiscal year 1983. Amounts appropriated under this subsection are authorized to remain available until expended.".

AFRICAN DEVELOPMENT FOUNDATION

SEC. 313. Section 510 of the International Security and Development Cooperation Act of 1980 is amended—

(1) by striking out "for the fiscal year 1981"; and

(2) by striking out "$2,000,000" and inserting in lieu thereof "not less than $2,000,000 for the fiscal year 1982 and up to $2,000,000 for the fiscal year 1983"

TITLE IV—FOOD FOR PEACE PROGRAMS

REPEAL OF OBSOLETE FOREIGN CURRENCY PROVISIONS

SEC. 401. The Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in section 101, by striking out "for foreign currencies" and inserting in lieu thereof ", to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement";

(2) by amending section 103(b) to read as follows:

"(b) except where the President determines that it would be inconsistent with the objectives of this Act, determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (e), and (h) of section 104 and in title III, and the agreements for credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities; and such payment may be considered as an advance payment of the earliest installments;";

(3) in section 103(d), by striking out "(1)" and by striking out ", or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government";

(4) in section 103(l), by striking out "obtain commitments from friendly" and all that follows through "United States of America, and";

(5) in section 104—

(A) in the text preceding subsection (a), by striking out "this title" and inserting in lieu thereof "agreements for such sales entered into prior to January 1, 1972,"; and

(B) in paragraph (3) of the proviso following subsection (k), by striking out "(except as provided in subsection (c) of this section),";

(6) in section 106(a)—

(A) by inserting "(1)" after "(a)"; and

(B) by adding at the end thereof the following:

"(2) Payment by any friendly country for commodities purchased for foreign currencies on credit terms and on terms which permit conversion to dollars shall be upon terms no less favorable to the United States than those for development loans made under section 122 of the Foreign Assistance Act of 1961.";

(7) by repealing section 108; and

(8) by repealing section 109(b).

EMERGENCY OR EXTRAORDINARY RELIEF REQUIREMENTS

SEC. 402. Section 104(d) of the Agricultural Trade Development and Assistance Act of 1954 is amended by stiking out "$5,000,000" and inserting in lieu thereof "$10,000,000".

SELF-HELP MEASURES TO INCREASE AGRICULTURAL PRODUCTION; VERIFICATION OF SELF-HELP PROVISIONS

SEC. 403. (a) Section 109(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) by inserting in paragraph (3) immediately before the semicolon ", and reducing illiteracy among the rural poor";

(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by inserting the following new paragraph immediately after paragraph (10):

"(11) carrying out programs to improve the health of the rural poor.".

(b) Section 109 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof a new subsection as follows:

"(d)(1) In each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake shall be described (A) to the maximum extent feasible, in specific and measurable terms, and (B) in a manner which ensures that the needy people in the recipient country will be the major beneficiaries of the self-help measures pursuant to each agreement.

"(2) The President shall, to the maximum extent feasible, take appropriate steps to assure that, in each agreement entered into under this title and in each amendment to such an agreement, the self-help measures agreed to are additional to the measures that the recipient country otherwise would have undertaken irrespective of that agreement or amendment.

"(3) The President shall take all appropriate steps to determine whether the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out.".

(c) The amendments made by this section shall not be effective if the Agriculture and Food Act of 1981 is enacted (either before or after the enactment of this Act) and contains the same amendments.

TITLE II MINIMUM

Sec. 404. Section 201(b)(3) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "1,400,000 metric tons" and inserting in lieu thereof "1,200,000 metric tons for nonemergency programs".

TITLE V—OTHER ASSISTANCE PROGRAMS

AMERICAN SCHOOLS AND HOSPITALS ABROAD

SEC. 501. Section 214(c) of the Foreign Assistance Act of 1961 is amended by striking out "$30,000,000 for the fiscal year 1981" and inserting in lieu thereof "$20,000,000 for the fiscal year 1982 and $20,000,000 for the fiscal year 1983".

INTERNATIONAL NARCOTICS CONTROL

SEC. 502. (a)(1) Section 481(d) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(d)(1) The Secretary of State shall inform the Secretary of Health and Human Services of the use or intended use by any country or international organization of any herbicide to eradicate marihuana in a program receiving assistance under this chapter.

"(2) The Secretary of Health and Human Services shall monitor the impact on the health of persons who may use or consume marihuana of the spraying of a herbicide to eradicate such marihuana in a program re-

ceiving assistance under this chapter, and if the Secretary determines that such persons are exposed to amounts of such herbicide which are harmful to their health, the Secretary shall prepare and transmit a report to the Congress setting forth such determination together with any recommendations the Secretary may have.

"(3) Of the funds authorized to be appropriated for the fiscal year 1982 under section 482, the President is urged to use not less than $100,000 to develop a substance that clearly and readily warns persons who may use or consume marihuana that it has been sprayed with the herbicide paraquat or other herbicide harmful to the health of such persons.

"(4) If the Secretary of Agriculture determines that a substance has been developed that clearly and readily warns persons who may use or consume marihuana that it has been sprayed with the herbicide paraquat or other herbicide harmful to the health of such persons, such substance shall be used in conjunction with the spraying of paraquat or such other herbicide in any program receiving assistance under this chapter.".

(2) Assistance provided from funds appropriated, before the enactment of this Act, to carry out section 481 of the Foreign Assistance Act of 1961 may be made available for purposes prohibited by subsection (d) of such section as in effect immediately before the enactment of this subsection.

(3) Funds appropriated for the fiscal year 1980 to carry out section 481 of the Foreign Assistance Act of 1961 which were obligated for assistance for the Republic of Columbia may be used for purposes other than those set forth in section 482(a)(2) of that Act as in effect immediately before the enactment of the International Security and Development Cooperation Act of 1980.

(4) Paragraphs (2) and (3) of this subsection shall apply only to the extent provided in advance in an appropriations Act. For such purpose, the funds described in those paragraphs are authorized to be made available for the purposes specified in those paragraphs.

(b) Section 481 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(3) Not later than February 1 of each year, the President shall transmit to the Speaker of the House of Representatives, and to the Committee on Foreign Relations of the Senate, a report on the status of the United States policy to establish and encourage an international strategy to prevent the illicit production of and to interdict and intercept trafficking in narcotics.".

(c) Section 482(a) of such Act is amended to read as follows:

"(a)(1) To carry out the purposes of section 481, there are authorized to be appropriated to the President $37,700,000 for the fiscal year 1982 and $37,700,000 for the fiscal year 1983.

"(2) Amounts appropriated under this subsection are authorized to remain available until expended.".

INTERNATIONAL DISASTER ASSISTANCE

SEC. 503. Section 492(a) of the Foreign Assistance Act of 1961 is amended by striking out "$25,000,000 for the fiscal year 1981" and inserting in lieu thereof "$27,000,000 for the fiscal year 1982 and $27,000,000 for the fiscal year 1983".

ASSISTANCE FOR DISPLACED PERSONS IN CENTRAL AMERICA

SEC. 504. Chapter 9 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 495I. ASSISTANCE FOR DISPLACED PERSONS IN CENTRAL AMERICA.—(a)(1) The Congress recognizes that prompt United States assistance is necessary to help meet the basic human needs of persons displaced by strife in El Salvador. Therefore, the President is authorized to furnish assistance, on such terms and conditions as he may determine, to help alleviate the suffering of these displaced persons. Assistance provided under this section shall be for humanitarian purposes, with emphasis on the provision of food, medicine, medical care, and shelter and, where possible, implementation of other relief and rehabilitation activities. The Congress encourages the use, where appropriate, of the services of private and voluntary organizations and international relief agencies in the provision of assistance under this section.

"(2) The Congress understands that the country of Belize has expressed interest and willingness in the resettlement in its territory of Haitian nationals who desire to settle in Belize. Therefore, the President is authorized to furnish assistance, on such terms and conditions as he may determine, to assist the Government of Belize in the resettlement of Haitian nationals in the national territory of Belize.

"(b) There are authorized to be appropriated to the President for the purposes of this section, in addition to amounts otherwise available for such purposes, $5,000,000 for the fiscal year 1982 and $5,000,000 for the fiscal year 1983. Amounts appropriated under this section are authorized to remain available until expended.

"(c) Assistance under this section shall be provided in accordance with the policies and utilizing the general authorities provided in section 491.".

TITLE VI—PEACE CORPS

ESTABLISHMENT AS AN INDEPENDENT AGENCY

SEC. 601. (a) The Peace Corps Act (22 U.S.C. 2501 et seq.) is amended by inserting the following new section 2A immediately after section 2:

"PEACE CORPS AS AN INDEPENDENT AGENCY

"SEC. 2A. Effective on the date of the enactment of the International Security and Development Cooperation Act of 1981, the Peace Corps shall be an independent agency within the executive branch and shall not be an agency within the ACTION Agency or any other department or agency of the United States.".

(b) There are transferred to the Director of the Peace Corps all functions relating to the Peace Corps which were vested in the Director of the ACTION Agency on the day before the date of the enactment of this Act.

(c)(1) All personnel, assets, liabilities, contracts, property, records, and unexpected balance of appropriations, authorizations, allocations, and other funds as are determined by the Director of the Office of Management and Budget, after consultation with the Comptroller General of the United States, the Director of the Peace Corps, and the Director of the ACTION Agency, to be employed, held, used, or assumed primarily in connection with any function relating to the Peace Corps before the date of the enactment of this Act are transferred to the Peace Corps. The transfer of unexpended balances pursuant to the preceding sentence shall be subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c).

(2)(A) The transfer pursuant to this subsection of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any employee to be separated or reduced in rank, class, grade, or compensation, or otherwise suffer a loss of employment benefits for one year after—

(i) the date on which the Director of the Office of Management and Budget submits the report required by subsection (f)(1) of this section, or

(ii) the effective date of the transfer of such employee.

whichever occurs later.

(B) The personnel transferred pursuant to this subsection shall, to the maximum extent feasible, be assigned to such related functions and organizational units in the Peace Corps as such personnel were assigned to immediately before the date of the enactment of this Act.

(C) Collective-bargaining agreements in effect on the date of the enactment of this Act covering personnel transferred pursuant to this subsection or employed on such date of enactment by the Peace Corps shall continue to be recognized by the Peace Corps until the termination date of such agreements or until such agreements are modified in accordance with applicable procedures.

(3) Under such regulations as the President may prescribe, each person who, immediately before the date of the enactment of this Act, does not hold an appointment under section 7(a)(2) of the Peace Corps Act and who is determined under paragraph (1) of this subsection to be employed primarily in connection with any function relating to the Peace Corps shall, effective on the date of the enactment of this Act, and notwithstanding subparagraph (B) of section 7(a)(2) of the Peace Corps Act, be appointed a member of the Foreign Service under section 7(a)(2) of the Peace Corps Act, and be appointed or assigned to an appropriate class of the Foreign Service, except that—

(A) any person who, immediately before such date of enactment, holds a career or career-conditional appointment shall not, without the consent of such person, be so appointed until three years after such date of enactment, during which period any such person not consenting to be so appointed may continue to hold such career or career-conditional appointment; and

(B) each person so appointed who, immediately before such date of enactment held a career or career-conditional appointment at grade GS-8 or lower of the General Schedule established by section 5332 of title 5, United States Code, shall be appointed a member of the Foreign Service for the duration of operations under the Peace Corps Act.

Each person appointed under this paragraph shall receive basic compensation at the rate of such person's class determined by the President to be appropriate, except that the rate of basic compensation received by such person immediately before the effective date of such person's appointment under this paragraph shall not be reduced as a result of the provisions of this paragraph.

(d)(1) Section 4(b) of the Peace Corps Act (22 U.S.C. 2503(b)) is amended by striking out "such agency or officer of the United States Government as he shall direct. The head of any such agency or any such officer" and inserting in lieu thereof "the Director of the Peace Corps. The Director of the Peace Corps".

(2) The Director of the Peace Corps shall continue to exercise all the functions under the Peace Corps Act or any other law or authority which the Director was performing on December 14, 1981.

(e)(1) Section 3 of the Peace Corps Act (22 U.S.C. 2502) is amended by repealing subsections (d), (e), and (f) and by redesignating subsection (g) as subsection (d).

(2) The amendment made by paragraph (1) of this subsection shall not alter or affect (A) the validity of any action taken before the date of the enactment of this Act under those provisions of law repealed by that amendment, or (B) the liability of any person for any payment described in section 3(f) of the Peace Corps Act as in effect immediately before the date of the enactment of this Act.

(f)(1) Not later than the thirtieth day after the date of the enactment of this Act, or February 15, 1982, whichever occurs later, the Director of the Office of Management and Budget, after consultation with the Director of the Peace Corps and the Director of the ACTION Agency, shall submit to the appropriate committees of the Congress and to the Comptroller General a report on the steps taken to implement the provisions of this title, including descriptions of the dispositions of administrative matters, including matters relating to personnel, assets, liabilities, contracts, property, records, and unexpended balances or appropriations, authorizations, allocations, and other funds employed, used, held, available, or to be made available in connection with functions or activities relating to the Peace Corps.

(2) Not later than the forty-fifth day after the date of the enactment of this Act, or March 1, 1982, whichever occurs later, the Comptroller General shall submit to the appropriate committees of the Congress a report stating whether, in the judgment of the Comptroller General, determinations made by the Director of the Office of Management and Budget under subsection (c)(1) of this section were equitable.

(g) References in any statute, reorganization plan, Executive order, regulation, or other official document or proceeding to the ACTION Agency or the Director of the ACTION Agency with respect to functions or activities relating to the Peace Corps shall be deemed to refer to the Peace Corps or the Director of the Peace Corps, respectively.

AUTHORIZATION OF APPROPRIATIONS

SEC. 602. (a) Section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)) is amended by striking out "fiscal year 1981 not to exceed $118,000,000" and inserting in lieu thereof "the fiscal year 1982 not to exceed $105,000,000 and for the fiscal year 1983 not to exceed $105,000,000".

(b) Section 3(c) of such Act is amended by striking out "fiscal year 1981" and inserting in lieu thereof "each fiscal year".

INTEGRATION OF DISABLED PEOPLE

SEC. 603. Section 3 of the Peace Corps Act (22 U.S.C. 2502) is amended by adding at the end thereof the following new subsection:

"(h) In recognition of the fact that there are over 400,000,000 disabled people in the world, 95 percent of whom are among the poorest of the poor, the Peace Corps shall be administered so as to give particular attention to programs, projects, and activities which tend to integrate disabled people into the national economies of developing countries, thus improving their status and assisting the total development effort.".

RESTORATION OF CERTAIN AUTHORITIES FORMERLY CONTAINED IN THE FOREIGN SERVICE ACT

SEC. 604. (a) Section 10 of the Peace Corps Act (22 U.S.C. 2509) is amended by adding at the end thereof the following new subsections:

"(i) The Director of the Peace Corps shall have the same authority as is available to the Secretary of State under section 26(a) of the State Department Basic Authorities Act of 1956. For purposes of this subsection, the reference in such section 26(a) to a principal officer of the Foreign Service shall be deemed to be a reference to a Peace Corps representative and the reference in such section to a member of the Foreign Service shall be deemed to be a reference to a person employed, appointed, or assigned under this Act.

"(j) The provisions of section 30 of the State Department Basic Authorities Act of 1956 shall apply to volunteers and persons employed, appointed, or assigned under this Act. For purposes of this subsection, references to the Secretary in subsection (b) of such section shall be deemed to be references to the Director of the Peace Corps, references to the Secretary in subsection (f) of such section shall be deemed to be references to the President, and the reference in subsection (g) of such section to a principal representative of the United States shall be deemed to be a reference to a Peace Corps representative.".

(b) Section 5(h) of such Act is amended by striking out the last two sentences.

(c) To the extent that the authorities provided by the amendments made by subsection (a) are authorities which are not applicable with respect to the Peace Corps immediately before the enactment of this Act and which require the expenditure of funds, those authorities may not be exercised using any funds appropriated after February 15, 1981, and before the date of the enactment of this Act.

MISCELLANEOUS-CONFORMING AMENDMENTS

SEC. 605. (a) Section 9 of the Peace Corps Act (22 U.S.C. 2508) is amended by striking out "section 10(a)(4)" in the second sentence and inserting in lieu thereof "section 10(a)(5)".

(b) Section 18 of such Act (22 U.S.C. 2517) is repealed.

READJUSTMENT ALLOWANCE

SEC. 606. The first sentence of section 5(c) of the Peace Corps Act (22 U.S.C. 2504(c)) is amended by striking out "not to exceed $125" and inserting in lieu thereof "not less than $125".

TITLE VII—MISCELLANEOUS PROVISIONS

ADVANCE ACQUISITION OF PROPERTY

SEC. 701. Section 608(a) of the Foreign Assistance Act of 1961 is amended—

(1) in the first sentence—

(A) by inserting ", or (if a substantial savings would occur) other property already owned by an agency of the United States Government," immediately after "excess personal property", and

(B) by inserting "or supplementary to" immediately after "in lieu of"; and

(2) in the second sentence by inserting "any property available from an agency of the United States Government," immediately before "or other property".

CONSTRUCTION OF PRODUCTIVE ENTERPRISES IN EGYPT

SEC. 702. The first sentence of section 620(k) of the Foreign Assistance Act of 1961 is amended by striking out "for fiscal year 1977, fiscal year 1980, or fiscal year 1981".

COMPENSATION FOR PARTICIPATING AGENCY EMPLOYEES

SEC. 703. The first sentence of section 625(d) of the Foreign Assistance Act of 1961 is amended by striking out "together with allowances and benefits under that Act" and inserting in lieu thereof "or under chapter 53 of title 5, United States Code, or at any other rate authorized by law, together with allowances and benefits under the Foreign Service Act of 1980".

NOTIFICATION OF PROGRAM CHANGES

SEC. 704. Section 634A of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following: "Whenever a proposed reprogramming exceeds $1,000,000 and the total amount proposed for obligation for a country under this Act in a fiscal year exceeds by more than $5,000,000 the amount specified for that country in the report required by section 653(a) of this Act, notifications of such proposed reprogrammings shall specify—

"(1) the nature and purpose of such proposed obligation, and

"(2) to the extent possible at the time of the proposed obligation, the country for which such funds would otherwise have been obligated.".

INSPECTOR GENERAL

SEC. 705. (a) The Inspector General Act of 1978 is amended—

(1) in paragraph (1) of section 2, by inserting "the Agency for International Development," immediately after "Department of Transportation,";

(2) in section 11—

(A) in paragraph (1), by inserting "the Agency for International Development," immediately after "Administrator of"; and

(B) in paragraph (2), by inserting "the Agency for International Development," immediately after "Transportation or"; and

(3) by inserting immediately after section 8 the following new section 8A:

"SPECIAL PROVISIONS RELATING TO THE AGENCY FOR INTERNATIONAL DEVELOPMENT

"SEC. 8A. (a) In addition to the other duties and responsibilities specified in this Act, the Inspector General of the Agency for International Development—

"(1) shall supervise, direct, and control all security activities relating to the programs and operations of that Agency, subject to the supervision of the Administrator of that Agency; and

"(2) to the extent requested by the Director of the United States International Development Cooperation Agency (after consultation with the Administrator of the Agency for International Development), shall supervise, direct, and control all audit, investigative, and security activities relating to programs and operations within the United States International Development Cooperation Agency.

"(b) In addition to the Assistant Inspectors General provided for in section 3(d) of this Act, the Inspector General of the Agency for International Development shall, in accordance with applicable laws and regulations governing the civil service, appoint an Assistant Inspector General for Security who shall have the responsibility for supervising the performance of security activities relating to programs and operations of the Agency for International Development.

"(c) The semiannual reports required to be submitted to the Administrator of the Agency for International Development pursuant to section 5(b) of this Act shall also be submitted to the Director of the United States International Development Cooperation Agency.

"(d) In addition to the officers and employees provided for in section 6(a)(6) of this Act, members of the Foreign Service

may, at the request of the Inspector General of the Agency for International Development, be assigned as employees of the Inspector General. Members of the Foreign Service so assigned shall be responsible solely to the Inspector General, and the Inspector General (or his or her designee) shall prepare the performance evaluation reports for such members.

"(e) In establishing and staffing field offices pursuant to section 6(c) of this Act, the Administrator of the Agency for International Development shall not be bound by overseas personnel ceilings established under the Monitoring Overseas Direct Employment policy.

"(f) The reference in section 7(a) of this Act to an employee of the establishment shall, with respect to the Inspector General of the Agency for International Development, be construed to include an employee of or under the United States International Development Cooperation Agency.

"(g) The Inspector General of the Agency for International Development shall be in addition to the officers provided for in section 624(a) of the Foreign Assistance Act of 1961.

"(h) As used in this Act, the term 'Agency for International Development' includes any successor agency primarily responsible for administering part I of the Foreign Assistance Act of 1961.".

(b)(1) Section 624(g) of the Foreign Assistance Act of 1961 is repealed.

(2) Section 239(e) of such Act is amended by striking out "Auditor General" each of the three places it appears and inserting in lieu thereof "Inspector General".

(3) Section 5316 of title 5, United States Code, is amended by striking out "Auditor General of the Agency for International Development" and inserting in lieu thereof "Inspector General, Agency for International Development".

(c) The individual holding the position of Inspector General of the Agency for International Development on the date of enactment of this section shall not be required to be reappointed by reason of the enactment of this section.

OPERATING EXPENSES

SEC. 706. Section 667(a) of the Foreign Assistance Act of 1961 is amended—

(1) by striking out ", for the fiscal year 1981"; and

(2) in paragraph (1) by striking out "293,800,000" and inserting in lieu thereof "$335,600,000 for the fiscal year 1982 and $335,600,000 for the fiscal year 1983".

TECHNICAL AMENDMENT

SEC. 707. The last sentence of section 620(f) of the Foreign Assistance Act of 1961 is amended to read as follows: "For the purposes of this subsection, the phrase 'Communist country' includes specifically, but is not limited to, the following countries:

"Czechoslovak Socialist Republic.
"Democratic People's Republic of Korea.
"Estonia.
"German Democratic Republic.
"Hungarian People's Republic.
"Latvia.
"Lithuania.
"Mongolian People's Republic.
"People's Republic of Albania.
"People's Republic of Bulgaria.
"People's Republic of China.
"Polish People's Republic.
"Republic of Cuba.
"Socialist Federal Republic of Yugoslavia.
"Socialist Republic of Romania.
"Socialist Republic of Vietnam.
"Tibet.
"Union of Soviet Socialist Republics (including its captive constituent republics).".

EMERGENCY HUMANITARIAN HELP FOR THE PEOPLE OF POLAND

SEC. 708. (a) The people of Poland, with whom the people of the United States have a longstanding friendship, now face serious domestic food shortages which will be worsened by large-scale loss of the livestock this winter if feed supplies do not arrive quickly. Therefore, the President is urged, for urgent humanitarian reasons, to use existing authorities promptly in order to provide to the people of Poland, under as favorable terms as possible, feed grains from Commodity Credit Corporation stocks or other appropriate commodities.

(b) For the longer term, the President is encouraged to pursue discussions with other Western countries about a multilateral effort to help the people of Poland achieve self-sustaining economic recovery in the years ahead.

(c) Chapter 4 of part II of the Foreign Assistance Act of 1961, as amended by section 202 of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 540. POLAND.—Notwithstanding any other provision of law, $5,000,000 of the amount authorized to be appropriated to carry out this chapter for the fiscal year 1982 shall be available only for Poland for the purchase, transportation, and distribution of food and medical supplies through private and voluntary agencies where appropriate.".

USE OF CERTAIN POLISH CURRENCIES

SEC. 709. (a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, section 508 of the General Government Matters, Department of Commerce, and Related Agencies Appropriation Act, 1962, or any other provision of law, the currencies or credits received by the United States from the April 1981 sale and from the October 1981 sale of United States Government-held surplus dairy products to Poland shall, to such extent as may be provided in advance in an appropriation Act, be used by the President in Poland to serve United States interests, including use for activities of common benefit to the people of the United States and the people of Poland, such as joint programs in energy, agriculture, education, science, health, and culture, or for humanitarian activities.

(b) Notwithstanding any other provision of law, the availability or expenditure of such foreign currencies or credits shall not affect or reduce appropriations otherwise available for the purposes described in subsection (a).

FINDINGS REGARDING GLOBAL SECURITY

SEC. 710. (a) The Congress finds that the security of the United States and other countries is increasingly affected by a broad range of global problems including shortages or potential shortages of food, oil, water, wood, and other basic mineral and natural resources; desperate poverty; sickness; population pressures; environmental deterioration, including soil erosion and water pollution; and large-scale and destabilizing refugee problems.

(b) The Congress finds that hunger, disease, and extreme poverty are among the most critical of these global problems. As ever greater numbers of people perceive the disparity between their own continuing deprivation and the prosperity of others, and judge their predicament to be neither just nor inevitable, it becomes increasingly likely that there will be unrest and violence with consequent disruption of the flow of essential materials, adverse effects on the world economy, decreased likelihood of cooperative efforts toward meeting the other critical problems threatening national and global security, and increased likelihood of confrontation between nations which possess nuclear arms.

Therefore, the Congress finds that the Nation's understanding of global and national security must be broad enough to include the problems cited in this section, and that adequate protection of the security of the United States requires effective action on these global problems, and in particular on the problems of hunger, disease, and extreme poverty.

WORLD FOOD SECURITY RESERVES

SEC. 711. (a) The Congress finds that—

(1) the Congress recently passed and the President signed into law an Act which provides for establishment of a United States food security reserve of up to four million metric tons of wheat to be used for emergency food assistance;

(2) the food import needs of developing countries will increase over the next ten years; and

(3) other grain exporting countries could take additional steps to assure continuity of food assistance during food crisis years.

(b) The president shall encourage other grain exporting countries to establish their own food security reserves or take other measures that complement the United States food security reserve.

(c) The President shall report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one year after the enactment of this Act on the actions he has taken and the response of other countries to these proposals.

FINDINGS AND DECLARATION OF POLICY REGARDING WORLD HUNGER

SEC. 712. The Congress, affirming the value of human life, finds and declares that the elimination of hunger and its causes is of fundamental moral significance and, further, that it is the political, economic, and security interests of the United States. Therefore, the Congress declares that the elimination of hunger and its causes shall be a primary objective of United States relations with the developing countries.

REAFFIRMATION OF SUPPORT FOR HUMAN RIGHTS PROVISIONS

SEC. 713. (a) The Congress reaffirms its support for the various statutory provisions which have been enacted in order to promote internationally recognized human rights.

(b) It is the sense of the Congress that a strong commitment to the defense of human rights should continue to be a central feature of United States foreign policy.

IMMIGRANT VISAS FOR TAIWAN

SEC. 714. The approval referred to in the first sentence of section 202(b) of the Immigration and Nationality Act shall be considered to have been granted with respect to Taiwan (China).

LEBANON

SEC. 715. It is the sense of the Congress that the Government of the United States should continue to support diplomatic efforts to resolve the current crisis in Lebanon, and to pursue a comprehensive and co-

ordinated policy in Lebanon guided by the following principles:

(1) maintenance of an effective cease-fire throughout Lebanon;

(2) resolution of the issue of the Syrian missiles deployed in Lebanon;

(3) freedom, security, and opportunity for the Christian and all other Lebanese communities, including the Moslem, Druze, Armenian, and Jewish communities in Lebanon;

(4) reaffirmation of the historic United States-Lebanon relationship and strengthening the longstanding commitment of the United States to the independence, sovereignty, and territorial integrity of Lebanon, without partition, free from terrorism and violence, and free to determine its future without Soviet or other outside interference;

(5) generous international support for relief, rehabilitation, and humanitarian assistance for Lebanon, particularly for those Lebanese citizens who have suffered from the terrorism and violence of recent events;

(6) restoration of Lebanon's sovereignty free from outside domination or occupation; and

(7) support for a free and open national election.

USE OF CHEMICAL AND TOXIN WEAPONS

SEC. 716. (a) The Congress condemns the use of, and the provision for use of, chemical agents and toxin weapons against the peoples of Laos, Kampuchea, or Afghanistan.

(b) It is the sense of the Congress that the President should, acting through the Permanent Representative of the United States to the United Nations and all other appropriate diplomatic agents, seek definite measures to bring to an end actions by any party or government in using, and providing for use, chemical agents or toxin weapons against the people of Laos, Kampuchea, and Afghanistan, in violation of the spirit and the provisions of—

(1) the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (done at Washington, London, and Moscow on April 10, 1972);

(2) the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare (signed at Geneva on June 17, 1925); and

(3) customary international law.

(c) It is further the sense of Congress that the President should—

(1) allocate the highest possible priority to the development of further evidence clarifying the nature and origins of the chemical agents and toxin weapons being used against the peoples of Laos, Kampuchea, and Afghanistan; and

(2) vigorously seek a satisfactory explanation from the Government of the Soviet Union regarding the strong circumstantial and presumptive evidence of its role in the use, or provision for use, of such weapons.

(d) The Congress reiterates the concern expressed in House Resolution 644 (96th Congress), adopted by the House of Representatives on May 19, 1980, regarding the outbreak of pulmonary anthrax near Sverdlosk on April 3, 1979, and expresses its disappointment that the Soviet Union has failed adequately to respond to requests for data explaining this incident as provided in the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction.

(e) It is further the sense of Congress that the negotiation of a treaty prohibiting the development, production, and stockpiling of chemical weapons, with reliable verification provisions, should be given a high priority by the United States Government and by all foreign governments.

FINANCIAL OBLIGATIONS OF THE SOVIET UNION TO THE UNITED NATIONS

SEC. 717. (a) The Congress finds and declares that—

(1) the financing of the United Nations is the collective responsibility of all member nations;

(2) the International Court of Justice has determined that the expenses of the United Nations incurred in its peacekeeping operations are properly included as a part of the regular expenses of the United Nations;

(3) peacekeeping operations are vital to the mission of the United Nations and must be adequately financed if such operations are to continue; and

(4) the Government of the Union of Soviet Socialist Republics is currently $180,000,000 in arrears on its payments to the United Nations, primarily as a result of its refusal to pay for the peacekeeping operations of the United Nations.

(b) It is the sense of the Congress that the President, acting through the Permanent Representative of the United States to the United Nations, should undertake a diplomatic initiative to obtain payment by the Government of the Union of Soviet Socialist Republics of all its outstanding financial obligations to the United Nations, including its assessments with respect to the peacekeeping operations of the United Nations.

CONDEMNATION OF LIBYA FOR ITS SUPPORT OF INTERNATIONAL TERRORIST MOVEMENTS

SEC. 718. (a) The Congress condemns the Libyan Government for its support of international terrorist movements, its efforts to obstruct positive movement toward the peaceful resolution of problems in the Middle East region, and its actions to destabilize and control governments of neighboring states in Africa.

(b) The Congress believes that the President should conduct an immediate review of concrete steps the United States could take, individually and in concert with its allies, to bring economic and political pressure on Libya to cease such activities, and should submit a report on that review to the Congress within one hundred eighty days after the date of enactment of this Act. Such a review should include the possibility of tariffs on or prohibitions against the import of crude oil from Libya.

UNITED STATES CITIZENS ACTING IN THE SERVICE OF INTERNATIONAL TERRORISM

SEC. 719. (a) It is the sense of the Congress that the spread of international terrorism poses a grave and growing danger for world peace and for the national security of the United States. As a part of its vigorous opposition to the activities of international terrorist leaders and the increase of international terrorism, the United States should take all steps necessary to ensure that no United States citizen is acting in the service of terrorism or of the proponents of terrorism.

(b) Not later than six months after the enactment of this Act, the President shall submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report which includes—

(1) a description of all legislation, currently in force, and of all administrative remedies, presently available, which can be employed to prevent the involvement, service, or participation by United States citizens in activities in support of international terrorism or terrorist leaders;

(2) an assessment of the adequacy of such legislation and remedies, and of the enforcement resources available to carry out such measures, to prevent the involvement, service, or participation by United States citizens in activities in support of international terrorism or terrorist leaders; and

(3) a description of available legislative and administrative alternatives, together with an assessment of their potential impact and effectiveness, which could be enacted or employed to put an end to the participation by United States citizens in activities in support of international terrorism or terrorist leaders.

NONALIGNED COUNTRIES

SEC. 720. (a) In considering whether to provide assistance, make sales, extend credits, or guarantee loans under the provisions of the Foreign Assistance Act of 1961, as amended, or the Arms Export Control Act, to any country represented at the Meeting of the Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the United Nations on September 25 and 28, 1981, the President shall take into account whether such country has disassociated itself from the communique issued following the meeting.

(b) Within thirty days after the date of enactment of this section, the President shall submit a report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the countries which have dissociated themselves from the nonaligned countries communique and on their methods of dissociation.

PROMOTING THE DEVELOPMENT OF THE HAITIAN PEOPLE AND PROVIDING FOR ORDERLY EMIGRATION FROM HAITI

SEC. 721. (a)(1) It is the sense of the Congress that up to $15,000,000 of the funds available for the fiscal year 1982 to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 should be made available for development assistance for Haiti, subject to the limitation in subsection (b) of this section.

(2) To the maximum extent practicable, assistance for Haiti for the fiscal year 1982 under chapter 1 of part I of the Foreign Assistance Act of 1961 should be provided through private and voluntary organizations.

(b) Funds available for the fiscal year 1982 to carry out chapter 1 of part I or chapter 2 or chapter 5 of part II of the Foreign Assistance Act of 1961 may be expended for Haiti, and credits and guarantees extended for the fiscal year 1982 under the Arms Export Control Act may be approved for use for Haiti, only if the President determines that the Government of Haiti—

(1) is cooperating with the United States in halting illegal emigration from Haiti;

(2) is not aiding, abetting, or otherwise supporting illegal emigration from Haiti;

(3) has provided assurances that it will cooperate fully in implementing United States development assistance programs in Haiti (including programs for prior fiscal years); and

(4) is not engaged in a consistent pattern of gross violations of internationally recognized human rights.

(c) Six months after the date of enactment of this Act, the President shall prepare and transmit to the Congress a report on the extent to which the actions of the Govern-

ment of Haiti are consistent with paragraphs (1), (2), (3), and (4) of subsection (b) of this section.

(d) Notwithstanding the limitations of section 660 of the Foreign Assistance Act of 1961, funds made available under such Act for the fiscal year 1982 and for the fiscal year 1983 may be used for programs with Haiti to assist in halting significant illegal emigration from Haiti to the United States.

COMPREHENSIVE ANALYSIS OF FOREIGN ASSISTANCE

SEC. 722. (a) It is the sense of Congress that at a time when major retrenchments and reappraisals are being made in domestic programs, it is also logical that, while maintaining past international commitments, the magnitude and direction of future foreign assistance programs should also be reviewed. As part of such a review process, the President is requested to provide a comprehensive report to the Congress on his approach to foreign assistance. Such report shall include an analysis and recommendations on the following issues:

(1) the relationship between foreign assistance and defense expenditures as means of conducting foreign policy;

(2) the appropriate mix between military and economic assistance;

(3) the strengths and weaknesses, and appropriate mix, of bilateral and multilateral assistance programs;

(4) the relevance of the basic human needs approach to current aid policy;

(5) the performance of other aid donors, and the benefits they derive from their programs;

(6) criteria for determining the appropriate size and composition of country programs;

(7) the appropriateness of the current mix of grants and loans, and the possibility of combining them with new or existing guarantee, insurance, and export credit programs;

(8) specific means to more actively engage the private sector in assistance programs; and

(9) the usefulness of current functional categories in constructing the development assistance budget.

(b) The Congress requests that the President provide to the Congress a preliminary report by March 31, 1982, and a final report by June 30, 1982, with respect to the issues referred to in subsection (a).

EXTERNAL DEBT BURDENS OF EGYPT, ISRAEL, AND TURKEY

SEC. 723. The Congress finds that the Governments of Egypt, Israel, and Turkey each have an enormous external debt burden which may be made more difficult by virtue of financing provided for those governments under various United States assistance programs. In order to assist the Congress in examining United States assistance for these countries, the President shall report to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate, not later than 120 days after the date of enactment of this Act and not later than one year after the date of enactment of this Act, regarding economic conditions prevailing in Egypt, Israel, and Turkey which may affect their respective ability to meet their international debt obligations and to stabilize their economies. These reports shall also analyze the impact on Egypt's economy of Arab sanctions against Egypt.

NICARAGUA

SEC. 724. (a) In furnishing assistance under this Act to the Government of Nicaragua, the President shall take into account the extent to which that Government has engaged in violations of internationally recognized human rights (including the right to organize and operate labor unions free from political oppression, the right to freedom of the press, and the right to freedom of religion) and shall encourage the Government of Nicaragua to respect those rights.

(b) In furnishing assistance under this Act to the Government of Nicaragua, the President shall take into account the extent to which that Government has fulfilled its pledge of July 1979 to the member states of the Organization of American States—

(1) to establish full respect for human rights in Nicaragua in accordance with the United Nations Universal Declaration of the Rights and Duties of Man and the Charter on Human Rights of the Organization of American States;

(2) to allow the free movement in Nicaragua of the Inter-American Commission on Human Rights; and

(3) to establish the framework for free and democratic elections so that the people of Nicaragua may elect their representatives to city councils, to constitutional assembly, and to Nicaragua's highest-ranking authorities, with such framework to include, but not be limited to, the full and complete opportunity for political activity of the Nicaraguan people.

(c) Assistance to the Government of Nicaragua under this Act shall be terminated if the President determines and reports to the Congress that the Government of Nicaragua cooperates with or harbors any international terrorist orgainzation or is aiding, abetting, or supporting acts of violence or terrorism in other countries, or that Soviet, Cuban, or other foreign combat military forces are stationed or situated within the borders of Nicaragua and the presence of such forces constitutes a threat to the national security of the United States or to any Latin American ally of the United States.

(d) Any agreement between the United States and the Government of Nicaragua regarding the use of funds appropriated to carry out this Act, which are to be made available in the form of loans, shall specifically require that to the maximum extent possible such loan funds, and any local currency generated in conjunction therewith, shall be used for assistance to the private sector. Local currency loan programs in Nicaragua shall be monitored and audited in accordance with section 624(g) of the Foreign Assistance Act of 1961.

(e) For each six-month period in which any funds are expended under this Act for Nicaragua, the President shall submit to the Speaker of the House of Representatives, and the chairman of the Committee on Foreign Relations of the Senate, a report accounting fully and in itemized detail for the amounts obligated and actually expended in Nicaragua.

ASSISTANCE AND SALES FOR ARGENTINA

SEC. 725 (a) Section 620B of the Foreign Assistance Act of 1961 is repealed.

(b) Notwithstanding any other provision of law, assistance may be provided to Argentina under chapter 2, 4, 5, or 6 of part II of the Foreign Assistance Act of 1961, credits (including participations in credits) may be extended and loans may be guaranteed with respect to Argentina under the Arms Export Control Act, defense articles and defense services may be sold to Argentina under the Arms Export Control Act, and export licenses may be issued to or for the Government of Argentina under section 38 of the Arms Export Control Act only if the President has submitted to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a detailed report certifying that—

(1) the Government of Argentina has made significant progress in complying with internationally recognized principles of human rights; and

(2) the provision of such assistance, credits, loan guaranties, defense articles, defense services, or export licenses is in the national interests of the United States.

(c) The Congress welcomes the actions of the Government of Argentina to adjudicate numerous cases of those detained under the National Executive Power of the Argentine Government, and the Congress hopes that progress will continue, especially with regard to providing information on citizens listed as "disappeared" and prisoners remaining at the disposition of the National Executive Power. In the process of making the determination required in paragraph (1) of subsection (b), among other things, the President shall consider—

(1) efforts by the Government of Argentina to provide information on citizens identified as "disappeared"; and

(2) efforts by the Government of Argentina to release or bring to justice those prisoners held at the disposition of the National Executive Power (PEN).

REPEAL OF LIMITATIONS ON ASSISTANCE, SALES, AND SALES CREDITS FOR CHILE

SEC. 726. (a) Section 406 of the International Security Assistance and Arms Export Control Act of 1976 (22 U.S.C. 2370 note) is repealed.

(b) Notwithstanding any other provision of law—

(1) no assistance may be furnished under chapter 2, 4, 5, or 6 of part II of the Foreign Assistance Act of 1961 to Chile;

(2) no sale of defense articles or services may be made under the Arms Export Control Act to Chile;

(3) no credits (including participation in credits) may be extended and no loan may be guaranteed under the Arms Export Control Act with respect to Chile; and

(4) no export licenses may be issued under section 38 of the Arms Export Control Act to or for the Government of Chile;

unless and until the President submits to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a detailed report certifying—

(A) that the Government of Chile has made significant progress in complying with internationally recognized principles of human rights;

(B) that the provision of such assistance, articles or services is in the national interest of the United States; and

(C) that the Government of Chile is not aiding or abetting international terrorism, and has taken appropriate steps to cooperate to bring to justice by all legal means available in the United States or Chile those indicted by a United States grand jury in connection with the murders of Orlando Letelier and Ronni Moffitt.

ASSISTANCE FOR EL SALVADOR

SEC. 727. (a) It is the sense of the Congress that assistance furnished to the Government of El Salvador, both economic and military, should be used to encourage—

(1) full observance of internationally recognized human rights in accordance with

sections 116 and 502B of the Foreign Assistance Act of 1961;

(2) full respect for all other fundamental human rights, including the right of freedom of speech and of the press, the right to organize and operate free labor unions, and the right to freedom of religion;

(3) continued progress in implementing essential economic and political reforms, including land reform and support for the private sector;

(4) a complete and timely investigation of the deaths of all United States citizens killed in El Salvador since October 1979;

(5) an end to extremist violence and the establishment of a unified command and control of all government security forces in this effort;

(6) free, fair, and open elections at the earliest date; and

(7) increased professional capability of the Salvadoran Armed Forces in order to establish a peaceful and secure environment in which economic development and reform and the democratic processes can be fully implemented, thereby permitting a phased withdrawal of United States military training and advisory personnel at the earliest possible date.

(b) It is the sense of the Congress that the United States economic assistance to El Salvador should put emphasis on revitalizing the private sector and supporting the free market system. The Congress recognizes that the lack of foreign exchange to buy imported raw materials and intermediate goods is a major impediment to the ability of the Salvadoran economy to provide jobs. The Congress also recognizes that the funds budgeted for economic assistance are only a fraction of the foreign exchange needed and United States economic aid should be used, wherever possible, to stimulate private sector lending. Therefore, the Congress urges the President to set aside a portion of the economic support funds to provide guarantees to private United States banks willing to give credits to the Salvadoran private sector.

RESTRICTIONS ON MILITARY ASSISTANCE AND SALES TO EL SALVADOR

SEC. 728. (a)(1) The Congress finds that peaceful and democratic development in Central America is in the interest of the United States and of the community of American States generally, that the recent civil strife in El Salvador has caused great human suffering and disruption to the economy of that country, and that substantial assistance to El Salvador is necessary to help alleviate that suffering and to promote economic recovery within a peaceful and democratic process. Moreover, the Congress recognizes that the efforts of the Government of El Salvador to achieve these goals are affected by the activities of forces beyond its control.

(2) Taking note of the substantial progress made by the Government of El Salvador in land and banking reforms, the Congress declares it should be the policy of the United States to encourage and support the Government of El Salvador in the implementation of these reforms.

(3) The United States also welcomes the continuing efforts of President Duarte and his supporters in the Government of El Salvador to establish greater control over the activities of members of the armed forces and government security forces. The Congress finds that it is in the interest of the United States to cooperate with the Duarte government in putting an end to violence in El Salvador by extremist elements among both the insurgents and the security forces, and in establishing a unified command and control of all government forces.

(4) The United States supports the holding of free, fair, and open elections in El Salvador at the earliest date. The Congress notes the progress being made by the Duarte government in this area, as evidenced by the appointment of an electoral commission.

(b) In fiscal years 1982 and 1983, funds may be obligated for assistance for El Salvador under chapter 2 or 5 of part II of the Foreign Assistance Act of 1961, letters of offer may be issued and credits and guarantees may be extended for El Salvador under the Arms Export Control Act, and members of the Armed Forces may be assigned or detailed to El Salvador to carry out functions under the Foreign Assistance Act of 1961 or the Arms Export Control Act, only if not later than 30 days after the date of enactment of this Act and every one hundred and eighty days thereafter, the President makes a certification in accordance with subsection (d).

(c) If the President does not make such a certification at any of the specified times then the President shall immediately—

(1) suspend all expenditures of funds and other deliveries of assistance for El Salvador which were obligated under chapters 2 and 5 of part II of the Foreign Assistance Act of 1961 after the date of enactment of this Act;

(2) withhold all approvals for use of credits and guarantees for El Salvador which were extended under the Arms Export Control Act after the date of enactment of this Act;

(3) suspend all deliveries of defense articles, defense services, and design and construction services to El Salvador which were sold under the Arms Export Control Act after the date of enactment of this Act; and

(4) order the prompt withdrawal from El Salvador of all members of the Armed Forces performing defense services, conducting international military education and training activities, or performing management functions under section 515 of the Foreign Assistance Act of 1961.

Any suspension of assistance pursuant to paragraphs (1) through (4) of this subsection shall remain in effect during fiscal year 1982 and during fiscal year 1983 until such time as the President makes a certification in accordance with subsection (d).

(d) The certification required by subsection (b) is a certification by the President to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate of a determination that the Government of El Salvador—

(1) is making a concerted and significant effort to comply with internationally recognized human rights;

(2) is achieving substantial control over all elements of its own armed forces, so as to bring to an end the indiscriminate torture and murder of Salvadoran citizens by these forces;

(3) is making continued progress in implementing essential economic and political reforms, including the land reform program;

(4) is committed to the holding of free elections at an early date and to that end has demonstrated its good faith efforts to begin discussions with all major political factions in El Salvador which have declared their willingness to find and implement an equitable political solution to the conflict, with such solution to involve a commitment to—

(A) a renouncement of further military or paramilitary activity; and

(B) the electoral process with internationally recognized observers.

Each such certification shall discuss fully and completely the justification for making each of the determinations required by paragraphs (1) through (4).

(e) On making the first certification under subsection (b) of this section, the President shall also certify to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate that he has determined that the Government of El Salvador has made good faith efforts both to investigate the murders of the six United States citizens in El Salvador in December 1980 and January 1981 and to bring to justice those responsible for those murders.

REPORTING REQUIREMENT RELATING TO EL SALVADOR

SEC. 729. (a) Not later than ninety days after the date of enactment of this section, the President shall prepare and transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a report setting forth—

(1) the viewpoints of all major parties to the conflict in El Salvador and of the influential actors in the Salvadoran political system regarding the potential for and interest in negotiations, elections, and a settlement of the conflict; and

(2) the views of democratic Latin American nations, Canada, the Organization of American States, and European allies of the United States regarding a negotiated settlement to such conflict.

(b) It is the sense of the Congress that the President shall, as soon as possible, send a special envoy or use other appropriate means to consult with and gather information from appropriate representatives of the parties to the Salvadoran conflict, democratic governments of Latin America, Canada, and European allies of the United States regarding the attainment of a negotiated settlement in El Salvador.

RESTRICTIONS ON AID TO EL SALVADOR

SEC. 730. None of the funds authorized to the appropriated by this Act may be made available for the provision of assistance to El Salvador for the purpose of planning for compensation, or for the purpose of compensation, for the confiscation, nationalization, acquisition, or expropriation of any agricultural or banking enterprise, or of the properties or stock shares which may be pertaining thereto.

EL SALVADORAN REFUGEES

SEC. 731. It is the sense of the Congress that the administration should continue to review, on a case-by-case basis, petitions for extended voluntary departure made by citizens of El Salvador who claim that they are subject to persecution in their homeland, and should take full account of the civil strife in El Salvador in making decisions on such petitions.

CONSOLIDATED REPORTS: ARMS EXPORT CONTROL ACT

SEC. 732. Section 25 of the Arms Export Control Act is amended to read as follows:

"SEC. 25. ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM.—(a) No later than February 1 of each year, the President shall transmit to the Congress, as a part of the annual presentation materials for security assistance programs proposed for the next fiscal year, a report which sets forth—

"(1) an Arms Sales Proposal covering all sales and licensed commercial exports under this Act of major weapons or weapons-related defense equipment for $7,000,000 or more, or of any other weapons or weapons-related defense equipment for $25,000,000 or more,

which are considered eligible for approval during the current calendar year, together with an indication of which sales and licensed commercial exports are deemed most likely actually to result in the issuance of a letter of offer or of an export license during such year;

"(2) an estimate of the total amount of sales and licensed commercial exports expected to be made to each foreign nation from the United States;

"(3) the United States national security considerations involved in expected sales or licensed commercial exports to each country, an analysis of the relationship between anticipated sales to each country and arms control efforts concerning such country and an analysis of the impact of such anticipated sales on the stability of the region that includes such country;

"(4) an estimate with regard to the international volume of arms traffic to and from nations purchasing arms as set forth in paragraphs (1) and (2) of this subsection, together with best estimates of the sale and delivery of weapons and weapons-related defense equipment by all major arms suppliers to all major recipient countries during the preceding fiscal year;

"(5) an estimate of the aggregate dollar value and quantity of defense articles and defense services, military education and training, grant military assistance, and credits and guarantees, to be furnished by the United States to each foreign country and international organization in the next fiscal year;

"(6) an analysis and description of the services performed during the preceding fiscal year by officers and employees of the United States Government carrying out functions on a full-time basis under this Act for which reimbursement is provided under section 43(b) or section 21(a) of this Act, including the number of personnel involved in performing such services;

"(7) the total amount of funds in the reserve under section 24(c) at the end of the fiscal year immediately preceding the fiscal year in which a report under this section is made, together with an assessment of the adequacy of such total amount of funds as a reserve for the payment of claims under guaranties issued pursuant to section 24 in view of the current debt servicing capacity of borrowing countries, as reported to the Congress pursuant to section 634(a)(5) of the Foreign Assistance Act of 1961;

"(8) a list of all countries with respect to which findings made by the President pursuant to section 3(a)(1) of this Act are in effect on the date of such transmission;

"(9) the progress made under the program of the Republic of Korea to modernize its armed forces, the role of the United States in mutual security efforts in the Republic of Korea and the military balance between the People's Republic of Korea and the Republic of Korea;

"(10) the amount and nature of Soviet military assistance to the armed forces of Cuba during the preceding fiscal year and the military capabilities of those armed forces;

"(11) the status of each loan and each contract of guaranty or insurance theretofore made under the Foreign Assistance Act of 1961, predecessor Acts, or any Act authorizing international security assistance, with respect to which there remains outstanding any unpaid obligation or potential liability; the status of each extension of credit for the procurement of defense articles or defense services, and of each contract of guaranty in connection with any such procurement, theretofore made under the Arms Export Control Act with respect to which there remains outstanding any unpaid obligation or potential liability; and

"(12) such other information as the President may deem necessary.

"(b) Not later than thirty days following the receipt of a request made by the Committee on Foreign Relations of the Senate or the Committee on Foreign affairs of the House of Representatives for additional information with repsect to any information submitted pursuant to subsection (a), the President shall submit such information to such committee.

"(c) The President shall make every effort to submit all of the information required by subsection (a) or (b) wholy in unclassified form. Whenever the President submits any such information in classified form, he shall submit such classified information in an addendum and shall also submit simultaneously a detailed summary, in unclassified form, of such classified information.".

CONSOLIDATED REPORTS: FOREIGN ASSISTANCE ACT OF 1961

SEC. 733. Section 634(a) of the Foreign Assistance Act of 1961 is amended—

(1) by amending the first sentence to read as follows: "In order that the Congress and the American people may be better and more currently informed regarding American foreign policy and the effectiveness of assistance provided by the United States Government to other countries and to international organizations, the Chairman of the Development Coordination Committee shall prepare and transmit to the Congress, no later than February 1 of each year, as a part of the annual presentation materials for foreign assistance, a report as described in this subsection. This report shall include—";

(2) in paragraph (1)(B), by striking out "the progressive developing countries are making toward achieving those objectives which are indicative of improved well-being of the poor majority, which objectives shall include but not be limited to";

(3) in paragraph (2)—

(A) by striking out "and" at the end of subparagraph (D);

(B) by adding "and" at the end of subparagraph (E);

(C) by adding at the end thereof the following:

"(F) of any contract in excess of $100,000 administered by the Agency for International Development which was entered into in the preceding fiscal year without competitive selection procedures, and the reasons for doing so;";

(4) by amending paragraph (4) to read as follows:

"(4) the status of each sale of agricultural commodities on credit terms theretofore made under the Agricultural Trade Development and Assistance Act of 1954 with respect to which there remains outstanding any unpaid obligation; and the status of each transaction with respect to which a loan, contract or guarantee of insurance, or extension of credit (or participation therein) was theretofore made under the Export-Import Bank Act of 1945 with respect to which there remains outstanding any unpaid obligation or potential liability; except that such report shall include individually only any loan, contract, sale, extension of credit, or other transactions listed in this paragraph which is in excess of $1,000,000;";

(5) in paragraph (7), by striking out "and" after the semicolon; and

(6) by striking out paragraph (8) and inserting in lieu thereof the following new paragraphs:

"(8) the amount of all foreign currencies acquired without payment of dollars on hand of each foreign country as of September 30 of the preceding fiscal year;

"(9) the Development Coordination Committee's operations pursuant to section 640B(f) of this Act;

"(10) the aggregate dollar value and quantity of grant military assistance, military education and training, and any other defense articles and services furnished under this Act by the United States to each foreign country and international organization for the preceding fiscal year;

"(11) information concerning the activities of the Minority Resource Center during the preceding fiscal year; and

"(12) other information appropriate to the conduct of the foreign assistance program of the United States Government.".

REPEALS

SEC. 734. (a) The following provisions of the following Acts are repealed:

(1) The Foreign Assistance Act of 1961: Sections 125(b), 301(b), 301(e)(3), 302(a)(3), 451(b), 481(c)(2), 495D(e), 495H(c)(2), 513, 601(e)(2), 613(c), 620(b), 620(i), 620(m), 640B(g), 657, 659, and 668, and the second sentence of section 542.

(2) The International Security and Development Cooperation Act of 1980: Sections 108, 313(b), 603, 713, 714, 720, and 721.

(3) The International Development Cooperation Act of 1979: Sections 124, 504(b), 506, 507(b), 508(b), and 509(c).

(4) The Special International Security Assistance Act of 1979: Sections 4(e)(2), 7(b), 8(c), and 9.

(5) The International Development and Food Assistance Act of 1978: Sections 117(b)(2), 122(b), 201, 303, and 603(a)(1).

(6) The International Development and Food Assistance Act of 1977: Sections 132(a), 133(c)(6), and 214.

(7) Section 213 of the International Development and Food Assistance Act of 1975.

(8) The Foreign Assistance Act of 1974: Sections 3, 25, 26, 27, 43, 49, 50(c), and 51(c).

(9) The Foreign Assistance Act of 1973: Sections 36(e), 37, and 38.

(10) The Arms Export Control Act: Section 43(c), and the fifth paragraph of section 1.

(11) The International Security Assistance Act of 1979: Sections 6(b), 20(a), 25, and 28.

(12) The International Security Assistance Act of 1978: Sections 15(b), 23(d), 23(e)(2), 24(c), 25, and 27.

(13) The International Security Assistance Act of 1977: Sections 14, 22, 24(c), 25, and 28(a)(2).

(14) Section 507 of the International Security Assistance and Arms Export Control Act of 1976.

(15) Section 7 of the Act entitled "An Act to amend the Foreign Military Sales Act, and for other purposes", approved January 12, 1971 (22 U.S.C. 2410a).

(b) Section 620(s)(1) of the Foreign Assistance Act of 1961 is amended—

(1) in subparagraph (A) by inserting "and" after the semicolon;

(2) in subparagraph (B)—

(A) by inserting "or other" after "foreign exchange", and

(B) by striking out "; and " and inserting in lieu thereof a period; and

(3) by repealing subparagraph (C).

(c) Except as otherwise explicitly provided by their terms, amendments to the Foreign Assistance Act of 1961 and the Arms Export

Control Act which are applicable only to a single fiscal or calendar year or which require reports or other actions on a nonrecurring basis shall be deemed to have expired and shall be removed from law upon the expiration of the applicable time periods for the fulfillment of the required actions.

REPORT ON NUCLEAR ACTIVITIES

SEC. 735. Beginning with the fiscal year 1983 and for each fiscal year thereafter, the President shall prepare and transmit to the Congress, as part of the presentation materials for foreign assistance programs proposed for that fiscal year, a classified report describing the nuclear programs and related activities of any country for which a waiver of section 669 or 670 of the Foreign Assistance Act of 1961 is in effect, including an assessment of—

(1) the extent and effectiveness of International Atomic Energy Agency safeguards at that country's nuclear facilities; and

(2) the capability, actions, and intentions of the government of that country with respect to the manufacture or acquisition of a nuclear explosive device.

ASSISTANCE TO PAKISTAN

SEC. 736. Chapter 1 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

"SEC. 620E. ASSISTANCE TO PAKISTAN.—(a) The Congress recognizes that Soviet forces occupying Afghanistan pose a security threat to Pakistan. The Congress also recognizes that an independent and democratic Pakistan with continued friendly ties with the United States is in the interest of both nations. The Congress finds that United States assistance will help Pakistan maintain its independence. Assistance to Pakistan is intended to benefit the people of Pakistan by helping them meet the burdens imposed by the presence of Soviet forces in Afghanistan and by promoting economic development. In authorizing assistance to Pakistan, it is the intent of Congress to promote the expeditious restoration of full civil liberties and representative government in Pakistan. The Congress further recognizes that it is in the mutual interest of Pakistan and the United States to avoid the profoundly destablilizing effects of the proliferation of nuclear explosive devices or the capacity to manufacture or otherwise acquire nuclear devices.

"(b) The United States reaffirms the commitment made in its 1959 bilateral agreement with Pakistan relating to aggression from a Communist or Communist-dominated state.

"(c) Security assistance for Pakistan shall be made available in order to assist Pakistan in dealing with the threat to its security posed by the Soviet presence in Afghanistan. The United States will take appropriate steps to ensure that defense articles provided by the United States to Pakistan are used for defensive purposes.

"(d) The President may waive the prohibitions of section 669 of this Act at any time during the period beginning on the date of enactment of this section and ending on September 30, 1987, to provide assistance to Pakistan during that period if he determines that to do so is in the national interest of the United States.".

PROHIBITIONS RELATING TO NUCLEAR TRANSFERS AND NUCLEAR DETONATIONS

SEC. 737. (a) The Congress finds that any transfer of a nuclear explosive device to a non-nuclear-weapon state or, in the case of a non-nuclear-weapon state, any receipt or detonation of a nuclear explosive device would cause grave damage to bilateral relations between the United States and that country.

(b) Section 669(b)(2) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(2)(A) A certification under paragraph (1) of this subsection shall take effect on the date on which the certification is received by the Congress. However, if, within 30 calendar days after receiving this certification, the Congress adopts a concurrent resolution stating in substance that the Congress disapproves the furnishing of assistance pursuant to the certification, then upon the adoption of that resolution the certification shall cease to be effective and all deliveries of assistance furnished under the authority of that certification shall be suspended immediately.

"(B) Any concurrent resolution under this paragraph shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Corntrol Act of 1976.

"(C) For the purpose of expediting the consideration and adoption of concurrent resolutions under this paragraph, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.".

(c) Section 670 of such Act is amended to read as follows:

"SEC. 670. NUCLEAR REPROCESSING TRANSFERS, TRANSFERS OF NUCLEAR EXPLOSIVE DEVICES, AND NUCLEAR DETONATIONS.—(a)(1) Except as provided in paragraph (2) of this subsection, no funds authorized to be appropriated by this Act or the Arms Export Control Act may be used for the purpose of providing economic assistance (including assistance under chapter 4 of part II), providing military assistance or grant military education and training, providing assistance under chapter 6 of part II, or extending military credits or making guarantees, to any country which on or after the date of enactment of the International Security Assistance Act of 1977 delivers nuclear reprocessing equipment, materials, or technology to any other country or receives such equipment, materials, or technology from any other country (except for the transfer of reprocessing technology associated with the investigation, under international evaluation programs in which the United States participates, of technologies which are alternatives to pure plutonium reprocessing).

"(2) Nothwithstanding paragraph (1) of this subsection, the President may furnish assistance which would otherwise be prohibited under that paragraph if he determines and certifies in writing to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that the termination of such assistance would be seriously prejudicial to the achievement of United States nonproliferation objectives or otherwise jeopardize the common defense and security. The President shall transmit with such certification a statement setting forth the specific reasons therefor.

"(3)(A) A certification under paragraph (2) of this subsection shall take effect on the date on which the certification is received by the Congress. However, if, within 30 calendar days after receiving this certification, the Congress adopts a concurrent resolution stating in substance that the Congress disapproves the furnishing of assistance pursuant to the certification, then upon the adoption of that resolution the certification shall cease to be effective and all deliveries of assistance furnished under the authority of that certification shall be suspended immediately.

"(B) Any concurrent resolution under this paragraph shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(C) For the purpose of expediting the consideration and adoption of concurrent resolutions under this paragraph, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(b)(1) Except as provided in paragraphs (2) and (3) of this subsection, no funds authorized to be appropriated by this Act or the Arms Export Control Act may be used for the purpose of providing economic assistance (including assistance under chapter 4 of part II), providing military assistance or grant military education and training, providing assistance under chapter 6 of part II, or extending military credits or making guarantees, to any country which on or after the date of enactment of the International Security Assistance Act of 1977—

"(A) transfers a nuclear explosive device to a non-nuclear-weapon state, or

"(B) is a non-nuclear-weapon state and either—

"(i) receives a nuclear explosive device, or

"(ii) detonates a nuclear explosive device.

"(2)(A) Notwithstanding paragraph (1) of this subsection, the President may, for a period of not more than 30 days of continuous session, furnish assistance which would otherwise be prohibited under paragraph (1) of this subsection if, before furnishing such assistance, the President transmits to the Speaker of the House of Representatives, and to the Chairman of the Committee on Foreign Relations of the Senate, a certification that he has determined that an immediate termination of assistance to that country would be detrimental to the national security of the United States. Not more than one such certification may be transmitted for a country with respect to the same detonation, transfer, or receipt of a nuclear explosive device.

"(B) If the President transmits a certification to the Congress under subparagraph (A), a joint resolution which would permit the President to exercise the waiver authority of paragraph (3) of this subsection shall, if introduced in either House within 30 days of continuous session after the Congress receives this certification, be considered in the Senate and House of Representatives in accordance with subparagraphs (C) and (D) of this paragraph.

"(C) Any joint resolution under this paragraph shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(D) For the purpose of expediting the consideration and adoption of joint resolutions under this paragraph, a motion to proceed to the consideration of such a joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(E) For purposes of this paragraph, the term 'joint resolution' means a joint resolution the matter after the resolving clause of which is as follows: 'That the Congress having received on a certification by the President under section 670(b)(2) of the Foreign Assistance Act of 1961 with respect

to , the Congress hereby authorizes the President to exercise the waiver authority contained in section 670(b)(3) of that Act.', with the date of receipt of the certification inserted in the first blank and the name of the country inserted in the second blank.

"(3) Notwithstanding paragraph (1) of this subsection, if the Congress enacts a joint resolution under paragraph (2) of this subsection, the President may furnish assistance which would otherwise be prohibited under paragraph (1) if he determines and certifies in writing to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that the termination of such assistance would be seriously prejudicial to the achievement of United States nonproliferation objectives or otherwise jeopardize the common defense and security. The President shall transmit with such certification a statement setting forth the specific reasons therefor.

"(4) For purposes of this subsection, continuity of session is broken only by an adjournment of Congress sine die and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

"(5) As used in this subsection, the term 'non-nuclear-weapon state' means any country which is not a nuclear-weapon state, as defined in article IX(3) of the Treaty on the Non-Proliferation of Nuclear Weapons.".

And the House agree to the same.

AMENDMENT TO TITLE

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment to the title of the bill, insert the following: "An Act to authorize appropriations for the fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, to establish the Peace Corps as an autonomous agency, and for other purposes.".

And the House agree to the same.

CLEMENT J. ZABLOCKI,
DANTE B. FASCELL,
LEE H. HAMILTON,
JONATHAN B. BINGHAM,
STEPHEN J. SOLARZ,
DON BONKER,
DAN MICA,
MICHAEL D. BARNES,
HOWARD WOLPE,
DAVID R. BOWEN,
WM. S. BROOMFIELD,
EDWARD J. DERWINSKI,
PAUL FINDLEY,
LARRY WINN, Jr.,
ROBERT J. LAGOMARSINO,
Managers on the Part of the House.

For the consideration of all provisions except title VI of the Senate bill and title IV of the House amendment (relating to the Food for Peace Program, Public Law 480):

CHARLES H. PERCY,
S. I. HAYAKAWA,
RICHARD G. LUGAR,
CHARLES McC. MATHIAS, Jr.,
CLAIBORNE PELL,
JOSEPH R. BIDEN, Jr.,
JOHN GLENN,
PAUL S. SARBANES,

Mr. Cranston in lieu of Mr. Biden as an additional conferee solely for the consideration of those provisions dealing with the Peace Corps:

ALAN CRANSTON,

For the consideration of title VI of the Senate bill and title IV of the House amendment (relating to the Food for Peace Program, Public Law 480):

JESSE HELMS,
ROBERT DOLE,
S. I. HAYAKAWA,
RICHARD G. LUGAR,
WALTER D. HUDDLESTON,
PATRICK J. LEAHY,
EDWARD ZORINSKY,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House to the text of the bill with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached in the committee of conference, and minor drafting and clarifying changes.

AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEARS 1982 AND 1983

The amounts contained in the conference substitute compared to the amounts requested by the executive branch and recommended by the House and Senate follow:

AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEARS 1982 AND 1983

[By fiscal year; in thousands of dollars]

Title	1982 executive request (September)	1982 Senate bill	1982 House amendment	1983 House amendment	1982 conference substitute	1983 conference substitute
I—Military:						
FMS	990,900	990,900	550,000	550,000	800,000	800,000
(FMS guarantees) [1]	(3,063,500)	(3,085,500)	(3,269,525)	(3,544,525)	(3,269,525)	(3,269,525)
SDAF		(350,000)	150,000	150,000		
MAP	63,500	31,400	304,375	304,375	238,500	238,500
IMET	41,976	47,700	47,700	52,745	42,000	42,000
Peacekeeping	19,000	19,000	19,000	19,000	19,000	19,000
Subtotal	1,115,376	1,089,000	1,071,075	1,076,120	1,099,500	1,099,500
II—ESF	2,598,500	2,548,500	2,688,000	2,738,000	2,623,500	2,723,500
III—Development Assistance:						
Agriculture	637,500	689,000	747,679	814,222	700,000	700,000
Population	211,300	216,000	273,370	297,699	211,000	211,000
Health	104,600	127,905	133,405	145,278	133,405	133,405
Education	97,700	109,574	109,574	119,326	103,600	103,600
Energy			39,446	42,957		
PVO's/SDA	155,700	140,889	178,794	194,707	147,200	147,200
S. & T	10,000	10,000				
Subtotal	1,216,800	1,293,368	1,482,268	1,614,189	1,295,205	1,295,205
IFAD	39,600	45,000	45,000		[2] 40,500	
Sahel	94,600	102,000	86,558	117,068	86,558	86,558
International organizations	189,200	229,050	255,650	278,403	218,600	218,600
Trade and development	6,078	6,907	10,000	10,890	6,907	6,907
Development subtotal	1,546,278	1,676,325	1,879,476	2,020,550	1,647,770	1,607,270
V—Other:						
ASHA	6,600	12,000	20,000	20,000	20,000	20,000
Narcotics	36,700	37,700	37,700	41,055	37,700	37,700
Disaster assistance	23,760	27,000	27,000	27,000	27,000	27,000
Central American refugees			5,000	5,445	5,000	5,000
Subtotal	67,060	76,700	89,700	93,500	89,700	89,700
VI—Peace Corps	83,600	105,000	105,000	114,345	105,000	105,000

AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEARS 1982 AND 1983—Continued

[By fiscal year; in thousands of dollars]

Title	1982 executive request (September)	1982 Senate bill	1982 House amendment	1983 House amendment	1982 conference substitute	1983 conference substitute
VII—Operating expenses: (IDCA/AID)	317,000	330,972	343,632	374,215	335,600	335,600
Grand total	5,727,854	5,826,497 [3] —67,600	6,176,883 ([3])	[3] 6,416,730	5,901,070	5,960,570
		5,758,897	5,727,854			

[1] FMS guarantees are not authorizations of appropriations. The figures in parentheses represent the principal amount of loans which can be extended under the FMS guarantee program.
[2] Plus up to $139.5 million after fiscal year 1982.
[3] Senate bill had a floor amendment reducing the total by $67.6 million. House amendment had a floor amendment limiting the aggregate for fiscal 1982 to $5,727,854 and for fiscal 1983 to not more than the President's budget.

2-Year Authorization

The committee of conference, in authorizing appropriations for fiscal year 1983, recognizes that the President has not yet made his legislative and budgetary requests for that year. The committee of conference does not intend to preclude such requests. The Committees on Foreign Affairs of the House and Foreign Relations of the Senate will give full consideration to any additional recommendations by the executive branch.

Title I—Military and Related Assistance and Sales—Funding and Related Issues

The authorization figures in the bill are compromises between Senate and House figures. The Senate bill authorizes, for fiscal year 1982, $990.9 million in FMS direct credits, $3,085.5 million in FMS guarantees, $31.4 million in grant military assistance, $47.7 million in grant military education and training, and $19 million in peacekeeping operations assistance. The House amendment authorizes, for fiscal year 1982, $550 million in FMS direct credits, $3,269.525 million in FMS guarantees, $304.375 million in grant military assistance, $47.7 million in grant military education and training, and $19 million in peacekeeping operations assistance. In addition, the House amendment authorizes $150 million for the special defense acquisition fund, funds for which the Senate authorized not for appropriation but as a revolving fund. The conference substitute sets funding levels as follows: $800 million for FMS direct credits, $3,269.525 million in FMS guarantees, $238.5 million in grant military assistance, $42 million in grant military education and training, and $19 million in peacekeeping operations assistance, and is the same as the Senate position concerning the special defense acquisition fund.

For fiscal year 1983, the conference agreed to continue levels established for fiscal year 1982.

Military assistance financing

The Senate bill (secs. 105 and 110) amends section 31 of the Arms Export Control Act and section 504(a) of the Foreign Assistance Act to authorize $990.9 million in FMS direct credits ($500 million earmarked for Israel) for which repayment would be forgiven ($31.4 million in grant military assistance) and an additional $3,085.5 million in FMS guarantees.

The House amendment (secs. 103 and 108) amends section 31 of the Arms Export Control Act and section 504(a) of the Foreign Assistance Act to authorize $550 million in FMS direct credits (all earmarked for Israel with $500 million repayment forgiven), $304.375 million in grant military assistance and $3,269.525 million in FMS guarantees.

The conference substitute is a compromise whereby $800 million in FMS direct credits, repayment forgiven, are provided for Egypt ($200 million), Israel ($550 million), and Sudan ($50 million). The substitute compromise provides $238.5 grant military assistance and $3,269.525 million in FMS guarantees.

Military assistance special requirements fund

The House amendment (sec. 108) authorizes grant military assistance that includes $25 million under the grant military assistance account for a special requirements fund.

The Senate bill does not contain a comparable provision.

The conference substitute authorizes special requirements MAP funds as part of the overall MAP authorization.

Zaire reduction

The House amendment recommends a military assistance level for Zaire of $4 million.

The Senate bill does not contain a comparable provision.

The conference substitute is a compromise whereby $6.0 million is recommended for Zaire.

Fiscal year 1983 authorizations

The House amendment (secs. 103, 106, 108, 111, 112) authorizes for appropriation military assistance and related assistance for fiscal year 1983 totaling $1,076.12

The Senate bill does not contain a comparable provision.

The conference substitute is a compromise that authorizes assistance totaling $1,099.5 million for fiscal year 1983.

Drawdown authority

The Senate bill (sec. 110(b)) amends section 506(a) of the Foreign Assistance Act of 1961 to increase the Presidential authority to draw down Department of Defense stocks in emergency situations from $50 million to $100 million.

The House amendment does not contain a comparable provision.

The conference substitute is the same as the Senate provision with an amendment that sets the drawdown level at $75 million.

Military assistance windup

The House amendment (sec. 108(b)) repeals section 516 of the Foreign Assistance Act of 1961 that terminates grant military assistance authority to any country 5 years after the last fiscal year authorization of grant military assistance to that country.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the House provision. Repeal of this 5-year limitation is necessary due to approval by the committee of conference of a special requirements fund, the use of which obviously cannot be confined to specific countries for specific periods of time.

Reports to Congress

(a) The Senate/bill (sec. 102) reduces the congressional prenotification period on third-country arms transfers, and government-to-government arms sales, and for NATO, Australia, Japan, and New Zealand from 30 to 15 days.

The House amendment (sec. 101 (a), (c), and (d)) exempts NATO, Australia, Japan, and New Zealand from legislative veto over such transfers but retains a congressional prenotification requirement.

The conference substitute is the same as the Senate provision. The committee of conference intends that the 20-day, informal, prenotification requirement for NATO, Japan, Australia, and New Zealand be eliminated. Congress will also have an opportunity to review next year the advisability of eliminating the legislative veto for transfers to such countries.

(b) The House amendment (sec. 101(b)) increases from 5 to 15 days the deadline for submission of price and availability reports and retains $7 million/$25 million ceilings for these reports.

The Senate bill (sec. 712) eliminates price and availability reports.

The conference substitute is the same as the House provision.

Personnel performing defense services

The Senate bill (sec. 103) amends section 21(c)(2) of the Arms Export Control Act to require more stringent reporting on hostilities or terrorist acts which might endanger American lives or property where U.S. personnel are performing defense services overseas.

The House amendment does not contain a comparable provision.

The conference substitute is the same as the Senate provision with an amendment to include only significant hostilities or terrorist acts or a series of such hostilities or acts under the reporting requirements of this section of the Arms Export Control Act. This change from the Senate language was included to avoid multiple reporting requirements but the compromise is intended to require reports at a lower threshold than under existing law.

Foreign military sales authorization and ceiling

Greece earmark

The House amendment (sec. 103(b)) amends section 31 of the Arms Export Control Act to earmark $280 million in FMS financing for each fiscal year 1982 and 1983.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the House provision. The decision of the conferees is not intended to preclude the possibility of adjustments for Greece in fiscal year 1983.

Favorable repayment terms

The House amendment (sec. 103(d)) contains a provision to provide long-term repayment (30 years with a 10-year grace period on repayment of principal) for Egypt, Greece, and Turkey.

The Senate bill (sec. 105(d)) provides such long-term repayment terms for those countries and for Sudan and Somalia.

The conference substitute is the same as the Senate provision.

MUNITIONS LIST REVIEW

The House amendment (sec. 104) amends section 38 of the Arms Export Control Act to require periodic munitions list review to determine what items no longer warrant export controls.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the House provision. It is the intention of the conferees that the provision not be used to circumvent controls for certain countries otherwise ineligible to purchase U.S. defense articles or services because of U.S.-imposed restrictions on international embargoes which the United States upholds. The conferees further expect that the munitions list should be reviewed at least annually.

CHARGES FOR ADMINISTRATIVE SERVICES

The House amendment (sec. 105) amended section 43(b) of the Arms Export Control Act to allow representational activities expenses to be charged to FMS sales.

The Senate bill does not contain a comparable provision.

The conference sutstitute is the same as the Senate position.

COMMERCIAL CEILING

The Senate bill (sec. 106) repealed section 38(b)(3) of the Arms Export Control Act which established a $100 million ceiling for commercial exports.

The House amendment does not contain a comparable provision.

The conference substitute is the same as the Senate provision.

AGENTS FEES

The Senate bill (sec. 107) amends section 39 of the Arms Export Control Act to eliminate a report requirement on political contributions, gifts, commissions, and fees paid in connection with FMS sales while retaining the President's discretion to regulate with respect to such payments.

The House amendment does not contain a comparable provision.

The conference substitute is the same as the House position. The conferees believe that there will be adequate opportunity to review the desirability of modifying section 39 of the Arms Export Control Act pending congressional modifications of the Foreign Corrupt Practices Act.

SPECIAL DEFENSE ACQUISITION FUND (SDAF)

Method and amount of authorization

The Senate bill (sec. 108) establishes a revolving fund that would use collections from FMS sales and limits the size of the fund to $350 million in fiscal year 1982 and $700 million in fiscal year 1983. The purpose of establishing this fund is to limit any adverse effects which might result from a drawdown from U.S. military stocks in those situations which require the United States to furnish military assistance under emergency circumstances to meet foreign crises.

The House amendment (sec. 106) authorizes direct appropriations for the special defense acquisition fund (SDAF) and authorizes $150 million for each fiscal year 1982 and 1983 for the procurement of defense articles.

The conference substitute is the same as the Senate provision with an amendment to limit the fund to $300 million in fiscal year 1982 and $600 million in fiscal year 1983 and thereafter. The $600 million is a ceiling on the amounts in the fund plus the value (in terms of acquisition cost) of the defense articles acquired by the fund which have not been transferred under the terms of the laws governing the SDAF.

Legislative vehicle for ceiling

The Senate bill (sec. 108) establishes ceilings on the size of the SDAF in Department of Defense legislation (title 10 of the U.S.C.) and requires legislation in appropriations acts.

The House amendment (sec. 106) authorizes funds for the SDAF in the Arms Export Control Act.

The conference substitute is the same as the Senate provision.

Report

The Senate bill (sec. 108) requires annual reports estimating likely procurements by the fund.

The House amendment (sec. 106) requires a comprehensive report on acquisitions by the fund, including descriptions of items procured by the fund, future requirements of the fund, and an evaluation of the SDAF's impact on U.S. readiness.

The conference substitute is the same as the House provision, except that a report would also be provided to the Armed Services Committee.

LEASES

The House amendment (sec. 107) amends the Arms Export Control Act to add a new chapter 6 requiring that foreign leasing be conducted under the Arms Export Control Act or the Foreign Assistance Act. The new chapter requires a Presidential determination of compelling foreign policy and national security reasons to lease rather than sell; it requires full costing for leases with certain specified exceptions; it requires reports on all leases for 1 year or more; and it provides for possible legislative veto for leases valued at over $14 million for major defense equipment and $50 million for other defense equipment.

The Senate bill (sec. 109) retains foreign leasing authority under 10 U.S.C. 2667. It thereby retains the ability for military departments to lease when they consider it advantageous to the United States. The Senate provision contains no comparable costing provision. It requires reports on leases valued at over $14 million for major defense equipment and over $50 million for other defense property for 1 year or more and contains no congressional veto provision.

The conference substitute is the same as the House provision.

STOCKPILES

The House amendment (sec. 109) amends section 514 (b)(2) of the Foreign Assistance Act to authorize additions to war reserve stockpiles overseas of $100 million for fiscal year 1982 and $125 million for fiscal year 1983.

The Senate bill (sec. 111) authorizes additions of $160 million for fiscal year 1982.

The conference substitute is a compromise that authorizes $130 million in stockpile additions for fiscal year 1982 and $125 million in additions for fiscal year 1983. The committee of conference are concerned that, while the United States is making additions to war reserve stocks in Korea, Korea is transferring to other countries similar types of war reserve material manufactured by its own defense industries for which its military units continue to have requirements.

OVERSEAS MANAGEMENT

The Senate bill (sec. 112) amends section 515 of the Foreign Assistance Act to authorize assignment of U.S. Armed Forces personnel overseas to perform necessary management and other functions related to security assistance programs and stated that the total number so assigned may not exceed numbers justified to Congress.

The House amendment (sec. 110) amends section 515 of the Foreign Assistance Act to authorize assignment of U.S. Armed Forces personnel overseas to perform identified functions, to retain the current 6-man limitation on countries not authorized for larger security assistance management teams, to authorize larger-than-six-man teams in 12 specific countries, and to retain the requirement in current law with respect to encouragement, promotion, or influence of arms sales by U.S. diplomatic and military personnel.

The conference substitute is the same as the House provision.

PEACEKEEPING OPERATIONS

Sinai force

The House amendment (sec. 112(b)) amends section 551 of the Foreign Assistance Act to prohibit use of peacekeeping authority for the Sinai peacekeeping force.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the Senate position. Congressional action to authorize U.S. participation in the Sinai peacekeeping force is anticipated in the near future.

Transfer between accounts

The House amendment (sec. 112(c)) amends section 552(c) of the Foreign Assistance Act, effective October 1, 1981, to remove the prohibition in current law on the transfer of earmarked economic support fund moneys into the peacekeeping operations account and to place a $15 million ceiling on the total amount of such funds that may be transferred into account.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the House provision.

FOREIGN INTIMIDATION AND HARASSMENT

The House amendment (sec. 116) adds a new section 6 to the Arms Export Control Act that would allow FMS financing and sales and commercial exports to foreign countries only if the President certifies that the governing authorities of such countries are not engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the House provision with an amendment to require Presidential determination only when a country is engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States.

TITLE II—ESF DIFFERENCES

MONEY ISSUES

Total authorization level

Fiscal year 1982

The Senate bill (sec. 201(a)) authorizes $2,548,500,000 for economic support fund (ESF) programs for fiscal year 1982.

The House amendment (sec. 201) authorizes $2,688 million for the same purposes.

The conference substitute authorizes $2,623,500,000, which is the amount recommended to be appropriated by the Senate Appropriations Committee. The committee of conference notes that the House amendment provides for assistance levels under this title for Morocco, Kenya, and Somalia which are higher than the President's request. The committee urges the President to provide such assistance should funds be available.

Fiscal year 1983

The House amendment (sec. 201) authorizes $2,738 million for ESF programs for fiscal year 1983.

The Senate bill does not contain a similar provision.

The conference substitute authorizes $2,723,500,000.

Earmarks

Turkey

The Senate bill (sec. 201(b)) earmarks $300 million of the funds authorized for ESF for Turkey for fiscal year 1982.

The House amendment does not contain a similar provision but the House Foreign Affairs Committee report recommends that $300 million in the total ESF authorization level be available for Turkey for fiscal years 1982 and 1983.

The conference substitute is the same as the House position. The committee of conference agreed in general to earmark funds only when those country levels were in excess of the President's request.

Cyprus

The Senate bill (sec. 201(b)) earmarks $10 million of the ESF authorization for Cyprus for fiscal year 1982 for refugee relief, reconstruction, and educational exchange programs.

The House amendment (sec. 202) earmarks $15 million for Cyprus, of which $5 million is to be available only for programs to bring Cypriots to the United States for education for fiscal years 1982 and 1983.

The conference substitute is the same as the House provision for fiscal year 1982 and for fiscal year 1983 earmarks $15 million for Cyprus, of which $10 million is to be available only for programs to educate Cypriots in the United States.

Tunisia

The Senate bill (sec. 201(b)) earmarks $5 million of the ESF authorization for Tunisia for fiscal year 1982.

The House amendment does not contain a similar provision.

The conference substitute is the same as the Senate provision for fiscal year 1982 with an amendment earmarking the same amount for fiscal year 1983.

Costa Rica

The Senate bill (sec. 201(b)) earmarks $15 million of the ESF authorization for Costa Rica for fiscal year 1982.

The House amendment does not contain a similar provision. The report of the House Foreign Affairs Committee recommends that $25 million of the total ESF authorization level be available for Costa Rica for fiscal years 1982 and 1983.

The conference substitute is the same as the Senate provision for fiscal year 1982 and earmarks the same amount for fiscal year 1983.

In view of the serious economic situation faced by Costa Rica, and the vital importance of that unique Central American democracy to the United States, the committee of conference notes that the $15 million earmark is a floor, and strongly urges the executive branch to make available $25 million for Costa Rica as recommended by the House.

Pakistan

The Senate bill (sec. 201(b)) earmarks $100 million of the economic support fund for Pakistan for fiscal year 1982.

The House amendment (sec. 114) authorizes $100 million for ESF assistance for Pakistan for fiscal year 1982 and (sec. 201) includes $200 million in the total ESF authorization level for Pakistan for fiscal year 1983.

The conference substitute has no earmark but includes $100 million in the total ESF authorization level for Pakistan for fiscal year 1982 and accepts the House provision for fiscal year 1983.

In providing fiscal year 1983 economic assistance funds for Pakistan from economic assistance authorities, it is the intention of the committee of conference that funds will not be taken from development assistance accounts, but that development projects currently planned will be funded by the economic support funds.

Lebanon

The Senate bill (sec. 715(b)) earmarks $5 million of economic support funds for fiscal year 1982 for relief and rehabilitation programs of international and private voluntary agencies.

The House amendment (sec. 202) sets out the sense of the Congress to authorize $7 million for Lebanon for fiscal year 1982 and not less than $7 million for fiscal year 1983 be available for the same purposes and by international and private voluntary agencies, and other not-for-profit U.S. organizations operating in Lebanon.

The conference substitute is a sense of Congress provision that $7 million for fiscal year 1982 and $7 million or more for fiscal year 1983 should be provided for Lebanon for the purposes set forth in the House amendment. The substitute does not earmark funds for Lebanon.

Commodity import program

The Senate bill (sec. 201(a)(2)) amends section 531 of the Foreign Assistance Act to provide that not less than 15 percent of the ESF funds authorized to be appropriated each fiscal year which are allocated under the commodity import program (CIP) to finance purchase of U.S.-produced commodities shall be available only for financing the purchase of agricultural commodities produced in the United States.

The House amendment does not contain a comparable provision.

The conference substitute directs the President to apply 15 percent or more of the total expenditures for the CIP programs for agricultural commodities and agricultural-related products from the United States for fiscal years 1982 and 1983.

Special requirements fund

The Senate bill (sec. 201(a)(b)) authorizes up to $75 million for a special requirements fund and requires a report to Congress 15 days in advance of any obligation of these funds.

The House amendment does not contain a similar provision, but includes $100 million in the total ESF authorization level in fiscal years 1982 and 1983 for a special requirements fund.

The conference substitute is the same as the Senate provision for fiscal year 1982 and authorizes the same level for fiscal year 1983.

Flexibility authority

(a) The Senate bill provides for a $50 million drawdown authority for emergency use when U.S. national interests urgently require such funding to promote economic or political stability.

The House amendment provides for a $100 million drawdown authority for the same purposes for fiscal years 1982 and 1983.

The conference substitute provides for $75 million in drawdown authority for fiscal years 1982 and 1983.

(b) The Senate bill provides that notwithstanding the earmarks for Israel, Egypt, Turkey, and Cyprus, up to 5 percent of any earmarked funds under this chapter may be drawn on to carry out the provisions of subsection (b)(1).

The House amendment provides that notwithstanding any provisions of chapter 4 or of any appropriations act—including a joint resolution providing continuing appropriations—which earmarks funds for a specific country or purpose, up to 5 percent of any earmarked funds may be drawn on to carry out the provisions of subsection (b)(1).

The conference substitute is the same as the House provision.

Egyptian small farmers

The House amendment (sec. 202(a)) provides for up to $50 million for fiscal years 1982 and 1983 for title XII agricultural extension programs for small farmers in Egypt in order to upgrade the skills of the agricultural faculty in provincial universities, improve the agricultural curriculum offered and the equipment available in provincial universities, and establish a provincial university extension service with an outreach program which can directly reach the Egyptian small farmer.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the House provision. The committee of conference notes that the purpose of the provision is to provide policy direction for the President while allowing him discretionary authority. The $50 million figure is not to be considered an earmark.

MESRF

(a) The House amendment (sec. 302(b)) provides for up to $11 million for the Middle East special requirements fund, for fiscal years 1982 and 1983, including $4 million for each fiscal year for Middle East regional cooperation.

The Senate bill does not contain a similar provision, but its ESF total includes $4 million for Middle East regional cooperation and $7 million for program support and PVO's.

The conference substitute is the same as the House provision.

(b) The House amendment provides up to $4 million for fiscal years 1982 and 1983 to promote regional cooperation and contains sense of Congress language regarding the promotion of these cooperative projects to promote peace in the Middle East.

The Senate bill does not contain a similar provision, but its ESF total includes $4 million for Middle East regional cooperation.

The conference substitute is the same as the House provision.

Israel and Egypt—fiscal year 1983

Earmarks

The House amendment earmarks $785 million for Israel and $750 million for Egypt for fiscal year 1983.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the House provision and provides the traditional aid level for Israel and Egypt.

Grant basis

The House amendment makes all funds available to Israel and Egypt under this chapter for fiscal year 1983 on a grant basis.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the House provision.

Cash transfers

The House amendment makes available, as a cash transfer, the total amount of funds allocated for Israel under this chapter for fiscal year 1983, as long as it does not adversely impact on the total amount of nonmilitary exports from the United States to Israel.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the House provision.

POLICY ISSUES

Egyptian lands development

The House amendment (section 202(a)) contains a new section 532 of the Foreign Assistance Act which provides for obligation of funds for new lands development in Egypt, 90 days after the AID Administrator submits a report to Congress on the feasibility, the projected costs and the cost-benefits of desert reclamation in Egypt and on the projected role and magnitude of U.S. economic assistance in Egyptian desert reclamation.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the Senate position. The committee of conference is concerned over any proposed use of U.S. AID funds for desert reclamation or "new lands" in Egypt. Studies available to the committee indicate that past desert reclamation efforts in Egypt have contributed little to domestic food requirements and that future efforts would be extremely expensive and less cost-effective than investment in old lands.

The committee of conference notes further that a substantial portion of the funding for Egypt in this title is to be used for increasing Egypt's ability to provide food for its population, an objective also pursued in the section relating to small farmers in Eygpt. The prospective reduction of direct U.S. food aid to Egypt is intended to reinforce this effort in future years.

Reports to Congress have suggested that dependency on U.S. food aid has served as a disincentive to Egyptian agricultural production, and the State Department has stated that "we recognize that it is not in Egypt's best interests in its efforts to achieve greater food self-sufficiency for us to continue high levels of food aid for the indefinite future."

In this regard, the Department states that there has been a 12-percent reduction from the originally projected $313 million in U.S. concessional food aid sales to Egypt in fiscal year 1982 to a currently planned $275 million and that a further cut of about 9 percent, to $250 million, is envisaged in the draft budget for fiscal year 1983. The fiscal year 1982 program is expected to represent 38 percent of the worldwide Public Law 480 title I food program. The proposal for fiscal year 1983 is about 30 percent of the global program.

The State Department has stated that "the administration will continue its efforts both to reduce Egypt's dependence on Public Law 480 and decrease its percentage of the program." The administration is to be commended for these steps and encouraged to adhere to this course in the future. Such steps will help avoid an excessively high level of food aid going to any one country and thereby insure that more of the program will be available to meet food and emergency humanitarian needs and carry out U.S. objectives elsewhere.

MESRF

(a) The House amendment requires a prenotification regarding the obligation of Middle East special requirements funds, before the President obligates these funds, in accordance with the existing procedures under section 634A of the Foreign Assistance Act of 1961, as amended.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the House provision.

(*b*) The House amendment requires an annual report to congress at the end of fiscal years 1981, 1982, and 1983 on the use of Middle East special requirements funds.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the House provision.

Syria

(*a*) The House amendment (sec. 202) requires deobligation of all funds appropriated in prior fiscal years for Syria, except for funds committed or earmarked as of April 9, 1981, in four specified categories.

The Senate bill does not contain a similar provision, but prohibits any U.S. aid for Syria under section 201(b) for fiscal year 1982.

The conference substitute is the same as the Senate provision with an amendment extending the earmark for fiscal year 1983.

(*b*) The House amendment provides that funds deobligated pursuant to subsection (c)(1) may be used by the AID Administrator to reimburse U.S. contractors in event of certain losses resulting from the deobligation.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the Senate position.

(*c*) The Senate bill (sec. 719) provides for Appropriations Committee approval prior to the deobligation of funds approved in authorizing legislation.

The House amendment does not contain a similar provision.

The conference substitute is the same as the House position.

Nonproliferation

The House amendment contains a new section 534 of the Foreign Assistance Act which prohibits the use of ESF funds for fiscal years 1982 and 1983 to finance the construction of, the operation or maintenance of, or the supplying of fuel for, any nuclear facility in a foreign country unless the President certifies to the Congress that the use of the funds for such purpose is indispensable to the achievement of U.S. nonproliferation objectives.

The Senate bill contains no similar provision.

The conference substitute is the same as the House provision.

TITLE III—DEVELOPMENT ASSISTANCE

AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

(a) The Senate bill (section 301) amends section 103 of the Foreign Assistance Act to provide up to $5 million for infant feeding programs and to call for reports on implementation of the provision and on implementation of the WHO infant formula marketing code.

The House amendment bill (section 313) contains a similar provision but does not propose that AID fund research on problems relating to infant feeding programs.

The conference substitute is the same as the Senate provision.

(b) In authorizing $180 million for the International Fund for Agricultural Development, the Senate bill (sec. 301) includes sense of Congress language that U.S. representatives to the Governing Council of IFAD seek to limit the funds's professional staff to 75, seek equity between OECD contributions and all other contributions, encourage expedited procedures, and seek to insure that U.S. contributions are disbursed at a rate similar to the overall disbursement rate. It also calls on the Fund to seek support from a wider variety of donors, and to increase other donors' contributions to IFAD.

The House amendment contains only the authorization of $180 million for IFAD.

The conference substitute is the same as the House provision.

The committee of conference strongly supports the President's proposal for a further U.S. contribution to IFAD.

However, the committee of conference believes that U.S. representatives or the Governing Council of IFAD should actively seek to limit to no more than 75 the number of professional staff (professional category and above, according to the United Nations Common System) of the Fund; seek equity between the contributions of member states of the Organization for Economic Cooperation and Development and all other donors in any negotiations for future replenishments of resources for IFAD; and encourage the development of procedures to expedite disbursement of resources for projects and activities supported by IFAD. The committee of conference also looks with favor on the general approach of IFAD in obtaining major support from a wider variety of donors than has normally been the case in international organizations, and would urge the President to pursue other efforts to increase the amount of assistance provided to developing countries by European allies of the United States, Japan, and members of the Organization of Petroleum Exporting Countries.

(c) The House amendment (sec. 310(a)) provides that up to $1 million shall be available in fiscal years 1982 and 1983 to carry out section 316 of the International Security and Development Cooperation Act of 1980.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the House provision.

POPULATION AND HEALTH

(a) The Senate bill (sec. 302) amends section 104 of the Foreign Assistance Act to earmark $3 million for the World Health

Organization special program of research, development, and research training in human reproduction, and $38 million for the U.N. Fund for Population Activities.

The House amendment does not contain these earmarks.

The conference substitute provides that for fiscal years 1982 and 1983 not less than 16 percent or $38 million, whichever is less, of the total funds appropriated for population programs be available for the U.N. Fund for Population Activities.

The committee of conference strongly urges that the Agency for International Development provide $3 million for the WHO special program of research, development, and research training in human reproduction and expects to receive a notification of program change to this effect.

(b) The Senate bill contains a prohibition on funding for biomedical research relating to abortion or involuntary sterilization as a means of family planning.

The House amendment contains a similar provision.

The conference substitute is the same as the Senate provision.

The committee of conference notes that the existing prohibition on the use of AID population planning funds for services to perform abortion as a method of family planning, and the new additional prohibition on biomedical research on abortion as a method of family planning, effectively set necessary limits on U.S. support for international population planning programs with respect to concerns about adequate directives against promotion of abortion-related activities. The committee of conference further notes that audit reports indicate that AID has complied with existing regulations to date.

(c) The Senate bill earmarks $15 million in health funds for PVO health activities.

The House amendment does not contain this earmark.

The conference substitute is the same as the House provision.

SCHOLARSHIPS FOR SOUTH AFRICAN STUDENTS

The Senate bill (sec. 303) amends section 105 of the Foreign Assistance Act of 1961 to provide that up to $5,700,000 be made available to provide scholarships for South African students.

The House amendment requires that not less than $5,700,000 be made available for this purpose for fiscal years 1982 and 1983.

The conference substitute provides that not less than $4 million be available for this purpose for fiscal years 1982 and 1983.

SCIENCE AND TECHNOLOGY

Section 305 of the Senate bill amends the Foreign Assistance Act of 1961 to add a new section on programs of scientific and technological cooperation and authorizes $10 million for these purposes.

The House amendment contains no comparable provision, but does include $10 million in the sum made available for section 106 for the purposes of programs in scientific and technological cooperation.

The conference substitute is the same as the House position, because of the conferees' reluctance to increase the number of functional accounts. However, the committee of conference believes that the objectives and programs contained in sections 401 through 403 of the International Development Cooperation Act of 1979, which establishes the authorities for the Institute for Scientific and Technological Cooperation, could be pursued under the authority of section 106 of the Foreign Assistance Act of 1961, as amended, and expresses its strong support for the use of $10 million of the funds for section 106 for such programs of scientific and technological cooperation.

ENERGY DEVELOPMENT AND PRODUCTION

The House amendment (sec. 304) moves the selected development assistance and PVO provisions of existing section 106 of the Foreign Assistance Act to a new section 107, thus establishing section 106 exclusively as an energy development and production authorization.

The Senate bill contains no comparable provision.

The conference substitute is the same as the Senate position, because of the conferees' reluctance to increase the number of functional accounts. The conference committee notes, however, that this decision should not be interpreted as a lessening of its interest in and support for the energy programs carried out by the U.S. assistance program.

U.N. DECADE FOR WOMEN

The Senate bill (sec. 306) earmarks $500,000 for international programs which support the original goals of the U.N. Decade for Women.

The House amendment does not contain a comparable provision.

The conference substitute is the same as the Senate substitute, providing $500,000 for these programs for fiscal year 1982.

The committee of conference supports this provision in order to insure that international development programs for women continue to receive adequate support for deserving projects. Use of "multi-bi" arrangements to permit AID to fund directly projects identified by the Voluntary Fund of the U.N. Decade for Women will permit the United States to continue to support worthy individual projects and to encourage support for such activities by other donors. The reduced U.S. direct contribution to the Voluntary Fund of $500,000 indicates the displeasure of the United States at the unfortunate politicization of the United Nations Mid-Decade Conference for Women in Copenhagen in July 1980.

The committee urges the executive branch to restore the fiscal year 1983 contribution to the Voluntary Fund to $1 million if the projects supported by the Fund maintain standards they have exhibited to date.

HUMAN RIGHTS

The House amendment (sec. 306) amends section 116 of the Foreign Assistance Act to continue to target $1.5 million for human rights programs in fiscal years 1982 and 1983.

The Senate bill (sec. 307) eliminates this target.

The conference substitute is the same as the House provision. The committee of conference has noted the reluctance of the Agency for International Development to fund some activities previously supported in accordance with this directive and therefore believes it necessary to continue to urge the executive branch to support such activities.

ENVIRONMENT AND NATURAL RESOURCES

The House amendment (sec. 307) amends section 118 of the Foreign Assistance Act to require environmental impact statements and environmental assessments.

The Senate bill (sec. 308) does not contain a comparable section.

The conference substitute is the same as the House provision.

PRIVATE VOLUNTARY ORGANIZATIONS

The Senate bill (section 310) amends section 123 of the Foreign Assistance Act to earmark 16 percent of development assistance funds to be made available for activities of private voluntary organizations (PVO's) and to require an annual report on the implementation of the section.

The House amendment does not contain a comparable provision.

The conference substitute provides that in fiscal years 1982, 1983 and 1984 the President shall seek to channel not less than 16 percent of development and disaster assistance funds to PVO's, and that not less than 12 percent of these funds shall be available for PVO activities in those years. Organizations which by December 31, 1984, obtain less than 20 percent of their financial support from non-Federal Government sources are not eligible to receive assistance under the Act for programs which they initiate unless this 20 percent provision is waived by the executive branch.

The decision of the managers of conference to agree to this section represents a further effort by the Congress to promote the use of American private and voluntary organizations in the implementation of U.S. assistance to developing countries.

The Congress has long recognized the valuable contributions by PVO's in humanitarian and developmental activities around the world. The issue of U.S. Government support of PVO's has been addressed in virtually every AID authorization bill since the New Directions legislation of 1973 or in committee reports accompanying such legislation. The conferees believe that the previous legislation and committee reports have helped to establish an increasingly productive partnership between AID and the nonprofit voluntary sector in carrying out U.S. assistance abroad.

In this new amendment to the Foreign Assistance Act, the committee of conference seeks to add to this momentum and to reinforce the policies that have led to growing use of PVO's in the programs in which they are particularly effective. The reference to 16 percent is designed not as a ceiling, but as a target which should be exceeded if appropriate. In its use of the term "financial support," the committee of conference does not intend that the term include the value of in-kind support, services of volunteers, or commodities made available to the organization for overseas distribution.

In the requirement of 20 percent financial support from non-U.S. Government sources, "programs of U.S. PVO's" refers to those PVO-initiated activities, funded or partially funded by AID, for which AID requires the PVO to be registered; subventions such as ocean freight are not included, nor are grants in support of specific AID programs.

HOUSING GUARANTEE PROGRAMS

The House amendment (sec. 309) amends section 222 of the Foreign Assistance Act to extend the Housing Investment Guarantee (HIG) program through September 30, 1984, and to increase the ceiling to $1,718 million to provide for the second year.

The Senate bill (section 313) extends the program to September 30, 1983, and maintains the ceiling at the existing level of $1,555 million.

The conference substitute is the same as the House provision.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

The House amendment (sec. 310) amends section 301 of the Foreign Assistance Act to earmark $45 million for the United Nations Children's Fund, $8.2 million for the United Nations Environment Program, $500,000 for the United Nations Institute for Training

and Research, and $400,000 for the U.N. Trust Fund for Southern Africa.

The Senate bill (sec. 311) earmarks up to $45 million or not less than 19.6 percent of the total appropriated for this section for the U.N. Children's Fund; up to $134,500,000 or not less than 58.7 percent of the total appropriated for the U.N. Development Program; and up to $10 million or not less than 4.4 percent of the total appropriated for the U.N. Environment Program.

The conference substitute provides that of funds appropriated for fiscal years 1982 and 1983 for this account, not less than 19.6 percent or $45 million, whichever of these amounts is less, be available for the U.N. Children's Fund; not less than 59.5 percent or $134.5 million, whichever of these amounts is less, be available only for the United Nations Development Fund; not less than 4.4 percent or $10 million, whichever of these amounts is less, be available for the United Nations Environment Fund; not less than 0.159 percent or $400,000, whichever of these amounts is less, be available for the U.N. Trust Fund for Southern Africa; and not less than 0.196 percent or $500,000, whichever of these amounts is less, be available for the U.N. Institute for Training and Research.

In addition, the committee of conference intends that contributions will be made available to the following organizations: U.N. Interim Fund for Science and Technology for Development, Organization of American States, U.N. Capital Development Fund, F.A.O. World Food Program, U.N. Education and Training Program for Southern Africa, U.N. Institute for Namibia; Voluntary Fund for the U.N. Decade for Women, World Meteorological Organization/Voluntary Cooperation Program, International Atomic Energy Agency, Convention on International Trade in Endangered Species, and U.N. Fellows.

It is the intention of the conferees that the levels specified are not ceilings, and should funding be available, the executive branch have the authority to increase the U.S. contributions above these levels.

AFRICAN DEVELOPMENT FOUNDATION

The House amendment (sec. 312) amends section 510 of the International Security and Development Cooperation Act of 1980 and earmarks out of funds to carry out part I of the Foreign Assistance Act $2 million for fiscal year 1982 and $2.178 million for fiscal year 1983 for the African Development Foundation.

The Senate bill has no comparable provision.

The conference substitute provides that $2 million shall be used for fiscal year 1982 and up to $2 million shall be used for fiscal year 1983.

TITLE IV—FOOD-FOR-PEACE PROGRAMS

SELF-HELP PROVISIONS

The Senate bill (sec. 603) amends section 109 of the Agricultural Trade Development and Assistance Act of 1954 (hereafter referred to as Public Law 480) to include two additional self-help measures that the President will consider before entering into agreements with developing countries; namely, programs to reduce illiteracy and to improve the health of the rural poor.

The House amendment (sec. 403) is similar, except that it refers to programs to reduce illiteracy among farmers and programs to improve the health of farmers and their families.

The conference substitute is the same as the Senate provision.

The Senate bill (sec. 604) requires that, in connection with agreements with developing countries under title I, the economic development and self-help measures agreed to shall be described in specific and measurable terms. In addition, this provision requires, in connection with such agreements, that the President take steps to assure that the self-help measures agreed to are in addition to the measures the recipient country otherwise is undertaking without the new resources.

The House amendment (sec. 404) is similar, except that it requires that the economic development and self-help measures agreed to must be described in quantitative and measurable terms, and further provides that the President should satisfy himself that the economic development measures, as well as the self-help measures agreed to, are in addition to the measures the recipient country would have undertaken irrespective of the agreement.

The conference substitute adopts the Senate position with regard to describing title I self-help measures in specific and measurable terms and in not including economic development measures in the additionality requirement. The substitute adopts the House position with regard to applying the additionality requirement in relation to self-help measures which the recipient country would have undertaken.

ALLOCATION OF TITLE I ASSISTANCE

The House amendment (sec. 405) adds a new section to Public Law 480 to limit the amount of financing made available under title I for any one country to no more than 30 percent of the total dollar amount of financing made available under that title to all countries. This provision would be effective beginning with fiscal year 1983.

The Senate bill contains no comparable provision.

The conference substitute is the same as the Senate position.

TITLE II MINIMUM

The House amendment (sec. 406) amends section 201 of Public Law 480 which currently requires that of the overall minimum of 1.7 million metric tons of agricultural commodities which much be distributed under title II each year, at least 1.4 million tons must be distributed through nonprofit voluntary agencies and the World Food Program. The House amendment reduces the subminimum for nonprofit voluntary agencies and the World Food Program from 1.4 million tons to 1.2 million tons annually, and makes the subminimum applicable to *nonemergency programs.*

The Senate bill contains no comparable provision.

The conference substitute is the same as the House provision.

TITLE V—OTHER ASSISTANCE PROGRAMS

INTERNATIONAL NARCOTICS CONTROL

Paraquat

The House amendment (sec. 502) repeals the present subsection 481(d) of the Foreign Assistance Act. Subsection 481(d) presently prohibits use of chapter eight funds for spraying a herbicide to eradicate marihuana if that practice is likely to seriously harm the health of users of the sprayed marihuana; except that the prohibition does not apply if the herbicide is used in conjunction with another substance that will clearly and readily warn potential users of the sprayed marihuana of the use of herbicide. Subsection 481(d) also provides notification and reporting requirements.

The Senate bill (sec. 403) amends subsection 481(d) to provide as follows: (1) The Secretary of State shall inform the Secretary of Health and Human Services of any use of herbicide under chapter eight funded programs to eradicate marihuana; (2) the HHS Secretary shall monitor the impact on the health of persons using such marihuana and if he determines their exposure to the herbicide harms their health, he shall so report to Congress with any recommendations he may make; (3) earmarks not less than $100,000 in international narcotics control funds for developing a substance that clearly and readily warns potential marihuana users that the marihuana has been sprayed with paraquat; and (4) requires that if such a substance is developed, it shall be used in conjunction with the spraying of paraquat under any chapter eight funded narcotics control program.

The conference substitute is the same as the Senate provision with an amendment that urges the President to use not less than $100,000 in international narcotics control funds for developing a substance that clearly and readily warns potential marihuana users that the marihuana has been sprayed with paraquat or other herbicide harmful to the health of persons using such marihuana and requires that if such a substance is developed it shall be used in conjunction with the spraying of paraquat or other herbicide.

Assistance to Colombia

The House amendment removes the present requirement which limited use of $16 million of fiscal year 1980 narcotics aid funding for Colombia to transportation equipment and training personnel for interdicting drug traffic.

The Senate bill has no comparable provision.

The conference substitute is the same as the House provision.

Annual report

The Senate bill requires an annual report from the President, to be submitted by February 1, on the status of U.S. policy to establish and encourage an international strategy to prevent the illicit production of and to interdict and intercept trafficking in narcotics.

The House amendment has no comparable provision.

The conference substitute is the same as the Senate provision.

ASSISTANCE FOR DISPLACED PERSONS IN CENTRAL AMERICA

The House amendment (sec. 504) adds new section 495I to the Foreign Assistance Act: (1) To help alleviate the suffering of persons displaced by strife in El Salvador and encouraging the use of private voluntary organizations and international relief agencies to provide this assistance; and (2) to authorize the President to furnish assistance to assist the Government of Belize in the resettlement of Haitian nationals.

For these purposes, $5 million is authorized in fiscal year 1982 and $5,455,000 in fiscal year 1983, to be provided under the policies and purposes of the international disaster assistance authority (sec. 491) of the Foreign Assistance Act.

The Senate bill has no comparable provision.

The conference substitute is the same as the House provision, with an amendment providing $5 million for fiscal year 1983.

TITLE VI—PEACE CORPS

PEACE CORPS AUTONOMY

Both the Senate bill (title V) and the House amendment (title VI) provide, with technical differences, for the separation of the Peace Corps from the ACTION Agency effective upon the date of enactment of this act.

Transfer of personnel, funds, obligations, property, and records

The Senate bill (sec. 503 (a) and (b)) provides for the transfer of various items, including personnel, assets, liabilities, contracts, property records, and unexpended balances used primarily in connection with functions relating to the Peace Corps.

The House amendment contains a similar provision, with technical differences.

The conference substitute is similar to the Senate provision.

Transferred personnel

The Senate bill (sec. 503(a)) provides that: (1) The transfer of full-time personnel and permanent part-time personnel shall not cause such employees to be separated or reduced in rank, class, grade, or compensation, or otherwise suffer a loss of employment benefits for 1 year after the later of (a) the date on which the Director of the Office of Management and Budget submits a report on steps taken to implement the separation of the Peace Corps from the ACTION Agency, as required in section 606 or (b) the effective date of a particular individual transfer; (2) the transferred personnel shall be assigned, to the maximum extent feasible, to such related functions and organizational units in the Peace Corps as such personnel were assigned to immediately before the date of enactment; (3) the collective-bargaining agreements in effect on the date of enactment covering transferred personnel shall continue to be recognized until the termination date of such agreements or until a mutual modification by the parties otherwise specifies; (4) transferred personnel shall be given Foreign Service appointments under the authority of section 7(a)(2) of the Peace Corps Act except that no transferred employee may be so appointed without his or her consent until 3 years after the effective date and the Foreign Service appointment of each transferred employee holding a career or career-conditional appointment at grade 8 or below of the General Schedule would not be subject to the 5-year appointment limitation contained in section 7(a)(2)(A) of the Peace Corps Act or other time limitation; and (5) the basic rate of compensation for persons appointed under these provisions would not be permitted to be reduced below the rate received by such person immediately prior to the effective date of such person's appointment.

The House amendment does not contain similar provisions.

The conference substitute is similar to the Senate provision, but also specifies that such appointments may take place notwithstanding the provisions of clause (B) of section 7(a)(2) of the Peace Corps Act.

The committee of conference notes that the provisions in the Senate bill relating to the transfer of employees are derived from section 5 of Public Law 89-134, establishing the unique, unified Peace Corps personnel system, and should be implemented in similar fashion.

Functions of the Director of the Peace Corps

The House amendment (sec. 3(c)(2)) provides that the Director of the Peace Corps shall continue to exercise all the functions under the Peace Corps Act which the Director was performing on the day before the date of enactment.

The Senate bill does not contain a comparable provision.

The conference substitute provides that the Director of the Peace Corps shall continue to exercise all the functions under the Peace Corps Act which the Director was performing on December 14, 1981. The effect of this provision would be to supersede the authority under section 4(b) of the Peace Corps Act to withdraw any authority which had been delegated to the Director of the Peace Corps on December 14, 1981.

Reports

The Senate bill (sec. 506) requires, not later than the 30th day after enactment, the Director of the Office of Management and Budget to submit to the appropriate committees of Congress and to the Comptroller General a report regarding the steps taken to implement the separation of the Peace Corps from ACTION, and provides for the Comptroller General, not later than 45 days after enactment, to report to such committees whether determinations made by the Director of the Office of Management and Budget were equitable.

The House amendment contains a similar provision, but requires the report to be made only to the appropriate committees of the Congress and requires the Director of the Office of Management and Budget to consult with the Director of the ACTION Agency, the Director of the Peace Corps, and the Comptroller General prior to submission of the report.

The conference substitute is the same as the Senate bill with amendments specifying that the Director of the Office of Management and Budget consult with the Director of the ACTION Agency and the Director of the Peace Corps prior to submission of the report and provides for the reports to be submitted February 15, 1982, and March 1, 1982, or 30 and 45 days after enactment, whichever dates are later.

AUTHORIZATIONS

(a) Section 604 of the House amendment provides for restoration of Peace Corps authority to procure legal services abroad.

The Senate bill does not contain this provision.

The conference substitute is the same as the House provision.

(b) The Senate bill (sec. 515) amends section 5(c) of the Peace Corps Act to eliminate the $125 ceiling on volunteer readjustment allowances.

The conference substitute specifies that the readjustment allowance be provided at a rate not less than $125 per month. The committee of conference expresses the expectation that the allowance will be raised as soon as possible and will continue to be increased at reasonable intervals of time to levels commensurate with economic conditions.

TITLE VII—MISCELLANEOUS PROVISIONS

EXCESS PROPERTY

The House amendment (sec. 701) authorizes AID to acquire "other property already owned by an agency of the United States" in addition to excess property, if a substantial savings would occur. Use of excess property may be supplementary to the procurement of new items.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the House provision.

COMPENSATION FOR DEPUTY MISSION DIRECTORS

The Senate bill (sec. 704) amends section 431 of the Foreign Assistance Act to make specific provisions for the salary level and benefits which are paid to the deputy chief of the AID mission.

The House amendment does not contain this provision.

The conference substitute is the same as the House position.

NOTIFICATION OF PROGRAM CHANGES

The Senate bill (sec. 705) amends section 634A of the Foreign Assistance Act to require that program change notifications include:

(1) The nature and purpose of the proposed obligation;

(2) The program or source from which such funds are being reprogramed;

(3) The reasons that such proposed obligation could not be made out of funds which might be appropriated pursuant to a request for supplemental appropriations; and

(4) Specification of the national interest of the United States in the proposed new obligation.

The House amendment does not contain a similar provision.

The conference substitute provides that section 634A of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

Whenever a proposed reprograming exceeds $1 million and the total amount proposed for obligation for a country under the act in a given fiscal year exceeds by more than $5 million the amount contained for that country in the report required by section 653(a) of this act, notifications of such proposed reprogramings shall specify:

(1) the nature and purpose of such proposed obligation, and

(2) to the extent possible at the time of the proposed obligation, the country for which such funds would otherwise have been obligated.

INSPECTOR GENERAL

The House amendment (sec. 705) places the AID Inspector General's office under the authority of the Inspector General Act, making the Inspector General a Presidential appointee.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the House provision.

ABOLISHMENT OF THE INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

The Senate bill (sec. 706) repeals the reorganization plan and Executive order which established the International Development Cooperation Agency.

The House amendment does not contain a similar provision.

The conference substitute is the same as the House position on this issue, which is to leave existing statutory authorities unchanged. The committee of conference affirms its opposition to any unnecessary bureaucratic layering or expenditures in the development and execution of U.S. policies and programs relating to countries of the developing world. Thus, IDCA should not act as a seperate layer of bureaucracy to engage in duplicative management of AID or other IDCA components. The committee of conference also emphasizes again its support for coordination and consolidation of U.S. Government activities relating to developing countries in order to achieve maximum effectiveness for these policies and

programs. IDCA authorities should assist its Director in acting as a central point in the executive branch for review and coordination of overall foreign assistance activities conducted by the U.S. Government, and as a spokesman for the overall development interests and objectives of the United States, in particular as outlined in section 2 of Reorganization Plan No. 2 of 1979 and sections 101 and 102 of the Foreign Assistance Act. The committee of conference expects the President to present a nominee for the IDCA Director's post as soon as possible, and that there will be close consultation with the Congress before any executive branch decisions are made concerning possible changes in functions or administration with regard to IDCA.

EMERGENCY HUMANITARIAN HELP FOR THE PEOPLE OF POLAND

The House amendment (secs. 706 and 718) contains the following provisions relating to Poland: (a) A statement noting Poland's serious food shortages which will be worsened if feed supplies for livestock do not arrive quickly, and urging the President for urgent humanitarian reasons to use existing authorities promptly to provide feedgrains from Commodity Credit Corporation stocks or other appropriate commodities under as favorable terms as possible; (b) encouragement to the President to pursue discussions with other Western countries about a multilateral effort to help the people of Poland achieve self-sustaining economic recovery in the years ahead; (c) notwithstanding any other provision of law, up to $5 million of fiscal year 1982 Economic Support Funds for Poland for purchase, transportation, and distribution of food and medical supplies through private and voluntary organizations; and (d) authority for the use of currencies or credits received by the U.S. Government from its April and October 1981 sales of surplus dairy products to Poland, subject to provision in advance in an appropriation act, to serve U.S. interests including for activities of common benefit to the people of the United States and the people of Poland, such as for joint programs in agriculture, education, science, and culture, and for additional facilities for the Children's Hospital at Krakow, with the availability of such currencies or credits not to affect or reduce appropriations otherwise available for such purposes.

The Senate bill has no provision comparable to (a) or (b) above. It has a provision (sec. 730) similar to (c) except that the $5 million provided for ESF for Poland is earmarked. It has a provision similar to (d) except that its examples of programs for which the currencies or credits could be used includes programs in energy and health and does not include reference to the Children's Hospital at Krakow; and it does not include the provision regarding the effect on appropriations of the availability of the currencies or credits.

On (a) and (b) the committee of conference provision is the same as that of the House. On (c), it is the same as that of the Senate. On (d), the committee of conference provision is the same as that of the House except that the illustrative uses of the currencies or credits includes use for purposes such as joint programs in energy, agriculture, education, science, health, and culture, or for humanitarian activities, as in the Senate bill. The committee of conference intends that additional facilities for the Children's Hospital at Krakow be among the purposes for which the funds could be used.

With regard to the $5 million authorized in Economic Support Funds the intent of the committee of conference is that the funds be used to help relieve, to the greatest extent possible, the severe food and medical shortages facing the Polish people. These funds are to be distributed by private voluntary agencies, as appropriate, such as the Polish-American Congress, Project HOPE, and Catholic Relief Services, which have established a relief network in Poland in cooperation with the Church, the Solidarity labor union, and the Polish Government. The committee of conference recognizes that these funds represent only a portion of the emergency relief needs of the Polish nation.

FINDINGS REGARDING GLOBAL SECURITY

The House amendment (sec. 707) states that the security of the United States and other countries is affected by a broad range of global problems, of which the most critical include hunger, disease, and extreme poverty. Stating that such problems may lead to unrest and violence, it finds that U.S. global and national security must be defined to include these problems.

The Senate bill does not contain similar provisions.

The conference substitute is the same as the House provision.

FINDINGS AND DECLARATION OF POLICY REGARDING WORLD HUNGER

The House amendment (sec. 708) states that the Congress declares that the elimination of hunger and its causes is of fundamental moral significance, is in the political, economic, and security interests of the United States, and shall be a primary object of U.S. relations with developing countries.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the House provision.

FOOD SECURITY RESERVES

The House amendment (sec. 709) states certain findings or world food security reserves and requires the President to encourage other countries to establish their food security reserves that complement U.S. reserves.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the House provision.

CONSOLIDATED REPORTS ON MILITARY ASSISTANCE AND SALES

The Senate bill (sec. 710) creates a consolidated annual reporting requirement under section 25 of the Arms Export Control Act to incorporate a number of current reports related to military assistance and sales and repealed reporting requirements for a number of one-time reports and obsolete provisions.

The House amendment does not contain a comparable provision.

The conference substitute is the same as the Senate bill with two amendments. First, the following reports will continue to be provided on a quarterly basis:

Section 26(b) of the Arms Export Control Act—a quarterly report on defense requirement surveys;

Section 28 of the Arms Export Control Act—requiring quarterly report on defense requirement surveys;

Section 28 of the Arms Export Control Act—a quarterly report on price and availability estimates;

Section 36(a) of the Arms Export Control Act—a quarterly report on commercial exports and foreign military sales of $1 million or more, projections on credits and guarantees that have or will be extended, an estimate of U.S. Government employees and civilian contract personnel overseas, reports on agents fees, and other information.

Second, section 620(s)(2) of the Foreign Assistance Act of 1961 will be kept as a separate annual reporting requirement with section 620(s)(1)(C) repealed, and with a clarifying amendment to section 620(s)(1)(B). It is the intent of the conferees that these changes not result in a diminution of efforts by the executive branch to comply with the requirements of section 620(s).

REPEALS

The Senate bill (sec. 712) repeals various provisions of a number of foreign assistance acts because they are no longer necessary.

The House amendment does not contain a similar provision.

The conference substitute is similar to the Senate provision with an amendment providing that the following provisions not be repealed:

Foreign Assistance Act of 1961, as amended (Public Law 87-195)

(a) Section 116(d) relating to human rights reports on members of the United Nations.

(b) Section 121(b) regarding annual reports on the Sahel development program.

(c) Section 240A, regarding reports from the Overseas Private Investment Corporation.

(d) Section 300, regarding reports on the International Food and Agriculture Development Board.

(e) Section 306, regarding reports on voluntary contributions to international organizations.

(f) Sections 481(b) (1) and (2), regarding reports on international narcotics control assistance.

(g) Section 502B(b), regarding reports on the human rights record of foreign nations.

(h) Section 620(s)(2), regarding reports on funds U.S. aid recipients spend to acquire weapons. Section 620(s)(1)(c) of such section would be repealed.

(i) Section 620(u), relative to an aid recipient's dues to the United Nations.

The International Development Cooperation Act of 1979

(a) Section 407(b)(2), relating to a report from the Council on International Scientific and Technological Cooperation.

(b) Section 411, relating to a report from the President on operations of the International Scientific and Technological Cooperation.

The Foreign Assistance Act of 1974

Sections 55(a) (4) and (5), and (6), regarding reports on global food aid.

The Foreign Assistance Act of 1973

Section 39(a)(4), relating to a report on measures taken to meet the world food shortage.

REPORTS ON FOREIGN ASSISTANCE

Responsibility for preparing the annual report on foreign assistance

The Senate bill (sec. 711) amends section 634 of the Foreign Assistance Act to give responsibility for providing the information in the annual report on foreign assistance to the President instead of the Chairman of the Development Coordination Committee.

The House amendment has no comparable provision.

The conference substitute is the same as the House position.

Consolidated reports

The Senate bill incorporated various existing reporting requirements into a consolidated report.

The House amendment has no comparable provision.

The conference substitute is the same as the Senate provision with an amendment deleting the following from inclusion in the consolidated report:

(a) Allocation of U.S. contributions to the Sahel development program.

(b) Reports required pursuant to Title XII: Famine Prevention and Freedom from Hunger.

(c) Voluntary contributions by the U.S. Government to international organizations in the preceding fiscal year.

(d) Programing and obligation of funds relating to international narcotics assistance.

(e) Description of human rights practices in proposed recipients of foreign assistance and members of the United Nations.

(f) Reports related to the operations of the Overseas Private Investment Corporation.

External debt burdens on Egypt, Israel, and Turkey

The Senate bill requires that the annual report on foreign assistance include appropriate information regarding any country, including Egypt, Israel, and Turkey, whose economic conditions may jeopardize its ability to meet its international debt obligations.

The House amendment (sec. 713) requires a report no later than January 15, 1982, on the external debt burdens of Egypt, Israel, and Turkey, and the impact of Arab sanctions on the Egyptian economy.

The conference substitute is the same as the House provision with an amendment requiring a report no later than 120 days after enactment of the bill and a report no later than 1 year from the date of enactment.

TECHNICAL AMENDMENT

The Senate bill (sec. 713) amends section 620(f) of the Foreign Assistance Act to alphabetize the list of Communist countries in section 620(f) and to include the Lao People's Democratic Republic on the list of Communist countries.

The House amendment does not contain a similar provisions.

The conference substitute is the same as the Senate bill, with an amendment to strike the reference to the Lao People's Democratic Republic.

HAITI

(a) The Senate bill (sec. 716(a)) expresses the sense of Congress that assistance to Haiti be used to ameliorate poverty and assist Haiti in dealing with illegel emigration

The House amendment (sec. 710(a)) expresses the sense of Congress that up to $15 million be made available for development assistance to Haiti, and adds $6.2 million for the purposes of section 103(a) of the Foreign Assistance Act for Haiti.

The conference substitute is the same as the House amendment (sec. 710(a)), with an amendment deleting the $6.2 million authorization.

(b) The Senate bill provides that assistance to Haiti is to be provided only if the President determines that Haiti "is" acting to prevent illegal emigration. The House amendment is similar but requires that the President determine that Haiti "has" acted to prevent illegal emigration.

The conference substitute is the same as the Senate provision.

(c) The Senate bill requires the President to report 6 months after enactment of this act on actions by the Government of Haiti to restrict illegal emigration.

The House amendment requires the President to report each 6 months.

The conference substitute is the same as the Senate provision.

(d) The Senate bill permits certain military assistance and training to assist Haiti in halting illegal emigration for fiscal year 1982.

The House amendment is similar, but permits such assistance for all countries and has no fiscal year limitation.

The conference substitute is the same as the Senate provision, with an amendment making such authority available in fiscal year 1983 as well as fiscal year 1982.

REAFFIRMATION OF HUMAN RIGHTS

The Senate bill (sec. 717(a)) expresses a congressional finding that the United States should continue in its role as a defender of human rights and the President and the Secretary of State need accurate information on matters pertaining to human rights, and (b) expresses a sense of Congress that the President submit to the Senate the name of the nominee for position of Assistant Secretary for Human Rights.

The House amendment (sec. 712) states that Congress reaffirms its support for various statutory provisions relating to internationally recognized human rights.

The conference substitute reaffirms congressional support for the statutory provisions which have been enacted in order to promote internationally recognized human rights and expresses the sense of Congress that a strong commitment to the defense of human rights should continue to be a central feature of American foreign policy.

ASSISTANCE TO ARGENTINA

The Senate bill repeals section 620B of the Foreign Assistance Act but continues to prohibit assistance to Argentina unless the President makes certain determinations. The Senate bill (sec. 720) also states the sense of Congress concerning Argentine Government treatment of detainees and further expresses the congressional hope for progress regarding disappeared citizens and prisoners held at the disposition of the National Executive Power.

The House amendment repeals section 620B of the Foreign Assistance Act but continues to prohibit assistance to Argentina unless the President makes certain determinations. The House amendment (sec. 715(c)) requires, as part of the Presidential determination, that particular attention be paid to disappeared citizens and prisoners held at the disposition of the National Executive Power.

The conference substitute is the House provision, with an amendment to change subsection (c) in order to reflect both the House position on the accounting for disappeared persons and the treatment of prisoners held at the disposition of the National Executive Power and the Senate section 720 regarding the same matters. Revised subsection (c) reads:

The Congress welcomes the actions of the Government of Argentina to adjudicate numerous cases of those detained under the National Executive Power of the Argentine Government, and the Congress hopes that progress will continue, especially with regard to providing information on citizens listed as "disappeared" and prisoners remaining at the disposition of the National Executive Power.

In the process of making the determination required in paragraph (1) of subsection (b), the President shall consider, among other things:

(1) efforts by the Government of Argentina to provide information on citizens identified as "disappeared"; and

(2) efforts by the Government of Argentina to release or bring to justice those prisoners held at the disposition of the National Executive Power (PEN).

ASSISTANCE TO CHILE

The Senate bill (sec. 726) repeals section 406 of the International Security and Arms Export Control Act of 1976 that prohibits military assistance and sales to Chile but requires a detailed report certifying that the Government of Chile has made progress in complying with internationally recognized principles of human rights, that the provision of assistance is in the U.S. national interest, and that the Government of Chile is not aiding or abetting international terrorism. The provision also states the sense of Congress that Chile should take steps to bring to justice those indicted in connection with the Letelier/Moffitt murders.

The House amendment contains no comparable provision.

The conference substitute is the Senate provision, with an amendment placing the essence of subsection (b)(5) into subsection (b)(4)(C), so that one of the matters on which the President must report is whether the Government of Chile has taken appropriate steps to cooperate to bring to justice those indicted in connection with the murders of Orlando Letelier and Ronni Moffitt.

In making this report, the President shall consider, among other things, whether the Government of Chile is ending the practices of internal exile and forced expulsion, and is allowing those citizens who desire to return to Chile to do so, and whether the Government of Chile is permitting the unimpeded investigation, by internationally recognized commissions on human rights, of alleged violations of internationally recognized human rights.

ASSISTANCE TO EL SALVADOR

The situation in El Salvador

The House amendment (sec. 716) is a sense of Congress resolution with regard to the situation in and U.S. assistance to El Salvador.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the House provision.

Military assistance

The Senate bill (sec. 707) conditions U.S. military assistance to El Salvador on the President certifying that, "to the extent not precluded by forces outside its control," the Government of El Salvador is making progress with regard to respect for human rights, control over its armed forces, implementation of economic and political reforms, is committed to the holding of free elections at an early date, and to that end has demonstrated its willingness to negotiate an equitable political resolution of the conflict with any group which renounces and refrains from further military or paramilitary opposition activity.

The House amendment (sec. 113) also conditions U.S. military assistance on certification by the President with regard to the Government of El Salvador's achievement in similar areas, with the main differences

being that the House conditions are not predicated on "to the extent not precluded by forces outside its control" and the final condition deals with the Salvadoran Government's "willingness to negotiate with opposition groups an equitable political resolution of the conflict" rather than with "groups that renounce and refrain from further military or paramilitary opposition activity." The House amendment also includes more detailed introductory policy language.

The conference substitute is the Senate provision, with the following amendments:

(1) The replacement of the Senate policy language with the more detailed House policy language, with the addition of the following sentence at the end of the first paragraph: "Moreover, the Congress recognizes that the efforts of the Government of El Salvador to achieve these goals are affected by the activities of forces beyond its control."

(2) Adoption of the House provision that the first report under this section is to be submitted to the Congress within 30 days of enactment of this section, and, as provided in both bills, every 180 days thereafter.

(3) Removal from subsection (c) of the language in the Senate provision, "to the extent not precluded by forces outside its control".

(4) Amending subsection (c)(1) to refer to the Government of El Salvador's efforts to "comply with" rather than "control violations of" internationally recognized human rights.

(5) Amending subsection (c)(2) to adopt the House language which reads: "is achieving substantial control over all elements of its own armed forces, so as to bring to an end the indiscriminate torture and murder of Salvadoran citizens by these forces".

(6) Amending subsection (c)(4) to read: "is committed to the holding of free elections at an early date and to that end has demonstrated its good faith efforts to begin discussions with all major political factions in El Salvador which have declared their willingness to find and implement and equitable political solution to the conflict, with such solution to involve a commitment to (1) a renouncement of further military or paramilitary activity, and (2) the electoral process with internationally recognized observers."

The conferees noted that the removal of the Senate language in subsection (c) "to the extent not precluded by forces outside its control" was not intended as disagreement with the notion that there might be forces outside the control of the Government that might prevent its good faith efforts to implement these policies, as evidenced by the conferees agreement to include similar language in the introductory policy statement.

Reporting requirement relating to El Salvador

The Senate bill (sec. 728) provides for a report from the President regarding the conflict in El Salvador and the possibilities of its resolution.

The House amendment does not contain a comparable provision.

The conference substitute is the same as the Senate provision.

Compensation

The Senate bill (sec. 729) contains a provision prohibiting U.S. assistance for the purpose of planning for compensation, or for the purpose of compensation, for the confiscation, nationalization, acquisition, or expropriation of any agricultural or banking enterprise, or of the properties or stock shares which may be pertaining thereto.

The House amendment does not contain a comparable provision.

The conference substitute is the same as the Senate provision.

El Salvador refugees

The House amendment (sec. 720) recommends that extended voluntary departure status be granted to Salvadoran refugees.

The Senate bill contains no comparable provision.

The conference substitute is the following: "It is the sense of the Congress that the administration should continue to review, on a case-by-case basis, petitions for extended voluntary departure made by Salvadoran citizens who claim that they are subject to persecution in their homeland, and should take full account of the civil strife in El Salvador in making decisions on such petitions."

ASSISTANCE TO NICARAGUA

Conditions for assistance

The Senate bill (sec. 723) earmarks $13.275 million in development assistance and $20 million in ESF for Nicaragua under the following conditions:

(a) Such assistance shall be available only for private sector in Nicaragua;

(b) Subsection (a) shall not apply if there is progress toward free and fair elections;

(c) The President is to report for each 6-month period for which funds are provided.

The House amendment (sec. 721) provides that, in furnishing assistance to the Government of Nicaragua, the President shall take into account the Nicaraguan Government's respect for human rights, and the fulfillment by the Government of Nicaragua of its commitment to the Organization of American States; and the Government of Nicaragua's role in international terrorism. Further, any agreement for the provision of assistance shall, to the maximum extent feasible, require that the assistance be used for the private sector. The House amendment (sec. 711) states the sense of Congress that, in providing assistance to Nicaragua, the U.S. Government should take into consideration the holding of elections.

The conference substitute is the same as the House provision (sec. 721), with an amendment adding the Senate provision requiring reports every 6 months on the use of funds, the $20 million earmark, and an extension of the earmark to fiscal year 1983.

ASSISTANCE FOR PAKISTAN

The Senate bill (sec. 714) expresses the sense of the Congress that Pakistan's security is threatened by the presence of Soviet forces in Afghanistan, and that U.S. assistance will help Pakistan maintain its independence as well as benefit the people of Pakistan by promoting economic development. The bill further states that, in authorizing assistance to Pakistan, it is the intent of Congress "to promote the expeditious restoration of full civil liberties and representative government" in that country. The Senate bill earmarks $100 million in economic support funds for Pakistan for fiscal year 1982.

The Senate bill also allows the President to waive the prohibitions of section 669 of the Foreign Assistance Act of 1961, relating to transfers of nuclear enrichment equipment, for up to 6 years, solely for Pakistan, if he determines that to do so is in the national interest of the United States, and disallows the use of the Presidential waiver provided in section 670 of the Foreign Assistance Act if any non-nuclear-weapon country detonates a nuclear explosive device.

Finally, the Senate bill requires that a classified Presidential report on Pakistan's nuclear program be submitted to the Congress, as part of the presentation materials for foreign assistance programs proposed for each fiscal year, for each year the wavier for Pakistan is in effect, beginning with fiscal year 1983.

The House amendment (sec. 114) expresses the sense of the Congress regarding the security threats faced by Pakistan, the national interest of the United States in providing assistance to Pakistan in the preservation of its national independence and integrity, and the destabilizing effects of the proliferation of nuclear explosive devices or the capacity to manufacture or acquire such devices. It reaffirms the commitment made by the United States to Pakistan in the 1959 bilateral agreement relating to aggression from a Communist or Communist-dominated state states that security assistance for Pakistan will be made available in order to help that country in dealing with the security threat posed by Soviet troops in Afghanistan, and earmarks $100 million in economic support funds for fiscal year 1982.

The House bill amends sections 669 and 670 of the Foreign Assistance Act of 1961, in order to:

(1) Suspend new military and economic assistance to any country which transfers a nuclear explosive device to a non-nuclear-weapon state (as defined by article IV (3) of the Treaty on the Non-Proliferation of Nuclear Weapons), and;

(2) Suspend new military and economic assistance to a non-nuclear-weapons state which receives or detonates a nuclear explosive device.

The House concluded that an extension of the coverage to provide for suspension of assistance would help insure that any cutoff would be immediate and would include assistance in the pipeline.

Under the House bill, the above suspensions of assistance may be waived by a Presidential certification that such action would under extraordinary circumstances "be seriously prejudicial to the achievement of U.S. nonproliferation objectives" or "otherwise jeopardize the common defense and security." These Presidential waivers are then subject to congressional override by concurrent resolution.

The conference substitute is the same as the Senate provision with the following amendments:

(1) Prohibitions on economic and military assistance shall apply to any country which transfers a nuclear explosive device to any non-nuclear-weapons state, or to any non-nuclear-weapons state which receives a nuclear explosive device from another country;

(2) The prohibitions on assistance relating to transfers, receipts, or detonations of nuclear explosive devices may be delayed upon certification by the President to the Congress that an immediate termination of assistance would be detrimental to the national security of the United States. Upon such certification, the President is allowed to furnish assistance otherwise prohibited for a period of 30 days of continuous session of Congress. During that period, any joint resolution which would authorize the President to waive the termination of assistance at the end of the 30-day period will be considered under expedited procedures in both Houses;

(3) A Presidential waiver of prohibitions on assistance contained in provisions of sections 669 and 670 of the Foreign Assistance Act relating to transfer or receipt of nuclear reprocessing or enrichment equipment may be overturned by concurrent resolution of Congress during a period of 30 calendar days beginning after the waiver is submitted;

(4) A classified Presidential report to Congress is required relating to the nuclear program of any country for which a Presidential waiver of sections 669 or 670 of the Foreign Assistance Act is in effect;

(5) The language of section 114(a)(1) of the House bill expressing the sense of the Congress regarding Pakistan is incorporated into the Senate language;

(6) The earmarking of $100 million in economic support funds for Pakistan in fiscal year 1982 is deleted as part of an overall agreement on earmarking, and;

(7) The reporting requirement in section 620E(c) of the Foreign Assistance Act as amended by section 714 of the Senate bill is deleted.

The committee of conference expressed its intent that prohibitions on assistance to countries transferring or receiving nuclear explosive devices should apply specifically to the transfer or receipt of title to and control over the use of such devices. Further, the committee of conference expressed its belief that prohibitions on assistance required by section 670 of the Foreign Assistance Act as amended should be interpreted to require the immediate suspension of assistance, in the event of transfer, receipt, or detonation of a nuclear explosive device. The committee of conference expressed its intent that any waiver pursuant to the provisions of sections 669 and 670 relating to transfer or receipt of nuclear enrichment or reprocessing items should not be submitted, under normal circumstances, when a congressional recess would interfere with its consideration. The committee of conference maintained its belief that the executive branch shall keep the Congress fully and currently informed on nuclear nonproliferation matters.

The committee of conference expresses its deep concern at the continued illicit production of large quantities of opium in Pakistan, which is directly and significantly contributing to the heroin problem in the United States. The committee recognizes that the Department of State, AID, and other U.S. agencies are already taking significant steps—including high-level consultations with the Government of Pakistan—to deal with this increasingly serious problem for both countries. Nevertheless, the committee of conference strongly urges that additional steps be taken, and additional resources devoted to the narcotics suppression effort. The committee expects that narcotics suppression activities under the authorities of part I, chapter 1 and part II, chapter 4, of the Foreign Assistance Act of 1961, will be funded as a part of economic assistance programs in Pakistan.

COMPREHENSIVE ANALYSIS OF FOREIGN ASSISTANCE

The Senate bill (sec. 718) requests the President to provide no later than February 15, 1982, a comprehensive report to Congress on his approach to foreign assistance—such report to include analysis and recommendation on:

(1) The relationship between foreign assistance and defense expenditures as means of conducting foreign policy;

(2) The appropriate mix between military and economic assistance;

(3) The strengths and weaknesses, and appropriate mix, of bilateral and multilateral assistance programs;

(4) The relevance of the basic human needs approach to current aid policy;

(5) The performance of other aid donors, and the benefits they derive from their programs;

(6) Criteria for determining the appropriate size and composition of country programs;

(7) The appropriateness of the current mix of grants and loans, and the possibility of combining them with new or existing guarantee, insurance, and export credit programs;

(8) Specific means to more actively engage the private sector in assistance programs; and

(9) The usefulness of current functional categories in constructing the development assistance budget.

The House amendment does not contain a similar provision.

The conference substitute is the same as the Senate provision, except that the request for a report by February 15, 1982, is changed to request a preliminary report by March 31, 1982, and a final report by June 30, 1982. The conferees believe that this is an important opportunity for the executive branch to lay out its overall approach to foreign assistance in light of its first year of experience. While the Congress could benefit from such a study during its annual review of foreign assistance, it is more important that the study reflect the combined thinking of the various agencies and the President. Hence the conferees were willing to request that at least a preliminary report be made available to the Congress by March 31, 1982, and that the final report be submitted by June 30, 1982.

FINANCIAL OBLIGATIONS OF THE SOVIET UNION TO THE UNITED NATIONS

The Senate bill (sec. 721) contains a congressional finding that the Soviet Union is in arrears on payments for peacekeeping operations of the United Nations and a sense of Congress that the United States should undertake diplomatic initiatives to obtain payment by the Soviet Union.

The House amendment does not contain a similar provision.

The conference substitute is the same as the Senate provision.

IMMIGRANT VISAS FOR TAIWAN

The House amendment (sec. 772) provides that the approval referred to in the first sentence of section 202(b) of the Immigration and Nationality Act shall be considered to have been granted with respect to Taiwan (China).

The Senate bill did not contain a comparable provision.

The conference substitute is the same as the House provision. The intent of the provision is to extend to Taiwan eligibility for up to 20,000 immigrant visas a year which was taken away from the people on Taiwan inadvertently when the United States normalized its relationship with the People's Republic of China.

NONALINED COUNTRIES

The Senate bill (sec. 725) provides that: (a) in considering assistance to nonalined countries represented at the meeting of the Ministers of Foreign Affairs of nonalined countries on September 25 and 28, 1981, at the United Nations the President shall consider whether such country has dissociated itself from the communique issued following the meeting; (b) within 30 days after enactment of this section the President shall transmit a report on countries which have dissociated from the communique along with the method of dissociation; and (c) within 30 days after receiving a statement of dissociation from any country, the President shall transmit the statement to Congress with a description of the method of dissociation.

The House amendment (sec. 724) contains a similar provision, but requires only that the President report within 30 days on the countries which have dissociated from the communique.

The conference substitute is the same as the House provision, with an amendment requiring that the report state the methods of dissociation.

FISCAL YEAR 1983 AGGREGATE APPROPRIATIONS CEILING

The House amendment (sec. 727) established the President's fiscal year 1983 budget request as the aggregate ceiling for the fiscal year 1983 for all appropriations authorized by this act.

The Senate bill has no comparable provision.

The conference substitute is the same as the Senate provision.

SAVINGS PROVISION

The House amendment (sec. 719) contains a savings provision stating that enactment of this act shall not affect provisions of law specifically applicable to fiscal year 1981 which are repealed or otherwise amended by this act.

The Senate bill does not contain a similar provision.

The conference substitute is the same as the Senate position.

EFFECTIVE DATE

The Senate bill (sec. 732) states the act shall be effective upon the date of anactment except as otherwise provided in for section 712 (repeals). Authorizations and limitations on authority for fiscal year 1982 take effect on October 1, 1981.

The House amendment does not contain a similar provision.

The conference substitute is the same as the House provision.

LEBANON

The Senate bill (sec. 715) contains a provision stating the sense of Congress concerning the crisis in Lebanon and citing principles for U.S. policy, including the maintenance of an effective cease-fire, resolution of the issue of Syrian missiles in Lebanon, freedom for various communities in Lebanon, reaffirmation of historic U.S. ties with Lebanon, generous support for relief efforts in the country, and respect for a Lebanese Government based on open national elections free from external interference.

The House bill (sec. 714) contains comparable language but does not refer to the issue of the Syrian missiles or relief efforts in Lebanon.

The conference substitute is a compromise which includes all elements of the Senate provision and rephrases the last principle of U.S. policy in the Senate bill to read "restoration of Lebanon's sovereignty free from outside domination or occupation."

CYPRUS CONFLICT

The House amendment (sec. 717) constains a provision stating the sense of Congress that the President should take into account whether governments are helping to

promote a peaceful settlement of the Cyprus dispute and that a peaceful settlement should entail withdrawal of foreign troops and a return of Cypriot refugees to their homes.

The Senate bill does not contain a comparable provision.

The conference substitute is the same as the Senate position.

TOXINS AND BIOLOGICAL AND CHEMICAL AGENTS

The Senate bill (sec. 722) contains a provision that condemns use of toxins, or biological or chemical agents against the people of Laos. Kampuchea, and Afghanistan, urges U.N. action on violations of international law, and urges the President to obtain an explanation from the Soviet Union regarding the strong circumstantial and presumptive evidence of agent use.

The House amendment contains a comparable provision that also states the sense of Congress that the President allocate highest priority to the development of further evidence. The House provision also reiterates concern about the Sverdlovsk anthrax outbreak and expresses the sense of Congress that negotiation of a chemical weapons treaty should be given high priority.

The conference substitute is the same as the House provision.

ANGOLA

The Senate bill (sec. 709) repeals section 118 of the International Security and Development Cooperation Act of 1980 that prohibits military or paramilitary assistance to Angola and states that nothing in this section should be construed as endorsement of aid for military or paramilitary operations in Angola.

The House amendment does not contain a comparable provision.

The conference substitute is the same as the House position.

CLEMENT J. ZABLOCKI,
DANTE B. FASCELL,
LEE H. HAMILTON,
JONATHAN B. BINGHAM,
STEPHEN J. SOLARZ,
DON BONKER,
DAN MICA,
MICHAEL D. BARNES,
HOWARD WOLPE,
DAVID R. BOWEN,
WM. S. BROOMFIELD,
EDWARD J. DERWINSKI,
PAUL FINDLEY,
LARRY WINN, JR.,
ROBERT J. LAGOMARSINO,
Managers on the Part of the House.

For the consideration of all provisions except title VI of the Senate bill and title IV of the House amendment (relating to the Food for Peace Programs, Public Law 480):

CHARLES H. PERCY,
S. I. HAYAKAWA,
RICHARD G. LUGAR,
CHARLES MCC. MATHIAS, JR.,
CLAIBORNE PELL,
JOSEPH R. BIDEN, JR.,
JOHN GLENN,
PAUL S. SARBANES,

Mr. Cranston in lieu of Mr. Biden as an additional conferee solely for the consideration of those provisions dealing with the Peace Corps.

ALAN CRANSTON,

For the consideration of title VI of the Senate bill and title IV of the House amendment (relating to the Food for Peace Programs, Public Law 480):

JESSE HELMS,
ROBERT DOLE,
S. I. HAYAKAWA,
RICHARD G. LUGAR,
WALTER D. HUDDLESTON,
PATRICK J. LEAHY,
EDWARD ZORINSKY,
Managers on the Part of the Senate.

PROTECTION ISLAND NATIONAL WILDLIFE REFUGE

Mr. JONES of North Carolina. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1486) to establish the Protection Island National Wildlife Refuge, Jefferson County, State of Washington, as amended.

The Clerk read as follows:

H.R. 1486

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Protection Island National Wildlife Refuge Act".

SEC. 2. The Congress finds that—

(1) Protection Island provides nesting habitat for 72 per centum of the entire seabird population of Puget Sound and the Strait of Juan de Fuca;

(2) this island also provides refuge for other species, including the endangered bald eagle and the harbor seal; and

(3) this island is a nationally significant environmental resource threatened with destruction through residential and related development.

SEC. 3. As used in this Act:

(a) The term "refuge" means the Protection Island National Wildlife Refuge that includes those lands and waters, and interests therein, located in Jefferson County, State of Washington, that are depicted on the map entitled "Protection Island National Wildlife Refuge", dated September , 1980, and on file at the United States Fish and Wildlife Service. The purposes of the refuge are to provide habitat for a broad diversity of bird species, with particular emphasis on protecting the nesting habitat of the bald eagle, tufted puffin, rhinoceros auklet, pigeon guillemot, and pelagic cormorant; to protect the hauling-out area of harbor seals; and to provide for scientific research and wildlife-oriented public education and interpretation.".

(b) The term "Secretary" means the Secretary of the Interior.

SEC. 4. (a) Subject to subsections (b) and (c), the Secretary is authorized to acquire lands and waters or interests therein within the boundaries of the refuge by donation, purchase with donated or appropriated funds, or exchange.

(b)(1) In the case of any person who is the owner of land that—

(A) is within the boundaries of the refuge and contains a structure, suitable for use as a personal residence, that was located on the land on January 1, 1981; and

(B) in the judgment of the Secretary the United States should acquire a fee simple interest therein;

the Secretary shall first offer to acquire land subject to a life use, or, at the option of the owner, to an extended use reservation for a shorter term of years, subject to such terms and conditions as the Secretary deems necessary or appropriate to insure that the land will be used in a manner that is compatible with the purposes for which the refuge is established.

(2) Acquisition of land subject to life uses or other extended use reservations under paragraph (1) shall be made on the basis of the fair market value of the land and improvements thereon at the time of acquisition less 1 per centum of such value for each year of the reservation. The term of life uses shall be calculated on an actuarial basis.

(c) With respect to land within the boundaries of the refuge other than land described in subsection (b), the Secretary, in order to lessen the impact of Federal question on the present owners, shall give special consideration to providing for extended use reservations to the extent compatible with the purposes for which the refuge is established.

SEC. 5. The Secretary shall establish the refuge by publication of a notice to that effect in the Federal Register at such time as he determines that lands, waters, and interests therein sufficient to constitute an efficiently administrable refuge have been acquired. The Secretary may make such minor revisions in the boundaries of the refuge as may be appropriate to carry out the provisions of this Act.

SEC. 6. Prior to the establishment of the refuge and thereafter, the Secretary shall administer the lands, waters, and interests therein acquired for the refuge in accordance with the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd–ee). The Secretary may utilize such additional statutory authority as may be available to him for the conservation and development of wildlife and natural resources, the development of outdoor recreation opportunities compatible with the wildlife resources, and interpretive education as he deems appropriate to carry out the purposes of the refuge.

SEC. 7. Beginning October 1, 1982, there are authorized to be appropriated $5,000,000 for acquisition of lands and waters, and interests therein, for the refuge.

The SPEAKER. Is a second demanded?

Mr. FORSYTHE. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from North Carolina (Mr. JONES) will be recognized for 20 minutes, and the gentleman from New Jersey (Mr. FORSYTHE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Speaker, I yield myself such time as I may consume

Mr. Speaker, H.R. 1486 would establish the Protection Island National Wildlife Refuge in Jefferson County in Washington State.

Protection Island consists of 400 acres located in the entrance to Puget Sound in the State of Washington. Both the U.S. Fish and Wildlife Service and the State of Washington have identified it as a unique seabird habitat of national significance. This island is particularly valuable for two species of birds that have highly specialized habitat requirements, the rhinoceros auklet and tufted puffin. Owls, nighthawks, swifts, finches, and many types of western songbirds also reside on Protection Island and in recent years two pairs of bald eagles have nested on the island. A larg pod of harbor seals uses the island for whelping and resting.

The island has been subdivided for residential and recreational development since 1968. In 1974, the county placed a moratorium on building until a State-approved water system could be developed. As a result, only a few houses have been constructed.

If a water system is constructed and large-scale development results, there is a real concern that the result would be the reduction or elimination of the seabird habitat and the loss of a natural resource of national significance. Of particular concern is the potential for the release of rats or feral cats, both of which would have serious effects on ground nesting species such as the auklet.

H.R. 1486 would create the Protection Island National Wildlife Refuge which would be managed by the Secretary of the Interior through the Fish and Wildlife Service as part of the National Wildlife Refuge System. An authorization of $5 million for acquisition, beginning in fiscal year 1983, is included in the bill.

Mr. Speaker, H.R. 1486, as reported by the Committee on Merchant Marine and Fisheries, would direct the Secretary to offer life estates or other extended-use reservations to those who own habitable residences on the island. The number of the residences is not great nor is their present use damaging to the birdlife on the island. I believe that, with this amendment, the legislation strikes a fair balance between the protection of the birdlife and respect for the rights of the landholders and I urge my colleagues to support this bill.

Mr. FORSYTHE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support the passage of H.R. 1486, a bill to assure that the integrity and values of Protection Island in Washington State are retained and perpetuated for the nesting seabirds and the harbor seals found in Puget Sound.

The island serves as an extraordinary breeding area for six species of seabirds. Over 40,000 seabirds utilize the 400-acre island for nesting. In addition, the beach areas serve as habitat for pupping and hauling out activities of harbor seals.

In 1968 a development company purchased the island and initiated plans to develop it as a residential and recreational home subdivision which included nearly 1,100 lots. To date nearly 600 lots have been sold, but in 1974 a building moratorium was imposed on Protection Island until a State-approved water system could be developed. Consequently, development has been limited to a small airstrip, an unapproved road system, a marina, and a small number of residences. However, there is no doubt that should the water problem be resolved and development commence, the value of this island as a seabird nesting site would be dramatically reduced.

Many of the property owners on Protection Island have indicated a willingness to sell their lots in order to facilitate the establishment of a national wildlife refuge. However, other landowners are opposed to selling their property. Many want to continue to visit or reside on their property, and others want to maintain ownership for investment purposes.

The legislation before us today will authorize the Secretary of the Interior to acquire the lands, waters, or any interest in such lands and waters on Protection Island as are necessary to carry out the purposes of the refuge. At the same time, those lotowners who had structures on their lots suitable for personal residence on January 1, 1981, are assured of being offered life or other extended-use reservations on their property. The bill assures the protection of the birds and marine mammals and their important habitat while providing for the continuation of a limited number of activities.

Therefore, Mr. Speaker, I want to urge my colleagues to join me in supporting the passage of H.R. 1486.

Mr. PRITCHARD. Will the gentleman yield?

Mr. FORSYTHE. I yield to the gentleman from Washington.

Mr. PRITCHARD. Mr. Speaker, I rise in support of H.R. 1486 which would establish the Protection Island Refuge in my home State of Washington. I first would like to thank my colleague from the State of Washington, who introduced this legislation, for all his help in getting the bill to the House floor for consideration today. I would also like to commend the members of the Merchant Marine and Fisheries Committee for their unanimous support of this bill.

The abundant wildlife resources on this 400-acre island in the Strait of Juan de Fuca has been identified by both the U.S. Fish and Wildlife Service and the State of Washington as a unique seabird habitat of national and international significance. The island's location and topography are also ideally suited for some marine mammals as well. In contrast, the lack of potable water and high winds make human habitation on the island difficult.

Protection Island has two histories: A long history of being perhaps the most important seabird nesting area in Puget Sound and the Strait of Juan de Fuca, and a relatively short, unsuccessful history for recreational development. Other islands in Puget Sound and the San Juans possess far better recreational development potential than Protection Island. However, few, if any, locations are left which would provide suitable habitat for these species.

Although the island is relatively small, there are a substantial number of private lot owners. A survey conducted last year by the Protection Island Property Owners Association revealed that many would be interested in selling their property to the Federal Government for the purpose of creating a wildlife refuge. Others expressed specific reservations about selling their lots to the Federal Government. This legislation addresses those reservations by incorporating an amendment adopted during the subcommittee markup, which provides the Fish and Wildlife Service with the necessary flexibility to treat all the property owners fairly.

I urge that this bill be passed with the support of the full House. Thank you.

Mr. JONES of North Carolina. I yield such time as he may consume to the gentleman from Louisiana (Mr. BREAUX).

Mr. BREAUX. Mr. Speaker, I would just point out the contribution of the gentleman from Washington (Mr. BONKER) who has been instrumental in developing this legislation through the subcommittee process. He has had hearings in his congressional district along with the gentleman from Washington (Mr. PRITCHARD) and I thank them for their active work.

Mr. Speaker, H.R. 1486 would establish the Protection Island National Wildlife Refuge in Jefferson County in Washington State.

Protection Island consists of 400 acres located in the entrance to Puget Sound in the State of Washington. Both the U.S. Fish and Wildlife Service and the State of Washington have identified it as a unique seabird habitat of national significance. This island is particularly valuable for two species of birds that have highly specialized habitat requirements, the rhinoceros auklet and tufted puffin. Owls, nighthawks, swifts, finches, and many types of western songbirds also reside on Protection Island and in

recent years two pair of bald eagles have nested on the island. A large pod of harbor seals uses the island for whelping and resting.

The island has been subdivided for residential and recreational development since 1968. In 1974, the county placed a moratorium on building until a State-approved water system could be developed. As a result, only a few houses have been constructed.

If a water system is constructed and large-scale development results, there is a real concern that the result would be the reduction or elimination of the seabird habitat and the loss of a natural resource of national significance. Of particular concern is the potential for the release of rats or feral cats, both of which would have serious effects on ground nesting species such as the auklet.

H.R. 1486 would create the Protection Island National Wildlife Refuge which would be managed by the Secretary of the Interior through the Fish and Wildlife Service as part of the National Wildlife Refuge System. An authorization of $5 million for acquisition, beginning in fiscal year 1983, is included in the bill.

Mr. Speaker, H.R. 1486, as reported by the Committee on Merchant Marine and Fisheries, would direct the Secretary to offer "life estates" or other extended use reservations to those who own habitable residences on the island. The number of the residences is not great nor is their present use damaging to the bird life on the island. I believe that, with this amendment, the legislation strikes a fair balance between the protection of the bird life and respect for the rights of the landholders and I urge my colleagues to support this bill.

● Mr. DICKS. Mr. Speaker, I am pleased to have this opportunity to remind my colleagues of my support for the Protection Island National Wildlife bill.

This bill was first introduced in the 96th Congress because of an increasing statewide concern for preserving the island's unique resources. This concern has not diminished since the Protection Island bill was first proposed. Instead, the concern has grown. The threats to the island are increasing. The time to act is now.

I understand the concerns of my colleagues with regard to the rights of the property owners. In response to this, Congress BREAUX introduced an amendment which gives consideration to the landowners. Under the amendments, the Secretary of the Interior is directed to offer life leases to owners of improved property. In addition, the Breaux amendment further encourages the Secretary to offer similar options to the owners of unimproved property. This amendment mollifies much of the opposition created by the Protection Island Refuge proposal.

H.R. 1486 authorizes $5 million in fiscal year 1983 to establish the Protection Island National Wildlife Refuge. The authorization and the establishment of the refuge is necessary for several reasons.

The island is beset with excessive winds, severely eroding cliffs, and because there is less than 16 inches of rainfall per year, the threat of fire is imminent. There is no electricity, no dependable transportation on and off the island, and no reason why this island should have been plotted in the first place. Perhaps most disturbing to the property owners is the fact that there is no potable water. Potable water was promised when the island was initially plotted and sold. However, after several aborted attempts to provide water for the island, the State Health Department has placed a ban on building and septic tank permits. It appears unlikely that an acceptable source of water will be supplied.

The 400-acre island was divided into 835 lots, thereby providing a potential for over 3,000 people to inhabit the island. Increased development, human disturbance to the breeding grounds of the harbor seals and the 21,000 pair of seabirds, and the introduction of predatory animals would fatally disturb the wildlife and the delicate ecosystem of Protection Island. For all the reasons that Protection Island is perfectly suited to bird and animal, it is equally unsuited to residential and commercial development.

The value of this island as a source of recreational opportunity, environmental education and interpretive programs cannot be underestimated—nor can it be disputed. I urge my colleagues to take advantage of this opportunity to preserve this island for the enjoyment of this generation and for future generations—vote for passage of H.R. 1486.●

Mr. JONES of North Carolina. Mr. Speaker, I have no further requests for time.

Mr. SPEAKER. The question is on the motion offered by the gentleman from North Carolina (Mr. JONES) that the House suspend the rules and pass the bill, H.R. 1486, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill as amended, was passed.

A motion to reconsider was laid on the table.

□ 1800

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members who wish to may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 1486, as amended.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

FISHERMEN'S CONTINGENCY FUND

Mr. JONES of North Carolina. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3816) to improve the operation of the Fishermen's Contingency Fund established to compensate commercial fishermen for damages resulting from oil and gas exploration, development, and production in areas of the Outer Continental Shelf, as amended.

The Clerk read as follows:

H.R. 3816

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DEFINITIONS.

Section 401 of the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1841) is amended as follows:

(1) renumber paragraphs (1) through (7) as paragraphs (2) through (8); and

(2) insert immediately before paragraph (2), as renumbered, the following:

"(1) 'area affected by Outer Continental Shelf activities' means any geographic area:

"(A) which is under oil or gas lease on the Outer Continental Shelf;

"(B) where Outer Continental Shelf exploration, development, or production activities have been permitted, except geophysical activities;

"(C) where pipeline rights-of-way have been granted; or

"(D) otherwise impacted by such activities including but not limited to expired lease areas, relinquished rights-of-way and easements, Outer Continental Shelf supply vessel routes, or other areas as determined by the Secretary;".

SECTION 2. ESTABLISHMENT AND OPERATION OF FUND.

Section 402 of the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1842) is amended to read as follows:

"ESTABLISHMENT OF FISHERMEN'S CONTINGENCY FUND; FEE COLLECTION

"SEC. 402. (a)(1) There is established in the Treasury of the United States a Fishermen's Contingency Fund. The Fund shall be available to the Secretary without fiscal year limitations as a revolving fund for the purpose of making payments pursuant to this section. The Fund shall consist of—

"(A) revenues received from investments made under paragraph (3);

"(B) amounts collected under subsection (b); and

"(C) amounts recovered by the Secretary under section 405(h)(3).

The total amount in the Fund that is attributable to such revenues and amounts may at no time exceed $2,000,000; and not more than 8 percent of such total amount may be expended in any fiscal year for paying the administrative and personnel expenses referred to in paragraph (2)(A).

"(2) The Fund shall be available, as provided for in appropriation Acts solely for the payment of—

"(A) the personnel and administrative expenses incurred in carrying out this title;

"(B) any claim, in accordance with procedures established under this section, for damages that are compensable under this title; and

"(C) attorney and other fees awarded under section 405(e) with respect to any such claim.

"(3) Sums in the Fund that are not currently needed for the purposes of the Fund shall be kept on deposit in appropriate interest-bearing accounts that shall be established by the Secretary of the Treasury or invested in obligations of, or guaranteed by, the United States. Any revenue accruing from such deposits and investments shall be deposited into the Fund.

"(4) The Fund may sue and be sued in its own name. All litigation by or against the Fund shall be referred to the Attorney General.

"(b)(1) Except as provided in paragraph (2), each holder of a lease that is issued or maintained under the Outer Continental Shelf Lands Act and each holder of an exploration permit, or an easement or right-of-way for the construction of a pipeline in any area of the Outer Continental Shelf, shall pay an amount specified by the Secretary. The Secretary of the Interior shall collect such amount and deposit it into the Fund. In any calendar year, no holder of a lease, permit, easement, or right-of-way shall be required to pay an amount in excess of $5,000 per lease, permit, easement, or right-of-way.

"(2) Payments may not be required under paragraph (1) by the Secretary of the Interior with respect to geological permits and geophysical permits, other than prelease exploratory drilling permits issued under section 11 of the Outer Continental Shelf Lands Act (3 U.S.C. 1340).".

SEC. 3. ADMINISTRATION OF CLAIMS.

Section 403(c) of such amendments of 1978 (43 U.S.C. 1843(c)) is amended as follows:

(1) Paragraph (1) is amended to read as follows:

"(c)(1) Payments shall be disbursed by the Secretary from the Fund to compensate commercial fishermen for actual and consequential damages, including resulting economic loss, due to damages to, or loss of, fishing gear by materials, equipment, tools, containers, or other items associated with Outer Continental Shelf oil and gas exploration, development, or production activities. The compensation payable under this section for resulting economic loss shall be an amount equal to 25 per centum of such loss. For purposes of this subsection, the term 'resulting economic loss' means the gross income, as estimated by the Secretary, that a commercial fisherman who is eligible for compensation under this section will lose by reason of not being able to engage in fishing, or having to reduce his fishing effort, during the period before the damaged or lost fishing gear concerned is repaired or replaced and available for use.".

(2) Paragraph (2) is amended—

(A) by striking out "any area account established under this title—" and inserting in lieu thereof "the Fund—",

(B) by striking out subparagraphs (A) and (E),

(C) by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively,

(D) by inserting "and" after the semicolon in subparagraph (C) (as so redesignated),

(E) by redesignating subparagraph (F) as subparagraph (D), and

(F) by striking out "or will receive" in subparagraph (D) (as so redesignated) and inserting in lieu thereof "received, or will receive,".

SEC. 4. BURDEN OF PROOF.

Section 404 of such amendments of 1978 (43 U.S.C. 1844) is amended—

(1) by amending the matter appearing before paragraph (1) to read as follows: "With respect to any claim for damages filed under this title, there shall be a presumption that such damages were due to activities related to oil and gas exploration, development, or production if the claimant establishes that—";

(2) by striking out "five days after the date on which such damages were discovered;" in paragraph (2) and inserting in lieu thereof "fifteen days after the date on which the vessel first returns to a port after discovering such damages;"; and

(3) by amending paragraph (3) by striking "existed in such area" and inserting in lieu thereof "existed where such damages occurred, except that in the case of damages caused by a pipeline, the presumption established by this section shall obtain whether or not there was any such record of the pipeline on the damage date; and".

SEC. 5. CLAIMS PROCEDURE.

Section 405 of such amendments of 1978 (43 U.S.C. 1845) is amended as follows:

(1) Subsection (b) is amended to read as follows:

"(b) Upon receipt of any claim under this section, the Secretary shall transmit a copy of the claim to the Secretary of the Interior and shall take further action regarding the claim that is required under subsection (d).".

(2) Subsection (c) is amended by striking out "hearing" and inserting in lieu thereof "proceeding".

(3) Subsection (d) is amended to read as follows:

"(d)(1) The Secretary shall, under regulations prescribed pursuant to section 403(a), specify the form and manner in which claims must be filed.

"(2) The Secretary may not accept any claim that does not meet the filing requirements specified under paragraph (1), and shall give a claimant whose claim is not accepted written notice of the reasons for nonacceptance. Such written notice must be given to the claimant within 30 days after the date on which the claim was filed and if the claimant does not refile an acceptable claim within 30 days after the date of such written notice, the claimant is not eligible for compensation under this title for the damages concerned; except that the Secretary—

"(A) shall in any case involving a good faith effort by the claimant to meet such filing requirements, or

"(B) may in any case involving extenuating circumstances,

accept a claim that does not meet the 30-day refiling requirement.

"(3)(A) The Secretary shall make an initial determination with respect to the claim within 60 days after the day on which the claim is accepted for filing. Within 30 days after the day on which the Secretary issues an initial determination on a claim, the claimant, or any other interested person who submitted evidence relating to the initial determination may petition the Secretary for a review of that determination.

"(B) If a petition for the review of an initial determination is not filed with the Secretary within the 30-day period provided under subparagraph (A), the initial determination shall thereafter be treated as a final determination by the Secretary on the claim involved.

"(C) If a petition for the review of an initial determination is timely filed under subparagraph (A), the Secretary shall undertake such review and, on the basis of such review, issue a final determination with respect to the claim within the period beginning on the 30th day, and ending on the 60th day, after the day on which the Secretary issued such initial determination. Before undertaking any such review, the Secretary shall provide to the claimant, and any other interested person who submitted evidence relating to the initial determination, an opportunity to submit written or oral evidence relating to that determination.".

(4) Subsection (e) is amended to read as follows:

"(e) If the decision of the Secretary under subsection (d) is in favor of the commercial fisherman filing the claim, the Secretary, as a part of the amount awarded, shall include reasonable claim preparation fees and reasonable attorney's fees, if any, incurred by the claimant in pursuing the claim.".

(5) Subsection (f) is amended by striking out "hearing examiner" each place it appears therein and inserting in lieu thereof "the Secretary", and by striking out "hearing" each place it appears therein and inserting in lieu thereof "proceeding".

(6) Subsection (g) is amended to read as follows:

"(g) Any proceeding conducted with respect to an initial determination on a claim under subsection (d)(3)(A) shall be conducted within such United States judicial district as may be mutually agreeable to the claimant and the Secretary or, if no agreement can be reached, within the United States judicial district in which the home port of the claimant is located.".

(7) Subsection (h) is amended—

(A) by amending paragraph (1) to read as follows:

"(h)(1) The amount awarded in an initial determination by the Secretary under subsection (d) shall be immediately disbursed, subject to the limitations of this section, by the Secretary if the claimant—

"(A) states in writing that he will not petition for review of the initial determination; and

"(B) enters into an agreement with the Secretary to repay to the Secretary all or any part of the amount of the award if, after review under subsection (d)(3)(C) or, if applicable, after judicial review, the amount of the award, or any part thereof, is not sustained."; and

(B) Paragraph (2) is amended by adding at the end thereof the following new sentence: "Any moneys recovered by the Secretary through subrogation shall be deposited into the Fund.".

(8) Subsection (i) is amended to read as follows:

"(i) Any claimant or other person who suffers a legal wrong or who is adversely affected or aggrieved by a final determination of the Secretary under subsection (d), may, no later than 30 days after such determination is made, seek judicial review of the determination in the United States district court for such United States judicial district as may be mutually agreeable to the parties concerned or, if no agreement can be reached, in the United States district court for the United States judicial district in which is located the home port of the claimant.".

SEC. 6. SURVEY OF OBSTRUCTIONS.

Section 407(a) of the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1847(a)) is amended by striking out "a two-year survey" and inserting in lieu thereof ", during the 2-year period beginning on the date of the enactment of the 1981 amendment to this subsection, a survey".

SEC. 7. REGULATIONS IMPLEMENTING THIS ACT.

Section 403(a)(1) of the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1843(a)(1)) is amended by striking out "claims; and" and inserting in lieu therof "claims (except that, notwithstanding any other provision of law, final regulations implementing the 1981 amendments to this title shall be published in the Federal Register within 120 days after the date of the enactment of such amendments); and".

SEC. 8. TECHNICAL AMENDMENT.

Section 401(3)(B) of the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1841(3)(B)) is amended by striking out "at sea".

SEC. 9. EFFECTIVE DATE.

(a) Except as provided for in subsection (b), the amendments made by this Act shall apply with respect to claims for damages that are filed, on or after the date of the enactment of this Act, with the Secretary of Commerce under section 405(a) of the Outer Continental Shelf Lands Act Amendments of 1978.

(b)(1) Any commercial fisherman who filed a claim with the Secretary of Commerce for compensation under title IV of such amendments of 1978 before the date of the enactment of this Act may, if no decision on such claim was rendered under section 405(d) of such title IV before such date of enactment, refile such claim with the Secretary if the claimant notifies the Secretary in writing within thirty days after notification under paragraph (2) of his eligibility to refile the claim that he intends to so refile. If timely notification of intent to refile is made under the preceding sentence, any action pending with respect to the original claim shall be suspended pending the refiling of the claim under paragraph (2) and, if such refiling is timely made, such action shall be vacated.

(2) The Secretary shall notify each claimant eligible to refile a claim under paragraph (1) of such eligibility within 10 days after the date of enactment of this Act.

(3) A claim for which notification on intent to refile was timely made under paragraph (1) must be refiled with the Secretary within the thirty-day period after the date on which the regulations promulgated to implement the amendments made by this Act become final or action shall be resumed with respect to such claim without regard to the amendments made by this Act.

(4) The amendments made by this Act shall apply with respect to any claim that is refiled on a timely basis under paragraph (3).

The SPEAKER. Is a second demanded?

Mr. FORSYTHE. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from North Carolina (Mr. JONES) will be recognized for 20 minutes, and the gentleman from New Jersey (Mr. FORSYTHE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 3816, a bill to improve the operation of the fishermen's contingency fund. This fund was established under title IV of the 1978 amendments to the Outer Continental Shelf Lands Act of 1953. It was intended to compensate commercial fishermen for damage to fishing gear resulting from oil and gas exploration on the Outer Continental Shelf. Unfortunately, the Administrative Law Judge proceedings set up for processing claims by regulations implementing the act have proved to be cumbersome, costly and time-consuming. For example, of the 176 claims filed under title IV, only 11 had been paid when H.R. 3816 was introduced; and it had required an average of 22 months to process each of these claims. The purpose of H.R. 3816 is to simplify and expedite the claims process, to substitute a simple new "Loss of Profits" formula, and to assure that claims hereafter are heard and determined within a maximum of 120 days. The bill increases the total amount of the fishermen's contingency fund from $1 million to $2 million, but continues to derive the funds from fees charged Outer Continental Shelf oil exploration permittees and oil line easement holders. The bill authorizes no appropriations. It does just what its title says: It improves the operation of the fishermen's contingency fund which was established to compensate commercial fishermen for damages resulting from oil and gas exploration on the Outer Continental Shelf.

The motion to suspend the rules incorporates four amendments designed to improve the bill. In a moment, the gentleman from Louisiana will explain the amendments.

Mr. Speaker, I urge my colleagues to support this important bill.

I now yield such time as he may consume to the gentleman from Louisiana, chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment.

Mr. BREAUX. Mr. Speaker, will the gentleman yield?

Mr. JONES of North Carolina. I yield to the gentleman from Louisiana.

Mr. BREAUX. Mr. Speaker, as the distinguished chairman of the Merchant Marine and Fisheries Committee, Mr. JONES, has indicated, the thrust of H.R. 3816, as amended, is to streamline and simplify a Federal program that has run aground.

The fishermen's contingency fund, created by title IV of the Outer Continental Shelf Lands Act Amendments of 1978, was designed to address the concerns of the Congress about the possible interference of OCS-related activity with commercial fishing operations. It is to be recalled that one of the primary purposes of the 1978 OCS Lands Act Amendments was to lay the groundwork for an accelerated OCS leasing program, particularly in so-called frontier areas where there was little, or no, previous experience with OCS leasing activities. Many Members believed that local opposition to an accelerated leasing program in frontier areas, such as Georges Bank, was attributable to the fears of local fishermen regarding the potentially harmful impact that OCS leasing might have on their ability to harvest the abundant fishery resources above the shelf.

With enactment of the title IV program, Congress sought to assure these fishermen of prompt and equitable relief for direct damage to their boats and fishing gear, as well as related consequential damages from lost fishing time, due to OCS activities.

As the gentleman from North Carolina has pointed out, this program has proved to be an administrative disaster. It took over a year and one-half to get regulations promulgated; when promulgated, the regulations were incomprehensible; claims filed over 2 years ago were not yet processed when committee received testimony this past June; three times the amount paid to claimants has been spent on administrative costs by the Federal Government; and on and on.

The result has not been a lessening of the concerns of commercial fishermen, but an intensification. Recent discussions between Georges Bank fishermen and the offshore oil and gas industry concerning the feasibility of establishing an informal commission consisting of representatives of both industries is one example of this continuing concern. One plan contemplated by the parties envisioned that the commission would act as an original arbitrator in a dispute. If the commission ruled that a claim was valid, an interest free loan in the claimed amount, guaranteed by the oil companies, would be immediately paid to the fisherman. If the fisherman subsequently recovered from the Fishermen's Contingency Fund, the loan would be repaid.

Mr. Speaker, our committee believes that this type of stopgap measure should not be necessary. It is a waste of corporate assets—the oil companies having once tied up capital in the form of a fund assessment and a second time in the form of a guaranteed loan.

Numerous problems have also been incurred by fishermen in the Gulf of Mexico which, of course, is the area of greatest offshore activity. H.R. 3816, as amended, attempts to alleviate the need for the backstop efforts being discussed in New England, as well as

the hardships encountered in the gulf, by:

First, consolidating the existing fund and area accounts into one general fund, to be centrally administered by the Secretary of Commerce. The Department estimates that the administrative savings from the resulting lighter bookkeeping and reassessment burdens would run from 15 to 25 percent;

Second, removing the requirement that every claim be sent through a formal administrative law proceeding. All evidence received by the subcommittee indicates that this requirement was the single biggest cause of present program delays;

Third, placing strict time limits on the new process by which the Secretary of Commerce validates the claims presented to him; and

Fourth, substituting a "resulting economic loss" formula for the current "loss of profits" test for determining consequential damages. The current test involves the utilization of prior year's tax returns and has proved inequitable as applied to the fishing industry which is subject to sizable annual fluctuations in income. The National Marine Fisheries Service indicates that the new test will entail an analysis of the current year's fishing effort.

A transitional rule contained in the bill allows those fishermen who filed a claim under the existing system and who have not received a final determination on that claim to refile their claim under the new system.

Mr. Speaker, three additional technical amendments are incorporated in the bill before us:

First, we have clarified our intent to maintain the fund as a revolving fund;

Second, we have provided clear authority for the Attorney General to handle all litigation for or against the fund. By litigation we mean either those actions instituted by the Government against a party pursuant to subrogation of the fisherman's claim or in defense of a final determination of the Secretary. The Attorney General would not, however, handle the initial and final determinations for the Secretary of Commerce as no litigation per se is envisioned. I might add that the administration requested this clarification and we have concurred after discussing the provision with the Judiciary Committee; and

Third, we have clarified the existing venue provisions so that no doubt will exist over our intent to have any formal proceeding instituted with respect to a claim conducted as close to the home port of the claimant as possible.

Finally, Mr. Speaker, I would like to congratulate the chairman and ranking minority member of our Panama Canal/OCS Subcommittee. That subcommittee had sequential referral of the bill with our own Fish and Wildlife Subcommittee and I am grateful to Mr. HUBBARD and Mr. LENT for their cooperation in insuring timely action on this necessary, corrective legislation. The problems of this program have been the subject of numerous hearings in both our subcommittees. The bill was reported by unanimous voice vote, as amended, by both subcommittees meeting in joint markup and by the full committee. I urge my colleagues to join me in passing the measure.

Mr. FORSYTHE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join my distinguished colleague in supporting H.R. 3816. I support this legislation because it will insure the smooth operation of what was intended to be an effective conservation program for fishermen whose vessels or gear are damaged by OCS oil and gas exploration, development, and production.

When the OCS Lands Act was amended in 1978 to establish the gear compensation program, it was in anticipation of the expansion of oil and gas activities which we expected would lead to conflicts between the offshore oil and gas industry and commercial fishermen. We also expected that the procedure for determining the validity of fishermen's claims would result in timely and equitable payments to fishermen. As the distinguished chairman of the subcommittee stated, our expectations have not been fulfilled. Not only has the amount of money spent on administration of the program far exceeded the total amount of claims paid, but some claims filed up to 3 years ago still have not been acted on. Long delays have occurred even after a claimant's eligibility for damages has been acknowledged. The continuation of such delays is intolerable.

Mr. Speaker, this Nation's fishermen should not be asked to assume the economic burden of OCS oil and gas activities. The issue before us today is whether our fishermen should be forced to wait an average of 22 months for the Federal Government to act on their claims. My answer is no, and the answer in H.R. 3816 is no.

The legislation before us today establishes a simplified procedure for determining appropriate compensation and for processing the paperwork associated with claims decisions. H.R. 3816 will provide necessary relief to domestic fishermen who are now overburdened with the excessively complicated requirements of title IV. In this sense H.R. 3816 is not a new direction in congressional policy—rather it furthers one of the basic policies intended to be established by the 1978 law. Further, by simplifying the claims procedure it is expected that the cost of administering the program will be reduced between 15 and 25 percent.

Mr. Speaker, H.R. 3816 will remove the roadblocks that have plagued implementation of the fishermen's contingency fund. I urge my colleagues to join me in responding to the needs of domestic fishermen by supporting this legislation.

Mr. LENT. Mr. Speaker, will the gentleman yield?

Mr. FORSYTHE. I yield to the gentleman from New York.

Mr. LENT. Mr. Speaker, I rise in strong support of H.R. 3816, a bill making needed improvements to the operation of the fishermen's contingency fund. The fishermen's contingency fund was established by title IV of the Outer Continental Shelf Lands Act Amendments of 1978 to compensate commercial fishermen for damages resulting from oil and gas exploration, development, and production on the OCS. These changes in the fund's operation are based on experience over the past 3 years during which time a number of problems causing unnecessary delays in claims payments have been identified. The Panama Canal/OCS Subcommittee, on which I serve as the ranking minority member, held hearings on this issue as did the Subcommittee on Fisheries and Wildlife Conservation and the Environment. In addition, a number of the problems with the fund were outlined in the final report of the select committee on the OCS last year.

I believe the proposal before us today effectively and equitably addresses the concerns which have been brought to our committee's attention. To facilitate the claims procedure, the legislation eliminates the area accounts thereby reducing administrative expenses. It also requires that all claims be processed by the National Marine Fisheries Service in an informal proceeding rather than involving administrative law judges in a lengthy claims settlement procedure. In anticipation of increased OCS oil and gas activity, the legislation increases the size of the fund from $1 million to a maximum of $2 million. The fund is supported by fees paid by the offshore oil and gas industry and its sole purpose is to compensate commercial fishermen for gear loss, damage, and related consequential damages sustained as a result of offshore oil and gas activity.

The committee amendment makes only minor technical changes to the bill as reported. It clarifies that the fund shall be a revolving fund to assure its continuity. In addition, it clarifies that all litigation by or against the fund shall be referred to the Attorney General as provided in section 516 of title 28, United States Code. The intent of H.R. 3816 is to expedite payment of claims so that fishermen can get back to work as soon as possible after sustaining damages. With increased OCS oil and gas activi-

ties expected, these improvements to the fishermen's contingency fund are needed to reduce unnecessary administrative delays and redtape in the claims procedures. H.R. 3816 deserves the full support of this body and I urge my colleagues to vote for its passage.

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina (Mr. JONES) that the House suspend the rules and pass the bill, H.R. 3816, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members who wish to do so may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 3816, as amended.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

BANDON MARSH WILDLIFE REFUGE

Mr. JONES of North Carolina. Mr. Speaker I move to suspend the rules and pass the bill (H.R. 2241) to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon, as amended.

The Clerk read as follows:

H.R. 2241

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—BANDON MARSH NATIONAL WILDLIFE REFUGE

PURPOSES OF REFUGE

SEC. 101. For the preservation and enhancement of the highly significant wildlife habitat of the area known as Bandon Marsh, in the estuary of the Coquille River in the State of Oregon, for the protection of migratory waterfowl, numerous species of shorebirds and fish, including Chinook and silver salmon, and to provide opportunity for wildlife-oriented recreation and nature study on the marsh, the Secretary of the Interior (hereinafter in this title referred to as the "Secretary") shall establish as part of the national wildlife refuge system a national wildlife refuge to be known as the Bandon Marsh National Wildlife Refuge (hereinafter in this title referred to as the "refuge").

BOUNDARIES OF THE REFUGE

SEC. 102. There shall be included within the boundaries of the refuge those lands and waters generally depicted on the map entitled "Bandon Marsh National Wildlife Refuge", dated September 1980, comprising approximately three hundred acres. The map shall be on file and available for public inspection in the office of the United States Fish and Wildlife Service, Department of the Interior.

ACQUISITION

SEC. 103. The Secretary may acquire lands or waters, or interests therein, within the boundaries of the refuge by donation, purchase with donated or appropriated funds, or exchange. Any lands, waters, or interests therein owned by the State of Oregon or by any political subdivision thereof may be acquired only with the consent of the owner thereof.

ESTABLISHMENT

SEC. 104. The Secretary shall establish the refuge by publication of a notice to that effect in the Federal Register at such time as he determines that lands, waters, and interests therein sufficient to constitute an efficiently administratable refuge have been acquired.

ADMINISTRATION

SEC. 105. The Secretary shall administer the lands, waters, and interests therein acquired for the refuge in accordance with the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd and 668ee). The Secretary may utilize, to the extent he deems appropriate to carry out the purposes of this title, such additional statutory authority as may be available to him for (1) the development of outdoor recreation opportunities compatible with the wildlife resources of the refuge, and (2) interpretive education.

AUTHORIZATION OF APPROPRIATIONS

SEC. 106. Beginning October 1, 1982, there are authorized to be appropriated $270,000 for the acquisition of lands, waters, or interests therein, for the refuge.

TITLE II—FALLS OF THE OHIO NATIONAL WILDLIFE CONSERVATION AREA

CONGRESSIONAL FINDINGS

SEC. 201. The Congress finds that—

(1) the area along the Ohio River near the city of Louisville, Kentucky, contains highly significant and varied wildlife and supports important aquatic nurseries;

(2) the area includes a unique and world-renowned three-hundred-million-year-old fossilized coral reef which is the only place where the Ohio River flows over bedrock;

(3) the wetlands of this area represent one of the most valuable and unique wildlife habitat types in the United States and have extremely high value for fishermen, bird-watchers, nature photographers, paleontologists, and others; and

(4) this area should be preserved to ensure the well-being of these species, to provide wildlife-oriented recreation for the public and encourage the study of fossils.

DEFINITIONS

SEC. 202. For purposes of this title:

(1) The term "Secretary" means the Secretary of the Interior.

(2) The term "selection area" means those lands and waters near the McAlpine Dam in the Ohio River located in Jefferson County, Kentucky, and Clark and Floyd Counties, Indiana, depicted on the map entitled "Falls of the Ohio National Wildlife Conservation Selection Area", dated December, 1981, and on file at the United States Fish and Wildlife Service.

(3) The term "wildlife conservation area" means the Falls of the Ohio National Wildlife Conservation Area.

PURPOSES OF WILDLIFE CONSERVATION AREA

SEC. 203. The purposes for which the Falls of the Ohio National Wildlife Conservation area is established are—

(1) to protect wildlife populations and habitats in their natural diversity including, but not limited to, bald eagle, peregrine falcon, Canada geese, mallard, gadwall, blue-winged teal, black duck, American widgeon, and wood duck;

(2) to conserve fish populations in their natural diversity including, but not limited to, shad, shiner, crappie, largemouth bass, striped bass, and channel catfish;

(3) to ensure, to the maximum extent practicable and in a manner consistent with paragraphs (1) and (2) and compatible with navigation on the Ohio River and operation of the McAlpine locks and dam, the necessary water quality within the wildlife conservation area;

(4) to protect the fossilized coral reef as a unique paleontological feature; and

(5) to provide opportunities for scientific research and interpretive and environmental uses and fish and wildlife oriented recreational uses.

SELECTION AND ESTABLISHMENT OF WILDLIFE CONSERVATION AREA

SEC. 204. (a) SELECTION.—(1) Within one year after the date of the enactment of this title the Secretary shall, in consultation with the Secretary of the Army acting through the Chief of Engineers—

(A) designate approximately one thousand acres of land and water within the selection area as land which the Secretary considers appropriate for the wildlife conservation area; and

(B) publish in the Federal Register a detailed map depicting the boundaries of the land designated under subparagraph (A), which map shall be on file and available for public inspection at offices of the United States Fish and Wildlife Service and the Corps of Engineers.

(2) The Secretary may make such minor revisions in the boundaries designated under paragraph 1(B) as may be appropriate to carry out the purposes or, or to facilitate the acquisition of property (and interests therein) within, the wildlife conservation area.

(b) ESTABLISHMENT.—The Secretary shall, in consultation with the Secretary of the Army acting through the Chief of Engineers, establish the Falls of the Ohio National Wildlife Conservation Area, by publication of a notice to that effect in the Federal Register, within one year after the date of the enactment of this title.

ADMINISTRATION

SEC. 205. The Secretary of the Army, acting through the Chief of Engineers, shall administer all lands, waters, and interests therein within the wildlife conservation area to assure that the wildlife conservation area is managed to carry out the purposes for which it was established, and to that end shall consult with, and utilize the services of, the Secretary. In order to effectively manage the wildlife conservation area, the Secretary of the Army shall acquire by donation, purchase with donated or appropriated funds, or exchange lands, waters or interests therein within the boundaries of such area. The Secretary of the Army and the Secretary may utilize such additional statutory authority as may be available to them to carry out this title.

REGULATIONS

SEC. 206. The Secretary of the Army shall promulgate regulations, within one year after date of the enactment of this title, to carry out this title. Such regulations shall include, but not be limited to, a prohibition on all hunting, as well as prohibitions on vandalism (including the removal of fossils) and the dumping of refuse, within the boundaries of the wildlife conservation area.

AUTHORIZATION OF APPROPRIATIONS

SEC. 207. Beginning October 1, 1982, there are authorized to be appropriated to the Secretary of the Army not to exceed $300,000 to carry out this title; and such sums shall remain available until expended.

The SPEAKER. Pursuant to the rule, a second is not required on this motion.

The gentleman from North Carolina (Mr. JONES) will be recognized for 20 minutes, and the gentleman from New Jersey (Mr. FORSYTHE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. BREAUX).

Mr. BREAUX. Mr. Speaker, I would first like to commend our colleagues on this side of the aisle, the gentleman from Oregon (Mr. WEAVER) and the gentleman from Oregon (Mr. AUCOIN), who have contributed a great deal to the development of this legislation. Had it not been for their interest and their urging of our subcommittee, we probably would not be where we are this evening.

Mr. Speaker, the passage of H.R. 2241 will result in the protection of two small but important natural resources.

Title I of the bill would establish the Bandon Marsh National Wildlife Refuge on the Coquille River estuary in the State of Oregon. This marsh is one of the few remaining salt marsh ecosystems along the northern California coast and, as such, is an important way station for migrating marsh, shore and waterbirds including dowitches, curlews, godwits and the endangered brown pelican. In addition, the marsh is rich in organic matter and provides nutrients valuable to the Coquille River salmon resource and numerous other species of fish in the Coquille Estuary.

Bandon Marsh is presently owned by the Port of Bandon. They are willing to exchange the marsh for an abandoned U.S. Coast Guard Station which has been declared excess. The only acquisition costs would be to reimburse the trust for public land, a private conservation organization, for their expense in purchasing private land that underlies the Coast Guard station.

Mr. Speaker, the cost of the acquisition of this refuge, $270,000 at most, is slight, and the cost of its operation as part of a larger refuge unit, $6,000 per year, is also slight when compared to the benefits to the fish and wildlife resource and those of us who enjoy that resource.

Title II of the bill would establish the falls of the Ohio National Wildlife Conservation Area along the Ohio River near Lousiville, Ky. This area is not only rich in wildlife, but also contains a 300-million-year-old fossilized coral reef which is a major archeological resource. Some of the area is in Federal ownership already, managed by the Corps of Engineers as part of the McAlpine locks and dam system.

The legislation would require the Secretary of the Interior, utilizing the biological and archeological expertise of that Department, to fix the boundaries of the area. Management of the conservation area would rest with Corps of Engineers in consultation with the Department of the Interior and any acquisition necessary for the management would also be done by the corps.

Mr. Speaker, again the benefits are great and the costs small. The bill would authorize $300,000 for acquisition of the area. Management expenses by the Corps of Engineers would be negligible. I urge my colleagues to support this legislation.

Mr. WEAVER. Mr. Speaker, will the gentleman yield?

Mr. BREAUX. I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Speaker, I rise in strong support of the Bandon Marsh bill. This is a valuable contribution to our wildlife refuges, and I want to thank the chairman of the full committee, the chairman of the subcommittee, and the ranking minority member, for bringing the bill to the floor.

Mr. HAMILTON. Mr. Speaker, will the gentleman yield?

Mr. BREAUX. I yield to the gentleman from Indiana.

Mr. HAMILTON. Mr. Speaker, I rise in support of H.R. 2241, and I express my appreciation to the gentleman from Louisiana (Mr. BREAUX), who held the hearings in Louisville, Ky., for the Falls of the Ohio. I express my appreciation to the chairman and urge the House to approve this bill.

Mr. Speaker, I have long supported preservation of the Falls of the Ohio, and will continue to urge that action be taken to protect and enhance this rare and beautiful geological formation.

Geologists have studied this world-renowned site for over 100 years, and more new fossil coral species have been founded on specimens collected from this 300-million-year old reef than any other individual site in the world.

The area is also a haven for some of the most diverse birdlife in the Midwest, and its waters boast an abundance of fish species.

The wetlands provide a unique wildlife habitat which is so valuable to bird watchers, fishermen and scientists.

In addition, to its educational value, the scenic beauty of the area is further inducement to insure preservation of the falls.

The site also has great historical value, serving as a crossing for mastadons, then buffalos, Indians, and finally the first pioneers to travel into the Northwest Territory. Its surrounding archeological sites cover 4,000 years during which settlements were made, captured, and rebuilt.

Yet the beauty, wildlife, and scenic value of the Falls is being threatened daily by the intervention of man. The McAlpine Dam has changed the waterflow of the river and has led to excessive silt build-up around the Falls, obscuring it from view and potentially threatening the fossilized coral reef. The Falls is also threatened by vandals and souvenir hunters who destroy or chop away parts of the fossil deposits in the coral reef, and by persons who dump garbage on the adjoining riverbank. In addition, the bird population has declined dramatically due to poaching and excessive silt accumulation in the wetlands.

Because of the many unique virtues possessed by the Falls, it would be a great tragedy and national shame to allow further deterioration of the site. Future generations will be shocked at our negligence and irresponsibility if we do not act to preserve the area.

The question as to who should manage and protect this national treasure has been debated for many years, and various proposals have been advanced at the local, State, and Federal levels. I have consistently supported any appropriate measure to provide protection for the area. Yet despite all the efforts of many individuals at many levels, the Falls still remains unprotected. This leaves me with a great feeling of impatience and frustration as I view the long struggle to preserve the Falls.

Local groups concerned about the Falls began organizing in the early 1960's, and as a result the Falls of the Ohio was designated a national natural landmark in 1966. Although this was a positive first step, Federal funds were not available to insure proper management and care of the Falls, and the area continued to deteriorate. At the suggestion of the National Park Service, Indiana and Kentucky formed a bistate commission in 1970 to resolve the issue. Unfortunately, the commission became caught in the crossfire of other disputes between the two States and was unable to accomplish its goal.

Since the States are apparently unable to protect the Falls, I believe that the intrinsic scientific, historical, scenic, and wildlife value of the area

justifies Federal responsibility for its protection and preservation. Last year I cosponsored legislation which would have designated the Falls as a national monument under the care of the Department of the Interior.

Presently I am a cosponsor of H.R. 2241 to make the Falls into a national wildlife conservation area under the protection of the Army Corps of Engineers. I am prepared to support any proposal which will properly protect the Falls and preserve it for future generations.

Mr. Speaker, H.R. 2241 directs the Secretary of the Interior to designate approximately 1,000 acres of land and water including and surrounding the falls as appropriate for the Falls of the Ohio National Wildlife Conservation Area. Actual management of the area, however, will be the responsibility of the Secretary of the Army, acting through the Army Corps of Engineers. It is expected that the corps will consult frequently with the Department of the Interior's Fish and Wildlife Service and Park Service to gain from their experience and knowledge in managing Federal lands.

The Secretary of the Army is charged with the responsibility of acquiring the land designated by the Secretary of the Interior, and may do so through donation, purchase, or exchange. It is not my intention in supporting this bill to disturb existing enterprises that may be located within the selection area, or potential development adjacent to the conservation area. The corps is further responsible for developing implementing regulations to prohibit vandalism, dumping of refuse, and hunting within the conservation area.

I cannot stress enough the importance of taking swift action to preserve the Falls of the Ohio. We simply cannot allow the current deterioration of the falls to continue. Mr. Speaker, I urge my colleagues to join with me in the effort to save this rare and beautiful area.

Mr. JONES of North Carolina. Mr. Speaker, I reserve the balance of my time.

Mr. FORSYTHE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I, too, want to express my strong support for the enactment of H.R. 2241. I would also like to commend my distinguished colleagues from Louisiana and Kentucky for working together to come to an agreement on this comprehensive legislation which will provide additional protection for our Nation's wildlife resources. The Bandon Marsh in Oregon and the falls of the Ohio near Louisville, Ky., are unique areas, but with differing needs in terms of providing protection for their resources.

The 289-acre salt marsh on the coast of southern Oregon is important because it contains two habitat types which are essential to the survival of a large variety of fish and wildlife. Some 68 species of birds and 45 species of fish depend on the resources of Bandon Marsh at some time in their life cycle. In addition, great numbers of migrating shorebirds spend time feeding or resting in this very important staging area before moving on in the spring or fall. Unfortunately, however, Bandon Marsh is threatened by commercial development. About 20 percent of the marsh has already been filled for the construction of a lumber mill complex, and the company has expressed interest in filling the remainder of their property. This is particularly troublesome when other Oregon estuaries have sustained losses of up to 50 to 90 percent of their original marshes and tidal flats due to dredging or filling for commercial or industrial purposes. The present owners of the proposed refuge property, the Port of Bandon, would like to exchange their property for the abandoned Coast Guard station in the city of Bandon. Part of this property is now in private ownership and the rest has been declared excess property and is ready for disposal.

A private nonprofit corporation, dedicated to preserving lands for public use, has offered to purchase the private property and exchange it with the Port of Bandon for their interest in Bandon Marsh. Upon enactment of this legislation, the Department of the Interior could then acquire the land from the private group for establishment as a national wildlife refuge—an appropriate designation for this very important habitat. The Fish and Wildlife Service has ranked Bandon Marsh seventh in over 40 habitat sites identified in their inventory of important fish and wildlife habitats in Oregon.

Another area noted for its diversity of birdlife is the falls of the Ohio near Louisville, Ky. The Falls, as my distinguished colleague and ranking minority member of the committee will soon describe, is a unique area in our country deserving special attention. Besides the abundance and diversity of fish and avian species, the area contains geological and historical resources which truly merit protection in the interest of future generations of Americans. Acquisition of lands for the establishment of a national wildlife refuge would not only be unnecessary and costly to the Federal Government in these times of fiscal restraints, but it could also interfere with the operations of the existing locks and dam constructed for the purpose of commercial and recreational navigation on the Ohio River. Therefore, I think it is appropriate that we recognize the uniqueness of the resources of the Falls of the Ohio by supporting this bill which would provide for their protection while allowing for the continuation and expansion of water development operations on the Ohio River by the Corps of Engineers.

Mr. Speaker, for these reasons I want to urge my colleagues to join me in supporting the enactment of H.R. 2241.

Mr. SNYDER. Mr. Speaker, will the gentleman yield?

Mr. FORSYTHE. I yield to the gentleman from Kentucky.

Mr. SNYDER. Mr. Speaker, I rise in support of H.R. 2241 which would establish the Bandon Marsh Refuge and the Falls of the Ohio National Wildlife Conservation Area. The distinguished gentlemen from Louisiana and New Jersey have ably discussed the background and need to establish the Bandon Marsh Refuge which I support. For the benefit of my colleagues, I would like to further discuss title II of the bill which establishes the Falls of the Ohio National Wildlife Conservation Area.

As some of my colleagues know, I introduced H.R. 632, a bill designed to protect the falls by giving it refuge status. However, as a result of the Fisheries and Wildlife Conservation and the Environment Subcommittee hearing in Louisville, Ky., last August on this bill, the evidence indicates that the protection and preservation of the area can be accomplished without making the falls a refuge to be managed by the Interior Department.

The bill before us achieves this by directing the Secretary of the Interior to designate a wildlife conservation area of approximately 1,000 acres but requires the Corps of Engineers to acquire the necessary interests in land and manage them for preservation and protection purposes. This makes abundant sense from a sound fiscal as well as management standpoint. The corps already manages the locks and dam and exerts considerable control over the area and replacing Interior with the corps as manager will minimize any interagency conflict.

The corps would be required to promulgate regulations within 1 year after the date of enactment to carry out the act. These regulations would cover prohibited activities such as vandalism, souvenir hunting, dumping and the like which have contributed to the degradation of the area.

The bill would require the Secretary of the Army to consult with the Secretary of the Interior to insure that the conservation area is managed in accordance with the purposes of the title. The expertise of the Department of the Interior should help to enhance the corps' interpretation of both the fossil and wildlife features of the area. Finally, the bill would authorize $300,000 in fiscal year 1983 to carry out the purposes of the act.

Mr. Speaker, I believe the record which we established in Louisville

clearly indicates that the Falls of the Ohio deserves preservation and protection.

The Falls of the Ohio is a unique and world-renowned 300-million-year-old fossilized coral reef which is the only place where the Ohio River flows over bedrock. Here one can walk on what was a sea floor over 300 million years ago.

This wetland area has also become nationally known among avian scientists as one of the most exciting places in this section of the country to see migrating waterbird, waterfowl, and shorebirds. It also attracts fishermen and other outdoor enthusiasts. Perhaps nowhere else in the world is there an area which offers such wildlife and prehistorical distinctions within such close proximity to a major metropolitan area.

The coral reef of the falls is one of the finest horizontal exposures in the world of Devonian fossil corals. Nearly 900 nominal species of fossil corals have been found on specimens collected from approximately 150 feet of coral beds in the falls area. Corals from the Falls of the Ohio can be seen in almost every natural history museum in the world.

Approximately 245 species of birds have been recorded at the falls, including the Arctic peregrine falcon and the symbol of our freedom, the endangered bald eagle. The migratory birds that pause and nest on the islands at the falls are an unmatched display of birdlife so far inland. Many of the birds that stop there breed in Canada and Alaska, including Arctic regions, and spend their winters on the gulf coast and in Central and South America.

Among the first naturalists in the area, John James Audubon, the artist, and Alexander Wilson, the "Father" of American ornithology, noted the unusual bird population in the vicinity of the falls in the early 1800's. Audubon made over 200 sketches of birds there.

However, in recent years, a chief concern has been the dramatic decline in the population of these birds. Within recent years, poachers have killed birds and driven off others. Egrets, for example, were familiar sights at the falls in the 1940's and 1950's but are no longer visitors there. A large black-crowned night heron rookery once occurred on one of the islands, but is no longer present. At times 100 or more of these birds could be seen roosting or feeding at the falls.

Unfortunately, the area is subjected to vandalism, fossil removal, and degradation because it has not been under any sort of sound resource management. If this bill is adopted and enacted, I believe we are well on our way to putting a stop to the deterioration of the area.

There is no question that a Federal presence is necessary. For over 20 years efforts by local residents to establish a bistate park failed. On the Federal level, the area has been studied to death but the only action taken was when it was designated a natural landmark.

It is my belief that establishing the Falls of the Ohio as a national wildlife conservation area will preserve one of the most unique and interesting wildlife areas in our country and that it will not only continue to attract the fishermen, nature lovers, and scientists who now visit there, but it will insure that future generations also have an opportunity to appreciate and learn about nature.

Finally, I would like to express my appreciation to the distinguished chairman of the subcommittee, Mr. BREAUX, for the interest he has taken in preserving the falls and his continuing support to achieve that goal. It is further in order to thank my distinguished colleagues, Chairman JONES, and Mr. FORSYTHE, the ranking minority member of the subcommittee, for their assistance in moving this important legislation.

I urge my colleagues to support this bill.

● Mr. SWIFT. Mr. Speaker, I would like to take this opportunity to thank Mr. BREAUX, the chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment for his prompt action on the bill, as well as my colleagues on the Merchant Marine and Fisheries Committee for their recognition of the importance of this area as a national wildlife refuge. I would single out my colleague, Congressman BONKER for his leadership on this effort on behalf of the Washington State delegation and all those in Washington State who are supporting this legislation.

In 1792, on a beautiful May morning Capt. George Vancouver set out destined for a small island in the Strait of Juan de Fuca. He recorded in his journal, "we found the sea almost covered with aquatic birds." As Vancouver ventured onto the island and scaled the plateau he continued in his journal, "a landscape almost as enchantingly beautiful as the most elegantly finished pleasure grounds in Europe." He later named the island Protection Island because of the haven it provided from the harsh winds.

Today, aquatic birds still continue to nest there; 21,000 pairs of seabirds nest on this haven representing six major bird species and 72 percent of all seabirds breeding in the strait and the Puget Sound. In addition, Protection Island provides a habitat for harbor seals for loafing and pupping. Without a doubt, Protection Island should be part of our National Wildlife Refuge System.

In addition, it is a prime candidate because often the most difficult problem in any Federal acquisition has been worked out. Provisions for property owners who would like to maintain their present level of usage and for those who would like to sell have been arranged in this bill.

I would urge my colleagues to support this bill and include Protection Island in our National Wildlife Refuge System.●

● Mr. AUCOIN. Mr. Speaker, I urge my colleagues to support H.R. 2241, which directs the Department of Interior to establish the Bandon Marsh Wildlife Refuge in the estuary of the Coquille River in Oregon. It facilitates, with the assistance of the Trust for Public Land, an exchange of surplus Federal property for a marsh owned by the Port of Bandon, Oreg.

This legislation authorizes Interior to acquire land and water within the marsh and authorizes $270,000 beginning in fiscal year 1983.

It is important that H.R. 2241 passes now. The Trust for Public Land holds an option to purchase the land on which a portion of the Federal property is situated. The option expires on the 31st of this month and in order to secure a renewal of that option, TPL needs the assurance that the Department of Interior will establish the wildlife refuge. H.R. 2241 gives that assurance.●

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina (Mr. JONES) that the House suspend the rules and pass the bill, H.R. 2241, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon, and for other purposes.".

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members who wish to do so may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 2241, as amended.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

BLACK LUNG BENEFITS REVENUE ACT OF 1981

The SPEAKER. The pending business is the question of suspending the rules and passing the bill, H.R. 5159.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) that the House suspend the rules and pass the bill, H.R. 5159.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

REAFFIRMING SUPPORT OF THE CONGRESS FOR THE PEOPLE OF POLAND

Mr. ZABLOCKI. Mr. Speaker, I send to the desk a concurrent resolution (H. Con. Res. 240) reaffirming the support of the Congress of the United States for the people of Poland, and I ask unanimous consent for its immediate consideration in the House.

The SPEAKER. The Clerk will report the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H.CON. RES. 240

Whereas the people of Poland, through the dramatic establishment of the labor union, Solidarity, have demonstrated the traditional Polish love of freedom;

Whereas the decision of the Polish Communist government to establish martial law could not have been made without the encouragement of the Soviet Union;

Whereas the Soviet Union because of its proximity of Poland, its troops stationed in Poland, and its historic disregard for civil and human rights, must be held ultimately responsible for actions of the Polish Communist government;

Whereas the Roman Catholic Church in Poland has played a constructive and vital role in establishing the framework in which gains in civil and human rights have been made in the past two years; and

Whereas the people of the United States support the Polish people in their attempt to secure basic human and civil rights: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress supports the Solidarity movement in its attempt to regain human and civil rights in Poland, deplores the action of the Polish Communist government in establishing martial law, and places the ultimate responsibility for this setback for human and civil rights on the Soviet Union; and be it further

Resolved, That the Congress reaffirms its support of the Polish people and its deep concern over any Soviet Union interference in the affairs of Poland.

□ 1810

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER. The gentleman from Wisconsin (Mr. ZABLOCKI) will be recognized for 1 hour.

Mr. ZABLOCKI. Mr. Speaker, I yield myself such time as I may consume.

GENERAL LEAVE

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution presently being considered.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ZABLOCKI. Mr. Speaker, I rise in support of House Concurrent Resolution 240, with regard to the current situation in Poland.

The resolution cites critical issues which the Congress must seriously confront—the imposition of martial law in Poland, and heavy-handed Soviet policy in dealing with the situation in that country. It also correctly points out the deep, abiding desire among Polish people for freedom, and the constructive role played by the Catholic Church in advancing economic and political freedom in Poland.

Finally, House Concurrent Resolution 240 recognizes and reaffirms the consistent U.S. policy of support for the Polish people in their attempt to secure basic human and civil rights.

Mr. Speaker, at this critical juncture, it is important that we support Poland's struggle for the right to solve its problems by its own means. It is also desirable to assert the means to preserve the hard-fought gains won so far. Accordingly, a strong congressional statement of support for this struggle and disapproval for arbitrary and imposed practices like the imposition of martial law is proper.

Mr. Speaker, I urge the adoption of House Concurrent Resolution 240.

Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Speaker, yesterday, I expressed my deep concern on the House floor regarding the dramatic situation in Poland. As we again discuss Poland today, I wish to reemphasize some fundamental principles which I believe should guide all of the concerned parties on this issue.

First, there must be no physical intervention by the Soviet Union. As I mentioned previously, the Polish Government could not have initiated this crackdown on Solidarity without Soviet prior approval. But actual direct Soviet intervention would raise the confrontation to a new level. It would make a mockery of the Helsinki Final Acts and demonstrate a callous disregard for the need for alternative governmental and economic models within the Warsaw Pact. Such Soviet intervention should be met in the West by swift economic and diplomatic reprisals.

Second, the gains won by Solidarity over the last year should not be rolled back by the Polish Government. A government which purports to represent the common worker cannot maintain legitimacy if it proceeds to overturn solemn commitments previously made to millions of Polish workers. Demands on both sides should be subject to debate and negotiation. Restraint must be manifest on the part of the Polish Government. Failure to do so merely exposes the Polish Government's policy of slavery, and in the long run, benefits neither the Polish people nor the Government.

And finally, the Polish and Soviet Governments must respect human rights. They are obligated to follow this course as a consequence of the Helsinki accords. Should they deviate from this commitment, then they must expect appropriate responses from the West, as well as from independent internal sources in Poland.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. BROOMFIELD. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I want to compliment the chairman of the committee and the ranking member for bringing this resolution to the floor. I think it is important this body recognize the fact that the strings in Poland are pulled by the Soviet Union and it is so stated in this resolution.

I compliment the committee for bringing forth such a strong resolution and urge my colleagues to support it.

Mr. BROOMFIELD. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. DERWINSKI).

The SPEAKER. Without objection, the gentleman from Illinois (Mr. DERWINSKI) is recognized.

There was no objection.

Mr. DERWINSKI. Mr. Speaker, Christmas is almost upon us and the Soviets are at it again. The Soviet invasion of Afghanistan nearly 2 years ago should vividly remind all of Soviet actions in the past and the threat that now faces Poland.

The world's most admired union movement, Solidarity, is clearly threatened by the bully boys of the U.S.S.R. Not only is this situation a danger to the Polish people but all Americans, union leaders and workers around the world should be alarmed.

Solidarity is not an external leadership power play but a workers' grassroots movement to bring humane working and living conditions to the people of Poland. The people of Poland have waited too long, have stood in too many bread lines, too many meat lines, too many loss-of-dignity lines, until finally they have found themselves united as a people sharing the daily drudgery of life in Poland.

Totally frustrated with the Communist system, their self-respect gone, there is no room left for retreat, there is no more room for further degrada-

tion, there is only the anger and madness of human suffering, saying that life cannot continue to go on this way.

The Polish laborer can no longer sit by idly, quietly hoping that the false promises of the Communist government will come true. Working 10 to 12 hours a day, 6 to sometimes 7 days a week, where both parents work, families still cannot be adequately fed. Parents cannot promise their children a better life, greater dignity or even a greater sense of self-respect. The only respect left has come from Solidarity, a united movement that directly challenges the basis of the Polish Communist structure.

Solidarity is a proletarian movement openly exposing the hypocrisy of communism, under which the only role of the working class is to suffer in united misery. The movement is exposing the open nepotism of upper Communist society, where the elite class of government takes from the poor working class and keeps a dictatorship in command.

The events in Poland will not go away quickly. At this point we do not really know if the Polish Army is playing the role of a legitimate arbiter or is acting at Soviet direction. It is necessary for us to appreciate the reality of events in Poland and the seriousness of the situation there. Let us hope and pray that as we share in the celebration of the birth of Christ, that we remember the people of Poland and the true meaning of Christmas.

Mr. BROOMFIELD. Mr. Speaker, I yield such time as he may consume to the minority leader, the gentleman from Illinois (Mr. MICHEL).

The SPEAKER. Without objection, the gentleman from Illinois (Mr. MICHEL) is recognized.

There was no objection.

Mr. MICHEL. Mr. Speaker, the situation in Poland is so sensitive that we hestitate to speak out for fear of disturbing matters. Yet at the same time we feel it is incumbent upon the Congress to publicly state some vital principles.

The first and most obvious public statement the Congress must make is to reaffirm our support for the Polish People's recent gains in basic human and civil rights.

This statement is not just a ritual or a symbolic gesture. This is a very important policy statement of principle.

Very often we tend to think that certain matters are so well understood that they need no repeating. But in this case we cannot take the risk of being misunderstood.

By this resolution, we are letting the world know that the people of the United States, through their elected Representives in the House, support the people of Poland.

The next principle that must be publicly stated is our conviction that the Soviet Union will be held ultimately accountable for any violation of human or civil rights in Poland.

We refuse to hide behind the polite niceties of diplomatic make-believe that suggests there is a distinction between the actions of the Communist regime in Poland and the wishes of the Soviet Goverment.

The Soviet Union has the ultimate military power in the Polish situation and they must bear the moral and political responsibility for any and all setbacks for human and civil rights in Poland.

For the present we need not go beyond this clear statement of those principles.

We await the unfolding of events but the Soviet Government must know we do not await in some sort of moral or political vacuum.

We will not engage in empty gestures or imprudent and inflammatory words. We carefully measure what we say today because of the *sensitivity of the situation.*

But the Soviet Union should know that everything that happens in Poland in the next few days and weeks will be judged by its effect on the human and civil rights of the Polish people.

We can do no less for the people of Poland. They have always loved freedom. And in the past year and a half *they have reminded the world once more how precious and glorious freedom is.*

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I thank the gentleman for yielding.

Mr. Speaker, I just want to take this time to commend the gentleman and congratulate the gentleman from Illinois for his efforts in drafting the resolution and obtaining the support through his leadership on his side of the aisle.

Mr. MICHEL. I thank the chairman.

Mr. BROOMFIELD. Mr. Speaker, I, too, want to congratulate the minority leader for his work in drafting this resolution.

I yield 1 minute to the gentleman from New York (Mr. GILMAN).

The SPEAKER. Without objection, the gentleman from New York (Mr. GILMAN) is recognized.

There was no objection.

Mr. GILMAN. Mr. Speaker, I rise in support of House Concurrent Resolution 240, reaffirming the support of the Congress for the people of Poland and I join my colleagues and freedom-loving people everywhere in expressing my dismay at the currently declared state of martial law in Poland. It is extremely important that at this critical time we express our support for the courageous Polish workers who have risked everything in order to better the living and working conditions of the Polish people.

We have watched the patient and peaceful struggles of the Polish workers over the last year with great admiration. We have seen them establish an independent trade union, Solidarity and from there take step after step toward establishing greater freedoms for the Polish people, until most recently they called for a nationwide referendum on establishing a non-Communist government. Time after time, when confronted with a roadblock to the progress they were making in achieving these liberties, the Polish workers persevered.

Their determination and bravery continues to grow; their love for their country strengthens their convictions. They have inspired all freedom-loving people in the manner in which they have exhibited the power of faithful and determined human spirits. In this time of their terrible winter cold, we are especially concerned about the threat to human life, not only from outside military force, but also from the lack of food and other critical supplies in Poland.

By this resolution, which I urge my colleagues to support, we express our hope and belief that the Polish workers can peacefully negotiate with the government to resolve this present crisis from within and without any interference by the Soviet Union.

Mr. BROOMFIELD. Mr. Speaker, I yield back the balance of my time.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio (Ms. OAKAR).

Ms. OAKAR. Mr. Speaker, I want to echo the sentiments here on the floor today in commending the chairman and others responsible for this resolution. I think to put it very simply, the world really looks to the Polish people for their courage. They have been absolutely courageous in their quest for freedom and they are role models for other people throughout the world who do not have this freedom, particularly those captive nations that have been under the domination of the Soviet Union for so long. That is why I think those of us who are free have a special responsibility to support this resolution and let our brothers and sisters in Poland and other areas of the world that are so dominated, let them know that we join with them in their quest for freedom and admire their courage and certainly support their efforts.

● Mr. MOFFETT. Mr. Speaker, I strongly support the resolution offered by the distinguished chairman of the House Foreign Affairs Committee (Mr. ZABLOCKI) reaffirming our support for the courageous Polish people. It is important at this point that we make clear our solidarity with

the people of Poland, and our commitment to their struggle for freedom.

The recent declaration of martial law, and the arrests and suspensions of civil rights which accompanied it, were without doubt orchestrated by the Soviet Union. We must do everything in our power to see that the current suspension of freedoms is quickly ended, and the Soviet Union must be made to know that we will not tolerate blatant interference in the internal affairs of Poland. The indigenous movement toward freedom and economic equality in that country must be allowed to continue. I urge the adoption of the resolution.●

● Mr. SMITH of Pennsylvania. Mr. Speaker, in light of the increasing uncertainty and political instability in Poland, our country must take appropriate measures to insure the safety of those Polish citizens now living in this country. The proceedings initiated by the Attorney General, while in other circumstances may have been reasonable, are not acceptable in light of the volatile situation in Poland. The people of our Nation continue to be appalled at the total disregard for human dignity and basic human rights which the Polish Government has expressed through its actions in this matter. The arrests of innocent citizens, as well as the threats against the lives and safety of many others, make it absolutely necessary that our country take affirmative acton. If we are to maintain our position as the champion of freedom and dignity for all people, we cannot sit idly by, or further complicate the situation by jeopardizing the well-being of the Polish people in this country who now look at the prospect of being deported.

Our support of this resolution can be viewed in no other light than a resounding expression of faith in those principles to which our Nation has adhered since its inception. This is not a piece of legislation which merely expresses the rhetoric of freedom, but takes concrete steps to translate those words into deeds of good will. Were our Government to force these people to return to Poland in a situation where their very lives would be in jeopardy, our words would be but hollow echoes.

I commend the sponsors of this resolution for their sound expression of principle, and urge my colleagues to join with them in showing the commitment of this body to the ideals of freedom and human dignity.●

□ 1820

Mr. ZABLOCKI. Mr. Speaker, I move the previous question on the concurrent resolution.

The previous question was ordered.

The SPEAKER. The question is on the concurrent resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

THE HOUSE OF REPRESENTATIVES OUGHT TO BE MORE HONEST WITH THE PEOPLE

(Mrs. FENWICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. FENWICK. Mr. Speaker, I am very sorry to do this. I do not like to rise to speak, as I feel I must. But I do not think this House ought to let this go by——

The SPEAKER. Does the gentlewoman want to take the well?

Mrs. FENWICK. I will do whatever the Speaker suggests.

The SPEAKER. I think the gentlewoman should take the well. Apparently the gentlewoman has something on her mind.

Mrs. FENWICK. Yes, Mr. Speaker, I have, and I am not enjoying it at all.

What is on my mind is that this afternoon we have done something that is disappointing to the House and I think will be deeply disappointing to the people of this country. We have again, without a vote, accepted an increase in our benefits or in our possible benefits, without a vote, without a committee hearing, without anything—just passing, as though it were with a wand, a measure by which we have doubled the amount that can be accepted in honorariums by Members of this House.

We should not do it this way. We ought to be more honest with the people. This is sneaky. This is not as dignified and as honorable as this House deserves. This is beneath the dignity of the House. It is the pickpocket's way. We have done it in the sly, easy way so that nobody would notice. We cannot do this in this country. The public is already alarmed by such ways. If we need something, we should be ready to vote it.

REPRESENTATIVE CALDWELL M. BUTLER SHARES ALARM OF ACTION OF HOUSE

(Mr. BUTLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BUTLER. Mr. Speaker, I just want to say for the record that I share the alarm of the gentlewoman from New Jersey, and I was disappointed that I was not on the floor when this issue was raised. I do think it reflects upon the House when we choose to accomplish these things in this manner. I would like to identify myself with the remarks of the gentlewoman from New Jersey.

ACTION OF HOUSE OF REPRESENTATIVES IS LOOKED UPON WITH DISRESPECT BY THE PEOPLE

(Mr. SAM B. HALL, JR., asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAM B. HALL, JR., Mr. Speaker, I would like to join with what has been said by the distinguished gentlewoman from New Jersey (Mrs. FENWICK) and the gentleman from Virginia (Mr. BUTLER). I think what was done was an underhanded way, really. I think it just causes this House to be looked upon with disrespect by the people of this country. I think we are the cause of this. It should not have been done this way. I think a lot of the criticism that we have brought upon us is justifiable criticism. I hope we can do something about this, and I am sorry that we did it in the way that we did. I certainly would have been against it.

A MARK OF DISRESPECT FOR THE HOUSE

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, I appreciate the opportunity to also indicate my opinion that the gentlewoman from New Jersey was absolutely right.

A little while ago I offered a motion to vacate the proceedings under which we considered that particular bill, because I think, at the very least, the House ought to be given the opportunity to vote on a matter of that kind of consequences which is going to have that kind of a public problem, I think, for the Members of Congress. What we have done is, we have increased our outside earnings from 15 to 30 percent. It seems to me that that is an issue that we addressed earlier this year. This House, by a 2-to-1 margin, decided that that is not what we wanted to do. To do it in an underhanded manner as was done on the House floor today I do not think does this House any good and it is a mark of disrespect for the House.

BOTH HOUSES OF CONGRESS SHOULD BE EQUAL

(Mr. ROUSSELOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, I could not disagree with my colleague more. The other body has a limitation of $25,000. I understood, according to the Constitution, we were an equal body. I would have voted for it, had I had the chance. I do agree with my colleague that maybe this was a little

quick. We have been sitting here all day, casting all kinds of votes, as the gentleman knows, and I am proud that we took the effort to make ourselves equal to the other body.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will make the following statement: Whenever a Member is making a unanimous-consent request on the floor of this House, before the motion is made, the Chair always asks that Member, "Has it been cleared through the leadership on both sides? Has it been cleared with the committee and the minority and the majority on both sides?"

When he has an affirmative answer, then he recognizes the Member. In this instance, that is exactly what he did. Now, any Member who was on the floor—it was unanimous consent—would have had an opportunity to object.

ANNUAL REPORT ON PIPELINE SAFETY FOR CALENDAR YEAR 1980—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Energy and Commerce and the Committee on Public Works and Transportation.

To the Congress of the United States:

In accordance with the requirements of Section 16 of the Natural Gas Pipeline Safety Act of 1968, as amended, and Section 213 of the Hazardous Liquid Pipeline Safety Act of 1979, I hereby transmit the Annual Report on Pipeline Safety for calendar year 1980. The period covered by this report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 15, 1981.*

FIFTEENTH ANNUAL REPORT RELATING AUTOMOTIVE PRODUCTS TRADE ACT TO DEVELOPMENTS DURING 1980—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore. (Mr. BOLAND) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Ways and Means:

To the Congress of the United States:

In accordance with the Automotive Products Trade Act of 1965 (Public Law 89-283), I transmit herewith the fifteenth annual report relating to developments during 1980. The period covered by the report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 15, 1981.*

1980 AERONAUTICS AND SPACE REPORT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Science and Technology:

To the Congress of the United States:

In accordance with the requirements of Section 206 of the National Aeronautics and Space Act of 1958, as amended (42 U.S.C. 2476), I hereby transmit the 1980 Aeronautics and Space Report. The period covered by this report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 15, 1981.*

ELEVENTH ANNUAL REPORT ON HAZARDOUS MATERIALS TRANSPORTATION FOR CALENDAR YEAR 1980—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce, the Committee on Merchant Marine and Fisheries, and the Committee on Public Works and Transportation:

To the Congress of the United States:

In accordance with the requirements of Section 109(e) of the Hazardous Materials Transportation Act (P.L. 93-633), I hereby transmit the Eleventh Annual Report on Hazardous Materials Transportation for calendar year 1980. The period covered by this report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 15, 1981.*

FARM BILL CONFERENCE REPORT

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. AKAKA. Mr. Speaker, before we adjourn for the Christmas recess, the conference report on the 1981 farm bill will come to the House floor for approval. I urge all of you to consider this legislation very carefully before you vote on final passage. I urge you to think of the need for providing a 4-year extension of our major farm programs and a 4-year extension of the food stamp authorization.

Mr. Speaker, I have spoken to many farm groups and many of my colleagues about the farm bill. I realize that this legislation is not warmly embraced by all of the commodities whose programs are contained in the bill. If it were possible to go back into conference and adopt the type of programs that would make every commodity happy, I would be the first to recommend such a course of action; unfortunately, this is no longer a possibility. The Senate has already passed the conference report and as a result the House-Senate conference has been dissolved. There is no conference which the farm bill can be sent back to, and even if there were, it is uncertain whether the outcome could be changed. I followed the month-long deliberations of the conference very closely and can say that the commodity support levels now in the bill are at the limit of what Congress and the farm groups will accept and the administration will tolerate.

As we all know, compromise is the essence of the legislative process. The farm bill conference report was forged in this spirit, and although it was subjected to many stresses in the process, the bill emerged intact. There are many diverse interests in the farm and labor community that support the bill, both in my State and across the Nation. Groups like the American Textile Manufacturers Institute, the Washington Association of Wheat Growers, the American Federation of Grain Millers, the ILWU, the Western Dairymen's Association, to name a few, support the farm bill. I have a full list, and I ask that it be printed in the RECORD.

I ask all my colleagues to join me in supporting the farm bill.

The list follows:

Calcot Lt'd., Bakersfield, Calif.

Newhall Land & Farming Co., Valencia, Calif.

Distillery, Wine and Allied Workers International Union—United Sugar Workers Council of California, AFL/CIO.

Kent Shimamoto, Bearing Supply Co., San Francisco, Calif.

Glenn Stirim, Jr., Ferry Steel, San Francisco, Calif.

Her Boegtly, Voegtly & White, San Leandro, Calif.

Frank Pignati, Weeks-Howe & Emerson, San Francisco, Calif.

Clarence Blixt, Hogan Mfg., Escalon.

John G. Ziegler, Ziegler & Associates, Walnut Creek.

Joe Sheid, Scheid Industrial Supply, San Francisco, Calif.

Allen Brown, Pacific Pipe Co., San Francisco, Calif.

John Moller, Viking Distributing Co., Oakland.

George Lundquist, Bay City Iron Works, Oakland.
Spreckels Sugar Division, Amstar Corp., San Francisco.
John Robinson, Beacon Oil Co., Inc., Hanford, Calif.
Stan W. Brand, Stan Brand Inc., Tustin, Calif.
Milton L. Wright, Aromco Industries, Inc., Oakland, Calif.
Floyd Dirlam, Smith Tank Lines, Inc., Fresno, Calif.
Union Sugar Co., San Francisco, Calif.
Erick Pedley, Jr., Pedley-Knowles & Co., San Francisco, Calif.
Sig Cabral, Leighton-Stone Corp., San Francisco, Calif.
Winston Honeychurchm Pacific Electrical Instrument Laboratory, San Francisco.
Andre Bouden, Jensen Instrument Co., South San Francisco.
David Golner, Belilove Co., Oakland.
Vince Kostovny, Redwood Controls, Pleasant Hill.
Thomas G. Kilfoil, Thomas G. Kilfoil Co., San Bruno, Calif.
Thomas Masinter, Vincent Electric Motor Co., Oakland.
Alan W. Zensius, Combustion Technology, Inc., of San Bruno; H.V.Z., Inc., of Sacramento.
American Crystal Sugar Co., Moorhead, Minn.
Ed Jennings, D.W. Nicholson Corp., San Leandro.
California Beet Growers Association, Ltd., Stockton, Calif.
ALMA Sugar Beet Growers, Inc., St. Louis, Mich.
Caro Sugar Beet Growers, Inc., Fairgrove, Mich.
Croswell Sugar Beet Growers, Inc., Marlette, Mich.
Saginaw Sugar Beet Growers, Inc., Saginaw, Mich.
Sebewaing Beet Growers Association, Inc., Sebewaing, Mich.
Monitor Sugar Beet Growers, Inc., Kawkawlin, Mich.
Blissfield Sugar Beet Growers Association, Riga, Mich.
Findlay District Beet Growers Association, Pandora, Ohio.
Freemont Beet Growers Association, Fremont, Ohio.
American Federation of Grain Millers, AFL/CIO locals No. 259; No. 260; No. 261; No. 262; No. 263.
Richard Feld, International Rep,. American Federation Grain Millers, AFL/CIO Battle Creek, Mich.
Robert Willis, Exec. V. P. & Asst. to Pres., American Fed. Grain Millers, AFL/CIO Minneapolis, Minn.
Hon. Dean M. Pridgeon, Director, Michigan Dept. of Agriculture, Lansing, Mich.
The Amalgamated Sugar Company, Ogden, Utah.
Holly Sugar Corporation, Colorado Springs, Colo.
Michigan Sugar Company, Saginaw, Mich.
Minn-Dak Farmers Cooperative, Wahpeton, N. Dak.
Monitor Sugar Company, Bay City, Mich.
Southern Minnesota Beet Sugar Cooperative, Renville, Minn.
Elwhyhee Beet Growers Association, Idaho.
Farmers and Manufacturers Beet Sugar Association, Michigan & Ohio.
Idaho Beet Growers Association, Idaho
Montana-Dakota Beet Growers Association, Montana.
Nyssa-Nampa Beet Growers Association, Idaho & Oregon.
Sugro, Inc., Colorado-Kansass-Montana-Nebraska-Wyoming.
Mountain States Beet Growers Association of Colorado and Kansas, Colorado and Kansas.
Mountain States Beet Growers Association of Montana, Montana.
Nebraska Non-Stock Cooperative Beet Growers Association, Nebraska.
Texas-New Mexico Sugar Beet Growers Association, Texas.
Florida Sugar Cane League.
Rio Grande Valley Sugar Growers, Inc.
Florida Fruit and Vegetable Association.
American Sugar Cane League.
Louisiana Farm Bureau Federation.
The Chamber/New Orleans and the River Region.
Georgia Sugar Refinery.
Louisiana Sugarcane Products, Inc.
The Western Louisiana Sugar Producers Association.
South Texas Cotton and Grain Association.
American Textile Manufacturers Institute, Inc.
Washington Association of Wheat Growers.
Agricultural Council of Arkansas.
Alabama Farm Bureau Federation.
Alabama Peanut Producers Association.
American Federation of Grain Millers, locals 293 of Findleey, Ohio; and 294 of Fremont, Ohio.
American Society of Travel Agents.
American Soybean Association.
Arizona Cotton Growers Association.
Better Business Bureau of Hawaii.
Blissfield Sugar Beet Growers Association, Riga, Mich.
California Chrysanthemum Growers Association.
California Floral Council.
California State Florists Association.
Chamber of Commerce, Lovell, Colo.
Chamber of Commerce, Sterling, Colo.
Chamber of Commerce of Hawaii.
Chamber of Commerce, Powell, Wyo.
Colorado Greenhouse Growers Association.
Cotton and Grain Producers of the Lower Rio Grande Valley.
Cotton Warehouse Association of America.
Delta Council.
Florida Foliage Association.
Florida Ornamental Growers Association.
Florida Peanut Producers Association.
Georgia Agricultural Commodity Commission for Peanuts.
Georgia Textile Manufacturers Association.
General Contractors Association of Hawaii.
GFA Peanut Association.
Greater North Dakota Association the State Chamber of Commerce.
Hawaii Bankers Association.
Hawaii Hotel Association.
Hawaii Transportation Association.
Hawaiian Sugar Planter's Association.
Illinois Corn Growers Association.
Illinois State Florists Association.
Indiana Corn Growers Association.
International Longshoremen's and Warehousemen's Union.
International Longshoremen Workers Union.
Kansas Corn Growers Association.
Louisiana Cotton Producers Association.
Manufacturers Association of the State of Hawaii.
Mid-West Egg Producers Association.
Missouri Corn Growers Association.
National Corn Growers.
National Cotton Council of America.
National Cotton Seed Products Association.
National Peanut Growers Group.
New Mexico Peanut Growers Association.
NorCal Flower Growers' and Shippers Association.
Northeast Egg Marketing Association.
North Carolina Peanut Growers Association.
North Carolina Textile Manufacturers Association, Inc.
Northern Textile Association.
Oklahoma Cotton Improvement Association.
Oklahoma Peanut Growers Association.
Oil Chemical & Atomic Workers, International.
Pennsylvania Flower Growers.
Pineapple Growers Association.
Retail Merchants Association of Hawaii.
San Diego County Flower Growers Association.
Small Business Council of Hawaii.
Society of American Florists.
South Carolina Peanut Board.
South Carolinia Textile Manufacturers, Inc.
Southern California Flower Growers Association.
Southern Cotton Growers.
Southwestern Irrigated Cotton Growers Association.
Southwestern Peanut Growers Association.
St. Lawrence Cotton Growers Association.
Staple Cotton Growers Association.
Tax Foundation of Hawaii.
Teamsters Warehousemen and Sugar Workers locals 1060 in Greely, Colo.; 1069 in Loveland, Colo.; 1065 in Johnstown, Colo.; 1066 in Brighton, Colo.; 1076 in Ovid, Colo.; 1977 in Sterling, Colo.; 1062 in Ft. Morgan, Colo.; 1063 in Goodland, Kans.; 1067 in Mitchel and Gering, Nebra.; 1071 in Scotts Bluff, Nebra.; 1073 in Bayard, Nebra.; 1064 in Billings, Mont.; and 1068 in Lovell, Wyo.
The Five-State Rice Producers' Legislative Group:
Arkansas: Producers' Rice Mills Inc. and Riceland Foods.
California: Farmers' Rice Cooperatives and Rice Growers Association of California.
Louisiana: Louisiana Farm Bureau and National Rice Growers.
Mississippi: Mississippi Farm Bureau and Rice Growers Association of Mississippi.
Texas: American Rice, Inc.
The Hawaii State Federation of Business and Professional Womens Groups.
The Hawaii World Trade Association.
The Peanut Growers Cooperative Marketing Association.
Virginia Peanut Growers Association.
United Egg Producers.
Western Cotton Growers Association.
Western Dairymen's Association.
Wholesale Florists and Florist Suppliers Association.

□1830

THE REASONS FOR A GOLD STANDARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 60 minutes.

GENERAL LEAVE

Mr. PAUL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PAUL. Mr. Speaker, a little over a year ago, the Congress passed legislation establishing the Gold Commission. There have been several meetings with the Gold Commission and a report is due on March 31 of next year.

Being a member of that committee, I have had frequent interviews with the media and quite a few questions have come up regarding the gold standard. They have followed a certain pattern and I believe they reveal certain misconceptions about the gold standard and it is important that we try to explain some of the questions that many individuals have.

The first question that comes up frequently is why we should even bother about a gold standard? Why should we have a gold standard? And the best answer for that is, do we want to persist with the type of standard that we have today? We have a paper standard and the paper standard of today has a disastrous record.

Considering the past 10 years, in particular, since the gold window was closed in 1971, up until 1981, the record is disastrous. Inflation has been at a very high rate, interest rates are soaring, the true wage of the average worker is reduced by 15 percent, and we see nothing but chaos in the financial markets.

One of the main reasons why we should have a gold standard is that gold is an honest currency and it is not deceitful. Inflation, which is an increase of the supply of money and credit is a vehicle for stealing from the people and it is nothing more than a deceptive tax.

It is literally theft. Under a gold standard there would be no inflation because the Government, the politicians, the bankers, and any special interests could not increase the supply of money.

If they are restrained in this procedure, the supply of money being restricted, prices then would not respond by going up. So if an individual is concerned about the inflation that we have, and every poll taken in the last 5 years in this country reveals that inflation is the No. 1 problem—he must realize that the Government cannot print gold, and we realize then there is restraint put on the politicans.

There is no doubt big Government and inflation go together because this is the vehicle by which big Government is financed.

Our taxes are very high, but our debt is also very high. This is one way we can pay for the huge deficit, now over $100 billion per year.

Prior to 1971, we had a pseudo or partial gold standard and this existed from 1945 to 1971 under the Bretton Woods agreement. Even though gold was redeemable at $35 an ounce to foreign banks, the American people could not redeem it and it was not a true gold standard.

Nevertheless, under that gold standard prices were held in check and the record between 1945 and 1971 was exceptional compared to the 1971 to 1981 period.

Money, if not decided by fiat by government, must have quality to it. Paper money has no quality. Gold money has a quality to it that makes people trust it and believe in it. For this reason, it affects future anticipations of what will happen to the value of the money and, therefore, it affects the interest rates.

In this case under a true gold standard the dollar will be redeemable. That is, if you are holding paper, it must be something that you can take and turn in and get something of real value.

Now, today you turn in a dollar and you get a dollar back. Under a true gold standard, if you turned in a gold certificate you would get a certain amount of gold or silver in return.

An important point about money is understanding how money originated. Money originated as a barter commodity. It never originated and was never intended that paper printed by government would be true money.

Gold came about as money mainly because it was the most convenient and the most useful commodity to use as money, and for that reason history has decided that gold is the most efficient money.

It is no different than the fact history shows that we speak the English language. True money is gold or silver or one of the metals. When we try to make paper operate as money, we defy history and we defy economic law and we defy logic.

This is what we are trying to do. We are trying to buck the trend of history and buck economic law and say that paper is money and will be money.

The fact that paper works to a degree as money only does so because it was originally backed by gold. It originally was redeemable in gold and it is the residual trust that we placed in money at that time that allows our money today to function to the extent that it does.

One question that is frequently brought up to me is if we decided to go on a gold standard, is there enough gold? A lot of people concede that a gold standard is a good idea but they claim that today there is not enough gold for the big economy we have in the country as well as the world and, therefore, there is not enough gold. It is true that the gold supply is much lower today than it was a couple of decades ago.

There was a time when our country had 770 million ounces of gold in reserve backing the currency. Today there is only 264 ounces. But the concern that one has about the supply of gold is unnecessary because the supply of gold always adjusts. Whether you have 200 ounces or 500 ounces you can still have a gold standard because the general price level will adjust.

The important thing is that under a gold standard, if it is strictly adhered to, there will be no illicit increase of supply of money and credit as we are doing today.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding.

I appreciate him also taking the time to explain to this Chamber what is being done in the Gold Commission that is now meeting, what the progress is, and also giving some of his thoughts on how we could eliminate so much of the inflationary pressure on our economy if we had some viable standard by which to abide as it related to our dollars.

Now the gentleman has just mentioned one argument that is usually raised relating to, by those who oppose a return, redemption of some kind of a gold standard—and that is that because there is not enough production of gold per year that, therefore, the supply of money would be kept very taut or very tight.

Could the gentleman respond to that again because I think that is important for our colleagues to understand, that actually it would not only reduce inflation, it would be a tremendous discouragement to high interest rates, and our country would again be on a more viable money system that people could depend on.

□ 1840

Mr. PAUL. I thank the gentleman for the question, because it is a most important question and unless we understand the answer, we will never have sound money again.

The Keynesians believe in the liberal notion that duplication of monetary units somehow or other produces economic growth. That is a false statement.

Mr. ROUSSELOT. A lot of consumption.

Mr. PAUL. That is right. You can produce a lot of money. It will be used to consume a lot of goods, but it will raise prices. It does not increase capital investment. You must have savings, you must have profits, and you

must have production in order to have true capital formation.

Money growth does not produce economic growth. If this were the case, we nearly tripled M_3 in our past decade, from 1971 to 1981. If duplicating monetary units and increase in the money supply were beneficial, then we should have had a tremendous past decade, yet we had a disastrous past decade.

Mr. ROUSSELOT. The one way we can make a judgment on this issue is just on the basis of history.

Mr. PAUL. Especially the last 10 years.

Mr. ROUSSELOT. In other words, which shows us that because we have inflated the money supply so extensively, that has caused the tremendous rate of inflation, has denied the elderly people of our country their rightful retirement benefits and all the other things that go with raving inflation.

Mr. PAUL. I think the other important aspect that happens that we generally forget about in all those who are concerned about those who are poor in society and those who may be unemployed and not doing well, they should pay heed to what has happened to the real wage in the past 10 years. The real wage for the first time in our history over a full decade has gone down. It has gone down 15 percent, so the average workingman is losing out and there has been a transfer of wealth. In an inflationary period, there is a transfer of wealth from the middle class to the wealthy, at least in the early stages. In the latter stages of runaway inflation, everybody is devastated, as well as the political system.

So today we are living in a period when the workingman is losing out and some who have capital assets are gaining wealth.

Mr. ROUSSELOT. So we can look to history to prove that when we have had something relating to a gold standard or some thing similar, the workingman has really been better off because the dollar that he earns and takes home is worth something, not only today but in the future, because he knows that it is backed by something of value.

Mr. PAUL. This is absolutely true, because today if a workingman works all day and he gets $100, and he puts it in the bank and leaves it there, in 1 year it may be worth $80 or $85. Somebody is literally stealing from that workingman, because he is in a position that he cannot beat inflation. That is, he might not be buying commodities, investing in art, or buying gold and silver and doing the things that might protect him; so it is only honesty in currency that can protect the workingman.

Mr. ROUSSELOT. Well, in these commission meetings, has the gentleman discussed if we did return to some form of a gold standard, who would decide or how would it be decided what the price of gold is?

Mr. PAUL. Yes. This is a common question asked and something we have discussed frequently.

Now, the important thing to realize here is that if you are on a true gold standard, the monetary unit becomes gold itself, or you define the dollar in the weight of gold, as it was before. Before it used to be that a dollar was defined as one thirty-fifth of an ounce of gold and in an earlier period of time it was one-twentieth of an ounce of gold; but, of course, from where we are today to where we would like to go is difficult, because you do have to develop a new ratio.

I do not like to talk about the price of gold because that leads one to believe that you are only talking about a pseudogold standard; but on a real gold standard, you have the unit defined in the weight of gold.

What that would be, nobody really knows. The marketplace should determine this.

After the Civil War, after the inflation of the greenback period, they had to go through a 3-year transition period in order to get back to par value; but they went through a painful 3-year period of deflation. They literally withdrew the unbacked greenbacks. They had deflation. There was economic pain, but they went back on the gold standard.

I do not think that is advisable now.

Mr. ROUSSELOT. How could we do that without avoiding, or by avoiding that kind of trauma?

Mr. PAUL. You would have to let the market tell us what that ratio is, whether it is 400, 500, or 1,000. You would have to set the date in the future, say in 1 or 2 or 3 years.

Mr. ROUSSELOT. What would be the advantage of doing that?

Mr. PAUL. The advantage would be that we as politicians, or the bureaucrats, or the Federal Reserve, are more likely to make a mistake. If they would take 300 and we kept running up our deficit and continued to print money, it would not last. It would just be temporary. If we did it at 1,000 it may be too high and this would cause a tremendous influx and an inrush of gold into the country; so the adjustment period could be difficult.

I would be inclined to think that it does take a period of time and we must set a date in the future and let the market adjust this and find out whether the ratio is $1,000 or $1,500.

Mr. ROUSSELOT. So you would pick a time certain in the future, say 2 years from now?

Mr. PAUL. Right.

Mr. ROUSSELOT. And say at that time, whatever the market price of gold is, it would be set at that ratio?

Mr. PAUL. Yes.

Mr. ROUSSELOT. And so then nobody could predict exactly and could not necessarily overspeculate working up to that timeframe?

Mr. PAUL. That is right. There would be speculators who would like to push the price high, but there would be gold users who would like to push the price low, so I think the market would balance this out.

I concede that there may be some problems, but the problems would be less than bureaucrats and politicians doing it, because I think they would be more inclined to make a mistake.

Mr. ROUSSELOT. Well, again, I wish to thank the gentleman for bringing this subject to the House of Representatives. It is something we should be giving consideration to and the gentleman is to be complimented not only for bringing it to our attention, but also in his work in serving on the Commission.

When may we expect a report from that Commission?

Mr. PAUL. The report from the Gold Commission is due March 31 and it is a report that is to be sent back to the Congress.

Mr. ROUSSELOT. So the Congress will have the full value of receiving that report in March?

Mr. PAUL. Yes; but I understand also the administration has made statements that they are also anticipating the results of the Gold Commission report as well.

Mr. ROUSSELOT. Well, again, I compliment my colleague for bringing this to the attention of the House.

Mr. Speaker, today's high interest rates are the scourge of the American consumer who must bear the brunt of inflation. The Nation's credit situation is in disarray and the purchasing power of our dollar is consequently being destroyed.

To bring down interest rates we can either decrease the demand for money or increase the supply of money. The Keynesian and monetarist, who are better known as "demand-side" economists, have focused mainly on attempting to reduce the demand for credit in answer to today's problem of high interest rates. The Reagan administration has launched an all out effort to cut back on Federal programs in an effort to reduce the Federal Government's demand for credit.

Monetarists likewise have no interest in the actual supply of money; but concentrate instead on the demand for credit. In fact, they argue that the Federal Reserve should not pay any attention whatever to the actual price of credit that shows itself in our prevailing interest rates.

According to a recent article that appeared in the Washington Post entitled, "To Lower Interest Rates, Go Back to Gold," written by Mr. Jude Wanniski, the Federal Reserve's game

plan is to control the money supply so that if there is less money available then people will be unable to demand wage and price increases. Consequently, for the monetarist solution to work, Mr. Wanniski points out that we are usually told by the monetarist that there must be a period of recession and unemployment in which people realize that they can't ask for more, simply because there isn't enough money in the system.

Mr. Wanniski stresses the fact, however, that "Supply-side" economists focus on increasing the supply of credit as a means of avoiding a recession in order to lower interest rates. A recession only shrinks the economy and its tax base, while setting the stage for higher interest rates for the following year.

To quote Mr. Wanniski;

The only way to break this spiral is by increasing the supply of credit, basically by making it so much more attractive to be a creditor that people will once again be happy to lend long at low interest rates.

Mr. Wanniski goes on to explain that supply-siders say that people would be encouraged to lend long once again by announcing that we are going to move toward the opening of the gold window that President Nixon closed in 1971. Furthermore, the current global liquidity crisis could end without inflation by moving to guarantee the dollar's value as a unit of account in a specified weight of gold.

If the dollar were convertible into gold, debtors would not stand to gain through inflation—there would be no windfall losses or gains. Debtors would simply pay what they had promised; creditors would receive what had been pledged. consequently, Mr. Wanniski maintains that there would be no inflation premiums included in the interest rate. Once again people would be willing to lend long at low interest rates.

It is my hope along with other Members of this body that we find a way to return to a viable gold standard.

Let me suggest my colleagues review an interview with Lewis Lehrman that appeared in the November 30th issue of Fortune magazine.

[From Fortune, Nov. 30, 1981]

THE GURU OF GOLD DEFENDS HIS STANDARD

Now that their coveted tax cut is in place, a vanguard of supply-side economists has begun singing a new song—the ode to gold. A return to the gold standard is essential, these supply-siders say, if the personal tax cut is to work its full magic on investment and growth. One critic of the supply-siders, Democratic Congressman Henry Reuss of Wisconsin, quips that the clamor for a gold standard is evidence that "failure has gone to their heads." In fact, the gold advocates among the supply-siders have been talking up "hard" money for some time now. Nearly two years ago Morgan Stanley and Co. circulated a paper by businessman Lewis E. Lehrman that has become something of a gold-standard manifesto.

The thumping for gold has taken on a special urgency recently, however, because supply-siders outside the Administration fear that President Reagan's monetarist approach to dealing with inflation could overwhelm the beneficial effects of the tax cut and choke off economic growth. Just as the Federal Reserve Board appears to have put its house in order, economist Arthur Laffer and consultant Jude Wanniski, among others, have been arguing that the strategy of gradually reducing the growth of the money supply is doomed. Worse still, they say, the attempt to restrain money growth has pushed up interest rates and stifled investment without altering inflation expectations.

Proponents of a gold standard contend that tying the dollar to a commodity whose value is stable over the long run is the only way to halt inflation. Like Sir Isaac Newton, Karl Marx, and legions of others in the past, they believe gold is the best choice. Gold supposedly beats out all other commodities because its supply has historically grown at a rate of about 2 percent a year, roughly the same as the rate of money growth that monetarists contend would yield price stability. Lately, the auric oracles have been predicting that interest rates would tumble if President Reagan simply announced a plan to link the dollar to gold once again.

Monetarists, and just about all other economists, see things differently. One major objection is that an abrupt shift to a gold standard would cause a reduction in money growth much sharper than anything the Fed has engineered; as one former Treasury under secretary puts it, gold would amount to "a chastity belt for a nymphomaniac." A quick move to gold, most monetarists fear, would cause a very deep recession. Many gold critics also believe it would be folly to strap U.S. monetary policy to the ups and downs of a commodity whose largest producers are South Africa and Russia.

Nonetheless, gold has picked up an intellectual respectability that seemed implausible just a short time ago. Alan Greenspan, a mainstream Republican economist, has advocated government issues of gold-backed bonds as a technique for easing the economy toward a gold standard. Congress has created a 17-member Gold Commission to study the role of gold in the domestic and international monetary systems. And, though he hasn't said anything on the subject lately, President Reagan endorsed the gold standard during his campaign.

The confusion surrounding the issue seems unending. As Fortune observed fifty years ago during another debate over the gold standard, it is a subject in which "a known fact is something to cling to in a whirling eddy of hypotheses, trends, theories, nebulous generalizations, and conflicting interpretations."

To get a clearer fix on what the gold advocates have in mind, and how sound their claims really are, Fortune's A. F. Ehrbar conducted a wide-ranging interview with Lewis Lehrman. Lehrman, 43, helped build his family's wholesale grocery business into the Rite Aid Corp., a $1-billion-a-year discount drug chain. The founder of a New York think tank called the Lehrman Institute, he aspires to be the next governor of New York. He is a member of the Gold Commission, and occasionally has written under the pseudonym "A. Gallatin." (Gallatin, the second Secretary of the Treasury, was an ardent foe of federal deficits and a champion of hard money.) Excerpts from the dialogue between Ehrbar and Lehrman:

Q. Why would a gold standard restore so much confidence in the dollar and in the willingness of the government to control inflation?

A. Because the Federal Reserve would be required, by law, to redeem currency in gold.

Q. So your system wouldn't be like the gold-exchange standard that President Nixon abolished in 1971, under which foreign governments could redeem dollars for gold at the fixed price of $35 an ounce but U.S. citizens couldn't even own gold. What system do you want?

A. What we need is a true gold standard, similar to the one we had until 1933. That would be a modernized gold standard where the value of the currency was defined by law as a weight unit of gold. There would be minting of gold dollars for anyone who wished to bring his bullion to the mint for free coinage, and all paper currency and bank deposits would be a claim on the monetary standard [gold]. Convertibility would be universal and unrestricted.

Q. But why would people put such great faith in a political decision that could be unmade as easily as it was made?

A. I deny that it could be unmade so easily. First of all, this is a nation of laws, and it does not pass a law that it does not intend to uphold. Second, the reason people won't hold paper money now is that they know there is absolutely no limit on the quantity of currency and credit that can be issued at the whim of the central bankers or legislators. Under a gold standard, there is the regulating mechanism of convertibility. Throughout American history, convertibility provided for a steady increase in the money supply at a rate of about 2 percent annually, which is directly proportional to the growth of the gold supply.

Q. Why is a gold standard inherently better than legislation or a constitutional amendment limiting the growth of currency or of the monetary base?

A. First, we have a great deal of history on the way the gold standard worked in the past. Though it was imperfect, the gold standard yielded a stable dollar and reasonable price stability over the long run. A constitutional amendment to require the Federal Reserve to create a specified amount of money in circulation is a nice abstract, academic theory. But it's never been done successfully, so you have to decide whether a monetary standard that has worked is a more practical and effective means toward your goal than blackboard exercises in the classroom.

The second thing I would say about requiring the Fed to fix the quantity of money, and this is more of an opinion, is that I believe the Fed can't do it.

Q. But returning to the gold standard amounts to fixing a permanent price for gold. Doesn't that risk massive inflation or deflation? If the price is too high, gold will pour into the Federal Reserve, and the money supply could explode as the Fed issues dollars in exchange for the gold. If the price is too low, the money supply could plummet as people rush to exchange dollars for gold, and we could have deflation and depression.

A. There is no escape from using good judgment and human intelligence. You have to apply judgment to the market data to discover the equilibrium price of gold. That entails risk, but it can be done. And it entails less risk than living with the catastrophic effects of paper money and the inflation of today.

Q. How do you decide the price of gold?

A. I have recommended a stabilization period of two years between the managed paper-money system of today and the modernized gold standard. Assuming that the Federal Reserve behaved properly during the transition, people would become convinced that we really were going to adopt the gold standard. By the final three months preceding the establishment of the monetary standard, the price of gold would be freed from any inflation expectations. During that period, the President would assemble the senior financial officers of his Administration, the key legislative leaders, and the key members of the Federal Reserve system, and this group would write a statute defining the dollar as a specific weight of gold. And that would be the permanent price of gold.

Q. But how do you determine that price?

A. One indicator is the market price, which my friend Arthur Laffer relies upon entirely. I do not. The second consideration is judgment—establishing the price of gold at a level high enough to ensure that there will be no decline in average wages. [That is, high enough that there wouldn't be sharp deflation.]

Q. Why is that necessary?

A. It's not necessary, but it is desirable. After the establishment of the monetary standard, the economy would be deregulated, the tax code would be more completely reformed, and the budget and spending practices of the government would be completely overhauled. All of those changes would permit the price mechanism to operate more flexibly, and resources would be allocated more efficiently. It makes sense to establish the price of gold at a level that eases this reform of our economic system rather than intensifying the difficulties.

Q. You have said that a return to the gold standard would cause interest rates to drop to 6 percent or less and bring about an investment boom because it would ensure a stable price level. Are you sure that prices really would be stable?

A. The greatest period of price stability in American history was under the monetary standard established by Congress in 1792 that lasted, but for the brief interruption of the Civil War, until the establishment of the Federal Reserve in 1913. There were fluctuations during that period, but the price of a loaf of bread was about the same under Teddy Roosevelt as it was under George Washington.

Q. While prices were stable over the long run, isn't it a fact that changes in the price level were very rapid in the short run?

A. It is not true. Under the gold standard you sometimes get a gently falling price level of 1 percent to 1.5 percent a year over periods of 20 or 30 years, or a gently rising price level of 1.5 percent to 2 percent per year, which to practical people means nothing. What business people and working people can't adjust to is an unhinged system that gives them 12 percent inflation, so that you get a doubling of the price level every six years.

Q. The statistics suggest that prices actually were very unstable in the short run under the gold standard. In fact, the price level varied considerably more from year to year under the gold standard than it did from 1934 to 1980. The period when prices were the most stable, according to the usual statistical measures, was 1946 to 1970, not under the classical gold standard.

A. Well, I think the proper period for comparison is since 1971. The years from 1946 to 1970 were basically the Bretton Woods gold-exchange period, and I yield to your figures because I agree with them. I think the crucial period to compare is the last ten years, with its total suspension of gold convertibility, and the period of more or less classical gold standard from Thomas Jefferson to Teddy Roosevelt. In these two periods the variations are close to one another, but greater in the recent period.

Q. A number of monetarists concede that the discipline of a true gold standard would produce long-run price stability but argue that it would also bring greater volatility in economic activity. Do you agree with that view, and believe ending inflation is worth greater short-run uncertainty, or do you simply disagree?

A. I disagree with my monetarist friends about the short-run fluctuations. If one is looking for the kind of reasonable stability we can have in this imperfect world of change and uncertainty, then the gold standard is the best monetary institution by which to attain that goal.

Q. The history of business cycles indicates that we had a lot more fluctuations and bad times under gold. From 1882 to 1913—when the U.S. was on the purest form of the gold standard—we had nine full business cycles, and business was contracting 47 percent of the time. But from 1945 to 1980—a period four years longer—we had only seven full cycles, and business was contracting only 18 percent of the time.

A. My view is that it's not a matter only of time periods, but of real output levels. The period from the 1870's to World War I was one of unparalleled increases in real output. Also, you should compare the 1882-1913 period with the last ten years, because we still had a gold exchange standard until 1971.

Q. You've got some special factors in those periods of robust growth—unlimited immigration, the opening of the West . . .

A. I agree. But they are part of the free and open trading system and the common currency system characterized by classical liberal economies and the gold standard.

Q. Do you give the gold standard credit for the opening of the West?

A. No, I don't. I'm just saying that the gold standard was associated with the unbelievable strides of an impoverished 13 colonies by the sea to preeminence in the world economy. The standard is not only associated with, but is somehow inextricably bound up with stable long-term growth. The gold standard does not cause one to settle the West, but it helps make that kind of development possible.

Q. Statistics going back that far are unreliable, but those available don't show that long-run growth was much greater than it has been over the last 35 years.

A. All I'm getting at is you don't have less growth.

Q. Many economists argue that a gold standard like the one you recommend would make the U.S. economy more vulnerable to external shocks. For instance, the election of a Mitterrand could cause the French to want to hold gold; if they redeem dollars for gold, that reduces the U.S. gold stock, which in turn requires a reduction in the U.S. money supply and a drop in economic activity.

A. It need not. You can have variations in the quantity of bank deposits and paper currency which diverge from the variations in the monetary gold stock. The variations will not be substantial, but there can be variations. It's this flexibility of the gold standard which in fact commends it as the monetary institution to withstand outside shocks.

Q. But if substantial amounts of gold were drawn out of the U.S., wouldn't that cause a reduction in the money stock and, in turn, depress economic activity?

A. I wouldn't exclude that as a possibility, but it wouldn't necessarily happen. It is entirely possible that you could have a stable money supply while gold reserves were gently falling.

Q. What about the danger that a political faction such as OPEC might blackmail us by threatening to convert large holding of dollars into gold?

A. This is a canard that circulates among a lot of people. The truth is that OPEC countries wish to produce their real wealth in exchange for dollars in order to build up their countries. That's the way businessmen and nations operate. They don't operate according to some abstract theory of what can be imagined as a bogeyman.

Q. An international gold system is a system of fixed exchange rates. Doesn't the settlement of balance-of-payments deficits in gold also require a drop in the money supply and a contraction in economic activity?

A. No. A true gold standard simply causes nations to settle promptly the deficits they accrue as they go along. You don't have to export gold. You could simply export more textiles, or more steel, or more automobiles. You could export, in the case of the U.S., more high technology, more plants and equipment, more wheat, more services. A deficit can be settled by shipping out a real good like gold, but it can also be settled by shipping out a real good like wheat.

Q. You have written that a gold standard must be international to be truly effective. What happens to your system if other nations refuse to go along?

A. I believe that leadership counts. The U.S. is, in fact, the leader of the free world. Again, so many of these things have to do with your articles of faith. It is the manifest destiny of the U.S. to lead not only the free world but all nations in the world who wish to be free.

Now, if the U.S. agreed to make the dollar as good as gold, it would be an act of leadership showing that once again we would respect the value of people's wages and the value of their savings. It would give dignity to the dollar once again, and all other nations in the free world would promptly repair to our standard.

It's unlikely that other nations will get the change to repair to a U.S. gold standard anytime soon. Lehrman has only one ally on the Gold Commission, Republican Congressman Ron Paul of Texas, and gold hasn't picked up many followers on Capitol Hill. If anything, the case for gold should deteriorate if the Fed sticks to its policy of reducing monetary growth. But Lehrman and other gold advocates could get their way if the Fed falters and inflation takes off on yet another upward spiral.

Mr. PAUL. I thank the gentleman very much.

I would like to make just another point here regarding the supply of money. When a country is on a paper system, the government creates new money and all new money enters the market through the banking system or through the government monetizing debt. This represents special interests,

the special interests of the politican or the special interest of the banker.

Under a gold standard, the new money enters in a very different manner. If a miner produces gold and he produces money, he has earned it, it has real value and it enters into the market by him purchasing goods or putting it in the bank and loaning it. So in this sense the paper standard is not economically wise. It is not a market entry, where the gold as it enters is a market entry of new money and it is fair. It does not favor any special interest.

Many people are concerned about the supply of money, and we mentioned just briefly a few minutes ago that the supply of money was not critical. Under a gold standard, one year you might have a 1-percent increase in the supply of money and another year you might have 4. It averages out that the money growth under a gold standard is between 2 and 3 percent, close to what the monetary rule that the monitorists claim we should have; but the big difference is who controls the power to create money.

It is also recognized that throughout the history whenever the power has been given to the politicans and to the bankers to create new money, they have always abused this power. This power cannot be abused when money is literally gold.

Some would say, well, if we cannot establish a gold standard by edict, by passing a law, all we need to do is pass a law and suspend the gold standard if it becomes necessary. This is absolutely true.

It is true the same way as having a constitutional amendment that protects our right of free speech.

Many governments have had rights of free speech written into the law, but they suspend them under times of emergency.

This does not take away the argument to have something written into law to protect the right of free speech nor the right to have honest money.

Our job as representatives of the people would be to protect that right, to secure the right of free speech under all sets of circumstances and also to secure the right of honest money under all sorts of stress, whether they be economic or international.

Another question that frequently comes up along this line is the question of whether or not South Africa and Russia could hold us hostage. This argument carries really no weight whatsoever. If you take the total stock of gold existing in the world today and you take the best year of production for South Africa and Russia, we find that they can only produce 1 and 1½ percent of the total gold stock. So even if they withheld all their supply for 1 year and dumped it on the market in 1 day, it cannot affect the purchasing power of that gold if they did this. But they would not be inclined to do this. It would not be in their best interest.

In 1968 when we removed the last cover for gold on the Federal Reserve note, the argument then was that we must remove the gold cover because we are artificially supporting the price at $35 an ounce, and if we did not support the price at $35 an ounce, gold would drop to $6 an ounce and the South Africans would be punished and they would suffer the consequences.

□ 1850

The plain truth is, and everybody knows that after we removed the gold cover in 1968, the ratio of gold to Federal Reserve notes, or the price of gold, has skyrocketed. It has been approximately 1 year ago that the South Africans were able to get $850 per ounce for their gold. It has been a boon to the South Africans, as well as the Russians.

So being off the gold standard has not hurt them in any way, and going back on would not necessarily and could not possibly help them in any way.

Many people in the past have claimed that under the gold standard we have instability. Of course, they compare the instability to perfection, but they never compare the instability under a gold standard to the instability of the past 10 years.

The amount of inflation and financial crisis we have had, the condition of the bond market today, and the condition of the savings and loans is such that it is much worse than everything that ever happened under the gold standard. But the plain truth is that under the gold standard the trouble that we did have was always from the abuse of the gold standard and not from the gold standard itself. It was the fact the governments either suspended the rules or did not follow the rules to begin with.

For instance, during the 19th century, the periods that we suffered the most serious consequences of inflation were two, the War of 1812–14, and the Civil War period, because they suspended redeemability and they inflated; they literally printed up greenbacks. And under those conditions, we did have serious inflation. Even the transition period going from the time we were off gold back onto gold, even though that can cause some trouble, we cannot blame that on the gold standard. We must blame that on the people who inflated and abused the gold standard.

When we were on the gold standard between 1879, after we resumed redeemability, up until 1913 when we established the Federal Reserve System, we did have panics and crashes. But again, it was due to localized or statewide expansion of credit. There was always fractional reserve banking that occurred, and the banks always stretched it to the hilt and they became illiquid. When the people did not trust the banks, questioning whether or not they had the amount of gold present that they should have, there was a run on the bank. But this, again, was due to the fact that they did not follow the rules of the gold standard, and they did not have 100 percent reserves behind the certificates. They claim that the period of time from 1882 to 1896 was a time where we suffered tremendous deflation, and then from 1896 to 1913 we had inflation. The figures that are used during these periods are the Wholesale Price Index. The Wholesale Price Index is much more flexible than the Consumer Price Index, and indeed, in the first period from 1882 to 1896, prices did go down 47 percent, the Wholesale Price Index, but retail prices went down 1 percent a year.

Can you imagine the American people complaining today if all they had to worry about was that the retail prices were decreasing 1 percent per year? There was no havoc caused by decreasing prices 1 percent per year.

From 1896 to 1913, due to an increase in the gold supply, in this sense a gold inflation, prices went up at the rate of 1 percent per year.

But we should not compare this to perfection. We should compare this to what we have had with paper. And the Wholesale Price Index in these past 10 years, from 1971 to 1981, has been going up at 9.5 percent per year and the Consumer Price Index has been going up 8.4 percent per year. So in comparison, the price stability was overwhelmingly in favor of stability under the gold standard as compared to the paper standard.

Even though history is very clear on stable prices, with the gold standard versus paper standard, it is not rigidity that is beneficial under a gold standard. As a matter of fact, under a gold standard things are not held rigid. The money supply can adapt. It can adapt to economic needs. And any supply is workable, because the general price level adjusts.

It is true that the gold standard without a free market does not add a whole lot. A good standard works with and is part of a free market system, because if you have the rules set up so that people are encouraged to invest, to save, the taxes are low, that we do not tax savings, that we do not tax profits, yes, it would be very difficult to have any money work. It is just that paper currency works even poorer under the conditions that we have today as compared to the free market.

One of the main arguments against accepting a rule over that of the gold standard has a lot in common with those who advocate a monetary rule versus a gold standard. They have

much in common. But the one thing I believe they omit, those individuals who promote the rule, is that they do not quite understand human nature; that if you permit somebody to create new money out of thin air at the rate of 3 or 4 or 5 percent a year, they will abuse this and go to 6 if they can do it at 5. And the political pressures are always so great that they always yield to it.

But the other important thing is that when Government does it, you will create malinvestment. The malinvestment comes from the fact that the Government introduces the funds and there will be a type of market—a credit allocation—as soon as the Government gets involved, and the money will not be invested the same way it would be under a gold standard.

Most important, though, I think gold represents a free market and it represents honest money.

I happen to be a very strong proponent of the gold standard, and have been, and see the tremendous significance of the gold standard. But I am also one who is very realistic and I understand that the gold standard cannot possibly be a panacea for all our other problems. If we expect the gold standard to be instituted and solve the problems that we have in our economy due to overtaxation, overregulation, and the huge deficits, I think we would be deceiving ourselves. But if we think we can stop inflation without honest money, we are also deceiving ourselves.

But we have a great problem before us, because the size of the Government is such that it is going to be most difficult to get to a free market economy and, therefore, to have a gold standard. Now, this doesn't mean that we should reject the notion of a gold standard. It means that we have to be prepared for it. But I think it is most important that we are realistic to know that the transition period of going from where we are to where we must go in order to stop inflation is difficult. But if we do not start making and providing the groundwork for it, that day, when we have inflation rates at 15 or 20 or 50 or 100 percent, which is inevitable under a paper standard. Paper does not work, it has always failed throughout history. There has never been a successfully managed paper standard. And for that reason, we as Members and Representatives of the people must be prepared and start thinking about how we will once again establish honest money.

Mr. SILJANDER. Mr. Speaker, will the gentleman yield?

Mr. PAUL. I would like to yield at this time to the gentleman from Michigan.

Mr. SILJANDER. I thank the gentleman for yielding.

Mr. Speaker, I have introduced House Resolution 274, calling for lower interest rates and a balanced budget. I am doing so because the high interest rates are destroying America, clear and simple, destroying the auto industry, the housing industry, the construction industry, the thrift institutions and, naturally, the consumer abroad are being destroyed by the high interest rates in America.

Coming from Michigan, a State that has the highest inflation rate, the highest unemployment in the Nation, we know too well how all these industries are being devastated by high interest rates.

I think we should analyze the reasons why we have high interest rates, and then if we can analyze that and come to some agreement and grips with that issue, then we can logically determine what we can do to begin to lower the interest rates.

First, we have a $1 trillion national debt. And if the interest rate on that debt were to average 10 percent, anyone in simple mathematics can analyze it is $100 billion in simple interest that the Government must borrow to pay off the national debt.

Second, the budget deficit alone will be well over $100 billion this year, estimated to be $152 billion the following year, and finally, in 1984, the year that we are targeting for a balanced budget, it looks like the deficit will be $162 billion. If we simply add 1 percent more inflation or 1 percent more interest, we will place another $35 billion on top of the national debt that has already broken the $1 trillion mark.

□ 1900

I think point number two dealing with why interest rates are so high is because of Government loan and Government loan guarantees. This crowds the market, and $600 billion that the Government involves itself in with loans and loan guarantees is usurping authority, usurping money, out of the market, leaving thereby less money for the consumer.

The other issue, as we have talked so often about, is tight money versus loose money. The Federal Reserve has obviously failed in their effort to keep money tight. We are actually, according to Joe Cobb, of the Council on Competitive Economy, actually in a very loose money situation. He claims in terms of liquid money we are at nearly 30 percent monetary growth last year, whereas the Federal Reserve Chairman claims no more than a 5-percent growth. Obviously, there is an inconsistency somewhere. I think the inconsistency is in monetary policy. The monetary policy is out of control. It is out of control with the hum of the printing presses that run 24 hours a day.

The "M" policies are not logical. The "M" policies change with all types of different circumstances, be it a change of administration in the White House, a change of the Chairman of the Board or of Board members, a change with an active Congress such as the Keogh plan, or the new change in IRA plans or the new All Savers plans. Things seem to change the "M" policies with everything that goes on in Washington, D.C.

So, obviously with this inconsistency we are in a loose and erratic monetary policy. Somehow, some way, this policy needs to be tightened down, or more than anything, needs to be a consistent policy that we can all, as well as the financial institutions, look to for some form of reliability. The Federal Government, through the Federal Reserve, raises reserve requirements, or they raise interest rates, and as a result the whole economy suffers. The Dow has no real meaning today. How many "Big Macs" can one buy with a dollar next year? We know how many today, but next year is a big question.

In 1933, the Gold Reserve Act finally separated the dollar tied to weight of gold, as Congressman RON PAUL has already very articulately outlined. The result of that erratic monetary policy, the result of Government-guaranteed loans, direct loans, the result of tremendous debts and deficits by the Federal Government, pushes up inflation. It is very clear; we have had history to prove that and demonstrate that beyond any reasonable doubt.

When inflation goes up, the financial institutions have nothing else to do, no alternative but to raise interest rates to hedge against expectancy of high inflation.

We have two solutions. We have a short term and long term solution, I think, to the devastating interest rates. The short-term solution, naturally, is to balance the budget. We have to lessen the debt interest payments and to fund the debt if we can by gold bonds. We have to limit and lessen the deficit borrowing, and we can only do that by fiscal responsibility and boldness in Federal Government, and boldness really here in the halls of Congress in terms of getting that budget in some reasonable semblance of balance.

Second, for a short term solution, we have to reduce direct loans and guaranteed loans by Government only to those of vital, economically needed areas. That is a short-term solution addressing the concerns.

The long-term solution, I think, is clear also. The long-term solution would be addressing the inconsistent monetary policy and redirecting that into a very consistent one, and that would be with the gold standard. We need a disciplined and constant value of our dollar, something that we can count on, something we can have con-

fidence in. Banks will no longer need to hedge against inflation.

I think the French example of 1926 and 1959 clearly demonstrates a need for a gold standard and budgetary equilibrium.

Since 1971, when President Richard Milhous Nixon finally and clearly separated all ties to gold, we had many interesting things happen in America, and I think we ought to analyze and contrast what we had economically in 1971 to what we are now experiencing here in 1981. The M_2 policy at the Federal Reserve in 1971, in other words, the amount of money that was flowing into the market in 1971 was approximately $659 billion. In 1980, the estimate is $1 trillion $735 million—almost three times in 1981 what it was in 1971.

The inflation based on the Consumer Price Index in 1971 was 4.3 percent. In 1981, the September rate was 14 percent. The annual rate of inflation, interest rates, prime rate in 1971 was 5.5 percent. Today, and historically in 1980, the interest rates have superseded 20 percent.

The real value of an average workingman's paycheck since 1971 has not increased, but rather decreased over 14 percent. Unemployment in 1971 was 5.9 percent. In 1981 it is 7.8 percent.

The personal savings rate in 1971 was 7.7 percent. Today, in 1981, it is less than 4.7 percent.

Personal and business bankruptcies have almost doubled this year just to last year, but again, comparing 1971, there was an average of 205,099 bankruptcies that year. In 1981, the projected first quarter is 363,610 bankruptcies. Our whole posture has been weakened economically. Our leadership as a world position for monetary policy and the dollar has weakened substantially since we severed the link in 1971 finally to the gold standard.

I would like to throw out a couple of quotes by two men I highly respect for their knowledge of this issue and of the economy. The first quote comes from Congressman RON PAUL of Texas, who says:

> Politicians who have been in office for too many years, and have therefore lost touch with the people, pay no heed to the rising clamor for money of real value. But the old scapegoats no longer work.
>
> Blaming Arabs, businessmen, labor unions, or consumers for rising prices, doesn't drown out the steady hum of printing presses running 24-hours-a-day ballooning the money supply, and thereby debasing every dollar previously printed.
>
> Congress alone is responsible for inflation, and Congress alone can stop it. It has shirked its responsibility for decades, but events are making a continuation impossible. It is time now to prepare for monetary reform.

There is one last quote by Congressman JACK KEMP that goes such as this:

> One great obstacle stands between us and the beginning of the American renaissance toward which we have worked: the problem of restoring a stable and honest dollar. Like the continental dollar and the Civil War greenback, our latest decade long experiment with an unbacked paper currency has been a disaster. Since 1971, it has led only to rising prices, rising interest rates, and rising unemployment.
>
> Each time in the past, such unfavorable economic conditions have been ended only by making the dollar convertible into something of value—silver or gold. I am convinced we must do so again.

That was Congressman JACK KEMP.

I deeply believe that Americans need encouragement and need security to do three basic things: To save, to risk, and to invest. If we cannot give solemn assurance to those individuals to do those three items, then I think America will continue to go down in economic decline. Economic freedom, as all others, requires order, discipline, and energies of initiatives.

"Fighting inflation," says economist Eugene Birnbaum, "through deliberate recession is akin to medieval bleeding."

Americans in this Nation are bleeding again. We are bleeding from a lack of discipline, from a lack of courage of Congress to balance the budget, and now it is time to minimize that pain.

The formula for success of the 1980's is simple. It is a five-pronged plan for success. No. 1, a balanced budget; No. 2, a stable monetary policy established through the gold standard; No. 3, tax cuts and free market incentives to produce capital investment; No. 4, deregulation of industry; and lastly, No. 5, we have to evaluate our loan guarantees and direct loans by Government. This, in my opinion, will assure America that we will have a consistent policy of economic expansion rather than economic decline.

I thank the gentleman.

Mr. PAUL. I thank the gentleman from Michigan for his very logical statement.

The Byzantine Empire had a golden coin called a Byzant. It lasted over 1,000 years, and maintained its value for that entire 1,000 years and it circulated throughout the world. Our first experience in this Nation with inflation was with the Continental dollar, where we had runaway inflation, and when our Founding Fathers wrote the Constitution, they wrote that we could only mint gold and silver coins, and we could not emit bills of credit.

□ 1910

I personally believe that it is immoral to print money and inflate at will. I believe it is unconstitutional and it is economic insanity.

After the Constitution was written we did establish a gold dollar. A loaf of bread in 1792 cost the same as it did in 1934. Since 1934 it has been straight downhill, especially since 1971, as far as the value of the dollar goes.

All nations who have inflated and all nations who end up with runaway inflation are doomed to have social and political upheaval. We must look carefully at what has happened in the South American countries as well as what happened with Nationalist China prior to the Communist takeover, as well as what preceded the takeover in Germany with Hitler after the runaway inflation in the 1920's.

This is a serious problem. It deserves serious attention, and the day must come when we have money good as gold once again.

● Mr. PHILIP B. CRANE. Mr. Speaker, there is a ferocious national debate taking place today on the state of the economy and the future direction that we should take in the solution of our problems. Primary in the solutions offered to our economic problems is a return to the gold standard. This has been my position of record for many years and in this Congress I have introduced H.R. 831 to accomplish this end. In my mind the evidence on this question is so convincing as to be irrefutable. The necessity for a stable form of exchange which is free from Government manipulation and the perversions, distortions, and abuses, which the power of Government inherently breeds, is clear. For those who are unable to accept distant history, then the past decade of the 1970's should be enough to make the case.

The traditional restraint of guaranteeing the redeemability of paper gold was removed by all governments after August 15, 1971, following President Nixon's suspension of international gold payments by the United States. Since that time the world has been afloat in a sea of paper currencies managed and mismanaged by approximately 120 sovereign governments. Having been set free from the contractual gold payment restraint, massive spending and currency inflation have run out of control bringing this country and the world to the brink we stand at today. The following facts speak for themselves. In the United States, budget outlays went from $196 billion in 1970 to $661 billion in 1981. The deficit has gone from 2.8 billion in 1970 to $55.6 billion in 1981. The story is very much the same in the rest of the Western World.

In 1970 only a few industrial states such as Japan, Denmark, Iceland, Spain, and Turkey experienced inflation rates of more than 5 percent. By 1980, the picture was very different. Inflation rates were as follows: Australia 10.2 percent, Canada 12 percent, Denmark 12.3 percent United States 13.5 percent France 13.6 percent, Spain 15.5 percent, Great Britain 18 percent, Italy 21.3 percent, Greece 25 percent, and Turkey 94 percent. Without the restraint of a gold standard worldwide inflation has exploded.

Clearly we stand at a crucial crossroad. It is my hope that leaders in our

Government and in the other governments of the world will be led by conscience not to avoid this step that must be taken. For if they do, the economic havoc we can expect is extreme. It is my conviction that we don't have to experience such a catastrophe. And it is certainly my intention to continue working to avert it. With full debate, reasoned discussion, and honest intent, there is no reason why we cannot reach a consensus in this country, adopt a gold standard, and halt our drift toward economic ruin. Obviously, the path we have been following is not the answer.●

FIRST CONGRESSIONAL DISTRICT OF NEW YORK YEAR-END REPORT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. CARNEY), is recognized for 10 minutes

Mr. CARNEY. Madam Speaker, for many years, the people of the First Congressional District of New York have been provided a year-end report on the activities and votes of their Representative in Congress. I take great pleasure in carrying on this tradition during this 97th Congress. At this time, as we move into the final hours of the 1st session of the 97th Congress, I would like to submit the First Congressional District year-end report.

These have been an exciting 12 months to be in Washington. I believe history will record this first session of this Congress as one of the most significant, far-reaching legislative sessions of this century. By actions taken this year, this Congress has begun a redirection of our National Government. In many cases, the changes wrought will restore to individual citizens and families a measure of control over their lives and pocketbooks which had been surrendered to a Federal Government grown too expensive, too expansive, and too burdensome. In other instances, the new direction will begin the necessary revitalization of our national defense and restoration of a strong, clear, and consistent foreign policy.

While many major issues have been addressed by this Congress, it has been the economy which has taken the greatest amount of time and attention. That concern by the Congress, of course, only reflects the concern of the people of New York and the rest of the United States. It also is true that Congress in this first session has reflected the national will and desire for a meaningful change from business as usual in Washington.

At his inaugural in January this year, President Reagan called for a new beginning. In mid-March he came before us in a joint session of Congress to lay out a four-point economic recovery plan to meet the challenges of that auspicious theme for his administration.

The program's four major elements, designed to complement one another, were: First, cutting the growth of Federal spending; second, reduction of tax burdens; third, regulatory reform; and fourth, controlling money and credit.

Now, only 9 months later, the planks of that program directly affected by congressional action are in place or soon will become effective.

In major showdowns this year with opposing elements in Congress determined to derail the economic recovery plan, the President's program repeatedly prevailed. Much of the credit for those successes lies with the people. I received hundreds of letters and phone calls from the people of the First Congressional District. Not all supported the President's plan in every instance. But a recurrent theme running through many of those messages was: It may not be perfect, but the President's plan deserves a chance.

I have supported most of what the administration has proposed in its attempts to launch a new beginning. Those of us elected by the people are not sheep to be led by the executive branch. On occasion, the interests of the people of the First Congressional District run counter to an administration plan; in those cases, I have voted or acted accordingly. But, for the most part, the policies and programs of this administration have warranted the support I and others have given them.

What we have accomplished in pursuit of the President's economic recovery plan is truly impressive.

We have lowered personal income taxes by 5 percent as of October 1, with additional 10 percent reductions planned for July 1982 and July 1983. Those 25-percent across-the-board reductions will mean more money for the persons who earn it to decide how to spend, not some bureaucrat in Washington. We also have insured that for the first time, the government no longer will profit from continued inflation. Beginning in 1986, personal income tax rates and personal deduction will be adjusted, or indexed, for inflation. This will mean the end of the "bracket creep" by which salary and wage increases only boosted individuals into higher tax brackets where Government takes a larger bite.

We have put into place incentives for businesses to invest in new plant and equipment in order to operate more efficiently and create new jobs. We have enacted major incentives for individuals to save more money and thus help create the capital needed for investment and economic growth as well as to better provide for themselves and their families for the future. We have added extra incentives for individual initiative by insuring that a farmer or small businessman's lifetime effort and investment benefits his family, not the tax collector, by easing the inheritance tax rates that destroy many family farms and enterprises.

Other benefits we have enacted as part of the tax-reduction plan include:

New deductions for couples who work, reducing the "marriage penalty";

New charitable deductions for those who do not itemize on their tax returns;

An increase in the amount of money that can be put into an individual Retirement Account (IRA) or Keogh retirement plan, with persons already covered by a pension program at work allowed for the first time to set up an IRA too, in order to help workers to better save and plan for their later years.

I believe it is worthwhile to reassess how far we have come in improving the economy this year. To understand where we are today, we have to recall where we stood at this time last year under the last administration.

When Jimmy Carter took office in 1977, inflation was running at 4.8 percent. When he left office, inflation had risen to a 12.4 percent per year rate. Under the Reagan administration, inflation is down to a 9.5 percent annual rate. Just last month consumer price rises were holding at 4.4 percent annual rate. Clearly, we are turning the tide on inflation. And it is this lowered inflation which offers the greatest encouragement for those on fixed or low incomes who have been hurt most by the soaring inflation of recent years.

When Jimmy Carter took office in 1977, the prime interest rate was 6.25 percent. When he left office, it was up to a high of 21.5 percent. Now it is down to 15.5 percent and still heading downward.

When Jimmy Carter took office, Federal spending was increasing at a rate of 12.3 percent a year. When he left office, the spending growth rate was 14 percent. The latest estimate of the growth in spending under the Reagan administration is 10.6 percent for fiscal 1982.

One area where we have not seen as much improvement is in unemployment. Unemployment in the last quarter of 1980 was 7.5 percent; during the same period this year it is 8 percent. As regrettable as that high figure is, there are signs of hope. One purpose of the Reagan economic program is to increase savings and investment needed to create jobs. During all of 1980, only 300,000 new jobs were created. This year, there have been 730,000 new jobs created. So we are seeing some progress, although clearly not enough.

We have begun to fulfill the mandate of the people. We have cut spend-

ing for fiscal years 1982-84 by $167 billion in budget authority and by $131 billion in actual budget outlays. We have reduced the tax burden for fiscal 1982 from the 22.1 percent of the gross national product projected by the Carter administration to only 20.4 percent under the Reagan administration.

What we have been doing is painful. But I believe the people of the First Congressional District continue to realize we can endure some short-term pain in order to get a long-term gain.

The primary responsibility of an elected Representative is to insure that the voice of his constituents is heard on the issues. That is why I have maintained a higher than average attendance record on the floor of the House, the place where final amendments are proposed and the place of ultimate judgment. I am proud to say that in the 3 years I have served in Congress, I have been present for 95 percent of the more than 1,800 recorded votes conducted in that time.

Issues which took on very special significance in this Congress were the preservation of clean drinking water and clean air. My own efforts in this behalf have been helped by becoming the ranking minority member of the Science and Technology Committee's Subcommittee on Natural Resources, Agriculture Research, and the Environment. On Long Island, we have a particularly keen interest in clean water because of our total dependence on underground aquifers for our drinking water. This year I have worked with State and local officials as well as Federal agencies to enhance efforts to insure a pure drinking water supply for Suffolk County and all of Long Island. I take particular pride in being able to use my subcommittee position for the betterment of our environmental quality on Long Island.

Next session, we look forward to rewriting the Clean Air Act. This is one proposal that will get my very close attention. When we get done rewriting that law, I want to be able to say we have more effective protection of the people's health through enhancing the quality of the air they breathe.

The security of our Nation is an essential Federal priority. Because of this, it has been my pleasure to support the President in his efforts to bolster our national defense effort, which slipped badly in recent years. On November 18, I voted for the $197.4 billion defense appropriations bill. On Long Island, we are proud of our contribution to the national defense. Economists have calculated that the Long Island economy will realize a $1 billion boost as a result of the 1982 defense spending bill.

The core of our defense program remains the men and women who serve in the military service. In September, I supported the 14.3-percent increase in basic pay for all military personal, a move which should help retain the experienced personnel needed to operate our sophisticated modern military with its All-Volunteer Force.

Our national debt to those who serve us all in the military continues after their service. This year, we in the House enacted three major veterans' bills, all of which I supported.

Signed into law on November 3, was the Veterans Health Care, Training and Small Business Loan Act of 1981. A major provision in that law provides medical help for the first time through the Veterans' Administration for Vietnam veterans exposed to the herbicide agent orange who developed health problems as a result.

The Veterans Disability Compensation, Housing, and Memorial Benefits Amendments became law in October. Among other provisions, that law increased disability compensation for disabled veterans and their dependents or survivors by 11.8 percent effective October 1.

The third measure to become law was the Former Prisoner of War Benefits Act of 1981.

We in the House also passed two veterans bills which the Senate now must approve. One would strengthen the VA medical system. The other would create a variable-payment home loan program to help veterans buy houses in times of high interest rates.

Mr. Speaker, there is one last item which I want to particularly note for the people of the First Congressional District because it has the potential of overshadowing all else we have done.

I refer to President Reagan's historic peace initiative announced on November 18. At that time, he issued a challenge to the Soviet Union, a challenge not of war but of peace. Each of the four points in his plan is highly significant. But the most critical is the offer to cancel the placement of new nuclear defense missiles in Europe, if the Soviet Union will dismantle the strategic missiles it already has in place targeted on western Europe.

This is a call for the beginning of a mutual disarmament, if that disarmament can be adequately verified. The strategic arms reduction talks (START) which President Reagan called for have the potential of becoming the turning point in the world's prospects for a true and lasting peace, a peace without the threat of a nuclear holocaust.

The voting summary printed below represents the highlights of the recorded votes taken by the House in 1981. I have tried to represent your interests to the very best of my ability. The congressional office of New York's First District exists to serve you. I welcome your advice and comments and look forward to serving and working with you in the next session of the 97th Congress.

Date (1981)	Legislative issue	Carney vote
February 5	Increase the public debt limit to $985 billion through September 30, 1981 (Approved, 305–104)	No.
March 4	Authorize the House Committee on Standards of Official Conduct to do a complete investigation of whether the FBI's "Abscam" probe found improper conduct by House members, officers or employees, and grant extra powers to conduct such an inquiry (Approved, 390–1).	Yes.
March 25	Reduce amount for House committees and House Information Systems computer services to 90 percent of what was actually spent for those purposes in 1980 (Rejected, 184–225)	Yes.
March 26	Designate April 26, 1981, as National Recognition Day for Veterans of the Vietnam Era (Approved, 391–0)	Yes.
April 7	Pass resolution calling on the president to carry out the objectives of the International Year of the Disabled (1981) as proclaimed by the United Nations (Approved, 364–2)	Yes.
May 7	Pass substitute resolution offered by Gramm-Latta to set fiscal 1982 budget targets in accord with the President's economic program (Approved, 253–176)	Yes.
Do	Final passage of fiscal 1982 budget target legislation, setting budget authority at $764.5 billion; outlays, $688.8 billion; revenues, $657.8 billion; and, deficit, $31 billion (also revised binding budget levels for fiscal 1981 and directed House committees to cut back programs within their jurisdictions to save $36.6 billion in outlays in fiscal 1982) (Approved, 270–154).	Yes.
May 13	Insist that House conferees on the first fiscal 1982 budget resolution must adhere to the House position on budget authority and outlays for defense programs in fiscal 1982 (Approved, 247–162).	Yes.
June 11	Adopt amendment to prohibit funds in the Department of Energy's national security programs to develop or produce enhanced radiation (neutron) weapons (Rejected, 88–293)	No.
Do	Delete a provision in the Department of Energy's national security programs barring preparation of any environmental impact statement not already being prepared for an Energy Department military facility, unless the statement is required by law (Approved, 233–122).	No.
June 16	Express support for diplomatic efforts to resolve the crisis in Lebanon and congratulate special envoy Philip C. Habib on his peace efforts there (Approved, 398–1)	Yes.
June 17	Prohibit Legal Services Corporation funds from being used for lobbying, except on behalf of a client's legal rights (Approved, 271–141)	Yes.
Do	Bar Legal Services Corporation lawyers from filing class action lawsuits against Federal, State or local governments under any circumstances (Approved, 241–167)	Yes.
June 18	Prohibit Legal Services Corporation funds from being used in cases to "promote, defend or protect" homosexuality (Approved, 281–124)	Yes.
June 23	Authorize $6.1 billion in fiscal 1982 for the National Aeronautics and Space Administration (Approved, 404–13)	Yes.
Do	Authorize $2,665,462,000 for defense programs in fiscal 1981 (Approved, 360–50)	Yes.
June 24	Adopt the conference report on the bill to repeal the existing 5 percent maximum discount merchants can offer customers for cash purchases and extend until 1984 the existing prohibition on surcharges for credit-card purchase, and to authorize appointment of a Surgeon General aged 64 or older (Approved, 398–9).	Yes.
June 25	Force an immediate vote on the procedural measure setting the rules for consideration of the budget reconciliation bill, thus effectively cutting off debate and ending the possibility of amending the bill to make changes in existing Federal programs to achieve budget reductions required by the first fiscal 1982 budget resolution (Rejected, 210–217).	No.
June 26	Adopt a conference report giving steel companies, on a case-by-case basis, until December 31, 1985, to meet the 1982 air pollution cleanup deadline (money saved by deferring pollution control expenditures must be used to modernize older steel plants) (Approved, 412–4).	Yes.
Do	Consider en bloc amendments by Rep. Latta to strike parts of six titles of the bill recommended by following committees—Agriculture; Banking, Finance and Urban Affairs; Education and Labor; Post Office and Civil Service; Science and Technology; and, Ways and Means—and to substitute provisions endorsed by the President (Approved, 217–211).	Yes.

Date (1981)	Legislative issue	Carney vote
Do	Force an immediate vote on, and thus end debate and the possibility of amending, a motion to recommit the budget reconciliation bill to the Budget Committee with instructions to provide a twice-a-year, cost-of-living adjustment for Federal employees (Approved, 215–212).	Yes.
Do	Final passage of the Gramm-Latta version of the budget reconciliation bill, to revise existing laws to achieve budget savings in fiscal 1982–84 as ordered by the first budget resolution for fiscal 1982 (Approved, 232–193).	Yes.
July 9	Agree to an amendment to another amendment to the Defense Department authorizations bill to prohibit spending funds for the MX missile system until both houses of Congress have adopted resolutions approving the MX system selected by the President (Rejected, 201–207).	No.
Do	End debate on an amendment to the Defense authorizations bill deleting $2.4 billion for development of the MX missile system (Rejected, 193–213)	No.
Do	Delete $2.4 billion for development of the MX missile system (Rejected, 96–316)	No.
Do	Make funds specified in the Defense authorizations bill for the B–1 bomber also available for research and development of an advanced technology bomber (Rejected, 153–254)	No.
Do	Reinstate a requirement that the Defense Department reduce the number of its civilian employees in grades GS–13 to GS–18 (Rejected, 142–249)	No.
July 10	Delete a provision in the Defense authorizations bill authorizing the Defense Department to use grants (rather than contracts) for research and procurement (Rejected, 190–194)	No.
July 14	Facilitate the production of oil from tar sands deposits on Federal lands (Approved, 416–0)	Yes.
Do	Delete from the Defense authorizations bill increases in three thresholds on Defense Department purchases: an increase from $10,000 to $25,000 of the ceiling on the use of simplified small purchase procedures; an increase from $100,000 to $500,000 of the minimum amount of cost and pricing data that must be certified by contractors under the Truth in Negotiations Act; an increase from $100,000 to $5 million of the maximum contract that can be negotiated by a service secretary for experimental, development or research work (Rejected, 109–311).	No.
July 15	Amend an amendment to the Defense authorizations bill to permit U.S. Armed Forces personnel to participate, under certain circumstances, in illegal drug seizures or arrests outside the land area of the United States (Approved, 248–168).	No.
Do	Approve the amended amendment allowing the armed services to cooperate with civilian law enforcement officials in operations against drug smuggling (Approved, 362–49)	Yes.
Do	Require that all purchases of computers and computer services for the Defense Department be made through the General Services Administration (Rejected, 118–299)	No.
Do	Amend an amendment to prohibit the armed services from buying autos manufactured outside the United States or Canada unless the Defense Secretary certified to Congress that suitable autos manufactured in the United States or Canada were unavailable (Rejected, 38–371).	No.
July 16	Delete provisions in the Defense appropriations bill requiring selective service registrants to provide their social security numbers and providing for the Departments of Defense, the Treasury and Health and Human Services to share names and addresses of registrants (Rejected, 125–290).	No.
Do	Accept the substitute proposed amendment directing the President to submit to Congress by January 15, 1982, his recommendations for improving the efficiency and management in the Defense Department and for eliminating waste, fraud, abuse and mismanagement there; also directing the President to report on actions taken concerning General Accounting Office (GAO) reports on waste, fraud, abuse and mismanagement in the Defense Department (Approved, 416–0).	Yes.
Do	Prohibit Defense authorizations for research, development, testing, evaluation or procurement of the F/A–18 fighter-attack aircraft, directing instead the $3.1, billion authorized for it be made available for other Navy and Marine Corps aircraft programs (Rejected, 101–316).	Yes.
Do	Bar procurement of A–7K attack planes and use funds earmarked for that plane to buy 13 F–16 fighters instead (Rejected, 148–268)	No.
Do	Final passage of the bill authorizing $136,111,036,000 for Defense Department weapons procurement, military research, operations and maintenance, and civil defense in fiscal 1982 (Approved, 354–63).	Yes.
Do	Allow the House-Senate conference committee on the Defense budget to close meetings to the public when classified information was under consideration (Approved, 381–2)	Yes.
July 17	Resolution calling on the President to: develop and carry out a nuclear non-proliferation policy that would strengthen the barriers to the spread of nuclear weapons and set forth concrete methods for restraint by all nuclear supplier nations; encourage nations to ratify the Non-Proliferation Treaty; work to develop sanctions against nations that divert nuclear supplies from peaceful purposes into nuclear weapons; and fully carry out the Nuclear Non-Proliferation Act of 1978 (Approved, 365–0).	Yes.
Do	Reduce the appropriation for the Office of Policy Development in the Housing and Urban Development Department from $30 million to $20 million (Approved, 202–162)	Yes.
Do	Prohibit the Environmental Protection Agency from spending funds to require States to carry out or enforce programs for vehicle emission-control inspection and maintenance (Rejected, 177–184).	Yes.
July 21	Put the House on record in favor of insuring that current recipients of the social security "minimum benefit" (paid to retirees as an add-on to their regular, or earned benefit) not have their benefits reduced (Approved, 405–13).	Yes.
Do	Cut the appropriation for the National Science Foundation from $1.06 billion to $995 million (Rejected, 152–264)	No.
Do	Appropriate $62,599,958,500 in fiscal 1982 for the Department of Housing and Urban Development and 20 independent agencies (Approved, 362–54)	Yes.
Do	Provide $100 million for administrative expenses of the payments-in-lieu-of-taxes program (Rejected, 96–320)	No.
July 22	Delete $135 million earmarked for the solvent refined coal-conversion demonstration plant at Newman, Ky. (Rejected, 177–236)	No.
Do	Delete $30,000 earmarked for the Franklin Delano Roosevelt Memorial Commission (Rejected, 201–216)	Yes.
Do	Appropriate $11,139,727,000 in fiscal 1982 for the Interior Department and related agencies (Approved, 358–46)	No.
July 24	Delete $228 million for the Clinch River, Tenn., nuclear breeder reactor (Rejected, 186–206)	No.
Do	Transfer $10 million for research at the privately operated Barnwell, S.C., nuclear fuel reprocessing facility to Government nuclear waste research (Rejected, 157–213)	No.
Do	Appropriate $13,189,674,000 in fiscal 1982 for energy and water development programs (Approved, 244–104)	Yes.
July 27	Increase from $300 million to $336.6 million the authorization for fiscal 1982 and following fiscal years for the annual Federal payment to the District of Columbia (Approved, 209–179)	Yes.
Do	Extend for 2 years the District of Columbia mayor's authority to accept certain interim loans from the U.S. Government and to extend the Treasury Secretary's authority to make such loans (Approved, 239–149).	Yes.
Do	Appropriate $22,730,534,000 for the Agriculture Department and related agencies in fiscal 1982 (Approved, 343–33)	Yes.
July 28	Replace the U.S. Travel Service with a new U.S. Travel and Tourism Administration in the Commerce Department and authorize $6.5 million in fiscal 1982 for tourism programs (Approved, 321–98).	Yes.
Do	State Congress opinion that since interest rates are "needlessly and destructively high," Congress and the administration should take actions to reduce future budget deficits, encourage the banking system to provide credit to those who contribute to long-term productivity, and encourage the Federal Reserve to lower interest rates (Approved, 403–17).	Yes.
Do	Make it easier for private companies to produce synthetic fuel from oil shale on Federal lands (Approved, 408–5)	Yes.
Do	Delete $5 million earmarked for the Bureau of Alcohol, Tobacco and Firearms in the Treasury Department (Approved, 279–141)	Yes.
Do	Delete $13.6 million earmarked for the Savings Bond Division of the Treasury Department which promotes the purchase of Government savings bonds (Approved, 223–190)	No.
July 29	Amend the 3-year tax-cut bill to instead provide a 1-year reduction in income tax rates skewed to benefit those earning less than $50,000 per year and to provide narrowly targeted business and investment tax incentives (Rejected, 144–288).	No.
Do	Approve the Conable-Hance substitute tax bill, reducing individual income tax rates by 25 percent across the board over 3 years, to index tax rates to offset bracket creep from inflation beginning in 1985, and providing business and investment tax incentives (Approved, 323–107).	Yes.
July 30	Express the House's sentiment that the United States could not remain indifferent to any internal repression or external aggression against the people of Poland and that such developments would have serious consequences for East-West relations (Approved, 410–1).	Yes.
Do	Restore $13.6 million to the Treasury Department for promotion of U.S. Treasury bonds (Rejected, 203–210)	Yes.
Do	Reduce the funding for the Executive Office of the President to the fiscal 1981 level (Rejected, 164–253)	Yes.
Do	Prohibit the use of funds under the Federal Employees Health Benefit Program for abortions, except when the life of the mother is endangered (Approved, 253–167)	Yes.
Do	Prohibit the Internal Revenue Service from carrying out, or the courts from enforcing IRS regulations to deny tax-exempt status to private schools that discriminate against racial minorities, unless the court order or regulation was in effect before August 22, 1978 (Approved, 337–83).	Yes.
Do	Reduce by $13.6 million the appropriations for the Savings Bond Division of the Treasury Department (Rejected, 182–233)	No.
Do	Appropriate $9,745,292,000 in fiscal 1982 for the Treasury Department, U.S. Postal Service, Executive Office of the President and 10 independent agencies (Approved, 323–94)	Yes.
July 31	Restore the social security "minimum benefit" for persons presently receiving it (Approved, 404–20)	Yes.
August 4	Adopt the conference report on the bill cutting individual income tax rates by 25 percent across the board over 33 months, requiring that individual income taxes be adjusted, or indexed, annually to offset the effects of inflation beginning in 1985, allowing accelerated depreciation for business investment in new assets, and providing special savings and investment incentives (Approved, 282–95).	Yes.
September 9	Delete $241 million for the Legal Services Corporation (Rejected, 122–272)	Yes.
Do	Appropriate $8,683,999,000 for the Departments of State, Justice and Commerce, the Federal judiciary and related agencies (Approved, 245–145)	No.
September 10	Increase funds for the Coast Guard by $84 million (Rejected, 129–260)	Yes.
Do	Reduce funds for the Transportation Secretary's office by $1 million (Approved, 209–172)	Yes.
Do	Increase funds for the Coast Guard by $6.19 million and prohibit the use of funds to reduce civilian employment below the fiscal 1981 level (Approved, 283–98)	Yes.
Do	Bar the use of Transportation Department funds to enforce a rule reducing air traffic at Washington National Airport below the daily levels of July 31, 1981 (Approved, 204–188)	Yes.
September 15	Adopt the conference report appropriating $60,689,970,200 in fiscal 1982 for the Housing and Urban Development Department and 20 related agencies (Approved, 209–197)	Yes.
Do	Increase the pay of senior enlisted military personnel by 18 to 22 percent and the basic pay of junior enlisted personnel by 7 to 9 percent (Rejected, 170–232)	No.
Do	Increase the basic pay of all military personnel by 14.3 percent (Approved, 396–1)	Yes.
September 16	Provide interim spending authority, via a "continuing" resolution, from October 1 to November 1, 1981, for certain Federal agencies whose regular fiscal 1982 appropriations have not become law (Approved, 281–107).	Yes.
Do	Appropriate $6,887,542,000 for military construction projects in fiscal 1982 (Approved, 382–24)	Yes.
September 17	Prohibit U.S. contributions to the United Nations Educational, Scientific and Cultural Organization (UNESCO) if that organization carries out any policy or procedure to license journalists or their publications, censor or otherwise restrict the free flow of information within or among countries, or imposes mandatory codes of journalistic practice or ethics (Approved, 372–19).	Yes.
Do	Authorize fiscal 1982 and 1983 programs of the State Department, International Communication Agency and the Board of International Broadcasting (Rejected, 165–226)	No.
September 22	Proclaim as an honorary U.S. citizen the Swedish diplomat Raoul Wallenberg, who helped Hungarian Jews escape Nazi extermination during World War II and was taken prisoner by the Soviet Union after the war (Approved, 396–2).	Yes.
Do	Express sense of the Congress that the Springbok National Rugby Team of South Africa should not play rugby in the United States (Rejected, 201–198—two-thirds vote majority required for passage).	No.
Do	Authorize $44,000 per year for the Council on Environmental Quality and its staff under the Environmental Quality Improvement Act of 1970, for the fiscal years 1982, 1983, and 1984 (Approved, 360–42).	Yes.
Do	Ban the use of personnel lotteries in hiring District of Columbia police officers and firefighters (Approved, 305–96)	Yes.
Do	Appropriate $2,389,228,200 (composed of $520,570,000 in Federal funds and $1,868,658,200 in city revenues) for operating the District of Columbia government in fiscal 1982 (Approved, 299–105).	Yes.
September 23	Set prison terms of up to 3 years and fines of up to $15,000 for anyone exposing the identity of a U.S. covert intelligence agent with "reason to believe" the exposure might "impair or impede" U.S. intelligence operations (Approved, 226–181).	Yes.
Do	Final approval of the $1,08 billion for the National Science Foundation in fiscal 1982 (Approved, 262–149)	Yes.
September 24	Authorize $3,1 billion in fiscal 1983 for interstate highway construction and to set a limit of $8.2 billion on obligations from the highway trust fund in fiscal 1982 (Approved, 377–25)	Yes.
October 1	Adopt conference report establishing U.S. Travel and Tourism Administration (Approved, 288–112)	Yes.

Date (1981)	Legislative issue	Carney vote
Do	Adopt a resolution disapproving the action of the District of Columbia city council in revising criminal penalties for certain sex-related offenses (Approved, 281–119)	Yes.
Do	Set Federal dairy price supports at $13.10 per hundredweight until November 15, 1981, and delay until then the wheat-producer referendum (Approved, 328–58)	Yes.
October 5	Eliminate a provision in the Voting Rights Act extension legislation that made the signing of a consent decree in a voting-rights lawsuit a bar to bailing out from coverage of the act, if the consent decree were signed within 10 years of a jurisdiction's petition to bail out (Rejected, 92–285).	No.
Do	Allow three-judge Federal district courts to hear petitions by jurisdictions seeking to bail out from coverage of the Voting Rights Act (Rejected, 132–277)	Yes.
Do	Extend key provisions of the 1965 Voting Rights Act (Aproved, 389–24)	Yes.
October 6	Bar enforcement of a provision in the budget reconciliation bill that prohibited medicare and medicaid reimbursement for drugs for which the Food and Drug Administration had not completed an evaluation of their effectiveness (Approved, 271–148).	Yes.
Do	Bar Mine Safety and Health Administration enforcement of regulations relating to the surface mining of stone, clay, colloidal phosphate, sand or gravel (Approved, 254–165)	Yes.
Do	Send the Labor-HHS-Education appropriations bill back to committee for revision (Rejected, 168–249)	No.
Do	Express Congress' deep regret over the assassination of President Anwar el-Sadat of Egypt (Approved, 411–0)	Yes.
October 7	Adopt the conference report for the bill authorizing $4.5 billion for pay raises for military personnel, effective October 1, 1981 (Approved, 417–1)	Yes.
Do	Reduce by $1 billion the Agriculture Committee approved fiscal 1982 spending for farm programs, by lowering sugar and dairy price support levels and making certain farm programs discretionary instead of mandatory (Approved, 400–14).	Yes.
Do	Set the minimum dairy price support level at 70 percent of parity but not less than $13.10 per hundredweight in fiscal 1982 (effectively permitting dairy price supports to rise in fiscal 1983 to a minimum of 75 percent of parity, unless Congress blocked such an increase) (Rejected, 123–277).	No.
Do	Set dairy price support levels at a minimum of 70 percent of parity for fiscal years 1982–85, with certain exceptions (Rejected, 153–243)	Yes.
October 14	Adopt a resolution disapproving the sale to Saudi Arabia of Airborne Warning and Control System (AWACS) radar planes, conformal fuel tanks for F–15 aircraft, AIM–9L Sidewinder missiles and KC–707 aerial refueling aircraft (Approved, 301–111).	Yes.
October 15	Repeal the poundage quota and acreage allotment system for peanuts and eliminate a specified loan rate for peanuts and, instead, to authorize the Agriculture Secretary to determine the loan rate (Approved, 250–159).	Yes.
Do	Eliminate the Federal price support program for sugar (Approved, 213–190)	Yes.
October 20	Designate the fourth Sunday in October as National Mother-in-Law Day (Approved, 305–66)	No.
Do	Authorize the president to issue a proclamation designating the week of November 22, 1981, as National Family Week (Approved, 405–1)	Yes.
Do	Authorize $8,332,000 annually for fiscal 1982 and 1983 for Federal hazardous materials transportation activities and to establish regional training centers for State, local and other personnel to improve enforcement of regulations governing the transportation of hazardous materials and emergency response capability (Approved, 410–2).	Yes.
Do	Authorize $4,544,000 for nonperforming arts functions at the John F. Kennedy Center for the Performing Arts (Approved, 288–123)	No.
Do	Provide discretionary power for establishing a bank to finance U.S. grain exports and to permit the Agriculture Secretary to set a minimum price for U.S. grain sold abroad (Rejected, 138–270).	Yes.
October 21	Direct the Agriculture Secretary, within existing legal authority, to make the tobacco price-support and allotment programs self-supporting, without cost to the Federal budget except for administrative expenses (Approved, 412–0).	Yes.
October 22	Require most food-stamp recipients to pay for a portion of their stamps (Rejected, 147–251)	Yes.
Do	Final passage of requirement that meat produced abroad and sold in the United States be produced without drugs or agricultural chemicals barred for health reasons in the United States (Approved, 211–168).	No.
Do	Exend farm and food program authorizations for only 2 years, instead of 4 (Rejected, 180–193)	Yes.
October 27	Amend the Federal Water Pollution Control Act to authorize $2.4 billion for fiscal 1982 spending (Approved, 382–18)	Yes.
Do	Increase the amount House Members can earn as outside income, from 15 percent to 40 percent of their official salary, and increase from $1,000 to $2,000 what Members can earn for a single speech, article, or personal appearance (Rejected, 147–271).	No.
October 28	Allow States to exempt themselves from the extra 2 months of daylight saving time provided in the Energy Conservation Daylight Saving Act (Rejected, 170–242)	No.
Do	Extend daylight saving time by 2 months, by starting it on the first Sunday of March (Approved, 243–165)	Yes.
November 4	Prohibit construction of U.S. naval vessels or their components in foreign shipyards, except where the President determines it is in the national interest to do so and notifies Congress of that (Approved, 366–21).	Yes.
Do	Mandate establishment of guidelines provided for increased coordination and sharing of medical facilities by the Veterans' Administration and Defense Department (Approved, 386–0)	Yes.
November 12	Allow the conference committee on the authorization of money for national security programs of the Energy Department to hold closed sessions when classified national security information is being considered (Approved, 385–0).	Yes.
November 16	Send the continuing resolution back to committee with instructions to cut 5 percent from discretionary funding in the continuing resolution, except for programs under the defense, military construction, and District of Columbia appropriations bills and social security administrative expenses, veterans' medical care, and food stamps (Rejected, 189–201).	Yes.
November 17	Agree to committee amendments of legislation directing the Transportation Secretary to document the vessel "Capt Tom" for coastwise trade and fishing (Approved, 353–0)	Yes
Do	Approve the conference report authorizing $130,696,451,000 for Defense Department programs in fiscal 1982, including weapons procurement, research and development, operations and maintenance, and civil defense (Approved, 335–61).	Yes.
November 18	Approve the conference report appropriating money for U.S. intelligence operations in fiscal 1982 (Approved, 379–22)	Yes.
Do	Approve the unchanged amendment to delete funding for the B–1 bomber (Rejected, 142–263)	No.
Do	Eliminate funding for the MX missile and basing system (Rejected, 139–264)	No.
Do	Appropriate $197,443,289,000 for Defense Department programs in fiscal 1982 (Approved, 335–61)	Yes.
November 19	Express congressional support for the President's November 18 proposals for reducing strategic and intermediate-range weapons in Europe (Approved, 382–3)	Yes.
Do	Approve the conference report authorizing $5,120,200,000 for Energy Department national security programs in fiscal 1982 (Approved, 355–55)	Yes.
Do	Reduce Federal regulation of the intercity bus industry (Approved, 305–83)	Yes.
Do	Authorize U.S. participation in the multinational peacekeeping force in the Sinai Peninsula after Israeli withdrawal in April 1982, and authorize $125 million as the U.S. share of the peacekeeping force's budget in fiscal 1982 (Approved, 368–13).	Yes.
November 20	Agree to a Senate amendment allowing construction to continue on the Garrison diversion water project in North Dakota which a Federal court had halted (Rejected, 67–314)	No.
Do	Extend the Older Americans Act programs through fiscal 1982 and grant increased administrative flexibility to State and local providers of services to the elderly (Approved, 379–4)	Yes.
November 22	Send the continuing resolution for funding Government agencies without appropriations back to the conference committee for further reductions in spending levels (Rejected, 184–215)	Yes.
Do	Agree to Senate changes allowing additional pay and benefits for air traffic controllers who stayed on the job (Approved, 213–183)	Yes.
December 9	Waive existing antitrust and pricing laws to allow consumers to be billed in advance for the construction of an Alaskan natural gas pipeline (Approved, 233–173)	No.
Do	Bar U.S. foreign economic development aid to Indonesia, a member of the Organization of Petroleum Exporting Countries (OPEC) (Rejected, 55–355)	Yes.
Do	Accept an amendment to the foreign aid bill condemning Libya's support of international terrorism and requiring the President to report to Congress within 6 months possible steps to be taken against Libya (Approved 355–46).	Yes.
Do	Authorize spending $5.7 billion for U.S. foreign aid in fiscal year 1982 and 1983 (Approved, 222–184)	Yes.
December 10	Send the new continuing resolution (allowing funding for Government agencies without regular appropriations through Feb. 15, 1982) back to the Appropriations Committee for further reductions of $1.7 billion in the overall total budget authority (Approved, 222–194).	Yes.
Do	Adopt the second concurrent budget resolution, reaffirming the congressional budget for fiscal years 1982, 1983, and 1984, including sentiment that the Federal budget be balanced by 1984 and that Federal spending be no more than 20.5 percent of the gross national product in fiscal 1984 (Approved, 206–200).	Yes.
December 14	Authorize spending $1.925 billion for Coast Guard operations in fiscal 1982 (Approved, 391–2)	Yes.
Do	Authorize standby emergency petroleum allocation authority for the President in case of a severe oil supply interruption (Approved, 244–136)	Yes.

THE PUBLIC UTILITY FINANCIAL REFORM ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 10 minutes.

● Mr. CORCORAN. Madam Speaker, I am today introducing the Public Utility Financial Reform Act. The bill would amend section 3 of the Public Utility Holding Company Act of 1935 to facilitate diversification by electric and gas utilities into more profitable, nonutility businesses.

This country's utilities are experiencing serious financial difficulties which, if allowed to continue, would have a devastating impact upon the Nation and its citizens and industry dependent upon reliable electric and gas utility service.

As many of us know, the common stocks of electric utilities are selling well below their book values, and lowered bond ratings have resulted in higher interest charges that are ultimately passed on to consumers. These factors have caused the utility industry, as well as other concerned citizens, to explore the possibilities of diversification as a means of improving the industry's financial performance and stability and contributing to the well-being of the Nation's energy resources.

The act was passed in 1935 to correct a series of abuses by electric and gas utility holding companies, notably excessive pyramiding of corporate structures and stock watering. At the time, a handful of holding companies controlled virtually the entire utility business in the Nation. These holding companies operated in disparate parts of the country and were not subject to effective State regulation.

In the view of the Congress, the power and interstate character of these holding companies rendered State control over such abuses ineffective and required that authority over them be conferred upon the Securities and Exchange Commission. The principal purpose of the act, as noted in the legislative history, was to insure effective State regulation by reorganizing these holding companies into geographically contiguous units. Virtually all of the questionable practices the act was designed to correct were

securities and accounting ones, not unique to the utility industry. As such, they probably would have been eliminated over time by the then-new Securities Act of 1933 and the Securities Exchange Act of 1934, both of which turned out to be far more effective than anticipated. Accounting standards and practices have improved dramatically since the mid-1930's. Moreover, the regulation of public utilities on the State level is considerably more effective today than when the act was passed, since State utility laws have now evolved into strong, comprehensive regulatory systems. Thus, present Federal and State regulation is drastically different from that of the early 1930's, and there is little likelihood those problems would recur in the face of regulatory scrutiny under Federal and State laws other than the act.

The bill allows both independent electric and gas operating companies to form exempt holding companies; it also allows exempt holding companies to diversify without later being subject to arbitrary SEC revocation of their exemptions. The bill would apply to all electric and gas utilities with the exception of registered holding companies.

I recognize that there are a number of issues relating to utility diversification and the act that need to be addressed. I hope introduction of this legislation will encourage early hearings on this subject. Earlier this year, hearings on the subject of least cost energy strategies for the utility industry were held by Chairman OTTINGER'S Energy Conservation and Power Subcommittee. In fact, it was at a September 10 hearing of that subcommittee that I first discussed the possibility of the need for the Congress to consider the impact of the act on the financial health of the utility industry. Subsequently, I sent a questionnaire regarding the act to approximately 150 utility executives and each of the 50 State public service commissions.

In reviewing the act, we must look at the likely impact of diversification on investors and consumers alike. Secondly, one must view utility diversification in the context of the Nation's overall energy posture and the development of its renewable and alternative energy resources. Finally, we should address specific questions that may be of concern to regulators and investors alike, such as whether the holding company structure, with separate corporate subsidiaries for utility and nonutility businesses, as provided in the bill, adequately protects against cross-subsidization between the utility business and the nonutility business and possible competitive effects in the marketplace, particularly among small businesses.

Madam Speaker, I consider the financial health of the utility industry to be an important issue. I look forward to further addressing this matter in the ensuing months.

Madam Speaker, for the benefit of our colleagues, I would like to include in the RECORD at this point the text of the "Public Utility Financial Reform Act."

H.R.—

A bill to amend the Public Utility Holding Company Act of 1935 to improve financial performance of electric and gas utilities by removing unnecessary regulatory impediments to the exercise of sound and prudent business judgment by utility executives

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "Public Utility Financial Reform Act".

FINDINGS

SEC. 2. The Congress hereby finds that—

(1) the electric and gas utility industries in the United States, once strong and stable, are now experiencing serious and intractable financial difficulties, the consequences of which threaten the existence of these vital national resources, together with the citizens and industry of the United States dependent thereon;

(2) while there may be a number of alternatives available to remedy the financial difficulties confronted by the electric and gas utility industries, it is in the best interests of investors and consumers to encourage the most expeditious of those financial remedies;

(3) the diversification of a business portfolio, when done prudently, is recognized as both as technically and operationally sound means of improving corporate financial performance by spreading or countering business risk;

(4) prudently managed diversification into nonutility businesses is a normal business practice that could substantially improve the financial performance of certain electric and gas utilities;

(5) it is in the public interest to remove unnecessary and unintended regulatory impediments to the exercise of sound and prudent business judgment by utility executives;

(6) the Public Utility Holding Company Act of 1935 was intended to correct abuses in the manner in which the utility industry was then conducting its affairs; the legislative intent was not, however, to prevent or interfere with those normal and prudent business practices the benefits of which would accrue to both investors and consumers;

(7) certain provisions of the Public Utility Holding Company Act of 1935 nevertheless act to increase, rather than decrease, business risk in a manner that is detrimental to the interests of investors and consumers by effectively discouraging diversification by electric and gas utilities into non-utility businesses; and

(8) the amendment of the Public Utility Holding Company Act of 1935 to provide for the establishment of a new exemption for holding companies with a subsidiary public-utility company meeting certain defined criteria and the establishment of definitive exemptions would be consistent with the public interest and the interests of investors and consumers and would eliminate those provisions which inhibit normal and prudent business practices.

STATEMENT OF PURPOSES

SEC. 3. The purposes of this Act are—

(1) to facilitate diversification by removing technical restrictions imposed by the Public Utility Holding Company Act of 1935 on those utilities prudently operating in the best interests of their investors and consumers that find it desirable and beneficial to diversify their business activities;

(2) to provide a new exemption under section 3 for a holding company with one subsidiary public-utility company that operates in one or more States contiguous to the State in which such subsidiary public-utility company is organized;

(3) to provide an exemption for holding companies created by companies that are presently exempt under section 3(a)(2) of the Public Utility Holding Company Act of 1935; and

(4) to provide definitive exemptions in subsection (a) of section 3 so as to reduce the regulatory impediments of the exercise of prudent business judgment related to diversification by such utilities.

AMENDMENTS TO THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

SEC. 4. Section 3 of the Public Utility Holding Company Act of 1935 is amended to read as follows:

"POWER TO MAKE PARTICULAR EXEMPTIONS REGARDING HOLDING COMPANIES, SUBSIDIARY COMPANIES, AND AFFILIATES

"SEC. 3. (a) The Commission, by rules and regulations upon its own motion, or by order upon application, shall unconditionally exempt any holding company, and every subsidiary company thereof as such, from all provisions of this title, except paragraph (2) of subsection (a) of section 9, if—

"(1) such holding company, and every subsidiary company thereof which is a public-utility company from which such holding company derives, directly or indirectly, any material part of its income, are predominantly intrastate in character and carry on their business substantially in a single State in which such holding company and every such subsidiary company thereof are organized;

"(2) such holding company is predominantly a public-utility company whose operations as such do not extend beyond the State in which it is organized and States contiguous thereto;

"(3) such holding company is only incidentally a holding company, being primarily engaged or interested in one or more businesses other than the business of a public-utility company and (A) not deriving, directly or indirectly, any material part of its income from any one or more subsidiary companies, the principal business of which is that of a public-utility company, or (B) deriving a material part of its income from any one or more such subsidiary companies, if substantially all the outstanding securities of such companies are owned, directly or indirectly, by such holding company;

"(4) such holding company is temporarily a holding company solely by reason of the acquisition of securities for purposes of liquidation or distribution in connection with a bona fide debt previously contracted or in connection with a bona fide arrangement for the underwriting or distribution of securities;

"(5) such holding company is not, and derives no material part of its income, directly or indirectly, from any one or more subsidiary companies which are, a company or companies the principal business of which

within the United States is that of a public-utility company; or

"(6) such holding company has only one subsidiary public-utility company and such subsidiary public-utility company's operations as such do not extend beyond the State in which it is organized and States contiguous thereto.

"(b) If a holding company otherwise qualifies for an exemption pursuant to subsection (a) of this section, that exemption shall not be affected by the ownership by a public-utility subsidiary of such holding company of a public-utility company provided that the ownership of such public-utility company by the public-utility subsidiary of such holding company is exempt pursuant to paragraph (2) of subsection (a) of this section.

"(c) The Commission, by rules and regulations upon its own motion, or by order upon application, shall exempt any subsidiary company, as such, of a holding company from any provision or provisions of this title, the application of which to such subsidiary company the Commission finds is not necessary in the public interest or for the protection of investors, if such subsidiary company derives no material part of its income directly or indirectly, from sources within the United States, and neither it nor any of its subsidiary companies is a public-utility company operating in the United States.

"(d) Within a reasonable time after the receipt of an application for exemption under subsection (a) or (c), the Commission shall enter an order granting, or, after notice and opportunity for hearing, denying or otherwise disposing of such application. The filing of an application in good faith under subsection (a) by a person other than a registered holding company shall exempt the applicant from any obligation, duty, or liability imposed in this title upon the applicant as a holding company until the Commission has acted upon such application. The filing of an application in good faith under subsection (c) shall exempt the applicant from any obligation, duty, or liability imposed in this title upon the applicant as a subsidiary company, until the Commission has acted upon such application. Whenever the Commission on its own motion, or upon application by the holding company or any subsidiary company thereof exempted by any order issued under subsection (a), or by the subsidiary company exempted by any order under subsection (c), finds that the circumstances which gave rise to the exemption no longer exist, the Commission shall by order revoke such order.

"(e) The Commission may, by rules and regulations, conditionally or unconditionally exempt any specified class or classes of persons from the obligations, duties, or liabilities imposed upon such persons as subsidiary companies or affiliates under any provision or provisions of this title, and may provide within the extent of any such exemption that such specified class or classes of persons shall not be deemed subsidiary companies or affiliates within the meaning of any such provision or provisions, if and to the extent that it deems the exemption necessary or appropriate in the public interest or for the protection of investors or consumers and not contrary to the purposes of this title.

"(f) A holding company which is exempt under subsection (a) of this section may engage in any business (or businesses) whether or not any such business is incidental or necessary to the operation of a public-utility company, but any such business (or businesses) which is not incidental or necessary to the operation of a public-utility company shall be conducted through a separate non-utility subsidiary (or subsidiaries) of such holding company.".●

THE MAN FROM COPE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

● Mr. RODINO. Madam Speaker, next month, our good friend, Al Barkan, the man from COPE, will retire after 35 years of political action on behalf of organized labor.

For the last 27 years, since the creation of the AFL-CIO, he has been with that organization's Committee on Political Education. For the last 19 years, he has been COPE's national director.

Throughout his labor-union career, from his early days in his native Bayonne, N.J., Al Barkan has championed the cause of working people through his tireless efforts to reform the political process to the benefit of all Americans.

Al Barkan was pushed into his union career by the oil industry. After he had worked his way through the University of Chicago, earning a degree in economics, Al returned to Bayonne to teach night-school English. He also gave some extracurricular help to some striking oil workers. This earned him the displeasure of a member of the school board, who was also the head of the struck oil company. Al then and there decided he would prefer organizing workers to grading papers. He went to work as a volunteer for the Textile Workers Organizing Committee, thus beginning a relationship with the Textile Workers Union that has lasted a lifetime.

After a 4-year Navy career in World War II, which included running the 1944 campaign of Franklin Roosevelt aboard the U.S.S. *Alabama* and marriage to his wife, Helen, Al returned to his labor union grass roots political activity. It was during his stint as executive director of New Jersey's CIO Council that we met and began a close friendship that has spanned more than three decades. Al joined COPE in 1955 and was appointed director in 1963 by George Meany, another ardent advocate of political action.

Al Barkan is an old-line labor leader, but he was quick to adapt modern technology to the needs and purposes of COPE. In the words of Lane Kirkland:

> Al has worked constantly to sharpen the tools of political action vital to labor's tough and continuing fight for social and economic justice.

Indeed, Al Barkan has been with us in that continuing fight, a fervent, eloquent and innovative force, a reliable leader in the battle for civil rights, health, and safety in the workplace, decent education, reform of labor and election laws.

It is obvious, then, that Al Barkan has done far, far more than help elect candidates with COPE's grass roots campaigns and COPE's dollars. But, make no mistake about it: Al Barkan has been without peer in that aspect of his work. During his stewardship, nearly 63 percent of all COPE-supported candidates for President, the U.S. House of Representatives and the Senate have been elected. More than 140,000 union members and their families take part as volunteers in year-round COPE programs to register voters and get them to the polls. As a result, union members now register and vote in numbers 10 to 15 percent greater than the general electorate, whereas 20 years ago they registered and voted in numbers 10 to 15 percent lower than the general voting public.

This is the legacy of Al Barkan to the labor movement he has served through decades of selfless hard work.

"This movement of ours," Al recently said, "and the people embody all that is strong and good and just in our nation and all that it strives for and reaches to be in its finest moments. For me, there is no other course, no other life I would trade it for."

Now, he is retiring after 43 proud years in what he has justly called the most militant, the most committed, free labor movement in the entire world.

I wish him good luck and Godspeed.

Al Barkan will not easily be replaced. But the standards he has set and the accomplishments he has achieved will be a lasting inspiration to his successor.

FUEL SEVERANCE TAXES CHILL ECONOMIES OF FROST-BELT STATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Madam Speaker, I came before this body recently to speak about the desperate economic situation which currently exists in the industrial Northeast. At that time I outlined several ways in which this situation could be eased, and even corrected, with the help of Congress. Now, I want to get down to specifics.

Today, I am going to focus on State severance taxes on fuel. We currently have a situation whereby one State is in effect taxing the citizens of another. I am talking about the fuel severance taxes imposed by several States which produce coal and gas. What these States are doing is taxing the coal and oil which is shipped to other States. Montana, for example, tacks on an additional 30 percent to the cost

of coal shipped outside the State. This charge is paid by the purchaser of the coal, be it a utility or oil company. Ultimately, of course, it is passed along to the consumers of those importing States. By 1987, if nothing is done, Montana and Wyoming will reap $240 million a year in coal severance taxes from the consumers in just eight States, namely: Illinois, Minnesota, Iowa, Indiana, Wisconsin, Michigan, Ohio, and New York. The State of Montana is fortunate enough to have one-fourth of this country's low-sulfur coal deposits. Low-sulfur coal is a necessity in Northeastern States.

This is an outrageous situation. What if every State in the Union imposed taxes on those items which are abundant within their boundaries. Florida could tax oranges, Kansas could tax wheat, and Alabama cotton. If we are truly a Union, what justification can one State have to severely tax another for something that it cannot produce itself, yet needs to survive? The same situation exists with a tax on oil produced by Texas, Alaska, Louisiana, and California. These States stand to make $120 billion in taxes during the 1980's and that figure is based on the low estimate of oil being sold at $30 a barrel.

There have been hearings in the House on legislation which would limit coal severance taxes to 12.5 percent. Passage of this bill would be reasonable and just. It would also be a way to help the industrial Northeast without affecting the Federal budget. Not only should this legislation be enacted, but there should also be similar legislation for oil severance taxes. We cannot continue to pit ourselves against one another in economic wars. The Northeast needs oil and coal, it always will. States which have these resources should be able to derive income from their good fortune, but they should not be able to shamelessly tax the consumers of fellow States, placing additional financial burdens on already troubled regional economies.

We are on a course of becoming two nations, one rich, and one broke. It cannot continue. Correcting the fuel severance tax situation is a start, but there is more that can be done. I'll be back to tell you about that.●

UNFAIR CONFINEMENT OF CHAPLAIN JOHN WARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. HIGHTOWER) is recognized for 5 minutes.

Mr. HIGHTOWER. Madam Speaker, a few years ago I saw a book entitled "Military Justice Is to Justice What Military Music Is to Music." I did not read the book, but the title indicates that it was probably a harsh treatment of our system of military justice. I have had some experience in recent weeks evaluating the treatment of one of my constitutents that makes me want to look again at the system.

I would like to bring to my colleagues' attention the unjustified confinement of my constituent, Chaplain John D. Ward, captain in the U.S. Air Force. John Ward was convicted, by courts martial, of falsifying travel vouchers, theft of $430 and fraudulently obtaining government services. He was sentenced to 2 years of confinement at hard labor, forfeiture of $800 per month and a reprimand. He is appealing this conviction, as is his right. Currently, he is in confinement at Fort Leavenworth, Kans., pending a review of his case.

The primary reason for confinement is to prevent an individual from fleeing the jurisdiction in order to avoid incarceration. This is not the case with John Ward. He has stated that if he is unable to clear himself of these charges, he will serve his punishment willingly. John Ward has given nearly 18 years of service to this country. Prior to this matter, his record is without blemish. He is a minister, married, and a father of five. Previous officer evaluations included in his record, as well as numerous letters of support sympathizing with Chaplain Ward's situation, show him to be well-liked and respected by his superiors, his peers and the community. This is a man with a stake in society; hardly someone who would need to be restrained while attempting to clear his good name. Following sentencing by the courts-martial in May, Captain Ward was granted a deferment of confinement until action by the convening authority and was even allowed to travel to the United States for 30 days. Why, then, is it necessary to restrain him now?

I am shocked and surprised at the commanding officer's decision to confine John Ward at Fort Leavenworth and protest his harsh and unfair treatment during these proceedings. If this is standard procedure, perhaps it is time to introduce legislation to mandate release unless it seems likely the person will flee. Military justice must not become a lesser form of justice.

SIMILARITIES BETWEEN THE PEOPLE OF NEW YORK AND THE PEOPLE OF SOUTH DAKOTA

The SPEAKER pro tempore (Mr. HIGHTOWER). Under a previous order of the House, the gentlewoman from New York (Ms. FERRARO) is recognized for 60 minutes.

Ms. FERRARO. Mr. Speaker, the weekend of November 13, I had the opportunity to visit the State of South Dakota as the guest of the Sioux Valley Empire Electric Association, the rural electric cooperative that serves southeastern South Dakota. My good friend TOM DASCHLE and his staff were also extremely helpful in planning my stay and making it a very informative and pleasureable experience. I want to share a bit of that experience with my colleagues tonight.

To tell the truth, my initial reaction to the invitation I received from the Sioux Valley people was "South Dakota? Me? Why?" I had never been to South Dakota. I had no experience with the rural electric cooperatives. In fact, as a Representative from Queens in New York City, I had not much experience with rural anything.

Still, I welcomed the opportunity to visit South Dakota to see how the farmers of our Nation live. It didn't take a lot of time to determine there were a great many differences between the First Congressional District in South Dakota and the Ninth Congressional District in New York. But a quick check on some basic facts and figures also showed some amazing comparisons.

Congressman DASCHLE has a district that covers over 15,000 square miles. Mine covers roughly 20 miles. The distance between his district offices in Sioux Falls and Aberdeen is greater than the distance between my New York office and my Washington office.

Tom has thousands of farms in his district, covering millions of acres. I learned from the New York Department of Agriculture that in 1972, the last time anybody bothered to check, there were exactly 13 farms in all of Queens County—which comprises not only my congressional district but three whole and three partial congressional districts—and they covered about 15 acres. I have 22,000 consumers in a square mile in my district to his four farmers per square mile.

Another difference emerged from the materials that had been provided by the Sioux Valley Electric people regarding the service they offered. Sioux Valley has an average 1.72 consumers per mile of line. That compares with Con Ed in New York, which has almost 70 consumers per mile of line but lines are duplicated and triplicated so the figures are much higher.

So it was clear there were differences.

But, of course, there were also similarities, beginning with the fact that while New York City is not exactly loaded with prime agricultural lands, much of New York State is heavily agricultural, so as I learned about South Dakota's agriculture, I also learned some things about New York agriculture.

One of the things that I must admit surprised me was the fact that, contrary to any general impression of South Dakota as a farm State and New York as an industrial State, there is very little difference between total agricultural production in the two

States. In fact, according to the USDA, New York ranks 23d in agricultural receipts, and South Dakota ranks 22d.

But there were other similarities as well. Similarities in the type of people who live in the First District of South Dakota and the Ninth in New York. Similarities in the problems they are facing today. Similarities in how they have attempted to solve their problems.

I would like to take just a few minutes to talk about some of the things I learned in South Dakota.

The first stop was the Earth Resource Observation Service (EROS) center. EROS was the first example I would see of the concern of South Dakotans for the future. What they do, and it was fascinating, is to use remote-sensing techniques to monitor Earth resources.

Remote-sensing techniques can be used for inventorying the Earth's resources, including oil, gas, copper, and other minerals as well as water. It has been used to detect changes in the land to monitor strip mining and reclamation of strip mines and for gaging the environmental impact of the Alaskan pipeline. It's a great tool for keeping track of what's happening to the Earth so we can make the most of our resources while protecting them for future generations.

On Saturday, the second day of my visit, I had the chance to visit with three South Dakota farm families. Basically, the conversations I had with the three families—the Knutsens, the Gerringers, and the Halls—provided the greatest evidence of the fundamental similarities between South Dakota and Queens.

In rural South Dakota, and in urban and suburban Queens, the people basically wanted the same thing from their government. Not a handout, but an honest chance to make it on their own.

Throughout my stay, I was amazed at the similarities between the Norwegians of South Dakota and the Italians and Greeks of Queens. All hard-working, family oriented people. What they did for a living differed, but their willingness, and their desire, to work for a living was the same.

And their problems were the same.

An erratic economy that keeps the costs of doing business high, forces unemployment in Queens and forces farmers like the Knutsens, Gerringers, and Halls to borrow, borrow, borrow against the ever-rising value of their land, because it's the only way they can keep going.

As a matter of fact, in a recent Washington Post, far from Bruce and Bushnell, South Dakota, there was a report of a new study which found that American farmers are in serious trouble because of debts exceeding $160 billion.

I can pretty much guarantee you that those South Dakota farmers had not read the Post, and I doubt whether they have heard of the Cornucopia Project, which conducted the study.

But they can tell you more than you would ever want to know about the problems facing farmers who have borrowed to the hilt against their farms and who are fighting a constantly uphill battle becasue of low-market prices for their crops and high-production costs for feed, and fuel, and supplies.

In fact, with regard to low-market prices for crops, Cec Hall gave me some numbers that are really stunning. We have all seen the commercials that IBM runs on television saying that if prices generally had declined in recent years in real terms the way computer costs have, steak would cost a nickel or so a pound, and a suit of clothes would cost $10, and everything would be pretty terrific.

Well, when Cec Hall started farming in 1947—that is 34 year ago—the price of corn was $2.40 a bushel. Today, it is $2.05 a bushel. And those figures are not in constant dollars. Actually, if you adjust the figures to reflect the change in the consumer price index since 1947, that $2.05 a bushel that Cec Hall is getting is really worth less than 52¢ a bushel. And the $2.40 he got in 1947, if it had kept up with the CPI, would now be $8.85.

What truly astounded me about the prices the farmers are getting for their crops and their financial problems is the fact that food prices are a major issue in New York as well, but for exactly the opposite reason. A big part of the increase in the consumer price index in recent years has been increases in food prices.

The cost of living in New York is the highest in the country, and food prices have a lot to do with it. Too many middle class and working class families in New York, for whom sirloin used to be affordable, are now finding hamburger a luxury.

It is a terrible situation. The people growing the food are going broke trying to stay in business, and the people who need the food are going broke trying to buy it. Clearly the high prices being paid by my people in New York are not doing the farmers any good, but somebody somewhere is making money.

Part of the problem lies in transportation costs. The Washington Post article to which I referred earlier reports that for every $2 spent growing food, another $1 is spent transporting it, and all that gets passed on to the consumer but does the farmer no good.

While rising energy costs plague everybody, farmers and consumers alike, at least the farmers know they can eat when times are tough. For my people, particularly the elderly and the poor, the approach of winter may mean a choice between freezing or starving. None of us, from any part of the country, can turn our backs on these issues.

My trip to South Dakota has helped me understand the problems facing farmers, and to see more clearly how they contrast with the problems facing my people in Queens. I do not have the solutions, but I do have a better picture of how things work.

Interest rates are a particular killer for family farms in South Dakota, just as they are for small businessmen and women in Queens. Melvin Knutson cannot afford to replenish his pig stock because he would have to borrow the money to buy the pigs, and the interest payments on the borrowed money would be more than his profits on selling the pigs after he paid for feed and other expenses.

The problems these farmers are having making a living lead to other problems in rural America. Because it is so tough to make a living, and because the only thing they have that keeps its value is their land, they are frequently tempted to sell the land and move to the city. This causes several problems.

The only people who can afford to buy land at today's prices are big corporations—they are called "faceless farmers" in South Dakota. They buy up the land, grow whatever they can make the most money from on it, and either pocket the profits or write off the losses against their taxes. The result is the degradation of fertile cropland, which is one of the most serious problems facing all Americans today, and the centralization of control of agriculture, which can only lead to price manipulation that costs my people in New York money in higher grocery prices.

Another problem caused by the soaring land prices is that young people cannot afford to buy land to get started. It is really a sickening parallel to the problem of young people in my district who cannot afford to start a business or buy a home because they cannot get the money.

In any event, the consolidation of land ownership by large corporations is a growing problem. The Cornucopia Study found that 1 percent of farmland owners control 30 percent of the farmland, and the trend is worsening.

The last subject I wanted to discuss is my meeting with officials of the Sioux Valley Electric Cooperative. The Rural Electrification Administration was one of the prime targets of the Reagan budget cutting program. Thanks in large part to the efforts of TOM DASCHLE and other rural representatives, most of the REA's functions were saved.

But what I came to understand while I was in South Dakota was the absolute shortsightedness of the attempt to cut REA. It may be that REA

is more responsible than any other agency for the prosperity of rural America.

REA, I learned, is in the business of guaranteeing loans to local cooperatives, and the loans are repaid, with interest. I was reminded of the New York City loan guarantees, which also were repaid, in full, on time, with interest.

There is another parallel between economic conditions in New York City and in South Dakota that strikes me when I consider REA. The REA operates on low-interest loans. One of the most serious problems facing many neighborhoods in my district is the deterioration of older housing.

There has been a Federal program, a low-interest loan program like REA, that has dealt with this housing problem in New York and other cities. The section 312 program provided homeowners with money at below market rates so they could make home improvements that not only increased the value of their homes but also kept their neighborhoods pleasant places to live.

Unfortunately, the 312 program did not fare as well in the budget cutting as the REA's did. As a result, many homeowners in Queens face a problem totally alien to the farmers I visited. While the farm land is soaring in value, the value of homes in some parts of Queens is actually depreciating, and the neighborhoods are failing. To cut the Federal 312 program is as shortsighted as to cut the REA program.

All these programs—rural electrification, the New York City loan guarantees, the section 312 loans—are investments in America, investments in people. It might be a little hard to see at first, but the connection between the well-being of farmers in rural South Dakota and municipal employee union members in New York City is much closer than we normally think.

It is a little strange, but that weekend, while OMB Director David Stockman was in the headlines for saying some things I agreed with, I was thinking of something he had said months ago that I strongly disagreed with.

In February, the Reagan-Stockman duo submitted to Congress their booklet of budget cuts titled "America's New Beginning: A Program for Economic Recovery."

In the section titled "Applying Sound Criteria to Economic Subsidy Programs," on the subject of mass transit operating assistance, Mr. Stockman wrote, ". . . there is no reason for someone in Sioux Falls to pay Federal taxes so that someone in Los Angeles can get to work on time by public transportation."

Well, I guess they could just as well have said there's no reason for someone in Los Angeles, or New York to pay Federal taxes so someone in Sioux Falls can benefit from rural electrification, or commodity price supports, or federally subsidized irrigation projects.

And they would have been just as wrong.

The fact is we are all in this together. Just as the people of New York depend on the farmers of South Dakota to provide their food, the farmers need the people of New York as a market for their products. And the subway service that seems irrelevant in Sioux Falls is critical to New Yorkers getting to work each day, so they can afford to buy the products produced on the farm.

The point, I guess, is that we too often think in terms of rural versus urban, or Sunbelt versus Snowbelt. What I have learned is that it's too easy to concentrate on our own problems and ignore the problems facing people in other parts of the country. If we are going to achieve economic prosperity for all, we are going to have to pull together.

There is one last thing I want to mention.

The conference report on the farm bill will be on the floor tomorrow, and it provides a perfect example of the reasons consumers and producers alike are dissatisfied with the current state of our farm economy. The conferees decided, against the wishes of the House, to restore the peanut and sugar price support programs to the bill. These provisions add costs and inefficiencies to farm production, which causes the consumers I represent to oppose the bill.

At the same time, the bill contains target and loan prices for basic farm commodities that will set those prices at the lowest levels, as a percent of parity, in half a century.

Low prices for farmers are not exactly news. Farm income has declined 3 years in a row, from $32 billion in 1979 to a projected $15 billion in 1982. With income declining, farmers are forced to borrow just to pay the interest on the money they already owe. Recent USDA statistics show farm debt is now eight times higher than farm income. And despite the credit crunch, this farm bill makes credit harder to get by making the economic emergency loan program discretionary.

So the situation is rising prices for consumers, falling income for producers, and a new coalition forming between rural and urban members in opposition to farm programs. I am going to vote against the farm bill conference report tomorrow. I am going to vote against it because of the sugar and peanut provisions that are bad for my consumers, but also because I learned in South Dakota that the target and loan prices are bad for the farmers.

Finally, I want to thank TOM DASCHLE and all the people from Sioux Valley Electric, particularly Virg Herriot, for a thoroughly informative 2 days. I think I have learned some things that will make me a better Member of Congress.

□ 1930

Mr. DASCHLE. Mr. Speaker, will the gentlewoman yield?

Ms. FERRARO. I yield to the gentleman from South Dakota.

Mr. DASCHLE. I want to commend the gentlewoman on what I think is one of the finest statements I have heard about the perception that one from an urban area has toward a rural area, but also about the tremendous relationship and similarities that exist with rural and urban people.

"Congress Country" was really designed for somewhat of a special interest, and that was to educate people from rural areas about the problems and the idea and the way of life in rural America, and that is the large reason why the gentlewoman from New York was invited to come to South Dakota, to tell you about the tremendous devastation that exists economically today, about the incredibly high-interest rates, the low cost of production, about the fact that indebtedness now is eight times what it was in 1950, about the fact that we have seen a decline in farms by more than 6,000 since 1959.

Those were the kinds of things we wanted to impress upon the gentlewoman from New York and indeed I think we did, judging from the statement she has just made.

But something we did not fully realize and appreciate was what we learned from her. She came as an eloquent spokesman, a dynamic spokesman for that part of New York City that she represents, and really for all urban areas. She came to tell us about the incredible impact that unemployment has had, about the need for rural support for many of the programs that she has so eloquently enunciated her support for over the years, about the impact that high-food prices and those commodities had on her senior citizens, about the fact that small businessmen in her State and her district are having just as incredible a time in coping with the Reagan economic program and with the high-interest rates that we are all faced with today, as my farmers are in South Dakota.

So indeed, she did probably as excellent a job as any Congresswoman or any Congressperson has in my experience in South Dakota government and representation.

So I commend her for not only her eloquence in enunciating the problems and concerns of urban America, but for so clearly describing her percep-

tions of what rural America is all about.

There are a number of similarities between urban and rural America and I think that the single most important one as we face the remaining days of this session of Congress is our combined opposition to the current farm bill. She has indicated some reasons why it is a bad bill. I only want to reiterate those and other reasons why I believe this farm legislation needs to be defeated.

Certainly we can do a better job. Certainly if we defeat the bill tomorrow we will do a better job. But if we are going to defeat it, it is going to take the understanding that she has articulated in her speech along with the commitment of urban and rural people alike that we understand the demise of family farms and we understand what ramifications that has for all of us. That is I think the reason why she joined us in her opposition and certainly it is very welcome.

I cannot say with any more sincerity how grateful all of us are in South Dakota for her visit in 2 days. She taught us a lot. She was willing to listen. And indeed from that we have all learned a great deal. I thank her for this time.

Ms. FERRARO. I thank the gentleman for his comments.

Again as I have said, we are all in this together and I mentioned on so many occasions when I spoke with the gentleman's constituents, there is so much of the pie and fairness dictates that everybody gets a piece, and I think that rural and urban America working together to guarantee fairness is the direction that is going to be the good direction for this country to go.

Mr. DASCHLE. If the gentlewoman will yield further, I want to say that as issues confronting New York come before us, I certainly have a very distinct interest in listening to the gentlewoman's advice, to follow her guidance as she pursues these issues, and I expect to work very closely with her in the years ahead.

Ms. FERRARO. I thank the gentleman.

AGRICULTURE AND FOOD ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. DE LA GARZA) is recognized for 30 minutes.

● Mr. DE LA GARZA. Mr. Speaker, I have some information which will be, I hope, helpful to the Members in considering S. 884, the Agriculture and Food Act of 1981:

Without passage of new legislation, price support and production adjustment provisions of the 1977 Act for the major commodities will revert to permanent legislation—the 1949 Act for price support and 1938 Act for marketing quotas and acreage allotments.

DAIRY

Conference report

Milk price support at not less than $13.10 per hundred pounds for fiscal 1982. For fiscal years 1983, 1984 and 1985, the minimums would be $13.25, $14.00 and $14.60 if surplus purchases during the year are projected at more than $1 billion. For any year in which purchases are projected at less than $1 billion, the minimum would be 70 percent of parity. The support floor would rise to 75 percent of parity if projected surplus purchases are less than 4 billion pounds of milk in fiscal 1983, 3.5 billion in fiscal 1984, and 2.69 billion for fiscal 1985.

Basic law

Beginning January 1, support would range between 75 and 90 percent of parity depending on supply levels, adjusted annually, and beginning April 1983, semiannual adjustments would be required to maintain support at a minimum of 75 percent of parity as of such date. On January 1, support would rise to $13.49 per cwt., costing an estimated $379 million more in fiscal year 1982 than if the support remained at $13.10 per cwt.

WHEAT

Conference report

Wheat target prices at not less than $4.05 per bushel for the 1982 crop (compared with $3.81 for 1981), $4.30 for 1983, $4.45 for 1984 and $4.65 for 1985. Price support loan rates for the 1982-85 crops would be not less than $3.55 per bushel (compared with $3.20 for 1981). No acreage allotments would apply.

Basic law

Per recent legislation, a referendum would be conducted not later than December 31 to determine whether wheat producers are in favor of a marketing quota for the 1982 crop. Farm allotments must be determined regardless of the outcome of the referendum.

If quotas are disapproved, the support loan rate would be 50 percent of parity (about $3.77 per bushel) for allotment wheat.

If quotas are approved by at least ⅔ of the producers voting, price support on wheat used domestically for food would be at 65 to 90 percent of parity ($3.90 to $6.79 per bushel), a portion in the form of loans and the balance in the form of certificate payments paid for by processors. Cash penalties would apply to wheat grown outside of allotments. There would be no target prices or deficiency payments.

The cost of the wheat program for fiscal year 1983 would be about $491 to $1,106 million higher than the conference provisons.

CORN

Conference report

Corn target prices at not less than $2.70 per bushel on the 1982 crop (compared with $2.40 for 1981), $2.86 for 1983, $3.03 for 1984 and $3.18 for 1985. Price support loan rates for corn would be not less than $2.55 per bushel in 1982-85 (compared with $2.40 in 1981).

Basic law

Price support through loans and purchases would be at 50 to 90 percent of parity ($2.73 to $4.91 per bushel) beginning with the 1982 crop. There would be no target prices or deficiency payments. If there is an acreage diversion in effect, the minimum price support is 65 percent of parity. No allotments or marketing quotas are applicable. The cost of the feed grain program in fiscal year 1983 under the reversion would exceed the cost of the conference provisions by $208 million.

UPLAND COTTON

Conference report

Loan rates based on a percentage of open market prices and a loan floor of 55 cents a pound (57 cents assumed for the 1982 crop). Target prices will be the higher of (a) 120 percent of the loan rate, or (b) 71 cents a pound in 1982, 76 cents in 1983, 81 cents in 1984 and 86 cents in 1985. No acreage allotments would apply.

Basic law

A national marketing quota was proclaimed on October 15. A referendum must be held prior to December 31, per recent legislation. The minimum allotment is 16 million acres—less than is expected to be planted in 1982. Cotton production has shifted away from the States where the allotments are presently held. Allotments cannot be transferred across State lines.

Price support must be between 65 and 90 percent of parity (82.6 to 114.3 cents per pound) if the quota is approved in the referendum. In such case, cash penalties would apply to cotton grown outside of allotments. There would be no target prices or deficiency payments. If quotas are not approved, support is at 50 percent of parity (63.5 cents). For fiscal year 1983, the cotton program would cost $28 million more under reversion than under the conference bill.

RICE

Conference report

Acreage allotments would be eliminated so that program benefits become available to all producers. The rice loan rate will continue to be 75 percent of the target ($8.14 per cwt. for the 1982 crop). Target prices will be not less than $10.85 per hundred pounds for 1982, $11.40 for 1983, $11.90 for 1984, and $12.40 for 1985.

Basic law

Acreage allotment and marketing quota authority would be applicable. A referendum must be held within 30 days of an announcement of the quota (not later than January 30). Quotas would be in effect unless rejected by at least ⅓ of rice producers voting.

When a quota is in effect, price support is between 65 and 90 percent of parity ($14.61 to $20.23 per cwt.). In such case, cash penalties would apply to rice grown outside of allotments. There would be no target prices or deficiency payments. If the quota is not in effect, price support is at 65 percent of parity. For fiscal year 1983, the cost of the rice program is projected $52 million higher under reversion than under the conference provisions. Over $500 million for export subsidies could also be paid.

PEANUTS

Conference report

The bill eliminates the traditional peanut acreage allotment system, allowing producers without allotments to grow peanuts without restraint, but retains the farm poundage quota system. The total national poundage quota would be reduced in 1982 to a minimum of 1.2 million tons, and would be dropped further to 1.1673 million tons in 1983, 1.1347 million tons in 1984 and a final floor of 1.100 million tons for the 1985 crop. Price support for quota peanuts grown within the farm poundage quota would be set at a minimum of $550 per ton for 1982-85, with annual increases beginning in 1983

to reflect increases in production costs (but with a 6 percent limit on each annual adjustment). Support for non-quota peanuts would be set by the Secretary, based generally on world market conditions and fixed at a rate which would avoid any net cost to the government.

Basic law

Marketing quotas were announced on December 1. Price support would be at 75 to 90 percent of parity ($701 to $841 per ton) since quotas would be in effect. If quotas was not in effect, support would be at 50 percent of parity ($467 per ton). The differentiation between "quota" and "additional" peanuts would not exist. Cash penalties would apply to peanuts grown outside allotments. The cost of the peanut program in fiscal year 1983 is projected $189 million higher under reversion.

SOYBEANS

Confence report

Price support loan rates for the 1982–85 crops will be set at 75 percent of the five-year national average price received by farmers with a floor of $5.02 a bushel ($5.02 a bushel assumed for 1982 crop). No production adjustment, cross-compliance requirements or reserve programs would be permitted.

Basic law

Mandatory price support for soybeans would end with the 1981 crop. For the 1982 and subsequent crops, if support were provided for soybeans it must also be provided for cottonseed.

WOOL AND MOHAIR

Conference report

The support level for 1982 through 1985 would be 77.5 percent of the rate determined under a formula contained in the basic wool-mohair law (for 1982, $1.37 per pound).

Basic law

The current program of support at 85 percent of the formula price will expire on December 31. Discretionary authority for price support beyond this date is contained in the 1949 Act. Price support through loans, purchases, or other operations may be provided at 75 to 90 percent of parity. If there were a wool program for the 1982–83 marketing year, support for shorn wool would be at $1.49 to $1.79 per pound.

SUGAR

Conference report

The bill sets up a four-year program with a purchase program on the 1982 crop at 16.75 cents a pound for raw sugar, and beginning October 1, 1982, loan rates of 17 cents a pound on raw sugar for the 1982 crop, 17.50 cents a pound for 1983, 17.75 cents a pound for 1984 and 18 cents a pound for 1985.

Basic law

No program required under basic law.

COMMODITY COST OF REVERSION TO BASIC LAW

For fiscal year 1982, reversion would cost $0.7 to $1.6 billion more than the conference provisions. For fiscal year 1983, the cost of reversion exceeds that of the conference provisions by $2.1 to $2.9 billion.

COMPARISON OF ESTIMATED COC NET OUTLAYS FOR S. 884 AS REPORTED BY THE CONFERENCE AND REVERSION TO BASIC LEGISLATION

[In millions of dollars by fiscal years]

	1982	1983	1984	1985	1986	1982–86 total
Wheat:[1]						
Conference	1,532	164	537	449	359	3,041
Reversion:						
Yes	2,550	1,270				
No	1,738	655				
Feed Grain:						
Conference	1,077	418	272	158	−51	1,874
Reversion	1,077	626				
Soybeans:						
Conference	−60	−25	0	−10	10	−85
Reversion	−60	−146				
Upland cotton:[1]						
Conference	158	−28	−12	11	8	137
Reversion:						
Yes	158	0				
No	158	−31				
Rice:[1]						
Conference	90	82	10	9	10	201
Reversion, Yes	90	134				
Peanuts:[1]						
Conference	42	−4	1	5	5	49
Reversion, yes	68	185				
Sugar:						
Conference	−9					−9
Reversion	−9					
Wool:						
Conference	38	31	48	69	82	268
Reversion	38					
Dairy:						
Conference	1,058	852	713	552	537	3,712
Reversion	1,437	1,596				
Farm bill commodities:						
Conference	3,926	1,490	1,569	1,243	960	9,188
Reversion:						
Yes	5,349	3,665				
No	4,537	3,019				
All other COC outlays:						
Conference	352	259	534	409	305	1,859
Reversion:						
Yes	527	1,000				
No	415	840				
Total COC outlays:						
Conference	4,278	1,749	2,103	1,652	1,265	11,047
Reversion:						
Yes	5,876	4665				
No	4,952	3,859				

[1] Referendum required. Analysis done with both "yes" and "no" vote for wheat and cotton.

Calculations—omnibus farm bill S. 884

Fiscal year 1982:	*Billions*
Reversion "yes" votes on various referenda	$5.876
Conference bill	4.278
Difference	1.598
Reversion "no" votes on various referenda	$4.952
Conference bill	4.952
Difference	.674

In other words, in fiscal year 1982 additional Commodity Credit Corporation (CCC) outlays would range from 674 million to 1.598 billion if permanent law went back into effect.

Fiscal year 1983:	*Billions*
Reversion "yes" votes on various referenda	$4.665
Conference bill	1.749
Difference	2.916
Reversion "no" votes on various referenda	$3.859
Conference bill	1.749
Difference	2.110

In other words, in fiscal year 1983 additional CCC outlays would range from $2.110 billion to $2.916 billion if permanent law went back into effect.

Totals for two-year period—fiscal years 1982 and 1983:

If "yes" vote on referenda:	*Billions*
1982	$1.598
1983	2.916
Total	4.514
If "no" vote on referenda:	
1982	$.674
1983	2.110
Total	2.884

SUMMARY

In other words, if the conference bill is defeated and permanent law were implemented during the next two years, additional CCC outlays would run from $2.884 billion to $4.514 billion. There would, of course, be continuing increased outlays in fiscal year 1984 and beyond.

ORPHAN DRUG ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. WAXMAN) is recognized for 5 minutes.

● Mr. WAXMAN. Mr. Speaker, today I am introducing the Orphan Drug Act. This legislation will encourage pharmaceutical companies to develop drugs for rare diseases, like Huntington's disease, myoclonus, ALS (Lou Gehrig's disease), Tourette syndrome and muscular dystrophy. I hope all Members will join me in supporting this important bill.

Fifty years ago we could not have dreamed of the miraculous breakthroughs in medical care which have occurred as a result of the development of new drugs. Indeed we are fortunate to live in a country that has committed tremendous resources to pharmaceutical research and development. In 1979 pharmaceutical companies spent approximately $1.2 billion on drug research and development in this country. Amid these successes though, we must not overlook one of the most serious human tragedies of our time. There are millions of Americans who are affected by rare diseases or conditions, but successful drugs to treat them, commonly called orphan drugs, have not been developed and are not expected to be developed.

The problem with orphan drugs is that, because so few individuals are affected by any one rare disease, the costs of developing a drug are greater than the relatively small revenues generated by it. For example, Huntington's disease affects only about 14,000 people; myoclonus about 2,000; ALS about 9,000; Tourette syndrome about 100,000; and muscular dystrophys about 200,000. Consequently, the pharmaceutical company which develops a drug for a rare disease can reasonably expect to incur a financial loss.

Under these circumstances many promising orphan drugs will not be developed. The Orphan Drug Act will change this outlook. It creates new financial incentives to develop orphan drugs; it reduces the costs of orphan drug development by providing new

flexibility in our drug approval process without compromising the safety or efficacy of the drugs; and it assures better coordination of those Government agencies, like the National Institutes of Health, which are involved in drug research and testing. With this legislation we can be confident that a pharmaceutical company which discovers a promising orphan drug or uncovers an important research lead can and will pursue it until a new drug is available to the public.

The Pharmaceutical Manufacturers Association and its member companies are also addressing this difficult issue through the creation of the Commission on Drugs for Rare Diseases. As stated in the Commission's charter, it will "serve as a clearinghouse to which academic and other scientific investigators or institutions can submit information on promising compounds or basic research leads for wide distribution to * * * the drug industry and other interested parties." The Commission will perform the very useful function of giving independent (noncompany) investigators a forum to present the merits of their discoveries.

I am pleased the Commission has begun this important work and believe the Orphan Drug Act will serve the Commission well. In addition to giving pharmaceutical companies incentives to commit their own researchers to the creation of orphan drugs, the act will also enable the companies to commit necessary resources in pursuit of the discoveries of independent scientists. The Orphan Drug Act and the Commission will bring us new orphan drugs to combat rare diseases.

Many members will recognize the Orphan Drug Act as the successor bill to Mr. WEISS' H.R. 1663 which has 77 cosponsors. It is through Mr. WEISS' leadership that the orphan drug problem has been presented to this Congress. I am pleased that Mr. WEISS has joined me in sponsoring the Orphan Drug Act.

Rare diseases not only cause significant human suffering; but they cost this country billions of dollars a year in treatment costs, personal income lost due to illness, and productivity lost by absence from work. The Orphan Drug Act will promote the development of orphan drugs to treat these diseases.

ORPHAN DRUG ACT—SECTION-BY-SECTION EXPLANATION

Section 1: Statement of Congressional findings regarding the need to make changes in applicable Federal laws to promote the development of drugs for rare diseases, which are commonly called orphan drugs.

Section 2: This section amends the Federal Food, Drug and Cosmetic Act (FFDCA) to authorize the FDA to approve a new drug for a rare disease based on one adequate and well-controlled human clinical trial if that trial proves that the drug is effective. All drugs currently must have two adequate and well-controlled human clinical trials. If the FDA determined that the one trial did not prove the efficacy of the drug, an additional trial would be required. This section does not change the current requirements that a drug be proven safe.

Section 3: This section amends the FFDCA to authorize the FDA to require the manufacturer of an approved drug for a rare disease to establish and maintain a system for collecting data about the drug's effectiveness when in public use.

Section 4: This section amends the FFDCA to authorize the FDA to make drugs for rare diseases, which are still being tested, available for treatment on a limited basis if there is no alternative drug treatment or therapy for the rare disease for which the drug is being tested.

This section also amends the FFDCA to require FDA, at the request of a sponsor of a drug, to designate that drug as a drug for a rare disease if the FDA determines that the drug is for a rare disease. If FDA designates a drug, notice of the designation must be made available to the public.

Section 5: This section amends the FFDCA to establish for a drug for a rare disease which is not patentable, a seven year period of exclusive marketing beginning with the date the drug is approved by FDA.

Section 6: This section establishes in the Department of Health and Human Services (HHS) an interagency committee on orphan drug development. The Committee is comprised of Federal employees from agencies involved in drug research and testing. The Committee's mandate is to evaluate and coordinate governmental activities concerning drugs for rare diseases and to promote the development of such drugs. The Committee would report annually to the Congress.

Section 7: This section amends the Internal Revenue Code to establish a tax credit for a taxable year for any pharmaceutical company developing a drug for a rare disease. The credit would be an amount equal to the research costs during the taxable year attributable to human clinical testing of such a drug.●

STATE OF THE PARKS BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nebraska (Mr. BEREUTER) is recognized for 10 minutes.

Mr. BEREUTER. Mr. Speaker, on Thursday of last week I introduced a bill, H.R. 5162, which is designed to focus stronger public, administration and congressional attention onto the plight of our national park system. I will henceforth refer to this as the state of the parks bill.

Mr. Speaker, our national park system represents, both in physical and in conceptual terms, one of the greatest contributions America has ever made to its own people and to the people of the world. The concept of preserving a piece of the natural landscape as nature has designed and evolved it, and making it carefully available for the enjoyment, use and inspiration of people, in perpetuity, for present and future generations, was born in America. Many Americans, of course, know of the energetic leadership that President Theodore Roosevelt brought to the national parks movement. America's and the world's first national park was born in the wide open spaces of our great western landscape on March 1, 1872, with the creation of Yellowstone National Park.

Since that time our own national park system has grown in size and complexity of representation to 333 individual park units across the Nation, representing the best and most nationally significant of our natural, historic and recreational heritage. The concept has spread around the globe to the degree that scores of nations have developed their own national parks and equivalent reserves. The preservation ethic has caught fire in America and has gone global. The result has produced great havens for the protection of vestiges of the planet's natural landscapes and life forms; the result brings great spiritual, educational, and recreational enjoyment to millions of human beings; the result has highly stimulated and fostered the recognition and development of an environmental ethic among many peoples of the world.

But I now shudder to say that the health of this great system of national parks, at least here in America, is not well. Civilization and "progress" is encroaching upon the parks. What once were pristine areas surrounded by a sea of protective wild landscape, are now becoming islands of, resistance—hopefully—in a sea of change. Park boundaries do not automatically stop impinging activities that emanate from the other side of the line.

In recognition of this general concern, and at the instigation of the highly respected then-ranking Republican member of the Subcommittee on National Parks and Insular Affairs (KEITH SEBELIUS of Kansas), members of the subcommittee requested in July 1979 that the National Park Service prepare a "state of the parks" report and submit the findings back to the committee. The information requested was fairly identical to that enumerated in the bill I am introducing today.

After a very slow start, the National Park Service did submit a very important document to the Congress in May of 1980 entitled "State of the Parks—1980—A Report to the Congress". That report detailed and summarized some very worrisome findings with regard to damage and threats to the integrity of park resources, emanating from both outside and inside the boundaries of the parks. Rather than discuss the essence of the report's findings here, I shall attach the executive summary of the report to the end of my statement.

Mr. Speaker, if the reaction of the press across the country to this report would constitute any indication of the concern of the general public, I am heartened to think that there will

soon develop a sufficient outcry for action upon these problems which will enable us to move forward, forcefully, with solutions and financial resources.

Mr. Speaker, while I am not certain that the National Park Service has yet instigated a purposeful, energetic program to rapidly get on top of this issue, since its issuance of the report over a year ago, I am at least pleased to know of the concern about it expressed by leaders of this administration. The Director of the National Park Service, when he appeared before the Public Lands and National Parks Subcommittee on a recent October 20 budget oversight hearing, stated that the issues represented by the state of the parks report are of very priority concern, and that "if any director of a national park system had sleepless nights, this is the reason."

In addition, Secretary Watt, in a July 6, 1981, memorandum to the Director of the National Park Service on the subject of "Management of the National Park System," strongly supported the continuation of the state of the parks effort. He said in that memorandum:

> Two recent developments have provided the Service with the opportunity to reemphasize its basic responsibilities. First, the "state of the parks" analysis begun in 1980 should continue, and actions vigorously pursued to monitor, prevent, or mitigate significant threats.

He then goes on to discuss his concerns over the deteroriated condition of physical facilities. I will attach the full text of Secretary Watt's memorandum at the end of my statement.

Mr. Speaker, I am not sure, however, that the aforementioned, excellent statements of concern and commitment are alone sufficient. I think the entire Congress does have and should have a great concern over an issue of this importance. The parks are located in almost every State of the Union, and I think that the great majority of the Members of this body have a national park system unit in their district. Our national parks are very highly prized by the American people. Our national parks are the American crown jewels.

It is for these reasons that I introduced H.R. 5162 last week, and I genuinely hope that this issue, aided by a bill such as the one just offered, will receive prompt and adequate attention by this body and the Congress.

The American people have, I firmly believe a sufficient measure of their character, their spirit and their dreams wrapped up in our parks to become greatly aroused and concerned over the current and foreseeable plight of our parks—problems and threats which are already quite obvious. The enactment of this bill, or a measure similar to it, would, this member suggests, be a very positive step toward enhancing the protection of these crown jewels, national assets to which so much dedication and appreciation has been devoted by the American people.

Prompt congressional action is essential and it will be popularly supported by the citizens of these United States of America.

TEXT OF H.R. 5162

The Act of August 18, 1970 (84 Stat. 825; 16 U.S.C. 1a-1 through 1a-7) is amended by adding a new Section 13 as follows:

"The Secretary of the Interior is authorized and directed to prepare through the National Park Service, and to transmit on January 1 of each year to the Speaker of the United States House of Representatives and to the President of the United States Senate, a 'State of the Parks' report, indicating current and potential or foreseeable damage and threats to the resource integrity of each individual unit of the national park system. The report shall be prepared on a fiscal year basis and shall deal with damage or threats which emanate from both inside and outside the boundaries of the park units, to include an indication of magnitude and trend of such damage or threats. Actions being taken, or recommended solutions to eliminate or mitigate such damage or threats, shall be indicated for each park unit. Similar information for the entire national park system shall also be included in each annual report. The annual reports shall be printed as House documents. Effective October 1, 1982, there are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.".

STATE OF THE PARKS—1980 A REPORT TO THE CONGRESS

EXECUTIVE SUMMARY

The National Park Service recently has completed its first Servicewide survey designed to identify and characterize threats that endanger the natural and the cultural resources of the parks. This 1980 State of the Parks report presents the results of that survey. It focuses on three aspects of the threats to the parks problem: First, the Report identifies *specific threats* which endanger the resources of individual parks; second, it identifies *sources of threats,* whether located internal or external to park boundaries; and third, the Report identifies *park resources which are endangered* by the threats.

The findings presented in this Report are based upon information submitted by park superintendents, park natural and cultural resource managers, park scientists, and park planners. It should be emphasized that the recognition and the perception of threats may be affected by the professional training and experience of these observers. A park superintendent, for example, may be most sensitive to operational problems associated with overcrowding or vandalism; a park scientist or resource management specialist may be particularly aware of threats to water quality or wildlife habitat; a park planner is more likely to perceive disruptions associated with zoning or land use practices. Further, the respondent to the threats survey may show a greater interest in problem areas with prospective solutions and may fail to emphasize certain issues simply because they appear to be beyond his or her span of influence. Clearly, there are subjective judgments involved in any threats reporting and evaluation process. However, collectively, the results of this systematic park-by-park survey provide important new information concerning a broad spectrum of problems and issues with which the National Park Service must deal.

Threats survey results

The term "threats" as used in this Report refers to those pollutants, visitor activities, exotic species, industrial development projects, etc., which have the potential to cause significant damage to park resources or to seriously degrade important park values or park experiences. Without qualification, it can be stated that the cultural and the natural resources of the parks are endangered both from without and from within by a broad range of such threats. In this regard, the most significant findings developed in this study may be summarized as follows:

Park units representing all size and use categories, and all types of ecosystem, reported a wide range of threats affecting their resources. These threats, which emanate from both internal and external sources, are causing severe degradation of park resources.

The 63 National Park natural areas greater than 30,000 acres in size reported an average number of threats nearly double that of the Servicewide norm. Included in this category are units such as Yellowstone, Yosemite, Great Smoky Mountains, Everglades and Glacier. Most of these great parks were at one time pristine areas surrounded and protected by vast wilderness regions. Today, with their surrounding buffer zones gradually disappearing, many of these parks are experiencing significant and widespread adverse effects associated with external encroachment.

The 12 Biosphere Reserve Parks, which are unique natural areas that range in size from 15,000 acres to more than two million acres and which are dedicated to long-term ecosystem monitoring under the UNESCO Man and the Biosphere program, surprisingly reported an average number of threats nearly three times the Servicewide norm. This is particularly disturbing because the Biosphere Reserve Parks are considered to be model ecological control areas. The large number of threats reported by these parks may reflect the greater emphasis directed to monitoring in these areas.

If this is, in fact, the reason for the increased occurrence of reported threats in the Biosphere Reserve parks, it suggests that significant numbers of threats may have been overlooked in other parks which, to date, have received much less monitoring and research attention.

More than 50 percent of the reported threats were attributed to sources or activities located external to the parks. The most frequently identified external threats included: Industrial and commercial development projects on adjacent lands; air pollutant emissions, often associated with facilities located considerable distances from the affected parks; urban encroachment; and roads and railroads.

Threats associated with activities or with sources located within park boundaries continue to cause signifiicnt degradation of park resources, park values, and visitor park experiences. The most frequently reported internal threats are associated with: Heavy visitor use; park utility access corridors; vehicle noise; soil erosion; and exotic plant and animal species.

Scenic resources were reported to be significantly threatened in more than 60 per-

cent of the parks. Air quality resources were reported endangered in more than 45 percent of the parks. Mammal, plant, and fresh water resources all were reported threatened in more than 40 percent of the units. Other endangered resources are listed in ranked order of occurrence in the report.

A surprising 75 percent of the reported threats to park resources have been classified by onsite park observers as inadequately documented by either private or government research. Threats associated with air pollution, water pollution, and visitor related activities most frequently were cited as needing additional monitoring, scientific measurements or research documentation.

Conclusions

The units of the National Park Service represent all of the major categories of ecosystems within which we live. These parks, individually and collectively, constitute the best of our natural and cultural resources. The lessons that we learn and the progress that we make in our attempts to better manage and protect these resources are of benefit to us all.

The results of this study indicate that no parks of the System are immune to external and internal threats, and that these threats are causing significant and demonstrable damage. There is no question but that these threats will continue to degrade and destroy irreplaceable park resources until such time as mitigation measures are implemented. In many cases, this degradation or loss of resources is irreversible. It represents a sacrifice by a public that, for the most part, is unaware that such a price is being paid.

The diversity and complexity of the problems identified in this report serve to emphasize the need for an expanded program to protect and preserve the resources that the National Park Service know what natural and cultural resources exist in each park, establish the condition of these resources, and determine how and to what extent these resources are threatened. Essentially we must do the following:

We must prepare a comprehensive inventory of the important natural and cultural resources of each park and develop a plan at the park level for managing these resources.

We must establish accurate baseline data on park resources and conduct comprehensive monitoring programs designed to detect and measure changes both in these resources and in the ecosystem environments within which they exist.

We must pay additional attention to those threats which are associated with sources and activities located external to the parks. These threats today pose unique problems because of the Service's limited ability to deal directly and effectively with such outside influences.

We must improve our capability to better quantify and document the impacts of various threats, particularly those which are believed to most seriously affect important park resources and park values.

To accomplish these objectives will require that the Service significantly expand its research and resource management capabilities. At the present time, the natural science research program of the National Park Service is base funded at a level of only nine million dollars and is staffed by fewer than 100 scientists; this is an average of less than one researcher for each three units of the System and represents only 1.1 percent of the total Park Service staff. * * *

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., July 6, 1981.

MEMORANDUM

To: Director, National Park Service.
From: Secretary of the Interior.
Subject: Management of the National Park System.

Since the National Park Service was established, certain of my predecessors, beginning with Secretary Franklin K. Lane, have outlined the principles which are to guide the Service in the management of the National Park System. I believe that now is a particularly appropriate time, as the Nation enters the 1980's under new leadership and in high expectation of constructive change, to renew that practice.

In his letter of May 13, 1918, to Stephen T. Mather, first Director of the National Park Service, Secretary Lane wrote: "For the information of the public an outline of the administrative policy to which the new Service will adhere may now be announced. This policy is based on three broad principles: First, that the national parks must be maintained in absolutely unimpaired form for the use of future generations as well as those of our own time; second, that they are set apart for the use, observation, health, and pleasure of the people; and third, that the national interest must dictate all decisions affecting public or private enterprise in the parks."

The principles outlined for the first Director of the Service more than 60 years ago apply with equal force to the management of the National Park System today, and I affirm them wholeheartedly. Moreover, the Congress, as the maker of public land policy, has consistently supported these broad principles through the enactment of various laws, capped by the language of the Act of August 18, 1970, as amended: "Congress further reaffirms, declares, and directs that the promotion and regulation of the various areas of the National Park System . . . shall be consistent with and founded in the purpose established by the first section of the Act of August 25, 1916, to the common benefit of all the people of the United States. The authorization of activities shall be construed and the protection, management, and administration of these areas shall be conducted in light of the high public value and integrity of the National Park System and shall not be exercised in derogation of the values and purposes for which these various areas have been established, except as may have been or shall be directly and specifically provided by Congress."

I commend to every employee of the National Park Service a re-reading of the first section of the Act of August 25, 1916, which set forth the fundamental purpose of parks: ". . . to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of future generations." No agency in Government has a clearer mandate.

I am concerned that in recent years the funding and manpower resources of the Service have not always been directed to fulfilling its basic mission as set forth above. The challenge to the Service in the 1980's, and my charge to you as Director, is to assure that the funding and staffing available to you in a time of reduced Federal expenditures are applied to achieve the most benefit for visitors to the most heavily visited parks, being always mindful of the preservation of park resources. I am particularly concerned that you give priority to protecting and maintaining the "crown jewels," the internationally known, unique natural parks in the system.

Two recent developments have provided the Service with the opportunity to reemphasize its basic responsibilities. First, the "State of the Parks" analysis begun in 1980 should continue, and actions vigorously pursued to monitor, prevent, or mitigate significant threats. Second, the deteriorating condition of physical facilities has been addressed by the additional funds for maintenance provided by Congress in the fiscal year 1981 budget. The Service must put in place the management systems necessary to follow up on these Congressional initiatives in order that the public gets the highest return on its park dollar. It is timely to develop a long-range plan of funding and personnel requirements, so that the National Park System may be developed and operated to meet acceptable standards. You should begin immediately to explore the components of such a long-range plan.

As Director, you should emphasize management of the National Park System. At this time, the attention of all managers within the System needs to be specifically directed to achieving efficiency, serving visitors, and protecting park values, rather than expanding the System. Special emphasis should be placed on bringing the old-line parks up to standard.

The National Park Service is in a unique position to serve people. As such, it is one of the few Federal agencies whose personnel have the opportunity of meeting their true bosses, the thousands of visitors, each of whom has spent considerable time and money just to be in a park. The Service has a tradition of providing a high standard of service to the visitor, and this standard must be maintained. At a time when most families' budgets are being increasingly squeezed, the opportunity of a park visit becomes even more special. Courtesy, patience, and helpfulness on the part of park employees will assure visitors that yours is an organization that lives up to its name, as a Service. As Director, you should ensure that you recruit men and women who like people for those front-line positions where service to the visitor is immediate and direct.

For those visitors who take the opportunity to stay in lodges, rent bicycles or horses, and purchase food and equipment while in the parks, the concessioner is essential to the park experience. Concession operators are partners with the National Park Service in serving people. A successful partnership is based on mutual support and mutual responsibility. Park managers must appreciate the need for the operator to make a reasonable profit, and concession operators need to be aware of the statutory mandate of the Service to protect park resources for people. Both the Service and the concessioners are, above all, responsible for assuring the park visitor an opportunity to use safe, high-quality facilities at a reasonable cost. Where, because of deterioration over long periods, this standard is not being met, I believe you should explore with the concessioners alternative ways to find the needed capital and upgrade those facilities that are necessary for the visitor.

In summary, let us get back to the basics. Let us protect the land and its resources. Let us serve the visitor. I am confident that the Service can and will, through professional, innovative, and accountable manage-

ment, fulfill its statutory mandate, and I pledge my support to that end.

JAMES C. WATT.

□ 1940

INCREASE IN HONORARIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 15 minutes.

Mr. BEDELL. I rise to object to the increase in Members' outside earnings that was passed by the House today wherein we increased our outside earnings from 15 percent to 30 percent of our salaries.

I object to the fact that the honoraria limits were increased from $1,000 to $2,000 per speech.

I object to the fact that the honoraria would be counted in the time it was received, rather than in the time at which the speech was given.

Mr. Speaker, I have always questioned the appropriateness of honoraria for Members of Congress.

First of all, I have yet to hear a speech by a Member of Congress which was worth $2,000. I do not accept honoraria. Two thousand dollars for a speech does not necessarily buy influence, but I submit that it is more difficult to vote against a special interest if they have just paid you $2,000 for addressing their national convention.

I understand there can be arguments as to whether or not the salaries of Congressmen should be increased. I do not think they should at this time, but surely there can be no argument that whatever is done should be done out in broad daylight. Surely we should vote on whatever is done and we should have the courage to do so.

I object more than anything else to the way this was sneaked through the Congress without our having an opportunity to debate the issue and for the people to know how we voted and how we felt on this issue.

Mr. Speaker, our country is in trouble today. Farmers are in trouble. Businessmen are in trouble. Unemployed are in difficulty.

Mr. Speaker, until we realize that here in the Congress and until we decide that we are going to set an example for the rest of the country, I submit we are not doing what we need to do and if we can sit here and think that we can go ahead and raise our salaries where all the rest of the country is suffering lower and lower income, I submit that we are not performing as we need to perform and I object very much to what the House has done today.

CRIME SUBCOMMITTEE TO HOLD HEARING ON PHASEOUT OF THE BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS

The SPEAKER pro tempore. Under a previous order of the House the gentleman from New Jersey (Mr. HUGHES) is recognized for 5 minutes.

● Mr. HUGHES. Mr. Speaker, on December 16, 1981, at 10 a.m. in room 2237, Rayburn House Office Building, the Subcommittee on Crime of the House Judiciary Committee will hold a hearing on the phaseout of the Bureau of Alcohol, Tobacco, and Firearms.

Appearing before the subcommittee to give testimony will be the Honorable John Walker, Assistant Secretary of the Treasury Department; the Honorable Benjamin Civiletti, former Attorney General of the United States; a panel of former officials of the Bureau of Alcohol, Tobacco, and Firearms; and a panel of insurance company executives.

All interested persons or organizations wishing to submit testimony for the record of the hearing or desiring further information should address their communications to the Subcommittee on Crime, 207 Cannon House Office Building, Washington, D.C. 20515 or telephone: (202) 225-1695.●

FOOD IRRADIATION

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. PRICE. Mr. Speaker, an article in the December 12, 1981, Washington Post reports on FDA approval of ionizing radiation processing of fruits and vegetables for human consumption. As the article states, this action could be the start of a revolutionary change in the food industry. The use of radiation to control insects and pathogens has great promise for improved nutrition of people throughout the world. Research work over the past several decades which I have personally supported indicates this method of preserving foods has great advantages in the preservation of food values, simplifying food processing and distribution, particularly in Third World nations, and greatly reducing energy consumption in the food industry.

I highly commend the article which I am including at the close of my remarks since it presents a fairly comprehensive summary of the problems of present methods of preserving foods. It appears obvious that certain presently used processing methods must be stopped and it also appears that the use of ionizing radiation such as gamma rays will be the best substitute.

[From the Washington Post, Dec. 18, 1981]

FDA, ANSWERING MEDFLY THREAT, EASES PRODUCE IRRADIATION BAN

(By Jay Mathews)

LOS ANGELES, December 11.—Responding to the threat of the Mediterranean fruit fly, the Food and Drug Administration has softened its long-held ban on treating produce with gamma rays, in a move that could revolutionize the food industry.

Agency spokesman Jim Greene said Commissioner Arthur Hull Hayes Jr. has granted conditional permission to a San Jose firm, Emergent Technologies, to begin irradiating produce.

The $10 million irradiation plant proposed by the firm, if it passes several federal requirements, would be the first in this country to put food irradiation to full commercial use.

State and federal officials, applauding the move, say gamma rays may be the only way to treat fruits in new infestations by the Medfly or other pests if a popular chemical fumigant now in use is banned for being a suspected cause of cancer.

But the gamma ray process also has the even more significant capability, confirmed by Army tests and commercial use in Europe, of greatly extending the shelf life of milk, bacon and other foods.

"This has wide-ranging implications," said Frank Bragg, a spokesman for the University of California at Davis, where experiments with the gamma ray process are continuing. "There is going to be a multimillion-dollar industry springing up very quickly with the FDA approval."

A potential stumbling block, scientists and government officials acknowledge, is consumer fear of anything to do with radiation.

Hayes, in a letter to White House science advisers, said, "Irradiation of food poses no danger to consumers."

Niel E. Nielson, president of Emergent Technologies, said in an interview that "this is just as safe as drying the food in the sun, or broiling it," both processes involve radiation.

Although the Army has been experimenting with gamma ray treatment of food since the 1940s, commercial food processors have declined to make a great effort to develop radiation facilities because refrigeration or chemical fumigation could do the job more cheaply.

Rising energy costs and new research on the harmful effects of many chemicals have led some to reconsider irradiation, however.

Nielson said his company has been lobbying Congress and the FDA for years to lower restrictions on the use of irradiation.

"Then those little bugs changed the situation quite drastically," said Manuel C. Lagunas-Solar, chief of the UC Davis experimental program on irradiating food.

Although dormant this winter, the small fly, whose larvae can spoil dozens of varieties of fruits and vegetables, remains a serious potential threat to California's $16 billion agricultural industry, and to growers in other states.

With the chemical fumigant ethylene dibromide (EDB) now strongly suspected as a potential cause of cancer in workers who come in close contact with it, the growers and the FDA have been eager to promote an alternative method of treating infested fruit.

According to Greene, FDA Commissioner Hayes was able to grant an exemption from regulations restricting irradiation of food in

the United States by classifying the Medfly situation in California as an emergency.

Greene said the agency will still require, however, that Emergent Technologies assure worker safety marketability of the irradiated produce and a radiation dose of no more than 100 kilorads before final approval for the project is given.

Dick Thompson, spokesman for the California Department of Food and Agriculture, called gamma ray treatment "a good process, it's been used in Europe for some time."

He said some American stores now sell an irradiated milk produced in Europe that can remain on a kitchen shelf without spoiling for months because the decay-causing bacteria had been killed.

Lagunas-Solar said the irradiated food is safe for consumers but that processors must be careful not to overdose softer fruits, which could suffer skin damage or spoil more quickly because of the treatment.

Gamma rays are used in this country to sterilize medical instruments and bandages, as well as food for patients in some hospitals and for National Aeronautics and Space Administration astronauts who must remain in space for a long time.

Greene said the federal government approved irradiation treatment of potatoes and wheat in the 1960s, but processors decided not to spend the money to build the proper facilities.

According to Nielson, a plant capable of handling thousands of tons of produce each day could be ready within a year if the plan received full government cooperation.

Crates of produce in metal containers and moving on conveyor belts would enter large rooms with thick concrete walls where it would be exposed to cobalt 60, a powerful radioactive isotope.

The dose would be enough to arrest further development of any Medfly eggs or larvae in the produce.

State officials are spraying suspected Medfly areas about once every three weeks through the winter and plan to hit any remaining pockets of the insect with concentrated spraying in the spring.

But Japanese buyers have refused to accept any fruit from California that has not been completely fumigated.●

ROLLCALL VOTES—WE ARE IMPROVING

(Mr. DANIELSON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DANIELSON. Mr. Speaker, my continuing analysis of rollcall votes has now been completed through last Friday, December 11, 1981. The most significant development remains, as I mentioned in a preliminary report on September 18, 1981, the drastic reduction in the number of rollcalls that we have had as compared with recent years.

Through last Friday we had had only 356 rollcall votes—approximately half the number of votes at the same point in any year during the past two Congresses. December 11, last Friday, was our 158th legislative day. Total rollcalls through 158 legislative days, or the end of the session when there were fewer than 158 legislative days, starting with 1977, is as follows: 1977—740 rollcalls (through November 3); 1978—942 rollcalls (150 legislative days—end of session); 1979—698 rollcalls (through December 4); 1980—681 rollcalls (153 legislative days—end of session); and 1981—356 rollcalls (through December 11).

The most noticeable alteration in the makeup of the types of rollcalls that are being called is the substantial drop in the number of quorum calls, and a large increase in votes on approving the Journal and on resolving into Committee. Recognizing, of course, that votes on approving the Journal are often used in lieu of a quorum call at the opening of the day, the figures are as follows:

COMBINED TOTAL OF VOTES ON APPROVING THE JOURNAL AND RESOLVING INTO COMMITTEE

	Number of votes	Percent of total rollcalls
1978	74	7.9
1979	60	7.9
1980	64	9.4
1981 (through Dec. 11)	55	15.5

There has been a rather substantial change in the list of the top 10 rollcall requesters, resulting mainly from the absence of the gentleman from Maryland (Mr. Bauman), who is no longer a Member of this body and who held undisputed title to first place in that list for so many years.

The current holder of that title has set a new record for the 4-year period I have been analyzing rollcall votes, however, by requesting 10.4 percent, 37 out of 356, of the rollcalls so far this year. That is almost a full percentage point higher than any previous mark.

Tables follow showing the number of votes carrying by 90 percent or more, a summary by type of vote, and the top 10 rollcall requesters from 1979 through 1981, all based on rollcalls from January 5, 1981, through December 11, 1981. The listing of rollcalls is alphabetical, by Member requesting the rollcall:

1981 VOTES CARRYING BY 90 PERCENT OR MORE

[Jan. 5, 1981, through Dec. 11, 1981]

Percent	Votes [1]	Votes [1]	Percent [2]
100	27	27	8.0
99	33	60	17.8
98	7	67	19.8
97	14	81	24.0
96	14	95	28.1
95	8	103	30.5
94	5	108	32.0
93	3	111	32.8
92	1	112	33.1
91	3	115	34.0
90	5	120	35.5

[1] Number of rollcall votes in 1981 with this percentage and over.
[2] Aggregate percent, 1981, of 338 rollcall votes this percentage and over, excluding quorums.

SUMMARY OF ROLLCALLS BY TYPE OF VOTE

[Jan. 5, 1981, through Dec. 11, 1981]

Type of vote	1981	Percent
Agreeing to conference report	11	3.1
Agreeing to the amendment	108	30.3
Agreeing to the amendments	7	2.0
Agreeing to the resolution	37	10.4
Approving the Journal	28	7.9
Call of the States	1	.3
Closing portions of conference	1	.3
Commit with instructions	3	.8
Concur in Senate amendment	1	.3
Election of Speaker	1	.3
Motion to adjourn	2	.6
Motion to close conference	1	.3
Motion to consider	1	.3
Motion to discharge committee	1	.3
Motion to instruct conferees	1	.3
Motion to limit debate	2	.6
Motion to recommit	3	.8
Motion to reconvene	1	.3
Ordering the previous question	7	2.0
Passage	51	14.3
Postponing consideration	1	.3
Previous question on conference report	1	.3
Quorum	17	4.8
Recede and concur in S amendment	3	.8
Recommit conference report	1	.3
Recommit with instructions	4	1.1
Resolving into Committee	27	7.6
Suspension rules agree to conference report	1	.3
Suspend rules and agree	6	1.7
Suspend rules and pass	24	6.7
Table motion to discharge commission	1	.3
Table motion to instruct	1	.3
Table motion to reconsider	1	.3
Total	356	100

"TOP TEN" ROLLCALL REQUESTERS—1979 THROUGH 1981

Name	1981			1980			1979		
	Rank	Number	1981 [2]	Rank	Number	1980 [2]	Rank	Number	1979 [2]
Walker	1	37	10.4		4	0.6	6	15	2.0
Ashbrook	2	18	5.1	2	52	7.6	2	65	8.6
Rousselot	3	10	2.8	3	38	5.6	4	18	2.4
Sensenbrenner	3	10	2.8		10	1.5	7	14	1.8
Broomfield	5	7	2.0	6	16	2.3		2	0.3
Lott	5	7	2.0						
Dannemeyer	7	6	1.7	6	16	2.3	3	23	3.0
Frenzel	7	6	1.7	4	33	4.8		7	0.9
Solomon	7	6	1.7						
Corcoran	10	5	1.4						
Hammerschmidt	10	5	1.4						
Obey	10	5	1.4						
Yates	10	5	1.4						
Bauman [1]				1	66	9.7	1	70	9.2
Collins of Texas	4	1.1		5	18	2.6		3	0.4

"TOP TEN" ROLLCALL REQUESTERS—1979 THROUGH 1981—Continued

Name	1981			1980			1979		
	Rank	Number	1981 [2]	Rank	Number	1980 [2]	Rank	Number	1979 [2]
Erlenborn					3	0.4	7	14	1.8
Kramer		2	0.6		3	0.4	9	13	1.7
Latta		4	1.1	9	12	1.8	10	12	1.6
Symms				10	11	1.6	5	16	2.1
Wydler				8	14	2.1		8	1.1

[1] Not a Member of the 97th Congress.
[2] Percentage.

ROLLCALL VOTES (JANUARY 5, 1981, THROUGH DECEMBER 11, 1981) LISTED ALPHABETICALLY—BY MEMBER REQUESTING THE ROLLCALL

Roll	Date	Type of Vote	Requester	Bill	Yea	Nay	Present	Percent		Day
								Yea	Nay	
1	81/01/05	Call by States	(automatic)				417			Monday.
296	81/11/12	Closing Portions of Conference	(automatic)	H.R. 3413	385	0		100	0	Thursday.
2	81/01/05	Election of Speaker	(automatic)		234	182	2	56	44	Monday.
141	81/07/16	Motion to Close Conference	(automatic)	S. 815	381	2		99	1	Thursday.
204	81/09/15	Agreeing to the Amendment	Addabbo	H.R. 3380	170	232		42	58	Tuesday.
316	81/11/18	do	Addabbo	H.R. 4995	142	263		35	65	Wednesday.
169	81/07/28	Agreeing to the Resolution	Alexander	H. Con. Res. 160	403	17		96	4	Tuesday.
329	81/11/20	Passage	Andrews	H.R. 3046	379	4		99	1	Friday.
16	81/03/25	Agreeing to the Amendment	Annunzio	H. Res. 115	407	2		100	0	Wednesday.
98	81/06/24	Agreeing to Conference Report	Ashbrook	H.R. 31	398	9		98	2	Wednesday.
44	81/05/13	Agreeing to the Amendment	Ashbrook	H.R. 3512	242	155		61	39	Wednesday.
87	81/06/18	do	Ashbrook	H.R. 3480	176	219		45	55	Thursday.
171	81/07/28	do	Ashbrook	H.R. 4121	279	141		66	34	Tuesday.
182	81/07/30	do	Ashbrook	H.R. 4121	253	167		60	40	Thursday.
183	81/07/30	do	Ashbrook	H.R. 4121	337	83		80	20	Thursday.
191	81/09/09	do	Ashbrook	H.R. 4169	188	202		48	52	Wednesday.
217	81/09/23	do	Ashbrook	H.R. 4	226	181		56	44	Wednesday.
235	81/10/02	Agreeing to the Resolution	Ashbrook	H. Res. 235	343	1		100	0	Friday.
52	81/05/28	Approving the Journal	Ashbrook		278	8	1	97	3	Thursday.
122	81/07/10	do	Ashbrook		345	11	1	97	3	Friday.
263	81/10/20	Passage	Ashbrook	H.J. Res. 331	305	66	28	82	18	Tuesday.
345	81/12/09	do	Ashbrook	H.R. 3566	222	184		55	45	Wednesday.
28	81/05/04	Resolving into Committee	Ashbrook	H. Con. Res. 115	334	2	1	99	1	Monday.
47	81/05/19	Suspend Rules and Agree	Ashbrook	H. Res. 113	387	4		99	1	Tuesday.
202	81/09/15	do	Ashbrook	H. Con. Res.153	386	16		96	4	Tuesday.
11	81/02/24	Suspend Rules and Pass	Ashbrook	H.R. 31	372	4		99	1	Monday.
53	81/05/28	do	Ashbrook	H.R. 3520	322	3		99	1	Thursday.
245	81/10/06	Agreeing to the Amendments	Aspin	H.R. 4560	383	30		93	7	Tuesday.
210	81/09/17	Agreeing to the Amendment	Beard	H.R. 3518	372	19		95	5	Thursday.
207	81/09/16	Passage	Beard	H.R. 4241	382	24		94	6	Wednesday.
253	81/10/07	Agreeing to the Amendments	Bedell	H.R. 3603	400	14		97	3	Wednesday.
196	81/09/10	do	Benjamin	H.R. 4209	129	260		33	67	Thursday.
130	81/07/15	Agreeing to the Amendment	Bennett	H.R. 3519	362	49	6	88	12	Wednesday.
101	81/06/24	do	Bliley	H.R. 3238	171	226		43	57	Wednesday.
246	81/10/06	do	Bliley	H.R. 4560	271	148		65	35	Tuesday.
13	81/02/25	Agreeing to the Resolution	Bliley	H. Res. 13	276	101		73	27	Wednesday.
100	81/06/24	Quorum	Bliley				386			Wednesday.
143	81/07/17	Agreeing to the Amendment	Boland	H.R. 4034	202	162	1	55	45	Friday.
219	81/09/23	Passage	Boland	H.R. 4	354	56		86	14	Wednesday.
189	81/07/31	do	Bolling	H.R. 4331	404	20		95	5	Friday.
63	81/06/04	Agreeing to the Amendment	Bonior	H.R. 3455	135	220	1	38	62	Thursday.
20	81/03/26	Passage	Bonior	H.J. Res. 182	391	0		100	0	Thursday.
124	81/07/10	Agreeing to the Amendment	Brooks	H.R. 3519	190	194		49.5	50.5	Friday.
128	81/07/14	do	Brooks	H.R. 3519	109	311		26	74	Tuesday.
131	81/07/15	do	Brooks	H.R. 3519	133	283		32	68	Wednesday.
132	81/07/15	do	Brooks	H.R. 3519	118	299		28	72	Wednesday.
77	81/06/16	Agreeing to the Resolution	Broomfield	H. Res. 159	398	1		100	0	Tuesday.
142	81/07/17	do	Broomfield	H. Res. 177	365	0	2	100	0	Friday.
179	81/07/30	do	Broomfield	H. Res. 124	410	1		100	0	Thursday.
321	81/11/19	do	Broomfield	H. Con. Res. 224	382	3	14	99	1	Thursday.
326	81/11/19	do	Broomfield	H.J. Res. 349	368	13		97	3	Thursday.
256	81/10/14	Resolving into Committee	Broomfield	H. Con. Res. 194	353	16		96	4	Wednesday.
127	81/07/14	Suspend Rules and Pass	Broomfield	H.R. 3975	416	0		100	0	Tuesday.
148	81/07/21	Resolving into Committee	Brown (OH)	H.R. 4035	378	3	1	99	1	Tuesday.
114	81/06/26	Table Motion to Reconsider	Burton, P.	H.R. 3982	187	150		55	45	Friday.
238	81/10/05	Agreeing to the Amendment	Butler	H.R. 3112	132	277		32	68	Monday.
239	81/10/05	do	Campbell	H.R. 3112	95	313		23	77	Monday.
331	81/11/22	Motion to Adjourn	Campbell		1	370		0	100	Sunday.
112	81/06/26	Ordering the Previous Question	Campbell	H.R. 3982	215	212		50.4	49.6	Friday.
265	81/10/20	Resolving into Committee	Campbell	H.R. 3403	392	5	1	99	1	Tuesday.
93	81/06/23	Passage	Carney	H.R. 1257	404	13		97	3	Tuesday.
277	81/10/22	Agreeing to the Amendment	Coleman	H.R. 3603	180	193		48	52	Thursday.
314	81/11/18	Agreeing to the Resolution	Coleman	H. Res. 275	398	4		99	1	Wednesday.
69	81/06/09	Agreeing to the Amendment	Collins (TX)	H.R. 3462	265	122		68	32	Tuesday.
216	81/09/22	Passage	Collins (TX)	H.R. 4522	299	105		74	26	Tuesday.
66	81/06/09	Suspend Rules and Pass	Collins (TX)	H.R. 3240	369	12		97	3	Tuesday.
67	81/06/09	do	Collins (TX)	H.R. 3239	360	21		94	6	Tuesday.
177	81/07/29	Agreeing to the Amendment	Conable	H.R. 4260	238	195		55	45	Wednesday.
159	81/07/23	do	Conte	H.R. 4144	188	206		48	52	Thursday.
61	81/06/04	Concur in Senate Amendment	Conte	H.R. 3512	195	178		52	48	Thursday.
335	81/11/23	Recommit with Instructions	Conte	H.J. Res. 368	221	176		56	44	Monday.
348	81/12/10	do	Conte	H.J. Res. 370	222	194		53	47	Thursday.
231	81/10/01	Quorum	Conyers				352			Thursday.
338	81/12/09	Approving the Journal	Corcoran		348	16	1	96	4	Wednesday.
346	81/12/10	do	Corcoran		346	29	2	92	8	Thursday.
339	81/12/09	Passage	Corcoran	H.J.Res.341	233	173	1	57	43	Wednesday.
347	81/12/10	do	Corcoran	S.J.Res. 115	230	188	1	55	45	Thursday.
337	81/12/08	Postponing Consideration	Corcoran	H.J. Res. 341	50	270		16	84	Tuesday.
161	81/07/24	Agreeing to the Amendment	Coughlin	H.R. 4144	186	206	1	47	53	Friday.
160	81/07/23	Quorum	Coughlin				356			Thursday.
136	81/07/16	Agreeing to the Amendment	Courter	H.R. 3519	416	0		100	0	Thursday.
232	81/10/01	Agreeing to the Resolution	Crane, P.	H.Res. 208	232	119	1	66	34	Thursday.
228	81/10/01	Motion to Discharge Committee	Crane, P.	H.Res 208	279	126		69	31	Thursday.
227	81/10/01	Table Motion to Disch Comm	Crane, P.	H.Res. 208	117	292		29	71	Thursday.
144	81/07/17	Agreeing to the Amendment	Dannemeyer	H.R. 4034	177	184		49	51	Friday.
152	81/07/22	do	Dannemeyer	H.R. 4035	201	216		48	52	Wednesday.

ROLLCALL VOTES (JANUARY 5, 1981, THROUGH DECEMBER 11, 1981) LISTED ALPHABETICALLY—BY MEMBER REQUESTING THE ROLLCALL—Continued

Roll	Date	Type of Vote	Requester	Bill	Yea	Nay	Present	Percent Yea	Percent Nay	Day
350	81/12/10	Agreeing to the Resolution	Dannemeyer	H.Res. 295	248	154		62	38	Thursday.
226	81/10/01	Susp Rules Agree to Conf Rept	Dannemeyer	S. 304	288	112		72	28	Thursday.
50	81/05/19	Suspend Rules and Pass	Dannemeyer	H.R. 2979	165	231		42	58	Tuesday.
214	81/09/22	do	Dannemeyer	H.R. 1953	360	42		90	10	Tuesday.
229	81/10/01	Motion to Consider	Dellums	H.Res. 208	287	110		72	28	Thursday.
230	81/10/01	Motion to Limit Debate	Dellums	H.Res. 208	253	141		64	36	Thursday.
162	81/07/24	Agreeing to the Amendment	Derrick	H.R. 4144	157	213	1	42	58	Friday.
249	81/10/06	Agreeing to the Resolution	Derwinski	H.Con. Res. 200	411	0		100	0	Tuesday.
288	81/10/29	Commit with Instructions	Derwinski	S. 1193	63	318		17	83	Thursday.
119	81/07/09	Agreeing to the Amendment	Dickinson	H.R. 3519	96	316		23	77	Thursday.
140	81/07/16	Passage	Dickinson	H.R. 3519	354	63		85	15	Thursday.
115	81/07/08	Resolving into Committee	Dickinson	H.R. 3519	345	2	1	99	1	Wednesday.
198	81/09/10	Agreeing to the Amendment	Dingell	H.R. 4209	209	172		55	45	Thursday.
197	81/09/10	Quorum	Dingell				364			Thursday.
328	81/11/20	Recede & Concur w/Senate Amdt	Dingell	H.R. 4144	67	314		18	82	Friday.
215	81/09/22	Agreeing to the Amendment	Dixon	H.R. 4522	305	96	1	76	24	Tuesday.
313	81/11/18	Recede & Concur w/Senate Amdt	Dixon	H.R. 4522	186	210	1	47	53	Wednesday.
10	81/02/05	Passage	Downey	H.R. 1553	305	104	1	75	25	Thursday.
325	81/11/19	do	Eckart	H.R. 3663	305	83		79	21	Thursday.
299	81/11/16	Ordering the Previous Question	Edgar	H.Res. 271	185	174		52	48	Monday.
54	81/06/02	Suspend Rules and Pass	Edgar	H.R. 3499	388	0		100	0	Tuesday.
317	81/11/18	Agreeing to the Amendment	Edwards (AL)	H.R. 4995	139	264		34	66	Wednesday.
320	81/11/18	Passage	Edwards (AL)	H.R. 4995	335	61		85	15	Wednesday.
354	81/12/11	Agreeing to the Amendment	Edwards (OK)	H.R. 4559	281	114		71	29	Friday.
275	81/10/22	do	English	H.R. 3603	223	162	1	58	42	Thursday.
276	81/10/22	do	English	H.R. 3603	211	168	1	56	44	Thursday.
257	81/10/14	Agreeing to the Resolution	Fascell	H. Con. Res. 194	301	111	1	73	27	Wednesday.
289	81/10/29	Passage	Fascell	S. 1193	317	58		85	15	Thursday.
32	81/05/06	Agreeing to the Amendment	Fauntroy	H. Con. Res. 115	69	356		16	84	Wednesday.
31	81/05/06	Resolving into Committee	Fauntroy	H. Con. Res. 115	406	3	2	99	1	Wednesday.
199	81/09/10	Agreeing to the Amendments	Fenwick	H.R. 4209	283	98		74	26	Thursday.
43	81/05/13	Agreeing to the Amendment	Fiedler	H.R. 3512	244	156		61	39	Wednesday.
254	81/10/07	do	Findley	H.R. 3603	123	277		31	69	Wednesday.
258	81/10/14	do	Findley	H.R. 3603	153	255		38	62	Wednesday.
272	81/10/21	do	Findley	H.R. 3503	412	0		100	0	Wednesday.
88	81/06/18	do	Fish	H.R. 3480	141	262		35	65	Thursday.
5	81/01/22	Quorum	Foley				330			Thursday.
6	81/01/22	do	Foley				327			Thursday.
12	81/02/25	do	Foley				364			Wednesday.
120	81/07/09	Agreeing to the Amendment	Fowler	H.R. 3519	152	254		37	63	Thursday.
158	81/07/23	do	Frank	H.R. 4144	137	267		34	66	Thursday.
255	81/10/07	do	Frank	H.R. 3603	153	243		39	61	Wednesday.
157	81/07/23	Quorum	Frank				397			Thursday.
27	81/05/04	Suspend Rules and Pass	Frank	H.R. 3132	296	43		87	13	Monday.
312	81/11/18	Agreeing to Conference Report	Frenzel	H.R. 4522	228	174		57	43	Wednesday.
14	81/03/04	Agreeing to the Resolution	Frenzel	H. Res. 67	390	1		100	0	Wednesday.
18	81/03/25	do	Frenzel	H. Res. 115	231	171		57	43	Wednesday.
278	81/10/22	Passage	Frenzel	S. 884	192	160		55	45	Thursday.
334	81/11/22	Recede & Concur w/Senate Amdt	Frenzel	H.J. Res. 357	213	183	1	54	46	Sunday.
17	81/03/25	Recommit with Instructions	Frenzel	H. Res. 115	184	225		45	55	Wednesday.
247	81/10/06	Agreeing to the Amendment	Gaydos	H.R. 4560	254	165	1	61	39	Tuesday.
46	81/05/13	Passage	Glickman	H.R. 3512	329	70		82	18	Wednesday.
212	81/09/22	Suspend Rules and Pass	Gore	H.J. Res. 220	396	2		99	1	Tuesday.
60	81/06/02	Suspend Rules and Agree	Hammerschmidt	H. Con. Res. 76	391	0		100	0	Tuesday.
55	81/06/02	Suspend Rules and Pass	Hammerschmidt	H.R. 2136	383	8		98	2	Tuesday.
57	81/06/02	do	Hammerschmidt	H.R. 1100	394	2		99	1	Tuesday.
58	81/06/02	do	Hammerschmidt	H.R. 3423	352	41		90	10	Tuesday.
59	81/06/02	do	Hammerschmidt	H.R. 2039	397	0		100	0	Tuesday.
65	81/06/09	Approving the Journal	Hartnett		344	7	1	98	2	Tuesday.
139	81/07/16	Agreeing to the Amendment	Hillis	H.R. 3519	231	187		55	45	Thursday.
133	81/07/15	do	Hopkins	H.R. 3519	38	371		9	91	Wednesday.
209	81/09/17	Resolving into Committee	Hopkins	H.R. 3518	379	3	1	99	1	Thursday.
323	81/11/19	Agreeing to the Resolution	Howard	H. Res. 280	306	80		79	21	Thursday.
266	81/10/20	Passage	Howard	H.R. 3403	410	2		100	0	Tuesday.
267	81/10/20	do	Howard	H.R. 3377	288	123		70	30	Tuesday.
280	81/10/27	do	Howard	H.R. 4503	382	18		96	4	Tuesday.
237	81/10/05	Agreeing to the Amendment	Hyde	H.R. 3112	92	285		24	76	Monday.
175	81/07/29	Agreeing to the Resolution	Jeffords	H. Res. 198	280	150		65	35	Wednesday.
174	81/07/29	Ordering the Previous Question	Jeffords	H.R. 4242	282	148		66	34	Wednesday.
241	81/10/05	Agreeing to the Amendment	Johnston	H.R. 3112	124	285		30	70	Monday.
164	81/07/27	Passage	Johnston	H.R. 2819	209	179	1	54	46	Monday.
165	81/07/27	do	Johnston	H.R. 2818	239	149		62	38	Monday.
353	81/12/11	Resolving into Committee	Johnston	H.R. 4559	363	16	2	96	4	Friday.
42	81/05/13	Agreeing to the Amendment	Jones (OK)	H.R. 3512	260	152		63	37	Wednesday.
37	81/05/07	Agreeing to the Resolution	Jones (OK)	H. Con. Res. 115	270	154		64	36	Thursday.
113	81/06/26	Passage	Jones (OK)	H.R. 3982	232	193		55	45	Friday.
91	81/06/18	do	Kastenmeier	H.R. 3480	245	137	1	64	36	Thursday.
233	81/10/01	do	Kastenmeier	H.R. 4612	328	58		85	15	Thursday.
324	81/11/19	Resolving into Committee	Kazen		335	33	1	91	9	Thursday.
62	81/06/04	Agreeing to the Amendment	Kogovsek	H.R. 3455	175	209	1	46	54	Thursday.
82	81/06/17	do	Kramer	H.R. 3480	271	141		66	34	Wednesday.
89	81/06/18	do	Kramer	H.R. 3480	185	210		47	53	Thursday.
208	81/09/17	Agreeing to the Resolution	Lagomarsino	H. Res. 182	385	5		99	1	Thursday.
36	81/05/07	Agreeing to the Amendment	Latta	H. Con. Res. 115	253	176		59	41	Thursday.
106	81/06/25	do	Latta	H.R. 3982	216	212		50.5	49.5	Thursday.
111	81/06/26	Agreeing to the Amendments	Latta	H.R. 3982	217	211		50.7	49.3	Friday.
104	81/06/25	Ordering the Previous Question	Latta	H. Res. 169	210	217		49.2	50.8	Thursday.
125	81/07/10	Agreeing to the Resolution	Levitas	H. Res ?	336	13	1	96	4	Friday.
64	81/06/04	Passage	Levitas	H.R. 3455	311	36		90	10	Thursday.
109	81/06/26	Resolving into Committee	Levitas	H.R. 3982	316	84		79	21	Friday.
273	81/10/22	do	Levitas	H.R. 3603	378	1	1	100	0	Thursday.
352	81/12/11	Approving the Journal	Livingston		328	23	2	93	7	Friday.
327	81/11/20	do	Loeffler		323	17	1	95	5	Friday.
203	81/09/15	Agreeing to Conference Report	Lott	H.R. 4034	209	197		51	49	Tuesday.
333	81/11/22	do	Lott	H.J. Res. 357	205	194	1	51	49	Sunday.
243	81/10/06	Approving the Journal	Lott		369	18	2	95	5	Tuesday.
7	81/01/28	Commit with Instructions	Lott	H. Res. 45	172	221		44	56	Wednesday.
211	81/09/17	Passage	Lott	H.R. 3518	165	226		42	58	Thursday.
251	81/10/07	Prev Ques on Conference Report	Lott	S. 1181	416	0		100	0	Wednesday.
56	81/06/02	Suspend Rules and Pass	Lott	H.R. 3337	309	84		79	21	Tuesday.
260	81/10/15	Agreeing to the Amendment	Lundine	H.R. 3603	250	159		61	39	Thursday.
252	81/10/07	Agreeing to Conference Report	Lungren	S. 1181	417	1		100	0	Wednesday.
342	81/12/09	Agreeeing to the Amendment	Lungren	H.R. 3566	155	258		38	62	Wednesday.
250	81/10/07	Approving the Journal	Lungren		359	20	1	95	5	Wednesday.

ROLLCALL VOTES (JANUARY 5, 1981, THROUGH DECEMBER 11, 1981) LISTED ALPHABETICALLY—BY MEMBER REQUESTING THE ROLLCALL—Continued

Roll	Date	Type of Vote	Requester	Bill	Yea	Nay	Present	Percent		Day
								Yea	Nay	
294	81/11/05	Agreeing to the Amendment	Markey	H.R. 4255	100	293		25	75	Thursday.
344	81/12/09	do	Markey	H.R. 3566	356	46	3	89	11	Wednesday.
343	81/12/09	Quorum	Markey				388			Wednesday.
218	81/09/23	Agreeing to the Amendment	Mazzoli	H.R. 4	313	94		77	23	Wednesday.
70	81/06/09	Passage	Mazzoli	H.R. 3462	353	42		89	11	Tuesday.
240	81/10/05	Agreeing to the Amendment	McClory	H.R. 3112	128	284		31	69	Monday.
242	81/10/05	Passage	McClory	H.R. 3112	389	24		94	6	Monday.
79	81/06/16	Agreement to the Amendment	McCollum	H.R. 3480	155	249	2	38	62	Tuesday.
78	81/06/16	Quorum	McCollum				394			Tuesday.
34	81/05/07	Resolving into Committee	McCollum	H. Con. Res. 115	400	5	1	99	1	Thursday.
84	81/06/18	Agreeing to the Amendment	McDonald	H.R. 3480	151	245	2	38	62	Thursday.
85	81/06/18	do	McDonald	H.R. 3480	281	124		69	31	Thursday.
224	81/09/24	Passage	McDonald	H.R. 3210	377	25		94	6	Thursday.
29	81/05/05	Suspend Rules and Pass	McKinney	H.J. Res. 238	408	0		100	0	Tuesday.
4	81/01/05	Commit with Instructions	Michel	H. Res. 5	180	220		45	55	Monday.
302	81/11/16	Motion to Recommit	Michel	H.J. Res. 357	189	201		48	52	Monday.
332	81/12/22	do	Michel	H.J. Res. 357	184	215		46	54	Sunday.
3	81/01/05	Ordering the Previous Question	Michel	H. Res. 5	216	179		55	45	Monday.
172	81/07/28	Agreeing to the Amendment	Miller (OH)	H.R. 4121	233	190		55	45	Tuesday.
180	81/07/30	do	Miller (OH)	H.R. 4121	203	210		49.2	50.8	Thursday.
184	81/07/30	do	Miller (OH)	H.R. 4121	182	233	1	44	56	Thursday.
185	81/07/30	Passage	Miller (OH)	H.R. 4121	323	94		77	23	Thursday.
341	81/12/09	Agreeing to the Amendment	Minish	H.R. 3566	55	355		13	87	Wednesday.
351	81/12/10	Agreeing to the Resolution	Mitchell (MD)	S. Con. Res. 50	206	200		50.7	49.3	Thursday.
138	81/07/16	Agreeing to the Amendment	Moffett	H.R. 3519	148	268		36	64	Thursday.
293	81/11/05	do	Moffett	H.R. 4255	90	304		23	77	Thursday.
318	81/11/18	do	Moffett	H.R. 4995	140	256		35	65	Wednesday.
291	81/11/04	Suspend Rules and Pass	Mottl	H.R. 3502	386	0		100	0	Wednesday.
315	81/11/18	Agreeing to the Amendment	Murtha	H.R. 4995	99	307		24	76	Thursday.
35	81/05/07	Quorum	Murtha				400			Thursday.
281	81/10/28	do	Murtha				400			Wednesday.
188	81/07/31	Agreeing to the Resolution	Oakar	H. Res. 203	370	52		88	12	Friday.
33	81/05/06	Agreeing to the Amendment	Obey	H. Con. Res. 115	119	303		28	72	Wednesday.
40	81/05/12	do	Obey	H.R. 3512	231	166		58	42	Tuesday.
45	81/05/13	do	Obey	H.R. 3512	162	237		41	59	Wednesday.
282	81/10/28	Agreeing to the Resolution	Obey	H. Res. 251	147	271		35	65	Wednesday.
76	81/06/16	Suspend Rules and Pass	Obey	H.J. Res. 287	301	100	2	75	25	Tuesday.
105	81/06/25	Ordering the Previous Question	O'Neill	H.R. 3982	219	208		51	49	Thursday.
284	81/10/28	Agreement to the Amendment	Ottinger	H.R. 4437	170	242		41	59	Wednesday.
181	81/07/30	Agreeing to the Amendments	Ottinger	H.R. 4121	164	253	1	39	61	Thursday.
301	81/11/16	Quorum	Panetta				371			Monday.
26	81/04/30	Agreeing to the Resolution	Perkins	H. Res. 134	328	76		81	19	Thursday.
261	81/10/15	Agreement to the Amendment	Peyser	H.R. 3603	213	190	1	53	47	Thursday.
22	81/04/07	Suspend Rules and Agree	Peyser	H. Con. Res. 55	364	2		99	1	Tuesday.
156	81/07/23	Agreeing to the Amendment	Pritchard	H.R. 4144	198	208	1	49	51	Thursday.
166	81/07/27	Passage	Quillen	H.R. 4119	343	33		91	9	Monday.
248	81/10/06	Motion to Recommit	Regula	H.R. 4560	168	249		40	60	Tuesday.
285	81/10/28	Passage	Roberts (KS)	H.R. 4437	243	165		60	40	Wednesday.
178	81/07/29	do	Rostenkowski	H.R. 4242	323	107		75	25	Wednesday.
319	81/11/18	Agreeing to the Amendment	Roukema	H.R. 4995	197	202		49.4	50.6	Wednesday.
355	81/12/11	do	Rousselot	H.R. 4559	372	17		96	4	Friday.
103	81/06/25	Approving the Journal	Rousselot		380	12	1	97	3	Thursday.
304	81/11/17	do	Rousselot		301	39	2	89	11	Tuesday.
194	81/09/09	Passage	Rousselot	H.R. 4169	245	145		63	37	Wednesday.
205	81/09/15	do	Rousselot	H.R. 3380	396	1		100	0	Tuesday.
264	81/10/20	do	Rousselot	S.J. Res. 4	405	1	1	100	0	Tuesday.
126	81/07/10	Resolving into Committee	Rousselot	H.R. 4034	326	7	1	98	2	Friday.
195	81/09/10	do	Rousselot	H.R. 4209	367	3	2	99	1	Thursday.
244	81/10/06	do	Rousselot	H.R. 4560	360	40	1	90	10	Tuesday.
259	81/10/15	do	Rousselot	H.R. 3603	380	3	1	99	1	Thursday.
330	81/11/20	Agreeing to the Resolution	Russo	H. Con. Res. 220	344	18		95	5	Friday.
170	81/07/28	Passage	Russo	H.R. 4053	408	5		99	1	Tuesday.
121	81/07/09	Agreeing to the Amendment	Schroeder	H.R. 3519	142	249		36	64	Thursday.
135	81/07/16	do	Schroeder	H.R. 3519	142	276		34	66	Thursday.
116	81/07/09	Resolving into Committee	Schroeder	H.R. 3519	385	4	2	99	1	Thursday.
287	81/10/29	Table Motion to Instruct	Schroeder	S. 815	171	224		43	57	Thursday.
80	81/06/16	Agreeing to the Amendment	Sensenbrenner	H.R. 3480	152	251		38	62	Tuesday.
86	81/06/18	do	Sensenbrenner	H.R. 3480	160	242		40	60	Thursday.
193	81/09/9	do	Sensenbrenner	H.R. 4169	122	272		31	69	Wednesday.
72	81/06/11	Agreeing to the Resolution	Sensenbrenner	H. Res. 148	303	88		77	23	Thursday.
186	81/07/30	do	Sensenbrenner	H. Res. 188	262	133		66	34	Thursday.
306	81/11/17	Motion to Reconvene at 4 p.m	Sensenbrenner		191	172		53	47	Tuesday.
21	81/04/07	Passage	Sensenbrenner	S. 840	368	2		99	1	Tuesday.
81	81/06/17	Resolving into Committee	Sensenbrenner	H.R. 3480	389	9	1	98	2	Wednesday.
236	81/10/05	do	Sensenbrenner	H.R. 3112	350	4	1	99	1	Monday.
310	81/11/18	Suspend Rules and Pass	Sensenbrenner	H.R. 4482	321	76		81	19	Wednesday.
271	81/10/21	Agreeing to the Amendment	Shamansky	H.R. 3603	184	231	2	44	56	Wednesday.
190	81/08/04	Agreeing to the Conference Report	Shannon	H.R. 4242	282	95		75	25	Tuesday.
129	81/07/15	Agreeing to the Amendment	Shaw	H.R. 3519	248	168	1	60	40	Wednesday.
117	81/07/09	do	Simon	H.R. 3519	201	207		49.3	50.7	Thursday.
154	81/07/23	Agreeing to the Resolution	Smith (OR)	H. Res. 185	233	178		57	43	Thursday.
147	81/07/21	Passage	Smith (OR)	H.R. 4034	362	54		87	13	Tuesday.
23	81/04/08	Agreeing to the Resolution	Solomon	S. Con. Res. 17	241	73		77	23	Wednesday.
92	81/06/23	do	Solomon	H. Res. 161	399	0	1	100	0	Tuesday.
234	81/10/02	Approving the Journal	Solomon		273	28	3	91	9	Friday.
262	81/10/20	do	Solomon		363	14	1	96	4	Tuesday.
286	81/10/29	do	Solomon		346	12		97	3	Thursday.
68	81/06/09	Resolving into Committee	Solomon	H.R. 3462	357	1		100	0	Tuesday.
283	81/10/28	Passage	Stanton	H.R. 4603	371	46	1	89	11	Wednesday.
74	81/06/11	Agreeing to the Amendment	Stratton	H.R. 3413	233	122		66	34	Thursday.
118	81/07/09	Motion to Limit Debate	Stratton	H.R. 3519	193	213		48	52	Thursday.
49	81/05/19	Suspend Rules and Pass	Stratton	H.R. 2098	334	65		84	16	Tuesday.
290	81/11/04	do	Stratton	H.R. 3464	366	21		95	5	Wednesday.
51	81/05/20	Agreeing to Conference Report	Studds	H. Con. Res. 115	244	155		61	39	Wednesday.
176	81/07/29	Agreeing to the Amendment	Udall	H.R. 4269	144	288	1	33	67	Wednesday.
309	81/11/17	Agreeing to Conference Report	Vento	S. 815	335	61		85	15	Tuesday.
137	81/07/16	Agreeing to the Amendment	Vento	H.R. 3519	101	316		24	76	Thursday.
187	81/07/31	Ordering the Previous Question	Vento	H.R. 4331	271	151		64	36	Friday.
94	81/06/23	Passage	Vento	H.R. 2614	360	50		88	12	Tuesday.
39	81/05/12	Agreeing to the Amendment	Volkmer	H.R. 3512	272	126		68	32	Tuesday.
107	81/06/25	Agreeing to the Resolution	Volkmer	H.R. 3982	214	208		50.7	49.3	Thursday.
356	81/12/11	Passage	Volkmer	H.R. 4559	199	166		55	45	Friday.
268	81/10/20	Resolving into Committee	Volkmer	H.R. 3603	384	3	1	99	1	Tuesday.
322	81/11/19	Agreeing to Conference Report	Walker	H.R. 3413	335	55		86	14	Thursday.

ROLLCALL VOTES (JANUARY 5, 1981, THROUGH DECEMBER 11, 1981) LISTED ALPHABETICALLY—BY MEMBER REQUESTING THE ROLLCALL—Continued

Roll	Date	Type of Vote	Requester	Bill	Yea	Nay	Present	Percent		Day
								Yea	Nay	
146	81/07/21	Agreeing to the Amendment	Walker	H.R. 4034	152	264		37	63	Tuesday.
192	81/09/09	do	Walker	H.R. 4169	333	54		86	14	Wednesday.
222	81/09/23	do	Walker	H.R. 1520	401	5		99	1	Wednesday.
274	81/10/22	do	Walker	H.R. 3603	147	251		37	63	Thursday.
305	81/11/17	Agreeing to the Amendments	Walker	H.R. 1797	353	0	4	100	0	Tuesday.
9	81/02/05	Agreeing to the Resolution	Walker	H.Res. 54	333	67		83	17	Thursday.
155	81/07/23	do	Walker	H.Res. 178	274	131		68	32	Thursday.
300	81/1/16	do	Walker	H.Res. 271	197	169		54	46	Monday.
303	81/11/16	do	Walker	H.J.Res. 357	195	187		51	49	Monday.
340	81/12/09	do	Walker	H. Res. 291	250	151		62	38	Wednesday.
8	81/02/05	Approving the Journal	Walker		367	10	6	97	3	Thursday.
24	81/04/28	do	Walker		321	7	4	98	2	Tuesday.
71	81/06/11	do	Walker		342	13	2	96	4	Thursday.
75	81/06/16	do	Walker		366	10	2	97	3	Tuesday.
96	81/06/24	do	Walker		344	16	1	96	4	Wednesday.
108	81/06/26	do	Walker		346	37	3	90	10	Friday.
167	81/07/28	do	Walker		379	14	2	96	4	Tuesday.
173	81/07/29	do	Walker		350	24	1	94	6	Wednesday.
201	81/09/15	do	Walker		366	12	1	97	3	Tuesday.
225	81/10/01	do	Walker	H.R. 3210	294	71	1	81	19	Thursday.
295	81/11/12	do	Walker		337	8	1	98	2	Thursday.
298	81/11/16	do	Walker		303	8	1	97	3	Monday.
308	81/11/17	do	Walker		336	49	2	87	13	Tuesday.
307	81/11/17	Motion to Adjourn	Walker		188	172		52	48	Tuesday.
97	81/06/24	Passage	Walker	S. 1124	375	16		96	4	Wednesday.
206	81/09/16	do	Walker	H.J.Res. 325	281	107		72	28	Wednesday.
38	81/05/12	Quorum	Walker				362			Tuesday.
90	81/06/18	Recommit With Instructions	Walker	H.R. 3480	165	221		43	57	Thursday.
30	81/05/05	Resolving into Committee	Walker	H.Con.Res. 115	379	3	3	99	1	Tuesday.
99	81/06/24	do	Walker	H.R. 3238	385	16	1	96	4	Wednesday.
123	81/07/10	do	Walker	H.R. 3519	370	2		99	1	Friday.
150	81/07/22	do	Walker	H.R. 4035	383	3	1	99	1	Wednesday.
270	81/10/21	do	Walker	H.R. 3603	386	2		99	1	Wednesday.
15	81/03/10	Suspend Rules and Pass	Walker	H.R. 2166	373	0	2	100	0	Tuesday.
48	81/05/19	do	Walker	S. 730	384	5		99	1	Tuesday.
168	81/07/28	do	Walker	H.R. 1311	321	98		77	23	Tuesday.
110	81/06/26	Agreeing to Conference Report	Waxman	H.R. 3520	412	4	15	99	1	Friday.
269	81/10/20	Agreeing to the Amendment	Weaver	H.R. 3603	138	270		34	66	Tuesday.
153	81/07/22	Passage	Weaver	H.R. 4035	358	46		89	11	Wednesday.
163	81/07/24	do	Weaver	H.R. 4144	244	104		70	30	Friday.
151	81/07/22	Agreeing to the Amendment	Weber (MN)	H.R. 4035	177	236	1	43	57	Wednesday.
221	81/09/23	do	Weber (MN)	H.R. 1520	245	161		60	40	Wednesday.
220	81/09/23	Quorum	Weber (MN)	H.R. 1520			383			Wednesday.
311	81/11/18	Agreeing to Conference Report	Weiss	H.R. 3454	370	22		95	5	Wednesday.
73	81/06/11	Agreeing to the Amendment	Weiss	H.R. 3413	88	293		23	77	Thursday.
134	81/07/16	do	Weiss	H.R. 3519	125	290		30	70	Thursday.
25	81/04/30	Approving the Journal	Weiss		371	12	1	97	3	Thursday.
336	81/11/23	Agreeing to the Resolution	Whitten	H.J. Res. 368	367	26		93	7	Monday.
83	81/06/17	Agreeing to the Amendment	Wilson	H.R. 3480	241	167		59	41	Wednesday.
200	81/09/10	do	Wilson	H.R. 4209	204	188	1	52	48	Thursday.
223	81/09/23	Passage	Winn	H.R. 1520	262	149		64	36	Wednesday.
95	81/06/23	Agreeing to the Amendment	Wirth	H.R. 3238	146	265		36	64	Tuesday.
102	81/06/24	Passage	Wirth	H.R. 3238	323	86		79	21	Wednesday.
19	81/03/26	Quorum	Wright				372			Thursday.
145	81/07/21	Suspend Rules and Agree	Wright	H. Res. 181	405	13		97	3	Tuesday.
279	81/10/27	Resolving into Committee	Wylie	H.R. 4503	382	4	1	99	1	Tuesday.
149	81/07/21	Agreeing to the Amendment	Yates	H.R. 4035	96	320		23	77	Tuesday.
41	81/05/13	Motion to Instruct Conferees	Yates	H. Con. Res. 115	247	162		60	40	Wednesday.
349	81/12/10	Passage	Yates	H.J. Res. 370	218	197		53	47	Thursday.
292	81/11/05	Quorum	Yates				363			Thursday.
297	81/11/12	Recommit Conference Report	Yates	H.R. 4035	199	199		50.0	50.0	Thursday.
213	81/09/22	Suspend Rules and Agree	Zablocki	H. Con. Res. 183	200	198		50.3	49.7	Tuesday.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. AUCOIN (at the request of Mr. WRIGHT), for December 14 and today, on account of illness.

Mrs. SCHROEDER (at the request of Mr. WRIGHT), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HUNTER) to revise and extend their remarks and include extraneous material:)

Mr. GUNDERSON, for 30 minutes, today.

Mr. CARNEY, for 10 minutes, today.

Mr. CORCORAN, for 10 minutes, today.

Mr. GILMAN, for 30 minutes, December 16, 1981.

Mr. WALKER, for 30 minutes, today.

(The following Members (at the request of Mr. HIGHTOWER) to revise and extend their remarks and include extraneous material:)

Mr. RODINO, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COELHO, for 5 minutes, today.

Mr. HIGHTOWER, for 5 minutes, today.

Ms. FERRARO, for 60 minutes, today.

Mr. DE LA GARZA, for 30 minutes, today.

Mr. WAXMAN, for 5 minutes, today.

Mr. BEREUTER, at his own request, to revise and extend his remarks and include extraneous material.

Mr. BEREUTER for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mrs. ROUKEMA, immediately preceding the vote on conference report on H.R. 4995, today.

Mr. DANIELSON and to include extraneous material notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,920.

Mr. VENTO, prior to the vote on the conference report on H.R. 4995.

Mr. ANDERSON to revise and extend his remarks and that the remarks appear in the RECORD immediately prior to the vote on agreeing to the Senate amendment to H.R. 3210.

(The following Members (at the request of Mr. HUNTER) and to include extraneous matter:)

Mr. VANDER JAGT.

Mr. PARRIS in two instances.

Mrs. FENWICK.

Mr. WINN.

Mr. DERWINSKI in two instances.

Mr. LAGOMARSINO.

Mr. LENT.

Mr. ATKINSON.

Mr. LEBOUTILLIER.
Mr. SHAW.
Mr. GREEN.
Mr. YOUNG of Alaska.
Mr. REGULA.
Mr. CONTE.
Mr. FISH.
Mr. WORTLEY.
Mr. MORRISON in three instances.
Mr. MILLER of Ohio.

(The following Members (at the request of Mr. HIGHTOWER) and include extraneous matter:)

Mr. ECKART.
Mr. KASTENMEIER in two instances.
Mr. SHAMANSKY.
Mr. MATSUI.
Mr. MOFFETT in three instances.
Mr. RODINO in two instances.
Mr. ROE in two instances.
Mr. CLAY in three instances.
Mr. COELHO.
Mr. SOLARZ in three instances.
Mr. MINETA in two instances.
Mr. OBERSTAR.
Mr. MINISH.
Mr. GEPHARDT.
Mr. OTTINGER in two instances.
Mr. DYSON.
Mr. MCDONALD in five instances.
Mr. LAFALCE
Mr. MURTHA.
Mr. RAHALL.
Mr. WAXMAN in two instances.
Mr. HOYER.
Mr. YATRON.
Mr. SCHROEDER in two instances.
Mrs. BYRON.
Mr. RATCHFORD.
Mr. AKAKA.
Mr. DE LUGO.
Mr. GARCIA.

SENATE BILL AND JOINT RESOLUTIONS REFERRED

Bill and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1131. An Act to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes; to the Committee on Government Operations.

S.J. Res. 118. Joint resolution to authorize and request the President to designate the month of January 1982 as "National Cerebral Palsy Month"; to the Committee on Post Office and Civil Service.

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day"; to the Committee on Post Office and Civil Service.

S.J. Res. 136. To validate the effectiveness of a plan for the use or distribution of funds appropriated to pay a judgment awarded to the San Carlos Tribe of Arizona; to the Committee on Interior and Insular Affairs.

ENROLLED BILLS SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4209. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes; and

H.R. 4845. An act to designate the building known as the Lincoln Federal Building and Courthouse in Lincoln, Nebr. as the "Robert V. Denney Federal Building and Courthouse."

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1003. An act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983, and for other purposes; and

S. 1948. An act to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, other than farm credit system institutions, to borrow from and discount with Federal intermediate credit banks.

ADJOURNMENT

Mr. BEDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 45 minutes p.m.), the House adjourned until tomorrow, Wednesday, December 16, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2688. A letter from the Comptroller General of the United States, transmitting his review of the deferral of budget authority contained in the message from the President dated November 13, 1981 (H. Doc. No. 97-110), pursuant to section 1014(b) of Public Law 93-344 (H. Doc. No. 97-122); to the Committee on Appropriations and ordered to be printed.

2689. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the commissary shelf stocking and custodial services function at Randolph Air Force Base, Tex., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

2690. A letter from the Assistant Secretary for Administration, Smithsonian Institution, transmitting the annual pension plan report for the Smithsonian Institution and the Woodrow Wilson International Center for Scholars, covering calendar year 1980, pursuant to section 121(a)(2) of the Budget and Accounting Procedures Act of 1950, as amended; to the Committee on Government Operations.

2691. A letter from the Acting Secretary of the Interior, transmitting the annual report on the oil and gas leasing program for non-North Slope Federal lands in Alaska, pursuant to section 1008 of Public Law 96-487; to the Committee on Interior and Insular Affairs.

2692. A letter from the Acting Deputy Assistant Secretary of the Interior for Indian Affairs, transmitting a report on cancellations and adjustments of reimbursable charges of the Government of the United States existing as debts against individual Indians or tribes of Indians during fiscal year 1980, pursuant to the act of July 1, 1932; to the Committee on Interior and Insular Affairs.

2693. A letter from the Chairman, U.S. Nuclear Regulatory Commission, transmitting a draft of proposed legislation to amend the Atomic Energy Act of 1954, as amended, to authorize the U.S. Nuclear Regulatory Commission to alleviate certain costs to resident inspectors arising from their relocation; to the Committee on Interior and Insular Affairs.

2694. A letter from the Administrator, National Aeronautics and Space Administration, transmitting notice of the proposed demonstration in late 1983 of the Space Shuttle's capability to rendezvous with spacecraft and retrieve them using the remote manipulator system arm, pursuant to section 4(3) of the NASA Authorization Act, 1982; to the Committee on Science and Technology.

2695. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to annul the requirement that the Secretary of Health and Human Services appoint an Advisory Council on Social Security during 1981; to the Committee on Ways and Means.

2696. A letter from the Chairman, National Transportation Safety Board, transmitting the Board's letter appealing the OMB's proposed budget allowance for fiscal year 1983, pursuant to section 304(b)(7) of Public Law 93-633; jointly, to the Committees on Appropriations and Public Works and Transportation.

2697. A letter from the Comptroller General of the United States, transmitting a report on problems with the M-1 tank's power train (MASAD-82-7, December 15, 1981); jointly, to the Committees on Government Operations and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ADDABBO: Committee of conference. Conference report on H.R. 4995 (Rept. No. 97-410). Ordered to be printed.

Mr. FUQUA: Committee on Science and Technology. H.R. 5016. A bill to establish a Federal policy with respect to the disposal of high-level radioactive waste from civilian nuclear activities, to provide for the construction, operation, and maintenance of waste disposal facilities, to provide for a program of nuclear waste and spent fuel research and development, and for other purposes with amendments (Rept. No. 97-411, Pt. I). Ordered to be printed.

Mr. BROOKS: Committee on Government Operations. Report on improving the administration of the civil service disability retirement program (Rept. No. 97-412). Re-

ferred to the Committee of the Whole House on the State of the Union.

Mr. ZABLOCKI: Committee of conference. Conference report on S. 1196 (Rept. No. 97-413). Ordered to be printed.

Mr. RODINO: Committee on the Judiciary. H.R. 4353. A bill to amend the act entitled "An Act to establish a uniform Law on the Subject of Bankruptcies," approved November 6, 1978 (Rept. No. 97-414). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary H.R. 5116. A bill to amend the act of November 6, 1978, with respect to certain fees charged under the Bankruptcy Act (Rept. No. 97-415). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAFALIS:

H.R. 5217. A bill to amend the Internal Revenue Code of 1954 to limit the maximum rate of interest charged on certain deferred payments of estate taxes and certain recapture taxes; to the Committee on Ways and Means.

By Mr. COELHO:

H.R. 5218. A bill to amend title 18 of the United States Code to prohibit the production and knowing possession of false documents or papers of the United States, and the use of false information in obtaining any official document or paper of the United States which includes a statement or other indication of identification or U.S. nationality; to the Committee on the Judiciary.

By Mr. CONTE:

H.R. 5219. A bill to designate certain lands as wilderness; to the Committee on Interior and Insular Affairs.

By Mr. CORCORAN:

H.R. 5220. A bill to amend the Public Utility Holding Company Act of 1935 to improve financial performance of electric and gas utilities by removing unnecessary regulatory impediments to the exercise of sound and prudent business judgment by utility executives; to the Committee on Energy and Commerce.

By Mr. DONNELLY:

H.R. 5221. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for tuition and fees for elementary and secondary education; to the Committee on Ways and Means.

H.R. 5222. A bill to amend the Age Discrimination Act of 1967 to permit a trial by jury in any action brought against a Federal agency under such act; jointly, to the Committees on the Judiciary and Education and Labor.

By Mr. DUNCAN:

H.R. 5223. A bill to exempt certain fixed contribution multiemployer pension plans from title IV of the Employee Retirement Income Security Act of 1974; to the Committee on Education and Labor.

By Ms. FENWICK:

H.R. 5224. A bill to provide equitable, comprehensive, and exclusive benefits in the case of persons whose disabilities or deaths are the result of asbestos-related diseases associated with their employment, and for other purposes; to the Committee on Education and Labor.

By Ms. FERRARO (for herself and Mr. PEPPER):

H.R. 5225. A bill to amend title XVIII of the Social Security Act to compensate the social security trust funds for payroll tax receipts that are lost when the unemployment rate is above 6 percent; to the Committee on Ways and Means.

By Mr. GRADISON:

H.R. 5226. A bill to amend part A of title IV of the Social Security Act to authorize States, with Federal matching under the AFDC program, to encourage and assist individuals receiving aid under that program in achieving self-support by making private health insurance reasonably available to such individuals when their income rises to the point where they are no longer entitled to such aid and as a consequence they lose their medicaid eligibility; to the Committee on Ways and Means.

By Mr. HUGHES:

H.R. 5227. A bill to amend title 18 of the United States Code with respect to extradition, and for other purposes; to the Committee on the Judiciary.

By Mr. HUGHES (for himself, Mr. RODINO, and Mr. MCCLORY):

H.R. 5228. A bill to amend title 18 of the United States Code to implement the Convention on the Physical Protection of Nuclear Material, and for other purposes; to the Committee on the Judiciary.

By Mr. LOWERY of California (for himself, Mr. HUNTER, Mr. BURGENER, Mr. ANDERSON, Mr. GINGRICH, Mr. WOLF, Mr. MCGRATH, Mr. DORNAN of California, Mr. LEBOUTILLIER, Mr. LOWRY of Washington, Mr. HYDE, and MR. MINETA):

H.R. 5229. A bill to amend the Internal Revenue Code of 1954 to allow individuals an income tax credit for certain aircraft noise insulation expenditures; to the Committee on Ways and Means.

By Mr. MATSUI (for himself, Mr. ROUSSELOT, Mr. COELHO, Mr. FAZIO, Mr. MOORHEAD, Mr. PANETTA, Mr. PASHAYAN, and Mr. SHUMWAY):

H.R. 5230. A bill to amend the Internal Revenue Code of 1954 relating to the treatment under the DISC rules of fungible products marketed through pooling arrangements of cooperative associations; to the Committee on Ways and Means.

By Mr. OTTINGER:

H.R. 5231. A bill to authorize the issuance of variable-rate debentures by the Federal Deposit Insurance Corporation and Federal Savings and Loan Insurance Corporation; to the Committee on Banking, Finance and Urban Affairs..

H.R. 5232. A bill to provide additional authority to the Board of Directors of the Federal Deposit Insurance Corporation to assist the Board in maintaining the stability of insured banks; to the Committee on Banking, Finance and Urban Affairs.

H.R. 5233. A bill to amend the Internal Revenue Code of 1954 to clarify the tax treatment of thrift partnerships, and for other purposes; to the Committee on Ways and Means.

By Mr. PURSELL:

H.R. 5234. A bill to amend section 1304 of the Internal Revenue Code of 1954 relating to income tax returns of married individuals; to the Committee on Ways and Means.

By Mr. RODINO (for himself, Mr. BROOKS, Mr. BUTLER, Mr. EDWARDS of California, Mr. EVANS of Georgia, Mr. HUGHES, Mr. HYDE, Mr. MAZZOLI, Mr. MCCLORY, Mr. MOORHEAD, Mr. RAILSBACK, and Mr. SEIBERLING):

H.R. 5235. A bill to amend the Sherman Act, the Clayton Act, and the Federal Trade Commission Act to exclude from the application of such acts certain conduct involving exports; to the Committee on the Judiciary.

By Mr. SOLARZ:

H.R. 5236. A bill to authorize the Secretary of the Army, acting through the Chief of Engineers, to construct the project to control beach erosion and provide storm protection along the Atlantic coast of New York City from Rockaway Inlet to Norton Point; to the Committee on Public Works and Transportation.

By Mr. SOLOMON:

H.R. 5237. A bill to direct the President to impose certain limitations on the amount of milk protein products that may be imported into the United States; to the Committee on Ways and Means.

By Mr. WAXMAN (for himself, Mr. WEISS, Mr. WALGREN, Mr. WYDEN, Mr. MOFFETT, Mr. LELAND, Mr. OTTINGER, Mr. WIRTH, Mr. MOTTL, Mr. AKAKA, Mr. BARNES, Mr. BEILENSON, Mr. DIXON, Mr. SHAMANSKY, and Mr. TAYLOR):

H.R. 5238. A bill to amend the Federal Food, Drug, and Cosmetic Act to facilitate the development of drugs for rare diseases and conditions, and for other purposes; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. FOLEY:

H.J. Res. 377. Joint resolution providing for the convening of the 2d session of the 97th Congress; considered and passed.

By Mr. BRINKLEY:

H.J. Res. 378. Joint resolution to extend deepest gratitude and heartfelt thanks to Dr. Solomon Garb for his national leadership role in the war against cancer; to the Committee on Post Office and Civil Service.

By Mr. ZABLOCKI (for himself, Mr. WRIGHT, Mr. MICHEL, Mr. BROOMFIELD, Mr. DERWINSKI, Mr. FOUNTAIN, Mr. FASCELL, Mr. ROSENTHAL, Mr. HAMILTON, Mr. BINGHAM, Mr. YATRON, Mr. SOLARZ, Mr. BONKER, Mr. STUDDS, Mr. IRELAND, Mr. MICA, Mr. BARNES, Mr. WOLPE, Mr. SHAMANSKY, Mr. GEJDENSON, Mr. DYMALLY, Mr. ECKART, Mr. LANTOS, Mr. BOWEN, Mr. WINN, Mr. GILMAN, Mr. GOODLING, Mr. LEACH of Iowa, and Mrs. SNOWE):

H. Con. Res. 240. Concurrent resolution reaffirming the support of the Congress of the United States for the people of Poland; considered and agreed to.

By Mr. MURTHA:

H. Res. 305. Resolution amending the Rules of the House of Representatives to increase the amount of outside earned income which a Member may accept, and for other purposes; considered and agreed to.

MEMORIALS

Under clause 4 of rule XXII,

235. The SPEAKER presented a memorial of the Senate of the Commonwealth of Massachusetts, relative to the Clean Air Act; to the Committee on Energy and Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DANIELSON:

H.R. 5239. A bill for the relief of the Virginia-Pilot and the Ledger-Star; to the Committee on the Judiciary.

By Mr. SOLARZ:

H.R. 5240. A bill for the relief of Chaim Tal, his wife, Lucyna, and their children, Danny, Ronit, and Ilanit; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 323: Mr. BROWN of Colorado.

H.R. 808: Mr. SEIBERLING, Ms. OAKAR, Mr. JAMES K. COYNE, Mr. BEREUTER, and Mr. EARLY.

H.R. 1362: Mr. WYLIE, Mr. ADDABBO, Mr. BENNETT, Mrs. HECKLER, Mr. BUTLER, Mr. GONZALEZ, Mr. BLANCHARD, and Mr. DORGAN of North Dakota.

H.R. 1649: Mr. STUMP.

H.R. 2250: Mr. HARKIN.

H.R. 2488: Mr. BRINKLEY, Mrs. ROUKEMA, Mr. COELHO, Mr. HARKIN, and Mr. FARY.

H.R. 3269: Mrs. MARTIN of Illinois, Mr. MADIGAN, Mr. DENARDIS, Mr. HOLLAND, Mr. LUNGREN, Mr. SHELBY, Mr. HENDON, and Mr. APPLEGATE.

H.R. 3429: Mr. LOWRY of Washington.

H.R. 3575: Mr. DELLUMS, Mr. SAM B. HALL, Jr., Mr. PICKLE, and Mr. WILSON.

H.R. 3767: Mr. WYDEN, Mr. BAILEY of Pennsylvania, Mr. VENTO, Mr. BAFALIS, Mr. EVANS of Georgia, Mr. ANTHONY, Mr. SIMON, and Mr. DORGAN of North Dakota.

H.R. 3984: Mr. ROSE.

H.R. 4139: Mr. NEAL.

H.R. 4326: Mr. CORCORAN and Mr. FASCELL.

H.R. 4438: Mr. DUNCAN, Mr. EMERY, Mr. YOUNG of Alaska, Mrs. HOLT, Mr. TAYLOR, Mr. ROBERT W. DANIEL, Jr., Mr. WHITEHURST, Mr. MARLENEE, Mr. SHUMWAY, Mr. MCDONALD, Mr. LATTA, and Mr. CHENEY.

H.R. 4467: Mr. PERKINS and Ms. FERRARO.

H.R. 4507: Mr. HUGHES, Mr. DORGAN of North Dakota, Mr. DYSON, Mr. FORSYTHE, and Ms. MIKULSKI.

H.R. 4554: Mr. MCDONALD.

H.R. 4562: Mr. GEJDENSON.

H.R. 4673: Mr. SMITH of Oregon.

H.R. 4709: Mr. BROOMFIELD.

H.R. 4728: Mr. LEBOUTILLIER, Mr. HUTTO, Mr. HUGHES, Mr. JEFFRIES, Mr. BUTLER, Mr. FLIPPO, and Mr. BEDELL.

H.R. 4784: Mr. MCDADE.

H.R. 4796: Mr. ATKINSON, Mr. DERWINSKI, and Mr. NATCHER.

H.R. 4808: Mr. STUMP, Mr. JAMES K. COYNE, Mr. MCCOLLUM, Mr. UDALL, Mr. DICKINSON, Mr. MINETA, Mr. WAMPLER, Mr. ROBINSON, Mr. BLILEY, Mr. DORNAN of California, Mr. TAYLOR, Mr. FRENZEL, Mr. SUNIA, Mr. GINGRICH, Mr. ADDABBO, Mr. RINALDO, Mr. RITTER, Mr. LUNDINE, and Mr. HARTNETT.

H.R. 4869: Mrs. COLLINS of Illinois, Mr. MITCHELL of Maryland, Mr. CHAPPELL, and Mr. SOLOMON.

H.R. 4928: Mr. GOODLING and Mr. MILLER of Ohio.

H.R. 4930: Mr. BOWEN.

H.R. 4952: Mr. GAYDOS, Mr. GILMAN, and Mr. ERTEL.

H.R. 4999: Mr. LIVINGSTON, Mr. MORRISON, Mr. PHILIP M. CRANE, Mr. BARNARD, Mr. CLAUSEN, and Mr. GOODLING.

H.R. 5004: Mr. ERDAHL, Mr. MATSUI, and Mr. WILLIAMS of Ohio.

H.R. 5005: Mr. MARKEY, Mr. SKELTON, Mr. ECKART, Mr. DONNELLY, Mr. SHANNON, Mrs. HECKLER, Mr. BRINKLEY, Mr. HERTEL, Mr. DERWINSKI, and Mr. MINETA.

H.R. 5126: Mr. MONTGOMERY, Mr. ROE, Mr. WHITTEN, Mr. OTTINGER, Mr. BEVILL, Mrs. HOLT, and Mr. TAYLOR.

H.R. 5133: Mr. KILDEE, Mr. BLANCHARD, Mr. YOUNG of Missouri, Mr. BONIOR of Michigan, Mr. BENJAMIN, Mr. HALL of Ohio, Mr. MITCHELL of Maryland, Mr. FROST, and Mr. HERTEL.

H.R. 5135: Mr. HUBBARD, Mr. BEARD, Mr. ROSE, Mr. MITCHELL of Maryland, Mr. GINGRICH, Mr. HEFTEL, Mr. SKELTON, Mr. MATSUI, Mr. JACOBS, Mr. DICKS, Mr. HOYER, Mrs. SNOWE, Mr. AKAKA, Mr. WINN, Mr. VOLKMER, Mr. FLIPPO, Mr. LUKEN, Mr. LOWRY of Washington, Mr. NEAL, Mr. ANDREWS, Mr. BONKER, Mr. FRANK, Mr. SHUMWAY, Mr. YOUNG of Missouri, Mr. RAHALL, Mr. PHILIP M. CRANE, Mr. WEAVER, Mr. ATKINSON, Mr. ANNUNZIO, Mrs. BOUQUARD, Mr. ANDERSON, Mr. GARCIA, Mr. JEFFRIES, Mrs. HOLT, Mr. BLILEY, Mr. DIXON, Mr. STUDDS, Mr. CORRADA, Mr. ROBINSON, Mr. RICHMOND, Mr. Gephardt, Mr. LOWERY of California, Mr. FORSYTHE, and Mr. UDALL.

H.J. Res. 293: Mr. MARTIN of New York, Mr. EARLY, Mr. JAMES K. COYNE, Mr. SPENCE, and Mr. CLAUSEN.

H.J. Res. 354: Mr. DOWNEY, Mr. WEAVER, Mr. MOLLOHAN, Mr. SIMON, Mrs. FENWICK, Mr. SYNAR, Mr. BRINKLEY, Mr. BINGHAM, Mrs. SNOWE, Mr. JOHN L. BURTON, Mr. YOUNG of Missouri, and Mr. EVANS of Iowa.

H. Con. Res. 192: Mr. GUARINI.

H. Con. Res. 205: Mr. UDALL.

H. Con. Res. 207: Mr. GUARINI.

H. Con. Res. 222: Mr. HENDON, Mr. EDGAR, Mr. YATRON, Mr. DASCHLE, Mr. WOLF, Mr. DOWDY, and Mr. TAYLOR.

H. Res. 297: Mr. STANGELAND, Mr. EVANS of Indiana, Mr. LEWIS, Mr. DOUGHERTY, Mr. MURTHA, Mr. STUDDS, Mr. HEFNER, Mr. EDGAR, Mr. YATRON, Mr. DASCHLE, Mr. ROE, Mr. FOWLER, Mr. HARKIN, Mr. KOGOVSEK, and Mr. WILSON.

H. Res. 304: Mr. DAUB, Mr. MICHEL, Mr. CHENEY, Mr. RAILSBACK, Mr. HYDE, Mr. FINDLEY, Mr. BAILEY of Pennsylvania, Mr. MITCHELL of Maryland, Mr. MAVROULES, Mr. HILER, Mr. COATS, Mr. SMITH of New Jersey, Mr. CARMAN, Mr. MOLINARI, Mr. NAPIER, Mr. WAMPLER, Mr. BETHUNE, Mr. TAUKE, Mr. PORTER, Mr. ALBOSTA, Mr. SOLOMON, Mr. DANNEMEYER, Mr. STATON of West Virginia, Mr. LEBOUTILLIER, Ms. FIEDLER, Mr. LEWIS, Mr. DENARDIS, Mrs. HECKLER, Mr. LOTT, Mr. EDGAR, Mr. FOGLIETTA, Mr. MCDADE, Mrs. SCHROEDER, Mr. LEACH of Iowa, Mr. ATKINSON, Mr. BOLAND, Mr. RICHMOND, Mr. ROE, Mr. YATRON, Mr. CORCORAN, Mr. FORSYTHE, Mr. DWYER, Mr. TRAXLER, Mr. LOWERY of California, Mr. GEJDENSON, Mr. HUNTER, Mr. FARY, Mr. GRISHAM, Mr. LANTOS, Mr. CONYERS, Mr. MOORHEAD, Mr. SANTINI, Mr. OBERSTAR, Mr. BRODHEAD, Mr. DONNELLY, and Mr. FISH.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

302. By the SPEAKER: Petition of the national convention, Military Order of Foreign Wars of the United States, Baltimore, Md., relative to selective service; to the Committee on Armed Services.

303. Also, petition of the Board of Aldermen, St. Louis, Mo., relative to the Voting Rights Act of 1965; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

SENATOR RANDOLPH COMMENDS CITIZEN LEADERS FOR COMMUNITY IMPROVEMENT PROGRAMS

HON. QUENTIN N. BURDICK

OF NORTH DAKOTA

IN THE SENATE OF THE UNITED STATES

Tuesday, December 15, 1981

● Mr. BURDICK. Mr. President, I call attention to the tribute paid December 10, by our colleague from West Virginia, Senator JENNINGS RANDOLPH, who addressed 400 citizen leaders from outstanding community improvement programs in the country being honored at the National Awards Luncheon of Keep America Beautiful, Inc.

Keep America Beautiful, Inc., a nonprofit public service organization supported by more than 140 companies, trade associations and labor unions, recognized more than 80 of these programs. They were selected for these national awards by an independent panel of judges because of their success in achieving litter reductions and improvements in waste handling through voluntary means.

Senator RANDOLPH praised the leadership of Keep America Beautiful, Inc., notably Chairman Jack K. Paquette, vice president and assistant to the chairman of Owens-Illinois, Inc., and KAB president Roger W. Powers.

He noted the significant contributions of KAB's Clean Community System. The CCS changes personal attitudes toward the handling of waste, and is now operating in 241 cities and counties in 36 States. More than 25 million Americans live in these communities, and litter reductions of up to 80 percent are being achieved.

From the Senator's own State, three outstanding programs were recognized: the Stratton Conservation Club in Beckley, the West Virginia Youth Conservation Program and the Weirton Steel Division of the National Steel Corp.

His remarks on the importance of individual involvement in keeping America beautiful were well received by this prestigious audience. He is, of course, well known to them as one of the strongest supporters of KAB and the CCS. He was one of the first citizen members of Keep America Beautiful, and in his leadership role on the Senate Committee for Environment and Public Works, he has come to symbolize, for the thousands in the KAB movement, a positive outlook on the Nation's waste management needs.

Mr. President, I ask unanimous consent that Senator RANDOLPH's remarks be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR JENNINGS RANDOLPH

Ladies and gentlemen, members and directors, award winners and friends. It is a privilege to join you again, in a KAB meeting. We mark the successes and achievements of this year in the movement to keep America beautiful. My salute to the many award winners.

Forgive my singling out three excellent programs from the State of West Virginia:

The Governor's Office of Economic and Community Development, as you heard, has won a Keep America Beautiful Day Award for its statewide effort this spring. Lesley Nall, please communicate our congratulations to everyone in your Agency and to Governor Rockefeller for this fine achievement.

West Virginia won two first-place honors in the national awards competition—no surprise to me, of course, because they're first-rate programs. I know that the Stratton Conservation Club in Beckley has won two third-place awards and two second-place awards in past years. Charlie Sergent, I am delighted your club has made it to the top.

The Youth Conservation Program of the West Virginia Department of Natural Resources won a first-place award. Maxine Scarbro, I know you worked earnestly for that program. Your efforts are valued by everyone in the Keep America Beautiful movement.

I don't have to convince you about the importance of the solid waste problem. You are solving it. That may not have been exactly what you had in mind when you began working in "beautification," "fighting litter" or "recycling." Each of those goals is ultimately and inextricably tied to the absolute necessity of planning carefully how we manage and make room for the solid wastes emanating from everyday life. Everything from the three or four bundles of household garbage we place in the trash to the millions of tons of industrial wastes from factories must be disposed of in the safest, most efficient way possible.

The Keep America Beautiful Clean Community System, which we have watched grow to include 241 cities and counties in 6 years, is a shining example of a carefully planned, comprehensive approach to managing solid waste on a number of levels. It educates the individual, encouraging proper disposal of household trash. CCS approaches businesses in the community to containerize their commercial wastes, and encourage their customers to also be litter conscious. It works with the town's public works and sanitation departments, suggesting new and more efficient methods of waste management and inspiring employees to excel in their work. CCS recommends efficient waste handling practices to be used by workers in industry and construction. And while doing this, the CCS program enlists the aid of each of these groups, with civic and social organizations, to work together to make the entire community aware of what must be done to improve the quality of life.

America, as it moves forward among the nations, can only be strong if her people are strong. What happens at the grassroots is what counts; all of you have demonstrated this, through your participation in these programs. People can, and should, do more for themselves. The award winners are abundant proof of that: they stand as models of what can be accomplished in every community, large or small, urban or rural.

Voluntarism responds to the call for increased participation of the individual in deciding the destiny of his community, and ultimately, his country. You award winners have already risen to the challenge, taking the lead in determining the future of your communities. A rebirth of individual responsibility is needed in America. But for each and every award-winning program here, no matter how great and wide-ranging its success, there is work to do. When you leave today and return to your own States, and counties, and communities, you will find waiting for you new problems, new obstacles, new challenges. Judging from the caliber of programs, of volunteers, of dedicated leaders today, I know that the difficulties will be faced squarely. Innovative, creative solutions to the problems will be applied. I am sure those attending this meeting will return to their tasks with a renewed vigor, strengthened by the well-deserved recognition they have received, and heartened by the outstanding examples they have seen here.

I, again, salute the many worthwhile programs represented here and the people who make them work. I commend Keep America Beautiful, Inc. for its part in inspiring dedication and commitment to the improvement of America.●

FREE WORLD LEADERS KNEW OF HOLOCAUST IN 1943

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. SOLARZ. Mr. Speaker, recently a significant and deeply moving conference was held at the State Department. Organized by the U.S. Holocaust Memorial Council and chaired by the Honorable Elie Wiesel, the International Liberators Conference, October 26-28, was to commemorate the suffering and sacrifice of those who perished in the Nazi concentration camps during World War II, and the liberation of those who survived. In the words of President Reagan the Conference served "as a stark reminder to the world's conscience of what transpired during that period of history and will strengthen our resolve to prevent mankind from sinking into that ultimate horror again."

Conference participants came from many lands, including both those who

liberated the camps, and those victims of the Nazi terror who still lived. I had the opportunity to attend the Conference and I shall not try to relate here my own reactions. Suffice it to say that the Conference was unique in my experience.

However, I do wish to call to the attention of my colleagues one exceptionally important speech which was delivered at the Conference. The subject under discussion was: "Discovering the 'Final Solution'." In other words, when did the Free World first find out about Nazi plans and actions designed to exterminate the Jews? Was it only after the war had ended, when Allied troops liberated the concentration camps? Or had it been possible for those suffering under Nazi oppression to send out word of the Holocaust even while the war was under way? And if the free world leaders learned of the Holocaust during the war, what action did they take? One speaker was uniquely qualified to answer that question, Dr. Jan Karski, a hero of the Polish underground, a secret emissary to the West, and today a professor at Georgetown University.

Dr. Karski was born in Poland. He entered the diplomatic service of his country, was mobilized in 1939, was taken prisoner by the Soviet Army. He escaped shortly thereafter, and joined the Polish anti-Nazi underground in German-occupied Poland. As an underground courier he made several secret trips to France, Great Britain, and America during the war. During these highly dangerous trips Dr. Karski carried messages and appeals not only from the Polish underground leadership, but also from two Jewish organizations, the Bund and the Zionists. He was authorized to speak for all those groups.

True to that trust he conveyed the desperate appeals and hopes of those he represented. He made clear the plight of the Jews, the terrible dangers which threatened them, and their specific recommendations for free world action on their behalf. Dr. Karski's report reveals some responded favorably to these appeals, and others, to their shame, did not. I will let Dr. Karski's words speak for themselves on that subject. But one thing comes through very clearly: by 1943 free world leaders had been informed of the Holocaust. They knew.

Mr. Speaker, I ask that Dr. Karski's address at the Liberators Conference be included in today's CONGRESSIONAL RECORD.

INTERNATIONAL LIBERATORS CONFERENCE, 1981

The subject "Discovering the 'Final Solution' " requires consideration of the following questions:

What and when did the Western leaders as well as the Western public opinion learn about the Holocaust?

In what way did the information reach them?

What was the reaction? According to evidence?

I, among many, did play a part in this story. In preparing my report I had in mind not only our Conference but historical record, as well.

In the middle of the Summer, 1942 I received a message from the Delegate of the Polish government in exile for the Homeland, Cyril Ratajski, that he approved of my request to be sent secretly to London as a courier for the leaders of political parties organized in the Central Political Committee, and for the Delegate himself. The coming expedition was to be my fourth secret trip between Warsaw-Paris-London.

Sometime in September 1942, the Delegate informed me that the leaders of two Jewish underground organizations: the Socialist Bund and the Zionists learned about my mission and requested permission to use my services for their own communications to their representatives in London; to the Polish government and to the Allied authorities. The Delegate was sympathetic and I agreed.

Soon after, I met the two Jewish leaders on two occasions. They met me jointly to emphasize that their communications were in behalf of all Polish Jews regardless of their political differences. They identified themselves by their functions (naturally, no names). All post-war literature identifies them as Leon Feiner (Bund leader) and Adolf Berman (Zionist). For the record I must add, that an Israeli scholar, Walter Laqueur, in his recently published book, "The Terrible Secret," suggests that the Zionist leader might have been Menahem Kirschenbaum.

The Jewish leaders sent through me various messages, instructions and appeals to various quarters. I selected only those which directly pertain to the subject under discussion. Some other, important ones, I shall regretfully, ignore.

MY MISSION TO THE POLISH AND ALLIED GOVERNMENTS

The umprecedented destruction of the entire Jewish population is not motivated by Germany's military requirements. Hitler and his subordinates aim at the total destruction of the Jews before the war ends and regardless of its outcome. The Polish and Allied governments cannot disregard this reality. The Jews in Poland are helpless. The have no country of their own. They have no independent voice in the Allied councils. They cannot rely on the Polish Underground or population-at-large. They might save some individuals—they are unable to stop the extermination. Only the powerful Allied governments can help effectively.

The Polish Jews appeal to the Polish and Allied Governments to undertake measures in an attempt to stop the extermination.

They place historical responsibility on the Polish and Allied governments if they fail to undertake those measures.

This is what the Jews demand:

A public announcement that prevention of the physical extermination of the Jews become a part of the over-all Allied war strategy;

Informing the German nation through radio, air-dropped leaflets and other means about their government's crimes committed against the Jews. All available data on the Jewish ghettos; concentration and extermination camps; names of the German officials directly involved in the crimes; statistics; facts; methods used should be spelled-out;

Public and formal demand for evidence that such a pressure had been exercised and Nazi practices directed against the Jews stopped;

Placing the responsíbility on the German nation as a whole if they failed to respond and if the extermination continues;

Public and formal announcement that in view of the unprecedented Nazi crimes against the Jews and in hope that those crimes would stop, the Allied governments were to take unprecedented steps: Certain areas and objects in Germany would be bombed in retaliation. German people would be informed before and after each action that the Nazi continued extermination of the Jews prompted the bombing.

Jewish leaders in London, particularly Szmul Zygelbojm (Bund) and Dr. Ignace Szwarcbard (Zionist), are solemnly charged to make all efforts so as to make the Polish government formally forward these demands at the Allied councils.

TO THE PRESIDENT OF THE POLISH REPUBLIC, WLADYSLAW RACZKIEWICZ

Many among those who directly or indirectly contribute to the Jewish tragedy profess their Catholic faith. The Polish and other European Jews sent to Poland feel entitled on humanitarian and spiritual grounds to expect protection of the Vatican. Religious sanctions, excommunication included, are within the Pope's jurisdiction. Such sanctions, publicly proclaimed might have an impact on the German people. They might even make Hitler, a baptized Catholic, to reflect.

Because the nature of this message and the source it came from as well as because of diplomatic protocol's requirements, I was instructed to deliver the message to the President of the Republic only. Let him use his conscience and wisdom in approaching the Pope. I was explicitly forbidden to discuss that subject with the Jewish leaders. Their possible maladroit intervention might be counterproductive.

TO THE PRIME MINISTER AND COMMANDER IN CHIEF, GENERAL WLADYSLAW SIKORSKI, MINISTER OF INTERIOR, STANISLAW MIKOLAJCZYK, ZYGELBOJM AND SZWARCBARD

Although the Polish people at large sympathize or try to help the Jews, many criminals blackmail, rob, denounce or murder the Jews in hiding. The Underground authorities must apply punitive sanctions against them, executions included. In the last case, the identity of the guilty ones and the nature of their crimes should be publicized in the Underground press.

Zygelobjm and Szwarcbard must use all their pressure, so that pertinent instructions would be issued.

In order to avoid any risk of anti-Polish propaganda, I was explicitly forbidden to discuss that subject with any non-Polish Jewish leaders. I was to inform Zygelbojm and Szwarcbard about that part of my instructions.

TO THE ALLIED INDIVIDUAL GOVERNMENT/CIVIC LEADERS AS WELL AS TO INTERNATIONAL JEWISH LEADERS

There is a possibility to save some Jews if money were available. Gestapo is corrupted not only on the low level but also on the medium and even high level. They would cooperate for gold or hard currency. The Jewish leaders are able to make appropriate contacts.

Some Jews would be allowed to leave Poland provided they have original foreign passports. Origins of those passports are un-

important. As large a supply of such passports as possible should be sent. They must be blank. Forged names, identification data, etc., would be overlooked by the German authorities—for money, or course;

Provisions must be made that those Jews who do succeed in leaving Poland would be accepted in the Allied or neutral countries;

Some Jews of not semitic appearance could leave the ghettos, obtain false German documents and live among other Poles under assumed names. Money to bribe the ghetto's guards, various officials like (Arbeitsamt) is needed.

Money, medicines, food, clothing are most urgently needed by the survivors in the ghettos. Subsidies obtained from the Delegate of the Polish government as well as other funds sent through various channels by the Jewish international organizations are totally insufficient. More hard currency, sent without any delay, is a question of life or death for thousands of Jews.

In addition to all the messages I was to carry, both Jewish leaders solemnly committed me to do my utmost in arousing the public opinion in the free world on behalf of the Jews. I solemnly swore, that should I arrive safely in London, I would not fail them.

At the end of the second meeting, the Bund leader confronted me with the following. He knows the English people. My report might seem incredible. My mission would be enhanced if I were able to say that I witnessed the Jewish tragedy. The Jewish Underground does have some contacts, even with Gestapo. They are able to smuggle me to the Warsaw ghetto. They are even able to smuggle me—in disguise—to the Belsec camp. In the ghetto, he himself, would be my guide. In Belsec—a Nazi official would take care of my expedition. Both trips are dangerous—but they are feasible. He has no right to ask me to undertake them. But, "Witold" (my psuedonym at the time) "I know much about you and your work. Would you volunteer to help our Jewish cause?" I agreed.

I visited the Jewish ghetto twice, in the middle of October 1942. A few days later, I visited Belsec—all three trips proved successful. These trips became the last items in collecting data, messages, instructions, complaints of various political leaders in the Underground. Two or three days later, I embarked on my secret journey to London.

Again my trip was successful. It lasted 21 days: Warsaw-Berlin-Brussels-Paris-Lyon-Perpignan-Pyrenees Mountains on foot-Barcelona-Madrid-Algeciras-Gibraltar. A ceremonial dinner with the Governor. A good night sleep. A plane was waiting. In last week of November, 1942, I already began reporting in London. Of course, one must realize that my Jewish reports were only a part of my over-all mission. In addition, I was supposed to go back to Poland—on my fifth mission. The Polish Prime Minister's office which organized all of my contacts asked every individual I had been sent to not to identify me publicly.

As to my Jewish materials, I was not the only informant. Since 1941, secret radio contacts with London functioned. Coded data on the Jewish ghetto's deportations, extermination had been regularly transmitted from Poland to London for information and public distribution. Most of the messages, however, were considered as lacking credibility. The head of the secret radio service, throughout the entire war, was Stefan Korbonski eventually, the last head of the Polish Underground State.

The most important personalities in England to whom I made reports on the Jewish situation (November 1942–June 1943):

(1) The Poles

All government and political leaders; Liaison to Cardinal Hlond (at the time residing in the Vatican); Mgr. Kaczynski; Jewish leaders: Zygelbojm (Bund); Szwarcbard (Zionists); Grosfeld (Socialist).

(2) The English: Four members of the War Cabinet

Anthony Eden, Foreign Secretary; Arthur Greenwood, Labor Party; Lord Cranborne, Conservative Party; Hugh Dalton, President of the Board of Trade. Then: Lord Selbourne, War Office, European underground resistance; Miss Ellen Wilkinson, Labor, Member of Parliament; William Henderson, Labor Party leader, Member of Parliament; Owen O'Malley, British ambassador to the Polish government; Anthony D. Biddle, American ambassador to the Polish government.

United Nations War Crime Commission, Sir Cecil Hurst, chairman,

I pressed for and did contact several non-government personalities:

H. G. Welles, world-known author; Arthur Koestler, world-known author; Victor Gollancz, publishing firm of his name; Allen Lane, publishing firm Penguine; Kingsley Martin, editor-in-chief, New Statesman and Nation; Ronald Hyde, editor, Evening Standard; Gerard Berry, editor, New Chronicle;

Action resulting from my mission and—no doubt—other reports:

On December 7, 1942, two weeks after I began reporting, Polish National Council passed a resolution dealing with the Jewish extermination and committing the government to act without any delay. (The text of public record).

Three days later, on December 10, 1942, Polish government issued a formal appeal to the Allied governments concerning the extermination of the Jews in Poland.

On December 17, 1942, the Allied Council (representatives of all Allied Governments) unanimously passed a public Appeal of the Allied Nations in behalf of the Jews.

Two days later, on December 19, 1942, President of the Polish Republic sent a note to Pope Pius XII asking for intervention in behalf of the Jews. (The text reproduced in numerous publication—after the war).

Then, one month later, on January 18, 1943, Polish Foreign Minister, Edward Raczynski presented his government's demands in behalf of the Polish Jews at the Allied Nation's Council: bombing of Germany as reprisals for the continued extermination of the Jews; forwarding demands to Berlin to let the Jews out of the German-dominated countries; demanding action as to make the Allied as well as neutral countries accept the Jews, who succeeded or would succeed in leaving the German-dominated countries.

British Foreign Secretary, Anthony Eden, in the name of H.M. government, rejected all demands, offering vague promises to intervene in some neutral countries. (Minutes of the session eventually became public).

Beginning in March 1943, secret executions of the Polish hoodlums, who acted against the Jews were carried out. The names of the criminals and the nature of their crimes were publicized in the Underground press.

The Directorate of the Civil Resistance which organized Underground courts had been established already in 1942. It was headed again by Korbonski. By the way, he lives just a few blocks away. Last April—36 years after the war ended—he had been decorated by the Israeli Ambassador with a Yad Vashem Medal for the Rightous Among the Nations. I called him to come and listen to my report. He answered that he would love to come—but he was not invited.

In the early 1943 numerous articles, based on my information, appeared in the British press. Public demonstrations had been organized. In May 1943, a pamphlet was published authored by a prominent Soviet writer, Alexey Tolstoy, German writer Thomas Mann and myself (described as a "Polish Underground Worker"). The pamphlet was entitled "The Fate of the Jews."

MY MISSION IN THE USA

In June 1943 at the suggestion of the American Ambassador Biddle, I was sent to Washington, still secretly, under an assumed name, Jan Karski. I stayed there until August 1943, living on the premises of the Embassy. Polish Ambassador, Jan Ciechanowski, supervised my activities and organized my contacts.

I reported to the following individuals (only the most important will be mentioned): Franklin Delano Roosevelt, President of the United States; Cordell Hull, Secretary of State; Henry Stimson, Secretary of War; Francis Biddle, Attorney General; Colonel Donovan, chief, Office of Strategic Services (O.S.S.); Apostolic Delegate, Cardinal Ameleto, Giovanni Cicognani; Archbishop Mooney; Archbishop Spelman; Archbishop Strich; Dr. Nahum Goldman, President, American Jewish Congress; Rabbi Stephen Wise, President, World Jewish Congress; Waldman, American Jewish Congress; Felix Frankfurter, Justice of the Supreme Court; and Backer, Joint Distribution Committee. Publishers and commentators: Mrs. Ogden Reed, publisher, New York Herald Tribune; Walter Lippmann; George Sokolsky; Leon Denned, editor, The American Mercury; Eugene Lyons; Dorothy Thompson; William Prescott, The New York Times; and Frederick Kuh, Chicago Sun.

Upon my return to London, Prime Minister Mikolajczyk informed me that he would not send me to Poland for the duration of the war. I saw too many people in the United States and I became too well-known. German radio mentioned my activities in America, describing me, by the way, as a "Bolshevik agent on the payroll of American Jews." My additional shortcoming—as he explained—were recognizable scars on both my wrists. In June 1940—on my third secret expedition—I was captured by Gestapo in Preshov, Slovakia. Unable to withstand torture, I tried to commit suicide, cutting my veins with a concealed blade. It did not work. Transported to Poland for further interrogation, I had been rescued by the Underground. But, even after a cosmic operation, the scars remained. Gestapo certainly had my files and I became a public figure, he argued.

Two months later, in October 1943, I was sent to the United States—for the second time but openly and again as Karski—to speak, write, report, inform the public-at-large—openly.

Since October 1943, until the end of the war, I delivered some 200 lectures in the United States: from coast to coast; from Rhode Island to Florida. In all of them I spoke about the Jewish tragedy. Every lecture had been reviewed in the local press.

Then came my articles on what the Jews demanded, on what I saw in Warsaw ghetto

and Belsec in Colliers: New York Times; The American Mercury; La France Libre; The Jewish Forum; Common Cause; Herald Tribune; New Europe; Harper's Bazaar. Many of them had been illustrated—several under my personal supervision. Various exhibitions had been organized.

Then, in 1944—still during the war, I published a book, Story of a Secret State. Its central theme was my visits to the Warsaw ghetto and Belsec. The book became Book-of-the-Month Club Selection. Soon after it was published in Great Britain, Sweden, Switzerland, France.

Many of you gave testimony on the Jewish Gehenna. Respect is due to you. The Lord assigned me a role to speak and write during the war, when—as it seemed to me—it might help. It did not.

Later, however, when the war came to its end, I learned that the governments, the leaders, scholars, writers did not know what had been happening to the Jews. They were taken by surprise. The murder of six million innocents was a secret. A "Terrible Secret" as Laqueur reports.

Then, I became a Jew. Like the family of my wife, who is sitting in this audience—all of them perished in the ghettos, concentration camps, gas chambers—so, all murdered Jews became my family.

But I am a Christian Jew. I am a practicing Catholic. And, although not a heretic, still my faith tells me:

The Second Original Sin had been committed by humanity: through commission, or omission, or self-imposed ignorance, or insensitivity, or self-interest, or hypocrisy, or heartless rationalisation.

This sin will haunt humanity to the end of time.

It does haunt me. And I want it to be so.●

SAVING OUR SAVINGS AND LOANS

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. GEPHARDT. Mr. Speaker, the American housing industry is in deep trouble today. Housing starts are at record lows. Interest rates are near record highs. Millions of Americans want to buy homes but cannot afford the monthly payments. Thousands of construction workers are laid off and do not have a hint of when they will be called back. It is not an overstatement to say that our housing industry is in the middle of a depression. Their partner in pain is the savings and loan industry.

My goal today in announcing my support for H.R. 5135 and H.R. 5136 is to help solve the problems of both these industries. It is clear that lower interest rates are required. And it is equally obvious that moves that encourage financial institutions to pay more for the money they borrow will raise the price of mortgages beyond their currently intolerable level. Allowing this trend will also be the death knell for hundreds of savings and loan associations throughout America.

These two pieces of legislation would restrict actions by the Depository Institutions Deregulation Committee and subsequently remodel it. They are sorely needed now. As one who has supported the general trend toward deregulation throughout our society, I do not take this step lightly. It is my belief, however, that a deregulation program that leads to the disappearance of the savings and loan associations that have served us so well in the past is not in the interest of savers, homebuyers, or Americans generally. It is not in the national interest.

I hope we soon act to address the problems these bills would solve.●

APPRENTICESHIP BILL GAINS SUPPORT (H.R. 4884)

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. CLAY. Mr. Speaker, I am sponsoring a bill to strengthen the role of apprenticeship programs, sponsored by the Department of Labor, in an effort to help fight our Nation's high unemployment problem. In the few weeks since I introduced the National Apprenticeship Act Amendments (H.R. 4884); the bill has generated considerable attention and a great deal of support. I would like to share with my colleagues a letter I received from one of my constituents, Mr. John E. Hinkson, director of the Department of Apprenticeship and Training at the St. Louis Construction Training & Advancement Foundation. Mr. Hinkson's letter clearly expresses the need to enact this legislation and is typical of the many expressions of support my office has already received on this subject.

I was extremely pleased to read that H.R. 4884 was recently introduced by Congressman William L. Clay and Congressman Carl D. Perkins. I would like you to know that I support this bill in its entirety.

When I became involved in apprentice training in our industry in 1957, the Bureau of Apprenticeship and Training was an independent agency and representatives worked very closely with my organization and myself personally. I soon became aware of the influence they had on our business and the guidance they afforded to all who needed assistance. Over the years, the Bureau's position has been eroded because of the role imposed on it under the Manpower Administration in the late 60's, and under ETA and the tie into CETA in the 70's.

As Training Director for the Associated General Contractors of St. Louis, I have been in contact with the Bureau almost weekly, and except in a very few/rare instances, there has always been a spirit of cooperation and a willingness to assist in any way possible by BAT personnel. As you know, this is contrary to many other government agencies.

It is my opinion that a strong and independent Bureau of Apprenticeship and Training is essential to the continued growth of apprenticeship in our industry for many reasons, but not the least of which is standardization so that people can move from one program to another throughout the country without losing the benefit of the training received in another program. Also, the Bureau should be staffed sufficiently to assist and to encourage the development of additional programs where there are none. H.R. 7274 approved August 16, 1937, provided for this. H.R. 4884 re-establishes the original intent.

I support, as do most Americans, the efforts of Congress and the President in attempting to cut waste in government and the use of available funds in a way that will give the greatest benefit to the public. Expanding the Bureau of Apprenticeship and Training and establishing it as an independent agency is not in conflict with these efforts. An adequately staffed, independent Bureau will assure the continued training of people for all segments of industry using private funds, not government funds. BAT field representatives work with dozens of training committees who are responsible for thousands of apprentices in the private sector and the government is paying for only one staff person. I submit that is a bargain.

A.G.C. training directors have for years been trying to maintain the tradition of apprenticeship as a vehicle to satisfy the manpower needs of our industry. H.R. 4884 is necessary in the continuation of the efforts we are all making.

I find it hard to put into words how strongly I feel about what has happened to BAT over the years. Ineffective programs should be eliminated. Our national apprenticeship system under BAT must be preserved, and in fact as I stated, should be expanded. Our country depends on trained people. Training people in the private sector with private funds is the most economical and efficient way to get the job done.

Your support of this bill is respectfully solicited and will be greatly appreciated.

Sincerely yours,

JOHN E. HINKSON,
Director,
Department of Apprenticeship and Training.●

REPORT ON NICARAGUA

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. LAGOMARSINO. Mr. Speaker, this week's Time Magazine offers an up-to-date account of conditions in Nicaragua and the strain this imposes on our relations with that country. I urge my colleagues to consider carefully this report on Nicaragua and the alternative policies the United States may have to consider in dealing with the growing military threat to the rest of the region.

[From Time, Dec. 14, 1981]

NICARAGUA—LIFE IN THE BUNKER REPUBLIC

(By George Russell)

For weeks, Secretary of State Alexander Haig, White House Counsellor Edwin Meese and other senior U.S. officials have been is-

suing a series of increasingly bellicose warnings about the behavior of Nicaragua's Marxist Sandinista government. The U.S. is concerned about what Haig calls the "drift toward totalitarianism" of the Nicaraguan regime, the presence of some 1,500 Cuban military advisers in the country and the role of Nicaragua in supporting the left-wing guerrillas in El Salvador. Haig is also irked by Nicaragua's own heavy arms buildup, which he believes is sponsored by Cuba and the Soviet Union. As one U.S. official put it, the buildup threatens to turn the tiny republic (pop. 2.7 million) into "a super power in Central American terms."

Despite those sharp expressions of concern, the Reagan Administration was at pains last week to show that it was still trying to hold its temper. At a meeting of the Organization of American States on the Caribbean island of St. Lucia, Haig said that the U.S. "is prepared to join others in doing whatever is prudent and necessary to prevent any country in Central America from becoming the platform of terror and war." As Nicaraguan Foreign Minister Miguel d'Escoto Brockmann listened gravely, Haig added that "if Nicaragua addresses our concerns about interventionism and militarization . . . we do not close the door to the search for proper relations."

There is no ignoring Nicaragua's military buildup. The Sandinista arsenal now includes some 30 Soviet tanks, and the Reagan Administration suspects that MiG-21 aircraft may soon be shipped to Nicaragua, giving that country clear air superiority over its neighbors. On the ground, Nicaraguan military strength is already well established; the Sandinista army of 26,000 is at least twice the size of any other in Central America. In addition, Nicaragua has a "ready reserve" force of 40,000.

Reagan Administration officials maintain, despite Nicaraguan denials, that Soviet arms in Nicaragua are, in turn, being handed on clandestinely by the Sandinista government to aid Marxist guerrillas in El Salvador and other neighboring countries. For that reason, Washington in January decided to suspend some $15 million in promised U.S. aid to Nicaragua. That was possibly an unwise decision, since it reinforced Sandinista charges that the Reagan Administration is merely out to ruin the country. In their recent statements, both Haig and Meese have ruled out unilateral U.S. military intervention in Nicaragua as an antidote to the flow of arms, but they have ruled out little else. Both officials, in fact, have said that a naval blockade of Nicaragua or other drastic measures could not be excluded as an eventual possibility.

The Reagan Administration's tough stand comes at a time when the exuberant optimism that followed the July 1979 overthrow of the government of Anastasio Somoza Debayle has all but evaporated. After 28 months in power, a kind of bunker mentality seems to have settled over the nine-member Sandinista national directorate that controls the country. Economically, Nicaragua is on the rocks. Politically, the Sandinista leadership is betraying itself as insecure, arbitrary and determined to hold on to power, come what may. Says one Western diplomatic analyst in Managua: "They've made up their minds they can't come to an understanding with the U.S., largely because of the El Salvador question. I think they are willing to take this country down to a subsistence economy and absolute misery if necessary."

The basis of that Sandinista position is evident enough: stubbornness, a condition that Washington's statements have only helped deepen. Still, the stridently pro-Cuban and pro-Soviet policies of the directorate are not at all what most Nicaraguans had in mind when they welcomed that conquering guerrillas into power in 1979. Ever since then, the Sandinistas have been trying to impose some form of one-party, Marxist-Leninist rule on the country, while pluralistic forces, especially the private business community, are trying to retain free speech, a free press and the right to free assembly.

In September the Sandinistas declared a "state of economic emergency," banning strikes, profiteering and the distribution of news or information deemed to be injurious to the economy. The government also increased its attacks against the Superior Council of Private Enterprise, known by its Spanish acronym COSEP, which represents the beleaguered 50 percent of Nicaraguan private enterprise that has not been nationalized since the 1979 revolution.

Sandinista speeches also began to take on a decidedly paranoiac tinge, helped along, in part, by U.S. naval maneuvers last October off the nearby Honduran coast. When Nicaraguan Defense Minister Humberto Ortega warned that the country's enemies "will be hanging along the roads and highways" in the event of a U.S. invasion, COSEP leaders reacted. In an open letter, they charged that "the national economy shows no signs of recuperation, social peace has not been found, the country finds itself in spiraling debt, with no foreseeable end." The directorate thereupon threw four COSEP leaders in jail, along with 22 Communists.

In one sense, the Sandinistas had reason to be thin-skinned, since the Nicaraguan economy is in shambles. The country's foreign debt has more than doubled, from $1.5 billion at the time of the revolution in July 1979 to $3.5 billion today. Per capita income has dropped from $300 a year to less than $200. Nicaragua faces a balance of payments deficit next year of $450 million. the Sandinistas have been borrowing to the limit from Mexico, the Soviet Union and most recently, Libya. Says one Western diplomatic observer: "They say no country really ever goes bankrupt, but no country has quite had Nicaragua's experience before."

As the economic crisis has deepened, gangs of Sandinista goons, known as turbas, have roughed up outspoken critics of the government, including, in at least one case, a Roman Catholic bishop. Last month, the directorate also tried to squelch publication of the first major public opinion poll taken in Nicaragua since the revolution. Sponsored by the staunchly independent newspaper La Prensa, the poll showed that 70 percent of Nicaraguans want free elections (which the directorate has postponed until 1985 at the earliest), and that 64 percent feel that their lives have not improved since 1979.

At the same time, the Sandinistas have shown little sign of abandoning their support for the guerrilla insurgency in El Salvador. Signs at Managua's César Augusto Sandino Airport proclaim: Revolution or Death. El Salvador will be victorious. It is an open secret in Managua that the Salvadoran guerrillas maintain a major military command post in the Nicaraguan capital, on the same avenue as the American embassy. The city also serves as a way station for Salvadoran guerrillas who are either recuperating from their warfare or are in transit to Cuba.

Despite Sandinista stubbornness, there has been a pause lately in the frequent temporary shutdowns of La Prensa. The government hints that it will soon release the imprisoned COSEP leaders. A source close to the Sandinistas has declared that a completely Marxist-Leninist state may be "out of reality" for Nicaragua right now.

The signs of reasonableness, however, may be no more than a temporary tactical accommodation on the part of the Sandinistas. As one diplomat in Nicaragua puts it, "the periods of accommodation are getting so brief that they are invisible." Warns another critic of the regime: "For a long time the Nicaraguans have always had a sense of when to pull back. I'm just afraid that the Sandinistas lack the intelligence, or the capability, or simply the will to do it this time.●

DAVID AND CAROLINE WALLERSTEIN

HON. SIDNEY R. YATES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. YATES. Mr. Speaker, more than 200 years ago, representatives of the people of the United States met to form a more perfect union. Just about 50 years ago David and Caroline Wallerstein stood together to form their more perfect union. Now, 50 years later, on December 26, they will celebrate their 50th wedding aniversary.

That the 50th wedding anniversary is a triumph of hope, love, and understanding is so true for the Wallersteins. David and Caroline have been for all their lives good to each other, to their friends, to their communities, and to their country. They care and they share.

They have been our close personal friends for almost as many years as they have been married. It is a friendship which we cherish and in which we take pride. We extend our love and congratulations to them. We wish for them many, many more years of health and happiness, of continuing to share the joys each brings to the other.●

SOUTHWEST TEXAS STATE UNIVERSITY—NATIONAL NCAA CHAMPIONS

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. PICKLE. Mr. Speaker, to paraphrase an old poet, somewhere in the land today the crowds are cheering, and somewhere the sun is shining bright.

And I know that the Members of this august body will be gratified to hear that "somewhere" in this case is San Marcos, Tex., where the sun almost always shines brightly, and where the crowds are cheering because

Southwest Texas State University has won the NCAA division II national football championship.

As is befitting the alma mater of Lyndon Johnson, the "Bobcats" were not content merely to take the championship, but did so in such a way as to leave no doubt that they are the finest team in their division, or perhaps anywhere. Last week, in the semifinals, they defeated a highly respected team from Michigan 62–0. This past weekend, playing North Dakota State in the Palm Bowl for the national title, Southwest Texas dominated in the same way, 42–13.

I do not wish to brag too much, Mr. Speaker, for the results of the division I bowl games are not in yet, and I suppose it is remotely possible that some other congressional district, or—the Good Lord forbid—some other State, might by luck or chance top the University of Texas. It is doubtful, of course, but we cannot always account for fate.

Still, it is a great pleasure and pride for those of us in central Texas to know that whatever else happens we have national bragging rights for at least the next year. I am proud and glad for the administrators, coaches and especially the young people who proved equal to their highest goals this season, as I know everyone around San Marcos is proud of them. Our late President Johnson would be proud too. He always appreciated excellence and determination, and the Southwest Texas Bobcats have demonstrated plentiful quantities of both.●

HEROIC RESCUE EFFORT

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. COELHO. Mr. Speaker, last summer a 14-year-old girl named Stacey Arras disappeared while camping at Sunrise High Sierra Camp in Yosemite National Park. An exceptionally well-coordinated rescue effort was mounted immediately upon discovery of her disappearance thanks to the dedicated, skillful efforts of concerned individuals and groups in the area. Tragically, Stacey was never found despite the valiant efforts of the searchers. I would like to take this opportunity to bring this heroic effort to the attention of my colleagues, and to thank the participants for the time and energy they put forth. Following is a list of those who helped:

Mr. Charles McIntosh, San Diego Search and Rescue, San Diego.

Mr. Tim McGruder, Saddleback Search and Rescue, Tustin.

Mr. Arnold Gaffrey, Sierra Madre Search and Rescue, Sierra Madre.

Mr. Wayne Campbell, Bay Area Mountain Rescue, Oakland.

Mr. Pat Elliot, Inyo Co. Search and Rescue, Bishop.

Mr. Ben Schifren, Tuolumne Co. Search and Rescue, Pinecrest.

Mr. Timothy Fives, Sylmar Search and Rescue, Valencia.

Mr. Bruce Parker, Montrose Search and Rescue, Glendale.

Mr. Mike Edwards, San Jose Search and Rescue, San Jose.

Mr. Doug Magee, June Lake Search and Rescue, June Lake.

Mr. Maury Ducasse, San Mateo Search and Rescue, San Mateo.

Mr. Richard Burns, Altadena Search and Rescue, Altadena Sheriffs Office, Altadena.

China Lake Mountain Rescue Group, Ridgecrest.

Mr. Walt Walker, Riverside Mountain Rescue, Riverside.

Mr. Mike Peterson, Los Padres Search and Rescue, Santa Barbara.

Mr. Van Williams, Malibu Search and Rescue, Pacific Palisades.

Ms. Sandy Bryson, WOOF, So. Lake Tahoe.

Capt. J. M. Gleim, Commanding Officer, Naval Air Station, Lemoore.

Headquarters, ARRS/AFRCC, Scott Air Force Base, Ill.

Mr. Don Roberts, Inyo National Forest, Bishop.

Mr. Aubrey Majors, Chief, Central Division, Calif. Highway Patrol, Fresno.

Wing Commander, 146th Tactical Airlift Wing, Van Nuys Air National Guard, Van Nuys.

Mr. C. J. Johnson, Dist. Manager, Pacific Telephone & Telegraph, Fresno.●

PARRIS EXPRESSES SUPPORT FOR POLAND

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. PARRIS. Mr. Speaker, I am strongly concerned over the recent events occurring in the country of Poland this weekend. I have always supported the concept of a nation governing itself without any outside interference from any country.

I recently cosponsored House Joint Resolution 124 which passed this House overwhelmingly on July 30. This resolution expresses the U.S. concern for the people of Poland should any external aggression or internal repression take place.

The United States is closely monitoring the current situation to insure that the people of Poland have an opportunity to resolve their internal problems without any external interference. Should Soviet military intervention occur, the United States has stated that such an occurrence would have serious consequences for East-West relations.

I urge my colleagues to be aware of the delicate situation in Poland and to support any actions by the United States which give the people of Poland a chance to govern themselves.●

THE POLISH CRISIS

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. MURTHA. Mr. Speaker, the hearts of all the freedom-loving people of the world go out to the brave Polish people in this time of crisis. At a time of year when many organizations consider who to choose for the "Man of the Year," I believe the "People of the Year" are the citizens of Poland.

It is my belief that the crackdown by the Polish Government over the weekend is one of the most serious developments since World War II. The Polish people have been fighting out from under a Communist system that has already caused them great suffering. The Polish situation is the perfect example of the failure of the Communist system. The nation has a failing economy, a shortage of key goods, major overseas debts, and after that record of failure, the Government now feels compelled to try to remove the people's hard won freedoms.

The actions this past weekend verified the worst fears of the free world. It is my deep and heartfelt hope that the gains made by the Polish people for freedom and human dignity must not be totally lost.

I believe it is a time for careful, decisive action by the Government of the United States. I recommend:

One. U.S. efforts at the United Nations to appoint an international fact-finding committee for the purposes of reporting to the world on the situation within the country and working to insure that individuals are treated reasonably and that international pressure is brought to bear against any attempts at bloodshed and reprisals against the leaders and members of the Solidarity Labor Union.

Two. The United States should make it clear that Soviet military intervention in the Polish situation will result in the strongest possible U.S. reactions. I have no doubt the Soviet Union forced the weekend crackdown, and efforts must be made to remove them from the situation and allow the Polish people to settle their own difficulties. The United States should make it clear that Soviet direction of the Polish situation will result in: One, removal of U.S. negotiators from the SALT missile limitation talks; two, a complete embargo of trade with the Soviet Union; and three, move to eliminate all Western aid of any type to the Soviet Union. It must be made clear they cannot intervene militarily with impunity.

Our hearts go out to the Polish people and those who care about freedom, liberty, and justice throughout the world must continue to recognize

and work to support their brave struggle.●

THE SOVIET ROLE IN THE MIDDLE EAST PEACE PROCESS

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. WINN. Mr. Speaker, by next spring the United States will have over 1,100 fully armed troops stationed indefinitely in the Sinai Peninsula. The American military personnel will serve as part of a multinational peacekeeping force to monitor Egyptian and Israeli compliance with their peace treaty once Israel withdraws from the Sinai in April 1982. In addition to playing the major role in the 2,500-man peacekeeping force, the United States will also pay the lion's share of the costs—close to $290 million over the next 3 years alone. Moreover, this country has agreed to use its diplomatic influence to bring other nations, including Colombia, Fiji, France, and Great Britain, into the force.

The commitment of U.S. military personnel to the volatile Middle East is not a responsibility the United States has lightly assumed. Indeed, when the Egyptian-Israeli Peace Treaty was signed in 1979, it was envisaged that the United Nations would perform the peacekeeping function in the Sinai. Only if the U.N. failed to provide a peacekeeping force would the United States, in fulfilling a written pledge by President Carter, put together an alternative multinational force for the Sinai.

That there will be no United Nations force for the Sinai is the result of Soviet opposition. The Soviet Union, which does not support the Egyptian-Israeli Peace Treaty, made it clear it would use its Security Council veto to block the creation of the intended U.N. peacekeeping force. It is instructive to draw attention to this fact now when there is much discussion of the demise of the Camp David peace process and calls for its replacement by a comprehensive approach to achieving a Middle East settlement. In such a comprehensive approach, the Soviet Union would play a central role. But Soviet involvement in the Middle East peace process would only impede further progress toward an agreement. The Soviets are in the Middle East to make trouble, not peace, as the record plainly shows:

First, the Soviet refusal to agree to a U.N. peacekeeping force for the Sinai is not the first time Moscow has derailed U.N. peacekeeping efforts. In 1979, the Soviet Union refused to permit the renewal of the mandate of the U.N. Emergency Force (UNEF) which had monitored ceasefire arrangements in the Sinai since 1973.

Second, the Soviet Union owes more than $112 million for the upkeep of United Nations peacekeeping forces in the Middle East established since 1956. Moscow has refused to pay its assessment for U.N. peacekeeping activities in the Sinai from 1956 to 1967 and from 1973 to the present. And the U.S.S.R. has not paid its assessed share of the costs for the United Nations Interim Force in Lebanon (UNIFIL) from 1978 to the current time.

Third, more damaging yet to the prospects for peace in the Middle East has been the Soviet role in conflict situations. In brief, where the Soviets go, conflict, insurgencies, and terrorism follow. The Kremlin's confidence that its Arab proteges would win the 1967 war led to Soviet diplomatic efforts at the U.N. to delay a ceasefire. Superpower involvement in the 1973 war began with the Soviet Union's resupplying the Arab States with arms and ammunition on a large scale and urging nonbelligerent Arab States to join the war. And there have been more recent examples. In 1979, South Yemen attacked North Yemen with obvious Soviet support and assistance. An end to the conflict was eventually possible through Arab mediation efforts from which Moscow kept completely apart despite U.S. requests for active Soviet involvement. The Soviets, of course, have been supplying both Iran and Iraq with weapons during their war and have kept conspicuously aloof from attempts to resolve this conflict peacefully. Meanwhile, they have continued a military buildup on their border with Iran. The Soviet Union's unwillingness to use its influence with Syria and the PLO to resolve peacefully the 1981 Lebanese crisis is well documented. Far from moderating the bellicose behavior of Syria, the Soviets indicated that they would back Damascus in military action against Israel while they exercised naval forces in the eastern Mediterranean at the height of the crisis. Since the summer, Moscow has continued, directly and indirectly, to supply the PLO with heavy weaponry which threatens to destabilize the current fragile cease-fire—a cease-fire that the Soviets played no role in negotiating.

Fourth, over the past decade, the Soviets have conducted an impressive expansion of their military forces and assets throughout the Middle East—in South Yemen, Ethiopia, Libya, Syria, and Afghanistan. Through the Soviet presence on both sides of the Bab el-Mandab Strait and near the Persian Gulf, Moscow could now bring to bear a significant military force on chokepoints vital to Western energy supplies and security.

In contrast then with the United States, which works to improve the economic condition of Middle Eastern states and to promote the resolution of regional conflict through mediation and now even by participation in peacekeeping forces, the Soviet Union furthers its own strategic ends by exploiting misery and creating unrest. Through a combination of subversion and massive arms supplies, Moscow deepens its own influence, extending its coercive reach over our friends—and the region's oil. President Sadat recognized this underlying reality of divergent U.S. and Soviet interests in the Middle East when he went to Jerusalem to end the 1977 efforts at a comprehensive peace approach and set in motion the Camp David process. It is time, once again, to recognize that the Soviet Union will not and cannot contribute to the peace process and that a comprehensive effort which involves Moscow will only lead to a dead end. It is, therefore, important for all concerned to reaffirm their faith in U.S. efforts to promote peace in the Middle East through the Camp David process, which still holds the greatest hope for a resolution of the Arab-Israeli conflict.●

A TRIBUTE TO DAVE RIGHETTI

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. MINETA. Mr. Speaker, it gives me great pleasure to rise today to honor an outstanding athlete from San Jose, California, Mr. Dave Righetti, the American League's Rookie of the Year for 1981.

Dave is a San Jose native who attended Pioneer High School and San Jose Community College. He was originally signed by the Texas Rangers. In 1978, the New York Yankees acquired Righetti from the Rangers and had him play triple-A ball before bringing him to the major leagues; 1980 was a disappointing year for Dave, with a 6-10 record and a 4.93 ERA. But he worked hard in the off season and in spring training this year he showed real promise. After winning his first five decisions in the minor league, the Yankees called him up.

Dave's pitching coach, Clyde King has called him "an intelligent young pitcher. He knows what he's doing with his pitches." As a major leaguer this year he posted an 8-4 record and had a 2.05 earned-run average.

During the American League playoffs, Dave had the chance to pitch against the hometown favorites, the Oakland A's. Even though Dave was not in his best form, he still led the Yankees to a 4-0 victory on their way to a World Series berth. A's manager, Billy Martin, when asked about Righetti said "He's one of the best pitchers to come along in a long, long time."

After an exciting season which took him to the World Series in his rookie year, Dave got to face another rookie sensation in his World Series debut, Fernando Valenzuela of the Los Angeles Dodgers. The baseball world had not seen two rookie pitchers facing each other in a World Series game since 1950 when Whitey Ford of the New York Yankees defeated Bob Miller of Philadelphia. Many of Righetti's admirers feel certain that Righetti is on his way to a Whitey Ford-like career.

Mr. Speaker, I ask you and all my colleagues in the House of Representatives to join me in congratulating Dave Righetti on an outstanding season and for being named Rookie of the Year. He deserves the very best in the years to come.●

A TRIBUTE TO DOROTHY CASEY

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. LENT. Mr. Speaker, the cynics among us are very fond of stating that our country is dominated by a "me" generation interested only in their own selfish needs. I consider that a sadly distorted view of our great Nation and its responsible, civic-minded citizens.

Therefore, it is with great pleasure, Mr. Speaker, that I rise to call to the attention of my colleagues the outstanding record of dedicated service to the needs of others established by Mrs. Dorothy Casey, a resident of North Merrick, N.Y., in my Long Island congressional district. Her selfless devotion clearly demonstrates how mistaken are those who believe Americans think only of themselves.

For more than a decade, Mrs. Casey has given wholeheartedly of her time and effort to activities involving the Nation's No. 1 child health problem—birth defects. For year after year, Mrs. Casey has unstintingly volunteered her services for a multitude of March of Dimes activities dealing with this major child health problem.

She has been a member of the March of Dimes executive board for 6 years, and currently serves as secretary of the Long Island chapter. She has played a major role in the chapter's vital fundraising activities such as telephone pledge drives, the door-to-door Mothers' March, and the annual Walk America Walk-a-thon. She has chaired many of these fundraising events.

In addition to these activities, Mrs. Casey has represented the March of Dimes at numerous volunteer conferences, and attended medical symposiums at North Shore Hospital.

No task was too small, no challenge too difficult for Mrs. Casey.

In recognition of her outstanding record of countless hours of volunteer service to others, Mrs. Casey is to be honored by the Long Island March of Dimes on Sunday, January 31, 1982, at a special dinner dance in her honor.

Mr. Speaker, I know that all of my colleagues will join me in adding our congratulations and best wishes to Mrs. Casey for her compassion and her tremendous desire to help others. Her dedication to the betterment of mankind is an inspiration to every American.●

ALASKAN NATURAL GAS PIPELINE

HON. BOB SHAMANSKY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. SHAMANSKY. Mr. Speaker, I regret that my colleagues adopted the Alaskan Natural Gas Pipeline Waivers.

Like most of my colleagues on both sides of this issue, I support construction of the Alaska natural gas pipeline if it will provide secure supplies of gas to American consumers at a reasonable price. Alaskan natural gas supplies are unquestionably important to this Nation's long-run energy independence. The proven gas reserves in Alaska constitu e 13 percent of the Nation's gas reserves. This gas could replace 400,000 to 600,000 barrels of imported oil a day. Congress in 1977 approved the pipeline with the condition that the entire pipeline be completed and gas flowing before consumers are billed for any of the pipeline's costs.

On September 22, 1977, John McMillian, chairman of the Northwest Oil Co., told the House Commerce Committee:

> The President's decision requires that the project be privately financed in its entirety. The United States and Canadian Governments will not be called upon for financial guarantees . . . Nor will consumers have to bear the hypothetical burden of noncompletion of the project . . . Instead, other primary beneficiaries of the project will be called upon to provide the necessary financial backing. We believe that Alcan can obtain the necessary project financing from Canadian and United States sources.

Now Mr. McMillian and his firm have changed this condition for their own convenience. Does anybody really believe that the oil and gas companies involved do not have the wherewithal to provide financial backing for this pipeline? It is incredible to me that anyone can claim they don't.

The same oil and gas industry and the same administration that came here and said, "Let the market operate", today have changed their message. They now are asking the public to step in and shield them—at the consumers' expense—from the decisions of the marketplace.

The major banks have scrutinized this project and concluded there is a sizable risk that the pipeline might not be completed or, if it is, that the Alaskan gas might not be marketable. Stanley Lewand, vice president of Chase Manhattan Bank, told the Committee on Energy on October 30, 1981:

> Lenders have indicated . . . that they are not willing to accept the risks that the delivery system might not be completed . . . and that they must be assured of the timely repayment of their debt and interest thereupon.

Oil companies ask why should they take the risk. Instead they urge that consumers in 36 States should underwrite this project. This means consumers will be forced to assume the risk that the pipeline might not be completed—a risk financiers such as Mr. Lewand have concluded is too great for them to underwrite. In other words, I find it unreasonable and unacceptable that the people of central Ohio will be put in a position where they might have to pay for natural gas which they may never use. Unfortunately, that is what this bill provides.

According to the Office of the Federal Inspector, average residential monthly gas bills would increase by $1.37 to $2.30, commercial gas customers' would rise by $8.79 to $14.82 a month, while industrial customers' bills would rise by $387 to $610 a month—all in 1980 dollars.

As a U.S. Representative it is my job to support measures that increase productivity, reduce regulatory impediments, encourage energy supply and protect the consumer from undue hardship. It is not my job to ask my constituents to assume a risk that the financial community will not accept. A better arrangement should have been worked out for gas consumers.●

THE INTER-AMERICAN FOUNDATION: AN AMERICAN SUCCESS

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. GARCIA. Mr. Speaker, I would like to pay special tribute to the Inter-American Foundation, "a corporation created to support the self-help efforts of poor people in Latin America and the Caribbean." The Foundation was founded in 1969 as a semiprivate institution with an independent board of directors. Its independent status enables it to remain apart from the caprices of immediate foreign policy considerations. Also, because it responds directly to the requests of local, non-Government organizations, assistance intended for the poor and underprivileged is not absorbed by governments.

The Foundation does not initiate projects; it responds to them. Non-

Government groups approach the IAF with a project proposal, it evaluates their requests, then decides whether or not the project is worth funding. What makes the work of the Foundation so special is that the beneficiaries of its grants put in their own time, labor, and money to guarantee the success of a project. More often than not, each dollar given by the Foundation is matched by funds from local groups. Bureaucracies and redtape are bypassed because the Foundation goes directly to local, non-Government organizations.

A typical Foundation grant was recently made to the Holy Cross Fathers in Haiti. The grant, although small, will nonetheless enable IDEA, a church-supported organization, to expand its adult education program and community development activities in Cap Haitien, Haiti. Considering the difficulties the United States is having in handling the Haitian refugee question, a grant that helps Haitians help themselves should not only be encouraged but applauded.

The Foundation fosters creativity. It helps the poor to better themselves without making them permanently dependent on public funds. The IAF has a small staff, well versed in the cultures, languages, and problems of Latin America and the Caribbean. All of our Government's foreign aid programs would be well advised to follow the example set by the Foundation. The Inter-American Foundation brings capitalism with a human face to Latin America.●

LITA ANNENBERG HAZEN AWARD FOR EXCELLENCE IN CLINICAL RESEARCH CITED

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. GREEN. Mr. Speaker, It gives me great pleasure to insert into the RECORD the remarks of Edward N. Brandt, Jr., M.D., Assistant Secretary for Health, Department of Health and Human Services, who spoke on the occasion of the third annual Lita Annenberg Hazen Award for Excellence in Clinical Research, December 8, 1981.

The $100,000 award is presented to a physician and his chosen research fellow, whose investigative studies have changed the medical profession's knowledge and consequent treatment of a disease. This year, the award was made to Dr. Aaron B. Lerner, M.D., Ph.D., professor and chairman, Department of Dermatology at Yale University School of Medicine, for his groundbreaking work in the study of melanomas and his contribution to immunology, endocrinology, and neurobiology.

Established in 1979 by Mrs. Lita Annenberg Hazen, the award is a reflection of her concern about the steady decline in the number of physicians choosing research over private practice in this country. With the reduction of Federal funds for biomedical research, private sector funding, such as the prize established by Mrs. Hazen, plays an increasingly important role in clinical investigation.

Dr. Edward N. Brandt, Jr., keynote speaker at the award ceremony, emphasized the importance of cooperation among government, industry, and academic research communities to insure the overall health of American scientific research during these difficult times when funds are scarce.

It gives me great pleasure to share his remarks with my colleagues.

LUNCHEON ADDRESS BY EDWARD N. BRANDT, JR., M.D., ASSISTANT SECRETARY FOR HEALTH, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

It is a privilege for me to be here today to share in this special moment of recognition for the distinguished recipient of this year's Lita Annenberg Hazen Award.

I applaud Dr. Aaron B. Lerner's accomplishments in clinical research—and I congratulate Mrs. Hazen, Dr. Tom Chalmers, President and Dean of the Mount Sinai Medical Center and the Award Committee, and everyone involved in this important program.

It's not often I have the opportunity to speak to one audience about two very important issues for American medicine. But today's event is a unique reflection of these two issues: the status of America's biomedical research capacity and the role of private, non-government support for such research.

As to the condition of our research capacity, I believe we have the strongest biomedical research enterprise in the world. Part of that strength is its diversity—the laboratories in state-supported and private colleges and universities, in private non-profit research institutes and foundations, and in for-profit laboratories supported by industry.

Because of this diversity, research in America enjoys a high degree of independence. And by any measurement you choose for demonstrating leadership and results, our independent, diverse research capacity remains one of the wonders of the world. In fact, I would guess that our breadth of diversity and the independent nature of our researchers make the Lita Annenberg Hazen Award Committee's tasks especially difficult—but also especially satisfying, once the choice is made.

But there are warning signs of difficult times ahead. Currently, about 60 percent of all research in America is carried out in college and university facilities. Private industry and Federal intramural research each account for about 15 percent. Non-profit organizations carry out the remaining 10 percent. In clinical and biomedical research, the university role is even more prominent. It would include work done in university-affiliated medical centers and institutes, which many of you here today represent.

The growth of the publicly-funded university has been extraordinary over the past 30 years, so that the "diversity" I mentioned earlier is heavily weighted toward public institutions. Since 1950, enrollment in publicly-funded higher education rose from 50 percent of all students to nearly 80 percent of all students. Private colleges and universities had only an estimated 22 percent of all higher education enrollment last year.

That proportion of research done at universities is not frozen at the 60-percent level. It is growing, a trend that is related to the gains in students, faculty, and facilities. On the other hand, the Federal Government—under very difficult fiscal pressures—is trying to maintain a reasonable level of effort for its own intramural research; the government understandably chooses to invest most of its research dollars in extramural projects. This is especially true in clinical research.

Industry has been more forthcoming in its contributions to basic, clinical, and applied research over the past 10 years. Most of its money has gone to university research groups. As Lewis Branscomb, Vice President and Chief Scientist of I.B.M. candidly admits, "most companies do not provide a natural haven for basic research; its natural home is the university."

Unfortunately, neither the Nation in general nor industry in particular is either raising or even maintaining a level of support, relative to economic activity generally. For example, in the decade of the 1970's overall investment in basic research as a percentage of our gross national product declined by 20 percent. Industry's research investment—as a fraction of sales—fell by nearly 30 percent. It also continues to decline as a percentage of corporate pretax income.

We must understand that most of this decline is a function of inflation, which has expanded virtually all ledger accounts for both government and industry, usually at the expense of that one important line item: Research. But it's a decline nevertheless.

In an article written for the Committee for Corporate Support of Private Universities, Mr. Branscomb of I.B.M. observed that "the net revenue of corporations tends, in the aggregate, to rise with inflation, and along with it, the potential for corporate contributions. Thus," says Mr. Branscomb, "corporate support is indexed philanthropy, in that it grows with inflation."

Then why the decline in support for research? Because, as Lewis Branscomb says, this is "the potential for corporate support." Later, in that same article for the Committee, Mr. Branscomb admits that "whenever one looks for corporations which might be willing to support some academic need—whether it be a new initiative in research, or to help increase the participation of minorities in science and engineering—the names of only a half dozen to a dozen major companies are consistently mentioned."

What should our response be to these warning signals? What is the best strategy for strengthening the research capacity in private universities and in industry? What are our options for being able to purchase more and better clinical research with dollars shrunk by inflation?

I believe that the research community, our academic leaders, and the management of business and industry are beginning to spend more time—together—in confronting these issues in order to solve them for their own—and our country's—best interests. Varieties of new, close relationships are developing such as the M.I.T.-Exxon contract and the new Whitehead Institute that is affiliated with M.I.T. Also, Monsanto and Seagram's agreement with Harvard, Mallinckrodt's grant to the University of Washing-

ton for work on hybridomas, the Shell Foundation and Princeton . . . slowly but steadily the list is growing.

M.I.T.'s President Paul Gray has been a strong proponent for "reinvigorating a research relationship with industry." He says that "universities are one of the primary sources of creative thought in society. But," he adds, "creative thought does not in itself insure the transfer of invention to the world in a useful way."

I think his point is well taken—except for one caveat: clinical research, as we have been practicing it in this country for nearly a century, insures or guarantees nothing but hope for a successful result. In fact, many successful results of basic and clinical research turn out not to be very useful or commercially attractive. Yet, unless we are comfortable with the mixed outcomes of our diverse and independent research enterprise, we will never celebrate its occasional and extraordinary victories in the years ahead.

Dr. Lewis Thomas, President of Sloan-Kettering, made this important point in one of his columns for the New England Journal of Medicine early last year. He titled his column "On Science Business" and he wrote:

"We are beginning to draw from a bank of stored information in biomedical science, and I suspect that we are doing something like this in the physical sciences as well. There is some danger," he says, "that the need to continue depositing new information in that bank will be overlooked in the pressure for quick applications."

Dr. Thomas urges everyone involved—government, industry, and the academic and research communities—to be "willing to run risks of being wrong." He realizes that this is costly and time-consuming and frustrating. But he also realizes it creates the environment for spectacular results. The alternative is not encouraging." He warns, "If things go on in this way, the country's basic science effort will come to a standstill, and the bank will go empty."

The annual Lita Annenberg Hazen Awards for excellence in Clinical Research introduce to the public at large those individuals of great knowledge and talent who are making priceless deposits in our country's clinical research bank. They—and the Award Committee itself—represent the great diversity and independence that provide the strength of research in this country. In the face of powerful economic and social forces, our research community is working very hard to keep all its strengths intact. So far, I think it is succeeding, but it needs still more help.

Nevertheless, I am optimistic about the future. I believe the philanthropic vision shown by Mrs. Lita Annenberg Hazen will be multiplied many times over by other individuals and corporations. And each will enhance the honor and stature of the other. These effects—taken together—will serve to maintain our country's leadership role in research. For America to remain strong, we have no other course to choose.

In that spirit, I thank you for your kind invitation and again offer my sincere congratulations to this year's recipient, Dr. Aaron B. Lerner.●

THE MARVA COLLINS STORY

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. CLAY. Mr. Speaker, the "Marva Collins Story" sponsored by Hallmark Cards on CBS television on Tuesday, December 1, 1981, portraying the life of Marva Collins was a timely, inspirational, and tastefully developed presentation. Mrs. Collins, through her founding of the Westside Preparatory School, has made a remarkable contribution to the power of education and opportunity for the dispossessed and excluded in our society; especially the children of suppressed and oppressed black Americans.

Mrs. Collins is to be commended for her perseverance, and strength of character in pursuing and demonstrating the educability of all children and youths. The continuance of the Westside Preparatory School is a tribute to her tenacity and unconquerable will. She has been able to get children, who had been previously labeled as not able to learn, to read and comprehend far beyond their expected performance.

In a larger sense, however, Mrs. Collins is a personification of every man and every woman. The fact of the matter is that in St. Louis, Chicago, Detroit, Baltimore, New York and other large urban school districts, there are courageous and extraordinary teachers who demonstrate in the face of great adversity and opposition, a caring and commitment to black and minority children and youths. They, too, are national heroes and heroines who render superior service to this Nation's most precious resource—its children and youths.

The members of the Congressional Black Caucus took notice of this remarkable lady this past September through its award of the highly cherished George W. Collins Award. This award established by the Congressional Black Caucus gives recognition to an individual for his/her community service contribution. This award was conferred upon Mrs. Collins as a manifestation of the caucus' beliefs in her commitment to black children and youths in the community and her resolute belief in the emancipation of the hidden talents and strengths of blacks and minority youngsters.

I applaud the recognition which has come to Mrs. Collins. I applaud her stamina, determination, and fierce resolve to "keep on keeping on" because of her imperishable belief that a "mind is a terrible thing to waste."

I earnestly hope that the "Marva Collins Story" will be a prelude to other stories of the sacrificial and selfless contribution of the nameless heroes and heroines who man the Nation's public schools and keep human possibilities vibrant and alive.

CBS television and Hallmark Cards, Inc., as sponsors of the "Marva Collins Story" have rendered a distinctive and enduring contribution to our Nation. Each is deserving of a nation's thanks and praise for the "Marva Collins Story."

It is also a source of inspiration that in the early years, when there were areas of difficulty, that her loving and devoted husband and children remained steadfast and supportive of her endeavors. Her success, it can be said, is truly a family success.

Marva Collins represents a priceless contribution to the strength of the mind and belief that education will open doors to wondrous opportunities, and I wish her Godspeed as she continues to extend truth and human enrichment to all children and youths.●

SALUTE TO DAUGHTERS OF MIRIAM CENTER FOR THE AGED ON 60TH ANNIVERSARY OF ITS FOUNDING

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. ROE. Mr. Speaker, this year, the Daughters of Miriam Center for the Aged, which is located in the city of Clifton, my congressional district and State of New Jersey, celebrated its 60th anniversary of outstanding services dedicated to the pursuit of happiness and security for people, and particularly our senior citizens. I know that you and our colleagues here in the Congress will want to join with me in extending our heartiest congratulations and best wishes to the distinguished officers, trustees, faculty, and community leaders who have actively participated in the organization and administration of one of the most prestigious care and activities centers for senior citizens in our Nation, the Daughters of Miriam Center for the Aged.

Mr. Speaker, the exemplary leadership and outstanding efforts of our citizens so important to our quality of life are in the vanguard of the American dream. As we commemorate this 60th anniversary celebration, we express our appreciation to the officers and trustees of the Daughters of Miriam Center for the Aged, comprised of business and professional men and women, who through their fidelity, devotion and personal commitment over the past six decades, have provided intelligent direction and dedication toward achieving the goals and purposes of the center—to help our elderly attain quality of life and an increased dimension of living in their golden years.

The current officers and members of the Board of Trustees are, as follows:

OFFICERS AND EXCECUTIVE COMMITTEE

Arnold H. Goodman, president.
Raymond Kramer, Honorary president.
Helen G. Deich, past president.
Leonard Kohl, past president.
Saul Rosen, past president.
Alexander E. Rosenthal, past president.
Samuel S. Schwartz, past president.
Milton Werksman, past president.
Arthur Bodner, senior vice president.
Joel J. Steiger, vice president.
Melvin Opper, vice president.
Stanley Berenzweig, vice president.
Milton Kleinman, treasurer.
Jesse Gochman, M.D., assistant treasurer.
Jack Birnberg, secretary.
Philip E. Sarna, assistant secretary.
Harvey Adelsberg, M.P.A., F.A.C.H.A., executive vice president.

Harold B. Abramson, William Adler, Steven Alexander, M.D., Jerry Atkins, Warren G. Bauer, Stanley Berenzweig, Gerrard Berman, Jack Birnberg, Irvin Blank, Mrs. Benjamin V. Blazer.

Arthur Bodner, Samuel Bograd, Mrs. Julian L. Bornstein, Samson Bosin, Louis Brawer, Vivian Caplan (ex-officio), Benson J. Chapman, H. Louis Chodosh, M.D., Bertram I. Cohen, Stuart Coven.

Helen E. Deich, Hy Derfler, Saul Dobrow, Herman D. Edelson (advisory), Mrs. Morris Feld, Lenore Fried (ex-officio), Sandor Garfinkle, Dr. Solomon Geld (honorary), Merrill Gitkin, Jesse Gochman, M.D.

Howard Goldberg, Lawrence Goldman, Mrs. Martin Goldstein, Arnold H. Goodman, Harry Gordon, Lawrence Gurtman, Nathan Harelick (honorary), Mrs. Bernard Hoffman, Lewis L. Immerman, M.D.

Henry George Jacobs, Rabbi Dr. Leon Katz, Herbert C. Klein, Milton Kleinman, David Kluger (honorary), Norman Koch, Leonard Kohl, Sanford Komito, George Kramer, Raymond Kramer (honorary president).

Richard Lane, Sandor Levinsohn, M.D. (honorary), Hayward Lieberman, Ronald S. Mack, Leonard Marcus (advisory), Mrs. Joseph Nalenbogen (advisory), Melvin Opper, Harold Peimer, Monroe Potash, Alan S. Prell.

Mrs. Sylvia Richman (ex-officio), Richard Robinson, Edward M. Rod, Martin Rosen, Saul Rosen, Richard Rosenberg, Eugene Rosensweet, Alexander E. Rosenthal, Peter Rosenthal, Irvin K. Ruttenberg (advisory).

Mrs. Joseph Sall, Walter Sanders, Philip E. Sarna, Louis E. Schotz (advisory), Ruth Schwartz (ex-officio), Samuel S. Schwartz, Sidney Shelow, Mrs. Joseph Shulman (honorary), Mrs. Jack Stark (ex-officio), Joel J. Steiger.

Julius M. Stern, Julius M. Sucoff, D.D.S. (ex-officio), Martin Sukenick, Ben Tankel (advisory), Robert J. Topchik, David Waldman, Mrs. Samuel B. Weisenfeld, Milton Werksman, Ben Wiener, Siggi Wilzig, Mrs. Siggi Wilzig, Morris Yamner, Meyer Zendell (advisory).

I particularly commend to you the administrator and executive vice president of the Daughters of Miriam Center for the Aged, the Honorable Harvey Adelsberg, who has responded with the highest standards of excellence in helping to improve the lives and services of the people entrusted to his care.

Mr. Speaker, the Daughters of Miriam Center for the Aged is a nonprofit organization, governed by a philanthropic board of trustees, supported through the generosity of the Jewish communities of Paterson, Passaic, Clifton, FairLawn, and environs.

The center was established in 1921 through a gift from the Honorable Nathan Barnert, two-term mayor of Paterson and a well-known philanthropist, in memory of his wife, Miriam. It has progressed over the years from a shelter for aged persons and orphaned children, "Home for the Aged and Orphans," through its gradual transition to "Home and Infirmary for the Aged," and its ultimate expansion and transformation to one of the leading facilities of excellence in the field of care for the elderly—"The Daughters of Miriam Center for the Aged." It is licensed by the New Jersey State Department of Health, accredited by the Joint Commission on Accreditation of Rehabilitation Facilities, and approved by the American Dental Association. Daughters of Miriam Center is college and university-affiliated as a teaching and inservice training center.

The facilities and services included in this complex are a 283-bed medical and nursing care center, Miriam Apartments I and Miriam Apartments II, consisting of 270 units, which provide congregate services to older persons capable of independent living, a day care center for the elderly for seniors who are in need of social and medical services and the Fred Ables Memorial Sheltered Workshop. In total, they serve 650 aged people in a given day.

Mr. Speaker, the original purpose of the center was to give sheltered care to both the aged and to orphaned children. The first location was in a converted house in Paterson, and after the initial 5 years, in a 50-bed capacity building on an estate in Clifton. This dual program for the underprivileged at both extremes of the age spectrum remained unchanged for over 20 years. In the following 40 years, the program for dependent children was relinquished to a professional casework agency which placed them in foster or adoptive homes. The Daughters of Miriam merged with the B'nai Israel Home for the Aged in Passaic, and a growing partnership of government and philanthropy in the funding of care through the introduction of medicare and medicaid and Federal loans for major structures evolved. The high standards of care at Daughters of Miriam have a direct connection with the philosophy of its professional and lay leaders. They believe that a nursing care facility must approximate as closely as possible a client's former home environment. It must provide skilled nursing and medical services but, even more urgently, it must offer a congenial atmosphere in which the residents can carry on the activities of daily living which are so important to the senior citizens.

A unique establishment within the Daughters of Miriam community is the Fred Ables Memorial Workshop. In effect, this sheltered work activities program is a small self-contained industry, the purpose of which is to provide occupational therapy for many of the aged residents on assembly jobs for contracting commercial companies. The workshop is licensed by the U.S. Department of Labor and workers are paid at rates approved by the Department; but more important, the participants are given the self-assurance that comes with still being able to do useful work and to make an independent contribution toward their own maintenance.

According to their capabilities and interests, residents take part in a broad variety of daily living and social activities—arts and crafts in special rooms or in rooms on the infirmary floors; cooking and baking programs; bingo games; watching television; relaxing in the solarium overlooking the busy Garden State Parkway; and walking or visiting with friends in the gardens. Groups such as the Friendship Club of the Clifton Jewish Center come in to entertain. Parties are held in the auditorium for residents on their special anniversaries. Cookouts and picnics in the center grounds are regular features of the summer months. Frequent theater tours to the city are arranged for the more active residents.

Considerable time is given, of course, to therapy sessions and medical checkups. A qualified staff of over 300 people, including resident and attending physicians are available 24 hours per day, 365 days a year. Also on the staff are a psychiatrist, physiotherapist, pharmacist, medical technicians, registered graduate and licensed practical nurses, nurses' aides, and orderlies. Over half of the members of the staff are specialists in medical and nursing care. The full program of intensive care for residents is rounded out by specialists in podiatry, optometry, dental, and physical therapy.

Mr. Speaker, it is a great pleasure to call this 60th anniversary celebration to your attention and seek this national recognition of the outstanding services provided by the officers, trustees, staff and professional men and women of the Daughters of Miriam over the past six decades. Their dedication and devotion in helping our seniors to maintain their dignity and help find happiness and independence in their golden years have truly enriched our community, State, and Nation. We do indeed salute the Daughters of Miriam on their 60th anniversary and extend our best wishes for their continued good works and success in all of their future endeavors.●

A TRIBUTE TO JOHN T. KEHOE

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. MATSUI. Mr. Speaker, for the past 6 years, the Sacramento Metropolitan Chamber of Commerce has been guided by one of the most able and effective directors in its history, Mr. John T. Kehoe. The community and citizens of Sacramento, as well as the chamber itself, have benefited greatly from John Kehoe's talented and energetic leadership.

This outstanding administrator, whose distinguished career has included service in the Governor's cabinet when President Ronald Reagan was chief executive of the State of California, will be leaving the Sacramento chamber soon to pursue a challenging opportunity in the private sector as vice president in charge of economic planning for the Cook Company of Sacramento.

I am sure that all Members of this House, and particularly our California delegation, will join me in extending best wishes to John Kehoe and in saluting his outstanding career in city, State and Federal Government, as well as his work for the Sacramento Metropolitan Chamber of Commerce.

John Kehoe's career has included 18 years of public service, beginning in Hayward, Calif., where he worked as an assistant city manager. He later served as administrative assistant to a distinguished Member of the House, Hon. George Miller, followed by 3 years as director of governmental affairs for the California State University and College System.

In 1969, Governor Ronald Reagan asked John Kehoe to join his administration as education consultant. One year later, Mr. Kehoe was appointed as the Governor's legislative secretary, and in 1972, he became a member of the Governor's cabinet as director of consumer affairs. During his 2 years in that position, the department received national acclaim for programs implemented under his leadership.

A description of John Kehoe's community interests, activities, and awards would fill many pages. One of his more recent achievements was election by the people of Sacramento to the five-member board of one of California's major publicly owned electrical utilities, the Sacramento Municipal Utility District.

As a Representative of Sacramento in the Congress of the United States, it is my great pleasure and honor to officially recognize John T. Kehoe's tremendous contributions to the Sacramento area, to the entire State of California, and to this Nation, and to express our hope that he finds his new position stimulating and rewarding.●

NOT TO BE FORGOTTEN—AGAIN

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. VANDER JAGT. Mr. Speaker, the December 1981, edition of Reader's Digest carries an extremely interesting and heroic story of one of my most famous and well-known constituents, Matt Urban. He is a Congressional Medal of Honor recipient—some 35 years after he was recommended.

I ask you to read the article, which follows, for a very selfish and personal reason. I recently introduced special legislation in behalf of Matt, H.R. 5097, which would make him eligible for the special pension due those who have been awarded the Medal of Honor as of October 13, 1964. Matt started receiving the pension as of July 21, 1980. If paperwork had not been lost, he should have been receiving the special pension some 16 years previously.

We have made one major goof on a very gallant man. But, we have the chance, through H.R. 5097, to rectify it much as we did in finally presenting him the Medal of Honor some 35 years later.

The Digest article, "The Hero We Nearly Forgot," follows:

[From the Reader's Digest, December 1981]

THE HERO WE NEARLY FORGOT

(By John G. Hubbell)

Matt Urban was a one-in-a-million soldier, one to be remembered in all of history. An infantry officer in World War II, he was wounded time and again, but he always kept coming back, and each time his presence brought something extra to his men when they needed it most. He galvanized them, inspired them, and he led them to success while repeatedly risking his life to save others. The Germans nicknamed him "The Ghost," incredulous at his combat exploits and his ability to survive.

Finally, wounded for the seventh time, Matt Urban was forced to quit the battlefield. He was medically retired from the service and returned to his home in Buffalo, N.Y. His heroism was nearly forgotten, mostly because a recommendation for the nation's highest decoration for bravery, the Medal of Honor, was lost by the Army for three and a half decades before it was discovered and Matt's legendary exploits were at long last justly rewarded. Here is Matt Urban's amazing and inspiring story.

Matt's War began on a troop-transport ship off Port Lyautey, on the northwest coast of Africa, in November 1942. He was attached to the 9th Infantry Division. Its mission in the invasion of North Africa was to capture a strategically important airfield in French Morocco. He was 23, a first lieutenant, an Army R.O.T.C. graduate of Cornell University. An outstanding college boxer, he hoped for a career in coaching. His title was Morale and Special Services Officer.

He had been ordered to stay aboard ship until the beachhead was secured. He would be needed later, to organize entertainment for battle-weary troops. Matt fumed. It was not his notion of what he should be doing during a war.

The first reports from the beach were of fierce enemy resistance and heavy American casualties. Matt draped himself with bandoleers of ammunition and grenades, slung a rifle over his shoulder and climbed down to a rubber raft. A colonel stood at the rail screaming, "Urban where do you think you're going?"

"I belong with my friends, colonel," Matt yelled.

"Your orders are to stay aboard ship. Get back, or I'll see that you're court-martialed."

Matt waved, and started rowing. Enemy artillery and mortar fire rained down on the invaders. Bodies—his buddies'—floated in the water and sprawled grotesquely in the sand. The sight of dead Americans infuriated Matt. He waded ashore, ran up the beach firing, hitting the sand, crawling ahead, firing, firing, firing.

He never again saw the colonel who had threatened him with court-martial, and no one questioned his appearance in combat. He replaced a platoon leader who had been wounded.

By the spring of 1943, Matt was 2nd Battalion's F Company executive officer, second in command, and fighting in Tunisia. When the company commander was wounded, Matt took over.

In late March, the battalion was holding at bay a strong German force attacking from the east. Matt volunteered to eliminate an important observation post alone. He saw no point in risking other lives.

Armed with a half-dozen grenades and a .45, Urban crawled in pre-dawn darkness onto a barren hillside, creased with deep wadis—dry riverbeds. He was frightened, praying harder than he had ever prayed. It took him half an hour to come abreast of the observation post. Then he moved quickly, came out of a wadi heaving his grenades. Before the explosions had died away he had his .45 out and was jumping into the enemy position, firing at the retreating figures. A fleeing German tossed a grenade back at him. Fragments tore the palm of Matt's right hand.

He cut the wires into the observation post, and smashed the radio equipment. Later he suffered a wound to his left arm. Then, with the German position knocked out, the battalion moved northward.

"Follow Me." On Easter Saturday, 1943, Matt led F Company up onto a stragetically located hill called Djebel Dardyss. He agreed wholeheartedly with Gen. George S. Patton's concept of leadership: the best leader is one who gets out front and leads, not stands behind and directs; it's much more effective to pull a string than to push it.

The company was within 1,000 yards of the high ground when a concealed German force opened up with a storm of mortar and machine-gun fire. There was no place to hide, nothing to do but surrender. Therefore, the only sensible thing, to Matt, was to attack. From above, the enemy hurled down great sheets of murderous fire. On and on F Company crawled behind its commander, up the hill to within 40 yards of the Germans. There, Matt passed down the word to fix bayonets and prepare to attack. Steel glinted across the hillside. Then, suddenly, Matt stood, his .45 in his right hand.

"All right, men" he roared. "Let's get em. Follow me."

Matt charged straight at the heart of the enemy strongpoint. And F Company, whipped to a frenzy, came on with him.

It was over quickly. Only minutes earlier F Company had faced annihilation. Now, the 2nd Battalion owned the high ground, having routed a superior German force.

At 4 a.m. on Easter, the Germans counterattacked. Matt stood in the middle of the melee, firing his .45, shouting encouragement: "Hold your ground. Fire. Fire. Use your grenades. Hold your ground." And F Company held.

All that Sunday and on into the night, the 2nd Battalion fought two German Battalions to a standstill, with F Company on the high ground. The attack broken, the Germans withdrew. Soon, they abandoned North Africa. For Matt, there were two Silver Stars, a Bronze Star and two Purple Hearts.

Several days after the Normandy invasion of June 6, 1944, Matt, now a captain, led F Company against an enemy strongpoint not far from Utah Beach. Two German tanks hidden in hedgerows were the key to the battle. Ordering his company to flatten itself, Matt grabbed a bazooka and, with an ammunition carrier, worked his way through hedgerows until he saw a tank 45 yards away. Matt fired the bazooka. The tank exploded. Moving down the hedgerows, the two men destroyed the second tank. F Company came spontaneously to its feet, screaming, charging into the hedgerows, routing the enemy.

During this engagement, shell fragments tore away much of the calf of Matt's left leg. A medic took care of the gaping wound and advised that the C.O. be evacuated. The C.O. declined. He sat on a litter carried by two GIs and, roaring directions, coached his men forward. Early next morning, Matt took a bullet through the right forearm, and now there was no putting off evacuation.

Like a Madman. One July morning, in a hospital in southern England, Matt read a dispatch identifying his unit as having suffered heavy losses near St. Lô. The commander of the 2nd Battalion, "Black Mike" Kauffman, had been wounded and removed to the United States. Matt advised his doctors that his hospital stay was ended, and caught a boat across the channel. From there he hitchhiked nearly 100 miles—back to the front.

The men couldn't believe their eyes when they saw Matt limping up the road, using a stick as a cane. And 2nd Battalion survivors were never to forget July 25, 1944. Pinned down by German artillery fire, the battalion seemed immobile—no one leading, no one giving orders. The men lay in foxholes and ditches; they seemed resigned to being killed or taken prisoner. "On your feet, soldiers!" Matt ordered. "Let's go. Follow me."

S/Sgt. Alex Kahn was to report one GI's immediate after-action assessment: "One of the craziest officers suddenly appeared before us, yelling like a madman and waving a gun in his hand. He was probably a replacement, never in combat before. He got us on our feet, though, gave us our confidence back, and saved our lives."

Reaching the forward elements of the battalion, Matt found only one American tank intact, but its turret gunner had been wounded. A lieutenant attempted to man the turret and was riddled. A sergeant followed, and was killed also. Matt, knowing he was about to die, hobbled to the tank and flattened himself against it, enemy slugs splitting the air overhead. He would try to slide up and into that turret like a snake—and then * * * suddenly, unbelievably, he was in it, manning the heavy-caliber machine gun. Still alive—not even wounded.

Matt ordered the driver to move forward. His blistering fire silenced a German machine gun and an anti-tank gun emplacement. "Matt Urban moved forward," S/Sgt. Earl Evans noted later, "and damned if the U.S. Army didn't move forward also. It was the only natural thing to do."

Following the St. Lô breakthrough, the battalion commander was killed, and Matt assumed command. In the fighting that followed he took mortar shrapnel in the chest and was hit in the lower back. He refused to be hospitalized. He now had been wounded six times.

The Last Battle. Before dawn on September 3, 1944, artillery pounded German positions at Philippeville, Belgium. Matt was leading the assault. He was closing in when German machine guns laced the battalion with a vicious crossfire. It was here Matt's war ended. A bullet burst through his neck, mutilating his larynx.

Regimental surgeon, Maj. Norman Weinberg, a poker-playing pal since Matt's initial Army days, quickly dressed the wound and prepared to have Matt evacuated.

Father Timothy Andryziak, battalion chaplain and another poker player, reached the scene. "Any hope?" the priest asked. Weinberg shrugged. Father Andryziak administered last rites. Matt was appalled. He'd be damned if he would die.

Back in the hospital in England, The Ghost was soon well enough to be returned to the United States for voice therapy. He was medically discharged from the Army in February 1946. By now, some battlefield promotions had caught up with him; only two months past his 25th birthday, he was a lieutenant colonel, one of the Army's youngest. A veteran of six major campaigns, he wore a modest number of decorations: two Silver Stars, two Bronze Stars and seven Purple Hearts. These did not nearly match Matt Urban's valor and heroism.

A principal reason for the neglect was the turmoil of postwar transition, when countless servicemen returned to civilian life. Thus, a recommendation for the Medal of Honor written by S/Sgt. Earl Evans for his former C.O. had failed to reach division headquarters; a copy lay in the Adjutant General's office for 35 years.

But Matt Urban's kind of incandescent heroism glows brightly in the memories of those who witnessed it until inevitably it is properly recognized. After inquiries by Sergeant Evans and Urban were made, the Army opened its archives, found eyewitnesses to Matt's actions, conducted interviews and took depositions.

On July 18, 1980, in ceremonies at the Pentagon, Army Chief of Staff Gen. Edward C. Meyer presented Matt with the Legion of Merit for his outstanding performance through several campaigns. That same day, the French ambassador conferred upon him the Croix de Guerre, one of the highest combat honors France can bestow.

And the next day, 35 years after the end of the great war, Matt Urban, now recreation director and civic-center manager for the city of Holland, Mich., stood in the East Room of the White House, summoned at last by his Commander in Chief.

Wearing his Army dress uniform, Matt stood at attention as the citation outlining his legendary exploits was read. The old soldier's eyes glistened with tears as President Carter, apologizing for the country's long delay, placed the blue ribbon around Urban's neck. The two men embraced, then the President stepped back and wiped the tears from his own eyes. Matt Urban had received at last the supreme tribute his country can bestow on its soldier sons.

With the award of the Medal of Honor, Matt Urban had become one of the most decorated soldiers in American history.●

A TRIBUTE TO JOSEPH P. PERRUCCI

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. MINETA. Mr. Speaker, it gives me great pleasure to rise today in recognition of Joseph P. Perrucci, who will be honored at a testimonial dinner on January 23, 1982 by the Italian Men's Club of San Jose.

Joe Perrucci was born in San Jose, Calif. on December 15, 1905 and attended local schools. His parents were born and married in Tricarico, Italy and were very active in the Italian community in San Jose, founding the Tricarico Club, one of the oldest and best known Italian organizations in the Santa Clara Valley.

In 1931, Joe founded Mayfair Packing Co. Today this firm is recognized worldwide as one of the largest processors and shippers of dried fruits and nuts. For 40 years he was a director of the Dried Fruit Association of California and served as its president for three terms. Additionally, he was a director and vice president of the Italian-American Chamber of Commerce of the Bay Area, and a director of the American Italian Chamber of Commerce of Italy with headquarters in Rome.

In 1973, Joe was selected as one of a group of Americans to attend a trade fair in China that resulted in commerce between the two countries. Previously, in 1961, Joe met with the Minister of Labor of Italy in an effort to bring American industry to that country to help assist its economically underdeveloped areas. As a result of this meeting, Mayfair Europa was established in the Naples area. The plant provided employment for many Italians in this depressed area. Because of these actions and assistance, the Italian Government bestowed on Mr. Perrucci The Star of Solidarity, the highest award given to a foreigner. He was also given the title of Cavaliere of the Republic of Italy.

In November 1980, when a terrible earthquake struck Italy, killing thousands, he was one of the first to react. Instructing the manager of his Naples plant to render all possible aid, he provided food and lodging to many victims. In May 1981 he visited the earthquake area and upon his return to San Jose led a drive to raise all the neces-

sary funds to build an elementary school in the town of Sant' Angelo dei Lombardi. The necessary funds were raised, the school was built, and on October 6 Joe led a contingent from San Jose to the dedication.

Mr. Speaker, I ask you and all my colleagues in the House of Representatives to join with me in thanking Mr. Joseph P. Perrucci for his humanitarian and generous support to many worthwhile causes and to wish him the best in the years to come.●

SUMMARY OF CLEAN AIR HEARINGS IN CLEVELAND ON SEPTEMBER 19

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. ECKART. Mr. Speaker, on September 19 the Northern Ohio Lung Association and the League of Women Voters of Cuyahoga County sponsored hearings in Cleveland on the issue of clean air. The hearings were very productive and informative, allowing both experts and concerned citizens alike the opportunity to testify. I was honored to have the opportunity to chair these hearings, which were also attended by representatives from the offices of Congresswoman OAKAR, Congressman MOTTL, and Senator METZENBAUM.

I would like to take this chance to again commend the many dedicated people whose efforts toward coordinating these hearings were certainly successful in every respect. The comments and viewpoints which were presented have provided me, and hopefully many others, with a clearer understanding of what our environmental goals need to be as Congress reviews the Clean Air Act. The members of the Lung Association, the League of Women Voters, and of my advisory committee on energy and the environment are all to be heartily congratulated for their work on this event.

I recently received the transcript of these proceedings, which I have summarized for the review of my colleagues and those people involved in the hearings. Copies of the complete transcript can be obtained from the Northern Ohio Lung Association, for the cost of reproduction and mailing, at 4614 Prospect Avenue, Cleveland, Ohio 44103. The summary follows:

The meeting was called to order by Zelda Stutz, President of the Cuyahoga County League of Women Voters. The hearings were then turned over to Edith Chase, from the Ohio League, who acted as moderator for the hearings. Ms. Chase established the ground rules for the speakers and the question and answer periods, and generally outlined the arrangement of the proceedings.

In my brief introductory remarks before the group, I described the task now before Congress in reauthorizing the Clean Air Act. The decisions regarding air pollution and its control not only have immediate implications but, more importantly, far reaching effects and results. The impact of environmental issues are a pay now or pay later matter, and I expressed the belief that expediency and economic revitalization cannot be the guiding concerns when considering such issues.

The meeting was turned back to Edith Chase, who called on Mr. William McVey, representing Congresswoman Mary Rose Oakar. Mr. McVey expressed Representative Oakar's regrets at being unable to attend, and expressed her strong support for a strict clean air law that insures the protection of our health and safety.

At this time, the first witness was recognized, State Representative Sherrod Brown, of the 61st district in Ohio. Mr. Brown's statement pointed out the international implications of the problem of acid rain. He called for strengthened cooperation among Ohio officials, the Governor, the Environmental Protection Agency, and the utility companies in addressing this issue and seeking solutions. He reaffirmed Ohio's need to implement stricter pollution control and standards, and indicated that Ohio's ability to do so has been proven.

The next speaker was Dr. David Gillespie, Associate Professor of Medicine at Case Western Reserve University. Dr. Gillepsie expressed his interest in pulmonary medicine and environmental effects on health. He discussed the health effects of three major pollutants: sulfur oxides, nitrogen oxides, and total suspended particulates. He summed up by stating that we must not tamper with the Clean Air Act's ability to protect individual's health, especially those facing added risks from polluted air. Dr. Gillespie also addressed a question regarding the costs of continued bad health from air pollution. He said that not only health costs are involved, but costs related to agricultural loss and worker production loss as well. Economically, it still remains cost effective in the long run to maintain strong controls on environmental pollution. In answer to another question, Dr. Gillespie touched upon the possibility that cancer rates as well may be tied to air pollution levels. Studies are still being conducted.

The next witness was Tom Graske, Public Information Officer with Cleveland's Division of Air Pollution Control. Mr. Graske provided important statistics on Cuyahoga County's pollution levels, and explained how they are obtained and measured. He also announced that the Division is presently submitting revisions to the City's Air Pollution Code to the City Council, and that public comment and input was welcome. Those wishing to get involved can call the Divsion's offices at (216) 664-3512. He stated that the Division opposed proposals to give state and local governments authority to establish secondary standards. The Division also recommends that actual reductions in sulfur oxide emissions be achieved to combat acid rain. He further recommended that training programs for air pollution control personnel be expanded, and that attainment deadlines should be extended for the National Ambient Air Quality Standards. He called for a more concise and clear policy on new source construction, and one which is consistent nationwide.

I questioned Mr. Graske as to the methods for dealing with a state administration which appears unwilling to implement a state plan, as is the case in Ohio. He stressed the need for federal oversight reviews and action when states are not found to be in compliance.

Mr. Graske addressed additional questions about the reasons for advocating an extension of attainment deadlines; whether or not he believes that it is realistic to call for increased training programs when the budget is being drastically cut; and the projected effects of these budget cuts overall on his Division's ability to carry out its work.

Mr. Braxton Tewart, Director of Community Relations for the Ohio Lung Association, outlined for the group the Association's major recommendation for the reauthorization of the Clean Air Act: 1. The national ambient air quality standards should remain unchanged. 2. A fine particulate standards should be included. 3. The motor vehicle inspection and maintenance program should remain unchanged. 4. Federal oversight should be continued versus turning all responsibility over to the states. 5. Public participation should be encouraged. 6. The atmospheric transport standards for sulfur dioxide and nitrogen oxide should remain unchanged, and the enforcement should be strong to reduce acid rain.

Mr. Tewart listed over eight principles which should also guide all consideration of clean air issues. The principles included public involvement, costs, employment, profits, individual choices, the issue of high sulfur coal, and the role of health concerns. He then answered questions from the floor pertaining to recent Administration attempts to clamp down on EPA scientist's public statements, and the budget cuts.

The next witness was Mr. Tom Jenkins, Professor of Physics at Case Western Reserve University and a representative of the Sierra Club. He provided important information on the need to maintain a strong Prevention of Significant Deterioration program (PSD) under the Act. The reasons stated were: 1. The program provides an extra margin of safety against health effects which might be unknown or poorly understood at this time. 2. The program provides a large reservoir of air for diluting the pollution produced in industrial concentrations such as Cleveland. 3. The program spreads the responsibility for air pollution control to all states rather than just the industrial states which have to deal with long-standing air quality problems. 4. Finally, the PSD program prevents adverse biological impact of ecosystems in our National Parks and wilderness areas, and protects visibility in park areas.

Reverend Mike Frank, Pastor of Broadway Christian Church, spoke next on behalf of the Neighborhood Coalition. He made several points about air pollution representing the views of citizens in his neighborhood: First, there has been a definite improvement in the quality of our air. Second, progress so far is possible largely due to an active EPA and Federal regulations. Third, the people only want simple justice . . . they want to be protected from the injustices that prevent healthy air and a clean living environment.

The next witness was Mr. Jim Cowden, Professor of Environmental Science at Hiram College. Mr. Cowden discussed the faulty assumptions and simplistic notions often used in making cost-benefit analyses regarding clean air control methods. He outlined several major studies along these lines, and stressed the importance of studying agricultural impacts as well.

The last invited speaker was Dr. Kathleen Barber, Professor of Political Science at John Carroll University. Dr. Barber briefly addressed four issues: First, transferring authority for setting minimum standards back to the states reverses a workable, sensible allocation of power. Second, we must preserve those sections of the Act which relate to Prevention of Significant Deterioration. Third, strict automotive emission standards must be maintained. Fourth, Congress must address the causes and effects of acid rain, despite the Reagan administration's attack on Government activism.

At the conclusion of the witness testimony, I gave a brief statement regarding the timetable for action in Congress on the reauthorization of the Clean Air Act. I provided a capsulized history of what has happened to date on the legislation, and described the political atmosphere that is developing in Congress over this issue.

The audience was then invited to submit testimony for the record, with each statement being limited to 2 minutes. Chris Gitlin spoke on behalf of her husband, a clinologist involved in respiratory diseases. She, too stressed the relationship between pollution levels and health problems, citing national statistics and study results. Mr. Arnold Gleisser representing the Richmond Heights Environmental Board, presented information about the local PCB problem resulting from broken capacitors. He also presented information and further comment on the acid rain problem. Mr. Chester Brooks pointed out the health hazards from pollutants besides those currently regulated, such as ethylene dibromide, mustard gas, and leaded gas.

A representative of the Lorain County League of Women Voters, Jean Cornelius, mentioned that currently, few toxic pollutants are under federal control. She spoke about chemical synergism—the interaction between chemicals which produces a toxic effect which is greater than the sum of the effects of the individual chemicals. Nancy Martt with the League of Women Voters, and Greg Taylor of the Isaac Walton League, both spoke in favor of a strong clean air law. Mr. Taylor expressed the concern of fishermen over increased acidity in lakes caused by acid rain.

Thomas Hill spoke about the health effects of asbestos as an example of a pollutant which went unchecked for too long. John Swearer brought up the issue of government overspending and budgetary waste in the U.S. EPA. Terry Mors reminded the group of the recent Harris poll results indicating that 80 percent of the country favors strong clear air laws and no weakening amendments to the Clean Air Act. He also stressed that along with acid rain, dry deposition transports must be studied. Irene Penfield stated that air pollution is a problem of special concern to Blacks in this country because they tend to populate the inner city areas, which are hard hit by pollution. John Edwards, the Conservation Chairman of the Western Cuyahoga Audubon Society, outlined his organization's recommendation for the Clean Air Act. He stressed the need for retention of primary health standards, federal authority for control, and the PSD program. He also stated that the Act should be strengthened to include toxic pollutants and acid rain.

Nick Sabadosh said that this issue should not have to pit jobs against clean air. Ellen Knox read from a meaningful statement by Lewis Thomas, Chancellor of the Rockefeller Institute, about the prospects for the future. Mr. W. D. Clapham, Jr. commented that although there is still much to learn and understand about acid rain, we must proceed now to deal effectively with it. Barbara Sibley provided a consumer's point of view, saying that she would be willing to pay a bit more for certain goods and services if it would assist in producing cleaner air. Genevieve Cook spoke about a long term cancer study conducted in Cuyahoga County, which shows higher death rates for cancer in areas of greater air pollution. Mary Croxton supported continuation of nationwide pollution control and for research into better methods of burning high sulfur coal.

Marge Grevatt spoke about poverty and air pollution, Maria Idam rose to offer added support for a strong Clean Air Act, and Mimi Becker pointed out that there are dangers from long range transports of pollutants from high stacks other than sulfur dioxide. Clifford Mitchell raised the issue of indoor pollution, and called for greater attention to this problem. Dr. Alan Kuper spoke on behalf of the Ohio Lung Association about the important role of citizen groups and citizen action. Janet Hutchison, a member of the Advisory Commission of the Cuyahoga Valley National Recreation Area, mentioned the concern for park preservation. Ronald Sobek offered information on a fluidized combustion system now being researched for use on power plants. Judith Wood represented biking enthusiasts, and called for federal support money for biking to help reduce air pollution and gasoline usage. Finally, Robert Wood addressed the meeting as an Assistant Professor in Pediatrics at Case Western Reserve University involved in childhood lung diseases. He brought up the important point that health effects may take as long as forty years to be recognized in a human body . . . we should not have to wait that long before the causes of the health problems are attacked.

The public hearing was adjourned at 2:15 p.m.●

A TRIBUTE TO THE GREAT MILLS HIGH SCHOOL FOOTBALL TEAM

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. DYSON. Mr. Speaker, I should like to call to the attention of my colleagues and the general public to the outstanding achievements of the Great Mills High School football team of southern Maryland.

Coming off a 3-7 record the previous year, this team made history by winning the Southern Maryland Athletic Conference, going undefeated during the regular season and fighting their way into the State finals. Their success demonstrates what hard work, dedication, and a group of individuals pulling together for the same goal, can achieve. The lessons of discipline, pride, and sacrifice play an important role, not only in football, but also in life, and the Great Mills team has proven they have learned them well.

Mr. Speaker, praise is also due those individuals who through their tireless efforts transformed this dream into a reality. Steve Hoopengardner, Southen Maryland Athletic Conference coach of the year, devoted long hours and hard work to instilling a winning attitude and the fundamentals critical to a winning season. Through his ability to communicate with his players a 11-1 record was achieved.

Credit must also be given to the coaching staff. Joe North, Steve Wolfe, Stanley Hoopengardner, Gene Wood, and Harold Willard all contributed their selfless devotion to the team. In addition, Athletic Director Bob Wrabley cannot be forgotten for the time and effort he gave to the Great Mills football program. Without the hard work of all these people there would have been little success.

Of course with the opening kickoff, the responsibility for executing the plays rests with the players. The names—John King, William Smith, John Garner, Jesse Wilson, Jeff Dubinok, Evan Roberts, Linzell Harris, Terrell Scriber, Donald Stewart, Larry Valdez, Dwayne Humenik, John Shoemaker, Keith Pinno, Thomas Chase, Michael Von Allmen, Shawn Campbell, David McRae, Shawn Day, Ronald Von Collin, Antonio Dixon, Earl Childress, Mark Musselman, John Bragaw, Deane Starr, Ronald Clark, Harvey Picard, Jeff North, Patrick Young, Stephen DeBarr, Joel Holt, Brian Woode, John Young, and Benjamin Simmons—will long be remembered to the area's football fans. Led by their 25 seniors, Great Mills was able to achieve a degree of success unmatched in the school's history. They provided the experience and leadership which is a necessity for winning football games.

Mr. Speaker, to the residents of St. Mary's County high school football is more than a game, it is an infatuation. Without the support of its fans who cheered them on, provided encouragement and followed their progress, the task would have been extremely difficult. The Great Mills football team not only captured the hearts of their fans but also brought them all closer together. They should be congratulated for their achievements and for a job well done.●

WATT TRIUMPHS OVER ENVIRONMENTALISTS

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. YOUNG of Alaska. Mr. Speaker, Interior Secretary James Watt has staged a startling political turnaround. While liberal Democrats and environmental groups had all but nailed the coffin shut on Watt's service as Presi-

dent Reagan's Interior Secretary, Watt was quietly gaining the respect of the administration and the American people. Now Secretary Watt's Cabinet seat seems assured as the Secretary has gained continued popularity with his attempt to restore a prudent balance between environmental, economic, and energy concerns.

This is the point stressed in a recent National Review article which I urge my colleagues to read. The article reviews Secretary Watt's first 10 months of duty and concludes that he has successfully overcome the attack of the "cryptopolitical" environmentalists demanding his immediate ouster. The environmentalists and press have backed off Watt because they realize that he has the categorical support of the President and his policy views reflect Reagan's electoral mandate.

Secretary Watt, Mr. Speaker, has triumphed over the environmentalists. He also carried through on his responsibility as the Nation's manager of our natural resources by judiciously balancing the interests of economic wellbeing and energy production with environmental protection.

The November 27 National Review article follows:

[From the National Review, Nov. 27, 1981]

HOW'S WITH WATT?

James Gauis Watt, Secretary of the Interior, is a survivor. This is no small feat, considering that Watt spent July and August on a wheel of fire, when hardly a day passed that some politician (notably Messrs. Udall, Cranston, and Kennedy) or some environmental group did not call for Watt to resign or for the President to sack him. During these months his Department was tense and jittery, morale low. Thanks principally to Watt's equanimity under stress and his tenacity of purpose, the bureacrats hung tough, and Interior still serves the Republic.

In September the situation began to stabilize for Watt, and since then his fortunes have been slowly but steadily climbing, despite one of the cruelest, best organized, and most prolonged onslaughts in recent memory. The current wisdom is not only that Watt will make it but, indeed, that he may be engineering one of the more dramatic public-image turnarounds we have seen. Already Watt is one of the three top GOP fundraisers (including Reagan himself), and is probably not number three.

For his first five months in office, Watt by design concentrated solely on administration and management. He moved boldly to yank the recalcitrant Interior bureaucracy in a new direction, as when he fired in one fell swoop 51 excessive lawyers and clerks from the solicitor's office. During those five months, Watt gave out only two interviews, stayed in Washington, read résumés, interviewed candidates, sketched flow charts, and slapped around the Bureau of Land Management bureaucrats until they began treating Westerners more like citizens and less like poachers. (This coerced change in the BLM's collective attitude defused the Sagebrush Rebellion, by the way.) From an MBO (Management by Objective) standpoint, Watt gets high grades. But from a political, public-relations standpoint, Watt flunks. By concentrating exclusively on management, Watt left the environmental battlefield entirely to the opposition, viz., that coalition of preservationists groups that had met in the Rose Garden in September 1980 to endorse Jimmy Carter and urge the defeat of Ronald Reagan—unprecedented political acts for allegedly apolitical types.

Later, these environmentalists were joined by other liberals who were being denied their conventional left-wing causes—like welfare expansion, or foodstamp program enlargement, or jail reform, or busing—because Ronald Reagan had successfully coopted this social agenda with powerful political actions of his own, notably his economic program. Environment, really, was the only theater left for these frustrated causistes.

In late August, Reagan's Holy Trinity got into the act (counselors Meese, Baker, and Deaver) and urged Watt not to pull his punches but to get on the road and tell his story directly to the people. The electorate should learn directly from you what you think, they told him, as opposed to what the Sierra Club says you think. In early September, Watt launched his stump tour at the Western Governors Conference in Wyoming, putting on a day-long performance that drew kudos from the polls and influential media types present.

Audiences around the nation are pleasantly surprised to find that Watt is not the Frankenstein that ecology freaks have made him out to be. And they like his sharp distinction between preservation and conservation, the former converting nature into an end in itself, a religion, that leaves man out. Preservationism is for the select few who have the money and time for the pursuit of solitary wilderness, as Congressman William Dannemeyer (R., Calif.) has appropriately noted, while conservationism sees nature as an instrument, a dynamic one, for enriching all the people spiritually and economically. The latter necessitates, of course, rational and balanced economic growth—a growth rooted in the development of our natural resources.

But there's the rub. Preservationism is what Watt inherited at Interior, entrenched preservationism, i.e., little or no development. Although our federal lands contain well over one-half of the coal in America there has not been a single major coal lease issued in ten years. In resource-laden Alaska, Watt next month is holding an onshore federal oil and gas lease offering—the first in 15 years. Applications to explore the Overthrust Belt have lain on bureaucrats' desks at Interior for a decade and longer, yet oil shale, tar sands, and coal in that Belt contain enough energy to meet our domestic needs for literally hundreds of years.

Watt's upsurge has been helped by the recent loss of credibility suffered by the powerful Sierra Club. A top-secret, 12-page, minutely detailed memorandum from Sierra's top brass dealing with the generation, collection, and delivery of anti-Watt protest signatures, with crassly manipulative instructions for persuading journalists and the public to view the phenomenon as "grass-roots," plus the use of this politico-media event as a membership recruitment lure, was picked up by the press, who found its style worthy of comparison to some of the more imaginative offerings of G. Gordon Liddy (sorry, Gordon). As everyone knows, Sierra is a crypto-political outfit (its tax exemption has been removed) at best, and now that the fact is publicly recognized, Watt will be fighting a seen enemy, almost a political party in miniature, and that should make the going easier for him.

It used to be said that the Reagan Administration had three true believers: David Stockman, James Watt, and Ronald Reagan. With Stockman having recently gone over the side (alas, he now favors upping taxes and, in so doing, screwing supply-siders), only two are left. It behooves the GOP establishment, nationally and regionally, to get behind Watt, as have Senators Goldwater, McClure, Symms, Laxalt, Stevens, et al. In an age of trimmers, true believers are an endangered species, and so deserve all the protection they can get.●

ON THE MOTION TO INSTRUCT THE DEFENSE CONFEREES

HON. LAWRENCE J. DeNARDIS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. DeNARDIS. Mr. Speaker, President Eisenhower in a press conference that he held on September 3, 1957, dealt with the question of defense spending in terms of the military requirements of the United States and the free world. On that occasion Mr. Chalmers M. Roberts of the Washington Post asked the following question:

Mr. President, in view of Soviet military developments and the negative Soviet attitude on the disarmanent talks, plus the inflationary problem, do you intend to attempt to keep the military budget at the $38 billion figure for the next two fiscal years 1959 and 1960 as reported?

Answer: Well, you will recall that I have tried to establish the difference between a new obligational authority and the expenditure program. I have come to believe that a very fine and adequate defense for the United States can at present prices be sustained with an expenditure program, if well planned in advance, at $38 billion.

Now, there is no sacrosanct nature of this or any other figure, but I believe that as you go beyond, you get into things that are unnecessary, and if they are unnecessary, they are certainly unwise from the standpoint of the whole economy. If you go below, I believe that you are getting into an area of unacceptable risk.

President Eisenhower said, therefore, that either we cannot afford it or we do not need it, or both, which clearly indicates that he had a sense of, first, the real military requirements of the free world, a subject he knew better than any other 20th century American President. Second, the considerable potential for overspending for the military that exists in our military-industrial-political system and third, the adverse relationship between excessive and nonessential defense spending and an economy in the throes of inflation.

Let us try to apply the wisdom and sense of appropriateness that Ike exhibited during the critical period over which he presided to the matter at hand. When is a $197 billion defense figure enough—when it is 14 percent more than last year and the thoughtful product of a democratically con-

trolled House—while at the same time to a figure that is the product of a new Republican President who ran on a prodefense platform who recommended approximately the same amount. Mr. Speaker, I submit that the proposed Senate increase of 18 percent is not a well considered estimate and that the conference must adhere to the House figure. The old game of splitting the difference will not do in this case. Splitting the difference or any close approximation would destroy what equity and purpose there is in this budget. The high bid of the Senate should be rejected and the House conferees should hang tough and return a report to this body we can support.

I support the motion to instruct the House conferees and I congratulate the gentlelady from New Jersey, Mrs. ROUKEMA, for her magnificent efforts in pressing this cause.

THE ASBESTOS HEALTH HAZARDS COMPENSATION ACT

HON. MILLICENT FENWICK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mrs. FENWICK. Mr. Speaker, today I am introducing a bill to insure that workers disabled by exposure to asbestos receive adequate compensation without having to resort to costly and time-consuming litigation. This legislation, the Asbestos Health Hazards Compensation Act, will provide equitable and comprehensive benefits to persons disabled as a result of employment-related diseases, members of their families, and surviving dependents.

At the present time, there is no single comprehensive method of dealing with the problems and hardships created by asbestos-related diseases, the dimensions of which have only recently become apparent in medical studies. It has traditionally been within the jurisdiction of the States to determine worker compensation laws; but in those cases where the States fail to provide the necessary services, the Federal Government must take the initiative. This is certainly the case here.

Asbestos-related diseases are not like coal mine-related illnesses. Coal mines are located in specific States and the diseases connected with them are locally defined. Asbestosis and other asbestos-related diseases are not confined to mining areas, or even to the industrial facilities where asbestos is processed. They are scattered from California to Rhode Island, in shipbuilding yards, housing construction and repair, and other occupations and places where workers handle asbestos products.

Since few States provide adequate benefits for death or disability due to asbestos-related diseases, individuals have been forced to seek legal action against manufacturers, employers, and the Federal Government to acquire sufficient compensation. Such remedies are inconsistent and burdensome at best and fail to promote a comprehensive, unified approach to the payment of disability benefits.

This act, which is in the nature of "no fault" legislation, is designed to promote a comprehensive, unified approach and a workable benefit schedule that will be satisfactory to both employers and employees.

We now know from medical studies that asbestos exposure is a leading cause of cancer. It is estimated that 50 percent of all asbestos insulation workers die of cancer. According to Dr. Irving Selikoff, the renowned and acknowledged expert in the field—

> At present, one in every five deaths among insulation workers is due to lung cancer, one in ten to cancer of the pleura or peritoneum, and one in ten to scarred lungs of asbestosis.

We also know, based on studies by Dr. Selikoff and others, that asbestos workers who smoke have an incidence of lung cancer 90 times greater than workers who smoke but are not exposed to asbestos.

I have narrowed the scope of the bill to cover only those diseases which are caused by exposure to asbestos and are diagnosed as such. The medical community has assured me that these diseases are clearly diagnosable, so there is no presumption factor to establish eligibility. Anyone who provides medical certification that the disease is asbestos related will be eligible for benefits.

The bill which I am introducing today will pay benefits to affected persons and their dependents for disability or death from an asbestos-related disease. Affected persons are those whose occupations involve exposure to asbestos or members of their families who contract asbestos-related diseases from close contact with those individuals. Compensation will be provided for both partial and total disability, and benefits can be later adjusted if the nature or severity of the disease changes.

I have introduced legislation of this type in the two preceding Congresses—in 1977 and 1979. The bill I am introducing today includes several major changes. First of all, the Federal Government has been eliminated entirely as a source of funding the compensation claims. Although the asbestos fund set up under the provisions of the bill will still be administered by the Department of Labor, the funding will come solely from the asbestos industry and the tobacco industry. The formulas for industrial financial contributions have been adjusted upward, and may be further adjusted by the Secretary of Labor should the need to cover the cost of benefits.

Second, the claims will be more closely scrutinized. Many compensation programs of this type have been the victim of fraud and abuse. This serves only to harm those who justly deserve compensation. As I have said previously, asbestos-related diseases can be clearly pinpointed and thus my bill specifically denies length or degree of exposure as proof of disease. In addition, the Secretary of Labor can seek a second medical opinion when he believes a claim has been fraudulently or inaccurately represented.

Finally, as in my previous bills, the issue of third-party litigation is dealt with in an equitable way. Those suits filed in Federal or other courts prior to enactment of this legislation will be allowed to go forward. The plaintiffs may, however, drop their suits within half a year and file for benefits under this act.

We are now aware of the health hazards of asbestos exposure and are beginning to move in the right direction by recognizing the danger and trying to do something about it through increased safety standards. I think all of us feel obliged to aid those workers who have long suffered from asbestos-related diseases without receiving adequate benefits. This legislation will finally provide those individuals and their families with a comprehensive compensation plan that is both equitable and expeditious.

Further and finally, I would like a print out that even those States which have good workmen's compensation laws in other respects often fail to provide coverage for the unusually long potency period of asbestos disease. That is why we must have nationwide coverage under a uniform law.●

GEORGE MASON: FATHER OF THE BILL OF RIGHTS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. McDONALD. Mr. Speaker, almost everyone who lives in the Washington, D.C., area has visited Mount Vernon, the home of George Washington. Many tourists take the time to visit Mount Vernon also. However, many District of Columbia area residents and most tourists are completely unaware that a little further down the river is the magnificent home of George Mason—Gunston Hall. George Mason is the father of our "Bill of Rights" which were incorporated in the U.S. Constitution in 1791 by the States. James Madison, in the first session of the First Congress (as a Representative from Virginia) in-

troduced 17 resolutions. Congress rejected 5 of them and submitted 12 to the States, of which 10 were ratified. These became our Bill of Rights. Mason did this "to quiet the apprehensions of many that without some such declaration of rights the government would assume and might be held to possess the power to trespass upon those rights of persons and property which by the Declaration of Independence were affirmed to be unalienable."

Therefore, on this day, December 15, "Bill of Rights Day," it is particularly appropriate to insert in the CONGRESSIONAL RECORD a recent article by Prof. Raymond Polin of St. John's University on George Mason which appeared in the Freeman Digest, December 1981. The article follows:

GEORGE MASON: FATHER OF THE BILL OF RIGHTS

(By Raymond Polin)[1]

Thomas Jefferson has been justly honored, in the main, as the author of the Declaration of Independence, one of three accomplishments that he chose to be inscribed on his tombstone: "Here was buried Thomas Jefferson, author of the Declaration of American Independence, of the Statute of Virginia for religious freedom, and father of the University of Virginia."

It is indicative of the priority of values held by Jefferson that he asked to be remembered in finality by a legacy of principles of freedom and an institution of high education. No mention was made by him that he had attained the very highest political offices of his state and nation: Governor of Virginia, Secretary of State of the United States, and successively Vice-President and President of the United States.

But how much credit is justly due Jefferon for composing the Declaration? How original and how complete was his authorship of this document? Did he create or invent it, or did he copy, recall, or borrow in good part?

Jefferson's role as the author of the Declaration seems securely established and likely to endure. However, there is little or nothing in the Declaration in concept or language that had not been previously written by Spanish and Italian Jesuits of the seventeenth century, John Morin Scott (1730?-1784) of New York, James Otis (1725-1783) of Massachusetts, Filippo Mazzei (1730-1816) of Italy and Virginia, Richard Bland (1710-1776) of Virginia, Thomas Paine (1737-1809) of England and Pennsylvania, and George Mason (1725-1792) of Virginia. What is more, Jefferson was most probably familiar with all of these prior writings with the possible exception of the polemical pieces by Scott that were broadcast at the time of the Stamp Tax controversy in 1765. Jefferson himself has been candid enough to write in later years in a letter of May 8, 1825, to Henry Lee: "I did not consider it as any part of my charge to invent new ideas altogether and to offer no sentiment which had ever been expressed before."[2]

A NECESSARY CONNECTION

It does not diminish the honor that of right belongs to Jefferson, therefore, if we call attention to the contribution of others to the Declaration of Independence and accord them their just recognition in turn. Also, we gain increased understanding of the relationship between the Declaration and the Constitution of the United States and subsequent amendments if we see their "necessary" connection. For we may regard the original Constitution, the Bill of Rights, and especially Amendments XIII, XIV, XV, and XIX, as "necessary" to implementation of the ideas stated in the Declaration.

And this is where proper recognition of the role of George Mason also becomes "necessary" to an improved perspective of historical development and justice to the memory of Mason. For not only did Mason make an important immediate contribution to the Declaration of Independence, but he also anticipated in general the structure and principles of government contained in the Constitution of the United States and those amendments which most added to freedom and equality before the law in America. We may also observe that Thomas Jefferson was not at the Constitutional Convention in Philadelphia in 1787 or in Virginia during the struggle for ratification, but George Mason was a leading actor during both events.

Robert Allen Rutland says of Mason's participation during the Constitutional Convention: "He was a faithful attendant at the sessions, speaking to the point on practically every topic of importance."[3] In any event, Jefferson and Mason indisputably viewed each other as honorable, kindred spokesmen and were the warmest of allies, pleased with and supportive of each other. It was a friendship based on the strongest of foundations—mutual respect—and ended only with the death of Mason but a week after a farewell visit by Jefferson to Mason at Gunston Hall, his beloved plantation home.[4]

The Declaration of Independence probably would have been quite similar in use of concepts, language, and line of argument even had Mason's Virginia Declaration of Rights not been available to Jefferson. Perhaps the same may be said of the Bill of Rights and Amendments XIII, XIV, and XV. However, we are able to trace a direct causal connection between the Virginia Bill of Rights and the First Ten Amendments. Indeed, a careful reading of the Virginia Bill indicates that its influence on the contents of the Declaration of Independence is much less than its contribution to the Bill of Rights of the Constitution of the United States. Also, the Bill of Rights may be of more practical and enduring value to the American system of government than the Declaration of Independence.

The Declaration embodies a credo of lofty principles and sentiments—but it is the Bill of Rights that is a matter of everyday law and habit by which Americans live. The Bill of Rights fulfills the aspirations of the Declaration of Independence as a continuing effective limitation on the power of government and as a promoter of individual and group freedom and opportunity. Is not this combination the essential nature of the American system of government and society?

Therefore, it is really of minor concern whether it be Mason or Jefferson who is to be held responsible for the phrase "the pursuit of happiness" that appears in the Declaration. For example, William Safire writes in a column entitled "What Government is For," that Jefferson departed from Locke's phrase "life, liberty and property" because, as Safire states it: "A disciple of his, Thomas Jefferson thought that he would give that phrase an inspirational lift, and our Declaration of Independence hails 'life, liberty and the pursuit of happiness.' That euphemism started the trouble."[5] The usually well-informed Safire has strayed into areas dealing with history and political theory where he lacks expertise and has thereby illustrated the need for many of us to become more familiar with the background as well as the wording of the Declaration.

THE ORIGIN OF THE IDEA

It is not difficult to set straight who was primarily responsible for inclusion of the words "the pursuit of happiness" in the Declaration by pointing out that they were, in effect, contained in the earlier Virginia Bill of Rights that was adopted on June 12, 1776, and that even before that date Philadelphia newspapers had reprinted its draft text (e.g., the Pennsylvania Evening Post on June 6, and Pennsylvania Ledger on June 8, and Pennsylvania Gazette on June 12). Jefferson was not asked to draft the Declaration until June 11 and probably did not begin his task of writing until June 12.[6]

The first article of Mason's Virginia Bill states: "That all men are by nature equally free and independent, and have certain rights, of which, when they enter into a state of society, they cannot, by any compact, deprive or divest their posterity; namely, the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happi-

---

[1] Dr. Polin is Professor of Government and Politics in the Graduate School of Arts and Sciences of St. John's University (New York). His latest work, "Modern Government and Constitutionalism" (Chicago: Nelson-Hall, 1979), includes attention to concepts of limited government and stability, his principal area of academic interest. His current research deals with the roots of the Declaration of Independence.

[2] Paul Leicester Ford, ed., *The Works of Thomas Jefferson*, 12 vols. (New York: G. P. Putnam's Sons, 1904-1905), Vol. XII, p. 409.

For discussion of a significant but too-neglected essay of 1765 by John Morin Scott that presented ideas and language similar to what later appeared in the Declaration, see Raymond Polin, "Foreshadows of the Declaration of Independence in the New York Press," *The Freeman*, Vol. 13, No. 7 (July, 1963), pp. 14-20. For concise identification and explanation of these ideas, see Polin, "The Political Theory Within the Declaration of Independence and Its Meaning for Us Today," *The Social Studies*, Vol. 57, No. 4 (April, 1966), pp. 147-154, including bibliography.

For the writings of George Mason, see Robert Allen Rutland, ed., *The Papers of George Mason*, 3 vols. (Chapel Hill: University of North Carolina Press, 1973).

[3] Robert Allen Rutland, *George Mason, Reluctant Statesman* (Charlottesville: University Press of Virginia, Dominion Books, 1963), p. 85.

[4] *Ibid.*, pp. 99 and 106-107; Helen Hill Miller, *George Mason, Gentleman Revolutionary* (Chapel Hill: University of North Carolina Press, 1975), *passim*, especially p. 333; and Kate Mason Rowland, The Life and Correspondence of George Mason, 1725-1792 (1892), 2 vols. (New York: Russell & Russell, 1964), e.g. Vol. 1, pp. 272-274, and Vol. II, pp. 363-365.

[5] *New York Times*, 2 March 1981.

[6] James Munves, *Thomas Jefferson and the Declaration of Independence: The Writing and Editing of the Document that Marked the Birth of the United States of America* (New York: Charles Scribner's Sons, 1978), pp. 10-14.

ness and safety."[7] By comparing the texts of the Virginia Bill of Rights and the First Ten Amendments—and, incidentally, the contributions of its framers in 1776 to the Declaration of Rights for the State of Pennsylvania and of John Adams to the draft of the Massachusetts Declaration of Rights for its Constitution of 1780—we see clearly recognizable reliance on George Mason's thoughts and words.[8] Most important of all, the following provisions that are present in the First Ten Amendments are contained in the Virginia Bill of Rights as well, at times in the very same words:

Amendment I: Freedom of religion and of the press.

Amendment II: A well-regulated militia. (Mason goes well beyond the Constitution, e.g., by specifying "that, in all cases, the military should be under strict subordination to, and governed by, the civil power.")

Amendment IV: No general warrants, but only those specifying the particular person, place, and thing and issued only upon probable cause.

Amendment V: No man to be deprived of liberty or property without due process of law, or compelled to be a witness against himself.

Amendment VI: In all criminal prosecutions the right of the accused to a speedy trial in the State and district and to be informed of the nature and cause of the accusation; to be confronted with the witnesses; and to have compulsory processes in his favor.

Amendment VIII: "Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted." (E.g., Mason: "9. That excessive bail ought not to be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.")

The influence of Mason and his tenets goes far beyond the Constitution's Bill of Rights, however. Thus, we may note the following basic provisions that are present in the original articles of the Constitution and are also specified in Mason's Virginia Bill of Rights: separation of the branches of government, a republican form of government, and periodic election to legislative and executive offices.

It is a matter of conjecture why Jefferson and his colleagues—who did make changes in his draft—did not include property or restore it. In fact, the word property does not appear in Jefferson's Rough Draft or the final version, but we do not know what was contained in the earlier drafts that have been lost. Perhaps this omission was an oversight, and perhaps not. Perhaps consciously or subconsciously property was omitted because material things were lower in their scale of values than the independence, self-government, and personal freedom for which they proclaimed "we mutually pledge to each other our Lives, our Fortunes and our sacred Honor."

OPPOSING ON PRINCIPLE

Even the pragmatic Alexander Hamilton in A Full Vindication of the Measures of the Congress (1774) had written with disdain of the economic aspects of the tea tax: "How ridiculous, then, is it to affirm that we are quarreling for the trifling sum of three pence a pound on tea, when it is evidently the principle against which we contend."[9] It is still the general rule that America, although rich in material accomplishments and possessions, considers things of the human spirit, including its pursuit of happiness, as transcendent. However, cognizance should be taken here that personal freedom, safety, and happiness are usually inseparable from enjoyment and protection of legitimate property rights.

The role of Thomas Jefferson and his Declaration of Independence as sources of continuing inspiration is a familiar one. Less familiar but no less important for America is the role that George Mason and his Virginia Bill of Rights played in fitting into place the capstone of American constitutionalism. It is not James Madison who is the original author of and prime mover for the First Ten Amendments to the Constitution of the United States: it is George Mason. George Mason refused to sign the Constitution at Philadelphia in September of 1787 because it failed to incorporate a Bill of Rights for the purpose of imposing limitations on the new federal government and because it failed to end slavery. He resolutely sat on his hands.

Mason went home to brave the wrath of George Washington and many of his countrymen by arguing in company with Patrick Henry that ratification of the Constitution should not take place until a Bill of Rights had been added to limit the power of the federal government and to protect the rights and freedom of states and individuals. To his great credit, although Madison adhered to his position that ratification should come first, he came to see the merits of Mason's demand for a federal Bill of Rights and the need to forestall a new convention. Madison therefore was to be the leader in Congress of those working for adoption of a national Bill of Rights in fulfillment of their ratification campaign promise.[10]

Until his end, Mason continued to hate slavery and to rue the failure of the Constitution to root it out from the new nation. But Mason approved of Madison's version of his Virginia Bill and lived to see the First Ten Amendments to go into effect on December 15, 1791.[11] It would therefore be appropriate if, just as Thomas Jefferson is remembered every Fourth of July in connection with America's Declaration of Independence from Great Britian, George Mason were to be more widely associated in the popular mind with the Bill of Rights that carried Independence a step further to "secure the Blessings of Liberty to ourselves and our Posterity" purposed in the preamble of a somewhat incomplete Constitution.

[7] In addition to *The Freeman*, Vol. 31, No. 7 (July, 1981), pp. 410-412, the text of the Virginia Bill of Rights is contained in Miller, *Gentleman Revolutionary*, pp. 337-340 (first draft, printed committee draft, and final version).

[8] Miller, *Gentleman Revolutionary*, pp. 154-155; and Robert Allen Rutland, *The Birth of the Bill of Rights, 1776-1791*, published for the Institute of Early American History and Culture (Chapel Hill: University of North Carolina Press, 1955), pp. 44-47 and 66-74.

[9] Henry Cabot Lodge, ed., The Works of Alexander Hamilton, 12 vols. (New York: G. P. Putnam's Sons, 1904), Vol. I, pp. 3-52, at p. 7.

[10] Miller, *Gentleman Revolutionary*, pp. 274-275 and 296; Rutland, *Reluctant Statesman*, pp. 89-107, Rutland, *Birth of the Bill of Rights*, pp. 192-193; Nathan Schachner, *The Founding Fathers* (New York: G. P. Putnam's Sons, 1954), pp. 51-52; and Irving Brant, *The Bill of Rights: Its origin and Meaning* (New York: New American Library, Mentor Book, 1967), pp. 42-59.

[11] Rutland, *Reluctant Statesman*, pp. 106-110; Rutland, *Birth of the Bill of Rights*, pp. 190-210, especially p. 210; Miller, *Gentleman Revolutionary*, pp. 321-329; and Rowland, *Life and Correspondence of Mason*, Vol. II, pp. 318-365.●

JACKSON HIGH SCHOOL BAND TO MARCH IN ROSE BOWL PARADE

HON. RALPH REGULA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. REGULA. Mr. Speaker, a week ago I drew my colleagues' attention to the McKinley Senior High School Bulldogs who had just returned the Ohio football championship to Stark County, Ohio, in the district I am honored to represent.

Today I call attention to an honor won by one of the outstanding musical organizations in Stark County—The Jackson High School marching band which has been selected to represent Ohio and a seven-State area in the Rose Bowl parade.

When the purple and gold from Jackson High School steps smartly along beneath the palm trees in Pasadena on January 1, it will be performing before an audience extending from coast to coast—and overseas via satellite.

In order to make this dream come true, the band members have worked long and hard to ready themselves musically and financially. By selling pizzas, candy and roses; sharpening lawn mower blades; holding dances, rock-a-thons and other events, they raised 38 percent of the $164,820 required to finance their trip.

Unfortunately, the Ohio State University football team will not be representing Ohio in the Rose Bowl this year even though they are cochampions of the Big Ten. However, director Tim DeStefano and his show band of Stark County will be there—and when their music is heard, the hearts of Ohioans, and especially Stark Countians, will fill with pride.●

COMBATTING VANDALISM: SUGGESTIONS FROM NASSAU COUNTY, NEW YORK

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, the public and their elected representatives at all levels of government have been saying how crime has risen to epidemic proportions.

While Federal agencies have reacted with typical Washington sluggishness to the problems, local agencies have been in the vanguard fighting all crimes ranging from murder to vandalism.

Fighting crimes is akin to plugging a dike's leak with one's finger. Like the proverbial Dutch boy who valiantly

tried to stop the torrents of the dike breakage, crime keeps popping up in places other than where the police are. Clearly, good law enforcement and intelligent, perceptive planning must go hand in hand.

The Nassau County, New York, Task Force on Vandalism is doing just that. The task force, commissioned by Nassau County Executive Francis T. Purcell in 1980, made their comprehensive report available earlier this year. Purcell and other concerned county leaders, such as Judge Robert Roberto and Task Force Legislative Director Harry Ellerton, attempted to discover just where vandalism was occuring, why it might be occurring, and what could be done to stop it from occurring.

The task force's report is a worthy study, and might well go on to serve as a worthy pilot project for other American locales suffering from the same problem.

Vandalism is no minor crime; it strikes at the most fundamental base of society: the right to safety. Crimes against property often lead to even more hideous crimes against people. When both occur, society is in danger of being ruled by those who have no respect for elemental decency and the most sacred rights of others. "No community is immune from the acts of vandalism," the report's authors state in their introduction. "Schools, businesses, private homes, houses of worship, and public buildings all share the brunt of destructive acts." Repeated occurrences of vandalism decrease public safety and contribute to social fear and mistrust. An unapprehended vandal is likely to be a recidivist, as well as a practitioner of a crime more serious than vandalism itself.

The task force has reliably surveyed the problem, examined its scope, determined its underlying causes, and recommended strategies for its elimination. Task Force Legislative Director Harry Ellerton has concisely expressed his views on the issue, as well as summarized the Commission's findings in an article in the September 3, 1981, edition of the East Meadow (New York) Beacon.

I commend Mr. Ellerton's thoughts to the attention of my colleagues:

TASK FORCE ON VANDALISM REPORT

(By Harry Ellerton)

With the Attorney General's Task Force on Violent Crime issuing their report, with its emphasis on dealing with major crimes, Vandalism by young people is still being thought of as a nuisance type crime, which is merely an annoyance to the public and a sign of the times, for which there is no solution.

But the increase in Vandalism in Nassau County was held significant enough by the Police Commissioner for the County Executive to appoint a Task Force on Vandalism to look into the problem and come up with meaningful answers.

As the Task Force's Legislative Chairman, after a full year's investigation and evaluation, there is absolutely no doubt in my mind that a young person who gets away with an act of Vandalism, when caught, might well be encouraged to embark on a career into more serious crimes, such as Burglary, Hold-Up and eventually Murder. This conclusion is shared by most officials, engaged in the various parts of the Criminal Justice System, that we talked to.

We must, therefore, do today whatever it takes, and at any cost, to deter a young first offender to become a recidivist, indeed graduate from Vandalism to more serious crimes. We must do that at all costs as the most cost effective way to fight the major crimes of tomorrow.

We are told that it costs the public about $20,000 per year to keep a convicted person in prison, in addition to what it costs to process him or her through the system—police, prosecution, defense, court and probation. If we make up our mind to train and employ able and devoted Youth Counselors who would help youngsters stay out of further trouble, each might well save 10 to 20 first offenders from becoming criminals, and at a nominal cost of perhaps $1,000 to $2,000 per person. Beside saving these kids and their families untold misery, the dollar savings to the public would be significant.

The Question to be asked has to be: Are we finally ready to admit that a serious problem exists and are we willing to address ourselves to solve it?

If we are still unwilling to turn over the enforcement of our laws to those among us who advocate the use of Vigilante methods, with a gun in every home or car, because the authorities have clearly not been able to protect the public from the marauders among us, then the other alternative has to be our insisting that our elected and appointed officials really start doing the job that they are paid to do. They must start by truly working together for the good of the public and stop passing the proverbial buck from one to the other.

It may well be too much to ask of certain members of the System to put aside their personal financial interest and stop exploiting the clearly ineffective Criminal and Juvenile Justice System by using technicalities to get young criminals back on the street over and over again, until they commit crimes that will finally cause them to end up in jail, with the tax payers footing that expensive bill. The system must be tightened up even if the cost of doing so is high.

Equally, the excuse "We just don't know the answers to this problem" is no longer valid, because the "Blue Print for Action" is available in the form of The Final Report that the Task Force on Vandalism presented to the County Executive in July 1981. It lists all statistics, reasons and ramifications as well as the recommendations most likely to stem this trend towards complete anarchy.

All it takes is to follow the most pragmatic recommendations of that Report and enforce all existing laws, at all costs. We must lobby hard for the new Legislation that is clearly needed, as outlined in the Report, and insist on the cooperation and coordination among the various parts of the system that leaves so much to be desired at the present time.

Additionally, there exists a curious reluctance on the part of the Major News Media, the Press as well as Radio and TV networks, to forthrightly inform the public as to the feasibility of the effective measures that can and must be taken to combat this cancer eating away at our very way of life. Except for the local newspapers, who continue to do an excellent job of reporting the situation as it is, even our officials insist on down playing, if not ignoring the situation completely. This is a disservice to the people who need all the encouragement they can get, that the problem does not defy any solution

The time has come for our officials on all levels to address themselves to this issue, realizing the seriousness of continuing to merely pay lip service to it and very little else. Respect for the law is at an all time low not only by our young people but also by the rest of the free world, of which we are supposed to be the leader.

We must set out to disprove the contention of many people these days that a form of government, such as ours, that favors the rights of criminals, is jeopardizing the safety of its citizens. Many believe that this permissive attitude towards crime is in effect little different from the practices of the totalitarian regimes which actually encourage acts of injustice and even violence against their own people.

When elderly people are afraid to leave their homes in fear of their very lives in many parts of our country, is it any wonder that there are comparisons made by many as to the desirability of living in this country versus living in a society that at least protects its people from harm in the streets, even if at the expense of freedom of speech and criticism of their government.

This sort of unhealthy situation and thinking of our people demands vigorous actions and remedies, which include taking the profit out of crime, not only for those actively engaged in it, but also for those who perpetuate it by exploiting the shortcomings of our present Criminal and Juvenile Justice System. We simply cannot afford to stand by and allow offenders to be run through the system over and over again, at the tax payers expense, without contributing to the problem ourselves.

All it takes is the resolve to do something more than wring our collective hands, namely insist on meaningful action NOW, we have a "Blue Print for Action" in the Nassau County Vandalism Report, which is available to every one for the asking from the County Executive's office in Mineola.

You can help by familiarizing yourself with its contents and by demanding the appropriate action from your elected representatives and officials.

The charge of the Committee on Legislation was to review the current state of legislation as it relates to the issue of Vandalism and suggest ways in which current laws can be enforced more effectively or recommend new legal remedies which might minimize the incidence of Vandalism. In Addition, the committee was asked to dialogue with those agencies in the Criminal Justice System which have direct contact with the issue and elicit their thoughts on strengthening ways in which Vandalism can and should be handled by the system.

RECOMMENDATIONS

(1) Crimes of Vandalism should be recognized as the probable start of a Criminal Career and should be identified early and dealt with appropriately by school and parents and the judicial system.

(2) Judges should require offenders to pay legal fees of victims and the cost of all damaged property as restitution through direct payments and through Confessions of Judgment when the offender or parents are presently unable to pay such costs. Such Judg-

ments would be prepared and filed in Nassau and Suffolk County by the Attorney of the offender pursuant to court order and he shall then notify the recipient of the recording date. Victims could then pursue liens based on the judgments for future recovery of damages.

(3) Orders of Restitution against defenders in criminal cases should be automatically converted to Civil Judgments and made acceptable for filing in the County Clerk's Office against any present or future assets of the defender.

(4) Personal Restitution (working off damages) should be performed in the offenders home community.

(5) Plea-Bargaining should be limited.

(6) The Law mandating a $5,000 parental liability charge when religious property is vandalized be extended to include Vandalism of all property.

(7) The Family Court records should be available to the District Attorney in Adult Courts. The Committee endorses D.A. Dillon's support of a proposed bill sponsored by Assemblyman Arthur J. Kremer, described by Mr. Dillon as follows:

"Under this proposal, records of a young person adjudicated a Juvenile Delinquent, two or more times within 10 years, for acts that would be crimes if done by an Adult, would be made public, neither sealed nor destroyed, as presently done. Our goal is to give young people just one bite of the apple. Once given a break all sealing of records would end."

(8) The Committee feels that restitution to the victim of vandalism must be made in full in every case. The victims rights must be given first priority in every case.

To this end, monetary penalties must be collected at all costs, and if uncollectable at the time of the judgment, by means of liens on the property and future earnings of the offender and/or their parents, if juvenile. The Committee believes that the long-term deterrent effect achieved by the certainty of strict enforcement of all judgments of a monetary nature would more than offset any upfront collection and administrative expenses.

(9) The Probation Department who collects all data connection with juvenile proceedings in the Family Court undertake a study on Recidivism of Juveniles, which is felt to be absolutely essential and of the highest priority at this time. The results of this study should once and for all enable us to ascertain the deterrent effect, or the lack of it, the Juvenile Justice System has been able to exert on first offenders, employing currently used procedures.●

PARRIS COMMENDS HOUSE ON FUNDING FOR THE WOODROW WILSON BRIDGE

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. PARRIS. Mr. Speaker, I am extremely pleased that the House today has approved legislation that will provide Federal funds for the repair of the Woodrow Wilson Memorial Bridge. Since the Senate has already agreed to a similar provision in its multiyear highway bill, I am confident that an agreement will soon be reached and that the required $60 million will be provided in full.

I have been working with my colleagues for several months in an effort to secure the Federal funds needed to repair the bridge and I am elated that an agreement has finally been reached. I would like to thank Congresswoman HOLT and my colleague from Virginia Congressman WOLF for their hard work, diligence, and patience. I would also like to express my thanks to Senator STEVE SYMMS, Congressman CLAUSEN, and Congressman SHUSTER and their staff people for working with us and providing their expertise in finding a solution to this difficult situation.

For some time now, the Woodrow Wilson Bridge has been in desperate need of repair and is closely approaching the point where it will have to be closed for safety reasons if not rebuilt and resurfaced soon. The bridge serves as a vital transportation link, crossing the Potomac River and passing through the three jurisdictions of Virginia, Maryland, and the District of Columbia. On weekdays, over 100,000 vehicles cross over the bridge bringing area residents to their jobs. There is not a day that goes by without my office receiving a phone call or letter from a resident concerned with the bridge's horrible condition.

This bridge is the only U.S. Government-owned bridge in the country and Congress has an obligation to provide the funds for its repair. The original construction of the bridge was financed completely with Federal funds. Since the construction of the bridge, Virginia, Maryland, and the District of Columbia have shared equally the cost of the ordinary maintenance and operation of the bridge. All concerned parties, including the Federal Highway Administration, recognize that the repairs which are now required are far beyond the scope of ordinary maintenance and that the cost of such repairs should be financed with Federal funds. Since the repairs are so extensive, and the bridge belongs solely to the Federal Government, I am delighted that the House has agreed to provide the full $60 million which is required to rehabilitate the bridge.

The Wilson Bridge plays a key role in bringing thousands of Washington area residents to their jobs each morning. It has been let go long enough and has deteriorated to the point where it is no longer safe. I am pleased that the House has recognized this problem and has agreed to rectify the situation. I am also confident that the Senate will agree to this provision so that repairs can begin on the bridge in the very near future.●

THE JAPANESE R. & D. CHALLENGE: THE AMERICAN SMALL BUSINESS RESPONSE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. LAFALCE. Mr. Speaker, the United States faces a serious challenge to its technological and innovative preeminence from Japan. The Japanese have reached the point where they can mount a concerted effort to produce the innovations that have kept the U.S. economy competitive even with its basic industries in decline.

A recent article in the Wall Street Journal describes the Japanese program and why the United States needs to take steps to assure its lead. According to the article:

> The challenge for the future, (Japanese) business and government leaders agree, is to originate technologies. "The century of catch-up and modernization is now ended," MITI (the Ministry of International Trade and Industry) said in a report last year. Hitachi Ltd.'s chairman, Hirokichi Yoshiyama, says that Japan must give priority in the 1980s and beyond to the development of unique technologies, particularly ones that lay the groundwork for innovations. Otherwise, some Japanese fear increasing resistance in other advanced countries to the one-way flow of technology from Japan that is so injurious to some foreign industries.

The Japanese are taking concrete steps to achieve these goals. "Japan has set upon a policy of sharp increases in research and development spending, to 3 percent of gross national product in 1990 from 2.7 percent currently, with the Government's share of the R. & D. bill to rise to 40 percent from 27.2 percent," the Wall Street Journal reports.

The United States cannot rest on its innovative laurels. New programs and policies must be adopted that use existing innovative resources fully and stimulate new ones. It is essential that our Nation be kept at the cutting edge of innovation if the U.S. economy is to remain competitive, dynamic, and create the millions of new jobs needed in the decade of the 1980's.

Congress is currently considering a bill that is a key element in stimulating U.S. innovation. That bill is H.R. 4326, the Small Business Innovation Development Act of 1981. H.R. 4326, which was reported unanimously by the House Small Business Committee and has over 150 cosponsors, would require Federal agencies with large R. & D. budgets to strengthen small business' tremendous innovative abilities by establishing small business innovation research programs. Modeled after the highly successful National Science Foundation program, the bill would require each qualifying agency to

spend a small percentage of its total R. & D. budget to fund research on new innovative ideas by small R. & D. firms to meet Federal R. & D. needs. The purpose is to use Federal funds in the way most likely to spur the development of new technologies and insure their commercial application.

H.R. 4326 provides for a minimal investment in America's R. & D. future. What makes this investment so crucial is that it is going to the small R. & D. businesses that have demonstrated an unusual ability to innovate, an ability far greater than the large corporations.

The Senate has passed its version of the Small Business Innovation Development Act by a 90 to 0 vote. Action is needed in the House if the United States is to have a positive policy and program to stimulate innovation.

Mr. Speaker, I am including the complete text of the Wall Street Journal article of December 1, 1981, in the RECORD. After Members read it, they will realize the importance of H.R. 4326 and the need to cosponsor and enact it.

TECHNOLOGY DUEL—JAPAN STRIVES TO MOVE FROM FINE IMITATIONS TO ITS OWN INVENTIONS

(By Urban C. Lehner)

TSUKUBA, JAPAN—In 1950, a 23-year-old engineer named Nobutoshi Kihara "invented" the tape recorder.

Actually, German scientists had invented it earlier, during World War II. But Mr. Kihara had never seen the Germans' machine and had no technical information on it. All he knew was that the Germans had made one. His impressive success in creating the device anew helped propel his obscure Tokyo-based company—now called Sony Corp.—to world prominence.

A few months ago, a team led by Mr. Kihara, who now is a Sony managing director, came up with another breakthrough; a camera that doesn't use film. The images are recorded instead on a special magnetic disk. After taking as many as 50 pictures, the user can pop the disk out of the camera, insert it in an apparatus attached to his television set, view the pictures and decide which ones he wants to make prints of. After pictures have been printed, the disk can be reused. Sony hopes to market the camera, which it calls Mavica, within two years at a price of about $1,000.

Sony truly invented the filmless still camera. No one else has achieved anything like it. but Sony didn't invent a vital component that makes the Mavica possible—a specialized semiconductor, a charged coupling device (CCD) that converts rays of light into electronic signals. Chicago-based Bell & Howell Co. holds the basic patent on the CCD.

Thus has technology here advanced. Japan has gone beyond merely imitating the inventions of others, though it still does some of that. Today many Japanese companies specialize in improving on or finding new applications for existing technology.

Overall, based on such measures as patents registered, research expenditures and technological exports, Japan's science and technology agency reckons that although the country still is far behind the U.S., its science and technology have rapidly grown to become comparable to West Germany's.

But the Japanese have yet to originate epoch-making new technologies that make possible whole new industries, as the light bulb did or the jet engine or the CCD. Toru Namiki, an official of the Ministry of International Trade and Industry (MITI), says one study shows that in a recent 20-year period, Japan came up with 26 technological innovations, only two of which were momentous. The U.S. had 237 innovations, 65 of great significance.

FROM IMITATION TO CREATION

The challenge for the future, business and government leaders agree, is to originate technologies. "The century of catch-up modernization is now ended," MITI said in a report last year. Hitachi Ltd.'s chairman, Hirokichi Yoshiyama, says that Japan must give priority in the 1980s and beyond to the development of unique technologies, particularly ones that lay the groundwork for innovations. Otherwise, some Japanese fear increasing resistance in other advanced countries to the one-way flow of technology from Japan that is so injurious to some foreign industries.

To accomplish its purposes, Japan has set upon a policy of sharp increases in research and development spending, to 3 percent of gross national product in 1990 from 2.27 percent currently, with the government's share of the R&D bill to rise to 40 percent from 27.2 percent. (In the U.S., 2.5 percent of gross national product currently goes to R&D and the government's share is 50 percent, or 35.5 percent excluding military research, of which Japan has almost none.) Japan's new stress will be on basic research.

Japan also is consolidating physically some of its research so as to improve efficiency. MITI recently moved its own labs to a new science city here in Tsukuba 25 miles north of Tokyo. The agency plans to build 16 "technopolises" to house other research labs, high-technology businesses and their employes in the 1990s.

A PUSH IN ELECTRONICS

Japanese companies, too, are increasing their R&D efforts, especially in such industries as electronics. Hitachi, which employs more than 9,000 researchers, has increased its R&D outlays to 128 billion yen in the year ended last March 31, or 3.81 percent of sales, from 36.2 billion yen, or 2.97 percent of sales, nine years earlier. In semiconductors and computers, it is spending 13 percent to 15 percent of sales on R&D, and it is increasing emphasis on basic research.

Still, it won't be easy for Japan to stimulate innovation as it was to stimulate imitation, many observers believe. Japan's social system stresses conformity and group harmony. Its educational system stresses memorization by students and deference by young faculty members to their elders. Its laboratories tend to be large bullpens where researchers work in groups.

These conditions aren't conducive to creativity, asserts H. Stephen Spacil, a General Electric Co. scientist stationed in Tokyo as a scientific observer.

Thus, the decision to encourage scientific innovation has occasioned some national soul-searching. Can and should Japan change its social and educational system? And if it does, how is Japan to avoid losing the sources of its current economic strength?

The problem, writes the research chief of Matsushita Electric Industrial Co., Shunkichi Kisaka, is that while it wouldn't be easy for Japan to display greater creativity by altering its educational and social systems, it would be even more difficult for a research institute or a business enterprise to enhance creativity quickly.

One specific effort to encourage creativity just got under way at the Japan Research Development Corp. (JRDC), a nonprofit outfit created recently by the science and technology agency. It is a series of four research projects, each to last five years, in which scientists from abroad will be invited here to work with Japanese scientists, exposing them "to different ways of thinking," as the JRDC's Noboru Fujikawa puts it. Ten foreign scientists already have applied for the first project, an effort to develop a vaguely defined "perfect integrated circuit."

But even those who expect Japan to meet the creativity challenge don't expect that it will happen overnight. Justin Bloom, who just finished a six-year stint as the science counselor at the U.S. embassy in Tokyo, believes that Japan is entering a golden age of creativity in science. But he doubts that the age will flower until Japan revamps its system of higher education.

Masanori Moritani, a senior researcher at Nomura Research Institute, an affiliate of Nomura Securities Co., thinks it will be 10 or even 20 years before the government's efforts to spur creativity will really pay off.

JAPAN'S CURRENT STRENGTHS

That, of course, doesn't mean that Japanese technology is in the doldrums. All signs are that it will continue to progress even without any basic changes in the country's social and educational system. In a number of specific areas, Japan is showing great strength.

Steel: Most people, perhaps correctly, don't think of steel as a high-technology industry. But the Japanese have raised steelmaking to new heights. Increasingly, they are exporting this technology by licensing its use to steel-makers in such countries as South Korea, and even in the U.S. Indeed, steel is the one industry in which Japan currently exports more technology than it imports.

It is generally agreed that Japan will continue to be strong in steel. With world demand for steel weak and likely to remain so, steel-makers in the U.S. have looked for ways to diversify out of what they see as an unpromising business. Japanese steelmakers have responded to the slump differently. They are busy trying to create new demand by developing new products. For example, Nippon Kokan K.K., Japan's second largest steel-maker, is working on lighter steels and composites of steel and plastic for use in future fuel-efficient automobiles. Recently the company developed a steel for use in natural-gas pipelines that can withstand pressures of 80,000 pounds per square inch, which is 10,000 pounds higher than the current pipeline-industry standard.

Social Technology: Experts say that Japan has done an excellent job technologically in such areas as disaster prevention (for example, its extensive earthquake-prediction system) and mass transportation (Japan's 125 mile-per-hour bullet trains).

At MITI's robot lab here in Tsukuba, researchers are trying to perfect a guide-dog robot for the blind. (Japan has 340,000 blind people but only 380 guide dogs.) The robot, which has been under development for five years and could easily take another five years to perfect, will be programmed to travel its master's normal routes (house to office, for example) and will be able to see

and avoid such hazards as open manholes, the researchers say.

Production Technology: "If you think of technology as production technology," says Kenichi Ohmae, who runs the Tokyo office of the consulting firm McKinsey & Co.,"Japan has been very innovative."

The category includes robots, and in that field, says Paul Aron, the president of U.S. operations for Daiwa Securities Co., the Japanese are convinced they are going to be preeminent.

The Japanese also have proved skillful in coming up with equipment to improve manufacturing productivity.

The world doesn't see much of this stuff, though. It isn't for sale. "Many large Japanese companies have labs that do nothing but design production equipment for their own factories," says GE's Mr. Spacil, adding: "That's rather rare in the U.S." At Osaka-based Matsushita Electric Industrial Co., Minoru Morita, the managing director in charge of production engineering, says the purpose of this is keeping ahead of competitors. Matsushita employs 3,000 engineers and makes about 30 percent to 40 percent of its production equipment in-house—several hundreds of millions of dollars a year worth.

Applications and New Products: The Japanese will undoubtedly continue to find new and better uses for technologies developed elsewhere. Competitive pressures at home and abroad encourage them to exploit existing technology. "I see no limit to our creation of new products," says Sony's Mr. Kihara.

Foreign competitors make it easy for the Japanese by not manufacturing what they have developed. For instance, liquid-crystal displays, used in electronic watches and calculators, were developed in the U.S. and in Britain, but in neither country did anyone show much interest in producing them. Today Sharp Co. and Hitachi each have 25 percent of the world market. The combined U.S. share is less than 10 percent.

Pharmaceuticals: Japan has long been strong in fermentation technology, and its drug companies are beginning to spend significantly on developing new-product applications. Although the Japanese aren't soon likely to overtake their American and European competitors in pharmaceuticals generally, it won't be long before they are real contenders in some product lines; including anti-cancer drugs. One problem the industry faces is that some of Japan's talented scientists are doing their work in the U.S. and in other countries.

Nuclear Energy: McKinsey's Mr. Ohmae (who has a Ph.D. in nuclear engineering) says Japan has surpassed France and is probably on a par with the U.S. The anti-nuclear movement here is weaker than in the U.S., which is ironic considering the vehement opposition here to nuclear weapons. By one estimate, as much as two-thirds of all government R&D money here goes to nuclear-energy research. Japan, more dependent on foreign oil than any other advanced country, plans to lessen that dependence by constructing reactors, which it hopes also to export.

Computers: The Japanese haven't been as successful in cracking world markets as they had hoped, but they haven't given up, and their computer makers are pouring money into R&D. The government, looking toward the 1990s, is financing two ambitious research programs. One is to develop a supercomputer that will work 1,000 times faster than today's fastest. The other is to develop a fifth-generation computer that "thinks" like human beings and can "understand" what they are saying. (Some Western experts doubt that even the Japanese can build such a beast.)

Despite their strengths, many Japanese will continue to worry about the state of their technology until Japan demonstrates an ability to innovate. In 1963, William Shockley, one of the three Bell Laboratories scientists who invented the transistor, visited Japan and was interviewed on television by Makoto Kikuchi, who today is the director of Sony's research center in Yokohama. Mr. Kikuchi remembers well Mr. Shockley's taunts: "Do you really think you can establish a Western kind of science and technology on a base of Japanese culture and language? Don't you have any feeling of incompatibility?"

A lot of viewers here undoubtedly nodded their heads when they heard that, for it jibes with a popular notion that the Japanese aren't scientifically innovative. McKinsey's Mr. Ohmae crystallizes the debate here when he says the real question is, Can Japanese scientists learn to create?●

SUPPORTS RETENTION OF PUBLIC SERVICE SUBSIDY TO U.S. POSTAL SERVICE

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. LELAND. Mr. Speaker, as chairman of the House Subcommittee on Postal Personnel and Modernization, I wish to reaffirm my full and unqualified support for the retention of the public service subsidy to the U.S. Postal Service. The elimination of this subsidy would have disastrous effects that would adversely affect the quality of postal service, postal rates, and postal employees.

I was very disappointed by the action of the Appropriations Committee, which voted to eliminate the subsidy that had been planned. I am afraid that the members of that committee were mislead by comments made by the Postmaster General indicating that the Postal Service could absorb the loss.

However, the Postmaster General aslo said that absorbing that loss would mean a rate increase sooner than planned, and that the loss of the subsidy will make it much more difficult to maintain present services such as 6-day delivery, and to continue operations of small post offices.

I urge my colleagues to keep these facts in mind whenever we consider postal affairs.

I would like to insert into the RECORD, a statement from the ad hoc committee for Postal Service, which includes employee unions and organizations representing postal supervisors and postmasters. I agree totally with their views and their analysis:

THE IMPACT OF TOTAL ELIMINATION OF THE PUBLIC SERVICE SUBSIDY

President Reagan has proposed an additional cut in the Postal Service appropriation for fiscal year 1982. His proposal is to cut $250 million from the public service subsidy and thus totally eliminate the subsidy for the current fiscal year. The impact of such a cut and elimination, if approved by Congress, would be devastating.

The reasons why the public service subsidy should not be cut and totally eliminated include the following: A reduction in vital services; loss of jobs; increase in postal rates; loss of Congressional influence; and the excessiveness of the cuts in relation to other programs.

REDUCTION IN VITAL SERVICES

The public service subsidy allows the Postal Service to continue nationwide services such as six-day mail delivery, the operation of small, rural post offices, corner collection boxes, and door-to-door delivery. Despite assurances to the contrary, the Postal Service will have little choice but to revise current policy and eliminate those services which the subsidy guarantees. An elimination of one day of mail service, for instance, would have negative reprecussions for all users of the mails, including a decline in the quality and speed of delivery.

The Postal Service is a public service, whose historical, non-profit orientation precludes it from ever attaining a goal of self-sufficiency. Unfettered access to a universal postal system operating at reasonable rates has been a long agreed upon national policy. If cost-effectiveness has been a national postal objective, then comprehensive rural delivery services, six days of mail delivery, free mailings of items for the blind and handicapped, special rates for library services, and other public spirited projects would never have been adopted.

LOSS OF JOBS

A total of 40,000 jobs could be lost if there is a reduction in current delivery services or an elimination of a number of small, rural post offices. For example, a swing shift letter carrier, who works a different route every day so that the regular carrier can have his day off, would be eliminated. This would obviously also impact all employees, such as clerks and mail handlers. Additionally, supervisors and Postmasters would have fewer people to supervise, thus more jobs would be lost. Of course, closing small Post Offices would eliminate additional jobs for all postal employees.

HIGHER POSTAL RATES

An additional cut of $250 million, coupled with the $394 million cut during the first budget resolution, will result not only in reduced services, but higher postal rates. The recent increase in first-class postage from 18 cents to 20 cents occurred before the proposed additional cut. The Postmaster General says he will ask for another rate increase to 24 cents within two years. This anticipated increase is based upon a $250 million public service subsidy. Without this subsidy, the Postmaster General will certainly have to ask for an even larger rate increase. Because rate increases correlate with usage, the subsidy elimination will result in increased rates and reduced volume. Both are counter-productive and detrimental to Americans using and relying on the Postal Service.

As a matter of national policy, Congress and the general public support equal access to the mails at non-discriminatory rates.

The Administration proposal to eliminate the public service subsidy directly challenges that national policy. If implemented, the net effect of the Reagan cut would be most directly felt by the group for whom it seeks relief—the taxpayer.

CUT IS EXCESSIVE

On September 24, the President announced his intention to seek a 12 percent across-the-board cut in all non-defense appropriations. The elimination of the public service subsidy for the Postal Service is a 29 percent cut. The Postal Service, and consequently the general mailing public, are being asked to shoulder a disproportionately higher share of the cuts.

LOSS OF CONGRESSIONAL INVOLVEMENT

Congress limited subsidies to the Postal Service are its last viable means of control over the Service. The automony given the Postal Service by the 1970 Reorganization Act allows it a great deal of independence. Eliminating the subsidy payments severes the last vestige of influence, save oversight hearings, which Congress has over USPS. The day may yet come when postal management will dictate draconion reductions in postal services with complete impunity from Congressional review. Elimination of the subsidy only hastens the nearness of that day.●

MATAGORDA ISLAND—HOME OF ENDANGERED SPECIES

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. CONTE. Mr. Speaker, today I am introducing legislation to designate portions of Matagorda Island, which is located off the coast of Texas, as wilderness. This designation will insure that this magnificent island remains in a natural state for the protection of endangered species, migratory waterfowl and upland game.

As many of you are aware, Matagorda Island is one of the Nation's largest barrier islands. It is, perhaps, one of the single-most important areas of wildlife habitat in the country. In fact, it is the winter home of the endangered whooping crane and six other endangered species; the bald eagle, the peregrine falcon, the brown pelican, kemps ridley, loggerhead, and Atlantic green sea turtles. In addition, the island provides a critical habitat for thousands of migratory waterfowl and numerous upland game species. It includes some of the best productive habitat for the mottled duck on the Texas coast and is a key wintering habitat for the central flyway.

Mr. Speaker, it is my understanding that there may be an effort to transfer to the State of Texas this invaluable federally owned area without the benefit of an environmental impact statement. My legislation is designed to create a proper atmosphere for the holding of hearings to determine what boundaries and sections of the island qualify as wilderness. It is also designed to consider the relation of the island to the Coastal Zone Act and the pending barrier island legislation now before the Congress.●

INTERNATIONAL HUMAN RIGHTS DAY

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. WAXMAN. Mr. Speaker, 33 years have passed since the adoption of the Universal Declaration of Human Rights by the United States. In those 33 years, much progress has been made. And much, of course, remains to be done. The Declaration's preamble declares that—

The advent of a world in which human beings shall enjoy freedom of speech and belief and freedom from fear and want has been proclaimed as the highest aspiration of the common people.

It is time for this administration and this Congress to rededicate ourselves to the human rights struggle. Our past record of leadership bestows upon us unique influence and a moral responsibility to use that influence. Our vigorous efforts are dictated not only by our humanitarian concern for the oppressed around the world, but by our own self-interest as well. Our own liberties will be safer if the rights of others are protected.

In commemorating this day, let us reject a policy of timidity which might allow our friends or our foes to conclude that we are "soft" on human rights.●

DR. WILLIAM E. ECCLESTON ON FREEMASONRY

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. MINISH. Mr. Speaker, at a time when voluntary charitable activity is being called on to assume even greater burdens in helping less fortunate members of society, it is appropriate to consider the good work of some of the fine organizations which we sometimes take for granted. Recently William E. Eccleston of Washington, D.C., delivered an address at the Washington Rotary Club describing the nature and activities of the Freemasons, and I feel that his remarks will be of interest to all.

Dr. Eccleston was awarded his D.D.S. by Georgetown University in 1934, going on to graduate work at the Cook County Graduate School of Dentistry in Chicago. Since returning to Washington in 1936, Dr. Eccleston has practiced his profession and been active in a number of civic and fraternal activities. His retirement from practice in 1979 freed Dr. Eccleston to devote full time to his duties as sovereign grand inspector general in the District of Columbia, the Supreme Council, Scottish Rite. As a 33d degree Mason and past grand master of the Grand Lodge of the District of Columbia, Dr. Eccleston is well qualified to bring us up to date on the many charitable activities which the Masons pursue.

AN ADDRESS DELIVERED BY DR. WILLIAM E. ECCLESTON BEFORE THE WASHINGTON, D.C. ROTARY CLUB ON SEPTEMBER 9, 1981

I do want to mention the fact that I am a dentist by profession, but in September 1979 my building at 1726 Eye Street, N.W., was demolished and I retired from my profession.

I have been received into Rotary under the classification of Fraternal Organizations, which in this instance means the Fraternity of Freemasonry, which is the oldest and largest fraternity in the world, consisting of over five million Masons. I have been active in Freemasonry for over 40 years. There are several branches and a number of degrees in Freemasonry. To become a Master Mason you have to receive the first three degrees. From there you can progress to the other degrees and orders if elected, such as the York Rite, the Scottish Rite, the Shrine and other branches. How does one become a Mason? Many men live a lifetime and never know they must ask for admission to the world's oldest, most purposeful and greatest Fraternity. They do not realize that they will not be invited. They must come in of their own free will and accord, without persuasion. They must ask a Mason for a petition.

"What is Freemasonry?" It is a fraternal society which is based on certain moral and religious doctrines: the moral doctrines include brotherly love, relief and truth, and the religious doctrines comprise a belief in a Supreme Being and the immortality of the soul.

There is nothing in our requirements to prevent a Roman Catholic, a Mohammendan, a Buddist, a Morman, a Protestant or a member of any religious sect having a belief in one Supreme Being from becoming a Mason, and we have within our membership adherents of each of these religious groups. Discussion of sectarian religion is prohibited in the lodge in order to maintain peace and harmony, but Masonry encourages its members to take an active part in the churches of their choice. It is perfectly proper to explain that the discussion in the lodge of political matters or candidates is also prohibited for the same reason, but that as individuals we have the right, outside the lodge, to engage in political affairs. Indeed, civic duty encourages the individual Mason to actively participate in community affairs.

The many charity and benevolent programs of the affiliated Bodies and organizations are visible manifestations of Masonic relief. The Shrine Hospitals for Cripple Children and the Shrine Burns Institutes have captured the imaginations of everyone with the truly great benevolent work which they accomplish. Their combined operating expenses amount of something like one million dollars a week. The Shriner Hospitals are for the treatment and care of children afflicted with deformities, disease and injuries involving the bones, joints and muscles. The Shrine Burns Institutes are designed to

meet the physical and psychological challenges presented by severe burns. In both type hospitals there are research facilities and related training programs.

The benevolences of the Scottish Rite of both Southern and Northern Jurisdictions are among some of the greatest of unheralded acts of Masonic concern. The Scottish Rite Hospitals for Crippled Children in Decatur, Georgia, and Dallas, Texas, in operation for more than fifty years, have annual budgets in the millions of dollars. Tens of thousands of children of all races have been returned to useful living as a result of these great charities.

Masonic bodies grant scholarships to deserving students in many fields of scholastic endeavor.

Many Grand Lodges maintain and operate Masonic homes, orphanages, hospitals and infirmaries. This is a major effort representing many millions of dollars investment and is a multi-million dollar annual expenditure.

The Knights Templar Eye Foundation of the Grand Encampment, Knights Templar, is a multi-million dollar activity providing research, surgery and hospitalization for individuals with disease or injuries of the eyes which could result in blindness. And there are many other charities, such as dentistry for the handicapped, muscular dystrophy program, blood donor program, dyslexia and aphasia program, schizophrenic research program and cerebral palsy-spastic program plus the support of youth programs.

Masonic relief and charity amount to over $1,500,000.00 per day.

Thank you for giving me this opportunity to speak today.

I also want to say that I am happy to be a Rotarian.●

JERRY WURF: A CHAMPION OF PUBLIC EMPLOYEES

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. HOYER. Mr. Speaker, we who are friends of the labor movement have always had a champion in Jerry Wurf, who worked tirelessly for more than 40 years building the largest public employee union in the Nation. I had the pleasure of working with many of Mr. Wurf's colleagues, all of whom were resolute in their admiration of this man, and, in fact, mirrored many of this gentleman's finest attributes. So it was with a great deal of sadness, Mr. Speaker, that I learned of Mr. Wurf's death last week.

Jerry Wurf almost singlehandedly took on the difficult task of organizing public employees on the local, county, and State levels. With a vigor and determination unmatched since the early days of union activism, Jerry Wurf brought to public employees a sense of identity, a sense of pride in their work, and a sense of the great contributions these employees make to the taxpayers who pay their salaries.

Mr. Speaker, these are trying times for public employees. My district has a high percentage of public employees at all levels of government, and all of them are experiencing declining morale from the economic insecurity of this era.

Too often this Congress and the American people have been quick to find fault with the government employee, while at the same time they are slow to realize they are the same employees who collect their garbage, process their loans, and man their police and fire stations. Yet Jerry Wurf went far in bringing to this most vulnerable of employee groups the security and protection they so rightly deserve.

It was no small feat to bring our treatment of government employees into the 20th century. It took a man of Jerry Wurf's savvy, intelligence, and determination to accomplish this. Jerry took over the reins of leadership of the American Federation of State, County and Municipal Employees in 1964, and during the next 17 years, saw his union grow to become the third largest in the AFL-CIO. It was this perception that government operates more efficiently and more productively when its employees may count on a fair and deserved salary and benefit package. We have only now begin to realize this.

Jerry Wurf was a man whose determination was reflected in all he attempted. I only wish, Mr. Speaker, that the tough gentleman were still with us as we enter perhaps one of the most trying times every faced in America. Though we cannot count on his physical presence to guide us through the coming battles, his memory will provide a banner for us to work behind.●

BRUTAL TREATMENT OF VIETNAMESE BOAT PEOPLE BY THAI PIRATES

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. FISH. Mr. Speaker, the mistreatment of defenseless people is always a matter of grave humanitarian concern. A recent article in the Washington Post presents a shocking account of the brutal treatment of 41 Vietnamese on a small boat who faced repeated pirate attacks before a Thai fishing boat rescued them. Most of the Vietnamese never made it to shore because the fishermen left them off the coast in rafts rather than face possible punishment for bringing refugees to Thailand. In November, pirates attacked 17 out of 21 of the refugee boats that reached Thailand. U.N. statistics document an astonishing 80 to 90 percent chance of pirate attack on those who in desperation leave Vietnam.

A Thai antipiracy program, relying on U.S. funds, recently terminated for lack of resources. The United States should respond generously to efforts by the United Nations High Commissioner for Refugees to meet the piracy threat.

A concerted diplomatic effort on the part of our Government, moreover, should be directed toward underscoring U.S. abhorrence of attacks on refugees and U.S. support for regional efforts to stop piracy.

The Washington Post has helped to focus world attention on a serious humanitarian problem by printing this provocative story on the brutal treatment of desperate people. Hopefully, the article will inspire a concerted national and international response. The article follows:

[From the Washington Post, Dec. 10, 1981]

BRUTAL PIRATES INCREASINGLY PLAGUE VIETNAMESE BOAT PEOPLE

(By William Branigin)

BANGKOK.—Last month, Le Thi Anh Phuong and 40 other Vietnamese set off from Rach Gia on the southwestern coast of Vietnam in a small wooden boat.

As they approached Thailand, they were attacked four times by pirates. Each time they were robbed, and each time the other vessel rammed their frail craft. Then on Nov. 30, with their boat foundering in heavy seas, a Thai fishing boat came to the rescue. The fishermen gave the Vietnamese food and water and began towing their boat. When it sank anyway, the fishermen took the refugees aboard their own vessel.

However, the fishermen were fearful of violating strict Thai immigration laws that impose harsh penalties on Thais who take Vietnamese refugees to shore or harbor them on Thai soil. So the fishermen built rafts for the Vietnamese and put them to sea about half a mile off the Thai fishing port of Songkhla.

Of the 41 boat people, 28 never made it to shore in the rough waters. Le Thi Anh Phuong, a 23-year-old student, was the only woman among the 13 survivors who reached Thailand.

In a way, this story reported by refugee officials is typical. Of the 21 Vietnamese refugee boats that made it to Thailand in November, 17 were attacked by pirates. The average number of attacks was 3.5 per boat.

This is consistent with U.N. statistics lately, which show that 80 to 90 percent of the refugee boats reaching Thailand have been attacked by pirates, many of them several times.

However, the more unusual account of the circumstances in which 28 persons drowned underscores a source of mounting U.N. concern about Thailand's policies toward refugees.

Some refugee officials say that tough Thai measures are responsible for the deaths of some refugees who might otherwise be saved. Moreover, the officials worry that the Thai policies, designed to deter Vietnamese boat people from coming here in the first place, are indirectly encouraging more frequent and more brutal attacks by Thai pirates.

In fact, according to U.N. officials, November has been the worst month on record for pirate attacks on Vietnamese boat people.

Usually, the number of confirmed Vietnamese refugee deaths directly attributable to pirate attacks averages one for every 100

boat people who arrive in Thailand safely, according to U.N. officials. But last month the rate was more than one for every 10. According to the officials, at least 101 persons were confirmed killed and an additional 43 were missing and presumed dead. About 950 Vietnamese arrived safely.

In one of the more brutal incidents reported last month, pirates robbed a boatload of 19 Vietnamese, sank the boat and threw all 12 men overboard to drown, according to refugee officials. The pirates abducted four women and three children, including a three-month-old baby, and repeatedly raped the women over a 10-day period before throwing all into the sea.

Two of the women were picked up by a fishing boat after clinging to plastic jugs for three days and nights, but were thrown overboard again the next day because the fishermen feared complications. Another fishing boat then picked them up, and they eventually managed to swim to shore.

"It seems that lately the attacks have become more vicious," one refugee official said. He said the rates of murder, abduction and rape were up.

One possible explanation, the official said, was the termination of a Thai antipiracy program at the end of September. The $2 million program, funded by the United States, ended when it ran out of money after six months and the Thai government rejected a U.S. offer of an additional $600,000 as too little to keep it going.

Now, however, the Thai government is considering a proposal by the office of the U.N. High Commissioner for Refugees to raise $3.6 million for a one-year antipiracy program. Although the Thais originally requested $34 million, U.N. officials said they expected a positive response to the proposal shortly.

Another explanation for the increasingly brutal incidents of piracy is that, despite Thailand's expressed concern about the problem, pirates find some sanction in the government's hardened attitude against boat people.

"One hopes it is not a percolating effect of the tougher government policy," a refugee official said. "But I think it would be better if the government promoted rescues." He noted that an increase in murders by pirates coincided with the harsher policy, under which Thailand said Vietnamese boat people arriving after Aug. 15 would no longer be eligible for resettlement in third countries but would be placed in austere camps.

Another aspect of the policy is that anyone caught bringing "illegal immigrants" to Thai territory faces criminal charges providing for stiff fines and jail sentences. According to Prasong Soonsiri, head of Thailand's National Security Council, harboring such a person in one's home is punishable by 10 years imprisonment.

Under the law, fishing boat captains have been arrested for helping Vietnamese refugees.

U.N. officials argue, however, that the Thai government and fishermen have an obligation to try to rescue Vietnamese boat people in distress under provisions of the international Convention on the High Seas, of which Thailand is a signatory.

"Here we have 28 people dead because Thai courts have seen fit to punish people for acting in accordance with international law," a refugee official said, referring to the incident reported this month.

Prasong said he was not aware of the high seas convention provisions, but that Thailand "can't help" such incidents as the recent drownings "because we have to respect our own laws."

Despite the way pirates may interpret their government's attitude toward Vietnamese boat people, Western diplomats say there is no evidence that the Thai government actively encourages them or regards them as a useful deterrent to refugees. In fact, Thai authorities have dealt firmly with pirates when they are caught.

In one recent case, a sailor in the Thai Navy was sentenced to 25 years in prison for raping a Vietnamese woman. So far this year, about two dozen other Thais have been charged with various offenses related to piracy.

However, some of the worst offenders are believed to go free. They are the ones who kill all the refugees and sink their boats, leaving no witnesses and no evidence.

According to the refugee officials, some of the pirates are Vietnamese or Malaysians, but most are Thais. Often, they are fishermen who attack refugee boats as a sideline.

Although only a small fraction of Thai fishing vessels are involved in piracy, the boats range widely, and some apparently go out of their way to find Vietnamese refugees.

While piracy has long been common in Southeast Asian waters, refugee officials say, the combination of thousands of usually defenseless boat people, long-standing enmity between Thais and Vietnamese and hard times for the fishing industry in the overworked gulf have seriously aggravated an age-old problem.

Despite the frequency and brutality of the pirate incidents, Western diplomats believe they have not significantly deterred Vietnamese from fleeing their homeland. Rather, the attacks have caused some boat people to change course in an effort to avoid Thailand.●

DIDC SHOULD POSTPONE DECEMBER 16 MEETING

HON. CECIL (CEC) HEFTEL

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. HEFTEL. Mr. Speaker, the Depository Institutions Deregulation Committee (DIDC) will be meeting on December 16 to consider at least four new account proposals which would have the effect of further accelerating the deregulation of deposit rate ceilings. I am concerned that an action of this nature will result in further injury to our already distressed thrift industry.

Savings and loans and thrift institutions are suffering record operating losses across the country. This is not surprising in view of the high interest rates and rapid deregulation of deposit ceilings that we have been experiencing for almost 2 years. The DIDC has, to date, effectively eliminated interest rate differentials between banks and thrift institutions. Other new instruments, including those created by the DIDC and those which will be under discussion this Wednesday, will only serve to virtually totally eliminate interest rate ceilings.

Unfortunately, while the DIDC has deregulated the assets of financial institutions by allowing competition for deposits through higher interest rates, it has not deregulated the 30-year low-interest liabilities which thrift institutions have incurred over the years. Until the bulk of these loans mature and provide thrifts the ability to invest in shorter term, higher yielding financial instruments, it is unreasonable to continue to constrain these institutions to compete beyond their means.

By postponing further deregulation of interest ceilings, thrift institutions will be able to gain valuable time as old loans mature and new investments can be made.

I hope my colleagues will join with me in urging DIDC to take into consideration the adverse impact that further deregulation of deposit rate ceilings will impose upon savings and loan and thrift institutions and postpone the December 16 meeting of the DIDC.

Thank you.●

TRIBUTE TO CHIEF JOHN K. TERRY

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. WORTLEY. Mr. Speaker, on January 23, 1981, a long and distinguished career of military service will draw to a close with the retirement of C.M. Sgt. John K. Terry from the 174th Tactical Fighter Wing, Hancock Field, New York Air National Guard.

What makes this retirement so special is that Chief Terry is one of three remaining original members of the Syracuse Guard still in full time service. Not only that, he is the only one with uninterrupted service. Chief Terry was one of the architects of the present day 174th Tactical Fighter Wing. With little outside help, he and a few dedicated others worked over the years to make the 174th a real first class operation composed of nearly 1,000 members who run a front-line weapons system. It is high tribute to Chief Terry that the 174th is recognized as one of the finest Air National Guard units in the country.

During his long career, Chief Terry served as an aircraft mechanic, crew chief, flight chief, and quality control specialist on various aircraft. He was activated in 1961 during the Berlin crisis and then again in 1968 during the *Pueblo* crisis. For the past 4½ years he has served as the supervisor of the 174th Consolidated Aircraft Maintenance Squadron, an important focal point for maintenance activities in developing the expertise to main-

tain today's modern A-10 weapons system.

There is no question of Chief Terry's ability, dedication and patriotism. I join with his many friends in the Syracuse area who wish him well during his retirement and thank him for a job well done.●

JERRY WURF—A CHAMPION OF THE PEOPLE WHOSE IDEALS LIVE ON

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. SOLARZ. Mr. Speaker, T. S. Eliot once wrote:

We fight rather to keep something alive than in the expectation that anything will triumph.

These words suggest to me the philosophy of an old friend of mine, Jerry Wurf, who died last Thursday at the early age of 62.

Jerry Wurf was a fighter—and it did not matter if the battle seemed unwinnable. He had no time for naysayers, defeatists, or those who hid from the fray. He cared passionately about the lot of working men and women in this country; and he used every ounce of energy, every moment that he had, to make our constitutional guarantee of equality a reality for every American—whether Christian or Jew, black or white, Hispanic or Asian. He marched on picket lines for sanitation workers in Memphis, hospital attendants in New York, and municipal workers in Baltimore. He even went to jail for what he believed in.

Throughout his colorful 40-year career in the American labor movement, Jerry Wurf was a doer. Some disputed his tactics, his politics, the vehemence of his language, the toughness of his bargaining; but none disputed his commitment to improving the economic and social condition of workers.

A Brooklynite, Jerry Wurf was born 62 years ago in Brighton Beach which I have the honor to represent. He graduated from New York University; but given the condition of the economy in 1940, he went to work in a cafeteria. He wound up organizing the cafeteria workers, and found his vocation—unionism. In the late 1940's he became the New York representative for the struggling American Federation of State, County, and Municipal Workers. He organized and recruited laborers and hospital workers into this union, and fought for the right to organize public employees. Political education was an important ingredient in his efforts to improve the clout of his union members, and he was a master at explaining the economic and political realities of the day. Under his able and aggressive management, the New York AFSCME operation flourished.

In 1964 Jerry was elected the national president of AFSCME; and he threw himself into the task of straightening out the union's finances, building a strong organizational department, and developing a major campaign to unionize public employees. The hard work paid off. In just 10 years AFSCME's ranks swelled to 700,000 workers in one of the most significant organizing efforts in the history of the American labor movement.

Jerry Wurf was a natural for the activist, progressive spirit of American political life in the sixties and seventies. He was concerned about international as well as local issues. He was an early and vocal opponent of the war in Vietnam. On the domestic scene he kept his union in the forward ranks of those fighting to end hunger, poverty, unemployment, racial injustice, and discrimination at home. A fiery platform orator, he missed no opportunity to call for social, economic, and political reforms that would make our society a truly democratic one. He was a compassionate man, moved by the pain and suffering of others.

Plagued by poor health over the last few years, Jerry refused to reduce his workload or withdraw from his efforts to build his union, improve the lot of his members, and make our society a more decent and caring one. There was always too much for him to do, and never enough hours.

In the 1980's Jerry was quick to label Reaganomics as the politics of selfishness was greed. He worked to expose the real cost of "trickle-down" tax and spending policies—massive unemployment, usurious interest rates, bankruptcy, and even hunger for millions of Americans. Recognizing that the budget cuts were slashing into the very social fabric of our Nation, he took an active role in organizing the massive demonstration on Solidarity Day. Though ill, he took to the podium and called for the concerted efforts of progressives and trade unionists to bring our Nation back to its senses, and to create jobs and opportunities instead of destroying lives and crippling the poor.

Jerry Wurf deeply believed in our Constitution and its mandate that government was to "promote the general welfare" of our people. And to him that also meant ensuring that the working people of this country shared in the wealth that their hands and minds had helped produce. As a leader of public employees, he raged at the thoughts of government proposing to leave the sick uncared for, the children untaught, the elderly penniless, and the young jobless, in the name of balancing the budget.

And now he is dead. A great and compassionate voice that boomed across this land crying out at every injustice is now silenced. but he has left a large and bold imprint on our history.

From humble beginnings he rose to the heights of the American trade union movement. As president of the third largest labor union in the AFL-CIO, he dealt with the great in politics, business, and industry. He used his position and his resources not for self-aggrandizement, but to build an America that was compassionate and just.

The poor and forgotten of this Nation whose voices Jerry make us hear have lost a valuable ally, a mighty champion. I have lost a friend whose support and counsel has meant much to me over the years. Jerry was the kind of man who stood by you in good times and bad—and never hesitated to tell you the truth.

Today I extend my deepest sympathies to his family for the terrible loss they have suffered—to his wife Mildred, to his daughter Susan, to his son Nicholas Sigmund, and to his youngest daughter, Abigail Louise. I also would like to express my sympathies to Jerry's fellow trade unionists who must now continue the fight for justice without his able assistance.

I think these words of Dylan Thomas describe to me how those of us who loved Jerry should continue to build the only legacy he really cared about—a better America:

"Do not go gentle into that good night;
Old age should burn and rave at close of day;
Rage, Rage against the dying of the day."●

FREEDOM FOR POLAND

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. YATRON. Mr. Speaker, it is with the deepest concern and apprehension that I view the most recent events in Poland. Since the courageous workers of that country started their movement for freedom and economic reform in August of 1980, the world has witnessed a repressive Communist regime admit its mistakes, become more open, and make strides toward change. Restraint was exercised by both the Government authorities and Solidarity in an effort to avoid a showdown and ultimately bloodshed.

Now, however, the Polish Government has apparently opted to stop this reform effort and revert to repressive acts, which to date have been scrupulously avoided, but which are so characteristic of a Communist regime. Most distressing is the fact that General Jaruzelski's action has won applause from the Kemlin. It could very well have been pressure from the

Soviet Union which forced the General to act when he did.

What is needed in Poland is not more repression, but more freedom so that all possible alternatives to remedy the tremendous economic difficulties can be discussed. What is needed in Poland is not bloodshed or civil war, but accommodation and compromise which will allow the evolution toward a free society to continue. Finally, what is needed in Poland is not continued pressure and meddling from Moscow, but a clear political environment so that the Polish people can resolve their own crises and problems.●

SAVING THE SAVINGS INSTITUTIONS

HON. DANIEL K. AKAKA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. AKAKA. Mr. Speaker, tomorrow, December 16, the infamous Depository Institutions Deregulation Committee (DIDC) meets again. For those of my colleagues who have not already done so, I would urge you to send a letter to the DIDC asking that the actions of the committee be suspended until the Congress can complete oversight hearings on the crisis now facing the thrift industry and stability restored to the industry.

Today's Washington Post business section includes an article outlining the problems of the thrift industry in New York and California. The article correctly illustrates the severity of the crisis faced by the savings industry across the Nation.

Many Members of Congress have already voiced concern over the impact of pending DIDC proposals. Yet, it is clear that more of us need to reemphasize the intent of the law that created DIDC. That law, Public Law 96-221, created DIDC to oversee the orderly phaseout of savings interest rate ceilings over a 6-year period. The phaseout is to be accomplished with "due regard for the safety and soundness of depository institutions." To date, DIDC has ignored this phrase in the law.

I urge my colleagues to write to DIDC requesting an immediate halt to its proposed actions until the Congress has time to act and until greater stability is restored to the thrift industry.

I would like to request that the text of the Washington Post article be inserted in the CONGRESSIONAL RECORD at this point.

SAVING THE SAVINGS INSTITUTIONS

(By Nancy L. Ross)

NEW YORK.—A ghoulish game, prompted by the announcement of third-quarter operating losses even greater than record second-quarter losses, was being played last month in private by New York banking regulators and in public by the media. Question: How long would it take mutual savings banks to go broke if present economic trends continue?

Answer: Almost a third of New York City's savings banks would run out of surplus funds in two years or less, a couple within two quarters or less. Though a few strong institutions could withstand that magnitude of losses for 10 years or more, for the city's savings banks as a whole, average life expectancy was about three years. Since the third-quarter figures came out, one of the city's remaining 36 savings banks has been merged out of existence by the government authorities. Two more mergers are imminent.

During the current quarter interest rates have dropped sharply. How much the decline is cutting operating losses remains to be seen. Yet, unless interest rates fall further, and more important, remain at low levels for an extended period, the deadly erosion of the thrift industry will continue, according to New York State Superintendent of Banks Muriel Siebert.

Savings banks and savings and loan associations in her state suffered operating losses of over $1.2 billion during the first nine months of this year. The more numerous savings banks accounted for the major portion, $897 million. Of the 105 New York state-chartered savings banks, 97 were in the red. Third-quarter losses of $372 million were 23 percent more than in the second quarter. Three New York City savings banks were marginally profitable. Net worth of surplus fell to $4.4 billion, 17 percent below the December 1980 level. Withdrawals exceeded deposits by $11.4 billion during the first nine months. At the end of September the banks had total assets of over $65.8 million.

As for New York savings and loan associations (plus a handful of federally chartered savings banks) insured by the Federal Savings and Loan Insurance Corp. (FSLIC), losses for the first three quarters totaled $352.7 million. Net worth was down by 25 percent from December 1980. Savings outflows through September totaled $1.76 billion. Mortgage activity declined by 41 percent during the period to $237 million. At the end of the third quarter they had assets of $26.8 billion.

During the first half of 1981, New York state S&Ls had the second worst return-on-assets ratio of any of the 50 states, Puerto Rico, Guam and the District of Columbia, according to a survey by the Federal Home Loan Bank Board; Puerto Rico had the worst return-on-assets ratio. New York's total loss was $1.45 per $100 of assets, compared with 49 cents for the nation as a whole.

Two major mergers involving the city's thrifts were engineered by state and federal regulators during the disastrous third quarter. West Side Federal Savings and Loan of New York and Washington Savings and Loan of Miami were merged with Citizens Savings and Loan of San Francisco. Between them the New York and Florida S&Ls were losing almost $10 million a month, and their net worth is near zero. Citizens is a subsidiary of the National Steel Corp. of Pittsburgh, which agreed to invest $75 million in the two savings institutions over three years. The FSLIC will provide an estimated $10 million a month in subsidies.

Greenwich Savings Bank, which had losses of $21 million during the third quarter and would have gone broke by next February, was merged with another New York thrift, Metropolitan Savings Bank, at an estimated cost to the Federal Deposit Insurance Crop. of $465 million. At the same time, a separate intrastate-assisted $2.2 billion merger in September involved Franklin Society Federal S&L of New York City and First Federal S&L of Rochester. More recently, Empire State Federal Savings and Loan in White Plains, which had a $4.3 million loss in the first half, was merged into Erie Savings Bank of Buffalo.

Back in the city, Central Savings Bank, which would have exhausted its reserves in six months, was merged with Harlem Savings Bank Dec. 7 at a cost to the FDIC of $160 million. The insurers are still seeking merger partners for New York Bank for Savings and Union Dime Savings Bank.

The West Side Federal and Greenwich mergers made history of a sort. West Side Federal was involved in the first interstate merger since federal regulators changed the rules last spring to aid troubled S&Ls by permitting suitors to come from out of state. Greenwich marked the first time in the annals of New York State banking regulations that a state-chartered mutual savings bank required federal assistance in working out a merger.

But as Siebert said, "If I thought that Greenwich were the first and the last of the supervisory mergers, I would not be here today" at a press conference publicizing the plight of banks.

Why does New York have such a sorry record? Saul B. Klaman, president of the National Association of Mutual Savings Banks, cited the state's unrealistically low usury ceiling of 10¼ percent, which was overridden by federal statute at the end of 1979. Moreover, mortgage loans were made under great political pressure at below-market rates for quite a while, he said.

Other important factors are customer sophistication on interest rates and the resulting cutthroat competition among 35 banks in the city. Seibert remarked: "Many people think the 'thrift problem' is a 'New York City problem.'" Indeed, giveaway campaigns there—ranging from toasters to "bring-a-friend" bonuses to sky-high interest rates on promotional investment plans—give the appearance the Big Apple's banks are either foolish or desperate or both.

Just because New York City is the brashest and the baddest doesn't mean the problem is not serious elsewhere. Take the very different example of California. Nine out of the country's 10 largest savings and loan associations are located in California. Although that state has 195 thrifts, or 5 percent of the institutions nationwide, they command 20 percent of the assets.

Not only are they the biggest with $126.3 billion in assets, California S&Ls are among the best. Collectively, they had a higher return on assets during the first half of 1981 than did 38 other states, the District of Columbia, Puerto Rico and Guam.

But "best" is a relative term in this terrible year for thrifts. According to the Federal Home Loan Bank of San Francisco, California S&Ls lost $232 million in the first half of the year, followed by a third-quarter loss of $261 million. Total operating losses for the year to date: almost half a billion dollars. This contrasts with positive earnings of $152 million in the fourth quarter of 1980.

California's performance during the first half meant an operating loss of 38 cents for every $100 of assets. By the third quarter, California losses soared to an annualized rate of 82 cents per $100. Nationally, it was 84 cents.

More bad news showed up in the net new-savings column. California savers withdrew $995 million more than they deposited during the first quarter. By the second quarter that figure jumped to $2.4 billion and held there for the third quarter as well. Contrast that with a gain of $529 million during the last quarter of 1981.

In the same nine-month period, net worth (assets minus liabilities) declined from $6.8 billion to $6.4 billion. The state's S&Ls had a net-worth-to-deposits ratio of 7.2 percent in September, down from 7.6 percent last December. Yet it was considerably above the national average of 5.9 percent reported at the end of June, and well in excess of the 4 percent required by federal regulators. That is not to say there are no S&Ls in serious trouble in the state; in June the Federal Home Loan bank Board reported 17 mainly small, new S&Ls had ratios under 4 percent.

Sanford C. Bernstein & Co., which tracks major California stock associations, predicts that H.F. Ahmanson, parent company of the largest S&L in the country, Home Savings, will have a loss of $2.55 per share in 1981 compared with a profit of $2.34 the previous year.

The second largest, Great Western, will show a loss of 20 cents per share compared with a profit of $1.74 last year. Great Western's relatively good performance of a $2.4 million profit in the third quarter is due in part to two unusual items: An Internal Revenue Service settlement of $5.5 million and repurchase of $53 million in Great Western mortgage-backed bonds at $40 million. First Charter, which owns American Savings, will have a loss of $1.95 per share versus a gain of $1.32 in 1980.

Glendale Federal, which recently became the country's fourth-largest S&L when it acquired First Federal Savings and Loan Association of Broward County, Fort Lauderdale, Fla., in a supervisory merger, was said by the Federal Home Loan Bank Board to have suffered a loss of $8 million during September. California Federal, the next largest federally chartered S&L, declined to give figures but acknowledged its share of red ink during the third quarter.

Mortgage loan activity declined from $4.3 billion in the fourth quarter of 1980 to $2.5 billion in the third quarter of this year. October activity was off 25 percent from September. Bernstein & Co. reported that the third-quarter flow of mortgage credit in that state approximated only 5 percent of outstanding portfolios at an annual rate. In other words, mortgage activity during the third quarter was running at 15 to 20 percent of its average during the previous decade. "The flow of mortgage credit has essentially been shut off in California," said the firm.

The above figures indicate that the situation in California, unlike New York, did not take a dramatic turn for the worse until the third quarter. Prior to that, the Golden State's S&Ls on the whole had weathered the crisis rather well for a variety of reasons. These include a period of sustained real estate growth longer than anywhere else in the country, no usury statutes, and a greater percentage of mortgage banking activity than in any state except Texas. With a rapid turnover of their portfolios, California S&Ls were not saddled with low-yielding mortgages to the degree their eastern colleagues were.

Moreover, according to William Popejoy, who switched jobs this month from president of Far West Savings and Loan to president of Financial Federation Inc., for a long time S&Ls in his state did not pay out cash dividends, and by keeping their earnings in reserve, built up capital positions that have seen them through this crisis. Financial Federation showed a loss of $9 million during the third quarter compared with a profit of $1.8 million in the same quarter of 1980.

Two other factors also contributed to the success of California thrifts: The ability of state-chartered S&Ls to invest directly in real estate and to make variable rate mortgages (VRMs). Federally chartered S&Ls only gained the power to make variable rate mortgages in 1979, four years after the state thrifts did. (Federally chartered S&Ls cannot yet invest directly in real estate, whereas California recently upped the percentage of portfolio state-licensed S&Ls can invest from 5 to 12 percent.)

How much help variable rate mortgages were to California S&Ls is a subject of debate. Until recently, when the ceiling was lifted, state-licensed S&Ls were allowed to raise the interest rates on VRMs by just one-half percentage point a year, or 2½ percentage points over the life of the loan. In the words of Linda Tsao Yang, California's Savings and Loan Commissioner, "It's a nice nest egg. Every half-point adjustment means $100 million additional a year." Thirty percent of California's mortgages are VRMs.

Yet only half the state-chartered thrifts offered VRMs, countered Popejoy who thinks they were not a major factor. Even James Montgomery, president and chairman of Great Western, which has 60 percent of its portfolio in VRMs, remarked, "The VRM wasn't variable enough to protect us." He meant lenders couldn't raise mortgage payments enough to cover their increased cost of funds.

Also on the minus side was the 1978 Wellencamp court decision prohibiting state-chartered S&Ls from exercising due-on-sale clauses—that is, preventing buyers from assuming existing low-interest mortgages. Mortgages without the clause were difficult to sell in the secondary market. The case has now embroiled federal S&Ls and is headed for the Supreme Court.

Another factor affecting profitability and growth is charter. During much of the past decade, the innovative freedom conferred on California S&Ls by a state license kept the industry there prosperous. Then the California federals exerted pressure on Washington to give them parity with the state S&Ls on things such as variable rate mortgages and real estate equity investments, so the advantage of a state charter was removed. Also state regulators have tried to impose stricter rules on branching within California.

Now, given the lure of interstate branching before them, many large California S&Ls claim state charters hinder growth and are rushing to convert to federal charters. If the big S&Ls change charters, the state's Department of Savings and Loans will have insufficient funds as well as less clout. State commissioner Yang, anxious to preserve the dual charter system, deplores this rush to de facto federalization without Congressional debate on whether it is desirable.

With the decline of interest rates during the fourth quarter, is the Golden State now out of the woods? The same factors that mitigated California S&Ls' losses through the first half of this year make analysts relatively optimistic about next year. Allan G. Bortel of Shearson/American Express in San Francisco projects that the state's S&Ls will break even by March, a couple of months ahead of the rest of the nation, provided Treasury bill rates stay in the 9 to 9½ percent level. He forecasts an industry wide profit of $1 billion to $1.5 billion next year, with California accounting for a quarter of it.●

THE THREAT OF BIOLOGICAL WARFARE

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. RATCHFORD. Mr. Speaker, there is a frightening prospect growing in Asia. Recent reports are confirming earlier speculation that chemical warfare is being waged in Laos, Kampuchea, and Afghanistan, that a form of warfare which has been banned for over 50 years by international convention is being used to destroy the lives of thousands of people in these countries.

While the evidence is not absolutely conclusive yet, there is substantial documentation to corroborate the stories of refugees from Afghanistan and the nations in Southeast Asia that warring factions are resorting to these pernicious weapons of destruction. State Department officials have produced new evidence which gives credence to these charges, and it is now time to bring these findings to the attention of the rest of the world.

Chemical warfare is an insidious weapon, Mr. Speaker, and its use has been banned by all major nations through their agreement to the Geneva Protocol of 1925. While some nations, including the Soviet Union and the United States, have reserved the right to use chemical weapons as an in-kind retaliation, the charges of their use in Asia clearly cannot be answered because of self-defense. The attacks in these countries have often been launched on civilians or troops who lack any of the fundamental equipment to defend themselves from exposure to these poisons.

The State Department's most recent evidence on this tragic occurrence links the Soviet Union with the so-called yellow rain being dropped on Laos. If the responsibility for yellow rain does indeed fall on the Soviets, Mr. Speaker, then it is time that this issue be brought to the attention of the United Nations and other international deliberative bodies. The facts should be investigated, evaluated, and judged in the eyes of the world.

Chemical warfare is a terrible weapon, for its victims are more likely to be innocent civilians than equipped armed forces. These substances destroy human beings through simple exposure, and they can be dispersed to

cause many casualties in a very simple fashion.

All is not fair in war, Mr. Speaker, and civilized nations have rejected the use of these substances in conflicts through the Geneva Protocol of 1925. Any nation, friend or foe, which violates both international law and basic human rights through the use of chemical warfare should be placed in judgment by the international community and should put an end to this immoral and abhorrent form of warfare.●

ENLISTMENT, UTILIZATION OF MILITARY WOMEN SYMPOSIUM

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mrs. SCHROEDER. Mr. Speaker, in October I sponsored a symposium on a subject I have been concerned about for several years. Please allow me to insert into the RECORD the transcript from that event. It is worth reading.

ENLISTMENT, UTILIZATION OF MILITARY WOMEN SYMPOSIUM

SARAH MCCLENDON. Good morning. We're so pleased to see so many of you here this morning and we want to say how grateful we are to Congresswomen Pat Schroeder for this meeting. I'm Sarah McClendon, an Army veteran and a former member of the Defense Advisory Committee on Women in the Services. Some of us who had been in the service, and knew the problems women faced, wanted to have an informational meeting. We went to see Pat Schroeder. She has been corresponding with Department of Defense officials on this subject as a member of the House Armed Services Committee for months. She had the same questions we had. She agreed to sponsor this meeting, staff it, and put it on.

Mrs. Schroeder, who has been a member of Congress since 1973, is a member of the House Armed Services Committee and believe you me it was hard getting there. At that time Congressman Edward Hebert was chairman of that committee and he didn't care to have women on it. She sits on two very important subcommittees: Readiness, which concerns us today, and Research and Development. She's been active on the House floor in getting the Defense officials to account for and insure against waste and fraud. In addition to serving on the Armed Services Committee, she is also on the House Judiciary Committee and the Post Office and Civil Service Committee. Congresswoman Schroeder.

Representative SCHROEDER. Thank you very much, Sarah. You're really the mother of this idea and one of the moving forces behind it.

Let me explain why this isn't a formal hearing. First, you know what usually happens during a regular committee hearing. They tend to be terribly intimidating. I think these buildings were built to intimidate all of us the minute we walk in. Second, the military, when dealing with the issue of women, either in the military academies, in the service, or in civil service, rather than talk to women come here and talk to men. And third, we really don't ask women what changes could be beneficial to both men and women in the service. That would be perceived by some as "soft" on defense.

We all know the great strides made in recent history bringing women into the Services. All of a sudden, though, we've seen a serious policy change to hold static the total number of enlisted women. We've heard that this policy change was based on field reports citing problems arising from women in non-traditional areas. They claim insufficient housing, ill-fitting uniforms, complicated family schedules, and difficult social adjustments all hamper the ability to mobilize quickly. But we also know of many studies showing that women make excellent soldiers and that they really do add to readiness. So a lot of us are a bit surprised by this sudden change of direction and wonder about the underlying reasons.

The purpose of this symposium, then, is to hear from representatives of each service about how women are being utilized in non-traditional combat support roles, what extraordinary problems women encounter, and what problems the command structure faces in dealing with women in these roles. To hear about utilization policy may help explain enlistment policy and may suggest solutions to those problems.

My biggest fear is for the young women who are in the Armed Forces now and who want to make it their career. I find that their morale is terribly low right now because they're not sure what the future holds—whether there will be something there, or whether that career ladder is going to be pulled away suddenly. They are the reason for this gathering.

We were very fortunate to find as our moderator, Helen Rogan, who has just written an excellent book on this topic and who is probably one of the best authorities on the subject. The book is called Mixed Company: Women in the Modern Army. She is from England and was educated at Cambridge University. She lives in New York and has written for such prestigious publications as Time, New York Times Book Review, Newsday, and the Washington Monthly. In 1980 she won the DeWitt Wallace/Reader's Digest Fellowship. She has done the legwork, shadowing people in and out of the Pentagon and in the field, looking into the topic. We're terribly honored that she has given her time to be here this morning. Helen, thank you.

HELEN ROGAN. We have a very distinguished panel of speakers—one representing each of the services and a member of the Women and Army Policy Review Group, a body whose deliberations will undoubtedly affect the lives of the women and the men in the service. All of these people have first-hand knowledge of the part women play in today's military. In the audience there are retired military personnel, active duty soldiers, and civilian experts, many of whom will have something to say in the discussion that will follow the panel.

Considerations of time make it impossible for me to do more than briefly sketch the careers of our distinguished speakers and I hope they'll understand. There is no subtle preference, by the way, in the order of speakers.

Our first speaker, for the Air Force, is Major General William R. Usher, Director of Personnel Plans, Office of the Deputy Chief of Staff for Manpower and Personnel. He served as a combat pilot in Viet Nam, worked as a plans and training officer and now has special responsibility for combat readiness. General Usher.

GENERAL USHER. Congresswoman Schroeder, Ms. Rogan, I appreciate the opportunity to present a brief resume of the role of women in the Air Force today and what it looks like for the future.

Since 1972 the Air Force has experienced a 500 percent increase in the representation of women. In 1972, 2.3 percent of our force were women. Today about 11.2 percent are women. The Air Force has the highest representation level of any of the armed forces in the world. We've accessed over 100,000 women since the start of the All Volunteer Force and we've led the way in setting equal standards for males and females coming into the service. Our job entry criteria for men and women are equal and, as a consequence, the quality of our accessions is basically the same.

We've made great strides in the utilization of women in the Air Force. Women are now assigned to all officer career fields and all of the enlisted fields except those directly related to combat. Those include the security specialist involved in base defense, a combat para-rescue individual who picks up downed pilots behind enemy lines, aerial gunners on B-52s, and something we call a tactical air command and control specialist, an infantry position at the forward edge of the battle area.

We have, except for these combat and a small number of facility restrictions, the same utilization policy across the Air Force. That's evidenced by the fact that about 30 percent of women are involved in non-traditional skills. Out of the 63,000 women we have in the Air Force today, we have 22 pilots, 57 navigators, 93 pilots in training, and 7 navigators in training. We plan continued production in these skills in the future.

Our experience has been that women have performed very well. The duty performance and promotion rates, for example, are equivalent between male and females. They have a higher first term reenlistment rate compared to men. However, we find that the second term reenlistment rate begins to fall off. There isn't the same degree of interest in pursuing a full career as among males. Of course the Air Force has always had very high reenlistment rates overall so the significance of that may not be all that great.

Women have had generally lower disciplinary rates. Again, the Air Force is blessed with having low court martial Article 15 and administrative punishment levels throughout the force. To the extent there is a distinction, the female disciplinary rates are lower than males. We attribute this success in assimilating females into the mainstream in the Air Force to a number of initiatives we've taken over the years. First, we spend a great deal of time telling prospective accessions exactly what the Air Force is all about. We do this for males and females to make sure they understand very clearly what they're getting into. So, for instance, females and males entering the aircraft maintenance field, a very demanding one, must view a film so that they understand the rigors of that particular field. We also have a mandatory film that all prospective accessions, male and female, must view with respect to basic military training.

We also place a great deal of emphasis, during basic training, technical training, and in first unit assignment, on human relations and sex education. Womens' concerns are addressed at all levels in the chain of command and at all levels of our professional military education. We have a joint spouse assignment policy that's worked very

well for us. We've had about a 94 percent approval rate. We are not able to honor it 100 percent of the time, mission requirements come first, but we've been pretty good in doing most of it.

Let me just mention briefly some of the problems that have been raised by field commanders, some just a consequence of the demographics of the force. I didn't just idly mention the growth of women in the Air Force since 1972. I think it's something we all need to understand. 48,000 out of the 53,000 enlisted women in the Air Force are below the rank of E4. I pointed out earlier that they're getting promoted at the same rate, but they haven't had time to yet. It's a very young force, concentrated at the base level rather than upper echelons of command. Promotions will come as that force matures. Unfortunately, they have more than their proportional share of problems associated with a very young group of people, inexperienced in life in general and military life in particular.

We also have to deal with the fact that we have a very highly technical service that's growing more so every day. The propensity of females to join the military service is considerably less than males anyway. It isn't very high for males either, unfortunately. But the propensity for women to enter these technical areas is even lower. We have specific requirements for each job in the Air Force that demand certain prerequisites and certain aptitudes on tests. We find that a rather low number of females, due to cultural factors and other considerations, can meet these requirements to qualify for a large majority of our technical jobs. So that limits the numbers we are going to take in.

Another point worth mentioning, particularly in what Sarah McClendon brought up, is that the accession for males and females is going to vary indirectly with our ability to retain people. It's important to retain the people you train. If you see accession numbers decline for both men and women, you need to look at our retention rate. It may be improving. So I think that's worth looking at.

Overall, the Air Force is very satisfied with the performance of women. We're continuing to increase their numbers in both the officers and enlisted force. They're performing well and we expect them to continue to do so in the future.

HELEN ROGAN. Thank you very much. The next speaker is Navy Rear Admiral James Hogg who is the Director of Military Personnel Policy Division in the Office of the Chief of Naval Operations (OPNAV). Throughout his twenty five year career he has served in positions related to planning and readiness, as well as serving at sea, most recently as commander of Destroyer Squadron Seven.

ADMIRAL HOGG. Thank you Helen, Mrs. Schroeder, ladies and gentlemen. It's a pleasure to be here today.

I'll follow General Usher's plan to outline where the Women and Navy Program has been, where it is today and where it it headed. I don't consider it to be a separate program, though. Women in the Navy serve beside men and I don't like to think of assignments for men and for women. We have assignments for sailors and officers. Our women serve with the men with the exception of combat restrictions.

Since 1972 we have been increasing the number of women and diversifying their utilization. In fact, as we increase the number of women, it's essential that we diversify their utilization. I'll explain that in more detail in a few minutes.

With respect to officers, we have increased our number from 3,000 in 1972, 4 percent of the officer corps, to 5,300 this year, 8 percent of the corps. We expect to have by 1985, 6,400 which will represent 9 percent of the officer corps. We feel we'll have no problem reaching those numbers and we're confident the women will be fully integrated with our men in their roles and assignments. About half those women officers will be in the healing arts staff corps. About 40 percent will be in the unrestricted line which will include warfare specialties of aviation, surface and submarine warfare. And about 10 percent will be in the restricted line and other staff corps.

The retention of women officers has historically been the same as men. This year we had a significant improvement for retention of women officers over that of the men. I don't see that as significant data but it's certainly an encouraging trend.

The number of enlisted women has increased as well. In 1972 we had approximately 6,000 enlisted women in the Navy, about 1 percent of our total force. We're ending this year with 34,300, 7 percent of the force which, by the way, is 700 more than we had programmed for this year because of improved retention and decrease in attrition. We're planning to have 45,000 enlisted women in the Navy by 1985 which will represent 8 percent of the force. We feel that goal is attainable. It represents about 10,000 new women coming into the Navy each year. We've had that accession rate planned since 1980 and that will continue through 1985. It's attainable if we continue our present recruitment capability, if our attrition performance continues, and if our retention performance continues, especially in the non-traditional areas. We currently have about 23 percent of our women in non-traditional roles. By that I mean such functions as engineering, ordnance electronics and construction. We must increase that to about 31 percent between now and 1985 if we are to achieve the 45,000.

Now 45,000 is a significant number because beyond it we would impact severely on the ship-to-shore rotation for men and we would end up billeting an excess of women ashore without adequate upward mobilization. That wouldn't benefit the Navy and it certainly wouldn't benefit the women.

Our ability to recruit women into the non-traditional areas and to retain them in those non-traditional areas will be key to our ability to expand the force to 45,000. Thus far we have recruited women into the non-traditional areas without problems. Our retention of women in those areas is about the same as for women in traditional areas. Additionally, job migration out of those non-traditional areas is not a problem. I mentioned earlier that attrition is down this year as compared to last year for enlisted women and retention is slightly up.

The number of enlisted women has increased as well. In 1972 we had approximately 6,000 enlisted women in the Navy, about 1 percent of our total force. We're ending this year with 34,300, 7 percent of the force which, by the way, is 700 more than we had programmed for this year because of improved retention and decrease in attrition. We're planning to have 45,000 enlisted women in the Navy by 1985 which will represent 8 percent of the force. We feel that goal is attainable. It represents about 10,000 new women coming into the Navy each year. We've had that accession rate planned since 1980 and that will continue through 1985. It's attainable if we continue our present recruitment capability, if our attrition performance continues, and if our retention performance continues, especially in the non-traditional areas. We currently have about 23 percent of our women in non-traditional roles. By that I mean such functions as engineering, ordnance electronics and construction. We must increase that to about 31 percent between now and 1985 if we are to achieve the 45,000.

Now 45,000 is a significant number because beyond it we would impact severely on the ship-to-shore rotation for men and we would end up billeting an excess of women ashore without adequate upward mobilization. That wouldn't benefit the Navy and it certainly wouldn't benefit the women.

Our ability to recruit women into the non-traditional areas and to retain them in those non-traditional areas will be key to our ability to expand the force to 45,000. Thus far we have recruited women into the non-traditional areas without problems. Our retention of women in those areas is about the same as for women in traditional areas. Additionally, job migration out of those non-traditional areas is not a problem. I mentioned earlier that attrition is down this year as compared to last year for enlisted women and retention is slightly up.

Now I'd like to go into a program that many of you have heard about—the Women in Ships Program. That's a classic area where we can expand the utilization of women in the non-traditional areas. We first assigned women to our ships in 1978. As of last month we had 145 women officers on 29 ships and we have 1,500 enlisted women on 17 of those same ships. The current plan is to have 190 officers on some 30 ships and 5,000 enlisted women on those same ships by 1985.

This program is progressing well. The women at sea are performing their tasks as well as men. Their professional performance has been generally equal to and in many cases better than the men and their advancement rate has been comparable to that of the men. This year we expanded the program by about 200 women because we had command officers say they can utilize more women and they would like more enlisted women than men because of their performance.

In summary, I can say based on first hand experience and the reports we get throughout the Navy that women are doing well and we certainly expect them to continue to do so. I also fully expect to continue increasing the number of women and diversifying their utilization up to the 45,000 level I discussed earlier. Thank you.●

THE U.S. VIRGIN ISLANDS AND THE CARIBBEAN BASIN INITIATIVE

HON. RON de LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. DE LUGO. Mr. Speaker, last week I sent a letter to the President registering strong concern over his developing Caribbean Basin initiative and urging his administration to recognize two basic principles before that new policy is finalized. The first principle is that the U.S. territories in the

Caribbean must be actively consulted in the formulation of the new policy; the second that the new Caribbean policy must be consistent with territorial policy and must not eliminate or further erode the economic advantages that the Congress of the United States has so carefully developed for the territories.

That letter was cosigned by, among others, 10 committee and subcommittee chairman and by some of the highest ranking Republican Members of this Congress who share my concern about the future economic well-being of the Virgin Islands. I would like to express my gratitude to those Members and to insert in the RECORD the full text of that letter and the names of all cosigners.

Additionally Mr. Speaker, I would like to insert in the RECORD the text of an editorial that appeared in the St. Croix Avis in which the editor of that newspaper, Mr. Fred Clarke, very eloquently and succinctly points out the very same concerns.

The question Mr. Clark poses at the conclusion of his editorial is most appropriate: "Are we part of the United States, or are we just considered part-Americans?" Mr. Clarke has underscored the essence of the concerns put forth in my letter to the President, and the question he poses is central to any equitable and reasonable resolution of those concerns.

CONGRESS OF THE UNITED STATES,

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 8, 1981.

HON. RONALD W. REAGAN,
President of the United States,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing to bring to your attention our concerns for the political and economic future well-being of the United States territories in the Caribbean—the U.S. Virgin Islands and Puerto Rico—which will be directly impacted by the Caribbean Basin Initiative.

We would ask that clear recognition be given to two basic principles in the development of the Caribbean Basin Initiative. First, that the territory of the U.S. Virgin Islands should play an active role in the policy development, and secondly, that new Caribbean policy be consistent with territorial policy.

Over the past twenty-five years, the Congress of the United States has carefully developed a territorial policy based mainly on trade and tax incentives in order to secure economic and political stability and to enable the U.S. Virgin Islands to achieve an increasing degree of self-reliance. The delicate balance inherent in that policy has been eroded over the past several years by the extension of escalating trade and tariff concessions to emerging nations with no concomitant re-evaluation of the concessions previously singular to the U.S. Virgin Islands. The effect in this erosion of territorial policy can be clearly seen in the critical condition of the territory's infrastructure, public services and investment climate.

The extension of unilateral advantages to the island countries in the Caribbean or the unwitting sharing of advantages currently enjoyed only by the Virgin Islands can lead to the decimiation of the Virgin Islands' economic and social position in the region. The destructive effect of such a policy will be not only limited to the Territory, but it may well be Caribbean-wide, for the Virgin Islands and Puerto Rico remain the American flag-ships of the entire region.

Mr. President, we believe the counter productive results of such a policy will be avoided by faithful adherence to the principle of full consultation with territorial government officials and Congressional representatives as the Caribbean Basin Initiative is being developed. Second, continued economic growth and prosperity in the Virgin Islands can only be achieved by commitments to the principle that the overall competitive position of the Virgin Islands will be preserved as a fundamental part of any Caribbean Initiative which your Administration might submit to the Congress.

We are ready to work with you and your Administration to build a successful Caribbean policy which does not threaten U.S. interests in our off-shore areas, and indeed strengthens them.

Respectfully yours,

RON DE LUGO,
MORRIS K. UDALL,
Chairman, Committee on Interior and Insular Affairs,
JAMES R. JONES,
Chairman, Committee on Budget,
MICHAEL D BARNES,
Chairman, Subcommittee on Inter-American Affairs,
JONATHAN B. BINGHAM,
Chairman, Subcommittee on International Economic Policy and Trade,
JOHN F. SEIBERLING,
Chairman Subcommittee on Public Lands and National Parks,
KENT HANCE,
FORTNEY H. (PETE) STARK,
Chairman, Subcommittee on Select Revenues,
DON H. CLAUSEN,
MANUEL LUJAN, JR.,
ROBERT J. LAGOMARSINO,
EDWARD J. DERWINSKI,
RICHARD B. CHENEY,
DOUGLAS K. BEREUTER,
SILVIO O. CONTE,
RON MARLENEE,
DAN MARRIOTT,
CLEMENT J. ZABLOCKI,
Chairman Committee on Foreign Affairs,
BALTASAR CORRADA,
FOFO I. F. SUNIA,
GEORGE M. O'BRIEN,
PHILLIP BURTON,
Chairman, Subcommittee on Labor-Management Relations,
JOSEPH P. ADDABBO,
Chairman, Subcommittee on Defense,
ANTONIO BORJA WON PAT,
Chairman, Subcommittee on Insular Affairs.

[From the St. Croix Avis, Dec. 8, 1981]

ALL OR PART?

Some months ago, in these columns, we asked, "Are we or are we not"? We were curious as to whether we were part of the United States of America.

Today, we raise the question once again. Are the U.S. Virgin Islands really a part of the United States of America, are we actually a member of the family, or are we only urchins, beggars if you will, who were invited into the neighborhood so long as we would be satisfied with the handouts, the scraps, the left-overs.

Possibly, we have ourselves to blame for this feeling in the United States that we are not, nor should be, recognized as real citizens, real neighbors. Maybe, because of the constant attitude of begging for more and a resistance to any proposals or programs designed to help ourselves, has inured the rest of the United States towards our needs.

The question again becomes prominent, and pressing, with the recent statements to the effect that some of the benefits and blessings we have been given shall shortly be diluted. Be shared, really, with other areas not, and never have been, even considered part of the United States.

The economy of the Virgin Islands has been dependent upon special tax and trade advantages over other areas of the Caribbean. These advantages have allowed the Virgin Islands to compete against these other areas for industrial development, tourism growth, commercial expansion,

The tax and trade advantages have, to a degree, offset the lower land and labor costs, the increasing local tax incentives offered by other Caribbean nations. And while the economy in the United States was healthy, we, in the Virgin Islands, were able to flourish with the help of these allowances, these hand-outs, from the United States.

Now, however, it seems the allowances, the advantages we have needed to compete, and which have allowed us to grow economically, may be taken away. Our free port status will be eroded, our tax and trade vantages will be weakened, our special allowances will be given to others.

Yet, we shall still be required, as a part of the United States, to obey the laws of the United States. The labor costs shall still be higher due to the requirement we abide by minimum wage rates established in the United States. The immigration laws, the Constitutional demand that all rights of that Constitution be accorded immigrants, such as free health, housing education, and others, as prescribed by the United States, shall continue to be law in the Virgin Islands.

This gives rise, as we see it, to the same question—"Are we part of the United States, or are we considered just part-Americans?"●

ANDREI SAKHAROV AND THE PLIGHT OF SOVIET JEWRY

HON. RICHARD L. OTTINGER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. OTTINGER. Mr. Speaker, the hunger strike of Dr. Andrei D. Sakharov and his wife has underscored the ongoing human rights atrocities inflicted on thousands of Jews in the Soviet Union. While Dr. Sakharov has recently won an important battle against the Soviet Government, Moscow will surely continue its full-scale anti-Semitic assault.

The latest available figures show that the Soviet Jewish emigration rate is at its lowest point since the start of the contemporary Soviet Jewry movement approximately a decade ago. Moscow has reduced the number of Jews allowed to emigrate from a high of 4,476 in October 1979 to 368 in October 1981.

Meanwhile, the official anti-Semitic policies of the Soviet Government continue to be used to shackle its Jewish citizens. The press disseminates anti-Semitic propaganda, Hebrew teachers are exiled, Jewish education programs are banned, and books and religious articles are confiscated. More arrests of Soviet Jews have taken place in the past 4 months than in the last 4 years.

In the face of these sweeping violations of human rights, it is vital that our Government recognize its moral responsibility to pressure the U.S.S.R. to respect the fundamental rights of Soviet Jews and allow for their free emigration. I have recently cosponsored two House resolutions which I am including in today's RECORD, expressing the sense of Congress on this important matter.

House Concurrent Resolution 219 introduced by the gentleman from New Jersey, Mr. SMITH, calls upon the U.S.S.R. to end the current policies restricting Jewish emigration. The measure also expresses the sense of Congress that official Soviet anti-Semitism is morally reprehensible.

House Joint Resolution 373, introduced by my good friend from Colorado, Mrs. SCHROEDER, expresses the sense of Congress that the Soviet Union should respect the rights of its citizens to practice their religion and to emigrate, and that these matters should be among the issues raised at the 38th meeting of the United Nations Commission on Human Rights at Geneva in February 1982.

Congress must provide a strong signal to the Soviet Union that we simply will not silently accept their terrible human rights abuses. We must maintain an unwaivering commitment to improving the plight of Soviet Jews by pressuring the Soviets at every possible level of contact to improve the human rights climate within its borders. Perhaps our continued pressure will one day lead to a time when people like Dr. Andrei Sakharov do not have to jeopardize their lives for the cause of emigration and human rights in the Soviet Union.

Mr. Speaker, I commend both House Concurrent Resolution 219 and House Joint Resolution 373 to the attention of my colleagues:

H. CON. RES. 219

Concurrent resolution calling upon the Union of Soviet Socialist Republics to end the current policies of Jewish emigration discrimination and anti-Semitism and expressing the sense of the Congress that the dramatic decline of Jewish emigration from the Union of Soviet Socialist Republics is morally reprehensible

Whereas the Government of the Union of Soviet Socialist Republics has decreased Jewish emigration significantly and nearly completely, and continues to maintain this form of discrimination based upon religion;

Whereas, under the current policy, the Government of the Union of Soviet Socialist Republics has reduced the number of Jews allowed to emigrate from a high of four thousand seven hundred and forty-six in October 1979, to the present figure of three hundred and sixty-eight in October 1981, the lowest amount since emigration began;

Whereas two hundred and sixty thousand Jews have been allowed to emigrate in the last twelve years, over one-half million Jews have filed for emigration in the same time period;

Whereas the Government of the Union of Soviet Socialist Republics is implementing a policy of exiling Hebrew teachers, banning Jewish education programs, and confiscating books, as well as sacred and religious articles;

Whereas the press of the Union of Soviet Socialist Republics is implementing a policy of disseminating anti-Semitic propaganda to the peoples of the Union of Soviet Socialist Republics which is designed to hinder Jewish heritage and terminate traditional religious practices;

Whereas within the past four months, more arrests of Soviet Jews have taken place than in the last four years, underscoring the policy of increasing discrimination, as well as the declining emigration figures, in the Union of Soviet Socialist Republics: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the policies of Jewish emigration discrimination and anti-Semitism are morally reprehensible, and that the President, at every opportunity and in the strongest terms, should express to the Government of the Union of Soviet Socialist Republics the opposition of the United States to these reprehensible policies, and that the restrictions on the emigration of Soviet Jews be removed.

H.J. RES. 373

Joint resolution expressing the sense of Congress that the Government of the Soviet Union should respect the rights of its citizens to practice their religion, and to emigrate, and that these matters should be among the issues raised at the 38th meeting of the United Nations Commission on Human Rights at Geneva in February 1982

Whereas the Soviet authorities have mounted a triple assault on its Jewish community.

a. Exit permits have dropped to less than 100 families per month and are still declining, with the result that the emigration rate is 10 percent of that for 1979.

b. Ceaseless harassments, arrests, and trials have become an almost daily occurence, and

c. Unparalleled assaults on Jewish self-study groups occur in the major urban areas; and

Whereas such harassment, and obstacles to free movement violate the obligations of the Soviet Union to respect the rights of freedom of thought, conscience, expression, religion, and emigration, as provided for in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the Final Act of the Conference on Security and Cooperation in Europe at Helsinki, and the Constitution of the Union of Soviet Socialist Republics: Now therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the sense of Congress that—

(1) the President of the United States should instruct the United States delegation to the United Nations Commission on Human Rights meeting in Geneva in February 1982, to carry to the Commission the message that the Soviet Union should respect the rights of its citizens to practice their religion and to emigrate, should stop its harassments, arrests, and trials of the members of its Jewish community, and should stop its assaults on Jewish self-study groups;

(2) the Government of the Soviet Union should comply with its obligations under the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the Final Act of the Conference on Security and Cooperation in Europe at Helsinki, and the Constitution of the Union of Soviet Socialist Republics, by ceasing the indiscriminate arrests and trials of Jewish activist, by ending the assaults on Jewish self-study groups, and by opening its doors to those who wish to emigrate;

(3) the President of the United States should express to the Government of the Soviet Union the strong and continuing opposition of the United States to such harassment of its citizenry, and the obstacles they present to those who wish to emigrate; and

(4) the President of the United States should reiterate to the Government of the Soviet Union that the United States, in evaluating its relations with other nations, will consider the extent to which such other nations honor their commitments under international law particularly any such commitments concerning human rights.

SEC. 2. The President shall transmit copies of this resolution to the Ambassador of the Soviet Union to the United States and to the Chairman of the Presidium of the Supreme Soviet.

EXTRADITION REFORM

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. HUGHES. Mr. Speaker, today I am introducing a bill to reform the laws of the United States with respect to extradition. Current extradition laws have been on the books for well over a century and have never been reviewed in a comprehensive fashion. According to both the Departments of Justice and State and leading practitioners and academics, these provisions are not adequate in dealing with international crime control. The bill I am offering for introduction is designed to facilitate reform in this area. The Subcommittee on Crime, which I chair, will hold a hearing on this bill in the near future.

Increased ease and frequency of intercontinental travel has created international law problems that were unforeseen by the Congress of the 19th century. In recent years there has been a dramatic increase in the number of extradition requests made by foreign countries for terrorists and for persons involved in drug trafficking. Improved international cooperation in prosecuting these types of offenses will very likely produce an even greater level of extradition demands in the future. The current procedures carry forward the anomalies of a bygone era. The inconveniences caused by these statutory deficiencies are relatively minor now, but are likely to cause major problems in the future.

In addition, the United States has undertaken negotiations and executed new extradition treaties that cannot be fully implemented under present law. The modernization of extradition procedures would be an important step forward in implementing these international obligations.

This bill has been developed with the assistance of the Departments of Justice and State. Many of the ideas for reform in this area have come directly from their suggestions. Among the suggestions made by the administration that have been incorporated are the following:

First, require that the Attorney General act as complainant in extradition matters. Under current law a foreign government—or someone claiming to be acting on behalf of such government—can initiate an extradition proceeding. The suggested change is recognized practice in virtually every other country. The proposed change will also avoid foreign policy problems that arise under current law.

Second, permit an arrest warrant to be issued when the location of the fugitive is not known. This procedure will facilitate the efforts of law enforcement in locating persons sought for extradition, including suspected terrorists.

Third, permit the commencement of extradition proceedings upon the issuance of a summons. This procedure is appropriate when the fugitive's location is known and the risk of flight is small. This procedural device will also save money.

Fourth, set standards for the release of a person sought for extradition. Under current law there is no explicit treatment of the question of when and whether to release a person sought for criminal activity by a foreign government. The absence of statutory criteria for use by the courts has produced some inappropriate results. The proposed release criteria takes into account the dangerousness of the accused person, ties to the community, seriousness of the offense, and the need to honor our solemn treaty obligations.

Fifth, permits fugitives to be temporarily extradited to the United States for trial and sentencing. This change will assist law enforcement by allowing timely disposition of violations of American law. Under current law we would have to wait until any foreign sentence was served.

Sixth, establishes the right to counsel of accused persons and authorizes the appointment of counsel for indigents.

Seventh, clarifies the requirements of double criminality. International law and our extradition treaties require that the offense that is the subject of the proceeding be an offense in both the requesting State and the United States. The bill clarifies current law by providing that the alleged offenses must be an offense similar to a crime against: A majority of the States or the United States; the United States; or against the laws of the State in which the suspect is found.

Eighth, permits either party to appeal the decisions of the district court. Under current law neither side may appeal. As a practical matter, however, the defendant can obtain review through habeas corpus proceedings, and the Government by commencing a new proceeding. Direct appellate review will be more efficient.

Ninth, clarifies or codifies current extradition practices and sets forth clear procedures for use by the courts and the Attorney General.

There is one area where the bill differs from the previous recommendations of the Departments of Justice and State; treatment of the political offense exception and the application of defenses to extradition. Under current law virtually all of our extradition treaties provide that the United States does not have an obligation to return an alleged offender who has committed a political offense. The Federal district courts generally make this determination under current law. The administration wants to change this practice to vest these determinations in the discretion of the Secretary of State.

The bill I am introducing leaves the authority for making decisions about political offenses with the independent judicial branch. While there are legitimate concerns about the possible adverse consequences of the current practice on the political offense question, I believe they are adequately addressed in the bill. The bill sets forth for the first time in Federal law clear statutory criteria for the courts to use in determining a safeguard against possible abuse by guaranteeing the Government the right to appeal. These two changes should resolve most of the objections the affected agencies have to current law. If the witnesses at our forthcoming hearings offer persuasive reasons for modifying the current law, then such a change in the bill will be made. I am confident that any bill that emerges will fashion an appropriate balance between the rights of the accused and the foreign policy needs of our Government.

I extend an invitation to interested parties to comment on this bill. Comments or requests to testify should be made to the Subcommittee on Crime, 207 Cannon House Office Building, Washington, D.C. 20515 or telephone: 202/225-1695.●

SCHOOL LUNCH PROGRAM CUTS

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. HUBBARD. Mr. Speaker, Glinda Jeffrey, food service director with the Murray Public Schools in Murray, Ky., recently shared with me a letter that she wrote to Ms. Cynthia Ford, the technical assistance branch chief of the Nutrition and Technical Services Division of the U.S. Department of Agriculture. In her letter, Mrs. Jeffrey makes a good case in stating that school lunch and breakfast programs have absorbed all the budget cuts that they can tolerate. I believe Mrs. Jeffrey's letter is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

DEAR MS. FORD: I have pondered until the "eleventh hour" as to whether to write my feelings once again. I have kept my Congressmen busy lately with correspondence concerning the cuts in the school lunch and breakfast programs but thought perhaps I should try to express my feelings to someone else also.

As a school Food Service Director and as a parent I definitely feel that steps should be taken to prevent our Congress and our President from turning our school food serv-

ice programs into welfare programs. We, in our School District, have worked extremely hard to prevent students from identifying those other students who are on free/reduced price meals. We have about a 20 percent participation in that category and we have taken every precaution to prevent identification of these students. If we allow our funds to be taken from the paying child, we are right back where we were when I was in school—everyone knowing those children who cannot pay for their meals. As a parent I know I would not want my child to be identified and pointed out as a "free luncher". I can imagine the frustrations and embarrassments that he would suffer. As a former teacher, I have discussed these issues with my students. Most students feel the same way—they want the security of not being identified as part of a low income family.

I am also alarmed about the cuts in the amount of food that can be served—minimum-wise. There are many of us who will continue to serve as much as we can as long as we can, however, there are some who are waiting for such cuts in order to "survive". Whatever it takes to keep a program "surviving" should be provided without cutting the nutritional quality of these meals.

The past two years we have been fortunate to receive funds for nutrition grants through the NET program. It seems to me that we are now retracting everything that we have tried to teach all of our students during those two years. Was this a short-lived program—was its message not important? How can we turn our backs so soon on a program that we pushed so hard and proclaimed as most important only for a period of two short years.

I have been further disturbed by news yesterday and today that my hometown has been fortunate enough to receive funds to build a new Chamber of Commerce building and do extensive renovation to our community airport. Sure, these are important programs—however, can we not live without them? Can we live without nourishment to our bodies? We are fortunate not to have the deprived communities in our County as many across our Country have. Yet, I cannot be selfish enough to plead our cause alone—it must be for all our students nationwide.

Let's see what can be done for our students. I feel that we can salvage the school lunch and breakfast programs if we work hard enough. We have taken a commodity cut for both programs and have been completely wiped out as far as breakfast goes. We have withstood a cut in finances all across the board. We saw our special milk program be taken from us—hurting the needy. Personally, I feel that we have taken just about all the cuts that we can and still remain intact as the program that we know now.

It would be interesting to know just how many of the people who are casting votes to eliminate any more of our program really know first-hand poverty. How many of them "have been there" and suffered as a child . . . without proper nourishment.

I said in the very beginning last year when we started feeling the squeeze that our Country had wasted much . . . that cuts were inevitable and that I was willing to take our share in the food service area. I now feel that that share has been absorbed. Let's take a close look at some other programs that could be treated equally as hard as ours. For example, let's look at monies laid aside for new or renovated airports and chamber buildings. Where are our priorities—where does our future lie? Is it in airports and office buildings that we are putting ourselves? I ask you—should it not be in our youth and in their health. Let's give some serious thought to this important matter and then get on with the task of looking at other programs and letting the school food program continue to keep its head above water with what little is left of it.

Thank you for every assistance you can give the National School Lunch Program. Another thank you from all the students in our schools who eat daily, from teachers who diligently teach nutrition in all classes, and from parents, who most of all recognize the importance of it both for their children's health and financially.

Sincerely,

GLINDA JEFFREY,
Food Service Director.●

BRL TO OPEN PLANT IN FREDERICK, MD.

HON. BEVERLY B. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mrs. BYRON. Mr. Speaker, most of the economic news during recent weeks has been unfavorable and there is a great deal of concern about the need for economic development, business investment, and employment growth. I would like to take this opportunity to share with my colleagues some encouraging economic news—the impressive record of growth of Bethesda Research Laboratories, Inc., which has announced plans to open a new plant in Frederick, Md.

BRL is a leader in the biotechnology industry. It started in 1976 with only three employees. Just 5-years later, it now has a staff of over 350 and has a record of doubling its sales volume every year. The estimated value of the firm is now approximately $200 million.

The firm is currently located in Gaithersburg, Md., and its recent decision to build a new facility in Frederick will make a major contribution to the employment, revenues, and reputation of Frederick. The new facility will serve as the headquarters for BRL's worldwide operation and is expected to be completed by the mid-1980's. It is located on a gently rolling 21.4-acre site in the 100-acre Frederick Research Park.

I would like to congratulate BRL on its first 5 years of remarkable growth and would also like to welcome the firm to the Frederick community.●

THE 1945 ELECTIONS AND MONSIGNOR BELA VARGA

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. DORNAN of California. Mr. Speaker, Dr. Michael Szaz, executive vice president of the National Confederation of American Ethnic Groups, has written an excellent essay on the 1945 Hungarian elections and Monsignor Vela Varga. It deserves to be read by all who want to know of the Hungarian people and their struggle to be free. I would like at this time to insert it into the CONGRESSIONAL RECORD.

THE 1945 HUNGARIAN ELECTIONS AND MONSIGNOR BELA VARGA

We commemorate the valiant Hungarian people who in 1945 provided the only example of a free election under Soviet military presence in the world. The freeness of the 1946 elections in Czechoslovakia is also recognized, but its results were a less crushing defeat to the Communists than those in Hungary. In no other instances were democratic elections held behind the Iron Curtain.

Of course, the results of these elections were overthrown by Communist coups in 1947 in Hungary and in 1948 in Czechoslovakia, but the Hungarian elections were a historic milestone. In the November 4, 1945 elections the Communist Party polled only 17 percent while the major anti-Communist party a conglomerate of liberals, Catholics, national conservatives and agrarians, polled 57 percent. In any democratic country, the Smallholders would have formed the government alone but in postwar Hungary, the Soviet chairman of the Allied Control Commission, Marshal Voroshilov, forced the Smallholders to form a coalition government with the Communists, Social Democrats and the Peasant Party, with the Social Democrats in an electoral alliance with the Communists. The result was the forced disintegration of the Smallhodlers Party and the coup of May 30, 1947.

The ultimate failure of the democratic elections in Hungary does not lessen its unique importance. It displayed the determination of the Hungarian people, despite threats and economic bribery by the Communist Party, to reject the same in favor of Western democratic principles in a country where the Golden Bull (1222) followed upon the British Magna Carta) only seven years later.

The Hungarian freedomfighters of 1956 only continued this historic attitude of the people and the passive resistance which finally forced the Communists to ease their repression and restore some economic flexibility would have been impossible without the resolute resistance first expressed in the 1945 elections.

Simultaneously, we must remember the courageous political leaders of the Smallholders Party who fought against the Communist infiltration and takeover and had to flee or suffer prison for their activities as Western democrats. Many of them have died already some after years in NKVD and Hungarian Communist prisons like Secretary General Béla Kovacs and President Zoltan Tildy. We have, however, with us, one of the outstanding heroes of the 1945

elections in New York, Monsignor Bela Varga who both as the chairman of the Budapest division of the party and as its national vice chairman was instrumental in persuading his party to reject an electoral alliance with the Communists and to attain a 50.1 percent victory in "red" Budapest and 57 percent victory in Hungary as a whole. Monsignor Varga, a relentless fighter against oppression and persecution against the Nazis remained a steadfast fighter against communism even in his exile as chairman of the Hungarian Committee and continues his commitment even in his advanced years. We salute him and the gallant Hungarian nation in their fight to restore Hungarian national independence and individual freedoms.●

U.S. SERVICEMEN ACT OF LOVE

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. YOUNG of Florida. Mr. Speaker, as Christmas, the season of love and giving, nears, I would like to tell you about a special gift a group of our servicemen in the Mediterranean gave a small orphanage in Greece.

When the marines of the 32d Amphibious Unit aboard the U.S.S. *Saipan*, on their way to the Rapid Deployment training exercises in Oman, made a port call last month in Athens, they did not spend their liberty in the usual manner. Instead of touring the beautiful city, this group of marines left the ship early each morning, and boarded a bus that would take them to a hilly area east of Athens, where they would work until nightfall, clearing land, repairing buildings, and constructing an irrigation and reservoir system for a Greek orphanage.

M. Sgt. Bruce Gale of the U.S. Air Force Strategic Squadron Field Maintenance Division, at the Hellenikon Air Base in Greece, has been involved in helping homeless children at this orphanage for 12 years. He and Lt. Col. Sid Eilertson, the commanding officer of the 264th Marine Helicopter Squadron, organized 50 man work parties each day the unit was in port.

Some of the men worked to clear and fertilize the extremely rocky hillside so that crops could be planted to provide food for the children. Another group of marines excavated a portion of the land to construct a large cinder block cistern to hold water for use in the orphanage and the farm's irrigation system.

Some of the men worked on the orphanage building itself, giving it a new coat of paint and doing some much needed carpentry and electrical work. They even began to construct playground equipment in the orphanage's yard.

The marines were so touched by the children they had seen at the orphanage, that before leaving port, they contributed more than $3,000 to the orphanage fund. Lt. Col. Robert Tschan, commander of the 2d Battalion of the Marines Sixth Division led the collection drive, and when Col. Richard Poore, commander of the 32d Marine Amphibious Unit, presented the money to the orphanage, the marines challenged the men and women stationed at the Hellenikon Air Force Base to match the donation. Col. Phil Smith, commander of the Air Force base, accepted the challenge so that enough money would be raised to purchase a truck for use on the orphanage farm, which the marines had planted.

Mr. Speaker, this is a story of love and caring that can be told at anytime throughout the year, not just at Christmas. This is the type of story that makes all Americans proud of our servicemen, who spend long periods of time overseas away from their family and friends, but who continue to share themselves with the people of the world that they meet. Mr. Speaker, as one Member of Congress who had the privilege of meeting most of those marines, I simply want to say God bless them.●

COMMUNISM AT OUR BACK DOOR

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. LAGOMARSINO. Mr. Speaker, a recent editor's report by William Randolph Hearst, Jr. chronicles the progression of Communist regimes in the Caribbean and Central America. As the Soviet-Cuban axis increases its subversive activities in the region, the United States and its allies will be sorely tested to provide the means to resist. The report urges our allies to consider the threat continued Soviet-Cuban expansion can have for their own security and the need to collectively counter that threat:

COMMUNISM AT OUR BACK DOOR

(By William Randolph Hearst, Jr.)

NEW YORK—The long revolutionary fuse that Fidel Castro ignited in Latin America for his Soviet sponsors often sputters and occasionally the sparks fly around as they are doing today in Nicaragua. To thwart explosions and curb subversion, the Organization of American States (OAS) meets regularly to map common strategy and plan mutual assistance.

Their foreign ministers, from large nations and small, I'm pleased to note are doing just that right now. They are conferring in the sea-washed little Caribbean island-state of St. Lucia. That's not far from Puerto Rico or Martinique and is most strategically sited. All the assembled dignitaries, including our own Secretary of State Alexander Haig, are deeply concerned about the avowed export of revolt from Castro's Cuba. The bearded, cigar-chomping disciple of the U.S.S.R. has been extremely busy slipping armaments to the Sandinistas in Nicaragua who thereupon transship the Soviet-supplied weapons to guerrillas waging war throughout El Salvador in Central America.

Castro has already gotten some hard-nosed signals from the administration in Washington that we won't tolerate his back-door aid to insurrection in Latin America. It begins smack in the Caribbean basin. Edwin Meese, 3d, President Reagan's counselor, fully supported Secretary Haig on openly stating that the U.S. simply will not accept attempts at upheaval in regions which can impair our security. Mr. Meese chose his words carefully, and I think all Americans might care to look at them again.

"Al Haig has done an excellent job of portraying the position of this administration which is: We will not countenance subversion being imported into Central America."

We all know that Castro has made a mess of his own Communist-run economy. His mentors have been failing at it for 60 years themselves as well as wrecking the economies of all their satellites. You only have to look at the dismal plight in which embattled Poland finds itself right now to see what running on Moscow time means to people. So, the Soviets have to reach far across the world to our back door to keep their Cuban stooge, Castro, economically afloat.

In oil deliveries and spare parts for industry, the Russians supply Castro around a billion dollars a year. But it's a *quid pro quo* deal. Even when dealing with comrades, the Russians squeeze out one ruble for at least every two they give. Castro agreed with alacrity to provide the cannon fodder, in the form of Cuban legions, the Soviets wanted to move into key areas of Africa and the Middle East.

Then came Nicaragua ruled by the Somoza family. That was much closer to Castro's own home base of operations. He already had as "guests" a cadre of self-styled Sandinista revolutionaries biding time and weapons to take on the Somoza regime. A worldwide clamor arose at the time—synchronized by all major Soviet propaganda agencies—to depict the Sandinistas as God-fearing freedom fighters.

As the reality of events turned out, nothing is further from the truth. The successors to the deposed Somoza regime have filled jails with critics and newspaper editors, who once supported their cause. When they learned first-hand about dictatorial methods and complained bitterly, these disenchanted folks just vanished.

Sandinista Nicaragua is sliding rapidly into the morass of totalitarianism. It has become Castro's major satellite in Central America. Besides arresting critics and throttling the press, a big Cuban arms buildup is in progress. Get a load of these figures for a supposed have-not country struggling to make ends meet:

There are 3,000 Cuban military advisers in Nicaragua, a small nation of 2.4 million people. Considering that Castro had around 50,000 scattered around Africa and the Middle East, the total in Nicaragua is mammoth. On a shuttle basis, about 200 Soviet "advisers" come in from Cuba, have a look around and return to base. In addition 15 Soviet-made T-55 tanks and appropriate ammunition are in Nicaragua. At least 100 Sandinistas are in Bulgaria learning to fly MiGs.

Most of these armaments are earmarked or have already been slipped into El Salvador. The arms enable the guerrillas to turn

the tide of warfare in their favor in many areas. Use of the weapons also buttresses the terror tactics adopted by rebels who have been able to swagger their way around a terrified peasantry.

These stark statistics, which Secretary Haig has presented cogently to his OAS colleagues, are making them wonder about simmering unrest elsewhere as Costa Rica, Honduras and even Mexico with its new and highly coveted oil riches. Honduras, which just became a representative democracy again via elections, also is worried.

Needless to say, many of the countries within the OAS are poor and underdeveloped. The U.S.-conceived Marshall-type aid plan should be blended in with adequate security precautions because the poorer countries require—and should obtain—economic assistance quickly. The small and the weak countries feel especially vulnerable, which makes decisions all the more pressing. I feel strongly that we must help all our free friends so that they, in turn, can help themselves.

Overt techniques from this country or warnings to Castro to cut out adventurism in the Caribbean won't, I fear, be very decisive at this stage. Many Latin American nations don't take too kindly to us cuffing a Soviet upstart like Castro around. True, they fear his meddling in their own affairs but it requires deft diplomacy to make them realize that we have a common stake in solving the problem.

Secretary Haig has proven in many areas of the world that he can put out fires with the least damage to all concerned. He should be afforded the opportunity to sever Castro's Soviet-set fuse before it gets out of hand.●

"DIPC BENDS TO WILL OF CONGRESS"

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. PATTERSON. Mr. Speaker, on December 9, I introduced two pieces of legislation, H.R. 5135 and H.R. 5136, designed to address the serious problems facing a major segment of our Nation's financial community—savings and loan institutions and mutual saving banks. One of these bills, H.R. 5135, is specifically aimed at preventing the Depository Institutions Deregulation Committee from causing further financial aggravation for the thrift industry. This bill would require the DIDC to suspend additional action for a period of 6 months in order to allow Congress an opportunity to examine the deregulation of the financial industry thus far, to insure that the deregulation is proceeding as called for in the Depository Institutions Deregulation and Monetary Control Act of 1980.

I am pleased to submit for the record today a bipartisan list of 43 of our colleagues who share my concern over the effects of the DIDC's actions on the health of the entire financial community and ultimately the economy at large.

In addition, I would like to express my personal relief that Treasury Secretary Regan, Chairman of the DIDC, has announced his intention to recommend that the Committee postpone consideration of the three deregulation initiatives which were scheduled for the December 16 DIDC meeting. Secretary Regan's decision was made in response to the requests of several Members of Congress and is timely and appropriate as Congress prepares to adjourn for the holiday recess. It is unfortunate that Secretary Regan will not be appearing tomorrow before the House Banking Committee. At Secretary Regan's request, these hearings have again been postponed. I look forward to having an opportunity to query the Secretary on the work of the Deregulation Committee when the Congress reconvenes in the new year.

The crisis of the thrift industry will certainly be with us when we return to Washington. I urge my colleagues to continue to monitor this situation to insure that the congressional intent of the 1980 act is adhered to.●

HUMAN RIGHTS

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. BONKER. Mr. Speaker, Patricia Derian, the former Assistant Secretary of State for Human Rights and Humanitarian Affairs, has written a perceptive and thought provoking article in the November 7, 1981, issued of Nation magazine, entitled "Some of Our Best Friends Are Authoritarians." Ms. Derian notes: "the Reagan administration has made faint efforts to fake an attitude toward human rights; it has made no effort to implement a policy."

Now that Elliot Abrams has assumed the post of Human Rights and Humanitarian Affairs, I commend to his attention and the attention of my distinguished colleagues, Pat Derian's article.

It is my hope that Mr. Abrams' appointment signifies a new beginning, that this administration will now make a new effort to establish a human rights policy that is evenhanded, just, and in the best traditions of the country:

[From the Nation, Nov. 7, 1981]

SOME OF OUR BEST FRIENDS ARE AUTHORITARIANS

(By Patricia Derian)

The Reagan Administration has made faint efforts to fake an attitude toward human rights; it has made no effort to implement a policy. Let's look at the record.

U.S. representative to the United Nations Jeane Kirkpatrick put forth the theory that authoritarianism is better than totalitarianism. Irving Kirstol and other neoconservatives were quick to rally behind this construct. Kirkpatrick claimed that in some places, notably Latin America, the people were not ready for democracy and that authoritarian governments were therefore an understandable, if regrettable, development. Despite right-wing efforts to resuscitate it, the authoritarian-totalitarian dichotomy has, blessedly, been laid to rest. The outrage generated by the description of torture and anti-Semitism in Argentina in Jacobo Timerman's Prisoner Without a Name, Cell Without a Number and the Polish workers' courageous struggle for economic and human rights in a "totalitarian" country showed how false the distinction was.

In his mid-January confirmation hearings before the Senate, Secretary of State Alexander Haig responded to a question about his position on the U.S. law prohibiting military and economic assistance to governments that violate human rights by saying, "In general, I support this provision of the Foreign Assistance Act. I do not believe we should, other than in the most exceptional circumstances, provide aid to any country which consistently and in the harshest manner violates the rights of its citizens." But even before the transcripts of that hearing were released, Administration officials were lobbying members of Congress to repeal legislation prohibiting military assistance to Argentina, where the ruling junta and its supporters are responsible for the murders of countless citizens, This same government routinely confiscates property, detains people in prison without pressing charges and practices torture, and it has been charged by human-rights groups with causing the disappearance of approximately 15,000 Argentines.

At a late January press conference, Haig said, "International terrorism will take the place of human rights [in] our concern, because it is the ultimate abuse of human rights." At the time Haig made that statement, the United States was continuing its attempt to extradite the terrorists it believes participated, with the approval of the Chilean government, in the Washington, D.C., assassinations of Orlando Letelier, a former minister in Salvador Allende's government, and Ronnie Moffitt, an American citizen and an associate of Letelier's at the Institute for Policy Studies. Immediately after Ronald Reagan's inauguration, the extradition efforts were abandoned, and Chile began to feel the warm sun of American friendship. Chile took part in the annual U.S.-South American naval exercise this year, the ban on Export-Import Bank loans to Chile was lifted, and U.S. representatives to international banks were ordered to support loans to Chile. In addition, Kirkpatrick recently visited Augusto Pinochet, Chile's president. So much for Chilean terrorism. Then, the Reagan Administration, after declaring the Soviet Union to be the greatest supporter of terrorism in the world, abandoned the wheat embargo imposed by Jimmy Carter in response to the Soviet invasion of Afghanistan and negotiated new grain sales with the U.S.S.R. No further policy to combat Soviet-supported terrorism has been proposed.

On April 30, The New York Times quoted President Reagan as having said that "even at the negotiating table, never shall it be forgotten for a moment that wherever it is taking place in the world, the persecution of people for whatever reason . . . persecution of people for their religious belief . . . that is a matter to be on that negotiating table or the United States does not belong at that table." In the same edition of The Times, a

front-page story reported that "after the speech, a White House spokesman said Mr. Reagan had not meant to alter his policy of playing down the rights issue in foreign relations."

The President nominated Ernest Lefever to be Assistant Secretary of State for Human Rights and Humanitarian Affairs. Lefever's publicly stated views on the subject were (a) that all legislation making foreign aid conditional on a nation's observance of human rights should be repealed and (b) that human rights had no place in U.S. foreign policy. The Senate Foreign Relations Committee, with a Republican majority, handed the President his first important defeat by voting 13 to 4 to reject the nomination. Lefever's name was withdrawn even though he modified his views during the confirmation hearings, and no one else has been named to fill the position. (Lefever is now a consultant to the State Department.)

Soon after he took office, President Reagan said he thought that South Africa's government was making a good-faith effort to improve its treatment of blacks. Apparently through the error of an inexperienced consular officer, the chief of South Africa's military intelligence and three of his colleagues were granted visas to enter the United States, even though the South African military is barred from this country by law. When their presence here became known, the State Department said that the South Africans had not been received by any U.S. officials. But they were received by Kirkpatrick, whose staff said she had not known who the visitors were, and by a U.S. military intelligence officer who was described as "an old friend." In October, several South African police officials were allowed to enter the United States to attend an international police conference, and it is rumored that Prime Minister P. W. Botha may soon pay a state visit.

The Administration has shown itself to be extremely hospitable to dictators and human-rights abusers. President Chun Doo Hwan, the strongman who ended South Korea's hopes for democracy, was welcomed by Reagan in February. And President Roberto Eduardo Viola of Argentina—elected in 1980 by the three members of Argentina's military junta—was warmly reveived when he visited Washington in March. Vice President George Bush fawned on President Ferdinand Marcos of the Philippines, pronouncing him a champion of democracy in his remarks last June at Marcos's inauguration for another six-year term.

The Administration has so far evaded the human-rights provisions of the International Financial Institutions Act of 1977. By way of explaining its support for loans to South Korea, Argentina, Uruguay and Paraguay, the Administration has claimed that "there have been significant improvements in the human rights situations in these countries . . . the Department has . . . determined that they do not now fall within the standard that would require a 'no' vote or abstention on loans not serving basic human needs."

While some members of the Administration maintain that the defeat of Carter was a direct repudiation of his human-rights policy, others argue that little has changed since the Carter Presidency. Actually, U.S. human-rights policy was not an issue in the election and so was not "repudiated." But it is also false to say that a reversal of the Carter Administration's policies on human rights has not taken place.

The Reagan Administration's intentions are evident in its warm embrace of dictators and its efforts to eliminate Congressional human-rights reports and to restore and increase aid to repressive governments. Reagan is banking on his ability to keep the public's attention focused on domestic—particularly economic-matters. He is also counting on a post-Iran eagerness to turn away from foreign affairs.

Reagan has made foreign affairs relatively simple. The Soviet menace is so overwhelming and the United States is so weak that we must blindly embrace all anti-Communist governments in order to defend liberty, justice and democracy.

The message to the world in clear: the United States is not serious about human rights. Although it will continue to mouth pieties, this country will not act on behalf of human rights.

But the Administration has been challenged. Democrat Don Bonker, chairman of the House Human Rights and International Organizations Subcommittee, and a handful of others in Congress have repeatedly urged Reagan not to abandon the U.S. commitment to human rights. Senator Christopher Dodd, Democrat of Connecticut, who recently visited El Salvador to discuss U.S. military aid, succeeded in making such aid contingent on peace negotiations and an improvement of the Salvadoran record on human rights. Though the Argentine regime is being courted by the U.S military, arms sales and economic aid are contingent on improvements in the human-rights situation there. The policy is having some effect. The most recent U.S. general to call on the Argentines was reported to have carried a list of conditions for arms sales, including moves toward a democratic government and progress on human rights.

It is likely that even before Reagan's bid for the Presidency, some of his industrialist friends had complained to him of the losses American business had suffered because of human-rights restrictions. They may have convinced Reagan that those off-limits governments with which they wanted to do business had had just provocation for their repressive actions.

Given his preoccupation with the supposed Soviet threat, U.S. business interests abroad and propping up anti-Communist governments a man who thinks only that the Russians are dangerous, China is big and Africa black (except for the little white tip) will inevitably come up with a disastrous human-rights policy.

I find it difficult to imagine that this can continue for three more years or that the American people will stand for it. Our allies are frightened and may desert us. Our enemies, we can only hope, will not figure out the extent of our disarray before we get back on track. I am far less worried about regaining military superiority over the Soviet Union than I am about a United States that has not been able or willing to develop a foreign policy, and that now has a President who does not care.●

U.S. SLIGHTS INTERNATIONAL EDUCATION

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. OBERSTAR. Mr. Speaker, we live in a time of international interdependence, an age in which time and space are compressed, a time in which ideas traverse geography as well as political boundaries with the speed of light, a time in which understanding among peoples diverse in customs and language is essential.

Communication is essentially a two-way street and one that is dependent upon understanding each of the other. I know from my student years abroad in Canada and in Belgium the importance other countries attach to international education and particularly the importance they place on understanding America as an economic system, as a political entity, as a social grouping.

I am disturbed that comparatively less emphasis is placed in this country on international education, that far less academic effort, both at the elementary and secondary level and at the higher education level, is devoted to international studies programs. I feel very strongly that American centers of learning must greatly strengthen both the quality and quantity of effort in the field of international education if we are to maintain our position of preeminence in world affairs.

That viewpoint is shared by C. Peter Magrath, president of the University of Minnesota. I would like to share with my colleagues the following article from the December 7, 1981, Minneapolis Tribune, which is an excerpt from a speech Dr. Magrath delivered last month to the Council on International Education Exchange. Dr. Magrath's views deserve not only our careful and thoughtful consideration, but also—and more importantly—action by the appropriate House Committees.

Americans tend to view most world events through national, rather than through state or regional glasses. The public looks to Washington and not to state capitols or university campuses for definitions of and solutions to most world problems.

This is an obvious, but nevertheless fundamental, premise to understand. It is also one that runs contrary to public sentiments on many issues where Americans clamor for less federal involvement. By tradition, statute and constitutional mandate, the federal government is empowered to set foreign policy and to create, fund and implement programs that join issues of a domestic and international character.

The unavoidable reality is this: Higher education's success in developing effective international programs will be determined to a far greater extent by decisions made on the federal level than by action made in state capitols, college and university trustee meetings or campus classrooms. This is not only a consequence of the traditional preeminence of the federal government in setting and funding foreign policy initiatives, but it is a consequence of the fact that most states and most colleges and universities have neither the resources—nor in many cases the inclination—necessary to permit a significant expansion of international education programs.

Before we can realistically plan for any expansion of programs that might address international issues, we first have to convince the public and its elected officials that support for higher education in general, and more specifically for international programs, makes sound domestic and economic policy. Second, we must convince that same audience that support for higher education and international programs makes sound foreign and national defense policy. Third, we have an obligation to design understandable and persuasive models that will justify a national commitment aimed at expanding international education programs.

The initial argument—that support for international education makes sound economic policy—reflects the fact that America no longer functions in a restricted national market, but must compete in the global marketplace. We are dependent upon foreign oil, foreign minerals and foreign products. In turn, our economic health is tied to our exports of agricultural, high-technology and industrial goods. Our economic dependence upon foreign trade is obvious; unfortunately, so too is our declining ability to retain, capture and increase those markets.

There are, to be sure, any number of reasons for our decline, but among the more important is the decline in support for various higher-educational programs. The message must be conveyed to Americans that we are losing out to Western European countries whose expenditures on research and development are steadily increasing while America's is steadily declining.

We are losing out to the Japanese who have 29,000 English-speaking salesmen in New York while we have only 1,000 American salesmen in Tokyo, few of whom can speak Japanese. And we are risking whatever competitive edge we might enjoy in agricultural exports due to our ever-decreasing support for international agricultural programs.

A further erosion in support for the foreign languages, for the training of teachers in international affairs, for research and development and for foreign exchange programs can only perpetuate our present national handicaps. And that can only lead to further economic problems. If for no other reason than sheer Yankee pragmatics and fiscal commonsense, Americans must be made to understand that support for higher education and international programs represents sound economic policy.

Equal, if not compelling, is the national-security case for supporting international education programs. That case emerges from the inherent limitations of our present defense posture. A security policy that is restricted to the purchase of new weapons suffers a setback with every technological armament advance of our adversaries.

This is not to say that defense spending should be curbed or that we should engage in unilateral disarmament. Quite to the contrary, I am saying that expenditures for national security should be broadened to include international education programs and that the recent cutbacks suffered in those programs are tantamount to unilateral disarmament.

I submit that the United States is guilty of unilaterally disarming its non-military security defenses. I also submit that national security is ill served by such a surrender. A 1979 survey of international communication, cultural, and educational programs taken by the General Accounting Office concluded:

"By comparison with allies and adversaries, the U.S. government investment in this field is low. In absolute terms the United States is outspent by France and the Soviet Union and is nearly equalled by West Germany. In proportion to the gross national product, the comparison becomes even more striking."

In light of such comparisons, it is not surprising that the House Committee on International Relations concluded: "In Third World cultural relations, the Soviet leadership appears to have placed its greatest hopes for ultimate success in academic exchange programs." Unfortunately, Americans cannot boast the same claim. Instead, at a time when other countries, friend and foe alike, are bolstering their arsenal of ideas, we have taken a different course. That course is a gross disservice to both our national-security interests and the interests of global peace and understanding.●

HOUSE OF REPRESENTATIVES—*Wednesday, December 16, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

He shall judge between many people, and shall decide for strong nations afar off; and they shall beat their swords into plowshares, and their spears into pruning hooks.—Micah 4:3.

We confess, O God, that we have not been as effective as we ought in lessening the violence that besets the nations. In this season of peace on Earth and good will toward all people we seek Your guidance and implore Your presence. Renew that vision of Your heavenly kingdom where people of differing backgrounds will live together in respect and understanding. Continue to show us, O God, what each of us may do so that the evils of war may be put aside and the season of light and love will shine upon all. In Your holy name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. WALKER. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 200, nays 171, not voting 62, as follows:

[Roll No. 364]

YEAS—200

Addabbo	Bevill	Campbell
Akaka	Biaggi	Cheney
Albosta	Bingham	Clay
Alexander	Boggs	Clinger
Andrews	Bonior	Coelho
Annunzio	Bonker	Collins (IL)
Anthony	Bowen	Collins (TX)
Badham	Breaux	Conable
Bailey (PA)	Brinkley	Conte
Barnard	Brodhead	Coyne, William
Barnes	Brooks	Crane, Daniel
Benedict	Burton, Phillip	Crane, Philip
Daniel, Dan	Hutto	Ratchford
Daniel, R. W.	Hyde	Reuss
Danielson	Ireland	Rhodes
de la Garza	Jenkins	Ritter
Dellums	Johnston	Robinson
Dickinson	Jones (NC)	Rodino
Dicks	Jones (OK)	Roe
Dixon	Jones (TN)	Rosenthal
Donnelly	Kemp	Rostenkowski
Dorgan	Lagomarsino	Roybal
Downey	Lantos	Rudd
Duncan	Latta	Scheuer
Dwyer	Leath	Schulze
Edwards (AL)	Lehman	Shannon
Edwards (CA)	Levitas	Shaw
Erlenborn	Lewis	Shumway
Evans (DE)	Livingston	Shuster
Fary	Long (LA)	Simon
Fascell	Long (MD)	Skeen
Fazio	Lott	Smith (NJ)
Ferraro	Lowry (WA)	Smith (OR)
Findley	Luken	Smith (PA)
Fish	Lungren	Snyder
Flippo	Marks	Solarz
Florio	Marlenee	Spence
Foley	Marriott	St Germain
Ford (TN)	Martin (NC)	Stangeland
Frenzel	Mazzoli	Stanton
Frost	McClory	Staton
Fuqua	Mica	Stokes
Garcia	Michel	Stratton
Gejdenson	Mineta	Studds
Gephardt	Minish	Tauzin
Gibbons	Mitchell (MD)	Taylor
Gingrich	Moakley	Thomas
Ginn	Moffett	Vander Jagt
Gonzalez	Montgomery	Vento
Gradison	Murtha	Wampler
Green	Myers	Washington
Grisham	Napier	Watkins
Guarini	Natcher	Weaver
Hagedorn	Nelson	Weiss
Hance	Nowak	White
Hansen (UT)	Oberstar	Whitley
Hatcher	Pashayan	Whitten
Hawkins	Patterson	Winn
Hefner	Paul	Wirth
Heftel	Perkins	Wolf
Hightower	Peyser	Wortley
Hillis	Pickle	Wright
Holland	Price	Wylie
Horton	Quillen	Young (MO)
Howard	Rahall	Zablocki
Hoyer	Railsback	Zeferetti
Hubbard	Rangel	

NAYS—171

Anderson	Coleman	Fiedler
Archer	Corcoran	Fithian
Ashbrook	Coughlin	Fountain
Aspin	Courter	Fowler
Atkinson	Coyne, James	Frank
Bafalis	Craig	Gilman
Bailey (MO)	Dannemeyer	Glickman
Bedell	Daschle	Goodling
Benjamin	Daub	Gore
Bennett	Davis	Gregg
Bereuter	Deckard	Gunderson
Bethune	Derwinski	Hall, Ralph
Blanchard	Dowdy	Hall, Sam
Bliley	Dreier	Hamilton
Boland	Dunn	Hammerschmidt
Boner	Dyson	Hansen (ID)
Bouquard	Early	Harkin
Broomfield	Eckart	Hartnett
Brown (CA)	Edgar	Heckler
Brown (CO)	Edwards (OK)	Hendon
Broyhill	Emerson	Hertel
Butler	Emery	Hiler
Byron	English	Holt
Carman	Erdahl	Hopkins
Carney	Ertel	Huckaby
Chappie	Evans (IA)	Hughes
Clausen	Evans (IN)	Hunter
Coats	Fenwick	Jacobs
Jeffords	Mitchell (NY)	Sensenbrenner
Jeffries	Molinari	Shamansky
Kastenmeier	Morrison	Sharp
Kazen	Mottl	Siljander
Kildee	Murphy	Skelton
Kindness	Neal	Smith (AL)
Kogovsek	Nelligan	Smith (IA)
Kramer	Oakar	Smith (NE)
LaFalce	Obey	Snowe
Leach	Oxley	Solomon
LeBoutillier	Panetta	Stark
Lee	Parris	Stenholm
Lent	Patman	Stump
Loeffler	Petri	Swift
Lowery (CA)	Pritchard	Synar
Lujan	Pursell	Tauke
Lundine	Regula	Udall
Markey	Rinaldo	Volkmer
Martin (IL)	Roberts (KS)	Walgren
Martin (NY)	Roberts (SD)	Walker
McCollum	Roemer	Weber (MN)
McCurdy	Rogers	Weber (OH)
McEwen	Roth	Whittaker
McGrath	Roukema	Williams (OH)
McHugh	Sabo	Wolpe
McKinney	Santini	Wyden
Mikulski	Sawyer	Yates
Miller (CA)	Schroeder	Yatron
Miller (OH)	Schumer	Young (FL)

NOT VOTING—62

Applegate	Foglietta	O'Brien
AuCoin	Ford (MI)	Ottinger
Beard	Forsythe	Pease
Beilenson	Gaydos	Pepper
Bolling	Goldwater	Porter
Brown (OH)	Gramm	Richmond
Burgener	Gray	Rose
Burton, John	Hall (OH)	Rousselot
Chappell	Hollenbeck	Russo
Chisholm	Leland	Savage
Conyers	Madigan	Schneider
Crockett	Matsui	Seiberling
D'Amours	Mattox	Shelby
DeNardis	Mavroules	Traxler
Derrick	McCloskey	Trible
Dingell	McDade	Waxman
Dornan	McDonald	Whitehurst
Dougherty	Mollohan	Williams (MT)
Dymally	Moore	Wilson
Evans (GA)	Moorhead	Young (AK)
Fields	Nichols	

□ 1015

Messrs. ERTEL, YATRON, WILLIAMS of Ohio, DASCHLE, YATES, KASTENMEIER, ENGLISH, SHAMANSKY, PANETTA, BUTLER, PURSELL, BONER of Tennessee, Ms. MIKULSKI, Messrs. WALGREN, LENT, Mrs. BYRON, and Mr. CARMAN, changed their votes from "yea" to "nay."

Messrs. VENTO, SHANNON, LOWRY of Washington, LEWIS, GUARINI, JOHNSTON, changed their votes from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 4926. An act to authorize the Secretary of the Army to acquire, by purchase or condemnation, such interests in oil, gas, coal, and other minerals owned or controlled by the Osage Tribe of Indians as are needed for Skiatook Lake, Okla., and for other purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 4879. An act to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association; and

H.R. 4894. An act to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4995) entitled "An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House of Representatives to the amendments of the Senate numbered 24, 31, 36, 39, 40, 54, 55, 62, 67, 68, 72, 87, 89, 93, 96, 101, 107, 109, 110, 115, 116, 117, 118, and 120 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1119) entitled "An act making appropriations for Agriculture, rural development, and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House of Representatives to the amendments of the Senate numbered 15, 23, 30, 35, 94, and 112 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4241) entitled "An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House of Representatives to the amendments of the Senate numbered 11, 15, and 24 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1196) entitled "An act to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes."

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to announce the program for the day.

The Chair will announce that the first order of business today will be our consideration of the conference committee report on the social security bill under suspension of the rules.

Immediately thereafter, at the request of the President, the House could take up the conference committee report on the foreign aid appropriation if permission is granted to consider the conference report when filed.

Thereafter, we will return to the other suspensions which had been postponed from yesterday and rollcall votes on those other suspensions will be postponed until debate on all of them have been concluded.

The Chair recognizes, for purposes of a unanimous-consent request, the gentleman from Maryland (Mr. LONG).

MAKING IN ORDER AT ANY TIME TODAY OR ANY DAY THEREAFTER CONSIDERATION OF CONFERENCE REPORT ON H.R. 4559, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS, 1982

Mr. LONG of Maryland. Mr. Speaker, I ask unanimous consent that it be in order at any time today or any day thereafter to consider the conference report and all amendments in disagreement thereto to the bill (H.R. 4559) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER pro tempore (Mr. WRIGHT). Is there objection to the request of the gentleman from Maryland?

There was no objection.

CONFERENCE REPORT ON H.R. 4559, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS, 1982

Mr. LONG of Maryland submitted the following conference report and statement on the bill (H.R. 4559) making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 97-416)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4559) making appropriations for the foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5, 18, 26, 29, 31, 33, 35, 37, 38A, 42, 45, 52, 55, 56, 61, 64, 67, 69, 72, 80, 82, 90, 105, 110, 111, 112, 128, 129, 131, 132, 133, 134, 136, 137, 139, 140, 141, 143, 146, 147, 148, 150, 152, 155, 157, and 161.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 6, 8, 9, 10, 13, 16, 17, 19, 19A, 20, 21, 27, 28, 30, 32, 34, 36, 39, 40, 41, 43, 44, 46, 48, 49, 50, 51, 57, 58, 60, 65, 66, 68, 74, 75, 76, 77, 78, 79, 81, 83, 84, 85, 86, 87, 88, 91, 92, 94, 95, 97, 100, 101, 103, 104, 105A, 106, 107, 108, 109, 111A, 113, 115, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 130, 135, 144, 145, 149, 151, 153, 154, 156, 158, 159, and 160, and its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

Amendment numbered 7:

That the House recede from its advancement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *International Financial Institutions Act, $37,168,491, to remain available until expended, and $109,720,549 for the General Capital Increase, as authorized by section 39 of the Bretton Woods Agreements Act, to remain available until expended: Provided, That no such payment may be made while the United States Executive Director to the Bank is compensated by the Bank at a rate in excess of the rate provided for an individual occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, or while the alternate United States Executive Director to the Bank is compensated by the Bank at a rate in excess of the rate provided for an individual occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code*; and the Senate agree to the same.

Amendment numbered 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *$700,000,000*; and the Senate agreee to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *As authorized by section 17 of the International Development Association Act, to remain available until expended: Provided, That no such payment may be made while the United States Executive Director to the International Bank for Reconstruction and Devel-*

opment is compensated by the Bank at a rate in excess of the rate provided for an individual occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, or while the alternate United States Executive Director to the Bank is compensated by the Bank at a rate in excess of the rate provided for an individual occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code: Provided further, That the Secretary of the Treasury shall instruct the Executive Director to undertake negotiations to reallocate the development credits made available through the sixth replenishment to provide a more efficient distribution among recipient nations including a reduction in the maximum development credits provided to any given nation; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$108,250,000*; and the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *International Financial Institutions Act, $7,847,869, to remain available until expended: Provided, That no such payment may be made while the United States Director of the Bank is compensated by the Bank at a rate which, together with whatever compensation such Director receives from the United States, is in excess of the rate provided for an individual occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, or while any alternate United States Director to the Bank is compensated by the Bank in excess of the rate provided for an individual occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code*; and the Senate agree to the same.

Amendment numbered 47:

That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *30 percent*; and the Senate agree to the same.

Amendment numbered 54:

That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert *$93,757,500*; and the Senate agree to the same.

Amendment numbered 59:

That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert *$2,576,000,000*; and the Senate agree to the same.

Amendment numbered 71:

That the House recede from its disagreement to the amendment of the Senate numbered 71, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert *$36,700,000*; and the Senate agree to the same.

Amendment numbered 93:

That the House recede from its disagreement to the amendment of the Senate numbered 93, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert *$176,512,000*; and the Senate agree to the same.

Amendment numbered 96:

That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$38,488,000*; and the Senate agree to the same.

Amendment numbered 98:

That the House recede from its disagreement to the amendment of the Senate numbered 98, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$750,000,000*; and the Senate agree to the same.

Amendment numbered 99:

That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *of which not less than $550,000,000 shall be allocated to Israel and not less than $200,000,000 shall be allocated to Egypt*; and the Senate agree to the same.

Amendment numbered 102:

That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$750,000,000*; and the Senate agree to the same.

Amendment numbered 114:

That the House recede from its disagreement to the amendment of the Senate numbered 114, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *not exceed $9,220,000,000*; and the Senate agree to the same.

Amendment numbered 116:

That the House recede from its disagreement to the amendment of the Senate numbered 116, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *section 3109 of title 5, United States Code, and not to exceed $16,000 for entertainment allowances for members of the Board of Directors*; and the Senate agree to the same.

Amendment numbered 162:

That the House recede from its disagreement to the amendment of the Senate numbered 162, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows:

SEC. *525. None of the funds appropriated under this Act may be used to lobby for abortion*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 22, 23, 24, 25, 38, 53, 62, 63, 70, 73, 89, 138, and 142.

CLARENCE D. LONG,
SIDNEY R. YATES,
MATTHEW F. MCHUGH,
WILLIAM LEHMAN,
CHARLES WILSON,
JULIAN C. DIXON,
WILLIAM H. GRAY,
JACK F. KEMP,
ROBERT L. LIVINGSTON,
JERRY LEWIS,
JOHN PORTER,
SILVIO O. CONTE,
Managers on the Part of the House.

ROBERT KASTEN,
MARK O. HATFIELD,
ALFONSE D'AMATO,
WARREN RUDMAN,
ARLEN SPECTER,
DANIEL K. INOUYE,
PAT LEAHY,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4559) making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

Amendment No. 1: Changes capitalization.

TITLE I—MULTILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL FINANCIAL INSTITUTIONS

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

Amendment No. 2: Changes plural to singular.

Amendment No. 3: Strikes funding of prior replenishment.

Amendment No. 4: Appropriates $173,177,000 for the current replenishment as proposed by the Senate instead of $157,500,000 as proposed by the House.

Amendment No. 5: Restores salary restrictions as proposed by the House.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

Amendment No. 6: Adds "Inter-American Development".

CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Amendment No. 7: Restores salary restrictions proposed by the House and provides for different division between 1977 and 1981 capital increases while maintaining same total budget authority as provided for by both the House and Senate.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

Amendment No. 8: Adds "International Bank for Reconstruction and Development".

Amendment No. 9: Increases callable capital to $1,687,728,491 as proposed by the Senate instead of $1,678,305,878 as proposed by the House.

CONTRIBUTION TO THE INTERNATIONAL FINANCE CORPORATION

Amendment No. 10: Changes citation.

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Amendment No. 11: Appropriates $700,000,000 instead of $725,000,000 as proposed by the House and $532,000,000 as proposed by the Senate.

Amendment No. 12: Restores salary restrictions and language proposed by the House which directs the Secretary of the Treasury to instruct the U.S. Executive Di-

rector to the International Development Association to negotiate the reallocation of development credits in order to achieve a more efficient distribution among nations and to decrease the maximum credits given to any one nation.

CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

Amendment No. 13: Increases paid-in capital to $4,713,851 as proposed by the Senate instead of $4,465,754 as proposed by the House.

Amendment No. 14: Provides $108,250,000 for the development fund instead of $98,713,383 as proposed by the House and $111,250,000 as proposed by the Senate.

Amendment No. 15: Restores salary restrictions and decreases prior replenishment from $14,116,177 proposed by the House to $7,847,869 proposed by the Senate.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

Amendment No. 16: Adds "Asian Development Bank".

Amendment No. 17: Provides callable capital of $41,666,667 as proposed by the Senate instead of $40,388,598 proposed by the House.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

Amendment No. 18: Appropriates $58,333,333 as proposed by the House instead of $41,666,667 proposed by the Senate.

PAYMENT TO THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Amendment No. 19: Provides no funding as proposed by the Senate instead of $40,500,000 proposed by the House.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Amendment No. 19A: Strikes "as amended,".

Amendment No. 20: Strikes $213,638,000 as proposed by the House.

Amendment No. 21: Strikes limitation as proposed by the House.

Amendment No. 22: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum inserted by said amendment, insert the following: "$215,438,000: *Provided*, That no funds shall be available for the United Nations Fund for Science and Technology or the United Nations Decade for Women".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The funds appropriated for international organizations and programs are allocated as shown in the following table:

Conference allowance

United Nations:	*Thousands*
U.N. Development Program	$126,750
U.N. Children's Fund	41,500
U.N. Capital Development Fund	2,000
U.N. Food and Agricultural Organization: World Food Program	2,500
U.N. Voluntary Fund for the Decade for Women	0
World Meteorological Organization Voluntary Cooperation Program	2,300
International Atomic Energy Agency	12,750
U.N. Environment Program	7,850
U.N. Education and Training Program for Southern Africa	1,000
U.N. Institute for Namibia	500
U.N. Trust Fund for South Africa	400
U.N. Institute for Training and Research	500
Convention on International Trade in Endangered Species	138
U.N. Fellowship Program	1,250
Subtotal, U.N.	199,438
Organization of American States	16,000
Total, international organizations and programs	215,438

Amendment No. 23: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: ": *Provided further*, That not less than $126,750,000 shall be available only for the United Nations Development Program".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 24: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert the following: ": *Provided further*, That not more than $41,500,000 shall be available for the United Nations Children's Fund".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 25: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert the following: ": *Provided further*, That not more than $7,850,000 shall be available for the United Nations Environment Program".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 26: Strikes language proposed by the Senate concerning the United Nations Institute for Namibia.

TITLE II—BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

Amendment No. 27: Strikes "as amended".

INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Amendment No. 28: Strikes title.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Agriculture, rural development and nutrition, Development Assistance: Amendment No. 29: Appropriates $700,000,000 proposed by the House instead of $637,485,000 proposed by the Senate.

The conferees are in agreement that the Agency for International Development, in its efforts to address Africa's worsening food situation, should move forward with its project (#698-0503) to strengthen agricultural research programs throughout Africa.

Amendment No. 30: Rearranges words.

Population, Development Assistance: Amendment No. 31: Appropriates $211,000,000 proposed by the House instead of $190,000,000 proposed by the Senate.

Amendment No. 32: Rearranges words.

Amendment No. 33: Deletes language proposed by the Senate concerning the United Nations Fund for Population Activities.

Amendment No. 34: Retains language proposed by the Senate concerning the World Health Organization's Special Program of Research, Development and Research Training in Human Reproduction. The conferees reiterate their belief that population and family planning measures are a vital component of third world economic development.

Health, Development Assistance: Amendment No. 35: Appropriates $133,405,000 proposed by the House instead of $120,405,000 proposed by the Senate.

Amendment No. 36: Rearranges words.

Education and human resources development, Development Assistance: Amendment No. 37: Appropriates $103,550,000 proposed by the House instead of $101,000,000 proposed by the Senate.

Amendment No. 38: Reported in technical disagreement: The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: "$4,000,000 of this amount shall".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 38A: Restores the word "only" as proposed by the House.

Amendment No. 39: Rearranges words.

Energy and selected development activities, Development Assistance:

Amendment No. 40: Strikes a comma.

Amendment No. 41: Adds "and".

Amendment No. 42: Appropriates $137,200,000 proposed by the House instead of $120,000,000 proposed by the Senate.

Amendment No. 43: Strikes language proposed by the House which provided that $40,000,000 shall be available for resettlement services and facilities for refugees and displaced persons in Africa. The managers on the part of the House and Senate are in agreement that $30,000,000 of this amount should be restored under the Migration and Refugee Assistance account.

Amendment No. 44: Rearranges words.

Science and technology, Development Assistance: Amendment No. 45: Restores House language which provides $10,000,000 for science and technology.

Loan allocation, Development Assistance: Amendment No. 46: Adds "through".

Amendment No. 47: Provides for 30 percent of total Agency for International Development funds to be loans rather than 35 percent proposed by the House and 26 percent proposed by the Senate.

Amendment No. 48: Adds "the".

Amendment Nos. 49, 50, and 51: Update per capita income figures on which loan repayment terms are based as proposed by the Senate.

American schools and hospitals abroad: Amendment No. 52: Appropriates $20,000,000 proposed by the House instead of $12,000,000 proposed by the Senate.

International disaster assistance: Amendment No. 53: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate. The Senate amendment earmarks $10,000,000 to be used for earthquake relief and reconstruction in southern Italy.

Sahel development program: Amendment No. 54: Appropriates $93,757,500 instead of $95,000,000 proposed by the House and $92,515,000 proposed by the Senate.

Amendment No. 55: Restores language providing $2,000,000 for the African Development Fund proposed by the House.

Amendment No. 56: Restores language proposed by the House which continues availability of previously appropriated funds for the African Development Foundation.

Payment to the Foreign Service Retirement and Disability Fund:

Amendment No. 57: Rearranges punctuation.

Amendment No. 58: Changes citation.

Economic support fund: Amendment No. 59: Appropriates $2,576,000,000 instead of $2,463,500,000 proposed by the House and $2,623,500,000 proposed by the Senate. The funds appropriated are allocated as shown in the following table:

Conference allowance

	Thousands
Africa:	
Botswana	$10,000
Djibouti	2,000
Kenya	10,000
Liberia	10,000
Mauritius	2,000
Seychelles	2,000
Somalia	30,000
South Africa Regional	30,000
Sudan	100,000
Zambia	20,000
Zimbabwe	75,000
Subtotal	291,000
Asia:	
Pakistan	100,000
Philippines	50,000
Thailand	10,000
Subtotal	160,000
Latin America and Caribbean:	
Costa Rica	20,000
Eastern Caribbean	20,000
El Salvador	40,000
Jamaica	40,000
Nicaragua	0
Subtotal	120,000
Near East:	
Cyprus	15,000
Egypt	771,000
Israel	806,000
Jordan	20,000
Lebanon	5,000
Middle East Regional Cooperation	4,000
Oman	15,000
Portugal	20,000
Program Support and PVO's	6,000
Turkey	300,000
Tunisia	5,000
Middle East Project Development and Support	1,000
Subtotal	1,968,000
Other:	
Spain	7,000
Poland	5,000
Special Requirements Fund	25,000
Subtotal	37,000
Total	2,576,000

The conferees are in agreement that Economic Support Fund Assistance made available to Israel under this Act, shall be completely disbursed no later than 30 days following the enactment of this legislation. The conferees recommend such an early disbursement in order to prevent the necessity of Israel having to seek costly commercial interim financing.

The conferees are in agreement that funds provided for Pakistan should be obligated and expended in accordance with the justification presented to the Congress by the Agency for International Development.

Amendment No. 60: Adds a comma.

Amendment No. 61: Restores language proposed by the House which provides that no funds in the Special Requirements Fund shall be obligated or expended without the prior written approval of the Appropriations Committees of both Houses of Congress.

Amendment No. 62: Reported in technical disagreement. The managers on the part of the House will offer an amendment to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert the following: ": *Provided further,* That not less than $100,000,000 shall be available for Sudan, not less than $5,000,000 for Poland, not less than $5,000,000 for Tunisia, and not less than $20,000,000 for Costa Rica".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 63: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert the following: ": *Provided further,* That not more than $15,000,000 shall be available for Cyprus".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 64: Strikes language proposed by the Senate which provided $2,000,000 for scholarships for South African students.

Peacekeeping Operations: Amendment No. 65: Appropriates $14,000,000 proposed by the Senate instead of $19,000,000 proposed by the House.

Operating expenses of the Agency for International Development: Amendment No. 66: Appropriates $331,000,000 proposed by the Senate instead of $335,632,000 proposed by the House.

Amendment No. 67: Restores language proposed by the House concerning Foreign Affairs Administrative Support.

Amendment No. 68: Strikes language proposed by the House concerning International Development Cooperation Agency.

Trade and development: Amendment No. 69: Restores language proposed by the House to allow funds to remain available until expended.

Housing and other credit guaranty programs: Amendment No. 70. Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate, which includes language establishing a limitation of these programs.

International narcotics control: Amendment No. 71: Appropriates $36,700,000 instead of $37,700,000 proposed by the House and $34,160,000 proposed by the Senate.

Managers on the part of the House and the managers on the part of the Senate agree that none of the funds provided for International Narcotics Control may be obligated for a United States contribution to the United Nations Fund for Drug Abuse Control unless the Appropriations Committees of the House and the Senate are previously notified 15 days in advance.

Amendment No. 72: Restores House language concerning uses of previously made available funds.

USE OF CERTAIN POLISH CURRENCIES

Amendment No. 73: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate. The amendment of the Senate provides for the equivalent of $70,000,000 in Polish Zlotys to be used in Poland to serve United States interests.

INTER-AMERICAN FOUNDATION

Amendment No. 74: Strikes "as amended,".

Amendment No. 75: Adds a comma.

Amendment No. 76: Strikes "as amended,".

OVERSEAS PRIVATE INVESTMENT CORPORATION

Amendment No. 77: Adds a comma.

Amendment No. 78: Strikes ", as amended".

Amendment No. 79: Adds "the fiscal year".

Amendment No. 80: Restores language proposed by the House to limit direct loans to $10,000,000.

Amendment No. 81: Adds "the fiscal year".

Amendment No. 82: Restores language proposed by the House to limit guaranteed loans to $100,000,000.

INDEPENDENT AGENCY

ACTION-INTERNATIONAL PROGRAMS

Amendment No. 83: Strikes title.

PEACE CORPS

Amendment No. 84: Strikes "for ACTION".

Amendment No. 85: Strikes ", as amended".

Amendment No. 86: Appropriates $105,000,000 proposed by the Senate instead of $100,000,000 proposed by the House.

DEPARTMENT OF STATE

MIGRATION AND REFUGEE ASSISTANCE

Amendment No. 87: Eliminates abbreviations.

Amendment No. 88: Eliminates abbreviations.

Amendment No. 89: Reported in technical disagreement: The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum stricken and inserted by said amendment, insert the following: "$503,000,000: *Provided,* That $30,000,000 of this amount shall be transferred to the Agency for International Development to be used only for resettlement services and facilities for refugees and displaced persons in Africa."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment N. 90: Restores language proposed by the House providing $5,000,000 for persons displaced by strife in El Salvador.

Amendment No. 91: Provides that not more than $7,426,000 shall be for administrative expenses for the Office of Refugee Programs.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

MILITARY ASSISTANCE

Amendment No. 92: Strikes "as amended,".

Amendment No. 93: Appropriates $176,512,000 instead of $238,500,000 proposed by the House and $63,500,000 proposed by the Senate.

The conferees are in agreement that these funds provide $38,500,000 for the phasing out of the regular program and the balance for grant assistance to countries justified to

the Congress. No funds are included for the Special Requirements Fund.

Amendment No. 94: Deletes language proposed by the House concerning purchase of automobiles.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

Amendment No. 95: Strikes "as amended,".

Amendment No. 96: Appropriates $38,488,000 instead of $35,000,000 proposed by the House and $41,976,000 proposed by the Senate.

FOREIGN MILITARY CREDIT SALES

Amendment No. 97: Strikes "not otherwise provided for,".

Amendment No. 98: Appropriates $750,000,000 instead of $650,000,000 proposed by the House and $990,900,000 proposed by the Senate.

Amendment No. 99: Provides that $550,000,000 shall be allocated to Israel and $200,000,000 to Egypt.

Amendment No. 100: Strikes language proposed by the House concerning Egypt which is no longer necessary because of amendment number 99. The Senate had no such proposal.

Amendment No. 101: Adds "the".

Amendment No. 102: Provides a limitation of $750,000,000 instead of $650,000,000 proposed by the House and $990,900,000 proposed by the Senate.

Amendment No. 103: Adds "the".

Amendment No. 104: Provides $3,083,500,000 proposed by the Senate instead of $2,846,187,000 proposed by the House for loan guarantees.

SPECIAL DEFENSE ACQUISITION FUND

Amendment No. 105: Strikes $341,000,000 proposed by the Senate. The House did not propose funds for this account.

TITLE IV—EXPORT-IMPORT BANK OF THE UNITED STATES

Amendment No. 105A: Strikes "hereby".

Amendment No. 106: Changes the word "accord" to "accordance".

Amendment No. 107: Adds a comma.

Amendment No. 108: Strikes "as amended,".

Amendment No. 109: Changes the phrase "corporation, except as hereinafter provided" to "corporation".

Amendment No. 110: Retains House language.

Amendment No. 111: Deletes Senate language.

LIMITATION ON PROGRAM ACTIVITY

Amendment No. 111A: Adds "the".

Amendment No. 112: Provides a limitation of $4,400,000,000 as proposed by the House for direct loans instead of $4,700,000,000 proposed by the Senate.

Amendment No. 113: Add "the".

Amendment No. 114: Provides a limitation of $9,220,000,000 as proposed by the Senate for guaranteed loans instead of $8,651,000,000 proposed by the House.

LIMITATION ON ADMINISTRATIVE EXPENSES

Amendment No. 115: Changes "vehicles," to "vehicles and".

Amendment No. 116: Eliminates the abbreviations and restores the limitation on entertainment allowances as proposed by the House.

Amendment No. 117: Adds "Export-Import".

Amendment No. 118: Adds "Export-Import".

Amendment No. 119: Changes the phrase "hereof" to "of this paragraph".

TITLE V—GENERAL PROVISIONS

Amendment No. 120: Changes the phrase "herein appropriated" to "appropriated in this Act".

Amendment No. 121: Changes punctuation.

Amendment No. 122: Provides language as proposed by the Senate to exempt the special requirements fund from the provision that not more than 15 percent can be obligated in the last month of availability.

Amendment No. 123: Adds "the".

Amendment No. 124: Changes the phrase "herein appropriated" to "appropriated in this Act".

Amendment No. 125: Strikes "as amended,".

Amendment No. 126: Strikes "as amended,".

Amendment No. 127: Strikes, "as amended".

Amendment No. 128: Restores $110,000 proposed by the House instead of $100,000 proposed by the Senate.

Amendment No. 129: Restores "official residence expenses" as proposed by the House instead of "representation allowances" as proposed by the Senate.

Amendment No. 130: Adds "the".

Amendment Nos. 131 through 133: Restore language proposed by the House and strike language proposed by the Senate in order to maintain current limitations on representation and other allowances as proposed by the House.

Amendment No. 134: Restores section number.

Amendment No. 135: Strikes "as amended,".

Amendment No. 136: Restores section number.

Amendment No. 137: Restores section number.

Amendment No. 138: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: "513. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance or reparations to Libya, Iraq, or South Yemen".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 139: Restores section number.

Amendment No. 140: Strikes the language "and the relevant authorizing committees" proposed by the Senate.

Amendment No. 141: Restores section number.

Amendment No. 142: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate. The amendment of the Senate changes the words "heretofore authorized" to "authorized before the date of enactment of this Act".

Amendment No. 143: Restores section number.

Amendment No. 144: Changes "beyond" to "after the expiration of".

Amendment No. 145: Changes "herein" to "in this Act".

Amendment No. 146: Restores section number.

Amendment No. 147: Restores section number.

Amendment No. 148: Restores section number.

Amendment No. 149: Changes "documents" to "any document".

Amendment No. 150: Restores section number.

Amendment No. 151: Strikes "of the United States".

Amendment No. 152: Restores section number.

Amendment No. 153: Changes punctuation.

Amendment No. 154: Changes punctuation.

Amendment No. 155: Restores section number.

Amendment No. 156: Changes punctuation.

Amendment No. 157: Restores section number.

Amendment No. 158: Strikes the language proposed by the House.

Amendment No. 159: Changes punctuation.

Amendment No. 160: Adds "the".

Amendment No. 161: Restores language proposed by the House regarding the use of consulting services through procurement contracts.

Amendment No. 162: Amends the language proposed by the House to prohibit the use of any funds in the bill to lobby for abortion.

The House recedes from its disagreement to the amendment of the Senate to the title of the bill.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1982 recommended by the Committee of Conference, with comparisons to the fiscal year 1981 amount, the 1982 budget estimates, and the House and Senate bills for 1982 follow:

New budget (obligational) authority, fiscal year 1981	$11,892,241,444
Budget estimates of new (obligational) authority, fiscal year 1982	7,775,098,683
House bill, fiscal year 1982	7,440,280,064
Senate bill, fiscal year 1982	7,327,583,804
Conference agreement, fiscal year 1982	7,495,221,970
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1981	−4,397,019,474
Budget estimates of new (obligational) authority, fiscal year 1982	−279,876,713
House bill, fiscal year 1982	+54,941,906
Senate bill, fiscal year 1982	+167,638,166

CLARENCE D. LONG,
SIDNEY R. YATES,
MATTHEW F. MCHUGH,
WILLIAM LEHMAN,
CHARLES WILSON,
JULIAN C. DIXON,
WILLIAM H. GRAY,
JACK F. KEMP,
ROBERT L. LIVINGSTON,
JERRY LEWIS,
JOHN PORTER,
SILVIO O. CONTE,
Managers on the Part of the House.

ROBERT KASTEN,
MARK O. HATFIELD,
ALFONSE D'AMATO,

WARREN RUDMAN,
ARLEN SPECTER,
DANIEL K. INOUYE,
PAT LEAHY,
Managers on the Part of the Senate.

□ 1030

CONFERENCE REPORT ON H.R. 4331, SOCIAL SECURITY AMENDMENTS OF 1981

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and agree to the conference report on the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The Clerk read the title of the conference report.

The SPEAKER pro tempore. Under the rule, a second is not required on this motion.

(For conference report and statement, see proceedings of the House of December 14, 1981.)

The gentleman from Illinois (Mr. ROSTENKOWSKI) will be recognized for 20 minutes, and the gentleman from Texas (Mr. ARCHER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that, given the important nature of this matter, time for debate be extended to an hour and a half, to be equally divided.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ROSTENKOWSKI) therefore, will be recognized for 45 minutes, and the gentleman from Texas (Mr.ARCHER) will be recognized for 45 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, the conference agreement that I bring to the floor protects the benefits of every man and woman now in the social security system. I would call it a victory for the House in our negotiations with the Senate. We maintained the spirit of the House resolution on the minimum benefit and staved off Senate proposals for $3 billion in benefit cuts.

The major achievement of this conference was to restore the minimum benefit for all current beneficiaries. That benefit was eliminated at the insistence of the President in the Gramm-Latta Reconciliation Act which passed the Congress last summer. When the House had the opportunity to understand what was in the administration's Gramm-Latta package on social security and vote on the merits of the individual issue, it reinstated the minimum benefit both for current and new beneficiaries.

House conferees refused to accept Senate provisions for a dollar-for-dollar offset for those with Government pensions paying more than $300 per month. The House also rejected a Senate proposal to eliminate the minimum benefit for current beneficiaries living outside the United States.

Under the Reconciliation Act, the minimum benefit for new beneficiaries would take effect on November 1 of this year, affecting December benefit checks. The agreement reached yesterday delays this effective date by 2 months.

The most controversial issue in conference was a Senate proposal to reduce the cap on maximum family social security benefits—a savings of $3 billion over the next 5 years. They argued that the revenue loss resulting from reinstatement of the minimum benefit must be offset by benefit cuts in other areas. The House stood firm against any reduction in the "family maximum" benefit—which would have most affected surviving spouses and their children.

The Senate conferees Monday agreed to drop their proposal.

The next major item in dispute was a Senate provision relating to social security taxes on certain sick pay wages. Under current law, sick pay is excluded from covered wages if employers have a formal sick pay plan.

The Senate provision expanded the definition of covered wages to include all sick pay except that paid through insurance companies or other third parties.

Conferees finally agreed to a straightforward approach that treats all sick pay as covered, regardless of whether it is paid through third parties—with the exception of workmen's compensation.

The modified sick pay provision offsets much of the revenue lost by restoring the minimum benefit, and pulls payroll taxes more in line with income taxes on this issue.

The House prevailed in dropping a Senate provision extending the highway trust fund and its excise taxes through the decade. We felt that the issue was not germane to a social security bill. The House maintained that the provision went beyond the traditional authority of the Senate to amend House-passed revenue bills. We further believed that any long-range extension should only be considered after the Committee on Ways and Means has had an opportunity to review the financial status of the highway fund—and to consult with the Committee on Public Works and Transportation.

The House did accept several miscellaneous Senate amendments, including stiffer penalties for fraudulent use of social security numbers and waiving of certain provisions of the Privacy Act to facilitate administration of the 1980 law eliminating disability and student benefits for prisoners.

Taken together, the provisions of the conference agreement add up to net budget savings of $1 billion over the next 5 years.

The final—and perhaps the most critical—measure adopted in conference would allow borrowing freely among the three social security trust funds for a 1-year period, beginning January 1, 1982, without any reallocation of the rates.

No member of the House conferees considers this agreement anything more than a temporary response to the long-term needs of the social security system.

This agreement is a response to the immediate anxieties of the Nation's elderly. At this time we owe them no less.

We will hear criticism that Congress failed to address the system's long-range financial demands, I have no doubt that we will consider that matter next year—and reach an agreement that restores not only an adequate reservoir in the trust funds, but also the confidence that the social security system will forever fulfill its promises.

At this point, I will review the specific provisions of the agreement in greater detail.

INTERFUND BORROWING

The House bill as sent to the Senate contained no financing provisions for social security. The Senate added a provision that would have reallocated social security taxes over the next several years, taking revenues flowing into the (health insurance) trust fund and the disability fund (disability insurances) and redirecting these revenues into the old age and survivors (OASI) fund. The Senate amendment also provided very limited borrowing only between the old-age and survivors and disability insurance trust funds.

The conferees discussed the financing issue extensively, and it is clear that the Congress will have to act soon, possibly before 1983, to resolve the financing problems of all three trust funds. Interfund borrowing or reallocation of tax rates gives us some time to solve this problem, but the conferees recognized that any such measures can buy only limited amounts of time. Therefore, in order to insure that some further considera-

tion will be given to the social security financing problem in the near future, the conference agreement provides for no tax reallocation, and allows borrowing among all three trust funds (old-age and survivors, disability and hospital insurance) only through December 31, 1982.

The conferees intend that any transfer of funds made prior to the end of 1982 can only guarantee benefit payments for the first 6 months of 1983.

MINIMUM BENEFIT

The Omnibus Budget Reconciliation Act of 1981 eliminated the minimum benefit under social security for all current and future beneficiaries. This took effect in November of this year for future beneficiaries, and in March of 1982 for all current beneficiaries. At the same time this body approved final passage of the Reconciliation Act, we passed and sent to the Senate H.R. 4331, which rescinded that provision of the reconciliation bill, thereby restoring the minimum for all current and future beneficiaries. I might add that when the Committee on Ways and Means considered this provision in its regular budget work, the recommendation of our Social Security Subcommittee to eliminate the minimum for future beneficiaries, but not for current ones, was followed. This recommendation was in line with those from the General Accounting Office (GAO) and others, recognizing that while we should not cut benefits for current beneficiaries, eliminating the minimum for future recipients was appropriate, since most of them were not likely to be low-wage workers, but rather part-time or intermittent workers with coverage under pension plans or income from spouses.

When the Senate took action on this provision, they added several restrictions on which current minimum recipients would have their benefits restored: those living outside the United States would not be restored at all, and those with government pensions of over $300 per month (regardless of whether the pension was from work covered by social security) would have their minimum benefit reduced dollar-for-dollar down to the level of the benefit based on their actual earnings. The Senate did not restore the minimum for future recipients, except for members of religious orders under a vow of poverty, who would be eligible for the minimum benefit until October 1991.

The conference agreement restores the minimum benefit for all people who are eligible for benefits before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. Also, the elimination of the minimum benefit for future recipients applies only to members of religious orders who have taken a vow of poverty and who become eligible after December 1991. (I would note that the Statement of Managers is incorrect; the correct date is December 1991.)

Thus, the conference agreement insures that no current recipients will have their benefits reduced, and further delays elimination of the minimum for future beneficiaries by 2 months beyond present law, from November to January. This action is consistent with the Committee on Ways and Means' position on this issue from the start. This provision does not affect the "special minimum" provision in the law, which will still be available for workers who have truly worked for most of their careers under social security at low wages (below the minimum wage). Such a worker with 25 years under social security in 1980 would be getting a benefit of $219.80 per month. It should be borne in mind that any worker with wages at or around the minimum wage for any length of time will get a social security benefit much higher than the minimum, now and into the future.

EXTENSION OF COVERAGE TO FIRST 6 MONTHS OF SICK PAY

The Senate amendment to H.R. 4331 extended withholding of social security contributions to certain payments made to employees who are absent from work due to illness. The Senate amendment would have, in general, provided for withholding of FICA contributions from sick payments made during the first 6 months that an employee was off work. However, the Senate also provided an exception to this general rule: Sick payments made by an insurance company would generally not have been considered wages for FICA tax purposes.

The conference agreement expands the Senate amendment to include sick payments made by all third-party payors, including insurance companies. The conferees felt that the conference agreement provided more equitable application of this sick pay provision since payments from all sources would be treated identically.

The conference agreement also mandates the development of regulations which will allow the third-party payor to meet the liability which is imposed on him as a result of this provision without deposit of both the employee and employer share of the payroll tax. Under these provisions, the third party will withhold the employee portion of the FICA tax, deposit this tax and notify the employer for whom services are usually rendered of the amount of sick payments made. At this point, the obligation to deposit the employer's share of the tax and to notify the IRS of the amount of sick payments made becomes that of the employer for whom the employee normally renders services.

In the event that the third-party payor fails to meet any of the appropriate criteria for shifting the liability of the employer portion of the tax to the employer-policyholder for whom services are normally rendered, then any overpayment of employer taxes, that is, combined third-party payor and normal employer taxes, should be recovered under procedures established by Treasury regulations as intended by the conferees.

Changes made by this amendment are effective on January 1, 1982. The conferees, however, recognize that this date may pose problems for both employers and third-party payors. As a result, the conferees agreed to waive interest and penalties for failure to make timely payments of taxes which are imposed as a result of this amendment except if this failure is due to willful neglect and if the taxes which are due are not deposited on or before June 30, 1982.

PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS

Under present law, criminal penalties are provided for: First, knowingly and willfully using a social security number that was obtained with false information; second, using someone else's social security number; or third, unlawfully disclosing or compelling the disclosure of someone else's social security number. The crime is considered a misdemeanor and the penalty involves a fine of up to $1,000 or imprisonment of up to 1 year or both.

The Senate amendment would add new acts considered to be a misuse of social security cards by making it unlawful to: First, alter; second, buy or sell; third, counterfeit social security cards; or fourth, possess a regular or counterfeit card with intent to sell or alter it.

The provision would make all unlawful acts affecting the social security number or card a felony, rather than a misdemeanor.

It would increase the maximum fine for conviction of such acts from $1,000 or $5,000 and the maximum prison term from 1 year to 5 years.

The House conferees accepted the amendment.

Last year, the GAO investigated the misuse of social security cards and numbers. Their findings reveal that the fraudulent use of social security cards to gain benefits or jobs is growing immensely.

One recommendation of the GAO was to make the counterfeiting or altering of social security cards a felony punishable by a fine of $5,000 or imprisonment for 5 years.

The amendment simply adopts the recommendation of the General Accounting Office.

STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS

The House conferees accepted the Senate amendment which simply confirms a requirement in Public Law 97-35 that the Secretary of Health and

Human Services meet the January 1, 1982, deadline for entering into demonstration agreements with at least seven States establishing AFDC home health aide projects.

INFORMATION WITH RESPECT TO PRISONERS

Under the current law, student and disability benefits cannot be paid while individuals are imprisoned for conviction of a felony except where the individual is satisfactorily participating in a rehabilitation program.

In order to implement this law, the Secretary of HHS requires information from penal institutions with which to identify the relevant prisoners. In some cases, providing this information without the consent of the prisoner possibly violates various privacy acts.

The Senate amendment would provide that, without regard to any contrary Federal or State law, Federal, State, or local government agencies must furnish the name and social security number of any prisoner convicted of a felony, when the Secretary of HHS makes a written request to the agency for that information.

The House conferees accepted the Senate amendment because it was the clear intent of Congress when enacting prior law that prisoner benefits not be paid and the conferees felt that all efforts should be made to accomplish this objective.

REPORTS TO CONGRESS REGARDING PAYMENTS TO DECEASED PERSONS

Under current law, social security benefits terminate with the month in which a beneficiary dies. The Senate amendment would require the Secretary of HHS to report to Congress within 90 days after enactment on actions being taken to prevent payments to deceased social security beneficiaries.

The House conferees accepted this provision in order to determine what actions the Social Security Administration is taking to prevent payments to deceased beneficiaries and whether these actions will be effective.

EXTENSION OF DISABILITY INSURANCE MAXIMUM FAMILY BENEFITS TO OLD-AGE AND SURVIVORS INSURANCE BENEFICIARIES

Under present law, there is a limit on the amount of monthly benefits that can be paid on the earnings record of one worker. This limit is known as the maximum family benefit (MFB). In retirement and survivors cases, the MFB ranges from 150 to 188 percent of the primary insurance amount, the unreduced benefit of the worker. In disability cases, the MFB can be no more than the lower of 85 percent of the worker's average indexed monthly earnings or 150 percent of the primary insurance amount, but not less than 100 percent of the primary insurance amount.

The Senate amendment would provide that the disability maximum family benefit formula would be extended to retirement and survivor cases for workers reaching age 62 or dying after December 1981.

The effect of the proposal on family benefits for workers at various earnings is illustrated in the table below. The benefit calculations are for 1981 even though the proposal would not have taken effect until 1982.

COMPARISON OF CURRENT LAW AND THE SENATE PROPOSAL TO LIMIT FAMILY BENEFITS EXAMPLES OF 1981 BENEFIT LEVELS

Annual indexed earnings	Current law	Senate proposal to limit family benefit	
	Maximum family benefit	Maximum family benefit	Percent reduction
2,000	2,700	1,800	33
4,000	4,123	3,400	18
6,000	5,264	5,083	3
8,000	7,005	6,043	14
10,000	8,746	7,003	20
12,000	9,619	7,963	17
16,000	11,324	9,701	14
20,000	12,374	10,601	14

The House conferees rejected this amendment because it would have severely reduced benefits primarily for surviving spouses and their children. Benefit reductions would have totaled some $3 billion over the 5 calendar years from 1982 to 1986. No hearings on this major legislative proposal have been held in the House.

STUDY OF SOCIAL SECURITY ADMINISTRATION EFFICIENCY

The Senate amendment would require the GAO to undertake a study of the Social Security Administration for the purpose of determining the management efficiency, employee productivity, and technical capacities (including computer hardware and programing) of that agency and the extent of current information on the characteristics of recipients. The Comptroller General would be required to report to Congress, no later than 180 days after the date of enactment, the results of the study and any recommendations for improvements in any of the operations studied.

The House conferees took the position that further studies of this problem would not solve the problem. The Administrative problems of the system are well known to the committee and the Commissioner of Social Security. Hearings have been held on this subject, and the Commissioner is working on a detailed solution to the problem.

The conference agreement does not include this provision.

SEPARATE ACCOUNTING FOR SOCIAL SECURITY TRUST FUNDS

The Senate amendment would require the President in his annual budget message and midsession review to show the revenues, outlays and surplus or deficit estimates for each of the three trust funds and describe the economic assumptions upon which the estimates are based.

The conference agreement did not include this provision because the information is already provided annually to the Congress and the Office of the Actuary of the Social Security Administration releases more detailed information to the committees upon request.

SOCIAL SECURITY CARDS

The Senate amendment contained a provision which would have required that new and replacement social security cards issued more than 190 days after enactment be made of banknote paper and (to the maximum extent practicable) be a card that cannot be counterfeited.

The conference agreement does not include the Senate amendment. The statement accompanying the report, however, does call for the Secretary of HHS to study the costs and benefits to the trust funds of such a proposal, the costs and benefits to other government programs, and the impact of such a proposal on the privacy of individuals. At this time, however, it did not appear to the House conferees that any substantial benefit would accure to the social security program from such a card since the Social Security Administration does not itself use the card for any purpose other than notifying applicants of their social security number.

FUTURE LEGISLATIVE CHANGES IN THE SOCIAL SECURITY ACT

Under present law, Congress has the authority to alter tax and spending provisions. The Senate amendment included a sense of Congress resolution that any future legislative changes in the Social Security Act will not reduce the current dollar amount of monthly OASDI benefits

The House conferees rejected this because current Congresses cannot legally bind the actions of future Congresses.

HIGHWAY TRUST FUND AND HIGHWAY EXCISE TAXES

Under present law, the highway trust fund and its related excise taxes are in place until October 1, 1984. Under the Senate amendment, the highway excise taxes would be extended at present rates for 5 years, until October 1, 1989, and deposits of tax revenues to the highway trust fund would be continued for 6 years to October 1, 1990.

Because the highway trust fund and its taxes are presently in place until October 1, 1984, the House conferees took the position that there was no need to act on these matters now before either the Senate Finance Committee or the Committee on Ways and Means have had hearings on this proposal. In addition, major studies on highway cost allocation and on the present excise tax structure are due early next year from the Departments of Transportation and Treasury (in January 1982 and April 1982, respectively). These studies will allow both

committees to better assess the present tax structure for funding highway programs. Also, it is hoped that the House and Senate Public Works Committees will have agreed on a multi-year highway spending program in 1982 so that the tax-writing committees will be in a position to better assess the financial needs of the trust fund when considering an extension of the Fund and its taxes.

Mr. Speaker, we have a good compromise. I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore (Mr. KAZEN). The gentleman from Illinois (Mr. ROSTENKOWSKI) has consumed 5 minutes.

The Chair now recognizes the gentleman from Texas, Mr. ARCHER.

Mr. ARCHER. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. CONABLE) the ranking Republican on the Ways and Means Committee.

Mr. CONABLE. Mr. Speaker, I have a frustrating sense of deja vú. It seems that I have stood here before—many, many times—taking virtually the same stance on social security.

We have just completed a conference report that does too little. It solves a problem with respect to the minimum benefit which Congress wanted to solve. But it solves no other social security problem of consequence.

Nevertheless, I have signed the conference report and ask my colleagues to approve it today. I do so because this is the only way the minimum benefit problem can be resolved and because other provisions of the report will force this Congress at least to confront the many larger social security issues within a reasonable time frame, rather than postponing it indefinitely.

The old-age and survivors insurance (OASI) trust fund, which pays benefits to some 30 million persons, is expected to run short of money to make those payments sometime late next year. The actual date being uncertain as long as the economy is in transition. The conference report would permit the OASI fund to borrow from the disability insurance trust fund or the hospital insurance trust fund through next year only. Those two items in combination mean that there is likely to be a lameduck session of the 97th Congress and that the truly tough social security issues may be dealt with then.

That is not a bad idea. It may be the only way to reach an acceptable bipartisan accord on these complex matters. I would rather see us proceed now toward such accord, but the realities of life force me to concede that the conferees probably made the base of an inherently bad situation. Therefore, Mr. Speaker, I am endorsing once again a less than ideal expedient with the hope that this body will take more responsible action within the next year. Perhaps we will have a commission report to act on by the time it comes up again.

Responsible action means, of course, making the decisions necessary to strengthen the system as much as possible over the long-term as well as the short, and structurally as well as financially.

In the past, when responsible action has been requested, sufficient support has not developed. For the majority, it has always seemed easier, and perhaps safer, to vote for doing as little as possible—just enough to prevent the system from sinking—as we are indeed about to do today.

How long we can keep this up, I do not know. By continuing to slap patches on the leaking but still ballooning trust funds, we not only are postponing inevitable decisions on long-range financing. We also are putting off badly needed system improvements, not the least of which are numerous corrections of inequities and anomalies.

To cite some outstanding examples of these unresolved issues, there is the treatment of women, and especially working women, under the system; there are very wide gaps in coverage; there are demographic disparities, which are becoming larger; and there is a whole range of problems in the disability insurance program.

When the social security system was established, our society was centered on the traditional family—a husband, wife, and one or more children. Families were more easily definable, fewer women were in the labor force, and men were generally viewed as the breadwinners.

The social security system was designed in light of the realities of that era. Wives were deemed dependent upon their husbands and did not have to prove that dependency in order to get spouses' benefits. Men, on the other hand, had to prove that they were dependent in order to receive similar benefits.

Working wives, in many cases, were not—and have not—been adequately compensated, as they see it, for their contributions as workers. If benefits based on their earning were low, and they were paid higher amounts based on their husbands' records, they could—and still can—charge with justification that they did not receive full, tangible recognition of their own contributions to the system. In many cases they get no return at all for their own contributions to the system as though they had themselves never worked in covered employment.

These are just a few of the reasons why the Congress should at least try to make corrections, where feasible, in the social security treatment of women. This will never happen until, and unless, social security is addressed in a broader way than this conference report permits.

Ms. OAKAR. Mr. Speaker, will the gentleman yield on that point?

Mr. CONABLE. I yield to the gentlewoman from Maryland very briefly.

Ms. OAKAR. Mr. Speaker, I want to commend the gentleman for his comments about the inequities toward women and his understanding of them. It is very well said.

Mr. CONABLE. I thank the gentlewoman.

Mr. Speaker, ideally, a nation's basic social insurance system should protect all the Nation's workers. We are far from that ideal in the United States—inconsistencies abound.

Why, for example, should the people who make the laws governing social security, and the people who administer those laws, be exempt from social security coverage? More and more of our fellow citizens are asking: If social security is good enough for us—all 117 million of us—why is it not good enough for you 2.5 million who happen to be civilian employees of the Federal Government? I do not have a good answer for that, and I have not heard a good answer from anyone else, either.

Anyone who has thought carefully and seriously about this gap in coverage realizes it is possible for Federal civilian workers to be better off under social security protection, which is much broader than that provided under the various Federal retirement plans. I believe that these plans can be coordinated with social security in such a way that the rights of affected workers would be protected fully and that their financial positions would be improved substantially.

This major coverage gap presents particularly tough problems which should at the least be confronted. They clearly will not go away.

The demographic problems associated with social security are equally real and inescapable. They also will not go away. People are living much longer now than they were when the system was started, and a major breakthrough in finding a cure for any leading disease will stretch those longevity tables even more. We know with a reasonable degree of certainty that there are about three workers for every social security beneficiary now and that the ratio will drop to 2 to 1 at the beginning of the next century, which is only 20 years away.

With that knowledge, we should—at the very minimum—consider taking steps now, legislatively, to adjust the system to those demographic changes so visible in the future.

People need time to adjust their retirement plans, their savings patterns,

and their ways or living. They need as much time as possible.

To know that such adjustments are inevitable, and to deliberately refuse to give adequate advance notice, is unconscionable as far as I am concerned. We do not have to make decisions for a future generation. But we should make those decisions easier. We could do so by scheduling system adjustments, on which a consensus can be reached, attaching in each case a "sunset" provision so that later Congresses would have to act to affirm the earlier decision. This would not lock in any changes, but would cause people to adjust their thinking and planning in anticipation of the possibility of change.

There are other, possibly better, ways of dealing with demographic problems. I am not a strident advocate of any particular way, but I believe the important thing is to deal with the problems, not to pretend they are not there.

As for the disability insurance program, the list of improvements that need to be made is very long. Most of these changes would cost very little, if anything; are relatively noncontroversial, and have been approved tentatively by the Subcommittee on Social Security. Taken as a whole, they would help beneficiaries, make claims handling more efficient, and save money over the long run.

But none of these improvements can be effected unless we produce more comprehensive, responsible legislation.

We can achieve that objective if the leadership of this House will permit those Members who know social security the best, because they work with the subject so closely, to develop and bring to the floor a comprehensive, responsible piece of legislation.

This can be done only on a bipartisan basis. I do not believe an enactable package can be put together if it bears a Democrat or Republican label. But there are enough Members of good will—and reasonably like mind—starting with the Subcommittee on Social Security, which is so well led, to reach a workable bipartisan—or nonpartisan—consensus.

We will, by approving this conference report today, be buying ourselves a little more time to reach that consensus. We will not be evading our ultimate responsibility.

One of the worst mistakes we legislators can make is to assume that the inevitable is always postponable. Collectively, we have made that assumption on social security with regularity. We have been running against mathematical odds, and we are losing the race. That is truly tragic, because the stakes, in terms of both people and dollars, are enormously high.

Eventually, if we stay on this course, we will simply run out of baling wire and the whole system will fall down on our heads. It will collapse either because we actually do nothing, and benefits cannot be paid, or because we let the Treasury start borrowing enough money every year to maintain the benefit pipeline. Either way, the social security system will collapse, and I cannot emphasize that point too strongly. Obviously, when benefits stop the game is over, and using general revenues—which really means Treasury borrowing—will destroy whatever insurance character the basic system has and turn it into another set of welfare programs virtually overnight. That is not conjecture, that is economic fact.

In this light, Mr. Speaker, we should begin to reconcile ourselves to the prospect, however unpleasant, of a lameduck session a year from now, and to a confrontation, at last, on social security.

Meanwhile, I think we really have no reasonable choice other than adoption of this report.

□ 1045

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, it is with sadness that I have concluded that I must vote against the conference report on H.R. 4331, the Bolling bill, which was intended to fully restore the social security minimum benefit for all current and future beneficiaries. Unfortunately, the conference report signed by the House conferees kills—not restores—the minimum benefit for thousands of future beneficiaries.

There is, of course, a bittersweet victory contained in the conference report. It does restore the minimum benefit for 3 million current recipients and for another 14,000 eligible before January 1, 1982. I do not underestimate the importance of this victory for the House. But, frankly, I strongly believe that the victory could have protected other senior citizens, too, if only the House conferees had not almost immediately abandoned the House position to the tender mercies of the Reagan administration's budget cuts and the Republican Senate. The first offer the House conferees made to the Senate pulled the rug out from under future minimum benefit recipients.

The 404 House Members who voted for the Bolling bill deserve a better conference report than that before the House today. More importantly, the 84,000 senior citizens—who, under the Bolling bill, would have received the minimum benefit in 1982—deserve a better conference report than that before the House today. The hundreds of thousands of senior citizens—who, under the Bolling bill, would have received the minimum benefit in later years—deserve a better conference report than that before the House today. Finally, the millions of Americans—whose confidence in one day receiving their own social security benefits has been shaken by this arbitrary attack on those about to receive the minimum benefit—deserve a better conference report than that before the House today.

Sometimes it's the pain from the most recent injury that dominates our thoughts. But we must not allow this to obscure the history of how Democratic House conferees came to the position of joining their Republican colleagues and a Republican Senate and a Republican President in cutting social security benefits for senior citizens about to retire—some of those retirements scheduled for only 16 days from now.

Shortly before his election, President Reagan said:

> Any reform of the Social Security system must have one overriding goal: that the benefits of those now receiving—or looking forward to receiving—Social Security must be protected, and that payments must keep pace with the cost of living.

A few short weeks after his administration took office, President Reagan took the first step in stripping Americans of those social security benefits he said were sacrosanct. From the beginning, his budget recommendations targeted the social security program for cuts. Specifically, the President called for elimination of the social security benefit that goes to millions of our Nation's poorest people, and elimination of social security student benefits.

This spring, the administration proposed even more severe slashes in social security benefits, and Richard Schweiker, Secretary of Health and Human Services, appeared before the Aging Committee to defend the administration's hard-line position.

The Republican Senate agreed to these social security cuts and with the narrow adoption of the Republican budget reconciliation substitute, Gramn-Latta II, so did a bare majority of the House. In frustration at this abandonment of millions of senior citizens, over 170 House Members from both parties joined in cosponsoring a resolution (H. Res. 197) to defer consideration of the reconciliation bill until after the Senate had agreed to restore fully the minimum benefit for all current and future recipients.

After public opinion began to mount against the administration's posturing on social security, the President issued a carefully worded statement intended to calm the fears of the Nation.

> I will not stand by and see those of you who are dependent on Social Security deprived of your benefits—

Reagan said in a nationally televised speech—

I make that pledge to you as your President. You have no reason to be frightened. You will continue to receive your checks in the full amount due you.

At the same time the President was going before the American people to reiterate his commitment to defend and preserve our social security system, his top aides were pushing for passage of the budget cuts his administration proposed—including elimination of the minimum social security benefit as part of the Omnibus Budget Reconciliation Act (H.R. 3982, Public Law 97-35).

Although some of us were unsuccessful in our effort to stop House floor consideration of the budget cuts bill until after the Senate had restored the minimum benefit, our efforts focused public attention and, through the help of the Rules Committee and its distinguished chairman (Mr. BOLLING), produced H.R. 4331, a bill fully restoring the minimum benefit for all current and future beneficiaries. The House approved that bill 404 to 20.

H.R. 4331 languished in the Senate until mid-October at which time the Senate amended the bill to: Kill the minimum benefit for all future recipients; place a means test on certain current minimum benefit recipients including teachers and others who receive public pensions of more than $300 a month; and lower the family maximum benefit—the amount of monthly benefits which can be paid on the earnings of one worker.

Given the enormous publicity campaign by the White House and the Senate to distort their real actions in killing the minimum benefit, the House can take credit for getting back a conference report that does provide the social security minimum benefit for beneficiaries who are eligible before January 1. Given the strong resistance of the Senate conferees to full restoration for all beneficiaries, the House should take credit for getting the measure of victory that it did.

I must stress, however, my strong belief that eliminating the social security minimum benefit for all those who qualify after January 1 is a betrayal of the Congress responsibility to maintain confidence in the social security system.

What is sacred about January 1, 1982, the day the conference report closes the door on the minimum benefit? Because it is frozen at $122 a month, the minimum benefit will die a natural death with the passage of time. Why should 7,000 people whose birthdays fall next month lose their minimum benefit when those born a month earlier receive it?

As Speaker O'NEILL said last July:

The Administration has sent a clear message: If it can cut off one group from social security, it can cut off another group. One day it attacks the minimum benefit. The next day, it attacks those retiring at 62. The principle is the same. If it can cut the checks of one group, it can cut the checks for another. I disagree with this Administration. The House of Representatives disagrees with the Administration. We don't agree that the best way to save Social Security is to hurt those who depend on it. We don't agree that the best way to build support for the system is to tear it down."

In all candor, I believe that the House this summer, and its conferees this fall, could have avoided this elimination of the minimum benefit.

I am voting against the conference report because it is an unacceptable compromise of the House position. On July 30, the House expressed its overwhelming support for the minimum benefit by a vote of 404 to 20. We went on record against cuts in social security for our poorest senior citizens, those who are most in need. Although the conference report before us gives the House 85 percent of what it wanted—I don't think it is good enough and I plan to vote against it.

If we pass this bill we will be denying 7,000 people a month—84,400 people a year—of benefits which they have every legitimate right to expect to receive. I think it is wrong to deny benefits to persons close to retirement age and I think the American people support my view. A recent Harris poll on social security found that 85 percent of those people surveyed opposed cuts in future social security benefits.

This conference report does make some exceptions in future minimum benefit eligibility. It stipulates that those involved in religious orders such as nuns or priests who take a vow of poverty will remain eligible for the minimum benefit. This raises a very important question: Does one who is poor by choice deserve better treatment that one who is poor by accident? Is a nun or priest more entitled to the minimum benefit than a woman who has worked scrubbing floors for low wages? I say, let us continue to honor the eligibility of both.

Mr. Speaker, I also want to address the cost of restoring the minimum benefit for the over 400,000 retirees who would become eligible for the minimum benefit in the next 5 years. The savings estimate for eliminating future minimum benefits is $685 million. But this does not include the added social security administrative costs and the offsetting increases in SSI, medicaid, and State welfare costs. According to testimony we heard in the Aging Committee hearings on the minimum benefit, it actually costs more to eliminate the minimum benefit than to maintain it.

It is also important to emphasize that the cuts contained in this conference report will not solve the problem of social security's inflation-tattered, recession-ridden wage base. Rather, let it be clear that social security is not the cause of the projected $150 billion deficit we now face in fiscal year 1982. As a matter of fact, social security has stood on its own two feet financially for the past 45 years and is capable of doing so in the future. Social security is as sound as the administration and Congress want to make it. This is its greatest strength and, as this Congress and this President have demonstrated this year, its greatest weakness.

The conference report before us also forces the payment of the social security tax on sick pay. Clearly this will deter some employees and employers from providing sick pay coverage. As the cost of adequate compensation increases, the inevitable result will be to reduce sick pay coverage. Ironically, without sick pay for workers, what happens is that costs increase for social security disability benefit, workers compensation, and public assistance. Is increasing these costs prudent? It may save money in the funny figures of OMB, but what about the long-range implications? I suggest that the sick-pay change is another bogus savings.

I note that most arguments in favor of imposing the social security tax on sick pay refer repeatedly to the fact that most large corporations already pay the tax on sick pay and, therefore, Congress should force all small businesses to do the same. Apparently this fits in with our new national policies of merger approvals and tax cuts for the big corporations while small businesses are forced to take the heat from inflation and high interest rates. Has anyone considered the impact of the sick-pay change on our labor-intensive, credit-sensitive small businesses? Or will these businesses continue to be an afterthought or, more importantly, merely a bankruptcy statistic?

It was not any surprise that the conference committee wanted to avoid sending out the mandated notices in early December. These notices would have gone to current minimum recipients—3 million people—informing them of the potential loss of benefits under the Republican reconciliation bill. We can be sure that these older families would have reacted to the notices, and their reaction would certainly have prompted a reversal. More importantly, those notices would have exposed the actions of the Congress and the administration in a most dramatic way.

It almost seems that the House and Senate were involved in a legislative game to see who would blink first, and the House blinked almost before the gavel fell to open the first conference committee meeting.

Why are we so weak in spirit when we support social security, the most successful of programs that this Congress has ever written, a program that continues to enjoy overwhelming public support. When we chip away at social security, as this conference report before us today does, we de-

stroy much more than the benefits for a few hundred thousand workers.

Indeed we call into question the social compact between workers and the retired that has persisted for the past 50 years and we destroy the credibility of this Congress. If we cannot stand up and fight for social security, are there any programs or commitments that people of this Nation can count on?

Mr. ARCHER. Mr. Speaker, I yield 5 minutes to a respected member of the subcommittee, the gentleman from Ohio (Mr. GRADISON).

Mr. GRADISON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, most Americans are apprehensive about their social security system, and approval of this conference report today is not likely to make them feel more secure.

Nevertheless, I have signed the report and urge my colleagues to join me in voting for it. Frankly, I think the conferees' decision made the best of a bad situation and leaves us with no viable alternative.

If we do not approve the report the administration will have to move ahead with plans to stop paying the minimum benefit to those now receiving it, thus doing what the Congress and the President have agreed not to do. If we do approve the report, the minimum problem will be solved, and the stage will be set for a lameduck session of this Congress, when basic social security issues can, we hope, be settled in a bipartisan way. Not until then can the American people feel comfortable about their social security system's future.

Virtually every public opinion poll that has been conducted on the subject in recent years shows that a majority of our fellow citizens are uncertain now about the future of social security. They express doubt that the system will survive and are fearful that the trust funds may run out of money before they become eligible for benefits. This is particularly true of younger contributors to the system. For example, in a survey conducted by Lou Harris for the National Council on the Aging, 68 percent of persons age 18 to 54 expressed "hardly any confidence" that social security would be able to pay them benefits when they retired.

In another survey conducted for the recent National Commission on Social Security, 61 percent of the working population that was interviewed expressed little or no confidence that enough money will be available to pay their retirement benefits. Three-fourths of those interviewed were between ages 25 and 44.

That same survey, which was based on in-depth interviews, showed that most Americans also hope that events will prove them wrong, because they want social security to survive. They are worried about its future, but they wish very much to have it continue. They are even willing, according to this poll, to increase their contributions if necessary to keep the system going. They would prefer not to do so, of course, but they would rather pay more in FICA taxes than see the system collapse.

In an earlier study by Lou Harris, three-fourths of those interviewed said they wanted social security to operate more as it originally was enacted; that is, essentially as a retirement program, with basic benefits to be supplemented from other retirement income sources.

Polls and surveys tell me, Mr. Speaker, that a majority of Americans want their social security system to be placed on a sound financial basis as far into the future as possible. They want its insurance character not only to be retained, but to be strengthened. They clearly do not like the idea of social security benefits being based on need. They prefer the earned-right concept.

With these samplings of public opinion as background, Mr. Speaker, I simply do not see how this House can fail to pass the conference report on H.R. 4331 and then act responsibly on larger social security issues in 1982.

The Subcommittee on Social Security already has made long strides in that direction, and only a few more steps need be taken. Admittedly, they are the issues most difficult to resolve, but they can be negotiated if the leadership here will give us a "green light."

Virtually every member of our subcommittee has well-thought-out views on strengthening social security. I have developed a comprehensive plan in which I have great faith, and I would be delighted if my colleagues would support that plan in its entirety.

But I know that accommodation, and "give and take" are essential to the future of the social security system. And I am confident that other members of the subcommittee feel the same way.

Therefore, Mr. Speaker, I urge my colleagues to vote for this conference report. It will help us buy time, time we must use to produce a responsible and acceptable alternative to repair our financially ailing social security system.

Our fellow citizens will be watching us carefully, Mr. Speaker. They will be able to detect the difference between a vote to strengthen social security and a vote to keep it weak.

Mr. COLEMAN. Mr. Speaker, will the gentleman yield?

Mr. GRADISON. I yield to the gentleman from Missouri.

Mr. COLEMAN. Mr. Speaker, I rise today in strong support of the conference report on H.R. 4331. Restoring the minimum social security benefit to all who now receive it, or who will qualify for it this year, is the surest, most concrete way to back up the assurances we have all been making to our senior citizens. Congress and this Nation must stand behind past promises made to now retired Americans when they paid into the social security system during their working years. They deserve no less from us.

Mr. Speaker, let us also remember that the difficult long-term financing questions, as well as the system's short-term difficulties, still remain before us. These are questions we must face up to in a serious and thoughtful manner. We have to make sure that today's workers will receive fair and decent social security benefits when they retire, and that the promises we are making through the benefit structure are ones we can reasonably expect to fulfill.

The interfund borrowing allowed by this legislation, while it does not solve any problems, does nevertheless give us time to address these issues. I am hopeful we can use this opportunity to conduct the informed national dialog that is needed, without causing needless trauma to the 36 million Americans who now receive monthly social security checks or those who are nearing retirement age. It is utterly unacceptable to leave these people in perpetual terror that the rug will be pulled out from under them. Let us now work together toward a genuine, permanent solution to social security's financing problems, both immediate and long-term, so that once and for all, we can lay these fears to rest.

I urge my colleagues to join with me in supporting the conference report.

□ 1100

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 6 minutes to the gentleman from Texas (Mr. PICKLE), the chairman of the Subcommittee on Social Security, who has done an outstanding job in this area.

Mr. PICKLE. Mr. Speaker, to the Members of the House and to those 3 million elderly citizens of our land who now will have their minimum benefits restored, Merry Christmas. The House has at last and finally, by the enactment of this conference report, put to rest the question of the minimum benefit. To that I say "hallelujah, praise the Lord, and Amen."

We have come at this thing the hard way. I take satisfaction in knowing that we have restored the minimum benefit for our elderly citizens, most of whom are quite elderly and most of whom are female. That is the compassionate and the right thing to do.

I also take the satisfaction in knowing that this part of the conference committee report is in effect the same position taken unanimously on a bipartisan basis by our subcommittee in May. It was not an easy decision then

and it is not an easy decision now to make any kind of changes. But I think we can come to the floor today and say to all Americans who have been receiving this benefit, "You will receive it permanently from now on." That is the kind and proper thing to do.

So that is the first thing this conference report does. It restores the minimum benefit for 3 million people, and we must not lose sight of the fact that that is the principal thing it does.

Another important thing that it does is it establishes for the first time the principle of interfund borrowing. That is not an approach I like to advance, although I recommended it as part of my bill at the first of the year in order that it would be part of the overall package. Nevertheless, for the first time in the history of the social security program we have established the right of interfund borrowing, but wisely we have limited it to 1 year. We have said that after December 31, 1982, we cannot rely on using the interfund borrowing process any further, and within a few months of that time, if not in 1982, we must then face the critical issues of making some permanent solution to the social security program.

That is our challenge and our responsibility, and really it is one of the greatest challenges of any Congress. This was made evident to us when the new medicare numbers came out, involving a mere 3-percent change in medicare outlays for 1 year. It will be made evident again and again as the budget comes out in January, the social security trustees report comes out in early summer, the midsession review arrives, and as press reports appear throughout the year on meetings of the Statutory Advisory Council and/or the President's task force.

All the estimates show the trust funds, even with interfund borrowing, going steadily downward. All three funds together can make it as far as 1986 or 1987 if we look through rose-colored glasses and what we see actually comes true in every single year, in every single detail. But all three funds could also go under as early as late 1983.

Our chances of hitting any projections that have been made are nil. We may be above or below, but we will not be on the mark. As late as 1979 we were projecting 7.4 percent CPI and 0.6 percent real wage growth for last year. Last year we had 13.5 percent, not 7.4 percent, CPI, and we had minus 5 percent, not plus 0.6 percent, real wage growth. The problem which the new medicare numbers showed us is while we are using projections which we know will not be exactly on the mark, we have no room for error.

Putting aside projections, we do know that actually to go broke in 1984 we need only have minus 1-percent real wage growth—which we now have. Or we need have 12-percent inflation, and inflation the last 4 months has averaged 11.1 percent. Or we need medicare expenditures rising at 23 percent, and for 1980 they did rise at 21.4 percent. Or we can have any combination of these at lower numbers. And now we must factor in higher levels of unemployment, which will sharply lower revenues into the funds.

My friends, if we cannot take our warning from those simple facts, then we just are not looking after the social security program. We came close recently in the committee to taking steps to address the long-term problem in social security, and I am encouraged that this Congresss will address this problem. I recognize that the process of solving the real problems in social security has been delayed. I would hope, however, that we will use the short respite here to continue working on fuller solutions to the problems facing the social security program.

In one national poll taken in September, 82 percent said they felt it necessary for Congress to revise the financing of social security in the next year or so; and 77 percent said they felt it necessary for Congress to revise the benefits in the next year or so.

I will continue to propose that we break out of this fearful standoff and recognize that it is the social security program itself—not any of us—that the people really care about. We must do right by that program. We must make it sound, and that is what I will continue to try to do, as I know will my colleagues on both sides of the aisle.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I will yield later, I say to the gentleman from California.

Mr. Speaker, I commend the chairman of our committee, the gentleman from Illinois (Mr. ROSTENKOWSKI), and I commend the ranking Republican member, the gentleman from New York (Mr. CONABLE), for their cooperation in this conference and for helping to give us the best conference report that I think we could have. I hope that every Member will vote for this conference report.

Mr. Speaker, I now yield to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman's yielding.

Do I understand, then, that the passage of this bill or this conference report will not solve the long-range problem of financing the social security system?

Mr. PICKLE. No; it will not. That is correct. We will have to meet that problem head on at a later date.

Mr. ROUSSELOT. This Congress has to come back sometime darned soon and reform the system?

Mr. PICKLE. We intend by this conference report to say to the Congress that by the end of 1982 or in early 1983 some meaningful reforms in the social security system must be made. That is the challenge that we face.

I think it is important to note that in this conference we did not accede to the Senate's request that we pay for the restoration of the minimum benefit with a sharp reduction in family benefits. The Senate had proposed that as one means of raising funds. We objected to it and fought it down, and that is not included in this bill. That is a good victory for all of us.

There will be some who might object to the inclusion of interfund borrowing in any form in this bill, and in a sense they are correct, because we should look at the financing picture as a whole and not piecemeal.

There may be others who will object to the short timeframe on the interfund borrowing as it is contained in the bill, and they are correct that we are forcing the hand of the Congress to do something about this soon. There are others who might object to the inclusion of the tax on the first 6 months of sick pay, and they are correct, because our primary purpose here is not to get into other issues but to correct the minimum.

I would hope that in our fears, discomforts, and disagreements we will not lose sight of the primary purpose of this conference report. This bill does correct the earlier action on the minimum benefit. This bill also allows the retirement fund to borrow money from the other social security funds next year, because we all know that by the end of 1982 the retirement fund will be so low in reserves that we will not be able to pay full benefits.

We have no alternatives. I say at this juncture that the interfund borrowing, as much as I do not like it, serves a single purpose of allowing us to continue payments while we work on more lasting solutions.

The SPEAKER pro tempore. The time of the gentleman from Texas (Mr. PICKLE) has expired.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 additional minute to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, the principal objection that some of the Members have to this conference report is that this does away with the minimum benefits for future recipients, and that is correct. There are only from 5,000 to 7,000 a month who will be eligible for this minimum benefit in the future. Three million people will have it restored by this action.

We ought to keep in mind the fact that most people in the future will get through normal wages higher benefits than they would under the minimum benefit. In fact someone who had worked under social security only at a minimum wage level for 13 years and retired this year at age 65 would get

$278 per month, far higher than the minimum benefit. Even if he retired at age 62 he would get $225 a month, still well above the minimum level. A person earning $7,000 a year or so in 1980 would get more than the minimum benefit. So we are not really being that harsh or unfair to future recipients.

It is also important to realize that the new beneficiaries in the future will be recipients who are part-time or intermittent workers—the double-dippers or the Government employees who have only minimal coverage under social security.

Forty percent of future minimum beneficiaries will be dually entitled—that is to say they are spouses or other individuals whose primary social security benefit will come from the main worker in the family. When their minimum benefit level goes down they will suffer no loss of income at all because their spouse benefit will go up.

We should also keep in mind that we do have the special minimum benefit bracket which goes to at least 400 new people a month. They are the long-range, low-wage earners. So we are really not being that unfair when we look at the figures and see that anybody who is only earning $7,000 a year or who will still get a benefit higher than in the minimum. Finally we should keep in mind that the numbers eligible for the minimum will decrease in the future as that benefit plays less and less of a role in the social security program.

The SPEAKER pro tempore. The time of the gentleman from Texas (Mr. PICKLE) has again expired.

Mr. ARCHER. Mr. Speaker, if the gentleman wishes further time, I yield 1 additional minute to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I can understand the concern of some who would like to have had a better conference. We would like to go to the conference on 10 issues and win them all. The House won 8 out of 10 issues, and that is a pretty good percentage.

The main thing is that we did restore the minimum benefit for all those who are receiving it. In the future the only people affected will in almost all cases be those who are intermittent workers.

We should keep in mind that 98 percent of the minimum benefit people are being taken care of in this bill. We could only argue that less than 2 percent in the future will feel that their benefits might be cut. We would not want to cut anybody, but we have got to look at the overall problem.

So again, Mr. Speaker, I recommend the conference report, and I commend the members of the subcommittee for the work which was done earlier, because I think now we must look to the future. We must resolve to ourselves that on a bipartisan basis we will try to find an answer to the social security problem. There is no more important domestic issue facing the American people today than our social security problem.

Mr. Speaker, this is a temporary stopgap, but it is an important step to take, and we must take it. I hope we take the step unanimously.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. BLILEY).

Mr. BLILEY. Mr. Speaker, I rise in support of the conference report on H.R. 4331. The final agreement reached is an indication of the kind of unity we need to secure a long-term solution to the social security funding crisis. On the whole, the agreement symbolizes a desire by this Congress to tackle the serious problem we are faced with, in a sound bipartisan manner.

I would like to commend my colleagues who served on the conference for their efforts toward a sound bipartisan solution to the funding crisis. We have a long road ahead of us in achieving our ultimate goal of establishing social security upon a stable financial base. The agreement before us today is the first step toward achieving that goal.

I am convinced that by working together we can find a sound bipartisan solution to the social security problem, together we can make social security better meet the needs of the elderly and disabled—those for whom social security was originally designed.

Therefore, I urge my colleagues to join me in agreeing to the conference report on H.R. 4331, restoration of social security minimum benefits.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Speaker, I rise in support of the conference report.

Mr. Speaker, with the approval of the legislation before us to reinstate the minimum social security benefit, we can end 1981 with an encouraging signal to the many older Americans who were needlessly frightened throughout the year by reports that we would reduce their benefits.

Our action today will reaffirm the fact that we will not allow the benefits of those social security recipients currently on the rolls to be reduced. Such a reduction would be unjust and unfair and would be a breech of our commitment to the retired workers of America, who have budgeted very carefully for their retirement.

It is also my hope that we learn a lesson from our action today. I hope we learn once and for all that we cannot approach social security legislation bit by bit, as we have done in first eliminating and then restoring the minimum benefit. As I stressed in July, when we first voted to reinstate the minimum benefit, we must approach social security legislation in a responsible and businesslike fashion.

The legislation we consider today was approached neither responsibly nor businesslike. This body voted to reinstate the minimum benefit in July, and the Senate concurred, in principle, less than expeditiously in October. Two months later, we finally have received the conference report.

Throughout this period, the 3 million older Americans who rely on the minimum benefit have been forced to wait in limbo, not knowing if they would continue to receive their benefits. Today we can brighten this holiday season for them, and for all of the Nation's 36 million social security recipients, by showing that we do understand their needs and that we will take no action that would in any way result in financial hardship. This reassurance is the least we can do for these retired workers, who through years of labor, have made our Nation what it is today.

Mr. ARCHER. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT), another respected member of the subcommittee.

Mr. ROUSSELOT. Mr. Speaker, I rise in opposition to H.R. 4331 as it was passed out of conference because it is nothing more than a big legislative copout. There is absolutely no reason that this Congress cannot address the real problems facing the social security system and enact comprehensive legislation to restore the financial soundness of this program which serves one out of every seven Americans.

The fact is that social security's financial problems are not new. These problems will not go away. The program has been operating in the red for the past 6 years. Although we have been aware of this, Congress has not acted to restore the financial integrity of the system. H.R. 4331, as it has come to us from conference, falls far short of addressing the basic problems facing social security.

First, with passage of H.R. 4331 the social security system will continue to accumulate deficits. Presently, the system is losing $12,300 every single minute of every day. H.R. 4331 does not address this fact at all. I would like to ask my colleagues how many of them would invest in a system that is losing $12,300 every single minute of every day. I do not think any Member would voluntarily participate in a program that is operating with a daily deficit of over $17 million. Yet that is the very extent of the financial problem which the social security system is presently facing. We are forcing 115 million working Americans to pay taxes into a system that has operated

in deficit for 6 years and also faces a deficit as large as $80 billion over the next 5 years.

Second, H.R. 4331 fails to establish a prudent level of trust fund reserve balances on which the system may rely during unanticipated occurrences.

Throughout the past decade trust fund reserve balances have been drained until today they are at their lowest levels ever (reserves as a percent of outgo). At the beginning of this year, just over 2 months of reserves remained in the system. This greatly contrasts with the 12-year reserve level of 1950 or even with the 1-year reserve level of 1970. Now some may feel that it is not essential to have exactly 1 year's worth of reserves in the system. This point is up to dispute. But one thing is certain, when the system is drained down to a few months of reserves, it becomes vulnerable to unanticipated fluctuations in the economy which may occur.

The point is that in the past, it has been the high trust fund reserve balances which have seen us through unanticipated economic downturns. However, today, with trust fund balances at their lowest level ever, we no longer can depend on that cushion. I question the prudence of our failure to address this problem in H.R. 4331.

A third consideration that is neglected in this measure before us is the system's long-term deficit, over the next 75 years, of $1.6 trillion—this is almost twice our national debt. Future beneficiaries certainly have much to be concerned about in regard to their benefits. Since we are aware of this deficit, we should responsibly begin consideration of steps which insure that we may allow for a smooth phasein of any changes that may be necessary. Furthermore, in 50 years, one out of every five Americans will be over 65 years of age. Careful consideration will have to be given in order to meet the concerns and needs of those who will be retiring in the next century.

And finally, H.R. 4331, even viewed as a quick-fix, fails to address the loss of public confidence in the social security system. This lack of confidence has resulted in a large degree from the periodic financial crises that have occurred.

A New York Times CBS poll showed that 54 percent of the American people no longer believe that the social security system will have the money available to pay them the full benefits they would be entitled to at retirement. For those polled 25 to 34 years of age, 75 percent doubted that social security will provide full benefits for their own retirement.

We must provide for long-term reforms that put the system on firm financial ground. In this way we can assure the 115 million contributors to the system and the present 36 million beneficiaries that they will be able to depend on social security in their time of need as a base of financial support.

And so I believe it comes down to a question of congressional responsibility. Unfortunately, Congress has not acted responsibly in overseeing the social security system. We have not been the protector of the program. Its present financial state is testimony to this. As I have already stated, the program has been operating in the red for 6 years. Although we have been aware of this, Congress has not acted to restore the financial integrity of the system.

Our main objective today should be to insure the continued stability of the social security system. Its problems will not go away by our sweeping them under the rug—and that is exactly what this bill does. All we are doing is buying time; time that the system does not have.

H.R. 4331 is a stopgap measure at best. By not addressing the problems I have mentioned we are shirking our responsibility as elected representatives. We know what the problems are, we have several options from which we may choose—as advanced in the Senate Finance Committee and the House Ways and Means Social Security Subcommittee. All that is lacking is our congressional action. It was the Congress which originally enacted social security and it is the Congress which must continue to protect it as a viable, financially sound social insurance system.

I must warn my colleagues that evasive and dilatory action cannot persist without severe consequence to millions of beneficiaries who depend upon their earned social security benefits. We can be certain that by delaying our legislative decisions they will not become any easier. And so I must oppose H.R. 4331 on the basis that it is not responsible legislation.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding, and I support the remarks of my colleague from California (Mr. ROUSSELOT). I rise in opposition to the conference report on the social security minimum benefit restoration, H.R. 4331.

While I recognize that the conferees faced a difficult uphill battle and did partially restore these important social security benefits, I must express disappointment in their inability to achieve a full restoration of minimum social security benefits and were only able to restore the benefits for those who retire before January 1, 1982.

The House overwhelmingly passed H.R. 4331, expressing its view that we erred in going along with an abrupt termination of these benefits at the time that we passed the Reconciliation Act. I submit that we need more than this bill to keep faith with those older Americans who deserve, and have depended on, social security minimum benefits.

Mr. Speaker, I intend to continue to work with my colleagues on both sides of the aisle who seek responsible long-range solutions to strengthen and stabilize our social security system and who support minimum social security benefits, so that we may eventually restore these benefits, and allow those who have earned their social security benefits to receive their benefits at reasonable levels, in a dignified manner.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman from New York (Mr. GILMAN).

Mr. Speaker, I believe it comes down to the question of congressional responsibility, and I think we have failed that test.

The SPEAKER pro tempore. The time of the gentleman from California (Mr. ROUSSELOT) has expired.

□ 1115

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. LUNDINE).

Mr. LUNDINE. Mr. Speaker, I rise in opposition to the conference report on H.R. 4331, a bill to restore minimum benefits under the social security program. The report does not go far enough in implementing the clear intent of the House to continue minimum benefits to all current and future social security benefits.

On several occasions this session, the House has expressed its intent to preserve the minimum social security benefit. In action on this legislation in July, the House voted 404-20 to continue minimum benefits not just for certain groups of retirees, but for all current and future social security recipients.

On each of these occasions, I voted to retain the minimum benefit because I firmly believe that continuation of this benefit is both necessary and desirable. The minimum benefit offers the pledge that any worker who qualifies for benefits under social security will receive sufficient monthly payments to guarantee a decent retirement. This guarantee has been a basic and long-standing promise of the social security program.

By restoring the minimum benefit only for current beneficiaries, the legislation deprives future retirees of this guarantee. It violates the basic compact between the Federal Government and workers that, in exchange for years of FICA tax contributions, a decent level of support will be provided in retirement. We cannot eliminate this key guarantee without undermining the support and confidence of cur-

rent workers that is so critical to the future of the social security program.

My vote against the conference report is therefore not an expression of opposition to continuing the minimum benefit, but a call to return this legislation to conference so that a compromise can be obtained that is more in line with the House position on this issue.

I think it unfortunate that several needed provisions have been added to this legislation by the Senate in an attempt to buy House votes to end the minimum benefit. Certainly there is a need for the procedures in the bill to help curb the continued payment of benefits to prison inmates and deceased beneficiaries. Moreover, the provision permitting unqualified borrowing between the three social security trust funds is a change I have long advocated and strongly support.

However, this is clearly not the vehicle to make these changes. The House version of H.R. 4331 provides only for the restoration of minimum benefits for all current and future beneficiaries. The Senate action to add major program changes to the legislation is not only unnecessary, it violates the pledge made by President Reagan in September that no changes in social security benefits would be considered until after a special task force on social security had provided specific recommendations to Congress.

Mr. Speaker, while I think it is imperative that legislation is adopted that restores the social security minimum benefit, the provisions in the conference report before us are unacceptable. I urge my colleagues to defeat the report and send it back to conference for further consideration of the House position on this issue.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. MOTTL).

Mr. MOTTL. Mr. Speaker, I want to associate myself with and endorse the remarks of the gentleman from Minnesota (Mr. VENTO), and ask my colleagues in the House to vote "no" on the conference report. We do not want two groups of senior citizens: One group that is lucky because they were 62 years of age before January 1, 1982, and the other unfortunate group that was 62 years of age after January 1, 1982. The conference committee can do better than this for our poorer senior citizens.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 4 minutes to the gentleman from Missouri (Mr. GEPHARDT).

Mr. GEPHARDT. Mr. Speaker, I rise to support this conference report and urge Members to vote for it. I also would like to point out that while this does not solve all of the problems of social security, I think a review of the chronology of the events surrounding this issue give us some sense of why we find it so difficult to deal with this issue.

Here we have a minimum benefit that is about $122 a month to people who for some reason did not qualify for a higher benefit.

On February 18 the White House released major details about its program for economic recovery and in that they completely cut out the minimum benefit as part of their budget proposal.

In June, on a bipartisan basis, the Subcommittee on Social Security of the Ways and Means Committee knocked out the minimum benefit prospectively but restored it and kept it on a retrospective basis. Everybody on the subcommittee I am aware of voted for that bill.

We then came to the floor in reconciliation. The Rules Committee asked for a rule that would allow a separate vote in Gramm-Latta on that question. That was refused and there was only an up or down vote on Gramm-Latta. In Gramm-Latta, as my colleagues know, the minimum was knocked out completely, retrospectively and prospectively, a position which, to my knowledge, nobody endorsed in the Congress but, indeed, that was the position the Congress voted for by voting for that bill.

Then in September, after a lot of argument back and forth, the President got on television and said we ought to restore the minimum benefit.

Now here we are 2 or 3 months later finally getting that done on the very same basis which we did it in the Committee on Ways and Means 8 or 9 months ago.

If we have this much trouble in the Congress dealing with an issue that is so clear cut as this one, I ask my colleagues how are we going to deal with social security in the overall if we cannot be more honest with one another, if we cannot deal with facts better than that, and if we cannot really sit down and try to deal with what is here rather than what we want some people to think is here.

While I am on what is here, I think it is important to note what has happened to social security in the last year. All we hear is we are not doing anything with the program. Perhaps we have not done enough. Perhaps we are going to have to do more, and I hope we can, even though I am discouraged by the chronology on this event.

But in the last year we have cut the minimum benefit; we have cut benefits for students. We have cut disability benefits. We have rounded benefits to save money. We have knocked out money for people that are getting workmen's compensation and social security. And we have done something with the earnings test to save money. Over the next 5 years we are going to save $22.4 billion for the trust funds from what we have done to social security this year.

All we continue to hear about is the charge on one side that we are not doing this and then a charge on the other side that we are not doing that.

I would suggest the only way to deal with social security is to lower the rhetoric, to deal with the facts, to be honest with one another, to say it like it is, and to not continually play legislative and political games with the most important program to the elderly people of the United States and, I would say, to the people of the United States.

Mr. Speaker, I yield back the balance of my time.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Speaker, I rise in support of the conference report on H.R. 4331, a bill to restore the social security minimum benefit.

Mr. Speaker, for some months now it has become apparent that Congress did not intend to totally eliminate the minimum social security benefit for current recipients. Last July, the House voted to reinstate the minimum benefit for current beneficiaries, and today's conference report is the culmination of several months of difficult negotiations by the social security conferees. I think that, on the whole, they have done a good job and are to be commended for their balanced approach to this difficult issue.

I believe this bill shows compassion for those who are receiving the minimum benefit and for those in great need. At the same time, it recognizes the need for reform within the system. Certainly we still have a long way to go toward a social security reform bill that will restore the fund to a sound financial basis for present and future retirees. This is a step in the right direction.

Mr. Speaker, this bill makes essential corrections by restoring the minimum benefit for current beneficiaries and those who will retire by December 31. In addition, it permits interfund borrowing until the end of 1982, which is at least a temporary, positive in keeping the system solvent.

The bill will also tighten reporting requirements relating to convicted felons who are in prison. In addition, it requires the Secretary to report on what actions are being taken to prevent deceased recipients from continuing to receive benefits. These are all reforms that legitimately and rightfully concern people, and I congratulate the committee and the conferees for addressing themselves to these issues.

In reviewing this bill in its entirety, we should note several important points: First, it keeps the faith with our elderly minimum benefit recipients by restoring a benefit they had

counted on—and received—for many years. At the same time, it limits future beneficiaries to a sum related to the amount they actually put into the system; second, it permits interfund borrowing to help get us through the short-term deficit; third, it is the first step toward financial responsibility because it tightens reporting procedures relating to waste and fraud; and fourth, it presents the beginning of a reform process that will protect the benefits of current and future recipients while, at the same time, returning the social security system to a sound financial basis. This generation and future generations cannot afford to be held hostage by the politicization of this issue; we owe them no less than a social security system that is sound and stable.

Mrs. FENWICK. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I thank my colleague for yielding. I would like to associate myself with her remarks.

Mr. OXLEY. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from Ohio (Mr. OXLEY).

Mr. OXLEY. Mr. Speaker, it is well past time to begin addressing the serious problems facing the social security system. So far we have taken no more than a band-aid approach aimed at temporarily patching up the system rather than addressing the severe financial drain facing the three trust funds. Even under optimistic economic assumptions, the old-age and survivors insurance trust fund, the largest of the three, will have depleted its reserves and will be unable to pay timely benefits to over 32 million people by 1983, and perhaps as early as fall of 1982. Financing of the disability insurance and hospital insurance trust funds will remain sound probably no later than 1986. We must act now to avert financial disaster for the social security system.

I am encouraged by the fact that a task force has been appointed at the President's request to study and develop solutions to the social security problem. However, I fear that these solutions may come too late. We cannot afford to waste more valuable time while the social security system continues to lose $12,000 a minute. The time to act is now.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 5 minutes to the gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. Mr. Speaker, I warmly commend our committee for what it has accomplished in this conference, against all of the pressure of the administration and the other body. You have made this a happier Christmas for about 3 million of our fellow Americans who anticipated that by the action we had previously taken under the duress of the administration they would not get their minimum social security check after the first of March of next year. The House conferees also rejected the provision in the Senate bill, proposed by the administration, installing a family cap which would have taken $1.4 billion out of the pockets of social security recipients. So I commend our conferees for what they have achieved. They have fought off efforts on the part of the other body to make many more vicious cuts in the social security program.

But regrettably, and I am sure the regret was no more poignant anywhere than in the minds of those conferees who are so dedicated to the elderly people of this country, it was at the expense of 7,000 people a month after January 1 who will not get the $122 a month minimum that we have restored to the 3 million elderly people of this country. They are the hostages who had to be given up for the benefit of the others.

This reminds me of a visit by my wife and myself to a English home a few years ago where the only son and daughter had departed to the war and never returned. In the great hall of that home were these words:

> You who come here
> go home and say
> we gave our tomorrow
> for your today.

Was it necessary that they give their tomorrow, these 7,000 people a month who were those people who were covered by the social security program, who paid into it for their 25 quarters, or who would have had their entitlement January 1 of next year? But that is a part of the price that we are having to pay for the resolve of those highest in authority in this Government, that the way to approach the social security problem is to cut benefits.

We have proposed means by which this program can be saved and it is easily done. But it seems the administration can see no alternative but cut benefits. As the gentleman from Missouri has just said, they have already this year cut benefits equivalent to about $19 billion over the next five years, even giving them credit for the restoration of the $6 billion which we restore in this conference report.

These cuts are only the tip of the iceberg. The administration has pending before the Congress recommendations for further cuts that would equal $37 billion a year for the next 75 years.

When we talk about permanent solutions for social security we have to make up our mind about one single thing. Do we want to solve the problems of social security by cutting benefits or do we not?

The other day Lou Harris released a nationwide survey about social security. He said if there is one fact unequivocally established in the minds of the American people, it is their support of the social security system, not only from the old but from the middle-aged and the young. Overwhelmingly, Americans of all ages support the current level of social security benefits, ever to the extent that they are willing to pay higher taxes for it. What concerns me is what the young people say:

> What will I get out there at the time of my entitlement if they are playing, as they are today, with the figures about future social security benefits for those whose rights have not yet been vested?

So we are playing on dangerous grounds here in jeopardizing the future right of people who have paid, according to the law, into social security benefits. Mr. Speaker, as we approach that season of the year when we are accustomed to think of new resolve and good resolutions, I hope it will be the solemn covenant of this House with the American people that we will not tolerate, we will not permit the cutting of social security benefits to the people of this Nation. We would reestablish by the integrity of this House in that commitment faith and confidence in the social security system, the greatest bulwark we have for a better life for the people of this country.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Speaker, I thank my colleague. I am very sorry to hear such a partisan approach to the problem of social security. I would like to associate myself with the remarks of the distinguished gentleman on the other side of the aisle, the gentleman from Missouri (Mr. GEPHARDT). His way is the one which is going to solve the problem and if we do not approach it in that spirit we are not going to get anywhere.

I know the devotion of my distinguished chairman, Mr. PEPPER; his heart and mine are in the same place. We must have a sound social security system. But we are not going to get it if we approach the solution of the difficulties in a partisan spirit. It is going to require the highest statesmanship and the highest sense of duty and obligation, as was stated by the gentleman from Missouri when he spoke earlier. I would like to associate myself with his remarks.

□ 1130

It is that attitude that is going to bring about a solution of great importance to so many people in this country.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. COUGHLIN).

Mr. COUGHLIN. Mr. Speaker, I rise in strong support of the conference report on H.R. 4331, legislation to restore the $122-a-month minimum social security benefit for 3 million current recipients.

The Omnibus Budget Reconciliation Act, which was signed into law in August, eliminated the minimum benefit for new retirees in December and current recipients next March. Congress had intended by this action to curtail windfall benefits for many individuals who worked only long enough under social security to establish their eligibility for retirement benefits. However, the total elimination of minimum benefits would also have affected those low-wage earners for whom the original provision was established. The House and Senate, therefore, quickly passed H.R. 4331 restoring minimum benefits under the Social Security Act.

The differences between the House and Senate legislation have been resolved so that those who are dependent upon social security will not be deprived of their benefits. Through enactment of H.R. 4331, we will hopefully regain the confidence of our older Americans to whom we have given our commitment that current benefits will not be cut, that the safety net will not be torn apart. Today, we can assure the millions of Americans currently receiving the social security minimum benefit that Congress will not break faith with them.

In addition to restoring the current $122 minimum social security payment, H.R. 4331 allows interfund borrowing among the three Federal payroll trust funds next year and the taxation of the first 6 months of sick pay, except worker's compensation. The conference report on H.R. 4331 also stipulates that the Department of Health and Human Services set up currently authorized AFDC/medicaid demonstration projects in at least 7 States to provide better health services for poor families.

I am pleased that H.R. 4331 addresses the problem of fraud and abuse within the social security program. This legislation would establish stiffer penalties for the misuse of social security cards by making such activity a felony and instituting substantial fines. Another provision in H.R. 4331 would require the Department of Health and Human Services to report to Congress within 90 days of enactment of H.R. 4331 the efforts it has undertaken to prevent social security payments to deceased persons. H.R. 4331 would also allow a waiver of certain sections of the Privacy Act to allow States to provide the Social Security Administration with information necessary to prohibit individuals from receiving social security disability and student benefits while in prison.

Addressing the needs of our senior citizens is one of our Nation's highest priorities and we must continue to strive to create a society in which old age is rewarded with respect and dignity rather than loneliness and dispair. I believe that confidence in our social security program and confidence in the coming days will be restored for the 3 million current recipients of the minimum payment today by the approval of the conference report on H.R. 4331.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. PARRIS).

Mr. PARRIS. Mr. Speaker, I am extremely pleased that the House and Senate conferees on the minimum social security benefit legislation decided to restore the minimum benefit for all recipients receiving payments before it was eliminated and for those who will become eligible before January 1, 1982.

A few months ago, a vast majority in the House voted to restore the minimum social security benefit. I joined my colleagues at that time to correct an inequity which would have adversely affected 3 million senior citizens. I was very disturbed to learn that when the Senate considered its minimum benefit legislation, it added language which would have severely penalized Federal retirees. Under the Senate proposal, retired Federal workers would have had their Social Security benefits reduced because they were also receiving Government pensions. They would have been required to have their social security benefits offset, dollar for dollar, when their Government pension exceeded $300 a month.

This was an unjust proposal which would have unfairly penalized about 350,000 senior citizens who have contributed greatly to their country. I have stated on numerous occasions that these individuals should not be asked to bear the burden of the social security system's financial problems.

I have made several statements on the House floor in opposition to this proposal and I have written all the conferees on the minimum benefit legislation to urge them to eliminate this unfair provision from the conference report. Federal workers took their jobs and planned their retirements with their social security and Government pension in mind. By changing the rules in the middle of the game, the Federal Government would have been breaking a commitment to provide these earned benefits.

I was pleased to learn that the conferees agreed to restore the minimum benefit for all recipients receiving payments before it was eliminated and for those who would have become eligible under prereconciliation law before January 1, 1982. For those retiring after December 31, 1981, benefits will be paid according to the formula established under reconciliation, which provided that benefits will be based on the actual earnings of beneficiaries and according to recomputation procedures prescribed in regulations issued by the Secretary of Health and Human Services.

To protect the financial integrity of the social security system, the conferees have allowed the borrowing between the three social security trust funds through December 31, 1982. This will give the Congress and the administration enough time to work on a more permanent remedy to the system's ailing financial condition.

The conferees also took other steps which will help ease the financial burden which social security is currently experiencing. Stiffer penalties have been provided for the misuse of social security cards, including making such activities felonies and establishing a $5,000 fine for knowingly altering or counterfeiting a social security card, or buying, selling, or possessing a counterfeit card. The conferees have also included language that requires HHS to report to Congress within 90 days of enactment on actions taken to prevent social security payments to deceased persons. The conferees have also taken steps to prevent persons from receiving social security disability and student benefits while in prison.

I believe that the conferees have taken some positive action in reforming the social security system to keep it financially sound without unfairly penalizing any one group of individuals. I commend the conferees on their efforts and I strongly urge my colleagues in the House to vote in support of this conference report.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Puerto Rico (Mr. CORRADA).

Mr. CORRADA. Mr. Speaker, I rise in support of the conference report on H.R. 4331 to restore the minimum benefits under the Social Security Act which have been eliminated by the Omnibus Reconciliation Act of 1981.

Restoring these monthly payments of $122 to more than 3 million social security pensioners throughout the Nation, including over 100,000 pensioners in Puerto Rico who are now receiving those payments, is an act of justice and fairness to these elderly people who can barely subsist with $122 per month and who would have been subjected to great hardship and even penury and misery if such benefits had been cut by more than half in many instances. In the case of Puerto Rico, while our people are subject to the payment of social security taxes in exactly the same manner as Americans residing in the States, the elimination of the minimum benefits would

have been aggravated by the fact that the benefits of the supplementary security income (SSI) have not yet been extended to the island, a situation which I hope the Congress will rectify in the near future. I regret that we are not also restoring these benefits to prospective pensioners after January 1, 1982 but at least, by approving this conference report, benefits will be restored to current pensioners and those who may become eligible before January 1, 1982.

I urge my colleagues to support this conference report.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Speaker, I rise in support of the conference report.

Mr. ARCHER. Mr. Speaker, may I inquire as to how much time is left on both sides?

The SPEAKER pro tempore (Mr. WRIGHT). The gentleman from Illinois (Mr. ROSTENKOWSKI) has 16 minutes remaining, and the gentleman from Texas (Mr. ARCHER) has 21 minutes remaining.

Mr. ARCHER. Mr. Speaker, I yield 5 minutes of our time to the chairman of the committee, the gentleman from Illinois (Mr. ROSTENKOWSKI).

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. JACOBS).

Mr. JACOBS. Mr. Speaker, first I want to express my gratitude to the gentlemen of the conference committee who agreed at least—at least—to extend the deadline for the minimum benefit past Christmas until the first of next year. That gave at least a nod to the House position.

House Members may recall that the House bill restored the minimum benefit-"period." The other body restored the minimum benefit-"except." You might even say that the philos- ophy underlying that restoration was "give them some day their daily bread under certain conditions"—the condition that they not be Federal employees in the past, the condition that they already have been eligible on November 1, 1981.

The conferees for the House struggled and, in the end, obtained some little recognition of the House's position in that regard.

I want to direct the Members' attention to the so-called Gramm-Latta II legislation in which the minimum benefit was eliminated instanter, practically, for the people to whom Mr. PEPPER referred a few moments ago.

If there were Members of this body who felt compelled to vote for that reconciliation legislation, I remind every Member, I remind the Nation that there was a motion in connection with the procedures surrounding that reconciliation legislation which would have permitted the House to vote individually on the social security question.

I remember well that the gentleman in the chair now, the majority leader, argued for that motion, pointing out to the House, in his usual eloquence and not uncertain terms, that with the approval of that motion, Members would have the opportunity to vote separately to save the minimum benefit under social security and then go on to vote for the reconciliation legislation if they chose to do so.

Now, there have been suggestions that the gentleman from Florida has been partisan in his remarks. The gentleman from Florida served in the Congress when the great Harry Truman was President of the United States, and I believe that President was accused of being partisan, too. He said he gave the Republicans whatever the opposite of Heaven is, and the President replied—and this could apply to what Mr. PEPPER said today—"I don't give the Republicans (blank), I just tell the truth about them and it sounds like (blank)."

Mr. PEPPER told the exact truth about what happened on that reconciliation occasion. The House was not faced with an up or down vote on reconciliation, take it or leave it, all of the good things that some Members perceived in that motion and the bad; the House was faced with a decision of dividing the question and voting individually on the social security question. And on that question a very partisan and party line vote ensued, my party lost on that vote and the minimum benefit was killed.

Reference has been made to the President's suggestion for a permanent solution to the social security program. Now, if nobody collected any benefits from the social security program at all, that would solve the financing. In fact, there would be enough money left over to finance a war in El Salvador.

All I hope is that when the Congress adopts its permanent solution to social security, it will not amount to a final solution for the recipients.

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. SHANNON), a member of the subcommittee.

Mr. SHANNON. I thank the gentleman for yielding.

Mr. Speaker, last July, the House voted nearly unanimously to restore the minimum benefit for all current and future retirees. I deeply regret that the Senate insisted on cutting benefits for those eligible to receive them next year, and in years after that. Most of those people who receive the minimum benefit are elderly women, and many of them will have no option but to apply for welfare.

Earlier this fall, the Senate voted to cut social security family benefits drastically, and to impose a means test on Government employees currently receiving the minimum benefit. I commend the House conferees for rejecting these unwarranted and unfair provisions.

Throughout this year's ongoing debate over how to address the funding problems facing the social security system, the administration has paid very little attention to the needs of the elderly, or to whether the benefits paid out by the system are adequate. If there had been concern over the economic security of elderly Americans, then the President would never have proposed drastic benefit reductions back in May, and we would not be here today having to fight to restore a $122 per month for elderly men and women.

I am glad that the conference report at least restores the minimum benefit for those currently receiving it. We can face the people at home over the Christmas recess knowing that the Social Security Administration will not be sending out notices to 3 million retirees telling them that their benefits will be cut.

But we draw the line here. We are not going to let the administration cut benefits for elderly Americans solely as a budgetary tool.

The conference report on social security does not go as far as the House wanted it to go. But, it will prevent current retirees from losing vital benefits, and it does help address the system's financing problems in a way that will mean the least amount of disruption and distress for the country's elderly. For these reasons, I am going to support it.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I just want to correct one thing. Tne impression by the discussion here today would lead you to believe that my Democratic colleagues, in the reconciliation bill, had no reduction in social security benefits. They did. And it should be made very clear that the difference is one of degree on how much of a decrease in future social security benefits. So I think it should be clear right now and here that the reconciliation bill offered by the Democratic Party in this House, known as the Jones reconciliation bill, had reductions in social security benefits. So the difference is one of dollars.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, I would like to point out also that the minimum benefit is being phased out under the decision of the majority in December of 1977. The minimum benefit was frozen as of that time and will

phase out between now and the time the last recipient of the minimum benefit dies.

Mr. ROUSSELOT. Then, actually, the Democrats want to do that?

Mr. CONABLE. They wanted to phase it out, also, over a period of time.

Mr. ROUSSELOT. Oh, you would not know that today, would you?

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio (Ms. OAKAR).

Mr. BEDELL. Mr. Speaker, will the gentlewoman yield?

Ms. OAKAR. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Speaker, I rise in support of the conference report to accompany H.R. 4331, the social security minimum benefit restoration bill. I want to commend the conferees on their hard work on this crucial matter. We all realize that a social security conference is never easy, and the serious nature of the financial difficulties facing our social security system made this conference report very important.

From the beginning, I have protested the administration's plan to eliminate the minimum benefit. I am pleased that the conference committee agreed to reverse repeal of the minimum benefit for current recipients. This action is a positive first step.

The conference report before us authorizes interfund borrowing among all three social security trust funds until December 31, 1982. This provision addresses the immediate short-term financial problems of the social security system, but it is not a remedy for the long-range ills of the system. The need remains clear and strong for more substantive action.

In this regard, I have been doing a lot of research and studying and talking to my constituents in northwest Iowa about how we can save social security in the long term. Through forums conducted in June throughout the Sixth District, through public meetings I held in August, and through many valuable letters, I have received helpful suggestions from my constituents on how we can preserve our social security system in a fair and even-handed manner. As a result, just a few weeks ago I introduced three bills which would save the system without hurting present and future retirees.

My package of bills, Mr. Speaker, would include the following provisions: First, would preclude payment of all social security benefits to convicted criminals; second, would increase the cost-of-living adjustments by either the rise in the CPI or the wage index, whichever is lower; and third, would redirect the system back toward its original purpose by financing hospital insurance from general revenues.

Experts tell us that the retirement and survivors fund will come up short by an estimated $80.9 billion in the next 5 years and that the system will need $110.6 billion in the years 1987-90. Thus, as best we can tell, social security will need about $191.5 billion more in 1981-90 in order to continue paying benefits.

My social security package is projected to save social security at least $213 billion. I say at least because I am referring only to my bills which address the cost-of-living adjustments and the funding of hospital insurance. Additional savings would result from the elimination of social security benefits to prisoners—about $17 million in 1982.

I believe that my proposals address both the short- and long-term problems of the social security system. It is not a Band-Aid plan that will fix the system temporarily. Rather, these bills, if adopted, will assure financial stability at least through the next decade.

It is my feeling that once and for all we must solve the financial problems of our social security system. In the past we have not been accurate in estimating the financial needs of the system and we have time and time again relied on raising taxes. I believe that we do not have to resort to raising taxes or significantly cutting benefits by accepting a plan that will clearly restore the integrity to the system and build confidence in social security.

By accepting the conference report on H.R. 4331, we are taking the first step, a positive step in the right direction. The restoration of the minimum benefit for current retirees will finally put an end to the uncertainty that so many retirees had to face during the past months.

From the beginning, I felt that we should not have inflicted such uncertainty and fear upon our elderly by inaction in this vital area. It has been a difficult fight in Congress, but I, for one, am ready to do more. I urge my colleagues to support this conference report. I also ask my colleagues to join me in keeping the fight going to preserve and save our social security system.

Ms. OAKAR. Mr. Speaker, I chair a task force for social security and its treatment toward women, for the Aging Committee. Every time we have cuts in social security we especially affect the poorest person in this country—the older woman. Of course, older men do not do too much better.

Some of the first benefit cuts in the history of the system were made in the budget resolution offered by this administration; $25 billion of benefits were taken away in an effort to balance the budget on the backs of the elderly and our disabled. The first step in solving the problems of social security is to remove the trust fund from the unified budget so that no administration will be tempted to balance the budget by cutting social security benefits, the second largest pot in the budget.

With reference to this conference report, I want to commend the gentleman from Illinois for his efforts in restoring the minimum benefit for current beneficiaries. In addition, the bill has a positive addition by providing for interfund borrowing for 1 year. However, this version is far different from our House version in one major area, and I hope we do not deceive the American people into thinking that this bill restores the minimum benefit totally.

I am extremely disturbed by the incomplete restoration of the minimum benefit. Three million people will rest more easily at Christmas because they can be assured of their minimum benefit check, but 7,000 people coming on the rolls in January will not have a holiday. Who are these people? These people are mostly women, our mothers and grandmothers, and displaced homemakers, who have the necessary number of quarters but because of their low wages and intermittent work pattern will not receive the current minimum of $122 per month. These people also include the disabled and widows and widowers of eligible spouses. They will be denied the minimum. Their potential benefits will be reduced an average $60 per month, allowing them an income of only $720 a year

This conference report falls flat of our original intent of complete restoration of the social security minimum benefit. Eighty-four thousand people will be denied the minimum benefit during 1982. For many people, the minimum benefit is their only source of income.

Today I am introducing a bill to restore the minimum benefit to future beneficiaries. I am proud to have Senator PEPPER, our majority leader, and others as major sponsors. I invite others to cosponsor this bill to restore the minimum benefit so that when we return we truly restore the minimum benefit.

□ 1145

Mr. CONABLE. Mr. Speaker, will the gentlewoman yield?

Ms. OAKAR. I yield to the gentleman from New York.

Mr. CONABLE. I thank the gentlewoman for yielding.

I am curious if the bill adds cost-of-living adjustments to the minimum benefit which the gentlewoman is restoring prospectively, because there has been no increase in the minimum benefit under the bill that the gentlewoman's party passed in December of 1977.

Ms. OAKAR. I would love to respond to that about my party.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, in reality there are two primary aspects of H.R. 4331. One aspect deals with the short-term financing of the program; namely, the interfund borrowing provision.

The other main aspect restores the minimum benefit for those presently receiving it and for those who will be eligible to receive the benefit through the end of this year. Although I cannot support the stopgap financing aspect of H.R. 4331, I do support the restoration of the minimum benefit as provided by the conferees.

We all know that changes will have to be made in the social security program. It is important that we give those who are affected by these changes time to adequately prepare for them. It is my belief that the elimination of the minimum benefit in the Omnibus Reconciliation Act of 1981 was too abrupt and unfair to those who have come to reply upon their minimum benefit as a supplemental source of income. Changing the rules in midstream is poor policy.

The prospective elimination of the minimum benefit will make certain that beneficiaries will receive social security benefits based on their actual earnings record. Let me stress to my colleagues that even the prospective elimination of the minimum benefit will not adversely affect those who would have received this benefit in the future. There is a Federal safety net which provides for those low-income elderly in need. This social safety net in my State of California consists of potential payments and benefits under Federal SSI, State SSI supplements, food stamps, and medicine.

Mr. PICKLE. Mr. Speaker, I yield 1 minute to the gentleman from Georgia (Mr. JENKINS).

Mr. JENKINS. Mr. Speaker, I am very pleased that the House today is taking action to reverse one of the mistakes that was made in the reconciliation bill. At that time I indicated that this House was making a grave mistake in taking the action that it did and I want to express my appreciation to the House in helping the President undo the mistake that he made.

It is one thing when we say that we have to reform social security. It is another thing to simply attempt to reform in the name of reform by eliminating people who have been drawing social security for many years, the very poor, the very low income people.

At that time, I voted against reconciliation based primarily upon the fact that this body was making a grave mistake in following the lead of the President in arbitrarily and uniformly disallowing people who had paid into social security, albeit on a low-income basis, and had been drawing social security for many years.

I want to say to the gentleman from Texas (Mr. PICKLE) and to the Members from this side of the aisle that I realize that this would not have been done had it not been for the insistence of the Democratic Members of the House, and I think that the gentleman deserves the appreciation of the old people of this land.

I would hope that, in the future, this House will never again blindly follow any President, simply because he may be popular at the moment. It is our responsibility to examine and study every proposal before voting for it. We did not do that in the reconciliation bill. I would urge and plead with those Members, especially those from the Republican side, who previously voted to take away these benefits from 3 million elderly Americans, to reverse their position and correct their mistake, by voting for this conference report.

The SPEAKER pro tempore. The Chair will state that the gentleman from Illinois (Mr. ROSTENKOWSKI), represented by the gentleman from Texas (Mr. PICKLE), has 12 minutes remaining and that the gentleman from Texas (Mr. ARCHER) has 15 minutes remaining.

Mr. PICKLE. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. FORD).

Mr. FORD of Michigan. Mr. Speaker, I rise in support of the conference report.

Mr. PICKLE. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri (Mr. SKELTON).

Mr. SKELTON. Mr. Speaker, I rise in support of the conference report which will restore the minimum social security benefit to the 3 million elderly currently receiving it. This is welcome news, and certainly comes as a great Christmas present to the senior citizens who were facing the prospect of losing this vital part of their income within just a few weeks.

This conference report also provides for interfund borrowing within the social security trust funds. This is a concept which I have advocated in the past.

Mr. Speaker, the most important provision of this conference report, however, remains to be the restoration of the minimum benefit. We cannot pull the rug out from under people who have worked out a lifestyle for themselves based on a limited income during their retirement. Not only would this have been grossly unfair, it would have been devastating to the social security system which depends on the confidence of the people in order to work at all. I had opposed the elimination of the minimum benefit from the beginning, and voted to restore the benefit this past July. Elimination of the minimum benefit was a poor attempt to make the Government books look good on short notice, but it did not work. The minimum benefit was part of a contract that was made between the people and the Government and we should not, under any circumstances, deny this commitment. I continue to stand firm in my efforts of fiscal responsibility as I have in the past, but I also intend to stand up for the pact already made through the social security system with the people of this country.

We should be ever mindful that the integrity of the social security system should be kept intact—not only for the elderly, who depend upon it, but for those who are working and paying into the system at the present time. They look at what is being done, and by restoring this minimum benefit, they are being reassured that we in Congress intend to protect the integrity of the system.

Mr. PICKLE. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. FOUNTAIN).

Mr. FOUNTAIN. Mr. Speaker, I simply want to associate myself with those who have spoken in behalf of this conference report which restores the minimum social security benefits to current recipients. I have always felt that the most precious crop we grow in America is our children, and next to them, so far as I am concerned, the most precious human crop we have left is our talented and experienced reservoir of senior citizens. Unfortunately, too many of them have little to look forward to in a material way.

As the gentleman from Georgia said, I too voted against the reconciliation proposal in large part because of its damaging effect upon some of our senior citizens.

My desire to reduce expenditures, excessive expenditures, has not diminished; but, it must be accomplished in a reasonable manner. I sincerely hope that in our efforts to provide a more permanent structure for social security in the years that lie ahead, we will do nothing to endanger these citizens whom we are now trying to protect. We cannot, we must not, let them down now.

Older Americans, Americans who have worked hard all their lives in support of their families, their communities, and their Nation, have counted upon the social security system to supplement their incomes in their later years.

The social security system is not without its problems—serious problems. But, this does not give us license to change the rules in the middle of the game.

I fully support the conference report which would restore the minimum

benefit for all those who are currently receiving benefits.

Additionally, this conference report would authorize interfund borrowing among social security trust funds, and that will give the Congress time to find responsible and long-lasting solutions to the long- and short-term problems in the system.

Furthermore, the conference report makes other changes in social security which will, hopefully, aid the Social Security Administration in reducing fraud and mismanagement which robs rightful recipients of their benefits.

Many ideas have been advanced as to how the social security system should be reformed to keep it financially sound. This is an issue which will not go away, and a wide range of solutions must be studied.

And in the long run, it will doubtless become necessary to change the benefit structure somewhat and to broaden the source of income for the social security system to fulfill its requirements.

Clearly, responsible changes must be made in social security to keep it actuarially sound; but, we must also insure that those who have paid into the system continue to receive what they are entitled to.

I fully support this conference report, and I call upon the Congress to work diligently and forthrightly toward a sound social security system.

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Speaker, contemplate what occurs if this conference fails today. The Social Security Administration is prepared to send out notices to 3 million elderly citizens, most of whom are not aware of the law as it exists today, most of whom do not know that on March 1 they will no longer receive their checks, most of whom will be shocked and it will have a devastating effect on their health, if not their lives, when they receive that notice in this Christmas season.

I would urge the Members of this House to contemplate very seriously whether they vote for or against this conference report, although it may not be the alpha-omega, it may not be all we desire, it certainly is the best of a bad bargain and what it in fact accomplishes is the restoration of benefits to those 3 million.

Mr. Speaker, I remember the vote on the Budget Reconciliation Act. I voted against it and opposed it vigorously because it called for the eliminating of the minimum benefit. I have a personal interest in this matter, a special personal interest—the President of the United States called me and asked me to vote for his tax package and I said I would if he would give consideration to the restoration of those minimum benefits and he said he would protect the truly needy.

Shortly thereafter the bill was introduced by the gentleman from Missouri (Mr. BOLLING), H.R. 4331, and was adopted virtually unanimously. The very same people who voted for the Budget Reconciliation Act which terminated those benefits, reversed themselves. They were given liberty to vote for that measure.

Their consciences should not be eased by their later vote on this measure. I voted for the tax package and as far as I am concerned, the President's commitment will be completely fulfilled, when he signs this bill into law and completes the legislation saga of the minimum benefits for the elderly.

Mr. Speaker, no matter what we might feel about all of the provisions of this conference report, I implore my colleagues to support final passage for we must end a nightmare for 3 million of our elderly citizens. The nightmare began almost 6 months ago when Congress, at the direct request of the President of the United States, voted for the Budget Reconciliation Act which called for the elimination of the social security minimum benefit for all those presently receiving it, effective on March 1, 1982.

We then found ourselves in the unprecedented position of being the first Congress in history to ever reduce social security benefits for current beneficiaries. Since that fateful day—these 3 million elderly—who I might point out—are among the poorest of our elderly population—have been anxiously watching events in Washington. They have also been living in imminent fear of receiving the official letter from the Social Security Administration advising them of the cutoff of the minimum benefit. The thought of that letter being sent out to 3 million seniors—during the holiday season—was most distressing to me—and our actions today in passing this conference report will avert that specter. Equally as disturbing would be the situation involved for those elderly who might not be notified in advance of the cutoff—and suddenly in April of 1982 they do not receive their monthly minimum benefit check. Passage of this conference report will avert that tragedy as well.

Let us review the steps that lead us to where we are today. Shortly after we enacted the Budget Reconciliation Act—I had the occasion to speak personally with President Reagan in conjunction with our consideration of the tax cut bill. I told the President of my total opposition to his proposal as approved by Congress which eliminated the social security minimum benefit. I indicated that if he would work toward the restoration of the minimum benefit—I would consider supporting his tax proposal. The President advised me that it was never his intention to harm the truly needy among the minimum benefit recipients and that he would work for the restoration for these individuals. Based on that pledge, I supported final passage of the tax bill which is now law.

Just days after this conversation, which did receive a great amount of national attention, the House passed the original version of H.R. 4331 which restored the minimum benefit for all persons present and future. The Senate, in a somewhat more deliberate fashion, passed a modified version of the legislation. The conference report before us reflects the compromises struck. After our action today—the legislation goes to the President for his signature. His approval will reflect the fulfillment of his commitment to me and to the American people. It may help to restore some faith among our seniors who have been shattered by the actions of this administration and Congress concerning social security. Let us use this legislation as a catalyst for more comprehensive social security reforms, which are desperately needed.

Clearly, the most important provision in this conference report is the restoration of the minimum benefit for all those persons presently receiving it. We are talking about 3 million elderly, an overwhelming majority of whom are women. We are talking about hard-working men and women who were in jobs which did not pay them a sufficient enough wage to allow them to contribute to social security in an amount that would at least equal $122 a month. The minimum benefit guarantees this level of income for these individuals.

I join with my colleagues who are angered by the arbitrary cutoff date with respect to prospective beneficiaries but even this must be viewed in perspective. I support the fact that the conferees exempted nuns and others who pledge to the vow of poverty for service from the language barring any new minimum benefit recipients. It is also important to note that the cutoff date for new recipients was to be November 1, 1981. Under this legislation, it is delayed until January 1, 1982.

Another important provision in this conference report is its rejection of the ill proposed Senate agreement which would not have restored the minimum benefit for those retirees with Federal, State, or local pensions which exceed $300 a month. There was never any sensible justification for this and in reality, it smacked of discrimination and the conferees were wise to reject it.

I am an ardent supporter of the provisions dealing with interfund borrowing which are contained in this conference report. Interfund borrowing is essential and makes good commonsense. Two of the three social security trust funds have operating surpluses—the

one that does not—is the largest one, the old-age and survivors fund. Interfund borrowing will avert any interruption in the providing of benefits. While I would have preferred a longer period of authority for interfund borrowing, this is an important first step.

I commend the conferees for also rejecting the Senate provision which would have limited the maximum family benefit for retirees and survivors to that applicable to families of disabled individuals. According to our distinguished chairman, this provision would have reduced benefits by some $3 billion over the next 5 years primarily at the expense of families of insured deceased individuals with more than three dependents.

Let us today put an end to one of the sorriest episodes in modern public policy history. Let us remove a black mark which blemishes the record of the 97th Congress—namely that this is the first Congress in history to have ever voted to reduce social security benefits for existing beneficiaries. Let us by voting for this conference report begin the process of reestablishing the Congress as the true defenders of the social security system. Let us stop threatening its integrity and instead work for its preservation and strengthening.

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Speaker, some of our colleagues have been bemoaning the fact that there have been partisan tones to the debate. I think there are some issues on which partisanship is not useful, but Ronald Reagan has taught us that a party should stand for something after all and that a party should have an ideology, and it seems to me that the Republican Party, the minority party in this House, has been honing its ideology for the last 20 years and moving toward a more conservative position, and I think we should have respect for that, that the party does stand for something.

Some of us would like our party to be clearer in its ideology from time to time, but the fact of the matter is partisanship on this issue does at least reflect the differences in the two parties and there is nothing to be ashamed of here.

There is a difference. There was a different point of view on this side of the aisle and it has been properly reflected. Parties do perform useful functions. When a group of people does not have anybody to stand up for them and they need someone to stand up for them, a party does perform a useful function. I am proud of my party for what it has done on social security and I am proud of the people who have made courageous votes on this side of the aisle and I do not think we should bemoan the fact, I say to my dear friend from New Jersey, that there have been partisan tones in this debate. It is merely a perfect reflection of the differences in the two parties, and if the gentlewoman is uncomfortable with the position of her party, which I sense she is, I think all of us have a great deal of sympathy for that, but it does not in any way diminish or decrease that difference.

During the election campaign last year, President Reagan made the following pledge to protect social security benefits before the American Association of Retired Persons:

> Any reform of the social security system must have one overriding goal—that the benefits' of those now receiving—or looking forward to receiving—social security must be protected, and that payments keep pace with the cost of living.

Despite this pledge, virtually every proposal made by the President since he entered office has been an attempt to eliminate or cut back social security benefits for millions of Americans. Last May, the President announced a number of proposals that were aimed at drastically reducing benefits. These included reducing the percentages of benefits paid to early retirees, restricting eligibility for disability benefits, delaying the annual cost-of-living-adjustment, taxing sick pay, placing a cap on family benefits, and eliminating the monthly minimum for both current and future recipients. Despite the overwhelmingly negative public reactions to this blatant attack on social security, the President and his allies succeeded in pushing through the elimination of the monthly minimum for both current and future recipients as part of the omnibus reconciliation budget bill last summer. Among other things, the elimination of $122 monthly minimum would have severely cut the benefits of 3.1 million Americans, of whom two-thirds were over the age of 70, and 85 percent of whom were women. Morever, 500,000 of these recipients were over the age of 80, and 16,000 over the age of 95. Yet the administration saw fit to try to slash their benefits, apparently on the presumption that anyone who is alive is also capable of supplementing retirement income with work.

On the same day that the House approved the omnibus budget bill, it voted 404 to 20 to restore the minimum benefit completely, to both current and future recipients. It did so by passing H.R. 4331.

Then, the Senate spent months delaying approval of H.R. 4331, trying to find ways in which to preserve cuts in social security benefits. While the Senate dallied, the President announced in early September that he still wanted, to delay the 1982 cost-of-living adjustment (COLA). He did not explain, however, in what manner he planned to delay the impact of inflation on the incomes of recipients whose COLA's were to be delayed. The public reaction was again so negative that the President was forced to go on television, on September 24, to reassure the public that he did not plan to cut benefits.

Once again, however, his allies in the Senate got to work, on doing just that—cutting benefits. When the Senate had approved its version of H.R. 4331, there were major cuts: The monthly minimum was eliminated for all future recipients; the minimum was also eliminated for all current recipients living outside the United States; there was a discriminatory dollar-for-dollar cut in benefits for those persons receiving public service pensions over $300 a month, but not for anyone receiving other kinds of pensions; the maximum family benefit was lowered; and social security taxes were to be deducted from the first 6 months of sick pay.

The Senate version of H.R. 4331 was in the true spirit of the administration—while proclaiming protection for social security, it set about gutting it for millions of Americans. The House and Senate then had to have a conference on H.R. 4331, to come up with common language. Yet the so-called compromise violates the pledges made by the President, time after time, before the Nation, to protect social security. It does so with particular impact on future recipients, by unfairly and abruptly eliminating the minimum benefit for all new recipients after January 1, 1982—all of 2 weeks from now.

This compromise, which we are considering today, will penalize the poorest citizens of our society the most, both now and in the future. For what it means is that starting in 2 weeks, we will no longer assure all retired Americans that they will receive an absolute minimum of $122 a month in social security benefits. Instead, benefits will be based on what is called one's earnings history. But what this really means is that those who have had the lowest salaries will be getting benefits of $40 or $50 a month, rather than the current minimum of $122. The $122 was the way in which we made sure that all retired Americans had some pitifully small minimum to support them; $122 a month does not go a long way—it is only barely $4 a day. Yet the Reagan administration and its Senate supporters have now found another way to punish those who are poor—by eliminating even this grossly inadequate minimum base for survival. When we already know that tens of thousands of our elderly eat pet food, because they cannot afford real food, it is a travesty and a disgrace to further impoverish and humiliate them.

The elimination of the minimum as of January 1, also violates any sense of giving adequate warning to future re-

tirees that a major cut in benefits was impending. What are elderly Americans near retirement supposed to do, who were counting on the $122 minimum? Are they supposed to go out and find a second job? How are they to survive on $60 a month instead of $122? What kind of nation does this to its elderly poor?

Another utterly unfair cut in social security benefits in this distorted "compromise" is the imposition of the social security tax on the first 6 months of sick pay. Is it not enough that a person is so ill that they cannot work? Do we really have to tax their sick pay? It is patently cruel to add to the burdens of the seriously ill as the tax on sick pay does.

The amount of money generated by these cuts is absolutely insignificant, compared to the total deficit of the social security system or the national budget. Experts estimate that elimination of the minimum benefit will save only $125 million a year. This compares to the $138 million we will spend in fiscal year 1983 for golf, bowling, softball, and tennis on military bases. Or the $102 million for military bands. Or the $12 a meal subsidy on every meal at the officers' dining rooms at the Pentagon. Or the $60 billion in tax loopholes we gave corporations, through leasing of tax credits over the next few years. Those favoring these cuts in benefits claim that this is necessary to keep the social security system solvent. Yet the amount of money to be saved is so small that major work will still be needed. But we have repeatedly refused to do away with tax loopholes that would yield more than enough funds to keep social security solvent indefinitely—such as the $12 billion a year tax gift given to the oil companies in the Reagan tax bill. How is it that we have enough money to give the oil companies $12 billion a year, but not enough to protect our elderly from the ravages of poverty and sickness? Think of it—we will save $125 million a year by eliminating the minimum benefit, while imposing severe hardship on the poorest of our elderly. Our spending priorities have become a disgrace. Is this the way in which the President fulfills his "overriding goal"—protecting the benefits of all current and future recipients?

Mr. Speaker, it is not enough that we have preserved minimum benefits for current recipients—that should never even have been an issue, but the President and the Senate made it one. It is not enough that we have prevented other grossly unfair alterations in benefit formulas. There is simply no decent reason for the "compromise" that the House conferees agreed to, violating the trust that millions of Americans have in the social security system. If we go through with these abrupt and unfair changes, which citizen will ever again have trust in the supposed protections that social security offers against poverty in old age? If we agree to these compromises, we will be further undermining the trust of Americans in their political system.

Mr. Speaker, we have seen that the President has no intention of living up to his pledge to protect the social security benefits of Americans. Because of the Senate's delays, we are in the position of accepting this punitive compromise, or forever eliminating the minimum benefit for all retirees. It is an unconscionable position for the House.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. MOFFETT. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, my charming young colleague——

Mr. MOFFETT. I thank the gentlewoman.

Mrs. FENWICK. [continuing]. Is too young to remember, but I am not, that the father of social security in this House was Republican Robert Winthrop Kean, a Representative from New Jersey.

Mr. MOFFETT. I thank the gentlewoman for that information.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina (Mr. CAMPBELL).

Mr. CAMPBELL. Mr. Speaker, I am deeply disturbed as I listen to the rhetoric that is coming forth concerning social security. This issue is most important to all Americans, young and old. As we look at history and we see that when we initiate the system we had 16 Americans paying for 1 retiree and today we have 3 paying for each 1 retiree, it does not take a mathematical genius to know that we have problems.

When we look at the fact that back in the 1950's we initiated an early retirement program and that we indexed that later to inflation, it does not take a genius to know that we are draining the system.

When we look at the fact that we let people retire under another retirement program and work a short period of time and then become eligible to draw minimum social security benefits—not the poor, but those who in fact have money—and then at that time drain the system from those who need it, we know we have problems.

As a matter of fact, Mr. Speaker, when we look at the fact that we initiated just a couple of years ago the largest tax increase in the history of this Nation, to fund social security, and we see it has not done the job then we know we have problems.

I would like to commend the gentleman from Texas (Mr. PICKLE). He has done an outstanding job. This committee has tried to do an outstanding job. But, Mr. Speaker, I think it is the height of hypocrisy when the Committee on Ways and Means is in fact instructed by the majority leadership not to bring a bill out to solve the problem of social security because they want the political issue.

I think quite frankly that the American people should know that that is exactly what we are hearing here today partisan rhetoric, not a solution.

Mr. PICKLE. Mr. Speaker, I yield such time as he may consume to the gentleman from New York, (Mr. PEYSER).

Mr. PEYSER. I rise in support of the social security conference report. The Congress should be ashamed of the fact that it supported the administration's program to eliminate the 3 million person who were covered under the minumum benefit plan. These were the poor and the elderly. I am pleased that this action will restore the benefits to these needy people.

Mr. Speaker, I am unhappy, however, that we did not leave the program as it was orginally. After January 1, 1982, there will be no additional people eligible for the program. I hope in 1982 the Congress will address this problem.

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. RATCHFORD).

Mr. RATCHFORD. Mr. Speaker, what we find today is typical of the sometimes impossible choices at the end of any legislative session. Generally they focus on an area where the choices are those that neither side likes. We have that type of situation today.

I cannot help recalling the earlier reference to an old movie series, the "Perils of Pauline." In that silent move scenario, after much tension and high drama at the last moment the heroine was always saved.

We engage in that type of saving today, but I would say to those who participated in the drama that the high drama and tension really was not necessary. That tension falls on those who need it the least, the frail elderly. In this case, 3 million Americans in their seventies, eighties, and nineties.

Let us look at a script. It did not begin with a previous administration, it began with this administration, at the White House, with David Stockman. It continued with the script that was called Gramm-Latta. It continued with a vote on reconciliation, and today I cannot find one Member who admits that when he voted for Gramm-Latta they voted to eliminate 3 million Americans on social security.

□ 1200

Well, now we are finally doing something about it. We are going to do the humane and right thing. We are going to restore those benefits.

This, indeed, is the only proper thing to do. A satisfied choice, no. I do

not like what we are doing to future beneficiaries. I do not like a tax on sick benefits. I do not like what we are saying to those currently receiving benefits, because we are saying Government, this Government, is prepared to cut those who have a contract with the American Government; but the choice is ours and other options do not exist at this late date.

To the Committee on Ways and Means, I applaud your effort. It is the only proper thing to do. Let us be on with it before we adjourn today.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. Mr. Speaker, we have learned a whole new political lexicon over the last few years. We have heard that a double dipper is somebody who has earned the right to two pensions and is suddenly somebody to be looked upon as a grasping and conniving selfish individual because they are concerned with their retirement; that the whole notion of why we are here can only be stated in one simple and clear way. One party views the people who had been receiving minimum benefits as the front line soldiers in the sacrifice for inflation. Another party recognizes that governments are organized to help people and, indeed, the poorest of the poor to be able to fend over the high cost of living.

I think that my party, as pointed out by the gentleman from Connecticut, Mr. MOFFETT, stands for something. It stands for the minimum benefit. We would not be here today if we had not cut it originally, in my opinion, a vain and futile attempt to deal with inflation by screwing the people who are least able to afford it.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, I have no objection to people earning two pensions, but it does seem to me that when part of one pension is unearned, they are in an odd position to say that we have earned our unearned benefits.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, we are nearing the end of this debate with only one or two speakers remaining.

I would point out that there is very general agreement on the conference. I would hope we would receive a unanimous or near unanimous vote on this conference.

There are only two areas where there is some contention, that is in the question of the use of interfund borrowing and the question of eliminating prospectively the minimum benefit. Both of these issues will be faced by the Congress a year from now whenever we address these problems.

The main thing to remember now is that we are in general agreement on the overall purpose of this bill. This is approved by the Social Security Administrator, Mr. Svahn.

It is approved by the conferees.

It has the endorsement of Mr. Wilbur Cohen, former Secretary of HEW and HHS; Mr. Bill Driver, the former SSA Administrator, and of Robert Ball, the former SSA Administrator.

I think nearly all parties are in agreement that this conference report should be adopted. As we adopt it, let us be resolved that we will responsibly address the problems of the whole social security program next year—and do the responsible thing and the right thing for our elderly citizens.

Mr. ARCHER. Mr. Speaker, I yield myself 12 minutes.

Mr. Speaker, over the years too little time and attention has been paid to social security and all of its complexities and ramifications by the Congress of the United States, despite the fact that it was growing to a level where it is today only second to defense in the total number of dollars that flow out of Washington.

I think it is well today to briefly examine the history of the Congress and the social security system over the past 15 years. Unfortunately, it is not an attractive narrative in fiscal responsibility. The latest chapter being written today does not improve on that record. Here are just a few of the episodes from the chronological facts in the Journal. Throughout all the years in which the Congress voted benefits to social security recipients, usually just before election time, those benefits on a cumulative basis far outstripped advances in the cost of living. For example, over a 5-year span from 1968 to 1972, the Congress increased benefits nearly 72 percent across the board at a time when the Consumer Price Index was rising at at a rate of less than 5 percent per year.

In one of those years, 1972, the Congress really outdid itself. It passed a 20-percent across-the-board increase in benefits, without providing 1 additional cent of tax revenues to pay for that increase. It was an irresponsible act on the part of this body and it helped bring the social security trust funds to the edge of bankruptcy later in the decade.

Only a few of us in this Chamber today were present on that occasion, fewer still may remember it. There were only 35 votes, including mine, against the motion.

If this one step had not been taken, the system would not have faced the crisis that erupted in 1977. But a major crisis did develop and Congress again handled it inadequately.

Some of my Republican colleagues and I offered a program that year to strengthen the system, not only financially, but structurally. The trust funds would have been placed on a sounder basis over the short run and the long run and, importantly, the equity of social security would have been improved dramatically; but that proposal was dismissed almost out of hand by the same majority which controls the House today.

Instead, the Congress enacted the largest peacetime tax increase in our history, and then President Carter and the leaders of this body told the Nation they had made the social security system solvent for at least 25 years. They were short by only 20 years.

When it became obvious recently to anyone who bothered to read the trustees' reports that the trust funds were going broke again, a new drive began to stabilize social security. A leader in this effort was, and continues to be, the chairman of our subcommittee, the gentleman from Texas (Mr. PICKLE).

Under his leadership, the subcommittee made real progress, on a bipartisan basis, toward a reasonable set of solutions to the myriad problems besetting the system, reforms that are fair to young as well as old Americans. Seeking help from the executive branch, the chairman and some subcommittee members, including me, put strong pressure on the administration to come up with its own proposal.

In response to this importuning, the administration did propose a comprehensive package. Not all of its provisions were embraced enthusiastically by the subcommittee, the public, or by me; but it did provide the framework for Congress to hammer out bipartisan reforms. Unfortunately, we failed to take advantage of that opportunity.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I would be happy to yield to the gentleman from California.

Mr. ROUSSELOT. So we could have had a reform bill here on the floor, this session, because we were making progress in the subcommittee had the Democratic leadership decided otherwise?

Mr. ARCHER. Absolutely.

Mr. ROUSSELOT. And the chairman, the gentleman from Texas (Mr. PICKLE), as the gentleman has indicated, has tried on a very bipartisan basis to try to bring that to the floor, the reform of the social security system.

Mr. ARCHER. Yes; the gentleman is correct.

Mr. ROUSSELOT. To save it.

Mr. ARCHER. The gentleman is correct again.

Now, at this point I should make it absolutely clear that the administration package, which addressed both short- and long-term social security issues, did not include a provision to

eliminate the minimum benefit retrospectively.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield at that point?

Mr. ARCHER. I will be happy to yield.

Mr. ROUSSELOT. The gentleman had better repeat that. I do not think we all understand that.

Mr. ARCHER. The administration proposal, made at the importuning of the social security chairman and *myself*, did not include a provision to eliminate the minimum benefit retrospectively.

That provision, which originated neither in the Department of Health and Human Services nor in the Social Security Administration, came to us separately as one of many recommendations in the budget reconciliation bill.

My views on this particular item remain unchanged. Although it is philosophically supportable, I thought it was a bad idea in that context and I agreed with my colleagues on the subcommittee that the minimum should be eliminated only on a prospective basis.

I emphasize that point, because the minimum benefit is not the problem here today in this conference report. We have all agreed to restore it retroactively, and if that were the only provision in this conference report, I would support it.

But to get back to the chronological record, the administration deserves credit for sending us a major reform package on social security to prevent its bankruptcy.

Unfortunately, that package was not an impetus in our deliberations, because the leadership of this body used one feature of it, along with a fabricated furor over the minimum benefit, to turn the entire social security debate into a name-calling, arm-waving sideshow.

In the midst of this unpleasantness, some of us have remained in lockstep with the gentleman from Texas (Mr. PICKLE), trying in vain to keep social security in perspective. I think the chairman of the Committee on Ways and Means, the gentleman from Illinois (Mr. ROSTENKOWSKI) shares our concern. I think he, too, would like to address the full range of social security issues responsibly and directly; but his hands also appear to be tied.

It seems clear that if the top leadership of this body had not stood in the way, our subcommittee would have already completed markup, as the gentleman from California said, on a bipartisan bill addressing the tough, critical decisions needed now to stabilize the social security system, short and long term; and I am convinced that truly constructive social security reform can occur only through a bipartisan effort.

But the House majority leadership precluded us from taking any steps forward, and now this conference report will delay us even more.

While the House was being straitjacketed by its leaders, the other body passed legislation which at best would have postponed for about a year the bankruptcy of the system's major trust fund, the retirement fund. I cannot say that they acted responsibly, because at worst, their bill could have led to irreparable damage by paving the way for general revenue financing of social security.

Because this Chamber did nothing, the prospects for a satisfactory conference were grim from the very start. With the possibilities for action ranging between zero and the pitiful package presented by the other body, there simply was no hope for a truly constructive compromise.

The only way out on a reasonable basis for the conferees was to retain the minimum benefit for those already receiving it, to eliminate it for those coming on the rolls in the future, and to do nothing else; to strip all the interfund borrowing out of the bill and to strip the coverage of sick pay out of the bill, and that was what I urged in the conference committee. If we had done that, the Congress would have had to bite the bullet which has been talked about so much. We would have been forced to take more definitive action within the next few months. The Congress would not have been able to sidestep the crucial test any longer, because if nothing is done, the old age and survivors insurance trust fund will run out of money, starting next fall, and the Congress never would let that happen. It would simply have to act, and act now.

Under the conference agreement, the problem can be swept again under the congressional rug, and so will end another sorry segment of the social security story, because once again, the conferees asked us to make a decision for purely political reasons. Instead of putting the interests of beneficiaries and taxpayers first, it is clear that this conference report is designed solely to get us through the next election.

The most compelling reason to oppose this measure is that it causes us to lose almost a year of leadtime, which we badly need to phase in some of the reforms we might elect to embrace. I doubt that anyone in this Chamber wants to act precipitously in making social security changes; yet by failing to require action now, we will be forcing ourselves precipitously to the edge of a social security default cliff.

□ 1215

We should be coping with these issues now, election year or not.

A responsible answer to social security's core problems never will be found painlessly. No constructive solution will be easier with the passage of time. I think we are kidding ourselves on this point.

The device of interfund borrowing is a tricky one which should not be used except as part of a larger, more comprehensive social security reform package. Standing alone, it has a "primrose path" aspect, with the potential for luring us closer to the general revenue financing trap. If we fall into that one, the social security system falls with us.

There are no general revenues, and once the Treasury starts borrowing money to pay social security benefits, several consequences are as inevitable as sunset. First, interest rates and then the inflation rate will start rising again. Second, pressure will mount to control benefit escalation through a needs test. Third, social security as we have known it will no longer exist; it will become just another set of welfare programs.

There is another major flaw in the conference report, Mr. Speaker. It has to do with subjecting additional so-called sick-pay income to the social security tax. This is a very complicated issue, with ramifications which we have not yet even identified, much less examined. There have been no hearings on the subject, and it is clear the action taken even exceeded the proper scope of the conference.

The SPEAKER pro tempore. The time of the gentleman has expired.

(By unanimous consent, Mr. ARCHER was allowed to proceed for 1 additional minute.)

Mr. ARCHER. Mr. Speaker, the Senate bill covered "sick pay" paid directly by the employer, but did not include all "sick pay" covered by insurance companies. The conference agreement goes even further and includes "sick pay" covered by insurance companies, which is normally less than the average take-home pay of the employee, and now this conference report will strap on that employee another payroll deduction at a time when he can least afford it. This is not the answer to the long-term or the short-term problems in social security.

Let us not grind away at the vulnerable worker in our haste to make a show in this bill, but as elected officials let us find a thoughtful approach to truly reform the social security system and restore confidence in its long-term stability.

I truly believe that if the conference changes become law, we will consume much time and effort in the future, trying to correct the mistakes we will be making today.

For all of these reasons, Mr. Speaker, I am opposed to the conference report on H.R. 4331. I know that I represent a minority, and a very small

one at that. But the years ahead will confirm the accuracy of my statement.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. WRIGHT) to conclude debate.

Mr. WRIGHT. Mr. Speaker, I rise in support of the conference committee report. It evokes from me, as I think it does from most of our Members, a combination of gratification and disappointment.

We are gratified because at long last we have been given an opportunity to restore to some of the oldest and poorest and most politically defenseless people in our society the benefits which were taken from them when we passed, almost sight unseen and unknowingly the document known as Gramm-Latta II.

We are disappointed, of course, because even with this restoration to those 3 million elderly Americans of the benefits that they had enjoyed before they were taken away from them by the Gramm-Latta proposition, in exchange and as a pound of flesh demanded by the other body, we have had to deny future beneficiaries these same benefits and have had to require that those receiving sick pay shall be taxed.

Probably the cruelest and most unfeeling injury inflicted on the day that we passed Gramm-Latta II, a compendium of cruel and bloodless deeds written by the Office of Management and Budget, was taking from these 3 million Americans this meager $122 a month benefit.

But let us not delude ourselves. We have not restored to those Americans, nor let them be deceived into thinking that we have, all the cruel things that have been performed by this and other deeds in this Congress, to the elderly of our land.

Students, children dependent upon social security beneficiaries, have had their educational benefits stripped away.

Other retirees, military and civilian, have had their benefits reduced. Railroad retirees have suffered harsh reductions in the benefits to which they were entitled at the beginning of this year.

Such programs as Meals on Wheels for the elderly shut-ins have been harshly cut by this Gramm-Latta proposition and by other reductions in programs to benefit the elderly of this land.

Only a week ago we voted to take $100 million from the funds that were available to administer social security benefits.

So let us make no mistake about it. Social security beneficiaries and the elderly of our country have borne a disproportionate share of the burden of trying to balance this budget.

And let there be no mistake whatever that the so-called package of reforms that was offered to us earlier this year in the name of the administration by Secretary Schweiker had as its primary and principal purpose reducing the deficit on the backs of the social security beneficiaries. That package of so-called reforms would have reduced payments to social security beneficiaries by some $70 billion over the next 5 years. Its purpose was rather cynically stated by the Director of the Office of Management and Budget in the Atlantic Monthly article when he said:

> The social security problem is not simply one of satisfying actuaries; it is one of satisfying the here and now of budget requirements.

And then perhaps the most cynical thing of all revealed in that article: "despite the political uproar," it says on page 45, "Stockman thought a compromise would eventually emerge on social security." And I quote from the words attributed there to Mr. Stockman:

> I still think we will recover a good deal of ground from this . . . It will permit the politicians to make it look like they are doing something for the beneficiary population when they are doing something to it which they normally would not have the courage to undertake.

I want to address myself to one misconception.

There has been a statement to the effect that the majority leadership has prevented the Ways and Means Committee from bringing to the floor a bill which would cure the problems of social security. That is not true. I am the majority leader; I made no restriction, nor uttered any such discouragement. But let me assure you, so long as I may be the majority leader, I will doggone well try to use whatever influence I may possess to assure that we shall not, under the misbegotten name of reform, reduce social security beneficiaries' payments that our elderly Americans have entitled themselves to over a lifetime of work.

I am committed to the proposition that we shall preserve and protect the integrity of the social security trust fund, and that we can and shall do this by means other than reducing benefits.

This bill restores one of those benefits. It originated in the House. It was diluted in the Senate. It represents movement in the right direction. It deserves to be supported.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Speaker, I, too, regret that we were not able to proceed in the House and that the leadership deferred for action to the Senate. I equally regret that the President never formally sent to the Congress a social security bill and that the other body never introduced a bill or advanced their own position.

Politically, perhaps, both sides were correct. Legislatively, we are wrong in not doing something. I think we ought to just stop the finger-pointing and get back to work next year.

Mr. LIVINGSTON. Mr. Speaker, section 7 of the pending comference committee report mandate a study of a serious problem that I have addressed in a bill I inteoduced earlier this year. Specifically, Mr. Speaker, the Social Security Administration is sending social security checks to beneficiaries who are no longer living. While reasonable people may argue over the appropriate solutions to the general problems faced by the social security system, surely everyone can agree that social security benefit checks are too precious to be paid to anyone but the living.

Deceased beneficiaries receive social security checks because the Social Security Administration has no systematic way of knowing when a person has died. Once an American goes on the social security benefit rolls, he is all too often likely to remain there unless his death is voluntarily reported by his relatives, the Postal Service, the funeral home director or, if the decedent died in the course of hospitalization covered by medicare, by the hospital to the Health Care Financing Administration, which in turn reports the death to the Social Security Administration.

H.R. 5076, which the gentleman from Louisiana introduced on November 20, 1981, for himself, 20 original cosponsors, and 29 additional cosponsors, would have the 50 States share their death statistics with the Social Security Administration on a semiannual basis. Every State requires that each death be recorded, and the information is retained in a retrieval system that is automated to some extent, except in the State of Arizona and the District of Columbia and the Virgin Islands.

A recent investigation by the Office of the Inspector General of the Department of Health and Human Services proves that the current piecemeal system of death notification is grossly inadequate, and that State death records must be made available to the Social Security Administration. The investigation, known as Project Spectre, has revealed about 8,500 cases where medicare records showed a person was dead, but social security benefit checks kept going out. HHS estimates that over $60 million in benefit overpayments—which count as debits on the social security trust funds, whether or not the checks are cashed—will have been found when all of these 8,500 cases have been fully investigated. To date, however, the Inspector General has found that in

about 1,100 of these cases, checks totalling $14.3 million were sent to deceased beneficiaries. HHS presently estimates that it will save $26 million—in the first year alone—once it removes the names of the dead from the benefit rolls.

While the loss of these millions is disturbing enough, it should be remembered also that these figures do not take into account the administrative costs and printing costs of printing unnecessary checks in the first place, mailing the checks, investigating possible overpayments, recovering overpayments, and handling and processing checks that are returned by conscientious survivors of the deceased beneficiary. As the General Accounting Office has noted, in 1978 alone some 1.5 million benefit checks were returned to and handled by the Social Security Administration.

The millions of dollars in overpayments also do not reflect the frustration of some diligent survivors who try to have the checks stopped by reporting the beneficiary's death, only to find that somehow this simple message "does not compute": the checks keep coming. The gentleman has one constituent who, until last month, received benefit checks payable to his late mother, who passed away in 1973. After a number of attempts, both by telephone and in writing, to have the checks stopped, the 100-plus checks—none of which had been cashed, though each of which counted as a "withdrawal" from the trust funds—were sent by the gentleman's constituent and are in the process of being returned. By the way, these checks were in amounts ranging from $175 to $369 and totalled thousands of dollars—just for one person.

There is only one place to attack this problem: at the source. We must give the Social Security Administration the tools it needs to keep these checks from going out in the first place. A GAO report sums up the situation nicely in its title: "Social Security Should Obtain and Use State Data to Verify Benefits for All Its Programs" (Report HRD-80-4, October 16, 1979). H.R. 5076 would accomplish this. Moreover, it would conform to State laws that make death information private, in that it would amend current law so as to allow access to the State provided information only by close relatives of the decedent.

Mr. Speaker, the Social Security Administration is diligently working on this problem, which it discovered. But it needs the help of the Congress and the States, just as it provides help to the Congress and the States through the 70 million personal beneficiary files it gives to the States to help them administer progams like food stamps, medicaid, supplemental security income, and aid for families with dependent children.

Let us complete the exchange of information so as to assure the effective administration of all taxpayer-funded programs. Surely we are seeing only the tip of the iceberg in the $60 million in social security checks to the dead discovered so far. We cannot afford not to correct this most serious problem.

Mr. CONTE. Mr. Speaker, I am pleased to see that the House and Senate have taken action on the social security minimum benefit issue. The move to eliminate the minimum benefit, as contained in the omnibus reconciliation bill, was something I opposed from the beginning.

My vote against final passage of the omnibus reconciliation bill was predicated on my disagreements with various provisions in that bill to include the elimination of the social security minimum benefit. I felt that in passing such a provision, the Congress was violating a convenant between the Government and the citizens who receive the minimum.

To me, the social security program, despite some shortcomings, is an ideal social program that has worked well since its beginning in the mid-1930's. There is no question that we need to make some changes to the program to keep pace with the times. But the changes should not be made in a piecemeal fashion at the expense of those who receive the benefits.

As one who voted to restore the minimum benefit in late July, I felt that we in the Congress, as representatives of those who receive the minimum benefit, could reverse ourselves in the wake of what I consider to be an oversight on the part of this body.

● Mr. RODINO. Mr. Speaker, I think it is shameful that we find it necessary to consider this social security minimum benefit bill at all. The 3 million Americans—most of them low-income elderly—who receive the $122 monthly check should never have been cut off so senselessly by their Government.

Last June the administration's budget proposal eliminated the monthly minimum benefit in the interests of fiscal austerity. I strongly objected to this proposal as a cruel and impractical way to balance the budget. I pointed out that more than 500,000 people who receive the monthly minimum benefit are over 80 years old and rely almost exclusively on the program for survival. Also, a staff study of the House Aging Committee pointed out that it would cost the Government more money to eliminate the minimum benefit than to leave it alone—because about 600,000 people would be forced onto the welfare rolls.

Yet, the House rushed blindly into passing a reconciliation bill which embodied the President's plan, and then, realizing its folly, passed a separate resolution restoring the benefit.

Two months later, after millions of Americans voiced their shock and anger at the administration's social security cuts, President Reagan declared he had changed his mind and was abandoning his proposal. The Senate then passed a resolution partially restoring the monthly minimum benefit.

Throughout all these twists and turns millions of elderly men and women endured the uncertainty of not knowing if they would receive the monthly benefit they had come to rely upon for basic existence. Even worse, their checks were cut off as of October 1.

The conference report we are faced with today restores this minimum benefit to those who had been receiving it. But it does not offer a solution which I can wholeheartedly support—because it fails to continue the benefit for those retirees who turn 62 after December 31 of this year and members of religious orders who turn 62 after October 1, 1991. I am also disturbed by the Senate amendment embodied in the conference report which makes the first 6 months of sick pay subject to the social security tax—except for worker compensation payments and employee contributions to a sick pay plan. These limits betray the trust our working men and women have put in their Government to live up to its part of the social security contract.

But I will vote for the conference report because it is essential to continue the benefit for present recipients. Also, the conference report prudently authorizes interfund borrowing through December 1982 to insure the fiscal viability of the social security system until Congress acts on a more permanent solution to the social security funding problem.

It is my hope that when Congress takes up this task in the near future, the fate of our Nation's elderly will be handled with greater thought, compassion and consideration than it has been during the months of contradictions put forth by the Reagan administration on the minimum benefit issue. I hope that in the future the administration will be more sensitive to the needs of our elderly citizens before formulating its budget policies.

The monthly minimum benefit is the difference between starvation and subsistence for many older Americans, and this conference report will correct an injustice that was done them earlier this year. I support it. At the same time, I look forward to full consideration of the issues it leaves unresolved for providing a guaranteed social security system for America's future.●

Mrs. SCHNEIDER. Mr. Speaker, I rise in strong support of the conference report to accompany H.R. 4331 and urge its approval by the House.

I have spoken on the floor on many occasions in the past concerning the

vital need to restore the $122 minimum social security benefit. In our much-needed attempt to bring solvency and long-term health to the social security trust funds, it is important that we examine approaches which do not mean a reduction in benefits received by current recipients. This bill will correct the inequity caused earlier this year in that regard. While this report will not provide the minimum benefit for those entering the rolls after January 1, 1982, it will bring needed relief to millions of recipients who saw their benefits reduced. I, for one, would like to include the question of a permanent minimum benefit for new recipients as an item for debate when the social security question is addressed in a more comprehensive manner in the next session. It is important to remember that the vast majority of minimum benefit recipients are older, widowed, or single women.

The committee's work with regard to interfund borrowing is to be commended as well. This will allow for a longer period of serious examination and debate over the social security system as a whole. It is unfortunate that the committee chose to include the first 6 months of sick pay as income. While this move will recover a great deal of the cost of restoration of the minimum benefit, I would like to include this as well in the more comprehensive review to come.

In short, this conference report represents a reasonable and necessary reaffirmation of this Nation's commitment to a viable, equitable social security system and restores the faith placed in the system by millions of Americans who receive the minimum benefit. I strongly encourage a favorable vote.

● Mr. MATSUI. Mr. Speaker, I rise to applaud the decision of the conference committee in sustaining the right of all retired public employees to equal protection under our Federal social security laws. The conference committee has selected to reject that provision in the Senate bill which would have required an offset of public employees' social security minimum benefits dollar-for-dollar if their civil service pension exceeds $300 a month. This offset requirement would have attached exclusively to retired public employees, and not private sector annuitants.

I was particularly alarmed at the potential adverse consequences which this inequitable provision could have had on many of my constituents who reside in my congressional district. The Third Congressional District of California includes the State capital of California and the regional headquarters of numerous Federal programs. Many of my constituents are retired public employees who have committed their professional careers to serving these public agencies. Currently residing in my district are 11,417 constituents who receive Federal retirement benefits. In addition, Sacramento County has 1,716 county and 1,230 city retired employees within its bounds. California has 27,551 retired State employees who receive both social security and State retirement benefits. Despite many inquiries to the Social Security Administration, I could not obtain exact information on how many of these individuals would have been subject to this discriminatory provision.

Given the potential harm of this Senate provision on my district, I advised the chairman of the Ways and Means Committee in early November that I could never support any legislation which could so deleteriously affect such a significant number of my constituency. I am now pleased that the Conference Committee has elected to recognize that retired public employees have made contributions to the social security system in the same manner as any other social security beneficiary and deserve thereby commensurate benefits.

My specific concern on the public employee offset provision by no means diminishes my interest and support for the restoration of social security minimum benefits for current beneficiaries. I have been an advocate of this critical social security benefit program given the demographic nature of the population affected. It has been estimated that 75 percent of the current 3 million beneficiaries are aged women, many of whom are older than 75. These are retired and disabled women workers, or widows of retired and disabled workers who need the benefit to survive. These are persons who have contributed substantially to the economic viability of this country. I believe this Nation is sufficiently wealthy to afford these persons $122 per month in retirement benefits so that they may maintain some dignity in the closing years of their lives. I applaud the conference committee's recognition of this humane principle.●

● Mr. FRENZEL. Mr. Speaker, the bill before us today represents another lamentable chapter in the book of congressional cowardice concerning the social security system.

This year, the Congress had an opportunity, and an obligation, to make fundamental changes in the social security system in order to insure its long-term solvency. Instead, the House majority leadership, against all of the advice of the most distinguished experts, inside and outside of Government, deliberately chose not to consider any comprehensive social security refinancing plan.

This meager bill is the only social security bill the leadership would allow to come to the floor, although several comprehensive refinancing plans were proposed, and considered, by the Social Security Subcommittee. I believe the House has copped out. It has refused to make social security secure.

However, the bill is not a totally wasted effort, and does take care of a few of the myriad of problems facing the social security system. For that reason I shall vote for it even though it does not do the full job.

The bill extends interfund borrowing between the various social security trust funds for another year. This will help to delay the arrival of a major social security crisis for a short time. And it has the advantage of forcing another decision at the end of the year. Unfortunately, it will put an even more critical social security financial crisis squarely in the lap of a lameduck Congress, as it is doubtful that the majority leadership will have the courage to allow a major social security bill to be considered before the 1982 elections. Lameduck Congresses have never been a good environment to consider major legislation, and there is no indication that next year will be any different.

There is another problem which is more difficult to define. The conferees added a Senate amendment which had the laudable intention of balancing revenue loss to social security from reinstating the minimum benefit with new revenues derived from taxing for social security certain sick pay benefits. That is a good idea, but the House has had no hearings on the subject. We do not know the effect of the new tax. We do not know who is affected. There are enough unanswered questions to make me very nervous about this feature of the bill.

The bill reaffirms the Congress commitment not to reduce the benefits of current beneficiaries, by maintaining the minimum benefit for those individuals who are currently receiving it. The bill also eliminates the social security minimum benefit for future beneficiaries. This will result in the benefits of all future retirees being computed according to the same general formula. It will also eliminate a major revenue drain on the system's finances which has been created by individuals paying negligible amounts into the system, and receiving comparatively sizable benefits in return.

Today's bill brings us one step closer to a major social security financial crisis, without a comprehensive solution. I do still, however, harbor some hope that the Congress will take the necessary steps to develop a comprehensive social security refinancing program, so that 35 million Americans who rely on social security for their retirement support, and the 117 million who are paying into the system, will not have to live in fear of ever losing their earned benefits.

● Mr. ALBOSTA. Mr. Speaker, one of the most difficult and challenging

issues facing the Congress this year is reforming the social security system.

The Congress has a responsibility to keep its commitment to those who have retired or are nearing retirement. We cannot back down from this commitment and I am convinced that we will not. Furthermore, Congress will be working in the months ahead to insure that the social security system remains solvent. Financial problems of the long and short term must be addressed.

No proposal has generated as much public debate and controversy as the proposed elimination of the minimum benefit. The social security minimum benefit represents the sole income of approximately 3 million of the 36 million social security recipients. This minimum benefit provision, which was first enacted in 1939, is designed to increase retirement income for those with low-wage histories and for those whose employment was primarily before social security covered their work in the system's early years. Those persons who are now receiving the $122 monthly minimum benefit are generally elderly women who did not have an opportunity to work full time or earn a reasonable salary. More than one-half of minimum benefit recipients are over 70 and more than 500,000 are over the age of 80. It is clear that the elimination of these individuals could only mean additional hardship.

In addition to restoring the minimum benefit for all current recipients, the conference report calls for interfund borrowing. I have long supported the concept of borrowing between the old age and retirement trust fund, the disability insurance trust fund and the health insurance trust fund. I believe this action is necessary to help the retirement trust fund through this time of great concern.

There have been many attacks on the social security system, questioning its solvency. It distresses me greatly that so many Americans have been caused tremendous and I might add, unnecessary, anxiety over their social security. My constituents of the 10th Congressional District of Michigan have contacted me expressing their fear and anger regarding the proposal to reduce and/or eliminate social security benefits. Let this action here today send a clear signal to our citizens that the Congress is reaffirming its commitment to maintaining a financially sound social security system without cutting benefits. This action should reassure all Americans, those working and those who are retired, that the Congress is dedicated to resolving the problems facing the social security system and that the Congress will continue to work toward that end.●

● Mr. HEFTEL. Mr. Speaker, I rise today in support of the conference version of H.R. 4331, concerning social security minimum benefits for retirees. I am pleased that House and Senate conferees have reached an agreement on this issue which is critical to millions of older Americans.

The importance of retaining the social security minimum benefit for current retirees has prevailed in conference, and I am pleased that Senate conferees have followed the House lead on this issue. The overwhelming House vote of 404 to 20 earlier this year to retain these benefits for current retirees is evidence of the unyielding support by the House for our Nation's senior citizens.

As first proposed by President Reagan earlier this year, elimination of the minimum benefit for 3.1 million retirees who have come to depend upon this small, monthly check for their livelihood would have been an unconscionable act. The economic security of this segment of our Nation's elderly population was at stake. The cost savings from such a shortsighted proposal would have been miniscule in comparison to the human suffering that would have resulted.

I remain concerned, however, about the conferees' agreement to eliminate the minimum benefit for older Americans retiring after December 31, 1981. For many of these retirees, the minimum benefit could be their sole or primary source of income. In this time of grave economic instability and spiraling inflation rates, this monthly benefit could provide a small but important source of income for these retirees. Coupled with President Reagan's cuts in programs to aid the elderly poor, the elimination of the minimum benefit could bring severe hardship to this group of Americans.

Despite my objection to this provision of the conference agreement, I feel that the bill before us is the best possible compromise that could have been reached by the House and Senate conferees at this time. It addresses one of my primary concerns, as well as the concerns of a majority of my House colleagues—safeguarding social security minimum benefits for those now receiving them. I urge my colleagues to support the conference version of this legislation.●

● Mr. BENNETT. Mr. Speaker, I rise today to commend the members of the conference on H.R. 4331 for their agreement on restoration of the minimum benefit for those persons currently receiving it and for those eligible to receive it up to January 1, 1982.

I think virtually all of us would agree that the minimum benefit should be restored. Its elimination through the Omnibus Reconciliation Act of this summer caught most of us by surprise, and put all of us in a position we'd now like to reverse.

Immediately after passage of the Omnibus Reconciliation Act of 1981, I introduced H.R. 4212 to restore the minimum social security benefit to those who are currently receiving it and to those who would have become eligible to receive it over the next 3 years. I am certainly pleased that the conference has brought us a part of what I recommended and I urge all the Members of this body to vote in favor of it.●

Mr. HOLLENBECK. Mr. Speaker, I rise in support of the conference report on H.R. 4331, legislation restoring the minimum social security benefit for all current recipients.

This action is necessary to insure that the 3 million Americans currently entitled to the minimum benefit, many of whom have few if any other sources of income, do not suffer undue hardship.

I am pleased that my colleagues on the conference committee agreed to abandon the Senate provision which discriminated against the Federal retiree. However, as a past strong supporter of legislation restoring the minimum benefit for everyone eligible, both present and future, I regret that my colleagues did not see fit to support a compromise bill that granted benefits to future beneficiaries as well. In view of the fact that immediate steps are required to restore the minimum, I will cast my vote for H.R. 4331 with these reservations and will continue to work for full restoration of the minimum benefit.

● Mr. NELLIGAN. Mr. Speaker, I will vote in support of this conference report on minimum benefits today, but I feel it is only half a loaf.

I am very pleased that current minimum benefit recipients and those that will become eligible before the end of this year will continue to receive the benefit.

I am glad that the provisions the Senate added to take away the minimum benefit from certain Government pensioners has been eliminated.

And I believe that it is only appropriate and fair that members of religious orders continue to be covered by the minimum benefit, which they will be under this legislation.

This conference report has the further advantage of insuring the short-term solvency of the social security system by allowing funds to be borrowed from the health and disability trust funds for use in the hard-pressed retirement fund.

These are the positive points in this conference report, but I regret to say that there are at least two negative points.

First, the minimum benefit will not be continued for those coming onto the social security rolls next year and thereafter. The 1977 social security legislation already includes provisions to allow for the gradual phaseout of

the minimum benefit. I oppose accelerating this process.

Why should we deny these benefits almost overnight to thousands of deserving people? I, myself, am particularly concerned over the thousands of homemakers who had the responsibility of keeping house and raising families, and who could not go out and work in the labor force for the years required to obtain more adequate social security benefits.

This conference report also allows for the first 6 months of sick leave to be taxed. I find it unfortunate that those who are struck by misfortune must be taxed. Why take from one needy group, the sick, to give to another needy group, the minimum benefit recipients?

Mr. Speaker, I feel that I must vote for this conference report because the good outweighs the bad. If we do not pass this conference report, present minimum benefit recipients will lose out, and that it is something I cannot condone. I feel it is important that we do what we can now, but I hope that legislation can be passed in the future to continue the minimum benefit for prospective recipients.

Equity must prevail.●

● Mr. DREIER. Mr. Speaker, I rise to voice my strong support in favor of the conference report which accompanies H.R. 4331. If we do not today pass this report, then we will indeed be perpetrating a cruel hoax on the millions of people who depend on receiving the minimum benefit. Balancing the budget at the expense of those who depend on this benefit is simply an unacceptable alternative. We in Congress have an obligation to treat social security beneficiaries with the utmost of dignity and respect.

I would also add that the provision of this report which authorizes interfund borrowing between the OASI fund and the health and disability insurance funds is both timely and essential if we are to maintain the short-term solvency of social security. In the long run, however, difficult decisions must be made to protect the financial integrity of the entire social security system. These efforts must be sincere and bi-partisan. Social security is too important to too many people to simply be bandied about as a political football.●

● Mr. STARK. Mr. Speaker, we have before us today a conference agreement on social security minimum benefits that does not completely restore those benefits. It does restore them for the 3 million current recipients, but those who become eligible after this year will still lose the minimum benefit floor. I am not happy about this compromise, but I rise today in reluctant support of the agreement, because I believe it is crucial to restore benefits for the 3 million elderly poor citizens who have been held in cruel suspense since July, not knowing whether their benefits, in many cases their sole source of income, would be taken away from them.

This conference report is not perfect, and it is not what I would have wished to see; I would have preferred to see the House hold firm on its position to restore the minimum for all recipients, both current and future. The House very properly reversed itself on eliminating this benefit last August, at the very moment that we were finally approving the massive budget cuts in the omnibus reconciliation bill. We recognized then, as I do now, that elimination of the minimum benefit constituted the most blatant example of balancing the budget at the expense of the elderly poor, and we voted to restore the benefit completely.

The Senate, however, made extensive changes in our bill, limiting restoration of the minimum benefit only to some current beneficiaries, penalizing those current recipients with Government pensions severely, and eliminating the benefit for future beneficiaries. Furthermore, as the price for even this meager restoration, the Senate wanted to severely cut benefits for families of retired and deceased workers. In other words, they restored the minimum benefit for some current beneficiaries at the expense of widows and children receiving family benefits.

The House conferees, under these circumstances, made what I must concede is the best compromise we can expect. The cut in family benefits was rejected, the minimum benefit was restored for all current beneficiaries without exception, and borrowing among the three social security trust funds was provided, so that all beneficiaries can rest assured that their benefit payments will continue without interruption.

I very much regret that the House conferees could not have gone further, and held their position on restoration of the minimum benefit for future beneficiaries as well. But I do not think any better compromise can be expected, even if we reject this report now and require and conferees to meet again now or in January.

I cannot in good conscience vote against this report now, knowing that if no agreement is reached before we adjourn today, 3 million elderly Americans will receive a notice on January 6, informing them of the loss of their benefits in March. The suffering and confusion this would cause must be avoided at all costs and we must act now to remove all doubt from these elderly people's minds about whether their benefits will continue. It is for this reason, and because I do not feel any better solution will be reached later, even if we delay, that I reluctantly support the conference agreement.●

● Mr. OBERSTAR. Mr. Speaker, I rise in support of the conference report on H.R. 4331. I do so, not with enthusiam, but out of a sense of realism, that this is the best we can do for the needy of our society under the Reagan administration and in this dispassionate Congress.

I do want to express my respect for Chairman PICKLE and the other House conferees on H.R. 4331 who held fast in opposition to the Senate's attempt to use the plight of minimum benefit recipients as a weapon to force substantial reductions in social security benefits to families. The Senate's proposed restrictions on restoration of the minimum benefit as well as their proposed cap on maximum family benefits was, in my opinion, a continuation of overreaction to the administration's scare tactics. Had these provisions received the thorough consideration they deserved in both bodies before approval, we would not be debating this legislation in the closing hours of this session of Congress.

I voted for H.R. 4331 to completely restore the minimum benefit to both present and future retirees when the House considered that measure on July 31. It is manifestly unfair to reduce promised benefits without providing time for people to adjust their retirement plans. Although this conference report does not restore all minimum beneficiaries to their status quo, it does insure that present annuitants will not face a cut in their monthly checks on April 3, 1982. To me, that consideration is of overriding importance; it is the principal reason I am supporting the conference agreement.

Requiring social security taxes to be paid on the first 6 months of sick pay sounds, at first blush, rather harsh. On more careful analysis, however, it clearly is a valuable protection for wage earners. In short, while this provision exacts a price, it also offers a long-term benefit. Unless FICA taxes on income are paid, these wages will be excluded when benefits are determined at time of retirement, disability, or death. Including sick pay as regular, FICA-taxable income can be especially important for younger disabled workers who are allowed fewer drop-out years when benefits are computed on the basis of average lifetime income. In short, treating sick pay as income now means counting it for benefit purposes later, and that is a plus for retirees and disability beneficiaries alike.

The bill includes another very important feature: temporary authority for interfund borrowing. This will allow the transfer of funds, as required, between the old age and survivors trust fund, the disability trust fund, and the hospital insurance trust fund. This authority will assure ade-

quate social security funds to pay benefits at least through most of 1983. This breathing space will give Congress time to reassess the performance of the economy and make any additional, long-term changes which may be necessary to carry the trust funds through the 1980's and beyond.

Rather than chopping away at social security benefit protection piecemeal, we, as a nation, need to reassess the proper role of social security as a reflection of the economy and as a vital part of an overall retirement income concept. In the course of that reassessment, a number of important questions must be answered, including:

Are alternative annuity plans in place if the role of social security is reduced?

Are those alternatives guaranteed and will they be adjusted for future changes in the cost of living?

What portion of our national retirement income should be advance funded, what portion pay-as-you-go?

What percentage of the projected long-range deficit is attributable to the income-replacement provisions of social security; what percentage is attributable to anticipated future medical care needs of our aging population?

Should general revenue be used to partially finance benefits?

The answers to these questions will help us chart a responsible course for the future of social security.

Benefit reductions such as we have seen this year would not be necessary in a full-employment economy. Increases in the already high rate of unemployment will, in the near future, bring more pressure for additional cuts in retirement and survivor income benfits, further reducing the protection for people in an increasingly uncertain economy.

The Congress needs time to evaluate the economic picture and more carefully assess the need for changes in social security benefits or taxes without the threat of bankruptcy hanging over our heads. That is why the temporary financial solution offered by the conference agreement is vitally necessary. I urge my colleagues to support this measure.●

● Mr. MARKEY. Mr. Speaker, I am both pleased and disappointed with the outcome of the minimum social security benefit conference report. The minimum benefit has rightfully caused much concern during the past few months, ever since the administration first proposed to eliminate this benefit for all current and future beneficiaries. By restoring the benefit for current beneficiaries until December 31, the conference committee has calmed some nerves—the nerves of those who have been losing their minimum benefit and those nearing retirement who are unsure of what to expect at retirement. I will vote for the conference report because it is a positive action.

Yet it is a limited, gutless action. It still leaves those future beneficiaries, approximately 84,000 in total for 1982, hanging. Termination of the minimum benefit means that elderly poor beneficiaries beginning in January 1982 will be forced to find some other source of income, be it SSI or State general assistance. Some 7,000 people, mostly women, who would be coming on the rolls in January will be hit hard. Some Christmas present.

My colleague, Congresswoman MARY ROSE OAKAR, is introducing a bill today which calls for restoration of the minimum benefit for future beneficiaries. I strongly urge my colleagues to join me in supporting this affirmative measure. Let us keep in mind we are talking about individuals, including the disabled, widows, widowers, displaced homemakers, who will lose an average of $60 per month, leaving them with an income of $780 a year. These people have worked the necessary number of quarters, but because of their low wages and intermittent work pattern will not receive the current minimum of $122 per month—unless we act. Recognizing this, I am embarrassed. I am humiliated and disgusted. I only hope my colleagues will recognize what this will mean to many older citizens in 1982, and in the Christmas spirit act to reinstate the benefit for these deserving people.●

● Mr. RATCHFORD. Mr. Speaker, today we are asked to support a conference report that reflects a sad failure to offer reassurance to the American worker and retiree that their social security benefits will be spared by the White House and a Senate seemingly bent on offsetting a unwise tax cut program and excessive military expenditures with benefit cuts. Americans have overwhelmingly expressed their stern opposition to benefit cuts for current or future retirees. The House has consistently gone on record to disapprove administration proposals to drastically curtail benefits at this time. Even the President has now retreated on earlier efforts to effect programmatic changes that would have resulted in significantly lower benefits for millions of participants. Yet the report we must act on today falls far short of the President's own pledge to protect the social security program from the budget cutting process.

Specifically I refer to the rather half-hearted effort to restore the social security minimum benefit, a commitment by the President to support such a move, and the overwhelming support that the House measure generated. The House moved swiftly to restore the minimum benefit after the administration succeeded in providing for its elimination in the budget reconciliation bill last summer.

Acting in total defiance of public opinion, the stated position of the White House, and quite contrary to earlier House action, the Senate acted to restore the minimum benefit only for certain current beneficiaries rather than for all current and future beneficiaries.

The agreement of the conferees as before us today, Mr. Speaker, does not go far enough. It restores the $122 per month minimum benefit only for those currently eligible or who turn 62 before the end of the year, along with members of religious orders who turn 62 before November 1, 1992. For the some 3 million current recipients of the minimum benefit and those newly eligible this is welcome news. For those who would become eligible next year, however, this regrettable action by the conferees threatens the financial security of the many who must rely on the minimum benefit because their modest work histories would not otherwise generate the monthly benefits necessary to maintain a subsistence lifestyle at best.

Throughout this debate over the fate of the minimum benefit, the administration has loosely referred to a GAO report so as to suggest that the vast majority of minimum benefit recipients would receive other public or private pensions—monthly benefits that would be sufficient without the social security minimum benefit. This is not fact at all. Of the current 3 million minimum benefit recipients, well over half do not have other substantial pension income or would not receive a commensurate rise in SSI benefits to offset any loss in social security retirement benefits. By not restoring the minimum benefit for future beneficiaries, it is estimated that some 7,000 people each month for the next 3 years would receive an average reduction in their benefits check each month of about $60—a significant sum of money for those who must make ends meet with meager financial resources.

What I find most disturbing about the reluctance of the administration and the Senate to restore the minimum benefit for future beneficiaries is the remarkably small cost savings that can be gained from such an effort. Let us remember that present law gradually phases out the minimum benefit by freezing the initial level at $122 unless preretirement earnings justify a higher benefit. It is unlikely that there will be many workers in the future will not have sufficient earnings to be entitled to an amount greater than $122 a month.

What also concerns me deeply is the message that this action will send to other current retirees and participant workers. The product of this conference committee hardly offers them the reassurance that benefits to which

they are entitled will be protected, and that the Congress is taking the matter of future financing problems seriously. In addition to restoring the minimum benefit for current recipients only, the conferees saw fit to accept Senate language that subjects the first 6 months of sick pay to the social security tax, and to authorize interfund borrowing for only 1 year.

Although I object to many provisions that are contained in this conference report, I have chosen to reluctantly support it for fear that many more people who are now eligible or will become eligible for the minimum benefit before years end would otherwise be deprived of benefits that are rightly due them and in many cases absolutely critical to their abililty to live their retirement years in dignity. I have, however, joined my distinguished colleague, Congresswoman OAKAR, in sponsoring legislation today that would promptly restore the minimum benefit for future beneficiaries as well. I am prepared to work vigorously for passage of this critical legislation, for in addition to restoring critical benefits it will also reaffirm the commitment of this Congress to shield from an arbitrary budget ax any existing benefits that working men and women have come to expect and so rightfully deserve. Further, I will continue to support efforts to develop responsible long-term solutions to the trust fund reserve problems that will confront this Nation later this decade. The American people demand no less of elected Representatives—to protect those benefits they have worked a lifetime to secure, and to insure the long-term solvency of the system that makes those benefits possible.●

● Mr. MOAKLEY. Mr. Speaker, I rise in support of the conference report on H.R. 4331 which would restore the social security minimum benefit to all current recipients and all those eligible by January 1, 1982. I believe the elimination of the minimum social security benefit was a great disservice to our Nation's elderly. The great majority of those persons receiving this payment depend very heavily on this money. The original claim by the Reagan administration was that those receiving this benefit were so called "double-dippers" collecting generous private or Government pensions in addition to social security. It was clearly demonstrated that these people are only a very small majority of those receiving the minimum benefit and that many of them are on small pensions and also depend heavily on social security assistance. I and many of my colleagues fought the original measure to prevent the elimination of the minimum benefit. Although we were unsuccessful at that time, fortunately the administration and other supporters of the removal of this benefit realized the serious hardship that this measure would create and efforts were made to correct this error.

The legislation that is before us today will restore this benefit to all current recipients and will not place any restrictions such as those in the Senate version of this bill. It will also extend the date of eligibility from November 1, 1981 to January 1, 1982. I heartily support this legislation and urge my colleagues to do so also. To impose such major retroactive changes on current beneficiaries was an abandonment of our commitment to the elderly of our Nation. The elimination of this minimum payment has not been the painless move that was presented to this body earlier this year. It has already caused irreparable damage to those who should have received it. We must approve this legislation that will correct this injustice that has been placed upon these retired persons. We have a responsibility to these people, a responsibility to maintain the social security benefits as they have been promised to these individuals.●

● Mr. GARCIA. Mr. Speaker, today we vote on the conference report to accompany H.R. 4331, a bill to restore the minimum benefit portion of the social security system. Hovering over Congress as it struggles to deal with the latest budget deficit crisis is the threat of bankruptcy in this program which makes up almost one-quarter of the Federal budget.

The question is whether we legislators will do as we have in the past—patch up the current crisis for a year or two—or undertake a complete overhaul of the program to insure its long-term stability.

Regardless of the question of the long-term stability, the issue before us today is of critical importance immediately. It is unnecessary to permanently hurt millions of people now, especially the elderly, when there is a reasonable possibility that such extreme measures may not be needed at all. We should deliberate very carefully before rushing into a long-term solution. By distorting the nature of the social security problem and trying to scare people into accepting sharp cutbacks now, President Reagan was merely seeking funds with which to balance the overall Federal budget. Using the program for this obviously political purpose was the height of irresponsibility.

Not only was Reagan's basic premise wrong, his package was particularly heavy-handed and insensitive. A cut of Mr. Reagan's magnitude would create hardship and despair for millions for whom social security is the sole source of income.

The conference committee has appropriately rejected many of the Senate's and President's proposals aimed at reducing benefits for the most needy members of our society. In my view, it is a fair compromise that allows us the time to look at the serious long-term problems affecting the social security system.●

● Mr. EVANS of Delaware. Mr. Speaker, I rise in strong support of the conference report to accompany H.R. 4331, to restore the minimum social security benefit. This legislation will lay to rest once and for all the uncertainty of whether individuals are, or are not, going to continue to receive their minimum social security benefit. This legislation is the surest way to make absolutely certain that some 3 million retired Americans will not lose their minimum benefits.

At the same time, I would remind my colleagues that this bill does not provide a permanent solution to the problems of the social security system. The long-term integrity of the system cannot remain in jeopardy, and I firmly believe it would be unacceptable breach of faith with the millions of Americans who depend upon social security for this Congress not to move quickly toward development of a permanent financing solution.

Of utmost importance, however, is that any changes Congress makes in the system must be done without cutting benefits for the over 36-million Americans who now depend upon it. Further, any changes Congress makes must come in a manner that gives future retirees ample time to adjust their retirement plans accordingly. To do otherwise would be to callously disregard the millions of American workers who have counted upon social security benefits to be an integral part of their retirement years.

Social security is not welfare. Millions of Americans are now receiving social security benefits each month from a program they have helped to pay for. Many of them rely on their monthly check for essential needs such as food, medicine, and housing. We must make absolutely certain that these benefits are protected.

Social security must be above and beyond partisan politics. It is not a Republican program. It is not a Democratic program. It is our Nation's program, and all of us have a stake in its future.●

● Mr. CONTE. Mr. Speaker, I am pleased and gratified to learn that my colleagues are now recognizing and attempting to deal with the social security "notch" problem. Last month, when I cosponsored CLARENCE LONG'S concurrent resolution on the problem, I was astounded that so few of my colleagues were aware of the problems created by the 1977 amendments to the Social Security Act.

Now, I think, we are all more or less aware of the difficulties that were caused by the amendments. By decoupling wage and price increases in indexing social security benefits, the

Congress corrected a wrong that was created in 1972. That mistake would have totally bankrupted the OASI fund by 1979 if left uncorrected.

If left uncorrected, many people would have made more by retiring than if they stayed working. Is that how we encourage our older Americans to remain productive members of society?

If left uncorrected, many people would have made more money from social security than they had made in their entire lives as working members of society. Is that how social security was intended to be?

So, it was a problem that needed to be corrected. By compensating beneficiaries twice for inflation, which is what the 1972 amendments had the effect of doing, we corrected that problem in 1977 by decoupling the wage from price increases in benefits. I do not think that anyone who really understands the problem would have objected to our 1977 changes. What they are objecting to is the economic conditions since 1977.

What we should have done then, although we did not recognize it, is to phase in the decoupling provision on a transitional period. Now, anyone who has turned 62 since January 1, 1979, is a victim of the notch. And because of an inflation rate that would not go down in the latter part of the 1970's, there is a vast disparity between those who are notched and those who are not. Let us look at what this means.

Suppose someone was born on December 31, 1916, He learns how much he will get in retirement benefits if he retires at age 65 in 1981. His friend, who worked at the exact same job for all of his life, was born on January 2, 1917, and retires on January 2, 1982. He will get $110 a month less—that is $1,320 per year.

The change in the laws are not, as some would have us believe, unconstitutional. They are not a travesty of justice. They are simply unfair—unfair because inflation raced on too quickly in the 1970's and because there was no time to phase in the change. This lack of a transition period, and the high inflation, have made the notch much more acute. And so I urge my colleagues to cosponsor one of the three concurrent resolutions calling upon the Commissioner of Social Security and the Secretary of Health and Human Services to present to us a plan to deal with the issue. Let us work together to amend this problem that came about because it could not be foreseen.●

● Mr. GOLDWATER. Mr. Speaker, I rise in reluctant support of the conference report to H.R. 4331, the bill which would restore the minimum social security benefit. I do so not because I in any way oppose reinstating the minimum benefit for those truly in need who had been accustomed to receiving their $122 per month. I have said before and I will stand by my conviction that those individuals should be assured of this money.

What I had hoped we would be reviewing before the end of this session was a comprehensive reform of the social security financing system. We have to recognize that our retirement system is tottering on the edge of bankruptcy.

This bill will permit short-term borrowing authority between the old-age survivors, the disability and health insurance funds. I wish that this would provide for permanent solvency of social security. Unfortunately, interfund borrowing will provide only about 36 months' grace before there is no money left to write checks to our Nation's 36 million social security recipients. No one here today will tolerate that happening.

There are two basic long-term solutions. The first is to disregard the torpedoes and steam ahead, paying for the annual shortfall out of general revenues. This would mean, of course, adding another line item into the budget that could mean as much as $111 billion over the next 5 years. This is clearly not a realistic consideration—by the year 2020 there will be two workers trying to provide for the comfort of one retired person, as well as pay their other taxes and raise families. It would be unconscionable to levy both substantial FICA taxes on these taxpayers in addition to the hidden, crueler tax of runaway inflation and skyrocketing costs of living created by funding the social security shortfall out of the General Treasury. Similarly, directly expecting these two taxpayers to pay for a third retiree through increased FICA payroll taxes and employer contributions is unworkable.

Our other option is returning social security to what it was originally intended to be: A retirement system designed to provide supplemental retirement benefits to older Americans; in effect, to offset the cost of retiring. We can do this by a reasoned review of current benefits, needs, and available resources.

The welfare aspects of the program need to be deleted, such as aid to college students—which was abolished earlier this year—disability payments to prisoners and nonmedically disabled persons. I also would suggest to my colleagues that we are going to have to do something about the retirement age. I realize that 65 is the magic age in the minds of most Americans. However, our population is living longer than ever before and the percentage of retired is growing by leaps and bounds. Too, the "baby boom" bubble in our population demographics is only now nearing early middle age—within 30 years this group will retire. Right now, those over 65 make up only 12 percent of our total population. By the year 2020, those over 65 will make up almost one-quarter of our population. When social security was enacted, life expectancy was about 60 years. Now, it is about 74 years. Modern medicine has worked wonders—a 65-year-old today is a vital person compared to that age person 50 years ago. Different times demand different standards. I would support gradually pushing back the retirement age.

I also believe that we have to abolish the earnings limitation. We have what amounts to a confiscatory tax on earnings for those between 65 and 72. Not only would having the ability to earn money after retirement be a real boon from a supplementary income standpoint, those earned dollars contribute to the overall health of the economy.

Clearly, what would be most beneficial immediately would be to adopt some form of the President's proposed changes in disability eligibility. These involve limiting disability payments to those with long-term medical disabilities, increase the waiting period before eligibility and increase the required duration of covered employment—30 out of 40 quarters, rather than 20 out of 40. Some conbination or variation of these changes would be of immediate benefit to the system.

In any case, Mr. Chairman, although I will lend my support today to this conference report, I hope that we will see a definitive solution to this problem within the immediate future. Interfund borrowing is not the answer; nor is piecemeal tinkering with the current social security system eligibility requirements and programs. We need to give the entire system a thorough revision.●

● Mr. DANNEMEYER. Mr. Speaker, the conference report on H.R. 4331, the social security legislation, while by no means perfect, is a reasonable compromise under the circumstances and merits the support of the House of Representatives. The final version agreed to by House and Senate conferees will restore the minimum benefit for all current recipients and authorize interfund borrowing.

The minimum benefit was eliminated for all current and future recipients in the Omnibus Budget Reconciliation Act. Under that law, the minimum was ended for new recipients as of November 1981, and terminated for current recipients in March 1982. The compromise in the conference report restores the minimum benefit for all current recipients, as well as those who would have qualified between November 1 and December 31, 1981. The Senate provision to reduce the minimum benefit dollar for dollar from the checks of those with Government pensions of over $300 per month was rejected by the conferees. While new recipients

will not be eligible for the minimum benefit after the first of the year, it is important to point out that this does not mean that new recipients will not qualify for social security at all. Rather, the benefit to new recipients will be based upon past earnings and contributions to the social security trust funds.

The cost of restoring the minimum benefit will be $6.1 billion over the next 5 years. At a time when the social security trust funds are in difficult straits, and the major Old-Age and Survivors Fund would otherwise run dry as early as late 1982, the cost of restoring the benefit must be offset by other steps. While I would have preferred a complete offset of the cost of restoring the minimum benefit as advanced by the Senate, I am pleased that the conference report contains $4.4 billion in revenue increases and benefit reductions. The major item in this category is a change in the tax treatment of sick pay leave. At present, such pay is not subject to the payroll tax that funds social security. Under H.R. 4331, the first 6 months of sick leave will be subject to the payroll tax. Other offsets include administrative changes to make it easier for the Social Security Administration to terminate benefit payments to prison inmates and deceased persons.

The second major issue in this bill, in addition to the minimum benefit, concerns interfund borrowing. There are three social security trust funds—old-age and survivors, disability and health—medicare. The latter two, disability and health, are in comparatively better financial shape than the old-age and survivors trust fund which pays for the major portion of the basic retirement benefits. Interfund borrowing would allow the old-age and survivors fund to borrow from the other two, with interest, to bridge any revenue shortages that might arise. How long interfund borrowing could sustain the old-age fund depends upon how the economy develops. Some say the system could survive for a few years, others say until 1990, and the most optimistic say that the only step needed to reform social security is the interfund borrowing authority. My own view is that the most optimistic scenario cannot be sustained under the weight of the long-term economic and demographic trends that are at the root of the social security problem. The time purchased by interfund borrowing—whether it is 1 year or 10 years—ought to be used to phase in the fundamental changes that must be made. Changes should be gradual so that individuals are not affected on such short a notice that adjustments would be difficult to make. On this basis, I have voiced reservations about authorizing interfund borrowing absent other changes in the program. Accordingly, I would have preferred that Congress tackle the social security question now, rather than later. Unfortunately, the majority leadership of the House has decided to block even subcommittee hearings on the issue until next year. Under these circumstances, and mindful that it is our responsibility to save the system from possible insolvency next year, I am willing to accept the interfund borrowing in H.R. 4331 because the authority to borrow expires on December 31, 1982. This deadline will reduce the chance that the Congress will simply use the time bought with interfund borrowing to put off the tough decisions that must be made.

Conference reports are always compromises. This one is reasonable and balanced. It restores the minimum benefit for current recipients, but not for future retirees. It also puts a mechanism in place to keep the trust funds going through 1982. When we return next year, let us get on with the task of fashioning a more permanent solution to save social security.●

● Mr. KILDEE. Mr. Speaker, we have before us today legislation of urgent national concern—the restoration of the monthly minimum benefit for social security recipients. This benefit was eliminated earlier this year by a proposal initiated by the Reagan administration. I strongly opposed the administration's elimination of this benefit, which reduced the income for at least several million elderly Americans, thousands of whom are 80 or older. It was among several proposals made by the administration which, for the first time in the history of the social security system, cut benefits for current recipients. The House of Representatives recognized the injustice of taking away this benefit. On the same day the Omnibus Reconciliation Act was passed eliminating this benefit, the House voted 404 to 20 to totally restore the minimum benefit for current and future beneficiaries.

Two months after the House actions, President Reagan finally began backing away from his original social security cutback proposals. He called for the partial restoration of the minimum benefit. Unfortunately, the Senate chose only to restore the minimum benefit for certain recipients rather than for all current and future retirees. The Senate also used this measure as a vehicle to propose a number of additional damaging changes in the social security program. As a result, the conferees were deadlocked for more than a month, and those persons who became eligible after October 31, 1981, were deprived of the minimum benefit. Although the bill before us does not contain some of the highly objectionable provisions which were in the original Senate bill, it nonetheless takes an unprecedented action by subjecting the first 6 months of sick pay to the social security tax.

I am opposed to this tax on sick pay. It is my firm belief that the restoration of the minimum benefit should not have been linked to this question of the taxation of sick pay, and that each should have been considered separately by the Congress.

I am supporting this bill to restore the minimum benefit to most of the elderly who lost it because of this cut by the Reagan administration. This is the only bill we can expect from an administration which has repeatedly shown its insensitivity to the needs of our elderly and the average worker. I object, however, to the process by which we are not permitted to separately consider the various major changes in the social security program included in this bill. Each of the elements of this package is important enough that it should be considered individually.

Again, Mr. Speaker, I support the full restoration of the minimum benefit to all, and regret that this bill does not provide for future retirees to receive this benefit except under very limited circumstances. I strongly object to the packaging of this partial restoration with the social security tax on sick pay benefits to which I am opposed.●

● Mr. WEISS. Mr. Speaker, I rise in support of the conference report on H.R. 4331, although I do so with great reservation. This compromise agreement provides for restoration of the social security minimum benefit for recipients eligible for this critical benefit for the balance of the year. However, it fails to restore the minimum benefit for equally deserving individuals whose 62d birhday falls after December 31. I believe that this partial restoration on the minimum benefit violates the intent of the original House bill which sought to redress, for all retirees, the cruel and unjust minimum benefit cut enacted under reconciliation. I intend to work with other concerned Members to restore this benefit for all beneficiaries in the coming months.

In addition, the conference agreement provides for complete interfund borrowing among the three social security trust funds until the end of 1982. While I would have preferred permanent interfund borrowing authority, I believe that this provision is critical to addressing the immediate problems in the social security trust funds.

Certainly, this conference report is far better than the devastating legislation adopted by the Senate. That version sought to enact a cap on total family benefits, an especially onerous benefit cut for many families dependent on social security, in exchange for only partial reinstatment of the minimum benefit.

The approach of the Republican-controlled Senate, like that of the President, is a poorly concealed attempt to slash benefits in order to finance an unprecedented military buildup and massive tax breaks for big business and the most wealthy in our society. Their irresponsible proposals have needlessly frightened senior citizens and shaken public confidence in the social security system. Through their actions, they have exhibited a complete disregard for the well-being of our Nation's elderly and for the social security contract that has been paid for by American workers and honored by the Government for nearly half a century.

If this compromise is approved, 3.1 million Americans currently receiving the minimum benefit will be relieved of the tremendous anxiety that has permeated their lives since the Reconciliation Act passed on July 31. It is unforgivable that many of these individuals have had to live with fear of losing their most important source of income for almost 6 months. These recipients have been victimized by an administration that has no conception of what life is like on $122 a month. The House conferees are to be commended for fighting to restore this desperately needed benefit for all current beneficiaries, despite administration pressure.

But the hardship that we will inflict on future beneficiaries cannot be justified. Next year alone, nearly 100,000 elderly persons will be denied the minimum benefit. Like current minimum beneficiaries, these individuals are predominantly women, who worked for low wages or who took time out of the paid labor force to raise children, and who have little else to count on for their livelihood. These recipients are most vulnerable to the ravages of inflation, the pain of hunger and sickeness, and the depression of inadequate housing. After a lifetime of work, these individuals deserve better.

By permitting the whittling away of social security benefits, we risk jeopardizing the progress that has been made in the past few decades to improve the economic well-being of the elderly.

Recent statistics indicate that harsh economic conditions have already begun to shake the financial status of our senior citizens. Between 1978 and 1980, a recordbreaking 700,000 elderly persons fell below the poverty level. Indeed, today approximately 6.4 million citizens over the age of 65 are at or near poverty levels. These facts should compell Congress and the administration to improve social security protection for the elderly rather than cutting benefits and condemning additional seniors to a retirement life of poverty.

Time and time again, for almost 50 years, the American people have reasserted their support of, and confidence in, the social security system. A recent Harris poll found that 92 percent of all adults oppose social security reductions for people already retired and 85 percent disapprove of benefit cuts for future retirees. In striking contrast to the administration and the Republican-controlled Senate, the American people have not lost their sense of compassion and respect for our Nation's retirees nor their commitment to guarantee the elderly a decent standard of living through the social security system.

Finally, Mr. Speaker, I want to point out a very dangerous precedent, the imposition of social security payroll taxes on sick pay benefits. It really does not belong in the law. Hopefully, serious reflection will persuade its proponents to help repeal this ill-considered provision.●

● Mr. FORD of Michigan. Mr. Speaker, as far as I am concerned, the President surprised every working man and woman in America. We were led to believe during the campaign that social security recipients would not have to fear a loss of benefits. At that time, candidate Reagan said that reports of reductions in social security were "exaggerated and inaccurate stories * * *."

Then it all changed. President Reagan proposed the elimination of the minimum benefit and it was rammed through Congress as part of the Omnibus Reconciliation Act. The President needed this minimum benefit elimination for purely budgetary reasons—to allow his administration to pay the tremendous costs of its tax cut and increase in military spending. Frightened by the political specter of a huge budget deficit caused by the failure of trickle-down tax policies and continued high interest rates, the Reagan White House had to cut social security. The White House strategy was clear: Cry loud and long about the eminent bankruptcy of the social security trust funds; steamroll the Congress by panicing earnest and well-meaning citizens; then mug another social program to balance the budget.

The opportunity to reverse the terrible decision to eliminate the minimum benefit came when the House passed a separate Democratic bill, H.R. 4331, which called for total restoration of the minimum benefit for both current and future retirees. Regretfully, the Senate version of H.R. 4331 only restored the benefit for certain current recipients rather than for all current and future retirees.

The conference report we are voting on today contains very little of the House language, and does not take into consideration what the people in this country want and deserve. I am supporting this measure, but very frankly, the only positive provision in this agreement will allow the old-age and survivors' insurance fund to borrow from the medicare and disability insurance trust funds. The old-age and survivors' insurance trust fund is the only part of the social security system facing any difficulties at all. Now, with interfund borrowing, this problem can be solved.

What this conference report fails to do is restore the minimum benefit to any future retirees. These are people who for years have counted on receiving the minimum benefit when they retired. And, they have had this taken away from them with very little warning. In 1982 alone, nearly 100,000 elderly persons who would have received the benefit prior to enactment of the reconciliation act will now not receive it. These are, more often than not, retirees with little other income.

Mr. Speaker, the minimum benefit was frozen at $122 for new beneficiaries as part of the Social Security Amendments of 1977. There is no adequate explanation for the change to a precipitous elimination which unfairly penalizes those who have counted on the minimum amount in the near future.

The action we have taken here today tells the American people that the Congress cannot be counted upon to make good on its promises; it tells the American people that the rules of the game may be changed at any time without forewarning. In addition, if Congress were asked directly if it would vote to sacrifice the aged women of this country in order to reduce the deficit, I would like to think that the answer would be a resounding "no." Yet, eliminating the minimum benefit after December 31, 1981, amounts to roughly the same result. Over 70 percent of the beneficiaries are aged women, some of them very old indeed.

The Reagan administration has trained its sights on social security in what appears to be an effort to mutilate one of this Nation's best programs of social insurance. I will continue to fight against these negative changes so that those who have worked hard all their lives to make this Nation rich and strong can enjoy their retirement with dignity and a sense of economic security.●

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) that the House suspend the rules and agree to the conference report on the bill, H.R. 4331.

The question was taken.

Mr. ROSTENKOWSKI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 412, nays 10, not voting 11, as follows:

[Roll No. 365]

YEAS—412

Addabbo	Donnelly	Holt
Akaka	Dorgan	Hopkins
Albosta	Dornan	Horton
Alexander	Dowdy	Howard
Anderson	Downey	Hoyer
Andrews	Dreier	Hubbard
Annunzio	Duncan	Huckaby
Anthony	Dunn	Hughes
Applegate	Dwyer	Hunter
Ashbrook	Dymally	Hutto
Aspin	Dyson	Hyde
Atkinson	Early	Ireland
Badham	Eckart	Jacobs
Bafalis	Edgar	Jeffords
Bailey (MO)	Edwards (AL)	Jeffries
Bailey (PA)	Edwards (CA)	Jenkins
Barnard	Edwards (OK)	Jones (NC)
Barnes	Emerson	Jones (OK)
Beard	Emery	Jones (TN)
Bedell	English	Kastenmeier
Beilenson	Erdahl	Kazen
Benedict	Erlenborn	Kemp
Benjamin	Ertel	Kildee
Bennett	Evans (DE)	Kindness
Bereuter	Evans (GA)	Kogovsek
Bethune	Evans (IA)	Kramer
Bevill	Evans (IN)	LaFalce
Biaggi	Fary	Lagomarsino
Bingham	Fascell	Lantos
Blanchard	Fazio	Latta
Bliley	Fenwick	Leach
Boggs	Ferraro	Leath
Boland	Fiedler	LeBoutillier
Boner	Fields	Lee
Bonior	Findley	Lehman
Bonker	Fish	Lent
Bouquard	Fithian	Levitas
Bowen	Flippo	Lewis
Breaux	Florio	Livingston
Brinkley	Foglietta	Loeffler
Brodhead	Foley	Long (LA)
Brooks	Ford (MI)	Long (MD)
Broomfield	Ford (TN)	Lott
Brown (CA)	Forsythe	Lowery (CA)
Brown (CO)	Fountain	Lowry (WA)
Brown (OH)	Fowler	Lujan
Broyhill	Frank	Luken
Burton, Phillip	Frenzel	Lungren
Butler	Frost	Madigan
Byron	Fuqua	Markey
Campbell	Garcia	Marks
Carman	Gaydos	Marlenee
Carney	Gejdenson	Marriott
Chappell	Gephardt	Martin (IL)
Chappie	Gibbons	Martin (NC)
Cheney	Gingrich	Martin (NY)
Chisholm	Ginn	Matsui
Clausen	Glickman	Mattox
Clay	Goldwater	Mavroules
Clinger	Gonzalez	Mazzoli
Coats	Goodling	McClory
Coelho	Gore	McCloskey
Coleman	Gradison	McCollum
Collins (IL)	Gramm	McCurdy
Collins (TX)	Gray	McDade
Conable	Green	McEwen
Conte	Gregg	McGrath
Conyers	Grisham	McHugh
Corcoran	Guarini	McKinney
Coughlin	Gunderson	Mica
Courter	Hagedorn	Michel
Coyne, James	Hall (OH)	Mikulski
Coyne, William	Hall, Ralph	Miller (CA)
Craig	Hall, Sam	Miller (OH)
Crockett	Hamilton	Mineta
D'Amours	Hammerschmidt	Minish
Daniel, Dan	Hance	Mitchell (MD)
Daniel, R. W.	Hansen (ID)	Mitchell (NY)
Danielson	Hansen (UT)	Moakley
Dannemeyer	Harkin	Moffett
Daschle	Hartnett	Molinari
Daub	Hatcher	Mollohan
Davis	Hawkins	Montgomery
de la Garza	Heckler	Moore
Deckard	Hefner	Morrison
Dellums	Heftel	Murphy
DeNardis	Hendon	Murtha
Derrick	Hertel	Myers
Derwinski	Hightower	Napier
Dickinson	Hiler	Natcher
Dicks	Hillis	Neal
Dingell	Holland	Nelligan
Dixon	Hollenbeck	Nelson
Nichols	Roukema	Stump
Nowak	Roybal	Swift
O'Brien	Rudd	Synar
Oakar	Sabo	Tauke
Oberstar	Santini	Tauzin
Obey	Savage	Taylor
Ottinger	Sawyer	Thomas
Oxley	Scheuer	Traxler
Panetta	Schneider	Udall
Parris	Schroeder	Vander Jagt
Pashayan	Schulze	Volkmer
Patman	Schumer	Walgren
Patterson	Seiberling	Walker
Pease	Sensenbrenner	Wampler
Pepper	Shamansky	Washington
Perkins	Shannon	Watkins
Petri	Sharp	Waxman
Peyser	Shaw	Weaver
Pickle	Shelby	Weber (MN)
Porter	Shumway	Weber (OH)
Price	Shuster	Weiss
Pritchard	Siljander	White
Pursell	Simon	Whitehurst
Quillen	Skeen	Whitley
Rahall	Skelton	Whittaker
Railsback	Smith (AL)	Whitten
Rangel	Smith (IA)	Williams (OH)
Ratchford	Smith (NE)	Wilson
Regula	Smith (NJ)	Winn
Reuss	Smith (OR)	Wirth
Rhodes	Smith (PA)	Wolf
Richmond	Snowe	Wolpe
Rinaldo	Snyder	Wortley
Ritter	Solarz	Wright
Roberts (KS)	Solomon	Wyden
Roberts (SD)	Spence	Wylie
Robinson	St Germain	Yates
Rodino	Stangeland	Yatron
Roe	Stanton	Young (AK)
Roemer	Stark	Young (FL)
Rogers	Staton	Young (MO)
Rose	Stenholm	Zablocki
Rosenthal	Stokes	Zeferetti
Rostenkowski	Stratton	
Roth	Studds	

NAYS—10

Archer	Johnston	Rousselot
Crane, Daniel	Lundine	Williams (MT)
Crane, Philip	Mottl	
Gilman	Paul	

NOT VOTING—11

AuCoin	Dougherty	Russo
Bolling	Leland	Trible
Burgener	McDonald	Vento
Burton, John	Moorhead	

□ 1230

The Clerk announced the following pairs:

On this vote:

Mr. AuCoin and Mr. Leland for, with Mr. Vento against.

Messrs. RANGEL, HILLIS, and D'AMOURS changed their votes from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 779. An act to authorize the Secretary of the Army to contract with the Tarrant County Water Control and Improvement District No. 1 and the city of Weatherford, Tex., for the use of water supply storage in Benbrook Lake, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1976. An act to amend the act of July 31, 1946, as amended (40 U.S. C. 193a).

□ 1245

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. WRIGHT). For the benefit of the membership, permit the Chair to describe the plan upon which we will proceed.

It is the intention of the Chair shortly to recognize the gentleman from Wisconsin (Mr. ZABLOCKI) to call up the conference committee report on the foreign aid authorization bill. Immediately thereafter, pursuant to the unanimous-consent request earlier granted, the Chair would expect to recognize the gentleman from Maryland (Mr. LONG) for the foreign aid appropriation bill conference committee report.

Following that the Chair will recognize for a series of unanimous-consent business requests and then we will probably be able to take 1-minute speeches. However, the Chair intends to return to the suspension list and to conclude action on those bills scheduled for action today under suspension of the rules.

We expect to take up the rule and the conference committee report on the agriculture bill and such other conference committee reports as will be available to the House. It is possible that with diligence and attention to duty and with no dilatory tactics, the House might conclude the work of this session in time for adjournment sine die this evening.

Time permitting, it is the intention of the present occupant of the Chair, after legislative business and such other special orders as may have been permitted, to entertain a special order in honor of the 100th anniversary of the birth of former Speaker of the House Sam Rayburn. That centennial event will occur on January 6, a time at which the Congress will be out of session. So the Chair wants to give notice to those Members who would wish to enter into that kind of a discussion and certainly all those who had the privilege of serving with that truly distinguished statesman, Mr. Rayburn, during his Speakership that they might know that this would occur.

The Chair now recognizes the gentleman from Wisconsin (Mr. ZABLOCKI).

CONFERENCE REPORT ON S. 1196, INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. ZABLOCKI. Mr. Speaker, pursuant to the order of the House on yesterday, I call up the conference report on the Senate bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

Mr. WEISS. Mr. Speaker, reserving the right to object, I take this time under my reservation only to make this inquiry of the committee chairman: When the legislation was on the floor, I had offered an amendment regarding the sense of Congress that recommendations be made by the Secretary of State to grant extended voluntary departure status to Salvadorean refugees residing in the United States. That amendment was accepted by the gentleman as well as the ranking minority member and adopted unanimously.

I ask the gentleman, what happened to that amendment in the conference? Would the chairman of the committee apprise me of that?

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. WEISS. Yes, of course, I am delighted to yield to the committee chairman.

Mr. ZABLOCKI. Mr. Speaker, I thank the gentleman for yielding.

The conferees adopted substitute language in section 731 stating that it is the sense of the Congress that the administration should continue to review on a case-by-case basis petitions for extended voluntary departure made by citizens of El Salvador who claim that they are subject to persecution in their homeland and should take full account of the civil strife in El Salvador in making decision on such petitions.

Mr. WEISS. Further reserving the right to object, Mr. Speaker, does that mean that we are approving what the State Department has been doing, which is granting, I believe, one application out of 6,000 and approving it favorably? Is that the kind of thing we are approving by this language?

Mr. ZABLOCKI. No; I believe the sense of Congress language would be that the State Department give full consideration to every applicant on a case-by-case basis.

Mr. WEISS. Mr. Speaker, further reserving the right to object, I voted yesterday with the rest of the House unanimously and enthusiastically in granting that status to the Polish residents who are in this country because I thought it could be disastrous to send people back to the kind of turmoil which exists there. I urge the Members to recognize that people of El Salvador face exactly that kind situation, perhaps even to a greater extent. I hope the gentleman and his committee will be of help in providing some safety to people who would be and are being returned by us at the risk of their lives.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield further?

Mr. WEISS. I am glad to yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Speaker, I thank the gentleman for yielding.

I will advise the gentleman that this matter is really not in the jurisdiction of the Committee on Foreign Affairs. It is the Committee on the Judiciary that would have to be addressing itself to the gentleman's request. Therefore, we agree in conference to the sense-of-Congress provision that I have just read, but the jurisdiction, as far as deportation or immigration status is concerned, is within the jurisdiction of the Committee on the Judiciary, and I would respectfully submit that the gentleman should seek his relief or a continuation of his desires with that particular committee and the chairman of that committee.

Nevertheless, I can assure the gentleman that as a Member who is interested in the fate of Salvadorans, some of whom are here, I, too, will have some oversight and will continue my interest in this regard.

Mr. WEISS. Mr. Speaker, further reserving the right to object, I appreciate the gentleman's assurance.

I just think that this Congress has to be very, very careful that we do not send out the message that we treat and consider refugees from one part of the world as being less important or their lives as being less important than those in another part of the world. I know how concerned the gentleman is, and I appreciate his expression of concern.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER pro tempore. The Clerk will read the statement of the managers.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 15, 1981.)

Mr. ZABLOCKI (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with, since I intend to explain the report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER pro tempore. The gentleman from Wisconsin (Mr. ZABLOCKI) will be recognized for 30 minutes, and the gentleman from Michigan (Mr. BROOMFIELD) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. ZABLOCKI. Mr. Speaker, I rise in behalf of the conference report on the bill (S. 1196) to authorize appropriations for security and development assistance programs for fiscal years 1982 and 1983, to authorize appropriations for the Peace Corps for fiscal years 1982 and 1983, and for other purposes.

Mr. Speaker, this conference report is basically similar to the bill passed by the House last week. It is a bipartisan bill strongly supported by the President. It provides the authorities for the expenditure of funds necessary for proper conduct of U.S. foreign policy. It gives the President the tools he will need in the foreign assistance area, and retains an appropriate role for the Congress to oversee their utilization.

I am pleased to report that the conference accepted the House position on several important issues, and developed responsible compromises on other issues.

An issue of particular interest to Members—the question of aid to Pakistan and the revision of nuclear nonproliferation provisions in the present law—was solved in my opinion in a constructive fashion representing, principally, the House approach to this matter. The issue, of course, is a major one from a standpoint of U.S. security interests, particularly with the continued Soviet occupation of Afghanistan.

Pakistan would receive $100 million in economic support fund assistance in fiscal 1982 and $200 million in fiscal 1983. On the nonproliferation aspect, the conference report authorizes the President to issue a 6-year waiver for Pakistan of the section 669 prohibition in the Foreign Assistance Act.

It also mandates a suspension of assistance to any country which transfers a nuclear explosive to a nonnuclear weapons state, and to any nonnuclear weapons state which receives or detonates a nuclear explosive. However, if such a suspension would damage U.S. security interests, the President may delay the suspension for 30 calendar days. During this period, Congress may by joint resolution authorize the

President to continue assistance beyond 30 days. This legislation further provides that any future Presidential waiver of sections 669 or 670 of the Foreign Assistance Act, dealing with transfers of nuclear enrichment or reprocessing equipment, can be overridden by a concurrent resolution of Congress.

This agreement resulted from a bipartisan effort by Members of both Houses to meet U.S. regional security interests and to strengthen U.S. nonproliferation policy.

On other items in the conference report of interest to Members, I will refer to briefly are:

The report maintains the Clark amendment prohibiting military and paramilitary aid to forces in Angola, which was the House position;

It separates the Peace Corps from ACTION, which was also the House position as well as that of the other body;

It maintains the House conditions on providing military assistance to Argentina, with only minor modification;

It adopts Senate language lifting the prohibition on military assistance to Chile, but expands conditions under which any such assistance can be provided to include the cooperation of the Government of Chile in bringing to justice those responsible for the murder of Orlando Letelier and Ronni Moffitt;

Maintains House restrictions on U.S. assistance to Nicaragua;

Maintains House conditions on U.S. military assistance to El Salvador with only minor modification;

Under a compromise formula agreed on with the Senate, a total of $800 million in grant military assistance is provided including $550 million for Israel, $200 million for Egypt, and $50 million for the Sudan;

The President gets some added necessary flexibility in the military assistance field through the creation of a new special defense acquisition fund, which will be a revolving fund;

The food for peace program is strengthened by provisions promoting self-help by countries receiving U.S. food aid, and assuring more dependable supplies for private voluntary organizations distributing U.S. food aid abroad.

Mr. Speaker, I cannot commend too highly the efforts by the House Members of the conference on this bill. Their diligence in attending and willingness to work hard until the job was done allowed us to complete the conference in record time. We were aided by similar efforts by the Members of the other body.

The conference thus was able to produce relatively quickly a good bill which I hope will receive wide approval in the House.

□ 1300

Mr. BROOMFIELD. Mr. Speaker, I yield myself such time as I may consume.

Mr. BROOMFIELD. Mr. Speaker, at the outset I, too, want to join the chairman in paying tribute to all of the conferees, not only on our side but on the other side of the Capitol for their work on this legislation. I did not think it was possible, frankly, to complete action on this bill before the adjournment of the House this year and a lot of credit goes to the chairman of our Foreign Affairs Committee, the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. Speaker, the legislation we have before us today is vitally important to our national and collective security, and I support this conference report.

This legislation provides for international military and economic security and international stability important to U.S. national interests. It also addresses important humanitarian concerns. These programs help strengthen our friends abroad, provide U.S. access to vital raw materials, promote markets for the goods and services our economic growth requires, and maintain and create American jobs. Moreover, this conference report provides for greater flexibility in the administration of American foreign policy.

The conference report especially provides us with an opportunity to demonstrate our willingness to help our friends and maintain our security and economic interests in the Near East. In particular, the legislation helps serve our Mideast security needs by authorizing $1.4 billion in foreign military sales credits to Israel in fiscal year 1982. The conference report includes $785 million in economic support funds (ESF) for Israel and $750 million for Egypt. This assistance is essential to maintaining the economic and political stability of those U.S. friends who are at the center of the continuing efforts to achieve a peaceful long-term settlement of the critical Middle East situation.

The legislation also provides necessary support to our good friends and NATO allies. In particular, the conference agreement provides important assistance for Greece and Turkey, which are major recipients of foreign military sales credits. I would especially like to emphasize that this conference report is designed to help friendly foreign countries defend themselves. This is primarily accomplished through the foreign military sales credit program contained in this conference report.

The conference agreement also helps to meet our security requirements by providing for additional flexibility in the administration of U.S. foreign affairs. In particular, the legislation provides for added flexibility in the conduct of security assistance programs by providing for a grant military contingency fund as well as allowing the President to draw down $75 million—not $50 million as in current law—in defense articles and services from the Department of Defense to furnish emergency military assistance. Morever, the President is provided with new authority allowing for advanced procurement of defense articles for transfer to foreign countries, thus minimizing the adverse impact, which has occurred in the past, of diversions of military equipment from U.S. stocks to foreign countries. Additional flexibility is also provided by the conferees with the lifting of the commercial arms sale ceiling.

The conference report provides for important international military education and training programs with 72 countries. Also, given the importance of our Latin American neighbors, the conferees, under certain conditions, lifted restrictions on providing military assistance and sales to Argentina and Chile. Most importantly, given the unique strategic importance of Israel, Egypt, and the Sudan, the conferees provided direct foreign military sales credits to these countries.

In the economic area, the conference provided the President flexibility to respond to unforeseen situations where U.S. national interests require economic aid. The conference version includes a special requirements fund of up to $75 million in the ESF account to use in such circumstances. The conferees provided $15 million in ESF for Cyprus for each of the fiscal years, fiscal year 1982 and 1983. Of those amounts $5 million in fiscal year 1982 and $10 million in fiscal year 1983 are earmarked for scholarships for Cypriots.

The conference compromise also authorizes development assistance in such areas as health, agriculture, and nutrition. More than half of this assistance is for agriculture and rural development projects to help the rural poor, and particularly small farmers, to increase food production. Assistance under these accounts also helps the poor in Third World countries to improve their basic health conditions, to reduce staggering infant mortality rates, and enable them to lead more productive lives. Furthermore, such assistance helps to promote worldwide economic and political stability.

This legislation provides for funds for a variety of other significant programs including: The grassroots level, person-to-person, self-help assistance provided by Peace Corps volunteers, aid to American schools and hospitals abroad, and some funds for addressing refugee problems. In addition, the conference agreement provides for the separation of the Peace Corps from ACTION.

With the many security problems in Latin America, the Middle East, and

Asia, not to mention the increasing Soviet arms buildup, the situation in Poland, there is at this time a great need for the United States to join its good friends and allies in seeking new and better ways to collective security. In this regard, the legislation we have before us today contains several important provisions to better assist the security of our friends and allies in the face of growing Soviet adventurism throughout the world.

The programs and authorities in this conference compromise are an investment in our efforts to protect and promote our national interests in a dynamic, dangerous, often volatile, world. While some of us may not be enthusiastic about every provision, I urge my colleagues to adopt the conference report.

Mr. ZABLOCKI. Mr. Speaker, I yield such time as he may require to the gentleman from Maryland (Mr. BARNES).

Mr. BARNES. Mr. Speaker, I rise in support of the conference report on the foreign aid authorization. We are under strong pressure from the administration to enact this legislation before the recess. I want to say that the reason we can take up this conference report today, only a week after the House passed its bill, is because of the skill of Chairman ZABLOCKI in conducting the conference and the hard work of the committee staff in getting the conference materials together literally overnight. I hope this cooperative attitude on the part of our committee will be reciprocated by the administration in the form of faithful implementation of the provisions of this act.

As chairman of the Subcommittee on Inter-American Affairs, I want to comment on some of the major provisions pertaining to Latin America. On El Salvador, we succeeded in retaining language in the bill which will insure that our military aid to El Salvador is used only to support human rights, economic and political reforms, and a political solution to the conflict in El Salvador. Under the compromise bill, the President will be able to continue to provide military aid to El Salvador only if, 30 days after the enactment of this act, the President is able to certify the following:

First, that the Government of El Salvador "is making a concerted and significant effort to comply with internationally recognized human rights."

Second, that the Government of El Salvador "is achieving substantial control over all"—and I emphasize the word "all"—"elements of its own armed forces, so as to bring to an end the indiscriminate torture and murder of Salvadoran citizens by these forces." This condition will strengthen the hand of President Duarte in curbing abuses by his military and security forces that just drive people into the hands of the left. I would call attention to the language of the Foreign Affairs Committee report on this condition, which is governing since the conferees adopted the House provision:

> The Committee wants to make its intent clear: It expects that the President will certify that this condition has been fulfilled only if the Salvadoran Government has actually made substantial progress in gaining control over all elements of its armed forces. Neither vague commitments to enact reforms at some point in the future nor public statements by government leaders to the effect that they were trying to achieve such control would be a sufficient basis for a Presidential certification that this condition had been satisfied. What the committee is looking for is real rather than rhetorical progress.

Third, that the Government of El Salvador "is making continued progress in implementing essential economic and political reforms, including the land reform program." Although we lost the specific reference to the private sector contained in the House bill, I believe it would be in accord with the will of the Congress for the administration to include in its certification information on the Government's support for the private sector.

Fourth, that the Government of El Salvador "is committed to the holding of free elections at an early date and to that end has demonstrated its good faith efforts to begin discussions with all major political factions in El Salvador which have declared their willingness to find and implement an equitable political solution to the conflict, with such solution to involve a commitment to—(A) a renouncement of further military or paramilitary activity; and (B) the electoral process with internationally recognized observers." This is perhaps the most important condition, in that it reverses the fundamentally mistaken aspect of the administration's policy which precludes a political settlement of the conflict by opposing talks unless the left gives up and lays down its arms. Under this language, the Government of El Salvador could receive no further military assistance from the United States if it refused to enter into discussions with the left, so long as the left declared that it was willing to seek a political solution, and that the political solution would involve an end to violence and elections. This language does not require negotiations about power sharing, nor does it prejudge what topics the discussions would cover. Each party would be free to propose its own agenda. All the language requires is a willingness to talk. No one loses anything by talking.

Fifth, that the Government of El Salvador "has made good faith efforts to investigate the murders of the six United States citizens in El Salvador in December 1980 and January 1981 and to bring to justice those responsible for those murders."

All conditions except the fifth would have to be recertified every 6 months for the aid to continue.

Mr. Speaker, it is clear that the President could not make these certifications at this time. The intent of the language is to give the administration leverage with the Salvadoran military in order to induce it to cooperate with President Duarte in improving the human rights situation, furthering reforms, and achieving a political solution to the conflict. Without these conditions, the military has no incentive to cooperate, and a favorable solution to the conflict is impossible.

I want to close by talking briefly about the provisions relating to Argentina and Chile. The conferees adopted provisions repealing prohibitions on security assistance to Argentina and Chile. These sanctions were imposed as a response to massive human rights violations by the governments of those two countries and, in the case of Chile, to the murders of Orlando Letelier and Ronni Moffitt. I believe the repeal of these prohibitions represents a recognition on the part of the Members that these sanctions have served their purpose and it is time to begin to try to improve relations with these two countries. That is debatable, but it is the will of the Congress and the President and I am prepared to support it. No sanction can last forever. Sooner or later, the time comes when sanctions must be removed. It is the judgment of the Congress that, for Argentina and Chile, that time is now.

But it is very important, in removing these sanctions, not to send the wrong signal. It is important that this action be construed not as an abandonment of our human rights policy, but as a new stage in the implementation of that policy. It must be clear that we are taking this action because of improvements in human rights in those countries, and in expectation of further improvements. I have opposed removing the sanctions not because I do not believe in removing them, but because of the administration's refusal to make this clear.

I am gratified that the conferees have agreed to make clear in the language the continuing commitment of the Congress to human rights in Argentina and Chile, and our intent that the development of a military relationship with those countries should go hand in hand with human rights improvements. Specifically, under the language, before he can provide security assistance to Argentina the President must certify that Argentina has made significant progress in complying with internationally recognized human rights. In making that certification, he must consider efforts by the Government of Argentina to provide

information on the disappeared and to release or bring to justice the PEN prisoners.

To provide security assistance for Chile, the President must make the same certification with respect to human rights, and must also certify that Chile is not aiding or abetting international terrorism and has taken appropriate steps to bring to justice those indicted in connection with the Letelier-Moffitt murders. In addition, the managers state that, in determining whether Chile has made the requisite progress in human rights, the President must consider whether the Government of Chile is ending the practices of internal exile and forced expulsion and is allowing those citizens who desire to return home to do so, and whether the Government of Chile is permitting internationally recognized human rights commissions to investigate human rights abuses.

Mr. Speaker, I believe the House did well in the conference with respect to those provisions of the bill affecting Latin America, and with respect to the other provisions as well, and I urge the adoption of the conference report.

Mr. GLICKMAN. Mr. Speaker, will the gentleman yield for a brief question?

Mr. BARNES. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I am very concerned that the restrictions approved in the House-passed bill on El Salvador be implemented and that we provide as much in terms of restrictions in terms of that aid as possible. Could my colleague assure me that the final product of this bill does contain responsible but affirmative restrictions on aid to El Salvador?

Mr. BARNES. I can give the gentleman such an assurance. We came out of conference I think with language that would give the gentleman such assurances.

My Subcommittee on Inter-American Affairs is going to be holding hearings with respect to the certification process that the administration will have to enter into if this legislation passes and I believe that the gentleman's concerns will be addressed in those hearings.

Mr. GLICKMAN. I thank the gentleman and want to compliment the chairman of both the subcommittee and the full committee.

Mr. BARNES. I thank the gentleman and yield back the balance of my time.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. STUDDS).

Mr. STUDDS. Mr. Speaker, I, too, rise in support, although not particularly enthusiastic support, of this conference report. It does not reflect the levels of economic aid which many of us would like to see, nor does it reflect the balance between economic and military assistance this Member would like to see.

I think realistically it is the best this Congress can produce at this time.

I also commend the chairman and the House conferees for sticking as hard as they did to the position of this House. I support this bill primarily because it will place, when it becomes law, the first restrictions of any kind on the use of U.S. military assistance to the Government of El Salvador. I think it is absolutely critical that such conditions be in law.

Mr. Speaker, if I may ask one question in that regard, the conference report now under consideration includes several provisions which will require the President to certify that certain conditions prevail inside countries which are receiving or which may be proposed as recipients of U.S. military sales or assistance. In at least four instances, Nicaragua, Argentina, Chile, and El Salvador, the certifications involved refer in whole or in part to the extent to which the governments in question respect the internationally recognized human rights of their own people.

My purpose in asking this question is simply to seek the assurance of the chairman of the committee that it is the understanding of the House that the Assistant Secretary of State for Human Rights and Humanitarian Affairs will be expected to play a significant role in providing the information and advice upon which the Presidential certifications concerning matters of human rights are based!

I agree that it may seem self-evident to some Members that the Assistant Secretary for Human Rights would be deeply involved in these certifications, but I think it prudent to put on the RECORD at this time the fact that it is the clear understanding of the House of Representatives that this will, in fact, be the case.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. STUDDS. Certainly I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I thank the gentleman for yielding. It is my understanding that the answer to the question of the gentleman from Massachusetts is "Yes".

Mr. STUDDS. I thank the chairman very much and yield back the balance of my time.

Mr. BROOMFIELD. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. FINDLEY) a member of our committee.

Mr. FINDLEY. Mr. Speaker, as everyone knows, the State of Israel is the principal beneficiary of U.S. foreign aid, both military and economic, and has been for a number of years. It is with sadness that I note that today, when we give our final approval to a measure which will provide very generously once more to the State of Israel, we have in the headlines the news of the unfortunate action by the Parliament of Israel on the annexation of the Golan Heights.

Had this action occurred a few days sooner, perhaps there would have been an opportunity to have spoken to this sorry question in the language of the legislation now before us. But as it is now it is up or down on the conference report.

In my view it would be a mistake for us to reject this conference report just because of what I think to be very serious misconduct on the part of one of the principal beneficiaries of foreign aid because a rejection of the conference report would be very harmful to other more reasonable countries which have great need for military as well as economic assistance. But I think it would be a pity if this discussion were to close without some comment by Members of this body voicing their deep regret, their deep concern, about the action of the Israeli Knesset. In fact, I feel that our Government has no choice. It must demand that the Knesset repeal this act of annexation.

I feel, furthermore, that our Government should back up this demand with an announcement that no further shipments of fighter planes or other military gear to Israel will occur until such time as the Knesset has accomplished the repeal. The annexation is defiant of international law, it is harmful to the peace process, it is contrary to the United Nations charter, it is a violation of the spirit and the letter of several United Nations resolutions that deal with the Middle East crisis. Perhaps most serious of all, it is clearly an affront to the United States because much of the world, realizing the intimate relationship between U.S. support and the State of Israel, will come to the conclusion that we are a silent partner in this act of illegal annexation.

This annexation simply must be reversed and the United States alone among the world's nations has the leverage with which to force Israel to back down.

President Jimmy Carter on two occasions persuaded Prime Minister Menachem Begin to back down from wrongful acts. One was when he persuaded Menachem Begin to order the withdrawal of U.S.-supplied military equipment from Southern Lebanon and the other was when he persuaded him to order a halt in the air attacks against Lebanon, attacks that were carried out by U.S.-supplied aircraft. President Carter got results on both occasions. When confronted with the announcement and the clear warning by President Carter that if these acts were not stopped that there would be an interruption in U.S. aid—the acts did stop.

President Reagan can accomplish the same thing. He can tell the Israelis that no fighter planes will be shipped in January as they are now scheduled to be shipped and no other military gear will be shipped to the State of Israel until the repeal of this unfortunate act has occurred.

I wish to call to the attention and commend to my colleagues an editorial in today's issue of the Washington Post entitled "A Promise Broken," and would ask unanimous consent that be included along with my remarks.

The editorial referred to follows:

[From the Washington Post, Dec. 16, 1981]

A PROMISE BROKEN

Menachem Begin got out of a hospital bed Monday and, within hours, without a word of notice or preparation, broke the fundamental Israeli promise on which all of Israel's hopes for peace hinge. That promise, repeated many times, was to exchange territory for peace. By annexing the Golan, Israel precludes peace with Syria. It is that simple.

Prime Minister Begin offered two lines of argument. First, he says, Golan is part of the historic "land of Israel." But it is part only of what he calls, and then only in his less guarded moments, eastern Eretz Israel, which stretches from the Jordan eastward to the Euphrates River. It is a stroke of sheer fanaticism to base an actual territorial claim on that fantasy.

Then, Mr. Begin says, there is security. Yes, there is. Israel needs security from attack by Syria, which sat on the Golan and poured fire down on Israeli farmers before 1967 and which has refused to accept Israel and negotiate peace ever since. Syria meets no acceptable standard of international comity. Internal tensions have made the Syrians especially nasty in recent years. Ultimately, nonetheless, security for Israel rests on waiting for Syria to come around. Certainly the answer is not to make it hard for Israel's friends to justify or support Israeli conduct.

The most damaging burden Washington carries in its dealings with Arab countries is their suspicion that the United States is an accomplice, either mindless or witting, of a manipulative Israeli expansionism. This is why the administration must leave no doubt about its rejection of the Israeli action. Defense Secretary Caspar Weinberger says it is like the Israeli attack on the Iraqi reactor. Wrong: it is worse. The attack on the reactor had a certain security rationale. This step has none.

Fortunately, it is only a political decision, changing nothing on the ground. Therefore, a political decision can rescind it. Mr. Reagan should not both tut-tutting. He should bring real pressure to bear on the Israelis to return to the position that territory is to be traded for peace. There is nothing to negotiate here. It must be, for the United States, a point of principle. What other basis is there on which the United States can support Israel?

Mr. BROOMFIELD. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. MCCLOSKEY).

Mr. McCLOSKEY. Mr. Speaker, I would ordinarily vote for this conference report as I have voted for every foreign aid bill and for every assistance we have previously extended to the state of Israel since I was sworn into Congress 14 years ago.

But there has been a change of circumstances since the foreign aid bill was passed last week. Out of $11 billion, Mr. Speaker, $2.2 billion, one-fifth of the total economic and military assistance from the United States will be going to the state of Israel and it will be going within a day or so of Israel's action to take and annex the lands of the sovereign nation of Syria.

In my judgment we are in a situation very similar to that of 15 or more years ago as this country began to slide into the Vietnam war because of congressional acquiescence day by day to the acceleration of the steps that the executive branch was taking in Vietnam. In retrospect, as we look back at that process of gradual involvement in Vietnam, each of us can point to no specific case where acquiescence by Congress did not contribute to that quagmire which may have been the most tragic policy mistake in this Nation's history.

□ 1315

Now we are on the brink of once again giving acquiescence by an action of a friend and ally, Israel, in actions which this country cannot countenance, cannot accept, and cannot endorse. Yet the House of Representatives, if we vote $2.2 billion today to Israel immediately after Israel's aggressive action, will be viewed elsewhere in the world as endorsing that action. It is one thing to say we deplore Israel's action, but if at the same time we vote the money by which that action is implemented, we are in effect endorsing it.

I recall, back in Vietnam, when the Congress and many of us were speaking out against the actions of Presidents Lyndon Johnson and Richard Nixon, in some step of escalation like the invasion of Cambodia; yet within a few days we would appropriate the money to continue that action.

Now, I do not think we ought to make any mistake which can enhance the peril of war, a war into which the United States could be drawn, in the Mideast. That peril is at least equal to the peril of being drawn into a war with our major antagonists, the Soviets.

In Oman we have a naval base; in the adjoining nation of South Yemen, the Soviets have a nuclear submarine base. The moderate Arab States—Kuwait, Saudi Arabia, the United Arab Emirates, Oman—are confronted by radical Arab States—Syria, Iraq, Libya. Saudi Arabia is literally surrounded, with Ethiopia to the south, Yemen on their eastern border, Iraq to the north, Libya to the west.

In that kind of confrontation, where an American President, Jimmy Carter, said 2 years ago, "We will go to war if necessary, we will use military force if necessary to repel a foreign intrusion into the Persian Gulf," the action that Israel has taken is literally an invitation for the Soviets to come to the additional assistance of their ally and their proxy, Syria.

Fourteen years ago, this Nation subscribed to U.N. Resolution 242 that the Golan Heights would ultimately be returned at such time as the Arab world recognized Israel's right to be secure within Israel's pre-1967 borders.

The point that I want to make, Mr. Speaker, is that the Congress cannot continue to acquiesce in militant acts by our friends and allies without appearing to countenance and endorse those actions. In the 1950's, other allies of ours, Britain and France, went into the Suez. There was no hesitancy by the American Government to tell allies like Britain and France, "You cannot move into the Suez." Here is a golden opportunity for the Congress of the United States to say flatly to the state of Israel, our friend and ally whom we support and want to prosper and be at peace, that this is the limit. "You may have bombed downtown Beirut, and we may have only delayed F-16's for a few weeks, but when you take the lands of a foreign country and draw closer to a war in which the United States may be involved," at that point the Congress of the United States should say "stop". Let us put this issue on hold; let us return this bill to conference, let us reconsider, in light of the events of the last 3 days, what conditions we put on this $2.2 billion in military and economic assistance to Israel.

I am not saying to cut off that assistance, but I believe we should put constraints on that assistance and vote this bill down today.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. WOLPE).

● Mr. WOLPE. Mr. Speaker, I thank the chairman for yielding.

Mr. Speaker, I rise in support of this conference committee report. In all of the respects that were most critical to this body, the House position was effectively sustained in that conference agreement. I think the passage of this legislation and conference report will help to promote American interests abroad, as well as strengthen America's ability to pursue its foreign policy objectives.

As chairman of the Subcommittee on Africa, I am particularly pleased by the conference committee's actions on several African issues:

THE CLARK AMENDMENT

The Conferees should be applauded for this decision to retain the Clark amendment, which prohibits the United States from providing military or paramilitary assistance to dissident groups in Angola. Although the Clark amendment should eventually be

lifted, I—like many of my colleagues—believe that this was not the right time. In the context or a Namibian settlement or the normalization of relations between the United States and Angola, the repeal of the Clark amendment would make sense. Outside of that context, repealing the Clark amendment would increase Angola's reliance on the Cubans, diminish the chances for a speedy settlement of the Namibian problem, and undermine our economic and political ties with other black African states. The responsible and statesmanlike position adopted by the conferees on this issue has, therefore, enhanced American credibility in black Africa.

ZAIRE FMS

The conference also reduced foreign military sales credits for Zaire from the administration's request of $10.5 million to a compromise figure of $6 million, with the expectation that $4.5 million reduction would be utilized for economic development efforts by private voluntary organizations. In Zaire, U.S. military assistance is largely wasted due to the surrounding environment of military and governmental corruption. In addition, it reinforces the association between the United States and a government which is perceived by the majority of Zairians as repressive. On the other hand, economic aid distributed by Zairian church and other voluntary organizations can have a positive impact on Zairians' views of the United States and the well-being of many Zairians.

AFRICAN REFUGEES

I further commend the House and Senate conferees for their support for the authorization of funding for African refugees. The situation facing African refugees and displaced persons in Africa has raised critical proportions. Today, Africa has the largest population of refugees and displaced persons of any continent in the world. According to the UNHCR, Africa has approximately 4 million refugees—just under half of the world's refugee population.

The burden of caring for these refugees and displaced persons in Africa has virtually impoverished many of the host countries which house and care for them. If these nations are not given assistance to help cope with the African refugee and displaced persons populations, it will become increasingly more difficult for these countries to tackle their own development problems. The funding authorized in this legislation will not only assist the host countries in meeting the needs, long term as well as short term, of the refugees, but will demonstrate America's commitment to sustained support for Africa's most serious humanitarian and economic problems.

SCHOLARSHIP FUND

I commend the conferees for lending support to the South African scholarship program. One of the most glaring inequities in South African society is reflected in the difference between black and white education. As a result of South African law, black and white students are not permitted to attend the same schools or classes and black schools are prohibited from teaching certain courses. Not only are the educational programs different, the amount of money spent on black and white educational systems is unbalanced and unequal. According to the latest figures, the South African Government spends 10 times more on each white student than it does on the black student.

Because of these inequities, there are few black South African professionals and even fewer who occupy managerial or skilled positions in South Africa's booming economy. The funding authorized in this bill will provide for approximately 125 4-year scholarships for use in the United States by South Africans who face legal discrimination in South Africa. While the subcommittee recognizes that the United States cannot be expected to shoulder South Africa's responsibility to provide equal education for all segments of its population, this funding will demonstrate American commitment to racial justice, peaceful change, and black advancement. Moreover, these students, after training in the United States, would provide a cadre of skilled professionals who would be able to make a direct contribution to running their own country—now and in the future.

And I, too, want to join in paying tribute to our chairman and to the gentleman from Michigan (Mr. BROOMFIELD) for the tremendous job they did in developing what was a genuine bipartisan effort. I would also like to extend my own appreciation to the members of the staff who were working under very difficult time contraints to produce this final document. I hope that the final product will receive the support of this body.

Mr. ZABLOCKI. Mr. Speaker, I yield to the gentleman from New Jersey (Mr. SMITH) for the purpose of a colloquy.

Mr. SMITH of New Jersey. I thank the gentleman for yielding.

My question is this, Mr. Chairman: It is my understanding that my amendment, which would have prohibited AID moneys from being used for abortion, as well as for research on methods and techniques for abortion, was replaced in conference with language that was adopted in the Senate and proposed by Senator BIDEN.

I would like the chairman to clarify, if he would, if it is the legislative intent of this Congress through this legislation to strictly prohibit all moneys—direct or indirect—from being used to pay for the provision of abortion or for any research on abortion methods and techniques.

Mr. ZABLOCKI. If the gentleman will yield, Mr. Speaker, as the gentleman from New Jersey has stated, a similar amendment was in the Senate bill. That amendment was sponsored by Senator BIDEN. The compromise is in section 302, the population and health section of the bill. I will read the particular section, which is language similar to the amendment of the gentleman from New Jersey which we accepted:

> None of the funds made available to carry out this part may be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

So the answer is yes, the gentleman's position has been protected.

Mr. SMITH of New Jersey. Mr. Speaker, my reason for seeking this clarification stems from the regretable fact that similar language contained in Health and Human Services legislation has been broadly interpreted to include abortion payments in circumstances other than "family planning." It is my intention, Mr. Chairman, to establish a clear and unambiguous record of legislative intent that this Congress does not want any money in this legislation used to pay for the provision of abortion or for research on abortion methods and techniques.

Mr. Speaker, last night I contacted AID Director Peter McPherson, and he said that current AID policy prohibits the use of moneys for abortion in any way, including research on abortion methods and techniques. Again, I just wanted the RECORD to clearly show that the legislative intent of this Congress and the conferees is to prohibit the use of any money for abortion or for abortion research in any way whatsoever.

Mr. ZABLOCKI. There should be no question on that.

Mr. SMITH of New Jersey. I thank the gentleman.

Mr. MOFFETT. Mr. Speaker, it was with a great deal of reluctance that I supported the conference report on the foreign aid authorization bill. While I am very supportive of the $1.5 billion in humanitarian assistance contained in the bill, as well as the funds authorized to assist allies such as Israel and Egypt, there are several other provisions of the bill to which I strongly object.

I am outraged that the bill proposes to spend hundreds of millions of taxpayers' dollars to prop up repressive, often terrorist regimes. El Salvador, for example, will receive $65 million in assistance, in spite of the junta's complicity with the murder of thousands of peasants by the military and its right-wing supporters. The requirement that the President certify that

"progress" is being made in human rights is virtually meaningless—the administration has already asserted such "progress" in nations such as Chile and the Philippines, even though their human rights situation is actually deteriorating. The bill also provides $100 million in aid to the Philippines, whose human rights violations have actually escalated since martial law was suspended in January of this year.

The bill is also a victory for the petty dictators in the southern cone of Latin America, as it lifts the ban on aid to Chile and Argentina. Chile is increasingly resorting to arbitrary arrest and torture to intimidate the people and stifle political activity. Further, justice has yet to be served in the "disappearances" of over 2,000 people, and the assassination of Orlando Letelier and Ronni Moffitt on the streets of Washington, D.C. The Argentine Government has been responsible for the "disappearances" of over 15,000 people since it came to power in 1976, and anti-Semitism has become an official policy of the authorities, The resumption of aid to such governments, whose links to terrorism are indisputable, violates every principle of humanitarian aid.

Equally disturbing is the bill's emphasis on military aid. While humanitarian assistance remains roughly at last year's levels, military assistance is nearly doubled. Further, the bill authorizes over $3 billion in loan guarantees for arms sales. While some of this aid is necessary, such as aid to Egypt, Israel, and the Sudan for defense purposes, there are also provocative elements of the military assistance program which may ultimately serve to undermine world peace. We can best promote world stability by aiding economic development, and thus hitting at the roots of unrest in the poor nations, rather than shipping instability around the world in the form of weapons for shaky governments.

Foreign aid represents a noble endeavor on the part of the United States to assist those less fortunate than ourselves. It is scandalous that these honorable efforts are tainted by the provision of aid for the purpose of propping up tyranny and repression, and by the provision of aid in the form of lethal equipment which can only be used to kill and oppress, rather than to improve the quality of life. The pending vote on the foreign aid conference report places us all in the difficult dilemma of either voting against aid to the needy and to allies worthy of support, or voting for aid to repressive regimes who deserve no U.S. assistance. The importance of foreign aid, however, compels me to support this bill, although I do so with serious reservations.

● Mr. HARKIN. Mr. Speaker, I am very displeased with the outcome on Chile in the conference report on S. 1196, the bill authorizing foreign aid for fiscal year 1982 and fiscal year 1983. I do not believe this was the right time to lift the ban on arms transfers to Chile. Furthermore, the compromise language fails to acknowledge the very severe human rights problems which continue to exist in Chile. Most particularly, I believe that any compromise should have specified in law our concern about the high incidence of torture. However, I do not believe that the administration, in good conscience, can certify that "the Government of Chile has made significant progress in complying with internationally recognized principles of human rights" unless it can demonstrate that there has been a substantial decline in the routine practice of torture against people the Government of Chile does not like.

I do congratulate the House conferees for insisting that the sense of Congress language concerning the Letelier-Moffitt assassinations be made a part of the certification process. I do not believe that the Government of Chile has "taken appropriate steps to cooperate to bring to justice by all legal means available those indicted by a grand jury in connection with the murders of Orlando Letelier and Ronni Moffitt."

In that regard I would like to make two points. The President of the Chilean Supreme Court turned down the extradition request of the three Chilean nationals indicted by the U.S. District Court because it claimed that under Chilean law evidence obtained under plea bargain is not acceptable.

In October 1979, Eugenio Velasco wrote an article on the Supreme Court's decision. Mr. Velasco, a Christian Democrat and an opponent of the former Salvador Allende Government, was a member of the Chilean Supreme Court for 7 years. He was expelled from Chile in 1976 for his work on behalf of victims of human rights violations. In October 1979, he wrote:

In order to disqualify (Michael) Townley's testimony, they (the Supreme Court) characterized the plea bargain as a "negotiated confession, or a recompensed declaration," which goes against Article 323 and 460 of the Code of Penal Prodecure: 323 prohibits and provides sanctions against the use of promises, coercion or threats against the accused; 460 declares incompetent a witness who has received "from a particular accusor or from the accused gifts or benefits of such importance that, in the judgement of the court, makes it presume that the witness does not have the necessary impartiality to make a declaration." The Supreme Court stated that Townley's confession "was the result of promises and coercions prohibited by our law."

The characterization of the plea bargain is grossly incorrect because in the United States, as in any other nation, there are laws which prohibit and penalize coercions and pressures against the accused or a witness. (And in effect, Velasco writes, the application of these norms is much more rigorous in the United States than in Chile.)

The Chilean Supreme Court's fears of a lack of impartiality are without foundation. The accused (Townley) has already received his sentence and it is not linked in any way or subject to change to his declarations or persons he could accuse. In fact, he can be further prosecuted if he lies, and the prosecutor is responsible for insuring this does not happen.

Furthermore, in Chile itself, in certain crimes against the internal security of the state, some decree laws promulgated by the military junta have introduced precepts based on plea bargaining, in a crude form, without the measures of seriousness and efficiency explained above (in U.S. law), which have simply led to the total absolving of the informer.

In summary, Mr. Speaker, it appears clear on a *prima facie* basis that the Chilean Court's finding that Michael Townley's testimony was not admissible under Chilean law is without foundation. Rather, it would appear the Supreme Court of Chile bent the law to its own criteria so to be able to exonerate the defendants.

There is much more evidence than simply Townley's testimony. The Chilean Government has never commented on this evidence. The United States, for instance, has the passports issued by the Government of Paraguay for Armando Fernandas Larios (one of three men indicted) and Michael Townley. Although these passports were eventually not used, photocopies of the passports eventually broke the case.

We also have the interview by the FBI with the Paraguayan Chief of Intelligence, Col. Benito Guanes. In that interrogation he, in effect, stated that the request for these passports came personally from Gen. Manuel Contreras, the head of DINA and one of three indicted by the U.S. District Court.

The copies of the passports and the transcript of the interrogation of Colonel Guanes are just two of 157 items of evidence submitted by the United States in its extradition request.

In summary, Mr. Speaker, I believe there is convincing evidence beyond the Townley testimony. The fact that the Chilean Government has failed to comment seriously on this evidence is, I believe, a demonstration that they have not cooperated under the terms of the proposed new law covering arms transfers to the Government of Chile.

Mr. Speaker, I would like to request that the New York Times article of July 20, 1978, reporting on the deposition given to the FBI by Colonel Guanes, as well as the deposition itself, be inserted in the RECORD.

[From the New York Times, Jul. 20, 1978]

PARAGUAYAN LINKS CHILEAN GENERAL TO LETELIER CASE

(By Juan de Onis)

ASUNCION, PARAGUAY, July 19.—Paraguay's chief of military intelligence has given United States investigators sworn evidence, including a copy of a coded message, linking Gen. Manuel Contreras Sepulveda, the former chief of Chile's secret police, to the assassination of Orlando Letelier, a Chilean exile leader, in Washington.

The evidence obtained here from Col. Benito Guanes, chief of military intelligence, is regarded as a major step by United States investigators who are hoping to obtain indictments from a Federal grand jury against General Contreras and agents of the Chilean secret police for the bombing tht killed Mr. Letelier and Ponni Moffitt, an American assistant, in September 1976.

In a deposition given to an agent of the Federal Bureau of Investigation, Colonel Guanes said that he had received a telephone call from General Contreras in 1976, followed by a coded telegram signed by the Chilean secret police chief, asking that Paraguayan passports be issued to two Chilean agents for a clandestine trip to the United States.'

This kind of cooperation between the intelligence agencies of the military regimes in South America—particularly those of Chile, Paraguay, Uruguay and Argentina—is common since they exchange information and cooperate in combating left-wing guerrilla groups that are also structured on regional lines.

In the case of the passports, informed sources said, the Chilean agents presented themselves under the false names of Juan Williams Rose and Alejandro Romeral Jara. The Paraguayan passports were issued, but United States visas were refused because the two men aroused the suspicions of American officials.

A month later, the Chilean Foreign Ministry obtained visas from the United States Consulate in Santiago for two official passports issued in the names used in the Paraguayan passports. These had been canceled by Paraguay after United States visas were refused.

By photographs presented with the passports here, and evidence subsequently obtained in Chile, investigators have determined that the official passports issued in Chile were used by Michael Vernon Townley, an American electronics technician, and Capt. Armando Fernandez Larios, of the Chilean Army, to travel to the United States in August 1976.

Mr. Townley, a longtime resident in Chile, was on the payroll of the Chilean secret police, known as the National Intelligence Directorate, or DINA, at that time, and Captain Fernandez was assigned to the DINA operations department. His chief was Col. Pedro Espinoza, who reported to General Contreras.

Mr. Townley was taken to the United States in the custody of two F.B.I. agents in March after the United States Government had exerted strong diplomatic pressure on Chile's military Government to cooperate in the Letelier investigation.

According to reports in Washington, Mr. Townley has made statements that acknowledge: the placing of a bomb in the automobile of Mr. Letelier, a former Chilean Foreign Minister and ambassador to Washington during the left-wing Government of the late President Salvador Allende Gossens. After spending two years in Chilean jails following the military takeover in 1973. Mr. Letelier went into exile and became an active opponent of the Chilean regime of President Augusto Pinochet.

The evidence obtained here is considered particularly important because it involves a direct linkage of General Contreras to the case, independent of what Mr. Townley has said.

Colonel Benito Guanes Serrano, Chief of J-2 Department, Joint General Staff, was interviewed at J-2 Headquarters, Asuncion, Paraguay.

On approximately July 17, 1976, and encoded message was received at J-2, Asuncion, from DINA channels advising that Alejandro Rivadeneira would be arriving from Buenos Aires, Argentina on July 18, 1976, or July 19, 1976, and that the pertinent flight arrival time would be informed from Argentina by "Condor One." The message went on to request in the first person that J-2 cooperate with a request for assistance which would be made of J-2 by Alejandro Rivadeneira and another DINA officer. Col. Guanes stated it is understood that messages received in the first person in Condor channels are from the Director of that intelligence agency, which in this instance would have been the then Director of DINA, Col. Manuel Contreras. Col. Guanes was unable to personally receive or read the message upon its receipt inasmuch as he was away from Asuncion until July 21, 1976. Col. Guanes was apprised of the receipt and contents of the DINA message and that two DINA officers had arrived and requested J-2 to facilitate the issuance of two Paraguayan passports for the purpose of travel to the U.S. to contact the Central Intelligence Agency (CIA) and also purchase Colt silencers for small arms. On July 23, 1976, Col. Guanes met with DINA officers, who identified themselves as Alejandro Rivadeneira and Juan Wilson Silva, checked their DINA credentials under the same names, and personally questioned them on their need for Paraguayan passports.

Col. Guanes was further advised by Rivadeneira and Wilson Silva that they had come to Paraguay from Argentina where they had also made attempts to procure false Argentine passports through Argentine intelligence agencies. Their request for false Argentine passports was denied. Unsuccessful in Argentina, Rivadeneira and Wilson Silva telephonically advised DINA of their negative attempts, which prompted DINA to transmit the July 17, 1976 Condor message to J-2. This DINA message was the first notification received by J-2 of DINA's interest in obtaining false Paraguayan passports for Rivadeneira and Wilson Silva. Col. Guanes mentioned it was not uncommon for friendly security services to assist in the issuance of false passports to other friendly security agencies involved in operations of common interest such as in those areas of anti-terrorism and movements considered mutually subversive by the cooperating countries.

Col. Guanes stated that after the two passports were granted, he became increasingly worried that the stated purpose for travel by Wilson Silva and Rivadeneira was not valid. Then, in early August, 1976, then U.S. Ambassador to Paraguay George W. Landau contacted Col. Guanes and requested the passports be returned to have the visas invalidated. Col. Guanes transmitted a coded message to DINA on August 7, 1976, requesting the two Paraguayan passports not be utilized and be returned promptly to J-2. On August 9, 1976, Col. Guanes personally telephoned Col. Contreras to covey in further detail the importance of his August 7, 1976 message, whereupon Contreras assured that neither passport had been or would be utilized. Contreras was again asked to retrieve the Paraguayan passports and forward them to J-2 by diplomatic pouch.

On September 7, 1976, Col. Guanes was appraised of the delivery of the Paraguayan passports by a DINA officer. Both passports were subsequently remitted to the Paraguayan Foreign Ministry for their cancellation.

Another contact by telephone was made subsequently in September, 1976 between Col. Guanes and Contreras, before the Letelier assassination, at which time the cancellation of the Paraguayan passports was made known to Contreras. Col. Guanes was advised by Contreras during this conversation that two other DINA officers, not those known to Col. Guanes as Alejandro Rivadeneira and Juan Wilson Silva, were traveling to the U.S. bearing Chilean passports under the names of Juan Williams Rose and Alejandro Romeral Jara.

Col. Guanes recalled that when the photographs of Michael Vernon Townley and Captain Armando Fernandez Larios appeared in the newspapers, the photographs bore an excellent likeness to the DINA agents who represented themselves to J-2 in July, 1976 as Juan Wilson Silva and Alejandro Rivadeneira.

Col. Guanes additionally made available a copy of a decrypted message which he stated had been sent to J-2 by Col. Manuel Contreras Sepulveda in coded form which contains a DINA request to receive Alejandro Rivadeneira and another unidentified DINA officer and that J-2 acquiesce to the request they would make to J-2 upon their arrival in Asuncion. He said that the DINA message, although undated, probably was received on July 17, 1976. The decrypted DINA message, received at J-2, reads as follows:

"COMMANDER IN CHIEF OF THE ARMED FORCES OF THE NATION

"GENERAL HEADQUARTERS

"To: German (D-2)

"From Gillermo (Sub-Director of Foreign Intelligence)

"Serial Number V/500—X-S GH171905JUL1076

"From: Chile.

"Text: To advise that tomorrow, 18 or 19 July, will be arriving in that country from Buenos Aires Alejandro Riva Deneira with companion. Flight number will be forwarded from Condor One. I would appreciate assistance in the performance of the mission in accordance with request to be made by the above-named person."●

● Mr. RATCHFORD. Mr. Speaker, it is with reluctance that I support the conference report on the International Security and Development Cooperation Act of 1981. I supported the House-passed version of this legislation because it offered an acceptable approach both to development assistance and to restricting military aid to countries with undesirable human rights records. The conference committee, while doing a generally admirable job on this complex issue, has made changes in some of the conditions for military assistance which are much weaker than the House provi-

sions. This is an unfortunate turn of events.

Foreign aid legislation has usually contained measures for both economic development and military assistance. This year's foreign aid bill continues this trend, but I am alarmed by the marked increase in emphasis on military aid, particularly to nations with poor domestic and international performance records. I am particularly concerned with the conference committee's provisions for aid to Argentina and Chile.

The current administration views military assistance to Argentina as an absolute necessity for maintaining good relations with this supposed friend. Yet it is my recollection, Mr. Chairman, that Argentina, a major exporter of grain, did not agree to the grain embargo on the Soviet Union after that nation invaded Afghanistan. Nor is the Argentine economy a pillar of free-market capitalism, as much of its business is controlled by the Government. Finally, Argentina's human rights record is plainly atrocious. Literarally thousands of Argentines have disappeared in the last few years, and the Government refuses to account for their whereabouts. People who have suddenly vanished are almost universally critics of the Government or members of the Jewish faith.

I am hesitant to support any measure which would permit this government to receive military aid, Mr. Chairman, but I find the provisions in the conference report even more repugnant. The conditions for approving military aid to Argentina now have been reduced to a provision that the President shall consider that Argentina is making progress to provide information on the people who have disappeared and to bring to justice political prisoners now in jail. A government which stands for freedom and justice at home such as ours should not condone the atrocities committed in Argentina, Mr. Chairman, and I am reluctant to place my support behind this weak provision.

With respect to Chile, I doubt that a government which has so flagrantly violated the basic human rights of the people in that nation will take seriously a nonbinding resolution to bring to justice the Chilean nationals who so brutally murdered Orlando Letelier and Ronni Moffit on the streets of our own Capital 5 years ago. Nevertheless, the approval of military assistance to the brutal Pinochet regime hinges on this flimsy provision.

I am glad, Mr. Chairman, that the conferees decided to maintain the House bill's condition on aid to El Salvador, for any weakening of these provisions would have been an insult to the families of the American religious workers and officials who were slain in that country a year ago. Furthermore, I am pleased that the conferees have chosen not to repeal the Clark amendment prohibiting covert activities in Angola.

I am disturbed, however, that many of my colleagues have come to view this bill merely as an extension of our military security policy. This body has already approved a $200 billion appropriation for defense, and the foreign aid bill is so heavily laden with arms agreements for other countries that our entire foreign policy is beginning to take on a one-dimensional, militaristic look. Foreign policy means more than guns, Mr. Chairman, and I had hoped that this body would recognize the importance of economic development for building and maintaining good relations with other countries.

As I recently pointed out to the people of my district, economic development assistance brings both short- and long-term benefits to the United States. We can profit greatly both politically and economically from encouraging economic development through the IDA and other agencies. We will not, however, profit in the long run from continued assistance to repressive governments. I regret that this body has not learned this valuable lesson, and I support with great hesitation this foreign aid bill.●

● Mr. LAGOMARSINO. Mr. Speaker, I rise in support of H.R. 3566, foreign aid authorizations for fiscal year 1982—conference report.

Supporting the President's foreign policy requires voting for this conference report on authorizing foreign aid.

Military security assistance, as provided in the legislation, is necessary to permit other nations to help defend themselves and thus avoid possible direct U.S. military involvement.

The economic assistance is necessary to help provide growth and economic stability, essential for political security.

I suggest that such aid, military and economic, is in the best national security interest of the United States.

With regard to aid to El Salvador, I would like to make several points:

First, the bill provides three times as much economic aid as military aid, more economic aid than President Carter provided. President Duarte of El Salvador says he needs economic aid more than military, although he does need and has requested appropriate military assistance so that El Salvador can choose its own future.

Second, my colleagues should be reminded that President Carter first proposed military aid. In fact, then, U.S. Ambassador to El Salvador, Robert White, now a critic of U.S. policy, requested lethal military equipment.

Third, it is clear from the provisions in the bill that it is intended aid will be directed to the private sector.

Fourth, President Duarte has advised members of the House Foreign Affairs Committee of his commitment to achieve compliance with the certain conditions also laid out in this legislation.

Fifth, elections are to be held in March, with martial law lifted and political parties operating. This procedure was approved by an OAS resolution adopted by a 22-to-3 vote.

I do regret and am disturbed that in spite of the fact that all conferees, as far as I know, agreed to my amendment that President Reagan in certifying that El Salvador is acting in accordance with specified conditions should consider the extent to which El Salvador is supporting the private sector, that provision was omitted because of a technical objection by one conferee. I hope the President will nevertheless consider this provision in making his certification.

With regard to Nicaragua, I am pleased that the conference agreed with my floor amendment giving flexibility to the President of El Salvador, if possible, our relations with that country, while at the same time giving him tools to use to restrain Nicaragua's support of terrorism.

I am also pleased by the even-handed approach taken in the bill in lifting restrictions on Argentina and Chile. This is especially important in view of the continuing Beagle Channel controversy.

No aid is proposed in this legislation for either country.●

Mr. BROOMFIELD. Mr. Speaker, I have no further requests for time.

Mr. ZABLOCKI. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

CONFERENCE REPORT ON H.R. 4559, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS, 1982

Mr. LONG of Maryland. Mr. Speaker, pursuant to the order of the House today, I call up the conference report on the bill (H.R. 4559) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes, and ask unanimous

consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of today.)

Mr. LONG of Maryland (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as having been read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The SPEAKER pro tempore. The gentleman from Maryland (Mr. LONG) will be recognized for 30 minutes, and the gentleman from New York (Mr. KEMP) will be recognized for 30 minmutes.

The Chair recognizes the gentleman from Maryland (Mr. LONG).

Mr. LONG of Maryland. Mr. Speaker, I submit for your consideration today the conference report for the foreign assistance and related programs appropriations bill for fiscal year 1982.

The conferees on both sides of the aisle worked diligently until late yesterday infashioning fair foreign aid bill. In almost every instance the Senate receded to the House position.

The foreign assistance conference report before you contains $7.495 billion in new budget authority. This is a reduction of $280 million below the budget levels requested by the administration. In relation to the budget resolution allocation, the conference report in some $545 million below the amount allocated to the subcommittee.

Mr. Speaker, this is an omnibus appropriations bill containing funding for a large portion of the foreign policy initiatives of the United States and providing for security and military assistance, bilateral and multilateral development assistance, and funding for the Export-Import Bank.

This bill contains $2.576 billion in security assistance to meet our most urgent foreign policy commitments in Africa, the Middle East, Asia, and Latin America. In addition it provides for $4.047 billion in military assistance to such countries as Egypt, Thailand, Yemen, Portugal, Turkey, Kenya, Liberia, Somalia, Sudan, and countries in the Caribbean and Central America.

This bill also includes funding of $13.6 billion for the Export-Import which provides U.S. firms with business opportunities and American workers with jobs.

Finally, this bill provides $1.47 billion for the six international financial institutions requesting funds in fiscal year 1982 and $1.295 billion for the Agency for International Development.

Mr. Speaker, I believe that the bill is a fair one and one that can and should be supported by a majority of Members I urge its adoption.

I am submitting the following table which shows the conference agreement along with other statistical information:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

	New budget authority					Conference compared with—			
	Enacted	Estimates	House	Senate	Conference	Enacted	Estimates	House bill	Senate bill
TITLE I									
MULTILATERAL ECONOMIC ASSISTANCE									
Funds Appropriated to the President									
International Financial Institutions									
Contribution to the Inter-American Development Bank:									
Inter-regional paid-in capital	$51,547,047	$46,251,201	$48,053,477	$48,053,477	$48,053,477	−$3,493,570	+$1,802,276	.....	.....
Callable capital	(560,754,950)	(645,574,584)	(609,582,129)	(609,582,129)	(609,582,129)	(+48,827,179)	(−35,992,455)	.....	.....
Fund for special operations	200,000,000	175,000,000	173,177,000	173,177,000	173,177,000	−26,823,000	−1,823,000	.....	.....
Current replenishment	(175,000,000)	(175,000,000)	(157,500,000)	(173,177,000)	(173,177,000)	(−1,823,000)	(−1,823,000)	(+$15,677,000)	.....
Prior replenishment	(25,000,000)	.....	(15,677,000)	.....	.....	(−25,000,000)	.....	(−15,677,000)	.....
Total, contribution to the Inter-American Development Bank	812,301,997	866,825,785	830,812,606	830,812,606	830,812,606	+18,510,609	−36,013,179	.....	.....
Budget authority	(251,547,047)	(221,251,201)	(221,230,477)	(221,230,477)	(221,230,477)	(−30,316,570)	(−20,724)	.....	.....
Callable capital	(560,754,950)	(645,574,584)	(609,582,129)	(609,582,129)	(609,582,129)	(+48,827,179)	(−35,992,455)	.....	.....
World Bank Group									
Contribution to the International Bank for Reconstruction and Development:									
Paid-in capital	32,788,555	159,458,301	146,889,040	146,889,040	146,889,040	+114,100,485	−12,569,261	.....	.....
Callable capital	(295,096,987)	(1,831,018,610)	(1,678,305,878)	(1,687,728,491)	(1,687,728,491)	(+1,392,631,504)	(−143,290,119)	(+9,422,613)	.....
Total, contribution to the International Bank for Reconstruction and Development	327,885,542	1,990,476,911	1,825,194,918	1,834,617,531	1,834,617,531	+1,506,731,989	−155,859,380	+9,422,613	.....
Budget authority	(32,788,555)	(159,458,301)	(146,889,040)	(146,889,040)	(146,889,040)	(+114,100,485)	(−12,569,261)	.....	.....
Callable capital	(295,096,987)	(1,831,018,610)	(1,678,305,878)	(1,687,728,491)	(1,687,728,491)	(+1,392,631,504)	(−143,290,119)	(+9,422,613)	.....
Contribution to the International Finance Corporation	.....	14,447,900	14,447,900	14,447,900	14,447,900	+14,447,900	.....	.....	.....
Contribution to the International Development Association	520,000,000	820,000,000	725,000,000	532,000,000	700,000,000	+180,000,000	−120,000,000	−25,000,000	+$168,000,000
IDA IV	(20,000,000)	.....	.....	.....	.....	(−20,000,000)	.....	.....	.....
IDA V	.....	.....	.....	.....	.....	.....	.....	.....	.....
IDA VI	(500,000,000)	(820,000,000)	(725,000,000)	(532,000,000)	(700,000,000)	(+200,000,000)	(−120,000,000)	(−25,000,000)	(+168,000,000)
Total, contributions World Bank Group	847,885,542	2,824,924,811	2,564,642,818	2,381,065,431	2,549,065,431	+1,701,179,889	−275,859,380	−15,577,387	+168,000,000
Budget authority	(552,788,555)	(993,906,201)	(886,336,940)	(693,336,940)	(861,336,940)	(+308,548,385)	(−132,569,261)	(−25,000,000)	(+168,000,000)
Callable capital	(295,096,987)	(1,831,018,610)	(1,678,305,878)	(1,687,728,491)	(1,687,728,491)	(+1,392,631,504)	(−143,290,119)	(+9,422,613)	.....
Contribution to the Asian Development Bank:									
Paid-in capital	24,826,683	4,961,948	4,465,754	4,713,851	4,713,851	−20,112,832	−248,097	+248,097	.....
Callable capital	(223,387,386)	(44,876,220)	(40,388,598)	(42,632,409)	(42,632,409)	(−180,754,977)	(−2,243,811)	(+2,243,811)	.....
Development fund	114,785,313	111,250,000	112,829,560	119,097,869	116,097,869	+1,312,556	+4,847,869	+3,268,309	−3,000,000
Current replenishment	(111,250,000)	(111,250,000)	(98,713,383)	(111,250,000)	(108,250,000)	(−3,000,000)	(−3,000,000)	(+9,536,617)	(−3,000,000)
Prior replenishment	(3,535,313)	.....	(14,116,177)	(7,847,869)	(7,847,869)	(+4,312,556)	(+7,847,869)	(−6,268,308)	.....
Total, contribution to the Asian Development Bank	362,999,382	161,088,168	157,683,912	155,444,129	163,444,129	−199,555,253	+2,355,961	+5,760,217	−3,000,000
Budget authority	(139,611,996)	(116,211,948)	(117,295,314)	9123,811,720)	(120,811,720)	(−18,800,276)	(+4,599,772)	(+3,516,406)	(−3,000,000)
Callable capital	(223,387,386)	(44,876,220)	(40,388,598)	(42,632,409)	(42,632,409)	(−180,754,977)	(−2,243,811)	(+2,243,811)	.....
Contribution to the African Development Fund	41,666,667	58,333,333	58,333,333	41,666,667	58,333,333	+16,666,666	.....	.....	+16,666,666
Contribution to the African Development Bank:									
Paid-in capital	17,986,679	.....	.....	.....	.....	−17,986,679	.....	.....	.....
Callable capital	(53,960,035)	.....	.....	.....	.....	(−53,960,035)	.....	.....	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY—Continued

	New budget authority					Conference compared with—			
	Enacted	Estimates	House	Senate	Conference	Enacted	Estimates	House bill	Senate bill
Total, contributions to the African Development Bank	71,946,714					−71,946,714			
Budget authority	(17,986,679)					(−17,986,679)			
Callable capital	(53,960,035)					(−53,960,035)			
Subtotal, International financial institutions	2,136,800,302	3,911,172,097	3,611,472,669	3,419,988,833	3,601,655,499	+1,464,855,197	−309,516,598	−9,817,170	+181,666,666
Budget authority	(1,003,600,944)	(1,389,702,683)	(1,283,196,064)	(1,080,045,804)	(1,261,712,470)	(+258,111,526)	(−127,990,213)	(−21,483,594)	(+181,666,666)
Callable capital	(1,133,199,358)	(2,521,469,414)	(2,328,276,605)	(2,339,943,029)	(2,339,943,029)	(+1,206,743,671)	(−181,526,385)	(+11,666,424	
INTERNATIONAL MONETARY FUND									
United States Quota, IMF	5,515,521,000					−5,515,521,000			
Total, contribution to International Financial Institutions	7,652,321,302	3,911,172,096	3,611,472,669	3,419,988,833	3,601,655,499	−4,050,665,803	−309,516,598	−9,817,170	+181,666,666
Budget authority	(6,519,121,944)	(1,389,702,683)	(1,283,196,064)	(1,080,045,804)	(1,261,712,470)	(−5,257,409,474)	(−127,990,213)	(−21,483,594)	(+181,666,666)
Callable capital	(1,133,199,358)	(2,521,469,414)	(2,328,276,605)	(2,339,943,029)	(92,339,943,029)	(+1,206,743,671)	(−181,526,385)	(+11,666,424	
Contribution to the International Fund for Agriculture Development		39,600,000	40,500,000				−39,600,000	−40,500,000	
DEPARTMENT OF STATE									
International organizations and programs	262,380,000	189,200,000	213,638,000	218,638,000	215,438,000	−46,942,000	+26,238,000	+1,800,000	−3,200,000
Total, contribution for Multilateral Economic Assistance, title I	7,914,701,302	4,139,972,097	3,865,610,669	3,638,626,833	3,817,093,499	−4,097,607,803	−322,878,598	−48,517,170	+178,466,666
Budget authority	(6,781,501,944)	(1,618,502,683)	(1,537,334,064)	(1,298,683,804)	(1,477,150,470)	(−5,304,351,474)	(−141,352,213)	(−60,183,594)	(+178,466,666)
Callable capital	(1,133,199,358)	(2,521,469,414)	(2,328,276,605)	(2,339,943,029)	(2,339,943,029)	(+1,206,743,671)	(−181,526,385)	(+11,666,424)	
TITLE II									
BILATERAL ECONOMIC ASSISTANCE									
Funds Appropriated to the President									
Agency for International Development									
Agriculture, rural development, and nutrition development assistance	635,000,000	637,485,000	700,000,000	637,485,000	700,000,000	+65,000,000	+62,515,000		+62,515,000
Population planning, development assistance	190,000,000	211,306,000	211,000,000	190,000,000	211,000,000	+21,000,000	−306,000		+21,000,000
Health, development assistance	135,000,000	104,654,000	133,405,000	120,405,000	133,405,000	−1,595,000	+28,751,000		+13,000,000
Education and human resources development, development assistance	101,000,000	97,680,000	103,550,000	101,000,000	103,550,000	+2,550,000	+5,870,000		+2,550,000
Technical assistance, energy, research, reconstruction and selected development problems, development assistance	111,888,500	155,715,000	137,200,000	120,000,000	137,200,000	+25,311,500	−18,515,000		+17,200,000
Science and technology	12,000,000	10,000,000	10,000,000		10,000,000	−2,000,000			+10,000,000
Total, development assistance	1,184,888,500	1,216,840,000	1,295,155,000	1,168,890,000	1,295,155,000	+110,266,500	+78,315,000		+126,265,000
Loans	(387,000,000)		(463,454,250)	(316,265,500)	(388,546,500)	(+1,546,500)	(+388,546,500)	(−74,907,750)	(+72,281,500)
Grants	(797,888,500)		(860,700,750)	(852,625,000)	(906,608,500)	(+108,720,000)	(+906,608,500)	(+45,907,750)	(+53,983,500)
American schools and hospitals abroad	20,000,000	6,600,000	20,000,000	12,000,000	20,000,000		+13,400,000		+8,000,000
(foreign currency)	(14,300,000)					(−14,300,000)			
International disaster assistance	73,000,000	23,760,000	27,000,000	27,000,000	27,000,000	−46,000,000	+3,240,000		
African refugee assistance	14,250,000					−14,250,000			
African Development Foundation	(500,000)		(2,000,000)		(2,000,000)	(+1,500,000)	(+2,000,000)		(+2,000,000)
Sahel development program	91,000,000	94,600,000	95,000,000	92,515,000	93,757,500	+2,757,500	−842,500	−1,242,500	+1,242,500
Payment to the Foreign Service Retirement and Disability Fund	27,852,000	32,552,000	32,552,000	32,552,000	32,552,000	+4,700,000			
Overseas training (foreign currency program)	(20,700,000)					(−20,700,000)			
Economic support fund	2,104,500,000	2,598,500,000	2,463,500,000	2,623,500,000	2,576,000,000	+471,500,000	−22,500,000	+112,500,000	−47,500,000
(Limitation on direct loans)		(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(+1,000,000,000)			
Peacekeeping operations	25,000,000	19,000,000	19,000,000	14,000,000	14,000,000	−11,000,000	−5,000,000	−5,000,000	
Sinai Multinational Force and Observers [1]		125,000,000	(125,000,000)	(125,000,000)	125,000,000	+125,000,000			
AID/IDCA operating expenses	300,578,000	317,000,000	335,632,000	331,000,000	331,000,000	+30,422,000	+14,000,000	−4,632,000	
Trade and development program		6,078,000	6,907,000	6,907,000	6,907,000	+6,907,000	+829,000		
Housing and other credit guaranty programs (limitation on guaranteed loans)		(150,000,000)	(150,000,000)	(150,000,000)	(150,000,000)	(+150,000,000)			
Total, Agency for International Development	3,841,068,500	4,439,930,000	4,294,746,000	4,308,364,000	4,396,371,500	+555,303,000	−43,558,500	+101,625,500	+88,007,500
OVERSEAS PRIVATE INVESTMENT CORPORATION									
(Limitation on direct loans)			(10,000,000)	(10,000,000)	(10,000,000)	(+10,000,000)	(+10,000,000)		
(Limitation on guaranteed loans)	(120,000,000)	(100,000,000)	(100,000,000)	(100,000,000)	(100,000,000)	(−20,000,000)			
DEPARTMENT OF STATE									
International narcotics control	35,973,000	36,700,000	37,700,000	34,160,000	36,700,000	+727,000		−1,000,000	+2,540,000
INTER-AMERICAN FOUNDATION									
Appropriations	15,826,000	10,560,000	12,000,000	12,000,000	12,000,000	−3,826,000	+1,440,000		
Limitation on obligations	(1,036,000)					(−1,036,000)			
Total, Funds Appropriated to the President	3,892,867,500	4,487,190,000	4,344,446,000	4,354,524,000	4,445,071,500	+552,204,000	−42,118,500	+100,625,500	+90,547,500
ACTION—INTERNATIONAL PROGRAMS									
Peace Corps	105,531,000	83,600,000	100,000,000	105,000,000	105,000,000	−531,000	+21,400,000	+5,000,000	
DEPARTMENT OF STATE									
Migration and refugee assistance	438,741,000	477,500,000	535,000,000	473,000,000	503,000,000	+64,259,000	+25,500,000	−32,000,000	+30,000,000
United States Emergency Refugee and Migration Assistance Fund	35,000,000					−35,000,000			
Total, Department of State	473,741,000	477,500,000	535,000,000	473,000,000	503,000,000	+29,259,000	+25,500,000	−32,000,000	+30,000,000
Total, title II, Economic assistance—bilateral:									
New budget (obligational) authority	4,472,139,500	5,048,290,000	4,979,446,000	4,932,524,000	5,053,071,500	+580,932,000	+4,781,500	+73,625,500	+120,547,500
(Limitation on direct loans)		(1,000,000,000)	(1,010,000,000)	(1,010,000,000)	(1,010,000,000)	(+1,010,000,000)	(+10,000,000)		
(Limitation on guaranteed loans)	(120,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	(+130,000,000)			

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY—Continued

	New budget authority					Conference compared with—			
	Enacted	Estimates	House	Senate	Conference	Enacted	Estimates	House bill	Senate bill
TITLE III									
MILITARY ASSISTANCE									
Funds Appropriated to the President									
Foreign military credit sales:									
Direct credits and forgiven loans	500,000,000	990,900,000	650,000,000	990,900,000	750,000,000	+250,000,000	−240,900,000	+100,000,000	−240,900,000
Loan guarantees	(2,546,187,000)	(3,063,500,000)	(2,846,187,000)	(3,083,500,000)	(3,083,500,000)	(+537,313,000)	(+20,000,000)	(+237,313,000)	.....
Total, FMCS program ceiling	(3,046,187,000)	(4,054,400,000)	(3,496,187,000)	(4,074,400,000)	(3,833,500,000)	(+787,313,000)	(−220,900,000)	(+337,313,000)	(−240,900,000)
Military assistance program	110,200,000	63,500,000	238,500,000	63,500,000	176,512,000	+66,312,000	+113,012,000	−61,988,000	+113,012,000
International military education and training	28,400,000	41,976,000	35,000,000	41,976,000	38,488,000	+10,088,000	−3,488,000	+3,488,000	−3,488,000
Defense acquisition fund (limitation)	.....	(341,000,000)	.....	(341,000,000)	.....	.....	(−341,000,000)	.....	(−341,000,000)
Total, military assistance programs	(3,184,787,000)	(4,500,876,000)	(3,769,687,000)	(4,520,876,000)	(4,048,500,000)	(+863,713,000)	(−452,376,000)	(+278,813,000)	(−472,376,000)
New budget (obligational) authority	638,600,000	1,096,376,000	923,500,000	1,096,376,000	965,000,000	+326,400,000	−131,376,000	+41,500,000	−131,376,000
Loan guarantee authority	(2,546,187,000)	(3,063,500,000)	(2,846,187,000)	(3,083,500,000)	(3,083,500,000)	(+537,313,000)	(+20,000,000)	(+237,313,000)	.....
Program limitation	.....	(341,000,000)	.....	(341,000,000)	.....	.....	(−341,000,000)	.....	(−341,000,000)
TITLE IV									
EXPORT-IMPORT BANK OF THE UNITED STATES									
(Limitation on direct loans)	(5,461,000,000)	(3,872,000,000)	(4,400,000,000)	(4,700,000,000)	(4,400,000,000)	(−1,061,000,000)	(+528,000,000)	.....	(−300,000,000)
(Limitation on guarantee commitments)[2]	(8,059,000,000)	(7,000,000,000)	(8,651,000,000)	(9,220,000,000)	(9,220,000,000)	(+1,161,000,000)	(+2,220,000,000)	(+569,000,000)	.....
(Limitation on administrative expenses)	(14,495,000)	(13,301,200)	(15,115,000)	(15,115,000)	(15,115,000)	(+620,000)	(+1,813,800)	.....	.....
Total, Export-Import Bank of the United States, (limitations on use of corporate funds)	(13,534,495,000)	(10,885,301,200)	(13,066,115,000)	(13,935,115,000)	(13,635,115,000)	(+100,620,000)	(+2,749,813,800)	(+569,000,000)	(−300,000,000)
GENERAL PROVISIONS									
Section—(reappropriations)	.....	11,930,000	.....	.....	.....	.....	−11,930,000	.....	.....
Grand total, all titles:									
New budget (obligational) authority	11,892,241,444	7,775,098,683	7,440,280,064	7,327,583,804	7,495,221,970	−4,397,019,474	−279,876,713	+54,941,906	+167,638,166
New budget (obligational) authority including funding in Continuing Resolution, 1982 and excluding International Monetary Fund	6,376,720,444	7,775,098,683	7,565,280,064	7,452,583,804	7,620,221,970	+1,243,501,526	−154,876,713	+54,941,906	+167,638,166
Callable Capital	(1,133,199,358)	(2,521,469,414)	(2,328,276,605)	(2,339,943,029)	(2,339,943,029)	(+1,206,743,671)	(−181,526,385)	(+11,666,424)	.....
Total	7,509,919,802	10,296,568,097	9,893,556,669	9,792,526,833	9,960,164,999	+2,450,245,197	−336,403,098	+66,608,330	+167,638,166
(Foreign currencies)	(35,000,000)	.....	.....	.....	.....	(−35,000,000)	.....	.....	.....
(Limitation on obligations)	(1,036,000)	.....	.....	.....	.....	(−1,036,000)	.....	.....	.....
(Limitation on use of corporate funds)	(13,534,495,000)	(10,885,301,200)	(13,066,115,000)	(13,935,115,000)	(13,635,115,000)	(+100,620,000)	(+2,749,813,000)	(+569,000,000)	(−300,000,000)
(Limitation on guaranteed loans)	(2,666,187,000)	(3,313,500,000)	(3,096,187,000)	(3,333,500,000)	(3,333,500,000)	(+667,313,000)	(+20,000,000)	(+237,313,000)	.....
(Limitation on direct loans)	(5,461,000,000)	(4,872,000,000)	(5,410,000,000)	(5,710,000,00)	(5,410,000,000)	(−51,000,000)	(+538,000,000)	.....	(−300,000,000)
Total mandatory and discretionary	11,892,241,444	7,775,098,683	7,440,280,064	7,327,583,804	7,495,221,970	−4,397,019,474	−279,876,713	+54,941,906	+167,638,166
Mandatory	(27,852,000)	(32,552,000)	(32,552,000)	(32,552,000)	(32,552,000)	(+700,000)	.....	.....	.....
Discretionary	(11,864,389,444)	(7,742,546,683)	(7,407,728,064)	(7,295,031,804)	(7,462,669,970)	(−4,401,719,474)	(−279,876,713)	(+54,941,906)	(+167,638,166)
Budget authority effect of Ex-Im limitations	6,613,000,000	3,446,000,000	3,974,000,000	4,274,000,000	3,974,000,000	−2,639,000,000	+528,000,000	.....	−300,000,000
Total NBOA in this bill plus Ex-Im NBOA	18,505,241,444	11,221,098,683	11,414,280,064	11,601,583,804	11,469,221,970	−7,036,019,474	+248,123,287	+54,941,906	−132,361,834

[1] Funded in Continuing Resolution, 1982 (H.J. Res. 325).
[2] Budget amendment proposed by administration November 5.

Mr. KEMP. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have just come out of a very difficult conference on foreign aid appropriations. We were successful in making some improvements in the bill that was passed out of the House. The comment that I made during our original floor debate that the bill is not perfect still obtains, but we have made improvements.

I want to take a moment to commend the members of the subcommittee for their exemplary work on this bill. Chairman LONG's fine leadership and tireless efforts are unparalleled. I am particularly proud and privileged to have worked with an outstanding group of minority members, MICKEY EDWARDS, BOB LIVINGSTON, JOHN PORTER, and JERRY LEWIS, each of whom contributed in his own way to the formulation and passage of this bill, and perhaps more importantly to the policy debate behind each appropriated item before the House today.

I know, Mr. Speaker, that there are issues with which many of us might disagree. I mentioned, and chairman and Members on his side of the aisle have alluded to the fact that we have negotiated a very fragile balance in trying to achieve our foreign policy objectives. We have come a long way toward reconciling our differences over commitments to the international development institutions while increasing military and security assistance to nations that are in alliance with this country or are potential allies. These are the nations, friends or potential friends, strategically located in critical areas of the world, upon whose cooperation and assistance we depend in defending our own critical interests and those of the free world.

As the chairman mentioned, we increased security assistance. Military assistance was increased by $41,500,000 in budget authority and $237,313,000 in loan guarantee authority. While this leaves us $452 million below the President's request it is a significant increase over previous appropriations. In fact, the total military and economic support funds in this bill are 25 percent of the total.

For those of my colleagues who are concerned about the problems we face in northern Africa, at the entrance to the Red Sea and the Persian Gulf, in the Middle East, the problems between Israel and Egypt and their Arab neighbors, in strengthening the southern flank of NATO you should know that we have increased military and security assistance to nations in these critical areas.

Israel, of course, is the single largest recipient of security assistance from the United States. This bill provides $550 million in FMS forgiven loans and $800 million in ESF for Israel. Moreover, we have specified that these moneys will be disbursed to Israel within 30 days, which represents significant savings for the Israeli Government in terms of avoided interest payments.

We have made important increases to our economic support fund program, now at $2.5 billion, which promotes economic stability and provides balance-of-payments support to 16 countries of key strategic importance to the United States, including Israel, Egypt, Turkey, and the Sudan. ESF support for Pakistan ($100 million) was approved by the conference. (Assistance to Pakistan originally was not included in the House bill because our

markup was completed in advance of the administration's request for Pakistan.) I know I need not point out to this body that our support for Pakistan comes at a critical time in the history of South Asia, with Soviet occupation forces in Afghanistan. Moreover, we provided an additional $5 million for Poland, a small symbol of our deeply held support for the yearnings of the Polish people. And the Senate receded to the House figure of $15 million for Cyprus—double the original request—to emphasize our support for stability and tranquility on that troubled island.

□ 1330

The economic support fund was increased at a time when many nations of strategic importance to the United States do not have the basic economic development to sustain defense support levels required for their own needs or for contributing to our mutual security. It is imperative that we come to the assistance of our friends and potential allies at this dangerous time.

The sixth replenishment of the International Development Agency, over which there was a fierce debate, was reduced by $25 million, so it comes down to $700 million. Frankly, as my friends on this side of the aisle know, I wanted to go further on IDA. We spent at least 2 hours debating what this year's contribution to IDA should be, and I frankly do not think we went far enough. But, to have argued over another $10 million or $20 million would have jeopardized the whole bill.

Compared to the original request of $850 million we have made a significant reduction in IDA, but nothing that would damage or undermine the President's commitment to the World Bank and to the International Development Agency.

Our conservative friends and our liberal friends are not pleased or happy but they are willing to accept this compromise. It does not force the President to renegotiate IDA VI.

Those who like my friend from Oklahoma (Mr. EDWARDS) were deeply concerned about the proposed seventh replenishment of IDA have received assurances that IDA VII will not be negotiated without the input of our body. I continue to oppose these negotiations. They are premature and should be postponed until IDA VI is fully funded and a thorough oversight of program changes is made.

In the course of these negotiations, in reaction to the amendment offered by our distinguished colleague (Mr. LEWIS) we have received assurances from the Secretary of the Treasury that he will take immediate steps to negotiate the graduation of India and other nations out of IDA and into the hard-loan portion of World Bank.

This is a sign of definite progress in promoting the type of democratic free enterprise which we support. My colleague from California is to be applauded for the victory he has achieved.

Mr. Speaker, before leaving the topic of IDA, I would like to acknowledge the work and support of my colleague from Delaware (Mr. EVANS). His remarks during the original floor debate and his work and support have been a valuable asset to bringing this bill to passage. I value his friendship and appreciate his support.

Another question was raised by my friend from Ohio (Mr. ASHBROOK). It was an issue that I also raised. Are moneys going through multilateral agencies to countries that are hostile to everything that this Nation stands for and that are antithetical to the foreign policy initiatives of the President and the Congress? My friend offered language which would have assured that they are not.

We did not achieve the Ashbrook amendment language, for technical reasons. We did add Libya, Iraq, and South Yemen to the list of nations that are prohibited from receiving direct assistance from American taxpayers. Prohibitions are now in effect for Angola, Cambodia, Cuba, Iraq, Laos, Libya, South Yemen, Syria, and Vietnam.

Mr. ASHBROOK, Mr. Speaker, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Ohio.

Mr. ASHBROOK. I thank the gentleman for yielding.

Would my colleague in his very learned and concise form tell the Congress where we are on the matter of indirect money? Can American taxpayers' money go indirectly to those countries?

Mr. KEMP. I will answer my friend and I compliment the gentleman from Ohio for bringing this issue to the attention of the Congress.

I am sure the gentleman appreciates the sensitive nature of this issue and the difficulty of responding to him in a totally public forum.

Having said that, I will say to my friend that I am persuaded that the administration is working to prevent indirect assistance to the nations that I mentioned as well as prohibiting direct assistance. To go any further is to ask the administration to make a public statement that I do not think should be made. It would not be in our interest to do so. But I assure the gentleman that there is a very positive reaction to the intent of his amendment by the administration and that, as ranking Republican on the subcommittee, I will personally monitor compliance with the gentleman's intent.

I ask the gentleman to accept my statement and to recognize how far we have come in meeting the gentleman's goals.

Mr. ASHBROOK. If the gentleman will yield further, I appreciate his wish and I commend him for doing his best. As he has indicated so many times over the years, and as I have indicated so many times over the years, when one is talking about foreign policy, the military, the economy, you normally get where you head—and we have been heading in a direction other than what my colleague has talked about or worked for. Just as we are trying to change the direction of the economy, if we can head in a little bit different direction, a little more reasonable direction, that certainly is adequate for this Member because as we have said for so many years, we normally get to where we are headed and we headed in the wrong direction in so many ways for so long. It is gratifying to know that with the efforts of my colleague from New York and many in this body, that this administration may indeed be taking us in a little more reasonable direction than some have in the past.

We just talked about the problems of social security. We finally got where we were heading. While I oppose this bill as I have always opposed foreign giveaway programs, I applaud the gentleman from New York (Mr. KEMP) for his long, hard work in changing the direction of this program we call foreign aid.

Mr. KEMP. I appreciate my friend's attitude and conciliatory statement. I want him to know I have come to respect the attitude of people on the other side of the aisle who are deeply concerned about the economic problems of the Third World. They know that I think some of the things we are doing in the Third World are causing the very problems that we are now being asked to finance, but there is a new direction and we can learn a lot from each other on this issue. I appreciate my friend's comments.

I also want to point out that this bill contains important humanitarian relief funds. An important example of this is the $10 million targeted for earthquake relief and reconstruction in southern Italy, which was adopted, thanks to the initiative of Senator D'AMATO and our colleague SIL CONTE.

Mr. HYDE. Mr. Speaker, will the gentleman yield.

Mr. KEMP. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

I want to say to my friend in the well he has done a masterful job with this very important and difficult legislation.

I want to congratulate him and the gentleman from Maryland (Mr. LONG), who has done a superb job in a field in which he is an acknowledged expert,

and I am very pleased to see even at this very late stage in this session this important bill with the support that it has, due in no small measure to the gentleman from Maryland (Mr. LONG), and the gentleman from New York (Mr. KEMP).

Mr. KEMP. I thank the gentleman.

I say to my friend from Illinois, I appreciate that.

Mr. Speaker, I think we have here something that meets the requirements of all of us on both sides of the aisle who voted for it. We passed a fair bill and we have made improvements in conference.

Frankly, I think we ought to pick up some votes. I do not think there ought to be anybody at this critical moment, with the Soviets aiming a gun at the head of Poland and already in Afghanistan. One who would ignore the needs of the President in carrying out the foreign policy of the United States, need not go back very long in history to recognize we cannot turn our backs on the world, especially those countries upon which we depend for mutual security efforts, for access to military facilities, and increasingly, for natural resources.

In 1935, when the Nuremberg laws were passed in Nazi Germany and Mussolini attacked Abyssinia, which is now Ethiopia, Haile Selassie went to the floor of the League of Nations to appeal to the West for support for his small country. No one listened. He was refused any assistance—economic assistance, military assistance, moral assistance, political assistance. He did not even get a vote in the League of Nations. Having been ignored by the West, Haile Selassie finished his speech by saying, "Do not weep for me, weep for yourselves."

Within 6 weeks, Hitler invaded the Rhineland, then he moved into Austria, the Sudetenland, Czechoslovakia, and the Danzig corridor of Poland. The very people who were protesting any involvement by the West in the problems of the world in the 1930's, were many of those whose sons ended up dying on the beaches of Dunkirk, Normandy, and Guadalcanal. We must not turn our backs on the rest of the world. This is not a foreign aid bill. This is an investment in the peace and the future of America and our allies. I suggest that those who want to vote against this bill are making a big mistake if they think we can hide our heads in the sand at this critical juncture in the history of our country and the West.

Mr. Speaker, I reserve the balance of my time.

Mr. LONG of Maryland. Mr. Speaker, I thank the gentleman from New York and let me say what a tremendous contribution he has made to the passage of this bill, he and the gentleman from Massachusetts (Mr. CONTE) and the other members of the subcommittee on both sides and the gentleman from New York (Mr. MCHUGH).

Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Speaker, when the bill left the House, I voted against it for two reasons. It adopted an additional amendment on the Eximbank which I thought made the bill too high and too large, and second, I expected the conference to totally rewrite the bill and make it a quite different product than the House had produced.

Very frankly, that did not happen. I thought the conference behaved in a more moderate and responsible way than I had expected. While I certainly am not happy with the bill, and in fact, while I would disagree with the gentleman from New York who said that it was better than the bill that left the House, I think it is worse than the bill that left the House, but it is not as bad as I expected it to be. So because of that fact, I will support it when it comes to a vote, largely for two reasons.

First, I think the administration has done a more credible job than I had expected in their lobbying on the issue of economic assistance, and second, I think that on occasion they have been more restrained than I expected them to be on a number of military matters.

I think it is terribly important as a number of people have pointed out that we do have a bipartisan approach to foreign policy. In the past we have had people like the gentleman from Massachusetts (Mr. CONTE), and the gentleman from Illinois (Mr. HYDE), who have been most constructive in trying to achieve that purpose under Democratic Presidents, and I think on this side of the aisle we Democrats have an obligation to do the same.

I think that the chairman of the subcommittee did a fine job in conference. We have a bill which, while I will admit is a very close call, is a bill which one can responsibly support even while differing strongly with individual provisions.

I want to say that I think the gentleman from New York (Mr. KEMP), the ranking minority member, performed in an extremely responsible way and I salute him for that.

I also want to say that the gentleman from Oklahoma surprised me in conference yesterday by demonstrating a willingness to compromise on the issue of military assistance and IDA which again I frankly did not expect to see. I think that as much as anything demonstrated the willingness of people in that conference to give and take and to compromise with people with whom they had some very fundamental disagreements.

The gentleman from New York (Mr. MCHUGH) who was pursuing a bill that I would have been much more comfortable with did a fine job in defending the kind of programs that I think need to be emphasized in the foreign aid bill.

So, while it is certainly questionable I would say that on balance this is a bill which we can responsibly support and would urge Members to do so when it comes to a vote.

Mr. KEMP. Mr. Speaker, I yield 5 minutes to our distinguished ranking member on the Appropriations Committee, the gentleman from Massachusetts (Mr. CONTE), without whose efforts we could not have passed this bill.

Mr. CONTE. Mr. Speaker, I rise in strong support of this conference report on the fiscal 1982 foreign aid conference report.

First of all, I want to commend the dedicated chairman of this subcommittee, the gentleman from Maryland, for his patience and hard work during our 8-hour conference yesterday, and for hanging in there over the last 3 years since we were last able to bring a foreign aid conference report to the House floor. I commend all of the House conferees for their efforts to reach a delicate compromise on this difficult bill, which has been accurately described by the able subcommittee member from Louisiana (Mr. LIVINGSTON), as "the foreign policy appropriations bill."

The President needs this bill to carry out the foreign policy of the United States. The bill ranks as No. 1 in priority legislation on this final day, hopefully, of the 1st session of the 97th Congress.

This conference report includes $7.5 billion for foreign policy purposes for fiscal 1982, $280 million below the budget. Of this total, $1.5 billion is for multilateral assistance, $5.1 billion is for bilateral economic assistance, and $965 million is for military assistance. In addition, Export-Import Bank direct loans are set at $4.4 billion, and Eximbank guarantees are set at $9.2 billion.

Believe me, these levels were very difficult to reach. I do not know of any of the conferees who are entirely happy with all of the figures. But that is the nature of a conference and of the legislative function. The choice was to compromise, or not have a conference report which could pass both Houses and be signed into law. We have been operating on an ad hoc basis for foreign assistance for 3 years—it is time to make some tough choices in order to get this bill down to the White House for signature.

What happens if we do not pass this conference report? We would then operate under the continuing resolution which was signed yesterday. I happen to be quite familiar with that resolution, and I know that there is not nearly enough money in it to meet the

legitimate foreign policy needs of this Nation.

In the economic support fund, which provides important budget support for such critical friends as Egypt, Israel, Turkey, Portugal, the Sudan, Pakistan, the Philippines, Jamaica, Somalia, Kenya, Thailand, Costa Rica, Cyprus, and Spain, funds under the continuing resolution are nearly $500 million short of the amount available in this conference report. Military assistance programs, which aid many of these same countries, and which can truly be described as U.S. security programs, are funded at $326 million—or more than one-third—lower in the continuing resolution than in this bill. Multilateral assistance funds—including funds to insure the continued veto power for the United States in the World Bank—are $200 million in budget authority and $1.2 billion in callable capital lower in the continuing resolution than in this bill. U.S. bilateral assistance programs, including funds for agriculture, health, population control, education, energy, private voluntary organizations, refugees, disaster assistance, narcotics control, American schools and hospitals abroad, and the private trade and development program, are nearly $600 million lower in the continuing resolution than in this bill.

As everyone agreed during the debate last week on the continuing resolution, that is not a good way to run the Government. We need a foreign aid bill which reflects today's economic and political situation in the world, not the situation which existed 3 years ago. We need to act in a bipartisan way to assist our President to restore American credibility around the world. We cannot do that with words, although we try that around here. It takes money. It takes assistance programs which demonstrate our concern and our friendship publicly to the people of the recipient nations.

I have supported foreign aid bills and programs for nearly 24 years in this Congress—programs which were proposed by administrations of both parties. I am proud of this record, because I believe that these programs have improved the image and position of the United States in ways which military strength cannot possibly do. To be visibly active in controlling a disease which has killed or maimed for centuries, to bring education where it did not previously exist, to aid in increasing food production in areas thought hopeless only a decade ago, to train future leaders with our individual values and economic know-how, I am proud of all of these achievements of our foreign assistance programs. We have no apologies to make to the developing world—these programs should be a source of national pride and national determination to continue them, to improve them, and to expand them.

The alternative to passing this bill would be a big step—and a very visible step—backward in our efforts to assist important friends and improve our own economic and security prospects. I strongly urge you to vote for this U.S. foreign policy bill.

Mr. LONG of Maryland. Mr. Speaker, I thank the gentleman from Massachusetts who made such a magnificent contribution.

I agree with the gentleman from Wisconsin, the ranking majority Member, that this is a balanced bill. Both sides feel that they should have done better. On the other hand, looking back, they realize they could have done a lot worse. It was a compromise in the best tradition of good American Yankee hard bargaining.

Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. McHUGH).

Mr. McHUGH. Mr. Speaker, I thank the chairman for yielding.

I wish to begin by complimenting the chairman, the ranking minority member, the gentleman from New York (Mr. KEMP), and the other members of the subcommittee, for accomplishing a very difficult job. To reach this final stage of the legislative process is not easy with a foreign aid appropriations bill.

I rise in support of the conference report. When we were before the House last week, many of us indicated that our House bill was a delicately constructed compromise, balancing economic aid on the one hand and military assistance on the other, multilateral assistance on the one hand and bilateral assistance on the other. In my judgment this conference report still reflects that kind of compromise, one which makes it possible for liberals, moderates, and conservatives to vote for final passage.

This is not a perfect bill. It is not the one I would have written if I had sole power to write a foreign aid bill. It is not a bill which the gentleman from New York (Mr. KEMP) and other Members on his side would have written, but it is essentially a fair and balanced bill. That is what makes it possible to have, for the first time in 3 years, a bipartisan coalition sufficient to enact a foreign aid appropriations bill.

There are some Members on my side of the aisle who will be tempted to vote against the conference report because they are dissatisfied with some elements of the Reagan foreign policy. I understand that. I also have some fundamental disagreements with the administration on foreign policy issues, but that is not the determinative issue here. Any President, including this one, needs the tools to conduct American foreign policy and those tools include economic and military assistance. So long as the mix of those tools is reasonably balanced, it seems to me that those of us who have reservations with some parts of the package have a responsibility to our country to support the bill.

When we took our bill to conference, those of us who are interested in maintaining adequate economic assistance and avoiding an excess of military assistance were concerned. We had real problem, because the Senate was much lower on most economic accounts and considerably higher on the military accounts. We faced the prospect of a conference report which would have upset the delicate balance we had achieved in the House bill. Fortunately, by the exercise of restraint and compromise on both sides, we were able to avoid that result.

Therefore, Mr. Speaker, I urge my colleagues on both sides of the aisle, recognizing that we still have differences in priorities, to vote for the conference report.

Furthermore, I urge the administration, in putting together its budgets for succeeding years, to bear in mind that in order to pass a foreign aid bill, it will be necessary to retain and nurture this coalition, a bipartisan coalition which for the first time in 3 years should be able to pass this foreign aid appropriation bill.

Mr. KEMP. Mr. Speaker, I yield such time as he needs to my friend and colleague on this committee, the gentleman from California (Mr. LEWIS).

Mr. LEWIS. Mr. Speaker, I thank my ranking member for yielding.

Mr. Speaker, first I would like to associate myself with the remarks of the gentleman from New York (Mr. McHUGH) and express my appreciation for his cooperation and our chairman for the fantastic job of working on both sides of the aisle to make this bill possible.

I had not intended to rise today, except for the fact that serving on this subcommittee has been a very, very educational experience for me.

I want to take a moment out to talk with my colleagues about the experience I have had watching my ranking member on the subcommittee, our quarterback from New York. We have all known about him in terms of things like Kemp-Roth and his concerns about our domestic economy; but I must say that the gentleman from New York, JACK KEMP, deserves a great deal of credit for the success we have had in bringing this bill to the floor and I think for the success we will have on the floor. His leadership, his knowledge of the subject, his capacity to learn so quickly so much have been more than impressive to me. It has been an inspiration to me personally. I want to thank the gentleman from New York (Mr. KEMP) for both his support for my own efforts in

the subcommittee, but most importantly, for the fact that we have this bill on the floor today.

This bill is a compromise in the truest sense of the word. Few are happy with the individual items in this bill, but this is surely a case where the whole—the fact that we have gotten a bill—is greater than the sum of the parts.

This bill is needed to give our President a chance to shape his foreign policy. That was the prime reason which allowed this conference report to move forward in finest spirit of bipartisanship in matters of foreign affairs.

While we should vote for this bill, let us bear in mind the importance of having Congress help resolve some of the major foreign policy problems we face.

One of these foreign policy problems is economic development.

While there has been much discussion about how much money we should spend on economic development, Congress has spent far too little time focusing on what is effective economic development. We speak of foreign aid too glibly as if all our billions of dollars flowing overseas are really aiding people and our friends. This is decidedly not the case in many instances; often our aid is counterproductive. The World Bank has been pushing concessional loans and debt on Third World countries at a far too rapid pace.

Sure, the Third World governments, rulers, and bureaucrats are eager to receive these funds, but is the life of the poor peasant in the field made better off by this international welfare? I believe Congress and the administration must take a hard look at such an issue.

It is not just the World Bank which needs oversight, but also U.S. aid. To what extent were Sadat's domestic problems in Egypt exacerbated by the flood of U.S. aid dollars to that country? Has our easy money encouraged domestic graft and corruption in developing countries which makes the common citizen cynical of his own government and American aid?

MILITARY FOREIGN ASSISTANCE

Just as serious concerns arise with our security assistance programs. Is our aid fueling an arms race between India and Pakistan? Did all our military support of the Shah of Iran result in an outcome beneficial to this country? Has the administration fully justified its case for the large increases in security assistance programs in this bill?

Frankly, I am not so sure they have. However, they have spent more time and have more information than Congress on these issues. They deserve the benefit of the doubt and they deserve a bill, and this bill is the best Congress can do.

But I, for one, will be in a far different frame of mind when next year's foreign assistance appropriations are considered by this body. If this administration fails to work with Congress to make progress on the many troublesome issues which are present in this bill, I will not sublimate my own concerns and vote another one for the Gipper.

Mr. LONG of Maryland. Mr. Speaker, let me just say that this is a bill which is in the foreign policy interests of the United States. I recognize and I agree with my Republican colleagues on that. It is certainly to be preferred to have a bill instead of continuing to try to fashion the funding of our foreign policy in a smoke-filled room with people who are sweating, late into the night, surrounded by lobbyists, without even a recording of what is being said and done.

It is time we got away from that, and this is the bill that does it. I do not think Jimmy the Greek would have given us very much chance of getting to this point, but I think we owe it to the gentlemen on both sides of the aisle who have worked so hard.

I do not always agree with the President on his foreign policy, but in the end I say to myself this—that the President of the United States is an American. I am sure he does what he thinks is best for American interests and the interests of the American people, and I am an American. I hope we will all support him in that frame of mind.

Mr. SILJANDER. Mr. Speaker, the administration has agreed to comply with the provisions within my amendment that were offered to and adopted by this body to prohibit funding for lobby promotion, recommending abortions or training individuals in abortion under the foreign assistance appropriations bill.

As reported from conference, that language agreed to had been revised. Though language was changed, the administration agrees that the content and scope regarding the amendment has not. To clarify the administration's agreement in this, I submit the following letter received by me from Mr. McPherson of AID:

DEAR CONGRESSMAN SILJANDER: I am familiar with your amendment regarding the Agency for International Development (A.I.D.) on the subject of abortion. As my General Counsel, John Bolton, indicated in conversations with you, the Agency for International Development will comply completely with your amendment. A.I.D. will not in any way lobby for or promote abortion. Moreover, A.I.D. will not finance or perform any training, here or abroad, for the purpose of performing abortions. We understand that you do not intend to preclude standard obstetrics and gynecology training.

In addition, as a reminder, I have stated on the record and elsewhere that the present policy of A.I.D. precludes this Agency from using its funds for the performance of abortion or from conducting abortion-related research.

Sincerely,

M. PETER MCPHERSON.

It is also understood that Mr. LONG and Mr. KEMP have agreed to insure the enforcement of this letter.

● Mr. SIMON. Mr. Speaker, the House will vote today on adopting the conference reports on both the foreign aid authorization and the foreign aid appropriations bills. As a strong and consistent supporter over the years of a U.S. development and humanitarian assistance program which responds to the human needs of people in Third World countries, I would like to make several observations.

First, few of us had expected even 1 week or 2 ago that Congress would pass and the President would sign both foreign aid bills. What we are witnessing is a rare display of political will applied to the foreign aid program. That is welcome.

Second, the bills are being passed thanks to the efforts of the most fragile of coalitions. It is good to have many, if not most, Republicans supporting this legislation, even if their reasons for doing so may be somewhat different from those of traditional supporters. This country needs a strong, bipartisan response to human suffering overseas.

On the other hand, the administration, having won this year's battle, should guard against reading the results wrongly and losing the war. This year's coalition will be frayed beyond repair if the administration returns to the Congress next year with supplemental fiscal year 1982 or with fiscal year 1983 requests which tip the balance even more decisively toward security and military aid and away from development and humanitarian programs.

Third, I regret that the pressure of time has meant that the conference reports on both bills have not been available for adequate review by both bodies. I understand that House conferees agreed to an appropriations of $100 million in economic support funds for Pakistan, even though the House Appropriations Committee has yet to hold hearings on the subject. I trust that the administration will not regard this conference concession as approval in principle of its $3 billion-plus aid package for Pakistan. We will all need to study in more detail the agreements reached on various key and controversial issues, even though we have not yet had time to do so.

Finally, the bills have various items which are particular grounds for satisfaction—and distress. I was pleased that the United States will now be able to provide a full $700 million for IDA, a significant sum even though it is considerably below the $850 million requested by the Reagan administra-

tion and the $1.08 billion to which the Carter administration pledged the United States. On the other hand, the provision of no funds at all for the International Fund for Agricultural Development (IFAD) in fiscal year 1982, despite authorization of $180 million for a 3-year period, seems to me a major mistake. Both of these organizations focus their efforts on helping small farmers in the world's poorest countries to grow more food.●

Mr. PORTER. Mr. Speaker, incredibly, for the first time in 3 years, we are today at the stage of passing a conference report and laying before the President for his signature a foreign assistance bill. And incredibly, the level of understanding and willingness to compromise has been high, and the level of demagoguery has been relatively low.

Perhaps this has been because the President—no friend of foreign aid in the past—has pleaded with the Congress for a bill, because without legislation supported by the administration, we will operate our foreign policy for the next year under a continuing resolution reflecting the disastrous priorities of the middle Carter years.

This report does not meet the President's full requests either with respect to substantial increases in military assistance or substantial increases in funding for the soft loan window of the World Bank, IDA VI. Both conserv- atives and liberals have had to give ground to adopt the report, and I can only commend the splendid efforts of our ranking minority member on the Appropriations Foreign Operations Subcommittee, the Honorable JACK KEMP of New York, as well as the work of our chairman, CLARENCE LONG of Maryland; the ranking minority member of the Appropriations Committee, the gentlemen from Massachusetts, SILVIO O. CONTE and my colleague the distinguished gentleman from New York, MATTHEW F. MCHUGH.

The subcommittee and the conference put politics aside and embraced our highest concern—the best interests of the United States of America—in placing this legislation before the Members, and I can only urge them to embrace that same standard and give the President the tools he needs to act in the best interests of our country in the conduct of our foreign policy.

Mr. KEMP. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. LONG of Maryland. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 217, nays 201, not voting 15, as follows:

[Roll No. 366]

YEAS—217

Addabbo	Ford (TN)	Morrison
Akaka	Frenzel	Murtha
Alexander	Frost	Nelson
Annunzio	Fuqua	Nowak
Aspin	Gejdenson	O'Brien
Badham	Gilman	Oberstar
Barnes	Gingrich	Obey
Bedell	Glickman	Ottinger
Beilenson	Gore	Oxley
Benjamin	Gradison	Patterson
Bereuter	Gray	Pease
Biaggi	Green	Pepper
Bingham	Gregg	Peyser
Blanchard	Hagedorn	Pickle
Bliley	Hall (OH)	Porter
Boggs	Hamilton	Price
Boland	Harkin	Pritchard
Bonior	Hartnett	Pursell
Bonker	Hawkins	Railsback
Bowen	Heckler	Rangel
Breaux	Heftel	Ratchford
Brodhead	Hertel	Regula
Broomfield	Hiler	Reuss
Brown (OH)	Hillis	Rhodes
Burton, Phillip	Hollenbeck	Richmond
Butler	Horton	Rinaldo
Campbell	Howard	Roe
Carman	Hoyer	Rosenthal
Carney	Hyde	Rostenkowski
Cheney	Ireland	Roukema
Clausen	Jeffords	Sabo
Clay	Johnston	Sawyer
Clinger	Kemp	Scheuer
Coats	Kildee	Schneider
Coelho	LaFalce	Schumer
Collins (IL)	Lagomarsino	Seiberling
Collins (TX)	Lantos	Shamansky
Conable	Leach	Sharp
Conte	LeBoutillier	Siljander
Corcoran	Lehman	Simon
Coughlin	Lent	Smith (NJ)
Courter	Lewis	Smith (PA)
Coyne, James	Livingston	Snowe
Coyne, William	Loeffler	Solarz
Crockett	Long (LA)	Stangeland
Danielson	Long (MD)	Stanton
DeNardis	Lowery (CA)	Stokes
Derwinski	Lowry (WA)	Stratton
Dicks	Luken	Swift
Dingell	Lundine	Synar
Dixon	Madigan	Tauke
Dornan	Markey	Thomas
Dougherty	Marks	Udall
Downey	Matsui	Vander Jagt
Dwyer	Mattox	Washington
Dymally	Mavroules	Waxman
Edgar	Mazzoli	Weber (OH)
Edwards (AL)	McClory	Weiss
Edwards (CA)	McGrath	Wilson
Erdahl	McHugh	Winn
Erlenborn	McKinney	Wirth
Evans (DE)	Mica	Wolf
Fary	Michel	Wolpe
Fascell	Mikulski	Wortley
Fazio	Miller (CA)	Wright
Fenwick	Mineta	Wyden
Ferraro	Minish	Wylie
Fiedler	Mitchell (MD)	Yates
Findley	Mitchell (NY)	Yatron
Fish	Moakley	Zablocki
Foglietta	Moffett	Zeferetti
Foley	Molinari	
Ford (MI)	Mollohan	

NAYS—201

Albosta	Anthony	Ashbrook
Anderson	Applegate	Atkinson
Andrews	Archer	Bafalis
Bailey (MO)	Ginn	Parris
Bailey (PA)	Gonzalez	Pashayan
Barnard	Goodling	Patman
Beard	Gramm	Paul
Benedict	Grisham	Perkins
Bennett	Guarini	Petri
Bethune	Gunderson	Quillen
Bevill	Hall, Ralph	Rahall
Boner	Hall, Sam	Ritter
Bouquard	Hammerschmidt	Roberts (KS)
Brinkley	Hance	Roberts (SD)
Brooks	Hansen (ID)	Robinson
Brown (CA)	Hansen (UT)	Rodino
Brown (CO)	Hatcher	Roemer
Broyhill	Hefner	Rogers
Byron	Hendon	Rose
Chappell	Hightower	Roth
Chappie	Holland	Rousselot
Chisholm	Holt	Roybal
Coleman	Hopkins	Rudd
Conyers	Hubbard	Santini
Craig	Huckaby	Savage
Crane, Daniel	Hughes	Schroeder
Crane, Philip	Hunter	Schulze
D'Amours	Hutto	Sensenbrenner
Daniel, Dan	Jacobs	Shannon
Daniel, R. W.	Jeffries	Shaw
Dannemeyer	Jenkins	Shelby
Daschle	Jones (NC)	Shumway
Daub	Jones (OK)	Shuster
Davis	Jones (TN)	Skeen
de la Garza	Kastenmeier	Skelton
Deckard	Kazen	Smith (AL)
Dellums	Kindness	Smith (IA)
Derrick	Kogovsek	Smith (NE)
Dickinson	Kramer	Smith (OR)
Donnelly	Latta	Snyder
Dorgan	Leath	Solomon
Dowdy	Levitas	Spence
Dreier	Lott	St Germain
Duncan	Lujan	Stark
Dunn	Lungren	Staton
Dyson	Marlenee	Stenholm
Early	Marriott	Studds
Eckart	Martin (IL)	Stump
Edwards (OK)	Martin (NC)	Tauzin
Emerson	McCloskey	Taylor
Emery	McCollum	Traxler
English	McCurdy	Volkmer
Ertel	McDade	Walgren
Evans (GA)	McEwen	Walker
Evans (IA)	Miller (OH)	Wampler
Evans (IN)	Montgomery	Watkins
Fields	Moore	Weaver
Fithian	Mottl	Weber (MN)
Flippo	Murphy	White
Florio	Myers	Whitehurst
Fountain	Napier	Whitley
Fowler	Natcher	Whittaker
Frank	Neal	Whitten
Garcia	Nelligan	Williams (MT)
Gaydos	Nichols	Williams (OH)
Gephardt	Oakar	Young (AK)
Gibbons	Panetta	Young (MO)

NOT VOTING—15

AuCoin	Goldwater	Moorhead
Bolling	Lee	Russo
Burgener	Leland	Trible
Burton, John	Martin (NY)	Vento
Forsythe	McDonald	Young (FL)

□ 1410

The Clerk announced the following pairs:

On this vote:

Mr. Vento for, with Mr. McDonald against.

Mr. Leland for, with Mr. Russo against.

Mr. Burgener for, with Mr. Young of Florida against.

Mr. Goldwater for, with Mr. Lee against.

Mr. Forsythe for, with Mr. Moorhead against.

Mrs. BOUQUARD, Mr. KINDNESS, and Mr. SHAW changed their votes from "yea" to "nay."

Mr. THOMAS changed his vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

Mr. LONG of Maryland. Mr. Speaker, I ask unanimous consent that the amendments in disagreement be designated by the Clerk instead of read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The SPEAKER pro tempore. The Clerk will designate the first amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 22: Page 7, line 4, after "Women" insert "$218,638,000".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 22 and concur therein with an amendment, as follows: In lieu of the sum inserted by said amendment, insert the following: "$215,438,000: *Provided*, That no funds shall be available for the United Nations Fund for Science and Technology or the United Nations Decade for Women".

The motion was agreed to.

□ 1420

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 23: Page 7, line 4, after "Women" insert ": *Provided*, That not less than $134,500,000 shall be available only for the United Nations Development Program".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 23 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ": *Provided further*, That not less than $126,750,000 shall be available only for the United Nations Development Program".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 24: Page 7, line 4, after "Women" insert ": *Provided further*, That not more than $38,000,000 shall be available for the United Nations Children's Fund".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ": *Provided further*, That not more than $41,500,000 shall be available for the United Children's Fund".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 25: Page 7, line 4, after "Woman;" insert ": *Provided further*, That not more than $7,500,000 shall be available for the United Nations Environment Program".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 25 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ": *Provided further*, That not more than $7,850,000 shall be available for the United Nations Environment Program".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 38: Page 8, line 9, strike out "$5,700,000 of this amount shall" and insert "none of the funds appropriated under this heading may".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 38 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: $4,000,000 of this amount shall".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 53: Page 10, line 10, after "$27,000,000" insert ": *Provided*, That of the funds appropriated under this paragraph, not less than $10,000,000 shall be used for earthquake relief and reconstruction in southern Italy".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 53, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 62: Page 11, line 11, after "Congress" insert ", not less than $100,000,000 shall be available for Sudan, not less than $5,000,000 for Poland, not less than $5,000,000 for Tunisia, and not less than $15,000,000 for Costa Rica".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 62 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ": *Provided further*, That not less than $100,000,000 shall be available for Sudan, not less that $5,000,000 for Poland, not less than $5,000,000 for Tunisia, and not less than $20,000,000 for Costa Rica".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 63: Page 11, line 11, after "Congress" insert ": *Provided further*, That not more than $7,500,000 shall be available for Cyprus".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 63 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: ": *Provided further*, That not more than $15,000,000 shall be available for Cyprus".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 70: Page 12, after line 3, insert:

Housing and other credit guaranty programs: During the fiscal year 1982, total commitments to guarantee loans shall not exceed $150,000,000 of contingent liability for loan principal.

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 70, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 73: Page 12, after line 8, insert:

USE OF CERTAIN POLISH CURRENCIES

Subject to the enactment of authorizing legislation, during the fiscal year 1982, the equivalent in currency or credit of $70,000,000 in Polish zlotys (received by the United States from the April 1981 sale of United States Government-held dairy products to Poland) shall be available for use in Poland to serve United States interests, including use for activities of common benefit to the people of the United States and the

people of Poland, such as joint programs in energy, agriculture, education, science, health, and culture, or for humanitarian activities.

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 73, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 89: Page 14, line 3, strike out "$535,000,000" and insert "$473,000,000".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 89 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert the following: "$503,000,000: *Provided*, That $30,000,000 of this amount shall be transferred to the Agency for International Development to be used only for resettlement services and facilities for refugees and displaced persons in Africa".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 138: Page 21, line 19, strike out "513" and insert "511".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 138 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following:

"513. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance or reparations to Libya, Iraq, or South Yemen."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment reads as follows:

Senate amendment No. 142: Page 22, line 6, strike out "heretofore authorized" and insert "authorized before the date of enactment of this Act".

MOTION OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LONG of Maryland moves that the House recede from its disagreement to the amendment of the Senate numbered 142, and concur therein.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. LONG of Maryland. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just considered and that the gentleman from New York (Mr. KEMP) and I may insert tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 4327. An act to amend the Immigration and Nationality Act, and for other purposes;

H.R. 4755. An act to recognize the organization known as Former Members of Congress; and

H.R. 5159. An act to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House with an amendment to a bill of the Senate of the following title:

S. 271. An act to repeal section 222 of the Communications Act of 1934.

The message also announced that the Presiding Officer, on behalf of the President pro tempore, pursuant to House Concurrent Resolution 220, appointed Mr. HATFIELD, Mr. MATHIAS, Mr. D'AMATO, Mr. MOYNIHAN, Mr. RANDOLPH, Mr. FORD, and Mr. JACKSON to be members, on the part of the Senate, of the Special Joint Committee on Arrangements to commemorate the 100th anniversary of the birth of Franklin Delano Roosevelt.

The message also announced that the Senate agrees to the amendments of the House with amendments to a bill of the Senate of the following title:

S. 1946. An act to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes.

The message also announced that the Senate agrees to the House amendments to the preamble, and agrees to the House amendment to the text with an amendment to a joint resolution of the Senate of the following title:

S.J. Res. 100. Joint resolution to authorize the participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested.

S.J. Res. 117. To authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week";

S.J. Res. 134. To designate 1982 as the "National Year of Disabled Persons";

S. Con. Res. 54. Concurrent resolution to provide for the printing of 3,000 copies of the General Explanation of the Economic Recovery Tax Act of 1981;

S. Con. Res. 55. Concurrent resolution to authorize the Secretary of the Senate to make technical corrections in the enrollment of the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes; and

S. Con Res. 56. Concurrent resolution authorization the reprinting of the committee print entitled "Investigation of Senator Harrison A. Williams, Jr."

VALIDATING EFFECTIVENESS OF PLAN FOR FUNDS APPROPRIATED TO PAY JUDGMENT AWARDED TO SAN CARLOS TRIBE OF ARIZONA

Mr. UDALL. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from further consideration of the Senate joint resolution (S.J. Res. 136), to validate the effectiveness of a plan for the use or distribution of funds appropriated to pay a judgment awarded to the San Carlos Tribe of Arizona, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

Mr. YOUNG of Alaska. Mr. Speaker, reserving the right to object, and I shall not object, but I would like to have the gentleman from Arizona explain this resolution.

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Speaker, Senate Joint Resolution 136 would validate the plan for distribution of funds awarded to the San Carlos Apache Tribe in a judgment award before the U.S. Court of Claims. The U.S. Court of Claims granted an award of $10 million in an accounting claim against the United States involving management of tribal lands, tribal trust funds, resources, and other property administered by the United States for a period from 1871 to 1946. The claim was originally filed with the Indian Claims Commission and subsequently transferred to the U.S. Court of Claims.

Funds to cover the award were appropriated on January 28, 1981.

As required under the Judgment Funds Act of October 19, 1973 (87 Stat. 466), the Department of the Interior submitted to Congress the distribution plan for the San Carlos judgment award on October 6, 1981. As also required under that act, the plan must lay before Congress for a period of 60 legislative days before it can become effective. The Committee on Interior and Insular Affairs has advised the Department of the Interior that December 17, 1981, is the effective date of that plan should Congress remain in session through that date.

This resolution would simply insure that the effective date of this plan will in no way be affected by when Congress chooses to adjourn. This resolution has the tribe's full support and the Department of Interior also has no objections.

Mr. YOUNG of Alaska. Mr. Speaker, I support the resolution and withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The Clerk read the Senate joint resolution as follows:

S.J. RES. 136

Whereas, pursuant to Public Law 93-134 (Act of October 19, 1973; 87 Stat. 466; 25 U.S.C. 1401), the Secretary of the Interior or his designee submitted a plan on October 7, 1981, for the use or distribution of funds appropriated to pay a judgment awarded to the San Carlos Apache Indian Tribe of Arizona;

Whereas, such plan has not been disapproved by congressional action;

Whereas, such plan has lain before the Senate for the requisite period of sixty legislative days as provided by Public Law 93-134 but sixty legislative days in the House of Representatives will not expire until December 18, 1981, after the Congress has adjourned; and

Whereas, it is the purpose of this resolution to validate the effectiveness of the plan which was submitted to the Congress pursuant to Public Law 93-134.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the plan for the use or distribution of funds awarded the San Carlos Apache Tribe of Indians in Docket No. 22-H before the United States Court of Claims is hereby declared to be valid and effective as of the date of enactment of this resolution and such plan is declared to have been validly submitted and is exempted from any further review.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING DISBURSEMENT OF TRUST FUNDS OF LAC COURTE OREILLES BAND OF LAKE SUPERIOR CHIPPEWA INDIANS OF WISCONSIN

Mr. UDALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4894), to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

That the Secretary of the Interior shall, at the request of the governing body of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, pay to the State Bank of Drummond, Drummond, Wisconsin, a portion (not to exceed 20 per centum) of the funds of such tribe derived from awards of the Indian Claims Commission in dockets numbered 18-C and 18-T which are deposited in the United States Treasury to the credit of such tribe in trust accounts numbered 14x9228 and 14x9728. Such payments shall be used for the sole purpose of covering or reducing overdraft on an account (designated "general fund") maintained by such tribe in such bank which was incurred by such tribe in support of the administration of Federal contracts.

SEC. 2. In the event that the United States acts to adjust the accounts of Indian tribes or organizations administering Federal contracts for the overrecovery or underrecovery of indirect costs, the Secretary of the Interior, at his discretion, may reimburse the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, in whole or in part, for any disbursement made under the first section of this Act.

Mr. UDALL (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

□ 1430

Mr. YOUNG of Alaska. Reserving the right to object, Mr. Speaker, and I shall not object, will the gentleman briefly explain the Senate amendment?

Mr. UDALL. If the gentleman will yield, the Senate amendment is in the nature of a substitute, but it makes only a few technical changes in the House-passed version of the bill. In every respect, the Senate amendment does exactly what the House language intended to do. The wording changes are simply intended to clarify the provisions in the bill with respect to the trust funds of this particular band of Chippewa Indians.

I assure my colleagues there are no hookers, no nongermane amendments in this bill. It is simply an attempt to carry out what the House intended in the first place.

Mr. YOUNG of Alaska. I thank the gentleman for his explanation.

Mr. Speaker, I withdraw my reservation of objection, and I support approval of the Senate amendment.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Arizona?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

HERBERT CLARK HOOVER DEPARTMENT OF COMMERCE BUILDING

Mr. FARY. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation be discharged from further consideration of the Senate bill (S. 657) to designate the Department of Commerce Building in Washington, the District of Columbia, as the "Herbert Clark Hoover Department of Commerce Building."

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. ECKART. Mr. Speaker, reserving the right to object—and I do not intend to object, I cannot help but be slightly chagrined to see brought before us for our consideration today a proposal to rename our Department of Commerce Building the Herbert Hoover Building.

Was this not the same Herbert Hoover who brought us a policy that told us that prosperity was just around the corner—as our country slipped deeper and deeper into depression?

Was this not the same President who advocated similar economic policies to those advanced by this current administration which have also brought us record unemployment, near record small business failures, and rapidly rising Federal deficits?

Herbert Hoover's failed economic policy is just as doomed today as it was in the 1930's, and to better enlighten the Members as to what that failed economic policy was, I want to

insert into the RECORD a speech of our 31st President which sounds hauntingly familiar to those coming from the White House today.

Whatever the arguments made, do not be misled by those who say that we need only to tax the rich to secure the funds we need. We must face the absolute fact that the rich can be taxed to the point of diminishing returns, and still the deficit in our ordinary and necessary expenditures would not be covered even upon the basis of the utmost economy. Make no mistake. In these circumstances it is those who work in the fields, at the bench and desk who would be forced to carry an added burden for every added cent to our expenditures.

Whatever the deficit may be and in whatever manner it may ultimately be met, every additional expenditure placed upon our government in this emergency magnifies itself out of all proportion into intolerable pressures, whether it is by taxation or by loans. Either loans or taxes beyond the very minimum necessities of government will drain the resources of industry and commerce and in turn will increase unemployment. Such action can easily defeat our hopes, our plans and our best efforts for the recovery of our country and so indefinitely delay the return of prosperity and employment. We can carry our present expenditures without jeopardy to national stability. We can carry no more without grave risks.

The imperative moment has come when increase in government expenditures must be avoided, whether it be ill-considered, hasty, or uninformed legislation of any kind, or whether it be for new services meritorious in themselves. Any alternative will strike down the earnest efforts of the citizenry of our nation to start us back upon the economic paths to which we must return if we and our children are to have the destiny which everyone has the right to hope and the heart to give to them.

Although our President has called for us to "try something new" the prescription that has been written is one that has been tried and failed before.

Mr. STANGELAND. Mr. Speaker, I would just like to echo the sentiments that have been expressed in support of S. 657 to name the Department of Commerce Building in Washington after Herbert Hoover. Mr. Hoover's credentials as Commerce Secretary are noteworthy in that it was under his leadership that this Department actually became an effective and viable force in the American economy.

Mr. Hoover's accomplishments are many during his service as Secretary of Commerce. He fostered the growth of trade associations, promoted foreign trade with our international neighbors, expanded the information services of the Department and generally influenced all economic questions facing the country.

Upon his death in 1964, Hoover was regarded as this Nation's foremost elder statesman. As cosponsor of this legislation to honor Herbert Hoover, I would ask my colleagues to join with me in paying tribute to this great Commerce Secretary by designating the building he planned here in Washington as the "Herbert Clark Hoover Department of Commerce Building."

Mr. ECKART. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 657

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Department of Commerce Building at 14th Street and Constitution Avenue Northwest, in Washington, the District of Columbia, shall hereafter be known and designated as the "Herbert Clark Hoover Department of Commerce Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to that building shall be held to be a reference to the "Herbert Clark Hoover Department of Commerce Building".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNION STATION REDEVELOPMENT ACT OF 1981

Mr. FARY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate bill (S. 1192) to amend the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station in Washington, D.C., and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. WALKER. Reserving the right to object, Mr. Speaker, I do so in order to ask a couple of questions about the bill.

I will ask the gentleman from Minnesota (Mr. STANGELAND), are we, in this bill, as I understand it, moving from a position where we now lease those facilities to a position where we are going to have the Government take over the facility? Is that correct?

Mr. STANGELAND. If the gentleman will yield, we are moving in that direction, and a savings over the life of the lease of that building of $26 million.

Mr. WALKER. So, as I understand the bill that is being brought before us today, this is a bill that is destined to save somewhere in the vicinity of $27 million over the lifetime of it. However, does that include the amount of money for operating the building during that period of time? I assume since we are now paying rental on it, we are able to have the operator assume the expenses of running the building. I assume now we will take over the expenses of running the building. Will the gentleman explain that to me?

Mr. STANGELAND. If the gentleman will yield, let me explain the operation and rental on the building.

In 1977, we paid a total of $6.2 million, of which $3.3 million was rent, and about $3 million for operation. That continued through 1978.

In 1979, that figure went down to $4.3 million, of which $3.3 million was rent, so the actual operation costs was $1 million.

That held the same for 1980.

Now the present operation cost is about $945,000, and I can assure the gentleman that the Subcommittee on Public Buildings and Grounds and the chairman of the subcommittee is going to be monitoring this—conducting oversight. The chairman of the Oversight Committee, former chairman of the Public Buildings and Grounds Committee, is going to be monitoring this and scrutinizing this, so that we get out of the mess we are in on the Visitor Center.

Mr. WALKER. Further reserving the right to object, Mr. Speaker, I also understand that some of the hope is that space will be leased in this building so that we can recover some of the operating costs through the operation of private enterprise within the Visitor Center.

Mr. STANGELAND. If the gentleman will yield, it is the intention that after a survey to determine the structural soundness of the building, and after the necessary improvements to that structural soundness are made, this will be open to developers on a competitive bid basis and there will be commercial ventures operating in the Visitor Center.

There are also plans by adjoining property owners to establish and develop commercial property on property that is at the present time undeveloped.

So there will definitely be commercial ventures that will help defray the cost of the Union Station.

Mr. WALKER. Further reserving the right to object, are the savings which accrue from that over and above the $27 million which the gentleman has referred to?

Mr. STANGELAND. Yes, it would be.

Mr. FARY. Mr. Speaker, will the gentleman yield?

Mr. WALKER. Further reserving the right to object, I yield to the gentleman from Illinois.

Mr. FARY. Mr. Speaker, I thank the gentleman for yielding so that I can make some legislative history.

I am advised by the Department of Transportation that it supports this measure (S. 1192), although not without certain reservations.

On December 10, 1981, Secretary of Transportation Drew Lewis testified on Union Station before the Subcommittee on Public Buildings and

Grounds of the Public Works and Transportation Committee. He expressed enthusiasm for the challenge this bill would present to the Department of Transportation, and assured the subcommittee that he would see that transportation needs were adequately met and that historic features were preserved. He noted, however, several concerns he had that the bill now before us does not provide DOT with total flexibility.

Certainly, we can all understand the Secretary's apprehension about DOT's budget being able to absorb the inevitable costs of rehabilitating Union Station and his concern about identifying programs or levels which may or may not be directed to this project. Secretary Lewis' caution is justifiable since we will not have a definitive estimate of these costs or a knowlege of what level of investment the private sector may make toward them before the directed studies are completed.

I think, however, that S. 1192 has been carefully crafted to provide DOT with sufficient flexibility to find necessary sources of funding. The bill does not require that any funding be set aside from the Northeast Corridor project or from any other DOT program, apart from $1 million DOT is willing to commit for studies. The bill leaves it up to the Secretary, and defers for 1 year, the decision as to what DOT program sources should be used to fund the rehabilitation of Union Station. Existing DOT authorizations should be ample as a source of Federal appropriations for this purpose, although of course, no authorizing legislation can guarantee that any particular level of funding will be available in any particular year. If, however, existing authorizations prove to be inadequate as sources of funding after DOT has completed its year of study, Congress could always entertain a legislative proposal to grant a new authorization for this purpose.

The Secretary also expressed concerns that DOT may need authority to convey at least some interest in the Union Station property to a private party, or a co-venture with a private party, as part of a development package, as well as authority to control any independent development of adjacent properties to assure the economic viability of the development package.

Although the Secretary's points are well taken and I know everyone wants the Union Station project to succeed, I do not think these matters are so essential that we need to amend S. 1192 at this time. The bill already gives DOT wide latitude in structuring the redevelopment of Union Station. The bill provides broad leasing flexibility.

We believe this is a workable approach, one that DOT can carry out without further legislation. Of course, we recognize that DOT may not be able to complete the project without further legislation. If substantial unforeseen difficulties arise that cannot be overcome within the mechanisms of this legislation, it is the intent of the committee to work with the Department of Transportation to achieve the purpose of this bill. We hope this won't be necessary.

I am sure the Secretary would agree that these concerns, although important, should not hold up passage of the most comprehensive Union Station bill likely to be approved by this Congress.

Mr. WALKER. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois (Mr. FARY)?

Mr. CLAUSEN. Mr. Speaker, I reserve the right to object.

Mr. CLAUSEN. Mr. Speaker, the legislation we are now considering would finally address the problems that have plagued Union Station for many years in a comprehensive fashion. This bill has passed the Senate and just last week was reviewed by the Public Works and Transportation Subcommittee on Public Buildings and Grounds. During testimony, Transportation Secretary Drew Lewis expressed the importance of finding a fiscally attractive solution to the nagging problems at Union Station and emphasized the need for private sector participation in any project to rehabilitate this landmark.

Under the proposal pending before the House. The long overdue rehabilitation and completion of Union Station would now be possible. While many may be wary of any legislation with the name "Union Station" on it, let me point out the attractive features of S. 1192 as opposed to previous legislative initiatives. First, this proposal will actually save the American taxpayer money by allowing for the expedited purchase of Union Station in lieu of future lease payments that we are now obligated to pay for the next 20 years. The amount of savings will be approximately $28 million. Second, very little "new" authorizing legislation will be needed since this bill calls for the reprograming of funds from other already authorized funding sources. Additionally, S. 1192 calls for the transfer of up to $40 million in District of Columbia interstate highway funds to complete the parking structure, a provision strongly supported by the District of Columbia government.

The well-publicized issue of the roof condition will also be addressed. During the last Congress, stop-gap legislation was passed to make emergency structural repairs and to replace the roof of Union Station, amounting to $11 million. The legislation now under consideration would not only complete the roof repair work, but also make this facility, once again, a working rail station and the southern terminus of the northeast corridor rail improvement project.

I do not think any who has been associated with this project over the years will state that mistakes have not been made. Rather, it is my hope that my colleagues in the House will join with the Senate in adopting this measure so that we can correct these problems and mistakes in a fiscally attractive manner. Such an opportunity may not present itself soon since some of these funding sources may not be available next year. For example, the $40 million in interstate highway moneys which the District is willing to commit will lapse, if not committed, at the end of fiscal year 1982.

For these reasons, I would urge this bill's passage. By passing this measure we will not only act in a responsible way but will finally correct a problem that has lingered for far too long. Moreover, this will show the American people that Congress is willing to act to save a monumentul landmark and, at the same time, excercise fiscal responsibility.

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. CLAUSEN. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from Georgia.

Mr. LEVITAS. I thank the gentleman for yielding.

Mr. Speaker, I have asked the gentleman to yield to me in order to commend the Chairman of the subcommittee and the ranking minority member for bringing this important bill before us. This is the end result of many years of dealing with this troublesome problem and finally reaching what I think is a fiscally sound solution to it.

There have been other proposals which have been passed around and submitted to those of us on the Public Works Committee as alternatives, some from the private sector, some other agencies of government. I have discussed here with members of the subcommittee, as well as with the Secretary of Transportation and other officials in the administration, and it appears that after this extensive examination and discussion that this present solution presents us the best solution that can be agreed upon at this time and the one which will have the support of the administration and finally resolve the problem.

I urge the gentleman to withdraw his reservation of objection.

Mr. CLAUSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois (Mr. FARY)?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1192

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Union Station Redevelopment Act of 1981".

SEC. 2. The Congress finds and declares that—

(1) Union Station in Washington, District of Columbia, commissioned by Congress in 1903, designed by Daniel H. Burnham in monumental Beaux Arts style, and completed by the Washington Terminal Company in 1907, is an important historic and architectural landmark of the Nation's Capital;

(2) Union Station was built and used exclusively as a rail passenger station until Congress decided to make the historic Union Station building a National Visitor Center in 1968, allocating rail passenger operations to a replacement facility behind the historic building;

(3) the use of rail passenger service to and from Washington, District of Columbia, declining when the National Visitor Center Facilities Act of 1968 was enacted, has dramatically increased since that time with the advent of and substantial Federal investment in the National Railroad Passenger Corporation and the northeast corridor improvement project, justifying a reversal of the policy adopted 13 years ago;

(4) the historic Union Station building is now unsafe and unusable, and the replacement railroad station is inconvenient and inadequate for present and projected rail ridership demand;

(5) it is in the national interest to preserve the architectural features of Union Station and to provide in the Union Station complex a sound and fully operational transportation terminal;

(6) the Union Station complex and its vicinity present an opportunity for successful commercial development integrated with the transportation functions of the facility; and

(7) the purposes of this Act are to achieve the goals of historic preservation and improved rail use of Union Station with maximum reliance on the private sector and minimum requirement for Federal assistance.

SEC. 3. Title I of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 801 et seq.) is amended—

(1) by striking "National Visitor Center" in the caption of title I and inserting in lieu thereof "Union Station";

(2) by inserting a new caption "Subtitle A—National Visitor Center" immediately after the new title I caption; and

(3) by adding at the end of title I the following new subtitle:

"Subtitle B—Union Station Redevelopment

"SEC. 111. (a) Upon the request of the Secretary of Transportation, the Secretary shall assign to the Secretary of Transportation all of the Secretary's right, title, and interest in the Union Station complex, including all agreements and leases entered into under subtitle A of this title. Such assignment may reserve to the Secretary the right to lease space for visitor services, to the extent the Secretary and the Secretary of Transportation may agree. For purposes of this title, the "Union Station complex" shall include all the real property, air rights, and improvements leased by the Secretary under subtitle A of this title, together with any property acquired and all improvements made in accordance with this subtitle.

"(b) Notwithstanding the provisions of subsection (a) of this section, the Secretary shall, not later than twelve months after the date of enactment of this subsection, complete the installation of new roofs and associated drainage systems on all existing roof surfaces of the historic Union Station building. Of funds appropriated to the Secretary under the construction appropriation for the National Park System for the fiscal year ending September 30, 1982, not less than $8,100,000 shall be available to and allocated by the Secretary for such roof work. In the event the assignment provided for in subsection (a) of this section occurs prior to completion of such roof work, the Secretary shall continue to be responsible for such roof work until its completion, except as the Secretary and the Secretary of Transportation may otherwise agree.

"(c) Prior to the assignment provided for in subsection (a) of this section, the Secretary shall permit the Secretary of Transportation to carry out or cause to be carried out the activities authorized by this subtitle or by title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 851 et seq.).

"(d) After both the assignment provided for in subsection (a) of this section and the completion of the roof installation required by subsection (b) of this section, the Secretary shall be relieved of the authority and obligation under subtitle A of this title to construct and operate a National Visitor Center at Union Station. The provisions of subtitle A of this title shall thereafter be deemed superseded by any contrary or inconsistent provisions of subtitle B of this title.

"SEC. 112. The Secretary of Transportation shall provide for the rehabilitation and redevelopment of the Union Station complex primarily as a multiple-use transportation terminal serving the Nation's Capital, and secondarily as a commercial complex, in accordance with the following goals:

"(a) Preservation of the exterior facade and other historically and architecturally significant features of the Union Station building.

"(b) Restoration and operation of a portion of the historic Union Station building as a rail passenger station, together with holding facilities for charter, transit, and intercity buses in the Union Station complex;

"(c) Commercial development of the Union Station complex that will, to the extent possible, financially support the continued operation and maintenance of such complex; and

"(d) Withdrawal by the Federal Government from any active role in the operation and management of the Union Station complex as soon as practical and at the least possible Federal expense consistent with the goals set forth in subsections (a) through (c) of this section.

"SEC. 113. (a) There are authorized to be appropriated to the Secretary of Transportation such sums as may be necessary to meet lease and other obligations, including maintenance requirements, incurred by the Secretary and assigned to the Secretary of Transportation under this subtitle. The Secretary shall transfer to the Secretary of Transportation at the time of such assignment such sums as may have been appropriated to the Secretary to meet such obligations and not yet expended as of the date of such assignment.

"(b) Nothwithstanding the provisions of section 102(a)(5) of this title, the Secretary of Transportation is authorized to purchase for the United States any property that was leased by the Secretary under subtitle A of this title and assigned to the Secretary of Transportation under this subtitle. The purchase agreement for such property may provide for payment by the Secretary of Transportation over a term not to exceed six years. There are authorized to be appropriated to the Secretary of Transportation, in addition to the sums authorized by subsection (a) of this section, not to exceed $275,000 per year for not to exceed six years to carry out such purchase. Such purchase shall not be subject to the provisions of title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C.4651 et seq.).

"SEC. 114. (a) The Secretary of Transportation shall, on an emergency basis, carry out an engineering survey of all existing structures at the Union Station complex for the following purposes:

"(1) to determine those actions necessary or desirable to preserve the long-term structural integrity of, and provide functional utility systems for, the historic Union Station building;

"(2) in cooperation with Amtrak, to determine those actions necessary or desirable to restore rail passenger handling functions to the historic Union Station building and otherwise improve rail passenger service facilities at Union Station, including improved passenger access to the trains; and

"(3) to prepare detailed estimates of the costs of such rehabilitation and improvement.

"(b) Concurrently with the engineering survey required by subsection (a) of this section, the Secretary of Transportation, in cooperation with the National Railroad Passenger Corporation, shall carry out a planning and market feasibility study to assess the commercial development potential of the Union Station complex. Such study shall also include, but not be limited to, an assessment of the feasibility and desirability of:

"(1) providing passenger transportation services from Union Station to the commercial airports in the area;

"(2) constructing a heliport at or near the Union Station complex; and

"(3) relocating to office space in Union Station the offices of Federal or other public transportation agencies.

"(c) The Secretary of Transportation shall complete the engineering survey required by this section not later than six months after the date of enactment of this section, and shall complete the planning and market feasibility study required by this section not later than twelve months after the date of enactment of this section.

"(d) Of amounts appropriated under section 704(a) (1) and (2) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a) (1) and (2)), $1,000,000 shall be available to and be utilized by the Secretary of Transportation to carry out the purposes of subsections (a) and (b) of this section.

"(e) Within twelve months following the date of enactment of this section, the Secretary of Transportation shall submit a report to the Congress on the results of the engineering survey and planning and market feasibility studies carried out under this section. Such report shall be referred to the Committees on Commerce, Science, and Transportation and Environment and Public Works of the Senate and the Committees on Energy and Commerce and Public Works and Transportation of the House, respectively. Such report shall include a specific commitment of Federal

funds for completion of the rehabilitation of the historic Union Station building, together with any necessary request for appropriations, in the amount determined by the Secretary of Transportation to be necessary in light of the survey and studies carried out under this section, from either or both of the following sources:

"(1) funds authorized to be appropriated and not yet appropriated under section 704(a) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a)) that are in excess of the amounts set out in the last sentence of such section 704(a); and

"(2) funds programed or reprogramed from any other appropriation available to the Secretary of Transportation.

Notwithstanding any other provision of this subsection, no funds from the Northeast Corridor Improvement Project and other rail or rail-related programs in excess of $29,000,000 shall be available for the completion of the rehabilitation of the historic Union Station building or other purposes determined by the Secretary of Transportation to be necessary in light of the survey and studies carried out under this section if within ninety calendar days of continuous session of the Congress after any request for such excess funds either the Committee on Energy and Commerce of the House of Representatives or the Committee on Commerce, Science, and Transportation of the Senate disapproves of the availability of such excess funds for such purposes by majority vote. For purposes of this subsection, continuity of session of the Congress is broken only by an adjournment sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the period described in this subsection.

"SEC. 115. (a) In order to achieve the goals set out in section 112 of this subtitle, the Secretary of Transportation is authorized to select and subsequently enter into one or more agreements (hereafter in this Act referred to as 'development agreements') with one or more responsible individuals, corporations, or other private entities with demonstrated experience in the financing, undertaking, and managing of commercial real estate development (hereafter in this Act referred to as 'developers').

"(b) The Secretary of Transportation shall prescribe the procedures and criteria for selection of a developer for the Union Station complex: *Provided*, That no final developer selection shall be made unless and until at least two developers meeting minimum criteria prescribed by the Secretary of Transportation have submitted to the Secretary of Transportation specific design and financing proposals for the rehabilitation and redevelopment of the Union Station complex, and specific proposals for the acquisition, conveyance, or lease of real property. The Secretary of Transportation is directed to initiate discussions with potential developers as soon as possible following enactment of this section to assure the earliest possible selection of a developer or deverlopers.

"(c) Development agreements entered into under this section shall be considered cooperative agreements for purposes of the Federal Grant and Cooperative Agreement Act of 1977 (41 U.S.C. 501 et seq.). With respect to such development agreements, the Secretary of Transportation is authorized to modify or waive the application of regulations otherwise applicable to Federal or Department of Transportation financial assistance agreements, to the extent the Secretary of Transportation determines in his discretion to be necessary to accomplish the purposes of this subtitle at the lowest cost to the Federal Government.

"(d) The Secretary of Transportation is further authorized to enter into such other agreements and contracts, except any agreement or contract to sell property rights at the Union Station complex, with such persons, corporations, financial institutions, Federal, regional, or local agencies, or the Architect of the Capitol as the Secretary of Transportation deems necessary or desirable to carry out the purposes of this subtitle. Any such agreement may be made assignable to a selected developer or developers of the Union Station complex.

"SEC. 116. (a)(1) The Secretary of Transportation is authorized to acquire for the United States, by lease, purchase, or otherwise, any interest in real property (including, without limitation, interests in the nature of easements or reservations) and any other property interest (including, without limitation, contract rights) in or relating or adjacent to the Union Station complex that the Secretary of Transportation deems necessary to carry out the purposes of this subtitle.

"(2) If the Secretary of Transportation determines that property under the jurisdication of the Architect of the Capitol in squares 721 and 722 eastward of the historic Union Station building is necessary to carry out the purposes of this subtitle, the Secretary of Transportation may request assignment of such property to the use of the Secretary of Transportation, as a part of the Union Station complex, and subject to the provisions of this subtitle, and the Architect of the Capitol shall so assign such property.

"(b) Notwithstanding any other provision of law, the Secretary of Transportation is authorized to maintain, use, operate, manage, and lease, either directly, by contract, or through development agreements, any property interest held or acquired by the Secretary of Transportation for the United States under this subtitle, in such manner and subject to such terms, conditions, covenants, and easements as the Secretary of Transportation deems necessary or desirable to carry out the purposes of this subtitle.

"SEC. 117. (a) The Secretary of Transportation is authorized to use income and proceeds received from activities authorized by this subtitle, including, without limitation, operating and leasing income and payments made to the Federal Government under development agreements, to pay expenses incurred by the Secretary of Transportation in carrying out the purposes of this subtitle, including, without limitation, construction, acquisition, leasing, operation, and maintenance expenses, and payments made to developers under development agreements.

"(b) A special deposit account is hereby established in the Treasury of the United States, to be known as the Union Station Fund, which shall be administered as a revolving fund. Such special deposit account shall be credited with receipts of the Secretary of Transportation from activities authorized by the subtitle and the balance in such special deposit account shall be available in such amounts as are specified in annual appropriation Acts for making expenditures authorized by this subtitle.

"SEC. 118. (a) Notwithstanding any other provision of title 23, United States Code, and other Acts pertaining to Federal-Aid Highways, the Secretary of Transportation shall immediately approve the completion of the parking facility, and associated ramps (including any necessary pedestrian access and walkways, escalators, elevators, moving sidewalk access, and connections) at Union Station, to be financed with interstate highway funds apportioned to the District of Columbia. To the extent necessary to complete such project, such apportionment shall not be subject to any obligation limitation enacted for the fiscal year ending September 30, 1982, or the fiscal year ending September 30, 1983. The amount of such apportionment necessary to complete such project, not to exceed $40,000,000, shall remain available to the District of Columbia until expended, without regard to the provisions of section 118(b) of title 23, United States Code. The Federal share shall be 100 per centum of the total cost of such project.

"(b) Within sixty days of the enactment of this section, the Secretary of Transportation shall enter into an agreement with the District of Columbia's Department of Transportation for the Secretary of Transportation's administration of the project described in subsection (a) of this section. Such project agreement shall provide that all right, title, and interest in such parking facility shall remain in the United States. The rate of fees charged for use of the parking facility may exceed the rate required for maintenance and operation of the facility, and shall be established in a manner that encourages its use by rail passengers and participants in activities in the Union Station complex and area.

"SEC. 119. (a) The Secretary of Transportation is authorized, on such terms or conditions as he may prescribe, to release the Washington Terminal Company from any or all of its obligations under agreements and leases entered into under subtitle A of this title, including, without limitation, the obligation to construct a new railroad passenger station as provided in section 102(a)(4) of this title.

"(b) The Secretary of Transportation shall waive such statutory or contractual restrictions on the use of the parking structure and associated ramps described in section 118 of this subtitle as would otherwise be required or imposed because funds for such construction were or are provided under the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.).

"(c) The Secretary of Transportation is authorized to use funds appropriated under section 704(a)(2) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a)(2)) to carry out the purposes of this subtitle without regard to the matching funds requirement of section 703(1)(B) of such Act (45 U.S.C. 853(1)(B)). Funds appropriated under section 704(a) of such Act may not be used for design, construction, or operation of a heliport at or near Union Station.

"(d) The Architect of the Capitol is authorized to enter into agreements with the Secretary of Transportation or his designee or assign to furnish steam or chilled water or both from the Capitol Power Plant to the Union Station complex, at no expense to the legislative branch.".

SEC. 4. (a) The Act approved November 5, 1966 (Public Law 89-759) and section 108 of the National Visitor Center Facilities Act of 1968 (Public Law 90-264) are repealed.

(b) Section 102(b) of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 802(b)) is amended by striking the word

"title" and inserting in lieu thereof the word "subtitle".

SEC. 5. As used in section 502(a)(1)(B) of the Rail Passenger Service Act, the term "Amtrak Commuter" shall mean, with respect to the period prior to January 1, 1983, "Conrail".

Mr. FARY. Mr. Speaker, S. 1192, as passed by the Senate gives the Congress an opportunity it has long awaited. If the House passes S. 1192, it will allow the Department of Transportation to take complete control of the facility and let it become again a rail facility. Except for $1.5 million in the bill that would allow the Department of Transportation to purchase the station outright and save $26.5 million in lease costs, the bill relies on funds that have already been authorized for other transportation purposes to bring the structure of the building back into shape. After these repairs and associated studies, the Secretary of Transportation is authorized to solicit bids for commercial development from private investors thereby minimizing future Government involvement in Union Station.

This is a bill we have waited a long time for. Both the Department of the Interior, which wants out of Union Station, and the Department of Transportation, which will now be responsible for the structure, support this bill.

When Congress passed the National Visitor Center Facilities Act in 1968, there was a need for improved facilities to serve the increasing number of tourists and students who were visiting the Nation's Capital each year. As we all are aware, the facilities were functional for only a very short time. Now, according to testimony received by the Committee on Public Works and Transportation, a local private group has decided to open some visitors facilities in the Department of Commerce downtown. Hence there is no present need to reopen any Government-run visitor facility.

The Senate-passed bill goes a long way in bringing one of Capitol Hill's great landmarks and real estate assets back to life as what it was intended to be. If the House passes this bill today, in a very short time we will have a thriving transportation facility with a large commercial component where now we have an abandoned building. I hope my colleagues will support this legislation.

Mr. STANGELAND. Mr. Speaker, if the gentleman will yield, I note that section 116(a)(2) would permit the Secretary of Transportation to include land now occupied by two Senate staff parking lots in the Union Station development program. That land is a part of the Capitol Grounds and falls under the jurisdiction of the Architect of the Capitol. What role would the Architect of the Capitol play in the development of that land?

Mr. FARY. The land in squares 721 and 722 would be available to the Secretary of Transportation if he deems it necessary to promote successful commercial development of the Union Station complex. The Secretary would be permitted to lease the land to a private entity, on a long-term basis, if necessary. He would not be permitted to sell the land; it would remain the property of the U.S. Government. We would expect the Secretary to consult with the Architect of the Capitol in developing criteria for using the land, but the final selection of a development proposal would rest with the Secretary. The Architect of the Capitol generally agrees with developing this area for commercial purposes.

Mr. STANGELAND. Mr. Speaker, I rise in enthusiastic support of S. 1192 and urge my colleagues to accept this carefully drafted measure as a well-thought out and workable solution to the problems that have troubled Union Station for many years. As we are well aware, the handling of this national landmark by both the Congress and executive branches alike has been the source of much rightful criticism over the years. Due to this mishandling, Union Station has deteriorated rapidly, becoming structurally unsafe and resulting in its closing earlier this year.

As the ranking member on the Public Buildings and Grounds Subcommittee, I have had the opportunity of working closely with our Senate counterparts and the administration on this legislation. Much enthusiasm was shown regarding the new approach we are taking to this issue which will result in correcting many of our past errors and rehabilitating Union Station with minimal new Federal authorizations. However, should Congress fail to act on this measure, the situation at Union Station will only worsen and will require substantially greater amounts of taxpayers' dollars sometime in the future to deal with what will certainly be a more delapidated facility.

As previously mentioned, S. 1192 is an innovative approach that will require additional new authorizations of only $275,000 for up to 6 years for the expedited purchase of Union Station. It should be emphasized that by purchasing the station in this manner, the Government will be relieved of approximately $28 million in outyear lease payments which we now must pay through the year 2001.

While others have highlighted the key provisions of this bill, I would just like to touch upon and reemphasize a few of these. An absolutely essential part of this bill and its proposed solution is the provision authorizing the Secretary of DOT to work with private, commercial developers to enhance the rail terminal facility with minimum Federal financing. According to testimony in subcommittee, there is significant interest in the private sector for pursuing development at Union Station. Additionally, at the southern terminus of the heavily traveled Northeast rail corridor, responsibility for Union Station is more appropriately transferred to the Department of Transportation and a study of the building's structural integrity, rail passenger handling functions and the potential for private development will be authorized. Finally, the parking garage, which is already partially constructed, would be completed by the use of $40 million in Interstate Highway moneys apportioned to the District of Columbia. This money will not be available after this year, thereby requiring us to act in a timely fashion on this measure.

Let me point out that this bill is the work of both Senate committees with jurisdiction over Union Station, the Reagan administration and both House Public Works and Transportation Committee and House Energy and Commerce Committee. As a consensus measure, these committees have recognized that there may never again be an opportunity like this to finally rectify our unfortunate experience with Union Station. I would urge all Members to support this important legislation.

Mr. FLORIO. Mr. Speaker, I rise in support of S. 1192, the Union Station Redevelopment Act of 1981.

Mr. Speaker, anyone who is familiar with Washington's Union Station knows the terrible inconvenience rail passengers in the Northeast corridor have to endure. The leaking roof and other structural problems of the building, not to mention the walk of more than a quarter of a mile from the front of the building to the train boarding areas, have been well-publicized and the source of great embarrassment for the Congress as well as the executive agencies that have dealt with it.

The bill before us today is an important first step toward the restoration of this building as the major rail transportation facility it should be. Although the primary purpose of the bill is the restoration of the building for the provision of rail transportation services, a secondary goal of the bill is the commercial development of the station.

Mr. Speaker, developers, State and local officials and the public have become increasingly interested in station development, not only for Union Station but for many of the stations in the Northeast corridor. For example, Newark's Penn Station in my State of New Jersey has already begun a $21 million rehabilitation project. Prudential Insurance Co. will soon begin the construction of a $50 million office building next to the station, and another developer plans to begin construction on a second office building

sometime next year. This and other projects like Philadelphia's 30th Street Station have become the focus of major commercial development projects.

I believe these projects can be successful with proper public support. The bill before us provides that support. At the same time it puts a cap on funds from existing authorizations that may be used for Union Station improvements so that funding for other projects will not be jeopardized. In addition it provides for Amtrak's involvement in both the commercial development as well as the structural study to be conducted by the Secretary of Transportation. In this way, I feel a solid development plan can be developed and implemented.

Mr. Speaker, over the last 4 years of the Northeast corridor improvement project, the Federal Government has spent more than $1.6 billion in upgrading tracks, signaling, maintenance facilities, bridges and other elements of the 400-mile rail corridor between Washington, D.C., and Boston, Mass. With these improvements and the introduction of new Amtrak Equipment, ridership and revenues on the Northeast corridor have continued to grow. Today, the corridor accounts for more than half of Amtrak's total ridership and more than a third of its annual revenues.

Although the corridor's record of use and profitability has been truly impressive, performance promises to reach new highs with the completion of the next phase of corridor improvements—rail station development. For the 10 million passengers who use Amtrak's Northeast corridor services each year, the horrible conditions that exist at most stations are well known. Physical deterioration and inadequate services have become hardships with which rail passengers have had to contend.

An important part of assuring that the station revitalization effort is successful is the final resolution of Washington's Union Station, the southern terminus of the Northeast corridor. As many of my colleagues know, Amtrak has been operating its rail passenger services out of a temporary terminal behind Union Station. The terminal is grossly inadequate for current ridership let alone the significant increase expected when the Northeast corridor improvement project is finished.

Four million passengers annually now walk more than one-quarter of a mile from the front of the Union Station building to the location of the trains behind the temporary facility. By 1990, the Department of Transportation estimates that 9 million people will use the station each year.

While this situation is clearly unacceptable for rail users, it was not until February of this year, when the roof began to leak uncontrollably and the main terminal was declared structurally unsafe, that the public generally recognized the need to deal with the Union Station problem.

The legislation we have before us today is a good first step toward dealing with that problem. I would like to add at this point, that my committee's support of this legislation is contingent upon agreement with our Senate counterpart over future funding of the Northeast corridor improvement project. That agreement is based on the assumption that the Department of Transportation will spend $2.5 billion, the full authorization, for Northeast corridor improvement. The Northeast corridor improvement project, as authorized in Public Law 96-254, envisioned that a part of the total $2.5 billion project authorization would be spent for rehabilitation and improvements at Union Station. The Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, instructs the Secretary of Transportation to complete project improvements to the extent of the full authorization, and, therefore, the expenditure of $29 million for Union Station would not jeopardize other critical corridor improvements.

This is an important point to understand. There is no money currently in the Department of Transportation's reduced corridor project for improvement at Union Station. It is, therefore, not our intent that an exception be made for Union Station providing that it should be funded while other project improvements which also are not part of the Department's reduced scope of work should remain unfunded. Instead, in reaching our agreement on S. 1192, we presume the Department of Transportation will complete as much of the project work as can be accomplished with the expenditure of the full authorization of $2.5 billion.

Furthermore, it should be noted that this legislation allows the House and Senate Commerce Committees to veto the use of more than $29 million to implement Union Station development from Northeast corridor and rail or rail-related programs under the jurisdiction of the House and Senate Commerce. This is simply a precautionary provision to insure that money Congress approved for other purposes is not spent on Union Station. In this regard, I would like to assure my colleagues that my subcommittee will look very skeptically on any Union Station development plan, if the Department of Transportation has not made satisfactory arrangements for actually completing all elements of the corridor project that can be funded with the full authorization of $2.5 billion.

Furthermore, at our committee's request, S. 1192 as reported by the Senate Committee on Environment and Public Works, has been changed to provide that the Secretary of Transportation shall cooperate with Amtrak in conducting the Union Station commercial development study. Under any development plan, the primary use of the building will be for rail passenger service as a result, the success of the Union Station development efforts from a commercial standpoint depend greatly on the successful development and use of the building as a rail facility. Amtrak as the only operator of intercity passenger service out of Union Station must, therefore, be closely involved in the overall station development plan.

Clearly, the temporary facility in the rear of the building is inadequate, and Amtrak's passenger services must be returned to the main terminal building. In addition, passengers must be given better access to the trains than the one-quarter mile hike they currently have to endure. At the very minimum, passenger access which is equivalent to that which rail users had prior to the relocation of the tracks behind the temporary replacement facility is needed.

Mr. Speaker, overall I feel the legislation before the House today satisfactorily addresses the Union Station problem and the concern of the authorizing committees. That improvements at Union Station be undertaken only if other improvements which are part of a budget that provides for the expenditure of the full $2.5 billion authorization are completed.

In addition to commercial interests who have recently shown great interest in Union Station development, the Government of the District of Columbia recently has committed up to $40 million to complete the parking garage which is only partially constructed in the station area. These commitments along with the sizable contributions from the Northeast corridor improvement project, I feel sure, will result in the successful revitalization of Union Station.

I urge my colleagues to support this legislation.

Mr. LENT. Mr. Speaker, the purpose of the bill before us today, S. 1192, is to restore Union Station as a major rail facility and to develop the station commercially. I believe it is important to emphasize that under this legislation rail service is to be given primary attention in the overall renovation of the station. In this regard, I think there is general agreement that the present replacement station located behind the Union Station building is not functional and is wholly inadequate to serve as the southern terminus of the Northeast corridor improvement project.

To address this problem, the legislation directs the Secretary of Transportation to study those actions that are necessary or desirable to provide im-

proved passenger access to the trains. Earlier plans and studies have indicated that extending the tracks to the concourse is the best way to improve passenger access to the trains.

In an effort to give the Secretary of Transportation more flexibility in developing the plan for Union Station, this legislation stops short of mandating this result. Nonetheless, it is expected that extension of the tracks to the concourse will occur unless the study conducted by the Secretary demonstrates an alternative that would provide passenger access to the trains equivalent to that provided by an extension of the tracks to the concourse.

Finally Mr. Speaker, I would like to take this opportunity to commend the efforts of the leadership of both the House Committees on Public Works and Transportation and Energy and Commerce for the development of this important piece of legislation.

Mr. FLORIO. Would you clarify the intent of S. 1192 with regard to rail passenger transportation?

Mr. FARY. First and foremost, the purpose of the legislation is to provide for a rail passenger facility in the Union Station Building.

Mr. FLORIO. I assume that the adequate provision of rail function would include a full range of rail passenger service and operational functions?

Mr. FARY. Yes. The committees would expect the Secretary to adhere to the criteria set out in the Northeast corridor station performance standards, which the Department has applied to other NEC stations. Such functions would include, but not be limited to, information, ticketing, passenger handling, staging and boarding, baggage handling, station administration and support, and public services.

Mr. FLORIO. I believe it is also the committee's intent that the facility be designed so as to address future passenger needs. The present replacement station, which has been generally termed as inadequate to handle the 4 million passengers who currently patronize Washington Union Station, has 38,000 square feet of usable space. Amtrak expects the passenger use of Union Station to increase by 35 percent when the Northeast corridor improvement project is completed in 1985. Is it the intent of S. 1192 that the rail passenger facility in the Union Station Building would accommodate present as well as future passenger and operational needs through the 1990's?

Mr. FARY. Yes. The legislation directs the Secretary to work closely with Amtrak to determine those actions necessary or desirable to restore rail passenger facility to Union Station. Such actions should include a design which would accommodate passenger needs into the 1990's.

Mr. FLORIO. The legislation requires that the Secretary's plan provide improved passenger access to the train. However, it fails to specifically direct the Secretary to provide for the extension of the tracks to the concourse.

Mr. FARY. That's correct. The legislation directs the Secretary to study those actions that are necessary or desirable to improve passenger access to the trains. Past plans and studies, including those conducted by the Department of Transportation, have indicated that extending the tracks to the concourse is the best way to improve passenger access to the trains, and in the long run represents the least costly alternative. It is the expectation of both committees that extension of the track to the concourse would be part of the Secretary's plan, unless the study conducted by the Secretary demonstrates that an alternative would provide passenger access to the trains that would be equivalent to that provided by extending the tracks to the concourse.

Mr. FLORIO. I expect the Secretary to consult with Amtrak on the commercial development of Union Station. Amtrak is already a major owner and developer of real estate property. Amtrak manages and leases commercial space in major stations in Philadelphia, New York Penn Station, Baltimore, Wilmington, Harrisburg, and other areas which, together with other holdings, brought in a net revenue of $16.5 million during fiscal year 1981.

In addition, Amtrak, in partnership with a private developer, is pursuing the commercial development of Philadelphia 30th Street Station and 50 acres of adjacent air rights. The key to beginning the project was the cooperation and participation of the city of Philadelphia and the Federal Railroad Administration.

This experience ought to be tapped by the Secretary in the development of Washington Union Station.

Mr. FARY. I concur with your views. In addition, the legislation directs the Secretary to work with Amtrak in carrying out the planning and marketing studies necessary to plan the comprehensive development of Union Station.

● Mr. MINETA. Mr. Speaker, it may have been my misfortune, but I have been involved in this project before, and I therefore have some familiarity with it.

The Federal effort to transform a magnificent but rundown railroad station into something that it was never designed to be—a National Visitor Center—gave us a decade of waste and disaster. My conclusion was that until you make this facility really work as a transportation facility in general and as a rail station in particular, nothing else you try to do there is going to work.

Unfortunately, Federal efforts in the past have made the National Visitor Center the primary objective, and the rail function was left to take the hindmost. The result has been repeated failure and embarrassment.

What this will would do is to fundamentally reverse the mistakes of the past, by making the rail function the primary objective at Union Station, by returning rail station activity to the historic Union Station Building, and by removing the Visitor Center function entirely. This is finally the total break with the past that we have needed for so long. If the Department of Transportation will use this authority to put together a plan which provides efficient and convenient transportation services as its top priority, as it is directed to do, then we may well be, at long last, on the way out of the quagmire that this project has been for over a decade.

My only concern is that the private development elements of this bill should not be allowed to do in the future what the Visitor Center did in the past, which is to push the rail station function into a second-class status.

I therefore questioned Secretary Lewis on this point during our subcommittee hearings on December 10. He responded: "We feel that the transportation needs must be met before we do anything commercially."

So with the explicit requirement in the bill that the rail station function be primary, that rail station activity would return to the historic Union Station Building, and with the assurance of the Secretary that priority will be given to the rail station function in his planning for this project, I support this bill and urge my colleagues to do the same.●

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FARY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bills, S. 657 and S. 1192, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

REQUEST FOR CONSIDERATION OF SENATE AMENDMENT TO H.R. 779, PROVIDING MUNICIPAL USE OF STORAGE WATER IN BENBROOK DAM, TEX.

Mr. ROE. Mr. Speaker I ask unanimous consent to take from the Speaker's table the bill (H.R. 779) to author-

ize the Secretary of the Army to contract with the Tarrant County Water Control and Improvement District Numbered 1 and the city of Weatherford, Tex., for the use of water supply storage in Benbrook Lake, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, after line 19, insert:

SEC. 2. (a) The third sentence of section 205 of the Flood Control Act of 1948 (33 U.S.C. 701s) is amended to read as follows: "Not more than $4,000,000 shall be allotted under this section for a project at any single locality."

(b) The amendment made by this section shall not apply to any project under contract for construction on the date of enactment of this Act.

SEC. 3. Section 164 of the Water Resources Development Act of 1976 (Public Law 94-587) is amended by deleting the figure "$21,000,000" and inserting in lieu thereof $23,200,000".

SEC. 4. The Secretary shall relocate the water supply intake facility on the Missouri River at Springfield, South Dakota, which facility is subject to severe sedimentation, at an estimated cost of $2,190,000.

SEC. 5. (a) The Proviso of section 2 of Public Law 84-485 shall not be construed to prohibit the storage of San Juan-Chama project water acquired by contract with the Secretary of the Interior pursuant to Public Law 87-483 in any reservoir, including the storage of water for recreation and other beneficial purposes by any party contracting with the Secretary for project water.

(b) The Secretary of the Army, acting through the Chief of Engineers, is authorized to enter into agreements with entities which have contracted with the Secretary of the Interior for water from the San Juan-Chama project pursuant to Public Law 87-483 for storage of a total of two hundred thousand acre-feet of such water in Abiguiu Reservoir. The Secretary of the Interior is hereby authorized to release San Juan-Chama project water to contracting entities for such storage. The agreements to thus store San Juan-Chama project water shall not interfere with the authorized purposes of the Abiguiu Dam and Reservoir project and shall include a requirement that each user of storage space shall pay any increase in operation and maintenance costs attributable to the storage of that user's water.

(c) The Secretary of the Interior is authorized to enter into agreements with entities which have contracted with the Secretary of the Interior for water from the San Juan-Chama project pursuant to Public Law 87-483 for storage of such water in Elephant Butte Reservoir. The Secretary of the Interior is hereby authorized to release San Juan-Chama project water to contracting entities for such storage. Any increase in operation and maintenance costs resulting from such storage not offset by increased power revenues resulting from that storage shall be paid proportionately by the entities for which the San Juan-Chama project water is stored.

(d) The amount of evaporation loss and spill chargeable to San Juan-Chama project water stored pursuant to subsections (b) and (c) of this section shall be accounted as required by the Rio Grande compact and the procedures established by the Rio Grande Compact Commission.

SEC. 5. Notwithstanding any other provision of law, no houseboat, floating cabin, marina (including any with sleeping facilities), or lawfully installed dock or cabin and appurtenant structures shall be required to be removed before December 31, 1989, from any Federal water resources reservoir or lake project administered by the Secretary of the Army, acting through the Chief of Engineers, on which it was located on the date of enactment of this Act, if such property is maintained in usable condition, and, in the judgment of the Chief of Engineers, does not occasion a threat to life or property.

Mr. ROE (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

Mr. HAMMERSCHMIDT. Mr. Speaker, reserving the right to object, I take this reservation to ask the gentleman from New Jersey (Mr. ROE) to explain his action here.

Mr. ROE. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from New Jersey.

Mr. ROE. Mr. Speaker, on June 1, 1981, the House passed H.R. 779, a bill which would enable the Corps of Engineers to contract with Tarrant County and the cities of Weatherford and Granbury, Tex., to provide municipal water supply storage space for those communities in Benbrook Lake. Today the Senate passed H.R. 779 and returned it to us with amendments.

The first of these amendments would increase the authorized level of small flood control projects, which may be constructed by the corps without specific congressional authorization, to $4 million. Under present law the limit is $2 million—or $3 million if the area to be protected has been declared a major disaster area within the previous 5 years. The last time the small flood control project authority was increased was in 1976, and a great deal of inflation has taken place since then. This amendment would raise the individual project limits, but would not raise the overall funding limit for the small flood control project program.

The second amendment would authorize the corps to relocate a water supply intake facility at Springfield, S. Dak., on the Missouri River. This same provision was included in last year's water resources omnibus bill, H.R. 4788, which we passed on February 5 of last year.

The third amendment would raise the authorization limit for the bridge from Lewiston, Idaho, to Clarkston, Wash., which was authorized by the Water Resources Development Act of 1976 and which is currrently under construction by the corps. This increase from $21 to $23.5 million is necessary due to a funding delay when the bridge was originally authorized.

The fourth amendment would allow public owners of water, such as the city of Albuquerque, to store water in the corps' Abiquiu Reservoir and Interior's Elephant Butte Reservoir in New Mexico. It would also expressly allow the Department of Interior to release water from the San Juan-Chama project to contracting entities for that purpose. This amendment would entail no increased Federal cost, because the contracting users would be required to pay any increase in operation and maintenance costs.

The fifth amendment would provide that no presently existing houseboat, floating cabin, marina, or lawfully installed dock or cabin maintained in good condition shall be required to be removed from corps projects before December 31, 1989.

Mr. Speaker, these amendments to H.R. 779 are relatively minor ones, and I urge the passage of the bill, as amended.

Mr. HAMMERSCHMIDT. Mr. Speaker, I want to strongly support this legislation. The House has previously passed the Benbrook Lake provisions, and the modifications and additions that the bill now contains are not only acceptable but desirable.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. ROBERTS of South Dakota. Mr. Speaker, I rise in strong support of this bill. I am especially pleased with the provision which will authorize the Corps of Engineers to relocate a water supply intake at Springfield, S. Dak., at an estimated cost of $2.5 million. The intake has suffered severe sedimentation related to a corps project at Gavins Point.

Springfield is located on the Missouri River at the headwaters of the Gavins Point Reservoir. Because of this, the present water intake is susceptible to sedimentation as the Missouri enters this area of the reservoir and deposits its sediment. The deposition of this material is forming a delta which is forcing the Main channel to move away from the South Dakota side of the river, creating a mud flat in front of Springfield.

This siltation problem which causes unacceptable environmental impacts jeopardizing the water supply of the community is the direct result of the construction of the project. Accordingly, it is appropriate that the necessary relocation work be the responsibility of the United States rather than the community.●

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey (Mr. ROE).

Mr. FITHIAN. I object, Mr. Speaker.

The SPEAKER pro tempore. Objection is heard.

NATIONAL PATRIOTISM WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 34) to provide for the designation of the week commencing with the third Monday in February 1982 as "National Patriotism Week," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. ANDERSON. Mr. Speaker, reserving the right to object, and I shall not object. I would like to, first of all, thank the gentleman from New York and chairman of the subcommittee for his expeditious handling of this bill. I also thank the majority of my colleagues who cosponsored National Patriotism Week.

Mr. Speaker, this is the second year that Congress has passed legislation establishing a week commemorating national patriotism. I like to think that the ease with which this year's bill gained the support of so many of my colleagues is due in part to the tremendous success National Patriotism Week enjoyed last February. Families, schools, and civic organizations all across the country invested much time and energy in developing programs to encourage and promote patriotism. What has been most inspiring about Patriotism Week is the spontaneous outpouring of feeling from the citizens of our country. It reaffirms my faith in my country, its people, and our ability to answer the challenges of today and tomorrow.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 34

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the joint resolution of October 10, 1980, Public Law 96-421, 94 Stat. 1798, is amended by striking "1981" and inserting "1982".

SEC. 2. The title of such joint resolution is amended to read as follows: "Joint resolution to designate the week commencing with the third Monday in February 1982 as 'National Patriotism Week'.".

Mr. GARCIA. Mr. Speaker, Senate Joint Resolution 34 designates the week commencing with the third Monday in February of 1982 as National Patriotism Week. This legislation will remind all Americans, especially elementary and secondary schoolchildren, of the heritage of freedom and opportunity which America provides for all its citizens.

● Mr. DERWINSKI. Mr. Speaker, I rise in support of House Joint Resolution 72 to designate the third Monday in February 1982 as National Patriotism Week.

It gives me a great deal of pleasure and a sincere sense of pride to support a resolution to set aside a week which would reestablish pride, understanding, appreciation, and patriotism for this great Nation.

This resolution would encourage our schools and numerous private organizations to promote and examine the true meaning of patriotism. It would allow time for young Americans to join in patriotic events as part of their total education as well as a week that would serve as a rallying point for all Americans to reflect a renewed confidence in our country, its principles, and its future.

I ask my colleagues to join me in supporting a resolution which would encourage our schools in the study of the Pledge of Allegiance, national anthem, our symbols, mottos, heroes, and the accomplishments of this great country.●

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL ENERGY EDUCATION DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 84) to proclaim March 19, 1982, "National Energy Education Day", and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. SOLOMON. Reserving the right to object, Mr. Speaker, the purpose of this resolution is to proclaim March 19, 1982, as the third annual National Energy Education Day. The resolution had wide bipartisan support, with over 230 cosponsors, and has already been approved by the Senate.

The joint resolution would authorize the President to issue a proclamation calling upon American schools and public institutions to observe this day.

We have made great progress over the past few years focusing the attention of the American people upon the energy problem and National Energy Education Day is an important tool in helping the youth of America understand the nature of the energy crisis, its origins, and some possible solutions to those problems.

The first two National Energy Education Days were tremendous successes and preliminary plans for next year's celebration indicate that it will be even bigger.

Over 10,000 schools participated in the day last year and there were more than 10,000 different ways of celebrating it. The activities ranged from assemblies with guest speakers, time capsule burial ceremonies, energy symposiums, workshops with community leaders, energy museums featuring student projects, and energy fairs.

National Energy Education Day is completely voluntary and requires no appropriation from us.

Energy remains one of this country's most pressing problems and it is not a problem that is going to disappear. One of the most important things we can do is make sure the next generation is prepared to deal with energy issues and National Energy Education Day is a crucial step towards insuring that tomorrow's leaders are capable of making intelligent decisions when faced with energy questions.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 84

Whereas inexpensive and abundant energy permitted our great Nation to rise to a position of preeminence in the world community of nations; and

Whereas events of recent years have shown that our growing dependence on foreign energy supplies present a serious threat to the national security of the United States and to the health, safety, and welfare of its citizens; and

Whereas the development of new technologies to increase supplies and efficient use of traditional domestic and renewable energy resources promise to reduce our dependence on insecure and financially draining foreign energy supplies; and

Whereas these fundamental changes require the update of our educational system at all grade levels to prepare our youth to meet the new demands which are being created; and

Whereas the celebration of National Energy Education Day (NEED) will bring together students, teachers, school officials, and community members, to focus attention, during the past year, on the growth of an energy educated public, both young and old; and

Whereas NEED must also prompt additional efforts for the upcoming year which will demonstate that to ignore the plight of an energy shortfall and to fail to seek sound remedies would be an error: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That March 19, 1982, is proclaimed "National Energy Education Day" to expedite and enhance energy education programs in schools, both public and private, at all grade levels, and the President is authorized and requested to (a) issue a proclamation calling upon the general public and educational institutions of the

United States to observe this day with appropriate activities and ceremonies, and (b) to send suitable engrossed copies to all of the Nation's Governors and Members of Congress, and (c) to direct all appropriate Federal agencies to cooperate with and participate in the celebration of "National Energy Education Day".

Mr. GARCIA. Mr. Speaker, Senate Joint Resolution 84 designates March 19, 1982, as National Energy Education Day. It is important to educate the American public, especially the youth of our Nation, about the need to conserve energy in order to reduce our dependence on foreign sources of supply. Further, this country should continue to develop new means of increasing our domestic supply of energy as well as develop more efficient ways of using energy.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL SCLERODERMA WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 57) to provide for the designation of February 7 through 13, 1982, as "National Scleroderma Week," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 57

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President shall issue a proclamation designating February 7 through 13, 1982, as "National Scleroderma Week", and calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

Mr. GARCIA. Mr. Speaker, Senate Joint Resolution 57 provides for the designation of February 7, 1982, as National Scleroderma Week. This bill would heighten the consciouness of the American people about this little known disease in an effort to foster increased programs of research and treatment.

● Mr. DERWINSKI. Mr. Speaker, I rise in support of House Joint Resolution 197 designating February 7-13, 1982, as "National Scleroderma Week."

There are approximately 300,000 known cases of scleroderma in the United States, but exact figures are difficult to ascertain because of numerous misdiagnosed cases.

Scleroderma occurs in two major forms, localized and systemic. Localized scleroderma involves the skin and causes cosmetic and mobility problems. Systemic scleroderma affects the heart, lungs, intestines, kidneys and is therefore more serious and may be life threatening.

Since the cause is unknown and there is no cure, physicians can only treat symptoms. By designating a National Scleroderma Week, we would be creating the kind of national attention that is necessary to generate the research for a cure.

I urge my colleagues to support this legislation.●

● Mr. PANETTA. Mr. Speaker, I am very pleased that the House is considering this important measure today. As my colleagues know, it authorizes the President to issue a proclamation designating the week of February 7-13, 1982, as "National Sclerodema Week." Some 230 Members have cosponsored this resolution, a clear sign of its broad support both here in the Congress and around the country. Since the Senate has already adopted an identical resolution, Senate Joint Resolution 57, passage in the House is all that is needed to complete action on this important measure.

I originally introduced this resolution in the 96th Congress after being informed of the seriousness of scleroderma, of the surprising and distressing number of Americans and others throughout the world who suffer from it—at least 300,000—and of the fact that the cause of the disease is unknown and no cure has been discovered.

Scleroderma is a painful, debilitating disease that strikes both the skin and internal organs of the body. It hardens the body's tissues, so that in its most serious form—in the esophagus, intestines, lungs, heart, or kidneys—it causes fibrosis, inflammation, and atrophy of the tissues, and in its localized form it cases hardening and thickening of the skin, particularly of the hands and fingers, along with painful ulcerations.

Of the 300,000-plus sufferers of scleroderma, 80 percent are women in their childbearing age. A high proportion of the cases are in black women.

Mr. Speaker, a great deal of the credit for the fact that this resolution is on the floor today goes to the hard-working people associated with the United Scleroderma Foundation, which is headquartered in Watsonville, Calif. The foundation originally brought this problem to my attention, and it was very successful in informing its national membership of the existence of the resolution. In addition, I want to thank the Senate sponsor of the resolution, Senator STEVE SYMMS, who gathered the necessary 52 cosponsors in that body.

Mr. Speaker, this may not be the most momentous piece of legislation adopted by the 97th Congress. But the many sufferers of this terrible disease will be thankful for the amount of attention this resolution will bring to it and for whatever contribution it makes to bringing closer the day when a cure is found for scleroderma. I cannot imagine a more worthy cause to which we can contribute, and I thank the many cosponsors of the measure and the entire Congress for moving House Joint Resolution 197 toward final passage.●

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BICENTENNIAL YEAR OF THE AMERICAN BALD EAGLE AND NATIONAL BALD EAGLE DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 121) to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. DERWINSKI. Reserving the right to object, Mr. Speaker, I do so merely to advise the House that our good friend from New York has, I believe, a total of five resolutions. They all are worthy of the support of the House and in the interest of time, I would merely take this moment under this reservation to urge that the Members give their attention to the gentleman from New York and support these resolutions. They cleared our august committee in fine fashion and I commend the gentleman for the great leadership which he has displayed this afternoon.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. GARCIA)?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 121

Whereas on June 20, 1782, the Congress adopted the American bald eagle as the symbol of our Nation;

Whereas the American bald eagle was so adopted because of its legendary strength and its single-minded commitment to the protection of its young and the defense of its home;

Whereas the American public has adopted the American bald eagle as a symbol of

strength, courage, determination, and beauty;

Whereas the seals of twelve States and the District of Columbia bear the image of the American bald eagle;

Whereas human encroachment on the American bald eagle's natural habitat has resulted in the designation of the American bald eagle as an endangered species throughout most of the United States;

Whereas Federal, State, and local governments and private wildlife conservation groups have adopted programs in recent years to increase the number and dispersal of nesting pairs in the United States;

Whereas the celebration of the Bicentennial Year of the American Bald Eagle and National Bald Eagle Day will serve to make people aware of the current plight of our country's living symbol;

Whereas such celebration will draw attention to the spirit the American bald eagle represents and the pride that it signifies;

Whereas such celebration should be conducted in a manner that encourages additional efforts to keep the American bald eagle a flying symbol of freedom: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the year 1982 is designated as the "Bicentennial Year of the American Bald Eagle" and June 20, 1982, is designated as "National Bald Eagle Day". In order to promote and enhance efforts to inform the American people of the plight of our national bird, the American bald eagle, and to encourage additional efforts to protect and increase the population of this symbol of our Nation, the President of the United States is authorized and requested—

(1) to issue a proclamation calling upon the people of the United States, including wildlife conservation organizations and educational institutions, to observe such year and day with appropriate ceremonies and activities;

(2) to send a suitable copy of such proclamation to the Governor of each State and to each Member of Congress; and

(3) to direct all Federal agencies and departments which have activities which affect the bald eagle to cooperate with and participate in the celebration of such year and day.

Mr. GARCIA. Mr. Speaker, Senate Joint Resolution 121 provides for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982 as "National Bald Eagle Day." This legislation would honor the bald eagle as the symbol of our Nation, and remind all Americans that this majestic eagle represents the foundation of this country; strength, courage, and determination.

● Mr. FORSYTHE. Mr. Speaker, I join my distinguished colleague from New York in supporting Senate Joint Resolution 121. As a cosponsor of companion House legislation I feel that enactment of this resolution would be most appropriate in view of the fact that we will be celebrating the 200th anniversary of the bald eagle being selected as the national symbol for our great Nation.

Since the beginning of recorded history, the bald eagle has served as symbol of power, freedom, and immortality. The Continental Congress adopted it as the central figure of the Great Seal of the United States of America on June 20, 1782, and it is appropriate that we designate June 20, 1982, as "National Bald Eagle Day" and the New Year as the "Bicentennial Year of the Bald Eagle".

As our Nation expanded from the original Thirteen Colonies, the clearing of land for agriculture and the development of cities and industries drastically reduced the nesting and roosting habitat of the bald eagle over time. Congress responded to the need to protect this species by enacting the Bald Eagle Protection Act in 1940 and this species has been listed as endangered pursuant to the Endangered Species Act of 1973. However, additional public awareness of our national symbol is still needed to supplement local, State, and national efforts to protect this magnificent species in order to keep it from becoming extinct.

For these reasons I want to urge my colleagues to join me in supporting Senate Joint Resolution 121.●

The Senate joint resolution was ordered to be read a third time, was read a third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members be given 5 legislative days in which to revise and extend their remarks and include extraneous matter on the Senate joint resolutions just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

REQUEST FOR CONSIDERATION OF SENATE AMENDMENTS TO H.R. 4879, INTERNATIONAL BANKING FACILITY DEPOSIT INSURANCE ACT

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4879), to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 4, after line 18, insert:

"(b)(1) Section 305 (a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454 (a)(2)) is amended by inserting after the third sentence thereof the following: 'With respect to any transaction in which a seller contemporaneously sells mortgages originated more than one year old prior to the date of sale to the Corporation and receives in payment for such mortgages securities representing undivided interests only in those mortgages, the Corporation shall not impose any fee or charge upon an eligible seller which is not a member of a Federal Home Loan Bank which differs from that imposed upon an eligible seller which is such a member.'.

"(2) The amendment made by paragraph (1) shall take effect on January 1, 1982, and shall aply to commitments entered into on or after such date.".

Page 4, line 19, strike out "(b)" and insert "(c)".

Page 5, after line 11, insert:

TITLE III—MISCELLANEOUS

SEC. 301. Section 625 (a) of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"SEC. 625. (a) Except as provided in section 608(b), the amendments made by this title shall take effect upon the expiration of two years and six months after the date of enactment of this title.".

SEC. 302. Section 206 of the Depository Institution Management Interlocks Act is amended to read as follows:

"SEC. 206. (a) A person whose service in a position as a management official began prior to the date of enactment of this title and who was not immediately prior to the date of enactment of this title in violation of section 8 of the Clayton Act is not prohibited by section 203 or section 204 of this title from continuing to serve in that position for a period of ten years after the date of enactment of this title. The appropriate Federal banking agency (as set forth in section 209) may provide a reasonable period of time for compliance with this title, not exceeding fifteen months, after any change in circumstances which makes service described in the preceding sentence prohibited by this title, except that a merger, acquisition, increase in total assets, establishment of one or more offices, or change in management responsibilities shall not constitute changes in circumstances which would make such service prohibited by section 203 or section 204 of this title.

"(b) Effective on the date of enactment of this title, a person who serves as a management official of a company which is not a depository institution or a depository holding company and as a mangement official of a depository institution or a depository holding company is not prohibited from continuing to serve as a management official of that depository institution or depository holding company as a result of that company which is not a depository institution or depository holding company becoming a diversified savings and loan holding company as that term is defined in section 408(a) of the National Housing Act. This subsection shall expire ten years after the date of enactment of this title.".

SEC. 303. Section 313 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"ALASKA USA FEDERAL CREDIT UNION

"SEC. 313. The provisions of section 5 of the charter of the Alaska USA Federal Credit Union which would terminate the eligibility for membership in the Credit Union of the enrollees and employees of certain corporations shall not be effective.".

SEC. 304. The fourth sentence of section 235(h)(1) of the National Housing Act is amended—

(1) by inserting "(i)" after "except";

(2) by striking out "or" after "March 31, 1982," the second place it appears and inserting in lieu thereof "(ii)"; and

(3) by inserting before the period after "1974" the following: ", or (iii) pursuant to other commitments issued on or before September 30, 1981, where housing under this section is to be developed on land which was municipally owned on September 30, 1981, and where a local government contributes at least $1,000 per unit of funds obtained under title I of the Housing and Community Development Act of 1974 and at least $2,000 per unit of additional funds to assist housing under this section".

Mr. ST GERMAIN (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

Mr. STANTON of Ohio. Mr. Speaker, reserving the right to object, I wish to explain to the House that what we have here is with one exception and a very big one, I think, legislation which passed with the overwhelming support of the House. It is extremely important legislation to the industries involved.

One title involves our new international banking facilities and sets them on a par with offshore facilities. It settles a problem with insurance coverage by the Federal Deposit Insurance Corporation. This was part of our original House bill.

The second title has to do with what we call swap mortgages. The swap program of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association is extremely important to mortgage lenders. These two items of legislation passed this House on November 17.

What we do have is, of course, the other body adding on to this bill five amendments. What is different from this end of the session than from others, Mr. Speaker, is that before the other body passed these amendments last night, they discussed them fully with our staffs. These amendments were closely reviewed. Our staffs rejected some until they were satisfied that the language was fully acceptable to the minority and the majority. I think that we need a full explanation, of course, and under my reservation of objection, I would like to yield to our chairman to explain to the Members what the amendments are.

□ 1450

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, how many amendments are there is this bill, I ask the gentleman from Rhode Island (Mr. ST GERMAIN)?

Mr. ST GERMAIN. There are five amendments, all five of which I am prepared to fully explain and probably will be more informative in the explanation then hearing the statutory language.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from Rhode Island?

Mr. STANTON of Ohio. Mr. Speaker, reserving the right to object, I do so for the sole purpose of asking our chairman to explain, as he said he just would, these five amendments.

Mr. ST GERMAIN. Mr. Speaker, if the gentleman would yield, the first amendment would extend for 6 months the taking effect of the changes made by the Truth in Lending Simplification Act passed in 1980.

This has been requested as a result of the fact that the Federal regulations were issued after about 1 year, but then the staff interpretations of those regulations did not come out until October of this year, leaving just 3 months for the various people who were covered by this legislation to prepare the forms, and it is a physical and mental impossibility to comply. That is why we agreed on this side, the chairman of the Subcommittee on Consumer Affairs and myself, to an extension of 6 months in that first amendment.

Mr. STANTON of Ohio. Mr. Speaker, further reserving the right to object, and I will try to explain along with the chairman each one of these amendments.

This was an amendment that the industries fought for extremely hard for a long time. They were under great pressure on this 6 months extension, as I understand. I fully agree that we should permit them this additional time to comply with the requirements of the new truth in lending law and regulations.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, I was not privy to the arrangement which brings this bill to the floor today or this amendment.

I might say that I do have more than just a passing interest in the truth in lending law. The gentleman from Illinois (Mr. ANNUNZIO) and I worked very arduously to get the law where it is today.

The gentleman has given the specific reason why a 6-month extension is needed at this time. But will we have some rules and regulations and some model forms at the end of the 6 months?

Mr. ST GERMAIN. Mr. Speaker, if the gentleman will yield further, the rules and regulations have been promulgated. The problem is for those people who have now to comply with the rules and regulations to draft, to draw up the forms that are necessary.

Mr. WYLIE. The model forms have not been drawn up yet?

Mr. ST GERMAIN. That is correct. There are no model forms. What is happening is that various institutions around the country have retained legal counsel to draw these forms.

I personally, and the gentleman from Illinois (Mr. ANNUNZIO) and our staff, agreed after the evidence was presented to us that it is impossible for them to complete this in the time allotted.

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. Mr. Speaker, I will be glad to yield under my reservation of objection to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Speaker, in recent weeks we have heard about legislation to bail out some ailing financial institutions in this country. The legislation before us today is designed to bail out the biggest financial institution in this country, the Federal Reserve System. If it was not for the inefficient, unproductive, and lazy Federal Reserve System, we would not need today's action. But because the Federal Reserve System ranks as one of the worst agencies of our Government, we have to have a special bill to correct that agency's faults.

When the Truth in Lending Simplification Act was passed in 1980 it had a 2-year delay in its implementation in order to allow the Federal Reserve System to issue its regulations and staff interpretation of the regulations which, in effect, are legal footnotes. The regulations were issued in April but the staff interpretation was not issued until October. That 6-month delay means that creditors do not have enough time to become familiar with the 165-page interpretation before they must comply with it.

I want to remind Members that the Truth in Lending Simplification Act is a title of the Depository Institutions Deregulation and Monetary Control Act of 1980, which I have referred to on numerous occasions as the worst piece of legislation in the history of the Congress. That is the same bill that gave us the Depository Institutions Deregulation Committee (DIDC), which has succeeded in ruining most of our financial institutions. I was a conferee on that legislation and I was the only member of the conference on either the House or the

Senate side who refused to approve the legislation or to sign the conference report. I voted against the conference report when it was taken up on the House floor. Today's action is just another example of how bad the Depository Institutions Deregulation and Monetary Control Act has turned out to be.

In order to correct the work habits of the Federal Reserve, it is necessary to grant a 6-month extension in the implementation of the Truth in Lending Simplification Act so that creditors will not be forced into a legal swamp. The legislation today would grant a 6-month extension so that creditors can understand what took the staff of the Federal Reserve an extra 6 months to write and give both creditors and consumers the full legislative picture.

It is unfortunate that through the tardiness of the inefficient Federal Reserve System that creditors and consumers would be penalized, and I want to make it clear that it is the Federal Reserve System that is the villian. While I support this legislation, my support did not come without a gentleman's agreement with the Senate.

The Senate Banking Committee currently has before it legislation which would make additional changes to the truth in lending law, and in my opinion, would greatly weaken the remaining consumer protections in truth in lending. I was concerned that that body would pass these changes and try to force them onto the statute books during the 6-month delay in the effective date of the new law. My concern was heightened because the chairman of the Senate Banking Committee has indicated that he plans to move a massive financial bill through the Senate as early as February. I consider truth in lending an important piece of legislation, but if it were coupled with a massive rewrite of all the financial laws of our country, truth in lending might get lost in the shuffle and not given its proper consideration.

Therefore, I have agreed to support the 6-month delay in implementing the new truth in lending simplification law on the condition that the Senate Banking Committee will not pass any further truth in lending legislation for 6 months. The chairman of the Senate Banking Committee, Senator GARN of Utah, has agreed to my request. It is my hope that we can now consider the financial reform package as one issue and truth in lending as another.

My fondest hope is that by the time the Senate is able to deal with a truth in lending rewrite, that the 97th Congress will have adjourned and that truth in lending will remain intact without any further weakening amendments.

I would also suggest to Budget Director David Stockman that since the Federal Reserve has clearly shown that it is not capable of performing its job, that the administration should look at the Federal Reserve when it looks toward budget cuts. Even though the Federal Reserve is an independent agency, that independency should not mean that its employees do not have to work as hard as other Government employees, many of whom are facing unnecessary losses of their jobs.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from Rhode Island (Mr. ST GERMAIN)?

Mr. WYLIE. Mr. Speaker, would the gentleman yield? I would like to ask a question on the section 235 provision.

Mr. STANTON of Ohio. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Ohio (Mr. WYLIE).

Mr. ST GERMAIN. Mr. Speaker, could we take these in order?

Mr. STANTON of Ohio. We are taking these down in order.

I yield to the gentleman, once again under my reservation.

Mr. ST GERMAIN. All right. The second amendment provides a permanent exception for the Alaska USA Federal Credit Union, to include within the field of membership the Alaska Native Corporations.

The reason for this is that we a few years back gave this exception for a limited period of time, during which time it was hoped that these Alaska Native Corporations would be instructed as to how to open their own independent credit unions. It turns out that it has been a little more difficult than anticipated to complete the training process.

Second, I think everybody is aware of the fact that in this climate, opening new small facilities of credit unions is not the best idea possible.

This has been cleared by the NCUA, and to the best of this Member's knowledge, I am not aware of anyone who has any objection to it.

Another Senate amendment relates directly to the mortgage SWAP program I just described. Currently, FHLMC charges banks, mortgage banks, and credit unions a one-half of 1 percent sales fee to purchase mortgages, while the savings and loan associations and mutual savings banks that are members of Federal Home Loan Banks are not charged a sales fee by FHLMC. The Senate amendment would require FHLMC, beginning on January 1, 1982, to impose any sales fee it might assess for the SWAP program uniformly on Federal Home Loan Bank members and nonmembers alike. I want to emphasize that this change in the fee structure applies only to the FHLMC old mortgage SWAP program, and not to the corporation's other mortgage purchase activities. The broader issue of the role of the secondary mortgage market, and the fees to be imposed in that market, will be part of the Banking Committee's comprehensive hearings on the FIRE discussion principles that will resume after the House returns next year.

Another Senate amendment contains two changes in the statutory provisions regulating interlocking directorships between depository institutions and their holding companies. Those provisions, originally adopted in 1978, generally prohibit interlocks between such institutions when they are in competitive markets. The law, however, provided grandfather rights to existing directors by allowing affected individuals to retain their interlocks for a period of 10 years. Events in the last 2 years highlight some problems which have arisen with these proscriptions. Revolutionary changes are occurring in the nature and structure of our financial system which may call into question the framework established to eliminate possible conflicts of interest involving interlocks. In addition, high and volatile interest rates have threatened an increasing number of thrift institutions necessitating supervisory mergers and acquisitions by other thrifts and by nonfinancial companies. As a result of those factors the Senate amendments would relax the restrictions on interlocking directorships by allowing a grandfathered director to retain interlocks even though his institution has been the subject of a merger or acquisition or other action taken to assure the continued competitive viability of the underlying institutions. In addition, the amendments would allow officials of nondepository institutions which acquire savings and loans to retain any directorships involving other depository institutions that they held when the acquisition occurred until the expiration of the original 10-year period. These changes will allow time for thrift institution problems to be resolved without throwing unnecessary restrictions in the way. Personally, I have serious concerns about these developments but I realize that a balancing is needed on this issue. I would point out that the committee will be examining this issue in more detail during our hearings on the "Financial Institutions in a Revolutionary Era" document. One matter raised by that document is the proper manner to handle conflicts of interest and interlocking directorships of competing financial institutions given the magnitude of the changes occurring in the financial marketplace. In addition, the document raises the issue of whether savings and loan holding companies and bank holding companies should continue to be treated differently in the future. I fully intend to review these matters when the second session convenes.

Mr. STANTON of Ohio. Mr. Speaker, further reserving the right to object, will the gentleman explain the next amendment?

Mr. ST GERMAIN. Mr. Speaker, the next amendment would provide the city of New York with more flexibility to comply with changes made in section 235 housing programs in the Reconciliation Act.

To explain that a little further, the amendment would permit the HUD Secretary to enter into section 235 homeownership assistance contracts until December 30, 1983, if a local government has committed at least $1,000 per unit of CDBG funds and $2,000 per unit of additional funds to a project assisted under project 235 of the National Housing Act.

The existing law as amended by the Budget Reconciliation Act of 1981 permits the HUD Secretary to enter into section 235 contracts only if a firm commitment is issued on or before March 31, 1982, or that the project is assisted by a UDAG, funds of which were reserved to assist section 234 prior to June 30, 1981.

If a community had not fully segregated its CDBG funds by that date, it would not be eligible. This provision allows flexibility and recognizes local financial commitments made in conjunction with the federally subsidized assistance program.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. Mr. Speaker, further reserving the right to object, I will be happy to yield to my friend, the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, why does the chairman suppose that it is necessary to do this? Does this extension of time relate to anybody else other than this New York project?

Mr. ST GERMAIN. If the gentleman will yield further, I do not have any knowledge of any other community.

Mr. ROUSSELOT. Why should they be any different than anybody else?

Mr. ST GERMAIN. They have purchased the land. This means 2,000 housing units for the city of New York.

The change came about under reconciliation, Gramm-Latta II. You ask, what is the big rush? Well, the rush is that they made a firm commitment by that date. But in order to get that firm commitment, all the actions have to be taken and waivers granted and assented and agreed to prior to that for the firm commitment to come into play; so absent this amendment, at this time it is totally impossible for the city of New York to construct these additional 2,000 houses.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. Mr. Speaker, further reserving the right to object, I yield to my friend, the gentleman from California (Mr. ROUSSELOT), to answer the question the gentleman asked.

Mr. ROUSSELOT. Mr. Speaker, I would be interested in knowing, we are in effect giving a special extension of time to New York City; nobody else gets an extension.

Mr. ST GERMAIN. Mr. Speaker, if the gentleman will yield, the city of New York is the city that has the problem and came in with the problem. It is a unique problem and the city does have an opportunity to provide an additional 2,000 housing units in that community. I feel that they deeply and dearly need those housing units.

Mr. ROUSSELOT. The federally subsidized units?

Mr. STANTON of Ohio. Mr. Speaker, further reserving the right to object, I would like to expound upon what the gentelman just said.

This is the one amendment that bothered me, when it first came over there last night. The staff took a long look at this situation and we concluded that New York City should be entitled to these units.

Now, economically they could not build the units. The project is on urban renewal land, but its finances are such that these section 235 units cannot be built without other funds. The city of New York decided to continue to use urban renewal land, but added an additional $1,000 to $2,000 per unit from its community development funds.

Mr. ROUSSELOT. How much does the Federal Government put in?

□ 1500

Mr. STANTON of Ohio. The Federal Government will put in $4,000 per unit.

Mr. ROUSSELOT. Oh, is that all?

Mr. STANTON of Ohio. There are 2,000 units affected. It is an $8 million per year outlay proposition.

Mr. ROUSSELOT. Is this in your original truth-in-lending package?

Mr. WYLIE. May I say to the gentleman on this score, I was one of those who was thinking of making objection to this amendment, because of the discussion about it in the committee. The administration had also indicated some apprehension about it and this prompted my concern.

Now, the reason this amendment can only apply to New York, and New York City is not mentioned in the amendment, is because New York City will supply a considerable portion of the funds from city revenues and an additional $2,000 per unit will come from their community development block grant program. Whereas New York City is not mentioned in the bill, it is the only city that really has the problem. And New York is really the only city that can comply with the amendment in view of the amount of local money that will go to each of these units.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield further?

Mr. STANTON of Ohio. I would be happy to yield to the gentleman from California.

Mr. ROUSSELOT. Well, I just become concerned when we pass at the last minute like this, in a truth-in-lending bill that really has nothing to do with the 235 program, something that is a very special consideration for one city. I seriously doubt if Los Angeles, Calif., or Miami, Fla., or any other city came in and tried to do something like this at the last minute that it would be allowed. But because New York City is so huge, and I know they will come in and tell us how much in taxes they pay, not mindful what the rest of the country pays, and because there is a lot of other good things in this bill, I suppose we will just have to let it go. Is that right?

Mr. STANTON of Ohio. I appreciate the gentleman's great concern. I wish to tell the gentleman the 235 program is a program that is phasing out. this amendment will not slow that phase-out .

Mr. ROUSSELOT. We have been hearing that for 5 years, that the 235 program is phasing out. I have not seen anything to show it is phasing out.

Mr. STANTON of Ohio. Things are moving in the right direction. The gentleman has to admit this is especially true under this administration.

I wonder if the gentleman would go on to the next amendment.

Mr. ROUSSELOT. In other words, we are establishing a precedent here to allow one city an exemption from the deadline. Everybody else has to comply with it, but not New York City.

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. We are not establishing a precedent. We have done this for different communities, States, groups, over the years.

Mr. ROUSSELOT. I noticed that. That was very meritorious.

Mr. STANTON of Ohio. I have to say, Mr. Speaker that I would ordinarily oppose this sort of an amendment. I am persuaded to accept it because the city has put in $2,000 of local funds per unit.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, I was going to comment to the gentleman from California that we do really need the international banking facility bill, the original H.R. 4879. We also need the provision which allows FHLMC and FNMA to acquire a larger volume of older mortgages.

I do not intend to put the chairman of our full committee on the spot, but I do think it is amazing that the other body can move so expeditiously on this bill and load it up with other provisions. All of the amendments are worthwhile, but some of them should have been discussed more in our committee. Somehow, the other body does not have the time to bring over what I think is a far more important bill, to wit: the regulators bill, H.R. 4603, a far more important bill which our committee has thoroughly reviewed.

I thank the gentleman for yielding.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield further?

Mr. STANTON of Ohio. Certainly I yield to the gentleman from California.

Mr. ROUSSELOT. My distinguished chairman of this committee on which I used to serve, and I am sure he was glad when I left, would he be willing to drop this particular provision if I object?

Mr. ST GERMAIN. I do not think I am in a position to drop a provision once an agreement has been entered into. I always, attempt to do my utmost to keep the agreements that I enter into.

Mr. ROUSSELOT. I am sure the gentleman did not get committed to this when it was part of the changes or amendments to the truth-in-lending law. The gentleman certainly did not at that point. No, he did not.

Mr. ST GERMAIN. Wait a minute. Do not put words in my mouth; do not do that to me.

Mr. ROUSSELOT. There is no way I could, anyway.

Mr. ST GERMAIN. Maybe some new Member; no, no way. The commitment was made after a lot of staff bipartisan discussion with Mr. STANTON. myself, and our staffs, and I made my commitments and my agreements.

Mr. ROUSSELOT. This is a staff commitment? OK.

Mr. ST GERMAIN. My commitment.

Mr. STANTON of Ohio. We are about to the end of the explanation of this bill.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. I yield to my friend, the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, what I am wondering is why we had to use this procedure where we have to either accept or reject the bill on unanimous consent; why could we not have gone to, say, a suspension on this legislation? We got unanimous consent yesterday to have suspension bills here on the floor. But instead we are taking this action by unanimous consent. It does give some of us problem who might like to vote against it but do not want to kill some of the worthwhile provisions that the gentleman is talking about.

Mr. STANTON of Ohio. The gentleman from Pennsylvania really makes an excellent point.

We were caught in the schedule. The two items included in H.R. 4879, which we passed in November, are extremely important to the financial industry of our country. Similarly, the truth-in-lending extension is extremely important. We have bipartisan support for all of these amendments. With the exception of the amendment to the section 235 program, they are generally of a technical nature.

We worked hard to control this process and to limit the amendments that would be offered in the other body. People on our side of the aisle wanted to submit other amendments. I said no. We are down to the end of the session and we must strictly limit the amending process where possible. I would hope the gentleman would go along on this bill under my personal assurances it has been worked over to the best of our ability.

Mr. WALKER. Certainly I think that the gentleman's leadership on these issues has been outstanding. But as I say, the problem for us is, there are procedures available that would give the Members a chance to vote on some of these things. They are available in the House today. Instead, we come in with a unanimous-consent kind of request that accepts it in whole without even an up-or-down vote.

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. I would be happy to yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. If we went on suspension with this, we would have to vote the whole thing up or down. We could not go on individual amendments.

Mr. STANTON of Ohio. May I say to my friend from Pennsylvania, I assure the gentleman I watched this. I would not be up here arguing for these amendments except that the first two titles are far more important and of far more substance than the others.

Mr. WALKER. If the gentleman would yield further, I think there are a number of people here who agree with that. What we do not understand is why we cannot bring a bill to the floor under unanimous consent that deals with those two provisions; why we have to load it up with some Christmas tree amendments under a unanimous-consent request. It is the procedure that I am questioning. I think it is an extremely poor procedure, and I think it is the kind of thing that we see far too much of on the last day of a session of the Congress.

Mr. STANTON of Ohio. I wish to assure my friend from Pennsylvania that his thoughts are the same as mine last night. I debated hard on this. It was a question of the time elements involved. I had to make a judgment on that. The procedure was as important as the substance to me. But the bill came over from Senator GARN with his request, and I felt, we are moving in the right direction. The amendments are minor in substance, so I decided to support it. I would hope the gentleman would go along with my judgment.

Mr. ST GERMAIN. If the gentleman would yield to the chairman, I would say to the gentleman further, I agree with you. I do not like legislating in this manner. I would like the bills to come back clean. If the gentleman will check the CONGRESSIONAL RECORD last night and see who put these amendments on, they are the Members you can talk to, not me.

Mr. STANTON of Ohio. Mr. Speaker, I have no further objection. The gentleman has covered the bill. I have no further objection.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from Rhode Island (Mr. ST GERMAIN)?

Mr. JOHNSTON. I object.

The SPEAKER pro tempore. Objection is heard.

GENERAL LEAVE

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation that was just called up and not passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

□ 1510

PROVIDING FOR UPGRADING OF THREE POSITIONS ON CAPITOL POLICE

Mr. MINISH. Mr. Speaker, by direction of the Committee on House Administration, I call up a resolution (H. Res. 244) providing for upgrading of three positions on the Capitol Police and for other purposes, and ask unanimous consent for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 244

Resolved, That (a) there are established three additional positions on the Capitol Police for duty under the House of Representatives, as specified in subsection (b).

(b) The positions referred to in subsection (a) are—

(1) one position as deputy chief;

(2) one position as inspector; and

(3) one position as sergeant.

(c) Each appointment to a position under subsection (a) shall be made—

(1) by the Capitol Police Board, with prior approval of the Committee on House Administration; and

(2) without regard to political affiliation and solely on the basis of fitness to perform the duties of the position involved.

SEC. 2. Three positions of private on the Capitol Police for duty under the House of Representatives are abolished.

SEC. 3. Until otherwise provided by law, there shall be paid out of the contingent fund of the House of Representatives such sums as may be necessary to carry out this resolution.

SEC. 4. Any individual who, on the date on which this resolution is agreed to, is detailed to the Capitol Police from the Metropolitan Police of the District of Columbia and is serving as acting captain of the Capitol Police for duty under the House of Representatives shall receive compensation from the District of Columbia at the rate applicable to the rank of captain of the Metropolitan Police as long as such individual is so detailed and so serves.

Mr. MINISH (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from New Jersey?

Mr. FRENZEL. Mr. Speaker, reserving the right to object, I do so only to allow the distinguished subcommittee chairman to make such explanation as he would feel appropriate.

AMENDMENT OFFERED BY MR MINISH

Mr. MINISH. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MINISH: On page 2, strike out line 16 and all that follows through the end of the resolution.

Mr. MINISH. Mr. Speaker, the first section of this resolution establishes three permanent positions on the Capitol Police Force. One position is that of deputy chief, one of inspector, and one of sergeant. At the same time, section 2 abolishes three positions of private from the Capitol Police rolls. Section 3 of this resolution provides for payment of the positions from the contingent fund until permanent funding is available.

Section 4 of the resolution will be deleted by the pending amendment which was suggested by Hon. GARY LEE, ranking minority member of the committee. The amendment has the concurrence of the Sergeant at Arms of the House and the Chief of Police.

The SPEAKER pro tempore. The gentleman from New Jersey is now debating on his amendment. The gentleman has 1 hour.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. MINISH. I yield for debate purposes only.

Mr. FRENZEL. I thank the gentleman for yielding.

Mr. Speaker, this bill has cleared our committee with the blessings of both the majority and minority, and I think it should be promptly passed without further discussion.

Mr. ANNUNZIO. Mr. Speaker, I rise in support of House Resolution 244, as offered by the distinguished gentleman from New Jersey, on behalf of the Committee on House Administration. It is designed to protect this House. It is sensible and should be adopted.

What House Resolution 244 does is improve the supervision and leadership of our Capitol Police Force. It shortens the odds against terrorist and criminal elements who might do violence to this House.

We have come a long way toward professionalizing our police force since the day in 1971 when a bomb exploded in the Senate wing; and, further still, since that fateful day in 1954 when Puerto Rican dissidents fired from the gallery above us spilling Members' blood on this very floor.

Today we have a professional recruitment and promotional system, second only to a few big city police departments. We have a special operations unit for use in times of disturbances and disorders. We have a modern communications system. We have a patrol detail consisting of foot patrolmen, K-9 patrols, scout car patrols, as well as motorbike patrols. We have a well-trained photographic and identification section, as well as an investigation division.

I am happy to report that, after years of hard work and close attention by the Subcommittee on Personnel and Police to the needs of the force, we have raised the level of competence and professional expertise of our Capitol Police to the point that our force is close if not the equal of any other law enforcement agency in our country.

But, while the force has grown in sophistication and specialization, so too has the requirement for qualified command and supervisory positions to lead it. House Resolution 244 helps in meeting this requirement.

The price of liberty, it is said, is eternal vigilance. On this Hill, vigilance is provided by our police. In this sovereign jurisdiction they are our Army, Navy, Air Force, and Marines. We are talking about the safety of this Hill's inhabitants, and the safety of the approximately 5 million visitors who come to see us each year.

I am proud of the record of our police force. Few crimes of violence occur within its territory while all around us there is a dangerously high crime rate in the District of Columbia.

We can knock on wood. We have been relatively secure in our congressional facilities. But, if we walk 3 blocks off our Hill, we run a serious risk of being mugged. Several Members and Senators have been victims of such crimes.

Terrorist violence is an every constant danger. The recent tragic event in Egypt should be a warning. The lives of public officials everywhere are in jeopardy. The current year has been marked by a large number of assassination attempts on prominent figures around the world, including one almost successful attempt against our President. A goodly number who have been assassinated were parliamentary and other elected officials of importance to their countries.

On this Hill, because we have a completely democratic tradition, we live in a uniquely open society. All have access to our Halls and Grounds and we hope to keep it that way. The price is vigilance. The quality of that vigilance is improved by passage of House Resolution 244. I urge its adoption.

Mr. MINISH. I thank the gentleman, and I yield back the balance of my time.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from New Jersey?

There was no objection.

Mr. MINISH. Mr. Speaker, I move the previous question on the amendment and on the resolution.

The previous question was ordered.

The amendment was agreed to.

The resolution, as amended, was agreed to.

The title was amended so as to read: "Resolution providing for upgrading of three positions on the Capitol Police."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MINISH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

AMENDING ACT TO DEFINE AREA OF U.S. CAPITOL GROUNDS

Mr. MINISH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1976) to amend the act of July 31, 1946, as amended (40 U.S.C. 193a), and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

Mr. FRENZEL. Mr. Speaker, reserving the right to object, I do so again to allow the distinguished subcommittee chairman to give a brief description of the bill. I yield to the gentleman from New Jersey.

Mr. MINISH. Mr. Speaker, I thank the gentleman for yielding. The bill merely formalizes the existing protective forces of the Capitol Police. It will cost no additional money and require no additional people.

Mr. FRENZEL. Further reserving the right to object, that is my understanding of the bill as well. There is no additional expense, and I therefore withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1976

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Act entitled "An Act to define the area of the United States Capitol Grounds, to regulate the use thereof, and for other purposes", approved July 31, 1946, as amended (40 U.S.C. 193a), is amended by inserting immediately after section 9 thereof the following new section:

"SEC. 9A. (a) subject to the direction of the Capitol Police Board, the United States Capitol Police is authorized to protect, in any area of the United States, the person of any Member of Congress, officer of the Congress, as defined in section 431 of the Act of October 26, 1970 (2 U.S.C. 60-1(b)), and any member of the immediate family of any such member or officer, if the Capitol Police Board determines such protection to be necessary.

"(b) In carrying out its authority under this section, the Capitol Police Board, or its designee, is authorized, in accordance with regulations issued by the Board pursuant to this section, to detail, on a case-by-case basis, members of the United States Capitol Police to provide such protection as the Board may determine necessary under this section.

"(c) In the performance of their protective duties under this section, members of the United States Capitol Police are authorized (1) to make arrests without warrant for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States if they have reasonable grounds to believe that the person to be arrested has committed or is committing such felony; and (2) to utilize equipment and property of the Capitol Police.

"(d) Whoever knowingly and willfully obstructs, resists, or interferes with a member of the Capitol Police engaged in the performance of the protective functions authorized by this section, shall be fined not more than $300 or imprisoned not more than one year, or both.

"(e) Nothing contained in this section shall be construed to imply that the authority, duty, and function conferred on the Capitol Police Board and the United States Capitol Police are in lieu of or intended to supersede any authority, duty, or function imposed on any Federal department, agency, bureau, or other entity, or the Metropolitan Police of the District of Columbia, involving the protection of any such Member, Officer, or family member.

"(f) As used in this section, the term 'United States' means each of the several States of the United States, the District of Columbia, and territories and possessions of the United States.".

(b) Section 1114 of title 18, United States Code, is amended by inserting immediately after "any officer or employee of the Secret Service or of the Drug Enforcement Administration," the following: "any officer or member of the United States Capitol Police".

The Senate bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

DIRECTING DOCUMENTATION OF THE VESSEL "CAPT TOM" AS VESSEL OF THE UNITED STATES

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 1797) to direct the Secretary of the department in which the U.S. Coast Guard is operating to cause the vessel *Capt Tom* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Strike out all after the enacting clause and insert:

That, notwithstanding the provisions of section 27 of the Merchant Marine Act of 1920 (46 U.S.C. 883) or any other provision of law to the contrary, the Secretary of the department in which the United States Coast Guard is operating shall cause the vessels *Capt Tom,* owned by Mr. John W. Coston of Hampstead, North Carolina, and the *Yardarm Knot,* owned by Mr. Denton Sherry of Seattle, Washington, to be documented as vessels of the United States, upon compliance with the usual requirements, with the privilege of engaging in the coastwise trade and fishing so long as such vessels are owned by a citizen of the United States.

Mr. JONES of North Carolina (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

Mr. CHENEY. Mr. Speaker, reserving the right to object, I do so to inquire whether or not this bill has been cleared with the minority on the committee?

Mr. JONES of North Carolina. Mr. Speaker, on November 17, the House passed H.R. 1797, a private bill. The bill directs the Secretary of the Department in which the Coast Guard is operating to cause the vessel, *Capt Tom,* to be documented as a vessel of the United States. Such documentation will entitle the *Capt Tom* to engage in the coastwise trade. The owner will use it as a fishing boat.

Yesterday, the Senate passed H.R. 1797, as amended. The Senate amendment deals with a second vessel, the *Yardarm Knot.* The Senate amendment will provide for the *Yardarm Knot* to be documented as a vessel of the United States for engaging in the coastwise trade and fishing.

The *Yardarm Knot* was sold from the National Defense Reserve Fleet with the then usual restriction precluding its use for fishing and transportation. This restriction was in compliance with section 510 of the Merchant Marine Act of 1936, as amended. Eventually, the *Yardarm Knot* was registered under a foreign flag and used for seafood processing.

Last year, in Public Law 96-260, Congress lifted the fisheries restriction for vessels, such as the *Yardarm Knot,* previously sold from the reserve fleet. However, since the *Yardarm Knot* had been registered under a foreign flag, the Jones Act now prohibits it from being returned to the U.S. flag for the purposes of engaging in the coastwise trade or fishing. Thus, the Senate amendment to H.R. 1797 allows the *Yardarm Knot* to be registered in the United States and engage in the coastwise trade and fishing.

Mr. Speaker, we have looked at the amendment and have no difficulty in accepting. I urge approval of H.R. 1797 as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina to dispense with further reading of the amendment?

There was no objection.

The SPEAKER pro tempore. Is there objection of the initial request of the gentleman from North Carolina?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the matter just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

INTERNATIONAL BANKING FACILITY DEPOSIT INSURANCE ACT

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4879), to clarify the treatment of

international banking facility deposits for purposes of deposit insurance assessments and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 4, after line 18, insert:

(b)(1) Section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) is amended by inserting after the third sentence thereof the following: "With respect to any transaction in which a seller contemporaneously sells mortgages originated more than one year old prior to the date of sale to the Corporation and receives in payment for such mortgages securities representing undivided interests only in those mortgages, the Corporation shall not impose any fee or charge upon an eligible seller which is not a member of a Federal Home Loan Bank which differs from that imposed upon an eligible seller which is such a member.".

(2) The amendment made by paragraph (1) shall take effect on January 1, 1982, and shall apply to commitments entered into on or after such date.

Page 4, line 19, strike out "(b)" and insert "(c)".

Page 5, after line 11, insert:

TITLE III—MISCELLANEOUS

SEC. 301. Section 625(a) of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"SEC. 625. (a) Except as provided in section 608(b), the amendments made by this title shall take effect upon the expiration of two years and six months after the date of enactment of this title.".

SEC. 302. Section 206 of the Depository Institution Management Interlocks Act is amended to read as follows:

"SEC. 206. (a) A person whose service in a position as a management official began prior to the date of enactment of this title and who was not immediately prior to the date of enactment of this title in violation of section 8 of the Clayton Act is not prohibited by section 203 or section 204 of this title from continuing to serve in that position for a period of ten years after the date of enactment of this title. The appropriate Federal banking agency (as set forth in section 209) may provide a reasonable period of time for compliance with this title, not exceeding fifteen months, after any change in circumstances which makes service described in the preceding sentence prohibited by this title, except that a merger, acquisition, increase in total assets, establishment of one or more offices, or change in management responsibilities shall not constitute changes in circumstances which would make such service prohibited by section 203 or section 204 of this title.

"(b) Effective on the date of enactment of this title, a person who serves as a management official of a company which is not a depository institution or a depository holding company and as a management official of a depository institution or a depository holding company is not prohibited from continuing to serve as a management official of that depository institution or depository holding company as a result of that company which is not a depository institution or depository holding company becoming a diversified savings and loan holding company as that term is defined in section 408(a) of the National Housing Act. This subsection shall expire ten years after the date of enactment of this title.".

SEC. 303. Section 313 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"ALASKA USA FEDERAL CREDIT UNION

"SEC. 313. The provisions of section 5 of the charter of the Alaska USA Federal Credit Union which would terminate the eligibility for membership in the Credit Union of the enrollees and employees of certain corporations shall not be effective.".

SEC. 304. The fourth sentence of section 235(h)(1) of the National Housing Act is amended—

(1) by inserting "(i)" after "except";

(2) by striking out "or" after "March 31, 1982," the second place it appears and inserting in lieu thereof "(ii)"; and

(3) by inserting before the period after "1974" the following: ", or (iii) pursuant to other commitments issued on or before September 30, 1981, where housing under this section is to be developed on land which was municipally owned on September 30, 1981, and where a local government contributes at least $1,000 per unit of funds obtained under title I of the Housing and Community Development Act of 1974 and at least $2,000 per unit of additional funds to assist housing under this section".

Mr. ST GERMAIN (during the reading). Mr. Speaker, I ask unanimous consent that the title and Senate amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman for Rhode Island?

Mr. STANTON of Ohio. Mr. Speaker, reserving the right to object, I yield to the gentleman from North Carolina (Mr. JOHNSTON).

Mr. JOHNSTON. Mr. Speaker, could we have a little explanation of this?

Mr. STANTON of Ohio. Is this the same legislation that we had previously?

Mr. ST GERMAIN. Yes, it is.

Mr. STANTON of Ohio. Identical to what we have been discussing for the last hour?

Mr. ST GERMAIN. Yes.

Mr. JOHNSTON. With the exception that there has been a withdrawal of section 5? What changes have been made?

Mr. STANTON of Ohio. There have been no changes made.

Mr. ST GERMAIN. No changes made, but I will be happy to explain any of the Senate amendments that might be of concern to the gentleman.

Mr. STANTON of Ohio. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Rhode Island?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the legislation just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

HOUSE VOTES MORE FOREIGN AID BUT LESS FARM AID

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VOLKMER. Mr. Speaker, Members of the House, I think we should reflect on the day's activities and what has occurred and what is going to occur in relation to the budgetary process. As we all know, we have just passed the foreign aid appropriations in which there was a 17-percent increase over 1981, $1.1 billion more than 1981.

Recently, earlier this year, we passed the agriculture appropriations bill. There was a 30-percent cut in agriculture appropriations for our farmers, and the reduction was from $3.3 billion for commodity support programs to $2.043.

So, what it means is that this House has voted to increase foreign aid for persons overseas, while voting to cut back on our own farmers. We are going to have another vote yet later this evening on the farm bill. That also does cut back on commodities and support prices at a time when prices are all depressed, and I ask each Member to vote against the farm bill when it comes up for the vote.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on December 15, 1981, the President approved and signed a joint resolution of the House of the following title:

H.J. Res. 370. Joint resolution making further continuing appropriations for the fiscal year 1982, and for other purposes.

YESTERDAY'S ACTION ON ALLOWABLE OUTSIDE INCOME FOR MEMBERS

(Mrs. SCHNEIDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mrs. SCHNEIDER. Mr. Speaker, yesterday, the House without any prior announcement and with no debate at all, approved a resolution to double the amount of allowable outside income each Member may receive.

I deplore such tactics. As an original cosponsor of H.R. 1585, a bill to reduce all Members' salaries by 8 percent until the Congress can produce a budget in balance, I strongly oppose the resolution to increase allowable outside income. Had proper debate been allowed and a vote been taken, I would have strongly opposed this resolution and voted against it.

The House, as well as the other body, is well known for its tendency to "slide" special interest legislation through in the confusion surrounding the rush of business as adjournment nears. This unfortunate and inappropriate move will only serve to lessen the quality of debate of this body and bring justifiable contempt from our constituents.

OUTSIDE ALLOWABLE INCOME OF MEMBERS

(Mr. DENARDIS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. DENARDIS. Mr. Speaker, I wish to express my opposition to the measure approved yesterday to increase the amount of outside allowable income.

U.S. PREPAREDNESS BOLSTERED BY YESTERDAY'S ACTION ON DEFENSE APPROPRIATION BILL

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, yesterday, we passed the Defense appropriation bill. This measure will help us to be better prepared—or ready—and makes significant strides toward that end.

George Washington once said "There is nothing so likely to produce peace as to be well prepared." It is no less true today. The key to U.S. preparedness is the readiness of our conventional forces. We must give immediate priority to supplies, training, spare parts, ammunition, and other items which come under the rather unglamorous heading of "Operations and Maintenance." The readiness of existing forces is our best deterrent.

We should be ever mindful that the nation that has an army that is prepared, in all probability, will not have to use it. Readiness is the bulwark to peace, and this bill takes us a step closer to that end.

□ 1520

OUTSIDE EARNED INCOME FOR HOUSE MEMBERS

(Mr. KAZEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KAZEN. Mr. Speaker, I was temporarily away from the floor yesterday when the House by voice vote agreed to House Resolution 305, amending the rules of the House of Representatives to increase the amount of outside earned income which a Member may accept. This amendment was not on the House schedule for discussion yesterday and many Members, including myself, had no way of knowing that it would come before the House when it did.

Had I been present, I would have requested a rollcall vote on the measure and I would have voted against it—as I did on the same issue last October 28 when the House defeated it by a vote of 271 to 147 and just as I have opposed on several occasions pay increase for Members of Congress.

Given the economic situation in this country, I do not believe it is proper and the American people do not accept such action by the House at this time. I believe the majority of the Members of Congress oppose this resolution and I, for one, regret the circumstances under which this resolution was adopted. Had there been a rollcall, I believe it would have been defeated, as it should have been.

TRIBUTE TO MR. EDGAR A. JONES OF HAWAII

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AKAKA. Mr. Speaker, it is an honor and a privilege for me to recognize and pay tribute to a friend and an outstanding citizen who has unselfishly devoted his service and leadership to the people of Hawaii, and who has distinguished himself time and again through his volunteer contributions to the community.

Edgar A. Jones, or Ed, as he is known to his many friends, is an outstanding model of the truly dedicated community volunteer. During the past decade, he has actively involved himself in numerous community projects by taking the time and effort to promote the happiness and welfare of those around him. His contributions to society have been gratefully recognized with his appointment as Outstanding Male Senior Citizen of the State of Hawaii by the Older American Recognition Program, member of the Joe Kappler Senior Citizen Hall of Fame, Senior Citizen of the Year by the Sertoma Club of Pearl Harbor, chairman of the City and County of Honolulu Senior Citizen Advisory Committee, and honorary mayor of Kaneohe from 1970 to 1979.

I have had the pleasure to work with Ed on both a personal and professional level. Last year, as my delegate, Ed joined more that 225 other active older Americans in Washington, D.C., to participate in the annual Congressional Senior Citizen Intern Program. Along with his fellow colleagues, Ed had the opportunity to observe the legislative process first-hand as well as to attend a series of briefings on subjects of particular interest such as health care, social security, housing, transportation, consumer protection, and legislation affecting the elderly.

Ed has long been recognized throughout the community and the State of Hawaii as a dedicated volunteer and has distinguished himself through his outstanding public service. Recently our State house of representatives formally commended Ed for his many contributions to both the residents of Kaneohe, where he lives, and the people of Hawaii. Along with that award, Ed was presented with another certificate of merit, commending the Kaneohe Community Senior Citizen's Council for its effective management and operation of the Kaneohe Community and Senior Center, the only known senior center that is managed and operated by the senior citizens themselves on a volunteer basis. Ed, who is the chairman of the council, is one of the key figures who made the establishment of the Kaneohe Community and Senior Center a reality, he got the site and the funds for the center.

Thanks to the patience and persistence of Ed and the members of the senior citizen's council, a beautiful senior citizen center was approved in 1976, built in 1977-78, and dedicated on March 2, 1978. Additional buildings, one a multipurpose building and the other an arts and crafts building, were also completed and dedicated on January 31, 1981. With the expanded facilities, the Kaneohe Community and Senior Center now provides many more programs to serve the community. It has promoted an increase in senior citizen participation in community affairs, provided Kaneohe's senior citizens with excellent facilities and resources.

The Kaneohe Senior Citizen Center is just one example of Ed's contribution to the State. His list of accomplishments reaches as far back as the 1930's, when Ed first arrived here in Hawaii.

Ed is originally from the State of Georgia, where he was born on November 30, 1905. He and his wife, Tomoe, have 4 boys, 2 girls, 12 grandchildren and 1 great grandchild.

During World War II, Ed served in Europe, Korea, and Japan. Then he

settled here and adopted Hawaii as his home State. Ed spent 28 years in the U.S. Army, then retired with the rank of major on November 30, 1955, from the Tripler Army Hospital. Upon retiring, he immediately went to work for Queen's Hospital, now known as the Queen's Medical Center. Two and a half years later, he resigned to become the very first employee of the Kaiser Foundation Hospital, now known as the Kaiser Medical Center. After 13 years of service with the hospital, Ed once again retired. Shortly thereafter he continued on a full-time basis his life-long avocation as a volunteer public servant.

In addition to his positions in various community organizations, Ed is also actively involved with the Kaneohe Rotary Club, the Kaneohe Business Group, the Kaneohe Outdoor Circle, the Pearl Harbor Sertoma Club, the Kokokahi United Church of Christ, the Kaneohe's Annual Christmas Festival Committee, the Kapunahala Community Association, and the Kaneohe Community Council. He has received numerous awards for his service, and was recently named Kaneohe's Citizen of the Year and Citizen of the Decade in recognition of his long and active involvement in community affairs.

At age 75, Ed shows no sign or intention of slowing down or even taking the time out to receive the proper congratulations and thanks he so fully deserves. On behalf of the U.S. Congress and thousands of other outstanding active older Americans, I would like to extend my fondest aloha, mahalo, and congratulations to Mr. Ed Jones for his unselfish devotion and service to the community and wish him continuing success and happiness in the years to come.

1982—NATIONAL YEAR OF DISABLED PERSONS

(Mr. WINN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WINN. Mr. Speaker, 1981, as you know, was designated as the International Year of Disabled Persons. This generated a tremendous outpouring of concern and interest on the part of disabled and nondisabled persons all over the world. Not only have attitudes changed, but people working together have made progress toward their long-term goals, one of which is expanded application of technology to minimize the effects of disability.

I recently introduced House Joint Resolution 354 which would designate 1982 as the National Year of Disabled Persons. This would continue the momentum that has been building during this past year. It is important, I believe, to assure the continuity of a movement which owes its strength to self-help and private sector initiatives. It is particularly important to take note of this in light of increasing budgetary restraints when people are being called upon to do more for themselves. My legislation involves no money whatsoever.

Interest and commitment remain high among the many groups involved in the promotion of the International Year of Disabled Persons throughout the United States. While the IYDP will end officially on December 31, all indications point to a desire on the part of these individuals to maintain and enhance the themes of partnership and community-based, grassroots efforts that have dominated 1981 in improving the lives of 35 million Americans with disabilities.

Mr. Speaker, I am very pleased that over 115 of my colleagues from both sides of the aisle have signed on as cosponsors to House Joint Resolution 354. However, we need 218 in order for the House to have the opportunity to consider this legislation. I ask those of you that have so far not added your name as a cosponsor to my legislation to consider doing so. Successful passage of it would serve as a powerful symbol for those who have worked so long and hard on the behalf of disabled Americans and who want to continue what they have begun.

ONE NATION—INDIVISIBLE

(Mr. DUNN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DUNN. Mr. Speaker, curing the economic problems of Michigan and other northern industrial States will require both creative solutions and unprecedented cooperation. My colleague, Mr. PURSELL of Michigan, has taken a very thoughtful and pragmatic leadership role in this effort. His recent speech to the New England Society of Newspaper Editors and Publishers is an outstanding analysis of this dilemma, and I include his remarks in the RECORD, as follows:

ONE NATION—INDIVISIBLE

(By CARL D. PURSELL)

It is certainly an honor for this Congressman from Michigan to bring his message to this gathering of the distinguished New England Society of Newspaper Editors and Publishers. The topic at hand requires the critical examination, broad perspective, and practical application characteristic of editors and publishers: A group known for getting to the point and demanding appropriate action.

Ironically, it may have been one of our most well-known editors and publishers whose words are most associated with the problems of the Northeast/Midwest region. Everyone remembers the words of the New York Tribune's Horace Greeley when he said, "Go west, young man . . ." Those words were more than advisory. They were prophetic.

From now until the year 2000, the Census Bureau expects the population of the so-called "Sun Belt" to grow at a rate four times that of the 18 states of the Northeast and Midwest. The real reason, as you know, is not climate, but jobs. And while employment opportunities grow in the South and West, the capital investment that creates jobs, is lagging in our region. During the past decade, capital investment in the Sun Belt was nearly twice that of the Northeast/Midwest.

Some of the so-called experts have witnessed this trend and proclaimed it inevitable, as though it were some kind of modern extension to the concept of "manifest destiny." And seeing these developments in those terms, these experts have solemnly advised the people of our region to stop their economic suffering forthwith and move to where the jobs are. I think we would all question such advice.

You may not recall as readily another savored quote of Horace Greely—"The illusion that times that were are better than those that are, has probably pervaded all ages." I strongly believe that it is also an illusion to think that the times to be will not be better than those that are. In short, the best days for our region are ahead of us, not in the golden days of the past.

By and large, jobs are where you make them, and with the proper, balanced concern for the needs of the nation at large we can stand and act in accordance with that fact. A continental country such as ours can do no less, for it would make powerful little sense to move generation after generation of Americans across our great land mass in quest of an elusive and ever-changing job market. Such a policy would not only be economically infective, but just plain inhumane.

Our very history argues against it. Decades ago, the Federal government began to pursue a deliberate policy of investing billions of dollars in the economic revival of the South and development of the West. Massive amounts of dollars were poured into rural electrification projects like TVA, port construction, military bases, defense projects, space programs, oil subsidies, tobacco and peanuts allotments, and on and on.

The great Northeast and Midwest peoples never thought to question this policy because they were and are, above all else, Americans with the greater interest of their nation at heart. They never once thought that their own prosperity would suffer for having extended the hand of the federal government on behalf of their fellow Americans in other regions.

But the times, they are a-changing. The moment has come to realize that, in economic terms, the West has been won and the South has been reconstructed. Now it is time to draw a lesson from history and be reminded that what worked for the South and West will also work for the North and Midwest, which is ravished by an industrial complex badly in need of reconstruction and modernization.

Needless to say, our region desperately requires the industrial revenue base needed to rebuild its cities and to modernize its aging network of bridges, road, water and sewer systems. Yet despite these gaping needs, the 18 states of the Northeast and Midwest collectively sent $165 billion more of their treasure to Washington than they got back between 1975 and 1979. My state of Michigan gets back about 66 cents for every dollar going to our nation's capital.

If we continue as we have, we face an economic balkanization that will serve no one's best interests—least of all the nation's. One of the most vital tests for America today is whether we can frame a rational national economic development plan, and in so doing, avoid the terrible pitfall of creating economic upheavals that pit one region against another.

The truth is, our various regions are parts of a single, economic whole. They are dependent on one another, with each offering unique strengths and special resources the others lack. The 18 states of the Northeast and Midwest spend too much time emphasizing problems, rather than proclaiming how much we have to offer that the nation needs and can benefit from. For example:

The Great Lakes, St. Lawrence system, and other sources provide the world's largest supply of fresh water;

A vast, expensive infrastructure, including huge plant capacities and an integrated transportation system, is in place and capable of serving millions of people in large cities and smaller communities in an effective manner at far less than the cost of replacing it from the ground up;

Our varied terrain provides opportunity for a wide assortment of activities, while a continuous round of changing seasons presents excellent working conditions; (I might add at this point that the nickname "Frost Belt" is a misnomer, for our climate is among the most temperate in the world.)

Minerals, timber, and other raw materials are abundant throughout, and a varied mix of oil, gas, coal and hydroelectric energy remain in plentiful supply;

Soil, climate, and other factors enable the region to not only feed its people, but to export food and fiber throughout the world;

We have some of the world's finest schools, unparalleled research capabilities, and a strong feeling of individual pride and community loyalty that cannot be measured.

The region's greatest resource is, of course, its people—a skilled and motivated work force ready and willing to continue making productive contributions in existing industries, while ready to meet the special demands of new technologies.

In Congress, I have been working primarily through two groups in an effort to secure equitable treatment of all regions by the federal government and to promote the positive contributions our region can make to the Nation. First, the bipartisan Northeast/Midwest Congressional Coalition of which I am a member of the Steering Committee and Co-Chairman of its Budget Task Force. Secondly, an ad hoc group of Northern Republicans, commonly referred to as the "Gypsy Moths," of which I am Chairman.

Most of the efforts of these two groups this year—like those of Congress—have centered around President Reagan's Economic Recovery Program. As you undoubtedly know, I actively support the basic components of the President's program and voted for the key implementing legislation when it came before the House of Representatives. Namely, reducing federal spending so as to beat inflation and bring down interest rates; reducing individual and business taxes to provide investment capital and leave more money in the hands of workers; and working to develop a bigger national economic pie, rather than struggling over a shrinking pie that sets region against region and interest group against interest group.

While strongly supporting the President's "bottom line," I believe that a certain amount of negotiating should take place in order to avoid certain regional distortions and other difficulties. For example, I had introduced legislation to phase in the tax cut over a five-year period, rather than three years. My greatest concerns related to the regional effects of rapidly raising defense spending, while significantly decreasing domestic programs.

Meanwhile, conservative Southern Democrats, now known as the "Boll Weevils," continue their traditional demands as the price for votes on key legislation. Year after year, no matter who is President, the "Boll Weevils" fight for three basic areas of immense benefit to their region—(1) Public Works, (2) Oil tax breaks, and (3) Defense spending.

Let me give a typical example of each of these areas. (1) The controversial Tennessee-Tombigee Project—a waterway running parallel to the Mississippi River—received Administration support and the House passed its fiscal year 1982 appropriations by a vote of 208 to 198. It is estimated that this project alone will eventually cost about $3 billion. (2) Oil tax breaks in the Economic Recovery Act, including exemptions to the Windfall Profits tax, will cost over $12 billion during the next three years. (3) The Administration's "5-year defense plan" calls for $1.46 trillion through fiscal year 1986.

This is a particular boon to the Sun Belt, as 80 percent of all DoD employees are concentrated in the South and West. California and Georgia alone have more than all of the 18 states in our region combined. In fact, over the last decade, defense department employment in the Northeast/Midwest actually declined by about 30 percent.

It is our view that several billion dollars could be shifted from the proposed increase in defense to needed domestic programs of vital importance to our region, while not in any way harming national security. In fact, such a move could be helpful. Before completing his term of office earlier this year, the distinguished Comptroller General (Elmer B. Staats) identified up to $10 billion in DoD mismanagement and waste. The House Republican Research Committee has outlined "as much as $25 billion" savings through reductions in waste, fraud, abuse, along with a restructuring of the procurement process."

In addition, we are concerned that a too rapid increase in defense spending could even have a harmful effect on the military. Experts have predicted shortages of skilled labor in defense industries—especially in the South, capacity will be strained, and managerial oversight stretched thin, resulting in substantial costs overruns.

While my Coalition and "Gypsy Moth" colleagues generally agree that a responsible trimming of the defense request will focus needed attention on the best way to achieve a truly effective military and strengthen defense by strengthening the economy, there is less agreement on what domestic programs should be given the greatest emphasis. This is due to the great diversity within our region. The priorities of downtown Manhattan are often not the same as those of the hills of Vermont. We found that out when we tried to help Jim Jeffords get that tax credit for wood burning stoves.

Nevertheless, we have had modest success during the past year in negotiating for the region. For example:

President Regan personally pledged to me his support for continuation of a $3.4 billion test program targeting defense spending to high unemployment areas— the so-called "Maybank Program."

The Administration agreed to shift approximately $2.7 billion in budget priorities in the "Omnibus Reconciliation Act" enacted in August from that originally called for in the Spring. This included funds for health (Medicaid), education (student loans, vocational education, youth training), transportation (Amtrak, Conrail, and mass transit), as well as for energy conservation programs, such as low income energy assistance and weatherization projects.

Provisions were added to the tax bill to encourage rehabilitation of existing plants (rather than moving operations to the South and West), cooperative research and develop activities between private industry and universities, and special tax treatment of tools used in automobile production.

I am proud of our work and I am thankful for the progress we have made. But it is only a beginning, representing a relatively small part of the effort needed to ensure lasting success.

So much of our work has been simply to retain what I call maintenance programs, such as food stamps, school lunches, health care, unemployment benefits and others vitally important, but which do not contribute directly to our future growth and development. Needless to say, we must continue this work, but it must also be expanded. CETA positions must be replaced by productive jobs in the private sector, not welfare benefits. Health research must provide answers that replace health care benefits with preventative health practices. High technology applications must supply the jobs laid off autoworkers cannot find on the assembly line. If people are to live productive lives in the intercity they must be able to provide themselves with adequate housing, transportation, and education.

As a County Commissioner, I struggled with these issues, hoping that the property tax, along with revenues from state and federal government, would provide the resources for meeting local needs.

As a State Senator, I struggled with the same problems, but from a slightly different perspective. That time, I hoped that the income and sales taxes, coupled with Uncle Sam's contributions, would balance the budget.

Now as a Member of Congress, I find that I am looking for answers to the same problems, from yet another perspective.

While each level of government is working toward many of the same goals, there exists a profound degree of fragmentation and isolation. Particular federal programs may or may not meet the peculiar needs of a certain community, but the mayor or City Manager grabs whatever federal funds are available and works them into a patchwork of federal, state and local revenues in an effort to meet a strained budget.

State officials present their federal budget priorities, not in terms of which programs are most effective, but which ones will provide the most dollars, as they work desperately to balance their budgets. Meanwhile, Members of Congress are presented with such a vast array of demands and corresponding programs that they can hardly keep up with their content and legislative status, to say nothing of their implementation.

Unfortunately, government officials do not have a monopoly on this parochial method for dealing with problems. Competition and lack of communication are often the rule in relations between labor and management, private industry and the schools producing future employees, and, yes, occa-

sionally even between leaders of the press and the communities they serve.

Where 'O where do we stop and take a coordinated look at the needs of a particular community or region and develop a comprehensive plan for its development and operation? Instead we continue living in a vacuum from year to year with little planning on a long-term basis, and even less coordination among related jurisdictions.

In my view, if we truly are to deal with our problems in an effective manner, we must address the chaotic situation I have just described. We must do it by region within states, and we must do it by region within the United States.

In that regard, I would like to share briefly with you two proposals I have advanced.

Together with the Detroit News, I have suggested a statewide leadership conference in my home state of Michigan to serve as a catalytic mechanism for key decisionmakers to sit down together and hammer out a comprehensive agenda. It would consist of a working group of 60-75 people—large enough to reflect the spectrum of Michigan's people and interests, but small enough to allow meaningful interaction with one another. Some years ago, I organized a similar broad-based conference to set an agenda for the future of communities around my home town. It has been extremely successful in identifying goals and producing results.

Secondly, I discussed with President Reagan and subsequently presented the White House with a draft of a proposal for creation of a "Northeast/Midwest Economic Advisory Council." The general purpose of which would be to assemble Members of Congress, Governors, Mayors, and other representatives of each level of government (federal, state, and local) within the region to advise the President and Congress with respect to the federal government's role in helping meet the problems of the Northeast/Midwest, as well as in the development and use of the area's vast resources.

I see four main functions of such a council. It would—

(1) Serve as the government's focal point in considering the NE/NW's regional implications of federal policy;

(2) Gather information necessary from public and private sources for meaningful consideration of these implications;

(3) Serve as a vehicle by which representatives of the private sector, as well as public officials, can interact with federal personnel during the policy making process; and

(4) Advise the President and Congress on a continuing basis, issuing formal reports when appropriate.

This is, of course, just one proposal. And I welcome your reactions to it, as well as challenge you to come forth with any other creative ideas for affecting the decisionmaking process in such a way as to best serve simultaneously the interests of our region and the Nation as well. It is essential that this goal be met.

To everyone's good fortune, the economy of the Sun Belt will continue to thrive. But that growth does not require the continued decline of our region. Over time, the supposed advantages of the Sun Belt may pale. More growth means more population, more urban problems, increased taxes, additional pollution, etc. * * *

CANDLELIGHT PRAYER VIGIL IN WASHINGTON FOR THE PEOPLE OF POLAND

(Mr. CARMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARMAN. Mr. Speaker, while we must always seek freedom for man, we must never pemit liberties to be taken with man's freedom. I invite you and every Member of Congress to join me in a candlelight prayer vigil at the statue of the famed Polish patriot Thaddeus Kosciusko in Lafayette Park. Please join me at some time between 8 p.m. and midnight to light a candle and say a prayer for those seeking freedom to determine their own destiny, especially the freedom loving people of Poland.

In the last year great strides have been made by Solidarity on behalf of the union and the entire Polish nation. In less than 4 days that has been destroyed. Therefore, let us take the call of this holy season of peace on Earth and extend it to all seasons. I can see no more fitting manner to begin our holiday season than to remind ourselves of our duty to our fellow man and our commitment to the principles which we hold so dear. We have only to believe in ourselves and our fellow man. Our prayers on behalf of the people of Poland can make this a season of joy, a season of hope, and most especially a season of freedom and peace.

THE UPCOMING DEBATE ON THE FARM BILL

(Mr. JEFFORDS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. JEFFORDS. Mr. Speaker, I would like to take this 1 minute to talk a little bit about the farm bill.

Notwithstanding the fact that our count shows and our "secret intelligence" shows as to the other side shows there are more Members opposed to the farm bill conference report than in favor of it. However the Members may get a wrong impression when it comes to the debate because we that oppose the report do not control the time. I may get a couple of minutes to talk about it, even though I am one of the leaders against it and was on the conference.

I would like to stress that that is the way it stands right now. There are a lot of Members who are undecided on the farm bill, and I do not want them to get the wrong impression or to be confused by the lack of time we will have for debate. There has been a great deal of misleading information that if we vote down the report it will result in disaster for our farmers.

First, let me point out that there are not going to be a lot of farmers who will be planting corn, wheat, and peas during January when we are out of session.

Second, we are operating on an extension, holding things as they are since October 1. We can do this again. In fact, we went 2 weeks in October without any bill at all, and that was a more critical period than this one. No disaster occurred.

Nothing will happen if we turn the report down. There will be no crisis. If we wait under next year, we will have a chance to debate the issue properly and come out with a more reasonable farm bill.

Mr. Speaker, I hope the Members will listen to those who are opposed to the bill during the few minutes we will have, and that they will listen carefully to all the debate on the farm bill. I am sure you will vote down the report.

NEW LEGISLATION WOULD SUBJECT CONGRESS TO CERTAIN NATIONAL LAWS

(Mr. JOHNSTON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. JOHNSTON. Mr. Speaker, I have today introduced legislation which would require the Congress of the United States to come under the provisions of the EEOC, OSHA, and the wage and hour laws of this country.

As a part of the continuing resolution, we saw fit to permit deductibility of our expenses in accordance with the provisions of the Internal Revenue Code, just like other businessmen. I think we should continue the process and treat ourselves like other members of the working public, and then we would have to comply with the wage and hour provisions, we would have to comply with the mandates of OSHA, and most especially, we would make ourselves vulnerable to the provisions of the EEOC when we discharge people over 40 from our employment and discharge Members of minority groups. If we were required to fill out all the forms and affidavits that we impose on the private sector then we might appreciate their problems.

Mr. Speaker, let us impose on ourselves the same rules that we apply to others. Let us treat Congress like the American people for a change. I welcome cosponsors.

SATURDAY MARKS FIRST ANNIVERSARY OF RECORD HIGH PRIME INTEREST RATE

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, the News Futures section of Congressional Insight is filled with a number of interesting facts.

One of these facts is the anniversary that CQ cites for Saturday, December 19. That day will mark the first anniversary of the day when, under the remarkable shepherdry of former President Carter, the prime interest rate hit a record 21½ percent.

I find this especially interesting in light of the fact that, if one were to read the popular press or listen to some of our colleagues, one would think that the present administration has created the economic woes that beset the country and that President Reagan was drawing us further down into the morass.

Such statements are puzzling because the real fact is that the prime interest rate today is at 15½ percent—for sure that is by no means an ideal but it certainly is better than the 21½-percent level.

The fact is that most of the negative economic trends of the Carter years have been arrested and are turning around.

The prime has dropped by a full 5 points during the President's first year in office. Let us give credit where credit is due and let us not let our judgment be clouded by conveniently forgetting where the economy was at just 1 year ago today.

TRUTH IN LENDING SIMPLIFICATION ACT POSTPONED BY HOUSE ACTION

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, the House just a few moments ago adopted H.R. 4879 or S. 1720, one or both of them, the International Banking Facility Act, and that was the right result.

Under the bizarre procedure under which we are operating here this afternoon, by unanimous consent, it simply requires one objection to kill the legislation. I did not object because I have the highest possible regard for the ranking member, the gentleman from Ohio (Mr. STANTON), and I want to cooperate with the committee chairman. However, Mr. Speaker, one of the amendments to that legislation would postpone for 6 months the effective date of the regulations concerning the Truth in Lending Simplification Act.

□ 1530

The truth in lending regulations which were 6 months late in being promulgated by the Federal Reserve Board is the problem here. Those regulations are the subject of considerable consternation and expense for millions of small businesses in this Nation.

I am happy to report to the House that assurances have been received that further deferral of such simplification would not be accepted. This Member of Congress for one would certainly oppose any further delay in simplification of the truth in lending laws.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PARRIS. I yield to my colleague from California.

Mr. ROUSSELOT. In other words, we have delayed for another 6 months the putting in place of the reduction of unnecessary rules and regulations; is that correct?

Mr. PARRIS. Apparently.

Mr. ROUSSELOT. Apparently.

POLAND

(Mr. MOFFETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker, the Polish people need us today. They need us badly. No, it is not that we can do so much directly for them. In fact, we are frustrated by how relatively little we can actually do.

So much about the situation in Poland is unknown. The Communists are once again forced to show the failure of their system. They are being forced to show the world that crackdowns are inevitable in such a system.

It is natural that people want to be free. It is natural that sooner or later they will express that desire. There is no people more desirous of freedom than the Polish people. They have shown it throughout history, as they fought valiantly for freedom. And they have shown it during the past months through Solidarity and other freedom movements within Poland.

So now there is a ban on gatherings, on processions, on demonstrations. Even artistic, entertainment, and sporting events require state approval. It is illegal to disseminate any publications, any information. Shortwave radios are being confiscated. There is a nationwide curfew from 10 p.m. to 6 a.m.

We do not know what the reaction of Solidarity is to this martial law. We do not know the specific status of Walesa and other union leaders. Solidarity now includes over half of Poland's 19 million workers.

But we can guess what has become of these people. If they are not in custody, they are no doubt continuing to organize, to resist in some way. The point is that the authorities will pay a price for this. The Soviets will pay a price as well. There is no such thing as a free ride when you are running roughshod over freedom.

Back in my State of Connecticut and in my congressional district, Polish-Americans are worried. They are restless. They are angry. While there may be all too little we can do directly to help the Polish freedom fighters, we must begin to take steps that might be of some help in the months ahead.

To the extent that immigration laws can be made more flexible, to permit political refugees to enter America, it must be done. To the extent that diplomatic channels can be used to convince Austria and other nations to absorb more fleeing Poles, that must be done as well.

And we must clarify our country's position on aid, especially food aid. It is my belief that an abrupt cutoff of food aid is terribly unwise at this point. It sends the wrong signal to the Polish people. Some say that it is a way of punishing the government, but there is no doubt that the government officials always have food on their tables anyway. So who are we punishing with such a sudden cutoff of aid?

Mr. Speaker, perhaps somehow our words in this Chamber will be quoted in some underground paper in Poland. Perhaps Radio Free Europe or Voice of America will get through to let the Polish people know that we in this House and those we represent are not going to forget them. They have not forgotten the importance of freedom. They have dared to fight for freedom. We must in turn not dare forget them.

LOW KEY MARTIAL LAW IN POLAND?

(Mr. BETHUNE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BETHUNE. Mr. Speaker, on Monday a front page newspaper story tried to tell us that the Soviets are acting with restraint and that the trouble in Poland is really caused by the Polish people or the Polish Government and that it is an internal problem. I thought that was an interesting piece of fiction until this morning when I saw the headline on the front page of the newspaper which said that this is "low key martial law in Poland." Low key martial law? When they allow no one in and no one out of the country? When there is a total news blackout? When there are 5,000 magnificent Poles arrested and detained? When there is a midnight raid on the Solidarity headquarters? When they threaten the death penalty and crush strikes and impose curfews?

Soviet restraint? Low key martial law? That is a distinction too delicate for this country boy from Arkansas to follow.

I do not think the Soviets are acting with restraint and as far as I am con-

cerned there is no such thing as low key martial law.

CUTBACKS IN INSPECTORS RISK LIVES OF COAL MINERS

(Mr. SIMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIMON. Mr. Speaker, the fatality toll in our coal mines this year is the worst it has been since 1975. Coal mining is the most dangerous major profession we have in the United States. So far this year 143 coal miners have lost their lives in mining accidents, 24 of them in the last 2 weeks.

We have a good safety law on the books. That law requires that every mine be inspected four times a year. But, in fact if we end up cutting back on the number of inspectors, if we cut back on the enforcement of a law that is, in theory, a good one, we are then gambling with the lives of the coal miners of this Nation.

I hope we do not proceed down that path.

TRUTH-IN-LENDING LEGISLATION

(Mr. STANTON of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STANTON of Ohio. Mr. Speaker, a couple of minutes ago in the well of the House our colleague from Virginia (Mr. PARRIS) brought up the subject of these changes in the truth-in-lending legislation. I simply want to back him up on these proposed and needed, vitally needed changes. It is one of the most important things we can do for our financial industry.

I assure the gentleman that this spring we will get into considering a major overhaul of these financial institutions. I cannot conceive of coming out of that process without some legislation that would address problems which exist today with truth-in-lending legislation. I compliment the gentleman for his remarks.

Mr. PARRIS. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. I yield to the gentleman from Virginia.

Mr. PARRIS. As the gentleman pointed out, I mean no criticism of any kind of the committee or any Members of this Congress. The problem here is the staff of the Federal Reserve Board took 18 months to promulgate the regulations which simply cannot be complied with by the financial community of this Nation.

Mr. STANTON of Ohio. I appreciate the gentleman's contribution.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceeding today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken later today.

BLACK LUNG BENEFITS REVENUE ACT OF 1981

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 5159) to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

TITLE I—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

Subtitle A—Black Lung Benefits Revenue Provisions

SEC. 101 SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This subtitle may be cited as the "Black Lung Benefits Revenue Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this subtitle or subtitle B an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 102. TEMPORARY INCREASE IN AMOUNT OF TAX.

(a) GENERAL RULE.—Section 4121 (relating to tax on coal) is amended by adding at the end thereof the following new subsection.

"(e) TEMPORARY INCREASE IN AMOUNT OF TAX.—

"(1) IN GENERAL.—Effective with respect to sales after December 31, 1981, and before the temporary increase termination date—

"(A) subsection (a) shall be applied—

"(i) by substituting '$1' for '50 cents', and

"(ii) by substituting '50 cents' for '25 cents', and

"(B) subsection (b) shall be applied by substituting '4 percent' for '2 percent'.

"(2) Temporary increase termination date.—For purposes of paragraph (1), the temporary increase termination date is the earlier of—

"(A) January 1, 1996, or

"(B) the first January 1 after 1981 as of which there is—

"(i) no balance of repayable advances made to the Black Lung Disability Trust Fund, and

"(ii) no unpaid interest on such advances.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to sales after December 31, 1981.

SEC. 103. BLACK LUNG DISABILITY TRUST FUND.

(a) GENERAL RULE.—The Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subtitle:

"Subtitle I—Trust Fund Code

"SEC. 9500. SHORT TITLE.

"This subtitle may be cited as the 'Trust Fund Code of 1981'.

"Chapter 98—Trust Fund Code

"Subchapter A. Establishment of Trust Funds.

"Subchapter B. General provisions.

"Subchapter A—Establishment of Trust Funds

"Sec. 9501. Establishment of Black Lung Disability Trust Fund.

"SEC. 9501. Establishment of Black Lung Disability Trust Fund..

"(a) CREATION OF TRUST FUND.—

"(1) IN GENERAL.—There is established in the Treasury of the United States a trust fund to be known as the 'Black Lung Disability Trust Fund', consisting of such amounts as may be appropriated or credited to the Black Lung Disability Trust Fund.

"(2) TRUSTEES.—The trustees of the Black Lung Disability Trust Fund shall be the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health and Human Services.

"(b) TRANSFER OF CERTAIN TAXES; OTHER RECEIPTS.—

"(1) TRANSFER TO BLACK LUNG DISABILITY TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—There are hereby appropriated to the Black Lung Disability Trust Fund amounts equivalent to the taxes received in the Treasury under section 4121 or subchapter B of chapter 42.

"(2) CERTAIN REPAID AMOUNTS, ETC.—The following amounts shall be credited to the Black Lung Disability Trust Fund:

"(A) Amounts repaid or recovered under subsection (b) of section 424 of the Black Lung Benefits Act (including interest thereon).

"(B) Amounts paid as fines or penalties, or interest thereon. under section 423, 431, or 432 of the Black Lung Benefits Act.

"(C) Amounts paid into the Black Lung Disability Trust Fund by a trust described in section 501 (c) (21).

"(c) REPAYABLE ADVANCES.—

"(1) AUTHORIZATION.—There are authorized to be appropriated to the Black Lung Disability Trust Fund, as repayable advances, such sums as may from time to time be necessary to make the expenditures described in subsection (d).

"(2) REPAYMENT WITH INTEREST.—Repayable advances made to the Black Lung Disability Trust Fund shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary of the Treasury determines that moneys are available in the Black Lung Disability Trust Fund for such purposes.

"(3) RATE OF INTEREST.—Interest on advances made pursuant to this subsection shall be at a rate determined by the Secretary of the Treasury (as of the close of the calendar month preceding the month in which the advance is made) to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding.

"(d) EXPENDITURES FROM TRUST FUND.—Amounts in the Black Lung Disability Trust Fund shall be available, as provided by appropriation Acts, for—

"(1) the payment of benefits under section 422 of the Black Lung Benefits Act in any case in which the Secretary of Labor determines that—

"(A) the operator liable for the payment of such benefits—

"(i) has not commenced payment of such benefits within 30 days after the date of an initial determination of eligibility by the Secretary of Labor, or

"(ii) has not made a payment within 30 days after that payment is due,

except that, in the case of a claim filed on or after the date of the enactment of the Black Lung Benefits Revenue Act of 1981, amounts will be available under this subparagraph only for benefits accruing after the date of such initial determination, or

"(B) there is no operator who is liable for the payment of such benefits,

"(2) the payment of obligations incurred by the Secretary of Labor with respect to all claims of miners or their survivors in which the miner's last coal mine employment was before January 1, 1970,

"(3) the repayment into the Treasury of the United States of an amount equal to the sum of the amounts expended by the Secretary of Labor for claims under part C of the Black Lung Benefits Act which were paid before April 1, 1978, except that the Black Lung Disability Trust Fund shall not be obligated to pay or reimburse any such amounts which are attributable to periods of eligibility before January 1, 1974,

"(4) the repayment of, and the payment of interest on, repayable advances to the Black Lung Disability Trust Fund,

"(5) the payment of all expenses of administration on or after March 1, 1978—

"(A) incurred by the Department of Labor or the Department of Health and Human Services under part C of the Black Lung Benefits Act (other than under section 427(a) or 433), or

"(B) incurred by the Department of the Treasury in administering subchapter B of chapter 32 and in carrying out its responsibilities with respect to the Black Lung Disability Trust Fund,

"(6) the reimbursement of operators for amounts paid by such operators (other than as penalties or interest) before April 1, 1978, in satisfaction (in whole or in part) of claims of miners whose last employment in coal mines was terminated before January 1, 1970, and

"(7) the reimbursement of operators and insurers for amounts paid by such operators and insurers (other than amounts paid as penalties, interest, or attorney fees) at any time in satisfaction (in whole or in part) of any claim denied (within the meaning of section 402(i) of the Black Lung Benefits Act) before March 1, 1978, and which is or has been approved in accordance with the provisions of section 435 of the Black Lung Benefits Act.

For purposes of the preceding sentence, any reference to section 402(i), 422, or 435 of the Black Lung Benefits Act shall be treated as a reference to such section as in effect immediately after the enactment of this section.

"Subchapter B—General Provisions

"Sec. 9601. Transfer of amounts.

"Sec. 9602. Management of Trust Funds.

"SEC. 9601. TRANSFER OF AMOUNTS.

"The amounts appropriated by any section of subchapter A to any Trust Fund established by such subchapter shall be transferred at least monthly from the general fund of the Treasury to such Trust Fund on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in such section. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"SEC. 9602. MANAGEMENT OF TRUST FUNDS.

"(a) REPORT.—It shall be the duty of the Secretary of the Treasury to hold each Trust Fund established by subchapter A, and (after consultation with any other trustees of the Trust Fund) to report to the Congress each year on the financial condition and the results of the operations of each such Trust Fund during the preceding fiscal year and on its expected condition and operations during the next 5 fiscal years. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(b) INVESTMENT.—

"(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to invest such portion of any Trust Fund established by subchapter A as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired—

"(A) on original issue at the issue price, or

"(B) by purchase of outstanding obligations at the market price.

"(2) SALE OF OBLIGATIONS.—Any obligation acquired by a Trust Fund established by subchapter A may be sold by the Secretary of the Treasury at the market price.

"(3) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in a Trust Fund established by subchapter A shall be credited to and form a part of the Trust Fund.".

(b) REPEAL OF SUBSECTIONS (A), (B), AND (C) OF SECTION 3 OF THE BLACK LUNG BENEFITS REVENUE ACT OF 1977.—Subsections (a), (b), and (c) of section 3 of the Black Lung Benefits Revenue Act of 1977 are hereby repealed.

(c) CLERICAL AMENDMENTS.—

(1) Clause (iii) of section 501(c)(21)(B) is amended by striking out "established under section 3 of the Black Lung Benefits Revenue Act of 1977" and inserting in lieu thereof "established under section 9501".

(2) The table of subtitles for such Code is amended by adding at the end thereof the following new item: "Subtitle I. Trust Fund Code.".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 1982. Section 9501(c)(3) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall only apply to advances made after December 31, 1981.

(2) SAVINGS PROVISIONS.—The Black Lung Disability Trust Fund established by the amendments made by this section shall be treated for all purposes of law as the continuation of the Black Lung Disability Trust Fund established by section 3 of the Black Lung Benefits Revenue Act of 1977. Any reference in any law to the Black Lung Disability Trust Fund established by such section 3 shall be deemed to include a reference to the Black Lung Disability Trust Fund established by the amendments made by this section.

SEC. 104. AMENDMENTS TO SECTION 424 OF THE BLACK LUNG BENEFITS ACT.

(a) INTEREST ON OPERATOR LIABILITIES.—

(1) RATE OF INTEREST.—Subsection (b) of section 424 of the Black Lung Benefits Act is amended by adding at the end thereof the following new paragraph:

"(5) The rate of interest under this subsection—

"(A) for any period during calendar year 1982, shall be 15 percent, and

"(B) for any period after calendar year 1982, shall be the rate established by section 6621 of the Internal Revenue Code of 1954 which is in effect for such period.".

(2) CLARIFYING AMENDMENT.—The first sentence of section 424(b)(1) of the Black Lung Benefits Act is amended by inserting "plus interest thereon" after "attributed to him".

(3) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on January 1, 1982, and shall apply to accounts outstanding on such date or arising thereafter.

(b) CONFORMING AMENDMENTS.—

(1) Section 402(h) of the Black Lung Benefits Act is amended to read as follows:

"(h) The term 'fund' means the Black Lung Disability Trust Fund established by section 9501 of the Internal Revenue Code of 1954.".

(2) Section 415(a)(1) of the Black Lung Benefits Act is amended by striking "section 424 of this title" and inserting in lieu thereof "section 9501(d) of the Internal Revenue Code of 1954".

(3) Section 422(a) of the Black Lung Benefits Act is amended by striking "section 424" and inserting in lieu thereof "section 9501(d) of the Internal Revenue Code of 1954".

(4) Section 422(i)(4) of the Black Lung Benefits Act is amended by striking "section 424" and inserting in lieu thereof "section 9501(d) of the Internal Revenue Code of 1954".

(5) Section 422(j) of the Black Lung Benefits Act is amended by striking "section 424 shall" and inserting in lieu thereof "section 9501 of the Internal Revenue Code of 1954 shall"; and by inserting "section 424(a)(1)" and inserting in lieu thereof "section 9501(d)(1) of the Internal Revenue Code of 1954".

(6) Section 424(a) of the Black Lung Benefits Act is amended to read as follows:

"(a) For purposes of this section, the term 'fund' has the meaning set forth in section 402(h).".

Subtitle B—Miscellaneous Revenue Amendments

SEC. 111. ADDITIONAL 2-YEAR DELAY IN APPLICATION OF THE NET OPERATING LOSS RULES ADDED BY THE TAX REFORM ACT OF 1976.

Paragraphs (2) and (3) of section 806(g) of the Tax Reform Act of 1976 (relating to effective dates for the amendments to sections 382 and 383 of the Internal Revenue Code of 1954) are amended by striking out "1982" each place it appears and inserting in lieu thereof "1984".

SEC. 112. INFORMATION RETURNS WITH RESPECT TO SAFE HARBOR LEASES.

(a) REQUIREMENT OF RETURN.—

(1) IN GENERAL.—Except as provided in paragraph (2), paragraph (8) of section 168 (f) of the Internal Revenue Code of 1954 (relating to special rule for leases) shall not apply with respect to an agreement unless a return, signed by the lessor and lessee and containing the information required to be included in the return pursuant to subsection (b), has been filed with the Internal Revenue Service not later than the 30th day

after the date on which the agreement is executed.

(2) Special rules for agreements executed before January 1, 1982.—

(A) IN GENERAL.—In the case of an agreement executed before January 1, 1982, such agreement shall cease on February 1, 1982, to be treated as a lease under section 168(f)(8) unless a return, signed by the lessor and containing the information required to be included in subsection (b), has been filed with the Internal Revenue Service not later than January 31, 1982.

(B) FILING BY LESSEE.—If the lessor does not file a return under subparagraph (A), the return requirement under subparagraph (A) shall be satisfied if such return is filed by the lessee before January 31, 1982.

(3) CERTAIN FAILURE TO FILE.—If—

(A) a lessor or lessee fails to file any return within the time prescribed by this subsection, and

(B) such failure is shown to be due to reasonable cause and not due to willful neglect, the lessor or lessee shall be treated as having filed a timely return if a return is filed within a reasonable time after the failure is ascertained.

(b) INFORMATION REQUIRED.—The information required to be included in the return pursuant to this subsection is as follows:

(1) The name, address, and taxpayer identifying number of the lessor and the lessee (and parent company if a consolidated return is filed);

(2) The district director's office with which the income tax returns of the lessor and lessee are filed;

(3) A description of each individual property with respect to which the election is made;

(4) The date on which the lessee places the property in service, the date on which the lease begins and the term of the lease;

(5) The recovery property class and the ADR midpoint life of the leased property;

(6) The payment terms between the parties to the lease transaction;

(7) Whether the ACRS deductions and the investment tax credit are allowable to the same taxpayer;

(8) The aggregate amount paid to outside parties to arrange or carry out the transaction;

(9) For the lessor only: the unadjusted basis of the property as defined in section 168(d)(1);

(10) For the lessor only: if the lessor is a partnership or a grantor trust, the name, address, and taxpayer identifying number of the partners or the beneficiaries, and the district director's office with which the income tax return of each partner or beneficiary is filled; and

(11) Such other information as may be required by the return or its instructions.

Paragraph (8) shall not apply with respect to any person for any calendar year if it is reasonable to estimate that the aggregate adjusted basis of the property of such person which will be subject to subsection (a) for such year is $1,000,000 or less.

(c) COORDINATION WITH OTHER INFORMATION REQUIREMENTS.—In the case of agreements executed after December 31, 1982, to the extent provided in regulations prescribed by the Secretary of the Treasury or his delegate, the provisions of this section shall be modified to coordinate such provisions with the other information requirements of the Internal Revenue Code of 1954.

SEC. 113. EXPENSES IN CONNECTION WITH BUSINESS USE OF A HOME, ETC.

(a) RENTAL TO FAMILY MEMBERS AND SHARED EQUITY AGREEMENTS PERMITTED.—

(1) IN GENERAL.—Subsection (d) of section 280A (relating to disallowance of certain expenses in connection with business use of home, rental of vacation homes, etc.) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) RENTAL TO FAMILY MEMBER, ETC., FOR USE AS PRINCIPAL RESIDENCE.—

"(A) IN GENERAL.—A taxpayer shall not be treated as using a dwelling unit for personal purposes by reason of a rental arrangement for any period if for such period such dwelling unit is rented, at a fair rental, to any person for use as such person's principal residence.

"(B) SPECIAL RULES FOR RENTAL TO PERSON HAVING INTEREST IN UNIT.—

"(i) RENTAL MUST BE PURSUANT TO SHARED EQUITY FINANCING AGREEMENT.—Subparagraph (A) shall apply to a rental to a person who has an interest in the dwelling unit only if such rental is pursuant to a shared equity financing agreement.

"(ii) DETERMINATION OF FAIR RENTAL.—In the case of a rental pursuant to a shared equity financing agreement, fair rental shall be determined as of the time the agreement is entered into and by taking into account the occupant's qualified ownership interest.

"(C) SHARED EQUITY FINANCING AGREEMENT.—For purposes of this paragraph, the term 'shared equity financing agreement' means an agreement under which—

"(i) 2 or more persons acquire qualified ownership interests in a dwelling unit, and

"(ii) the person (or persons) holding 1 or more of such interests—

"(I) is entitled to occupy the dwelling unit for use as a principal residence, and

"(II) is required to pay rent to 1 or more other persons holding qualified ownership interests in the dwelling unit.

"(D) QUALIFIED OWNERSHIP INTEREST.—For purposes of this paragraph, the term 'qualified ownership interest' means an undivided interest for more than 50 years in the entire dwelling unit and appurtenant land being acquired in the transaction to which the shared equity financing agreement relates.".

(2) DEFINITION OF QUALIFIED RENTAL PERIOD.—Subparagraph (B) of section 280A(d)(4) (defining qualified rental period), as redesignated by paragraph (1), is amended by striking out "to a person other than a member of the family (as defined in section 267(c)(4)) of the taxpayer".

(b) TREATMENT OF EXPENSES WHILE AWAY FROM HOME IN PURSUIT OF TRADE OF BUSINESS.—

"(1) IN GENERAL.—Subsection (f) of section 280A is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH SECTION 162(A)(2), ETC.—

"(A) IN GENERAL.—Nothing in this section shall be construed to disallow any deduction allowable under section 162(a)(2) (or any deduction which meets the tests of section 162(a)(2) but is allowable under another provision of this title) by reason of the taxpayers being away from home in the pursuit of a trade or business (other than the trade or business of renting dwelling units).

"(B) LIMITATION.—The Secretary shall prescribe amounts deductible (without substantiation) pursuant to the last sentence of section 162(a), but nothing in subparagraph (A) or any other provision of this title shall permit such a deduction for any taxable year of amounts in excess of the amounts determined to be appropriate under the circumstances."

(c) PRINCIPAL PLACE OF BUSINESS APPLIES TO ANY TRADE OR BUSINESS.—Subparagraph (A) of section 280A (c)(1) (relating to certain business use) is amended to read as follows:

"(A) the principal place of business for any trade or business of the taxpayer.".

(d) REPAIR AND MAINTENANCE OF DWELLING UNIT.—The last sentence of paragraph (2) of section 280A (d) (relating to personal use of residence) is amended by inserting ", except that if the taxpayer is engaged in repair and maintenance on a substantially full time basis for any day, such authority shall not allow the Secretary to treat a dwelling unit as being used for personal use by the taxpayer on such day merely because other individuals who are on the premises on such day are not so engaged" after "paragraph".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1975, except that in the case of taxable years beginning after December 31, 1975 and before January 1, 1980, the amendment made by this section shall apply only to taxable years for which, on the date of the enactment of this Act, the making of a refund, or the assesssment of a deficiency, was not barred by law or any rule of law.

TITLE II—BENEFITS AMENDMENTS

SHORT TITLE; GENERAL REFERENCE

SEC. 201. (a) This title may be cited as the "Black Lung Benefits Amendments of 1981".

(b) Except as otherwise specifically provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Black Lung Benefits Act.

ELIGIBILITY STANDARDS

SEC. 202. (a) The fourth sentence of subsection (b) of section 413 is amended by inserting immediately after the words "In any case" a comma and the following: "other than that involving a claim filed on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(b)(1) Paragraphs (2) and (4) of subsection (c) of section 411 are each amended by inserting a new sentence at the end of each as follows: "The provisions of this paragraph shall not apply with respect to claims filed on or after the effective date of the Black Lung Benefits Amendments of 1981.".

(2) Paragraph (5) of subsection (c) of section 411 is amended by inserting a new sentence at the end thereof as follows: "The provisions of this paragraph shall not apply with respect to claims filed on or after the day that is 180 days after the effective date of the Black Lung Benefits Amendments of 1981.".

(c) The third sentence of subsection (b) of section 413 is amended by inserting immediately after the word "affidavits" a comma and the following: "from persons not eligible for benefits in such case with respect to claims filed on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(d) Section 430 is amended by striking the words "and by" and inserting in lieu thereof a comma, and by inserting immediately after the phrase "the Black Lung Benefits Reform Act of 1977" the phrase "and the Black Lung Benefits Amendments of 1981".

(e) The Secretary of Labor, in consultation with the Secretary of Health and Human Services, shall undertake a study of

current medical methods for the diagnosis of pneumoconiosis, and of the nature and extent of impairment and disability that are attributable to the existence of both simple and complicated pneumoconiosis. The study, together with appropriate recommendations, shall be transmitted to the Congress no later than eighteen months after the effective date of this title.

BENEFITS

SEC. 203. (a)(1) Section 412(a)(2) is amended by inserting immediately after the word "or" a comma and the following: "except with respect to a claim filed under part C of this title on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(2) Section 412 (a)(3) is amended by striking the first comma therein, and by inserting immediately after the word "or" the second time it appears therein a comma and the following: "except with respect to a claim filed under part C of this title on or after the effective data of the Black Lung Benefits Amendments of 1981,".

(3) Section 412(a)(5) is amended by striking out the second comma therein, by striking out the phrase "of a miner" the third time it appears therein, and by inserting immediately after the word "or" the second time it appears therein a comma and the following: "except with respect to a claim filed under part C of this title on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(4) Section 401 (a) is amended by striking the phrase "or who were totally disabled by this disease at the time of their deaths" each time it appears.

(5) Section 411 (a) is amended by inserting immediately after the word "or" a comma and the following: "except with respect to a claim filed under part C of this title on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(6) Section 422 (l) is amended by inserting immediately before the period at the end thereof a comma and the following: "except with respect to a claim filed under this part on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(b) Subsection (g) of section 422 is amended by adding at the end thereof a new sentence as follows: "In addition, the amount of benefits payable under this section with respect to any claim filed on or after the effective date of the Black Lung Benefits Amendments of 1981 shall be reduced, on a monthly or other appropriate basis, by the amount by which such benefits would be reduced on account of excess earnings of such miner under section 203 (b) through (l) of the Social Security Act if the amount paid were a benefit payable under section 202 of such Act.".

(c) The Secretary of Labor shall undertake a study of the benefits provided by the Black Lung Benefits Act, other benefits received by individuals who receive benefits under that Act, and benefits which would be received were State workers' compensation programs applicable in lieu of benefits under that Act. The study, together with appropriate recommendations, shall be transmitted to the Congress no later than eighteen months after the effective date of this title.

(d) Paragraph (1) of subsection (a) of section 412 is amended by deleting the phrase "50 per centum of the minimum monthly payment to which a Federal employee in grade GS-2, who is totally disabled, is entitled at the time of payment under chapter 81 of title 5, United States Code" and inserting in lieu thereof the phrase "37½ per centum of the monthly pay rate for Federal employees in grade GS-2, step 1".

INTEREST CHARGES

SEC. 204. Subsection (d) of section 422 is amended by adding two new sentences at the end thereof as follows: "If payment is not made within the time required, interest shall accrue to such amounts at the rates set forth in section 424(b)(5) of this title for interest owed to the fund. With respect to payments withheld pending final adjudication of liability, in the case of claims filed on or after the effective date of the Black Lung Benefits Amendments of 1981, such interest shall commence to accumulate 30 days after the date of the determination that such an award should be made.".

SPECIAL CLAIMS

SEC. 205. (a)(1) Subsection (c) of section 422 is amended by inserting "(1)" after "pneumoconiosis", and by inserting before the period at the end thereof a semicolon and the following: "or (2) which was the subject of a claim denied before March 1, 1978, and which is or has been approved in accordance with the provisions of section 435".

(2) Subsection (j) of section 422 is amended by striking out "or" at the end of paragraph (1), by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and by adding at the end thereof the following:

"(3) in which there was a claim denied before March 1, 1978, and such claim is or has been approved in accordance with the provisions of section 435.".

(b) Section 402 is amended by inserting at the end thereof the following new paragraph:

"(i) For the purposes of subsections (c) and (j) of section 422, and for the purposes of paragraph (7) of subsection (d) of section 9501 of the Internal Revenue Code of 1954, the term 'claim denied' means a claim—

"(1) denied by the Social Security Administration; or

"(2) in which (A) the claimant was notified by the Department of Labor of an administrative or informal denial more than 1 year prior to the date of enactment of the Black Lung Benefits Reform Act of 1977 and did not, within 1 year from the date of notification of such denial, request a hearing, present additional evidence or indicate an intention to present additional evidence, or (B) the claim was denied under the law in effect prior to the date of enactment of the Black Lung Benefits Reform Act of 1977 following a formal hearing or administrative or judicial review proceeding.".

EFFECTIVE DATE; SEPARABILITY

SEC. 206. (a) Except as otherwise provided, the provisions of this title shall take effect on January 1, 1982.

(b) If any provision of this title, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this title, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

The SPEAKER pro tempore. Is a second demanded?

Mr. CONABLE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ROSTENKOWSKI) will be recognized for 20 minutes, and the gentleman from New York (Mr. CONABLE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 5159, the Black Lung Benefits Revenue Act of 1981 was approved by the House yesterday by voice vote. The Senate has returned the bill to us with an amendment in the nature of a substitute. As chairman of the Committee on Ways and Means, it is my recommendation that the House concur in the Senate amendment and clear the measure for the President's signature.

As passed by the House yesterday, H.R. 5159 only contained those matters regarding the black lung disability program which fall within the jurisdiction of the Committee on Ways and Means. It is important that these changes to the program take effect on January 1, 1982, in order to begin the process of returning the trust fund to fiscal solvency. These provisons include a temporary doubling of the excise taxes on coal, changes to the interest rates to be charged on payments due to or by the trust fund, some adjustments to the obligations of the trust fund, and conforming amendments to standardize and modernize the trust fund language.

The Senate amendment to H.R. 5159 first makes technical revisions to the revenue provisions of the House bill. The revenue provisions are contained in title I of the bill, and are withing the jurisdiction of the Committee on Ways and Means.

Second, the Senate amendment adds provisions which revise the present benefit structure and eligibility standards under the black lung disability program. These provisions are contained in title II of the bill, and are within the jurisdiction of the Committee on Education and Labor.

Third, the Senate amendment adds several miscellaneous tax provisions which are similar to provisions approved by the House yesterday in H.R. 4961 and H.R. 4717.

Specifically, the Senate has included, with minor modifications, the provisions of H.R. 4717 approved by the House yesterday which require the timely filing of information returns on the so-called safe harbor lease transactions entered into under the terms of the Economic Recovery Tax Act of 1981. These information returns are necessary for both the Treasury Department and the Congress to evaluate the recently enacted leasing rules. The information will permit an assessment of the economic efficiency of the

leasing provisions as well as their impact on tax receipts. Under the terms of this provision, a lease will not qualify for favorable tax treatment unless an information return is filed not later than the 30th day after the lease agreement is executed, or January 31, 1982, whichever is later. It is the intention of this provision that the information required in the return reflect the terms of the lease at the time the agreement was signed.

The Senate has also included two tax provisions similar to two sections of title I of H.R. 4961, the Miscellaneous Revenue Act, approved by the House yesterday. The first provides for a 2-year deferral of the effective date of rules enacted in the Tax Reform Act of 1976 which limit net operating loss carryovers of certain corporations that undergo a substantial change of ownership—code section 382. In the absence of this deferral, these provisions will take effect on January 1, 1982. Further delay is needed in order to resolve technical problems with the provisions.

The second Senate provision contains changes similar to those approved by the House in H.R. 4961 regarding section 280A of the Internal Revenue Code which presently restricts the ability of taxpayers to take deductions in connection with homes and other dwelling units that are used for personal purposes. As I described yesterday in connection with H.R. 4961, this provision redefines what is considered to be "personal use" and coordinates the provisions of code section 280A with code section 162 and other provisions of present law. In addition, the Senate provision addresses issues concerning the home office rules, personal use rules for maintenance and repair of rental properties, and changes the effective date of the House bill.

In the first continuing resolution, the Congress decided that Members of Congress should be treated the same as other businessmen when they are away from home overnight in pursuit of their trade or business. Taxpayers, in general, may only deduct those expenses that are reasonable and necessary in the conduct of the taxpayer's business and directly attributable to it. If a taxpayer's spouse accompanies him on a business trip, the cost of meals, lodging, and transportation attributable to her presence generally are not deductible.

When the Congress passed the amendment on Members' expenses as part of the continuing resolution earlier this year, it overestimated some of the technical problems that Members would encounter. The Senate amendment establishes a compromise between those who demand that Members be treated like other businessmen and those who do not wish to receive so great a benefit. The amendment requires the Treasury Department to determine an appropriate amount which Members may deduct, without substantiation, for away-from-home business expenses.

Mr. Speaker, I urge the House to approve the Senate amendment to H.R. 5159 so that the bill can be enacted in a timely fashion.

Mr. Speaker, I yield such time as he may consumer to the gentleman from Kentucky (Mr. Perkins).

Mr. PERKINS. Mr. Speaker, I rise in support of the motion to suspend the rules and pass H.R. 5159 with the Senate amendment. I will not repeat the remarks I made yesterday in support of the House initial passage of this bill concerning the importance of making the black lung trust fund solvent. Suffice it to say that the Senate amendment does not alter the increases in the coal tonnage tax as the bill passed the House yesterday.

The Senate amendment has added provisions transferring certain claims to the trust fund and making changes in eligibility criteria. As I have indicated on several occasions, while I support the passage of this legislation, I have some concern that some of these changes may be too stringent.

With respect to the administration's operation of the program, the Education and Labor Committee of the House will continue to monitor it very closely to determine the effect of the changes we are making by the passage of this legislation today.

I do want to stress the intent of the framers of this legislation with respect to the so-called unrelated death benefits issue.

A question has been raised regarding the proper interpretation of the provisions in the bill relating to the availability of survivor's benefits in those cases where the miner's death is unrelated to pneumoconiosis. We have been very concerned about the authority in current law to pay survivor's benefits in those situations; H.R. 5159, as amended by the Senate, reflects that concern by eliminating prospectively the authority to initiate benefit payments when that happens. The administration expressed these same concerns in Deputy Under Secretary of Labor Robert Collyer's testimony before the Senate Labor Subcommittee, December 14, 1981.

I want to emphasize, however, that it is not the purpose of H.R. 5159, as amended by the Senate, to deny survivor's benefits when complications of pneumoconiosis have caused a miner's death or where pneumoconiosis was a substantially contributing factor to that death. For example, pneumoconiosis may have been a substantially contributing cause of death in a case where the principal cause of death was pneumonia.

Of course, survivors would not be eligible for benefits in those situations where death was caused by a traumatic injury or an unrelated medical condition.

As a procedural matter, a survivor would initially file a claim for benefits. I understand that the Labor Department's claims examiners will be instructed to give all such claims the highest priority in developing the evidence necessary to reach a fair and prompt decision. Once the Labor Department has received medical evidence establishing that pneumoconiosis was the cause of death or a substantially contribtuing factor to the death, the survivor will receive benefits unless the weight of the evidence developed by the Labor Department's Deputy Commissioner or by a responsible operator establishes that the death was unrelated to pneumoconiosis. In cases involving a responsible operator, the burden would, of course, be on it to present medical evidence to rebut evidence by the survivor which otherwise would appear to establish eligibility for benefits.

It is my expectation that the Department of Labor would administer the new law in accordance with this explanation of the survivorship provisions.

At this point, Mr. Speaker, I ask that there be inserted in the RECORD the administration's explanation of the provisions of this bill as submitted by the administration to the Congress.

EXPLANATION OF BLACK LUNG AMENDMENTS OF 1981

SECTION 201

Short Title.

SECTION 202

Eligibility Standards: This section would eliminate from Part B and Part C five special provisions that we enacted to deal with a large group of miners and survivors who faced difficulty in proving eligibility for black lung benefits. These provisions were enacted to deal with claims involving periods of time when medical diagnoses were inadequate or not widely available, and poor medical and death records kept. There is no longer sufficient reason to keep these rules in place.

Subsection (a) of this section would eliminate for claims filed on or after the effective date the present restriction in Part B on the Department of Labor's authority to use a second opinion on x-rays that might indicate the absence of black lung disease. Subsection (d) would apply this change to Part C claims. This restriction was enacted as a reaction to what was considered to be an overly stringent eligibility policy in the past. Precluding any use at all of such rereadings, however, was not and is not the solution to such problems, and it in fact inhibits legitimate auditing of claim validity. This change in no way implies a policy of disapproving claims solely on the basis of a negative X-ray.

Subsection (b) would eliminate the application of 3 presumptions in Part B. Subsection (d) would make those changes applicable to Part C claims.

Paragraph (1) of subsection (b) would render inapplicable, to claims filed on or after the effective date a rebuttable pre-

sumption that a miner with 10 years of coal mine employment who died as a result of a respirable disease died as a result of black lung. The availability in recent years of better diagnosis prior to death makes continuation of this presumption unnecessary.

Paragraph (1) of subsection (b) would also render inapplicable, for all claims filed on or after the effective date, a rebuttable presumption of black lung for miners with 15 years of coal-mine employment. There remains no need for this presumption in light of the current availability of more accurate medical diagnoses.

Paragraph (2) of subsection (b) would render inapplicable, to claims filed more than six months after the effective date, a rebuttable presumption of eligibility of survivors of a miner who died on or before March 1, 1978 and who had 25 years in the coal mines prior to June 30, 1971. Few if any new claims by the survivors of miners who died before March 1, 1978 are expected in the future, and this presumption can therefore be eliminated.

Subsection (c) of this section would alter the rule set forth in Part B that a widow's affidavit shall be considered, where there is no medical or other relevant evidence in the case of a deceased miner, to be sufficient to establish that the miner was totally disabled due to pneumoconiosis or that death was due to that disease. Subsection (d) would apply this change to Part C claims. The revised rule would, with respect to claims filed on or after the effective date, accept affidavits in such cases from third parties who could not receive benefits, but would not accept as sufficient only affidavits from interested parties. Such third-party affidavits should be readily available, and will alleviate the potential for improper claims determination that exists under the present rule.

Subsection (e) would provide for a study of key eligibility criteria under the program: the existence of black lung disease, and the extent of disability that follows from that fact. The study would provide an overview of the current medical information in this regard, and would be provided to the Congress 18 months after the effective date.

SECTION 203

Benefits: This section would make several changes to the benefits provisions of the Act.

At present, survivors of miners who die while receiving black lung benefits or while totally disabled by the disease receive benefits without having to demonstrate a causal connection between the disease and the death. This section would, with respect to claims filed on or after the effective date of these amendments, limit survivors' entitlement to those cases where death resulted from black lung disease and not some unrelated event. Survivors of those miners who are currently receiving benefits, or who have filed for them, will not be affected by this change. These survivors will receive benefits even if the miner eventually dies from causes unrelated to black lung.

Some miners are able to engage in other employment while receiving black lung benefits because of the Act's definition of total disability. This section would also apply to Part C claims of miners filed on or after the effective date the Social Security excess earnings offset already applied in the case of Part B claimants. The offset provides that the benefits of a miner are reduced by a portion of other earnings during the period.

In addition, this section would require the Secretary of Labor to study benefits available to the same individual under this program and other social programs, such as workers' compensation, unemployment insurance, and so forth. Under the present law, black lung benefits are reduced by the amount of such benefits when they are awarded on account of pneumoconiosis, but not if awarded for other reasons. It would also entail a comparison of the situation were workers' compensation benefits paid in lieu of benefits under this program. The results of the study would be due to the Congress 18 months after the effective date.

Finally, this section would make a technical change to the Act's benefits provisions. Black Lung benefits are currently 50 percent of the "minimum" benefits for Federal employees in grade GS-2 under the Federal Employees' Compensation Act. Benefits under Black Lung thus equal 37½ per centum of the monthly pay for grade GS-2, step 1. Since other pending legislation may change the method of computing FECA benefits, failure to sever Black Lung benefits from the FECA system could lead to confusion about Black Lung benefit levels. This section accomplishes such severance, leaving Black Lung benefits at their present level, 37½ per centum of the monthly pay of an employee in grade GS-2, step 1.

SECTION 204

Interest Charges: operators determined by the Secretary of Labor or subsequent reviewing authority to be responsible for Black Lung payments to a clamaint are, as of the date of that determination, responsible for that debt. That means they must begin paying regular monthly benefits within 30 days, as well as pay a lump-sum award for compensation determined to be due as a result of any black lung caused disability or death from as early as 1974 to the time of the decision ("retroactive benefits"). Many operators do not, however, assume either of these obligations while they are contesting their liability, and the Fund is required to make these payments ("interim benefits") for the operator at an interest charge of 6 percent.

This section would complement changes in title I of the bill correcting this situation by raising the interest rate applicable to benefits determined to be payable by a responsible operator to claimants by the initial or subsequent decision to the same rate the Fund will charge. This provision would thus have the same effect on operator decisions to pay retroactive benefits as title I would provide with respect to prospective benefits. This would also clarify present rules by providing that such interest starts accumulating at the first point in the claims review process that a decision is made to make such award.

SECTION 205

Special Claims: This section of the bill would make amendments consistent with title I's transfer to the Fund, the liability for claims closed prior to the 1977 amendments to the Black Lung Benefits Act, and subsequently reopened and approved pursuant to the special review process and standards established by those amendments.

Together, the provisions will affect approximately 10,200 cases. This consists of approximately 8,000 cases originally filed with the Social Security Administration (1400 Part B cases approved by SSA, and 6543 Part B cases approved by DOL), and about 2200 Part C, responsible operator cases.

SECTION 206

Effective date; separability: the effective date of the Amendments is January 1, 1982.

□ 1540

Mr. SIMON. Mr. Speaker, will the gentleman yield?

Mr. PERKINS. I yield to the gentleman from Illinois.

Mr. SIMON. I thank the gentleman for yielding.

I gather that my colleague and the distinguished Chairman of the committee is saying that he is for this legislation, as amended in the Senate, but with some reluctance.

Mr. PERKINS. That is correct.

Mr. SIMON. I find myself in the same position. It contains some improvements, frankly, that we need, but it also makes it more difficult to get black lung benefits. So with very mixed feelings, I am going to be voting for this conference report.

Mr. PERKINS. Especially with the elimination of some of the presumptions, most of the presumptions, and the widows affidavits.

Mr. SIMON. Mr. Speaker, I thank the gentleman from Kentucky.

Mr. CONABLE. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, the black lung provisions of this bill are as expected. They come back from the Senate under a rather well-rehearsed scenario that started with our sending them tax provisions and followed with their adding substantive changes in the law which constituted the compromise about which we talked yesterday at some length.

The gentleman from Illinois (Mr. ERLENBORN) will, doubtless, discuss this aspect of the bill when I yield time to him in the near future.

The other provisions of the law, as I understand it, are provisions either originally included in this measure or in other bills that we have considered here in the House at other times relating to the extension of the net operating loss carryovers, and so forth, except those provisions that deal with the deductiblity of temporary living expenses here in Washington. Those provisions that have been added simply direct the Secretary of the Treasury and the IRS to come up with appropriate per diem arrangements, something that apparently they were unwilling to do without a legislative instruction. This way 535 Members of the Congress will not have audits automatically as a result of the raising of the $3,000 limit.

I think this is an appropriate thing to do, and I urge my colleagues to support a formula which would permit a per diem determination of the deductibility of such temporary living expenses, realizing that it will always be open to Members to prove additional deductions if they can prove them.

I think it is important that we understand what is happening here. You are not going to change the law if you vote against this bill on that account. All you are going to do is make it more difficult for people to determine what is an appropriate deduction for temporary living expenses here in Washington.

So I hope my colleagues will accept this modification of a change in the law that has already been made eliminating the $3,000 ceiling on living expenses. We trust the Treasury will come up with an appropriate per diem, not more generous than necessary, but one which will remove that element of doubt which otherwise would be present if we were all required to prove every detail of our temporary living expenses here in Washington.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. ERLENBORN).

Mr. ERLENBORN. Mr. Speaker, as I promised you yesterday, this bill, the black lung bill, is back here before us today, and I would like to outline a few reasons why the Members should, given the opportunity of a recorded vote, vote against this legislation.

First of all, the procedure that has been used. Despite repeated assurances from this administration's representatives and from representatives of the so-called coalition that they would not engage in any tricks to get this through without an opportunity for full debate and amendment, they have brought this bill up by completely bypassing the Education and Labor Committee.

A barebones tax bill was reported out of the Ways and Means Committee just Monday. It was passed here yesterday. Today the so-called compromise amendments were adopted in the Senate, and we are being asked here, again without an opportunity for full debate or chance of amendment, to accept the compromise amendments. That procedure alone should determine the Members should vote against this bill.

As to the tax provisions, I understand that the excise tax provisions are unchanged. As I pointed out yesterday, in rough terms the excise tax in the next 5 years will raise $1.5 billion. In the same terms, the transfer of claims that are now the responsibility of insurance companies and coal companies will cost $1.5 billion for a complete washout.

You would say, "Well, then, you are neither a gainer or a loser." The problem is, as the Ways and Means Committee said in their report, the excise tax is a deduction for income tax purposes, and over that same period there will be a net loss to the Treasury of about $500 million.

So this bill does not make the trust fund solvent. It does not raise revenue. It will actually cost in the next 5-year period $500 million to the Treasury. That should be adequate reason for the Members to vote against it.

If the Members think that the amendments in the Senate relative to the black lung are a reason to vote for it, let me just say that none of those amendments will apply to pending claims, and there are tens of thousands of pending claims. In one case, the case where widows can currently get black lung benefits based on their own affidavits that in their opinion their deceased husband had the disease because he coughed a lot, those amendments are not only not retroactive, but they do not take effect for 6 months and, as the United Mine Workers said in their journal, each one of these changes really will not stop benefits from being given to those who are seeking benefits. That is why the United Mine Workers are not opposed to this bill being adopted.

Who pays? As I said yesterday, the taxpayers are paying by losing one-half billion of revenue in the next 5 years.

The excise tax can be passed on, without going to rate commissions, by all of the electrical utilities, which are the prime payers of the excise tax, because they are the largest consumers of the coal. So your electrical consumers are the losers by having to pay this additional rate in their electrical bills. And I suppose you can go home and rant and rave, as so many do, against these terrible utilities for raising their rates, never telling your constituents that it was your votes on this bill that was causing thoses rates to go up. I think that is, again, adequate reason for the Members to vote against this.

For very good reasons I think this bill should be defeated. I hope we can have a record vote on it today. Yesterday I did not have a chance to ask for that record vote because it was brought before the floor at a time when I was not aware that it would be. But I hope today I will be able to generate a record vote and I hope the Members will reject this bill.

Now, in more detail let me outline the deficiencies of this legislation and what should be done.

Mr. Speaker, in 1969, when the Federal Coal Mine Health and Safety Act was reported from the Education and Labor Committee and when it was passed by the House of Representatives, I voted for it. That bill, as reported by the committee and as passed by the House, provided compensation for those who had progressive massive fibrosis (PMF), or complicated pneumoconiosis, which, under International Labor Organization (ILO) standards, is considered disabling. At the time I considered this to be the proper thing to do, because miners disabled by pneumoconiosis had not, and did not then, qualify for workers' compensation under State law. The Senate bill also provided compensation to those miners who were totally disabled. In conference, strangely, the references to complicated pneumoconiosis and total disability were removed and simple pneumoconiosis made compensable. Therein began my disenchantment with the black lung program.

The 1969 program envisioned limited Federal responsibility and was not intended to establish a Federal precedent, but was in the nature of a special compensation plan. It was promised that the program was a "one-shot" Federal compensation program until the States compensated pneumoconiosis on the same basis as other workers' compensation claims.

Despite assurances that a one-shot total disability compensation program was the intent of Congress, in 1972 amendments were enacted liberalizing the eligibility criteria providing for additional eligible survivors, providing for "unrelated death" benefits and, generally, extending the Federal responsibility for an additional period of time. The 1972 amendments so departed from the original promises that they even provided that claims could not be denied on the basis of negative X-ray evidence.

Not only were the assurances of a "one-shot" disability program violated by the 1972 amendments, but a "third shot" was fired in 1977, reaching its target March 1, 1978, when the 1978 amendments became law. Although the 1978 amendment did not contain a pension program based on years of mining service, they were actually worse.

They so liberalized eligibility criteria that compensation could be awarded to most miners and their dependents and survivors whether or not the miner had any medical evidence of the disease. These most recent amendments also—again despite the original assurances—made the program a permanent Federal program by striking the cutoff date for elimination of the Federal program and by creating the black lung disability trust fund—the fund that is presently insolvent with projected continued and exploding insolvency into the next century. The only way now to stabilize the fund is to charge the users of coal, and eventually all taxpayers and consumers, for the responsibility which should rest on the backs of responsible operators through State worker's compensation systems.

Mr. Speaker, I have repeatedly stated, and I wish to continue to emphasize, that I support without reservation the right of a coal miner, totally disabled from pneumoconiosis, to receive black lung benefits. The bill we are considering takes only one small step in this direction, but fails to reach the real problems and miscon-

ceptions of the existing Federal program.

Before I point out where I think this bill is deficient, let me review the medical and scientific history of black lung to remove lingering misconceptions. Coal workers' pneumoconiosis (CWP) is a distinct disease characterized by the accumulation of coal dust in the lungs and tissue reaction to its presence. CWP can be determined by X-ray. Simple CWP is categorized as stages 1, 2, and 3, and in those stages is not usually disabling and is not usually progressive. The complicated form of CWP is called progressive massive fibrosis (PMF) and is usually disabling and is usually progressive without further exposure to coal dust. The ILO has distributed X-rays illustrating the various categories of CWP.

Dr. W. K. C. Morgan's testimony submitted to the House Subcommittee on Oversight, Ways and Means Committee, September 28, 1981, states:

> There is a direct relationship between the coal dust content of the lungs and the X-ray category, and therefore, chest X-ray is a useful means of monitoring dust exposure.

Dr. J. Donald Millar, Director of the National Institute of Occupational Safety and Health (NIOSH), testified before that subcommittee on July 27, 1981, that:

> ". . . CWP may be diagnosed specifically by use of chest X-ray . . ."

Mr. Speaker, black lung is a legislatively defined term. The present act defines pneumoconiosis as a chronic dust disease of the lung and its sequelae, including respiratory and pulmonary impairments, arising out of coal mine employment. Consequently, the act's definition includes diseases found in the general population such as bronchitis, emphysema, and other respiratory conditions which may be caused, or aggravated, by cigarette smoking or other environmental conditions.

Over the years, certain testimony on the black lung program which has been accepted by the supporters of the present black lung program has equated CWP with total disability. That accepted testimony is simply incompatible with fact.

The facts are, I want to reemphasize, that in simple pneumoconiosis, category 1, there is seldom, if ever, any abnormality of long function. In exceptional cases, there may be minimal abnormalities of lung function in miners with categories 2 and 3 of CWP. Unlike CWP, PMF is associated with respiratory impairment, often resulting in permanent disability and sometimes premature death. PMF may progress without further exposure to coal dust, unlike the categories of simple CWP.

In 1976, the National Academy of Sciences issued a report entitled "Coal Workers' Pneumoconiosis Medical Considerations, Some Special Implications" which showed that after working 30 years in coal mines of the anthracite regions, only 14.3 percent of the miners had progressive massive fibrosis, the disabling stage, while 60 percent had some nondisabling stage of the disease. The number of miners with the disease is smaller in other regions. In the Appalachian region, only 2.1 percent of the miners were disabled, while 45 percent had simple stages of the disease. In the Midwest and West, no statistically significant number were disabled and 25 percent in the Midwest and 10 percent in the West had the simple stage of the disease.

In recent testimony before the Subcommittee on Oversight, House Committee on Ways and Means, July 27, 1981, Dr. Millar reported on NIOSH's surveillance program, round two, which showed that 94.2 percent (107,569) of the miners studied had no evidence of CWP, 4.5 percent (5,145) had simple category 1, only 0.9 percent (1,082) and 0.1 percent (114) had categories 2 and 3, and 0.2 percent (254) had PMF. Some of the results of the third round of examinations in the national coal workers' health surveillance program were also reported. In that preliminary report of round 3, over 95 percent of those examined had no evidence of the disease, over 3 percent demonstrated category 1 of CWP, and no statistically significant number had advanced stages of this simple form of the disease or the complicated form of the disease.

With these figures in mind, despite the low percentage of miners with the disabling stage of black lung, the General Accounting Office (GAO) reports that from 1969 to December of 1980, the Social Security Administration (SSA) has paid over $9 billion in benefits to almost 400,000 claimants, out of 537,000 miners and survivors who filed claims with SSA. From July 1973 through April 1981, the Department of Labor has approved over 94,700 claims out of the more than 282,500 claims it has reviewed, paying benefits of over $1.75 billion from the black lung disability trust fund created in 1978.

It is my contention that approval of these claims, while in conformity with the law, has not been based on disability or on disability related to coal mine employment. To support my contention, I refer the subcommittee to the recent GAO report entitled "Legislation Allows Black Lung Benefits to Be Awarded Without Adequate Evidence of Disability" (HRD-80-81, July 28, 1980). In that report, GAO found that in 88.5 percent of the cases where Social Security granted awards, medical evidence was not adequate to establish disability or death from CWP.

In testimony before the Ways and Means Subcommittee on Oversight, the GAO reported on its study of the Department of Labor's administration of its program. GAO concluded that in 84 percent of the cases deemed eligible for benefits, the medical evidence was not adequate to establish disability or death from CWP, although not contrary to law.

These statistics and these findings by GAO, the National Academy of Sciences, and NIOSH demonstrate the need to revise drastically the black lung program. I have introduced a bill (H.R. 4387) to bring the black lung program closer to a real disability program. However, I do not believe the bill being considered today will accomplish that result.

Although both the National Coal Association and the United Mine Workers of America are supporting this legislation, I am skeptical of its results. In the course of almost 25 years as a legislator, I have come to the conclusion that whenever business interests and the unions get together and agree on something, we should look very carefully to see if the taxpayer has been forgotten. He usually has.

First and foremost, this bill is prospective only. Every amendment to the black lung program as it affects eligibility applies only to those claims which will be filed in the future. There are areas of the bill which should be applied to present claims.

For example, to save an enormous amount of money and to be compatible with a disability program, certainly offsets should be applied to present claimants. Further, awarding future benefits to potential widows or survivors of living claimants should be stopped unless there is medical evidence of disability caused by CWP in the living miner. There are ample resources for presently living miner claimants to establish CWP and disability through the black lung medical program and free chest X-rays. This change would eliminate payment for deaths unrelated to CWP, with potential considerable savings down the road.

Furthermore, provisions of the bill should be applied to "pending claims," that is, claims already filed, but not finally adjudicated. If this bill becomes law, there will be two "classes" of claimants—those who filed before and those filed afterwards. When the two "classes" are established is relatively unimportant except that continued awards to those who are not medically disabled should be stricken as soon as possible. This could be facilitated by eliminating presumptions applicable to pending claims and allowing the rereading of X-rays on pending claims, as well as on X-rays submitted in a living miner's claim when he dies. Most important, none of these suggestions will affect a present claim or claimant who has been awarded bene-

fits, except for the offset recommendation.

By removing certain presumptions (§ 411(c)(2) and (4)), and entitlements (§ 411(c)(5)), the bill takes a step in the right direction. However, as I noted before, their elimination should apply to pending claims as well as future claims.

Particularly unnecessary is the extension of 6 months to allow widows to file claims under the 411(c)(5) entitlement provision. As the UMWA states:

Elimination of this provision is expected to have little or no impact since nearly all of the survivors eligible under this presumption already have applied.

The 6-month grace period only allows the UMWA to canvass the ranks to encourage additional filings for wholly unmeritorious disability claims.

The removal of the 10-year death presumption, 411(c)(2), and the 15-year negative X-ray presumption 411(c)(4), are mere window dressing without a change in the definitions. There is nothing in the bill to prohibit these presumptions from being published as regulatory standards by future administrations. Change in the definitions of "pneumoconiosis" and "total disability" would eliminate that possibility.

Particularly troublesome is the proposal to transfer approximately 10,200 claims from responsible operators to the trust fund. The equity theory behind the transfer provision has merit since the 1978 amendments imposed liability where it may not have been expected, but the result creates even greater inequity.

The majority of those 10,200 claims are subject to controversion by responsible operators. The trust fund cannot contest a claim. As the UMWA states:

Controversions by responsible operators against those claims, therefore, would cease upon enactment. Beneficiaries of those claims would be placed on the rolls for life.

No wonder the UMWA supports this provision!

I would not have as much personal opposition to the transfer of those 10,200 claims to the trust fund if there were some mechanism for the trust fund to protect itself or have a counsel protect it. To legislatively award those claims, where there may be some questionable validity as to their merit, only perpetuates the black lung program's concept as special interest legislation. Furthermore, operators and insurers would be reimbursed for any moneys they have paid for certain of those 10,200 claims. This, in my opinion, may result in an unintentioned windfall for operators and their insurers.

The law now allows affidavits to establish disability in the case of a deceased miner where there is no relevant medical evidence. The bill proposes to strike the use of affidavits by a potential beneficiary. This is, at most, another cosmetic change. Even the UMWA agrees that this provision accomplishes nothing of substance. They say:

This change should have little impact for two reasons: most claims in the future should have sufficient medical evidence to establish a claim and widows should have no trouble locating someone who will file an affidavit stating that her husband suffered from respiratory problems.

I agree. For the reasons stated by the UMWA, affidavits should be prohibited altogether.

Earlier, I referred to X-ray rereading. The present law prohibits the rereading of X-rays and prohibits the denial of a claim on the basis of a negative X-ray. The bill proposes to allow rereading of X-rays. The bill also proposes to do away with the presumption which encompasses the language which prohibits the denial on the basis of a negative X-ray. But the explanation to the bill promises that "This change in no way implies a policy of disapproving claims solely on the basis of a negative X-ray." The result would be that an X-ray could be reread. A negative X-ray would still not be evidence to deny a claim for CWP.

As indicated earlier, certain respiratory diseases found in the general population may cause impairment and disability, but they do not arise out of coal mine employment and they are not visible on X-ray. The best method of determining CWP is by X-ray. The proposed change would continue to allow claims based on diseases found in the general population not arising out of coal mine employment.

The use of the prohibition of a denial on the basis of a negative X-ray is an idea whose time has passed. It was originally enacted in order that claims under part B be approved expeditiously since many claims were backed up due to an unexpectedly high number of filings under social security. Under part C it is anomalous, since part C is in the nature of a workers' compensation program, and all evidence should be considered, particularly those that either prove or disprove a claim.

Another issue in the eligibility area that needs correction is the offsets. Present law only allows offsets (that is, reduction of black lung payments) for other disability awards "due to pneumoconiosis." Under part C widows' or survivors' benefits are reduced, but under part B there is no offset for death benefits. The words "due to pneumoconiosis" mean that other disability awards under State or Federal programs do not reduce the black lung awards. A miner can be getting State disability and black lung benefits without an offset. Or he may be getting State disability compensation, social security disability or social security retirement and survivors' insurance and black lung benefits without a black lung offset. There are now 91,000 persons getting some form of title II social security and part B benefits. Of that 91,000, about 63,000 are getting part B and retirement and survivors' insurance; 23,000 are receiving part B and social security disability and are under age 62; and 5,000 received both the latter benefits but are between 62 and 65 years of age.

Mr. Speaker, the offset issue is complicated because of the offsets in the social security programs. It would not be my intention to call for offsets of black lung benefits if such offsets reduced a miner's benefits below that of any other disabled employee in any other industry. My intention would be to treat all disabled workers equally: Equal compensation for equal disability. The fact that the offset provisions are complicated does not call for an 18-month study of offsets. We have the expertise in Congress, in the Finance Committee and in the Ways and Means Committee, to address an offset amendment which will treat disabled employees equally. However, I support the concept of having the excess earnings test applied to part C as well as part B, but would have that test applied to all and not just future claims.

Mr. Speaker, I earnestly believe more than cosmetic changes should be made in the black lung program. The principal reform should be to fulfill the original promise and allow the States to assume responsibility for workers' compensation for disability due to pneumoconiosis, the same as States cover other occupational diseases. I have introduced H.R. 4387 which does so. For your consideration, I will briefly summarize my bill.

H.R. 4387 narrows the definition of pneumoconiosis since the present definition has been interpreted to include such conditions as emphysema, which is not a chronic dust disease of the lung, and lung cancer, which has not been shown to be related to coal workers' pneumoconiosis. In addition, the bill excludes sequelae, thus excluding unrelated lung conditions.

The present definition of "miner" includes anyone who has worked around a mine, in transportation, or even in construction. The Benefits Review Board has allowed a claim of a laboratory analyst who worked in the lab analyzing coal. There is no evidence that these people suffer any increased likelihood of developing coal workers' pneumoconiosis. H.R. 4387 amends the law to define miners as those who have been employed directly in the mining—extraction—of coal.

In order to keep definitions in different Federal laws parallel, H.R. 4387 amends the definition of "total disability" to be compatible with that of the Social Security Act. To collect benefits for total disability, the claimant

should be unable to perform any work. The definition of total disability applied by the Social Security Administration requires proof that the claimant cannot "engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment."

H.R. 4387 also restricts the use of the present presumptions in the law and strikes the 411(c)(2) and 411(c)(4) presumptions and the 411(c)(5) entitlement. It is really necessary that proof of the existence of black lung disease be required before any presumption is raised, and the bill does this. Besides, if there is medical evidence that black lung disease does not exist, the bill provides that a presumption cannot be used to establish a claim.

H.R. 4387 deletes the provisions tying the benefit level to the increase of the Federal wage level of a GS-2. The increase only contributes to the rate of inflation and the rapidly increasing costs of the program. Since the program was intended to provide a supplement to income—not as the sole income of a recipient—there is no reason to index these benefits.

H.R. 4387 removes the "unrelated death benefit" provision. Presently if a miner who is entitled to benefits dies from any cause—even a cause completely unrelated to his pneumoconiosis—his eligible survivors are entitled to benefits. This amounts to a life insurance program and not a compensation program and should be repealed, which my bill does.

Black lung benefits are presently offset only by benefits from a State black lung program. They are not offset by workers' compensation benefits from any other program. This means that for benefit purposes a worker can be disabled twice—an irrational concept. H.R. 4387 amends the statute to permit the offset of black lung benefits by any other workers' compensation benefits.

Since an X-ray is one way of proving or disproving a claim, the bill allows the denial of a claim based on negative X-rays and strikes the provision that does not allow for the rereading of X-rays. If the program is to be placed on a sound medical basis, the best available medical evidence should be sought and allowed. Presently, claims may be denied or allowed based on a totally inaccurate reading of X-rays. H.R. 4387 will correct this inequity.

The present law allows an affidavit to be sufficient where there is no medical or other relevant evidence. That means those who will benefit can submit an affidavit that a miner had a cough and can receive benefits. This provision is probably one of the most important reasons the GAO concluded that 88.5 percent of the random sample of claims are not supported by medical evidence of disability. It is a provision encouraging fraud. Because of its total inappropriateness, H.R. 4387 strikes this affidavit provision. The bill further strikes the provision requiring the Secretary to accept an autopsy report. That does not mean the Secretary cannot accept an autopsy report; it just means the Secretary does not have to accept all autopsy reports submitted.

One of the original promises of the black lung program was that it would be a temporary Federal program. However, despite vast improvements in State programs and benefits, no State program has yet been approved. This is in part because the black lung statute requires the States to adopt standards similar to the Federal law for the determination of the existence of the disease and the definition of disability, and to automatically provide widow's benefits without proof that the miner's death was the result of pneumoconiosis. Even if the Federal Government were to approve a State plan, the program would still remain federally regulated. Rather than have the Federal Government approve State plans, my bill totally terminates the Federal program from processing new claims after the fifth anniversary of the 1978 amendments (February 28, 1983). This is compatible with the original promise that the black lung program was to be a temporary supplemental program.

Presently, benefits payable from the trust fund are not subject to being contested by either operators for the trust fund. H.R. 4387 establishes a special counsel in the Department of the Treasury in order to controvert claims that are the responsibility of the trust fund. By being able to protect the trust fund from ineligible claims, it is hoped that moneys from the Federal Treasury will be saved. Although the trust fund is financed by a tax on coal, the trust fund is insolvent, with continued projected insolvency, and the trust fund must borrow against general revenue funds. Those funds should be protected and the Office of Special Counsel will do that.

The present 50 cent tax per ton on underground coal and 25 cent tax per ton on surface coal is inadequate to fully fund the trust fund. My bill changes that tax to 3 percent and 1 percent of the price at which coal is sold by the producer of underground and surface coal, respectively. Projections by the Department of Labor in early May show such a tax would make the trust fund solvent in fiscal year 1986.

In summary, I believe that a doubling of the present tax rate, which now pays benefits for the nondisabled, as well as for disabled miners, requires more than a cosmetic change. Any 100-percent increase in taxes, as proposed in this bill, demands true reform.

● Mr. RAHALL. Mr. Speaker, yesterday this body passed with little difficulty the Black Lung Benefits Revenue Act of 1981 which is an attempt to bring solvency to the black lung disability trust fund. This is commendable legislation, which I fully supported, and I believe the House acted wisely in approving it.

Today, however, we have before us the same tax-related portions approved by the House but with the addition of certain changes in the eligibility and presumption clauses enacted by the Congress through various statutes culminating with the Black Lung Benefits Reform Act of 1977.

I would like to simply remind my colleagues of the hard-fought battle we engaged in to pass the 1977 reform legislation, an effort lead by my distinguished colleague, the chairman of the Committee on Education and Labor, CARL PERKINS. Black Lung Benefits Reform Act of 1977 removed certain eligibility restrictions that had prevented many coal miners with black lung, along with their survivors, from obtaining benefits. It also expanded the definition of black lung to include other respiratory diseases due to coal mine employment, along with other provisions.

The legislation before us today proposes to eliminate certain presumptions for black lung benefits contained in previously enacted statutes. This action is being taken, we are informed by the administration, to further insure solvency of the black lung disability trust fund.

I am troubled by this measure. While I fully realize that it is a compromise bill and that the tax-related portions will not be enacted without these other provisions, in addition to the fact that this package is not opposed by the coal miners' union, I must warn my colleagues that I sincerely hope passage of this legislation does not seriously jeopardize the inherent rights of the citizens of this Nation to seek protection of their health from the Federal Government.●

The SPEAKER pro tempore (Mr. PANETTA). The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 5159.

The question was taken.

Mr. ERLENBORN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

QUIET COMMUNITIES ACT

Mr. FLORIO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3071) to amend the Noise Control Act of 1972, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3071

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Noise Control Act of 1972 is amended as follows:

(1) Section 1 is amended to read as follows:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'Quiet Communities Act'."

(2) Section 2(a)(3) is amended by striking out "deal with major noise sources" and all that follows down through the period at the end thereof and substituting: "assure uniform treatment of certain carriers engaged in interstate commerce and certain equipment distributed in interstate commerce which are major noise sources.".

(3) Section 2(b) is amended by striking out "for products distributed in commerce," and substituting: "for certain carriers engaged in interstate commerce and certain equipment distributed in interstate commerce.".

(4) Section 3(5) is amended by striking out "or section 8".

(5) Section 5(b) is amended by inserting "are referred to in section 6(a)(1) and which" after "which".

(6)(A) Section 6(a)(1)(C) is amended by striking out clause (iv) and by inserting the following before the period at the end of clause (iii): "designed for use in construction or transportation equipment".

(B) Section 6(a)(1) is amended by adding the following at the end thereof: "Such regulations shall not apply to the products to which subpart F of part 205 of title 40 of the Code of Federal Regulations (as promulgated before the date of the enactment of this sentence) applies.".

(C) Except as provided in subparagraph (B), any rule or regulation under section 6 of the Noise Control Act of 1972 which was promulgated in final form before the date of the enactment of this Act and which is applicable to products referred to in section 6(a)(1) of that Act, as amended by this subsection, shall remain in force and effect after the date of the enactment of this Act until such time as the rule or regulation is amended or otherwise modified under such section 6, as amended by this Act. Nothing in this subparagraph shall be construed to validate any otherwise invalid rule or regulation under such section 6 which was promulgated in final form before the date of the enactment of this Act, and nothing in this subparagraph shall be construed to provide that any unlawful aspect of such rule or regulation shall be treated as lawful.

(7) Section 8 is repealed.

(8) Section 10(a) is amended by striking out paragraphs (3) and (4).

(9) Section 10(b) is amended by striking out "(3)," in paragraph (1) and by striking out "(1), (2), (3), and (4)" in paragraph (2) and substituting "(1) and (2)".

(10) Section 11(a) is amended by striking out "(3)," in each place it appears.

(11) Section 11(a)(2) is amended by inserting the following after "$10,000": "(reduced by the amount of any penalty imposed under subsection (f))".

(12) Section 11 is amended by adding the following at the end thereof:

"(f) The attorney general of any State may bring a civil action, in the name of such State where the violation takes place in such State, in any State court of competent jurisdiction or in the appropriate district court of the United States to impose a civil penalty against any person who violates any provision of section 10. In any such action the court may impose a civil penalty of not more than $10,000 per day of such violation (reduced by the amount of any penalty imposed under subsection (a)(2)). Any such civil penalty imposed under this subsection shall be awarded to the State in the name of which such action is brought. The provisions of section 12(b) shall apply for purposes of actions brought under this subsection in the same manner as such provisions apply for purposes of section 12.".

(13) Section 12 is amended—

(A) by striking out "(e)" in subsection (a)(1) and substituting "(f)"; and

(B) by striking out "(3), (4)," in subsection (f).

(14) Section 13(a) is amended by striking out "or section 8".

(15) Section 14(b)(2) is amended by striking out "under sections 6, 7, and 8 of this Act" and substituting "under section 6 or 7 of this Act".

(16) Section 16(a) is amended by striking out "or any labeling regulation under section 8 of this Act".

SEC. 2. Section 19 of the Noise Control Act of 1972 is amended by striking out "$15,000,000 for the fiscal year ending September 30, 1979" and substituting "$7,300,000 for each of the fiscal years 1982 and 1983".

The SPEAKER pro tempore. Is a second demanded?

Mr. LENT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from New Jersey (Mr. FLORIO) will be recognized for 20 minutes, and the gentleman from New York (Mr. LENT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FLORIO).

Mr. FLORIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. FLORIO. Mr. Speaker, this bill authorizes appropriations in the amount of $7.3 million for each of fiscal years 1982 and 1983 for the purpose of carrying out the noise control program at the Environmental Protection Agency. The committee has decided to scale down EPA's regulatory authority while keeping in place the quiet communities program which provides assistance to State and community noise control efforts.

I bring this bill to the floor with mixed feelings because I realize that, in spite of the committee's clear intention to continue the noise program, EPA is even now in the process of dismantling the Noise Office. Since 1972, when it was founded, the Noise Office has done a good job of advancing our understanding of the significant health and environmental problems caused by excessive noise. While it has perhaps been overzealous in some of its regulatory goals, the noise program has received high marks for its efforts to provide technical and financial assistance to State and local government noise control activities. I am also well acquainted with the valuable work the Noise Office did in helping to significantly reduce aviation noise, which impacts over 6 million people around the country.

In spite of these accomplishments, the administration has made it clear that it intends to abolish the noise program and will not request any appropriations for noise activities in fiscal year 1983.

It is important to note that the administration offered no substantive revisions to amend or rescind the Noise Act. It is its intention to do away with the program by simply providing no money for it.

The end result of this approach is that regulations which have been promulgated under the act for certain major noise sources would remain in place, with no enforcement from EPA. This is blatantly unfair to local and State authorities, who, on the one hand, would be preempted under the act from promulgating their own regulations, and, on the other hand, could expect no enforcement from the Federal Government.

The committee had a responsibility to deal with this problem and, at Chairman DINGELL's suggestion, we have included a provison which would allow the State attorneys general to enforce the noise regulations. We intend, by this mechanism, to give the States the ability to deal with noise problems which plague many communities.

The bill has entirely removed EPA's ability to regulate products and garbage truck solid waste compactors. Regulations for motor carriers, railroads, engines used in transportation, and certain construction equipment are left in place.

I believe the committee has fashioned a reasonable approach to dealing with the present EPA lack of enthusiasm for the program, and I ask your support.

Mr. LENT. Mr. Speaker, I yield such time as he may consume to the distinguished ranking minority member of the full committee, the gentleman from North Carolina (Mr. BROYHILL).

Mr. BROYHILL. Mr. Speaker, I rise in support of H.R. 3071, a bill to amend the Noise Control Act of 1972.

Briefly, the bill before us reauthorizes the Environmental Protection Agency's noise control program for fiscal years 1982 and 1983. It also amends the Noise Control Act of 1972 so as to narrow the scope of the noise control program at the Federal level. That is, this bill limits Federal author-

ity for the mandatory regulation of noise emissions to certain carriers who operate on an interstate basis and certain manufacturers who manufacture and distribute products in interstate commerce. Specifically, these are the railroads, the motor carriers, the manufacturers of trucks, cars, motorcycles, and recreational vehicles, exclusive of truck-mounted trash compactors, and the manufacturers of construction equipment. At the same time, we have provided that all of the existing regulations promulgated for the manufacturers that I have just listed shall remain in force and effect until amended or otherwise modified as authorized by this act. This also holds for the railroads and the motor carriers for whom the appropriate sections of the act, sections 17 and 18, remain unamended by this bill.

I would like to focus on our inclusion of motorcycles since its inclusion has been the subject of opposition in the other body.

My position is that the manufacture and distribution of such vehicles in interstate commerce should remain within the compass of a single Federal standard. In other words, I see no reason to subject these manufacturers to the burdensome imposition of a variety of State and local regulations while retaining Federal authority for other vehicle manufacturers. To my mind, there is no such distinction to be made among the vehicle manufacturers. At the same time, I would like to point out that we are not intending to interfere in any way with the regulation by State and localities of the use of motorcycles. Such authority remains with the States and localities under the provisions of our bill.

I would also like to focus on our inclusion of construction equipment under section 6 of the act. By so doing, we are retaining the EPA's authority to regulate the noise emissions of construction equipment. It is my understanding that the only regulations issued by the Agency to date under this authority apply to portable air compressors. The specifics of these regulations were the result of extensive negotiations between EPA staff and industry. Since they have gone into effect, the rate of compliance has been impressive. While the Federal authority to regulate construction equipment has been eliminated in committee, these manufacturers have persuasively argued that the regulation should remain in full force and effect. Their rationale is that the regulation provides cost savings with resulting lower sales prices to purchasers due to uniformity of manufacture. As they correctly point out, such Federal authority serves to preempt State and local jurisdictions from promulgating a variety of regulations which manufacturers would then have to comply with.

I would conclude by stating that this bill has the support of the committee, those members of industry who are affected, and the administration. I urge my colleagues to support this bill.

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R 3071, a bill entitled the Quiet Communities Act. And I want to commend the chairman and ranking member of the Energy and Commerce Committee for their support and consideration of this legislation and particularly compliment the gentleman from New Jersey, the distinguished chairman of the Subcommittee on Commerce, Transportation and Tourism, without whose leadership and spirit of compromise this legislation would not have been brought to the floor.

Mr. Speaker, briefly, this bill reauthorizes the Environmental Protection Agency's noise control program in the amount of $7,300,000 each for fiscal years 1982 and 1983.

This also amends the Noise Control Act so as to limit the EPA's authority in this area to those carriers and manufacturers whose interstate operations and distribution of products respectively dictate the uniform Federal regulation of noise emissions.

Specifically, this bill retains Federal authority in this area for the following carriers and manufacturers:

The rail carriers, including related rail operations, equipment and facilities as currently provided under section 17 of the act;

The motor carriers, including operations and equipment as currently provided under section 18 of the act;

The manufacturers of transportation equipment which includes the manufacture of trucks, passenger cars, motorcycles, and recreational vehicles as currently provided under section 6(a)(1)(C)(ii) of the act; and

The manufacturers of construction equipment as currently provided under section 6(a)(1)(C)(i) of the act. We are making this inclusion at this time so as to encompass the manufacture of portable air compressors. These compressors have been federally regulated for noise emissions since January of 1978.

As we concluded during the course of our committee consideration of this bill, these are the carriers and the manufacturers whose interstate operations and whose manufacture and distribution of products would be the most adversely affected by the removal of Federal preemption in this area. As we stated in our committee report, these industries are already operating under substantial regulatory burdens. We saw no reason to subject them to a variety of State and local regulations by removing Federal authority in this area. Such an approach could only serve to create regulatory chaos for their interstate operation and/or manufacture and distribution of products. This approach would ultimately escalate the costs of industry compliance as well as the price that consumers would pay for such services or products.

We have also retained the quiet communities program which was incorporated into the act by amendment in 1978. This is a nonregulatory program which directs the Environmental Protection Agency to provide States and localities with technical and financial assistance for their noise control efforts. This program relies heavily on local expertise and voluntary personnel for its implementation. I might add that it has been one of the Agency's most popular programs.

Finally, I would like to point out that, by narrowing the scope of the EPA's program under the act, we have attempted to do two things: Retain an effective Federal noise control program which regulates those carriers and manufacturers who should be regulated by a single uniform standard; and second, reduce the Federal expenditure involved to meet the administration's objective of fiscal restraint. While we are not incorporating the administration's initial budgetary recommendation for this program, this reflects our decision not to phase this program out, as their figure assumed, but rather to continue it on a more limited scale.

I would conclude by urging my colleagues to support this bill.

Mr. WIRTH. Mr. Speaker, will the gentleman yield?

Mr. FLORIO. I yield to the gentleman from Colorado.

Mr. WIRTH. I thank the gentleman for yielding.

Would it be possible for the distinguished chairman of the subcommittee to fill in the members of the full committee here on the posture of EPA toward air noise pollution in general?

Mr. FLORIO. Yes; the situation we find ourselves in is trying to make the best out of a bad situation.

It is clear that in the process of dismantling EPA in general, the specific first target was the noise control unit at EPA. It is effectively gone. There is no money requested in 1983. There is about $2 million requested in 1982 for the purpose of phasing out. People are already being transferred. So it is clear there is no intention of having any Federal involvement in noise at EPA.

The difficulty is that the rules will stay in effect in certain areas. Those rules could preempt the field so that the States will not be able to respond, if they feel the need to respond, in dealing with noise generator problems.

So in a sense, the public has the worst of both worlds. We have rules in effect that are not to be enforced because there is no one to enforce them and we will preclude the localities

from responding and the States from responding under the law that preempts the field.

□ 1600

What we have done in this situation is to give to the State attorneys general the ability to enforce those Federal regulations which but for this proposal, this piece of legislation, we would have no one to implement the law.

Mr. WIRTH. Mr. Speaker, will the gentleman yield further?

Mr. FLORIO. I am happy to yield.

Mr. WIRTH. Does that mean that without this legislation, the progress that, for example, we are making in the Denver metropolitan area with Stapleton Airfield, we would not be able to continue on that track of real progress in terms of noise abatement?

Mr. FLORIO. The answer is "Yes," that EPA's involvement with FAA has in many areas resulted in substantial reductions in noise.

EPA will no longer be involved in this noise effort because EPA will no longer exist with regard to noise.

Mr. WIRTH. Mr. Speaker, I thank the gentleman for his clarification.

● Mr. PORTER. Mr. Speaker, I wish to express my support for the continued funding of the Noise Control Act of 1972, renamed the Quiet Communities Act.

Although I share President Reagan's concern for achieving budget reductions in existing programs and have consistently supported such reductions, I disagree with his recommendation to discontinue this program altogether. The Noise Control Act was adopted in 1972 to provide coordination of Federal research activities, to authorize establishment of Federal noise control standards for products in interstate commerce, and to provide the public with information on noise control methods and procedures available to local communities.

I feel that noise, especially aircraft noise, presents a danger to public health and welfare and that the Federal commitment toward minimizing that threat should not be withdrawn, even in the face of budget reductions.

I wholeheartedly support the Energy and Commerce Committee's belief that the promulgation of aircraft noise regulations has not been carried out as expeditiously as Congress had intended. Although I recognize that EPA is limited to advising the FAA on aircraft noise regulations, the committee and I agree that recommendation of such regulations should be an EPA priority. The committee urges the EPA to maintain sufficient personnel and budgetary resources to carry out this obligation under the act. The committee also notes that the FAA has been slow to respond to EPA recommendations and urges the FAA to take steps to avoid delay in the future.

Mr. Speaker, there are some 150,000 families in the vicinity of Chicago's O'Hare Airport who do not know what it is to have a peaceful, quiet day in their own homes. These people must be helped and funding for the Quiet Communities Act must be continued.●

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. FLORIO) that the House suspend the rules and pass the bill, H.R. 3071, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. FLORIO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1204) to amend the Noise Control Act of 1972 as amended by the Quiet Communities Act of 1978, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1204

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Noise Control Act of 1972 is amended as follows:

(1) Sections 6 and 8 are hereby repealed.

(2) Section 1 is amended to read as follows:

"SHORT TITLE

"Section 1. This Act may be cited as the 'Quiet Communities Act'.".

(3) Section 2(a)(3) is amended by striking out "deal with major noise sources" and all that follows, through the period at the end thereof and substituting: "promote effective State and local programs and provide Federal research, demonstration, planning, technical, and other assistance for such programs.".

(4) Section 2(b) is amended by striking "to authorize the establishment of Federal noise emission standards for products distributed in commerce, and", changing the period at the end of said sentence to a comma and adding "and to assure that railroad and motor carrier equipment and operational noise emissions are controlled adequately by either State or Federal regulation.".

(5) Section 3(2) is amended by striking out "sections 11(e) and" and substituting "section".

(6) Section 3 is amended by striking paragraphs (3) through (8).

(7) The second sentence of section 4(b) is amended by striking "6," and ", other than for those products referred to in section 3(3)(B) of this Act".

(8) Section 12(f) is amended by striking out "paragraph" and all that follows down through "section 611" and substituting "a standard, rule, or regulation under section 17 or 18 of this Act or section 611".

(9) Section 10 is amended by striking subsections (a) and (b) and substituting the following: "The failure or refusal of any person to comply with any requirement of regulations prescribed under section 13, 17, or 18 is prohibited.".

(10) Section 11 is amended by—

in subsection (a), striking "paragraphs (1), (3), (5), or (6) of subsection (a) of" each place it appears;

in subsection (b), striking "any paragraph of section 10(a)" and substituting "section 10" each place it appears;

in subsections (c) and (d), striking "10(a)" and substituting "10".

(11) Section 18(a) is amended by striking "6 or section 8" and substituting "17 or section 18".

(12) Section 14(b)(2) is amended by striking "subject to possible regulation under sections 6, 7, and 8 of this Act".

(13) Section 16(a) is amended by striking "6, 17, or 18 of this Act or any labeling regulation under section 8" and substituting "17 or 18".

(14) Section 17 is repealed, and the following new section enacted in lieu thereof:

"RAILROAD NOISE

"SEC. 17. (a)(1) Regulations of interstate railroads and equipment in existence shall continue until specifically repealed or amended.

"(2) After the enactment of this section, the Administrator may promulgate additional regulations establishing standards and requirements for the design, construction, and maintenance of rail equipment or devices or controls and regulations establishing restrictions on interstate railroad operations and activities along specific rail lines or specific centers of activity, including, but not limited to, switching and marshalling yards, for the purpose of minimizing or eliminating the environmental noise emissions from such equipment or activities. Such standards, controls, limits, requirements, or regulations, if any, shall reflect the degree of noise reduction available through the application of best available technology, taking into account the costs of compliance.

"(3) Within ninety days after the publication of such regulations as may be proposed under paragraph (1) of this subsection, and subject to the provisions of section 16 of this Act, the Administrator shall promulgate final regulations. Such regulations may be revised, from time to time, in accordance with this subsection.

"(4) Any standard or regulation, or revision thereof, proposed under this subsection shall be promulgated only after consultation with the Secretary of Transportation in order to assure appropriate consideration for safety and technological availability.

"(5) Any regulation or revision thereof promulgated under this subsection shall take effect after such period as the Administrator finds necessary, after consultation with the Secretary of Transportation, to permit the development and application of the requisite technology, giving appropriate consideration to the cost of compliance within such period.

"(b) The Secretary of Transportation, after consultation with the Administrator, shall promulgate regulations to assure compliance with all standards promulgated by the Administrator under this section. The Secretary of Transportation shall carry out such regulations through the use of the powers and duties of enforcement and inspection authorized by the Safety Appliances Acts, the Interstate Commerce Act, and the Department of Transportation Act.

Regulations promulgated under this section shall be subject to the provisions of sections 10, 11, 12, and 16 of this Act.

"(c)(1) Nothing in this section shall diminish the right of a State or political subdivision thereof to establish and enforce standards, controls, limits, restrictions, or other requirements on environmental noise, including those from rail equipment and operations, in the absence of a Federal requirement pursuant to this section, or a Federal decision that no Federal, State, or local requirement is appropriate, on a specific class of equipment or operations.

"(2) Nothing contained herein shall preclude a State or political subdivision thereof from adopting and enforcing a Federal standard, control, limit, restriction, or other requirement promulgated under this section.

"(3) Any person adversely affected by a State or local requirement, or the Administrator, may demonstrate by a preponderance of the evidence the existence of conflict between the requirement of a State or political subdivision thereof and that of the Federal Government.

"(d) The terms 'carrier' and 'railroad' as used in this section shall have the same meaning as such terms have under the first section of the act of February 17, 1911 (45 U.S.C. 22).".

(15) Section 18 is hereby repealed and the following new section enacted in lieu thereof.

"MOTOR CARRIER NOISE

"SEC. 18. (a)(1) Regulations of interstate motor carriers and equipment in existence shall continue until specifically repealed or amended.

"(2) After the date of enactment of this section, the Administrator may promulgate additional regulations establishing standards and requirements for the design, construction, and maintenance of motor carrier equipment or devices or controls and regulations establishing restrictions on motor carrier operations and activities for the purpose of minimizing or eliminating the environmental noise emissions from such equipment or activities. Such standards, controls, limits, requirements, or regulations, if any, shall reflect the degree of noise reduction achievable through the application of the best available technology, taking into account the cost of compliance.

"(3) Within ninety days after the publication of such regulations as may be proposed under paragraph (1) of this subsection, and subject to the provisions of section 16 of this Act, the Administrator shall promulgate final regulations. Such regulations may be revised from time to time, in accordance with this subsection.

"(4) Any standard or regulation, or revision thereof, proposed under this subsection shall be promulgated only after consultation with the Secretary of Transportation in order in assure appropriate consideration for safety and technological availability.

"(5) Any new regulation or revision thereof promulgated after enactment of this section shall take effect after such period as the Administrator finds necessary, after consultation with the Secretary of Transportation, to permit the development and application of the requisite technology, giving appropriate consideration to the cost of compliance within such period.

"(b) The Secretary of Transportation, after consultation with the Administrator, shall promulgate regulations to assure compliance with all standards promulgated by the Administrator under this section. The Secretary of Transportation shall carry out such regulation through the use of the powers and duties of enforcement and inspection authorized by the Interstate Commerce Act and the Department of Transportation Act. Regulations promulgated under this section shall be subject to the provisions of sections 10, 11, 12, and 16 of this Act.

"(c)(1) Nothing in this section shall diminish the right of a State or political subdivision thereof to establish and enforce standards, controls, limits, restrictions, or other requirements on environmental noise, including those from motor carrier equipment and operations, in the absence of a Federal requirement pursuant to this section, or a Federal decision that no Federal, State, or local requirement is appropriate, on a specific class of equipment or operations.

"(2) Nothing contained herein shall preclude a State or political subdivision thereof from adopting and enforcing a Federal standard, control, limit, restriction, or other requirement promulgated under this section.

"(3) Any person adversely affected by a State or local requirement, or the Administrator, may demonstrate by a preponderance of the evidence the existence of an inconsistency between the requirement of a State or political subdivision thereof and that of the Federal Government.

"(d) For purposes of this section, the term 'motor carrier' includes a common carrier by motor vehicle, a contract carrier by motor vehicle, and a private carrier of property by motor vehicle as those terms are defined by paragraphs (14), (15), and (17) of section 203(a) of the Interstate Commerce Act (49 U.S.C. 303(a)).".

(16) Section 19 of the Noise Control Act of 1972 is amended by striking out "$15,000,000 for the fiscal year ending September 30, 1979" and substituting "$3,300,000 for fiscal year 1982".

MOTION OFFERED BY MR. FLORIO

Mr. FLORIO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FLORIO moves to strike out all after the enacting clause of the Senate bill, S. 1204, and to insert in lieu thereof the provisions of H.R. 3071, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to amend the Noise Control Act of 1972, and for other purpose."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 3071) was laid on the table.

GENERAL LEAVE

Mr. FLORIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

WEST FRONT ARRANGEMENTS FOR MARTIN LUTHER KING CELEBRATION

Mr. HAWKINS. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 231) to authorize the erection of certain structures at the west front of the Capitol in connection with a rally to be held on January 15, 1982, in commemoration of the birth of Dr. Martin Luther King, Jr., as amended.

The Clerk read as follows:

H. CON. RES. 231

Resolved by the House of Representatives (the Senate concurring), That, in accordance with such conditions as the Architect of the Capitol may impose, a photographic platform, two media towers, a telephone bank, sound amplification devices, a speakers platform, and related structures and equipment may be erected under the auspices of the Stevie Wonder-Martin Luther King Memorial Committee at the west front of the Capitol in connection with a rally to be held on January 15, 1982, in commemoration of the birth of Doctor Martin Luther King, Junior.

The SPEAKER pro tempore. Is a second demanded?

Mr. FRENZEL. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. HAWKINS) will be recognized for 20 minutes, and the gentleman from Minnesota (Mr. FRENZEL) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. HAWKINS).

Mr. HAWKINS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the resolution would authorize the erection of a sound tower and stage for a concert, to be given in honor of Martin Luther King's birthday, on January 15 on the steps of the west front of the Capitol. A memorial commission, comprised of Stevie Wonder and our colleagues, WALTER FAUNTROY and JOHN CONYERS, will supervise the activity, which will be conducted at no cost to the Government.

The Architect of the Capitol has indicated the feasibility of the proposed construction, and has stated the terms and conditions attendant to such an activity. I include his letter in the RECORD at this point:

The letter is as follows:

WASHINGTON, D.C.,
December 10, 1981.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Committee on House Administration, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: By letter dated December 9, 1981 (copy enclosed), the Honorable Walter E. Fauntroy informed me that the Committee on House Administration has requested that I submit a letter to you with respect to the rally to be held on Janu-

ary 15, 1982 in commemoration of the birth of Dr. Martin Luther King, Jr., and to the provisions of H. Con. Res. 231 authorizing the erection of certain structures on the West Front of the Capitol in connection therewith.

I have no objection to the general types of structures which would be authorized to be constructed under H. Con. Res. 231 upon its approval by both Houses of the Congress. As in the past, activities undertaken pursuant to such a Resolution would be controlled by a permit agreement beween my office and the party or parties responsible for the rally, in this case apparently to the Stevie Wonder-Martin Luther King Memorial Committee referred to in Mr. Fauntroy's letter.

The permit agreement would set forth the conditions applicable to any such activity, including, but not limited to, the following: (1) standards for the construction to be performed regarding safety, aesthetics, size and location; (2) time for erection and removal; (3) providing for repair or replacement of damaged government property; (4) requirement of a bond for the protection of the government; (5) an agreement that the United States will not incur any expense or liability by virtue of the permit granted; and (6) certain other clauses normally required in all undertakings by the government; i.e., "Officials Not To Benefit" and "Covenant Against Contingent Fees", etc.

Should you require any further information, I shall, of course, be pleased to provide it; I intend to submit to you for your approval a draft copy of the permit agreement.

Cordially,

GEORGE M. WHITE, FAIA,
Architect of the Capitol.

Mr. Speaker, the resolution, I think, clearly serves a salutary purpose in that it will allow the suitable commemoration of the birthday of a great American.

Mr. Speaker, since there are no further requests for time, I reserve the balance of my time.

Mr. FRENZEL. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, this bill was passed unanimously in the administration committee. As the distinguished chairman has already told this body, it merely provides that certain structures will be built and removed to the satisfaction of the Architect of the Capitol.

Obviously, the rally would be held in any instance. All we are doing is making sure that it is going to be held under conditions that this body would approve of and that the cleanup will be done in a responsible manner.

● Mr. MOFFETT. Mr. Speaker, last Friday the "CBS Evening News" broadcast a remarkable piece of journalism by Bruce Morton. In case any of my colleagues missed this broadcast, I am submitting the following copy of the transcript for their consideration.

Under the suspension calendar today, we are to vote on a resolution which authorizes the erection of structures on the west front of the Capitol in connection with a rally to be held on January 15, 1982, to commemorate the birth of Dr. Martin Luther King, Jr. Last year, I took part in the rally to designate a national holiday in honor of the great civil rights leader. It was a moving experience and there was a keen sense of hope in the air that 1981 would be a year when the concerns of Dr. King would come closer to fulfillment. Certainly, there was apprehension as well, for the platform on which Ronald Reagan was elected did not bode well for the bulwarks of U.S. civil rights policy—affirmative action, busing, voting rights, and more.

Now as we look forward to 1982, and another celebration of Dr. King's efforts on behalf of a better America, those of us who harbored apprehensions have witnessed them realized to an alarming degree. The President's inability to endorse the Voting Rights Act extension after the House's overwhelming approval, the turning of his back on school desegregation, his dismantling of social programs and agencies that serve underprivileged persons—these are truly damaging acts in the eyes of civil rights proponents. What is the message that these acts send to the black community? The "CBS Evening News" broadcast indicates that the message is "We don't care."

I do care—deeply. And what about the administration? I hope that President Reagan will heed the translation of those interviewed in the "CBS Evening News" story and get his administration back on the track of civil rights fulfillment. It has strayed from the path seriously.

The transcript follows:

RATHER. It has been almost a year since Ronald Reagan became President—a year in which a generation of growth in social-service programs halted and went into reverse, and the course of foreign policy also took a turn. Bruce Morton has a report tonight on the view of all this in the black communities of America; how the words and deeds of Mr. Reagan are perceived there, and whether promises made have been promises kept.

BRUCE MORTON. Candidate Ronald Reagan, the South Bronx, August, 1980: (South Bronx crowd taunts Reagan.)

MAN. What are you gonna do for us here?

RONALD REAGAN (August, 1980). I'm trying to tell you! I can't do a damn thing for you if I don't get elected!

MORTON. Ronald Reagan did get elected, of course. In the South Bronx, a year later, the question is: what did he do for them?

VERILYN HAMILTON (Bronx Community Planning Board #3). We just see a neighborhood really dying under the Reagan Administration.

MORTON. Verilyn Hamilton is not a whiner. She stayed in the South Bronx by choice. Her four kids all went to college from the South Bronx. But she is discouraged. She guides a visitor down these mean streets and talks of housing—600 applications from people who wanted to own houses here, actually wanted to. The program cut back to 85. Subsidized housing, cut back again. She shows a visitor the sign on the door that says the Youth Employment Program has been cancelled. "Jobs for the kids was the only hope," she says. Hope is being cut back. Mrs. Hamilton doesn't know whether the President means to be racist. She does know what his policies are doing.

HAMILTON. Certainly, the indications of where he's putting this appropriation is hurting the black community. So, if one would deduce from what he is doing, you would come to the fact that—that it—it's racist situation.

MORTON. Candidate Reagan accepted the nomination in Detroit, a city chosen, some thought, as a gesture to traditionally Democratic groups like blacks.

LOIS WILLIAMS (Detroit Senior Citizens Department). Crime have gotten much, much, much worse—snatching the seniors' purse, and when they come from the grocery store, they might grab that bag of groceries, you know. It's—it's just really, really rough.

MORTON. Here in Detroit's sprawling Jeffries Housing Project, there is no agrument about the effects of the Reagan budget cuts. The evidence of what they've done is all around. Lois Williams says there used to be security guards on the grounds, now there are people selling drugs; used to be maintenance men, now there's garbage; used to be furniture in the lobbies of the high-rise buildings where the old people live, it was stolen mostly. There is less to eat. Louy Walker used to be able to feed the old people—55 free meals a day. He's been cut back to 35. What happens when number 36 walks in?

LOUY WALKER (Food and Friendship Program). Have to turn them away.

QUESTION. How do you feel about that?

WALKER. Bad!

MORTON. But it isn't just the budget cuts.

MAYOR COLEMAN YOUNG (D-Detroit). I think we see an alarming dismantling of the civil-rights structure in which the federal government has been engaged for any number of years. Matter of fact, I guess the major characteristic that I would attribute to the Reagan Administration is the dismantling, a turning back of the clock.

MORTON. He's a Democrat, of course. But Harvard professor Martin Kilson, no partisan, agrees.

PROF. MARTIN KILSON (Harvard School of Government). I would have thought that even imaginative, conservative right-of-center Republicans, like those who surround the President, would recognize that the civil-rights breakthroughs are now givens. To waffle on that issue, to me, is a gross leadership failure.

MORTON. For instance? The Administration has abandoned school busing. It has lessened pressure on Southern university systems to desegregate. It has backed away from affirmative action in private and government hiring, backed away from quotas and goals. It nominated a man to run the Equal Employment Opportunity Commission whose last job was as head of an employment agency which it placed no people this year. The Administration supports a voting-rights bill in which you'd have to prove that a law was intended to discriminate, not just that it did. And in foreign policy, some blacks see a tilt toward white South Africa, away from black African states. Is the Administration racist?

MAYOR YOUNG. I don't know whether that's true or not about this Administration. But to say it harbors racists and to say it practices racism would be entirely correct in my opinion. It really doesn't matter what the intent is, if the result is negative.

MORTON. We wondered, as you may have wondered, what the Reagan Administration itself had to say about its feelings toward blacks. We asked the White House repeatedly over a three-week period to provide a spokesman we could talk to about that. They refused.

Bruce Mortion, CBS News, Washington.●

Mr. HAWKINS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. HAWKINS) that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 231, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

RECORD CARRIER COMPETITION ACT OF 1981

Mr. WIRTH. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the House amendments to the Senate bill (S. 271) to repeal section 222 of the Communications Act of 1934.

The Clerk read the Senate amendment to the House amendments, as follows:

In lieu of the matter proposed to be inserted by the House engrossed amendment to the text of the bill, insert:

SHORT TITLE

SECTION 1. This Act may be referred to as the "Record Carrier Competition Act of 1981".

COMPETITION AMONG RECORD CARRIERS

SEC. 2. Section 222 of the Communications Act of 1934 is amended to read as follows:

"COMPETITION AMONG RECORD CARRIERS

"SEC. 222. (a) For purposes of this section:

"(1) The term 'primary existing international record carrier' means any record carrier which (A) derives a majority of its revenues during any calendar year from the provision of international record communications services between points of entry into or exit from the United States and points outside the United States; (B) is eligible, on the date of the enactment of the Record Carrier Competition Act of 1981, to obtain record traffic from a record carrier in the United States for delivery outside the United States; and (C) is engaged in the direct provision of record communications services between the United States and 4 or more continents.

"(2) The term 'record carrier' means a common carrier engaged in the offering for hire of any record communications service, including service on interstate network facilities between 2 points located in the same State. Such term does not include any common carrier which derives a majority of its revenues during any calendar year from the provision of services other than record communications service.

"(3) The term 'record communications service' means those services traditionally offered by telegraph companies, such as telegraph, telegram, telegram exchange, and similar services involving an interconnected network of teletypewriters.

"(b)(1) The Commission shall, to the maximum extent feasible, promote the development of fully competitive domestic and international markets in the provision of record communications service, so that the public may obtain record communications service and facilities (including terminal equipment) the variety and price of which are governed by competition. In order to meet the purposes of this section, the Commission shall forbear from exercising its authority under this Act as the development of competition among record carriers reduces the degree of regulation necessary to protect the public.

"(2) In furtherance of the purposes of this section, record carriers shall not impose upon users of any regulated record communications services the costs of any other services or facilities (including terminal equipment), whether regulated or unregulated.

"(c)(2)(A)(i) In implementing its responsibilities under section 201(a), the Commission shall require each record carrier to make available to any other record carrier, upon reasonable request, full interconnection with any facility operated by such record carrier, and used primarily to provide record communications service. Such facility shall be made available, through written agreement, upon terms and conditions which are just, fair, and reasonable, and which are otherwise consistent with the purpose of this section.

"(ii)(I) Subject to the provisions of subclause (II), if a request for interconnection under clause (i) is for the purpose of providing international record communications service, then the agreement entered into under clause (i) shall require that the allocation of record communications service between points outside the United States and points of entry in the United States shall be based upon a pro rata share of record communications service between points of exit out of the United States and points outside the United States provided by the carrier making such request for interconnection.

"(II) The requirement established in subclause (I) shall not apply in any case in which the customer requesting any record communications service between a point outside the United States and a point of entry in the United States has the option to specify the international record carrier which will provide such record communications service.

"(B) The Commission shall require that—

"(i) if any record carrier engages both in the offering for hire of domestic record communications services and in the offering for hire of international record communications services, then such record carrier shall be treated as a separate domestic record carrier and a separate international record carrier for purposes of administering interconnection requirements;

"(ii) in any case in which such separate domestic record carrier furnishes interconnection to such separate international record carrier, any interconnection which such separate domestic record carrier furnishes to other international record carriers shall be (I) equal in type and quality; and (II) made available at the same rates and upon the same terms and conditions; and

"(iii) in any case in which such separate international record carrier furnishes interconnection to such separate domestic record carrier, any interconnection which such separate international record carrier furnishes to other domestic record carriers shall be (I) equal in type and quality; and (II) made available at the same rates and upon the same terms and conditions.

The requirements of clauses (i), (ii), and (iii) shall not apply to a record carrier if such record carrier does not have a significant share of the market for record communications services.

"(2) If any request made by a record carrier under paragraph (1)(A)(i) will require an agreement under which any record communications service or facility operated by one of the parties to such agreement will be used by any other party to such agreement, then such agreement shall establish a nondiscriminatory formula for the equitable allocation of revenues derived from such use between the parties to such agreement, except that each party to such agreement shall have the right to establish the total price charged by such party to the public for any such service which is originated by such party, consistent with the provisions of section 203. To the extent possible, and consistent with the provisions of paragraph (3)(B)(ii), the Commission shall require that such equitable allocation of revenues be based upon the costs of the record communications service or facility employed as a result of such agreement.

"(3)(A) The Commission, as soon as practicable (but not later than 15 days) after the date of the enactment of the Record Carrier Competition Act of 1981, shall convene a meeting among all record carriers which the Commission determines would be parties to any agreement required by paragraph (1)(A)(i). Such meeting shall be held for the purpose of negotiating any such agreement. Representatives of the Commission shall attend such meeting for purposes of monitoring and presiding over such negotiations.

"(B)(i) In the case of any such required agreement, if—

"(I) the record carrier subject to the interconnection requirement; and

"(II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

fail to enter into an agreement before the end of the 45-day period following the beginning of such meeting, then the Commission shall issue an interim or final order which establishes a just, fair, reasonable, and nondiscriminatory agreement which is consistent with the purposes of this section. Any such agreement established by the Commission shall be binding upon such parties.

"(ii) Such interim or final order shall be issued not later than 90 days aftter the date on which the Commission convenes the meeting under subparagraph (A). In the case of any such required agreement, if—

"(I) the record carrier subject to the interconnection requirement; and

"(II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

reach an agreement which complies with the requirements of this section, and such agreement is entered into before the issuance of such order by the Commission under this subparagraph, then such agreement of the parties shall take effect and the Commission shall not be required to issue any such order.

"(C) Any record carrier which is not subject to the agreement entered into, or established by the Commission, under this paragraph may elect to be subject to the terms of such agreement upon furnishing written notice to the Commission and to all existing parties to such agreement. After a carrier makes such an election, the terms and arrangements established by the agreement shall apply to such carrier to the extent practicable, as determined by the Commission.

"(4) The Commission shall have authority to vacate or modify an agreeemnt entered into by any record carriers under this section if the Commission determines that (A) such agreeemnt is not consistent with the purposes of this section; or (B) such agreement unjustly or unreasonably discriminates against any record carrier.

"(5) If the Western Union Telegraph Company submits an application to the Commission for authority to provide international record communications service, the Commission shall not have any authority to take any final action with respect to such application until the end of the 120-day period following the date a written agreement is entered into between such Company and other record carriers under paragraph (3), or following the effective date of any interim or final order issued by the Commission under paragraph (3)(B) with respect to such carriers. The limitation upon Commission authority established in this paragraph shall expire at the end of the 210-day period following the date of the enactment of the Record Carrier Competition Act of 1981.

"(d) Subject to the provisions of subsection (c)(5), each record carrier may provide record communications service in the United States domestic market and in the international market. Any record carrier seeking to provide domestic record communications service may provide such service without submitting an application to the Commission under section 214 unless the Commission requires such a submission. The Commission shall act expeditiously upon any application submitted pursuant to section 214.

"(e)(1) At the end of the 36-month period following the date of the enactment of the Record Carrier Competition Act of 1981, the provisions of subsection (c), other than paragraph (1)(B) of such subsection, shall cease to have any force or effect.

"(2) The provisions of paragraph (1) shall not be construed to affect the obligation of any carrier to interconnect with any other carrier pursuant to this Act.".

COMMISSION OVERSIGHT OF DISTRIBUTION FORMULAS

SEC. 3. (a) Subject to the provisions of subsection (b), the Federal Communications Commission shall exercise its authority under the Communications Act of 1934 to continue its oversight of the establishment of just and reasonable distribution formulas for unrouted outbound telegraph traffic and the allocation of revenues with respect to such traffic, consistent with the purposes of section 222 of the Communications Act of 1934, as amended in section 2.

(b) The provisions of subsection (a) shall cease to have any force or effect at the end of the 1-year period beginning on the date of the enactment of this Act.

EFFECT OF AMENDMENT UPON CERTAIN CONTRACTS

SEC. 4. The amendment made in section 2 shall not affect the validity of the terms of any otherwise lawful contract relating to the distribution of outbound international record traffic between any domestic record carrier and any international record carrier if such contract was entered into before June 23, 1981.

AMENDMENT TO OTHER LAW

SEC. 5. (a) Section 122(a) of the Rock Island Transition and Employee Assistance Act is amended by adding at the end thereof the following new sentence: "The Commission shall have authority to authorize continued rail service under this section over the lines of the Rock Island Railroad until the disposition of the properties of the estate of the Rock Island Railroad.".

(b) The applicability of the amendment made by subsection (a) to Interstate Commerce Commission Service Order 1498 shall expire at the end of May 15, 1982.

The SPEAKER pro tempore. Is a second demanded?

Mr. COLLINS of Texas. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Colorado (Mr. WIRTH) will be recognized for 20 minutes, and the gentleman from Texas (Mr. COLLINS) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, last Tuesday, December 8, the House passed H.R. 4927, the Record Carrier Competition Act of 1981, by unanimous voice vote. We then discharged the Committee on Energy and Commerce from further consideration of S. 271, a similar Senate bill; struck all after the enacting clause and inserted the text of H.R. 4927, and returned the bill to the Senate for its consideration.

Since that time, the majority and minority staffs of both the Subcommittee on Telecommunications, Consumer Protection and Finance and the Committee on Energy and Commerce have been working with their counterparts from the other body to propose compromise language that members of both Houses could support.

The Senate has recently agreed to the House bill with an amendment.

The Senatge's amendment is a fair compromise between the House bill and that previously passed by the Senate. In particular, the Senate has agreed to the transitional mechanism established by the House bill. However, since interconnection requirements are already in the Communication Act of 1934, and have simply been restated in thge House-passed bill, the Senate proposes to sunset these provisions after 3 years.

It seems to me that this proposal makes a good deal of sense. None of the provisions which would be sunseted grant any new authority to the Commission of how the Congress would like to see the Commission implement its current obligations.

This guidance extends to the mandatory interconnection provisions. It extends to the "return-flow" provisions, hich will enable new carriers to enter the marketplace.

Finally, It extends to the concept of division of revenues derived from the provision of joint and through service.

While the transitional mechanisms of the House bill will be sunsetted after 3 years, the Commission's powers; obligations and authorities will not be.

In addition, there are a few other changes proposed by the Senate amendments.

First, the cross-subsidy provisions have been revised, in order to enable a customer or terminal equipment manufacturer to go directly to court or the Commission in order to halt cross subsidies from regulated services.

In addition, the current 214 process has been suspended for the provision of domestic record service, removing one of the regulatory barriers currently imposed by the Communications Act of 1934.

Mr. COLLINS. Will the gentleman yield?

Mr. WIRTH: I yield to ghe gentleman from Texas, the distinguished ranking minority member on the subncommittee (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Speaker, I thank the gentleman for yielding.

If I understand the gentleman's remarks correctly, the provisions of the House bill which are being sunsetted will not affect section 201 of the existing act, which requires interconnections between and among carriers, and the division of revenues for the provision of joint and through service; is that right?

Mr. WIRTH. The gentleman is correct. All of the powers of the Commission remain, those in section 201, as well as those contained in other sections of the act.

Mr. COLLINS of Texas. Mr. Speaker, if the gentleman from Colorado will yield further, one of the changes made by the Senate amendments is to exempt carriers who do not have a substantial market share from the requirement that they treat their domestic and international operations as different carriers for the purposes of interconnection. Now, which carriers will be required to treat their domestic and international operations separately under this provision?

Mr. WIRTH. I think it is clear that the major international record carriers will be affected. In particular, Western Union International, ITT, RCA, and TRT will be affected.

In addition, of course, if Western Union ever offers international service, it, too, will be subjected to this requirement.

79-059 O-85-23 (Pt. 24)

Finally, any new carriers which obtain a substantial market share will also be affected.

I would point out to the gentleman that although we have been talking about a lot of sunset provisions, I would emphasize that this particular provision remains in effect until it is repealed by the Congress.

Mr. COLLINS of Texas. Mr. Speaker, I thank the gentleman from Colorado for his explanation.

Mr. Speaker, this was a good bill when it passed this House last week. It is even better now.

The Senate amendments leave intact the fundamental objective of the bill—to clear away market divisions that have been incorporated into the law so that competition can develop in all aspects of the record carrier industry. Moreover, the Senate amendments improve the bill by further reducing Government regulation of this industry. Under the Senate amendments, companies desiring to offer domestic record services will not normally be forced to get the FCC's permission before initiating such service. This will reduce Government redtape. Moreover, under the Senate amendments, many of the other transition regulations that were in the House bill—such as FCC-prescribed usage charges for interconnected carriers and the so-called international return-flow provision—will be terminated in 3 years.

Three years from now our hope and our belief is that we will have true competition for the first time in both the domestic and the international record industries. When that happens, there will be no need for Government regulation. The Senate amendments recognize this and take action to assure that Government regulation is reduced as competition develops.

Mr. Speaker, I endorse S. 271 as amended by the Senate. I urge my colleagues to pass the bill and send it to the President so that customers of record services in this country can begin to enjoy the fruits of competition early next year.

□ 1610

Mr. WIRTH. Mr. Speaker, the reason that the Congress must address this issue is the fact that, despite the explicit obligations to interconnect that are contained in the Communications Act of 1934, full and fair interconnection among record carriers have not been implemented. The carriers involved have not lived up to their obligations, and, more importantly, the FCC has not forced them to. Had the Commission done its job, and mandated that record carriers interconnect, the Congress would not have had to address this issue—and if there were a need for Congress to address this issue, it most certainly would not be in this level of detail.

Thus, when the specific interconnection provisions of S. 271 cease to have effect in 3 years, I would advise the Commission to implement its standing interconnection obligations as specified in the act. In particular, I would point out the concern of this House about the inabililty of new carriers to obtain operating agreements with foreign carriers. The House bill—and the Senate amendments thereto—address this problem in a unique fashion. If this problem persists, and new entrants remain unable to obtain these operating agreements, it is certainly our intent that the return-flow provisions which expire be extended as necessary. As the House said in its committee report on H.R. 4927, it is extremely concerned about the problem posed by foreign carriers' refusal to interconnect. The standing powers that the Commission has are certainly sufficient to extend the return-flow provision cited in subsection (c)(1)(A)(ii), which will help to mitigate this vexing problem.

If the Congress has to revisit the issue of return flows or interconnection in 3 years because of the inability of the FCC to carry out its obligations under the Communications Act of 1934, then the Commission itself may be unnecessary. I trust that this will not be the case.

Mr. Speaker, there is one additional provision which the Senate has attached to S. 271, which has nothing at all to do with record communications. This provision effects the bankrupt Rock Island Railroad, which is being dissolved pursuant to bankruptcy court order.

This amendment is intended to clarify what the congressional intent was in enacting section 122(a) of the Rock Island Transition and Employee Assistance Act. The House and Senate committees with jurisdiction understand the critical emergency facing shippers and communities in Texas, Oklahoma, and Kansas as a result of the Bankruptcy Court's recent interpretation of section 122(a). Because of this emergency situation, the House committee has agreed to accept this amendment, despite the lack of any hearings or committee action. However, the House committee feels strongly that it must have the opportunity to review this problem, and other problems related to the Rock Island Railroad, through normal committee procedures, next year. For that reasons, the clarification intended by the amendment is effective, with respect to the OKT Railroad, the subject of ICC Service Order 1498, only until May 15, 1982.

Mr. Speaker, this amendment has been cleared with the Subcommittee on Transportation and Commerce; it has been cleared with the full Committee on Energy and Commerce. Both the majority and minority have agreed to this language. It is of a limited nature; it has been agreed to unanimously, and, most importantly, it is needed prior to the adjournment of the Congress this year.

Mr. Speaker, I have no further requests for time.

Mr. COLLINS of Texas. Mr. Speaker, I yield 3 minutes to the gentleman from Kansas (Mr. ROBERTS).

Mr. ROBERTS of Kansas. I thank my colleague for yielding me this time.

Mr. Speaker, I rise in strong support of the provision which deals with the bankrupt Rock Island Railroad now being operated by the OKT. Had this provision not passed, it would have cost our agriculture shippers in Kansas, for only one commodity, and that is wheat, nearly $50 million.

Again, I rise in support of this provision and thank my colleagues.

Mr. COLLINS of Texas. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Colorado (Mr. WIRTH) that the House suspend the rules and concur in the Senate amendment to the House amendments to the Senate bill, S. 271.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment to the House amendments to the Senate bill, S. 271, was concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WIRTH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just concurred in.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

AMENDING ACT WITH RESPECT TO CERTAIN FEES CHARGED UNDER THE BANKRUPTCY ACT

Mr. EDWARDS of California. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5116) to amend the act of November 6, 1978, with respect to certain fees charged under the Bankruptcy Act.

The Clerk read as follows:

H.R. 5116

Be it enacted by the Senate and House of Represenatives of the United States of America in Congress assembled, That section 403(e) of the Act of November 6, 1978 (92 Stat. 2683; Public Law 95-598), is amended—

(1) by inserting "(1)" after "(e)", and

(2) by adding at the end thereof the following new paragraph:

"(2) Notwithstanding subsection (a) of this section, a fee may not be charged under section 40c(2)(a) of the Bankruptcy Act in a

case pending under such Act after September 30, 1979, to the extent that such fee exceeds $200,000.".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from California (Mr. EDWARDS) will be recognized for 20 minutes, and the gentleman from Virginia (Mr. BUTLER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Speaker, I yield myself such time as I may consume.

H.R. 5116 would place a ceiling on administrative fees paid into the nowabolished referees' salary and expense fund in certain large-asset cases pending under the former bankruptcy law—the Bankruptcy Act of 1898.

The referees' salary and expense fund was established long ago in an era when the bankruptcy courts were supposed to be self-supporting. In 1978, Congress abolished the referees' salary and expense fund and eliminated the percentage fee for all cases brought under the new Bankruptcy Code. The fund had been running a large deficit for a number of years, and there was general agreement that the bankruptcy court system should be funded from the general revenues of the Treasury, just as the remainder of the judicial system is funded.

On several earlier occasions, the Judicial Conference had recommended to Congress that the fund be abolished in recognition of the fact that the bankruptcy court system could not be self-supporting without placing an inordinate burden on bankrupts through increased filing fees and on creditors through increased percentage charges on the assets of the estate.

The burden of the percentage fees assessed on the bankrupt estate fell on the creditors since the fees were simply deducted from what would otherwise go to them in repayment of the amounts owed.

Thus, the fund and the percentage fee system were eliminated as to all cases commenced after September 30, 1979.

The 1978 Bankruptcy Act provided that all cases commenced under the former Bankruptcy Act would continue to be governed by the prior law—Public Law 95-598, section 403(a)—but section 403(e) of the 1978 act placed a $100,000 limit on fees charged under the old law in chapter XI cases where the plan was confirmed after September 30, 1978—Public Law 95-598, section 403(e). The cap was designed to limit the extraordinarily high fees in one or more very large-asset chapter XI cases, which were pending at the time—but had not yet been confirmed—and which were brought to Congress attention.

Congress was not aware of any such extraordinarily high fee cases under chapter VII. No large-asset chapter VII cases were brought to Congress attention at the time of the 1978 legislation, and chapter VII liquidation cases generally do not generate extremely large fees. Chapter XI reorganization cases are usually larger than straight bankruptcy case and therefore generally produce much higher fees.

H.R. 5116 would amend section 403(e) of the 1978 Bankruptcy Act to set a limit of $200,000 on the referees' salary and expense fund fees assessed in chapter VII liqudation cases brought under the former Bankruptcy Act and pending under such act after September 30, 1979. The bill would place a $200,000 cap on the fees owing in at least three chapter VII liquidation cases pending under the old Bankruptcy Act—*In re W. T. Grant*, involving fees of $20 million; *In re Associated Transport, Inc.*, $1.5 million in fees; and *In re Eastern Freight Ways, Inc.*, $500,000 in fees. The reduction in the fees payable to the nowdefunct referees' salary and expense fund will result in more money being available to pay creditors.

A fee ceiling in chapter VII cases is consistent with the underlying rationale of present section 403(e) and with congressional action in eliminating the fee for all cases brought after September 30, 1979. The fees which are assessed in these cases and paid into the nowabolished referee's salary and expense fund should be limited to some reasonable amount in order to maximize the return of the assets of the estate to the creditors.

An identical provision placing a $200,000 cap on chapter VII cases pending under the former Bankruptcy Act passed the Senate on July 17, 1981, as part of S. 863, the Bankruptcy Amendments Act of 1981. Legislation similar to H.R. 5116, but involving a $100,000 cap, was passed by both the House and Senate in the 96th Congress as part of the so-called bankruptcy technical amendments bill, S. 658. However, other unrelated provisions of that bill differed in the House and Senate versions, and it was not enacted into law.

Mr. Speaker, I reserve the balance of my time.

Mr. BUTLER. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. RAILSBACK).

□ 1620

Mr. RAILSBACK. Mr. Speaker, in 1978, Congress abolished the referees' salary and expense fund as anachronistic and inequitable and totally eliminated the percentage fees assessed for this fund for all cases brought after September 30, 1979. At that time, in section 403(e) of the 1978 Bankruptcy Act, we also placed a cap on the referees' salary and expense fund fees in certain large-asset chapter XI cases which were pending at the time under the old act and which were brought to our attention. These cases had generated unexpectedly high fees, far in excess of what was contemplated under the fee system. In view of the fact that the fees were being eliminated for all cases brought after September 30, 1979, and that such extraordinarily high fees had never been contemplated, Congress in 1978 placed a $100,000 cap on the fees that could be charged in these pending cases.

The burden of the old referees' salary and expense fund percentage fees, which were assessed on the bankrupt estate fell on the creditors since the fees were simply deducted from what would otherwise go to them in repayment of the moneys owed to them.

On several earlier occasions, the Judicial Conference had recommended that the fund be abolished in recognition of the fact that the bankruptcy court system could not be self-supporting without placing an inordinate burden on creditors through increased percentage charges on the assets of the estate. The referees' salary and expense fund had been running a large deficit for many years. Congress eliminated the fund in 1978, since the system had not been self-sustaining for a long time, was inequitable to creditors, and there was general agreement that the bankruptcy court system should be funded from the general revenues of the Treasury, just as the remainder of the judicial system is funded.

H.R. 5116 would simply extend the existing cap which is contained in present section 403(e) of the 1978 Bankruptcy Act to cover other large-asset cases pending under the old Bankruptcy Act which were not brought to our attention in 1978. These cases would have been included then, had Congress been aware of them at the time. Congress was simply not aware of any extraordinarily high fee cases under chapter VII, since no large-asset chapter VII cases were brought to our attention and such cases generally do not generate extremely large fees. In the entire history of the fee system, fees in excess of $100,000 have been a rarity and have usually involved chapter XI cases.

When the last fee schedule was promulgated by the Judicial Conference in 1970, it was neither anticipated nor intended that fees would be assessed in excess of $100,000. At the time of the new fee schedule's promulgation in 1970, the Judicial Conference was informed by the Chairman of the Conference's Committee on Bankruptcy Administration that the new fees would generate receipts of only $11 million in fiscal year 1971 for the

entire bankruptcy system and would increase payments into the fund by only an estimated $1 million annually. Based upon these figures and the fact that receipts from the fund would be generated by thousands of cases—for example, 22,355 in 1969 alone—it is inconceivable that the Conference in setting the fees could have contemplated such large asset cases. (See "Reports of the Proceedings of the Judicial Conference of the United States," March 16-17 and October 29-30, 1970, p. 24.)

H.R. 5116 reaffirms congressional policy underlying the present statute—section 403(e) of the 1978 Bankruptcy Act—that fees in these unexpectedly large-asset cases should be limited to some reasonable amount, especially since no fees at all are assessed on any cases commenced after September 30, 1979. The reduction in fees will enable more money to be paid to the estate's creditors.

This bill is identical to a provision contained in legislation (S. 863) already passed by the Senate in July of this year. A similar provision was passed by both the House and the Senate in the 96th Congress, but was not enacted into law because of differences in other unrelated aspects of that prior legislation. The bill is consistent with congressional intent that administrative fees should be minimized in order to preserve as much of the assets of the estate as possible for the creditor's claims.

Mr. BUTLER. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, I rise in opposition to H.R. 5116. Certainly, the gentleman from California (Mr. EDWARDS) has fairly stated the factual situation, as I would have anticipated. I would take issue with him on one statement. The referees' salary and expense fund is not defunct; it is extant. It has a deficit of $87 million, and this legislation will increase that deficit by approximately $22 million.

The gentleman from California and I disagree as to the need for this legislation, as to the urgency of it, and the effect of it. In my judgment, this legislation will provide an unprecedented and unwarranted windfall at the expense of the U.S. Government, exceeding $22 million, to be distributed between 26 of the major banks of the United States, and I expect to vote against it.

I could enlarge on this extensively. I invite the Members to read the dissenting views which are in the report which just came off the press a moment ago, and I will be glad to enlarge upon inquiry, but I urge the Members to vote against the bill.

Mr. Speaker, in my experience there is no surer way to clear the room than to discuss bankruptcy legislation. It is a subject, unfortunately, which contains little interest for the majority of legislators. I can only say to you that you do not know what you are missing, and I hope to have your attention for purposes of our discussion of H.R. 5116, a 12-line bankruptcy bill with consequences that you should know about.

By placing a $200,000 cap on the fees payable to the bankruptcy referees' salary and expense fund in chapter VII cases under the old Bankruptcy Act, this bill will cost the U.S. Treasury close to $22 million, and that is only for the four cases we now know will be affected—W. T. Grant (loss of $19 million), Associated Transport, Inc. (loss of $1.3 million), Eastern Freight Ways (loss of $300,000), and Universal Money Order Co. (loss of $175,000). There could well be more chapter VII cases awaiting confirmation to which the cap would apply, according to the Administrative Office of the U.S. Courts, at a cost to the Treasury which no one can tell. In my judgment, a Treasury raid of this magnitude should be stopped in its tracks.

The fee schedule for bankruptcy liquidation cases set by the Judicial Conference in 1970 cannot reasonably be characterized as excessive. It amounts to 3½ percent of the first $50,000 of net realization, and 3 percent of the balance. If the Judicial Conference had felt in 1970 or at any later date that application of the formula would result in unjustly high payments, it could and doubtless would have set a cap. But it did not do this. It did not, I suspect, because it believed the schedule was an equitable one.

As one of the largest chapter VII bankruptcies on record, we may safely assume that the W. T. Grant liquidation made staggering demands on the time and personnel resources of the bankruptcy court. And the legislative history is clear on the point that the fee in a particular case was never meant to equal the expenditures for the case, and the larger estate fees must help to carry the many no-asset and minimal-asset cases. Even so, there is currently an $87 million cumulative deficit in the referees' fund account with the U.S. Treasury. The $22 million lost to the Treasury (at a minimum) by enactment of this bill would increase that deficit by one-forth.

The proponents of this bill note that a $100,000 cap on chapter VII fees was contained in a so-called bankruptcy technical amendments bill passed by our committee and the House in the last Congress. That is true, but the cost to the U.S. Treasury of the four liquidation cases I have cited went completely undetected, I regret to say, and was not mentioned in the Congressional Budget Office cost estimate in the judiciary committee report. I would like to believe that we would not have acted then as we did had we known the consequences of what we were doing.

A distinction may be drawn between placing a cap on referees' fund payments in a chapter XI reorganization case, in which there is precedent for congressional intent in the 1978 Bankruptcy Code and in which the savings might improve the survival prospects for an ongoing enterprise, and a chapter VII liquidation proceeding. In the latter instance, which is what we are confronted with here, the claims of the creditors, who have already received an overwhelming percentage of the assets of the bankrupt estate, should be weighed against that small fraction which the law holds should be payable to the U.S. Government for orderly administration of a bankruptcy referee system. Without that system, creditors could hope for little, if anything, from the bankrupt estate.

This bill constitutes a totally unwarranted surprise attack on the U.S. Treasury. It deserves to be soundly defeated.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Speaker, I thank my friend for yielding.

I rise in support of this legislation. I think it is fair and just. There are other creditors besides banks, and because there are banks does not make them totally devoid of merit in their claims. They advanced a lot of money in the Grant case, which is what we are talking about. They waited while other creditors received priority to try and keep the company alive, and it just seems to me that they should be able, like other creditors—and there are other creditors besides banks to get some of their money back.

Mr. EVANS of Georgia. Mr. Speaker, will the gentleman yield?

Mr. BUTLER. I yield.

Mr. EVANS of Georgia. Would the gentleman state whether the money we are talking about is money that is actually owed to these creditors, the so-called windfall?

Mr. HYDE. Yes, sir.

Mr. EVANS of Georgia. These are actually due to the creditors?

Mr. HYDE. Yes, sir.

Mr. BUTLER. If I may have 1 additional minute to clarify that point, of course this is the referees' salary and expense fund. This money is paid to the referees' salary and expense fund, and that money accrues to the United States, which of course will now have to make up the deficit. So, that is the source of the money. That is why I have represented to this body that the effect of this legislation is a windfall of $22 million which is out of the funds of the U.S. Government.

Mr. Speaker, I have no further requests for time.

Mr. EDWARDS of California. Mr. Speaker, the gentleman from Illinois (Mr. HYDE) is correct. There are other creditors. There are wage claimants; there are former employees who have a pension and welfare fund, and most of these employees are each owed over a $1,000.

Mr. BUTLER. The gentleman is quite correct as to the two bankruptcies for $100,000 or so, but the W. T. Grant bankruptcy, exceeding $20,000, is entirely 26 of the largest banks of the United States, several of which are, of course, from Illinois.

Mr. HYDE. Mr. Speaker, if the gentleman will yield further, I have trouble with the definition of "windfall." This money that we are talking about is money that is owed to these banks. Banks had advanced this money on credit, and the company is bankrupt. For them to retrieve some of that, not all of the money they advanced, how does that come under the definition of "windfall"?

Mr. BUTLER. Does the gentleman want me to answer that question?

Mr. HYDE. Yes, I do.

Mr. BUTLER. It is money that was not anticipated because it was the referees' salary and expense fund as being part of the expense of bankruptcy court. Of course, the W. T. Grant bankruptcy was run at considerable expense to the Federal Government. Of course, it was the largest bankruptcy in the history of the United States and took much more, considerably in excess of the $22 million we are talking about today, so it was money, when they entered bankruptcy, money expected to be paid to fund the bankruptcy and operation of the court.

If this bill passes, it will not be funded with these funds, but out of the taxpayer fund. Unexpected largesse at the expense of the taxpayers. So, I call it a windfall.

Mr. HYDE. If the gentleman will continue to yield, there were about $30 million in taxes paid out of this entire transaction, I am informed.

Mr. BUTLER. As the gentleman is well aware, taxes due the Federal Government are a priority claim in bankruptcy, and the Federal Government did salvage taxes already due it to an extent. Of course, not all of it.

Mr. HYDE. We have abolished this referees' salary and expense fund. What did we abolish it for?

Mr. BUTLER. We have not abolished it. It is still around. It has not been abolished for bankruptcies filed after the effective date of the Bankruptcy Act. It is no longer being funded out of the salary and expense fund. It is funded by the taxpayer.

Mr. HYDE. Like every other court in this land.

Mr. BUTLER. The gentleman is correct.

Mr. HYDE. OK, and this is money that was due to them. They did not expect to get it, but now if this legislation passes, they will get it, and it is a windfall in the sense that they did not expect to get it but it is their money.

Mr. BUTLER. It will be their money if the legislation passes. Otherwise, it is ours.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. EDWARDS) that the House suspend the rules and pass the bill, H.R. 5116.

The question was taken.

Mr. BUTLER. Mr. Speaker, on that, I demand the yeas and nays.

The yeas and nays were refused.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

AMENDING ACT TO ESTABLISH UNIFORM LAW ON BANKRUPTCIES

Mr. EDWARDS of California. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4353), to amend the act entitled "An Act To Establish a Uniform Law on the Subject of Bankruptcies," approved November 6, 1978.

The Clerk read as follows:

H.R. 4353

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 403(e) of the Act of November 6, 1978 (92 Stat. 2549; Public Law 95-598), is amended by inserting "or in which the final determination as to the amount of such fee is made after September 30, 1979, notwithstanding an earlier confirmation date," immediately after "September 30, 1978,".

□ 1630

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from California (Mr. EDWARDS) will be recognized for 20 minutes, and the gentleman from Virginia (Mr. BUTLER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Speaker, I yield myself such time as I may consume.

H.R. 4353 would place a ceiling on administrative fees paid into the now-abolished referees' salary and expense fund in certain large-asset cases pending under the former bankruptcy law, the Bankruptcy Act of 1898.

The referees' salary and expense fund was established long ago in an era when the bankruptcy courts were supposed to be self-supporting. Under the 1898 bankruptcy law, the bankruptcy court system was intended to be financed by filing fees and by additional fees assessed on the bankrupt estate and paid into the referees' salary and expense fund. The referees' fund was established to reimburse the bankruptcy court for expenses incurred in connection with bankruptcy proceedings and was until 1946 the source of the bankruptcy referees' compensation. Under section 40c(2) of the old Bankruptcy Act, a fee was levied on estates in chapter VII liquidations, chapter XI reorganizations, and chapter XIII wage earner plans and was assessed in accordance with a graduated fee schedule determined by the Judicial Conference.

In 1978, Congress abolished the referees' salary and expense fund and eliminated the percentage fee for all cases brought under the new Bankruptcy Code. The fund had been running a large deficit for a number of years, and there was general agreement that the bankruptcy court system should be funded from the general revenues of the Treasury, just as the remainder of the judicial system is funded.

On several earlier occasions, the Judicial Conference had recommended to Congress that the fund be abolished in recognition of the fact that the bankruptcy court system could not be self-supporting without placing an inordinate burden on bankrupts through increased filing fees and on creditors through increased percentage charges on the assets of the estate.

The burden of the percentage fees assessed on the bankrupt estate fell on the creditors since the fees were simply deducted from what would otherwise go to them in repayment of the amounts owed.

Thus, the fund and the percentage fee system were eliminated as to all cases commenced after September 30, 1979.

The 1978 Bankruptcy Act provided that all cases commenced under the former Bankruptcy Act would continue to be governed by the prior law (Public Law 95-598, section 403(a)), but section 403(e) of the 1978 act placed a $100,000 limit on fees charged under the old law in chapter XI cases where the plan was confirmed after September 30, 1978 (Public Law 95-598, section 403(e)). The cap was designed to limit the extraordinarily high fees in one or more very large-asset chapter XI cases, which were pending at the time—but had not yet been confirmed—and which were brought to Congress attention.

H.R. 4353 would amend section 403(e) of the 1978 Bankruptcy Act to set a limit of $100,000 on the referees' salary and expense fund fees assessed in chapter XI reorganization cases where the plan was confirmed prior to September 30, 1978, but the fee was not determined until after September 30, 1979. This would affect one chapter XI reorganization case involving fees in excess of $1.7 million, which falls outside of the date set forth in

the current statute. According to the Administrative Office of the U.S. Courts, H.R. 4353 would affect the fees in a chapter XI proceeding which was brought in the U.S. Bankruptcy Court for the southern district of New York (Lifetime Communities, Inc. (formerly In re Fidelity Mortgage Investors)) and which involves fees owing in the amount of at least $1.7 million. The reduction in the fees payable to the referees' salary and expense fund will result in more money being available to pay creditors under the chapter XI plan.

H.R. 4353 reaffirms congressional policy underlying the present statute that the fees in these unexpectedly large-asset cases should be limited to some reasonable amount, especially in light of the fact that Congress has abolished the fee for all cases commenced after September 30, 1979.

The date set forth in present section 403(e) of the 1978 act is an arbitrary one, and the reduction in fees payable to the referees' salary and expense fund will result in more money being available to pay creditors under the chapter XI plan. This is consistent with congressional intent that administrative fees should be minimized in order to preserve as much of the assets of the estate as possible for the creditors.

Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. EVANS).

Mr. EVANS of Georgia. Mr. Speaker, this legislation would amend section 403(e) of the 1978 Bankruptcy Act with respect to the fees required to be paid into the now-defunct referees' salary and expense fund in chapter 11 reorganization cases.

The referees' salary and expense fund was established long ago in an era when the bankruptcy courts were supposed to be self-supporting. Under the 1898 bankruptcy law, the bankruptcy court system was intended to be financed by filing fees and by additional fees assessed on the bankrupt estate and paid into the referees' salary and expense fund. This fund was to reimburse the bankruptcy court for expenses incurred in connection with bankruptcy proceedings.

Congress eliminated the referees' salary and expense fund in 1978 for all cases brought under the new Bankruptcy Code. The fund had been running a large deficit for a number of years, and there was general agreement that the bankruptcy court system should be funded from the general revenues of the Treasury, as is the remainder of the judicial system.

The 1978 act provided that all cases pending prior to the effective date of the act—October 1, 1979—would continue to be governed by the existing rules of procedures, fees and charges with one exception. Congress at that time placed a $100,000 limit on fees required to be paid into the referees' salary and expense fund for those pending chapter 11 cases whose plans were confirmed after September 30, 1978. This fee cap provision was included specifically to cover those large asset cases which had resulted from the unforeseen real estate recession of the midseventies. Without such a fee cap, the existing fee schedule would have allowed unreasonably high fees to be imposed in these large asset cases.

Inadvertently, we failed to include within this fee limitation those large asset chapter 11 cases in which the plan had been confirmed prior to September 30, 1978, but the final fee had not been determined by the court and paid by that date. H.R. 4353 would resolve this technical oversight in the 1978 act. Under the bill, the $100,000 fee cap would be extended to cover those chapter 11 cases in which the plan was confirmed after September 30, 1978, but the court order fixing the precise amount payable to the fund was entered by the court subsequent to September 30, 1979.

This bill would merely reaffirm the intent of Congress in 1978 to limit fees in these cases to $100,000.

According to the Administrative Office of the U.S. Courts this bill would affect only one known pending chapter 11 case, and the reduction in fees payable to the fund will result in more money being available to pay creditors under the chapter 11 reorganization plan.

The full Judiciary Committee has expressed unanimous support for this bill and at this time I would urge my colleagues to join in support of this measure.

Mr. EDWARDS of California. Mr. Speaker, I yield such time as he may consume to the gentleman from South Carolina (Mr. DERRICK).

Mr. DERRICK. Mr. Speaker, I rise in support of this legislation.

Mr. BUTLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the bill.

Mr. EDWARDS of California. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. I thank the chairman for yielding. What I am going to say very, very briefly is I am certainly no expert on bankruptcy, but I just wanted to relay to the House that in the past 4 to 6 months in Indiana I have had more people in the lending institution business come to me and say that the House absolutely, the Congress absolutely was going to have to redress the ease with which bankruptcies could be processed. I have never had quite this much outburst from the stable financial community in the 7 years I have been here. The general gist of the remark is that we in the House and the other body have made it far, far too easy for one to ask for and to achieve a bankrupt status.

Mr. EVANS of Georgia. Mr. Speaker, will the gentleman yield?

Mr. FITHIAN. I yield to the gentleman from Georgia.

Mr. EVANS of Georgia. I invite the gentleman to cosponsor legislation which I have introduced to correct some of the abuses. We presently have 165 cosponsors and I hope the gentleman will take a look at that legislation.

Mr. FITHIAN. I know the gentleman does good work and I would be happy to make it 166.

Mr. EDWARDS of California. Mr. Speaker, will the gentleman yield?

Mr. FITHIAN. I yield to the gentleman from California.

Mr. EDWARDS of California. I would point out to the gentleman from Indiana that the distinguished chairman of the full Judiciary Committee and the chairman of the Subcommittee on Monopolies and Commercial Law of the House Committee on the Judiciary, the gentleman from New Jersey, (Mr. RODINO) has scheduled a series of hearings on consumer credit bankruptcy which will commence shortly.

Mr. EDWARDS of California. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey, (Mr. RODINO), chairman of the committee.

Mr. RODINO. I thank the gentleman for yielding. I will not take much time other than to say that we recognize that there is much discussion and statements that there are problems. While the problems the gentleman from Indiana makes reference to may be problems that he says he has become cognizant of because many people have come to him. I want to assure the gentleman that this committee is well aware of the contentions and we have been holding hearings and we will be holding extensive, in-depth hearings on consumer bankruptcies early in the second session. And we certainly will address the problems that we find through these hearings are real problems.

We, however, want to assure the gentleman that we cannot ascribe all of the ills to the recently revised Bankruptcy Code.

There are certainly many other factors we have to consider, not the least being the economic situation that the country finds itself now involved in, and many other problems which suggest that it is not solely the fault of the law that we recently reformed.

However, I do want to assure the gentleman that there has been and will be serious attention and a great deal of study given to these serious matters.

Mr. FITHIAN. Would the chairman yield?

Mr. RODINO. I yield to the gentleman from Indiana.

Mr. FITHIAN. I thank the chairman and commend him for taking up this study. I would just add to the gentleman's information that in my congressional district there have been advertisements in newspapers saying

If you have monetary problems come in, we can get you out of all of your problems,

And there have been solicitations by the legal profession for bankruptcy cases. I have never seen this in good times nor bad ever before and, therefore, it lent some legitimacy to the claim that we had made it too easy.

Mr. RODINO. If I might just add briefly to what the gentleman says and then conclude, one cannot preclude anyone from advertising or posting notices. It is unfortunate that somehow there may be some people who view this as an opportunity to be able to try to solicit some kind of business. But that certainly was not the intent of, nor does the Bankruptcy Code address the problem of lawyer advertising.

I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. EDWARDS) that the House suspend the rules and pass the bill, H.R. 4353.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

AUTHORIZATION REPRINTING OF INVESTIGATION OF SENATOR HARRISON A. WILLIAMS, JR.

Mr. GAYDOS. Mr. Speaker, I call up the Senate concurrent resolution (S. Con. Res. 56) authorizing reprinting of the committee print entitled: "Investigation of Senator Harrison A. Williams, Jr.: Response of Senator Williams to Report of the Select Committee on Ethics on S. Res. 204," and ask unanimous consent for its immediate consideration.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. FRENZEL. Mr. Speaker, reserving the right to object, and I will not object, but I would, under my reservation, like to yield to the distinguished gentleman from Pennsylvania (Mr. GAYDOS) so he might explain this concurrent resolution.

Mr. GAYDOS. Mr. Speaker, this resolution authorized the reprinting of 300 additional copies of Senator WILLIAMS' response to the report of the Senate Ethics Committee on his investigation. It was just passed by the Senate and we have been asked to act upon it as soon as possible as the Senate expects to take up the Williams matter when the Congress reconvenes. The cost of reprinting is $3,275.

Mr. FRENZEL. Mr. Speaker, further reserving the right to object, this is a matter that the House usually considers one of comity. There is no objection on this side.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

The Clerk read the Senate concurrent resolution, as follows:

There was no objection.

S. CON. RES. 56

Resolved by the Senate (the House of Representatives concurring), That there shall be reprinted for the use of the Senate Select Committee on Ethics three hundred copies of its committee print entitled "Investigation of Senator Harrison A. Williams, Jr.: Response of Senator Williams to Report of the Select Committee on Ethics on S. Res. 204", Ninety-seventh Congress, first session, September 18, 1981

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

PROVIDING MUNICIPAL USE OF STORAGE WATER IN BENBROOK DAM, TEX.

Mr. ROE. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 779) to authorize the Secretary of the Army to contract with the Tarrant County Water Control and Improvement District No. 1 and the city of Weatherford, Tex., for the use of water supply storage in Benbrook Lake, and for other purposes.

The Clerk read the Senate amendment, as follows:

Page 2, after line 19, insert:

SEC. 2. (a) The third sentence of section 205 of the Flood Control Act of 1948 (33 U.S.C. 701s) is amended to read as follows: "Not more than $4,000,000 shall be allotted under this section for a project at any single locality.".

(b) The amendment made by this section shall not apply to any project under contract for construction on the date of enactment of this Act.

SEC. 3. Section 164 of the Water Resources Development Act of 1976 (Public Law 94-587) is amended by deleting the figure "$21,000,000" and inserting in lieu thereof "$23,200,000".

SEC. 4. The Secretary shall relocate the water supply intake facility on the Missouri River at Springfield, South Dakota, which facility is subject to severe sedimentation, at an estimated cost of $2,190,000.

SEC. 5. (a) The Proviso of section 2 of Public Law 84-485 shall not be construed to prohibit the storage of San Juan-Chama project water acquired by contract with the Secretary of the Interior pursuant to Public Law 87-483 in any reservoir, including the storage of water for recreation and other beneficial purposes by any party contracting with the Secretary for project water.

(b) The Secretary of the Army, acting through the Chief of Engineers, is authorized to enter into agreements with entities which have contracted with the Secretary of the Interior for water from the San Juan-Chama project pursuant to Public Law 87-483 for storage of a total of two hundred thousand acre-feet of such water in Abiquiu Reservoir. The Secretary of the Interior is hereby authorized to release San Juan-Chama project water to contracting entities for such storage. The agreements to thus store San Juan-Chama project water shall not interfere with the authorized purposes of the Abiquiu Dam and Reservoir project and shall include a requirement that each user of storage space shall pay any increase in operation and maintenance costs attributable to the storage of that user's water.

(c) The Secretary of the Interior is authorized to enter into agreements with entities which have contracted with the Secretary of the Interior for water from the San Juan-Chama project pursuant to Public Law 87-483 for storage of such water in Elephant Butte Reservoir. The Secretary of the Interior is hereby authorized to release San Juan-Chama project water to contracting entities for such storage. Any increase in operation and maintenance costs resulting from such storage not offset by increased power revenues resulting from that storage shall be paid proportionately by the entities for which the San Juan-Chama project water is stored.

(d) The amount of evaporation loss and spill chargeable to San Juan-Chama project water stored pursuant to subsections (b) and (c) of this section shall be accounted as required by the Rio Grande compact and the procedures established by the Rio Grande Compact Commission.

SEC. 6. Notwithstanding any other provision of law, no houseboat, floating cabin, marina (including any with sleeping facilities), or lawfully installed dock or cabin and appurtenant structures shall be required to be removed before December 31, 1989, from any Federal water resources reservoir or lake project administered by the Secretary of the Army, acting through the Chief of Engineers, on which it was located on the date of enactment of this Act, if such property is maintained in usable condition, and, in the judgment of the Chief of Engineers, does not occasion a threat to life or property.

□ 1640

The SPEAKER pro tempore. Is a second demanded?

Mr. HAMMERSCHMIDT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from New Jersey (Mr. ROE) will be recognized for 20 minutes, and the gentleman from Arkansas (Mr. HAMMERSCHMIDT) will be recognized 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. ROE).

Mr. ROE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, on June 1, 1981, the House passed H.R. 779, a bill which would enable the Corps of Engineers

to contract with Tarrant County and the cities of Weatherford and Granbury, Tex., to provide municipal water supply storage space for those communities in Benbrook Lake. Today the Senate passed H.R. 779 and returned it to us with amendments.

The first of these amendments would increase the authorized level of small flood control projects, which may be constructed by the corps without specific congressional authorization to $4 million. Under present law the limit is $2 million—or $3 million if the area to be protected has been declared a major disaster area within the previous 5 years. The last time the small flood control project authority was increased was in 1976, and a great deal of inflation has taken place since then. This amendment would raise the individual project limits, but would not raise the overall funding limit for the small flood control project program.

The second amendment would raise the authorization limit for the bridge from Lewiston, Idaho, to Clarkston, Wash., which was authorized by the Water Resources Development Act of 1976 and which is currently under construction by the corps. This increase from $21 to $23.2 million is necessary due to a funding delay when the bridge was orginally authorized.

The third amendment would authorize the corps to relocate a water supply intake facility at Springfield, S. Dak., on the Missouri River. This same provision was included in last year's water resources omnibus bill, H.R. 4788, which we passed on February 5 of last year.

The fourth amendment would allow public owners of water, such as the city of Albuquerque, to store water in the corps' Abiquiu Reservoir and Interior's Elephant Butte Reservoir in New Mexico. It would also expressly allow the Department of the Interior to release water from the San Juan-Chama project to contracting entities for that purpose. This amendment would entail no increased Federal cost, because the contracting users would be required to pay any increase in operation and maintenance costs.

The fifth amendment would provide that no presently existing houseboat, floating cabin, marina, or lawfully installed dock or cabin maintained in good condition shall be required to be removed from corps projects before December 31, 1989.

Mr. Speaker, these amendments to H.R. 779 are relatively minor ones, and I urge the passage of the bill, as amended.

Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from New Jersey (Mr. HOWARD), our full committee chairman.

Mr. HOWARD. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of H.R. 779 and urge my colleagues to support it as well. As we passed it last June, H.R. 779 at no Federal cost would provide badly needed water supply storage space in Benbrook Lake for Tarrant County and the cities of Granbury and Weatherford, Tex. The Senate added five amendments. The first would increase the Corps of Engineers' flood control project authority from $2 to $4 million. But without raising the overall funding level of the program. The second would raise slightly the authorization level of a bridge being constructed by the corps between Idaho and Washington. The third would permit the corps to relocate a water supply intake for Springfield, S. Dak. The fourth would provide water supply storage space in two reservoirs in New Mexico for communities such as Albuquerque. And the fifth would provide that houseboats, floating cabins, marinas, and lawful docks and cabins maintained in good condition shall not be required to be removed from corps projects before the end of 1989. Mr. Speaker, I urge the passage of H.R. 779, as amended.

Mr. ROE. Mr. Speaker, I yield such time as he may consume to the distingushed gentleman from Texas (Mr. WRIGHT), the majority leader.

Mr. WRIGHT. I thank the gentleman for yielding and express my personal appreciation to the committee for having diligently pursued this particular legislative matter.

Benbrook Reservoir was constructed as a Federal reservoir in the early 1950's. It was a multipurpose project. One of its purposes was flood control, and another of its purposes was navigation. It was believed at the time of its original construction that waters to be stored in that reservoir would be needed for navigation purposes. It now seems totally unlikely that there ever will be any navigable stream which can use those waters, and for those reasons it seems very plausible that those waters otherwise uncommitted and unused might be made available to these relatively small and occasionally drought prone but growing municipalities that are served by the Tarrant County Water Control and Improvement District and, in addition, the city of Weatherford and the city of Granbury, Tex.

So I want to express my sincere appreciation to this committee and to the conferees for having permitted this bill to come forward. I assure the Members that it is badly needed, and its passage before the end of this year most emphatically will make a very happy Christmas for the citizens of those communities.

Mr. ROE. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. I thank the gentleman.

Mr. Speaker, I would like to associate myself with the remarks of the majority leader, and I, too, would like to urge passage of this legislation.

Mr. ROE. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Speaker, I thank the distinguished chairman for yielding, and I want to assure the majority leader that my objection to this bill has nothing to do with the Texas project. In fact, I suspect, although I do not know, that that project has all of the merits that the gentleman says it has.

My objection, Mr. Speaker, is to the process that we are going through here. As I have read H.R. 779, it is a catch-all. Only the first paragraph deals with the Texas project. Many of the other projects are items of some controversy, it would seem to me, alteration of amounts of money, alteration of processes of the corps, and I will ultimately ask the chairman to explain for the House the relevance of section 6 to the basic bill.

But let me now proceed to discuss a matter with this House that I do not believe other Members are aware of. It is the absolute prostitution of the process.

Not long ago, a bill in which I had vital interest, on the Senate side deauthorized Lafayette Lake, 98 percent of which is in my district.

Now, the distinguished majority leader realizes the number of times that I have come to the Democratic leadership of this House in the past 3 or 4 years to seek some remedy, to seek some remedy for the folks of my district, a remedy which is sorely needed. And because of the objection of one Member of the minority side in this body, with 2 percent of the project in his district, the leadership, for some extraordinary reason, has caved in time and again and has in fact acquiesced to that Member objecting to the procedure.

Now, let me describe the most recent, and I think the most outrageous, of these proceedings. After the bill had passed the Senate, with the Lafayette Lake deauthorization in, with the concurrence and the support of both of my distinguished colleagues of the other body, Senators LUGAR and QUAYLE of the other party, and their support for it and the support of that body, the bill was brought over to the House. It was brought up under unusual circumstances, let us say. It was brought shortly after the President had shut down the Federal Government. And then when we finally got out of the reconciliation process and had worked out that enormous problem of state, there was a brief pro forma kind of session here by which we would adjourn the House; and at that time, with no bother to even alert

me in my office, and with 10 or 12 people on the floor, no advance warning, all of the normal protections of a Member of this body were violated, violated intentionally and willfully.

□ 1650

It is that to which I take such strenuous objection to the processes and the procedures of the committee who now has this bill on the floor.

When we contacted the staff of this committee and asked why such an outrageous procedure of the violations of the protocol of the House, and the treatment of a Member of this House and this body was handled thusly, we were told in effect, "Well, we knew how Congressman FITHIAN stood on that, we did not have to contact him."

Now, Mr. Speaker, when, in the processes of this body, is it justifiable to say that because an individual's position is known that a complete and intential end run would be pulled such as that in order to affect the goal of this committee?

It was an outrage. It was the process and procedure and protocol and indecency to a Member of this body.

I have no objection at all, of course, to the majority leader's need for this project. I will not even go into the argument that the funds involved in here may or may not be too much or too little. I do not know that project. I do not interfere in that project because I trust the majority leader and I trust the gentleman from Texas (Mr. STENHOLM).

I also almost said I trusted the gentleman from Texas (Mr. GRAMM). But the Gramm-Latta budget prevented this.

But I just am insensed by the fact that this body would do this to a Member. I lost once on the floor of the House on a deauthorizing bill with 19 projects and it was fairly fought and squarely fought and over my objections to it, 19 projects were removed before the bill passed the House. One of them was my project and I lost.

The SPEAKER pro tempore. The time of the gentleman from Indiana (Mr. FITHIAN) has expired.

Mr. ROE. Mr. Speaker, I yield one-half minute to the gentleman from Indiana.

Mr. FITHIAN. I lost in a fair and square way. If there were any way of my preventing this committee from getting any more legislation through this House in the remaining 13 months that I am going to be in this body I will be here in the well and I will do that because I think there is a reckoning due for this body.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. FITHIAN. Mr. Speaker, I yield to my friend, the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. I want to apologize to the gentleman from Indiana very sincerely. If by deed or omission I have been guilty of anything on any other piece of legislation that has caused him this distress I was not aware of it, and the references he makes to the majority leadership's having made a decision which willfully denied him his rights I think may be misplaced.

I want to say to the gentleman that I respect him and I respect his judgment. I think he is one of the most innovative and creative Members of this House. I think he should have his rights fully protected.

The SPEAKER pro tempore. The time of the gentleman from Texas (Mr. WRIGHT) has expired.

Mr. ROE. Mr. Speaker, I yield 2 additional minutes to the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. I sympathize with the gentleman's feeling and I can understand the depth of conviction and wounded hurt that brings him to this point; but I think the gentleman would acknowledge that it has nothing whatever to do with the bill presently before us, and I really believe the gentleman from Indiana, if he will examine his heart, will admit that even though grievously wronged, should not inflict upon this body an arbitrary decision to stand in the way of passage of any legislation that comes from a committee.

Mr. FITHIAN. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Indiana.

Mr. FITHIAN. In fact, it is my observation that the process by which this bill is going to pass—I suspect it shall pass—is the process that I object to—not to the one paragraph, but to the other two and three-quarter pages in which one collects up a number of things which may not stand the light of day on their own merit and tuck them into the bill, and finally it was precisely that process by which my own interests were not protected by taking some totally unrelated matter, sliding it into a bill without notifying a Member and then adding a number of other provisions which may or may not have passed the House on their own merit.

Mr. WRIGHT. Is the gentleman aware on its merits of any of the matters that had been included in this bill being hurtful to him or any other Member?

Mr. FITHIAN. I am a Member of this body and a citizen of this country, yes, I do object, strenuously object on the merit to section 6 and a couple of other items in the bill.

Mr. WRIGHT. That being the case, I can understand the gentleman.

Mr. FITHIAN. Is there not a process, I would ask the majority leader, whereby we can separate the Texas project on its own merits and leave these other matters which are substantive to another day?

Mr. WRIGHT. That was the very process I recommended, that is the very process that we asked for. That is the very process the House followed.

The SPEAKER pro tempore. The time of the gentleman from Texas (Mr. WRIGHT) has again expired.

Mr. ROE. Mr. Speaker, I yield 1 additional minute to the gentleman from Texas.

Mr. WRIGHT. Unfortunately we cannot control the other body and when they take one of our bills and add amendments to it, then I think our only recourse is either to kill the bill, which I think would be infortuitous and perhaps maybe even petty of us to do—or to pass the bill and in the absence of some serious strenuous objection to the merits of something in this legislation——

I am just pleading with the gentleman not to make this legislation presently before us the victim of his scorn which may rightfully apply to some other piece of legislation or indeed to some process.

Mr. FITHIAN. A part of this bill was in that other bill, I believe, and I was treated in that fashion. I believe there is a remedy for this. I do not think we have to accept what the other body sends over here attached to a bill that has nothing to do with the bill. If that were the case, how in the world would we legislate on the merits.

I think there is a procedure. We do not have to accept the Senate amendments.

Mr. ROE. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. EDGAR).

Mr. EDGAR. Mr. Speaker, I rise in opposition to this bill, not based on the project of our distinguished majority leader, the gentleman from Texas (Mr. WRIGHT), but on the very comments that my colleague from Indiana makes.

I ask several questions. First, what is the emergency upon which at 5 o'clock on the day that we adjourn the first year of the 1st session of the 97th Congress that we bring this bill to the attention of the House?

Second, I ask the question that I asked on February 5, a year and a half ago, when I held 184 amendments before the House when we were dealing with the omnibus water bill. That question is this: When are we going to begin to develop a process in this House whereby flood control projects, water resource projects, reclamation projects, and projects that are under the jurisdiction of the Army Corps of Engineers are dealt with in an orderly process, whereby we have principles and standards upon which we judge projects?

Hidden in this legislation are projects in South Dakota, in New Mexico and other places, and they may stand the light of day on their

merits, but I would suggest that they have been added to this legislation because of the priority nature of it, given the fact that it is a project namely in the district of the majority leader and they are laid upon us in this eleventh hour without the opportunity to know whether the Army Corps of Engineers is supportive, whether there is any cost sharing in this time of fiscal restraint by the local communities, whether they have met all of the environmental standards that are required for meritorious projects, and whether or not they have met all of the considerations of the House of Representatives and its committee that is led by our distinguished colleague from New Jersey.

I would urge my colleagues to vote "no" on this legislation and to restore a process whereby we can develop a merit water policy that really looks at the question of how much people should pay for the value of water and what is significant for this country to build rather than in this kind of a process where we add commitments onto the Federal Government which we will have to pay for as taxpayers, but may in fact not know the value of the legislation, the value of the projects, because of the nature and form in which it comes.

So, Mr. Speaker, I urge my colleagues strongly to vote down this suspension and to move back to a process so that our committee, upon which I serve, can bring before the House an omnibus water bill that puts each project in that legislation based on thoughtful consideration, based on merit and based on our looking at all of the implications of this legislation.

□ 1700

Mr. ROE. Mr. Speaker, would the distinguished gentleman from Arkansas yield an additional 5 minutes to the chairman of the subcommittee?

Mr. HAMMERSCHMIDT. Mr. Speaker, I would be pleased to yield 5 additional minutes to the chairman.

Mr. ROE. Mr. Speaker, I thank the gentleman from Arkansas.

My fellow colleagues, Merry Christmas. You know, I sympathize with the gentleman from Indiana very much, but I resent anybody implying that this Member of Congress would work and participate in anything clandestine whatsoever.

Now, I think the catchwords that are used around here every time we try to get something done around here is a little bit much and somebody in this House has got to stand up and speak to this issue.

We have been waiting 9 months to pass that Texas bill and the other body held it captive, and the gentleman knows that, and they tacked on those other four amendments. That is a fact. That has been going around here in this House and in the other body for the last 500 years, if we were a nation that long.

This is nothing clandestine or new or dirty or whatever. That is the way the process works. Those are the rules and those are the regulations.

Now, it happens to be, whether it is right or wrong, I am not speaking to that issue.

Furthermore, as chairman of this subcommittee, I was not advised by the distinguished gentleman from Indiana what his problem was until after the deed had taken place.

I will yield in time. Please let me finish.

I want to say to the Members here that the items that the Senate has added are legitimate items. We have reviewed the items. They are not trying to be sharp or shrewd or anything. There are things that have to be done. Every day that is delayed in getting the project approved in this House or in the Senate and every month that goes by is increasing the cost by 10, 15, or 20 percent.

Now it is to the point that everything everybody is trying to do is evil.

Now, I would suggest to the Members here, I have the greatest regard and respect for the gentleman from Pennsylvania. May I suggest in the interest of trying to get these jobs done and get the work done that ought to be done in Texas and the other places—and we approved the bridge that is involved that has added funding because costs have gone up—that we approve this legislation.

I agree and I sympathize, and the Members know me well enough to know that any Member of this House that I can be helpful to or work with, I have done it, in bill after bill.

It is not the Committee on Public Works and it is not the Subcommittee on Water Resources that is evil in this process. This process exists. That does not make it right nor does it make it totally wrong.

I do sympathize with the gentleman from Indiana, because I think his grievance has merit, and I told the gentleman that.

Now I yield to the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Speaker, I thank the distinguished chairman.

I want to clarify that I am not suggesting that this particular procedure we are operating under at this moment was a clandestine operation. As the gentleman knows, in a phone call recently, I explained that it was the proceeding procedure. I explained right here at this table 2½ years ago, when Mr. ROBERTS preceded me in the subcommittee on this committee, the problem that we had.

I talked with the gentleman from New Jersey——

Mr. ROE. After the deed was done.

Mr. FITHIAN (continuing). And was assured by himself and the ranking Republican on the committee, the gentleman from California (Mr. CLAUSEN).

Mr. ROE. After the deed was done.

Mr. FITHIAN. Yes, it was all done 2½ years ago and I was assured, I was promised by the gentleman from California (Mr. CLAUSEN), and I was assured by the now chairman of this committee that we would address that particular grievance.

How was it addressed? It was addressed 2 weeks ago on the floor of the House in the moment of adjournment. It is that that was clandestine, not today. It is that that the committee did wrong.

I do not believe that the chairman was on the floor, or perhaps even in Washington at the moment.

There is nothing personal about this. I hold nothing but the highest respect and regard for the chairman, but the chairman did not participate—I want to point out to the Members of this body—this chairman did not participate in the violation of the protocol and in the prostitution of the process of this House; but nonetheless, the protocol was violated and the process was prostituted 2½ weeks ago, whenever that adjournment came, or 3 weeks ago now.

Mr. ROE. Mr. Speaker, let me reclaim my time and then I will finish.

Let me suggest this to the Members. The distinguished gentleman from Indiana has a very valid point and I am not contesting that point, but I am contesting the situation that we should hold up these four projects which have absolutely nothing to do with the issue involved and delay four other States their just rights in this House, too.

I would expect that the Members who represent those four or five respective States ought to get up and speak to the issue as it relates to their States. As strongly as I feel in rightness and fairness and justice, we do not have the right to deny other States the right to the things that they need.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I rise in strong support of this legislation. The House has previously passed the Benbrook Lake provision. The modifications and additions which the bill now contains are not only acceptable but desirable. They will permit small projects to go forward in the interest of sound water resources development and will cure several other problems that are of limited scope but of local importance.

The provision also clarifies the intent which the House had in passing its version of S. 1493. A provision of that bill prohibits the Corps of Engineers from removing houseboats and other structures from their lake and reservoir projects prior to December 31, 1989. It was the intention when we

passed that bill that cabins and docks which were originally built illegally and are dangerous encroachments were not to be protected by the provision. As I say, this intention is clarified in this legislation. The Corps of Engineers must properly take action, in the face of a threat to life and property to seek removal, especially of illegal cabins which may be constructed within the area that the reservoir waters fluctuate. However, it is not our intent that modifications made to legally constructed cabins and docks are to be affected. In other words, the Corps of Engineers cannot look to some structural modification made to an otherwise legal dock or cabin and claim that it is illegal and must be removed.

With this understanding, I believe the provision is most sound and does provide the protection against any arbitrary actions that the Corps of Engineers may consider. Again, Mr. Speaker, I most strongly support this bill and urge its immediate passage.

Mr. Speaker, I yield 1 minute to the gentleman from New Mexico (Mr. LUJAN).

Mr. LUJAN. Mr. Speaker, I want to thank the gentleman for yielding. I was not going to get up, but as the chairman mentioned a little while ago, some of us from the affected States should perhaps get up and talk about this particular process. Sometimes the process allows for something to be done that needs to be done and in this particular case, this is what happened.

Section 5 of this bill allows Albuquerque to store water at the Abiquiu Dam, a dam which is a little further up north from Albuquerque and Elephant Butte Dam a few miles south of Albuquerque.

We find ourselves in the fortunate and perhaps unusual position in the arid southwest of Albuquerque having an excess amount of water and we need something to do with it. We are willing to share it with our neighbors.

Mr. EDGAR. Mr. Speaker, will the gentleman yield?

Mr. LUJAN. I would be happy to yield to the gentleman from Pennsylvania.

Mr. EDGAR. Mr. Speaker, I thank the gentleman for expanding his project. I think it is important for us to know what the project is.

I just would like to ask two questions; one, has this project been approved by the regional engineer of the Army Corps of Engineers?

Second, is there any cost sharing by the people of Albuquerque in order to do this particular project?

Mr. LUJAN. I can answer the question very clearly, there is a cost sharing agreement for additional costs.

The SPEAKER pro tempore. The time of the gentleman from New Mexico (Mr. LUJAN) has expired.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. CLAUSEN).

Mr. CLAUSEN. Mr. Speaker, I rise in support of H.R. 779 and urge its immediate passage.

The legislation before us contains a number of minor provisions most of which have already been favorably acted on by the full House of Representatives, either in this session or in previous Congresses. Three of the six provisions in this bill involve no additional costs to the Federal Government and the other three entail modest modifications to already existing project authorization. Of those provisions in the latter category, one authorized the Corps of Engineers to relocate a water supply intake which has suffered severe sedimentation. Another authorizes funds to complete construction of on-and-off ramps for a previously authorized bridge. And the third provides water supply authority for a municipality at an existing Corps of Engineers reservoir.

Mr. Speaker we have been informed that there is strong support for this legislation among our counterparts in the other body and, therefore, I urge its rapid passage here today.

Mr. HAMMERSCHMIDT. Mr. Speaker, I have no further requests for time.

Mr. ROE. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. ROE) that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 779.

The question was taken.

Mr. FITHIAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. FITHIAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

GENERAL LEAVE

Mr. ROE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

IMMIGRATION AND NATIONALITY ACT AMENDMENTS OF 1981

Mr. MAZZOLI. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4327) to amend the Immigration and Nationality Act, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, line 12, strike out "simple possession of marihuana" and insert "a single offense of simple possession of 30 grams or less of marihuana".

Page 3, line 25, strike out "paragraph" and insert "paragraphs".

Page 4, line 2, strike out "simple possession of marihuana" and insert "a single offense of simple possession of 30 grams or less of marihuana".

Page 16, line 16, strike out "simple possession of marihuana" and insert "a single offense of simple possession of 30 grams or less of marihuana".

Page 16, line 22, strike out "son or daughter" and insert "child".

Page 17, line 4, strike out "son or daughter" and insert "child".

Page 18, strike out all after line 22 over to and including line 5 on page 19 and insert:

SEC. 11. Section 265 (8 U.S.C. 1305) is amended to read as follows:

"SEC. 265. (a) Each alien required to be registered under this title who is within the United States shall notify the Attorney General in writing of each change of address and new address within ten days from the date of such change and furnish with such notice such additional information as the Attorney General may require by regulation.

"(b) The Attorney General may in his discretion, upon ten days notice, require the natives of any one or more foreign states, or any class or group thereof, who are within the United States and who are required to be registered under this title, to notify the Attorney General of their current addresses and furnish such additional information as the Attorney General may require.

"(c) In the case of an alien for whom a parent or legal guardian is required to apply for registration, the notice required by this section shall be given to such parent or legal guardian.".

Page 30, after line 2, insert:

SEC. 20. (a) Section 201(a) (8 U.S.C. 1151(a)) is amended by inserting after "two hundred seventy thousand" the following: ": *Provided*, That to the extent that in a particular fiscal year the number of aliens who are issued immigrant visas or who may otherwise acquire the status of aliens lawfully admitted for permanent residence, and who are subject to the numerical limitations of this section, together with the aliens who adjust their status to aliens lawfully admitted for permanent residence pursuant to subparagraph (H) of section 101(a)(27) or section 19 of the Immigration and Nationality Amendments Act of 1981, exceed the annual numerical limitation in effect pursuant to this section for such year, the Secretary of State shall reduce to such extent the annual numerical limitation in effect pursuant to this section for the following fiscal year".

(b) Section 202(a) (8 U.S.C. 1152(a)) is amended by inserting after "year" the fol-

lowing: ", *And provided further,* That to the extent that in a particular fiscal year the number of such natives who are issued immigrant visas or who may otherwise acquire the status of aliens lawfully admitted for permanent residence and who are subject to the numerical limitation of this section, together with the aliens from the same foreign state who adjust their status to aliens lawfully admitted for permanent residence pursuant to subparagraph (H) of section 101(a)(27) or section 19 of the Immigration and Nationality Amendments Act of 1981, exceed the numerical limitation in effect for such year pursuant to this section, the Secretary of State shall reduce to such extent the numerical limitation in effect for the natives of the same foreign state pursuant to this section for the following fiscal year".

Page 30, line 3, strike out "20" and insert "21".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

Mr. FISH. Mr. Speaker, reserving the right to object, and I shall not object, this measure has been before our subcommittee, not only all this year, but most of the preceding year.

□ 1710

It is needed legislation, recommended by and large by the Department of Justice, and the Immigration Service. The issues between our version and that of the other body have been largely resolved, narrowed down to a very few.

I take this reservation to ask the chairman of the subcommittee if he would be good enough to explain the differences between the Senate-passed version and the version that passed the House a few months back, and to explain the disposition he wishes to make of these differences.

Mr. MAZZOLI. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. I thank the gentleman for yielding.

Mr. Speaker, I would first like to thank the gentleman for his sterling help all through this year as a member of our subcommittee.

Mr. Speaker, as my colleagues may recall, H.R. 4327 passed the House under suspension of the rules on October 13, 1981. It is a noncontroversial legislative package that is designed to:

First. Improve the efficiency of the Immigration and Naturalization Service;

Second. Promote a more equitable application of our immigration laws; and

Third. Save several million dollars over the next few years.

The Senate has approved the legislation with just a few minor changes which I will now describe:

1. MARIHUANA POSSESSION

The House version would allow the Attorney General to admit certain aliens to the United States notwithstanding their conviction for "simple possession of marihuana."

The Senate adopted a clarifying amendment which would authorize the waiver of excludability only for possession of 30 grams or less of marihuana.

2. ALIEN REGISTRATION

The House bill eliminates yearly alien registration reporting requirements for immigrants, yet maintains it for nonimmigrants.

The Senate provision eliminates the annual yearly alien registration requirement completely.

3. DOCTORS AND INVESTORS

The House bill provides permanent residence to certain foreign medical graduates and investors without deducting visa numbers from the worldwide and per country immigration ceilings.

The Senate version charges any visas issued or adjustments of status to the worldwide and country numerical ceilings.

The Senate amendments do not alter—in any significant way—the House-passed bill and, as a result, I urge my colleagues to support my request.

I would say to the gentleman from New York (Mr. FISH) that the Senate amendments do not alter in any significant way the bill that the House passed. I think this will be a very important addition to the arsenal of the Immigration and Naturalization Service to improve its work not only in America but in its foreign posts as well.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky (Mr. MAZZOLI)?

Mr. FISH. Mr. Speaker, further reserving the right to object, if I understand it, then, out of the 19-some different sections in the House-passed bill in October, the Senate has slightly modified three of them that do not materially change the work product of the House.

Mr. MAZZOLI. The gentleman is correct; three slight changes in the 19 sections.

Mr. FISH. I thank the chairman for that.

Mr. LUNGREN. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from California, a member of the subcommittee.

Mr. LUNGREN. Mr. Speaker, I would also like to suggest we accept these changes. This is an extremely important bill, probably the first step toward doing anything positive in reorganizing our immigration procedures, something which has been needed for some period of time.

Two of the three amendments that we are asked to accept from the Senate deal with parts of the law that I authored in the original House bill. I think they clarify what we were attempting to do. I think they protect us further in not opening the doors unintentionally to uncontrolled immigration with respect to the last amendment and making more clear with respect to the first amendment what we meant by the simple possession statement.

I concur in the statements of both the chairman and the ranking member and wholeheartedly support this effort.

Mr. MAZZOLI. I thank the gentleman for his work.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, could the gentleman clarify for me? It is just that I do not understand what we are doing with regard to the marihuana possession.

Mr. FISH. Mr. Speaker, I yield for a response to the author of the amendment, the gentleman from California (Mr. LUNGREN).

Mr. LUNGREN. Mr. Speaker, to simply explain this, in the present law we have specific exclusions which do not allow any discretion to be exercised by the Attorney General with respect to past convictions on individuals who otherwise would be capable of coming into our country. We thought in the case of simple marihuana possession that the Attorney General ought to be able to look at the conviction to see whether it is relevant.

I used the language "simple possession." On the Senate side they had thought perhaps that was not definite enough. They wanted to specifically talk about the amount involved. They came up with 30 grams or less, to try to make more restrictive the definition we had placed in the law.

That is the sole change. It does not mean, however, that an individual with such a conviction would get in the country. It would merely allow the discretion to the Attorney General. At present he has no such discretion, and what is required is a private bill to come before those of us in the committee. This would allow him to exercise that discretion.

We tried to limit it only to those very, very restrictive cases.

Mr. WALKER. If the gentleman will yield further, in other words, what we have before us here in this language is really tougher language than what originally passed the House. Is that a fair statement?

Mr. LUNGREN. The Senate believes that to be true.

Mr. WALKER. I thank the gentleman.

Mr. MAZZOLI. I believe it should also be stated that the amendments of the gentleman from California are limited to family relationships. These are not beyond immediate family. So not only is it tighter than the current

language, but it does only affect family members and current mandatory bars are made discretionary bars.

Mr. FISH. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky (Mr. MAZZOLI)?

There was no objection.

A motion to reconsider was laid on the table.

NATIONAL JAYCEE WEEK

Mr. DASCHLE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate joint resolution (S.J. Res. 117) to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week," and ask for its immediate consideration.

The CLERK read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 117

Whereas the Jaycee idea began with a handful of young men in Saint Louis, Missouri, sixty-two years ago;

Whereas the Jaycee idea embraces today approximately three hundred thousand members in seven thousand five hundred American communities that have chapters in the United States Jaycees;

Whereas the Jaycee idea enriches the lives of communities around the world through affiliation in Jaycees International;

Whereas the Jaycee organization retains a youthful outlook, even in its maturity, and continues to build on the individual member, even with its global scope—first, helping him be the best man he can be, then helping him help his fellow man in need, one to one;

Whereas a Jaycee cares about people, and he shows it;

Whereas a Jaycee cares about progress, and he does something about it;

Whereas a Jaycee lives by the creed that "service to humanity is the best work of life", and throws himself into that work both in his vocation and avocation;

Whereas a Jaycee is the kind of young man this country will need in great numbers to help meet the challenges of our times and the coming century; and

Whereas it is fitting that we should give special recognition and encouragement to the Jaycee and his organization: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week", and calling upon all Government agencies and people of the United States to observe the week with appropriate programs, ceremonies, and activities.

● Mr. DASCHLE. Mr. Speaker, the Jaycees were founded by a handful of young men in St. Louis, Mo., some 62 years ago. Today the U.S. Jaycees count over 300,000 members in 7,500 communities.

The organization has grown because of its commitment to the individual. For 62 years the Jaycee idea, to help young men realize their full potential and to enlist that potential in the service of their fellow citizens, has improved the lives of Jaycee members and made their communities better places to live.

I am proud to sponsor this resolution calling on President Reagan to proclaim the week of January 17-23, 1982 as "National Jaycee Week." Passage of this resolution by the Congress is a tribute to the Jaycees organization and to each and every Jaycee.

I commend the National Jaycees for their commitment to excellence. Their 62-year tradition of caring about the lives of those with whom they live serves as a model of what is right with our Nation and richly qualifies them for the recognition they will receive during "National Jaycee Week" next month. I strongly urge its unanimous passage.●

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DASCHLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate joint resolution just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

PROVIDING FOR PRINTING OF 3,000 COPIES OF GENERAL EXPLANATION OF THE ECONOMIC RECOVERY TAX ACT OF 1981

Mr. GAYDOS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate concurrent resolution (S. Con. Res. 54) to provide for the printing of 3,000 copies of the General Explanation of the Economic Recovery Tax Act of 1981.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. FRENZEL. Mr. Speaker, reserving the right to object, and I will not object; this resolution will enable us to run some extra printing in the same run with a committee print. Because we normally print both anyway, we ought to do them at the same time. In so doing we can save, by my estimate, about $15,000.

I regret that the gentleman from Pennsylvania and I must inflict this additional bill on the House today, but we think the saving is worthwhile.

Mr. GAYDOS. Mr. Speaker, I would like to point out that this resolution is necessary at this time, since the staff publication will be printed during the congressional recess. Also, for GPO to print additional copies of the publication at a later date would cost substantially more than it would to print these copies at the initial printing. I should note that this publication will have a high demand from the Members' offices and from the general public. If the additional copies are not printed, there will be a very limited availability of the publication.

Mr. Speaker, I urge my colleagues to approve this concurrent resolution.

Mr. FRENZEL. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 54

Resolved by the Senate (the House of Representatives concurring), That 3,000 copies of the General Explanation of the Economic Recovery Tax Act of 1981, prepared by the staff of the Joint Committee on Taxation, be printed for the use of the Joint Committee on Taxation.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. RAHALL). Debate has been concluded on all motions to suspend the rules.

Pursuant to clause 5, rule I, the Chair will now put the question on each motion on which further proceedings were postponed in the order in which that motion was entertained.

Votes will be taken in the following order:

Senate amendment to H.R. 5159, on which the yeas and nays were ordered.

Senate amendment to H.R. 779, on which the yeas and nays were refused.

The Chair will reduce to 5 minutes the time for any electronic votes after the first such vote in the series.

BLACK LUNG BENEFITS REVENUE ACT OF 1981

The SPEAKER pro tempore. The pending business is the question of suspending the rules and concurring in the Senate amendment to the bill, H.R. 5159.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) to suspend the rules and

concur in the Senate amendment to the bill, H.R. 5159, on which the yeas and nays are ordered.The vote was taken by electronic device, and there were—yeas 363, nays 47, answered "present" 4, not voting 19, as follows:

[Roll No. 367]

YEAS—363

Addabbo	Dreier	Hunter
Akaka	Duncan	Hutto
Albosta	Dunn	Hyde
Alexander	Dwyer	Ireland
Anderson	Dymally	Jeffords
Andrews	Dyson	Jeffries
Annunzio	Early	Jenkins
Anthony	Eckart	Jones (NC)
Applegate	Edgar	Jones (OK)
Archer	Edwards (AL)	Jones (TN)
Atkinson	Edwards (CA)	Kastenmeier
Bailey (MO)	Edwards (OK)	Kazen
Bailey (PA)	Emerson	Kemp
Barnard	Emery	Kogovsek
Barnes	English	Kramer
Beard	Erdahl	Lagomarsino
Bedell	Ertel	Lantos
Beilenson	Evans (DE)	Latta
Benedict	Evans (GA)	Leach
Benjamin	Evans (IA)	Leath
Bereuter	Evans (IN)	LeBoutillier
Bevill	Fary	Lee
Biaggi	Fascell	Lehman
Bingham	Fazio	Lent
Blanchard	Fenwick	Levitas
Bliley	Ferraro	Lewis
Boggs	Fiedler	Livingston
Boland	Fields	Loeffler
Boner	Findley	Long (LA)
Bonker	Fish	Long (MD)
Bouquard	Fithian	Lott
Bowen	Flippo	Lowery (CA)
Breaux	Florio	Lowry (WA)
Brinkley	Foglietta	Lujan
Brodhead	Foley	Luken
Brooks	Ford (TN)	Lundine
Brown (CA)	Fountain	Lungren
Brown (CO)	Fowler	Madigan
Brown (OH)	Frenzel	Markey
Burton, Phillip	Frost	Marks
Byron	Fuqua	Marlenee
Campbell	Garcia	Marriott
Carney	Gaydos	Martin (NC)
Chappell	Gejdenson	Martin (NY)
Chappie	Gephardt	Matsui
Cheney	Gibbons	Mattox
Chisholm	Gilman	Mavroules
Clausen	Gingrich	Mazzoli
Clay	Ginn	McClory
Clinger	Goldwater	McCloskey
Coats	Gonzalez	McCollum
Coelho	Gore	McCurdy
Coleman	Gradison	McDade
Collins (IL)	Gray	McEwen
Conable	Green	McGrath
Conyers	Gregg	McHugh
Corcoran	Grisham	McKinney
Coughlin	Guarini	Mica
Courter	Hagedorn	Michel
Coyne, James	Hall (OH)	Mikulski
Coyne, William	Hamilton	Miller (CA)
Crockett	Hammerschmidt	Miller (OH)
D'Amours	Hance	Mineta
Daniel, Dan	Hansen (UT)	Minish
Daniel, R. W.	Harkin	Mitchell (MD)
Danielson	Hartnett	Moakley
Dannemeyer	Hatcher	Molinari
Daub	Hawkins	Mollohan
Davis	Heckler	Moore
de la Garza	Hefner	Morrison
Deckard	Heftel	Motti
Dellums	Hendon	Murphy
DeNardis	Hightower	Murtha
Derrick	Hiler	Myers
Derwinski	Hillis	Napier
Dickinson	Holland	Natcher
Dicks	Hollenbeck	Neal
Dingell	Holt	Nelligan
Dixon	Hopkins	Nelson
Donnelly	Horton	Nichols
Dorgan	Howard	Nowak
Dornan	Hoyer	O'Brien
Dougherty	Hubbard	Oakar
Dowdy	Huckaby	Oberstar
Downey	Hughes	Obey
Ottinger	Roybal	Swift
Oxley	Rudd	Tauke
Panetta	Sabo	Tauzin
Parris	Savage	Taylor
Pashayan	Sawyer	Thomas
Patterson	Scheuer	Traxler
Pease	Schneider	Udall
Pepper	Schroeder	Vander Jagt
Perkins	Schulze	Walgren
Peyser	Schumer	Wampler
Pickle	Seiberling	Washington
Porter	Shamansky	Watkins
Price	Shannon	Waxman
Pritchard	Sharp	Weaver
Pursell	Shaw	Weber (MN)
Rahall	Shelby	Weber (OH)
Railsback	Shuster	Weiss
Rangel	Siljander	White
Ratchford	Simon	Whitley
Regula	Skeen	Whittaker
Reuss	Skelton	Whitten
Rhodes	Smith (IA)	Williams (OH)
Richmond	Smith (NE)	Wilson
Rinaldo	Smith (NJ)	Winn
Ritter	Smith (PA)	Wirth
Roberts (KS)	Snowe	Wolf
Robinson	Snyder	Wortley
Rodino	Solarz	Wright
Roe	Spence	Wyden
Rogers	St Germain	Wylie
Rose	Stangeland	Yates
Rosenthal	Stanton	Yatron
Rostenkowski	Stark	Young (AK)
Roth	Staton	Young (MO)
Roukema	Stokes	Zablocki
Rousselot	Studds	Zeferetti

NAYS—47

Ashbrook	Goodling	Petri
Aspin	Gramm	Roberts (SD)
Badham	Gunderson	Roemer
Bennett	Hall, Ralph	Sensenbrenner
Bethune	Hall, Sam	Shumway
Broyhill	Hansen (ID)	Smith (AL)
Butler	Hertel	Smith (OR)
Carman	Johnston	Solomon
Collins (TX)	Kildee	Stenholm
Craig	Kindness	Stratton
Crane, Daniel	LaFalce	Stump
Crane, Philip	Martin (IL)	Volkmer
Erlenborn	Mitchell (NY)	Walker
Forsythe	Montgomery	Williams (MT)
Frank	Patman	Wolpe
Glickman	Paul	

ANSWERED "PRESENT"—4

Bafalis	Jacobs
Daschle	Synar

NOT VOTING—19

AuCoin	Ford (MI)	Santini
Bolling	Leland	Trible
Bonior	McDonald	Vento
Broomfield	Moffett	Whitehurst
Burgener	Moorhead	Young (FL)
Burton, John	Quillen	
Conte	Russo	

□ 1730

The Clerk announced the following pairs:

Mr. AuCoin with Mr. Broomfield.
Mr. Leland with Mr. Trible.
Mr. Vento with Mr. Whitehurst.
Mr. Santini with Mr. Quillen.
Mr. Russo with Mr. Moorhead.
Mr. Moffett with Mr. Burgener.
Mr. McDonald with Mr. Conte.
Mr. Ford of Michigan with Mr. Young of Florida.
Mr. John L. Burton with Mr. Bonior of Michigan.

Messrs. KINDNESS, ASPIN, VOLKMER, KILDEE, STENHOLM, HERTEL, HANSEN of Idaho, ROEMER, FRANK, SMITH of Oregon, MITCHELL of New York, BETHUNE, SHUMWAY, STRATTON, GUNDERSON, SAM B. HALL, JR., WOLPE, and RALPH M. HALL changed their votes from "yea" to "nay."

Mr. BRODHEAD changed his vote from "nay" to "yea."

Messrs. JACOBS, DASCHLE, and SYNAR changed their votes from "yea" to "present."

□ 1740

So (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment was concurred in.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING MUNICIPAL USE OF STORAGE WATER IN BENBROOK DAM, TEX.

The SPEAKER pro tempore. The pending business is the question of suspending the rules and concurring in the Senate amendment to the bill, H.R. 779.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. ROE). That the House suspend the rules and concur in the Senate amendment to the bill, H.R. 779.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 4503, MUNICIPAL WASTEWATER TREATMENT CONSTRUCTION GRANT AMENDMENTS OF 1981

Mr. ROE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. ROE. Mr. Speaker, I ask unanimous consent that the statement of the managers be read in lieu of the report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 14, 1981.)

Mr. ROE (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The SPEAKER pro tempore. The gentleman from New Jersey (Mr. ROE) will be recognized for 30 minutes, and the gentleman from Arkansas (Mr. HAMMERSCHMIDT) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. ROE).

Mr. ROE. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. HOWARD), the distinguished chairman of the Committee on Public Works and Transportation.

Mr. HOWARD. Mr. Speaker, I am pleased to rise in support of the conference report on H.R. 4503, the Municipal Wastewater Treatment Construction Grant Amendments of 1981.

I wish to commend the chairman of the Subcommittee on Water Resources, the gentleman from New Jersey (Mr. ROE), and the ranking minority member of that subcommittee, the gentleman from Arkansas (Mr. HAMMERSCHMIDT), as well as all of the members of the subcommittee for the fine job which has been done on this legislation. I also wish to express my appreciation to the ranking member of the full committee, the gentleman from California (Mr. CLAUSEN), for his usual cooperation and assistance. Finally, I wish to acknowledge the excellent job done by the House conferees in defending the House position on this important legislation.

The present Federal water pollution control program stems from major amendments made in the Federal Water Pollution Control Act Amendments of 1972. The 1972 act established a comprehensive program for the cleanup of our Nation's waters. Considerable progress has been made to date and it is important that this progress continue. Earlier this year, the administration proposed substantial changes in the program and stated that funding for fiscal year 1982 would not be supported unless these changes were made.

Our committee, after considerable efforts, reported H.R. 4503 which passed the House on October 27, 1981, by the overwhelming margin of 382 to 18. Shortly thereafter the Senate passed its version of this legislation. The agreement of the conferees represents a fair compromise which reasonably addresses the concerns of the House, the Senate, and the administration.

The conference agreement recognizes the need to reduce the Federal involvement in this program because of existing and expected budgetary constraints. It does so, however, in a manner which gives the States and local communities time to adjust to their increased responsibilities. The changes agreed to by the conferees take place after October 1, 1984. The program remains essentially intact until that date. After October 1, 1984, the Federal share is reduced from 75 to 55 percent. Also, the categories eligible for assistance are limited to treatment plants, interceptors, and infiltration-inflow correction. For projects which receive a step 3 construction grant before October 1, 1984, existing reserve capacity and the 75-percent Federal share are preserved.

With these provisions we have avoided harmful disruption to this very necessary program. It is essential that our Nation's commitment to clean waters not be abandoned. It is too important to the welfare of our people and to our economy as well. Our committee intends to continue its examination of this program in order to insure that it continues as a viable one.

Mr. Speaker, I believe that the conference agreement is reasonable and deserves the same overwhelming support that was given the House bill last October. I urge its passage.

Mr. ROE. Mr. Speaker, I yield myself such time as I may consume.

□ 1750

Mr. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. ROE. Mr. Speaker, I yield to the distinguished gentleman from California, the ranking minority leader of our subcommittee (Mr. CLAUSEN).

Mr. CLAUSEN. Mr. Speaker, I rise in strong support of the Conference Report on the Municipal Wastewater Construction Grants Amendments of 1981 and I urge my colleagues to do likewise. This legislation has been hammered out over the course of the past year with our colleagues in the Senate, taking into consideration the administration's commitment to reform EPA's construction grants program, and I believe we have done an excellent job under most trying circumstances.

All of the members who have labored so hard on this legislation are to be congratulated for the product that is before us today. Special recognition belongs to the chairman of the Public Works and Transportation Committee, the gentleman from New Jersey (Mr. HOWARD), who provided the strong leadership and encouragement that has been the hallmark of his tenure as Public Works Committee chairman. The leadership of our Subcommittee on Water Resources, Chairman BOB ROE from New Jersey, and ranking Republican JOHN PAUL HAMMERSCHMIDT from Arkansas, also deserve particular credit for developing the original version of H.R. 4503, which the House passed just a few weeks ago by the overwhelming vote of 382 to 18, and for negotiating the excellent compromise that is embodied in this conference report. And, of course, Mr. Speaker, the staffs of both the House and Senate Public Works Committees on both sides of the aisle should be recognized for their outstanding efforts in connection with this legislation.

Mr. Speaker, when President Reagan took office less than a year ago, he initiated a program of major realinement with respect to governmental responsibility. The general thrust of his realinement was to reduce substantially the role that the Federal Establishment plays in the governmental process.

Within this overall context, the President proposed reducing the funding level authorized for fiscal year 1982 for EPA's construction grants program from $5 billion to $2.4 billion. Furthermore, the President proposed no wastewater treatment plant funding until legislation reforming the EPA's construction grants program was first enacted into law.

The conference report on H.R. 4503 represents the reform legislation that the Congress has developed in response to the President's initiative. I believe that the process has been extremely difficult and in some cases a painful one, but it has been most beneficial and the President and his emissaries, Anne Gorsuch and John Hernandez from the Environmental Protection Agency, are to be congratulated for taking the lead with respect to the need to reform this important environmental legislation.

Mr. Speaker, I agree with President Reagan's goal of balancing the budget and have supported and will continue to support efforts to achieve that goal. At the same time I believe we must be particularly painstaking in our efforts to insure that our budget balancing decisions are the best, most informed decisions possible.

This is especially important with respect to capital investments designed to further the development of the Nation's commerce and industry and the well-being of our people. For all their contributions to the Nation, public works investment programs are particularly vulnerable to disproportionate reductions when there are cutbacks nationwide for budgetary reasons. Because the programs are national in scope, the numbers are large and present a tempting target. They are characterized by long leadtimes and therefore are anticipatory; they must be commenced long before needs become critical. The deterioration they are intended to compensate for is slow, gradual, incremental, and diffused. Cutbacks are not immediately translated into public perception that needs are being shortchanged. Like our economic system in general, they are often taken for granted.

This situation poses a serious budgetary danger. While we quite correctly pursue a course over the immediate

future of reducing our Federal spending, we must strike a very careful balance. Excess cuts in public works investments could shortchange vitally needed programs and undercut the larger economic objectives which the cuts are intended to achieve.

In this context, it is precisely because I share the President's vision of a revitalized, reindustrialized America that I accord great priorities to our public works programs on which so much of the economy's vitality and the people's well-being depends. In other words, in attempting to address our immediate economic needs, we must guard against actions that could ultimately lead to severely undercutting our Nation's program of long-term revitalization.

I am convinced that the package of reforms embodied in the conference report before us today properly recogizes the need to balance budgetary objectives with equally important environmental objectives. H.R. 4503 significantly reduces the level of authorized Federal funding for EPA's construction grants program. It does this, not because there is either a realization or a perception that we do not have water quality needs greater than those able to be addressed by a $2.4 billion funding level. Rather, the conference report recognizes that, in these times of special economic sensitivity, the Federal Government is unable to spend as much money as some would like to address to legitimate water quality problems. At the same time, the amendments to the Clean Water Act made by H.R. 4503 continue to provide for stability and viability in our Nation's clean water program.

Mr. Speaker, I believe that the House, in passing the original provisions of H.R. 4503, and the conferees, in fashioning the compromise embodied in this conference report, were guided by a number of key concepts.

First, the hallmark of our efforts was balance and consensus. For too long we have attempted to solve our problems in an atmosphere of hostility and contentiousness and, with this legislation, we attempted to create a new and better precedent with respect to the development of essential environmental legislation.

Second, we never lost sight of how important it is—and will continue to be—to preserve and enhance the quality of our Nation's waters. I am convinced that all of the conferees believe, as I do, that, while we inherit the Earth from our fathers, we also borrow it from our children.

Third, even while we sought all possible ways of eliminating environmental hazards, we were guided by the conviction that it is impossible for us to have a society that is without risk. We recognized that our task must be to identify those risks that are socially acceptable, that we willingly assume because the alternatives are far more damaging.

Fourth, we viewed achieving our clean water goals in a total or holistic sense, always seeking to balance our environmental objectives against equally important economic, social, and international purposes. There was recognition that economic, energy, environmental, and social objectives were not opposed to one another; all must be coordinated in the attainment of the quality of life our people want and to which they are entitled.

Fifth, the policies we adopted were, I believe, founded on sound technical bases with assurance as to feasibility of implementation and with due regard for cost effectiveness. Implementation will allow for flexibility both in means and schedules to achieve our clean water goals.

Sixth, procedures were adopted to expedite decisionmaking in recognition of the fact that unnecessary delay harms both the environment and the economy.

Seventh, we made a special concerted effort to find new and better ways of addressing our water pollution needs. Strong incentives were developed to create more cost-effective, resource-efficient, reliable solutions to our clean water problems.

Eighth, the Clean Water Act establishes a national water pollution control program. As such, the conferees understood that the act must recognize and be equipped to respond to the legitimate significant water pollution needs of all regions and areas of our country: North and South, East and West, large and small, urban and rural.

Ninth, because we were dedicated to lessening the heavy Federal presence from every area of our national life, we strived to limit Federal intervention to those responsibilities which the National Government is uniquely qualified to carry out. We attempted to minimize the role that the Federal Government plays in attempting to solve our problems and emphasized, instead, reliance on institutions and individuals better equipped to deal with those problems.

And, finally, State and local governments were truly given a greater voice in determining environmental policy and a greater role in its administration. With the enactment into law of H.R. 4503, there will be more flexibility in the use of funds given to the States for environmental programs. Where authority is assigned to State and local levels, the delegation is intended to be a true one so that the process is made simple, and is not simply the addition of another tier of regulation.

Mr. Speaker, others have discussed in detail explanations of this conference report's provisions. I would just like to add some clarification on a few of those provisions.

Section 4 of the conference report directs the Administrator of the Environmental Protection Agency to make three grants for certain projects already in EPA's construction grants pipeline.

The first involves the expansion of the Southeast Sewage Treatment Plant located in the Bay View/Hunter's Point area of San Francisco. In order to mitigate the odors, noise, and visual impacts, and other adverse effects on the community identified in EPA's environmental evaluation of the proposed plant expansion, it was agreed that a greenhouse/skills training center would be constructed adjacent to the Southeast Sewage Treatment Plant. The center is to be connected to the plant by pipes which will carry methane to heat the center. In addition, sludge from the treatment plant will be used as fertilizer for the greenhouse.

A favorable grant eligibility determination and commitment to a $15 million greenhouse/skills training project was made on January 22, 1981, by the California State Water Resources Control Board, which acts as EPA's representative in determining grant eligibility in the State of California. However, although EPA was fully aware of CSWRCB's decisions, it was not until several months ago that EPA—incorrectly, the conferees believe—informed San Francisco that the greenhouse/skills center would not be eligible for grant funding under the Clean Water Act. In the meantime, the city and county of San Francisco had begun construction of the expansion to the Southeast Sewage Treatment Plant.

The second matter intended to be covered by this section involves the Greater Eureka wastewater treatment project. In the Eureka project, approximately 139 acres of property adjacent to the proposed Eureka Treatment Plant are considered to be environmental mitigation for siting of the proposed treatment plant and holding pond on 16 acres of wetland. The 139-acre site is to be dedicated as permanent open space and maintained and managed as a wetland/wildlife area, having the dual purpose of acting as a demonstration project to improve water quality while at the same time insuring restoration and enhancement of habitat values of a substantial wetland area. On November 21, 1980, the California State Water Resources Control Board issued its concept approval letter informing the city of Eureka and the U.S. Environmental Protection Agency of its determination that the purchase of the 139 acres was grant eligible. A little less than 2 weeks later, on December 3, the city of Eureka's mayor signed and accepted a step II grant award. Subsequently

EPA—again incorrectly, we believe—overturned CSWRCB's determination and advised the city that acquisition of the 139 acres was not eligible for Federal grant funds.

Both of these cases involve EPA's refusal to abide by the grant eligibility determination made by the duly appointed agency of a State having construction grants program delegation responsibilities. Both involve mitigation measures arising from the construction of a grant-eligible treatment works. Both situations involve costs associated with an integral part of the underlying grant eligible treatment works. In both instances, EPA erred in refusing to abide by the CSWRCB's grant eligibility determination.

The third project covered by section 4 of the conference report involves what the conferees believe was the need to provide innovative and alternative grant funding for the vascular plant, reverse osmosis technology that the city of San Diego is proposing for its sewage treatment recycling system.

Mr. Speaker, section 8 of the conference report deals with providing strong incentives for the use of innovative and alternative technologies and processes. As author of the original innovative and alternative technology provisions in the 1977 Clean Water Act, I am particularly heartened that the conferees agree that these provisions constitute an important opportunity to make our Nation's clean water program more cost effective and environmentally beneficial. During our Water Resources Subcommittee hearings on this construction grants reform legislation, EPA testified that "to date, EPA has found that for each dollar invested in the innovative and alternative technology program to provide this incentive, $6 is saved in project costs." The I/A provision contained in this conference report will, I am convinced, continue this excellent fiscal track record.

Mr. Speaker, I would just like to highlight one last provision of the conference report. Section 10 provides a new scheme for Federal funding of reserve capacity. Of special note, section 10 also has the effect of repealing the industrial cost exclusion (ICE) provision of the act. Section 10 provides that any grant made after November 15, 1981, for a publicly owned treatment works, will include funding for industrial capacity on the same basis as residential capacity. This is a most important provision and is one that was overwhelmingly supported by the House, in different form, on two separate occasions earlier this year.

Mr. Speaker, allow me to make one additional point. I am convinced that, perhaps more than in any other area, focusing on the tremendous wealth of talent that exists throughout our Nation offers the promise of the best water quality return for our construction grants program investment. It is a matter of investing in our Nation's infrastructure.

I spoke earlier about our national need to reinvest in our infrastructure. There, I was speaking of capital infrastructure. Here, I am talking about something else, something perhaps far more important. I'm talking about our political, our problem-solving, our people infrastructure.

I have long believed that the best government is the one closest to the people. There, it is less costly, more accountable, and more responsible to people's needs.

But over the years I believe our people have lost sight somewhat of this fact. We have had too much of a tendency to look to someone else to solve our problems, to let the Federal Government do things for us. In the process we have lost many of the most effective solutions to our problems and a great deal of control over our destinies. We have let our people infrastructure deteriorate.

This situation must be reversed. Nationwide, we can begin by truly returning the power and responsibility of government back where it belongs, to the hands of the people. In this way best of all we will achieve our clean water and other legitimate national objectives.

Mr. Speaker, I am convinced that the conference agreement on H.R. 4503 takes a major step in this direction. I, therefore, strongly support its passage today and urge all of my colleagues to do likewise.

Mr. ROE. Mr. Speaker, it is with great pleasure that I bring to the floor the conference report on H.R. 4503, the Municipal Wastewater Treatment Construction Grant Amendments of 1981. This bill represents the culmination of months of intensive efforts in our committee and in conference with the Senate. Throughout this time the assistance of the gentleman from Arkansas, the ranking minority member of the Subcommittee on Water Resources (Mr. HAMMERSCHMIDT), has been invaluable. I also wish to express my deep appreciation to the gentleman from New Jersey, the chairman of the full committee (Mr. HOWARD), for his usual fine leadership and the ranking minority member of the full committee, the gentleman from California (Mr. CLAUSEN), for his outstanding cooperation and assistance. A special expression of thanks is also owed the House conferees who did an outstanding job of defending the House position in conference.

In 1972 the Congress enacted landmark legislation providing for an intensive effort to reduce and ultimately eliminate the discharge of pollutants into our Nation's waters. The Federal Water Pollution Control Act Amendments of 1972 set increasingly stringent standards for discharges of industrial and municipal wastes. For municipal wastes it required secondary treatment by 1977 and the application of best practicable wastewater treatment technology by 1983. The 1977 date for secondary treatment was later extended to 1983 for those communities which were unable to meet the date because of a lack of Federal funding. In connection with these new requirements for secondary and best practicable treatment, the act provided a 75-percent Federal grant share for construction of publicly owned treatment works. The grants were to be available for such categories as secondary treatment, more stringent treatment, infiltration/inflow correction, major sewer system rehabilitation, new collector sewers, interceptors, and appurtenances, and correction of combined sewer overflows.

Earlier this year, the administration proposed drastic changes in the construction grants program. This was coupled with an announcement that fiscal year 1982 funding would not be supported unless the Congress passed legislation making changes in the program. Also, as part of this process, the Reconciliation Act reduced the fiscal year 1982 funding to zero with the provision that $2.4 billion would be authorized in the event that legislative changes are enacted into law.

The conference report I bring to the floor represents the response of the House and the Senate to the administration's call for changes in the program. It recognizes the need to reduce Federal participation in the program in view of existing and expected budgetary constraints. However, and this is most important, the States and localities are given a period of time in which to adjust to and make accommodations for their increased responsibility. The eligibilities for grants remain essentially intact until October 1, 1984. After that date the Federal share will be reduced from its current 75 percent to 55 percent. In addition, categories of treatment works eligible for grant assistance will be limited to secondary and more advanced treatment, interceptors and correction of infiltration/inflow problems. However, up to 20 percent of a State's annual allotment as determined by the Governor may be used to fund otherwise ineligible categories such as collector sewers, sewer rehabilitation, and correction of combined sewer overflows. With regard to reserve capacity, projects which receive a step 3 construction grant for a treatment plant or interceptor prior to October 1, 1984, will remain eligible for grant assistance for 20 years for reserve capacity in the funding of the remainder of the treatment plant and 20 to 40 years for interceptors. For projects receiving the first construction grant after October 1, 1984, Federal grant assistance

will be limited to the capacity needed to meet the needs (industrial and residential) existing as of the date of award of the step 3 construction grant. However, grant assistance will not be available for needs over and above those existing on October 1, 1990.

With regard to the Federal share, if a step 3 construction grant is approved before October 1, 1984, for a segment of a treatment plant or interceptor, then subsequent grants for the rest of the treatment plant, interceptors, and infiltration/inflow correction will be at 75 percent.

The statement of managers includes language urging the appropriation of funds to implement section 206 of the Federal Water Pollution Control Act. This section provides a mechanism for the reimbursement of communities which proceed with construction of treatment works at their own expense if the treatment works meet all of the requirements of the act. This enables communities to save money by moving ahead before Federal funds are available and thus avoid the increased costs associated with inflation. This provision of the act, however, has not been funded in appropriations acts. This has resulted in an unfortunate and unnecessary increase in cost for the program, both to local interests and to the Federal Government. With the reductions in Federal assistance incorporated in H.R. 4503, it is even more necessary that ways be found to decrease overall costs associated with the reduction of pollution of our Nation's waters. Permitting construction at present-day prices, with reimbursement later, is one way of doing this.

Mr. Speaker, one glaring example of the types of difficulties which are created because of the lack of proper implementation of the reimbursement provision in the act is found in the district of my distinguished colleague, Mr. MOTTL. The four communities of Rocky River, Bay Village, Fairview Park, and Westlake in suburban Cleveland, Ohio, built a sewer treatment plant with EPA guidance. However, when this "pilot program" plant was completed it turned out that it did not operate properly. The plant when finally completed with design modifications will serve about 80,000 residents. The attempts on the part of local communities to receive reimbursement from EPA go back many years. They have been unsuccessful both because of the lack of funding for section 206 and because of EPA's unwarranted allegation that the project involving as it does advanced technology of an experimental nature does not meet the criteria of a "normal" construction grant project. I wish to assure the gentleman that in my opinion the local communities are entitled to reimbursement and should be reimbursed upon the appropriation of funds for that purpose.

There is one other provision in the conference agreement that I would like to mention. Section 4 provides that the Administrator shall make a grant, from any funds otherwise allotted to the State of California, to the city of San Diego in connection with that city's aquaculture sewage process system as an innovative and alternative waste treatment process.

The city of San Diego is planning to construct a wastewater-to-potable recycle system. The product of this system will be not only treated sewage but potable water. This is the type of innovative and alternative project which is truly worthwhile because of its potential for establishing the practicability of reclaiming water for municipal purposes. This is the sort of thing which should be encouraged, especially in view of the droughts which have occurred in recent years. Our committee has long maintained the importance of the relationship between water quality and water quantity. They are inseparable. Section 4 embodies this principle.

Section 4 also provides that the Administrator shall make grants from funds allotted to the State of California for mitigation features associated with waste treatment projects in San Francisco and Eureka, Calif. Grants for these features were approved by the State pursuant to its delegated authority and were not disapproved by EPA until some time later. The provisions in section 4 are designed to correct the inequity which would result if the local communities were now required to pay the cost associated with these features after proceeding under the assumption that they would be grant eligible.

Mr. Speaker, I am including as part of my statement a brief section-by-section analysis of the bill agreed to by the conferees.

I believe this is a workable bill which will provide an opportunity for State and local governments to adjust to the changes made in the program. It will also provide us with the opportunity to continue our examination of the program and to make whatever further changes are determined to be necessary to assure its sound and equitable operation. The cleanup of our Nation's waters is a matter of immense importance to all of the citizens of this country. We must not sacrifice our commitment to the goal of clean water for purely budgetary reasons, because the cost we will pay for water pollution will far outweigh any costs of correcting the problem. I urge passage of the bill.

At this point I include the analysis of the conference report on H.R. 4503:

ANALYSIS OF THE CONFERENCE REPORT ON H.R. 4503

Section 1 provides that this act may be cited as the "Municipal Wastewater Treatment Construction Grant Amendments of 1981".

Section 2 provides that after October 1, 1984, grants may be made only for projects for secondary or more stringent treatment plants, new interceptors and appurtenances, and infiltration-inflow correction. Beginning on that date, any State may, at its option, use up to 20 percent of its annual allotment to fund categories of projects other than secondary treatment plants, new interceptors and appurtenances, and infiltration-inflow correction.

Section 3 eliminates, effective upon the date of enactment, grants for step 1 planning and step 2 design work. Instead, these costs will be reimbursed to the grantee upon award of the step 3 construction grant. States are required to use a portion of their funds to make advances to communities needing assistance in preparing planning and design work.

Section 4 amends section 201 of the Federal Water Pollution Control Act to authorize the Administrator of the Environmental Protection Agency to make grants for mitigation expenses and for special processes in the cases of projects in San Francisco, Eureka, and San Diego, Calif.

Section 5 provides two methods for funding correction of combined sewer overflow problems, notwithstanding section 2. First, after October 1, 1984, the Governor of a State may request that CSO problems be funded out of the State's regular allotment, rather than the 20 percent discretionary allowance, where correction of CSO discharges is a major priority of the State. Second, beginning fiscal year 1983, $200,000,000 per year is authorized to correct CSO discharges into marine bays and estuaries.

Section 6 directs the Administrator to encourage and assist grant applicants to develop and file capital financing plans which will project future treatment needs, costs, and methods of financing.

Section 7 provides that until October 1, 1984, the grant amount for eligible projects shall be 75 percent of the cost of construction. Beginning October 1, 1984, the grant amount for eligible projects shall be 55 percent of the cost of construction. However, where a grant for construction of a primary, secondary, or advanced waste treatment facility and related interceptors or for correction of infiltration-inflow was awarded prior to October 1, 1984, all subsequent segments and phases of such facility, related interceptors, and infiltration-inflow correction shall be 75 percent of the cost of construction.

Section 8 makes permanent the authority of the Administrator to make grants for projects using innovative and alternative processes and techniques, and provides that the Federal share of such grants shall be 20 percentage points greater than the prevailing Federal share, but in no event greater than 85 percent. Each State is required to set aside no less than 4 percent and no more than 7½ percent, for increasing the Federal share of such projects. Grants may be made for any innovative or alternative "operable unit" of a treatment system, including sewers, correction of combined sewer overflows, infiltration-inflow correction, and major rehabilitation. In addition, the definition of treatment works in section 212 of the Federal Water Pollution Control Act is amended to allow for the grant eligibility of field testing of innovative or alternative waste treatment processes and techniques.

Section 9 amends section 203(a) of the Federal Water Pollution Control Act to

raise the estimated cost limitation on small projects which may receive a combined step 2 design and step 3 construction grant from $4 million to $8 million.

Section 10 provides that beginning October 1, 1984, no grant shall be made to construct that portion of any treatment works providing capacity in excess of flows (including residential, commercial, industrial, and other flows) existing at the time of approval of the step 3 construction grant, but in no event shall the capacity funded exceed that necessary to treat flows existing on October 1, 1990. However, if a treatment plant or its associated interceptors has received any step 3 construction grant prior to October 1, 1984, remaining segmented or phased grants for that treatment plant and associated interceptors shall be eligible for funding consistent with reserve capacity which is currently eligible: 20 years for the plant and 20 to 40 years for the interceptors. Also, grants awarded prior to October 1, 1984, include funding for reserve capacity incorporated in associated collectors.

Section 11 modifies the requirement that two brand names or equal be listed in a proprietary specification for bids by providing that when it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equal description may be used.

Section 12 requires that the prime consult- ant to a grantee remain on the site for one year following start-up of the facility to supervise operation and training. Such activity will be grant eligible. One year after the date of completion, the owner and operator of the facility shall certify whether the facility is in compliance with its permit; if it is not, the failure must be corrected in a timely manner at other than Federal expense.

Section 13 establishes the formula for allotment of grant funds to the States for fiscal years 1982 through 1985. For fiscal year 1982, the formula shall be that which is currently in effect, which is the formula contained in table 3 of Committee Print 95-30 of the Committee on Public Works and Transportation of the House of Representatives. Funds authorized for fiscal years 1983, 1984, and 1985 shall be allotted according to a formula which is an average of the formula for fiscal year 1982 and the Senate formula for fiscal year 1984.

Section 14 provides that for fiscal years 1982 through 1985, not to exceed 4 percent of the total amount authorized for each year is authorized to be reserved for making grants to States for the costs of administering provisions of the construction grants program.

Section 15 authorizes the Administrator to reserve one percent of each State's allotment, or $100,000, whichever is greater, to be used to make grants to the States to carry out water quality management planning.

Section 16 directs the Administrator to allot to the State of New York from fiscal year 1982 funds an amount necessary to pay the cost of conveying sewage from the convention center of the city of New York to the Newtown sewage treatment plant in Brooklyn.

Section 17 authorizes $2.4 billion for each of fiscal years 1982, 1983, 1984 and 1985 for the construction grants program.

Section 18 amends the Federal Water Pollution Control Act to state the policy of Congress that grant-assisted projects shall be those which, in the estimation of the State, are designed to achieve optimum water quality management, consistent with the public health and water quality goals and requirements of the act.

Section 19 expresses the policy of Congress that a grant-assisted project shall be considered as an overall waste treatment system and shall be that system which constitutes the most economical and cost-effective combination of treatment works to meet the requirements of the act. It also provides that water efficiency measures and devices are to be considered along with all other alternatives in determining what overall system is most cost-effective.

Section 20 provides that where a State has been delegated sufficient authority to administer the construction grants program, the Governor may certify to the Administrator that a grant application meets all applicable requirements. The Administrator must approve such an application within 45 days or state the reasons for disapproval in writing.

Section 21 amends section 301(i) of the Federal Water Pollution Control Act to allow for an extension of the deadline for achievement of secondary treatment by municipalities, from July 1, 1983, to July 1, 1988. The provision also eliminates the requirement that all municipalities achieve best practicable waste treatment technology by July 1, 1983.

Section 22 amends section 301(h) of the Federal Water Pollution Control Act, which allows certain communities to treat their wastes to less than secondary levels if they are discharging through a deep ocean outfall pipe and certain stringent environmental requirements can be met. Section 22 deletes from existing law a restriction of eligibility to communities which already had ocean discharges on December 27, 1977. In addition, section 22 clarifies that eligible applicants include communities which have achieved secondary treatment capability. All communities proposing ocean discharges will have one year from the date of enactment to submit an application for a variance from the secondary treatment requirement. No such variance shall be granted for any discharge of sewage sludge into marine waters from outfalls. In addition, no variance made possible by these amendments may be granted sooner than one year after the date of enactment.

Section 23 amends the Federal Water Pollution Control Act to allow the use of biological treatment facilities such as oxidation ponds, lagoons, and ditches, and trickling filters, to satisfy the secondary treatment requirement if it can be proven that water quality will not be adversely affected by such methods.

Section 24 requires states to review, revise and adopt revised or new water quality standards within three years of the date of enactment. After three years, no grant will be made unless this effort has been completed and approved by the Administrator.

Section 25 directs the Administrator of the Environmental Protection Agency to submit to Congress not later than December 31, 1982, a new "needs survey" as specified in section 516(b) of the Federal Water Pollution Control Act, and reflecting the changes made by H.R. 4503.

Section 26 expresses the sense of Congress that judicial notice should be taken of this act, including the reduced authorization levels for the construction grants program, and that Federal consent decrees should be modified accordingly where required by equity.

Section 27 provides that the project for Bath Township, Mich., shall be eligible for grant assistance.

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. ROE. I yield to the gentleman from Georgia.

Mr. LEVITAS. I thank the gentleman for yielding.

I want to commend the gentleman and the ranking member for the great work that he has done.

At some later point in these proceedings, I would like to speak further. But at this point, one of the issues that has been involved in this legislation between the House and the other body has been the question of the allocation formula, and I wonder if the gentleman could just give a brief description of how that issue ended up between the House and the other body.

I think it is very important when we are talking about $2.4 billion to know just where that is going to be divided.

Mr. ROE. The gentleman from Georgia asked the question in view of the fact that the legislation is a $2.4 billion bill, authorizing per year, for the next 4 years, what was the final adjudication between the House and the Senate on the formula allocation of funds?

We took for the first year the existing formula in the existing legislation and accepted that year.

We took the average over the last 3 years of the Senate formula and the House formula.

We combined them together and divided by two, based on the year 1984.

It was a fair and equitable decision on balance, we felt.

Mr. ROEMER. Mr. Speaker, will the gentleman yield?

Mr. ROE. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding.

Mr. Speaker, I urge my colleagues to support the conference report on the municipal construction grants program. Both the Senate and the House came a long way during the conference. The result is a compromise that I believe my colleagues from extremely urban areas can live with as readily as those from more rural areas like myself.

The House conferees insisted that there could be no reforms without flexibility. The program had to be tailored so that States would have the means to overcome their particular problems—which differ region by region but which block our national goal of clean water. While no one is completely happy with any compromise, in this case I believe basic fairness has prevailed.

I am also pleased that the House convincingly made the case to the Senate that infiltration-inflow correction is a small ticket item with big re-

wards. The House position prevailed because infiltration-inflow correction makes commonsense. It means a better program at a cheaper long-term cost to protect and conserve our Nation's clean water.

Two of the major problems plaguing this program—high cost and poor performance of treatment plants—have been traced to excessive infiltration inflow—which is extraneous clean water entering the sewer system. Specifically, the flow of clean water equals or exceeds the total waste flow at plants across the country. If unchecked, municipalities build plants that are too large and too expensive. In other cases, infiltration inflow causes the disruption of treatment processes, and this results in the bypassing of plants and the dumping of raw waste into our waterways. In addition, leaky sewer lines are a likely contributor to ground water contamination. However, correction of the infiltration-inflow problem has been found to be cost effective, typically with a 6-to-1 benefit/cost ratio.

For these reasons, infiltration-inflow control should be an important concern to grant recipients in the ongoing program, and should be part of the entire facility planning, design, and construction process. Municipalities should be expected to conduct infiltration-inflow detection and make a commitment to solving this problem—not just temporarily but over the long haul. If this had been the case in the past, we might not now have this problem today.

In addition, there should be no question that this work taking place in step I and II is fully reimbursable at the Federal share in step III. And loans from any newly established revolving fund or any other advance funding mechanism selected by a State should be available for infiltration-inflow detection. Furthermore, with the surety of a 4-year authorization, the States have the opportunity to develop multiyear strategies for solving their significant municipal sewage pollution problems. Based on the findings of the Congress this year, vigorous infiltration-inflow control should be an integral element and high priority of any cost-effective municipal pollution control program.

Mr. Speaker, I would like to take this opportunity, if I may, to ask the distinguished chairman of the Subcommittee on Water Resources, who so ably led the House conferees, whether my statement accurately reflects the intent of the conference committee on the matter of infiltration-inflow control?

Mr. ROE. Mr. Speaker, if the gentleman will yield, I would like to assure him that his statement does reflect accurately the intent of the conference committee. The House persuaded the Senate conferees to accept the House position on this matter because infiltration-inflow correction has been found to be an integral element of a well run municipal construction grants program. It makes good engineering sense and should be part of the entire facility planning, design, and construction process. I would like to further point out that in the Statement of managers, under the Senate amendment to the section "Grants for Step 1 and 2," there is a specific statement, agreed to by the conferees, that the cost associated with infiltration inflow analysis and examination of the need for sewer rehabilitation will be eligible for reimbursement.

Mr. HAMMERSCHMIDT. Mr. Speaker, if the gentleman will yield, I would like to thank the gentleman from Louisiana for his statement on this aspect on the conference report and associate myself with the remarks of the distinguished chairman of the subcommittee.

Mr. ROE. Mr. Speaker, I reserve the balance of my time.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in most strong support of the conference report on H.R. 4503. The House overwhelmingly passed its version several weeks ago by a recorded vote of 382 to 18, and I believe that this conference report deserves even stronger support here today.

I want to express my most profound appreciation to the chairman of the full committee, the distinguished gentleman from New Jersey (Mr. HOWARD), the distinguished ranking minority member (Mr. CLAUSEN), and my good friend, the chairman of the Subcommittee on Water Resources (Mr. ROE). They have provided tireless leadership during the long and arduous development and passage of H.R. 4503. All the conferees on both sides of the aisle are to be heartily commended for their active participation in crafting what will be a landmark in improving this valuable environmental program. Hearings, meetings, markups, and conferences were extensive and often extended into the late evenings. I am particularly proud of the many Members who continued working throughout these long sessions, even when faced with the press of so many other matters. The balance, equity, reform, and environmental benefits this legislation will bring about is a direct result of the commitment to excellence the Members made. The legislation before us provides many of the kinds of important changes which the administration has sought in the Federal funding of municipal sewage treatment works. At the same time, these changes are phased-in over several years and include the increased flexibility that the States and communities believe is essential. Passage of H.R. 4503 will permit continued funding this year and beyond to construct needed waste water treatment facilities throughout the Nation.

The waste water treatment program has provided one of the main methods of reaching our clean water goals and is part of one of the most important environmental laws of our Nation. Funding for the waste water treatment construction grants program has been authorized since 1972 at $5 billion per year. The administration has sought and the House and Senate have agreed to reduce this to $2.4 billion per year for a 4-year period. In addition, the types of projects that are eligible for funding will be limited as will reserve capacity for future growth.

The fundamental changes will take place beginning in 1984. Until that time, the program will proceed without significant disruption. There will be, of course, reduced overall Federal funding and no direct funding for step 1 planning and step 2 design projects. The result of the changes which the conference agreement makes is to significantly reduce the overall program size. When coupled with the reduced funding over the next several years, this will keep the program within the budgetary constraints that are currently needed.

I would like to comment on several of the provisions in the conference report.

Eligible categories, as I mentioned, will be limited after 1984. However, if approval for a step 3 grant is received prior to October 1, 1984, for an interceptor or treatment plant, then the rest of the eligible categories pertaining to that system will be grandfathered. For those categories which will not be eligible after 1984, such as collectors, the Governor will have discretion to use up to 20 percent of the State's allotted funds for such ineligible categories. The version that passed the House included a 30-percent discretionary amount, but I believe that the compromise at a 20-percent level will still provide sufficient flexibility for the use of these funds. The sufficiency of this discretionary amount will be studied as part of the new needs survey that the legislation directs.

After the date of enactment of this legislation, up-front grants for planning and design will no longer be made in this program. The local and State money expended for such planning and design will, however, be reimbursable upon receipt of a grant for step 3 construction. It would be expected, of course, that municipalities will continue to concentrate their planning and design efforts on meeting local water quality needs regardless of the amount of and eligibility for eventual Federal

funding. It is also expected that communities will make the necessary efforts to adequately assess and reduce their flows to treatment plants as an essential part of their water quality program. The infiltration/inflow problems which have been shown to be a major problem in many areas will be eligible for funding throughout the program and it is expected that communities will do the necessary evaluation studies and design during steps 1 and 2 in order to correct infiltration/inflow problems with step 3 funds. Also, for small communities which may not have the financial resources to provide up-front funding of planning and design, States must advance out of their allotment funds for this purpose. These funds will be reimbursed, upon receipt of an approved step 3 construction grant for the relevant treatment works.

The Federal share will remain at 75 percent for all noninnovative/alternative grants until October 1, 1984. Where an interceptor or treatment plant is funded, in whole or part, for construction prior to that date, the Federal share will be grandfathered at 75 percent after October 1, 1984, for all subsequent interceptor and treatment plant grants that are part of the same system as the interceptor or treatment plant receiving pre-October 1, 1984, step 3 funding. The Federal share for projects not grandfathered will be reduced to 55 percent, except for innovative/alternative projects.

The administration sought to restrict reserve capacity funding eligibility and would have allowed only 1980 flow levels to be federally funded. Because of the need for proper engineering and planning, especially in our growing communities, we have provided in this conference report that, until October 1, 1984, all categories including collectors, interceptors, and treatment plants will have the existing 20 year reserve capacity, and in some cases up to 40 years reserve capacity. Grants for projects not grandfathered, that is, projects having no qualifying phased or segmented grants approved after October 1, 1984, will have reserve capacity limited to capacity existing at the date of such approval but in no case greater than capacity on October 1, 1990. The capacity of treatment plants eligible for Federal funding will include residential, commercial, and industrial users. The effect of this is to nullify industrial cost exclusion which the House has voted twice to repeal.

The allotment formula, which determines how much money each State will receive, will remain unchanged for fiscal year 1982 as the House bill had proposed. For the remaining 3 years of the bill, the allotment formula splits the difference between the existing formula and the third year of the Senate bill. This change will insure that, for each of the last 3 years covered by the bill, no State will lose more than 10 percent of the percentage of funds that they have been receiving since 1977.

Regarding the State certification provision, the conferees agreed to extend the approval period from 30 to 45 days. Other than that, the provision is the same as was contained in the House bill. It should be noted that this certification process applies to any grant which a Governor of an eligible State certifies. In other words, it applies not only to grants submitted after date of enactment but equally to those which are already pending before EPA. As soon as a Governor certifies that such a grant application meets all applicable requirements, the 45-day time period begins.

Many projects in the construction grants program are phased or segmented. Phased projects are conducted in the face of limited annual funding which requires several years of phased funding for completion. Segmenting of projects may result from limited funding availability or as a result of completing the design of portions of a total project system before other portions are completed. Several provisions of the conference report relate to grants made before October 1, 1984. These grants obviously are intended to include entire grants, phased grants, and segmented grants as the legislation and report clearly state. Decisions as to whether phasing or segmenting is appropriate in any project are to be the purview of the States and municipalities, using the same historical guidelines that have characterized implementation of the construction grants program over the course of the past few years exclusive, of course, of any outright prohibitions against making phased or segmented grants.

The water quality management planning provision is very similar to the House version. It provides that the States must use 1 percent of their allotted funds or $100,000, whichever is greater, to carry out water quality management planning and to concentrate these efforts through local, regional, and interstate entities. It is obvious that this becomes primarily a State and local aspect of the total program and, as such, Federal EPA should minimize any regulations and management related to this provision. The primary regulatory and management responsibilities will be with the States.

The planning under this provision includes the identification of the origin and extent of water pollution problems in various areas of a State, determination of the most cost-effective measures for treatment works and control of nonpoint sources, and development of implementation plans. Eligible activities would include determinations as to which treatment works should be built with grant assistance, where and when, with regard for the relative degree of effluent cleanup achieved and the relative extent to which water quality problems stem from point and nonpoint sources. Also eligible for assistance from funds provided is implementation of section 303(e) of the act, calling for the development of river basin water quality management plans.

This provision reflects a concern that reductions in the level of grant funds available to the construction grants program makes it imperative that sound planning underlie decisions with respect to expenditures on projects. Priority for such planning is to be given by the States to designated areawide waste treatment management planning entities, which have already been involved in the process, and other comprehensive planning organizations capable of conducting this activity.

The conference report contains a package of provisions intended to assure selection of the most cost-effective combination of elements of a wastewater treatment system in the development of projects.

First, the conference report declares it to be the policy of Congress that projects for waste treatment should constitute the most cost-effective system in terms of the ability to meet the requirements of the act, including the requirement that water conservation measures and devices be given adequate consideration.

Second, the report implements this policy by requiring that the Administrator, before approving any application for construction funds for a treatment works, must determine that the proposed project meets the cost-effectiveness test.

These provisions recognize that waste water treatment facilities can consist of a large number of alternative means for the collection, conveyance, storage and treatment of municipal wastewater, and the disposal of residues resulting from the treatment process. It is intended to assure that the combination of elements result in the most cost-effective system over the life of the project, with due regard for operation, maintenance, and replacement costs as well as initial capital costs.

The intent of this provision is to assure that the maximum pollution abatement result from the expenditure of increasingly limited funds available for the program.

The conference report authorizes $2.4 billion for the construction grants program for each of the fiscal years 1982, 1983, 1984, and 1985. This level, while far below the $5 billion-a-year authorizations of the early years of the program, nonetheless continues

authorizations for this important program at a time when reductions must be made Governmentwide in the overriding interest of asserting control over Federal spending.

This figure is consistent with the level supported by the administration for fiscal year 1982, assuming the enactment of program reforms. In addition, the authorization of funding for a full 4 years provides much needed continuity and predictability in a program characterized by long leadtime in planning and construction of projects. Funding of the program for fiscal year 1982 and beyond will assure that the Congress maintains a commitment to grant applicants working in good faith to comply with the requirements imposed on them by the Clean Water Act. Failure to provide such funding would result in a debilitating loss both of momentum and confidence in a program which has begun to show encouraging results.

The conference report also contains a provision intended to remove an inequity to which one particular community has been subjected through a combination of court action and the lack of availability of funds. Bath Township, in Michigan, was forced to proceed with construction of a project by court order at a time when funds were impounded. Had it not been for this fact and the timing, the community would have been eligible for 75 percent Federal funding of its project. This legislation therefore provides that the community shall be eligible for payment from the State's allotment in the same manner as if it had been constructed under the program.

This legislation also provides a useful device to encourage communities receiving assistance under the construction grants program to confront the reality of their long-term capital needs for construction and reconstruction of facilities. The construction grants program is not now, nor has it ever been intended to be, an entitlement program, much less one which will continue in perpetuity. We in the Congress are rightly concerned over explicit or implied long-term commitments or assertion of Federal responsibility, be they legal, moral, or political in nature. There must be greater awareness of this fact on the part of communities operating publicly owned treatment works. Therefore, the conference report contains a provision to encourage, well in advance of actual need, applicants to plan now for the time when their facilities will be inadequate for any reason such as physical deterioration, or the need to expand to accommodate future growth. This provison authorizes technical and other assistance by EPA to such communities, in determining what their needs will be, when they will occur, what the cost will be, and what steps must be taken to assure the needed funding to finance them when the need arises.

One of the sources of delay plaguing administration of the construction grants program has been the fact that the application process has been segmented into three steps: facility planning, engineering design, and construction. Despite that fact, there has been merit in handling the three steps as separate grant applications. There also has been merit, in the case of smaller projects, in combining steps 2 and 3 in the interests of reducing delays. Existing law imposes a limit of $4 million on projects eligible for such streamlined treatment, and of $5 million in the case of projects in high-cost areas. The conference report amends existing law by raising the dollar ceiling on projects in all areas eligible for combined step 2-3 funding to $8 million.

This legislation extends to July 1, 1988, from July 1, 1983, the authority of the Administrator to provide case-by-case extensions of the deadline for compliance by communities with the requirement to provide secondary treatment of their wastewater.

This is an important amendment, a realistic one; and it is necessary if this program is to maintain any credibility and avoid being run by the courts rather than the Agency.

In 1972, the Water Pollution Control Act amendments set forth an ambitious package of requirements to be met by both municipalities and industry, coupled with a massive commitment of Federal financial assistance in the case of the former. We have made progress, but not as much as initially contemplated because of a number of reasons, including the true magnitude of the task, the manner of EPA's administration of the program, and the availability of funding. This we recognized in 1977, when we extended the outside date for municipal compliance to 1983. And we in the House attempted in the 1980 amendments to extend it further until 1985. That latter amendment was never enacted into law. The same recognition of reality now argues for the 1988 date, and I am pleased to find that the other body now shares this view. Nothing in this provision is intended to suggest that a community's obligation to comply with the law is contingent upon the availability of Federal grant assistance. However, in rough terms of equity, when scaling back the amount of funding available, it is appropriate to adjust the overall schedule of the program.

The conference report also contains a provision intended to overcome continuing resistance on the part of grantees and their consultants to innovation in wastewater treatment technology. Recent hearings have demonstrated that this resistance indeed persists and is a deterrent to acceptance of processes and components which might prove cheaper to build and operate, more reliable, more energy-efficient, and which would foster recycling, reuse, and reclamation of resources, including water. This resistance stems from the concern over embarrassment, political in the case of the community and professional in the case of the design engineer, if the plant or process fails to work as intended. Much of this concern stems, in turn, from the fact that many promising innovations have had the benefit only of laboratory simulation or limited field testing. An additional increment of verification with respect to performance capability—under the circumstances of its proposed use—is necessary to overcome an understandable tendency to adhere to the tried-and-true. Therefore, the conference report contains a provision making grant-eligible the field testing of promising processes, components, and techniques under step 1 (facility planning) and step 2 (design engineering). It does so by broadening the definition of construction to include such purposes.

A number of communities in this country, for reasons which may or may not be of their own making, are under Federal consent decrees requiring them to proceed with construction of wastewater treatment facilities in compliance with specified schedules. In some cases, these consent agreements have been entered into in the expectation that Federal funds for the program will be available in the requisite amounts. However, there is no direct correlation in the law between the availability of funds and the obligation of a community to comply with its requirements. Necessary decreases in the amount of Federal assistance available under this program may create a problem of equity in some situations. Therefore, while the Congress is reluctant at this time to inject itself by statute into situations covered by consent decrees, the conference report contains a provision stating it to be the sense of Congress that judicial notice should be taken of the amendments to the Federal Water Pollution Control Act and other provisions contained in this legislation. Parties to consent decrees are encouraged to reexamine the provisions of such decrees and make adjustments as appropriate in the interests of equity.

This legislation makes a number of changes with respect to the eligibility of various types or categories of projects for funding under the construction grants programs. These modifications have been undertaken in recognition of a need to reduce the Federal commitment under this program over the years ahead. It is important, however, that the Congress be kept up to date with respect to needs in all categories for which any amount of funding continues to be available

under the act. Therefore, the conference report requires the Environmental Protection Agency to submit to the Congress, not later than December 30, 1982, a new report on the cost of meeting the requirements of the act as amended by this legislation. Because of the 20-percent discretionary amount available after October 1, 1984, this and subsequent needs surveys shall contain the needs for collectors, sewer rehabilitation, and any other category which may not otherwise have direct eligibility for Federal funding. The needs survey is to represent the total needs to meet the requirements of the act, whether such needs are funded by the local, State, or Federal Government.

Also in this legislation is a provision to deal with a temporary problem of wastes generated by the convention center of the city of New York. Since that plant which ultimately will serve the convention center has not been completed, this legislation authorizes the allotment to the State of New York of fiscal year 1982 funds in an amount sufficient to pay the cost of conveying sewage from the center to the Newtown Sewage Treatment Plant in the Brooklyn-Queens area. This provision was also contained in an earlier bill which passed the House on May 28 of this year.

The conference report makes a most constructive change in the provision of law dealing with procurement of equipment for wastewater treatment projects by grantees. Existing law provides that when the design engineer wishes to name a piece of equipment by brand in his specifications, he must specify two brand names or the equivalent thereto. There is no particular problem in the "or equal" requirement, which is intended to foster competition in the wastewater treatment industry. But there is a serious problem with the requirement that two brand names, rather than one, be specified. This has resulted in a disincentive to manufacturers to invest in the development of truly superior equipment for which there may in fact be no equal. Also, it tends to dilute the responsibility of the design engineer and the client grantee for the proper functioning of the treatment works by removing one key area of professional judgment and discretion. To address this problem, the conference report provides that, in the specification of brand name, trademark or other proprietary equipment, the naming of only one such item, plus the "or equal" caveat, will be sufficient.

One of the most constructive clean water amendments enacted in 1977 was State certification, also known as State management assistance, contained in section 205(g) of the act. It provided incentive for EPA to delegate the authority and responsibility for management of the construction grants program to qualifying States. And it authorized a modest set-aside of construction grant funds to be used by the so-called delegated States for this purpose. This has been a successful initiative, and extensive hearings by the committee have established that the efficient administration of the program will require far more reliance on State delegation in the future. It is also true that the delegation process has not been without its problems, and many of those problems have stemmed from the instability of the funding source provided. This conference report provides that, for the purposes of carrying out delegated management responsibilities, States may use up to 4 percent of their respective shares of amounts authorized annually for the construction grants program. This will mean that, despite declining authorizations and appropriations, States can rely on a stable source of funding for this important function, upon which the effective management of billions of dollars in construction grant funds so heavily depends.

This legislation also amends the act to declare it to be the policy of Congress that projects undertaken with Federal assistance for wastewater treatment and management shall be those which are designed to achieve optimum water quality management, consistent with the public health and water quality goals and requirements of the act. The rationale for this policy is a recognition that the ultimate justification for projects lies in the objectives of the act, which are the restoration and maintenance of the physical, chemical, and biological integrity of the Nation's waters. At the same time, the Congress has proclaimed it to be the national policy that the primary rights and responsibilities of the States in water pollution control be preserved. Therefore, this provision clearly specifies that any and all determinations with respect to a project's conformity with the policy objectives stated above be "in the estimation of the State." Thus, it is intended that determinations in the selection of projects and the priority accorded to them under this policy lie solely within the discretion of the State. This provision cannot be used by the Federal EPA to force certain priority categories, projects, and so forth, by regulation, rule, or policy. States are to give priority to projects in the way each State determines.

The many safeguards which the House bill contained, especially for small communities, remain, and are, in fact, strengthened. The valuable innovative and alternative program is expanded and the rural set-aside program is continued unchanged. These and other provisions insure that small and rural communities will continue to receive equitable treatment as we work toward our national goals of water quality.

In summary, Mr. Speaker, I strongly support this conference report and urge my colleagues here to join me in doing so.

Mr. JEFFRIES. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from Kansas.

Mr. JEFFRIES. Mr. Speaker, I would like to engage the gentleman from New Jersey, the chairman of the Subcommittee on Waters and Resources in a colloquy.

As the gentleman knows, we in Kansas had a problem regarding some $4 million in municipal sewage grant funds which were lost to our State through an accounting error by EPA. Twice this year the entire Kansas delegation wrote the OMB to point out this error.

I would like at this time to insert copies of this correspondence in the RECORD.

My question is whether there is anything in this authorization for the Federal water pollution control program which would bar a remedial appropriation for Kansas.

We would like to restore the fund most likely through the supplemental appropriations which will be necessary to fund the authorization now being considered.

Again, these moneys were properly due Kansas and were lost simply through an untimely accounting error by the EPA.

The letters follow:

U.S. SENATE,
Washington, D.C., July 7, 1981.

Hon. DAVID STOCKMAN,
Director, Office of Management and Budget, Executive Office Building, Washington, D.C.

DEAR MR. STOCKMAN: We want to thank you for your letter of May 26, 1981, regarding the Region VII accounts for municipal sewerage grants in the State of Kansas. Our inquiry of March 27, 1981, alleged that the EPA Regional Office (Region VII—Kansas City) had improperly charged grants to 1980 and 1981 fiscal year funds, resulting in the recission loss to Kansas of almost $4 million in Talmadge/Nunn funds. We have discussed your response with representatives of the Kansas Department of Health and Environment.

Apparently EPA has either provided you with an incorrect analysis of the problem which existed in their Regional Office or they did not understand the issue which was being raised. The issue related to accounting practices of the Regional Office months before the recission and does not relate to projects which were in the Regional Office for processing at the time of the recission.

We are informed that Kansas agreed with the Regional Office on April 15, 1980, that all projects awarded after that date were to be charged first against Talmadge/Nunn funds and that charges were to be made against FY 1980 and 1981 funds only after the Talmadge/Nunn funds had been exhausted. The Kansas Department of Health

and Environment, with the concurrence of the EPA Regional Office, adopted this position to assure that they would be fully qualified in the event that the "two-tier funding amendment" then under consideration would become law. At the time of recission, Kansas officials learned that projects had been charged against the fiscal year rather than Talmadge/Nunn funds.

You have apparently been misinformed by the Environmental Protection Agency on the amount of funds that would remain available to Kansas after recission. The value of the projects in the Regional Office, one of which had been at the EPA office for at least a year, more than equaled the funds remaining after recission. Funds available to the state are now essentially exhausted and the grants program has been suspended indefinitely.

We will greatly appreciate your assistance in further investigation of the accounting error in the hope that approximately $4 million in Talmadge/Nunn funds can be restored for use by Kansas municipalities. A representative of the Kansas Department of Health and Environment would be pleased to meet with a representative of your office and/or the Environmental Protection Agency.

Sincerely yours,

NANCY KASSEBAUM,
U.S. Senate.
JIM JEFFRIES,
Member of Congress.
LARRY WINN,
Member of Congress.
PAT ROBERTS,
Member of Congress.
BOB DOLE,
U.S. Senate.
BOB WHITTAKER,
Member of Congress.
DAN GLICKMAN,
Member of Congress.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., October 29, 1981.

Hon. JAMES JEFFRIES,
U.S. House of Representatives,
Washington, D.C.

DEAR JIM: Thank you for your letter of July 7, 1981, regarding the status of municipal sewage treatment grant funds in the State of Kansas.

I can certainly appreciate your continued concern over the loss of $4 million in Talmadge-Nunn funds. As a result, I have carefully reviewed your letter and consulted with the Environmental Protection Agency concerning the facts of the sequence of events surrounding the rescission of these funds. I find the facts as you present them to be essentially correct. Unfortunately, there is little I can do to rectify this error. Since the rescission for this program has already been enacted into law, the affected funds cannot be replaced through an administrative action.

The State of Kansas had received a cumulative total of $244 million in allotments under the Construction Grants program. It is true the State had planned to obligate most, if not all of its remaining Talmadge/Nunn funds in the first part of FY 1981. As of December 1980, the State's unobligated balance in this account was $13.2 million, only $0.7 million less than the original allotment received in 1976.

Between December 1980 and March 1981, EPA's Region VII Office in Kansas City charged $9.3 million of obligations for Kansas to this account, which is more than 70 percent of the December 1980 balance. An error did occur in the EPA office and some obligations intended to be charged against Talmadge/Nunn funds were charged to other appropriations. By the time the error was discovered, the remaining Talmadge/Nunn funds were "frozen" by the Administration's proposal for a rescission of $1.7 billion. Once funds are frozen by a proposed rescission, the Agency cannot adjust or obligate funds against the affected accounts since this would result in losses for all other States to account for the change in Kansas. So, while the error occurred in December, it was not discovered by either EPA or Kansas until three months later, after the account had been frozen, pending the enactment of the rescission.

I realize that this response does not answer your concerns favorably and want to apologize for the error in the Kansas Municipal Wastewater Treatment account. The only remedy would be a specifically earmarked appropriation for Kansas that would make up the loss. Once again, thank you for your letter.

Sincerely,

DAVID A. STOCKMAN,
Director.

U.S. SENATE
Washington, D.C., March 27, 1981.

Hon. DAVID STOCKMAN,
Director, Office of Management and Budget, Executive Office Building, Washington, D.C.

DEAR MR. STOCKMAN: The Kansas Department of Health and Environment has called our attention to a problem which stems from the recission of P.L. 94-369 funds. These funds were originally intended for the construction of sewerage works.

Kansas had programmed the flow of construction grants to obligate these funds by the end of calendar year 1980. The Regional Office (Region VII) of EPA was informed by the Kansas Department of Health and Environment that it was the Department's desire and intent that projects be charged against the P.L. 94-369 funds.

At the time of recission, the Department learned that projects had not, in fact, been properly charged and that a balance of $3,965,426 remained in the Kansas account. We are informed that Region VII advised Kansas that this was a "GS-4 clerical error and that nothing can be done."

We find it difficult to believe that an error of this nature cannot be easily rectified. We would greatly appreciate your investigating this problem and correcting the Regional accounts. Kansas does understand that this will have the effect of increasing the amount of FFY-80 and/or FFY-81 recission.

We also understand that Kansas communities are greatly supportive of the efforts to streamline the grant program provided there is a concurrent simplification of applicable regulations. Kansas does intend to testify when hearings are held on recission of the Water Pollution Control Act.

Sincerely yours,

BOB DOLE.
LARRY WINN, Jr.
JIM JEFFRIES.
DAN GLICKMAN.
NANCY KASSEBAUM.
BOB WHITTAKER.
PAT ROBERTS.

□ 1800

Mr. ROE. Mr. Speaker, will the gentleman yield for a response to his question?

Mr. HAMMERSCHMIDT. I yield to the gentleman from New Jersey.

Mr. ROE. Mr. Speaker, in response to the question, there is nothing in the conference report on H.R. 4503 that would bar a remedial appropriation for Kansas.

Furthermore, I assure the gentleman, my friend and colleague on the Committee on Public Works, that we will be supportive of the State of Kansas in their effort to restore the funds, which virtually everyone admits were improperly lost to the State.

Mr. JEFFRIES. Mr. Speaker, I thank the gentleman.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. GOLDWATER), a very distinguished member of our committee.

Mr. GOLDWATER. Mr. Speaker, I rise in strong support of the conference report on H.R. 4503, the Municipal Wastewater Treatment Construction Grant Amendments of 1981, and comend it to my colleagues as a measure deserving adoption by an overwhelming vote and prompt signature by the President.

H.R. 4503, as reported by the Committee on Public Works and Transportation, was a sound piece of legislation, as I indicated in my comments on the occasion of its passage by the House on October 27. Now I would observe, on the basis of my work as ranking minority member of the Subcommittee on Investigations and Review, that the conference report contains a number of improvements.

This is absolutely no reflection on the work of the Water Resources Subcommittee or the full committee. It reflects, instead, the fact that the conference took up some issues which the House side had originally regarded as best deferred until next year. This was in the overriding interest of passing out an authorization bill to serve as the basis for a fiscal year 1982 appropriation for the construction grants program.

Indeed, the majority and minority leadership of both the subcommittee and full committee are to be commended for their contributions to this legislation, as are all of the House conferees for their able assertion of the House position in negotiations with the Senate.

During the 1st session of the 97th Congress, the Public Works Investigating Subcommittee has conducted the most comprehensive investigation every undertaken into the performance of the wastewater treatment works constructed with Federal assistance under the Clean Water Act.

A subcommittee report now being issued lends strong support to many of the provisions of the measure now before us, including changes resulting from the conference deliberations:

MULTIYEAR FUNDING

Our hearings over a number of years have demonstrated that many of the ills plaguing the program can rightly be attributed to a lack of continuity, stability, and predictability. The 4-year authorization is most appropriate in this regard.

REDUCED FEDERAL SHARE

We concluded that, in addition to the need for this program to share in overall reductions in Federal spending, that a reduction of the Federal share to 55 percent from 75 percent—over an adequate transition period—should result in selection of less costly and more reliable treatment processes, and improved operation and maintenance by grantees.

MUNICIPAL COMPLIANCE DEADLINES

There is universal recognition that municipalities cannot meet the secondary treatment deadline of 1983 now in the law, what with reduced funding in recent years and other factors delaying initiation of projects. The shift of the outside deadline for compliance to 1988 from 1983 is absolutely critical. Members who recall the unsuccessful attempt by the House to make some adjustment in last year's amendments will applaud the Senate's new receptivity to reality.

SECONDARY TREATMENT REQUIREMENTS

Many problems of cost, overdesign, and construction of treatment plants that are difficult to operate justify the conference report's authorization of less sophisticated treatment technologies such as oxidation ponds, lagoons, and ditches, and trickling filters, provided no harm to water quality results.

ELIGIBLE CATEGORIES

Retention of grant eligibility for projects to eliminate excessive overloading of sewer systems by storm water will make it possible to continue repair projects that protect the functioning of treatment works and avoid the need for additional plant capacity.

I particularly want to express my appreciation to the House conferees for essentially preserving the House position on the granting of waivers from secondary treatment requirements to coastal communities discharging treated wastes into marine waters under strict environmental safeguards.

It also is gratifying that the conference retained my provision to make grant eligible the field testing of innovative and alternative processes and equipment where necessary to promote acceptance of promising developments.

Also of merit in the conference report are provisions to modify procurement requirements affecting wastewater treatment equipment, sustain a strong State role in management of the construction grants program, and further strengthen incentives for development of innovative and alternative technology.

Specific provisions aside, I just want to say a word about the approach to the changes in this bill, whether related to Federal share or categories of project eligibility. The word is gradual. There is a phased-in transition provided that should make it much easier for localities to adjust to these changes in the law.

Recently our subcommittee held a hearing in Austin, Tex., on the practical implications of a number of proposed changes in the act. And if any message came through loud and clear it was that the municipalities subject to the law's requirements need time to adjust to changes. I am encouraged to believe that the phasing in of this legislation, plus the easing of compliance deadlines, should go far in helping them do so.

To be sure, there are many areas of the act—including the construction grants program in title II—that will need further attention in the next session of the 97th Congress. With respect to the construction grants program alone, our subcommittee has proposed a number of changes which have yet to be put forth in legislative form. They include:

Consideration of alternative sources of funding.

Additional measures to increase the responsibility of grantees, such as withholding of a grant until the applicant operates any existing facilities with maximum efficiency, and withholding 20 percent of grant funding until a new facility performs as intended.

A strengthened role for the Environmental Protection Agency's Office of Inspector General in rooting out waste, fraud, and abuse.

Clearer and tighter lines of responsibility and accountability in the performance of design engineers, through such approaches as turnkey projects and reduced Federal interference in the design of facilities.

As I said, many of our oversight recommendations have yet to be formally offered on the assumption that the entire act will be reviewed again next year. But the extent to which our findings parallel the position taken by the conferees on the issues we both addressed suggests that our remaining recommendations—and earlier ones arising from our examination of the regulation of toxic pollutants—should find a receptive audience.

Meanwhile, I urge adoption of the conference report.

Mr. HAMMERSCHMIDT. Mr. Speaker, I reserve the balance of my time.

Mr. ROE. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. MOTTL).

Mr. MOTTL. Mr. Speaker, I certainly appreciate the distinguished subcommittee chairman yielding at this point.

Mr. Speaker, I would like to ask the distinguished chairman of the Subcommittee on Water Resources (Mr. ROE) a question with regard to the construction grants program.

In my district the four communities of Rocky River, Bay Village, Fairview Park, and Westlake built a sewage treatment plant with EPA guidance. However, when this "pilot program" plant was completed, it turned out that it did not operate properly. The plant when finally completed with design modifications will serve about 80,000 residents. The attempts on the part of local communities to receive reimbursement from EPA go back many years. They have been unsuccessful because of EPA's contention that the project, since it involved experimental technology, is not a "normal" construction grant project. I ask the gentleman's opinion as to whether or not this project is qualified for reimbursement under the act.

Mr. ROE. Mr. Speaker, in response to the gentleman's inquiry, in my opinion the local communities are entitled to reimbursement. We have included language in the statement of managers urging the appropriation of funds to implement section 206 which provides for reimbursement of local interests when they perform work with their own money in accordance with requirements of the act. The project which the gentleman mentions is certainly the type of project which should be eligible upon the appropriation of funds, and we shall certainly do all we can on behalf of the State of Ohio.

Mr. HAMMERSCHMIDT. Mr. Speaker, will the gentleman yield?

Mr. MOTTL. Yes, I yield to the distinguished gentleman.

Mr. HAMMERSCHMIDT. Mr. Speaker, I want to associate myself with the remarks of our distinguished chairman in support of his response to the question of the gentleman from Ohio.

Mr. MOTTL. I thank the distinguished subcommittee chairman, also the full committee chairman, the gentleman from New Jersey (Mr. HOWARD), also the gentleman from Arkansas (Mr. HAMMERSCHMIDT), and the gentleman from California (Mr. CLAUSEN) for their cooperation.

Mr. ROE. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California (Mr. ANDERSON), a member of the committee.

Mr. ANDERSON. Mr. Speaker, I rise in support of the conference report on H.R. 4503, the Municipal Wastewater Treatment Construction Grant Amendments of 1981. I also wish to commend subcommittee chairman ROBERT ROE and ranking member JOHN PAUL HAMMERSCHMIDT for a job well done.

One of the provisions in the conference report on H.R. 4503 is of particular interest to me. This is section 4 which provides that the Administrator of EPA shall make a grant, from any funds otherwise allotted to the State of California, to the city of San Diego in connection with that city's aquaculture sewage process.

Nearly 100 percent of San Diego's water is imported. The high cost of this water together with the diminishing supply of ground and river water led San Diego to the planning of a wastewater-to-potable water recycle system. This system which will use vascular plants and reverse osmosis technology will result in the production not only of treated sewage effluent but of potable water. The production of potable water will not only help meet the water supply needs of the region but will result in a more economical system.

This type of innovative and alternative technology is important not only to San Diego but to other communities throughout the Nation which are facing water supply problems. The encouragement of this type of project is directly in the national interest. It represents the type of innovative and alternative technology which must be pursued so that we may truly achieve the optimum yield from our finite water resources.

Mr. ROE. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Speaker, I, too, rise in support of this legislation. I think it is extremely important to maintain our commitments that have been made over the years in this area. With regard to that, I would like to speak to one particular project.

The agricultural irrigation demonstration project in Castroville, Calif., is unique. It is the only program in the United States utilizing secondary treated municipal wastewater for commercial crop irrigation. The benefits of this program are twofold. It reduces the demand on precious limited water resources and by reducing the overdraft of the local ground water supply helps to combat the increasing threat of salt water intrusion into the agricultural producing areas along Monterey Bay.

Earlier this year some questions were raised over the use of construction grant funds for the agricultural irrigation demonstration project. Clearly use of these funds for water reclamation and reuse purposes serves the objectives and intent of Congress in creating the construction grants program. To prohibit further assistance for this project would be a tragic step backward from our national commitment to the innovative and creative conservation of our precious water resources.

The agricultural irrigation demonstration project serves to demonstrate that a lesser level of treatment than that which may be provided by a Monterey regional wastewater treatment plant, provides acceptable public health protection. It also demonstrates to local farmers and local public health officials that reclamation does not adversely affect crops or soils in the project area. Finally, the program demonstrates that crops so irrigated are marketable and acceptable to the public.

I would like to briefly review for you the project's progress over these past few years. In March of 1978 a 2-year study was completed in which the concept of the demonstration project was examined, a work plan developed, a site selected, and conceptual designs and environmental assessments completed. Between 1978 and 1980 design and construction of the Castroville treatment plant and irrigation systems and preparation of specifications for and purchase of necessary equipment was completed. The operational stage of the project has arrived during which treated wastewater is being used to irrigate crops under controlled circumstances to monitor and measure the effects. After less than 1 year of this highly successful stage of the project, its continued eligibility for funding has been drawn into question.

Mr. Speaker, I understand that section 8(d) of H.R. 4503 amends section 212(1) of the Federal Water Pollution Control Act to provide that field testing of innovative or alternative wastewater treatment processes and techniques shall be eligible for grant assistance under title 2 of the act. The agricultural irrigation demonstration program which I have just described would appear to be just the sort of thing intended to be covered by section 8(d), and I would appreciate your comments on this.

Mr. ROE. The gentleman is quite correct. The demonstration project he describes is indeed the type of project intended to be covered by section 8(d). The purpose of the provision in the bill is to provide grant assistance for the practical testing of innovative or alternative treatment procedures such as the use of treated water for irrigation, so that their effectiveness can be determined under carefully monitored conditions before widespread application is undertaken.

Mr. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. PANETTA. I would be pleased to yield to the gentleman from California.

Mr. CLAUSEN. Mr. Speaker, for purposes of making legislative history, I just want to state that on behalf of the minority we concur in the statements that have been made in this colloquy. The gentleman from California has discussed it with me extensively.

The SPEAKER pro tempore. The time of the gentleman from California (Mr. PANETTA) has expired.

Mr. ROE. Mr. Speaker, I yield 1 additional minute to the gentleman from California (Mr. PANETTA).

Mr. CLAUSEN. Mr. Speaker, if the gentleman will yield further, the gentleman has discussed this matter with me extensively and I wish to state that on behalf of the minority we concur in the statements made in this colloquy.

Mr. PANETTA. Mr. Speaker, I want to thank the chairman and the gentleman from California, both of whom have been extremely helpful here. As I said, I think it is very important that commitments that are made to projects like this are maintained and I think this legislation helps do that. I thank both these gentlemen.

Mr. ROE. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Speaker, first of all, I want to commend the distinguished gentleman from New Jersey and the conferees for the magnificent job they have done under very difficult circumstances on this particular conference.

I would like to clarify a certain section of the conference report. Section 5 provides that beginning in fiscal year 1983 the Administrator shall have available $200 million in addition to the funds authorized in section 207. So there are $200 million in 1983, 1984, and 1985, or $600 million in addition to the $2.4 billion authorized for each year, 1982 through 1985, under section 207.

The reason for this separate provision, as I understand it, is to correct combined sewer overflows into marine bays and estuaries. I have no objection to it. But the wording of the section is somewhat vague.

Is it the understanding of the gentleman from New Jersey (Mr. ROE) that this section is strictly an authorization for appropriations?

Mr. ROE. Yes, absolutely.

Mr. BOLAND. So the gentleman does agree that no funds will be provided for CSO improvement in marine bays and estuaries unless made available in appropriation acts.

Mr. ROE. The gentleman is absolutely correct.

Mr. BOLAND. I thank the gentleman.

There is one more issue on which I would like to express some concern.

I want to comment briefly on another section of the conference report. And that is section 4, which adds a new subsection (m) to section 201 of the Federal Water Pollution Control Act. Paragraphs 2 and 3 of section 4 require the Administrator to make grants for certain projects. I am not going to address the merits of the projects. They may both be excellent

and may be very high priority projects. But I would hope those projects can stand on their own merit.

In my judgment, Mr. Chairman and Mr. Speaker, I think the Congress will be doing a great disservice to itself and to cleaning up the Nation's water pollution problems if it makes a habit of earmarking grants under the Environmental Protection Agency's construction grants program.

As everyone familiar with the waste water treatment program knows, historically the States have established project priorites under broad guidelines established by the Congress and regulations issued by the EPA. This system has not been without problems, but it has basically worked very well.

The Congress should not be in the business of establishing individual proj- ect priorities. That is exactly what the Congress is doing in this instance. Priorities established by Congress may bear no resemblance to those established by the States based on water quality requirements.

Let us keep the emphasis on the construction grants program in cleaning up the environment. Let us set the broad goals in the Congress. The States should continue to establish individual project priorities.

Mr. DICKS. Will the gentleman yield?

Mr. BOLAND. I would be glad to yield to the gentleman from Washington.

Mr. DICKS. The gentleman from Massachusetts serves as the chairman of the HUD-Independent Agencies Appropriations Subcommittee. I want to commend the committee first of all for having enacted this legislation. But I am very concerned about the fact that in the fiscal year 1982 appropriations bill there are zero dollars for the very important sewage construction treatment plant program.

I would like to ask the chairman of the subcommittee if it is his intention to try to bring out a supplemental appropriations bill early next year to take care of this matter.

Mr. BOLAND. I appreciate the gentleman's position and also the great interest he has shown in the construction grants program ever since he has joined the Congress. I commend him for it.

Let me say categorically that when we come back in January it is my intention to hold hearings at the first opportunity in the HUD-Independent Agencies Appropriations Subcommittee on 1982 funding for the construction grants program. Whether or not we get a budget request for the $2.4 billion, I will work to make money available for this program early in the next session by way of an urgent supplemental appropriation measure.

Mr. DICKS. I commend my chairman. He has done a great job in this area. Our States are very much interested in his leadership on this issue.

Mr. ROE. Mr. Speaker, I yield 4 minutes to the distinguished chairman of the Subcommittee on Investigations and Oversight of the Committee on Public Works and Transportation, the gentleman from Georgia, (Mr. LEVITAS).

Mr. LEVITAS. Mr. Speaker, I rise in support of this legislation and commend the chairman of the subcommittee and ranking member of the subcommittee for the outstanding work they did in putting together the bill that originally passed the House and this conference report. It has been a real example of cooperation between a legislative committee and oversight committee, because this bill incorporates substantially all of the recommendations which our oversight committee of the Public Works and Transportation Committee has made following a very and thorough comprehensive review of the entire construction grants program during the last year.

The water pollution control program is a program that is so vital to the quality of life in this country and to the economy of this Nation that it could not be left to founder because it was not working well. That is the reason an oversight review was vital and the need for the types of reforms and changes in the program which this conference report reflects I think will go a long way to carrying out the types of reforms which our oversight committee has recommended. The two subcommittees worked closely, both among the members and the two staffs, in seeing this reform come about.

There are some additional administrative improvements that need to be made and we will continue our oversight of the Environmental Protection Agency to see that improved management in these operations is going to be seen.

But I think we have got to focus on both the quality of life and the economic impact of this program. Clean water is essential to a good and a full and a healthy life. It is also essential to our economy.

In a recent hearing we had in Austin, Tex., witnesses came in and talked about the public health problems related to the need for this program. When interceptor sewers in those communities would rupture and raw sewage would be flowing over schoolyards and into lawns, creating all manner of health problems. One such community was Port Arthur, Tex., if I remember correctly.

Then we had testimony about what the cost would be to the citizens of Texas and of this country in terms of failure to have economic growth potential and increased public utility rates to users.

I will never forget the mayor of Austin, Tex., just 2 or 3 weeks ago testifying that in the absence of this program going foward and if these funds were lost and not reauthorized and appropriated, Mayor Carole McClellan said:

> To replace those Federal funds we would be looking at tripling of the water rates. And I can assure you that our public would feel tremendously misled and angry and somewhat frustrated.

The councilman from San Antonio, Tex., said that their rates would go up 60 percent. And the Chamber of Commerce of North Channel, of Houston, Tex., said that economic development is at a standstill if they cannot get the funds to clean up their wastewater problems.

According to Port Arthur's director of public services, the cost to his city would be $39 million and that would be comparable in Port Arthur to the $1 trillion national debt that the Federal Government has.

The city of Houston is looking at perhaps a $1 billion cost in the next 8 years to come.

The impact of shifting more of the costs to the city of Houston would be monumental. Advised Martin J. Manning of the Houston Public Works Department:

> Certainly revisions proposed to the Clean Water Act will shift a substantial financial burden to the city, there can't be any question about it. The resulting impacts on the city are going to be substantial. *If all the funding changes occur, the projected level of EPA support in our overall program is going to be reduced from about 42 percent of the overall program to about 7 percent in an overall program that is estimated to cost around $1 billion* on an inflated basis over the next 8 to 10 years. (Emphasis added.)

This program is absolutely vital. It protects public health, it improves our total quality of life by providing fishable and swimmable waters and without this program the new jobs that you talk about with new plants and new industrial parks or new shopping centers or residential subdivisions would come to a standstill.

So we are discussing an extremely important program, one that now has seen some important reforms legislated in this bill and in the future additional reforms will be addressed to make this program even more efficient and effective.

Congress will be closely watching this program in the months and years to come. And it is the type of legislation which is illustrative of some of the finest hours and finest moments that this body does as a legislative body for the people of America expressing concern for our Nation's interests and needs and working cooperatively on a bipartisan basis to achieve our goals.

I want to express my personal commendation to the chairman of the subcommittee.

The SPEAKER pro tempore. The gentleman from New Jersey (Mr. ROE) has 5 minutes remaining.

Mr. ROE. Mr. Speaker, I will take but 1 minute to make the following statement for the benefit of the Members of this House.

I have not heard it said too much around here in the last couple of days, but I think we owe a great commendation to the staff members, both majority and minority, not only on this committee but every committee in this House for the superb work that they do on behalf of the Congress of the United States. I wanted to make that comment before advising you that I have no further requests for time and I reserve the balance of my time.

Mr. CLINGER. Mr. Speaker, Will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from Pennsylvania.

Mr. CLINGER. Mr. Speaker, I rise in strong support of the conference report. It is going to go a long way toward cleaning up our waters. I had the privilege to serve on this conference committee and I would like to extend my congratulations to my chairman, the gentleman from New Jersey (Mr. ROE), the ranking minority member, the gentleman from Arkansas (Mr. HAMMERSCHMIDT), as well as all the members of the conference committee, for their efforts on a bill that restructures the program that funds the construction of sewage treatment projects and is essential to our Nation's water quality.

The conference agreement recognizes limited Federal dollars and limits the grant-eligible categories after October 1, 1984, to secondary treatment, new interceptors and appurtenances, and infiltration/inflow corrections. However, the legislation offers States and municipalities, which have expended considerable time, effort and local funds to comply with existing law, an adequate transition period to prepare for new eligibility criteria. Also, it became evident in our committee hearings and at the conference committee, water quality needs differ markedly from one State to the next. Importantly, this legislation allows the States, at the Governor's discretion, to reserve up to 20 percent of their allotment to cover categories otherwise ineligible under the new reforms. I mention this to bring to the attention of my colleagues that many rural communities have water quality needs that are not covered under eligible categories and I am hopeful that an evenhanded approach will be taken to insure the fair apportionment of discretionary funding to rural needs.

In addition, the legislation permits municipalities receiving a step 3 grant before October 1, 1984, an opportunity to project future growth and provide reserve capacity. After that date, reserve capacity is limited to the projected growth rate of 1990. It is my belief that an adequate sewage treatment facility with reserve capacity is absolutely necessary if a community is to have excess capacity for growth and jobs.

In conclusion, I urge my colleagues to support this legislation.

Mr. HAMMERSCHMIDT. Mr. Speaker, I have no further requests for time.

Mr. ROE. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. Without objection, the previous question was ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

□ 1820

GENERAL LEAVE

Mr. ROE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CONFERENCE REPORT ON S. 1211, AUTHORIZATIONS FOR TOXIC SUBSTANCES CONTROL ACT

Mr. FLORIO. Mr. Speaker, I call up the conference report on the Senate bill (S. 1211) to extend the Toxic Substances Control Act for 1 year.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of December 9, 1981.)

The SPEAKER pro tempore. The gentleman from New Jersey (Mr. FLORIO) will be recognized for 30 minutes, and the gentleman from New York (Mr. LENT) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FLORIO).

Mr. FLORIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conference report before the House to reauthorize the Toxic Substances Control Act for fiscal years 1982 and 1983 provides $60.1 million and $63.5 million in authority for each fiscal year respectively, and designates that $1.5 million of each authorization is for the purpose of providing grants to the States. The conference report is a straight reauthorization, containing no substantive amendment to the act.

The Toxic Substances Control Act provides for the protection of public health and the environment from unreasonable risks due to toxic chemical exposure, and establishes the authority to screen and test new chemicals before they enter the marketplace. I urge all of my colleagues to support the reauthorization of this vital public health statute.

Mr. LENT. Mr. Speaker, I yield such time as I may consume.

Mr. Speaker, what we have before us today in this conference report is a straight 2-year reauthorization for the Toxic Substances Control Act. This measure provides $60,146,000 for fiscal year 1982 and $63.5 million for fiscal year 1983. Of these amounts, $1.5 million is specifically earmarked each year for State grants under section 28 of the act. These grants are available to States for the establishment and operation of programs to prevent or eliminate unreasonable risks which are associated with a chemical substance or mixture. The balance of the authorization is available for carrying out the general purposes of the act.

The Toxic Substances Control Act was enacted in 1976 to respond to conerns regarding the risks to human health and environment associated with exposure to a wide array of natural and synthetic chemical substances. The act generally provides the EPA with authority to gather information, to require testing, and regulate the manufacture, distribution, use, and disposal of chemical substances and mixtures that may present an unreasonable risk of injury to human health and the environment.

Unfortunately, the EPA has been slow to implement portions of this vital, protective legislation. I believe that these next 2 years provided for in this conference report will give all parties concerned with TOSCA ample opportunity to determine whether it is working as intended. If, after this 2-year period, it is determined that TOSCA is not being properly implemented, I believe substantive amendments to TOSCA may be in order. It is my hope that during the coming 2-year period, many of the existing problems with TOSCA will be solved so that the country can fully benefit from this extremely important piece of legislation.

Mr. LENT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FLORIO. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 3567, EXPORT ADMINISTRATION AMENDMENTS ACT OF 1981

Mr. BINGHAM. Mr. Speaker, I call up the conference report on the bill (H.R. 3567) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of December 11, 1981.)

The SPEAKER pro tempore. The gentleman from New York (Mr. BINGHAM) will be recognized for 30 minutes, and the gentleman from California (Mr. LAGOMARSINO) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, your conferees have brought back a bill that maintains all the provisions of the House-passed bill while incorporating a couple of changes from the Senate amendment which address concerns raised on the House floor.

The bill provides adequate funding to carry out U.S. controls on exports for national security, foreign policy, and short domestic supply reasons, and to implement our antiboycott policy. It also provides needed increases in criminal and civil penalties for violations of national security controls. The bill requires Federal agencies to share information related to enforcement of the act, with Senate-recommended protections for intelligence sources and methods and IRS return information.

The conferees retained a House restriction on the imposition of export controls on food when such controls would result in measurable malnutrition, subject to a Presidential waiver. The conferees deleted a Senate provision limiting the imposition of agricultural embargoes after January 21, 1985. Senate provisions concerning credit for corporate takeovers and the downward movement of interest rates, which are not germane in the House, were deleted.

Mr. Speaker, the version of the bill in this report is an improvement of the House-passed bill, and I urge my colleagues to adopt it.

Mr. LAGOMARSINO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on H.R. 3567, the Export Administration Amendments Act of 1981.

The conference report preserves the essential position of the House while clarifying provisions relating to sharing of information for enforcement purposes and civil penalties.

Sharing of information has become a necessary factor in providing for stronger enforcement of national security violations of high technology export controls. The House-initiated provision recognized the need for such sharing, and by accepting the Senate amendment protecting intelligence sources and Internal Revenue tax information, we are not impeding the enforcement process.

Likewise, in raising penalties for Export Administration Act violations, we are tightening the sanctions for national security violations, while maintaining existing penalties for civil and administrative violations in other areas. I believe this action satisfies the need for stronger deterrents against violations without unduly penalizing inadvertent clerical errors.

I urge my colleagues to strongly support this legislation.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I rise in strong support of the conference report on the Export Administration Act authorizations for fiscal years 1982 and 1983. I think the conferees have done an excellent job in agreeing to provide the resources required to enforce necessary export controls.

I would like to call the attention of the House to one particular provision of this conference report which, I believe, merits their support. The provision, which I offered as an amendment when the bill was considered in the Subcommittee on International Economic Policy and Trade, would prohibit food embargoes when such an embargo would cause measurable malnutrition in the targeted country. Unless the President determines that the proposed embargo is necessary to protect the national security interests of the United States, or that arrangements are insufficient to insure that the food will reach those most in need, the embargo cannot be imposed.

In my view, this policy is both wise and humane. When there are people starving in the streets, we cannot worry about who is in the palace. If we have extra food, and there are people elsewhere in the world who are in need, we certainly should not prevent that food from being sent. This would continue a fine humanitarian American tradition, and I hope that my colleagues will join me in supporting it.

● Mr. LAGOMARSINO. Mr. Speaker, I want to commend the House and Senate conferees who drafted this proposal for restoration of the social security minimum monthly benefit, H.R. 3567.

The initial treatment of this issue was not a studied one. The Social Security Subcommittee found some abuses, and prematurely concluded that these occurred throughout. There could, of course, be no question of the shaky future of social security, and for the subcommittee to attempt to find solutions was conscientious. While the proposal to eliminate minimum payments was well-meaning, however, it was enacted in haste, without taking note of the fact that many of the 3 million current recipients had earned and were truly deserving of it.

The House majority first took action to eliminate the minimum in 1977, when it froze minimum benefit levels. Since that time, Democrats in both Houses continued to maintain the same position on the cut. President Reagan, when asked to submit social security recommendations after his election, went along with the move started by Congress, and, when elimination of the minimum was included in the omnibus budget reconciliation this past fall—with no allowance made for a separate vote—was held to blame for it. A tired Democratic Party felt it could find redemption if it pinned the mistake on Republicans. It became a political football.

The Democratic majority has conveniently forgotten that they proposed cuts in social security in their reconciliation bill including elimination of minimum benefits for future recipients, and a delay in cost-of-living increases for all recipients.

I am pleased my colleagues are now looking at social security reform in a more rational, less partisan manner. We realize that reneging on our commitments is not the way to avert bankruptcy. That would defeat our whole purpose. There are people who rely on this money, and it is unfair to take it away once they have qualified.

Even if, by some twist of logic, someone were able to assert that cutting off 3 million mostly elderly social security recipients is not wrong, it would be impossible to argue that this action is right. It would certainly not solve any funding problems. Federal budgetary savings would be negligible, since the majority of annuitants would simply be transferred to the welfare rolls.

I am pleased, too, that the final conference report does not accept the Senate amendment to penalize Government retirees by offsetting the benefits of those receiving over $300 a month. Again, this does not get to the heart of the social security crisis.

Now, congressional committees are digging deeper, and are substituting arbitrary, careless, and superficial cuts for real reform measures that might be made. A few have already been enacted. And in sending back to us the bill to restore minimum benefits, conferees have shown even greater foresight: A more flexible method of fund transfers is allowed, while some long-

standing, offensive flaws that exist in the social security system have been ferreted out and targeted.

One of these is the counterfeiting of social security cards, while another is the payment of benefits to deceased individuals. Also eliminated is a Privacy Act provision which prohibits agencies from providing identifying information on prisoners to the Department of Health and Human Services. As we all know, this statute precludes the Department from enforcing a 1980 law we enacted to terminate payments being made to incarcerated felons. As an ardent proponent and cosponsor of legislation to close these loopholes, I applaud the conferees for allowing us to consider and, hopefully, to take this important step by voting for the bill currently before us.

I strongly urge Members of the House to accept this conference agreement and retain the social security minimum benefit, while, at the same time, enacting reasonable, necessary reforms.●

Mr. BINGHAM. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CZECHOSLOVAKIAN CLAIMS SETTLEMENT ACT

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1946), to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes, with Senate amendments to the House amendment thereto, and concur in the Senate amendments to the House amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendment to the House amendment, as follows:

Page 3, line 18, of the House engrossed amendment, strike out "$500,000" and insert: "$50,000".

Page 4, line 2, of the House engrossed amendment, after "1949" insert: "; however, it is the sense of the Congress that the United States Government is entitled to a larger percentage of the total award (generally presumed to be 5 percent) and that the ex gratia payment hereinafter provided to certain claimants, who were otherwise excluded from sharing in this claims settlement under generally-accepted principles of international law and United States practice, is justified only by the extraordinary circumstances of this case and does not establish any precedent for future claims negotiations or payments."

Page 4, line 6, of the House engrossed amendment, strike out "$72,500,000" and insert: "$74,550,000".

Page 5, line 22, of the House engrossed amendment, strike out all after "power" over to and including "repudiated" in line 3 on page 6.

Mr. BINGHAM (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from New York?

Mr. FRENZEL. Mr. Speaker, I reserve the right to object.

Mr. Speaker, this bill was before us yesterday, and at that time the bill was passed with an allowance for claims of about $7 million to be awarded to claimants who, in my judgment, did not have a legitimate claim against the asset in question, the Czechoslovakian gold.

I would like to yield to the distinguished chairman at this time to tell us what he has done, or what the Senate has done, before determining whether I shall object to the bill, and I now yield to the distinguished subcommittee chairman.

Mr. BINGHAM. I thank the gentleman for yielding.

The changes made in the Senate bill are primarily the following: That the $7 million for the so-called Benes claimants which were provided for in the bill passed yesterday are reduced to the sum of $4,950,000. The amount that was reserved to reimburse the U.S. Government for administrative costs was reduced from $500,000 to $50,000, and the gentleman will observe that what this does is to reduce to a token amount reserved for the U.S. Government, to leave the amounts for the certified claimants approximately as they were in the original settlement as contemplated by the administration, and provide, to my mind, a minimum amount of less than $5 million for the so-called Benes claimants.

Mr. FRENZEL. Further reserving the right to object, Mr. Speaker, I thank the distinguished chairman for his description of the Senate amendments which he now asks us to accept. I must tell the Members of this body that I still find the bill wanting. In my judgment, further reserving the right to object, it is wrong in that it gives any money at all to people who do not have a deserving claim.

The gentleman has improved the bill to the extent that he is trying to preserve a reasonable amount of money for the claims of the two groups whom I consider deserving claimant groups. Yet what he is doing is giving undeserving claimants all the money normally reserved to the U.S. Government for the work that it has done in holding the gold, storing it, negotiating with the Czechs on its distribution, and all of its work in the Tripartite Commission.

Mr. Speaker, under any other circumstances I would demand a vote. I know the hour is late, and I know the Members are anxious to move on to other business, but I want to state again as strongly as I can that this is a miscarriage of justice, a waste of the public funds.

We are giving money to claimants that are undeserving. We have set just a grotesque precedent. We will rue the day we passed this bill. I have done my best to warn the body of its folly.

Mr. FRENZEL. Mr. Speaker, I will withdraw my reservation of objection simply out of consideration for the membership of this body.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from New York?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the matter just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

AUTHORIZING U.S. PARTICIPATION IN PEACE TREATY BETWEEN EGYPT AND ISRAEL

Mr. HAMILTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Seante joint resolution (S.J. Res. 100) to authorize the participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel, with a Senate amendment to the House amendments thereto, and concur in the Senate amendment to the House amendments.

The Clerk read the title of the Senate joint resolution.

The Clerk read the Senate amendment to the House amendments as follows:

In lieu of the matter proposed to be inserted by the House amendment to the text of the resolution, insert:

SHORT TITLE

Section 1. This joint resolution may be cited as the "Multinational Force and Observers Participation Resolution".

STATEMENT OF POLICY

SEC. 2. The Congress considers the establishment of the Multinational Force and Observers to be an essential stage in the development of a comprehensive settlement in the Middle East. The Congress enacts this resolution with the hope and expectation that establishment of the Multinational Force and Observers will assist Egypt and

Israel in fulfilling the Camp David accords and bringing about the establishment of a self-governing authority in order to provide full autonomy in the West Bank and Gaza.

PARTICIPATION OF UNITED STATES PERSONNEL IN THE MULTINATIONAL FORCE AND OBSERVERS

SEC. 3. (a)(1) Subject to the limitations contained in this resolution, the President is authorized to assign, under such terms and conditions as he may determine, members of the United States Armed Forces to participate in the Multinational Force and Observers.

(2) The Congress declares that the participation of the military personnel of other countries in the Multinational Force and Observers is essential to maintain the international character of the peacekeeping function in the Sinai. Accordingly—

(A) before the President assigns or details members of the United States Armed Forces to the Multinational Force and Observers, he shall notify the Congress of the names of the other countries that have agreed to provide military personnel for the Multinational Force and Observers, the number of military personnel to be provided by each country, and the functions to be performed by such personnel; and

(B) if a country withdraws from the Multinational Force and Observers with the result that the military personnel of less than four foreign countries remain, every possible effort must be made by the United States to find promptly a country to replace that country.

(3) Members of the United States Armed Forces, and United States civilian personnel, who are assigned, detailed, or otherwise provided to the Multinational Force and Observers may perform only those functions or responsibilities which are specified for United Nations Forces and Observers in the Treaty of Peace and in accordance with the Protocol.

(4) The number of members of the United States Armed Forces who are assigned or detailed by the United States Government to the Multinational Force and Observers may not exceed 1,200 at any one time.

(b) Subject to the limitations contained in this resolution, the President is authorized to provide, under such terms and conditions as he may determine, United States civilian personnel to participate as observers in the Multinational Force and Observers.

(c) The status of United States Government personnel assigned to the Multinational Force and Observers under subsection (a)(1) or (b) of this section shall be as provided in section 629 of the Foreign Assistance Act of 1961.

U.S. CONTRIBUTIONS TO COSTS

SEC. 4. (a) In accordance with the agreement set forth in the exchanges of letters between the United States and Egypt and between the United States and Israel which were signed on August 3, 1981, the United States share of the costs of the Multinational Force and Observers—

(1) shall not exceed 60 percent of the budget for the expenses connected with the establishment and initial operation of the Multinational Force and Observers during the period ending September 30, 1982; and

(2) shall not exceed 33⅓ percent of the budget for the annual operating expenses of the Multinational Force and Observers for each financial year beginning after that date.

(b)(1) There are authorized to be appropriated to the President to carry out chapter 6 of part II of the Foreign Assistance Act of 1961, in addition to amounts otherwise available to carry out that chapter, $125,000,000 for the fiscal year 1982 for use in paying the United States contribution to the budget of the Multinational Force and Observers. Amounts appropriated under this subsection are authorized to remain available until expended.

(2) Expenditures made pursuant to section 138 of the joint resolution entitled "Joint Resolution making continuing appropriations for the fiscal year 1982, and for other purposes", approved October 1, 1981 (Public Law 97-51), or pursuant to any subsequent corresponding provision applicable to the fiscal year 1982, shall be charged to the appropriation authorized by this subsection.

(c) Unless required by law, reimbursements to the United States by the Multinational Force and Observers shall be on the basis of identifiable costs actually incurred as a result of requirements imposed by the Multinational Force and Observers, and shall not include administrative surcharges.

NONREIMBURSED COSTS

SEC. 5. (a) Any agency of the United States Government is authorized to provide administrative and technical support and services to the Multinational Force and Observers, without reimbursement and upon such terms and conditions as the President may direct, when the provision of such support or services would not result in significant incremental costs to the United States.

(b) The provision by the United States to the Multinational Force and Observers under the authority of this resolution or any other law of any property, support, or services, including the provision of military and civilian personnel under section 3 of this resolution, on other than a reimbursable basis shall be kept to a minimum.

(c) The President may provide military training to members of the armed forces of other countries participating in the Multinational Force and Observers.

REPORTS TO THE CONGRESS

SEC. 6. (a) Not later than April 30, 1982, the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate, a detailed written report with respect to the period ending two weeks prior to that date which contains the information specified in subsection (b).

(b) Not later than January 15 of each year (beginning in 1983), the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate, a written report which describes—

(1) the activities performed by the Multinational Force and Observers during the preceding year;

(2) the composition of the Multinational Force and Observers, including a description of the responsibilities and deployment of the military personnel of each participating country;

(3) all costs incurred by the United States Government (including both normal and incremental costs), set forth by category, which are associated with the United States relationship with the Multinational Force and Observers and which were incurred during the preceding fiscal year (whether or not the United States was reimbursed for those costs), specifically including but not limited to—

(A) the costs associated with the United States units and personnel participating in the Multinational Force and Observers (including salaries, allowances, retirement and other benefits, transportation, housing, and operation and maintenance costs), and

(B) the identifiable costs relating to property, support, and services provided by the United States to the Multinational Force and Observers;

(4) the costs which the United States Government would have incurred in maintaining in the United States those United States units and personnel participating in the Multinational Force and Observers;

(5) amounts received by the United States Government from the Multinational Force and Observers as reimbursement;

(6) the types of property, support, or services provided to the Multinational Force and Observers by the United States Government, including identification of the types of property, support, or services provided on a nonreimbursable basis; and

(7) the results of any discussions with Egypt and Israel regarding the future of the Multinational Force and Observers and its possible reduction or elimination.

(c)(1) The reports required by this section shall be as detailed as possible.

(2) The information pursuant to subsection (b)(3) shall, in the case of costs which are not identifiable, be set forth with reasonable accuracy.

(3) The information with respect to any administrative and technical support and services provided on a nonreimbursed basis under section 5(a) of this resolution shall include a description of the types of support and services which have been provided and an estimate of both the total costs of such support and services and the incremental costs incurred by the United States with respect to such support and services.

STATEMENTS OF CONGRESSIONAL INTENT

SEC. 7. (a) Nothing in this resolution is intended to signify approval by the Congress of any agreement, understanding, or commitment made by the Executive branch other than the agreement to participate in the Multinational Force and Observers as set forth in the exchanges of letters between the United States and Egypt and between the United States and Israel which were signed on August 3, 1981.

(b) The limitations contained in this resolution with respect to United States participation in the Multinational Force and Observers apply to the exercise of the authorities provided by this resolution or provided by any other provision of law. No funds appropriated by the Congress may be obligated or expended for any activity which is contrary to the limitations contained in this resolution.

(c) Nothing in this resolution shall affect the responsibilities of the President or the Congress under the War Powers Resolution (Public Law 93-148).

DEFINITIONS

SEC. 8. As used in this resolution—

(1) the term "Multinational Force and Observers" means the Multinational Force and Observers established in accordance with the Protocol between Egypt and Israel signed on August 3, 1981, relating to the implementation of the security arrangements of the Treaty of Peace; and

(2) the term "Treaty of Peace" means the Treaty of Peace between the Arab Republic of Egypt and the State of Israel signed on March 26, 1979, including the Annexes thereto.

Mr. HAMILTON (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment

to the House amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Indiana (Mr. HAMILTON).

Mr. HAMILTON. Mr. Speaker, I support final passage of Senate Joint Resolution 100, as amended, a resolution to authorize the participation of the United States in a multinational force and observers (MFO) to implement the Treaty of Peace between Egypt and Israel.

It is critical to U.S. interests in the Middle East that the MFO be established and that it be enabled to carry out its functions efficiently and effectively. The establishment of this force for the Sinai represents an important step in the implementation of the Egyptian-Israeli treaty which, in turn, is the first step toward a comprehensive peace in the Middle East.

This legislation is clearly essential for the peace process in the Middle East. Without such a multinational force, the likelihood is that the implementation of the Egyptian-Israeli Peace Treaty would collapse. In the wake of the death of President Sadat of Egypt, this resolution is vital to reinforcing the U.S. commitment to the full implementation of the Treaty of Peace and is a prerequisite for our ability to move forward to carry out the second major undertaking of the Camp David process—the attainment of an acceptable agreement for the West Bank and Gaza consistent with the Camp David accords.

In acting on the House passed language, the other body has preserved all the substantive provisions contained in House Joint Resolution 349 as agreed to by the full House during its consideration and overwhelming bipartisan vote of 368 to 13 on November 19, 1981. This includes all those provisions stressing the multinational character of the force. The principal Senate amendments modify parts of the reporting requirement of the House passed resolution in an effort to improve and facilitate executive branch compliance with the resolution's annual reporting requirement on the MFO activities and costs.

The intent of the annual reporting requirement in section 6 of the resolution as it relates to MFO costs is for the executive branch to provide Congress with an overall statement of all costs incurred in U.S. involvement in the MFO, including those costs associated with the American military units assigned to the MFO. It is our intent that this report's statement of costs be as complete and thorough as possible. We prefer that the executive branch include items which relate in part, but not in their entirety, to the MFO's activities and operations. It is, however, not our intent that the report of all costs associated with the MFO place unreasonable accounting or recordkeeping requirements on the executive branch or that the report be accurate down to the last man-hour of services provided or nut and bolt given. Congress simply wants to be provided with a full and reasonably accurate statement of all costs involved in the U.S. participation in this important peacekeeping venture.

Mr. Speaker, final passage of Senate Joint Resolution 100, as amended, underscores our understanding that U.S. policy in the Middle East is clearly directed to fostering conditions which will help strengthen peaceful ties between Egypt and Israel, and thereby contribute to the creation of conditions in which the MFO may no longer be required.

I urge the adoption of this joint resolution.

Mr. ZABLOCKI. Mr. Speaker, I rise in support of Senate Joint Resolution 100, as amended by the Senate.

As my colleagues will recall, the purpose of Senate Joint Resolution 100—formerly House Joint Resolution 349—is to provide congressional authorization to the President to allow the participation of the United States in the Multinational Force and Observers (MFO) peacekeeping force in the Sinai.

At the outset I commend our colleague, the gentleman from Indiana, LEE HAMILTON, chairman of the Subcommittee on Europe and the Middle East and the ranking Republican member of the subcommittee, Mr. FINDLEY, as well as the ranking member of the full committee, Mr. BROOMFIELD, for their efforts on this legislation. In amending Senate Joint Resolution 100, the other body has preserved all the substantive provisions contained in the House version House Joint Resolution 349, as agreed to by the full House during its consideration and overwhelming bipartisan vote of 368 to 13 on November 19, 1981. The Senate amendments simply modify some of the reporting requirements of the resolution, with the result of improving and facilitating executive branch compliance with the resolution's reporting requirement.

Mr. Speaker, the establishment of the MFO represents an important step in the implementation of the Egyptian-Israeli Treaty which, in turn, is the first step toward peace in the Middle East. The agreements leading to the establishment of this force represent a major step in our search for a just and lasting peace in that troubled region. In acting on the creation of this force, the United States remains fully committed to moving forward to carry out the second major undertaking of the Camp David process—the attainment of an acceptable agreement for the West Bank and Gaza consistent with the Camp David accords.

Final passage of Senate Joint Resolution 100, as amended, underscores our understanding that U.S. policy in the Middle East is clearly directed to fostering conditions which will help to strengthen the peaceful relations between Egypt and Israel, and thus contribute to the creation of conditions in which the MFO will no longer be required, thereby confirming the temporary and interim role of the MFO.

In conclusion, Mr. Speaker, this joint resolution is critical to the continuation and ultimate completion of the peace process in the Middle East. It embodies the necessary next step which will hopefully culminate in permanent peace in the Middle East. Accordingly, I urge favorable adoption of this joint resolution.

Mr. BROOMFIELD. Mr. Speaker, the legislation we have before us today represents an important step in the implementation of the Egyptian-Israeli Treaty which, in turn, is contributing to the search for a just and lasting peace in the Middle East. The resolution, as amended recently by the Senate, provides congressional authorization to the President to allow the participation of the United States in the Multinational Force to police the Sinai following Israel's withdrawal from that region next April. The Senate amendments simply modify some of the reporting requirements demanded of the executive branch. In short, the resolution is the culmination of months of substantive U.S. negotiations as well as the professional counsel of the Foreign Affairs and Foreign Relations Committees, which have incorporated a number of safeguards in this resolution regarding U.S. participation in the Multinational Force.

It had been my hope that some kind of U.N. peacekeeping operation involving countries other than the United States could have been arranged to police the Sinai. However, when it became clear earlier this year that the U.N. Security Council, because of Soviet opposition, would not approve a United Nations peacekeeping arrangement to monitor the Sinai, the United States had to take "those necessary steps" as initially provided in the Camp David negotiations to establish an alternative multinational peacekeeping force. In this regard, the present administration is to be commended not only for its intensive and creative diplomatic efforts with Egypt and Israel, but also with our friends in Europe, Latin America, and the South Pacific, who will join the United States in this newly arranged peacekeeping operation.

By approving this legislation today, we in the Congress have an opportunity to further the peace process in the Middle East. This opportunity, however, is not without risks to American participation, since we cannot take lightly the introduction of U.S. combat-equipped troops into such a volatile region of the world. Despite the potential risks which have been carefully and comprehensively considered by both the Foreign Affairs and Senate Foreign Relations Committees, I believe that it is necessary for the United States to remain a full partner in this endeavor and to put into place another essential building block in the structure of peace in the Middle East. As a result, I urge by colleagues to adopt the resolution before us.

Mr. FINDLEY. Mr. Speaker, I rise in support of this conference report which authorizes U.S. participation in the multinational peacekeeping force in the Sinai. I am pleased to say that the Senate accepted, with a few exceptions, the House version of the legislation. This is a tribute to the efforts of my distinguished colleagues, Chairman ZABLOCKI, Mr. BROOMFIELD, Mr. HAMILTON. I am also honored to have played a role in putting this legislation together.

As I stated when the House considered the legislation to authorize U.S. participation in the multinational peacekeeping force, I support this legislation because it will help Egypt and Israel to fulfill commitments in their treaty of peace. Israel is to withdraw from the Sinai in April 1982 and Egypt resume its full sovereignty over the Sinai which, however, is to be largely demilitarized. This is essential to consolidate the achievements already reached in the peace process and to encourage further progress toward a full and comprehensive peace in the Middle East.

There is, however, both tragedy and irony in the fact that as we authorize this U.S. peacekeeping role in the Sinai, Israel has taken steps to undermine the peace process. Only a few days ago, at the instigation of Prime Minister Begin, the Israeli Knesset voted to extend Israeli law to the Golan Heights. This act is tantamount to Israeli annexation of the Golan Heights. Such a step is dangerous and deplorable. It indicates that Israel is willing to contravene international law and to renege on its commitment to U.N. Security Council Resolution 242. This resolution which is the basis for peace and peace talks in the Middle East calls for negotiations on the basis of territorial withdrawal and security and recognition. If Israel unilaterally moves to foreclose all negotiations on the Golan Heights, then recognition of Israel will continue to be withheld and Israeli security will be impossible to attain.

I am also chagrined and deeply disturbed that at the very time the United States is involved in efforts to help Israel and Egypt reach an agreement on Palestinian autonomy in the West Bank and Gaza, Israel, without any prior notice or consultations with the United States, has taken this step to annex the Golan Heights. This act is directly contrary to the mutual cooperation and coordination of effort between the United States and Israel that will be necessary if further progress toward peace in the Middle East is to be achieved.

I hope, therefore, that other voices will join mine in calling upon Israel to rescind its action in the Golan Heights and to renew its commitment to negotiate a solution to the Middle East conflict rather than resorting to force. This is particularly important as we vote to send American men into this turbulent region.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Indiana?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HAMILTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the Senate joint resolution just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CONFERENCE REPORT ON S. 1086, OLDER AMERICANS ACT AMENDMENTS OF 1981

Mr. ANDREWS. Mr. Speaker, I call up the conference report on the Senate bill (S. 1086) to extend and revise the Older Americans Act of 1965, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of December 10, 1981.)

The SPEAKER pro tempore. The gentleman from North Carolina (Mr. ANDREWS) will be recognized for 30 minutes, and the gentleman from Wisconsin (Mr. PETRI) will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. ANDREWS).

Mr. ANDREWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we consider the conference report to extend and revise the Older Americans Act of 1965. This bill, the Older American Act Amendments of 1981, has received broad bipartisan support by both the House and the Senate. As you may remember, the House version, H.R. 3046, which I originally introduced and which was also referred to the Committee on Education and Labor, passed the House by a vote of 379 to 4 November 20. We have received the complete cooperation of Mr. ASHBROOK, the ranking minority member of the full committee, and Mr. PETRI, the ranking minority member of the Subcommittee on Human Resources, and I thank them for their wise and thoughtful counsel. I also extend special appreciation to Mr. CARL PERKINS, chairman of the Committee on Education and Labor and a cosponsor of this legislation, for his guidance and support.

S. 1086 would authorize the Older Americans Act for an additional 3 years and provide amendments to improve the administration of the act. It is, in my opinion, the belief of all the conferees that the measure, as presented today, will strengthen and revitalize this program designed to address the national priority and special needs of this Nation's senior citizens.

This bill provides for strong leadership and coordination of Federal programs at the national level while increasing flexibility for State and local governments in the provision of services to our older citizens. The Administration on Aging within the Department of Health and Human Services is strengthened to improve the administration of the program, nutrition services are bolstered, and part-time employment programs for the low-income elderly have been renewed.

Mr. Speaker, S. 1086 is a good bill and worthy of the support of my colleagues.

Mr. PETRI. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I would like to commend my subcommittee chairman for doing his usual good job on this bill and to thank him for the fine spirit in which he has conducted the work of the subcommittee; and also commend the majority staff as well as the minority staff for the great help that they gave all of us on the subcommittee and for their work on this bill.

Mr. Speaker, I rise in qualified support of the conference report on the Older Americans Act Amendments of 1981.

We are reauthorizing good programs and have made some modest improvements in them. For example, some flexibility has been introduced into the title III funding. The 20-percent transfer provision among congregate meals, home-delivered meals, and supportive services is a first step in the right direction, but this change may be self-defeating because such trans-

fers will require additional recordkeeping and bureaucratic redtape. To correct this flaw, I had proposed a total consolidation of these programs. Nonetheless, I am hopeful that our experience with this limited first step will encourage us to move further in this direction in the future.

I am disappointed that this bill authorizes forward funding of the title V programs, as the conferees adopted the position of the House rather than that of the other body on this point.

Finally, I am pleased to note that this legislation is consistent with the Omnibus Reconciliation Act and that it has the support of this administration.

On balance, I believe this legislation merits support and I urge that the conference report be adopted.

Mr. Speaker, I yield to the gentleman from Nebraska (Mr. DAUB).

□ 1835

Mr. DAUB. Mr. Speaker, since the enactment of the Older Americans Act in 1965, programs for America's older citizens have both been expanded and better coordinated. In these 15 years, the program has grown from a few research grants and social service grants to a network of 57 State units on aging, over 600 areawide agencies on aging, and countless organizations providing paid and volunteer services. The size of the budget has increased from $7.5 million in 1966 to $1.09 billion authorized by this bill today. The act has been amended nine times, adding major initiatives such as nutrition programs for the elderly, as well as senior employment initiatives. The 1978 amendments aimed toward providing a more efficient service delivery system and increased coordination of community resources for the aging. These amendments consolidated the State and community planning services, nutrition, and social services into one title to be funded through the area agencies on aging.

As we come into a new decade we are facing new fiscal realities and pressures. We must be both critical and creative in our approach to Federal spending. This demands that priorities be set, plans be made, and goals be developed. In an effort to assure local flexibility and control over limited financial resources, I offered an amendment to the House version of the Older Americans Act which would allow title 3B funds authorized by the Older Americans Act to be used for victim assistance and crime prevention programs. I'm pleased to see this has been included in the conference report before us today. Even in Nebraska, the fear of crime stalks the elderly. I am especially concerned about the devastating impact that crime and the fear of crime has on the lives of older Americans. This change in the law gives those charged with the responsibility to coordinate services for the elderly the opportunity to find creative uses for the Federal dollars we give them.

I'm pleased to see that this bill, in its final form, sets the stage for increased local decisionmaking and expanded control of older people in making the Older Americans Act work for them. As a matter of general philosophy it was important for the Older Americans Act to accomplish the following:

Provide more flexibility for operation of OAA programs to meet the specific needs of each community;

Remove unnecessary restrictions, cumbersome redtape, and meaningless paperwork;

Expand opportunity for older persons to manage, direct, plan, and implement the programs intended to meet their needs;

Assure that the resources under the act can be used most effectively to provide essential services to enable older people to live independently and with dignity for as long as possible;

Examine the organizational placement of the Administration on Aging and its authority to carry out the administration of the Older Americans Act; and

Foster the selection of the most effective and efficient service providers through maximum competition and the enforcement of high standards of performance.

The Older Americans Act has been a major accomplishment in serving the needs of our older citizens and I rise today to pay tribute to its fine accomplishments. I believe the changes this Congress has seen fit to make to this legislation will only better serve and more effectively resolve problems of the elderly, as well as to provide helpful services so as to maintain our older citizens' independence and dignity.

Mr. PETRI. Mr. Speaker, I yield such time as he may consume to the distinguished ranking Republican on the Select Committee on Aging, the gentleman from New Jersey (Mr. RINALDO).

Mr. RINALDO. Mr. Speaker, I rise in support of the conference report on the Older Americans Act Amendments of 1981. As ranking Republican member of the House Select Committee on Aging, I have devoted considerable attention to the Older Americans Act.

The Older Americans Act, a comprehensive program which provides an array of important transportation, nutrition, health-related, employment and social services to senior citizens nationwide, has been, and continues to be, a success.

It is a success because of the dedication and enthusiasm of the hundreds of people nationwide who are responsible for the efficient and effective delivery of services under the act.

Dedicated individuals—many of them older—at the Administration on Aging, at the State and area agencies on aging, those who serve on State and local commissions and advisory councils, and others who work with older persons—either in a paid or voluntary capacity—all deserve a special tribute as we reauthorize this important act for 3 more years.

The conference report represents a broad, bipartisan consensus of opinion.

I am particularly gratified that the conference report includes my amendment to afford boarding home residents the same protections as those offered nursing home residents through the long-term care ombudsmen.

In sum, the 1981 legislation further strengthens and refines the Older Americans Act and continues our objective of assisting our Nation's elderly to lead independent, secure, satisfying and productive lives.

I wish to extend my appreciation to the conferees for their fine work on this bill, particularly Mr. BIAGGI, an original member of the Committee on Aging.

Their efforts, combined with that of others, have wrought legislation of which we can all be proud. I urge adoption of the conference report.

Mr. PETRI. Mr. Speaker, we have no further requests for time on this side and I yield back the balance of my time.

Mr. ANDREWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, Congressman WILLIAMS, a member of the subcommittee, was to have been here to engage in a colloquy. I believe he is not on the floor. I believe his purpose would have been to refer to title IV of the act dealing with training, research, and discretionary projects and programs. I am particularly pleased with section 421, research and development projects, and section 426, development of model projects. Authorization is provided for helping to alleviate the burden that many of our elderly citizens face regarding heating their homes. It is clear that title IV provides the authorization for funding programs which will help elderly people mitigate the cost of home heating through self-help programs and energy conservation and weatherization.

I believe Mr. WILLIAMS wanted to reiterate this for the record. I believe this would have been his statement and I totally concur in it.

I also understand that one other Member had likewise desired to engage in a colloquy, the gentleman from Arkansas (Mr. HAMMERSCHMIDT).

Mr. Speaker, I just would add one further word. I think this would be a better Christmas present and New Year's wish for elderly citizens who participate in these wonderful pro-

grams all over the country, and it is a credit to the Congress and to the administration for supporting it. I think it is a credit to this body that by such an overwhelming majority we do again reassert and demonstrate our support for these elderly citizens who have made this Nation and helped to make this Nation what it is. I commend the bill to the House and I hope that we will have overwhelming support for it.

Mr. PETRI. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS. I am happy to yield to the gentleman from Wisconsin.

Mr. PETRI. Mr. Speaker, my colleague, JOHN PAUL HAMMERSCHMIDT, of Arkansas, was the original sponsor of the amendment to provide mental health projects under title IV, training, research, and discretionary projects and programs of the Older Americans Act which my colleague from New York (Mr. BIAGGI) offered as a member of the Human Resources Subcommittee for the gentleman from Arkansas (Mr. HAMMERSCHMIDT).

In this regard the gentleman from Arkansas (Mr. HAMMERSCHMIDT) has asked to seek clarification of what he believes is a technical error in the conference report from you as chairman of the Human Resources Subcommittee.

Page 9 of the conference report, line 1, reads "meet the special health care needs of the elderly."

Should this read "meet the special mental health care needs of the elderly"?

Mr. ANDREWS. I believe that to be correct. I think it is an error in printing and mental health was intended in that section within the conference report as well as in the original bill.

I appreciate the gentleman from Arkansas (Mr. HAMMERSCHMIDT) calling that to our attention through the gentleman from Wisconsin on his behalf.

Mr. PETRI. I thank my chairman for this clarification.

Mr. PERKINS. Mr. Speaker, we are bringing before the House today a landmark conference report on the continuation and revision of the Older Americans Act of 1964. This bill, if adopted, will assure the continuation of vital nutrition, supportive, and employment programs for our Nation's elderly citizens.

This conference report is the product of the efforts of many Members of Congress, but I would particularly like to acknowledge the diligent leadership of Congressman IKE ANDREWS, chairman of the Subcommittee on Human Resources, and ranking minority member, Congressman TOM PETRI.

I am pleased that the Senate-House conference committee was able to reach agreement on all of the difficult issues facing us during our course of deliberation. Because I know that IKE ANDREWS and TOM PETRI will describe in great detail the many provisions of this conference report, I would like to only briefly touch on the highlights.

This bill would extend the Older Americans Act for a 3-year period with some significant changes.

Title II of the act would add education and training programs to the list of programs which can assist in meeting the needs of the elderly, and also deletes the authority for the National Information and Resource Clearinghouse for the Aging.

Title III would maintain the current separate authorization for the nutrition programs; permit States to transfer not more than 20 percent of funds appropriated during any fiscal year between programs under part B—supportive services—and C—nutrition services—strike the requirement that 50 percent of supportive services be spent on three priority services; permit the use of contributions for meals to provide transportation and other supportive services directly related to nutrition services; and add boarding homes to the definition of long-term facility for purposes of the nursing home ombudsman program.

Title IV would be rewritten so that specific program categories are removed in favor of a more general authorization of demonstration projects including projects to meet the specific mental health care needs of the elderly; install security devices in homes; and improve transportation services for the rural elderly.

Title V, community service employment, would be amended to include "weatherization activities" as an appropriate community service activity. The conference bill requires also that title V continue to be forward funded in order to assure both older workers and local communities a consistent, uninterrupted source of labor.

Title VI would include changes regarding services to Indians, including modifying language regarding the definition of Indians to be served; changing "Indians 60 and over" to "older Indians," and making the provision of legal or ombudsman services permissive.

Mr. Speaker, there are many of us who are not satisfied with the low authorization levels agreed to in the conference. Authorization levels for fiscal year 1982 for programs under the Older Americans Act are well below the fiscal year 1981 authorization levels. At this point, I would like to include in the RECORD a chart that reflects this reduction in authorization levels.

OLDER AMERICANS ACT

[In millions of dollars]

	Fiscal year—		
	1981 authorization	1981 appropriation	1982 authorization (S. 1086)
Federal Council on Aging	[1]	0.5	0.2
Supportive services (title III–B)	480.0	274.6	306.0
Congregate meals (title III–C–1)	400.0	295.0	319.1
Home-delivered meals (title III–C–2)	120.0	55.0	60.0
Research/demonstration (title IV)	[1]	40.5	23.2
Community service employment (title V)	450.0	277.1	[2] 277.1
Indian tribes (title VI)	[1]	6.0	6.5
Total	[3] 1,450.0	948.7	992.1

[1] Such sums as may be necessary.
[2] Or "such sums as may be necessary to maintain the current number of 54,000 jobs".
[3] Plus such sums as may be necessary.

In my judgment, Mr. Speaker, we are shortchanging a segment of the population that constitutes the fastest growing segment of the U.S. population. Between 1980 and the year 2030, the elderly population will double absolutely and proportionately to total 55 million and 22 percent of the population. These individuals, more than any other group, are feeling the adverse effects of spiraling inflation and Government cutbacks, and it is questionable whether these authorization levels will be able to defray the increase in nutrition and other costs projected for 1982. I believe, however, that this is a much needed piece of legislation and that it is important that it be considered without further delay. I therefore urge my colleagues to vote overwhelmingly today in favor of this conference report.

● Mr. BIAGGI. Mr. Speaker, as a member of the House-Senate conference committee on S. 1086, the Older Americans Act Amendments of 1981, I rise in full and enthusiastic support of this landmark legislation. This conference report will mean that the Older Americans Act—one of the most successful of all Federal programs—will be extended for the next 3 years.

My involvement with this legislation has been constant not only with respect to the 1981 amendments presently before us, but throughout my 13 years in the House. I have actively participated in at least four reauthorizations and feel the final product of this year's reauthorization is perhaps the finest.

It is by no means an exaggeration to say that for the past 16 years, the Older Americans Act has been the centerpiece of this Nation's policy for providing social and human services to millions of our older citizens. S. 1086 recognizes and expands this commitment through fiscal year 1984.

My involvement with the 1981 amendments has been especially active. Since the time we last reauthorized the act in 1978, I have been engaged in regular oversight work in my capacity as chairman of the Subcommittee on Human Services of the

House Select Committee on Aging. This work has included site hearings in a variety of urban-rural and suburban settings from New York City to Long Beach, Calif. I conducted hearings on the promulgation of the regulations which implemented the 1978 amendments late last year and the beginning of this year. I conducted hearings to help shape recommendations for the 1981 amendments.

The recommendations I acquired from my hearings and overall oversight work were reflected in a bill I introduced earlier this year, H.R. 3267. As a member of the Education and Labor Committee, I was pleased to have a number of provisions of my bill adopted in H.R. 3046—the House-passed Older Americans Act reauthorization. I was an original cosponsor of the House bill and am pleased that the final conference report clearly reflects more of the House bill than the Senate bill.

At this time I would like to pay special tribute to Chairman PERKINS and subcommittee Chairman ANDREWS whose contributions to this legislation are reflective of their commitment to older Americans. In addition, I wish to note the important work of my colleagues, Mr. RATCHFORD and Mr. PETRI. Finally, although not members of the Education and Labor Committee, I would like to acknowledge an important contribution made by my colleague, Mr. RINALDO, who offered an amendment to the House-passed bill which was retained in the final conference report dealing with the rights of the elderly living in boarding homes, and I wish to salute our esteemed colleague, Mr. PEPPER, who lent his considerable influence and support to this entire effort.

Let me summarize the key elements in the conference report:

The bill provides a 3-year extension of all six titles of the Old Americans Act. Authorization levels are as follows:

	Fiscal year 1982	Fiscal year 1983	Fiscal year 1984
Title III–B, Supportive services and senior centers [1]	$306,000,000	$327,400,000	$350,300,000
Title III–C(i), Congregate meals	319,100,000	341,400,000	365,300,000
Title III–C(i), Home delivered meals	60,000,000	64,200,000	68,700,000
Commodity foods [2]	93,200,000	100,000,000	105,000,000
Title IV—Research	23,200,000	24,800,000	26,500,000
Title V—Employment	277,000,000	296,500,000	317,500,000
Title VI—Indians	6,500,000	7,000,000	7,500,000
Federal Council on Aging	200,000	214,000	228,900

[1] New name for title III–B replacing social services and senior centers.
[2] Conference report also provides for "such sums as may be necessary to avert any reduction in the reimbursement rate for meals served below that of fiscal year 1981."

The conference report contains a number of improving amendments. The most critical of them is a provision which permits State agencies to transfer funds between title III–B and III–C. The purpose of this is to provide needed flexibility to States in how they allocate their social service dollars. More specifically, the 1978 amendments to the act called for title III–B to assume funding responsibilities for the supportive service related to the nutrition program under III–C. One of the most important of these services is transportation. A basic problem developed when the funding levels for III–B did not grow at a rate sufficient to assume responsibility for services such as transportation.

Consequently, States found themselves with adequate funds for nutrition but not enough money to get the people to the meal sites. The 20-percent transfer language—which I authored—should greatly relieve this problem.

In addition, the conference report eliminates one of the more contradictory provisions in the act, which mandates that area agencies on aging allocate 50 percent of their funds under title III–B for in-home access and legal services. While no one has ever disputed the importance of these services, a number of us always had problems with Congress telling area agencies on aging how they had to spend their money. Earlier amendments to the act created the "aging network," which included area agencies as a concept. Today, there are more than 660 AAA's nationwide. They are the central focus on the local level for the development of social and human services to the elderly and are capable of assuming greater control.

The conference report eliminates the 50-percent mandate and, instead, urges that an adequate portion of funds be used. It would be my hope, as a cosponsor of this legislation, that the determination for the adequate portion will be that of the area agency.

It is important to note that the conference report clearly rejects the so-called consolidation proposal by the administration. Under this plan, authorizations for the home-delivered and congregate meals programs and the commodity foods program within the Department of Agriculture would have been merged. This consolidation would have not achieved better efficiency in terms of the delivery of nutrition services and might in fact lead to interruptions. The Committee on Education and Labor clearly went on record against a consolidation proposal, and I am glad to see that the conference report maintained this position.

I am especially pleased about this aspect of the conference report. It is critical to the program that we retain at least the 1 percent or $20,000 floor. The fact is more than 70 percent of our States are exceeding this level of commitment. However, for those who have not, this figure should provide the necessary incentive for them to do so. The addition of boarding homes to the definition of "long-term care facility" is reflective of a deep concern which we have about conditions in our boarding homes today. The Aging Committee has conducted several hearings and a major investigation into boarding homes. There is a need to extend the protections of the ombudsman program to residents of boarding homes.

An especially important action of the conference was its rejection of a proposal to impose a sliding scale of fees for contributions to nutrition programs. I was vigorously opposed to this provision as it appeared in the Senate-passed bill. We have consistently worked against the imposition of means tests in Older Americans Act programs, and sliding scale fees would have accomplished the same negative purpose, and the conferees were wise to reject this proposal.

The provision in the conference report which permits contributions made in nutrition programs to go to not only the expansion of meals but for access services including transportation and any other supportive service directly related to the provision of nutrition services is vitally important and will be a true asset to the operations of the act over the next 3 years.

A conference agreement strikes an effective compromise on the so-called grandfathering issue. The House bill would have retained existing law with respect to grandfathering, meaning that all nutrition programs which existed as of September 30, 1978, would continue as such through the life of the bill. The Senate bill eliminated the provision altogether. Under the conference agreements, grandfathering would remain in effect through this fiscal year, and beginning in fiscal year 1983 all contracts awarded for the provision of nutrition services would have to be given under a competitive process. As one who played a major role in the development of this compromise, let me state as a matter of congressional intent that we are not seeking to impose undue amounts of administrative problems in area agencies on aging across the Nation. However, we contend that competitive bidding will help to insure cost maintenance and a consistently high standard of quality in the food provided.

Finally, in the overall area of title III I support the change in the name of III–B to "Supportive Services and Senior Centers." The change is more than symbolism; it is reflective of an aspiration we have for the act; namely, that its programs can in fact be better coordinated to work for similar as compared to cross purposes.

I am pleased that the final conference report retains one existing section of law which permits title III–B funds to be used to provide arts and cultural services for older Americans. I

conducted a special hearing on the topic of arts and the elderly and hoped to develop additional amendments, perhaps expanding the scope of this commitment to funding arts and cultural services with title III-B. While my hopes were not fully realized, the basic protection in existing law for the provision of these vital services has been preserved. In the coming 3 years I hope our Nation can develop a more comprehensive national policy for linking older people to arts and cultural services. It is a fundamental aspect of our need to insure that while we extend the quantity of life for our elderly, we also work to extend the meaning in their lives.

In the House-passed bill I had successfully offered a number of amendments which would have greatly upgraded the status of the Commissioner on Aging. The final conference report retains a key element of my original amendments which restates the language of section 201(a) to bar the Secretary of HHS from delegating any of the functions of the Commissioner on Aging to any other officer not directly responsible to the Commissioner. My compromise amendment in this final report will greatly expand the functions of the Commissioner which would be subject to the protections of 201(a). This is vital if we are in fact to finally give the Commissioner on Aging the kind of autonomy and visibility the position merits.

I remain committed to seeing the Aging Administration elevated within our own Government and hopefully someday enjoy its own Cabinet-level status.

The conference report does maintain the Older Americans Act support for legal service demonstration projects, while not specifically providing the $5 million set-aside in current law. Conference report language does reiterate the support which Congress retains for legal services within the Older Americans Act, and it is my fervent hope that we can expand our efforts in this area over the life of this bill. Legal services must be considered one of the core services which our elderly need to maintain their independence.

Let me comment on two other specific provisions which are more reflected in report language. S. 1086 provides authority to expend funds for post-White House Conference on Aging activities. The conference report does clearly state that among these activities should be the mailing of a complete list of unedited recommendations to all delegates and observers. It is vital that we insure that the mandate of the White House Conference on Aging, as spelled out in the 1978 amendments, be fulfilled.

The conference report clarifies congressional intent on a number of provisions within the title V employment program. The conferees strongly reemphasize their support for the statutory formula in the 1978 OAA amendment for allocation of title V funds between States and national contractors. In addition, the report clarifies that the 55 percent of the excess over the 1978 hold-harmless level should be administered by State government and specifically the State agency on aging. It was not the intent, however, of the conferees to alter the current arrangements in some seven States where the Governor has designated other State agencies to operate the program. In those cases it is important for the State agency on aging to assist these other State agencies in administering the program effectively on behalf of older persons within the State.

An important provision which is contained in the statement of the managers of this bill warrants some special comment. A total of 23 States, including New York, California, Illinois, and Ohio, have registered an increase in the number of people age 60 and over but not enough to increase their overall percentage of elderly. The funding for the Older Americans Act is distributed on the basis of the percentage of the population 60 and over that each State has. Consequently, these 23 States, despite having more older citizens, will not receive any increase in their allotment under title III of this act and in fact could lose funds if appropriations are not increased.

As the language in the conference report reads, "The conferees are concerned that many of these 23 States may be forced to reduce services under the Older Americans Act in fiscal year 1982." The language goes on to urge that the Secretary of HHS take all possible steps to avert service reductions in any State. This should be a matter of deep concern to my colleagues, and I intend to monitor the situation closely in the coming months.

In summation, I totally support the pending conference report and commend it for my colleagues' approval. We have retained the critical elements of the House-passed bill, including my specific amendments to broaden the powers of the Commissioner on Aging and to provide greater flexibility to States to spend their title III funds. In addition, we retained the separate funding authorities for the two nutrition programs in the act as well as the commodity foods program administered by the U.S. Department of Agriculture. We have preserved our language calling on area agencies on aging to spend an adequate portion of their funds on critical priority services of transportation, home care, and legal services. We have retained the all-important provision of forward funding for the title V employment program with our far more equitable formula guaranteeing that both national contractors and State agencies on aging get their fair share of job slots. Our authorization levels that were proposed by the conferees were accepted providing modest growth in programs. Finally, we must take special notice of the fact that in this area of "block grant fever," Congress is about to give renewed approval to a highly effective categorical grant program exclusively for our older citizens.

The number of older Americans has increased by more than 20 percent since the Older Americans Act was first enacted in 1965. Our reauthorization on this act today is a most positive step and should be viewed as the cornerstone of a continued and expanded national policy to insure the quality of life for our Nation's seniors.●

GENERAL LEAVE

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report accompanying H.R. 3567, previously agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

ACTIVITIES OF THE FOREIGN AFFAIRS COMMITTEE DURING THE FIRST SESSION

(Mr. ZABLOCKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ZABLOCKI. Mr. Speaker, as the 1st session of the 97th Congress comes to a close, I want to take this opportunity to provide for the Congress and the public a brief summary of the many activities and accomplishments of the Committee on Foreign Affairs since this Congress convened on January 5, 1981.

A transition year, whether in the legislative or executive branch, is

always challenging. It has required adjustment to a new administration and an understanding approach to revised policies and new programs. Speaking in behalf of the committee membership, I believe we have met this challenge with responsibility and hard work.

The committee considered and reported its funding authorization measures prior to the budget deadline. We have worked very closely with the administration in meeting the President's revised budget cuts. Our foreign assistance authorizing legislation for development and security programs is now on its way to the President. In addition, the authorizations for the State Department and related agencies, Arms Control and Disarmament Agency, Export Administration, Overseas Private Investment Corporation, International Investment Survey, have all been approved by the House. With the exception of the State and Arms Control and Disarmament Amendments Act, all have been, or shortly will be, signed into law.

Further accomplishments of the committee include the legislation authorizing U.S. participation in the multinational force and observers to implement the treaty of peace between Egypt and Israel; hearings on nuclear proliferation, the Czechoslovakian claims settlement legislation, and the provisions of the foreign aid authorizing legislation to establish the Peace Corps as an independent agency.

Members and staff have undertaken a number of important study missions pursuant to the Foreign Affairs Committee's legislative and oversight responsibilities, and have issued reports which are available to the public.

Because of substantial reductions made in its funding requests for 1981, the committee was forced to curtail many of its normal activities which impact heavily on the committee's operational costs. Nevertheless, we set an impressive record during the year measured statistically as follows:

We had 62 official meetings of the full committee and 204 meetings of the subcommittees, for a grand total of 266 hearings, markups, and briefings.

We had 58 informal meetings of the full committee and 36 informal meetings of the subcommittees.

We received and held discussions with a total of 103 distinguished foreign visitors and 22 delegations, including heads of state and government, foreign ministers, and opposition leaders. A listing of these visitors and delegations follows these remarks.

We heard 585 witnesses in full or subcommittee meetings.

We had 11 bills and joint resolutions passed by the House; 20 House resolutions and concurrent resolutions passed the House.

We had four measures signed into law, with four additional measures on their way to the President.

We had 13 House reports, 35 hearings, and 40 committee prints published for the information of Congress and the public.

Another important area is the committee's participation in interparliamentary meetings with Canada and Mexico, the Conference on Security and Cooperation in Europe, the North Atlantic Assembly, and the European Parliament.

Mr. Speaker, this impressive record would not have been possible without the teamwork, diligence, and loyalty shown by all members of the committee and our very able staff. I am particularly proud of the proven ability to deal with foreign affairs issues in a bipartisan way.

DELEGATIONS RECEIVED, 1981

Atlantic Council, informal meeting with members of the full committee, July 8, 1981.

Brazil, Congressional Delegations from, informal meeting with members of full committee, February 4, 1981.

China, Delegation from the People's Consultative Conference, informal meeting with SubAPA, November 5, 1981.

El Salvador, a Delegation of Representatives from the Private Business Sector, informal meeting with Chairman Zablocki and members of SubIAA, February 4, 1981.

El Salvador, a Delegation of Trade Union Representatives, informal meeting with members of SubIAA, March 3, 1981.

European Liberal delegation, headed by Lord Banks, informal meeting with members of full committee, December 10, 1981.

European Parliament, delegation from, led by Chairman Eva Wilhelmsson Gredal of Denmark, informal meeting with members of full committee, May 19, 1981.

Finland, a Delegation from the Finnish Foreign Affairs Committee, led by Honorable Kalevi Sorsa, informal meeting with members of full committee, November 2, 1981.

Germany, members of the Subcommittee on Arms Control and Disarmament of the Federal German Parliament, informal meeting with members of full committee, September 24, 1981.

Great Britain, All-Party Group of British Members of Parliament, informal meeting with members of full committee, February 3, 1981.

Great Britain, a Delegation of members from the British Cabinet, led by Sir Ian Gilmour, Lord Privy Seal, information meeting with Chairman Zablocki and members of SubEME, June 15, 1981.

Great Britain, a Delegation from the British Parliamentary Select Committee on Foreign Affairs of the House of Commons, informal meeting with members of full committee, October 29, 1981.

Ireland, General Synod of the Church of, a Delegation from, led by the Rt. Reverend Dr. Robert Eames, informal meeting with members of full committee, April 1, 1981.

Ireland, Delegation of nine Presbyterian Clergymen from Northern Ireland, led by the Very Reverend Dr. A. J. Weir of Belfast, informal meeting with members of full committee, May 6, 1981.

Israel, a delegation from the Knesset, led by the Chairman of the Foreign Relations and Defense Committee, the Honorable Moshe Arens, informal meeting with members of SubEME, November 16, 1981.

Japanese Diet, group of dignitaries, led by Congressmen Uno and Watsanaski, informal meeting with Chairman Zablocki, June 24, 1981.

Japanese House of Representatives, delegation from, led by Honorable Haruo Okada, Vice Speaker, informal meeting with Chairman Zablocki, July 8, 1981.

Korea, a Delegation from the National Assembly, led by His Excellency Jung Nae-Hiuk, Speaker, informal meeting with members of full committee, July 22, 1981.

Morocco, a Delegation of Parliamentarians from NATO countries, informal meeting with members of SubEME and staff, August 7, 1981.

NATO, a Delegation of Parliamentarians from NATO countries, informal meeting with members of SubEME, March 24, 1981.

Nigeria, a Delegation from the Joint Agricultural Consultative Committee (UACC), informal meeting of members of SubAf, September 22, 1981.

Zambia, Republic of, Parliamentary Delegation from, informal meeting with members of SubAf, May 21, 1981.

DISTINGUISHED VISITORS RECEIVED BY COMMITTEE, 1981

Al-Sadat, His Excellency Mohamed Anwar, President of the Arab Republic of Egypt. Reception with membership of House of Representatives, Aug. 6, 1981.

Alvarez, Hon. Luis Alberto Monge, candidate of the National Liberation Party for President of Costa Rica, and former President of the Costa Rican Legislative Assembly, informal meeting with members of SubIAA, May 28, 1981.

Andrei, Mirceau, Office of the Ministry of Foreign Affairs, Romania, informal meeting with members of full committee, May 15, 1981.

Andrei, Hon. Stefan, Minister of Foreign Affairs, Romania, informal meeting with members of full committee, May 15, 1981.

Andreotti, Hon. Giulio, former Prime Minister of Italy and present Chairman of Foreign Relations Committee in Chamber of Deputies, informal meeting with members of full committee, September 11, 1981.

Arens, Hon. Moshe, Chairman of the Foreign Affairs and Defense Committee, Israeli Knesset, informal meeting with members of full committee, May 19, November 16, 1981.

Aridor, The Honorable Yoram, The Israeli Minister of Finance, informal meeting with members of full committee, September 23, 1981.

Arlow, Reverend Canon William, Canon Residentiary at Belfast Cathedral and Member of the Irish School of Ecumenics, informal meeting with members of full committee, April 1, 1981.

Banks, Lord, British Liberal Party, informal meeting with members of full committee, December 10, 1981.

Bayulken, His Excellency Haluj, Defense Minister of Turkey, informal meeting with members of SubEME, June 11, 1981.

Begin, His Excellency Menachem, Prime Minister of Israel, Reception with members of full committee and House leadership, September 10, 1981.

Belinati, Hon. Waldmire, Member, Brazilian Social Democratic Party and Chairman of the Foreign Relations Committee, informal meeting with members of full committee, February 4, 1981.

Bird, David, Member of the General Synod and a Church of Ireland representative on the Irish Council of Churches, infor-

mal meeting with members of full committee, April 1, 1981.

Bogdan, Hon. Corneliu, Director of U.S. Affairs, Ministry of Foreign Affairs, and former Ambassador to the United States, informal meeting with members of full committee, May 15, 1981.

Boucetta, His Excellency M'Hamed, Minister of Foreign Affairs, Morocco, informal meeting with members of full committee, May 11, 1981.

Bueno, Hon. Armando Sanchez, President, Venezuelan Chamber of Deputies, informal meeting with members of SubIAA, March 16, 1981.

Bustillos, His Excellency Gonzalo Garcia, Minister of the Secretariat General of the Presidency, Venezuela, informal meeting with members of full committee, May 20, 1981.

Camilion, Hon. Oscar Hector, Minister of Foreign Affairs of Argentina, informal meeting with members of full committee, September 30, 1981.

Carlos, His Majesty King Carlos I, King of Spain. Luncheon meeting with members of full committee and House and Senate leadership, October 14, 1981.

Carrington, Rt. Hon. the Lord, Foreign Minister, Great Britain, informal meeting with members of full committee and House leadership, February 26; informal meeting with Chairman Zablocki, July 17, 1981.

Cenak, His Excellency Winston, Prime Minister of Saint Lucia, informal meeting with members of SubIAA, June 24, 1981.

Charles, Her Excellency Mary Eugenia, Prime Minister of Dominica, informal meeting with members of SubIAA, June 24, 1981.

Chipwaya, Hon. S., Member of Parliament, Republic of Zambia, informal meeting with members of SubAf, May 21, 1981.

Chisuta, Heartcold, Chargé d'Affaires, Embassy of the Republic of Zambia, informal meeting with members of SubAf, May 21, 1981.

Chun, His Excellency Doo Hwan, President of the Republic of Korea, informal meeting with members of full committee, February 2, 1981.

Colombo, His Excellency Emilio, Foreign Minister of Italy, informal meeting with members of full committee, February 11, 1981.

Concannon, Hon. Don, former Assistant Government Whip and Opposition Whip; and former Parliamentary Under Secretary of State for Northern Ireland and Minister of State, Northern Ireland Office, informal meeting with members of full committee, February 3, 1981.

Debre, Hon. Michel, French Member of Parliament and Prime Minister of France from 1959-1962, informal meeting with members of full committee, January 30, 1981.

De Oca, His Excellency Rafael Montes, Minister of the Interior, Venezuela, informal meeting with members of full committee, May 20, 1981.

Der Stoel, van, Hon. Max, Member of the Dutch Parliament and Chairman of the Subcommittee on the Southern Region of the North Atlantic Assembly, informal meeting with members of SubEME, March 24, 1981.

de Mel, the Honorable Ronnie, Minister of Finance of Sri Lanka, informal meeting with members of full committee, September 28, 1981.

Duarte, President Jose Napoleon, President of El Salvador, informal meeting with members of full committee, September 22, 1981.

Eames, Rt. Reverend Dr. Robert, General Synod of the Church of Ireland, informal meeting with members of full committee, April 1, 1981.

Furtado, Hon. Hector De Alencar, Member, Brazilian Democratic Party, informal meeting with members of full committee, February 4, 1981.

Garcia, Col. Jose Guillermo Merino, Minister of Defense and Public Security of El Salvador, informal meeting with members of SubIAA, November 10, 1981.

Genscher, Hon. Hans Dietrick, Minister of Foreign Affairs, Germany, informal meeting with members of full committee, March 10, 1981.

Ghazala, Hon. Abd Al-Halim, Minister of Defense and War Production, Egypt, informal meeting with members of SubEME, April 28, 1981.

Gomez, Hon. Victor, Senator from the Dominican Republic, informal meeting with members of SubIAA, March 26, 1981.

Gontikas, Hon. Constantin, Member of the Greek Parliament, informal meeting with members of SubEME, March 24, 1981.

Gredal, Hon. Madam Eva Wilhelmsson, Chairman, European Parliamentary Delegation to the United States, informal meeting with members of full committee, March 18; May 19, 1981.

Habib, Gabriel, general secretary of Middle East Council of Churches, Lebanon, informal meeting with members of SubEME, June 25, 1981.

Hartling, Hon. Poul, former Prime Minister of Denmark, and currently U.N. High Commissioner for Refugees, informal meeting with members of SubHRIOrg, May 14, 1981.

Hopkins, Hon. Leonard, Member of the Canadian Parliament, informal meeting with members of SubEME, March 24, 1981.

Hussein, His Majesty, King of the Hashemite Kingdom of Jordan, briefing with members of full committee, November 3, breakfast/meeting with members of full Committee and House Leadership, November 4, 1981.

Ikachana, Hon. N.S., Member of Parliament, Republic of Zambia, informal meeting with members of SubAf, May 21, 1981.

Imam, His Excellency Fakhr, Minister, Federal Cabinet, Government of Pakistan, informal meeting with SubAPA, October 22, 1981.

Ionescu, His Excellency Nicolae, Romanian Ambassador to the United States, informal meeting with members of full committee, May 15, 1981.

Ito, His Excellency Masayoshi, Minister of Foreign Affairs, Japan, informal meeting with members of full committee, House Leadership, March 24, 1981.

Jagielski, His Excellency Mieczyslaw, Deputy Prime Minister of Poland, informal meeting with members of full committee, April 3, 1981.

Jung, His Excellency Nae-Hiuk, Speaker of the Korean National Assembly, informal meeting with members of SubIAA, July 22, 1981.

Kazuo, Hon. Aichi, Japanese Vice Minister for Foreign Affairs, informal meeting with members of full committee, January 15, 1981.

Kershaw, Sir Anthony, Chairman, British Parlimentary Select Committee on Foreign Affairs of the House of Commons, informal meeting with members, October 29, 1981.

Khalil, General Abdel Majid Hamid, First Vice President and Minister of Defense of the Sudan, informal meeting with members of full committee, July 21, 1981.

Kohl, Dr. Helmut, Chairman of the Christian Democratic Union, Federal Republic of Germany, informal meeting with members of SubEME, October 15, 1981.

Kyprianou, His Excellency Spyros, the President of the Republic of Cyprus, informal meeting with members of full committee, December 9, 1981.

Lamba, Hon. W. M. Member of Parliament, Republic of Zambia, informal meeting with members of SubAf, May 21, 1981.

Leong, Paul Seong Khee, Minister of Primary Industries in the Malaysian Government, informal meeting with members of SubIEPT, February 27, 1981.

Lho, Hon. Shinyong, Minister of Foreign Affairs of Korea, informal meeting with members of SubAPA, October 6, 1981.

Lokumba, His Excellency Bomboko Is'Elenge, Deputy First State Commissioner and Commissioner of State for Foreign Affairs and International Cooperation of Zaire, informal meeting with SubAf, June 2, 1981.

Luns, Hon. Joseph M. A. H., The Secretary General of NATO, informal meeting with members of full committee, November 17, 1981.

Madej, His Excellency Zbigniew, Deputy Prime Minister of Poland and Co-Chairman of the Joint Polish-American Trade Commission, informal meeting with members of full committee, December 7, 1981.

Maranhao, Hon. Edson Vidigal, Member, Brazilian Committee on National Security, informal meeting with members of full committee, February 4, 1981.

Martins, Hon. Julio, Member, Brazilian Social Democratic Party; and Vice Chairman, Interior Committee, informal meeting with members of full committee, February 4, 1981.

Mates, Michael, Member, Conservative Party, Great Britain, and Vice-Chairman of the Conservative Northern Ireland Committee in the House of Commons, informal meeting with members of full committee, February 3, 1981.

Mathews, H.E. Gabriel Baccus, Minister of Foreign Affairs of Liberia, informal meeting with members of full committee, September 15, 1981.

Mena, His Excellency Dr. Fidel Chavez, Minister of Foreign Affairs of El Salvador, informal meeting with members of full committee, July 9, 1981.

Munkombwe, Hon. D., Member of Parliament, Republic of Zambia, informal meeting with members of SubAf, May 21, 1981.

Nakao, The Honorable Eiichi, Japanese National Diet, informal meeting with members of full committee, September 24, 1981.

Nawaz, The Honorable S. Shah, Minister of State and Secretary General, Ministry of Foreign Affairs of Pakistan, informal meeting with SubAPA, October 22, 1981.

Ng'andu, Hon. B., Member of Parliament, Republic of Zambia, informal meeting with members of SubAf, May 21, 1981.

Nier, Kurt, Deputy Minister of Foreign Affairs of the German Democratic Republic, informal meeting with Chairman, October 16, 1981.

Nimeiri, His Excellency Gaafar Muhammad, President of the Sudan. Reception with members of full committee, November 20, 1981.

Nunes, Hon. Jose Luis de Amaral, Member of the Portuguese Parliament, informal meeting with members of SubEME, March 24, 1981.

Pahr, Hon. Willibald, Federal Minister of Foreign Affairs of Austria, informal meeting with members of full committee, October 27, 1981.

Perez-Llorca, His Excellency Jose Pedro, Minister of Foreign Affairs of Spain, informal meeting with members of full committee, July 8, 1981.

Poncet, Hon. Jean-Francois, Minister of Foreign Affairs, France, informal meeting with members of full committee, February 25, 1981.

Porzycki, Wieslaw, Editor-in-Chief of "Glos Wielkopolski", Poland, informal meeting with Chairman, October 15, 1981.

Price, His Excellency George C., Prime Minister of Belize, informal meeting with members of SubIAA, December 2, 1981.

Rajaratnam, His Excellency Roger S., Prime Minister of Singapore, informal meeting with members of full committee, January 28, 1981.

Rojas, His Excellency Rene Galdames, Minister of Foreign Affairs of Chile, informal meeting with members of SubIAA, June 9, 1981.

Rokke, Hon. Mona, Member of the Norwegian Parliament, informal meeting with members of SubEME, March 24, 1981.

Rolandis, Hon. Nikos A., Minister of Foreign Affairs, Cyprus, informal meeting with members of full committee, May 19, 1981.

Ross, Stephen, Liberal Party Spokesman on Northern Ireland, informal meeting with members of full committee, February 3, 1981.

Rozolio, Hon. Dan, Member of the Labor Party, Israeli Knesset, informal meeting with members of full committee, May 19, 1981.

Sadat, Anwar. (See Al-Sadat.)

Schmidt, His Excellency Helmut, Chancellor, Federal Republic of Germany, informal meeting with members of full committee and House leadership, May 21, 1981.

Seaga, His Excellency Edward Phillip George, Prime Minister of Jamaica, informal meeting with members of full committee, January 28, 1981.

Sese Seko, His Excellency, President of the Republic of Zaire, informal meeting with members of full committee, November 30, 1981.

Shamir, Hon. Yitzhak, Minister of Foreign Affairs, Israel, informal meeting with members of full committee, February 19, 1981.

Simmonds, Premier (Dr.) Kennedy of St. Kitts-Nevis, informal meeting with members of SubIAA, June 24, 1981.

Spasowski, Hon. Romuald, Polish Ambassador to the United States, informal meeting with members of full committee, April 3, 1981.

Stray, Hon. Svenn, Minister of Foreign Affairs of Norway, informal meeting with members of SubEME, November 12, 1981.

Street, Hon. Anthony Austin, Minister for Foreign Affairs, Australia, informal meeting with members of full committee, March 6, 1981.

Suazo, Hon. Dr., Roberto, President of the Constituent Assembly of Honduras, informal meeting with members of full committee, July 21, 1981.

Suzuki, His Excellency, Zenko, Prime Minister of Japan, informal meeting with members of full committee, May 7, 1981.

Thatcher, Rt. Hon. Margaret, Prime Minister of Great Britain, informal meeting with members of full committee and House leadership, February 26, 1981.

Turkmen, His Excellency Ilter, Minister of Foreign Affairs, Turkey, informal meeting with members of full committee, April 2, 1981.

Tutu, Bishop Desmond, South Africa, informal meeting with members of SubAf, March 25, 1981.

Van Agt, His Excellency Andreas A. M., Prime Minister of the Netherlands, and President of the European Council, meeting with members of full committee, March 31, 1981.

Van der Stoel, Hon. Max, Minister of Foreign Affairs of the Netherlands, informal meeting with members of full committee, November 4, 1981.

Viola, His Excellency Roberto Eduardo, President-designate of Argentina, informal meeting with members of full committee, March 17, 1981.

von Seizsaecker, H. E., The Lord Mayor of Berlin, informal meeting with members of full committee, September 16, 1981.

Weir, Very Reverend Dr. A. J. of Belfast, Chairman of the Roman Catholic/Protestant Study Group and Member of the Irish Council of Churches, informal meeting with members of full committee, May 6, 1981.

ALLOWING GEORGE WASHINGTON UNIVERSITY HIGHER EDUCATION FACILITIES REVENUE BOND ACT TO TAKE IMMEDIATE EFFECT

Mr. BARNES. Mr. Speaker. I ask unanimous consent for the immediate consideration of the bill (H.R. 5273) to allow the George Washington University Higher Education Facilities Revenue Bond Act of 1981 of the District of Columbia to take effect immediately.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

Mr. PARRIS. Mr. Speaker, reserving the right to object, I reserve the right to object to inquire of the gentleman from Maryland just what this legislation does.

Mr. BARNES. Mr. Speaker, will the gentleman yield?

Mr. PARRIS. I yield to the gentleman from Maryland.

Mr. BARNES. I am delighted to see the gentleman. I have been trying to find the gentleman. I talked with the minority leadership on our committee but could not find the gentleman from Virginia to discuss this legislation.

Very briefly, the city government enacted—floated a $30 million bond issue and is loaning the money to George Washington University for the purpose of building educational facilities at George Washington University. There is no controversy with respect to this bond program but it came up already, as the gentleman knows, for 30 legislative days to give us an opportunity to review it.

There has been no controversy: no objections have been raised.

Unfortunately, tomorrow is the 30th day. If we require that it lay over 1 more day it will cost George Washington University $200,000 in extra interest and payments between now and the 25th of January when we come back.

I have checked with the minority leadership; I have checked with our leadership on this side. I have found no objection.

I did try to locate the gentleman from Virginia but he was not in his office earlier when I called. I would hope the gentleman would not object. This is going to save George Washington University $200,000 if we waive the 30-day requirement.

Mr. PARRIS. I appreciate the gentleman's explanation of the legislation.

I would say to the gentleman I am afraid his eyesight is failing. I have been in the Chamber for over 4 hours. Somehow our paths did not cross.

Further reserving the right to object, Mr. Speaker, my only serious reservation about this measure, I would say to the gentleman, is that it seems we are or may be establishing an extremely dangerous precedent in reducing the statutory layover period for this kind of request.

With that observation to the gentleman, I trust this action would not be considered a precedent in the future for these purposes. But in this holiday season and for the benefit of an institution that I once attended, I will not object and withdraw my objection.

Mr. BARNES. I want to thank the gentleman very much. Let me comment on the gentleman's statement. I share the gentleman's concern about the opportunity for Congress to review these kinds of matters.

In this instance, since there is no objection from anybody to what is sought here, the university building these buildings, I am particularly grateful to the gentleman for not objecting.

Mr. PARRIS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act shall not apply to the George Washington University Higher Education Facilities Revenue Bond Act of 1981 (District of Columbia act 4-104) passed by the Council of the District of Columbia on October 27, 1981, and signed by the Mayor of the District of Columbia on October 30, 1981, and such District of Columbia act shall become law on the date of the enactment of this Act, notwithstanding section 404(e) of the District of Columbia Self-Government and Governmental Reorganization Act and any provision to the contrary in such District of Columbia act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ELECTION OF MEMBERS TO CERTAIN STANDING COMMITTEES OF THE HOUSE

Mr. LONG of Louisiana. Mr. Speaker, as chairman of the Democratic Caucus and at the direction of that caucus, I send to the desk a privileged resolution (H. Res. 306) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 306

Resolved, That the following-named Members be, and they are hereby, elected to the following standing committees of the House of Representatives:

Committee on Agriculture: Donald Joseph Albosta, Michigan.

Committee on Merchant Marine and Fisheries: Joseph F. Smith, Pennsylvania.

Committee on Public Works and Transportation: Wayne Dowdy, Mississippi, to rank twenty-sixth thereon.

Committee on Veterans' Affairs: Wayne Dowdy, Mississippi, to rank fifteenth thereon.

The resolution was agreed to.

A motion to reconsider was laid on the table.

WAIVING CERTAIN POINTS OF ORDER AGAINST CONFERENCE ON S. 884, AGRICULTURE AND FOOD ACT OF 1981

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 303 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 303

Resolved, That upon the adoption of this resolution it shall be in order to consider the conference report on the bill (S. 884) to revise and extend programs to provide price supports and production incentives for farmers to assure an abundance of food and fiber, and for other purposes, and all points of order against said conference report for failure to comply with the provisions of clause 3, rule XXVIII are hereby waived.

The SPEAKER pro tempore. The gentleman from Louisiana (Mr. LONG) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 303 provides for the consideration of the conference report on the bill S. 884, the Agriculture and Food Act of 1981. This legislation would revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

There is no special provision for debate in this rule. Conference reports are debated in the House under the "hour rule." The Committee on Rules determined that the 2 hours provided on the subject of this conference report—1 hour on the rule, and 1 hour on the conference report—would provide adequate opportunity for full discussion of the issues.

The rule would waive all points of order against the conference report for failure to comply with clause 3 of rule XXVIII (28), which limits the contents of a conference report to the scope of the differences between the two Houses. The chairman of the Committee on Agriculture, Mr. DE LA GARZA, testified in the Committee on Rules that this waiver is necessary for two principal reasons.

Section 1122 of the report concerning inspection and other standards for imported meat products falls outside the scope of the conference. The controversy surrounding this provision made it impossible for the conferees to reach agreement within the scope of the conference. Chairman DE LA GARZA informed the committee that the provision agreed to in conference differs technically from the provisions of the House and Senate bills but includes the basic intent of those provisions to fully protect the health of consumers in the United States.

The report bars any imported meat that does not meet standards for inspection, sanitary quality, species verification, and residue standards applied to products in the United States from entry into the United States. The Secretary is required to enforce this provision through (1) the imposition of random inspections, and (2) random sampling and testing at the foreign slaughterhouse. The provisions become effective 6 months after enactment.

The second area of the conference report requiring a scope waiver is title VII, the peanut program. Chairman DE LA GARZA described the conference compromise as involving numerous complex provisions, some relating to program administration and others relating to more substantive matters.

The conference report eliminates the traditional peanut acreage allotment system, allowing producers without allotments to grow peanuts without restraint, but retains the farm poundage quota system. The total national poundage quota would be reduced in 1982 and dropped further over the next 3 crop years. The Secretary would be directed to apply quota cuts, as far as practicable, to quota holders who have not produced peanuts in recent years. Price support for quota peanuts grown within the farm poundage quota would be set at a minimum of $550 per ton for 1982 through 1985, with annual increases beginning in 1983 to reflect increases in production costs, with a limit on such annual adjustments of 6 percent. Support for nonquota peanuts would be set by the Secretary on the basis of world market conditions and fixed at a rate which would avoid any net cost to the Government.

Mr. Speaker, the conference on this vital legislation was long and particularly difficult. The issues involved are confusing because both consumers and producers are suffering mightily at the hand of inflation and economic hardship.

The conference report provides for the 4-year extension of our commodity programs. It authorizes appropriations for the food stamp program for 1 fiscal year with a spending cap of $11.3 billion in fiscal year 1982. The bill also extends Farmers Home Administration authority for the economic emergency loan program for 1 year. The legislation provides support for research, extension, and teaching aimed at continued gains in agriculture productivity. It authorizes much needed aid to predominantly black land grant colleges. In addition a new program is authorized to identify geographic areas suffering special chronic erosion problems and to target financial assistance to those areas, as well as to provide matching grants to local governments for conservation. The bill also extends the food for peace program. It provides new protection for farmers against future export embargoes and new authority for an agricultural export credit revolving fund. The cost of the commodity programs during the 4 crop years covered by the conference report is estimated at $11.05 billion, a large decrease over the original House legislation which was estimated to cost $16.62 billion.

This rule on the conference report is relatively noncontroversial. Some testimony was heard in the Rules Committee about the desire to have separate votes on various aspects of the conference report—such as on the sugar program and the peanut program. But no strenuous effort to defeat past precedent and vote on separate programs was made.

Conference reports are acted on as a whole—they stand or fall as a unit. The other body last week adopted the conference report on the bill, and the conferees have therefore been discharged. It is unlikely that any new conference would result in a rapid meeting of minds. Failure to enact this 4-year authorization bill would mean that farm programs would lapse or be administered under archaic permanent authority. New legislation would have to be written under perhaps even more difficult budgetary and political constraints than those currently prevailing.

Mr. Speaker, our long-term national security will founder if we do not strengthen the health of American agriculture. Our national prosperity and economic vitality have been fostered by the efficiency of American farmers and the tremendous volume of com-

modity exports generated. The farm bill is among the most important legislation we will consider in the 97th Congress.

I urge the adoption of the rule providing for the consideration of the conference report.

□ 1900

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. GUNDERSON).

Mr. GUNDERSON. Mr. Speaker, let me begin by thanking the distinguished ranking Member for yielding me this time.

Mr. Speaker, I rise in strong opposition to the conference report on the 1981 farm bill and urge my colleagues to vote against it. Clearly, the report is an overreaction to the temporary rise in the cost of some of the commodity programs in this time of fiscal austerity.

As such, the conference report is based on budget policy rather than sound farm policy. The result is a bad bill. In fact, there are many, many things wrong with this bill. Time constraints permit me only to highlight the worst parts of the legislation.

The dairy provisions of the report are particularly bad. Actions taken earlier this year together with the cuts already made in the House version of the farm bill reduced $948 million in outlays from the dairy price support program before the bill ever got to the conference committee. That is half of the total outlays for the program in fiscal year 1981.

That was not good enough for the conferees, however. Instead of maintaining the support level at 72.5 percent and 75 percent of parity in fiscal years 1983, 1984, and 1985 as provided in H.R. 3603, the conferees chose language that will result in a support price of $13.25 in fiscal year 1983, $14 in fiscal year 1984, and $14.60 in fiscal year 1985. The current support price of $13.10 per hundredweight for 3.67 butterfat milk will be maintained during the current fiscal year.

As such, on October 1, 1982 the support price of milk will increase by only 15 cents. In simple terms, that means that from October 1, 1980 through October 1, 1983, the farmer will only get a 15 cents per hundredweight increase in the price he receives for his product. That's only a 1½-percent increase in 3 years. Yet, at the same time, his costs of production have been increasing as much as 28 percent per year.

Mr. Speaker, that's just plain unreasonable.

As you know, the House version of the farm bill provided for 75 percent of parity after the current fiscal year. The support prices contained in the conference report will result in maximum support levels of 67 percent of parity in fiscal year 1983, 64 percent of parity in fiscal year 1984, and 61 percent of parity in fiscal year 1985.

These calculations assume a rate of inflation of 9 percent. Some economic analysts who are more pessimistic about the future of our economy suggest that a support price of $14.60 in fiscal year 1985 may, in fact, result in a support level as low as 55 percent of parity.

Mr. Speaker, these figures are, of course, the measuring stick that we use here in Congress for the dairy price support program. I feel that it is important that they be translated into dollars so this body can actually see the losses the average Wisconsin dairy farmer will be facing in the upcoming fiscal years as a result of this conference report.

Dr. Robert Cropp, associate professor of economics at the University of Wisconsin-Platteville, has calculated that the average Wisconsin dairy farmer who milks 38 cows and produces about 510,000 gallons of milk annually will suffer the following losses in annual gross income resulting from the adoption of the conference report rather than the dairy provisions in the House version of the farm bill: $9,300 in fiscal year 1983, $14,300 in fiscal year 1984, and $19,900 in fiscal year 1985.

Clearly, this will be an economic death blow to many small family farms in Wisconsin. And 5 years from now when we see dairy product shortages and soaring prices, Members of this House will be taking the well to say, "Were the limited savings we achieved in the conference report really worth the economic chaos that we are now going through in the agricultural community?"

However, the dairy provisions of the conference report are not the only bad part of the 1981 farm bill. In fact, one really does not have to look too far to find another major provision that is simply misguided farm policy—the loan rates and target prices for the feed grains. Simply stated, they are too low.

Mr. Speaker, the market price for feed grains is already depressed. The conference provisions do nothing to remedy this problem. Grain farmers have their backs up against the wall and, unless something is done soon, many of them will also be forced out of business.

I was particularly moved by the last segment of the "NBC Nightly News" last night that highlighted the problems faced by a grain farmer in Alabama. Despite the fact that he is losing money on this year's crop, he is going to hang in there again next year because of his commitment to farming and "the land." When asked how long he could last, he said that he would farm until all of his ribs showed. He then remarked that he was beginning to be able to count them.

The low-loan rates and target prices not only impact on grain farmers, but on dairy farmers as well. As the USDA's Outlook and Situation Summary of December 8, 1981 for dairy so correctly pointed out, so long as the price of feed grains remains depressed, dairy farmers will continue to feed more to their cows, thus creating increased milk production. Obviously, the more milk that is produced, the more milk the Federal Government will have to purchase through the Commodity Credit Corporation unless consumption rises proportionally.

This goes to prove what I have consistently said all year—that there are factors other than the dairy price support program that have caused the current imbalance in supply and demand for dairy products. The conference report does nothing to remedy these problems and, if anything, only aggravates them.

There is little doubt that virtually every Wisconsin farmer will be caught in a price squeeze resulting from the provisions of the conference report on the various commodities. At the same time, there is little provision for limited resource farmers in terms of ownership and operation loans. Where will our young and beginning farmers turn in this price squeeze?

Mr. Speaker, I fear that many fine young and beginning farmers are going to be forced out of business as a result of this conference report. This is particularly troublesome to the Wisconsin dairy community where the average age of the dairy farmer is still in the neighborhood of 55 years old. When older farmers retire in a few years, who will replace them? If we cannot replace them at that time, what will happen to the supply and the price of dairy products? Clearly, more than the conference provisions on the commodity programs will affect the future prices that consumers will pay for agricultural products.

Finally, I am concerned about the apparent lack of support shown in the conference report for conservation programs. The report shows a 3.9-percent reduction in funding for Federal conservation efforts over the fiscal year 1981 funding levels. This is very troublesome to me.

Mr. Speaker, as you know, virtually all soil and water conservation efforts in our country are voluntary. There is little compensation paid to the wise farmer who employs sound conservation techniques. In a time of soaring costs of production, the average farmer will not be able to afford to practice conservation if he is going to come anywhere close to keeping his head above water financially.

Needless to say, this is a disasterous situation, particularly in light of the fact that 60 percent of the Nation's cropland is in need of conservation

measures. The most recent figures suggest a soil erosion rate of 5 tons of topsoil per acre per year. How long can we keep this erosion rate up and expect to keep up our current levels of production?

In short, the long-term implications of the conference report are that the structure of American agriculture, as we now know it, will be drastically changed. The family farm will be a thing of the past. America's once rich croplands will be, in large part, wastelands. Consumer prices will skyrocket as product shortfalls occur. It's not a pretty picture.

In conclusion, Mr. Speaker, I have never said that the dairy industry does not have a problem of overproduction currently. Nor have I justified expenditures on the program that exceed $1 billion. However, the solution to these problems do not have to destroy family agriculture as we have known it.

This may be the last item before us on the last day of this session. However, if we adopt the conference report before us, it will be the end for far too many family farmers—especially the young ones.

I do not know of a single Member of this body that took their oath of office last January without the concurrent commitment to make America better for the future. If this is still your goal, then I ask you to vote against this conference report. Through options such as quotas, payment limitations, and multi-tier parity we can meet the budget and production goals of the Department of Agriculture and still preserve the family farm.

Is the historical structure of our family farms and rural institutions valuable enough to us for us to try to save them? If you believe it is, vote no on the conference report and give us a chance to come back to the House next year with a proposal that meets all of the budgetary concerns and, at the same time, preserves the future of our great country.

Mr. LONG of Louisiana. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Speaker, for 2 days now we have been rushing Christmas presents through here for about everybody, but now we come with a bummer of a bill for the farmers, the last thing on the agenda.

The farm economy in this country is in really bad shape. There is not any question about it. Tractor companies are going broke. International Harvester has to reorganize within a week and find $4½ billion to do it with and other machinery companies and suppliers have had big layoffs. Four percent of the people in this country that farm use 15 percent of the manufactured goods to produce more than two-thirds of all the new wealth.

When those 4 percent are affected the way they are right now, we cannot help but have reduced employment, more layoffs and affect their whole economy.

So this is no time to reduce protection.

Now, some are going to say, "Well, then, why do so many support the bill?" The chairman of the House committee put out a list of supporters. I want my colleagues to take a look at the list. The first two pages are people who own sugar. The other page lists such farmers as the California State florists, the California chrysanthemum growers, Colorado greenhouse growers, Florida ornamental growers, Hawaii Bankers Association. Where are the real farmers?

Now it seems to me rather strange that in this bill, they have treated the commodities in reverse order to their importance. I say that for this reason.

The sugar people seem to be about the only people who are satisfied. Do my colleagues know how many there are in the whole United States who make $2,500 or more growing beets or cane? There are 4,200 in the whole United States.

There are more candy manufacturers in the United States than there are sugar producers.

There are 307,000 feed grain growers, 195,000 soybean growers, 76,000 wheat growers. One hundred and forty-three thousand raise tobacco or make most of their money out of raising tobacco, but only 4,200 are in the sugar business.

So that is who we treated well in this, and as far as measuring importance of the crop by their value of their product, it is ever a worse comparison. The value of feed grains is $23 billion, of soybeans $14 billion, of wheat $8.2 billion, peanuts only $800 million and sugar less than $1 billion. The benefited commodities are relatively a sliver group.

There are 71 times as many feed grain growers as there are sugar growers and the value of their product is 23 times as great. As a matter of fact, I represent more farmers in the district than there are sugar growers in the whole United States.

Well now the administration tactic as Stockman said in the Atlantic article was divide and conquer and that is what they have done. They are dividing us up here and the splinter farm commodity group is satisfied and helping stick a knife in the back of principal commodities.

Now somebody is going to go up here and say, "Well, we have a clause in here that helps take care of embargoes and eveybody is worried about embargoes right now." Let me tell this. The embargo clause is a complete farce. If they embargo lead pencils at the same time or do not have a general embargo at the same time as farm commodities are embargoed, it does not apply. There is certainly going to be some kind of strategic material embargoed in the same embargo. It does not mean a thing, the embargo clause does not.

As far as embargo is concerned, just talking about it ought to encourage the Soviets, it will help them because whenever the grains are embargoed, gold prices go up and the grain price goes down, and that means then they can go on a world market and buy more than ever with the same amount of gold like they did corn during the last embargo, four times as much for their gold as they did before. Embargoes help Russia.

Food stamps have been mentioned here. Let me clear that up. In the conference report on appropriations, food stamps were both authorized and appropriated for 1982. This bill is not needed. However, it drops the authorization after 1 year and the authority will expire when the commodities do not expire. That makes food stamps vulnerable by themselves.

I have a number of subjects I would like to cover, but food stamps are covered completely in the conference report. This is not going to do a solitary thing for food stamps. This is the first time since 1962 that I have voted against a farm bill. I do it hesitatingly and only after great deliberation.

I voted against the mandatory allotment for corn and helped defeat that bill and I am glad I did. But this is a bad bill. This is a bummer of a bill. We are worse off than with no bill. We have a $2.73 loan rate, for example, on corn if we do not have a bill, and under this bill, $2.55. We need just a loan and reserve programs will help them to facilitate their marketing. That is what we need instead of target prices and deficiency payments, but this bill permits the adminstration to eliminate those programs by setting up participation set-aside requirements farmers cannot meet. This is not a market oriented bill. We need a market oriented bill. But this is not the kind of bill we should be passing at this time and I certainly urge everyone to defeat this bill.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from South Dakota (Mr. ROBERTS).

Mr. ROBERTS of South Dakota. Mr. Speaker, I rise in opposition to the rule. Under this rule, the House will be considering the conference report on the Agriculture and Food Act of 1981. As a farmer and rancher, former State Secretary of Agriculture and member of the House Agriculture Committee, I would like to say that I am very disturbed and concerned with what we are being asked to accept as our agricultural policy for the next 4 years.

You will hear that the measure is a compromise and the best we are likely to get—that it is better than nothing. I tell you that is exactly what many farmers and ranchers will have left if we adopt this rule and the conference report in its present form—nothing.

In fact, for far too long farmers and ranchers have had to exist on less than nothing, and this Congress seems determined to have that trend continue by coming up with a farm bill which again falls far short of the costs of production for our family farmers.

For those of you who will argue that we should not be subsidizing the Nation's farmers and would support the compromise farm bill because you feel it is good for the consumer, I have brought with me today a small number of grocery items to illustrate exactly what return the producer receives for his labor. I hope that no one will object to my use of these items to make my point.

Here I have the ingredients of a typical meal for a family of four. This pound of hamburger cost $1.89 at the store. The price that the beef producer received for this meat amounted to 60 cents.

This carton of milk cost 67 cents, yet the dairy farmer received only 28 cents for the product in this carton.

These french fried potatoes cost 69 cents. The potato farmer received a mere 6 cents for his product.

And this package of hamburger buns cost 35 cents. But the wheat farmer, like myself, received only 2 cents for the wheat that was used to make these buns.

Now I ask you, who is subsidizing whom? We are not subsidizing agriculture in this farm bill. It is the farmers who subsidize us—by providing their farm products at less than the cost of production.

Now we farmers recognize that it is a long way from the land to your table, but I hope that you recognize the role that our product plays in producing many jobs across this land, from the processing, shipping and packaging to the final sacking at the checkout counter. We don't wish to take away the job opportunities that agriculture provides. However, it somehow does not seem fair that the starting wage for a checkout ckerk at your local grocery store in this area is over $5 per hour while the producer of these agrucultural products is operating at a loss.

Mr. Speaker, if we maintain the current cheap food policy, I can guarantee you, as a farmer, that we will see the destruction of the family farm. If we destroy the family farm, the abundance of reasonably priced food products that consumers now enjoy, as evidenced by these products, will soon be gone.

The only request of these family farmers is a fair return. When that fair return is gone, as it very nearly is, than those family farmers will lose the incentive and opportunity to produce. And we will all suffer as a result.

I want to stress to my colleagues just how important agriculture is to this country—not only the job opportunities I mentioned earlier, but also for how dependent main street is on a healthy agricultural economy.

If Agriculture is strong, America is strong. We are not only hurting the acricultural community with this farm bill, we are hurting America.

I urge you to vote against the rule.

Mr. ROBERTS of Kansas. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS of South Dakota. I yield to the gentleman from Kansas.

Mr. ROBERTS of Kansas. As the gentleman knows, I am undecided on this farm bill. I want to commend the gentleman for pointing out what the share is of the disposable income dollar that the farmer receives for all of these products.

I would point out I can see that bread wrapper sticking out of the box there, and the cost of that bread wrapper cost the consumer more than the farmer receives for the bread. I think we ought to wear that as an arm band of mourning for the farmer and I commend the gentleman for his comments and wish to associate myself with his point.

Mr. LONG of Louisiana. Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Speaker, this is the last but certainly not the least item that this Congress is going to take up this year and I do rise in support of the rule. But not the bill.

Even though I had requested additional time, I certainly support the rule.

But I think it is a very unusual situation we are faced with today and I wonder, Mr. Speaker, if the gentleman can remember when we have had the Consumer Federation, Congress Watch, Community Nutrition Institute on the same side of an issue as the National Farmers Grange, the National Farmers Union, and the National Federation of Milk Producers. They are all on the same side. They say defeat this bill because it is a bad bill.

From the House point of view it could not be worse. The House expressed itself on a farm bill and it expressed itself in one sense. It said, "We do not want a sugar program." The House has defeated a sugar program three times in the last 7 years. What do we have in this bill? We have a sugar program.

The House conferees fought to get it back in. What did they sacrifice? They really sacrificed a penny. It has nothing to do with the facts of the implication of what this is going to cost consumers in this country. I received figures today from the Agriculture Department. They estimate the beet sugar producers next year have increased and will be increasing their production 14 percent. The cane sugar producers, 9 percent. Does that sound like an industry in trouble? It certainly does not to me.

□ 1910

It is an industry that for the last several years has literally been cleaning up.

Now, we have got a food stamp situation. You will hear a lot about food stamps. The truth is that the net result of this bill is that we are going to have a food stamp program on this floor standing on its own feet next September and you can imagine, those who are interested in food stamps, what is going to happen to that bill on this floor and in the other body that has a particular interest in it.

Now, also you will be faced with the statement that we have no alternative. What is going to happen, you know, if you defeat the conference we will go back to the 1949 bill, and the 1949 bill is made out to be absolute disaster.

That truth is that we do not have to go back to the 1949 bill. There is a bill in right here, and if we defeat this conference report, I will seek recognition from the Chair so that H.R. 5210, which is a simple 3-month extension going to March 31 of 1982, that we can pass it by a voice vote, if you want. It has already been introduced in the Senate and we can be out of here and the Agriculture Committee will have another 3 months to do somethng that is really worthwhile in reflecting the point of view of this House better than they have in this bill.

In closing, I would just like to say this. This is a bill that the consumers and the farmers do not want. The issue is plain. The issue is that we have a bill and I am up here probably for the first time in defense of some of the farm situations.

I sat and listened in that conference, even though I was a limited conferee, and I heard what was happening. I know what happened on sugar. I know what happened on peanuts, which you will hear more about I am sure; but all the things we knocked out came right back in.

So I ask you, please defeat this bill and go with the 3 months' extension.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Speaker, I am not going to talk against the rule, although I wish they had made it so we had 2 hours to get into more depth on a most critical bill. There is not much time really to argue on these very important issues that are in this act; but there are some things that I would like to take the time to clear up.

The gentleman before me spoke about the 1949 act, they say if we put

down this report the 1949 act will come in and this will be a disaster. That is being used as a big reason to vote for it. This is the Christmas season. We do not want to disturb the holiday, and if you do not vote for this bill, all sorts of horrors will come about. That is not true.

We have not been operating on a farm bill since October 1 of this year. We have been operating on temporary bills to prevent some of the small difficulties created by the 1949 act in the timeframe we are discussing. We can easily extend again until March 31. The food stamp bill will go through to March 31, with no problem. It is in the continuing resolution.

In fact there are not going to be any great difficulties if we do not do anything. There are not going to be any farmers out planting wheat and corn or whatever it is in January. There is no problem there. Do not be scared by that.

Why should we turn this farm bill down? I will tell you why, because it is an insult to this House. It is an insult to what this House did. We went away with a reasonable farm bill by substantial margins. In some of the areas that we worked hard on, which had big votes in favor of the bill that we thought we passed, those have been destroyed. I am talking about the dairy provisions. I am talking about the wheat and feed grain provisions. On dairy, we went out with a very modest proposal for 1981 through 1983 with 4 percent, a 1-percent increase is what we ended up with. We asked for 4 percent. We did not ask for much, but it is the difference between survivial and failure for most of our farmers.

We asked that we do not start a new program at this time, with our fiscal austerity. We have cut all the others down. The conferee's started with a sugar program which the U.S. Cane Sugar Refineries Association says will increase the price of sugar by around 20 percent immediately.

But the one that is really something is the one on peanuts, I mean, if you see what we did to peanuts. Take the House vote on doing away with the program overwhelming. We came back with the program, that is bad enough. But do you know what they get in the first 3 years? Thirty-three percent increase; 33 percent. You know, I would love to be an opponent of you that are going to vote for this thing having first voted to do away with it. Ask your consumers your housewives what they think about the price of peanut butter and say, "Well, I voted to increase that program by 33 percent."

I will tell you, I saw all those peanuts in the lobby. There are bags of them out there. They should have been gold peanuts; but let me tell you, these are unroasted peanuts. I understand they are hard to digest; but if you think these are hard to digest, wait until you try to ask your consumers to digest that peanut provision.

This report is disaster. It is an insult to this House. We went over there with a reasonable program.

You know, we did not just come back with a little something, We came back with nothing. We came back with a disaster.

If you do not believe that the House should have some role in this system, then OK, vote for this thing; but if you believe we have a duty and an obligation to do our own part and not capitulate 100 percent, then vote against it.

For my colleague's consideration, I want to describe the inequities in the bill and more fully.

The farm bill conference report has gross inequities for the various commodity programs and represents a complete capitulation to the Senate position—a position that the House refused to accept.

Consider, for example, the positions taken by the House on the farm bill and the evenutal positions that were accepted under duress:

PEANUTS

The House voted to reject the peanut support program by a vote of 250 to 159. The peanut support program is in the conference report, however, and has received an increase of 33 percent over 3 years. In 1982 alone, they will get an increase of 21 percent over the 1981 level.

SUGAR

The House rejected the sugar support program by a vote of 213 to 190. The sugar support program is in the conference report, however. The U.S. Cane Sugar Refiners' Association says that if enacted, it will force the Government to increase the price of sugar by around 20 percent immediately.

WHEAT AND FEED GRAINS

The House agreed to increase these supports in relation to cost of production increases. No increases in the years 1983-85 are required by the conference report.

DAIRY

The House twice voted to retain a reasonable dairy support program by rejecting amendments by Messrs. FRANK and FINDLEY. The conference report only provides for a 1-percent increase in 3 years. A reasonable program is needed to bring production down, but not one which will force hundreds of farmers out of business as the conference report does.

Does the defeat of the conference report mean that the 1949 act will take effect? No. Those farm programs which expire can operate on a continuing resolution—they have been since mid-October, and it can be done again. H.R. 5210 has been introduced to continue those programs through March 31, 1982. We will then have time to develop a reasonable farm bill.

A vote against the conference report is a vote for both the consumer and rural America.

Mr. LONG of Louisiana. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Speaker, again I rise in opposition to the bill.

I do so reluctantly, because I know that my distinguished chairman of the Committee on Agriculture will be supporting this bill, this conference report.

I hesitate to go against my distinguished chairman. He has provided excellent, outstanding leadership on this committee and on this bill throughout the year; however, I can do nothing else except to urge you to vote against the conference report on agriculture.

I was going to cover grains, but I believe my distinguished colleague, the gentleman from Iowa (Mr. SMITH) did that more than adequately.

I would like to talk a little bit about the milk program. Right now we have a surplus; but under the CCC charter, the Secretary of Agriculture is charged with the responsibility to sell our surplus abroad, to sell it domestically, to transfer it to other government programs, or to engage in government to government deals.

Now, in the early 1960's we also had a huge surplus of butter, cheese, and nonfat dry milk; but then Secretary of Agriculture Orville Freeman used his authority and responsibility to dispose of those in a very good fashion.

For example, in 1962, Orville Freeman donated 200 million pounds of cheese to domestic programs; 154 million pounds to the school lunch program alone.

This year, Secretary Block donated 148 million pounds of cheese to all our domestic programs, less this year than was donated to the school lunch program in 1962.

This year, we have seen the valiant people in Poland struggling for their human rights. I sent a letter to the Secretary of Agriculture in August and to the President asking that they donate 5 pounds of cheese to every man, woman, and child in Poland. That would have been about 200 million pounds of cheese that we have.

How much have they sent to Poland so far this year? Seventeen million pounds, of which less than 1 million pounds has even been shipped to Poland, when we could have shipped over 200 million pounds to help the people in Poland.

Let me point out one other difference. Speaking of disposals, Orville Freeman in 1963 disposed of butter for these various programs, government to government, selling abroad, selling domestically; in 1963 Orville Freeman

disposed of 169 million pounds of butter.

What did Secretary Block do this year? Seventy-one million pounds of butter disposed of through these channels.

In 1963 Orville Freeman disposed of 19 million pounds of cheese.

This year Secretary Block disposed of 900,000 pounds of cheese.

In 1963 Orville Freeman disposed of 771 million pounds of nonfat dry milk.

This year Secretary Block disposed of 402 million pounds.

The USDA has turned down three offers, one from the French for 150 million pounds of butter and 50 million pounds of cheese; another from the Irish Dairy Board for 80 million pounds of cheese and butter.

Right now there is an offer that will expire tomorrow for 5,000 tons.

All of these offers were solid offers, cash in hand, and they were turned down by the Secretary of Agriculture. Why? Because I believe this administration was intent this year to bring out the moldy cheese and to show the people of this country that block of moldy cheese and how bad the program is.

Let me point out that only that cheese that is over 15 months old is even going moldy. Out of the 500 million pounds of cheese that we have, we only have 2 million pounds that is over 15 months old and only about 20 percent of that is going moldy.

The SPEAKER pro tempore. The time of the gentleman from Iowa has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 1 additional minute to the gentleman from Iowa.

Mr. HARKIN. Do not be led astray by the huge costs in this program. It cost us $1.9 billion for the program this year; but in 1961-62 it cost us $1.8 billion and in 1952-53, $1.6 billion; but we worked it out in those years because we had Secretaries of Agriculture, one under a Republican, one under a Democrat, that disposed of our cheese, our nonfat dry milk, and our butter.

All I can say is shame, shame on Secretary Block for bringing out a moldy piece of cheese to show the American people. What he should have done was have shown to the American people how well fed we are in this country and what a low cost it has been to our people. He should have shown the supermarket lines, the only lines in America we have today are people lined up at the supermarket counters to buy the produce of our American farmers at the lowst prices anywhere in the world. We are the envy of the world in agriculture.

This farm bill guts the dairy program, attacks the wheat program, and the feed grain program and the conference report ought to be defeated.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. LEACH).

Mr. LEACH of Iowa. Mr. Speaker, there has been much information and disinformation spread in recent days about the 1949 and 1938 laws governing price supports, quotas, and acreage allotments which demand clarification. Simply put, the 1949 and 1938 laws stand as permanent legislation to be triggered in the event a farm bill is not passed this year.

It is a matter of judgment whether there is a realistic possibility that the conference committee approach can be improved upon if the farm bill is defeated today. But there should be no misunderstanding of what reversion to the 1949 and 1938 laws implies.

The permanent legislation which is automatically reverted to in the event a stalement develops on a farm bill contains no food stamp authorization, no Public Law 480 authorization, no embargo protection, no emergency or disaster loan provisions, no target prices, no limitation on deficiency payments, and no meat import restraints. It contains the right of the administration to sell CCC stockpiles domestically at a lower level than under current law—15 cents a bushel lower for corn and 23 cents a bushel lower for wheat—and at its discretion the administration may sell CCC stockpiles at any price it chooses for overseas markets.

The 1938 law also contains allotment procedures anathema to midwestern agriculture. These procedures are not only of dubious value; they are out of date. The Carolinas, for example, would receive substantial wheat and cotton allotments even though the main wheat growing areas of the country are now west of the Missouri River and most of the cotton production is now in the Southwest and California.

Finally, Mr. Speaker, it should be clear that short term extensions of current law may seem reasonable to non-farm-State Members, but by early spring many crops will be in the ground in the South and most planting decisions made in the North. Few farmers will want to participate in set-aside programs unless they have advance knowledge of the benefits and confidence they won't be revised. A 3-month delay in adopting farm legislation will make a responsible set-aside program impossible for 1982 crops. At a time of enormous carryover stocks of the major feed grains, a delay strategy can only be described as irresponsible.

As a Representative from one of the great grain production and livestock feeding parts of the world, I must indicate disappointment that a more generous farm approach was not adopted in the conference. If next year's farm income weakens as much as the USDA currently projects, it may be that remedial or emergency legislation will be in order. But it is better today to adopt a firm farm program with minimum benefits that everyone can count upon than to ask farmers to rely either on the uncertainty of makeshift arrangements or the inequities implied in the 1949 and 1938 acts.

Mr. Speaker, with a great degree of reluctance, I urge passage of the Agriculture and Food Act of 1981.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. LUNDINE).

□ 1920

Mr. LUNDINE. Mr. Speaker, I rise to express concern with the manner in which the House will consider the conference report for S. 884, the Food and Agriculture Act of 1981. The report is being considered in the last hours of the session with only 1 hour of debate.

This legislation should not be considered now, certainly not under such rushed and restricted circumstances. It is too complex, too controversial, and too important a measure to be rushed through the House under circumstances that do not permit careful consideration.

We are being required to act on this report under the pressure of adjournment, under the threat that if the bill is not approved, American agriculture will flounder and support programs will abruptly end. This is incorrect and all Members should understand that this is not the case. All farm programs, including the food stamp program, have operated under a continuing authorization since October 1. A resolution has been introduced, and could be considered today, that would extend this temporary authorization through March of next year.

There is certainly no justification to push through an objectionable farm bill just to have some form of authorization on the books. I must remind my colleagues that we will not have another opportunity to consider the provisions in this legislation for 4 years. During this time, many small farms will be forced out of business and consumers will have to pay billions of dollars in unnecessary costs because we acted in haste.

The conference report on S. 884 is clearly unfair and inadequate. It discriminates against certain commodities in order to provide new or increased subsidies to more favored agricultural producers. It makes major reductions in dairy supports and provides inadequate support for corn, feed grains, and other commodities.

At the same time, it provides new and unnecessary subsidies for sugar producers and continues the current peanut program with a substantial increase in supports. The report also protects commodities such as tobacco, rice, and cotton from the kinds of re-

ductions that have been made in all other domestic assistance programs.

The conference report emphasizes reducing costs to the Government at the expense of higher costs to consumers. The sugar and peanut provisions alone could cost consumers in excess of $6 billion over the life of the legislation. Had this cost been paid by Government, these programs would never have found their way into the bill.

I find it ironic that what we are attempting to save taxpayers in dairy and grain support reductions, we are requiring them to pay, as consumers, for other support programs. Not only will the same people have to pay these costs, but the burden will fall disproportionately upon the poor, the elderly, and others who are least able to pay these costs.

I am particularly concerned with the peanut provisions in the bill. The House conferees completely ignored the will of the House, which was clearly expressed in a 250-to-159 vote to end the current peanut allotment and quota systems. The conference report changes only the terminology of the current program, continuing the same restrictive and costly program provisions that now stifle peanut production and require consumers to pay unreasonably high prices for peanuts and peanut products.

The conference report provides peanut allotment holders with a support level of $550 per ton, an immediate 21-percent increase above the current support level. It provides an escalator that will increase price supports by 43 percent over the life of the bill. No other commodity is so favorably treated in this legislation. And this is a program that a overwhelming majority of the House and 47 Senators voted to eliminate and replace with a loan program that would support peanuts at a level closer to the current $250 per ton world price of peanuts.

The conference action on peanuts, as well as on sugar, represents a repudiation of the House position on these issues and should not be accepted.

The conference report does not encourage or expand American agriculture. On the contrary, it restricts production of key commodities, stifles agricultural productivity, and undermines the viability of many small family farms. I am a little surprised, therefore, that almost all the national organizations representing farmers, particularly family farmers, are strongly opposed to this legislation.

Let us not fool ourselves. This is not a farm bill. It is a corporate subsidy bill. It benefits the large corporate producers, the processors, the middlemen, and the allotment holders. It benefits a number of highly organized, well financed agricultural lobbies at the expense of both farmers and consumers.

The argument is made in support of this bill that the American people are tired of business as usual in Washington and demand change. What are we talking about, this bill is business as usual. It continues the kind of commodity deals and trade-offs that have dominated congressional action on farm legislation for the past 40 years.

I have little doubt that the rush to bring this legislation up for consideration now is to get Members to vote before they have an opportunity to talk with constituents. Before both the farmers and the consumers find out just how bad this legislation really is. The advocates for this legislation want to keep Members from hearing the strong opposition that exists to this giveaway to large agricultural producers.

I strongly oppose the conference report and believe we are doing the American people a disservice by forcing a vote on this legislation in the final hours of this session.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 1465. An act to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office, for every significant bill or resolution reported in the House or the Senate, to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution; and

H.R. 3799. An act to extend the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard, and to provide that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4717) to delay for 1 year the effective date of certain provisions recognizing gain on certain dispositions of LIFO inventories, to make adjustments in the net operating loss carryback and carryforward rules for the Federal National Mortgage Association, and to require information returns with respect to safe harbor leases, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. DOLE, Mr. PACKWOOD, Mr. WALLOP, Mr. LONG, and Mr. BYRD of Virginia to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to a bill of the House of the following title:

H.R. 3210. An act to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes.

The message also announced that the Senate agrees to the amendment of the House with an amendment to a bill of the Senate of the following title:

S. 831. An act to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes.

The message also announced that a committee of two Senators be appointed by the Presiding Officer to join a similar committee of the House of Representatives to notify the President of the United States that the two Houses have completed their business of the session and are ready to adjourn unless he has some further communication to make to them.

WAIVING CERTAIN POINTS OF ORDER AGAINST CONFERENCE REPORT ON S. 884, AGRICULTURE AND FOOD ACT OF 1981

The SPEAKER pro tempore. The Chair will advise the gentleman from Louisiana (Mr. LONG) that he has 11 minutes remaining and the gentleman from Ohio (Mr. LATTA) has 17 minutes remaining.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentlewoman from Massachusetts (Mrs. HECKLER).

Mrs. HECKLER. Mr. Speaker, the Christmas spirit is upon us. The Christmas spirit, however, in terms of the legislation we are about to produce, might well be serving our largesse of spirit to the wrong recipients.

I am embarassed to have to come to this podium once again today. I am embarassed to take up the valuable time of this body once again to argue against the billion dollar giveaway that is before us under the title: The Food and Agriculture Act of 1981.

The folly of approving this so called "compromise" package is apparent. It is inflationary, unneeded and unnecessary, and, fiscally irresponsible at a time when more deserving programs are being cut to a minimum.

Why, indeed, should we endow the peanut farmer, who already has a monopoly on the market, with an even greater profit, as this bill does?

In the 4 years in which the bill will be effective, the increase in the peanut support price will go from $455 per ton in the first year to $550 per ton. And it goes on, for year after year, for 4 more years.

And who will be allowed to grow peanuts in America, the land of the free? Only those who obtained the allotment at the time the system was introduced, or those who purchased that original allotment.

The fact of the matter is, the peanut section is only one part of this giveaway. The second is the great sugar robbery. What has happened on sugar? I would just ask my colleagues,

in this House that represents the people, what the will of the people on the sugar subsidy is and has been, and how has this House expressed it?

This is the same sugar proposal that we defeated October 15 by a vote of 213 to 190. On that same day we defeated the peanut price supports by 250 to 159.

The conference report before us is a slap in the face. The conferees are telling us to accept a package that we already have rejected.

This sugar program, as you know is the sole legislative innovation of this year. And what will we achieve through this legislative innovation? We will achieve higher inflation, the very thing that the administration and that we in the House have been dedicated to fight and to remove. So this will be a phase of inflation that we, the Congress, have imposed on the American consumer, the American taxpayer,

This "sweetener" will add approximately $2 billion to the consumer food costs in 1982 alone with additional inflationary increases in 1983, 1984, and 1985.

Establishing a loan rate of 17 cents per pound of processed sugar would effectively raise the price of domestic sugar to between 20 and 21 cents per pound at a time when the world price is 12.8 cents per pound.

Every 1-cent increase in the price per pound of raw sugar translates into a $300 million annual increase in the cost of sweeteners and foods containing sugar.

Mr. Speaker, a vote against the compromise will not means chaos for the agricultural sector of our economy. It will not mean a return to the burdensome and expensive 1949 authority. Legislation has been introduced which provides for an extension of the existing provisions of farm law from December 31 of this year to March 31, 1982. There is identical legislation in the other body.

There are times when we have to take the bitter with the sweet. But in this case, the bitter is so great that I say it is time to think, and not vote yes; to think and to come back another day at another time, under the extension that will be granted: to think about the people's interest, and vote against the sugar and peanut giveaways that this conference report encompasses. I suggest that the interests of the people are served by a vote against the conference report.

Mr. LONG of Louisiana. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Speaker, in considering the adoption of the 1981 farm bill, I think it represents much of what we have been through all this year. It represents a weakening of the legislative process. This does not represent a compromise based on what the House presented and what the Senate presented.

The House gained nothing in terms of the conference. This is 90 percent what the Senate had in its bill and essentially what the administration wanted. It does not make use of the resources of those people who know agriculture, who have been a part of agricultural legislation in the past.

Second, it makes use of and represents the divisive tactics that have destroyed coalitions that are so important to a farm bill. It has pitted North against South. It has pitted commodity versus commodity. And I think it is destroying the basic coalition that is so important to farm legislation in this House. And why? For what? Why are we asking the farmers to make that sacrifice? To reduce the deficit when we are facing massive deficits? Is it to stimulate growth when we are facing a serious recession? Is it to produce jobs when we are facing high unemployment?

The economic policy of this country continues to be placed on the backs of those who are least able to carry that burden.

I realize that we face a difficult choice here, a choice between a rock and a hard place. If we vote for it, we implement the inequities. If we vote against it, we face the problem of chaos in reverting back to the terms of the 1949 bill.

Let me make very clear that this bill before us is the administration's bill, and it is those who support the administration who are going to have to lead the way, and perhaps they may get a recalcitrant and reluctant following if they lead the way; but if they do not, they ought not to look to others to bail them out of what I think is a bad bill—bad for farmers and bad for the Nation.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. ROTH).

Mr. ROTH. Mr. Speaker, I thank the gentleman from Ohio for yielding me this time.

I would hope that we would vote against this rule, because I think basically this bill is unfair, and I believe that everything we do in this House should have an element of fairness. But I do not find the element of fairness in this legislation.

I know that our dairy farmers have to take some cuts, but do they have to take all the cuts? Where are the cuts for tobacco, peanuts, and sugar, so that we can have a fairness doctrine? I do not find them and, therefore, I think this bill is unfair. And in truth, the onus, the burden, comes down to the shoulders of the dairy farmers.

Our young dairy farmers are going to be decimated. Our young dairy farmers are going to be forced off the farm. And I ask you: What producing sector of the American economy has taken a cut as our dairy farmers have taken up to now? Our dairy farmers in the last 10 months have taken a 10-percent reduction in support levels. I do not find any other sector in our producing economy taking similar cuts, not one.

Now, this House is asking the farmer, especially the dairy farmer, not to take an increase for the next 4 years. At the same time, Government economists telling us that the dairy farmer's overhead is going to increase between 15 and 30 percent.

□ 1930

I ask you, is that fair?

Mr. PETRI. Mr. Speaker, will the gentleman yield?

Mr. ROTH. I yield to the gentleman from Wisconsin.

Mr. PETRI. Mr. Speaker, I just want to congratulate the gentleman for his very fine statement and associate myself with his remarks.

Mr. ROTH. I thank the gentleman.

The dairy farmer has done a terrific job for the consumer. In 1970 it took 10 minutes of work to buy a half gallon of milk. Today, it takes 8 minutes to buy a half gallon of milk.

Mr. OBEY. Mr. Speaker, will the gentleman yield?

Mr. ROTH. I yield to my colleague from Wisconsin.

Mr. OBEY. Mr. Speaker, I agree with the gentleman and would like to associate myself with his remarks.

Mr. ROTH. The reason we do not have Russian tanks running through Poland today, in my opinion, is not because we spent $200 billion yesterday on our defense, but because of our farmers. The Soviets do not even have enough food to take care of their own people, much less help the Polish people. That is why they are not going into Poland, because they know that if they do they are not going to receive American food stocks, something that they absolutely need.

So, I think it is about time that we appreciate our farmer.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Speaker, before I start, I would like to commend Mr. PANETTA, the gentleman from California. I think he put his finger on exactly what we face today as we look at this particular bill. When this bill came before us, some 399 of you joined me in voting for an amendment which would bring this bill down to where it met the budget requirements. I think we came out with a pretty good bill from the House. Then, we went to conference, and what did we come out with? We came out with a bill which the administration admits will cut $9 billion of farm income from just the feed grain producers in our country,

which will result in $1 billion less in 1985 of return for our exports of corn alone, and almost as much for wheat.

I have talked to a lot of people in the last day or two. I have not found one person that says this is a good bill. Mr. Speaker, I did not come here to vote for bad legislation. I did not come here to support bad legislation because we say we will do worse if we do not do this. I believe we are here to pass good legislation, Mr. Speaker.

I know that some of the farm organizations have also said, "pass this because we will do worse if we do not." I can tell you what my farmers think. I have already polled them, and 10 to 1 they are opposed to passing this particular legislation.

We also hear all sorts of scare tactics, what is going to happen if we do not pass it. Mr. Speaker, I did not come here to determine what I am going to do by the scare tactics that were thrown at me. I did not come here to pass bad legislation because people said we will do worse if we do not do this.

Mr. Speaker, I came here to pass good legislation that will keep this country and our farmers healthy. I hope the Members of this body will have the courage to say that we are going to stand tight until we pass some decent legislation that will help to preserve our farm economy and preserve the economy of this great Nation of ours.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. COUGHLIN).

Mr. COUGHLIN. Mr. Speaker, I rise in opposition to the rule on the conference report on S. 884, the Agriculture and Food Act of 1981.

Two months ago, the House debated the 1981 farm bill and voted overwhelmingly 250 to 159 in favor of the Lundine amendment to terminate the peanut acreage allotment and production control program. The Senate only narrowly voted 51 to 47 to continue this agricultural program. Despite the House and Senate votes, the conference report increases the United States guaranteed price support on peanuts from the current $445 per ton to $550 per ton in 1982. This represents an increase of approximately 21 percent.

I am dismayed that the House conferees not only abandoned the House position on peanut subsidies but also voted to put back in the 1981 farm legislation provisions pertaining to several subjects which were completely rejected by both the House and the Senate. The inclusion of this language is against the expressed wishes of the House and is contrary to normal House procedures. The rule before us serves to legitimize the action of the conferees by waiving points of order against provisions of the agreement which exceed the scope of the conference. This rule is an affront to us in the House and to the American consumer.

The conferees clearly exceeded their authority and the House should be given the opportunity to again state its position on the peanut provisions of the 1981 farm act. If this is done, I think that the Senate will then accept the House provisions as it came very close to doing during its consideration of the 1981 farm bill in the fall.

At a time when we are trying to reduce Government spending, I find it hard to imagine that some in this body will vote to grant this huge windfall benefit to the current peanut acreage allotment holders. A Government-dictated increase of up to 44 percent by 1985 in peanut price supports just does not make sense. I urge my colleagues to defeat this rule.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. RITTER).

Mr. RITTER. Mr. Speaker, I rise in opposition to the conference report on the farm bill. As a peanut butter lover, I am tired of having to pay caviar prices for this commodity. Earlier this year this House overwhelmingly adopted an amendment to end the feudalistic and archaic peanut land allotment system. Yet the conferees, ignoring the will of the House wanted to keep "business as usual." Oh sure, they disguised the language some, but in reality it is the same antiproduction provisions which we have had for years. This business as usual peanut language means that the Federal Government will continue to say who can grow peanuts and where and how much farmers can grow for domestic consumption. It means that 44 percent of the peanuts for domestic consumption will be produced in one State, and 94 percent will be produced in six States. It means that consumers will have to pay more and more for peanut butter and peanut products. This legislation will help pave the way for candy manufacturers to have to charge 50 cents for that 5 cent candy bar we used to know.

The irony of the matter is that the Soviet Union which imported about $22 million in peanuts from the United States over the past 3 years will almost certainly be able to buy American peanuts for a cheaper price than our American consumers, since there will be no restrictions on peanut production for exports but there will be for domestic consumption. We all remember the Soviet wheat deal; well this is not much different.

The antipeanut production provision coupled with the sugar price support program will cost consumers $6 billion over the next 4 years. I say "nuts" to this antipeanut production bill.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to the gentleman from South Dakota (Mr. DASCHLE).

Mr. DASCHLE. Mr. Speaker, I rise in reluctant opposition of the rule—reluctant because I believe that we need more time to discuss the great peril that besets the farmers and ranchers throughout our Nation.

There has been a great deal of concern expressed tonight on the floor as we debate this rule about that peril, and indeed there should be. The administration has called those who express this concern over the plight of the family farmer as nothing but "chicken littles." Perhaps. But you cannot blame those who claim the sky is falling in when farm income has declined more than 39 percent over the last 2 years, with a projected decline of an additional 25 percent in 1982. You cannot blame them for feeling that the sky is falling in when farm debt was $12 billion in 1950, and this year it is expected to be $180 billion, eight times higher than net farm income. You cannot blame them for being concerned when the interest payment on that debt in 1977 was $8.3 billion, and now this year we see that figure rise to $18.8 billion. The sky has fallen in on many of these farmers already.

It has fallen in on more than 450,000 farm residents just since 1978, and I can assure the Members of this body that the sky will come crashing down on many more in the years ahead if we pass the legislation before us tonight.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Michigan (Mr. ALBOSTA).

Mr. ALBOSTA. Mr. Speaker, I do not rise in opposition to this particular rule on this particular conference committee report, but I certainly want to speak out against the conference committee report itself. I do not believe that you can win down here unless you divide, then you conquer. Some of my colleagues on this side of the aisle just a few minutes ago complained about other sections of the bill because they were from the dairy State of Wisconsin.

Unfortunately many of these people voted earlier to delete the sugar program from the farm bill. Pitting commodity against commodity will not produce good farm policy.

The sugar program is extremely important to my own State of Michigan. We must have a program whether or not Congress approves a 1981 farm bill. I hope the conference report we are about to vote on will be defeated so that a fairer program, one that Congress can be proud of, will be passed.

Mr. LONG of Louisiana. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. OBERSTAR).

Mr. OBERSTAR. Mr. Speaker, for dairy farmers this bill is an economic Dunkirk. Already in my district and

elsewhere in Minnesota, farm foreclosures are up fourfold over the last year.

This bill will hand the dairy farmers over to the bankruptcy courts. The test in the conference committee has been can we get a bill that the President will sign. The test instead should have been is this bill good for the country; is this bill good for farming; is this bill good for consumers. On all tests this bill fails. The conference report fails and it ought to be defeated. It ought to be sent back to committee, in the interest of both farmers and consumers. It ought to be reworked and a new bill brought back, one that will meet the test of being good for the American economy.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

At the outset, Mr. Speaker, let me commend the conferees on this legislation. My colleagues all know that they put in many, many hours in bringing us a conference report today. I especially want to commend them for their hard work, even though we do not agree with every single part of their product.

Certainly we have listened to the arguments here on this rule and my colleagues might wonder why on our side of the aisle all of our speakers were speaking in opposition. They came to me and they said they did not have any time under the bill and they wanted to speak on the rule. So I thought it only fair to let them speak under the rule so that they could state their positions.

But let me say there is a lot of support in this House for this piece of legislation. There is about a $5 billion difference between this bill and the bill that left the House of Representatives insofar as the taxpayers are concerned.

Let me repeat that. There is about $5 billion difference in the cost to the taxpayer between the bill that we have now before us and the bill that left the House.

Let me call particular attention to those Members representing consumer interests in this country to that fact, $5 billion. It cannot be disputed.

As I said earlier, I do not like all of the features of this bill. If I were writing it, naturally, I would write it differently. But we only have one vote and we have one total product before us with many parts.

Since we only have one vote, we cast that vote either for or against the product that was developed in conference.

What happens to this country if the conference report is defeated? The Secretary of Agriculture has sent me this statement:

> We will revert to the permanent legislation. The legislation which was enacted in 1938 and 1949 would run counter to the Members' philosophy of a more market-oriented agriculture and would be extremely costly to consumers and would be highly disruptive of the agriculture economy.

In other words, both consumers and the producers would suffer.

Let us talk a little bit about the most costly part of this bill: Dairy. Dairy has received the most attention in the press but very little has been said about the cost here on the floor today in discussing this rule.

In the fiscal year, CCC costs for the dairy program have reached nearly $2 billion. It accounts for almost 60 percent, I repeat, 60 percent of the total Federal cost of all farm programs. Yet, we have people down here talking in the best interests of the dairy farmer and saying nothing about the cost of the present program. Are these people not taxpayers? Are these people oblivious of the fact that the cost of this program and the mounting surpluses could bring the whole program down in defeat?

Currently the milk production and dairy cow production are on the increase. November milk production is up 2.5 percent from a year ago. The interest costs on the $2.3 billion of CCC dairy inventories which we have today comes to $1 million a day. That is $365 million a year, more than a third of a billion. This is what we are talking about. It is not a small amount.

I am sure that all of you have read the stories written about the attempted giveaways of dairy products. Here is an article which appeared in the paper on December 7:

> U.S. considers giveaway of huge cheese supply. The government is considering giving away 225 million pounds of surplus American cheese, a pound apiece for every man, woman, and child in the country.

But due to the regulations passed by this House, they cannot do it. We all read about the sale to New Zealand, 220 million pounds of butter at a time when we had 430 million pounds in storage. What was the cost? It was sold at 70.1 cents per pound, shipping costs to be paid by New Zealand.

The American taxpayers picked up half of the cost of that sale. Do my colleagues know what the costs were? The gentleman knows what the costs were the same as I do. The CCC paid approximately $1.43 a pound for that butter which we sold for 70.1 cents. We had to get rid of it because we had so much butter we had difficulty storing and preserving it. We could not get rid of it at the world price and it had to go at any price in order to dispose of it. Do you mean we should not correct this intolerable situation?

All we have to do is come up with a dairy program which will not give us these huge surpluses and we will support it. However, they have not come up with it.

These are taxpayers' costs we are talking about and we have $1 trillion debt now. Sure, we would like a better program. But what are you going to do with the dairy surpluses? That is the question confronting this administration as it confronted the last administration.

Let us take a look at some of these other programs. We have heard that this program does nothing for the wheat grower. This bill does more for the wheat farmer than the present law. The bill sets wheat target prices at not less than $4.05 per bushel for the 1982 crop compared with $3.81 for 1981. Then it is $4.30 for 1983, $4.45 for 1984, and $4.65 for 1985.

The support loan prices in 1982 to 1985 would be not less than $3.55 per bushel compared with $3.20 in 1981.

Feed grains, the bill sets corn target prices at not less than $2.70 a bushel on the 1982 crop, compared with $2.40 for 1981. Then it goes to $2.86 for 1983, $3.03 for 1984, $3.18 for 1985.

Price support loan rates for corn would be not less than $2.55 per bushel in 1982 and 1985, compared with $2.40 in 1981. None of these target or loan prices are as high as I would have liked but they are higher than the present prices.

So I want to say to those who say that the loan prices are lower, your figures are in error.

□ 1950

Let me also say that we do have a provision or two in this bill, as I indicated earlier, that I did not like. The conference report does have a peanut provision in it. It does have a sugar provision in it which I prefer to no program at all, because I can well recall what happened when they killed the sugar program a few years ago. And I just happen to have the figure before me as to what happened then.

In June 1974, at the time the Sugar Act was killed in this House, in November of that year the price of sugar was 56 cents a bushel, and the high for the month of November 1974 was 63 cents a pound.

In this bill, we also have a 1-year extension of the food stamp program costing $11.3 billion, a stronger Public Law 480 program; the authorization for most of the agricultural research and extension and teaching activities which the Department funds.

A separate title authorizing two new soil conservation programs which will help redirect USDA's resources toward those areas experiencing the greatest soil erosion problems. A separate export title which includes authorization for a revolving fund for agricultural export development program.

We have heard about the cost of the dairy program. How much do my colleagues think it is going to cost the taxpayers for the sugar program and the peanut program combined. Both of these programs together would add

less than $10 million, $10 million to the cost of this bill.

So, Mr. Speaker, notwithstanding the fact that there are some objectionable features in this bill, I urge the passage of the rule and the pasage of the bill.

Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Speaker, I rise today to express my opposition to the dairy provisions in the conference report to the farm bill. First, let me point out that dairy farmers recognize the need to reduce the cost of their program to the Government. The dairy farmers were the first segment of the American population to accept their share of the burden to restore our economic health. In April of this year, the dairy industry forewent the automatic, semiannual adjustment on dairy price supports which amounted to close to a $1 increase. The farmers sacrificed a total of $87 million which had been promised by the Government. In addition, dairy farmers did not receive their October 1 adjustment because the farm bill was not completed. It is now apparent that this segment of agriculture will make further sacrifices.

The last farm bill provided dairy farmers with 80 percent parity. Our job was to determine what price support level would alleviate the current problems of overproduction, excessive Government costs, and rising inventories. We all know that the 80 percent level over the past 4 years was too high, and I indicated my concern over this level of parity in today's market by supporting the President in April. However, the conference report dairy provisions represent an over-reaction.

The dairy price support program has functioned effectively to assure an adequate supply of dairy products at a reasonable cost throughout the history of the program. Prior to the 1978–79 marketing year, the average cost of the program was less than $250 million annually. The price support program has brought stability to an industry which is subject to annual fluctuations in both production and consumer demand. While we have seen the problems from having the program set too high, it is abvious the conferees gave little consideration to the effects on the dairy farmer, the industry as a whole, and the American consumer if the level is set too low.

The current price of $13.10 per hundredweight represents about 71 to 72 of parity. The conference report on the farm bill will keep the support price at $13.10 for the current year and, thereafter, 70 percent of parity, except if the Secretary of Agriculture decides the Government is going to purchase more than $1 billion in dairy products in the upcoming year. In this event, the price support level will drop below 70 percent as long as the support price does not dip below $13.25 in fiscal year 1983, $14 in fiscal year 1984, or $14.60 in fiscal year 1985. We already know that the CCC will purchase at least $1 billion in dairy products next year. Consequently, the support level will fall below 70 percent of parity.

Until recently, dairy farmers have never received less than 75 percent of parity. A price support level of 70 percent of parity or less is not only unprecedented, but an insult to the Nation's efficient and industrious dairy farmers. Such a program does not merit any support from dairy farmers.

The results of such a substantial decrease in price supports will be devastating to the American consumer and the dairy industry. Past history has shown that keeping prices too low has caused huge market price swings, as were experienced in 1973 and 1974 when prices were relatively higher than the CPI. The dairy farmer is already suffering from a cost-price squeeze. This is particulary true for those young farmers who entered the industry when interest rates were extremely high. These young farmers are barely making ends meet, as is, and the inadequate supports provided in the conference report will put them out of business.

As I have mentioned, the purpose of the dairy price support program is to assure adequate supply for consumers at a relatively stable price with a fair return for the farmer. Farmers have depended on price stability to make sound and productive management decisions. Milk plants have benefited in that the supply of milk has not fluctuated to the extremes as have other agriculture products. Consumers have benefited through the availability of high quality dairy products at reasonable prices. In other words, the dairy price support program has worked. It has only been over the past few years that we have seen large increases in Government purchases and CCC stocks. In an effort to curtail overproduction and reduce Government spending, we eliminated the April increase.

The price support program as passed by the conferees will mean the wholesale bankruptcy of many of our dairy farmers. Anything less than 75 percent of parity is a radical departure from the parity concept under which the program has operated effectively since it was established. Such a token increase as 15 cents (from $13.10 to $13.25 in fiscal year 1983) represents only a 1-percent increase, whereas other commodity supports will increase between 6 and 8 percent. This is commensurate with a 20-percent increase in the costs of production for dairy farmers.

The dairy industry is not being unreasonable to expect a fair return on their investment while providing this country a dependable supply of milk and milk products. The industry has already sacrificed by forgoing the April increase and missing their October adjustment. They will undoubtedly suffer further setbacks by this reduction in the support level.

We must reduce Federal spending and dairy farmers are willing to do their share, but, must they be expected to take the entire brunt of these cuts. An arbitrary decision that dairy farmers can now absorb a larger share of inflation and continue to produce adequate quantities of milk could prove to be disastrous, both for American consumers and the dairy industry.

Mr. LONG of Louisiana. Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Speaker, the year 1981 is drawing to a close and it has been a disaster for the American farmer. That disaster has been provided by record low farm prices at a time of record high production costs. Net farm income has dropped for the last 2 years, when adjusted for inflation, to a level not seen since the Great Depression of the 1930's. The 1981 farm bill does nothing to alleviate the situation.

The 1980 disaster can be attributed to drought—it was nothing that could have been avoided. What is the outlook for 1982? The bad news is that USDA economists predict net farm income will stay depressed and farmers will continue to amass huge debts.

The only good news, and it must be qualified, is that adequate credit exists for farmers to again plant in 1982. Few farmers will be denied production credit loans and even the Farmers Home Administration has indicated that it too will exercise forbearance regarding the massive indebtedness of U.S. farmers.

However, a day of reckoning is coming. Our farmers cannot continue to operate year after year at a loss. They cannot continue to borrow to live. It was only the appreciation in the value of their land that allowed them to borrow and produce for the past few years. That increase in land values ended in 1980 and farmland values may now be in a period of decline under the pressures of the current economic situation.

In regard to the issue of farm credit, on December 4, I contacted the Governor of the Farm Credit Administration, the Secretary of Agriculture, and the Administrator of the Small Business Administration to ask that they do everything possible to ease the current debt loads of American farmers in view of the difficulties they face.

I have just received a response from Governor Donald Wilkinson of the Farm Credit Administration to my letter. I have been assured by Governor Wilkinson that they will stand by farm borrowers again in 1982, despite the disasters of the past 2 years. He committed the farm credit system to a reasonable, compassionate position regarding the huge farm debt situtation. For this, I thank the Governor and I know our farmers appreciate it as well.

FARM CREDIT ADMINISTRATION,
Washington, D.C., December 16, 1981.

Hon. BILL ALEXANDER,
House of Representatives,
Washington, D.C.

DEAR MR. ALEXANDER: This is in response to your letter of December 4, 1981, expressing your concerns regarding the economic plight of American farmers and specifically the farmers in Arkansas. As you have correctly pointed out, farmers are facing unprecedented problems in many areas of the country due to combinations of extreme, adverse weather and, more recently, severely depressed agricultural prices. In the face of these conditions, most of the farmers have faced significant increases in input cost. As would be expected, many of them are or will be experiencing difficulty meeting their debt repayments.

This issue was discussed at length last week in an annual meeting of production credit association directors and presidents in the State of Arkansas. This meeting was attended by senior staff members from the Federal Intermediate Credit Bank of St. Louis and members of the St. Louis District board. At each level represented, the participants reiterated their intentions to stand by borrowers so long as there was any reasonable chance that the borrowers could recover from their present circumstances. It is the policy of the St. Louis District and the Farm Credit System in total to use all tools available to a lender to assist borrowers who are having temporary difficulties until it is evident that liquidation of farm assets is the only alternative remaining. Based on our participation in the meeting last week in Arkansas, we believe that the associations in Arkansas and the district bank are committed to this policy. While all of the meeting's participants were concerned, their approach to the present circumstances is a responsible, compassionate position in keeping with Congress' mandate to the System.

As always, we appreciate your sharing with us your concerns regarding conditions existing in agriculture. The aggressiveness with which you have pursued agricultural interests and those of the Farm Credit System in past years is very much appreciated in these difficult circumstances.

Sincerely,

DONALD E. WILKINSON,
Governor.

Mr. LONG of Louisiana. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky (Mr. HUBBARD).

Mr. HUBBARD. Mr. Speaker, I rise in opposition to the rule and the bill.

Mr. LONG of Louisiana. Mr. Speaker, I yield 1 minute to the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, as the Members know, I have had a personal problem in reaching a conclusion on what to do on this conference report. I have reached the conclusion that this is the best conference report that can now be passed, that there is no alternative other than the 1949 act, which is not desirable for the farm community, and not desirable for consumers.

Accordingly, I rise in support of the rule and in support of the conference report. I will speak later on the conference report.

But at this time, I urge Members to vote for this conference report. It is not a happy occasion for many of us from the agriculture districts to support the conference report. We wish it could be better. But we are faced with a reality that effective January 1 an antiquated bill, one that is out of tune with present concerns in agriculture, and with the spirit of American agricultural policy, will come into effect unless this conference report is adopted.

Accordingly, I support the conference report.

Mr. LONG of Louisiana. Mr. Speaker, I yield such time as he may consume to the gentleman from Hawaii (Mr. HEFTEL).

Mr. HEFTEL. Mr. Speaker, the farm compromise now before us is admittedly an imperfect measure, but it nevertheless deserves our support. To those of my colleagues who feel that this bill is inadequate, I would respond that this is the best we can hope for in these times of budget austerity. To those of my colleagues who are traditionally opposed to any farm legislation, I would urge you to reconsider and support this austere, barebones package. To all of my distinguished friends and colleagues, I would ask for your support of this conference report because there is simply no better alternative available.

It is unfortunate that our farm programs must bear such a large portion of the budget-slashing burden. The Reagan economic program of $750 billion in tax cuts and $1.5 trillion in military spending has left very little of the budget pie for our vital agricultural sector. I am afraid that we can neglect our Nation's farms only at our peril. The farm bill before us now, while certainly inadequate, must be supported because it is better than no bill at all. It is a bill that we can live with, and that our farmers can live with—if we all tighten up our belts.

Farmers, like the rest of us, are facing tough times. Coming from Hawaii, one of the biggest cane-sugar-producing States, I have some first-hand experience. The Hawaii sugar industry stands to lose $110 million this year.

Alexander & Baldwin, Inc., a firm in my district, estimates that it will lose $25 million from its sugar operations this year. Amfac, another major agricultural company, is losing $5 million a month from sugar, and is close to liquidating two of its five sugar subsidiaries, Oahu Sugar Co., and Puna Sugar Co. Thousands of jobs and hundreds of millions of dollars are endangered in Hawaii as a result of this catastrophic decline of the sugar industry.

The 17-cents-per-pound, nonrecourse loan program for sugar included in the conference report is absolutely critical to the survival of our domestic sugar industry. In fact, at this relatively low support level, I must confess serious doubts as to whether our industry can be saved, but we must certainly try.

Hopefully, this minimal sugar program, which costs the Government nothing, will keep our industry alive by reducing the dumping of foreign sugar on the American market. Only by eliminating such predatory trade practices of foreign sugar producers can we expect our domestic industry to regain its former health and competitiveness. I strongly urge all of my colleagues to cast a vote for American sugar by voting for this conference report.

Few, if any of us here, are fully satisfied with the farm bill as agreed upon by the conferees. Many of us would like to see a more generous bill, providing more for dairy, wheat, and other commodities.

Some of us would prefer an even smaller measure, in the hope of reducing consumer costs. Nevertheless, in spite of our differences, I believe that most of us here are willing to support the hard-fought conference report now before us. We should not allow this fragile compromise to be defeated because of narrow disagreements over specific provisions of the bill.

Mr. Speaker, I say that we should pass this conference bill because it is the only farm legislation we have and are likely to have. We can live with this bill—our farmers can live with this bill; we do not have to be happy with it to vote for it. The question that must be addressed is: What is the alternative? Regrettably, there is no viable alternative, so let us all bite the bullet and pass this legislation.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WATKINS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 284, nays 116, not voting 33, as follows:

[Roll No. 368]

YEAS—284

Akaka	Garcia	Natcher
Albosta	Gephardt	Neal
Alexander	Gibbons	Nelligan
Andrews	Gilman	Nelson
Annunzio	Ginn	Nichols
Anthony	Glickman	O'Brien
Applegate	Goldwater	Oberstar
Ashbrook	Goodling	Oxley
Atkinson	Gradison	Panetta
Bafalis	Gramm	Parris
Bailey (MO)	Gray	Pashayan
Bailey (PA)	Green	Patman
Barnard	Grisham	Patterson
Beard	Guarini	Pease
Benedict	Hall (OH)	Pepper
Benjamin	Hall, Sam	Perkins
Bennett	Hamilton	Peyser
Bethune	Hammerschmidt	Pickle
Bevill	Hance	Price
Biaggi	Hansen (ID)	Pritchard
Bingham	Hansen (UT)	Pursell
Bliley	Hartnett	Rahall
Boggs	Hatcher	Railsback
Bonior	Hefner	Rangel
Bonker	Heftel	Ratchford
Bowen	Hendon	Regula
Breaux	Hertel	Reuss
Brinkley	Hiler	Rhodes
Brodhead	Hillis	Richmond
Brooks	Holt	Rinaldo
Brown (CA)	Hopkins	Robinson
Brown (CO)	Horton	Rodino
Broyhill	Howard	Roemer
Burton, Phillip	Hoyer	Rogers
Butler	Huckaby	Rose
Campbell	Hughes	Rostenkowski
Carney	Hunter	Roukema
Chappell	Hutto	Roybal
Chappie	Hyde	Rudd
Cheney	Ireland	Savage
Clausen	Jeffords	Sawyer
Coats	Jeffries	Scheuer
Coelho	Johnston	Schroeder
Coleman	Jones (NC)	Schumer
Collins (TX)	Jones (OK)	Seiberling
Conable	Kazen	Shelby
Corcoran	Kemp	Shumway
Courter	Kindness	Siljander
Coyne, William	Lagomarsino	Simon
Daniel, Dan	Lantos	Skeen
Daniel, R. W.	Latta	Skelton
Danielson	Leach	Smith (AL)
de la Garza	Leath	Smith (NJ)
Dellums	LeBoutillier	Smith (OR)
DeNardis	Lehman	Smith (PA)
Derrick	Leland	Snyder
Dickinson	Lent	Solarz
Dicks	Levitas	Solomon
Dingell	Lewis	Spence
Dixon	Livingston	Stangeland
Dougherty	Loeffler	Stanton
Dowdy	Long (LA)	Stark
Downey	Long (MD)	Staton
Duncan	Lott	Stenholm
Dunn	Lowery (CA)	Stratton
Dymally	Lowry (WA)	Studds
Dyson	Lujan	Stump
Eckart	Madigan	Swift
Edwards (AL)	Markey	Tauke
Edwards (CA)	Marks	Tauzin
Edwards (OK)	Marriott	Taylor
Emerson	Martin (IL)	Thomas
Erdahl	Martin (NC)	Traxler
Evans (DE)	Martin (NY)	Udall
Evans (GA)	Matsui	Vander Jagt
Evans (IA)	Mazzoli	Walgren
Fary	McCloskey	Wampler
Fascell	McDade	Waxman
Fazio	McEwen	Weber (OH)
Fenwick	McGrath	Weiss
Ferraro	Mica	White
Fields	Michel	Whitley
Findley	Miller (CA)	Whittaker
Fish	Miller (OH)	Whitten
Flippo	Mineta	Winn
Florio	Minish	Wolf
Foglietta	Mitchell (MD)	Wortley
Foley	Moakley	Wright
Ford (TN)	Molinari	Wyden
Forsythe	Mollohan	Wylie
Fountain	Montgomery	Young (AK)
Fowler	Moore	Young (MO)
Frenzel	Morrison	Zablocki
Frost	Myers	Zeferetti
Fuqua	Napier	

NAYS—116

Anderson	Fithian	Obey
Archer	Frank	Ottinger
Aspin	Gejdenson	Paul
Barnes	Gingrich	Petri
Bedell	Gonzalez	Porter
Bereuter	Gore	Ritter
Boland	Gregg	Roberts (KS)
Boner	Gunderson	Roberts (SD)
Bouquard	Hall, Ralph	Rosenthal
Brown (OH)	Harkin	Roth
Byron	Heckler	Rousselot
Chisholm	Hightower	Sabo
Clay	Hollenbeck	Schneider
Clinger	Hubbard	Schulze
Collins (IL)	Jenkins	Sensenbrenner
Conyers	Jones (TN)	Shamansky
Coughlin	Kastenmeier	Shannon
Coyne, James	Kildee	Sharp
Crane, Daniel	Kogovsek	Shaw
Crane, Philip	Kramer	Shuster
Crockett	LaFalce	Smith (IA)
D'Amours	Lee	Smith (NE)
Dannemeyer	Luken	Snowe
Daschle	Lundine	St Germain
Daub	Lungren	Stokes
Davis	Marlenee	Synar
Deckard	Mattox	Volkmer
Derwinski	Mavroules	Walker
Donnelly	McClory	Washington
Dorgan	McCollum	Watkins
Dornan	McCurdy	Weaver
Dreier	McHugh	Weber (MN)
Early	McKinney	Williams (MT)
Edgar	Mikulski	Wilson
Emery	Mitchell (NY)	Wirth
English	Mottl	Wolpe
Ertel	Murphy	Yates
Evans (IN)	Nowak	Yatron
Fiedler	Oakar	

NOT VOTING—33

Addabbo	Craig	Moorhead
AuCoin	Dwyer	Murtha
Badham	Erlenborn	Quillen
Beilenson	Ford (MI)	Roe
Blanchard	Gaydos	Russo
Bolling	Hagedorn	Santini
Broomfield	Hawkins	Trible
Burgener	Holland	Vento
Burton, John	Jacobs	Whitehurst
Carman	McDonald	Williams (OH)
Conte	Moffett	Young (FL)

□ 2010

The Clerk announced the following pairs:

On this vote:

Mr. Addabbo for, with Mr. Santini against.

Until further notice:

Mr. Vento with Mr. Young of Florida.
Mr. Moffett with Mr. Whitehurst.
Mr. Russo with Mr. Moorhead.
Mr. McDonald with Mr. Quillen.
Mr. Roe with Mr. Trible.
Mr. Beilenson with Mr. Craig.
Mr. AuCoin with Mr. Burgener.
Mr. Holland with Mr. Conte.
Mr. Ford of Michigan with Mr. Badham.
Mr. Dwyer with Mr. Williams of Ohio.
Mr. Hawkins with Mr. Erlenborn.
Mr. John L. Burton with Mr. Hagedorn.
Mr. Blanchard with Mr. Broomfield.
Mr. Jacobs with Mr. Carman.

Mr. LUNGREN and Mr. ROUSSELOT changed their votes from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill, a joint resolution, and a concurrent resolution of the House of the following titles:

H.R. 2241. An act to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon, and for other purposes;

H.J. Res. 377. Joint resolution providing for the convening of the 2d session of the 97th Congress; and

H. Con. Res. 231. Concurrent resolution to authorize the erection of certain structures at the west front of the Capitol in connection with a rally to be held on January 15, 1982, in commemoration of the birth of Dr. Martin Luther King, Jr.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4559) entitled "An act making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House of Representatives to the amendments of the Senate numbered 22, 23, 24, 25, 38, 62, 63, 89, and 138 of the above-entitled bill.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1493. An act to deauthorize several projects within the jurisdiction of the Army Corps of Engineers.

The message also announced that the Senate had passed a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. Con. Res. 57. Concurrent resolution providing for the sine die adjournment of the 97th Congress, 1st session.

ACTION ON SOCIAL SECURITY RINGS HOLLOW

(Mr. SAVAGE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAVAGE. Mr. Speaker, today the House did an about-face of sorts by voting to restore the $122 social security minimum benefit. However, the action we took today respecting this matter rings a bit hollow, for we only restored this benefit to current beneficiaries and to those who become eligible prior to January 1, 1982. While I supported passage of the conference report on H.R. 4331, the social security minimum benefit, I want to let it be known that I am not satisfied with this legislation. As far as I am concerned, it does not go far enough.

I regret the fact that the House conferees apparently capitulated to the Senate in this matter and did not insist upon full restoration of this benefit not only to current beneficiaries but to prospective ones as well.

Further, I want to state for the record that but for the intransigence of Republican members in league with the boll weevils, we could have had the opportunity to vote separately on this issue when the budget reconciliation bill was before us. Unfortunately, the motion to have a separate vote on the question of retention of the minimum benefit was defeated, and as a result millions of beneficiaries were needlessly troubled by the prospect of losing this benefit.

Nevertheless, I do see a glimmer of light in the action we took today. This legislation had the blessings of the administration and the Republican-dominated Senate. Apparently both have looked at recent polls showing a steady erosion in the President's popularity and in his programs. On other occasions and in other forums I have repeatedly stated that time would show the President's programs to be antipeople, and that the poor and working poor would realize this down the road.

Well, it seems that more and more people are peering down that road and are not liking what they see. Today's mixed blessing should further alert them to the danger our Nation still faces in the attempt of the Reagan administration and its congressional supporters to drag us back into the 19th century.

WITHDRAWAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 2451

Mr. EMERY. Mr. Speaker, I ask unanimous consent to withdraw my name as a cosponsor of H.R. 2451.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine?

There was no objection.

CONFERENCE REPORT ON S. 884, AGRICULTURE AND FOOD ACT OF 1981

Mr. DE LA GARZA. Mr. Speaker, I call up the conference report on the Senate bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of December 9, 1981.)

The SPEAKER pro tempore. The gentleman from Texas (Mr. DE LA GARZA) will be recognized for 30 minutes, and the gentleman from Virginia (Mr. WAMPLER) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Speaker, this is perhaps one of the most difficult moments I have had in my legislative career, which is some 28 years. As we bring this conference report, which is the culmination of some 9 months of work by the Committee on Agriculture, through the subcommittee hearings, through the full committee hearings, through the House, through the conference, perhaps one of the longest conference periods, some 27 days in conference, this is not the perfect bill. It is not the bill that I would write if I was doing the writing and had the authority to do what I would like to do; but, I must tell the Members of the House that as you listen this evening to specific commodities and specific programs dealing with specific areas, this is an omnibus farm bill and let us not forget that.

□ 2020

It contains a food stamp provision that will be discussed later.

It contains some very important segments for conservation in rural America. It contains some very important areas for credit and rural development. It contains some exceedingly important authorization for research, which is the base where the food cycle begins.

It contains some assistance to the floral industry.

It contains authorization for more input by farmers into the Department of Agriculture decisions.

It contains added authorization to be able to control pests like the Medfly or the Mexican fruitfly.

It contains more authorization for assistance to the black land-grant colleges, bringing them to the forefront.

It contains emergency help for poultrymen.

It contains discretionary authority to assist the sunflower seed production.

It contains a very important meat inspection provision, to put our meat industry on a par with the foreign meat that is imported.

It contains a very important embargo provision.

It is sad that all of the debate has centered on a few commodities. They are all my friends. I wish I were able to help them more, but I will have more to say on that later, Mr. Speaker.

We need a farm bill. We have a chance to get one today. We should not miss that chance.

Frankly, this is not an easy bill to support. It falls far short of what I personally believe would be fair and reasonable. But, in order to reach agreement on this conference report, as the House knows, we had to make major concessions to the Senate and the administration—more than I and many others wanted to make.

The commodity programs in the original House farm bill—according to administration estimates—had a cost figure of $6 billion above the Senate bill over the life of the bill. The conference report—again according to administration estimates—is about $5.6 billion below the House and only about $400 million above the Senate.

I personally take those numbers with a large grain of salt. Nobody can accurately estimate what farm programs will cost in future years when they cannot estimate how big crops will be and what world economic conditions will be like. But these figures at least give you an idea of how far House conferees had to go in order to get a bill.

The problems many of us have with parts of the bill are particularly serious at a time when our farm economy is in deep economic trouble.

Net realized farm income went down from $27 billion in 1979 to $22 billion in 1980. It is expected to be about $19 billion in 1981. And as far as the administration can tell us, net farm income may well go down again for a third straight year in 1982. At a time like this, we should have a more effective safety net for farmers. If we allow the farmer to slide further into the red, the big loser in the long run will be the entire national economy.

As I said, this bill does not go as far as it should toward protecting the farm economy and the national economy. But we should adopt this conference report for three basic reasons.

First, this legislation continues the basic framework of our agricultural programs and keeps these programs in operation for the next 4 years. The conference report continues the basic price support loan programs; it also continues the target price system for those crops which use it, and improves the very important farmer-owned grain reserve program. The minimum price support loan rates and target prices for major crops will be up from this year's level in most cases. This package will provide some degree of assistance for farmers, especially if the administration uses the authority we provided to operate above the low minimum levels included in the law. In the case of dairy products, we were forced to provide minimums that are clearly below what I regard as fair. At least, however, the report permits supports to return to 70 or even 75 percent of parity in the future if surpluses can be reduced.

My second point is that in addition to the commodity programs, the report includes many other very important provisions which must be

adopted in the overall national interest. Some of these I discussed earlier in my remarks.

With respect to agricultural research, extension, and teaching, the report extends by 4 years the congressional authorization aimed at continued gains in the productivity of the agricultural sector. It strengthens the research and extension partnership between the Federal Government and the States through cooperative agreements designed to improve the coordination and planning of agricultural research, extension and teaching programs. This will assure that the results of agricultural research are effectively communicated and demonstrated to farmers, processors, consumers, and all other users in an effort to provide the United States with the most productive and efficient food and agricultural system in the world. It also expands the scope of these activities to include aquaculture, rangeland management, and an International Dairy Goat Research Center to serve our domestic needs and aid Third World countries.

The report provides added assistance to black colleges. The bill guarantees that the predominantly black land-grant institutions created under an 1890 law will get an increased share of Federal funds appropriated for cooperative extension work. In addition, the bill authorizes appropriations of $50 million over a 5-year period to the 1890 colleges to enable them to expand their currently inadequate research facilities so they can join as full partners with other institutions in serving State research needs.

In the credit field, although we reluctantly gave the Secretary of Agriculture discretion over whether to make economic emergency loans to farmers in the coming year, the authority for the program is extended for a year and the statement of managers emphasizes our intent that the Secretary use the authority in cases of economic emergency.

Finally, a third point. The conference report before us today represents the most we can realistically hope that the President will be willing to sign into law. The administration has made that abundantly clear.

I believe these are reasons enough to adopt this report at this time. In the future we can come back and try to improve it, but for today, the issue is S. 884.

The question is not whether we would like a better farm bill. The question is whether this farm bill—considering the alternatives—should be adopted at this time.

I think the answer is "yes." Looking at the alternatives, I have to come to the conclusion that the wise course is for the House to adopt this bill.

This legislation will be far less costly to taxpayers than the 1949 act programs which automatically come back to life if we do not adopt a new farm bill. For example, a failure to pass new legislation would raise dairy supports immediately to 75 percent of parity. It would set a substantially higher level of supports for peanuts and it would revive the acreage allotment and marketing quota program under which production would be limited to holders of allotments. Also, reversion to the 1949 act would bring to life a number of other farm program provisions which are not suited to today's problems and would not be in the best long-run interests of either farmers or consumers.

There may be some who think that if the House defeats this conference report, we could write a better bill early in the next session. I wish I could believe that. I am very much afraid, however, that a course of that kind would be too great a risk.

The Senate has already adopted the report by a vote of 68 to 31. It is my hope that the House will do the same.

This legislation is the product of almost a full year of hard work by many Members and others. We spent 3 months in subcommittee and full committee work from March through May. We spent 7 days debating the bill on the House floor during 3 weeks from October 2 to October 22, and the conferees spent 5 weeks from November 4 to December 8 in hammering out the agreement you have before you. Every farm, consumer, and industry group interested in these issues has made its case before the Members, the administration, and the public. Few bills have been as thoroughly examined and debated as this one.

I want, at this point, to commend the members of the conference committee who worked so patiently and dil- igently to produce our report, whether or not they agreed with specific issues. Our ranking minority member, Congressman BILL WAMPLER of Virginia, took a leading role in our work as did our Agriculture Committee vice chairman, Congressman TOM FOLEY of Washington. Indeed, all of the 20 members who served as conferees on the agricultural portions of the bill, and the Foreign Affairs Committee members who served as conferees on part of the bill, deserve praise for their contributions.

I want also to publicly thank the Senate conferees, particularly Chairman JESSE HELMS of North Carolina and the ranking Democrat, Senator DEE HUDDLESTON of Kentucky, for their hard and conscientious work in a long and difficult negotiating process.

It has been asserted that passage of the 1981 farm bill is not necessary for carrying out the food stamp program through the 1982 fiscal year. That simply is not the case. The level of funding authorized for the food stamp program by the farm bill for the 1982 fiscal year is $11.3 billion. That figure was arrived at on a bipartisan basis with the approval of the administration. The continuing resolution would fund the program only through August 15 at a level of $10.3 billion. A reauthorization and supplemental appropriation would be required to fund the program for the balance of the year. In the current climate, with unemployment rising and continued suggestions emanating from the administration for further cuts in the program, those who believe in an effective food stamp program would be ill advised to rely on the continuing resolution and then some further possible action by Congress as an adequate safeguard for the program. The farm bill guarantess the program against further cuts for the balance of the year and protects energy assistance benefits for those located in cold weather areas of the country. Further, the farm bill contains a series of provisions fashioned on a bipartisan basis to protect the program from fraud and abuse, particularly on the part of organized crime and through other large-scale illegal activities, which go well beyond recipient fraud.

The farm bill will go far toward protecting the program from those who would rob it while insuring continued food assistance for those who truly need it. The continuing resolution would, of course, not achieve these worthy objectives.

Some have criticized our conference report because it includes two programs which were not contained in the House bill which went to conference—sugar and peanuts. Let me deal very briefly with these issues.

On sugar, we have brought the House a package which offers some price support loan protection to farmers—but at a substantial reduction below the rate which passed the Senate and narrowly lost in the House. The Senate bill provided an 18-cent support, rising to 20 cents by 1985. The compromise conference report provides a 16.75-cent support, rising to only 18 cents by 1985. This program will have a zero cost to taxpayers and will help protect consumers against wide swings in prices.

On peanuts, we have a similar compromise which substantially modifies the Senate bill. Our conference report eliminates all acreage allotments and reduces poundage quotas. The bill makes it possible for any farmer to grow peanuts and to participate in the growth of the market for domestic edible peanut foods. Price support loans will be held below the level proposed by the Senate—$46 per ton below for the 1982 crop. This is a compromise which the House can and should support, and which should have little or no cost to taxpayers.

At this time, I would like to discuss briefly the principal features of the report.

DAIRY PRODUCTS

The bill sets milk price supports at not less than $13.10 per hundred pounds for fiscal 1982. For fiscal years 1983, 1984, and 1985, the minimums would be $13.25, $14, and $14.60 if surplus purchases during the year are projected at more than $1 billion. For any year in which purchases are projected at less than $1 billion, the minimum would be 70 percent of parity. The support floor would rise to 75 percent of parity if projected surplus purchases are less than 4 billion pounds of milk in fiscal 1983, 3.5 billion in fiscal 1984, and 2.69 billion for fiscal 1985. The bill also directs the Secretary of Agriculture to report on the strengths and weaknesses of existing and possible new programs for controlling milk surpluses, including a review of the impact of Government programs on regional supplies. Also the conference committee, in a report accompanying the bill, expressed the view that casein imports are interfering with the dairy price support program and recommended that the President establish a limit on imports.

WOOL AND MOHAIR

The bill extends for 4 years the existing wool and mohair support program. The support level would be 77.5 percent of the rate determined under a formula contained in the basic wool-mohair law.

WHEAT

The bill sets wheat target prices at not less than $4.05 per bushel for the 1982 crop compared with $3.81 for 1981, and then at $4.30 for 1983, $4.45 for 1984, and $4.65 for 1985. Price support loan rates for the 1982–85 crops would be not less than $3.55 per bushel, compared with $3.20 for 1981. The bill authorizes the Secretary of Agriculture, in years when he determines that excessive surpluses are likely, to rule that farmers who want price support would have to comply with either cropland set-aside or direct wheat acreage reduction programs. The Secretary would also be authorized to operate a paid acreage diversion program, but farmers could not be required to enter this program as a condition of eligibility for price support. Beginning with 1982 crops, disaster payments would be mandatory only for producers who do not have Federal crop insurance available; but the Secretary would have discretion to make disaster payments to any wheat grower if disaster losses create an economic emergency which cannot be alleviated by crop insurance and other Federal assistance. The conferees, in a report accompanying the bill, urged the Secretary to consider offering an increased loan rate to farmers who enroll in any future set-aside or direct acreage reduction program.

FEED GRAINS

The bill sets corn target prices at not less than $2.70 per bushel on the 1982 crop compared with $2.40 for 1981, and then at $2.86 for 1983, $3.03 for 1984, and $3.18 for 1985. Price support loan rates for corn would be not less than $2.55 per bushel in 1982–85, compared with $2.40 in 1981. Regulations on set-aside or direct acreage limitation as a condition of price support, on use of paid diversion programs, on disaster payments and on similar provisions would be the same as those for wheat. The Secretary would be required to provide target price protection for grain sorghum and oats. Price support loans for grain sorghum, barley, and oats would be set at fair and reasonable levels tied to the level for corn. Conferees urged the Secretary to consider, as in the case of wheat, offering an increased loan rate to any producer who enrolls in a future set-aside or direct acreage reduction program.

GRAIN RESERVES

The bill requires the Secretary of Agriculture to continue the existing farmer-owned reserve program for wheat and feed grains, and requires him to set price support loans for grains placed in the 3-year reserve at not less than standard support rates in effect at the time the grain goes into reserve. The Secretary is given discretion to set terms under which grain may be withdrawn from the reserve by farmers without penalty, or under which he could encourage withdrawals by halting storage payments or raising interest rates. The Secretary is authorized to limit the size of the reserve, but the ceiling cannot be less than 700 million bushels of wheat and 1 billion bushels of feed grains. Whenever a reserve is in effect, USDA cannot sell any Government-owned grain for less than 110 percent of the current release price level applying to farmer-owned reserves. Interest rates on price support loans for reserve grain must not be less than USDA's cost of borrowing from the Treasury, but the Secretary is given authority to waive or adjust interest.

COTTON

The bill continues the current program through the 1985 crop, with loan rates based on a percentage of open market prices and a loan floor of 55 cents a pound. Target prices will be the higher of, first, 120 percent of the loan rate, or second, 71 cents a pound in 1982, 76 cents in 1983, 81 cents in 1984, and 86 cents in 1985. Rules authorizing the Secretary to require compliance with normal crop acreage planting limits would be dropped from the program. The Secretary would be authorized to require a reduction in cotton acreage as a condition of eligibility for price support. Also, the support program for Extra Long Staple cotton would be revised to eliminate direct payments to growers. Paid diversion programs would be authorized, but could not be made a condition of eligibility for price support. Disaster payments would be authorized under the same conditions as for wheat, feed grains, and rice.

RICE

The bill continues a program of price support loans and target prices for the 1982–85 crops, but it eliminates use of acreage allotments so that program benefits become available to all producers. The rice loan rate will continue to be 75 percent of the target. The Secretary will continue to have authority to reduce the loan rate if it threatens to interfere with exports, but he could not go below $8 per hundred pounds. Target prices will be not less than $10.85 per hundred pounds for 1982, $11.40 for 1983, $11.90 for 1984, and $12.40 for 1985. The Secretary would be authorized to require a reduction in rice acreage as a condition of eligibility for price support. Cross-compliance with other commodity programs as a condition of eligibility for rice support would not be permitted. Paid acreage diversion programs would be authorized, but could not be made a condition of eligibility for support. Disaster payments would be authorized under the same conditions laid out for wheat, feed grains, and cotton.

PEANUTS

The bill eliminates the traditional peanut acreage allotment system, allowing producers without allotments to grow peanuts without restraint, but retains the farm poundage quota system. The total national poundage quota would be reduced in 1982 to a minimum of 1.2 million tons, and would be dropped further to 1.1673 million tons in 1983, 1.1347 million tons in 1984, and a final floor of 1.100 million tons for the 1985 crop. The Secretary would be directed to apply quota cuts, as far as practicable, to quota holders who have not produced peanuts in recent years. Price support for quota peanuts grown within the farm poundage quota would be set at a minimum of $550 per ton for 1982–85, with annual increases beginning in 1983 to reflect increases in production costs but with a 6-percent limit on each annual adjustment. Support for nonquota peanuts would be set by the Secretary, based generally on world market conditions and fixed at a rate which would avoid any net cost to the Government.

SOYBEANS

Price support loan rates for the 1982–85 crops will be set at 75 percent of the 5-year national average price received by farmers with a floor of $5.02 a bushel. No production adjustment, cross-compliance requirements or reserve programs would be permitted.

SUGAR

The bill sets up a 4-year support program with support loan rates of 17 cents a pound on raw sugar for the 1982 crop, 17.50 cents a pound for 1983, 17.75 cents a pound for 1984, and 18 cents a pound for 1985. Program terms are designed to result in operation of the system without any cost to the Treasury. Between the date of enactment of the bill and October 1, 1982, when price support loans will go into effect, the Agriculture Department will support the market by announcing an offer to purchase sugar processed between the enactment date and March 30, 1982, at a rate of 16.75 cents a pound. No actual purchases are considered likely, however, because the Government would be seeking, by use of import fees, to keep market prices above the level at which producers could sell to the Government.

EXPORT AND EMBARGO PROTECTION—PUBLIC LAW 480

The bill requires the Secretary of Agriculture to compensate farmers whose products are affected by any future selective embargo on exports of agricultural products. The new protection would be activated in a selective embargo, which does not cover all U.S. exports to the affected country, and where the embargoed county purchases more than 3 percent of total U.S. exports of the affected commodity. Compensation to farmers would be provided by either or both of: First, direct payments covering the gap between postembargo market prices and 100 percent of parity, or second, an increase in the price support loan rate for the affected commodity to 100 percent of parity. The bill also creates an Agricultural Export Credit Revolving Fund. Loans from the fund, made on commercial-style terms by the USDA, would be designed to expand farm exports. The bill requires only a one-time appropriation since principal and interest repayments to the fund would generate money for future loans, and conferees said they hoped the plan could be funded for fiscal 1983. The bill also gives USDA discretionary power to formulate a standby export subsidy program which could be used, if found necessary by the President, to offset subsidies paid by other countries. Another section encourages the President to consult with appropriate congressional committees before entering into bilateral agreements on exports of farm products.

The administration is encouraged to consult with other major grain exporting nations on promoting more orderly marketing and higher prices. Additionally, the bill extends for 4 years authority for Public Law 480, the food for peace program, adding provisions designed to further encourage self-help steps by nations receiving aid.

NEW MEAT SAFETY PROTECTION

The bill contains a provision setting inspection and testing requirements designed to make sure that imported meat and meat products meet U.S. standards. Under the legislation, the Secretary of Agriculture is directed to enforce compliance with U.S. standards by: First, random inspections of imported meat and meat products to check for residues and to verify the species, beef, pork, and so forth, of the product; second, random sampling and testing of internal organs and fat—carried out at the foreign slaughterhouse by the exporting country under methods approved by the U.S. Secretary of Agriculture—to check for chemical residues. The legislation states that all imported meat and meat foods from cattle, sheep, swine, goats, horses, mules, or other equines which are capable of use for human food shall be subject to the inspection, sanitary, quality, species verification and residue standards applied to products produced in the United States. The new provisions would become effective 6 months after enactment of the law.

EMERGENCY HELP FOR POULTRYMEN

The bill provides discretionary authority to the Secretary of Agriculture to provide emergency feed aid to poultry producers hit by natural disaster. Existing law requires similar treatment for foundation herds of livestock, but the new bill gives the Secretary discretion over whether to provide aid for livestock, matching the new poultry provision.

SUNFLOWER

Although the bill does not mandate a price support loan program for sunflower, conferees will say in their report that in cases where this crop encounters disruptive market conditions, the Secretary of Agriculture should seriously consider adopting a loan program under existing discretionary authority.

TOBACCO: A ZERO-COST PROGRAM AND A CHANGE FOR MARYLAND TOBACCO

The bill expresses the intent of Congress that the tobacco support program be operated without cost to the taxpayer outside of incidental administrative expenses. The Secretary of Agriculture is directed to take whatever steps toward this goal are possible within existing law by January 1982 and to advise Congress by January 1982 of any legislative changes he recommends for reaching the goal. Also, the bill revises a portion of the law dealing with the production of types of tobacco which are not subject to marketing quotas. The effect of the change is to provide that Maryland-type tobacco will be charged against farm quotas when grown in areas where quotas for types like Flue-cured and burley are in effect.

MORE AID TO BLACK COLLEGES

The bill provides that the predominantly black land-grant institutions created under an 1890 law will get 5.5 percent of Federal funds appropriated for cooperative extension work with all land-grant colleges in fiscal 1982 instead of the 4-percent share they get under current law. In fiscal years 1983, 1984, and 1985, the 1890 college share will be 6 percent. In addition, the bill authorizes appropriations of $50 million over a 5-year period to the 1890 colleges to enable them to expand their currently inadequate research facilities so they can join as full partners with other institutions in serving State research needs.

SWIFT PEST CONTROL IN EMERGENCIES

The Secretary is given new powers to act swiftly to meet extraordinary emergency outbreaks of plant pests if he finds that actions taken by a State are not adequate. In such cases, the Secretary would have discretion to pay compensation for losses incurred as a result of Federal pest control action.

STATE GRAIN INSPECTION BROADENED

USDA would be authorized to allow some State grain inspection and weighing of export grain. The only States affected, however, would be those where grain exports are less than 5 percent of the national total. A few States currently operate export grain inspection; the new law deals with those States which have not been eligible to handle this function.

FARMERS TO ADVISE ON COST ESTIMATES

The bill creates an 11-member board, including 7 agricultural producers, to review USDA methods of estimating farm production costs and to make recommendations about these estimates to the Secretary. In a separate action, conferees agreed to draft a letter to the President urging him to hold a White House Conference to explore new solutions to national farm problems.

SELF-HELP FOR FLORAL INDUSTRY

The bill creates a program under which members of the floral industry, working through an industry floral board, can voluntarily assess themselves to raise funds for promotion and research. The program applies only to cut flowers, potted flowering plants, and foliage plants.

NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1981

This title extends by 4 years the congressional authorization to provide adequate support to funding for research, extension, and teaching aimed at continued gains in the productivity of the agricultural sector. The legislation also provides for strengthening the research and extension partnership between the U.S. Department of Agriculture and the Nation's land-grant colleges and universities. It also

expands the scope of activities to include aquaculture, rangeland management, and an International Dairy Goat Research Center. The center will serve a growing domestic industry and will aid Third World countries in developing a dairy and meat industry readily adaptable to arid and semiarid lands. Other provisions include authorization for a research-extension program concentrating on rural development and small farm problems; establishment of a Soybean Research Advisory Institute within USDA; a requirement that the Secretary of Agriculture include, in a regular annual report due January 1, 1984, a long-term need assessment for food, fiber, and forest products; and a directive to the Secretaries of Agriculture and Health and Human Services to report within 180 days on plans for a human nutrition research and information management system.

CREDIT, RURAL DEVELOPMENT, AND FAMILY FARMS

The bill extends for 1 year authority for conducting the Farmers Home Administration's existing economic emergency loan program with a $600 million limit on guaranteed and insured loans during the extension. In a report accompanying the legislation, however, the conference noted that actual use of the program is discretionary for the Secretary of Agriculture, but added that the conferees intend the Secretary to use the authority in the act to cope with economic emergencies. The bill also continues for 10 years an authorization for Federal stock purchases in the Rural Telephone Bank. The bill authorizes FmHA to make operating and ownership loans to small farm production co-ops, and removes obstacles to FmHA loans to unmarried persons. Also, the bill requires the Secretary to make farm storage facility loans available in storage-deficient areas. Further, it contains a policy statement supporting the family farm system and requiring an annual USDA report on family farm operations.

CONSERVATION

The bill authorizes a new special areas conservation program to identify geographic areas which suffer special, chronic erosion problems and to focus financial assistance on those areas. Also, the bill authorizes matching Federal grants to local governments for conservation; authorizes, subject to separate, later action on appropriation bills, USDA loans to farmers for conservation work; and authorizes a test of the feasibility of reducing excessive sedimentation in existing reservoirs. Also, the legislation gives the Secretary authority to accept volunteers in USDA conservation, resource, and other programs; authority to use Soil Conservation Service personnel and equipment to help local authorities in search and rescue operations in emergencies; and authority for experimental projects to improve water quality in surface-mined areas. The bill further establishes a Farmland Protection Policy Act aimed at minimizing the impact of Federal actions on conversion of agricultural land to other uses. Finally, the bill provides a legislative base for the resource conservation and development program to aid States, localities, and nonprofit agencies in dealing with local resource problems.

FOOD STAMP AND COMMODITY DISTRIBUTION

The bill extends appropriation authority for the food stamp program for 1 fiscal year with a spending cap of $11.3 billion in fiscal 1982. To further cut costs, a scheduled April 1, 1982, cost-of-living adjustment in food stamp allotments would be postponed to October 1, 1982. Other provisions include: Approval of some law enforcement powers for a limited number of designated USDA investigators who are responsible for food stamp felony violation cases; approval of additional penalties for food stamp fraud and increased incentives to States to reduce errors; agreement that some local and State energy assistance payments to the needy—those which are not clearly paid for energy assistance on a seasonal basis—will in the future be counted as income, thus reducing the recipients eligibility for food stamps—under present law all such State and local energy payments are excluded from income; permission for localities nationwide to adopt, if they wish to do so, workfare programs under which some able-bodied food stamp recipients are required to perform public service work in return for their stamps; approval of pilot projects for monitoring the nutritional status of needy people. The bill also provides that surplus commodities such as dairy products acquired by the Government under price support programs, beyond amounts needed for sales and other donations, will be donated to nutrition programs for the elderly and children and to local food bank projects which were authorized by a 1980 law to aid needy people.

Mr. Speaker, I yield 1 minute to the gentleman from New York, Mr. PEYSER.

Mr. PEYSER. Mr. Speaker, first of all I want to thank the chairman of the committee for the courtesies he has shown me throughout this long process on the conference and on the floor.

I want to say, for those who may not have been here during this last 1 hour of the rule, which incidentally I voted for and supported, as many did who oppose this conference, there were nearly 15 Members who spoke on the floor from many States, mostly the farm States; 13 of them 15 spoke against this bill. Every major consumer group, the major farm groups, are all opposing this bill, and for good reason.

From our own personal reasons in the House, it has really violated everything we did in the House. The sugar program is back in the bill. The peanut program is back in the bill. Cutting and making changes in the other farm programs that frankly are unreasonable. And most of all, for those interested in food stamps, you will be exposing the food stamps next year to elimination.

Mr. WAMPLER. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, today marks the culmination of nearly 1 year that Chairman DE LA GARZA, myself, and other members of the committee have been working on the 1981 farm bill.

Informal meetings were held in early February, and committee hearings were scheduled for late February 1981. Since that time, we have held thorough hearings, had extensive markups, taken the bill to the floor, and completed a long and arduous conference. Our most recent action came yesterday when we appeared before the Rules Committee to obtain a rule for the consideration of this conference report.

Last week the Senate adopted the conference report by the impressive bipartisan vote of 68 to 31.

In musical circles they say "the opera ain't over til the fat lady sings." Final action on the farm bill will not be over until the final vote goes up on the board today. Among others, a large number of farmers, producers, farm processors, agricultural exporters, foreign importers, farm machinery manufacturers, country and city bankers, and indeed our President will be interested observers of what takes place on this floor today.

I am not going to stand here today and tell you that this omnibus farm bill conference report which you will vote on today is the best farm bill that we could possibly provide for farmers and producers. I will say that it is my opinion that it is the best farm bill that we could present to you given the budget constraints we have had to wrestle with, the conflicting interests of producers and consumers we have had to resolve, and indeed given the conflicting interests of the various commodity programs where we have tried to be fair and equitable in the treatment of all commodities.

There will be some who still will say that farmers and producers have been asked to take an unfair share of the budget cuts which have had to be distributed throughout all sectors of the economy in this Congress. On the other hand, there are certain consumer groups who say we have been too generous to the farmers and producers.

I want to tell you that the farm bill conference which we just concluded was very nearly deadlocked toward the end. The administration claimed some $3 billion in costs had been added to the farm bill that was introduced on its behalf last spring. This was done when the administration agreed to accept the farm commodity programs contained in the Senate-passed version of the farm bill. As between the House and Senate versions in the conference, the administration favored the Senate version.

Yet by December 1, 1981, the House conferees and the Senate conferees, and the administration were some $700 million apart in costs of the conference report.

At that point, Senator LUGAR suggested that the chairman of the conference, Senator HELMS, the chairman of the House conferees, Chairman DE LA GARZA, Senator DOLE, Senator HUDDLESTON, and I meet with Secretary Block and see if we could come up with a compromise that all could agree upon. On Wednesday, December 2, 1981, we met for nearly 4 hours. We did come up with a compromise for which the Secretary obtained administration approval, and that broke the deadlock. What this meant is that of the roughly $700 million in difference, the administration absorbed more than $400 million and the House conferees came down some $250 million.

I might add that these costs do not mean that there is not considerably more U.S. Treasury exposure in this conference report than the so-called $11 billion, 4-year costs attributed to the farm commodity costs. Those $11 billion are what the administration can reasonably estimate at this time.

In April of this year, the administration and the Congressional Budget Office were estimating no deficiency payment costs for the 1981 crops. Yet, it is now safe to say that deficiency payments for wheat, rice, sorghum, and barley will cost nearly three-quarters of a billion dollars for the 1981 crop—fiscal year 1982.

I have said repeatedly since we embarked on the process of putting a 1981, 4 year farm bill together that the best farm program that Congress and the administration could provide farmers and producers is one that would see inflation cut to a reasonable level and a sharp reduction in interest rates. I believe that President Reagan's economic recovery program will provide that inflation and interest reduction for which we all are looking if it is given time to work.

Even now we have seen some deflation psychology abroad in the land as we have reduced Federal budgets and cut Federal regulations. Prime interest rates are being reduced, and I hope this continues. However, we must continue to fight inflation and mammoth Federal deficits so that we can help reduce farmers' expenses and production costs through lower interest rates and lower planting and harvesting costs.

Perhaps those who are claiming this will be the last 4 year farm bill that Congress will enact are right. However, farmers and producers want and I believe need a 4-year bill. A 4-year bill which aids farm planning tied to the mechanism of the Commodity Credit Corporation, that provides commodity loans and target price safety nets among other things, is good for farmers and farming.

We can argue among ourselves whether dairy, wheat, or other farm commodities could have been treated better in this bill. But no one—I repeat, no one—in the farming community—or the public interest generally—will be served by the failure to adopt this conference report. Congress can look again at a bill it adopts today, but it will be much more difficult to pick up the pieces if this conference report is defeated.

The Congressional Budget Office told us that after the first of next year the numbers we have been using since August in putting this bill together will change and that its cost estimates no doubt will go up. I would paraphrase our former chairman, Bob Poage, by saying, "You can get something of what you want by voting for this conference report or a whole lot of nothing by insisting on its defeat."

Those who are calling for the defeat of this conference report are in my opinion trying to upset a fragile bipartisan compromise that has been worked out with farm groups, certain public interest groups, the Senate, the administration and the House conferees among others.

To those who hear the arguments of those who say we can do better with reversion to the 1949 and 1938 Farm Acts or those who promise quick extension legislative solutions, I urge you to weigh these arguments carefully against the history of the nearly 1 year's work on this measure.

Are we suddenly going to have unanimity on some amorphous new farm bill when the measure before you was snatched from the jaws of a deadlocked conference? Are farmers, consumers, and others willing to live with 1949 and 1938 Farm Acts that were passsed for a farm environment 30 and 40 years ago when allotment and quota concepts do not at all reflect shifts in planting from one section of the country to another?

Or, are we going to tell farmers and producers that they can live for a year or two or possibly more on 3-month extensions of the 1977 Farm Act or some other hastily drafted substitute?

Are we going to tell farmers and producers and others that we can pass a foreign aid bill, but we cannot pass a farm bill? I hope not.

Are we going to tell farmers and producers we are going to put our narrow interest ahead of their total and balanced interests for a 4-year bill that they want? Are we going to tell farmers we are going to stretch them out on a rack of 3-month extensions that makes largely ineffective any planning for the future and which would paralyze the Commodity Credit Corporation as a mechanism and a system to aid farmers?

I strongly urge my colleagues to support this omnibus farm bill conference report. If the history of the 1977 Farm Act is any standard, that act was amended each year after its passage. Certainly, legislative oversight over the 1981 farm bill will be continuing and comprehensive in future years.

Farmers and consumers are not ill-treated in this measure. It is a balanced, reasonable compromise that does not give one or another group all it wants, but the general welfare and public interest will be served by its adoption.

At this point let me review for you briefly certain of the titles of this conference report and what each contains.

Turning to the specifics of the conference agreement, I will comment on some of the major provisions.

TITLE I—DAIRY

The dairy provisions establish minimum support prices for milk. For fiscal year 1982, the minimum level is set at $13.10 per hundredweight. For fiscal years 1983–85, the minimum levels are set at $13.25, $14, and $14.60, respectively. While these levels are low in terms of parity, producers can receive a minimum support level of 70 percent of parity if estimated net purchases are less than $1 billion for the last 3 fiscal years. In addition, if the volume levels of anticipated purchases of milk or milk products are less than 4 billion pounds in fiscal year 1983, 3.5 billion in fiscal year 1984, and 2.69 billion pounds in fiscal year 1985, dairy producers can receive a minimum price support of 75 percent of parity.

It is clear that the parameters of these provisions will require the industry to make the appropriate decisions in order to bring the cost of this program down and reduce CCC inventories of dairy products to manageable levels. If they accomplish these goals, producers can expect to receive a parity price support which will be fair and at the same time provide stability to the delicate supply-demand balance of this important industry.

The conference report contains provisions which extend the authority for seasonal base dairy plans and the pricing criteria used in Federal milk marketing orders.

Several provisions were included to provide the Secretary with additional authorities to use outlets to reduce the

inventories of CCC-owned dairy products. The conferees also agreed to express their views that a limitation should be placed on casein imports and will formally propose them to the International Trade Commission.

Finally, the Secretary is directed to provide an assessment of the existing programs in terms of dealing with surpluses of milk and to determine the regional impact of proposed pricing mechanisms and the resulting social costs and benefits of these programs.

TITLE II—WOOL AND MOHAIR

The price support for wool and mohair was extended for 4 years in the 1981 farm bill. The support price for shorn wool will be set at 77.5 percent of the formula rate, a compromise between the tentative agreement reached in conference.

The bill retains the payment provision setting the total amount of wool payments to 70 percent of the total gross receipts of duties collected from wool and mohair imports. It also extended the reimbursement provision limiting the amount of appropriations for reimbursement to 70 percent of annual gross receipts from customs duties on imported wool in the preceding calendar year.

These provisions should assure an adequate supply of wool and mohair and provide stability in wool income to our producers and encourage domestic production.

TITLES III AND IV—WHEAT AND FEED GRAINS

Titles III and IV relate to wheat and feed grains, respectively. The basic provisions for wheat and feed grains are the same. We preserved the target price concept, price support loans, and authorities for crop land set-asides and paid diversions.

We set the minimum price support loan level at $3.55 per bushel for wheat, and at $2.55 per bushel for corn. Loan levels for other feed grains—grain sorghum, barely, rye, and oats—would be set by the Secretary of Agriculture based on his determination of a fair and reasonable relationship to corn.

Minimum wheat target price levels were set at $4.05 per bushel in 1982, $4.30 in 1983, $4.45 in 1984, and $4.65 in 1985. Similarly, corn target prices were set at not less than $2.70 in 1982, $2.86 in 1983, $3.03 in 1984, and $3.18 in 1985. As was the case for price support loans, target prices for grain sorghum, oats, and, if designated by the Secretary, barley, were to be set by the Secretary at levels deemed to be fair and reasonable with respect to corn.

The oats target price was mandated this time, because of our concern over potential shortages of the high quality oats used in some food processes. We felt that a mandatory oats target price would provide a signal to farmers that this administration considers oats to be an important crop. While we intend for the Secretary to maintain a target price that will encourage farmers to produce enough oats, we do not intend for the Secretary to stimulate overproduction.

We retained basic set-aside and paid diversion authorities contained in the 1977 act. These provisions were drafted to insure that the Secretary would have the flexibility he needs to properly administer the program. We rejected the House language requiring minimum set-asides when domestic supplies exceed trigger levels, because we felt that this provision would be too restrictive.

Our feeling was this: If the Secretary does not properly use the tools we have given him under these titles, we will have to come back with legislation compelling him to do so. This is not new in our committee. We have made needed adjustments in the 1977 act every year since it was passed.

These titles do not satisfy many Members from wheat and feed grain producing areas. The target price and price support loan provisions represent modest increases in current levels, but they fall far short of corresponding increases in production costs. This is not the bill that we would offer to you, if there were not such stringent restrictions on the budget this year.

TITLES V AND VI—COTTON AND RICE

Title V of the conference report contains provisions for both Upland and Extra Long Staple cotton. The provisions on Upland cotton continue most of the current program provisions through the 1985 crop. Loan rates would continue, too, based on a percentage of the market price with a floor of 55 cents a pound. Target prices were retained with a compromise reached so that target prices would be the higher of either 120 percent of the loan level or 71 cents a pound in 1982, 70 cents a pound in 1983, 81 cents a pound in 1984, and 86 cents a pound in 1985.

Additionally the Senate receded to the House regarding provisions relating to ELS cotton. These provisions revised the price support for ELS cotton so that no direct payments would be made to growers.

Title VI of the conference report deals with the rice program. Price support loans and target prices would be continued for the 1982-85 crops. The conference agreed to mandated target prices for each year as follows: $10.85 per hundred pounds in 1982; $11.40 in 1983; $11.90 in 1984; and $12.40 in 1985. A major change in the rice program is the elimination of allotments so that all producers will be eligible for program benefits.

TITLE VII—PEANUTS

Title VII of the conference report pertains to the peanut price support and marketing programs. While the House-passed farm bill contained a limited peanut program, the Senate-passed bill basically extended the 1977 law, with higher price supports. The conferees accepted a compromise that contains a diminishing national poundage quota and price support levels beginning at $550 per ton for quota peanuts in 1982, with increases for the remaining years capped at 6 percent. Additional peanuts are to be supported at levels that will result in no losses to the Commodity Credit Corporation. The conferees decided that the abrupt elimination of the peanut program that has operated to the benefit of consumers and farmers alike was unwise. This scaled-down version attempts to continue to provide our consumers with adequate supplies of high-quality protein peanuts while giving American peanut farmers minimum assurances of a fair return on their investments of labor and money.

What I consider was the most controversial component of the peanut program, the acreage allotment system, has been eliminated, and I hope my colleagues can accept the peanut provisions of this conference report.

TITLE VIII—SOYBEANS

On title VIII, soybeans, the House receded to the Senate. This was because the price series we adopted as the basis for the soybean price support loan is no longer reported by the Department of Agriculture. Thus, the Senate language represents a minor change, more in the nature or a technical amendment, that will enable our formula to function.

TITLE IX—SUGAR

Title IX provides for a price support loan program for sugar beets and sugarcane. As the House-passed bill contained no provision for sugar, the House conferees receded to the Senate and agreed to support sugar beets and sugar cane at the following levels: From date of enactment to March 31, 1982, sugar would be supported with a purchase program at 16 to 75 cents per pound. Beginning October 1, 1982, a loan program would be implemented at 17 cents per pound for the 1982 crop; 17.50 cents per pound for the 1983 crop and 17.75 cents per pound for the 1984 crop; and 18 cents per pound for the 1985 crop.

TITLE X—GRAIN RESERVES AND NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

On title X—grain reserves and the National Agricultural Cost of Production Standards Review Board—we receded to the Senate. There was a notable exception: We retained the House provision regarding forgiveness of violations, as offered by Mr. Evans, our distinguished colleague from the State of Iowa.

The reason we adopted much of the Senate language on grain reserves is that, like the set-aside and paid diver-

sion provisions under titles III and IV, we felt that the Secretary should have discretionary authority to deal with the changing situation. The House receded on this point only after we received assurances from the administration that the program would continue to be operated as it is now.

Similarly, on the National Agricultural Cost of Production Standards Review Board offered on this side by our distinguished colleague from Kansas (Mr. ROBERTS), we receded to the Senate. This is because the Senate language had been modified to include a number of technical amendments to make this provision acceptable to the administration.

TITLE XI—MISCELLANEOUS

Section 320 of the Agricultural Adjustment Act of 1938 provides that nonquota tobacco produced in any area of the Nation where marketing quotas for any kind of tobacco are in effect will be subject to the quota for the kind of quota tobacco traditionally produced in that area, except tobacco that the Secretary determines is readily and distinguishably different from any other tobacco produced under quota. The House amendment would make the "readily and distinguishably different" exception inapplicable to Maryland (type 32) tobacco, when not under quota, to marketing quotas when such tobacco was produced outside the State of Maryland in any quota area.

The conference also adopted language concerning inspection, sanitation, quality, species verification, and residue standards for all meat products imported into the United States.

The provisions essentially require that exporting countries shall be subject to the standards that are applied to domestically produced products.

The Secretary is required to enforce these provisions through random inspections for species verification and for residues. In addition, random samples will be made of internal organs and fat of the carcasses for residues at the point of slaughter of the exporting country.

In light of the recent problems we have incurred with adulterated meat entering this country, this language will improve existing statutes and provide consumers a safe and reliable product before it enters our food distribution channels.

TITLE XII—AGRICULTURAL EXPORTS AND PUBLIC LAW 480

Let me say a few words about title XII of this farm bill, which deals with agricultural exports and Public Law 480. We all know of the important role our farm exports play. Agriculture's contribution to our balance of payments problem is very great. A large portion of our imported oil bill is paid for in this way. We have long recognized that we must find more markets overseas, and over the last few years we have been setting new records both in volume and in dollar sales, but we must do even more work in this area. A strong farm export marketing program means that producers can maintain a high level of production at a profit. With such profitable production there is an assurance to our foreign customers that they will be able to get our quality products in such quantities that are sufficient and dependable year after year. I have long felt that we must provide for a direct export credit program. It is something offered by our competitors and expected by our customers. This type of program was phased out by the Carter administration and supplanted with a loan guarantee program whereby the foreign customer must arrange private financing, with our Government guaranteeing the credit in the event of default. This action was taken for budgetary reasons and has been carried over by the Reagan administration for the same reasons. This farm bill creates an agricultural export credit revolving fund which requires a one-time appropriation, since principal and interest repayments to the fund would generate money for future loans. The conferees to this farm bill indicated a confidence that such a one-time investment would return its value many times over and hoped that this provision could be funded in fiscal year 1983.

Another item in this farm bill that has generated much discussion in farm communities is that dealing with embargo protection. Since the last embargo, the so-called Russian embargo, the farmers of this Nation have felt that they were called upon to carry more of a load than was absolutely necessary under the circumstances. This bill addresses this problem by requiring the Secretary of Agriculture to compensate farmers whose products are affected by any future "selective" embargo on exports of agricultural products. Farmers will know that they will not in the future be singled out when an embargo is contemplated.

Another important feature of this farm bill is the extension of Public Law 480, the food for peace program, for 4 years, until 1985. I think all of us are in agreement that this program has proven to be very worthwhile and should be continued. Many countries originally helped when this program was initiated in 1954 are now our most important agricultural trading partners.

I support the food stamp portion of this conference report. I believe that you will find that the food stamp section is substantially the same as was contained in the farm bill passed by the House. There is one major difference—because there was one area in which the conferees could not agree—they reauthorized the food stamp program for 1982 only. However, the conferees did agree to review the program early in 1982 both to reauthorize the program for future years and to address other measures.

The provisions contained in the conference report will be a step toward tightening the administration of the food stamp program and eliminating fraud and abuse in the program. Additionally, the conference report allows any political subdivision that wishes to, to apply for a workfare project.

Some of you may know that the board of supervisors in one county in my district applied for one of the pilot projects for workfare. They are now operating a workfare project. I believe that all governing bodies in political jurisdictions should be able to have this choice. The conference report on the 1981 farm bill will enable them to do so.

The food stamp program is reauthorized for fiscal year 1982 and the "cap" is set at $11.3 billion, the estimate to fully fund the program for 1982. Please remember that the cost for the remaining portions of the farm bill over the 4-year period is about $11 billion and most of that money will be repaid. As you can see, the conference report contains funding for the food stamp program for 1 year that exceeds the cost of the farm bill for all 4 years. I believe that the conferees made sound decisions in their consideration of the food stamp program. I urge you to support this conference report.

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1981

On the opening day of the 97th Congress, I introduced the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981, H.R. 23. This bill was subsequently modified and was introduced jointly by myself and Mr. BROWN of California on March 13, 1981, as H.R. 2561. The bill remained relatively intact through the legislative process, and was incorporated as title XIV in the 1981 farm bill. These provisions of this title will extend and improve upon title XIV of the Food and Agricultural Act of 1977 over the next 4 years. The most important features of the title XIV amendments, are:

First, they provide for a new Assistant Secretary of Agriculture to manage and speak for agricultural research and education in the Department of Agriculture itself, and throughout the Federal budget, research and education system, a task that has not been accomplished for several decades; second, they improve upon existing arrangements and establish in the statutes a lasting basis for Federal-State cooperative partnership in research, extension, and teaching in the food and agricultural sciences at the State land-grant colleges and universities; third, they increase the

membership of traditional agricultural advisory bodies under the title and change the submission dates of reports by these advisory bodies, thus making the receipt of this data more timely and practical; fourth, they place added emphasis on animal disease and health programs; fifth, new initiatives to establish aquacultural and rangeland research, and extension programs within USDA and among the States are authorized; sixth, funding authorizations for research, extension, and teaching programs in the food and agricultural sciences are reestablished and extended for another 4 years; seventh, they include authorization for a research and extension program for rural development and small farm problems; and eighth, they include provisions to increase the funding for research and extension at the 16 so-called 1890 black land grant colleges plus Tuskegee Institute based on a revised formula funding system.

TITLE XV—RESOURCE CONSERVATION

One of the most serious problems this country faces today is the permanent loss of productivity from our land due to improper management and erosion. Rising demands on American agricultural productivity, the conversion of cropland to urban use, and extreme drought conditions throughout the country have caused severe damage and loss to our agricultural land base. It is imperative that we take appropriate action on this critical problem.

Title 15 of the farm bill, the Resource Conservation Act, seeks to address our critical soil and water conservation problems in a rational and comprehensive approach. The resource conservation title authorizes a new "special areas conservation program" to identify geographic areas which suffer special, chronic erosion problems and to focus financial assistance on conservation in these areas; authorizes, subject to separate, later action on appropriation bills, USDA loans to farmers for conservation work; and authorizes a test of the feasibility of reducing excessive sedimentation in existing reservoirs. The legislation gives the Secretary authority to accept volunteers in USDA conservation, resource and other programs; authority to use Soil Conservation Service personnel and equipment to help local authorities in search and rescue operations in emergencies; and authority for experimental projects to improve water quality in surface-mined areas.

Title 15 further establishes a Farmland Protection Policy Act aimed at minimizing the impact of Federal actions on conversion of agricultural land to other uses. Finally, this title provides a legislative base for the resource conservation and development program to aid States, localities and nonprofit agencies in dealing with local resource problems.

I would also like to point out, Mr. Chairman, that the recently announced RCA program which outlines the Secretary of Agriculture's recommendations for a comprehensive soil and water conservation program, contains many of the ideas and strategies contained in the resource conservation title of the farm bill. The Department has pledged to work closely with the Agriculture Committee and Congress in incorporating title XV into the implementation of the RCA program.

TITLE XVI—CREDIT, RURAL DEVELOPMENT AND FAMILY FARMS

The credit, rural development and family farms title of the farm bill, title XVI, contains several provisions which should serve to benefit rural America while improving the efficiency of several Federal rural development programs. The economic emergency loan program of the Farmers Home Administration is extended for 1 year with a $600 million limit on guaranteed and insured loans made during the extension. The Secretary of Agriculture will have discretionary authority to use this program so that its resources can be targeted to persons and areas most in need of economic emergency loan funds.

Title XVI also extends for another 10 years the authorization for Federal stock purchases in the rural telephone bank, and removes obstacles to FmHA loans for unmarried persons. The Farmers Home Administration also is authorized under title XVI to make operating and ownership loans to small farm production cooperatives, and the statement of manager's language seeks to clarify congressional intent in regard to the administration of the FmHA water and waste disposal loan program as revised under the Omnibus Budget Reconciliation Act of 1981.

In order to cope with regional storage problems, the credit and rural development title of the farm bill requires the Secretary of Agriculture to make farm storage facility loans available in areas experiencing storage deficiencies. Finally, title XVI contains a policy statement supporting the family farm system, and requires an annual USDA report on family farm operations.

TITLE XVII—FLORAL RESEARCH AND CONSUMER INFORMATION

This title of the bill creates a program under which members of the floral industry, working through an industry floral board, can voluntarily assess themselves to raise funds for promotion and research. The program applies only to cut flowers, potted flowering plants and foliage plants.

REVERSION TO PERMANENT LAW

In conclusion, I want to remind my colleagues in the House that if this conference report should fail and the provisions of permanent law should go into effect for the commodities, a whole new set of problems would be created, not the least of which would be cost. Federal outlays would rise substantially to pay for commodity programs that have little relevance to the agricultural situation today. The following explanation of the effects of reversion to basic legislation, prepared by the U.S. Department of Agriculture, outlines some of the problems that would arise from such a turn of events.

REVERSION TO BASIC LEGISLATION

Without passage of new legislation, price support and production adjustment provisions of the 1977 act for the major commodities will revert to permanent legislation—1949 act for price support and 1938 act for marketing quotas and acreage allotments.

DAIRY

Beginning January 1, support would range between 75 and 90 percent of parity, adjusted annually, with support above 75 percent at the Secretary's discretion. On January 1, support would rise to $13.49 per hundredweight, costing an estimated $379 million more in fiscal year 1982 than if the support remained at $13.10 per hundredweight.

WHEAT

Per recent legislation, a referendum would be conducted not later than December 31 to determine whether wheat producers are in favor of a marketing quota for the 1982 crop. Farm allotments must be determined regardless of the outcome of the referendum. If quotas are disapproved, the support loan rate is at 50 percent of parity (about $3.77 per bushel) for allotment wheat. If quotas are approved by at least two-thirds of the producers voting, price support would be at 65 to 90 percent of parity ($4.90 to $6.79 per bushel). If the support loan is less than the total support level as proclaimed by the Secretary (65–90 percent of parity), the difference is made up with certificate payments, which would impact directly on consumer prices. The cost of the wheat program for fiscal year 1983 would be about $491 to $1,106 million higher than the conference provisions. A basic loan rate of $3.55 per bushel is currently assumed for 1982 crop wheat.

An additional problem is that no data base exists for allocating the national allotment down to the farm level.

FEED GRAINS

Price support through loans and purchases would be at 50 to 90 percent of parity ($2.73 to $4.91 per bushel, corn) beginning with the 1982 crop. If there is an acreage diversion in effect, the minimum price support is 65 percent of parity. No allotments or marketing quotas are applicable. A basic loan rate of $2.55 per bushel is currently assumed for 1982 crop corn.

The cost of the feed grain program in fiscal year 1983 under the reversion would exceed the cost of the conference provisions by $208 million.

UPLAND COTTON

A national marketing quota was proclaimed on October 15. A referendum must be held prior to December 31, per recent legislation. The minimum allotment is 16 million acres—less than is expected to be planted in 1982. However, two major problems exist with the cotton allotment: (1) no data base exists to allocate it to the farm level and (2) cotton production has shifted away from the States where the allotments are presently held. Allotments cannot be transferred across State lines.

Price support must be between 65 and 90 percent of parity (82.6 to 114.3 cents per pound) is the quota is approved in the referendum. If it is not approved, support is at 50 percent of parity (63.5 cents). A loan rate of 57.1 cents is currently assumed for 1982-crop cotton. For fiscal year 1983, the cotton program would cost $28 million more under reversion than under the conference bill.

RICE

Acreage allotment and marketing quota authority would be applicable to remain in place. A referendum must be held within 30 days of an announcement of the quota (not later than January 30). The quota is in effect unless rejected by at least one-third of rice producers voting.

When a quota is in effect, price support is between 65 and 90 percent of parity ($14.61 to $20.23 per cwt). Export subsidies could be paid. If the quota is not in effect, price support is at 65 percent of parity. A loan rate of $8.14 per cwt is currently assumed for 1982-crop rice. The cost of the rice program is projected $52 million higher under reversion than under the conference provisions. Over $500 million for export subsidies could also be paid.

PEANUTS

Marketing quota was announced on December 1. A referendum must be held by December 15, which would establish the quota for 3 years unless rejected by at least one-third of the peanut producers voting. Price support would be at 75 to 90 percent of parity ($701 to $841 per ton) if quotas are in effect. If quotas are not in effect, support would be at 50 percent of parity ($467 per ton). The differentiation between "quota" and "additional" peanuts would not exist. A loan rate of $550 per ton is currently assumed for 1982-crop quota peanuts in accordance with the conference provisions. The cost of the peanut program in fiscal year 1983 is projected $189 million higher under reversion.

SOYBEANS

Mandatory price support for soybeans would end with the 1981 crop. For the 1982 and subsequent crops, if support were provided for soybeans it must also be provided for cottonseed. Currently, the loan rate for the 1982 crop is assumed at $5.02 for soybeans.

WOOL AND MOHAIR

The current program of support at 85 percent of the formula price will expire on December 31. Discretionary authority for price support beyond this date is contained in the 1949 act. Price support through loans, purchases, or other operations may be provided at 75 to 90 percent of parity. If there were a wool program for the 1982-83 marketing year, support for shorn wool would be at $1.49 to $1.79 per pound. The support rate currently assumed for the 1982-83 season is $1.37 per pound.

SUGAR

No program required under basic law.

GRAIN RESERVE

Authority to operate the reserve would continue. If a reserve is in effect, resale prices would be at 105 percent of the call prices.

COMMODITY COST OF REVERSION

For fiscal year 1982, reversion would cost $0.7 to $1.6 billion more than the conference provisions. For fiscal year 1983, the cost of reversion exceeds that of the conference provisions by $2.1 to $2.9 billion.

P.L. 480

Authority to implement the Agricultural Trade Development and Assistance Act of 1954, (P.L. 480) presently expires December 31, 1981. No other authority is available which would permit CCC to extend concessional financing on the same terms as now permitted in titles I and III or to make foreign donations as presently authorized by title II.

FOOD STAMP PROGRAM

If the omnibus farm bill is not enacted, there would be no authorization for appropriations to conduct the food stamp program for fiscal year 1982.

TITLE XIV—AGRICULTURAL RESEARCH, EXTENSION AND TEACHING

In general, the authorizations for appropriations for the agricultural research, extension, and teaching programs expire on September 30, 1982. An exception is the authorization for appropriations for title V of the Rural Development Act of 1972, as amended (7 U.S.C. 2651 et seq.), which expired on September 30, 1981.

Also, the terms of the Joint Council on Food and Agricultural Sciences, the National Agricultural Research and Extension Users Advisory Board and the Animal Health Science Research Advisory Board expire on September 30, 1982.

COMPARISON OF ESTIMATED CCC NET OUTLAYS FOR S.884 AS REPORTED BY THE CONFERENCE AND REVERSION TO BASIC LEGISLATION

[Million dollars]

	Fiscal year					
	1982	1983	1984	1985	1986	Total 1982–86
Wheat:[1]						
Conference	1,532	164	537	449	359	3,041
Reversion yes	2,550	1,270	.....	.....	.....	.....
Reversion no	1,738	655	.....	.....	.....	.....
Feed Grain:						
Conference	1,077	418	272	158	−51	1,874
Reversion	1,077	626	.....	.....	.....	.....
Soybean:						
Conference	−60	−25	0	−10	10	−85
Reversion	−60	−146	.....	.....	.....	.....
Upland Cotton:[1]						
Conference	158	−28	−12	11	8	137
Reversion yes	158	0	.....	.....	.....	.....
Reversion no	158	−31	.....	.....	.....	.....
Rice:[1]						
Conference	90	82	10	9	10	201
Reversion yes	90	134	.....	.....	.....	.....
Peanuts:[1]						
Conference	42	−4	1	5	5	49
Reversion yes	68	185	.....	.....	.....	.....
Sugar:						
Conference	−9	.....	.....	.....	.....	−9
Reversion	−9	.....	.....	.....	.....	.....
Wool:						
Conference	38	31	48	69	82	268
Reversion	38	.....	.....	.....	.....	.....
Dairy:						
Conference	1,058	852	713	552	537	3,712
Reversion	1,437	1,596	.....	.....	.....	.....
Farm bill commodities:						
Conference	3,926	1,490	1,569	1,243	960	9,188
Reversion yes	5,349	3,665	.....	.....	.....	.....
Reversion no	4,537	3,019	.....	.....	.....	.....
All other CCC outlays:						
Conference	352	259	534	409	305	1,859
Reversion yes	527	1,000	.....	.....	.....	.....
Reversion no	415	840	.....	.....	.....	.....
Total CCC outlays:						
Conference	4,278	1,749	2,103	1,652	1,265	11,047
Reversion yes	5,876	4,665	.....	.....	.....	.....
Reversion no	4,952	3,859	.....	.....	.....	.....

[1] Referendum required. Analysis done with both "Yes" and "No" vote for wheat and cotton.

Mr. Speaker, at this time I yield 2 minutes to the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. I thank the gentleman for yielding.

Mr. Speaker, I have worked long and hard on this bill. I have served on the conference committee. All of that I have gone through I must sum up in a mere 2 minutes. This will not be easy to do.

What I would like to do is to use this chart here, because I think it says it all.

What we have done to what the House did is unbelievable. I could go on with what we did to the grains, the fact that we put a sugar bill in when we did not have one, and all those things, and the House voted it out.

Let me point out those two things we voted so overwhelmingly on and what we did to them. We voted for a reasonable dairy bill, 255 to 153. We voted to do away with the peanut program, 250 to 159. What did we come back with? We went out with a reasonable dairy program of a 4-percent increase over the 3 years here—down to 1 percent.

Peanuts for that 3-year period, we went up 33 percent. The House said do away with it. We said increase it.

□ 2030

The House said, do away with it. We said, increase it. We said do a reasonable dairy program. The conference committee says cut it almost out.

The rest of my time I am just going to stand here and ask you to focus on that farmer, and I am just going to stand here in silence for the thousands of young farmers—for the thousands of young farmers that are going to die economically unnecessarily because of this bill, and for the billions of dollars that the consumers are going to pay unnecessarily because of this act.

The SPEAKER pro tempore. The gentleman's time has expired.

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from South Dakota (Mr. DASCHLE).

Mr. GLICKMAN. Mr. Speaker, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Speaker, I intend to oppose the conference report on the farm bill. I cannot, in good conscience, support legislation that will likely cost far more than the administration's estimations, while at the same time undermine America's agricultural foundation. The bill threatens the future of Kansas farming, the very underpinning of the State's economy. Other farm areas, as well, will not be spared the bill's negative effect.

I oppose the bill for three reasons:

First, the bill is costly because it lacks the creative, cost-effective provisions of the House-passed version and, instead, relies on payments from the Treasury. For instance, the set-aside provision in the House bill would have saved the taxpayers $1.7 billion, according to the Department of Agriculture estimates. The provision would have bolstered farm income. The administration opted for a more costly and less certain discretionary approach that entails no savings. The administration has been saying publicly that the bill will cost $11 billion, but USDA sources indicate that it will reach closer to $15 billion. I am afraid they are using mirrors in trying to show that this bill is less costly than other versions.

Second, the bill contains no price strengthening mechanism to avoid the deficiency payments that are paid to producers whenever prices are below certain targeted levels. These payments come directly from the Treasury. Because no end to low prices is in sight, expensive payments will likely result. Farmers don't want Government intervention. They want markets that work. But, by encouraging fence row to fence row production and low prices in the bill, the Government will still have to make these payments. The bill maintains an expensive program that, for all its cost, does nothing to shore up a weakened farm economy.

Third, the bill helps out a range of less significant commodities, such as peanuts and tobacco, but allows inadequate support to our most basic crops—wheat and feed grains. While all agriculture needs to be revitalized, the bill's priorities are misdirected when overriding political considerations permit smaller commodities to have precedence over those which are the basis of American agriculture.

Not everything in the conference report is bad. Certain provisions, such as embargo protection, expansion of export credit, and a cost of production board would help the agricultural economy. They are not, however, by themselves enough to persuade me to vote for the bill when wheat and feed grains are treated so shabbily.

The people of my district fully understand that a failing agricultural economy contributes to a failing total economy. They fully understand that the issue is not only economic but strategic, as well. Our national defense is enhanced when there is strong agricultural production; it is weakened when there is not. Surely we can come up with a farm bill that does not undermine the farmer. This legislation is irresponsible and unrealistic. It would set up a disastrous economic future for farmers and for our total economy.

Mr. DASCHLE. Mr. Speaker, this has been a long, very hard fight, one that so many Members have participated in from both sides of the aisle; one in which we have put a great deal of effort in to bring about some equity. The fact is that the doom on this bill was sealed when we passed the budget resolution last spring. Now, we come before this body under that very austere budget resolution and expect our producers to swallow—to swallow the fact that they are going to have to absorb one-third of their cost of production for the next 4 years, one-third of their cost of production when they spend 66 percent of their income on interest alone, when they have lost net farm income of some 69 percent since 1979.

So, indeed we are seeing what I think is the most austere of austere budgets when we look at the farm program this year, and indeed it is probably the most inequitable piece of legislation on which this Congress is going to have to act this year, as we close out this congressional session.

Mr. WAMPLER. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Missouri (Mr. COLEMAN).

Mr. COLEMAN. Mr. Speaker, we have heard people speak this evening on the farm bill. They are going to vote against it because is has something to do with peanuts. Some are going to vote against it because it has something to do with sugar. Others are going to vote against it because it has food stamps in it. Other Members are not happy with the target and loan prices because they are too low. Others, believe it or not, think they are too high.

The question is, What are we going to do? There is very little we can do. I was a conferee, and frankly, I wish we had a little bit more generous bill that we could bring to the floor this evening, but that was not in the works. I feel the administration was too unyielding, but the fact of the matter is, Mr. Speaker, we are now at the point when we have to make tough decisions.

I am not wildly enthusiastic about this farm bill. We have just three options available to us this evening. The first one is, do not approve the conference report; send it back to conference to get better target and low price figures for farmers. Mr. Speaker, the President has said that he has drawn the line. This is the best deal we could come out of conference with. He will veto anything above these figures. If we go back to conference we are not going to gain anything by it. We cannot override a veto.

We have a second alternative. The second option we have this evening is to extend the current 1977 farm bill by a year, but that begs the question. How can we do that without getting right back down to the dollars and cents budget issue—how much for this subsidy, how much for that price support?

If we cannot work it out in this bill, we cannot work it out in a 1-year extension.

Finally, we could throw up our hands and go home and do nothing. Then we would revert back to the 1949 act. Mr. Speaker, under the 1949 act in 2 short years we will have $4.5 billion more in expenditure on farm programs than what we are bringing to the floor this evening. That is a budget buster. That is going to raise interest rates or keep them high for the American farmer, which is the last thing that any of us who are concerned about the farmer want to see happen.

Mr. Speaker, I do not know anybody who endorses this bill enthusiastically, but I can enthusiastically endorse passage of it this afternoon because it is the only viable alternative we have left at this late hour. There have been statements that this bill has a 1-year food stamp proposal in it, that somehow we are going to ax the food stamps for next year. We will talk about that later on, but I want the Members to know that this bill does have food stamps in it—$11.3 billion worth.

People have said, "Well, if we do nothing on this bill the food stamp program just keeps rolling right along." That is in error because the food stamp authorization is contained in this bill, not any other piece of legislation on the books. We are short $1

billion for the food stamp program for next year. If we do not pass this bill tonight, we are going to be short $1 billion for the food stamp program for 1982.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. COLEMAN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, we have heard a lot of discussion in the debate on the rule on the point the gentleman just made, that we would revert to the 1949 act, is not true. Is that correct or not?

Mr. COLEMAN. If we come up with no bill this year, tonight, this session, we will go back to the 1949 act, and it will cost $4.5 billion more than the $11 billion that this bill has in it for farm programs.

Mr. ROUSSELOT. Well, but the statement is, "Oh, no, we will get some kind of a simple extension for 30 days, 90 days." Is that true?

Mr. COLEMAN. I do not think that there is a consensus to go out and try to get a 90-day continuation of the present farm bill because we cannot decide on target and loan prices. We cannot decide on the budget figure. That is why we are having the big discussion this evening. Just extending it 3 or 4 months or for 1 year is not going to solve the question.

Mr. ROUSSELOT. There are some of my colleagues on the Democratic side that want to revert to the 1949 act.

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. LUNDINE).

Mr. LUNDINE. Mr. Speaker, I rise in opposition to the conference report on S. 884, the Food and Agriculture Act of 1981.

The conference report is clearly inadequate and should not be accepted. It is unfair in its treatment of various commodities, requiring major sacrifices from some producers in order to finance new or increased subsidies for other, more favored producers. The legislation reduces dairy support prices to an historic low and provides inadequate support for such key commodities as wheat and feed grains.

At the same time, it provides new and costly subsidies for sugar producers and continues the current peanut program with a sizable increase in support prices. The report also protects commodities such as tobacco, cotton, and rice from the kind or program reductions that have been made in all other domestic programs.

The major share of sacrifice in this legislation will come from the Nation's dairy farmers, who will see the dairy support price drop below 60 percent of parity by 1985. The bill would permit higher milk support levels, but only under circumstances in which a large number of dairy producers would be driven from the market. Let me emphasize that this is exactly what this legislation will do—it will undermine the viability of the small dairy farm and force many dairy producers out of business.

Equally important, the conference report does not encourage or facilitate the expansion of American agricultural production. If anything, it continues to restrict production of key commodities, stifles agricultural productivity, and inhibits the increased sale of American agricultural products abroad. This is clearly not a producer's bill. It is a corporate subsidy bill. It provides sizable benefits to the largest agricultural producers and processors at the expense of both farmers and consumers.

For the first time, certainly in my memory, we are seeing a major farm bill opposed not only by the major national organizations representing consumers, but also most of the national associations representing farmers. It comes as no surprise that the major source of support for this bill comes from the large corporate producers, the processors, the middlemen, and the allotment holders. Thanks to well-organized, well-financed lobbies, these groups alone will benefit from this legislation.

I have heard the argument made in support of this legislation that the American people are tired of "business as usual" in Washington. Let us not fool ourselves. This bill is business as usual. It represents the kind of commodity deals and tradeoffs between agricultural lobbies that have dominated congressional actions on farm legislation for the past 40 years.

I am particularly concerned with the peanut provisions in the bill. The House conferees completely ignored a 250 to 159 House vote to end the current peanut allotment and quota systems. Instead, the House conferees accepted Senate language that continues almost unchanged the current program. It substitutes "poundage quotas" for acreage allotments and uses the quotas to restrict all domestic production and Government subsidies to current allotment holders.

Instead of acreage allotments, the poundage quotas will now dictate where peanuts will be grown, who can grow them, and how much will be produced for domestic consumption. Peanut farmers will still be required to pay unnecessary and costly lease payments to current allotment "lords" for the right to plant peanuts and sell them on the domestic market. Last year, at a $455 per ton support price, these allotment leases added more than $200 million to the cost consumers paid for peanuts and peanut products.

The conference report increases this cost to consumers by raising the peanut support price to $550 per ton, an immediate 21-percent increase. It also provides an escalator that will increase price supports by 43 percent over the life of the bill.

No other commodity is so favorably treated in this legislation. And this, I must point out, is a commodity support program that was opposed by 250 Members of the House and 47 Members of the Senate. The provision overwhelmingly supported by the House would have provided a straight loan support program for peanuts at a price support level closer to the $250 per ton world price for peanuts rather than the outrageous $550 per ton price in the legislation.

Let me also point out that the conference committee accepted new peanut restrictions that were not subject to conference and require a special waiver for consideration. It eliminated provisions in the Senate bill that would have made it easier to transfer production quotas to actual farmers and would have permitted the transfer of quotas anywhere within a State. These and other changes made by the conferees provide for tighter control over peanut production than envisioned even in the Senate bill.

The conference action on peanuts represents a repudiation of the House position on the issue and a capitulation to both the Senate and the Reagan administration.

Legislation which raises peanut price supports by 43 percent while reducing dairy supports from 80 percent to 58 percent of parity is clearly inequitable. Legislation that adds $6 million to consumer costs for peanuts and sugar alone is unacceptable. Such legislation should not be approved.

I urge the House to defeat the conference report and send it back to conference.

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. ROSE).

Mr. ROSE. Mr. Speaker and my colleagues in the House, you may not like this bill for any number of reasons, but for Lord's sake, let us get a few things straight about the peanut program.

I cannot believe the chart that my good friend from Vermont just showed the Members here on the floor. The peanut program, by all USDA's estimates, is going to cost zero. Has anybody in this place told the Members that the dairy program is going to cost zero, JIM? When you compare the peanut program with the zero cost in the budget to the dairy program—now, I am for the dairy program. I used to be chairman of that subcommittee, and I continue to support it despite charts like that that misled the Members of this House. That is just simply not the facts.

We have opened up peanut production to anybody that wants to grow peanuts. That has not been stated in

this body accurately. The Skippy Peanut Butter Co. says the sales of Skippy, the largest selling peanut butter in the United States, increased in 1980 despite the U.S. peanut crop shortage. Peter Pan, S Mark, profits up. Planters say, "We succeeded in increasing the market share and positioned ourselves well for 1981." That is from the annual reports of the companies that make peanut butter.

□ 2040

We have trimmed to the bone in the conference the peanut program. We have removed all the costs from it. We have reduced from 1.44 million tons down to 1.1 million tons, the national quota, and said anybody can grow the others.

I even got PAUL FINDLEY happy with the peanut program. PAUL FINDLEY, the man who has been against this program, is going to support it, and I urge my colleagues to do the same.

Mr. WAMPLER. Mr. Speaker, I yield 3 minutes to the gentleman from Montana (Mr. MARLENEE).

Mr. MARLENEE. Mr. Speaker, as a member of the Agriculture Committee, as a member of the conference committee, let me make it clear that I rise in adamant unequivocal opposition to this conference report.

The 1981 agriculture bill is a tragedy, a tragedy that occurred because this administration had a mind set to write a bill that had no exposure, and no risk. And that is exactly what they have. A bill that is like an insurance policy that has no cost, no premium, and tragically, no coverage.

The bill is a tragedy because using USDA's own projections and estimates we could have written a measure that had little exposure and little risk and yet gave grain producers a higher market price. Not from the Treasury but from the marketplace.

The bill is a tragedy because it turns its back on $3 billion in increased revenues from the export market, $3 billion more over the life of the bill with no additional exposure to the Treasury.

I offered that formula to the conference with unanimous support on the House side—yet it was rejected by the Secretary of Agriculture and a Senate vote of 5 to 3.

For those of you who may be leaning toward voting for this measure, I would urge you to ask yourself what would $3 billion of foreign capital infused into the economy of this country do for renewed vigor and economic activity; $3 billion extra of foreign capital would create approximately $21 billion worth of economic activity. But tragically instead we wrote a farm bill that turned its back on that, turned its back on the farmers of America and gave them instead a bill that allows the relative parity position of the grain producer to slip $1.10 during the life of the bill, when this producer is now selling his product at less than 50 percent of parity. That is tragic.

Yes, I have heard the dire predictions of what would happen if we did not pass this report. Well, I do not buy that line either. The Secretary has stated they will come back with budget figures that are lower. I might ask if he cannot sell this bill, how could he sell one that is worse?

Predictions that reverting to the 1949 act would be a disaster are not true for the grain producer. At least under that act, the grain producer is covered by tying the loan to the parity level or cost of production.

There are options open if this report is defeated:

First. The chairman can request a new conference.

Second. He can request a new conference and ask the House for instructions.

Third. We can let the bill die and write a 2-year proposal.

Fourth. We can extend the 1977 act 2 years.

When the Members of this body vote, I ask you to keep these facts in mind.

The market price of wheat is now $3.20 f.o.b. Montana. Last year it was $4.70.

The cost of producing that bushel is now $6.51. Parity is $7.13.

This bill turns its back on $3 billion in additional export revenues.

This bill turns its back on the producers.

This bill steals tariff revenues that rightfully belong to the wool producers.

This bill deserves to die.

I urge you to defeat the conference report.

Mr DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Speaker, instead of this extremely bad bill, this conference report, what we should be doing is putting this provision, getting the farmer a higher price for our foreign export sales. Now we bankrupt the farmer, we bankrupt the Treasury, we bankrupt the consumer.

Instead, we should defeat this bill and bring back a bill that sets higher prices for our foreign sales and get the billions of dollars more from countries like the Soviet Union, Japan, and Germany that can afford to pay it. Our farmers cannot.

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Speaker, I thank the chairman for yielding. I compliment him and the gentleman from Virginia (Mr. WAMPLER) for their work on this bill.

But I have to tell my colleagues in the next 24 months we will have more farm bankruptcies in the United States than at any time since the Great Depression. If my colleagues take a careful look not at the commodity section, that is bad enough, but if they look at the credit section in this bill and then go on over and look at the conservation section in this bill, I think they just might agree with me if this bill becomes the law of the land and governs our agriculture for the next 4 years we will plow under 10 percent of the American farmers.

I really do not think that is what my colleagues want to do, but that is what this bill is going to do. Mark my word.

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from Kentucky (Mr. HUBBARD).

Mr. HUBBARD. Mr. Speaker, I rise to speak in opposition to passage of this bill.

Most of the farmers in my district are opposed to this measure.

With the adjusted farm income at the lowest level since the Depression, this bill will only contribute to the economic disaster that we now have in rural America.

During the past several weeks, as I have traveled through the agriculture-rich First Congressional District of Kentucky, I have talked to many farmers who have told me that they are on the brink of financial ruin. The financial destruction of the family farm has a ripple effect throughout the economy, hurting the storekeeper, banker, homebuilder, and many, many others.

I believe passage of this bill will lead to serious dislocations in farming areas, and to the financial ruin of many young, beginning and highly leveraged farmers in my district.

I owe it to the farmers of my district, yes, all the people that I serve in western Kentucky, to oppose this bill.

Mr. WAMPLER. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Speaker, in 1977 for the first time I supported a general farm bill. I did it with misgivings. Today I support this bill enthusiastically. But my own experience of the prior 20 years in dealing with farm legislation makes me understand the feelings of those who almost automatically want to vote no when a farm bill comes up. I can understand the feelings of those who tried to strike out the sugar provisions of this bill because in 1965 I began an effort to do away with the sugar program, which then was involved with country quotas, to the great embarrassment of our country and this institution.

So I can understand those who were very elated when the Peyser amendment prevailed.

I have also had a longstanding desire to see the peanut title of this legislation reformed because it seems to me really against our traditions as a

nation to limit the franchise to grow peanuts to certain people who owned lands, 30, 40 years ago. That really is out of tune with our traditions.

I have also felt that we ought to do some reform on tobacco. I suspect that many in this Chamber and others who will be tuned in on television might share in the same feelings that I have just expressed.

In each case those who share these feelings can vote for this bill with enthusiasm. Those who supported the Peyser amendment can rejoice because the effect of their missionary work brought down the beginning support price for sugar from 18 cents to 16.5 cents, and in the field of sugar that is a big reduction.

Those who supported the Lundine amendment can rejoice in the fact that their hard work to bring about a reform in the peanut program did result in a substantial reduction of about 10 percent in the price support for peanuts as contrasted with the Senate version, and about an 18-percent reduction in the poundage quota over the lifetime of the bill, opening up the right to grow peanuts to anyone in this land. That is a big reform.

□ 2050

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I know the gentleman has for years worked in this committee to try to reduce subsidies in many of these areas.

Now, we have had the statements and all kinds of charts, trying to indicate that there is some kind of a vast increase in peanut subsidies.

What will it cost the Government under this program for peanuts?

Mr. FINDLEY. The forecast for Government cost for peanuts is zero.

Mr. ROUSSELOT. Is what?

Mr. FINDLEY. In fact, the zero would have occurred at a higher level of price support.

The net cost to the Treasury is zero. That is quite in contrast to dairy.

Mr. ROUSSELOT. How would that cost the consumer more?

Mr. FINDLEY. Frankly, we are in a progression of reduction of poundage quotas which will reduce the price of peanuts to consumers.

Mr. ROUSSELOT. Reduce the price to consumers?

Mr. FINDLEY. Not as rapidly as the gentleman from New York (Mr. LUNDINE) would like but, nevertheless, progress in the right direction.

Mr. ROUSSELOT. Reduce the price to consumers

Mr. FINDLEY. Indeed. No doubt about it. And there will be no cost to the U.S. Treasury.

Mr. ROUSSELOT. So this is a consumer bill then?

Mr. FINDLEY. Indeed it is. Especially in regard to dairy.

Mr. ROUSSELOT. Well, we get confused when we hear from some of our colleagues who claim to represent the consumer all the time. And I know the gentleman has always fought hard to make sure that we are not subsidizing farm products so that it adds to the cost of the consumer.

Now, the gentleman can assure us that on the peanut program, the consumer is going to gain; is that correct?

Mr. FINDLEY. The gentleman is making the point beautifully.

And I want to make one further point, and that relates to dairy, in which the gentleman from Iowa (Mr. HARKIN) is very interested.

Dairy has been an enormous problem to the Treasury and to the consumer, and this bill brings about a very fundamental reform that will benefit all Americans.

I urge support for the bill.

Mr. Speaker, I think it would be a good idea to remind my colleagues of how far we have come with this bill since it was passed by the House.

True, we partially restored the sugar and peanut programs. I am not a fan of these programs. I voted against the sugar program and I joined my friend, the gentleman from New York (Mr. LUNDINE) in leading the fight for reforms in the peanut program.

But I support the sugar program reported by the conference committee. Today, the European Economic Community is supporting sugar at 27 cents per pound. That is almost double the support level contained in this bill. They were taking that sugar that they were paying 27 cents per pound to produce and they were selling their surplus—and, at 27 cents a pound, there is plenty of surplus—dumping it on the world market at 12 cents per pound.

This is hurting sugar producers in this country. It is hurting sugar producers in other countries—particularly in the Latin American countries. And, it is hurting corn farmers in this country, because corn sweeteners compete with sugar.

The Reagan administration is committed to taking on the EEC through the GATT mechanism, but this takes time. Meanwhile, our producers are taking it on the chin through artificially depressed prices. I have never been one who advocated protectionism. I think our domestic industries must meet fair competition on their own, with Government intervention only to the extent necessary for orderly economic transitions. This is clearly a case of unfair competition and I think we should meet it.

I support the 1981 farm bill agreed to by the House-Senate conferees, including its peanut provisions. They represent, in my judgment, a significant improvement over the peanut provisions of the Senate bill. They move toward eliminating an outmoded system of acreage allotments and marketing quotas.

Before discussing where we are going, let me capsule where we have been. The bill reported by the Agriculture Committee, which was roundly defeated in the House, perpetuated the historic allotment system for peanuts. The Senate bill contained some distinct departures from the rigid scheme of the past. For example, it permitted anyone to produce peanuts. It maintained, however, various vestiges of the old scheme of things which discriminated against the new grower. We have now made real progress from that point.

Perhaps most significantly, the conference bill places new producers of additional peanuts on equal footing with old producers of additional peanuts. I would note that additional peanuts, are peanuts produced by quota holders in excess of their poundage quotas, and all peanuts produced by new growers, who would have no quotas. Poundage quotas, which were first put in place by the 1977 farm bill to replace marketing quotas based exclusively on the production of specific acreages, represent the portion of a quota holder's production which may be sold for domestic food purposes or placed under price support at the quota loan rate. Additional peanuts may be sold by producers only for crushing for oil, or for export, but additional peanuts placed under loan may be sold by grower cooperative for domestic food use. Several provisions of the Senate bill disadvantaged new growers of peanuts as contrasted with the quota holders. With respect to production of quota holders, the Senate bill made a distinction between additional peanuts produced above the quota but within what was referred to as the farm base production poundage. This term has its roots in the old allotment system and is computed by multiplying the farm acreage allotment by the per acre peanut yield for the farm. It is deleted entirely in the conference compromise.

The Senate bill in this regard provided as follows:

(1) Handlers could contract with producers for the purchase of additional peanuts produced within the farm base production poundage for domestic edible purposes; the same privilege was not extended to additional peanuts produced by new growers;

(2) Additional peanuts produced by new growers and placed under price support loan could not be sold for domestic food purposes until all additional peanuts produced by quota holders within their farm base production poundage were sold for such purposes;

(3) Price support was mandatory for additional peanuts grown by quota holders within their farm base production poundage, but price support was only discretion-

ary with the Secretary for additional peanuts produced by new growers; and

(4) Pools of loan peanuts maintained by grower cooperatives were to be maintained on a separate and distinct basis for additional peanuts grown by quota holders within their farm base production poundage and additional peanuts produced by new growers.

One of the fundamental reforms of the conference compromise was to remove all of these provisions which discriminated against new growers.

Second, the national poundage quota—that is, the quantity of peanuts which may be marketed by producers for domestic food purposes or placed under price support at the quota loan level—has been substantially reduced. In 1981 that quota was 1,440,000 tons. The Senate bill set the quota at a minimum of 1,240,000 tons, a figure therefore subject to increase. The conference bill reduces that figure to 1,200,000 tons for 1982—a reduction of over 18 percent from 1981—with no possibility of increase, and in successive steps further reduces the figure to 1,100,000 tons for 1985.

Let me illustrate the significance of these changes. It is anticipated that the demand for peanuts for edible purposes in the United States in 1982 will be in the area of 1,200,000 tons. Therefore, the reduced quota will approach this demand. Consequently, few if any quota peanuts will come under Government loan. In following years, domestic edible demand is expected to increase, while the poundage quota will decrease. Thus, there will be a need to use additional peanuts for edible purposes. Under the conference compromise, both new and old growers of additional peanuts will have an equal opportunity to share in this market. And consumers will be assured an adequate supply of peanuts for food purposes.

Another aspect of the compromise agreement deserves emphasis. The reductions in the national poundage quota required by the bill are to be achieved by reducing quotas of holders who have not produced peanuts. Under this provision, quota holders whose farms do not have adequate tillable cropland to produce the quota, whose quota was not produced for other reasons, or whose quota was produced on a farm to which the quota was leased, will have their quotas reduced. On the other hand, farmers who produce peanuts on their own farms will suffer no reduction in their quotas under this provison, except in the unlikely case that reductions from the quotas of nonproducers are insufficient to achieve the required reduction in the national quota. This change from the Senate bill mitigates what I consider to be a serious defect under the present system—the control of production by those who do not produce.

I have not at this point highlighted cost and budget implications of the conference bill. But they too are material. The Senate bill set the minimum support price for quota peanuts at $596 per ton for the 1982 crop. The compromise sets this price at $550 per ton—a reduction of nearly 8 percent. While the conference bill contains an escalator in the price for later crops to reflect increases in production costs—as did the Senate bill—it caps such increase at 6 percent. The Senate bill contained no caps. This change not only insures that the program will be operated at little or no cost to the Government; it represents a material savings for consumers since the quota loan price tends to establish the market price for unprocessed peanuts.

Further, as indicated above, the compromise requires a support program for additional peanuts at a level to be set by the Secretary to insure that it results in no cost to the Government. While the Senate bill required a support program for additional peanuts grown by old producers it made support for additional peanuts grown by new producers discretionary with the Secretary.

I would personally have preferred a bill that more nearly approached the version adopted by the House. But I am convinced that the conference substitute is a real improvement over the Senate bill.

A number of my colleagues are concerned that the sugar and peanut provisions in this conference report represent unreasonable costs to consumers. We are talking about a few cents a pound for these products.

Now, let us look at the savings we are offering consumers. The dairy savings, alone, will run millions of dollars. Government outlays for dairy programs are cut by several hundred million dollars from what they would have been under the House bill.

We cut price supports for wheat and feed grains and rice. We cut wool supports. We cut almost $6 billion out of the farm bill passed by the House. And, that figure represents only estimated Government outlays. The consumer savings are significantly greater.

This bill is not perfect. There are a number of farm State Congressmen who feel they have to vote against this bill because we cut too much.

What we have is a bill that provides basic supports for agricultural commodities, authorizations for food stamps and commodity distributions, reauthorization for the Public Law 480 food aid programs, stronger laws to assure the safety of imported meat, the beginning of the end for tobacco subsidies, and peanut privileges, authorization for a wealth of research and teaching activities, and authorities for credit relief in the agricultural sector.

I am not entirely happy with this bill. About every other week I have to go home to Illinois to face farmers who have seen their incomes decimated by rising production costs and high interest rates. Some will lose their farms this year and this knowledge troubles me deeply.

However, I am convinced that a large majority of the farmers in my district support President Reagan's efforts to bring Federal spending and inflation under control. They are willing to take their fair share of the cuts. They are not happy about them, but they will take them.

Like many of my farmers, I am not entirely happy with this bill, but I will take it. I will take it because I spent over a month in hot, crowded conference committee meetings working hard for what I believed would be the best farm bill I could get, given our budget constraints.

Mr. Speaker, this bill is it. It is a bill that will have farmers producing for the market, rather than the Government. It is a bill that will help bring Federal spending and inflation under control. It is a bill that will reduce Government involvement in agriculture, while giving the Secretary the tools he needs to provide help when it is needed. It is not perfect, but it is certainly better than the alternative, which is the 1949 act. I urge my colleagues to support passage of this conference report.

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Speaker, we have heard a great many arguments for this bill, and the main argument seems to be that this is the best we can do for our farmers.

I would ask you: Why is this the best we can possibly do for our consumers?

I will tell you why. The reason it is the best we can do for our consumers is that we have already given away so many big tax loopholes to big corporations and wealthy individuals that we do not have any money with which we can pass a decent farm bill for our farmers.

I ask you: Where are our priorities here in this country?

I am here to tell you that our farmers are in trouble. Our small business people are in trouble. I guess we feel that the best we can do for them, with the trouble they have, is to give them this turkey for the holiday season. I am not here to support that type of legislation, and I hope you are not either. I hope that you will feel that those small farmers indeed are of concern to us. I hope we will vote down this bill. I hope we will come forth with a decent bill so that small farmers can continue to live in this great land of ours.

Mr. Speaker, it is difficult for me, as a member of the Committee on Agriculture, to vote against the farm bill, but it would be exceedingly more difficult for me to endorse a measure which I feel falls far short of providing agriculture—our No. 1 industry—with the protection it needs.

The overwhelming number of farmers from my northwest Iowa congressional district with whom I spoke over the last couple of weeks have urged me to vote against the farm bill if it reflects commodity price support levels similar to those contained in this conference report. In fact, more than 90 percent of those who expressed an opinion stated that the farm bill before us today should be defeated. A far smaller number of farmers or farm group representatives have asked me to support this farm bill, not because it provides the farm program needed by agriculture today, but because of concern about the consequences of Congress rejecting this conference report and reverting back to the 1949 act for farm program authority.

Mr. Speaker, I fully agree that it would be less than desirable to rely on the 1949 act for our farm program authority. I also realize that the rejection of this conference report today would further disrupt farmers' planning for next year by casting considerable doubt over the type of farm bill that Congress might eventually approve, and when.

However, I do not believe that the Congress, and particularly this House, can be held responsible for the difficult position in which we find ourselves. In October, the House approved an adequate farm bill that was within the President's 1982 budget, but because of the incessant demands by the administration, and the willingness of the Senate to agree to these demands, the House was forced, after weeks of unilateral concessions to the administration's position, to accept the insufficient price support levels which were narrowly approved by the conference committee.

It is because of the administration's unwillingness to compromise and negotiate in a fair and reasonable way that we find ourselves faced with less than desirable options for upholding our responsibility to provide farmers with a farm program.

Although I do not think it would be desirable simply to reject this conference report and go back to the 1949 act, I think it would be even more distasteful if the House, in effect, abdicated its responsibility to fashion a sound farm program by accepting the administration's farm bill today.

Many have argued, in urging support for this farm bill, that farmers in any case should not look to a farm bill to assure their prosperity. They have contended that only by expanding their markets can farmers hope to increase their income, and that the farm bill should merely be looked upon as insurance protection against disastrously low farm prices.

On these general points I would agree.

However, until agriculture has put the era of chronic surpluses behind it, and a growing world population and a healthy world economy has created a sustained demand for our agricultural exports, we must continue to rely on occasional crop land set-asides or diversion programs to keep supply more in balance with demand. And if our future set-asides or diversion programs are to be successful in curbing production, then it is absolutely essential that we have commodity price support levels sufficient to induce farmers to participate in a farm program.

Mr. Speaker, my basic problem with the price support levels provided for farmers in this bill is the fact that they will provide an insufficient inducement for participation in any type of acreage reduction program. With the elimination of low-yield disaster payments and their replacement by the expanded Federal crop insurance program, the only incentive for farmers to participate in an acreage reduction program is eligibility for loans, target price payments, and access to the farmer held reserve. If the loan and target price levels are too low—and they are in this bill—then few farmers, especially tenant farmers and those who purchased land within the last several years could be expected to participate in a set-aside.

Indeed, during the recent series of meetings that I held with my farm advisory committees, when I asked how many farmers could be expected to participate in a set-aside given the loan and target price levels in this farm bill, 119 said that they believed participation would be less than 30 percent; just 16 said that participation would be from 30 to 50 percent; and none thought that more than 50 percent of all farmers would participate in a set-aside program.

This point is crucial because the bill provides that farmers who do not participate in any set-aside requirements under the farm program, are ineligible for loans or target price payments, and they cannot place their corn in the farmer-held reserve.

Clearly, if a set-aside program was announced under the provisions of the farm bill before us, there is a very good possibility that participation would be extremely low, resulting in many producers being ineligible for any type of price support protection, and a failure to reduce production.

Also, I think it is important to point out that the lower the price support levels, the less incentive there is for this administration, or any administration, to implement an effective crop reduction program.

Rural America is in serious trouble today. Real farm income in 1981 is expected to be at the lowest level since the 1930's—for the second year in a row. In addition, initial farm income projections by USDA for 1982 point to a 30-percent reduction in net farm income for 1982 compared to this year's disastrous level.

In urging my colleagues to reject this farm bill and proceed with the consideration early next year of a stronger one, I want to reiterate my reasons for asking your support for agriculture.

First, agriculture is the Nation's No. 1 industry. In 1979, the agricultural production and marketing system employed 25 percent of the working people in this country, and accounted for 20 percent of GNP. The livelihood of many other businesses is dependent on the continued healthy state of our agricultural sector. In 1980, net U.S. agricultural trade contributed $23 billion toward paying for the cost of our oil imports.

Also, higher farm prices do not mean correspondingly higher food prices this year, as in 4 of the past 5 years, food price increases were lower than the general rate of inflation. In fact, in the period from October 1980 to October 1981, food prices increased just 4.7 percent, compared to an overall inflation rate of 10.2 percent. Also, fully 80 percent of this year's food price increase is due to higher processing and marketing costs, not higher prices for farmers. Today, despite vastly higher farm production costs, farmers receive less than one-third of every dollar spent on food. And, U.S. consumers spend just 16.2 percent of their income on food—a level lower than the 20 percent they spent in 1960 and the second lowest level in the world today.

Finally, in looking at our Federal budget—which we do need to balance—I hope that you will keep in mind the relative amount of assistance which we provide for our basic commodity support programs. Even under the farm bill that was initially passed by the House, farm program expenditures would have been held to less than 1 percent of the Federal budget. And most of these expenditures would have been in the form of loans made to farmers, loans which in almost all cases are paid back, with interest.

Yet, the administration has contended that the farm bill originally passed by the House is too expensive, despite the fact that the House bill, by USDA's own admission, would have increased the income of feed grain producers alone by $9 billion over the 4-year life of the bill, compared to the administration's 4-year bill before us. USDA also admitted that the House

farm bill would have increased corn export income by $1 billion over the bill supported by the administration. USDA even agreed that if we approved the original House-passed bill, corn prices in 1985 would be 35 cents per bushel higher than the level projected under the bill we are to vote on.

Clearly, Mr. Speaker, if indeed we are concerned about balancing the budget, then it would seem to me that we would want to approve a strong farm bill that, as acknowledged by USDA, would substantially increase farm income and bring needed revenue to the U.S. Treasury.

Mr. Speaker, I strongly believe that we can have a farm bill that reflects a responsible fiscal policy while offering a sound agricultural program. But first of all, the House must demonstrate its resolve on this issue by rejecting the inadequate farm bill before us.

I urge my colleagues to vote down this farm bill and proceed with the immediate consideration of a more responsible measure.

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from North Dakota (Mr. DORGAN).

Mr. DORGAN of North Dakota. Mr. Speaker, earlier this year the President said he was going to prepare a new economic dinner table for the country, and he wanted to try to put America on a diet, he said. And it is just an incredible diet, when you think about it.

Let us analyze where that dinner platter has traveled. It came past the oil companies earlier this year. They took off $50 billion in tax breaks. It came past the Defense Department. They took off $200 billion. It came past foreign aid interests. They took off $11 billion. Then it gets to the farmer, and the President says, "You know, we just don't have anything left. We cannot spare much for the family farmer."

I just want to say that I think short-changing the American family farmer is going to be one of the most expensive economic mistakes President Reagan ever made.

Regardless of whether I vote for or against this bill, I want to say that I intend to continue to fight every month that I am in Congress to see that the President begins to care as much about the family farmer as he does about the oil companies and the foreign aid bill.

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee (Mr. JONES).

Mr. JONES of Tennessee. Mr. Speaker, I regret having to rise in opposition to the conference report. Putting this bill together has been a frustrating and disappointing experience for my friend, Chairman DE LA GARZA, and the House Agriculture Committee.

My reason for opposing this conference report is that circumstances in 1981 did not permit Congress to address the serious problems facing American agriculture in a meaningful way. I believe that we should start all over again in 1982 and write a farm bill which will meet the needs of agriculture in the eighties.

Mr. Speaker, we must face the coming decade with a clear understanding of what has happened to farmers in recent years: A devastating drought in 1979 and 1980; a crippling trade embargo; skyrocketing production costs due largely to runaway energy prices, and; interest rates which have wrecked the farm sector.

These calamities, along with continuing and day-to-day pressure on farmers to expand their individual production have resulted in a very poor net farm income picture.

It has dropped steadily from over $27 billion in 1979 to $19 billion in 1981. On top of that, net farm income is projected to fall as low as $16 billion in 1982.

That is a 45-percent drop in only 4 years. No industry can survive a condition like that and neither can our farmers.

For the past several weeks, I have spent a lot of time with farmers in my district. Many are facing foreclosure by the Farmers Home Administration and the Small Business Administration. Bankruptcies have doubled since last year and many of these are farmers. Of course, most farmers simply sell out rather than declare bankruptcy, so they never show up in our statistics.

Farmers in my district feel strongly that this bill is inadequate. They support my decision to vote against it and to try again early next year.

Nationally, thousands of farmers feel this same way. The conference report is being opposed by: the National Farmers Union; the National Farmers Organization; the National Grange; the National Milk Producers Federation; and the American Agriculture Movement.

I certainly regret being out of step with my chairman, but I am in good company with these organizations.

In closing, let me say that if this conference report is rejected, I pledge my all-out energy and support for a renewed effort early next year.

□ 2100

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Speaker, today is a sad day in the life of American agriculture. The American family farmer today has, as the gentleman from Tennessee has stated, more foreclosures than since the depression. Prices are down.

I would like to relate to my colleagues, 1 year ago today, in my hometown, at our terminal, corn was 333; today it is 229. Wheat was 450; today it is 362. Soybeans, 738; today 606. And they are continuing down, not up, and this bill is not going to help them go up.

These are below the cost of production. My farmers today are losing money every day that they are farming. This administration says we cannot give you any additional money. As the gentleman from Iowa has said, and the others have said, there has been largesse given to the oil companies and oil producers. Just the leasing arrangement that was made in the tax bill this year alone, in the short time of this tax year, is $4 billion.

Mr. WAMPLER. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. HAGEDORN).

Mr. HAGEDORN. Mr. Speaker, I rise in support of passage of the Agriculture and Food Act of 1981. The development of this bill from its report out of committee to completion of the conference report has been a long and difficult task. There are several of my colleagues who are less than satisfied with the results. I too, share in some of that disappointment. However, it was a bill that had to be developed under the strictest of budget constraints. As a result, some commodity programs underwent several modifications; all were cut back from levels in the past.

Agreement on the dairy provisions were among the most difficult to achieve. They constituted a large portion of the total outlays that exceeded the budget target. As they are established, they still could exceed the budget levels by $151 million over the next 4-year period.

The provisions mandate minimum support prices of $13.10, $13.25, $14, and $14.60 per hundredweight for fiscal years 1982 through 1985, respectively. These levels translate into 72.5, 65.9, 63.4, and 58.8 percent of parity. However, if net estimated purchases of milk and milk products by the Commodity Credit Corporation are less than $1 billion in fiscal years 1983, 1985, the Secretary may then set the minimum support price at 70 percent of parity. In addition, if net estimated purchases are less than 4, 3.5, and 2.69 billion pounds in fiscal years 1983 through 1985, the Secretary can set the minimum price support at 75 percent of parity.

These provisions provide both distinct incentives and disincentives to the dairy industry. If dairy farmers can reduce production during this fiscal year, they will be rewarded with a minimum price support of 70 percent of parity and in the extreme case, 75 percent. However, if they choose not to cull cows from their herds and

reduce production they will be forced to accept an absolute increase of only 15 cents and an unprecedented level of 66 percent of parity in fiscal year 1983.

The end result is that these provisions send a strong signal to the dairy industry. Currently, milk production continues to expand. October was the 30th straight month that production exceeded preceding year levels. Current projections suggest milk production will continue to expand in 1982. Record crop production, low grain prices coupled with severely depressed cull cow prices will only exacerbate the overproduction problem. Thus, it is apparent that dairy producers may have to balance culling herds at low prices against receiving only 66 percent of parity if production is not restrained in this current fiscal year. August estimates of CCC net purchases are less than $1 billion. However, it is obvious that a more recent estimate of purchases would likely exceed the $1 billion trigger level. That in itself will put tremendous pressure on the industry to reduce production and dairy product inventory to manageable levels.

Failure to pass this farm bill would set the price support at 75 percent of parity, the historical level. With the severe supply-demand imbalance we have been facing, it would do both producers and consumers a disservice in coming to grips with this problem.

The farm bill will continue to provide loan programs for wheat, feed grains, cotton, and rice. Again, agreeing on the level of the loan rates was very difficult at best. With the current depressed level of grain prices, it is easy to fall into the trap of setting high loan rates with the hope of providing a quick solution to the problem. However, in the long run setting high loan rates will result in an artificial economy that will serve only to aggravate the current supply demand situation and result in excessive costs.

The target price concept was also retained in the farm bill. But target prices were capped in the out years in an effort to reduce budget exposure. This has been a problem in the past. This year alone, the Government will be making deficiency payments on grains and cotton which will result in outlays totaling $1.2 billion.

If we fail to pass this farm bill today, we will be faced with implementing legislation for wheat and feed grains from the 1938 and 1949 Farm Acts. Product referendums would be required, marketing quotas could be implemented and price support would be raised to extremely high levels. The legislation is not in tune with current supply demand and economic conditions and would result in a serious drain of the U.S. Treasury.

The farmer-held grain reserve program established under the 1977 farm bill is retained in the 1981 act. In fact, several changes were made which will provide the Secretary the necessary tools to provide farmers an outlet for their grain when prices are depressed. It is a necessary adjunct to the price support programs.

Unfortunately, provisions designed to deal with the problems associated with farm produce storage facility bankruptcies were deleted from the farm bill. Serious inadequacies in the bankruptcy code have resulted in farmers having their crops tied up in bankruptcy courts because of grain elevators that become defunct. However, the Senate recently passed farm storage facility bankruptcy legislation. Hopefully, it will receive immediate consideration and passage by the House.

Farmers continue to struggle under a siege of high interest and inflation rates and low commodity prices. Production costs continue to rise. The end result is a severely restricted cash flow which is pushing producers beyond their financial limits.

Nonetheless, in order to achieve tolerable interest and inflation rates, Federal spending must be reduced to reasonable levels. If this bill is not passed, costs of implementing these farm programs could be as much as $22 billion over the next 4 years, double the present $11 billion package.

This legislation will assist in meeting the goals of President Reagan's economic recovery program. It will also provide farmers a safety net to provide some measure of income protection and stability. Passage of this legislation is imperative if we are to preserve the viability and efficiency of agriculture, this Nation's most important industry.

Mr. WAMPLER. Mr Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. STANGELAND).

Mr. STANGELAND. Mr. Speaker, I want to attach myself to the gentleman's remarks and I would like to say this. I commend the chairman of the House Agriculture Committee for the tremendous job that he has done in trying to bring to this floor a conference report that is well balanced.

I would also like to commend the ranking Republican member, the gentleman from Virginia (Mr. WAMPLER), for an excellent job, and I would like to pay tribute to the ranking Democrat, the gentleman from Washington, who really fought a fight that I agreed with wholeheartedly, but he lost and he came back and today says that he thinks we ought to pass this report.

I think we ought to listen to that gentleman because he is the distinguished agriculturist of this House. There is a lot of rhetoric that can be dealt with on this bill.

We can play all kinds of games. But as we look at this bill, it is a balanced bill. It is not everything that I would like. I would like to see more. There is a lot to be said about sugar, but let me say that every commodity started from 1981. Sugar goes back to 1979.

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Speaker, the Reagan administration's 1981 agriculture bill is a neither-nor farm bill. It neither provides for acreage controls permitting demand to catch up with supply, nor does it provide adequate protection for farmers against record high production costs and record low market prices. It does neither. Most Arkansas farmers want one or the other—acreage controls or price supports. It is a very bad bill that could provide a prescription for a third successive disaster.

If I vote for this bill I am not voting for a farm program I am voting to avert a disaster in the rice industry. If the 1977 law expires without having been superseded by another law, the 1949 permanent law would take effect. The permanent law would reduce rice acreage in Arkansas from 1,520,000 acres planted in rice in 1981 to less than 400,000 in 1982. Wheat acreage in 1982 would be reduced from 1,725,000 acres to less than 170,000.

Therefore, approximately 3 million acres would either lie fallow or be planted in soybeans, milo, or cotton which would increase the surplus. As if a gun is pointed to my head I must reluctantly vote for the conference report.

The following letter from USDA clearly states the dilemma, to wit:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., December 16, 1981.

Hon. WILLIAM ALEXANDER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ALEXANDER: This is in reference to your request for an evaluation by the Department of Agriculture of the authorities and impacts on rice and cotton producers in Arkansas of reverting to permanent legislation in the Agricultural Adjustment Act of 1938 (1938 Act) and the Agricultural Act of 1949 (1949 Act). This matter has been reviewed by the Office of the General Counsel and the Agricultural Stabilization and Conservation Service and our response is as follows.

Section 352 of the 1938 Act provides that the Secretary shall proclaim a national acreage allotment for rice. The size of the national acreage allotment is determined based upon the availability of supply of rice which, together with the estimated carryover, is not less than the normal supply. For the 1982 crop, normal supply is defined by the 1938 Act as the total of estimated domestic consumption for the 1980-81 marketing year, estimated exports for the 1981-82 marketing year, and an allowance for carryover equal to 10 percent of the estimated domestic and export use.

Section 353(c)(6) of the 1938 Act provides that notwithstanding any other provisions of the 1938 Act, the national acreage allotment of rice for 1957 and subsequent years shall not be less than the national acreage

allotment for 1956 and shall be apportioned among the states in the same proportion that such states shared in the total acreage allotted in 1956. The national acreage allotment in 1956 was 1,652,596 acres and assuming this level for 1982, the 1982 Arkansas allotment would be approximately 400,000 acres.

The 1981 acreage planted to rice in Arkansas was 1,520,000 acres. Therefore, if no new legislation is enacted and the rice authorities revert to the basic legislation and rice producers vote in favor of marketing quotas in the referendum, rice acreage in Arkansas in 1982 would be reduced by about 75 percent from 1981.

With respect to cotton, Section 606 of the Food and Agriculture Act of 1977 provides that "Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in Section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1982 crop." Thus, cotton acreage planted for the 1978 through 1981 crops will have no effect on 1982 allotments. The 1982 cotton allotment for Arkansas would be about 1,356,000 acres, based on a national allotment of 16 million acres plus a national reserve of 200,000 acres for establishing minimum farm allotments. The 1981 acreage planted to cotton in Arkansas was 650,000 acres. Thus, in 1982, Arkansas cotton producers could more than double their 1981 cotton acreage if legislation reverts to the 1938 Act. On the other hand, cotton acreage in states like California and Arizona, where cotton acreage has greatly increased in recent years, would be reduced about 50 percent. The situation in these states would be similar to that for rice in Arkansas.

If legislation reverts to the permanent authorities in the 1949 Act, loan levels for both rice and cotton would be required to be established at not less than 65 percent of parity if producers approve marketing quotas or at a level 50 percent of parity if producers disapprove quotas. Loans made at such levels would seriously jeopardize our ability to export both of these commodities. Furthermore, cotton's ability to compete with synthetic fibers in domestic markets would be severely impaired. Huge surpluses could accumulate and the government could again acquire large inventories which would overshadow the market.

Enclosed, for your information, is a comparison of the estimated 1982 allotments and 1981 planted acreages, by states, for both rice and cotton.

Sincerely,

WILLIAM G. LESHER,
Assistant Secretary for Economics.

UPLAND COTTON: DISTRIBUTION OF NATIONAL ACREAGE ALLOTMENT UNDER REVERSION TO BASIC LEGISLATION COMPARED TO 1981 PLANTED ACREAGE

[In thousands of acres]

State	1981 planted	1982 allotment
Alabama	330	941
Arizona	600	337
Arkansas	650	1,356
California	1,500	751
Florida	13	29
Georgia	170	820
Illinois	0	3
Kentucky	0	7

UPLAND COTTON: DISTRIBUTION OF NATIONAL ACREAGE ALLOTMENT UNDER REVERSION TO BASIC LEGISLATION COMPARED TO 1981 PLANTED ACREAGE—Continued

[In thousands of acres]

State	1981 planted	1982 allotment
Louisiana	700	566
Mississippi	1,280	1,551
Missouri	240	365
Nevada	1.1	3
New Mexico	140	175
North Carolina	79	433
Oklahoma	670	754
South Carolina	120	660
Tennessee	350	538
Texas	7,400	6,897
Virginia	.4	15
U.S. total	14,243.5	[1] 16,200

[1] Statutory minimum of 16 million acres plus 200,000 national reserve for establishing minimum farm allotments.

RICE: DISTRIBUTION OF NATIONAL ACREAGE ALLOTMENT UNDER REVERSION TO BASIC LEGISLATION COMPARED TO 1981 PLANTED ACREAGE

State	1981 planted acres	1982 allotment acres
Arkansas	1,520,000	399,092
California	595,000	299,821
Louisiana	665,000	475,093
Mississippi	340,000	46,683
Missouri	77,000	4,760
Texas	575,000	422,390
Minor States		4,757
U.S. total	3,772,000	[1] 1,652,596

[1] Statutory minimum. This level of allotment could be proclaimed in view of high level of price support resulting in lowering of exports and resultant stock buildup.

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Speaker, corn and wheat this last year bought one-third of the imported oil in this country; $20 to $25 billion of our corn and wheat brought into this country, not flowers, not peanuts, and not sugar, but corn and wheat, and yet yesterday the closing price of corn in Iowa was about $2.11 a bushel.

Last year at this time the closing price on corn was $3.09 a bushel. That is 68 percent of what we had last year.

Yet in this bill peanuts get a 21-percent increase in their loan rate, corn gets a 6-percent increase. For sugar we have a new program and yet for wheat we get a 6-percent increase. This is not a farm bill. This is the family farm liquidation act of 1981.

There are three reasons why we have to live with this: the budget bill, the tax bill, and the defense bill. Those are the three reasons why we are having a raid on the farmers of this country to pay for a spending spree defense bill, a phoney budget, and a rich man's tax bill.

Those are the three reasons. The leasing provision alone in the tax bill, $27 billion over 4 years and yet, the administration would not even agree with $181 million. That is all that divided us in the conference, $181 million over 4 years. They would not agree on that.

So go back to the corn farmers, my friends, and go back to our wheat farmers and tell them that we voted for $27 billion so IBM would not have to pay any taxes this year, but we cannot even support $181 million over the next 4 years. Go back and tell your farmers that.

Mr. OBERSTAR. Mr. Speaker, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Minnesota.

Mr. OBERSTAR. Mr. Speaker, I thank the gentleman for yielding.

I join with my colleague in his splendid statement. He has really condensed the issues. The gentleman has stated the case well.

Mr. Speaker, I rise in opposition to the conference report on S. 884, the Agriculture and Food Act of 1981.

The Reagan administration, in a letter from Agriculture Secretary Block, claims that "this legislation will create a healthy environment for our farmers and economy." Well, I would like the administration to hand-carry that message to the thousands of young and small family farmers in my State who are facing bankruptcy. They have had a 19-percent rise in production costs over the past year. Prices for all crops were down an average of 20 percent, cash receipts were down $1.1 billion last year. That is not what I would call a healthy environment, in fact, it is downright dangerous to farmers' health—their economic health.

The provisions of the conference agreement, unfortunately, give Minnesota's farmers little reason for optimism. The cold reality is that the new farm program, if approved, would be an economic Dunkirk for rural America.

The radical changes in the farm program proposed in this bill will lead to the financial ruin of small family farmers who are already bearing the brunt of the downturn of the farm economy and who will face increasing pressures with the worsening of the national economy. Farm support levels simply do not meet even the minimum needs of our farmers. The wheat support levels are nearly $1.50 below the cost of production. In fact, loan and target price levels for all commodities are just plain too low.

The worst provisions in this bill are those dealing with the Federal dairy program. Under this bill, dairy farmers will get only a 1-percent increase in price supports over the next 3 years. Compare that to inflation, which is running at an annual rate of more than 10 percent. Dairy farm foreclosures are now running four times the rate of last year. The dairy provisions in this bill will mean more family dairy farms lost in Minnesota and elsewhere. Fewer dairy farms means less competition in dairy farming, and, ul-

timately, higher milk, butter, and cheese prices for the consumer.

Contrary to popular and erroneous myths about price supports, dairy producers have been losing money, not reaping profits. Although prices farmers have been getting for their produce have increased 40 percent over the last 5 years, production costs have increased 80 percent. Last year, all farm income, in uninflated dollars, fell by one-third. According to a University of Wisconsin study, the income of dairy farmers will again fall by one-third this year, because Congress and the Reagan administration eliminated the April 1 price adjustment earlier this year.

Many marginal farmers will be forced out of production because of the debts they are carrying as a result of inflation and high interest rates. In the long run, the number of family-owned dairy farms in this country will decline sharply. As dairy farmers are forced out of business, consumers will see a drop in production, higher prices for dairy products, more imitations, artificial substitutes, and more imports.

The cost of dairy products is not unreasonably forced up by the price support system. Prices for dairy products have been continually lower in relation to the cost of living generally and the cost of food. From 1967 to 1980, all consumer prices rose an average of 150 percent; food prices are expected to increase by only about 10.7 percent. Making these changes in the dairy price support system will bring back years of "boom-and-bust" for dairy farmers and unreliable prices and supplies for consumers.

I urge my colleagues to vote against the conference report. The House-Senate conferees, in the hopes of producing a bill the President will sign, have instead written a measure that disregards the realities of economic hardship on the farm. This is an appeasement bill which, under the guise of winning Presidential support, would surrender the family farm to the bankruptcy courts. To approve this bill, will be approving the destruction of the family dairy farm as we know it today.

The test applied all through the conference was: Is this a bill the President will sign? The test should have been: Is this bill good for American agriculture; is it good for consumers; is it good for the country. The conference report fails all those tests; it should be defeated and replaced with legislation that will truly enhance the well-being of that man-in-the-middle, the family farmer.

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi (Mr. BOWEN).

Mr. BOWEN. Mr. Speaker, I rise in very strong support of this conference report.

Mr. AKAKA. Mr. Speaker, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Hawaii.

Mr. AKAKA. Mr. Speaker, I rise in strong support for the farm bill conference report, and urge my colleagues to join me in voting for this important legislation.

As many of the members who have spoken before me have indicated, the bill does not satisfy the interests of every element of the farm community. I realize that the farm bill is not "warmly embraced" by every commodity. Nonetheless, it is the best bill that could be achieved under the circumstances. I followed the month-long deliberations of the conference committee very closely and can say that the commodity support levels in the conference report are already at the limit of what Congress will accept, and the administration will tolerate.

What disturbs me is that opponents of the sugar loan program are attempting to restrict the debate on the farm bill to debate on sugar. This is an injustice to the other commodities that have a vital interest in the farm bill. A close examination of the farm bill will reveal that the sugar loan program is modest by any measure.

Mr. Speaker, my message on sugar is a simple one. The domestic sugar industry is good for the American consumer, good for the American worker, and good for American agriculture. For the American consumer, the sugar loan program offers the one thing he or she desires most—long-term insulation from rapid and dramatic price fluctuations.

Every American housewife recalls the recent history of sugar prices. In 1974, the year in which the Sugar Act expired, the price of sugar increased from 8 cents to 60 cents per pound. By 1977, the price had declined to 7 cents per pound. In 1980, due to the absence of a domestic sugar program, the price rose to 40 cents per pound before dropping to a low of 11 cents per pound in August of this year.

Our Nation is dependent upon supplies of foreign sugar to satisfy roughly half of our needs, and this demand can only be met by buying sugar on the so-called world free market. The world free market is in reality the market for homeless sugar, sugar which is in excess of a producing nation's needs in a particular year. This sugar market amounts to only 10 percent of the nearly 90 million tons of sugar produced around the world. The small amount of sugar traded in world commerce puts extreme leverage on prices for that portion of the world supply. In years of production shortfall, prices skyrocket. When there is an excess of production, prices plummet. The effect of these price changes is transmitted directly to the supermarket shelf. The loan program for sugar will insulate the American consumer from production shortfalls and help assure adequate supplies of sugar at stable prices.

The sugar loan program is of vital importance to the Nation's sugarcane and sugar beet farmers. Beet and cane sugar are major agricultural crops that are produced in 17 States. The domestic industry employs over 100,000 Americans and contributes over $3 billion annually to the gross national product. In spite of the fact that sugar is a major agricultural crop, the United States is the only major sugar producing nation in the world that is without a domestic sugar policy. The 7 years since the expiration of the Sugar Act have been years of uncertainty and frustration for our Nation's sugar growers. In the absence of domestic sugar legislation, the ability of cane and beet growers to survive has been seriously threatened. The loan program will allow cane and beet farmers to stay in farming, thus maintaining a viable domestic sugar industry and preventing the United States from becoming wholly dependent on foreign supplies of sugar.

Mr. Speaker, the domestic sugar industry offers a better deal for consumers of the Nation and the more than 100,000 workers who are employed in farming, refining, and processing sugar. The sugar loan program is an important part of the farm bill.

I urge you to join me in supporting this bill.

[From the Honolulu Star Bulletin, Dec. 12, 1981]

AROUSING SUPPORT FOR ISLE SUGAR

(By A. A. Smyser)

No one who has ever driven around any of Hawaii's four major islands can doubt that the fate of our sugar industry is important to more than the sugar industry.

The green fields of cane are part of Hawaii's beauty.

They make life more attractive for permanent residents. They are part of the experience that causes visitors to give Hawaii high ratings.

The plantation communities that maintain this industry are a treasured way of life for a significant portion of our population.

Where plantations have closed down—as at Waianae, Kahuku and Waimanalo on Oahu—there have been significant dislocations. Unemployment has replaced the pride many people found in their jobs. Delinquency has risen. Subdivisions and scrubby fields replace much of the greenery.

Former state Rep. Robert Oshiro now has undertaken the task of helping the sugar industry to arouse the community to the danger that Island sugar is threatened as never before by world market conditions and U.S. policies.

The arousal goes beyond that to asking the community how much it is willing to do to save sugar.

Would the legislature consider a Mini-Sugar Act to put price supports under Island sugar?

Can Waipahu—and perhaps other communities on other islands—find a way to help give sugar growers a better return by devel-

oping H-POWER-type plants to process refuse into electricity in conjunction with sugar milling operations?

There probably couldn't be a better choice for this job than Oshiro.

It is hard to imagine a politician who is more community-spirited and less self-interested. He is in the tradition of persons and families who put community concerns above personal concerns—and the perception of this quality makes him extremely effective when he embraces a cause.

In the past he turned these efforts to chairing the Democratic Party because he saw it as an instrument for needed change in the community, and to boosting the gubernatorial campaigns of John A. Burns and George R. Ariyoshi for the same reason.

Their election successes attest to his political savvy.

Yesterday morning he went before a breakfast of businessmen to try to enlist their support on sugar.

Hawaii is going to be a disaster state if sugar goes down, he said. Saving the industry is a problem for all of Hawaii, he argued, because sugar IS Hawaii.

The first task he undertook is to persuade the community at Waipahu to reconsider its opposition to H-POWER. He is convinced that the feared nuisances—mostly of bad odors from the plant or truck noises from deliveries to it—can be overcome to the community's satisfaction.

But he also is convinced that democracy must prevail and that the community must be convinced of this. If the community will accept the plan, he said, then election officials are ready to support it, too.

Oshiro also is working with the ILWU, the labor union that has organized the sugar workers, and with elected officials on all islands to seek even broader help for sugar.

The national and international problems for sugar goes to factors like these:

World sugar price—less than 20 percent of the sugar produced in the world, about 15 million tons a year, constitutes the "world market." The rest of the world's sugar is sold in protected markets. Even small surpluses and shortages make world market prices roller coaster up and down. This year a 3 million ton overproduction in the European Economic Community was dumped on the world market and dropped prices by 50 percent.

U.S. policy—for 40 years, from 1934 to 1974, the U.S. protected its sugar under a Sugar Act and kept domestic prices stable at levels that gave U.S. beet and cane growers steady but not excessive profits. Since then, U.S. policy has been erratic and consumers have faced excessively high prices in some years while the growers in others have faced excessively low ones.

Hawaii's largest sugar grower, Amfac, now is absorbing sugar losses of $5 million a month and its directors have threatened to close down Oahu Sugar Co., and possibly more of their five plantations.

A U.S. support price of 17 cents a pound is now before Congress in the farm bill but may be killed in the House of Representatives. If the bill dies, the United States will revert to a 1949 Farm Act as a basic policy. It contains no support for sugar. Even the 17 cent price in the farm bill being considered by Congress is well below the local industry's production costs of around 20 cents a pound.

Another aspect of the support price situation is the development of a substitute sweetener made from corn. Higher support prices will work to give the corn substitute a higher market share, since it can sell for less.

A Mini-Sugar Act for Hawaii would have the advantage of not helping corn competition because it wouldn't raise national sugar prices.

But it could be expensive in any form—subsidy, loan, tax concession or whatever.

Our production is 1 million tons a year or about 2 billion pounds of refined cane sugar.

Even a 1-cent-a-pound support plan would cost $20 million when needed and a single penny is not about to do the job in years like this.

We may be in for some serious thinking in the months ahead of how much saving the sugar industry is worth to all us. For myself, it's quite a lot.

[From the Honolulu Advertiser, Dec. 12, 1981]

AMERICAN SUGAR NEEDS SUPPORT TO COMPETE

(By Dr. Thomas K. Hitch)

The United States has not had an affirmative sugar policy since 1974 when the 1934 Sugar Act expired. Our sugar policy from 1934 to 1974 (40 years) was to have sugar prices stabilized in the American market by assigning marketing quotas, based on U.S. requirements, to domestic and foreign producers so that prices found a level that would be fair to both the American consumer and the American sugar producer.

Since 1974—with no sugar policy—the price of raw sugar in the American market has been on a roller coaster—as high as 65 cents in 1974, as low as 9 cents in 1976, as high as 44 cents in 1980 and now at about 16 cents.

The U.S. beet and cane sugar producers cannot remain in business on a permanent basis with this kind of wildly fluctuating price level—with two of the last eight years being boom years ('74 and '80), one being barely profitable (1975), and the other five being deeply depressed years with tremendous losses.

Even during these years the American consumer has not benefited, because while there have been more years of cheap sugar than of dear sugar, the price of sugar rose to such astronomical heights that it probably hurt the consumer more in those years than he has helped in the cheap years. Also, when very high sugar prices push the price of candies, ice cream, soft drinks, and baked goods up, they tend to stay up after the price of sugar falls so that the American consumer to a certain extent lives with high sweetening prices even when sugar becomes cheap again.

To understand the world sugar market, one has to realize that some 80 percent of the sugar produced in the world has a guaranteed home at a guaranteed price; that prices in these countries do not fluctuate up and down with world under- and over-production; and that the so-called "world price" for sugar is set by demand and supply forces that affect only that 18 percent of the world's sugar production that is uncommitted—and therefore very cheap when world production is surplus and very dear when world production is short.

To put it another way, all the major sugar exporting countries of the world have a government guaranteed set price for sugar consumed in that country with the price set at a level that will make it profitable to grow sugar in such large quantities that it is a major export item. This is true for Cuba, Brazil, Australia, Philippines, South Africa, Argentina, India, Mexico, and the EEC as well as the rest of the smaller sugar exporting countries.

Take the EEC. Through its Common Agricultural Policy (CAP) European growers are not only guaranteed 27 cents a pound, but are encouraged to produce excess sugar for export, and in the last decade the EEC has become a major exporter of subsidized sugar in contrast to having traditionally been a net importer of sugar. European sugar is now being sold in large quantities in the U.S. market when the price for raws is about 15 cents after paying shipping and insurance, while the price in Europe is 27 cents.

This situation is demonstrated by the fact that when the "world sugar market" price skyrocketed from about 10 cents a pound in 1973 to 65 cents a pound in 1974, there was no change in the domestic price of refined sugar in the countries that produced 60 percent of the world's export sugar and only a modest change upward in the other exporting countries—while the price in the U.S. more than doubled. The same thing happened when "world" sugar prices fell.

Furthermore, most of the world's sugar importing countries are buffered against fluctuations in this small but highly volatile world market—buffered generally by long-term agreements with sugar exporting countries to provide them with a normal supply at a normal price. This is shown by the fact that in that same period of rapid price rise (1973-1974) the countries that consumed 22 percent of all world sugar imports had no change in the domestic price of sugar, those accounting for 12 percent of world imports only a 1 to 15 percent rise, and with only a handful of countries (with the U.S. being far and away the major one) suffering from the full inflation of prices.

The so-called world sugar market, being only a small fraction of world sugar production, is a market where in periods of world sugar shortage the buyer pays exorbitant prices and where in periods of world surplus all homeless sugar is dumped. If the U.S. does not adopt a constructive sugar policy it will ultimately lose its domestic sugar industry—which will be a considerable economic loss since among agricultural products sugar ranks tenth in terms of acreage, fifth in terms of tonnage, and sixth or seventh in terms of dollars to the farmer.

The U.S. sugar industry will not be killed by cheap foreign sugar that is produced more efficiently than ours: it will be killed by foreign sugar that is dumped into our market at either a loss to the producer or at a profit that is provided by subsidies from the government of origin. U.S. sugar production is probably among the most efficient in the world—just like our production of wheat, corn, rice, soybeans, and many other agricultural products. But it cannot live on a 12 cents, or 15 cents, or even 17 cents per pound price—a price which incidentally is about the same as good top soil at your corner garden shop. In short, if the U.S. were to require that foreign sugar not be allowed to be sold in the American market at a lesser price than it is sold for in the country of origin, the U.S. sugar industry would be profitable and have a long and successful life.

Furthermore, if we lost our domestic sugar industry, the nation and its consumers would have to live with the roller coaster of the "world" sugar market, and could even find itself facing an OPEC-like foreign sugar cartel since the top 13 sugar exporting

nations ship about 80 percent of the sugar entering world trade—numbers much like those in the oil cartel.

Finally, if the U.S. lost its domestic sugar industry it would face catastrophe in the event of war or major shipping interruptions. Let us remember that in such times, sugar has always been about the first commodity to be rationed, that Napoleon developed the beet sugar industry when the British blockade stopped the flow of essential foreign sugar to Europe, and that all the countries of the world that protect their domestic sugar industries do so primarily because of these strategic considerations.

Let's get an affirmative U.S. sugar policy before it is too late.

Mr. BOWEN. I thank my friend.

I would like to remind all of my colleagues that tonight we have only two choices before us. I wish we had more. I spent over 1 month on the conference committee trying to develop the best bill we could get and this is in my judgment the best we can have, but we now have only two choices.

We accept this conference report or we revert to the Farm Act of 1949. There is really no other choice before us. The bicameral system which we have would require the other body's unanimous consent to take up any further legislation tonight, and there are clear indications that this will not occur.

Therefore, we will go back to the 1949 act. What will that do? The 1949 act will kill Public Law 480 if we are to revert to it and defeat the conference report. The 1949 act will destroy the antiembargo legislation we have in the conference report. It will kill the revolving export credit program which we have authorized in this legislation. It will cut food stamps by $1 billion during the next year.

Some have said that it has very little support of the farmers. It has the support of 700,000 soybean growers, 30,000 rice growers, 200,000 cotton growers, about 18,000 sugar producers and about 60,000 peanut producers in the country, and that is a lot of farmers.

It would devastate this land if we have to go back to the act of 1949. Take one State, the largest State in our country, California. It would cut out one-half of the rice, one-half of the cotton, 70 percent of the wheat in that State. My own State would lose 75 percent of its rice production if we passed this legislation.

If we go back to the 1949 act it would result in a loss to the gross national product in this country of over $1 billion and a loss of over 20,000 jobs. It would cost us $2 billion more in the budget in the next year. This conference report, Mr. Speaker, is absolutely necessary to avert I think the greatest tragedy of all, which is a return to the 1949 act, bad for producers, for consumers, and for all Americans.

I urge passage of this conference report.

□ 2110

Mr. DE LA GARZA. Mr. Speaker, I yield 30 seconds to the gentleman from Texas (Mr. HIGHTOWER).

Mr. HIGHTOWER. Mr. Speaker, it is with great reluctance that I rise in opposition to this farm bill. I am reluctant to oppose it because of the leadership that has been demonstrated by the chairman of our Committee on Agriculture, the gentleman from Texas (Mr. DE LA GARZA). I am reluctant to oppose it because of the number of farmers that I represent.

I hate to ever be on record as being opposed to a farm bill, but this is a completely inadequate farm bill. The ideal farm bill that we should have passed would not have cost the Treasury anything, for those who have that as their first consideration, but it would have made possible for the farmers in my part of the country to stay in business.

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. RICHMOND).

Mr. RICHMOND. Mr. Speaker, where are we? First of all, I rise in support of this bill.

The food stamp provisions of this conference report are contained in title XIII. Title XIII is primarily a product of this House, coming back from conference with relatively few changes in its contents from the form in which it passed the House this October.

From the House point of view, title XIII, the food stamp and commodity distribution amendments, constitute an excellent result. By my count, there were 50 separate provisions or portions thereof set forth in the statement of differences between the House and the Senate, which had purposefully decided not to include its special package of food stamp amendments in the farm bill it approved in September and, thus, came to the bargaining table with nothing to offer. Of the 50 differences, 34 or 68 percent were resolved after considerable back and forth in favor of accepting the precise words of the House, while 12 or another 24 percent went our way, with very minor changes in language or format. Only four of the original House provisions, involving limitations on participation by certain retail food stores, restrictions on eligibility for expedited service, a requirement that certified mail be allowed to be used in the issuance of food stamps, and a study on the combined effects of retrospective accounting and monthly reporting systems, were entirely deleted.

The conference did, however, approve a foreshortened food stamp bill 1 year and not 4 years in duration. The reason for this was the tyranny of the caps set for fiscal years 1983, 1984, and 1985 in light of the rules limiting the scope of what the conferees were able to consider. The House bill, because of the unfortunately offhand way in which the savings were originally calculated by simply adding $825 million to each of the caps contained in the House bill as reported from committee, adopted a cap for those 3 fiscal years, respectively, at $11.170, $11.115, and $11.305 billion. The Senate, with no food stamp amendments in conference, had no authorization for those 3 fiscal years. Accordingly, by virtue of House Rule XXVIII, clause 3, the House conferees were restricted either to accepting their own figures or decreasing them and could not increase them.

The administration, in the person of Agriculture Secretary John Block, had, by letter of October 21, 1981, informed us that their revised ceiling estimates of the House bill for fiscal year 1983, 1984, and 1985 costs, given the changes encompassed in the Omnibus Reconciliation Act of 1981—Public Law 97-35—including the effects of changes in other income assistance programs on the food stamp program and the administration's admittedly already inaccurate July 15 economic assumptions for those fiscal years, were $12.5, $12.8, and $13.5 billion, respectively. That meant that the House bill was already $1.330, $1.685, and $2.185 billion under the administration's presumably low version of the funds that will be needed to run the program as envisioned by the House. It would have been ridiculous for the House conferees to lower these already minimal figures—and that was our only choice besides sticking by the earlier levels. Accordingly, the House conferees thought that it was better not to adopt any caps at all than to reinforce meaningless dollar ceilings.

The only way to achieve this objective was to drop the last 3 fiscal years from the bill, leaving the program either to be reauthorized in 1982 for an additional 3 years or to be continued, in operation, as it is today, by virtue of appropriations acts, continuing or general. As part of the reauthor- ization process, we agreed to consider the manner in which the thrifty food plan should be adjusted. This bill would adjust it effective October 1, 1982, and every October 1 thereafter, based on food prices effective on the preceding June 30, with the 1982 adjustment reflecting changes in food prices for the 21 months prior to June 30, 1982 that would not have been accounted for in the plan at that juncture and all subsequent adjustments reflecting changes in food prices for the intervening 12-month periods. We may change those adjustment bases for fiscal year 1983, 1984, and 1985 in reauthorizing next year, but, until we do so, projections of program costs for budget purposes will have to be predi-

cated upon the adjustment dates we enact into law now.

The conferees, in postponing definitive handling of the funding question for fiscal years 1983 through 1985, recognized that they had not fully solved the funding problem for 1982. The $11.3 billion cap was the highest we could legally agree to. That figure is more than likely to prove inadequate to allow full funding of benefits through September 30. The administration's own estimate for full funding in September, prior to our agreement to delay from April 1, 1982 to October 1, 1982, the upward adjustment of benefits, was $12.1 billion. That estimate—as well as the somewhat later October one of $11.3 billion—was based upon the already inaccurate and outdated economic assumptions developed by the administration as of July 15 for its midyear budget review. The administration assumed a fourth-quarter 1982 unemployment rate of 7.7 percent subsiding to 7 percent in late 1982. That assumption alone will be off by 1 percent or more. Every extra percentage on the unemployment rate adds $680 million onto the cost of the food stamp program. While the rate of food price inflation might be modestly lower than projected, that would by no means offset the rapid rise in unemployment. The Congressional Budget Office, relying upon its own inadequate forecast of unemployment rate at between 7.1 and 7.6 percent over the year, as of September 1982, revised its estimate for fiscal year 1982 program costs to approximately $11.6 billion, although that was before we agreed to reduce benefits by approximately $700 million by delaying the benefit adjustment for 6 more months. Another factor that is beyond anyone's direct control is the rate of implementation at the State level of the cuts already made in the program, which is likely to be slower by several months than the administration originally anticipated.

The conferees, therefore, agreed—and the statement of managers reflects that agreement—that the $11.3 cap funding level contained in this conference report is not likely to be enough. Thus, the $11.3 billion figure should not be treated as a final one. The conference report on the agriculture appropriations bill for fiscal year 1982, House Report No. 97-313 (97th Congress, 1st session), page 21, provides an appropriation for food stamps in the amount of $10,293,384,000—part of which is to be held in reserve—for a period of 10½ months only, ending August 15, 1982. Those conferees were "in agreement that such additional funds as may be required to carry out the food stamp program, as authorized by Congress, will be provided upon receipt of an official budget request from the Office of Management and Budget."

The conferees on the 1982 authorization share the same agreement. We recognize that there is likely to be a need for a significant raise in the cap as well as a supplemental appropriation later in fiscal year 1982, if the program's full benefits are to be received by every eligible participant in August and September of next year. Section 18 of the Food Stamp Act directs the Secretary how to handle the question of a likely shortfall of funding as opposed to program needs. As part of his monthly report to the relevant authorizing committees under section 18(a)(1), he is to state "whether there is reason to believe that reductions in the value of allotments * * * will be necessary under subsection (b) of this section."

Given the fact that the conferees on this bill understand that more funds may be necessary and have specifically sought an "opportunity to consider legislation to amend the authorization ceiling based upon revised cost estimates" and, further, that the appropriations' conference report also suggests the desire of those committees to review and revise the funding upward for the last 6 unfunded weeks of fiscal year 1982 in light of later-revealed funding requirements, it is hard to see how the Secretary would have any reason whatever to believe under section 18(a)(1) that reductions will be necessary until such time as the authorizing and appropriating committees have given clear and convincing evidence that they will not provide the requisite additional authorization and appropriation contrary to the express declaration of their respective conference report documents.

Until such time, there exists not only no reason to believe that the committees and the Congress will not respond, but rather the distinct likelihood, as they have expressly stated, that they will consider and act promptly upon requests for or authoritative indications of need for additional funds to complete the fiscal year. That, after all, is the unequivocal history of the last 3 fiscal years when the issue of breaching the cap has been raised. Each time, often before the Secretary expressed concern, the Congress acted with dispatch to provide the requisite revised cap and, thereafter, the vital appropriations. For fiscal year 1979, we moved the cap to $6,778,900,000 in Public Law 96-58, enacted on August 14, 1979—the appropriations had been furnished on a contingent basis in Public Law 96-38. For fiscal year 1980, we moved the cap to $9,739,276,000 in Public Law 96-249, enacted on May 26, 1980. Finally, this year, we increased the fiscal year 1981 cap to $11,480,000,000 in Public Law 97-18 on June 30, 1981. At no time, was there any serious doubt that we would allow the program to continue at full funding.

That is why the conferees have further instructed the Secretary not to take any requisite action under section 18(b) to reduce allotments until after the full 60 days referred to in section 18(d) have elapsed from the date upon which he has informed us in a section 18(a) report of his intention to reduce benefits. Thus, the Secretary, under current circumstances, has no basis for issuing a section 18(a) report informing us of any reason to believe that a funding inadequacy exists just because his projection of unemployment, inflation and the impact of the reconciliation legislation as of February or March 1982 suggests a possible shortfall. Such a projection of inadequate funding would be hypothetical because it would assume that we would do nothing to raise the ceiling when we have specifically stated that our intent is to consider and act upon any supplemental he requests. Nor should he seek to evade our intent by respectfully declining, for budgetary reasons, to seek the needed authorization increase and supplemental appropriation. We have the will and the power to entertain such increases sua sponte should he refuse to cooperate and seek to compel a cap crisis. We, however, do not expect that he will behave in such a fashion and anticipated that, as part of the authorizing budgeting and appropriating hearing process this coming spring he will acquaint us with a realistic, updated appraisal of full year funding needs and then permit us to work our will to amend the ceiling fully, partially, or not at all, as the case may be.

That is the proper way for the executive and legislative branches to interact in handling this problem. It would be unseemly for the Secretary to precipitate an unnecessary crisis in the face of the clear desire of the four committees most directly involved in the process to confront the funding issue openly and with sufficient time to deliberate fairly and fully to a conclusion prior to any action by the Secretary under 18(b) to order the implementation of allotment reductions—with the requisite leadtime of approximately 45 days—or of allotment termination—after 15 days.

Thus, the way the conferees envision the procedures under section 18 of the act working is that, in the course of any fiscal year, on and after December 15—and not before the commencement of any such year before the initial appropriations figure will have become law and accurate projections of program need for the fiscal year will have become available—the Secretary will make his monthly reports covering that fiscal year.

These reports, scheduled for the 15th of each month, will describe the second preceding month's expenditure, according to the Secretary's best

estimate—for example the December 15 report covers October, the first month of the fiscal year—and cumulative costs. The reports will also contain a statement of the Secretary's reason to believe that allotment reductions will be necessasry, but only if there is clear and convincing evidence to support such a statement, based upon the evidence of the intent of the authorizing and appropriating committees of the House and Senate not to provide the funds that will be needed to continue providing full program benefits. Once the Secretary formally makes the "reason to believe" statement, he then has to wait 60 days to give Congress time to change the cap. If Congress, after the lapse of 60 days, has not changed the law sufficiently to obviate the need for benefit reductions, the Secretary can then, and only then, commence the administrative steps to proceed to reduce benefits in line with available levels of funds. No benefit reduction orders could be issued until after the full 60-day period for congressional action is completed.

The House may not yet realize what it has done to alter the food stamp program in the last year and one-half. The food stamp program has, through a series of substantial changes wrought in May 1980, August 1981, and now, been retrenched and revised more than any other major social program in an effort to make sure that it operates effectively to provide benefits directly to impoverished individuals and households. Before now, it was possible for critics of the program to assert that the program was defective because it fed strikers or college students or persons with incomes substantially above the poverty level or raised benefits in a way that overcompensated for changes in the cost of living. Today, any such contentions are factually false. After the 1980 amendments, the 1981 reconciliation provisions, and what we may accomplish today:

No strikers remain eligible for the program because of the loss of income brought about by their strike.

The only students that remain are either elderly, disabled, have dependents to support, or work almost full time.

The absolute income eligibility cutoff for a family of four is below $11,000 or 130 percent of poverty, while three-quarters of all participant households have gross incomes below $4,800 a year or $13 a day, which is hardly enough to sustain life in these inflationary times.

There will be no cost-of-living benefit increases for 21 months from January 1, 1981, until October 1, 1982; there will not be any of the deduction increases this Congress awarded in 1980; all deductions will be frozen from January 1, 1981 through July 1, 1983, at which point any cost-of-living adjustments will no longer take account of the unusually high and, for food stamp recipients' purposes, irrelevant increases in homeownership costs based upon mortgage interest rates and the price of new homes; and the earned income deduction to which every worker is entitled to compensate for social security taxes, Federal and State taxes, transportation and other work-related expenses, has been dropped from 20 to 18 percent of gross earnings.

The old standby criticisms of this program have been repeated for years by all of those who like to take aim at the food stamp program because only the weak and the politically powerless enjoy its meager benefits of less than 50 cents per person per meal are no longer valid. They should not be repeated any more. The strikers, the students, and the greedy are gone forever so long as this administration properly policies the program. No one is going to get fat on the food stamp rolls.

By virtue of these and other changes in the shape of the program, the food stamp portion of the budget has been significantly diminished. The food stamp program has been one of the primary targets of both the Office of Management and Budget and our budget process. The Agriculture Committee has responded swiftly and in the best of faith to meet the budgetary challenge by trimming expenditures beyond what the Congress mandated. The first concurrent budget resolution called for slicing $1.458 billion from the program for fiscal year 1982. We have replied with program changes worth nearly $2.4 billion or $900 million more than what was required. Similarly, for fiscal years 1983 and 1984 this committee, through the Reconciliation Act of August that it helped shape, has curtailed the program by another $2.046—$75 million on top of the resolution—and $2.334 billion—$7 million more—respectively, for an overall total of $6.75 billion in program retrenchment for this and the next 2 fiscal years.

As a result of these massive contractions we have ordered for the food stamp program, appoximately 1 million persons have been or shortly will be dropped from the program rolls, while nearly all of the 22 million persons remaining on the program, well over 90 percent of them from families below the poverty line, will receive lower benefits than they expected under the law as it was in effect in July. The only households that will not be adversely affected by what we have done will be those, primarily elderly, that are eligible to receive the statutory minimum benefits of $10 per month or 11 cents a meal.

That is a record of program reductions that I am not particularly proud of. But I have labored to do what had to be done politically to assure that the food stamp program would survive. The program is critical to all of those we have determined deserve its benefits. We cannot afford to lose it or to jeopardize its continuation in any significant way. One particular part of the program that I deem to be critical in light of the incredible increase in energy costs during the past few years that has hurt the poor more than others, has been the provision contained in section 5(d)(11) that excludes from income, for the purposes of calculating food stamp eligibility and benefits, "any payments or allowances under any Federal, State or local laws for the purpose of providing energy assistance." That provision was added by Public Law 96-249 on May 26, 1980. It was a product of the House Agriculture Committee, which specified its intent on the meaning of this subsection in House Report No. 96-788 (96th Cong., 2d sess.) at page 123 as follows:

> The Committee's intent is that all energy assistance provided households through the use of Federal, State, or local funds flowing from Federal, State, or local laws that focus on the problem of energy assistance would be entirely excluded from food stamp income regardless of the form which it takes and, of course, from food stamp resources as well regardless of the period of time such assistance is designed to cover. Where energy assistance provided households through the use, in part or in total, of Federal, State, or local funds flowing from Federal, State, or local laws not specifically dealing with energy assistance is concerned, such as Aid to Families with Dependent Children or General Assistance, the Committee also intends to guarantee excludability provided that the Department is satisfied that the increase in benefits awarded by the State or local government (either on a matching basis with the Federal Government or on its own) is, in fact, an energy assistance-related increase and not simply a general welfare increase that would have occurred even were energy costs not a factor and that, therefore, should be viewed as income for food stamp program purposes. Only where energy costs are a but—for cause of the increased payment should the payment be excluded from income and, then, only to the extent that the increase is attributable to high heating costs rather than general inflationary conditions. The Committee obviously expects that State legislatures and local councils will operate in good faith and not take advantage of this exclusion by labeling every annual or other regular welfare allotment adjustment an energy assistance increase in order to take advantage of this exclusion on behalf of food stamp recipients within its jurisdiction.

The above statement represents the state of current law. The revision we made in conference does not significantly change its status. All Federal payments for the purpose of providing energy assistance would continue to be excluded as income, whether or not specifically designated for energy assistance. It is the purpose for which

they are given and not their label that governs.

With respect to State or local payments, the purpose test of May 1980 continues to govern as well, but, in addition, we have inserted two further prerequisites that such payments must meet before they qualify for exclusion from income. The term "payments or allowances" refers, of course, not only to direct cash grants, additions to existing grants, or vendor payments, but also, in the same fashion as the term "payments" is utilized in companion section 5(d)(8), to income tax refunds, rebates, or credits, including income tax credits that take the form of refundable credits as well as offsets against taxes due.

The two new prerequisites are, first, that the "payment" or "allowance" be designated by the legislative body that authorizes it as being for energy assistance. Federal payments do not have to meet this label test; State and local payments do. Second, the Secretary has to review the "payment" or "allowance" to determine that its method of calculation comports with the "energy assistance" label applied to it in the sense that the actual sum of assistance provided is determined by reference to a period of energy need not longer than 6 months—the heating season or the cooling season or some aggregate combination of both.

Thus, the State or local government would have to demonstrate by reference to studies, reports, and the like that it made a good faith effort to evaluate a typical household's increased energy utility needs during a period or periods of 6 months or less in the calendar year and developed the energy assistance "payment" or "allowance" in light of such analysis. The State or local government would not be required to pay out the "payment" or "allowance" over 6 months or less, since that might lead either to an administrative impossibility—a tax credit applied once a year at taxpayment time could not feasibly be handled in this fashion—or to a costly administrative nightmare—the State or local government might have to reprogram the computers twice a year or revise benefits manually the same way in order to limit the delivery of the payment to a 6-month timeframe, which might well make administrative costs either commensurate with or a substantial portion of the benefit delivered. The State or local government would be expected to justify the annual or more than 6-month payout by describing for the Secretary the nature of the administrative difficulties involved that make it infeasible or impracticable for it to adhere to the 6-month payout limitation. Calculation of the payment on a 6-month-or-less basis would still be required.

The conferees recognized that State and local government that are now making energy assistance payments or allowances, all of which qualify for exclusion from income solely on the basis of their purpose, will need a reasonable period of time to change their laws in order to satisfy the new label and calculation requirements. Accordingly, we have indicated that this should be done by the close of the next legislative session—special or otherwise—following the promulgation of final—not merely proposed—regulations implementing this subsection or 6 months after such promulgation, whichever occurs first. Thus, if final regulations emerged on June 15, 1982, the States would have until December 15, 1982, at the latest, to complete this task or, if earlier, the end of any legislative session commencing—not continuing—after June 15.

The fact that we have clarified the manner in which the State or local "energy assistance" payment or allowance exclusion will operate in the future should not be construed as affecting the exclusion in its current form until the requisite time period for compliance has elapsed. Thus, New York, Oregon, Washington, and similar States who already make such payments or allowances through the AFDC program or other mechanisms should be permitted to continue to exclude such payments or allowances from income until the appropriate legislative session has ended or the 6 months have passed—whichever is sooner—and they have, in that time, either failed to apply the appropriate label to the payment or allowance or to calculate it for a 6-month period or less, as we now will require.

The conferees deleted entirely provisions added in response to the administration's desire to limit expedited service pursuant to section 11(e)(9) of the act and current regulations implementing that section. Accordingly, the current state of the law with respect to eligibility for expedited service as described in 7 CFR 273.10(e)(3) should remain intact, without administrative revision, unless and until Congress takes further action to change the situation. The administration tried to change the status quo and failed. It is bound by that failure.

Under current law, food stamp applicants must be screened for emergency issuance by the local office at the time the household submits its application. If the household is eligible for expedited consideration, it must be able to receive its authorization or stamps no later than the beginning of the third working day from the date of application.

The administration wanted to modify this to exclude coverage of women with children who are suddenly abandoned, laid-off workers who will not receive unemployment compensation for several weeks, and migrant farm workers who are beginning a new job and will not get paid until the end of the month. Without expedited service, these families would go hungry.

There are many protections in the law against abuse of this provision, including requirements for an interview and completed application, verification of household identity and residence—and verification of other factors if processing time permits—and work registration. But there is no documentation of abuse in connection with expedited service. Indeed, a study of expedited service in Texas conducted by the Department of Agriculture and the Texas Department of Human Resources concluded that errors because of ineligibility or overissuance amounted to only 8.7 percent of the total coupon allotments issued, which is less than the national average error rate for service on a regular basis.

If the administration develops more evidence of abuse in this area, the Congress will consider making responsive revisions. Until then, the law stands in its current form.

On behalf of the conferees I would like to note that, even though guaranteed expedited service, certain destitute migrant households may encounter hardships as a result of other provisions already enacted which require the initial month's benefits be prorated from the date of application. Current interim final regulations issued by the Department on September 4, 1981, provide destitute migrants applying late in a month only a few days' benefits on an expedited basis; the next month's allotment will not be issued until the first month's circumstances are verified. Where migrants must seek such verification from outside the State, the issuance of the second month's benefits may be unreasonably delayed. The conferees, therefore, direct the Department, when issuing final regulations on this matter, to assure that, when verification must be acquired from outside the State, destitute migrant households applying for expedited service in the second half of the month be provided with a reasonable opportunity to obtain such verification without a loss or delay in benefits.

The conferees determined to limit restoration of benefits improperly denied by a State agency to a period 1 year prior to the receipt of a request for their restoration or discovery of their improper denial by the State, whichever occurs earlier. This provision, like all others in the bill where no other express provision contravenes, is to take effect upon such dates as the Secretary shall prescribe. This means that the provision will take effect in the future and will not operate to cut off or curtail any claims for improperly denied benefits that have already been made and are in the

process either of administrative determination or litigation. The rights of households whose claims are in process of being resolved should be determined under current law and regulations. The 1-year cutoff would not apply to them.

The conferees adopted the House provisions on work requirements and workfare. One portion of the House amendment exempts from the work registration requirement that a job offer be accepted household members who are charged with the care of children age 6 through 11, if they cannot secure adequate child care for the children. The inadequacy of the care that is available or the nonavailability of any such care would be the basis for a good cause refusal to turn down an offer of unemployment. Since the purpose of this amendment was to make the food stamp program comparable to AFDC-WIN provisions, and, since section 6(d)(3) of the act further mandates that food stamp regulations "be patterned to the maximum extent practicable on the work incentive program requirements" of AFDC, the standard for adequacy of child care services should be the standard applied to WIN under 45 C.F.R. section 224.30(c).

Finally, under workfare, although the limitations of scope at conference prevented us from permitting private nonprofit employers directly to make job offers in addition to or instead of political subdivisions, I would like to reiterate the conferees' intent that private nonprofit employers be able to achieve that same objective and become workfare employers indirectly by virtue of contractual arrangements with willing political subdivisions. Part-time job opportunities are numerous in the private nonprofit sector of the economy. That sector would benefit greatly from aid from workfare participants. The mutual needs of each group should be enhanced in the process.

While the conferees have expressed their intent that compliance with an AFDC workfare program shall be treated as compliance with food stamp workfare requirements, we do not intend conversely that noncompliance by a food stamp recipient household with an AFDC workfare requirement operate as noncompliance by that household with its food stamp workfare requirement so as to disqualify that household from the food stamp program. Such disqualification should not be permitted since some AFDC workfare provisions are significantly more stringent than food stamp ones—for example, AFDC mothers with 3-, 4-, and 5-year-olds have to submit to workfare, and two household members may each have to work off in full the household's AFDC benefits rather than each having to work off half of the household's food stamp benefits or some combination amounting to the full amount of such benefits, but not twice that amount.

Finally, under our cash-out pilot projects, we have indicated that we expect that the average value of food stamp allotments that households of a given size would obtain would be used to determine the average level of cash payments that would go to households of the same size, but other factors, such as income, would be taken into account in determining the level of cash-out payments going to individual households in lieu of food stamps.

Mr. COLEMAN. Mr. Speaker, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Missouri.

Mr. COLEMAN. Mr. Speaker, I thank the gentleman for his positive statement about the food stamp program that is in this package tonight. The gentleman is absolutely right. If we vote no, we are voting down another billion dollars of unanticipated cuts in the food stamp program that have not been asked for by the President, by the gentleman in the well, by myself, or by anybody else, but because we would defeat this bill tonight. That is what we have got to recognize as we vote here. All the interests and all the coalitions over the years that have been put together to pass this bill and the gentleman has put together, have helped this program, and I thank the gentleman.

Mr. WAMPLER. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Speaker, I would first like to compliment the chairman of the the Agriculture Committee, Mr. KIKA DE LA GARZA of Texas, and the ranking member, Mr. BILL WAMPLER of Virginia. Both of whose steady presence over the almost 5-week period of this conference was much in evidence. My compliments to all conferees in this House and the other Chamber. It was trying, difficult work, and the product of that labor is before us today.

This conference report is being damned by some as too much; by others as too little. First, to those who believe it is too much. This farm bill reflects more so than any previous bill a greater reliance on the marketplace as the source of the American farmers' income and it defines that marketplace as the world. If this bill should fail because some of you feel it is too much, let me warn you that any other alternative will cost more, whether it be a reversion to the Agriculture Acts of 1938 and 1949, or the extension of the current program, or attempts to generate a new program. Because we are shooting at a moving target, any attempt to redo this bill would require figures generated from more recent information, and the more recent information clearly indicates that a second-time-around bill must be a higher priced bill. So if you want a more market-oriented farm bill, at the least cost, your vote is aye. As for my colleagues who would vote no because it is too little, I understand your desire to support your constitutents' interests. But to you I must stress that the reapportionment revolution that started in the 1960's has come almost full circle, and that this House, whose membership reflects population distribution throughout these United States, will support only reasonable protection for our Nation's farmers, and the reasonableness will be defined by a majority of this House. Billions upon billions paid out of the Treasury for agriculture commodities we cannot sell can no longer be a way of life. The votes just are not there. We have to convince our colleagues on this floor of the soundness and purposefulness of any farm program. To vote no in hopes of defeating this conference report for something better is a futile gesture at attempting to turn back the clock. Those days are gone forever; and if those of us who represent agricultural areas want reasonable programs, we can ill afford to push our colleagues to an up-or-down vote on the very existence of a dairy or wheat or feed grain or what-have-you program.

As evidence that the conference report on the Food and Agriculture Act of 1981 (S. 884) will continue to reflect a greater reliance on the marketplace for income rather than dependence on federally regulated programs, let me present you with three examples: cotton, rice, and sugar—the subcommittee on which I have the privilege of serving as the ranking member. The cotton provisions adopted by the conferees would continue to base the loan rate on a percentage of the marketplace. Target prices would be continued at the higher of either 120 percent of the loan or at mandated levels for each of the 1982-85 crops. Acreage allotments and marketing quotas would be suspended through the 1985 crop.

Title IX of the conference report provides for a price support program for sugar beets and sugarcane. From the effective date of this act through March 31, 1982, sugar processed during that time would be eligible for a purchase program at a level of 16.75 cents per pound raw value. Beginning on October 1, 1982, price support loans for the 1982 crop would be available at 17 cents per pound. For the 1983-85 crops, loans would be available at 17.50 cents per pound; 17.75 cents per pound and 18 cents per pound respectively. By requiring that all loans be made and repaid within the same fiscal year, it is unlikely that this program will result in any costs to the Government.

Title VI of the conference report contains provisions for a rice program. Acreage allotments and marketing quotas are repealed, thus providing program benefits to all rice producers who comply with program requirements. Price support loans as well as minimum target prices would be continued. In an effort to make the rice program even more market oriented, the legislation requires the Secretary of Agriculture to study the use of either the future price or the price received by farmers as a basis for determining the loan rate.

In my opinion, Mr. Speaker, this bill fits today's times, for both those who want a market-oriented program, and those who believe it is in the best interest of both the American farmers and the consumers to have a Federal farm program.

I urge an aye vote on this conference report.

Mr. PEYSER. Mr. Speaker, will the gentleman yield for a question?

Mr. THOMAS. Certainly, I yield to the gentleman from New York.

Mr. PEYSER. I thank the gentleman. I just would like to clarify one thing for the House. Is it true that the 16½ cents that people keep quoting for the sugar program is not the loan price that is included in the bill and that there is also an escalator in there to move the sugar price up; is that correct?

Mr. THOMAS. The price in the conference report is not 16½ cents. It is 16.75 cents. That is a purchase program. That purchase program can run through 1982 and clear up until the last 2 months approximately of 1983, so that in fact it is over 1½ years of 16.75 cents. At that time in the second year a loan program triggers which goes up a quarter of a cent a year over the next 4 years; but the maximum rate over the 4 years for that sugar program goes from 16.75 cents to 18 cents.

Mr. PEYSER. I thank the gentleman.

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the distinguished majority whip, the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, the decision that I have come to on this conference report has been a very difficult one for me. As the conferees know, I was one who opposed its acceptance by the conference and refused to sign the report because I truly believed its provisions to be inadequate. As a consequence, it is with a great deal of sympathy that I listen to respected colleagues on both sides of the aisle as they suggest that we reject this conference report tonight in the hope of providing America's farmers and ranchers with a better bill in the coming months.

While I respect that view, I do not share it. As I see it, I think the decision we must make tonight is quite simply whether we do as much as we can now to provide a safety net of income and price support for American farmers or conversely, place the agriculture community at great risk hoping we will be able to do something better in the months ahead.

The fact of the matter is that in 1977 we passed the last omnibus farm bill but since then, we have modified it every year. Through this process, we improved the 1977 farm bill.

While I profoundly hope that the provisions before us are not the last statements on the future of American farmers and ranchers to be made by this Congress between now and 1985, I am convinced tonight it is the best bill that we can produce for now. Otherwise we face the possibility of a 1949 act coming back into effect on January 1. The 1949 act is not a good law for dairy farmers, for rice farmers, or for wheat farmers. It is out of date and out of tune with American agriculture today. It would be a disaster if that law were in effect for American agriculture for any length of time.

It is for these reasons that I urge my colleagues who share my concerns over the needs of American agriculture to join me here tonight in approving this conference report. Then we will have a chance to work from this day forward to improve the basic bill.

I urge Members on both sides of the aisle to join together in supporting this conference report so that we will at least have provided this minimum level of support for American farmers and ranchers.

Mr. WAMPLER. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri (Mr. COLEMAN).

Mr. COLEMAN. Mr. Speaker, as the ranking Republican on the subcommittee responsible for the food stamp program I can assure you that the conference report represents substantially the same provisions that were contained in the food stamp section of the 1981 farm bill, as it was passed by the House of Representatives. The conference was prolonged and discussions took place over a 6-week period. Despite this, agreement was reached on the food stamp issues and this agreement is supported by a majority of the conferees, including the chairman of the subcommittee, the gentleman from New York.

There were over 40 provisions that were considered that pertained to the food stamp program. The House conferees receded on only four of these. The conferees from the other body receded on the remainder, either totally or with amendments worked out among the conferees.

There was one provision that was difficult for the conferees to agree upon—the adjustment of the thrifty food plan. This provision, offered by the gentleman from New York and by me, delays the adjustment of the thrifty food plan until October 1982 and represents a savings of $700 million during fiscal year 1982. Because of the difficulties in resolving this issue the conferees agreed that the food stamp program would be reauthorized for 1 year, including the delay in the adjustment of the thrifty food plan, at a spending level of $11.3 billion. I might mention that this figure does represent the estimate of the cost to fully fund the program for fiscal year 1982. It was also agreed that early in 1982 both the thrifty food plan and the reauthorization of the food stamp program for future years will be discussed.

Therefore, you can see that the food stamp section of the conference report on the 1981 farm bill represents substantially the same provisions that were presented to you in October, with the exception of the length of the reauthorization of the program. This limited reauthorization on a compromise that was agreed to by the conferees. Those Members who supported the food stamp program and voted for the provisions contained in the 1981 farm bill can support this conference report. Their interests were protected. I urge you to support this conference report and work with me and with the gentleman from New York next year when we will consider future reauthorization of the food stamp program.

I would like to take this opportunity to remind you of the provisions that are contained in the food stamp portion of the 1981 farm bill and the conference report. As you will recall the Omnibus Reconciliation Act contained many items pertaining to the food stamp program and represented a major reform of that program. Over $1.65 billion was saved for fiscal year 1982 during the reconciliation process. There is an additional $700 million savings in the conference report. A total savings of $2.35 billion for fiscal year 1982 will occur once this conference report is adopted. The provisions that are contained in the 1981 farm bill and in the conference report represent measures aimed at tightening the administration of the program, eliminating fraud and abuse and providing all political subdivisions with the opportunity to operate a workfare program.

I urge you to support the conference report on the 1981 farm bill.

Mr. WAMPLER. Mr. Speaker, I yield my remaining time to the distinguished Republican leader, the gentleman from Illinois (Mr. MICHEL).

□ 2120

Mr. MICHEL. Mr. Speaker, my colleagues, may I preface my remarks by saying that the President still wants all the Members to come down to his

house tonight, or the "People's House," and has extended his party for 2 hours beyond the expiration of the vote on this bill.

Mr. Speaker, I rise in support of this conference report.

We are really voting on one of two farm bills tonight. One was written in the 1930's and the 1940's and later years. It is called the permanent law that will go back into effect at midnight, December 31, 1981. The other was laboriously written by this Congress over the past year. It is called the conference report on S. 884.

We can enact either bill tonight. By defeating the conference report, we will cause all those old antiquated laws to go back into effect. If we were to do so we would add to consumer costs, increase farm program costs and throw American farmers and ranchers into a fit of confusion and helplessness for the indefinite future.

On the other hand if we adopt this conference report which is the result of the hard work and good faith of dozens of Members of this House from both sides of that carpeted passage that separates the parties in this chamber we will be moving ahead, not backward.

We all recognize there is considerable opposition to this bill. It is by no means perfect; I do not like some aspects of it and I would be surprised if any Member of this House found perfection in what, by nature, is an omnibus compromise of various points of view, parochial, economic, and geographic.

But let me identify the opposition. This bill's chief adversaries are the big dairy cooperatives. They seek to kill the entire conference report because they object to its dairy price support provisions. They would even kill other dairy improvements such as continuing donations of dairy products to veterans hospitals and the military, dairy indemnities, and marketing order changes, in this blind effort to keep an outrageously expensive and wasteful dairy price support program on the books.

By killing this bill tonight the House would be voting to spend another $379 million in fiscal year 1982 on a dairy program that is bursting at its seams with surplus butter, cheese, and nonfat dry milk.

Another group opposing this conference report is composed of some of those businesses using peanuts in the manufacture of food and confections.

Let me emphasize the word "some."

Some of these people think they will get a new peanut bill.

Others, like CPC North America manufacturers of Skippy peanut butter understand that is most unlikely and know that reverting to the old peanut law which sets minimum peanut price supports at $701 a ton is worse for their businesses than this bill which sets the 1982 level at $550 a ton.

Farm legislation can be complicated, but you do not have to hold an MBA to understand that $701 is more than $550.

That is why the people who make Skippy peanut butter wrote to me as follows:

> The Conference Report on that legislation contains important improvements in the peanut subsidy program, and we urge your support for the conference report when it is considered by the House. As you know, all affected interests have been asked to accept substantial compromises, but we believe that, while we may have wanted additional amendments to specific sections of the bill, the public interest will be best served by this comprehensive approach to farm legislation.

Now there are others who say we should kill this entire bill because the sugar title is too generous to American sugar growers but what is the alternative?

First, the Secretary of Agriculture can set sugar supports at exactly the same level under permanent law.

Second, its an unpleasant but true economic fact that our U.S. sugar industry simply cannot survive without some form of Government help and it has been this way for over 200 years.

And third, this conference substitute is written to give the Secretary considerable latitude in administering the new program. There will be full and ample opportunity later for consumer groups to have their day in court under the Administrative Procedure Act.

There are others who say the grain supports are too low or too high; and we hear from this special interest or that one which is not fully satisfied.

But what do they offer as an alternative?

I will tell you what they offer: They offer costly chaos.

If we leave here tonight without a farm bill, taxpayers will be immediately saddled with adding from $674 million to $1.6 billion to the billion fiscal year 1982 deficit. Under the old law expenditures will be more in 2 years than in 5 years under this bill. What kind of a signal will that be to a nervous investment community already worried over high interest rates and the ability of our Government to get its fiscal house in order?

What will it do to farmers and ranchers who wonder what kind of a program they will have next spring? Wheat farmers for example would be placed in the impossible position of voting in a wheat referendum sometime in March 1982, some 6 months after they have planted their winter wheat.

What about the thousands of poor people here at home and overseas who depend on the food stamp program and Public Law 480 for their daily sustenance?

Sure, the continuing resolution will carry funding for these programs until March 31, but the basic authorities and needed statutory changes would not be in place unless this bill becomes law.

The same is true in regard to dozens of other programs in this bill favorable to American agriculture and the public health and safety.

I cannot believe that this House will ignore the urging of our President, the overwhelming approval by the other Body, the support of major farm organizations and commodity groups, and the backing of business and public organizations simply for the fatuous notion that something better might be produced later.

There is no later.

We have to ask ourselves, if not now, when are we going to vote for a comprehensive farm and food program.

If not us, who?

The answers are obvious—a vote for this conference report is a vote for a stronger, better American food and fibre policy.

A vote against it is a vote for utter chaos and confusion.

Let me say one word to those who think we can get by with a 3-month extension. The other body will never buy that, and we will not have anything. We will go back to that old law. Now, the President has told us all that he is willing to sign this bill that is the product of this conference report. I urge my colleagues to support it enthusiastically.

The SPEAKER pro tempore. All time of the gentleman from Virginia (Mr. WAMPLER) has expired.

The gentleman from Texas (Mr. DE LA GARZA) has 5½ minutes remaining.

Mr. DE LA GARZA. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky (Mr. HOPKINS).

Mr. HOPKINS. Mr. Speaker, I thank the chairman for yielding.

Mr. Speaker, I rise in strong support of the conference report.

Mr. DE LA GARZA. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. ALBOSTA.).

Mr. ALBOSTA. Mr. Speaker, rural America is facing a catastrophe and the administration is trying to push farmers over the brink. The 1981 farm bill that the House is considering today is a disaster for farmers and consumers. Unlike some of the suffering and hardship that occurred in rural areas as farms were foreclosed on and farmers could hardly even feed their own families.

As a lifelong farmer, I know firsthand the importance of strong farm programs.

If the House passes the farm bill before us today, we will be leading American agriculture down the same

road of ruin. How long can we expect farmers to produce commodities at below the cost of production? How long can we expect farmers to continue to borrow money to finance their farming operations and eat away at their equity?

While I would have preferred to see target prices eliminated for wheat and feed grains and loan rates tied to 70 percent of parity, I could have accepted the House-passed farm bill that allowed for cost of production increases in the loan rates from year to year. The bill we have before use today contains low loan rates and target prices. No cost of production adjustment will be permitted during the 4-year life of the bill. The loan rates in this bill for wheat and feed grains will bankrupt farmers unless they are changed.

I have many farmers growing Soft White wheat. To have the section on wheat do no better than to provide less than what a minimum should be for a loan rate is less than I can accept. The problem with the section on wheat is that it sets a minimum loan rate for the 1982 to 1985 crop years at not less than $3.55 per bushel which means the Secretary of Agriculture can, if he wants, in 1984, have a loan rate as low and disastrous as $3.55 without any good incentive in the program to pay for acreage diversion.

The price support loan rate for corn that would be established at $2.55 per bushel for crop years 1982 through 1985 seems to me to again be a disaster.

Farmers need something more than disaster protection. What they need is a decent loan rate tied to parity or some other system of indexing based on the cost of production. I see the feed grain section of this bill bringing disaster to the 10th Congressional District of Michigan.

Mr. Speaker, I cannot support what I believe to be a devastating program for farmers who now are just able to keep their heads above water.

I consider the soybean section to be another problem in this bill. There is no real protection associated with this legislation which will help the soybean growers in my area. Mr. Speaker, $5.02 is the floor established for a loan rate in this bill for crop years 1982 through 1985. This shows how little knowledge the conference committee had on the cost of producing a bushel of soybeans.

The dairy provision is a complete disaster. It is true we have a surplus of dairy products in the United States that are now owned by the Commodity Credit Corporation. But why is the Department of Agriculture not trying to sell these dairy products? Why is the U.S. Government not using these dairy supplies to help support our foreign policy goals and win allies for the United States? The administration is more than willing to fight hard for a foreign aid bill of over $11 billion that Congress has just passed, but will not help the American farmer. We should take care of our people first and make sure our economy in both the urban and rural areas is strong before we give $11 billion to other countries.

I have many dairy farmers throughout my district who, I am sure, would not want me to support a dairy program that would reduce the minimum support below 70 percent of parity.

I think the dairy industry is willing to compromise, but this legislation is not a compromise. It is a mandate from Budget Director David Stockman to the Congress and to the Secretary of Agriculture to bring disaster and devastation to the dairy industry of this country.

The dairy program must be at 70 percent of parity. I believe we will see surplus production drop dramatically in the next several years. Dairy production would drop even further if other parts of agriculture were strong so that farmers would not be shifting out of wheat and feed grain production.

This farm bill does contain one good feature that is particularly important to Michigan—a sugar loan program. I have fought for the past 3 years to get sugar legislation passed establishing a sugar loan program. Unless such a program is started again I believe we will see the domestic sugar industry further reduced. The Secretary of Agriculture under the 1949 Agriculture Act has the authority to establish a loan program for sugar producers very similar to the one in this farm bill. I urge and hope that Secretary Block will act quickly to implement a sugar loan program or once again the United States will be hostage to foreign sugar production.

I believe the sugar section of this bill could have helped save the sugar industry in Michigan, but it would be my hope that if this bill is defeated, the Secretary of Agriculture will use discretionary powers under the Agricultural Act of 1949 to immediately place a loan rate of at least 17 cents a pound for sugar production in Michigan. If he does not do this, I believe we would be allowing our domestic sugar industry in this country to die. We would become totally dependent on foreign sources for sugar supplies.

The Members of this body who have consistently been against a Federal sugar program will be the ones to eventually shoulder the responsibility for the disastrous situation that will occur in this country by us not having a domestic sugar industry.

The section on embargo protection has some value. Mr. Speaker, I am sure this body will have to go back to the drawing boards and come up with an acceptable alternative to this piece of legislation, and I want those Members who worked on this legislation to know that the embargo section is acceptable. However, we must come up with a more acceptable bill to the American farmer.

Before concluding, I would like to point out one further fact. High interest rates have been plaguing American farmers for the last several years. Now is no time to further squeeze farmers by depressing the prices they receive for their commodities. Farming is a unique business. Unlike a manufacturer of cars or machines, farmers must make their production decisions far in advance of planting time. The crop must be nurtured through to harvest. Once harvested, the crops must be orderly marketed. Farm programs are therefore unique and we must assist and not destroy this orderly marketing. We must pass a farm bill that will help American agriculture. I therefore must vote against the farm bill.

Mr. DE LA GARZA. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I had the honor and privilege of leading the House delegation on this conference. Let me tell you very sincerely and very truthfully, as I said in the beginning, I wish we could have brought something more for those specific commodities—dairy, feedgrains, wheat—but I have been down in the valley of the shadow of death, Mr. Speaker, and I see what is ahead.

We faced the other side. They would not give. We stayed 27 days. This is the only thing we could bring back.

If this bill does not pass, we will go to the 1949 act. Some argue that it will not happen; I do not agree.

I tell you we will lose $1 billion for food stamps. I cannot wake up in the morning with that on my conscience.

I am in a little different position than most of my colleagues, having the responsibility of being chairman. I can tell you very sincerely it is not an easy task. I am telling my colleagues that there would be utter chaos—or achieve a more favorable result. They are not going to undo Gramm-Latta. We will have the 1949 act. It will be a disaster. The added costs alone will be $2 billion to $4 billion above the conference report.

I wish I could think that we could come back. I would be the first one to come back. But I have seen the other side. I have been to the White House. I have been to the executive office building. I can see no alternative to the conference report.

Granted, we are dealing with a patient who is sick. What they say about the American farmer is true. This is not anything but maybe a blood transfusion, and at that it may be the wrong type blood. But we are going to have a dead patient if we do not pass this tonight. We are going to have chaos in the food stamps. We are going to have chaos in the lending in-

stitutions. We are going to have chaos as far as the budget is concerned. And I do not want to be here 60 or 90 days from now when we cannot get more than we could tonight and say, "Gee, I wish they would have heard me that other night; I wish they would have heard me that other night." I do not want to say that.

If I were to fight this bill for the consumer, I would not be doing it on sugar. That is the least thing that can affect the consumer. A package of cigarettes would cost more than the extra cost of sugar over an entire year. And then, Mr. Speaker, peanuts is something that we have worked at diligently to bring a compromise.

□ 2130

The House did bring back a good compromise, contrary to what many of the Members say. An individual Member may disagree if he is from a wheat area and he thinks he can get more. I am not quarreling with that.

All that I am saying is that what we have tonight—what they call a turkey and make fun of in the Christmas season—is that we are not forgetting the American farmer. This gives him a safety net. Granted, it may not be what they want, but it is the best we can do under the circumstances.

Finally, Mr. Speaker, let me say in the spirit of the season that I have had nothing but cooperation and good will from the Members who oppose this very strongly and very vehemently. I have meticulously guarded and protected their interests. How do the Members think I felt here giving more time to those who oppose this bill than to those who support it? But then, I wanted to protect their interests. It is a long, long way from the banks of the Rio Grande for a poor Mexican boy to be chairman of the great Committee on Agriculture, Mr. Speaker. Because of this country, our system of government, the grace of God, and the people who have touched my life along the way, I am here. I think that I owe it to those people. I also have the obligation to warn my colleagues that I have seen the crystal ball. A better bill is not there. I wish that it were, but it is not.

● Mr. BROWN of California. Mr. Speaker, I rise in support of the conference report on S. 884, the 1981 farm bill. As a conferee on this legislation, I have participated in, and at times endured, the efforts that went into achieving a compromise on this complex bill. I would like for my colleagues to be aware of the excellent job that the chairman of the House Committee on Agriculture, Mr. DE LA GARZA, performed in moving this conference report through the many weeks of meetings and negotiations. It was no easy task, given the unrelenting refusal of the Administrator to accept what I considered to be much fairer language whan the conference report currently contains.

I support this conference report because it is the best compromise that we could secure at this time. I support it because these programs are preferable to the chaos which could result from having no farm bill. Our distressed farm sector has enough problems without the uncertainty which would result from not enacting this bill. I support this legislation out of respect for Mr. DE LA GARZA and the rest of the conferees who have devoted so much effort to crafting this compromise, however imperfect it may appear to some.

But let me clearly state that this is the administration's farm bill. More worried about numbers than farmers and consumers, the administration refused to accept compromises offered to them. And when spring's thaw reveals what the administration has done this winter, it is the administration who will have to answer to America's farmers and consumers.

We are entering times which require innovation and creativity, not dogma. Seeing the Federal Government as the source of all of this Nation's problems is just as bad as viewing the Federal Government as the final solution to all of our ills. My voting record over the last 17 years shows my opposition to farm programs which I consider misdirected or wasteful. But I have been motivated by a desire to seek what was best for the American farmer and consumer. I am not convinced that these same motivations are the basis for the administration's position on the farm bill.

But I support this conference report and I urge my colleagues to do the same. Next year's farm decisions are being made now and America's farmers need some steady point from which to make their plans. To continue their uncertainty when the administration leaves us no possibility of an alternative, is not a path I choose to take.●

● Mr. EVANS of Iowa. Mr. Speaker, I thank the gentleman for yielding me time to support the conference report on the farm bill.

I want to talk for just a moment about some of the very peculiar and damaging things that will happen in the area of agricultural exports if we reject the conference committee report and revert to the 1949 act.

First, there is no protection in the 1949 act against embargoes on exports of farm commodities—embargoes such as the disastrous prohibition against grain exports to the U.S.S.R. imposed in 1980. The new farm bill contains provisions that virtually guarantee that such an embargo can never happen again. Having such provisions in the law is vitally important at this time of great unrest in Poland and Eastern Europe.

Second, the 1949 act contains none of the provisions of Public Law 480—the food-for-peace program. And Public Law 480 has been used with great effect over the years not only to assist nations in great need, but also as a powerful tool to develop our own commercial export markets.

Third, and potentially most damaging, are the strange things that the 1949 act has to say about how the Commodity Credit Corporation can dispose of the surplus stocks that it acquires from time to time. Both present law and the new farm bill severely restrict the conditions under which the Commodity Credit Corporation can dispose of surpluses and insure that such surpluses must be sold at prices sufficiently high to avoid disrupting the commercial price structure for farm products.

But the 1949 act contains few such assurances. The 1949 act says the Commodity Credit Corporation may sell its surpluses at 105 percent of the support price—or loan rate. And sales at 105 percent of the loan rates which will be established under the 1949 act would mean miserably low prices to farmers.

But the problem does not stop there. The 1949 act also says that there shall be no restrictions—and I repeat, no restrictions—on the price at which the Commodity Credit Corporation can dispose of its surpluses if those stocks are sold on the export market.

If it sells for overseas delivery, the corporation can dispose of stocks at any price it wishes to accept—even at prices below the loan rate. It seems to me that we would be extremely unwise to allow the law to revert to this situation, which provides absolutely no protection to the farmer. This is particularly dangerous at a time of large farm surpluses and great financial pressures on the Federal Government to avoid the substantial costs of keeping these surpluses in Government storage. There will certainly be a strong temptation to the Federal Government to dump its stocks at most any available price in order to avoid the carrying charges.

The provisions of the 1949 act I have described certainly will not help us develop profitable overseas markets for our farm products. This House would be well advised to adopt the conference report and avoid these pitfalls. I strongly urge my colleagues to support the bill.●

● Mr. RAILSBACK. Mr. Speaker, there is probably not one among us here today who is completely satisfied with the conference report on the 1981 farm bill (S. 844). I, too, have serious reservations about certain provisions agreed to by the conferees.

But these reservations are outweighed by my concern about the harm that could come to our country's

farmers and farm policy if we do not act quickly to pass this important legislation. I urge my colleagues to put aside their individual objections and vote today to pass a 4-year farm bill which, under difficult circumstances, represents the best balance of farm, consumer, and budget interest.

We all know about the vital agriculture programs this legislation reauthor- izes: producers and consumers depend upon the commodity price support, food stamp, agriculture research and extension, Food for Peace (Public Law 480) and soil conservation programs contained in this omnibus legislation.

These are the types of programs essential to encourage market oriented production by our farmers—allowing for maximum producer freedom with minimum of Government interference—and thereby provide farmers and ranchers with higher net incomes. This would at the same time assure consumers of reasonable prices and stable food supplies.

This bill not only extends these important programs, but it also contains provisions that improve farm policy. Reasonable target prices and price support loans will provide farmers with the basic income and price protection so crucial to farms who must contend with fluctuating economic and marketing conditions. It includes an improved farmer-held reserve program which should be more responsive to changing market conditions. The bill also provides protection for farmers against export embargoes, export expansion measures such as authority for a revolving export credit program, new inspection rules for imported meat and authority for a streamlined food stamp program so vital to many Americans.

Unfortunately, the bill also contains peanut and sugar provisions which run against my earlier votes to strike a new and costly sugar support program and end acreage allotments and production quotas for peanuts. While the conference report reduces these programs' costs somewhat, I have serious reservations about the potential costs these programs will add to sugar and peanut-based consumer products. I am also concerned about the burden of budget cuts this legislation places on the dairy farmer.

But these concerns are secondary to the importance of passing farm legislation before Christmas. In my conversations with farms in my district, many of whom are members of the Illinois Farm Bureau, I have been told repeatedly about the immediate need to set farm policy for the next 4 years so that they can get on with the business of farming. This farm legislation, while not perfect by any means, gives farmers the basis from which to make clear production decisions for the 1982 crop year and beyond.

Without passage of new legislation, price support and production adjustment provisions of the 1977 act for the major commodities will revert to permanent legislation—the Agriculture Act of 1949 for price support and Agriculture Adjustment Act of 1938 for marketing quotas and acreage allotments. This would not be in the best interest of agriculture or this country. There would be no embargo protection, no target prices, lower loan rates, and no import restrictions on meat with laws that were enacted for an entirely different farm environment, as they begin making plans for the 1982 crop season. According to USDA figures the cost of reversion for commodity programs in fiscal 1982 would cost $0.7 to $1.6 billion more than the conference provisions. For fiscal 1983, the cost of reversion exceeds that of the conference provisions by $2.1 to $2.8 billion. Conducting commodity referendums and establishing acreage allotment would be an administrative nightmare for both farmers and the Department of Agriculture.

I do not believe farmers want to heap additional cost on an already strained Federal budget. Farmers are now having to contend with sagging income due to rising production costs and low commodity prices. What they expect from Washington is prudent Federal spending and policy. All Americans including farmers will benefit from our efforts to bring inflation under control and reduce interest rates by passing reasonable legislation such as this bill.

This farm bill is consistent with the President's budget guidelines for reducing Government expenditures and restoring growth to our economy. Secretary Block has told me this bill gives him the needed flexibility to operate agriculture programs effectively. The Illinois Farm Bureau feels it is the best available measure of support to the agriculture sector, given the budget constraints. I urge my colleagues to act quickly and pass this important farm legislation.●

● Mr. MOORE. Mr. Speaker, I voted today for the conference report on the general farm bill, but I did so with mixed emotions. This conference report is in balance an acceptable commodity price support network although it is far less than sought by certain agricultural segments. It receives the support of the Louisiana Farm Bureau, as well as our sugar, cotton, soybean, and rice associations. It is good really for all of Louisiana's commodities except possibly one—dairy products.

I am especially aware of critical market conditions impacting dairy farmers and their disappointment in dairy provisions in this bill. I represent the largest dairy producing district in the South and have always supported, during my tenure in office and while on the Committee on Agriculture, dairy price supports. I believe our dairy farmers recognize that we do have a problem of overproduction. It has required the Government to buy massive quantities of surplus production. As a result, the dairy program is the most expensive provided any single commodity. Dairy farmers I have talked with know these stark economic conditions and understand that reduction of herd size and milk production will ultimately prove to be the wise course to follow for the future of the dairy industry. This bill will move us in that direction.

I am also convinced that the defeat of this conference report will provide no better price support for dairy products. Instead temporary authority for farm programs under the continuing resolution passed recently would be given until early next year. Farmers who need to budget now for 1982 and beyond, will have no certainty of how much reliance can be placed upon Federal farm commodity programs. In addition, events during House-Senate conference work on the farm bill made known the likelihood that the administration would, upon this measure's defeat, seek more restrictive terms for dairy price supports in its replacement. In other words, the next bill will be worse.

It is with these reasons fully in mind that I conclude taxpayers and agriculture alike will do better with this bill than without it.●

● Mr. TRAXLER. Mr. Speaker, for the first time in the history of farm price support programs, an administration has succeeded in dividing the farmers of America in a fight for too few dollars under an unrealistic budget ceiling. The grand design of David Stockman has come to pass: Give the farmers too little and they will destroy each other scrambling for the few crumbs that are thrown to them. The next step is to eliminate all commodity support programs.

The House passed a responsible farm bill. We provided a program that met the needs of the American farmer and the American consumer. We need to provide our farmers with assurances that they will receive a decent price for their commodities. We held down the spending levels in order to meet budgetary goals.

But this was not enough for the administration. Regardless of all of the cuts that were made, regardless of all of the efforts that were made to demonstrate that agriculture is in a depressed condition, the administration for the first time since the thirties insisted on the theory that by cutting back everyone will be better off. The farmers I represent tell me that this just is not so. You cannot tell a farmer who is facing high interest rates, low prices for his crops, and high inflation

that he will solve his problems by having lower price support programs.

I think there is a very vital point that needs to be made with respect to the budgetary impact of this bill: If the economy improves as the President's economic advisers predict that it will, then farmers will get a decent price for their crops and there will be no need for farm price supports. As a result, regardless of which support level is chosen, supports will not be used and there will be no budget exposure.

But if the economy does not improve, then we must make the policy choice of providing the American farmer with a realistic support program that will keep him in business growing food for all of us and for export or we say to the farmer as the administration has that the Government will help only to a certain minimal point. The American consumer must realize that it is in the consumer's best interest to have a healthy agriculture. They complain about food prices now. What will they be if farmers go out of business as a result of the attrociously low support levels provided by this bill?

Our conferees met with the Senate more than 20 times. They kept giving up more and more of the House farm bill in order to satisfy the concerns of the President and his supporters in the Senate so that we could develop an emasculated farm bill which would have little impact on our budget, and probably even less impact on our farmers.

Our conferees got to the point where the only difference between the two bills was about $600 million—the price of two B-1 bombers. The President's men said that we could not afford this figure. But this administration just pushed through a defense bill which will provide nearly $30 billion more than was available in fiscal 1981. We cannot spend $600 million on farmers over 4 years, but we can spend 50 times as much more on weapons systems in 1 year.

Many of our colleagues on the conference balked on principle. They were not going to give away the land, the barn, the tractor, and the last slab of bacon in the refrigerator. But, unfortunately, the House conferees gave in to the Senate compromise.

Mr. Speaker, I could not in good conscience support this agreement. It provides only one decent provision for the American farmer, and that is the sugar loan program which has been reduced several times since the conference began. I have supported efforts to reestablish a domestic sugar support program throughout my years in the Congress, and I want to continue those efforts. I represent many sugar beet growers in Michigan, and I know that they are interested in this provision of the bill. I wish there was some way that we could separate this provision so that we could approve just the sugar provisions of the conference agreement, but I know that is not possible.

I am confident that Secretary Block will have the commonsense to provide a sugar loan program under the discretionary authority given to him by the Agricultural Act of 1949, as Secretary Bergland did on several occasions. The administration must decide if it is truly interested in supporting American agriculture. If it is, then it will use every means at its disposal, including this discretionary authority, to helping our sugar beet growers.

I still find that I could not in good conscience support this measure because I am not willing to bankrupt the bulk of the farmers of Michigan's Eighth Congressional District in order to get this program, as worthwhile as it is. Individual farmers are calling me, urging me to vote against this bill because the overall support structure in it does not bear a reasonable relationship to the problems that other dairy and crop farmers face.

Our dairy farmers face higher costs. They are told that they have been bad people because their ability to produce has led to a surplus. For this reason, they should be punished with the lowest dairy price supports since before 1949. I hope that my colleagues who believe that this reduction is warranted remember their position when in 2 years they find that they can no longer afford basic dairy products because our dairy farmers will have gone out of business as a result of their compassioned foresight.

Our wheat and feed grain producers face higher costs and surpluses which continue to depress the market. Yet because there are surplus stocks, they are told that they deserve a lower amount than might be reasonable compared to their costs.

Our farmers who have provided us with the best food supply in the world and who have provided Americans with food at the lowest percentage of income of any nation in the world are being told by this bill that they have done too well. This agreement says that the administration believes that we can afford to turn our back on farmers because we have enough food in storage.

This agricultural policy is telling our farmers that they are getting too rich as a result of Government price supports at the same time as the Department of Agriculture reports in this month's edition of FarmLine that "U.S. farmers face lean economic prospects through 1982 * * * the overall farm income outlook isn't very promising." It also reports that changes in U.S. agriculture have "left farmers more vulnerable to unexpected change."

Mr. Speaker, enough is enough. There comes a point when we have to tell the administration that it is wrong—dead wrong. We need to have some foresight in this Nation, and this conference agreement simply does not offer the type of program that we need to maintain a strong agricultural base in our Nation.

I oppose this conference report, Mr. Speaker. I know that this may create some turmoil while we work out a better solution, but we cannot give into this plowing under of basic agricultural supports for the sake of administrative convenience. We simply need a better farm bill than the one before us today and I will continue to work to that end.●

● Mr. DERWINSKI. Mr. Speaker, it is with great reluctance that I support the conference report on the farm bill.

I am most upset that our House conferees failed to uphold the votes expressing the clear position of the House on a number of sections of this omnibus bill, but in particular I want to cite the peanut and sugar provisions.

The peanut provisions of the conference report reverse, in effect, what the House approved on this commodity, continuing the current program with an increase in the support price.

I am very distressed the conference version has restored the sugar program rejected by the House. Although the House defeated an 18-cent sugar loan section, the conferees agreed to a 17-cent program.

These provisions are not in the interest of American consumers, but I recognize that if the bill fails, the programs for these commodities would revert to the permanent law, thus bringing about huge costs, with authority for other programs expiring.

Therefore, I am going to vote for the conference report as the lesser of evils with which we are confronted.●

● Mr. KASTENMEIER. Mr. Speaker, it is often the case at the end of the session that the House is forced to accept less than ideal legislation because of serious time constraints. Each of us, at one time or another, has swallowed his or her doubts about a particular measure, because sometimes even a disagreeable bill is better than no bill at all.

However, this is clearly not the case with the conference report on S. 884, the 1981 farm bill. The legislation reported by the conference committee would have disastrous consequences for American farmers and consumers, and I urge my colleagues to vote against the bill.

It is with regret that I take this position. I certainly recognize that the chairman of the Committee on Agriculture (Mr. DE LA GARZA), and the ranking minority member (Mr. WAMPLER), as well as the other members of

the committee, labored long and hard to produce a bill. I commend them for their efforts under exceedingly difficult circumstances.

Nevertheless, S. 884, as it emerged from the conference with the Senate, provides virtually no relief for American farmers who have seen their net income drop sharply in the last 2 years, with no improvement in sight.

I am particularly concerned about the dairy price-support program. It is ironic that the American dairy farmer, who has increased his productivity dramatically in the past three decades and has kept the cost of his product low in comparison to other foods, has seen his program cut more than almost any other segment of society.

We began this year with an 80 percent of parity floor on dairy price supports. However, since that time, dairy farmers have foregone two legally mandated adjustments in the support price. The administration and Senate now are asking dairy farmers to accept a program which, acording to industry sources, will drive the parity level down to 58 percent by 1985.

The complex formula which the Senate and President are advocating can hardly be considered a compromise with the House position. The House voted to accept 70-percent of parity as the absolute minimum support price. The conference report not only abandons the 70 percent floor, but for all practical purposes abandons the concept of parity.

Under the conference agreement, any year for which the Agriculture Secretary predicts that Federal outlays for the dairy program will exceed $1 billion, parity ceases to be a factor. The support price is increased by small, monetary increments.

Advocates of this approach argue that when projected outlays are under $1 billion, then the price floor will be 70 or 75 percent of parity, depending on the projected surplus levels. But who are we kidding? Does anyone truly believe that a Secretary of Agriculture in this administration will project outlays below $1 billion? And who is in a position to effectively challenge his predictions?

The simple fact is that the President and Senate are asking us not only to abandon our bottom line on the dairy program, but also to give up the very concept of parity. It is time for the House of Representatives to say "no."

Mr. Speaker, we have about 44,000 dairy farms in Wisconsin, most of them family operations. I wonder how many we would have in 1985 with 58 percent of parity.

The conference report also provides inadequate levels of support for wheat and feed grains. How can we expect these farmers to continue to feed us and much of the world when they are losing money on every bushel they produce?

These cuts are being made in the name of fiscal restraint. However, fiscal restraint went out the window for sugar. Sugar producers receive a potentially costly new price support program. There is something wrong with our priorities when major farm legislation puts dairy, wheat, and grain farmers out of business while providing windfalls to sugar.

I am particularly disturbed by the fact that the administration agreed to accept the sugar provisions only after certain Members from sugar-producing areas promised to support the President's economic program. It is a sad commentary on our times when public policy is decided in this manner.

Mr. Speaker, we hear much today about the need to straighten out our economy. But the economy will not recover as long as American agriculture remains in a state of depression. The bill before us will not bring farmers out of that depression, but in fact, will make the situation worse. I urge my colleagues to reject the conference report.●

● Mr. OXLEY. Mr. Speaker, I wish to express my satisfaction with the farm bill conferees' deletion from the conference substitute of the Senate-passed provision expressing the sense of Congress that imports of casein are interfering with the operation of the dairy price support program and urging that limitations be placed on casein imports. I am displeased, however, that the conferees chose to include a similar provision in the conference report, specifically providing that this view be presented to the Chairman of the International Trade Commission to be made part of the record of the investigation of the issue which is currently underway.

While I appreciate the important role compromise plays in any conference of this sort, I do not believe that this particular provision should have been included in the conference report. I say this because I do not feel that the statement necessarily reflects the feeling of a majority of my colleagues.

At any rate, I again question the propriety of Congress attempting to prejudge the issue. We should allow the ITC to make an independent, unbiased decision before attempting to solve what may very likely not even be a problem.●

● Mr. BEREUTER. Mr. Speaker, I intend to vote against the conference report of the farm bill which is before the House. This measure is a formula for disaster on the farm. The loan rates for wheat and feed grains are a full dollar below the cost of production, with no real-dollar increase over the 4-year life of the bill. We would be insuring farm families and the related agribusiness sectors of continuing losses for the next 4 years. I cannot be a part of this action, and I urge my colleagues to reject this measure.

The bill which had earlier passed the House, in contrast to this conference report, would have at least assured our agricultural producers of a fair return in the marketplace. Because of the actions of the conferees, however, the House is now faced with the option of accepting a bill which is totally inadequate or rejecting the measure and returning next year to attempt to strike a better deal. I strongly urge the latter approach. The administration will be forced to return to the negotiating table if it wants to avoid reverting to the more costly permanent legislation, and we can then formulate a program which will be of actual assistance to the Nation's farmers and agribusiness.

There is clearly some misunderstanding as to the consequences of failing to pass this conference report which I believe must be clarified. Technically, farm programs would revert to the permanent 1949 law. Under that law, a referendum would be held on the wheat program, and a wheat allotment program could be required. The loan rate for wheat would be between 50 and 90 percent of parity if a quota was approved and between 65 and 90 percent if not approved. The loan rate on corn would be between 50 and 90 percent of parity, or between 65 and 90 percent of parity if an acreage diversion is in effect. The minimum support level for corn under the permanent law would be $2.73, as opposed to $2.55 contained in the conference report; for wheat, levels under permanent law would be $3.77, as opposed to $3.55 in the conference report. Efforts would be made to introduce substitute legislation when Congress reconvenes so as to avoid reverting to permanent law. In that instance the House would be in a stronger position from which to negotiate a fair and workable farm program.

Mr. Speaker, it is especially distressing to me to see the efforts of the past year result in this conference report. Before the committee began work on the farm bill, I consulted with farmers and ranchers from throughout my district to receive their views on what they wanted in the next 4-year bill. I met with representatives of the major commodity groups and the general farm organizations in Nebraska. I spoke with corn, wheat, sorghum, and soybean farmers; dairy, livestock, and poultry producers; and rural bankers, implement dealers, seed and fertilizer suppliers, and other agribusinessmen and women. I appeared before the committee during the hearings which were held to convey those views and to express my support for strong farm legislation. The committee, to its credit, ultimately came forth with a good bill which would have served our

agricultural producers well and which would have provided the consumers of this Nation with a reliable and reasonably priced supply of food and fiber for the next 4 years. The House passed that measure generally intact, again to its credit. But the House conferees then succumbed to pressures exerted on the conference committee; the resultant bill offers little hope of improvement to the agricultural community and rural America.

There are provisions of this bill which will be of minor assistance to the grain farmer, even though the most important aspects, the loan rates and target prices, fall far short of what is needed. The farmer-held reserve is continued, and the operating procedures of the program have been improved. The embargo protections are an important addition to any comprehensive farm legislation and would have been useful 2 years ago to alleviate the costly burden of the Carter grain embargo. Although the farmers' production cost figures seem to be of little interest to this and past administrations, the cost of production board which this bill creates will help to establish accurate cost figures, so that the farmer will at least know how much he is losing as he produces our food. The conservation programs contained in the bill, if adequately funded, are small steps to alleviate the serious loss of the Nation's soil and water resources. We succeeded in establishing a revolving fund for export promotion, and the importance of agricultural research is appropriately recognized in the conference report. But as I said, even these aspects of the bill cannot justify the treatment which this conference report offers to the most productive segment of our economy, the agricultural sector.

During our consideration of the farm bill this year, I pointed out to my colleagues in the House the dire economic condition of our farm sector. Net farm income for 1981 is projected to be the lowest since 1934, and estimates for next year are even worse. Grain and livestock prices are disasterously low, with no relief in sight. The cost of credit continues at unacceptably high levels. And this conference report will do nothing to ease the financial crunch which our farm families are now facing. I must say that the treatment which the American farmer is receiving at the hands of this Congress and this administration is unjustifiable, and I cannot support this action.

Mr. Speaker, let us send this conference report back to the Senate and the administration with a message that it is finally time to be fair with those who produce our food, and invite them to sit down with us to try again. We can compromise, we can negotiate, and we can provide the protection which our farmers need and deserve. To pass this measure and lock in these disasterously inadequate farm prices for another 4 years is unfair and unnecessary and would only contribute to further financial failures throughout our agricultural and agribusiness sectors. We can do better, we must do better, and I urge my colleagues to defeat this conference report.●

● Mr. FRENZEL. Mr. Speaker, I will vote for the House-Senate bipartisan compromise Food and Agricultural Act of 1981.

The conference committee has done an extraordinarily difficult job pretty well. It has tailored a bloated, pork barrel bill into a form that fits the budget resolution and the Presidential request to reduce spending.

I am pleased the conference committee has taken out the original, extremely restrictive House language on meat imports and replaced it with a restatement of policy. At a time when we are struggling to open up the world markets to our products, it is most important that we not erect our own trade barriers.

I am disappointed, however, that the farm bill continues to include and expand the support program for peanuts even though it is expressly contrary to the wishes of the House, which overwhelmingly rejected the peanut quota and allotment systems by a vote of 250 to 159.

To be a true compromise, the conference committee should have at least reduced these systems. Instead, the conference version not only retains the quota system, it even went beyond the Senate wishes and expanded it to keep the production of peanuts in the hands of the very few and the price of the commodity artificially high for consumers. Since nearly all other Government-funded programs are expected to take a cut, it seems irresponsible to me that this particular one should be increased—especially by the conference committee when an increase had been specificially rejected by both the House and Senate.

I would also have liked to have seen other archaic—and unnecessary—programs, such as tobacco, removed from the bill. The conferees did delete the sunflower seed support program that the House added this year, while provisions for other commodities in the bill such as sugar, corn, rice, wheat, wool, and cotton, as well as the dairy program, seem to reflect a true compromise between the House and Senate versions.

Although I would have much preferred the House to follow the lead of the Senate and treat food stamps as a separate issue from the farm bill, I am pleased that the conference committee adopted tighter rules of eligibility for food stamp recipients as well as agreed to a provision that allows local governments discretionary authority in setting up their own workfare programs for eligibility.

Other areas that the conferees did a good job of addressing were the Public Law 480 programs, farmer-held grain reserves, and provisions for resource conservation.

Overall, I think the conference committee should be commended for tackling this very difficult and awesome task and coming up with a bill that satisfies the budgetary restrictions Congress has put on itself—and the administration and the taxpayers expect. This bill is not perfect, and in certain instances it is even undesirable to me, but I believe it is much preferable to no bill at all.●

● Mr. MARKS. Mr. Speaker, the new farm program we are debating today will have my vote even though I am not completely satisfied with it. I may be wrong, but I do not think anyone is satisfied with it. Perhaps this indicates that a true compromise has been reached.

I think it important to keep in mind that this conference bill is the culmination of a full year's work. It has been developed during a most difficult time for agriculture and our economy as a whole. We cannot afford to let farm policy revert to the permanent legislative authorities of the 1938 and 1949 Agriculture Acts. This could cost us anywhere from $22 to $40 billion. Merely extending current farm legislation for 3 months might cost less, but it carries no promise of a farm program that is better than the one before us today. In fact, farmers might do a lot worse after Congress takes a look at the President's budget message in January. This measure, at least, offers some level of stability and predictability and the President has indicated that he will sign it into law.

Many Members of the House know Pennsylvania is the agricultural leader of the Northeast. There are over 61,000 family farms in my home State and milk is our leading agricultural product. Over 50 percent of the farmers in my district are in the dairy business. Many have urged me to support this conference report. They are responsible, very hard-working Americans who believe in the President's economic recovery plan. Of equal import, they are willing to do their fair share to make it a success.

This farm bill mandates increases in the minimum level of support for milk each year and, in that respect, it is an improvement over the Senate-passed bill. I am concerned that it may not guarantee 70 percent of parity but Pennsylvania farmers tell me that they can live with the dairy market response program contained in this bill. Dairy farmers consume as well as produce dairy products. They also have tremendous faith in our free enterprise system. It is still important

that our agriculture programs provide farmers with some measure of income protection and I believe the bill before us meets that test. If changes in this farm program prove necessary before the 4-year authority expires, I will urge Congress to take responsible action.

I have a similar commitment to the American consumer. During earlier House action on the farm bill, I voted against a new sugar program and for the elimination of peanut acreage and poundage controls. I am not pleased with the conference outcome on these two items even though both programs are to operate at no Government cost. I still believe their inflationary impact may be felt by the American consumer. However, we can not lose sight of the overall economic context of this legislation. It is an intricate part of the administration's plan to get inflation under control and to bring interest rates down. Congress wants this for everyone. For these reasons, I plan to vote for the Agriculture and Food Act of 1981.●

● Mr. ROTH. Mr. Speaker, today we are debating legislation that will have far-reaching and enduring consequences for farm families across the Nation. One such group, dairy farmers, have been targeted for the severest reductions in the history of American agricultural policy. I urge my colleagues to reject the conference report on the 1981 farm bill because it will pull the economic rug out from under the dairy farmer.

Right this minute, the 7,200 dairy farms in my congresssional district are facing record interest rates and inflation. On top of severe economic burdens we are contemplating freezing dairy farmers' incomes for the next 4 years. I ask my colleagues to add to this scenario the very real prospect that the cost of production for dariy farming will rise from 15 to 30 percent during this time. Put these factors together and you have the decline of the family dairy farm in America.

The administration wants to let free market forces loose in dairy farming. In truth, countless factors other than supply and demand influence farmers' incomes. Growing exports, foreign aid, the prices of feed, land, and farm equipment, commercial development, Federal programs such as school lunches—these are but a few of the components that decide how profitable and productive the American farmer will be.

The cost of our agricultural policy, per person, is the lowest in the world. Agriculture remains the strongest economic force in America. Indeed, agriculture provides the foundation upon which our global posture rests; the United States is the breadbasket and food merchant to the world. We spend little of our total annual budget on agriculture, yet we experience, year after year, record production levels, bumper harvests, low consumer food prices, and rapidly expanding export markets.

Those who seek to severely decrease Federal expenditures for the dairy program forget that it remains one of the most successful, in terms of cost to the consumer, of all the commodity support programs.

Parity of under 70 percent will hasten the demise of young dairy farmers. Thus, we will see production concentrated in large operations and the further destruction of the family farm in America.

Budget cuts in this conference report were made selectively, and with scant regard for fairness and commonsense. Under its provisions, dairy farmers will get a 1-percent increase in their support price over the next 3 years. Other commodities will enjoy a 6-percent increase each year. I think those figures speak for themselves. The dairy farmer is bearing the brunt of efforts

1980 to balance the Federal budget.

Throughout 1981, the dairy farmer has withstood measures to lessen the support program. In April 1981, the price support adjustment was eliminated. In October 1981, price supports were again held to April levels. No other commodity support program has been subject to such budget cuts without benefit of legitimate agricultural legislation. No other farming sector has been required to make similar sacrifices in the name of a balanced budget.

This conference report guts the dairy program while leaving the feudal acreage allotment systems of the peanut and tobacco price support programs virtually intact. In addition, it creates a new sugar subsidy.

Each individual dairy farmer in this Nation provides enough food to feed 1,288 people. The conference report punishes efficiency by abondoning its commitment to provide fair prices for producers of dairy products.

If this conference report is passed, the average dairy farmer stands to lose at least $3,800 in 1983 income with parity below 70 percent. And I remind my colleagues that the average Wisconsin dairy farmer has only 40 cows and an income of $20,000 to $25,000.

Mr. Speaker, the dairy farmer has been willing to bear his fair share of budget cutting. This most industrious, effective segment of American agriculture has been subject to persistent efforts to destroy a program that has been successful for the farmer and the consumer. I predict disaster for the Nation's farm economy if this conference report is passed.

I urge my colleagues to recommit this conference report so that equity can be restored to the budget-cutting process.

It is disillusioning to see the dairy farmer make sacrifice upon sacrifice while other support programs are given funds necessary to insure that they get fair prices for their products.●

● Mr. LONG of Louisiana. Mr. Speaker, as we approach the vote on the 1981 farm bill, we must keep in mind that the conference agreement represents a tenuous solution for a very difficult problem. I do not know of anyone who sees this particular bill as an example of government at its best. But it does, at least, attempt to produce a balance between the need to protect American agriculture from uncertain markets, and American consumers from uncertain supplies of food.

Mr. Speaker, I personally hope that the next time we take up the matter of national agricultural policy we will be able to do so in an atmosphere of reasonable calm, with a better understanding by all Members of the unique difficulties faced by American farmers. It is simply not appropriate to assume that the normal market conditions which characterize other goods and services in our economy apply to agriculture.

The American farmer is especially hard hit by high interest rates since his entire crop year is one of advance planning and borrowing, followed by prayers for sufficient cash flow to cover his outstanding debts. He must face unknown weather conditions and foreign commodity cartels as well as the often harsh demands of the financial markets.

This dilemma is especially true of sugar, where a steady, reliable policy toward this important crop has never existed. Sugar farmers and processors throughout this country deserve some assurance from us that, if they choose to face these risks for yet another year, they will not be risking the total loss of their land and family incomes.

Unlike most other farm commodities, sugar has no permanent loan program to fall back upon in the event the sugar provisions in this bill are eliminated. Basic equity demands that sugar producers be treated on the same basis as other American farmers, and that a realistic loan support program be available to them in the event of natural disaster or market collapse.

Mr. Speaker, I urge all of my colleagues to support the conference report, which includes some hard compromises in the face of strong administration opposition, and to send a signal to American agriculture that we will not force unfair economic burdens on our most important economic sector.●

● Mrs. COLLINS of Illinois. Mr. Speaker, I rise in opposition to the conference report on the Agriculture Act of 1981. Although I supported H.R. 3603, the Food and Agriculture

Act, when it passed the House on October 22, this conference report is an entirely different piece of legislation. Our conferees must have been asleep when they agreed to accept the Senate provisions on peanut and sugar price support that will wreak havoc with prices throughout the food processing chain. While I recognize that this bill contains authorization for the food stamp program, which I strongly support, the food stamp program has already been authorized at fiscal year 1981 levels through at least March 31, 1982, under the continuing resolution passed last week. Moreover, I firmly reject an approach which in reducing all consumers' purchasing power through inflating the prices of basic commodities, reduces the value of food stamps along with the dollars and cents into which they are transferred.

I supported H.R. 3603 precisely because it wisely rejected the proposals to establish a new sugar price support program and to continue the anachronistic poundage quota support system for peanuts. These are two basic commodities that are found on every pantry shelf, and, in the form of peanut butter and jelly, in the lunchbox of every school child whose parents can no longer afford the hot lunch programs for which this administration has reduced its support.

This bill, by keeping the price of sugar artificially high through higher duties and fees on imports and by artificially limiting the amount of peanuts that can be grown per acre for domestic use, will significantly increase the prices of this produce on our grocery shelves. To find these programs resurrected in the conference report being debated under the pressure of adjournment is simply unacceptable.●

Mr. DE LA GARZA. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

Mr. VOLKMER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 205, nays 203, answered "present" 1, not voting 24, as follows:

[Roll No. 369]

YEAS—205

Akaka	Benedict	Brown (CO)
Alexander	Bennett	Brown (OH)
Andrews	Bethune	Broyhill
Anthony	Bevill	Burton, Phillip
Ashbrook	Bliley	Butler
Atkinson	Boggs	Campbell
Badham	Bonker	Chappell
Bafalis	Bowen	Chappie
Bailey (MO)	Breaux	Cheney
Bailey (PA)	Brinkley	Clausen
Barnard	Brooks	Clinger
Beard	Brown (CA)	Coats
Coelho	Hefner	Oxley
Coleman	Heftel	Panetta
Collins (TX)	Hendon	Parris
Conable	Hiler	Pashayan
Corcoran	Hillis	Pepper
Craig	Hollenbeck	Perkins
Crane, Daniel	Holt	Pickle
Crane, Philip	Hopkins	Price
Daniel, Dan	Huckaby	Railsback
Daniel, R. W.	Hunter	Rhodes
Danielson	Hutto	Richmond
Dannemeyer	Hyde	Robinson
de la Garza	Ireland	Roemer
Derrick	Jeffries	Rogers
Derwinski	Jenkins	Rose
Dickinson	Johnston	Rousselot
Dicks	Jones (NC)	Roybal
Dingell	Jones (OK)	Rudd
Dixon	Kazen	Sawyer
Dornan	Kemp	Schulze
Dreier	Lagomarsino	Shaw
Duncan	Latta	Shelby
Dunn	Leach	Shumway
Dymally	Lehman	Shuster
Dyson	Levitas	Simon
Edwards (AL)	Lewis	Skeen
Edwards (OK)	Livingston	Smith (AL)
Emerson	Loeffler	Smith (NJ)
Emery	Long (LA)	Smith (OR)
Erdahl	Long (MD)	Snowe
Evans (GA)	Lott	Snyder
Evans (IA)	Lowery (CA)	Spence
Fazio	Lungren	Stangeland
Fiedler	Madigan	Stanton
Fields	Marks	Staton
Findley	Marriott	Stratton
Flippo	Martin (IL)	Stump
Foley	Martin (NC)	Tauke
Forsythe	Matsui	Tauzin
Fountain	Mazzoli	Taylor
Fowler	McCloskey	Thomas
Frenzel	McCollum	Trible
Fuqua	McEwen	Udall
Gibbons	Mica	Vander Jagt
Gingrich	Michel	Wampler
Ginn	Mineta	Weber (OH)
Goldwater	Montgomery	White
Gramm	Moore	Whitley
Green	Morrison	Whittaker
Grisham	Myers	Whitten
Hagedorn	Napier	Winn
Hamilton	Natcher	Wolf
Hammerschmidt	Neal	Wright
Hansen (ID)	Nelligan	Wylie
Hansen (UT)	Nelson	Young (AK)
Hartnett	Nichols	
Hatcher	O'Brien	

NAYS—203

Addabbo	Daub	Gilman
Albosta	Davis	Glickman
Anderson	Deckard	Gonzalez
Annunzio	Dellums	Goodling
Applegate	DeNardis	Gore
Archer	Donnelly	Gradison
Aspin	Dorgan	Gray
Barnes	Dougherty	Gregg
Bedell	Dowdy	Guarini
Benjamin	Downey	Gunderson
Bereuter	Early	Hall (OH)
Biaggi	Eckart	Hall, Ralph
Bingham	Edgar	Hall, Sam
Boland	Edwards (CA)	Hance
Boner	English	Harkin
Bonior	Erlenborn	Hawkins
Bouquard	Ertel	Heckler
Brodhead	Evans (DE)	Hertel
Byron	Evans (IN)	Hightower
Carman	Fary	Horton
Carney	Fascell	Howard
Chisholm	Fenwick	Hoyer
Clay	Ferraro	Hubbard
Collins (IL)	Fish	Hughes
Conyers	Fithian	Jacobs
Coughlin	Florio	Jeffords
Courter	Foglietta	Jones (TN)
Coyne, James	Frank	Kastenmeier
Coyne, William	Frost	Kildee
Crockett	Garcia	Kindness
D'Amours	Gejdenson	Kogovsek
Daschle	Gephardt	Kramer
Lantos	Ottinger	Siljander
Leath	Patman	Skelton
LeBoutillier	Patterson	Smith (IA)
Lee	Paul	Smith (NE)
Leland	Pease	Smith (PA)
Lent	Petri	Solarz
Lowry (WA)	Peyser	Solomon
Lujan	Porter	St Germain
Luken	Pritchard	Stark
Lundine	Pursell	Stenholm
Markey	Rahall	Stokes
Marlenee	Rangel	Studds
Martin (NY)	Ratchford	Swift
Mattox	Regula	Synar
Mavroules	Reuss	Traxler
McClory	Rinaldo	Volkmer
McCurdy	Ritter	Walgren
McGrath	Roberts (KS)	Walker
McHugh	Roberts (SD)	Washington
McKinney	Rodino	Watkins
Mikulski	Roe	Waxman
Miller (CA)	Rosenthal	Weaver
Miller (OH)	Rostenkowski	Weber (MN)
Minish	Roth	Weiss
Mitchell (MD)	Roukema	Williams (MT)
Mitchell (NY)	Sabo	Williams (OH)
Moakley	Savage	Wilson
Molinari	Scheuer	Wirth
Mollohan	Schneider	Wolpe
Mottl	Schroeder	Wortley
Murphy	Schumer	Wyden
Murtha	Seiberling	Yates
Nowak	Sensenbrenner	Yatron
Oakar	Shamansky	Zablocki
Oberstar	Shannon	Zeferetti
Obey	Sharp	

ANSWERED "PRESENT"—1

Ford (TN)

NOT VOTING—24

AuCoin	Dwyer	Moorhead
Beilenson	Ford (MI)	Quillen
Blanchard	Gaydos	Russo
Bolling	Holland	Santini
Broomfield	LaFalce	Vento
Burgener	McDade	Whitehurst
Burton, John	McDonald	Young (FL)
Conte	Moffett	Young (MO)

□ 2140

The Clerk announced the following pairs:

On this vote:

Mr. John L. Burton for, with Mr. Dwyer against.

Mr. Quillen for, with Mr. Santini against.

Mr. Burgener for, with Mr. Russo against.

Mr. Young of Florida for, with Mr. Broomfield against.

Mr. DREIER changed his vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT OF THE SPEAKER

The SPEAKER (during the vote). The Chair has been informed by some of the Members that the Chair has not been adhering to the customs and traditions of the House, one being that Members should not be on the floor with outer garments, with overcoats. So, they will kindly remove themselves and remove the garments.

□ 2150

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING AND DIRECTING THE SECRETARY OF THE SENATE TO MAKE CORRECTIONS IN ENROLLMENT OF S. 884, AGRICULTURE AND FOOD ACT OF 1981

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 55) authorizing and directing the Secretary of the Senate to make corrections in the enrollment of S. 884, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

SENATE CONCURRENT RESOLUTION 55

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate, in the enrollment of the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes, is hereby authorized and directed to make the following corrections:

(1) In the introductory text of section 101(a) of the bill, insert a comma after "1937".

(2) In clause (1) of the matter proposed to be inserted by section 103(1) of the bill, strike out "provision" and insert in lieu thereof "sentence".

(3) In section 107B(b)(1)(D) of the Agricultural Act of 1949, as proposed to be added by section 301 of the bill, strike out "section 1015" and insert in lieu thereof "section 1101".

(4) In section 105B(b)(1)(D) of the Agricultural Act of 1949, as proposed to be added by section 401 of the bill, strike out "section 1015" and insert in lieu thereof "section 1101".

(5) In section 105B(e)(3) of the Agricultural Act of 1949, as proposed to be added by section 401 of the bill, strike out "wheat" the first 2 times it appears and insert in lieu thereof "feed grains", and strike out "wheat-producing" and insert in lieu thereof "feed grain-producing".

(6) In subsection (g)(3)(A) of section 103 of the Agricultural Act of 1949, as proposed to be added by section 502 of the bill, insert "or paragraph (9)(A)" after "paragraph (7)".

(7) In subsection (g)(9)(A) of section 103 of the Agricultural Act of 1949, as proposed to be added by section 502 of the bill, strike out "wheat" in the fifth sentence and insert in lieu thereof "cotton".

(8) In subsection (i)(1) of section 101 of the Agricultural Act of 1949, as proposed to be added by section 602 of the bill, strike out "the preceding sentence" in the proviso and insert in lieu thereof "this sentence".

(9) In subsection (l)(3) of section 359 of the Agricultural Adjustment Act of 1938, as proposed to be added by section 704 of the bill, insert a comma after "interest".

(10) In subsection (l)(4) of section 359 of the Agricultural Adjustment Act of 1938, as proposed to be added by section 704 of the bill, strike out "office or agency of the Government or any court of law" and insert in lieu thereof "officer or agency of the Government".

(11) In section 1005 of the bill, strike out "hereinafter" and insert in lieu thereof "hereafter".

(12) In section 1305 of the bill, strike out the first period following the word "reimbursement".

(13) In subsection (b) of section 14 of the Food Stamp Act of 1977, as proposed to be added by section 1320(b) of the bill, insert a comma after "Act".

(14) In section 1402 of the bill, strike out clause (1) and insert in lieu thereof "(1) striking out 'and' at the end of paragraph (8) and changing the period at the end of paragraph (9) to a semicolon; and".

(15) In paragraph (10) of section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be added by section 1402 of the bill, strike out the period at the end thereof and insert in lieu thereof "; and".

(16) In paragraph (11) of section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be added by section 1402 of the bill, strike out "Long-range" and insert in lieu thereof "long-range".

(17) In subsection (b)(3) of section 1411 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be amended by section 1412(4) of the bill, insert a comma after "agencies".

(18) In subsection (a)(1) of section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be amended by section 1413 of the bill, strike out "cochairperson" and insert in lieu thereof "cochairpersons".

(19) In section 1476(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be added by section 1440(a) of the bill, strike out "sections 5701 and 5707" and insert in lieu thereof "sections 5701 through 5707".

(20) In section 1447 of the bill, insert "the" immediately before "Interior".

(21) In section 1546 of the bill, strike out "section 1544(a)" and insert in lieu thereof "section 1542(a)".

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

COAST GUARD AUTHORIZATION ACT OF 1982

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 831) to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes, with a Senate amendment to the House amendment thereto, and concur in the Senate amendment to the House amendment.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendment to the House amendment, as follows:

In lieu of the matter proposed to be inserted by the House engrossed amendment, insert:

That funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1982 as follows:

(1) For the operation and maintenance of the Coast Guard, including expenses related to the Capehart housing debt reduction, $1,404,800,000.

(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto, $537,200,000.

(3) For the alteration or removal of bridges over navigable waters of the United States, constituting obstructions to navigation, $17,500,000.

(4) For research, development, test, and evaluation, $29,730,000 of which sufficient funds shall be made available to continue in operation a Coast Guard research and development center through the end of the 1982 fiscal year: *Provided,* That the Coast Guard submits its research, development, test, and evaluation program plan, including the continuation or operation of a research and development center, for fiscal year 1982 to the Committee on Merchant Marine and Fisheries of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate for approval before implementation.

SEC. 2. For fiscal year 1982, the Coast Guard is authorized an end-of-year strength for active duty personnel of 42,224. This end-of-year strength shall not include members of the Ready Reserve called to active duty under the authority of section 712 of title 14, United States code.

SEC. 3. For fiscal year 1982, the Coast Guard is authorized average military training student loads as follows:

(1) For recruit and special training, 3,660 student-years.

(2) For flight training, 118 student-years.

(3) For professional training in military and civilian institutions, 655 student-years.

(4) For officer acquisition, 1,038 student-years.

SEC. 4. Notwithstanding any other provision of law, the fiscal 1982 end-of-year civilian personnel strength of the Coast Guard shall be at least 5,484.

SEC. 5. The Act of October 3, 1980 (Public Law 96-376; 94 Stat. 1509), is amended—

(1) in paragraph (1) of the first section; by striking out "$1,248,367,000" and substituting "$1,337,207,000"; and

(2) in section 2, by striking out "39,600" and substituting "39,819".

SEC. 6. (a)(1) Subsection (a) of section 41a of title 14, United States Code, is amended to read as follows:

"(a) The Secretary shall maintain a single active duty promotion list of officers of the Coast Guard on active duty in the grades of ensign and above. Reserve officers on active duty, other than pursuant to an active duty agreement executed under section 679 of title 10, retired officers, and officers of the permanent commissioned teaching staff of the Coast Guard Academy shall not be included on the active duty promotion list.".

(2) Subsection (b) of such section is amended by striking out the period at the end of the second sentence and substituting ", except that the rear admiral serving as Chief of Staff shall be the senior rear admiral for all purposes other than pay.".

(3) Subsection (d) of such section is amended by striking out "extended".

(b) Section 290(a) of such title is amended by inserting "or in the position of Chief of Staff" in the second sentence after "vice admiral".

(c)(1) Section 711 of such title is amended by striking out the first sentence.

(2) The heading of such section is amended to read as follows:

"§711. Exclusiveness of service".

(3) The item relating to section 711 in the analysis of chapter 21 is amended to read as follows:

"711. Exclusiveness of service.".

(d) Section 93(p) of such title is amended by inserting "including telephones in residences leased or owned by the Government of the United States when appropriate to assure efficient response to extraordinary operational contingencies of a limited duration," after "of such lines and cables,".

SEC. 7. Section 475(a) of title 14, United States Code, is amended by inserting after the first sentence there of the following new sentences: "The Secretary is also authorized to lease housing facilities for assignment as public quarters, without rental charge, to military personnel who are on sea duty or duty at remote offshore Coast Guard stations and who do not have dependents. Such authority shall be effective in any fiscal year only to such extent or in such amounts as are provided in appropriation Acts."

SEC. 8. (a) The third sentence of section 707(a) of title 14, United States Code, is amended to read as follows: "For benefit computation, regardless of pay or pay status, the member is considered to have had monthly pay of the monthly equivalent of the minimum rate of basic pay in effect for grade GS-9 of the General Schedule on the date the injury is incurred.".

(b) The amendment made by subsection (a) shall apply only with respect to payments for benefits under section 707(a) of title 14, United States Code, for months beginning on or after the date of the enactment of this Act.

SEC. 9. The Act of July 5, 1884 (46 U.S.C. 2 et seq.), is amended by adding at the end thereof the following new section:

SEC. 8. (a) The original and periodic inspections or examinations of a vessel documented or to be documented as a vessel of the United States, both in the United States and in foreign countries, may be delegated to the maximum extent practicable by the Secretary of the department in which the Coast Guard is operating to the American Bureau of Shipping, or similar American classification society, or agent thereof, who may issue certificates of inspection, attesting to compliance with existing Coast Guard regulations, and such other certificates as are essential to documentation.

"(b) The Secretary of the department in which the Coast Guard is operating may also contract or enter into agreements with or utilize the American Bureau of Shipping, or similar American classification society for the review and approval of vessel hull, machinery, piping, and electrical plans.

"(c) The Secretary of the department in which the Coast Guard is operating shall report to the Congress on the implementation of subsections (a) and (b) within 6 months of the date of the enactment of this section, and annually thereafter for 3 years. Such report shall include the views of the affected industry on the implementation of those subsections.".

SEC. 10. Paragraphs (1) and (2) of section 104 of the Vessel Documentation Act (Public Law 96-594; 94 Stat. 3453) are amended to read as follows:

"(1) an individual who is a citizen of the United States, or an association, trust, joint venture, or other entity capable of holding title to a vessel, under the law of the United States, of any State, territory, or possession of the United States, of the District of Columbia, or of the Commonwealth of Puerto Rico, all of the members of which are citizens of the United States;

"(2) a partnership whose general partners are citizens of the United States, and the controlling interest in the partnership is owned by citizens of the United States;".

SEC. 11. Section 7 of the Act of May 21, 1920 (31 U.S.C. 686), is amended by inserting "Coast Guard," in the first proviso of subsection (a) after "Federal Aviation Agency,".

SEC. 12. Nothing in this Act shall be construed to authorize or provide funds for removing facilities of Coast Guard Group Port Angeles from Ediz Hook.

SEC. 13. (a) The Congress, in recognition of the heroic efforts that resulted in the saving, under extremely adverse conditions, of the lives of all 510 passengers aboard the motor vessel Prinsendam which caught fire off the coast of Alaska on October 4, 1980, hereby honors and expresses its thanks to the members of the Coast Guard, the individuals of the United States and Canadian Air Forces, and the crew of the tanker Williamsburg and all others who participated directly in this valiant undertaking, as well as the crew of the Prinsendam.

(b) The Commandant of the Coast Guard shall determine the names and addresses of those individuals honored under subsection (a), and provide the names and addresses to the Clerk of the House of Representatives who shall convey in appropriate language the appreciation of Congress to each such individual for his or her actions in connection with the Prinsendam rescue.

SEC. 14. The Coast Guard shall deploy at least one helicopter for search and rescue, as well as other missions of the Coast Guard, at each of the following sites: Newport, Oregon; Cordova, Alaska; and Charleston, South Carolina.

SEC. 15. The Rogue River station in Oregon operated by the Coast Guard shall remain in operation until at least October 31 of each year.

Mr. JONES of North Carolina (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment to the House amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. YOUNG of Alaska. Mr. Speaker, reserving the right to object, and I shall not object, I rise in support of the Senate amendment to the House amendment contained in S. 831 which authorizes appropriations for the Coast Guard for fiscal year 1982 and contains certain provisions and amendments pertaining to the functions and management of the Coast Guard. The funding contained in this bill is needed to allow the Coast Guard to perform the tasks and missions which are so essential to the seafarers of this Nation. Thus I urge and recommend that we concur in the Senate amendment.

My understanding, and I believe it is the understanding of the gentleman from Massachusetts, that the Secretary of Transportation will recommend to the President that he sign the bill before us at this time.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER. Is there objection to the initial request of the gentleman from North Carolina?

There was no objection.

A motion to reconsider was laid on the table.

APPOINTMENT OF COMMITTEE OF TWO MEMBERS TO INFORM PRESIDENT THAT THE TWO HOUSES HAVE COMPLETED THEIR BUSINESS OF THE SESSION AND ARE READY TO ADJOURN

Mr. WRIGHT. Mr. Speaker, I send to the desk House Resolution 307, appointing a committee of two Members to inform the President that the two Houses have completed their business of the session and are ready to adjourn, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 307

Resolved, That a committee of two Members be appointed by the House to join a

similar committee appointed by the Senate, to wait upon the President of the United States and inform him that the two Houses have completed their business of the session and are ready to adjourn, unless the President has some other communication to make to them.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. The Chair appoints as Members on the part of the House to notify the President the gentleman from Texas (Mr. WRIGHT) and the gentleman from Illinois (Mr. MICHEL).

PROVIDING FOR ADJOURNMENT SINE DIE OF THE CONGRESS ON WEDNESDAY, DECEMBER 16, 1981

The SPEAKER laid before the House the Senate privileged concurrent resolution (S. Con. Res. 57) providing for adjournment of the two Houses of Congress sine die.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 57

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall adjourn on Wednesday, December 16, 1981, and that when they adjourn on said day, they stand adjourned sine die.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

ELECTION OF HON. JIM WRIGHT AS SPEAKER PRO TEMPORE DURING THE ABSENCE OF THE SPEAKER

Mr. FOLEY. Mr. Speaker, I send to the desk a privileged resolution (H. Res. 308) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 308

Resolved, That Honorable Jim Wright, a Representative from the State of Texas, be, and he is hereby, elected Speaker pro tempore during any absence of the Speaker, such authority to continue not later than December 22, 1981.

Resolved, That the President and the Senate be notified by the Clerk of the election of the Honorable Jim Wright as Speaker pro tempore during the absence of the Speaker.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SWEARING IN OF HON. JIM WRIGHT AS SPEAKER PRO TEMPORE IN ABSENCE OF THE SPEAKER

Mr. WRIGHT assumed the chair and took the oath of office administered to him by the Speaker of the House of Representatives, the gentleman from Massachusetts (Mr. O'NEILL).

PROVIDING FOR CONGRESSIONAL EVALUATION OF ENERGY POLICY

Mr. DINGELL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5274) to provide for congressional evaluation of energy policy by improving a moratorium on certain acquisitions involving major energy concerns and domestic petroleum companies until June 30, 1982.

The Clerk read as follows:

H.R. 5274

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. For the purposes of this Act—

"(1) The term 'major energy concern' means (A) any person which is engaged in or affecting commerce in the United States and which had (or is a successor to a person which had) an average net production of crude oil from sources within the United States for calendar year 1979 that exceeded 300,000 barrels per day, or (B) the government of any foreign country which had an average net production of crude oil from sources within such country for calendar year 1979 that exceeded 300,000 barrels per day.

"(2) The term 'domestic petroleum company' means any person which is engaged in or affecting commerce in the United States and which had (or is a successor to a person which had) an average net production of crude oil from sources within the United States for calendar year 1979 that exceeded 11,000 barrels per day.

"(3) The term 'affiliate', when used with respect to any major energy concern or domestic petroleum company means any person which controls, is controlled by, or is under common control with that energy concern or company.

"(4) The term 'person' includes (A) any individual, (B) any corporation, company, association, firm, partnership, society, trust, joint venture, or joint stock company, and (C) any foreign government or any political subdivision or agency thereof.

"(5) The term 'control' means the power, directly or indirectly, to direct or cause the direction of the management and policies of a person through ownership of voting securities or otherwise.

"(6) The term 'acquire' means to directly or indirectly (A) purchase, lease, or otherwise obtain, or (B) agree to or obtain a right to purchase, lease, or otherwise obtain.

"(7) The term 'voting securities' means any securities which at present or upon conversion enable the owner or holder thereof to vote in the election of directors of the issuer or of any affiliate of the issuer, or with respect to unincorporated issuers, persons exercising similar functions.

"(8) The term 'crude oil' means crude oil, condensate, and natural gas liquids.

"(9) The term 'United States' means each of the 50 States, the District of Columbia, Puerto Rico, the territories and possessions of the United States, and the Outer Continental Shelf.

"(10) The term 'evaluation period' means the period beginning December 1, 1981, and ending June 30, 1982.

SEC. 2. During the evaluation period, it shall be unlawful—

(1) For any major energy concern, or any affiliate thereof, to acquire any voting securities of any other major energy concern or any other domestic petroleum company, or any affiliate thereof, if as a result of the acquisition the acquiring person will directly or indirectly own or control more than 5 percent of the outstanding voting securities (or any class of such securities) of the other major energy concern or other domestic petroleum company (or any affiliate thereof) involved; or

(2) For any domestic petroleum company, or any affiliate thereof, to acquire any voting securities of any other major energy concern, or affiliate thereof, if as a result of the acquisition the acquiring person will directly or indirectly own or control more than 5 percent of the outstanding voting securities (or any class of such securities) of the major energy concern.

SEC. 3. During the evaluation period, it shall be unlawful for any major energy concern, or any affiliate thereof, to acquire assets which were held, as of the date of enactment of this Act, by any other major energy concern, any other domestic petroleum company, or any affiliates thereof, in any case in which the fair market value of such assets at the time of acquisition, if aggregated with the total fair market value of any other of such assets acquired during the evaluation period from such person (or any affiliate thereof), determined as of the date of the respective acquisitions, exceeds $500,000,000.

SEC. 4. Whenever it appears to any aggrieved person that a major energy concern, domestic petroleum company, affiliate, or any agent thereof, has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of section 3, such person may bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing a temporary restraining order or a preliminary or permanent injunction shall be granted. Any such permanent injunctive relief may provide for restitution of moneys, reasonable attorney fees, and such other relief as the court may deem appropriate.

SEC. 5. The Attorney General, in his discretion, or the Federal Trade Commission, in its discretion, is authorized to suspend the application of this Act with respect to any particular acquisition otherwise proscribed by this Act.

The SPEAKER. Is a second demanded?

Mr. BROWN of Ohio. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

Mr. LIVINGSTON. Mr. Speaker, I object. And on that I demand tellers.

Tellers were ordered, and the Speaker appointed as tellers Mr. DINGELL and Mr. LIVINGSTON.

□ 2200

The House divided, and the tellers reported that there were—yeas 139, nays 55.

PARLIAMENTARY INQUIRIES

Mr. ARCHER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. ARCHER. Is it now in order to ask for a recorded vote on the teller vote just taken?

The SPEAKER. The Chair will answer in the negative.

Mr. ARCHER. It is my understanding that under the rule a record vote can be asked for. I was on my feet before the Speaker had announced the vote.

The SPEAKER. The Chair will advise that under the precedents the gentleman can only object on the ground that a quorum is not present.

Mr. ARCHER. Can I not demand the yeas and nays?

The SPEAKER. Not on that question, under the precedents.

Mr. ARCHER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum did not pass through the tellers.

Mr. ARCHER. Mr. Speaker, is it not true that if a negative vote wins this vote that this bill will not be considered tonight?

The SPEAKER. The Chair will advise the gentleman a second is necessray to consider the motion.

Mr. ARCHER. So if the majority is on the negative side this issue will be disposed of as far as tonight is concerned?

The SPEAKER. The gentleman has stated the situation correctly.

Mr. ARCHER. However, if a positive vote occurs, then there will be 20 minutes of debate on each side?

Mr. DINGELL. Regular order, Mr. Speaker.

The SPEAKER. Unless the gentleman is going to ask unanimuous consent to withdraw the point of no quorum.

Mr. ARCHER. No, I do not.

The SPEAKER. The Chair will count.

Mr. ARCHER. Was not the teller vote evidence of the fact that a quorum is not present?

The SPEAKER. The Chair would advise that there could be a quorum in the chamber. It is not necessarily shown that every Member present went through the tellers.

Mr. BROWN of Ohio. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BROWN of Ohio. If the Speaker counts a quorum, may we not go ahead and have the consideration of it and 5 minutes on either side to speak on the issue and a vote so that we can get over this?

The SPEAKER. If the Chair counts a quorum, a second is ordered and the House would proceed.

Two hundred and forty-nine Members are present, a quorum.

A second is ordered.

PARLIAMENTARY INQUIRY

Mr. ARCHER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. ARCHER. Does the gentleman from Ohio (Mr. BROWN) qualify? Is the gentleman opposed to the legislation?

The SPEAKER. The Chair will advise the gentleman that it is too late for his inquiry.

Mr. ARCHER. Mr. Speaker, if more than one gentleman is on his feet at the time a second is demanded and the one who asked for the second does not qualify, is it not appropriate for the one who does qualify to get the second?

The SPEAKER. Under the precedent (Deschler's chapter 21, section 14.6) the Member demanding the second and not the Member objecting to the unanimous-consent request that a second be considered as ordered is entitled to recognition for debate against the motion to suspend the rules.

The gentleman from Ohio (Mr. BROWN) demanded the second and was not challenged at that time.

The gentleman from Michigan (Mr. DINGELL) will be recognized for 20 minutes, and the gentleman from Ohio (Mr. BROWN) will be recognized for 20 minutes.

REPORT OF THE COMMITTEE TO NOTIFY THE PRESIDENT

The SPEAKER. The Chair will receive a report.

Mr. WRIGHT. Mr. Speaker, your committee appointed to join a committee of the Senate to inform the President that the Congress is ready to adjourn, and to ask him if he has any further communications to make to the Congress, has performed that duty. The President has directed us to say that he has no further communications to make to the Congress, beyond saying that he has thrown another log on the fire and is ready to welcome all those who wish to come and join him in welcoming the Christmas season.

□ 2210

The SPEAKER. Did he send any special message to the Speaker?

Mr. WRIGHT. To tell you the truth, Mr. Speaker, I told him that I was the Speaker. I said that I had just been elected to that position.

He thought there was some kind of a palace coup that had taken place up here. He did not seem particularly pleased with that, either, Mr. Speaker.

The SPEAKER. The Chair recognizes the minority leader to report.

Mr. MICHEL. Mr. Speaker, I just want to say that the President reaffirmed his invitation to everybody to come down and for those who could not make it that he wished them all a very Merry Christmas and a Happy New Year and that we all deserved an extended stay away from this place because we had done such a good job.

The SPEAKER. The Chair thanks the committee for the expeditious manner in which they have handled their duties.

PREFERENTIAL MOTION OFFERED BY MR. LIVINGSTON

Mr. LIVINGSTON. Mr. Speaker, I offer a preferential motion.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. LIVINGSTON moves that the House do now adjourn.

The SPEAKER. The question is on the motion.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. LIVINGSTON. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. The Chair wants the House to know that this was scheduled at the request of the minority leader, just so Members will be aware of what is taking place, the Members on that side of the aisle. The leadership had no knowledge of this bill earlier in the evening. At the request of those on that side, the Chair is recognizing for this motion to suspend the rules.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 73, nays 249, not voting 111, as follows:

[Roll No. 370]

YEAS—73

Anthony	Grisham	Moore
Archer	Hall, Ralph	Morrison
Badham	Hall, Sam	Myers
Bafalis	Hance	Napier
Bailey (MO)	Hansen (UT)	Nelligan
Barnard	Hartnett	O'Brien
Bliley	Hendon	Pashayan
Breaux	Hiler	Paul
Chappell	Huckaby	Porter
Conable	Hunter	Railsback
Crane, Philip	Hyde	Sensenbrenner
de la Garza	Jeffries	Shumway
Dreier	Johnston	Skeen
Dunn	Jones (OK)	Skelton
Edwards (OK)	Lagomarsino	Smith (AL)
English	Leath	Smith (OR)
Erdahl	LeBoutillier	Stangeland
Erlenborn	Lewis	Staton
Fiedler	Livingston	Stenholm
Fields	Loeffler	Stump
Forsythe	Lungren	Tauzin
Frenzel	Marlenee	Thomas
Goldwater	Mattox	Watkins
Gramm	McCurdy	
Gregg	Molinari	

NAYS—249

Albosta	Blanchard	Chisholm
Alexander	Boggs	Clausen
Anderson	Boland	Clinger
Andrews	Boner	Coats
Annunzio	Bouquard	Coelho
Applegate	Bowen	Coleman
Bailey (PA)	Brinkley	Collins (IL)
Barnes	Brodhead	Corcoran
Beard	Brooks	Courter
Bedell	Brown (CA)	Coyne, James
Benedict	Brown (CO)	Coyne, William
Benjamin	Brown (OH)	Craig
Bennett	Broyhill	Crane, Daniel
Bereuter	Carney	D'Amours
Bevill	Chappie	Daniel, Dan
Biaggi	Cheney	Daniel, R. W.

Danielson	Hutto	Rinaldo
Dannemeyer	Jacobs	Ritter
Daschle	Jeffords	Roberts (KS)
Daub	Jenkins	Roberts (SD)
Davis	Jones (TN)	Robinson
Dellums	Kastenmeier	Rodino
DeNardis	Kazen	Roe
Derrick	Kildee	Roemer
Dickinson	Kindness	Rogers
Dingell	Kogovsek	Rose
Donnelly	Kramer	Rostenkowski
Dorgan	Latta	Roth
Dornan	Leach	Roukema
Dougherty	Lehman	Rousselot
Dowdy	Leland	Roybal
Downey	Levitas	Rudd
Duncan	Long (MD)	Sabo
Dymally	Lott	Savage
Dyson	Lowery (CA)	Sawyer
Early	Lowry (WA)	Scheuer
Eckart	Lujan	Schneider
Edgar	Luken	Schroeder
Edwards (AL)	Marriott	Shamansky
Edwards (CA)	Martin (IL)	Shannon
Emerson	Martin (NC)	Sharp
Emery	Martin (NY)	Shaw
Ertel	Matsui	Siljander
Evans (DE)	McCollum	Simon
Evans (GA)	McEwen	Smith (IA)
Evans (IA)	McGrath	Smith (NE)
Fary	McHugh	Smith (NJ)
Fazio	Michel	Snowe
Fenwick	Mikulski	Solarz
Ferraro	Miller (CA)	Solomon
Findley	Miller (OH)	Spence
Fish	Mineta	St Germain
Fithian	Minish	Stark
Flippo	Mitchell (NY)	Stokes
Foley	Moakley	Stratton
Fountain	Mollohan	Studds
Fowler	Murphy	Swift
Frank	Murtha	Synar
Frost	Natcher	Tauke
Fuqua	Neal	Traxler
Garcia	Nelson	Udall
Gephardt	Nowak	Walker
Gilman	Oberstar	Wampler
Ginn	Obey	Washington
Glickman	Ottinger	Weber (MN)
Gonzalez	Oxley	Weber (OH)
Goodling	Panetta	Weiss
Gore	Parris	White
Gray	Patman	Whitley
Guarini	Patterson	Whittaker
Gunderson	Pease	Whitten
Hamilton	Pepper	Winn
Hammerschmidt	Perkins	Wirth
Hansen (ID)	Petri	Wolf
Hatcher	Pickle	Wolpe
Heckler	Price	Wortley
Heftel	Pritchard	Wright
Hopkins	Pursell	Wyden
Horton	Rahall	Wylie
Howard	Ratchford	Yates
Hoyer	Regula	Yatron
Hubbard	Rhodes	Young (AK)
Hughes	Richmond	Zablocki

NOT VOTING—111

Addabbo	Deckard	Hollenbeck
Akaka	Derwinski	Holt
Ashbrook	Dicks	Ireland
Aspin	Dixon	Jones (NC)
Atkinson	Dwyer	Kemp
AuCoin	Evans (IN)	LaFalce
Beilenson	Fascell	Lantos
Bethune	Florio	Lee
Bingham	Foglietta	Lent
Bolling	Ford (MI)	Long (LA)
Bonior	Ford (TN)	Lundine
Bonker	Gaydos	Madigan
Broomfield	Gejdenson	Markey
Burgener	Gibbons	Marks
Burton, John	Gingrich	Mavroules
Burton, Phillip	Gradison	Mazzoli
Butler	Green	McClory
Byron	Hagedorn	McCloskey
Campbell	Hall (OH)	McDade
Carman	Harkin	McDonald
Clay	Hawkins	McKinney
Collins (TX)	Hefner	Mica
Conte	Hertel	Mitchell (MD)
Conyers	Hightower	Moffett
Coughlin	Hillis	Montgomery
Crockett	Holland	Moorhead
Mottl	Schumer	Volkmer
Nichols	Seiberling	Walgren
Oakar	Shelby	Waxman
Peyser	Shuster	Weaver
Quillen	Smith (PA)	Whitehurst
Rangel	Snyder	Williams (MT)
Reuss	Stanton	Williams (OH)
Rosenthal	Taylor	Wilson
Russo	Trible	Young (FL)
Santini	Vander Jagt	Young (MO)
Schulze	Vento	Zeferetti

□ 2220

Messrs. PARRIS, BENEDICT, ALEXANDER, LEVITAS, JENKINS, HUGHES, and EMERSON changed their votes from "yea" to "nay."

So the preferential motion was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The Chair recognizes the gentleman from Michigan (Mr. DINGELL) for 20 minutes.

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, I yield 30 seconds to the majority leader.

Mr. JOHNSTON. Mr. Speaker, I object.

Mr. DINGELL. Mr. Speaker, I yield to the distinguished majority leader.

Mr. JOHNSTON. Mr. Speaker, I object.

The SPEAKER. The Members will be seated. All Members will be seated except the gentleman who has been recognized.

Now, the gentleman has yielded to the gentleman from Texas. No objection can take place at this instant.

The Chair recognizes the gentleman from Texas (Mr. WRIGHT).

REQUEST TO AUTHORIZE SPEAKER TO ACCEPT RESIGNATIONS AND TO APPOINT COMMISSIONS, BOARDS, AND COMMITTEES, NOTWITHSTANDING SINE DIE ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I have 3 unanimous-consent requests, all of which must be approved prior to a sine die adjournment, all of them routine.

First, Mr. Speaker, I ask unanimous consent that notwithstanding the sine die adjournment of the 1st session of the 97th Congress, the Speaker be authorized to accept resignations and to appoint commissions, boards, and committees authorized by law or by the House.

□ 2230

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ARCHER. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that——

Mr. ARCHER. To save time, Mr. Speaker, I object.

The SPEAKER. Will the gentleman from Texas kindly withhold his request?

The Chair recognizes the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana (Mr. SHARP), the chairman of the subcommittee that has handled the predecessor legislation.

Mr. SHARP. Mr. Speaker, I thank the gentleman for yielding.

I regret the manner in which we are operating here, but I just want to indicate that the Subcommittee on Fossil and Synthetic Fuels on Monday morning passed out a much more stringent moratorium of 18 months in order to buy time for the American public, the Congress, the executive branch to determine what structural changes are occurring among the giant oil companies, and what the impact is that might have on competition. The bill before us is only for 6 months, and allows the Attorney General or the FTC to vacate the moratorium for a particular acquisition if it is willing to do so in the public interest.

Mr. DINGELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I strongly support H.R. 5274.

H.R. 5274 would impose a 6-month moratorium upon certain mergers between oil companies. During this 6-month moratorium:

The top 9 oil-producing companies (1979 API data) are prohibited from acquiring more than 5 percent of the voting stock in any company in the top 40 oil-producing companies (1979 API data).

Foreign governments, or companies acting on their behalf, are prohibited from acquiring more than 5 percent of the voting stock in any company in the top 40 oil-producing companies.

The top 9 oil-producing companies are prohibited from acquiring more than $500 million in assets from any company in the top 40 oil-producing companies.

Oil-producing companies ranked 10 through 40 (1979 API data) are prohibited from acquiring more than 5 percent of the voting stock of the top 9 oil-producing companies.

Oil-producing companies ranked 10 through 40 are not prohibited from merging with each other.

Oil-producing companies ranked 10 through 40 are not prohibited from acquiring assets from any other company.

The Attorney General or the FTC, in their discretion, are authorized to suspend the application of this act with respect to any particular acquisition otherwise prohibited by this act.

Mr. LIVINGSTON. Mr. Speaker, will the gentleman yield for a question?

Mr. DINGELL. I cannot at this time. I would reserve the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, this piece of legislation essentially prohibits 9 major oil companies from acquiring those in the top 40. I think

everybody understands what the purpose is. It is to stop the Mobil-Marathon merger so that we can have a chance to look at it until June 30. It also prohibits what has been a threat, and that is the possibility that corporate Kuwait or Saudi Arabia companies can come over and buy, not the small companies, but Exxon if they want to buy it. We think that may be adverse to the national interests, and if you do, I would presume you would vote for this bill.

That is the only argument we intend to present. I would hope we can go to the President's party and enjoy it.

Mr. Speaker, we have taken 2½ minutes. If the gentleman from Louisiana wants 2½ minutes, I will be glad to yield to him, but no more.

Mr. LIVINGSTON. Mr. Speaker, I thank the gentleman for yielding.

First of all, would this bill prevent the 41st, 42d, and 43d largest oil companies from forming a consortium, funded 49 percent by say, Kuwait or Saudi money, to buy a big independent like Louisiana Land & Exploration Co.?

Mr. BROWN of Ohio. The bill would because if the 41st, 42d, and 43d companies combined, they would automatically come into the higher range and be prohibited.

Mr. LIVINGSTON. No; I beg to differ. Mr. Speaker, I think that that points out my position here. This bill has come before this body at the last minute at the last hour. There are tons of questions that need to be asked about this bill. It affects the biggest industry in this country, the oil industry.

Mr. BROWN of Ohio. That is right.

Mr. LIVINGSTON. Ties it up. The gentleman yielded me 2½ minutes.

Mr. BROWN of Ohio. That is right.

Mr. LIVINGSTON. Ties it up 6 months, meaning those top oil companies cannot buy or sell each other or any other oil company; meaning that independents can be bought and sold by Kuwait oil or Saudi oil companies.

Frankly, Mr. Speaker, I think it is outrageous that the leadership of the other side and the leadership of this side would seek to deprive this body of some adequate information about a bill that affects something so monumental as this major industry.

Mr. BROWN of Ohio. Mr. Speaker, I have 1 minute left and I will be happy to yield to anybody who wants to speak on the issue, opposed to it or in favor of it.

Mr. THOMAS. Mr. Speaker, will the gentleman yield briefly for a question?

Mr. BROWN of Ohio. I yield.

Mr. THOMAS. Based upon the fact that you have a stipulation that certain entities cannot buy 5 percent of the voting stock of the top 40 oil-producing companies, does not the gentleman see that what this does is in fact produce a greater consolidation of those below 40 oil companies, since that is the only area in which buying and selling can participate, and is in fact a bill which will promote the consolidation of the oil companies rather than prohibit it?

Mr. BROWN. of Ohio. To answer the gentleman's question, the bill is a moratorium until June 30, and my feeling is that will not be the case in that period of time.

Mr. LUJAN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. LUJAN. I have some sympathy for this bill because I do not like to see these big acquisitions, but I have one problem. This would not stop, in the case of Seagram's, for example, which is a foreign company, trying to acquire Conoco, so any foreign company could come in and acquire any domestic company. I would vote for the bill if we had that particular provision in it.

Mr. BROWN of Ohio. I appreciate the gentleman's support of the principle. If Seagram's were a major oil company it would be prohibited. If it does not have oil interests, it would not be prohibited.

● Mr. CONTE. Mr. Speaker, I rise in support of H.R. 5274.

To impose a moratorium on acquisitions and mergers among the large companies in the oil industry.

This effort arises out of the ongoing attempt by Mobil, the 2d largest oil company, to take over Marathon Oil, the 17th largest. As a result of this attempt, we have learned that there are a whole slew of so-called second-tier companies vulnerable to takeovers, for the same reason as Marathon was vulnerable. These companies have names familiar to us all—Getty, Sun, Union, Citgo, Pennzoil, and Kerr-McGee. Unless something is done now, these companies could be gone in the bat of an eyelash, and the industry changed forever into a conglomeration of supergiants.

Since decontrol, the marketplace is in control of oil and petroleum product prices and supplies. What a mistake it would be for us to sit passively by and let that private market become the province of a few superlarge companies. Let us make sure the safeguards to prevent excessive concentration are in place. And let us make sure these merger trends in the industry are beneficial.

This rider would enact a moratorium on such mergers, and would at least give us the time to get to the bottom of these trends in the oil industry to make sure what is happening is what should be happening. I support this moratorium because the rationale behind it is compelling: act now or we may be sorry later.●

● Mrs. COLLINS of Illinois. Mr. Speaker, I rise in support of H.R. 5274, energy acquisition moratorium, that would place a moratorium until June 30, 1982, on mergers between large oil companies, pending the outcome of a congressional evaluation of the economic, energy policy and national security impact of such proposed takeovers.

The problem that needs to be addressed by this Congress is not confined to the Mobil-Marathon battle that has occupied the attention of the media during the past month or so. Nor is it limited to the larger question of oil company mergers in general which this legislation seeks to address. The real issue in my view, Mr. Speaker, is the diversion of scarce capital from labor-intensive industries like steel and manufacturing to capital-intensive industries such as oil, at a time when our Nation's jobless rate is rising from recession to depression era levels. In fact, minority unemployment is already at depression era levels and is getting even worse, due to cutbacks in CETA and other training programs.

The anticompetitive consequences of oil company mergers is indeed a matter of great concern to me. In my home State of Illinois, Marathon supplies about one-third of the gasoline sold by nonmajor retailers and accounts for 13 percent of all the gasoline sold statewide. Marathon's prices are lower than Mobil's and Marathon's presence keeps Mobil's prices from going even higher than they already are. In order to compete with Marathon and other independents, Mobil not only has to practice some degree of price restraint, but has to offer customer services that companies like Marathon cannot afford to maintain. Should competition between the two companies be eliminated, not only would gasoline prices rise, but services will very likely be cut as well.

Should the Mobil-Marathon merger be allowed to proceed, it would very likely precipitate an industry-wide rash of takeovers, the likes of which we have not seen since the 19th century. The cumulative effects of such a trend could be extremely costly in terms of our Nation's economy and energy security as we become increasingly dependent on companies with international loyalties that often conflict with the public interest. These effects should be considered before any such mergers are authorized not after it is too late, and we find that our natural resources are firmly in the grip of OPEC.

But in addition to the antitrust issues, I believe that we have an even more serious problem on our hands, one that is unfortunately beyond the scope of legislation before us today. With or without Mobil Oil, the so-called diversification of assets by a company like United States Steel, which is laying off thousands of workers, some of whom live in my district, represents a truly pernicious trend.

Following hard on legislation that I have supported to lighten the tax burden on the steel industry so that it could modernize its plants and remain competitive with foreign producers, the latest move by United States Steel to invest in the oil business is betrayal of the public trust. Few industries utilize as small a ratio of labor to capital as the oil industry. Therefore, every $1 million invested in oil reserves—particularly reserves already discovered and producing—means hundreds of jobs lost.

Once again, we have a trend that is not limited to a single proposed merger, or even a single industry. As was documented in a recent staff report of the Energy and Commerce Subcommittee on Oversight and Investigations, and titled, "The Changing Distribution of Industrial Profits," the years since the 1973 Arab oil embargo have seen the redirection of our Nation's economic strength into one industry—energy—at the expense of the rest of our industrial base. Between 1978 and 1980, 98 percent of the increased net income of the Fortune 500 companies went into the oil and gas industries. This shift into energy expolitation at the expense of manufacturing and services has reduced the United States to the status of a lesser developed country—a net exporter of food and raw materials, and a net importer of value-added products. Perhaps my colleagues who advocate reducing our contributions to the World Bank and the International Development Association would think twice if they realized that by the next decade our Nation may be a recipient of rather than a donor to these development institutions.

I urge my colleagues to support this legislation today as a step in the direction of taking a closer look at the abuse of capital resources that is ruining our economy and tearing at our social fabric.●

● Mr. LIVINGSTON. Mr. Speaker, while I am sure that the advocates of H.R. 5274 have only the best of intentions, I must protest in the strongest terms the manner in which an issue of this magnitude has been handled in this body. I, too, have concerns over concentrations of economic and political power, whether they be in the form of big business, big labor, or big government. But a bill which essentially freezes billions of dollars in capital assets in one of the world's most important industries deserves more consideration than that afforded by secretive cloakroom conferences and substantive changes penciled in on an ad hoc basis in the late hours of the 1st session of the 97th Congress.

I find myself in sympathy with many of the concepts embodied in the original legislation. I do not even preclude the possibility that I may vote in favor of a bill establishing some type of limited moratorium on acquisitions at certain levels of the energy industry. But positions on legislation addressing such complex issues should only be reached upon analysis of all the facts. Even the few minutes which were available to review H.R. 5274 were sufficient to highlight numerous problem areas, areas which deserve more than hurried, simplistic debate:

First. Do we really want to ban friendly mergers as well as hostile takeovers? Most economists agree that where the boards of directors and the stockholders of two firms agree to pool their assets after full consultation and arm's-length negotiation, the results are usually higher productivity and long-range benefits to the economy and the consumers. Such is the case in most industries, at any rate. Is the energy industry any different?

Second. What will the effect of the moratorium be on stock prices? I suspect that stocks of energy companies, particularly in the lower tier, may become even more depressed and undervalued. This makes them even more likely targets for hostile takeovers. Thus, H.R. 5274 may have exactly the opposite effect from that which its sponsors intend.

Third. If in fact stocks do become even more undervalued, does the bill protect American assets and petroleum reserves from predatory foreign interests? A close reading of H.R. 5274 raises serious questions about whether its protections extend to takeovers initiated by, say, Elf Aquitaine—the big French energy firm, or Seagrams—the Canadian company that made a play for Conoco and caused such consternation among many of the same people who now support this bill. Or what about a consortium of smaller companies, backed by foreign interests, whose total "size" does not meet the parameters of section 1(2) but whose access to capital might threaten even the largest of American companies?

Fourth. Does Congress really wish to freeze existing petroleum reserves in place, as section 3 requires? Independent petroleum companies often depend on sales of such assets to finance further exploration. Will a freeze then effect wildcat drilling by these independents? Will there be a drop in the value of their assets which would make it harder to borrow funds?

Fifth. Section 3 would even prevent Exxon or Texaco, or one of the larger companies from selling portions of its reserves to a smaller company. While such a scenario may be unlikely, recent years have seen sales of reserves by larger oil companies; that is, Ashland, and I would like to hear testimony on this issue.

Sixth. I am afraid that the sponsors may have overlooked a serious constitutional problem with section 5 of the bill. While I realize that language written at the late hours in the House and Senate cloakrooms may not receive the closest scrutiny, it is clear to me that Congress should not be granting the Attorney General or any executive agency the power to completely waive the provisions of a law of this United States in this complex area. What would be the standards for such a waiver? Would there be congressional review? This is, I believe, an unwise and probably unconstitutional grant of legislative power to the executive branch. It is obvious that it is a blatant violation of the equal protection clause. If, as I suspect, this was attempt to allow friendly mergers to go forward, I will be happy to suggest language which accomplishes that goal in a constitutional manner.

Finally, I must again stress that I have come to no final decision on this issue per se. I have no financial interests in the energy industry and I have often found myself in disagreement, on various issues, with the big oil companies. But this legislation has not received full committee attention in the House Energy and Commerce Committee. It has not been addressed at all by the Judiciary Committee We need to hear testimony from the independents themselves. We need to hear testimony from the investment banking community and the securities industry. There is no reason for this unseemly haste. The Mobil-Marathon issue is before the courts and the Federal Trade Commission. Congress has the time to conduct an orderly analysis. Our track record on "panic" legislation, I submit, is not good. I therefore urge that this issue receive a more professional treatment in the 2d session of the 97th Congress.●

Mr. BROWN of Ohio. The time has now been yielded to the other side of the question as far as I am concerned, on that basis, we have each had time to deal with the issues. I have no further desire for time or to delay the proceedings.

Mr. LUJAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER at this point the gentleman from Ohio who has the floor has to yield for a parliamentary inquiry.

Does the gentleman from Ohio yield for a parliamentary inquiry?

The gentleman has asked a parliamentary inquiry. Does the gentleman yield for a parliamentary inquiry?

Mr. BROWN of Ohio. I did not understand the Speaker.

The SPEAKER. The gentleman from New Mexico has asked for a parliamentary inquiry. Under the rules, he cannot ask that unless the gentleman from Ohio yields to him.

Mr. BROWN of Ohio. I would be happy to yield.

PARLIAMENTARY INQUIRY

Mr. LUJAN. Mr. Speaker, it is my understanding that each side has more than 2½ minutes, and that if someone has a request for some time from either the chairman or the ranking member, is it within the rules that they cut off debate after only 2 or 2½ minutes without granting the time to those who requested it?

The SPEAKER. The gentleman has well stated it. They may yield back their time. They have 20 minutes apiece and they may yield it back if they do desire.

Mr. DINGELL. Mr. Speaker, I am going to yield 1 minute to the gentleman from Texas (Mr. GRAMM).

Mr. GRAMM. Mr. Speaker, I think it is important that we note that the largest oil company in America controls 7.8 percent of the production. If Mobil and Marathon merge, they would control a whopping 4.9 percent of the producing market. We are talking about a last minute bill that infringes on the basic right of Americans to buy and sell property, where there can by no stretch of the imagination be made an argument that this in any way endangers the economy toward to the creation of a monopoly.

This is poorly thought out and in my opinion, does not protect the consumer, but could protect poor management from companies that can buy out poor management.

Mr. DINGELL. I think we should yield back the balance of our time.

I yield back the balance of my time. Does the gentleman from Ohio yield back the balance of his time?

Mr. BROWN of Ohio. Mr. Speaker, I have no objection to the issue being debated. As I understood the argument of those who were opposed to it, it was that they wanted to go to the President's party and did not want to delay it. That was a couple of votes ago, and as far as I am concerned, the issues have been presented. The gentleman who are opposed to the legislation have in fact had more time than those who support the legislation. I think everybody knows what is in the legislation. As far as I am concerned, Mr. Speaker, we can go right ahead with the vote.

□ 2240

The SPEAKER. The Chair understands the gentleman from Michigan (Mr. DINGELL) has yielded back his time. Has the gentleman from Ohio yielded his time?

Mr. BROWN of Ohio. Mr. Speaker, in view of the fact that the gentleman from Michigan gave one of the other opponents on that side an additional minute I would be happy to give an additional minute to one of the gentleman on this side.

Mr. Speaker, I yield 1 minute to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Take the time and shove it.

The SPEAKER. The Chair did not hear the gentleman from Louisiana. Perhaps the Chair should be glad he did not.

Mr. BROWN of Ohio. Mr. Speaker, I yield back the balance of my time in a more gentle spirit than the gentleman from Louisiana.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan (Mr. DINGELL) that the House suspend the rules and pass the bill, H.R. 5274.

The question was taken.

Mr. LIVINGSTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 223, nays 107, answered "present" 4, not voting 99, as follows:

[Roll No. 371]

YEAS—223

Addabbo	Emerson	McGrath
Akaka	Emery	McHugh
Albosta	Ertel	Mica
Alexander	Evans (IA)	Mikulski
Andrews	Evans (IN)	Miller (CA)
Applegate	Fazio	Miller (OH)
Bailey (PA)	Fenwick	Mineta
Barnes	Ferraro	Minish
Beard	Findley	Mitchell (NY)
Bedell	Fish	Mollohan
Beilenson	Fithian	Murphy
Benjamin	Flippo	Murtha
Bennett	Foley	Natcher
Bereuter	Fountain	Neal
Bevill	Fowler	Nelligan
Biaggi	Frank	Nelson
Blanchard	Fuqua	Nowak
Boland	Garcia	Oakar
Boner	Gephardt	Oberstar
Bouquard	Gilman	Obey
Bowen	Ginn	Ottinger
Brodhead	Glickman	Oxley
Brown (CA)	Gonzalez	Panetta
Brown (CO)	Goodling	Parris
Brown (OH)	Gore	Patman
Broyhill	Gray	Patterson
Carney	Gregg	Pease
Chisholm	Guarini	Pepper
Clausen	Hamilton	Perkins
Coats	Hatcher	Petri
Coelho	Heckler	Price
Collins (IL)	Heftel	Pursell
Corcoran	Hertel	Rahall
Courter	Hopkins	Ratchford
Coyne, James	Howard	Regula
Coyne, William	Hoyer	Rhodes
Crane, Daniel	Hughes	Richmond
D'Amours	Hutto	Rinaldo
Daniel, R. W.	Jacobs	Ritter
Danielson	Jeffords	Rodino
Dannemeyer	Jenkins	Roe
Daschle	Jones (TN)	Rogers
Daub	Kastenmeier	Roth
Davis	Kazen	Roukema
de la Garza	Kildee	Roybal
Deckard	Kogovsek	Sabo
Dellums	Kramer	Savage
DeNardis	Latta	Sawyer
Derrick	Leach	Scheuer
Derwinski	Lehman	Schneider
Dicks	Leland	Schroeder
Dingell	Levitas	Seiberling
Donnelly	Long (MD)	Shamansky
Dorgan	Lowry (WA)	Shannon
Dougherty	Lujan	Sharp
Downey	Marriott	Shelby
Duncan	Martin (IL)	Siljander
Dymally	Martin (NC)	Simon
Dyson	Martin (NY)	Skelton
Early	Matsui	Smith (IA)
Eckart	Mazzoli	Smith (NE)
Edgar	McClory	Smith (NJ)
Edwards (CA)	McEwen	Snowe
Solarz	Tauke	Wirth
Solomon	Traxler	Wolpe
Spence	Udall	Wortley
St Germain	Volkmer	Wright
Stangeland	Walgren	Wyden
Stanton	Wampler	Wylie
Stark	Washington	Yates
Stokes	Weber (MN)	Yatron
Stratton	Weber (OH)	Zablocki
Studds	Whitley	Zeferetti
Swift	Whittaker	
Synar	Whitten	

NAYS—107

Anderson	Frost	Moore
Annunzio	Goldwater	Morrison
Anthony	Gramm	Myers
Archer	Grisham	Napier
Badham	Gunderson	O'Brien
Bafalis	Hall, Ralph	Pashayan
Bailey (MO)	Hall, Sam	Paul
Barnard	Hammerschmidt	Pickle
Benedict	Hance	Porter
Bliley	Hansen (ID)	Pritchard
Breaux	Hansen (UT)	Roberts (KS)
Brinkley	Hartnett	Roberts (SD)
Brooks	Hendon	Robinson
Campbell	Hiler	Roemer
Chappell	Horton	Rose
Chappie	Hubbard	Rostenkowski
Cheney	Huckaby	Rousselot
Conable	Hunter	Rudd
Craig	Hyde	Shaw
Crane, Philip	Jeffries	Shumway
Daniel, Dan	Johnston	Skeen
Dickinson	Jones (OK)	Smith (AL)
Dornan	Kindness	Smith (OR)
Dowdy	Lagomarsino	Staton
Dreier	Leath	Stenholm
Dunn	LeBoutillier	Stump
Edwards (AL)	Lewis	Tauzin
English	Livingston	Thomas
Erdahl	Loeffler	Walker
Erlenborn	Lott	Watkins
Evans (DE)	Lowery (CA)	Weiss
Fary	Lungren	White
Fiedler	Mattox	Winn
Fields	McCurdy	Wolf
Forsythe	Michel	Young (AK)
Frenzel	Molinari	

ANSWERED "PRESENT"—4

Clinger	McCollum	Sensenbrenner
Coleman		

NOT VOTING—99

Ashbrook	Gejdenson	McKinney
Aspin	Gibbons	Mitchell (MD)
Atkinson	Gingrich	Moakley
AuCoin	Gradison	Moffett
Bethune	Green	Montgomery
Bingham	Hagedorn	Moorhead
Boggs	Hall (OH)	Mottl
Bolling	Harkin	Nichols
Bonior	Hawkins	Peyser
Bonker	Hefner	Quillen
Broomfield	Hightower	Railsback
Burgener	Hillis	Rangel
Burton, John	Holland	Reuss
Burton, Phillip	Hollenbeck	Rosenthal
Butler	Holt	Russo
Byron	Ireland	Santini
Carman	Jones (NC)	Schulze
Clay	Kemp	Schumer
Collins (TX)	LaFalce	Shuster
Conte	Lantos	Smith (PA)
Conyers	Lee	Snyder
Coughlin	Lent	Taylor
Crockett	Long (LA)	Trible
Dixon	Luken	Vander Jagt
Dwyer	Lundine	Vento
Edwards (OK)	Madigan	Waxman
Evans (GA)	Markey	Weaver
Fascell	Marks	Whitehurst
Florio	Marlenee	Williams (MT)
Foglietta	Mavroules	Williams (OH)
Ford (MI)	McCloskey	Wilson
Ford (TN)	McDade	Young (FL)
Gaydos	McDonald	Young (MO)

□ 2250

Mr. DOWDY and Mr. ROEMER changed their votes from "yea" to "nay."

Mr. CORCORAN, Mrs. ROUKEMA, and Mr. EMERSON changed their votes from "nay" to "yea."

Mr. LEVITAS and Mr. CARNEY changed their votes from "present" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. SENSENBRENNER. Mr. Speaker, I have voted "present" on the last rollcall since any holdings of Santa Fe International Corp., stock could constitute a conflict of interest since the Santa Fe merger with the Kuwait Petroleum Corp., consummated on December 4, 1981, falls under the "evaluation period" defined in this bill.

PERSONAL EXPLANATION

Mr. CLINGER. Mr. Speaker, on the vote on H.R. 5274 I voted "present" because I own shares of Mobil Corp., stock and felt that a vote either in favor of or against the resolution could be perceived as a conflict of interest.

TIME FOR A CHANGE OF RULES

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, for some time I have been trying to get the rules of the House changed so that in fact we would have a true minority seeking a second, that we would not have the kind of setup that we had with people on both sides of the aisle holding the same positions, in fact controlling and monopolizing the time during serious debate. Because that has not been adopted as a rule of the House, the procedure, the process by which we went through on that vote was such a violation of normal parliamentary processes that I could not in good conscience vote for the legislation, the resolution which was at stake.

□ 2300

PARLIAMENTARY INQUIRY

Mr. LIVINGSTON. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. LIVINGSTON. Did the vote constitute two-thirds of all present and voting?

The SPEAKER. Two-thirds of those voting yea or nay.

Mr. LIVINGSTON. Of those voting? How were the present counted?

The SPEAKER. They do not count in the two-thirds as to whether or not it is two-thirds of the House. The Chair only counts those who actually vote yea or nay, and those indicating their presence only count to establish a quorum.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 2494. An act to designate the John Archibald Campbell U.S. Courthouse;

H.R. 4353. To amend the act entitled "An act to establish a uniform Law on the Subject of Bankruptcies," approved November 6, 1978; and

H.R. 4506. An act to name the lock and dam authorized to replace locks and dam 26, Mississippi River, Alton, Ill., as "Melvin Price Lock and Dam."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1211) entitled "An act to extend the Toxic Substances Control Act for 1 year."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4503) entitled "An act to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes."

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 58. Concurrent resolution expressing the sense of the Congress with respect to the continued internal exile and treatment by the Government of the Soviet Union of Andrei Sakharov and his wife, Yelena Bonner.

PERMISSION FOR MEMBERS TO EXTEND AND REVISE REMARKS UNTIL PUBLICATION OF LAST AUTHORIZED EDITION OF CONGRESSIONAL RECORD

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that all Members of the House shall have the privilege, until the last edition authorized by the Joint Committee on Printing is published, to extend and revise their own remarks in the CONGRESSIONAL RECORD on more than one subject, if they so desire, and may also include therein such short quotations as may be necessary to explain or complete such extensions of remarks; but this order shall not apply to any subject matter which may have occurred, or to any speech delivered subsequent to the adjournment of Congress.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING SPEAKER TO ACCEPT RESIGNATIONS AND TO APPOINT COMMISSIONS, BOARDS, AND COMMITTEES, NOTWITHSTANDING SINE DIE ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that notwithstanding the sine die adjournment of the 1st session of the 97th Congress, the Speaker be authorized to accept resignations and to appoint commissions, boards, and committees authorized by law or by the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR CHAIRMAN AND RANKING MINORITY MEMBERS OF EACH STANDING COMMITTEE AND EACH SUBCOMMITTEE THEREOF TO EXTEND THEIR REMARKS IN THE RECORD

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the chairman and ranking minority member of each standing committee and each subcommittee thereof be permitted to extend their remarks in the RECORD, up to and including the last publication thereof, and to include therewith a summary of the work of that committee or subcommittee.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ANDREI AND YELENA BONNER SAKHAROV

Mr. WIRTH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 58) expressing the sense of Congress for release of Andrei and Yelena Bonner Sakharov and ask for its immediate consideration in the House.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. LAGOMARSINO. Mr. Speaker, reserving the right to object, and I shall not object, I have examined the resolution. I think it makes good sense. I think the House should pass this resolution.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 58

Whereas Article 12 of the International Covenant of Civil and Political Rights explicitly states that "Everyone lawfully within the territory of a state shall, within that territory, have the right to liberty of movement and freedom to choose his residence";

Whereas Article 13 of the Universal Declaration of Human Rights explicitly states that "Everyone has the right to freedom of movement and residence within the borders of each state";

Whereas the Government of the Soviet Union has signed the Final Act of the Conference on Security and Cooperation in Europe, is a party to the Universal Declaration of Human Rights, and has ratified the International Covenant on Civil and Political Rights;

Whereas Nobel Laureate Andrei Dimitriyevich Sakharov has been an undaunted leader of the human rights movement in the Union of Soviet Socialist Republics and has courageously spearheaded efforts to secure the most basic of human rights for the citizens of the Soviet Union;

Whereas Andrei Sakharov was forcibly and without trial exiled to the city of Gorki in the Soviet Union last year for his outspoken and eloquent dissent against the systematic violation of basic human rights by the Government of the Soviet Union;

Whereas Andrei Sakharov and his wife, Yelena Bonner, recently ended a 17-day hunger strike after the Government of the Soviet Union decided to allow Yelizaveta Alekseyeva to join her husband, Alexey Semyonov, in the United States; and

Whereas Andrei Sakharov's internal exile is a clear and flagrant violation of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the Final Act of the Conference on Security and Cooperation in Europe: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that in accordance with the Final Act of the Conference on Security and Cooperation in Europe, the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights, the Government of the Union of Soviet Socialist Republics should release Andrei Sakharov from internal exile immediately and should allow him and his wife, Yelena Bonner, to freely choose their place of residence.

SEC. 2. The Congress, commending the President for his past efforts in behalf of the Sakharovs, urges the President, acting directly or through the Secretary of State—

(1) to protest, in the strongest possible terms and at the highest levels of government, the continued internal exile of Andrei Sakharov,

(2) to call upon all other signatory nations of the Final Act of the Conference on Security and Cooperation in Europe to join in such protests, and

(3) to inform the Government of the Soviet Union, that the Government of the United States, in evaluating its relations with other countries, will take into account the extent to which such countries honor their commitments under international law, including commitments with respect to the protection of human rights.

SEC. 3. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President with the request that he further transmit such copy to the Ambassador of the Union of the Soviet Socialist Republics to the United States.

Mr. WIRTH. Mr. Speaker, as the sponsor of House Concurrent Resolution 241, the House version of Senate Concurrent Resolution 58, I rise in strong support of the resolution before us.

This resolution expresses the sense of Congress protesting the continued internal exile of Andrei Sakharov and his wife, Yelena Bonner, and their treatment by the Government of the Soviet Union.

Last week, we were witness to a singular event—Liza Alekseyeva was granted permission to leave the Soviet Union, and Sakharov and Bonner ended the hunger strike they had undertaken in her behalf. Andrei Sakharov, Nobel Prize winner and renowned physicist, risked his life so that this young woman could be reunited with her husband.

Just before the Soviet Government gave in to Sakharov's demands, the House passed House Resolution 286, a resolution I introduced that declared Congress association with the aims of the hunger strike. That we spoke out on this urgent human rights matter during an extremely busy time for Congress does us credit as a body.

However, Mr. Speaker, we must now take the time to speak out again. There is reason to believe that Andrei Sakharov, victorious in his protest, will be returned to the status of internal exile in the Soviet Union. Such a possibility clouds the good news of Liza Alekseyeva's release.

This resolution states unequivocally that the U.S. Congress will not stand by in silence at such treatment of the Soviet Union's foremost advocate of human rights. It is inconsistent with the positive steps the Soviet Union has taken in allowing the emigration of Liza Alekseyeva, and it runs counter to the expectations of a grateful world.

I urge my colleagues' support of Senate Concurrent Resolution 58.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WIRTH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on Senate Concurrent Resolution 58.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. For the benefit of the Members, the House has completed all legislative business and the Chair wants to wish all of the Members a Merry Christmas and a Happy New Year and to extend his appreciation to my leadership and my Members and particularly on the opposite side for the cooperation from the minority leader and whip.

So, to all of you, a Merry Christmas and a Happy New Year.

WITHDRAWAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4498

Mr. GINN. Mr. Speaker, I ask unanimous consent that my name be withdrawn as a cosponsor of H.R. 4498.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

TWELFTH ANNUAL REPORT OF NATIONAL SCIENCE BOARD, 1979, AND THIRTEENTH ANNUAL REPORT OF NATIONAL SCIENCE BOARD, 1980—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Science and Technology.

To the Congress of the United States:

In accordance with the requirements of Section 4(j) of the National Science Foundation Act, as amended, I hereby transmit the Twelfth Annual Report of the National Science Board for calendar year 1979 and the Thirteenth Annual Report of the National Science Board for calendar year 1980. Both reports cover the period prior to my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 16, 1981.*

□ 2310

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair would like to thank and extend to all the help, all the people on the Parliamentarian's staff, the pages, and the employees, for the marvelous job they have done. We wish them a Merry Christmas and a Happy New Year.

GENERAL LEAVE

Mr. SWIFT. Mr. Speaker, I ask unanimous consent that all Members

be permitted to extend their remarks and to include therein extraneous material on the subject of the special order speech today by the gentleman from Texas (Mr. BROOKS).

The SPEAKER pro tempore (Mr. COELHO). Is there objection to the request of the gentleman from Washington?

There was no objection.

SOCIAL SECURITY PAYMENTS TO DECEASED RECIPIENTS

(Mr. LIVINGSTON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. LIVINGSTON. Mr. Speaker, I would simply point out that section 7 of the Social Security Amendments of 1981 conference report addressed this morning relates to social security benefits being paid to people who are deceased, and I would point out that my bill, H.R. 5076, relates to that matter by giving the Social Security Administration access to State death records so that they can be compared with social security benefit rolls.

PERSONAL EXPLANATION

Mr. DOUGHERTY. Mr. Speaker, I was unavoidably detained this morning in Philadelphia and could not be present to vote on H.R. 4331, the conference committee report on the social security minimum payments.

Had I been here I would have voted "aye."

Mr. Speaker, I ask unanimous consent that this statement appear in the permanent RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

STATEMENT ON HOUSE RESOLUTION 305

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRENZEL) is recognized for 20 minutes.

● Mr. FRENZEL. Mr. Speaker, the passage by unanimous consent yesterday of a resolution allowing Members of the House to receive outside earned income up to 30 percent of their salary instead of 15 percent was an unseemly performance.

Any time the Congress does anything without debate or vote, especially when the action applies to the Members themselves, the worst suspicions of the people are confirmed. Yesterday's House action was more than a minor slip. It looked bad because it was bad.

But while the procedure was intolerable, the substance of the resolution was not. It was not a pay raise. It was not a backdoor pay raise. It was not an increase in allowances or perks. It cost the taxpayers nothing.

It allowed Members of the Houe to have more outside earnings. The Senate has no limit on such earnings. There should be no limit on such earnings.

At the time the limit of 15 percent was imposed, I opposed it. It made no sense then, and makes none today. Wealthy Members can receive unlimited unearned income—rents, dividends, interest—but no Member can have earned income of more than about $9,000 per year—since yesterday, about $18,000.

Under the restriction, lawyers cannot continue to handle old business, nor can people continue to manage family businesses. The restrictions also apply to writing and speaking engagements, even if a Member made his or her living that way before coming to Congress.

The restrictions reflect a mean spirit within the Congress and are as degrading to the institution as the procedure that changed them yesterday.

All outside earned income and its source is reported annually so the world can see and judge whether any of the sources or amounts are improper.

Therefore, in my judgment, there was nothing wrong with yesterday's resolution from a substantive standpoint. In fact, the Republic would have been better served if the limit had been completely removed.

But the fact remains that the way it was done was offensive. I must sadly agree with anyone who feels that is why the people have decreasing confidence in the Congress. While I approve of the result, I cannot condone the way it was done.

A vote of sorts on this matter did occur today. Opponents of Resolution 305 tried to make a vote on approving the Journal a referendum on 305. They lost, but since the issue was not really defined, the vote cannot be considered definitive.

That vote and other discussions in this body have helped to let a little light shine on our process. That has been a redeeming aspect of an otherwise dismal affair.●

SUMMARY OF CONGRESSIONAL ACTIVITIES DURING FIRST SESSION OF 97TH CONGRESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MICHEL) is recognized for 60 minutes.

Mr. MICHEL. Mr. Speaker, it has been a long and tumultuous year.

It has always been a pleasure and a privilege to serve with you Mr. Speaker, but I must say it has been even more so this year.

We have won some important votes on the floor of this House. I like winning. As you know all too well, it is a new experience for me and our minority. However, I understand better now what you have always understood: The elation is very, very short lived. Sometimes it does not last long enough for you to get off the House floor and toast victory. Another problem comes up; another vote occurs; the evening news turns your victory into defeat.

This has been a very trying year, Mr. Speaker. Long time, dealing with a revolution in public attitude. There have been more pressures, more demands, more deadlines. Many of our procedures and traditional ways of doing things around here have been shot through the Capitol dome and scattered into infinity. We have had to endure more numbers, statistics, charts, graphs, and figures than an accountant at tax time. The good news is that we have survived it all and accomplished much. The bad news is that we will be doing it all again next year.

I want to take a moment to compliment the Speaker and our colleagues on your side of the aisle who have conducted themselves with dignity, honor, and a sense of responsibility throughout the course of this session, whether we agreed or disagreed. For the most part, the proceedings have been conducted with fairness and the issues have been resolved in a manner that does justice to this deliberative body.

I just think this Congress has conducted itself in the proud traditions of the body and paid itself tribute.

I have to take this opportunity to address myself to the Members on my side of the aisle in particular and say publicly that I have never worked with a more intelligent, dedicated, and committed group of people. The Republicans I have been privileged to serve in this session have my respect and admiration. Our newer Members have been most willing to work and most anxious to learn. The more senior Members have been more energetic, more cooperative and more hard working than at anytime in my career. I am indebted to all of you.

To all the Members of this body, I want to say this: The Congress of the United States has for years been the subject of ridicule and low esteem in the eyes of the public and in the manner in which its proceedings have been reported. In some cases, it has been justified in my mind, in others, not. This year, I think more than any other in my memory, the Members of this body have done more to restore the integrity and honor owed to the Congress. The Members of the 97th Congress in its 1st session have served their Nation well and reinstilled a sense of pride in those of us who believe in this body and the ideal of public service.

Next year, I may deny it all, but this year as we end the session close to the Christmas season, I am compelled to express these thoughts and thank you all for the privilege of serving with you.

Mr. Speaker, I submit the following summary for insertion in the RECORD:

SUMMARY OF CONGRESSIONAL ACTIVITIES DURING THE 1ST SESSION OF THE 97TH CONGRESS

Mr. Speaker, looking back over the last 12 months, I have to say this has been one of the most rewarding, the most dramatic and the most successful years I have had as a Member of Congress.

We in this House helped bring about a change in the course of American history and we helped define a new direction for national government and national politics in this country.

When you think about the magnitude of the great change in political thought that has taken place, somehow all of the budget numbers and tax figures pale in significance.

Unlike the sloganeering of past Administrations, this year has truly been a new beginning for the nation and the world.

By any standard of measurement, the First Session of the 97th Congress has to be considered a success for the nation, for the Reagan Administration and for those of us in this body who have long fought for the principles of limited government, individual freedom and responsibility and the pursuit of world peace through the strength of our security and the strength of our beliefs.

Our greatest achievements, I believe, were made on the domestic front. We have reversed the dangerous cycle of 12 to 17 percent growth in the rate of federal spending and our dependence on inflation to finance government activities. We have enacted the largest single tax reduction in American history and made tax reduction permanent through indexing. We have reordered many of our national priorities, particularly in regard to national security.

During this First Session we have also made some strides in controlling the growth of the Congress, but there is still much that needs to be done to improve our procedures, reduce costs and provide for fair and equitable rules of procedure. We must also address ourselves to the need for more effective budget procedures under the 1974 Budget Act.

In my summary of activities during the First Session of the 97th Congress I would like to concentrate on four areas. They are:

A. Government spending and budgeting
B. Tax Relief
C. General Legislative Activity
D. Record of the House

If you had to single out one major achievement of the year, the decision would be difficult. Both the reduction in the growth of federal spending and tax reduction have and will continue to have a significant impact on the federal government and the lives of millions of Americans for sometime to come. They both deserve detailed review.

A. GOVERNMENT SPENDING

In the first federal budget influenced by President Carter (Fiscal Year 1977) total government spending in outlays amounted to $402 billion. In Fiscal Year 1981, just ended, the last fiscal year over which President Carter had influence, federal spending amounted to $660 billion, or an increase of 64 percent in just four years.

The outlay figures for those years are:

Fiscal year 1977, $402 billion.
Fiscal year 1978, $450 billion.
Fiscal year 1979, $493 billion.
Fiscal year 1980, $579 billion.
Fiscal year 1981, $660 billion.

The growth in federal spending between 1980 and 1981 was close to 14 percent. President Reagan proposed and the Congress enacted a budget for Fiscal Year 1982 that represented a 6 percent increase in spending growth. The Reagan budget for Fiscal Year 1982 called for reductions in anticipated spending of $35 billion, plus an additional $13 billion in the fall initiative. The Congress has enacted savings of about $41 billion as a result of those requests. Furthermore, the Reagan request called for reductions over a 3-year period of $135 billion. The Congress has enacted legislation to save an estimated $130 billion. These actions are unprecedented.

There was some impact in terms of restraint on the Fiscal Year 1981 budget, as a result of actions taken by the Congress and Administrative savings made by the Executive Branch. However, the real impact will be felt in Fiscal Year 1982. The Carter Administration projected total federal spending for '82 at $739 billion. Undoubtedly, had President Carter remained in office, that figure would have run tens of billions of dollars higher. In comparison, President Reagan's initial '82 budget request was $695 billion. That projection has grown as well, to about $735 billion, but it remains well under what the Carter level would have been at this time and in the end will represent a dramatic reduction in growth.

Since it is difficult to project exactly where we would have been today under Democratic fiscal policies, it is also difficult to measure the full force of the Reagan initiatives this year on matters of spending. Under any circumstances, however, they have to be looked upon as immense and certainly far-reaching, politically and economically.

There are two characteristics of our fiscal activities that should be noted. One is the procedural application of the Budget Act and the other is the philosophical, movement toward block grants and entitlement reform.

In the first instance, one can only conclude that the Budget Act has not served us will procedurally. Major reforms along the lines we have proposed over the last several years are badly needed.

In 1981, the House for the second time, applied the reconciliation process to the First Budget Resolution, which turned out to be one of the more effective and dramatic diversions from the Act. However, other deviations have not been as laudatory.

One of the most critical problems is the development of economic assumptions. The Reagan Administration has been criticized for the economic assumptions on which the House based its passage of the Gramm-Latta Budget Resolution. However, faulty economic assumptions and cost projections are by no means unique to the Reagan Administration. They represent a serious flaw in the process and defy partisan attachment.

President Carter, for example, submitted a budget for the Fiscal Year 1981 in March 1980 that called for $611.5 billion in outlays and a budget surplus of $16.5 billion. The Congress followed the President's lead and enacted a First Budget Resolution providing for $613 billion in outlays and a surplus of $200 million. We finished the year with $660 billion in outlays and a deficit close to $60 billion. In other words, the deficit projection was so far from reality that the economic assumptions and cost projections on which it was based lost all credibility. Deficit projections for Fiscal Year 1980 were $30 billion off the mark and the outlay projections for that year were more than $40 billion off the mark.

The second characteristic of the fiscal activities of the House that must be noted is the ground broken in the areas of block grants and entitlement reform.

These initiatives represent the advent of the "New Federalism" which is the cornerstone of the Reagan program.

The President proposed last spring the consolidation of 88 federal programs into five block grants, as the first step toward returning to state and local governments more control over programs affecting their constituencies and reducing administrative costs of the programs.

It has to be said that the Congress did not go near the distance in inaugurating this concept as the Administration would have liked. However, there can be no minimizing the fact that block grants are in place in both concept and practice. This "foot-in-the-door" achievement is of significant magnitude.

The Congress did consolidate 57 programs into nine new block grants, with total spending of $7.5 billion. The new block grants include:

1. Preventive Health
2. Maternal and Child Health Services
3. Alcohol, Drug Abuse and Mental Health
4. Primary Care
5. Social Services
6. Community Services
7. Low-Income Energy Assistance
8. Community Development
9. Education

Attached is a summary of these programs which was published in the National Journal October 10, 1981.

The Congress also took the first steps under reconciliation to reform federal entitlement programs, which are strangling the ability of the government to control fiscal policy. Entitlements, in the strict sense, account for nearly 60 percent of all government spending. While substantial progress was made toward entitlement reform this year, the more positive note is the bipartisan commitment to further reforms next year, through another round of reconciliation.

B. TAX RELIEF

The President proposed in 1981 and the Congress enacted the largest single tax reduction in the history of the country, directly on the heels of an Administration that had enacted the largest single peace-time tax increases in history.

The tax reduction program, finalized through several rounds of negotiations and partisan competition, includes major incentives to stimulate productivity in the private sector and thus create jobs and substantial across the board tax rate reductions for individuals.

The tax reduction for individuals will benefit all wage-earners and will benefit all income groups, percentage wise and dollar wise, to a greater extent than the tax proposals advanced by the Democratic leadership and reported out of the Ways and Means Committee in the summer of 1981.

Those who earn $10,000 or less, who have paid 2.3 percent of all income taxes will now receive 2.9 percent of the overall benefit of

the tax cut. Those who earn between $10,000 and $60,000 who have paid 71.7 percent of all income taxes will now receive 74 percent of the benefit. In dollar amounts, a one-earner family of four earning $15,000 will receive $2,084 in tax savings over the next five years as opposed to $1,755 under the Democratic proposal which was defeated. The tax savings for a $20,000 a year family during the same period will be $618 more than the same family would have received under the Democratic program. The attached chart shows the difference between the current law (Reagan program) and the Democratic program in six income categories. (Chart not printed in RECORD.) It should be noted, however, that these computations do not include the benefit that will be derived from the indexing of individual taxes which is included in current law. So whether you discuss the issue in terms of percentages or actual dollar amounts, there is no justification for the charge that the Reagan tax program provides less benefit to lower and moderate income families.

In addition to the individual tax cut provisions described above, the new tax law provided additional savings incentive provisions, which include the following:

Starting January 1, 1982, every working man and woman in the United States, regardless of whether or not they are covered by an existing pension plan, can now open an individual retirement account (IRA). A single working individual can invest up to $2000 a year in an IRA and deduct it from his income tax. A married individual with a non-working spouse can invest up to $2250. Two married working people can invest up to $4000 a year, and deduct it from their income taxes. A self-employed individual can write off 15% of his income, up to a maximum of $15,000 (Keogh accounts).

In addition, an individual can invest in an all-savers certificate and earn up to $1000 interest tax free, or $2000 for a couple.

In 1982 and 1983, one can earn up to $100 a year tax free in dividends. In 1985, the new law provides for a 15% net interest exclusion in which one subtracts consumer interest earned from savings interest paid, and takes 15% of the amount in tax free income.

C. GENERAL LEGISLATIVE ACTIVITY

Another of the significant achievements of the First Session of the 97th Congress was the enactment of a foreign assistance authorization bill and the accompanying foreign assistance appropriation bill. This was the first time since 1979 that foreign assistance legislation has successfully worked its way through the Congressional process.

The symbolic significance of this legislative success is as important as its substantive contribution to the Reagan Administration's foreign policy. In passing authorization and appropriation bills for foreign assistance, the Congress demonstrated that it shares President Reagan's comprehensive view of American security and his conviction that friendly nations must be aided both militarily and economically if freedom is to be defended in the world.

At the same time, the Congress also approved President Reagan's $200 billion appropriation bill for defense. While the defense budget is, as so often claimed "the largest in history", it must be seen in the context of dwindling support for national defense over a period of years. It also must be measured as part of the whole. As a percent of total federal spending and as a percent of the Gross National Product, defense spending is considerably less than the dollar amounts suggest. This defense budget therefore, must be judged not only by the total dollars involved but by the absolutely vital part it plays in the defense of the United States and of the free world. For the first time in years, the United States is showing—to friends and potential adversaries alike—that we are willing to make the sacrifices necessary to defend freedom.

History may well record that President Reagan's victories in foreign policy and national defense were the most important of the First Session of the 97th Congress. For the first time in years, the Congress has joined the President of the United States in telling the nation and the world that foreign policy and national security issues are of profound importance.

In other legislative areas, we find it regrettable that we were unable to adopt a comprehensive regulatory reform bill to move forward the third pillar of the Reagan program. While the Congress was relatively inactive in this area, however, the Reagan Administration moved forward under the leadership of Vice President Bush in eliminating more than 180 federal regulations and modifying many others for a potential savings of $18 billion.

We also failed to fully address the problems in the Social Security program and deal with the long-term financial difficulties in a nonpartisan manner. The fault for this failure rests with all of us. However, if any future progress is to be made to the benefit of current and future recipients, it is absolutely essential that we deter any further attempts to turn this critical issue into a political football, thus rendering any consideration of Social Security next year useless and destructive.

The Congress did finally enact a comprehensive agriculture re-authorization bill that represents a workable compromise between the agri-business interests and the Administration's goals of budget restraint. This issue, more than most others considered, produced heated controversy and division on both sides of the aisle and was almost the tragic victim of highly parochial pressures on the legislative process.

D. RECORD OF THE HOUSE

I think it is appropriate at this juncture to review some of the activities within the House that would normally be of an internal nature and not of general interest. However, there were some activities that deserve mention.

There was much publicity and interest earlier in the year in the bipartisan coalition that produced the dramatic spending and tax victories this summer. When you analyze the statistics and past voting trends, the Democratic cross-over was not unique or for that matter, even rare. However, it is unfair to judge those voting patterns on that basis alone. The coalition support for the Reagan program was a political phenomenon. Pressures were unusually great. The issues were unusually immense and complicated. The stakes were unusually high. The coalition which produced victory symbolized a degree of political courage and stamina this House has not seen in some time. I am indebted, and the nation is indebted, to those individuals on the other side of the aisle who stood by the President and, in fact, provided him the strong political leadership he needed.

I also have to record an even greater phenomenon. Republicans voted more than 90 percent behind the President on crucial budget and tax votes early this year, defying past voting patterns and demonstrating more dramatically than ever our commitment to change. I can't say too much for the courage and commitment shown from our side. Overall, the President received good support throughout the year and on those 28 issues where we had a Republican Policy position in the House our Members voted together 91.3 percent. Despite the immense issues before us and the pressures on all of our Members, overall Republicans voted together 76 percent of the time. I am proud of our Membership.

Republicans also played an important role in making some in-roads for the first time in the funding of House Committees. The 1980 Committee authorization was $43.6 million. The 1981 figure was reduced to $39.6 million, a $4 million reduction. It should be noted that $1.5 million of the decrease came from the budget of House Information System (HIS); nevertheless, the figures reflect a 9 percent decrease in committee funding. More significant than the actual numbers is the fact that it is the first time since 1975 that committee funding has been reduced.

Final figures on reductions in the size of committee staffs will not be available until next year, but the preliminary figures suggest that the reduction rate may be as high as 5 percent.

Another aspect of House activities worth mentioning is the shift in the amount of legislation considered. The number of bills introduced and considered is so great that the chance of improper or inadequate consideration must constantly be guarded against. During the first session of the 95th Congress, in 1977, there were 174 legislative days and 12,490 bills introduced. This averages out to 72 bills per legislative day that had to be considered by the House or committees. In 1979, there were 173 legislative days and 7,459 introduced, for a per day average of 43.

The 1st session of the 97th Congress contained 161 legislative days, with 6,114 introduced, making the per day average just 38.

I think this trend toward less legislation is laudatory and I hope the trend continues.

SUMMARY

There is no question that this has been a productive and historical legislative session.

We did not accomplish all that we sought to accomplish. However, we have not wavered from the goals we set out to achieve. Those on both sides of the aisle who began this session committed to the programs and principles set down by the President can be justly proud of the achievements they produced, many times under trying circumstances, formidable opposition and conditions which sometimes created doubt and frustration over the time, energy and dedication required to achieve those goals.

Is the nation better off today as a result of what we accomplished? The answer is yes. Will the nation be better off in the months and years to come as a result of what we did? Again, the answer is yes. There is no question about it. There is no doubt, no hesitation.

We are currently in the throes of a recession and an accompanying rise in unemployment. No one can minimize the seriousness of these economic problems. However, no one can deny that the roots of these problems run deep into the past. They are not the result of policies followed this year, nor are they a result of policies of the past year. Recession and unemployment are the painful price we are paying for years of irresponsible and almost criminal neglect of the

American economy and its ability to produce. To deny that fact of economic life is to reduce the national dialogue to a low level of political opportunism.

Despite the seriousness of the recession, there are signs of improvement and revitalization. We are beginning the long road back to stability of inflation and interest rates and looking forward to a return to growth in productivity. You will recall that when President Carter took office, he inherited an average interest rate on Treasury bills of 4.9 percent. When he left office, the rate had nearly tripled to 15 percent. The T-bill rate as of December 7 was down to 10.4 percent. President Carter also inherited a prime rate of 6.8 percent. Before he left office it had hit 21.5 percent. The rate is currently 15.5 percent and dropping. President Carter also inherited an inflation rate of 4.8 percent. But before he left office it had risen above 20 percent. It is currently running at less than 10 percent.

Obviously, the Reagan Administration cannot take full credit for these occurrences anymore than it must shoulder the blame for high unemployment.

We have and are now experiencing dramatic fluctuations in the economy. Record high inflation rates, record high interest rates and record high unemployment rates are all the results of years and years of inconsistent and highly politicized economic policies.

What is of utmost importance today is that we have finally discredited the practice of responding to inflation with recession and responding to recession with inflation. We have, for the first time in decades, an economic policy that rejects such notions and sets a new course that, again, for the first time in decades, is consistent. If we can maintain our commitment through the first half of next year, we will have successfully beaten back a recessionary period without massive injections of inflationary government spending.

We must always remember and never underestimate the disastrous conditions we faced at the beginning of this year and the dramatic and revolutionary change of direction we've made in just one year.

We can be proud of the consistency and new direction with which we have approached our economic problems. We have demonstrated that we have the economic and political courage to follow through. Past Congresses and the previous Administration in particular offered no new direction and more importantly failed to address economic policy with the consistency and the courage of conviction.

Consistent economic policy and persistence in the pursuit of economic goals will ultimately enable this nation to turn the corner, return to stable productive growth and send a signal to the entire world that the United States can be depended upon.

I am particularly grateful to those Members among our own ranks and those on the other side of the aisle who have been consistent and courageous in the positions they have taken and in their actions on the floor of this House. Political courage and adherence to principle in times of adversity have been the hallmark of our success.

DIFFERENCES IN TAX LIABILITY BETWEEN TAX ACT OF 1981 AND THE WAYS AND MEANS COMMITTEE VERSION

[1-earner family of four]

	1982	1983	1984	1985	1986	Total savings
1980 Wage level—$15,000:						
Current law (Reagan's program)	−191	−329	−422	−532	−610	$2,084
Ways and Means	−213	−353	−376	−397	−416	1,755
Total						329
1980 Wage level—$20,000:						
Current law	−282	−545	−736	−845	−1,018	3,426
Ways and Means	−319	−547	−597	−646	−699	2,808
Total						618
1980 Wage level—$25,000:						
Current law	−391	−784	−1,037	−1,262	−1,475	4,949
Ways and Means	−491	−817	−892	−972	−1,050	4,222
Total						727
1980 Wage level—$30,000:						
Current law	−526	−1,058	−1,389	−1,691	−1,991	6,655
Ways and Means	−698	−1,139	−1,245	−1,298	−1,337	5,717
Total						938
1980 Wage level—$40,000:						
Current law	−855	−1,734	−2,333	−2,814	−3,265	11,001
Ways and Means	−998	−1,474	−1,514	−1,551	−1,586	7,123
Total						3,878
1980 Wage level—$50,000:						
Current law	−1,216	−2,514	−3,379	−4,055	−4,685	15,849
Ways and Means	−1,180	−1,651	−1,676	−1,700	−1,721	7,928
Total						7,921

Source: Department of the Treasury.

These Block Grants Are Only a Taste of Things To Come

The nine new block grants, fashioned out of 57 existing federal aid programs, make a sizable mouthful for President Reagan's first bite at new federalism. But Reagan says they are only a taste of things to come.

The nine block grants account for $7.5 billion of the $88 billion in federal aid that Congress has authorized for fiscal 1982. More than 450 assistance programs remain narrow-purpose categorical grants to states and localities. Reagan had proposed consolidating 88 programs into five block grants, but Congress split them into nine blocks and excluded the biggest programs, such as the $3.48 billion compensatory education program and the $1.15 billion program for educating the handicapped. Congress also attached more strings than the President had in mind and cut less out of program budgets than he had urged.

Reagan promises to return to Congress for additional mergers and fewer strings on the existing block grants. "We are committed to more block grants," Judy Peachee, special assistant to the President for intergovernmental affairs, told a group of state officials attending a regional workshop in Denver on implementing the block grants. "We are committed to greater flexibility. We are committed to a balanced federal budget."

Here is a rundown of the nine new programs, their 1982 authorization and the appropriation proposed by Reagan.

Preventive health: This new grant merges eight preventive and public health programs, including assistance for such disparate care as emergency medical services, hypertension control, rodent control, fluoridation and rape prevention. Like some other block grants, this one retains earmarked funds for favorite congressional programs. Every year, $3 million of the authorization must be spent on rape prevention and services; in fiscal 1982, the states must spend at least 75 per cent of the amount they spent in fiscal 1981 on hypertension programs; and they must support emergency medical services, although no amount is specified. The states no longer have to match the federal dollars they receive, but they must use the federal money to supplement state programs, not to supplant them.

$95 million authorized; $83.6 million proposed.

Maternal and child health services: The heart of this seven program consolidation is the maternal and child health services and crippled children's services program, but it also includes federal aid for research into sudden infant death syndrome and genetic diseases as well as lead-based paint poisoning prevention. This program has congressionally mandated set-asides for research, hemophilia and genetic disease programs. Congress also required that state health departments operate this program, but because most of those state agencies already were administering the seven folded-in programs, this block grant is one of the easiest for the states to assume. They must match every $4 from the federal government with $3 of their own.

$373 million authorized; $291.3 million proposed.

Alcohol, drug abuse and mental health: Five mental health, alcoholism and drug

abuse control and prevention programs are merged into this block grant, which requires states, at least in the initial years, to spend about the same proportionately on mental health and alcohol and drug abuse programs as they did in fiscal 1980. Although no specific application form or plan is required, the states must certify compliance with 13 "assurances of quality, fairness and appropriateness of expenditure" to get their funds.

$491 million authorized; $432.1 million proposed.

Primary care: This health care block grant doesn't go into effect until Oct. 1, 1982, to give time for the states which did not administer the two merged programs, community health centers and primary care research and demonstrations, to gear up. During fiscal 1982, the states will get $2.5 million to plan for assumption of the program, which aids clinics in underserved areas. Once they take over the program, the states may not use any federal funds to administer it; most of the other block grants allow up to 10 per cent of the allocation for state administrative costs.

$284 million authorized; $241.7 million proposed.

Social services: The Administration says this block grant merges there programs, but all of them were part of an existing block grant to states under Title XX of the Social Security Act, which helps states provide a variety of social and health services. The new program removes some strings, including a targeting provision. It is the biggest program of the nine.

$2.4 billion authorized; $1.97 billion proposed.

Community services: With the abolition of the Community Services Administration, this block grant takes over five categorical programs that had been run by that agency. They are community action, senior opportunities and services, community food and nutrition, energy conservation and training, evaluation and technical assistance. The Health and Human Services Department, to which the program has been transferred, can spend up to 9 per cent of the funds directly. The states may spend only 5 per cent of their allocations for administration.

$389.4 million authorized; $225 million proposed.

Low-income energy assistance: This program doesn't consolidate anything. It is called a block grant because it removes many of the statutory strings attached to its categorical predecessor. New mandates are general; for example, the states must spend a "reasonable" amount on energy crisis intervention.

$1.85 billion authorized; $1.4 billion proposed.

Community development: In the past, the Housing and Urban Development Department administered the segment of the community development block grant that went to cities with less than 50,000 population as a categorical program. Now the operation goes to the states with a few strings—such as a requirement to develop a housing assistance plan—removed. In drawing up a plan to allocate and spend the funds, the states must consult with the affected local governments. State takeover of this program is voluntary.

$1.08 billion authorized; $950.4 million proposed.

Education: This block grant merges 25 elementary and secondary school programs that used to go to state and local education agencies. Lumped together are such major programs as desegregation aid and the National Teacher Corps and small programs for metric education and consumer education. The new block grant may be used in three areas so broad as to support almost any kind of education assistance: basic skills development, education improvement and support services and special projects. The funds go to the state education agencies, which must pass through 80 percent to local education agencies. The states may not veto any expenditures proposed by localities. This program went into effect on Oct. 1, but the states don't take over until next July because, like most education grants, this one receives its funds a year in advance.

$589.4 million authorized; $518 million proposed.

VA CONTINUING RESOLUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. HAMMERSCHMIDT) is recognized for 5 minutes.

● Mr. HAMMERSCHMIDT. Mr. Speaker, it gives me a great deal of satisfaction to take note of the level of funding for veterans services and benefits provided in the continuing budget resolution which cleared the Congress December 10, 1981.

While I regret the necessity for reductions made in certain programs administered by the Veterans' Administration, adequate funds have been provided so there will be no major reductions in medical care and, in fact, significant increases have been allowed for in entitlement programs for disabled veterans, their dependents and survivors.

President Reagan felt compelled to veto the continuing resolution passed by the Congress last month. But it was not because he felt that excess money was in the resolution for veterans' benefits and services. The fact is that with respect to veterans' programs, the second resolution is almost identical to the first. The level of funding for personnel is also the same.

It is my understanding that the costs of the October 1981, Federal pay raise will also have no effect on the number of VA employees for which appropriations have been made. It is the stated intention of the Appropriations Committee that the additional costs of this pay raise will be met through deficiency appropriations in advance of the anticipated supplemental appropriation or through the use of funds other than those designated for personnel.

Mr. Speaker, the veterans of America have fared well during a time when many other Federal programs have been pared down. As ranking member of the Veterans' Affairs Committee, I cannot overstate the magnificent job that has been done by our distinguished chairman, SONNY MONTGOMERY, in presenting the case for veterans with courage, diligence, and intelligence.

The chairman of the Appropriations Subcommittee on HUD-Independent Agencies, Mr. BOLAND, of Massachusetts, has also stood steadfast in his commitment to make certain veterans programs are adequately funded. Working in tandem with him on this highly complex legislation was BILL GREEN, of New York, ranking member of the Subcommittee. I hope America's veterans and other recipients of VA benefits will join me in recognizing the great contribution made by these individuals in preserving VA programs.●

THE THREAT TO EDUCATION IMPLIED IN RECENT OMB PROPOSALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. LEACH) is recognized for 60 minutes.

Mr. LEACH of Iowa. Mr. Speaker, as the executive branch continues its deliberations on the fiscal year 1983 Federal budget, I rise to discuss the fundamental and urgent nature of Federal aid to education in our society.

On December 8, the Washington Post reported that the Office of Management and Budget (OMB) hopes to reduce Federal education funding by more than 40 percent. The reported budget proposals would decrease Federal support for the Head Start program, would cut in half appropriations for title I remedial reading and math study, would reduce by one-third vocational education funding and would begin the phaseout of all federally funded education research activities. In trimming the Department of Education's budget by more than $5 billion, student financial aid would be reduced by more than 60 percent.

Before elaborating on these proposals, let me stress at the outset that they are nothing less than revolutionary. While the administration has previously made great efforts to accommodate a variety of interests as it steers the Federal Government in a new fiscal direction, it is nevertheless clear that the budget issue is becoming less one of holding down Federal spending and more one of establishing different spending priorities. As one who favors fiscal restraint, but a different set of taxing and spending priorities, I feel obligated to outline the implications of OMB's proposals for education, and to set forth an alternative agenda for action.

Mr. Speaker, the national interest in quality education has been recognized throughout our history in such landmark legislation as the Northwest Ordinance of 1787 and the GI bill. Proper public policy demands concern for human as well as corporate capital. Our economy, our national security and our international competitiveness all depend on a well-educated population providing a productive work force

and source of energizing ideas. If America is to compete abroad, it needs educated innovators; if it is to achieve social unity, it needs to provide equal access to basic education. How then should one view OMB's reported budget recommendations for education programs?

Most would agree that we benefit from the back-to-basics approach now emerging in elementary and secondary education. Competency in reading, writing, and mathematics is essential for individuals to play a productive role in society. In this regard, the title I compensatory education program for disadvantaged children focuses on remedial reading and math instruction. Presently funded at approximately $3.2 billion, the program serves over 5 million children. It represents perhaps our best chance of breaking that oft-mentioned cycle of poverty which drains our Treasury, yet OMB is proposing a 50-percent reduction in fiscal year 1983 funding.

Here it should be stressed that study after study has indicated that those children who do not achieve a manageable ability to read and write and to work with basic mathematics by the fourth or fifth grade are precisely the individuals most likely at a later age to become dependents on the State, in and out of prison. Resources applied to basic education in the elementary grades are the Federal Government's cheapest and most effective anticrime and welfare avoidance programs. Failure to provide for basic education for children will necessitate provision of greater sums at a later age for societal misfits. It is, to paraphrase a popular television commercial, a national travesty to waste a mind.

In like fashion, the rapidly changing nature of the private sector and the growing recognition that the economy is becoming increasingly service- rather than production-oriented would suggest that more and more working Americans as well as those who are unemployed will need vocational education or job retraining. Yet OMB has apparently chosen to propose that appropriations for vocational education be reduced from $800 to $500 million—a cut of 40 percent.

Last July, 1 joined a majority of my colleagues in supporting an amended version of the President's education block grant proposal. Implicit in this thoughtful attempt to return control of many education programs to the States was the recognition that certain programs should remain as national initiatives. The research activities conducted within the National Institute of Education are one example. As States struggle to assume the costs imposed by block grants, can we reasonably believe that vital research on problems of national scope will be continued?

With regard to higher education programs where most of the budget reductions are targeted, I am concerned that the OMB proposals present an almost insurmountable challenge to students and institutions of higher learning—both public and private. If reports of the OMB recommendations are correct, the Pell grant program for low-income college students would be reduced by $1.6 billion or 60 percent leaving almost 2 million students without grants-in-aid. While we have not yet assessed the full impact of last summer's reforms in the guaranteed student loan program, OMB has reportedly recommended that eligibility of graduate students by terminated. The best and the brightest would be denied the advanced education vital to management of a technologically advanced society. It should be stressed that the administration argued last spring that student financial aid programs be needs-based, yet the proposals advanced by OMB would eliminate two vital programs available to low-income students—national direct student loans and supplemental education opportunity grants. A third campus-based program allowing students to work their way through school, the college work-study program, would be trimmed by one-third.

Let me stress that the pluralistic nature of our higher education system is one of its great strengths, envied throughout the world. The administration has publicly recognized the merit of institutional pluralism in its controversial proposals relating to tuition tax credits. Nevertheless, OMB's budget proposals would so undermine the viability of private institutions that greater burdens will inevitably be placed on public supported colleges and universities.

If projected cuts in education funding are approved, most private colleges will have to sacrifice quality as their primary concern. Further cuts in student aid will cripple some excellent colleges and force students to attend public institutions where costs to society are much higher. The issue is one of survival for some and quality for all. It is also one of cost to the taxpayers. In my own State, public institutions of higher education are already at maximum capacity. If students are driven to public institutions of higher learning, the costs saved at the Federal level will be transferred to State government—but at a higher level because state supported institutions cost society more than the average private college. In my district, for instance, St. Ambrose and Iowa Wesleyan Colleges cost society about 60 percent as much per student to support as the University of Iowa.

Finally, Mr. Speaker, let me address three concerns expressed by opponents of Federal aid to education.

First, with regard to budget priorities, it is impressive how much restraint Congress has already applied to Federal education expenditures. Outlays for major elementary, secondary, and postsecondary programs will increase in fiscal year 1982 at rates far below the inflation rate. Social security student benefits are being phased out on the administration's premise that needy students can apply for the very programs OMB now seeks to repeal.

Second, with regard to those who would argue that State and local governments as well as the private sector can finance a greater proportion of education costs, it is fair to ask if this alternative financing acutally exists. In the State of Iowa where a large percentage of the state budget is already devoted to education, Federal budget reductions in a wide array of other programs will result in increased competition for the State dollar. Already limited State appropriations for education will inevitably be viewed as a revenue source for other social programs. In talks college heads have held recently with major corporations and foundations, the message is loud and clear. Industry is either unable or unwilling to make up the shortfall. In fact, the new tax act gives corporations and wealthy individuals less incentive to donate to charity.

Finally, in reference to those opposed to any Federal involvement in schools due to concerns about the establishment of the Department of Education, I would emphasize that the administrative approach existent in the Old Department of Health, Education, and Welfare was seldom characterized as anything except bureaucratic. Governmental accountability cannot be achieved when a Department like HEW comes to expend 40 percent of the Federal budget. The United States was the last Western democracy to establish a Cabinet-level Department of Education. It was overdue. And, although the Department's existence is short, it would appear to be cost effective.

The same cannot be said for some of the Federal programs voted by this Congress. For Congress to fund the MX missile system, the B-1 bomber, the Tennessee-Tombigbee Dam, the Clinch River breeder reactor, tobacco, sugar, and peanut programs, and then reduce the funding for education is a denial of judgment.

And for Congress to weaken fiscal policy by reducing taxes on the oil industry—even though most oil companies have little in the way of U.S. tax liability—and authorize companies that lose money to sell their tax losses to companies which earn a profit is a denial of responsibility. Education of the young is a better investment in our economy and national defense

than any tax break or missile ever will be.

Two and a half milleniums ago Aristotle wrote:

All who have meditated on the art of governing have been convinced that the fate of empires depends on the education of youth.

Some wisdom is ageless.

ONE HUNDREDTH ANNIVERSARY OF BIRTH OF FORMER SPEAKER SAM RAYBURN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. WRIGHT) is recognized for 60 minutes.

Mr. WRIGHT. Mr. Speaker, the purpose of this special order is to pay tribute to the former Speaker of the House, the Honorable Sam Rayburn of Texas.

On January 6, while this House will be in adjournment, it will be commemorating the 100th anniversary of the birth of Sam Rayburn. He was born in Tennessee and moved with his family to Texas at a very young age.

He served as the youngest member of the Texas Legislature and was to that time its youngest speaker. He came to the Congress in 1913, along with such other stalwarts as Alvin Barkley and Fred Vinson, of Kentucky. He served longer as Speaker of the U.S. House of Representatives than any other person.

Sam Rayburn was not of an imposing stature, but he was a little giant. He cast a long shadow of legislative history across the annals of the United States.

His was a leadership responsible for railroad legislation, for the Interstate Commerce Commission, for the Rural Electrification Administration, for the Federal Housing Administration, and for many other landmark programs that have made life better for millions upon countless millions of American people.

What I think those of us who served with him remember him for most, however, was his unrivaled ability to sum up succinctly in a very few words what all the rest of us had been trying to say. On more than one occasion after we had pounded our minds about the periphery of a given issue, Sam Rayburn would rise and speak for 2 minutes and so unerring was his instinct for the jugular vein of any issue that most of us found ourselves nodding in assent and saying to ourselves, "That's just what I was trying to say."

He was a man of few words. Sam Rayburn believed in his ability to sum up human character and he believed in human character. He often said,

If you tell the truth the first time, you don't have to remember what you said.

Sam Rayburn had a reverence for the orderly procedures of this institution. He was accustomed to rapping the gavel gently and having all Members come raptly to attention.

The public never really understood what made Sam Rayburn tick, those who simply saw him on those occasions when he presided over the National Democratic Convention as it was televised across the land. He would scowl that businesslike scowl of his when he rapped the gavel and that milling mob first not knowing the rules, and second not really caring about the rules, failed to come to order. I am sure that there were many people across the land who gained from that impression of Mr. Rayburn as an irascible old rascal or a crotchety old curmudgeon. He was neither. He was a gentle and kindly man. What had happened was that his sense of propriety had been offended by the failure of that mob at the National Convention to obey and respect those rules of orderly democratic procedure which were to him sanctified.

Sam Rayburn believed in a bipartisan kind of government.

Joe Martin was his friend and never would he tolerate an unkind word to be spoken about Joe Martin, his counterpart in his, Sam Rayburn's presence. He told me,

If Joe Martin tells you he will do a thing, you don't have to write it down and remember it. He will remember it and he will do it, because his word is good.

These are just a few of the things that I remember about Mr. Rayburn. He was a person of deep personal honor. I think the Nation is richer because of his having lived. He was in almost a clerical sense wedded to the House, almost in the sense that a priest could be said to be wedded to the church, Sam Rayburn gave his life to this institution. He had some contempt for his colleagues who for one reason or another deigned to leave the House and run for or serve in the other body.

□ 2320

He thought they had given up the better part of the congressional service to do so.

Mr. Speaker, I know that there are many others who served with Mr. Rayburn who will want to be commemorative of this occasion.

● Mr. FASCELL. Mr. Speaker, Sam Taliaferro Rayburn left Washington, D.C., with more than an office building bearing his name. He left a tradition of dedicated public service, a legacy of sound judgment and wisdom, and an inspiring standard of integrity in his duties as the longest-serving Speaker of the House of Representatives of the U.S. Congress. His unerring instinct for facts and for how those facts could be related to the best interest of our country—regardless of what emotion, political benefit or self-interest might dictate—made his years of service in the Congress a unique era in its history. His record of achievement and fame is an enviable one; his method of performance is a high standard which all of us could well emulate.

In my 27 years in the Congress, I have served with four Speakers of the House. Sam Rayburn, the elder statesman of that accomplished group, stands out as a master of his special craft and a skilled politician. No one knew better how to strike a balance between the twist of the arm and a pat on the back. Sam Rayburn will always stand out in my mind as a person of humility and honesty who bore the tremendous responsibilities of the third highest office in this country with pride and magnificence.

As we approach the 100th year of Sam Rayburn's birth, I wish to join in this tribute to a great American, a distinguished statesman and, for me, a true friend.●

● Mr. ADDABBO. Mr. Speaker, it is indeed with great honor and respect that I take this opportunity to join my distinguished colleagues in the House of Representatives in honoring what would have been the 100th birthday of the man who held the office of Speaker of the House longer than anyone else in American history, Sam Rayburn.

It is quite fitting that the great State of Texas, a proud and dynamic part of America, should have had as one of its voices in Congress a man as dedicated, hardworking, and of course, charismatic, as Sam Rayburn was. As a Member of Congress he epitomized what a public servant should be, a man who never let the needs of the general public play second fiddle to the desires of a special few.

As Speaker of the House of Representatives he was undoubtably one of the most skillful Speakers this body has ever known, his ability to move legislation through Congress by his persuasion abilities is now legendary. He touched those fortunate enough to have served with him, as I did. The lessons I learned with him during the brief time we were friends I shall carry with me forever.

Many words of praise and respect have been spoken of Sam since his death in 1961. Though it has been over 20 years since he walked the Halls of Congress the fact that we still speak so fondly and revering of him today indeed reflects the impact he had in Washington and the Nation as a whole.●

● Mr. BENNETT. Mr. Speaker, I rise today in tribute to one of the great heroes of this Congress, Speaker Sam Rayburn. It was a great honor for me to have served under such a great leader in this House. Sam Rayburn was presiding over this body when I arrived as a freshman in 1949, and he led this body with dignity and tough-

ness until his death in 1961. His proteges were many and included a President of the United States. His legacy included much of the New Deal, which gave hope to tens of millions of Americans. Throughout his long and success-filled career, he was known for his ability to muster votes by quiet, behind-the-scenes persuasion. Though those crisis-filled years of the depression and world war and growing menace abroad, Sam Rayburn stood for a strong America both at home and around the world. His contributions to the Congress, to his country and to mankind live today and will serve as an inspiration to all who come here for generations to come.●

● Mr. BOLAND. Mr. Speaker, I am pleased to join with the distinguished majority leader, JIM WRIGHT of Texas, in paying tribute to our late beloved Speaker, Sam Rayburn, whose 100th birthday anniversary is on January 6, 1982.

Everyone familiar with the American political scene over the last several decades has been familiar with the name of Sam Rayburn, the farmer-lawyer from the black clay country of Texas. His long and impressive service in this Chamber will certainly rank as one of the historical highlights of the 20th century.

Sam Rayburn dedicated his life to this House. He believed in it as a great institution. He agreed with our Founding Fathers that the House of Representatives should be kept close to the people.

As Speaker of the House, Sam Rayburn distinguished himself for fairness and responsibility by protecting the rights of all Members of the House, majority and minority alike. He brought grace and greatness to the Office of Speaker. I am proud to have served under a leader of his intelligence, compassion, and courage.●

● Mr. BROOKS. Mr. Speaker, on January 6, our Nation will mark the 100th anniversary of Mr. Sam Rayburn's birth and, with each year that passes, the people of this country gain a new appreciation of the many contributions that he made to the fabric of our life as a democratic nation.

Sam Rayburn and I were both colleagues and close personal friends for a great many years. When I entered Congress in January 1953, he was already a living legend in both Texas and Washington. He began his congressional career in 1913, the same year Woodrow Wilson was inaugurated as President. In 1937, he was elected House majority leader, the first Texan to hold this influential position. In 1940, he became Speaker of the House, a position in which he served for a total of 17 years.

As a young man in my first term of office, I was deeply honored to be invited by Mr. Rayburn to join his daily board of education meetings in the Capitol. I still remember those meetings fondly and the political lessons we all learned under the guidance and leadership of Mr. Sam.

While Mr. Rayburn served as Speaker of the House longer than any other man in our country's history, he never lost sight of the fact that his first responsibility was representing the interests of his constituents in Texas. All of us who served with Mr. Rayburn loved and respected him. He was a man of solid character, great courage, and keen vision. We valued his wise leadership and we deeply miss his warm friendship. Indeed, his influence will always be felt by all Americans who share Mr. Rayburn's commitment to democracy, freedom, and self-government.●

● Mr. ZABLOCKI. Mr. Speaker, it is a high honor and privilege to have this opportunity to say a few words about our revered, late Speaker Sam Rayburn—in anticipation of the 100th anniversary of his birth on January 6, 1982.

Speaker Rayburn was first elected to Congress for the term beginning on March 4, 1913—just 4 months after I was born—and he subsequently compiled a record of continuous service as a Member of this House, which has never been equaled. His service to this body, however, should be judged more in terms of its quality and overall impact, than in terms of its longevity.

Above all, Mr. Sam was a product of this House, who reflected its most honored and venerable traditions. He had no other ambition, but to serve the House of Representatives to the best of his ability. His oft-quoted "Code of Leadership" makes this sense of dedication clear.

> I shall be just, I shall be fair, and lead as the lights are given to me, as I have in the past, being proud to be a Member of this House. As I have said to you so often, the House of Representatives has been my life, and it is today and it always has been my love . . .

The stories of Sam Rayburn are legendary and time, today, does not permit me to recount those which come most immediately to mind. However, if one must summarize in a few brief words the public career of someone who has had such a strong and abiding influence on his colleagues, including those who have attained some of the highest offices of the land, it would be that he was a devoted and even partisan member of his party, who always placed the interests of his country above all other considerations—and acted accordingly.

As Eric Sevareid once observed:

> A few have learned to love Sam Rayburn, many to like him, and all have learned to respect him.

That is his legacy and his enduring reputation. On the 100th anniversary of his birth, he remains, as he was in life—a very human, but compelling inspiration.●

● Mr. DERWINSKI. Mr. Speaker, on January 6, the late Speaker Sam Rayburn would have been 100 years old. It is a special pleasure for me to join my colleagues in paying a tribute to the everlasting memory of this great American, who left an indelible mark upon the Congress and upon our Nation.

As a young Member of Congress when Sam Rayburn was Speaker, I came to respect the great leadership qualities he demonstrated. He was a man who believed fervently in the procedures and responsibilities of the House of Representatives. In my opinion, Sam was one of the most outstanding legislators in our history.

Sam Rayburn's influence on the course of legislation and on the legislative branch of Government was without parallel. He was the intimate and respected adviser of Presidents; the worthy and able representative of his people; friend, counselor and respected leader of the Congress. Throughout his many years as Speaker, he used his great influence wisely. He possessed a rare combination of wisdom, personal integrity, and political horsesense. His love of country and his devotion to the principles and ideals upon which this Nation was built helped him make a lasting mark in world and domestic affairs. He was truly a great patriot.

Sam Rayburn is gone—but his role in history will remain forever.●

● Mr. DYSON. Mr. Speaker, I rise today to pay tribute to Samuel T. Rayburn, one of the greatest statesmen to ever serve in the House of Representatives. As we near the 100th anniversary of his birth, it would serve us well to reflect on this man's many years of service to his country.

Sam Rayburn, born on January 6, 1882, led the life of a farm boy, often working from dawn until dusk in his family's cottonfields. Although always busy, he did have the opportunity when he was 12 to hear Representative Joseph W. Bailey of Texas speak. As he stood there in the pouring rain, the young Rayburn was moved by what he heard and resolved to become a U.S. Congressman.

Mr. Speaker, I feel that I share a common farm background with Sam Rayburn, as well as many of his ideals. His life, and what he stood for, has always been an inspiration to me. Like Sam Rayburn, I was elected to the State legislature at the age of 24 and to the Congress at a relatively young age. His life has provided me an example of what a young man can accomplish through determination and hard work.

Through a political career that spanned several generations and some of the most dramatic legislative battles of the 20th century, Sam Rayburn

solidified his reputation as a partisan Democrat, but also as an able compromiser. Rayburn expected party loyalty, however he never asked a Member of Congress to vote against his principles. He became one of the strongest Speakers in American history through a combination of tact, informal influence, shrewd political sense, and a reputation for integrity.

Mr. Speaker, I often recall these words which Sam Rayburn once spoke, "The steam which blows the whistle seldom turns the wheel." To me these words ring especially true today as we face the new demands placed on us by our constituency. The occasions on which Sam Rayburn left the chair and descended the well of the House in order to speak always drew a large and attentive audience of his colleagues. The word that "Mr. Rayburn is up" would spread through the cloakrooms and corridors of the Capitol, and the Members would crowd to listen. The attention which he drew from his colleagues when he descended to speak was not because the whistle was being blown, but that the wheel was being turned.●

GENERAL LEAVE

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the subject of Mr. Rayburn at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

FOREIGN AID: A NEW TUNE FOR THE OPPOSITION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 5 minutes.

● Mr. LAFALCE. Mr. Speaker, after years of haranguing against foreign aid, Republican Party spokesmen now voice the proposition that foreign aid is indispensable, because President Reagan, a Republican President, now says it is.

I submit, Mr. Speaker, that the Republicans are right, but for the wrong reasons. Foreign aid should not be supported simply because the President has requested that it be, but because our Nation has a great tradition of providing assistance—both economic and military—to poor nations throughout the world. This tradition rests not only on our moral code, but also on our realization that American assistance to the developing nations is vital to our Nation's security and economic well-being.

I join all of our colleagues in welcoming the President's realization that our foreign assistance programs provide the backbone of our response to the global challenges of aggression and peace. Regrettably, however, the President has left behind him a rhetorical legacy that prompts us to view his pronouncements with skepticism. We will never truly know the depths of the President's commitment. Does it represent a true conversion to new principles, or conversion weighted in political expediency? Only time will tell. Today we can at least celebrate the conversion.

The new found religion of our colleagues in this body, Mr. Speaker, is even more perplexing. Gone from the debate on the fiscal year 1982 foreign aid bill were the protestations of yesteryear that foreign aid is the supreme rip-off of the American people at a time when our domestic economy is faltering and the budget is being radically and indiscriminately slashed. Ironically, these conditions which fed the battle cry of foreign aid opponents are now worse than ever, but the voices remain muted, drowned out by the oratory of allegiance to the President.

Mr. Speaker, I must lower my own disbelief for I welcome the support of our Republican colleagues for what I believe is a well-balanced foreign aid package. For the first time in my memory, a majority of both parties joined forces to pass the foreign aid bill, stamping it with the true seal of bipartisanship. I hope that our Republican colleagues will, over the next several months and years, take the time to fully understand the programs and directions that they now support. We in the majority will continue to stand ready to mount a bipartisan effort in support of future foreign aid bills in 1983, 1984 and beyond, and we will need their continued support.

Recently, the Agency for International Development prepared a newsletter which provides well reasoned, thoughtful answers to all of the criticisms that have been levied at the foreign aid program in the past. How familiar those questions are, Mr. Speaker. We have been providing answers to them over and over again to the apparent dissatisfaction of foreign aid's detractors. Apparently, logic and carefully reasoned responses were insufficient to lure a few votes our way. Now, thanks to pressure from the White House we have the votes that are needed to pass the aid program.

But what of the future, Mr. Speaker? What happens when the White House is once again home to a Democrat? Will our Republican colleagues continue to support foreign aid, or will they revert to their old tactics of obstructionism and opposition? What will happen when the imperative of supporting our President is no longer operative to our Republican colleagues? Of course, only time will tell. However, we must continue to make the case for foreign aid regardless of the seeming cushion of support it now has in this body. I am afraid that if the cushion is filled with air, it will too easily burst.

Mr. Speaker, I commend to all our colleagues, Democrat and Republican, foreign aid proponent and opponent, the AID publication. It provides answers to the questions most often raised by our constituents about the foreign aid program. These are the very questions that fueled the rhetoric of those in this body who have opposed foreign aid in the past. I trust that a reading and understanding of the answers provided will help strengthen the bipartisan foundation for our foreign aid program that was laid this week.

Thank you.

The AID publication follows:

WORLD DEVELOPMENT LETTER

About a year ago, World Development Letter answered a series of questions actually asked by a woman from Missouri in a letter to one of her senators. These were commonly asked questions about the U.S. foreign assistance program, and we added a few that other correspondents had posed. In this issue, we're repeating most of them and bringing the facts and figures up to date.

"We have to work five months out of every year just to pay our taxes. Are we going to bankrupt the United States so we can support the world?"

The per-person annual cost of all foreign economic assistance is about $34. Most of that $34 is spent in the United States for goods and services that mean jobs and income for Americans.

Take Missouri for example. The U.S. foreign aid program bought almost $50 million in goods, services and agricultural products in Missouri during 1980 for use in the less developed countries. Of the total, $41.6 million went to Missouri farmers and food processors for grain and other agricultural commodities under the Food for Peace program. The balance, $8 million, went to Missouri manufacturers and other firms for supplies used in overseas economic development programs administered by the Agency for International Development. The foreign aid program buys more from other states than it does from Missouri: $96 million from California, $173 million from New York, $145 million from Kansas, $114 million from Texas—to name a few.

"I just don't understand why we have a foreign aid program. We have a lot of poor people in the United States, too. America can take care of itself; let developing countries take care of themselves."

Progress in the Third World serves the U.S. national interest. Apart from our traditional humanitarian concerns, as these nations develop they become bigger customers for our farms and industries; they become bigger markets for American investments and more accessible sources of raw materials essential to our economy and our national defense.

For example: U.S. exports to developing countries have tripled in the past five years. These countries now buy 38% of U.S. manufactured exports.

U.S. exports to developing countries exceed our exports to all of industrialized Europe and are four times greater than our

exports to Japan. Some 2 million Americn jobs now depend on exports to the Third World. One out of every 10 acres of American farmland produces for export to those countries. In 1979, the upward trend of U.S. private direct investment in developing countries continued with an increase of 19 percent, compared with a rise of 17 percent the year before. At the end of 1979, a cumulative $47.9 billion was invested by U.S. companies in the Third World.

The U.S. depends on Third World countries for 100 percent of our natural rubber; 96 percent of our tin, essential to the electronics industry; 88 percent of our bauxite, vital to our aircraft industry; 75 percent of our cobalt, needed by the steel and nuclear industries.

By the year 2000, about 6 billion people—1.5 billion more than now—will crowd this planet. More than 80 percent of them will be living in the less developed countries. There—despite the progress that has been made—extreme poverty, overpopulation, environment degradation, disease and periodic famine are still the lot of most. These conditions breed increasing violence, riots, terrorism, urban guerrilla warfare and border strife. In our own backyard we have already felt the impact of Third World overpopulation and poverty in the massive immigration of Latin Americans into the United States.

"Our social security program is in trouble (no money) yet we spend $77 billion for foreign aid. (That is sick.)"

We can't speak for the social security program. But last year the total for all U.S. foreign economic assistance programs added up to $7.6 billion. That is 1.33 percent of the federal budget and .20 percent of our Gross National Product. To give some perspective, in 1980 alone Americans spent $50.8 billion on alcoholic beverages and $20.8 billion on tobacco products.

"Why does our country lend millions of dollars to foreign countries at 2.5 percent to 3 percent interest, yet we Americans must pay 15 percent to 16 percent?"

We do extend loans to some Third World countries (not all foreign countries, of course) on easy terms—2 percent to 3 percent for up to 40 years—because it is one of the best ways to expedite their economic and social development and to benefit U.S. interests.

The sale of American grain at low interest is a case in point. Already one of every 10 U.S. acres of farmland produces for food exports to the Third World. The Third World share of our overseas market is increasing. From 1979 to 1980 the U.S. agricultural exports to the Third World increased 35 percent—from $10.8 billion to $14.6 billion.

In addition, farm sales abroad created hundreds of thousands of jobs in related industries. Workers in grain elevators, truckers, shippers, those on assembly lines who make tractors, the mechanics who maintain farm equipment may not know it, but their jobs depend in part on grain sales to the Third World.

These sales at favorable interest rates are also hastening the development of poor countries that may some day be our best customers. Twenty or 30 years ago, for example, South Korea, Taiwan and Singapore, among others, were struggling to feed their people, In 1950 Taiwan's per capita income was less than $100 a year. In 1980, it was $2,200—and the country is a major purchaser of U.S. Grain and other products.

"Why does the United States have to carry the foreign aid loan alone?"

It doesn't. Although the United States contributes the largest dollar amount, most other developed countries devote a greater percentage of their wealth to economic assistance to developing countries than does the U.S. The United States is 15th down the list of 17 "donor" countries of the free world. Only Italy and Austria earmark a smaller percentage of their Gross National Product for foreign aid than we do.

"If I don't pay my debts the stores cut off my credit. But with developing countries, we just keep shoveling the money down the drain. Why?

Developing countries do pay their debts. For 1946 to 1980, U.S. economic aid loans and credits totaled over $47.3 billion. Principal and interest payments to the U.S. amounted to over $23.6 billion by the end of 1980. Virtually all loans and credits disbursed early in this period have been repaid in full—with interest and on time, sometimes in advance of maturity. With rare exceptions, the balances remaining reflect loans that have not yet reached maturity, payments that are not yet due. In short, the repayment record has been excellent.

And it's not money down the drain: development is occurring. Many of the countries of Southeast Asia have achieved a level of development few would have predicted a decade ago. India has survived a drought on the strength of its own home-grown food. Population growth rates have dropped dramatically in Thailand, Indonesia, Colombia, the Dominican Republic, South Korea, the Philippines and Panama, among others. More than 30 countries are establishing health care systems that were virtually nonexistent in the past. Third World nations are increasingly able to borrow in private capital markets for development projects.

"How come we are sending millions of tons of grain to developing countries for free, yet farmers in this country are paying such high prices for grain for cattle that meat is being priced out of sight?"

The bulk of the grain exported under our Food for Peace program is sold—not given—to Third World governments at roughly the same price that American farmers pay. What free grain we do send abroad helps people devastated by disaster or provides food for nursing mothers, school children and food-for-work programs.

Much of our economic assistance is designed to help developing countries increase their own farm output—thereby reducing global demands on U.S. food supplies that tend to bid up grain prices.

"Why are we sending so many of our dollars overseas when there are so many things that need to be done at home?"

By and large we are not sending dollars. Most foreign economic assistance over the years has consisted of food, equipment, training, expert services, heavy machinery and technology. Most of these have come from American farms, factories, universities and research institutions in all 50 states and the District of Columbia. More than a third of all U.S. economic aid has been extended on a loan or credit basis and is being repaid with interest. This means that a large percentage of money spent has gone to U.S. business and Americans for goods or services they render Third World countries. Thus, though the benefits are reaped by developing nations, the money ends up in U.S. pockets.

"I see red when I read that we are sending foreign aid to OPEC countries."

The United States extends aid to only three of the 13 OPEC countries. They are Indonesia, Nigeria, and Ecuador, which together provide the U.S. with about 18 percent of its oil and are considered stabilizing elements in their regions.

The fact that a country has oil doesn't necessarily mean it's rich. Indonesians earn an average of $385 a year, Nigerians $670 and Ecuadoreans $880. Nigeria is a large market for U.S. goods and training services; our exports there reached $1 billion in 1978, and a vocational skills training program financed exclusively by the Nigerian government brings the U.S. an average of $12 million a year. Ecuador is one of the smallest oil producers in OPEC with limited reserves. Unless new oil is discovered it may have to import petroleum by 1985.

"How come we are pouring millions of dollars into China, which they have no way of paying back?"

We're not.●

ELMER W. HENDERSON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. BROOKS) is recognized for 5 minutes.

● Mr. BROOKS. Mr. Speaker, as we bring this 1st session of the 97th Congress to a close, we also bring down the curtain on the distinguished career of one of the most capable and respected staff members on Capitol Hill. After 27 years with the Government Operations Committee, Elmer W. Henderson is retiring.

Elmer joined the committee staff in 1955 when his good friend, and mine, Bill Dawson, was chairman. He stayed on through the chairmanship of Chet Holifield, and since 1975, when I had the good fortune to become chairman, he has continued to provide valuable guidance and assistance to the committee. During those years he has served as staff director of two subcommittees, general counsel of the full committee, and in his present capacity as senior committee counsel.

With his professional competence—Elmer has a master's degree in sociology from the University of Chicago and a law degree from Georgetown University—his wide experience and his strong sense of duty and responsibility, he has contributed immeasurably to the work of the Government Operations Committee, especially in the areas of Government reorganization, consumer protection, and Government procurement. And with his ready spirit of cooperation, his warm and friendly manner, and his unfailing sense of humor, he has won the respect and personal regard of all who have been associated with him.

As outstanding as Elmer's achievements on Capitol Hill have been, he had already made a notable contribution to the history of this country before he arrived on Capitol Hill. Back in 1942, while working for the Fair Employment Practices Commission, he was denied dining car service while traveling by train in the South. Elmer filed a complaint with the Interstate Commerce Commission that resulted,

in 1950, in one of the Supreme Court's landmark civil rights decisions.

In the case of Henderson against the United States, which attracted the attention and support of civil rights lawyers and organizations from around the country, the Supreme Court outlawed the practice of providing separate dining car tables for black and white passengers—a long step forward in the battle for equality that has also been one of Elmer's lasting endeavors.

We wish him more victories—if fewer battles—in the years ahead.●

● Mr. ROSENTHAL. Mr. Speaker, I want to join with the distinguished chairman of the Government Operations Committee, Mr. BROOKS, in paying tribute to the committee's senior counsel, Elmer Henderson, who is retiring at the end of this month after a long and distinguished career.

I have known and worked with Elmer Henderson since I came to Congress in 1962 and joined the Government Operations Committee. During my service on the committee, Elmer and I have worked closely together, particularly on legislation which would have created a consumer protection agency in the Federal Government.

A great deal has been written by students of Congress about the importance of staff in the functioning of the legislative process. Elmer Henderson's service on the Government Operations Committee is a classic illustration of the indispensable and creative role of staff in advising and counseling Members of Congress. Unlike machine parts, it is not always easy and sometimes not even possible to replace someone of Elmer's talents, integrity, and concern for the public interest. He will be missed. I will miss his advice and amiable friendship; and the institution of the Congress will miss his steady guidance.●

● Mr. FASCELL. Mr. Speaker, I would like to join the distinguished chairman of the Government Operations Committee (Mr. BROOKS) in paying tribute to Mr. Elmer W. Henderson, who is retiring from the committee staff after 27 years of service.

Elmer and I came to the Congress together and it has been a great pleasure for me to have had the opportunity to work with him over the years. The professionalism and dedication to his job which he brought to the committee and the subcommittees for which he worked have made our jobs much easier. But far more important, they have resulted in positive contributions to the functioning of the U.S. Government which have had major impact on our laws and the ways in which they are administered.

The committee, the Congress, and the Nation should be proud of public servants like Elmer Henderson. We will miss his ready smile and his wise advice but I know our colleagues all wish him the very best as he enters into a new phase of his already productive life.●

● Mrs. COLLINS of Illinois. Mr. Speaker, I join with my distinguished colleague and full committee chairman, the gentleman from Texas, in commemorating Elmer Henderson's 27 years of service to the Committee on Government Operations. His career exemplifies the professionalism all of us rely upon from the staffs that assist us, and his long service helped insure continuity in the committee's discharge of its responsibilities.

I am personally in Elmer Henderson's debt, for I arrived in Washington to fill the unexpired term of my husband, George Collins, after his tragic death in a plane crash. As a new Member of the Congress and the Committee on Government Operations, I found Elmer's assistance invaluable. Both he and my late husband were good friends of former Chairman Bill Dawson, and I benefited from his advice and his help. I believe all of us appreciate the counsel we received from those who know the intricacies of congressional procedures. As a new Member, I was especially grateful for the aid provided by my fellow Chicagoan.

Beyond the contribution he has made to the Congress, Elmer Henderson has the rare distinction of being the plaintiff in a crucial civil rights case decided by the U.S. Supreme Court. A man with the tenacity to fight for a civil rights issue through several layers of the judiciary in the 1940's has to be recognized as a strong man. Elmer Henderson is that. However, he is not a contentious man. His striking characteristics are cooperativeness, helpfulness, and a warm sense of humor. Elmer could work hard for a cause and yet be an easy man to work with.

In an era when it is all to easy too castigate the Congress as an institution, Elmer Henderson provides an example of the dedication and competence we find far more often than the critics recognize. It is fitting that we acknowledge his valuable contribution to the Congress and the country, and I am pleased to add my voice to those who wish him well in his well-earned retirement.●

GENERAL LEAVE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXPLANATION AS TO VOTE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 5 minutes.

● Mr. DANIELSON. Mr. Speaker, I was unable to be present on the floor of the House of Representatives on Thursday, December 10, 1981, when the House voted on rollcall No. 346, and approved the Journal of Wednesday, December 9, 1981. The vote was 230 yeas to 188 nays. Had I been present, I would have voted "yea."

Nor was I present for rollcall No. 348 when the House agreed to a motion to recommit House Joint Resolution 370, making further continuing appropriations for the fiscal year 1982, to the Committee on Appropriations with instructions to report it back forthwith containing an amendment in the nature of a substitute that provides an additional $1.7 billion reduction in budget authority. The vote was 222 ayes to 194 noes. Had I been present, I would have voted "no."

OUR NATION'S WATER NEEDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

● Mr. BEDELL. Mr. Speaker, I am today introducing along with my colleague, DOUG BEREUTER, a bill which I hope will serve to generate an intelligent discussion of our Nation's water needs and the authority of each State to utilize the water resources within its boundaries. Although I think it is generally accepted that each State has the authority to determine water use within its borders, I believe that recent developments have given rise to the need for the Federal Government to clarify the limit of each State's power to divert water resources for use outside of the State.

I have been a long-time advocate of efforts to halt excessive and wasteful spending on pork-barrel water projects as well as efforts to promote the conservation of water. In this regard, I am delighted to see that a great deal of attention has been focused lately on what some have termed our "next resource crisis." In fact, many experts claim that the oil crisis will pale in comparison to what we might expect with water shortages in the not-so-distant future.

We should be grateful for this attention. We need to determine our national water priorities and answer the difficult water questions we will encounter. I am hopeful the bill we are introducing today will stimulate this dialog.

The language of our bill is straightforward. The bill merely prohibits any State from selling interstate water flowing through its boundaries for use outside the State unless there is in

place a compact between the drainage basin States, and the sale is approved by all of the compact States.

We have introduced this bill because we are extremely concerned that such a sale, approved without the consent of the adjoining basin States, will set a dangerous precedent for future situations—in effect, putting a large, perhaps irreparable crack in our reservoir of water problem solutions. I fear these sales, approved without the aforementioned consent, will serve short-term, parochial interests at the expense other States and our national welfare. States would be pitted against each other in competition for this precious commodity.

Mr. Speaker, condoning such sales would, I am afraid, open a Pandora's box of troubles, evolving into a situation where States would be acting purely for short-term economic reasons over prudent, wide-ranging actions serving the general good of our Nation. A precedent would be set which could escalate into full-scale bidding wars between differing interests for available water. Eventually, the water would be allocated to the user with the greater financial resources, rather than reserved for practices which may be more responsible. In this instance, allocation by the market place may not be sound, and would pervert what would otherwise be the reasonable distribution of our water resources.

However, by enacting the proposal that my colleague and I are introducing today, we might avoid the intolerable situation where one or two interests dictate the distribution of this essential, inalienable, and rather finite resource. At the same time, we would be pursuing a cautious and more responsible course in shaping our country's future water policies, taking into consideration our needs and sources of supply. Many unanswered questions exist with regard to our water policies, such as ownership or claims and rights of competing interests, and these matters should be resolved before we allow States to sell water outside their borders in an unrestricted fashion.

One fact remains clear, Mr. Speaker. In finding the answers to these difficult public policy questions, we must maintain a spirit of cooperation and openmindedness and work together to solve our problems, rather than struggle at odds with each other.

Mr. Speaker, I ask that the legislation be entered in the RECORD at the close of these remarks. Thank you.

H.R. 5278

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no State shall sell or otherwise transfer, for use outside of such State, water which is taken from any river or other body of surface water which is located in or which passes through more than one State or any aquifer or other body of groundwater which underlies more than one State unless—

(1) there is in effect an interstate compact (A) between the States in the drainage basin of such river or other body of surface water, or (B) between the affected States, in the case of such an aquifer or other body of groundwater, which governs such sale or transfer, and

(2) all the States which are parties to such compact consent to such sale or transfer.●

NATIONAL ENGINEERING AND SCIENCE MANPOWER ACT OF 1982

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FUQUA) is recognized for 10 minutes.

● Mr. FUQUA. Mr. Speaker, I rise to introduce, with my colleague and subcommittee chairman, DOUG WALGREN, a new bill, the National Engineering and Science Manpower Act of 1982. The intent of this legislation is to provide for a comprehensive national policy for engineering, technical, and scientific manpower, and to create a Coordinating Council on Engineering and Scientific Manpower with a mission of providing a supportive environment for industry, State and local government, and private sector initiatives to enhance our national technical manpower capabilities.

Mr. Speaker, the Committee on Science and Technology has been viewing with increasing alarm the problem of engineering and scientific manpower as we have focused on the issues of economic recovery and the strengthening of our national defense. It is obvious, I believe, that without the necessary technical, engineering and scientific manpower, we cannot hope to proceed with implementing these vital programs. All the advances in science and technology potentially available to us will be unattainable if we lack the human resources to develop and apply them.

Our committee has recently held a number of hearings on engineering and scientific manpower concerns. Among the facts we heard presented were:

That we currently lack a clear and comprehensive national policy regarding technical, engineering, and scientific manpower.

That enrollment in engineering has increased by over 50 percent in the past decade, while the number of engineering faculty have declined by better than 10 percent.

That instructional and research instrumentation have become increasingly inadequate and obsolete—students are no longer acquiring even near "state-of-the-art" training.

That high industrial salaries are attracting graduate students and faculty out of the universities, thus worsening an already severe shortage of trained educators.

That, whereas our scientific and engineering resources are declining both in quality and quanity, Japan, Russia, and other international competitors are increasing theirs.

Perhaps, the most troubling comments at our hearings came from Dr. Frank Press of the National Academy of Sciences. In summarizing various studies by the National Research Council and the National Science Foundation, the results all pointed to a troubled American school system with declining student performance and teacher effectivenes in pre-college and college levels. There has been a decline in the use of laboratory instruction coupled with a heavy emphasis on multiple-choice testing which reduced the importance attached to learning concepts and relationships. Science, mathematics, and critical thinking skills do not seem to be high priorities among many school administrators.

At the same time that we are finding repeated evidence of these weaknesses, there is a serious national commitment in Japan, Germany, and the Soviet Union to quality science and mathematics instruction at the pre-college level. This not only develops a solid science and math foundation in those going on to college, but also provides a high degree of science and math skills in the work force at all levels. This has been an important factor in the very rapid expansion of technical industries in these countries.

Mr. Speaker, because of this and other evidence, it is my view that Congress must join in an effort to articulate the Federal role and responsibility concerning engineering and scientific manpower. It is for this reason that Mr. WALGREN and I are introducing this legislation which has three major functions:

First, it establishes a clear national policy for technical, engineering, and scientific manpower, including giving specific authority for mission agencies to develop necessary manpower programs. Such policy is particularly important as many useful and critical programs have been eliminated in the Federal budgetary review process for lack of specific support by Congress.

Second, in order to implement this policy, and coordinate related programs, the bill establishes a Coordinating Council on Engineering and Scientific Manpower within the National Science Foundation.

Representatives from industry and academia, as well as the President of the National Academy of Sciences, the National Academy of Engineering, the Director of OSTP, the Chairman of the National Science Board, and the Director of the National Science Foundation will be members. The Chairman of the Science Board will serve as the Council Chairman. A Council of

this nature will have the authority to review and study the spectrum of science and engineering education efforts within the Federal Government. Other than the comprehensive education program based in NSF, there are numerous splintered and narrowly focused efforts in our mission agencies. I believe we could foster a far better and broader utilization of these varied endeavors if there was a specific body charged with the responsiblity of knowing the scope and nature of all the ongoing programs.

Third, the bill establishes a special matching fund for specific programs initiated by industry, and other private sector institutions, or State and municipal governments. The fund could be administered by the Council to provide a strong collaborative and complementary environment for private sector and non-Federal initiatives. The bill authorizes $50 million for the fund and $1 million for operation of the Council.

Our ideas for legislation are still in the formative stage. It is my purpose in introducing this legislation to provide a focus for congressional discussion and exchange of related ideas. I look forward to working with my colleagues on this important and complex issue.●

SOCIAL SECURITY CONFERENCE REPORT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. FORD) is recognized for 5 minutes.

● Mr. FORD of Michigan. Mr. Speaker, as far as I am concerned, the President surprised every working man and woman in America. We were led to believe during the campaign that social security recipients would not have to fear a loss of benefits. At that time, condidate Reagan said that reports of reductions in social security were "exaggerated and inaccurate stories * * *."

Then it all changed. President Reagan proposed the elimination of the minimum benefit and it was rammed through Congress as part of the Omnibus Reconciliation Act. The President needed this minimum benefit elimination for purely budgetary reasons—to allow his administration to pay the tremendous costs of its tax cut and increase in military spending. Frightened by the political spectre of a huge budget deficit caused by the failure of trickle down tax policies and continued high interest rates, the Reagan White House had to cut social security. The White House strategy was clear: Cry loud and long about the eminent bankruptcy of the social security trust funds; steamroll the Congress by panicking earnest and well-meaning citizens; then mug another social program to balance the budget.

The opportunity to reverse the terrible decision to eliminate the minimum benefit came when the House passed a separate Democratic bill, H.R. 4331, which called for total restoration of the minimum benefit for both current and future retirees. Regretfully, the Senate version of H.R. 4331 only restored the benefit for certain current recipients rather than for all current and future retirees.

The conference report we are voting on today contains very little of the House language, and does not take into consideration what the people in this country want and deserve. I am supporting this measure, but very frankly, the only positive provision in this agreement will allow the old age and survivors' insurance fund to borrow from the medicare and disability insurance trust funds. The old age and survivor's insurance trust fund is the only part of the social security system facing any difficulties at all. Now, with interfund borrowing, this problem can be solved.

What this conference report fails to do is restore the minimum benefit to any future retirees. These are people who for years have counted on receiving the minimum benefit when they retired. And, they have had this taken away from them with very little warning. In 1982 alone, nearly 100,000 elderly persons who would have received the benefit prior to enactment of the reconciliation act will now not receive it. These are, more often than not, retirees with little other income.

Mr. Speaker, the minimum benefit was frozen at $122 for new beneficiaries as part of the Social Security Amendments of 1977. There is no adequate explanation for the change to a precipitious elimination which unfairly penalizes those who have counted on the minimum amount in the near future.

The action we have taken here today tells the American people that the Congress cannot be counted upon to make good on its promises; it tells the American people that the rules of the game may be changed at any time without forewarning. In addition, if Congress were asked directly if it would vote to sacrifice the aged women of this country in order to reduce the deficit, I would like to think that the answer would be a resounding "no." Yet, eliminating the minimum benefit after December 31, 1981 amounts to roughly the same result. Over 70 percent of the beneficiaries are aged women, some of them very old indeed.

The Reagan administration has trained its sights on social security in what appears to be an effort to mutilate one of the Nation's best programs of social insurance. I will continue to fight against these negative changes so that those who have worked hard all their lives to make this Nation rich and strong can enjoy their retirement with dignity and a sense of economic security.●

NATIONAL PRISON GUARD TRAINING ACADEMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. SHAMANSKY) is recognized for 5 minutes.

● Mr. SHAMANSKY. Mr. Speaker, today I am introducing a bill to create a National Prison Guard Training Academy.

I was impressed with a speech given last May by the Chief Justice of the Supreme Court, Warren Burger, which addressed the fact that guards in our Nation's prisons are not well-trained for the sensitive role they must play in our criminal justice system. I agree with the Chief Justice that without special training in dealing with antisocial people in the demanding circumstances of confinement, prison guards sometimes can become part of the problem which leads to sending exconvicts back into society as harden criminals, as Chief Justice Burger said:

> The operations of a correctional or penal institution is no place for amateurs. It calls for substantial professional training and the highest order of sensitivity, beginning at the guard level.

This need for training is becoming particularly acute. Our Nation is in the process of beginning an expensive, large-scale prison construction program. We require new prisons to deal, belatedly, with the explosion in the number of criminals we now incarcerate. Last June 30 State and Federal prisons held 350,000 men and women, an increase of 20,000 prisoners in just 6 months. The task of guarding these growing numbers of convicts increases in difficulty with each incarceration.

The Attorney General of the United States, William French Smith, announced earlier this year the creation and opening of the National Corrections Academy in Boulder, Colo. The academy is the culmination of several years of effort by the Congress, the Chief Justice, the Attorney General, the Director of the National Institute of Corrections, and the Director of the Federal Bureau of Prisons.

The bill which I am introducing would require the expansion of the program at the new academy to provide the much needed special training for the guards of our Federal, State, and local penal institutions. Improving the training of our prison guards obviously will not cure what the Chief Justice called the epidemic of crime in America, but it is one of many necessary steps to begin controlling, then reducing, that epidemic. Thank you.

The text of bill follows:

H.R. —

A bill to amend title 18, United States Code, to require the National Institute of Corrections to establish and administer training programs for guards employed at State correctional, juvenile, and detention facilities

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Congress hereby finds that—

(1) rapidly increasing prison populations are placing greater strains upon State correctional systems;

(2) as correctional facilities become more crowded, there has been a dramatic increase in prisoner disturbances;

(3) guards employed at correctional facilities often are underpaid and lacking in formal training; and

(4) well-trained guards are better able to manage and respond to problems which frequently arise at correctional facilities, and they are more likely to contribute to the achievement of rehabilitative goals.

(b) It is the purpose of this act to amend title 18, United States Code, to require the National Institute of Corrections to establish training programs for guards employed at State and local correctional, juvenile, and detention facilities.

SEC. 2. (a) Section 4352 of title 18, United States Code, is amended by redesignating subsection (b) through subsection (e) as subsection (c) through subsection (f), respectively, and by inserting after subsection (a) the following new subsection:

"(b)(1) The Institute, in addition to the functions which it may carry out under subsection (a), shall establish and administer a training program for individuals who are employed, or who seek to be employed, as guards at State correctional, juvenile, and detention facilities. The training program shall—

"(A) be established after consultation with State correctional officers; and

"(B) train such individuals with respect to effective methods and techniques for the administration of such facilities and for the treatment and rehabilitation of criminal and juvenile offenders.

"(2) The Institute shall perform the functions established in paragraph (1) directly, and not through contracts or other arrangements with public or private agencies, organizations, or individuals.".

(b) Section 4352(a)(13) of title 18, United States Code, is amended by inserting after "(13)" the following: "except as provided in subsection (b)(2),".●

SAKHAROV STATEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 5 minutes.

● Mr. WIRTH. Mr. Speaker, I have today introduced House Concurrent Resolution 241, which expresses the sense of the Congress protesting the continued internal exile of Andrei Sakharov and his wife, Yelena Bonner, and their treatment by the Government of the Soviet Union.

As you all know, Liza Alekseyeva, the young woman in whose behalf Sakharov and his wife undertook their recent hunger strike, has been granted permission to leave the Soviet Union. This is a happy event—Alekseyeva will be reunited in the United States with her husband Aleksei Semyonov, and the hunger strike, which cost Dr. Sakharov and his wife so dearly in health and determination, is over.

This is also an historical event—the first time the Soviet Union has capitulated to the human rights demands of an individual. The emigration of Liza Alekseyeva is thus fundamentally important.

In the House, we made our voices heard by unanimously approving House Resolution 286, a resolution I introduced last week associating the Congress with the Sakharovs' hunger strike protest.

Mr. Speaker, our voices must rise again. The good news of Liza Alekseyeva's emigration takes place against a background of uncertainty, for there is grave concern in the international human rights community that Andrei Sakharov will be returned to his status of internal exile within the Soviet Union, to languish alone as a victim of state prosecution.

Now is the time to make it known that the United States cannot mutely tolerate such treatment of the Soviet Union's leading human rights activist, Nobel Peace Prize winner and great physicist. Continued internal banishment for Andrei Sakharov is inconsistent with the positive steps the Soviet Union has taken in allowing the emigration of Liza Alekseyeva, and runs counter to the expectations of the freedom-loving people of the world.

I urge my colleagues support of House Concurrent Resolution 241.●

FEDERAL SUPPORT FOR THE ARTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WEISS) is recognized for 5 minutes.

● Mr. WEISS. Mr. Speaker, we all know that threats to Federal funding for the arts continue as the President seeks additional budget reductions. Relatively small programs such as Federal support for the arts cannot survive further cutbacks.

Fortunately, funding for the arts boasts a committed core of supporters across the Nation who have been instrumental in preserving a modicum of Federal support to date. I know they will continue to be heard.

It has been 16 years since the Federal Government committed itself to supporting the arts. Congressional passage of the National Foundation on the Arts and Humanities Act in 1965 established a National Foundation on the Arts and Humanities to consist of a National Endowment of the Arts, a National Endowment for the Humanities, and a Federal Council on the Arts and Humanities which was to coordinate the activities of the two endowments.

Today, a vigorous tradition of private support for the arts is forming, thanks to this landmark legislation. In testimony given at hearings held in 1965, the financial plight of the arts at that time was described in detail and ascribed to inadequate private support for artistic excellence. Today, the situation has much improve, although there are still those who oppose full funding of the endowments because, they contend, Federal support for the arts discourages private contributions. This simply is not so. In fact, the Business Committee for the Arts, which issues a triennial report on business participation in support of the arts, reports a steady increase in financial support from only $21 million in 1966 when the endowments were established, to over $436 million in fiscal year 1979.

The phenomenal growth in the arts that has occurred since the establishment of the National Endowment for the Arts has had far-reaching economic benefits. According to a report issued by the Cultural Assistance Center entitled, "Public and Private Support for the Arts in New York City," New York City's cultural institutions generated $3 billion in expenditures and receipts in 1974. Although current figures are not yet available, they are projected to be around $4.5 billion.

National Endowment for the Arts grants, which require a matching ratio of approximately 3 to 1, have stimulated private contributions. NEA's Office of Public Affairs reports that it made 364 grants in 1981 totaling $98,064,500. The required 3-to-1 match ought to have generated about $310 million. Instead, the $98 million granted by NEA has so far generated over $628 million of private support, a ratio in excess of 6 to 1. There can be no doubt—Federal support for the arts, far from discouraging private support, has stimulated it in a very substantial way.

Yet, even with the additional support for the arts that has been forthcoming since the establishment of the endowment, the United States lags far behind in its per capita expenditures for the arts. The Council for International Urban Liaison recently reported levels of government expenditures for the arts in several different countries. They note that Great Britain spends $8.60 per capita for the arts; the Netherlands $24 per person; Canada $29.18; Australia $31.00; Belgium $41.10; Finland $45; Sweden $70; and Switzerland $270! Yet we, the world's wealthiest nation, spend a grand total of only $1.45 per person in support of the arts.

The situation could be worse, however. The administration's budget proposal for the endowments would have cut our miniscule per capita expenditure on the arts in half. Because of strong support from committed people

around the country, we have been able to successfully defend the endowments against repeated attempts to slash their budgets during the appropriation and budget reconciliation processes.

But lest we forget people in our mad rush to justify arts programs in budgetary terms, we must remember that the arts industry, if I may use that term, employs over 1 million people across the country. Proposed administration cutbacks will not only reduce financial support for arts project, but will cause social dislocations as well.

The war has not yet been won despite our limited successes to date. Although we know that support for the arts can be justified on moral and esthetic grounds, it is also true that support for the arts is good business. Because the "bottom line" is what this administration cares about most, we must engage in debate on their terms, never forgetting, however, that the concentration on dollars represents only one facet.

THE PRESIDENTIAL TASK FORCE

Apparently disturbed by even the paltry sum spent by our Government on the arts, President Reagan appointed a 36-member task force to study the relationship of the Federal Government to the arts and humanities. He charged it with the task of suggesting ways to increase private support and of recommending improvements in the operation of Federal arts and humanities programs. The task force, which included nationally prominent artists and scholars, and foundation and corporation executives, was cochaired by the distinguished actor Charlton Heston, University of Chicago President Hanna Gray, and State Department Ambassador for Cultural Affairs Daniel Terra. The task force reported that the structure of the endowments is sound, and that professional peer panel review is effective and fair. It proposed, however, that the Federal Council be revitalized by adding to its membership representatives from the private sector. Furthermore, the task force recommended that the Council's Chairman be selected from among its private sector members so that a national network of leaders could be formed that would further stimulate private giving.

Other recommendations included maintaining the endowments' panel review system, establishing a program of Presidential Fellows in the Arts and Humanities, and changing tax laws to encourage private giving.

PRESIDENTIAL FELLOWSHIPS

Although, in general, the recommendation to establish special Presidential fellowships in the arts seems a good one, the task force's suggestion that they be administered by the Federal Council is puzzling. Early discussion of the Presidential fellowships specified that the fellowships would be privately funded so that the role of the Council would be purely administrative. Because the final report of the task force includes no mention of private financial support, I question the wisdom of making the Council a grantmaking body and am concerned lest this program duplicate or conflict with the endowments' fellowships. Hearings on the task force recommendations that will soon be held by the Postsecondary Education Subcommittee should clarify this issue, however.

RECOMMENDED TAX CHANGES

The task force report notes that the Economic Recovery Act of 1981 will probably result in reduced private support for cultural activities. Prior to passage of the new tax laws, corporations could give up to 5 percent of their taxable income to charitable groups. Although it is true that the new law raises that limit to 10 percent, other tax benefits provided to corporations by the same law reduce their taxable incomes to such an extent that the corporation income tax has virtually been eliminated. Consequently, 10 percent of a substantially reduced taxable income could place the deductibility limit of some corporations at levels that are lower than they were when the 5-percent limit was in effect.

As far as individual taxpayers are concerned, the across-the-board reduction in income tax rates will likely decrease incentives for individuals to contribute to the arts. For example, a contribution of $1,000 to the arts by a person formerly in the 70-percent bracket cost that person only $300. Today, that same $1,000 contribution in the new 50-percent bracket costs $500.

The sweeping and ill-considered provisions of the tax bill will probably cancel out a well-intentioned provision of the new law that allows persons who file nonitemized tax returns to deduct 25 percent of their charitable contributions up to a ceiling of $100 in 1982, and to deduct 100 percent of their charitable contributions by 1986. Unfortunately, the magnitude of contributions by this group of people pales in comparison to that of potential corporate contributions to the arts.

Another recommendation made by the task force would allow artists to deduct the fair market value of works of art they donate to museums or libraries, and not just the cost of their materials, which is the case now. It is ironic that under present law collectors can deduct the fair market value of works of art they donate, but the pieces' creators cannot.

The task force also recommended other changes in the tax laws, including the establishment of tax credits for charitable giving by individuals and corporations and the elimination of restrictions on the percentage of income that may be given to charity. Unfortunately, estimates made by the Subcommittee on Postsecondary Education indicate that it would cost the Government between $3 and $5 billion and, as such, would be unacceptable to the administration and unlikely to pass in Congress at this time.

The task force report concludes that, "America's arts and humanities are vigorous in spirit, although frail in financial health."

CURRENT BUDGET SITUATION

President Carter, before he left office, proposed that funding for the NEA be $175 million for fiscal year 1982, about $16 million more than the 1981 appropriation. The present administration's proposed budget, which it presented to the Congress in March, proposed that the NEA be funded at only $88 million and that the Institute for Museum Services be given only enough money to close down their operations. This recommendation represented a halving of funds for the NEA. On top of the initially proposed slash in funds, the administration requested an additional 12-percent reduction in September, which would have left the NEA with a budget of only $77.4 million.

When October 1 arrived—the beginning of the Federal fiscal year 1982—the House approved funding for the NEA of $157.5 million, but the Senate had not yet acted on its appropriation bill. To allow the Government to continue functioning, because most funding bills had not yet been acted upon by both Houses, several continuing resolutions had to be passed. The first, which expired on November 15, funded the NEA for the first few weeks of this fiscal year at a level corresponding to $157.5 million annually. Unhappy that the first continuing resolution would have permitted spending at levels far higher than those proposed by the President in September, the administration attempted to reduce spending levels by issuing what are known as deferrals. Although the initial deferral for NEA attempted to set spending at $77.4 million annually, to conform to the 12-percent reduction in spending requested by the White House in September, the Office of Management and Budget was prevailed upon to revise their figures back up to the $88 million figure initially proposed by the administration. The second continuing resolution which expired on December 15 provided $149 million for the NEA, an amount that corresponds to that provided in the regular appropriations bill.

On December 10, the Congress gave final approval to an appropriations bill that would fund the NEA at $143.04 million which awaits the President's signature at this writing.

This administration's perverse priorities are well illustrated by one item from the Defense Department's budget. There, an item can be found

that would provide $89.7 million for military bands. The administration's proposed budget for all of the NEA was $88 million. On the basis of the administration's revised budget, the NEA's music program, which supports orchestras, chamber music groups, composers, and more, would be allotted a grand total of less than $10 million.

We are living in stressful times—times that call for tender ministrations to our country's battered spirit. That spirit is most deftly expressed through the arts. Yet Federal support for the arts represents only two one-hundredths of 1 percent of the national budget. Military strength alone cannot sustain us or substitute for spiritual well-being. The National Endowment for the Arts must not be asked to endure further cuts in its budget and programs.●

AT THE RISK OF BEATING A DEAD TROJAN HORSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

● Mr. RODINO. Mr. Speaker, I know that to speak of the dismal David Stockman affair today is to risk beating a dead Trojan horse, but, in the aftermath of the recent bizarre revelations, questions continue to nag. His dismissal or resignation will not make them go away. Nor can he be rehabilitated by a simple "woodshedding" by the President.

Our Nation's economy is in severe trouble. The current recession threatens to be long and deep. Nine million workers—white collar and blue collar—cannot find jobs, the greatest number of unemployed since 1939. This is the price, the administration coldly tells us, that we must pay to bring down inflation. Yet, no substantial relief from inflation and high interest rates, the companion ills of the administration's tight-money policy, is clearly on the horizon. The Federal deficit is ballooning almost beyond imagination, the result of excessive tax cuts and bloated defense spending. And the safety net for the truly needy—in vain pursuit of the now-abandoned goal of a balanced budget—is truly shredded.

Still, Mr. Reagan says he is determined to keep us on the risky and costly course he has set.

Until his true thoughts were revealed last month in the Atlantic Monthly, David Stockman was widely conceded to be the administration's most effective economic spokesman. My personal view is that he is one of the brightest individuals in the administration and was second only to the President in his talent as a salesman.

When he marched up to Capitol Hill time after time last spring to tell us that the untested theory he was fervently propounding was the path to Utopia he was, for too many Members of Congress, convincing. They sincerely believed he knew what he was talking about and acted accordingly.

When not on the Hill, he was eloquently arguing his case in the media. Week after week, his face graced the covers of magazines. Week after week, he appeared on the TV news shows, assuring the Nation that, yes, it was possible to cut taxes, increase military spending and balance the budget, bring down inflation and provide full employment, if we would only give supply-side a chance. And the people, many of them, believed him.

All the while, he was privately telling a reporter's tape recorder in colorful language that he had concluded that the very program he was so effectively selling to the public and the Congress would not work, that it all was a Trojan horse built to hide a trickle-down scheme contrived to enhance the revenue of the rich.

To me, that was the cruelest of hoaxes, Mr. Stockman's own Trojan horse.

Whether Mr. Stockman argued his case and expressed his concerns in the White House councils and to the President, I do not know. He did tell the reporter that he fought and lost a battle to cut deep into what he saw as a $30 billion swamp of Pentagon waste.

If one argues for a certain policy position and loses, it seems to me that there are two acceptable avenues available. One can be a good soldier and continue to support the chosen policy publicly, even though one might have private doubts about it. Or, if one feels strongly about the defects of the policy, one can simply quit.

What is not acceptable, in my view, is to carry on business as usual in public, make deals one does not intend to keep, and then say in private that what one is saying in public is hogwash.

The latter is the course Mr. Stockman cynically chose, solely in the interest of political victory.

What would have happended if he had been as candid with the Congress and the publc last spring and summer as he was being with the reporter? Obviously, many Members would not have voted as they did, knowing that a chief architect of the policy had grave doubts that it would work. Certainly, the program would not have been steamrollered through Congress. Instead, the normal and rational processes of government might have been followed. Through traditional committee deliberations, in a spirit of cooperation, we likely would have reached a sensible compromise on economic policy. But it would have been a compromise based on reason, not a compromise based on threats, which, of course, is really no compromise at all.

If we had stood up for the prerogatives of Congress, we would not have been blitzed by the administration juggernaut that was driven by threats of veto and retaliation. We would have taken time for thoughtful consideration of this radical program—time that Mr. Stockman himself regrets not taking, according to the Atlantic article.

David Stockman's credibility is gone. His deficit projections change faster than Washington weather. How can we have faith that the new numbers he has extracted from his computer make any more sense, are any more valid than those he admittedly manipulated earlier this year? Will we accept his startling projections and go along with the further mutilation of those programs that serve our neediest citizens—a mutilation that Mr. Stockman even now reportedly is seeking?

These questions cannot be dismissed by dismissing Mr. Stockman. The magnitude of the damage done again casts doubt on the veracity of Government.

Some 8 years ago, I was being urged by many Members of Congress to move swiftly through the impeachment process. I resisted such urgings, for I was certain that the public's trust in Government would be further eroded if there was even a perception of a thoughtless rush to action and judgment.

Speaking then on the floor of the House in favor of a resolution to empower the Committee on the Judiciary to conduct the Nixon impeachment inquiry, I observed that, "The real security of this Nation lies in the integrity of its institutions and the informed confidence of its people."

I believe this to be no less true today. I do not think it too harsh a judgment to say Mr. Stockman has undermined that integrity and shaken that confidence.

After the black days of Watergate, Presidents Ford and Carter worked to rebuild public faith in Government institutions. This episode is a setback in that rebuilding process.

Mr. Stockman, therefore, besides wrecking his own credibility, has done a great disservice to his successors and to the institution he heads. In short, when will we again be ready to believe the Office of Management and Budget?

One other question troubles me: What if the Washington Post had chosen not to remain silent back in those critical days of spring?

What would have happened if the Post would have followed normal newspaper practice and published immediately on page 1—almost certainly that is where it would have landed—the fact that David Stockman had said that Kemp-Roth had always been a Trojan horse to bring down the tax rate for the rich and that supply-side

economics was trickle-down in masquerade? If the Post had told us then that we were being deceived?

Timely publication in the Post—rather than months later in the Atlantic—might have prevented us from falling into the economic fix we are now in.

Without knowing the details of the agreement struck by Mr. Stockman and the reporter, William Greider, one perhaps should hesitate to comment on this apparent exercise in self-censorship by the Post.

Nevertheless, the recent characterization of the Reagan program as an economic Bay of Pigs by Richard Snelling, the Republican Governor of Vermont, calls to mind a case of newspaper self-censorship exercised during preparations for the Cuban invasion more than two decades ago.

Writing of the doomed adventure in "A Thousand Days," Arthur M. Schlesinger, Jr., tells of the New York Times, at the Government's behest, suppressing an article reporting that an attack on Cuba was imminent. Mr. Schlesinger goes on to wonder whether, if the article had been published, the country might have been spared a disaster.

In this case, I wonder the same thing.●

LEGISLATION ESTABLISHING MOUNT ST. HELENS NATIONAL VOLCANIC AREA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. BONKER) is recognized for 5 minutes.

● Mr. BONKER. Mr. Speaker, I am introducing today a bill that would establish a Mount St. Helens National Volcanic Area in Washington State.

The new volcanic area would encompass about 110,000 acres within a boundary that is identical to the volcanic area proposed by Washington Gov. John Spellman. It would be administered by the Forest Service.

While I believe that this plan goes a long way toward resolving controversies over the size and shape of the protective zone around the mountain, I want to stress my view that the bill should also serve as a starting point for discussions and, eventually, hearings on how the legislation can be improved. I welcome all such suggestions.

The devastating eruptions of Mount St. Helens have both created a unique assembly of natural features and destroyed a major part of the timber base that supports much of the local economy of southwest Washington.

Designation of a national volcanic area will give the mountain and portions of the land around it prominence that certainly is deserved and will promote tourism that could be the key to the economic recovery of the area.●

A TRIBUTE TO TOM CORCORAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, a great and beautiful light went out of the lives of countless numbers of people when, on December 6, we received the shocking news that Tom Corcoran has passed away. He was so energetic, so dynamic, so full of life, it seemed that he was indestructible. Yet, complications following an operation thrust him out of our lives. I loved him like a brother and so did my late wife, Mildred. He and I became acquainted when we were both at Harvard Law School. He was one of my earliest contacts when I was sworn in the Senate in January 1937 with the Roosevelt administration. I have observed from my dairy of those days that I saw him often about the many issues which arose in the Senate and in the administration and in the country. Through all the intervening years, I felt I had a mighty force on my side whatever my needs might be because Tom Corcoran was my friend. Mildred and I were often visitors in his home as his children were coming into life. We felt almost like members of the family. Finally, Tom's beautiful wife Peggy went to her reward. Our relationship continued warm and constant with Tom and the children. When my beloved wife Mildred passed away, Tom came to Florida and spent 2 days and 2 nights with us, from Mildred's repose in Miami to her final interment in Tallahassee. When I came back to Washington, Tom called me and said why do you not come now and spend a few days at my home. He was sensitive to my loneliness because he had experienced it, and I spent 2 comforting weeks in the warm hospitality of his gracious home. Tom was one of the greatest men I have ever known. Extraordinary brilliance of mind, enormous capacity for work, immeasurable drive—he was a tremendous human force in the world. He was a mighty warrior in any cause in which he was enlisted, and there were many causes in which he fought heroic battles. He was a brilliant lawyer who found congeniality of mind in the learned Justice Oliver Wendell Holmes whom he served as clerk. He lengthened the reach, he expanded the substance, he enormously enlarged the scope and meaning of the New Deal and the work of President Franklin D. Roosevelt. He could roar like a lion, as it were, and move like a whirlwind, yet he could be as gentle as a lamb, as soothing as a babbling brook. He could strike like a giant and coo like a dove. He reared a noble and able family; he served immeasurably his country in a long and noble life; he touched myriad hearts; he was a massive figure in the world of his time. Fortunate are those of us who knew Tom Corcoran; rich are those of us who had the treasure of his friendship and who, all the days of our lives, will cherish his beautiful memory.

At Tom's funeral, his long-time friend and partner, James H. Rowe, Jr., delivered a beautiful eulogy to Tom. He caught the real spirit of Tom when he said that the hearts of the young men like Tom and those who worked with him in the New Deal days were touched with fire. I would like, Mr. Speaker, to enable Members and those who read this message to brighten their memory of Tom Corcoran with this beautiful eulogy by Mr. Rowe and to include the following remarks in the body of the RECORD as it appeared in the Washington Post of December 16. I am joined in this request by a long time and devoted friend of Mr. Corcoran, the able Senator from West Virginia, Hon. JENNINGS RANDOLPH:

"OUR HEARTS WERE TOUCHED WITH FIRE"

(By James H. Rowe, Jr.)

I thought he would live forever.

The son of a Yankee Puritan mother and an Irish father, Thomas Gardiner Corcoran inherited from one the persistent, driving diligence and from the other the imagination and irresistible ebullience and gaiety that carried him throughout his life. His incredible energy was fearful to behold. A few weeks ago he said to his doctor that recently he had often found himself tired, and he wondered why. His doctor said, "It goes with the territory once you're 80." And the patient was said to have replied, "Not with my territory, it doesn't!"

He was a New Hampshire mountaineer and a football player. It took him some years to become varsity center at Brown because of his size—but he made it. He was a downhill skier, indifferent at best if one looks back on his broken ankles and legs—but he skied. He was a first-rate scholar when he wished to be, valedictorian of his class, Phi Beta Kappa and on the Harvard Law Review. He was secretary to Supreme Court Justice Oliver Wendell Holmes: there was no greater honor for a young lawyer in the nation.

He was a great advocate at the bar, a brief writer of excellence and a superb intellectual persuader of men. He was an unparalleled legislative draftsman.

Except for Franklin Roosevelt himself, he and Ben Cohen—Corcoran and Cohen—were a huge part of the New Deal. They were the generals and captains of their young armies. The New Deal legislation, which has remained on the statute books for almost a half-century, is testament to them both. Together they were much stronger than just adding them one to one. All through the government during those New Deal years, they had scores and scores of youthful juniors awaiting their orders. Ben was the idea man, the visionary, the man of wisdom. Tom was the quarterback, the strategist, the persuader.

In the past few days, my phone has been ringing from all over the country as members of this now thin gray line of the New Deal mourn one of their own.

With the possible exception of the Founding Fathers, there was never before and certainly has not been since, the excitement,

the intellectuality, the excellence or the sense of accomplishment that existed in the New Deal. It is remembered by the hundreds, even thousands, of young men and women who flocked to Washington to serve under such leaders as Franklin Roosevelt and his brain trusters.

Tom loved to quote his old master, Justice Holmes. And Holmes' words, when speaking of his old Civil War comrades in a speech delivered on Memorial Day 1884, also apply to the New Dealers—because of Tom and Ben: "Through our great good fortune, in our youth our hearts were touched with fire."

Tom was, or course, himself a man for heroes. He had great ones like FDR and Justice Holmes. Gen. Claire Chennault, who led the American Flying Tigers in China against the Japanese, was another. Tom supplied the general with men and material and took on the war "over the hump" against the Japanese as his own personal war.

As a private lawyer, he treated his clients the way he would himself. Once he took them on as clients, they were his cause. I remember a conversation years ago with his old close fiend, the late Ben Sonnenberg, the famous New York public relations man. I ran into him somewhere on Cape Cod and he asked: "How's Tommy?"

I said, "About the same."

He said, "You know, Tommy has one great failing. I do a great deal of work these days for the cigarette companies, and they are all dreadfully fearing the cancer attack on cigarettes. I never forget that it is they who have cancer, not me. But Tommy always gets cancer along with his clients."

It was, I feel, a valid point. He was indeed a last-ditch fighting crusader for those clients. Though some of us felt occasionally that some of the clients didn't deserve it, Tom always did.

Essentially, he had the soul of a schoolmaster. When Peggy died, almost a quarter of a century ago, he became mother as well as father to his children. He made sure that they excelled in their studies; they also had to do everything else well. They took all kinds of lessons in golf, tennis, dancing, fencing, riding, whatever. I often thought that if he ordered all of them out into the field, handed each a bow and arrow and directed them to put the arrow through a target at 100 paces, every one of them could have done it with ease. He said at least 1,000 times to them and at least 100 times to me that he could give his children only one thing: the ability to take care of themselves in an unstable, difficult and dangerous world. And proudly he produced three lawyers, two doctors and one landscape architect.

On Sunday, Dec. 6—the day Tom died—at the family's request I called Lady Bird Johnson. She said immediately; "A large part of my life is gone—a sparkling, glittering part."

He was always the most generous man I have ever known.

Once more I remember the words of his hero, Justice Holmes—about what Holmes almost a century ago, had said about an old lawyer friend of his own:

"When a great tree falls, we are surprised to see how meager the landscape seems without it. So when a great man dies."●

NATIONAL TRANSPORTATION SAFETY BOARD MEMBERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MINETA) is recognized for 5 minutes.

● Mr. MINETA. Mr. Speaker, the existing statute authorizing the National Transportation Safety Board requires that not less than two of the five Board members have background in the field of accident reconstruction, safety engineering, or transportation safety.

I have not been one of those who believe that nominees with technical qualifications invariably make good Board members, and those without such technical qualifications invariably make bad Board members. We have to look no farther than the current outgoing Chairman of the Board, Jim King, to realize that an absence of prior technical expertise does not prevent an individual from serving with distinction on the Board.

Nevertheless, the quality of recent nominees to the Board has clearly raised concern as to whether higher standards are needed to assure that a qualified Board will be available to conduct the vital safety responsibilities of the Board.

It is my belief that the appropriate avenue for insuring the continued competence of the Board is for the Senate to exercise its confirmation responsibilities rigorously and thoroughly and without reluctance to weed out nominees who are in any way less than fully qualified for the extraordinarily diverse demands and responsibilities of this job.

If, however, the Senate cannot bring itself to assure that only fully qualified nominees are confirmed to board positions, then we may have to extend by law the requirements of technical knowledge and experience to all five positions on the Board, such as would be accomplished by the bill I am introducing today.●

A TRIBUTE TO THOMAS GARDINER CORCORAN

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Louisiana (Mrs. BOGGS) is recognized for 10 minutes.

● Mrs. BOGGS. Mr. Speaker, when the Congress reconvenes in January the Nation will be observing the centennial commemorations of the births of two of its most distinguished sons, Franklin Delano Roosevelt and Sam Rayburn.

Also, when we start our new session for the first time in 50 years we will be denied the advice and assistance of another of America's outstanding sons, Thomas Gardiner Corcoran. It was Tom Corcoran who conceived many of the programs and drafted the enabling legislation to launch and promote President Roosevelt's New Deal. It was Tom Corcoran who worked with Speaker Rayburn in following administrations as an artful persuader in the adoption of legislation to promote a continuous improvement in the quality of life for all Americans in a sound economic environment. Eternally young, constantly curious, intellectually profound, he was excited about the new era of the age of space and technology ushered in by the recent success of the Space Shuttle program. We will miss especially his enthusiastic guidance in the legislative initiatives which we will need in this area.

The extent of the loss of Tom Corcoran was expressed in this morning's Washington Post by his longtime associate and devoted friend, the distinguished attorney and public servant, Jim Rowe, thusly:

OUR HEARTS WERE TOUCHED WITH FIRE

(By James H. Rowe, Jr.)

I thought he would live forever.

The son of a Yankee Puritan mother and an Irish father, Thomas Gardiner Corcoran inherited from one the persistent, driving diligence and from the other the imagination and irresistible ebullience and gaiety that carried him throughout his life. His incredible energy was fearful to behold. A few weeks ago he said to his doctor that recently he had often found himself tired, and he wondered why. His doctor said, "It goes with the territory once you're 80." And the patient was said to have replied, "Not with my territory, it doesn't!"

He was a New Hampshire mountaineer and a football player. It took him some years to become varsity center at Brown because of his size—but he made it. He was a downhill skier, indifferent at best if one looks back on his broken ankles and legs—but he skied. He was a first-rate scholar when he wished to be, valedictorian of his class, Phi Beta Kappa and on the Harvard Law Review. He was secretary to Supreme Court Justice Oliver Wendell Holmes: there was no greater honor for a young lawyer in the nation.

He was a great advocate at the bar, a briefwriter of excellence and a superb intellectual persuader of men. He was an unparalleled legislative draftsman.

Except for Franklin Roosevelt himself, he and Ben Cohen—Corcoran and Cohen—were a huge part of the New Deal. They were the generals and captains of their young armies. The New Deal legislation, which has remained on the statute books for almost a half-century, is testament to them both. Together they were much stronger than just adding them one to one. All through the government during those New Deal years, they had scores and scores of youthful juniors awaiting their orders. Ben was the idea man, the visionary, the man of wisdom. Tom was the quarterback, the strategist, the persuader.

In the past few days, my phone has been ringing from all over the country as members of this now thin gray line of the New Deal mourn one of their own.

With the possible exception of the Founding Fathers, there was never before and certainly has not been since, the excitement, the intellectuality, the excellence or the sense of accomplishment that existed in the New Deal. It is remembered by the hun-

dreds, even thousands, of young men and women who flocked to Washington to serve under such leaders as Franklin Roosevelt and his brain trusters.

Tom loved to quote his old master, Justice Holmes. And Holmes' words, when speaking of his old Civil War comrades in a speech delivered on Memorial Day 1884, also apply to the New Dealers—because of Tom and Ben: "Through our great good fortune, in our youth our hearts were touched with fire."

Tom was, of course, himself a man for heroes. He had great ones like FDR and Justice Holmes. Gen. Claire Chennault, who led the American Flying Tigers in China against the Japanese, was another. Tom supplied the general with men and material and took on that war "over the hump" against the Japanese as his own personal war.

As a private lawyer, he treated his clients the way he would himself. Once he took them on as clients, they were his cause. I remember a conversation years ago with his old close friend, the late Ben Sonnenberg, the famous New York public relations man. I ran into him somewhere on Cape Cod and he asked: "How's Tommy?"

I said, "About the same."

He said, "You know, Tommy has one great failing. I do a great deal of work these days for the cigarette companies, and they are all dreadfully fearing the cancer attack on cigarettes. I never forget that it is they who have cancer, not me. But Tommy always gets cancer along with his clients."

It was, I feel, a valid point. He was indeed a last-ditch fighting crusader for those clients. Though some of us felt occasionally that some of the clients didn't deserve it, Tom always did.

Essentially, he had the soul of a schoolmaster. When Peggy died, almost a quarter of a century ago, he became mother as well as father to his children. He made sure that they excelled in their studies; they also had to do everything else well. They took all kinds of lessons in golf, tennis, dancing, fencing, riding, whatever. I often thought that if he ordered all of them out into the field, handed each a bow and arrow and directed them to put the arrow through a target at 100 paces, every one of them could have done it with ease. He said at least 1,000 times to them and at least 100 times to me that he could give his children only one thing: the ability to take care of themselves in an unstable, difficult and dangerous world. And proudly he produced three lawyers, two doctors and one landscape architect.

On Sunday, Dec. 6—the day Tom died—at the family's request I called Lady Bird Johnson. She said immediately: "A large part of my life is gone—a sparkling, glittering part."

He was always the most generous man I have ever known.

Once more I remember the words of his hero, Justice Holmes—about what Holmes, almost a century ago, had said about an old lawyer friend of his own:

"When a great tree falls, we are surprised to see how meager the landscape seems without it. So when a great man dies. . . ."●

TRIBUTE TO AMBASSADOR ANDREW V. CORRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. FOLEY) is recognized for 5 minutes.

● Mr. FOLEY. Mr. Speaker, I was extremely saddened to hear earlier this month of the death of Andrew V. Corry, who served this country with distinction as Ambassador to Sri Lanka, Sierra Leone, the Maldive. Islands, and in a number of other important assignments.

Perhaps the first thing that struck one on meeting Andrew Corry was the remarkable breadth of his interests and the depth of his knowledge. There seemed to be no intellectual discipline that he did not have at least a passing familiarity with, and in many—history, science, music, mathematics, religion, literature—he was an expert. He was forever grappling with the complexity of politics and of life itself and forced his friends to do the same. Time spent with him was intellectually demanding but worth the effort. Blessed with a fine mind and a healthy but humane skepticism, he applied his mastery of fact, his curiosity, and his often acerbic wit to the questions of the day. He not only introduced those of us who knew and respected him to new ideas and points of view, but made us appreciate old ideas that had simply been neglected.

Ambassador Corry helped old friends and associates here and abroad in countries where he had served. An omnivorous reader, he shared not only the ideas he gained from books but his book collection itself. The libraries of his friends are filled with the books and recordings he gave them. He made the families of his friends his own family, showering the children with gifts and encouraging them to pursue their goals and aspirations. His rich legacy consists in his extremely distinguished service to his country over many years and in the high regard and warm memories of his many friends.

Mr. Speaker, I ask that his obituary which appeared in the Washington Post on December 2, 1981, be inserted in the RECORD.

A. V. CORRY DIES, WAS U.S. ENVOY

Andrew Vincent Corry, 77, a mineralogist and career Foreign Service officer who was U.S. ambassador to Sierra Leone, Sri Lanka and the Maldive Islands in the 1960s, died of emphysema Nov. 24 at a hosptial in San Diego, Calif.

Mr. Corry, who lived in San Diego, was ambassador to Sierra Leone from 1964 to 1967. He then served as U.S. ambassador to Sri Lanka (formerly Ceylon) and the Maldives, an island group in the Indian Ocean, before retiring about 1969.

He joined the State Department in 1947 and became minerals attache in New Delhi, India, later that year. He was consul general in Pakistan, a consultant to U.S. agencies in South America and coordinator of Senior Foreign Service Policy at the State Department's Foreign Service Institute before being appointed an ambassador.

In 1954, he received the State Department's Commendable Service Award.

Mr. Corry was born in Missoula, Mont. He was a graduate of Harvard University and a Rhodes scholar who earned two bachelor's degrees and a master's degree from Oxford University, England. He also earned a master's degree in geology from the University of Montana School of Mines, where he was an assistant professor early in his career.

There are no immediate survivors.●

RESOLUTION TO PROTEST INTERNATIONAL EXCHANGE PROGRAMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

● Mr. PANETTA. Mr. Speaker, today we are introducing legislation to express the sense of Congress that funding for the educational and cultural programs of the U.S. International Communications Agency (USICA) should not be disproportionately reduced, but in fact, should be enhanced and strengthened.

The USICA's educational and cultural programs, including the Fulbright scholarship program, the international visitors exchange program and the Humphrey Fellowships program are America's best weapons in the battle of ideas. The past 15 years has seen the USICA's budget as a whole decline by 30 percent in constant dollars. The U.S. Government-funded exchange program, for example, is now operating at 60 percent of the 1965 levels. As the U.S. programs have been steadily declining the Soviet Union's expenditures for educational, cultural, and information activities have been markedly increasing, to a conservatively estimated annual expenditure of at least $1.7 billion—approximately four times that of our comparable efforts.

As an example of this disparity, a recently released, unclassified CIA report, "Communist Aid Activities in Non-Communist, Less-Developed Countries, 1979 and 1954-1979," reveals that an influx of foreign students into Soviet academic institutions in 1979 brought the number being trained in the Soviet Union to new heights. This influx, together with those already in the Soviet Union, totaled 31,000, a dramatic increase of 18,000 foreign students since 1970. The cost to the Soviet Union to train these students in 1979-80 was conservatively estimated at $170.5 million while the U.S. Government, through its AID and USICA programs sponsored only 3,523 foreign students at a cost of $18.8 million.

In the Third World, the Soviet Union already offers more than 10 times as many fellowships as does the United States. According to a House International Relations Committee report, "In Soviet-Third World relations, the Soviet leadership appears to have placed its greatest hope for ultimate success in the academic exchange programs."

The U.S. foreign exchange programs represent the most effective nonmilitary means for promoting strong foreign policy and true international understanding. The exposure to American ideas, political philosophies, and society that these programs generate stimulate interest in the United States and expand U.S. commercial and political ties. Clearly, these programs are vital to our national security and essential for promoting U.S. interests abroad.

As the need for a stronger educational and cultural exchange program has risen, budgetary restraints have, unfortunately, tightened. Recently, however, the administration and the USICA have announced that the bulk of USICA budget reductions would be achieved by slicing these programs by a disproportionate percentage. I strongly urge that Congress show its deep concern over any proposed spending reduction imbalance that would severely impact on our efforts to educate and influence future world leaders.

Our hope is that this will be a bipartisan effort to counter the Soviet offensive to become, as a recent New York Times editorial stated, "the unrivaled champion of education and culture for most of the poorest nations of the world."

At this point in the RECORD, I include the following bill:

H. CON. RES. 243

A bill to express the sense of the Congress that the educational and cultural programs of the U.S. Communications Agency should not be disproportionately reduced, but should, in fact, be strengthened

Whereas the educational and cultural programs of the International Communications Agency are vital to United States national security;

Whereas over the last 15 years the USICA's funds have decreased by 30 percent in constant 1965 dollars;

Whereas the recent State Department budget reductions threaten to further exacerbate the decline in the United States effort in the worldwide contest of ideas, while the Soviet Union's expenditures for educational, cultural, and information activities have been dramatically increasing to approximately four times our comparable effort;

Whereas the Fulbright Scholarship Program, the International Visitor Program, and the Humphrey fellows program represent the most effective nonmilitary means for promoting strong foreign policy and true international understanding; and

Whereas the exposure to American ideas, political philosophies, and society that these programs generate can considerably stimulate interest in the United States and expand United States commercial and political links: Now, therefore, be it

Resolved by the House of Representatives (the Senate concuring), That it is the sense of the Congress that the educational and cultural programs of the United States International Communications Agency should not absorb any disproportionate share of the budget reductions, and that efforts should be made to stop the decline in resources for such programs and to lessen the sharp disparity between Soviet-Eastern Bloc expenditures and similar United States efforts.●

MO UDALL—THE GENTLEMAN FROM ARIZONA

(Mr. SCHEUER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SCHEUER. Mr. Speaker, as we wind down this 1st session of the 97th Congress, and prepare for the holiday season, it seems an appropriate moment to pause for reflection about one of this body's most highly respected and popular Members, MO UDALL, of Arizona.

I am inserting in the RECORD today a copy of an article about MO, which appeared in the November 1981 issue of Audubon magazine. It is well worth reading and I commend it to my colleagues. This article is one of the best pieces I have ever seen about Mo and his career and about the things he holds dear and special.

I was struck as I read the piece just how much we all admire this man who, as someone said, "stands tallest in the House of Representatives." And I do mean all of us—I am convinced that a clear majority of our Republican friends will acknowledge that they very much like and admire this fellow from St. John's, Ariz.

When MO UDALL takes the floor, the rest of us listen. We know he is going to have something to say that is worth hearing. How much better a place this great Chamber might be if each of us could take some coaching from Mo in compassion, kindness, civility, and decency. Like Abe Lincoln, Mo has a gentle way with his wit. He does not hesitate to use it on himself to make a point, but he never uses humor to hurt someone else. He is a genuine storyteller in the tradition of Will Rogers. For all of us who treasure public service, MO UDALL stands tall as a model.

MO UDALL has brought honor and respect to this House in his 20-plus years of service. He is widely admired for being the beautiful guy that he is. I hope you all will join me in simply saying, "Thanks, Mo, for being yourself."

THIS FELLA FROM ARIZONA

(By James M. Perry)

Representative Morris King Udall of Arizona climbed out of the Army helicopter, took a long look at the Nizina and Chitina canyons below him, gazed at the snow-capped peaks of 16,000-foot mountains above him, spread out his arms in ecstasy, and said: "I want it all!" The occasion was Udall's first extensive trip to Alaska, two weeks that represent what he says were the "most exciting" days of his life. The visit led, ultimately, to Udall's proudest achievement, passage of the Alaska lands bill that set aside 104.3 million acres with some of the most spectacular scenery in the world for the benefit of all of us, forever.

He didn't get it "all," of course (though he did get what he saw from the plateau in the Wrangell Mountains that day). When the legislation was in place, containing weaker language passed by the Senate, he said he "shed a tear" for southeastern Alaska, because the bill allows timber interests to chop up 300-year-old trees and "send them to Japan to make plywood." But he figures he got 85 to 90 percent of what he was after, and he is enough of a philosopher to know that's better than what most people get out of life.

"Mo" Udall, the chairman of the House Committee on Interior and Insular Affairs, may not be the best friend the environmental movement has in high places, but it would be difficult to find anyone more important. He is—he remains, despite staggering reverses that would daunt most of us—funny, smart, down-to-earth, honest, sassy, patient. He has become a national treasure.

"He's one of the real giants in public life today," says his old friend and Alaska sidekick, Representive John Seiberling of Ohio (who likes to boast he was hung in effigy one day in Sitka, alongside Udall). "Mo's pretty much the best shot we have at standing up to [Secretary of the Interior] James Watt and the rest of these people in the Reagan Administration," Seiberling says. Maybe, Udall's friends suggest, it will be his last great battle. He's fifty-nine years old. And now he has Parkinson's disease. With medication, he can control it, but it slows him down and causes him some physical distress.

Udall's story is a kind of American political classic. Born in a hamlet out in the desert, he came to Washington wearing funny suits and cowboy boots. He bucked against the tradition that the new boys keep their noses clean and their mouths shut. He ran against the Speaker and lost. He ran for the number two job—majority leader—and lost. Then he ran for President, in a spectacular effort to break out of the pack. When he lost again, he finally seemed to accept his fate. He became what he is—one of the great legislators of our time.

It is important, Udall believes, to understand the land.

He understands it; he has no choice. His grandfather, David King Udall, was a pioneer. In 1880, he led fifty Mormon families to a place in the desert called St. Johns, halfway between Phoenix and Albuquerque. "Of all the places the Mormons picked," says Udall, "this was probably as harsh and as unproductive a land as they tried. The growing season was short, the soil wasn't all that good. But they stuck it out and made a community of it."

His grandfather, a polygamist, settled in Arizona about the same time Miles Romney, former Michigan Governor George Romney's polygamist grandfather, settled there. Udall and Romney knew each other, of course, and both were befriended by a Jewish merchant named Baron Goldwater, Senator Barry Goldwater's grandfather. All three of the grandchildren—Morris, George, Barry—ran for President; all of them lost.

The Mormons were not welcome in Arizona. Udall's grandfather was arrested on a trumped-up perjury charge and sent off to prison for three years. He was released when President Grover Cleveland wrote a full pardon. "My grandfather was persecuted because of his beliefs," Udall told Ben MacNitt of the Arizona Daily Star. "I deeply understand these things."

Grandfather Udall came home from jail "fired up with carrying out the work of redeeming the desert." That wasn't all he was thinking about, for he went on to sire eighteen children, including Morris Udall's father, Levi (who, forsaking polygamy, fathered only six children).

Levi Udall studied law with a local judge and sent off to a correspondence school for lessons. He became a lawyer himself and ultimately rose to become chief justice of the Arizona Supreme Court. When he died in 1960, he left a few thousand dollars and a two-bedroom house to his widow, Louise Lee. She was a writer, with a keen interest in Indain life and culture. Her book "Me and Mine," is the story of a Hopi woman.

St. Johns was a town of about 1,325 church-going Mormons and Roman Catholics. "The only paved road was the highway that passed through town," Ben MacNitt has written. "The movie changed twice a week at the Ritz Theatre, 100 pounds of sugar cost $5.80, everybody worked hard, and most thought life was pretty good."

Udall lost his right eye when he was six years old. He and two of his friends were making a wagon train out of Coke bottles tied together with string. Udall pulled out a small knife to cut the taut string; somehow, the knife jumped out of his hand and hit him in the eye. He was treated locally with hot compresses. By the time his family realized something was seriously wrong, it was too late. Doctors in Phoenix, 150 miles away, removed the eye.

For all of that, Udall went on to star in high school on both the basketball and football teams. The basketball team went to the state championship and lost in the first round. The players were awed by the size of the University of Arizona gym. "Think of all the hay you could store here," one of them said. The football team, with Udall at quarterback, was undefeated.

Udall remembers what it was like to grow up in that harsh desert environment. "You learned," he told MacNitt, "that nature had first laws, that nature was bountiful and generous if you handled it right. . . . We had no tractors. We had horses and plows. You learned the cycles, the seasons. . . . It's just a closeness with nature, a closeness to fundamental laws of nature that I guess you get in no other way."

When World War II began, Udall joined the Army. He was assigned to a noncombat support unit at Fort Douglas, Utah, where he organized a basketball team. "On my starting five, I had seven good eyes," he recalls.

When he came out of the service, he went to the University of Arizona, starred on its basketball team, and opened a barber shop in the basement of the infirmary. Later, while he was at law school at the University of Denver, he played an 82-game schedule with the Denver Nuggets of the National Basketball Association. The team was awful, and Udall was not one of its stars.

By then, Udall was no longer a practicing Mormon. "When I went off to school, I began to read widely, philosophy and history, and my mind expanded. I lost a great deal of interest in the church and haven't really been active since I went off to World War II."

It was Mormon doctrine then—it has changed since—that black people are cursed. Black people, then, couldn't become priests in the Mormon Church, in which almost all the males become priests. Udall never accepted that dogma.

Of the six Udall kids, Mo was the one most interested in politics. He always wanted to run for Congress; sometimes, late at night, he fantasized about being President. When a vacancy occurred in the Second Congressional District (Tucson) in 1954, Mo wanted to run. But he had to give way to his older brother, Stewart, who had never shown any interest in holding elective office until that moment. Stewart won, and Mo for some time thereafter may have harbored a trace of resentment. Mo went back to his law practice, hoping for an appointment to the State Supreme Court. Magically, a vacancy occurred there, too—and the governor appointed a Udall to it. Only it was Mo's ultra-conservative uncle, a Goldwater type, who got it.

In 1961, President Kennedy appointed Stewart Udall to the cabinet as his Secretary of the Interior. Mo ran for the vacant seat in a special election, barely won it, and came to Washington green as grass.

He must have been a sight. Here he was, one-eyed, six feet five inches tall, and, as author Larry King has written, "a month short of thirty-nine," looking "something like a rodeo hand in short burr haircuts, bow ties, and a wide leather belt studded with ersatz stones and a silver buckle. There was about him a disconcerting combination of country-boy shyness and a bawdy cowlot humor."

He brought with him his wife, the former Pat Emery, a Vassar graduate, and their six children. Mo loved it, the children more or less adjusted to it, and Pat Udall hated it. The marriage ended in 1965; Pat left town and took the children with her. Mo married a Capitol Hill secretary—Ella Royston—three years later. He calls her "Tiger" and gets out of the way when she's mad. It's a happy marriage.

Right from the start, Mo began doing something that most congressmen never would think of doing: writing long, eventually thoughtful essays once a month to his constituents back home. At first, though, he was simplistic, cautious, and very political. He tended to play to the worst yahoo sentiments of his readers, mindful that Arizona is one of the most conservative states in the nation, and getting more conservative every election.

"I am willing to risk a nuclear war rather than live under Communism," he wrote in 1962. But he doubted things would come to that, because he insisted we actually were winning the Cold War. In 1965, he suggested President Johnson might be wrong about Vietnam. It didn't matter, though, because "he is our President, and he deserves our loyalty and support." By the end of the year, he predicted, the corner would be turned in Vietnam.

Mo Udall came of political age the night of October 23, 1967, when he gave a speech in Tucson at the Sunday Evening Forum, one of the region's largest civic meetings. There were 2,800 people in the audience—newspaper editors, party officials, businessmen. They were "important people," and hardly one of them opposed Johnson's policies in Vietnam.

Udall got right to the point.

"I have come here tonight to say as plainly and as simply as I can that I was wrong two years ago, and I firmly believe President Johnson's advisers are wrong today." Unless the nation changed direction, he warned, "I predict we will have 750,000 troops committed to Vietnam within the next eighteen months. There will be more bombing, more civilian deaths in South and North Vietnam, more American casualties. . . . We are on a mistaken and dangerous road."

He said he had a plan, and he was willing to share it with his listeners, each of whom—shocked—was on the edge of his seat by now. "I propose," he said, "that the United States halt all further escalation and Americanization of this war and that it discontinue sending any more Americans to do a job that ought to be done and can only be done by Vietnamese. I am suggesting that we de-escalate and de-Americanize this war and that we begin the slow, deliberate, and painful job of extricating ourselves from a hopeless, open-ended commitment. . . . I am suggesting that we start bringing American boys home and start turning this war back to the Vietnamese."

When he was finished, there wasn't a sound in the hall. Then one or two people began to applaud; soon, the whole crowd was on its feet, giving Udall and his heresy an ovation. The speech, according to Robert Peabody, a political scientist who has edited Udall's newsletter, "made headlines across the land, from the Nogales Herald to the front page of The New York Times."

After all, he wasn't just any congressman. His brother was the Secretary of the Interior, and one of the better-known politicians in the country. Just before leaving for Tucson, Udall had given a copy of his speech to the President, with a note saying how much he regretted what he was about to do. The White House reacted almost instantaneously: Udall was offered a private briefing by Secretary of State Dean Rusk; McGeorge Bundy called him on the telephone. Even as he was dressing to go to the auditorium, his Washington neighbor, Nicholas Katzenbach, the Undersecretary of State, telephoned, in a final effort to dissuade him.

Udall says now, shucks, it wasn't much. "In the great chorus of oratory so characteristic of that time, mine was just another voice." He's too modest. He was, after all, one of the first, and quite possibly the first, regular Democrat to turn against Johnson and the war. It was an act of courage.

He wasn't always that courageous.

"Right-to-work," for example, has long been a special problem for Udall. "It's been an emotional subject," he says. "Two referenda and an act of the state legislature have rejected labor's arguments and embedded in our constitution a state 'right-to-work' law." Udall concedes he is out of step with the right-to-work philosophy, but he says he pledged in his first campaign to vote Arizona's way on right-to-work. And so, in 1965, he did, in a vote labor didn't let him forget for years.

Then there is the Central Arizona Project, which was started before his time and probably won't be finished until after he is gone. Environmentalists say it is a multibillion-dollar boondoggle. Udall has supported it, and has pledged to see it through. Uncharacteristically, he ducks responsibility for the most controversial part of it, the Orme Dam, by noting it's in someone else's congressional district.

Then there was his support of the Bridge Canyon (later Hualapai) and Marble Gorge dams smack in the Grand Canyon. Friends of the Earth's David Brower was executive director of the Sierra Club back then, and he and his organization were outraged by the idea of building the dams. The Sierra Club ran full-page ads asking, "Do you want to flood the Grand Canyon for profit?"

Brower believes Udall was so outraged by the Sierra Club's opposition to the dams that he triggered the Internal Revenue Service's investigation of the club's tax-de-

ductible status. He believes Udall and the head of IRS met the day after the ads appeared, and that IRS sent a wire to the Sierra Club the day after that. As a result, the Sierra Club did lose its special tax status, and that situation remains unchanged today (although the club, like Friends of the Earth, maintains a separate foundation to which contributions are tax-deductible).

Udall concedes he supported the Grand Canyon dams. He argues they were part of the Central Arizona Project then, and he was elected with a mandate to support that project. He points out that power in the area is now supplied by polluting coal-fired generating plants. Thus, if the dams had been built to supply hydroelectric power, the air today would be cleaner. He concedes, too, that he wrote a letter to IRS about the Sierra Club. He says it wasn't the ads that offended him so much as the club's lobbying effort on Capitol Hill. But he does not agree that his letter triggered the investigation or played a major role in it. He insists the letter was mailed after IRS had decided to challenge the club's tax status.

Udall may have come to Washington wearing funny suits, but it didn't take him long to catch on. He wasn't willing, like so many of his colleagues, to wait his turn. He was ambitious and quickly became frustrated. He watched in dismay as many of the best people in the House went home to run for governor or for the Senate, or just said to hell with it and went home—or downtown—to practice law.

Remembering his own confusion when he first came to Washington, he organized orientation seminars for the freshmen. Out of that came a book (written with Donald Tacheron), THE JOB OF THE CONGRESSMAN, that includes all kinds of advice, some of it exotic (how, for example, to get plants for the office—free, of course, from the Botanic Gardens).

He joined other young liberals in the Democratic Study Group and became something of a legislative specialist. But young members of Congress didn't enact much legislation then. Nobody, in fact, was enacting very much legislation. Twenty years ago, Udall says, "all movement seemed to stop, and the House became a sleeping giant."

First, as Speaker, was Sam Rayburn, an old man from Texas. Then came John McCormack, an old man from Massachusetts. "There was a Rip Van Winkle quality to the House," Udall recalls. "We were a case of arrested development."

It was on Christmas Eve, 1968, that Udall tried to break out of the trap. That day, he telephoned Speaker McCormack in Boston to announce he was going to challenge the old man for his job when the 91st Congress convened in January. Udall had trouble explaining what he had in mind because, according to writer Larry King, McCormack "kept hoo-hawing season's greetings." When McCormack finally got the message, he cut off the greetings, and the connection.

The challenge to McCormack was symbolic, mostly: Udall never expected to win. On the basis of private commitments, though, he did expect to get about 80 votes. In a secret ballot, he got 58; McCormack got 178. According to Larry King, "maybe a hundred statesmen" later sought out Udall to whisper that they had stuck with him in the voting.

He has done some other things he'd just as soon forget. He led the effort to get a whopping pay boost for his colleagues, and that at least earned him warm—but private—thanks. He played a key role in passing the Postal Regulation Act, which led to even drearier mail delivery. He led the fight for a land-use act, defeated because of a propaganda barrage laid down by his Arizona colleague, Sam Steiger, and every conservative organization.

In 1970, McCormack announced he was stepping down as Speaker, and he laid his bony old hands on Carl Albert, the majority leader, to succeed him. Udall decided to run for the number two job, thereby positioning himself on the succession ladder right behind Albert. This time, it wasn't symbolic at all: Udall and his strategists thought he would win. He prepared his ground as carefully as he could, studying in excruciating detail the history of earlier leadership fights. His principal opponent, it turned out, was the late Hale Boggs. Also running were Jim O'Hara, Bernie Sisk, and Wayne Hays. First ballot: Boggs, 95, Udall, 69; Sisk, 31; Hays, 28; O'Hara, 25. Hays pulled out, in favor of Boggs. O'Hara backed out, favoring no one. Second, and final, ballot: Boggs, 140; Udall, 88; Sisk, 17.

Udall and his aides turned their "MO" buttons upside down. Now they read "OW." And hurt it did.

That was eleven years ago, but Udall is the only one of those House members active in that fight still serving. Time is a sneak, and it has sneaked up on Udall. Slowly, with no one noticing, he gradually became one of the old lions himself. And, maybe, for the first time, he sometimes looked down the road at the years stretching ahead, leading, if he was lucky, to the chairmanship of the Post Office and Civil Service Committee. Maybe he could see himself becoming one of those old men in the Congress, cat-napping in their chairs on the House floor.

So, having failed twice to win leadership posts in the House, he decided in 1974 he would try to lead the whole country. He decided to run for President, in a fairly spectacular last effort to break out of the encircling trap.

It wasn't actually his idea. Two of his colleagues, Henry Reuss and David Obey, both of Wisconsin, ruminated one day why so many senators run for President, and no members of the House. Who, they asked themselves, was qualified in the House to be President? That took some thought. Udall, they finally concluded. They told him what they had come up with, and Udall told them it wasn't a bad idea. If they could get 10 percent of the Democratic membership of the House—25 reasonably warm bodies—to sign a letter of intent that he ought to give the idea a go, he would do it. (Of course, it didn't mean they would endorse him; that would have been far too risky.) Instead of just 25 signatures, Obey and Reuss came up with 44 (of whom only 18 are still serving), and the unlikeliest candidate joined the 1976 presidential race.

"When you buy a President," Udall's friend, Congressman Obey, said at the time Udall began running for President, "you buy his psyche. That's why I like Mo. He's fresh, he's sensible, he's smart, and he lacks all traces of pomposity. He has just the personal characteristics that should catch on. They'd have caught on by now if he had 'Senator' in front of his name instead of 'Representative.'"

But, having "Representative" in front of his name, Udall encountered a problem, right away. Outside of Washington (and, of course, Tucson), no one had ever heard of him. Running for President may have been, initially at least, Udall's most humbling experience. (To be sure, at the very same time, an obscure governor from Georgia, Jimmy Carter, was undergoing a similar experience.)

I remember being with him—this is the first occasion I recall spending much time with Udall—in Oklahoma City. It was a Saturday night, and he had been invited to speak at a big Democratic dinner. He thought he was going to be the main speaker, even if George Wallace was going to be at the head of the table, too.

But it wasn't a dinner at all. It was a rally in a shabby big room in the basement of a hotel that had seen its better days back when they first struck oil. Udall's wife and her mother had come all the way from Washington, Ella Udall to hear Mo, her mother to hear her particular hero, Governor Wallace.

It was awful, but this is what it's like, campaigning for President when you're not famous. It is what Walter Mondale has called the "death march." First the master-of-ceremonies auctioned off books autographed by Ted Kennedy, Ed Muskie, and Bella Abzug, whose names drew a prolonged chorus of boos.

All through the evening, thirsty Democrats kept slipping out of the hall and heading down a dingy corridor to "hospitality" rooms, where the liquor flowed. Finally, Wallace was pulled out of his wheel chair and helped to the lectern. He gave the same speech he has given a thousand times, and the crowd loved it. When he was finished, at least one-third of the people in the room got up and went home. It was almost eleven o'clock when Udall's turn came. By then, nobody wanted to listen to the kind of serious speech Udall had prepared. They thought they'd heard that speech—from Wallace.

Udall did the best he could. He stuffed the speeches back in his pocket and started telling stories. He always talks loud, but he talked extra-loud even for him that night. The jokes began to bring the crowd alive. Good ol' boys nudged their wives. Hey, they seemed to say, catch this fella from Arizona. he ain't half-bad.

When it was over, Udall stumbled off to bed. It was after one in the morning. He got up in the dark, before six o'clock, to catch a plane for Kansas City and another speech, hoping somewhere along the line he would catch the eye of David Broder of The Washington Post or John Apple of The New York Times or columnist Evans and Novak, someone who would say that he was a serious candidate for the Democratic presidential nomination. It almost worked.

The trouble was, the liberal vote splintered, some of it going to Fred Harris, some to Birch Bayh, some to Jimmy Carter. Udall came in second to Carter in New Hampshire, second to Henry Jackson in Massachusetts. He went to bed thinking he had won in Wisconsin, only to be awaken to the news that Carter had snatched victory away.

It was not what anyone would call a highly organized or rigidly disciplined campaign. Staff turnover was high—Udall has never been very good at recruiting and keeping a first-rate staff. And his brother Stewart kept poking the fires, causing all kinds of flare-ups. When the election was over and the campaign managers for all the candidates gathered at Harvard to talk about it, two sets of managers appeared for Udall, each saying it was the truly legitimate one.

Udall's managers were mad at each other, but they never seemed to get mad at Udall

himself. The campaign veterans call themselves "Mozos," and they still hold reunions. Robert Neuman, a leading "Mozo," says he couldn't believe his eyes when he saw members of Udall's Secret Service detail "cry when we told them the campaign was finished."

What kind of President would Udall have been?

No doubt he would have been more certain of his goals than Jimmy Carter ever was. Surely he would have known how to operate in Washington, his own city, better than Carter. He is irrepressible, and so almost surely he would have been fun to have around. But, even some of his best friends wonder if he would have been tough enough for that job. "He is a very accommodating man," says Neuman. "Maybe that wouldn't have been a good thing." Beyond that, he may not take himself seriously enough to maintain the kind of ego we demand of our Presidents.

So now, apparently, the trap had closed. Udall had tried everything, and failed. Then, suddenly, lightning—two bolts of it—struck. When Congress convened, Udall discovered he had a choice of being chairman of the Post Office and Civil Service Committee or the Interior and Insular Affairs Committee. Interior was unexpected, for it should have gone to Harold (Bizz) Johnson of California. But Johnson chose to become chairman of Public Works and Transportation. Udall grabbed Interior.

Until then, Udall's track record as a legislator was not all that sensational. It included, after all, that "reform" of the postal system. It included, too, losing efforts to pass a land-use-planning bill, universal voter registration by postcard and public financing of congressional elections.

In the 95th Congress, though, everything seemed to come into place. Why? Perhaps because Udall finally realized this would be his ultimate role. Perhaps because he finally had the power and the reputation to push ahead. Perhaps because it was simply time to do these things.

One of his major successes didn't even involve the Interior Committee. He had to shepherd the civil-service reform bill through the Post Office Committee, because its aging chairman, Robert Nix, was preoccupied with a primary election.

Mo Udall, as much as any man, is responsible for civil service reform, the first overhaul of the civil service since the merit system was created in 1883. It wasn't his idea; it was a pet project of President Carter's, one of the few things the new President really felt deeply about. Udall had no love for Carter (and vice versa), but he pushed the bill against all the roadblocks thrown up by federal employes and the congressmen representing districts heavy with federal bureaucrats.

It took an entire month to "mark up"—or write—the bill in committee. Committee members opposing the reform called up one crippling amendment after another. The same tactics were pursued on the House floor.

Udall cut a deal with troublesome members of the committee, saw to it that President Carter mollified a congressman who wanted action on his own pet bill, and finally took a consensus bill to the House floor. Once again, though, Udall was buried in a flurry of meaningless, time-delaying amendments. For three days and most of three nights, the debate droned on. The last session went on for five hours. In the end, though, Udall and the President got what they wanted. The legislation is designed to create incentives in the bureaucracy for exceptional work and to make it easier for departmental managers to fire the incompetents. It is still too early to tell if it's working.

What it did demonstrate is why Udall had become such a good legislator. He possesses the necessary qualities:

Patience. Young members think you write legislation by tossing a bill together and issuing a press release. Wrong. It takes time, and endless patience. Udall is a patient man.

A lawyer's mentality. Under that aw shucks, cowboy demeanor lurks a legal mind as sharp as a Wall Street managing partner's. Years earlier, his friends note, Udall wrote the book—quite literally—on the laws of evidence in Arizona. He is a good lawyer; he appreciates distinctions some of us might call nit-picking.

An extroverted personality. Udall likes people; people like him. No one gets very mad at him, so he can reach compromise and cut deals where others would never be able to open a conversation.

Commitment. For all this, on some things he cares very deeply.

More up Udall's pet alley (and back in his own committee) was strip-mining legislation. Next to Alaska, it is probably his proudest accomplishment.

"It took me four Congresses before Carter finally signed it," Udall says. "It was really the first thing I became interested in when I joined the [Interior] committee [in 1961]. Among the senior members, nobody then really cared about it. And so I gradually became associated with it."

Congressman Seiberling says, "It was Udall's idea to give the states primary jurisdiction for regulating the mines under the bill—unless they failed to follow the guidelines. Then, of course, the government would step in. It was that idea, I think, that made passage of the bill possible."

Udall is a forgiving man, but he has never forgiven President Ford for vetoing the strip-mining bill—twice. "That really showed me where President Ford was," Udall says. "Ford never really had any feel for the land. Even Herbert Hoover, even Nixon did better."

Like all tough legislation, it was a compromise. Coal-mining people were unhappy about it. They argued it would be a roadblock to necessary production. Environmentalists regretted the bill didn't cover strip-mining for copper and other minerals and that it gives a partial exemption to small operators.

At about the time the strip-mining legislation finally was being enacted, Udall came up with what he thought was a marvelous idea. Given all the complaints about how long it was taking to build energy facilities, why not some kind of mobilization board to cut the red tape and get on with the necessary work?

"I'd been reading a book about when Jimmy Byrnes was in the Roosevelt White House during World War II and he had a staff of about ten people to run the War Mobilization Board. He'd get on the phone to the head of United States Steel and say, 'What the hell's going on here? They need steel in Philadelphia to build more battleships.' This was the idea I had when I talked to Carter at Camp David."

But, says Seiberling, "the White House tried to grab the idea from Mo and run with it. They came up with an Energy Mobilization Board that would have overruled federal and local laws."

"My God," says Udall, "I created a monster."

According to Seiberling, Udall dug in his heels—so deep "the idea finally died." Udall has so much respect in the House, Seiberling says, "that he doesn't have to call on the Speaker or anyone else for help very often. But, when he does, he gets help. He got it here. The Speaker backed him up, and we don't have an Energy Mobilization Board."

Alaska is the gem in the Udall collection.

Not just Mrs. Stewart, too, Mo boasts about the "famous—or infamous—Udall freeze," and he's talking about when his brother was Secretary of the Interior and he halted the parceling out of land in Alaska. "I arrived in Washington right after Alaska became a state. Chapter One was statehood; it gave 104 million acres to the people of Alaska.

"Chapter Two came late, when the natives said, 'What the hell's going on here? What about us? We were here first, and we want some land too.' So my brother clamped the 'freeze' on. It said, 'Hey, team, all you miners and folks in Alaska, stop picking off all the good land for yourselves.'"

Out of that, finally, came passage of the Alaska Native Claims Settlement Act. "That gave another 55 million acres to the Alaska natives, set up regional corporations, and was intended to be a final land settlement," Udall says.

"John Saylor (the late Republican congressman from Pennsylvania and one of Udall's allies) and I got an amendment—we lost in the House but we won in the conference committee—which said, 'All right, the state got its land, the natives got their land, how about the people of the United States?'

"We said there are world-famous places in Alaska—Mount McKinley, the Brooks Range—how about a settlement with the rest of us?"

That became one of the most famous numbers in environmental history, d-2—section d-2 of the native claims act. In it, the Secretary of the Interior—Rogers Morton then—was instructed to come up with a list of national parks, game refuges, and forests, for "all of us."

Udall and Seiberling and other members of the committee went to Alaska for two weeks to look at the property, to see what should be set aside. Recollecting that trip, Udall is almost euphoric.

"It really grabs you. Alaska is so big. We had support from the Army with helicopters, even amphibious planes. We could go anywhere. It's a stunning piece of real estate. Unless you've been there, you just don't realize the grandeur and majesty of it. It's fragile, but it's relatively untouched.

"I remember once a group of scientists who had been up there were all excited about a place called Noatak. Nobody had ever heard much about it, as far as I know, but it's the only ecosystem—the only river basin—that has not suffered from the hand of man. And we can preserve the whole thing.

"You'll see this or that one day and say it's the greatest. The next day, you'll see three other things that are even better. There are things like the Kobuk Sand Dunes, above the Arctic Circle. Due to some strange weather patterns, the way the wind works, there's an arid place that has basically the same climate as southern Arizona. It just takes your breath away."

Udall remembers the day he and Seiberling and a small group of staff members and newspaper reporters landed in a helicopter

on one of those dunes. "Traveling with us," says Udall, "was Dora Trapkin, a staff person. She was sort of everybody's favorite. I put an arm around her on top of this dune and said, 'I do hereby declare this the Dora Trapkin Sand Dune.' "

Seiberling remembers when they flew into Umiat on the North Slope. "It was just a couple of house trailers. Someone told us we could take a short helicopter ride to look at some archeological sites, and three of us decided to do it—me, Udall, and the little delegate from Guam, Tony [Antonio Borja] Won Pat.

"Well, we got there and looked around, and then when it was time to fly back to Umiat the pilot couldn't get the helicopter started. We could see Umiat—it was just a speck on the horizon. I said, 'Well, Mo, I guess we better start walking.' And off we went. It was just tundra, with these little hummocks sticking out of the icy water. It was perfect for Udall, with those long legs of his. He could stride from one hummock to the next. It was hard for me, and it was just awful for poor Tony. Fortunately, after we'd gone a mile, another helicopter came and fished us out."

Seiberling says he and Udall "got an understanding of Alaska on that trip we might never have gotten any other way." he says they learned then that "the natives—the people out in the bush—have a right to live off the land. But there is a clash between the sport hunters and the subsistence people. The sport hunters go out and shoot moose for their deep freezers. So there's competition involved. The Alaska constitution says you can't make a distinction between types of hunters. But there is one greater power—Congress. And we protected the natives in our legislation. We became determined on that trip we would honor our commitment to protect the natives. Mo's support on that point was indispensable."

Back in Washington, in a conference with members of the Senate, Udall says, "We finally reached an agreement on a bill at two in the morning" at the end of the session. "I said, 'Gentlemen, we've done something very historic here. Now let's get the hell out of the road and let the staff put it together so we can take it to the floor of the House and the Senate tomorrow.' "

Udall thought he had reached an agreement earlier with Alaska Senator Mike Gravel to go along with the arrangement. "But Gravel said to me, 'Mr. Chairman, I have a few changes I want in the bill.' 'All right,' I said, 'what are they?' The first one was a $5 billion Susitna hydroelectric project, the biggest in history. The next was a sea-level Panama Canal or something. That's how it went. It was impossible. He was just demagoguing it, killing the bill. People in there were just violent, because he'd sat there for six days without saying anything."

Udall had to do it all over again in the next Congress, and he treasures a headline—he has framed it—from the Anchorage newspaper "showing how we beat the hell out of them." The Udall bill passed the House, 360 to 65. But Gravel was still over in the Senate, and "this time it was an election year and he was going to get reelected whatever the cost."

Even with Gravel's opposition, the Senate passed a bill, not as good as the House's, but a plus on balance. "The strategy," says Udall, "was to keep it out of conference and make us negotiate informally with the Senate. Stevens [Ted Stevens, the other Alaska senator] always figured he'd get more out of an informal deal like that.

"Then came the shock of the Carter defeat. All of a sudden, we were in a position where we'd have to go back and do it all over again, and now the Republicans controlled the Senate. The only option was to take the Senate bill.

"There's an old country-western song that says, 'There's a time to hold 'em and a time to fold 'em.' I decided the time had come to fold 'em. And I was right."

It is astonishing, when you think about it, that any bill was passed. Alaskans generally opposed the legislation. Gravel, who was defeated for all his pyrotechnics, made a career out of opposing it. The entire state watched the final debate on TV, beamed to them by satellite. "I'll never forget it," Udall says. "In my closing speech, I said I've been through legislation creating twenty or more national parks and there's a pattern to it. At first, after you propose it, and you go visit the towns where it's going to be, they threaten to hang you. They say it will ruin the community. You go back five years later and they think it's the greatest thing that ever happened. You go back in twenty years and they'll probably want to name a mountain after you."

A few days after his speech, Udall received a letter from Fairbanks. "The guy called me an idiot and said he was attaching a picture of the only mountain in Alaska that would ever be named after me. I turned the page to a picture of this big, beautiful mountain. It said, in big type, 'Mount Bull----.' "

The new administration, Udall figures, can't do much about Alaska.

"It's very clear in the Antiquities Act—it's been tested many times in court—that once something is in a national park, it takes the Congress to get it out. I remember Wally Hickel coming to town after the famous 'Udall freeze' and saying, 'Anything Udall can do I can undo.' He had to eat that."

Anyway, Udall says, the Alaska delegation doesn't want to fight that battle again. "I saw Don Young [Alaska's only member of the House] the other day, and he said it was all right for me to come back to Alaska. He said he wasn't sure about Seiberling, though."

Udall is more pessimistic about the strip-mining legislation.

"There's a kind of basic difference with this new administration, and it is bad news for conservationists. Republicans always have had some feel for conservation. It is, after all, an old tradition with them, going back to Teddy Roosevelt and Gifford Pinchot. Even Hoover wasn't so bad. Nixon never had much feel for the outdoors. You'd find him walking the beach in San Clemente in a pin-stripe suit and a tie. But he sensed politically—he'd served in the House and the Senate—that the Republicans had a stake in conservation. And he believed it was a continuing one. Ford was bad for conservation, but at least he never fired Russell Train and other real conservationists he inherited in his administration.

"I really thought this administration might put a few people in there that had some feel for conservation. But I haven't found any. It's typical that the guy they've got to run the strip-mining program is out of the Indiana legislature and had a cozy little land thing with the coal companies. You just know how tough he's going to be on these folks who are screwing up the land."

Udall fears "the strip-mining bill could be mangled pretty badly by the administration. You get a tough guy down there and he won't hire good people, and he tells the inspectors to squint and not look too hard. Then he changes the regulations to allow unlimited departure from the approximate original contour. It's going to be very tough."

Seiberling agrees, although he says the administration can't completely "gut" the bill by regulation, as they have proposed to do. That, he insists, requires new legislation. He says Udall is planning a bigger, tougher fight than he's willing to admit, yet.

Udall is preparing a counterattack. First, he says, will be a quiet effort to form a majority of the House to restore some of the cuts and fight some of the regulations the administration has proposed. "Maybe," he says, "we'll do what we can to save the Land and Water Conservation Fund. A lot of people think what they want to do there—kill it—is an outrage. They want to kill the Youth Conservation Corps, too. We can rally sentiment for that. In the western states, we have what's called payment in lieu of taxes, which is federal payment to those people because we have so much of the land. They're trying to eliminate it.

"We'll see what we can do."

There has been talk that Udall will retire at the end of this term. After all, even as he has become a national figure, he has become suspect to the increasingly conservative voters back home. Then there is his struggle with Parkinson's disease. He's paid his dues, friends say, and he deserves a rest.

I asked him about that.

"I'm sticking around," the man who christened the Dora Trapkin Sand Dune replied. "You bet. Yes. Damn right. I'll fight them to the last breath."

H.R. 5252—THE CLEAN AIR ACT AMENDMENTS OF 1981

(Mr. LUKEN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. LUKEN. Mr. Speaker, the first session of the 97th Congress is about to end with the matter of the reauthorization of the Clean Air Act unresolved. It is not in the environmental or economic interest of the Nation for Congress to adjourn this year without at least having on the table a legislative proposal. Such a proposal can permit us to produce sound legislative changes to improve the Clean Air Act. This should allow us to act expeditiously when we return to the second session in January.

Timing for action and reauthorization of the law is crucial. Accordingly, I along with my fellow colleagues and friends, Congressmen EDWARD R. MADIGAN of Illinois, BOB TRAXLER of Michigan, ELWOOD HILLIS of Indiana, JOHN D. DINGELL of Michigan, and JAMES T. BROYHILL of North Carolina, have introduced bipartisan legislation to focus attention on certain practical and necessary legislative reforms.

The reforms recommended in H.R. 5252 will help us move toward forceful, effective air pollution control by the Federal Government, the States, industry, interested citizens, and affected employees. With appropriate refinements and modification of the

Clean Air Act by H.R. 5252, the Nation will continue its progress in the control of air pollution. These revisions will help remove the uncertainty and complexity of the law. At the same time, they will serve to strengthen the national economy, protect jobs, and provide further employment opportunities.

We suggest that without such a comprehensive legislative document designed to achieve these goals, Congress will find itself resuming in January without a legislative plan for improving and making workable our air pollution control programs.

We anticipate substantial labor and industry support for this bill. We hope that this bill will alleviate the serious concerns of our friends in environmental organizations who have expressed fears that changes Congress may make to the law would be too extensive.

As a member of the House Energy and Commerce Committee, I, and those who join with me today, have had an opportunity to study closely the options for modifying the Clean Air Act. I have personally explored the need for certain refinements in the law through the thoughtful series of oversight hearings held by my good friend, the Honorable HENRY A. WAXMAN, chairman of the Subcommittee on Health and the Environment, and in discussions in my home district and with representatives of labor, industry, State government, and the environmental community. My colleagues who join with me today have also investigated the technical aspects of the law and made similar determinations which have permitted our cosponsorship of H.R. 5252.

A recent public opinion poll conducted by the Opinion Research Corp. concludes that most people want Congress to take another look at the Clean Air Act and to remove some of the cumbersome restrictions to industrial development. This survey shows that the public does not want major changes which will weaken the law, but does believe the law can be simplified without degradation of air quality.

H.R. 5252 provides a good legislative initiative. It is consistent with the recommendations of many interested organizations including both the AFL-CIO policy-guideline on congressional review of the Clean Air Act and the National Environmental Development Association Clean Air Act project.

The National Commission on Air Quality, State and local government, the recently released Brookings study and many others all echo the theme of unnecessary complexity. The cumbersome administrative procedures and duplicative requirements often imposed by the Clean Air Act unnecessarily hamper economic growth and industrial development.

They, like us, want reauthorization legislation to assure that the Clean Air Act will continue to do the job for which it was intended—while removing some of the unnecessary impediments.

Since the Clean Air Act was enacted in 1970, the Nation has undertaken a far reaching, costly, and ambitious program to reduce air pollution throughout all regions. Major commitments have been made by all affected segments of the society to install pollution-abatement equipment and adopt other measures to protect the quality of the air which people breathe. This effort has been successful. Air quality has improved dramatically.

However, we must draw upon the experience of the past decade in attempting to correct certain complexities and weaknesses that have been revealed in the Nation's clean air programs. In many instances certain requirements place a strain on the economy with no commensurate air quality benefit.

The bill addresses our concerns and provides a framework for modifying the Clean Air Act to achieve these objectives, while retaining the central regulatory requirements of the present program. The most serious problems within the current program which H.R. 5252 would correct are as as follows:

First, current procedures for approval of new industrial projects are excessively confusing and impose unnecessary delays.

Second, the procedures for Federal review and approval of State implemention plans are also needlessly complicated and time consuming.

Third, present deadlines in the statute are totally inappropriate in certain limited areas of the country.

Fourth, the CO and NO_x requirements on new automobiles are excessively stringent in view of the limited number of areas where the air quality standards are not being achieved.

As indicated above, H.R. 5252 does not alter a number of key provisions of the current Clean Air Act. These provisions include:

First, no change in the way primary and secondary national ambient air quality standards are established.

Second, all existing control requirements in State implementation plans will remain in effect. The bill would allow for extensions of time to be granted only in those areas which cannot meet current deadlines.

Third, the statute would continue to require that all sources in areas which have not achieved compliance with the air quality standards will be required to install all reasonably available control measures. This will continue the effort to achieve compliance in those areas not meeting the standards.

Fourth, new industrial projects will be required to install the best applicable pollution control technology which has been demonstrated for such sources.

Fifth, the statute will continue to provide special protection for the "Class I" areas, to assure protection of pristine air quality in areas of special national concern, including national parks.

Sixth, a systematic program to insure emission standards compliance by motor vehicles.

Within the context of a continuing commitment to maintain an ambitious and intensive national air pollution control effort, and building on the foundation of the core elements described above, our proposed bill would seek to achieve reductions in bureaucratic requirements that do not contribute meaningfully to air quality control and which seriously burden the national economy.

SUMMARY OF PROVISIONS OF THE CLEAN AIR ACT AMENDMENTS OF 1981

PURPOSES OF THE BILL—H.R.5252

The purposes of H.R. 5252 are to amend certain provisions of the Clean Air Act applicable to both stationary and mobile sources of air pollution, while—

Preserving the basic framework and purposes of the Clean Air Act,

Continuing unchanged the statutory requirements of the Clean Air Act for setting and revising national primary and secondary ambient air quality standards,

Lessening complexity in the process of achieving those standards and other requirements of the Clean Air Act,

Expediting the process for review and approval of State implementation plans,

Providing a reasonable and appropriate extension of time, where necessary, for the States to achieve attainment of such national standards and providing administrative flexibility for the States and the Administrator to achieve with reasonable effectiveness, and in a timely fashion, the purposes of the Clean Air Act,

Ensuring that economic, energy, safety, environmental, and other relevant factors (including employment opportunities) are adequately considered, consistent with the purposes of the Clean Air Act, in the process of achieving such national standards and other requirements of the Clean Air Act,

Supporting training programs for the States and local governments; and

Providing sufficient budget authority and personnel for the Administrator of the Environmental Protection Agency to enable that agency, and the States, to carry out the provisions of the Clean Air Act in a timely and efficient manner and without undue reliance on contractors.

Title I of the bill relates to stationary sources. Title II applies to mobile sources.

TITLE I

Use of best available data

The bill amends section 107(d) of the Clean Air Act by stating what we understand to be current EPA policy that in revising area designations, the best available data, whether obtained by monitoring or modeling, should be used. Where reliable monitoring data is available, such data would be considered the "best available

data." The Administrator would be the one deciding what data meets this sound criterion.

State implementation plan (SIP) revision process

The National Governor's Association, the Southern Governor's Association, the State and Territorial Air Pollution Program Administrators (STAPPA), the Administration, and many others have repeatedly urged administrative and legislative changes in the Clean Air Act concerning the SIP revision process. Mr. James K. Hambright, Director of the Bureau of Air Quality Control in Pennsylvania and President of STAPPA, testified on April 8, 1981, before the Senate Committee on Enforcement and Public Works in favor of such changes. He said:

"State air pollution control agencies have become increasingly frustrated however, by the cumbersome and uncertain process involved in establishing, in obtaining Federal approval of and in revising the State Implementation Plans."

H.R. 5252 seeks to adopt the STAPPA proposals for legislative change as much as possible, while providing safeguards to ensure adequate review by EPA and the public of SIP revisions where appropriate. The premise of the bill is that *all* SIP revisions do not warrant a full scale review and even where such review is needed, EPA must move expeditiously. This is the position adopted by the AFL–CIO last month in its resolution and policy guideline. The guideline states:

"The federal review process for state implementation plans should be accelerated and a distinction should be made between revision of state plans which do not need EPA approval."

SIPs or SIP revisions pending at the EPA in various stages, including those that have been conditionally approved, prior to enactment of the bill will continue, under the bill, to be approved or disapproved in accordance with present law. Later revisions would follow the procedures of this bill.

H.R. 5252 adds a new section 129 to deal with SIP revisions. SIP revisions submitted to the Administrator after the date of enactment of this Act would be subject to a simplified process. This process would consist of the following:

Following submission by a State to the Administrator of a revision, the Administrator would be required to publish notice of such submission in the Federal Register.

At least 30, but not more than 70, calendar days would be permitted for written comments respecting such provision.

Where the State plan revision was submitted to the Administrator after the State conducted administrative proceedings similar to those which would be conducted by the Administrator pursuant to the Administrative Procedures Act (notice and comment), the Administrator would be permitted to approve or disapprove the State plan revision without conducting additional hearings, although the Administrator is not precluded from holding such hearings. The Administrator would be required to approve or disapprove the plan revision at any time between 70 calendar days after the date of its submission and 120 calendar days after the date of submission. If the 120 day period expires and is not extended, and if the Administrator fails to act, then such revisions shall be deemed to be approved by the Administrator.

During this period, the Administrator on his own motion or on the petition of anyone who shows a need for an extension may extend the 120 day period for an additional period of not more than 60 days. At the end of this period, if EPA fails to approve or disapprove the revision, it is approved automatically.

I want to stress that the objective of this provision is to obtain timely EPA approval and disapproval. In futherance of this objective, the bill authorizes joint State-EPA hearings, encourages EPA participation in State proceedings, and provides a reasonable time frame for public comment. Thus, the automatic approval provision should have to be rarely used, but it is available. Clearly, this provision is not to be construed as a signal to cut funds and resources at EPA.

The bill also makes a technical change allowing the EPA Administrator discretionary authority to delegate to regional administrators some or all approvals and disapprovals of SIP revisions. Present law apparently has been construed to preclude such delegations.

The bill provides an expedited program for handling non-controversial plan revisions. "Non-controversial revisions" would require notice in the Federal Register and would be Federally enforceable, just as if they were approved by EPA.

A "non-controversial revision" is generally defined as those revisions:

For which no person has filed with the State a written objection to the revision within 30 days after final State action;

Which were adopted by the State pursuant to EPA approved procedures, including notice and opportunity for public participation and notice and opportunity for participation by the Administrator;

Which, in the cases of changes in emission limitations, schedule or timetable for compliance, or provisions for a permit, affect stationary sources in operation when the changes are proposed and which do not permit increased emissions in significant allowable or actual amounts. This latter provision concerning emission, etc., changes must await EPA regulations. In promulgating such regulations, the Administrator must take into account the purposes of the Clean Air Act, the need to insure adequate public comment on, and review by the Administrator of, significant changes in emission limitations, schedules, timetables, and permit provisions, and the need for review by the Administrator of plan revisions which may affect air quality in more than one State.

Any non-frivolous objection will make a revision controversial and subject to the so-called "automatic" procedure.

Mr. Hambright, in his April 8, 1981 testimony, said:

"There is no satisfactory provision in the Federal statutory scheme for handling the inevitable special cases which most states treat as variances. Variances may be permanent or temporary and may apply to emission limits or to compliance schedules. Long term variances can be treated as SIP revisions but there are no provisions for short term variances in the Clean Air Act. By the time a three-month extension of an interim compliance deadline can receive SIP approval, for example, the new date will have long past, thus leaving the source exposed to Federal or citizen legal action even though the state may have granted a change which could not legally be disapproved by EPA."

The bill seeks to address this problem. It allows States to issue short-term variances to SIP's on the basis of an emergency, strike, act of God, fuel shortage, fuel disruption, temporary fuel change of any kind or nature, unusual circumstances, or other unforseeable event for no longer than 6 months. Variances may not be renewed on the basis of the same set of circumstances.

Non-controversial revisions and short-term variances will be deemed to be Federally approved when they are finally approved at the State level and published in the Federal Register in a form developed by EPA and the Office of Federal Register. The State will prepare them and send them directly to that office for publication pursuant to the Clean Air Act. They will then be treated as Federal agency documents and will be Federally enforceable and subject to judicial review in Federal court.

The bill also extends the current 9 month period to develop SIP's for new pollutants to a reasonable time (but not to exceed 24 months) and provides the Administrator with discretion to extend the time for meeting new standards on request of the Governor.

The bill requires the Administrator to conduct periodic audits of State implementation plans and compliance activities. Contractors are not to be used as suggested by STAPPA. States shall be notified of deficiencies. If the State fails to correct problems, the Administrator may require appropriate revision, suspend the non-controversial plan revision process, the short-term variance process, or invoke Sec. 110(a)(2)(H) [Federal revision] or any combination of these.

In providing this flexibility in the SIP revision process, we are placing a considerable amount of responsibility on the States to ensure that the revisions are made in compliance with the Act. We expect EPA to monitor State compliance carefully and fully. We expect the States to exercise these responsibilities judiciously.

The bill adds the following audit provision:

"Acting through full-time officers or employees of the United States and without the use of any authority to enter into contracts with any other person, the Administrator shall conduct periodic audits of applicable State implementation plans and other State activities required by this Act to determine whether or not such plans and activities are being carried out in compliance with the requirements of this Act. It is the intent of Congress that the Administrator shall exercise reasonable discretion in determining the frequency of audits and the extent of any specific audit in any state, taking into consideration the need to be satisfied that each State plan is, and that other State activities are, at all times in compliance with the requirements of this Act. Each State shall cooperate with the Administrator in the conduct of any such audit. The Inspector General shall periodically review the Administrator's audit activities under this subsection and report his findings to the Congress in accordance with the provisions of law applicable to him.

"The Administrator shall notify the State of any information, including any deficiency or problems concerning such plan or such State activities, derived from such audits. Where a State fails to correct any deficiency or problem noted by the Administrator within such period as the Administrator deems appropriate, the Administrator may, in addition to requiring any appropriate revision of the plan pursuant to section 110(a)(2)(H), suspend the application of the provisions of subsection (b), (c), or (d) of this section (or any combination thereof).

Reports of such audits shall be available to the State and the public.

Enforcement

The bill amends sections 113 and 120 of the Clean Air Act.

The section 113 amendments are designed primarily to give EPA some limited discretion in the choice of enforcement remedies. Current law (Sec. 113(a)) authorizes, where a person is found to be in violation that extends beyond 30 days issuance of an order to comply or an initiation of a civil action under section 113(b). However, section 113(b) requires, that in the case of a major stationary source, EPA must either commence a civil action to assess a civil penalty or for an injunction when the violation extends beyond 30 days after notice. This provision in the present law tends to nullify the discretion in the enforcement order.

The bill seeks to correct this problem, while making it clear that such orders must be of limited duration and that EPA must act promptly to either issue an order or begin a civil action. The objective is to ensure compliance and to provide effective envorcement tools.

The bill based on recent hearings by our Committee, makes it clear that EPA should not contract directly or indirectly with law firms to handle enforcement matters.

The section 120 changes generally seek to give discretion to EPA to use the noncompliance penalties and to provide that once the authority is delegated to the States, EPA will not be second-guessing the States. We should stress that we understand that this authority which is extremely complex has never been used primarily because of its complexity and mandatory features. We feel certain that the States would not welcome it in its present form.

Case-by-case attainment date extensions

The National Governor's Association recently said:

With greater responsibility, the states can and should be able to accommodate new industrial growth in nonattainment areas in accordance with a policy of achieving net air quality benefits and ensuring reasonable, steady progress toward attainment of the standards.

The Governors support the establishment of binding deadlines for the achievement of ambient air quality standards. The Clean Air Act should contain a provision allowing EPA to provide an extension for up to a statutorily specified period for areas with severe and persistent air quality problems.

For an area to qualify for such an extension, increasingly more stringent control strategies would have to be implemented over time. Failure to implement such strategies successfully should result in federal sanctions, tailored to the magnitude and nature of the failure. Use of inspection and maintenance programs should be required only when an area cannot project attainment by December 31, 1987, or fails to meet expected milestones.

The lowest achievable emission rate (LAER) requirement for new sources which emit more than 100 tons per year of any regulated pollutant in a nonattainment area is a limitation on economic development in urban areas with no significant improvements in air quality and encourages urban sprawl. All new sources should be evaluated equally under the Best Available Control Technology (BACT). The LAER concept should be dropped.

The bill would permit any State to seek and obtain on a case-by-case basis an extension of the 1982 attainment date for NAAQS pollutants to 1987. The Act now allows extensions until December 31, 1987 for ozone and carbon monoxide.

States are eligible to receive the extension if they:

Certify to the Administrator that attainment of such standard is not possible within the period prior to December 31, 1982 despite the implementation of all reasonably available measures; and

Makes a commitment that they will not modify the State Plan in a manner as will adversely affect reasonable further progress. (This is often referred to as the "no backslide" provision).

The EPA would decide the term of the extension, just as is the case of ozone and carbon monoxide under current law.

In addition, upon application of any State, the Administrator may grant an additional extension for a period not to exceed 6 years after the first extension for any of the pollutants, including ozone and carbon monoxide. This extension may be granted if the State demonstrates to the Administrator that:

The State has made reasonable further progress during the prior extension;

All applicable implementation plan provisions are being adequately implemented, including all provision relating to reasonable available control technology;

Air quality problems are so severe and persistent that the standard cannot be achieved;

The State has adopted and implemented a program for ensuring reasonable compliance by vehicles in use; and

The State has a reasonable and practical program for obtaining the standards within a specified period.

The bill makes it clear that this extension is discretionary with EPA and should not be easily obtained. EPA must be satisfied that the State has made a good faith effort in reducing pollution and achieving attainment.

It is certain that many areas of the country will fail to meet the federal air quality standards by the specified deadlines. This problem has come about, not because the States have not attempted to bring these areas into compliance on time, but because air pollution problems were more complex than Congress had anticipated. Failure to meet the air quality standards on time will trigger (or continue in place) severe sanctions halting new construction in these areas.

The National Commission on Air Quality, the States, industry and labor and environmentalists have all agreed that something must be done about this situation. The bill seeks to achieve this objective.

Sanctions

The bill modifies the construction ban sanction in the Act. The new sanction applies in nonattainment areas where a State fails to meet the statutory attainment deadline and fails to obtain an extension up to 1987. If this occurs, permits for major stationary sources which emit the particular air pollutant may not be issued under section 173 of the Clean Air Act for the construction or modification of any such source in that area. The requirement, however, may be waived on a case-by-case basis for new sources.

Federal sanctions against the State withholding sewer grants and highway funds are eliminated.

I and M

Part D of the Clean Air Act is amended to give the States some needed flexibility in regard to I and M, while continuing this provision. Instead of the rigid provision in section 172(b)(11)(B) of the Act, H.R. 5252 adds a new paragraph (12) t section 172(b).

In a nonattainment area which the Administrator determines to be an urban area having a population greater than 500,000 and in which the highest levels of photochemical oxidants and carbon monoxide for 1981 exceed the national ambient air quality standard for that pollutant by an amount equal to, or greater than 50 percent of the level specified in the primary national ambient air quality standard for that pollutant, the SIP must contain a cost-effective program applicable to in-use motor vehicle emissions which is not inconsistent with the purposes and requirements of the mobile source provisions of the Clean Air Act.

The program shall, where appropriate as determined by the applicable State, include a cost-effective program for vehicle inspection and maintenance, but in any such case, the inspection and maintenance program may, as determined by the State, apply first to motor vehicle fleets and commercial operators and then, at such time as the State determines that it is necessary for attainment, to other vehicles. Immediately after enactment of H.R. 5252, any State may review its implementation plan provisions respecting any nonattainment area within the State under which a motor vehicle inspection and maintenance program was adopted before the date of the enactment of H.R. 5252. If the State determines that such area is not such an urban area with greater than 50 percent of the pollutant, the State may, in its discretion, continue the I and M program, or submit a plan revision to modify or eliminate it.

Control technology

New sources proposing to build in these so-called nonattainment areas or existing source planning to modernize their plants will continue to be required to install the best systems of air pollution control. However, to simplify these requirements, Lowest Achievable Emission Rate (LAER)—the present definition of control technology for new sources in these areas—would be eliminated, effective upon enactment of this bill, and the control technology requirements for both PSD and nonattainment areas would be standardized as Best Available Control Technology (BACT).

The bill stresses that the States may require more stringent technology. It provides for case-by-BACT where there is no standard of performance established under section 111 of the Act.

Studies by the National Commission on Air Quality found that there has been little or no practical difference between BACT and LAER requirements in practice and that in the overwhelming majority of cases (over 90 percent) these requirements have been set equal to the federal New Source Performance Standards. These changes should simplify the current nonattainment program for building new plants and modernizing existing ones.

Prevention of significant deterioration

Included with Mr. Hambright's testimony was the STAPPA recommendations of December 10, 1980. In the case of PSD, they are:

"(1) Eliminate the incremental limits for air quality degradation for Class II and Class III areas;

"(2) Eliminate short-term increments for Class I areas;

"(3) Require BACT for all new sources in attainment and unclassified areas;

"(4) Change the PSD applicability threshold for all source categories to 100 tons per year after control for new sources and for aggregate increases of 100 tons per year for modified sources;

"(5) Retain the current requirement that NAAQS may not be violated;

"(6) Eliminate mandatory pre-application monitoring and modeling except where the state determines it to be necessary to demonstrate that NAAQS (or Class I increments, where applicable) will not be violated; and

"(7) Include fugitive sources of criteria pollutants in emission totals."

H.R. 5252 follows many of these recommendations.

The bill would eliminate the present increment requirements in Class II and Class III areas. In those areas it would continue in effect present requirements that every substantial industrial project obtain a government preconstruction approval, install best available technology, and demonstrate that it would cause no violations to applicable ambient air quality standards. The bill would make no change in the increment system requirements for Class I areas, except the current excedence provision for short-term increments.

It has been all but universally agreed by experts familiar with implementation of the PSD provisions that they have proved to be extremely cumbersome, bordering on unworkability, and that they have produced little or no actual air quality benefit. Studies have shown that in nearly every case of an industrial project undergoing PSD review, the mandated levels of pollution control have been derived from the BACT determination rather than from the increment requirements. The increment requirements, however, are the most time-consuming and costly and generate the greatest amount of confusion and unrealiability in their application. Moreover in the vast majority of Class III areas, ongoing progress in reducing air pollution from existing sources, together with tight controls on new sources, will provide a continuing improvement in total air quality with the result that the increment features will never have actual significance in the regulatory framework. Their elimination will, therefore, greatly simplify and streamline procedures for approval of industrial projects without, in our judgment, detrimental effects on air quality.

Special safeguards are warranted, however, in the Class I areas which typically included national parks or other areas of unique importance where pristine air quality provides a distinctive national value. In those areas the stringent increment provisions would be continued as a safeguard, notwithstanding that they may be in certain instances present severe problems for legitimate development projects.

In its policy guidelines included with its recent resolution the AFL-CIO said:

"Prevention of significant deterioration

"Congress should review the present requirements in classified clean air areas and rectify the complexity and uncertainty of obligations facing new industrial sources. Also, Congress should examine; the necessity of covering all sources, small or large; and shortening the preconstruction review process which has been severely criticized.

"Other current enforcement strategies such as, short-term tracking of increment consumption should be examined carefully to determine their real effect on air pollution control. Finally, state air control authorities should be specifically directed to exercise the flexibility granted them under law."

We believe that this bill is consistent with the AFL-CIO policy, as well as with the recent policy statements of the National Governor's Association.

New source performance standards

A requirement of the Clean Air Act is that EPA make determinations at to what constitutes best levels of pollution controls for various industry categories. This determination is called the New Source Performance Standard. It requires the pollution control standard to be designed into certain new plants.

Such a standard exists for coal-fired boilers used in power plants and other industrial sources. Set in 1971, this requirement specified certain performance requirements that these boilers had to meet. Companies were allowed to meet these standards in any way they could. For sulfur removal, for example, many could meet the standard by burning low sulfur coal.

Conditions changed in 1977. Amendments adopted by Congress ordered EPA to set new standards for both utility and industrial boilers which in addition to the standard compliance limits, coal-burning facilities would also have to remove a certain percentage of sulfur regardless of the coal's sulfur content.

This so-called percentage reduction requirement in practice requires the installation of costly stack-gas scrubbers.

The bill would prevent the percentage reduction requirement from being extended to industrial boilers which are small users of coal in this country. The addition of scrubbers to this source of boiler would add high costs to industry and the public with little or no benefit in air quality and could discourage expansion of coal production and use. While the law applies to these industrial boilers, it has not been applied to them by EPA, Thus, the bill does not really change existing requirements.

Chlorofluorocarbons (CFCs)

Chlorofluorocarbons or CFCs are a family of chemicals that have found extensive use as aerosol propellants, foam blowing agents, heat transfer media in air conditioning and refrigeration, solvents, chemical intermediates and in numerous other applications.

In the U.S., the major applications of CFCs include their use as a heat transfer agent in refrigeration and air conditioning, a blowing agent in the manufacture of flexible and rigid foams, and a solvent to clean and dry metals and electronic components. Numerous miscellaneous uses also exist, including food freezing, coal cleaning and personal protection warning devices.

Five manufacturers of CFCs supply approximately 5,000 direct purchsers of CFCs and tens of thousands of firms that purchase CFCs through distributors. At times the distribution chain involves five or six different firms, including a repackager. These distributors and users of CFCs included both large and small firms. Many ultimate users of CFCs are service establishments using small amounts of CFCs to recharge air conditioning and refrigeration systems. Other small businesses that use CFCs include building contractors, hospitals and clinics, and plants using CFCs as a solvent.

Part B of the Act is amended by H.R. 5252 to require the President to report to Congress within two years on the status of actions undertaken by the United States to reach international agreements concerning protection of the stratosphere. The objective is to encourage multi-lateral action, rather than unilateral action by the United States concerning the concentration of ozone in the stratosphere. EPA is doing this.

The bill also amends Section 157 of the Act to require findings and determination by EPA before any regulations are proposed or prescribed under this Section.

In the 1980 EPA issued an Advance Notice of Proposed Rulemaking which indicated that EPA was considering a proposed rule to limit nonaerosol use of CFCs. At recent hearings by our Health Subcommittee on CFCs, EPA's Director of the Office of Toxic Substances, Mr. Don R. Clay, said:

"EPA received over 2,000 comments on the Notice. It is clear that many segments of industry consider additional regulatory action—particularly the regulatory strategies discussed in the ANPR—to be premature and controversial. The Agency believes that the issues raised in these comments deserve considerable attention and further analysis which has been initiated.

"Any decision on EPA's future course of action regarding CFCs will need to reflect the fundamental problem of coping with the scientific uncertainties. Uncertainties about the impact, extent and direction of stratospheric ozone changes due to CFC emissions still remain. EPA recognizes that some uncertainties regarding whether depletion will occur, and what its magnitude would be, will probably remain for years. Domestic and international research efforts will continue to improve our understanding of the causes, magnitude, and potential effects of changes in stratospheric ozone. EPA intends to monitor and encourage support of research efforts by other nations, international organizations, industry, academia, and other agencies, where feasible. The data available from these many sources, carefully scrutinized, should enable us to determine whether additional regulatory measures need to be undertaken and, if so, when."

H.R. 5252 seeks to insure these matters before regulations are proposed or adopted. The bill, however, recognizes that once these determinations and findings are satisfied and there is an endangerment to public health or welfare EPA would be empowered under the Act to issue appropriate regulations. The EPA, however, must be satisfied that the concerns set forth in the amendment Section 157 are met.

TITLE II

Mobile source amendments

Lead time requirement

It provides, in setting more stringent standards, minimum lead times of 48 months for new heavy-duty vehicles and engines, and 36 months for all other new motor vehicles and engines.

Also, if in setting more stringent standards, EPA must insure that the standard reflects the degree of emission reduction determined to be reasonably achievable through application of technology that has been adequately demonstrated to be available for the model year to which the standard would apply. In making this determination, EPA must give appropriate consideration to costs, the applicability of the technology to gasoline or diesel fueled vehicles or engines, impact on fuel economy and other factors: The EPA will also consider studies required by Section 202(a)(3)(E).

Section 317 of the Act is not amended by the bill.

Heavy duty truck standards

The bill preserves current standards applicable to heavy duty trucks and EPA's authority to revise them. It provides that once more stringent standards for such trucks are promulgated, they must remain in effect for four years. Because of the unique concerns of trucks, standards for oxides of nitrogen and particulate matter must be prescribed at the same time.

Light duty vehicles standards

The bill establishes the following standards for passenger cars for model year 1982:

Carbon Monoxide-7.0 gpm (current law under waiver authority)

Oxides of Nitrogen-2.0 gpm

Hydrocarbons-41 gpm (current law unchanged)

There is no provision concerning methane.

The standards may be revised upward or downward by regulation effective in model year 1987 or thereafter, except the standards may not be more stringent than the standards established for model year 1981 and three year lead time provided.

According to estimates by the National Academy of Sciences, the National Commission on Air Quality, and EPA the difference in the impact on air quality between the two standards is negligible. EPA projects that by 1987 the total in-use car fleet would average 26.3 grams per mile under a 3.4 standard and 26.6 gpm under a 7.0 standard, a difference of only .3 gpm.

Presently, outside of California which sets its own vehicle standards, EPA has designated as non-attainment for nitrogen dioxide, only 2 (of the 3,215) counties in the country. These two, Chicago and Denver, are very marginal situations. In fact, Denver has not exceeded the national air quality standard since 1977 and ambient levels have dropped in Chicago since 1979. According to latest EPA estimates, total passenger car NOx emissions have decreased 13 percent since 1973 (the year that standards began). The largest annual reduction occurred in 1979 as new cars meeting the 2.0 g/m standard (which started in 1977) began to significantly impact with the favorable result of reduced emissions from the total on-the-road fleet.

After 1986, the EPA Administrator may revise the passenger car emissions standards carbon monoxide (CO) and oxides of nitrogen (NO_x) to more stringent levels.

The present requirements of the Act specifying exact percentage reductions for emissions from heavy-duty vehicles would be revised to permit EPA to adopt standards which provide a reasonable level of control in terms of air quality need, technological feasibility and cost effectiveness. Ninety percent reduction standards for HC and CO would require costly (about $900 per truck) catalyst technology for gasoline power trucks. Such standards would, according to EPA, result in only an improvement in air quality of 2 percent for ozone and 7 percent for CO. Marginally less stringent standards would avoid this cost with no discernible adverse impact on air quality.

The seventy five percent reduction standard for NO_x has been found by EPA (and the National Academy of Sciences) to be infeasible for diesel trucks.

Standards hould be based on demonstrated air quality need and not on abstract percentage reduction pre-determinations.

High altitude

Separate standards for high altitude areas would be retained. The present approach with regard to vehicles sold in high altitude areas (providing for emission reductions proportional to those required at low altitude) would be continued beyond model year 1983. Permitting vehicles to be designed to meet standards at sea level or high altitude depending on their area of use is essential, to avoid the unnecessary cost, performance, and fuel economy penalties the present law would impose on the 97 percent of the fleet not sold at altitude. EPA would be authorized to compile and report to Congress data in the event concerns arise about model availability in high altitude areas.

Warranty

With respect to warranty provisions of the Act covering emission control devices, the period would be reduced to 24 months or 24,000 miles. This amendment would not affect either the initial 5 year/50,000 mile certification process or the Administration's recall authority which extends for 5 years or 50,000 miles. This action is prompted by concerns about the anti-competitive effect of the extended warranties, particularly as studies of the recently implemented California program point to serious distortions in the marketplace.

Authorize the EPA to provide following rulemaking procedures alternatives to current testing methods.

Provide that if EPA determines that, based on a statistically valid and representative sample of vehicles, any class or category of vehicles or engines, although properly maintained, used, and adjusted, do not on an average conform to the standards, the EPA must notify the manufacturer. The manufacturer then must promptly submit a corrective action plan to be approved by EPA that could include recall or some other acceptable enforcement mechanism.

Require EPA to examine by a study the existing air pollution control program to determine its efficacy and, if appropriate, to develop alternative, practicable approaches to the control of emissions from mobile sources. Any new approaches must not diminish current air quality protection, help stimulate economic growth, reduce costs. The competitive effects of any new approach must be assured.

A report of the study must be submitted to Congress within a year after public comment thereon.

If findings concerning feasibility, air quality, and competition are made, EPA can develop proposed regulations meeting certain criteria. The regulations cannot be finalized except with the approval of Congress.

TITLE III

Authorization for appropriations

The bill contains at the fiscal year 1981 authorization levels, funding for the Clean Air Act with particular emphasis for funding of State programs including training of State and local personnel as recommended by STAPPA in their testimony before the Senate Committee on Environment and Public Works as delivered by the Environmental Protection Agency Director of Illinois. The funding levels of H.R. 5252 do not include funds for research and development because we believe that is a matter considered by the Committee on Science and Technology.

This funding level would be for three years and is particularly important to the States in light of the increased responsibility provided by this bill.

Additionally, the proposals in H.R. 5252 to amend the Act are substantially consistent with the AFL-CIO Resolution on Environmental Policy and the AFL-CIO policy-guideline on Congressional review of the Clean Air Act as adopted last month at the union's convention.

Also the provisions of H.R. 5252 are reasonably consistent with the previously announced Administration principles on the Clean Air Act.

In addition, H.R. 5252 makes a number of important changes aimed at correcting concerns about the provisions of H.R. 4400 relating to innovative waivers, averaging, testing, certification, and recall, as well as the studies in the bill. These concerns were expressed by the United Auto Workers Union who support H.R. 4400, as revised in H.R. 5252, and at hearings chaired by our distinguished colleague from California, Mr. WAXMAN.

We want to particularly extend our appreciation to Chairman WAXMAN and the diligent efforts of his Subcommittee staff for the extensive hearings conducted since last September on the Clean Air Act and on proposed legislative changes in that Act. Those hearings helped us develop this bill and crystalize our thinking on these matters. We think we can now move to the markup stage in the traditionally bipartisan approach adopted over the years on Clean Air by Senators Muskie and BAKER and by Congressmen STAGGERS and BROYHILL and more recently by Senators STAFFORD, RANDOLPH, and HART.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. RUSSO (at the request of Mr. WRIGHT), for today, on account of illness.

Mr. LELAND (by himself), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. CLINGER) to revise and extend their remarks and include extraneous material:)

Mr. FRENZEL, for 20 minutes, today.

Mr. MICHEL, for 60 minutes, today.

Mr. HAMMERSCHMIDT, for 5 minutes, today.

Mr. LEACH OF IOWA, for 60 minutes, today.

(The following Members (at the request of Mr. SWIFT) to revise and extend their remarks and include extraneous matter:)

Mr. WRIGHT, for 60 minutes, today.

Mr. LAFALCE, for 15 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COELHO, for 5 minutes, today.

Mr. BROOKS, for 5 minutes, today.

Mr. LUKEN, for 5 minutes, today.

Mr. DANIELSON, for 5 minutes, today.

Mr. BEDELL, for 5 minutes, today.

Mr. FUQUA, for 10 minutes, today.

Mr. FORD of Michigan, for 5 minutes, today.

Mr. SHAMANSKY, for 5 minutes, today.
Mr. WIRTH, for 5 minutes, today.
Mr. WEISS, for 5 minutes, today.
Mr. CROCKETT, for 5 minutes, today.
Mr. RODINO, for 5 minutes, today.
Mr. BONKER, for 5 minutes, today.
Mr. PEPPER, for 5 minutes, today.
Mr. MINETA, for 5 minutes, today.
Mr. ALEXANDER, for 10 minutes, today.
Mrs. BOGGS, for 10 minutes, today.
Mr. FOLEY, for 5 minutes, today.
Mr. PANETTA, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. WEISS, immediately before the vote on the conference report to H.R. 4331 in the House today.

Mr. MOFFETT, to revise and extend his remarks to appear before the vote on S. 1196, foreign assistance conference report.

Mr. LIVINGSTON, remarks to be included at end of debate on H.R. 4331, Social Security Amendments of 1981 conference report.

Mr. SILJANDER, to revise and extend his remarks and include extraneous matter after vote on conference report on foreign aid appropriations.

Mr. PATTERSON, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $2,160.

Mr. PATTERSON, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $3,840.

Mr. PERKINS, to revise and extend his remarks immediately after the remarks of the gentleman from North Carolina (Mr. ANDREWS) on the Older Americans Act.

Mr. SCHEUER, and to include extraneous material notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $2,040.

Mr. LUKEN, and to include extraneous material on the Clean Air Act amendments of 1981.

Mr. SENSENBRENNER, immediately following the vote on H.R. 5274.

Mr. CLINGER, immediately following the vote on H.R. 5274 today.

Mr. PORTER, immediately preceding the vote on the conference report on H.R. 4559.

Mr. DOUGHERTY, immediately following the vote on H.R. 4331.

Mr. WEISS, to revise and extend his remarks, immediately after oil merger moratorium resolution.

(The following Members (at the request of Mr. CLINGER) and to include extraneous matter:)

Mr. DANIEL B. CRANE.
Mr. LEWIS.
Mr. STANTON OF OHIO.
Mr. WINN in two instances.
Mr. RITTER in two instances.
Mr. CONTE in four instances.
Mr. GOLDWATER.
Mr. FRENZEL in 10 instances.
Mr. EVANS of Delaware in three instances.
Mr. DORNAN of California.
Mr. SHAW.
Mr. SMITH of Alabama.
Mr. DERWINSKI in two instances.
Mrs. MARTIN of Illinois in three instances.
Mr. DREIER.
Mr. ASHBROOK in three instances.
Mr. SENSENBRENNER in five instances.
Mr. GRADISON.
Mr. WAMPLER.
Mr. HUNTER in two instances.
Mr. ROGERS.
Mr. BEARD.
Mr. DANNEMEYER.
Mr. LAGOMARSINO in four instances.
Mr. RINALDO.
Mr. TAUKE.
Mr. DUNCAN.
Mr. LIVINGSTON.
Mr. NELLIGAN in three instances.
Mr. MARKS in two instances.
Mr. MARLENEE.
Mr. BEREUTER in two instances.
Mr. MORRISON in three instances.
Mr. NAPIER.
Mr. WEBER of Ohio.
Mr. PORTER in four instances.
Mr. HARTNETT.
Mr. ROUSSELOT in two instances.
Mr. RAILSBACK.
Mr. JEFFRIES in two instances.
Mr. MOLINARI.
Mr. MILLER of Ohio in three instances.
Mr. MCCLOSKEY in two instances.
Mr. DUNCAN in five instances.
Mr. SMITH of New Jersey.
Mr. MOORE.
Mr. EVANS of Iowa in two instances.
Mr. LEACH of Iowa.

(The following Members (at the request of Mr. SWIFT) and to include extraneous matter:)

Mr. STOKES in three instances.
Mr. SIMON in two instances.
Mr. PANETTA.
Mr. SMITH of Pennsylvania.
Mr. MOFFETT in two instances.
Mr. LAFALCE in two instances.
Mr. GEPHARDT.
Mr. CROCKETT in three instances.
Mr. GAYDOS.
Mr. DORGAN of North Dakota.
Mr. SCHEUER.
Mr. ROSENTHAL in five instances.
Mr. PEASE in two instances.
Mr. RANGEL.
Mr. WAXMAN.
Mr. ROE.
Mr. BEDELL in two instances.
Mr. DE LA GARZA in 10 instances.
Mr. FOUNTAIN.
Mr. BARNES in five instances.
Mr. MAZZOLI.
Mr. FASCELL in five instances.
Mr. KASTENMEIER.
Mr. SHAMANSKY in three instances.
Mr. BOLAND in three instances.
Mr. KILDEE.
Mr. HAMILTON.
Mr. DOWNEY.
Mr. HARKIN.
Mr. NOWAK.
Mrs. SCHROEDER.
Mr. LEHMAN in two instances.
Mr. FARY.
Mr. MARKEY.
Mr. EDGAR.
Mr. WOLPE.
Mr. OTTINGER in five instances.
Mr. DYSON in two instances.
Mr. FAUNTROY in four instances.
Mr. SHARP.
Mr. LONG of Maryland.
Mr. WILLIAMS of Montana.
Ms. OAKAR.
Mr. BONKER.
Mr. GARCIA in two instances.
Mr. SWIFT.
Mr. MITCHELL of Maryland.
Mr. ROSTENKOWSKI.
Mr. FORD of Michigan.
Mr. CORRADA.
Mr. MINETA in two instances.
Mrs. COLLINS of Illinois in two instances.
Mr. LELAND in two instances.
Mr. OBERSTAR.
Mr. RATCHFORD in two instances.
Mr. HOYER.
Mr. TRAXLER.
Mr. WEISS in 10 instances.

SENATE JOINT RESOLUTIONS REFERRED

Joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 117. Joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week"; to the Committee on Post Office and Civil Service; and

S.J. Res. 134. Joint resolution to designate 1982 as the "National Year of Disabled Persons"; to the Committee on Post Office and Civil Service.

ENROLLED BILLS SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4241. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4331. An act to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act;

H.R. 4431. An act to provide for the designation of the E. Michael Roll Post Office; and

H.R. 4926. An act to authorize the Secretary of the Army to acquire by purchase or condemnation, such interests in oil, gas, coal, and other minerals owned or con-

trolled by the Osage Tribe of Indians as are needed for Skiatook Lake, Okla., and for other purposes.

A BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on December 15, 1981, present to the President, for his approval, a bill of the House of the following title:

H.R. 4845. A bill to designate the building known as the Lincoln Federal Building and Courthouse in Lincoln, Nebr., as the "Robert V. Denney Federal Building and Courthouse."

ADJOURNMENT SINE DIE

Mr. WRIGHT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to .

The SPEAKER pro tempore (Mr. COELHO). In accordance with the provisions of Senate Concurrent Resolution 57, the Chair declares the 1st session of the 97th Congress adjourned sine die.

Thereupon (at 11 o'clock and 22 minutes p.m.), pursuant to Senate Concurrent Resolution 57, the House adjourned.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2698. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Plant Quarantine Act of August 20, 1912, as amended, to eliminate certain unnecessary regulatory requirements; to the Committee on Agriculture.

2699. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the act of July 2, 1962, to authorize intrastate quarantines under extraordinary emergency conditions; to the Committee on Agriculture.

2700. A letter from the Principal Deputy Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), transmitting a report on Selected Reserve recruiting and retention incentives, pursuant to 10 U.S.C. 2134, 37 U.S.C. 308b, and 37 U.S.C. 308c; to the Committee on Armed Forces.

2701. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the publishing distribution office function at Wright-Patterson Air Force Base, Ohio, pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Forces.

2702. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Army's proposed sale of certain defense equipment and services to Korea (Transmittal No. 82-17), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2703. A letter from the Assistant Attorney General for Legislative Affairs, transmitting the annual report on enforcement of title II (extortionate credit transactions) of the Consumer Credit Protection Act, covering fiscal year 1981, pursuant to section 203 of the act; to the Committee on Banking, Finance and Urban Affairs.

2704. A letter from the Secretary of the Interior, transmitting a draft report on definitions and delineation criteria for undeveloped coastal barriers, pursuant to section 1321(c)(2) of the National Flood Insurance Act of 1968, as amended (97 Stat. 419); to the Committee on Banking, Finance and Urban Affairs.

2705. A letter from the Chairman, President's Commission for the Study of Ethical Problems in Medicine and Biomedical and Behavioral Research, transmitting the annual report of the Commission for fiscal year 1981, pursuant to section 1802(d) of the Public Health Service Act, as amended; to the Committee on Energy and Commerce.

2706. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense services to Canada (Transmittal No. 82-15), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2707. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment and services to Korea (Transmittal No. 82-17), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2708. A letter from the Acting Director, Defense Security Assistance Agency, withdrawing the notice of the Air Force's intention to offer to sell certain defense equipment and services to Venezuela (Transmittal No. 82-12), previously transmitted pursuant to section 36(b) of the Arms Export Control Act (Executive Communication No. 2639); to the Committee on Foreign Affairs.

2709. A letter from the Acting Administrator, Panama Canal Commission, transmitting a report covering fiscal year 1981 on the Commission's disposal of foreign excess property, pursuant to former section 404(d) of the Federal Property and Administrative Services Act of 1949; to the Committee on Government Operations.

2710. A letter from the Acting Assistant Secretary of the Interior for Indian Affairs, transmitting a proposed plan for the use and distribution of judgment funds awarded to the Lac du Flambeau Band of Lake Superior Chippewa Indians of Wisconsin in Dockets Nos. 18-C and 18-T before the U.S. Court of Claims, pursuant to section 2(a) and 4 of Public Law 93-134; to the Committee on Interior and Insular Affairs.

2711. A letter from the Clerk, U.S. Court of Claims, transmitting the court's judgment order in Docket No. 119, *The Sioux Tribe of Indians, etc.* v. *The United States;* to the Committee on Interior and Insular Affairs.

2712. A letter from the Special Assistant to the President for Administration, transmitting a report on the total number of employees employed at any time during fiscal year 1981 in the White House Office, the Executive Residence at the White House, the Office of the Vice President, the Office of Policy Development (Domestic Policy Staff), and the Office of Administration, pursuant to 3 U.S.C. 113; to the Committee on Post Office and Civil Service.

2713. A letter from the Comptroller General of the United States, transmitting a report on losses of revenue to the Government because of low medical care charges to liable third parties (AFMD-82-2, December 16, 1981); jointly, to the Committees on Government Operations and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LONG of Maryland: Committee of conference. Conference report on H.R. 4559 (Rept. No. 97-416). Ordered to be printed.

Mr. DINGELL: Committee on Energy and Commerce. House Concurrent Resolution 178. Concurrent resolution disapproving the Federal Trade Commission trade regulation rule relating to the sale of used motor vehicles. (Rept. No. 97-417). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BRINKLEY (for himself and Mr. TRIBLE):

H.R. 5241. A bill to amend title 10, United States Code, to revise and codify the permanent provisions of law relating to military construction and military family housing; to the Committee on Armed Services.

By Mr. COLLINS of Texas:

H.R. 5242. A bill to amend the Communications Act of 1934 in order to establish new procedures for the renewal, assignment, and transfer of broadcast licenses, to provide certain deregulation of broadcast services, and for other purposes; to the Committee on Energy and Commerce.

By Mr. PHILIP M. CRANE:

H.R. 5243. A bill entitled the "Fair Treatment for Skilled Trades Act of 1982"; to the Committee on Education and Labor.

HR. 5244. A bill to amend the Housing and Community Development Act of 1974 for the purpose of providing guaranteed loans under title I of such act to assist communities with a shortage of water supply; to the Committee on Banking, Finance and Urban Affairs.

H.R. 5245. A bill to reduce expenditures by the Federal Government by 5 percent for the fiscal year 1982; to the Committee on Government Operations.

H.R. 5246. A bill to remove statutory limitations upon the application of the Sherman Act to labor organizations and their activities, and for other purposes; to the Committee on the Judiciary.

H.R. 5247. A bill directing the Secretary of Defense to exercise complete control over the Panama Canal unless and until an appropriate committee in Congress determines, on the basis of an investigation that the Government of Panama did not engage in certain acts not in the national security interests of the United States; to the Committee on Merchant Marine and Fisheries.

H.R. 5248. A bill to eliminate any requirement in the Internal Revenue Code of 1954 of a holding period to qualify a transaction for long-term capital gain treatment; to the Committee on Ways and Means.

H.R. 5249. A bill to establish "National Tax Liberation Day" as a legal public holiday; jointly, to the Committees on Post Office and Civil Service and Ways and Means.

By Mr. FOLEY:

H.R. 5250. A bill to amend the copyright law to exempt private, nonprofit recording of copyrighted works on video recorders from copyright infringement; to the Committee on the Judiciary.

By Mr. GUARINI:

H.R. 5251. A bill to reinstate the national trigger provisions which were part of the extended unemployment compensation program before they were repealed by the Omnibus Budget Reconciliation Act of 1981; to the Committee on Ways and Means.

By Mr. LUKEN (for himself, Mr. MADIGAN, Mr. TRAXLER, Mr. HILLIS, Mr. DINGELL, and Mr. BROYHILL):

H.R. 5252. A bill to amend the Clean Air Act; to the Committee on Energy and Commerce.

By Mr. FUQUA:

H.R. 5253. A bill to name the U.S. Post Office, courthouse, and Federal building in Gainesville, Fla., the "D. R. (Billy) Matthews Federal Building"; to the Committee on Public Works and Transportation.

By Mr. FUQUA (for himself and Mr. WALGREN):

H.R. 5254. A bill to provide a national policy for engineering, technical, and scientific manpower, to create a national coordinating Council on Engineering and Scientific Manpower, and for other purposes; to the Committee on Science and Technology.

By Mr. JEFFRIES:

H.R. 5255. A bill to amend the General Education Provisions Act to reduce the period for which records must be retained by recipients of funds under Federal education programs; to the Committee on Education and Labor.

H.R. 5256. A bill to amend the General Education Provisions Act to reduce the period for which records must be retained by recipients of funds under programs administered by the Rehabilitation Services Administration; to the Committee on Education and Labor.

By Mr. JOHNSTON (for himself, Mr. NAPIER, and Mr. SOLOMON):

H.R. 5257. A bill to amend the Fair Labor Standards Act of 1938 relating to employees of the House of Representatives; to the Committee on Education and Labor.

H.R. 5258. A bill to amend the Occupational Safety and Health Act of 1970 to require the House of Representatives to establish and maintain an effective and comprehensive occupational safety and health program; to the Committee on Education and Labor.

H.R. 5259. A bill to amend title VII of the Civil Rights Act of 1964 relating to nondiscrimination in employment by the House of Representatives; to the Committee on Education and Labor.

By Mr. KOGOVSEK:

H.R. 5260. A bill to amend the Mineral Leasing Act of 1920 to provide for the disposition of certain revenues; to the Committee on Interior and Insular Affairs.

By Mr. LAFALCE:

H.R. 5261. A bill to establish Federal product liability tort law standards; to the Committee on Energy and Commerce.

By Mr. MAVROULES:

H.R. 5262. A bill to amend the Buy American Act to require any component costing more than $10,000 to be separately evaluated for domestic origin under such act; to the Committee on Government Operations.

By Mr. MARLENEE:

H.R. 5263. A bill to prohibit the issuance of mineral leases in the Bob Marshall Wilderness Area in the State of Montana; to the Committee on Interior and Insular Affairs.

By Ms. OAKAR (for herself, Mr. PEPPER, Mr. WRIGHT, Mr. VENTO, Mr. ST GERMAIN, Mr. JONES of Tennessee, Ms. FERRARO, Ms. MIKULSKI, Mrs. BOGGS, Mrs. SCHROEDER, Mr. BIAGGI, Mr. SHANNON, Mr. PEYSER, Mr. RATCHFORD, Mr. MARKEY, Mr. LUNDINE, Mr. OTTINGER, Mr. HOYER, Mr. BARNES, Mr. LONG of Maryland, Mr. MOFFETT, Mr. RUSSO, Mr. SAVAGE, Mr. ECKART, Mr. OBERSTAR, Mr. STOKES, and Mrs. COLLINS of Illinois):

H.R. 5264. A bill to restore minimum benefits under title II of the Social Security Act with respect to existing and future beneficiaries; to the Committee on Ways and Means.

By Mr. RUSSO:

H.R. 5265. A bill to amend the Internal Revenue Code of 1954 to clarify the treatment of outdoor advertising displays for purposes of the accelerated cost recovery system; to the Committee on Ways and Means.

By Mr. VOLKMER:

H.R. 5266. A bill to amend the Internal Revenue Code of 1954 with respect to the at risk rules applicable to the investment tax credit; to the Committee on Ways and Means.

H.R. 5267. A bill to amend the Internal Revenue Code of 1954 to repeal certain windfall profit tax changes enacted by the Economic Recovery Tax Act of 1981, to repeal the special treatment of horses under the accelerated cost recovery system enacted by such act, and to repeal the special leasing rules enacted by such act; to the Committee on Ways and Means.

By Mr. WAMPLER (by request):

H.R. 5268. A bill entitled the "Federal Meat Inspection Act Amendments of 1981"; to the Committee on Agriculture.

By Mr. WEISS:

H.R. 5269. A bill to amend the National School Lunch Act to eliminate as a condition of eligibility for receipt of free or reduced-price lunches that the social security account numbers of all adult members of a household be provided on the application for such assistance; to the Committee on Education and Labor.

H.R. 5270. A bill to amend the National School Lunch Act to provide that income used for certain special hardship conditions shall not be included as income for purposes of determining eligibility for free or reduced-price lunches; to the Committee on Education and Labor.

By Mr. WHITE:

H.R. 5271. A bill to amend the Freedom of Information Act to limit the disclosure to foreign countries of information held by the U.S. Government, and for other purposes; to the Committee on Government Operations.

By Mr. WINN:

H.R. 5272. A bill to provide private sector training and placement opportunities for residents of enterprise zones, emphasizing the use of community-based organizations and the involvement of small business concerns, and for other purposes; to the Committee on Education and Labor.

By Mr. BARNES:

H.R. 5273. A bill to allow the George Washington University Higher Education Facilities Revenue Bond Act of 1981 of the District of Columbia to take effect immediately; considered and passed.

By Mr. BROWN of Ohio:

H.R. 5274. A bill to provide for congressional evaluation of energy policy by imposing a moratorium on certain acquisitions involving major energy concerns and domestic petroleum companies until June 30, 1982; jointly, to the Committees on Energy and Commerce and the Judiciary.

By Mr. DE LA GARZA:

H.R. 5275. A bill to extend the delay in making any adjustment in the price support level for milk, and to extend the time for conducting referendums with respect to marketing quotas for wheat, upland cotton, and rice; to the Committee on Agriculture.

By Mr. ATKINSON (for himself, Mr. BOWEN, Mr. LUKEN, Mr. APPLEGATE, and Mr. WILLIAMS of Ohio):

H.R. 5276. A bill to provide assistance for transportation improvement projects; jointly, to the Committees on Energy and Commerce, Public Works and Transportation, and Ways and Means.

By Mr. BARNARD:

H.R. 5277. A bill to dispose of unclaimed property from closed national banks; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BEDELL (for himself, Mr. BEREUTER, Mr. HARKIN, Mr. SMITH of Iowa, Mr. LEACH OF IOWA, MR. TAUKE, Mr. EVANS OF IOWA, MR. DAUB, Mr. GEPHARDT, Mr. SKELTON, Mr. VOLKMER, Mr. COLEMAN, Mr. BAILEY OF MISSOURI, MR. WHITTAKER, Mr. TAYLOR, Mr. EMERSON, and Mr. MARLENEE):

H.R. 5278. A bill to prohibit any State from selling or otherwise transferring interstate waters located in such State for use outside such State unless all other States in the drainage basin of such waters consent to such sale or transfer; to the Committee on Interior and Insular Affairs.

By Mr. BENNETT:

H.R. 5279. A bill to insure equal consideration of nonstructural water resources projects and plans, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. BIAGGI:

H.R. 5280. A bill to establish a Department of Older Americans, and for other purposes; to the Committee on Government Operations.

By Mr. BONKER:

H.R. 5281. A bill to establish the Mount St. Helens National Volcanic Area, Wash.; jointly, to the Committees on Agriculture and Interior and Insular Affairs.

By Mr. PHILLIP BURTON:

H.R. 5282. A bill to withdraw the National Wilderness Preservation System and other lands from operation of the general mining and mineral leasing laws; to the Committee on Interior and Insular Affairs.

By Mr. ROBERT W. DANIEL, JR. (for himself, Mr. WHITEHURST, and Mr. TRIBLE):

H.R. 5283. A bill to terminate the authorization for a portion of the Norfolk Harbor and Thimble Shoal Channel, Va., improvement project; to the Committee on Public Works and Transportation.

By Mr. ECKART (for himself, Mr. LOWRY of Washington, Mr. BROOKHEAD, Mr. DICKS, Mr. COELHO, Mr. FORD of Michigan, Mr. HERTEL, Mr. MCHUGH, Mr. DOWNEY, Mr. WILLIAMS of Ohio, Mr. PERKINS, Mr. FOGLIETTA, Mr. MOTTL, Mr. DENAR-

DIS, Mr. WOLPE, Mr. FLIPPO, Mr. OBERSTAR, Mr. EDGAR, Mr. CLAY, Mr. STOKES, Ms. OAKAR, Ms. FERRARO, Mr. HOLLENBECK, Mrs. COLLINS of Illinois, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. TRAXLER, and Mr. YOUNG of Alaska):

H.R. 5284. A bill to repeal the changes made by the Omnibus Budget Reconciliation Act of 1981 in the trigger provisions contained in the extended unemployment compensation program; to the Committee on Ways and Means.

By Mr. FAUNTROY:

H.R. 5285. A bill to amend title 11 of the District of Columbia Code to require the Council of the District of Columbia to establish the fees for jurors serving in the Superior Court of the District of Columbia; to the Committee on the District of Columbia.

H.R. 5286. A bill to convey the District of Columbia Employment Security Building to the District of Columbia and to provide for the payment of a note entered into to finance the construction of such building; to the Committee on the District of Columbia.

By Mr. FRANK:

H.R. 5287. A bill to amend the Immigration and Nationality Act with respect to aliens who seek to enter the United States to do research at colleges and universities; to the Committee on the Judiciary.

By Mr. GREGG (for himself and Mr. JEFFORDS):

H.R. 5288. A bill granting the consent of Congress to the compact between the States of New Hampshire and Vermont concerning solid waste; to the Committee on the Judiciary.

By Mr. GUARINI:

H.R. 5289. A bill to provide that the Federal tax rules applicable to certain private deferred compensation plans shall apply to deferred compensation plans of tax-exempt organizations; to the Committee on Ways and Means.

By Mrs. HECKLER:

H.R. 5290. A bill to provide that petroleum company overcharges payable to the United States shall be available for low-income energy assistance and weatherization, and for other purposes; to the Committee on Energy and Commerce.

H.R. 5291. A bill to amend title 28, United States Code, to authorize the Attorney General to acquire and exchange information to assist Federal, State, and local officials in the identification of certain deceased individuals and in the location of missing children; to the Committee on the Judiciary.

H.R. 5292. A bill to amend the Internal Revenue Code of 1954 to provide that the standard mileage rate for use of a passenger automobile which may be used in computing the charitable contribution deduction shall be the same as the standard mileage rate which may be used in computing the business expense deduction; to the Committee on Ways and Means.

H.R. 5293. A bill to amend the Internal Revenue Code of 1954 to provide tax relief to residential users of refined petroleum products; to the Committee on Ways and Means.

H.R. 5294. A bill to provide additional assistance to small business concerns in acquiring procurement information and contracts from the United States; to the Committee on Small Business.

By Mr. HERTEL:

H.R. 5295. A bill to prohibit the issuance of Federal oil and gas leases in the Great Lakes; to the Committee on Interior and Insular Affairs.

By Mr. HERTEL (for himself, Mr. BRODHEAD, and Mr. HILLIS):

H.R. 5296. A bill to amend title 10, United States Code, to prohibit the purchase of foreign-made administrative motor vehicles by the Department of Defense; to the Committee on Armed Services.

By Mr. LONG of Maryland:

H.R. 5297. A bill to amend part D of title IV of the Social Security Act to provide that the procedures which are presently available to AFDC families for the collection of past-due child and spousal support from Federal tax refunds shall also be available to non-AFDC families; to the Committee on Ways and Means.

By Mr. MINETA (for himself and Mr. SNYDER):

H.R. 5298. A bill to require members of the National Transportation Safety Board to be chosen from individuals with expertise in the fields of accident reconstruction, safety engineering, transportation safety, or transportation regulation; jointly, to the Committees on Energy and Commerce and Public Works and Transportation.

By Mr. MORRISON:

H.R. 5299. A bill to authorize the Secretary of the Interior to construct, operate, and maintain an enlarged Bumping Lake, Supplemental Storage Division, Yakima project, Washington; to the Committee on Interior and Insular Affairs.

By Mr. MORRISON (for himself and Mr. SKEEN):

H.R. 5300. A bill to amend the act of June 24, 1938, to allow the Secretary of the Interior to invest certain funds collected by Indian irrigation and power projects; to the Committee on Interior and Insular Affairs.

By Mr. MORRISON (for himself, Mr. PRITCHARD, Mr. BONKER, and Mr. SWIFT):

H.R. 5301. A bill to authorize the Secretary of the Interior to construct, operate, and maintain a Yakima River fish facilities improvement project; to the Committee on Interior and Insular Affairs.

By Mr. NOWAK (for himself and Mr. MARRIOTT):

H.R. 5302. A bill to amend the Small Business Investment Act of 1958 to improve the operations of small business investment companies; to the Committee on Small Business.

By Mr. O'BRIEN:

H.R. 5303. A bill to amend the Milwaukee Railroad Restructuring Act to facilitate the purchase of lines of bankrupt rail carriers to provide for continued rail service, and for other purposes; to the Committee on Energy and Commerce.

By Mr. RINALDO:

H.R. 5304. A bill to amend part A of title XVIII of the Social Security Act to provide for medicare coverage of alcohol detoxification facility services; jointly to the Committees on Ways and Means and Energy and Commerce.

By Mr. SEIBERLING:

H.R. 5305. A bill to amend the Internal Revenue Code of 1954 to repeal the special leasing rules added by the Economic Recovery Tax Act of 1981 which permit transfers of tax benefits, and for other purposes; to the Committee on Ways and Means.

By Mr. DASCHLE:

H.J. Res. 379. Joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week"; to the Committee on Post Office and Civil Service.

By Mr. LUKEN (for himself and Mr. DORNAN of California):

H.J. Res. 380. Joint resolution proposing an amendment to the Constitution of the United States with respect to the right to life; to the Committee on the Judiciary.

By Mr. PANETTA:

H.J. Res. 381. Joint resolution to designate the week beginning April 4, 1982, as "National Philippine Veteran Week"; to the Committee on Post Office and Civil Service.

By Mr. WIRTH (for himself, Mr. BONKER, Mr. FRANK, and Mr. LANTOS):

H. Con. Res. 241. Concurrent resolution expressing the sense of the Congress with respect to the continued internal exile and treatment by the Government of the Soviet Union of Andrei Sakharov and his wife, Yelena Bonner; to the Committee on Foreign Affairs.

By Mr. FLORIO (for himself, Mr. RODINO, Mr. WEAVER, Mr. PATTERSON, Mr. DELLUMS, Mr. FAUNTROY, Mr. WOLF, and Mr. WEISS):

H. Con. Res. 242. Concurrent resolution expressing the sense of Congress concerning the resignation of Ann Gorsuch from her post as Administrator of the Environmental Protection Agency; jointly, to the Committees on Agriculture, Energy and Commerce, Merchant Marine and Fisheries, Public Works and Transportation, and Science and Technology.

By Mr. PANETTA (for himself and Mr. SIMON):

H. Con. Res. 243. Concurrent resolution to express the sense of the Congress that the educational and cultural programs of the U.S. Communications Agency should not be disproportionately reduced, but should, in fact, be strengthened; to the Committee on Foreign Affairs.

By Mr. JEFFORDS:

H. Res. 309. Resolution expressing the sense of the House of Representatives with respect to the air traffic controllers; to the Committee on Post Office and Civil Service.

By Mr. ROYBAL:

H. Res. 310. Resolution expressing the sense of the House of Representatives that the Attorney General of the United States should grant extended voluntary departure status to members of the Silva class of aliens living in the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. McEWEN:

H.R. 5306. A bill for the relief of Djamel Mahmoudi; to the Committee on the Judiciary.

By Mr. SHUMWAY:

H.R. 5307. A bill to validate conveyances of certain lands in the State of California that form part of the right-of-way granted by the United States to the Central Pacific Railway Co.; to the Committee on Interior and Insular Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 800: Mr. ADDABBO, Mr. AKAKA, Mr. ANDERSON, Mr. AUCOIN, Mr. BARNES, Mr. BINGHAM, Mr. BOLAND, Mr. BROWN of California, Mr. JOHN L. BURTON, Mr. CORRADA,

Mr. JAMES K. COYNE, Mr. DE LUGO, Mr. DENARDIS, Mr. DOWNEY, Mr. EDGAR, Mr. EDWARDS of California, Mr. FASCELL, Mr. FAZIO, Mrs. FENWICK, Mr. FISH, Mr. FOGLIETTA, Mr. FOWLER, Mr. FRANK, Mr. FROST, Mr. GINGRICH, Mr. GOLDWATER, Mr. HORTON, Mr. HOYER, Mr. KILDEE, Mr. KOGOVSEK, Mr. LOWRY of Washington, Mr. MCCLOSKEY, Mr. MCHUGH, Mr. MCKINNEY, Mr. MATTOX, Mr. MAZZOLI, Ms. MIKULSKI, Mr. MINETA, Mr. PANETTA, Mr. PATTERSON, Mr. PEPPER, Mr. RAHALL, Mr. REUSS, Mr. ROE, Mr. ROSENTHAL, Mr. RUSSO, Mr. SABO, Mr. SCHUMER, Mr. SEIBERLING, Mr. SHARP, Mr. SIMON, Mr. SMITH of Pennsylvania, Mr. STARK, Mr. STRATTON, Mr. TRAXLER, Mr. UDALL, Mr. VENTO, Mr. WAXMAN, Mr. WEISS, Mr. WOLPE, Mr. YATES, and Mr. GEJDENSON.

H.R. 983: Mr. DREIER.

H.R. 1300: Mr. NICHOLS.

H.R. 1325: Mr. TRIBLE.

H.R. 1597: Mr. ASHBROOK.

H.R. 1648: Mr. TAYLOR, Mr. COLLINS of Texas, and Mr. SMITH of Pennsylvania.

H.R. 1657: Mr. OBERSTAR.

H.R. 2007: Mrs. HOLT and Mr. ALEXANDER.

H.R. 2488: Mr. SMITH of Pennsylvania, Mr. WOLPE, Mr. KRAMER, Mr. MCKINNEY, Mr. LENT, Mr. WOLF, and Mr. SCHUMER.

H.R. 2597: Mr. GUARINI, Mr. HYDE, Mr. ROEMER, Mr. BAILEY of Pennsylvania, Mr. MONTGOMERY, Mr. COLLINS of Texas, Mr. SYNAR, Mr. BRINKLEY, Mr. WINN, Mr. MCCURDY, Mr. DANIEL B. CRANE, and Mr. DAUB.

H.R. 2828: Mr. CARNEY, Mr. DENARDIS, Mr. DERWINSKI, Mr. ECKART, Mr. FITHIAN, Mr. HANSEN of Idaho, Mr. LEVITAS, Mrs. ROUKEMA, Mr. WAXMAN, and Mr. YOUNG of Alaska.

H.R. 3028: Mr. NEAL.

H.R. 3031: Mr. PEPPER, Mr. BARNARD, and Mr. HANSEN of Idaho.

H.R. 3038: Mr. NEAL.

H.R. 3236: Mr. WILSON.

H.R. 3269: Mr. HYDE, Mr. MOORHEAD, Mr. DYMALLY, and Mr. MAVROULES.

H.R. 3526: Mr. RALPH M. HALL.

H.R. 3624: Mr. NAPIER, Mr. BAFALIS, Mr. DAUB, Mr. ROTH, Mr. SIMON, and Mr. FORSYTHE.

H.R. 3626: Mr. NAPIER, Mr. BAFALIS, Mr. DAUB, Mr. ROTH, Mr. SIMON, and Mr. FORSYTHE.

H.R. 3824: Mr. MCGRATH.

H.R. 3940: Mr. FOGLIETTA and Mr. EDGAR.

H.R. 3984: Mr. MARLENEE, Mr. SKEEN, and Mr. ENGLISH.

H.R. 4159: Mr. NEAL.

H.R. 4227: Mr. DORGAN of North Dakota, Mr. BINGHAM, and Mr. HARKIN.

H.R. 4309: Mr. SAWYER, Mr. HAGEDORN, and Mr. SABO.

H.R. 4326: Mr. GUARINI, Mr. DE LA GARZA, Mr. GAYDOS, Mr. ALBOSTA, and Mr. FIELDS.

H.R. 4449: Mr. HUNTER.

H.R. 4454: Mr. BADHAM, Mr. BEREUTER, Mrs. BYRON, Mr. DAUB, Mr. GRISHAM, Mr. GUARINI, Mr. JOHNSTON, Mr. KAZEN, Mr. LENT, Mr. MCEWEN, Mr. MONTGOMERY, Ms. OAKAR, Mr. PASHAYAN, Mr. ROE, Mr. SHELBY, Mr. SHUMWAY, Mr. TAYLOR, Mr. THOMAS, Mr. WINN, and Mr. WON PAT.

H.R. 4467: Mr. YATRON.

H.R. 4550: Mr. BARNES, Mr. GINGRICH, Mr. LENT, Mr. NELLIGAN, Mr. ROTH, Mr. SCHUMER, Mr. AKAKA, Mr. SMITH of New Jersey, Mr. RAILSBACK, and Mr. WOLPE.

H.R. 4617: Mr. GARCIA, Mr. FOGLIETTA, Mr. ADDABBO, Mr. MOLLOHAN, Mr. JOHN L. BURTON, Mr. ROSENTHAL, Mr. CROCKETT, Mr. SMITH of Pennsylvania, Mrs. CHISHOLM, Mr. CLAY, Mr. MINETA, Mr. RODINO, Mr. WEISS, Mr. MURPHY, Mr. OTTINGER, Mr. MAVROULES, Mr. FROST, Ms. MIKULSKI, Mrs. COLLINS of Illinois, Mr. SOLARZ, and Mr. GEJDENSON.

H.R. 4653: Mr. WON PAT, Mr. NEAL, Mr. FOGLIETTA, Mr. RATCHFORD, and Mr. OTTINGER.

H.R. 4705: Mr. FISH, Mr. SKELTON, Mr. DREIER, Mr. DAUB, Mr. RINALDO, and Mr. MILLER of Ohio.

H.R. 4708: Mr. AUCOIN, Mr. COELHO, Mr. JAMES K. COYNE, Mr. DAN DANIEL, Mr. FOGLIETTA, Mr. FRANK, Mrs. HOLT, Mr. LEHMAN, Mr. MCCLOSKEY, Mr. NEAL, Mr. NICHOLS, Mr. PARRIS, Mr. ROEMER, Mr. ROSE, Mr. ST GERMAIN, Mr. WEBER of Ohio, Mr. WHITEHURST, and Mr. WYDEN.

H.R. 4751: Mr. MCKINNEY, Mr. HUBBARD, Mr. ROBINSON, Mr. JAMES K. COYNE, Mr. HANSEN of Idaho, Mrs. MARTIN of Illinois, and Mr. MILLER, of Ohio.

H.R. 4784: Mr. EDGAR.

H.R. 4786: Mr. DECKARD, Mr. DWYER, Mr. WILLIAMS of Ohio, Mr. BROWN of Colorado, Mr. HOLLENBECK, Mr. SMITH of Oregon, and Mr. TAUZIN.

H.R. 4807: Mr. NEAL and Mr. DANNEMEYER.

H.R. 4829: Mr. DOWNEY and Mrs. HECKLER.

H.R. 4835: Mr. RATCHFORD, Mr. BEDELL, and Mr. JAMES K. COYNE.

H.R. 4858: Ms. OAKAR.

H.R. 4861: Mr. MARKEY, Mr. MURPHY, Mr. WON PAT, Mr. BINGHAM, Mr. VENTO, Mr. SMITH of Pennsylvania, Mr. KILDEE, Mr. WEAVER, Mr. JOHN L. BURTON, Mr. BEILENSON, Mr. FISH, Mr. PANETTA, Mr. EDGAR, Mr. LEHMAN, Mr. AUCOIN, Mr. FOGLIETTA, Mr. CONYERS, Mr. DANIELSON, Mrs. COLLINS of Illinois, Mr. DASCHLE, Mr. HARKIN, Mr. BEDELL, Mr. FAZIO, Mr. ALBOSTA, Mr. EDWARDS of California, Mr. PATTERSON, Mr. BRODHEAD, Mr. SIMON, Mr. BARNES, Mr. PHILLIP BURTON, Mr. BROWN of California, and Mr. DOWNEY.

H.R. 4873: Mr. ASPIN, Mr. BEARD, Mr. BINGHAM, Mr. BOLAND, Mr. BONIOR of Michigan, Mr. JOHN L. BURTON, Mr. COELHO, Mr. WILLIAM J. COYNE, Mr. DOWNEY, Mr. DWYER, Mr. GEPHARDT, Mr. GILMAN, Mr. LUKEN, Mr. MAVROULES, Mr. MOLINARI, and Mr. SMITH of New Jersey.

H.R. 4898: Mr. MILLER of Ohio and Mr. JEFFRIES.

H.R. 4902: Mr. FRENZEL, Mr. KINDNESS, Mr. MAVROULES, and Mr. MINETA.

H.R. 4903: Mr. LIVINGSTON, Mrs. BOGGS, Mr. HUCKABY, Mr. ROEMER, Mr. MOORE, Mr. BREAUX, Mr. LONG of Louisiana, and Mr. TAUZIN.

H.R. 4919: Mr. DERWINSKI, Mr. FORSYTHE, Mr. PORTER, Mr. LEBOUTILLIER, and Mr. JAMES K. COYNE.

H.R. 4930: Mr. SPENCE.

H.R. 5004: Mrs. BYRON, Mr. MCHUGH, and Mr. EVANS of Indiana.

H.R. 5030: Mr. SMITH of Pennsylvania.

H.R. 5063: Mr. BRINKLEY and Mr. WILSON.

H.R. 5078: Mr. CLAUSEN, Mr. PHILIP M. CRANE, and Mr. LAGOMARSINO.

H.R. 5102: Mr. NEAL and Mr. SAM B. HALL, Jr.

H.R. 5105: Mr. GOODLING, Mr. BLILEY, Mr. COLLINS of Texas, Mr. MARTIN of North Carolina, Mr. HARTNETT, Mr. LONG of Maryland, Mr. SCHULZE, Mr. MONTGOMERY, Mr. WON PAT, Mrs. HOLT, Mr. FAZIO, Mr. FORSYTHE, and Mr. LOTT.

H.R. 5117: Mr. LEWIS, Mr. MINETA, Mr. BROWN of California, Mr. DICKINSON, Mr. CHAPPIE, Mr. STARK, Mr. PHILLIP BURTON, Mr. DICKS, Mr. MCGRATH, Mr. HYDE, Mr. GARCIA, Mr. LANTOS, Mr. TAYLOR, and Mr. ROE.

H.R. 5133: Mr. DAVIS, Mr. ADDABBO, and Mr. RAHALL.

H.R. 5134: Mr. BRINKLEY and Mr. WILSON.

H.R. 5135: Mr. HUGHES and Mr. LONG of Louisiana.

H.R. 5136: Mr. ROSE, Mr. MITCHELL of Maryland, Mr. DICKS, Mr. LUKEN, Mr. LOWRY of Washington, Mr. ANDREWS, Mr. FRANK, and Mr. GEPHARDT.

H.R. 5150: Mr. DASCHLE, Mr. RAILSBACK, and Mr. WINN.

H.R. 5160: Mr. BENEDICT, Mr. BLILEY, and Mr. VOLKMER.

H.R. 5176: Mr. HENDON.

H.R. 5177: Mr. KOGOVSEK.

H.R. 5192: Mr. BROWN of Ohio.

H.R. 5205: Mr. SWIFT.

H.J. Res. 197: Mr. DENARDIS and Mr. GRISHAM.

H.J. Res. 334: Mr. DAVIS.

H.J. Res. 344: Mr. JAMES K. COYNE, MR. NEAL, and Mr. DANNEMEYER.

H.J. Res. 351: Mr. CRAIG.

H.J. Res. 352: Mr. DE LA GARZA, Mr. WOLPE, Mr. MAVROULES, Mr. JAMES K. COYNE, Mr. KINDNESS, Mr. PAUL, Mr. MARKS, Mr. DAVIS, Mr. DANNEMEYER, and Mr. MCCLORY.

H.J. Res. 354: Mr. MOLINARI, Mr. WHITTAKER, Mr. EDGAR, Mr. WILLIAMS of Ohio, Mrs. SCHNEIDER, Mr. AKAKA, and Mr. DANNEMEYER.

H.J. Res. 364: Mr. HATCHER, Mr. PANETTA, Mr. PORTER, Mr. LEBOUTILLIER, Mr. SMITH of Pennsylvania, Mr. MARTIN of New York, Mrs. HOLT, Mr. LOEFFLER, Mr. BEILENSON, Mr. FLORIO, Mr. TAYLOR, Mr. LAGOMARSINO, Mr. PASHAYAN, Mr. DERWINSKI, Mr. FROST, Mr. SUNIA, Mr. GINGRICH, Mr. HORTON, Mr. BARNARD, Mr. DOUGHERTY, Mr. HUTTO, Mr. MOLINARI, Mr. ROTH, Mr. HUGHES, Mr. FISH, Mr. ROE, Mr. FAZIO, Mr. JAMES K. COYNE, Mr. HYDE, Mr. CORRADA, Mr. HILER, Mr. LUNGREN, and Mr. GORE.

H.J. Res. 372: Mr. YOUNG of Alaska and Mr. STANGELAND.

H.J. Res. 376: Mr. ANDREWS.

H. Con. Res. 100: Mr. GORE.

H. Con. Res. 152: Mr. GUNDERSON and Mr. SHAW.

H. Con. Res. 168: Mr. HUGHES.

H. Con. Res. 205: Mr. EDGAR.

H. Con. Res. 216: Mr. BIAGGI, Mrs. BOUQUARD, Mr. BONIOR of Michigan, Mr. BEDELL, Mrs. COLLINS of Illinois, Mr. CROCKETT, Mr. DENARDIS, Mr. EDGAR, Mr. FRANK, Mr. GORE, Mr. HARKIN, Mr. KASTENMEIER, Mr. KILDEE, Mr. HOYER, Mr. LONG of Louisiana, Mr. LONG of Maryland, Mr. MINETA, Mr. MINISH, Mr. PANETTA, Mr. SIMON, and Mr. WYDEN.

H. Con. Res. 222: Mr. RITTER, Mr. ROE, Mr. MCGRATH, Mr. CORRADA, Mr. MINETA, and Mr. BOWEN.

H. Con. Res. 232: Mr. RICHMOND, Mr. FORD of Michigan, Mr. FAZIO, Mr. LOWRY of Washington, and Mr. FRANK.

H. Res. 101: Mr. FORD of Michigan, Mr. TRAXLER, and Ms. FERRARO.

H. Res. 234: Mr. SANTINI, Mr. WRIGHT, Mr. LOTT, Mr. MICHEL, Mr. HORTON; Mr. NAPIER, Mrs. MARTIN of Illinois, Mr. DOUGHERTY, Mr. LEBOUTILLIER, Mr. PORTER, Mr. EMERSON, Mr. BARNARD, Mr. DENARDIS, Mr. RAHALL, Mr. SOLOMON, Mr. COELHO, Mr. EDGAR, Mr. DASCHLE, Mr. HUGHES, Mr. BIAGGI, Mr. SIMON, and Mrs. HOLT.

H. Res. 243: Mr. ROTH.

H. Res. 262: Mr. EDGAR.

H. Res. 265: Mr. KRAMER, Mr. CORCORAN, Mr. DASCHLE, Mr. MCEWEN, Mr. LEWIS, Mr. ROE, and Mrs. HOLT.

H. Res. 284: Mr. ST GERMAIN, Mr. ANNUNZIO, Mr. MITCHELL of Maryland, Mr. BLANCHARD, Mr. HUBBARD, Mr. D'AMOURS, Ms. OAKAR, Mr. MATTOX, Mr. VENTO, Mr. GARCIA, Mr. SCHUMER, Mr. FRANK, Mr. PATMAN, Mr. WILLIAM J. COYNE, Mr. PICKLE, and Mr. PATTERSON.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 2451: Mr. EMERY.
H.R. 4498: Mr. GINN.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

304. By the SPEAKER: Petition of the annual meeting, Association of the United States Army, Arlington, Va., relative to national defense; to the Committee on Armed Services.

305. Also, petition of the council, Helena, Ohio, relative to deregulation of natural gas prices; to the Committee on Energy and Commerce.

306. Also, petition of the town meeting, Needham, Mass., relative to nuclear weapons; to the Committee on Foreign Affairs.

A MESSAGE RECEIVED BY THE CLERK FROM THE SENATE AFTER SINE DIE ADJOURNMENT

WASHINGTON, D.C.,
December 18, 1981.

HON. THOMAS P. O'NEILL, Jr.,
THE SPEAKER, HOUSE OF REPRESENTATIVES, WASHINGTON, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in the Rules of the House of Representatives, the Clerk received at 9:30 a.m. on Thursday, December 17, 1981, the following messages from the Secretary of the Senate: That the Senate passed without amendment H.R. 5273.

With kind regards, I am.

Sincerely,

Edmund L. Henshaw, Jr.,
Clerk, House of Representatives.

H.R. 5273. An act to allow the George Washington University Higher Education Facilities Revenue Bond Act of 1981 of the District of Columbia to take effect immediately.

ENROLLED BILLS AND A JOINT RESOLUTION SIGNED AFTER SINE DIE ADJOURNMENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker pro tempore:

On December 17, 1981:

H.R. 3567. An act to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes;

H.R. 4119. An act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4503. An act to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes; and

H.R. 4910. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations.

On December 18, 1981:

H.R. 1797. An act to direct the Secretary of the department in which the U.S. Coast Guard is operating to cause the vessel *Capt Tom* to be documented as a Vessel of the United States so as to be entitled to engage in the coastwise trade;

H.R. 2494. An act to designate the John Campbell U.S. Courthouse;

H.R. 3799. An act to extend the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard, and to provide that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard;

H.R. 4353. An act to amend the act entitled "An Act to Establish a Uniform Law on the Subject of Bankruptcies", approved November 6, 1978;

H.R. 4506. An act to name the lock and dam authorized to replace locks and dam 26, Mississippi River, Alton, Ill., as "Melvin Price Lock and Dam";

H.R. 4894. An act to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes;

H.R. 5273. An act to allow the George Washington University Higher Education Facilities Revenue Bond Act of 1981 of the District of Columbia to take effect immediately; and

H.J. Res. 377. Joint resolution providing for the convening of the 2d session of the 97th Congress.

On December 22, 1981:

H.R. 779. An act to authorize the Secretary of the Army to contract with the Tarrant County Water Control and Improvement District No. 1 and the city of Weatherford, Tex., for the use of water supply storage in Benbrook Lake, and for other purposes;

H.R. 1465. an act to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office, for every significant bill or resolution reported in the House or the Senate, to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution;

H.R. 2241. An act to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon, and for other purposes;

H.R. 3210. An act to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes;

H.R. 4327. An act to amend the Immigration and Nationality Act, and for other purposes;

H.R. 4559. An act making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4879. An act to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association;

H.R. 4995. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes; and

H.R. 5159. An act to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes.

SENATE ENROLLED BILLS SIGNED AFTER SINE DIE ADJOURNMENT

The SPEAKER announced his signature to enrolled bills of the Senate of the following title:

On December 17, 1981:

S. 657. An act to designate the Department of Commerce Building in Washington, the District of Columbia, as the "Herbert Clark Hoover Department of Commerce Building";

S. 1086. An act to extend and revise the Older Americans Act of 1965, and for other purposes;

S. 1211. An act to amend the Toxic Substances Control Act to authorize appropriations for fiscal years 1982 and 1983;

S.J. Res. 34. Joint resolution to provide for the designation of the week commencing with the third Monday in February 1982 as "National Patriotism Week"; and

S.J. Res. 136. Joint resolution to validate the effectiveness of a plan for the use or distribution of funds appropriated to pay a judgement awarded to the San Carlos Tribe of Arizona.

SENATE ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED AFTER SINE DIE ADJOURNMENT

The SPEAKER pro tempore announced his signature to enrolled bills and joint resolutions of the Senate of the following titles:

On December 18, 1981:

S. 884. An act to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes;

S. 1192. An act to amend the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station in Washington, District of Columbia, and for other purposes;

S. 1551. An act to amend title 5, United States Code, to extend the Federal Physicians Comparability Allowance of 1978, and for other purposes;

S.J. Res. 57. Joint resolution to provide for the designation of February 7 through 13, 1982, as "National Scleroderma Week";

S.J. Res. 84. Joint resolution to proclaim March 19, 1982, "National Energy Education Day"; and

S.J. Res. 117. Joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week."

On December 22, 1981:

S. 271. An act to amend the Communications Act of 1934 to eliminate certain provisions relating to consolidations or mergers of telegraph and record carriers and to create a fully competitive marketplace in record carriage, and for other purposes;

S. 831. And act to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes;

S. 1196. An act to authorize appropriations for fiscal years 1982 and 1983 for international security and devlopment assistance and for the Peace Corps, to establish the Peace Corps as an autonomous agency, and for other purposes;

S. 1493. An act to deauthorize several projects within the jurisdiction of the Army Corps of Engineers;

S. 1946. An act to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes;

S. 1976. An act to amend the Act of July 31, 1946, as amended (40 U.S.C. 193a);

S.J. Res. 100. Joint resolution to authorize the participation of the United States in a multinational force and observers to implement the Treaty of Peace between Egypt and Israel; and

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day."

BILLS AND A JOINT RESOLUTION PRESENTED TO THE PRESIDENT AFTER SINE DIE ADJOURNMENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On December 16, 1981:

H.R. 4209. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

On December 17, 1981:

H.R. 3567. An act to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes;

H.R. 4119. An act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4241. An act making appropriation for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4331. An act to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act;

H.R. 4431. An act to provide for the designation of the E. Michael Roll Post Office;

H.R. 4503. An Act to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes;

H.R. 4910. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations; and

H.R. 4926. An act to authorize the Secretary of the Army to acquire, by purchase or condemnation, such interests in oil, gas, coal, minerals owned or controlled by the Osage Tribe of Indians as are needed for Skiatook Lake, Okla., and for other purposes.

On December 18, 1981:

H.R. 1797. An act to direct the Secretary of the department in which the U.S. Coast Guard is operating to cause the vessel *Capt Tom* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade;

H.R. 2494. An act to designate the John Campbell U.S. Courthouse;

H.R. 3799. An act to extend the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard;

H.R. 4353. An act to amend the act entitled "An Act to Establish a Uniform Law on the Subject of Bankruptcies," approved November 6, 1978;

H.R. 4506. An act to name the lock and dam authorized to replace locks and dam 26, Mississippi River, Alton, Ill., as "Melvin Price Lock and Dam";

H.R. 4894. An act to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes;

H.R. 5273. An act to allow the George Washington University Higher Education Facilities Revenue Bond Act of 1981 of the District of Columbia to take effect immediately; and

H.J. Res. 377. An act providing for the convening of the 2d session of the 97th Congress.

On December 22, 1981:

H.R. 779. An act to authorize the Secretary of the Army to contract with the Tarrant County Water Control and Improvement District No. 1 and the city of Weatherford, Tex., for the use of water supply storage in Benbrook Lake, and for other purposes;

H.R. 1465. An act to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office, for every significant bill or resolution reported in the House or the Senate, to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution;

H.R. 2241. An act to provide for the establishment of the Brandon Marsh National Wildlife Refuge, Coos County, State of Oregon, and for other purposes;

H.R. 3210. An act to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes;

H.R. 4327. An act to amend the Immigration and Nationality Act, and for other purposes;

H.R. 4559. An act making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4879. An act to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association;

H.R. 4995. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes; and

H.R. 5159. An act to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes.

BILLS AND A JOINT RESOLUTION APPROVED AFTER SINE DIE ADJOURNMENT

The President, subsequent to the sine die adjournment of the Congress, notified the Clerk of the House that on the following dates he had approved and signed bills and a joint resolution of the House of the following titles:

On December 17, 1981:

H.R. 4591. An act to amend the mineral leasing laws of the United States to provide for uniform treatment of certain receipts under such laws, and for other purposes.

On December 21, 1981:

H.R. 4845. An act to designate the building known as the Lincoln Federal Building and Courthouse in Lincoln, Nebr., as the "Robert V. Denny Federal Building and Courthouse."

On December 23, 1981:

H.R. 1465. An act to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office, for every significant bill or resolution reported in the House or the Senate, to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution;

H.R. 3455. An act to authorize certain construction at military installations for fiscal year 1982, and for other purposes;

H.R. 3484. An act to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington.

H.R. 4034. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4035. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4119. An act making appropriations for Agriculture, rural development and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4209. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4241. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4910. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations; and

H.R. 5273. An act to allow the George Washington University Higher Education Facilities Revenue Bond Act of 1981 of the District of Columbia to take effect immediately.

On December 26, 1981:

H.R. 4879. An act to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments

and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

On December 29, 1981:

H.J. Res. 377. Joint resolution providing for the convening of the 2d session of the 97th Congress;

H.R. 779. An act to authorize the Secretary of the Army to contract with the Tarrant County Water Control and Improvement District No. 1 and the city of Weatherford, Tex., for the use of water supply storage in Benbrook Lake, and for other purposes;

H.R. 1797. An act to direct the Secretary of the department in which the U.S. Coast Guard is operating to cause the vessel *Capt Tom* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade;

H.R. 2241. An act to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon, and for other purposes;

H.R. 2494. An act to designate the John Archibald Campbell U.S. Courthouse;

H.R. 3210. An act to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes;

H.R. 3567. An act to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes;

H.R. 3799. An act to extend the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard, and to provide that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard;

H.R. 4327. An act to amend the Immigration and Nationality Act, and for other purposes;

H.R. 4331. An act to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act;

H.R. 4431. An act to provide for the designation of the E. Michael Roll Post Office;

H.R. 4503. An act to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes;

H.R. 4506. An act to name the lock and dam authorized to replace locks and dam 26, Mississippi River, Alton, Ill., as "Melvin Price Lock and Dam";

H.R. 4559. An act making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4894. An act to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes;

H.R. 4926. An act to authorize the Secretary of the Army to acquire, by purchase or condemnation, such interests in oil, gas, coal, and other minerals owned and controlled by the Osage Tribe of Indians as are needed for Skiatook Lake, Okla., and for other purposes;

H.R. 4995. An act making appropriations for the Department of Defense for the fiscal yer ending September 30, 1982, and for other purposes; and

H.R. 5159. An act to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes.

BILL DISAPPROVED AFTER SINE DIE ADJOURNMENT

The President announced his disapproval of the following bill with a memorandum of disapproval as follows:

H.R. 4353

MEMORANDUM OF DISAPPROVAL

I am withholding my approval of H.R. 4353, to amend the Act entitled "An Act to Establish a Uniform Law on the Subject of Bankruptcies."

This bill would benefit the creditors of a single large asset bankruptcy. The debtor's estate has disputed the amount which it must pay to the Referees' Salary and Expense Fund. While I am aware that the Fund has been abolished with respect to recent cases, nothing except this debtor's dispute of the assessment distinguishes this one case from all others where the plan of arrangement was confirmed prior to September 30, 1984. I cannot support this effort to confer special relief in the guise of general legislation at a possible loss to the Treasury of $1.6 million. I believe the judicial process should be allowed to run its course.

RONALD REAGAN.

THE WHITE HOUSE, *December 29, 1981.*

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Submitted December 29, 1981*]

Mr. ZEFERETTI: Select Committee on Narcotics Abuse and Control. "Annual Report, Part I, Activities for the year 1981, of the Select Committee on Narcotics Abuse and Control, 97th Congress, First Session" (Rept. No. 97-418, Pt. I). Ordered to be printed.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

[*Pursuant to the order of the House on December 14, 1981, the following report was filed on December 30, 1981*]

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 3637. A bill to provide for jurisdiction over common carriers by water engaging in foreign commerce to and from the United States utilizing ports in nations contiguous to the United States; with amendments. Referred to the Committee on Energy and Commerce for a period ending not later than April 6, 1982, for consideration of such portions of the bill and amendments as fall within that committee's jurisdiction pursuant to clause 1(h), rule XI (Rept. No. 97-419, Pt. I). Ordered to be printed.

SENATE—*Wednesday, December 16, 1981*

(Legislative day of Monday, November 30, 1981)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Gracious Father in Heaven, not only do the Senators and all who work here look forward to the recess, their spouses and children are filled with the anticipation of unbroken time with them. I pray that nothing will be allowed to disappoint or frustrate those expectations. Grant to those who travel special protection wherever they journey, and return them safely when Congress convenes in January.

Let every home be filled with joy, pleasure, and peace. Dissolve estrangement or hostility which alienates family members, and draw them together in warm, loving, secure relationships. Give the Senators the ability to relax from tension and pressure. Help them to remember that they are not VIP's at home, but husbands and wives and parents. Help them to give priority to their loved ones, devoting undivided, undistracted times to their needs and concerns.

Dear God, make this holiday season the most wonderful ever for this large Senate family and all their relations. Bless them abundantly as they face the new year that they may return refreshed and equipped for whatever awaits them in the Senate. In the name of Him whose entry into history we celebrate. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE MAJORITY LEADER'S YEAR-END REPORT

Mr. BAKER. Mr. President, "America is changing hands," wrote political journalist David S. Broder in his 1980 book, Changing of the Guard. "In the 1980's, the custody of the Nation's leadership will be transferred * * * to a new set of men and women."

Nowhere has this changing of the guard been more dramatic than in the U.S. Senate. Of the Senators who serve in the 97th Congress, a solid majority—54—are in their first full term of office; and 79 Senators have served two full terms or less. Nothing like this has happened since the late 1940's, when the postwar generation took over the reins of political leadership.

Few changes in great institutions are instant, or occur overnight. Nonetheless, 1980 gave added impetus to the transition by providing the Republican Party, for the first time in a generation, with the opportunity to lead a body of the Congress.

The challenges confronting this new Senate are many: unleashing the energies of our economy, taming the Government bureaucracy, defending the American way of life and working toward world peace. They are challenges that every political generation must cope with in one way or another. In addition, the new Senate faces its own unique set of challenges: inflation and economic stagnation at home, confusion and uncertainty abroad, and a sense that we must renew our historic values.

In facing up to these challenges, the new Senate struggles to find its own set of answers and to reassure the American people that our instruments of government can be forthright and responsive.

A BRIEF HISTORY

"The Senate is a school. The world's history is its text book. The record of a single day's proceedings frequently shows a range of work as wide as Christendom. No man well made up can be there long, if he will but listen, without himself becoming wiser and better. His opportunities for usefulness multiply as the new days come to him; his intellectual horizon expands, his view broadens and he grows stronger."—Senator W. A. Peffer, August 1898.

Since this is the first time in 26 years that the Republican Party has had the opportunity to report, as the majority, on the year's activities of the Senate, I think it is appropriate to recall briefly the previous periods in which Republicans stood in the majority.

In the past 120 years there have occurred seven transitions of party control in which Republicans have taken the majority in the U.S. Senate. These transitions happened during periods of grave national crisis: at the onset of the Civil War and at the conclusion of the two World Wars, and in periods of economic turmoil, ranging from depression to runaway inflation. Historically, we measure the stature of of our political parties and leaders by their success in meeting the challenges that they faced.

The first Republican Senate convened on July 4, 1861, having been called into special session by President Lincoln to meet the challenges of secession and Civil War. The Republican Party was barely 6 years old when it captured the Presidency and both Houses of Congress, under the rallying cry of "Free Soil, Free Men and Free Labor." The demands upon Congress were awesome: 11 States had separated from the Union; the first military campaign at the Battle of Bull Run on July 21, had ended in a disastrous rout of Union forces; other nations abroad were carefully observing divisiveness in the United States for their own advantages. The future of the Nation looked grim indeed.

But the 37th and 38th Congresses rose to meet those challenges, funding an army which eventually proved triumphant in combat, establishing a national banking system to promote a sound economy, passing a Homestead Act to encourage Western agricultural expansion and capping these efforts with passage of the 13th amendment to abolish slavery in the United States. The efforts of those wartime Congresses contributed significantly to the Republican Party's continuation in the majority in the United States for 18 years, until 1879.

There was no such national emergency when Republicans again won control of the Senate in 1881, but during that period the party built its reputation on an anti-inflationist "sound money" policy. Advocating the gold standard and tariffs to protect developing American industry, the Republican 47th Congress also enacted the Nation's first civil service reform legislation, following the tragic death of President James Garfield—100 years ago—at the hand of a dissatisfied officeseeker. Although the House often had Democratic majorities, the Senate remained Republican until 1893.

A terrible depression brought Republicans back into control of the Senate and House in 1895. The "Panic of 1893" had brought about general economic collapse, a stock market crash, business failures, and massive unemployment. Republicans campaigned and won on a strong economic platform calling for higher tariffs to restore employment, protect wages, and raise farm prices, and for hard currency in opposition to the free silver demands of inflationists. The return to prosperity that followed helped insure Republican majorities in the Senate for another two decades. This was a period of great industrial expansion and technological innovation at home and spreading American influence overseas—years which we recall now as a "progressive era."

Voter frustration with wartime economic controls, inflation, higher taxes, and increasing American involvement in European affairs brought the next transition to a Republican Senate in

1919, immediately following American participation in the First World War. Election of the Republican 66th Congress was followed by the election of three consecutive Republican Presidents and a decade of unprecedented prosperity. But having won credit for the prosperity of the 1920's, the party also endured the blame for the crash and depression that followed, losing its Senate majority in the election of 1932.

Not until after World War II did the voters return a Republican majority to the Senate. Again, an unsettled economy was the chief issue, as inflation raged after wartime wage and price controls were lifted. When meat prices rose, the New York Daily News headlined its story "Prices Soar, Buyers Sore/Steers Jump Over the Moon." Campaigning under the slogan "Had Enough?" Republicans recaptured the majorities in the Senate and the House for the first time since the beginning of the New Deal.

The Republican 80th Congress is perhaps the most famous Congress of the 20th century. The first to follow the Legislative Reorganization Act of 1946, it is often called the "First Modern Congress," despite the fact that President Truman branded it a "Do-Nothing Congress." On the contrary, the 80th Congress left behind an impressive record. In foreign policy, the Republican Senate endorsed the Truman Doctrine for emergency aid to Greece and Turkey to contain communism, it enacted the European recovery program, the Marshall plan, to rebuild European allies, and it adopted the Vandenberg resolution, which paved the way for American participation in NATO and other collective security agreements.

Just as Senator Arthur Vandenberg was the foremost Republican spokesman in the Senate, Senator Robert Taft dominated domestic policy. Author of the most significant domestic legislation of the 80th Congress, the Taft-Hartley Labor Act, Senator Taft did not formally hold the title of Republican leader at this time, although he was popularly recognized as "Mr. Republican." The New Republic commented on his influence by noting that "Congress now consists of the House, the Senate and Bob Taft."

The most recent Republican Senate, the last before the current session, began in the final months of the Korean war and coincided with the first election of President Dwight D. Eisenhower. Among the first priorities of the 83d Congress were tax reductions and reform, and it also adopted President Eisenhower's program for flexible price supports and expansion of the social security system. But the Republican program was limited by the narrowness of the party's "majority," which after several deaths and appointments was not a majority at all: 47 Republicans, 48 Democrats and 1 Independent.

Near the close of the 83d Congress, Republican leader William Knowland complained that he was operating "from a position in which no man has heretofore been asked to serve, a position in which I have the responsibilities of being majority leader in this body without a majority." Senator Knowland's Democratic counterpart, Senator Lyndon Johnson, immediately replied:

If anyone has more problems than a majority leader with a minority, it is a minority leader with a majority.

Such were the vicissitudes of Republican leadership of the Senate over the past 120 years. As we have seen, the party has often received its mandate in moments of military and economic turmoil. Its historical standing, and its standing in the eyes of the American people—and voters—has depended upon its ability to meet those challenges. Surely the challenges that the 97th Congress has faced have been no less trying than those that confronted our predecessors. Just as rarely, we will be judged by our success in meeting them.

LEADERSHIP

"Let everyone play the part he can play best, some speak, some sing, and all 'holler.' "—Abraham Lincoln.

Leadership of the U.S. Senate has evolved to a point beyond even the vision of no less a visionary than Thomas Jefferson, who once wrote:

The Lex Majoris Partis is the fundamental law of every society of individuals of equal rights; to consider the will of the majority enounced by the majority of a single vote, as sacred as if unanimous, is the first of all lessons in importance, yet the last which is thoroughly learned.

Today in the U.S. Senate, there are new refinements and complexities in the principle of majority rule. Party numbers no longer translate into foregone conclusions, and nothing can be taken for granted. The inherent capacity of the individual Senator has perhaps never been greater.

Nevertheless, I consider my position as majority leader to be a uniquely fortunate one—a position imbued with historical resonance, yet at the same time beset by the challenges of effectively leading a body as diverse and ambitious as the Senate.

The majority leader cannot do his job alone; and in that regard, I would like to acknowledge the immeasurable contributions made by others.

To a degree unprecedented in recent years, the Republican leadership in Congress has been fortunate enough to join in productive partnership with the President of the United States and chart a common course.

President Reagan's numerous trips to Capitol Hill have been indicative of his eagerness to keep congressional relations harmonious and productive. And, Pennsylvania Avenue has been anything but a one-way street during this administration. I, along with many of my colleagues, have enjoyed frequent trips to the White House in addition to regularly scheduled weekly leadership meetings there. These meetings have enhanced the executive/legislative partnership and made the day to day business of Government more efficient and more cohesive.

I have stated on the Senate floor on numerous occasions throughout the year, how fortunate I am to have served as minority leader while the distinguished Senator from West Virginia, Senator BYRD, served as majority leader. He was then, and is today in his capacity as minority leader, aware of the true nature of the Senate as an institution enraptured by tradition and precedent.

The distinguished minority leader has, by reason of experience and inclination, an understanding of the Senate that perhaps only service as the majority leader can bestow. He has been my partner, my colleague, and my friend, and I extend to him my deepest appreciation.

The assistant majority leader, the distinguished Senator from Alaska, Senator STEVENS, has also played a key role in the Senate's deliberations this year. His tireless efforts and professional determination have inspired and fueled key legislation, and he has made himself available to the leadership whenever it was required.

Senator STEVENS' counterpart, the distinguished assistant minority leader, Senator CRANSTON, has also played an instrumental role in the Senate's activities. He has been an admired foe, a dedicated party servant, and a political catalyst, and I wish to thank him for his assistance.

MANAGEMENT

"We can think of the internal politics of the Senate not as a small group of powerful men surrounded by everybody else, but as a group which divides labor and power—unequally to be sure, but still significantly—among almost all of its members."—Nelson W. Polsby from "Goodbye to the Inner Club."

When the 97th Congress convened, the Republicans formed a majority in the Senate with 53 Republican Senators, only two of whom were Members of the Senate when the Republican Party was last in control.

The first major transition since the advent of the modern professional staff era was an orderly and benign one, a dramatic transfer of influential power designed to coordinate and enumerate the goals of the new majority.

In organizing the Senate for their first time in a generation, Republicans found a committee structure that was overstaffed and excessively expensive. In December 1980, the Republican conference passed a resolution calling for the incoming Congress to make a 10-percent reduction—a real cut, divorced from indexing for inflation—in committee expenses from funds available in that calendar year. Accordingly, when the committee funding resolutions were presented at the beginning of the session, Republicans led the way in engineering the 10-percent reduction, thus trimming the operational costs of the Senate.

Certain key determinations made early in the session helped shape much of the year to come. Among those decisions was a judgment not to pursue any major changes in Senate rules. Throughout the last three decades, the beginning of a new Congress was usually marked by vigorous and substantial efforts to change Senate rules. Although some of these

proposals were adopted to respond to real needs, others were more far-reaching and amounted to unwarranted tinkering with Senate procedure. These biennial controversies over the rules subjected several new Congresses to fractious beginnings, and it was the intention of the leadership that the 97th Congress not be marred by disputes arising from unnecessary attempts to amend and redirect the rules.

Most of the proposed changes in Senate rules in recent years sought to chip away at the prerogatives accorded to the minority or the individual Senators. After serving in the minority for most if not all of their Senate careers, the leadership was sensitive not to continue this trend. In reviewing suggested amendments to the rules, the leadership began from the premise that only those changes as were absolutely vital to the modern operation of the Senate should be promoted, concluding that no such amendments were required and that the Senate, and its majority and minority parties, could function effectively within the existing procedural framework. Accordingly, the question of a rules change was put to rest.

Instead, the leadership focused on proposals intended to advance efficiency in Senate operations and planning: establishing a floor schedule early in the year that allowed committees maximum opportunity to conduct their business, and confining late night sessions, when necessary, to Thursday evening throughout much of the year.

The leadership also announced a decision that certain emotionally charged social issues—abortion, busing, school prayer—be set aside temporarily and that priority be given to enactment of President Reagan's economic program.

SUMMARY OF MAJOR ACCOMPLISHMENTS

The true legislator ought to be acquainted not only with what is best in the abstract, but also with what is best relative to circumstances.—Aristotle.

In the 1st session of the 97th Congress, the Senate compiled a signal record of accomplishments in domestic and foreign affairs. The Senate kept its commitment to reduce Federal spending significantly over the next 3 years and approved an omnibus reconciliation package that will cut spending by $35.1 billion in fiscal year 1982. The Economic Recovery Tax Act of 1981, approved by the Senate in August, cut individual tax rates by an average of 5 percent in 1981 and by an average of 23 percent by 1983.

In December, the Senate moved to strengthen the Nation's defenses when it appropriated $208 billion for military spending. The Senate also approved the President's sale of AWACS radar planes and other arms to Saudi Arabia. The Senate-passed agricultural bill will spend about $23 billion on farm and food programs over the next 4 years; this measure is still awaiting final action by a House-Senate conference committee.

THE BUDGET AND RECONCILIATION PROCESS

In order to put into effect the President's determination to cut Federal spending, Congress relied upon the relatively new legislative process of reconciliation. This procedure, authorized by the Congressional Budget and Impoundment Act of 1974, enabled Congress to achieve major savings in Federal spending through a single measure, rather than a number of bills affecting spending and budget authority and outlays. The procedure enabled each spending adjustment to be viewed in light of other proposed cuts and prevented weakening of the program by piecemeal attack.

Under the leadership of Senate Budget Committee Chairman PETE DOMENICI of New Mexico, the committee took a detailed inventory of the projected 1982 budget and voted unanimously in March to endorse President Reagan's call for major spending reductions. The full Senate substantially approved a $39.6 billion reconciliation package, which reflected a policy of spending restraint in accordance with instructions given to authorizing committees. The Appropriations Committee under the able and diligent leadership of its chairman, MARK HATFIELD, reported significant reductions in direct spending, which were encompassed in a major supplemental appropriations act, Public Law 97–12 signed into law by the President on June 5, 1981.

This cooperative effort to limit Federal spending brought to an end an era of extravagance that had carried the country to the brink of fiscal bankruptcy. And, it further provided the President with one of the two components vital to his economic recovery plan.

ECONOMIC RECOVERY TAX ACT OF 1981

The passage of the tax cut plan, the other component of the President's economic recovery package, guaranteed American wage earners and businesses the largest tax reduction in history. Fueled by the efforts of the chairman of the Senate Finance Committee, Senator DOLE, the Senate completed action on its version of the bill in late July; and after differences with the House were resolved, the measure was quickly approved and signed by the President in early August.

The measure provided a progressive tax cut of 5 percent across-the-board in individual tax rates that went into effect October 1 and will cut an additional 10 percent in 1982 and a final 10 percent in 1983. The maximum rate on capital gains was reduced from 28 to 20 percent, thus providing relief for the small investor and encouraging additional investments and industrial growth.

Married couples earning two incomes were at last provided substantial relief from the so-called marriage penalty and now can deduct 5 percent of up to $30,000 a maximum deduction of $1,500, of the lesser of their two incomes. This deduction will increase to 10 percent, a maximum of $3,000, in 1983. Relief for moderate income parents was provided by increasing to 30 percent from 20 percent the tax credit for child and dependent day care expenses. Additionally, the act increases the maximum amount of expenses eligible for the credit from $2,000 to $2,400 for one dependent and from $4,000 to $4,800 for two or more dependents.

Homeowners who are faced with buying and selling homes in today's depressed housing market were provided relief through an extension from 18 months to 24 months in the period an individual is allowed to defer taxes, or proceeds from the sale of a primary residence, if that money is used to buy another home at the same or greater cost. Further, the one-time exclusion from tax of capital gains from the sale of a home by those aged 55 and over was increased from $100,000 to $125,000.

The tax plan provides a number of incentives to business to get the wheels of American industry rolling again. The system of depreciating assets was simplified to allow businesses to write off the value of assets at an accelerated rate. Small businesses are now allowed expensing, or the immediate deduction of the cost of new or used machinery. The investment tax credit for the rehabilitation of old buildings was increased. Businesses now get a tax credit of up to 25 percent for new spending on research and development above and beyond the average annual amount spent on such activities over the 3 preceding years.

Savings incentives were added to encourage individuals to put more of their earnings into American investments. Individual retirement accounts (IRA) are now available to everyone who works and self-employed retirement plans (Keogh) now allow an individual to deduct $15,000, up from $7,500, in tax-free contributions.

DEFENSE APPROPRIATIONS

In December, Armed Services chairman, Senator TOWER led the Senate fight to reverse the trend toward cuts in the military budget by approving a $208 billion spending bill. This increase in defense spending comes at a time when the United States is faced with global challenges that pose a greater threat to our internal security than at any previous time in our history.

The Senate's bill provided $4.8 billion for a military pay increase and about $2.4 billion for the B–1 bomber. Mindful of the enormous cost overruns that threaten the credibility of military procurement requests, the Senate bill required close scrutiny of the B–1 bomber program and held it to a high level of accountability.

The conference agreement which was reached on H.R. 1995, the Defense Appropriation bill for 1982, appropriates $199,691,264,000 for the military services and the Defense Department agencies and for intelligence activities. This amount is $2,247,975,000 above the House allowance and $8,984,481,000 below the Senate total. It is $1,186,970,000 below the budget estimates.

Senate conference report chairman, Senator TED STEVENS of Alaska, paved the way for major changes to be adopted by the conferees. Conferees approved a Senate increase of $300 million to be allocated to the Coast Guard for ship construction and other capital equipment needs, and overall shipbuilding and conversion were also increased $372 million over the House allowance. Senate bill langauge designed to control B–1 bomber costs and MX missile basing was approved without change. Nearly $250 million in increased funding for National

Guard and Reserves equipment and supplies were authorized under the conference agreement; this increase strengthens Reserve components by nearly $50 million.

The $4.8 billion for pay costs and $1.6 billion for inflation approved by the Senate were dropped from the bill. These unbudgeted costs are to be considered under the conference agreement. The conferees also agreed to a House reduction of nearly $500 million based on adjusted fuel costs projections.

AWACS

American interests in the Middle East were strengthened when, under the guide of the Senate Foreign Relations Committee chairman, Senator PERCY, the Senate approved the President's sale of AWACS radar planes and other arms to Saudi Arabia. The vote came after a comprehensive debate in the best tradition of the Senate as a deliberative body, focusing the Nation's attention on the status and future of American policy in that critical area.

The $8.5 billion sale of the highly sophisticated aircraft will enable the Saudis to exercise effective control over incursions across their borders and constitutes a clear message to aggressors that the United States is committed to the security of its allies in the region. The judicious use of the AWACS is insured by agreements under which the Saudis will share all information gathered by the planes with the United States, desist from sharing the planes or their information with any Third World country, and operate the planes only over Saudi airspace unless the United States gives its consent to do otherwise.

AGRICULTURE APPROPRIATIONS

The Senate, led by the Agriculture Committee chairman, Senator JESSE HELMS, approved in early December, the 1981 farm bill conference agreement. This omnibus agricultural legislation provides for price protection and market stability for farmers through traditional price support and target price programs. The 1981 farm bill, as agreed in conference between the House and the Senate, has an estimated total cost over 4 years of $11 billion. This compares to the Senate-passed version of $10.6 billion and the House version with a total cost of $16.6 billion.

The bill includes numerous other programs, including export embargo protection, soil conservation incentives, agricultural research, extension and teaching programs, a farmer-owned grain reserve program and a 1-year extension of the food stamp program.

Additional features of the bill include continuing authority for disaster payments made when drought, flood, or other physical disasters prevent planting or reduces crops below certain levels. This assistance would be provided if Federal crop insurance is not available in the affected country or under other conditions; a revised peanut price support program; and a sugar price support program.

In late October, the Senate approved a $23 billion appropriations measure that will provide assistance to the Nation's agricultural producers through a variety of programs. The final measure, still awaiting final approval of the conference report, includes a number of provisions that will benefit both farmers and consumers.

COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

On behalf of the Senate Agriculture, Nutrition and Forestry Committee the distinguished chairman, Senator HELMS, submitted to the Congress in 1981 a number of complex bills which are vitally important to the nation and the world. The legislation produced by this Committee will have an impact on the daily lives of millions of American farmers as well as countless millions of American and world consumers, who depend on the nation's farmers for high quality food and fiber.

The Committee's over-all objective, under Republican leadership for the first time in a generation, was to provide reasonable agricultural programs without burdening the American taxpayer unnecessarily. The Committee's legislation provided the basic economic stability needed by the agricultural sector. However, the legislation also provided farmers an opportunity to derive a fair and reasonable profit in the marketplace.

The Committee went to great lengths to fashion agricultural legislation that would not result in unacceptably large Federal outlays. This was a prime concern since 1981 was the first year in memory in which severe budgetary constraints were such a prominent factor in the development of agricultural legislation.

The primary concern of the Committee in this session was the 1981 Farm Bill which, as passed by the Senate, will lend a degree of stability and predictability to the American agricultural economy while remaining within the tight budgetary restraints necessary at this point in our nation's history. For the most part, the Committee was successful in achieving those goals in the Senate-passed Farm Bill.

A vast array of laws and regulations ranging from basic farm and natural resource programs, which affect 3.5 million farmers, ranchers, and foresters, to food stamp provisions affecting over 22 million Americans, is under the jurisdiction of the Senate Committee on Agriculture, Nutrition, and Forestry.

The Committee is responsible for providing the legislative dynamics, which lead to the formation of a consistent national food and fiber policy favorable to farmers and consumers alike. The impact of legislation, rules and regulations implemented under Committee guidance has international significance since an ever-increasing portion of the world's population is growing more dependent on American farmers and ranchers for food and fiber.

The Committee, under the leadership of Chairman Jesse Helms, reviews on a continuing basis the applications, administration and execution of all laws relating to agriculture. The Committee monitors all program changes and developments that occur within the regulatory arena and receives reports from such agencies as the General Accounting Office with respect to the administration of laws within the jurisdiction of the Committee.

The Committee's role as guardian of consumer and farmer interests is highlighted by continuously receiving and examining reports on Federal agricultural functions of importance to the economy of the nation and to the day-to-day lives of each American.

Because of the diversity of interests affected by the Committee's actions and initiatives, the Committee strives to maintain a very complex, yet delicate, balance in every agricultural issue. Throughout the session the Committee set the goal of providing legislation and food policies with the broadest appeal possible.

Although much of the Committee's efforts in the early months of this session were devoted to analyzing and drafting the 1981 Farm Bill, the Committee reported major pieces of legislation, which have become law. The Committee is in various stages of reviewing legislation, including food safety laws (as in the Food Safety Amendments of 1981) and the extension of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA).

The Committee conducted 20 confirmation hearings on Presidential appointments and reported favorably on every nomination. Each nomination was subsequently approved by the Senate.

The Committee received and reviewed 31 reports on various Agriculture Department functions; 57 bills and amendments were referred to the Committee and its eight subcommittees.

The Committee conducted 35 hearings relating to farm legislation and executive branch appointments in addition to 24 days of hearings conducted during the review process for the 1981 Farm Bill.

A renewed and energetic thrust has been undertaken by the Committee's Republican leadership to make American agriculture as profitable as it should be with the least government intervention possible. The Committee is committed to the goal of providing the economic incentives and programs necessary to ensure the tremendous productive capacity of American farmers.

THE 1981 FARM BILL

The 1981 Farm Bill reported by the Senate Committee on Agriculture, Nutrition, and Forestry provides agricultural programs, which will complement, not control, the American agricultural economy.

The Committee, under the leadership of Chairman Helms, was successful in implementing agricultural programs which will provide economic assistance for farmers while keeping government spending at a minimum. In the meantime, the Farm Bill assures an adequate supply of food at reasonable prices for American consumers in addition to a large portion of the world's consumers.

The Farm Bill, which was the most significant piece of legislation for the new Republican leadership on the Committee, preserves the most worthwhile elements of existing programs, makes improvements in current law in many respects and makes significant advances toward a market-oriented agriculture—a goal shared by farmers and Senators.

Structuring a bill that was fiscally sound but responsive to farmers' needs and continuing to move toward a free-market philosophy for agriculture were three primary considerations of the Committee.

In his opening statement during the Farm Bill hearings, Chairman Helms set the tone for what would become the thrust for the Federal government's activities in the farm sector:

"Our intent in the 1981 Farm Bill legislation is to continue the current direction toward a market-oriented agriculture that emphasizes the private sector. We need a government policy that supports but does not dominate the farmer and in the process assures the consumer of an abundant supply of high quality food and farm products at reasonable prices."

"American agriculture and all who depend on it will focus on this legislative package and our actions involving it. For this Committee, there is no greater task than our work on this complex and delicate mix that has become known through the years as the 'Farm Bill'."

The aim of Federal farm policy is to induce elements of predictability into this inherently unpredictable business so that farmers

may make their planting and marketing decisions as effectively and efficiently as possible.

Because farmers must make such decisions well in advance of the return they receive from the sale of their crop—and in the face of inherently unpredictable forces such as weather and world market conditions—Federal farm policy has sought to provide a basic stability in the form of income assurances such as loan rates, target prices, reserves and other mechanisms.

Farmers benefit from these programs simply through the stabilizing effects produced. Consumers benefit from these same programs by the fact that America is blessed with an abundance of food unimagined elsewhere in the world.

The paramount feature of farm policies, from the time of the Great Depression until the late 1960s, was direct government involvement in agricultural production. Starting with the Agriculture Act of 1970 and continuing through the 1977 Farm Bill, Congress has gradually shifted the course of American agriculture away from direct Federal involvement in the farmers' business.

The 1977 Farm Bill established a positive direction toward market-orientation in U.S. agricultural policy. The 1981 Farm Bill continues that progress toward minimizing Government interference in agriculture and maximizing the farmers' opportunity to derive a fair profit from the marketplace.

The Committee held firm to its commitment to produce farm commodity legislation, which would have as little cost to taxpayers as possible.

Severe budget restraints were heeded by the Committee in order to produce a cost-effective farm program.

Since the enactment of the 1977 Farm Bill, there have been significant changes in the economic and geopolitical situations in the world, which made the task of writing a far-reaching, multi-faceted farm bill even more difficult.

The burdens of spiraling inflation and excessive government regulations have forced farmers' costs to skyrocket. The sudden imposition of the partial trade embargo with the Soviet Union disrupted the world markets in which American farmers earn one-third of their income. As a consequence, net farm income plunged by about 29 percent in current dollars, almost 40 percent in real terms from 1979 to 1980.

Cash receipts in 1980 from crop and livestock marketings are 4 to 6 percent above 1979. However, farm production expenses have increased from 8 to 10 percent in the same period, with net farm income projected at $17 to $21 billion for 1980.

In response to the devastating infestation of the mediterranean fruit fly in his home State of California, Senator Hayakawa introduced S. 1506, a bill which would provide protection from plant pest infestation. The USDA had no authority to initiate spraying and control of the fly was delayed.

Senator Hayakawa recognized the policy deficiency, and the bill, which has been incorporated into the Farm Bill, authorizes the Secretary of Agriculture to take necessary action if the Governor does not choose to initiate action on his own. Without control of the fly, California's economy might have been crippled, and this would have had an impact on the U.S. consumer and our world trade.

Further complicating farmers' plight is the fact that the farmer has little or no control over inflation, regulations, world trade patterns, and certainly, over the prices they receive for their products.

Addressing these challenges with additional concerns that developed since the enactment of the 1977 farm legislation was paramount in the Committee's consideration. Concern about the depletion of the Nation's soil and water resources, and the need for increased emphasis on research, teaching and extension activities of the U.S. Department of Agriculture were integral in developing an equitable farm package.

Since American farmers derive at least one-third of their income from foreign markets, an export policy is important to an all-encompassing Farm Bill.

With these considerations in mind, the Committee began an extensive hearing process spanning 24 days. Testimony was heard from representatives throughout the agricultural and consuming public.

The Committee followed the hearings with a three-week mark-up session on the Farm Bill.

The total cost of the four-year farm bill, as accepted by the Senate, is estimated at $10.6 billion. The conference agreement on the 1981 Farm Bill is estimated to cost $11 billion over the four-year life of the bill. The Agriculture Committee trimmed and re-trimmed programs where possible in order to comply with the budgetary limitations set forth in the First Concurrent Budget Resolution, adopted by the Senate early in the session.

Major savings were achieved in the Farm Bill by scaling down programs without seriously hampering the original intent of stabilizing agricultural producers' income. The Committee was careful to avoid making arbitrary cuts in essential farm programs but instead addressed each program on its merits and provided legislation based on that analysis.

THE DAIRY PROGRAM

In order to lend stability to the dairy industry, which had been plagued by returns which did not keep pace with extremely high costs of production, the dairy price support program was authorized by the Agriculture Act of 1949 to support the national average price received by farmers for manufacturing milk. However, in recent years, high price supports, which reached a level of $1.5 billion for 1980, have led to chronic over-production in the dairy sector.

In a move to strengthen the forces of the market in the dairy industry and to reduce unacceptably high government expenditures, the Conferees adopted milk price supports at not less than $13.10 per hundred pounds for fiscal year 1982. For fiscal years 1983, 1984, and 1985, the minimums would be $13.25, $14 and $14.60 if surplus purchases are projected at more than $1 billion. If purchases are projected at less than $1 billion, the minimum would be 70 percent of parity. The support floor could rise to 75 percent of parity if projected surpluses are less than 4 billion pounds in 1983, 3.5 billion pounds in 1984 and 2.69 billion pounds in 1985.

This provision will save consumers money and send a more correct price signal to dairy farmers.

The Committee Farm Bill provision also continued authority for the Commodity Credit Corporation to make surplus government stocks of commodities available without charge to nutrition projects under the Older Americans Act of 1965 and to child nutrition programs providing food assistance.

WOOL AND MOHAIR

The Committee retained the basic structure for the wool and mohair program, which was authorized originally in the National Wool Act of 1954.

The 1954 Act and the Food and Agriculture Act of 1977 provide for a formula-determined support price for wool and mohair and for supplemental payments to producers.

The current support price for shorn wool is 85 percent of the statutory formula which takes into consideration changes in the index of prices paid by farmers. The support price of mohair is tied to the support price for wool. The adopted formula would change the support level from 85 percent to 77.5 percent of the price support formula set by the 1954 legislation.

WHEAT AND FEED GRAINS

Wheat and feed grains are the lifeblood of the United States' agricultural economy and major contributors to the Nation's export trade. Wheat and feed grains account for approximately half of the $40 billion contributed annually by agriculture to the Nation's total export trade.

Currently, about 60 percent of the Nation's wheat crop must be exported to provide market outlets for wheat. Over the last decade exports ranged from 610 million bushels in 1971/1972 to 1.375 million bushels in 1979/1980. The United States produces about one-eighth of the world crop of wheat but exports 40 to 50 percent of the quantity entering world trade.

Corn, sorghum, oats, and barley are commonly referred to as feed grains since most of the use of these grains is for feeding livestock and poultry. However, these grains are also used for human consumption both domestically and in foreign markets.

The United States is the largest producer of feed grains in the world and supplied about one-quarter of the world's production of feed grains in the past three years.

Corn is the leading crop in the United States, in both volume and value of production. In fact, the nation accounts for about one-half of the world production of corn.

Due to the tremendous importance of wheat and feed grains in the national and world economies, it is essential to provide marketing flexibility and dependability for American producers.

The Committee continued the traditional combination of target prices and loans for the wheat and feed grain programs. Throughout the consideration of the Farm Bill, the Committee kept in mind that the ideal situation for American farmers would be a totally market-oriented agriculture. The Senate-passed Farm Bill is a definite, continuing step toward that ultimate goal.

A minimum target price for the 1982 crop year was set at $4.05 per bushel. The minimum loan rate was set at $3.55 per bushel.

The minimum target price for the 1982 crop year was set at $2.70 per bushel for corn. The minimum loan rate was set at $2.55 per bushel for corn. Target prices for the feed grains would be established on the basis of their feed value in relation to corn.

The Farm Bill makes prevented planting and reduced yield disaster payments available for each of the 1982 through 1985 crops of wheat and feed grains, for producers for whom Federal crop insurance is not available. The disaster payments will be computed based on current law. The Secretary of Agriculture will have the discretionary authority to make such disaster payments available to any producer if disaster losses have created an economic emergency that cannot be alleviated by crop insurance and other assistance programs.

The Farm Bill also authorizes acreage limitation and paid diversion programs for the 1982 through 1985 crops, if needed to protect against overproduction.

FARMER-OWNED GRAIN RESERVE

The farmer-owned grain reserve was initiated for grains in the Food and Agriculture Act of 1977. The Act required the Secretary of Agriculture to establish a wheat reserve and gave authority for a feed grain reserve. The farmer-owned reserves for wheat and feed grains are intended to remove grain from the market in periods of surplus production and low demand.

The reserve stocks are then made available for utilization when production declines or export demand strengthens.

However, the most important element of this program is that the reserves are owned by farmers, who benefit from increased prices when stocks are released to the marketplace.

The program has served primarily as a price support mechanism. Its role as a marketing tool for farmers has not yet been fully developed.

It was with the intention of increasing the use of the farmer-owned reserve that certain changes were made by the Committee.

Several major changes were made by the Committee in order to further enhance the operations of the farmer-owned grain reserve.

One of the most significant changes in the farmer-owned reserve was the elimination of the reserve call price—the point at which the Government requires farmers to repay loans, often forcing them to sell their grain. The revised provisions relating to the reserve call price authorizes the Secretary of Agriculture to adjust interest rates to encourage orderly marketing. The effect of this Committee action is to allow farmers to make their decisions based on the marketplace, rather than Government mandate.

In another major change in the farmer-owned reserve, wheat and feed grains authority for the reserve was made discretionary.

COTTON

The Committee kept the basic framework in place for the nation's cotton producers. Cotton producers have experienced several setbacks in their industry, ranging from a loss of markets to synthetic fibers to a severe reduction in yield brought about by the drought of 1980. The nation's cotton producers have also been plagued by soaring production costs on a crop which historically has required tremendous initial investments.

The Farm Bill provides for a loan and target price program for the 1982 through 1985 crops of upland cotton. Loans will be available at the lower of (a) 85 percent of the average U.S. spot market price for upland cotton during the preceding five years or (b) 90 percent of the average Northern Europe price for upland cotton, as determined under formulas set forth in the bill. However, in no case will the loan level be less than 55 cents per pound.

The minimum target price for 1982 cotton will be the higher of (a) 120% of the loan rate or (b) 71 cents per pound in 1982, 76¢ in 1983, 81¢ in 1983, 81¢ in 1984 and 86¢ in 1985. The Secretary of Agriculture could establish a higher target price for any year's crop in order to reflect any change in the per-acre cost of production.

Prevented planting and reduced yield disaster payments will be made available as in the wheat and feed grain programs. Also, acreage limitation and paid diversion programs for the 1982 through 1985 crops of upland cotton will be provided in the same manner as wheat.

RICE

A source of pride for the rice industry and the entire agricultural community has been the evolution of the federal program over the years from a strict marketing quota system with high support prices to a more market-oriented system of target prices and cropland set-asides.

Early in 1980, representatives of rice producers from the major producing areas developed a set of recommendations for the rice title of the 1981 Farm Bill. The producers agreed that the current program has worked well for the industry inasmuch as it allowed rice to move competitively into expanding markets and has given reasonable income protection to growers. However, rice producers favored further movement towards a market-oriented rice program which would stimulate production required to satisfy expanding world demand. The producer representatives recommended that the acreage allotment for rice be replaced by a national program similar to those for wheat, feed grains and upland cotton.

The Rice Production Act of 1975, enacted in February of 1976 and applicable to the 1976/1977 crops, instituted a market-oriented program for rice similar to the wheat, feed grains and upland cotton programs established under the Agriculture and Consumer Protection Act of 1973 and the Agricultural Act of 1970.

The new market-oriented program for rice included provisions for target prices, cropland set-asides, acreage diversions, and other disaster payments. Marketing quotas were suspended; restrictions on rice production were removed; and program participation was made voluntary. Acreage allotments were maintained, however.

The 1977 Farm Bill extended the Rice Production Act of 1975 through the 1981 crop year with historical acreage allotments continuing to apply for purposes of determining eligibility for Government payments and loans.

In keeping with the recommendations of the rice industry leaders, the Farm Bill provided a minimum target price for crop year 1982 of $10.85 per hundred pounds in 1982, $11.40 in 1983, $11.90 in 1984, and $12.40 in 1985.

The rice acreage allotment and marketing quota programs were repealed in lieu of the industry's favored programs of loan and target prices. The disaster assistance program was also extended to producers in counties, where the Federal Crop Insurance Corporation assistance is not available.

PEANUTS

A compromise peanut program was accepted that eliminates the allotment system but retains the poundage quota system with an increase in the support price. Under the new peanut program, anyone may grow peanuts but only those with poundage quotas which have been tied directly to allotments are eligible for the higher support levels.

The minimum national poundage quota for each crop will be 1.2 million tons. The total national poundage quota will be reduced 100,000 tons over the four years of the bill. A referendum of peanut producers will be held to determine if the peanut producers favor poundage quotas for following crops of peanuts. If more than one-third of the farmers voting oppose quotas, there will not be a national poundage quota.

The Farm Bill provides a minimum price support level for quota peanuts of the 1982 crop at $5.50 per ton. The price support level for succeeding crops will be adjusted to reflect changes in the cost of production.

SOYBEANS

In a significant move toward greater market orientation, the Committee revised the formula for determining the loan rate on soybeans. Instead of a series of calculations by the Government, the loan rate will be determined based on actual markets.

Soybean production is a national success story. Soybean production in the United States has increased from 5 million bushels in 1952 to 2.268 million bushels in 1979. Expanded acreage has accounted for much of the increased production of soybeans. However, thanks to major advances in research, soybean yields have increased from 1.7 bushels per harvested acre in 1925 to 32.1 bushels per acre in 1979.

American soybeans have become a dominant force in world trade. In 1979–1980, soybeans produced in the United States constituted over 80 percent of world trade. The rapid advance of the U.S. soybean industry has occurred almost entirely without Government intervention. In fact, the soybean industry is almost a classic example of successful free enterprise.

The Government role in soybean production is limited, which is precisely what soybean industry representatives requested. The only major mechanism of current programs applying to soybeans is the Commodity Credit Corporation loan program. Soybean growers have requested that soybeans maintain their traditional freedom from Government regulations by not being included in any farmer-owned reserve, land diversion or acreage reduction.

Also, re-emphasizing the soybean producers' market orientation is the mechanism in which soybean price support loans are determined.

Loans and purchases will be made available on soybeans at a level equal to 75 percent of the simple average price received by farmers for soybeans for five marketing years immediately preceding the then current marketing year. The price support level will in no case be less than $5.02 per bushel.

SUGAR

Due to the tremendous volatility of the sugar market and the problems faced in the world market by U.S. producers, the Committee made the decision to include sugar market protections in the Farm Bill.

A loan rate starting at 17 cents per pound in 1982 and increasing incrementally to 18¢ in 1985 was adopted. The program applied to domestically grown sugar beets and sugarcane.

AGRICULTURAL EXPORTS, EMBARGO PROTECTION

In order to enhance the U.S. Department of Agriculture's commitment to developing world markets for the Nation's produce, the Committee included major provisions relatting to agricultural exports.

Agriculture currently contributes some $40 billion annually to the Nation's exports. Much of the tremendous growth in world demand for the Nation's agricultural products can be attributed to an aggressive market development effort conducted by private enterprise with government assistance.

An agricultural credit revolving funds was established in the Treasury for use by the Commodity Credit Corporation to finance short-term commercial export sales of agricultural commodities, export sales of breeding animals and the establishment of handling facilities for agricultural commodities in importing countries.

In order to maximize free trade and inject a degree of accountability in the establishment of bilateral agreements involving commitments on the part of the U.S. to allow another country to purchase U.S. agricultural products and commodities on a commercial basis, the Committee added legislation requiring the President to notify—at least 30 days in advance—the agriculture committees of the Congress on proposed bilateral agreements, other than treaties, with nation's purchasing U.S. farm products.

A major provision, not previously included in farm bills, was added by the Committee in an effort to further protect farmers from the ravages of wild fluctuations in world trade patterns. The Committee included a strong provision drafted in large measure by Sen. Rudy Boschwitz, to offer financial relief to agricultural producers through either loans or payments if an embargo is imposed on only agricultural products without including other segments of the economy.

The Committee included the embargo protection provisions in response to the disastrous effects of the previous Administration's partial embargo of agricultural products to the Soviet Union following its invasion of Afghanistan.

Another significant export provision was the authorization for the Secretary of Agriculture to formulate a special standby export subsidy program for agricultural commmodities to neutralize export subsidy programs of other countries. The program would be implemented only if the President determines that the export subsidy program of

another country is adversely affecting the export markets of U.S. agricultural commodities.

PUBLIC LAW 480

Public Law 480 is the primary means by which the U.S. Government provides food assistance to foreign countries. Enacted in 1954, P.L. 480 has four legislative objectives: to provide humanitarian assistance; to expand international trade and develop markets for U.S. agricultural products; to support economic development within recipient countries; and to promote the foreign policy of the United States.

Since the program was conceived, 290 million metric tons of commodities valued at $31.7 billion have been exported through the program. Wheat and wheat products, corn and corn products, rice, sorghum, nonfat dry milk, soybean oil and cotton are among the major commodities exported through the program.

The Committee continued its commitment to the successful P.L. 480 program, realizing its tremendous importance to American agricultural producers as well as its importance to developing nations. The Committee agreed to extend current authorities under P.L. 480 through December 31, 1985.

RESEARCH, TEACHING, EXTENSION ACTIVITIES

By consensus, the Committee reaffirmed its support for the concept of research, teaching and extension activities carried out by the U.S. Department of Agriculture.

The Committee aimed its efforts toward improving a system which has proved to be highly successful.

The Committee began its consideration by approving provisions to revise the findings and purposes of the National Agricultural Research, Extension and Teaching Policy Act of 1977. The Committee, in calling for revision, emphasized the importance of a Federal-state partnership in conducting research, extension, and teaching; a strong basic research program; and long-range planning to meet national agricultural research, extension, and teaching objectives.

The Committee also proposed authorization for an additional Assistant Secretary of Agriculture, who could be responsible for managing research, extension and teaching activities in the Department.

Meanwhile, in order to ensure that research efforts are continued and expanded, the Committee also provided provisions for authorizations for appropriations of $50 million annually for each of the 1983 through 1987 fiscal years for the competitive grants program under P.L. 89–106.

SOIL CONSERVATION AND FARM LAND PRESERVATION MEASURES

One of the most significant additions to the 1981 Farm Bill is the soil conservation and farm land preservation title.

Natural resource conservation problems affect all segments of the American population. The Nation's soil and water resources form the foundation upon which our agricultural capacity for producing food and fiber for both domestic and export demands is firmly set.

Soil erosion is a serious problem in every state and seriously threatens the Nation's productive ability. There are 413 million acres of non-Federal land used for crop production in the United States and approximately 100 million of these acres are affected by excessive sheet, rill and wind erosion that leads to a loss in production.

It is in the national interest to provide programs which will put the necessary incentives in place which will encourage farmers to conserve and protect their valuable resources.

The provisions of the Senate-passed Farm Bill are designed precisely to achieve that goal.

The Special Areas Conservation program targets additional technical and financial assistance to areas of the country with serious soil and water resource problems. This new program is patterned after the highly successful Great Plains Conservation Program, which is operating in the states.

The bill will require the Secretary of Agriculture to establish a resource conservation and development program designed to assist states, local units of government and non-profit organizations in developing and implementing plans of land conservation and water management in designated rural areas. Technical and financial assistance will be provided to a minimum of 225 designated areas.

The Farm Bill also contains provisions designed to assure that the importance of farmland as a national resource and the need to preserve the Nation's farmland is recognized and considered in the administration of Federal laws and regulations. Federal agencies will be required to consider alternatives before taking actions that will result in the conversion of farm land to non-agricultural uses. Non-Federal actions on farmland conversion will not be regulated or affected by this bill.

The new title also contains provisions for volunteers for conservation in connection with conservation work carried out by the Soil Conservation Service.

Another section of this Farm Bill title authorizes the Secretary of Agriculture to make payments to farmers in certain areas who remove land from production for the purpose of installing enduring conservation measures that involve excavation of soil.

The Senate-passed Farm Bill reflects the diversity of American agriculture. The Farm Bill provides the basic structure for programs, which will serve producers effectively and efficiently. The strong healthy agricultural economy ensured by this Farm Bill will thereby benefit consumers.

STANDBY PETROLEUM ALLOCATION ACT OF 1981

In order to assure an equitable share of crude oil supplies for small or independent refiners during a time of national crude shortage, Senator Mark Andrews of North Dakota introduced the Standby Petroleum Allocation Act of 1981. In hearings before Senator Andrews' Rural Development, Oversight and Investigations Subcommittee, Chairman Andrews' emphasized that the passage of the bill was essential to give the highest priority to oil, gas, diesel and other fuels for agriculture and subsequently, the entire food chain—from planting to harvesting to processing and marketing, and finally to the consumer. Senator Andrews' bill was passed overwhelmingly by the full Senate.

BUDGET SAVINGS IN THE DAIRY PROGRAM (P.L. 97–6)

Early in the session, the Committee began its activities in the precedent-setting legislative initiatives to reduce Federal spending.

The bill, S. 509 (subsequently P.L. 97–6), was the first major budget-cutting measure undertaken by the new Republican controlled Senate and the new Reagan Administration. The passage of S. 509 set the tone for what would develop with succeeding budget control measures to be considered.

The Administration inherited a rapidly expanding Federal budget and a sagging economy. In order to revitalize the economy, it was necessary to begin reducing the Federal budget. The dairy price support semi-annual adjustment was the first test in the long budget cutting process.

Because of mounting Federal expenditures, the dairy price support semi-annual adjustment was a major area for Congress to review. Additionally, the dairy price support program is the only agricultural commodity program with a semi-annual adjustment.

Further, S. 509, by eliminating the semi-annual adjustment scheduled for April 1, 1981, would save an estimated $160 million in FY 1981 and $86 million in FY 1982, according to the Congressional Budget Office.

The purpose of the milk price support system, as conceived in the Agricultural Adjustment Act of 1949, is to assure an adequate supply of pure and wholesome milk to meet current needs at reasonable prices, reflect changes in the cost of production for farmers and assure a farm income level adequate to maintain the productive capacity to meet anticipated future needs.

However, farmers increased production more rapidly than consumer demand expanded. Consequently, huge government surpluses have built up. In FY 1980, the Commodity Credit Corporation spent more than $1 billion on the dairy price supports. This year gross expenditures are expected to be almost $2 billion, and the net cost to the Government could reach $1.7 billion.

The Committee found that the elimination of the semi-annual adjustment, scheduled for April 1, 1981, would have a very moderate impact on producers and would avoid an estimated 25 per cent per hundredweight increase in the annual average milk price. The resulting legislation benefited the taxpayer without significant adverse impact on milk producers.

OMNIBUS RECONCILIATION ACT OF 1981 (P.L. 97–35)

The consideration of the Omnibus Reconciliation Act of 1981 was a historic occasion for the Congress. It was the first major utilization of the reconciliation process, outlined in the Budget and Impoundment Act of 1974.

The Committee met and exceeded its reconciliation instructions. Rather than simply capping authorizations and deferring actual program cuts to the appropriations committees, the Senate Committee made specific changes in the authorizing legislation for programs, meeting the spirit of the reconciliation process as well as its substance.

In the areas within the Committee's jurisdiction, the Committee achieved savings for fiscal year 1982 totalling $1.5 billion in agriculture and farm-related programs, savings of almost $1.7 billion for fiscal year 1982 in food stamp program reforms and savings of about $1.5 billion for fiscal year 1982 and a total of $16.3 billion for fiscal years 1982 through 1984.

The bulk of the reductions came in the two largest areas of the U.S. Department of Agriculture's budget—food stamps and child nutrition programs. Most of the major reductions in the food stamp reconciliation measures were contained in S. 1007, adopted by the Senate on June 10, 1981.

Savings in the child nutrition program were achieved primarily by savings in such areas as the summer feeding program, where meals are handed out regardless of need. The Committee also tightened the program rules and regulations in order to eliminate fraud and abuse in all feeding programs.

The Committee also achieved major savings by placing caps on authorizations for certain USDA programs and cut back spending for certain Forest Service activities and reduced USDA personnel.

In addition, the conference substitute set minimum price support levels for milk between 75 percent and 90 percent of parity, with the actual levels based on the estimated amount of Government purchases under the price support level. The dairy program reductions served as an interim measure until the enactment of the Farm Bill, which made permanent program changes in the administration of the dairy price support.

Program changes ultimately approved by the House-Senate conferees on reconciliation in relation to agricultural programs included:

Reductions in the price support for milk.

Changes in the Farmers Home Administration and the Rural Electrification Administration loan programs. However, the Senate restored REA access to the Federal Financing bank program after the House had prohibited access in its reconciliation bill.

Recovery of inspection costs for cotton, tobacco grain and naval stores.

Spending reductions in the child nutrition and food stamp program.

Reductions in the authorization levels for the P.L. 480 (Food For Peace) program.

The Committee was careful to retain the basic farm programs necessary for a viable agricultural economy. However, without curbs on spending, the Federal budget would continue to grow at almost uncontrollable rates and continue to place increased pressure on the economy, which would severely affect American agricultural producers.

FOOD STAMP SPENDING CUTS—S. 1007

The total cost of the food stamp program in FY 1981 was estimated at $11.4 billion. Without any spending reforms, it is estimated that the program could reach as high as $12.5 billion in 1982. Currently, there are about 22 million Americans—about 1 in every 10—receiving food stamps.

In the past three years, the program has more than doubled in cost. In two years, between October 1978 and October 1980, participation jumped from 15.2 million to 22 million, a 45 percent increase.

Because of the tremendous increase in the cost of program, the Committee searched for solutions, which would still provide assistance to the truly needy while eliminating waste, fraud, and abuse in the program.

The committee bill increased the fiscal year 1981 authorization for appropriations for the food stamp program authorize appropriations, with limits, through fiscal year 1985, and make substantial changes in the Food Stamp Act of 1977 in order to ensure that future funding needs will be reduced and that greater control will be exercised over eligibility for food stamps.

Federal savings by S. 1007 amount to $1.8 billion in FY 1982 and rise to over $2 billion annually in later years.

The workfare provision included in S. 1007 was a significant step in providing further accountability and reality in the Food Stamp Program.

The Committee adopted an amendment offered by Chairman Helms to allow states or political subdivisions within states to operate workfare programs in which able-bodied recipients would be required to accept work offered by a state or local jurisdiction as a condition for participation in the food stamp program. The provision allows a state to apply on behalf of all or part of the state or a local government could apply directly to the Secretary of Agriculture to operate a workfare program.

Providing states and local jurisdictions with the option of establishing workfare projects is partially an outgrowth of the workfare projects that were established as part of the Food Stamp Act of 1977. That legislation provided for 14 demonstration projects to be established, upon request of the Secretary of Agriculture, to test the concept of working for food stamp benefits. The Committee was careful to provide the state and localities with the maximum flexibility in establishing and operating a food stamp workfare program.

Among other objectives, including benefits to state and local governments, the workfare programs:

1. Return something of value to the community for its support of the recipients. (The Federal Government pays 50 percent of the administrative costs involved in the operation of the workfare programs. The state and local governments receive the benefit of the work done by the recipients.)

2. Introduce the individual to the work environment.

3. Act as a deterrent to program participation for those who could work but choose not to work.

The Committee also adopted a provision prohibiting strikers from receiving food stamps due to a decrease in income as a result of a strike.

Under current law, strikers have frequently made themselves eligible for food stamps through the temporary loss of income during a strike.

The current law policy of allowing strikers to be eligible for food stamps during the strike has greatly damaged the program's public integrity. For example, food stamp benefits provided to strikers' households may have amounted to $37 million in fiscal year 1980. The Committee's provisions would automatically deny food stamps to households containing a strike member, unless the household could show that, immediately prior to the strike, it would have been eligible or was receiving food stamps according to the applicable food stamp laws. This denial of eligibility would continue food for the duration of the strike.

A single set of gross income eligibility limits is required by the bill as opposed to the original system of income limits that vary according to the type of household income and whether a household has special expenses such as medical expenses. The Committee bill established gross income eligibility limits at 130 percent of the applicable Federal "poverty line."

The Committee bill also made substantive changes in the mechanisms involving inflation indexing, earned income deductions, retrospective accounting procedures, and medical and dependent care deductions.

Other major provisions in the bill included:

Prevent artificial splitting of households by requiring non-elderly parents and their children to apply as one food stamp household and eliminating boarder provisions.

Removal of drug addicts and alcoholics, who are on residential treatment programs.

Delay and change of timing of the annual adjustments in the cost of the thrifty food plan.

Extend the penalty of disqualification to include misrepresentation as well as fraud and lengthen disqualification periods.

Improved practices for collection of overpayments.

DAIRY PRICE SUPPORT/WHEAT REFERENDUM LEGISLATION—H.R. 4612

S. 1697

Due to the delays in completing the Farm Bill in the House of Representatives, several stopgap measures had to be implemented since many agricultural programs reverted to the original authorizing legislation.

The bill, S. 1697, which passed the House of Representatives, maintained until November 15, 1981, the price of milk at the price in effect beginning October 1, 1981, and ending November 15, 1981, which is $13.10 per hundredweight. It is estimated that the increased milk price supports resulting from the return to the 1949 legislation for the dairy price supports would cost the government $200,000 per day, and if continued into 1982, it would reach as much as $1 million per day.

S. 1395 (P.L. 97-24)

S. 1395 delayed a wheat referendum, which would be necessary under the permanent legislation, which was in effect with the expiration of the 1977 Farm Bill. Without this measure, it would be necessary for wheat producers to vote on wheat allotments and quotas under the Agricultural Adjustment Act of 1949, which would be legislation in effect. For most commodities, marketing quotas and allotments have been replaced by loans and target prices.

In hearings relating to these measures, Senator Dole estimated that the wheat legislation would save taxpayers $7 million, not to mention a major savings in time and confusion created by conducting a national referendum.

EMERGENCY FUNDS FOR THE FEDERAL CROP INSURANCE CORPORATION—P.L. 96-11

The Committee provided the leadership and initiative in securing the necessary funds to ensure the continued operation of the Federal Crop Insurance Corporation.

The Federal Crop Insurance Act of 1980 was enacted to establish an expanded and improved all-risk crop insurance program for U.S. farmers. The FCIC program has been successful in expanding coverage to crop farmers throughout the nation.

However, due to the tremendous costs incurred in expanding the program, the crop insurance program faced a shutdown this year due to lack of funds.

S. 730, later enacted as P.L. 96-11, provided the temporary emergency authority for the FCIC to pay its administrative and operating expenses for 1980 out of funds set aside for payments of indemnities from the Commodity Credit Corporation fund.

The bill allowed FCIC to continue its expansion of crop coverage to additional crops as well as to continue expanding into additional counties.

EMERGENCY AUTHORITY FOR SECRETARY OF AGRICULTURE TO ASSIST IN PLANT AND ANIMAL HEALTH THREATS, P.L. 97-46

The problems encountered in California with the Mediterranean fruit fly highlighted the need for legislation, which would give the Secretary of Agriculture emergency authority in assisting with the eradication of economically devastating plant and animal diseases and pests.

Under P.L. 97-46, the Secretary of Agriculture now has the additional authority necessary to effectively assist states in dealing with outbreaks of animal and plant diseases as well as threats created by large increases in insect populations. Without this emergency assistance, agricultural economies could be destroyed.

FOOD SAFETY AMENDMENTS OF 1981 HEARINGS

The Food Safety Amendments of 1981 would amend the Federal Food, Drug, and Cosmetic Act, the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act.

The intent of the legislation is to make major revisions in the Nation's food safety laws. While a safe food supply is a top priority, certain revisions have been needed to bring outdated food safety laws in line with continuing advances in modern technology.

A focal point of discussion on the bill's amendments is the "zero-risk" standard, which is incorporated into current food additive laws. Much of the debate surrounding the bill was in relation to "zero-risk".

The Committee on Labor and Human Resources, and the Committee on Agriculture, Nutrition, and Forestry held three days of joint hearings in which witnesses from consumer, agricultural, government and industrial groups testified.

SUMMARY OF SAVINGS OF AGRICULTURE, FORESTRY, CHILD NUTRITION, AND RELATED PROVISIONS OF OMNIBUS BUDGET RECONCILIATION ACT OF 1981

[In millions of dollars]

	Fiscal year 1982		Fiscal year 1983		Fiscal year 1984	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Agriculture, forestry, and related programs	728	1,554	936	1,775	1,535	2,267
Food stamps	1,658	1,658	2,046	2,046	2,334	2,334
Child nutrition	1,474	1,457	1,579	1,566	1,682	1,672
Total	3,860	4,669	4,561	5,387	5,551	6,273

COMMITTEE ON APPROPRIATIONS

The drive to reduce federal spending initiated by President Reagan has focused a national spotlight on the appropriations process. The role of the Appropriations Committee under the leadership of Senator Mark Hatfield, in setting specific funding levels for the thousands of federal programs has thus been enhanced. For while new authorization levels for federal programs were set in the Omnibus Budget Reconciliation Act of 1981, under Senate rules, appropriations may exceed authorization levels. Thus, it was left to the Appropriations Committee to enforce the resolve of Congress demonstrated in the reconciliation process.

This Committee has long embraced the goal of reducing spending, even during years when the cause was not a popular one. In 37 of the last 38 years, appropriations have been below the President's request. This year, unprecedented cuts were made.

In May 1981 Chairman Hatfield and the Committee made the first concrete response to President Reagan's call for reduced spending. While the Congressional Budget and Impoundment Control Act of 1974 established a workable impoundment process, until this year Congress had only approved 15% of presidential recommendations. This year, at the Committee's urging, the Congress approved P.L. 97–12, which rescinded fiscal year 1981 budget authority of $14.3 billion, or 95% of the President's request. The total amount rescinded in this single law is greater than the total sum of rescissions approved since the Impoundment Control Act was enacted in 1974. In addition, the Committee considered 131 requests for deferral of FY 81 funds, and a total of almost $4 billion was deferred.

The effort to reduce spending has carried over into action on fiscal year 1982 appropriations bills. During the past decade, appropriations have grown an average of over 16% a year, in current dollars. To a major extent, this growth has been due to entitlements within these appropriations. The rise in spending between 1981 and 1982 regular appropriations bills, at levels agreed to in the Senate, has been cut to 5%. This figure includes the $40 billion increase in defense spending between FY 81 and 82. Without this 25% increase, and a similarly large increase in the military construction appropriations, appropriations would be reduced by 9%. A table showing the levels of budget for the FY 81 and 82 regular bills is presented as follows:

Comparison of budget authority regular appropriation bills, fiscal years 1981–82

[Dollars in billions]

Subcommittee	1982	1981
Agriculture	20.8	20.0
Defense	199.7	159.7
District of Columbia	.6	.5
Energy-Water	12.5	12.0
Foreign operations	11.5	[1] 11.9
Housing and Urban Development	60.4	74.1
Interior	7.2	9.5
Labor-HHS	85.0	90.0
Legislative	1.3	1.2
Military construction	7.1	5.1
State, Justice, Commerce	8.6	9.1
Transportation	10.1	12.0
Treasury	9.4	9.7
Total	434.2	414.8

[1] Includes $5.5 billion for U.S. participation in the International Monetary Fund.

The Committee takes great pride in this record.

DEFENSE

Senator Ted Stevens and Senate allies successfully turned back floor efforts to delete $2.4 billion contained in H.R. 4995, the FY82 Defense Appropriations Bill, for the B–1 bomber. Senator Stevens and fellow committee members, in conference with the House, held the final defense spending total to less than $1.2 billion below the budget, effectively restoring more than $2.2 billion and House reductions. The final bill sustained all major features of the President's strategic package. Under Senator Stevens' leadership, the defense appropriations bill—$199.7 billion, the biggest ever—cleared conference in one day after it appeared there would be no final bill. As the Senate Majority Leader said, "Senator Stevens has persevered in a difficult assignment and brought to us a bill and resolved an issue that, earlier this year, even a few weeks ago, many predicted would not be resolveable in this session of Congress."

MILITARY CONSTRUCTION

Senator Paul Laxalt, Chairman of the Military Construction Appropriations Subcommittee brought a bill before the Senate containing $7.3 billion for FY82, $12.9 million under the President's amended request, even though H.R. 4241 featured the largest military construction budget in history. The final bill included a $75 million increase for the National Guard and Reserve Forces.

TRANSPORTATION

On November 3 when the Senate approved the FY82 appropriations for DOT and related agencies, Senator Mark Andrews, Chairman of the Transportation Appropriations Subcommittee said, "We have met the President more than halfway in the effort to cut the budget. We have done our fair share. We have taken a balanced and responsible approach." The bill, as later conformed to the Continuing Resolution, was $1 billion less than the President's March request and incorporated virtually the entire total of cuts. The Committee allocated these cuts among various programs in order to preserve the greatest benefit from each dollar spent. The Senate cleared the Conference Report for Presidential action.

DISTRICT OF COLUMBIA

The Senate adopted the conference report in H.R. 4522, D.C. Appropriations, FY 82 on November 19 thus clearing it for the President who signed into law on December 4, P.L. 97–91. Senator Alfonse D'Amato's D.C. Appropriations subcommittee had recommended $557,170,000, $13 million less than requested by the President. The conference committee agreed to that funding level.

ENERGY AND WATER DEVELOPMENT

The Senate adopted the conference report on H.R. 4144 Energy and Water Development Appropriation bill, FY 82 on November 21. The conference agreement provided $12.472,025,000 in new budget authority for FY 82. Senator Mark Hatfield, Chairman of the Energy and Water Development Appropriations subcommittee and Appropriation Committee chairman noted that the amount was $938,262,000 below the March request and only $92,000,000 in outlays above the September revised requests. Senator Hatfield also pointed out that the total amount for the bill was below both the House and Senate passed totals. Senator Hatfield added . . . "I believe that arriving at this lower total amount clearly shows our determination and commitment in both the House and Senate to reduce the growth in Federal spending. (CR. S. 13925, November 21, 1981).

LEGISLATIVE BRANCH

The Legislative branch appropriations bill was incorporated into H.J. Res. 325 Continuing Appropriations FY 82, P.L. 97–51. The measure thus provided $1.3 billion for the legislative branch in FY 82. The figure was $140 million below the budget request. Senator Mack Mattingly, Chairman of the Legislative Branch Appropriations subcommittee successfully worked to cut 10½ percent from the Senate budget for FY 82.

COMMERCE, STATE, JUSTICE

Senator Lowell Weicker's State-Justice-Commerce Appropriations Subcommittee reported the FY82 Commerce, State, Justice Appropriation bill at $8.63 billion. The bill was $53 million below the House version and $130 million below the President's March request of $8.76 billion. After the President's September 24 budget message, the subcommittee made reductions for various Departments and agencies funded in the bill; however, continued funding is provided for a number of important programs, including juvenile justice, legal services, and the Fulbright exchange programs.

FOREIGN OPERATIONS

For the first time in the last three years, there is reason to expect that the Congress will enact a Foreign Aid Appropriations Bill, under the leadership in the Senate of Senator Bob Kasten of Wisconsin, Chairman of the Appropriations Subcommittee on Foreign Operations. Senate passage of the bill on November 17, 1981, by a vote of 57 to 33, responded to the determination of the Reagan Administration that the programs it funded are vital to American foreign policy and the pursuit of American interests throughout the world. On December 15, agreement was reached in a conference with the House, and it is anticipated that the conference report will clear Congress today.

TREASURY

In response to the President's September requests for further budget reductions, Senator James Abdnor, Chairman of the Treasury Appropriations subcommittee re-shaped the reported version of H.R. 4121 which had been approximately $38 million beneath the President's March request. The bill, as it came to the floor in December, provided $9,397,072,000 in budget authority for Treasury, Postal Service and various related agencies. This amount was $467,560,000 less than the President's March request, $430,058,000 below the amount contained in the reported bill and $919,852,000 below the FY81 level. Senator DeConcini, ranking minority member on the subcommittee, praised Senator Abdnor's work and called the bill "an exceptional example of fiscal restraint."

HUD

Senator Jake Garn, Chairman of the HUD Appropriations Subcommittee proposed in full committee 44 changes to the conference agreement on H.R. 4034. The cumulative effect of these changes reduced by $1.6 billion the House proposed level for activities contained in the bill. The Senate adopted the conference report with amendments on November 21. The amended conference report was subsequently approved by the House on Dec. 10 and sent to the President. The savings achieved by the amendments proposed by Senator Garn amounted to reductions of approximately $1.373 billion from the previous level.

AGRICULTURE

The Senate adopted the conference report on H.R. 4119, the Agriculture, Rural Development and Related Agencies Appropriation Bill for fiscal year 1982 on December 15, 1981. The conference agreement, as amended, provides $22.6 billion in total obligational authority for fiscal year 1982. Senator Thad Cochran, Chairman of the Agriculture subcommittee, noted that the final agreement was $2.9 billion below the level provided for fiscal year 1981 and $125 million below the President's March request. Senator Cochran added, "We have succeeded in shaping this measure to a very fine balance between unprecedented budgetary con-

straints and the ever growing demand for continued progress in agricultural technology, soil conservation, rural development, and addressing food needs here and abroad."

INTERIOR

In an effort to get the Interior and Related Agencies Appropriations Act into line with the President's requirements—without gutting essential national resource and energy programs—subcommittee Chairman James McClure sponsored and secured passage of an amendment to the Conference Report which trimmed some $319 million from the bill. The final $7.2 billion bill, while still over the President's September budget, nevertheless represented about a 15 percent decrease from the comparable revised fiscal year 1981 Interior and Related Agencies budget.

Labor-Health and Human Services-Education

The fiscal 1982 Labor-HHS-Education Appropriations Bill was reported to the Senate on November 9, 1981. As Subcommittee Chairman Harrison Schmitt of New Mexico has pointed out, this is the first Labor-HHS-Education Appropriations Bill to be reported from the Senate Appropriations Committee in two years. In developing the bill, Senator Schmitt worked successfully to provide adequate funding for essential discretionary programs, such as biomedical research, Education of the Handicapped and Head Start, despite the fact that entitlement programs now consume about 70% of the funds in the measure. Senator Schmitt has made major proposals to reduce the entitlements as a necessary step to protecting the discretionary programs against even larger funding cuts.

The reported Labor-HHS-Education bill maintained important priorities for funding of discretionary programs, but still is $1.7 billion below the Subcommittee funding ceiling and some $1.5 billion below the House level for the measure. Until the Labor-HHS-Education bill is enacted, it will be funded through the Continuing Resolution. The Continuing Resolution passed this month basically maintains the Senate approach to the Labor-HHS-Education discretionary programs while providing for a $1.5 billion reduction to help the President meet his September budget goals.

Difficulties

The Committee operated this year under severe hardships. First, action on fiscal year 1982 bills was delayed two months as Congress awaited the budget revisions which were submitted by President Reagan in March. These revisions reduced requested budget authority by $37.5 billion.

During the summer months, normally prime time for consideration of appropriation bills, the attention of Congress was almost entirely devoted to the Omnibus Budget Reconciliation Act of 1981 and the Economic Recovery Tax Cut of 1981. Consideration of appropriations bills in Committee was hampered by the need to await determination of thousands of new authorization figures through reconciliation.

Just as the Appropriations Committee began reporting bills in September, the President, reacting to the worsening economic situation, requested that the Committee halt its action to await new savings proposals. The President's program was announced on September 24, and the details of the budget revisions were received in Congress on September 30, just one day before the beginning of the new fiscal year!

As a result of these factors, a continuing resolution was necessary to maintain the operations of the government pending further action on regular appropriations bills. This resolution, Public Law 97–51, set spending levels during the interim period at the lower of the two levels established by the Congress, where both Houses had acted on an appropriation bill. Where action had occurred in only one House, the rate established was the lower of the Fiscal Year 1981 or the level set by the one House. Public Law 97–51 expired on November 20.

While recommended appropriations for fiscal year 1982 were tens of billions under President Carter's original request, and billions under President Reagan's March request, the Committee was not able to achieve all the savings requested by President Reagan in September. His September request included a 12 percent across-the-board cut in discretionary non-defense programs, which the Committee could not support. As a result, H.J. Res. 357, the further Continuing Resolution adopted by the Committee after a strenuous, almost non-stop 20-hour conference with the House, was vetoed by the President. In its place, Congress sent to the President a simple extension of the previous resolution until December 15.

Subsequently two individual appropriations bills were signed by the President: H.R. 4144, making appropriations of $12,472,025,000 for Energy and Water Development, and H.R. 4522, making appropriations of $557,170,000 in federal funds for the District of Columbia.

After the Presidential veto of H.J. Res. 357, a cooperative legislative/executive search for additional budget reductions was instituted. The effort led to the identification of an additional $2 billion in outlay savings, which were embodied in a substitute offered in the House of Representatives by Mr. Conte, ranking Republican on the House Committee on Appropriations, and developed with substantial input from the Senate Committee. This substitute was then agreed to by both Houses.

The continuing resolution set spending levels for the fiscal year which the President indicated he would accept for the remainder of the regular bills not yet enacted. Consequently, a number of conference reports were adopted, after further reductions were made to bring them to the levels established in the latest continuing resolution. These included: H.R. 4119, making appropriations of $20.8 billion for Agriculture, Rural Development, and Related Agencies; H.R. 4995, making appropriations of $199.7 billion for Defense; H.R. 4034, making appropriations of $60.4 billion for the Department of Housing and Urban Development and Independent Agencies; H.R. 4035, making appropriations of $7.2 billion for the Department of Interior and Related Agencies; H.R. 4241, making appropriations of $7.1 billion for Military Construction; and H.R. 4209, making appropriations of $10.1 billion for the Department of Transportation and Related Agencies; H.R. 4559, making appropriations of $11.5 billion for foreign operations.

Outlook

The Committee notes with dismay that while non-defense appropriated funds have been reduced this year at great sacrifice to the programs involved and the citizens served by these programs, uncontrollable expenditures continue to increase. These uncontrollable programs, combined with extraordinary inflation, have been responsible for the overwhelming majority of the increase in federal expenditures over the past decade, yet attention has remained focused on reducing outlays in programs which remain genuinely controllable. Discretionary programs are now close to their bare-bones level. The Committee deplores this situation, and believes that spending can never be brought under government control as long as so much of the budget cannot be reached through the conventional budget process. Thus the Committee welcomes the indications that the Administration will propose substantial reductions in entitlement programs in the second session of the 97th Congress.

COMMITTEE ON ARMED SERVICES

The Armed Services Committee's primary responsibility, under the able leadership of its chairman, Senator John Tower, is for matters relating to the common defense. The annual authorization process is the principal method by which the Committee reviews the policies, programs, and budget of the Department of Defense. The Committee's authority in this area encompasses weapons development and procurement, military manpower and related matters.

In examining defense programs during the authorization process, the legislative and investigative functions of the Committee are often combined. For example, to determine manpower ceilings the committee will review manpower requirements and objectives in light of the perceived threat and present capabilities. During this review, the committee also evaluates the manpower objectives and whether they are being met by qualified personnel. Then, it will examine the planned changes in overall force structure, particularly as it relates to the addition of new ships and aircraft to any requested increase in manpower levels. The Committee carefully analyzes the annual Department of Defense authorization request to determine for itself whether or not such request is justified and then makes its recommendations to the Senate.

THE WORK OF SUBCOMMITTEES

The Subcommittees of the Senate Armed Services Committee always play a vital part in the Committee's work. The Subcommittees on Military Construction chaired by Senator THURMOND, Tactical Warfare chaired by Senator GOLDWATER, Strategic and Theater Nuclear Forces chaired by Senator WARNER, Preparedness chaired by Senator HUMPHREY, Sea Power and Force Projection chaired by Senator COHEN, and Manpower and Personnel chaired by Senator JEPSEN, devoted many hours examining the appropriate portions of the defense authorization request, greatly enhancing the full committee's ability to make constructive recommendations to the Senate.

OVERSIGHT AND REVIEW

One method by which the Committee performs its oversight functions is by requesting from the Secretary of Defense, the Secretaries and Chiefs of the military services, the Comptroller General, the Library of Congress, and the General Accounting Office reports on subjects that merit continuing congressional review. The process of acquisition of selected major weapons systems, for example, is monitored through a Department of Defense quarterly reporting system that is required by statute.

Nonlegislative investigations are another part of the Committee's defense related oversight responsibilities. These include committee, subcommittee, individual Senator and committee staff investigations into matters of public concern. For example, in June 1981 the Committee conducted hearings to receive testimony from Department of Defense and public witnesses on the potential effects of proposed reductions in impact aid on various school districts and on the dependent children of military personnel enrolled in public schools. In July the Committee held hearings to receive testimony from various officials on arms control issues. Also in July the Committee received testimony from Department of Defense officials on newly implemented defense procurement policies designed to combat waste, fraud, and abuse.

In a letter dated, September 17, 1981, Senator Charles Percy, Chairman of the Senate Foreign Relations Committee, requested that the Senate Committee on Armed Services, review the military and technical implications involved in the proposed sale by the United States of certain air defense enhancements to Saudi Arabia—namely, AWACS air-

craft, AIM–9L sidewinder missiles, KC–10 refueling aircraft, and conformal fuel tanks for F–15 aircraft. This information was necessary for the Senate Foreign Relations Committee to formulate a position on resolutions which had been referred to it and which provided for Congressional disapproval of the proposed sale. And on October 22, 1981, after several committee hearings, the Senate Committee on Armed Services submitted to the Senate Foreign Relations Committee a detailed report (Report No. 97–242) which discussed the military and technical implications associated with the sale of air defense enhancements to Saudi Arabia.

Of particular importance were the more than 10 hours of hearings on the President's program to modernize America's deterrent capability conducted by the Strategic and Theatre Nuclear Forces Subcommittee, under the able leadership of its Chairman John Warner. Chairman Warner provided the careful and rapid planning that was necessary to cover the entirety of the program. As the result of his work, almost half the testimony was given in open session so that it would be freely usable in Senate debate and available for other public discussions.

The Committee receives briefings each year from the Government intelligence agencies. All of these investigations and briefings increase the Committee's understanding of national security issues and better enable it to oversee national defense programs and policies.

LEGISLATIVE ACTIVITY

Under the leadership of Chairman John Tower, during the 1st session of the 97th Congress, the Armed Services Committee reported a total of six bills and resolutions to the Senate. The annual authorization bill for the Department of Defense was the major legislative item reported to the Senate by the Committee during the period. In addition, the Committee reported the DOD Supplemental Authorization Act of 1981, the Uniformed Services Pay and Benefits Act of 1981, the Military Construction Authorization Act of 1982, the Intelligence Authorization Act, 1982, Energy National Security Program Authorization Act of 1982, and the Defense Officer Personnel Management Act (to make technical corrections to the Act). A summary of this legislation is included in this report.

SUMMARY OF LEGISLATION REPORTED BY THE SENATE COMMITTEE ON ARMED SERVICES

I. Department of Defense Supplemental Authorization Act, 1981 (Public Law 97–39, August 14, 1981)

Purpose of the act

In addition to funds previously authorized to be appropriated in fiscal year 1981 for the Department of Defense, this Act authorizes:

1. additional appropriations for procurement of aircraft for the Army, Navy, Marine Corps, and Air Force; missiles for the Army, Air Force, and Marine Corps: naval vessels for the Navy; and tracked combat vehicles for the Army and Marine Corps;

2. additional appropriations for research, development, test, and evaluation for the Army, Navy, Air Force, and Defense Agencies;

3. an increase in the active duty personnel end strengths for the Navy, Marine Corps and Air Force;

4. an increase in the number of Marine Corps Reserve members authorized to serve on full-time active duty for the purpose of organizing, administering, recruiting, instructing, or training;

5. an increase in the civilian personnel end strength for the Department of Defense;

6. an increase in the authorization of the annual military training student load for the Air National Guard;

7. additional appropriations for military construction projects; and

8. certain general provisions relating to the operations of the Department of Defense.

The following is a Summary of Funds Authorized in the Act.

SUMMARY OF FUNDS AUTHORIZED IN ACT

[Dollar amounts in thousands]

	March amended request[1]	Authorized
TITLE I		
Procurement:		
Aircraft:		
Army	$128,000	$128,000
Navy and Marine Corps	143,600	143,600
Air Force	716,625	716,625
Subtotal	988,225	988,225
Missiles:		
Army	27,000	27,000
Navy		
Marine Corps	10,700	10,700
Air Force	209,369	205,900
Subtotal	247,069	243,600
Naval vessels	317,700	149,900
Tracked combat vehicles:		
Army	796,000	791,000
Marine Corps	11,300	11,300
Subtotal	807,300	802,300
Total, procurement	2,360,294	2,137,594
TITLE II		
Research and development:		
Army	79,500	83,463
Navy	146,900	138,067
Air Force	330,900	242,462
Defense agencies	41,000	16,936
Director, test and evaluation		
Total, research and development	598,300	480,928
Total, procurement and research and development	2,958,594	2,184,225
TITLE VI		
Military construction:		
Army	1,800	1,800
Navy	2,000	2,000
Air Force	56,100	55,240
Defense agencies	900	900
Family housing	16,022	0
Reserve forces	6,500	6,500
Total, military construction	83,322	66,440
Grand total	3,041,916	2,803,634

[1] Fiscal year 1981 supplemental.

The following is a summary of the Department of Defense manpower levels authorized in the act.

TITLE III—ACTIVE FORCES: SUMMARY OF AUTHORIZATION

	Request	Authorization
Active duty manpower, fiscal year 1981:		
Army	775,300	780,000
Navy	540,456	540,456
Marine Corps	190,600	190,600
Air Force	569,000	569,000

SEA PAY/SUB PAY TECHNICAL AMENDMENTS

The Congress considered three technical amendments to last year's sea pay/sub pay legislation and enacted these technical amendments along with the fiscal year 1981 defense authorization supplemental request.

TITLE IV—RESERVE FORCES: SUMMARY OF AUTHORIZATION

Full-time Reserve personnel—Marine Corps:	
Request	133
Increase	(+66)
Authorization	133

TITLE V—CIVILIAN PERSONNEL: SUMMARY OF AUTHORIZATION

Civilian manpower, fiscal year 1981:	
Request	1,013,900
Increase	+19,600
Authorization	1,012,250

TITLE VII—MISCELLANEOUS PROVISIONS

Since enactment of H.R. 7626, the Military Pay and Allowances Benefits Act of 1980, the need for certain technical changes had become apparent. H.R. 7626 granted the authority to accumulate ninety days leave under certain circumstances. Congress intended an effective date of October 1, 1979, for this provision in order to allow equal treatment for all who endured the prolonged Indian Ocean deployment both prior to and after the current January 1, 1981 effective date of the law. This change makes October 1, 1979, the effective date for the accrual of ninety days leave.

Additionally, certain members who were formerly entitled to incentive pay for the hazardous duty of submarine service were inadvertently denied eligibility for the new submarine duty incentive pay. A review of the Senate report on H.R. 7626 establishes that this was not the intent of Congress. Those excluded are operators or crew members of operational, self-propelled, submersibles, including undersea exploration and research vehicles. Also, the Congress recognized that a small group of members who serve periodically in submarines, but who do not have submarine designators (e.g., intelligence, supply and medical personnel) should also be entitled to the new submarine duty incentive pay. This Act provided that these personnel be made eligible when actually serving aboard submarines.

II. Department of Defense Authorization Act, 1982 (Public Law 97–86, December 1, 1981)

Purpose of the bill

For fiscal year 1982, this Act:

(1) authorizes appropriations for (a) major procurement, (b) research, development, test and evaluation by the Department of Defense, (c) operations and maintenance, and (d) civil defense;

(2) authorizes the personnel end strength for each military active duty component of the Armed Forces;

(3) authorizes the personnel average strengths for the Selected Reserve of each of the Reserve components of the Armed Forces;

(4) authorizes civilian end strengths for each military department of the Department of Defense;

(5) authorizes the annual average military training student load for each of the active and reserve components of the Armed Forces;

(6) imposes certain reporting requirements;

(7) imposes certain limitations with regard to specific procurement and R.D.T. & E. actions and manpower strengths; provides certain additional legislative authortiy, makes certain changes to existing law, and for other purposes.

This amendment was to the DOD appropriations bill, *not* the DOD authorization bill.

Overview of committee action on the bill

The congressional budget process places stringent time constraints on the Committee. By March 15, the Committee must provide the Budget Committee with target amounts for the national defense budget category for the Committee's deliberations and recommendations on the first concurrent budget resolution. The Committee recommended $227.4 billion in budget authority and $189.36 billion in outlays for fiscal year 1982. The first concurrent budget resolution included $226.3 billion in budget authority and $188.8 billion in outlays for the national defense budget category.

In deliberations on the defense authorization bill, fiscal and budgetary constraints were an important consideration. The Committee fully supported the congressional budget process and the concurrent resolutions on the budget throughout the authorization process.

The Senate Armed Services Committee, under Chairman Tower, gave careful consideration to the authorization bill in the 1st session of the 97th Congress. During the period January through December 1981, the committee and subcommittees held a total of 61 hearings, compiling approximately 10 volumes of printed testimony. Throughout consideration of this legislation, the full committee received important assistance from the Subcommittees on Military Construction, Tactical Warfare, Strategic and Theater Nuclear Forces, Preparedness, Sea Power and Force Projection and Manpower and Personnel.

Of significance during the consideration of the legislation was the increased emphasis given the Operation and Maintenance Budget by Senator Gordon Humphrey of New Hampshire, Chairman of the Subcommittee on Preparedness. In prior years, those rather mundane but important items within the O. & M. account, such as ammunition, spare parts, fuel, training and facilities maintenance, were regularly underfunded. As a result, military preparedness declined.

As a result of the increase in O. & M. funding, secured by Chairman Humphrey, 1982 will bring increases in supply and depot maintenance to eliminate maintenance backlogs for aircraft and combat vehicles. There will be significant increases for individual equipment and clothing for National Guard and Reserve Forces. There will be additions to funding for real property maintenance to begin to reduce the backlog of maintenance and repair that has resulted in deplorable living and working conditions of our military personnel. Furthermore, there will be provided increased flying hours for military aviation.

The Congressional Budget Act requires the Committee to report all authorization bills to the Senate by May 15. For fiscal year 1982, the Committee recommended authorization of $51.7 billion for procurement, $21.1 billion for research, development, technology and engineering, $63.5 billion for operation and maintenance and $127 million for civil defense, for a total authorization of over $136.5 billion. This total authorization was premised on a March 1981 Administration request of $136.5 billion. As a result of unexpected changes in general economic conditions, the Administration—in September 1981 while the Conferees of the House and Senate Armed Services Committees were considering the authorization bill—submitted a revised request of $130.3 billion vice the $136.5 billion originally requested. After a demanding conference with the House Conferees, the Committee returned to the Senate with a compromise bill authorizing $48.0 billion for procurement, $20.4 billion for research, development, technology and engineering, $62.2 billion for operations and maintenance and $0.1 billion for civil defense, for a total authorization of $130.7 billion.

The following is a summary of the funding levels provided for in Titles I, II, III and VIII of the Department of Defense Authorization Act for fiscal year 1982:

SUMMARY OF DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982

[In thousands of dollars]

Item	March 1981 request	October 1981 amended request	House	Senate	Authorization	Net change from October 1981 request
Title I:						
Procurement:						
Army aircraft	1,797,400	1,897,300	1,880,300	1,836,700	1,910,200	+12,900
Navy/Marine Corps aircraft	9,352,500	9,244,500	9,902,600	9,331,700	9,302,500	+58,000
Air Force aircraft	14,751,898	13,843,898	15,023,698	15,070,798	13,773,698	−70,200
Army missiles	2,842,500	2,210,200	2,745,800	2,469,100	2,146,900	−83,300
Navy missiles	2,555,000	2,567,000	2,549,800	2,555,000	2,567,000	0
Marine Corps missiles	223,024	223,024	223,024	223,024	223,024	0
Air Force missiles	4,658,246	4,204,646	4,593,246	4,731,746	4,186,846	−17,800
Naval vessels	10,190,100	8,475,300	10,290,100	10,118,600	8,795,900	+320,600
Army tracked combat vehicles	3,487,300	3,202,300	3,469,500	3,537,300	3,251,200	+49,900
Marine Corps tracked vehicles	271,739	281,600	281,739	281,739	281,739	+139
Torpedoes and related support equipment, Navy	516,600	516,600	516,600	516,600	516,600	0
Army other weapons	655,400	655,400	655,400	655,400	655,400	0
Navy other weapons	200,200	200,200	200,200	200,200	200,200	0
Marine Corps other weapons	136,344	136,483	136,344	136,344	136,344	−139
Air Force other weapons	3,047	3,047	3,047	3,047	3,047	0
Air National Guard	0	0	0	50,000	50,000	+50,000
Total, procurement	51,751,298	47,660,498	52,471,398	51,717,298	48,000,598	+340,100
Title II:						
Research, development, test, and evaluation:						
Army	3,905,200	3,768,500	3,741,470	3,910,500	3,746,299	−22,201
Navy	6,086,371	5,888,571	5,699,531	6,136,401	3,072,167	+183,596
Air Force	9,398,100	8,823,400	8,833,700	9,158,100	8,686,800	−136,600
Defense agencies	1,934,400	1,842,000	1,914,797	1,954,650	1,899,847	+57,847
Total R.D.T. & E	21,324,071	20,322,471	20,189,498	21,159,651	20,405,113	+82,642
Title III:						
Operations and Maintenance:						
Army	17,214,744	16,864,044	17,214,044	17,474,300	17,024,044	+160,000
Navy	20,682,210	20,189,810	20,684,410	20,657,210	20,130,410	−59,400
Air Force	19,249,340	19,056,552	19,230,740	19,256,420	18,898,140	−158,412
Marine Corps	1,235,839	1,217,239	1,245,739	1,260,539	1,249,939	+32,700
Defensewide	4,900,907	4,833,607	4,901,207	4,883,851	4,859,207	+25,600
Total O. & M	63,283,040	62,161,252	63,276,140	63,532,320	62,161,740	+488
Title VIII: Civil Defense	132,842	132,842	174,000	126,842	129,000	−3,842
Total authorization	136,491,251	130,277,063	136,111,036	136,536,111	130,696,451	+419,388

[The following is a summary of the Department of Defense manpower levels recommended authorized in the Act]

TITLE IV ACTIVE FORCES

	House	Senate	Authorization
Army	786,368	785,800	780,300
Navy	554,900	554,300	554,600
Marine Corps	192,100	192,100	192,100
Air Force	586,832	582,400	580,800
Total	2,120,200	2,114,600	2,107,800

TITLE V RESERVE FORCES

	House	Senate	Authorization
Army National Guard	392,800	392,800	392,800
Army Reserve	235,300	235,300	235,300
Naval Reserve	90,000	87,600	87,600
Marine Corps Reserve	37,600	37,600	37,600
Air National Guard	98,600	98,600	98,600
Air Force Reserve	62,800	62,800	62,800
Coast Guard Reserve	12,000	11,700	12,000

TITLE VI CIVILIAN PERSONNEL

The Act provides that the military student training load for the Air National Guard be 2,377—an increase of 220 over the Administration request.

TITLE IX GENERAL PROVISIONS

The following are the highlights of the General Provisions in Title IX of the Act:

1. Section 905.—Permits military personnel to assist civilian law enforcement activities—particularly illicit drug enforcement efforts.

2. Section 909.—Authorizes the Secretary of Defense under certain specified circumstances to execute multi-year contracts for the procurement of defense equipment and associated services in order to achieve significant savings and to provide greater defense industrial stability.

3. Section 911.—Repeals the Vinson-Trammell Act of 1934 which imposed profit limitations on the construction of military aircraft and naval vessels. There was universal agreement among federal agency representatives and civilian industry representatives that the provisions of this Act were obsolete and served neither the interests of the federal government or industry.

Section 911 authorizes the President to submit new regulations to control excessive profits on defense contracts during periods of war or national emergency.

4. Section 914.—Prohibits the Department of Defense from doing business with contractors who have been debarred or suspended by another federal agency from pro-

viding equipment or services to the federal government.

5. Section 917.—Under certain circumstances, this provision prohibits the Secretary of Defense from obligating money for a particular program when such program has or is expected to exceed original funding estimates by more than a specified percent until the Secretary submits a report to Congress which report, among other things, provides an explanation of the cost overrun and outlines the steps to be taken to avoid further overruns.

III. Uniformed Services Pay Act of 1981

(Public Law 97-68, October 14, 1981)

Purpose of the act

The primary purpose of the Act is to increase the pay and allowances and benefits for members of the uniformed services and certain dependents. The legislation provides for variable increases in the basic pay and allowances for members, depending on grade and years of service. The legislation also authorizes increases in the amounts payable, establishes new authority, or modifies existing authority for flight pay, diving pay, enlistment bonuses, bonuses for nuclear-qualified officers, hazardous duty pay, and allowances for Armed Forces Health Professions Scholarship Program participants.

The legislation also provides new authority for temporary lodging entitlements, advance payment of certain travel expenses incurred in conjunction with permanent change-of-station moves, travel allowances for military members and dependents stationed at certain adverse overseas locations or in conjunction with certain emergencies and further establishes certain limitations on travel and transportation entitlements for members separating or being released from active duty. In addition, among other things, this Act increases the number of senior Reserve Officers' Training Corps (ROTC) scholarships for the Navy and Air Force, provides extended and increased authority for reimbursement of military members for alternate quarters when shipboard quarters are uninhabitable.

Background and Discussion

During the 96th Congress, significant increases in compensation were authorized for military personnel, including an 11.7 percent across-the-board pay raise, an additive Variable Housing Allowance, increases in flight and sea pay, improvements in permanent change-of-station reimbursements, and other improvements. Since enactment of these changes, some improvements in manning levels have been noted. However, Congress decided that further substantial improvements are necessary in fiscal year 1982 to provide necessary incentives for a career of military service, and to compensate members of the armed forces for the expenses they incur as a result of compliance with military orders. This Act addresses these needs by providing a wide range of general improvements plus specifically "targeted" increases aimed at enhancing career motivation and meeting manning needs in specific high-demand or hazardous skills. Set forth below is a summary of the officer and enlisted pay rates authorized in the Act:

COMMISSIONED OFFICERS[1]

Pay grade	Years of service computed under section 205 of title 37, United States Code													
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
O-10[2]	$4,506.60	$4,665.30	$4,665.30	$4,665.30	$4,665.30	$4,884.30	$4,844.20	$5,215.20	$5,215.20	$5,588.10	$5,588.10	$5,961.90	$5,961.90	$6,333.90
O-9	3,994.20	4,089.90	4,186.20	4,186.20	4,186.20	4,292.70	4,292.70	4,471.20	4,471.20	4,844.10	4,844.10	5,215.20	5,215.20	5,588.10
O-8	3,617.70	3,726.00	3,814.50	3,814.50	3,814.50	4,089.90	4,098.90	4,292.70	4,292.70	4,471.20	4,665.30	4,844.10	5,038.20	5,038.20
O-7	3,006.00	3,210.60	3,210.60	3,210.60	3,354.30	3,354.30	3,549.00	3,549.00	3,726.00	4,098.90	4,380.60	4,380.60	4,380.60	4,380.60
O-6	2,228.10	2,448.30	2,608.20	2,608.20	2,608.20	2,608.20	2,608.20	2,608.20	2,696.70	3,123.60	3,283.20	3,354.30	3,549.00	3,849.00
O-5	1,782.00	2,092.80	2,237.10	2,237.10	2,237.10	2,237.10	2,305.20	2,428.80	2,591.40	2,785.50	2,945.40	3,034.20	3,140.40	3,140.40
O-4	1,502.10	1,828.80	1,951.20	1,951.20	1,986.90	2,075.10	2,216.40	2,341.20	2,448.30	2,555.40	2,626.20	2,626.20	2,626.20	2,626.20
O-3[3]	1,395.90	1,560.60	1,668.30	1,845.90	1,934.10	2,004.00	2,111.70	2,216.40	2,271.00	2,271.00	2,271.00	2,271.00	2,271.00	2,271.00
O-2[3]	1,217.10	1,329.30	1,596.90	1,650.60	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10
O-1[3]	1,056.60	1,099.80	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30

[1] Basic pay is limited to the rate of basic pay payable for level V of the Executive Schedule.

[2] While serving as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, basic pay for this grade is $6,998.50 regardless of cumulative years of service computed under section 205 of title 37, United States Code.

[3] Does not apply to commissioned officers who have been credited with over 4 years of active service as enlisted members or warrant officers.

COMMISSIONED OFFICERS WHO HAVE BEEN CREDITED WITH OVER 4 YEARS ACTIVE SERVICE AS ENLISTED MEMBERS OR WARRANT OFFICERS

Pay grade	Years of service computed under section 205 of title 37, United States Code										
	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
O-3	$1,845.90	$1,934.10	$2,004.00	$2,111.70	$2,216.40	$2,305.20	$2,305.20	$2,305.20	$2,305.20	$2,305.20	$2,305.20
O-2	1,650.60	1,685.10	1,738.50	1,828.80	1,899.00	1,951.20	1,951.20	1,951.20	1,951.20	1,951.20	1,951.20
O-1	1,329.30	1,419.90	1,472.40	1,525.50	1,578.60	1,650.60	1,650.60	1,650.60	1,650.60	1,650.60	1,650.60

WARRANT OFFICERS

Pay grade	Years of service computed under section 205 of title 37, United States Code													
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
W-4	$1,422.00	$1,525.50	$1,525.00	$1,560.00	$1,631.40	$1,703.40	$1,774.80	$1,899.00	$1,986.90	$2,057.10	$2,111.70	$2,180.40	$2,253.60	$2,428.80
W-3	1,292.70	1,402.20	1,402.20	1,419.90	1,436.70	1,541.70	1,631.40	1,685.10	1,738.50	1,790.70	1,845.90	1,917.30	1,986.90	2,057.10
W-2	1,132.20	1,224.60	1,224.60	1,260.30	1,329.30	1,402.20	1,455.00	1,508.40	1,560.60	1,615.20	1,668.30	1,721.10	1,790.70	1,790.70
W-1	943.20	1,081.50	1,081.50	1,171.80	1,224.60	1,277.40	1,329.30	1,384.20	1,436.70	1,439.50	1,541.70	1,596.90	1,596.90	1,596.90

ENLISTED MEMBERS

Pay grade	Years of service computed under section 205 of title 37, United States Code													
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
E-9[1]	0	0	0	0	0	0	$1,653.90	$1,619.40	$1,729.80	$1,769.70	$1,809.00	$1,844.10	$1,941.30	$2,130.00
E-8	0	0	0	0	0	$1,387.50	1,426.50	1,464.30	1,502.70	1,542.00	1,577.70	1,616.40	1,711.50	1,902.30
E-7	$968.70	$1,045.50	$1,084.50	$1,122.00	$1,160.70	1,197.30	1,236.00	1,274.10	1,331.70	1,369.50	1,408.20	1,426.50	1,522.20	1,711.50
E-6	833.10	908.40	946.50	986.40	1,023.00	1,060.50	1,099.20	1,155.90	1,192.20	1,230.60	1,249.20	1,249.20	1,249.20	1,249.20
E-5	731.40	796.20	834.60	870.90	927.90	965.70	1,004.40	1,041.30	1,060.50	1,060.50	1,060.50	1,060.50	1,060.50	1,060.50
E-4	682.20	720.30	762.30	821.70	854.40	854.40	854.40	854.40	854.40	854.40	854.40	854.40	854.40	854.40
E-3	642.60	677.70	705.00	732.90	732.90	732.90	732.90	732.90	732.90	732.90	732.90	732.90	732.90	732.90
E-2	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30
E-1	551.40	551.40	551.40	551.40	551.40	555.40	551.40	551.40	551.40	551.40	551.40	551.40	551.40	551.40

[1] While serving as Sergeant Major of the Army, Master Chief Petty Officer of the Navy or Coast Guard, Chief Master Sergeant of the Air Force, or Sergeant Major of the Marine Corps, basic pay for this grade is $2,589.00 regardless of cumulative years of service computed under section 205 of title 37, United States Code.

BASIC ALLOWANCE FOR QUARTERS

Pay grade	Without dependents		With dependents
	Full rate	Partial rate [1]	
Commissioned officers:			
O-10	$489.00	$50.70	$611.70
O-9	489.00	50.70	611.70
O-8	489.00	50.70	611.70
O-7	489.00	50.70	611.70
O-6	438.90	39.60	535.50
O-5	404.70	33.00	487.20
O-4	360.30	26.70	434.70
O-3	316.80	22.20	390.90
O-2	275.10	17.70	348.00
O-1	214.80	13.20	279.60
Warrant officers:			
W-4	$347.10	$25.20	$419.10
W-3	309.60	20.70	381.60
W-2	269.10	15.90	342.60
W-1	243.00	13.80	314.70
Enlisted members:			
E-9	261.90	18.60	368.70
E-8	241.50	15.30	340.50
E-7	205.50	12.00	316.80
E-6	186.60	9.90	291.60
E-5	179.40	8.70	267.90
E-4	158.10	8.10	235.50
E-3	141.30	7.80	205.50
E-2	124.80	7.20	205.50
E-1	117.90	6.90	205.50

[1] Payable to a member without dependents who, under section 403 (b) or (c) of title 37, United States Code, is not entitled to receive a basic allowance for quarters.

SPECIAL PAY FOR HAZARDOUS DUTY

"Pay grade	Years of service computed under section 205						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
E-9	$131	$131	$131	$131	$131	$131	$131
E-8	131	131	131	131	131	131	131
E-7	100	106	106	106	113	119	131
E-6	88	94	94	100	106	113	119
E-5	83	88	88	100	100	106	113
E-4	83	83	83	88	94	100	100
E-3	83	83	83	83	83	83	83
E-2	83	83	83	83	83	83	83
E-1	83	83	83	83	83	83	83
E-4 under 4 months.	83						
Aviation cadets	83						

"Pay grade	Years of service computed under section 205						
	Over 12	Over 14	Over 16	Over 18	Over 22	Over 26	Over 30
E-9	$131	$131	$131	$131	$131	$131	$131
E-8	131	131	131	131	131	131	131
E-7	131	131	131	131	131	131	131
E-6	119	125	125	125	125	125	125
E-5	119	119	119	119	119	119	119
E-4	100	100	100	100	100	100	100
E-3	83	83	83	83	83	83	83
E-2	83	83	83	83	83	83	83
E-1	83	83	83	83	83	83	83".

"Pay grade	"Years of service as an air weapons controller						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
O-7 and above	$200	$200	$200	$200	$200	$200	$200
O-6	225	250	300	325	350	350	350
O-5	200	250	300	325	350	350	350
O-4	175	225	275	300	350	350	350
O-3	125	156	188	206	350	350	350
O-2	125	156	188	206	250	300	300
O-1	125	156	188	206	250	250	250

"Pay grade	"Years of service as an air weapons controller							
	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 24	Over 25
O-7 and above	$200	$200	$200	$200	$200	$200	$200	$110
O-6	350	350	350	350	300	250	250	225
O-5	350	350	350	350	300	250	250	225
O-4	350	350	350	350	300	250	250	225
O-3	350	350	350	300	275	250	225	200
O-2	300	300	300	275	245	210	200	180
O-1	250	250	250	245	210	200	180	150

Of significance during Committee consideration of the legislation was an amendment offered by Sen. Dan Quayle to increase hazardous duty pay by 50%. Hazardous duty pay had not been increased since 1955. Sen. Quayle's amendment would adjust the pay scales to reflect the changes in the economic climate for the many personnel who everyday risk injury or loss of life.

AVIATION CAREER INCENTIVE PAY

"PHASE I	
"Years of aviation service (including flight training) as an offer	Monthly rate
2 or less	$125
Over 2	156
Over 3	188
Over 4	206
Over 6	400

"PHASE II	
"Years of service as an officer as computed under section 205	Monthly rate
Over 18	$370
Over 20	340
Over 22	310
Over 24	280
Over 25	250".

This Act provides a new basic pay table for uniformed service personnel and cadets at the military academies. These changes are intended to:

Relieve pay "compression" by providing larger pay differentials between first-term and career members to provide a positive career inducement;

Enhance pay rates for middle and senior enlisted grades to provide greater incentives for promotion, career advancement, and retention;

Add new longevity increases at 24 and 26 years to encourage longer service among senior enlisted personnel, and at 16, 18 and 20 years for O-3's; and

Provide increased retention incentives for mid-career officers and officers whose superior performance merits early promotion.

In effect, the Act increased the basic pay of military personnel by amounts ranging from 10 percent to 17 percent depending on pay grade. Basic pay for pay grade E-1 would increase by 10 percent; for E-2 and E-3, 10.7 percent; for E-4, 13 percent; for E-5 and E-6, 16.5 percent; for E-7, E-8, and E-9, 17 percent; and for all warrant and commissioned officers, 14.3 percent. Basic allowance for quarters and basic allowance for subsistence would increase by 14.3 percent.

Other provisions of this Act are designed to improve the "quality of life" of military personnel and their families in order to improve retention rates among our more talented military personnel who have been leaving the service in increasing numbers for more attractive civilian positions.

*IV. Military Construction Authorization Act of 1982**

(97th Congress, S. 1408)

Purpose of the act

The purpose of the Act is to provide construction and other related authority for the military departments, and the Office of the Secretary of Defense, within and outside the United States, in the total amount of $7,027,932,000.

Authorizations granted

Authorizations recommended are set forth in the table below:

Total authorization granted, fiscal year 1982

Title I (Army):	
Inside the United States	$350,176,000
Outside the United States	464,730,000
Minor construction	34,150,000
Subtotal	849,056,000
Title II (Navy):	
Inside the United States	957,288,000
Outside the United States	236,445,000
Minor construction	32,510,000
Subtotal	1,226,243,000

Title III (Air Force):	
Inside the United States	657,141,000
Outside the United States	569,174,000
Minor construction	28,680,000
Subtotal	1,254,995,000
Title IV (Defense Agencies)	304,890,000
Minor construction	6,210,000
Subtotal	311,100,000
Title V (NATO infrastructure)	425,000,000
Title VI (M–X)	366,000,000
Title VII (Military Family Housing):	
Construction	273,354,000
Operations and maintenance	2,040,184,000
Homeowners assistance	2,000,000
Subtotal	2,319,538,000
Title IX (Guard and Reserve Forces):	
Army National Guard	60,000,000
Army Reserve	50,000,000
Naval and Marine Corps Reserve	35,000,000
Air National Guard	100,000,000
Air Force Reserve	35,000,000
Subtotal	280,000,000
Grand total	7,027,932,000

*Currently pending before the House of Representatives.

Summary of Senate Action

The Department of Defense originally requested $6,660,536,000 in new authority to construct 737 projects at 405 installations, covering 49 States, the District of Columbia, and Puerto Rico and 22 foreign countries, and to operate and maintain the current inventory of 384,000 military family housing units. This request was amended during the review of the legislation to accommodate the revisions of the new administration in the amended amount of $7,028,842,000.

The Subcommittee on Military Construction and Stockpiles under the chairmanship of the distinguished Senator Strom Thurmond, heard testimony from Department of Defense officials and from Service representatives in support of the bill at four different hearings. Special presentations were received on the high cost, special interest programs being requested.

After carefully reviewing each individual project in the request, the committee recommended elimination of some projects which it felt were of questionable validity or could be deferred without injury to the overall program. In addition, the committee has added certain high priority projects that are far enough along in design so that they can be put under contract in fiscal year 1982.

The following table summarizes Senate action:

[Dollar amounts in thousands]

	Original request	Amended request	Committee approved	Difference: Amount	Difference: Percent
Title I—Army	$813,265	$849,616	$849,056	−$560	
Title II—Navy	1,074,183	1,175,283	1,226,243	+50,950	+4
Title III—Air Force	1,610,000	1,680,955	1,254,995	−425,960	−25
Title IV—Defense agencies	248,400	326,100	311,100	−15,000	−5
Title V—NATO infrastructure	425,000	425,000	425,000	0	0
Title VI—MX			366,000	+366,000	+100
Title VII—Military family housing	2,284,888	2,368,888	2,315,538	−53,350	−2
Title IX—Guard and Reserve	204,800	203,000	280,000	+77,000	+38
Total	6,660,536	7,028,842	7,027,932	−910	0

V. Intelligence Authorization Act, 1982

Purpose of the Act

For fiscal year 1982 the Intelligence Authorization Act:

(1) authorizes appropriations for fiscal year 1982 for (a) intelligence activities of the United States, (b) the Intelligence Community Staff, and (c) the CIA Retirement and Disability Systems;

(2) authorizes the personnel end-strengths as of 30 September 1982 for (a) the Central Intelligence Agency, and (b) the Intelligence Community Staff; and

(3) authorizes supplemental appropriations for fiscal year 1981 for the intelligence activities of the United States.

The Classified Report and the Appendix

The classified nature of United States intelligence activities prevents the disclosure of details of the intelligence budget.

Under the leadership of Chairman Barry Goldwater, the Senate Select Committee on Intelligence, however, has prepared a classified report which describes in detail the full scope and intent of its actions and the specific amounts authorized for each of the major intelligence programs. In its unclassified report on S. 1127, Senate Report No. 97–57, the Senate Select Committee on Intelligence states that "the classified report, although not available to the public, will have the full force of any Senate Report, and that the intelligence community will comply with the guidelines, directions and limitations contained therein."

The Committee on Armed Services has prepared a classified appendix to the classified report of the Senate Select Committee on Intelligence referred to above. This appendix contains details of changes recommended by the Committee on Armed Services to the classified report of the Select Committee on Intelligence.

VI. Energy National Security Program Authorization Act of 1982

Purpose of the Act

This Act provides authority for appropriations to the Secretary of Energy for the operating expenses, capital equipment and construction costs related to the National Defense Programs of the Department of Energy.

Nominations

Another important function of the Committee under Sen. Tower's leadership is to assist the Senate in exercising its constitutional duties in the nomination process. The Committee considers all nominations for the Department of Defense positions requiring the advice and consent of the Senate. During the first session of the 97th Congress, the Committee has acted on 29 statutory nominations, all of which were subsequently confirmed by the Senate.

Following hearings and favorable Committee reports, Caspar W. Weinberger was confirmed as Secretary of Defense, Frank C. Carlucci was confirmed as Deputy Secretary of Defense, John O. Marsh, Jr. was confirmed as Secretary of the Army, John F. Lehman, Jr. was confirmed as Secretary of the Navy, George Vernon Orr, Jr. was confirmed as Secretary of the Air Force, William H. Taft, IV, was confirmed as General Counsel of the Department of Defense, Richard D. DeLauer was confirmed as Under Secretary of Defense for Research and Engineering, and Thomas K. Turnage was confirmed as Director of Selective Service. In addition, over 58,295 nominations for military promotions were routinely considered by the Commitee and approved by the Senate.

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Under the leadership of the distinguished Senator from Utah, JAKE GARN, the Committee on Banking, Housing, and Urban Affairs has emphasized two major priorities during the first session of the 97th Congress. First, the Committee has reduced the rapid growth of spending for housing, urban development, urban mass transit, and export subsidies. Second, the Committee reduced and streamlined Federal Government regulatory interference in State and local government decisions about housing and development, in business practices and recordkeeping, and in exports from the United States. The Committee has also made substantial progress toward legislation to remove unnecessary statutory and regulatory restrictions on the operation of financial institutions.

The Banking Committee's reductions in Federal spending are accomplished by title III of the Omnibus Budget Reconciliation Act of 1981, P.L. 97–35. For the four fiscal years 1981 through 1983, this title saves $62 billion in budget authority and $6.6 billion in government outlays. This budget authority savings in Banking Committee programs is over one-third of the total budget authority savings of $176 billion in the Reconciliation Act. Thus, the Banking Committee with the support and leadership of Senator RICHARD LUGAR'S Housing Subcommittee had a major role in accomplishing the budget savings of this landmark legislation. Senator LUGAR'S commitment to improved Federal housing and community development programs facilitated the passage of the Housing and Community Development Act Amendments of 1981, which among other important benefits, reduced Federal intrusion into local decisionmaking as well as costly overregulation and created a state administered small cities block grant program.

The Committee also increased the efficiency of Federal housing programs through changes adopted in the Reconciliation Act. By reducing the costs of assisting each needy family, housing assistance programs can help more families with the limited government subsidies available. Senator William L. Armstrong, Chairman of the Economic Policy Subcommittee, lead the charge for permanent tax and spending reduction, increasing military pay, and assuring that public housing serves the nation's poor.

The second priority of the Banking, Housing, and Urban Affairs Committee has been to reduce unnecessary statutory and regulatory restrictions. Reductions in excessive regulations have been accomplished through the Committee's Title III of the Reconciliation Act and other legislation passed by the Senate as recommended by the Committee.

As part of the Reconciliation Act, the principal urban development program, community development block grants, has been deregulated to reduce burgeoning administrative hurdles forced in the path of local governments seeking "entitlement" community development grants. Statutory constraints on local government decisions about the appropriate type of housing assistance for their area have also been reduced. These and other changes lessen improper Federal interventions in what should be local decisions.

The Business Accounting and Foreign Trade Simplification Act, S. 708, passed the Senate on October 9, 1981, based on the Banking Committee's recommendations.

Other legislation was also enacted in 1981 upon the Committee's recommendation. The Cash Discount Act, enacted on July 27, 1981, removes the 5 percent limitation and regulatory constraints on cash discounts that have inhibited the ability of merchants to offer discounts to cash paying customers. The George Washington Commemorative Coin Act, authorizing the minting of one silver commemorative half dollar to commemorate the two hundred fiftieth anniversary of the birth of George Washington, was enacted on December 9, 1981. The Senate passed the Olympic Coin Act on December 9, 1981 authorizing the Secretary of the Treasury to mint special coins commemorating the 1984 Los Angeles Olympics.

This will remove unnecessary regulatory restraints and uncertainties about the responsibility of U.S. companies for the actions of third parties and about the legality of common practises in other countries that are necessary to facilitate U.S. exports. These excessive regulations result from the Foreign Corrupt Practices Act of 1977. The bill will also remove excessive recordkeeping requirements imposed by the accounting provisions of that act.

At the Committee's recommendation the Senate also passed the Export Administration Act Amendments of 1981, S. 1112. These amendments will increase the efficiency of export controls and reduce duplication of effort by enhancing the deterrent effect of penalties and by increasing information sharing among the enforcing agencies.

Finally the Committee has begun to develop a consensus to continue deregulation of financial institutions. This will ensure the continued financial integrity of depository institutions and enhance their ability to offer financial services to serve the needs of individual and business consumers. On October 7, the Committee Chairman, Senator Garn, introduced S. 1720 which contains seven titles. Many of these titles were introduced separately this year by other Committee members, with provisions ranging from municipal revenue bond underwriting authority for commercial banks and commercial lending powers for savings and loan associations to an increase in deposit insurance to $250,000 on IRA/Keogh retirement accounts.

By introducing this legislation, conducting hearings and promoting discussions among interested parties, the Committee should complete action next year which will remove unnecessary statutory and regulatory restrictions on the operation of banks and thrift institutions. The need for this type of comprehensive legislation is a result of steadily increasing competition within the financial service industry which has made existing laws and regulations obsolete in many cases.

COMMITTEE ON THE BUDGET

The first session of the 97th Congress has been an extraordinary period for the Senate and no less so for the Committee on the Budget led by its distinguished chairman Senator Pete Domenici. In the first seven months of 1981, the Committee's work focused largely on the spending reductions proposed in the President's Economic Recovery Plan. Through the reconciliation procedure under the Budget Act, it was possible to move the President's spending reductions through Congress in a single Omnibus Bill which the President signed into law on August 13th. This bill reduced Federal spending below the levels it would have otherwise reached by $37.1 billion in fiscal year 1982, $45.1 billion in FY 1983 and $51.7 in FY 1984. Savings in years beyond 1984 will be even larger. The Budget Committee was in the center of the work on this unprecedented legislation.

In addition to its work on reconciliation, the Budget Committee developed the First Budget Resolution for FY 1982 and reviewed all pending legislation for consistency with overall Congressional policies.

DECISION TO USE RECONCILIATION PROCEDURES

Given the enormous economic problems facing the nation, and the scope and dimension of the spending reductions with which the President sought to implement his election mandate, it quickly became clear that the traditional legislative process was not likely to deliver comprehensive results within the time period in which action was needed. The logical alternative was the reconciliation process under the Budget Act. Senators Grassley and Gorton worked unendingly both in Committee and on the floor of the Senate to bring these procedures to fruition. Where other approaches have failed, Reconciliation has proven to be the first successful method to reduce the rate of growth of the Federal Government. The decision to use the reconciliation process was a Congressional decision. It could not have been employed without support from a majority in both chambers. The strong support of the Senate majority leadership and the cooperation of the House leadership were also essential. The reconciliation procedure was used because it is the only existing mechanism which assures that Congressional decisions on aggregate fiscal policies are in fact implemented by the standing committees according to an established time table. Furthermore, while compelling unified action, reconciliation preserves the fundamental roles of the authorizing and appropriating committees as the primary policy makers with respect to specific programs.

RECONCILING AUTHORIZATIONS

A key component of the decision to use the reconciliation process was the key reconciliation of authorizations. The authorizing committees were assigned the initial responsibility for reducing the levels of spending permitted in programs within their jurisdiction. This enabled the authorizing committees to recommend priorities among those programs over which they have jurisdiction so that the remaining funds would be spent for the highest priority purposes. It also avoided placing on the Appropriations Committee most of the burden of achieving fiscal restraint.

S. CON. RES. 9—INITIAL SENATE VERSION OF RECONCILIATION INSTRUCTIONS

After reviewing the President's proposals, the Committee on the Budget provided the Senate with recommended levels of spending reductions and provided the committees with a wide variety of options which could be used to achieve those reductions. The first step was the reporting on March 23, 1981 of S. Con. Res. 9. This was a free-standing reconciliation instruction in the form of an amendment to the Second Budget Resolution for FY 1981. This resolution called for spending reductions in excess of $35 billion in fiscal year 1982 and $87 billion over the fiscal year 1982–83 period. It assumed reductions in more than 200 programs and directed Senate Committees to begin immediately the major task of marking up the necessary legislative revisions and proposals. S. Con. Res. 9 passed the Senate on April 2, 1981 by an overwhelming majority of 88–10. Senator Quayle suggested the inclusion of funding for the alcohol fuels loan guarantee program, and the way was paved for a colloquy on the Senate floor which made possible the inclusion of funding during conference consideration.

S. CON. RES. 19—SENATE VERSION OF FIRST BUDGET RESOLUTION FOR FY 1981

Shortly after the Senate approved S. Con. Res. 9, the Committee on the Budget reported S. Con. Res. 19, the First Concurrent Resolution on the Budget for Fiscal Year 1982 (which additionally revised the Second Concurrent Resolution on the Budget for Fiscal Year 1981). Because the House preferred to go to conference on one legislative vehicle and address FY 1984 as well, the reconciliation instructions contained in S. Con. Res. 9 were expanded and incorporated into S. Con Res. 19 which covered FY 1981–84. Once again, the spending reduction procedures and instructions received the overwhelming support of the Senate and S. Con. Res. 19 was approved by a vote of 78–20 on May 12, 1981. The conference with the House was completed in one day because the House through adoption of the "Gramm-Latta" version had been substantially modified floor substitute, so that it was quite similar to the Senate's resolution. The final version of the resolution was approved on May 21, 1981 by a vote of 76–20.

S. 1377—RECONCILIATION BILL

The Committee on the Budget is responsible under section 310 of the Congressional Budget and Impoundment Control Act of 1974 for packaging the legislative recommendations made by the committees of jurisdiction in response to reconciliation instructions. Thus, on June 17, 1981, the Committee on the Budget reported S. 1377, the Omnibus Reconciliation Act of 1981, a bill of about 650 pages in length and supported by explanatory material of over 600 pages. After minor modification via floor amendments, this historic legislation was passed by a vote of 80–15 on June 25, 1981.

Extraneous material

During Senate consideration of the Reconciliation bill, extensive debate centered on the inclusion of so-called "extraneous material"—provisions that did not directly relate to reducing expenditures—in the bill. A number of Senators argued that such provisions should not be protected against filibuster or non-germane floor amendments under the provisions applicable to reconciliation bills. The Committee on the Budget has no power to edit the submissions of the instructed committees. Thus, committees were free to include matter in their submissions that was not directed to the goal of spending reductions. Only a small portion of the provisions in the bill were clearly extraneous, however. The Senate leadership sought and obtained a unanimous consent agreement, exempting from budget act protection provisions that were clearly extraneous. In addition, a number of extraneous provisions were dropped by the originating Committees.

Reconciliation conference

The conference on the Reconciliation Act consumed a full month. Given the extraordinary magnitude of the legislation, the conference deliberations were characterized

by a clear bi-partisan desire to achieve the level of spending reductions achieved by the two chambers in their separate bills. More than 250 Senators and Representatives participated in this conference and 59 subconferences were established to negotiate and resolve differences on the multitude of legislative provisions contained in the House and Senate-passed bills.

The conference concluded its exhaustive work on July 29. The mammoth bill came back from the House on July 31, and passed the Senate by a vote of 80–14 on July 31, 1981.

Multi-year budgeting

In addition to the use of the reconciliation process, the First Concurrent Resolution on the Budget for Fiscal Year 1982 contained another major step forward in the improvement of the budget process. The House and Senate, were, for the first time, able to agree on the spending and revenue targets for Fiscal years 1983 and 1984 as well as the totals for the fiscal year 1982. This resolution demonstrated that a multi-year approach to budgeting is feasible within the current procedural framework. Only through such an approach can the Senate have the necessary information and perspective to make rational decisions for today and tomorrow.

Credit budgeting—off-budget spending

Although the Federal budget encompasses nearly $700 billion of direct federal spending, it does not deal adequately with the nearly $150 billion of direct loan and loan guarantees granted by agencies of the federal government. Similarly, the deficit shown in the familiar federal budget is substantially augmented by the nearly $20 billion of off-budget deficit. Most of this off-budget deficit can be attributed to the credit activities of the Federal Financing Bank.

The Committee on the Budget attempted this year to expand the scope of the budget process to encompass more fully the total activities of the federal government. For the first time, the First Concurrent Resolution on the Budget for Fiscal Year 1982 established targets for Federal credit activities distributed by budget functions. In doing so, it established targets for both direct loans and loan guarantees for all federal on- and off-budget agencies. Additionally, the resolution called upon the Executive to limit the off-budget activities of the Federal Financing Bank to levels consistent with Congressional policy. The Budget committee has established a task force to recommend further measures that Congress might wish to take.

Delayed enrollment of spending bills

As part of the First Concurrent Resolution on the Budget for Fiscal Year 1982, the Committee on the Budget recommended and Congress adopted a provision to delay enrollment of appropriation and direct spending bills which exceed committee or subcommittee allocations under the budget resolution. This procedure, described in Section 301(b) of the Congressional Budget Act, provides Congress with the opportunity to re-examine spending decisions which depart from budget resolution assumptions before legislation is signed into law. This "second-look" reflects the Congress' commitment to review its fiscal and revenue policy decisions in the aggregate and, when appropriate, to revise such actions to comport with Congressionally-established policies.

Key role of other committees

Although the Committee on the Budget was the primary coordinator of the reconciliation process, its successful use was an achievement of the entire Senate. The responsible committees supported the reconciliation instructions and implemented the instructions as they emerged from the House-Senate conference. The Committees then helped manage the floor action on the reconciliation bill and led the work in the many reconciliation sub-conferences.

In the context of an effective budget process in general, and the Reconciliation Act and the First Concurrent Resolution on the Budget in particular, the determination of the committees of jurisdiction to live within the limits established by the Congress as a whole has been and will continue to be the bedrock upon which an effective budget process must rest.

Since its inception, the Committee on the Budget has consistently sought out the advice and opinions of the standing committees of the Senate and has given their priorities the greatest possible weight in the committee's deliberations on the contours of the federal budget. This year, as in every year, budget decisions reflected the will of the Senate which has never hesitated to use its prerogative to revise the priorities recommended by the Committee on the Budget.

Second budget resolution

The work of the Budget Committee after the August recess was directed primarily to the development of the Second Concurrent Budget Resolution for FY 1982. The resolution was approved by the Senate on December 9th and by the House on December 10th.

Both the timing and the content of the Second Resolution were greatly affected by developments in the nation's economy and by a new set of policy recommendations submitted to Congress by President Reagan on September 24, 1981. The delay in action on the Resolution beyond the September 15th target date specified in the Budget Act also stemmed partially from the fact that work on the Reconciliation Act consumed time the Budget Committee would normally have spent in developing the Second Resolution.

When Congress reconvened after the August recess, it was informed that the President would shortly submit revised budget proposals for FY 1982. The September 24th Presidential address to the nation and subsequent messages to Congress proposed substantial further spending reductions, along with certain revenue enhancement actions. The President's proposals took into account the worsening economic picture and its effects on the Federal Budget deficit.

The President's proposals proved to be quite controversial. For several weeks, the Republican leadership in the Senate worked on a possible counter-proposal. It proved impossible to develop a plan that could attract sufficient support in both Houses to have a chance of passage. As a result, many of the actions recommended by the President on September 24 were not approved by Congress.

In November, the Budget Committee met for a total of five days in an effort to develop the Second Budget Resolution. It proved impossible for the Committee to reach agreement on substantive revisions of the First Budget Resolution, even though it was clear that economic developments had caused the targets in the First Budget Resolution to become outdated. The Committee finally decided to recommend that Congress simply reaffirm the First Budget Resolution for the time being. In making this recommendation the Committee recognized several realities:

1. A comprehensive plan developed by Chairman Domenici for moving the Federal Budget toward balance was not endorsed by the Administration and was defeated in the Committee by a 12 to 10 vote.

2. The House Budget Committee had concluded that a reaffirmation of the First Budget Resolution was the only version of a Second Resolution that could be passed by the House.

3. The Administration was in the midst of its budget preparations for the FY 1983 cycle and would not have its new policy recommendations available until January 1982.

4. It became clear that projections of large deficits for the next several years and the softness in the nation's economy would require comprehensive policy deliberations not feasible in the waning days of this session of Congress.

In addition to reaffirming the First Budget Resolution, Congress included in the Second Budget Resolution language (1) reaffirming the goal of a balanced budget, (2) calling on the President to submit comprehensive proposals to provide maximum progress toward a balanced budget and (3) directing the Senate Budget Committee to report a revised Second Budget Resolution for FY 1982 and a First Budget Resolution for FY 1983 no later than March 31, 1982.

What distinguishes the first session of the 97th Congress from the standpoint of its handling of budget issues, is that this was the first time a majority of both chambers believed that the overriding obligation of the House and the Senate to the public was to reduce substantially the growth of federal spending. The key action of the Senate Budget Committee was to lead the way in using the budget process to achieve this vital goal. The Budget Act provided the legislative mechanism to achieve dramatic revisions of federal fiscal policy as proposed by the President and supported by a majority of the American people.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Under the leadership of Chairman BOB PACKWOOD of Oregon, the first session of the 97th Congress, proved to be an extremely busy and productive legislative session for the Committee on Commerce, Science, and Transportation. To date, a total of 116 bills and 8 amendments have been referred to the Committee, and 39 bills and resolutions have been reported by the Committee to the Senate. This legislation touches on issues in virtually every key economic, regulatory, and scientific sector in the U.S. economy, including those relating to aviation, communications, surface transportation, merchant marine, space, oceans, and the consumer.

Throughout the legislative process, the Committee has sought to deregulate economic activities to ensure that the consumer receives better service at less total cost, to reestablish the appropriate role of Congress in the establishment of key national policy issues, and to stimulate innovative thinking and approaches in efforts to solve key national problems and increase the national well-being.

This legislative philosophy has manifested itself in such legislation as that relating to Conrail, which best illustrates the commitment of the Federal Government to return the railroad industry to the private sector; to Amtrak, where significantly greater management flexibility to operate on a more economic basis was mandated; and to communications, where the Telecommunications Competition and Deregulation Act of 1981 created a deregulatory environment for the Nation's telecommunications industry for the first time in almost 50 years.

COMMUNICATIONS

During the first session of the 97th Congress, the Communications Subcommittee, under the leadership of Sen. BARRY GOLDWATER of Arizona, fostered Senate passage of legislation, creating for the first time in almost 50 years, a deregulatory environment for the Nation's telecommunications industry. In both broadcasting and domestic common carrier industries, the actions of the

Senate have regained for Congress (not the FCC or the Courts) its appropriate role of establishing national telecommunications policy.

LEGISLATIVE ACCOMPLISHMENTS—A SUMMARY

S. 270, the Radio Deregulation Act of 1981.—Introduced on January 27, 1981 by Senator SCHMITT, and cosponsored by Senators PACKWOOD, GOLDWATER, PRESSLER, STEVENS, CANNON, and HOLLINGS. Hearings were held before the Subcommittee on Communications on February 26 and 27, 1981. S. 270 was included, in substance, by amendment to S. 1377, the Omnibus Reconciliation Act of 1981 (P.L. 97–35). The amendment was adopted by the Senate on June 25, 1981 by a vote of 55–40. The House-Senate Reconciliation conference, held July 26, 1981, adopted significant provisions of S. 270, specifically a seven-year license term for radio broadcast licensees; a lottery to be used to select between competing applicants; and reimbursement of competing applicants subject to FCC approval.

S. 271, the International Record Carrier Competition Act of 1981.—Introduced on January 27, 1981 by Senator GOLDWATER, and cosponsored by Senators PACKWOOD, SCHMITT, PRESSLER, CANNON, HOLLINGS and INOUYE. Hearings were held before the Subcommittee on February 18, 1981. S. 271 was reported by the full Committee on March 12, 1981, and passed by the Senate by voice vote on June 22, 1981. The Bill repeals Section 222 of the Communications Act of 1934. It would thus permit the FCC to allow Western Union to provide international telecommunications services.

S. 601, the Television Licensing and Renewal Act of 1981.—Introduced on March 3, 1981 by Senator GOLDWATER, cosponsored by Senators PACKWOOD, SCHMITT, PRESSLER, STEVENS, KASTEN, CANNON, HOLLINGS, INOUYE, FORD, RIEGLE, and EXON. Hearings were held before the Subcommittee on March 23 and 30, 1981. S. 601 was included, in substance, by amendment to S. 1377, the Omnibus Reconciliation Act of 1981 (P.L. 97–35). The amendment was adopted by the Senate by a vote of 55–40. The House-Senate reconciliation conference, held July 26, 1981, adopted a five-year license term for television broadcast licensees, authorized a lottery system to be used in selecting among competing applicants, and subject to FCC approval, allows for reimbursement of competing applicants.

S. 720, the Public Telecommunications Act of 1981.—Introduced on March 17, 1981 by Senator Goldwater, and cosponsored by Senators PACKWOOD, SCHMITT and PRESSLER. Hearings were held before the Subcommittee on April 6 and 8, 1981, and the bill was reported out of full Committee on April 7, 1981. Although S. 720 remains on the Senate Calendar (No. 122), it was included, in substance, as an amendment to S. 1377, the Omnibus Budget Reconciliation Act of 1981 (P.L. 97–35) on June 25, 1981 by a 55–40 vote of the Senate. This measure, as approved in the House-Senate reconciliation conference, retains a forward-funding concept for public broadcasting, by authorizing appropriations of $130 million for three years beginning in 1984. The Conference agreement further authorized for public telecommunications facilities the following amounts: $20 million for 1982; $15 million for 1983; and $12 million for 1984.

S. 821, the Federal Communications Commission Authorization Act of 1981.—Introduced on March 27, 1981 by Senator PACKWOOD, and cosponsored by Senators GOLDWATER, SCHMITT and PRESSLER. Hearings were held before the Subcommittee on May 1, 1981. The bill was reported by the Committee on May 6, 1981. Although S. 821 appears on the Senate Calendar (No. 98), several significant parts of it were enacted as an amendment to S. 1377, the Omnibus Reconciliation Act of 1981 (P.L. 97–35). For the first time since its establishment in 1934, this measure adopts a two-year (1982–1983) authorization for the Federal Communications Commission at $76 million for each year. Also enacted was an authorization for the National Telecommunications and Information Administration at $15.4 million for 1982. This agency had not been previously subject to Congressional authorization.

S. 898, the Telecommunications Competition and Deregulation Act of 1981.—Introduced by Senator PACKWOOD on April 7, 1981, and cosponsored by Senators GOLDWATER, SCHMITT, STEVENS, KASTEN, KASSEBAUM, PRESSLER, CANNON, and INOUYE. Hearings were held before the Subcommittee on June 2, 11, 15, 16, and 19. S. 898 was reported by the Committee on July 16, 1981 and was passed by the Senate on October 7, 1981. The purpose of S. 898, the Telecommunications Competition and Deregulation Act is to encourage marketplace competition in telecommunications service and equipment, and to deregulate telecommunications services while establishing appropriate safeguards so as to prevent anticompetitive practices. Generally, S. 898 provides for the classification of carriers to be regulated, permits only a fully separated affiliate of a dominant-regulated carrier (AT&T is so classified) to provide competitive services and equipment, prohibits a regulated carrier from providing cable services in the same operating area, and provides for the prevention of cross-subsidization of the fully separated affiliate by the dominant-regulated carrier. The bill ensures that basic telephone service will continue to be available at reasonable rates.

S. 929, the Amateur Radio Service and Private Land Mobile Services Act of 1981.—Introduced by Senator GOLDWATER and cosponsored by Senators PACKWOOD, SCHMITT, PRESSLER, STEVENS, CANNON, HOLLINGS, and INOUYE. The Committee reported S. 929 on September 18, 1981, and appears on the Senate Calendar (No. 273). S. 929 amends the Communications Act of 1934 to provide for improved administration of the amateur radio service and land mobile and fixed services by the Federal Communications Commission to address the problem of radio-frequency interference to certain electronic equipment, to permit volunteer assistance to the Federal Communications Commission in the area of examinations licensing, and enforcement in the amateur radio service.

S. 1629, the Broadcast Deregulation Act of 1981, provides as follows:

1. The FCC shall encourage the development of new and diverse sources of broadcasting programming;

2. The FCC shall eliminate unnecessary or anticompetitive broadcast rules and regulations;

3. Radio stations are not required to provide news, public affairs, locally produced, or any other programs; to adhere to any programming format; to maintain program logs; to ascertain the problems, needs and interests of its service area; or to restrict the amount, length, frequency, or scheduling of commercial matter;

4. The FCC shall renew a broadcast license if it finds that the operation of the station has been free of serious violations of the Communications Act or the rules and regulations promulgated thereunder; and that, with respect to television broadcast stations, the licensee substantially met the problems, needs, and interests of the residents of its service area in its program service;

5. No competing applications shall be considered by the FCC at renewal time for both radio and television licensees; and

6. The FCC shall encourage new and additional services, and such services will be presumed to be in the public interest if they are found to be technically feasible without causing significant technical degradation to, or interference with, other radio transmissions.

AVIATION

Senator NANCY KASSEBAUM, Chairman of the Aviation Subcommittee, developed legislation reauthorizing the Airport and Airway Development Act (ADAP). Her measure, S. 508, was reported to the Senate on May 15. A major feature of Mrs. KASSEBAUM's measure is the "defederalization" of 69 large and medium hub airports which are basically self-sufficient. This approach furthers current efforts to reduce the Federal presence in our economy while allowing the government to concentrate its resources on those airports most in need of development assistance. This measure is of great importance to small and mid-sized communities whose economic health relies heavily on the availability of well-maintained airport facilities.

S. 508 reauthorized the airport and airway development program for fiscal years 1981 through 1985 making a number of amendments to the existing program which promotes the safety and development of the airport and airway system.

The bill provides capital development funds for over 3,000 publicly used airports. It also provides that the Nation's 69 largest airports would become ineligible for federal airport development assistance after September 30, 1982; 40 airports by September 30, 1981 and 29 more by September 30, 1982.

Those airports that become ineligible to receive Federal assistance for airport development and airport planning would be permitted to charge a passenger facility charge. This would give the defederalized airports an additional source of revenues which can be used to replace the funds lost by defederalization.

Qualifying states would be given a block grant to administer for development of small commercial service and general aviation airports within their boundaries. $54 million per year would be allocated to the States for this purpose. Airports located in non-participating States would continue to apply to the Secretary of Transportation to obtain their project grants.

S. 1377, the omnibus reconciliation bill, authorized the expenditure of $450 million from the Airport and Airways Trust Fund for FY 81 for airport development by extending certain provisions of the Airport and Airway Development Act of 1970.

The Surface Transportation Subcommittee, under the leadership of Senator JOHN DANFORTH of Missouri, was responsible for formulating policy for two of the most important transportation issues facing the new Administration—Amtrak and Conrail. Amtrak has been given a new direction which has been long in coming: to operate as any private sector railroad should, free of government regulation and management. For the first time since its birth, the Consolidated Rail Corporation (Conrail) has begun the long needed process of rationalizing its system to meet the transportation needs of its shippers with a concurrent goal of financial independence. The Subcommittee also dealt with many other rail issues including the rehabilitation of historic Union Station, as well as motor carrier issues long awaiting Congressional action.

SURFACE TRANSPORTATION

S. 1192: Union Station Redevelopment Act of 1981.

Amends the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station;

Declares the facility shall be used primarily as a transportation center and secondarily as a commercial complex;

Transfers responsibility of the facility from Department of the Interior to the Department of Transportation;

Authorizes funds for the accelerated purchase of the facility over a six-year period for an additional annual payment of $275,000 (A savings of $27.8 million over the original 25-year lease/purchase agreement);

Authorizes the expenditure of $1 million of authorized funds from the Northeast Corridor Improvement Program (NECIP) for a study to determine the extent of deterioration; prepare a construction plan and detailed cost estimates to provide for the structural integrity of the building; within 12-months after enactment, the Secretary is to submit a report to Congress along with a plan/costs and a commitment of funds from authorized NECIP funds or from other authorized programs to be determined by the Secretary;

Utilizes Federal Highway funds allocated to the District of Columbia Department of Transportation to complete the parking facility and associated ramps;

Authorizes Secretary of Transportation to contract out space in the building, not used for transportation facilities, to a private developer for commercial development.

S. 1192 will provide for a final resolution to the critical issue of the rapid deterioration of the historic Union Station building; return the facility back to its original primary use as a transportation center and provide efficient facilities for passengers; provide for commercial development to generate funds to be used for the operation/maintenance of the facility to insure ongoing economic self-preservation and take the financial burden off of the taxpayers.

S. 1100 was introduced by Chairman PACKWOOD, and ordered reported out of the Senate Commerce Committee. In turn, its provisions were incorporated in S. 1377.

The purpose of the legislation is to end federal subsidies for Consolidated Rail Corporation (Conrail) by a date certain. It also ensures continued rail service in the Northeast and Midwest with the least amount of disruption to shippers, rail passengers, employees, other railroads, and communities.

The legislation provides for the transfer of Conrail's freight and passenger operations. On the freight side, the legislation directs the Secretary of Transportation to transfer Conrail to the private sector only as an entity through June 1, 1983. After that date, the Secretary may transfer Conrail's lines to several different purchasers, depending on whether the railroad meets certain profitability tests or needs additional federal funding. In transferring the freight lines, the Secretary is required to ensure continued rail service and to maximize the return to the Federal Government on its investment. To ensure continued rail operations during the transfer process, the legislation authorizes $262 million for Conrail subsidies.

On the passenger side, the legislation provides for the transfer on January 1, 1983 of Conrail's commuter operations to a newly established commuter entity (Amtrak Commuter Services Corporation)) or to the state and local authorities for whom Conrail now provides these services. To help in the orderly transfer of these services, the legislation authorizes $50 million.

The legislation repeals existing labor protection provisions which give Conrail employees deprived of employment the right to collect their salaries until age 65. The legislation replaces these provisions. Under the new law, employees deprived of employment because of any transfer of Conrail's lines or the abandonment of such lines, are entitled to a lump-sum payment pursuant to a schedule worked out by the Secretary of Labor and representatives of rail labor. In addition, in order to permit Conrail to reduce its labor costs, the legislation provides for the elimination of 4,600 excess employees. Further, the legislation provides for the orderly transfer of Conrail employees to acquiring railroads. The legislation authorizes $385 million to cover the costs of the new labor protection program.

In addition to the above provisions, the legislation provides for the establishment of a new Board of Directors of the United States Railway Association. The Board is to determine whether Conrail is profitable, review the Secretary of Transportation's transfer plans, and report to Congress on the financial viability of Conrail. The legislation authorizes $13 million for the USRA in fiscal 1982, and $4 million in fiscal 1983.

Conrail is a large railroad serving 16 states in the Northeast and Midwest. Those states contain one-half of the total U.S. population and manufacturing capacity. Conrail is a billion dollar business which handles 237 million tons of freight annually. It transports daily 450,000 one-way passengers. It has 79,000 employees.

Since Conrail's creation five years ago, the Federal Government has spent $6 billion on Conrail. Despite this, Conrail still is not profitable. Further, the labor protection program established for Conrail's employees has proved to be the most expensive in labor history, with estimates in the future ranging in the billions. These costs are far greater than ever expected.

The Conrail legislation is significant in ensuring that those who now depend on Conrail's services will continue to receive such services in the future. Further, any changes are designed to ensure the least amount of disruption to all concerned. The legislation is also significant from the standpoint of returning Conrail to the private sector and ending federal subsidies of the railroad. Finally, the legislation puts an end to Conrail's costly labor protection program and establishes one in its place that is fair and reasonable.

S. 1199, The Amtrak Improvement Act of 1981 was incorporated into S. 1377 (P.L. 97-35). The law contains a two year authorization for Amtrak, $735 million for fiscal 1982 and $788 million for fiscal 1983. To ensure a more cost effective performance, Amtrak is required to recover 50 percent of its costs, excluding capital costs, from its revenues, including non-federal contributions, in fiscal year 1982. The law also contains important provisions calling for Amtrak to realize cost savings in many areas, including food service, in which Congress feels that current losses could be reduced considerably or eliminated. The Amtrak Board of Directors is revised. The membership is reduced from seventeen to nine and the actual makeup of the Board is altered to be more representative of parties interested in Amtrak.

The new law ensures the continuation of a national passenger rail system. Amtrak is given greater flexibility to improve overall performance and to make decisions which will create an efficient and cost effective rail passenger system.

S. 1199 was introduced by Chairman PACKWOOD, and ordered reported out of the Senate Commerce Committee. In turn, its provisions were incorporated in S. 1377.

Local Rail Service Assistance: The law authorizes the Local Rail Service Assistance Program at $40 million for fiscal 1982, $44 million for fiscal 1983, and $48 million for fiscal 1984. The law also makes certain changes in the program including changing the federal share from 80 percent to 70 percent with the state contributing the remaining 30 percent.

The Local Rail Service Program provides important grant assistance to states for rail planning and support of service on rail branch lines. The program is intended to cushion shippers from the effects of potential or actual abandonments. Each state is guaranteed 1 percent of annual appropriations.

Northeast Corridor Improvement Project: The law provides that not more than $200 million be authorized for the Northeast Corridor Improvement Project in fiscal 1982 and not more than $185 million in fiscal 1983. The Secretary is also required to complete the Project in accordance with the goals established in the Railroad Revitalization and Regulatory Reform Act of 1976.

The Northeast Corridor is an important part of the national transportation system. The authorized funds will be used to complete Project improvements.

DEPARTMENT OF TRANSPORTATION AUTHORIZATIONS

Railroad research and development: The law provides for an authorization of $40 million for fiscal 1982. The authorization for this program ensures that important railroad research and development continues while at the same time federal spending in the area is reduced.

Minority business resource center: The law provides for an authorization of $10 million for fiscal 1982, 1983 and 1984.

The continuation of this program ensures small minority business will be involved in revitalization projects going on in the railroad industry.

Office of the Secretary: The law provides for an authorization of $35,193,204 for fiscal 1982, 1983 and 1984. Allocation of these funds, per year, within the Department for official reception and representation expenses shall not exceed $27,000. $10,486,615 is authorized for fiscal 1982, 1983 and 1984 for conducting national transportation planning, research and development activities.

Funding the Office of the Secretary allows the Secretary to continue the essential duties and functions of the office.

Transportation research and special programs: The law authorizes $30,047,000 for fiscal 1982, $32,300,000 for fiscal 1983 and $33,300,000 for fiscal 1984 for this program.

The law ensures that the important functions of this program continue.

Federal Railroad Safety Act of 1970: The law authorizes $27,650,000 for fiscal 1982 for this program.

The law provides that important improvements and progress in railroad safety continue, while at the same time reducing the federal investment in the area.

S. 1198/S. 1377 reduces FY82 spending by $320 million in budgetary authority (including $20 million for enforcement of the 55-mph speed limit) and $110 million in outlays. For each FY82, FY83, and FY84, $100 million is authorized for National Highway Traffic Safety's portion of the Section 402 highway safety program. For FY82, the Section 402 highway safety program will continue to operate as it has in the past. For FY83, and FY84, funding will be targeted on those programs and activities which are determined to be "most effective" in reducing accidents, deaths and injuries. On October 1, 1982, the

Gray Amendment will be repealed, thereby allowing the National Highway Traffic Safety Administration to repeal or revise the 18 highway safety standards after that date. No funding is provided for the following programs: innovative grants, 55-mph incentive grants, accident data, and 55-mph categorical grants. The school bus driver training program is phased out over a three-year period. The enforcement criteria for the 55-mph speed limit has been reduced.

S. 1198/S. 1377 reduces areas of Federal regulation (a) by deleting mandatory program requirements for State highway safety programs; and (b) by setting compliance with 55-mph speed limit at current FY81 50 percent level (reducing added costs otherwise for States to achieve higher compliance).

Interstate Commerce Commission (ICC): The law provides that authorizations for the ICC shall not exceed $79 million for fiscal 1982, $80,400,000 for fiscal 1983 and $80,400,000 for fiscal 1984. The importance of the law is to ensure that the ICC has the funding to continue its functions and programs.

S. 1000 amends the Independent Safety Board Act of 1974 to include aviation incidents within the scope of investigation of transportation accidents by the National Transportation Safety Board. Grants Board investigations priority over certain other investigations conducted by federal regulatory agencies.

It also authorizes appropriations for such investigations and reporting. It contains funding levels of $18,540,000 for FY 81, $19,925,000 for FY 82 and $22,100,000 for FY 83.

S. 1000 continues authorization for National Transportation Safety Board, while somewhat expanding their authority.

S. 1099, amending the Natural Gas Pipeline Safety Act of 1968, is an amendment giving the Secretary of Transportation greater flexibility in the scheduling of meetings for the Hazardous Liquid Technical Pipeline Safety Standards Committee. An amendment providing a slightly longer period within which an aggrieved party may file for judicial review of an administrative order. An amendment authorizing $1,000 million for appropriations for fiscal year 1983 for operations of the Hazardous Liquid Pipeline Safety Program. An authorization of $3.446 million to carry out the Natural Gas Pipeline Safety Program in each of FY82 and FY83. An authorization of $3.618 million to administer the Natural Gas State Grant-in-Aid Program in each of FY82 and FY83.

The legislation would amend the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 and authorizes appropriations for FY82 and FY83.

S. 960, as reported, provides an authorization of $8.332 million for each of FY82 and FY83 to carry out the Hazardous Materials Transportation Act of 1974. The bill also provides for a more coordinated and consistent Federal, State and local effort in the prevention of transportation involving hazardous materials and the emergency response to such incidents by promoting a greater State and local role in incident prevention and emergency response through Federal training and planning assistance.

S. 1402, the Uniform Motor Vehicle Standards Act of 1981, was ordered reported from the Senate Commerce Committee on December 10, 1981.

S. 1402, as reported does the following:

(1) Sets federal minimum trailer length standards of 48 feet for tractor-trailer combinations and 28 feet for "doubles" (a tractor followed by two semi-trailers);

(2) Permits a state to authorize trucks up to 102 inches in width to operate on the interstate highways. The federal standard for truck width is 96 inches;

(3) Requires the Department of Transportation to study the safety productivity and fuel efficency of turnpike doubles (a tractor followed by two 45 foot trailers); and

(4) Requires that certain trucks be equipped with splash guards for safety purposes.

S. 1879, the Milwaukee Railroad and Rock Island Railroad Amendments Act, provides an expedited arbitration process where purchasers of the Rock Island Railroad estate's properties and/or the estate's trustee can petition the Interstate Commerce Commission to determine a "fair value" for properties. The legislation also authorizes the Interstate Commerce Commission to permit carriers to provide service (without subsidy) over the defunct Rock Island Railroad lines. It was reported on December 10, 1981.

Business, Trade, and Tourism

As Chairman of the Senate Business, Trade, and Tourism Subcommittee, Senator Pressler was the original sponsor of S. 304, the National Tourism Policy Act. The Senate passed the conference report of S. 304 on September 29, 1981 and the House passed it on October 1st. President Reagan signed S. 304 into law on October 16th.

The National Tourism Policy Act is the result of seven years of study and discussion by Congress, several Administrations and representatives of the U.S. travel and tourism industry. P.L. 97–63 creates the new post of Undersecretary of Commerce for Travel and Tourism, an Executive Branch interagency coordinating council for federal policy on tourism, and a private sector Travel and Tourism Advisory Board for the Department of Commerce. This law acknowledges the crucial role of the travel and tourism industry in our nation's economy and establishes the part the Federal Government shall play in coordinating and promoting this important and growing service industry.

The final version of this bill differs considerably from its original form. As first introduced, S. 304 called for the creation of an independent agency to carry out the tourism promotion programs of the federal government. This independent agency would have replaced the U.S. Travel Service which is a division of the Commerce Department.

As signed by the President, Public Law 97–63 does the following:

(1) Renames the U.S. Travel Service the U.S. Travel and Tourism Administration.

(2) Elevates the Assistant Secretary for Tourism to the level of Undersecretary.

(3) Outlines a formal policy toward tourism which commits the federal government to a program of assisting with the development of the industry and the maximization of its benefits.

(4) Creates a Travel and Tourism Advisory Board comprised of industry members. The Board shall confer with the Secretary of Commerce on the implementation of federal tourism policy.

(5) Creates a cabinet level coordinating council which shall provide a forum for the discussion and resolution of conflicts within the federal establishment which may have a negative impact on the travel and tourism industry.

S. 1104, International Investment Survey Act reauthorization:

In addition to reauthorizing the program for 1982 and making a number of technical changes, this legislation provides the Act with a permanent authorization. In the future, there will not be a need for specific legislation to authorize the International Investment Survey Act; it will simply be a part of the Commerce Department's overall budget request.

S. 1105, A Bill To Reauthorize The U.S. Travel Service For Fiscal Year 1982 was introduced on May 4, 1981; reported by the Commerce Committee on May 6, 1981; and passed by the full Senate on June 2, 1981.

The purpose of S. 1105 is to reauthorize the U.S. Travel Service within the Department of Commerce (USTS). The USTS is the arm of the Federal Government which carries out programs to attract foreign tourists to the United States. Foreign tourists spent $12 billion in the United States in 1980, which makes tourism one of our largest foreign trade revenue producers.

The anticipated budget for the U.S. Travel Service for fiscal year 1982 is approximately $7.6 to $8.0 million.

The purpose of S. 1256, the Retail Dealer's Agreement Act, is to provide remedies to dealers of office machinery who may be encountering problems with the manufacturers of such equipment.

At the current time, dealers possess very few contractual rights compared to those retained by the manufacturers who supply them with the products they sell. The one-sided nature of the existing contracts has resulted in many unfair business practices being used by the manufacturers. These practices include such things as:

(1) Termination of the dealership with little or no notice

(2) Termination without just cause

(3) Imposition of arbitrary and unreasonable sales quotas

(4) Failure to supply manuals, parts and related supplies in a timely fashion

Through S. 1256, dealers of office equipment are given certain protections, as well as recourse to federal courts should a dispute arise with a manufacturer. It is hoped that by giving the dealers standing in federal court, the manufacturers will begin to treat the dealers in a more equitable fashion.

S. 1808. A Bill To Authorize An Undersecretary of Commerce For Economic Affairs, is a part of the Commerce Department's reorganization plan. The purpose is to consolidate the duties of two Assistant Secretaries into a single Undersecretary for Economic Affairs.

The positions being consolidated are the Assistant Secretary for Policy and the Chief Economist. Besides elevating the status of the Commerce Department's economic analysis functions, the consolidation is also resulting in a personnel savings of some 44 positions.

The new Undersecretary will oversee the following offices within the Commerce Department:

(1) The Assistant Secretary for Productivity, Technology and Innovation

(2) The Assistant Secretary for Economic Analysis and Policy

(3) The Bureau of Economic Analysis

(4) The Bureau of the Census

The Undersecretary will also be the Department's chief spokesperson on questions of economic analysis and planning.

S. 1687 made a correction in S. 1104, the International Investment Survey Act reauthorization. The bill was introduced and passed on September 30, 1981.

Science, Technology, and Space

During the first session of the 97th Congress, the Subcommittee, under the leadership of Senator Harrison Schmitt from New Mexico, has reauthorized the National Aeronautics and Space Administration Act, the National Climate Program Act, the National Earthquake Hazards Reduction Program Act, and the National Science Foundation

Authorization Act. The focus of the Subcommittee's activities under SCHMITT's direction has been to maintain our leadership in science and technology as part of the economic recovery program so that the investment in science and technology can be the basis for sustaining a strong economy and national defense.

S. 1098—National Aeronautics and Space Administration Authorization Act for fiscal year 1982:

The bill is an annual authorization bill for NASA. Six days of hearings were held. The bill was reported favorably out of Committee, May 6, without objection.

Although the bill was $100 million over the March budget request, the members of the Committee were sufficiently concerned about NASA research and development capabilities in space science, space applications and aeronautics to approve the authorization without any opposition. The bill passed the Senate by voice vote on May 21, 1981. A conference was requested by the Senate. The Committee on Conference agreed to the conference report on November 21, 1981. The conference report was passed by the Senate by unanimous consent on November 23, 1981. The conference report passed the House on December 8, 1981 and is awaiting signature by the President.

S. 999, the Earthquakes Hazards Reduction Act, was introduced as an original bill, S. 1001, to extend authorization for appropriations for fiscal year 1982. S. 1001 was passed by the Senate on April 29, 1981. The House added S. 1001 as an amendment to another bill, S. 999, the Fire Prevention and Control Act, which was subsequently passed in both Houses and signed into law as P.L. 97-80 on November 20, 1981.

S. 1002, Amendments to the National Climate Program, was introduced as an original bill to authorize appropriations for fiscal year 1982 for continued operation of a number of related programs in the Department of Commerce and for coordination of related programs in Agriculture, Defense, Energy, Interior, NASA, NSF, and NOAA. These programs are intended to increase knowledge of material and human-caused climatic processes and their implications for material and physical resources. S. 1002 passed the Senate on May 5, 1981.

S. 1094, the National Science Foundation Authorization was reported by the Committee as an original bill this year for the first time. Funds are authorized for: mathematical and physical sciences; engineering; biological, behavioral and social sciences; astronomical, atmospheric, earth, and ocean sciences; ocean drilling programs; Anartic research programs; scientific, technological, and international affairs; cross directorate programs; program development and management; and science and engineering education.

THE NATIONAL OCEAN POLICY STUDY

The National Ocean Policy Study is a Senate forum for ocean policy issues. Membership in the study is not limited to members of the Committee on Commerce, Science, and Transportation and, therefore, does not have subcommittee authority to report legislation. Oceanic legislative initiatives and authorizations are approved by the full Committee.

Four major authorizations of interest to NOPS were addressed by the Committee in the first session of the 97th Congress.

S. 1186—An original bill to amend the Marine Mammal Protection Act of 1972, as amended, to extend the authorization of appropriations for fiscal years 1982, 1983, and 1984 and with technical amendments concerning marine mammal-fishery interactions and the management of marine mammals by the States instead of the Federal Government.

S. Res. 148—In addition, S. Res. 148, a resolution calling for a moratorium of indefinite duration on the commercial killing of whales was introduced on June 1, 1981. The resolution directs the United States Delegation to the International Whaling Commission to work towards this goal. S. Res. 148 recognizes that whales are important living resources that need to be scientifically studied and protected and urges the U.S. Delegation to the International Whaling Commission to work toward the adoption of such a moratorium.

S. 1133—NACOA reauthorization:

This bill authorizes the National Advisory Committee on Oceans and Atmosphere at a level of $555,000 for FY 82. In addition, two technical amendments would:

1. Allow members to serve beyond their terms until replacements are appointed,

2. Raise the daily compensation rate to parity with the executive agencies.

The Administration request is for $555,000 for FY 82, and such sums as may be required for FY 83 and FY 84.

The House has agreed to the Senate bill.

MERCHANT MARINE

During the 1st session of the 97th Congress, the Merchant Marine Subcommittee established new precedent in the areas of Coast Guard and Merchant Marine. Under the leadership of Senator SLADE GORTON of Washington, the subcommittee worked with the administration to seek long-awaited regulatory reform in international liner shipping. The existing maritime subsidy programs came under close scrutiny. Legislation in both of these areas was introduced and hearings were held. The Committee will continue its consideration of these initiatives during the second session.

Under the leadership of Committee Chairman BOB PACKWOOD, the Coast Guard was accorded strong support. Hearings revealed the need for high funding levels for this vital service. This high level of concern can be expected to continue into the second session if the 97th Congress.

S. 831—Fiscal year 82 Coast Guard authorization:

Recognizing the vital role the Coast Guard plays in national defense, commercial and recreational vessel safety, search and rescue, environmental protection, icebreaking, and the President's direction for increased drug enforcement and immigration control, the Commerce Committee authorized a high level of funding for 1982. After a complete hearing, the Committee reported S. 831 on the calling for a total Coast Guard budget of $1.99 billion for F.Y. 1982.

The U.S. Coast Guard is the sixth largest navy in the world, yet its vessels are perhaps the oldest. Thus, the Committee placed special emphasis on vessel and aircraft acquisition and construction.

Broad Senate support of this reauthorization was evidenced by Senate passage of S. 831 on May 4, and a subsequent letter signed by 34 Members requesting high funding by the Appropriations Committee.

S. 1003—Marine sanctuaries reauthorization:

An original bill to amend Title III of the Marine Protection, Research and Sanctuaries Act of 1972 as amended to authorize appropriations for FY 82 and FY 83.

The Senate bill authorizes $2.235 million for FY 82 and $2.235 for FY 83.

The House has agreed to the Senate bill.

S. 1191—Fishermen's Protection Act reauthorization:

A compromise bill agreed to in July, extends the authorization to FY 82, FY 83 and FY 84, for such sums as may be required. In addition, two riders suggested by Senator Gorton were added, declaring the Green River in Washington an unnavigable river, and exempting fishing tender vessels from inspection for a five-year period.

S. 1017—Fiscal year 82 Maritime Administration authorization:

First introduced and reported from the Commerce Committee on S. 1017, this authorization was ultimately enacted, with amendments to the Merchant Marine Act of 1936, as part of the Omnibus Budget Reconciliation Act (P.L. 97-34). Funding was authorized at levels requested by the Administration; funding for vessel construction subsidies were eliminated; adjustments were made to increase slightly the ceiling on ship construction loan guarantees; and subsidized U.S.-flag operators were permitted to construct vessels overseas under limited circumstances.

Also passed was a routine private relief bill to waive the Jones Act to permit two specific fishing vessels, to engage in coast wise trades.

CONSUMER

During the first session of the 97th Congress, the Consumer Subcommittee, under the leadership if Senator ROBERT W. KASTEN, worked on legislation to reauthorize two important consumer agencies, including a major effort to reform Consumer Product Safety Commission legislation, and the Subcommittee participated in an initial legislative step toward reform in the product liability area.

LEGISLATIVE ACCOMPLISHMENTS

S. 1155, the Consumer Product Safety Amendments of 1981:

S. 1155 was introduced by Senator KASTEN on May 11, 1981, following comprehensive Consumer Subcommittee hearings on the performance of the Consumer Product Safety Commission on April 1, 2, 3, and 7, 1981. The Senate Commerce Committee reported the bill without opposition on May 12, 1981. S. 1155 was considered during the Conference on the House and Senate budget reconciliation measures, which included similar Consumer Product Safety Commission legislation passed by the House. The House-Senate Budget Reconciliation Conference, held July 24-26 1981, adopted in substantial part the provisions of S. 1155, which was then enacted as part of the Omnibus Reconciliation Act of 1981 (P.L. 97-35). This measure reauthorizes the Consumer Product Safety Commission for 2 years (F.Y. 1982 and 1983) at $33 million and $35 million, and it makes a number of substantive and procedural reforms in the agency's rulemaking, enforcement, and data dissemination authority.

S. 1096, the Product Liability Risk Retention Act:

S. 1096 was introduced by Senators KASTEN and PACKWOOD on May 4, 1981, and was reported by the Senate Commerce Committee on July 29, 1981, without opposition. S. 1096 received widespread bipartisan support and was cosponsored by 17 Senators. On September 11, 1981, the Senate agreed by unanimous consent to postpone action on S. 1096 and to pass H.R. 2120, an identical bill which had previously passed the House. The Risk Retention Act was signed into law on September 25, 1981 (P.L. 97-45). The Act permits product sellers to form their own insurance cooperatives, called "risk retention groups" and to purchase product liability insurance on a group basis.

S. 999, a bill to authorize appropriations for the Federal Fire Prevention and Control Act:

Following a hearing on March 11, 1981, the Senate Commerce Committee acted on April 23, 1981, to report S. 999 as an original bill, S. 999 passed the Senate by unanimous consent on April 29, 1981. Somewhat different authorizing legislation passed the House on October 13, 1981, as an amendment to S. 999. On November 5, 1981, a compromise bill was passed again by both Houses.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

The Senate can take great pride in the legislative achievements of the Committee on Energy and Natural Resources under the leadership of its distinguished Chairman James McClure during the first Session of the 97th Congress. During this session the Committee considered and favorably reported forty nominations submitted by the President, all of which were confirmed by the Senate. Those nominations included two cabinet officers (the Secretary of the Interior and the Secretary of Energy), the Chairman of the independent Federal Energy Regulatory Commission, and the first chairman and four Directors of the newly established United States Synthetic Fuels Corporation. The remaining nominations filled the numerous subcabinet positions in the aforementioned organizations.

The Committee's other activities during the First Session reflected a new increased emphasis on oversight of existing laws, increased support for administrative remedies to identified issues, and strong support for regulatory reform in the programs within the jurisdiction of the Committee. Legislatively, the Committee has reported numerous bills during the First Session, twenty-five of which have passed the Senate and nine of which have become public laws. It may be objectively concluded that in both the energy jurisdictional area and the natural resources jurisdictional area, that those bills and public laws have made a substantial contribution to the new policy directions set forth by the Reagan administration and the Republican Senate, as well as materially advancing our national interests and the benefits of the American people.

In the energy field, successful Committee initiatives included the first multi-year authorization for the Department of Energy, with authorized funding levels consistent with the President's budget, new off-budget financing for the Strategic Petroleum Reserve, and needed regulatory reforms in the areas of natural gas use by electric power plants and mandatory energy conservation requirements, all of which were contained in the Omnibus Budget Reconciliation Act of 1981. Other Committee actions sustained by Senate vote include (1) the President's decision to decontrol crude oil and avoid extension of the Emergency Petroleum Allocation Act, (2) extensions of the existing International Energy Agency antitrust exemption, (3) approval of the Alaska natural gas pipeline waiver package submitted by the President. Consistent with budget cutting efforts, Senator Frank Murkowski, chairman of the Subcommittees on Regional and Community Development was able to move through the Senate the Alaska Natural Gas Pipeline Waiver Package—the largest privately financed construction project in history. Senator Murkowski's three days of hearings on the measure, S.J. Res. 115, and his participation in the floor debate proved critical to its passage by the full Senate on November 19, 1981. The Committee also completed initial action on comprehensive nuclear waste legislation which is pending on the Senate Calendar. All of these actions together make a substantial beginning in the legislative implementation of the Reagan administration's energy policies.

In the natural resources area, the Committee focused its attention on needed federal lands policy issues related to mineral leasing reform, with actions on tar sands leasing, oil shale leasing, and geothermal leasing. In the Omnibus Budget Reconciliation Act of 1981, the Committee established for the first time, almost department-wide authorization limitations on the programs of the Department of the Interior and the Forest Service in the Department of Agriculture as well as the Advisory Council on Historic Preservation and the Pennsylvania Avenue Development Corporation. The Committee also began, to be completed in the next session, action on long-awaited reclamation law reform and final action on wilderness designations and related release under the Roadless Area Review Evaluation program. Additionally, the Committee considered numerous proposals for budgetary reforms related to current funding mechanisms for natural resource programs such as the Land and Water Conservation Fund and the payment-in-lieu of taxes program. The Committee also completed action, and the Senate passed legislation, to retrofit existing western dams with relatively significant hydroelectric generation capacity to meet the needs of our western states for additional electric power from existing structures. These and other actions supported the Reagan Administration's aggressive redirection of the natural resource policies of the previous Administration.

In summary, the Committee on Energy and Natural Resources in this first session of the 97th Congress, under Republican leadership, has made substantial progress in establishing a new direction in energy and natural resource policies. I am pleased on that basis to submit the enclosed report.

Led by Senator McClure, the Committee on Energy and Natural Resources during the first session of the 97th Congress completed action on a broad variety of executive and legislative issues. In the area of Executive Calendar action, the Committee considered and favorably reported forty nominations submitted by the President. All of the reported nominations were confirmed by the Senate and the nominees are in office today. The nominations included two Cabinet officers (the Secretary of the Interior and the Secretary of Energy), the Chairman of the independent Federal Energy Regulatory Commission and the first Chairman and four Directors of the newly-established Synthetic Fuels Corporation under the Energy Security Act of 1980. The remaining nominees filled sub-Cabinet positions in the two Departments, and FERC. Several of the nominations involved extensive investigation and multiple hearings to establish firmly the full qualification of the nominees for the appointed positions. As noted, all of the nominations submitted by the President have been considered and confirmed during this session of the Senate. Fourteen days of nomination hearings were held by the Committee.

One of the primary objectives of Chairman McClure during the 97th Congress has been to increase the emphasis on the oversight of existing laws rather than focus almost exclusively on legislation to enact new laws. Additionally, the Committee has intentionally increased the emphasis on supporting administrative action to provide remedies for identified problems and issues and on regulatory reform through the administrative process. Consequently, the Committee has devoted considerable time in formal hearings and informal meetings to these non-legislative priorities. This emphasis is reflected in 27 days of oversight hearings and 2 days of workshops.

Legislatively, the Committee, under Chairman McClure, has compiled an extensive record of activities in the energy field and in the natural resource field. The Committee has reported numerous bills in this session of the Senate, twenty-five of which have passed the Senate and nine of which have been enacted as public laws during the session. These bills have covered the full spectrum of the Committee's jurisdiction from energy regulation to federal energy programs to federal lands policy and federal resource management. With the exception of some of the less significant legislation, the Committee's action on legislation this year has been intended to advance the new policies of the Reagan Administration and the Republican Senate. In many cases, those policies often have been the subject of a broad consensus of bipartisan support within the Committee and in the Senate.

In the energy field, the Committee focused its early attention on the almost immediate decontrol of crude oil by the President after the Inauguration. The President's action in that decontrol was sustained by the Senate overwhelmingly and efforts to extend controls under the Emergency Petroleum Allocation Act were defeated. Obviously, much of the first half of the session also was devoted to actions in the Omnibus Budget Reconciliation Act of 1981. That legislation included for the first time a multi-year authorization for the programs of the Department of Energy with authorization levels for each of the three fiscal years under consideration and statutory procedures for programmatic funding under those authorization limitations. The Reconciliation legislation also included off-budget financing for the Strategic Petroleum Reserve program consistent with reconciliation instructions. The legislation also included provisions which amended the Powerplant and Industrial Fuel Use Act of 1978 to allow the use of natural gas in existing electric powerplants and to streamline coal conversion procedures for electric powerplants. In addition, the legislation amended existing law to repeal mandatory energy conservation standards and substitute voluntary performance standards for new buildings.

During this session the Committee reviewed in oversight hearings the provisions of existing law after expiration of the Emergency Petroleum Allocation Act for the standby allocation of crude oil on petroleum products in the event of a severe supply interruption. Those oversight hearings lead to legislative consideration of a bill to enact new, limited authority for the President to allocate crude oil and petroleum products in the event of such an interruption under very strict limitations and restrictions, where marketplace forces would not satisfy fundamental economic requirements. That legislation eventually was passed by the Senate by a vote of 85 to 7.

The Committee reported and the Senate passed overwhelmingly the President's waiver package for the Alaska Natural Gas Pipeline pursuant to expedited procedures in existing law. Senator Murkowski's three days of hearings on the waiver were instrumental in its adoption by the Senate. The waiver package, if enacted, would provide the legal basis for private financing for the pipeline project, while retaining essential protections for consumers and other interests in the lower forty-eight states.

The Committee completed action on comprehensive nuclear waste legislation, which will provide the programmatic and financial and legal basis for an aggressive solution to the nation's nuclear waste management challenge. The nuclear waste legislation, which also was reported by the Environment and Public Works Committee, will be the

subject of Senate action early in the next session.

The Committee completed extensive oversight review of the pricing provision of the Natural Gas Policy Act. The oversight review should provide the necessary basis for Senate consideration of any Presidential proposal for modifications of that Act to achieve further deregulation of natural gas.

All of these energy actions, particularly the multi-year authorization for the Department of Energy in the Omnibus Reconciliation Act of 1981, involved detailed consideration of numerous policy and program issues associated with the federal government's programs and policies for energy conservation, development and regulation. The Committee's actions in the several legislative initiatives, on balance, should lead to decreased Federal involvement and participation in the energy markets through direct and indirect energy programs and energy regulation. Those actions also generally have been consistent with the evolving energy policies of the Reagan Administration and the Senate Republican leadership.

In the areas of natural resources, the Committee acted aggressively to initiate Senate consideration of a broad spectrum of natural resource issues in this session of the 97th Congress. The Committee acted early on legislation to retrofit existing hydroelectric structures with significantly increased generation capacity to provide needed additional capacity for those western states having available projects for retrofit. In the Omnibus Budget Reconciliation Act, the Committee acted to bring needed budgetary constraints on the programs of the Department of the Interior and the Forest Service in the Department of Agriculture. For the first time, a total authorization limitation was enacted by that Act for those Department of the Interior programs in the jurisdiction of this Committee. The legislation also included a series of appropriations targets for individual programs within the Interior Department for purposes of allocating available funding under the authorization limitation. Similar action was taken in establishing a total authorization for the Forest Service programs in the jurisdiction of this Committee and the Agriculture Committee. Several of the proposed initiatives from the Reagan Administration were included in the Reconciliation Act, such as the termination of the Youth Conservation Corps Program.

The Committee also focused considerable attention on federal lands policy issues, particularly mineral leasing reform. Tar sands leasing reform legislation was enacted in the first session, while the Committee reported oil shale leasing reform legislation and concluded hearings on geothermal reform legislation which was introduced by Senator Armstrong. Each of these legislative initiatives is intended to provide needed statutory modifications to expedite the availability of these resources for development to meet our national needs and clarify otherwise ambiguous statutory provisions which would impede such development.

The Committee concluded the hearings to support legislation for Reclamation law reform and for completion of action on the relief and wilderness issues under the Second Roadless Area Review Evaluation. Chairman McClure expects to complete action in both of these very important issues in the next session of the 97th Congress.

Additionally, the Committee received and reviewed carefully Administration proposals for budgetary reform of the Land and Water Conservation Fund, the Payment-in-Lieu-of-Taxes Program and the deregulation of small hydroelectric structures. The Committee also considered and acted on sundry other national park and leasing bills during the first session. In the area of insular affairs, the Committee acted in its territorial jurisdiction on the Virgin Island Constitution legislation and several other key matters pending in that jurisdiction of the Committee in the Department of the Interior.

These several actions in the natural resources issues area supplemented aggressive administrative action within the Administration in support of often dramatic redirections of the natural resource policies of the previous Administration. The Committee would anticipate an acceleration of these activities in the natural resource area in the second session and succeeding Congresses.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

During the First Session of the 97th Congress, the Committee on Environment and Public Works, under the skillful leadership of the Honorable Robert T. Stafford, has been active in a number of major areas, including oversight and reauthorization of several of the Nation's environmental laws, nuclear waste disposal legislation, review of 22 nominations to the Executive Branch, and water resources and water project authorizations. Consideration of budgetary issues within the Committee's jurisdiction, essential to congressional efforts to restrain Federal spending, occupied much of the Committee's schedule during the First Session and necessarily interrupted or delayed its attention to several other priority issues. Nevertheless, the Committee reported a number of bills, several of which have become public law.

BUDGET ACTIVITIES AND RECONCILIATION

The Committee was extremely active in matters relating to review of the President's budget request for Fiscal Year 1982 and the Omnibus Reconciliation Act of 1981. During February and March the Committee held 7 oversight hearings to review budget requests for the Nuclear Regulatory Commission, Water Resources Council, Office of Water Research and Technology, Farmers Home Administration, Corps of Engineers, Public Buildings Service, Fish and Wildlife Service, Environmental Protection Agency, Appalachian Regional Commission, Federal Emergency Management Agency, Tennessee Valley Authority. After completing that review, the Committee held three days of mark-up to prepare recommendations for FY82 budget items to the Senate Budget Committee on March 15.

Following adoption of the First Concurrent Resolution for the FY 1982 budget in April and pursuant to the Reconciliation Instruction, the Committee was directed to achieve savings in the form of reduced direct spending and reduced authorizations for fiscal years 1981 and 1982. In its portion of the Omnibus Reconciliation Act of 1981, S. 1377, recommended savings greater than the total Reconciliation Instruction to the Committee. For Fiscal Year 1981 it recommended savings in budget authority of $2.351 billion and savings in budget outlay of $71 million. For Fiscal Year 1982 it recommended savings in budget authority of $5.001 billion and savings budget outlay of $1.055 billion.

The Committee's actions on the reconciliation measure included: (1) $185 million reduced direct spending for Federal aid highways in FY 1982; (2) rescission of $1.7 billion of previously appropriated funds for the Clean Water Act construction grants program, plus authorizing no appropriation for Fiscal Year 1982 unless substantive amendments to this program are enacted separately by Congress; (3) placed limitation on authorization of appropriations to the Corps of Engineers for spending on construction activities; (4) placed on overall limitation of $540 million annually through Fiscal Year 1984 on EPA's abatement, control and compliance activities and non-energy research and development activities; (5) rescinded $342.5 million in Fiscal Year 1981 budget authority for the Economic Development Administration and authorized not to exceed $50 million for EDA for Fiscal Year 1982, to comply with the Administration's request to eliminate this agency in the Department of Commerce; (6) rescinded $21 million of Fiscal Year 1981 budget authority for the title V Regional Commissions and repealed title V in Fiscal Year 1982, to comply with the administration's proposal to terminate the title V commissions; (7) reduced the authority of the Appalachian Regional Commission to appropriate funds for non-highway activities to a total of $142 million in the two year period ending Fiscal Year 1981 and repealed existing authorizing for Fiscal Year 1982 appropriations, also to comply with Administration requests; and (8) rescinded $177.5 million in Fiscal Year 1981 budget authority for the Tennessee Valley Authority for the construction of a coal gasification facility and prohibited TVA from obligating any budget authority for that plant in future years.

The Conference report on the Omnibus Reconciliation Act of 1981, necessarily a compromise between the House and Senate, resulted in savings applicable only in Fiscal Years 1982, 1983, and 1984. Although that agreement did not terminate the Economic Development Administration or the Appalachian Regional Commission, these agencies' programs were authorized at significantly reduced levels in Fiscal Year 1982.

CLEAN AIR ACT REAUTHORIZATION

The Committee's major environmental activity during the First Session has been the review of implementation of the Clean Air Act and the beginning of its reauthorization. As a prelude to these efforts, in March the Committee held a joint hearing with the House Subcommittee on Health and the Environment to receive the report of the National Commission on Air Quality. Beginning in April and continuing through July the Committee held a total of 23 public oversight hearings, including field hearings in Augusta, Maine, Billings, Montana, Casper, Wyoming, Seattle, Washington, Fairbanks, Alaska, Randolph Center, Vermont, and Albany, New York, on the Clean Air Act. Testimony was heard from more than 350 persons representing federal, state and local governments, environmental groups, special interest groups, and industry comprehensively reviewing such aspects of the current law as implementation by the states, coal production and coal burning, prevention of significant deterioration, attainment of the national air quality standards, and emissions from motor vehicles. In addition, in July the Committee held a hearing on the environmental impact of chlorofluorocarbons and in October a hearing on legislation related to interstate transport of pollutants and control of acid precipitation. Having completed these hearings, the Committee has begun markup to consider draft legislative language for amendments to the Clean Air Act and has completed six days of full Committee deliberations covering the issues of primary and secondary standards and mobile sources.

SUPERFUND ISSUES

Following enactment of the Comprehensive Environmental Response, Compensation, and Liability Act (or Superfund) at the end of the 96th Congress, during the First Session of the 97th Congress, the Committee has conducted oversight implementation of this important new law. Hearing in July focused on Superfund financing and on roles of the Federal agencies involved in implementation of the law. In addition, in March the Committee held hearings on S. 681, the Oil Spill Liability and Compen-

sation Act, a bill to provide a comprehensive system of response, compensation, and liability for oil spills complementing the toxic chemicals provisions of Superfund.

CLEAN WATER ACT REAUTHORIZATION

On December 10, 1981, a Senate and House Conference Committee approved a final version of legislation to reform and extend the construction grants program of the Clean Water Act. The program provides funding for sewage treatment plants across the nation. As agreed to by the Conference Committee, the final bill is much closer to legislation approved unanimously by both the Committee on Environment and Public Works and the Senate earlier this year than to a bill approved by the House of Representatives. As such, it makes major reforms in the construction grants program.

The construction grants program was designed in 1972 to deal with water pollution problems that existed at that time. It was not designed as a public works program nor as an adjunct to economic development programs. Certainly, it was expected that benefits beyond those to the environment would occur but the focus was to be on the environment and water quality. As the Committee discovered during lengthy hearings held earlier this year, the clean-up effort has suffered from the public's inability to discern whether the construction grants program is a public works program or an environmental program.

The Administration earlier this year agreed to support continuation of the program provided reforms were made. The Senate version of the legislation implemented these reforms, and they largely were accepted by the Conference Committee. Among the reforms are provisions that target federal assistance for treatment facilities that are needed to solve existing pollution problems, rather than providing large federal grants to build expensive plants with excess or reserve capacity to meet future growth.

OCEAN DUMPING

An original bill containing a one-year reauthorization of the ocean dumping provisions of the Marine Protection, Research, and Sanctuaries Act, S. 1213, was approved by the Committee in May, passed by the Senate in June, and became public law in June (Public Law 97–16).

TOXIC SUBSTANCES AND ENVIRONMENTAL OVERSIGHT

The Subcommittee on Toxic Substances and Environmental Oversight, chaired by Senator Slade Gorton, with Senator Max Baucus as ranking minority member has considered and reported to the full Committee several important authorization bills, each consistent with the Subcommittee's desire to work toward financially sound environmental programs within the Environmental Protection Agency and the Council on Environmental Quality.

The Subcommittee has reported bills to the full Committee regarding authorization of the environmental research and development programs, the toxics control programs, and the noise regulation programs of the Environmental Protection Agency and the overall operating program of the Council on Environmental Quality. These bills were at various stages of completion at year's end.

S. 1204, authorizing noise regulation and redesigning the strategy for regulation was reported by the full Committee on May 13, 1981, after prior hearing by the Subcommittee. Unamended by the full Committee, the bill was passed by the Senate on July 14, 1981. The House of Representatives has not acted.

S. 1205, authorizing research and development programs in the Environmental Protection Agency was reported by the full Committee on May 13, 1981. It is currently pending on the Senate floor.

S. 1210, authorizing general programs of the Council on Environmental Quality was reported by the full Committee on May 13, 1981, was passed by the Senate on June 2, 1981, and was amended by the House of Representatives on September 22, 1981.

S. 1211, authorizing Environmental Protection Agency programs under the Toxic Substances Control Act was reported by the full Committee on May 13, 1981, was passed by the Senate on June 2, 1981, and was amended by the House of Representatives on September 29, 1981. A substitute was agreed to at a conference of the House of Representatives and Senate on December 9, 1981.

SUBCOMMITTEE ON NUCLEAR REGULATION

Among the numerous issues addressed by the Subcommittee on Nuclear Regulation in 1981, legislation concerning the storage and disposal of spent fuel and high-level radioactive waste from nuclear activities was perhaps the most important. On September 24, 1981, Senators McClure, Simpson, Stafford, Domenici, and Symms introduced S. 1662, a bill to establish a limited program for Federal storage of spent fuel from civilian nuclear powerplants and to set forth a Federal policy, initiate a program, and establish a national schedule for the disposal of nuclear waste from civilian activities.

Joint hearings were held on this bill by the Senate Energy and Natural Resources Commitee and the Nuclear Regulation Subcommittee in early October. At that hearing, witnesses from the Department of Energy, Nuclear Regulatory Commission, Environmental Protection Agency, Office of Technology Assessment, and the U.S. Geological Survey presented their views, together with witnesses from various States, industry organizations, and the public. In addition, the Subcommittee on Nuclear Regulation held a field hearing in Richland, Washington, as well as a second hearing in Washington, D.C. to entertain the comments and suggestions of numerous other State representatives and members of the public.

On November 30, 1981, S. 1662 was jointly reported by the Senate Energy and Natural Resources and Environment and Public Works Committees.

In addition to nuclear waste legislation, the Subcommittee on Nuclear Regulation has held legislative and oversight hearings on a wide variety of important issues. In late February, the Subcommittee initiated hearings for the reauthorization of NRC activities for Fiscal Years 1982 and 1983. For the first time, the Subcommittee agreed upon an authorization bill funding NRC activities for 2 fiscal years, rather than the year-by-year authorization process of years past. On May 15, 1981, S. 1207 was reported to the full Senate by the Environment and Public Works Committee, and now awaits floor action.

In conjunction with the Subcommittee's consideration of NRC's Fiscal Years 1982–83 authorization, a number of issues were raised and addressed by the Subcommittee, either through oversight hearings, the introduction and consideration of legislation, or both. The Subcommittee convened a hearing in late April to examine NRC's Fiscal Years 1982–83 funding requests for its research activities, a program constituting nearly one-half of NRC's $500 million budget request. In addition, the Subcommittee held a hearing for the purpose of addressing delays in the licensing of commercial nuclear power reactors, leading to the inclusion in S. 1207 of a provision for licensing of such reactors prior to the completion of public hearings. The Subcommittee also held hearings on the NRC's Nuclear Datalink System, emergency planning and preparedness activities, clean-up of the Three Mile Island Unit 2 reactor, statutory hearing requirements for certain Commission actions involving no significant hazards, and implementation of the Uranium Mill Tailings Radiation Control Act. Included in S. 1207 are certain statutory changes addressing the concerns identified by the Subcommittee in each of the foregoing areas.

WILDLIFE PROTECTION

P.L. 97–79, S. 736; The Lacey Act Amendments of 1981:

On November 16, 1981, President Reagan signed into law legislation that doubles fines and increases other penalties for violating the Lacey Act, the Nation's oldest and most basic wildlife protection law. The Act makes it illegal to transport in interstate or foreign commerce any wildlife that is taken, possessed, bought, or sold in violation of the laws of states, the United States or other countries.

S. 736 was reported by the Committee on May 21, 1981, unanimously passed by the Senate on July 24, 1981 and unanimously approved by the House of Representatives on November 4, 1981.

Under the new amendments, violators charged with serious offenses now face possible felony charges with maximum fines of 20,000 and jail sentences of up to five years. Conviction on misdemeanor charges now can bring a 10,000 fine and a one-year jail term. Civil penalties include fines of $10,000 or less.

S. 1018, the Coastal Barrier Resources Act:

The Committee has held two days of hearings on S. 1018; a field hearing in Providence, Rhode Island and a hearing in Washington, D.C. which featured the testimony of Secretary of the Interior, James G. Watt. Secretary Watt lauded S. 1018 as "precisely the sort of imaginative environmental legislation we need—legislation which can solve real problems in the stewardship of our natural resources, while at the same time, responsibly addressing America's equally serious economic problems."

The stated purpose of S. 1018 is to minimize the damage to fish, wildlife, and other natural resources associated with coastal barrier structures by restricting future Federal expenditures and financial assistance which have the effect of encouraging development of undeveloped coastal barriers.

Endangered Species Act of 1973, Oversight:

On December 8 and 10, the Committee held oversight hearings on the Endangered Species Act of 1973. The hearings began the reauthorization process that must be completed by October 1, 1982. Topics discussed included: how the Act is being implemented; where the Act is working well; where problems have arisen; and what, if any, legislative changes are needed.

WATER RESOURCES SUBCOMMITTEE

The Senate Water Resources Subcommittee held hearings earlier in the year on some of the issues raised by the Administration on the overall water resources policy. S. 1095 was a response to the three issues raised at those hearings: the need for a more independent organization to address national water policy issues; the role of the Federal Government in assisting State and regional development planning; and the need for a program of Federally assisted water research on May 12, 1981, the subcommittee on Water Resources reported out the Water Resources Planning Act Amendments (S. Rept. 97–120).

The Reagan Administration has proposed to coordinate national water resources policy through the establishment of a Sub-Cabinet Council to address policy issues and an Office of Water Policy at the Interior Department. These organizations would provide no chairman solely to address water policy issues and no formal mechanism for formal congressional or state involvement. S. 1095 would authorize both a National Board on Water Policy, and a State Advisory Committee to review actions and proposals made by the National Board. The measure would also pro-

vide that the President could establish river basin commissions where the governors of the States involved had requested such a commission and two-thirds of the States located within the basin had concurred. The bill also establishes an Office of Water Programs at the Interior Department which would administer several multi-million dollar grant programs, such as State planning grants, State water research grants, and saline water research grants. These grants would be made in response to specific proposals and would require at least a 50–50 match from non-Federal sources.

Senator James Abdnor's support and leadership in this area offers real hope of the measure's passage. The Senate Committee has also held hearings on S. 1493, a non-controversial bill which would deauthorize several Corps of Engineers water projects. Committee reported the bill on November 12, 1981 (S. Rept. 97–270). Senator Abdnor was largely responsible for the favorable response to the bill which the Senate and House passed November 18 and 23, respectively.

At the beginning of 1980, the Corps of Engineers had 583 projects which were either "inactive" or "deferred". The Corps has its own program for project deauthorization, but many Members of Congress have claimed this process is too slow. In 1980, the Corps recommended that only 14 projects be deauthorized. The projects listed in S. 1493 would reduce the construction backlog of unconstructed projects by $2 million. The deauthorization would also eliminate continued Federal land maintenance expenditures, and would allow other proposed activities to occur on the site of the project. Following are the 13 projects proposed for deauthorization:

Dickey portion of the Dickey-Lincoln Project, Maine;
Meramec Park Lake, Missouri;
Lincoln Dam, Illinois;
Illinois River duplicate locks, Illinois;
Helm Reservoir, Illinois;
Big Blue Dam, Indiana;
Lafayette Dam, Indiana;
Clifty Creek Dam, Indiana;
Nansemond River project, Virginia;
Sixes Bridges Dam, Maryland;
Delmarva Intracoastal Waterway, Delaware, Maryland, Virginia;
Fort Point Channel, Massachusetts; and
Sandridge Dam, New York.

The Committee also held hearings on S. 621, which would provide for Federal-State cooperation in the development of water projects through the Water Resources Council, an independent agency the Reagan Administration intends to eliminate. The measure also provides for block grant Federal and non-federal cost-sharing, where the non-federal entities would pay for 25 percent of the construction costs and 50 percent of operation and maintenance costs.

S. 1692 introduced and moved through the Committee on Environment and Public Works by Chairman of the Water Resources Subcommittee James Abdnor is a landmark measure in that it will for the first time in our nation's history subject new port construction to a market test through which greater efficiencies and economies demanded by current realities will be realized.

The bill, which was reported out of committee on November 18, 1981, requires 100 percent non-Federal funding of new port construction, but calls for the Federal Government to pay for 75 percent of maintenance dredging at ports.

The Subcommittee held three full days of hearings on port development: June 12 and July 16 in Washington, D.C., and August 19 in Vancouver, Washington. In addition, port development was addressed at field hearings in Minneapolis, Minnesota and Great Falls, Montana.

TRANSPORTATION—HIGHWAYS

Senator STEVE SYMMS served as Chairman of the Transportation Subcommittee with Senator LLOYD M. BENTSEN as ranking minority member during the first session of the 97th Congress.

On January 13 the full Committee conducted a hearing at which Mr. Drew Lewis, then Secretary-designate for Transportation, testified on issues concerning the Federal-aid highway program. On February 25 the Transportation Subcommittee held a hearing with the Federal Highway Administrator to consider the budget recommendations of the Department of Transportation for the Federal-aid highway program for fiscal year 1982.

The Committee recommended in its March 15 Report to the Budget Committee that budget authority for the highway program be increased by $951 million from that in current law for fiscal 1982, including a transfer of $215 million in budget authority for the Appalachian Highways Program. This recommendation was consistent with the President's March budget request and is a decrease of $432 million in budget authority from fiscal year 1981. The Committee also recommended an obligation limitation of $8.1 billion for fiscal year 1982.

The Subcommittee conducted ten days of hearings on S. 1024, the Federal-Aid Highway Improvement Act of 1981 introduced by Senator SYMMS and S. 841 introduced on request by Senator STAFFORD.

Hearings were held in Washington, D.C. on April 29 and 30 and June 10 and 19. Hearings were also held in Sioux Falls, South Dakota on June 29; Rapid City, South Dakota on June 30; Fargo, North Dakota on July 1; Denver, Colorado on August 14; Boise, Idaho on August 15; and Seattle, Washington on August 17. Issues addressed by this comprehensive highway legislation and discussed during the hearings included completion of the Interstate System, rehabilitation needs of the existing Federal-aid System, category consolidation, the bridge program, and the appropriate federal participation in the Secondary, Urban and Safety programs.

The Committee ordered S. 1024 with amendments reported on September 30 by a vote of 14 to 2. The legislation as reported incorporated additional budget reductions requested by the President in September. It provided authorizations for the highway program through fiscal year 1986, provided a completion definition for the Interstate 4R program recognizing the need for preserving the capital investment made by the federal government, and consolidated many of the smaller categories in order to give States greater flexibility in addressing their specific needs. S. 1024 was passed by the Senate on November 16 and efforts to reach agreement between the House and Senate are now in progress.

PUBLIC BUILDINGS

Jurisdiction over matters concerning public buildings and the Public Buildings Service of the General Services Administration (GSA) is in the full Environment and Public Works Committee.

Early in this session the Committee reported comprehensive legislation to establish a federal buildings policy and to rewrite the basic authorities of the Public Buildings Service of GSA contained in the Public Buildings Act of 1959. Concerned over irregularities in the GSA public buildings program and determined to replace the so-called "prospectus" system of authorization by Committee with annual authorizations enacted by the full Congress and presented to the President, the Committee reported S. 533, the Public Buildings Act of 1981. This bill passed the Senate on May 6 by a vote of 93 to 0.

By linking the authorization, appropriation and budgetary processes, the legislation would establish orderly and fiscally disciplined public buildings planning and approval procedures.

This reform bill is the culmination of three years of effort of the Committee, beginning with a comprehensive review of the total public buildings program. Senate debate on the bill—together with a similar bill passed by the Senate last year, S. 2080—marked the first time in 20 years that the full Senate considered public buildings policies of GSA or even individual building project proposals of the Public Buildings Service.

The legislation also provides new initiatives in the display and exhibition of works of art in Federal buildings, and in the encouragement of greater public use of Federal buildings. It articulates policy for location of Federal agency offices, design and management of public buildings, architectural services, leasing of privately-owned space to accommodate Federal agencies.

It reinforces previous efforts by the Committee to assure that intensive use is made of the existing Government building inventory before space is sought elsewhere, and it reflects the Committee's longstanding efforts to have permanent Federal functions placed in Government-owned buildings. The policy of purchasing and adapting existing and particularly historic buildings, established by Congress in the Public Buildings Cooperative Use Act of 1976, is clarified and strengthened. The bill also establishes the goal that within 10 years 60 percent of Federal employees be housed in Government-owned space.

In the exercise of its John F. Kennedy Center jurisdiction, the Committee reported and the Senate passed, S. 1209, an original bill, authorizing $4,544,000 to the National Park Service for non-performing arts functions during fiscal year 1982.

The Committee on Environment and Public Works reported S. 1192, the Union Station Redevelopment Act of 1981. The bill provides authorizations to return the monumental Union Station building in Washington, D.C., to use as a rail terminal, while simultaneously promoting substantial investment to renovate the building for commercial purposes. The bill shifts responsibility for the facility to the Department of Transportation from the Department of the Interior and authorizes a one-year study of the building's structural integrity and potential for commercial development. Completion of the parking garage and ramps—using Interstate Highway funds appropriated to the District of Columbia—are also authorized. The Committee on Commerce, Science and Transportation reported the legislation on May 15.

DISASTER RELIEF

In July the Subcommitee on Regional and Community Development conducted oversight hearings to examine and assess various aspects of the disaster relief program and suggested amendments to the Disaster Relief Act of 1974. Particular attention was given to policy questions, particularly the appropriateness and applicability of implementation of the Act in situations which are not caused by nature. Attention was also given to issues related to the core assistance programs of housing, and replacement or restoration of destroyed or damaged public facilities.

These hearings serve as a basis for the development and consideration of amendments to the Disaster Relief Act which the Committee expects to act upon in the second session.

OVERSIGHT HEARINGS TENNESSEE VALLEY AUTHORITY

The Committee on Environment and Public Works held oversight hearings on the Tennessee Valley Authority (TVA) on March 16–17, 1981. The purpose of the hearings

was to gather information on the organization and operation of TVA and to conduct a critical review of the issues relating to increases in electric power rates. The hearings provided significant information and insight into TVA's operation.

Following a review of the hearing record, the Committee on Environment and Public Works adopted a number of recommendations for consideration by the TVA Board of Directors. Implementation of these recommendations is left to the Board and the management at TVA. The Committee believes that actions undertaken in support of these recommendations will lead to improving the TVA's credibility and enhance the operation and management of TVA. TVA will report to the Committee on their response to the specific recommendations.

EXECUTIVE BRANCH NOMINATIONS

During the First Session the Committee held hearings and approved the nominations of 24 persons to positions in the Executive Branch. They include:

G. Ray Arnett, Assistant Secretary for Fish & Wildlife and Parks, Department of the Interior.

Ray Barnhart, Administrator, Federal Highway Administration.

Paul Bazilwich, Jr., Member, California Debris Commission.

Kathleen Bennett, Assistant Administrator for Air, Noise & Radiation, Environmental Protection Agency.

Carlos Campbell, Assistant Secretary for Economic Development, Department of Commerce.

Charles Dean, Jr., Member, Tennessee Valley Authority Board of Directors.

Anne M. Gorsuch, Administrator, Environmental Protection Agency.

John W. Hernandey, Jr., Deputy Administrator, Environmental Protection Agency.

A. Alan Hill, Member, Council on Environmental Quality.

John Horton, Assistant Administrator for Administration, Environmental Protection Agency.

Rickey James, Member, Mississippi River Commission.

Robert Jantzen, Director, Fish and Wildlife Service, Department of the Interior.

Gen. Homer Johnstone, Jr., Member, California Debris Commission.

Col. Paul Kavanaugh, Member, California Debris Commission.

Brig. Gen. Richard Kem, Member, Mississippi River Commission

W. Ernst Minor, Member, Council on Environmental Quality.

Matthew Novick, Inspector General, Environmental Protection Agency.

Nunzio Palladino, Member, Nuclear Regulatory Commission.

Maj. Gen. William Read, Member, Mississippi River Commission.

Thomas Roberts, Member, Nuclear Regulatory Commission.

Maj. Gen. Hugh Robinson, Member, Mississippi River Commission.

John Todhunter, Assistant Administrator for Toxic Substances, Environmental Protection Agency.

Lee Thomas, Associate Director, Federal Emergency Management Agency.

COMMITTEE ON FINANCE

Among the outstanding achievements of 1981 were the passage of the Omnibus Budget Reconciliation Act of 1981 and the Economic Recovery Tax Act of 1981, and under the guidance of Chairman Robert Dole, the Committee on Finance played a critical role with respect to each of these acts.

The Reconciliation Act provides approximately $35 billion in budget savings in fiscal year 1982. Of this amount, nearly one-third, or slightly under $10 billion, comes from legislative changes made in programs within the jurisdiction of the Finance Committee. The Finance Committee and the Senate passed even larger savings, but these were reduced in conference.

Among the major changes enacted in Finance Committee programs are:

Tightened eligibility for the Trade Adjustment Assistance program, saving $1.2 billion in FY 1982;

Phasing out postsecondary students' benefits under social security, for savings of $915 million;

And reform of the "disregard formula" and other changes in Aid to Families with Dependent Children, for over $1 billion in savings.

Major savings were also achieved by cutting the extended benefits program for unemployment compensation, improving Child Support Enforcement, and scaling back Title XX Social Services Block Grants.

In the health area, approximately $1.4 billion was saved under Medicare and $944 million under Medicaid.

The Economic Recovery Tax Act of 1981 is the largest tax reduction bill in American history. The principal provisions of this legislation first took shape in the Finance Committee, and many features of the bill as enacted originated on the Senate floor. The Act not only provides a significant reduction and stabilization of tax rates, but an entirely new system of accelerated depreciation for corporate taxpayers. The legislation also gives new tax incentives for saving, reforms the estate and gift tax laws, reduces the tax burden on small business, and limits the possibility for tax avoidance through the use of commodity straddles.

The House and Senate have reached agreement on a modification of legislation reported by the Finance Committee to resolve the question of the minimum benefit under social security, and to allow interfund borrowing to ameliorate the near-term financial problems of the social security system. Much more remains to be done in this area, and social security will remain a concern for the balance of the 97th Congress.

ECONOMIC RECOVERY TAX ACT OF 1981

General reasons for the bill

The Senate enacted the Economic Recovery Tax Act of 1981 in the belief that a program of significant multi-year tax reductions was needed to ensure economic growth in the years ahead. The Senate believed that this tax reduction program would help upgrade the nation's industrial base, stimulate productivity and innovation throughout the economy, lower personal tax burdens, and restrain the growth of the Federal Government. Lower tax burdens on individuals and businesses, maintained over a period of years, would help restore certainty to economic decision-making and provide a sound basis for a sustained economic recovery. The Senate envisioned a program of broadly-based tax cuts that would restore incentives to work, produce, save, and invest.

SUMMARY OF PROVISIONS

I. Individual income tax provisions

A. Individual Income Tax Reductions

Across-the-board tax rate cut

The Act provides cumulative across-the-board reductions in individual income tax rates. The reduction in tax rates will be 1¼ percent in 1981, 10 percent in 1982, 19 percent in 1983 and 23 percent in 1984 and subsequent years.

The reductions in tax liability will be accompanied by a series of reductions in taxes withheld from workers' paychecks. The withholding reductions will be at a rate of 5 percent on October 1, 1981, a further reduction of 10 percent on July 1, 1982, and a final 10 percent reduction on July 1, 1983.

Senator Charles Grassley was noteworthy in his persevering efforts to have the tax cut enacted.

50-percent maximum rate on investment income

The Act reduces the maximum tax rate on all income from 70 percent to 50 percent for 1982 and subsequent years. This establishes a maximum rate on long-term capital gains of 20 percent because only 40 percent of long-term capital gains is included in income and will be taxed at no more than the 50-percent rate. The top rate under the alternative minimum tax also will be reduced from 25 to 20 percent, starting in 1982. In addition, there will be a special 20-percent alternative tax rate on long-term capital gains, under both the regular income tax and the alternative minimum tax, for sales and exchanges between June 10, 1981, and January 1, 1982.

Deduction for two-earner married couples

In order to reduce the marriage tax penalty and to provide an additional work incentive, the Act provides a new deduction for two-earner married couples equal to a percentage of the first $30,000 of earnings of the spouse with the lesser earnings. This deduction will be available both to itemizers and nonitemizers. For 1982, the deduction will be 5 percent (a maximum deduction of $1,500). For 1983 and subsequent years, the deduction will be 10 percent (a maximum deduction of $3,000).

Together with the across-the-board rate cuts, the deduction will reduce marriage tax penalties for most taxpayers subject to the marriage penalty by at least 50 percent.

Indexing

The Act provides that the income tax brackets, zero bracket amount, and personal exemption will be adjusted for inflation, as measured by the Consumer Price Index, starting in 1985. The first adjustment, for 1985 tax returns, will be based on price increases between fiscal year 1983 and fiscal year 1984.

Senator Charles Grassley was particularly active in helping move this section of the bill through the legislative process.

Child care credit, exclusion

The Act increases the maximum amount of employment-related expenditures eligible for the child care tax credit from $2,000 to $2,400 for each of the taxpayer's first two dependents. In addition, the Act increases the rate of the child care credit from 20 percent to 30 percent for taxpayers with incomes of $10,000 or less. The rate of the credit is reduced by one percentage point for each $2,000 of income, or fraction thereof, above $10,000 until it reaches a rate of 20 percent for taxpayers with incomes above $28,000. Phase-down of the credit percentage applies to remuneration paid after December 31, 1981.

Charitable contributions deduction for nonitemizers

The Act allows taxpayers to deduct charitable contributions even if they do not itemize personal deductions.

For 1982 and 1983, the deduction is limited to 25 percent of the first $100 of contributions ($25 maximum deduction). For 1984, the deduction is limited to 25 percent of the first $300 of contributions ($75 maximum deduction). For 1985, the deduction is allowed for 50 percent of contributions with no cap, and for 1986 the deduction is allowed for 100 percent of contributions. This provision expires after 1986.

Deduction for adoption expenses

The Act provides a new itemized deduction, beginning in 1981, for the expenses of taxpayers that are paid or incurred in connection with the adoption of a "hard to place" child. The new itemized deduction is limited to $1,500 of the taxpayer's adoption expenses.

Gain on sale of residence

The Act extends from 18 months to two years the replacement period during which taxpayers must reinvest the proceeds from the sale of their principal residence in a new principal residence in order to be eligible for rollover nonrecognition treatment on the gain from that sale. In addition the Act increases from $100,000 to $125,000 the maximum amount of capital gain on the sale of a residence excludible from gross income by a taxpayer age 55 or over.

B. Foreign Earned Income

The Act modifies the eligibility standards of present law and replaces the present system of deductions for excess living costs abroad with an exclusion of a portion of foreign earned income. An individual is eligible for the exclusion if he is present in a foreign country or countries for 330 full days in any period of 12 consecutive months (rather than 510 days in any period of 18 consecutive months as under present law). The taxpayer may elect to exclude foreign earned income attributable to the period of foreign residence or presence at an annual rate of 75,000 for taxable years beginning on or after January 1, 1982. This amount is increased $5,000 a year over the next four years to $95,000. In the case of a married couple, the exemption is computed separately for each qualifying individual.

Once a taxpayer has elected to exclude foreign earned income the election remains in effect for that year and all future years. The election may be revoked with the consent of the Commissioner of Internal Revenue.

In addition to the exclusion described above, an individual may elect to exclude a portion of his income or, in the case of housing amounts not provided by an employer, elect to deduct an amount for housing, based on his housing expenses. This exclusion is equal to the excess of the taxpayer's "housing expenses" over a base housing amount. "Housing expenses" must be reasonable and paid or incurred during the taxable year by, or in behalf of the individual. Housing expenses are not treated as reasonable to the extent they are lavish or extravagant under the circumstances.

The base housing amount is 16 percent of the salary of an employee of the United States whose salary grade is step 1 of grade GS–14. Currently, this salary is $37,871 so the current base housing amount would be $6,059.

Deductions and credits attributable to excluded income are not allowed. For example, foreign taxes paid on excluded income may not be credited against U.S. taxes.

As under present law, pensions, and annuities, and income from certain trusts are not excludable.

The Act retains the present rules under which an individual is allowed *pro rata* benefits in certain cases where civil unrest or similar adverse conditions require an individual to leave the foreign country before meeting the time requirements.

II. Business tax incentive provisions

A. Capital Cost Recovery Provisions

Depreciation and investment tax credit revisions

The Act completely revises the Federal income tax treatment of capital cost recovery and makes revisions in the investment tax credit. The Senate's Accelerated Cost Recovery System (ACRS) generally provides much faster recovery of the costs of capital expenditures than occurred under prior law. The changes made by the Act will encourage investment, which will improve productivity, and will simplify the tax law and tax administration. Additionally, the new system will distribute the incentives for capital investment more evenly than prior law.

Machinery and equipment

Tangible personal property (primarily machinery and equipment) is assigned to one of four classes with recovery periods of 3, 5, 10, or 15 years. The 3-year class consists of autos, light trucks, equipment used in research and experimentation, other short-lived property, racehorses over two years old, and other horses over 12 years old. The 5-year class includes most other equipment, except long-lived public utility property. The 10-year class consists of public utility property with an ADR guideline life greater than 18 and less than 25.5 years, railroad tank cars, theme park structures, mobile homes, and utility coalburning equipment used to replace or convert oil and gas-fired boilers. The 15-year class consists of public utility property with an Asset Depreciation Range guideline life above 25 years.

An accelerated method of cost recovery is provided for each of the four classes. Before 1985, these methods provide benefits approximating the 150-percent declining balance method for the early years of the recovery period with a switch to the straight-line method for the remainder of the recovery period (adjusted to take account of a half-year convention). In 1985, cost recovery is accelerated further and provides benefits approximating the 175-percent declining balance method for the first year of the recovery period with a switch to the sum of the years-digits method for the remaining years. After 1985, the permanent cost recovery schedules take effect, and these provide benefits approximating the 200-percent declining balance method for the first year of the recovery period with a switch to the sum of the years-digits method for the remaining years.

The investment tax credit is 6 percent for eligible property in the 3-year class and 10 percent for all other eligible property, without regard to extended recovery period elections that may be made.

Real property

Real property will be written off over a 15-year period. Taxpayers will use an accelerated method based on the use of the 175-percent declining balance method in the early years of the recovery period with a switch to the straight-line method in the remaining years. A taxpayer may, however, elect a straight-line method. Taxpayers will no longer be allowed to depreciate components separately but must use a composite method of cost recovery for the entire structure.

When a taxpayer disposes of nonresidential property for which the accelerated method of depreciation has been used, gain is treated as ordinary income to the extent of all prior cost recovery deductions. For residential real property, however, the gain is treated as ordinary income only to the extent of the excess of accelerated over straight-line cost recovery. There is no ordinary income recapture in the case of dispositions of real estate for which straight-line depreciation has been elected. The phase-out of recapture for low income residential housing of present law is maintained.

Other provisions

Businesses may elect to expense (i.e., write off for the taxable year for which the property is placed in service) up to $5,000 of qualifying property in 1982 and 1983, $7,500 in 1984 and 1985, and $10,000 after 1985. No regular investment credit is allowed for this expensed property. In general, property for which this election may be made is personal property eligible to be treated as recovery property if the property is acquired by purchase for use in a trade or business and which would otherwise be eligible for the investment credit.

As part of its complete restructuring of capital cost recovery, the Act provides a number of special rules. To provide flexibility in the use of depreciation deductions, taxpayers are allowed to make a number of elections to use longer recovery periods and straight-line methods of depreciation. Rules are also provided for the computation of earnings and profits, depreciation on assets used predominantly outside the United States, and the minimum tax. Rules under which transactions are characterized as leases for tax purposes are considerably liberalized.

The Act raises the amount of used property eligible for the investment credit from $100,000 to $125,000 for 1981 through 1984, and to $150,000 for 1985 and subsequent years.

The Act limits the amount of property eligible for the investment credit to the extent to which the taxpayer is "at risk", that is, has invested his own money or is personally liable for loans. There are, however, broad exceptions from this rule for loans from financial institutions and other commercial lenders and for the energy investment credit.

In addition, the Act extends the carryover period for unused net operating losses and investment tax credits from seven to 15 years.

Effective date

ACRS will be generally effective for property placed in service after December 31, 1980. However, rules are provided to prevent related parties from making used property eligible for ACRS through certain transactions.

Tax credit for rehabilitation expenditures

The Act replaces the present 10 percent credit for expenditures to rehabilitate industrial and commercial buildings (nonresidential structures) and the present 5 year amortization for expenditures to rehabilitate certified historic structures, and the accelerated depreciation applicable to substantial rehabilitation with a new tax credit, effective for 1982 and future years. The new credit is 15 percent of expenditures to rehabilitate industrial and commercial buildings 30 to 39 years old, 20 percent of expenditures to rehabilitate such buildings that are over 39 years old, and 25 percent of expenditures related to certified rehabilitations of both residential and nonresidential certified historic structures. In addition, taxpayers who make rehabilitations under this provision are limited to straight line depreciation. Finally, in the case of expenditures to which the 15 percent and 20 percent credits apply, the basis for determining cost recovery deductions will be reduced by the amount of the credit.

Tax credit for research and experimental expenditures

To encourage research and experimentation by industry, the Act provides a 25 percent income tax credit for certain research expenditures paid or incurred in carrying on a trade or business of the taxpayer. The credit only applies to the extent these expenditures exceed those in a 3-year moving base period. Qualified research expenditures include expenditures for direct wages, supplies, and expenditures for the right to use equipment, as well as 65% of amounts paid to research firms or universities for conducting research and experimentation on behalf of the taxpayer. To encourage corporate support of basic research, 65% of a corporation's grant to universities or certain research organizations for research with no specific commercial application in view when it is commenced as similarly creditable. Rules are provided to prevent the use of these tax credits for tax shelter purposes.

The measure, sponsored by Senator John Danforth, is designed to restore the attractiveness of R&D as an investment for Amer-

ican industry. Scientific knowledge has been the traditional cutting edge of American economic strength. Unfortunately, in recent years we have been spending less and less of our G.N.P. on research and development while our major trading competitors have been increasing their spending on R&D. The R&D tax credit should help increase American productivity and thereby aid in the fight against inflation.

The research and experimentation credit is effective for wages paid or incurred after June 30, 1981 and before 1986.

Charitable contributions of research equipment

The Act permits corporations which contribute newly manufactured scientific equipment to colleges and universities for research use to claim a charitable deduction equal to the taxpayer's basis plus 50 percent of the appreciation, but not to exceed twice the basis.

Allocation to U.S.-source income

For two years, taxpayers are required to allocate expenditures for research and experimentation conducted in the United States entirely to U.S.-source income.

Incentive stock options

The Act creates a special class of "incentive stock options". There will be no tax consequences when these options are granted or when they are exercised, and employees will be allowed capital gains treatment on any gain from the sale of the stock.

The aggregate amount of stock for which any employee may be granted such options in a calendar year is limited to $100,000. However, employees are allowed a three-year carryover of up to $50,000 per calendar year if they do not use the full $100,000 in any one year. In the case of options granted before 1981, the aggregate amount of stock for which an employee may be granted incentive stock options cannot exceed $50,000 per year and $200,000 in the aggregate.

C. Small Business Provisions

Corporate rate reduction

The Act reduces the tax rate on the first $25,000 of corporate taxable income from 17 percent to 16 percent in 1982 and 15 percent in subsequent years. The Act also reduces the rate on the next $25,000 of taxable income from 20 percent to 19 percent in 1982 and 18 percent in subsequent years.

Accumulated earnings credit

The Act generally increases the credit against the accumulated earnings tax from $150,000 up to $250,000, beginning in post-1981 taxable years.

Subchapter S corporations

The Act increases the maximum number of shareholders for a subchapter S corporation from 15 to 25 and allows certain trusts to be qualified shareholders of a subchapter S corporation.

Inventory accounting

The Act simplifies LIFO inventory accounting for small businesses. Businesses with average gross receipts of less than $2 million for the prior 3 years are allowed to use a single dollar-value LIFO pool. In addition, taxpayers electing LIFO will have three years (beginning with the year of election) to tack back into income inventory write-down taken in years prior to the year of the LIFO election. The Treasury Department also is directed to issue regulations that will simplify the use of dollar-value LIFO inventory accounting through the use of published government indexes, and to conduct a study of tax accounting methods for inventory with a view toward development of simplified methods.

IV. Windfall profits tax provisions

Royalty owner credit and exemption

For 1981, royalty owners are allowed a credit against the first $2,500 of windfall profit tax liability. For 1982 through 1984, the Act provides an exemption from the windfall profit tax for up to two barrels a day of royalty production (after 1984, for up to three barrels a day).

Stripper oil exemption

The Act exempts stripper oil produced by independent producers, starting in 1983. This measure received particular support from Senator Don Nickles, whose commitment to eliminate the tax will protect thousands of small royalty owners and independent producers from unfair confiscation of their oil income.

Newly discovered oil tax rate

The Act reduces the windfall profit tax rate on newly discovered oil from 30 percent to 27.5 percent in 1982, 25 percent in 1983, 22.5 percent in 1984, 20 percent in 1985, and 15 percent in subsequent years. Senator Don Nickles was a particularly adamant supporter of this measure.

Exemption for certain charities

The Act exempts from the windfall profit tax production owned by orphanages and similar charitable organizations.

V. Savings tax incentive provisions

Interest and dividend exclusion

The Act terminates the present $200 interest and dividend exclusion ($400 for a joint return) after 1981. After 1981, the law will revert to the prior $100 exclusion for dividends only with some technical modifications. Starting in 1985, taxpayers will be able to exclude 15 percent of interest income to the extent such income exceeds nonbusiness and nonmortgage interest deductions, up to a maximum interest net exclusion of $450 ($900 for joint returns).

This provision originally sponsored in slightly different form by Senator Harrison Schmidt, will allow the taxpayer to save without the burden of overtaxation on his or her interest earnings. The provision will increase the rate of saving, thus enlarging the capital pool needed for investment and revitalization.

Qualified savings certificates

The Act excludes from income interest, not to exceed an aggregate amount of up to $1,000 ($2,000 for a joint return), on qualified savings certificates.

These one-year certificates must be issued after September 30, 1981, and before January 1, 1983, and must have a yield equal to 70 percent of the yield on one-year Treasury bills. The certificates must be issued by certain financial institutions which invest in residential financing or agricultural loans.

Individual retirement accounts

Senator CHAFEE introduced several provisions of the IRA legislation which were included in the final committee tax bill.

The Act increases the limit on deductions for contributions to individual retirement accounts from the lesser of 15 percent of compensation or $1,500 ($1,750 for a spousal IRA) to the lesser of 100 percent of compensation or $2,000 ($2,250 for a spousal IRA). Also, the Act allows active participants in employer sponsored plans to deduct up to $2,000 of the taxpayer's voluntary contributions to the plan or to an IRA. These IRA changes are effective for taxable years beginning after 1981. The provisions sponsored by Senator CHAFEE stimulate savings for retirement by providing a tax incentive.

Self-employed retirement savings

The Act increases the maximum annual deduction for a contribution to a self-employed retirement plan (Keogh or H.R. 10 plan) from $7,500 to $15,000, and makes other changes in tax rules applicable to such plans. This provision is generally effective for taxable years beginning after 1981.

Employee stock ownership plans

The Act replaces the existing additional investment credit for employee stock ownership plans (ESOPs) with a credit to a percentage of payroll. For 1983 and 1984, the credit is one-half of one percent of compensation paid to employees under the plan, and the percentage increases to three-fourths of one percent after 1984. This payroll-based ESOP credit expires at the end of 1987. In addition the Act makes other changes in the rules applicable to ESOPs.

Dividend reinvestment plans

The Act excludes from income up to $750 ($1,500 for a joint return) of dividends from public utilities which are reinvested in the stock of the utility under a dividend reinvestment plan. The income generally will be treated as a capital gain when the taxpayer sells the stock. The exclusion applies for the taxable years 1982 through 1985.

VI. Estate and gift tax provisions

Unified credit

The 1981 Tax Act also makes major revisions in the estate and gift tax laws to reduce the tax burden on moderate size estates, particularly family farms and small businesses. Under the Act, the unified credit against estate and gift taxes is gradually increased from $47,000 to $192,800 over six years. The amount of the credit is $62,800 for gifts made, and decedents dying, in 1982, $79,300 in 1983, $96,300 in 1984, $121,800 in 1985, $155,800 in 1986, and $192,800 in 1987 and subsequent years. Thus, cumulative transfers exempt from gift and estate taxes increase from $175,625 under present law to $225,000 in 1982, $275,000 in 1983, $325,000 in 1984, $400,000 in 1985, $500,00 in 1986, and $600,000 in 1987 and subsequent years. Filing requirements are adjusted to reflect the higher levels of exempted transfers.

Rate reduction

The maximum gift and estate tax rates are reduced over a 4 year period in five percent increments from 70 percent to 50 percent. The maximum rate is 65 percent for gifts made, and decedents dying, in 1982, 60 percent in 1983, 55 percent in 1984, and 50 percent in 1985. The 50-percent tax rate will apply to taxable gifts and bequests in excess of $2.5 million.

Marital deduction

Prior to the Act, a gift tax marital deduction was allowed for the first $100,000 of gifts to a spouse and for 50 percent of gifts to a spouse in excess of $200,000. An estate tax marital deduction was allowed for transfer to a surviving spouse up to the greater of $250,000 or one-half the adjusted gross estate.

As the result of work by the Estate and Gift Tax Subcommittee, chaired by Senator Steven Symms) the Act removes the quantitative limits on both the gift and estate tax marital deductions and provides that certain terminable interests also qualify for those deductions. In general, a terminable interest may qualify at the election of the executor where the spouse receives a life interest, remainder to another party, with transfer tax imposed when the surviving spouse disposes of the interest or dies.

Current use valuation

a. Increase in maximum reduction in fair market value:

Under prior law, the fair market value of qualified real property could not be reduced by more than $500,000 as a result of current use valuation. The Act increases the maximum amount by which the fair market value of qualified real property may be reduced as a result of current use valuation to $600,000 for estates of decedents dying in 1981, $700,000 in 1982, and $750,000 in 1983 and thereafter.

b. Predeath qualified use requirement:

Under prior law, to be specially valued, real property had to be used or held for use as a farm or closely held business ("a qualified use") for five of the last eight years before the decedent's death and on the date of death.

The Act permits the qualified use requirement of present law, applicable to periods on or before the date of the decedent's death (sec. 2032A(b)(1)), to be satisfied if either the decedent or a member of the decedent's family uses real property otherwise eligible for current use valuation in the qualified use.

c. Pre-death material participation requirement:

Under prior law, the decedent or a member of his family had to materially participate in the farm (or other business operation) for periods aggregating five years of the eight years before the decedent's death. On the other hand, if the decedent materially participated in the farm operation, any income derived from the farm was treated as earned income for social security purposes and, could reduce social security benefits.

Under the Act, the material participation requirement has to be satisfied during periods aggregating five years or more of the eight-year period ending before the earlier of (1) the date of death, (2) the date on which the decedent became disabled (which condition lasted until the date of the decedent's death), or (3) the date on which the individual began receiving social security retirement benefits (which status continued until the date of the decedent's death).

An individual is considered to be disabled if the individual is mentally or physically unable to materially participate in the operation of the farm or other business.

d. Tacking to satisfy certain requirements in cases of certain pre-death involuntary conversions and like-kind exchanges:

The Act changes prior law to permit tacking of the ownership, qualified use, and material participation requirements in the case of replacement property acquired pursuant to like-kind exchanges under section 1031 and involuntary conversions under section 1033.

e. Election requirements:

Under prior law, an election to specially value qualified real property had to be made on a timely filed estate tax return. An agreement to the election, binding under local law, had to be signed by all parties having an interest in the property.

Under the Act, elections to specially value property must be made on the decedent's estate tax return rather than by the due date of the return as under prior law.

f. Use of share rentals in the formula valuation method:

Farm real property may be specially valued using a formula valuation method. Under the formula method, the value of qualified real property is determined by (1) subtracting the average annual State and local real estate taxes for tracts of comparable land used for farming from the average annual gross cash rental for the tracts of the comparable land, and (2) dividing that amount by the average annual effective interest rate for all new Federal land bank loans. Each average annual computation is made on the basis of the five most recent calendar years ending before the decedent's death.

The Act permits substitution of net share rentals for cash rentals in the formula valuation method for farm real property if the executor cannot identify actual tracts of comparable farm real property in the same locality as the decedent's farm property that are rented solely for cash.

g. Reduction in post-death recapture period:

Under prior law, if, within 15 years after the death of the decedent (and before the death of the qualified heir), specially valued property was disposed of to nonfamily members or ceased to be used for the farming or other closely held business purpose based upon which it was valued in the decedent's estate, all or a portion of the Federal estate tax benefits obtained by virtue of the reduced valuation was recaptured.

The Act reduces the 15-year recapture period to 10 years; the five-year phase-out period is repealed.

h. Increase in basis of property on which a recapture tax is paid:

Under prior law, if an election was made to value property based on its current use, the qualified heir's income tax basis in the property was the current use value. No adjustment was made to this basis if the recapture tax was imposed.

The Act permits a qualified heir to make an irrevocable election to have the income tax basis of qualified real property increased to the fair market value of the property as of the date of the decedent's death where the recapture tax is paid. If the heir elects this basis adjustment, the heir must pay interest on the amount of the recapture tax from the date which is nine months after the decedent's death until the due date of the recapture tax. If the heir does not make the election and pays the interest, no adjustment is made to the basis of the property.

i. Miscellaneous technical changes to post-death recapture period rules:

The Act retains the requirement that the qualified heir owning the real property after the decedent's death use it in the qualified use throughout the recapture period. However, the Act creates a special two-year grace period immediately following the date of the decedent's death during which failure by the qualified heir to commence use of the property in the qualified use will not result in imposition of a recapture tax. The new 10-year recapture period is extended by a period equal to any part of the two-year grace period which expires before the qualified heir commences using the property in the qualified use. This provision is retroactive to estates of certain decedents dying after December 31, 1976.

In the case of an eligible qualified heir, the Act provides that "active management" by the eligible qualified heir is treated as material participation for purposes of meeting the material participation requirement during the post-death recapture periods.

The Act also provides that an exchange pursuant to section 1031 of qualified real property solely for qualified replacement property to be used for the same qualified use as the original qualified real property does not result in imposition of the recapture tax.

j. Qualification of property purchased from a decedent's estate:

Under prior law, only that property which was acquired from a decedent was eligible for current use valuation. The Act expands the circumstances in which property is considered to be so acquired to include property that is purchased from a decedent's estate by a qualified heir as well as property that is received by bequest, devise, inheritance, or in satisfaction of a right to pecuniary bequest. If purchased property is specially valued, the qualified heir who purchases the property is limited to the current use value of the property as his income tax basis. This change is retroactive to estates of certain decedents dying after December 31, 1976.

k. Property transferred to discretionary trusts:

Under prior law, property owned indirectly through ownership of an interest in a partnership, a corporation, or a trust qualified for current use valuation to the extent that it would qualify if it were owned directly. However, trust property qualified for current use valuation only to the extent that an heir received a "present interest" in the trust property.

Treasury regulations defined the term "present interest" by reference to the gift tax law (sec. 2503), which precluded current use valuation of any property passing from the decedent to a trust in which the interest of the life tenant (or any other beneficiary whose interest becomes a present interest before expiration of the recapture period) was subject to discretion on the part of the trustee.

The Act provides that property meeting the other requirements for current use valuation can be specifically valued if it passes to a discretionary trust in which no beneficiary has a present interest (under sec. 2503) because of the discretion in the trustee to determine the amount to be received by any individual beneficiary so long as all potential beneficiaries of the trust are qualified heirs.

l. Definition of family member:

Under prior law, only real property that passed to qualified heirs was eligible for current use valuation. The term "qualified heir" meant a member of the decedent's family, but did not include members of a spouse's family.

Additionally, the pre-death qualified use and material participation requirement may be satisfied by the decedent or a member of the decedent's family. Likewise, the post-death material participation requirement may be satisfied by participation of the qualified heir or a member of the heir's family. Property can only be disposed of during the recapture period without imposition of a recapture tax if the transfer is to a member of the qualified heir's family.

The Act changes the definition of family member to include an individual's spouse, parents, brothers and sisters, children, stepchildren, and spouses and lineal descendants of those individuals.

m. Special rules for woodlands.

Under prior law, only real property used as a farm for farming purposes or in other closely held business operations ("a qualified use") was eligible for current use valuation. Timber operations are included in the definition of farming purposes. Standing timber, like other growing crops, was not treated as part of the qualified real property.

The Act continues treatment of timber operations as a farming use, but permits executors to elect to specially value the standing timber. If standing timber is specially valued, the recapture tax is imposed when the timber is disposed of or severed.

These changes to the current use valuation provision apply generally to estates of decedents dying after December 31, 1981.

Transfers within 3 years of death

Prior law generally required that gifts made by a decedent within 3 years of death be included in the decedent's gross estate at their value as of the date of death or alternate valuation date (sec. 2035(a)). Under the Act this rule does not apply to decedents dying after December 31, 1981, except for gifts of certain types of property covered by section 2036, 2037, 2038, 2041, and 2042. In addition, all gifts made within 3 years of death are included for purposes of qualifying for current use valuation (sec. 2032(a)), deferred payment of estate tax (sec. 6166), qualified redemptions to pay estate tax (sec. 303), and estate tax liens (subchapter C of chapter 64).

Time for payment of estate tax attributable to closely held businesses

The provisions of prior law sections 6166 and 6166A, relating to the deferred payment of estate taxes attributable to interests in closely held businesses, are combined into one provision. The new provision permits deferred payment if interests in closely held businesses exceed 35 percent of the adjusted gross estate. Conforming changes are made to section 303, which permits redemption of stock in a closely held business to pay certain estate taxes, funeral expenses, and administration expenses.

The Act also provides that the remaining unpaid tax balance will not be accelerated upon the death of the decedent's heir or a subsequent transferee provided the interest

in closely held businesses passes to a family member of the heir or subsequent transferee.

Disclaimers

The Act provides that a timely transfer of property to the person who would have received it had an effective disclaimer been made under the applicable local law is considered an effective disclaimer for purposes of Federal estate and gift taxes where the other Federal requirements of qualified disclaimers are met.

Basis rule for property received within 3 years of death

The Act provides that the basis of appreciated property acquired by gift within 1 year of death is not adjusted to its fair market value at date of death if it is returned to the donor (or donor's spouse).

Certain charitable contributions

Where a charitable transfer is an interest which is less than the donor's entire interest in proprety, prior law provided that no charitable deduction was allowable unless the split-interest gift was made in certain specified forms. Because an original work of art and a related copyright are considered interests in the same property, no deduction was allowed for the transfer of an original work of art to charity if the copyright was retained or transferred to a noncharity.

The Act provides that where a donor or decedent makes a qualified contribution of a copyrightable work of art, the work of art and its copyright will be treated as separate properties for purposes of the estate and gift tax charitable deduction.

The Act provides a special credit against the estate taxes imposed on the estate of D. M. Kunhardt. The amount of the credit is equal to the smallest of (1) the total estate tax imposed, (2) the fair market value of Matthew Brady glass plate negatives transferred by the estate to the Smithsonian, or (3) $700,000.

Certain bequests, etc., to minor children

The Act repeals the provisions of present law which permit a limited deduction for certain property passing to certain orphaned minor children.

Generation-skipping transfer tax

The Tax Reform Act of 1976 imposed a tax on generation-skipping transfers. A transitional rule exempts from the tax generation-skipping trusts created by wills or revocable trusts in existence on June 11, 1976, if (1) such wills and trusts were not amended after that date to create or increase the amount of the generation-skipping transfer, and (2) the testator or trust grantor dies before January 1, 1982.

Under the Act, the January 1, 1982, date contained in the transitional rule is extended one additional year to January 1, 1983.

Annual gift tax exclusion

The Act increases the amount of the annual gift tax exclusion from $3,000 to $10,000 per donee and provides an unlimited exclusion for amounts paid for the benefit of a donee for certain medical expenses and school tuition.

Annual payment of gift tax

Prior law required that gift tax returns must be filed, and any gift tax paid, on a quarterly basis if the sum of (1) the taxable gifts made during the quarter, plus (2) all other taxable gifts made during the taxable year (for which a return has not yet been required to be filed) exceeds $25,000. If annual gifts were less than $25,000, a return had to be filed for the fourth quarter.

The Act provides that all gift tax returns are to be filed, and any gift tax paid, on an annual basis.

VII. Commodity tax straddles

A major tax abuse which came to the attention of the Senate was the use of commodity straddles and similar transactions to defer income and to convert ordinary income and short-term capital gains into long-term capital gains. The Act changes the law to curtail these abuses.

Mark-to-market. Under the Act, regulated futures contracts are marked to market at the earlier of disposition or the end of the tax year. Under this rule, gains and losses in a taxpayer's futures account are recognized at the close of the year. Net gains on regulated futures contracts are treated as if 40 percent of the gain were short-term gain and 60 percent of the gain were long-term gain, thus providing a maximum tax rate of 32 percent on gains on regulated futures contracts after 1981. Furthermore, the bill provides a 3-year capital loss carryback for losses on regulated futures contracts. These losses can be deducted against gains from regulated futures contracts in three prior years. A generous 5-year averaging rule is provided for gains recognized in 1981 under this provision.

In the case of straddles which do not involve positions in regulated futures contracts, losses are deferred to the extent there are unrealized gains in offsetting positions. However, in the case of straddles which consist of one or more positions in regulated futures contracts, the taxpayer may elect either to have all positions marked to market, or alternatively, have the leg that is a regulated futures contract exempted from the mark-to-market rule and treated, along with the other positions making up the straddle, under the general loss deferral rule. The bill also authorizes regulations extending present law wash-sale and short-sale principles to straddle positions.

The Act requires the taxpayers to capitalize interest and carrying charges for certain "cash and carry" straddles, excluding ordinary hedges.

The Act broadly exempts most hedging transactions from the mark-to-market, loss deferral and capitalization rules.

Treasury bills and other short-term government obligations are treated as capital assets. The amount of ordinary interest income assumed to be earned in connection with the Treasury bill is based on a linear amortization of the difference between the taxpayer's basis and the price at which the bills are to be redeemed during the period which the taxpayer held the Treasury bill.

Broker-dealers are required to identify securities held for investment on the day the securities are acquired, except for exchange specialists who are given seven days to make the identification for certain stock.

To prevent certain other avoidance strategies, the Act provides that certain dispositions of capital assets which produce capital gain or loss on their sale or exchange are treated as resulting in capital gain or loss without regard to whether a disposition was entered into after June 23, 1981.

VIII. Administrative provisions

Interest on deficiencies and overpayments

Under prior law, the interest rate applicable to deficiencies and overpayments was set by Treasury regulations at 90 percent of the adjusted prime rate for September, and was effective on February 1 of the immediately succeeding year.

The Act provides that the interest rate is to be set annually at 100 percent of the prime rate. Starting in 1983, changes in the interest rate are to be effective on January 1, rather than on February 1, of the year immediately succeeding the year in which the rate is established. The Act also contains a number of provisions to improve compliance with the tax laws.

Penalties for false withholding allowance certificate

Under prior law, a civil penalty of $50 could apply for claiming withholding allowances based on false information (Code sec. 6682). The criminal penalty for willfully failing to supply information, or for willfully supplying false or fraudulent information, in connection with wage withholding was a fine of up to $500 and/or up to one year imprisonment. The Act increases to $500 the civil penalty for filing false information with respect to wage withholding. The Act also increases the criminal penalty for willfully failing to supply information, or for willfully supplying falsified information in connection with wage withholding to $1,000.

These provisions are effective for acts and failures to act after December 31, 1981.

Penalty for failure to file information returns

Taxpayers are required to file a variety of information returns with the Secretary. Generally, such returns relate to payments to, and transactions with, other persons. The penalty for failure to file most information returns was $1 per return, subject to a maximum of $1,000 for any calendar year (Code sec. 6652(b)). Taxpayers who must file an information return generally were not required to furnish a copy to the person to whom the payment relates.

The Act generally requires that information returns be furnished to the person to whom the payments on the return relate, and increases the penalty for failure to file most information returns with the Secretary. The increased penalty is $10 for each return, subject to a maximum penalty of $25,000 for any calendar year.

The provision is effective as to returns and statements required to be furnished after December 31, 1981.

Penalty for overstated tax deposits

Periodic deposits of various taxes are required prior to the close of the taxable year. Taxpayers who fail to comply with these depository requirements may be subject to a penalty of 5 percent of any amount not deposited on or before the prescribed date, unless it is shown that the failure is due to reasonable cause and not due to willful neglect (Code sec. 6656(a)). In addition, criminal penalties may apply with respect to taxpayers who make a false return claiming to have made deposits of tax (Code sec. 7206) or who fail to collect, account for or pay over collected taxes (Code sec. 7215, 7512).

The Act contains a specific penalty applicable to persons who make an overstated deposit claim. The penalty is 25 percent of the overstated deposit claim, and applies in addition to any other applicable penalty.

Penalty for valuation overstatements

An addition to tax, or penalty, is imposed with respect to certain tax underpayments due to negligence or civil fraud (Code sec. 6653). The penalty for negligence is 5 percent of any underpayment that is due to negligent or intentional disregard for rules and regulations but not with intent to defraud. The alternative civil fraud penalty is 50 percent of any underpayment.

The Act provides a graduated addition to tax applicable to certain income tax "valuation overstatements". The addition to tax applies only to the extent of any income tax underpayment which is attributable to such an overstatement, and only if the taxpayer is an individual, a closely held corporation, or a personal service corporation.

A valuation overstatement exists if the value of any property, or the adjusted basis of any property, claimed on any return exceeds 150 percent of the amount determined to be the correct amount of the valuation, or adjusted basis. If there is a valuation overstatement, the following percentages are used to determine the applicable addition to tax:

If the valuation claimed is the following percent of the correct valuation:	The applicable percentage is:
150 percent or more but not more than 200 percent	10
More than 200 percent but not more than 250 percent	20
More than 250 percent	30

The penalty is effective for returns filed after December 31, 1981.

Addition to negligence penalty

The Act imposes a new addition to tax equal to 50 percent of the interest (determined under Code sec. 6601) attributable to that portion of an underpayment which is attributable to negligent or intentional disregard of rules or regulations. The addition to tax is 50 percent of the interest for the period beginning on the last day for payment of the underpayment and ending on the date of the assessment.

As an addition to tax, amounts imposed under this new penalty are nondeductible.

Confidentiality of certain IRS information

The law restricts the disclosure of tax returns and return information. However, information that cannot identify any particular taxpayer is not protected under the disclosure restrictions. Because of this, questions were raised concerning whether the IRS could legally refuse to disclose information which is used to develop standards for auditing tax returns.

The Act provides that nothing in the tax law, or in any other Federal law, will be construed to require the disclosure of standards used, or to be used, for the selection of returns for examination (or data used, or to be used, for determining such standards), if the Secretary determines that such disclosure will seriously impair assessment, collection, or enforcement under the internal revenue laws. However, it is intended that nothing in this provision be construed to limit disclosure of statistical data or other information (other than of the type that could be used by the IRS to determine criteria for selecting returns for examination) to the extent permitted under present law. Thus, any information that is currently made available will continue to be available.

Tax court filing fee

Under prior law, the Tax Court was authorized to impose a fee of up to $10 for the filing of any petition. The Act authorizes the Tax Court to impose a filing fee of up to $60. This provision applies to petitions filed after December 31, 1981.

Cash management: Corporate estimated tax payments

The Act provides that corporations whose taxable income exceeded $1 million in any of the three preceding taxable years must pay estimated tax of at least 80 percent of current year's tax liability regardless of their prior year's tax liability, rather than the former 60 percent.

The 80 percent requirement is phased in over a three-year period. In 1982, large corporations will have to be at least 65 percent current with estimated tax payments. This will increase to 75 percent in 1983, and to 80 percent for 1984 and subsequent years. The provision is effective for taxable years beginning after December 31, 1981.

Declaration and payment of estimated taxes by individuals

Individuals whose tax liability, over amounts withheld during the year, is less than $100 have not been required to file declarations of estimated taxes. The act increases the tax liability threshold for the payment of estimated taxes from $100 to $500 over a four year period, as follows:

Taxable years beginning in:	*Threshold amount*
1982	$200
1983	300
1984	400
1985 and thereafter	500

Individuals whose tax liability in excess of withholding does not exceed the threshold amount would not be required to declare or pay estimated tax, nor would they be penalized for underpayment of estimated tax.

The increase in the tax liability threshold takes effect for taxable years beginning after December 31, 1981.

RAILROAD RETIREMENT TAXES

The Act includes these provisions:

Tier II taxes. There is imposed on railroad employers a tax on compensation paid in a calendar month, subject to a maximum limitation. Currently, the annual taxable compensation base is $22,200.

The Act, pursuant to a negotiated agreement between railway management and labor, provides for adjustments in the financing of the tier-II pension component. The tax on employers under section 3221 is increased from 9.5 to 11.75 percent. In addition, there is a new tax of 2 percent on the compensation of employees (as defined in section 3221).

The Act provides advanced, limited transfers to the Railroad Retirement Account from the general fund of the Treasury in amounts necessary to make monthly benefit payments. In no case will the amounts outstanding at any time for any fiscal year under this authority exceed the estimated interchange transfer from the Social Security Trust Fund for that fiscal year. The Board will pay the prevailing rate of interest currently being paid on short-term instruments of the Department of the Treasury on amounts transferred under this authority.

Payments of employee taxes by railroad employers. The Act provides that payments by an employer of employee railroad payroll taxes, without deduction from the employee's remuneration, will be included in taxable compensation for RRTA purposes. This change will conform the provisions of the Railroad Retirement Tax Act to the corresponding provisions of the recently amended Federal Insurance Contributions Act. The changes made by this provision will be effective with respect to compensation paid for services rendered after September 30, 1981.

Definition of compensation. The Act provides that compensation that is paid in one calendar month but that would be payable in a prior or subsequent taxable month but for the fact that the prescribed date of payment would fall on a Saturday, Sunday, or legal holiday will be deemed to have been paid in such prior or subsequent taxable month. The Act thus makes clear the treatment for RRTA purposes of compensation "bunched" in any month for services rendered in the preceding month.

The Act also provides that, in the absence of evidence to the contrary (e.g., the statutory presumption curing "bunching" of compensation problems in certain months, as clarified by the immediately preceding provision), payments by railroad employers shall be presumed to be compensation for services rendered as an employee in the period for which the payment is made. Also, for an employee receiving retroactive wage payments (such as lump sum retroactive wage payments and crew consists payments), such payments will be deemed under the provision to be compensation paid in the period for which the payment is made unless the employee requests in writing (pursuant to existing provisions in sec. 3231(e)(2) that such compensation was earned in a period other than the period in which it was paid.

This provision is effective for taxable years beginning after December 31, 1981. No inference is to be drawn from this clarification for taxable years beginning after 1981 as to Congressional intent with respect to prior legislation concerning the definition of compensation for the purposes of administrative or judicial proceedings.

IX. Miscellaneous provisions

Foreign investment in U.S. real property

The Act makes a series of technical changes to the tax on capital gains recognized by foreign investors on dispositions of U.S. real property to clarify the original intent of Congress to generally collect at least one tax on the transfer of U.S. real property interests by foreign investors.

Property requirement of private foundations

The Act reduces the required payout for private foundations, for taxable years beginning after 1981, so that private foundations must annually distribute for charitable purposes only 5 percent of the foundation's net investment assets.

Imputed interest rate on installment sales

The Act reduces from 10 percent to 7 percent the maximum rate of imputed interest on an installment sale of land, up to an annual aggregate sales price of $500,000 between members of the same family (within the meaning of Code section 267(c)(4)).

Bad debt deduction for commercial banks

Commercial banks compute their bad debt deductions under either the experience method or the percentage of outstanding loans method. For 1982, the Act increases from 0.6 percent to 1.0 percent the percentage of eligible loans which limits the bad debt deduction of commercial banks under the percentage of outstanding loans method. After 1982 and before 1988, the applicable percentage will be 0.6 percent.

Deductibility of gifts and awards

For taxable years ending on or after August 13, 1981, the Act generally increases to $400 per item the ceiling on the deductibility of certain employee awards and gifts, and expands the purposes for which such awards and gifts may be given.

Reorganizations involving financially troubled thrift institutions

The Act relaxes certain rules and imposes other rules relating to tax-free reorganizations of financially troubled thrift institutions.

Tax treatment of mutual savings banks that convert to stock associations

The Act contains rules to facilitate the conversion of mutual savings banks into stock associations.

Restricted property

For taxable years ending after 1981, the Act postpones the taxation of property transferred to an employee as compensation for services when the property is subject to certain securities laws restrictions on transferability.

Extension and modification of targeted jobs tax credit

To help deal with structural unemployment, the Act extends and modifies the targeted jobs credit.

Under the Act, the credit is available for wages paid or incurred before January 1, 1983. The provision limiting qualified first-year wages is changed so that such wages may be at least $25,000.

Targeted groups. AFDC recipients and WIN registrants are added as a targeted group, and the WIN credit is terminated. Eligible cooperative education students are limited to those who are economically disadvantaged, effective for wages paid after December 31, 1981. The age limitation for Vietnam veterans (formerly under age 35)

is eliminated, and employees laid off from public service employment funded by CETA are made eligible for the credit.

Changes in certification requirements. Certifications issued or requested after the individual begins work are invalid, effective for individuals who begin work after the date of enactment. A transition rule is provided for those who began work within 45 days before and after enactment. Certifications that individuals are members of economically disadvantaged families are valid for a minimum of 45 days; and certification and marketing are to be performed by State employment security agencies. Certifications based on false information are revoked prospectively, and the credit is not allowed for rehires.

Hiring of relatives. The credit is denied for hiring relatives of the employer.

Motor carrier operating rights

Under prior law, taxpayers were not allowed a loss deduction under section 165 for the diminution in the value of a license or permit (caused, for example, by an expansion in the number of licenses or permits that could be issued) if the license or permit continues to have value as a right to carry on a business.

The Act allows an ordinary deduction ratably over a 60-month period for the adjusted bases of motor carrier operating authorities held by the taxpayer on July 1, 1980 (the date of enactment of the Motor Carrier Act of 1980). The provision applies to taxable years ending after June 30, 1980.

State legislators business expenses

State legislators have been allowed an election to treat their residences within the district represented as their home for purposes of computing business deductions for expenses while away from home.

The Act extends beyond 1981, and modifies, the State legislator provision for taxable years beginning on or after January 1, 1976. Under the provision, an electing State legislator is deemed to have expended for business purposes an amount equal to the individual's legislative days multiplied by the greater of the Federal per diem or the State per diem (but not over 110 percent of the Federal per diem). This amount is deductible, except for legislators living within 50 miles of the capital building, without regard to the away-from-home rule.

Fringe benefit regulations

Prior to June 1, 1981, the Treasury was prohibited from issuing final regulations, under Code section 61, relating to the income tax treatment of fringe benefits. The Act extends this prohibition until December 31, 1983.

Campaign funds

Under Code section 527, a candidate's campaign organization generally is exempt from taxation. However, political organization taxable income, e.g., interest on account balances, etc., has been subject to the highest rate, rather than the graduated rates, of the corporate income tax. This rate is 46 percent for amounts over $100,000.

The Act applies the generally applicable corporate income tax rates to political organization taxable income of a candidate's "principal campaign committee," as defined under present law (2 USC 432(e)). Under regulations prescribed by the Secretary, candidates have to furnish the Secretary with the principal campaign committee's designation. No change is made to the present law rules applicable to other campaign or political organizations.

Under the Act, political organization taxable income of a candidate's "principal campaign committee" is taxed at the generally applicable corporate income tax rates. Thus, after 1982, the lowest rate would be 15 percent as to amounts of $25,000 or less, and the highest rate would be 46 percent on amounts over $100,000.

Tax-exempt bonds for the purchase of mass transit equipment

The Act provides that interest on obligations of a State or local government is exempt from Federal income tax, if substantially all of the proceeds of the obligations are used to provide qualified mass commuting vehicles. Qualified mass commuting vehicles are defined in the Act to mean any bus, subway car, rail car, or similar equipment which is leased to a mass transit system that is wholly owned by one or more governmental units and which is principally used by the mass transit system in providing mass commuting services to the general public.

Tax-exempt bonds for volunteer fire departments

In general, obligations issued by States or their political subdivisions are exempt from Federal income tax. Volunteer fire departments have not been considered to be political subdivisions and, thus, could not issue tax-exempt bonds on their own behalf.

The Act treats an obligation of a volunteer fire department as a tax-exempt obligation of a political subdivision of a State if certain conditions are met. The tax-exempt obligations may be issued as part of an issue substantially all of the proceeds of which are to be used for the acquisition, construction, reconstruction, or improvement of a firehouse or fire truck used or to be used by a volunteer fire department.

Modification of foreign investment company provisions

The Act provides that gain on the disposition of stock in a foreign investment company attributable to earnings and profits derived before the foreign corporation became a foreign investment company will not be subject to tax under section 1246 of the Code. Instead, that gain not covered by section 1246 because of the amendment is covered by section 1248 where that section is otherwise applicable. The amendment only applies to companies that became foreign investment companies because they met the requirements of section 1246(b)(2) of the Code.

Charitable contributions by corporations

The Act increases the limitation on a corporation's charitable contributions deduction from 5 percent to 10 percent of taxable income. The provision is effective for taxable years beginning after December 31, 1981.

Unemployment tax status for certain fishing boat services

The Act exempts for one year, for purposes of the Federal Unemployment Tax Act (FUTA), the services of fishing boat crew members which currently are exempt for purposes of FICA and income tax withholding. Thus, services by members of the crew on boats engaged in catching fish or other forms of aquatic animal life are exempt for purposes of FUTA if the remuneration for those services is a share of the boat's catch, or of the proceeds of the catch, and if the crew of such boat normally is made up of fewer than ten individuals. In the case of a fishing operation involving more than one boat, services are exempt for purposes of FUTA if the remuneration for services is a share of the entire fleet's catch or its proceeds, and if the operating crew of each boat in the fleet normally is made up of fewer than ten individuals.

2-year extension of telephone excise tax at 1 percent

The excise tax on communications services (local telephone, toll telephone, and teletypewriter services) was 2 percent for 1981 and 1 percent for 1982, with no tax as of January 1, 1983. The Act extends the 1-percent rate for two years, and thus delays the termination of the telephone tax until January 1, 1985.

Amortization of construction period taxes and interest

Under prior law, taxpayers other than most corporations, in general, were required to capitalize and amortize construction period interest and taxes (sec. 189). This rule will not be applicable to low-income housing until after December 31, 1981.

The Act provides that section 189 will not be applicable to low-income housing.

Amortization of low-income housing rehabilitation expenditures

The Act increases the amount of expenditures eligible for amortization under section 189 to $40,000 per unit if the rehabilitation is conducted pursuant to a program under which tenants who demonstrate home ownership responsibilities may purchase their units at a price that limits the profit to the seller. The program must be certified by the Secretary of Housing and Urban Development or by a State or local governmental unit and the tenants must occupy the units as their principal residence. The program must provide that the sum of the taxable income and the amount realized on sale must not exceed the excess of (1) the taxpayer's basis in the property (without adjustment for deductions under section 167) over (2) the new tax benefits from the section 167 deduction less tax on the taxable income from leasing.

The provision applies to amounts paid or incurred after December 31, 1980.

In separate action, Senator Chafee put through a separate resolution, expressing the sense of the Senate that the President should not recommend the demise of the energy tax credits which encourage investment in energy conservation measures had 63 cosponsors, and, under the Senator's guidance, was included in the first continuing appropriations bill.

Social Security Act Programs

Activities within this area of responsibility were directed almost entirely toward reduction in program costs. On February 18, 1981, President Reagan presented the outline of his Economic Recovery Program, which included substantial reductions in outlays in Social Security Act Programs.

The President's specific proposals, which were received on March 10, 1981, served as the initial basis for congressional consideration of spending reductions for FY 82. The proposal included $8.2 billion in reductions for programs under the Social Security Act. On May 5, 1981, the Senate Finance Committee approved the components of its spending reduction package. These were incorporated in the recommendations transmitted to the Senate Budget Committee on June 10, 1981 as required under the reconciliation process and were subsequently acted on by the Senate. Some of the President's recommendations were incorporated in modified form in either the House-passed and/or Senate-passed version of the "Omnibus Reconciliation Act of 1981." Both Houses, however, included many alternative cost-savings provisions in their bills. The substantial differences between the House and Senate versions were subsequently resolved in conference and the Reconciliation Act of 1981, P.L. 97-35, was signed into law on August 13, 1981.

Summary of Finance Committee Action on Health Programs

P.L. 97-35 contains a number of amendments to the medicaid and medicare programs. The Act provides for reductions in Federal medicaid expenditures, coupled with provisions giving States greater flexibility in implementing their medicaid plans. With respect to medicare, the law includes increases in beneficiary cost-sharing requirements and

modifications in provider reimbursement provisions. Further, the law makes a number of revisions to, but does not repeal, the PSRO program, as was proposed by the administration. The law also restructures the Maternal and Child Health program, at reduced funding, along the lines proposed by the administration as part of their block grant proposal.

Although not all of the Finance Committee provisions were included in the law, they were approved by the Senate, with the exception of a provision which would have made medicare the secondary payor for persons covered under the Federal Employees Health Benefits Program. The following is a summary of the committee bill as it relates to the Social Security Act health care programs.

I. Medicare:

1. Nursing Salary Cost Differential:

Committee amendment.—The bill provides for a reduction in the routine nursing salary cost differential to 4.5 percent beginning with the date of enactment. The bill further requests the Comptroller General to conduct a study to determine the extent (if any) to which the reasonable cost of efficiently providing routine inpatient nursing services to medicare patients exceeds the average cost of providing such services to other individuals. The committee intends to reconsider the appropriateness of a nursing differential following completion of the study.

2. Repeal of Certain Benefit Provisions Enacted in 1980:

Committee Amendment.—

(A) Repeal provision making occupational therapy a qualifying service for home health benefits.

(B) Repeal coverage of outpatient alcohol detoxification services.

(C) Repeal coverage of hospitalization in conjunction with a noncovered dental procedure where warranted by the severity of the procedure.

(D) Repeal the provision of law which provides for continuous open enrollment.

(E) Repeal the provision allowing States to "buy in" to medicare for their medicaid recipients.

(F) Repeal the one-time delay in the hospital periodic interim payment from medicare.

3. Pneumoccocal Vaccine:

Committee amendment.—Repeals the provision of P.L. 96-611, which provided medicare coverage for pneumococcal vaccine.

4. Authority for the Secretary to Impose Civil Money Penalties in cases of Medicare and Medicaid Fraud:

Committee amendment.—Authorizes the Secretary of Health and Human Services to assess a civil monetary penalty of up to $2,000 per claim against any person who the Secretary has filed a fraudulent claim under the medicare or medicaid programs. It also authorizes the Secretary to impose an assessment, in addition to the penalty, of up to twice the amount of the fraudulent portion of the claim in lieu of damages.

5. Less Frequent Surveys of Skilled Nursing Facilities:

Committee amendments.—Permits the Secretary to enter into agreements with skilled nursing facilities for periods in excess of 12 months.

6. Payments to Promote Closing and Conversion of Underutilized Facilities:

Committee amendment.—Provides for including in hospital reasonable cost payments, reimbursement for capital and increased operating costs associated with the closing down or conversion to approved use of underutilized beds or services in nonprofit short-term hospitals. In the case of for-profit hospitals, reimbursement would be limited to increased operating costs.

Prior to January 1, 1984, no more than 50 hospitals could be paid this transitional allowance.

The Secretary is also directed to establish a Hospital Transitional Allowance Board to consider requests for such payments.

7. Criteria for Determining Reasonable Charge for Physicians' Services:

Committee amendment.—Provides for the calculation of statewide median charges in addition to prevailing charges in the locality. To the extent any prevailing charge in a locality was more than one-third higher than the statewide median charge it would not be increased each year.

Provision permits new physicians in localities designated as physician shortage areas to establish customary charges at the 75th percentile of the local charges (rather than the 50th). Provision also permits established physicians in these areas to move up to the 75th percentile on the basis of their actual fee levels.

8. Limitation on Reasonable Cost and Reasonable Charge for Outpatient Services:

Committee amendment.—Requires the Secretary to issue regulations establishing limitations on costs or charges for outpatient services provided by hospitals, community health centers or clinics and by physicians utilizing these facilities.

9. Reduction in Payment for Inappropriate Hospital Services:

Committee amendment.—Effective upon enactment, the bill eliminates the 80-percent occupancy rate exception. Under the bill, a hospital's payments would be reduced by medicare if there is an excess of beds in the institution in which the patient is hospitalized, or an excess of hospital beds in the area, which could presumably be converted to long-term care use.

10. Increase in the Part B Deductible:

Committee amendment.—The Part B Deductible is increased from $60 to $75 beginning in calendar year 1982.

11. Deletion of Carryover Provision for Part B Deductible:

Committee amendment.—Effective with expenses incurred on or after October 1, 1981, the bill excludes medical expenses incurred during the last quarter of the preceding calendar year in determining whether the individual has satisfied the part B deductible in the current calendar year.

12. Increase in Part B Premiums:

Committee amendment.—Effective July 1, 1982, the bill provides for maintaining the beneficiary part B premium at 24 percent of total program costs.

13. Medicare Payments Secondary in Cases of End-Stage Renal Disease:

Committee amendment.—The bill changes the benefit coordination arrangements between the medicare end-stage renal program and any other health benefits to which an individual may be entitled by making any private coverage primary to medicare for an initial 12 months after the beneficiary is determined eligible for medicare coverage under the end-stage renal provisions of the law. During this period, medicare would not reimburse any expense to the extent that payment is made, or can reasonably be expected to be made (as determined by regulation), by any private health plan or policy of insurance. Medicare would become the primary payor (i.e., pay benefits without regard to any other coverage) beginning with the thirteenth month following the month in which entitlement to medicare end-stage renal benefits was established. This coordination provision would apply only in instances of patients entitled to benefits under the medicare renal program who are under age 65 and who are not in receipt of disability cash benefits.

14. Medicare Payments Secondary to Federal Employees Health Benefits Program Payments:

Committee amendment.—Effective January 1, 1982, the bill provides that for Federal employees and annuitants who have coverage under both the medicare and FEHB programs, the medicare program would become the secondary payor, paying only those bills for covered services which have not been paid by a FEHB plan.

II. Medicaid:

1. Limitation on Federal Medicaid Expenses:

Committee amendment.—Establishes a limit on the amount of Federal financial participation in the medicaid program. For fiscal year 1982, Federal expenditures would be allowed to increase 9 percent over the States' estimates for fiscal year 1981. For fiscal year 1983 and thereafter, Federal spending would be allowed to rise at the rate of inflation for that fiscal year as measured by the GNP Implicit Price Deflator.

Beginning in FY 1982 the bill increases from $30 million to $45 million medicaid payments to Puerto Rico.

2. Federal Medical Assistance Percentage:

Committee amendment.—The bill reduces the minimum Federal medical assistance percentage from 50 percent to 40 percent.

3. Allow Accelerated Collection of Unapproved State Medicaid Expenditures:

Committee amendment.—The bill provides that the Federal Government shall retain disallowed medicaid matching funds throughout the appeals process in all cases, including amounts in controversy that were denied in the past. If the appeal is successful, the funds (plus interest) will be returned to the States. The rate of interest is the same as the rate of interest which States pay under the "Omnibus Reconciliation Act" provision.

4. Cost Effective Service Arrangements:

Committee amendment.—The bill authorizes the States to establish limits and restrictions with respect to choice by recipients of any medical items and services covered under a medicaid plan. The bill further requires that any limitations or restrictions imposed by a State regarding recipient freedom of choice must (1) be cost effective and (2) assure that recipients have reasonable access to any covered services affected by such limitations or restrictions.

The bill further repeals section 1903(m) to permit a State to make payment on a prepaid capitation or other risk basis to vendors other than health maintenance organizations.

5. Reimbursement of Hospitals:

Committee amendment.—The bill provides States with additional flexibility in determining the payment rate for inpatient hospital services. The bill deletes the current provision requiring States to reimburse hospitals on a reasonable cost basis and substitutes a provision requiring States to reimburse hospitals at rates that are reasonable and adequate to meet the cost which must be incurred by efficiently and economically operated facilities in order to meet applicable laws and quality and safety standards.

6. Services for the Medically Needy:

Committee amendment.—The bill deletes most of the current requirements for required services for the medically needy, thereby giving States greater flexibility in designing their medicaid plans for this population group.

7. Optional Coverage for Students Receiving Aid to Families With Dependent Children:

Committee amendment.—Section 60a of the bill amends the definition of "dependent child" under AFDC to persons through age 17, or age 18 if they are completing high school in their 18th year. The bill provides that State medicaid plans may limit coverage to any person under age 19 who meets the definition of dependent child under AFDC. At State option, States may extend medicaid to all persons between the ages of 18-20 or any reasonable classification of such persons.

8. Time Limitation for Waiver Requests:

Committee amendment.—The bill requires the Secretary to approve or disapprove a pro-

posed State plan, plan amendment, or waiver request within 90 days after receiving the State request, or, if later, 90 days after receiving information needed to make a final determination.

9. Pneumococcal Vaccine Benefit:

Committee amendment.—The bill modifies the medicaid program to authorize Federal assistance for pneumococcal vaccines. The bill provides that for this benefit vouchers would be made available on a one-time basis in fiscal year 1982 to noninstitutionalized recipients of SSI payments who are age 65 or older.

10. Nonmedical Services for Certain Individuals:

Committee amendment.—The bill permits the Secretary to waive the current dennition of covered medicaid services to include certain nonmedical support services, other than room and board, which are provided pursuant to a plan of care to an individual otherwise at risk of being institutionalized and who would, in the absence of such services, be institutionalized.

III. Maternal and Child Health:

Committee amendment.—The bill amends title V of the Social Security Act to establish a Maternal and Child Health (MCH) block grant which would continue current MCH and Crippled Children's (CC) services and would consolidate the following programs into the block grant: hemophilia, lead-based paint poisoning prevention, genetic diseases, sudden infant death syndrome, and the supplemental security income for disabled children's program. Funds authorized for the consolidated program for fiscal year 1982 and each year thereafter would be $334,500,000. This amount is equal to 75 percent of the funds which were appropriated for the individual programs during fiscal year 1981.

Summary of Finance Committee Action on Income Security

P.L. 97–35 contains more than 40 amendments to social security, unemployment compensation, and the various Social Security public assistance programs. The Act phases out or tightens eligibility for less essential social security benefits, such as the student benefit, minimum benefit, and benefits for young parents. The unemployment compensation program is modified in several important respects to better target federal funds to States with more acute unemployment problems and to individuals with more significant work force attachment. Numerous changes in public assistance programs, such as Aid to Families with Dependent Children (AFDC), are included which tighten eligibility so as to better target scarce resources on those truly in need and encourage those able to work to do so. Virtually all of the Social Security Act amendments in income security, contained in P.L. 97–35, were recommended by the Finance Committee. All of the amendments recommended by the Finance Committee were adopted by the Senate.

IV. Social Security (OASDI):

1. Student Benefit:

Committee amendment.—Eliminates the social security student benefit for post-secondary students age 18–22 who first enroll in post-secondary school after the 1981–1982 school year. For currently enrolled students in post-secondary schools and those who enter during the 1981–1982 school year, summer benefits would be eliminated for the four months May through August, beginning in 1982. Monthly benefits for these students would be reduced 25 percent each year, beginning September 1982, and completely eliminated by September 1985. No further cost-of-living adjustments would be paid to these students after July 1981.

High school students would continue to receive child's benefits as under current law, except that effective August 1982, no high school student could receive child's benefits after his 19th birthday.

2. Minimum Benefit:

Committee amendment.—Eliminates the minimum benefit for both current and newly entitled beneficiaries. As of August 1981, no new beneficiaries would receive the minimum benefit and all beneficiaries who had been receiving benefits based on the minimum primary insurance amount would have their benefits recalculated. Benefit amounts for those persons who would have received the minimum under prior law would be recomputed to reflect their actual average earnings.

To ensure that any poor person in the age group 60–65—too young to be eligible for SSI—would not suffer a decline in income, this proposal would permit current minimum benefit recipients age 60–64 who meet the SSI eligibility conditions (regarding income and assets, for example) to receive a monthly SSI cash payment. This payment would be limited to an amount equal to the difference between the minimum benefit the individual previously received and his or her recalculated social security benefit. This payment would not be adjusted annually for changes in the cost-of-living. (People age 60–64) newly eligible for SSI because of this provision would not be eligible for any other SSI-related benefits such as medicaid.)

3. Lump-Sum Death Payments (LSDP):

Committee amendment.—Eliminates the LSDP in cases where there is no eligible spouse or entitled child, effective August 1, 1981. Under the proposal, a surviving spouse who is living with the worker at the time of his death would automatically receive the LSDP as under current law. If there were no eligible surviving spouse who had been living with the worker, the LSDP would be payable to a surviving spouse not living with the worker at the time of his death but eligible for benefits, or to any young child of the deceased worker who was eligible to receive monthly cash benefits as a surviving child. If there were no eligible surviving spouse and the worker's children were all over 18 (or over 21 if full-time students) then no one would be eligible to receive the LSDP.

4. Recency of Work Test for Disability Benefits:

Committee amendment.—Provides that, in addition to the insured status requirements already part of present law, a disabled worker coming on the rolls after June 1981 must have worked in covered employment during six of the 13 quarters immediately preceding the onset of disability.

5. Disability Reduction for Other Benefits:

Committee amendment.—Authorizes three related changes in the offset currently made to disability benefits on account of workers' compensation. Changes would only affect workers becoming disabled after December 1980 and would then only affect benefits beginning in July 1981:

(a) Expand the workers' compensation offset provision to include other disability benefits provided by Federal, State, and local Governments, except that needs-based benefits, Veterans Administration disability benefits, private insurance benefits, and benefits based on public employment covered by social security would not be taken into account. The amount of the reduction would be calculated as under the present law workers' compensation offset.

(b) Extend the offset to include benefits paid to disabled workers aged 62 through 64 and their families.

(c) Require that the offset be made sooner—not in the month after the SSA is notified of the other disability payment, but retroactively to the month when the non-social security disability payments are actually made.

6. Trust Fund Financing of Vocational Rehabilitation Services:

Committee amendment.—Repeals section 222(d) of the Social Security Act, effective October 1, 1981, and eliminates trust fund financing of VR for disabled beneficaries.

7. Round Social Security Benefits:

Committee amendment.—Require that the amount derived at each stage in the benefit computation be rounded to the nearest penny, except for the last step—the actual benefit amount payable per beneficiary. This would be rounded to the next lower dollar.

8. Pension Reform Act Cost Reimbursement:

Committee amendment.—Permits SSA to recover the full cost of retrieving and transmitting information for purposes of enabling pension plans to comply with the Pension Reform Act. Full payment would be required from requestors to the social security trust funds for expenses incurred in providing earnings information, making clear that reimbursement of these costs is not governed by the Freedom of Information Act or by the Privacy Act.

V. Unemployment Compensation:

1. National Trigger for the Extended Benefit Program:

Committee amendment.—Eliminates the national trigger for the extended benefits program, effective July 1, 1981.

2. State Trigger Calculation:

Committee amendment.—Excludes extended benefits recipients from the insured unemployed population used to calculate the State trigger insured unemployment rate, effective July 1, 1981.

3. State Triggers:

Committee amendment.—Raises the insured unemployment rate used for triggering the extended benefits program. The mandatory State trigger would be increased to 5 percent and the optional State trigger to 6 percent effective October 1, 1982. The "20 percent higher" provision for the mandatory trigger would be retained.

4. 20 Weeks of Work for Extended benefits:

Committee amendment.—Requires extended benefits claimants to have worked at least 20 weeks (or its equivalent in wages or hours) in the one-year base period to qualify for benefits, effective October 1, 1982. States that do not currently have a weeks of employment qualifying requirement could obtain weeks of employment information or calculate its rough equivalent in dollars or hours of work in order to administer this provision.

5. Benefits for those who voluntarily quit military service:

Committee amendment.—Disqualifies for unemployment compensation benefits those exservicemembers who voluntarily leave the service and refuse to reenlist, effective July 1, 1981.

6. Loan Reform.—Under existing law, the cost of unemployment benefits payable under regular State unemployment compensation programs (and half of the benefit costs arising from the Federal-State extended unemployment compensation program) are funded through payroll taxes imposed by each State. If tax revenues exceed benefit costs, the surplus amounts are retained by the State in an interest bearing account in the Unemployment Trust Fund. If benefit costs exceed revenues, State draw down on their accumulated surpluses from prior years. If those surpluses become exhausted, States are allowed to receive an interest-free loan from an account which is funded through the Federal unemployment tax (and is supplemented by borrowing from the general fund of the Treasury).

States are generally expected to repay such loans within 2 years. If a State has an outstanding loan at the beginning of two consecutive years and fails to make full repayment by November 10 of that year, the Federal Government commences to collect that loan by raising the Federal unemployment tax on employers in the delinquent State.

Until the loan is repaid, the Federal tax rate is increased by 0.3 percent each year (up to an ultimate maximum tax rate of 3.4 percent of taxable payroll).

Committee amendment.—Alters the ability of States to receive interest-free loans from the Federal Government to finance unemployment compensation. Interest would be charged at a rate of 10 percent on all new advances after May 5, 1981 unless (1) those advances are repaid by September 30 of the fiscal year in which they are made and (2) the Secretary of Labor certifies that the State will be able to meet benefit payments without the need for additional advances for at least 6 months. Interest payments could not be paid from the State unemployment trust fund directly or indirectly (for example, by use of an offsetting State employer tax credit). All repayments of loan principal would be first applied against the principal which had been longest outstanding.

The bill also provides for a "freeze" on the increased rate of Federal unemployment tax during any year in which a State meets a test of solvency. This test requires that the State engage in now new net borrowing and that it take no action, the net effect of which represents a relaxation of tax effort or a liberalization of benefits. The "freeze" would be set at 0.6 percent or the level of increased tax applicable in the preceding year, whichever is greater.

In States where the insured unemployment rate dropped to or below 80 percent of the level in the 2 prior years, an additional 0.3 percent increase in the Federal tax rate would apply. Conversely, in States with high unemployment, as reflected by at least 6 months of extended benefits, the freeze would be available even if the State did require some additional new borrowing. This waiver would be available only to States with State unemployment tax effort at least 50 percent higher than the national average and only for a maximum of two consecutive years with repayment of any new borrowing required 2 years after the State no longer qualified for the waiver.

Both the interest provision and the provision freezing increases in the Federal tax in delinquent States would expire on October 1, 1984.

VI. Aid to Families with Dependent Children (AFDC):

1. Earned Income Disregard:

Committee amendment.—Standardizes the work expense disregard at $75 per month, caps the child care disregard at $160 per month, per child and applies the disregards for recipients in the following order:

(a) The first $75 of the family's earned income (in lieu of itemized work expenses) is disregarded; then

(b) the cost of care for a child or incapacitated adult, up to $160 per child monthly, will be disregarded from income remaining after application of the preceding provisions; and

(c) finally, the $30, plus one-third of the remainder of earned income (not already disregarded) is disregarded.

As under current law, the $30 and one-third disregard would not apply if employment has been refused or terminated without good cause, and the work expense and child care disregards would also be denied.

2. $30 and One-Third Earned Income Disregard:

Committee amendment.—Permits the application of the $30 and one-third disregard only during the first four consecutive months in which a recipient has earnings in excess of the standard work expense and child care disregards; thereafter, the amount of payment would be determined without benefit of the $30 and one-third disregard each month that the family continues to receive AFDC and for twelve consecutive months after AFDC is terminated.

3. Allowable Resources:

Under current law, the equity value (rather than fair market value) of resources must be considered in determining AFDC eligibility. Regulations establish a maximum of $2,000 per recipient in real and personal property, including liquid assets which States may exclude. States may also exclude a home, personal effects, an automobile, and income-producing property.

Committee amendment.—Places a limit on allowable resources of $1,000 (equity value) per family, excluding the home and one automobile. The value of the automobile would be limited by regulations.

4. Offset for Food Stamps and Housing Subsidies:

Committee amendment.—Explicitly permits States to take into account the value of benefits received from food stamps or housing subsidies. This would be done by treating the value of the food stamp coupons or housing subsidy as income, up to the value for food or shelter that is included in the State standard.

5. Eligibility and Need Standard:

Committee amendment.—Limits eligibility for AFDC to families with gross incomes at or below 150 percent of the State's standard of need.

6. Lump-Sum Payments:

Committee amendment.—Requires that large payments, together with other income remaining after the application of disregards, be considered available to meet ongoing needs in the AFDC program. If such income exceeds the standard of need, the household would be ineligible for aid. Any amount of the income that exceeds the monthly needs standard would be divided by the monthly needs standard, and the household would be ineligible for aid for the number of months resulting from that calculation. Any remaining amount would be counted as income in the first month following the period of ineligibility.

7. Advance Payment of Earned Income Tax Credit (EITC):

Committee amendment.—Provides that in determining earned income for AFDC, the EITC advance payment that the individual is eligible to receive would be included, regardless of whether or not he has applied for the advance payment (i.e., if the individual does not receive advance EITC payments, an amount equal to what he could get as advance payment is imputed as earned income).

8. Income of Stepparent:

Committee amendment.—Requires that the income of a stepparent be counted in determining eligibility and benefit amounts for AFDC applicants or their children. Countable income would include any amount which exceeds (1) the first $75 of earned income (a smaller amount may be prescribed for less than fulltime work); (2) the amount specified in the State's standard as the amount needed by the stepparent to support himself and his dependents living in the same household; (3) amounts paid by the stepparent to dependents living outside the household; and (4) payments of alimony or child support to individuals not in the same household. The law would be amended to preclude prorating of shelter allowances with regard to persons to whom this provision applies.

9. Employment of AFDC Recipients:

Committee amendment.—Provides for a series of options to modify the current AFDC work requirements, allowing States broad flexibility to experiment with ways of encouraging work effort:

(a) Community Work Experience Program.—States would be authorized to establish community work experience programs for AFDC recipients. Under these programs, recipients could be required to work on useful public projects in return for their AFDC grants. The provision requires that the work provided meet appropriate standards with respect to health, safety and other conditions and that the amount of work required in relation to the family's AFDC payment be consistent with Federal or State minimum wage provisions. Persons exempt under present law from participation in the WIN program would also generally be exempt from participation in this program except that parents caring for children under age 6 (but not under age 3) could be required to participate if child care is available.

(b) Jobs as an Alternative to AFDC.—States would be able to use savings from reduced AFDC grant levels to make jobs available on an entirely voluntary basis. Under this approach, recipients would be given a choice between taking a job or depending upon a lower AFDC grant than now exists.

States would have flexibility to implement the amendment for particular areas within the State or for particular categories of recipients and would also have the flexibility to modify the rules for treatment of income so as to avoid situations which would undermine the proposal.

If a State elected to utilize this provision, its costs would be contained within the overall level of welfare cost as they would otherwise exist. The total amount of Federal funding for regular AFDC payments and for subsidies provided to employers under the voluntary jobs program could not exceed the present level of estimated AFDC spending in the States.

(c) Work Incentive Demonstration projects—States would be authorized to implement three-year demonstration projects of their own design to increase the employment of welfare recipients. Participation criteria would have to follow the Work Incentive (WIN) provisions and would have to be applied statewide. However, the components of the program could be varied in different regions or political subdivisions of the State. Earnings derived from participating in the project would not make a family ineligible for AFDC.

These demonstration projects would substitute for the regular WIN program, and each participating State would be funded at a level equal to its 1981 WIN allocation augmented by any other Federal funding which may be available for establishing AFDC work programs in the States.

10. AFDC Payments to Strikers:

Committee amendment.—Requires States to specify that striking workers must comply with all AFDC provisions concerning work registration and training. No AFDC would be payable to a family in which the caretaker relative is engaged in a strike on the last day of the month, and no individual participating in a strike could have his or her needs included in computing the amount of the AFDC grant.

11. AFDC Payments to Children 18 and Over:

Under present law, States have the option to define a dependent child to include students age 18 through 20 who are regularly attending primary, secondary, or vocational school, and even college. For other purposes, Federal and State laws generally recognize persons age 18 and above as adults.

Committee amendment.—Modifies the definition of "dependent child" to provide assistance to children through age 17, or 18 if they are completing high school in their 18th year.

12. AFDC for Pregnant Women:

Committee amendment.—Prohibits States from increasing the AFDC payment level for pregnant women already receiving welfare until the last 3 months of pregnancy. However, AFDC-eligible pregnant women with no children would be covered under medicaid from the determination of pregnancy.

13. AFDC Eligibility for Unemployed Parent (AFDC–U):

Committee amendment.—Limits AFDC–U eligibility to those families in which the prin-

cipal earner is unemployed. The principal earner would be the parent who earned more income during the two years preceding the application for benefits. Also, the law would clearly state that the entire family will be ineligible for AFDC if the principal earner is not registered for work or training.

14. Work Requirements for AFDC Parents Attending College:

Committee amendment.—Limits the exemption from work requirements to children who are attending, full-time, an elementary, secondary, or vocational school. Also, the exemption for caretakers would be limited to a parent or relative who is personally caring for a child with only brief or infrequent absences from the child.

15. Require Retrospective Accounting and Monthly Reporting:

Committee Amendment.—Requires States to adopt a system of retrospective accounting along with monthly reporting. Prospective budgeting would be used in the first month after application to prevent hardship and in the final month to prevent payment of benefits to those whose circumstances have changed and who thus no longer meet the needs requirements.

16. Eliminate Payment of Less than $10:

Committee amendment.—Prohibits States from issuing AFDC checks in amounts less than $10 a month. Individuals denied a benefit as a result of this provision would be considered recipients for all other purposes, including medicaid eligibility.

17. Vendor Payments:

Committee amendment.—Removes all restrictions on the number of cases in which vendor payments are made by a State, and allows recipients to choose to have vendor payments made even though they could otherwise receive payments directly. There would not have to be a determination that the household cannot manage funds for those who elect to receive vendor payments

18. Overpayments and Underpayments:

Committee amendment.—Requires States to correct overpayments and underpayments in all instances. Recovery of overpayments would be made from current assistance payments, available income and resources, and, for an individual who no longer receives assistance, through the legal process. In any month when overpayments are being recovered, the AFDC payment, together with the reicipent's liquid resources and all income, must equal at least 90 percent of the payment a family would receive if there were no disregards from earned income.

19. Federal Match for Training:

Committee amendment.—Provides that all expenses related to AFDC administration, including training expenses, be matched by the Federal Government at a 50 percent rate, rather than the current 75 percent.

VII. Child Support Enforcement:

1. Collection of Past-Due Child Support and Alimony:

Committee amendment.—Provides for additional use of the IRS to collect delinquent child support payments. Upon receiving notice from a State child support agency that an individual owes past-due support which has been assigned to the State as a condition of AFDC eligibility, the Secretary of the Treasury would be required to withhold from any tax refunds due the individual, an amount equal to any past-due support. States would be required to reimburse the Federal Government for the cost of the procedure.

2. Collection of Support for Adults:

Committee amendment.—Makes State child support agencies responsible for collecting support for a child's parent (with whom the child is living) as well as for the child himself.

3. Collection Fee for Non-AFDC Families:

Committee amendment.—Requires States to charge a fee equal to 10 percent of the support collected for non-AFDC recipients who use the child support enforcement agency services. This 10 percent fee would be charged against the absent parent and added to the amount of the collection. The fee would be retained by the State.

4. Child Support Obligations Not Discharged by Bankruptcy:

Committee amendment.—Reinstates the provision previously in effect declaring that a child support obligation assigned to a State as a condition of AFDC eligibility is not discharged in bankruptcy.

VIII. Supplemental Security Income:

1. Retrospective Accounting:

Committee amendment.—Provides that SSI eligibility and benefit amount would, in general, be determined on a one-month basis, as under current law. However, for the first month of eligibility (the month in which the application is filed) eligibility and benefit amount would both be determined on a prospective basis.

2. Funding of Rehabilitation Services:

Committee amendment.—Repeals the authority of the Secretary of HHS to reimburse States for vocational rehabilitation services provided under SSI.

IX. Social Services:

Committee amendment.—Establishes a social services block grant consolidating the present social services program and certain other programs under the Social Security Act.

Under the Committee proposal, the existing portions of the Social Security Act relating to child welfare services (title IV, part B) and foster care and adoption assistance (title IV, part E) would be repealed effective October 1, 1981. The existing Title XX social services grant program would be replaced by a social services block grant that would incorporate the present social services, day care, social service training, foster care, adoption assistance, child welfare services, and child welfare training programs. An estimated $3.519 billion will be spent on these programs in fiscal year 1981; a total entitlement of $2.539 billion would be provided for the new social services block grant for fiscal year 1982 and subsequent fiscal years. This figure represents a 25 percent reduction from the amounts available in fiscal year 1981. There would be no requirement of non-Federal matching funds. Day care offered under the block grant program would be subject to applicable State and local standards but not to federal standards (States are exempted from Federal standards under present law until July 1981).

A State's share of the $2.639 billion for the social services block grant would be based on the total amount to which the State was entitled under the various programs listed above as a portion of the total amount to which all States were entitled under these programs.

A State's share would be reduced by an amount related to foster care, adoption assistance, and child welfare services if the State failed to meet certain requirements related to those services. Specifically, the State would be required to have a child welfare, foster care, and adoption assistance program as under titles IV–B and IV–E. A State subject to the penalty would have its social services block grant reduced by 75 percent of the Federal funds for foster care, adoption assistance, and child welfare services that it received in Fiscal Year 1981.

CHRONOLOGY OF EVENTS

The following is a capsule summary of the legislative history of the Finance Committee medicare, medicaid, and income security provisions.

February 18, 1981.—President Reagan announced his economic recovery program, including proposals to establish a medicaid "cap", eliminate the PSRO program, eliminate the Social Security minimum benefit, and reform the AFDC earned income disregard formula.

March 10, 1981.—President Reagan announced further details of his Economic Recovery Program.

March 17, 1981.—The Senate Finance Committee began hearings on the President's proposals.

March 23, 1981.—The Senate Finance Committee held hearings on the President's PSRO proposal.

May 6, 1981.—Senate Finance Committee approved spending reduction proposals.

Summary of estimated savings as agreed to by the Senate Finance Committee

[In millions]

	Fiscal year 1982	Fiscal year 1983	Fiscal year 1984
Medicare	$1,631	$1,839	$2,354
Medicaid	1,002	1,629	2,229
Maternal and child health	46	123	169
AFDC	1,011	1,240	1,288
CSE	112	123	137
SSI	50	78	75
Social Security	2,110	3,673	4,457
Social services block grant	993	1,166	1,319
Unemployment insurance	1,690	1,092	851

Other legislative activity

Social security financing

On May 12, the President announced a series of social security proposals designed to ensure the solvency of the system both in the short and the long-term. The package included a wide variety of propoals ranging from tightening the disability insurance program to restraining the growth of future benefits.

Two months later, the Social Security Board of Trustees released its annual report underscoring the critical financial condition of the trust funds. Shortly thereafter, (on July 7, 9, and 10) the Subcommittee on Social Security and Income Maintenance Programs held three days of hearings on Social Security financing and options for the future. Forty witnesses were heard, including the Secretary of Health and Human Services, the Commissioner of the Social Security Administration, one former commissioner, and various members of Congress. Additionally, testimony was received from panels of labor and business representatives, actuaries, the insurance industry, women's groups, and religious organizations.

In early September, a report prepared by the Finance Committee staff was issued detailing the financial condition of the Social Security trust funds. On September 23 and 24, the Finance Committee met to consider major funding options for effecting significant improvement in the long-range stability of the trust funds. Also, the Committee considered H.R. 4331, a House-passed bill to restore the minimum benefit.

On September 24, the Committee passed, by a vote of 20 to 0, a series of amendments to H.R. 4331. The amendments provided for: reallocation of tax income among the three trust funds, interfund borrowing between the OASI and DI trust funds, partial restoration of the minimum benefit; and two small program changes to finance the minimum benefit restoration. Whereas H.R. 4331 had a five year cost of $6.6 billion, the Committee amendment provided for savings of $200 million to the trust funds over the five years. The Committee amendments were approved by the Senate on October 15 by a unanimous vote.

On November 4, the House disagreed to the Senate amendments and requested a con-

ference to reconcile the differences between the House-passed and the Senate-passed versions. The Conference began the following day.

In December, the House and Senate reached agreement on provisions of H.R. 4331 to restore the social security minimum benefit. After several weeks of negotiations, the conferees agreed to fully restore the minimum benefit for all current recipients, partially financing this change by extending the payroll tax on covered workers to the first six months of certain sick pay. Interfund borrowing on a temporary basis was authorized to ensure that the retirement and survivors' insurance trust fund can remain solvent throughout 1982 by drawing on the resources of the disability and hospital insurance trust funds. Finally, several amendments offered on the Senate floor were accepted that should lead to improvements in the administration of the social security program.

Under the Reconciliation Act, the minimum benefit will be eliminated for all present beneficiaries in March and is eliminated for all future beneficiaries. No person becoming eligible for old-age or disability benefits after October 1981 will be entitled to the minimum benefit. Benefits payable to new beneficiaries will be based on their actual earnings.

The conference agreement on H.R. 4331 restores the minimum benefit for all people who are eligible for benefits before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. Also, the elimination of the minimum benefit for future recipients applies to members of religious orders who have taken a vow of poverty, who were first covered under the social security program prior to the date of enactment, and who became eligible after December 1991.

With respect to interfund borrowing, guidance is provided to the Managing Trustee in the statement of manager instructs for determining when borrowing is appropriate in order to best meet the need for financing benefits. The Managing Trustee is instructed to consult with the other trustees in making such determination no less frequently than on a monthly basis. Moreover, in no case should interfund borrowing make adjustments in the trust funds that insure benefit payments for a period of more than six months beyond the date of such determination. It was the view of the conferees that interfund borrowing was a safety mechanism to ensure benefit payments could be paid next year, but that it should not substitute for more comprehensive financing legislation in the near and long term.

Although all of the Senate amendments to H.R. 4331 had merit, the conferees ultimately agreed to just four. First, to facilitate the denial of benefits to prisoners, as enacted in 1980, the conference agreement would waive any contrary Federal or State laws to require Federal, State, or local government agencies to furnish the name and social security number of prisoners convicted of a felony. Second, to improve the situation with regard to incorrect or overpayments, a provision is included that would require the Secretary of HHS to report to Congress within 90 days on actions being taken to prevent payments to deceased social security beneficiaries. Third, it would make it unlawful to alter, buy, sell, or counterfeit social security cards; increase the classification of card violations from misdemeanors to felonies; and increase the maximum penalty to $5,000 or 5 years in prison.

Finally, the Secretary of HHS would be required by January 1, 1982, to enter into agreements with at least 7 states for demonstration projects to train AFDC recipients as home health aides. The Secretary is currently authorized to approve up to 12 such projects.

COMMITTEE ON FOREIGN RELATIONS

This year has been very productive in the Senate Foreign Relations Committee under the leadership of the distinguished chair, Senator Charles Percy. This was possible because of a real desire on both sides of the aisle to have a bipartisan approach to the issues before the Committee.

With the change in the White House the Foreign Relations Committee had the responsibility to hold hearings on the Administration's new foreign policymaking team. This involved hearings on 156 nominations including 25 assistant secretaries or higher, 69 ambassadors, 22 appointments to independent agencies, seven appointments to the U.S. Mission to the U.N., five appointments to the multilateral lending institutions, 16 appointments to U.S. delegations to international organizations and negotiations, and 12 appointments to various boards and commissions. One nominee, Ernest Lefever, was rejected by the Committee. (There will be about 10 to 20 additional ambassadorships to consider after the turn of the year.)

In addition, the full Committee as of October 20 held a record high 143 open hearings, and its subcommittees held 19 of their own. For issues which could not be considered in open session, there were 27 executive sessions and 19 briefings and consultations.

The subjects included arms limitation and nuclear proliferation issues; arms control and foreign policy implications of the President's strategic weapons modernization program; Middle East matters including the Iranian agreements, instability in Lebanon, Libya's role in sub-Saharan Africa, the situation in the Persian Gulf, nuclear cooperation with Egypt, the Israeli strike on the Baghdad reactor, the downing of Libyan jets by United States planes, and the sale of airborne warning systems and fighter enhancements to Saudi Arabia; and a host of international economic issues.

In addition, the committee kept close watch on the situations in Poland and Central America, and systematically followed foreign trips made by the President, Secretary of State and other officials of the State Department by various forms of briefings.

The committee's major piece of legislation, the Foreign Assistance authorization (S. 1196), was acted on after extensive hearings. During the markup, Chairman Percy introduced a bipartisan budget reduction of $900 million with Senator Pell which was subsequently adopted by the Administration in its revised budget request. The committee was therefore able to gain support for the foreign military and economic assistance bill on the floor without further significant cuts.

In its other major piece of legislation, the Committee reported its authorization for the Department of State, the International Communication Agency, the Board for International Broadcasting, the Arms Control and Disarmament Agency, the Asia Foundation and the Inter-American Foundation. The bill was reported without objection in the committee and was upheld on the floor.

Both bills significantly reflect the national demand for fiscal austerity. The aid bill also reflected committee majority opinion that the President requires increased flexibility in his daily conduct of foreign policy. The Senate, with few modifications, upheld the committee's recommendations in this regard for aid to Pakistan, Angola, Chile, Argentina and El Salvador. As of December 11, the aid bill was headed for a conference with the House.

The Committee has considered the following nominations:

Assistant Secretaries of State or higher	25
Ambassadors (Chief of Mission and at Large)	69
Appointments to independent agencies	22
Appointments to the United Nations	7
Appointments to multilateral lending institutions	5
Appointments to international organizations and negotiations	16
Appointments to various boards and commissions	12
Subtotal	156
Promotion lists for Career Ministers, Foreign Service and Senior Foreign Service	1,878
Total	2,034

The committee found time during the year to meet on highly successful and informative sessions on 46 occasions with officials and delegations from foreign countries, again a record number. Heads of state from Jamaica, Korea, Great Britain, the Netherlands, Japan, Germany, Egypt, Israel, El Salvador, Niger and Spain met with the committee, as did the President-designate of Argentina.

As the only Committee in Congress to have jurisdiction over treaties, the Committee handled 47 treaties, reporting 33 of them to the full Senate for advice and consent, recommending six for return to the President, and conducting initial hearings on eight others. Included among the reported to the Senate were a number of agreements which, because of their complexity or controversy, had remained in the Committee for two years or more.

Chairman PERCY. It gives me great pleasure to acknowledge the contribution of all the members of the committee. In particular those new members who assumed chairmanship of subcommittees, performed admirably in all of the tests which they faced during the session. I especially thank the ranking minority member, Senator Pell, for his wise counsel and the atmosphere of bipartisanship which we together sought to achieve. That spirit will surely continue in the second year of this session and will help us manage a very heavy workload.

The Committee met on 46 occasions with distinguished foreign officials and delegations. Among the visitors were: Prime Minister Edward Seaga of Jamaica, President Chun Doo Hwan of Korea, Prime Minister Margaret Thatcher of Great Britain, President-designate Roberto Viola of Argentina, Prime Minister Andreas van Agt of the Netherlands, Prime Minister Zenko Suzuki of Japan, Chancellor Helmut Schmidt of Germany, President Anwar Sadat of Egypt, Prime Minister Menachem Begin of Israel, President Jose Napolen Duarte Fuentes of El Salvador, President Seÿni Kountche of Niger, and King Juan Carlos of Spain. In addition there were foreign ministers and other officials from 17 counties and delegations from the United Nations, the British-American Parliamentary Group, African Development Bank, European Parliament, Federal German Parliament and the International Red Cross.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Under the chairmanship of the distinguished Senior Senator from Delaware Senator ROTH, the primary objective of the Committee on Governmental Affairs in this first session of the 97th Congress was to concentrate its resources and energy in a sustained effort to expose and examine wasteful, inefficient or fraudulent spending of taxpayer dollars in government programs and to seek legislative and administrative reforms to correct these problems wherever possible.

One of the most important means of ensuring more efficiency and effectiveness in the management of federal programs is through increased use of the tool of Committee oversight hearings. Oversight of the management of government programs is not often very attractive because it involves pains-taking research on often times detailed and uninteresting subjects. Yet, only through "continuous watchfulness" over the expenditure of taxpayer resources by Congressional Committees, as mandated by the Legislative Reorganization Act of 1946, can the public be assured that Government programs are operated as efficiently as possible.

The Governmental Affairs Committee has been given the unique assignment by the Senate to study and evaluate the "economy, efficiency and effectiveness of all agencies and departments of the Government." In addition to its own resources, the Committee has nine subcommittees, including a special Subcommittee on Investigations, which can pursue oversight activities within their areas of concern. These subcommittees, as part of the full committee, were asked to make a special effort to scrutinize programs and policies in their areas to highlight ineffective or fraudulent activities in government and pursue necessary reforms.

The Committee this first session did devote a substantial share of its time and resources to carefully overseeing the operations of a wide variety of government programs. Fraud and mismanagement in government was revealed by both full committee and subcommittee hearings.

At the full committee level, oversight hearings were convened to examine the effectiveness of agency efforts to curb unnecessary travel by federal employees and to explore the reasons for excessive cost overruns in Defense Department programs. Hearings were also held to explore the extent of fraud existing in federal programs and to review what changes agencies are making to prevent illegal or fraudulent activities.

In the subcommittees, oversight hearings were held to review the management of federal grant-in-aid programs, to review the effectiveness of federal contracting procedures and to examine the management of postal programs. In addition, the Permanent Subcommittee on Investigations examined fraudulent or illegal activities in the federally supported home health care program, in federal employee health benefits programs and recently highlighted serious illegal drug smuggling activities.

As these highlights make clear, the Committee acted to fulfill the major objective set by Chairman Roth by conducting intensive oversight hearings on a range of government programs. To back up these efforts, the Committee considered various pieces of legislation designed to improve the efficiency of federal programs and reduce instances of mismanagement or fraud. Such bills include regulatory reform legislation, federal aid management reform legislation, legislation to create a citizens commission to recommend major improvements in the structure of government, legislation designed to improve agency accounting and internal control systems and measures intended to improve federal efforts to collect debts from those who have defaulted on their government loans. In short, the Committee considered many measures to make government operate more effectively and with less waste.

The Governmental Affairs Committee, both because of the unique role assigned to it by the Senate and because of the objective set for it by its chairman at the beginning of this year, aggressively moved to improve the management and efficiency of various federal activities. The need to ensure that every tax dollar is used in the most effective way possible is now more pressing than ever and the Committee's efforts this year have been designed to fulfill this need.

The first session of the 97th Congress was one of the most productive periods in the history of the Governmental Affairs Committee. The Committee moved aggressively to fulfill its duties as one of the primary oversight Committees of the Congress and intensified its efforts to improve the management of federal programs.

The Committee concentrated its efforts on:

(a) Bringing to light the problems of waste, fraud and mismanagement in Federal programs and finding solutions to those problems:

(b) Reducing federal budget expenditures by carefully and responsibly lowering the costs of government programs within the Committee's jurisdiction;

(c) Reducing the cost and improving the management of the federal regulatory process;

(d) Laying the ground work for sustained improvements in the operation of federal programs and the federal system;

(e) Improving the management of federal-aid programs;

(f) Examining potential improvements in the management of the acquisitions process in the Defense Department;

(g) Reviewing the operation of the congressional budget process to ascertain its strengths and weaknesses; and

(h) Intensively reviewing the management of federal employee resources to ensure that those who have responsibility for federal programs are able to effectively manage them.

Among the more important legislative actions in the Committee were consideration of the following bills:

(1) The Regulatory Reform Act of 1980 (S. 1080, introduced by Senator Laxalt) which is intended to improve and reduce the cost of the federal regulatory process by (a) requiring most federal agencies to perform a regulatory cost analysis of each major regulation before final approval of the rule; (b) certifying that the costs of each major rule are reasonably justified by its benefits; (c) requiring all agencies to publish annual agendas of upcoming regulations to inform the public of agency activities; (d) mandating that all agencies review existing major rules to ensure that they are cost-effective; and (e) strengthening oversight mechanisms to ensure the regulatory agencies are more accountable to the public.

(2) The Omnibus Reconciliation Act of 1981 (Title XVII of S. 1377, Public Law 97–35) was signed into law on August 13, 1981. The Act is designed to reduce federal spending for a saving of approximately $35 billion in fiscal year 1982 and more than $100 billion in fiscal year 1983 and 1984. The Committee on Governmental Affairs, as its contribution to the efforts to reduce spending, enacted changes in program under its jurisdiction amounting to saving of more than $5 billion in fiscal year 1982 and further spending reductions in fiscal year 1983 and 1984. The Committee also acted to ensure adequate public participation in state-level spending decisions on new block grant funds created under the Reconciliation Act. In addition, the Committee adopted legislative provisions designed to ensure that the proposed nine-digit Postal Service zip code is cost-effective and not a burden to the public.

(3) The Federal Assistance Improvement Act of 1981 (S. 807, introduced by Senator Roth) was reported out of the Government Affairs Committee and is designed to (a) encourage the consolidation of grant programs to improve the efficiency of federal aid; (b) encourage more effective audits of federal aid programs and mandate greater federal rules and regulations concerning grant programs; and (d) provide greater flexibility to state and local governments in their use of federal funds. This bill originated in the subcommittee on Intergovernmental Relation, which under the leadership of Senator Durenberger, examined the structure of many of the programs in the $85 billion intergovernmental grant system, with an eye toward reducing mandated red tape for state and local governments.

(4) Legislation to Create a Commission on More Effective Government (S. 10) was considered and passed by the Committee in July of this year. The bill authorizes the creation of a national commission to make recommendations for improving governmental performance at the Federal level and throughout the intergovernmental system. Members of the Commission would be appointed by the President, the Speaker of the House and the President Pro Tempore of the Senate. The Commission is modeled after the two Hoover Commissions of the 1940's and 50's and its bipartisan makeup would help to ensure that its recommendations for improved and more cost-effective government would be supported by the Congress and the American people.

(5) Debt Collection Practices Act of 1981 (S. 1249) establishes a comprehensive framework to increase the efficiency and effectiveness of federal debt collection practices. Currently, some 120 billion is owed to the federal government by those taking advantage of federal loans and other aid programs. These uncollected debts cost taxpayers some $10 million a day in interest. S. 1249 would authorize greater use of private collection agencies in collecting debts, would encourage information procedures regarding those who owe money to the federal government, and would provide more effective penalties for those who default on their federal loans.

(6) Reorganization Act of 1981 (S. 893, introduced by Senator Roth), reauthorizes the authority provided to most past Presidents to propose plans for reorganizing government agencies in an effort to enhance program effectiveness and improve efficiency. The Committee on Governmental Affairs has been endowed by the Senate with broad authority over the organization and structure of the federal government and the Committee has long been concerned with methods of reducing overlaps between agencies and ensuring that agencies are structured so that they are made more accountable to the public. The Reorganization Act is intended to encourage Congress and the President to work together to improve the organization of government. The Committee reported S. 893 to the full Senate in May.

Aside from legislative activities, the Committee conducted several inquiries and analyses on important aspects of governmental operations.

In a study prepared by the Permanent Subcommittee on Investigations entitled "Home Health Care Fraud and Abuse", the operations of five non-profit home health care agencies, which received federal Medicare funds, were investigated. Based on these investigations, the Subcommittee, under Chairman Roth, concluded that the home health care program lends itself to fraud, waste and abuse and enables unscrupulous operators to profit substantially at the expense of the taxpayer. The Subcommittee also found that the current method used by the federal government to reimburse home health care operators provides no incentive to contain costs. The Subcommittee made numerous recommendations, based on its findings, including more careful auditing and alternative methods of payment under the program to reduce opportunities for fraud.

A report prepared by the Oversight of Government Management Subcommittee examined the government's use of so-called debarment and suspension authority in its contracting activities. Debarment is a procedure designed to insure that government agencies not contract with a supplier who has a record of misrepresentation or fraud, and the suspension process is designed to protect government interests when a contractor is

suspected of fraudulent activities. Both procedures are designed to protect taxpayer dollars in federal programs from unscrupulous operators.

The Subcommittee, chaired by Senator Cohen of Maine, investigated four specific contracting cases and found that federal agencies routinely contract with firms which have had a bad record in the past. The Subcommittee recommended several actions to ensure that federal agencies do not rely on companies with questionable reputations in contracting for goods and services.

The Intergovernmental Relations Subcommittee held 25 hearings, under leadership of Senator Durenberger, to design the road we must travel in 1982 to help the President establish a new Federalism. The desired goal is a new partnership between States, cities, the Federal Government, the individual, and his/her private institutions. The Subcommittee's work should prove helpful in furthering that goal.

During the 1st Session of the 97th Congress, the Committee also received and reviewed 37 nominations, including the following: the Director and Deputy Director of the Office of Management and Budget; the Administrator for the General Services Administration; the Administrator for the Office of Federal Procurements Policy; the Director of the Bureau of the Census; 15 Inspectors General; the Director and Deputy Director of the Office of Personnel Management; the Director and Associate Directors of the Federal Emergency Management Agency, and the Comptroller General of the United States.

Of the 37 nominations, 33 had been approved as of October 20th; three had been withdrawn by the President; and one remained under review by the Committee.

BILLS AND RESOLUTIONS REFERRED AND CONSIDERED

During the 1st Session of the 97th Congress, 131 Senate and House bills and resolutions and 37 nominations were referred to the Committee for consideration (as of October 1st 126 Senate bills, 5 House passed bills and 16 joint, concurrent or simple resolutions were referred). Of the total, fifteen were reported by the Committee to the full Senate and three were enacted into laws.

HEARINGS

During the 1st Session of the 97th Congress, the Governmental Affairs Committee held 66 hearings covering 92 days. The subjects of these hearings, in addition to nominations and legislative proposals pending before the Committee, included:

(1) Corruption in the International Longshoremen's Association;

(2) Oversight of the Congressional Budget Process;

(3) Oversight of the Acquisitions Process in the Department of Defense;

(4) Review of the Extent of Waste, Fraud and Mismanagement in Government Programs;

(5) Examination of the Effectiveness of the Federal Government's Management of Employee Travel and Review of Efforts to Control Unnecessary Travel;

(6) Fraud in the Home Health Care Industry;

(7) Fraud and Misrepresentation in Claims Filed for Disability by Federal Employees;

(8) Review of the Reasons for and Extent of the Loss of Top Management in the Federal Government;

(9) Review of Energy Conservation Strategies for the 1980's;

(10) Examination of State Implementation of Federal Regulatory Programs;

(11) Examination of Various Factors Affecting the Federal System;

(12) Oversight of the Use of Consultants by the Defense Department; and

(13) Examination of the Federal Government's Refusal to Pay Debts Owed to Private Citizens in a Timely Manner.

REPORTS FILED IN THE SENATE

The Committee, and its subcommittees, prepared 23 reports and studies during the 1st Session of the 97th Congress. Fourteen of these accompanied legislative proposals considered and acted on by the Committee. The remaining 12 included the results of special studies and inquiries which were issued as Committee prints or Senate documents.

Among the special studies were a special report from the Permanent Subcommittee on Investigations concerning the Labor Department's Investigation of the Teamters Union's Central States Pension Fund and a report from the Permanent Subcommittee on Investigations Concerning the Effectiveness of the Department of Energy's Gasoline Allocation Program.

COMMITTEE ON THE JUDICIARY

Chairman Thurmond reorganized the Committee on the Judiciary at the beginning of the 97th Congress so that each of its subcommittees would have substantial legislative and oversight jurisdiction with Committee operations organized along functional lines. The Chairman emphasized during the reorganization process that efficiency in Committee operations and the public interest should be overriding considerations in all Committee activities. He noted the paramount interest of the American people in criminal and civil justice and set goals for the Committee which reflected a commitment to a strict construction of the Constitution and a desire to maximize individual freedom.

This functional reorganization resulted in nine subcommittees instead of seven in the previous Congress. The new subcommittees and their Chairmen are Criminal law (Mr. Mathias), Regulatory Reform (Mr. Laxalt), the Constitution (Mr. Hatch), Courts (Mr. Dole), Immigration and Refugee Policy (Mr. Simpson), Separation of Powers (Mr. East), Agency Administration (Mr. Grassley) Security and Terrorism (Mr. Denton), and Juvenile Justice (Mr. Specter). The subcommittee organization reflects the jurisdictional responsibility of the committee over criminal law, regulatory and administrative law, oversight of the Department of Justice, antitrust, patent, copyright and trademark law, the Constitution, federal courts, immigration and refugee policy, and internal security.

In addition to its legislative and oversight roles, the Committee passes on a large number of judicial and executive nominations. The Committee recommended the approval of the first woman to be nominated to the United States Supreme Court. In providing the background and recommendation on which the Senate could fulfill its Constitutional duties, the Committee held three days of hearings and considered the views of a wide range of witnesses. On the recommendation of the Committee, the Senate unanimously confirmed the nomination of Sandra Day O'Connor to be an Associate Justice of the Supreme Court. The Committee also considered the nominations of eight Courts of Appeal judges, over thirty District Court judges, over sixty of the United States Attorneys positions and all of the principal officers of the United States Department of Justice.

The structure and capabilities of the federal judiciary have been the focus of much of the Committee's work during the First Session. The Committee gave considerable attention to a bill to reorganize the appellate structure of the federal courts in the patent, trademark, copyright, and claims against the United States areas by consolidating the Court of Customs and Patent Appeals and the Court of Claims into a new United States Court of Appeals for the Federal Circuit. The Subcommittee on Courts has taken up bills to establish a National Court of Appeals and to provide greater flexibility for the Supreme Court to decide what cases it will hear from among the 5,000 petitions annually filed.

In passing the Federal Courts Improvement Act of 1981, S. 1700, as reported by the Judiciary Committee, the Senate made substantial improvements in two areas of vital concern to our people and to the progress of the economy. First, the Act provides for speedy and complete relief for parties with legitimate claims against the Government. Second, it establishes a system to achieve definitive, consistent, and expeditious rulings on questions of patent law. Transmuted into a single appellate court are the Court of Claims and the Court of Customs and Patent Appeals. Created as an Article I court is a Claims Court. Citizen claims against the Government will be processed and decided in timely and just fashion. And the problems of disparate and inconsistent interpretations of the patent laws, with consequent harm to successful technological innovation, will be done away with. Additionally, the Act made certain incremental improvements in the operations of all federal courts of benefit to the Nation.

During the course of the year, the Committee also engaged in intense efforts to examine and improve the laws that provide law enforcement and criminal justice authorities the necessary tools to wage an effective war against crime. Approving a resolution, S. Res. 141, that combatting violent crime should be a national priority was no symbolic gesture but a fervent commitment for the members of the Committee. Some critical decisions by the Chairman determined the strategy that the Committee's efforts should take. Criminal code reform was to be a goal but controversial subjects such as capital punishment, modification of the exclusionary rule, and reconsideration of the insanity defense, were to be removed from the omnibus criminal code reform proposals and offered separately. Critical areas such as considering methods of protecting the public from crime committed by dangerous persons already under indictment for other offenses, examination of the problem of juvenile crime, review of laws deterring persons from repeating violent offenses by means of firearms, and review of the procedures by which convicted felons may have their cases presented again and again to the federal courts, were examined independent of the criminal code reform legislation.

Senator Thurmond, thus, introduced measures to modify the Hobbs Act, S. 613, to limit the availability of federal habeas corpus relief for state prisoners, S. 653, to permit federal courts to detain without bail defendants adjudged to be dangerous to community safety, S. 1554, and to modify the insanity defense in federal criminal cases, S. 1558; and Senator Hatch introduced S. 751 to modify the exclusionary rule. Hearings have been held during which the ramifications of these proposals were extensively and thoroughly aired. Mark-up was held on S. 751. The work done in the subcommittees and in full committee on these important proposals should provide the basis for considerable legislative initiative in the second session.

On November 18, the Committee approved S. 1630, the Criminal Code Reform Act of 1981, introduced with bipartisan support from the Members of the Committee, and altered only minimally in mark-up session. This is basically the same bill that was reported by the Committee in the 96th Congress and sponsored by Senator Kennedy. It does include some changes: money bail is eliminated and authority is included for pretrial detention for defendants deemed dangerous to others by the court; sentence ranges are slightly increased; federal jurisdiction would be extended to cover both bribery and graft with regard to an agent of a State or local government who is charged with administering monies or properties derived from a Federal program; federal Hobbs

Act jurisdiction could be invoked in labor management dispute related violence; and the obscenity instructions would include an objective standard on the issue of appeal to prurient interest.

While the need for reform of the body of Federal criminal law is compelling because it contains too many archaic and difficult-to-locate provisions, too many gaps, and too much redundancy, inconsistency, and sentencing disparity, the Committee investigated other areas that also cry out for reform.

Hearings were held in July on violent crimes committed by juveniles, a problem that is now receiving nationwide attention. In the budget reconciliation process, Senator Specter, the Chairman of the Subcommittee on Juvenile Justice took the lead in maintaining an adequate level of funding for the Office of Juvenile Justice and Delinquency Prevention, with the full Senate approving his recommended $70,000,000 in the Department of Justice Authorization bill, S. 951, H.R. 416, rather than the $50,000,000 sought by the Department of Justice.

Close cooperation between Senator Specter and Senator Mathias, Chairman of the Subcommittee on Criminal Justice, allowed hearings on state and local court adjudication of drunk driving, victimization of children, means of identifying violent criminals early during the juvenile delinquency stages, mandatory life sentencing for career criminals, and federalizing repeated commission of firearm related violent crimes. Senator Specter introduced two related pieces of legislation, S. 1688 and S. 1689, that would permit the federal courts and the federal prison system to incarcerate state and federal repeat offenders whose career is violent crime involving firearms. Senator Mathias' Subcommittee conducted hearings on these bills, during which considerable testimony was entered concerning the importance of removing the small number of such repeat offenders from society in terms of preventing the tremendous number of violent offenses they are responsible for.

On December 10, 1981, the Subcommittee on Criminal Law held the first hearings devoted solely to proposed amendments to the Hobbs Act, which prohibits robbery and extortion in interstate commerce. This issue had been treated in the past in the context of criminal code reform. The Hearings focused on S. 613, introduced by Senator Thurmond, which would create two new offenses making it a Federal crime to inflict major personal injury or property damage in a labor dispute, and would reverse the Supreme Court's Enmons decision holding that the Hobbs Act does not reach violence or threats of violence in the course of an otherwise legitimate labor dispute.

Other related hearings include oversight and authorization review of Department of Justice operations, including confirmation hearings of the Attorney General, William French Smith, and the Associate Attorney General, Rudolph Guiliani, and acceptance of the Report of the Attorney General's Task Force on Violent Crime. The Attorney General and the Department of Justice criminal law personnel have been exceedingly cooperative with the Committee. Evidence of this is in the close cooperation experienced in collaborating on S. 1630, the proposed Criminal Code Reform Act of 1981. Continuation of this working relationship is predicted for the second session during which the Committee is expecting to be reporting substantive criminal law legislation for consideration by the Senate.

In the economic area, the Committee emphasized an approach designed to free American business from unwarranted or unnecessary Federal intervention. The Committee reported to the Senate several measures designed to enhance free competition in the marketplace and to restrict governmental overregulation. Chief among these reported by the Committee is S. 1080, the Regulatory Reform Act of 1981, a product of Senator Laxalt's Subcommittee on Regulatory Reform. The design of the provisions of S. 1080 is to supply a rational framework for agency analysis and decisionmaking that is lacking in the current rulemaking process and to ensure that all interested parties can participate fully in that process. Toward those ends S. 1080 requires a "regulatory analysis" of all rules with major impact. Regulatory analysis, based upon concepts of cost-benefit analysis, will secure a rational weighing of regulatory proposals by requiring agencies to publicly identify the effects of proposed regulations, to consider public comments about those effects, and to make determinations whether the benefits of the proposed regulations justify their costs. To ensure the fairness and reliability of the process and to expose the agencies to the benefits of the experience and expertise of all citizens, the bill proposes that agencies be required to give the public more information about a proposed regulation and that the opportunities for public participation in rulemakings be expanded.

To assure effective Executive Branch oversight of agency compliance with the new procedures the President is authorized to provide guidance for the effective coordination and implementation of the revised process. Finally, S. 1080 seeks to further ensure the propriety and accountability of agency action by directing the reviewing courts to play a more active role in construing statutes which transfer regulatory power to agencies by taking a hard look at assertions of regulatory jurisdiction or authority.

S. 1080 was introduced on April 30 of this year and referred to the Committees on the Judiciary and Governmental Affairs. Both have made significant improvements in the bill as introduced. Both Committees also favorably reported the bill and any differences that have arisen are technical in nature. This leaves only the most significant issues open for further resolution. Floor consideration for S. 1080 is now scheduled for late January 1982.

The Committee also began to address a number of social issues that have been matters of continuing public controversy, specifically the issues of abortion, busing, and school prayer. In three days of hearings (May 20–21 and June 22) the Subcommittee on the Constitution, under the chairmanship of Mr. Hatch, heard extensive scholarly testimony addressed to the question of Congress' power to restrict the jurisdiction of the federal courts, including the appellate jurisdiction of the Supreme Court, to adjudicate these issues.

On November 3, the Constitution Subcommittee reported S. 1760, a bill to prohibit the lower Federal courts from requiring racially based assignment or transportation of students to the public schools. That measure would permit existing court orders to be reviewed in Federal court and vacated unless the reviewing judge made specific findings required by the bill to support the order. A second Judiciary subcommittee has also cleared the way for full committee consideration of busing legislation this Congress. The Separation of Powers Subcommittee, under the chairmanship of Mr. East, on November 16 reported S. 1647 which, in addition to barring forced busing orders, would prohibit lower Federal courts from ordering school closings or the transfer of teachers to desegregate the schools. As reported, that bill would allow any State or local "educational agency" affected by a court decree requiring forced busing, school closings or teacher transfers to seek dissolution of the order in Federal district court. An almost identical measure, S. 1743, is presently on the Senate Calendar and could be called up at any time.

In the abortion area, the Committee reviewed several alternative approaches to the issue. Senator East's Separation of Powers Subcommittee held 8 days of hearings on S. 158, the Human Life Statute. S. 158 would declare that human life begins at conception and would allow the states to enact laws protective of fetal life. The bill was reported favorably by the Subcommittee and awaits full Committee consideration. Senator Hatch's Subcommittee on the Constitution has considered several constitutional amendments respecting abortion, including S. J. Res. 110, the Human Life Federalism Amendment, a proposal which would make clear that the Constitution does not secure a right to abortion and would vest concurrent authority in Congress and the States to restrict or prohibit abortions. Comprehensive hearings have been held on these proposals and Subcommittee consideration is expected to be concluded early in the next session.

Early in the Congress, Chairman Thurmond indicated to the Committee his view that immigration and naturalization statutes have become excessively complex and are enforced with a low degree of certainty. The Committee, through its Subcommittee on Immigration and Refugee Policy, Chaired by Senator Simpson, undertook a comprehensive review of the substance and implementation of several major provisions of the immigration laws.

In April, the Subcommittee conducted oversight hearings on the Immigration and Naturalization Service. The following month it held joint hearings with the House Committee on the Judiciary on the Final Report of the Select Commission on Immigration and Refugee Policy. In another joint hearing, held July 30, 1981, the Subcommittee examined the Administration's immigration and refugee policies. Oversight hearings on the Cuban-Haitian asylum program were conducted the following day. More recently, the subcommittee has considered proposed sanctions on employers who hire illegal aliens and reviewed current procedures for adjudicating actions to exclude or deport aliens and for determining claims for asylum.

This review of immigration laws, policies, and procedures is nearing completion and the Committee hopes to accomplish a major revision of the immigration laws during the Second Session of the 97th Congress. In so doing, the Committee has been, and will be guided by the principle that the American people have a right to expect the Federal government to provide secure borders.

Americans have also become increasingly and justifiably alarmed at the rise in terrorist activity around the globe. Internal security concerns of this country, which must always be considered of critical importance, have taken on even greater significance as terrorists and their activities more directly touch the United States and its interests. The Committee, through its Subcommittee on Security and Terrorism, has undertaken a detailed study of the origins and direction of international and domestic terrorism. Under the chairmanship of Senator Denton the Subcommittee has developed in the public record substantial information concerning the nature and root causes of the terrorism menace. The work of the Subcommittee will continue and intensify during the Second Session of the Congress and will maintain focus on the terrorist threat. The Subcommittee will also be examining the apparent inability of the United States to adequately deal with the "technology transfer" problem, a phenomenon which has resulted in significant transfers of high technology to the Soviet Union and other countries of the Communist bloc. Such transfers, some legal and others already illegal under present law, may seriously work to the detriment of our national interests.

In a related area, the Subcommittee on Criminal Laws examined in detail the need to extend Federal laws protecting the President, the Vice President, and Members of Congress from assassination and other crim-

inal acts to other Federal officials. Senator Mathias and his Subcommittee took extensive testimony on the advisability of creating Federal crimes for the commission of such acts against cabinet officers and their deputies, White House staff, and justices of the Supreme Court.

COMMITTEE ON LABOR AND HUMAN RESOURCES

The Senate Labor and Human Resources Committee is as extensive in breadth of jurisdiction as any other committee of the Senate. Legislation from the committee touches the lives of every American. Under the guidance of Chairman Orrin G. Hatch, the committee is charged with overseeing programs that involve government in pre-natal and neonatal care of infants and mothers; overseeing federal efforts to improve the quality of education of our youth through high school, and federal efforts to assist college and other secondary students earn advanced educations; working to help the handicapped and disabled lead fulfilling lives; dealing with vocational education and job training for workers entering the job market for the first time, or re-entering the market. In addition, the committee is concerned with the safety and health of workers on the job and provides the framework upon which pension plans are built for retired workers. Chairman Hatch and the committee is currently involved in efforts to improve services to the aged who are unable to lead a fully active life, and to provide income assistance to those who are unable to meet inflated costs of home heating in winter. The committee also works with the ways in which these many programs interact to affect families, which consist of Americans from very young to very old.

Chairman Hatch has opened new frontiers in the 97th Congress First Session, in almost all of these fields. The committee's efforts during the novel budget reconciliation process this past summer have literally restructured the federal-state and federal-local government relationships, passing major responsibilities for the health and well-being of Americans to those levels of government closest to the people who need the services. Not coincidentally this committee made a milestone effort to control and reduce runaway federal spending, while at the same time preserving critical services for those people who have no other source of aid in times of great need. The committee was charged by the Senate to make almost 25 percent of the total budget savings required over the next four fiscal years and met that target.

At the same time, the Labor and Human Resources Committee worked to make many of these programs work better, and often at a reduced cost. Congressional oversight is considered a very serious responsibility by this committee—we created this year a subcommittee dedicated solely to investigations and oversight, and we have conducted in all subcommittees and the full committee thorough oversight proceedings on several federal agencies. The committee concerns are that those employed by the government recognize fully their responsibilities to their fellow citizens to spend public moneys with great care and consideration.

Members of the committee represent an extremely wide divergence of political thought, but have been able to work together many times under very trying circumstances, and much of the legislation they reported out reflects the great care exercised in looking out for their constituents and all other Americans.

SUBCOMMITTEE ON INVESTIGATIONS AND GENERAL OVERSIGHT

During the first session of the 97th Congress the Subcommittee on Investigations and General Oversight chaired by Senator Paula Hawkins, has initiated inquiries into several areas of governmental operation that fall under the jurisdiction of the Committee on Labor and Human Resources.

National war on cancer

On May 21, 1981, the Subcommittee conducted hearings to examine the progress made by the National Cancer Institute toward the treatment and cure of cancer. The Subcommittee's investigation disclosed a problem in the Institute's ability to successfully inform and educate the community physicians and hospitals in the most recent development in research and treatment. The testimony revealed that 85 percent of the cancer patients in this country are treated at the community and local level. The critical appraisal of the Institute's ability to disseminate information and scientific research was echoed by community physicians from cancer treatment centers across the country.

Also questioned in the May 21st hearing was the National Cancer Institute's failure to report kidney failure among several patients receiving the cancer drug methyl-CCNU to the Food and Drug Administration. The reporting of such adverse drug reactions has been the focus of the Subcommittee's continuing investigation of the National Cancer Program. Additional hearings on this subject are scheduled.

At the conclusion of the hearing, Chairman HAWKINS called on Health and Human Services Secretary Richard Schweiker to develop a special study commission to recommend improvements in the transfer of research and treatment breakthrough to community hospitals and physicians. Secretary Schweiker responded by naming a Committee on Community Oncology and Technology Transfer. This committee met first in July of this year and continues to meet on a regular basis. The Subcommittee will continue to monitor the progress of the study commission and to work with the Secretary to ensure that all cancer patients in this country have the benefit of the most advanced treatments.

In November the Subcommittee continued its inquiry with two days of hearings to examine the National Cancer Institute's experimental new drug program. The testimony disclosed serious problems in the information given to cancer patients when they participated in the use of new methods of chemotherapy. In addition, the Subcommittee disclosed the Institute's inability to promptly report the adverse side effects which some patients experienced. In some cases the patients died from the toxic side effects of the cancer drugs.

The Food and Drug Administration, charged with the responsibility of investigating these adverse drug reactions, was frustrated in its efforts to monitor and report the dangerous side effects of the cancer chemotherapy. Individuals deep within the Agency testified to a special relationship with the National Cancer Institute which prevented them from carrying out their investigative responsibilities. An FDA chemist who had testified before the subcommittee reported harassment from her superiors as a result of her statements.

These serious allegations were given a full and complete airing at the November hearings. Responsible officials from the National Cancer Institute and the Food and Drug Administration gave detailed testimony regarding the efforts made by the respective agencies to address these serious concerns. Physicians from the leading regional cancer centers disclosed new safeguards to protect patient safety and procedures to guarantee the patient the most complete and reliable data before being asked to participate in an experimental drug program.

The Subcommittee's inquiry is expected to be continued in 1982. The problems disclosed at the hearings held in 1981 will be monitored for the expected improvements and new procedures.

Employment and training programs

On August 7, 1981, the Subcommittee targeted the Comprehensive Employment and Training Administration programs and practices in the state of Florida. At an Orlando field hearing investigators and auditors from the federal, state and local levels disclosed to Chairman HAWKINS and members of the Subcommittee incidents of wrong-doing and fraud in the expenditures of federal CETA dollars. Testimony disclosed CETA funds being paid to a psychologist who had no degree in psychology and whose address was determined to be a vacant lot; thousands of dollars in loans to various individuals in the programs which were never paid back; one organization director who received a salary under his real name from one source of funding and was simultaneously receiving a salary as a clerk-typist under an assumed name; and the purchase of hundreds of thousands of dollars of farm equipment that was never located.

Additional testimony revealed several incidents of abuse of program funds. Witnesses related examples of self-dealing between funded CETA corporations and private companies actually established by the same individuals who were in control of federal CETA funds. The Subcommittee was assured that proper controls and reviews are now in place to prevent this wrong-doing from reoccurring in the future.

Occupational safety and health

On September 23, 1981, the Subcommittee focused its attention on the practices and procedures of the Occupational Health and Safety Administration.

In a joint hearing with the Subcommittee on Labor, Assistant Secretary Thorne G. Auchter presented his plans and proposals for the Administration of OSHA. Assistant Secretary Auchter was able to address specific concerns of business and labor and to report to the Congress the directions for Occupational Safety and Health under the new Administration. The Subcommittee also heard testimony from concerned officials representing a variety of business, labor, and industry sectors.

Missing children

On October 6, 1981, the Subcommittee conducted a formal inquiry into the problem of missing children in America. Dramatic evidence of the extent of this problem and its impact on those involved was received in the form of testimony from parents actually affected by this tragedy. The Subcommittee was impressed by the obvious impact and devastation felt by the family of a missing child.

Additional testimony was received from two separate local law enforcement agencies who have been effectively dealing with the problem. They explained to the Subcommittee the techniques and tools that they employ to locate missing children in their community. Finally, testimony was received from the information director for a nation-wide citizen action group dedicated to the recovery and safe return of missing children. All of the witnesses spoke in dramatic terms of the need for a national clearing-house of information on missing persons and a similar system to track and identify the remains of deceased individuals. Legislation to initiate these programs, authored by Senator Hawkins of Florida, is currently before the Juvenile Justice Subcommittee of the Judiciary Committee.

Additional areas of inquiry

In addition to the subject areas discussed above, Chairman Hawkins and the Subcommittee also initiated specific inquiries into

the practices of the Equal Employment Opportunity Commission, the paperwork involved in the education of handicapped children, and the Food and Drug Administration.

SUBCOMMITTEE ON THE HANDICAPPED

In this, the International Year of Disabled Persons, the Subcommittee's major efforts, led by Subcommittee Chair Lowell Weicker, have been to assist the Full Committee in shaping those parts of the Omnibus Reconciliation Act which deal with federal discretionary programs serving handicapped people. These programs include the Education for All Handicapped Children Act (PL 94–142) and the Rehabilitation Act of 1973 (PL 93–112, as amended) which constitute the backbone of the federal government's commitment to allow disabled Americans to grow to their maximum functioning potential in our society. The Committee recognized the vital nature of these programs by reauthorizing PL 94–142 through FY 1984, and PL 93–112, as amended through 1983.

In addition to maintaining the categorical nature of these laws, the Committee authorized funding levels slightly above FY 1981 pre-recission levels for FY 1982 and beyond. Thus, while faced with the tortuous task of reducing federal expenditures for human service programs in general, the Committee was able to carefully craft a package which assured that the present commitment to the disabled would be at least maintained.

The full Congress has concurred with the Committee's recommendations in these areas.

While the Developmental Disabilities Assistance and Bill of Rights Act was reauthorized through the Reconciliation Process described above, the Subcommittee conducted a public hearing, and received testimony concerning the value of this law. The Subcommittee favorably reported out S. 1132, which in the absence of the Reconciliation Act, would have been the vehicle to continue the DD program.

The Subcommittee also conducted two days of field hearings in Connecticut on the subject of the proper level of care for retarded citizens. When published, the record of those hearings will provide a most valuable guide for the Congress in making judgments on the mix of services which can best allow retarded citizens to reach their greatest potential for independence.

SUBCOMMITTEE ON AGING, FAMILY AND HUMAN SERVICES

The Subcommittee on Aging, Family and Human Services, chaired by Senator Jeremiah Denton, handles legislation dealing with a broad range of issues, including anti-poverty programs, child and family development, social service and employment, programs for the elderly, and domestic volunteer programs. During the first session of the 97th Congress, the Subcommittee held eleven days of hearings and prepared eight legislative proposals, seven of which were enacted through the vehicle of the 1981 Omnibus Budget Reconciliation Act: Domestic Volunteer Services Act, Child Abuse Prevention and Adoption Opportunities, Community Services block grant, Low-Income Energy Assistance block grant, Adolescent Family Life Act, Head Start Act, and the Native American program. The Subcommittee took the remaining piece of legislation—the Older Americans Act—to the Senate floor where it was passed. During the Reconciliation process, savings of over $500 million in FY '82 and over $1 billion in FY '83 were achieved in programs under the jurisdiction of the Subcommittee.

Legislation

Child Abuse Prevention and Treatment and Adoption Reform:

As part of the Omnibus Budget Reconciliation Act, the Congress made provisions for child abuse prevention and treatment and adoption reform activities. An amendment offered by Subcommittee Chairman Senator Jeremiah Denton, provided that $7 million be made available for grants to states for child abuse programs, and $12 million be included in a discretionary program for a National Center for Child Abuse and Neglect and Adoption Opportunities, for activities which require a national focus. The Conferees agreed with this proposal, with the further provision that adoption opportunities activities should be funded at a minimum of $2 million from the discretionary fund, and that the Secretary would continue to operate the National Center on Child Abuse.

Community Services Block Grant:

A proposal for a Community Services Block Grant was included in the Omnibus Budget Reconciliation Act of 1981. This block grant authorizes funding for the next five years at $389,375,000 for each year. The legislation provides that each state must submit an application as required by the Secretary of Health and Human Services in order to receive funds. In addition, a discretionary authority for the Secretary of HHS makes provisions for certain activities including special emphasis programs for technical assistance and training programs in rural housing and community facilities development, programs designed to promote economic self-sufficiency, assistance for migrants and seasonal farmworkers, and national or regional programs for low-income youth. The Community Services Administration was terminated by this legislation, and a new Office of Community Services was established in the Department of Health and Human Services.

Native Americans Program:

S. 1088, the Native American Act, was introduced in the Senate on April 30, 1981, by Senator Jeremiah Denton. With some simple modifications to increase tribal participation in the administration of the program, the bill provided for a two-year extension of the existing program. Because this bill proposed a free-standing Native American Program, separate from the Economic Opportunity Act, it was referred to the Select Committee on Indian Affairs. At the request of the Chairman of the Select Committee on Indian Affairs, the Subcommittee on Aging, Family and Human Services included a two-year extension of the current program in the Omnibus Budget Reconciliation Act.

Domestic Volunteer Services Act:

S. 1087, the Domestic Volunteer Service Act Amendments of 1981, was incorporated into P.L. 97–35, the Omnibus Budget Reconciliation Act of 1981. This legislation reauthorized the programs under ACTION, the federal agency for voluntary service, through FY '83. It eliminated the set-aside for the University Year for Action Program, freeing up funds to be used for the National Center for Service Learning and demonstration projects in community service.

Adolescent Family Life Act:

S. 1090, the Adolescent Family Life Act, was incorporated into P.L. 97–35, the Omnibus Budget Reconciliation Act of 1981. The Act authorizes a three-year program of services and research in the area of adolescent sexual activity, including pregnancy. Grants for services would target two adolescent groups. First, pregnant teenagers and their parents could benefit from a wide range of services, such as pre- and post-natal care, infant day-care, parenting skills, vocational education and job training. For this group, adoption would also be presented as a positive option for pregnant girls, along with parenthood. Current federal programs simply do not do enough to encourage counseling and referral to adoption services, particularly for very young teens. Second, through education and outreach, grantees could also help adolescent boys and girls and their parents realize the consequences of premarital sexual activity and encourage those teens to refrain from pre-marital sexual relations. For all services, grantees must involve parents and the community—through religious, charitable and voluntary groups—and in most instances of services to unemancipated minors, parental notification and consent are mandated. Services are targeted to teenagers under the age of seventeen. Finally, the research section focuses on the consequences of premarital adolescent sexual relations, with particular attention to operations research to determine what services or combination of services best work to achieve the objectives of the program.

Low-Income Home Energy Assistance Block Grant:

As passed in the Omnibus Budget Reconciliation Act of 1981, the Low-Income Home Energy Assistance block grant is authorized for the next three years at $1,875,000,000 for each year. For the first time, this program has a multi-year authorization. This will promote stability and consistency, as well as eliminate waste, in a program which has been plagued by annual revisions and uncertainty as to a continued federal commitment. Furthermore, the federal government is prohibited from issuing regulations to instruct the states how to run their respective programs.

States are required to submit an application for funds to the Secretary of Health and Human Services. As part of the application, the state must make certain assurances and include a plan detailing how these assurances would be carried out. However, the Secretary is not authorized to approve or disapprove any state's application.

Head Start Act:

The Congress enacted legislation to reauthorize the Head Start program as part of the Omnibus Budget Reconciliation Act. Head Start has an authorization level of $950,000,000 for fiscal year 1982, $1,007,000,000 for fiscal year 1983, and $1,058,357,000 for fiscal year 1984.

A new formula for the distribution of funds is provided. Thirteen percent of the funds would be placed in a Secretary's reserve with the remaining 87 percent distributed to the States with two-thirds based on the number of children age 0–5, who live with families with incomes below the poverty line, and one-third based on the number of children age 0–18 on whose behalf Aid to Families with Dependent Children (AFDC) benefits are paid. This formula serves two purposes. First, it more adequately targets the children who are intended to be served by the Head Start program. Second, the percentage by which funding to the states is increased under the bill, is more equitable than in current law. Under the new formula, all of the states, except for three (Alaska, Arizona and Mississippi) receive an increase between 10 and 20 percent, which is more comparable to the overall authorization increase, whereas under current law, the majority of states fall either below 10 percent or above 20 percent.

Another notable change is that provisions of the Davis-Bacon Act have been dropped from the Head Start reauthorization. Davis-Bacon is currently part of 77 Federal programs. The Head Start reauthorization is the first of these programs to have Davis-Bacon eliminated from it.

Hearings

Oversight of Head Start:

On March 10, 1981, the Subcommittee on Aging, Family and Human Services held a hearing on the Head Start program. This hearing formed the basis for reauthorization legislation, which was subsequently introduced, and then included in the Omnibus Budget Reconciliation Act.

Legislation to Extend the Older Americans Act:

On March 17, 1981, the Subcommittee held an oversight hearing on the programs au-

thorized by the Older Americans Act—social services, senior centers, congregate and home-delivered meals, community service employment, etc. Witnesses discussed the implementation of the 1978 amendments to the Older Americans Act and issues concerning the 1981 amendments to the Act, which were soon to be introduced.

Low-Income Energy Assistance:

On March 24, 1981, the Subcommittee on Aging, Family and Human Services conducted a hearing on the Low-Income Energy Assistance block grant. Witnesses included the Under Secretary of Health and Human Services, two United States Senators, three Governors, and a representative from the National Council of Senior Citizens. Subsequent to this hearing, legislation to reauthorize this program was introduced and later included in reconciliation.

Oversight of Family Planning, Title X of the Public Health Services Act, part I:

On March 31, 1981, the Subcommittee, in conjunction with the Full Committee, held the first of a series of hearings on the problem of adolescent sexual activity. The purpose of this hearing was to look at the services portion of the Title X family planning program. Witnesses discussed findings by the General Accounting Office regarding inappropriate and ineffective services provided by certain Title X grantees, the role of the federal government in birth control, and the impact Title X has had on adolescents in terms of increased sexual activity, unwanted pregnancy, illegitimate births, and other social indicators. This hearing provided the basis for legislation authorizing the Adolescent Family Life Act.

Oversight of the Domestic Volunteer Service Act of 1981:

An April 9, 1981, the Subcommittee held an oversight hearing on the programs authorized by the Domestic Volunteer Service Act—VISTA, National Center for Service Learning, Citizen Participation Demonstrations, Foster Grandparent Program, Senior Companion Program, and the Retired Senior Volunteer Program. Witnesses discussed issues concerning the 1981 amendments to the Act, which were soon to be introduced.

Oversight on Community Services Administration, Child Abuse Prevention and Treatment of Adoption Opportunities, and Native Americans Program Act:

On April 23, 1981, the Subcommittee on Aging, Family and Human Services conducted a hearing on the Administration's proposals for the Community Services Administration, the Native American Programs Act, Child Abuse Prevention and Treatment and Adoption Reform, and related issues. Testimony was received from representatives of the Administration, State and local government, GAO, interest groups and various service providers.

This hearing provided the background for development of the Community Services Block Grant, provisions for child abuse prevention and adoption reform, and Native Americans Program, which were later included in the Omnibus Budget Reconciliation Act.

Oversight of Family Planning, Title X of the Public Health Services Act, part II:

On June 23, 1981, the Subcommittee held the second hearing on the problems of adolescent sexual activity. This hearing continued the oversight of the Title X, Family Planning Services Program. Witnesses discussed types of birth control, other than drugs or devices, the history and development of the Title X program, and the plans of the Administration with regard to its future.

Adoption in the United States:

On July 23, 1981, the Subcommittee held the third hearing on the problems of adolescent sexual activity. The purpose of this hearing was threefold: to discuss the ways the government and society can promote adoption as a positive option for unmarried pregnant adolescents; to discuss ways in which minorities can be encouraged to adopt minority children; and to discuss legislative proposals to establish a federal, computerized adoption registry that would help "reunite" adult adoptees and their biological parents.

Fighting Poverty: Private Initiative and Public Assistance:

On August 25, 1981, the Subcommittee held a field hearing to examine federal programs designed to prevent or ameliorate poverty—programs which are recognized as being highly successful, as well as those programs which are recognized as needing improvement. In addition, witnesses discussed the contribution of business and private charitable organizations to solving the problems of unemployment and poverty.

Primary Intervention in Societal Problems: The Role of the Family:

On September 17, 1981, the Subcommittee on Aging, Family and Human Services conducted the second in a series of hearings addressing the problem of poverty and social welfare policy. Witnesses at this hearing discussed research into how public policy influences primary support groups, particularly the family. In addition, some witnesses presented initiatives undertaken by the private sector in addressing the needs of individuals and families in the context of the community. Additional hearings on social welfare are planned for the next session of the 97th Congress.

Oversight Hearing on Title X: Sex Education Curricula Guides:

On September 28, 1981, the Subcommittee held the fourth hearing on the problems of adolescent sexual activity. This hearing focused on material produced under Title X of the Public Health Service Act on family life and sex education. This material was distributed to three mental health professionals, who critiqued it on the basis of educational merit; appropriateness for the designated age groups; psychological implications; and overall quality of both content and design. The witnesses raised questions as to the appropriateness and quality of some of the materials and suggested alternative approaches to provide family life and sex education.

SUBCOMMITTEE ON ALCOHOLISM AND DRUG ABUSE

The Subcommittee on Alcoholism and Drug Abuse, chaired by Senator Gordon J. Humphrey, has worked during the 97th Congress to refine the role of the federal government in alcohol and drug abuse research, prevention, and treatment programming.

Comprehensive Alcoholism and Alcohol Abuse Prevention, Treatment and Rehabilitation Act and the Drug Abuse Prevention, Treatment, and Rehabilitation Act

On March 23, 1981, Senator Humphrey introduced a bill, S. 755, to revise and extend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act and the Drug Abuse Prevention, Treatment and Rehabilitation Act.

Although the bill extended for one year certain programs under these Acts, it redefined the federal role in alcohol and drug abuse treatment by repealing formula grants to the states and instituting in their place a block grant to the states for the provision of prevention and treatment services.

S. 755 reauthorized the National Institute on Drug Abuse and the National Institute on Alcohol Abuse and Alcoholism to continue with research, demonstration programming, technical assistance to the states and information dissemination. Research for the National Institute on Alcohol Abuse and Alcoholism was authorized at $25 million, and research at the National Institute on Drug Abuse was authorized at $45 million. In addition, each Institute was allotted $15 million to demonstrate new and more effective approaches to prevention and treatment of abuse problems.

Public hearings were held on this legislation on March 25 and 30, 1981, in Washington, D.C. by the Subcommittee. The March 25 hearing focused on the Federal effort in alcohol abuse and alcoholism, with representatives from various national and state alcoholism programs expressing their concerns over the direction of future programming.

On March 30, the Subcommittee's hearing focused on drug abuse prevention, treatment, rehabilitation, and research programs. Testimony was received from various representatives of federal and state programs as well as students and representatives of parents groups working together to curb abuse by youth.

On May 8, 1981, the Subcommittee met in open executive session to consider S. 755. The bill was amended and ordered reported, by voice vote, to the Committee on Labor and Human Resources. On June 24, 1981, the Committee on Labor and Human Resources ordered the bill favorably reported (Senate Report 97–145). The major programs in the bill were ultimately included in the Omnibus Budget Reconciliation Act of 1981 (P.L. 97–35).

The Act authorized the research and demonstration program funding levels of S. 755 and provided for an Alcohol, Drug Abuse, and Mental Health Block Grant for the allotment of prevention and treatment funding to the states.

Alcohol and Drug Abuse Education Act

On April 6, 1981, the Subcommittee held an oversight hearing on the Alcohol and Drug Abuse Education Act. The program authorized by the Act has, in its 10-year history, worked to train local school and community leaders to initiate local programs for alcohol and drug abuse prevention.

The Subcommittee received testimony from the program's director, regional trainers, and individuals who had been trained in the program and who had initiated local prevention programming as a result of their training.

The Alcohol and Drug Abuse Education program was ultimately reauthorized in the Omnibus Budget Reconciliation Act of 1981. Beginning in Fiscal Year 1983, the program will be included in the Education Block Grant. For Fiscal Year 1982, it was placed in the Secretary's discretionary authority section of the Block Grant with its funding protected at not less than the Fiscal Year 1981 level.

Research Oversight

On July 27, 1981, the Subcommittee held a hearing in Washington, D.C. to explore the research activities of the National Institute on Alcohol Abuse and Alcoholism and the National Institute on Drug Abuse.

The hearing included representatives from the Institutes as well as researchers in the field who addressed such issues as the most appropriate structure for the Institutes, the efficacy of the grant review process, and the focus of future research efforts.

Marijuana and youth

On October 21, the Subcommittee held a hearing on the Health and Educational Effects of Marijuana and Youth.

At earlier hearings, Dr. Pollin, the Director of the National Institute on Drug Abuse, mentioned that the Annual High School Survey had indicated something of a leveling off of use of marijuana by high school seniors. He indicated that although it was always difficult to assess causes for this behavior, two of the possible factors were the growth of the parents movement and the attention which has been paid to recent research findings which indicate that marijuana is not safe, as had been previously thought.

The Subcommittee, therefore, convened a hearing to discuss the latest research findings on the health and educational hazards of marijuana. In addition to Dr. Pollin, the hearing included research scientists, clinicians, and educators.

Parents movement

In the last couple of years, a grass roots parents movement has taken hold to create a peer group for parents who want their children drug free. The movement has played a major role in changing behavior and is continuing to gain momentum. The Subcommittee has worked to disseminate information to these groups and to help make communities aware of them. In addition, the Subcommittee has worked with NIDA in trying to keep the most current drug information available to parents and educators.

Alcohol abuse prevention campaign

The Subcommittee has been following the nationwide alcohol abuse prevention campaign sponsored by NIAAA. The campaign, which constitutes a coordinated effort between local government, private organizations, and media, promises to have a significant impact on its target audiences: youth, women, and pregnant women. The Subcommittee looks forward to continued cooperation on this project.

SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES

Led by Subcommittee Chairman Senator Robert Stafford, the Senate Education, Arts and Humanities Subcommittee spent a good deal of the time of its members during the first session of the 97th Congress discussing the proper levels at which to set new authorization caps for the programs within its jurisdiction. Many members of the Subcommittee expressed concern over the funding reductions recommended by the Administration for education, arts and humanities programs. Because of this the overall reduction for education programs set by the Subcommittee, while substantial, was not at the level requested by the Administration.

The members of the Subcommittee recommended an overall funding reduction of 11 percent, and this reduction was ratified by the full Senate. The feeling of many Republican members was that a cut of this nature was the most which our vitally important education programs should sustain.

This funding reduction was not accomplished by lowering authorization caps uniformly, but rather the Subcommittee members reviewed each program on its merits and then set the new spending caps. Level or modestly increased funding was recommended for programs which were considered to be of the highest funding priority, such as Title I of the Elementary and Secondary Education Act. Much larger reductions than those proposed by the President were recommended for those programs which Subcommittee members felt should be low priority in a year when the Congress was substantially reducing federal spending.

Elementary and secondary education

The Subcommittee on Education, Arts and Humanities initiated the most extensive revision of the Elementary and Secondary Education Act since that law was passed in 1965. The product of the Subcommittee's work became the Education Consolidation and Improvement Act. Its effect is the simplification of pages of existing law, the consolidation of numerous programs into a new block grant, and the promotion of genuine reform of education regulation.

For years, state and local educators voiced their complaints about the prescriptiveness of federal education law and the burdens of complying with increasing regulation. Under Senator Stafford's leadership, the Subcommittee simplified much of Title I, compensatory education for disadvantaged children, and combined thirty different programs from ESEA and other laws into block grant giving almost total discretion to states and local school districts on how these funds are to be used.

At the same time it accomplished these reforms, the Subcommittee preserved the essence of federal aid to education: the promotion of equality in and access to education. It is here, in the assistance provided to disadvantaged and handicapped children, that the federal dollar makes the biggest, and the best, difference.

Higher education

The Subcommittee on Education, Arts and Humanities amended the Higher Education Act of 1980 in order to restrain the growth of student financial assistance programs, while at the same time assuring that students from lower and middle income families receive much-needed student aid. Concerned about the substantially increased costs of the Guaranteed Student Loan program since the 1978 passage of the Middle Income Student Assistance Act, the Congress in the budget process passed a new spending target for the Guaranteed Student Loan program which necessitated substantive changes in the authorizing legislation. The members of the Education Subcommittee recommended reestablishing an income threshold for the GSL program, requiring those with incomes above $25,000 to qualify through a needs test before they could receive a loan in the amount of remaining need.

The final decision by the conferees on the Reconciliation Act was to ratify the income suggestion and to raise that income threshold to $30,000. The new GSL program thereby protects the ability of the neediest families to borrow up to $2,500 annually, while simultaneously allowing borrowing, in the amount of need, by higher income families demonstrating financial need.

At the same time, the Subcommittee recommended level funding for the campus-based student assistance programs and a modest increase for the Pell Grant program for Fiscal Years 1983 and 1984. These programs continue to be targeted to the neediest students, and were considered to be a high priority in a difficult budget year.

Arts and humanities

The Subcommittee members reiterated their support for the National Endowments for the Arts and Humanities and the Institute for Museum Services during the first session of the 97th Congress. The members did feel that the Endowments and the Institute needed to improve internal operations and target funding for programs more carefully than in the past, but the Administration's recommendation to reduce funding for the Endowments by 50 percent and eliminate IMS was rejected. The final authorization caps represented a 25 percent reduction in funding for each of these important cultural agencies.

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

The Subcommittee on Emp'oyment and Productivity has concentrated its efforts on a complete restructuring of the employment and training programs that were authorized under the CETA legislation. During the reconciliation process, the Subcommittee proposed amendments that eliminated the public service employment program and gave new discretion to the nations' governors for the design of programs within their states.

Based on extensive hearings, the Subcommittee will develop new legislation to replace the CETA system. The Subcommittee Chairman, Senator Dan Quayle, published an extensive statement in the Congressional Record outlining the new approach which is based on the following principles:

The first need for a new program is to strengthen the involvement of the private sector. It may be a hackneyed truth that 85 percent of all jobs are in the private sector—but it is a truth and no program designed to train people for jobs can ever be unmindful of that fact.

Second, the Federal government is not the repository of all wisdom nor of all good intentions. This is a nation of incredible diversity and no program can be successful that does not fully recognize that diversity by giving to the States a preponderant voice in designing programs to meet their needs as they are perceived locally.

Third, training programs are designed to prepare people for jobs and if that orientation is lost they become a disquised and inefficient form of income maintenance.

Fourth, a system must be result-oriented rather than one in which the Federal Government is concerned with form rather than substance. Outcomes must be measured and nonproductive concern with process and procedure be avoided.

Last, a system must be devised in which the various parts are integrated rather than a panoply of separate systems that run without proper coordination.

SUBCOMMITTEE ON LABOR

During the first session of the 97th Congress the Senate Labor Subcommittee chaired by Senator Don Nickles held hearings on eight separate issues (list attached) and proceeded to markup bills on three of these issues.

The Subcommittee has also been working closely with the Administration on the development of new regulations in many subject areas. Among them are Davis-Bacon, affirmative action and OSHA.

The principal difficulty encountered by the majority in moving legislation through the Full Committee and onto the floor of the Senate is the absence of a working majority. The minority all too frequently acts to obstruct even the most common sense type of proposal, e.g., Senator Armstrong's bill amending the Walsh Healey Act, S. 398.

As the result of hearings chaired by Senator Nickles, new regulations were issued implementing needed changes in Davis-Bacon administration. Senator Nickles also advocated a Davis-Bacon reform measure which would increase the present $2,000 threshold amount substantially and codify some of the proposed Administration regulatory changes.

Health

Effective with the 97th Congress, the health and scientific research responsibilities of the Labor and Human Resources Committee became a full committee function. The health agenda of the Committee during the first session has been a particularly full one because over two-thirds of federal programs in this area were due for renewal. The Committee also played a critical role in carrying forward the President's plan to devolve major health responsibility to the states through block grants.

The availability of basic health care to the American people, and the quality of that care, are of major concern of this Committee. Legislation initiated or considered by the Committee has been responsible for many of the developments in the health service and preventive health areas in the past 30 years. Those are the years that have seen Federal health expenditures grow from less than 1 percent to 10 percent of the total Federal budget.

Today, the Nation finds itself obliged to reappraise the policies of the past. Not only has the general economy undergone a serious reversal, but there is deep concern over the degree of control exercised in Washington over both the conduct of local government and the activities of the private sector. Accordingly, four major themes mark the

Committee's health work this year: fiscal responsibility, increased state involvement, program assistance to those groups and projects most in need of federal help, and commitment to biomedical research.

The categorical grant programs established during the last thirty years addressed many of the perceived shortcomings of private and State/local government systems of health care, both in regard to underserved population groups and to specific health concerns. Frequently it was argued that these shortcomings could be overcome only by a Federal stimulus. Indeed, many of the grant programs established during these years were justified as providing "seed money." Some of these initiatives have been successful, others have not, but taken together they have resulted in a broader, more accessible mix of health services for a greater number of Americans. At the same time, they have contributed to the expansion of Federal Government and the Federal budget, and to the parallel erosion of responsibility on the State and local levels. The Committee was able to preserve these vital health programs, trim others, and achieve savings through health block grants and other programs at a net savings of $800 million to the Federal Government. This kind of fiscal responsibility, tempered by concern about assuring the continuation of important health programs, marked the committee's work throughout the session.

The Committee believes the block grant is the appropriate vehicle for continuing needed health care assistance and preventive health care activities while at the same time reducing overall expenditures and alleviating the problems engendered by categorical programs. The Committee adopted three health block grants:

1. Health Prevention and Services Block Grant. This grant consolidates eight categorical programs which include: Home health, rodent control, fluoridation, health education/risk reduction, health incentive grants, emergency medical services, rape crisis and hypertension.

2. Alcohol, Drug Abuse, and Mental Health Block Grant. This grant consolidates: Mental health services, alcohol abuse services, and drug abuse services.

3. Primary Care Block Grant. This grant includes Community Health Centers. For fiscal year 1982, the centers will remain categorical with planning grants given to the states for conversion to state administration.

The block grants are designed to address the problems of inflexibility, lack of coordination, redundancy, and uncertainty with respect to funding that have been experienced in the categorical grant system.

Reappraisal and restructuring of the health programs of the past marked the Committee's activities. However, continuity was achieved with regard to the Committee's past concern for the sick and dependent, and the health care system they rely upon. The mission of programs for community health, medically underserved areas, and alcoholism and drug abuse were essentially preserved albeit with new structure and fewer inflexible requirements. In addition, the Committee held hearings on home health care and preventive health initiatives, both of which promise great benefits in the near future to the health of the American people.

The Committee supported through legislation the promotion of biomedical research as a proper and essential function of the Federal government. During this year, the essential work of biomedical research was continued while we eliminated or consolidated those aspects that unnecessarily perpetuate our Federal bureaucracy or which offer no real hope of improving health care or scientific research in the future.

Health programs have been and will continue to be a primary responsibility of the Labor and Human Resources Committee. In the First Session of the 97th Congress, a proud record of accomplishment has been started. Intense activity in the health area can be expected to continue into the Second Session.

COMMITTEE ON RULES AND ADMINISTRATION

Under the chairmanship of the distinguished Senior Senator from Maryland, Charles Mathias, the Rules Committee's main objective in 1981 was to save money for the Senate, as well as to make the Senate operations more efficient and open.

A major cost-saving activity of the Committee was the 10-percent reduction in authorized committee expenditures for this year. With the active cooperation of other Senate committees, the Rules Committee approved committee budgets for 1981 which were $4,633,297 below authorized committee expenditures for 1980 or a 10-percent reduction.

In addition, the Rules Committee, with the assistance of the General Services Administration, provided for Senate participation in the government discount airfare program. There are now 154 awarded airline city-pairs on which Senate travelers can obtain substantial discounts. This will save the Senate many thousands of dollars in travel expenses.

To make the Senate more efficient, the Committee approved increased capacity for the Correspondence Management System (CMS) to provide more rapid response time to Senate users. The Committee continues to work with the Sergeant at Arms to update and modernize all Senate equipment and facilities.

In an effort to make the Senate more open and accessible, the Rules Committee approved S. Res. 20 sponsored by Senator Howard Baker, which would provide radio and television coverage of Senate proceedings. If enacted by the Senate, the Senate would be available on a daily basis to missions of Americans who would be able to see the Senate in action.

The Committee on Rules and Administration held three days of hearings in 1981 on the Federal Election Commission and the Federal Election Campaign Act of 1971, as amended.

In connection with an Office of Management and Budget Authorization request of $9,746,000 for the Federal Election Commission for fiscal year 1982, the Committee received testimony on April 23 from representatives of the Commission, including its chairman and vice-chairman. The Commission's modified budget request was in the amount of $11,143,285. During the authorization hearing, the Committee also received testimony from a panel of attorneys who commented on Commission enforcement procedures and from political science professors and political consultants who presented their views on the effects on the political process of the Federal Election Campaign Act. The hearing record has been printed.

On April 29th, the Committee met and ordered favorably reported an original bill (S. 1078) to authorize appropriations for the Federal Election Commission in the amount of $9,746,000, the level recommended by the Office of Management and Budget. The report (No. 97–47) to accompany S. 1078 was ordered printed on April 30, 1981 and placed on the Calendar.

On November 20 and November 24, Senator Mathias led continued oversight hearings on the Federal Election Commission, and the committee also received testimony on bills to amend the Federal Election Campaign Act of 1971. The bills introduced at the time of these hearings were S. 1851, a bill introduced by Senator Mathias to change contribution limitations, reduce reporting and recordkeeping details and provide modifications of review, enforcement and other procedures of the Federal Election Commission; S. 1550, a bill introduced by Senator Helms to prohibit the use of compulsory union dues for political purposes and S. 1766, a bill introduced by Senator Cranston, to amend the Federal Election Campaign Act of 1971 to provide for the waiver of limitations on contributions to candidates in elections in which any candidate spends more than $35,000 from personal funds.

Proposals to amend the Federal Election Campaign Act will be the subject of additional hearings in the second session of Congress.

The Committee on Rules and Administration has supervised the contract under which the Senate has engaged the Campaign Finance Study Group of Harvard to provide an analysis and study of the financing of Presidential Campaigns. The Campaign Finance Study Group will report in January. After receipt and review of the Presidential Campaign Finance Report, the Committee will hold hearings on Presidential Election Laws.

On May 7, 1981, the Committee on Rules and Administration held a one-day hearing on election night media projections and legislation concurred with these projections. House and Senate members testified on the reasons for various proposals introduced providing for changes in the dates and times of holding polling places open and also imposing prohibitions against disclosure of Presidential election results until all polls are closed. (S. 55, S. 56, S. 57, S. 58, introduced by Senators Hayakawa and DeConcini.)

Representatives of four news networks offered their views on the effect of the early night projections of the Presidential results and explained their news coverage techniques.

COMMITTEE ON SMALL BUSINESS

Under the leadership of the Honorable Lowell Weicker, Jr., the Small Business Committee reflected the views of small business in its policy considerations. The primary legislative responsibility of the Senate Small Business Committee is to authorize programs administered by the Small Business Administration. In Chairman Weicker's and the Committee's view, that means something more than just allocating funds or designing programs. It means making sure that SBA is truly serving its constituency of small business men and women across the country.

Under the new Republican leadership, this Committee has embarked this session on a strong course of oversight over the SBA and its programs. Rather than think up new programs for the Agency to administer, the Small Business Committee is looking closely at the old ones, making sure they are fulfilling their mandate and serving those they are designed to serve.

In five comprehensive hearings already this year, this Committee has let it be known that it will demand accountability, that it will search out fraud and abuse where they exist, and that it will not rest until the Small Business Administration is giving its vital small business constituency the kind of effective, efficient representation that it deserves.

Just as important as its oversight function is the Committee's role as an advocate for the small business community.

Whether deliberating over tax policies, regulations, contracting procedures, or innovation Chairman Weicker and this Committee have tried at all times to keep in mind the millions of small business men and women across the country and act as their advocate.

For too long, the voice of small business has been lost, both in the Executive Branch and in the Congress. Despite the fact that small businesses are responsible for 43 percent of the Gross National Product, 58 percent of private employment, and 75 percent

of all new jobs in this country, they have been rarely considered in the Federal policy making process.

Small businesses right now are facing a definite crisis. High interest rates, inflation, unavailability of credit, impact on us all, but nowhere is their impact greater than on the small business owner. Unless the Federal Government can begin now to address some of the real and pressing problems that every day are dragging more and more small businesses into bankruptcy, there is a real possibility that the competitive nature of our economic systems will fundamentally change. The real loser, unfortunately, will be the American consumer—who will pay more and get less.

In this 97th session of the Congress, the Small Business Committee under the new Republican leadership has attempted to change that, by bringing the small business viewpoint into consideration when policy debates take place. The specifics of this ongoing effort are outlined in the following pages.

COMMITTEE STATUS

One of the first tasks the Committee members set for themselves at the beginning of this year was to change the name and status of the Small Business Committee.

The Senate Small Business Committee was created as a "Select" committee by the 81st Congress to study and survey "by means of research and investigation all problems of American small business enterprises, and to obtain all facts possible in relation thereto which would not only be of public interest, but which would aid the Congress in enacting remedial legislation." At the time the Committee was created, it was not given any legislative authority, but was empowered from time to time to report to the Senate, by bill or otherwise, its recommendations on matters within its jurisdiction.

Unlike most Select committees, the Select Small Business Committee was not given a termination date, and in fact, as time went on, it became more and more established as a force in the Senate. In 1976, the Senate passed Resolution 104, giving the Committee legislative authority over the Small Business Administration.

That action, for all intents and purposes, gave the Committee all the powers and authority of a full, standing Committee. Further recognition of the growing importance of the Committee came in 1978, when the membership, originally set at nine, nearly doubled to 17 to accommodate requests from Senators wishing to be members. Nonetheless, the "select" designation remained. While this designation was in name only, and did not limit the Committee's legislative authority in any way, Committee members felt it implied an impermenance unbefitting a Committee with such a large and vital constituency.

On March 25, 1981 the Senate unanimously approved a resolution sponsored by Majority Leader Howard Baker and Minority Leader Robert Byrd, and the entire membership of the Small Business Committee, striking the 'select' designation and awarding the Small Business Committee full, permanent status.

By adopting this Resolution, said Chairman Weicker, "the Senate has sent a clear signal to the American people that the problems of small business are not to be ignored or forgotten, but that small business and its advocate, the Senate Small Business Committee, are here to stay."

RECONCILIATION

Consistent with the effort to reduce spending in this Congress, the Small Business Committee, through the Reconciliation process, passed cost-saving legislation that reduced the Small Business Administration's program levels by over 40 percent.

The bill that emerged from the House/Senate Conference, and which was adopted by the full Senate, was a carefully drafted piece of legislation designed to reallocate resources, reestablish priorities, and set a new direction for the Agency.

The bulk of the cuts were made in the Direct and Disaster Lending programs, in concordance with the Committee's desire to shift the emphasis of the Agency away from making individual loans, to more productive, non-lending programs. In keeping with this desire, the '503' program, which promotes economic development in urban areas, the Small Business Investment Center program, and the guaranteed lending program, were all preserved.

By refocusing the activities of the SBA in this manner, the Committee believes that dollar for dollar, more jobs will be created, more expansion of healthy businesses will be undertaken, and more help will be directed where it is really needed. Ultimately, the Committee believes these structural changes will make the SBA a stronger, more effective Agency.

A summary of the major legislative changes in SBA programs follows:

On disaster lending:

For all intents and purposes, SBA was removed from farm disaster lending, and the principal responsibility will rest with FmHA.

Homeowners, as well as business, must now comply with a credit-elsewhere test when applying for disaster loans. For homeowners unable to receive credit elsewhere, the interest rate will be set at one-half the government's cost of money, plus up to 1 percent, but not to exceed 8 percent. Homeowners who can get credit elsewhere will pay interest at the full cost of money, plus up to 1 percent.

Previously, disaster loans to homeowners were given at 3 percent interest, with no credit-elsewhere provision.

Businesses able to get credit elsewhere will now pay the prevailing market rate on interest for a maximum term of three years. For businesses not eligible for credit elsewhere, disaster loans will be given at a rate not to exceed 8 percent. Businesses will be eligible for up to 85 percent of uninsured loss.

Previously, interest rates for businesses unable to get credit elsewhere were set at 5 percent. Businesses able to get credit borrowed at an interest rate of government's cost of money, plus up to 1 percent. Businesses were eligible for up to 100 percent of uninsured loss.

The following changes were made in SBA business lending programs:

Interest rates on all direct business loans would be set at the government's cost of money, plus up to 1 percent, except in the case of loans to handicapped individuals or organizations for the handicapped. That rate remains at 3 percent.

A uniform maximum limit of $500,000 per borrower has been established on guaranteed loans. Maximum maturity of loans was set at 25 years, with longer periods set for loans used for construction or to acquire real estate.

A mandatory 90 percent guarantee was imposed for guaranteed loans of $100,000 or less. Guaranteed loans of more than $100,000 up to $715,000 must be guaranteed between 70 percent and 90 percent, and guaranteed loans over $715,000 must receive a guarantee of less than 70 percent.

Authorization levels for fiscal years 1982, 1983 and 1984 were set at the following:

[Dollar amounts in millions]

	1982	1983	1984
Direct loans	230	230	230
Guaranteed loans	3,300	3,300	3,300
Pollution bond guarantees	250	250	250
Surety bond guarantees	1,400	1,400	1,400
Salaries and expenses	227	233	239

The cumulative impact of this cost-saving legislation is to reduce SBA's program levels by over 40 percent from current policy in fiscal year 1982.

SBA OVERSIGHT

At the start of the 97th Congress, Senator Weicker announced that one of his top priorities as Chairman would be continued, aggressive oversight of the Small Business Administration and its programs. As of this date, the Committee has held six days of oversight hearings, all of which pointed up problems and deficiencies in the Agency. It is the Chairman's belief that SBA has a definite, needed role to play for the small business community, but that it can only fulfill that role when mismanagement and abuse are eliminated and it is operating effectively and efficiently. Already, under new Administrator Michael Cardenas, steps have been taken to resolve some of the problems uncovered during the Committee's investigative hearings. It is the Committee's hope that as these hearings continue, working in tandem with the Administrator, we can make the Agency a true advocate for small business.

Thus far, the Committee has looked at problems within the SBA's Farm Disaster Loan Program, the Direct Lending Program, the 8(a) Army Pilot Program, and Agency contracting procedures and policies.

SMALL BUSINESS CAPITAL FORMATION

One of the major priorities of the Small Business Committee in this Congress is to help bring about a change in our nation's tax laws in order to create tax equity for small business, and to promote capital investment, productivity and enhanced private sector job creation.

Starting in February with the introduction of S. 360, the Small Business Omnibus Capital Formation Act of 1981, Chairman Weicker and cosponsors sought major improvements in the tax laws to enable small businesses to attract and retain capital. Specifically, the Committee concluded that small business was having difficulties both in attracting long term capital for new investments in plants and equipment and in retaining capital generated internally.

S. 360 addressed this dual concern by proposing (1) significant new tax credits, rollovers, and other incentives to encourage investors to make long-term equity capital available to small business; and (2) important new tax deductions to permit greater earnings retention. The bill would reduce corporate tax rates, accelerate and simplify depreciation deductions, reduce inventory accounting burdens, and reform estate and gift tax laws.

This bill became the point of departure for Senate consideration of small business tax legislation during the first session of the 97th Congress, as numerous other bills were subsequently introduced in the Senate or the House. Chairman Weicker and Ranking Minority Member Nunn testified in behalf of S. 360 before the Finance Committee as part of the Committee's on-going collaboration with the tax-writing Committee and made some specific recommendations drawn from the bill.

As a result, when the Economic Recovery Tax Act reached the Senate floor, it contained several provisions adapted directly from S. 360, including accelerated depreciation and estate and gift reform. Chairman Weicker offered an amendment to make a modest reduction in the corporate tax rates paid by small business, and this amendment passed by a vote of 92–0.

While the new tax law does contain several provisions to encourage greater capital investment in small business, there is a substantial unfinished S. 360 agenda, particularly with respect to the attraction of long-term capital. In this climate of extraordinarily high interest rates, the Committee believes special measures are required to reopen the capital pipeline to small business. The

Chairman has directed the Committee staff to delete the appropriate capital formation provisions from S. 360 and prepare a new bill for introduction early in the next session of this Congress. In this way, attention can be concentrated on the need to create new financing techniques for small business to permit them to participate in the reindustrialization of America.

INTEREST RATE

Just as inequitable tax policies have impinged upon the small business owner's ability to continue to do business, so too, have high interest rates. Nowhere has the impact of nigh interest rates been more fiercely felt than with the small business entrepreneur whose day to day cash flow determines his failure or success.

The Committee held numerous hearings on the impact of high interest rates on smaller business. Testimony has come from labor groups, agricultural representatives, Wall Street economists, and small business men and women in the field.

The Committee will continue to study the question of high interest rates, and to search for answers to what has become the most dire problem now facing the nation's business.

While interest rates have begun recently to moderate somewhat, there is concern that that relief will be too little, too late, or that the curative will be a very deep recession. The Committee has focused attention on the need to reduce the Federal budget deficit, which is preempting large amounts of available credit and will continue to do so unless sharply reduced. Consideration is being given to specific proposals to brake federal spending growth and to close the accelerating revenue gap caused by the tax cut of this year.

FEDERAL RESERVE BOARD

In connection with the interest rate problem, the Chairman recommended that a person with small business experience be named to fill the next vacancy on the Federal Reserve Board.

The Chairman has been concerned about the Federal Reserve monetary policy, which has been extremely restrictive for most of 1981. Weicker expressed the fear that the interest-sensitive sectors of the economy, including home-building, automobile dealers, and other small business firms, have been bearing too much of the brunt of the Fed's tight credit policy.

Weicker's recommendation was reinforced in October, when the National Advisory Council to the Committee on Small Business passed a unanimous resolution urging the Committee to "take a leadership role in assuring that a small business person is appointed to the vacancy that will be created on the Board of Governors for the Federal Reserve System when Board Vice Chairman, Frederick H. Schultz's term expires on January 31, 1982."

On November 25, Weicker introduced a sense of the Senate resolution advocating that a small business person be named to the Board. Subsequently, on December 8, a Republican alternative to a Byrd amendment, offered by Senators Baker, Jepsen and Weicker, and expressing the sense of the Senate that a person with small business, agricultural or other small business experience be named to the Federal Reserve Board, passed the Senate, by a vote of 90–0.

PROCUREMENT ASSISTANCE

Federal procurement policies are a major concern to the Small Business Committee. The Federal Government is the world's largest purchaser of goods and services; in 1980 alone, the Federal procurement budget exceeded $100 billion. Yet, all too often, small businesses miss out on opportunities to penetrate this vast Federal marketplace. Many small firms simply do not understand how to break through the maze of procurement rules and regulations. Other firms do not know how to market their products to Federal agencies. And other small companies simply avoid the Federal market due to the statutory and regulatory requirements related to Federal contracts.

The Committee on Small Business recognizes that it is in the national interest to encourage small firms to contract with the Federal Government. In fact, the Small Business Act of 1953 states that encouraging free competition and developing the capacity of small business is basic not only to the economic well-being of the country, but also to the security of this nation. Accordingly, this Committee is dedicated to simplifying government contracting procedures for small businesses. To date, Members of the Committee have taken several actions, that, if passed, would encourage small firms to do business with the Federal Government.

DELINQUENT PAYMENTS

On May 6, 1981, Senators Weicker and Danforth co-introduced S. 1131, "The Delinquent Payments Act of 1981." This legislation would require the Federal Government to pay interest on its overdue bills and prohibit Federal agencies from taking early payment discounts long after the discount period has expired.

The Small Business Committee learned first-hand about the Federal Government's tendency to pay its bills late—during its March 9 hearing on the Role of Small Business in the Nation's Economy. Witness Ron Chainey, the owner of a cleaning business in Connecticut, told the Committee that his firm had been trying for five months to collect $10,000 for services delivered to the U.S. Navy. Mr. Chainey pointed out that many companies like his are forced to borrow money at outrageous interest rates to cover their obligations while they wait for the Federal Government to pay its bills. He added that the $10,000 owed his firm was accumulating no interest, meeting no payroll, nor covering any of his other operating expenses. In fact, GAO studies show that nearly one-third of the government's bills are paid late.

On May 13, Chairman Weicker testified about the severe economic impact of late payments on the small business community during hearings held by the Governmental Affairs Subcommittee on Federal Expenditures, Research and Rules to consider S. 1131. The Subcommittee also received testimony from several small business trade associations in support of the Delinquent Payments Act, and on December 9, S. 1131 was favorably reported by the Government Affairs Committee. On December 15, it was passed in the Senate.

GOVERNMENT COMPETITION WITH SMALL BUSINESS

The Subcommittee on Advocacy and the Future of Small Business, chaired by Senator S. I. Hayakawa, has taken an active role in examining the extent of government competition with the private sector. Many small business owners believe that the Federal Government should rely on the private sector to supply its commercial goods and services. Further, they maintain that the government should not compete with the private sector by accomplishing these efforts with their own non-profit personnel and facilities. Several leading Small Business organizations and the SBA Advocacy Task Group on Government Competition have called on Congress to legislate such a problem.

On June 22, Senator Hayakawa introduced S.J. Res. 93, a resolution that reaffirms a long-standing executive policy (OMB Circular A–76) of reliance on the private sector for supply of the commercial and industrial goods and services needed by the Federal Government. In his floor statement on S.J. Res. 93, Senator Hayakawa pointed out that his proposal does not reflect a shift in government policy; rather, it is a clarification of an existing policy that has been subject to varied interpretations and shifts in emphasis over the years.

To date, the Subcommittee on Advocacy and the Future of Small Business has held three hearings on the issue of government competition with small business. At its June 24 hearing, the Subcommittee heard from several small business owners about their personal experiences with Federal competition in their industries. The hearing also focused on the SBA Office of Advocacy Task Force report entitled "Government Competition: A Threat to Small Business." The Subcommittee also received testimony about the extent of the competition problem from the GAO and the Office of Management and Budget.

On August 27, 1981, the Subcommittee held a field hearing in Los Angeles, California and again heard from a number of small business persons who had had negative experiences with government competition. The most recent hearing was held by the Subcommittee on November 4, 1981. During the hearing, the Subcommittee received testimony from the Department of Defense, the General Services Administration, GAO and small business representatives. Senator Hayakawa also read a recent letter from David Stockman expressing the Administration's total support for S.J. Res. 93. The Resolution is currently pending in the Government Affairs Subcommittee on Federal Expenditures Research, and Rules.

INNOVATION

On April 7, Senators Rudman and Weicker introduced S. 881, the Small Business Innovation Research Act. (The reasons for introducing the bill were simple.)

Over the past decade the rate of productivity increase in the United States has been well below that of all leading industrial nations, most notably Japan and Germany. While this relative decline in American productivity stems from many factors, one of the chief causes is certainly the slowdown in American innovation.

As other nations have been accelerating their research efforts, our Federal investment in research and development (R.&D.), in constant dollars, has remained virtually unchanged for the past decade.

Numerous studies have shown that small businesses are our Nation's most efficient and fertile source of innovations. Yet only 3.5 to 4 percent of the Federal R.&D. dollar is spent with small firms. This underutilization of small businesses in Federal R.&D. is especially regrettable when considering the highly successful track record of small firms in generating jobs, tax revenues, and other economic and societal benefits.

On September 22, the Committee ordered the bill favorably reported on a roll call vote of 16–0.

In an October 6 letter to Senator Rudman, President Reagan expressed his support for the legislation. "Your concerns that small firms be able to participate equitably in Federal Research and Development is shared by the Administration," the President wrote. "In the long run, all sectors of the economy are likely to benefit from the increased competition and research incentives your legislation would provide. I congratulate you on the leadership you have shown in advancing the interests of those small businesses which are the job-producing lifeblood of our economy."

The Committee is happy to note that S. 881, sponsored by Senator Rudman, passed the Senate with only minor amendment on December 8, 1981, by a roll call vote of 90 to 0.

FINANCING SMALL BUSINESS IN URBAN AREAS

The Committee has paid special attention to the promotion of local economic development through small business incentives. It has become clear that the cultivation of a healthy small business community is central to neighborhood economic development and private sector job creation. In this vein, the Committee has looked at ways to foster small business, including tax and other locational incentives.

The Committee has become deeply involved in the issue of tax-exempt Industrial Development Bonds (IDBs), principally because these are an important instrument of reasonable-cost financing for small and medium-sized businesses. In most cases, the tax-exempt status acccorded small-issue IDBs is responsible for attracting small business participation in major economic development strategies.

The Chairman spearheaded the effort to suspend the implementation of IRS Ruling 81–216, which prohibits the pooling of small-issue IDBs, arguing that the ruling is punitive for small business and that it comes at the worst possible time—with record-high interest rates and the curtailment of many federal aid programs for economic development. Senator D'Amato's subcommittee hearing on IDB's produced valuable testimony supporting a continuation of the pooling of IDB's and a rejection of the IRS ruling.

In addition, Senator D'AMATO successfully introduced and passed a last minute amendment to the Continuing Resolution, which served the IDB program for small business.

The Committee also intends to initiate an examination of the concept of broad-scale tax abatement for businesses located in distressed area "enterprise zones." While there has been a recognition of the importance of Federal/local tax incentives in promoting the location and expansion of small business in distressed areas, the Chairman is concerned that such tax relief, by itself, may be of only marginal utility. Location and expansion decisions are influenced by a host of important considerations, of which tax abatement is only one. To be sure, tax reduction may be a necessary consideration in investment decisions, particularly in some distressed areas, but it may not be a decisive factor.

The Chairman has decided to accord a top priority to examining the factors influencing small business expansion and location decisions in enterprise zones. Senator Weicker intends to study the factors in terms of their relative importance for small business investment and to be able to make recommendations as to the provision of appropriate incentives and the removal of any disincentives.

CONCLUSION

Small business encompasses just about all parts of human life. Owners of small business are mothers, fathers, grandmothers, sons and daughters. For some, a small business is their whole life and they spend their whole life making it better. For others, it is a part-time effort, a weekend occupation or a retirement activity. But all small business owners have one thing in common: an independent spirit; a desire to build something on their own that they can call their own. Small Business owners do not want a hand-out or a bail-out by the Federal Government. What they do want are Federal policies that give them room to breathe, freedom from unrealistic regulations, and tax and procurement policies that make it possible for them to compete on an equal basis with large firms.

The Small Business Committee does not envision its role as one of making more policy, creating more programs and designating more regulations for small business. Rather, it is to examine the problems affecting small business and to bring them to light, so that more than just the small business community is aware of them. The fact is that when small business is hurting, we all are hurting, and the sooner Congress realizes that, the better.

As the small business advocate in the Senate, the Committee plans to look at all areas that impact on small business and affect their chances for success.

Where the Committee can, it will bring the problems of small business owners, and the solution they need to the attention of the Congress and the nation. This is our role, and it is this that we will concentrate on in the coming months.

COMMITTEE ON VETERANS' AFFAIRS

The Committee on Veterans' Affairs, under the able Chairmanship of Alan K. Simpson, has sought this year to structure a legislative program that will be responsive to the needs of Nation's veterans, especially those suffering service-connected disabilities. For example P.L. 97–66 which the Committee reported favorably increases compensation benefits for service-connected disabled veterans by varying rates with 100 percent disabled veterans and survivors of veterans who died from service-connected causes receiving an 11.2 percent increase.

Chairman Simpson and the Committee have sought at the same time to be responsive to the realities of President Reagan's economic program. In these times of constrained resources, for example, the Committee has attempted to limit the granting of new entitlements. The question of eligibility for those entitlements already on the books will be addressed in the future.

The Committee has faced squarely the most difficult issues within its jurisdiction. The exposure of Vietnam-era veterans to Agent Orange in southeast Asia is one of the most complex and emotion-fraught of these problems. The Senate Committee reported bills which led to the Veterans' Health Care, Training and Small Business Loan Act of 1981 (P.L. 97–72). This law provides eligibility for the provision of basic health-care services by the VA for a veteran's disability if it is found that the veteran, during active duty, may have been exposed in Vietnam to any toxic substance in a herbicide or defoliant. As the first Vietnam veteran elected to the U.S. Senate, Senator Pressler successfully introduced an amendment to S. 921 on June 15, 1981 which would require the Veterans' Administration to study and report on any genetic and psychological effects suffered by veterans who were exposed to Agent Orange, the defoliant widely used in Vietnam. As enacted, this legislation authorizes the Administrator of the VA to expand the scope of a VA Agent Orange epidemiological study to include additional factors such as exposure to other herbicides, chemicals, medications, or environmental hazards or conditions.

The Committee took leadership in getting this and other legislation enacted which contains provisions to provide benefits specifically for Vietnam veterans with special needs:

The Vietnam-era veterans readjustment counseling centers were extended for three years (through September 30, 1984).

The period of entitlement of a Vietnam-era veteran whose GI bill eligibility would otherwise have expired, has been extended through December 31, 1983 for the pursuit of a program of apprenticeship, on-the-job training, or a program of secondary education if the veteran has entitlement remaining and the VA Administrator determines that the veteran is in need of such programs in order to achieve a suitable occupational or vocational objective.

A Veterans Business Loan Program is to be established in the VA for veterans rated 30 percent or more disabled due to service-connected disabilities and for all Vietnam-era veterans. Veterans are eligible for either a direct or guaranteed loan up to $200,000.

The veterans' readjustment appointments program, through which the Federal Government may hire, on a noncompetitive basis, disabled and disadvantaged Vietnam-era veterans who have completed up to 14 years of education, has been extended for 2 years (through September 30, 1983).

The increasing health needs of the World War II veteran population whose average age is now 62, also command the Committee's special attention. Assuring necessary health care for aging veterans—especially when care for older Americans is among the most expensive in the health field—is a challenge the Committee intends fully to meet. It is a greater challenge, however, in this era of fiscal constraint. As an example, P.L. 97–72 provides authority for the VA to recover costs of health care provided to veterans from certain other parties if the veterans would have been eligible for such other benefits. Reimbursement to the VA would come through workers compensation, "no fault" motor vehicle insurance provisions, and "victims of crimes" provisions of State law. This can provide the same health services to veterans but with cost savings. The Committee is studying through hearings and other ways, additional possible ways to cut costs without cutting essential services.

Ten versions of a "GI bill" to provide educational benefits to veterans have been introduced and are now before the Committee. These derive from different philosophies and would accomplish different goals. The Committee will address these bills early next year. If enacted, the new GI bill would provide a new entitlement.

SENATE SPECIAL COMMITTEE ON AGING

The Senate Special Committee on Aging chaired by Senator John Heinz, was established in 1961. A non-legislative Committee, it is charged with the responsibility of engaging in the continuing study, oversight and investigation of "any and all matters pertaining to the problems and opportunities of older people. . ." Committee activities include conducting hearings, submitting recommendations for legislation to the Senate and publishing informational materials.

This year there has been an extraordinary and rapid movement to restrict the growth of the Federal budget. Older Americans have a large stake in the effort to control inflation and in the size and scope of federal domestic programs, since spending for these programs which serve the elderly totals approximately one-third of all federal expenditures. Much of the Special Committee's time this year was devoted to analyzing the effects on the elderly of proposals offered by the Administration and the Senate to achieve this goal.

In March and April the Committee held three hearings focusing on the impact of the Administration's income security, health and social services proposals. During the following months, 8 additional oversight hearings were held on energy and the aged, the Older Americans Act, Medicare reimbursement issues and various policy issues with respect to the social security system. As a result of information gathered during these hearings and additional analysis, the Committee was able to make recommendations to other standing Committees as well as the entire Senate on pending legislative measures. Recommendations ultimately accepted by the Senate to assure the well-being of the elderly include:

Maintenance of the minimum benefit for social security recipients now receiving that benefit.

Adoption of S. Res. 87 reaffirming the Senate's long standing policy that social security benefits should not be taxed and that the

97th Congress will not enact legislation to subject these benefits to Federal taxation.

Inclusion of $10 million for the congregate housing services program in the HUD and Independent Agencies Appropriations bill passed by the Senate.

Amendments to the Older Americans Act maintaining funding levels for senior centers and nutrition programs, expanding State flexibility to spend federal dollars, increasing emphasis on employment opportunities and permitting the use of federal funds for crime prevention and victimization assistance programs. Senator Jeremiah Denton was especially prominent in his support of this measure.

Chairman Heinz and the Committee also held two investigative hearings on crime and fraud against the elderly as well as general oversight hearings on rural access to aging programs and employment opportunities for senior citizens.

A special effort was made by the Committee this year to develop a number of timely resource publications for elderly individuals, practitioners in the field of aging, policymakers and others concerned with the quality of life for the aged. Excluding Committee hearings, a total of 8 documents were published as follows:

An Information Paper on the Proposed Fiscal Year 1982 Budget.

Developments in Aging: 1980.

Energy and the Aged.

An Information Paper on the Omnibus Budget Reconciliation Act of 1981.

1981 Federal Income Tax Legislation: How it Affects Older Americans and Those Planning for Retirement.

Crime and the Elderly—What You Can Do.

Toward a National Older Worker Policy.

Social Security in Europe: The Impact of an Aging Population.

SELECT COMMITTEE ON INDIAN AFFAIRS

Chairman William S. Cohen, the distinguished Senator from Maine, heads the Select Committee on Indian Affairs. The Committee has made remarkable progress this session in a number of vital areas.

The Select Committee on Indian Affairs was established by the Senate in 1977 and given the broad mandate to investigate "any and all matters pertaining to problems and opportunities of Indians . . ." In discharging its responsibilities, the Select Committee is ever mindful that Article I, Section 8, Clause 3 of the United States Constitution, which authorizes Congress to regulate commerce with the Indian tribes, places primary authority over Indian affairs in Congress. This primacy of responsibility has been consistently upheld by the Supreme Court of the United States which has described Congressional power in the field as "plenary."

In assuming its role in the fulfillment of Congress' constitutional duties in the field of Indian affairs, the Select Committee acts not only for the benefit of Native Americans but with responsibility to all Americans whose lives are touched by Federal Indian policy. It serves, in short, as a forum where diverse views on Indians affairs may be aired and given weight and where accommodations may be wrought.

In considering the disparate issues that have come before it in the First Session of the 97th Congress, Chairman Cohen and the Committee have given particular attention to the difficult problem of lessening the dependency of Indian tribes on Federal financial and professional assistance without diluting the trust relationship between them and the United States. This is a problem of long-standing in Indian affairs and it can be resolved only through an appreciation of the practical and legal disabilities that have to this day prevented the development of strong on-reservation economies.

The Select Committee on Indian Affairs began the 97th Congress by voluntarily reducing its budget by 10 percent. This cut was sustained even though the membership of the Committee had increased by 40 percent and it prompted a significant reduction in Committee staff. Nevertheless, the Committee has handled the issues that have confronted it and handled them well.

Since the beginning of the year, 20 bills have been referred to the Indian Affairs Committee. The Committee has held 15 hearings, four of which were in the field, and three bills it has reported have passed the Senate. One has become a public law.

Pursuant to its mandate to ". . . conduct a study of any and all matters pertaining to problems and opportunities of Indians . . ." the Indian Affairs Committee undertook a comprehensive review of federal budget for Indian programs. This inquiry began with a hearing on March 23 and culminated in a report entitled, "An Analysis of the Budget Pertaining to Indian Affairs: Fiscal Year 1981." The compilation of data for this report required an intense and sustained effort from the Committee because many programs for the benefit of Indians are found in programs available to the general populace. Such programs are not within the direct jurisdiction of this Committee and, in some instances, had been strictly scrutinized by it. The Committee anticipates that, because of its breadth and depth, this report will become the model for all future budget analyses of federal Indian programs.

In its budget analysis, the Committee addressed an apparent oversight in the recommended elimination of Titles II–D and VI of the Comprehensive Employment and Training Act (CETA). The elimination of funding for these two titles was recommended without reference to the effect it would have on the General Assistance line item in the budget of the Bureau of Indian Affairs (BIA). The Department of the Interior informed the Committee that this oversight would force it to return to Congress for a supplemental appropriation.

To meet this problem, the Indian Affairs Committee approved an amendment to S. 1088, the Native American Programs Act, that added a new section to the bill. This new section would have established a program that recognized the need for tribal government support. The funding for the new section was set only after commitments had been received from the Chairmen of the Appropriations and Budget Committees, the distinguished Senators Mark Hatfield and Peter Domenici, that it would not violate the Administration's ceiling on that budget function.

The provisions of the additional section to S. 1088 were precedent making. Although the existence of a functioning tribal government has been described by the current Assistant Secretary of the Interior for Indian Affairs as essential to the development of strong reservation economies, the BIA has no program specifically tailored for this purpose and never has. Moreover, the new section was drafted in full awareness of the legal and practical impediments that have prevented the attraction of private capital onto Indian reservations and inhibited their development.

Finally, the section set forth criteria for the distribution of federal assistance that would have required the United States to take cognizance of the relative wealth of the tribe, its population, its location, the minimum needs of the tribe with respect to governance and administration, and so forth. The formulation of these criteria was intended to ensure greater equity in the distribution of federal services. At present, government assistance to tribes is offered without reference to such criteria with the result that the wealthier, more sophisticated tribes tend to receive a disproportionately greater share of the services.

The immediate need for the section which the Committee added to S. 1088 was obviated when a second approach, the redirection of unspent, carryover funds from the CETA program to Indian tribes, was adopted by the Appropriations Committee. Nevertheless, innovations contained in the new section are not promising and merit the Committee's most serious consideration for upcoming fiscal years in the Second Session of this Congress.

The Indian Affairs Committee under Mr. Cohen's chairmanship, also spent a great deal of time during the current session on investigating the practices used by the U.S. Geological Survey for monitoring oil and gas production on Indian reservations. This investigation followed reports of large scale thefts of oil from the Wind River Reservation in Wyoming. The Committee viewed these allegations with the utmost gravity because they concerned wasting assets of Indian tribes and individual Indian allotees. These assets, for many tribes, offer the best and most immediate hope to lessen their financial dependence on the federal government and to take greater control of their destinies. Once stolen, these assets and the opportunity they offer cannot be replaced.

To date, the Indian Affairs Committee has held four hearings on the thefts. These hearings revealed that the problem was present on all oil and gas producing reservations and, in fact, extended to the public lands of the United States. The problem is of such magnitude that the Chairman of the Committee, Mr. Cohen recommended that Secretary of the Interior, James Watt, establish a Commission to examine it. Secretary Watt agreed and established the Commission on Fiscal Accountability of the Nation's Energy Resources. A final report from this Commission is expected in February of next year. In the meantime, the Indian Affairs Committee has continued its investigation. The Committee will ultimately issue a final report on the matter with recommendations for a larger tribal role in the protection of on-reservation resources.

ACCOMPLISHMENTS OF THE SENATE SELECT COMMITTEE ON INTELLIGENCE; 97TH CONGRESS

The Senate Select Committee on Intelligence, under the distinguished leadership of Chairman Barry Goldwater, holds a unique position among current Senate committees. Although a "select" committee, it holds authority that normally resides only with standing committees, such as reporting legislation, authorizations, and nominations affecting the U.S. intelligence community to the floor of the Senate. Moreover, the Select Committee has an express statutory oversight mandate through the Intelligence Authorization Act for Fiscal Year 1981 (P.L. 96–450), providing that it and its House counterpart be kept "fully and currently informed of all intelligence activities . . . including any significant anticipated intelligence activity. . . ." Because of the sensitive and frequently classified nature of its work, the Select Committee has adopted detailed rules of procedure to prevent the unauthorized release of information. Those rules were most recently amended on February 27, 1981, for the first time in nearly four years. Finally, the Select Committee's membership—which is composed, in part, of two Senators (representing both political parties) from each of four other standing committees (Appropriations, Armed Services, Foreign Relations, and Judiciary)—reflects a jurisdiction that crosses that of other committees and has a clear bipartisan character. With regard to the latter point, Senators Baker and Byrd as the Senate Majority and Minority Leaders are ex officio members of the Select Committee, while its minority party members are designated as Vice Chairmen of the full

Committee (a position Senator Goldwater held in the 96th Congress and which Senator Moynihan occupies presently) and of its four subcommittees.

During the first session of the 97th Congress, the Senate Select Committee on Intelligence has engaged in numerous activities and hearings related to nominations, proposed legislation and authorizations, and oversight of the U.S. intelligence community. Immediate attention was focused on President Reagan's nominations of William J. Casey as Director of Central Intelligence and Admiral B. R. Inman as the Deputy Director, both of which were overwhelmingly approved by the Senate.

Subsequent press revelations questioned some of Director Casey's personal business activities and raised concerns about his appointments of Max Hugel, first as a special assistant to the DC. and later as Deputy Director for Operations, following Hugel's resignation under allegations of financial irregularities. The Select Committee initiated an intensive examination of Mr. Casey's private business dealings, his activities while in previous government service and while the beneficiary of a blind trust, his financial disclosure forms filed with the Office of Government Ethics and with the Select Committee on Intelligence, and his appointments involving Mr. Hugel. Requesting and receiving additional funds for the investigation, the Select Committee appointed a Special Counsel to take charge, following its preliminary inquiry. From July 29 through October 31, 1981, thirteen staff members, including the Minority Staff Director and Minority Counsel to the Select Committee, worked on the investigation with the Special Counsel. In its report on the matter, the Select Committee concurred with DCI Casey's admission that his appointment of Max Hugel was a "mistake" for which he took "full responsibility," but determined that "no basis has been found for concluding that Mr. Casey is unfit to hold office as Director of Central Intelligence."

One of the most important regular duties of the Senate Select Committee on Intelligence is the annual authorization of appropriations for U.S. intelligence activities, a responsibility with which it shares sequential jurisdiction with the Senate Committees on Armed Services, Judiciary, and Governmental Affairs. Fiscal Year 1982 authorizations (P.L. 97–89) were no exception. In recommending passage of the conference committee report, Intelligence Budget Subcommittee Chairman Malcolm Wallop emphasized that the FY 82 authorization "continues the committee's goal of revitalizing our intelligence capabilities . . . and [we] have taken the initiative to insure new capabilities are available to deal with emerging problems. . . ." However, two significant proposals that had been incorporated in the Senate version were deleted in conference. Senator Wallop noted that these matters—regarding assaults on intelligence agents and strengthened civilian personnel management within the Defense Intelligence Agency—would be considered later in separate legislation.

No other bills were reported by the Select Committee during the 97th Congress, but hearings were held on proposals to amend the Central Intelligence Agency Act of 1949 (S. 1273). And in compliance with the Congressional Budget Act of 1974, the Select Committee approved S. Res. 128, with respect to consideration of authorizing supplemental appropriations for FY 1981; after referral to the Budget Committee, the resolution passed the Senate on July 16, 1981.

Much of the oversight work of the Committee is classified and occurs in executive session. Notices of briefings from intelligence community officials, of hearings on particular developments, and of staff inquiries and investigations, may appear in the public record but details are either sketchy, unauthoritative, or nonexistent. However, the requirements of the 1980 authorization act (P.L. 96–450), noted above, demand executive compliance in keeping the Committee "fully and currently informed," thereby giving it the opportunity to conduct extensive oversight.

Other important matters affecting the intelligence community to which the Select Committee contributed were President Reagan's Executive Orders 12333, on U.S. Intelligence Activities, and 12334, on the Intelligence Oversight Board. Although such Orders are issued exclusively by the President and require no congressional concurrence, these were promulgated only "after detailed consultation with the Select Committee on Intelligence," according to Senator Schmitt, Chairman of the Intelligence Subcommittee on Legislation and Rights of Americans that reviewed the draft order. He elaborated on the consultative process as it applied here, noting that DCI Casey had committed himself to prior consultation during his confirmation hearings, and that on Sept. 23, 1981, the Administration forwarded copies of its proposed Executive Orders to the Select Committee. The recorded meetings and written correspondence between the committee and the intelligence agencies on the Executive Orders, according to Senator Schmitt, "has provided the committee and the Congress with a history of the intent of the provisions . . . [which] will assist the committee in discharging its oversight duties . . . [and] expects to be consulted on the procedures that will implement the order."

JOINT ECONOMIC COMMITTEE

The Joint Economic Committee, along with the President's Council of Economic Advisers, was established by the Employment Act of 1946. Just as the Council of Economic Advisers is the economic counseling body to the President, the Joint Economic Committee is the advisory economic arm of Congress, advising on a broad spectrum of issues. Its many functions include a statutory responsibility to make an annual report to the Congress on the president's economic program.

The Joint Economic Committee under the joint Chairmanship of Senator Roger Jepsen and Congressman Henry Reuss, has faced a unique challenge and opportunity in the 97th Congress because of the equal representation of both political parties on the Committee. The Committee has responded favorably to this situation; meaningful and productive cooperation between the Democratic Chairman, Mr. Reuss and the Republican Vice Chairman Mr. Jepsen and between Democratic and Republican members generally has been the rule. For example, Senator Jepsen and Representative Reuss reorganized three subcommittees and now have three subcommittees chaired by Republicans and three subcommittees chaired by Democrats. They have produced two bipartisan, consensus reports. The Joint Committee has also held field hearings in six states under Chairmen from both parties to give citizens a better opportunity to contribute to economic debate.

In addition, Senator Jepsen and Representative Reuss have conducted 75 hearings involving 227 witnesses conducted on Capitol Hill.

Productivity was the subject of the unanimous Committee Midyear Report. The recommendations of Senator Jepsen and Mr. Reuss included (1) liberalized depreciation rates, (2) new incentives for research and development, (3) expansion of the Targeted Jobs Tax Credit, (4) measures to increase savings, (5) measures to lower interest rates, (6) increased investment in infrastructure, (7) cutbacks in regulations and paperwork, and (8) improved productivity in government. A second bipartisan, consensus report was issued in the autumn, recommending development of an American high-speed passenger rail system. Future cooperative efforts are being planned.

Cooperation between the Democratic and Republican professional staffs, now equal in number, has produced numerous bipartisan hearing panels. At the Joint Committee recent hearing on trucking deregulation, for example, witnesses included a Republican ICC commissioner and economist and a Democratic ICC commissioner and economist, as well as ICC Chairman Reese Taylor.

Hearings, committee reports and staff studies have contributed to a better understanding and provision of more useful information on many varied economic topics. These include:

The reliability of economic statistics and efforts to improve statistical data.

Productivity practices of American Management.

Monetary growth targets by the Federal Reserve Board.

U.S.-Japan trade relations.

Industrial, energy and income policies.

Supply bottlenecks in military procurement.

Skilled labor shortages.

The effect of interest rate movements on the economy.

The consequences of the Administration's economic program.

Lessons to be learned from monetary and credit policies in European countries.

The role of small business in economic development.

The fiscal condition of American cities.

Economic conditions in Eastern Europe and the Soviet Union.

The relationship between marginal tax rates, savings and deficits.

State and local development strategies.

AN OUTSTANDING YEAR OF LEADERSHIP

Mr. DOLE. Mr. President, as the first session of the 97th Congress draws to a close, I would like to take this opportunity to express my appreciation to the Senate leadership and to my colleagues on both sides of the aisle for their cooperation in dealing with a very full and complex legislative agenda.

This is the first time in 26 years that the Republican Party has led the Senate. By any standard of measurement, it has been an extraordinary year. The largest package of spending reductions ever enacted by the Congress has reversed the trend toward ever-larger Government. The largest tax reduction bill ever passed gives greater promise of real economic growth than we have known in many years. Most importantly, we have agreed that the tax burden must be stabilized, and that we ought to be obliged to vote for tax increases if we want to support higher levels of spending.

Mr. President, these are the major accomplishments of this year in domestic policy, although they represent only part of the achievement of this session of Congress. Such major changes in economic policy and the rule of the Federal Government would not have been possible without the extraordinary dedication, patience, and hard work of the majority leader. Those of us who worked with Senator BAKER in the minority are not surprised at his success. His exceptional ability to forge consensus, move

forward the legislative process, and keep lines of communication open on all sides has earned him our deepest respect, and his considerable accomplishments deserve recognition as the legislative year ends.

THE FINANCE COMMITTEE

As the first Republican chairman of the Finance Committee since 1954, I find myself in a somewhat new role. The transition from minority to majority would not have been nearly so smooth without the aid of Senator RUSSELL LONG, who chaired the Finance Committee for 15 years. I learned much from Senator LONG when I served as ranking Republican on the committee; I continue to learn from him. Our tradition of bipartisan cooperation on the Finance Committee is largely due to the leadership of Senator LONG. I hope that in this first year of Republican leadership we have upheld that tradition—I believe that we have.

My job as chairman has been made considerably more rewarding because of the contributions of the freshman Republicans who serve on the Finance Committee. CHARLES GRASSLEY of Iowa was instrumental during consideration of the tax bill in securing a modification of the retirement savings provisions that allow more equitable treatment of homemakers who participate in IRA's. In addition, Senator GRASSLEY has, in the Subcommittee on Oversight of the Internal Revenue Service, focused on a number of issues that merit public attention—including the award of attorney's fees in taxpayer disputes, standards for disclosure of tax return information, and improved debt collection procedures.

Mr. President, Senator STEVE SYMMS of Idaho also has made a significant mark in his first year on the Finance Committee. It is fair to say that without the leadership of Senator SYMMS, the major revision of the estate and gift tax undertaken in the Tax Act would have been difficult to achieve. As chairman of the Subcommittee on Estate and Gift Taxation, STEVE SYMMS continues to do his best to focus on inequities in our transfer tax system and deal with them in a reasonable fashion. I would add that both Senator GRASSLEY and Senator SYMMS have been fervent advocates of the President's tax reduction plan, and their efforts on both the tax bill and the reconciliation bill were important to the success of those measures, both in the committee and on the Senate floor.

COMMITTEE ON AGRICULTURE

Mr. President, I am also privileged to serve as chairman of the Nutrition Subcommittee of the Committee on Agriculture. The Agriculture Committee has had an exceptionally active year, and has played a major role in the reconciliation process and in securing final passage of the farm bill. The distinguished chairman of that committee, JESSE HELMS, has demonstrated his leadership by moving these matters to a successful conclusion. Without his patience and determination, any number of controversial issues could have impeded progress on the farm bill. The fact that we completed that legislation and achieved major reforms is a tribute to Senator HELMS and to Senator HUDDLESTON, the ranking minority member of the committee, who has helped us reach agreement on both sides of the aisle.

The two freshman Republicans on the Agriculture Committee definitely have shown their abilities as legislators. Senator MARK ANDREWS, of North Dakota brings to the committee 20 years of experience as a Member of the House of Representatives and a strong background in farming.

Senator ANDREWS has distinguished himself in his understanding of farm issues and has been a strong defender of the rural electrification program and other programs that contribute to making this the most productive agricultural Nation.

Senator PAULA HAWKINS, of Florida is another strong voice for American agriculture, and she is also an advocate for the hard-pressed American consumer.

Senator HAWKINS has made a considerable contribution this year as we dealt with nutrition issues, the school lunch and food stamp programs, and the WIC program.

I am proud to serve with these very able representatives of the Republican freshman class.

COMMITTEE ON THE JUDICIARY

Mr. President, Senator STROM THURMOND has waited longer than most of us to become a committee chairman, and in his leadership as chairman of the Judiciary Committee and President pro tempore of the Senate, he has proven that experience counts. With the bipartisan cooperation of the ranking Democrat on that committee, Senator BIDEN, Senator THURMOND has moved forward legislation on bankruptcy reform and judicial improvements.

The committee also expedited action on the nomination of the first woman justice to serve on the Supreme Court, Sandra O'Connor, and the Senate vote on that nomination reflected the strong endorsement the committee gave to Justice O'Connor.

In addition, this year the Judiciary Committee made major progress on criminal code revision by reporting legislation to refrom the code. The committee also recommended that the Senate approve Senate Joint Resolution 58, a proposed constitutional amendment that responds to the demands of the States for fiscal reform at the Federal level.

I have had the honor to serve on the Judiciary Committee with three other members of our freshman class, in addition to Senator GRASSLEY. Senator ARLEN SPECTER of Pennsylvania, besides being a a native of Russell, Kans., like myself, chairs the Subcommittee on Juvenile Justice.

In that capacity he has focused attention on the problems of juvenile delinquency, and the relationship between juvenile violence and television. Senator JOHN EAST of North Carolina has reviewed extensively a number of significant issues in the Subcommittee on Separation of Powers, including the proposed human life bill that has generated some controversy.

Senator JEREMIAH DENTON of Alabama, as chairman of the Subcommittee on Security and Terrorism, has reviewed policy on terrorism in Latin America and FBI procedures for dealing with the problem of terrorism. He has also been instrumental in securing Senate consideration of the agents identities bill.

Mr. President, I have mentioned a number of the Republican members of the freshman class who have been active with a wide range of issues. I would like to add that this is a distinguished freshman class, Democrat and Republican alike.

This is an activist, enthusiastic group of new Senators, each of whom has made a vital contribution to this legislative session. They know how the Senate works: They have helped it work throughout one of the most difficult and active legislative years I can recall. As a freshman chairman, I am grateful to every one of them for their patience and support in the budget reconciliation process, in the tax debate, and in other legislative matters.

Of course our legislative achievements this year reflect the leadership and determination of the President of the United States to reform our domestic and foreign policies and restore America's strength at home and abroad.

But the President's successes would have been difficult, if not impossible, without the contributions of the freshman class in the Senate. They are as able, balanced, and effective a group as we have had. They are distinct individuals, and we will see how their various interests diverge in the years ahead.

But they are a strong, responsible group, and speaking as a committee chairman, I assure you that we are glad to have them. They help reaffirm my confidence that the leadership of the United States is in good hands, and I look forward to many years of service with my new colleagues. The Senate has never been in better shape, and 1981 is a year we can all be proud of.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have a fair amount of calendar work to do this morning and as soon as the minority leader is prepared to approach that task, I am prepared to do it. Otherwise, I have no further need for my time under the standing order.

Mr. President, so that we might have a longer period for the transaction of routine morning business before we proceed to the consideration of H.R. 5159, the black lung bill, I am prepared now to either yield back my time under the standing order or to yield it to the minority leader.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader.

DECEMBER 26, 1979—A DAY OF INFAMY

Mr. ROBERT C. BYRD. Mr. President, December 26, 1981, will mark the second anniversary of the brutal invasion of Afghanistan by 85,000 Soviet troops. As such, December 26 ranks as a day of infamy in the annals of the civilized world.

It is apparent the Soviets had hoped that a quick strike into Afghanistan would be all that was required to consolidate the control of their Marxist-imposed puppet regime over the rest of the country. However, history was against them. They totally underestimated the fierce pride of the Afghans in fighting for their own independence.

Therefore, I think it is appropriate to take this opportunity and summarize the 2-year history of the Soviet occupation of Afghanistan.

The Afghanistan Army is nearly decimated by desertions—so much so that the Soviets have had to shoulder an increasing burden of fighting the nationalist forces themselves. Efforts at forced conscription of military-age Afghans have failed miserably, resulting in literally thousands joining the ranks of the rebels.

The rebels have become more effective in carrying out coordinated attacks on Soviet troops and the remnants of the Afghan Army. Although the Soviets still maintain the capacity to take temporary control of rural districts, the rebels quickly return once they have left. Soviet convoys can travel the main roads only if they are heavily defended.

The international community has three times condemned the Soviet invasion of Afghanistan by overwhelming margins in the United Nations. The latest vote come on November 18, 1981, when 116 nations voted in support of a resolution calling for the withdrawal of Soviet troops, with only 23 opposing and 12 abstaining.

On November 24, the United States unanimously passed Senate Concurrent Resolution 45 placing the Congress on record in expressing our deep concern over the continued occupation of Afghanistan by the Soviet Union. Passage of the resolution, of which I was a sponsor, demonstrated to all that the people of the United States have not forgotten, nor will we forget, this infamous deed perpetrated on the people of Afghanistan.

Mr. President, the people of Afghanistan deserve our unswerving moral support in their fight against subjugation. They have demonstrated a remarkable resolve against the occupation of their country by a foreign nation which holds values completely alien to all Afghans.

The Soviets should realize that the world will not forget this invasion and occupation of a nonaligned, moslem nation, nor will the international community refrain from expressing its sense of outrage until the last Soviet troop is withdrawn from that nation and the Afghans are left in peace to determine what form of government best suits them.

In the meantime, December 26, 1981 will mark the second anniversary of another day of infamy.

Mr. President, I yield back the remainder of my time.

Mr. BAKER. Mr. President, I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time remaining now between this moment and 10:15 be dedicated to the transaction of routine morning business in which Senators may speak.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

ONE MORE STEP TOWARD RATIFICATION OF GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, I call the attention of my colleagues to an article on the long history of Senate consideration of the Genocide Convention that recently appeared in the Near East Report.

The article was written by Ralph Nurnberger, a legislation liaison for the American Israel Public Affairs Committee. Dr. Nurnberger also teaches diplomatic history and international relations at Georgetown University, where he is a Fellow at the Center for Strategic and International Studies. He previously served as a foreign policy adviser to former Senator James Pearson and as a staff member of the Senate Foreign Relations Committee.

What makes this article particularly poignant is Dr. Nurnberger's personal involvement with the issue. His parents are refugees from Hitler's Germany, and in fact, his father was the only member of the Nurnberger family to survive the Holocaust.

Dr. Nurnberger's personal commitment to the ideals of the Genocide Convention are reflected in this article, which I urge my colleagues to read.

I ask unanimous consent that Dr. Nurnberger's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SENATE HEARING ON GENOCIDE CONVENTION

(By Ralph Nurnberger)

On December 3, the Senate Foreign Relations Committee held hearings again on the Genocide Convention. Members and witnesses expressed the hope that, after nearly 30 years, the Senate would finally ratify it.

Chairman Charles Percy (R-Ill.) noted that the Convention had been an American initiative, and argued that ratification would reaffirm this country's commitment to international law and human dignity.

Ranking minority member Claiborne Pell (D-R.I.) emphasized that the Senate's continued failure to ratify raises doubts as to whether the U.S. has learned the lessons of the Holocaust.

Witnesses included Sen. William Proxmire (D-Wis.); former Sen. Jacob Javits; American Bar Association (ABA) representatives; Richard Gardner, Columbia University international law professor.

Proxmire, who has delivered over 2,500 speeches for ratification, stressed that no subject has been pending before the Senate as long as this one. Until it is ratified, he asserted, the world would question America's commitment to its principles.

Sen. Strom Thurmond (R-S.C.) testified against the treaty, claiming that "where it should restrain atrocity it is not observed, and where it would be observed it is unnecessary." He also raised Constitutional objections. The ultra-right wing Liberty Lobby provided the only other hostile testimony.

OPPOSITION TO THE TREATY

Two groups have traditionally been opposed to the treaty. Some Constitutional scholars have questioned whether a treaty is a proper vehicle to deal with crimes of murder, which they believe should be handled by the states, not the federal government by means of an international agreement. Other objections focused on certain ambiguous language in the treaty. For example, Article II outlaws "acts committed with an intent to destroy, in whole or in part, a . . . group". The phrase "in part" might be applied to a limited form of race violence, such as lynchings. These ambiguities were ultimately resolved by adding a series of "reservations" to the treaty.

The legal and Constitutional opposition to the treaty was originally led by the ABA. When these objections were satisfactorily answered, the ABA altered its position in 1976, thereby stripping the last vestige of respectability from the opposition.

The second source of opposition comes from extreme right-wing groups, whose arguments reflect strong hints of racism and anti-Semitism. They attempt to hide behind legalisms such as "states rights", but their most effective approach has been to misrepresent the treaty and play upon the fears of their followers.

HISTORY OF THE GENOCIDE CONVENTION

The rationale for the Genocide Convention emerged from the need to punish the Nazis who had conducted the policy of deliberate and systematic annihilation of the Jews and others. At their trials before the Nuremberg Tribunals, many Nazis claimed that their actions had not been against the law in Germany and were not punishable in international law. The Tribunals took the position that these crimes were beyond their jurisdiction, as they did not directly relate to the planning and waging of aggressive war. In rejecting this reasoning, President Harry Truman stated that there were certain crimes against humanity that must be punished whether or not they were sanctioned by domestic law. These crimes include persecutions on political, racial or religious grounds.

The effort to codify these "crimes against humanity" in international law was led by Raphael Lemkin, a lawyer from Warsaw who lost over 70 relatives in the Holocaust. Lemkin coined the phrase "genocide" from the Greek word *genos* (race) and the Latin word *cide* (to kill).

Lemkin convinced the U.S. Government to play an active role on this issue at the U.N. and to sponsor the effort that resulted in U.N. Resolution 96(I), which declared "that genocide is a crime under international law which the civilized world condemns and for the commission of which principals and accomplices are punishable." The U.N. General Assembly adopted it on December 11, 1946.

The U.N. resolution set the stage for the adoption of the Genocide Convention on December 9, 1948. Again, the U.S. played the major role in drafting and sponsoring the Convention. It attempts to prevent the destruction of any national, ethnic, racial or religious group by defining genocide, outlawing it, and establishing procedures for trying and punishing violators. The U.S. signed the Convention two days after it was unanimously approved by the General Assembly.

President Truman submitted the treaty to the Senate in June 1949 and urged its speedy passage. A specially constituted subcommittee of the Foreign Relations Committee held

hearings and recommended Senate approval, with "reservations" clarifying potentially ambiguous phrases. These "reservations" have always been considered when the issue has come before the Senate.

Powerful opposition caused the treaty to languish throughout the 1950s.

While Presidents John Kennedy and Lyndon Johnson gave half-hearted support to the treaty, it was Richard Nixon who, on February 17, 1970, became the first President since Truman actively to urge Senate ratification.

Four times thereafter, the Committee endorsed the treaty. The successful opposition was led by Sam Ervin (D-N.C.), who based his arguments on a strict construction of the Constitution.

The Carter Administration's strong support for human rights and for the Genocide Convention, Ervin's retirement, the ABA's changed stance, and the recommendations of Carter's Commission on the Holocaust all held out the promise that the treaty might be passed in the late 1970s. But it has still never come to a vote.

The Percy-Pell-Proxmire initiative is based on the conviction that it is essential for the U.S., through ratification of the Convention, to reaffirm its support for international law. Failure to ratify has undermined the effectiveness of our national human rights advocacy.

As Proxmire put it, "It is an important moral statement, and a strong diplomatic tool in the hands of the world's most powerful and influential country."

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

JAPANESE DEFENSE SPENDING

Mr. LEVIN. Mr. President, early last month, I introduced Senate Concurrent Resolution 46, a resolution expressing the sense of the Congress that Japan increase its contributions to our common defense by increasing its defense spending to at least 1 percent of its gross national product.

This resolution noted Japan's position as one of the world's strongest nations in economic terms—indeed it is a veritable economic superpower—and stated it was shirking its defense responsibilities to its own citizens and to the people of the United States through insufficient defense spending.

Today, Mr. President, I am pleased to announce that a bipartisan group of 27 Senators have joined with me to cosponsor this statement of strong concern and deep dissatisfaction with present Japanese contributions to our mutual security.

I would point out that among us now are represented many members of the Senate Committees most concerned with U.S. Government decisions on defense policy, foreign relations, international trade, the economy, and the Federal budget.

There are 10 members of the Armed Services Committee, on which I serve, two members of the Foreign Relations Committee, four members of the Defense Appropriations Subcommittee, six members of the Budget Committee, and six members of the Finance Committee.

Other distinguished committees and subcommittees are represented among the 14 Demorcats, 12 Republicans, and 1 Independent who have cosponsored Senate Concurrent Resolution 46.

I ask unanimous consent that the following be added as cosponsors of Senate Concurrent Resolution 46: Senators THURMOND, JACKSON, NUNN, HOLLINGS, WARNER, COHEN, CANNON, HARRY F. BYRD, JR., QUAYLE, BOSCHWITZ, PRESSLER, ROTH, BENTSEN, BUMPERS, GORTON, KASTEN, GRASSLEY, WALLOP, BURDICK, PROXMIRE, EAGLETON, WILLIAMS, BAUCUS, RIEGLE, DIXON, and DENTON.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, it should be emphasized that the cosponsors of Senate Concurrent Resolution 46 come from all regions of the United States, and, as such, this resolution does not reflect the interests of one particular area of the country.

Instead, those reading Senate Concurrent Resolution 46 should regard it as the expression of a growing sentiment among all Americans that our Japanese allies must devote more effort and resources to the all-important task of protecting our mutual security in the Far East.

There should be no misconceptions among Japanese political leaders or the Japanese public on this score.

They should not believe that it is only the autoworkers of Michigan and Indiana who have lost their patience with Japan's failure to meet adequately its commitments embodied in the United States-Japan Treaty of Mutual Cooperation and Security.

Mr. President, unless Japan fully understands this and increases its defense spending, I believe that American impatience will grow, and will be reflected in legislative actions of the representatives of the American people in Congress.

The American people have been asked to make significant and continuing sacrifices in needed domestic programs to finance an improvement in our defense capabilities. This improvement will directly benefit the Japanese people.

Without Japanese recognition of this, as exemplified by an increase in their own defense efforts, our citizens will more and more view Japan as an unfaithful ally whose concerns for its own selfish economic well-being eclipse what should be a more important consideration—maintenance of the mutual security, peace, and democracy of both nations.

I do not want Americans to reach this conclusion, Mr. President, nor do I think the Japanese wish for such an outcome. But I fear it is inescapable unless the Government of Japan is willing to ask its own citizens to make sacrifices in the name of mutual defense similar to those being sought from every American.

When this conclusion is reached, and I believe that this time is not far distant, Congress—with or without the concurrence of the executive branch—will be forced by its constituents to make some difficult decisions regarding our future defense relationships with Japan.

I hope we can avoid this sensitive juncture, and it is this hope which prompted me to originally introduce Senate Concurrent Resolution 46 to reinforce this message to our Japanese allies.

Despite repeated statements by members of the Senate and House and some efforts by the executive branch, this message has yet to be fully comprehended in Japan.

Instead of appropriately increasing its defense spending, the Japanese Government has responded with conflicting signals and the prospect that its defense improvement program will falter, rather than accelerate. On one day its defense agency says it will accelerate its procurement programs. On another day the Finance Ministry lets it be known it will restrain the growth of the defense budget in 1982 to a level incapable of supporting even past Japanese promises to increase defense endeavors.

On one day, Japan's Prime Minister Zenko Suzuki tells President Reagan his country will undertake "even greater efforts" to improve its defenses. On another, we learn that there is a strong possibility that the 1982 defense spending increase will be even less than that agreed to for 1981—itself an insufficient level.

Mr. President, the Japanese Government is in the final phases of deciding the size and shape of its 1982 defense budget, and an announcement is expected later this month.

We expect a disappointing outcome to these deliberations. Knowledgeable observers have predicted to me that, rather than increasing the percent of GNP devoted to national defense, there is a good chance that the Japanese will decide on a 1982 growth rate representing a decline in this measurement from about 0.9 percent to about 0.88 percent of GNP. In the meantime, at least 5.4 percent of our GNP goes to defense.

This decrease might not seem like a large sum, but it is symbolically significant, and, because of the size of Japan's GNP, it does represent hundreds of millions of dollars which could be used to improve the Japanese armed forces.

The Japanese Government, earlier this year, made much of the fact that it was permitting its defense agency to request an increase of 7.5 percent above last year's budget while it held other departments to smaller, or no, increases.

Even this percentage increase would mean a further delay in Japan's previously announced defense improvement program.

There now is a good possibility that even this insufficient increase will not be realized in the budget to be announced in a few weeks, according to knowledgeable observers and the Japanese press.

If the 1982 growth rate does not even reach 7.5 percent, Japan's defense budget might not grow at all after inflation is considered. This would be in stark contrast to our own defense budget, which could grow by at least 5.7 percent in "real terms" after inflation in 1981.

Japan's efforts to improve its antisubmarine warfare and sea control capabilities, air defenses, logistics support

and war reserve stockpiles will suffer a further setback.

I hope that the Japanese Government will heed the strong support for Senate Concurrent Resolution 46 and reverse the course it apparently has embarked upon for 1982.

There is no question that Japan has the economic capabilities to increase its defense spending as a percentage of gross national product.

This point was stated in a recent report by the Library of Congress Congressional Research Service entitled "Japan's Defense Expenditures and Policy: Recent Trends and Comparisons with the United States." The report stated:

> Considering that Japan's economy is the third largest in the world and still enjoying relatively high rates of growth, Japan appears to have the capacity to channel considerably more resources into defense.

This same report, written by Dick K. Nanto of the Library of Congress's International Trade and Finance Economics Division, showed that Japan's economy as measured by its GNP, grew by significantly larger rates than did the U.S. economy in the last 2 years.

In fact, while the United States undertook greater mutual defense responsibilities after the Soviet invasion of Afghanistan, this report shows that our GNP grew by only 3.2 percent after inflation in 1979 and actually fell by 0.2 percent in 1980. Japan's economic growth rate in real terms was 5.5 percent in 1979 and 5 percent in 1980.

By calling on the Japanese to increase their defense spending to at least 1 percent of GNP, our resolution does not present an unreasonable demand. Senate Concurrent Resolution 46 is not urging a particularly large increase in Japan's defense budget in 1982.

Given the size of Japan's GNP, and of its present defense budget as a percent of that total, our resolution calls for about a $1 to $1.3 billion increase above the 7.5 percent growth in defense initially postulated earlier this year. This is certainly a sum that one of the world's strongest economies can afford.

I would add that the 1 percent of GNP figure is a number established by longstanding Japanese Government policy as the acceptable limit for its defense spending efforts. Our resolution simply urges the Japanese to spend at least up to that limit which they themselves have set but have so far never reached.

There also can be no dispute that Japan's present defense capabilities are seriously deficient in several major areas and can be improved markedly without giving the country the offensive military power which might threaten its neighbors or violate its "peace" constitution.

These conclusions are presented in a recent article in the monthly Asian Affairs by Larry A. Niksch, the Congressional Research Service's ranking specialist on East Asia.

Entitled "Defense Burden-Sharing in the Pacific: U.S. Expectations and Japanese Responses," this article is a comprehensive discussion of the continuing American disappointment with the level of Japanese defense efforts.

I commend this thoughtful overview to my colleagues and ask that it be placed in the RECORD at the conclusion of this statement, after the text of Senate Concurrent Resolution 46, which I also ask be reprinted following my remarks.

Mr. Niksch concludes that for Japan to make reasonable increases to its defense efforts "would require political leadership from the Prime Minister and success by the Defense Agency in convincing the Finance Ministry to support the necessary budget provisions."

The Japanese Government should exert this leadership by heeding the sense of the Congress as stated in Senate Concurrent Resolution 46 and thus announce later this month a significant increase in Japanese defense spending.

Lastly, Mr. President, it is my understanding that the distinguished chairman of the Foreign Relations Committee, Senator PERCY, intends to hold hearings early next year on U.S. foreign policy and the issue of fair and equitable sharing of the common defense burdens among the United States and its allies.

I commend the chairman for his interest in this most important topic and would hope that Senate Concurrent Resolution 46, based on the strong support it already has among our colleagues, could be a focus of these deliberations.

I ask unanimous consent that the text of Senate Concurrent Resolution 46 and the article by Mr. Niksch be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. CON. RES. 46

Whereas current international developments indicate the need for greater efforts on the part of the United States and its allies in defending democratic values and ideals;

Whereas the joint communique recently signed by Japan's Prime Minister Suzuki and President Reagan recognizes that the alliance between the United States and Japan is built upon shared values of democracy and liberty;

Whereas the United States-Japan Treaty of Mutual Cooperation and Security states that the parties will maintain and develop their capacities to resist armed attack;

Whereas, in the joint communique recently signed by Prime Minister Suzuki and President Reagan, the Prime Minister stated that Japan will seek to make even greater efforts for improving its defense capabilities; and

Whereas Japan has demonstrable economic strength and yet contributes less of its national resources for defense expenditures than any country of comparable economic base: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that both the United States and Japan should exert maximum efforts to resist Soviet challenges to security and democracy in Asia.

SEC. 2. It is further the sense of the Congress that Japan should make a greater contribution to its own defense so that a full partnership and closer cooperation in sharing the burden on common defense can be achieved, thereby enhancing the combined effectiveness of Japanese and United States defense forces in preserving peace and security in Asia.

SEC. 3. It is further the sense of the Congress that, as a tangible sign of commitment to these aims, the Government of Japan should increase its defense expenditures to the level of at least 1 per centum of that country's gross national product.

[Asian Affairs, July–August, 1981]

DEFENSE BURDEN-SHARING IN THE PACIFIC: U.S. EXPECTATIONS AND JAPANESE RESPONSES

(By Larry A. Niksch)

The Reagan-Suzuki summit meeting of May 1981 and the resultant controversy in Japan over it have pointed up the emergence of defense burden-sharing as a key issue in US-Japanese relations. After President Nixon enunciated the Guam Doctrine in 1969 calling for US allies to bear a greater responsibility for their own defense, some Americans expressed the view that Japanese defense capabilities were inadequate. Nevertheless, it was not until the Soviet invasion of Afghanistan that the US government put concerted pressure on Japan to enhance its military strength. Carter Administration officials pressed the Japanese government throughout 1980 to undertake a "steady and significant" buildup of the Japan Self-Defense Forces, beginning with increases in defense spending, in order to complete a five-year defense plan (1980–84) one year ahead of schedule. The Carter Administration urged the Japanese to raise spending in fiscal year 1981 (April 1981–March 1982) by at least the 9.7 percent tentative increase (minus personnel costs) set by the Japanese government itself. US officials subsequently criticized the final budget, which set an increase of only 7.6 percent including personnel costs.

Some observers, both Japanese and American, questioned this approach. They asserted that US emphasis on Japan's defense expenditures was excessive involvement in the Japanese budgetary process, exacerbated differences on the defense issue, and ignored the more substantive questions of capabilities, missions, and division of responsibilities between US and Japanese forces. Many of these observers have called for a more private US approach stressing capabilities and missions.

Early signs suggest that the Reagan Administration has adopted the views of these critics. Secretary of State Alexander Haig declared in his confirmation hearings that the United States should not berate Japan in public over the defense issue.[1] Several meetings between US and Japanese officials have taken place since then and Reagan Administration officials reportedly have not called for specific levels of Japnese military spending.

If the nature of the US-Japanese dialogue is changing, this raises a series of questions that heretofore have been hidden behind the budget question. The most important of these appear to be: What kind of military role does the Reagan Administration want Japan to play to counter the Soviet Union in the Pacific? What capabilities would Japan have to develop in order to fulfill this role effectively? Finally, what is the likely or possible Japanese response?

The most explicit assertion of Reagan Administration views came during the visit to Washington of Japanese Foreign Minister Ito Masayoshi in March 1981. Caspar Weinberger, U.S. Secretary of Defense, made several far-reaching proposals to Ito. He suggested that the government of Japan "review" the 1976 Japanese National Defense Program Outline in view of the changed military situation in the Western Pacific and Indian Ocean. Weinberger cited the new military responsibilities which the United States has undertaken in the Indian Ocean and Persian Gulf since the Soviet invasion of Afghanistan. He further proposed that Japan develop the military

---

Footnotes at end of article.

capability to assume responsibility for the defense of a large area of the Northwest Pacific, including but going far beyond the protection of sea transport routes. This would encompass the waters between Japan and the Philippines, swinging east from the Philippines to Guam, and north from Guam toward Japan.[2]

This approach contrasts with that of the Carter Administration, but has its origins in a strategic concept that emerged during the Carter presidency among Department of Defense specialists. This concept assumed that the Persian Gulf had become a third potential military theater vital to the West, in addition to the West European and Northeast Asian theaters. As the United States deployed forces into the Indian Ocean, a new division of defense responsibilities would have to be established between the United States and its chief allies. Pentagon experts developed the view that such a division of labor would require Japan to build a conventional military force capable of defeating conventional Soviet air and naval forces in the Pacific within a zone approximately 1,000 miles from Japan's shores.[3] The Pentagon specialists did not advocate U.S. military withdrawals from Northeast Asia and the Western Pacific. They seemed to believe, however, that the United States might have to shift forces from there into the Indian Ocean sometime in the early 1980s, or at least that Persian Gulf requirements would limit the strengthening of American forces in the Western Pacific while the Soviets continued their steady military buildup.

The Reagan Administration's own emerging strategic view appears to place even greater weight on the military role of allies like Japan. According to senior Department of Defense officials, this concept envisages a war with the Soviet Union as possibly a long-term conflict fought with conventional weapons in several parts of the world. They cite Northeast Asia as a likely theater of war, but point to the Persian Gulf as a potential theater where American forces might be introduced in large numbers. Secretary Weinberger asserted in a speech of May 5, 1981, that a conventional conflict of this nature would require a substantial contribution from the armed forces of allied nations, since U.S. resources would be committed to several fronts. U.S. flexibility, he said, could depend on the successful execution of missions by allied forces.[4]

II

As of this writing, it is uncertain to what extent the Reagan Administration has proposed the types of missions that the Japan Self-Defense Forces would have to carry out in wartime in order to defend such a zone of the Northwest Pacific. The nature of Soviet forces and the geography of the region, however, indicate at least three missions for which primary responsibility would fall to Japanese naval and air forces.

1. Sea control, which would involve protection of the sea transport routes within the defense zone, including the convoying of merchant shipping to Japan. It would also require effective offensive and defensive actions against Soviet submarines, surface ships, and aircraft over a wide ocean area.

2. Mining and blockading the Tsushima, Tsugaru, and Soya straits connecting the Sea of Japan with the open waters of the Pacific, thus preventing access by Soviet naval vessels from bases in eastern Siberia into the Pacific. An effective blockade could have a telling impact in a long conflict, as Soviet naval vessels at sea would be denied access to their home bases and ships at these bases would be bottled up.

3. The establishment of an air defense screen in the Japanese home islands and over part of the Sea of Japan that could inflict long-range bombers, including the Backfire bomber. An effective air defense screen would facilitate the task of sea control by weakening Soviet air strike capabilities against US and Japanese bases, and against naval vessels and merchant ships south and southeast heavy losses on Soviet tactical fighters and of Japan.

US forces would still have sole responsibility for two missions under the Reagan concept: offensive operations against eastern Siberia and the defense of South Korea. The United States apparently would also extend military support to the People's Republic of China without a direct Japanese role.

The view within the Department of Defense is that the Japan Self-Defense Forces currently fall far short of being able to carry out the three missions cited above. A Pentagon team headed by Assistant Secretary of Defense David MacGiffert asserted at a US-Japanese security conference in July 1980 that Japan did not possess even a minimum deterrent and could not defend against even a small-scale attack.[5] Japanese principles governing defense missions indicate the accuracy of this perception. Japanese defense policy statements, including the annual defense white papers, emphasize that the Self-Defense Forces should be able to repel "limited and small-scale aggression" without external assistance. If aggression occurs on a scale that they cannot cope with alone, Japanese forces are expected to resist until American forces come to their aid.

The current assets of Japanese forces do not go beyond these limits. The Maritime Self-Defense Force is built around some 33 destroyers and 15 frigates. It has no cruisers or aircraft carriers. Japanese observers, in and out of the government, have acknowledged that the Maritime Self-Defense Force is ill-equipped to deal with Soviet nuclear submarines and attacks from enemy aircraft and surface ships. Japanese naval vessels lack surface-to-air and surface-to-surface missile assets as well as modern electronic equipment. The MSDF air arm is an antisubmarine force with no interceptor or attack aircraft. The Air Self-Defense Force has not been integrated into an air defense scheme for Japanese surface ships, and there is little coordination between the two branches. The Japanese surface fleet thus is dependent on US air superiority even in the seas nearest to Japan.[6] As a result, Defense Agency officials acknowledged in 1980 that in wartime, the Maritime Self-Defense Force could protect at most only half of the 400 merchant ships per month required to supply Japan with minimum import needs.[7] The minelaying and blockade assets of the Maritime Self-Defense Force are also limited. It has only one minelaying vessel. Most of the mines and torpedoes in Japan's arsenal are obsolete and not ready for immediate use in an emergency. Hara Toru, Director of the Defense Bureau of the Defense Agency, stated in parliament in 1980 that Japanese forces could take as long as six months to lay mines in the Tsushima, Tsugaru, and Soya straits. Hara and the Director of the Defense Agency acknowledged that Japanese naval and air forces could not prevent a hostile power from using the straits.[8]

The Air Self-Defense Force has over 350 combat aircraft, including ten interceptor squadrons consisting of 150 F-104DJ fighters and 130 F-4EJ fighters. Both are dated, particularly the F-104s. The defense white paper for 1980 described the defense facilities for air bases as a "striking deficiency," citing in particular a lack of modern surface-to-air missile defenses and outdated radar sites. Japanese air bases would appear to have a minimum survivability in war time. It is therefore unlikely that the Air Self-Defense Force could control the skies over Japan and adjacent waters in the face of attacks by modern Soviet MIG-27s, MIG-23s, and SU-19s which have become the backbone of the Soviet attack fighter force in eastern Siberia. Moreover, the Air Self-Defense Force undoubtedly would have little effectiveness against the Backfire bomber.

It is generally recognized that all branches of the Self-Defense Forces suffer from shortages of ammunition, spare parts, and other logistics problems. The MSDF and ASDF have no reserves to speak of. The Self-Defense Forces have no system for integrated command and control of ground, air, and sea forces. The Prime Minister's study group on national security issues estimated in its report of July 1980 that only half of the assets of the Self-Defense Forces could be counted as "actual combat power" in an emergency.[9]

Japanese plans to remedy some of these deficiencies are embodied in the 1976 National Defense Program Outline. This document set certain objectives for qualitative improvements in the Self-Defense Forces, but did not establish timetables for attaining these goals. Three years later, the Defense Agency set a timetable for some of the major targets in drawing up the Mid-Term Program Estimate for the five-year period, FY 1980-84. Under the Mid-Term Program Estimate, the Maritime Self-Defense Force will receive 16 new destroyers. Two will be guided missile destroyers, and five others will have surface-to-surface missiles. Six current destroyers will be equipped with short-range surface-to-air missiles and surface-to-surface missiles. The Maritime Self-Defense Force will also procure 37 P-3C antisubmarine aircraft (in addition to the eight ordered in 978) and 51 antisubmarine helicopters (in addition to 99 purchased so far).

Procurement plans for the Air Self-Defense Force emphasize 77 F-15 fighters to supplement 23 already purchased. The ASDF will form four F-15 squadrons by 1986 and will retire the five squadrons of F-104s. The Air Self-Defense Force also plans to acquire four E-2C early warning aircraft and form its first early warning aircraft squadron of eight E-2Cs in 1983. The squadron will cover the northern part of Japan and the northeastern sector of the Sea of Japan. The air defense system around air bases is to be modernized, including the deployment of new surface-to-air missiles.

The Reagan proposals, however, bypass the Mid-Term Program Estimate. The issue between Japan and the United States now is the extent to which Japan will alter existing defense policies and adopt new programs in line with the US concept of a Northwest Pacific defense zone.

III

The Japanese response to the Reagan Administration's concept of Pacific defense burden-sharing is the newest facet in the debate in Japan over defense policy. One must be aware of the factors that shape Japanese attitudes toward defense and security issues in order to understand the Japanese response now and in the future. Four factors have been especially influential; Japan's democratic environment, the legacy of post-World War II attitudes, the government's financial situation, and awareness of changes in the balance of power in the Pacific since 1975.

The Democratic Political Environment. Japan's democratic political environment produces a variety of institutions and groups whose views help to shape defense policy. Within the government, this includes the ruling Liberal Democratic Party and the ministries where senior bureaucrats wield great power in policymaking. The Finance Ministry has authority over budgetary matters, including the defense budget; and it is considered the most influential ministry in the hierarchy of ministerial power. The Defense Agency, which is responsible for defense policy, is not even a ministry and stands at the bottom of that hierarchy.

Footnotes at end of article.

Important groups outside the government are big business, which has ties with the LDP; the opposition parties, which often reflect certain strains of public opinion on defense and foreign policy issues; newspapers, which are the heart of mass communications; and intellectuals, including those who have established private research organizations on defense and security issues. The views of the public are an important influence on policy. The Japanese frequently resort to public opinion polls in order to survey national sentiment on defense policy, and the government conducts annual surveys on the issue.

Post-World War II Attitudes. Four themes dominated Japanese attitudes toward military and security issues in the 30-year period following World War II, and they remain strong factors of influence today: pacifism, reliance on the United States for defense, the absence of an external threat, and the priority on economics.

Pacifism grew out of the mass destruction in Japan during World War II, culminating in the atomic bombing of Hiroshima and Nagasaki and the period of American occupation after the war. American occupation authorities disarmed and demilitarized Japan, and supervised the Japanese officials who drafted the 1947 constitution which, in Article IX, stated that "the Japanese people forever renounce war as a sovereign right," and that "land, sea, and air forces, as well as other war potential, will never be maintained." The government maneuvered around Article IX when it created the Self-Defense Forces in 1954. But pacifist sentiment persisted into the 1970s, and was reinforced by political opposition on the left and the editorial views of the major newspapers. Consequently, until the last few years, there has been little sentiment for strengthening the Self-Defense Forces beyond the manpower and weaponry levels authorized in 1954. The government placed various constraints on the Self-Defense Forces in terms of missions and armaments. It prohibited them from acquiring weapons of an "offensive" nature and forbade them from operating outside of Japan. The government also set the principle that defense spending should not exceed one percent of gross national product.

The second theme, reliance on the United States for the defense of Japan, emerged during the occupation and is embodied in the 1960 U.S.-Japan security treaty. Unlike other defense treaties to which the United States is a party, the security treaty does not provide for a mutual obligation. It states only that the United States will act if Japan is attacked. Japan bears no similar obligation. Thus, during the long postwar period of American military dominance in the world, Japan felt secure behind the American shield and perceived no need to bolster its own defenses. The treaty today remains the bedrock of Japanese defense policy.

The absence of an external threat constituted a third theme of influence. No power other than the United States maintained sizable military forces near Japan until the late 1970s, and Japan has had no military confrontation with another nation since 1945. Compare this with the German experience after World War II, in which West Germany has lived through two Berlin crises and has had massive Soviet forces continually deployed along its border. Thus it was natural for the Japanese to assume that they were in little danger of being attacked by another country. Contemporary opinion surveys indicate that the Japanese have not developed a consensus on the meaning of the Soviet military buildup in the Pacific. The preponderant opinion appears to be that the Soviets do not represent an immediate military threat to Japan, and that Soviet motives for the buildup are political and psychological.

Japan's success in becoming an economic superpower helped to shape the view that the government should emphasize the promotion of the economy rather than shift more resources toward an increase in military power. This perception has been reinforced by Japanese awareness that the economy is dependent on imports of fuels, raw materials, and food. Successive governments have applied the principle of "economics over politics" to foreign and security policies. The Japanese have a strong predilection toward economic instruments as the most suitable means of dealing with other nations, whether friendly or unfriendly.

Changes in the Pacific Balance of Power. The government's financial problems and the awareness of changes in the Pacific balance of power emerged in the late 1970s and coalesced after the Soviet invasion of Afghanistan to produce the intensive debate in 1980 over the defense budget. The Japanese government had grown apprehensive since 1975 over actual and planned U.S. military withdrawals from East Asia as the Soviet Union established a formidable military presence in the region. The Defense Agency responded with three measures that have been important to the U.S.-Japanese dialogue. It announced in late 1977 that the Self-Defense Forces would undertake responsibility for the security of sea transport routes 1,000 miles out from the Japanese home islands. This was the basis upon which Pentagon experts developed the concept of a Japanese sphere of security in the Northwest Pacific. Japan and the United States announced guidelines in November 1978 to strengthen their military cooperation. The Defense Agency also drew up the Mid-Term Program Estimate, which envisaged an increase in the ratio of defense spending to GNP from 0.9 percent in FY 1980 to about one percent in 1984, but not to exceed that limit.[10]

The Government's Financial Situation. On the other hand, the Finance Ministry has opposed higher expenditures for defense. It has restrained overall budget increases since the early 1970s in order to reduce large budget deficits, which had resulted in a situation in which debt repayment took 40 percent of annual expenditures. Finance Ministry officials argued that the defense budget had to sacrifice equally with other sectors of the budget.

These pressures and perceptions following the Soviet invasion of Afghanistan produced a direct clash between the Finance Ministry and the Defense Agency in 1980 over the FY 1981 defense budget. With some support from the Foreign Ministry, the Defense Agency proposed a 15 percent increase in the FY 1981 defense budget in order to meet demands by the Carter Administration to complete the Mid-Term Program Estimate one year ahead of schedule. The Finance Ministry, on the other hand, established a 7.5 percent ceiling for growth of each category of the budget, and therefore opposed the proposal.

The Defense Agency at first appeared to win a victory when a compromise accord was reached in July 1980 which provided for a 9.7 percent hike in defense spending plus 2.2 percent in personnel costs. The Finance Ministry, however, set out to undermine the accord. All of the major opposition parties except the Democratic Socialists opposed it. Two of the three mass circulation newspapers (Asalu Shimbun and Mainichi Shimbun) criticized the accord, while the third (Yomiuri Shimbun) gave only qualified support. Business organizations and research groups specializing in defense issues endorsed a higher defense budget. Nevertheless, public opinion polls showed that a greater number of Japanese (40 to 60 percent, depending on the poll) opposed major increases in defense spending than supported such hikes (25 to 30 percent). Prime Minister Suzuki and other LDP leaders wavered under pressure from the Finance Ministry and other ministries dealing with trade and economic issues, and from other opponents. Suzuki finally approved an increase of 7.61 percent, including personnel costs, for an overall defense budget of $12 billion. This was only slightly above the Finance Ministry's 7.5 percent guideline, and it represented an important victory for that ministry.

The 1980 budget debate showed that the Japanese government continued to give economic and financial considerations a higher priority than defense policy. It also pointed up the limited parameters of disagreement between the pro-spending forces led by the Defense Agency and the anti-spending forces led by the Finance Ministry. The disagreement focused on whether or not to increase the defense budget over four years by less than one-tenth of one percent of GNP—up to, but not to exceed, one percent of GNP by the mid-1980s. Even modest proposals for more spending produced opposition in the press, the opposition parties, and the general public. This indicated that pacifism and other postwar attitudes continued to be influential outside the government.

The Defense Agency and other pro-defense elements made some gains. Defense received a higher priority in the national budget than in previous years. The Defense Agency obtained greater support from the Foreign Ministry, and its views received more publicity than ever before. Nevertheless, the outcome of the debate left the Carter Administration dissatisfied, and it failed to establish a foundation for future action in line with the Pacific defense concept of the Reagan Administration.

The Japanese government's response to the Reagan proposals has yet to be completely spelled out. But it has already become the subject of intense domestic debate, as indicated by the resignation of the Foreign Minister and Vice Foreign Minister over the language of the defense clauses of the Reagan-Suzuki communique in May 1981. The government currently appears to have adopted a cautious response based on its decision in April 1981 to set 1987 as the target date for completion of all the objectives of the 1976 Defense Outline. Prime Minister Suzuki indicated before and during his visit to Washington that Japan would not undertake major departures from existing defense policies other than the establishment of the 1987 target date. He reiterated the policy of patrolling sea transport routes 1,000 miles from Japan, but emphasized that the Self-Defense Forces would not undertake extensive missions "beyond our immediate territorial land and peripheral waters." He asserted that his administration would not raise taxes to finance future defense expenditures, and would continue its tight budgetary policies. These policies, he said, were necessary to avoid political difficulties for the LDP, as the Japanese people opposed drastic increases in military strength.[11]

Indeed, the Finance Ministry has projected no increase in already planned defense budget hikes over the next three years. Its "medium-range financial outlook," presented in March, 1981, projects 6.2 percent growth in FY 1982, 7.9 percent in FY 1983, and only 3.2 percent in FY 1984.[12] Suzuki and other officials have stated that the government would adhere to the policy of keeping military expenditures below one percent of GNP, despite skepticism in the Defense Agency that the goals of the 1976 Outline can be met by 1987 unless the one percent limit is exceeded.[13] The Finance Ministry has obtained the Defense Agency's agreement that the 1987 deadline will be only for authorizing purchases of weapons and equipment rather than actually having them on line.[14] If this principle holds, the government could retain the spending limits, but much of the weaponry to be acquired might not be delivered until the early 1990s.

Even without these qualifications, it is un-

Footnotes at end of article.

likely that completion of the Mid-Term Program Estimate and the 1976 Defense Outline will give Japan a war-fighting capability commensurate with the responsibilities envisaged for it under the Reagan Northwest Pacific defense zone concept. The Japanese will make improvements, but there will undoubtedly be shortfalls. The destroyer force will continue to have limited antiair and antiship missile assets. An adequate antiair capability for surface ships also would require construction of aircraft carriers or air bases on Japanese islands along the sea transport routes, especially the southern Ryukyus extending to Taiwan and Iwo Jima along the route to Guam. Such a program is not planned. Some U.S. experts question whether an antisubmarine air capability built around 45 P3–Cs will be sufficient to cover an extensive ocean area. It also is doubtful whether Japan will improve its minelaying assets to the extent necessary to close the three straits.

The Maritime Self-Defense Force has a deficient logistics system, especially shortages of ammunition, oil tankers, and spare parts. The 1980 defense white paper pointed out that the Defense Agency had not improved logistics assets because of its emphasis on the procurement of front-line equipment. The Japanese have emphasized procurement of equipment and weaponry in the 1981 defense budget, and this emphasis probably will continue in the future in accordance with the 1987 target deadline, especially if the Finance Ministry's projections hold firm.

Defense of the Japanese home islands from air attack undoubtedly will have some of the same problems as at present. The government has yet to plan a defense system for air bases to replace the BADGE systems.[15] It has not selected a ground-to-air missile to substitute for the NIKE, which was installed in 1962. These deficiencies may reduce the effectiveness of the eight E–2C early warning aircraft that will come on line by 1985. Neither the ASDF nor the MSDF has a defense capability against the Backfire bomber. This will increasingly become a problem, if the Soviets proceed with a deployment of Backfires in eastern Siberia.

The intensity of the U.S.-Japanese dialogue on defense since January 1981 makes an objective assessment of the future Japanese response very important to American policy in East Asia and the state of the U.S.-Japanese alliance in the 1980s. Inaccurate or unrealistic American expectations could alter presently favorably attitudes in this country toward Japan. On the other hand, Japanese failure to take American proposals seriously and to seek accommodation with the United States may increase American frustration over the defense issue. This could result over time in American depreciation of Japan's value as an ally, and could reinforce the already existing view in Washington that the United States should base its Asian security policy on a military realtionship with China.

This leads to a basic question. What can Japan reasonably be expected to do in the 1980s to assume a larger defense role? Events could make any answer to this question obsolete. This would be especially true of such scenarios as a confrontation between Japanese and Soviet forces or a war in Korea. If these do not occur, however, and if current trends hold, several observations can be made.

The first is that Japan probably will not develop a military force structure capable of fulfilling the role envisaged for it by the Reagan Administration. This would appear to be unrealizable. Japan would have to alter drastically its defense policy in order to procure the weaponry, develop the logistics, and establish reserve forces necessary for a multifunctional Self-Defense Force that could assume primary responsibility for a Northwest Pacific defense zone. This is most certain with respect to the mission of sea control, which would require an across-the-board expansion and upgrading of the Maritime Self-Defense Force, a much larger role for the Air Self-Defense Force including the construction of island bases, and steps to improve logistics and create reserve forces where none currently exist. The government undoubtedly would have to raise the defense budget to well over two percent of GNP, and it conceivably would have to consider conscription. Opposition within the government to such proposals would be formidable, especially from the Finance Ministry and other ministries dealing with economic and social issues. Even the Defense Agency does not think in these terms. Outside the government, these proposals would split the emerging pro-defense coalition of the Democratic Socialist Party, the defense-oriented think tanks, business groups, and the smaller newspapers. The majority of the public would oppose such a policy. In short, it would be difficult for any political leadership to embrace this kind of defense policy.

This does not mean, however, that one should expect Japan to limit itself to the 1976 Defense Outline by the late 1980s. By shifting priorities, Japan could develop by 1987 effective blockade and mining assets to close the straits. The government probably could accomplish this within general spending guidelines. The mission falls within Prime Minister Suzuki's proscription of major missions beyond immediately peripheral waters and could be justified within constitutional limits.

The establishment of a more effective air defense system for the Japanese home islands and the Sea of Japan could also be realized. The government would have to give greate priority to expanding and upgrading the surface-to-air missile system and early warning assets. Air bases would have to be hardened, and the government might have to procure additional aircraft, particularly interceptors. This would necessitate increases in defense spending probably to the range of one to two percent of GNP—roughly the spending levels advocated by most elements of the pro-defense coalition. Thus, it would potentially have support from such groups. An upgraded air defense system would be congruent with the confinement of the Self-Defense Forces to Japanese territory and nearby waters. Nevertheless, one could expect opposition from "antidefense" groups. A move in this direction would require political leadership from the Prime Minister and success by the Defense Agency in convincing the Finance Ministry to support the necessary budget provisions.

If the above assessment is basically correct, what does this mean for future US security policy? It would appear, first, that only US naval and air forces can fulfill the responsibility for sea control in the Northwest Pacific and maintain a satisfactory balance of military power with the Soviets well into the 1990s. If the United States retains these objectives, it may require additional carrier deployments or home-port arrangements in the region. Secondly, the United States undoubtedly will have to work with the Japanese through the defense cooperation guidelines in order to influence movement toward one or two priority missions for the Self-Defense Forces and increase the Japanese public's consciousness of the defense issue. Some American support role for priority Self-Defense Force missions would appear to be necessary. Finally, a US security policy that reinforces the alliance must avoid sharp changes, arising from frustration over the defense issue, that would weaken Japanese confidence in the American commitment to Japan's security and create distrust on both sides of the Pacific.

GEORGE KENNAN ON UNITED STATES-SOVIET RELATIONS AND THE DANGERS OF NUCLEAR WAR

Mr. CRANSTON. Mr. President, George Kennan made a remarkable speech about United States-Soviet relations and about nuclear war on the occasion of his receiving the Grenville Clark Prize in Hanover, N.H., on November 16. This speech deserves the most careful reading and thought by every American concerned about United States-Soviet relations and about the dangers of nuclear war. Indeed, it deserves the same careful consideration by every Soviet citizen concerned about relations about our two countries and about the dangers of nuclear war.

Grenville Clark was a most remarkable man, a mentor and friend of mine. He is quoted by George Kennan as predicting decades ago that a great reaction of public opinion against the dangers of nuclear conflict would eventually develop. Clark described it very acutely as something that would be related to "not fear, in the ordinary sense, but rather to a growing exasperation over the rigidity and traditionalism which prevent the formulation of adequate plans to remove so obvious a man-made risk."

I urge my colleagues and all others who are interested in this absolutely vital topic to read the statement by George Kennan. I ask unanimous consent that the entire statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ADDRESS BY THE HONORABLE GEORGE KENNAN

Nearly a quarter of a century ago, as many of you will recall, Grenville Clark and Louis B. Sohn put forward, in a monumental work entitled World Peace through World Law, their ideas for a program of universal disarmament and for a system of world law to replace the chaotic and dangerous institution of unlimited national sovereignty upon

---

FOOTNOTES

[1] *Washington Post*, January 13, 1981.

[2] *Asahi Shimbun*, March 28, 1981; *London Times*, March 31, 1981; Kyodo News Service (Tokyo), March 27, 1981.

[3] For a press description of these views, see *New York Times*, February 22, 1980, and January 14, 1981.

[4] *Washington Star*, April 19, 1981; *New York Times*, May 6, 1981.

[5] Kyodo News Service, July 4, 1980.

[6] Japan Defense Agency, *Defense of Japan: 1980*, Summary, pp. 18–19, Comprehensive National Security Study Group, *Report on Comprehensive National Security* (Tokyo: 1980), pp. 37–40; Tomohisa Sakanaka, "Military Threats and Japan's Defense Capabilities," *Asian Survey*, July 1980.

[7] Kyodo News Service, March 17, 1980.

[8] *Ibid.*, January 31 and February 6, 1980.

[9] Comprehensive National Security Study Group, *Report on Comprehensive National Securtiy*, p. 40.

[10] *Asahi Shimbun*, March 21, 1979; *Los Angeles Times*, August 19, 1979.

[11] *Washington Post*, May 4, 1981; *Washington Star*, May 9, 1981.

[12] Kyodo News Service, March 11, 1981.

[13] *Ibid.*, April 25 and 26, 1981.

[14] *Ibid.*, April 28, 1981.

[15] Japan Defense Agency, *Defense of Japan: 1980*, Summary, p. 20.

which international life was then and is now based.

To many of us, these ideas looked, at the time, impractical, if not naive. Today, two decades later, and in the light of what has occurred in the interval, the logic of them is more compelling. It is still too early, I fear, for their realization on a universal basis; but efforts to achieve the limitation of sovereignty in favor of a system of international law on a regional basis are another thing; and when men begin to come seriously to grips with this possibility, it is to the carefully thoughout and profoundly humane ideas of Grenville Clark and Louis Sohn that they will have to turn for inspiration and guidance.

However, my purpose tonight is not to deal with the historical significance of this vision of the future, in its entirety, but rather to recall one passage of it which has obvious relevance to this present moment. This is a passage which occurred in the final sections of Grenville Clark's preface to the substantive parts of the book; and it concerned nuclear weaponry. After describing the appalling dimensions of the nuclear weapons race, even as it then existed, he went on to express his belief that if the various governments did not find ways to put a stop to this insanity, the awareness of the dangers it presented would some day, as he put it, "penetrate the general masses of the people in all nations" with the result that these masses would begin to put increasing, and indeed finally irresistible, pressure on their governments to abandon the policies that were creating this danger and to replace them with more hopeful and constructive ones. And the dominant motivation for this great reaction of public opinion—the reason why people would feel this way—would be, as he saw it (and here, I am quoting his words) ". . . not fear, in the ordinary sense, but rather a growing exasperation over the rigidity and traditionalism which prevent the formulation of adequate plans to remove so obvious a man-made risk."

How prophetic these words were, as a description of what we are witnessing today. The recent growth and gathering strength of the anti-nuclear-war movement here and in Europe is to my mind the most striking phenomenon of this beginning decade of the 1980's. It is all the more impressive because it is so extensively spontaneous. It has already achieved dimensions which will make it impossible for the respective governments to ignore it. It will continue to grow until something is done to meet it.

Like any other great spontaneous popular movement, this one has, and must continue to have, its ragged edges, and even its dangers. It will attract the freaks and the extremists. Many of the wrong people will attach themselves to it. It will wander off in many mistaken directions. It already shows need of leadership and of organizational centralization.

But it is idle to try to label it, as some in our government seem to be trying to do, as a Communist-inspired movement. Of course, Communists try to get into the act. Of course, they exploit the movement wherever they can. These are routine political tactics. But actually, I see no signs that the Communist input into this great public reaction has been of serious significance.

Nor is it useful to portray the entire European wing of this movement as the expression of some sort of vague and naively neutralist sentiment. There is some of that, certainly; but where there is, it is largely a reaction to the negative and hopeless quality of our own Cold War policies, which seem to envisage nothing other than an indefinitely increasing political tension and nuclear danger. It is not surprising that many Europeans should see no salvation for themselves in this sterile perspective and should cast about for something that would have in it some positive element—some ray of hope.

Least of all does this neutralist sentiment represent any timorous desire to accept Soviet authority as a way of avoiding the normal responsibilities of national defense. The cliché of "better red than dead" is a facile and clever phrase; but actually, no one in Europe is faced with such a choice, or is likely to be. And we will not be aided in our effort to understand Europe's problems by distortions of this nature. Our government will have to recognize that there are a great many people who would accept the need for adequate national defense but who would emphatically deny that the nuclear weapon, and particularly the first use of that weapon, is anything with which a country could, or should, try to defend itself.

No—this movement against nuclear armaments and nuclear war may be ragged and confused and disorganized; but at the heart of it lie some very fundamental, reasonable and powerful motivations. Among them these motivations are a growing appreciation by many people for the true horrors of a nuclear war; a determination not to see their children deprived of life, and their entire civilization destroyed, by a holocaust of this nature; and finally, as Grenville Clark said, a very real exasperation with their governments for the rigidity and traditionalism that causes those governments to ignore the fundamental distinction between conventional weapons and the weapons of mass destruction and prevents them from finding, or even seriously seeking, ways of escape from the fearful trap into which the nuclear ones, in particular, are leading us.

Such considerations are not the reflections of Communist propaganda. They are not the products of some sort of timorous neutralism. They are the expression of a deep instinctive insistence, if you don't mind, on sheer survival—on survival as individuals, as parents, and as members of a civilization.

And our government will ignore this simple fact at its peril. This movement is too powerful, too elementary, too deeply embedded in the human instinct for self-preservation, to be brushed aside. Sooner or later, and the sooner the better, all the governments on both sides of the East-West division will find themselves compelled to undertake the search for positive alternatives to the insoluble dilemma which any suicidal form of weaponry presents, and can only present.

Do such alternatives exist?

Of course they do. One does not have to go far to look for them. One could accept, as a starter, a temporary freeze on the further build-up of nuclear arsenals. There could be deep cuts in the long-range strategic missilery. There could be a complete denuclearization of Central and Northern Europe. One could accept a complete ban on nuclear testing. None of this would undermine anyone's security.

These alternatives, obviously, are not ones that we in the West could expect to realize all by ourselves. I am not suggesting any unilateral disarmament. Plainly, two—and eventually even more than two—will have to play at this game.

And even these alternatives would be only a beginning. But they would be a tremendously hopeful beginning. And what I am suggesting is that one should at least begin to explore them—and to explore them with a good will and a courage and an imagination the signs of which I fail, as yet, to detect on the part of those in Washington who have our destinies in their hands.

This, then, in my opinion, is what ought to be done—what will, in fact, some day have to be done. But I must warn you that for our own country such an alteration will not come easily, even in the best of circumstances. It is not something that could be accomplished in any simple one-time decision, taken from one day to the next. What would be involved for us here would be a fundamental and extensive change in official outlooks on a number of points, and an extensive restructuring of our entire defense posture.

We would have to begin by accepting the validity of two very fundamental appreciations. The first is that there is no issue at stake in our political relations with the Soviet Union—no hope, no fear, nothing to which we aspire, nothing we would like to avoid—which could conceivably be worth a nuclear war, which could conceivably justify the resort to nuclear weaponry. And the second is that there is no way in which nuclear weapons could conceivably be employed in combat that would not involve the possibility—and indeed the prohibitively high probability—of escalation into a general nuclear disaster.

If we can once get these two truths into our heads, then the next thing we would have to do would be to abandon the option—the option to which we have stubbornly clung for over 30 years—the option of the first use of nuclear weapons in any military encounter. This flows with iron logic from the two propositions I have just enunciated. You cannot logically recognize that there is no way that nuclear weapons could be usefully employed in combat and then reserve to yourself the option of initiating their use and base your military plans on this possibility. The insistence on this option of first use has corrupted and vitiated our entire policy on nuclear matters ever since such weapons were first developed. I am persuaded that we shall never be able to exert a constructive leadership in matters of nuclear arms reduction or in the problem of nuclear proliferation until this pernicious and indefensible position is abandoned.

And once it has been abandoned, there will presumably have to be a far-reaching restructuring of our armed forces. The private citizen is of course not fully informed in such matters; and I make no pretense of being so informed. But from all that has become publicly known, one can only suppose that nearly all aspects of the training and equipment of our armed forces, not to mention the strategy and tactics underlying their operation, have been affected to some extent by the assumption that we might have to fight—indeed, would probably wish to fight—with nuclear weapons, and that we might well be the ones to inaugurate their use. A great deal of this would presumably have to be turned around—not all of it, but much of it, nevertheless. We might, so long as others retained such weapons, have to retain them ourselves for purposes of deterrence and reassurance to our people. But we could no longer rely on them for any positive purpose even in the case of reverses on the conventional battlefield; and our forces would have to be trained and equipped accordingly. Personally, this would cause me no pain. But let no one suppose that the change would come easily. An enormous inertia exists here and would have to be overcome; and in my experience there is no inertia, once established, as formidable as that of the armed services.

But there is something else, too, that will have to be altered, in my opinion, if we are to move things around and take a more constructive posture; and that is the view of the Soviet Union and its peoples to which our governmental establishment and a large part of our journalistic establishment have seemed recently to be committed.

On this point, I would particularly like not to be misunderstood. I do not have, and have never had, sympathy for the ideology of the Soviet leadership. I recognize that this is a regime with which it is not possible for

us to have a fully satisfactory relationship. I know that there are areas of interaction where no collaboration between us is possible, just as there are other areas where one can collaborate. There are a number of Soviet habits and practices which I deeply deplore, and which I feel we should resist firmly when they impinge on our interests. I recognize, furthermore, that the Soviet leadership does not always act in its own best interests—that it is capable of making mistakes, just as we are, and that Afghanistan is one of those mistakes, and one, incidentally, which it will come to regret, regardless of anything we may do to punish it.

Finally, I recognize that there has recently been a drastic and very serious deterioration of Soviet-American relations—a deterioration to which both sides have made their unhappy contributions. And this, too, is something which it will not be easy to correct; for it has led to new commitments and attitudes of embitterment on both sides.

The almost exclusive militarization of thinking and disclosure about Soviet-American relations that now pervades the Washington atmosphere and a good portion of our media communication—a militarization which, it seems to me, could not be different if we knew for a fact that we were going to be at war with the Soviet Union within a matter of months: this in itself is a dangerous state of affairs, which it is not going to be easy to correct. So I don't think I underestimate the gravity of the problem.

But, all this being said, I must go on and say that I find the view of the Soviet Union that prevails today in these governmental and journalistic establishments so extreme, so subjective, so far removed from what any sober scrutiny of external reality would reveal, that it is not only ineffective but dangerous as a guide to political action. This endless series of distortions and oversimplifications; this systematic dehumanization of the leadership of another great country; this routine exaggeration of Moscow's military capabilities and of the supposed iniquity of its intentions; this daily misrepresentation of the nature and attitudes of another great people—and a long-suffering people at that, sorely tried by the vicissitudes of this past century; this ignoring of their pride, their hopes—yes, even of their illusions (for they have their illusions, just as we have ours; and illusions, too, deserve respect); this reckless application of the double standard to the judgment of Soviet conduct and our own; this failure to recognize the communality of many of their problems and our problems as we both move inexorably into the modern technological age; and this corresponding tendency to view all aspects of the relationship in terms of a supposed total and irreconcilable conflict of concerns and aims: these are not the marks of the maturity and realism one expects of the diplomacy of a great power; they are the marks of an intellectual primitivism and naivity unpardonable in a great government—yes, even naivity, because there is a naivity of cynicism and suspicion just as there is a naivity of innocence.

And we shall not be able to turn these things around as they should be turned, on the plane of military and nuclear rivalry, until we learn to correct these childish distortions—until we correct our tendency to view the Soviet Union only as a mirror in which we look for the reflection of our own superior virtue—until we consent to see there another great people, one of the world's greatest, in all its complexity and variety, embracing the good with the bad—a people whose life, whose views, whose habits, whose fears and aspirations, whose successes and failures, are the products, just as ours are the products, not of any inherent iniquity but of the relentless discipline of history, tradition and national experience.

Above all, we must learn to see the behavior of the leadership of that people partly as a reflection of our own treatment of it. For even rivals and opponents influence each other. And if we insist on demonizing these Soviet leaders—on viewing them as total and incorrigible enemies, consumed only with their fear or hatred of us and dedicated to nothing other than our destruction—that, in the end, is precisely the way we shall have them—if for no other reason than that our view of them allows for nothing else—either for us or for them.

These, then, are the changes we shall have to make—the changes in our concept of the relationship of nuclear weaponry to national defense, in the structure and training of our armed forces, and in our view of the distant country which our military planners seem to have selected as our inevitable and inalterable enemy—if we hope to reverse the dreadful trend towards a final nuclear conflagration. And it is urgently important that we get on with these changes. Time is not waiting for us. The fragile nuclear balance that has prevailed in recent years is being undermined, not so much by the steady build-up of the nuclear arsenals on both sides (for they already represent nothing more meaningful than absurd accumulations of overkill), but rather by technological advances that threaten to break down the verifiability of the respective capabilities and to stimulate the fears, the temptations, and the compulsions, of a "first strike" mentality.

And this is not the only reason why it is important that we get on with these changes. For beyond all this, beyond the shadow of the atom and its horrors, there lie other problems—tremendous problems—that demand our attention. There are the great environmental complications now beginning to close in on us: the question of what we are doing to the world oceans with our pollution, the problem of the greenhouse effect, the acid rains, the question of what is happening to the topsoil and the ecology and the water supplies of this and other countries. And there are the profound spiritual problems that spring from the complexity and artificiality of the modern urban-industrial society—problems that confront both the Russians and ourselves, and to which neither of us has as yet responded very well. One sees on every hand the signs of our common failure. One sees it, for example, in the cynicism and apathy and drunkenness of so much of the Soviet population. One sees it in the crime and drug abuse and general decay and degradation of our city centers. To some extent—not entirely but extensively—these failures have their origins in experiences common to both of us; and we could perhaps learn something from each other about their possible solutions.

And these problems, too, will not wait. Unless we both do better in dealing with them than we have done to date, even the banishment of the nuclear danger will not help us very much. Can we not cast off our preoccupation with sheer destruction—a preoccupation that is costing us our prosperity and preempting the resources that should go to the progress of our respective societies—is it really impossible for us to cast off this sickness of blind military rivalry and to address ourselves at long last, in all humility and in all seriousness, to setting our respective societies to rights?

For this entire preoccupation with nuclear war is—believe me—a form of illness. It is morbid in the extreme. There is no hope in it—only horror. It can be understood only as some form of subconscious despair on the part of its devotees—a readiness to commit suicide for fear of death—a state of mind explicable only by some inability to face the normal hazards and vicissitudes of the human predicament—a lack of faith, or perhaps a lack of the very strength that it takes to have faith, where countless generations of our ancestors found it possible to have it.

I decline to believe that this is the condition of the majority of our people. Surely there is among us, at least among the majority of us, a sufficient health of the spirit—a sufficient affirmation of life, of its joys and excitements together with its hazards and uncertainties, to permit us to sluff off this morbid preoccupation, to see it and discard it as the sickness it is, to turn our attention to the real challenges and possibilities that loom beyond it, and in this way to restore a sense of confidence in ourselves and of hope for the future of our civilization.

THE ALL-SAVERS CERTIFICATES

Mr. COCHRAN. Mr. President, I would like to bring to the attention of my colleagues a problem which I foresee in the implementation of section 301 of the Economic Tax Recovery Act, the "All-Savers" certificates provision.

This provision, passed by the Congress last summer as a tax incentive to help financial institutions and the housing and agriculture industries, may fail to accomplish these goals because of bureaucratic neglect.

Last month, at the behest of several concerned constituents, I wrote to the Secretary of the Treasury to determine what action, if any, will be taken to make sure that the financial institutions do make the investments in residential housing and agriculture as contemplated by the law. The essence of the response to my inquiry was that the executive branch agencies have no plan to carry out the enforcement of section 301 of the Economic Tax Recovery Act.

Section 301 provides that qualified savings institutions issuing tax-exempt savings certificates must provide qualified residential financing during the succeeding calendar quarter. If an institution issues "All-Savers" certificates, then they must invest qualified residential financing no less than the lesser of 75 percent of face amount of certificates issued during quarter, or 75 percent of the qualified net savings for the quarter.

The penalty for failure of the institution to comply is that no more certificates can be issued.

Since section 301 only went into effect on October 1, the savings institutions do not have to provide the qualified residential financing until March 1982.

After writing Secretary Regan and receiving a reply from Mr. Gordon Eastburn of the Depository Institutions Deregulation Committee, I feel even more strongly that we must seek either an administrative remedy or a legislative remedy to insure that the intent of Congress is carried out.

We included section 301 in the Economic Tax Recovery Act to encourage savings. In the process, we also wanted to assist the struggling housing industry and farmers. Continued high interest rates make this section even more vital to these industries than before.

I asked Secretary Regan what tax consequences would follow for the depository institution and the investor when certificates have been issued during a period of time when the institution failed to pro-

vide the required amount of residential financing.

In the letter I received I was informed that the Treasury Department "has no regulatory framework by which to keep timely watch over depository institutions." The DIDC was empowered by the Economic Tax Recovery Act with authorizing depository institutions to issue All-Savers certificates. According to the DIDC's own words, it has "no enforcement staff of its own." Therefore, enforcement is being left to the primary regulatory agency for each institution and to the IRS.

Leaving the responsibility to the primary regulatory agency may be logical but impractical. In many cases Regulators visit the depository institutions less than once a year. Thus, numerous institutions who have been recently reviewed, may not be reviewed for compliance with the All-Savers provision until the provision becomes obsolete.

We have an opportunity and a responsibility to make a timely clarification of the All-Savers provision. I hope that the Finance Committee can look into this matter as soon as reasonably possible when Congress reconvenes in January of 1982.

I ask unanimous consent that my letter to Treasury and the reply be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD as follows:

U.S. SENATE,
Washington, D.C., November 10, 1981.

Hon. DONALD T. REGAN,
Secretary of the Treasury,
Washington, D.C.

DEAR SECRETARY REGAN: I have been contacted by persons in the building and housing industry about the effectiveness of the "All-Savers" certificates program under the Economic Tax Recovery Act. Serious questions have been raised about what steps will be taken on a timely basis to make sure that the financial institutions do make the investments in housing as contemplated by the law.

How will the Treasury Department determine at the end of each quarter whether a financial institution has made the qualifying amount of investments? What tax consequences will follow for the depository institution and the investor when certificates have been issued during a period of time when the institution failed to provide the required amount of residential property financing?

I am concerned that if the Treasury Department does not take steps now to enforce the law, there may be little or no improved investment in housing as was intended in the Economic Tax Recovery Act. Additionally, institutions and investors may be penalized as a result of erroneous interpretation of the Act.

Your assistance in clarifying this situation for me will be appreciated.

Sincerely,

THAD COCHRAN,
U.S. Senator.

DEPOSITORY INSTITUTIONS
DEREGULATION COMMITTEE,
Washington, D.C., December 3, 1981.

Hon. THAD COCHRAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR COCHRAN: Chairman Regan has asked me to thank you for your letter of November 10, in which you expressed your concern that depository institutions may not use as much of the proceeds from All Savers Certificates (ASCs) for investment in the building industry as is mandated by the Economic Tax Recovery Act.

The Treasury Department has no regulatory framework by which to keep timely watch over depository institutions to ensure that they follow Congressional intent in ASC investments. But the Secretary of the Treasury is also a member and the Chairman of the Depository Institutions Deregulation Committee (DIDC), which was empowered by the Tax Recovery Act with authorizing depository institutions to issue ASCs. The DIDC is a rule-issuing body with no enforcement staff of its own, the enforcement function being left to the primary regulatory agency for each depository institution and to the Internal Revenue Service. But from the very beginning of its authorization of ASCs the DIDC has been careful to ensure that depository institutions carry out the law's intent regarding appropriate investment in housing.

In its initial September 3 regulation the DIDC explained how institutions should meet the statutory requirement for residential investment (qualified residential financing), and that a depository institution's executive officer would have to certify in writing, with appropriate documentation, that the institution had satisfied those requirements. Press releases dated September 21, October 1 and October 8 gave further details about the timing and calculation of qualified residential financing. I have attached copies of these DIDC regulations and issuances.

The above information has been widely disseminated both by the DIDC and through the financial press. Please rest assured that there is no indication that depository institutions issuing ASCs are not adequately informed on this subject, or that they do not intend to fully cooperate in carrying out the mandate of the law by making the appropriate residential investments.

Thank you for writing us on this question, and please write again if we can be of further help.

Sincerely,

GORDON EASTBURN,
Policy Director.

WATER SUPPLY AT BENBROOK LAKE, TEX.

Mr. ABDNOR. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be discharged from further consideration of H.R. 779, and that the bill be laid before the Senate.

The PRESIDING OFFICER. Is there objection?

Mr. CRANSTON. Mr. President, I momentarily reserve the right to object.

The PRESIDING OFFICER. Objection is heard.

Mr. ABDNOR. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended until the hour of 10:30 a.m., and the time for the consideration of H.R. 5159, as previously ordered, also be extended to the hour of 10:30 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I ask unanimous consent that Senators may speak in the period so provided for not to exceed 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

FREDERICK SCHULTZ, VICE CHAIRMAN, FEDERAL RESERVE BOARD

Mr. PROXMIRE. Mr. President, on January 31, 1982, Frederick H. Schultz' term as a Governor of the Federal Reserve System will come to an end.

I remember when he was nominated. I opposed him. I opposed him because I felt he was not qualified for the job. He is a man with solid political experience, but very little experience or no training in monetary policy. He is a man with very considerable commonsense, good judgment, energy, and, in general, I think he has done a good job.

Mr. Schultz, who was appointed by President Carter on July 27, 1979, to fill an unexpired term, leaves at a time when the Fed, the Reagan administration, and the Congress are confronted with very serious economic problems.

Governor Schultz has been Paul Volcker's able right arm for the past 2 years, not only acting as chief administrative officer for the Fed but, more importantly, he has been an articulate spokesman for the Fed.

Fred Schultz has blown holes in the myth that Fed Governors never leave their building to communicate with the people who live with the results of Fed monetary policies. He has traveled out of Washington to meet and talk with homebuilders, thrift officials, farmers, small businessmen, and realtors. He has met with individual Congressmen and Senators and congressional delegations. He has testified on Capitol Hill more than a dozen times.

I think all of us know that these are the toughest times for anybody at the Fed who administers monetary policy to meet with the victims of that monetary policy because of how deeply people feel about high interest rates.

In my opinion, Fred Schultz has done a fine job in a very difficult time.

With much discussion today over whom the President should name to fill the Board's next vacancy, President Reagan would do well to note the qualities that have helped Fred Schultz handle his responsibilities: intelligence, energy, loyalty, and, as one national columnist wrote recently, "consistent commonsense."

U.S. News & World Report recently conducted an interview with Governor Schultz. I think Governor Schultz' comments on the economy, unemployment, and the role we in the Congress must play—as well as the responsibilities of the Fed and the White House—make valued reading for my colleagues.

Once again I concede that I did oppose Mr. Schultz. I would oppose other nom-

inees with his limited qualifications in the future. But I am delighted that he proved me wrong in this particular case.

I ask unanimous consent that the U.S. News interview of Governor Schultz be printed in full in the RECORD.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

FOR THE FED: "THE MOMENT OF TRUTH IS HERE"

(The nation's central bank—and the Reagan administration—must rein in inflation quickly or the U.S. is in for fresh trouble, warns Schultz, who sizes up big changes now taking shape in the 1982 business outlook.)

Q. Mr. Schultz, do you agree with the administration's forecast that the recession will end by spring?

A. Indications point that way. A price factor in this recession has been very high interest rates. They are coming down rapidly. Next year, the stimulating effect of rising defense expenditures and tax cuts comes into effect. So I believe the recession will end perhaps in the second quarter, and certainly no later than the third quarter of 1982.

Q. Do you think that unemployment, now at 8 percent, will reach 9 percent, as it did in 1975?

A. Yes, that's possible. I get a weekly report of bad news in the economy—the problems companies are having and plant closings. Looking at that, there are more layoffs to come.

Q. Bankruptcies are 52 percent higer than last year. Will some major corporations go under?

A. We monitor that very closely, as you can imagine. Some larger companies are in trouble. Chrysler and International Harvester come to mind. But we don't see any bankruptcies out there large enough to shock the economy, like the Penn Central railroad in 1970 or the Franklin National Bank in 1974.

We worry much more about small businesses. It's not so much a Goliath out there that may keel over and die as it is a lot of Davids.

Q. White House officials now are talking about a mere 1 percent improvement in the real gross national product next year. What sort of overall growth do you expect?

A. That depends on the budget deficits. Under ordinary circumstances, the bigger the budget deficit, the more stimulative it is to the economy. That may not be true this time. If you want to stimulate this economy, the important thing is to get interest rates down.

Q. But isn't the Federal Reserve Board the key factor in what happens to interest rates?

A. We don't think so. We believe inflationary expectations play the biggest part. Clearly, if the economy weakens, as it is, and inflation improves, as it is, then interest rates will come down. Short-term rates are falling. But we think it's critical that long-term rates, such as for mortgages and bonds, come down and stay down.

We must get the long-term capital markets working again. If the recovery begins and the government continues to be a very heavy borrower, then interest rates certainly will move up again. That could damage both the recovery and the anti-inflation effort.

Q. Are you saying that unless the Reagan administration's January budget does something to close those deficits for future fiscal years, interest rates may shoot up again and threaten the recovery?

A. Yes, I am. Fiscal 1982 now under way really doesn't matter much because, in a period of economic weakness, there's a large enough savings pool to accommodate very high government demands for credit. But in a period of recovery, private credit demands increase, and that, combined with high government demands, puts upward pressure on interest rates. If lenders view large deficits as adding to inflation in future years, then even more upward pressure is put on interest rates. If rates move back up to high levels, that indeed will threaten the recovery.

Q. When you say "high levels," do you mean higher than those we've had over the past couple of years?

A. I don't think so, because inflation will still be coming down. That will prevent interest rates from reaching new highs. But we will have a sputter-and-spurt economy, and that's not the best way for the economy to operate.

Q. How far will inflation fall?

A. I'm an optimist on inflation. The consumer price index should drop to the 6 to 7 percent range in 1982 from about 10 percent this year.

Q. What about interest rates?

A. We at the Fed don't forecast interest rates. But surely short rates will be coming down, and, as I said, long rates will depend largely on inflationary expectations. If we pump too much liquidity into the system to bring short rates down quickly, that might have the perverse effect of holding long rates up by adding to inflationary fears.

Q. How much inflation is acceptable in a healthy economy?

A. Zero to 3 percent. Anytime inflation gets up to 3 percent, we ought to be exercising restraint. Anytime it gets down to zero, we ought to be pumping reserves in.

Q. So, even with the deepening recession, the Fed will stick to its money-growth targets—

A. We really don't have a choice. The most unfair thing we could do would be to move away from those targets. They give plenty of room for good growth if inflation settles down. We've put the economy through a lot of pain for two years now. The worst thing we could do would be to back off now and let inflation soar and interest rates go up to 25, 30, 40 percent. We must get inflation under control this time. The moment of truth is here for the central bank of the United States.

Q. In this moment of truth for the Fed, what happens if you don't get help from the administration and Congress?

A. Our job becomes harder and more painful. Next year is a political year and, if interest rates are rising, the pressures become enormous on candidates to junk the anti-inflation effort. That'll be a tough, tough situation. It could jeopardize the Fed's independence by increasing demands that the Federal Reserve become part of the Treasury or something, and that's kissing goodbye to any chances of controlling inflation.

Q. What should be done to reduce the deficit? Cut more spending or raise taxes?

A. I'd much prefer spending cuts. We need to move toward "supply side" economics in the sense of providing more tax incentives for savings and investment. If you can't find enough spending cuts, then I'd look on the tax side—particularly energy or consumption taxes. But Congress hasn't cut much entitlement or defense spending. With budget authority for defense up 55 percent between 1980 and 1982 and spending in the area of 200 billion dollars a year, one does wonder if the money could be spent a shade more efficiently.

Q. In retrospect, do you feel the President's three-year tax cut for individuals was too large?

A. Look at what the financial markets have been saying. When Congress was cutting the budget, the markets acted very well. When the tax cut was introduced, they weakened. As more baubles were hung on the Christmas tree, the markets got even weaker.

Q. Should the tax cut now be scaled back?

A. I don't know that I'd favor cutting back the bill's basics. But the tax-free all-savers certificate and other provisions just weren't sensible on a cost-benefit basis.

I do think that if you're going to encourage savings, you need to cut taxes for those people who are in a position to save. So I think the cut from 70 to 50 percent in unearned income has some real rationale to it.

Q. Was Budget Director David Stockman right, then, when he called the Reagan tax cut for everyone a "Trojan horse" to reduce taxes for upper-income people?

A. Mr. Stockman made an unfortunate choice of terms, but there's a lot of truth in what he said. If you read that magazine article, you see a man realizing that purity of theory is dangerous. I don't see him as losing faith in the Reagan program. I see him as gaining wisdom, beginning to understand that "true believers"—in supply-side or any other economic theory—don't have all the answers.

Q. Is the President under the spell of the "true believers"?

A. I don't know. I worry about the approach of some of his economic policymakers. The supply-siders say all you have to do is unleash the basic forces of America. The monetarists say all you have to do is keep firm control of the money supply.

Both groups ignore a lot of things. I wish they'd stop bickering and work together.

Q. Is that your only quarrel with the Reagan program?

A. The economic forecasts have been too optimistic. The President is an optimistic fellow. Maybe he has to be that way to get Americans to respond. But I think he gave the impression there was a simple, easy way to make the transition from rising to falling inflation without economic pain. I don't think that's possible.

Q. Would some form of gold standard help lick inflation?

A. A gold standard is no magic wand. Many people say: "All you need is a gold standard, and inflation will go away." What they overlook is that a gold standard produces periods of inflation and deflation. Our debt structure couldn't stand deflation, which would require debtors to repay loans with more-expensive dollars than they borrowed. It's impractical and dangerous.

Q. What about direct controls to ease inflation?

A. History shows they'd make the situation worse, not better. You put controls on. When you take them off, you've exacerbated the inflation problem. If you don't take them off, you've got dictatorship.

I come back to my basic point that the best way to bring inflation down is to contain federal spending. Somebody asked me recently: "My God, have you no heart?" And I said: "Yes, I do have a heart. There will be less pain for more Americans if we make those cuts, reduce inflation and get the economy working properly."

Q. Given your concern about deficits, what about the President's postponement of a balanced budget beyond 1984?

A. Americans have heard so much talk over the last 15 years about balancing the budget and controlling inflation, yet nothing has happened. They want action. I hold no special brief for a particular year in which the budget must be balanced. But the President must have a believable program. He must show he's bringing the deficit down. He must be ready to use his veto. Not only is this the moment of truth for the Fed, it's also the moment of truth for the President.

Q. What's the administration's reaction to this advice?

A. Some of the "true believers" don't believe me. They say: "Look, interest rates haven't always moved up when past recessions ended." And I say: "Yes, but you've never had a Federal Reserve holding to a quantity-of-money approach when a recession ended before, either. It's a different ball

game now. If there's a limited amount of money and you have strong public and private credit demands, interest rates are going back up and you'll have a serious problem on your hands."

Q. Could rising interest rates turn the recession into a depression?

A. I don't think so. I doubt that rates will get high enough to cut off growth in the second half of 1982. The real issue is whether you control inflation so future growth will be a lot better.

Q. Won't reducing inflation raise unemployment?

A. That's the old rule of thumb, which may be valid at low levels of inflation. But the 1970s showed us that at high levels of inflation, more inflation gives you more unemployment, not less. With the cost of investment so high, you don't get job creation. So you have both rising inflation and rising unemployment. That's the bind we must get out of if our economy is to work right.

Q. When will we know if your policy of managing the money supply, rather than managing interest rates, is working?

A. It is working. You can't compare the past two years with the previous two years. You have to compare with what would have been if we had been controlling interest rates. Inflation would have been worse. To hold interest rates stable, you would have had to increase the money supply. People see that and decide inflation's going to get worse. You're in a vicious circle, which we had to break.

Now you might argue that we could have done a better job of managing the money supply, but the policy is correct.

Q. If Reagan cuts the deficit, inflation eases and the recovery begins on schedule, what lies ahead for 1983 and beyond?

A. We could have the greatest boom in our history.

U.S. CAPITOL GROUNDS REGULATIONS

Mr. STEVENS. Mr. President, I introduce a bill and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alaska?

There being no objection, the Senate proceeded to consider the bill (S. 1976) to amend the act of July 31, 1946, as amended (40 U.S.C. 193a), which was read the first time by title and the second time at length.

Mr. STEVENS. Mr. President, I will point out to the minority leader that this is the bill I discussed with him last evening concerning the Capitol Police. This bill has been cleared on both sides of the aisle.

Mr. President, this bill is intended to clarify the authority of the U.S. Capitol Police. The bill also clarifies the authority of U.S. Capitol Police to extend protection beyond the Capitol Grounds subject to the direction of the Capitol Police Board.

We want to eliminate any ambiguity or question concerning their authority in their law enforcement work. I ask unanimous consent that the bill be given immediate consideration and passed.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1976) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1976

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Act entitled "An Act to define the area of the United States Capitol Grounds, to regulate the use thereof, and for other purposes", approved July 31, 1946, as amended (40 U.S.C. 193a), is amended by inserting immediately after section 9 thereof the following new section:

"SEC. 9A. (a) Subject to the direction of the Capitol Police Board, the United States Capitol Police is authorized to protect, in any area of the United States, the person of any Member of Congress, officer of the Congress, as defined in section 431 of the Act of October 26, 1970 (2 U.S.C. 60–1(b)), and any member of the immediate family of any such Member or officer, if the Capitol Police Board determines such protection to be necessary.

"(b) In carrying out its authority under this section, the Capitol Police Board, or its designee, is authorized, in accordance with regulations issued by the Board pursuant to this section, to detail, on a case-by-case basis, members of the United States Capitol Police to provide such protection as the Board may determine necessary under this section.

"(c) In the performance of their protective duties under this section, members of the United States Capitol Police are authorized (1) to make arrests without warrant for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States if they have reasonable grounds to believe that the person to be arrested has committed or is committing such felony; and (2) to utilize equipment and property of the Capitol Police.

"(d) Whoever knowingly and willfully obstructs, resists, or interferes with a member of the Capitol Police engaged in the performance of the protective functions authorized by this section, shall be fined not more than $300 or imprisoned not more than one year, or both.

"(e) Nothing contained in this section shall be construed to imply that the authority, duty, and function conferred on the Capitol Police Board and the United States Capitol Police are in lieu of or intended to supersede any authority, duty, or function imposed on any Federal department, agency, bureau, or other entity, or the Metropolitan Police of the District of Columbia, involving the protection of any such Member, Officer, or family member.

"(f) As used in this section, the term 'United States' means each of the several States of the United States, the District of Columbia, and territories and possessions of the United States.".

(b) Section 1114 of title 18, United States Code, is amended by inserting immediately after "any officer or employee of the Secret Service or of the Drug Enforcement Administration," the following: "any officer or member of the United States Capitol police".

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that the enrolling clerk be directed to immediately process that bill. The House is going to act on it today.

The PRESIDING OFFICER. Is there objection? There being no objection, it is so ordered.

WATER SUPPLY AT BENBROOK LAKE, TEX.

Mr. ABDNOR. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be discharged from further consideration of H.R. 779 and that it be laid before the Senate.

Mr. ROBERT C. BYRD. Mr. President, this request has been cleared on this side of the aisle and there is no objection.

The PRESIDING OFFICER. Is there objection? Without objection, the bill will be stated.

The assistant legislative clerk read as follows:

A bill (H.R. 779) to authorize the Secretary of the Army to contract with the Tarrant County Water Control and Improvement District Numbered 1 and the city of Weatherford, Texas, for the use of water supply storage in Benbrook Lake, and for other purposes.

UP AMENDMENT 797

(Purpose: To modify certain authorities under the responsibility of the Army Corps of Engineers)

Mr. ABDNOR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. ABDNOR) proposes an unprinted amendment numbered 797.

Mr. ABDNOR. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new sections:

"SEC. 2. (a) The third sentence of section 205 of the Flood Control Act of 1948 (33 U.S.C. 701s) is amended to read as follows: 'Not more than $4,000,000 shall be allotted under this section for a project at any single locality.'

"(b) The amendment made by this section shall not apply to any project under contract for construction on the date of enactment of this Act.

"SEC. 3. Section 164 of the Water Resources Development Act of 1976 (Public Law 94–587) is amended by deleting the figure "$21,000,000" and inserting in lieu thereof "$23,200,000".

"SEC. 4. The Secretary shall relocate the water supply intake facility on the Missouri River at Springfield, South Dakota, which facility is subject to severe sedimentation, at an estimated cost of $2,190,000.

"SEC. 5. (a) The proviso of section 2 of Public Law 84–485 shall not be construed to prohibit the storage of San Juan-Chama project water acquired by contract with the Secretary of the Interior pursuant to Public Law 87–483 in any reservoir, including the storage of water for recreation and other beneficial purposes by any party contracting with the Secretary for project water.

"(b) The Secretary of the Army, acting through the Chief of Engineers, is authorized to enter into agreements with entities which

have contracted with the Secretary of the Interior for water from the San Juan-Chama project pursuant to Public Law 87-483 for storage of a total of two hundred thousand acre-feet of such water in Abiquiu Reservoir. The Secretary of the Interior is hereby authorized to release San Juan-Chama project water to contracting entities for such storage. The agreements to thus store San Juan-Chama project water shall not interfere with the authorized purposes of the Abiquiu Dam and Reservoir project and shall include a requirement that each user of storage space shall pay any increase in operation and maintenance costs attributable to the storage of that user's water.

"(c) The Secretary of the Interior is authorized to enter into agreements with entities which have contracted with the Secretary of the Interior for water from the San Juan-Chama project pursuant to Public Law 87-483 for storage of such water in Elephant Butte Reservoir. The Secretary of the Interior is hereby authorized to release San Juan-Chama project water to contracting entities for such storage. Any increase in operation and maintenance costs resulting from such storage not offset by increased power revenues resulting from that storage shall be paid proportionately by the entities for which the San Juan-Chama project water is stored.

"(d) The amount of evaporation loss and spill chargeable to San Juan-Chama project water stored pursuant to subsections (b) and (c) of this section shall be accounted as required by the Rio Grande compact and the procedures established by the Rio Grande Compact Commission.

"SEC. 6. Notwithstanding any other provision of law, no houseboat, floating cabin, marina (including any with sleeping facilities), or lawfully installed dock or cabin and appurtenant structures shall be required to be removed before December 31, 1989, from any Federal water resources reservoir or lake project administered by the Secretary of the Army, acting through the Chief of Engineers, on which it was located on the date of enactment of this Act, if such property is maintained in usable condition, and, in the judgment of the Chief of Engineers, does not occasion a threat to life or property."

Mr. ABDNOR Mr. President, earlier this year, the House passed H.R. 779, a modest bill to resolve a local water supply problem in Texas at no cost to the Federal Government.

My amendment would resolve several other small, but pressing, water-related issues. These changes either have costs of about $2 million or less, or impose no cost to the Federal Government. In fact, the one change involving water storage in New Mexico will actually bring the Federal Government revenues. since the non-Federal agencies will pay for storage space at Federal reservoirs.

Section 2 in the amendment raises the level that the corps is permitted to spend on small flood control projects, without specific congressional authorization. The figure was increased 5 years ago to $2,000,000. Considerable inflation has occurred since justifying this increase to $4,000,000. This amendment does not raise the overall funding limit for this program.

The amendment also adds a new section 3 raising the limit on the cost for the reconstruction of a bridge connecting Lewiston, Idaho, with Clarkston, Wash. This is necessary because a funding delay occurred after the bridge was originally authorized. The bridge is presently under construction. This money is needed to complete work on a ramp on the Idaho side.

Section 4 directs the corps to relocate a water supply intake facility at Springfield, S. Dak., at a total cost of $7,190,000. The existing facility silted up several years ago and the community has experienced difficulty maintaining its municipal water supply.

This amendment adds a new section 5 permitting, at no Federal cost, the public owners of certain water in New Mexico, such as the city of Albuquerque, to store that water in two reservoirs in New Mexico. This applies only to water from the San Juan-Chama project, permitting its storage, if that storage can be accomplished without detrimental effects on the operation of the Federal storage projects. I am confident that substantial storage space can be made available. This is a technical change necessitated because of an interpretation that storage in the reservoir was never specifically authorized. It is now authorized.

Finally, section 6 of this amendment includes modified "houseboat" language, concerning measures to continue to allow houseboats, floating cabins, and legal docks and piers to be located at corps lakes during the next 8 years.

Personally, I find this provision, as it was sent to the Senate in another bill, very unsound. That other language would have allowed illegal structures and encroachments the protection of law for 8 years. This alternative provision allows similar protection, but only for structures that were legal at some point, by permit or lease.

Should that other provision be written into law, I am hopeful that this language would prevail. It is intended to. But if not, I urge the corps to let us know so we can resolve it as quickly as possible.

Mr. President, while these items are small, they do merit the support of the Senate.

● Mr. SYMMS. Mr. President, I thank Senator ABDNOR for his consideration and help in providing this opportunity to correct a situation which needs our immediate action. The amendment is to assure the completion of a Corps of Engineers project constructing a bridge across the Snake River between Lewiston, Idaho, and Clarkston, Wash.

Due to delays and the impact of inflation, an additional $2.2 million is needed to complete the approach ramps to the bridge on the Idaho side. Passage of this amendment will achieve this goal.

The need for this new Lewiston-Clarkston Bridge is a result of the completion in the mid-1970's of the Columbia-Snake River Waterway as far as Lewiston. Because the waterway project raised the level of the river and attracted new waterway traffic, the existing drawbridge link between Lewiston and Clarkston was no longer adequate to handle traffic between the two cities.

In order to remedy this problem the Congress in the 1976 Omnibus Water Resources legislation included section 164 which authorized a new, high-level bridge a mile upriver from the existing drawbridge. The cost set in that bill was "not to exceed" $21,000,000.

The corps went to contract on the bridge in January 1980. Because of inflation, however, the corps was unable to obtain bids low enough to enable it to complete the bridge as had been originally envisioned by the Congress. In an effort to deal with this situation the corps divided up the contract, leaving work on the Lewiston ramp to the future.

I am convinced that this change in the 1976 act, proposed by this amendment is necessary, and fully justified in view of the ongoing nature of the project and the earlier commitment by Congress to the people of the area.

In addition, I believe this change needs to be achieved as soon as possible, so that the work can be accomplished in harmony with the existing construction scheduled to be completed in September 1982.

Mr. President, I am pleased to have the support of Senators GORTON and JACKSON of Washington, whose State is also affected by this bridge project, and I am particularly pleased that Senator MCCLURE has joined me in sponsoring this legislation. It was his initiative that led to Senate passage of the original provision in 1976.●

Mr. DOMENICI. Mr. President, I wish to express my support for passage of this bill, as amended by language offered by the Senator from South Dakota (Mr. ABDNOR).

While I believe that each of these provisions is important and necessary, I would like to focus my attention on section 5 in the amendment. This section contains an important, if technical, change to the law, one that is needed to resolve a water storage issue in New Mexico. I must emphasize that this provision imposes no cost on the Federal Government, and actually could produce offsetting revenues to the Government as local public owners of water pay a portion of the operations and maintenance costs required for the storage. This payment, of course, would not involve construction costs.

This section authorizes the storage of water from the Federal San Juan-Chama project in various New Mexico reservoirs by the owners of the water. This would assist the cities of Albuquerque and Santa Fe by providing storage locations for contract water that they have bought and paid for over a number of years.

The cities now lack adequate storage facilities, while extra space is available at Abiquiu and Elephant Butte Reservoirs. Some time ago, the city of Albuquerque contracted to store water at the Elephant Butte project in southern New Mexico. It has since been ruled that this storage had not been specifically authorized by Congress, so that it could not take place. Now that the issue has been forced, the cities believe it would also be appropriate to permit further storage at Abiquiu, north of Albuquerque, in addition to small amounts now stored there, as well as at Elephant Butte.

This section authorizes such storage, when the storage does not interfere with the authorized purposes of the projects, such as flood control. Thus, the storage is to be allowed only if it proved compatible with authorized project purposes.

I recognize that some may oppose this

proposal. The Committee on Environment and Public Works held extensive hearings in Albuquerque on this provision earlier this year. The public had a full opportunity to evaluate and comment on its merits.

I am convinced that the provision is valid and necessary. I am pleased that the Senate is considering it. I urge its passage.

Mr. ABDNOR. Mr. President, we have worked this out very carefully with the committee here and also with the other body. We think what we have come up with meets everybody's approval. If the Senator from New Mexico has nothing to say, I move adoption of the amendments.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I commend the distinguished chairman of the Water Resources Subcommittee for working this matter out. There is a matter in it that affects one of my cities and it has no cost to the Federal Government. I urge the Senate to adopt the amendment.

Mr. ABDNOR. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 797) was agreed to.

Mr. ABDNOR. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BENTSEN. Mr. President, I urge the Senate to pass H.R. 779 so that the unused water of Benbrook Lake can be effectively utilized by the cities of Weatherford and Granbury, Tex., and the Tarrant County Water Control and Improvement District. Benbrook Lake was authorized by the Rivers and Harbors Act of 1945 for flood control and navigation purposes. This bill would allow Weatherford, Granbury, and the Tarrant County Water Control and Improvement District to contract for water from Benbrook Lake that has been set aside, unused, for navigation purposes.

Because the lake's water has never been used for its original purpose, the 72,500 acre-feet of water stored for the project is surplus until it is developed for navigation use. The act has previously been modified three times to permit the cities of Fort Worth and Arlington, and the Benbrook Water and Sewage Authority, to use the surplus water for their water supplies. This measure would allow Weatherford, Granbury, and the Tarrant County Water Control and Improvement District to contract for water unused by the other three entities until it is needed for navigation purposes.

Mr. President, this provision will allow these entities to provide needed water to their consumers. I believe the time is present to act on this issue. Contracts to develop the facilities to use the water need to be executed as soon as possible in order to expeditiously utilize this water that is now going to waste.

Mr. ABDNOR. Mr. President, I move passage of the bill as amended.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time. The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 779) was passed.

Mr. ABDNOR. I ask unanimous consent to have H.R. 779 enrolled and sent to the House as soon as possible.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UPDATE ON SCHEDULE FOR TODAY

Mr. BAKER. Mr. President, I rise to respond to an inquiry by the distinguished minority leader. It is my hope that we can do today the black lung bill, perhaps another tax bill to come from the Finance Committee, the Nuclear Regulatory Commission measure, the agents identities bill, perhaps a bill from the Commerce Committee, routine matters including the executive calendar, then the consideration by the Senate of the adoption of the sine die adjournment resolution. I announced earlier that I thought we could finish by 3 o'clock this afternoon. I must say I do not now think we can do that. The House of Representatives is not scheduled to begin debate, as I understand it, on the farm bill until 3 p.m. today. So we shall be somewhat later than that.

CONCLUSION OF MORNING BUSINESS

Mr. BAKER. Mr. President, it is within 3 minutes of the time to which we extended the time for transaction of routine morning business. I suggest that the Chair inquire as to whether there is further morning buiness to be transacted.

The PRESIDING OFFICER. The Chair inquires if there is further morning business.

There being none, morning business is closed.

BLACK LUNG BENEFITS REVENUE ACT OF 1981

The PRESIDING OFFICER. Under the previous order the clerk will state H.R. 5159.

The assistant legislative clerk read as follows:

A bill (H.R. 5159) to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes.

UP AMENDMENT NO. 798

(Purpose: Amendment in the nature of a substitute)

Mr. DOLE. Mr. President, I send to the desk an amendment in the nature of a substitute to H.R. 5159 and ask for its immediate consideration, and that the bill as thus amended be considered as original text.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment in the nature of a substitute numbered 798.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert the following:

TITLE I—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

Subtitle A—Black Lung Benefits Revenue Provisions

SEC. 101. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This subtitle may be cited as the "Black Lung Benefits Revenue Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this subtitle or subtitle B an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 102. TEMPORARY INCREASE IN AMOUNT OF TAX.

(a) GENERAL RULE.—Section 4121 (relating to tax on coal) is amended by adding at the end thereof the following new subsection:

"(e) TEMPORARY INCREASE IN AMOUNT OF TAX.—

"(1) IN GENERAL.—Effective with respect to sales after December 31, 1981, and before the temporary increase termination date—

"(A) SUBSECTION (a) SHALL BE APPLIED—

"(i) by substituting '$1' for '50 cents', and

"(ii) by substituting '50 cents' for '25 cents', and

"(B) subsection (b) shall be applied by substituting '4 percent' for '2 percent'.

"(2) TEMPORARY INCREASE TERMINATION DATE.—For purposes of paragraph (1), the temporary increase termination date is the earlier of—

"(A) January 1, 1996, or

"(B) the first January 1 after 1981 as of which there is—

"(i) no balance of repayable advances made to the Black Lung Disability Trust Fund, and

"(ii) no upaid interest on such advances.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to sales after December 31, 1981.

SEC. 103. BLACK LUNG DISABILITY TRUST FUND.

(a) GENERAL RULE.—The Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subtitle:

"Subtitle I—Trust Fund Code

"SEC. 9500. SHORT TITLE.

"This subtitle may be cited as the 'Trust Fund Code of 1981'.

"CHAPTER 98—TRUST FUND CODE

"Subchapter A. Establishment of Trust Funds.

"Subchapter B. General provisions.

"Subchapter A—Establishment of Trust Funds

"Sec. 9501. Establishment of Black Lung Disability Trust Fund.

"SEC. 9501. ESTABLISHMENT OF BLACK LUNG DISABILITY TRUST FUND.

"(a) CREATION OF TRUST FUND.—

"(1) IN GENERAL.—There is established in the Treasury of the United States a trust

fund to be known as the 'Black Lung Disability Trust Fund', consisting of such amounts as may be appropriated or credited to the Black Lung Disability Trust Fund.

"(2) TRUSTEES.—The trustees of the Black Lung Disability Trust Fund shall be the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health and Human Services.

"(b) TRANSFER OF CERTAIN TAXES; OTHER RECEIPTS.—

"(1) TRANSFER TO BLACK LUNG DISABILITY TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—There are hereby appropriated to the Black Lung Disability Trust Fund amounts equivalent to the taxes received in the Treasury under section 4121 or subchapter B of chapter 42.

"(2) CERTAIN REPAID AMOUNTS, ETC.—The following amounts shall be credited to the Black Lung Disability Trust Fund:

"(A) Amounts repaid or recovered under subsection (b) of section 424 of the Black Lung Benefits Act (including interest thereon).

"(B) Amounts paid as fines or penalties, or interest thereon, under section 423, 431, or 432 of the Black Lung Benefits Act.

"(C) Amounts paid into the Black Lung Disability Trust Fund by a trust described in section 501(c)(21).

"(c) REPAYABLE ADVANCES.—

"(1) AUTHORIZATION.—There are authorized to be appropriated to the Black Lung Disability Trust Fund, as repayable advances, such sums as may from time to time be necessary to make the expenditures described in subsection (d).

"(2) REPAYMENT WITH INTEREST.—Repayable advances made to the Black Lung Disability Trust Fund shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary of the Treasury determines that moneys are available in the Black Lung Disability Trust Fund for such purposes.

"(3) RATE OF INTEREST.—Interest on advances made pursuant to this subsection shall be at a rate determined by the Secretary of the Treasury (as of the close of the calendar month preceding the month in which the advance is made) to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding.

"(d) EXPENDITURES FROM TRUST FUND.—Amounts in the Black Lung Disability Trust Fund shall be available, as provided by appropriation Acts, for—

"(1) the payment of benefits under section 422 of the Black Lung Benefits Act in any case in which the Secretary of Labor determines that—

"(A) the operator liable for the payment of such benefits—

"(i) has not commenced payment of such benefits within 30 days after the date of an initial determination of eligibility by the Secretary of Labor, or

"(ii) has not made a payment within 30 days after that payment is due,

except that, in the case of a claim filed on or after the date of the enactment of the Black Lung Benefits Revenue Act of 1981, amounts will be available under this subparagraph only for benefits accruing after the date of such initial determination, or

"(B) there is no operator who is liable for the payment of such benefits,

"(2) the payment of obligations incurred by the Secretary of Labor with respect to all claims of miners or their survivors in which the miner's last coal mine employment was before January 1, 1970,

"(3) the repayment into the Treasury of the United States of an amount equal to the sum of the amounts expended by the Secretary of Labor for claims under part C of the Black Lung Benefits Act which were paid before April 1, 1978, except that the Black Lung Disability Trust Fund shall not be obligated to pay or reimburse any such amounts which are attributable to periods of eligibility before January 1, 1974,

"(4) the repayment of, and the payment of interest on, repayable advances to the Black Lung Disability Trust Fund,

"(5) the payment of all expenses of administration on or after March 1, 1978—

"(A) incurred by the Department of Labor or the Department of Health and Human Services under part C of the Black Lung Benefits Act (other than under section 427(a) or 433), or

"(B) incurred by the Department of the Treasury in administering subchapter B of chapter 32 and in carrying out its responsibilities with respect to the Black Lung Disability Trust Fund,

"(6) the reimbursement of operators for amounts paid by such operators (other than as penalties or interest) before April 1, 1978, in satisfaction (in whole or in part) of claims of miners whose last employment in coal mines was terminated before January 1, 1970, and

"(7) the reimbursement of operators and insurers for amounts paid by such operators and insurers (other than amounts paid as penalties, interest, or attorney fees) at any time in satisfaction (in whole or in part) of any claim denied (within the meaning of section 402 (i) of the Black Lung Benefits Act) before March 1, 1978, and which is or has been approved in accordance with the provisions of section 435 of the Black Lung Benefits Act.

For purposes of the preceding sentence, any reference to section 402 (i), 422, or 435 of the Black Lung Benefits Act shall be treated as a reference to such section as in effect immediately after the enactment of this section.

"Subchapter B—General Provisions

"Sec. 9601. Transfer of amounts.
"Sec. 9602. Management of Trust Funds.

"SEC. 9601. TRANSFER OF AMOUNTS.

"The amounts appropriated by any section of subchapter A to any Trust Fund established by such subchapter shall be transferred at least monthly from the general fund of the Treasury to such Trust Fund on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in such section. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"SEC. 9602. MANAGEMENT OF TRUST FUNDS.

"(a) REPORT.—It shall be the duty of the Secretary of the Treasury to hold each Trust Fund established by subchapter A, and (after consultation with any other trustees of the Trust Fund) to report to the Congress each year on the financial condition and the results of the operations of each such Trust Fund during the preceding fiscal year and on its expected condition and operations during the next 5 fiscal years. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(b) INVESTMENT.—

"(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to invest such portion of any Trust Fund established by subchapter A as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired—

"(A) on original issue at the issue price or

"(B) by purchase of outstanding obligations at the market price.

"(2) SALE OF OBLIGATIONS.—Any obligation acquired by a Trust Fund established by subchapter A may be sold by the Secretary of the Treasury at the market price.

"(3) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in a Trust Fund established by subchapter A shall be credited to and form a part of the Trust Fund.".

(b) REPEAL OF SUBSECTIONS (A), (B), AND (C) OF SECTION 3 OF THE BLACK LUNG BENEFITS REVENUE ACT OF 1977.—Subsections (a), (b), and (c) of section 3 of the Black Lung Benefits Revenue Act of 1977 are hereby repealed.

(c) CLERICAL AMENDMENTS.—

(1) Clause (iii) of section 501(c)(21)(B) is amended by striking out "established under section 3 of the Black Lung Benefits Revenue Act of 1977" and inserting in lieu thereof "established under section 9501".

(2) The table of subtitles for such Code is amended by adding at the end thereof the following new item: "Subtitle I. Trust Fund Code.".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 1982. Section 9501(c)(3) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall only apply to advances made after December 31, 1981.

(2) SAVINGS PROVISIONS.—The Black Lung Disability Trust Fund established by the amendments made by this section shall be treated for all purposes of law as the continuation of the Black Lung Disability Trust Fund established by section 3 of the Black Lung Benefits Revenue Act of 1977. Any reference in any law to the Black Lung Disability Trust Fund established by such section 3 shall be deemed to include a reference to the Black Lung Disability Trust Fund established by the amendments made by this section.

SEC. 104. AMENDMENTS TO SECTION 424 OF THE BLACK LUNG BENEFITS ACT.

(a) INTEREST ON OPERATOR LIABILITIES.—

(1) RATE OF INTEREST.—Subsection (b) of section 424 of the Black Lung Benefits Act is amended by adding at the end thereof the following new paragraph:

"(5) The rate of interest under this subsection—

"(A) for any period during calendar year 1982, shall be 15 percent, and

"(B) for any period after calendar year 1982, shall be the rate established by section 6621 of the Internal Revenue Code of 1954 which is in effect for such period.".

(2) CLARIFYING AMENDMENT.—The first sentence of section 424(b)(1) of the Black Lung Benefits Act is amended by inserting "plus interest thereon" after "attributed to him".

(3) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on January 1, 1982, and shall apply to amounts outstanding on such date or arising thereafter.

(b) CONFORMING AMENDMENTS.—

(1) Section 402(h) of the Black Lung Benefits Act is amended to read as follows:

"(h) The term 'fund' means the Black Lung Disability Trust Fund established by section 9501 of the Internal Revenue Code of 1954.".

(2) Section 415(a)(1) of the Black Lung Benefits Act is amended by striking "section 424 of this title" and inserting in lieu thereof

"section 9501(d) of the Internal Revenue Code of 1954".

(3) Section 422(a) of the Black Lung Benefits Act is amended by striking "section 424" and inserting in lieu thereof "section 9501(d) of the Internal Revenue Code of 1954".

(4) Section 422(1)(4) of the Black Lung Benefits Act is amended by striking "section 424" and inserting in lieu thereof "section 9501(d) of the Internal Revenue Code of 1954".

(5) Section 422(j) of the Black Lung Benefits Act is amended by striking "section 424 shall" and inserting in lieu thereof "section 9501 of the Internal Revenue Code of 1954 shall"; and by striking "section 424(a)(1)" and inserting in lieu thereof "section 9501(d)(1) of the Internal Revenue Code of 1954".

(6) Section 424(a) of the Black Lung Benefits Act is amended to read as follows:

"(a) For purposes of this section, the term 'fund' has the meaning set forth in section 402(h).".

Mr. DOLE. Mr. President, I think I can explain this substitute within a very short period of time. I know this matter is of particular interest to the Senate minority leader (Mr. ROBERT C. BYRD) and others. I shall certainly yield at any time Senator BYRD wants the floor.

Mr. President, this amendment is essentially identical to the committee bill, S. 1957, that was ordered reported Monday, December 14, and is substantially identical to H.R. 5159. It is also very similar to the tax portions of the black lung bill drafted by the administration and supported by a broad coalition of labor, coal producers, and insurers. The amendment in the nature of a substitute makes a few technical and conforming changes to the committee bill and it deletes one Finance Committee amendment to the bill that would limit future borrowing by the black lung trust fund from the general fund of the Treasury. That was the amendment offered in the committee by Senator LONG. He has agreed to remove that amendment so the substitute does not contain that amendment.

HATCH AMENDMENT A NECESSITY

This is only one-half of the complete black lung bill the Senate should act on, however. H.R. 5159 and the substitute amendment is the tax-increase portion—the cut on the benefits side of the program, an essential change that is the quid pro quo for this tax increase, is the other half and will be offered by Senator HATCH. The two halves are inseparable—the tax-increase portion would not have been reported by the Finance Committee without the promise of benefit reform. If the benefit-reform amendment to be offered is not accepted, I intend to ask that further consideration of this bill be postponed.

I, for one, am not satisfied with the benefit-reform amendment. I see no reason, for instance, why we should not reopen cases—I am not sure how many there are, but there are some—where a miner has been disabled by obesity or accident and, because of the presumptions in the law, is receiving black-lung benefits. There are such cases, according to GAO, and they should be reexamined. This bill will not do that. We should correct this now, instead of next year or the following year, but I am informed that the House will accept no other reform at this time. Because of this, I am willing to support a bill that is primarily a tax increase.

PROVISIONS OF THE COMMITTEE BILL

The Finance Committee bill—the tax provision—does several straightforward things. First, it doubles, temporarily, the excise tax imposed upon coal producers—from 50 cents per ton for underground coal to $1, and from 25 cents per ton on surface-mined coal to 50 cents. The cap on the tax is raised from 2 percent of the sales price to 4 percent.

Second, the committee bill transfers the provisions of the black lung disability trust fund to the Internal Revenue Code. This will codify all the tax-related provisions of the program in one spot and simplify the process of amending those provisions.

Third, certain claims denied prior to March 1, 1978, but rereviewed and approved under the 1977 amendments and which had been assigned to operators would be transferred to the trust fund. This will reverse an inequitable effect of the 1977 amendments when claims that were not specifically insured against by operators, because pre-1977 law excluded them, were suddenly thrown in their laps.

Fourth, the committee bill would eliminate the present law obligation of the trust fund to pay retroactive lump sum benefits when an initial determination of eligibility is made but is contested by the operator.

Fifth, the committee bill alters interest rate charges, both on advances from the general fund of the Treasury and on reimbursements by operators, to a rate closer to a fair market rate.

NEED FOR PROMPT ENACTMENT

Enactment of this bill, this session, with both the tax increase and the benefit reforms offered by Senator HATCH, is imperative to stop the hemorrhaging of this program. At present, the black lung trust fund is approximately $1.5 billion in the red. At the rate it is going, it could be $9 billion in the red by 1995. If we do nothing, the taxpayers will continue to bear the cost of a wasteful program. If we enact this bill, the program will become a little less wasteful, the cost will be borne by producers and consumers of coal, and the trust fund should be solvent. I would like to do more to end the waste in this program, but this is a step in the right direction.

I would like to adopt a medically sound definition of black lung and reopen some of the closed cases. But, that cannot be done at this time. For this reason, I urge that we support this small step today to, at the least, get the program moving in the right direction.

II. PRESENT LAW

EXCISE TAX ON COAL

Under present law, a manufacturers excise tax is imposed on domestically mined coal, other than lignite, which is sold or used by the producer—code sections 4121 and 4218. The rate of tax is the lesser of: First, 50 cents per ton for coal from underground mines and 25 cents per ton for coal from surface mines; or second, 2 percent of the price for which the coal is sold.

Amounts equal to the revenues from this excise tax, plus any revenues from the penalty tax on certain expenditures from a coal mine operator self-insurance trust, described below, are automatically appropriated to the black lung disability trust fund.

BLACK LUNG DISABILITY TRUST FUND

The black lung disability trust fund was created in 1978 pursuant to the Black Lung Benefits Revenue Act of 1977, Public Law 95–227. The trustees of the fund are the Secretary of the Treasury, the Secretary of Labor and the Secretary of Health and Human Services. The Secretary of the Treasury is the managing trustee.

Amounts in the fund are available pursuant to appropriation acts to pay for benefits to certain coal miners who are totally disabled by pneumoconiosis—black lung disease—arising out of coal mine employment and to their survivors. Generally, the fund is required to pay benefits with respect to claims filed after June 30, 1973, and in which the miner's last coal mine employment was before January 1, 1970.

Also, the fund pays benefits if there is no coal mine operator among the miner's employers who is responsible for paying such benefits, a responsible operator, or if the responsible operator is in default. When an operator is determined to be responsible for the payment of benefits which in fact have been paid out of the fund, then the operator is obligated to reimburse the fund for those amounts plus interest computed at the rate of 6 percent per annum.

When receipts of the trust fund are less than its expenditures, advances are appropriated from the general fund of the Treasury to the trust fund. These advances are repayable, and interest on such advances is charged at a rate equal to the average rate of interest, computed as of the end of the calendar month preceding the month in which the advance is made, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt.

The expenses of the Department of Labor and the administrative expenses of the Department of Health and Human Services for the claims program financed through the trust fund are paid out of trust moneys. The fund also bears the cost of its own administration as well as the costs of administering collection of the excise tax on coal.

COAL MINE OPERATORS' SELF-INSURANCE TRUSTS

Present law provides that a responsible operator may fund its liability for black lung benefits through deductible contributions to a qualified tax-exempt trust, Code section 501(c)(21). To qualify, this trust must be established for the sole purpose of satisfying the operator's liability under Black Lung Acts, paying

premiums for insurance exclusively covering such liability and paying administrative expenses of the trust. Moneys of a qualified trust that are not needed to satisfy current liability may be invested only in Government securities or insured savings deposits.

Misuse of a trust due to self-dealing, Code section 4951, expenditures for an improper purpose, Code section 4952, or excessive contributions to the trust, Code section 4953, triggers certain excise taxes. Amounts collected under these provisions, which in the past have been very small, are deposited in the general fund, except that amounts equal to the taxes collected under the operation of Code section 4952 are appropriated to the black lung disability trust fund.

CONDITION OF THE BLACK LUNG DISABILITY TRUST FUND

For fiscal year 1981, it is estimated that the fund expended $644 million for benefits payments net of reimbursements, $36 million for administrative expenses and $109 million for interest, or a total expenditure of $789 million. Coal excise tax collections for fiscal year 1981 are estimated to have been $237 million, producing a deficit of $552 million for the year. Annual deficits of the fund were $19 million in fiscal year 1978, $401 million in 1979 and $536 million in 1980. Thus, the cumulative deficit of the fund at the close of fiscal year 1981 is estimated to be approximately $1.5 billion.

III. EXPLANATION OF THE BILL

EXCISE TAX ON COAL

Under the committee bill, the manufacturers excise tax on coal would be doubled to the lesser of: First, $1 per ton for coal from underground mines and 50 cents per ton for coal from surface mines; or second, 4 percent of the price for which the coal is sold. These rates would revert to present law rates on January 1, 1996, or, if earlier, on the first January 1 after 1981 as of which there is no balance of repayable advances made to the black lung disability trust fund and no unpaid interest on such balances.

The committee bill would also appropriate to the black lung disability trust fund amounts equal to the excise taxes collected under the operation of sections 4951, relating to self-dealing, and 4953, relating to excess contributions, in addition to the amounts appropriated under present law under the operation of section 4952, relating to taxable expenditure by a coal mine operator's self-insurance trust.

OBLIGATIONS OF THE TRUST FUND

Under the committee bill, certain claims which had been assigned to individual coal operators would be transferred to the black lung disability trust fund. In general, these are claims which had been denied prior to March 1, 1978, but which had been rereviewed and approved under the liberalized eligibility criteria and evidentiary standards of the Black Lung Benefits Reform Act of 1977, Public Law 95–239.

In addition, the committee bill would eliminate the present law obligation of the fund to pay retroactive lump sum benefits when an initial determination of eligibility is made but the responsible operator contests the award. However, the committee bill would not affect the present law obligation of the fund to pay benefits that accrue after this initial determination.

METHODS OF COMPUTING INTEREST

Under the committee bill, interest for any period charged by the black lung disability trust fund on amounts which the fund has paid and for which a mine operator is liable would generally be computed at the interest rate that applies for the period to tax deficiencies and overpayments under section 6621. However, for any period during calendar year 1982, this interest rate would be 15 percent.

In addition, the committee bill would amend the method for computing interest payable by the fund to the general fund on repayable advances. Under the committee bill, the interest rate that would be applied is a rate determined by the Secretary of the Treasury, as of the close of the calendar month preceding the month in which the advance is made, to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding.

TRANSFER OF TRUST FUND PROVISIONS TO THE INTERNAL REVENUE CODE

Under the committee bill, provisions which establish the black lung disability trust fund and relate to its management and provisions by which amounts appropriated to the fund are transferred from the general fund of the Treasury would become provisions of the Internal Revenue Code of 1954. The black lung disablity trust fund that would be established by the bill would be treated for all purposes of law as the continuation of the black lung disability trust fund established by section 3 of the Black Lung Benefits Revenue Act of 1977.

GENERAL FUND BORROWING AUTHORITY

Mr. President, under existing law, there is permanent open ended authority for the black lung benefits trust fund to borrow from the general fund of the Treasury whenever the trust fund revenues are insufficient to meet benefit obligations. With the substantial tax increases provided for in the committee bill, it is estimated that no further borrowing will be needed after fiscal year 1985. Accordingly, the committee bill repealed the borrowing authority effective October 1, 1985. I have been authorized by Senator LONG, the author of this amendment to modify the committee amendment to delete this limitation on new borrowing authority.

EFFECTIVE DATES

In general, the provisions of the bill would take effect on January 1, 1982. Thus, the increased excise tax on coal would be effective for sales or use by a producer after December 31, 1981. The modified method for computing interest payable on repayable advances would apply to advances made after December 31, 1981. The modified method for computing interest on operator liabilities would take effect on January 1, 1982, and would apply to amounts outstanding on such date or arising thereafter.

IV. REVENUE EFFECT

The increased excise tax on coal is estimated to increase receipts of the black lung disability trust fund by $193 million in fiscal year 1982, $299 million in 1983, $313 million in 1984, $327 million in 1985 and $349 million in 1986.

The increased excise tax on coal is estimated to increase net tax receipts, after deduction for income tax purposes, by $141 million in fiscal year 1982, $218 million in 1983, $228 million in 1984, $239 million in 1985 and $255 million in 1986.

Mr. PROXMIRE. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. PROXMIRE. Did the Senator from Kansas say that this would double the tax on coal from 50 cents to $1?

Mr. DOLE. That is correct.

Mr. PROXMIRE. And would this be all coal or just coal that is deep-mined and therefore plays a part in causing black lung?

Mr. DOLE. From 50 cents a ton for underground coal to $1, and from 25 cents a ton for surface-mined coal to 50 cents.

Mr. PROXMIRE. What is the reason for the increase in surface-mined coal, since it does not make a contribution to black lung?

Mr. DOLE. I understand that it is part of the broad agreement reached by the operators and the insurers and those from coal States, and it is the one agreement that the administration is supporting. I was not privy to those discussions. I understand, however, that the surface mining of coal does contribute to black lung disease, though, of course, not as much as the underground mining of coal.

Mr. PROXMIRE. I ask the Senator what the total increase in tax burden will be as a result of this measure.

Mr. DOLE. The dollar amount of the increase?

Mr. PROXMIRE. The dollar amount.

Mr. DOLE. It is estimated to increase receipts in the black lung trust fund by $193 million in fiscal year 1982, $299 million in fiscal year 1983, $313 million in 1984, $327 million in 1985, and $349 million in 1986.

Mr. PROXMIRE. Does the Senator have any estimate of the inflation effect, if any, of this measure—increasing the price of coal and therefore having an effect on the cost of living?

Mr. DOLE. The Senator from Kansas understands that it is negligible, but it certainly will have some impact on consumer prices.

Mr. PROXMIRE. But it will be modest?

Mr. DOLE. Modest.

Mr. PROXMIRE. I thank the Senator.

Mr. CHAFEE. Mr. President, this is a classic case of the chickens coming home to roost.

I can recall in 1977 when that black lung program came out of the Human Resources Committee. At that time, the program was costing the Federal Government $700 million a year. That program came out with the most outrageous exemptions, and as a result, everybody who has ever seen a coal mine is now entitled to collect the black lung payments.

I recall that we had a colloquy on this. The then chairman of the Finance Committee and I discussed it, and he pointed out the dangers that would come from passage of that legislation. We did what we could, but we were steamrolled, and on it went.

The President held a signing ceremony in the Rose Garden to commemorate the great feat that had taken place, and the great feat that had taken place is that they opened wide the doors of the Treasury of the United States, and everybody collects.

When the present chairman of the Finance Committee says that we cannot make reforms now, at this time, we all know they will not ever be done if they are not done in connection with this piece of legislation.

Let me give some illustrations of who collects under this program.

At the time the legislation came up, it had a provision in response to objections to the delay that was taking place in the payment of the benefits. There was never a question that maybe these people were not entitled to benefits. So they provided in the legislation, in the Human Resources Committee, that the Federal Government, which makes the payment, would not have a chance to read the X-rays that came in from the minefields.

In other words, a miner would shop around and go to a doctor and say, "Do I have black lung?"

The doctor might say, "No, you do not."

So the miner would go to another doctor, and the doctor finally would say, "Yes, you have black lung." Up you come with the X-rays.

Under the then existing law, prior to 1977, the Federal Government had some people who would review the X-rays, and they found in something like 60 percent of the cases that the person did not have black lung. So they changed that. Why keep somebody from collecting the benefits?

So, under the 1977 bill when the X-ray came in from the minefield, the Federal Government, which was paying the bills, did not have the right to read the X-ray.

That was outrageous, and we made valiant efforts to change it. We had a rollcall vote, as the distinguished senior Senator from Louisiana remembers well. We lost by a vote of something like 47 to 45.

We changed it a little and said, "If you had less than 25 years in the mine fields, at least the Federal Government should have a chance to look at the X-rays. Please save a few nickles." That was finally defeated too.

Let me give another illustration. You work in a coal mine. You are hit in the head by a beam and are killed. Your wife is entitled to black lung payments. Why is she entitled to black lung payments if you are hit with a beam and killed? If you work in Louisiana or Rhode Island and you are hit in the head by a beam, you collect workmen's compensation payments, not black lung payments. But under this law you are entitled to black lung payments.

The rationale is that if you had not been hit in the head by that beam, you would have gotten black lung, and therefore you are entitled to the benefits.

I ask the distinguished manager of this legislation this question: What is the program costing now? Can the Senator tell us? It is not costing $700,000. If it is not costing a couple of billion dollars, I will be surprised.

Mr. DOLE. Let me give the exact dollar figure, so the Senator probably will not be surprised.

For fiscal year 1981, it is estimated that the fund expended $644 million for benefit payments, $36 million for administrative expenses, and $109 million for interest, or a total of $789 million.

The coal excise tax collections for fiscal year 1981 are estimated——

Mr. CHAFEE. Wait a minute. When we started this program I guessed it was costing $300 million. Now the Senator says it is costing about $800 million.

Mr. DOLE. In round numbers $800 million. I wish to finish.

Mr. CHAFEE. There must be some others in there.

Mr. DOLE. I wish to complete this recitation because it helps make the case the Senator is making and with which I am in sympathy.

Coal excise tax collections for fiscal year 1981 are estimated to have been $237 million, producing a deficit of $552 million for the year. Annual deficits of the fund were $19 million in fiscal year 1978, $401 million in 1979 and $536 million in 1980. Thus, the cumulative deficit of the fund at the close of fiscal year 1981 is estimated to be approximately $1.5 billion.

Mr. CHAFEE. There you have it. I wonder if there is anyone in the coal districts who is not collecting.

Mr. DOLE. Maybe Mr. PERKINS is not collecting.

Mr. CHAFEE. Everyone collects under this program. I take it under the so-called——

Mr. RANDOLPH addressed the Chair.

Mr. CHAFEE. Let me finish if I might. Under the so-called reforms, there is no review of past cases I take it.

Mr. DOLE. That is my understanding. The reform man has not arrived yet. He is Senator HATCH.

Mr. CHAFEE. That is an integral part of the legislation we are considering here today.

Mr. DOLE. Without that, without even those little steps, the Senator from Kansas is not about to pass just a tax increase. I say to the Senator from Rhode Island I have been visited by the Secretary of Labor and called by the Vice President. The Senator from Kansas was not too pleased with the legislation because I listened to the arguments last year of the Senator from Rhode Island and the Senator from Louisiana and others, and it seemed to me without some benefit changes we should not be passing tax increases, but I was persuaded we are at least moving in the right direction and would not be foreclosed from doing some of the things at a later time that the Senator from Rhode Island has been advocating.

Mr. CHAFEE. I do not know when we will get our chance to get the answers. Will it be when Mr. HATCH arrives with the so-called reforms?

Mr. DOLE. I may be able to answer. What is the other one?

Mr. CHAFEE. My question is, Under this legislation does the Federal Government that makes the payment get a chance to look at the X-rays?

Mr. DOLE. My understanding is that is not one of the reforms, at least for those beneficiaries already on the rolls.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. CHAFEE. I am glad to yield. Is this for a question or a statement?

Mr. RANDOLPH. Mr. President, I am grateful that my able colleague from Rhode Island permits me at this time to make a brief observation. I shall speak later in reference to the pending measure. I just came into the Chamber. I understand that the Senator from Rhode Island believes that everyone in the congressional district of Representative CARL PERKINS of Kentucky is receiving black lung payments. I may have heard that wrong as I came in the Chamber. I am not certain.

But I do wish to say that as of the latest figures there are 68 persons living as citizens in the State of Rhode Island who are receiving payments under black lung. So it is not confined to Representative PERKINS district. It is not confined to West Virginia. This is a nationwide program to compensate miners, their families, widows, and surviving children, including orphan minors. So as we discuss this matter today I am sure we will realize that we are not just zeroing in on a particular portion of the country that is engaged in coal mining, be it in Appalachia, the Midwest, the far West, or the Southeast.

Mr. President, I ask unanimous consent that a table showing the number of beneficiaries and the monthly amount, by State, be included in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

BLACK LUNG BENEFITS TO MINERS, WIDOWS, AND DEPENDENTS IN CURRENT-PAYMENT STATUS

[Number and monthly amount by State, September 1981][1]

State	Number				Monthly amount		
	Total	Miners	Widows	Dependents	Total	Miners	Widows
December, total:							
1970	111,976	43,921	24,889	43,166	$12,515,000	$8,785,000	$3,730,000
1971	231,729	77,213	67,358	87,158	27,250,000	16,430,000	10,820,000
1972	298,963	101,802	88,067	109,094	37,860,000	22,920,000	14,940,000
1973	461,491	159,837	124,154	177,500	63,700,000	40,400,000	23,300,000
1974	487,216	169,097	134,700	183,419	71,500,000	45,100,000	26,400,000
1975	482,311	163,405	139,407	177,499	75,500,000	46,600,000	28,900,000
1976	469,635	158,087	142,495	169,073	77,400,000	46,500,000	30,800,000
1977	457,399	148,720	144,543	164,136	80,500,000	47,100,000	33,400,000
1978	439,970	138,648	145,829	155,493	82,300,000	46,800,000	35,500,000
1979	418,948	129,558	146,527	142,863	86,500,000	47,800,000	38,700,000
1980	399,477	120,235	146,603	132,639	91,400,000	48,800,000	42,600,000
September 1981, total	381,479	113,055	146,376	122,048	88,400,000	45,900,000	42,500,000
Alabama	16,674	4,792	6,744	5,138	3,918,000	1,949,900	1,969,000
Alaska	32	10	15	7	8,000	4,000	4,000
Arizona	1,022	300	423	299	244,000	123,000	121,000
Arkansas	2,475	799	889	787	582,000	326,000	256,000
California	3,051	793	1,516	742	752,000	318,000	434,000
Colorado	3,004	965	1,151	888	717,000	387,000	330,000
Connecticut	837	209	422	206	205,000	84,000	121,000
Delaware	426	115	187	124	101,000	47,000	34,000
District of Columbia	176	39	96	41	43,000	15,000	28,000
Florida	6,741	2,092	2,362	2,287	1,552,000	869,000	683,000
Georgia	696	167	345	184	167,000	67,000	100,000
Hawaii	15	3	3	9	2,000	1,000	1,000
Idaho	107	31	42	34	24,000	12,000	12,000
Illinois	20,926	5,740	9,915	5,271	5,142,000	2,305,000	2,837,000
Indiana	9,400	2,568	4,156	2,676	2,253,000	1,052,000	1,201,000
Iowa	2,349	692	1,034	623	573,000	277,000	296,000
Kansas	1,106	289	569	248	276,000	114,000	162,000
Kentucky	46,200	14,481	13,629	18,090	10,119,000	6,070,000	4,049,000
Louisiana	169	44	75	50	40,000	18,000	22,000
Maine	17	6	8	3	4,000	2,000	2,000
Maryland	3,661	971	1,771	919	894,000	384,000	510,000
Massachusetts	162	29	99	34	40,000	11,000	29,000
Michigan	4,537	1,120	2,327	1,090	1,120,000	450,000	670,000
Minnesota	90	21	44	25	21,000	8,000	13,000
Mississippi	184	53	85	46	45,000	21,000	24,000
Missouri	1,344	416	731	397	378,000	168,000	210,000
Montana	561	181	225	155	134,000	70,000	64,000
Nebraska	35	8	21	6	9,000	3,000	1,000
Nevada	238	67	107	64	57,000	27,000	30,000
New Hampshire	45	13	21	11	11,000	5,000	6,000
New Jersey	3,521	861	1,828	832	869,000	347,000	523,000
New Mexico	937	785	356	296	218,000	114,000	104,000
New York	2,758	634	1,524	600	688,000	251,000	437,000
North Carolina	1,750	507	673	568	407,000	210,000	197,000
North Dakota	53	11	32	10	14,000	5,000	9,000
Ohio	22,687	6,456	9,558	6,675	5,362,000	2,390,000	2,772,000
Oklahoma	2,227	688	843	696	525,000	282,000	243,000
Oregon	266	66	134	66	65,000	27,000	38,000
Pennsylvania	110,863	32,412	46,131	32,320	26,135,000	12,887,000	13,248,000
Rhode Island	66	17	21	26	13,000	7,000	6,000
South Carolina	389	110	161	118	93,000	45,000	48,000
South Dakota	28	9	13	6	7,000	3,000	4,000
Tennessee	12,790	3,881	4,486	4,423	2,917,000	1,609,000	1,308,000
Texas	749	196	353	200	179,000	77,000	102,000
Utah	1,863	577	691	595	437,000	239,000	198,000
Vermont	24	6	12	6	5,000	2,000	3,000
Virginia	22,712	7,025	6,961	8,726	5,002,000	2,943,000	2,059,000
Washington	712	189	339	184	173,000	76,000	97,000
West Virginia	67,958	21,419	21,929	24,610	15,208,000	8,726,000	6,482,000
Wisconsin	189	40	105	44	47,000	17,000	30,000
Wyoming	1,025	297	462	266	251,000	118,000	133,000
Other	1,434	357	750	327	354,000	138,000	216,000

[1] Benefits payable under the black lung program established by the Federal Coal Mine Health and Safety Act of 1969. The program is administered by the Social Security Administration but is from the general funds of the Treasury.

Mr. CHAFEE. I am grateful for the comments of the distinguished senior Senator from West Virginia about who is collecting where.

When we debated this in 1977 I made it very clear that those who are entitled to black lung payments should receive black lung payments. There is no argument over that.

But the trouble is that this program has become a compensation program for the dangers that are inherent in coal mining.

If we want to recognize that, let us do it. Let us say this is an extremely dangerous occupation, that coal miners die from a whole series of accidents, and we in Congress feel there should be some type of compensation for the widows and orphans of those who so die. Let us recognize that. I do not mind that. Let us proceed down that path.

But let us not say we are going to provide universal compensation for everyone associated with the coal business under the guise of saying they have black lung disease or that someone associated in their family has. That is what this program has become, as illustrated by the fact that if one dies from an accident in the mine after serving x number of years, his widow is entitled to black lung payments when there is no causal connection whatsoever with black lung disease.

Now we are in this deep trouble. So we are extending the payments, the levy, as was pointed out by the senior Senator from Wisconsin, to strip mining which is not all associated with black lung.

Black lung comes from those who are in the deep mines, not from those who are in strip mining.

It seems to me this is the classic case of a program that has gotten out of control, and it was recognized at the time it would get out of control.

I am not here to say we told you so, but an awful lot of Senators did stand up at the time and say this is exactly what would happen.

I am anxious to hear what the junior Senator from Utah will say in connection with the reforms that he will present.

Thank you, Mr. President.

Mr. RANDOLPH. Mr. President, will

my colleague yield for a further quick observation?

Mr. CHAFEE. I yield.

Mr. RANDOLPH. I may not have heard correctly, but I believe the Senator from Rhode Island said that as to the program of payments to those who have been afflicted in this hazardous industry with pneumoconiosis, or black lung, this does not apply to surface mining, just deep mining. Is that what he just said?

Mr. CHAFEE. That is my suggestion, yes. Certainly I am prepared to stand corrected on that if the Senator from West Virginia has other information.

Mr. RANDOLPH. It does apply to surface mining as well as to deep mining. I just want the record to be clear. Surface miners are eligible to apply for compensation.

I understand the feeling of the energetic opponent of this legislation who has spoken, I respect his judgment and his conscience. But during this debate I think we must make it very clear that in the Labor and Human Resources Committee in 1969, when we were to consider the occupational safety and health legislation, we decided that priority should be given to the coal mining industry from the standpoint of health and safety of the miners and those who might survive them. We delayed, as it were, the occupational health and safety legislation to 1970 and moved forward with the Coal Mine Health and Safety Act in 1969.

So at that time there was the realization by Congress in a nonpartisan way of the hazards of mining.

I am very ready to admit that I have seldom found any program that has come into being by congressional enactment, that has not had abuse—I use the word advisedly. Certainly errors and mistakes have been made in connection with the administration of the black lung legislation which is upon the books.

I am appreciative of the comments made by my colleague and I know they are made in good conscience and judgment.

But we must think in terms of those who are in the mining of coal in this country and what this product has meant to the fueling of America, to the contribution of energy and to the mobility of our Nation, the movement of products from the fields, the mine, and the factory.

This is a very important consideration. I will do it earnestly, but I will do it vigorously, and that is to give the facts as I understand them in connection with this worthwhile program.

Mr. LONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, as a matter of general principle, protection against occupational injury and disease falls within the responsibility of the workers' compensation programs established by the States. When the black lung program was first enacted, the Congress did not intend to depart from this general principle on a permanent basis. The program was designed only to fill a temporary void in State workers' compensation coverage. Ongoing Federal responsibility was to be limited to claims filed before 1972. For all other claims, Federal responsibility was to cease as of 1976.

Although the program was enacted on this theory, the actual practice proved far different. The original 1969 provisions were liberalized in 1972, and the cut-off date for Federal payments was extended to 1981. Benefits proved more costly than originally projected. No State workers' compensation programs were found to meet the Federal standards. I would like the Senator from Rhode Island to hear this point: No State workers' compensation programs were found to meet the Federal standards. Most claims against mine operators were protested by the mine operators.

As a result of all these factors, this supposedly modest and supposedly temporary Federal measure became a very large charge against the Federal Treasury.

In 1977, an attempt was made to place the program on a self-supporting basis. Instead of funding the program out of an open-ended commitment of general revenues, the 1977 amendments proposed to fund the program out of a tax on coal. The proceeds from this tax were to be placed in a trust fund and used to meet all benefit costs. In return for removing this program as a charge on the general treasury, however, the sponsors of the 1977 amendments obtained agreement to several program liberalizations. These liberalizations required that some general fund advances be provided to cover the costs of the program in the first few years.

However, the Congress was assured that the program would soon be on a totally self-supporting basis. During the House consideration of the conference report on the 1977 liberalizations, the bill manager assured the House that there woull be no shortfall—that over the years 1978 to 1982 the legislation would generate revenues which would exceed benefit costs over the same period by more than $100 million.

In fact, however, this optimism proved totally unfounded. In practice, the revenues did not come close to meeting the costs of the program. Far from having a $100 million surplus by the end of 1982, the program is now projected to have a deficit totaling nearly $2 billion by then.

And the situation under present law would not get any better in the future. By 1985, a deficit of over $3 billion is projected and by 1990 the deficit will exceed $5 billion.

Now, however, we are presented with legislation which, we are promised, will cure this situation. Mostly, this legislation "cures" the problem by doubling the taxes involved. The bill also makes a few modest benefit reforms which achieve some savings, but those savings are more than offset by transferring certain mine operator liabilities to the trust fund.

As in 1977, the Congress is being asked to rely on estimates which purport to show that the fund will become self-sustaining. As in 1977, the proponents of the legislation indicate that some general fund borrowing will be needed but "only for the next few years." Perhaps, this time the estimates are more accurate than in 1977. I certainly hope they are.

Because of my concern about the financing of the black lung program, I proposed and the Finance Committee approved an amendment which would repeal the general fund borrowing authority at the point where it is estimated to be no longer needed. Under present law, annual advances from general revenues of the magnitude of $400 million are required. The proponents of this legislation project that the loan requirements will be reduced to about $200 million next year, $40 million by 1984, and only about $8 million in fiscal 1985. After that point, they project that no general fund borrowing authority will be needed.

The amendment allows the borrowing to continue for as long as it is projected to be needed—through fiscal 1985. At that point, however, since the borrowing authority would not be needed, it would be repealed.

Mr. President, I feel strongly about this matter and I feel that the amendment is needed. But in view of the pressures brought to bear by the White House and Senators who say that the amendment will prevent the bill from being enacted this year, I have agreed not to include the amendment in the pending black lung bill.

However, it is my intention to pursue this matter, and I will raise the amendment again next year.

I ask unanimous consent that there be printed in the RECORD at this point two tables relating to the black lung trust fund.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—ACTUAL EXPERIENCE UNDER BLACK LUNG PROGRAM, FISCAL YEARS 1978–81

[Dollar amounts in millions]

Year	Local tax revenues [1]	General fund advances	Benefit and administrative expenditures	Interest on advances
1978	$93.2	$18.9	$112.1	----------
1979	221.7	400.8	614.2	$7.7
1980	272.3	535.8	756.0	52.5
1981	236.6	554.8	696.1	109.5
Total	823.9	1,510.3	2,178.4	169.7

[1] Includes $1,300,000 in interest payments by mine operators to the fund.

Source: Department of Labor.

TABLE 2.—COMPARISON OF CURRENT LAW AND LEGISLATIVE PROPOSAL

[In millions of dollars]

	Total obligations			Advances needed			End-of-fiscal year cumulative fund balance	
	Current law	Proposed [1] legislation	Savings	Current law	Proposed [1] legislation	Difference	Current law	Proposed [1] legislation
Fiscal year:								
1982	733.2	753.2	[2] −20.0	425.4	226.8	[3] 198.6	−1,952.1	−1,753.5
1983	721.7	692.4	29.3	394.2	59.1	335.1	−2,346.3	−1,812.6
1984	773.4	703.9	69.5	421.4	40.3	381.1	−2,767.7	−1,852.9
1985	823.6	712.0	111.6	451.7	7.5	444.2	−3,219.4	−1,860.4
1986	869.3	728.3	141.0	476.2	0	476.2	−3,695.7	−1,853.3
1987	903.5	731.0	172.5	484.3	0	484.3	−4,180.0	−1,803.9
1988	941.0	737.8	203.2	506.7	0	506.7	−4,686.7	−1,711.6
1989	985.9	739.9	246.0	546.8	0	546.8	−5,233.5	−1,583.6
1990	1,035.7	736.5	299.2	569.8	0	569.8	−5,803.3	−1,394.5
1991	1,085.9	726.0	359.9	593.4	0	593.4	−6,396.8	−1,142.3
1992	1,136.2	706.2	430.0	615.6	0	615.6	−7,012.3	−814.9
1993	1,186.3	675.6	510.7	635.9	0	635.9	−7,648.2	−398.1
1994	1,235.9	630.8	605.1	653.9	0	653.9	−8,302.1	+125.6
1995	1,284.7	619.5	665.2	669.4	0	669.9	−3,971.5	+119.4

[1] Assumes $0.50 (surface) and $1 (underground) coal excise taxes effective Jan. 1, 1982, through Sept. 31, 1994. Proposal provides for possible return to present rates at time of solvency, if sooner; this would be sometime in 1994 under these projections. Impact of 4-percent FOB tax cap could not be simulated directly; may delay retirement of total debt 1–2 years.

[2] Proposal costs more in 1st year due to impact of transferring 10,200 responsible operator cases to fund (of which an estimated 1,000 cases would not already have been in interim pay status).

[3] Even though trust fund obligations are higher in fiscal year 1982 under the proposal, fiscal year 1982 advances are smaller because of higher tax yield.

Source: Department of Labor, revised Oct. 30, 1981.

Mr. LONG. Mr. President, the problem here is very similar to the problem we have in regard to the disability insurance program. When we enacted that program we assumed that the costs would be well within the tax we levied. A few years later we found the costs were exceeding the original estimates by about four to one, and the reason was not that there was anything wrong with the estimates; the reason was that both the administrators and the courts had combined to place all sorts of people on those disability rolls whom Congress had never intended to put there.

They are tightening up on the program, tightening up on the administration, and in doing so they have brought that program within the revenues that are being raised.

It is impossible to have a program of this sort without bankrupting the Government, unless someone takes the hard-nosed position—I say hard-nosed, by that I mean it is a tough position—about this matter, that we are not going to pay the benefits where they were not intended, as has the Senator from Rhode Island, and as I have tried to do. Not that I do not have complete sympathy with those who have a marginal impairment to their health; but unless one carefully considers the views of the taxpayers and the problems of those paying the cost, these social welfare programs can be extended to all sorts of people whom no one ever intended be placed on those rolls.

That is the problem. There is no doubt that even under this bill, in my judgment, this program will continue to have more beneficiaries for the size of the program than Congress ever intended to fund or finance as compared with any other program in Government.

I hope when we take a look at this matter next year and in succeeding years we will insist, as the Finance Committee has tried to insist in regard to disability, that this program be limited to what Congress had in mind when it became involved in this.

Mr. CHAFEE. Mr. President, if I might ask a question, Are we not letting the horse out of the barn? What chance do we have to impose any restraints in the program once we have consented to the tax increase? In other words, we have let the inducements, as it were, be granted at this time without imposing the so-called reforms or sufficient reforms.

I personally have difficulty understanding it. Maybe we should let the program go along and run up these fearful deficits. So that there is at least some incentive to bring us to the table to try to enact some reforms. But if you give the benefits without enacting the reforms, the incentive for the reforms, of course, is gone.

Mr. LONG. Mr. President, the reason I have felt that I would not pursue the matter at this point is because the Reagan administration which is headed by a President who is economy-minded, even though it has been very, very tough with regard to a great number of these measures to try to put the genie back inside the bottle, just appears to have run out of political courage when they got to this point. But I think we would nevertheless give the administration credit for the efforts it has made in a great number of areas where it has tried to tighten up on the programs.

I hope that in future years the administration will play a strong hand in helping us to do the sort of thing that the Senator has advocated and the kind of thing the Senator from Louisiana has advocated to try to limit this program to the people that we had in mind when we voted for it.

But I say to the Senator that he is welcome to try, if he wants to; but he is going to find that unless he has the support of the administration in this matter, he is not going to get very far with it. He will be leading the charge of the light brigade, and although I may vote with him, I am here to tell the Senator that I believe these modest reforms that have been achieved are about the best that can be accomplished at this time.

Mr. CHAFEE. Mr. President, I recognize that there is a juggernaut assembled here—we have the administration, we have the industry, we have the unions. That is a formidable frontline. I always worry, when you see an alliance like that, how the public is making out in the deal.

I think one of the benefits, one of the reasons, as I understood from the brief description that the distinguished Senator gave is that coal mine operators are able to transfer some of their obligation? Is that correct? Are they getting out of something here?

Mr. LONG. Yes, there is a transfer of obligations here.

Mr. CHAFEE. I guess they are very enthusiastic about this program. They are enthusiastic about these reforms.

Mr. DOLE. They like these reforms, yes.

Mr. LONG. They will vote for it for that same reason, I assume. By the same token, that when these insurance companies and business groups no longer have their coattails caught in the wringer, I hope they would be the first to support your effort to try to limit the cost of the program

Mr. CHAFEE. The Senator has an optimism that I do not completely share.

I would like to ask the manager of the bill how this works. If you pass this, how are we going to have assurance that we will pass the reforms?

Mr. DOLE. Let me assure the Senator from Rhode Island that when I finish the tax portion of this proposal there will be a "reform" amendment offered by the distinguished Senator from Oklahoma or the Senator from Utah, if he is present. If for some reason that does not pass, then the bill comes down. We are not going to just pass a tax increase without any perception of reform, I can assure the Senator from Rhode Island.

Mr. CHAFEE. I am just curious mechanically how it works. We do not vote on this first?

Mr. DOLE. No; it is all one bill. It will be a nice package when it is completed, Christmas wrapped.

Mr. CHAFEE. No question about that. It will be a lovely package.

Mr. RANDOLPH. Will the able Senator from Kansas yield?

Mr. DOLE. Yes; I yield such time as the Senator wants; hopefully not much.

Mr. RANDOLPH. It will not be much.

I agree with the knowledgeable Senator from Louisiana (Mr. LONG) that there should be a tightening. As I said earlier, I have not found any measure passed by the Congress of the United States, in which there have not been abuses in its administration. There is always the need in all legislation and law to make modifications, to make changes, and to use the Senator's language, tighten it up. And we are ready and eager to do just that.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. SYMMS). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I cannot support this measure. From what I have been able to analyze, we have a black lung benefit program that was supposed to be an occupational disease or occupational illness compensation act. From what I can tell, it resembles a retirement program and I think it would be even far better called a retirement program for Eastern coal miners.

I do not like to deny anyone in this country what they are entitled to and I do not like to balkanize things, but obviously, strip coal miners do not get black lung. The benefits as distributed would clearly indicate that, even under this retirement program, we, in New Mexico, do not get the money and we are not asking for it. We do not get sick strip mining, so we do not ask for the benefits.

The problem is that many of the miners that are getting this retirement program are not sick either. The way we drafted this law, with all the various presumptions, it is indeed not an occupational disease benefit program; it is precisely what I have called it. Its cost is incredible and growing astronomically.

All of those reforms that we made in 1977, when we refused to accept the amendment of the distinguished Senator from Rhode Island (Senator CHAFEE)—I think it lost by one or two votes here in the Senate—they were all made in the name of unclogging this tremendous backlog of cases. Well, that is all good and something we should try to do.

But what we did is, we said so that we will not have any delays in finding out whether there is indeed somebody who is entitled to an occupational benefit, we should build in presumptions of the illness. We said people are sick if they are not sick and they will get the benefit and we do not have the time to do anything about it.

From my standpoint, to double the tax right now, in my State in the West, it will go from 25 to 50 cents per ton. If I saw some light at the end of the tunnel regarding the program's cost, I might even vote for this. But there is not any evidence here that this fund is going to be self-sufficient. We are still borrowing from the general fund even with a doubling of the tax. I just do not think in these times that we ought to do that.

You know who is going to pay for all of this. It just does not disappear, a dollar a ton and 50 cents a ton respectively. Those who consume electrical energy in this country are going to pay for it. They are going to pay for it in spades.

I think the best approach is to reform benefits. And then, if you reform them, get some authentic cost as to what they will be and then take a look at what we ought to do to increase the very logical source of revenue which is this tax on coal tonnage.

I hope the Senate understands that this program is indeed in need of reform, not just raising the base of taxation. I thank the Senator for yielding.

Mr. RANDOLPH. Will my colleague from New Mexico yield?

Mr. DOMENICI. I am pleased to yield to my good friend.

Mr. RANDOLPH. I have, earlier today, in a brief colloquy with Senator CHAFEE, indicated that not only is deep mining involved here, but surface mining is involved as well. And now I must say to my colleague from New Mexico that surface mining is a part of the coverage and has been, in reference to the Coal Mine Health and Safety Act.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, we are going to get into the reform section a little later. I would like to finish the tax side and let the reformers have their day, because I know they made a lot of great reforms, prospectively, and that will be discussed by the distinguished Senator from Oklahoma and others.

We did our work on the tax side. We increased taxes as part of the revenue enhancement program.

But I did want to respond to a question raised by the Senator from Wisconsin on surface mining, because I am advised that the current structure of the tax established the differential of 2 to 1 between deep mining and surface-mined coal.

In testimony before the subcommittee on July 27, 1981, Dr. Donald Marlar, of the National Institute of Occupational Safety and Health, stated:

> It is twice as likely that a miner would contract black lung from working in an underground mine as opposed to a surface mine.

So it is about a 2-to-1 ratio. I am sorry I did not have that information earlier.

I know of no other debate on the tax side. I certainly join with others who have indicated a need for more reforms. I must say, as I have indicated earlier, that when I was asked by the administration to move quickly on this proposal, I indicated I would certainly consider it, but I felt, as others stated on the floor, that unless we had some reform, we should not be increasing taxes or bailing out some insurers or whatever we were doing.

I was prevailed upon, as others have been, by the Vice President and by other Senators who have deep interests in this. I want to compliment the distinguished Senators from West Virginia and Kentucky and others who built this empire. It is fantastic.

I wish we could find something like it in Kansas.

In any event, the Vice President asked me on Saturday if I would be willing to try to get the Finance Committee to agree on the tax provision. We have done that and we are now in a position, I think, to support that proposal.

MODIFICATION TO UP AMENDMENT NO. 798

Mr. President, I send a modification to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

Mr. RANDOLPH. Will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. RANDOLPH. I do not wish to be provincial. However, in the Senate I have often voted for assistance and funds to make the corn grow taller in Kansas. Those of us who are intensely interested and knowledgeable in the coal mining industry also have records of helping throughout this country in reference to the production not only of foodstuffs but of other products of this Nation.

Mr. DOLE. Do not misunderstand me. I say it in complimentary fashion. I am not certain which Senator initiated the proposal, but I think it has been very effective. But having said that, I do believe, as others have indicated, that there are certainly some areas which have gotten out of hand. I do not suggest that anybody is advocating abuses of the program, but I suggest that it is a very generous program and, I think, one that we should be looking at. It is one that we have some responsibility for.

Under these changes, I might add, the provision which established the black lung disability trust fund in relation to the management provision, by which amounts appropriated to the fund would be transferred from general revenues, was a provision inserted by the Ways and Means Committee to assure that our committee has some ability to maintain the broader jurisdiction. We will be working with those who have a direct interest because they are from coal mining States and those who have other interests because of their committee assignments or budget chairmanships, whatever.

It is our hope that certainly those who need this benefit should have it and it should be generous for those who suffer from that dread disease. It is a very confining and difficult task that they perform. But as in any other case, we just cannot cover everyone. Again, that is the reform side or the benefit side which the Senator from Kansas is not an expert on.

Mr. DOMENICI. Will the Senator yield?

Mr. DOLE. Let me get to the amendment. I have modified my amendment.

The PRESIDING OFFICER. The Senator's amendment is modified.

The modification is as follows:

At the end thereof, insert the following:

Subtitle B—Miscellaneous Revenue Amendments

SEC. 111. ADDITIONAL 2-YEAR DELAY IN APPLICATION OF THE NET OPERATING LOSS RULES ADDED BY THE TAX REFORM ACT OF 1976.

Paragraphs (2) and (3) of section 806(g) of the Tax Reform Act of 1976 (relating to effective dates for the amendments to sections 382 and 383 of the Internal Revenue

Code of 1954) are amended by striking out "1982" each place it appears and inserting in lieu thereof "1984".

SEC. 112. INFORMATION RETURNS WITH RESPECT TO SAFE HARBOR LEASES.

(a) REQUIREMENT OF RETURN.—

(1) IN GENERAL.—Except as provided in paragraph (2), paragraph (8) of section 168 (f) of the Internal Revenue Code of 1954 (relating to special rule for leases) shall not apply with respect to an agreement unless a return, signed by the lessor and lessee and containing the information required to be included in the return pursuant to subsection (b) has been filed with the Internal Revenue Service not later than the 30th day after the date on which the agreement is executed.

(2) SPECIAL RULES FOR AGREEMENTS EXECUTED BEFORE JANUARY 1, 1982—

(A) IN GENERAL.—In the case of an agreement executed before January 1, 1982, such agreement shall cease on February 1, 1982, to be treated as a lease under section 168 (f) (8) unless a return, signed by the lessor and containing the information required to be included in subsection (b), has been filed with the Internal Revenue Service not later than January 31, 1982.

(B) FILING BY LESSEE.—If the lessor does not file a return under subparagraph (A), the return requirement under subparagraph (A) shall be satisfied if such return is filed by the lessee before January 31, 1982.

(3) CERTAIN FAILURE TO FILE.—If—

(A) a lessor or lessee fails to file any return within the time prescribed by this subsection, and

(B) such failure is shown to be due to reasonable cause and not due to willful neglect,

the lessor or lessee shall be treated as having filed a timely return if a return is filed within a reasonable time after the failure is ascertained.

(b) INFORMATION REQUIRED.—The information required to be included in the return pursuant to this subsection is as follows:

(1) The name, address, and taxpayer identifying number of the lessor and the lessee (and parent company if a consolidated return is filed);

(2) The district director's office with which the income tax returns of the lessor and lessee are filed;

(3) A description of each individual property with respect to which the election is made;

(4) The date on which the lessee places the property in service, the date on which the lease begins and the term of the lease;

(5) The recovery property class and the ADR midpoint life of the leased property;

(6) The payment terms between the parties to the lease transaction;

(7) Whether the ACRS deductions and the investment tax credit are allowable to the same taxpayer;

(8) The aggregate amount paid to outside parties to arrange or carry out the transaction;

(9) For the lessor only: the unadjusted basis of the property as defined in section 168(d)(1);

(10) For the lessor only: if the lessor is a partnership or a grantor trust, the name, address, and taxpayer identifying number of the partners or the beneficiaries, and the district director's office with which the income tax return of each partner or beneficiary is filed; and

(11) Such other information as may be required by the return or its instructions.

Paragraph (8) shall not apply with respect to any person for any calendar year if it is reasonable to estimate that the aggregate adjusted basis of the property of such person which will be subject to subsection (a) for such year is $1,000,000 or less.

(c) COORDINATION WITH OTHER INFORMATION REQUIREMENTS.—In the case of agreements executed after December 31, 1982, to the extent provided in regulations prescribed by the Secretary of the Treasury or his delegate, the provisions of this section shall be modified to coordinate such provisions with the other information requirements of the Internal Revenue Code of 1954.

SEC. 113. EXPENSES IN CONNECTION WITH BUSINESS USE OF A HOME, ETC.

(a) RENTAL TO FAMILY MEMBERS AND SHARED EQUITY AGREEMENTS PERMITTED.—

(1) IN GENERAL.—Subsection (d) of section 280A (relating to disallowance of certain expenses in connection with business use of home, rental of vacation homes, etc.) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) RENTAL TO FAMILY MEMBER, ETC., FOR USE AS PRINCIPAL RESIDENCE.—

"(A) IN GENERAL.—A taxpayer shall not be treated as using a dwelling unit for personal purposes by reason of a rental arrangement for any period if for such period such dwelling unit is rented, at a fair rental, to any person for use as such person's principal residence.

"(B) SPECIAL RULES FOR RENTAL TO PERSON HAVING INTEREST IN UNIT.—

"(i) RENTAL MUST BE PURSUANT TO SHARED EQUITY FINANCING AGREEMENT.—Subparagraph (A) shall apply to a rental to a person who has an interest in the dwelling unit only if such rental is pursuant to a shared equity financing agreement.

"(ii) DETERMINATION OF FAIR RENTAL.—In the case of a rental pursuant to a shared equity financing agreement, fair rental shall be determined as of the time the agreement is entered into and by taking into account the occupant's qualified ownership interest.

"(C) SHARED EQUITY FINANCING AGREEMENT.—For purposes of this paragraph, the term 'shared equity financing agreement' means an agreement under which—

"(i) 2 or more persons acquire qualified ownership interests in a dwelling unit, and

"(ii) the person (or persons) holding 1 or more of such interests—

"(I) is entitled to occupy the dwelling unit for use as a principal residence, and

"(II) is required to pay rent to 1 or more other persons holding qualified ownership interests in the dwelling unit.

"(D) QUALIFIED OWNERSHIP INTEREST.—For purposes of this paragraph, the term 'qualified ownership interest' means an undivided interest for more than 50 years in the entire dwelling unit and appurtenant land being acquired in the transaction to which the shared equity financing agreement relates.".

(2) DEFINITION OF QUALIFIED RENTAL PERIOD.—Subparagraph (B) of section 280A(d)(4) (defining qualified rental period), as redesignated by paragraph (1), is amended by striking out "to a person other than a member of the family (as defined in section 267(c)(4)) of the taxpayer".

(b) TREATMENT OF EXPENSES WHILE AWAY FROM HOME IN PURSUIT OF TRADE OR BUSINESS.—Subsection (f) of section 280A is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH SECTION 162(a)(2), ETC.—Nothing in this section shall be construed to disallow any deduction allowable under section 162(a)(2) (or any deduction which meets the tests of section 162(a)(2) but is allowable under another provision of this title) by reason of the taxpayer's being away from home in the pursuit of a trade or business (other than the trade or business of renting dwelling units).".

(c) PRINCIPAL PLACE OF BUSINESS APPLIES TO ANY TRADE OR BUSINESS.—Subparagraph (A) of section 280A(c)(1) (relating to certain business use) is amended to read as follows:

"(A) the principal place of business for any trade or business of the taxpayer.".

(d) REPAIR AND MAINTENANCE OF DWELLING UNIT.—The last sentence of paragraph (2) of section 280A(d) (relating to personal use of residence) is amended by inserting ", except that if the taxpayer is engaged in repair and maintenance on a substantially full time basis for any day, such authority shall not allow the Secretary to treat a dwelling unit as being used for personal use by the taxpayer on such day merely because other individuals who are on the premises on such day are not so engaged" after "paragraph".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1975, except that in the case of taxable years beginning after December 31, 1975 and before January 1, 1980 the amendments made by this section shall apply only to taxable years for which, on the date of the enactment of this act, the making of a refund, or the assessment of a deficiency, was not barred by law or any rule of law.

Mr. DOMENICI. I say to my good friend from Kansas that his response to the Senator from Wisconsin regarding the 2-to-1 tax ratio is indeed accurate. But I would say to my good friend that the next question should be asked, which is how many tons of coal does somebody who engages in strip mining produce relative to the incidence of black lung, versus those who are not so engaged? That is where the disparity occurs. The tonnage that you are taxing in strip mining per employee potentially exposed to the disease is some huge ratio, maybe 15 or 20 times as much as underground miners. Yet you tax strip mining 25 cents per ton, raising it to 50 cents per ton while the tax on underground coal is only double. My premise is that this is not an equitable way to tax in terms of which miners contract the dreaded disease.

I am not arguing that we should not pay from strip mined coal. I just think to double it, when we do not have any understanding of why we are paying the benefits for occupational disease, is not the right thing to do. It is not that strip mining should not pay its fair share. I would not even argue with the ratio, if we brought the whole spending base down, made it solvent, and did not have to go to the general fund on a regular basis and for a long, long time to come.

I thank the Senator.

Mr. DOLE. Mr. President, let me explain the modification of the amendment and let me also advise Members there will be one other amendment on the tax side to be discussed. Then we will turn to the benefit side.

I would say to the Members who have a direct interest that it is certainly not this Senator's intention to cut anyone off, but we do hope to get this measure passed and back to the House so it can be enacted and signed by the President. In addition to that, we have one other tax bill—and I might say I understand there is some concern about the second tax bill—and I would say in a general way that it is composed of amendments on which there have been hearings, with regard to which there are no objections by Treasury, upon which there are no objections by the Joint Tax Committee,

upon which there is committee agreement. There is no real revenue loss. Those are the only ones which will be considered in the second tax bill, which will be coming up following passage of this provision.

Mr. PROXMIRE. Would the manager indicate whether, in addition to the various measures he has suggested, there is a report available to the Senate so that we understand the language?

Mr. DOLE. Yes.

Mr. PROXMIRE. We would like the report from the committee as to how the amendments would work.

Mr. DOLE. We will furnish what we have. We do not have the final draft, but we have a draft we will be happy to furnish to the Senator.

Mr. PROXMIRE. Does that have the language?

Mr. DOLE. Yes; we have the language.

Mr. METZENBAUM. Would the Senator from Kansas yield?

Mr. DOLE. With reference to the black lung?

Mr. METZENBAUM. No; not with reference to the black lung. As I understand it, there are three measures having to do with taxes. One is the black lung bill on which the Senator from Kansas, as I understand, intends to add an amendment which would be directing the Secretary of the Treasury with respect to certain clarifications that would be expected. Is that the only thing that would be added to black lung?

Mr. DOLE. The Senator is correct. There will be three provisions which would be added. One would require the Secretary to report, I think by January 1982, information to the Treasury Department and the Joint Committee on Taxation with regard to the number of companies employing leasing and what the leasing transactions are. The Finance Committee believes this provision should be carefully monitored.

Mr. METZENBAUM. I understand the reporting of the leasing is one amendment that the Senator from Kansas is to add to the black lung bill. Is that correct?

Mr. DOLE. That is correct. I might say all of these were approved by the Finance Committee without objection. The other would be the home office deduction, the business deduction, for dwelling units held for rental income, and the third would be a 2-year postponement for the 1976 net operating loss rules.

Mr. METZENBAUM. Would the Senator from Kansas tell us what the cost would be to the Treasury of the second and third amendments?

Mr. DOLE. The leasing amendment reporting requirement——

Mr. METZENBAUM. That is the first one. I am talking about the second and third.

Mr. DOLE. The net operating loss postponement revenue impact is less than $5 million.

Mr. METZENBAUM. And the one with respect to the use of residences for business purposes?

Mr. DOLE. For fiscal 1982, it would be $93 million.

Mr. METZENBAUM. How much?

Mr. DOLE. Fiscal 1982 is $93 million fiscal 1983 is $51 million.

Mr. METZENBAUM. Is it retroactive as well?

Mr. DOLE. That includes the retroactive portion.

Mr. METZENBAUM. The retroactive part would be how much? $93 million?

Mr. DOLE. Yes, $93 million in fiscal 1982, and $51 million in 1983. It would be $68 million in fiscal 1984.

Mr. METZENBAUM. So we are talking about, in the next 3 years, $200 million in revenue loss.

Mr. DOLE. That is substantially accurate, yes.

If I could explain the modification, it might be helpful to the Senator from Ohio and others who are concerned about any of these provisions.

Mr. METZENBAUM. Surely.

Mr. DOLE. Mr. President, among the modifications that the Senator from Kansas has made to the amendment are three changes approved by the Committee on Finance. There is considerable interest in each of these three provisions, and I hope that we can expedite them by adopting this amendment.

THE HOME OFFICE DEDUCTIONS AND BUSINESS DEDUCTIONS FOR DWELLING UNITS HELD FOR RENTAL INCOME

Currently section 280A, added by the 1976 Tax Reform Act, limits the deduction of certain expenses incurred for the use of a dwelling unit in connection with a trade or business or income producing activity of the taxpayer if the taxpayer also uses the dwelling unit for personal purposes.

The Finance Committee amendment will liberalize existing home office rules to permit a business expense deduction for certain taxpayers having more than one trade or business. As long as a home office is the principal place of business for one of the taxpayer's businesses, the expenses will be deductible, even if that business is not the taxpayer's main business activity.

This amendment is consistent with recent decisions of the U.S. Tax Court under current law. The IRS has disagreed with this result in the past, and the statutory change will make clear that the Tax Court interpretation is correct.

In addition, we should encourage, not discourage, an individual who has enough industry to take on a second job operated out of his home.

The committee amendment will also alter rules disallowing business deductions when rental properties are rented to a taxpayers relatives. The committee amendment will no longer treat as personal use arm's-length rentals to family members for use as a principal residence. This provision will also permit certain financing arrangements involving co-ownership by the taxpayer and the lessee.

In an arm's-length transaction, expense deductions under the Tax Code should not depend on whether a taxpayer rents to a stranger or to a relative. If a taxpayer in an arm's-length transaction rents a dwelling unit to a relative, at fair rental value, for use as a principal residence, the Tax Code should not treat him any differently than it would had he rented to a stranger.

In addition, the Finance Committee amendment will make clear that if a taxpayer spends a day maintaining or repairing rental property, the day will not constitute a personal use day even if other family members accompany the taxpayer. Maintenance, however, must be the principal purpose of the trip. If a taxpayer spends a day to repair and maintain rental property, he should not be penalized by loss of deductions, because his teenage son accompanies him, but does not work all day. This amendment will clarify that such a day should not be counted as a personal use "vacation day" in limiting a taxpayers' deductions for rental property.

Finally, this provision will clarify that the personal use rules of section 280A will not be construed to deny otherwise allowable business expenses for travel away from home.

The Finance Committee amendment will make all of these changes in the operation of section 280A effective for open taxable years beginning after December 31, 1975.

THE 2-YEAR POSTPONEMENT IN THE 1976 NET-OPERATING LOSS RULES

The Tax Reform Act of 1976 substantially revised the rules of section 382 which limit net-operating loss carryovers of corporations that undergo a substantial change of ownership through stock purchases or reorganizations. The effective date of the 1976 act amendment was deferred because of technical problems. In the absence of further congressional action, the amendments will become effective on January 1, 1982, with respect to plans for reorganization adopted on or after that date and, for taxable years beginning after June 30, 1982, with respect to sales or exchanges of stock on or after January 1, 1982.

The Finance Committee amendment will provide for a 2-year deferral of the effective date of the 1976 act amendments.

This amendment will permit a careful review of the technical problems of the 1976 Tax Reform Act. It will also remove the uncertainty for taxpayers of a retroactive postponement of losses.

THE NEW LEASING REPORTING REQUIREMENT

This third modification in the amendment will provide in a timely fashion the information the Treasury Department and the Joint Committee on Taxation need to determine which companies are employing leasing, what the volume of leasing transactions is and, perhaps most importantly, how efficiently leasing is operating in providing capital investment incentives for lessees. The Finance Committee believes that this controversial provision must be carefully monitored to insure that it performs as we anticipated. Indeed, I am pleased to report, Mr. President, that our committee began its oversight review of this provision with a full

session with Treasury Department witnesses last Thursday.

It is consistent with this oversight function that we have required information returns to be filed as required by the House legislation. At the same time, we have avoided some of the harsh results provided by the House bill for failure to file. In particular, in the case of an inadvertent failure to file an information return a corrective filing may be made.

I think that our amendment thus makes significant improvement in the House bill and better balances our need for timely, comprehensive information with the need to treat taxpayers fairly and to minimize the burdens of such information reporting.

Those are the amendments and modification, the way I have modified my amendment.

In addition, I say to the Senator from Ohio and any other Senator, that I shall offer it as a separate amendment so that anybody who wants a vote on it will have that opportunity.

The separate amendment states that the Secretary shall prescribe amounts deductible—without substantiation—pursuant to the last sentence of 162(a) but nothing in subparagraph (A) or any other provisions of this title shall permit such a deduction for any taxable year for amounts in excess of the amendments determined to be appropriate under the circumstances.

I shall explain that amendment, although it will be offered separately, because I understand there is some interest in the amendment.

MEMBERS' EXPENSES

The amendment would address the difficult problems faced by a Member of Congress in allocating between deductible business expenses and nondeductible personal expenses.

PROBLEM OF ALLOCATION OF EXPENSES

Present law allows a Member, as a businessman away from home, to deduct as business expenses cost he incurs as a result of having to be in Washington when Congress is in session. It does not allow a Member to deduct the costs entailed in having his family with him. Those are personal expenses.

In the case of most Members of Congress, the cost of lodging, meals, or transportation will be a single amount covering both the Member and his or her family. It would be difficult to determine what portion of groceries purchased for the whole family is attributable to the Member's consumption. The determination could be taken to the absurd in allocating in accordance with the exact amount consumed by each person.

Also, it would be very difficult to be precise in allocating between business use and personal use, home furnishings such as a lamp, a table, or a couch. Would the determination depend on the room in which the lamp or table is located? Would the Member have to establish the amount of time he or she used the lamp or table?

A REASONABLE ALTERNATIVE

It is without question that it would be desirable to attempt to find a way to solve these administrative and recordkeeping problems if we can do it in a manner that is both reasonable and fair.

Undoubtedly, we would be criticized if we established specific rules ourselves.

It has been suggested that we might specifically provide by statute the same per diem which other Federal employees receive in Washington, D.C., which amounts to $75 per day.

This Member is certain that some commentators would find fault with any rule we could devise.

This amendment will provide a basis for the Secretary to make a determination of what recordkeeping relief is appropriate under the circumstances for a Member of Congress—in other words, the Secretary of the Treasury would be directed to determine what amount would be appropriately deducted, without substantiation, for Members expenses incurred in Washington, D.C.

There is precedent for this, as I have suggested. In the Economic Recovery Tax Act, there was a provision for State legislators. The amount deductible is linked to an amount established by the General Services Administration, which makes periodic investigations of the cost of travel of Government employees while on official business. The rates are revised after these investigations to insure that reimbursement is allowed only to the extent necessary to cover actual costs.

It would seem to this Senator that the Secretary of the Treasury should be capable of determining an appropriate amount to reflect actual costs of a Member which could be deducted if a Member does not, or cannot, determine his deductible expenses on an exact basis.

That amendment is not now pending. I just meant to mention that if some Member wants to discuss it. I ask unanimous consent to have printed at this point a detailed analysis of the committee amendment.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

TECHNICAL EXPLANATION OF COMMITTEE AMENDMENT

Additional Two-Year Postponement in the Application of the Net Operating Loss Rules Added by the Tax Reform Act of 1976.

(Sec. 111 of the amendment and sec. 382 of the Code.)

PRESENT LAW

Present rules

If new owners purchased 50 percent or more of the stock of a loss corporation during a 2-year period, the corporation's loss carryovers from prior years generally were allowed in full only if the corporation continued to conduct its prior trade or business or substantially the same kind of businesses. However, if the same business was not continued, loss carryovers generally were completely eliminated. This "purchase" rule applied where one or more of the 10 largest shareholders increased their stock ownership, within a 2-year period, by 50 percentage points or more in a transaction in which the purchasers took a cost basis in their stock (except where the stock was acquired from related persons).

In the case of a tax-free organization, loss carryovers were allowed on a declining scale. If the former owners of the loss company received 20 percent or more of the fair market value of the stock of the acquiring company, the loss carryovers were allowed in full. For each percentage point less than 20 which the former owners received, the loss carryover was reduced by five percent. It was immaterial whether the business of the loss company was continued after the reorganization.

1976 Tax Reform Act rules

The 1976 Act extensively revised the Code provisions dealing with the carryover of net operating losses in cases of acquisitions of loss corporations. The same limitations on loss carryover attributes were to apply to acquisitions made by purchase or through corporate reorganizations. The new provisions changed the basic concepts underlying the rules by deleting the prior continuity of business requirements for purchases and establishing a new continuity of ownership test applicable to both purchases and reorganizations.

Under the 1976 Act, these new provisions were to apply to plans of reorganization adopted on or after January 1, 1978, and to sales or exchanges for taxable years beginning after June 30, 1978. However, the Revenue Act of 1978 extended these effective dates to January 1, 1980, and June 30, 1980. Public Law 96–167 again extended the effective dates until January 1, 1982, with respect to plans of reorganization adopted on or after that date, and until taxable years beginning after June 30, 1982, with respect to sales and exchanges taking place after January 1, 1982. These postponements of the effective dates of the 1976 Act provisions were adopted because a number of technical problems made it advisable to consider additional revisions of the rules.

REASONS FOR CHANGE

Numerous matters, including consideration of the Economic Recovery Tax Act of 1981, have occupied the committee's attention since the most recent effective date extension. As a result, the technical problems present in the 1976 amendments have not yet been resolved. Accordingly, the committee concluded that additional time is needed to resolve these technical problems.

EXPLANATION OF PROVISION

The amendment delays the effective date of the 1976 Act provisions for an additional two years, until January 1, 1984, with respect to plans of reorganization adopted on or after that date, or until taxable years beginning after June 30, 1984, with respect to sales or exchanges after January 1, 1984.

REVENUE EFFECT

The amendment is estimated to reduce budget receipts by less than $5 million annually during the postponement period.

Filing of Information Return Relating to Transactions Under the Safe Harbor Leasing Provisions of Public Law 97–34. (Sec. 112 of the amendment.)

PRESENT LAW

The benefits of depreciation deductions and investment credits attributable to property generally are available only to the owner of the property. In many cases, companies in a tax loss position and thus unable to use currently the tax benefits of owning equipment have been able to obtain a portion of those benefits indirectly by leasing the equipment from companies having sufficient taxable income to use the tax benefits. The use of the tax benefits by the leasing company would be reflected in reduced rental payments charged to the loss company. Prior to the Economic Recovery Tax Act of 1981 (ERTA), the determination of whether these "lease financing" transactions should be treated for tax purposes in accordance with their form as leases or whether they should be recharacterized as in substance conditional sales or financing arrangements required a case-by-case analysis.

Section 201 of ERTA provides a safe harbor that guarantees a transaction will be treated as a lease, rather than a financing arrangement, even though the transaction would not otherwise be a true lease. If the safe harbor requirements are met, the nominal

lessor will be treated as the owner of the property for Federal income tax purposes. Thus, the lessor will be entitled to the associated cost recovery allowances and investment credit.

To be eligible for the safe harbor, the following requirements must be met:

(1) All parties to the agreement must elect;

(2) The nominal lessor must be (a) a corporation (other than a subchapter S corporation or a personal holding company), (b) a partnership all of the partners of which are one of those corporations, or (c) a grantor trust with respect to which the grantor and all beneficiaries of the trust are corporations or a partnership comprised of corporations;

(3) The lessor must have a minimum at-risk investment in the property at all times during the lease term of at least ten percent of the adjusted basis of the property;

(4) The lease term must not exceed the greater of 90 percent of the property's useful life or 150 percent of the ADR midpoint life of the property; and

(5) The property must be "qualified leased property."

Treasury issued temporary regulations interpreting the safe harbor provisions on October 23, 1981 (46 FR 51907). Those regulations were clarified by a second set of temporary regulations on November 13, 1981 (46 FR 56148).

The temporary regulations issued by Treasury contain a requirement that the lessor and lessee must file information returns concerning their election under section 168(f)(8) (Temp. Reg. § 5c–168(f)(8)–2(a)(3)). If the information return is not properly filed by the lessor, the agreement ceases to be treated as a lease, which may result in recapture of tax benefits.

The information return must contain the following information:

(A) The name, address and taxpayer identifying number of the lessor and the lessee;

(B) The district director's office with which the income tax returns of the lessor and lessee are filed;

(C) A description of each property with respect to which the election is made;

(D) The date on which the lessee places the property in service (determined as defined in § 5c.168(f)(8)–6(b)(2)(i)), the date on which the lease begins and the term of the lease;

(E) The recovery property class of the leased property under section 168(c)(2) (for example, 5 years);

(F) For the lessor: the unadjusted basis of the property as defined in section 168(d)(1);

(G) For the lessor only: if the lessor is a partnership or a grantor trust, the name, address, and taxpayer identifying number of the partners or the beneficiaries, and the district director's office with which the income tax return of each partner or beneficiary is filed; and

(H) Such other information as required by the return or its instructions.

The return must be filed by each party with the income tax return for its taxable year during which the lease term begins. However, for taxable years ending in 1981 with respect to lease agreements executed during calendar year 1981, such statement must be filed by the later of (1) the due date (taking extensions into account) of the party's 1981 tax return, or (2) when filing of an amended return is required, with the amended return within 3 months following execution of the lease agreement.

REASONS FOR CHANGE

The committee desires taxpayers to file information quickly concerning "safe harbor" leases in order that the Congress and the Treasury Department have this information to evaluate the new leasing provisions.

EXPLANATION OF PROVISION

Overview

Under the committee amendment, an information return will be required to be filed with the Internal Revenue Service in order for an agreement to qualify as a "lease" under the provisions of the accelerated cost recovery system (sec. 168(f)(8)). The return will be required to be filed with the National Office of the Internal Revenue Service not later than the 30th day after the date the agreement is executed, or January 31, 1982, whichever is later.

Contents of return

The following information will have to be included in the return:

(1) The name, address, and taxpayer identifying number of the lessor and the lessee (and parent company of the lessor or lessee if a consolidated return is filed);

(2) The district director's office (or service center, if applicable) with which the income tax returns of the lessor and lessee are filed;

(3) A description of each individual property with respect to which the election is made;

(4) The date on which the lessee places the property in service, the date on which the lease begins and the term of the lease;

(5) Recovery property class and the ADR midpoint life of the leased property;

(6) The payment terms between the parties to the lease transaction;

(7) Whether the ACRS deductions and the investment tax credit are allowable to the same taxpayer;

(8) Subject to a de minimus rule, the aggregate amount paid to outside parties to arrange the transaction, such as legal and investment banking fees;

(9) For the lessor only: the unadjusted basis of the property as defined in section 168(d)(1);

(10) For the lessor only: if the lessor is a partnership or a grantor trust, the name, address, and taxpayer identifying number of the partners or the beneficiaries, and the district director's office with which the income tax return of each partner or beneficiary is filed; and

(11) Such other information as may be required by the return or its instructions.

Treasury authority to modify requirements

In the case of leases executed after 1982, the Secretary of the Treasury or his delegate may modify the information requirements or filing requirement to coordinate with other information requirements, such as the requirement to file a tax return.

EFFECTIVE DATE

The amendment will apply to recovery property placed in service after December 31, 1980.

REVENUE EFFECT

The amendment will not affect budget receipts.

Effect of failure to file

Under the general rule applicable to leases executed after December 31, 1981, if the lessor and lessee fail to file the return within 30 days after execution of the agreement, the safe harbor provisions will not apply to the agreement for any period of time.

Under a transitional rule for leases executed before January 1, 1982, the agreement will cease to be treated as a lease on February 1, 1982, unless either the lessor or the lessee file the return by January 31, 1982. If the agreement ceases to be characterized as a lease under the safe harbor as a result of a failure to file the information return, the consequences will depend upon the characterization of the parties without regard to the safe harbor. If the lessee would be the owner without regard to the safe harbor, there may be recapture of tax benefits to the lessor. If, without regard to the safe harbor, the lessor would be the owner and the transfer by the lessor would be a lease, the transaction will continue to be treated as a lease.

Exception for failure to file due to reasonable cause

Under both the general rule and transitional rule, if the failure to file is shown to be due to reasonable cause, and not due to willful neglect, the lessor or lessee will be treated as having filed a timely return if a return is filed with the Internal Revenue Service within a reasonable time after the failure to file is ascertained.

Rental of Residences to Family Members and Other Business Use of Residences.

(Sec. 113 of the amendment and sec. 280A of the Code.)

PRESENT LAW

In general

Section 280A, enacted as part of the Tax Reform Act of 1976, disallows the deduction of certain expenses incurred in connection with the use of the taxpayer's home in a trade or business or income-producing activity or in connection with the rental of vacation homes and other residential real estate. The restrictions in section 280A were enacted to replace vague standards on which courts and the Internal Revenue Service differed with more definitive, objective statutory tests for determining the deductibility of expenses. Section 280A applies to individuals, trusts, estates, partnerships, and electing small business corporations.

The deductions under sections 163, 164, and 165 for interest, certain taxes, and casualty losses attributable to a taxpayer's personal residence are not affected by section 280A.

Business use of the home

Unless specifically excepted from section 280A and otherwise allowable, no deductions are allowed with respect to a dwelling unit because of its connection to a taxpayer's trade or business or income producing activities, if the taxpayer uses the dwelling as a residence. One exception to the general rule of section 280A allows deductions attributable to a portion of the taxpayer's residence which is exclusively used on a regular basis as the taxpayer's principal place of business.

On August 7, 1980, proposed Treasury Regulations under section 280A were published in the Federal Register (45 Fed. Reg. 52399). The proposed regulations would define "the taxpayer's principal place of business' as the principal place of the taxpayer's overall business activity. A taxpayer would have only one principal place of business regardless of the number of business activities in which the taxpayer is engaged. The proposed regulations do not follow the U.S. Tax Court decision in *Curphey* v. *Commissioner*, 73 T.C. 763 (1980), which allowed a hospital-employed dermatologist to deduct expenses for a home office which was the principal place of business for his real estate rental business.

Personal use of residence

Section 280A, in general, limits the amount an individual or subchapter S corporation may deduct for expenses attributable to the business use of a dwelling unit, which is in many cases the rental of a vacation home, if the taxpayer's use of the unit for personal purposes is in excess of a specified period of time during a taxable year. This limitation applies only if the taxpayer's use of the dwelling unit for personal purposes during a taxable year exceeds the greater of fourteen days or ten percent of the number of the days during the year for which the unit is rented at a fair rental. If a taxpayer exceeds these personal use limitations, deductions attributable to the business activity are limited to

the amount by which the gross income derived from the business use of the dwelling unit exceeds the deductions otherwise allowable without regard to such business activities (*e.g.*, interest and certain taxes).

If the taxpayer uses a dwelling unit for personal purposes during a taxable year (whether or not the personal use exceeds the personal use limitations), the amount deductible with respect to the expenses attributable to the rental of the dwelling unit is limited to a portion of such expenses, based on the number of days the dwelling unit is rented at a fair rental compared to the total number of days the dwelling unit is used during the taxable year.

The taxpayer generally is deemed to have used a dwelling unit for personal purposes for a day if, for any part of the day, the unit is used for personal purposes by (1) the taxpayer or any other person who has an interest in the home, (2) the brothers and sisters, spouse, ancestors, or lineal descendants of the taxpayer or other owners, (3) any individual who uses the unit under a reciprocal arrangement (whether or not a rental is charged), or (4) any other individual who uses the dwelling unit during a day unless a fair rental is charged.

The Revenue Act of 1978 amended section 280A to provide that the use of a dwelling unit as a taxpayer's principal residence (within the meaning of section 1034) is not to be treated as personal use in determining whether the limitations of section 280A apply to deductions attributable to a "qualified rental period" which immediately precedes or follows a period of use as the taxpayer's principal residence. Under section 280A, a qualified rental period generally is a period of 12 or more consecutive months during which the unit is rented to a person other than a family member, or held for rental, at a fair rental. Thus, section 280A does not apply in the year a taxpayer converts a personal residence into a rental unit or a rental unit into a personal residence, if the period the unit is a rental unit is at least 12 months.

Repairs and Maintenance

Section 280A also provides that the Secretary of the Treasury must prescribe by regulation the circumstances under which use of a dwelling unit for repairs and annual maintenance will not constitute personal use of the unit. Under the proposed regulations published on August 7, 1980, an individual would have to be engaged in repair or maintenance work for a day on a substantially full-time basis i.e., the lesser of eight hours or two-thirds of the time present on the premises, to qualify the day's use of the unit as use for repairs and maintenance. The proposed regulations would require that all individuals on the premises on a day must be engaged in work on the unit on a substantially full-time basis, to avoid the day being treated as one of personal use. However the proposed regulations would disregard the presence of individuals, such as small children, who are incapable of working.

Reasons for Change

The committee believes that the general limitations of section 280A(a) should not apply to a taxpayer's expenses of maintaining a home office merely because the taxpayer has more than one business and does not conduct his principal business from his home.

The committee is also concerned that the personal use limitations of section 280A unnecessarily penalize taxpayers who rent principal residences to family members on the same terms as rentals to unrelated third parties. In addition, the personal use limitations are hampering the ability of taxpayers to obtain affordable housing through creative financing arrangements.

The committee believes that the rental of dwellings at a fair rental for use as a principal residence and the use of a dwelling for business travel purposes are not subject to the same abuses as rentals of vacation homes and, therefore, should not be subject to the limitations of section 280A.

The committee also believes that if a taxpayer spends a normal working day repairing or maintaining a dwelling, Treasury regulations should not treat the taxpayer as having used the dwelling for personal purposes merely because other persons who are on the premises do not work on a substantially full-time basis on such day.

EXPLANATION OF PROVISION

Business use of the home

The committee amendment amends section 280A(c)(1)(A) to provide that the general limitation on deductions in section 280(A) shall not apply to expenses allocable to the regular and exclusive use of a portion of a taxpayer's residence as the principal place of business for any trade or business of the taxpayer. Thus, a taxpayer could have a distinct principal place of business for each separate trade or business and could deduct expenses attributable to the use of a residence as the principal place of business for one or more such businesses, provided the regular and exclusive use requirements are met.

Rentals to family members and co-owners

Under the committee amendment, section 280A(d) is amended to provide that a taxpayer will not be treated as using a dwelling unit for personal purposes by reason of a rental arrangement under which the dwelling unit is rented to any person at a fair rental for use as such person's principal residence. Thus, the rental of a dwelling unit to a member of the taxpayer's family or the family of a co-owner of the dwelling unit does not constitute the personal use of the dwelling unit by the taxpayer if the dwelling unit is rented at a fair rental for use as the family member's principal residence. Of course, if the taxpayer continues to use the dwelling unit, such use will be considered personal use by the taxpayer notwithstanding the rental agreement. Similarly, in the rules relating to rentals of the taxpayer's principal residence, the definition of "qualified rental period" is amended so that a member of the taxpayer's family is treated in the same manner as a rental to an unrelated third party. The committee intends that fair rental be determined by taking into account such factors as: (1) comparable rentals in the area; and (2) whether substantial gifts were made by the taxpayer to the family member at or about the time of the lease or periodically during the year.

In the case of rentals to a person who has an ownership interest in the dwelling unit, the committee amendment provides that the new rule applies only if the rental is under a shared equity financing agreement. In addition, the determination of whether the dwelling unit is rented at a fair rental to the co-owner is to be determined by taking into account the co-owner's ownership interest in the dwelling unit. The committee amendment defines a "shared equity financing agreement" as an agreement under which two or more persons acquire a dwelling unit and one or more of such persons is entitled to occupy the dwelling unit as a principal residence and is required to pay rent to the non-occupant co-owners. Each of the co-owners must acquire an undivided interest for more than 50 years in the entire dwelling unit and any appurtenant land acquired in the transaction to which the shared equity financing agreement relates.

Under the committee amendment, these rules generally apply in determining whether a lessor has used a dwelling unit for personal purposes. If the lessee also used the dwelling unit in a trade or business, e.g., used a portion of the dwelling unit as a home office, the determination of whether the lessee had used the dwelling unit as a residence during the taxable year will not be affected by the determination that the lessor had not used the dwelling unit for personal purposes. For example, if taxpayers A and B are co-owners of a dwelling unit that is rented to B as his principal residence at a fair rental under a shared equity financing agreement, A would not be considered to have used the dwelling unit for personal purposes by reason of the rental arrangement. However, B would be considered to be using the dwelling unit for personal purposes during the period he occupies it as his principal residence. If B sublets a portion of the dwelling unit to a family member at less than a fair rental, the family members use would be considered personal use by B, notwithstanding the fact that the dwelling unit is also being rented to B at a fair rental as his principal residence. However, the sublease would not be considered personal use of the dwelling unit by A unless the sublessee were also a member of A's family.

The committee amendment also provides that section 280A is not to be applied to limit any deduction allowable under section 162(a)(2) (or any deduction that meets the tests of section 162(a)(2) but is allowable under another provision of the Code) by reason of the taxpayer's being away from home in the pursuit of a trade or business (other than the trade or business of renting dwelling units).

Repair and maintenance

The committee amendment also provides that, notwithstanding any ruling, proposed regulation, or regulation to the contrary, a dwelling shall not be treated as used for the personal purposes of the taxpayer on a day the taxpayer repairs or maintains the dwelling on a substantially full-time basis because other persons who are on the premises on such day do not work on a substantially fulltime basis on such day.

EFFECTIVE DATE

The amendment will apply to taxable years beginning after December 31, 1975. Taxpayers can file claims for refund based on the amendments made by this provision, but only to the extent such claims are not otherwise barred under the pertinent limitations provisions of the Code.

REVENUE EFFECT

The amendment is estimated to reduce fiscal year budget receipts by $93 million in 1982, $51 million in 1983, $68 million in 1984, $100 million in 1985, and $148 million in 1986.

Mr. PROXMIRE. Mr. President, will the Senator make copies of that amendment available so we may have copies of it available?

Mr. DOLE. Certainly.

Let me offer the amendment.

Mr. DOLE. The Senator from Ohio has a copy of the amendment. Let me offer the amendment.

Mr. METZENBAUM. In the interim, will the Senator from Kansas be good enough to advise me about this? I think I know the answer, but I want to be certain. The amendment having to do with residences to be used in part for business purposes has no language in it, either directly or indirectly, which would provide a special advantage to Members of Congress. Is that correct?

Mr. DOLE. Is the Senator talking about the amendment I have not yet introduced?

Mr. METZENBAUM. No. I am talking about the amendment having to do with the use of residences for partial business purposes, the one that I think involves

about $200 million in revenue loss. I am asking whether or not there is anything in that amendment—which I have not had an opportunity to study—which would provide a special advantage for Members of Congress.

Mr. DOLE. The amendment codifies tax court case, Curphey against Commissioner. It also clarifies that application of section 280A to a change made in the continuing resolution. As I understand the current law, if you are here without a family, you can deduct housing expenses, and if your family is with you, you may not be able to deduct even a portion of those housing expenses.

Mr. METZENBAUM. It is my understanding that that part of the amendment contained only the issue having to do with the use of residences for business purposes. It was not my understanding that that amendment was in any way applicable to those of us who are in Congress, because I do not know that any of us use our residences in order to be a Member of Congress, except for living purposes; and that the whole thrust of that amendment had to do with the use of your home for business purposes.

What I am trying to find out is this: Is there something that has not been discussed relative to that amendment, as distinguished from the other amendment, which I fully understand and which the Senator from Kansas was good enough to explain, pertaining to the matter of the Internal Revenue Service issuing regulations about what is and what is not deductible?

Mr. DOLE. The general purpose of the amendment is to liberalize the statute so that if somebody uses his residence as a principal place of business, he can have certain deductions.

It also clarifies what was for us, a silly result caused by the interaction of section 280A with a provision of the continuing resolution, which affected Members of Congress: If you had your family here for more than 14 days a year, there was no deduction; but if an unmarried Member of Congress was here or the Member's family was not here with him or her, a deduction would be permitted.

We simply clarified the law across the board. It applies to everyone, not just Members of Congress.

Mr. METZENBAUM. Why does the chairman of the Finance Committee see fit to make this particular amendment—that is, the one having to do with the use of residences for business purposes—retroactive to the year 1975, since that is not the normal procedure around here, to make revenue measures retroactive for 6 years?

Mr. DOLE. We followed the procedure on this amendment that we follow on every other amendment. It had to have the approval of the Treasury. It had to have hearings. It was the amendment of the Senator from Colorado (Mr. ARMSTRONG). I do not believe he is on the floor.

As long as we would limit it to the principal residence, the Treasury signed off on it.

Mr. METZENBAUM. The Treasury has signed off on all these amendments?

Mr. DOLE. Yes. I may have some difficulty with some of my colleagues unless they have signed off on the amendments.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. LONG. Is it not correct that this provision that goes back to 1976 does not affect Members of Congress?

Mr. DOLE. We put section 280A in 1976. This is not going back to protect Members of Congress. That is right.

Mr. LONG. The part that has to do with Members of Congress has to do with the $3,000 limitation, and that came off in the continuing resolution this year, and that would be effective for 1981.

Mr. DOLE. That is right.

Mr. LONG. We on the committee do not regard it as retroactive legislation when we act in 1981 with regard to one's tax liabilities for 1981.

Mr. DOLE. That is a good point, I say to the Senator from Louisiana. The retroactivity is going to apply across the board to all of the changes to section 280A. not just to the provision that may apply to Members of Congress.

Mr. METZENBAUM. What does the Senator from Kansas mean, when he says that the amendment having to do with the use of residence for business purposes will be clarified—section 280, or whatever the number was—as it pertains to Members of Congress? In what manner will that be clarified, and what will be the impact on Members of Congress?

Mr. DOLE. It gets rid of this discrimination between somebody with a family here in Washington and somebody without a family here. That is all it does. This amendment gives no new benefit to Members of Congress. We have already changed the basic law in the continuing resolution which was passed last week. We removed the deduction limit of $3,000.

Mr. METZENBAUM. Will the Senator from Kansas tell us what is the language that is part of the amendment that is applicable to that clarification?

Mr. DOLE. Page 5, paragraph 4, of the amendment:

> Coordination with section 162(a)(2), etc.—Nothing in this section shall be construed to disallow any deduction allowable under section 162(a)(2) (or any deduction which meets the tests of section 162(a)(2) but is allowable under another provision of this title) by reason of the taxpayer's being away from home in the pursuit of a trade or business (other than the trade or business of renting dwelling units).

Mr. METZENBAUM. Is that it?

Mr. DOLE. That is it.

Mr. METZENBAUM. I confess that I have not been any further educated than I was before.

Mr. PROXMIRE. Mr. President, will the Senator from Kansas explain how that affects Members of Congress? What it seems to say is that if a Member of Congress actually lives in Washington with his family and his children and goes out to his State, his trips to his State are paid for in full—his travel and staying in hotels, and so forth, is paid for in full by the Federal Government.

Yet, when he is back here—which most of us would consider home—we are allowed, I take it, under this section, to make deductions from our income tax.

Mr. DOLE. First, it is the other way around. Second, the repeal of the limit on deductions for Members was done in the continuing resolution. All we are trying to do is to end what I think is inadvertent discrimination between somebody living here by himself, with unlimited deductions for housing, and somebody living here with his family for more than 14 days, when deductions are disallowed. It is a silly discrimination. We do not remove the cap here in this amendment. That was done in the continuing resolution which was passed, I think, in the Appropriations Committee.

Mr. PROXMIRE. Apparently, the continuing resolution—regardless of the regulations which the Internal Revenue Service would apply to other taxpayers—did not permit a Member of Congress to deduct expenses in Washington unless the Internal Revenue Service construed him as being in the same position as any other taxpayer—that is, the main residence was in fact in his State.

Mr. DOLE. As I understand it, the IRS permits deductions for meals and transportation and laundry. But when we came down to the residence, if you had your family here, you could not deduct housing expenses. But if you were single or your family lived in your State, it was unlimited. That was a strange and I believe unintended discrimination.

Somebody might argue, "Why did we change the law in the first place?" That was in the continuing resolution. I think we have an obligation not to discriminate among different classes of Members. If you have your family with you, all we are suggesting is that the same rule should apply.

Mr. LONG. I think it might be helpful to keep in mind how the discrimination happened in the first place.

When the Stevens amendment was offered on an appropriation bill, it had not had the analysis in depth that it would have had if it had gone on an ordinary revenue measure to the tax writing committee. So it ran afoul of the provision we passed in Congress recently about vacation houses.

That provision had to do with ending the practice of people taking a tax advantage by having a second home, a vacation-type home, where they would make it available for rent, and in some cases not even rent it, but they would use it for their personal use as a vacation home.

To end the practice, we provided that if one lives in the home with his wife for more than 14 days, he can only deduct the depreciation and the cost of the housing to the extent that he has rental income from that house.

Clearly, that is not the situation of a Member of Congress. Members of Congress did not rent their housing or did not buy housing, as the case may be, for tax avoidance purposes. They had no gimmick in mind at the time they acquired the housing. They could not deduct it all. They had a $3,000 limitation.

Under that provision, a single person would not be adversely affected but a married person would, and that was a

discrimination that certainly no one intended. So the provision that was proposed by the House of Representatives and amended by the Senate would make it clear that it applies as intended by the continuing resolution for both single and married persons.

Mr. DOLE. I just add the part I read on coordination applies to businessmen. It was not just a special provision for Members. One cannot deduct his personal expenses. He still has to allocate, and he only gets his business expenses.

I know it will probably be misconstrued by those who write about it.

Mr. PROXMIRE. Does this amendment allow for unlimited expense deduction for married Congressmen living in Washington equal to amounts that a single Congressman or one living in the State can get.

Mr. DOLE. No.

Mr. LONG. This should be explained to the Senator also.

Under this provision a Senator cannot receive the deduction for members of his family. He has to allocate. In other words, if he has a wife and children he has to allocate for the portion that they are presumed to use of the house and he is only entitled to the part for himself, so that he is treated for that purpose just as though he were single. He can only claim the part that applies to him. He cannot deduct the part that applies to his family if his family lives with him here in Washington.

I think everyone can see the fairness of it. If a bachelor could deduct the full expense, a married person should at least be permitted to deduct the part of the expense that would apply to him for his proportionate use of the house which he shares with his family.

Mr. PROXMIRE. As I understand it, there will be another amendment in another place offered to secure from the Internal Revenue Service some specific indication of what expenses would be eligible for deduction that would be appropriate; is that correct?

Mr. DOLE. The appropriate amount of expenses that can be deducted by Members of Congress without substantiation, that is correct.

Mr. PROXMIRE. I thank the Senator.

Mr. DOLE. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Kansas yield for a question?

Mr. DOLE. I yield.

Mr. HARRY F. BYRD, JR. Could we take an example as to how this would work? Assume a Member of Congress comes to Washington and rents a home or rents a condominium, or what-have-you, or stays in a hotel. Assume that he pays a rent of $2,000 a month. As I understand it, under what was done by the continuing resolution and what will take place under this resolution, along with the continuing resolution, he would be able to deduct that $24,000 as a rental expense.

Mr. DOLE. That is correct. The continuing resolution repealed the $3,000 limit on deduction for living expenses by Members of Congress, effective January 1981.

Mr. HARRY F. BYRD, JR. Let us assume that instead of renting he buys a home for $200,000, and that is about the going rate around this town. The depreciation schedule, am I correct, is 15 years now for property of that type?

Mr. DOLE. Only for houses bought in this year or in the future.

Mr. HARRY F. BYRD, JR. I beg pardon.

Mr. DOLE. Only for houses bought this year or in the future.

Mr. HARRY F. BYRD, JR. For houses bought this year or subsequent years?

Mr. DOLE. That is right.

Mr. HARRY F. BYRD, JR. That individual then could take depreciation to the extent of about $15,000 on that house.

Mr. DOLE. He has to allocate between land and building and also allocate between personal and business expense. So I am not sure of the exact amount that could be deducted. It would certainly cut it down markedly, I would think. He cannot claim the land, obviously.

Mr. HARRY F. BYRD, JR. So he would need to allocate a certain cost to the land and certain cost to the building or the house and then depreciate the house.

Mr. DOLE. Only a portion of it.

Mr. HARRY F. BYRD, JR. I beg pardon.

Mr. DOLE. Only a portion of it.

Mr. HARRY F. BYRD, JR. A portion of it. If it is a man and wife, how is it apportioned? Is it 50–50?

Mr. DOLE. It could be, but that is what we hope the IRS, when we adopt the next amendment, will indicate a specific dollar amount that will be deemed reasonable under the circumstances. Without such a specific amount it could be 50–50, or it could be something else. We want to avoid the necessity of making that allocation.

Mr. HARRY F. BYRD, JR. I am sort of looking for the legislative history as to what we have in mind.

Mr. DOLE. Let me say to the Senator from Virginia, and be as candid as I can, that when the $3,000 limit was lifted by action on the continuing resolution last week, the effect of this change is to treat travel expenses of Members of Congress in a sense like the travel expenses of other businessmen away from home on business. Under the rules that apply to businessmen, travel expenses are deductible only if they are reasonable and necessary to the taxpayer's business. If the expenses are lavish or unnecessary, obviously they would not be permitted. They can deduct meals, lodging, rents, depreciable ownership costs such as furnishings in the dwelling unit, insurance, utilities, and repairs attributable to the lodging, transportation expenses, cleaning and laundry expenses, and telephone expenses, just to name some of the deductible expenses.

A Congressman is treated just like a businessman but, before the continuing resolution, could deduct a maximum of $3,000. When the cap was removed by the continuing resolution, we had a problem in trying to determine what would be a reasonable deduction. So this Senator and others have met with the IRS Commissioner to try to get some guidance on what kind of recordkeeping Members would need. Senator PACKWOOD was there. Congressman ROSTENKOWSKI, chairman of the Ways and Means Committee, was there.

What we do not want is to lift the $3,000 lid and then have someone take an exceptionable amount of deductions.

So we thought about expressingly stating that Members could deduct a specified amount such as Federal employees' per diem amount. In the city of Washington the per diem is now $75 a day. Someone said that would not be the best way to approach the problem—that is for the Members to set the specific amount.

So I thought it would be appropriate to leave it up to the IRS Commissioner and the Treasury Department to find something reasonable under the circumstances, rather than Congress establishing a set amount, and that is, in essence, where we are right now.

It is a deduction, not a credit.

Mr. HARRY F. BYRD, JR. There is no ceiling then?

Mr. DOLE. I beg your pardon?

Mr. HARRY F. BYRD, JR. There is no ceiling under the new proposal?

Mr. DOLE. There is no ceiling, but that is a result of the continuing resolution, not as a result of what we are doing. As long as the cap was already removed, we thought it best to have an election where 90 percent of the Members would say "All right, I will take $50 a day, whatever the IRS says is appropriate, whatever guidelines they indicate." I assume 99 percent of the Members will adopt that procedure.

Mr. HARRY F. BYRD, JR. May I ask this question: Is it the Senator's understanding then that the IRS will issue and publish rules and regulations as it affects the Members of Congress?

Mr. DOLE. If we adopt the amendment that I am about to offer, we direct the Secretary to set the amount.

Mr. HARRY F. BYRD, JR. Direct it insofar as the Members of Congress are concerned, not business in general, but insofar as Members of Congress are concerned?

Mr. DOLE. That is correct, and I am prepared to offer that amendment now.

Mr. METZENBAUM. Mr. President, will the Senator from Kansas yield for a question?

Mr. DOLE. I yield.

Mr. METZENBAUM. The Senator from Kansas has asked for the yeas and nays. I am not clear. Is it with respect to the amendment having to do with directing of the Treasury to come out with regulations? I understand at the desk is a substitute amendment. Does that include all four parts of the Finance Committee recommendations?

Mr. DOLE. No.

Mr. METZENBAUM. I am not clear what we are voting on.

Mr. DOLE. The Senator is not voting on anything yet. I am going to offer this amendment. If someone wishes the yeas and nays, they may have it.

Mr. METZENBAUM. I understand the Senator asked for the yeas and nays on what?

Mr. DOLE. I asked for the yeas and nays on the amendment in the nature of a substitute, in addition to the modification.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. DOLE. They have already been ordered.

Mr. METZENBAUM. The yeas and nays have already been ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered on the amendment as modified.

Mr. METZENBAUM. Is that what it is?

Mr. DOLE. Right.

Mr. METZENBAUM. There is a problem. I want it clarified.

UP AMENDMENT NO. 799

(Purpose: Relating to travel expenses while away from home)

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 799.

Mr. DOLE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is as follows:

On page 5, strike out lines 20 and 21, and insert in lieu thereof the following:

"(b) Treatment of Expenses While Away From Home in Pursuit of Trade of Business.—

"(1) IN GENERAL.—Subsection (f) of section 280A is

On page 5, strike out line 25 and insert in lieu thereof the following:

"(A) IN GENERAL.—Nothing in this section shall be construed to disallow

On page 5, line 31, strike out the end quotation marks and the end period.

On page 5, between lines 31 and 32, insert the following:

"(B) LIMITATION.—The Secretary shall prescribe amounts deductible (without substantiation) pursuant to the last sentence of section 162(a), but nothing in subparagraph (A) or any other provision of this title shall permit such a deduction for any taxable year of amounts in excess of the amounts determined to be appropriate under the circumstances."

Mr. DOLE. The Senator from Kansas explained this amendment briefly earlier, but there may be others who were not here and who have an interest in this.

Let me say that whenever you talk about anything for Members it gets a little controversial, even when it should not be, and I do not think this should be controversial.

What this amendment will do will be to direct the Secretary to prescribe amounts deductible unless a Member of Congress substantiates his expenses allowable under section 162(a).

As I indicated to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) we have been troubled about, now that the law has been changed by the continuing resolution—not by any amendment the Senator from Kansas offered but the continuing resolution—which passed last week by a substantial margin in both Houses, first we wanted to correct a discrimination between a single Member or the Member whose family is not living here, and a Member with his family living here, some with five children, which seems to me to be silly discrimination. So it has been corrected by modifying my original amendment.

Having corrected one problem, we next addressed the issue of what expenses should be appropriately deducted without allocating and substantiating every last expense. There are a lot of Members asking "What are we going to do, who is going to decide what we can deduct? It is going to be unlimited." So a lot of Members want some guidelines, and it occurred to us since Federal employees when they are away from home get certain per diem allowances, and that may be an appropriate amount for us to deduct. Immediately many Members came to us, Members who were concerned, and felt there was some justification for the amendment, and said, "I am not certain we ought to do it that way because the press will add up $75 times so many days in session and they will interpret it in some ways as looking like a tax credit or a pay raise."

So overnight the Senator from Kansas and the staff, our staff and the joint committee staff, decided, I guess, to pass the burden of setting the amount to the Secretary. The IRS has stated that they need statutory authority to make that determination for Members and we are now providing it.

The present law allows a Member as a businessman away from home to deduct his business expense costs which he incurs as a result of having to be in Washington on business. It does not allow a Member to deduct the costs entailed in having his family with him.

In the case of most Members of Congress, the cost of lodging, meals or transportation will be a single amount covering both the Member and his family. Allocating the exact amount consumed by each person so far as food, furnishings, whether or not the Member used this lamp, or that room can be very difficult, so it would seem to us as a reasonable alternative that it would be desirable to try to find some way to solve these administrative and recordkeeping problems if we did do it in a manner both reasonable and fair.

As I indicated earlier, there will be some who disagree. But this amendment will provide that the determination of what recordkeeping relief is appropriate under the circumstances shall be made by the Internal Revenue Service. The Secretary of the Treasury would be directed to determine what amount could be appropriately deducted, and I would say, as the amendment says, appropriate under the circumstances, without substantiation. Some may want to substantiate and they can substantiate and deduct more.

There is a precedent for this deduction of certain costs without substantiation. We did that in the Economic Recovery Act for State legislators, and I recall everybody here voted for that amendment which was offered by the Senator from New York (Mr. D'AMATO).

It would seem to this Senator that the Secretary of the Treasury should be and is capable of determining the costs of a Member which could be deducted if a Member does not or cannot deduct his deductible expenses on an exact basis. That is the reason for the amendment.

I think it is clear. I do not think it locks in any specific figure. It does not offend some Members who are concerned about whether the amendment specifies x dollars. It does indicate that, now that we have changed the law, not by anything that the Finance Committee has done but by the continuing resolution, we ought to have some guidelines. We could not agree on any guidelines, very honestly, and we are going to direct that the Treasury set out some guidelines, and we will follow the IRS determination.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. DOLE. Yes, I yield.

Mr. LONG. Is it not true that without the Senator's amendment no one here can really know just what he can deduct, especially if he is a married man or she is a married woman? No one can know with any degree of certainty what they can deduct or what they cannot deduct?

For example, assume, speaking of a married person with regard to the home where he lives, clearly he cannot deduct any part of the cost of the land; that is not deductible.

Mr. DOLE. That is correct.

Mr. LONG. But with regard to the home, for starters the person would have to allocate as between his personal expenses and his business expenses. For example, his meals would clearly be deductible, as would laundry and transportation.

On the other hand, he would not be allowed to deduct the part of his expenses which relate to entertainment, like golfing or going to a play.

Then he would have to allocate with regard to the use of the property as between himself and his wife.

The Senator from Kansas, the chairman of the committee, has just stated that he does not know and is not in position to tell us at this moment, as to a man without children, how much he can allocate to himself and how much he can allocate to his wife in the use of the home. That will have to be worked out with the Treasury at some future date. Furthermore, if he has children, he allocates less to himself than if he uses the house for himself, because the children

are using the home and that part is not deductible.

There will be other complexities involved, but just stopping right there, neither the manager of the bill nor the Senator from Louisiana is in position to advise a person how much he can deduct. So what the Senator is trying to do in his amendment is to arrive at an arrangement whereby the Secretary of the Treasury or the collector——

Mr. DOLE. It would be the Secretary.

Mr. LONG. The Internal Revenue Service will say that a person can deduct a certain amount. That does not preclude the taxpayer from itemizing and deducting more than that. But if he does so, he is going to have to contend with all the complexities to which I have referred. The Senator is simply trying to offer an amendment to fix a certain amount a Member of Congress can deduct, so that he could know that that much of it would be deductible.

Mr. DOLE. The Senator is exactly right.

Let me say again, because I think there is a lot of misunderstanding, all we are trying to do is to clarify——

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. DOLE. In a moment. We clarified one provision that was discriminatory. All this amendment does is to direct that the Treasury Secretary and the IRS Commissioner put their heads together and decide what is reasonable under these circumstances.

We are trying to accommodate the Members of this body and the House. Otherwise we are going to have everybody with adults and appeals and different deductions. How do we allocate? It is my feeling that the IRS Commissioner and the Treasury Secretary, if they are directed to do this now, can let us know quite soon just what we can and cannot do unless, of course, we want to substantiate.

Mr. JOHNSTON. On the chance that this amendment does not pass, I would like to get some guidance. If you are a bachelor and you live in a home you can deduct the whole home. My question is if you are married and your wife sleeps in the same bedroom and, therefore, does not take any more room, can you treat yourself as a bachelor?

Mr. DOLE. If she is there for less than 14 days you can. [Laughter.]

Mr. JOHNSTON. If you had a house with, let us say, five bedrooms, and your wife sleeps in your bedroom, then you can treat yourself as a bachelor. If you had two kids and each one of them had two bedrooms each, would you just deduct those two bedrooms from the total rooms in the house or would you have to divide the house into three units, one for yourself and your wife, one for each child, and only deduct a third of the house?

Mr. DOLE. Well, I would not want to deprive the Commissioner of that opportunity to pass on that problem. But he is going to have not only the Senator's problem, he is going to have a hundred others, plus 435 others. That is why I think we ought to do this. All it does is direct the Commissioner and the Treasury Secretary to find out what is reasonable under the circumstances. We think it would save the Commissioner's sanity and probably help some of us.

Mr. JOHNSTON. This amendment may not pass. There may be some Senators who want to go through this exercise. So I would like to get a little legislative history.

The Senator is saying that he thinks maybe if you have a wife and three kids in a home with 10 rooms that you can deduct the 2 bedrooms that the two daughters sleep in and take eight-tenths of your expense of that house. Would that be a reasonable judgment?

Mr. DOLE. He may not be able to deduct any business expenses relating to the house, such as depreciation.

Mr. JOHNSTON. The question is, What part do you allocate to the children or the wife?

Mr. DOLE. The Senator's guess is as good as mine. If we pass this amendment—and I know some are opposed to what was done in the continuing resolution, but please do not take it out on this amendment. We are just trying to clarify the law. There is an old slogan in the House, "Vote no and take the dough." That was on pay raises. But this is not that kind of situation.

We are trying to offer a little simplification here, a little tax simplification for the Members. We are not adding anything. We are clarifying one provision which has already been done in the modification.

All we are doing here is trying to figure out some way so that when you start working on your tax returns you will have some guidance. We thought we had an idea yesterday, but we had a lot of opposition to it—and justified in some areas. So we said, "OK, Congress is not going to try to set any dollar limit based on per diem. We will let the Treasury Secretary make that determination."

I do not see anything unfair about that. The Senator from Kansas believes it is a good accommodation and a good solution. But I could not guess on the Senator's problem.

Mr. JOHNSTON. I thank the Senator. I could not guess, either. Really, I started thinking about what I could and could not deduct and realized that you could go all the way, in my own case, from deducting eight-tenths of a house to deducting a one-fourth of a house. I mean, there is that much differential between two reasonable, rational interpretations of the rule. We really need some help on this. Because what happens if you deduct eight-tenths and the IRS comes in and says, 3 years later, that you were only entitled to deduct one-fourth? If you are like me, you spend every cent you get your hands on and you do not have that money to pay the past assessment. I hope the Senator's amendment passes so we can get some guidance.

Mr. DOLE. I do not think we need a rollcall, but there may be some Senators who want one.

Mr. PROXMIRE. I think we may need one.

Let me ask some questions about this. Does this amendment provide that, once the Internal Revenue Service provides this ruling or this information, then the deduction can be made without substantiation, without documentation? Is that right?

Mr. DOLE. That is correct.

Mr. PROXMIRE. Does that not give the Member of Congress an extraordinary advantage compared to the average business taxpayer who has to substantiate everything?

Mr. DOLE. As I understand their rules now, they have arrangements between them for reimbursement between the employer and employee. So we are not breaking new ground.

Mr. PROXMIRE. Is a businessman allowed to make deductions in broad areas without substantiation, subject to audit?

Mr. DOLE. Yes, without substantiation, where it is either per diem or reimbursement from his employer, the employee has an agreement with the employer and the employee spends the amount specified in the agreement.

Mr. LEAHY. Mileage is another one.

Mr. PROXMIRE. Does this include or is it a separate amendment on the reference to what the Senator referred to before on page 5 of this listing of amendments where he has, "Coordination with section 162. Nothing in this section shall be construed to disallow any deduction allowable under section 162," and so forth. Is that part of this amendment?

Mr. DOLE. No, that was a separate amendment.

Mr. PROXMIRE. That is a separate amendment.

Mr. DOLE. But, again, I would say to the Senator that the law was changed by the continuing resolution. I voted for the continuing resolution. We clarified one aspect of it and tried to get some guidance in the other. That is all I am seeking—clarification in one case and guidance in the other.

Mr. PROXMIRE. I do not want to detain the Senate, but let me ask the Senator, Can he give us any example of an area where a businessman can make a deduction without a substantiation, without documentation and the Internal Revenue Service will honor it?

Mr. DOLE. Under certain circumstances where he has a per diem arrangement or reimbursement arrangement with his employer. I will let the Senator's staff talk to my staff and I think we can work this out.

Mr. PROXMIRE. I thank the Senator.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER (Mr. WARNER). The Senator from Michigan.

Mr. LEVIN. Mr. President, I wonder if the Senator from Kansas could help me out on this question. It really is a follow-up of the question of the Senator from Wisconsin about 10 minutes ago. If you take the situation where we have a Member of Congress who does not rent or buy a home back in the district or State but simply stays in a hotel room and pays the hotel bill, that bill is reimbursed, as I understand it, by the taxpayers. What

this amendment does is to say, or to continue to say, either way you look at it, that a Member of Congress in Washington can deduct the amount that either he can substantiate belongs to him as expenses or that the IRS, if this latest amendment passes, gives us as a flatout unsubstantiated deduction. Is that right?

Mr. DOLE. It has been the law that you can deduct expenses incurred in Washington, D.C. That has been in the law since 1954. There has been a cap on it for Members of $3,000.

Mr. LEVIN. What this amendment does is remove that cap for all of us, not just for the single person.

Mr. DOLE. I think that is misinformation. We do not do anything with the cap. That was removed in the continuing resolution. I do not want that word to go out that somehow we brought a change in that basic law. That was done last week. We are trying to clarify one area and ask for guidance in the other.

Mr. LEVIN. If the Senator would yield on that, what we did in the continuing resolution was remove the cap for single people. What this does is remove the cap for the rest of us.

Mr. DOLE. It was limited as to everybody. It was removed except for housing expenses as far as families are concerned.

Mr. LEVIN. What this does is remove to the cap for that aspect?

Mr. DOLE. The cap is already removed. It just clarifies between a family member and a nonfamily member. We are not trying to encourage separation. We are trying to bring people together.

Mr. LEVIN. I think we can do that in legislation without reaching this result. Is it fair to say that the result of all of this is that this will yield a financial benefit for all of us if it is adopted and the amount of that benefit will be determined by the IRS when they adopt the per diem or the amount that does not have to be substantiated? Is that a fair summary?

Mr. DOLE. As far as any financial benefit, we are not conferring any financial benefit. That was in the continuing resolution. This Senator voted for it. I am not certain how the Senator from Michigan voted. But we are not now conferring benefits. We are trying to clarify the law with reference to housing expenses and seek the guidance because we could not agree among ourselves on how we ought to do it. It is like appointing a committee.

Mr. LEVIN. I think, in fairness, this does yield and confer a financial benefit for most of us, those of us that are married.

Mr. DOLE. You are going to get the same housing deduction now that the single Members get.

Mr. LEVIN. That is correct. Whether or not you view that as eliminating a discrimination or broadening a loophole is another issue. But, in fairness, it seems to me what we are doing—and I think the Senator from Kansas would acknowledge it—is that we are conferring a benefit on those of us that are married that we, up to now, would not have.

Mr. DOLE. It only does it for housing. It does not affect meals, lodging, cleaning, and laundry, telephone, and whatever other legitimate business expenses the Senators may have.

I am ready to vote.

Mr. LONG. Mr. President, in view of the fact that some Senators are not here who want to be here to vote, I suggest the absence of a quorum.

I withhold that request.

Mr. DOLE. The question is on the amendment.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll for the purpose of ascertaining the presence of a quorum.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question recurs on the amendment of the Senator from Kansas to the substitute offered by the Senator from Kansas.

The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from North Carolina (Mr. HELMS), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER), are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. DURENBERGER) and the Senator from North Carolina (Mr. HELMS) would each vote "nay."

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from Arkansas (Mr. PRYOR), are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 46, nays 44, as follows:

[Rollcall Vote No. 492 Leg.]

YEAS—46

Abdnor	Grassley	Nickles
Andrews	Hart	Packwood
Armstrong	Hatch	Pell
Baker	Hatfield	Quayle
Baucus	Hawkins	Rudman
Boschwitz	Hayakawa	Schmitt
Cochran	Hollings	Stafford
Cranston	Huddleston	Stevens
D'Amato	Humphrey	Symms
Danforth	Inouye	Thurmond
Denton	Jepsen	Tsongas
Dodd	Johnston	Wallop
Dole	Laxalt	Weicker
East	Long	Williams
Garn	Mathias	
Gorton	Murkowski	

NAYS—44

Bentsen	Domenici	Mitchell
Biden	Eagleton	Moynihan
Boren	Exon	Nunn
Bradley	Ford	Pressler
Bumpers	Glenn	Proxmire
Burdick	Heflin	Randolph
Byrd, Harry F., Jr.	Heinz	Riegle
	Jackson	Roth
Byrd, Robert C.	Kassebaum	Sarbanes
Cannon	Kasten	Sasser
Chafee	Levin	Simpson
Chiles	Lugar	Specter
Cohen	Mattingly	Stennis
DeConcini	Melcher	Warner
Dixon	Metzenbaum	Zorinsky

NOT VOTING—10

Durenberger	Leahy	Pryor
Goldwater	Matsunaga	Tower
Helms	McClure	
Kennedy	Percy	

So Mr. DOLE's amendment (UP No. 799) was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Senators will kindly take their seats and refrain from conversation.

UP AMENDMENT NO. 800

Mr. HATCH. Mr. President, I send a first-degree amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Utah (Mr. HATCH) proposes an unprinted amendment numbered 800.

Mr. HATCH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment insert the following new title:

TITLE II—BENEFITS AMENDMENTS

SHORT TITLE; GENERAL REFERENCE

SEC. 201. (a) This title may be cited as the "Black Lung Benefits Amendments of 1981".

(b) Except as otherwise specifically provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Black Lung Benefits Act.

ELIGIBILITY STANDARDS

SEC. 202. (a) The fourth sentence of subsection (b) of section 413 is amended by inserting immediately after the words "In any case" a comma and the following: "other than that involving a claim filed on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(b)(1) Paragraphs (2) and (4) of subsection (c) of section 411 are each amended by inserting a new sentence at the end of each as follows: "The provisions of this paragraph shall not apply with respect to claims filed on or after the effective date of the Black Lung Benefits Amendments of 1981".

(2) Paragraph (5) of subsection (c) of section 411 is amended by inserting a new sentence at the end thereof as follows: "The provisions of this paragraph shall not apply with respect to claims filed on or after the day that is 180 days after the effective date of the Black Lung Benefits Amendments of 1981.".

(c) The third sentence of subsection (b) of section 413 is amended by inserting immediately after the word "affidavits" a comma and the following: "from persons not eligible for benefits in such case with respect to claims filed on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(d) Section 430 is amended by striking the words "and by" and inserting in lieu thereof a comma, and by inserting immediately after the phrase "the Black Lung Benefits Reform Act of 1977" the phrase "and the Black Lung Benefits Amendments of 1981".

(e) The Secretary of Labor, in consultation with the Secretary of Health and Human Services, shall undertake a study of current medical methods for the diagnosis of pneumoconiosis, and of the nature and extent of impairment and disability that are attributable to the existence of both simple and complicated pneumoconiosis. The study, together with appropriate recommendations, shall be transmitted to the Congress no later than eighteen months after the effective date of this title.

BENEFITS

SEC. 203. (a)(1) Section 412(a)(2) is amended by inserting immediately after the word "or" a comma and the following: "except with respect to a claim filed under part C of this title on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(2) Section 412(a)(3) is amended by striking the first comma therein, and by inserting immediately after the word "or" the second time it appears therein a comma and the following: "except with respect to a claim filed under part C of this title on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(3) Section 412(a)(5) is amended by striking out the second comma therein, by striking out the phrase "of a miner" the third time it appears therein, and by inserting immediately after the word "or" the second time it appears therein a comma and the following: "except with respect to a claim filed under part C of this title on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(4) Section 401(a) is amended by striking the phrase "or who were totally disabled by this disease at the time of their deaths" each time it appears.

(5) Section 411(a) is amended by inserting immediately after the word "or" a comma and the following: "except with respect to a claim filed under part C of this title on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(6) Section 422(l) is amended by inserting immediately before the period at the end thereof a comma and the following: "except with respect to a claim filed under this part on or after the effective date of the Black Lung Benefits Amendments of 1981,".

(b) Subsection (g) of section 422 is amended by adding at the end thereof a new sentence as follows: "In addition, the amount of benefits payable under this section with respect to any claim filed on or after the effective date of the Black Lung Benefits Amendments of 1981 shall be reduced, on a monthly or other appropriate basis, by the amount by which such benefits would be reduced on account of excess earnings of such miner under section 203(b) through (l) of the Social Security Act if the amount paid were a benefit payable under section 202 of such Act.".

(c) The Secretary of Labor shall undertake a study of the benefits provided by the Black Lung Benefits Act, other benefits received by individuals who receive benefits under that Act, and benefits which would be received were State workers' compensation programs applicable in lieu of benefits under that Act. The study, together with appropriate recommendations, shall be transmitted to the Congress no later than eighteen months after the effective date of this title.

(d) Paragraph (1) of subsection (a) of section 412 is amended by deleting the phrase "50 per centum of the minimum monthly payment to which a Federal employee in grade GS–2, who is totally disabled, is entitled at the time of payment under chapter 81 of title 5, United States Code" and inserting in lieu thereof the phrase "37½ per centum of the monthly pay rate for Federal employees in grade GS–2, step 1".

INTEREST CHARGES

SEC. 204. Subsection (d) of section 422 is amended by adding two new sentences at the end thereof as follows: "If payment is not made within the time required, interest shall accrue to such amounts at the rates set forth in section 424(b)(5) of this title for interest owed to the fund. With respect to payments withheld pending final adjudication of liability, in the case of claims filed on or after the effective date of the Black Lung Benefits Amendments of 1981, such interest shall commence to accumulate 30 days after the date of the determination that such an award should be made.".

SPECIAL CLAIMS

SEC. 205. (a)(1) Subsection (c) of section 422 is amended by inserting "(1)" after "pneumoconiosis", and by inserting before the period at the end thereof a semicolon and the following: "or (2) which was the subject of a claim denied before March 1, 1978, and which is or has been approved in accordance with the provisions of section 435".

(2) Subsection (j) of section 422 is amended by striking out "or" at the end of paragraph (1), by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and by adding at the end thereof the following:

"(3) in which there was a claim denied before March 1, 1978, and such claim is or has been approved in accordance with the provisions of section 435.".

(b) Section 402 is amended by inserting at the end thereof the following new paragraph:

"(i) For the purposes of subsections (c) and (j) of section 422, and for the purposes of paragraph (7) of subsection (d) of section 9501 of the Internal Revenue Code of 1954, the term 'claim denied' means a claim—

"(1) denied by the Social Security Administration; or

"(2) in which (A) the claimant was notified by the Department of Labor of an administrative or informal denial more than 1 year prior to the date of enactment of the Black Lung Benefits Reform Act of 1977 and did not, within 1 year from the date of notification of such denial, request a hearing, present additional evidence or indicate an intention to present additional evidence, or (B) the claim was denied under the law in effect prior to the date of enactment of the Black Lung Benefits Reform Act of 1977 following a formal hearing or administrative or judicial review proceeding.".

EFFECTIVE DATE; SEPARABILITY

SEC. 206. (a) Except as otherwise provided, the provisions of this title shall take effect on January 1, 1982.

(b) If any provision of this title, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this title, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

The PRESIDING OFFICER. The Chair respectfully requests Senators to return to their seats and refrain from conversation, so that the Senator from Utah may be heard.

Mr. HATCH. Mr. President, this amendment, together with the measure now under consideration from the Finance Committee, comprises the complete package of amendments which the administration has proposed to solve the insolvency problems of the black lung trust fund. I introduced this measure as a bill S. 1922 on December 8, 1981. The record should show that this bill, which is reflected in the pending amendments, enjoys bipartisan support. I am privileged to have such distinguished colleagues as Senator RANDOLPH and Senator HEINZ join me in cosponsoring this measure. The bill was jointly referred to the Labor and Human Resources Committee and the Finance Committee.

On Monday, December 14, the Labor Subcommittee held a long and thorough hearing on the bill. Many witnesses testified, including the administration, and witnesses from the coal industry, organized labor, the insurance industry. These witnesses all testified in favor of the legislation. We also heard from several people who found merit in the bill but felt that other changes should be made in the program. On balance, however, I would say that there is overwhelming support for changes proposed in this bill.

As I just indicated, the proposal promises to bring solvency to a program that is now virtually bankrupt. The program, as structured by the 1977 amendments, was supposed to be financially self-sufficient by 1984. However, today the trust fund is in debt to the Treasury by approximately $1.5 billion. The indebtedness is projected to skyrocket to $5.7 billion in 8 years and by the year 2010 reach $19.7 billion. In short, unless a strong new source of revenue is injected, the trust fund will never be self-sustaining.

Thus everyone agrees that a key component to a solution to the problem is a tax increase. The bill does this. But recognizing the tax increase under current projections will make the fund solvent by 1995, the bill makes this increase temporary—terminating by 1995, earlier if solvency is achieved before then.

I should emphasize that this tax is not one imposed on the individual taxpayer. Rather it is one assessed on underground and surface mine operators as a manufacturers excise tax on coal production.

The bill also addresses what many regard is the underlying reason for the trust fund's insolvency—namely, the eligibility criteria. This without question has evoked tremendous controversy. Many have contended that the current criteria are simply too loose and that thousands of claimants who are not truly disabled have received benefits. Recent studies by the General Accounting Of-

fice have tended to confirm this. In 1980, GAO reported that 88 percent of claims approved by the Social Security Administration were based on inadequate or conflicting medical evidence. This year GAO has reported that its survey of DOL-approved claims revealed 84 percent of the cases were based on inadequate or conflicting medical evidence.

However, it is always easier to state the problem than to achieve a complete solution. The bill, as developed under the guidance of the Department of Labor, reflects a consensus among the interested parties of what eligibility changes are needed to begin restoring this as a disability program, and no longer a pension program.

At this point I would like to briefly outline what the principal provisions of the total package of amendments do:

A. ELIGIBILITY STANDARDS

Eliminate the 15-year respiratory or pulmonary impairment presumption. Renders inapplicable for all claims filed after the effective date a rebuttable presumption that a miner not diagnosed as having complicated pneumoconiosis is totally disabled due to pneumoconiosis if evidence demonstrates the existence of a totally disabling respiratory or pulmonary impairment and the miner was engaged in coal mine employment (underground or conditions substantially similar to underground) for at least 15 years.

Eliminate the 10-year respirable disease presumption. Renders inapplicable for all claims filed after the effective date a rebuttable presumption that a miner's death was due to pneumoconiosis if he or she died from a respiratory disease and was engaged in coal mine employment for at least 10 years.

Eliminate the 25-year survivor presumption. Renders inapplicable, to claims filed more than 6 months after the effective date a rebuttable presumption which entitled the survivor of a miner who died before March 2, 1978 and who had at least 25 years of coal mine employment prior to June 30, 1971 to benefits, unless it is established that at the time of death the miner was not partially or totally disabled due to pneumoconiosis.

Eliminate the restriction on the Department of Labor's authority to use a second opinion on chest X-rays. Eliminates for claims filed after the effective date the prohibition against use of substantive evidence obtained from physicians who have demonstrated proficiency in evaluating chest X-rays for pneumoconiosis.

Amend restrictions on the interpretation of affidavits in the case of a deceased miner. Amends the act by modifying the mandatory provision that where there is no medical or other relevant evidence in the case of a deceased miner, affidavits shall be considered to be sufficient to establish that the miner was totally disabled due to pneumoconiosis. On or after the effective date the term "affidavits" in this section includes only affidavits from persons not eligible for benefits in such case.

DOL and HHS to study and report any further legislative recommendations within 18 months. This study is to focus on the state of the medical arts concerning the diagnosis of pneumoconiosis and the relationship of simple and complicated pneumoconiosis to physical impairment and economic disability.

B. BENEFITS

Eliminate survivors' unrelated death benefits. With respect to claims filed on or after the effective date, amends the act by limiting benefit payments to only situations where it can be established that the death of the miner was due to pneumoconiosis.

Imposition of excess earnings offset. With respect to claims filed on or after the effective date, amends the act by providing for a reduction of benefits on account of excess earnings.

DOL to study the relationship of the black lung program to other workers' compensation programs and report any legislative recommendations within 18 months. This study will review other State and Federal workers' compensation and disability programs as to their eligibility criteria and benefit levels, as well as review other sources of income received by persons who have pneumoconiosis.

C. INTERIM BENEFITS; INTEREST CHARGES

Limitation of interim benefit payments from the black lung disability trust fund (BLDTF). Amends the act to eliminate the obligation for the trust fund to pay lump-sum retroactive benefit payments to claimants (following an initial determination of eligibility) while the claim is being contested by a responsible operator.

Increase interest charges to responsible operators. Amends the act by requiring responsible operators to pay interest to the BLDTF at the same rate as for other overdue Federal debts in those cases where the BLDTF is required to make "interim benefit" payments because of the failure of the responsible operator to make such payments while the claim is being contested. Would also require the responsible operator to pay interest to the claimant, at the same rate, for benefit payments not paid to the claimant on an interim basis by the BLDTF.

D. LIABILITY OF FUND FOR SPECIAL CLAIMS

Transfer of liability for special claims to the BLDTF. Amends the act by transferring to the BLDTF the liability for claims denied and closed prior to the 1977 amendments to the act and subsequently approved pursuant to section 435 of the Federal Mine Safety and Health Act of 1977 (Black Lung Benefits Act).

E. EXCISE TAX

Tax rate to be raised to 50 cents per ton for surface-mined coal, $1 per ton for underground-mined coal, not to exceed 4 percent of sales price. This increase would be a doubling of the current tax rate until the current deficit in the trust fund is retired.

New tax rate to revert to current levels at the end of 1995 or sooner, if the current debt is repaid prior to that date. This is to be a tax increase of limited duration for the specific purpose of debt retirement.

Mr. President, a question has been raised regarding the proper interpretation of the provisions in the bill relating to the availability of survivor's benefits in those cases where the miner's death is unrelated to pneumoconiosis. We have been very concerned about the authority in current law to pay survivor's benefits in those situations. S. 1922, and the pending amendments, reflects that concern by eliminating prospectively the authority to initiate benefit payments when that happens. The administration expressed these same concerns in Deputy Under Secretary of Labor Robert Collyer's testimony before the Senate Labor Subcommittee, December 14, 1981.

I want to emphasize, however, that it it is not the purpose of S. 1922, and the pending amendments, to deny survivor's benefits when complications of pneumoconiosis have caused a miner's death or where pneumoconiosis was a substantially contributing factor to that death. For example, pneumoconiosis may have been a substantially contributing cause of death in a case where the principal cause of death was pneumonia.

Of course, survivors would not be eligible for benefits in those situations where death was caused by a traumatic injury or an unrelated medical condition.

As a procedural matter, a survivor would initially file a claim for benefits. I understand that the Labor Department's claims examiners will be instructed to give all such claims the highest priority in developing the evidence necessary to reach a fair and prompt decision. Once the Labor Department has received medical evidence establishing that pneumoconiosis was the cause of death or a substantially contributing factor to the death, the survivor will receive benefits unless the weight of the evidence developed by the Labor Department's Deputy Commissioner or by a responsible operator establishes that the death was unrelated to pneumoconiosis. In cases involving a responsible operator, the burden would, of course, be on it to present medical evidence to rebut evidence by the survivor which otherwise would appear to establish eligibility for benefits.

It is my expectation that the Department of Labor would administer the new law in accordance with this explanation of the survivorship provisions.

Mr. NICKLES. Mr. President, I wish to join with my colleague, the chairman of the Labor Committee, Senator HATCH, in recommending the adoption of this amendment.

Two days ago, along with Senator RANDOLPH, we conducted extensive hearings on the administration's request for changes in the black lung program.

It was pointed out by the testimony of several people the problems of the trust fund that have been alluded to somewhat and which will be addressed by the increase in the tax.

Mr. President, what we wanted to do by the hearing was to consider recommendations proposed by the administration to tighten up eligibility and to eliminate the fraud and abuse that proliferated in the black lung program certainly

since its inception, but even more importantly, since the amendments of 1972 and 1977.

The changes that we made, and I shall repeat them very, very quickly, are prospective only. In other words, they will not affect claims that are already in the pipeline but they will only affect claims that will be coming in the future.

I will just outline a couple of those.

We eliminated three presumptions.

One presumption was basically that if a coal miner worked in the mines for 10 years or more that he automatically could be determined to have black lung disease.

GAO reported a study where they found 88 percent of the persons who were receiving black lung benefits under the Social Security Administration could not substantiate that they had black lung disease.

So we made that change. We eliminated the 10-year presumption. We also eliminated the presumption that if the deceased miner worked for 10 or more years and died from a respiratory disease, it was automatically presumed he died from black lung.

Mr. President, it was found in many cases that was not the case.

We eliminated a couple other presumptions that automatically again assume that a coal miner had black lung. In many cases we found he did not.

We also eliminated the provision that was added in 1977 that prohibited the rereading or a second opinion of X-rays. In many cases we found that mistakes were made initially but the operators, or whoever wanted to contest the claim, the insurance company, could not contest the claim because it prohibited rereading or additional checking of the X-rays.

Mr. President, we made some other changes, I think, which are substantial even though they are prospective in effect.

I personally have some reservations. I wish we could have gone further.

I think Senator RANDOLPH will agree we have been able to come up with a program that can be passed on both sides of Congress, a program that needs to be tightened up. At least we will be taking a step to tighten up to see that these abuses will not continue, at least at the same rate they have continued in the past.

We heard testimony from the administration that 30, 40, to 50 percent of the black lung claims in the past have been approved. We find now that this administration has tightened down the approval rate of claims somewhere in the neighborhood of 12 to 13 percent and that, if the amendment as proposed by Senator HATCH and myself is enacted, the approval rate will decline to somewhere in the neighborhood of 4 percent.

Mr. President, Senator CHAFEE, Senator DOMENICI, Senator LONG, and others have mentioned that we need to go further, and I wholeheartedly concur.

Additional changes need to be made in definitions. We need to redefine who miners are again. It was greatly liberalized in the past. We need to change the definition of the black lung disease itself. We also need to further redefine "total disability."

With those definition changes and a few other changes that have been discussed, and hopefully with a positive amendment such as that offered by Senator LONG that is not in this bill that would set a definite time and from that time no longer could the Treasury continue to make advances to this program, I think we will make some positive changes in getting this program off the backs of the general taxpayers and at least on to the coal operators and to the coal industry where it rightfully belongs.

I can tell the Members of this body that certainly in the committee of which I am chairman, the Labor Subcommittee, our committee continues and will continue to look into the black lung program and will make every endeavor we possibly can to insure that benefits, particularly those benefits paid in the future, will only go to those coal miners who are truly disabled by complicated pneumoconiosis, black lung.

Mr. President, I hope our colleagues will allow this amendment to go through, and I hope that we will be successful in the future to make additional changes as needed.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia has sought recognition. The Senator from West Virginia is recognized.

Mr. RANDOLPH. I can withhold my comments.

Mr. DOLE. Mr. President, I have been in touch with a few Members on the House side. We can hopefully get this bill passed today. We have a time problem. I am not trying to shut anyone off. I suggest if we really want the black lung bill, we move as quickly as we can. Some may not want the black lung bill. That is their business.

Mr. FORD. Mr. President, will the Senator from West Virginia yield?

Mr. RANDOLPH. I yield.

Mr. FORD. Mr. President, I am pleased to see that the Senate is moving quickly to correct the growing problems of the black lung trust fund. It is estimated that without corrective legislative action, the black lung trust fund will experience a $9 billion deficit, including principal and interest due to the U.S. Treasury, by 1995. Clearly, the time for legislation to restore the fund's solvency is past due. The changes in eligibility that have been introduced and the proposed increases in the excise tax rates would help solve the long-term problems of the fund and return it to sound financial footing. These changes are designed to eliminate the need for Treasury advances after fiscal year 1985 and to allow for full repayment to the Treasury of accumulated principal and interest by fiscal year 1995. But most importantly, these changes will do so without affecting the benefits of current beneficiaries.

The proposed reform we are considering this morning has been endorsed by the administration, the coal industry, and the United Mine Workers. It represents much deliberation and compromise by all parties concerned about the solvency of the trust fund and the security of benefits for those miners who have been debilitated by black lung. The needs of the families and survivors of black lung victims are no less real today than they were in 1969 when the black lung program was first initiated.

Mr. President, I am hopeful that the Senate and House can move quickly on this measure, and put to rest the concerns of both those who are responsible for the solvency of the black lung trust fund and those who depend upon the fund for benefits. I realize that these changes will not completely satisfy everyone, but I believe that this reform is the most satisfactory measure that could have been devised under the circumstances. I commend the Senate for its timely action on this matter and urge that we move ahead with these changes.

I thank the distinguished Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. RANDOLPH. Mr. President, the urgency for the passage of this measure is something that has been stressed. Regardless of the positions and the votes to be cast by Members it is the matter of timing that is critical in this situation. I add to what the able Senator from Oklahoma (Mr. NICKLES) has said a few moments ago. The Labor Subcommittee did meet on Monday of this week.

We heard testimony for 4½ hours. That testimony came from the coal industry represented through the National Coal Association; the United Mine Workers of America representing not all but a large segment of those who mine coal throughout the United States, including not only deep mining and surface mining; and the administration through the Labor Department. Other witnesses included Representative JOHN ERLENBORN, the Edison Electric Institute, and the American Insurance Association.

This amendment was not actually drafted here in the Senate. But we were knowledgeable as to what was in the amendment. The able chairman of the Labor and Human Resources Committee, in his brief presentation of the amendment, has indicated those who joined in its presentation for purposes of the hearing and hoped-for favorable action in this body. I joined in that effort.

It was my belief that this was necessary and it was something in which I wanted to participate. My name was included as one of the cosponsors of the legislation offered by the able Senator from Utah.

I did this in a cooperative effort, remembering that the legislation on black lung came from that committee of which I have been a member during the 23 years that I have had the responsibility to serve in this body.

Having been associated with the black lung program authorization from its inception in 1969, at that time I joined Senator ROBERT C. BYRD in offering an amendment for the first appropriation in this body. I believe it is right for me to be a part of bringing this legislation to the floor.

It is my hope that with the agreement of varying groups that are often in conflict, we will be able to move quickly with this black lung proposal.

This does not mean we are rushing something through. Rather, we are coping with a vital subject. There has been a long counseling period of bringing together those parties which have an interest in the black lung program, recognizing the human element and the financial considerations which are involved.

The able Presiding Officer now in the Chair as we discuss this matter comes from the Commonwealth of Virginia as one of its Senators, and in that State, coal is mined, as in 26 States in this country. Those 26 States where coal is mined include: Alabama, Alaska, Arkansas, Colorado, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Missouri, Montana, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, and Wyoming.

Sometimes we fail to recognize where coal is mined. Coal is mined to a great degree, a substantial degree, in many of the counties of the Commonwealth of Virginia, and with Senator WARNER in the Chair and Senator HARRY F. BYRD in his seat, I mention Virginia only to indicate that throughout our country coal is being mined. To every State of the Union the benefits from the passage of the original act and amendments, have gone to those who were miners and their survivors, including widows and children, who are in other States.

Mr. President, the black lung laws have grown out of the recognition by the Congress and others that a major effort was needed to improve health and safety conditions in our Nation's coal mines. The laws recognize the need to ameliorate the economic distress of coal miners and their families afflicted by the disabling black lung disease which arose out of those conditions.

My commitment to a strong black lung program has not slackened over these years since the original program was enacted. Indeed, as the sponsor of the first black lung legislation, which became title IV of the Federal Coal Mine Health and Safetv Act of 1969, as amended, I have consistently fought to develop the strongest compensation program possible, and it has sometimes been a difficult struggle.

At this time the black lung disability trust fund faces a financial crisis. I am cosponsoring the administration's bill introduced by Senators HATCH, NICKLES, HEINZ, and myself, because of the critical deficit facing the fund. The fund finances black lung payments, and we must take action now to correct the serious problem so that disabled miners and their families can continue to receive the modest compensation payments promised them under the law.

Mr. President, this is a critical time in our Nation, we must deal with budget constraints and energy concerns and many other issues, but we must not forget as we press ahead, that we are here on behalf of and to serve human needs. In the final analysis, the first priority of the black lung program is the coal miner, the man or woman who travels deep into the Earth, into the core of our mountains in West Virginia for instance, and brings out of those depths, the rich, black coal which we use to heat our homes, and power our electric lights, and for many other uses around the world.

The coal miner, in the performance of his or her job, is subjected to incredibly hazardous situations, and sometimes, those situations turn into nightmares for the miner and for his family, when sudden death traps the miner in the form of a roof collapse as we know occurred in Bergoo, W. Va. That tragic accident claimed the lives of three miners on December 4. Then a few days later, on December 7, an explosion in a mine in Topmost, Ky., took the lives of eight miners just as suddenly and just as catastrophically. And, before we could cope with these human tragedies in the coalfields of Appalachia, the very next day, December 8, an explosion in Whitwell, Tenn., again shattered families by extinguishing the lives of 13 more miners. These are tragic accidents and our hearts go out to the families and friends of these miners who were simply doing their jobs, who were simply trying to earn a living in the coal mines.

In 1981, there have been 143 deaths due to mine accidents. Every day that a miner enters a coal mine, he must consider the danger to his occupation, and while it may be in the far reaches of his mind, every miner knows the danger that may await him. And every miner's family knows the danger that may await him.

Of course, every miner does not face a mine accident, but every miner does face the possibility of developing the disabling black lung diseases. Every miner who breathes coal dust luckily does not contract one of these disabling occupational diseases, but for those who do suffer from these irreversible debilitating diseases, and for their surviving dependents, we have a compensation program, and I intend to preserve a strong compensation program for these brave, individuals for risking their lives to mine coal. For those who suffer impaired breathing and disability from pulmonary diseases resulting from prolonged inhalation of coal dust, there is no adequate compensation to substitute for their health.

And there is no substitution in compensation for a family who has lost their loved ones—husbands, fathers, sons, brothers, and now, also, wives, mothers, daughters, and sisters—to these terrible diseases. But, we must try.

Mr. President, there are those who look at the costs of these programs and say we cannot afford them. But, this Nation has a national policy, established under the Federal Coal Mine Health and Safety Act of 1969, as amended, which states in part, that—

> The first priority and concern of all in the coal or other mining industry must be the health and safety of its most precious resource—the miner.

And further, that—

> There is an urgent need to provide more effective means and measures for improving the working conditions and practices in the Nation's coal or other mines in order to prevent death and serious physical harm, and in order to prevent occupational diseases originating in such mines.

Title IV of the Federal Coal Mine Health and Safety Act of 1969, as amended, provides for benefits to miners who have contracted the occupational disease of pneumoconiosis and who are totally disabled as a result. The black lung program is part of this Nation's commitment to our miners and their families, and I am deeply concerned about the financial problems facing the black lung disability trust fund, which provides the payments to beneficiaries who qualify under the law for this compensation.

The deficit facing the black lung disability trust fund must be resolved, and this measure, which is before us today, will achieve this objective. It may not be a perfect measure, but it represents an agreement, as I indicated earlier, of the interested and affected parties.

This measure is the most equitable solution we could find, given the current circumstances. Senators may not be in agreement on the large sum of money which is involved. But I believe it is good for us to remember the words of Franklin Delano Roosevelt in his acceptance speech for renomination to the Presidency on June 27, 1936. F. D. R. said:

> Government can err, Presidents do make mistakes, but the immortal Dante tells us that divine justice weighs the sins of the cold-blooded and the sins of the warm-hearted in different scales. Better the occasional faults of a Government that lives in a spirit of charity than the consistent omissions of a Government frozen in the ice of its own indifference.

I urge approval of the pending black lung proposal.

I appreciate the opportunity to work with the chairman of our committee, Senator HATCH; with the chairman of our subcommittee, Senator NICKLES; with Senator DOLE who is handling this legislation in the overall, from the Finance Committee, and with Senator LONG of that committee. I commend these Senators for their effective efforts in bringing this measure to the Senate for consideration.

Now the Senate must make a decision. It is important for us to do this. Napoleon Bonaparte said:

> Nothing is more difficult and, therefore, more precious than to be able to decide.

Mr. CHAFEE. Mr. President, as we have discussed earlier today, this whole

black lung program, in my judgment, is a program that is out of control. It is a program that is harnessed by the changes that were made in 1977 and which, in my judgment, were extremely unfortunate.

We have made it perfectly clear that those who legitimately indeed suffer from the black lung disease should be compensated. But this program is universally recognized as going way beyond that.

All right. That is where we are. I do think the changes proposed by the Senator from Oklahoma, with the able assistance of the senior Senator from West Virginia, are effective for prospective cases, in other words, cases that have not even been filed.

But as to the cases that have been filed, I understand they proceed under the old rules.

Mr. President, we are in a situation where as far as I am concerned this is clearly half a loaf. But, as the saying goes, half a loaf is better than none. Apparently those who have worked on this—and I have great respect for those who are involved—feel this is the best that could be achieved. I am not at all sanguine that when suggestions are made we will try to take up the other errors or the problems that are involved in the current legislation in the future.

I think once we pass these, once the coal operators are relieved of past obligations, once we increase the tax, there will be little chance of making the corrections in past cases.

Nonetheless, this is something, and based on that, although it is not with the wildest enthusiasm. I will support, I want to indicate that I do support, the measure that is before us.

Mr. DOLE. Mr. President, as far as I know there is nobody demanding a rollcall on this particular amendment. They are demanding rollcalls on the substitute, as amended.

The PRESIDING OFFICER. Is there further debate on this amendment? If not, the question is on agreeing to the amendment of the Senator from Utah.

The amendment (UP No. 800) was agreed to.

Mr. DOLE. Mr. President, as far as the Senator from Kansas knows, there are no further amendments. Does the Senator from West Virginia know of any additional amendments?

Mr. RANDOLPH. I know of no amendment, other than the one with which we have just dealt.

Mr. METZENBAUM. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered on the Dole substitute, as amended.

Mr. DOLE. Mr. President, there has been some suggestion, in addition to the vote on the amendment, the substitute amendment, that there would be some who would want a vote on final passage. It is going to be the identical vote. I hope, in the spirit of those who want the black lung bill acted on today by the House, that we have just one vote. It will be an identical vote. I could vitiate the yeas and nays on the substitute and have it on final passage, but I have been advised by Senator PROXMIRE that he wanted a vote on both.

Mr. President, I suggest the absence of a quorum so we may make certain everybody has been protected.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. DOLE. The yeas and nays have been ordered. The vote would be on the substitute, as modified with the Hatch amendment, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. Mr. President, we have had a quorum call in for 5 or 6 minutes. Members who are absent have been notified. I suggest that we vote.

The PRESIDING OFFICER. The question is on agreeing to the substitute amendment of the Senator from Kansas (Mr. DOLE). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON) and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 56, nays 36, as follows:

[Rollcall Vote No. 493 Leg.]

YEAS—56

Andrews	Gorton	Matsunaga
Armstrong	Grassley	Murkowski
Baucus	Hart	Nickles
Boschwitz	Hatch	Packwood
Burdick	Hatfield	Pell
Byrd, Harry F., Jr.	Hawkins	Quayle
Chafee	Hayakawa	Randolph
Cochran	Heinz	Rudman
Cohen	Helms	Schmitt
D'Amato	Hollings	Simpson
Danforth	Huddleston	Specter
Denton	Humphrey	Stafford
Dodd	Jepsen	Stevens
Dole	Johnston	Symms
East	Laxalt	Thurmond
Ford	Leahy	Tsongas
Garn	Long	Wallop
Glenn	Lugar	Warner
	Mathias	Williams

NAYS—36

Abdnor	Eagleton	Moynihan
Bentsen	Exon	Nunn
Biden	Heflin	Pressler
Boren	Inouye	Proxmire
Bradley	Jackson	Pryor
Bumpers	Kassebaum	Riegle
Byrd, Robert C.	Kasten	Roth
Cannon	Levin	Sarbanes
Chiles	Mattingly	Sasser
DeConcini	Melcher	Stennis
Dixon	Metzenbaum	Weicker
Domenici	Mitchell	Zorinsky

NOT VOTING—8

Baker	Goldwater	Percy
Cranston	Kennedy	Tower
Durenberger	McClure	

So Mr. DOLE's amendment (UP No. 798), as modified and amended, was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The amendment as modified and amended is agreed to.

Mr. DOLE. Mr. President, I know of no other amendments. I ask for third reading.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time. The bill was read the third time.

REPORTING REQUIREMENT FOR TAX LEASES

● Mr. PELL. Mr. President, I support the amendment offered by the Senate Finance Committee as an amendment to the black lung legislation, requiring early reporting to the Treasury Department of "tax leases" entered into by companies during 1981 under the new special leasing provisions of the Economic Recovery Tax Act.

I have introduced, with Senator BUMPERS and a number of additional cosponsors, legislation (S. 1896) to repeal the special leasing provisions. I am convinced that the special leasing provisions, which permit companies to buy and sell Federal tax credits through transactions that are not leases but will be treated as leases by the Internal Revenue Service, is bad public policy.

The public trading of Federal tax credits as though they were bushels of wheat or shares of stock is offensive to the public, and an inefficient and deceptive way of providing investment incentives to companies, both profitable or not profitable, that do not owe any Federal taxes. The price of giving these tax subsidies to companies without Federal tax liability, is to give a share of the tax credits to companies who buy the credits through leases but have done nothing to earn the additional tax credits.

It will be very helpful to the Congress when this special leasing provision is considered in the next session to have the most accurate information possible about the use of the special leasing provisions during 1981. The reporting requirement in the amendment to the black lung legislation is essential if we are to have accurate statistics on the use of the leasing provision, and I commend the Finance Committee for presenting the proposal.●

Mr. ROBERT C. BYRD. Mr. President, the measure before the Senate deals with a subject that deeply affects my State of West Virginia. Thousands of West Virginians earn their daily bread by working in coal mines.

Working conditions in coal mines are extremely unpleasant. Coal dust in mines remains a problem, and that dust causes pneumoconiosis—black lung—the scourge of miners.

However, dust levels have been subject to controls for more than 10 years, and progress has been made in controlling dust since the Coal Mine Health and Safety Act became law in 1969.

We must maintain the momentum for progressive improvement in dust levels and in coal mine working conditions generally, so that miners will not have to fear either a quick death in an accident or a slow death from black lung disease.

The latent nature of pneumoconiosis must be recognized. An accumulation of coal dust in a miner's lungs may not produce clearly recognizable black lung symptoms immediately. These symptoms—coughing, spitting blood, and shortness of breath—may appear long after a miner's last exposure to coal dust.

The measure before the Senate attempts to provide for the financial integrity of the black lung disability trust fund. Unless the fund is bolstered, the entire black lung benefits program could be put in jeopardy in the future.

I compliment the manager of the bill, Mr. DOLE, and the ranking minority manager, Mr. LONG, on a very skillful job, and I express my personal appreciation to them in that regard.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee (Mr. BAKER) would vote "yea."

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON) is necessarily absent.

The PRESIDING OFFICER (Mr. WALLOP). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 63, nays 30, as follows:

[Rollcall Vote No. 494 Leg.]

YEAS—63

Andrews	Danforth	Hatch
Armstrong	Denton	Hatfield
Baucus	Dixon	Hawkins
Boschwitz	Dodd	Hayakawa
Burdick	Dole	Heflin
Byrd, Harry F., Jr.	East	Heinz
Byrd, Robert C.	Ford	Helms
Chafee	Garn	Hollings
Cochran	Glenn	Huddleston
Cohen	Gorton	Humphrey
D'Amato	Grassley	Inouye
	Hart	Jackson
Jepsen	Murkowski	Stafford
Johnston	Nickles	Stevens
Kennedy	Packwood	Symms
Laxalt	Pell	Thurmond
Leahy	Quayle	Tsongas
Long	Randolph	Wallop
Lugar	Rudman	Warner
Mathias	Schmitt	Williams
Matsunaga	Simpson	
Melcher	Specter	

NAYS—30

Abdnor	Eagleton	Pressler
Bentsen	Exon	Proxmire
Biden	Kassebaum	Pryor
Boren	Kasten	Riegle
Bradley	Levin	Roth
Bumpers	Mattingly	Sarbanes
Cannon	Metzenbaum	Sasser
Chiles	Mitchell	Stennis
DeConcini	Moynihan	Weicker
Domenici	Nunn	Zorinsky

NOT VOTING—7

Baker	Goldwater	Tower
Cranston	McClure	
Durenberger	Percy	

So the bill (H.R. 5159) was passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SYMMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MATTINGLY). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECORD CARRIER COMPETITION ACT

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 271.

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States:

Resolved, That the bill from the Senate (S. 271) entitled "An Act to repeal section 222 of the Communications Act of 1934", do pass with the following amendments:

Strike out all after the enacting clause, and insert:

SHORT TITLE

SECTION 1. This Act may be referred to as the "Record Carrier Competition Act of 1981".

COMPETITION AMONG RECORD CARRIERS

SEC. 2. Section 222 of the Communications Act of 1934 is amended to read as follows:

"COMPETITION AMONG RECORD CARRIERS

"SEC. 222. (a) For purposes of this section:

"(1) The term 'existing international record carrier' means any international record carrier which is eligible, on the date of the enactment of the Record Carrier Competition Act of 1981, to obtain record traffic from a record carrier in the United States for delivery outside the United States.

"(2) The term 'international record carrier' means any United States record carrier which derives a majority of its revenues during any calendar year from the provision of international record communications services between points of entry into or exit from the United States and points outside the United States.

"(3) The term 'primary existing international record carrier' means any existing international record carrier which is engaged in the direct provision of record communications services between the United States and 4 or more continents.

"(4) The term 'record carrier' means a common carrier engaged in the offering for hire of any record communications service, including service on interstate network facilities between 2 points located in the same State. Such term does not include any common carrier which derives a majority of its revenues during any calendar year from the provision of services other than record communications service.

"(5) The terms 'record communications facility' and 'facility' mean any telecommunications facility or equipment designed or used primarily to provide any record communications service.

"(6) The term 'record communications service' means any telecommunications service which is designed or used primarily to transfer information which originates or terminates in written or graphic form.

"(b)(1) The Commission shall, to the maximum extent feasible, promote the development of fully competitive domestic and international markets in the provision of record communications service, so that the public may obtain record communications service and facilities (including terminal equipment) the variety and price of which are governed by a fully competitive marketplace. The Commission shall reduce the extent to which it regulates record carriers as the development of competition among record carriers replaces the need for regulation to protect the public.

"(2) In furtherance of the purposes of this section, the Commission shall assure that none of the costs of regulated or unregulated record communications services and facilities (including terminal equipment) are borne by the users of any other record communications services.

"(c)(1)(A) Each record carrier shall make available to any other record carrier, upon reasonable request, full interconnection with any record communications service or record communications facility operated by such record carrier. Such record communications service or facility shall be made available, through written agreement, upon terms and conditions which are just, fair, and reasonable, and which are otherwise consistent with the purposes of this section.

"(B)(i) If any record carrier engages both in the offering for hire of domestic record communications services and in the offering for hire of international record communications services, then such record carrier shall be treated as a separate domestic record carrier and a separate international record carrier for purposes of administering the interconnection requirements established in subparagraph (A).

"(i) In any case in which such separate domestic record carrier furnishes interconnection to such separate international record carrier, any interconnection which such separate domestic record carrier furnishes to other international record carriers shall be (1) equal in type and quality; and (II) made available at the same rates and upon the same terms and conditions.

"(iii) In any case in which such separate international record carrier furnishes interconnection to such separate domestic record carrier, any interconnection which such separate international record carrier furnishes to other domestic record carriers shall be (I) equal in type and quality; and (II) made available at the same rates and upon the same terms and conditions.

"(iv)(I) Subject to the provisions of subclause (II), if a request for interconnection under subparagraph (A) is for the purpose of providing international record communi-

cations service, then the agreement entered into under subparagraph (A) shall require that the allocation of record communications service between points outside the United States and points of entry in the United States shall be based upon a pro rata share of record communications service between points of exit out of the United States and points outside the United States provided by the carrier making such request for interconnection.

"(II) The requirement established in subclause (I) shall not apply in any case in which the customer requesting any record communications service between a point outside the United States and a point of entry in the United States has the option to specify the international record carrier which will provide such record communications service.

"(2) If any request made by a record carrier under paragraph (1) will require an agreement under which any record communications service or record communications facility operated by one of the parties to such agreement will be used by any other party to such agreement, then such agreement shall establish a nondiscriminatory formula for the equitable allocation of revenues derived from such use between the parties to such agreement, except that each party to such agreement shall have the right to establish the total price charged by such party to the public for any such service which is originated by such party, consistent with the provisions of section 203. To the extent possible, and consistent with the provisions of paragraph (3)(B)(ii), the Commission shall require that such equitable allocation of revenues be based upon the relative costs of the record communications service or facility employed as a result of such agreement.

"(3)(A) The Commission, as soon as practicable (but not later than 15 days) after the date of the enactment of the Record Carrier Competition Act of 1981, shall convene a meeting between (i) all existing international record carriers; and (ii) any record carriers which the Commission determines would be parties to any agreement under paragraph (1). Such meeting shall be held for the purpose of negotiating the agreement required in paragraph (1). Representatives of the Commission shall attend such meeting for purposes of monitoring such negotiations.

"(B)(i) If—

"(I) any record carriers specified in subparagraph (A)(ii); and

"(II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

fail to enter into an agreement before the end of the 45-day period following the beginning of such meeting, then the Commission shall issue an interim or final order which establishes a just, fair, reasonable, and nondiscriminatory agreement which is consistent with the purposes of this section. Subject to the provisions of paragraph (4)(B), any such agreement established by the Commission shall be binding upon such parties.

"(ii) Such interim or final order shall be issued not later than 90 days after the date on which the Commission convenes the meeting under subparagraph (A). If—

"(I) any record carriers specified in subparagraph (A)(ii); and

"(II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

reach an agreement which complies with the requirements of this section, and such agreement is entered into before the issuance of such order by the Commission under this subparagraph, then such agreement of the parties shall take effect and the Commission shall not be required to issue any such order.

"(C) Any record carrier which is not subject to the agreement entered into, or established by the Commission, under this paragraph may elect to be subject to the terms of such agreement upon furnishing written notice to the Commission and to all existing parties to such agreement.

"(D)(i) The agreement entered into, or established by the Commission, under this paragraph shall terminate at the end of the 3-year period following the effective date of such agreement, except that the Commission shall have authority to provide that such agreement shall continue in effect if the Commission determines that such continuation is necessary to carry out the purposes of this section.

"(ii) After the expiration of such agreement, in any case in which a record carrier seeking interconnection in accordance with paragraph (1) is unable to enter into an agreement for the provision of such interconnection, the Commission shall have authority to establish an agreement for such interconnection in accordance with the provisions of this section.

"(E) No United States record carrier shall have any authority to enforce any provision contained in an agreement for the provision of record communications service or facilities which is entered into or renewed after the date of the enactment of the Record Carrier Competition Act of 1981, if the Commission determines that such provision impedes the development or operation of competitive record communications service markets.

"(4)(A) The Commission shall have authority to vacate or modify any agreement entered into by any record carriers under this section if the Commission determines that such agreement is not consistent with the purposes of this section. During the 3-year period specified in paragraph (3)(D)(i), the Commission shall vacate or modify any such agreement under this subparagraph if the Commission determines that such agreement discriminates against any carrier.

"(B) In any case in which the Commission issues an interim or final order under paragraph (3)(B), the parties which are specified in subclauses (I) and (II) of paragraph (3)(B)(ii) and which are subject to such order shall have authority to supersede the application of such order by entering into an agreement which is consistent with the purposes of this section, except that any such agreement shall be subject to the authority of the Commission under subparagraph (A).

"(5) In any case in which a United States record carrier (other than an international record carrier) submits an application to the Commission for authority to provide international record communications service, the Commission shall not have any authority to take any final action with respect to such application until the end of the 120-day period following the date a written agreement is entered into between such record carrier and existing international record carriers under paragraph (3) (or following the effective date of any interim or final order issued by the Commission under paragraph (3)(B) with respect to such carriers). The limitation upon Commission authority established in this paragraph shall expire at the end of the 210-day period following the date of the enactment of the Record Carrier Competition Act of 1981.

"(d) Each record carrier shall be authorized to provide record communications service in the United States domestic market and in the international market. Any such carrier seeking to provide such service, directly or indirectly, shall submit an application to the Commission under section 214. The Commission shall act expeditiously upon any such application.".

COMMISSION OVERSIGHT OF DISTRIBUTION FORMULAS

SEC. 3. (a) Subject to the provisions of subsection (b), the Federal Communications Commission shall exercise its authority under the Communications Act of 1934 to continue its oversight of the establishment of just and reasonable distribution formulas for unrouted outbound telegraph traffic and the allocation of revenues with respect to such traffic, consistent with the purposes of section 222 of the Communications Act of 1934, as amended in section 2.

(b) The provisions of subsection (a) shall cease to have any force or effect at the end of the 1-year period beginning on the date of the enactment of this Act.

EFFECT OF AMENDMENT UPON CERTAIN CONTRACTS

SEC. 4. The amendment made in section 2 shall not affect the validity of the terms of any otherwise lawful contract relating to the distribution of outbound international record traffic between any domestic record carrier and any international record carrier if such contract was entered into before June 23, 1981.

Amend the title so as to read: "An Act to amend the Communications Act of 1934 to eliminate certain provisions relating to consolidations or mergers of telegraph and record carriers and to create a fully competitive marketplace in record carriage, and for other purposes.".

UP AMENDMENT NO. 801

Mr. STEVENS. Mr. President, I send an amendment to the desk on behalf of Senator GOLDWATER and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS) for Mr. GOLDWATER proposes an unprinted amendment numbered 801.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the matter proposed to be inserted by the House engrossed amendment to the text of the bill, insert the following:

SHORT TITLE

SECTION 1. This Act may be referred to as the "Record Carrier Competition Act of 1981".

COMPETITION AMONG RECORD CARRIERS

SEC. 2. Section 222 of the Communications Act of 1934 is amended to read as follows:

"COMPETITION AMONG RECORD CARRIERS

"SEC. 222. (a) For purposes of this section:

"(1) The term 'primary existing international record carrier' means any record carrier which (A) derives a majority of its revenues during any calendar year from the provision of international record communications services between points of entry into or exit from the United States and points outside the United States; (B) is eligible, on the date of the enactment of the Record Carrier Competition Act of 1981, to obtain record traffic from a record carrier in the United States for delivery outside the United States; and (C) is engaged in the direct provision of record communications services between the United States and four or more continents.

"(2) The term 'record carrier' means a common carrier engaged in the offering for

hire of any record communications service, including service on interstate network facilities between two points located in the same State. Such term does not include any common carrier which derives a majority of its revenues during any calendar year from the provision of services other than record communications service.

"(3) The term 'record communications service' means those services traditionally offered by telegraph companies, such as telegraph, telegram, telegram exchange, and similar services involving an interconnected network of teletypewriters.

"(b)(1) The Commission shall, to the maximum extent feasible, promote the development of fully competitive domestic and international markets in the provision of record communications service, so that the public may obtain record communications service and facilities (including terminal equipment) the variety and price of which are governed by competition. In order to meet the purposes of this section, the Commission shall forbear from exercising its authority under this Act as the development of competition among record carriers reduces the degree of regulation necessary to protect the public.

"(2) In furtherance of the purposes of this section, record carriers shall not impose upon users of any regulated record communications services the costs of any other services or facilities (including terminal equipment), whether regulated or unregulated.

"(c)(1)(A)(i) In implementing its responsibilities under section 201(a), the Commission shall require each record carrier to make available to any other record carriers, upon reasonable request, full interconnection with any facility operated by such record carrier, and used primarily to provide record communications service. Such facility shall be made available, through written agreement, upon terms and conditions which are just, fair, and reasonable, and which are otherwise consistent with the purposes of this section.

"(ii)(I) Subject to the provisions of subclause (II), if a request for interconnection under clause (i) is for the purpose of providing international record communications service, then the agreement entered into under clause (i) shall require that the allocation of record communications service between points outside the United States and points of entry in the United States shall be based upon a pro rata share of record communications service between points of exit out of the United States and points outside the United States provided by the carrier making such request for interconnection.

"(II) The requirement established in subclause (I) shall not apply in any case in which the customer requesting any record communications service between a point outside the United States and a point of entry in the United States has the option to specify the international record carrier which will provide such record communications service.

"(B) The Commission shall require that—

"(i) if any record carrier engages both in the offering for hire of domestic record communications services and in the offering for hire of international record communications services, then such record carrier shall be treated as a separate domestic record carrier and a separate international record carrier for purposes of administering interconnection requirements;

"(ii) in any case in which such separate domestic record carrier furnishes interconnection to such separate international record carrier, any interconnection which such separate domestic record carrier furnishes to other international record carriers shall be (I) equal in type and quality; and (II) made available at the same rates and upon the same terms and conditions; and

"(iii) in any case in which such separate international record carrier furnishes interconnection to such separate domestic record carrier, any interconnection which such separate international record carrier furnishes to other domestic record carriers shall be (I) equal in type and quality; and (II) made available at the same rates and upon the same terms and conditions.

The requirements of clauses (i), (ii), and (iii) shall not apply to a record carrier if such record carrier does not have a significant share of the market for record communications services.

"(2) If any request made by a record carrier under paragraph (1)(A)(i) will require an agreement under which any record communications service or facility operated by one of the parties to such agreement will be used by any other party to such agreement, then such agreement shall establish a nondiscriminatory formula for the equitable allocation of revenues derived from such use between the parties to such agreement, except that each party to such agreement shall have the right to establish the total price charged by such party to the public for any such service which is originated by such party, consistent with the provisions of section 203. To the extent possible, and consistent with the provisions of paragraph (3)(B)(ii), the Commission shall require that such equitable allocation of revenues be based upon the costs of the record communications service or facility employed as a result of such agreement.

"(3)(A) The Commission, as soon as practicable (but not later than 15 days) after the date of the enactment of the Record Carrier Competition Act of 1981, shall convene a meeting among all record carriers which the Commission determines would be parties to any agreement required by paragraph (1)(A)(i). Such meeting shall be held for the purpose of negotiating any such agreement. Representatives of the Commission shall attend such meeting for purposes of monitoring and presiding over such negotiations.

"(B)(i) In the case of any such required agreement, if—

"(I) the record carrier subject to the interconnection requirement; and

"(II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

fail to enter into an agreement before the end of the 45-day period following the beginning of such meeting, then the Commission shall issue an interim or final order which establishes a just, fair, reasonable, and nondiscriminatory agreement which is consistent with the purposes of this section. Any such agreement established by the Commission shall be binding upon such parties.

"(ii) Such interim or final order shall be issued not later than 90 days after the date on which the Commission convenes the meeting under subparagraph (A). In the case of any such required agreement, if—

"(I) the record carrier subject to the interconnection requirement; and

"(II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

reach an agreement which complies with the requirements of this section, and such agreement is entered into before the issuance of such order by the Commission under this subparagraph, then such agreement of the parties shall take effect and the Commission shall not be required to issue any such order.

"(C) Any record carrier which is not subject to the agreement entered into, or established by the Commission, under this paragraph may elect to be subject to the terms of such agreement upon furnishing written notice to the Commission and to all existing parties to such agreement. After a carrier makes such an election, the terms and arrangements established by the agreement shall apply to such carrier to the extent practicable; as determined by the Commission.

"(4) The Commission shall have authority to vacate or modify any agreement entered into by any record carriers under this section if the Commission determines that (A) such agreement is not consistent with the purposes of this section; or (B) such agreement unjustly or unreasonably discriminates against any record carrier.

"(5) If the Western Union Telegraph Company submits an application to the Commission for authority to provide international record communications service, the Commission shall not have any authority to take any final action with respect to such application until the end of the 120-day period following the date a written agreement is entered into between such Company and other record carriers under paragraph (3), or following the effective date of any interim or final order issued by the Commission under paragraph (3)(B) with respect to such carriers. The limitation upon Commission authority established in this paragraph shall expire at the end of the 210-day period following the date of the enactment of the Record Carrier Competition Act of 1981.

"(d) Subject to the provisions of subsection (c)(5), each record carrier may provide record communications service in the United States domestic market and in the international market. Any record carrier seeking to provide domestic record communications service may provide such service without submitting an application to the Commission under section 214 unless the Commission requires such a submission. The Commission shall act expeditiously upon any application submitted pursuant to section 214.

"(e)(1) At the end of the 36-month period following the date of the enactment of the Record Carrier Competition Act of 1981, the provisions of subsection (c), other than paragraph (1)(B) of such subsection, shall cease to have any force or effect.

"(2) The provisions of paragraph (1) shall not be construed to affect the obligation of any carrier to interconnect with any other carrier pursuant to this Act.".

COMMISSION OVERSIGHT OF DISTRIBUTION FORMULAS

SEC. 3. (a) Subject to the provisions of subsection (b), the Federal Communications Commission shall exercise its authority under the Communications Act of 1934 to continue its oversight of the establishment of just and reasonable distribution formulas for unrouted outbound telegraph traffic and the allocation of revenues with respect to such traffic, consistent with the purposes of section 222 of the Communications Act of 1934, as amended in section 2.

(b) The provisions of subsection (a) shall cease to have any force or effect at the end of the 1-year period beginning on the date of the enactment of this Act.

EFFECT OF AMENDMENT UPON CERTAIN CONTRACTS

SEC. 4. The amendment made in section 2 shall not affect the validity of the terms of any otherwise lawful contract relating to the distribution of outbound international record traffic between any domestic record

carrier and any international record carrier if such contract was entered into before June 23, 1981.

AMENDMENT TO OTHER LAW

SEC. 5. (a) Section 122(a) of the Rock Island Transition and Employee Assistance Act is amended by adding at the end thereof the following new sentence: "The Commission shall have authority to authorize continued rail service under this section over the lines of the Rock Island Railroad until the disposition of the properties of the estate of the Rock Island Railroad.".

(b) The applicability of the amendment by subsection (a) to Interstate Commerce Commission Service Order 1498 shall expire at the end of May 15, 1982.

(By request of Mr. STEVENS the following statement was ordered to be printed in the RECORD:)

● Mr. GOLDWATER. Mr. President, S. 271, introduced on January 27, 1981, was passed by the Senate on June 23, 1981. It is designed to promote competition in the international telecommunications record markets by removing existing statutory barriers to Western Union entry into international markets.

The House of Representatives moved expeditiously to adopt its own version of S. 271. I congratulate the House on its success in moving this long-overdue legislation. The amendment I offer today is consistent with the goals of the Senate and House view—that the Communications Act not be a barrier to the development of a fully competitive international market.

This amendment would simplify the pending bill substantially. There were concerns that the Federal Communications Commission was not carrying out its responsibilities under the Communications Act of 1934 to insure fair and adequate interconnection arrangements among the affected carriers. In an effort to urge the Commission and the carriers to move expeditiously, the House has included statutory language which is clearly duplicative of existing Commission authority under the 1934 act. The duplication provisions are merely designed to settle the existing, outstanding, lingering disputes among record carriers regarding Western Union's obligations to interconnect for the provision of record services.

This bill would simply set a timetable for accomplishing these interconnection goals, have the interconnection arrangements in place for 3 years, and remove this added layer of regulation at the end of the 3-year period. Thereafter, the carriers and the Commission would continue to rely solely on the existing act's provisions, a carrier with a significant share of the market for record services, and which provides domestic and international services would be required to treat those domestic and international services separately. Interconnection between the international and domestic operations of any carrier would be made available to any other international or domestic carrier on a nondiscriminatory basis.

Whatever language of this bill duplicates that of the existing act must be interpreted as additional authority for the Commission—not as a substitute for such existing authority. To the extent that the language of this bill and the act are in conflict, the language of the 1934 act must predominate. Of course, the issue of duplicative authority will disappear after 3 years when the regulatory provisions of this bill will "sunset."

This bill further seeks to promote entry by new carriers into the international market. It assures that a carrier generating record traffic destined for outside the United States be guaranteed a pro rata share of inbound or return traffic. A new carrier will not benefit from this section once it obtains an operating agreement from a foreign country. Our hope is that this provision would encourage foreign telecommunications entities to deal with all U.S. carriers and to cease practices that exclude some carriers.

This amendment takes another step in the deregulation of domestic telecommunications markets. It requires that any record carrier seeking to provide domestic record communications services may do so without submitting an application under section 214 of the act, unless the Commission so orders. This relieves the Commission, in most cases, from finding that the public interest, convenience, and necessity would be served by the proposed domestic service.

Any carrier, however, seeking to provide international services will continue to file an application under section 214 of the act. The difference in treatment for international services is based upon our belief that the Commission still has a more significant role to play in the direction of the development of a truly competitive international marketplace.

It is also based upon our belief that, in time, our procompetitive policies will not be frustrated in foreign markets—but as of now, the international market needs greater coordinated U.S. influence.

This amendment expressly authorizes the Commission to forbear from regulating record carriers and their services as competition develops. This means that there is no provision in the existing 1934 act or in this bill that will require FCC action in a competitive record marketplace.

Finally, the provisions of S. 271 designed to expedite Commission processes must not be interpreted to relieve the Commission of its obligations under the Administrative Procedure Act.

Mr. President, I believe this amendment, simplifying and clarifying the goals of both Houses, will go far in assuring the development of competition in our record market. I, hereby, move its adoption.●

ROCK ISLAND RAILROAD AMENDMENT

Mrs. KASSEBAUM. Mr. President, I am grateful for the inclusion of this amendment which will clarify the power of the Interstate Commerce Commission to authorize continued rail service over the lines of the bankrupt Rock Island Railroad.

When Congress passed the Rock Island Transition and Employee Assistance Act of 1980, section 122 was included to permit the ICC to allow continued service over these lines until final disposition of the properties of the bankrupt estate. Unfortunately, the courts have construed this section as authorizing the ICC to issue these service orders only on a temporary basis until the court approved a final abandonment. With respect to the Rock Island, a court order permitting abandonment became effective in March of this year. Accordingly, an existing ICC order that would have provided continued service over the Rock Island line serving Kansas, Oklahoma, and Texas has been invalidated by the courts, and this service is scheduled to cease on December 31.

Mr. President, the importance of rail service to the economy of the Midwestern States is well known. The old Rock Island rail system remains an economic lifeline to the Midwest. Huge volumes of agricultural and industrial products are transported over these lines. In Kansas, nearly 40 percent of the total commercial grain storage capacity is served by the Rock Island system. The consequences of the court's action will be to deprive approximately 77 cities, towns, and communities, and hundreds of shippers of rail service. In addition, approximately 400 railroad employees, most of whom are ex-Rock Island employees, will have to be released from service this month.

The amendment which I offer is intended to clarify what the congressional intent was in enacting section 122(a) of the Rock Island Transition and Employee Assistance Act. The House and Senate committees with jurisdiction understand the critical emergency facing shippers and communities in Texas, Oklahoma, and Kansas as a result of the Bankruptcy Court's recent interpretation of section 122(a). Because of this emergency situation, the House committee has agreed to accept this amendment, despite the lack of any hearings or committee action. However, the House committee feels strongly that it must have the opportunity to review this problem, and other problems related to the Rock Island Railroad, through normal committee procedures, next year. For that reason, the applicability of the amendment to the case giving rise to the Bankruptcy Court's interpretation of section 122(a) is effective only until May 15, 1982.

Mr. CANNON. Earlier this year the Senate passed S. 271 in order to remove the statutory ban on Western Union entering international markets. The Senate bill was a simple and straightforward repeal of section 222 of the Communications Act.

The House has taken S. 271 and amended it extensively. Most of the provisions inserted by the House are geared toward the transition from a highly regulated record carrier industry—both domestically and internationally—to one more competitive marketplace-oriented. It seems to me that these transition provisions are within the scope of the bill that the Senate enacted. My principal concern is not so much with the provision themselves, but to assure that we are truly moving toward less regulation and more competition in this industry.

Hence, today we are offering amendments to the House-passed version of this legislation that clarify the transition nature of most of the provisions. I believe that these changes will be acceptable to the House. The basic concept in these proposed amendments is that the Federal Communications Commission currently has the authority to do everything that the bill directs them to do. We are merely giving specific guidance during a transition period as to the regulatory policies that we want to emphasize.

Some of the provisions in the bill overlap with certain other parts of the current Communications Act. It is not the intent to override, either explicitly or implicitly, any other sections of the Communications Act. There is to be no implication drawn that in the absence of legislation the Commission does not have the same interconnection authority through section 201(a) as it does through this provision.

Nor are we saying that the Commission does not currently have the authority to forebear from regulation. We are simply providing policy guidance for the transition period. After that period of time, the bill makes it clear that the Commission has authority to continue its regulatory functions in the manner most consistent with promoting competition.

I think it is important to point out that this bill is a genuine deregulation bill in one major respect. It specifically removes the statutory barriers for entry into the domestic record carrier market. Applicants no longer need file applications under section 214 of the act unless specifically required to do so by the Commission. We have left a residual of FCC authority in this area to cover such contingencies as satellite applications or similar circumstances.

The Commission could also use its authority to require 214 applications by dominant carriers who do not now provide extensive record carrier service. In any case, it is the strong desire that the residual authority be used sparingly, if at all.

The domestic record carrier market is currently a virtual monopoly by one carrier. Open entry is the best solution to breaking that monopoly. The Commission should not exercise its authority except for technical considerations or to promote competition. Moreover, in light of this entry decontrol, we would encourage the Commission to examine other regulations imposed upon the record carrier industry and forebear from whatever regulation that is not necessary—including tariffs, reporting requirements, and so on.

By way of explanation, those provisions of the legislation that specifically do not apply to any record carrier not having a "significant market share" of the market for record communications services, leave the Commission with substantial discretion. In determining which carriers do or do not have a substantial market share at any given time, the FCC must look at the overall picture of the number of carriers involved and the various percentages of market share.

It is our view that currently all but four carriers would be exempted from these provisions—ITT World Communications, Inc.; RCA Global Communications, Inc.; TRT Telecommunications Corp.; and Western Union International, Inc. If in the future, smaller carriers build their market share to a substantial share, or if Western Telegraph Co. enters international markets, they would also be included.

There is another aspect of this bill that also warrants comment. The international telecommunications market has proven to be difficult for new carriers to enter because of the resistance by foreign telecommunications monopolies, the PTT's. We believe that this bill's interconnection guidance, including subsection (c)(1)(A)(ii)—the "inbound flow" provision, is a good first step in aiding U.S. carriers that want to enter the international record market. The Commission should explore other ways to aid U.S. entry overseas.

While the "inbound flow" part of the interconnection subsection ceases to have any force or effect 3 years after the date of enactment under the provisions of subsection (e)(1), the Commission has the authority under other provisions of the Communications Act, including section 201, to continue such a requirement if it finds that such a requirement will enhance competition in the international record communications market and there is not a more effective method of easing entry and thereby increasing competition in the international record communications market.

Mr. HOLLINGS. Mr. President, the amendment offered to the House amendment to S. 271 provides for a sunset of 3 years to the interconnection, including return flow, requirements of the bill. The purpose of these sunset amendments about to be agreed upon by the Senate is to fall back upon the general provisions of the Communications Act after the initial 3-year period of operation under the specific terms and conditions of interconnection and return flow detailed in this measure.

This is appropriate, Mr. President, because this bill, in our view, merely makes explicit authority already available to the FCC under section 201(a) and other sections of the act. Both during and after this 3-year start-up period, of course, other remedies in addition to the ones specified in this bill might be chosen by the Commission to achieve a competitive environment in international record telecommunications.

It would be completely consistent with these sunset provisions that the Commission at the end of or prior to the expiration of the 3-year period to extend these specific interconnection and return flow provisions and to adopt any other provisions deemed by them to assure the continuation of a competitive environment under the existing authority of the Communications Act as amended.

Indeed, if the new carriers that we expect might enter this business have not signed operating agreements with foreign PTT's at that time, we would expect the FCC to continue the interconnection, including return flow, requirements in subpart (c). Rather than freezing in detailed remedies forever, the purpose of the sunset provision is to point the way and we are relying on the Commission's general authority to extend or modify these remedies to assure the continuing accomplishment of purposes of this act, that is, providing a competitive environment for both existing and new carriers in the international record carrier business.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I move that the Senate concur in the amendments of the House with an amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alaska.

The motion was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. HART. Mr. President, I wonder if the Senator from Alaska will yield for a question?

Mr. STEVENS. I am happy to yield.

Mr. HART. Mr. President, I do not want to be picky on this last day, but this Senator has a personal interest in a bill that is pending. I have been trying all day to find out what the schedule is. I wonder if the Senator from Alaska, as the floor manager, would lay out what the agenda is for all Senators?

Mr. STEVENS. I thank the Chair and I thank the Senator.

It is my understanding we are now going to proceed with bills which have passed the House or will pass the House if we get them to the House in time. Following that we will take up other matters, including, I believe, the matter in which the Senator from Colorado is deeply interested, the NRC bill, which we will get to as soon as we can. We have no similar assurance that the House will pass that bill today. We do have assurance the House will pass the bills we are working on at this point.

Mr. HART. I wonder if the Senator has any idea at what time we will be on that?

Mr. STEVENS. Our present process, as I understand it, is trying to handle the matters which would be almost pro forma and are going to take about the next hour, but not much more, and we will try to do it in less time than if it is possible.

Mr. HART. I thank the Senator.

CZECHOSLOVAKIAN CLAIMS SETTLEMENT ACT

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1946.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1946) entitled "An Act to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes", do pass with the following amendment:

Strike out all after the enacting clause, and insert:

SHORT TITLE

SECTION 1. This Act may be cited as the "Czechoslovakian Claims Settlement Act of 1981".

APPROVAL OF AGREEMENT

SEC. 2. (a) The Congress hereby approves the Agreement between the Government of the United States of America and the Government of the Czechoslovak Socialist Republic on the Settlement of Certain Outstanding Claims and Financial Issues, initialed at Prague, Czechoslovakia on November 6, 1981.

(b) The President may, without further approval by the Congress, execute such technical revisions of the Agreement approved by subsection (a) of this section as in his judgment may from time to time be required to facilitate the implementation of that Agreement. Nothing in this subsection shall be construed to authorize any revision of that Agreement to reduce any amount to be paid by the Government of the Czechoslovak Socialist Republic to the United States Government under the Agreement, or to defer the payment of any such amount.

DEFINITIONS

SEC. 3. For the purposes of this Act—

(1) "Agreement" means the Agreement on the Settlement of Certain Outstanding Claims and Financial Issues approved by section 2(a) of this Act;

(2) "national of the United States" has the meaning given such term by section 401(1) of the International Claims Settlement Act of 1949;

(3) "Commission" means the Foreign Claims Settlement Commission of the United States;

(4) "Fund" means the Czechoslovakian Claims Fund established by section 402(b) of the International Claims Settlement Act of 1949;

(5) "Secretary" means the Secretary of the Treasury; and

(6) "property" means any property, right, or interest.

THE FUND

SEC. 4. (a) The Secretary shall cover into the Fund the amount paid by the Government of the Czechoslovak Socialist Republic in settlement and discharge of claims of nationals of the United States pursuant to article 1(1) of the Agreement, and shall deduct from that amount $500,000 for reimbursement to the United States Government for expenses incurred by the Department of the Treasury and the Commission in the administration of this Act and title IV of the International Claims Settlement Act of 1949. The amount so deducted shall be covered into the Treasury to the credit of miscellaneous receipts. The deduction required by this subsection shall be made in lieu of the deduction provided in section 402(e) of the International Claims Settlement Act of 1949.

(b) The Secretary shall establish three accounts in the Fund into which the amount covered into the Fund pursuant to subsection (a) of this section, less the deduction required by that subsection, shall be covered as follows:

(1) An account into which $72,500,000 shall be covered, to be available for payment in accordance with section 8 of this Act on account of awards certified pursuant to section 410 of the International Claims Settlement Act of 1949.

(2) An account into which $1,500,000 shall be covered, to be available for payment in accordance with section 8 of this Act on account of awards determined pursuant to section 5 of this Act.

(3) An account into which the remainder of amounts in the Fund shall be covered, to be available for payment in accordance with section 8 of this Act on account of awards determined pursuant to section 6 of this Act.

DETERMINATION OF CERTAIN CLAIMS

SEC. 5. (a) The Commission shall receive and determine, in accordance with applicable substantive law, including international law, the validity and amount of claims by nationals of the United States against the Government of the Czechoslovak Socialist Republic for losses resulting from the nationalization or other taking of property owned at the time by nationals of the United States, which nationalization or other taking occurred between August 8, 1958, and the date on which the Agreement enters into force. In making the determination with respect to the validity and amount of any such claim and the value of the property taken, the Commission is authorized to accept the fair or proved value of such property as of the time when the property taken was last operated, used, managed, or controlled by the national or nationals of the United States asserting the claim, regardless of whether such time is prior to the actual date of nationalization or other taking by the Government of the Czechoslovak Socialist Republic.

(b) The Commission shall certify to the Secretary the amount of any award determined pursuant to subsection (a).

DETERMINATION OF OTHER CLAIMS

SEC. 6. (a)(1) The Congress finds that—

(A) in the case of certain persons holding claims against the Czechoslovakian Government who became nationals of the United States by February 26, 1948, the date on which the current Communist Government of Czechoslovakia assumed power, under generally accepted principles of international law the properties of those persons were taken by the Communist Government because the actions by the previous Government of Eduard Benes against those properties were accompanied by promises of compensation which the Communist Government repudiated; and

(B) while the Commission had the authority to deny those claims described in subparagraph (A) on the basis that the properties involved had been taken by the Benes Government while the claimants were not yet nationals of the United States, the effect of that denial is to withhold compensation to persons who have been United States citizens for many years and whose expropriated property has benefited the Communist Government of Czechoslovakia no less than properties expropriated more directly and clearly by the Communist Government.

(2)(A) It is therefore the purpose of this section, in accordance with the intent of the Congress in enacting title IV of the International Claims Settlement Act of 1949 and in the interests of equity, to make ex gratia payments to the claimants described in paragraph (1) of this subsection.

(B) The Congress reaffirms the principle and practice of the United States to seek compensation from foreign governments on behalf only of persons who were nationals of the United States at the time they sustained losses by the nationalization or other taking of their property by those foreign governments. In making payments under this section, the Congress does not establish any precedent for future claims payments.

(b) The Commission shall reopen and redetermine the validity and amount of any claim against the Government of Czechoslovakia which was filed with the Commission in accordance with the provisions of title IV of the International Claims Settlement Act of 1949, which was based on property found by the Commission to have been nationalized or taken by the Government of Czechoslovakia on or after January 1, 1945, and before February 26, 1948, and which was denied by the Commission because such property was not owned by a person who was a national of the United States on the date of such nationalization or taking. The provisions of section 405 of the International Claims Settlement Act of 1949 requiring that the property upon which a claim is based must have been owned by a national of the United States on the date of nationalization or other taking by the Government of Czechoslovakia shall be deemed to be met if such property was owned on such date by a person who became a national of the United States on or before February 26, 1948. The Commission shall certify to the Secretary the amount of any award determined pursuant to this subsection.

PROCEDURES

SEC. 7. (a) The provisions of sections 401, 403, 405, 406, 407, 408, 409, 414, 415, and 416 of the International Claims Settlement Act of 1949, to the extent that such provisions are not inconsistent with this Act, together with such regulations as the Commission may prescribe, shall apply with respect to any claim determined pursuant to section 5(a) of this Act or redetermined pursuant to section 6(b) of this Act.

(b) Not later than sixty days after the date of the enactment of this Act, the Commission shall establish and publish in the Federal Register a period of time within which claims described in section 5 of the Act must be filed with the Commission, and the date for the completion of the Commission's affairs in connection with the determination of those such claims and claims described in section 6 of this Act. Such filing period shall be not more than one year after the date of such publication in the Federal Register, and such completion date shall be not more than two years after the final date for the filing of claims under section 5. No person holding a claim to which section 6 of this Act applies shall be required to refile that claim before the Commission makes the redetermination required by that section.

PAYMENT OF AWARDS

SEC. 8. (a) As soon as practicable after the date of the enactment of this Act, the Secretary shall make payments from amounts in the account established pursuant to section 4(b)(1) of this Act on the unpaid balance of each award certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949.

(b) As soon as practicable after the Commission has completed the certification of awards pursuant to section 5(b) of this Act, the Secretary shall make payments on account of each such award from the amounts in the account established pursuant to section 4(b)(2) of this Act.

(c) As soon as practicable after the Commission has completed the certification of awards pursuant to section 6(b) of this Act, the Secretary shall make payments on account of each such award from the amounts in the account established pursuant to section 4(b)(3) of this Act.

(d) In the event that—

(1) the amounts in the account established pursuant to section 4(b)(2) of this Act exceed the aggregate total of all awards certified by the Commission pursuant to section 5(b) of this Act, or

(2) the amounts in the account established pursuant to section 4(b)(3) of this Act exceed the aggregate total of all awards certified by the Commission pursuant to section 6(b) of this Act.

the Secretary shall cover such excess amounts into the account established pursuant to section 4(b)(1) of this Act. The Secretary shall make payments pursuant to subsection (a) of this section, from such excess amounts, on the unpaid balance of awards certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949.

(e) Payments under this section shall be made on the unpaid balance of each award which bear to such unpaid balance the same proportion as the total amount in the account in the Fund from which the payments are made bears to the aggregate unpaid balance of all awards payable from that account. Payments under this section, and applications for such payments, shall be made in accordance with such regulations as the Secretary may prescribe.

(f) In the event that—

(1) the Secretary is unable, within three years after the date of the establishment of the account prescribed by section 4(b)(1) of this Act, to locate any person entitled to receive payment under this section on account of an award certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949 or to locate any lawful heirs, successors, or legal representatives of that person, or if no valid application for payment is made by or on behalf of that person within six months after the Secretary has located that person or that person's heirs, successors, or legal representatives; or

(2) within six months after the Commission has completed the certification of awards pursuant to sections 5(b) and 6(b) of this Act, no valid application for payment is made by or on behalf of any person entitled to receive payment under this section on account of an award certified by the Commission pursuant to either such section,

the Secretary shall give notice by publication in the Federal Register and in such other publications as the Secretary may determine that, unless valid application for payment is made within sixty days after the date of such publication, that person's award under title IV of the International Claims Settlement Act of 1949 or this Act, as the case may be, and that person's right to receive payment on account of such award, shall lapse. Upon the expiration of such sixty-day period that person's award and right to receive payment shall lapse, and the amounts payable to that person shall be paid pro rata by the Secretary on account of all other awards under title IV of the International Claims Settlement Act of 1949 or this Act, as the case may be.

INVESTMENT OF FUNDS

SEC. 9. The Secretary shall invest and hold in separate accounts the amounts held respectively in the accounts established by section 4 of this Act. Such investment shall be in public debt securities with maturities suitable for the needs of the separate accounts and bearing interest at rates determined by the Secretary, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities. The interest earned on the amounts in each account established by section 4 of this Act shall be used to make payments, in accordance with section 8(e) of this Act, on awards payable from that account.

IMPLEMENTATION OF AGREEMENT

SEC. 10. (a) If, within sixty days after the date of the enactment of this Act—

(1) the Government of the Czechoslovak Socialist Republic does not make the payments to the United States Government described in article 6(2) of the Agreement, or

(2) the Czechoslovak Government does not receive the gold provided in article 6(1) of the Agreement,

the provisions of this Act shall cease to be effective, and the provisions of the Agreement may not be implemented unless the Congress approves the Agreement after the end of that sixty-day period.

(b) The sixty-day period for implementation of the Agreement required by subsection (a) shall be extended by an additional period of thirty calendar days if, before the expiration of that sixty-day period, the Secretary of State certifies in writing that such extension is consistent with the purposes of this Act and reports that certification to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations of the Senate, together with a detailed statement of the reasons for the extension. If at the end of that additional thirty-day period the events set forth in paragraphs (1) and (2) of subsection (a) have not occurred, the provisions of this Act shall cease to be effective and the provisions of the Agreement may not be implemented unless the Congress approves the Agreement after the end of that thirty-day period or unless, before the expiration of that thirty-day period, authorizes by joint resolution a further extension of time for implementation of the Agreement. Such joint resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976, and in the House of Representatives a motion to proceed to the consideration of such joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged.

SOCIAL SECURITY AGREEMENT

SEC. 11. The Secretary of State shall conduct a detailed review of the exchange of letters between the United States and Czechoslovakia providing for reciprocal social security payments to residents of the two countries. Such review should include an examination of the extent to which Czechoslovakia is complying with the spirit and provisions of the letters, a comparison of the benefits being realized by residents of Czechoslovakia and of the United States under the letters, and an evaluation of the basis of differences in such benefits. The Secretary of State, in consultation with the Department of Health and Human Services, shall report to the Congress, not later than six months after the date of the enactment of this Act, the results of such review, together with any recommendations for legislation or changes in the agreement made by the letters that may be necessary to achieve greater comparability and equity of benefits for the residents of the two countries. Such report should include specific assessments of the feasibility, likely effects, and advisability of terminating United States social security payments to residents of Czechoslovakia in response to inequities and incomparabilities of benefits payments under the exchange of letters.

UP AMENDMENT NO. 802

Mr. STEVENS. Mr. President, I send to the desk a series of amendments submitted on behalf of Senator PERCY, chairman of the Committee on Foreign Relations.

The PRESIDING OFFICER (Mr. RUDMAN). The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS) for Mr. PERCY proposes an unprinted amendment numbered 802.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 18, following the word "amount", strike out the figure $500,000 and insert the figure "$50,000".

On page 4, line 2, following the date "1949", change the period to a semi-colon and insert the following phrase: "however, it is the sense of the Congress that the United States government is entitled to a larger percentage of the total award (generally presumed to be 5 per cent) and that the ex gratia payment hereinafter provided to certain claimants, who were otherwise excluded from sharing in this claims settlement under generally-accepted principles of international law and United States practice, is justified only by the extraordinary circumstances of this case and does not establish any precedent for future claims negotiations or payments."

On page 4, line 6, following the word "which", strike out the figure "$72,500,000" and insert "$74,550,000".

On page 5, line 20 (or thereabouts), following the word "power", strike out the comma and all language down to and including the word "repudiated" on page 6, line 3.

Mr. President, this bill would approve the agreement negotiated with Czechoslovakia for the compensation of American citizens whose property was expropriated by the Communist Government of Czechoslovakia in 1948. The Senate has previously passed a version of this bill which is virtually identical to the one just received from the House, with one exception. The House would include a provision which would devote $7 million of the total lump sum settlement payed by Czechoslovakia to a group of people—the so-called Benes group—who were not U.S. citizens at the time of the original taking of their property by the pre-Communist Benes Government.

Under longstanding U.S. practice and accepted principles of international law, the U.S. Government was not able to negotiate on behalf of people who were not citizens at the time their property was lost. Therefore, the Foreign Claims Settlement Commission, after a full hearing in 1958, decided that this group of people were not eligible to share in any future claims settlement negotiated with the Czech Government. (Attached is a paper prepared for me by the Department of State describing this so-called continuous nationality principle.)

Those members of the Foreign Relations and Finance Committees who have had an interest in this legislation have sought to preserve this principle and therefore, the bill which passed the Senate last Friday did not include an amount for the Benes claimants.

Given the strong arguments in the House, however, that some payment to the Benes group are justified because of the compelling equities of their case, and in the interest of resolving this matter during this session, we have here agreed to include $4.95 million for this group, but to do so with the understanding that this money is being paid ex gratia out of the share which would otherwise be pro-

vided to the U.S. Treasury as compensation for the expenses of the Government in negotiating and implementing this agreement, plus $925,000 from the account which would otherwise have been held to pay those claimants who may still come forward because they were not adjudicated claimants in 1958 and are hereafter found to be eligible to recover.

In short, Mr. President, we are agreeing to provide some compensation to the Benes group, but only because the formula I have just outlined allows us to do so without violating two important principles of U.S. practice and international law: First, that the U.S. Government—that is, the U.S. taxpayer—is entitled to some reimbursement from the amounts awarded to claimants under a lump-sum settlement of this kind, and second, that only those people who were American citizens at the time their property was taken are entitled to be represented by the U.S. Government in claims negotiations and to share in the the resulting settlement.

I urge the Senate to accept this bill as reamended and I hope the House will act expeditiously to see that it becomes law this year.

THE CONTINUOUS NATIONALITY PRINCIPLE

Under generally accepted principles of international law, a claim for compensation for losses or damages may be espoused by one government against another only on behalf of persons who were nationals of the espousing government at the time of the loss or damage and continuously thereafter until the date of the presentation of the claim. This principle of continuous nationality rests on two primary foundations.

First, the espousing government is in reality asserting its own right to redress for a breach of an international legal duty owed to it, through injury to its nationals; no such breach occurs when the persons involved were not nationals of the espousing government at the time of inquiry.

Second, any other rule could give rise to nationality shopping among claimants seeking a government willing to assert a claim notwithstanding the absence of a breach of an international legal duty to that government at the time the loss or damage took place.

The U.S. Government has consistently adhered to the continuous nationality principle in its espousal of private claims. This practice is reflected in bilateral claims settlement agreements and in U.S. legislation.

INTERNATIONAL AGREEMENTS

Since World War II the United States has entered into numerous claims settlement agreements with foreign governments. These agreements settled only those claims falling within the scope of the continuous nationality principle. A number of such agreements expressly recognize the applicability of that principle. These include the agreement of July 16, 1960 with Poland (TIAS 4545); the agreements of July 19. 1948 and November 5. 1964 with Yugoslavia (TIAS 1803; TIAS 5750); the agreement of March 30, 1960 with Romania (TIAS 4451); the agreement of July 2, 1963 with Bulgaria (TIAS 5387); and the pending agreement of November 6, 1981 with Czechoslovakia.

Certain other claims settlement agreements, such as the agreement of March 6, 1973 with Hungary (TIAS 7569) and the agreement of May 11, 1979 with the People's Republic of China (TIAS 9306), do not include language explicitly reflecting the continuous nationality principle. The negotiating histories and the record of the implementation of such agreements make clear, nonetheless, that no departure from that principle was involved.

The continuous nationality principle has also been adhered to by numerous Mixed Claims Commissions and similar tribunals to which the United States has been party, as well as in bilateral claims settlement agreements not involving the United States, and by international tribunals such as the Permanent Court of International Justice, predecessor to the International Court of Justice. The United States-Iran claims settlement mechanism established pursuant to the Declaration of the Government of the Democratic and Popular Republic of Algeria of January 19, 1981, also follows the continuous nationality principle.

The multilateral treaties of peace between the allied and associated powers with Italy (February 10, 1947; TIAS 1948), Bulgaria (February 10, 1947; TIAS 1659), and Hungary (February 10, 1947; TIAS 1651), and Romania (February 10, 1947; TIAS 1649), respectively require payment of compensation to United Nations nationals for loss or damage to property in each such country during World War II, and define "United Nations Nationals" to include persons having the nationality of any of the United Nations on the date of entry into force of such treaties so long as such persons held that nationality as of the date of the armistice with the country against which the claim is made.

This adaptation of the normal rule reflected both the ability of the victors to dictate terms departing from the norm and requiring the defeated Axis Powers to provide such compensation, and the difficulty of determining the precise date of losses or damages occurring during wartime hostilities. As noted below, the Congress in 1955 rejected attempts to extend the U.S. program for settlement of such wartime claims to include persons who became U.S. nationals subsequent to the armistice but prior to the effective date of the peace treaties.

U.S. LEGISLATION

Under U.S. law and practice, settlement of individual claims against a foreign government is normally made subsequent to the determination by the Foreign Claims Settlement Commission of the validity and amount of such claims, and the certification of the resulting awards for payment. The Commission operates pursuant to express statutory authority embodied in the International Claims Settlement Act of 1949, as amended (22 U.S.C. §§ 1621 et seq.; hereinafter: the "1949 Act"). With one limited exception, described below, the 1949 act has authorized only those settlements consistent with the continuous nationality principle.

The 1949 act is organized into seven titles, each dealing with a discrete category of claims. Section 4(a) of title I (22 U.S.C. 1623c(a)) provides general authority for the Commission to adjudicate claims of U.S. nationals included within the terms of the Yugoslav Claims Agreement of 1948 (supra), or within the terms of any claims agreement hereafter concluded between the United States and a foreign government and providing for the en bloc settlement of claims. That section further provides that in adjudicating such claims the Commission is to apply: First, the provisions of the applicable agreement; and second, applicable provisions of international law, justice, and equity.

The only departure from the continuous nationality principle anywhere in the 1949 act is in section 304 of title III (22 U.S.C. 1641c, as amended by Public Law 85–604). That section authorizes the Commission to receive and adjudicate claims against Italy by natural persons who were citizens of the United States on the date of enactment of title III, that is, on August 9, 1955.

Such adjudication was to take place only after payment of the principal amount of all other claims against Italy under an August 14, 1947, memorandum of understanding (TIAS 1757), and any resulting awards were to be paid from any balances remaining in the $5,000,000 paid by Italy under that agreement in settlement of claims not provided for in the 1947 peace treaty.

This unique departure from consistent principle was clearly recognized as such at the time, see the Senate debate set out at 104 CONGRESSIONAL RECORD 13246 et seq. (July 9, 1958), and was justified on the ground that the amount paid by Italy was more than that required to pay the principal amount of claims of persons who were U.S. nationals at the time of loss. It also reflects the special considerations, noted previously, arising in the context of the World War II peace settlements.

As noted previously, the Congress, in its consideration of title III, rejected an effort to expand the class of eligible claimants against Hungary, Bulgaria, and Romania to include persons who became U.S. nationals after the date of loss. A House amendment that would have had such effect was deleted in conference (see H. Rept. 1475, 84th Cong., 1st sess.) thereby preserving the continuous nationality rule with regard to claims against those three countries under title III.

The remaining titles of the 1949 act each expressly apply to the continuous nationality principle in defining the authority of the Commission to adjudicate claims in the context of specific claims settlement programs. Section 405 of title IV relating to claims against Czechoslovakia (22 U.S.C. 1642d), section 504 of title V relating to claims against the People's Republic of China and Cuba (22 U.S.C. 1643c), section 603 of title VI relating to claims against the German Democratic Republic (22 U.S.C. 1644c), and section 704 of title VII relating to claims against Vietnam (22 U.S.C. 1645c) all specifically limit the authority of the Commission to claims arising

from property interests owned at the time of loss by nationals of the United States and continuously thereafter until presentation to the Commission for adjudication.

By request of Mr. STEVENS the following statement was ordered to be placed in the RECORD.

● Mr. PERCY. Mr. President, this bill would approve the agreement negotiated with Czechoslovakia for the compensation of American citizens whose property was expropriated by the Communist Government of Czechoslovakia in 1948. The Senate has previously passed a version of this bill which is virtually identical to the one just received from the House, with one exception. The House would include a provision which would devote $7 million of the total lump sum settlement payed by Czechoslovakia to a group of people—the so-called Benes group—who were not U.S. citizens at the time of the original taking of their property by the pro-Communist Benes Government.

Under long-standing U.S. practice and accepted principles of international law, the U.S. Government was not able to negotiate on behalf of people who were not citizens at the time their property was lost. Therefore, the Foreign Claims Settlement Commission, after a full hearing in 1958, decided that this group of people was not eligible to share in any future claims settlement negotiated with the Czech Government.

Those members of the Foreign Relations and Finance Committee who have had an interest in this legislation have sought to preserve this principle and, therefore, the bill which passed the Senate last Friday did not include an amount for the Benes claimants.

Given the strong arguments in the House, however, that some payments to the Benes group are justified because of the compelling equities of their case, and in the interest of resolving this matter during this session we have here agreed to include $4.95 million for this group, but to do so with the understanding that this money is being paid ex gratia out of the share which would otherwise be provided to the U.S. Treasury as compensation for the expenses of the Government in negotiating and implementing this agreement, plus $925,000 from the account which would have otherwise been held to pay those claimants who may still come forward because they were not adjudicated claimants in 1958 and are hereafter found to be eligible to recover.

In short, Mr. President, we are agreeing to provide some compensation to the Benes group, but only because the formula I have just outlined allows us to do so without violating two important principles of U.S. practice and international law: First, that the U.S. Government—that is, the U.S. taxpaver—is entitled to some reimbursement from the amounts awarded to claimants under a lump-sum settlement of this kind; and second, that only those people who were American citizens at the time their property was taken are entitled to be represented by the U.S. Government in claims negotiations and to share in the resulting settlement.

I urge the Senate to accept this bill as reamended and I hope the House will act expeditiously to see that it becomes law this year.

I ask unanimous consent to print in the RECORD the "continuous nationality" principle.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE "CONTINUOUS NATIONALITY" PRINCIPLE

Under generally accepted principles of international law, a claim for compensation for losses or damages may be espoused by one government against another only on behalf of persons who were nationals of the espousing government at the time of the loss or damage and continuously thereafter until the date of the presentation of the claim. This principle of "continuous nationality" rests on two primary foundations. First, the espousing government is in reality asserting its own right to redress for a breach of an international legal duty owed to it, through injury to its nationals; no such breach occurs when the persons involved were not nationals of the espousing government at the time of injury. Second, any other rule could give rise to "nationality shopping" among claimants seeking a government willing to assert a claim notwithstanding the absence of a breach of an international legal duty to that government at the time the loss or damage took place.

The United States Government has consistently adhered to the "continuous nationality" principle in its espousal of private claims. This practice is reflected in bilateral claims settlement agreements and in United States legislation.

INTERNATIONAL AGREEMENTS

Since World War II the United States has entered into numerous claims settlement agreements with foreign governments. These agreements settled only those claims falling within the scope of the "continuous nationality" principle. A number of such agreements expressly recognize the applicability of that principle. These include the Agreement of July 16, 1960 with Poland (TIAS 4545); the Agreements of July 19, 1948 and November 5, 1964 with Yugoslavia (TIAS 1803; TIAS 5750); the Agreement of March 30, 1960 with Romania (TIAS 4451); the Agreement of July 2, 1963 with Bulgaria (TIAS 5387); and the pending Agreement of November 6, 1981 with Czechoslovakia.

Certain other claims settlement agreements, such as the Agreement of March 6, 1973 with Hungary (TIAS 7569) and the Agreement of May 11, 1979 with the People's Republic of China (TIAS 9306), do not include language explicitly reflecting the "continuous nationality" principle. The negotiating histories and the record of the implementation of such agreements make clear, nonetheless, that no departure from that principle was involved.

The "continuous nationality" principle has also been adhered to by numerous Mixed Claims Commissions and similar tribunals to which the United States has been party, as well as in bilateral claims settlement agreements not involving the United States, and by international tribunals such as the Permanent Court of International Justice, predecessor to the International Court of Justice. The United States-Iran claims settlement mechanism established pursuant to the Declaration of the Government of the Democratic and Popular Republic of Algeria of January 19, 1981, also follows the "continuous nationality" principle.

The multilateral Treaties of Peace between the Allied and Associated Powers with Italy (February 10, 1947; TIAS 1948), Bulgaria (February 10, 1947; TIAS 1659), Hungary (February 10, 1947; TIAS 1651), and Romania (February 10, 1947; TIAS 1649), respectively, require payment of compensation to "United Nations nationals" for loss or damage to property in each such country during World War II, and define "United Nations nationals" to include persons having the nationality of any of the United Nations on the date of entry into force of such treaties, so long as such persons held that nationality as of the date of the armistice with the country against which the claim is made.

This adaptation of the normal rule reflected both the ability of the victors to dictate terms departing from the norm and requiring the defeated Axis powers to provide such compensation, and the difficulty of determining the precise date of losses or damages occurring during wartime hostilities. As noted below, the Congress in 1955 rejected attempts to extend the U.S. program for settlement of such wartime claims to include persons who became United States nationals subsequent to the armistice but prior to the effective date of the peace treaties.

UNITED STATES LEGISLATION

Under United States law and practice, settlement of individual claims against a foreign government is normally made subsequent to the determination by the Foreign Claims Settlement Commission of the validity and amount of such claims, and the certification of the resulting awards for payment. The Commission operates pursuant to express statutory authority embodied in the International Claims Settlement Act of 1949, as amended (22 U.S.C. §§ 1621 *et seq.*; hereinafter: the "1949 Act"). With one limited exception, described below, the 1949 Act has authorized only those settlements consistent with the "continuous nationality" principle.

The 1949 Act is organized into seven titles, each dealing with a discrete category of claims. Section 4(a) of title I (22 U.S.C. § 1623c(a)) provides general authority for the Commission to adjudicate claims of United States nationals "included within the terms of the Yugoslav Claims Agreement of 1948 (supra), or within the terms of any claims agreement hereafter concluded" between the United States and a foreign government and providing for the en bloc settlement of claims. That section further provides that in adjudicating such claims the Commission is to apply (1) the provisions of the applicable agreement, and (2) applicable provisions of "international law, justice, and equity".

Section 2(c) of title I (22 U.S.C. § 1621(c)) defines "national of the United States" for the purposes of that title to include natural persons who are U.S. citizens and persons "who, though not citizens of the United States, owe permanent allegiance to the United States". Aliens are expressly excluded. This definition forms the basic pattern for comparable definitions in other titles of the 1949 Act. A Senate amendment that would have broadened this definition to include persons who, at the time of loss, were permanent residents of the United States intending to become citizens and who, prior to the effective date of a settlement agreement, became citizens, was rejected in conference.

Title III of the 1949 Act relates to claims against Hungary, Bulgaria, Romania, Italy, and the Soviet Union. (Title II deals with the vesting and liquidation of certain foreign property located within the United States, and does not address claims settlement procedures directly.) Claims cognizable under title III include those provided for in the 1947 peace treaties with Italy, Hungary, Bulgaria, and Romania (see above) and certain other subsequent claims covered in applicable bilateral claims settlement agreements with those countries. Title III also provides for the determination of claims against the

Soviet Union in connection with the "Litvinov Assignment" of 1933.

The only departure from the "continuous nationality" principle anywhere in the 1949 Act is in section 304 of title III (22 U.S.C. § 1641c, as amended by Public Law 85-604). That section authorizes the Commission to receive and adjudicate claims against Italy by natural persons who were citizens of the United States on the date of enactment of title III (that is, on August 9, 1955).

Such adjudication was to take place only after payment of the principal amount of all other claims against Italy under an August 14, 1947 Memorandum of Understanding (TIAS 1757), and any resulting awards were to be paid from any balances remaining in the $5,000,000 paid by Italy under that agreement in settlement of claims not provided for in the 1947 peace treaty.

This unique departure from consistent principle was clearly recognized as such at the time (see the Senate debate set out at 104 Cong. Rec. 13246 et seq. (July 9, 1958)), and was justified on the ground that the amount paid by Italy was more than that required to pay the principal amount of claims of persons who were United States nationals at the time of loss. It also reflects the special considerations, noted previously, arising in the context of the World War II peace settlements.

As noted previously, the Congress, in its consideration of title III, rejected an effort to expand the class of eligible claimants against Hungary, Bulgaria, and Romania to include persons who became United States nationals after the date of loss. A House amendment that would have had such effect was deleted in conference, see H. Rept. No. 1475, 84th Cong., 1st Sess., thereby preserving the "continuous nationality" rule with regard to claims against those three countries under title III.

The remaining titles of the 1949 Act each expressly apply to the "continuous nationality" principle in defining the authority of the Commission to adjudicate claims in the context of specific claims settlement programs. Section 405 of title IV relating to claims against Czechoslovakia (22 U.S.C. § 1642d), section 504 of title V relating to claims against the People's Republic of China and Cuba (22 U.S.C. § 1643c), section 603 of title VI relating to claims against the German Democratic Republic (22 U.S.C. § 1644c), and section 704 of title VII relating to claims against Vietnam (22 U.S.C. § 1645c), all specifically limit the authority of the Commission to claims arising from property interests owned at the time of loss by nationals of the United States and continuously thereafter until presentation to the Commission for adjudication.●

Mr. STEVENS. Mr. President, I move that the Senate concur in the amendment of the House with the amendments of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alaska.

Mr. BRADLEY. Does this relate to the Finnish population as well as the Czech population?

Mr. STEVENS. I can state to the Senator not to my knowledge unless the Senator has more knowledge than I do of particular Senate committee amendments.

If they were in the amendments as they came from the committee they are in the series of amendments.

Mr. BRADLEY. Is this bill similar to the bill adopted in the House of Representatives?

Mr. STEVENS. It is, but with the Senate amendments sent to us by the Committee on Foreign Relations.

Mr. BRADLEY. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alaska.

The motion was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL YEAR OF DISABLED PERSONS

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate, Senate Joint Resolution 134, the National Year of Disabled Persons resolution.

The PRESIDING OFFICER. The clerk will state the joint resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 134) to designate 1982 as the National Year of Disabled Persons.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. DOLE. Mr. President, this resolution before us for consideration, Senate Joint Resolution 134, designates 1982 as the "National Year of Disabled Persons." The year 1981 was declared by the United Nations to be the International Year of Disabled Persons, and this year was very beneficial in terms of increasing awareness of the special needs and potential of handicapped individuals, and generating a spirit of cooperation between the public and private sector in carrying out various activities in communities throughout this country.

Mr. RANDOLPH. The Senator from West Virginia agrees with the Senator from Kansas that this past year has been very successful in highlighting the problems and capabilities of 35 million Americans who happen to live with some kind of disability. The spirit of this year was manifested in many activities beyond our own borders that promoted public awareness of the problems of handicapped people.

Mr. DOLE. The Senator from West Virginia has very eloquently expressed the results of the international year, and the Senator from Kansas is supportive of the goals implied in designating a national year of disabled persons. However, I would question this kind of a year following so closely on the one that just passed. I realize that there has been a certain momentum gained from the activities this past year, but we perhaps should be headed in the direction of substantive program changes and other ways of improving the quality of the lives of 35 million Americans who are disabled.

The Senator from Kansas is very interested in taking this momentum one step further than the designation of another year—I would like to take a close look at the services we provide handicapped people, and encourage a stronger participation by the private sector in improving the life style of our disabled citizens—in helping them to lead independent, productive lives within the mainstream of our society.

Mr. RANDOLPH. The Senator from West Virginia shares the goals and approach that the Senator from Kansas has just expressed, and it is my understanding that Senate Joint Resolution 134 will encourage private sector participation in accomplishing the goals carried out by the International Year through the U.S. Council on the IYDP, and continue the kind of momentum that has been gained.

Mr. DOLE. I thank the distinguished Senator from West Virginia for underlining this aspect of private sector participation in carrying out what will be the goals of a national year of disabled persons, and I think this is a very important point to make at this time. It is the intention of those who have previously been involved with the International Year that no Federal funds or expenditures be used for the purpose of implementing the goals of the national year resolution.

It is the anticipation of many of us who are concerned about issues affecting our disabled citizens, that the U.S. Council will build on the momentum that has been gained in 1981 by finding alternative sources of private funding for their activities—I understand that they did a very commendable job of harnessing the resources of over 250 corporations in IYDP efforts and activities, and this kind of support should be encouraged to the maximum. Available Federal resources should be reserved for direct services provided through effective programs.

Mr. RANDOLPH. I am pleased that the Senator from Kansas has raised these funding issues, because the Senator from West Virginia shares these concerns, and believes that our limited Federal resources should be used for programs that provide direct services to handicappel individuals. At a time of budget constraints, Federal funds must be reserved for essential Federal programs. I think we should set our priorities and direct our limited Federal financial resources to those programs that have been proven effective.

The PRESIDING OFFICER. The joint resolution is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S.J. RES. 134

Whereas the designation by the United Nations of 1981 as the International Year of Disabled Persons has stimulated new progress toward achieving the full participation in national and community life of the thirty-five million Americans who have disabilities;

Whereas such progress has depended upon the initiative and resources of individuals and organizations in all sectors of American society who have worked in partnership with disabled persons;

Whereas such partnership has contributed substantially toward improving the lives of disabled Americans;

Whereas further additional action is required to increase public understanding of the unfulfilled needs and potential contributions of disabled persons; and

Whereas further progress should be made in the United States toward achieving the following long-term goals of and for disabled persons promoted during the International Year of Disabled Persons: (1) expanded educational opportunity; (2) improved access to housing, buildings, and transportation; (3) expanded employment opportunity; (4) expanded participation in recreational, social, and cultural activities; (5) expanded and strengthened rehabilitation programs and facilities; (6) purposeful application of biomedical research aimed at conquering major disabling conditions; (7) reduction in the incidence of disability by expanded accident and disease prevention; (8) expanded application of technology to minimize the effects of disability; and (9) expanded international exchange of information and experience to benefit all disabled persons; and

Whereas the United Nations is building upon the International Year of Disabled Persons momentum and is considering long-term initiatives to improve the lives of the world's one-half billion disabled persons: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That 1982 hereby is designated the "National Year of Disabled Persons", and the President of the United States is authorized and requested to issue a proclamation calling upon the elected officials and people of the United States to observe such year through activities in support of the long-term goals for disabled persons promoted during the International Year of Disabled Persons.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL JAYCEE WEEK

Mr. STEVENS. Mr. President, I ask the Chair to lay before the Senate Calendar Order No. 420, Senate Joint Resolution 117, the National Jaycee Week resolution.

The PRESIDING OFFICER. The clerk will state the joint resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 117) to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week."

The PRESIDING OFFICER. Is there objection to proceeding to the consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. MATTINGLY. Mr. President, today the Senate will consider Senate Joint Resolution 117 which authorizes the President to designate the week of January 17–23, 1982, as "National Jaycee Week." As the United States Jaycees celebrate their 62d year in January, I believe it is appropriate that we, as a body and as citizens, recognize the fine contributions that some 300,000 Jaycees have made in communities throughout this Nation. For this reason, I have cosponsored the resolution. I encourage my colleagues to join me this afternoon in declaring our appreciation to these young men for their dedication to the belief that service to humanity is the best work of life.

In September, Jaycees from throughout the country convened in Washington to hold a national "Jaycee Legislature" and to participate in a governmental affairs training session. The primary purpose of this seminar, like the primary purpose of the United States Jaycees, was to provide leadership training for the young men who will be called upon to assume positions of leadership in the future. Our Nation needs leaders who are well informed about the legislative process and about the problems which face this Nation and who are dedicated to solving these problems and to serving their fellow citizens. As leaders, we must, I believe, encourage those organizations which nurture these qualities.

Each year Jaycees in my home State of Georgia, like those in several other States, hold a Jaycee legislature at the State capitol. This year's Georgia Jaycee legislature reviewed mock bills endorsing maximum penalties for those convicted of selling drugs to minors and calling for labeling of look-alike drugs consistent with the requirements of the Control Substances Act. By participating in these legislatures the Jaycees of Georgia gain an in-depth understanding of the intricacies of current issues, arrive at solutions, and inform the citizens of the State about these issues. Later, the Jaycees present these bills with strong recommendations to the legislature and leaders of the State for consideration.

The services the Georgia Jaycees provide reach beyond the realms of informing and recommending. On Labor Day this year the 7,500 members of 176 chapters in the State of Georgia raised in excess of $48,000 for muscular dystrophy. This fund drive represents only one of the many service-oriented projects the Jaycees support.

As we in Congress strive to represent fairly the citizens of America and to restore our Nation to a sound economic base, we should perhaps consider the principles expressed in the Jaycee creed:

We believe that faith in God gives meaning and purposes to human life;

That the brotherhood of man transcends the sovereignty of nations;

That economic justice can best be won by free men through free enterprise;

That government should be of laws rather than of men;

That earth's great treasure lies in human personality;

That service to humanity is the best work of life.

It is with pride that I join my distinguished colleague from Oklahoma as a cosponsor of the "National Jaycee Week" resolution.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed.

The preamble was agreed to.

The joint resolution, with its preamble, is as follows:

S.J. RES. 117

Whereas the Jaycee idea began with a handful of young men in Saint Louis, Missouri, sixty-two years ago;

Whereas the Jaycee idea embraces today approximately three hundred thousand members in seven thousand five hundred American communities that have chapters in the United States Jaycees;

Whereas the Jaycee idea enriches the lives of communities around the world through affiliation in Jaycees International;

Whereas the Jaycee organization retains a youthful outlook, even in its maturity, and continues to build on the individual member, even with its global scope—first, helping him be the best man he can be, then helping him help his fellow man in need, one to one;

Whereas a Jaycee cares about people, and he shows it;

Whereas a Jaycee cares about progress, and he does something about it;

Whereas a Jaycee lives by the creed that "service to humanity is the best work of life", and throws himself into that work both in his vocation and avocation;

Whereas a Jaycee is the kind of young man this country will need in great numbers to help meet the challenges of our times and the coming century; and

Whereas it is fitting that we should give special recognition and encouragement to the Jaycee and his organization: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week", and calling upon all Government agencies and people of the United States to observe the week with appropriate programs, ceremonies, and activities.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FORMER MEMBERS OF CONGRESS

Mr. STEVENS. Mr. President, I call up calendar order No. 422, H.R. 4755, and ask that the Chair lay before the Senate this bill to recognize the organization known as Former Members of Congress.

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4755) to recognize the organization known as Former Members of Congress.

Mr. STEVENS. Mr. President, I ask for immediate consideration of this bill.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on the Judiciary with an amendment on page 6, after line 4, insert the following:

SEC. 17. That (a) the Court of Claims shall have jurisdiction to hear, determine, and

render judgment upon any claim for losses sustained by any producer, manufacturer, distributor, or retailer of children's sleepwear, or by any producer, converter, manufacturer, distributor, or retailer of fabric, yarn, or fiber contained in or intended for use in children's sleepwear as a result of the actions taken by the United States under the Federal Hazardous Substances Act on April 8, 1977, and thereafter relating to apparel, fabric, yarn, or fiber containing Tris (2,3-dibromopropyl) phosphate: *Provided, however,* That such children's sleepwear and such fabric, yarn, or fiber contained in or intended for use in children's sleepwear was subject to the requirements of or was subject to use in compliance with the mandatory Federal flammability standard FF3–71 or FF5–74, at the time of its manufacture.

(b)(1) In determining the validity of any claim under this Act and the amount of the losses sustained for which such a claim is brought, the court shall consider the following factors:

(A) The degree to which reasonable alternatives to Tris (2,3-dibromopropyl) phosphate existed at the time the Federal Government established the applicable mandatory Federal flammability standard referred to in subsection (a).

(B) Whether it would have been feasible, or reasonable, for the claimant to have tested Tris (2-3 dibromopropyl) phosphate for chronic hazards at the time the Federal Government established such flammability standard.

(C) The degree to which the Federal Government, or other nationally known researchers tested Tris (2,3-dibromopropyl) phosphate for toxicity, or other health hazards, and disseminated the results of these tests.

(D) The degree of good faith demonstrated by a claimant in seeking to comply fully with such Federal flammability standard.

(E) The extent to which a claimant may have relied in good faith upon assurances from suppliers that the products containing Tris (2,3-dibromopropyl) phosphate were safe.

(F) The degree to which a claimant acted reasonably in using Tris (2,3-dibromopropyl) phosphate for the time period that such substance was used.

(G) The degree to which a claimant, in good faith, complied with actions taken by the United States under the Federal Hazardous Substances Act on April 8, 1977.

(H) The degree to which a claimant, in good faith, complied with the export provisions of the Federal Hazardous Substances Act and the Consumer Product Safety Act.

(2) In determining the amount of the losses for which a claim is brought under this Act, the amount of such losses shall not include lost profits, proceeds from distress sales, attorney's fees, or interest on any such resulting loss suffered by any producer, converter, manufacturer, distributor, or retailer of such children's sleepwear, or to any producer, or manufacturer of fabric, yarn, or fiber.

(c)(1) The measure of losses for producers or manufacturers of children's sleepwear shall be the cost of producing or manufacturing the sleepwear garment, plus the cost of the fabric, yarn, or fiber used for such production or manufacture, or the cost such goods held in stock on the date of enactment of this Act, less the fair market value, if any, of the sleepwear garment, or the fabric, yarn, or fiber. If such garment, fabric, yarn, or fiber was resold after April 8, 1977, but prior to the date of enactment of this Act, then the measure of losses shall be the cost of producing or manufacturing the sleepwear garment plus the cost of the fabric, yarn, or fiber less the proceeds from any such sale.

(2) The measure of losses for producers, converters, or manufacturers of fabric, yarn, or fiber shall be the cost of producing, converting, or manufacturing the fabric, yarn, or fiber, plus the cost of the raw materials used for such production, converting, or manufacturing or the cost of such goods held in stock on the date of enactment of this Act, less the fair market value, if any, of the fabric, yarn, or fiber on such date. If the fabric, yarn, or fiber was resold after April 8, 1977, but prior to such date of enactment, then the measure of losses shall be the cost or producing, converting, or manufacturing the fabric, yarn, or fiber plus the cost of the raw materials used for such production, converting, or manufacturing less proceeds from any such sale.

(3) The measure of losses for distributors and retailers shall be the distributor's or retailer's purchase price for goods referred to in paragraphs (1) and (2) of this subsection, held in stock on the date of enactment of this Act, less the fair market value, if any, of such goods, and less the amount of any reimbursement received. A distributor or retailer shall, notwithstanding the lack of possession of such merchandise, qualify to claim for the unreimbursed portion of its losses, as limited by this paragraph.

(4) In addition to the losses determined under paragraphs (1), (2), and (3) of this subsection, a claimant may also be compensated for unreimbursed costs of transportation paid for the return of such sleepwear garments, fabric, yarn, or fiber.

(d) No claim under this Act may be brought as a class action nor may any claim under this Act be brought by two or more parties unless damages are claimed to be jointly recoverable or are disputed among the parties.

(e) Upon payment of any claim under this Act, regardless of whether such payment is the result of a court judgment or a settlement, the United States shall be subrogated to the claimant's rights to recover losses or to assert a claim against any person or organization relating to the subject matter of such claim paid by the United States. The claimant shall execute and deliver instruments and papers and take whatever steps are necessary to secure such rights in the United States in order to be entitled to the entry of a judgment by the Court and payment under this Act, and the failure of the claimant to perform such acts or take such steps shall constitute cause to deny the entry of such judgment and payment. The failure of the claimant to perform such acts or to take such steps shall not limit or adversely affect the right of the United States to act as subrogee or assignee to the full extent of its payments under this Act. Any purported limitation on the right of the United States to act as assignee or to become subrogated to the rights of a claimant shall be without any effect, to the extent that the United States has made payments under this Act.

(f) Any claim under this Act shall be barred unless commenced within two years after the date of enactment of this Act.

(g) No payment shall be made under this Act upon any claim for losses sustained by any such producer, processor, manufacturer, distributor or other retailer, for apparel, fabric, yarn or fiber containing Tris phosphate until such time as the claimant produces proof of the proper disposal of such goods.

Mr. THURMOND. Mr. President, I rise in support of both H.R. 4755, to establish a charter for the organization of former Members of Congress and, more importantly, section 17 of that bill which is identical to legislation passed earlier this year by the Senate.

Section 17 is identical to S. 823 which passed the Senate on June 18, 1981. It is also similar to legislation that passed the Congress in the 95th Congress, but was vetoed by President Carter. A subsequent bill, S. 521, passed the Senate in the 96th Congress, but was not acted on by the House Judiciary Committee. S. 823, passed in this Congress, is once again stuck in the House Judiciary Committee. For that reason, I offered the bill as an amendment to H.R. 4755 in the Judiciary Committee on December 15, 1981. The committee, without objection, adopted the amendment and ordered it reported to the Senate.

Mr. President, I will not take the time of the Senate to repeat the arguments in favor of this legislation. The Senate has acted favorably on three prior occasions and I urge the Senate to do so again today.

Mr. STEVENS. Mr. President, I ask that the committee amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read:

A bill to recognize the organization known as Former Members of Congress and to provide for the payment of losses incurred as a result of the ban on the use of the chemical Tris in apparel, fabric, yarn or fiber, and for other purposes.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FEDERAL TORT CLAIMS

Mr. STEVENS. Mr. President, I move the Senate Judiciary Committee be discharged from further consideration of H.R. 3799, an act to extend the Federal court claims provisions concerning the National Guard members, and I ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection? Without objection, the clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3799) to extend the Federal court claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard, and to provide that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard.

The Senate proceeded to consider the bill.

Mr. THURMOND. Mr. President, I am pleased that the Senate is today taking action on S. 267, introduced by Senator DECONCINI on behalf of himself and me on January 27 of this year. In my view, there is a pressing need for this legislation which extends coverage of the Federal Tort Claims Act (FTCA) to the National Guard when it is engaged in certain federally authorized training activities. It would also make the FTCA the

exclusive remedy for claims based on the medical malpractice of National Guard medical personnel. Similar legislation, having 32 cosponsors, was approved by the Judiciary Committee and passed the Senate last year. Unfortunately, the House was unable to complete action on that legislation before the end of the Congress.

The Senate has approved the substance of S. 267 in this Congress as well. During committee consideration of S. 815, the fiscal year 1982 defense procurement bill, I offered an amendment to that bill to accomplish the same goals as S. 267. My amendment, which was agreed to by the Armed Services Committee, would have added a new section to title 10 of the United States Code, the title of the code governing the activities of the armed services. S. 267, on the other hand, amends title 28 of the code in which the FTCA is found. My amendment was dropped during the conference on the military procurement bill.

Mr. President, there is currently a great deal of discussion and activity in both the administration and in the Congress regarding the need to improve our defense capabilities. The Army National Guard and the Air National Guard are, in my opinion, critically important elements of our national defense, being part of our total-force concept under which Reserve forces would be called upon to perform critical functions in any future conflicts.

It makes little sense, therefore, to continue to operate under a set of circumstances which conflicts with our goal of assuring that the National Guard is well trained, well equipped, and capable of being rapidly mobilized and integrated into our Active Forces should a national emergency arise. Aside from the adverse impact which lack of FTCA coverage is having on our ability to properly train the National Guard, this situation has had a serious impact on the morale of Guard members. I am sure that they find it difficult to understand why their Government does not provide them with the same protection as it does members of the Army Reserve and Air Force Reserve when they are all performing essentially the same duties.

I am sure that it is also very difficult for the innocent person who has been injured or who has sustained damaged or loss of property as the result of National Guard activity to understand why he does not have the same judicial remedy as he would have had the tort-feasor been a member of the Armed Forces on active duty or a member of the Army or Air Force Reserve. The damaged claimant would undoubtedly be confused by the fact that the National Guard member was wearing a U.S. Armed Forces uniform, was driving a federally owned vehicle, was being paid by the United States, and was performing duty in a federally recognized Guard unit, as required by Federal law.

Mr. President, I urge favorable action on this brief, but very important, piece of legislation. Enactment of this bill into law is necessary to assure the continued and effective participation of the National Guard in our defense system. It is also needed to protect fully our citizens from any injuries or damage which they may incur as the result of federally authorized National Guard training activities.

Mr. DECONCINI. Mr. President, at a time when our great Nation is in the process of sending a message to the world that our military is prepared to defend the vital interests of the United States, the training, the skills, and numbers of our Army and Air National Guard Reserve components are critical elements in our effort to maintain a strong national defense. When mobilized as the total force, the Army National Guard provides 27 percent of the total Army strength in the following percentages: 33 percent of the combat division; 72 percent of the separate brigades; 57 percent of the armored cavalry requirement; 63 percent of the infantry batallions; 33 percent of the special forces groups; and 21 percent of the medical units. Our timely and demonstrated ability to mobilize these forces—itself a function of training—can contribute greatly to deterring the Warsaw Pact from launching an attack in Europe in the belief that the U.S. units could not respond in time to augment forces already stationed in that theater.

The measure which we are dealing with today, the National Guard Tort Claims Act, will make a major contribution to our Nation's effort to maintain a strong national defense by finally allowing the National Guard component to conduct training which will prepare the men and women of the Guard to play their rightful role as part of the total force of our Military Establishment. It will do so by covering the Guard under the Federal Tort Claims Act while in training, thus creating liability in the Federal Government for torts committed by National Guards men and women in the scope of their employment. This bill will have the additional effect of encouraging volunteers, today so badly needed in the Reserves.

Mr. President, I would like to take this opportunity to not only express my support for this measure, but to express my sincere gratitude to Senator GRASSLEY and the members of the Agency Administration Subcommittee. Congressman DANIELSON also deserves thanks for his help in developing this legislation in the House. These individuals have been instrumental in the swift attention which this legislation has received and their concern is admirable and appreciated.

Finally, I would like to thank the National Guard Association and General Greenley, in particular, for their efforts in developing and successfully ushering this bill to fruition.

Mr. GRASSLEY. Mr. President. H.R. 3799, the National Guard Federal Tort Claims Act amendments, is the House companion bill to S. 267, a bill sponsored by Senator DECONCINI and cosponsored by Senator THURMOND, myself, and over 30 of our colleagues.

Hearings were held on this bill in July of this year in the Subcommittee on Agency Administration, which I chair. It was later reported by a unanimous vote of that subcommittee, and reported from the Committee on the Judiciary without objection.

The House passed bill differs only slightly from our Senate legislation. Those differences are:

First. The title of the bill has been amended to accurately reflect the content of the bill.

Second. Unnecessary commas have been eliminated from the bill.

Third. The words "naval forces of" have been added in section, 1, subsection 2 in order to assure accurate placement of the amendment.

Fourth. The phrase "National Guard" as defined in section 101(3) of title 32 has been substituted for the words "Army National Guard or Air National Guard" in section 1, subsection 2 for purposes of clarity and consistency.

Fifth. The phrase "or any other provision of law for which such a member is entitled to, or has waived, under title 37" has been striken from the bill because it is potentially confusing.

Sixth. A new section "4" providing for an effective date has been added in order to eliminate confusion about the applicability of 32 U.S.C. 715, the National Guard Claims Act and the indemnity provisions of 32 U.S.C. 334 to claims arising prior to the date of enactment.

By way of background this legislation would extend the Federal Tort Claims Act to cover members of the National Guard in training.

The National Guard is the modern militia reserved to the States by article I, section 8 of the Constitution. It has only been in the last few decades that the National Guard has been an organized force capable of being assimilated with ease into the regular Military Establishment of the United States. From the days of the Minutemen of Lexington and Concord until just prior to World War I, the various militias embodied the concept of a citizen army, but lacked the equipment and training necessary for their use as an integral part of the U.S. Armed Forces.

The passage of the National Defense Act of 1916 materially altered the status of the militia by constituting them as the National Guard. Pursuant to power vested in Congress, the Guard was to be uniformed, equipped, and trained in much the same way as the regular Army, subject to Federal standards and capable of being federalized by units, rather than by drafting individual members.

In return, Congress authorized the allocation of Federal equipment to the Guard and provided Federal compensation for members of the Guard, supplementing any State payments. The Governor, however, remained in charge of the National Guard in each State except when the Guard was called into active Federal service. In most instances, the Governor administered the Guard through the State adjutant general, who was required by the act to report periodically to the National Guard Bureau, a Federal organization, on the Guard Reserve status. The basic structure of the

1916 act has been preserved to the present day.

The United States is currently not liable for the torts of National Guardsmen. However, in 1960 Congress enacted the National Guard Tort Claims Act located in title 32 of the United States Code, section 715, which excludes the application of the Federal Tort Claims Act, but does authorize the Secretaries of the Army and Air Force to pay claims resulting from activities of the National Guard up to the amount of $25,000. The National Guard Claims Act provides for administrative payment for the loss of or damage to either real or personal property and for personal injury or death.

Controversy concerning the application of the Federal Tort Claims Act has centered upon the absence of a master-servant relationship between the National Guard personnel not in active Federal service and the United States. In essence, opponents argue that the United States is not liable for the torts of National Guardsmen, since the right to control the normal day-to-day activities and operations of the National Guard rests with the individual States. On the one hand, the States hire, fire, discharge, promote, and discipline the guardsmen when they are in the training status. On the other hand, the Guard is federally funded; there are strict and stringent Federal regulations and standards governing training; they must take training at military facilities, use military equipment, and undergo a Federal inspection.

A number of States have waived their sovereign immunity and permitted suit to be brought against them for the tortious acts or omissions of Guard members. However, most of these laws, as the laws in my own State of Iowa reflect, have been held to apply only to State-mandated duty, such as providing military aid to the civil authorities in disaster relief and not to training duty required by Federal law, title 32 and paid from Federal funds.

An example of the need for clarification in this area that is very close to home is one that occurred in my home State in December of 1968. At that time an aircraft piloted by a captain in the Iowa National Guard who was on full-time training duty under section 503 of title 32 of the United States Code, crashed on a farmstead. The pilot and a lieutenant who were then on active duty under title 10, United States Code, section 672(d), were killed. The Air Force, without admitting liability for the incident, paid out $5,000 in emergency payments. What then ensued was a tug of war between the Air Force and the State of Iowa over who had jurisdiction of the claim. Meanwhile, no relief was afforded to the claimants, the Tjernagels, whose farmstead, personal belongings, farm equipment, and entire 1968 crop were destroyed in the crash. The operator of the farm, Mr. Tjernagel, died 52 days after the crash and his son was drafted into the Army shortly thereafter, leaving the responsibility for rebuilding the family home and carrying on the family farming operation to the widow, Mrs. Tjernagel.

The accident was not an isolated incident in Iowa. Only 9 months earlier, a Wisconsin National Guard jet aircraft crashed and burned on a farm in Howard County, Iowa, destroying the home, household goods, furnishings, and other property. Three and one-half years later, no resolution was in sight for either of the claimants.

Gov. Robert Ray, then and present Governor of Iowa, issued an executive order prohibiting any movement of Federal vehicles or aircraft issued to the Iowa Army or Air National Guard until the claims were resolved. The claims were finally paid administratively in 1972, but only after much bad publicity for the Guard and ill feelings were vented on both sides.

Mr. President, although there are not great numbers of these cases they are certainly not isolated. Their impact upon the individuals involved is severe, and our hearings proved that the effect of this on the moral of our Nation's Guardsmen is terrible.

This situation can be remedied. All it takes is for this body to follow the lead of the action taken earlier by the other body. I urge all of my colleagues to join in the support of this much needed legislation.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 3799) was ordered to a third reading, was read the third time, and passed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that Calendar No. 413, S. 267, the Senate companion bill, be indefinitely postponed.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

OBLIGATION LIMITATIONS UNDER THE SURFACE TRANSPORTATION ASSISTANCE ACT

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 3210.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House agree to the amendment of the Senate to the bill (H.R. 3210) entitled "An Act to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes", with the following amendment:

In lieu of the matter proposed to be inserted by said amendment, insert:

That the first sentence of section 105 of the Surface Transportation Assistance Act of 1978 is amended by striking out "per fiscal year for each of the fiscal years ending September 30, 1982 and September 30, 1983." and inserting in lieu thereof "for the fiscal year ending September 30, 1982, not to exceed $800,000,000 for the fiscal year ending September 30, 1983, and not to exceed $800,000,000 the fiscal year ending September 30, 1984.".

SEC. 2. The Secretary of Transportation shall apportion for the fiscal year ending September 30, 1983, the sums authorized to be apportioned for such year by section 108(b) of the Federal-Aid Highway Act of 1956, as amended, for expenditures on the National System of Interstate and Defense Highways, using the apportionment factors contained in revised table 5 of the committee print numbered 97-28 of the Committee on Public Works and Transportation of the House of Representatives.

SEC. 3. (a) Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs for fiscal year 1982 shall not exceed $8,000,000,000. This limitation shall not apply to obligations for emergency relief under section 125 of title 23, United States Code, or projects covered under section 320 of title 23, United States Code, section 147 of the Surface Transportation Assistance Act of 1978, or section 9 of the Federal-Aid Highway Act of 1981. No obligation constraints shall be placed upon any ongoing emergency project carried out under section 125 of title 23, United States Code, or section 147 of the Surface Transportation Assistance Act of 1978.

(b) For the fiscal year 1982, the Secretary shall distribute the limitation imposed by subsection (a) by allocation in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to each State for such fiscal year bears to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to all the States for such fiscal year.

(c) During the period October 1 through December 31, 1981, no State shall obligate more than 35 per centum of the amount distributed to such State under subsection (b), and the total of all State obligations during such period shall not exceed 25 per centum of the total amount distributed to all States under such subsection.

(d) Notwithstanding subsections (b) and (c), the Secretary shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction which have been apportioned to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1, 1982, revise a distribution of the funds made available under subsection (b) if a State will not obligate the amount distributed during that fiscal year and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during that fiscal year; and

(3) not distribute amounts authorized for administrative expenses and forest highways.

SEC. 4. (a) Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is amended by striking out "the additional sum of $3,200,000,000 for the fiscal year ending September 30, 1983," and inserting in lieu thereof the following: "the additional sum of $3,100,000,000 for the fiscal year ending September 30, 1983,".

(b) Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is further amended by adding at the end thereof the following: "Effective on and after the date of enactment of this sentence, the obligation of funds authorized by this subsection, except for advance construction interstate projects approved

before the date of enactment of this sentence, shall be limited to the construction necessary to provide a minimum level of acceptable service on the Interstate System which shall consist of (1) full access control; (2) a pavement design to accommodate the types and volumes of traffic anticipated for the twenty-year period from date of authorization of the initial basic construction contract; (3) essential environmental requirements; (4) a design of not more than six lanes (exclusive of high occupancy vehicle lanes) in rural areas and all urbanized areas under four hundred thousand population, and up to eight lanes (exclusive of high occupancy vehicle lanes) in urbanized areas of four hundred thousand population or more as shown in the 1980 Federal census; and (5) those high occupancy vehicle lanes (including approaches and all directly related facilities) included in the interstate cost estimate for fiscal year 1981. The obligation of funds authorized by this subsection shall be further limited to the actual costs of only those design concepts, locations, geometrics, and other construction features included in the 1981 interstate cost estimate, except in any case where the Secretary of Transportation determines that a provision of Federal law requires a different design, location, geometric, or other construction feature of a type authorized by this subsection. For purposes of this subsection, construction necessary to provide a minimum level of acceptable service on the Interstate System shall include, but not be limited to, any construction on the Interstate System which is required under a court order issued before the date of enactment of this sentence".

(c) Section 104(b)(5)(A) of title 23, United States Code, is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provisions of this subparagraph, the Secretary in making the revised estimate of the cost of completing the then designated Interstate System for the purpose of transmitting it to the Senate and House of Representatives within ten days subsequent to January 2, 1983, or thereafter, shall include only those costs eligible for funds authorized by subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, including the amendments made by section 4 of the Federal-Aid Highway Act of 1981.".

SEC. 5. Section 104(b)(5)(B) of title 23, United States Code, is amended to read as follows:

"(B) For resurfacing, restoring, rehabilitating, and reconstructing the Interstate System:

"55 per centum in the ratio that lane miles on the Interstate routes designated under sections 103 and 139(c) of this title (other than those on toll roads not subject to a Secretarial agreement provided for in section 105 of the Federal-Aid Highway Act of 1978) in each State bears to the total of all such lane miles in all States; and 45 per centum in the ratio that vehicle miles traveled on lanes on the Interstate routes designated under sections 103 and 139(c) of this title (other than those on toll roads not subject to a Secretarial agreement provided for in section 105 of the Federal-Aid Highway Act of 1978) in each State bears to the total of all such vehicle miles in all States. Notwithstanding the preceding sentence, no State excluding any State that has no interstate lane miles shall receive less than one-half of 1 per centum of the total apportionment made by this subparagraph for any fiscal year.".

SEC. 6. (a) Section 119(a) of title 23, United States Code, is amended by striking out the words "and rehabilitating" and by inserting in lieu thereof the words "rehabilitating and reconstructing" and by striking out the words "those lanes in use for more than five years on the Interstate System" and inserting in lieu thereof the words "routes of the Interstate System designated under sections 103 and 139(c) of this title.".

(b) Section 119 of title 23, United States Code, is further amended by adding the following new subsection:

"(b) Reconstructing as authorized in subsection (a) of this section may include, but is not limited to, the addition of travel lanes and the construction and reconstruction of interchanges and overcrossings along existing completed interstate routes, including the acquisition of right-of-way where necessary.".

SEC. 7. Subsection (a) of section 119 of title 23, United States Code, is amended by adding at the end thereof the following: "Effective on and after the date of enactment of this sentence, the Federal share for projects financed by funds apportioned under section 104(b)(5)(B) of title 23, United States Code, for resurfacing, restoring, rehabilitating, and reconstructing routes of the Interstate System designated under sections 103 and 139(c) of this title shall be that set forth in section 120(c) of this title.".

SEC. 8. In any case in which the city of Santa Rosa, California, has incurred costs on behalf of the State of California for the acquisition, between the date of enactment of Public Law 94–154 and the date of enactment of the Federal-Aid Highway Act of 1976 (Public Law 94–280), of land which was utilized in a Federal-aid urban system project at an intersection with a segment of the Federal-aid primary system, the Secretary of Transportation is authorized, notwithstanding any other provision of law, to reimburse the State of California from funds apportioned to the State of California under section 104(b)(6) of title 23, United States Code, 75 per centum of such costs.

SEC. 9. (a) The Secretary of Transportation may approve any project for the reconstruction, resurfacing, restoration, or rehabilitation of any bridge on the Interstate System which is both owned by the United States Government and located in two States and the District of Columbia, whenever both such States and the District shall submit to the Secretary for approval appropriate plans, specifications, and estimates for any such project.

(b) The Secretary of Transportation shall prior to approval of such project enter into an agreement with such States and the District for future maintenance and rehabilitation of the bridge.

(c) There is hereby authorized to be appropriated $60,000,000, out of the Highway Trust Fund, to be available until expended, to carry out the provisions of this section. Such sums shall be available for obligation in the same manner and to the same extent as if such funds were apportioned for the Interstate System under chapter 1 of title 23, United States Code. The Federal share of the project cost shall be 100 per centum.

(d) In making any revised estimate of the cost completing the Interstate System, which estimate is required by section 104(d)(5)(A) of title 23, United States Code, to be transmitted to the Congress after the date of enactment of this Act, the Secretary of Transportation shall not include any costs for any bridge eligible for approval under subsection (a). The Secretary shall reduce apportionments made under section 104(b)(5) of title 23, United States Code, to such States or District by an amount, if any, equal to amounts apportioned under such section to any such State or District with respect to any such bridge for any fiscal year ending before October 1, 1982. The reduction, if any, made by the preceding sentence for each State or the District shall be made out of apportionments under such section to such State or the District, beginning with the apportionment for the fiscal year ending September 30, 1983, and shall be made, in equal shares, over the number of fiscal years in which apportionments described in the preceding sentence were made.

SEC. 10. Section 139 of title 23, United States Code, is amended by adding a new subsection (c) as follows:

"(c) The Secretary shall designate those portions of highway segments on the Federal-aid primary system in States which have no Interstate System that are logical components to a system serving the State's principal cities, national defense needs and military installations, and traffic generated by rail, water, and air transportation modes. The designated segments shall have been constructed to the geometric and construction standards adequate for current and probable future traffic demands and the needs of the locality of the segment. The mileage of any highway designated as part of the Interstate System under this subsection shall not be charged against the limitation established by the first sentence of section 103(e)(1) of this title. The designation of a highway under this subsection shall create no Federal financial responsibility with respect to such highway, except that the State involved may use Federal-aid highway funds available to it under sections 104(b)(1) and 104(b)(5)(B) of this title, for the resurfacing, rehabilitation, restoration, and reconstruction of a highway designated as a route on the Interstate System under this subsection.".

SEC. 11. Section 145 of the Federal-Aid Highway Act of 1978 is amended to read as follows:

"SEC. 145. (a) Upon satisfaction by the State of Maine or the Maine Turnpike Authority of the following conditions, the State of Maine and the Maine Turnpike Authority shall be free of all restrictions with respect to the imposition and collection of tolls or other charges on the Maine Turnpike or for the use thereof contained in title 23, United States Code, or in any regulation or agreement thereunder: repayment by the State of Maine or the Maine Turnpike Authority to the Treasurer of the United States of the sum of $8,577,900 which is the amount of Federal-aid highway funds received for construction of interchanges or connections with the Maine Turnpike at West Gardiner, Kennebec County, Maine, at York, York County, Maine, and at Scarborough-South Portland, Cumberland County, Maine. The amount to be repaid shall be deposited to the credit of the appropriation for 'Federal-Aid Highway (Trust Fund)'. Such repayment shall be credited to the unprogramed balance of the Federal-aid highway funds of the classes determined by the Secretary to and in cooperation with the State of Maine. The amount so credited shall be in addition to all other funds then apportioned to such State and shall be available for expenditure in accordance with the provisions of title 23, United States Code.

"(b) The State of Maine and the Maine Turnpike Authority are deemed to be in compliance with section 129(c) of title 23, United States Code: *Provided*, That the conditions of subsection (a) are satisfied.".

SEC. 12. (a) Section 152 of the Federal-Aid Highway Act of 1978 is amended by adding after "fiscal year 1981" the following "and $55,000,000 for fiscal year 1983".

(b) Such section 152 is further amended by adding at the end thereof the following new sentence: "Sums authorized to be appropriated under this section shall not be subject to any State or local law relating to apportionment of funds available for the construction or improvement of highways.".

SEC. 13. This Act may be cited as the "Federal-Aid Highway Act of 1981".

Mr. STAFFORD. Mr. President, I am pleased that the Senate Environment and Public Works Committee and the House Public Works and Transportation Committee have reached agreement on the Federal-Aid Highway Act of 1981.

I believe this legislation is a major accomplishment in reassessing and redirecting the Federal interest in the highway program. Since the Highway Trust Fund was established in 1956, the Interstate Highway System has been a major priority of the Federal Government, and massive resources have been directed toward building this extraordinary network of highways. That job is almost complete now with over 95 percent of the Interstate Highway System finished. However, the remaining 5 percent of the system could potentially cost more than the initial 95 percent. That is an unacceptable cost when the Interstate System is in need of major reconstruction.

Mr. President, this legislation defines a safe, connected, environmentally responsible, completed Interstate System, and is a major step toward our goal of completing the Interstate System within a reasonable period of time and at a reasonable cost.

This legislation recognizes that the highway infrastructure required for the movement of goods and the mobility of this country's citizens is largely in place. Our responsibility now is to insure that this capital investment is not lost. This bill expands the existing interstate 3R program by adding a fourth R—reconstruction—and authorizes the program for 2 years.

When the interstate program was begun, it was with the understanding that the Federal Government would provide the initial capital investment and the States would be responsible for routine maintenance and major rehabilitation. It is becoming increasingly evident, however, that the States do not have the resources to address the major rehabilitation and reconstruction needs of the Interstate System. The States will continue to be responsible for all routine maintenance but with this legislation, there will be a substantial increase in the commitment the Federal Government has made to assist the States with major rehabilitation and reconstruction work in order to preserve the Interstate System.

Mr. President. I believe it is important to note that all States will receive a minimum one-half percent apportionment for both the interstate construction and interstate 4R categories. Those States who made an early commitment to expediously complete the Interstate System, often at the expense of the rest of their highway network, should not be penalized.

The interstate 4R formula has been a matter of considerable discussion. The formula in law is based on 75-percent lane miles and 25-percent vehicle miles traveled (VMT). The Senate recognized that the vehicles using the roads have an impact on deterioration and modified this formula to 60-percent lane miles and 40-percent VMT. However, testimony received during the committee's hearings indicated that other factors including temperature extremes, the freeze-thaw cycle, and the number of trucks in the vehicle mix contributed to highway deterioration.

It is difficult, however, to measure the impact from these factors and translate them into an apportionment formula. I believe it is premature and unwise at this point to alter the interstate 4R formula beyond the 60/40 provision contained in the Senate bill. However, I reluctantly agreed to the compromise provision in this bill with the understanding that this formula will be reviewed next year.

A further significant provision in this legislation provides funds for the rehabilitation of the Woodrow Wilson Bridge. This federally owned bridge located in Virginia, Maryland, and the District of Columbia is in urgent need of repair. I believe this provision will enable that repair to begin in the near future.

Mr. President, the agreement reached by the House and Senate committees speaks only to the interstate programs. The highway bill reported by the Senate Environment and Public Works Committee and passed by the Senate included authorizations and program changes for the entire Federal aid program through fiscal year 1986 which I believe are necessary and I intend to continue to press for these changes and multiyear funding when highway legislation is again considered.

Mr. President, I believe this legislation represents a responsible commitment to the Interstate Highway System. It will allow the interstate construction apportionments for this year to be made to the States and it will reduce the cost to complete the Interstate System from $53.8 billion to $38.9 billion. I urge its adoption.

Mr. President, this bill contains a provision which would designate Interstate System mileage in Alaska. This mileage will be designated as completed interstate and will not be added to the interstate cost estimate. It will, however, treat Alaska as every other State and make them eligible for interstate 4R funding. It is our intent that as soon as the mileage is designated, Alaska will be eligible for interstate 4R funding.

Mr. President, it is also the intent of the committee that each State, including Alaska, receive a minimum one-half of 1 percent interstate construction apportionment. Current law authorizes $125 million for this purpose. If this is not sufficient under the new interstate cost estimate redefinition contained in this legislation, it is the intent of this committee and the agreement reached by the House and Senate that all States will be insured of receiving the entire one-half of 1 percent minimum apportionment. It is our intent that before making the interstate apportionment, the funds authorized under section 4 of this bill—the interstate construction authorization of $3.1 billion for fiscal year 1983—the Secretary shall deduct any additional amount above the $125 million which will be necessary to guarantee each State, including Alaska, a one-half percent minimum apportionment.

Mr. SYMMS. Mr. President, the Federal-Aid Highway Act of 1981 represents a carefully negotiated agreement on highway legislation by the Senate Environment and Public Works Committee and the House Public Works and Transportation Committee.

Earlier this year the Environment and Public Works Committee considered, and the full Senate passed S. 1024, the Federal-Aid Highway Improvement Act of 1981. That bill authorized the highway program through fiscal year 1986 and made a number of significant program changes. I believe the multiyear funding and increased flexibility S. 1024 provided is absolutely necessary so that States can do long-range planning and target scarce resources at their highest priorities. The bill before us today addresses only the interstate highway program. While I believe the other issues in S. 1024 should also have been addressed this year, the interstate provisions included in this compromise are an important step in the right direction.

Mr. President, this legislation will permit the interstate construction funds for this year to be apportioned to the States and brings us significantly closer to completion of the Interstate System. The current cost to complete the remaining 5 percent of the system is $53.8 billion. Because of inflation and the continuous addition of eligible items allowed under current law the goal of completion is unachievable. The definition of completion in this bill will permit a safe, connected system to be built in a reasonable time and, hopefully, at a cost we can afford.

The cost of completion is reduced from $53.8 billion to $38.9 billion. The legislation also continues the minimum one-half percent interstate construction apportionment to all States, and authorizes $3.1 billion for fiscal year 1983. In addition, future cost estimates will be based on the redefinition in this legislation and will be limited to those eligible items outlined in this legislation.

The second major provision creates the interstate 4R program by adding a fourth R—reconstruction—to the existing 3R program, and authorizes the program for 2 years. All items no longer eligible for interstate construction funds would be eligible for interstate 4R funds. The primary purpose of this category is to provide funds to maintain the large capital investment that has already been made in the Interstate System by the Federal Government. This legislation recognizes that this country's highway network is largely in place and the task now is to reconstruct and maintain that system. Funds will be available for the 4R program on a Federal/State matching ratio of 90/10, and the amount authorized—$800 million—is an increase of almost 300 percent.

I am concerned with the changes made in the interstate 4R formula. The Environment and Public Works Committee received testimony on this issue during hearings held on highway legislation. While there is agreement that the number of vehicles using a road impact on its

deterioration, there is also evidence that other factors such as freeze-thaw cycles, temperature extremes and the number of trucks in the vehicle mix. I believe this formula needs further attention and our committee will be reviewing this again next year.

This legislation also provides a solution to the longstanding problem of the Woodrow Wilson Bridge. This bridge is federally-owned and located in three jurisdictions—Virginia, Maryland, and the District of Columbia. It is in urgent need of repair and I hope this provision will provide the necessary funds and framework for a timely resolution of this situation.

A provision is included which designates Interstate System mileage in Alaska. This mileage is designated as completed and will incur no further cost to the Federal Government. It will, however, treat Alaska as all other States and make them eligible for the interstate 4R program. This legislation will also permit the State of Maine to repay funds received for interstate construction so that tolls can be retained on an interstate segment.

Finally, Mr. President, this legislation establishes an $8 billion obligation ceiling on the Federal-aid highway program which is consistent with the ceiling contained in the Department of Transportation appropriations bill and in the continuing resolution.

Mr. President, I believe the provisions in this bill will make an important contribution to improving the highway program and I urge my distinguished colleagues to pass this legislation.

Mr. RANDOLPH. Mr. President, I join with my colleagues in supporting the House amendment to the Senate amendment to H.R. 3210. This bill is an important step forward in our Federal-aid highway program. The legislation is a culmination of a year's work by the Committee on Environment and Public Works and the Committee on Public Works and Transportation of the House of Representatives.

Under H.R. 3210, as amended, a major step forward is taken toward completion of the Interstate Highway System. The cost to complete the interstate is reduced by $14 billion under the redefinition contained in section 4 of the House amendment. Further, construction on the designated Interstate System is limited to those projects which will open segments not currently constructed to traffic. Full access control, 20-year pavement life, environmental requirements, a limitation on the number of lanes and high occupancy vehicle lanes are essentially all that can be constructed with interstate construction funds authorized by section 108(b) of the Federal-Aid Highway Act of 1956, as amended. With this redefinition it is much more likely that a connected system of interstate highways can be completed in this decade.

The amendment which we are considering today also provides a new emphasis toward rehabilitation of the Federal-aid Interstate System. Many segments are beginning to reach their design life and need major rehabilitation. The Federal Government has made a substantial investment in our Interstate System by spending approximately $70 billion to build 95 percent of the designated 42,500 mile system. This investment must be maintained and this bill, while continuing the goal of completing the system, begins to provide sufficient authority to the States to do a better maintenance job on this vital highway system.

With 10 percent of the Interstate System currently in need of full rehabilitation and restoration, the Federal-aid highway program must be structured to provide the States with sufficient funds to maintain our investment. Under this bill $800 million is authorized for fiscal years 1983 and 1984 for rehabilitation (4R) work on the Interstate System. We must begin now to work on the backlog of unmet needs and provide a sufficient base for future work. This is an important emphasis and one of the major reasons why the Senate should pass this 1-year bill rather than the multiyear concept adopted on November 16, when the Senate considered S. 1024.

With respect to the 4R program, the amendment changes the formula for apportionment to 55-percent lane miles and 45-percent vehicle miles traveled. This change is necessary to reflect the increased burdens placed on our pavement because of heavy traffic volumes. Apportionments made by this formula vary greatly among the States and I will ask the committee next year to reassess this formula when it considers a multiyear extension of the highway program. A formula must be developed which distributes this money equitably among all the States.

The amendment to H.R. 3210 also adopts several other provisions relating to the Interstate System which I recommend to my colleagues.

With respect to the redefinition of the Interstate System, one other item must be discussed. Recently, the Federal Highway Administration turned down a request by the District of Columbia Department of Transportation to provide a fringe and corridor parking facility adjacent to I–295 in the southeast section of Washington, D.C. This facility is related to the completion of a Metro station and parking facility in this area. The application was rejected on the basis that the highway would not be served by such a facility.

I have examined this application and the rejection carefully. The use of Federal-aid interstate construction funds for this particular project is an acceptable use under section 142(a) of title 23 as I interpret the provision. Approximately 15 percent of the traffic on I–295 would be diverted to this parking facility during peak hours. Furthermore, a substantial number of buses would be discharging passengers at this station who would finish their commute to the central business district via Metro. Completion of this station and the parking facility is also in compliance with the District's transportation improvement plan and the SIP required by the Clean Air Act.

In approving projects under the revised definition of the Interstate System, the Federal Highway Administration on a case-by-case basis must examine projects of this type which improve our highway network by increasing its carrying capacity and provide an effective mass transportation alternative.

Mr. President, I recommend the House amendment to my colleagues and recommend its adoption.

Mr. BENTSEN. Mr. President, just 1 month ago, the Senate passed the Federal-Aid Highway Improvement Act and sent it to the House of Representatives for its consideration. That bill is an excellent bill, the product of many days of hearings and many more days of deliberations by members of the Committee on Environment and Public Works and the Senate as a whole. It is a multiyear bill that made major reforms to the Federal-aid highway program. It is a fiscally responsible bill that reflected the Senate's willingness to live within the limits of the highway trust fund as it addressed this Nation's urgent highway needs.

Unfortunately, the House decided to reject most major reforms of the bill this year, preferring to delay the implementation of major multiyear reforms until 1982. I wish it were otherwise. But, wishing does not make it so. We are forced to face the reality that if both Houses of Congress are to pass any highway bill this year that it will be the one before us now.

Mr. President, I support this bill, not because it is the best we could do. The bill we passed last month is far superior. I support this bill, Mr. President, because it does contain two of the essential reforms of our earlier bill.

First, it provides a definition of interstate completion that will reduce the current interstate cost estimate from approximately $53.8 billion to a far more realistic estimate of approximately $38.8 billion, thereby substantially reducing the level of Federal fiscal exposure. While reducing the interstate cost estimate by approximately $15 billion, this bill will still provide acceptable service for users of the Interstate System by fully incorporating all elements of the definition of cost-to-complete provided by the original Senate bill.

Second, it includes the most important reform of our earlier bill. The existing interstate 3R program is expanded to include a fourth "R"—reconstruction. Every study indicates that the deterioration of our Interstate System is acute and accelerating. This bill takes a step toward recognizing this problem by providing $800 million of interstate 4R funding in 1982. It is my hope that in the very near future that the Congress will take the next step toward resolution of this problem by providing adequate additional funding in the out-years for the interstate 4R program.

Mr. President I urge support of this bill.

Mr. BURDICK. One of the most important features of this compromise for North Dakota, as well as for my colleagues from Delaware, Vermont, New Hampshire, South Dakota, Maine, Nebraska, and Wyoming, is the inclusion of the one-half of 1 percent interstate transfer clause. I fought for this clause

several years ago in the Senate to protect States that completed their portions of the interstate early. This means that for a number of years, North Dakota which was the first State to complete its interstate, committed State funds to I–94 and I–29 before funding other projects. The interstate transfer clause provides aid to help States with necessary projects postponed to complete their portion of the Interstate System.

This clause has meant $15 to $17 million per year to North Dakota since 1977. In addition, the Federal program allows the State highway department flexibility to use funds not necessary for the interstate on primary, urban or rural road programs.

This compromise will have an enormous impact on the amount of Federal aid available to North Dakota. Federal highway funds make up to 50 percent of the North Dakota Highway Department budget.

The amount of Federal aid received from the transfer clause and the 3R program comprise a significant portion of the total State budget. Its loss would be quickly felt by State and local governments in North Dakota.

I would encourage my colleagues to join with me in supporting this compromise. It satisfies the immediate needs of our Nation's highway program by reducing costs to complete the Interstate System to a more achievable objective and extends our interstate restoration efforts to protect our interstate investment. Second, with the interstate transfer clause, States will be encouraged to complete their portion of the interstate knowing that the Federal Government will continue to provide funds for postponed State and local projects while work was done on the Interstate System.

INTERSTATE 4R PROGRAM

Mr. BENTSEN. Mr. President, I would like to commend the distinguished Senator from Idaho (Mr. SYMMS) for having favorably concluded negotiations of this Federal-aid highway bill with the House thereby providing us with a compromise bill that will enable the Department of Transportation to immediately apportion overdue interstate construction funds to the States, that will add the fourth R to the existing interstate 3R program and furthermore, when compared to the existing 3R program, will almost triple funds that will be available to the States in 1982 for the purpose of preserving, maintaining, and reconstructing that most valuable national asset, our Interstate Highway System.

However, just as I am pleased that this Congress will at last provide adequate funds in 1982 to begin to reverse the rapid deterioration of our Interstate System I am equally disturbed that the compromise does not provide adequate 4R funds in 1983. As the distinguished Senator from Idaho knows, on November 16, when the Senate amended H.R. 3210 with the language of S. 1024 and passed that bill, we provided $1.3 billion in funds for the Interstate 4R program. This was a fiscally responsible amount that had the support of the administration.

At that time, I joined with the distinguished Senator from Idaho along with my good friends and colleagues, the chairman and ranking member of the Environment and Public Works Committee in advocating this level of funding.

At that time, I said that I could think of no single provision in the highway bill that was more important. However, the bill we have before us now provides $500 million less for the interstate 4R program in 1983 than our earlier bill. This is just not enough to prevent further deterioration of our Nation's Interstate System.

I am quite sure that my colleague from Idaho agrees with me and is now reluctantly accepting the House proposal that interstate 4R funding for 1983 be only $800 million because he is convinced that the House would have it no other way, that a refusal to concede to the House on this point could leave the Congress with no compromise highway bill to pass.

Mr. SYMMS. Mr. President, the distinguished Senator from Texas is correct. I would like to add, Mr. President, that my agreement to support this funding level of $800 million for the interstate 4R program in 1983 extends only to this particular bill.

It is my plan, with the agreement of the distinguished chairman and ranking member of the Environment and Public Works Committee, to reconsider next year the question of 4R funding for fiscal year 1983 when we review the multiyear highway provisions that this Senate passed on November 16. I personally am committed to increasing 4R funding in 1983 and the other out-years to levels that are consistent with those that had been provided in S. 1024.

Finally, Mr. President, I would like to thank the distinguished Senator from Texas for the generous praise he has bestowed upon me for having favorably concluded negotiations with the House on this bill. However, I must say that the role that the distinguished Senator from Texas played in this matter was certainly equal to my own and needs to be acknowledged.

Mr. STAFFORD. Mr. President, I would like to join with the distinguished chairman and ranking member of the Transportation Subcommittee in expressing my own reservations about the inadequate level of 4R funding to be provided in 1983 by this compromise and furthermore to express resolve to rectify this matter next year.

Mr. RANDOLPH. Mr. President, I would like to associate myself with the remarks made by the distintinguished Senators from Texas, Idaho, and Vermont and also to express my intention to join with them next year in an effort to increase the 4R funding level for 1983 to that provided in the 5-year bill we passed in November.

Mr. BENTSEN. I thank my distinguished colleagues from Idaho, Vermont, and West Virginia and look forward to next year when we may work together again, as we have in the past, to develop highway legislation that includes responsible levels of funding.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate concur in the House amendments to the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. I move to reconsider that action.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. I inquire of the Chair, does that clear that bill?

The PRESIDING OFFICER. For final action, the Senator is correct.

MULTINATIONAL FORCE AND OBSERVERS PARTICIPATION RESOLUTION

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 100.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 100) entitled "Joint resolution to authorize the participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel", do pass with the following amendments: Strike out all after the resolving clause, and insert:

SHORT TITLE

SECTION 1. This joint resolution may be cited as the "Multinational Force and Observers Participation Resolution".

STATEMENT OF POLICY

SEC. 2. The Congress considers the establishment of the Multinational Force and Observers to be an essential stage in the development of a comprehensive settlement in the Middle East. The Congress enacts this resolution with the hope and expectation that establishment of the Multinational Force and Observers will assist Egypt and Israel in fulfilling the Camp David accords and bringing about the establishment of a self-governing authority in order to provide full autonomy in the West Bank and Gaza.

PARTICIPATION OF UNITED STATES PERSONNEL IN THE MULTINATIONAL FORCE AND OBSERVERS

SEC. 3. (a)(1) Subject to the limitations contained in this resolution, the President is authorized to assign, under such terms and conditions as he may determine, members of the United States Armed Forces to participate in the Multinational Force and Observers.

(2) The Congress declares that the participation of the military personnel of other countries in the Multinational Force and Observers is essential to maintain the international character of the peacekeeping function in the Sinai. Accordingly—

(A) before the President assigns or details members of the United States Armed Forces to the Multinational Force and Observers, he shall notify the Congress of the names of the other countries that have agreed to provide military personnel for the Multinational Force and Observers, the number of military personnel to be provided by each country, and the functions to be performed by such personnel; and

(B) if a country withdraws from the Multinational Force and Observers with the result that the military personnel of less than four foreign countries remain, every pos-

sible effort must be made by the United States to find promptly a country to replace that country.

(3) Members of the United States Armed Forces assigned or detailed to the Multinational Force and Observers may perform only those functions or responsibilities which are specified for United Nations Forces and Observers in the Treaty of Peace and in accordance with the Protocol.

(4) The number of members of the United States Armed Forces who are assigned or detailed by the United States Government to the Multinational Force and Observers may not exceed one thousand two hundred at any one time.

(b) Subject to the limitations contained in this resolution, the President is authorized to provide, under such terms and conditions as he may determine, United States civilian personnel to participate as observers in the Multinational Force and Observers.

(c) The status of United States Government personnel assigned to the Multinational Force and Observers under subsection (a)(1) or (b) of this section shall be as provided in section 629 of the Foreign Assistance Act of 1961.

UNITED STATES CONTRIBUTIONS TO SHARED COSTS

SEC. 4. (a) In accordance with the agreement set forth in the exchanges of letters between the United States and Egypt and between the United States and Israel which were signed on August 3, 1981, the United States share of the costs of the Multinational Force and Observers—

(1) shall not exceed 60 per centum of the budget for the expenses connected with the establishment and initial operation of the Multinational Force and Observers during the period ending September 30, 1982; and

(2) shall not exceed 33⅓ per centum of the budget for the annual operating expenses of the Multinational Force and Observers for each financial year beginning after that date.

(b)(1) There are authorized to be appropriated to the President to carry out chapter 6 of part II of the Foreign Assistance Act of 1961, in addition to amounts otherwise available to carry out that chapter, $125,000,000 for the fiscal year 1982 for use in paying the United States contribution to the budget of the Multinational Force and Observers. Amounts appropriated under this subsection are authorized to remain available until expended.

(2) Expenditures made pursuant to section 138 of the joint resolution entitled "Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes", approved October 1, 1981 (Public Law 97-51), or pursuant to any subsequent corresponding provision applicable to the fiscal year 1982, shall be charged to the appropriation authorized by this subsection.

NONREIMBURSED COSTS

SEC. 5. (a) Any agency of the United States Government is authorized to provide administrative and technical support and services to the Multinational Force and Observers, without reimbursement and upon such terms and conditions as the President may direct, when the provision of such support or services would not result in significant incremental costs to the United States.

(b) The provision by the United States to the Multinational Force and Observers under the authority of this resolution or any other law of any property, support, or services, including the provision of military and civilian personnel under section 3 of this resolution, on other than a reimbursable basis shall be kept to a minimum.

REPORTS TO THE CONGRESS

SEC. 6. (a) Not later than April 30, 1982, the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate, a detailed written report with respect to the period ending two weeks prior to that date which contains the information specified in subsection (b).

(b) Not later than January 15 of each year (beginning in 1983), the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate, a written report which describes—

(1) the activities performed by the Multinational Force and Observers during the preceding year;

(2) the composition of the Multinational Force and Observers, including a description of the responsibilities and deployment of the military personnel of each participating country;

(3) all costs associated with United States participation in the Multinational Force and Observers which were incurred during the preceding fiscal year and for which the United States was not fully reimbursed, with an explanation of why the United States was not fully reimbursed for each category of cost;

(4) all such costs for which the United States was fully reimbursed; and

(5) the results of any discussions with Egypt and Israel regarding the future of the Multinational Force and Observers and its possible reduction or elimination.

(c) The reports required by this section shall be as detailed as possible. The information with respect to any administrative and technical support and services provided on a nonreimbursed basis under section 5(a) of this resolution shall include a description of the types of support and services which have been provided and an estimate of both the total costs of such support and services and the incremental costs incurred by the United States with respect to such support and services.

(d) For purposes of the reports required by this section, the term "costs" means any costs, whether normal or incremental, which are incurred by the United States Government, including—

(1) contributions to the budget of the Multinational Force and Observers;

(2) the costs associated with the members of the United States Armed Forces or the United States civilian personnel who are assigned, detailed, or otherwise provided to the Multinational Force and Observers, including pay, retirement and other benefits transportation, and housing; and

(3) the costs associated with any other property, support, or services of any kind made available (by means of grant, sale, loan, lease, or any other means) by the United States Government to the Multinational Force and Observers.

STATEMENTS OF CONGRESSIONAL INTENT

SEC. 7. (a) Nothing in this resolution is intended to signify approval by the Congress of any agreement, understanding, or commitment made by the executive branch other than the agreement to participate in the Multinational Force and Observers as set forth in the exchanges of letters between the United States and Egypt and between the United States and Israel which were signed on August 3, 1981.

(b) The limitations contained in this resolution with respect to United States participation in the Multinational Force and Observers apply to the exercise of the authorities provided by this resolution or provided by any other provision of law. No funds appropriated by the Congress may be obligated or expended for any activity which is contrary to the limitations contained in this resolution.

DEFINITIONS

SEC. 8. As used in this resolution—

(1) the term "Multinational Force and Observers" means the Multinational Force and Observers established in accordance with the Protocol between Egypt and Israel signed on August 3, 1981, relating to the implementation of the security arrangements of the Treaty of Peace; and

(2) the term "Treaty of Peace" means the Treaty of Peace between the Arab Republic of Egypt and the State of Israel signed on March 26, 1979, including the Annexes thereto.

The preamble is amended as follows:

(1) In the second line of the second clause, after "responsibilities", insert: "at this time".

(2) In the first line of the third clause, strike out "initiated on July 17, 1981", and insert: "signed on August 3, 1981,".

Mr. STEVENS. Mr. President, I move that the Senate concur in the House amendments to the preamble of the resolution.

The PRESIDING OFFICER. Is there objection? Without objection, the motion is agreed to.

Mr. PERCY. Mr. President, authorization of U.S. participation in the Multinational Force in Sinai is vital to our national interest and to the promotion of peace in the Middle East. Under the Camp David agreement, our Government committed itself to help establish and participate in a multinational peacekeeping force which is to insure security along the Egyptian-Israeli border following the final Israeli withdrawal from Sinai on April 25, 1982. Approval of this resolution is an essential element in fulfilling this commitment.

The resolution provides authority for the President to assign U.S. military personnel and civilians to the Multinational Force (MFO). U.S. military participation is limited to not more than 1,200 persons. The administration also is authorized to provide up to 60 percent of the MFO budget through fiscal year 1982 and one-third the cost in subsequent years. Israel and Egypt will pay equal shares of the remaining costs. The cost for the first 15 months will be $135 million.

The resolution authorizes U.S. participation so that the MFO can provide the functions for which it was designed. At the same time, restrictions are placed on U.S. participating forces so that they may perform only that limited role.

This resolution reconciles differing House and Senate versions of the resolution. It is a substitute version of Senate Joint Resolution 100 which has been drafted with House and administration participation. Both support the resolution.

UP AMENDMENT NO. 803

Mr. STEVENS. Mr. President, I move that the Senate concur in the House amendments to the joint resolution with the further amendment, which I send to the desk on behalf of Senator PERCY.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS), on behalf of Mr. PERCY, proposes an unprinted amendment numbered 803.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

SHORT TITLE

SECTION 1. This joint resolution may be cited as the "Multinational Force and Observers Participation Resolution".

STATEMENT OF POLICY

SEC. 2. The Congress considers the establishment of the Multinational Force and Observers to be an essential stage in the development of a comprehensive settlement in the Middle East. The Congress enacts this resolution with the hope and expectation that establishment of the Multinational Force and Observers will assist Egypt and Israel in fulfilling the Camp David accords and bringing about the establishment of a self-governing authority in order to provide full autonomy in the West Bank and Gaza.

PARTICIPATION OF UNITED STATES PERSONNEL IN THE MULTINATIONAL FORCE AND OBSERVERS

SEC. 3. (a)(1) Subject to the limitations contained in this resolution, the President is authorized to assign, under such terms and conditions as he may determine, members of the United States Armed Forces to participate in the Multinational Force and Observers.

(2) The Congress declares that the participation of the military personnel of other countries in the Multinational Force and Observers is essential to maintain the international character of the peacekeeping function in the Sinai: Accordingly—

(A) before the President assigns or details members of the United States Armed Forces to the Multinational Force and Observers, he shall notify the Congress of the names of the other countries that have agreed to provide military personnel for the Multinational Force and Observers, the number of military personnel to be provided by each country, and the functions to be performed by such personnel; and

(B) if a country withdraws from the Multinational Force and Observers with the result that the military personnel of less than four foreign countries remain, every possible effort must be made by the United States to find promptly a country to replace that country.

(3) Members of the United States Armed Forces, and United States civilian personnel, who are assigned, detailed, or otherwise provided to the Multinational Force and Observers may preform only those functions or responsibilities which are specified for United Nations Forces and Observers in the Treaty of Peace and in accordance with the Protocol.

(4) The number of members of the United States Armed Forces who are assigned or detailed by the United States Government to the Multinational Force and Observers may not exceed 1,200 at any one time.

(b) Subject to the limitations contained in this resolution, the President is authorized to provide, under such terms and conditions as he may determine, United States civilian personnel to participate as observers in the Multinational Force and Observers.

(c) The status of United States Government personnel assigned to the Multinational Force and Observers under subsection (a)(1) or (b) of this section shall be as provided in section 629 of the Foreign Assistance Act of 1961.

UNITED STATES CONTRIBUTIONS TO COSTS

SEC. 4. (a) In accordance with the agreement set forth in the exchanges of letters between the United States and Egypt and between the United States and Israel which were signed on August 3, 1981, the United States share of the costs of the Multinational Force and Observers—

(1) shall not exceed 60 percent of the budget for the expenses connected with the establishment and initial operation of the Multinational Force and Observers during the period ending September 30, 1982; and

(2) shall not exceed 33⅓ percent of the budget for the annual operating expenses of the Multinational Force and Observers for each financial year beginning after that date.

(b)(1) There are authorized to be appropriated to the President to carry out chapter 6 of part II of the Foreign Assistance Act of 1961, in addition to amounts otherwise available to carry out that chapter, $125,000,000 for the fiscal year 1982 for use in paying the United States contribution to the budget of the Multinational Force and Observers. Amounts appropriated under this subsection are authorized to remain available until expended.

(2) Expenditures made pursuant to section 138 of the joint resolution entitled "Joint Resolution making continuing appropriations for the fiscal year 1982, and for other purposes", approved October 1, 1981 (Public Law 97–51), or pursuant to any subsequent corresponding provision applicable to the fiscal year 1982, shall be charged to the appropriation authorized by this subsection.

(c) Unless required by law, reimbursements to the United States by the Multinational Force and Observers shall be on the basis of identifiable costs actually incurred as a result of requirements imposed by the Multinational Force and Observers, and shall not include administrative surcharges.

NONREIMBURSED COSTS

SEC. 5. (a) Any agency of the United States Government is authorized to provide administrative and technical support and services to the Multinational Force and Observers, without reimbursement and upon such terms and conditions as the President may direct, when the provision of such support or services would not result in significant incremental costs to the United States.

(b) The provision by the United States to the Multinational Force and Observers under the authority of this resolution or any other law of any property, support, or services, including the provision of military and civilian personnel under section 3 of this resolution, on other than a reimbursable basis shall be kept to a minimum.

(c) The President may provide military training to members of the armed forces of other countries participating in the Multinational Force and Observers.

REPORTS TO THE CONGRESS

SEC. 6. (a) Not later than April 30, 1982, the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate, a detailed written report with respect to the period ending two weeks prior to that date which contains the information specified in subsection (b).

(b) Not later than January 15 of each year (beginning in 1983), the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate, a written report which describes—

(1) the activities performed by the Multinational Force and Observers during the preceding year;

(2) the composition of the Multinational Force and Observers, including a description of the responsibilities and deployment of the military personnel of each participating country;

(3) all costs incurred by the United States Government (including both normal and incremental costs), set forth by category, which are associated with the United States relationship with the Multinational Force and Observers and which were incurred during the preceding fiscal year (whether or not the United States was reimbursed for those costs), specifically including but not limited to—

(A) the costs associated with the United States units and personel participating in the Multinational Force and Observers (including salaries, allowances, retirement and other benefits, transportation, housing, and operating and maintenance costs), and

(B) the identifiable costs relating to property, support, and services provided by the United States to the Multinational Force and Observers;

(4) the costs which the United States Government would have incurred in maintaining in the United States those United States units and personnel participating in the Multinational Force and Observers;

(5) amounts received by the United States Government from the Multinational Force and Observers as reimbursement;

(6) the types of property, support, or services provided to the Multinational Force and Observers by the United States Government, including identification of the types of property, support, or services provided on a nonreimburseable basis; and

(7) the results of any discussions with Egypt and Israel regarding the future of the Multinational Force and Observers and its possible reduction or elimination.

(c)(1) The reports required by this section shall be as detailed as possible.

(2) The information pursuant to subsection (b)(3) shall, in the case of costs which are not identifiable, be set forth with reasonable accuracy.

(3) The information with respect to any administrative and technical support and services provided on a nonreimbursed basis under section 5(a) of this resolution shall include a description of the types of support and services which have been provided and an estimate of both the total costs of such support and services and the incremental costs incurred by the United States with respect to such support and services.

STATEMENTS OF CONGRESSIONAL INTENT

SEC. 7. (a) Nothing in this resolution is intended to signify approval by the Congress of any agreement, understanding, or commitment made by the Executive branch other than the agreement to participate in the Multinational Force and Observers as set forth in the exchanges of letters between the United States and Egypt and between the United States and Israel which were signed on August 3, 1981.

(b) The limitations contained in this resolution with respect to United States participation in the Mutinational Force and Observers apply to the exercise of the authorities provided by this resolution or provided by any other provision of law. No funds appropriated by the Congress may be obligated or expended for any activity which is contrary to the limitations contained in this resolution.

(c) Nothing in this resolution shall affect the responsibilities of the President or the Congress under the War Powers Resolution (Public Law 93–148).

DEFINITIONS

SEC. 8. As used in this resolution—

(1) the term "Multinational Force and Observers" means the Multinational Force and Observers established in accordance with the Protocol between Egypt and Israel signed on August 3, 1981, relating to the implementation of the security arrangements of the Treaty of Peace; and

(2) the term "Treaty of Peace" means the Treaty of Peace between the Arab Republic of Egypt and the State of Israel signed on March 26, 1979, including the Annexes thereto.

The PRESIDING OFFICER. Is there objection to the motion of the Senator from Alaska?

The motion was agreed to.

Mr. STEVENS. Mr. President, I move

to reconsider the vote by which the motion was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LOCAL GOVERNMENT FISCAL NOTE ACT OF 1981

Mr. STEVENS. Mr. President, I move that the Committees on Budget and Governmental Affairs be discharged from further consideration of H.R. 1465, the Local Government Fiscal Note Act of 1981, and I ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 1465) to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office, for every significant bill or resolution reported in the House or the Senate, to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alaska?

There being no objection, the Senate proceeded to consider the bill.

Mr. DOMENICI. Mr. President, I would like to concur in the statement of the distinguished acting majority leader. The Committees on the Budget and Governmental Affairs share jurisdiction in the Senate over amendments to the Congressional Budget and Impoundment Control Act of 1974. H.R. 1465, the State and Local Government Cost Estimate Act of 1981, amends the Budget Act. Under the usual Senate procedure, after being passed by the House, H.R. 1465 would be referred jointly to the Budget and Governmental Affairs Committees and, if reported by either of them, the other committee would have an opportunity to make its own report before the Senate acted on the bill. Such a bill would normally be managed on the floor by myself and/or the Senator from Delaware, by decision of the majority leader.

The Senate is considering H.R. 1465 without its being referred to either committee. Senator ROTH and I have agreed with the distinguished majority leader that the Senate should consider the legislation under a unanimous-consent agreement precluding amendments. This should not be interpreted as relinquishing the rights of the Budget and Governmental Affairs Committees to have Budget Act amendments referred to them in the future, or the rights of the chairmen of the two committees to floor manage such measures during Senate consideration of them.

The arrangement in the case of H.R. 1465 is a special one designed to expedite passage of the legislation. It should not be construed as changing our long-standing agreement in the Senate regarding jurisdiction over amendments to the Budget Act.

Mr. DURENBERGER. Mr. President, I want to thank the leadership on both sides of the aisle for their efforts to clear H.R. 1465, the State and Local Government Cost Estimate Act of 1981, for action in these closing days of the session. This legislation will provide important protection to State and local government programs, and I am sure that the Governors, mayors, county commissioners and legislators of this Nation join me in thanking the leadership for recognizing the importance of passing this bill this year.

H.R. 1465 is companion legislation to S. 43, the State and Local Government Fiscal Note Act of 1981, which was introduced by Senator SASSER and myself on January 5 of this year. S. 43 was referred jointly to the Governmental Affairs and Budget Committees of the Senate. The Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs reported S. 43 to the full committee and from there it was ordered reported to the Senate on May 21, 1981.

This legislation will require the Congressional Budget Office to prepare and each House of the Congress to consider a formal estimate of the costs incurred by State and local governments for each bill reported by a committee to the House or Senate of the United States. The Congressional Budget Act of 1974 to which this bill is an amendment, already contains a fiscal note provision for the cost of new legislation to the Federal Government. Approximately 35 States require the preparation of fiscal notes for bills and resolutions considered by their legislatures.

Under the bill as reported by the House, formal fiscal notes will be included in the reports of committees only where the likely cost impact on State and local government is more than $200 million in any fiscal year or when the legislation would impose substantial costs on a particular level of State or local government or region of the Nation. However, each bill considered by the Congress will receive a preliminary evaluation to see if the $200 million or substantial impact test is met.

At a time when Federal resources are scarce and the need to balance the Federal budget is pressing, we face a continuing reevaluation of those programs that provide Federal grant-in-aid assistance to State and local government. Fiscal notes will play a significant role in making sure that we proceed with the new federalism in an orderly way. They will also protect State and local governments from the temptation to pass on Federal responsibilities in the form of unfunded mandates.

Mr. President, Federal law and regulation includes hundreds of mandates that force expenditures by State and local governments to achieve purposes defined by the Congress. These mandates come in two forms. The first and by far most numerous is the condition attached to the specific grant program. These requirements include hearings and plans and audits and reports and other specific actions by State and local governments so that they can qualify for Federal funds.

The second kind of mandate is sometimes called the cross-cutting requirement. There have been several studies on the impact of the cross-cutting requirement completed recently. One such study done by the Office of Management and Budget identified 59 explicit provisions of law or regulation that applied to every recipient of Federal funds.

Although not nearly as numerous as the grant-specific mandate, these cross-cutting requirements impose a heavy burden on State and local governments. They include items like Davis-Bacon, equal employment opportunity, environmental protection and handicapped access. The city of New York, for instance, has estimated that complying with section 504 of the Rehabilitation Act will require an expenditure of $2.6 billion on the city subway system alone.

Mr. President, in passing the fiscal note act we do not quarrel with the need to achieve many of the objectives that are mandated by the Federal Government. But we do insist that the Congress consider the full cost implications of its actions and that as part of this consideration we understand the impact on State and local government.

Mr. President, I would again thank the leadership for the opportunity to pass this bill this year. I would also like to compliment Senator SASSER, the principal sponsor of S. 43 and Senator MOYNIHAN for bringing this concept to the Senate in the 96th Congress. Senator ROTH, as chairman of the Committee on Governmental Affairs, has also been diligent in his efforts to bring this bill to the floor.

Mr. President, we are taking a significant step on the road to a new federalism, today. I am sure that fiscal notes can and will make a significant contribution in fulfilling our obligation to be responsible partners in the federal system.

Thank you, Mr. President.

Mr. DOMENICI. H.R. 1465, the State and Local Government Cost Estimate Act of 1981, is virtually identical to S. 43, a bill reported this year by the Senate Budget and Governmental Affairs Committees. Both bills amend the Congressional Budget and Impoundment Control Act of 1974 to require the Congressional Budget Office (CBO) to submit an estimate of the costs which would be incurred by State and local governments in carrying out or complying with bills or resolutions reported in the House or Senate.

This State-local cost estimate would be in addition to CBO's current estimate of the Federal cost of legislation. The new cost estimate would only be required for legislation which, in the judgment of the Director of CBO, is likely to result in an annual cost to State or local governments of $200 million or more, or is likely to have exceptional fiscal consequences for any State or local government or geographic region.

The only difference between H.R. 1465 and S. 43 is that the Senate bill would have required CBO to prepare State and local government cost estimates on bills reported in the House or Senate beginning in fiscal year 1982, 1 year earlier

than H.R. 1465 requires. The later effective date in the bill before us reflects the legitimate concern of CBO that it be given sufficient lead time to adjust its estimating capabilities to meet the additional workload.

The Budget Committee reported S. 43 to the Senate on July 20, 1981, without recommendation as the substance of the legislation. In its report on Senate Resolution 160, a resolution waiving section 402(a) of the Budget Act with respect to the consideration of S. 43, the committee stated that S. 43 "would provide Congress with useful information about the impact of legislation on State and local governments and could enhance the budget process."

The committee also expressed the view that S. 43 would be best considered in the context of the review of the Budget Act and the budget process called for by the second concurrent resolution on the budget for fiscal year 1981. The committee stated further that floor consideration of S. 43 before the Budget and Governmental Affairs Committees have held hearings on and made recommendations regarding changes in the Budget Act could precipitously and prematurely provoke other, more wide-ranging amendments.

In light of these factors, and despite its recognition of the usefulness of State and local government cost estimates, the Budget Committee recommended unfavorably to the Senate on Senate Resolution 160, the waiver resolution. In making no recommendation to the Senate as to the substance of S. 43, the committee recommended that the Senate delay consideration of the bill until it could be considered together with other Budget Act amendments.

I would like to say to the Senators that the Budget Committee has not changed its views on these issues. The committee continues to believe that estimates of the fiscal impact on State and local governments of bills and resolutions reported in the House or Senate would enhance the budget process.

Speaking for myself, I would like to make a stronger statement: I believe such cost estimates will substantially improve our ability to make careful judgments about legislation affecting State and local governments and our federal system. In the near future, the Congress will be considering ways to return more of the control over Federal grant funds to the States, the cities, the counties, and the towns of America. This and other efforts to sort out governmental responsibilities will inevitably have a significant impact on State and local governments. It is essential that we obtain the best information we can before making such decisions. The cost estimates required by H.R. 1465 will provide the sort of information we need.

The Budget Committee also continues to believe that the Budget and Governmental Affairs Committees should complete a careful review of the Budget Act and budget process and recommend modifications thereto before the Senate takes up any legislation proposing major revisions in the act. It would be dangerous to open up the Congressional Budget Act, the statute which requires Congress to rationalize its decisions on fiscal policy, to every conceivable kind of amendment without the benefit of the prior analysis and advice of the appropriate committees.

This year the Governmental Affairs Committee, under the able leadership of the distinguished Senator from Delaware, has already held several days of hearings on the Budget Act. The Budget Committee will conduct its own hearings next year. The Budget and Governmental Affairs Committees will work together in examining the issues in this important area.

The bill before us is being considered under a unanimous-consent agreement precluding amendments. There is no possibility that Senate consideration of the bill will give rise to other, more comprehensive amendments of the Budget Act before the two committees have had an opportunity to conduct the review I have mentioned.

I, therefore, urge my colleagues to support H.R. 1465. In considering legislation that would have a significant impact on State and local governments, Congress will benefit from precise, accurate estimates of that impact. H.R. 1465 directs CBO to prepare such estimates beginning with bills and resolutions reported in fiscal year 1983. These estimates will give us a better idea of the impact our actions have on our federal system of government. If we use the information wisely, relationships between Federal and State and local governments will improve.

Finally, I must also mention the cost of this legislation. H.R. 1465 authorizes the appropriation of such sums as may be necessary to carry out its provisions. CBO estimates that the additional cost estimates required by the measure could necessitate additional expenditures for additional staff and overhead. I would like to say to the Senators that whether or not the enactment of H.R. 1465 will actually require an increase in CBO's future budgets depends on a number of factors.

CBO performs a variety of tasks and functions, some of which are of higher priority than others. It has some degree of flexibility as to how to apportion its appropriation and allocate its resources among those tasks and functions. It is my hope that CBO will be able to adjust its workload, staff and computer time to absorb most of the work required by this bill without increasing its budget requests.

Mr. ROTH. Mr. President, I rise in support of H.R. 1465; the State and Local Government Cost Estimate Act of 1981. This bill is the House counterpart of S. 43, the State and Local Fiscal Note Act of 1981, which I cosponsored with Senators DURENBERGER, and SASSER. I commend Senator DURENBERGER for his leadership of the Intergovernmental Relations Subcommittee of my Committee on Governmental Affairs in guiding this legislation through the committee and Senator SASSER who has been a leader in supporting this legislation for several years.

Mr. President, this legislation may seem at first glance to impose merely another procedural requirement on the Congress. I suggest this first impression is wrong. This legislation, if implemented effectively, can help assure that the issue of federalism is considered by the Congress whenever a major piece of legislation affecting State or local governments is reported from a Senate or House committee.

The Fiscal Note Act will provide the basis, for the first time at the Federal level, for the development of more in-depth information on the effects of proposed Federal laws on State and local governments which can be used by the Congress to minimize the often serious burdens imposed by new programs and policies on these governments.

In effect, what this legislation does is attempt to force the Federal Government to recognize the serious problems it often causes for its partners in the federal systems. When I say "partners," I mean just that. We often think of the federal system as a pyramid with us up here and them, the States and localities, down there. It is not a pyramid and State and local governments are not merely Federal appendages which can be moved from the top at will. They are governments in their own right with authorities and powers only they can exercise. I hope that the Fiscal Note Act will make the Congress more aware of that fact and that, as a result, Congress will more carefully consider the effects of its actions on the other governments in the Federal system.

Mr. President, as with many legislative initiatives we adopt here at the Federal level, this proposal originated with the State governments back in the 1950's. Now, some 47 States have procedures for the preparation of fiscal notes on important legislation. The Congress itself required a fiscal note describing the costs of proposed legislation to the Federal Government in 1974 with the passage of the Budget Act. It is time to extend this process so that State and local governments receive the consideration in our legislative process they deserve as true Federal partners.

Mr. President, there are other needed reforms in the management of Federal programs which I have proposed in S. 807, the Federal Assistance Improvement Act, that can help provide greater flexibility and reduced levels of paperwork and redtape to State and local governments. These reforms are important and I will press to see them enacted early next year. In the meantime, I believe the enactment of the Fiscal Note Act is a positive step and I urge my colleagues to support the legislation.

Mr. President, I should mention one final point. H.R. 1465 is an amendment to the Budget Act of 1974, as my colleagues know. My Committee on Governmental Affairs has jurisdiction over the act jointly with the Budget Committee. This year I have begun a major effort to reform the Budget Act and have already held several days of oversight hearings intended to lay the groundwork for future changes and improvements in the act. My good friend from New Mexico, Senator DOMENICI, the chairman of the Budget Committee, testified at those hearings and I know his commit-

tee is also reviewing the effectiveness of the Budget Act.

The result of my committee's hearings will be some major amendments to the Budget Act to remedy some of the serious problems which have become evident in the budget process. The Fiscal Note Act has been before the Congress for several years and is an important improvement in the budget process. While I support its adoption I do not believe we are ready for any additional changes in the Budget Act this year.

I intend to push hard for comprehensive improvements in the Budget Act next year but I hope my colleagues will support the Fiscal Note Act so that it may be enacted into law.

Mr. DANFORTH. Mr. President, as a cosponsor of Senate bill 43, the Senate counterpart to H.R. 1465, the State and Local Government Fiscal Note Act of 1981, I encourage my colleagues to support this legislation. H.R. 1465's paramount purpose is to make the Federal Government—and Congress in particular—mindful of the costs that many of its bills and resolutions will require of State and local governments. At a time when Congress and the administration are working ardently to gain control over the escalating costs of the Federal budget, it seems odd that we should allow ourselves to remain ignorant of what our actions demand—often without compensation—of State and local governments.

Clearly, congressional statutes and resolutions are not the only national actions which impose a financial burden upon State and local governments. The agencies of the executive branch, through the promulgation of rules and regulations, and the Federal courts, with their rulings, are also the conscious and unconscious perpetrators of State and local governmental financial strain. While the Federal Government is prohibited under the Constitution from imposing direct taxes on State and local governments, it has been able to circumvent this stricture and force them, like private industry, to shoulder the costs of complying with a wide variety of Federal requirements adopted in pursuit of national objectives.

The unconscionable aspect of this problem is that as we deliberate on legislation that requires State and local participation, we have not required for ourselves a necessary piece of information, namely, information that would tell us what these bills and resolutions would cost our State and local counterparts. And while State and local governments can theoretically avoid the costs of complying with some requirements simply by refusing some or all Federal aid, this option is—as a practical matter—an impossible recourse. Suffice it to say that this "Theory of Avoidance" is what it appears to be—a myth.

The dimensions of this problem were brought home to me through a study done in 1980 by the Missouri Office of Administration. This study estimated that it would cost the State of Missouri, excluding any county or municipal expense, $3,832,881 in fiscal year 1979; $14,345,367 in fiscal year 1980; and $38,412,716 in fiscal year 1981 to comply with Federal mandates. These totals represent the direct cost to the State of Missouri for only 13 significant—but certainly not all-inclusive—mandates, 10 of which pertained directly to legislative acts, one from an OMB Circular, and the remaining two from Federal court orders. These totals represent only the costs to one State government, for a limited number of mandates, and do not include any local or indirect compliance expenditures.

At the local level, a recent study of seven communities of various shapes and sizes, undertaken for the Joint Economic Committee, determined that general revenue-sharing payments received by these governments just about met the cost of complying with five Federal regulatory programs. To summarize these results in even more stark terms, the study concluded that this handful of local governments spent approximately $62 million in 1978 alone to meet the compliance requirements for the programs studied.

Even in circumstances where there are grants available to help defray some of the compliance costs for some mandates, the moneys available bear little relation to the number and size of grants that trigger their generation. This is a clear case of the Federal Government giving with one hand and taking away with the other. Perhaps as one great Missourian, Harry Truman, might have put it, "we could use a Federal grant-in-aid system with one less hand."

While H.R. 1465 is not a panacea, it is an important step toward making Congress aware of the potential negative impact of legislation requiring intergovernmental cooperation. This bill would require the Congressional Budget Office (CBO) to estimate the cost which would be incurred by State and local governments in carrying out, or complying with, significant bills or resolutions reported by committees of the House or Senate, that is, those estimated by the Director to result in an annual cost to State and local governments of $200 million or more, or likely to have exceptional fiscal consequences for any State or local governments or geographical region.

Cost projections would be required for the first 5 fiscal years for any bill or resolution introduced after September 30, 1981. H.R. 1465 would not be retroactive. And while it is true that the public interest groups which represent State and local governments attempt to inform Congress of the expected costs of proposed legislation, assessments made by the Congressional Budget Office would be more consistently and rigorously done without any doubt about the motives behind, or credibility of, the analyses.

Will they be feasible to do? How reliable will the estimates be? In what ways can we expect these fiscal notes to be of use—to make a difference? In answer to the first of these questions, the Congressional Budget Office has estimated that 10 percent of the bills for which they currently prepare Federal fiscal notes have some impact upon State and local governments; 5 percent of these are estimated to have a significant impact. If Congress processed 1,000 bills in a year, the Budget Office would be projecting State and local costs for 50 to 100 pieces of legislation.

Many States are currently preparing fiscal notes for 250 to 1,800 bills per legislative session. And even if Federal administrative costs for development of the notes run as high as $800,000 as the Congressional Budget Office has estimated they may, this figure pales beside the cost for federally mandated major capital improvements or service programs which must be financed by State and local governments.

In considering the relative feasibility of H.R. 1465, it would do well for us to remember that fiscal notes are a budgetary and management tool which originated with the States—not with the Federal Government. Missouri enacted fiscal note legislation in 1963, one of the first four States to do so, and later amended its laws to provide for local government analyses.

In addition, Missouri, as well as Wisconsin, now requires fiscal notes to accompany proposed administrative rules and regulations. In total, 47 States have in place—either through statute or administrative action—procedures for preparing fiscal notes on measures resulting in costs to State governments. And 35 States use fiscal notes for proposed legislation affecting local governments. The point is simply that most States have data bases and mechanisms in place which can be of immense aid to the Congressional Budget Office in selecting its sample of jurisdictions, and in validating and verifying CBO estimates.

This leads me to the second query: How reliable will the fiscal impact estimates be? The proposal before the current session of the Senate, H.R. 1465, will—by definition—lead to a conservative estimate of the true costs of congressional mandated compliance costs. That is, only the first dollar or the so-called direct costs for compliance will be allowed as grist for the CBO estimation process. It will not include the hidden costs, such as induced demand, long term operating and maintenance costs, or price effects of compliance. These are very complex and difficult matters to calculate and could not be made available in an accurate as well as a timely manner.

Further, H.R. 1465 does not require the inclusion of costs for court orders nor compliance requirements generated by the executive branch, for example, OMB circular. As a result, there seems to be little risk in having CBO provide estimates that are too high. I project that the conservative estimates may be sobering enough.

Needless to say, the generation of these estimates will, in all likelihood, stimulate a discussion by concerned public interest groups representing State and local governments, as well as individual States, local governments and regional associations that feel they may be significantly influenced by a proposed piece of legislation or a resolution. To the extent that H.R. 1465 fosters such an ex-

change of cost information, the Members of Congress will be well served.

The cooperation that will need to be generated between the States and CBO leads to the third query: What benefits can be anticipated from the enactment of H.R. 1465. Clearly the most immediate impact that the addition of State and local cost information will have on the deliberation of pending legislation will be a discussion of who should shoulder the cost of these congressionally mandated requirements. Furthermore, we will be encouraged to give a more careful consideration to how the benefits of particular proposals compare to the total governmental outlays required to meet the intent of the legislation, that is, the relationship of costs to benefits, and as such will help Congress to establish a set of priorities in the use of the intergovernmental system for carrying out national programs.

Furthermore, H.R. 1465 requires that, as part of the responsibility for developing State and local cost estimates, bills or resolutions with exceptional State, local, or regional fiscal consequence be identified in the analysis. Certainly the report prepared for the Joint Economic Committee found many of the mandates enacted by Congress in the past—that is, clean water, unemployment compensation, bilingual education, education for the handicapped, access to public transit for the handicapped—presented State and local governments with widely varying burdens. Under H.R. 1465, significant inequities or incongruities in the distributions of these regulatory costs can be brought to congressional attention as bills and resolutions are being considered.

Other benefits which are not obvious will be distilled from H.R. 1465, including the impact that the required Federal, State, and local fiscal estimates will have as part of a resolution's or bill's legislative history. Such cost projections, while only approximations, will serve as guides for agency rulemaking and court opinions.

Cost estimates required by H.R. 1465 will serve to promote the development and administration of efficiency in program implementation by providing Federal administrators and judges with a clearer idea of the financial scope, as well as the substantive scope, of Federal law. In this regard, H.R. 1465 will help make all three branches of Government more aware of the potential effects of unfunded and partially funded mandates that are often required when State and local governments attempt to comply with congressional initiatives.

Mr. President, I hope and trust that my colleagues will give this legislation their full support.

Mr. ROBERT C. BYRD. Mr. President, as the Senate proceeds to action on H.R. 1465, the House companion legislation to S. 43, the "State and Local Government Fiscal Note Act of 1981," I want to indicate my strong support for this legislation and to convey the hope that we will be able to speed this bill on its way to the President today.

The importance of this legislation was underscored by the 10 Democratic Governors who met with the Senate Democratic Conference on December 4. After that discussion, the conference agreed that the bill would be an important aid to States and localities, and therefore unanimously endorsed its passage.

I want to express my special appreciation to the distinguished majority leader who, at my request, arranged to schedule Senate consideration before sine die adjournment. Because H.R. 1465 is seen to be such an important step by State and local officials, I am confident they will view our action today as a fitting and valued holiday gift.

Since the enactment in 1974 of the Congressional Budget Act, the Congress has required the preparation of fiscal notes outlining the cost to the Federal Government of each bill that is reported from a House or Senate committee. As I believe each Member of this body would attest, this information is a vital component of the decisionmaking process: It is simply essential to sound judgments as we weigh the merits of the legislation we consider.

Yet, although Federal laws often have a pronounced effect on State and local governments—sometimes even mandating that those governments take specific actions or expend their own tax dollars—the Congress has never taken the step of institutionalizing the preparation of similar estimates of the fiscal implications for State and local governments of all bills reported from congressional committees.

I want to commend my distinguished colleague from Tennessee, Senator SASSER, for his leadership in moving this legislation toward Senate consideration—last year in the role of chairman of the Subcommittee on Intergovernmental Relations, and this year as ranking minority member. Of course, he was joined by many others on both sides of the aisle.

Particularly as State and local governments are struggling under unprecedented burdens resulting from recession-reduced revenues coupled with dramatic reduction in Federal assistance in virtually every area of governmental involvement, it is vital that they know at the earliest possible time of the potential impact of Federal legislation moving toward enactment. Certainly it also is imperative that the Congress carefully and fully considers this impact before it acts.

I mentioned previously that Governors and mayors will see our action today as a welcome holiday gift. It is that; but certainly it is much more: I believe passage of this legislation is indicative of a new congressional sensitivity to the needs, problems, and circumstances of State and local government.

Over the past several years, the Congress has grown more aware of the implications of its actions for subnational levels of government. It has become acutely aware of these implications this year, as the way in which the Federal Government relates to State and local government has been reordered drastically in virtually every sector of government operations.

H.R. 1465 is both the symbol of this new sensitivity, and the instrument of its institutionalization. If the Senate passes it today—as I have every confidence it will—this date can be marked as a milestone in the continuing development of our federal system of Government.

Mr. President, I enthusiastically support the State and Local Government Fiscal Note Act of 1981, and I urge every Senator to support its passage today.

Mr. SASSER. Mr. President, I rise in support of passage of H.R. 1465, which is the companion House bill to my State and Local Fiscal Note Act of 1981.

I am gratified that the House of Representatives, under the leadership of Congressman ZEFERETTI, has unanimously passed fiscal note legislation and that we are now going to do the same.

This much needed legislation is one of the first major amendments that has occurred since the passage of the Budget Act in 1974. And it represents a major stride in the improvement of intergovernmental relations in this time of budget austerity. Federal aid to State and local governments has been reduced by some $12 billion this fiscal year, and further budget reductions may occur. Fiscal note legislation will help our State and local governments get a more timely estimate of how Federal legislation will affect their finances, and that is an absolute necessity in a time when our Federal aid system is changing so drastically. This fiscal note legislation has received the backing of all the major State and local government groups, and I ask unanimous consent that a letter reflecting endorsement of this legislation be entered into the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DECEMBER 4, 1981.

To: Members of the House of Representatives.

Re: The State and Local Government Cost Estimate Act of 1981, H.R. 1465.

This is to advise you of the strong support of our organizations for H.R. 1465, which we understand is scheduled for floor action on the suspension calendar for Tuesday, December 8. The bill was unanimously reported by the House Rules Committee and has 101 cosponsors.

H.R. 1465 will require the Congressional Budget Office (CBO) to prepare a fiscal note on legislation that has been reported by a congressional committee and that:

1. imposes increased costs of $200 million or more on state and local governments; or

2. results in an exceptional impact on a particular geographic region or level of government.

CBO now prepares fiscal notes only on costs that would be incurred by the federal government under committee-reported bills.

Enactment of H.R. 1465 will provide members of Congress with information not currently available to them on the impact of proposed legislation. In light of the federal budget situation and public support for more effective government, new and revised programs must be carefully constructed. They must avoid wasteful duplication. They must take into account initiatives already underway. Before they are implemented, information on their full cost must be available to policymakers and taxpayers. For these reasons, we believe that H.R. 1465 provides a tool necessary for thoughtful legislating in the 1980's.

Moreover, enactment of the legislation is needed in view of the fiscal crunch which state and local governments are experiencing. In FY 1982, state operating balances are expected to drop to 1.5% of expenditures, well below the 5% most bond-raters consider to be an adequate balance. This reflects a continuing trend of tightening state resources and indicates the difficulty that new, federally imposed costs would create for state governments. Local governments, already complying with more than 1,000 federally imposed mandates, also face critical budget problems. Preparation of fiscal notes in accordance with the provisions of H.R. 1465 will help to avoid imposition of new costs on strained state and local budgets.

As you may know, thirty-five states now require fiscal notes on legislation affecting local governments. From the experience of these states, we know that the requirement is workable and that it provides useful input for decision-making.

We strongly support enactment of H.R. 1465 and urge that you vote for it when the legislation is considered on the House floor.

Sincerely,

Richard A. Snelling, Chairman, National Governors' Association; Helen Boosalis, President, U.S. Conference of Mayors; Fred Harrison, President, National of Cities; William J. Reynolds, President, Municipal Finance Officers Association; Walter A. Scheiber, President, International City Management Association; J. Richard Conder, President, National Association of Counties; Ross O. Doyen, President, National Conference of State Legislatures; S. Kenneth Howard, President, National Association of State Budget Officers; William Grannell, Chairman, Council of State Governments; and Ed Krueger, President, National Association of Towns and Townships.

Mr. SASSER. My colleagues, in supporting this legislation, are promoting truth in budgeting for all levels of Government. By the terms of this legislation the Congressional Budget Office will prepare fiscal notes or cost estimates of the fiscal impact of any proposed legislation that is reported by a House or Senate committee that would affect State and local finances by $200 million per year or that would have extraordinary fiscal consequences for any particular region or level of Government.

I expect that the Congressional Budget Office will be able to handle this legislation with their usual high degree of professionalism and that they will be able to counsel with a variety of State and local organizations in the process of putting these fiscal notes together.

Mr. President, the Federal aid system today is operating under great stress. The $12-billion reduction in Federal aid has been felt by State and local governments all across this country. In my own State of Tennessee, these funding reductions may be producing a revenue shortfall for Tennessee State government of some $120 million this year.

City and county governments are also facing a severe fiscal crunch as well.

Our major cities—Nashville, Knoxville, and Memphis—have laid off or are expecting to lay off regular city employees as a result of budget reductions. They have deferred major capital improvement programs at a time when our major highway and other public works systems are facing further deterioration. And they are facing cuts in major urban development programs as a result of possible further Federal aid reductions.

And cities and counties all over Tennessee are facing considerable fiscal uncertainty as they contemplate whether the general revenue sharing program will continue in existence. Without revenue sharing, Nashville would see its property tax rate increase by 10 percent, Memphis by 12 percent, Chattanooga by 13 percent and Knoxville by 11 percent. Also many smaller cities like Murfreesboro, Tullahoma, and Gallatin would have property tax increases of between 15 to 30 percent if the revenue sharing program were eliminated.

Now these fiscal impacts are relatively easy to estimate. But all too often we have passed Federal legislation which can raise Federal, State and local costs or reduce Federal aid programs, but State and local governments have little warning of the fiscal impact of such Federal legislation. The fiscal note legislation we are approving today will, at the very least, give State and local governments, an early warning of the fiscal consequences of Federal legislation and enable them to budget accordingly.

Mr. President, these are going to be trying times for State and local governments. Already, 30 State governments have raised taxes by some $2.5 billion in order to compensate for Federal budget cuts. And in the years ahead, State and local governments are going to have to make further hard choices about whether to fund services that are now financed partly through Federal aid.

I have every faith that State and local officials will make informed and sensible decisions about these matters. All they are asking is that we give them timely and complete information about the Federal budget changes they will have to cope with.

This fiscal note legislation, which is now cosponsored by some 27 of my colleagues, will give State and local officials that information.

Mr. President, let me end by commending several of my distinguished colleagues for their prompt action on this measure.

I would like to commend my Democratic colleagues on the Senate Governmental Affairs and Budget Committees who have cosponsored this measure with me, Senators NUNN, EAGLETON, LEVIN, PRYOR, HOLLINGS, and MOYNIHAN.

And I would especially commend Senator MOYNIHAN for his forceful advocacy of this bill during hearings that we held on this measure in the 96th Congress.

And I would thank my distinguished colleagues, Senator DURENBERGER and Senator ROTH, the chairman of the Subcommittee on Intergovernmental Relations and the chairman of the Governmental Affairs Committee. Both Senator DURENBERGER and Senator ROTH have always demonstrated a high regard for the need for improved intergovernmental relations in this country. Their support of this measure reflects their continued efforts for improved fiscal relations among Federal, State and local governments.

Mr. NUNN. Mr. President, I am extremely pleased that the Senate has now completed final congressional action on H.R. 1465, the State and Local Government Cost Estimate Act, which requires that the Congressional Budget Office estimate the cost which would be accured by State and local governments in carrying out or complying with Federal legislation.

I believe this essential legislation will provide needed protection to State and local governments and to their taxpayers as we continue to engage in a process of redefining American federalism. As Congress works to remake the budget of the National Government, significant responsibilities will be returned to the States, the cities, the counties, and the towns of America. This "sorting-out" of responsibilities will have a significant impact on the programs of State and local governments and it is essential that we all understand the capacity and machinery of each level of government to respond to the needs of our society.

Mr. President, the guiding force behind this legislation in the Senate has been my colleague from Tennessee (Mr. SASSER), and I would like to take this opportunity to express my appreciation to him for his diligent efforts in shepherding this legislation through the Congress. I am pleased to have been able to join Senator SASSER in cosponsorship of S. 43, the Senate version of H.R. 1465, and identical legislation which was passed by the Governmental Affairs Committee during the 96th Congress.

I believe that thanks to Senator SASSER's efforts the legislation which we pass today will insure that we in Washington adequately examine the financial effects of our actions on our State and local governments and remain mindful that such costs must be borne by the taxpayers just as surely as the cost of any Federal spending program.

The PRESIDING OFFICER. The bill before the Senate is open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 1465) was ordered to a third reading, was read the third time, and passed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I move to indefinitely postpone Calendar Order No. 241, S. 43, the Senate companion bill, and Calendar Order No. 202, Senate Resolution 160, the budget waiver resolution on that bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

IMMIGRATION AND NATIONALITY ACT

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate a message from the House on H.R. 4327, the Immigration and Nationality Act.

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4327) to amend the Immigration and Nationality Act, and for other purposes.

Mr. STEVENS. Mr. President, I ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the bill will be considered as having been read twice by its title, and the Senate will proceed to its consideration.

Mr. SIMPSON. Mr. President, on October 13 the House passed by voice vote, H.R. 4327, the so-called immigration efficiency bill. That bill is now being held at the desk.

Mr. President, on September 25 I introduced on behalf of myself and the other members of the Subcommittee on Immigration and Refugee Policy a very similar bill, S. 1663.

These bills have two major purposes:

First, improving the efficiency of the Immigration and Naturalization Service; and second, eliminating the need for Congress to consider certain categories of private immigration bills.

The bills are supported by the Departments of Justice and State and I know of no current opposition by any group—public or private.

Because of the urgency of the bill and its noncontroversial nature, I requested my colleagues on the Judiciary Committee to concur that the House-passed bill should be held at the desk and then considered by this body directly, thus bypassing the usual committee deliberations.

The bill does not deal with any of the controversial areas on which the Select Commission on Immigration and Refugee Policy made recommendations in April nor with subjects covered by the administration's proposed immigration reforms announced in July. Those controversial areas are being considered carefully by the subcommittee in a series of hearings and consultations which are, and have been, continually in progress. I intend to introduce a comprehensive immigration reform bill early in the next session of Congress.

The immigration efficiency bill will enable the INS to shift over $2 million of its budget from activities with very little benefit to others which have more urgent impact.

Mr. President, at this time I briefly summarize the major provisions of the bill.

I. PROVISIONS TO INCREASE INS EFFICIENCY

Mr. President, the provisions which increase INS efficiency include:

Repeal of certain requirements of INS reports to Congress (sections 3 and 4(2) of the bill): CBO estimate of cost savings for 1982: $86,000.

Repeal of certain naturalization requirements, including the requirement that a petitioner be accompanied by two witnesses (section 15): CBO estimate of cost savings: $1.2 million.

Partial repeal of requirement that deported aliens obtain the Attorney General's consent before seeking to enter the United States (section 4(1));

Extension of time of validity of reentry permits (section 6): CBO estimate of cost savings: $89,000.

Repeal of mandatory annual alien registration (section 2): CBO estimate of cost savings: $800,000 per year. This saving will be available if the amendment which I am proposing is adopted.

Amendment of current law relating to the forfeiture of vehicles used in bringing in or harboring aliens who enter the United States illegally (section 12): CBO estimate of cost saving: $50,000.

II. PROVISIONS TO REDUCE THE NUMBER OF PRIVATE BILLS

Mr. President, provisions which would reduce the number of private bills which Congress now considers would include:

Raising of the age by which children must be adopted to be entitled to certain immigration benefits (section 2(b));

Modification of the law relating to certain drug offenses, specifically: Elimination of the absolute bar to naturalization for those who have committed certain offenses involving a single conviction for the possession of marihuana (section 2(c)); authorization for the Attorney General, in his discretion to waive exclusion or deportation based on such drug offenses for the immediate relatives of a U.S. citizen or permanent resident in cases of extreme hardship (sections 4(3) and 8); and

Exemption from numerical limitations for certain aliens who made investments in the United States before 1978 (section 19).

The bill also includes in section 5 certain provisions modifying the law with respect to foreign medical school graduates. These provisions would involve a savings of $420,000 according to CBO.

III. CONTROVERSIAL PROVISIONS DELETED

Mr. President, the bill does not include certain provisions which became controversial in the last Congress. Specifically, the bill does not provide for: "Special Immigrant" status for certain holders of G–IV visas (employees of international organizations and their immediate families); or a visa waiver system; or increased visa numbers at the present time for Mexico, or clearance of second preference backlogs. However, you may be assured that all of these latter issues will be considered and acted upon in the course of the subcommittee's development of the comprehensive immigration reform bill.

Mr. HUDDLESTON. Mr. President, a few months ago I vigorously opposed an earlier version of this bill and I did so for two reasons. First, there were parts of that bill which I had serious reservations about. However, it now appears that most of these problem areas have been cleared up and the bill is truly a noncontroversial one which will increase the efficiency of our immigration system.

My second and foremost concern was that the Judiciary Committee had reported out a bill which merely tinkered with our immigration system at a time when major alterations were called for to stop the hemorrhage at our borders. Since there were no serious efforts underway at that time to formulate these major changes, I believed that it was little more than a mockery for the Congress to spend its time approving an immigration bill which did not address any of the major immigration issues facing this country.

Although this bill does not make the substantive changes which we desperately need, there is definitely light at the end of the tunnel. Where we once faced uncertainty on the issue of immigration reform, the new Immigration Subcommittee is moving forward with speed and determination. Most of this short-term turnaround is attributable to the dedicated and able new leadership which we now have in charge of immigration legislation.

On the House side, my good friend and colleague from Kentucky, Congressman RON MAZZOLI, is now chairman of the Immigration Subcommittee. Here in the Senate this important area of responsibility now rests in the very able hands of the distinguished Senator from Wyoming, ALAN SIMPSON. With all of the wisdom and talent available in the Senate, I do not know of anyone who is better qualified to take on this responsibility than AL SIMPSON. His dedicated and untiring work on the Select Commission on Immigration and Refugee Policy gave him the experience and knowledge about immigration problems that he is now putting to such good use.

At the very beginning of this session, the Senator came charging out of the chute and has not slowed down since then. He has set a pace which I believe will assure this Congress of the opportunity of taking up a major immigration bill in the very near future.

Since the beginning of the session of Congress, he has held 16 days of hearings and has tentatively scheduled another 3 days of hearings prior to the markup proceedings. I marvel at his stamina, and I can assure the distinguished Senator that his efforts are sincerely appreciated by everyone who has a genuine interest in solving our immigration problems.

I look forward to his proposals with great anticipation. However, and there always seems to be a "however," I want to stress again that we must do something about immigration soon. This particular bill before us is not enough, and I look forward to much, much more. Therefore, I would like to inquire of the chairman when he anticipates that we will see the concrete results of his efforts.

Mr. SIMPSON. Mr. President, I thank the Senator from Kentucky for his kind remarks. For many years, Senator HUDDLESTON has been involved with this issue, and he has been one of the most important forces in this national debate. Often he seemed to be a lone voice crying in the wilderness, the only Senator really speaking out and time has shown us that he was right then and he is right now. I have appreciated his fine help, and I look forward to working with him on this issue. He has much expertise to share.

As Senator HUDDLESTON has stated, I have been heavily involved on this issue for nearly 3 years. During the course of my hearings on immigration, I have heard from all sides and then some. I have taken special measures to insure

that hispanics, blacks, and other minority groups have participated fully in our deliberations. We have talked to and accepted testimony from a varied array of businessmen, workers, growers, union officials, scholars, lawyers, and Government officials and politicians.

I have had discussions with many members of the executive branch, including conversations with the President. And, of course, both as a Member of the Senate and of the Select Commission on Immigration and Refugee Policy, I have heard from thousands and thousands of Americans, most of whom are terribly disturbed and frustrated by the current state of our immigration laws and system.

The Senator from Kentucky has set an example for us all during our understanding and education on this issue and the immigration legislation he has introduced, S. 776 has been of great guidance to us. I am concerned, just as he is, that we promptly do something about our immigration problems. And I am concerned, as he is, that what we do be right and responsible not just for today, but for many years to come. That is why I have been spending an extraordinary amount of my Senate efforts on this issue alone.

To answer the Senator's question directly, may I point out that we have not quite finished all of our hearings on immigration, but we are very close to doing so. The other members of the subcommittee and I will work with many of our colleagues and especially the distinguished Senator from Kentucky, during and after the time of our last hearings. And, we will introduce a draft comprehensive immigration reform bill in the early days of the new session of Congress.

I trust that the Members of the Senate will take the opportunity to examine the new bill in light of the 3 years of effort on my part and the many years of effort by Senators HUDDLESTON and KENNEDY, among others on both sides of the aisle, that has gone into its creation, and that they will actively support it in the weeks to come.

I assure the distinguished Senator that I will do everything within my power to have this bill reported out by March 1982 and that I will press for its consideration on the floor as early in the next session of this Congress as it can possibly be brought up. I believe that it is critical that we have this legislation enacted in the early months of the second session of this Congress.

Mr. HUDDLESTON. Mr. President, I deeply appreciate the Senator's effort and the commitment he has made to move the needed immigration legislation. I pledge to work with the Senator from Wyoming on this bill. I am confident that the legislation that emerges from the Subcommittee on Immigration and Refugee Policy, under the guidance of Senator SIMPSON and Senator KENNEDY, will be a generous and compassionate, a fair bill, but a practical and effective bill as well. I will be looking forward to the next few months and I thank the chairman for sharing his plans with us.

UP AMENDMENT NO. 804

Mr. STEVENS. Mr. President, I send to the desk an amendment on behalf of Senator SIMPSON and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS), on behalf of Mr. SIMPSON, proposes an unprinted amendment numbered 804.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 12, strike "simple possession of marihuana" and insert in lieu thereof the following: "a single offense of simple possession of 30 grams or less of marihuana".

On page 3, line 25, strike "paragraph" and insert in lieu thereof "paragraphs".

On page 4, line 2, strike "simple possession of marihuana" and insert in lieu thereof the following: "a single offense of simple possession of 30 grams or less of marihuana".

On page 16, line 16, strike "simple possession of marihuana" and insert in lieu thereof the following: "a single offense of simple possession of 30 grams or less of marihuana".

On page 16, line 22, strike "son or daughter" and insert in lieu thereof "child".

On page 17, line 4, strike "son or daughter" and insert in lieu thereof "child".

On page 18, strike lines 23 through 25, and insert in lieu thereof the following:

"SEC. 11. Section 265 (8 U.S.C. 1305) is amended to read as follows:

"SEC. 265. (a) Each alien required to be registered under this title who is within the United States shall notify the Attorney General in writing of each change of address and new address within ten days from the date of such change and furnish with such notice such additional information as the Attorney General may require by regulation.

"(b) The Attorney General may in his discretion, upon ten days notice, require the natives of any one or more foreign states, or any class or group thereof, who are within the United States and who are required to be registered under this title, to notify the Attorney General of their current addresses and furnish such additional information as the Attorney General may require.

"(c) In the case of an alien for whom a parent or legal guardian is required to apply for registration, the notice required by this section shall be given to such parent or legal guardian.".".

On page 19, strike lines 1 through 5.

On page 30, after line 2, insert the following:

"SEC. 20. (a) Section 201(a) (8 U.S.C. 1151 (a)) is amended by inserting after "two hundred seventy thousand" the following: "*Provided*, That to the extent that in a particular fiscal year the number of aliens who are issued immigrant visas or who may otherwise acquire the status of aliens lawfully admitted for permanent residence, and who are subject to the numerical limitations of this section, together with the aliens who adjust their status to aliens lawfully admitted for permanent residence pursuant to subparagraph (H) of section 101(a)(27) or section 19 of the Immigration and Nationality Amendments Act of 1981, exceed the annual numerical limitation in effect pursuant to this section for such year, the Secretary of State shall reduce to such extent the annual numerical limitation in effect pursuant to this section for the following fiscal year".

(b) Section 202(a) (8 U.S.C. 1152(a)) is amended by inserting after "year" the following: ": *And provided further*, That to the extent that in a particular fiscal year the number of such natives who are issued immigrant visas or who may otherwise acquire the status of aliens lawfully admitted for permanent residence and who are subject to the numerical limitation of this section, together with the aliens from the same foreign state who adjust their status to aliens lawfully admitted for permanent residence pursuant to subparagraph (H) of section 101(a)(27) or section 19 of the Immigration and Nationality Amendments Act of 1981, exceed the numerical limitation in effect for such year pursuant to this section, the Secretary of State shall reduce to such extent the numerical limitation in effect for the natives of the same foreign state pursuant to this section for the following fiscal year".".

On page 30, line 3, strike "20" and insert in lieu thereof "21".

Mr. SIMPSON. Mr. President, the immigration efficiency bill, was passed by the House on October 13 by voice vote and is now being held at the desk.

Mr. President, on September 25 I introduced, on behalf of myself and the other members of the Subcommittee on Immigration and Refugee Policy, a very similar bill, S. 1663.

These bills amend certain provisions of the Immigration and Nationality Act, for the purpose of improving the efficiency of the Immigration and Nationality Service and eliminating the need for Congress to consider certain categories of private immigration bills. The bill would enable the INS to shift $2 million of its budget from activities with very little benefit to other activities which have more urgent functions.

Because of the urgency of the bill and its noncontroversial nature, I have asked my colleagues on the Judiciary Committee to agree that the House passed bill should be held at the desk and then considered by this body directly, bypassing the usual committee deliberations.

The amendment I am introducing would make certain improvements in H.R. 4327, and is reflective of the bill I introduced along with my colleagues on the Subcommittee on Immigration and Refugee Policy.

Each of the parts of this amendment has been cleared by the interested parties in the House and thus will not result in a House-Senate conference.

The first aspect of the amendment concerns the certain relief provisions in the bill which benefit those who have committed the offense of "simple possession" of marihuana. The bill would eliminate the absolute bar to naturalization and authorize the Attorney General, in his discretion, to waive exclusion or deportation for the immediate relatives of a U.S. citizen or permanent resident in cases of extreme hardship. I believe the amount of marihuana in possession should be only a very limited amount and be properly defined in the bill. The amendment would require that the quantity of marihuana be 30 grams or less.

It would also clarify that the amendment would cover a single offense only. Repeat offenders would not be protected.

It would also narrow the provision providing relief from deportation to cover only parents, spouses, and minor unmarried sons or daughters of U.S. citizens and permanent residents, in other words, the nuclear family. Adult or married sons or daughters would not be covered. This would make it more consistent with the suspension of deportation provisions now in the law in section 244 as well as with the general policy that it is the "nuclear family"—those who normally live together in one unit—which deserves the most generous treatment.

Mr. President, the second part of my amendment would replace section 11 of the bill. The new section 11 would repeal entirely the mandatory annual alien registration program and provide the AG discretion to require the registration of immigrants or nonimmigrants of any one or more foreign states, or of any class or group thereof. At the present time such registration forms are not adequately utilized and the INS has asked that the requirement be repealed. The savings has been estimated at $800,000 per year, less the cost of any registrations which the AG may require in his discretion. The House bill would retain the requirement with respect to nonimmigrants only. The INS prefers the approach contained in this amendment.

Mr. President, the final part of my amendment relates to certain graduates of foreign medical schools—to adjust their status without regard to numerical limitations. Section 19 of the bill would provide similar relief to certain aliens who made investments in the United States before 1978.

My amendment would simply require that the total and the per country numerical limitations for a given year be reduced in accordance with the adjustments of status made under the just described special relief provisions in the preceding year. At the present time the per country limitation in effect for a certain country is reduced by the number of nationals of that country who receive permanent resident status through private bills. My amendment would follow that policy.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 804) was agreed to.

Mr. KENNEDY. Mr. President, I am pleased to join with my distinguished colleague from Wyoming (Mr. SIMPSON), chairman of our Subcommittee on Immigration and Refugee Policy, in expediting consideration today of H.R. 4327, The Immigration and Nationality Act Amendments of 1981.

Except for a few modifications, this bill is substantially the same as the companion bill we reported unanimously out of the subcommittee (S. 1663) earlier this year, as well as to S. 1763, the immigration efficiency bill we reported out of the full Judiciary Committee last year.

I strongly support this bill because it brings some urgently needed remedial reforms to our immigration law. It improves the efficiency of the Immigration and Naturalization Service. It eliminates unnecessary paperwork. It eliminates useless reporting requirements. And it will save several million tax dollars every year.

Like my bill last year, this bill is strictly remedial in character and narrow in scope. It does not attempt to deal with the overall immigration reforms proposed by the Select Commission on Immigration and Refugee Policy or the Reagan administration—which are now under active review in our subcommittee as well as in the House Judiciary Subcommittee on Immigration.

Although this bill does not go as far as the bill I moved out of committee last year, I am confident we can deal with these additional reforms in the context of the bill we are drafting based upon the Select Commission's recommendations.

For now, Mr. President, this bill, which we are expediting today, represents important steps in the right direction. I hope the House will speedily approve the minor modifications we have made, and respond to our holding their bill at the desk by moving it now to the President's desk.

Mr. GRASSLEY. Mr. President, passage of the bill before us today which amends the Immigration and Nationality Act has been long overdue.

Similar legislation was introduced in 1979 and was reported out of the House and Senate Judiciary Committees in 1980. The bill has passed the House twice and, except for the problem of time, would probably have passed the Senate last Congress.

In this year of fiscal restraint the passage of this legislation is imperative as it is designed to save an estimated $2 million by streamlining certain alien registration and naturalization requirements.

A careful examination of the effected procedures has revealed that they are in large part superfluous, providing little real benefit for those they are designed to help.

The elimination of the two witness requirement for naturalization alone is estimated to save over a million dollars and with the advances in technology resulting in reliable methods of checking eligibility that requirement is now totally unnecessary.

The second and equally important purpose behind this legislation is to reduce the proliferation of private bills by modernizing the law to conform with the present day problems facing many citizens and aliens currently residing in the United States.

The provision regarding raising a child's age from 14 to 16 in order to be entitled to immigration benefits along with those allowing the Attorney General discretion to waive exclusionary grounds for those immediate relatives of U.S. citizens and permanent residents convicted of offenses relating to simple possession of 30 grams or less of marijuana would have eliminated the necessity for over 100 private bills in 1980 and truly demonstrates the need for such reform legislation.

The section relating to the adjustment of status for certain foreign medical graduates who have resided in the United States since 1978 will allow many communities to retain badly needed physicians and will again eliminate the necessity for the passage of a substantial number of private bills.

I think that it is important to note regarding the provisions revising the exclusionary and naturalization grounds relating to adultery that we are not, in any way, condoning the practice. We are simply placing discretion with the Attorney General to act in these cases.

The changes permit—but do not mandate—a finding of eligibility for entry or naturalization. The Attorney General must look at all factors when deciding whether a person meets the "good moral character standard" enunciated in the Immigration and Nationality Act.

Presently if a couple is legally separated and one person cohabits with another who is not his spouse he will automatically be barred from becoming a citizen. This change is designed to remedy the above situation.

If adultery is found to be the primary cause of the destruction of a viable marriage or is found to result in children becoming public charges the offender will still be found lacking the necessary moral character.

I urge my colleagues to pass this badly needed remedial legislation and remind them that this is only the initial step in the attempt to regain control of a problem which has caused great pain not only to American citizens but to those aliens effected by an outmoded, unrealistic immigration policy.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 4327) was passed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GENERAL EXPLANATION OF THE ECONOMIC RECOVERY TAX ACT OF 1981

Mr. STEVENS. Mr. President, I send a concurrent resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 54) to provide for the printing of 3,000 copies of the General Explanation of the Economic Recovery Tax Act of 1981.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

Mr. STEVENS. Mr. President, this resolution, which has been cleared on both sides, the majority and the minority, provides for the printing of an additional 3,000 copies of the forthcoming publication by the staff entitled "General Explanation of the Economic Recovery Tax Act of 1981."

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 54) was considered and agreed to, as follows:

S. CON. RES. 54

Resolved by the Senate (the House of Representatives concurring), That 3,000 copies of the General Explanation of the Economic Recovery Tax Act of 1981, prepared by the staff of the Joint Committee on Taxation, be printed for the use of the Joint Committee on Taxation.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TECHNICAL CORRECTIONS IN THE ENROLLMENT OF S. 884

Mr. STEVENS. Mr. President, I send a concurrent resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 55) to authorize the Secretary of Senate to make technical corrections in the enrollment of the enrollment of the bill S. 884 to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

Mr. STEVENS. Mr. President, this resolution directs the Secretary of the Senate to make technical corrections in the enrollment of the farm bill, S. 884. The changes to be made are purely technical in nature. This has been cleared on both sides of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 55) was considered and agreed to, as follows:

S. CON. RES. 55

Resolving by the Senate (the House of Representatives concurring), That the Secretary of the Senate, in the enrollment of the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes, is hereby authorized and directed to make the following corrections:

(1) In the introductory text of section 101 (a) of the bill, insert a comma after "1937".

(2) In clause (1) of the matter proposed to be inserted by section 103(1) of the bill, strike out "provision" and insert in lieu thereof "sentence".

(3) In section 107B(b)(1)(D) of the Agricultural Act of 1949, as proposed to be added by section 301 of the bill, strike out "section 1015" and insert in lieu thereof "section 1101".

(4) In section 105B(b)(1)(D) of the Agricultural Act of 1949, as proposed to be added by section 401 of the bill, strike out "section 1015" and insert in lieu thereof "section 1101".

(5) In section 105B(e)(3) of the Agricultural Act of 1949, as proposed to be added by section 401 of the bill, strike out "wheat" the first 2 times it appears and insert in lieu thereof "feed grains", and strike out "wheat-producing" and insert in lieu thereof "feed grain-producing".

(6) In subsection (g)(3)(A) of section 103 of the Agricultural Act of 1949, as proposed to be added by section 502 of the bill, insert "or paragraph (9)(A)" after "paragraph (7)".

(7) In subsection (g)(9)(A) of section 103 of the Agricultural Act of 1949, as proposed to be added by section 502 of the bill, strike out "wheat" in the fifth sentence and insert in lieu thereof "cotton".

(8) In subsection (l)(1) of section 101 of the Agricultural Act of 1949, as proposed to be added by section 602 of the bill, strike out "the preceding sentence" in the proviso and insert in lieu thereof "this sentence".

(9) In subsection (l)(3) of section 359 of the Agricultural Adjustment Act of 1938, as proposed to be added by section 704 of the bill, insert a comma after "interest".

(10) In subsection (l)(4) of section 359 of the Agricultural Adjustment Act of 1938, as proposed to be added by section 704 of the bill, strike out "office or agency of the Government or any court of law" and insert in lieu thereof "officer or agency of the Government".

(11) In section 1005 of the bill, strike out "hereinafter" and insert in lief thereof "hereafter".

(12) In section 1305 of the bill, strike out the first period following the word "reimbursement".

(13) In subsection (b) of section 14 of the Food Stamp Act of 1977, as proposed to be added by section 1320(b) of the bill, insert a comma after "Act".

(14) In section 1402 of the bill, strike out clause (1) and insert in lieu thereof "(1) striking out 'and' at the end of paragraph (8) and changing the period at the end of paragraph (9) to a semicolon; and".

(15) In paragraph (10) of section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be added by section 1402 of the bill, strike out the period at the end thereof and insert in lieu thereof "; and".

(16) In paragraph (11) of section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be added by section 1402 of the bill, strike out "Long-range" and insert in lieu thereof "long-range".

(17) In subsection (b)(3) of section 1411 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be amended by section 1412 (4) of the bill, insert a comma after "agencies".

(18) In subsection (a)(1) of section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be amended by section 1413 of the bill, strike out "cochairperson" and insert in lieu thereof "cochairpersons".

(19) In section 1476(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as proposed to be added by section 1440(a) of the bill, strike out "sections 5701 and 5707" and insert in lieu thereof "sections 5701 through 5707".

(20) In section 1447 of the bill, insert "the" immediately before "Interior".

(21) In section 1546 of the bill, strike out "section 1544(a)" and insert in lieu thereof "section 1542(a)".

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZING THE REPRINTING OF COMMITTEE PRINT ENTITLED INVESTIGATION OF SENATOR HARRISON A. WILLIAMS, JR.

Mr. STEVENS. Mr. President, I send a concurrent resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the concurrent resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 56) authorizing the reprinting of the committee print entitled "Investigation of Senator Harrison A. Williams, Jr."

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. STEVENS. Mr. President, this concurrent resolution would authorize the reprinting for the use of the Senate Select Committee on Ethics 300 copies of its committee print entitled "Investigation of Senator Harrison A. Williams, Jr.: Response of Senator Williams to Report of the Select Committee on Ethics on S. Res. 204," 97th Congress, first session, September 18, 1981. This resolution has been cleared by the chairman and ranking minority member of the Committee on Rules and Administration. The estimated cost of printing the 300 copies will be $3,275.01.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 56) was agreed to, as follows:

S. CON. RES. 56

Resolved by the Senate (the House of Representatives concurring), That there shall be reprinted for the use of the Senate Select Committee on Ethics three hundred copies of its committee print entitled "Investigation of Senator Harrison A. Williams, Jr.: Response of Senator Williams to Report of the Select Committee on Ethics on S. Res. 204", Ninety-seventh Congress, first session, September 18, 1981.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering items on the Executive Calendar, with the exception of Calendar No. 3, the first item on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

RETURN OF TAX CONVENTIONS WITH THE REPUBLIC OF CYPRUS AND THE BRITISH VIRGIN ISLANDS

The PRESIDING OFFICER. The executive resolution will be stated.

The assistant legislative clerk read as follows:

An executive resolution (S. Executive Resolution 4.)

Resolved, That the Secretary of the Senate is directed to return to the President of the United States the Tax Convention With the Republic of Cyprus, signed at Nicosia on March 26, 1980, and the Convention With the British Virgin Islands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes, signed at Washington on February 18, 1981.

The PRESIDING OFFICER. The question is on agreeing to the executive resolution.

The executive resolution was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the executive resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TREATIES

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate consider the seven treaties on the Executive Calendar, those being Executive Calendar Nos. 24, 25, 26, 27, 28, 29, and 30 en bloc.

Further, I ask that the treaties be advanced through their various parliamentary stages, up to and including the presentation of the resolutions of ratification and that all committee reservations and understandings be deemed agreed to.

Also, I ask unanimous consent that no other action occur on the resolutions, other than a vote and I ask that the seven treaties be voted en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. PERCY. Mr. President, the Senate has before it for advice and consent a number of agreements for final action during this session.

In the State Department's list of legislative priorities, three of those treaties are included in the category of "urgent need": The Antarctic Treaty on Living Resources, the Reciprocal Fisheries Treaty with Great Britain and the Tax Treaty and Protocol with Jamaica. Senate action today would complete the committee's efforts to see that all treaties in that category of priority receive advice and consent during this session.

I am not aware that any Member of the Senate will oppose any of these agreements. They were endorsed unanimously in committee, in some cases with one or more reservations or understandings which should take care of matters which might otherwise have caused concern.

The remaining agreements, the Tax Treaty with the Philippines. the protocols extending the International Wheat Agreement and the three aviation protocols also received the unanimous support of the Committee on Foreign Relations and should encounter no opposition in the Senate.

I should emphasize, however, since there has been some confusion on this score, that the three aviation protocols for consideration today are technical amendments to the Chicago Convention on International Civil Aviation and not the Montreal Protocols, No. 3 and 4, to the Warsaw Convention dealing with airline liability. The latter protocols have been reported overwhelmingly by the committee, and a report will be filed prior to the close of the session. However, in view of the need for some debate on those particular protocols, we have not sought to bring them before the Senate during the final weeks of the session.

Mr. President, in the interest of time, I will not explain the provisions of each of these agreements in detail, unless there are Members who wish to discuss particular agreements in this group. Instead, I ask unanimous consent that a brief summary of these agreements be appended at the end of my statement for the RECORD, including an explanation of the various reservations and understandings included with the two tax treaties. All Members have available to them, of course, the more detailed reports from the committee on each treaty.

I would, however, like to insert in the RECORD on the subject of tax treaties, the text of a letter sent today by myself and Senators MATHIAS, PELL, and DODD to Secretary of the Treasury Donald Regan on the subject of tax treaties. We have made a particular effort during this 1st session of the 97th Congress to improve the process by which tax treaties are negotiated and ratified, and in particular to increase the consultation of the Foreign Relations Committee with the congressional committees responsible for tax legislation as well as with the Department of the Treasury officials who plan and negotiate these tax treaties. This letter summarizes the requests we have made to Treasury to institutionalize these improvements and we expect no difficulty in implementing them in the future.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., December 15, 1981.

Hon. DONALD T. REGAN,
Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: The Committee on Foreign Relations is in the process of acting upon a series of bilateral tax treaties negotiated by the Treasury Department. Assistant Secretary for Tax Policy, John Chapoton, testified before the Committee on September 24, in support of eleven of these treaties: the income tax treaties with Argentina, Bangladesh, Canada, Egypt, Israel, Jamaica, Malta, Morocco, Norway, and the Philippines, and an estate and gift tax treaty with West Germany. The large number of these agreements, as well as some of the provisions contained in them, raise important questions about the future scope and direction of the U.S. tax treaty program.

In response to inquiries from Senators Percy and Mathias, the Chairmen of both tax-writing committees of the Congress, Senator Dole and Representative Rostenkowski, as well as the Ranking Minority Member of the Ways and Means Committee, Representative Conable, raised a number of concerns about the tax treaty process. Those letters and accompanying statements have previously been made available to your staff and will appear in the Committee's published hearing record for September 24. They indicated serious reservations about the process by which tax treaty negotiations are initiated and carried forward, as well as questions about the rationale for certain treaties and provisions.

The Foreign Relations Committee and the Senate have been considering the current group of treaties and hope to have approved most of them by the end of the year. We have been dealing with the issues raised about particular provisions of these treaties in close consultation with the leadership of the tax-writing committees. However, we think it is also important to establish certain broader understandings with your department on behalf of the Administration as a whole regarding the future of the tax treaty process. We would like, therefore, to have your assurances or clarifications on the following points.

First, we would like your staff regularly to brief the appropriate staff members of the Senate Foreign Relations and Finance Committees, the House Ways and Means Committee, and the Joint Committee on Taxation with respect to negotiations currently underway or prospective. These briefings would include a clear statement of your objectives and priorities for future treaties, as well as an indication of any significant provisions which you anticipate may arise in these negotiations which might modify existing tax statutes. In particular, we would like future briefings to occur before you begin negotiations with a country where the U.S. has had no prior tax treaty relationship in order to explain your reasons for seeking such a treaty and outlining any provisions of the proposed treaty which may depart from the usual treatment.

Second, we would like to explore with you whether it may be desirable to develop guidelines for tax treaties with developing countries which could provide a frame of reference for future negotiations with developing countries. Agreement on such guidelines would simplify Senate consideration of any future treaties of this kind. The guidelines need not be published or otherwise given the same status accorded to the U.N. or OECD model treaties if the Administration thinks that this will limit it in its negotiations.

Third, we request that revenue impact estimates for each proposed treaty accompany the formal letter of submission to the Senate. We recognize that such estimates may often be difficult and highly speculative, but the Senate should have the benefit of a general estimate of revenue impacts made by those most familiar with the facts and considerations involved in each case.

Fourth, with respect to the now-standard treaty provision giving the "competent authorities" of each country the right to arrive at mutual agreements on matters not otherwise resolved by treaty provisions, we would like a clarification of the scope of such provisions. In particular, we would like an indication as to the limits of the authority implied by such provision.

Finally, we ask that you seek an understanding in all future treaties as well as existing treaties, on the matter of Congressional access to the tax information exchanged under these treaties, such that access will be accorded to the appropriate Congressional oversight committees and the General Accounting Office, as may be necessary to fulfill their responsibilities, consistent with the procedures and limitations otherwise contained in the Internal Revenue Code.

We have been adding an understanding to that effect on each of the treaties approved by the Committee.

Discussion between our respective staffs would suggest that these points will not be difficult to resolve satisfactorily. Our interest is in achieving a closer coordination and integration of the tax treaty process and the legislative process without impeding the legitimate objectives of a treaty network. We know that you generally share this objective and we look forward to working with you to insure this outcome.

Sincerely,

Charles H. Percy, Chairman, Charles McC. Mathias, Jr., Chairman, Subcommittee on International Economic Policy, Claiborne Pell, Ranking Minority Member, Christopher J. Dodd, Ranking Minority Member.

CONVENTION OF THE CONSERVATION OF ANTARCTIC MARINE LIVING RESOURCES

The Convention on the Conservation of Antarctic Marine Living Resources is a widely accepted, important international conservation agreement.

It provides for an ecosystem approach to the management of the marine living resources found in the waters surrounding Antarctica and creates the obligations and machinery necessary to implement this approach. The Convention is also an important political agreement. Its conclusion reflects creative accommodations among those states active in and around Antarctica, who have differing positions on territorial sovereignty and related maritime jurisdiction in Antarctica. The system it establishes will also permit the Parties to make the accommodations necessary to develop and implement effective management measures.

In summary, the Convention provides that:

The purpose of the regime be the conservation, including rational utilization, of Antarctic marine living resources;

The regime apply to the populations of all living resources of the Antarctic marine ecosystem, defined as all species, including birds, found in marine areas south of the Antarctic Convergence, and their relations with each other and with their physical environment;

Any harvesting of Antarctic marine living resources be conducted in accordance with a conservation standard, incorporating an ecosystem approach, and reflecting the following elements:

(a) maintenance of populations or species of Antarctic marine living resources at levels which offer maximum annual production on a continuing basis;

(b) maintenance of the balance among the species composing the Antarctic marine ecosystem, taking into account the relationships between harvested and non-harvested species;

(c) prevention of irreversible changes in the Antarctic marine ecosystem.

A commission of the Contracting Parties be established to implement the conservation standard and undertake actions necessary to ensure the effective operation of the regime;

The commission develop, adopt and revise conservation measures, including total catches in the area as a whole or in subareas defined on the basis of the range of specific populations of Antarctic marine living resources; open and closed seasons and areas, protected species; gear and effort regulation and other steps necessary to fulfill the purposes of the regime;

A scientific committee be established to provide the commission with independent and expert advice, analyses and recommendations to the commission;

The scientific committee's functions include assessment of the status and trends of the populations of Antarctic marine living resources, analysis of data on the effects of harvesting on populations of Antarctic marine living resources, assessment of the effects of changes in harvesting levels and proposed conservation measures and identification of research needs and development of proposals to meet such needs;

A secretariat be established to serve the commission and scientific committee;

Contracting parties be obligated to provide data required by the commission and the scientific committee to carry out their functions, including regular and detailed reporting on harvesting activities carried out by their nationals and vessels;

Contracting parties be obligated to ensure compliance with the provisions of the Convention and measures adopted by the commission;

A system of international observation and inspection be established to oversee compliance with provisions of the Convention and measures adopted by the commission;

The commission and scientific committee ensure close coordination between their activities and those of the International Whaling Commission and those pursuant to the Convention for the Conservation of Antarctic Seals;

The commission and scientific committee establish cooperative relationships with other international inter-governmental and non-governmental bodies which have responsibilities for Antarctic marine living resources, such as FAO, SCAR and IUCN;

The budgetary expenses of the commission and other organs of the regime be apportioned equitably among the contracting parties;

Accession to the regime be open to states engaged in research on, on harvesting of, Antarctic marine living resources;

Issues relating to the existence and nature of maritime jurisdiction be treated in such fashion as to permit and encourage participation in the regime by all states engaged in research on or in harvesting of Antarctic marine living resources and as to protect the position of the United States regarding non-recognition of claims to territorial sovereighty in Antarctica.

RECIPROCAL FISHERIES AGREEMENT WITH THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

The Reciprocal Fisheries Agreement with the United Kingdom will replace a similar arrangement which was entered into in 1977 and expired on December 31, 1978. The purpose of the agreement is to permit traditional, small-scale fishing operations in the Virgin Islands area to continue at their present levels.

The following is a summary of the agreement's major provisions:

The Preamble to the Agreement recognizes that the two Governments apply the principle of equidistance in allocating exclusive fishery jurisdiction over areas where the 200 mile fishery zones of the United States and the Virgin Islands overlap. Therefore, each Government exercises jurisdiction over that portion of the area of overlap which is on its side of a line equidistant between the two coastlines.

The operative portion of the Agreement consists of seven Articles. Article I identifies the exclusive fishery zone of each Party for purposes of the Agreement. Articles II and III provide that commercial fishing by vessels of each Party may continue in the exclusive fishery zone of the other "in accordance with existing patterns and at existing levels." Each Party extends access to vessels of the other for the purpose of conducting such fishing. In order to provide a yardstick for interpreting and applying this standard, the two Parties initiated, concurrently with the Agreement, an Agreed Minute setting forth specific information that reflects the existing patterns and levels of commercial fishing by vessels of each Party in the zone of the other Party. The Agreed Minute defines the existing patterns and levels of fishing activity as a maximum of twelve United States vessels no more than 55 feet in length permitted to operate in the exclusive fishery zone of the British Virgin Islands, and a maximum of two British Virgin Islands vessels no more than 40 feet in length permitted to operate in the United States zone. It also describes specifically the areas and seasons in which such fishing operations are authorized.

Article IV provides that each Party will have exclusive authority to enforce the provisions of the Agreement and applicable national fishery regulations in its zone with respect to vessels of the other, provided that such national regulations shall not disturb existing patterns and levels of fishing. Article IV constitutes recognition by each Party of the fishery jurisdiction of the other. At the same time, Article IV reflects the understanding that each side, as its domestic management system proceeds, may apply specific regulations to commercial fishing by vessels of the other in its zone, provided that such regulations are consistent with the standard, set forth in Articles II and III, that they do not disturb existing patterns and levels.

Article V emphasizes that the Agreement does not address recreational fishing by one Party in the zone of the other.

Article VI states that circumstances under which consultations may be held at the request of either Party (e.g., whenever either Party seeks a change in existing patterns and levels of commercial fishing). Article VI also states that if such consultations result in a decision to amend the Agreement, such amendment shall enter into force through an exchange of diplomatic notes.

The consultations provided for in Article VI provide a mechanism for the Parties to work out any problems arising in the implementation of the Agreement and to coordinate efforts for effective conservation of the fishery stocks of the area. In keeping with the nature of the fisheries relationship between the United States and the British Virgin Islands, such consultations are expected to be informal and would include participation by local representatives on both sides, particularly from the Caribbean Regional Fisheries Management Council on the United States side.

Article VII is the only provision which differs from the 1977 agreement. While the 1977 agreement included a fixed expiration date, the 1979 agreement provides that the agreement shall continue in force until the expiration of a period of 90 days from the date on which either Party gives written notice to the other Party of its intention to terminate the Agreement.

TAX CONVENTION WITH THE REPUBLIC OF THE PHILIPPINES

There is presently no income tax treaty in force between the United States and the Philippines. The principal purpose of the proposed income tax treaty between the United States and the Philippines is to reduce or eliminate potential double taxation of income earned by citizens and residents of either country from sources within the other country and to prevent avoidance or evasion of the income taxes of the two countries. The proposed treaty is intended to promote closer economic cooperation between the two countries and to eliminate possible barriers to trade caused by overlapping taxing jurisdictions of the two countries.

The proposed treaty with the Philippines was signed on October 1, 1976, and was modified by an exchange of notes dated November 24, 1976. The treaty and Exchange of Notes were transmitted to the Senate for advice and consent to ratification on January 19, 1977.

The Committee on Foreign Relations approved the treaty subject to two reservations and two understandings. One reservation

deals with Article 14, relating to capital gains. The other reservation deals with Article 9, relating to shipping and air transport income. One understanding relates to Articles 9 and 11, relating to the application of the Philippine Branch profits tax. The other understanding deals with Article 26, relating to exchange of information. The Committee has also expressed certain concerns with the treaty.

GAIN ON THE DISPOSITION OF REAL PROPERTY

On November 26, 1980, Congress passed the Foreign Investment Real Property Tax Act of 1980 (FIRPTA), which generally subjects foreign persons to U.S. tax on the disposition of U.S. real estate after June 18, 1980. Foreign persons disposing of stock in a U.S. corporation having 50 percent or more of its gross asset value comprised of U.S. real property interests are subject to U.S. taxation. Also, foreign persons disposing of an interest in a partnership, trust or estate are subject to U.S. tax to the extent that entity had an interest in U.S. real property. Finally, the distribution (liquidating or nonliquidating) of the U.S. real property interest by foreign corporation is subject to U.S. tax. In general, the FIRPTA rules override existing treaties, but not until January 1, 1985.

The proposed treaty was signed in November, 1976, long before the enactment of FIRPTA. While it generally would be consistent with FIRPTA it does contain a provision, in Article 14, which would restrict the right of the United States to apply its legislation.

Under the legislation, a foreign person disposing of an interest in a corporation will be treated as disposing of U.S. real property if more than 50 percent of the gross asset value of the corporation was comprised of U.S. real property interests. The treaty, however, contains an exemption from source basis taxation for gains from the alienation of property other than those specifically provided in Article 14(1) and other than gain from the alienation of U.S. real estate. Stock of a corporation is not considered to be U.S. real estate under the provisions of Article 7 (income from real property). This exemption from tax conflicts with those Code rules that would subject the stock of a corporation to tax, and directly overrides FIRPTA. Also, the effect of the treaty on the disposition of a partnership, trust or estate owning an interest in U.S. real property is unclear.

In view of the substantial public and Congressional concern with foreign investment in U.S. real estate that led to the enactment of FIRPTA, and in view of the Congressional concern with overriding those provisions in this treaty expressed to this Committee, the Committee believes that it would not be appropriate to override FIRPTA. The Committee believes that it was clearly the intent of Congress that the U.S. should tax foreign investors when they derive gain on the disposition of an interest in U.S. real estate, even when the foreigner is a resident of a treaty partner. Accordingly, the Committee recommends the following reservation be approved by the Senate:

Reservation that, notwithstanding the provisions of Article 14 relating to capital gains, both the United States and the Philippines may tax gain from the disposition of an interest in a corporation if its assets consist principally of a real property interest located in that country. Likewise, both countries may tax gain from the disposition of an interest in a partnership, trust or estate to the extent the gain is attributable to a real property interest in one of the countries. The term "real property interest" is to have the meaning it has under the law of the country in which the underlying real property is located.

AIR TRANSPORTATION INCOME

Senator Boschwitz brought to the attention of the Committee a problem faced by the U.S. airline industry because the treaty, as submitted, permits the Philippines to tax certain income of that industry. He recommended a reservation to address this proolem.

The proposed treaty contains a provision (Article 9) that permits both countries to tax income from the operation of ships in international traffic. The tax at source is limited to one and one-half percent of the gross income or, if lower, the lowest rate of Philippine tax that may be imposed on profits of the same kind derived under similar circumstances by residents of another State. In effect, U.S. shipping companies are given most favored nation status. This provision specifically excludes from treaty coverage income derived from the operation of aircraft in international traffic. Thus, both the Philippines and the United States can continue to tax international air transport income under their internal law. At present, the Philippines imposes a tax equal to 2½ percent of the gross billings attributable to operations in the Philippines. This tax applies to both shipping and air transport income and is reduced by the above-described shipping provision.

This treaty has been before the Committee for over four years. Ratification has been delayed because of the failure to provide for a reciprocal exemption for air transport income. If ratified by the two countries, the treaty would be the first U.S. tax treaty which does not provide for a reciprocal exemption for international air transport income, and would deviate from the U.S. and OECD model tax treaties and accepted international practice. The airlines have feared that the failure to provide for a reciprocal exemption would provide precedent that would be seized upon by other countries to refuse to provide similar coverage.

The Philippines, however, have indicated that they would be unwilling to completely exempt air transport income. They have indicated that a reduction of the 2½ percent tax to 1½ percent would be acceptable.

The Committee believes that limiting Philippine taxation to 1½ percent of gross air transport revenues and insuring most favored nation status to U.S. air carriers is a reasonable compromise. This would put the air transport industry on the same footing as the shipping industry, and would accord them the same treatment that the Philippines have given to Japanese carriers in the Philippine-Japanese income tax treaty.

The Committee believes that the treaty should be ratified. The treaty would benefit a number of U.S. industries that have substantial investments in the Philippines and that derive substantial income from the Philippines. The Committee believes that the appropriate course of action is to approve the treaty subject to a reservation giving the airlines in effect the same treatment that has been accorded to the shipping industry.

The Committee wishes to make it clear that it will carefully scrutinize any future treaty that does not contain a reciprocal exemption for shipping or for air transportation income, and will be very unlikely to recommend ratification of a treaty that does not at least give U.S. shippers and air carriers most-favored nation status. The Committee recommends the following reservation be approved by the Senate:

Notwithstanding the provisions of paragraph (2) of Article 9 of the convention, the tax imposed on profits derived by a resident of one of the Contracting States from sources within the other Contracting State from the operation of aircraft in international traffic may be as much as, but shall not exceed, the lesser of one and one-half percent of the gross revenue derived from sources within that State, and the lowest rate of Philippine tax that may be imposed on profits of the same kind derived under similar circumstances by a resident of a third State.

CONGRESSIONAL ACCESS TO INFORMATION RECEIVED UNDER THE TREATY

The proposed treaty contains a provision (Article 26) found in all U.S. income tax treaties, that requires the exchange of information which is necessary to carry out the provisions of the treaty or of the domestic tax laws of the two countries. The treaty also contains a provision (Article 25), found in most U.S. income tax treaties, that authorizes the competent authorities of the two countries to consult together to attempt to alleviate individual cases of double taxation or cases of taxation not in accordance with the treaty.

The Exchange of Information Article of the treaty contains a provision that limits access to information received by the United States and the treaty partner under the treaty to persons involved in the assessment or collection of taxes. A similar provision in existing treaties has been interpreted by the IRS as precluding Congressional access, specifically General Accounting Office (GAO) access, to mutual agreement case files. The IRS has indicated that they would not change this view. Accordingly, the appropriate Congressional Oversight Committees and the GAO have been hampered in their recent attempts to audit the IRS administration of mutual agreement cases which may involve significant revenue. Treasury has stated that this problem will be taken care of in future treaties, and that they are attempting to work out the problem for existing treaties.

This issue is of significant concern to the Senate Finance Committee, the House Ways and Means Committee, and the Joint Committee on Taxation, which are charged with the responsibility for oversight of the IRS. The Committee believes that such access is permitted and that those Committees and the GAO should, pursuant to the procedures established in the Internal Revenue Code, have access to information exchanged under the treaties, including the mutual agreement case files, where they believe it is necessary to carry out their oversight functions. Accordingly, the Committee recommends the following understanding be approved by the Senate:

That appropriate Congressional committees and the General Accounting Office shall be afforded access to the information exchanged under this treaty where such access is necessary to carry out their oversight responsibilities, subject only to the limitations and procedures of the Internal Revenue Code.

The effect of this understanding is to make clear that the treaty authorizes the Finance Committee, the Ways and Means Committee, and the Joint Committee on Taxation, as well as the GAO, to have access to all information received under the treaty.

BRANCH PROFITS REMITTANCE TAX

The treaty contains a provision (Article 11) that limits the rate of withholding tax imposed by the source country on dividends paid to residents of the other country. The provision further provides that nothing in the treaty is to prevent the Philippines from imposing its additional tax on the earnings of a foreign corporation attributable to a Philippine branch of the foreign corporation. The tax is limited to 20 percent of the amount of those earnings. The provision specifically excludes Article 9 (shipping and air transport) from its scope. Article 9 limits the Philippine tax on international shipping income to one-and-one-half percent of gross billings.

The shipping industry is concerned that despite the language of the treaty the Philippines could interpret the provision as permitting it to impose its branch profits tax in addition to the tax permitted by Article 9. The Committee believes it is clear that Article 9 overrides Article 11(6) and that the Philippines may not impose its branch profits tax on income attributable to

a Philippine permanent establishment where that income is covered by Article 9. The Committee understands that the Government of the Philippines agrees with this reading. Accordingly, the Committee recommends the following understanding be approved by the Senate:

Understanding that under Article 9 and paragraph (6) of Article 11 of the treaty, the Philippines may not impose on the earnings of a corporation attributable to a permanent establishment in the Philippines, which earnings are described in Article 9 of the treaty, a tax in addition to the tax which would be chargeable on the earnings of a Philippine corporation.

NONDISCRIMINATION

Senator Boschwitz brought to the attention of the Committee the fact that a number of discriminatory excise taxes are levied against U.S. air carriers by the Philippine Government. Airlines are business enterprises within the meaning of Article 24. However, it is not clear that this Article will resolve all of the airlines' problems with discrimination. In any event, these discriminating practices conflict with the International Air Transportation Fair Competitive Practices Act of 1979 (P.L. 93-623). That legislation was enacted by Congress to bring an end to unfair and anti-competitive practices, including discriminatory tax practices. Therefore, the Committee instructs the Treasury Department and other relevant agencies such as DOT and State to immediately begin discussions with the Philippine Government to resolve these problems.

AIRLINE TICKET SALES BY PHILIPPINE GENERAL SALES AGENTS

The Philippines imposes a tax of two-and-one-half percent of airline ticket sales in the Philippines. Some concern has been expressed to the Committee that the Philippines' tax authorities may impose this tax when general sales agents sell tickets on U.S. airlines which are not for international traffic originating in the Philippines, but rather are for traffic originating in the United States or a third country.

The Committee believes that such taxation is clearly contrary to the treaty. General sales agents are independent brokers under Article 5(5) of the treaty, and accordingly are not a permanent establishment of the U.S. carrier. Therefore, when such agents sell tickets on U.S. airlines which are not for international traffic originating in the Philippines the Philippines may not tax that sale.

ANTI-TREATY SHOPPING PROVISION

The treaty does not contain the provision, found in most U.S. income tax treaties and the U.S. model, that limits the use of the treaty by third country nations. When residents of third countries can use a treaty between the United States and a treaty partner that resident can obtain a reduction in U.S. tax without reciprocal benefits accruing to U.S. residents earning income in that third country. Unintended use can erode the U.S. tax base.

While we understand that the Philippines treaty does not offer any present abuse possibilities, such possibilities may develop later. It has proved difficult to renegotiate treaties once abuses develop. Also, there is no reason why an anti-abuse provision was not included in this treaty.

The tax legislation writing committees have indicated concern with treaties that lack anti-abuse provisions, and this Committee shares that concern. The Committee could have recommended delaying ratification until an anti-abuse provision acceptable to the Senate was negotiated or it could have recommended a reservation. However, the Committee believes that ratification of this treaty is overdue and recognizes that a reservation could delay ratification by the Philippines. The Committee, however, requests the Treasury Department to negotiate an antiabuse provision that follows the principles of the provision in the current U.S. model.

TAX CONVENTION AND PROTOCOL WITH THE GOVERNMENT OF JAMAICA

There is presently no income tax treaty in force between the United States and Jamaica. The principal purpose of the proposed income tax treaty between the United States and Jamaica is to reduce or eliminate potential double taxation of income earned by citizens and residents of either country from sources within the other country and to prevent avoidance or evasion of the income taxes of the two countries. The proposed treaty is intended to promote closer economic cooperation between the two countries and to eliminate possible barriers to trade caused by overlapping taxing jurisdictions of the two countries.

The Committee on Foreign Relations approved the treaty subject to a reservation and an understanding. The reservation deals with Article 13, relating to real estate. The understanding deals with Article 27, relating to exchange of information. The Committee approved the protocol to the treaty, but expressed its concern with Article IV of the protocol, dealing with the deductibility of expenses incurred in attending a business convention in Jamaica.

GAIN ON THE DISPOSITION OF REAL PROPERTY

On November 26, 1980, Congress passed the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA), which generally subjects foreign persons to U.S. tax on disposition of U.S. real estate made after June 18, 1980. Also, foreign persons disposing of stock in a U.S. corporation having 50 percent or more of its gross asset value comprised of U.S. real property interest are subject to U.S. taxation. Also, foreign persons disposing of an interest in a partnership, trust, or estate are subject to U.S. tax to the extent that entity had an interest in U.S. real property. Finally, the distribution (liquidating or nonliquidating) of a U.S. real property interest by a foreign corporation is subject to U.S. tax. In general, the FIRPTA rules to override treaties but not until January 1, 1985.

The treaty generally would be consistent with FIRPTA. However, as submitted, it contains a provision, in paragraph (5) of Article 13, that would restrict the right of United States to apply its legislation.

Under the legislation, a foreign person disposing of an interest in a partnership, trust, or estate is treated as disposing proportionately of its U.S. real property. Accordingly, a foreign person disposing of an interest in a partnership 35 percent of the assets of which consisted of U.S. real estate would be taxed on his gain equal to 35 percent of the gain of the disposition. The treaty, however, treats partnerships, trusts, and estates as entities and would only permit taxation of the gain on the disposition of an interest in those entities by a resident of Jamaica if more than 50 percent of its assets consisted of U.S. real property interests. This entity characterization of a partnership conflicts with those Code rules that treat partnerships as flow-through entities, and directly overrides FIRPTA. The two separate rules will add substantial complexity to an area of the tax law that is already complex.

In view of the substantial public and Congressional concern with foreign investment in U.S. real estate that lead to the enactment of FIRPTA, and in view of the Congressional concern with overriding those provisions in this treaty expressed to this Committee, the Committee believes that it would not be appropriate to override FIRPTA. The Committee believes that it was clearly the intent of Congress that the U.S. should tax foreign investors when they derive gain on the disposition of an interest in U.S. real estate, even when the foreigner is a resident of a treaty partner. Accordingly, the Committee recommends the following reservation be approved by the Senate:

Notwithstanding the provisions of paragraph (5) of Article 13 of the convention (which relates to the taxation of gains from the alienation of shares of a corporation or of an interest in a partnership, estate, or trust, the property of which consists, directly or indirectly, principally of real property situated in one of the countries), gain derived by a resident of a Contracting State from the alienation or other disposition of an interest in a corporation, or an interest in a partnership, trust, or estate, which has an interest in real property located in the other Contracting State, or the assets of which are considered under the domestic law of that other Contracting State to consist, in whole or in part, of real property, or an interest therein, in that other State, may be taxed by that other State to the extent provided for by its domestic law. In addition, gain derived by a corporation which is a resident of a Contracting State upon the distribution including a distribution in liquidation or otherwise (of an interest in real property in the other Contracting State as determined under the domestic law of the other Contracting State) may be taxed by that other Contracting State to the extent provided for by its domestic law.

As used in the above reservation, and in all similar reservations, the term "principally" means 50 percent or more. Thus, an interest in a corporation is taxable under this reservation only if the fair market value of its real property interests in a Contracting State equals or exceeds 50 percent of the fair market value of its world wide interests in real property plus any other of its assest used or held for use in a trade or business.

CONGRESSIONAL ACCESS TO INFORMATION RECEIVED UNDER THE TREATY

The proposed treaty contains a provision (Article 27) found in all U.S. income tax treaties, that requires the exchange of information which is necessary to carry out the provisions of the treaty or of the domestic tax laws of the two countries. The treaty also contains a provision (Article 26), found in most U.S. income tax treaties, that authorizes the competent authorities of the two countries to consult together to attempt to alleviate individual cases of double taxation or cases of taxation not in accordance with the treaty.

The Exchange of Information Article of the treaty contains a provision that limits access to information received by the United States and the treaty partner under the treaty to persons involved in the assessment or collection of taxes. A similar provision in existing treaties has been interpreted by the IRS as precluding Congressional access, specifically General Accounting Office (GAO) access, to mutual agreement case files. The IRS has indicated that they would not change this view. Accordingly, the appropriate Congressional Oversight Committees and the GAO have been hampered in their recent attempts to audit the IRS administration of mutual agreement cases which may involve significant revenue. Treasury has stated that this problem will be taken care of in future treaties, and that they are attempting to work out the problem for existing treaties.

This issue is of significant concern to the Senate Finance Committee, the House Ways and Means Committee, and the Joint Committee on Taxation, which are charged with the responsibility for oversight of the IRS. The Committee believes that such access is permitted and that those Committees and the GAO should, pursuant to the procedures

established in the Internal Revenue Code, have access to information exchanged under the treaties, including the mutual agreement case files, where they believe it is necessary to carry out their oversight functions. Accordingly, the Committee recommends the following understanding be approved by the Senate.

That appropriate Congressional committees and the General Accounting Office shall be afforded access to the information exchanged under this treaty where such access is necessary to carry out their oversight responsibilities, subject only to the limitations and procedures of the Internal Revenue Code.

The effect of this understanding is to make clear that the treaty authorizes the Finance Committee, the Ways and Means Committee, and the Joint Committee on Taxation, as well as the GAO, to have access to all information received under the treaty.

CONVENTION EXPENSE DEDUCTION

The proposed treaty, as amended by the proposed protocol, contains a provision (Article IV of the protocol, amending Article 25 of the treaty) that permits U.S. taxpayers to deduct the expenses they incur for attending a convention in Jamaica to the extent that the expenses would be deductible if the convention were held in the U.S. Under U.S. law (Sec. 274(h)) a U.S. taxpayer is not permitted to deduct expenses of attending a convention outside of the United States, Canada, or Mexico unless the taxpayer can establish that the locality and the purpose, activities or residences of the active members of the sponsoring organization, justified the foreign location.

The proposed treaty, as amended by the proposed protocol, would permit a deduction for attendance at a convention held in Jamaica provided that the normal U.S. rules (such as business purpose) for attending conventions in the United States are met. The provision covers only the expenses incurred for meals, lodging, and the personal sustenance and comfort of the traveler, the registration fees, including fees for the cost of materials, and the ground and air transportation to and from the convention site. These expenses are allowed to the extent otherwise allowable under U.S. law. A similar provision is included in the proposed Canadian treaty.

This provision is controversial, and the Committee considered recommending that the Senate reject it. In the end, however, the Committee decided that it would be preferrable to consent to the provision in this case.

The Committee is concerned generally with granting deductions to U.S. persons by treaty in cases where the Congress has chosen not to do so under the Code and where the deductions have nothing to do with relief of double taxation. The convention expense provision grants a deduction to U.S. persons and does not deal with a problem of double taxation. Moreover, the objectives sought by this provision can be accomplished through domestic law. The Committee notes that the Chairman of both the Senate Finance Committee and the House Ways and Means Committee have expressed their general view that the United States should not give U.S. persons deductions by treaty.

The Committee is also concerned because the provision changes Code rules that were themselves changed at the end of 1980. Prior to the 1980 Code amendments a deduction for attending a convention in a foreign country was denied under the Code unless the relevance tests described above were met. In 1980, the Congress extended the deduction to expenses of attending a convention in Canada or Mexico. The Chairmen of both the Ways and Means and Finance Committees have expressed concern about the further extension of granting the deduction by this protocol.

The Committee is aware that the Protocol does contain other provisions which are advantageous to the United States, in particular, a far-reaching anti-treaty shopping provision and a commitment by Jamaica to enter into negotiations for the conclusion of a treaty on mutual assistance in criminal matters. The Committee is also aware that the convention deduction provision reflects a personal assurance made to President Seaga of Jamaica by President Reagan. It is regarded by the administration as an important step in its policy of assisting a valuable Caribbean ally. Therefore, the Committee is not disposed to oppose the Protocol or to enter a reservation on this issue.

However, the Chairman of the Committee, Senator Percy, indicated that he did not favor further extensions of the convention deduction to other Caribbean countries. He noted that such extensions would not be likely to receive approval by the Senate and that other countries should not be misled into expecting such extensions.

Senator Dodd urged the Committee not to take a categorical view on further extensions of the convention deduction and to make it clear in its report that there is division within the Committee on this issue.

While expressing his strong support for the Jamaican treaty and protocol, he also stated his concern that barring the convention deduction for other nations in the Caribbean area would be seen as a discriminatory act at a time when the United States is attempting to develop closer working relations with these nations. In this regard, Senator Dodd introduced into the record a letter to him from Assistant Secretary of State Thomas Enders, which notes in part that it is Administration's view that extension of the deduction "could be a useful part of the President's Caribbean Basin Initiative. . . ." The text of this letter follows:

ASSISTANT SECRETARY OF STATE
FOR INTER-AMERICAN AFFAIRS,
Washington, D.C., December 7, 1981.

DEAR SENATOR DODD: In response to your interest in the Jamaica Tax Treaty and its implications for requests for similar treatment on conventions from other Caribbean Basin countries, I would like to summarize our current policy.

The Jamaica Tax Treaty is the only treaty currently pending which includes extension of North American treatment for business deductions while attending foreign conventions. Several countries in the Caribbean Basin have made an issue of requesting similar treatment, but we have no firm plans beyond Jamaica, nor have we made any commitments.

Extension of North American treatment to Caribbean and Central American countries in return for appropriate concessions in tax treaties could be a useful part of the President's Caribbean Basin Initiative, which is in an advanced state of development. Prior to reaching any decision on extensions to other countries, however, we would consult with appropriate Congressional committees, including the Foreign Relations Committee.

Sincerely,

THOMAS O. ENDERS.

The Committee agreed that the opposing points of view on this issue should be reflected in its report and that approval of the convention deduction in this instance should not be taken as an indication of Committee approval for any further extensions.

THREE AVIATION PROTOCOLS

The most recent Protocol, Treaty Document 97-3, provides authority for States who lease or charter aircraft to other States or the citizens of other States to transfer the functions and duties of a State Party under the Chicago Convention to that other operator. It fills a gap in the original Chicago Convention with respect to leased aircraft.

The other two Protocols, Executives N and O from the first session of the 96th Congress, concern the addition of an authentic Russian language text to the 1944 Chicago Convention on International Civil Aviation.

BACKGROUND AND PROVISIONS

The Protocol concerning aircraft leasing is the first substantive amendment to the original 1944 Chicago Convention on International Civil Aviation. It is the product of a 1971 U.S. initiative in the International Civil Aviation Organization (ICAO) which was finally concluded in late 1980 with the approval by the ICAO Assembly of a new Article 83 *bis* to the Chicago Convention.

In accordance with this new article, States Parties to the Convention may enter into bilateral agreements delegating their responsibilities as the State of registry to the leasing State under Article 12 (Rules of the Air), 30 (Aircraft Radio Equipment) 31 (Certificates of Airworthiness) and 32(a) (License of Personnel). The State of registry may delegate any or all of these obligations as it chooses.

The United States can expect to be the principal beneficiary of this new provision for years to come. U.S. companies supply a great percentage of the world's civil aircraft and lease by far the greatest number of aircraft to operators in other states.

The 1977 Protocols establishing an authentic Russian language text of the Chicago Convention are the result of a Working Group of ICAO established in 1974, in which the U.S. was an active participant. The U.S.S.R. became a party to the Chicago Convention in 1970 and Russian became a working language of ICAO in 1972, as it is of virtually all international organizations.

PROTOCOLS TO THE WHEAT AGREEMENT

These protocols would extend for two additional years the Wheat Trade Convention and the companion Food Aid Convention which together constitute the current International Wheat Agreement.

BACKGROUND

The United States has participated in a series of international wheat agreements since 1949. In 1971, the United States joined in the negotiation and ratification of a Wheat Trade Convention and a companion Food Aid Convention. Although both conventions were originally negotiated as three-year agreements, by 1980 they had been extended four times by protocols. In 1980, a new Food Aid Convention was negotiated and the Wheat Trade Convention was extended for the fifth time. The Executive Branch is now requesting Senate advice and consent to extend both agreements by two additional years, with no changes in the structure of either agreement.

MAJOR PROVISIONS

The sixth extension of the WTC, like the five previous extensions, maintains the framework for international cooperation in wheat matters. It will authorize the International Wheat Council to continue to collect, analyze, and disseminate data on the international wheat situation, with particular reference to supply, demand, trade, and prices. The International Wheat Council, which meets semi-annually, provides a unique and valuable forum for international discussions to promote trade in wheat and wheat products and to resolve problems in a cooperative manner.

Effective July 1, 1980, the original Food Aid Convention, 1971, was replaced by the FAC, 1980. This first extension maintains the parties' present commitments to provide minimum annual quantities of cereals food aid to needy developing countries. In the case of the United States, this commitment amounts to 4,470,000 metric tons, an amount well within our currently authorized food aid programs under Public Law 480, the Agricultural Trade Development and Assistance

Act of 1954, as amended. The objective of this Convention is to secure, through a joint effort by the international community, achievement of the 1974 World Food Conference target of at least 10 million tons of cereals aid annually to developing countries.

Mr. PERCY. Mr. President, finally, a word about the Tax Treaty and protocol with Jamaica. The protocol to that treaty, signed and submitted during the Reagan administration, would grant deductibility to business conventions in Jamaica. Such deductibility is generally referred to as "North American treatment" because it is presently limited in the tax codes to conventions in the United States, Canada, and Mexico. I would like to make my own views clear on this issue, since it has been the subject of some concern from some other Members of the Senate—in particular Senators DOLE and MATSUNAGA from the Finance Committee, as well as the chairman and ranking member of the House Ways and Means Committee, and the congressional delegates from Puerto Rico and Virgin Islands.

I do not think that further extensions of "North American treatment" are desirable as a policy matter. This question was debated strenuously and resolved in legislation only recently, and I would prefer not to reopen the issue by treaty so soon after that resolution of the question was made. I also question whether such extensions really do confer significant benefits on the countries concerned.

I am aware that this particular exception for Jamaica was personally offered by President Reagan to President Seaga as part of his interest in promoting the development of Jamaica. The administration had made clear that it may consider further extensions in the context of its policy of promoting economic development in the Caribbean basin. Senator DODD has argued in committee that we should not at this stage shut the door to such extensions.

Nevertheless, while I do not want to slam any doors, I do want to convey great skepticism on my part that such further extensions can be justified. Furthermore, I have great doubts that additional geographical extensions of convention deductibility would receive the necessary two-thirds approval of the Senate. I would not want this political reality to be the cause of any hard feelings in the future as a result of unfilled expectations on the part of other countries in the region. Therefore, I welcome the administration's announced intention of consulting with the appropriate congressional committees prior to any decisions or offers on further extensions of North American treatment.

Mr. President, I urge my colleagues to vote in favor of Senate advice and consent to ratification of these treaties.●

THE WHEAT CONVENTION AND FOOD AID CONVENTION

● Mr. PRESSLER. Mr. President, I rise in support of the two protocols, Treaty Document No. 97–9, for the extension of the International Wheat Agreement, now before the Senate. Recently I had the privilege to chair hearings in the Foreign Relations Committee on the proposed 2-year extension of the Food Aid Convention and the Wheat Trade Convention. Witnesses from the administration and the wheat industry both testified in favor of an extension of these conventions.

The Wheat Trade Convention and Food Aid Convention were negotiated and ratified in 1971 and were extended four times prior to 1980. In 1980, the Food Aid Convention was renegotiated and the Wheat Trade Convention was extended once again. The administration is now requesting that both conventions be extended for 2 years.

The Wheat Trade Convention includes 58 countries and provides for an International Wheat Council to conduct an annual review of the world wheat situation to provide member governments with information on wheat trade policies. Unfortunately, the convention does not contain any economic provisions for price stabilization, but does facilitate the expansion of international wheat and wheat flour trade.

The convention's function of aiding the expansion of wheat trade is important to the United States as we are the world's largest wheat exporter with a projected 47 percent of the total world wheat trade in the 1981–82 marketing year. U.S. wheat exports have increased dramatically in recent years and are essential as a positive factor in our balance of trade. In the 1980–81 marketing year, wheat exports accounted for over $7 billion in a favorable balance of trade for the United States.

Although the Wheat Trade Convention provides for no price stabilization or reserve stock, it is still a useful forum for discussions on world wheat trade. The wheat council would also be an ideal forum for negotiations on new international grain agreements which might provide some means of price stabilization and reserve stocks. I feel the United States should take a leadership position in trying to negotiate such an agreement which would increase producer returns.

Mr. President, I also recently chaired a United States-Canada Interparliamentary Group meeting on International Wheat Marketing and this issue was discussed in great detail. The Canadian delegation expressed great interest in some type of pricing and reserve holding system, but stressed the point that the United States must take the initiative for any such agreement to be reached or to succeed.

The United States has not taken such an initiative, so recent negotiations on a commodity agreement failed. The administration felt that individual country's reserve programs regulated by the world wheat market is preferable to an internationally coordinated program.

I feel this viewpoint fails to recognize that the present system is not providing an adequate return to wheat producers. The United States is exporting wheat at well below the cost of production and many wheat farmers are being forced out of business. It is time we recognized these facts and worked to increase producer returns. I strongly encourage the administration to exert leadership in the initiation of negotiations for a new wheat agreement to increase producer returns and assure consumers of an adequate supply of wheat. I would hope that negotiations or an agreement might be reached before the present 2-year extension of the convention expires.

The Food Aid Convention commits donor nations to a certain amount of food aid. Pledges under the Food Aid Convention total 7.6 million tons of grain with the United States pledging 4.47 million tons, which is proportionate to our share of the world grain trade. The United States will meet this pledge entirely under the Public Law 480 program. Food aid is essential for countries to overcome unexpected emergencies and natural disasters and the Food Aid Convention provides for such assistance.

I urge my colleagues to join me in support of extension of the Wheat Trade Convention and Food Aid Convention. The conventions are very beneficial to world wheat trade and their elimination would only hurt our wheat exports.●

JAMAICA AND PHILIPPINE TAX TREATIES

Mr. DOLE. Mr. President, I am pleased to make a brief statement in support of the tax treaties with Jamaica and with the Philippines as reported by the Foreign Relations Committee.

As with the several treaties ratified last month, the Foreign Relations Committee has, in its reports on the Jamaican and Philippine treaties, been most accommodating to the concerns of members of the Finance Committee. The new and closer working relationship between the Foreign Relations Committee, the Treasury Department, and the tax legislation writing committees, a relationship encouraged by the distinguished Senator from Illinois (Mr. PERCY), is proving most valuable in making the tax treaty ratification process relatively painless. I thank the chairman of the Foreign Relations Committee for his efforts in forging this new relationship.

In the tax treaties before us today there are several provisions that bear special scrutiny.

The most troubling provision is that section of the Jamaican protocol permitting a U.S. person to deduct the expenses of attending a business convention in Jaimaica. Just 1 year ago Congress specifically declined to permit this deduction when it amended the basic foreign convention deduction rule in the Internal Revenue Code. The decision was made in Public Law 96–608 to extend the special treatment we today propose to extend to Jamacia only to Canada, Mexico and our possessions.

It seems inappropriate to me to do by treaty today what we specifically decided not to do by statute just a year ago. I am aware, however, that the treaty contains other provisions of special advantage to the United States as a quid pro quo for this provision, most notably an appropriately stiff antitreaty shopping provision and a commitment by Jamaica to enter negotiations for a treaty on mutual assistance to criminal matters.

I am also aware that this provision reflects a personal assurance made to President Seaga of Jamaica by President Reagan. While, ordinarily, I would suggest that it is appropriate for the Senate

to enter a reservation on this issue, these circumstances prevent me from doing so.

Should a similar provision be presented to the Senate in another tax treaty, however, I anticipate that there would be considerable opposition. Like Senator PERCY, therefore I must indicate that I do not favor further extensions of the convention deduction by treaty to other countries in the Caribbean area or elsewhere.

If the administration believes the extension of this deduction to other countries is an important element of foreign policy I hope it will propose an amendment to the Internal Revenue Code to implement the change. Until such an amendment to the code is enacted no country should anticipate any further extensions of the convention deduction.

As reported, both treaties are subject to the reservation that, not withstanding two provisions to the contrary, the United States shall not be restricted in applying the provisions of the Foreign Investment in Real Property Tax Act of 1980, (FIRPTA). I am pleased that these treaties, like those ratified last month, contain reservations wherever a treaty appears to override FIRPTA.

The members of the Finance Committee took a great deal of interest in developing FIRPTA in response to popular insistence that foreign investment in U.S. real property bear at least the same tax burdens as domestic investment. It was not without some difficulty that these concerns were balanced against desires not to discourage foreign investment in the United States for unwarranted reasons.

I do not generally favor disrupting this balance through the treaty process and anticipate that tax treaties that attempt to do so would, like these two treaties, generally be ratified only with a reservation such as that contained in the report we are considering.

I am also pleased to note that the Philippine treaty is to be approved with the reservation that income from air transportation be taxed no more onerously than income from the operation of ships. While I understand that this compromise does not wholly satisfy American flag air carriers, it is, I think all agree, a reasonable compromise that will finally move this treaty out of the Senate.

I encourage the Senate to ratify these treaties with the reservations and understandings recommended by the Foreign Relations Committee.

The PRESIDING OFFICER. The question is on agreeing to the resolutions of ratification.

Mr. ROBERT C. BYRD. Mr. President, I ask for a division.

The PRESIDING OFFICER. A division is requested. Senators in favor of the resolutions of ratification will rise and stand until counted. (After a pause.) Those opposed will rise and stand until counted.

On a division, two-thirds of the Senators present and voting having voted in the affirmative, the resolutions of ratification are agreed to.

The resolutions of ratification agreed to are as follows:

RESOLUTIONS OF RATIFICATION

RECIPROCAL FISHERIES AGREEMENT WITH THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, 1979

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Reciprocal Fisheries Agreement between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland, 1979, with its agreed minute, done at London, March 27, 1979.

CONVENTION ON THE CONSERVATION ANTARCTIC MARINE LIVING RESOURCES

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the convention on the conservation of Antarctic Marine Living Resources adopted at a diplomatic conference held in Canberra, Australia, May 7–20, 1980, and signed on behalf of the United States on September 11, 1980, with a Proces-Verbal of Rectification dated March 18, 1981.

TAX CONVENTION WITH THE REPUBLIC OF THE PHILIPPINES

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention signed at Manila on October 1, 1976, between the Government of the United States of America and the Government of the Republic of the Philippines with Respect to Taxes on Income, and an Exchange of Notes done at Washington on November 24, 1976, subject to the following:

(1) reservation that, notwithstanding the provisions of Article 14 relating to capital gains, both the United States and the Philippines may tax gain from the disposition of an interest in a corporation if its assets consist principally of a real property interest located in that country. Likewise, both countries may tax gain from the disposition of an interest in a partnership, trust or estate to the extent the gain is attributable to a real property interest in one of the countries. The term "real property interest" is to have the meaning it has under the law of the country in which the underlying real property is located;

(2) reservation that, notwithstanding the provisions of paragraph (2) of Article 9 of the convention, the tax imposed on profits derived by a resident of one of the Contracting States from sources within the other Contracting State from the operation of aircraft in international traffic may be as much as, but shall not exceed, the lesser of one and one-half percent of the gross revenue derived from sources within that State, and the lowest rate of Philippine tax that may be imposed on profits of the same kind derived under similar circumstances by a resident of a third State;

(3) understanding that under Article 9 and paragraph (6) of Article 11 of the treaty, the Philippines may not impose on the earnings of a corporation attributable to a permanent establishment in the Philippines, which earnings are described in Article 9 of the treaty, a tax in addition to the tax which would be chargeable on the earnings of a Philippine corporation; and

(4) understanding that appropriate Congressional committees and the General Accounting Office shall be afforded access to the information exchanged under this treaty where such access to the information exchanged is necessary to carry out their oversight responsibilities, subject only to the limitations and procedures of the Internal Revenue Code.

TAX CONVENTION (AND PROPOSED PROTOCOL) WITH THE GOVERNMENT OF JAMAICA

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention between the Government of the United States of America and the Government of Jamaica for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the Convention), together with a related exchange of notes, signed at Kingston on May 21, 1980, and the Protocol Amending the 1980 Convention, together with a related exchange of notes, signed at Kingston on July 17, 1981, subject to the following:

(1) reservation that, notwithstanding the provisions of paragraph (5) of Article 13 of the convention (which relates to the taxation of gains from the alienation of shares of a corporation or of an interest in a partnership, estate, or trust, the property of which consists, directly or indirectly, principally of real property situated in one of the countries), gain derived by a resident of a Contracting State from the alienation or other disposition of an interest in a corporation, or an interest in a partnership, trust, or estate, which has an interest in real property located in the other Contracting State, or the assets of which are considered under the domestic law of that other Contracting State to consist, in whole or in part, of real property, or an interest therein, in that other State, may be taxed by that other State to the extent provided for by its domestic law. In addition, gain derived by a corporation which is a resident of a Contracting State upon the distribution (including a distribution in liquidation or otherwise) of an interest in real property in the other Contracting State (as determined under the domestic law of the other Contracting State) may be taxed by that other Contracting State to the extent provided for by its domestic law.

(2) understanding that appropriate Congressional Committees and the General Accounting Office shall be afforded access to the information exchanged under this treaty where such access is necessary to carry out their oversight responsibilities, subject only to the limitations and procedures of the Internal Revenue Code.

THREE AVIATION PROTOCOLS

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of three aviation protocols: a Protocol Relating to an Amendment to the Convention on International Civil Aviation, done at Montreal on October 6, 1980, and Two Related Protocols, the Protocol Relating to an Amendment to the Convention in International Civil Aviation, done at Montreal on September 30, 1977, and the Protocol on the Authentic Quadrilingual Text of the Convention on International Civil Aviation, with Annex, done at Montreal on September 30, 1977.

1981 PROTOCOLS FOR THE EXTENSION OF THE 1971 INTERNATIONAL WHEAT AGREEMENT

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Two Protocols for the Extension of the International Wheat Agreement, 1971, signed on behalf of the United States on May 8, 1981.

TAX CONVENTION WITH THE REPUBLIC OF ARGENTINA, WITH RELATED PROTOCOLS

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention with the Republic of Argentina for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, together with a related

protocol, signed at Buenos Aires on May 7, 1981 (Treaty Doc. 97-10), subject to the following:

(1) reservation that, notwithstanding the provisions of paragraph (5) of Article 13 of the convention (which relates to the taxation of gains from the alienation of shares of a corporation or of an interest in a partnership, estate, or trust, the property of which consists, directly or indirectly, principally of real property situated in one of the countries), gain derived by a resident of a Contracting State, from the alienation or other disposition of an interest in a corporation, or an interest in a partnership, trust, or estate, which has an interest in real property located in the other Contracting State, or the assets of which are considered under the domestic law of that other Contracting State to consist, in whole or in part, of real property, or an interest therein, in that other State, may be taxed by that other State to the extent provided for by its domestic law. In addition, gain derived by a corporation which is a resident of a Contracting State upon the distribution (including a distribution in liquidation or otherwise) of an interest in real property in the other Contracting State (as determined under the domestic law of the other Contracting State) may be taxed by that other Contracting State to the extent provided for by its domestic law.

Furthermore, for purposes of paragraph (5) of Article 13, the term "immovable property" includes property in which the business of the company, partnership, trust or estate described in that paragraph is carried on.

(2) reservation that, a person (other than an individual) which is a resident of a Contracting State and which derives income from sources within the other Contracting State shall not be entitled to the benefits under this convention accorded by that other Contracting State if 25 percent or more of the beneficial interest in such person is owned, directly or indirectly, by individuals who are not residents of the first-mentioned Contracting State. For purposes of this paragraph, a corporation that has substantial trading in its stock on a recognized exchange in a Contracting State is presumed to be owned by residents of that Contracting State. This paragraph shall not apply if it is determined that the acquisition or maintenance of such person and the conduct of its operations did not have as a principal purpose obtaining benefits under the convention.

(3) understanding that, appropriate Congressional committees and the General Accounting Office shall be afforded access to the information exchanged under this treaty where such access is necessary to carry out their oversight responsibilities, subject only to the limitations and procedures of the Internal Revenue Code.

STATEMENT PERTAINING TO THE CONVENTION ON THE CONSERVATION OF ANTARCTIC MARINE LIVING RESOURCES

● Mr. McCLURE. Mr. President, as chairman of the Committee on Energy and Natural Resources, I am pleased to support the Convention on the Conservation of Antarctic Marine Living Resources.

The U.S. interest in Antarctica began in the early 19th century when small private expeditions were made to explore and map the area. The years of 1896 to 1920 is considered to be the heroic era in Antarctica, the period of the romantic traverses into the interior of the continent by Amundsen, Shackelton, and Scott. Antarctic exploration then was a matter of human muscle and courage against the elements. World War I accelerated the development of the airplane, motorized surface transport, and the radio, and a new breed of Antarctic explorers who naturally employed the improved techniques. Comdr. Richard E. Byrd introduced the effective use of aircraft in the discovery and exploration of Antarctica.

From 1930, there followed a multitude of expeditions, some purely exploratory, some emphasizing science, but nearly all utilizing various types of mechanized support and with a degree of national interest in the background. World War II yielded even more sophisticated technological developments. These were employed in the U.S. Navy's 1946–47 operation highjump, the largest assault on the Antarctic. Thirteen ships and 4,000 men made up that Antarctic expedition using 25 aircraft to make sorties inland from three separate points on the coast.

Many national and international expeditions followed. This period of the 1940's and 1950's was climaxed by the Third International Geophysical Year from July 1957 to December 1958. The Antarctic portion of it included an organized scientific effort by 12 nations. Sixty-five stations were established on the continent to carry out studies in the physical sciences. There was considerable international cooperation and exchange of scientists, a pattern which set the Antarctic stage for several years.

Against this background of international cooperation and the influence of the scientific communities in the participating countries, the United States seized the opportunity to meet with representatives of the other nations participating in the Antarctic research to negotiate the fundamental principles of the Antarctic Treaty. Of the 12 countries, 7—Argentina, Australia, Chile, France, New Zealand, Norway, and the United Kingdom—maintained claims of sovereignty, occasionally overlapping, over parts of the continent. The United States, along with Belgium, Japan, South Africa, and the Soviet Union, neither assert nor recognize such claims. The international cooperation which marked the IGY made possible the Antarctic Treaty which was signed in Washington, D.C. on December 1, 1959 and entered into force on June 23, 1961. By agreeing to disagree on the question of territorial sovereignty, the Antarctic Treaty has provided an innovative legal framework for peaceful scientific research.

The Antarctic Treaty, however, is a limited purpose treaty which defines specific objectives and is limited to those objectives. Among the areas not covered by the treaty are questions of resource development—both marine living resources and mineral resources.

The two decades since the Antarctic Treaty entered into force have witnessed important changes in perceptions regarding the possibilities of resource development. The Eighth Consultative meeting in 1975 began consideration of both marine living resources and mineral resources and by 1977, the consultative parties had agreed to make conclusion of a regime for the conservation of marine living resources their first priority.

It is fitting that this convention should have been negotiated first and that the United States should so strongly support it. In 1820, the New Englander, Nathaniel Palmer, took his sloop *Hero* into the waters of the southern Drake Passage looking for new areas to harvest fur seals.

He was the first to sight the mainland of Antarctica and sealing activities, which he began, dominated the area until the end of the 19th century. The depletion of traditional fishing grounds and establishment of 200 mile fishing zones elsewhere in the world have stimulated the search for new fishing areas, especially in the Antarctic where many experts believe that the abundant levels of krill could provide a significant source of protein. The importance of this convention lies in the realization that the Antarctic marine ecosystem, in which krill play a central role as the direct or indirect food source for all higher order species, appears to be particularly vulnerable to unregulated harvesting. Such harvesting could have unforeseen and perhaps irreversible impacts. For this reason the convention applies to areas outside the limits of the Antarctic Treaty of 60° South and adopts an ecosystem approach using the Antarctic convergence as an oceanographic boundary.

The committee has been interested in Antarctica and the furtherance of scientific research there as a result of our historic concern and responsibility for the conservation and wise use of natural resources together with a deep interest in the related scientific disciplines. Several members of the committee have had the opportunity to personally review the Antarctic research program and I was impressed by my own visit and inspection. The Committee on Energy and Natural Resources conducted oversight hearings in 1979 at my request on U.S. activities in Antarctica and carefully reviewed the progress of the negotiations on both this convention and on mineral resources. The committee will continue to exercise its oversight and support for the early conclusion of a convention on mineral resources. This convention is an important step and one which I support.●

NOMINATIONS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the nominations commencing with those under the Judiciary, on page 3, that all the nominations on the calendar be considered en bloc and approved en bloc, and that the statements of individual Members be inserted at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the nominations. Without objection, the nominations are confirmed.

The nominations considered and confirmed en bloc are as follows:

THE JUDICIARY

David L. Russell, of Oklahoma, to be U.S. district judge for the northern, eastern, and western districts of Oklahoma.

Harold L. Ryan, of Idaho, to be U.S. district judge for the district of Idaho.

DEPARTMENT OF JUSTICE

Benjamin F. Baer, of California, to be a Commissioner of the U.S. Parole Commission for the term of 6 years.

Glenn L. Archer, Jr., of Virginia, to be an Assistant Attorney General.

Stanley S. Harris, of the District of Columbia, to be U.S. attorney for the District of Columbia for the term of 4 years.

Richard C. Turner, of Iowa, to be U.S. attorney for the southern district of Iowa for the term of 4 years.

Donald W. Wyatt, of Rhode Island, to be U.S. marshal for the district of Rhode Island for the term of 4 years.

Bruce R. Montgomery, of Tennessee, to be U.S. marshal for the eastern district of Tennessee for the term of 4 years.

Robert T. Keating, of Wisconsin, to be U.S. marshal for the eastern district of Wisconsin for the term of 4 years.

COMMODITY FUTURES TRADING COMMISSION

Kalo A. Hineman, of Kansas, to be a Commissioner of the Commodity Futures Trading Commission for the term expiring June 19, 1986.

DEPARTMENT OF COMMERCE

Peter McCoy, of California, to be Under Secretary of Commerce for Travel and Tourism. (New position.)

Mr. STEVENS. Mr. President, I move to reconsider the action taken in executive session, including the treaties and all nominations, en bloc.

Mr. THURMOND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask that the President be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF KALO A. HINEMAN OF KANSAS

Mr. HELMS. Mr. President, Mr. Kalo Hineman of Kansas has been nominated by the President to be a Commissioner of the Commodity Futures Trading Commission. Mr. Hineman is a Kansas farmer and has had practical experience in the use of the futures markets.

At his confirmation hearing, Mr. Hineman demonstrated a keen knowledge of the hedging and price discovery functions of these markets and was able to identify these concepts with concrete examples. He further demonstrated a sharp awareness of the obstacles which agricultural producers face in the use of these markets and pledged to do everything possible to assist producers and other individuals in overcoming these obstacles.

Throughout his testimony, Mr. Hineman exhibited the kind of philosophy and judgment which is so important in a high Government responsibility such as this.

Some months ago, the members of the Senate Agriculture Committee sent a letter to the President asking that just such a citizen as Mr. Hineman be appointed a Commissioner at the CFTC. I commend the President on his choice of Mr. Hineman. I ask that this letter be printed in the RECORD at the conclusion of my remarks.

I also commend Senators DOLE and KASSEBAUM for their respective roles in the selection of Mr. Hineman and for their tributes to him at his confirmation.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., May 22, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The statute establishing the Commodity Futures Trading Commission provides that in nominating persons for appointment you "shall seek to establish and maintain a balanced commission, including, but not limited to, persons of demonstrated knowledge in the production, merchandising, processing or distribution of one or more of the commodities or other goods and articles, services, rights and interests" covered by the Act.

Mr. Philip Johnson, recently nominated to be both a Commissioner and Chairman of the Commission, will bring to the CFTC an admirable store of knowledge in the area of futures trading. While we do not oppose the nomination of Mr. Johnson, we are nevertheless concerned that neither he, nor the three Commissioners with unexpired terms of service, Mr. Stone, Mr. Gartner and Mr. Martin, offer any significant expertise in agricultural issues. (Mr. Martin's term expires in June.)

One-half of the futures contracts traded on all exchanges are for agricultural commodities. Moreover, the futures markets play a vital role in the activities of farmers, processors, merchandisers and exporters of agricultural products. It is imperative that at least one member of the Commission have a demonstrated expertise in agriculture.

We strongly urge you, in considering candidates for the Commodity Futures Trading Commission, to nominate a person who meets this criterion. To ignore the vital interest of agricultural producers in the regulation of the futures industry and to deny adequate representation of agricultural interests on the Commission would violate both the spirit and the letter of the legislation establishing the Commodity Futures Trading Commission.

Sincerely,

Edward Zorinsky, Jesse Helms, Walter D. Huddleston, David L. Boren, Patrick J. Leahy, David Pryor, Alan J. Dixon, Robert Dole, John Melcher, Richard G. Lugar, Thad Cochran, Howell Heflin, Mark Andrews, Roger W. Jepsen, Rudy Boschwitz, and Paula Hawkins.

THE CONFIRMATION OF PETER M'COY TO BE UNDER SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM

Mr. PRESSLER. Mr. President, I am pleased to be able to offer my wholehearted support for the nomination of Mr. Peter McCoy as Under Secretary of Commerce for Travel and Tourism.

This is a new position which was created by the National Tourism Policy Act (Public Law 97-63). As the principal sponsor of that legislation, I am most gratified by the quick action taken by the Reagan administration in filling this new post. In addition, the executive branch has demonstrated its own strong commitment to the development of a Federal tourism promotion effort by nominating Mr. McCoy, who comes to this new role from the White House.

I am confident that the combination of his managerial prowess and the support the administration is offering will result in a renewed and strengthened Federal tourism role.

As the head of the U.S. Travel and Tourism Administration, Mr. McCoy will be charged with the responsibility of maximizing the very substantial benefits which our Nation derives, both economically and socially, from a strong travel and tourism industry. In pursuing this goal, Mr. McCoy will enjoy the advantage of starting from the solid foundation layed by the current Assistant Secretary for Tourism, Frederick Bush.

Over the past year, Mr. Bush has demonstrated the aggressive and innovative qualities which the travel service has needed. The programs which he has begun appear very promising, and Mr. McCoy has indicated that he intends to build and expand from this base. It is my belief that Mr. McCoy and Mr. Bush will work well together and that we can expect to see a more positive attitude at the U.S. Travel and Tourism Administration.

For all these reasons, I ask that my colleagues join me in voting to confirm Mr. McCoy as the first Under Secretary of Commerce for Travel and Tourism.

Mr. STEVENS. Mr. President, with the exception of the one item that was reserved, which was the first item on the Executive Calendar, is there any further action necessary to clear the Executive Calendar?

The PRESIDING OFFICER. There is none.

LEGISLATIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ESOP SAVES GENERAL MOTORS PLANT

Mr. LONG. Mr. President, on October 30, a group of New Jersey autoworkers succeeded in acquiring a General Motors roller bearing plant that otherwise would have closed. In a commendable display of cooperation between labor and management, these foresighted employees utilized an employee stock ownership plan (ESOP) as the financing vehicle for accomplishing this job-saving buyout.

In addition to saving jobs that otherwise would have been lost, this ESOP buyout also insures the existence of a U.S. supplier for auto parts that otherwise may well have been acquired from our international competitors. General Motors is also to be commended for their efforts to make this employee buyout a feasible alternative. It is my hope that this will prove to be a valuable example of how management and labor can work together to provide a more "cycle responsive" alternative to plant closings and massive layoffs.

American labor badly needs new ways to deliver victories to their members, and management needs new ways to deal with labor's demands. Employee stock ownership can serve as a fruitful new area in which these traditional foes can resolve their differences. Employee stock ownership can also serve as a new stabilizing element, an element that can encourage these adversaries to act more in the national interest by beginning to operate

more in a spirit of cooperation and compromise.

I know that my colleagues join me in wishing these employees great success. If their company is able to succeed through these difficult times, that success will be widely shared and these employees will realize a larger share in the fruits of their labor.

The following article from the December 7, 1981, issue of Pensions and Investment Age summarizes the primary elements of this recent ESOP buyout:

Mr. President, I ask unanimous consent that the article to which I have just referred be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ESOP SAVES GENERAL MOTORS PLANT FROM SHUTDOWN

CLARK, N.J.—When General Motors decided to close down a ball-bearings plant here, a committee of union leaders and management came back with a plan to buy the plant for themselves using an employee stock ownership plan.

Known as an ESOP, an employee stock ownership plan is a trust created on behalf of the employees to buy their company's stock with money borrowed from an outside source.

A company is then established which is responsible for paying off the loan, and which simultaneously allocates stock to a trust for the employees.

The newly-formed company, Hyatt-Clark Industries Inc., purchased the plant from General Motors, October 30, for approximately $53 million.

General Motors got $30 million in cash, $10 million in non-voting preferred stock for the land and buildings, and an additional $13 million in notes, said Alan V. Lowenstein, the lawyer who framed the purchase.

He said it was financed by a $15 million mortgage loan from the Prudential Insurance Company of America, and a $15 million loan from Chemical Bank, New York.

An additional $10 million credit line was provided by Fidelity Union Bank of Newark, N.J., for working capital, he said, adding that the company had only borrowed $500,000 to date (mid-November).

Hyatt-Clark will pay up to 15 percent of employees' salaries as stock into the ESOP rather than making cash payments into a pension or other type of benefit plan. As well as preserving precious cash, there are additional advantages to ESOPs.

"The whole contribution into the trust is tax deductible," he said. All the employees at the plant, both management and workforce, will get equal shares of stock paid in cash when they retire.

The actual amount of shares allotted to the ESOP is a function of the profits, said Mr. Mazzeo, personnel director.

In addition to the ESOP, employes get an incentive bonus which is paid monthly, and a semiannual profit-sharing program. The profit-sharing plan is subject to the approval of the 13-member board of directors, which includes two union representatives and a third union appointee.

Hyatt-Clark employes also get the voting rights attached to the stock in the ESOP, which means a voice in the running of the company.

Employes who were members of General Motor's pension plans before the acquisition are still members, but will not pay any further contributions, said Mr. Mazzeo.

Under the terms of the sale, General Motors also agreed to purchase approximately $100 million in goods from the company annually for the next three years. Hyatt-Clark presently produces tapered ball-bearings that are primarily used in rear-wheel drive automobiles.

Mr. Lowenstein, who is chairman of the board, said current projections indicated that the plant would be profitable in the first year because of operating improvements.

An initial feasibility study found the company could survive with fewer employes earning less. At the time of the acquisition, the payroll was cut to 900 from the 1600 employed originally.

The purchase of the company was also conditional upon the employes accepting a 25% to 30% cut in pay and benefits, said Mr. Howell, president and chief executive officer. He said this would be made up with incentive plan payments and also by a money fund type of pension plan.

Under this program, which has not yet been finalized, Mr. Mazzeo said the company will pay 50 cents in a money fund for every hour worked per employe up to a maximum of $2,000.

"Whereas we hope we can get all the pay cuts back, there is no guarantee of that," said Mr. Howell: "It will depend on performance and profitability."

He said most of the loans would be paid off within 10 years, and all within 20 years time.

According to Marshall Sokol, who operates a cash management consultancy headquartered in White Plains, N.Y., the advantages of ESOPs are giving them widespread use among corporations.

"There is every reason for Hyatt-Clark to survive better because of the improved cash flow, tax advantages, leverage, and credit-worthiness of ESOP financing techniques," he said.

Mr. LONG. Mr. President, I am pleased to see that the Senator from New Jersey is on the floor. The Senator from New Jersey discussed the matter to which I have just referred with me. I have been doing all I could to try to encourage the Government to cooperate in every way possible to help these employees to work together, to save this payroll. and also to save these jobs.'

Mr. BRADLEY. Mr. President, I say to the distinguished Senator from Louisiana that this is a very enlightened move on the part of labor and management. This ESOP plan is absolutely essential to the ultimately successful outcome. I agree with everything that the Senator has said and commend him for his continued leadership on the issue. I think if we can demonstrate more and more that employee stock ownership plays an enormously important part here, we might have a formula for increased productivity as well as increased jobs.

Mr. President, I thank the distinguished Senator from Louisiana for calling the Senate's attention to an important achievement by workers in my State. As he correctly described, the employees of a General Motors roller bearing plant in Clark, N.J., recently saved the plant from closing by buying it through an employee stock ownership plan (ESOP).

Their efforts at self-help are particularly welcome at a time when a weakening economy is placing increasing numbers of businesses on the brink of failure. If the Clark plantworkers are successful, their achievement could write a chapter in the history of industrial relations in this country. GM's chairman has called the Clark venture, "a milestone in American labor relations." I hope the administration and my colleagues will encourage at every opportunity the kind of self-help efforts made by the employees of the Clark plant.

Let me briefly review the facts concerning the employee takeover.

After GM announced plans to sell or close its rollerbearing plant in Clark, N.J., the plant's employees came up with a plan to purchase it. Each worker contributed $100 to pay for a feasibility study on purchasing the Clark plant through an ESOP. Using this study, the workers laid out a plan for raising capital to buy the company and to finance the necessary business adjustments. GM accepted the workers' offer and agreed to a continuing business relationship with the new company.

On October 31, 1981, a new employee-owned company was incorporated as Hyatt Clark Industries. Each worker holds an equal share of the stock. They plan to create Japanese-style quality control. The new worker/owners have taken an average 25-percent cut from their former salaries.

Their bold plan has saved some 800 of the plant's 1,700 jobs so far. They are trying to line up business to permit an increase of employment to 1,220 in the near future. The company has a fighting chance, largely because of the wage cuts and continued supply relations with GM. With success in the long run, employees can make up these cuts through bonuses and higher stock values. For now, at least they have jobs, they have hope and they have a goal.

But to make it work, they must make new investments and produce changes. This requires financing. They need assistance. I believe EDA, for example, can held them through its economic adjustment program. If Clark workers succeed, worker ownership could prove an important American weapon against unemployment and community disintegration. It could also serve as a tool for increasing productivity and growth.

Industries throughout this country face strong challenges from their overseas competitors. They are under great pressure to modernize their plant and equipment, invest in new technology and processes, improve productivity and product quality and lower prices. Making these changes under normal conditions is difficult; making them in the midst of a recession can be impossible. But failure to make them can lead to defeat in the marketplace. The problem is further exacerabted during recession because weak economic activity forces American industries to cutback and restructure their operations. If they do not do this successfully the alternative often is to shutdown.

Worker takeovers of companies on the brink of closure offer new hope for sustaining basically sound companies through hard times. I believe, under the proper conditions, worker takeovers can also provide a basis for making companies more competitive.

Mr. President, employee stock ownership arrangements offer a promising ap-

proach to many of our industrial problems. We should watch developments such as the Clark plant operations under worker ownership for lessons that may help us to improve our economic future. I commend the Clark workers for their courageous experiment and offer them my continuing encouragement. I also thank the Senator from Louisiana for his kind remarks and for his eminent leadership on the subject of employee stock-ownership plans.

ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that there now be a period for routine morning business not to exceed 20 minutes, in which Senators may speak for not to exceed 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNPRECEDENTED DEFENSE WASTE

Mr. HATFIELD. Mr. President, for the balance of this year I have attempted to draw to the attention of my colleagues the serious budgetary dangers involved with the massive rearmament program we have embarked upon.

The dangers are numerous. They involve, to name only a few, co-opting of credit markets by a Federal Government financing the largest long-term defense buildup in the Nation's peacetime history. They involve the insidious problem of the United States paying for increasingly sophisticated weaponry—weaponry plagued by unprecedented cost overruns, questionable technical proficiency, and a resulting dangerous loss of military preparedness.

I have argued that, because we seem mesmerized by sophisticated weaponry and willing to pay any cost for it, military procurement is slowly strangling funding for readiness, spare parts, manpower, and the other vital components which form the true heart of any nation's defenses.

Mr. President, we are about to enter the most difficult economic year this country has faced in many decades. The success of our program to bring Federal spending—all Federal spending—under fiscal control will be measured by the willingness of the President and the Congress to admit what the rest of the country is rapidly beginning to understand. We can no longer claim that budget control can be achieved without forcing the waste and inefficiency out of a belated defense budget, and cutting back on entitlement programs. If these two as yet uncontrolled areas of Federal spending are not soon leashed, we will be so desperately lost in unprecedented budgetary deficits that the economic recovery—and very stability—of the Nation will be gravely imperiled.

I ask that one of the finest, in-depth journalistic series in recent years be printed in its entirety in the RECORD. This series, published this month by the Chicago Tribune, is a fascinating and illuminating analysis of the complex military problems we must come to grips with in the coming year.

I commend it to my colleagues, and draw their particular attention to the concluding editorial which is a strong and cogent denunciation of present spending practices in the Department of Defense, practices which the Tribune calls "a scandal of appalling proportions."

I ask unanimous consent that this editorial be reprinted in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Chicago Tribune, Dec. 6, 1981]

REARMING AMERICA: IT'S GOING TO BE EXPENSIVE . . . AND IT MIGHT NOT WORK

(By James Coates and Bill Neikirk)

WASHINGTON.—President Reagan's $1.475 trillion plan to "rearm America" threatens to spawn another round of double-digit inflation and a new generation of expensive weapons that often don't work under battlefield conditions.

The buildup, averaging $15,750 for every individual taxpayer over the next five years, will force some painful trade-offs on the country—more arms and fewer consumer goods, higher prices and less productivity—according to experts.

At the same time, a Tribune investigation found, the Pentagon's weapons-producing system is beset with costly flaws and procedural disarray, raising questions about whether the new hardware will be good enough to defend the country.

The Reagan rearmament is taking place at a time when the military owns far fewer weapons than before. In 1956, the Air Force had 24,500 airplanes; today, 7,000. In the same year, it had 1,900 long-range nuclear bombers; today, slightly more than 400.

Also in 1956, the Air Force had 3,480 "air superiority" fighter jets and today has 661 F-15 and F-16s. The Navy in 1956 had 1,300 ships but today only 450. The Army produced 10,000 tanks in 1956 and only 750 this year.

Against this backdrop, some startling problems arise.

While weapons decline in number, the Pentagon has a record 200 major weapons systems under development. Deputy Defense Secretary Frank Carlucci concedes that the nation has too many weapons systems. Sen. Mark O. Hatfield (R., Ore.), chairman of the Senate Appropriations Committee, says many will never be built.

The Pentagon's notorious cost overrun problem has grown much worse in the last five years, with weapons costs doubling. If recent experience prevails, the $500 billion designated to buy weapons could easily climb to $1 trillion in five years.

Despite rising costs, the U.S. may not be getting its money's worth. Analysts in and out of the Pentagon bemoan today's emphasis on complicated weapons which they say may fail in the mud and heat of battle when outnumbered by Soviet weapons.

Many economists warn that the pressure put on the economy by heavy spending on weapons could return inflation to double-digit territory.

The defense industrial base, a collection of hundreds of firms supplying the military, is probably in its worst shape in history. Aging machinery and fewer companies will worsen cost pressures.

The buildup will accelerate purchase of foreign goods, benefiting employment in Japan and Europe and harming the balance of payments.

A severe shortage of technical manpower, especially engineers, to build weapons will raise costs.

As a direct result of the buildup, the United States will increasingly become the arms merchant of the world, with advanced weapons going to the volatile Third World in greater numbers.

The economic implications of this buildup fall into two distinct categories—one relating to its overall economic impact and the other to a weapons procurement system that almost every outside expert agrees is out of control.

How big the buildup finally will become is highly debatable. The administration contends that as a share of Gross National Product (GNP), the broad measure of economic output, defense spending is lower now than it was in 1965 before the intensification of the Viet Nam War. In addition, it says, spending is spread over five years and therefore will not be inflationary.

But the Reagan contention neglects how the buildup will occur. The Senate Appropriations Committee said it is the largest buildup since World War II when measured in terms of 1982 dollars.

Furthermore, the Reagan buildup differs fundamentally from others in the nation's history. It is a campaign to produce new and advanced weapons more than anything else, and therefore it will put a heavy strain on a specific sector of the economy.

"There is a substantial difference between the need to produce arms and pay soldiers to fight a hot war and a peacetime effort to boost defense capabilities," said Gary Wenglowski, chief economist for Goldman, Sachs & Co., in New York.

It is this difference that prompts fear of inflation.

In a study of the Reagan plan, Wenglowski said the Pentagon would increase spending on weapons by 14 percent above the inflation rate over five years.

This far surpasses Viet Nam's hardware buildup and is bound to be inflationary, especially in the high-technology areas where much of the new spending will occur.

Almost every economist agrees the Reagan plan will cause some inflation, but they don't agree on how much.

Instead, he said, the cuts will be made in standard equipment for fighting forces: ammunition, fuel for training flights, expensive weapons for combat training, and "the whole gamut of items that can be reduced quickly in the face of a budget squeeze."

The result of the Reagan rearming "may well be to leave our armed forces with too small a quantity of very high-priced weapons and with reduced readiness and less capacity to deploy, use, and maintain them in combat," he said.

Beyond that, analysts said, the entire procurement process is characterized by an institutional dishonesty designed to get extremely costly weapons systems approved before the truth is known.

Jacques S. Gansler, a former deputy assistant secretary of defense and now a vice president of the Analytic Sciences Corp., said that defense contractors are permitted to make unrealistically low estimates when bidding on weapons systems.

This practice is called "buying in," and every major contractor does it with the consent of the Defense Department. "Everyone—from the industry to the Defense Department and Congress—is aware that the numbers are overly optimistic," Gansler said.

Once the contract is won, the competition tends to stop. The prime defense contractor then turns to sole sources for material, supplies, and parts. Only in about eight percent of the cases is military contracting competitive.

This far surpasses Viet Nam's hardware buildup and is bound to be inflationary, especially in the high-technology areas where much of the new spending will occur.

Almost every economist agrees the Reagan plan will cause some inflation, but they don't agree on how much. The degree of inflation

hinges on many factors, not the least of which is whether the civilian economy is booming or in recession during the maximum buildup in 1984 and 1985.

Robert Gough's prediction of a 2.5 to 3.5 per cent inflation increase is based partly on an estimate that industry has not invested sufficiently to meet the defense requirements.

In an era of tight money and high interest rates, many economists fear the Reagan defense plan will soak up investment funds from the economy used by civilian companies. There is only so much money to go around in a tight-money market.

Many fear that the rush of capital into the defense industry will raise interest rates for others, forcing them to forgo needed investment to modernize their companies. That, in turn, will make the U.S. less competitive in world markets.

"If we're going to have an age of defense step-up, we'll lose our competitive edge, vis-a-vis Japan and Germany, if we allow them to maintain their one to four per cent share of military spending to GNP," said Otto Eckstein, a former Johnson administration economist.

In short, the analysts say, the rearmament could lead to a less productive U.S. economy with more expensive goods in the civilian sector. It is investment in civilian plants, not defense enterprises, that creates the efficiency needed to keep pace with other countries.

George Berman, president and chief executive officer of Unitrode, Inc., a military subcontractor in Lexington, said the arms buildup lowers the standard of living because the wealth poured into the weapons is not used over and over again.

Another side of the defense debate deals with cost overruns. Charles Shultze, former Carter administration economist, said the investment in huge weapons systems would ultimately weaken the nation's defenses.

When the overruns begin, Schultze said, an effort will be made to slash them in the name of controlling the budget.

Once the contract is won, the competition tends to stop. The prime defense contractor then turns to sole sources for material, supplies, and parts. Only in about eight per cent of the cases is military contracting competitive.

"Buying in" is only one of many practices that analysts say must be corrected to bring some sense back to the military procurement business.

But reform is not easy, and many analysts believe there is one good reason why.

Weapons systems often are built through efforts of the "Iron Triangle," a loose affiliation among congressmen, selected companies, and Pentagon officials who favor a given weapon for profits or political reasons rather than its military effectiveness.

House Majority Leader Jim Wright (D., Tex.), for example, bragged to his Ft. Worth constituents that he had "personally appealed" to the House Armed Services Committee and won reinstatement of the F–111 fighter and the A–7 attack plane after the panel had decided these weapons were no longer needed.

"General Dynamics, Bell Helicopter, Vought Corporation, Menasco, and others have a strong, effective advocate," read one Wright ad in the Texas Jewish Post on election eve.

"More than once both GD's F–111 and Vought's A–7 aircraft were left completely out of the defense budget," the ad said. "Jim Wright personally appealed to the House Armed Services Committee and turned the vote around, putting both weapon systems back in the budget—repeatedly."

A study of General Dynamics by the New York-based Council on Economic Priorities noted that between 1970 and 1979 there were 239 military and civilian Defense Department employees who left the Pentagon and joined the GD payroll in Ft. Worth and elsewhere. During that time 32 GD executives left the company and took jobs as top Pentagon executives.

Deputy Defense Secretary Frank Carlucci surprised many industry insiders at a meeting of the elite "Old Crows" club, made up of major arms industry executives here, when he warned the businessmen they were risking national security.

Efforts to press for favorite weapons systems are raising costs, Carlucci warned. He then told the contractors: "We must all lift our sights and think of more than our program or weapon system. We must think of national objectives."

The revolving door through which many "Old Crow" members have passed at least once from the Pentagon to the board room creates "constituencies" for weapons systems, say such experts as Norman Augustine of Martin Marietta Corp.

Dr. James Wade, the No. 2 engineer at the Pentagon, cited the Patriot missile as an example of a weapon that enjoys a constituency. The Patriot, a truck-borne ground-to-air missile, has been in research and development since 1962, Wade noted.

During that time, the missile has been designed with various guidance systems as both the technology advanced and the Soviet threat changed.

To date the Pentagon has spent nearly $8 billion developing the missile, including an additional $1.7 billion last year. In announcing additional spending, Pentagon officials said they would buy only 18 of the missiles instead of 24 this year to "stretch out" production until further tests are finished.

Meanwhile, Wade acknowledged, the Army has spent $7 billion for a missile that is not yet in use.

"We have to get the costs (of weapons) under control and demonstrate we are buying them efficiently," said Wade. "Otherwise we are going to lose the support of the American people.

"If we lose that support," he added, "we are going to lose the national security, too."

PENTAGON: GOLD GOES IN, BRASS COMES OUT

WASHINGTON.—The Pentagon, an appropriately gray and hulking behemoth of a building rising out of what once was a swamp on the Potomac River, is the nerve center to the 2 million uniformed military people and 300,000 civilians who make up the Defense Department.

From its Command Communications and Control Center, sunk deep into the Appalachian bedrock below the five-sided building, to the Pentagon's blue halls on the fourth floor, roughly 25,000 generals, admirals, privates, airmen, pilots, janitors, and others keep the world's second-largest military establishment humming.

These people will spend $208 billion next year buying weapons, designing atom bombs, training recruits, and otherwise defending the United States under the guidance of Caspar Weinberger, the current defense secretary.

And so "the Pentagon" has come to symbolize the Army, Navy, Air Force, Marine Corps, and civilian bureaucracy that administers and spends the defense budget. Over the next five years, if President Reagan's plan to "rearm" America is implemented, the average taxpayer will have contributed $15,000 to support the Pentagon.

DEFENSE OVERRUNS START WITH FAT ON PASTRAMI

WASHINGTON.—Though the causes of the Pentagon's multibillion-dollar annual cost overruns are often complex, sometimes they are as simple as a $15 pastrami sandwich or the Air Force's custom flashlight.

Rep. Les Aspin (D., Wis.), long a critic of Pentagon programs, documented the costly sandwiches served in Defense Secretary Caspar Weinberger's personal dining room.

Aspin obtained a copy of the menu at the Pentagon galley, where only Weinberger and 100 other top officials are permitted to lunch. He noted that it offered broiled Delmonico steak for $3.55, a choice of mushroom soup or "cold peach soup with limes" for 55 cents, and a hot pastrami on rye with coleslaw and potato chips for $2.

Invoking his congressional powers and the Freedom of Information Act, Aspin learned that the Pentagon had spent $313,588 for staff salaries and food at the VIP dining room.

Furthermore, reported the manager of the Secretary of Defense Mess, 26,004 meals had been served there in 1980; spending $313,588 to serve 26,004 meals averages about $12.06 a meal.

Aspin complained that "for a hot pastrami sandwich this is a wee bit steep—no matter who you get to dine with." He urged Weinberger to "start his hunt for Pentagon waste right at his own lunch table, where a meal built around a pastrami sandwich costs $15."

Aspin obtained the $15 figure by adding the average cost per meal actually paid by Weinberger and associates—$2.87—to the $12.06.

The tale of the Air Force flashlight was disclosed by James Fallows, author of the controversial book "National Defense," which an Air Force official recently charged is part of a plot to "reorder" U.S. defense policy.

Fallows recalled that when the late Gen. Curtis LeMay was Air Force chief of staff, officers decided that pilots needed a more reliable flashlight to read maps in the cockpit.

A committee was formed to design it, and one member decided that the flashlight should have a button to turn it on and off rapidly so it could double as a signal flashlight to send messages.

Another expert decided it should have a red lens as well as a clear one so pilots could read maps without lessening their night vision.

Then, Fallows said, it became necessary to design the flashlight to meet "military specifications" so it would work in the Sahara or at the North Pole.

Next, it was decided the flashlight should be a "Tri-Command Flashlight" to be used jointly by the Strategic Air Command, the Tactical Air Command, and the Air Defense Command.

"All added their requirements," Fallows said, quoting a retired colonel familiar with the program. "By that time, the thing was so huge that you couldn't fit it in your flight suit—hell, if you had to bail out, you'd never take it with you, so what was the point of all the sign flashing or the heat and cold requirements?"

Ultimately only 100 of the flashlights were produced and they were stored at Andrews Air Force base near the Pentagon.

One night, Fallows continued, LeMay himself was at Andrews and noticed the stacks of flashlights as he was preparing for a flight.

LeMay opened the airtight wrapping of one, pressed the button, and nothing happened.

"So they peeled the airtight wrapping off one of them, got out a new battery—and it just wouldn't work," the colonel told Fallows.

A third was tried, but the button wouldn't function. Finally, one was made to work "but that was the end of the Air Force flashlight," he said.

Today pilots use a $1.50 Japanese-made flashlight sold at most drugstores, several pilots said in interviews.

[From the Chicago Tribune, Dec. 7, 1981]

CHEAPER JETS SHOOT DOWN CLAIMS FOR NEW MODELS

(By James Coates and Bill Neikirk)

LAS VEGAS, NEV.—In the shimmering blue skies north of here, nine miles straight up over Dog Bone Lake, the Navy's admirals and the Air Force's four-star generals received a nasty surprise. Their "magic airplanes" let them down.

The proud "air superiority fighters," F–15s and F–14s costing upward of $30 million apiece, had been fought to all but a draw by a comparatively crude $4 million airplane, the F–5 that Northrop Corp. builds for export to small countries.

What happened above the Nevada desert in the late 1970s in hundreds of simulated-combat tests has triggered a major debate over whether the United States is sufficiently protected by its high-technology weapons.

The debate is sometimes called "quality versus quantity" at the Pentagon. At issue is whether the U.S. is choosing small numbers of very advanced and astronomically expensive devices, like the F–15 Eagle and the F–14 Tomcat, that can be overwhelmed by larger numbers of simpler and far cheaper weapons wielded by an adversary.

A growing number of critics in the Pentagon, Congress, and the defense industry warn that problems of reliability may arise from the way weapons are acquired. This procurement crisis, involving hundreds of billions of dollars, threatens to add significantly to the cost of weapons and to increased inflation pressures already caused by the administration's defense building.

The grueling battery of jet fighter tests, called ACEVAL AIMVAL, indicated that the military and its congressional supporters woefully overestimated the new airplanes' effectiveness against the cruder aircraft they probably would encounter in a pitched battle, said retired Air Force Col. Robert Fay, who helped design the test.

The implication of such tests, suggest other analysts such as warfare specialist Pierre Sprey, is that if the high-technology airplanes fail, there is an equal danger that other "state-of-the-art" weapons—modern tanks, computer-guided missiles, laser-aimed guns, and the rest—also may fail in the chaos, mud, and fear of combat.

Fay told The Tribune that when he first met at the Pentagon with commanders to plot ACEVAL/AIMVAL, the Joint Chiefs of Staff had obtained a computer study predicting that either an F–15 or an F–14 could down 74 less complicated jet fighters before itself being "killed."

That prediction became a hollow joke five years later when the mock battles were over and after many of the pilots who flew F–5s and F–15s and F–14s against each other had become lifelong enemies because of the intense competition they endured.

After flying hundreds of dogfights against inferior airplanes, the Eagles and Tomcats had averaged only 2.5 kills against F–5s before themselves being shot out of the air, Air Force reports to Congress indicates.

The Air Force is reluctant to discuss ACEVAL/AIMVAL. A Tribune reporter, originally assured that Pentagon officials would grant interviews at Nellis Air Force Base here, was turned away by base officials.

"You are really talking about something that can get a lot of people in trouble," said one former F–15 pilot. "There is a lot of debate about whether the tests were fair. We were told to expect a kill ratio of 50 or 75 to 1 and you know damn well that didn't happen," he said.

Franklin C. Spinney, author of one key ACEVAL/AIMVAL analysis, concluded that the main lesson learned in spending roughly $100 million on the tests is that human spirit and cunning are often more important than the quality of weapons.

In a briefing entitled "Defense Facts of Life," Spinney shows commanders and other audiences a series of 87 slides using the F–15 and F–14 to illustrate what can happen if the country becomes too reliant on "magic" high-technology weapons.

The point Spinney emphasizes is that regardless of whether the weapon is a tank, a ship, or even a rifle, the more complex it is, the more likely it is to fail in the "friction" of battle.

"Friction is bad weather during the Battle of the Bulge, contagious panic in France in 1940, an empty prison at Son Tay (where U.S. commandoes failed to rescue Viet Nam war prisoners), and the dominant characteristic of the Iranian rescue mission (scrapped when helicopters and planes failed)", says Spinney.

Commanders often draft plans based on absurd assumptions about the effectiveness of some weapon, the Pentagon analyst charges.

For example, Spinney ridicules a chart used by the Air Force weapons branch to persuade the Joint Chiefs to buy a missile called AIM–82. The chart asserted that an F–15 with an AIM–82 missile would enjoy an exchange ratio of 955 to 1 in combat with a Soviet MiG.

"In other words," said Spinney in his slide briefing, "for every F–15 lost, this analysis predicted that we would shoot down 955 enemy fighters. Now recall that the F–4 (a much less advanced jet) achieved 2-to-1 in Viet Nam, so 955 to 1 represents a rather revolutionary improvement."

After the claim was challenged, the Air Force decided "at the four-star level" not only that the 955 kill ratio was absurd but also that the AIM–82 wasn't worth building, said Spinney.

But Spinney warned that such exaggerations are seldom corrected before a weapon is built. "What might normally be put into the category of pure hyperbole acquires the aura of scientific reasoning and 'brilliant weapons' do seem plausible," he said.

The ACEVAL/AIMVAL test may predict the sorts of problems the rest of the military can expect, says Spinney. While the Army and Navy were decreasing the number of their weapons during the last decade, the Air Force devoted much of its energy to building the fighter wings of the tactical air branch.

So, said Spinney, the problems facing the F–15 today may be smaller to those facing the $3 million-per-copy XM–1 main battle tank, the $1.2 billion per copy Aegis fleet defense cruiser, and other "state-of-the-art" weapons in a few years.

President Reagan's $1.475 trillion, five-year arms buildup will bring the same sort of acceleration to the Army and Navy high-technology programs that the Air Force already brought to the fighters. Spinney noted that in 1980, tactical air was reeciving 58 per cent of the Air Force budget.

Since Viet Nam, spending on tactical airplanes has increased 10 per cent annually, said Spinney.

An F–15 now costs roughly $27 million, according to the latest Pentagon "program acquisition report." The F–5s, acquired by the Air Force to fly against the F–15s in ACEVAL/AIMVAL, cost $4 million each.

How did this relative bucket of bolts, the F–5, make such a good showing against the $3 million F–15 and the $35 million F–14?

"They just did not consider the human element, the man in the loop," said Fay. "Wars are fought and won not by weapons but by the decisions and sacrifices of people," he said. "Wars are also lost by people. People become terrified, confused, and lost in the horrors of battle."

Fay recalled how in arranging the tests he had difficulty finding veteran pilots willing to fly the F–5s against the new F–15s and F–14s just then coming on line at the Air Force and the Navy.

"We all believed in our airplanes, and nobody wanted to be on the losing side," recalled one flier who ultimately flew the F–5s as part of the "Red" team simulating enemies.

The F–14s and F–15s were designated the Blue team and flown by a cadre of top pilots who trained for two months at bases around the country, recalled Fay.

One "Blue team" trainer said in an interview at his West Coast home: "We got so we knew every rock, brush, and hill on that desert. We thought we were really going to be ready for those (F–5) guys.

Fay said an unorthodox pilot named Murray Sloans was persuaded to lead the "enemy" squadron of F–5s. "He was the most unlikely looking air ace you could imagine," recalled Fay fondly. "He was bald-headed, pot-bellied, and bandy-legged, but he could drive airplanes."

During the coming months and years, the pilots in the F–5s came to rely on unorthodox techniques to defeat the magic planes and missiles used in today's air wars.

One maneuver that proved particularly effective against the superplanes was a parody of the famous "thunderburst" pattern flown by such air show entertainers as the Blue Angels.

In this movement, said an F–15 pilot, the F–5s would swoop up near a group of four F–15s, and then at the last minute, each plane would veer off in a different direction.

"Now that is not the kind of flying that anybody would dare try in a real battle, where screwing around could get you killed, and it really confused the guys who were flying 15s by the book," said the pilot who helped train the Blue team.

"The trouble with tests like this is that nobody is really risking their life, so they will try things that nobody would dream of if his life were really at stake," said this expert. "Being unafraid to 'die,' Murray's guys could pull off their thunderburst pattern and 'kill' us," he said.

But Fay has concluded that the tests really illustrated that human weaknesses will always limit the effectiveness of war machines. He noted that the key to the test was complexity.

One maneuver that proved particularly the big planes," he said. "The 14s and the 15s could score a kill nearly all the time."

"But as the numbers went up, such as two F–5s against one F–15 or four F–5s against four F–15s, the picture changed dramatically," said Fay. "Suddenly all the magic weapons were failing."

Other analysts of ACEVAL/AIMVAL, such as Spinney, have concluded that the complex radars and other systems in the big planes became confused as the number of combatants increased.

As a result, the read-out on the pilot's "heads-up" display screen in the cockpit became more confusing than the flier could cope with, and the only way he could continue was simply to look out the cockpit window.

"Once you are looking out the window it doesn't matter all that much what plane you're flying. Then it comes down to two platforms carrying roughly the same missiles and other weaponry," said Fay.

So in the minds of critics such as Fay the weapons that look good in the computer runs and on paper fail to live up to their billing.

One "Red Team" flier who flew more than 600 missions in Viet Nam recalled how F–5 pilots worried that the advanced F–14 and F–15 would be devastating.

Among the devices the F–5 fliers feared was the "off-bore sight" in the F–15 that allows the pilot to fire and guide the missiles by looking through a sight built into his helmet.

This "evil eye" missile, however, proved slower than the ordinary heat seeking and radar-guided Sidewinder missiles carried by the F–5s, the flier said.

"Sometimes our 15s were killed by a missile

fired (from an F–5) after the 15 fired his," said the pilot ruefully. Spinney has noted that the Sidewinders cost as little as $10,000 apiece while the helmet guided missiles cost roughly $150,000 each.

At the Pentagon, Dr. James Wade, deputy director of research and development, discounted suggestions that the high-technology airplanes proved inefficient in the tests.

Instead, Wade argued, the tests restricted the F–15 and F–14 plots from using some of their most potent weapons, especially missiles that can be fired at an enemy plane from beyond visual range (BVR).

Using such weapons, the superplane would have fared better, said Wade. Instead, he said, the unorthodox antics of the F–5 fliers took advantage of the superplanes.

In a description of the tests prepared by the Pentagon for The Tribune officials working for Wade said:

"The Red Forces (F–5s) tended to make the decision to attack beyond visual range and without sophisticated radar thereby considerably biasing some outcomes by avoiding engagements not clearly in favor of Red Forces.

"Red tactics exploited weakness of the Blue System (F–15s)," the Pentagon experts added.

Such shortcuts would be less likely in a real battle, said Wade.

However, he acknowledged that well laid plans often go wrong when put into action.

"Yes," said Wade, "I agree that our equipment and personnel are subject to Murphy's law ('What can go wrong will go wrong'). But I would remind you that Murphy's law also works behind the Iron Curtain."

IS ARMY ON THE WRONG TRACK WITH ITS NEW TANK?

WASHINGTON.—The monster tank rolled off a truck and into an exhibit hall of the Shoreham Hotel, where proud Army officers smiled at what wonders modern technology had wrought.

All was well until the soldier operating this machine put on the brakes. The tank kept going, stopping only after it had struck a Swedish military truck nearby, said a businessman who attended the trade show.

This is the XM–1 Abrams main battle tank, the turbine-engine, laser-gun killer that is supposed to be the apple of the Army's eye. To many critics within and without the Pentagon, it is a lemon.

Such embarrassing breakdowns keep happening to the tank despite the Army's continued assurances that most of the flaws have been corrected. Critics say the tank is neither safe nor effective.

The XM–1 tank is criticized as a costly gas-guzzler that is too heavy to transport and to cross the bridges of Europe, with an engine so hot that it burns nearby trees and attracts heat-seeking missiles. Furthermore, it has a history of breakdowns that tarnishes its reputation as the world's fastest tank.

The tank's latest problem involves the hydraulic fluid in the system that turns the turret and other parts. In tests this year, the tank twice suffered fire damage after a high pressure hose burst.

The fluid was supposed to be fire-resistant, but that turned out to be false, according to a report obtained by The Tribune. Its burn point was 216 degrees and its flash point 425 degrees. The engine has temperatures anywhere from 900 to 1,300 degrees.

"Any conception that its (the fluid's) use makes the Abrams tank fireproof is in error," the report said. "A substitute, more fireproof fluid should be used. As an interim solution, this hose should be shielded to divert any spray away from the hot engine."

To the Defense Department analyst and consultant who asked not to be quoted by name, the fluid leakage incident meant that the tank's fire extinguisher system failed to do its job and put out the flames.

In the 1973 Israel-Arab war, he said 300 Israeli tankers were killed because of hydraulic fluid burns. The M–60 tank—America's current main battle tank—was involved in that war, he said, but it only points out how important the fluid is.

But this is not the only problem found in the recent operational test. The report reads like an American tragedy called the Crisis of Quality:

The knob on the gunner's primary sight fell off under normal use because the "snap rings holding the knob on are insufficent." For want of a knob, the gun can't be aimed.

Cables came loose in the commander's weapons panel, causing a short. Switches on the computer panel stuck. Indicator lights failed. Metal in the gear case cracked under normal use.

The final drive train must be disconnected with a 15MM metric wrench, which is not in any ordinary mechanic's tool kit. Without it, the tank can't be towed and the engine can't be pulled out.

"Since the bolts are countersunk, an adjustable wrench cannot be used," the report said. "This is a significant maintenance burden. . . ."

Compared with other criticism leveled at the tank, made by the Chrysler Corp., these are minor.

Although the tank is supposed to go from zero to 50 miles per hour within a few seconds, it uses 3.8 gallons per mile. In the latest operational testing, it went 43 miles before it had to undergo maintenance.

The defense analyst said it fails about five times as often as the M–60, and when it fails, it take an average of nearly three hours to fix it.

The tank had an early problem of throwing its treads. But the cure turned out to be worse than the disease. The treads were tightened, increasing the gas consumption. But when the tightened treads were thrown, they went to the inside, making the final drive fail, a much more serious problem, the analyst said.

In development tests conducted over the last summer by engineers, it was found that only 21 per cent of the tanks could survive 4,000 miles without an overhaul on the engine, the gear box, transmission, or final drive. The Army's required percentage was 50 per cent.

At the same time, in the same test, for every hour the tank operated, it took 1.7 hours for maintenance, well above Army requirements. In an operational test conducted by mechanics, it actually took 2.9 hours for maintenance for every hour of operation.

The M–60 tank, on the other hand, requires 40 minutes for maintenance for every hour of operation.

The tests also cited several hazards, including an automatic door housing the ammunition. It seems soldiers keep getting their fingers caught in the door.

The defense analyst said the Army is in the midst of an $800 million improvement program of the tank's armor because an unspecified round had penetrated it. "Remember, this is the magic armor that is supposed withstand all this stuff," he said.

He said it appears the round that penetrated the armor was a more primitive type that rams through the steel by force of velocity. More modern rounds melt their way through the armor, but the M–1 as been designed to prevent that.

"The old-type hard shots are what it doesn't work against," he said.

"The armor is thinner at the rear of the tank," he said. "That means that simple infantry rounds—hand-held rockets if you will—will go through the rear of the tank more easily than the M–60."

Further, he said, if the "new" armor is penetrated, it tends to crumple, and a whole panel has to be replaced. In other tanks, a hole in the armor can merely be plugged and the tank can go on its way.

The commander's 50-caliber machine gun is difficult to aim because of power control problems, the analyst said, and another machine gun is fixed in the same direction as the main gun. A third gun is mounted on a ring, he said, but "the mount keeps breaking off."

Machine-gun effectiveness is highly important to a tank, he said, because it "cleans" a battlefield of enemy soldiers who could otherwise disable it.

Critics claim that the M–1 tank has never been battle-tested in the sense that it has never been fired upon. That would be one good way to determine its effectiveness, they say. But testing the tank would be expensive. Each tank now costs nearly $30 million a copy.

[From the Chicago Tribune, Dec. 8, 1981]

MILITARY "MALADY" COULD ENDANGER U.S. SURVIVAL

(By James Coates and Bill Neikirk)

WASHINGTON.—They call it "the procurement sickness"—a malady that many analysts of the Pentagon's weapons-buying procedures warn is fueling inflation and endangering national survival.

It is a sickness that threatens to drain dollars from President Reagan's $1.475 trillion defense buildup into expensive weapons that often don't work under battlefield conditions, adding to the cost pressures already generated by rising defense expenditures.

The symptoms of the disease are everywhere:

The XM–1 main battle tank was supposed to cost $1 million per copy but now has increased to $3 million. It burns a gallon of fuel to travel 1,320 feet—roughly a par-four hole on a golf course.

The airplane that is supposed to deliver the fuel-guzzling XM–1 tank to the battlefield is the C5A, notorious for its $4 billion in overruns caused largely by the fact that its wings started falling off. The C5A is the only American plane large enough to carry the XM–1 tank, yet it can carry only two of the monster tanks at a time.

A new armored personnel carrier named for the late Army Gen. Omar Bradley is several inches too wide to fit through the cargo doors of the C–141 cargo plane assigned to carry it to a war zone.

The Division Air Defense Gun (DIVAD) is called the "world's most expensive gun" by Sen. Mark O. Hatfield (R., Ore.), chairman of the Senate Appropriations Committee. Yet DIVAD "failed to hit maneuvering targets" in tests of its mission to destroy Soviet helicopters and planes attacking U.S. ground troops in Europe, he said. It alone was responsible for $32 million in cost overruns last year.

The 1982 military budget sets aside $531 million to build 12 YAH–64 helicopters, designed to drop bombs and fire the yet undeveloped HellFire missile at enemy tanks. Yet, said Hatfield, the helicopter's prototype crashed.

The appropriations chairman called for cancellation of these and several other weapons, charging that building such questionable hardware threatens the economy and national security alike.

"If the proposed massive expenditures on defense are not scrutinized now, we will experience an explosion in costs in the immediate years ahead that will effectively destroy the effort to strengthen the military and balance the federal budget," he warned.

Yet the procurement sickness eats away at federal dollars without any effective reforms. That's because it is a complex ailment resistant to most ordinary measures to control costs.

For example, Hatfield said the Army's efforts backfired when it tried to make the

XM–1 the world's fastest tank by installing a turbine engine like those used in airplanes.

The problem, Hatfield said, is that although the tank can perform like a drag racer in short tests, going from zero to 50 miles per hour in a few seconds, the average tank breaks down every 43 miles and then takes 2.6 hours to repair. Those breakdowns are "making the XM–1 the slowest tank in the world," Hatfield concluded.

Another fact apparently overlooked by the Army is that the turbine engine generates tremendous heat, giving off exhaust at 900 degrees Fahrenheit and above. "Troops cannot walk behind (the tank) and (it) cannot be used in a dry woods," said Hatfield.

Furthermore, Hatfield learned the tank is too heavy for many of the bridges in Europe where it is likely to be used. Finally, he said, some bridges that can withstand the tank's weight are too narrow for it.

Another Republican, Sen. William Roth (Del.), co-author of the Kemp-Roth tax cut-balanced budget measure favored by President Reagan, has warned that U.S. military procurement is so costly and slow that the Soviets are building vast supplies of weapons while American factories turn out only a relative handful.

For example, a Roth study found that the Soviets produced 3,000 tanks in 1980 while the U.S. made only 750.

Yet the procurement sickness eats away at federal dollars without any effective reforms. That's because it is a complex ailment resistant to most ordinary measures to control costs.

The principal causes include:

A system under which contractors are permitted to submit unrealistically low bids on weapons systems, only to run up the costs once they have landed the contract.

Prolonged research and development of weapons systems, where much of the real cost lies.

An overemphasis on "gold-plated" weapons and the best technology available.

A revolving-door relationship between officials in the companies that produce the weapons and officials in the Defense Department, which designs and orders the weapons.

Powerful constituencies that protect and nurture weapons systems. They are in the Pentagon, where some officers dedicate their careers to a single weapon. They are in Congress, where senators and representatives try to protect defense contracts in their districts. And they are in business and labor, where profits and jobs are paramount.

In a written study of flaws in defense procurement, Hatfield used the XM–1 tank to illustrate the problems as the military concentrates on "wonder weapons" but neglects pragmatic questions such as whether the tank can be shipped to where it must fight.

For example, a Roth study found that the Soviets produced 3,000 tanks in 1980 while the U.S. made only 750. The Soviets turned out 11 submarines to one for the U.S.; 30 manned bombers to none for the U.S.; 1,300 Soviet fighters to 650 for the U.S.; 350 Soviet transport planes to none for the U.S.; and 700 Soviet helicopters to 175 for the U.S.

Pointing to high U.S. arms budgets and small outputs of weapons, Roth told a recent Senate hearing: "The Russians have in recent years consistently outdone us in terms of numbers of weapons produced. We have, in effect, been engaging in 'gold-plated' unilateral disarmament. . . . At least in terms of sheer numbers of weapons, we have spent more money and have less to show for it."

Furthermore, Roth said, American arms buying procedures are "too complicated, too lengthy, and, in the end, far too wasteful and expensive."

Wall Street analysts, too, are expressing concern about a dangerous national reliance on "gold-plated" weapons that can be produced only in small numbers while the Soviet war machine churns out far more copies of most hardware.

Wolfgang H. Demisch, a leading defense stock analyst with the brokerage firm of Morgan Stanley & Co., Inc., examined Pentagon buying and concluded that overruns are imperiling national security.

Demisch all but ridiculed Reagan administration officials and congressional figures who debate whether to increase arms budgets by 5 percent, 10 per cent or some other amount.

He noted that a Morgan-Stanley study of 41 major weapons being built by 21 contractors found that each weapon overran an average of 112 per cent. For every dollar the companies promised they would charge, the government was eventually billed $2.12.

"Given that the initial cost estimates are typically off by over 100 per cent, it seems unfruitful to debate at length whether 7 percent or 10 per cent is the most appropriate rate of growth for defense spending," Demisch said.

The companies stand only to profit when weapons overrun costs, he warned. "There is no penalty within the system for failing to meet your cost objectives," Demisch said in an interview.

With only a limited amount of money available to buy arms, the overruns and the trend toward building more advanced—and costlier—weapons forces a large reduction in quantity and threatens security, concede Roth, Demisch, Hatfield, and many others.

"The best illustration (of shrinkage) is the Navy, whose active fleet has fallen from 976 vessels in 1968 to 469 today, while its aircraft inventory has dropped from 9,300 to 6,200," said Demisch. "Air Force and Army reductions have been of similar magnitude," Demisch added.

Dina Rasor, director of the Project on Military Procurement, a taxpayer advocate group, said the problems underscored by today's critics have concerned Pentagon leaders since at least the 1960s when Defense Secretary Robert S. McNamara boasted that he would bring to Washington the cost-management techniques he had developed as president of the Ford Motor Co.

McNamara introduced the "total package procurement" program requiring contractors to agree to a fixed price for a weapon that would take several years to build.

A. Ernest Fitzgerald, a Pentagon analyst involved in Air Force weapons programs, has documented at length how McNamara's "reform" failed, creating the conditions that allowed the Lockheed C–5A Galaxy cargo jet to overrun by nearly $4 billion.

The day McNamara announced the C–5 project, it was hailed as the "miracle of procurement," Rasor recalled.

Fitzgerald, who gained national attention as a "whistle blower" for disclosing the C–5 overruns, has noted in his book, "The High Priests of Waste," that this project shows that weapons procurement is as flawed today as it was in 1966 when Lockheed outbid McDonnell Douglas Corp. and Boeing for the giant cargo jet.

All three companies, Fitzgerald said, set out to produce big jets. Boeing's is today known as the 747; McDonnell Douglas is the DC10. McDonnell Douglas and Boeing built their giant jets for the airlines after Lockheed won the C–5 contract for $1.4 billion.

By bidding $1.4 billion—a sum far below the roughly $6 billion ultimately spent—Lockheed was able to "buy in" on the contract with an offer far less than the real cost.

Such buy-ins are an epidemic today, according to numerous reports such as those of Morgan Stanley and the congressional General Accounting Office which show that nearly every weapon built today has overrun by at least 100 per cent.

The low buy-in bid, followed by an overrun, of course, means that for a given amount of money, fewer weapons can be built. That, in turn, means that the military becomes weaker than the commanders and Congress had promised when the project was approved.

A common reaction to these overruns is to stretch out acquisition, taking longer to build the arsenal. For example, the Army decided to stretch out the XM–1 battle tank by acquiring only 350 this year instead of more than 700 as planned when the tank was priced at $1 million instead of $2.7 million, the current overrun figure.

Analysts also emphasize that political forces play a big role in accelerating arms costs. Congressmen press for some weapons simply because they are built by factories in their home districts.

In the Pentagon and on the staffs of the House and Senate Armed Services committees, people build their careers around expertise on a weapons system.

Defense contractors often are centered in areas represented by members of Congress with authority over arms budgets. For example, it has long been noted that much of the defense industry is concentrated in the South, where states have produced several important Armed Services Committee chairmen.

The Lockheed C–5 was built in Georgia, for example, home of the late Sen. Richard Russell (D.), leading Pentagon supporter. Similarly, much shipbuilding took place in Mississippi, home state of Sen. John Stennis (D), another major Pentagon supporter.

Texas, the home of former President—and Senate Majority Leader—Lyndon Johnson and today's Armed Services chairman, John Tower, boasts the major factories where General Dynamics makes F–16 jet fighters, the Bell Helicopter company produces its wares, and Boeing performs major work on the B–52 bombers and KC–135 tankers as well as many other defense plants.

General Dynamics' corporate headquarters and those of McDonnell Douglas are in St. Louis, providing jobs for thousands in the home district of the House Armed Services Committee chairman, Melvin Price (D., E. St. Louis).

Sometimes congressmen freely admit that they support certain weapons not on their merits but to help their constituents. For example, during the debate over whether to fund the B–1 bomber this year, Rep. Lyle Williams (R., Ohio), made a speech on the House floor saying he wants the airplane "because it would mean over 16,000 jobs for Ohio."

Many defense industry executives leave companies for the Pentagon and then later return to private industry.

A study of this revolving door by the New York-based Council on Economic Priorities found that 1,641 Pentagon workers, usually lieutenant colonels or above, had been recruited to work for 10 major contractors between 1970 and 1979. During the same period, 223 executives of the 10 firms joined the Defense Department.

Such moevment creates "constituencies" for certain weapons, especially those that are extremely complex and probably will require a long time to design and produce—time during which interested parties will have jobs, Rasor said.

James Wade, deputy director of research and engineering at the Pentagon, estimated that it takes 10 years to produce a weapon. The weapon is used in the armed forces for 20 years and gradually retired over the next 10 years, he said.

Most of the jobs spawned by weapons open during the production phase, he noted. "So, yes," said Wade, "I would acknowledge there is some pressure to keep things in research and development by some parties."

"The Congress and the military bear a huge responsibility" for such slowdowns, said Demisch. "Slowing things down is the best way to have a cost overrun."

These tactics also eliminate competition among companies from the weapons-production process, said Rasor. "A lack of competition narrows the industrial base, raises the cost, and lowers the quality of our weapon systems," Rasor said.

"When procurement policies fail, the taxpayer not only loses money but also loses a measure of national security," she added. "The taxpayer has a right to expect weapons that work consistently and that are delivered on time and at cost."

WEAPONS NO BETTER BEYOND IRON CURTAIN

WASHINGTON.—The new Soviet MiG–23 jet fighter has turned out to be as sluggish and bulky as an American F–105. And the MiG's engine belches smoke, often making it a sitting duck in a dogfight.

The Russian-made T–72 battle tank isn't as fast as an old-fashioned American M–60. The Soviet armor isn't very thick, either.

For Pentagon analysts, deeply concerned about whether the United States is becoming too reliant on a small number of complex weapons, take comfort from intelligence reports that the Soviets may be moving in the same direction.

The problem of quality versus quantity apparently exists on both sides of the Iron Curtain.

Copies of one briefing being given to Pentagon officials and others, which was obtained by The Tribune, indicate, for example, that both the jet fighters and battle tanks are giving the Soviets the same type of troubles that beset American high-technology weapons.

This briefing by defense analyst Pierre Sprey focuses on the Soviet MiG–23 jet fighter—one of their best—and the new T–72 tank being built in a factory with more than 2 million square feet of space at Nizhniy Tagil.

U.S. analysts also have noticed that the Soviets are making the more complicated MiG–23 at only two-thirds the rate Russian factories produced the earlier MiG–21 fighters. The 21s now are dispersed to Third World and some Warsaw Pact countries.

The apparent cause of the MiG production problems is efforts to install better radars, more powerful engines, and new weapons including a new type of radar missile, Sprey's analysis shows.

Similar efforts to modernize U.S. fighters have greatly decreased their annual production, Sprey and others have observed.

A similar situation has been noted by U.S. intelligence regarding the Soviet T–72 battle tank. That tank was compared with the American M–60 tank, the weapon produced before the controversial XM–1 was designed.

The big new Soviet tank breaks down 50 to 75 per cent more often than the American M–60. It will only go 15 miles an hour while the U.S. model can sustain speeds of 20 miles an hour in combat. The heavy T–72 also runs out of gas substantially faster than the M–60.

Sprey argues that intelligence reports appearing here indicate these weapons may be encountering the same difficulties under battlefield conditions as the U.S. fighters and the new XM–1 battle tank.

A leading Pentagon expert on weapons design, Sprey compared the MiG's difficulties with those of the main U.S. "air superiority fighters," the F–15 and F–14 which have smoking engines.

In three interviews, pilots who asked not to be identified complained that their plane engines make combat dangerous because they emit smoke.

"Hell," said one flier, "There's a movie out now called 'Final Countdown' where the (aircraft carrier) Nimitz goes back in time to Pearl Harbor Day and all the 14s in the movie smoke."

On Nov. 1 the Air Force acknowledged that it had tried to solve the problem by "tuning down" the F–100 engine used in the fighters. This, in turn, reduced the planes' ability to execute certain aerobatic maneuvers such as entering sudden steep dives.

The "tune-downs" had occurred weeks before the announcement, and the pilots who were interviewed told a reporter they agreed to talk briefly only to express unhappiness over the lack of an announcement.

"We already had a plane they said would exceed Mach 2 just in time to run out of fuel; then they had us flying with some engineer's wish book" for an instruction manual, said one just-retired F–15 pilot.

The big new Soviet tank breaks down 50 to 75 percent more often than the American M–60. It will only go 15 miles an hour while the U.S. model can sustain speeds of 20 miles an hour in combat. The heavy T–72 also runs out of gas substantially faster than the M–60.

The T–72 also can fire only 40 rounds for every 63 fired by the M–60, the analysis concluded.

Sprey's point, also advocated by a growing group of Pentagon critics known loosely as the "military reform caucus," is "there are cheap winners and expensive losers," and a weapon that fails is of low quality no matter what it costs.

For example, Sprey lists 10 major weapons either in U.S. military service now or being developed. He compares them with cheaper weapons that have been available for some time to perform similar chores.

He contrasts, for example, the Swiss-made Oerlikon 35 mm antiaircraft gun, which costs $350,000, to DIVAD, a weapon now being acquired by the Army to fire antiaircraft rounds by radar control. DIVAD, at $10 million a gun, is 30 times as costly, Sprey says.

He also contrasts the 30 mm GAU–8 machine cannon aboard the A–10 attack fighter with the Maverick missile. It costs roughly $1,000 to fire the GAU–8 and $75,000 per Maverick missile, says Sprey.

The A–10 jet itself costs $8 million, and an F–15 E equipped with Mavericks costs $40 million, he estimates. The F–15 costs five times as much as the A–10 for the same mission.

"Are any of the expensive choices clearly more effective?" Sprey asks his Pentagon audiences.

[From the Chicago Tribune, Dec. 9, 1981]

NATION'S ARSENAL OLD, UNDERSTAFFED

(By Bill Neikirk, and James Coates)

At Northrop Corp.'s Rolling Meadows plant where they make radar-jamming devices for the B–52 bomber, an employee who refers an engineer for hiring could win a video tape recorder, a home computer, $1,000, or a snow-blower.

Such is the demand for engineers in the defense industry and such is the problem for President Reagan's $1.475 trillion plan to "rearm America" over the next five years.

Critics argue that the shortage of engineers and other technical workers is symptomatic of a creaky, outdated defense industrial base that will be put under enormous pressure to build the weapons Reagan has decreed.

According to many economists, the result will be bottlenecks, costly delays, more use of foreign goods, diversion of critically needed money away from commercial enterprises, and higher and higher prices.

The skilled-worker shortage and the aging industrial base are two more weak links in Reagan's planned defense buildup, already hampered by costly procurement and by expensive weapons that often don't work as they should.

Skilled workers and efficient machines are needed to produce high-technology weapons, but the evidence indicates the nation doesn't have enough of either. The result will be costlier weapons and intensified inflationary pressures that could spread throughout the economy.

More important, the Reagan buildup amounts to a significant tradeoff for the nation. To produce the weapons for what is considered an adequate defense, the nation may have to settle for less productivity and a less competitive economy. That means a greater reliance on imports—and a weaker dollar.

Lester C. Thurow, economics professor at the Massachusetts Institute of Technology, said the Reagan buildup will draw the nation's best minds into the military sector These people normally would be working in civilian high technology industries, he said.

Unfortunately, said Thurow, the U.S. alone among the Western allies is having a major military buildup. "This creates a major economic problem in the U.S. Its high technology industries will be facing problems not faced by their competitors."

The diversion of capital in a tight-money economy also creates a tradeoff, other economists said. Funds needed to make weapons are drained away from civilian enterprises.

The problem of domestic production going abroad has already hurt the defense industry.

From 80 to 90 per cent of military semiconductors (computer chips) are assembled in the Far East, primarily Singapore, Korea, Hong Kong, Taiwan, and Malaysia, said Jerry Jenkins, a Texas Instruments executive. If the industry were asked to double its capacity, Jenkins said, it would take 12 to 15 months. "That means continuing to do a majority of business in the Far East," he said.

Never have people and machines been called upon to meet such a national defense demand in peacetime, and never has the economy been so unprepared.

It is not merely guns versus butter. It is guns versus machines:

Machines that do a job called vacuum are remelting, essential in the production of high-purity steel, nickel-based alloys, and titanium metals used in airplanes, are already running at full capacity. A greater demand on them will merely lengthen the line and cause delays, said John E. Fogarty, president of Standard Steel Co. of Burnham, Pa.

The machine tool industry itself, deemed critical to increased defense production, has shrunk dramatically over the last few decades, largely because of foreign competition. One industry official, James Gray, president of the National Machine & Tool Builders Association, said the country is relying too heavily on Japanese and German machinery. In a war, he said, parts to fix them would be hard to find.

For the weapons required during the buildup, the Pentagon must rely on government-furnished machine tools. Yet these tools have been allowed to deteriorate and most are more than 20 years old, the Pentagon's Defense Science Board said. This will lead to "high production costs and extended lead times," the board added.

So many foundries have gone out of business over the last decade that it is questionable whether all the castings can be made for the weapons—everything from airplanes and ships to tanks. Ray Walk, executive vice president of Rayan Associates, Inc., of Park Ridge, said there are already bottlenecks in this critical industry.

The production of forgings for airplanes is also a question mark. Now, because of the recession and a slow period of the domestic airlines, this is no problem. But when the buildup begins, some analysts fear it could be. Industry officials interviewed by The Tribune say they can meet the demands.

Even in the nation's vaunted high technology area, problems are appearing. George Berman, chief executive officer of Unitrode, Inc., of Lexington, Mass., which makes computer chips for missiles, said the nation is short of the ability to build logic and memory circuits for military computers.

All these potential bottlenecks will probably bid up prices, several economists said, adding to the Pentagon's own costs and raising prices throughout the economy.

Robert A. Gough, economist at Data Resources, Inc., said he believes the Reagan buildup will add 2.5 to 3.5 percent to inflation by 1985, especially if the domestic economy is performing well at the same time.

Others have not ventured specific inflation forecasts, but almost every economist agrees that the Reagan plan will cause some inflation. The administration itself contends that the five-year buildup will hold price increases to a minimum.

But Gough said that even if the administration succeeds in reducing inflation to about seven per cent by 1984 or 1985, the military buildup threatens to return it to the double-digit range.

Gough blamed low investment in modern machinery. With continued high interest rates, he said, it is doubtful that adequate investments will be made in the next few years.

Even now, he said, "the capacity numbers (the ability of defense contractors to produce weapons) are way overstated. They don't take into account the vintage of the machinery. The quality of that is what is at issue. If you adjust the capacity for the vintage, you don't have the capacity to produce the goods."

But the shortage of labor is also driving up the price of goods.

Dr. Gail Garfield Schwartz, an economic consultant in Washington, said that in studies of small companies in New York and Maryland, a shortage of labor and high interest rates inhibited companies either from expanding their defense business or entering it at all.

"It is appropriate to consider a crash program to train workers in labor-scarce occupations and to prepare youngsters now in school to enter these occupations," she said. "There is ample precedent for such a program, most recently in the post-Sputnik National Defense Education Act."

The American Electronics Association surveyed 671 companies, one-third of the electronics industry, and found they will need 250,000 engineers and other skilled workers over the next five years.

"To meet just the needs of the electronics industry alone, the engineering schools would have to triple their output of electrical and computer-science engineers each year for the next five years," the association said. That does not take into account the needs of other defense-related industries.

Because of the engineer shortage, the Pentagon delayed launching the first military payloads aboard the space shuttle for 14 months.

The association urged the Pentagon to "strengthen the engineering education system upon which its industrial suppliers and military services depend."

Economists like Thurow believe the military's demand for engineers ultimately will take priority, leaving the civilian sector with less talent to create the new products necessary for economic health.

Already the shortage of engineers is igniting an intense "bidding war" for their talents, pushing up salaries in the process.

Not only will these salaries be reflected in the higher price for goods at the subcontractor level, but also they are pushing up engineer salaries in the civilian sector.

Bernard L. Schwartz, chairman and chief executive officer of Loral Corps., a manufacturer of electronic warfare systems, said that the engineer shortage is hurting his business.

Schwartz said the engineer shortage is causing "an inability to keep our systems on the leading edge of technology in response to the Russian threat. We have in Loral a significant number of projects we'd like to investigate, and the customers want us to investigate them, but we can't because of a shortage of electronic staff."

He said the industry will be hard-pressed to meet the challenge of the Reagan buildup.

At Northrop's Rolling Meadows plant, Wallace Solberg, general manager and vice president, said the employe referral program had proved effective in attracting new talent, with more than 1,000 skilled people joining the company in four years as a result. A California defense contractor tried another gimmick—sky-writing—to recruit engineers.

Starting salaries are well into the $20,000 range and in some cases are pushing $30,000.

To many people involved in the defense industry, one of the most worrisome aspects is that the buildup is bound to benefit employment in Japan and Western Europe at the expense of workers in the U.S.

Jack E. Moran, chairman and chief executive officer of Carlton Machine Tool Co. in Cincinnati, said his firm lost out to Mitsubishi, the Japanese firm, in bidding on machine tools for the XM-1 tank made by Chrysler Corp.

"If Japan's oil supply should be cut off and a war breaks out, where do the spare parts come from?" he asked. "There could be a serious interruption of production."

But Moran said he has a deeper worry. When the Reagan buildup produces a glut of orders for machine tools, the domestic industry will not be able to deliver, he said. "Then the government will just go overseas with those orders," he said, raising employment in foreign countries.

Already Japan is the sole source for a key component in the manufacture of semiconductors, so-called ceramic packages, "The implications of this dependence are obvious in the event of a national crisis," the Defense Science Board said.

Ironically, said James Gray of the National Machine & Tool Builders Association, the U.S. government is permitting such orders to go overseas while U.S. machine tool firms are forbidden to sell to socialist nations. Japan in particular gets around the rules and sells to Eastern European countries, he said.

Otto Eckstein, a former economic adviser to President Lyndon Johnson, said the U.S. should counter this problem by forcing Japan to spend more for defense. Otherwise, he said, the U.S. will be placed at a huge competitive disadvantage.

Rep. Les Aspin (D., Wis.), a frequent military critic, said that much of the money now going for defense should be pumped into industrial revitalization.

DRI's Gough said this is "entirely possible" if there is a booming economy, but Elliot Fried, a defense analyst for Shearson/American Express, a New York brokerage firm, said he thinks the aerospace companies can do it.

But Fried had an important addition to that. He said he expected that both Lockheed Aircraft Corp. and McDonnell Douglas Corp. will no longer be producing commercial aircraft four or five years from now. Both are having troubles selling their jumbo jets, he said, and Boeing Co. appears to have an edge with its new 757 and 767 airplanes.

With Lockheed and McDonnell Douglas out of the commercial picture, he said, it will be easier for them to concentrate on military orders.

Analysts said that if Lockheed and McDonnell Douglas lose their commercial business, the Pentagon will be dutybound to prop them up to prevent any bankruptcy. One consequence may be that orders of the C5A, the giant cargo plane that ran into huge cost overruns, will be increased if Lockheed gets into financial trouble.

Many executives interviewed by The Tribune blamed the on-again, off-again nature of military procurement for deterioration of the defense industrial base over the years.

Jack Moran, the Cincinnati machine-tool executive, said that if the Pentagon would adopt a five-year crash plan to modernize the machinery in his industry, it would make all the difference. But no such plan has been seen from the Pentagon.

Gordon Jenkins, president of Anadite Corp. in Cicero, which makes forgings for aircraft, said that "we have some old, old equipment. The problem is that if we ever got on a war footing, we would be in serious trouble to go to a buildup. It takes two or three years."

More than anything else, analysts and executives worry about the implications of the buildup on U.S. competitiveness. Sure, they say, some new technology results from defense contracting—just as the space program resulted in many "spinoffs" in the 1960s.

The production of forgings for airplanes is also a question mark. Now, because of the recession and a slow period of the domestic airlines, this is no problem. But when the buildup begins, some analysts fear it could be.

Because of the engineer shortage, the Pentagon delayed launching the first military payloads aboard the space shuttle for 14 months.

Not only will these salaries be reflected in the higher price for goods at the subcontractor level, but also they are pushing up engineer salaries in the civilian sector.

Bernard L. Schwartz, chairman and chief executive officer of Loral Corp., a Reagan buildup.

At Northrop's Rolling Meadows plant, Wallace Solberg, general manager and vice president, said the employe referral program had proved effective in attracting new talent, with more than 1,000 skilled people joining the company in four years as a result. Otherwise, he said, the U.S. will be placed at a huge competitive disadvantage.

Rep. Les Aspin (D., Wis.), a frequent military critic, said that much of the money now going for defense should be pumped into industrial revitalization.

When it comes to losing skilled workers to defense, Aspin said, "defense and space employ about 20 to 50 per cent of all the American scientists and engineers engaged in research and development work."

If 20 per cent of this talent is converted from commercial to military use, he said, that lowers the ability of American companies to produce innovative products to compete in world markets.

"In short, our scientists and engineers are inventing better missiles and space vehicles while Japanese scientists are inventing better cameras and TV sets," Aspin said. "We protect them with our defense and they beat us with their commercial products."

More than anything else, analysts and executives worry about the implications of the buildup on U.S. competitiveness. Sure, they say, some new technology results from defense contracting—just as the space program resulted in many "spinoffs" in the 1960s.

But, said Thurow, the world is different now, with the U.S. being challenged technologically by a host of countries. "Thus a price we could easily afford to pay in the 1950s and 1960s has become very difficult to pay in the 1980s."

SOVIETS PAY PIPER AS ARMS PLANTS HUM

WASHINGTON.—Almost daily, analysts at the Pentagon's Defense Intelligence Agency (DIA) receive updated photographs from American satellites showing movements around scores of Russian arms factories.

DIA's vice director for foreign intelligence, Edward Collins, recently told a congressional committee that his agency monitors 134 major final-assembly plants where the Soviets

build tanks, submarines, long-range bombers, intercontinental ballistic missiles, and other arms.

Citing the satellite photos and other data, Collins said, "Production plants appear to be continually active, suggesting that as old weapons programs are phased out, new ones are begun, leaving no downtimes or long periods of layoffs and inactivity."

On the surface, such efficiency would bring tears to the eyes of officials at United States companies such as North American Rockwell, Boeing, or Martin Marietta, which frequently lay off hundreds or thousands of people because of lost contracts, supply bottlenecks, or other setbacks.

Collins said in testimony before Sen. William Proxmire's Joint Economic Committee that even the Soviet's defense industry subcontractors appear more efficient than those in the U.S.

"We have identified over 3,500 individual installations that provide support to these (134) final assembly plants," Collins disclosed. "The growth in total floor space has averaged nearly 3 per cent in the defense industry for the past five years."

The American "eye in the sky" satellite has gazed down as activity hummed at the Severodvinsk naval shipyard, Collins said. In the last 10 years 7 classes of submarines, including the incredibly large 25,000-ton Typhoon nuclear missile submarine, have been photographed leaving the Severodvinsk shipyard, officials say.

Meanwhile, Ulyanovsk, a major new aerospace factory is turning out a new generation of Illuyshin transport planes to rival the giant American C-5A Galaxy.

Growth has been even more marked in the army's sector of the Soviet economy, which has expanded 10 per cent since about 1977, Collins said.

"For instance," said Collins, "a major Soviet tank plant, which was already nearly five times as large as the two U.S. manufacturers' total area, has again been expanded."

Defense Secretary Caspar Weinberger recently used that tank factory—at Nizhniy Tagil—to dramatize the size of the Soviet military industrial complex. Weinberger noted that if the plant were placed in an American city, it would be about 8 blocks wide and 20 blocks long.

America's two gigantic tank factories—one in Lima, Ohio, and the other in Warren, Mich.—would fit into one corner of the giant Soviet facility, according to a chart Weinberger distributed.

Like the U.S., the Soviets are driving "to improve their industrial base," Collins warned.

And, Weinberger added, their political system, unlike that of the U.S., will allow the Soviets to do this even if they must "injure their economy. Our political system will not allow us to injure our economy," the defense secretary said at a news conference.

Though Pentagon officials often deny that devoting more of the American economy to defense will increase inflation, intelligence analysts such as Collins and Gen. Richard X. Larkin, deputy DIA director, do not hesitate to assert that Soviet arms spending is damaging their economy.

Larkin and Collins said in joint testimony: "Soviet leaders, being well-aware that economic growth is hindered by military spending must carefully wend their way between the fulfillment of the conflicting goals of greater military power and an improved economic base.

"The high priority Soviet leaders place on military power has resulted in continued increases in expansion of military production facilities even as economic growth has slowed.

"There has been no significant reduction, to date, in the rate of expansion of such facilities," the intelligence officers testified, recalling a frequent theme sounded by Weinberger and President Reagan in calling for a rearming of America.

Soviet leaders have vowed to keep expanding weapons plants, even though this requires billions of dollars of profits the Soviet Union earns in selling its abundant natural gas and other energy resources abroad.

"We do not support the arms race, we oppose it," Soviet President Leonid Brezhnev said on June 9 in Kiev at ceremonies honoring their World War II casualties. "We could find a totally different use for the funds it swallows up. But if we are forced to, we will find a swift and effective response to any challenge. . . ."

American intelligence sources also noted that at a May 22 meeting in the Soviet Georgian city of Tbilisi, Brezhnev predicted, "We will have to think about extra defense measures."

The DIA study concluded, "The Soviets are prepared to allocate substantial additional resources to the military, with full recognition of the harm to the economy if Soviet national security, in their perception, is threatened."

So, Reagan insists, is the U.S.

[From the Chicago Tribune, Dec. 10, 1981]

BULLET SHOOTS HOLES IN OVERRUN PRACTICE

(By James Coates and Bill Neikirk)

WASHINGTON.—At the Pentagon, where cost overruns have become the norm, the history of GAU-8, an awesome machine cannon that spits 70 uranium-tipped bullets per second, is a rarity.

It is a major weapons program that cost less than expected and produced ammunition that works better than promised.

At a time when the General Accounting Office (GAO) has concluded that 47 major military weapons systems overran an average of 100 per cent, GAU-8 cost $30 million less than had been budgeted.

At a time when the X-M1 main battle tank tripled in cost from a projected $1 million to $3 million each, the cost of GAU-8 ammunition dropped from a projected $80 per round to an actual delivered price of only $13.

At either price, GAU-8 is a very expensive gun. Firing 4,200 rounds per minute when mounted aboard the A-10 jet attack fighter, the gun sounds like a Bronx cheer. It is impossible to hear the individual explosions. At $13 per round that's $54,000 per minute worth of Bronx cheer.

At $80 per round, it would have cost $336,000 per minute to shoot GAU-8.

By contrast, it costs $40,000 to fire a Maverick air-to-ground missile. Like GAU-8, it is designed to destroy enemy tanks when fired from attack jets. GAO noted last month that Maverick has overrun by $2.5 billion since first built in 1975.

"The approach used in the GAU-8 ammunition procurement is elegant in its simplicity," wrote Edward Elko, president of Aeroject Ordnance Co., one firm that makes the antitank bullets.

Unlike nearly every other major weapons program around, GAU-8 ammunition is produced by competing companies that try each year to underprice each other.

Also, the ammunition was designed by the outside companies—Aerojet and Honeywell—and not by the Army, as is most American ammo, said Elko and others involved in the project.

Jacques Gansler, a former assistant defense secretary, estimated this year that only eight per cent of all military contracts are performed under competitive bidding, a practice that eliminates much of the motive to hold costs to a minimum.

Until GAU-8 was offered for competitive bidding, the ammunition was supposed to be designed and built by the Army's various arsenals.

"The Army's original estimate was $80 per round," explained one senior military officer who worked on the program at the Pentagon.

"I couldn't believe it when I first examined the program," he said. "There was a book of military specifications for just that one bullet that was 1,000 pages long.

"Those specs were so ridiculous, they even stipulated how thick the east-facing walls should be in the factory where the rounds were built," he added.

"Our first step was to throw out the book," he recalled. "We stopped telling them how thick to make the factory walls and instead just told the people bidding. 'You make us rounds that will penetrate 2.11 inches of armor at 4,000 feet.' "

The engineers for Aerojet, Honeywell, and other companies designed a bizarre weapon. They decided that the shells should be roughly a foot long and that the bullets should be made from uranium depleted of most of its radioactive qualities and a by-product of refining nuclear reactor fuel.

The depleted uranium is even denser than lead and has "pyrophoric" properties on impact—that is, it generates high temperatures, bursting into flame as it penetrates a tank.

"Large quantities of this safe (very-low-radiation) metal exist in government inventories in the form of green salt, (UF4), said Aerojet's Elko.

Elko added, "Depleted uranium is also lower-cost and is a noncritical material in comparison with tungsten, which had previously been used for penetrators."

The Air Force provided funds for both Aerojet and Honeywell to buy equipment to produce the shells and proposed that each year the company producing ammunition at the lowest cost would receive the most business.

Typically, said one program manager now retired from the Pentagon, one of the companies would get 65 per cent of the Pentagon's business and the other 35 per cent.

With millions at stake, Aerojet and Honeywell put their best engineering talent to work to make the GAU-8 rounds even cheaper, program proponents explain.

Elko described the GAU-8 success story this way in the trade publication "National Defense": "According to the Air Force estimate, as presented to the Congress in February, 1981, the application of two competitive contracts of the multiyear type has saved almost 10 per cent of the cost of procuring 25 million rounds of GAU-8 ammunition."

The story of GAU-8 is frequently cited by some Pentagon analysts and other experts now pressing for reform in procurement.

Many of these insiders will discuss their views only on the condition that their names not be used because they still work in the Defense Department or as Pentagon consultants.

Several complained in interviews that the government had failed to learn the proper lessons from GAU-8.

"It is a program that had no glamour," said one. "In a world where careers are made by producing a modern jet fighter or a sexy missile or a big new shiny main battle tank, nobody wants to get involved with something dull like buying ammunition."

Top Army officials announced last month that they believe the procedures used to produce GAU-8 ammunition so successfully could be applied to much bigger programs—specifically, the troubled XM-1 main battle tank.

The tank is built by the Chrysler Corp. at factories in Lima, Ohio, and Warren, Mich. The factories themselves were provided by the Defense Department, which owns all the machinery and other equipment used to construct the tanks.

Last month, XM-1 project officers disclosed that Richard Delauer, the Pentagon's chief of weapons engineering and development, had ordered a study to determine whether the Army should bring another company into the tank program in addition to Chrysler.

As outlined by the Army's Lt. Col. J. D. Holeman, either the Ohio or the Michigan plant would be turned over to a company that would compete with Chrysler for a larger share of the Army's tank business by delivering the machines at the lowest cost.

Others in the defense industry claim to have found ways to reduce weapons costs.

On the near Southwest Side of Chicago, in a dingy factory beside the Stevenson Expressway, Nelson Carlo, a Hispanic businessman, told a reporter how he underbids some of the country's blue-chip defense contractors.

Carlo's method is to hire cheap labor, which is readily available in the recession-prone Midwest, and take advantage of federal programs designed to help cities or minorities.

For example, Carlo and a work force of about 160 inner-city residents—mainly blacks and Hispanics with a limited knowledge of English—are producing thousands of practice bombs for the F-16 jet fighter.

The F-16 itself, Carlo noted wistfully, is built in a much more lavish factory in Ft. Worth.

Carlo's factory, Abbott Products Inc., moved to its present location from much smaller quarters in Lawndale after obtaining funds through the federal Urban Development Assistant Grant (UDAG) program.

Those grants usually are used to build such businesses as shopping centers, professional office complexes or other projects in the civilian sector intended to rehabilitate cities where much commercial activity has moved to suburbs.

Taking advantage of another program, the Small Business Administration's "8-A" minority contractor project, Carlo obtained his first business after receiving bidding preferences based on his ethnic status. Since then he has moved into ordinary competitive contracting, Carlo said.

The Abbott staff produces many military products including the steel shipping cases that the Air Force uses for its Sidewinder missiles. A larger factor operated by the Ford Aerospace Corp. employs hundreds of persons in Newport Beach, Calif., to make the missiles themselves.

Carlo is blunt about why he has become one of a relative handful of Chicago area businessmen to succeed in getting the defense contracts. He bought a factory in a depressed neighborhood and pays his workers substantially less than many unions demand.

The people working with the heavy machines that cut the steel and shape it to make the practice bombs, missile boxes and other products at Carlo's plant earn roughly $5.50 an hour, he said.

Reporters visited the Ft. Worth factory where General Dynamics makes the F-16s that use Carlo's bombs. Plant manager C. N. White told them that the Texans operating machines like those used by Carlo's staff are also paid $5.50 an hour.

The low salaries, the UDAG grants and the preferential 8-A program all allowed the Chicago operation to win at least a piece of the expensive F-15 program, Carlo said with pride.

"Okay," he said, "we had a lot of help getting started, but now we know how to go about the business of defense contracts, and we are beating out a lot of companies from the Sun Belt to do it."

For example, said Carlo, Abbott Products outbid ERI Inc. of Alabama and Del Manufacturing of Southern California for contract last year to make 200,000 practice bombs for the F-16.

These bombs contain a small smoke-emitting charge and are used both by U.S. pilots and foreign nations that bought F-16 jets.

He estimated that Abbott has produced more than 250,000 of these bombs in recent years.

"It is a hell of a lot cheaper to have them made in the inner city of Chicago than in Southern California," said Carlo.

"Defense work must come into labor-surplus areas, and Chicago most definitely is a labor-surplus area," said Carlo. "This is where the dollars are at."

ARMS SPENDING HIKE BYPASSES ILLINOIS

Congressional approval of the $30 billion B-1 bomber would be good news to the folks at the Brunswick Corp. in Skokie. Brunswick uses the same plastic material that goes into its famous bowling balls to make "radome" nose cones for the bomber.

The bad news for the State of Illinois is that Skokie-based Brunswick builds the radomes in a factory in Virginia, giving jobs to 691 there.

Similarly, the Elk Grove Village-based AAR Corp. anticipates it will net $35 million to $65 million next year on military contracts, mainly because of President Reagan's $1.475 trillion program to rearm America.

Most of that work, acknowledged AAR Corp. president Ira Eichner in an interview, will be done by 2,000 workers in California, New York, New Jersey, Florida, Oklahoma, and even the Netherlands.

A study prepared by an executive of another major Chicago area defense contractor, Wallace Solberg, general manager of Northrop Corp.'s Defense Services Division headquarters in Rolling Meadows found that Illinois receives only a small fraction of the billions that will be spent to "rearm America."

Solberg, a member of a committee formed to help Mayor Jane Byrne attract defense companies and other high technology industry in Chicago, found that Illinois gets roughly 1.5 percent of the prime contracts being awarded by the Pentagon while California, the biggest benefactor of arming America, gets 20.4 percent. Solberg's own company is based in California.

Byrne was told that, counting military salaries and small contracts as well as large ones, Illinois taxpayers contributed $8.4 billion to the Pentagon budget last year, but only $2.3 billion was returned to the state in Defense contracts.

The shift from the "Frost Belt to the Sun Belt" is particularly evident in the defense industry. Furthermore, complain Midwestern leaders, the chances are that if President Reagan's plan to spend $15,000 on arms for every U.S. taxpayer during the next five years is implemented, the unbalance will become worse.

During a recent press conference, Byrne said: "Since 1950, the number of Defense Department employes in the Northeast and Midwest states fell by 52,516 while South and Southwest states won an employment rise of 567,978.

"In the 1970s alone, Illinois lost 19,000 Defense Department jobs, a loss still painfully felt by the communities that depended on these wages."

Illinois ranks only 17th among states in dollar amounts of major Pentagon contracts. But Chicago area businessmen interviewed by The Tribune predicted that they will make millions in the next five years selling arms to the Pentagon.

Eichner's AAR Corp., for example, produces the following for the Pentagon:

Costly steel cargo pallets the Air Force uses to hold jeeps and other vehicles that are airdropped from the Lockheed C-130 Skylifter aircraft.

Removable seats that can instantly transform the C-141 cargo jet into a troop transport.

Steel rails that line the floor of the gigantic C-5 Galaxy and allow the rapid loading of battle tanks.

Another AAR subsidiary designs protective coverings used on American vehicles, foodstuffs, and other items stored in forward staging areas such as Egypt.

These items and many others the Chicago-area firm produces for the military should be best sellers as the President focuses on developing a Rapid Deployment Force (RDF) capable of landing troops and equipment quickly in the Persian Gulf, Eichner said.

"We are particularly excited about RDF business," he said. AAR Corp. reported $198 million in earnings last year, and does about 25 per cent of its business with the Pentagon, he said. Eichner owns more than 400,000 shares of AAR Corp. stock.

Solberg, manager of the biggest defense contracting operation in Illinois—Northrop Corp's Defense Division in Rolling Meadows—showed reporters a bookshelf filled with a dozen volumes.

"That's the government's procurement rules," Solberg said. "There are 30,000 pages or more to it and we have teams of people who deal with it every day."

While Northrop, with 2,400 employees in Illinois and 31,000 nationwide, hires lawyers and accountants to pore over the 30,000 pages of "military specifications," Nelson Carlo does this work himself, he said. Carlo, a Hispanic community leader, owns Abbott Products Inc. on Chicago's near South Side and has netted $12 million in Pentagon contracts.

"I have made a lot of money and won a lot of business learning how to read a government contract," he said.

Philip Knox, a vice president of Sears, Roebuck & Co., said Sears decided last year that the paperwork was too troublesome. So Sears informed the federal government it was no longer interested in doing business with its agencies.

"It wasn't just the Department of Defense," said Knox. It was the whole government and we thought it was just more trouble than it was worth to do business with them."

Knox said Sears had already become angry when the federal government accused the company of violating Equal Employment Opportunity regulations. The merchandising giant decided to drop all business with the Pentagon, however, when officials from the Federal Office of Contract Compliance announced they were going to review how Sears had filled out forms required by the 30,000 pages of contract rules.

At the time, he said, the company received $20 million a year in federal contracts, mainly for supplying appliances and other merchandise to military bases.

In dropping government business, the Chicago-based Sears added to the shift of business away from the Northern states to the Sun Belt.

Lester Thurow, an economist with the Massachusetts Institute of Technology (MIT), has concluded that this shift is creating severe economic problems in some areas and prosperity in others.

"While the American economy has essentially stagnated for the last three years, the stagnation is a peculiar mixture of boom and depression," Thurow recently told the Congressional Joint Economic Committee.

"Certain geographic areas (Texas, California, Florida, Massachusetts) and industries (semi-conductors, computers) are booming while other regions (the industry Midwest) and industries (steel, autos) are in the midst of something that looks like the Great Depression.

"Unfortunately, the industries and regions (Illinois and the rest of the Midwest) are not those where military equipment is now purchased," Thurow concluded.

Instead, he found, "Military equipment is produced by the industries and regions that are now experiencing booming production and shortages of materials, equipment and manpower.

Gordon Jenkins, president of Anadite Inc., possibly the largest steel forging firm in Illinois with military contracts, agreed with Thurow.

"Let me tell you, I'm ready for President Reagan if he wants to rearm America. We have the capacity here. We're ready. We'd just love to hire back the people we had to lay off because of the current recession."

Jenkins' Cicero-based company casts, pounds and otherwise shapes steel into the basic forms it must take before being machined into the sophisticated working parts of various weapons.

For example, his workforce of 540 turns out the crude steel castings that later will be machined into the nose wheels of the new fleet of 100 B–1 bombers.

Similarly, the Anadite company makes landing gear for F–15s, F–16s, and other fighters, and components of the XM–1 main battle tank; the Bradley Armored Personnel Carrier; the C–5 air cargo jet; and scores of other massively expensive military weapons.

Anadite had sales in excess of $82 million last year, according to the company annual report.

Jenkins insisted that his company could absorb all the business President Reagan's $1.475 trillion bid to "rearm America" can generate. Currently, he said, the company is operating its forging at roughly 40 per cent of capacity.

Asked if buying billions in additional arms would overwhelm his workforce, Jenkins grinned and replied, "You are talking about problems I would love to have."

Anadite, incidentally, employs nearly the same number of people at other company plants as it does in the Chicago area. These plants are in South Gate and Santa Clara, Calif.; Tucson; and Hurst, Tex.

[From the Chicago Tribune, Dec. 11, 1981]

U.S. Is Becoming Arms Merchant of the World

(By Bill Neikirk and James Coats)

Los Angeles.—Inside the sprawling building where North American Rockwell Corp. once made the B–1 bomber, Northrop Corp. is now producing sleek new F–5G and F–18 fighter planes destined for export around the world.

More than a thousand miles away in Ft. Worth in a modernized factory owned by the Air Force, General Dynamics Corp. is busy making F–16 fighters, some of which will wind up in the world's most unstable areas.

This is more than a tale of two cities, or even of two companies. According to defense analysts, President Reagan's rearming of America will increasingly make the United States the arms merchant of the world.

Inexorably pushing the U.S. into this role is an explosive mixture of runaway arms costs, federal budget deficits, foreign competition, nationalism in Third World countries, U.S. security interests and the profit motives of defense contractors.

The President turned on the arms-sale spigot for a deliberate purpose, saying that a key aim is to "enhance U.S. defense production capabilities and efficiency."

This is what the Reagan defense buildup is all about. An aging defense industrial base, a shortage of engineers and a weapons procurement process burdened by high costs and inefficiency are raising inflationary pressures and producing weapons that often don't work.

The arms merchant role is a byproduct of all these problems.

With some of the nation's most sophisticated weaponry destined to wind up in the hands of the military of such countries as Pakistan, Venezuela, Saudi Arabia and perhaps even China, fear is beginning to emerge that the U.S. will soon be selling arms throughout the Third World, sometimes to potential adversaries.

That fear is best expressed by Woldgang Demisch, a defense analyst for the New York brokerage firm of Morgan Stanley & Co.

"We are selling front-line equipment to beggars and murderers and mendicants," he said, adding that he feared that one day a Third World country with "get-rich" ambitions could blackmail the U.S. by threatening to bomb American cities with missiles carried by F–16s.

Defense and diplomacy are two factors behind the changed U.S. policy but economics is probably the main driving force.

The U.S. government has invested enormous sums in researching, developing and building these weapons, with huge cost overruns resulting from the process. For example, the F–16 initially was estimated to cost a little over $9 million each; now it is up to $16 million.

The need to export is based on an old economic principle. To lower the ultimate cost of each fighter purchased by the Pentagon, the administration is encouraging sales of sophisticated fighters overseas. The more airplanes built from a given assembly line, the lower the cost per plane.

Jim Grafton, vice president of the Boeing Co., said the sale of six Airborne Warning and Control System (AWACS) planes to Saudi Arabia will help the company in many ways.

It will drive down costs for the U.S., Grafton said. He said it now costs $68 million for an AWACS plane in "fly away" condition. But if the cost of research and development is added in, the actual cost is $128 million, he said.

Grafton said the Saudis will "pay an apportionment of the development costs." The Air Force will try to cut the cost of 34 AWACS planes on order by charging the Saudis as much as possible, he said.

"I think they (the Air Force) will load it on the Saudis," he said.

However, H. F. Rogers, vice president and general manager of General Dynamics' Ft. Worth Division, said the prime reason for foreign military sales is to further the U.S. foreign policy interest. Cutting the cost per plane is of secondary importance, he said.

In business terms, foreign military sales provide a profitable deal for defense contractors. They are able to add up to 2.5 per cent to the price of each weapon sold to foreign countries.

In economic terms, such sales also create a new demand for the output of the contractors, keeping their assembly lines going, particularly at a time when commercial sales are soft.

Rogers said that, in 1983, the Air Force plans to reduce its scheduled purchases of F–16s. Asked how he planned to pick up the lost volume, he said, "The only way I know of is foreign military sales."

Eliot Fried, defense analyst for Shearson/American Express in New York, said McDonnell Douglas Corp. and Lockheed Corp. may be totally out of the commercial business within a few years, making them much more reliant on military sales.

Fried said the U.S. ought to engage in such sales "with gusto" because if it doesn't the French and British will rush in and grab business from American companies.

In fact, intense competition for arms sales has become a fact of life. In 1980, the U.S. sold $9.6 billion in arms to the Third World, followed closely by France with $7.9 billion and Italy with $2.7 billion. The Soviet Union sold $14.9 billion in arms to developing nations in 1980.

Reagan administration officials openly advocate increasing U.S. sales abroad in response to the big Soviet push.

The U.S. sells not only advanced airplanes but a vast array of other weapons abroad—from tanks to guns to artillery.

Jacques Gansler, a defense consultant and a Massachusetts Institute of Technology professor, said foreign military sales generated 840,000 jobs in the U.S.

Gansler said that despite former President Jimmy Carter's efforts to hold down such sales, new foreign orders for military equipment stayed in the $9 billion to $13 billion range all through the 1970s, an indication of the powerful forces behind them.

The U.S. government appears to have adopted Fried's thinking and, in addition, believes that it can use arms sales as a diplomatic and security tool to ensure "stability" in an area of the world.

Yet such a policy is widely challenged.

"The American experience in Vietnam, Iran and Ethiopa graphically illustrates that arms transfers, and even the use of American troops, do not ensure 'stability' in a country or region or guarantee the continued good will and cooperation of the recipient nation," the Congressional Research Service said in a report for the House Foreign Affairs Committee.

Indeed the report said, arms transfers could stimulate regional arms races and lead to more instability, and possibly war, between enemies in certain areas. The longstanding hostility between Pakistan and India is cited as an example.

Some of the nation's defense contractors find themselves torn between the profit motive and the wisdom of the policy.

Carter also sent a letter to all U.S. embassies, forbidding staff members from helping representatives of defense contractors sell their arms. An executive of one defense contractor said he was denied use of telephones and other assistance granted to other American businessmen. He referred to Carter's directive as the "leprosy letter."

A number of defense analysts said that the desire to have more sophisticated weaponry is indicative of national pride, just as having a steel mill is.

Although many of the sophisticated weapons produced in the U.S. have had numerous performance problems, they still are better than any weapons produced by Third World nations.

The Congressional Research Service said that in the sale of F–16 fighters to Venezuela, the U.S. Air Force may have promoted the sale of the more sophisticated fighter after Venezuela originally expressed an interest in a less advanced plane.

In the intense competition to sell arms overseas, General Dynamics and Northrop are locking horns. Northop had a leg up in the Carter years, primarily because its less sophisticated F–5E fighter could be sold easily within the guidelines.

But now Northrop executives feel that the Air Force, which is buying the F–16 for its own use, is promoting the sale of the aircraft in non-NATO nations, including many in the Third World.

Northrop executives are bitter over what they see as an obvious effort by the Air Force to discriminate in arms sales merely to lower the cost of an airplane that is a prime weapon in its arsenal.

The intensity of the competition is reflected in an incident involving the F–100 engine on the F–16 plane. Made by Pratt & Whitney, the engine tended to burn out quickly in steep climbs common to aerial combat.

To get around the problem, the Air Force quietly tuned down the engine, but didn't tell the pilots, a development that angered them when it was reported in the trade press.

Tuning down the engine increased the "stall and stagnation" experiences during climbs, a phenomenon that occurs when not enough air reaches the fuel.

A shortage of spare parts also causes concern about these sales, the service said.

The Air Force minimized both problems, saying that everything will be fine if foreign military sales are negotiated within the normal 42-month time for producing an F–16. The Congressional Research Service, however, said the administration isn't following this timetable, selling 40 F–16s to Pakistan on an accelerated basis.

Gansler of MIT said the F–16 is not the only weapon the U.S. is sharing with foreign customers before they are fully deployed in the U.S. arsenal. He cited the Maverick and Harpoon missiles as other examples.

Another major problem with the Reagan policy is cost. Because the advanced weaponry is increasingly expensive, it could strap developing countries which insist on buying them.

Although Venezuela, with its oil reserves, can afford the F–16s, other countries in Latin America could have problems paying for the more advanced weapons.

Yet, said the Congressional Research Service, "concern exists that the sale could trigger an arms race in Latin America where an inventory of F–16s is viewed as much in terms of prestige as it is in relation to real defense requirements."

Northrop, caught in a trap after Carter's policy was abandoned, also is developing more advanced planes, including the FV5G and the F–18, a plane jointly being built with McDonnell Douglas.

The F–18, after many design and mission changes, has ballooned in its original costs and now is about $33 million a copy. Despite the cost, Canada and Australia are buying the F–18.

These purchases, along with others sought by the two firms, will lower the eventual per-plane cost to the Navy and Marine Corps.

Reagan administration officials openly advocate increasing U.S. sales abroad in response to the big Soviet push.

The U.S. sells not only advanced airplanes but a vast array of other weapons abroad—from tanks to guns to artillery.

The U.S. government appears to have adopted Fried's thinking and, in addition, believes that it can use arms sales as a diplomatic and security tool to ensure "stability" in an area of the world.

Yet such a policy is widely challenged.

Some of the nation's defense contractors find themselves torn between the profit motive and the wisdom of the policy.

Bernard Schwartz, president and chief executive officer of New York-based Loral Corp., which makes radar-jamming devices for airplanes, said such sales are indeed good business.

But he wondered whether it was wise for the U.S. to sell the F–15 fighter to Saudi Arabia, a move he said raises the whole conflict in the Middle East to a higher level. The F–15 sale "is an upgrade" of the technological weaponry in that region and makes the conflict more dangerous, he said.

Schwartz's company makes much of the sophisticated "electronic warfare" weaponry that is highly sought by Third World nations today.

Reagan reversed a Carter policy on foreign military sales that prevented the U.S. from introducing a new advanced weapon into a region. An executive of one defense contractor said he was denied use of telephones and other assistance granted to other American businessmen. He referred to Carter's directive as the "leprosy letter."

Reagan specifically reversed this policy and others laid down by Carter, with the result that arms sales are expected to increase dramatically over the next few years.

The defense executive, whose company is deeply involved in foreign military sales, said "the need for foreign military sales is intrinsic. Activity by the Soviets (in selling arms) is today unbridled and unchecked. That makes competing with them in our national interest over and above the benefits that will accrue in the balance of payments."

But nationalism is also playing a big role in arms sales in addition to Soviet threat.

"Since the F–16 is viewed by many nations as a prestige aircraft, several nations may seek it over the more affordable export models such as an F–5G or F–16/79, regardless of their real requirements.

To get around the problem, the Air Force quietly tuned down the engine, but didn't tell the pilots, a development that angered them when it was reported in the trade press.

Tuning down the engine increased the "stall and stagnation" experiences during climbs, a phenomenon that occurs when not enough air reaches the fuel.

Although the Air Force and General Dynamics contend that the problem has been corrected, Northrop executives have used the engine's difficulty to their own advantage in selling overseas.

A defense industry executive said it was "cynical" for the U.S. to sell "dogs" overseas and "keep the good stuff for ourselves."

Such claims are dismissed by the Pentagon and General Dynamics, but they do show the degree of intensity in the battle over export sales.

The Congressional Research Service cited another major reason against selling F–16 fighter planes in large numbers to Third World countries at this time.

"Many U.S. squadrons designated to be equipped with the F–16 have yet to be supplied and a step-up in sales to foreign buyers could interfere with scheduled deliveries to the Air Force," it said.

These purchases, along with others sought by the two firms, will lower the eventual per-plane cost to the Navy and Marine Corps.

Taxpayers are subsidizing these foreign sales in more ways than one, all the way from the research and development costs to the actual machinery and buildings paid for by the Pentagon to build the weapons. In addition, foreign countries may apply for loans to buy their weapons.

Yet Reagan indicated in changing U.S. policy last summer that such costs are unavoidable because the Soviet Union and other arms-producing nations have shown little interest in curtailing sales activity.

"In the absence of such interest, the United States will not jeopardize its own security needs through a program of unilateral restraint," he said.

And thus the government, as well as the taxpayers, are in the arms merchandising race.

IMPORTED MACHINERY PLAYS A MAJOR ROLE

FT. WORTH.—Inside the world's largest jet fighter factory along a one-mile assembly line, huge computerized machines cut, drill and finish parts for the Air Force's F–16 airplane at a dizzying pace.

About $128 million in General Dynamics Corp. and Air Force money is tied up in these sophisticated computers that do their jobs faster, better and with fewer people than traditional assembly-line production.

Some of the best, and more expensive, machines were purchased from Japanese manufacturers. General Dynamics' vice president for production, C. N. White, said Japanese machines were purchased because they are cheaper and the quality is better. "They support their product," he said.

Although General Dynamics' effort to save money is understandable, this is yet another example of how President Reagan's $1.475 trillion program to "rearm America" is propping up employment in Japan and other countries.

A Tribune tour of several defense-related factories around the nation demonstrated how widespread that foreign influence has become in military production.

Chicago-area workers operate foreign-made machines in Northrop Corp.'s division in Rolling Meadows and in Anadite Inc.'s huge forging complex in Cicero. Foreign-made machines are found in defense shops all along Boston's prosperous ring of high-technology industries.

Gordon Jenkins, president of Anadite, tapped a $5 million machine in the noisy forging plant at Cicero and noted that it was manufactured in West Germany. "You can only buy a machine like this in Germany," he said.

Chrysler went to a Japanese manufacturer for important machinery on the XM–1 Abrams tank, leaving U.S. bidders angry and disappointed.

Partly because of defense purchases, imported machinery now commands more than 22.5 per cent of the American market, compared with less than 5 per cent in 1965.

James A. Gray, president of the National Machine Tool Builders Association, was so outraged at the development that he recently told the Industrial College of the Armed Forces:

"Honestly, there are times when I question our government's sanity. An absolutely basic American industry—machine tools—is suffering from an exploding balance-of-trade deficit. And what does the government do? They agree to purchase machine tools from other nations. . . . Our national military-industrial policies are schizophrenic. It's time we all went to the shrink."

But the story of foreign purchases is more complicated than that. Jacques Gansler, a defense analyst and vice president of the Analytic Science Corp., said agreements with American allies also are creating foreign dependencies.

"These require the U.S., when making arms sales, to commit to reciprocal purchases from the foreign ally or arrange for coproduction of some components," he said.

Here in Ft. Worth, coproduction is the name of the game. At assembly lines here and in Belgium and the Netherlands, F–16s are produced for the Air Force, NATO, and for sale around the world.

Thanks to what General Dynamics calls a "modular" style of constructing the F–16, components are made in several countries, said David Wheaton, vice president of marketing. "Everybody makes a little bit of the airplane," he said.

Because of coproduction agreements, the U.S. is dependent on West Germany as the sole source for the 120 mm. M–1 main tank gun and on England for the A–7 aircraft engine and Harrier aircraft. It relies on Switzerland for a 35 mm. gun and on the Netherlands for a key explosive.

Gansler said the U.S. would become dependent on a single foreign source for combat helmets, high purity silicon, large forgings, and hydroturbines if these were not on a list of exemptions from corporation agreements.

He named a decline of domestic firms willing and able to do business with the Defense Department and overseas relocation of U.S. manufacturing facilities.

[From the Chicago Tribune, Dec. 13, 1981]

DEFENSE SPENDING: MORE IS LESS

(By James Coates and Bill Neikirk)

WASHINGTON.—Robert Fay, a former fighter pilot decorated for his Viet Nam service, compares the Pentagon's love affair with supersophisticated weapons to the Age of Chivalry.

Then, Fay said, the concept of war revolved around the tournament and the main weapon was the lance. Knights continually perfected the lance, just as they put the best artisans of the day to work on designing expensive defenses. From that emerged the suit of armor and chain mail.

So when war came, out went the knights in shining armor, wielding the weapons that

had proven effective during the tournament. But when a heavily laden knight encountered a gang of peasant soldiers, Fay said, "they would yank him from his horse, throw up his visor, and stab him in the eye."

Is America today similarly being lulled to sleep by an overreliance on such "magic weapons" that are supposed to defend us against any and all threats?

The question is more compelling at a time when the nation will be confronted with the bills for expensive new weapons systems that often fail key tests and don't perform as they should.

Sen. William S. Cohen (R., Me.) noted that the total purchase cost of 47 weapons systems escalated by $47.6 billion in the final three months of 1980. "It is painful to realize that this one quarter's cost overrun effectively swallows up the domestic budget cuts we worked so long and hard to pass earlier this year," he said.

Why do knobs fall off a $3 million tank? Why do fighter planes costing $4 million each outmaneuver planes costing five to seven times as much? More importantly, can anything be done about it?

The roots of the problem run deep. They encompass the tragedy in Viet Nam, the decline of quality as an American ideal, the noncompetitive nature of Pentagon contracting, and the nation's own schizophrenic attitude toward defense spending.

The solution, in a word, is more competition in the defense business. But that is easier said than done, considering how complex the system has become and how huge a bureaucracy has grown around each weapon developed by contractors.

Concern that the Pentagon may be wasting millions upon millions of dollars through an overreliance on, and an overabundance of, new "gold-plated" weapons systems is beginning to emerge in Congress and even among a small minority of Pentagon experts.

Reliance on high technology in a nuclear age is understandable, and even necessary. But today's system of planning and purchasing weapons appears to have gone beyond that. Furthermore, it is riddled with politics and with a federalistic procurement system that makes controlling costs almost impossible.

Reform of this procurement process is long overdue. The Pentagon's No. 2 official, deputy secretary Frank Carlucci, has made 32 general proposals along that line, but they are so lacking in detail and enforcement that defense contractors now dismiss them with a wave of the hand.

A General Dynamics Corp. executive said the Carlucci proposals are like motherhood and apple pie. "You can't be against them," he said, "The real question is how you put them into effect."

The implications of this procurement crisis can't be dismissed lightly. The spending of a dollar here is a dollar that can't be spent elsewhere. The attempt to match the Soviet Union's spending means every dollar must be used more efficiently.

Jacques Gansler, a former Pentagon official and now a consultant, said that, since Viet Nam, the Pentagon has tried to drive each new generation of weapons to the "state of the art" in performance.

To keep a constant-strength military force relative to the Soviet Union's requires additional weapons purchases on the order of 5 per cent each year—over and above the rate of inflation, he said.

Norman Augustine, vice president of Martin Marietta Corp., a prime defense design firm, said aircraft costs alone have been increasing four times every 10 years. "If the trend continues, in the year 2054, the entire defense budget will purchase just one tactical aircraft. This aircraft will have to be shared between the Air Force and the Navy, three and a half days per week."

The Pentagon's fascination with high technology weaponry can be traced to several factors—the unpopularity of the Viet Nam War, the inability of the defense industrial base to mobilize quickly for a war, the nation's own technological lead over the Russians, and the desire of defense contractors to make a profit.

After Viet Nam, the Pentagon sank more money into research and development of new, sophisticated weapons rather than into the purchase of conventional weapons that had failed in the jungles of Southeast Asia.

At the same time, defense budgets were trimmed because of the public's unhappiness with the war. Consequently, the defense industry did not achieve the same high production rates. Some companies left the business. The industrial base shrank.

Because of that, the Defense Department came to see industrial mobilization for war as irrelevant and adopted what is called "short-war thinking."

"Because of budget stringencies over many years, our military stockpiles today could support a major conventional war for only a couple of months or so," said defense expert Fred Ikle in a 1979 article.

"This puts our planners in a quandry: Either they have to assume a short war, or envisage fighting a war without suppliers. Understandably, they choose to 'plan for a short war,' " Ikle said. When Ikle wrote that, he was a private citizen. Now he is a high Pentagon official.

In a short-war scenario, it is the "magic weapons" that are expected to do the major job.

Ikle's reference to "budget stringencies" illustrates how short-sighted defense cuts in one or two years can lead to much more expensive outlays down the road.

Defense spending as a percentage of the total economy actually declined during the 1960s and 1970s.

Within that overall pattern, military budgets suffered from another phenomenon, an increase for three years followed by a decline. The erratic spending programs were in response to the changing political fortunes of the nation.

Spending went up as the Viet Nam War escalated but fell back when the Great Society was announced. It rose during the Tet offensive but fell back again. Once again it increased during the early years of the Nixon presidency but fell back again as the war became increasingly unpopular.

Now the Nation is involved in another surge of defense spending, but the fits and starts of the past have had their impact on the thinking of defense contractors.

They are eager to squeeze as much as they can from a single weapons contract. There is a temptation to stretch out the research and development for years, to change the design and mission of weapons, and to stick on "gold-plated" additions that run up the cost.

These are understandable, self-protecting moves when defense spending is so uneven. A more sustained pattern of spending, avoiding the peaks and valleys, would help end much of the uncertainty and, analysts agree, would help save money over the long run.

Closely allied to this reform is multi-year contracting. Currently, money for each weapons system is voted annually by Congress, subjecting each weapon to constant scrutiny and injecting enormous uncertainty into the process.

The B–1 bomber is a ready example of how subjecting a weapons system to the whims of Congress can increase costs. The airplane, as designed in the early '70s, was to have cost nearly $30 million a copy. A lengthy debate about whether to build the plane stretched out procurement, so that the per-copy cost is now well over $200 million.

With multi-year contracting, Congress is forced to make an early commitment to a weapons system and stick with it until production is completed. To protect contractors, Congress would budget enough money in the first year to pay a stiff penalty should the weapons system be ultimately eliminated.

Carlucci said last week that the nation could save $283 million over the next five years by signing a multi-year agreement for the F–16 jet fighter.

Another reform is to bring some realism back into the bidding process.

Contractors have grown accustomed to obtaining business by submitting unrealistically low bids to the Pentagon, "buying in" the weapons systems for their companies.

The government became a party to this charade by agreeing to pay the added costs. Many aspects of contracts were understated, for example, the inflation rate and the need for design changes.

Carlucci's 32 initiatives to control cost overruns include proposals he says will require contractors to submit more realistic estimates of inflation and to anticipate design changes that drive up costs.

Lack of real competition in the purchase of weapons has become a national scandal. Pentagon consultant Gansler said that in only 8 percent of cases is there competitive bidding on defense contracts.

Because of a close relationship between Pentagon officials and defense contractors, efforts to introduce more competition into the system have met with strong resistance. Each branch of the armed services has its "advocates" for a particular weapons system.

Furthermore, when a contractor makes a real mistake and a weapons system fails to live up to expectations, the Pentagon does not take the ultimate step in cost discipline—canceling the weapons system or refusing to take delivery when the costs exceed estimates.

The Pentagon insists that this is going to change.

James Wade, a senior Pentagon weapons analyst on Defense Secretary Casper Weinberger's staff, said in an interview that the Reagan administration intends to cancel some weapons systems to combat overruns.

For example, Wade said he recently ordered the Army to inform Motorola Corp. that the Army could not pay for a radar weapon called SOTAS (Standoff Target Acquisition System) because it has now more than doubled in cost.

"We have to get the costs under control and demonstrate we are buying them (weapons) efficiently," said Wade. "Otherwise, we are going to lose the support of the American people. If we lose that, we lose the national security."

Because of the "buy-in" procedure and other factors, an institutional dishonesty pervades the entire weapons procurement system.

Underestimating the inflation rate in the defense area is one example of that dishonesty. The prices of weapons have been running well ahead of the inflation rate in general, yet the government insists on using the inflation rate for the whole economy when it projects future weapons costs.

Why is this so? It enables the White House to project smaller defense spending figures for the years ahead, minimizing public reaction to the size of the military budget.

Later, when the real inflation rate in the defense area drives up the cost of weapons beyond the initial underestimated projections, the White House and the Pentagon blithely say that "inflation" is to blame. The truth is that this institutional dishonesty is at fault.

One of Carlucci's initiatives calls for "budgeting weapons systems for inflation." Yet that has not been done in connection with Reagan's defense buildup.

Greater simplicity in Pentagon purchasing procedures would help reduce costs as well as guarantee more effective weapons. The Penta-

gon's regulations for acquisitions number in the thousands of pages and discourage competition in the bidding process.

That the Pentagon's large number of weapons systems requires a large bureaucracy of in-house advocates is no surprise. But as costly as that bureaucracy is to taxpayers, it's going to get bigger.

The General Accounting Office said that 14 major weapons system swill require about 23,000 more people over the next 10 years, about 9,000 of these civilians. This amounts to about a 40 per cent growth in the number of people who work in the Pentagon.

Gansler said the Pentagon's effort to push every weapon to the "state of the art" in technology results in companies bidding on how complex and fancy they can make a weapon rather than on how cost-effective it will be.

In addition, Gansler said, the Pentagon spends most of its research and development money with the large contractors, not the small, and sometimes more innovative, "venture" firms.

Thus, he said, too much research and development money is going for routine product engineering and data gathering, and for supporting the large teams of engineers and technical workers at each private defense plant.

Each service has its own "captive" suppliers for a weapons system, a practice that is aided and abetted by the revolving-door relationship between officials in the Pentagon and executives in defense plants around the country.

To turn this around would take new laws on conflict of interest and greater enforcement by the government in Washington.

Competition and steadier defense spending over the long run would help revitalize the aging industrial base, as would a determination by the government to stress more modern, automated machinery in its defense plants.

Some analysts have recommended that each weapons system be built through continuous competition between contractors from the beginning to the end of production.

The Pentagon reacts defensively to charges that it wastes money on weapons systems and resists efforts to cut its budget.

Instead, it points to the Soviet threat as the reason for increasing defense spending while keeping all the current weapons programs intact. In October, Defense Secretary Weinberger put out a slick book emphasizing the size of the Soviet military buildup and how that threatens national security.

Is this no different from the situation described by a former general?

"Our swollen budgets constantly have been misrepresented to the public. Our government has kept us in a perpetual state of fear—kept us in a continuous stampede of patriotic fervor—with the cry of grave national emergency.

"Always there has been some terrible evil at home or some monstrous foreign power that was going to gobble us up if we did not blindly rally behind it by furnishing the exorbitant funds demanded. Yet, in retrospect, those disasters seem never to have happened, seems never to have been quite real."

The speaker was the late Gen. Douglas MacArthur. He said it on July 30, 1957.

PENTAGON'S PROBLEMS RUN DEEP . . . AND REFORMS SEEK SOLUTIONS

(By James Coates)

WASHINGTON.—To many Defense Department insiders, it is a war just as grim as the one in Viet Nam—the battle between the Pentagon and "the reformers," and the Pentagon side is hurting.

"I think the American people need to be told the simple truth," said Rep. Newt Gingrich (R., Ga.), who was once a staunch Pentagon ally. "If war came tomorrow, the United States would lose."

After two turbulent decades of military debate between the Pentagon's hawks and its doves—the latter favored spending on social programs rather than on defense—the hawks of yesterday now find themselves splintered. A new group of "reform" hawks wants to make the military more responsible.

Gingrich once called himself a "cheap hawk" to voice both his pro-defense attitude and his frustration at the compelling evidence that the Defense Department is spending ever more money to acquire fewer and fewer weapons that often do not work as they are supposed to.

These reformers, who want the Pentagon to work better and cheaper, include some of the most powerful members of both parties in the House of Representatives and the Senate as well as some leading outside defense scholars. Also included are some Pentagon officials whose dissenting views about Pentagon management are just starting to be heard.

In a speech on the House floor, Gingrich laid out the common theme of these reformers:

"You can take every quote by President Reagan about bureaucracy in general, every quote about its waste, its silliness, its lack of direction and you can apply them to the Pentagon," Gingrich said.

"The reality is that the Pentagon is the largest, most sophisticated bureaucracy in this city; that for the last 35 years it has systematically and steadily developed an ability to do less and less while spending more and more with greater and greater complexity," Gingrich told his colleagues in an hour-long speech.

The reformers point out repeatedly that Pentagon and Defense industry insiders are the driving force behind today's focus on high technology weapons, often so expensive that only a relatively few of each tank, plane or ship can be bought.

As with many experts engaged in the debate, Gingrich used the highly complex F-14 and F-15 "air superiority fighters" of the Navy and Air Force to illustrate problems he sees throughout the military system.

Gingrich disclosed that despite the fact that these jets are designed to engage multiple enemy fighters at once, the services have failed to train most pilots for such complicated dogfights.

He said Pentagon officials acknowledged that only half the pilots of these planes demonstrated skills sufficient to engage two enemy craft at once in combat. Fewer than 10 percent of American pilots are capable of engaging three Soviet MIGs at once, he said.

Thus, he said, ". . . 50 per cent of your pilots are using the plane as though it were a dramatically cheaper one-on-one fighter plane.

"It is like using a Cadillac as a dump truck," charged Gingrich. "And it is done because the Air Force is focused on procuring hardware rather than on building a balanced force that has enough money to fly the airplane, to train the pilots, to buy the munitions and to maintain the entire system."

Another important conservative now sharply critical of the Pentagon is Sen. Bill Roth (R., Del.), who was propelled into the powerful chairmanship of the Senate Government Affairs Committee by the Republican victory last fall.

"The Russians have in recent years consistently outdone us in terms of weapons produced," Roth said. "We have, in effect been engaging in 'gold plated' unilateral disarmament even without a SALT agreement. At least in terms of sheer numbers of weapons, we have spent more money and have less to show for it."

Sen. William Cohen (R., Me.), echoed Roth's complaints and warned, "the constituency in this country for increased defense spending will be lost if the Defense Department is exempted from the scrutiny that is applied to other agencies in our search for waste and fraud."

Other powerful voices criticizing the Pentagon for its overly complex weapons projects have been Sen. Mark Hatfield (R., Ore.), chairman of the Appropriations Committee, Sen. Ted Stevens (R., Alaska), chairman of the Appropriations Subcommittee on Defense, and Rep. William Whitehurst (R., Va.), a member of the House Armed Services Committee, whose home district includes the giant naval yards and bases at Norfolk and Newport News, Va.

Whitehurst has joined with a more traditional Pentagon critic, Sen. Gary Hart (D., Colo.), to prepare a briefing for his colleagues emphasizing the so-called "quality vs. quantity" issue that questions the policy of spending large amounts of money on small numbers of arms.

Despite the big victories, Pentagon planners won in the recent arms votes on Capitol Hill, officials openly acknowledge they are concerned about the potential impact the reformers will soon have.

One of the bitterest attacks on the reformers came last month in the Air University Review, the publication of the National War College.

In the publication, Lt. Col. Walter Kross warned his colleagues about "the efforts of a small group of well-placed civilian analysts who want to recast the United States military in their preferred mold."

Kross describes the reformers as "small but well-placed, a few staffers in the Office of the Secretary of Defense, one in OMB (the White House Office of Management and Budget), a few in Congress, several consultants, a few think-tank intellectuals and, of course, a few journalists."

One of the "reformers," John Boyd, a retired Air Force colonel and a former fighter pilot, is particularly effective, warns Kross. Boyd's four-hour briefing about the history and dynamics of combat is a cornerstone of the Pentagon's new breed of foes, said Kross.

Like powerful members of Congress, these military reformers are making big gains in their drive to alter defense policy, warns Kross.

He warns his uniformed colleagues, "a handful of critics is close to precipitating a fundamental change in U.S. military strategy and forces—not because they are necessarily right, but because they make their case more persuasively in Congress and in the media than do the military services."

One leading member of the reform movement, Dina Rasor, an associate of Pentagon critic A. Ernest Fitzgerald, echoed Kross, saying that a fundamental change may develop from the new debate.

She said that the debate about "quality vs. quantity" in weapons has become a buzz word slogan.

"From the point of view of the soldier, you find there is no contradiction between quality vs. quantity," she said. "The true quality weapons are those that really work in combat.

"Weapons that work well in combat are almost invariably simple and austere—that is exactly the kind of weaponry that the taxpayers and the country can afford in the quantities we need," said Rasor.

LENDING AND CONSUMER FINANCE COMPANIES

Mr. JEPSEN. Mr. President, I rise in strong support of H.R. 4717, passed yesterday in the House of Representatives by voice vote. Specifically, I bring the at-

tention of my colleagues to section 103 of the Finance Committee amendment to that bill.

Section 103 is almost identical to S. 644, which I first introduced in the 96th Congress and then again some 10 months ago. It is a technical amendment to section 542 of the Internal Revenue Code of 1954 which seeks to update the current statutory criteria exempting certain closely held lending and consumer finance companies from the tax on personal holding corporations.

Specifically, the average debt maturity requirement is raised from 60 to 144 months, guidelines are set for credit transactions with indefinite maturities—revolving loans—and the qualifying sum for purposes of the business expense test is increased.

Section 103 recognizes the changes which have taken place in the consumer finance business over the past 15 years, and amends the revelant 542 provisions to reflect those changes. This measure is long overdue.

A brief history of the legislation seems appropriate.

On March 6, 1980, I introduced S. 2396. Referred to the Subcommittee on Taxation and Debt Management, it was discussed on April 25. The Department of the Treasury offered no objections to the legislation, nor did any other witness. S. 2396 was incorporated as section 5 of H.R. 7117 and approved by the Senate Finance Committee on November 20, 1980. On December 13 the Senate passed H.R. 7117 unanimously.

The House insisted on removing section 5 in conference because no hearings had been held before the Ways and Means Committee. This was a procedural matter, pure and simple. It had nothing to do with the merits of the amendment and Representative Al Ullman, chairman of the Ways and Means Committee, admitted as much.

THE BILL DIED

On March 6, 1981, identical legislation was introduced by me as S. 644. On May 18, testimony was again given before the Finance Committee's Subcommittee on Taxation and Debt Management, and again the Treasury raised no objections. A companion bill, H.R. 2397, was introduced in the House by Representative HOLLAND. Hearings were held before the Ways and Means Subcommittee on Select Revenue Measures. and the subcommittee reported the bill as section 5 of H.R. 4961. The full committee concurred and the measure passed the House unanimously.

Last night the Finance Committee reported section 5 of H.R. 4961 as section 103 of the committee amendment to H.R. 4717.

After 3 long years, final passage of this important bill is in sight. It has been a long fight. I thank my colleagues both here and in the House for their support.

CHILD NUTRITION AND WIC

Mr. LEAHY. Mr. President, the Nation is beginning to feel the full effects of the budget reductions proposed by the President and enacted by Congress. Unfortunately, one major effect of the President's initiatives on our children is that they have less food to eat. Child nutrition and related programs, including the national school lunch program, were singled out for even deeper reductions than the rest of the Federal budget. The Omnibus Budget Reconciliation Act (Public Law 97–35) cut back these programs by $1.5 billion, or over 30 percent of their Federal cost. This far exceeds the average reduction in other programs.

As millions of parents and school children nationwide now know, the child nutrition programs have suffered substantive reductions. Despite the campaign promises to reduce Government spending by eliminating waste, fraud, and abuse, this is not what has transpired. Only a minute portion of the child nutrition savings enacted this year address program accountability. The savings are being achieved primarily by scaling back eligibility for benefits and the level of benefits provided. It is becoming increasingly clear that there are no painless cutbacks. The child nutrition reductions inflict serious human costs.

Throughout the country, millions of schoolchildren are paying substantially more for less food than they received a year ago. School lunch participation is down significantly, threatening the financial viability of thousands of programs. There already are reports of hundreds of schools dropping out of the national school lunch program. This has the immediate effect in most of these schools of denying low-income children free and reduced price lunches. For these children, the President's promise of maintaining free lunches for poor children as part of his safety net has gone up in smoke.

Educators in my own State inform me that the brown bag lunch many children now bring serves as a poor substitute for the hot lunch they used to receive. While some parents are able to pack a nutritious lunch, many others cannot fully compensate for the loss of the school lunch program. This should not come as a surprise to anyone, especially given the deep reductions that have also been enacted this year in the food stamp and aid to families with dependent children programs.

Despite the serious impact of the child nutrition cuts already enacted, I have no doubt that the President will ask for more next year. Few people understand that the Congress did not enact all of the child nutrition reductions the President sought this year. Congress approved $400 million, or about 20 percent less in cutbacks than the President requested, and redesigned his proposals to minimize the adverse effect. If Congress had enacted the President's ill-conceived and hastily drawn proposals, the effect on school lunch and related programs would have been devastating.

Yet despite careful evaluation of these programs by Congress in the past year, the Reagan administration has already served notice that it will be back for deeper cuts next year. Office of Management and Budget Director David Stockman has repeatedly and publicly stated this fall that he favors additional reductions in school lunch support. There is also little reason to believe that the administration will not try again to achieve savings in programs where they had only partial success last year, such as the summer feeding program. And, there are reports of reductions being considered in other programs as well.

Certainly the recent relevations as to the budget deficits we now face in fiscal year 1982 and in future years make it even more likely that the President will seek draconian cuts in child nutrition programs. The President's economic plan has backed him into a corner. The failure of the economy to respond to the mystical impulses of Reaganomics leaves the President with few viable options.

Reluctant to change course in midstream by either raising taxes or lowering defense spending, he is likely to turn to additional cuts in social programs as a primary path toward more reasonable deficits. With social security at least temporarily immune from reductions, the President will probably go after the programs that were already deeply damaged this year. In large part, these are programs which serve the poor and near-poor and have no powerful political constituency to defend them.

Thus, the budget imperative the President faces will likely result in another round of deep social program cuts. Unfortunately, this situation will not allow for a careful evaluation of the merits of the proposals to be put forth. The President is likely to propose major cutbacks before there is even a chance to evaluate the impact of what was enacted this year.

Most of the key budget decisions appear to be in the hands of OMB, whose insulated officials are not accountable to constituency groups or the public at large. If newspaper reports are to be trusted, it appears that a ruthless numbers exercise is now underway at OMB, with little concern for real life effects. Even the other members of the President's team in the agencies seem to be taken aback by the audacity of OMB.

This will be a rough year for those of us who are concerned about human needs in our society. As ranking minority member of the Subcommittee on Nutrition, I am deeply concerned about the current status of nutrition programs. I believe that the nutrition program cutbacks enacted this year have already gone too far. I hope that the Congress will have the wisdom to refrain from further reductions in the future.

Mr. President, these nutrition programs are a worthwhile investment of public money. Each day brings new evidence of the link between nutrition and health. No one questions the fact that children who are well fed perform better in the classroom than those who are not.

Hasty action now to cut funding for child nutrition programs is shortsighted. Not only does it impose immediate human costs, but it may result in higher actual dollar costs to our society in the long run in terms of higher health care and education costs and lower worker productivity. I urge my colleagues to take a skeptical view of any proposals to cut child nutrition programs further.

The following summary and analysis of child nutrition program reductions enacted this year is provided as a resource to help evaluate any future cutback proposals which may be put be-

fore the Congress. Greatest attention is paid to the national school lunch program, the largest of these programs.

NATIONAL SCHOOL LUNCH PROGRAM (NSLP)

Federal support for the school lunch program was reduced about $1 billion by Public Law 97–35, a cut of about 30 percent. Most of these savings were achieved by reducing the reimbursement rates paid for lunches served in the program. Additional savings were achieved by lowering eligibility for free and reduced-price meals, doubling the price of reduced-price meals from 20 cents to 40 cents, and requiring greater documentation of current income as a condition of eligibility for free and reduced-price meals.

The most significant and controversial change made in the NSLP was a reduction in the reimbursement provided for each lunch served to "paid" children—children from families with incomes above 185 percent of poverty. The Reagan administration had proposed elimination of the approximately 33 cents per meal provided for lunches served to children in this category. Instead of eliminating this support entirely, Congress reduced it by about one-third to 21.5 cents in fiscal year 1982.

The Congress was convinced, and rightly so, that elimination of support for meals served to paid children would result in dramatic increases in the prices of meals served to these children. This, in turn, could have led to a massive drop in school lunch participation by these children and the collapse of thousands of school lunch programs throughout the country.

Even as stalwart a watchdog of Federal expenditures as Agriculture Committee Chairman HELMS seemed to agree that the administration had gone too far in attacking child nutrition programs. It was his amendment to the First Concurrent Budget Resolution for Fiscal Year 1982 that resulted in less ambitious savings targets for child nutrition than the President requested. Chairman HELM'S later introduced a child nutrition bill (S. 1254) that achieved the savings required in the budget process, but without eliminating support for paid lunches. This bill became the basis for the final child nutrition legislation adopted by Congress.

Despite the fact that Congress moderated the President's school lunch proposals and retained most of the support for paid meals, the budget reductions have had a significant impact.

Nationwide, school lunch prices are up by an average of 25 to 30 percent. In many areas, increases have been greater, with prices running as high as $1.50 per lunch. Daily school lunch participation is off 11 to 15 percent, or about 3 million children a day. Most of this decline is among children in the paid category, presumably because they cannot or will not pay higher lunch prices.

The American School Food Service Association (ASFSA) reports, and USDA data tend to confirm, that over 500 schools serving more than 100,000 children have left the NSLP altogether. While this does not represent a large percentage of the 94,000 participating schools, it is a very important indicator of what is likely to happen if more cuts are proposed. The administration denied that its proposed elimination of support for paid meals would lead to any schools dropping out of the NSLP. Yet this year's legislation, which reduced support for paid meals by one one-third, shows that there is a direct relationship between the level of paid support and the financial viability of school lunch programs.

Thousands of additional schools are monitoring the school lunch program very closely now to determine if they will continue in the program next year. Even if there are no additional cutbacks, more schools are expected to opt out of the program. For some school districts, an announcement by the President that he intends to seek deeper cuts could alone be enough to drive them from the program.

If the President decides to seek additional reductions in support for paid lunches, and this is being considered seriously downtown, the effect could be disastrous. When the President's child nutrition budget for fiscal year 1982 was announced earlier this year, ASFSA estimated that up to one-third of all schools across the country would be forced from the NSLP. Twenty States estimated that 50 percent or more of their schools would drop out. The initial reaction of school systems to this year's cuts indicates that these are not idle threats.

The administration itself acknowledged the danger of cutting paid reimbursements too far by publishing the controversial September 4, 1981, regulations on meal patterns, now withdrawn. The intent of those regulations was to reduce the costs of producing a lunch, so that the price increase for paid children due to the loss of Federal reimbursement would not be so steep. While this was a laudable goal, the proposed regulations went too far. They would have unnecessarily reduced program standards and undermined the public's confidence in the nutritional value of the NSLP. If the administration truly believed that an elimination of the paid subsidy would have no serious effect on the NSLP, there would have been no need to propose regulations of such a sweeping nature.

Should the President propose to cut paid meal reimbursements further, he would be doing so against the advice of key Members of Congress. In separate letters, majority members of the Senate Committee on Agriculture, Nutrition, and Forestry and minority members of the House Committee on Education and Labor have written to high-ranking administration officials urging that he refrain from further proposals to reduce NSLP funding. I will ask unanimous consent that these letters be included as part of the RECORD following my statement.

SCHOOL BREAKFAST

Reductions enacted in the school breakfast program are similar to those enacted in school lunch, in that eligibility for free and reduced price meals was curtailed and reimbursements for reduced and paid breakfasts were decreased. The charge for reduced price breakfast was nearly tripled. In addition, eligibility for "severe need" assistance, a special program that provides additional funding for certain schools with documented higher costs, was restricted. Altogether, these reductions represent a 20-percent reduction in funding.

Unlike the school lunch program, the breakfast program primarily serves children from poor and near-poor families—85 percent of all participants qualify for free or reduced-price meals. With this reduction in funding, which included a large cut in reduced price reimbursement, this program has also been pushed to its limit. While no data on school and participant dropout is currently available, this year's cutback makes the continuation of breakfast programs by financially hard-pressed school districts more difficult. Further reductions are likely to primarily affect low-income children.

Participation in the school breakfast program is, in most instances, a matter of local choice. The program can be invaluable in rural areas, where schoolchildren must rise early in the morning for long bus rides. Many children prefer not to take the bus ride on a full stomach. In addition, breakfast at school helps many to maximize academic performance throughout the morning. Particularly with the elimination of the special milk program in most schools, children who have eaten very early in the morning may find their concentration waning by midmorning.

The school breakfast program takes on added importance in light of increased participation of women in the labor force. For working wives, and especially for single mothers, the provision of an adequate breakfast may not be possible because of work demands. Parents may work shifts that require them to be out of the house or to be resting at the breakfast hour.

While breakfast most often remains a parental responsibility, various communities have opted to provide a breakfast at school. Especially in low-income areas, this breakfast may provide better nutrition than the parents can afford. Further erosion of support for the school breakfast program could have a deleterious effect on the health and school performance of many young children, primarily those from low-income families.

CHILD CARE FOOD PROGRAM

Under the child care food program (CCFP), the Federal Government provides funding to assist in the cost of serving meals and supplements—snacks—to children in child care centers and group and family day care homes. Public Law 97–35 reduced Federal funding for CCFP by about 30 percent. For programs in child care centers, eligibility guidelines and meal reimbursements were reduced to the same lower levels as in the school lunch and breakfast programs.

Reimbursement rates for snacks were reduced and lower age limits were set for CCFP eligibility. For programs in family and group day care homes, meal and supplement reimbursements and payments for administrative costs were reduced 10 percent. While no useful data on the effect of these cutbacks are yet available, these cutbacks will unquestionably make life more difficult for many working mothers and fathers, especially single working parents.

At a minimum, day care center rates

will rise to compensate for the loss in Federal funding. Combined with the decreased funding available under Title XX of the Social Security Act, CCFP reductions could result in significant rate increases. Some working parents with low wages could find the increased costs prohibitive and might have to turn to alternative, inferior child care arrangements or leave their jobs altogether to care for children. Another possibility is that the decreased Federal funding will force some child care centers to close.

The reduction in CCFP funding will also be a deterrent to the opening of additional child care centers. This, in turn, assures that the unavailability of adequate child care will continue to inhibit many parents, including welfare mothers, from finding employment and gaining financial independence. Along with many other changes in welfare policy adopted in Public Law 97–35, reduced CCFP funding results in heightening the disincentives for many people to go to work.

SUMMER FOOD SERVICE PROGRAM

The summer feeding program provides free meals in the summer months through schools or service institutions to children located in "areas in which poor economic conditions exist." In recent years, it served about 2 million children a day.

The Reagan administration had requested complete elimination of the program. Public Law 97–35 cut the summer feeding program by over half, restricting sponsorship of the program to school food authorities, local governments, and certain camps, such as fresh air camps. Eliminated from sponsorship were virtually all private sponsors, including many churches. In addition, the requirement that programs exist in poor economic areas was tightened.

For many poor children, the summer feeding program has been the summer equivalent of the school lunch program. For many of them, it has provided their best meal of the day. In addition, the mid-day meal provided by most programs has served as the focal point of the day for recreational programs, helping to keep children in organized programs throughout the day. For many low-income working parents, it has assured that their children will receive a square meal while they are at work.

Elimination of most private sponsors was justified on an accountability basis, although many private sponsors with impeccable records were eliminated from the program. A further cut cannot be justified, except as a means to save money. These savings would come directly at the expense of poor children. Although theoretically possible, there is no evidence that any children other than those from low-income families participate.

The administration appears likely to repeat its proposal of last year to eliminate the program altogether when the President's fiscal year 1983 budget is issued. Such a proposal would leave an additional 1 million children a day at loose ends to receive a nutritional lunch during the summer months.

The administration's continuing antipathy to the program was exhibited again last week. Proposed regulations for the fiscal year 1982 program were issued more than 5 weeks after statutory deadline for such issuance. If finalized in their present form, these regulations would unduly restrict the participation of sites sponsored by the local governments. There would be wholesale elimination of programs in several States, including Illinois and Michigan. And because of its own tardiness in issuing regulations, USDA limited the comment period to a less than adequate 20 days.

NUTRITION EDUCATION AND TRAINING

This program provides grants to State educational agencies to establish programs to teach children about the nutritional value of foods and the relationship between food and health. Also under this program, teachers and food service personnel are provided with nutrition education and training.

The President proposed elimination of this $15 million program. In Public Law 97–35, Congress retained a $5 million program. Thus far, in fiscal year 1982, Congress provided funding under continuing resolutions to operate the program at the $5 million level. However, USDA has spent no fiscal year 1982 money on NET, and apparently has no intention of doing so in the future. NET programs are closing down throughout the country.

The closing down of NET is shortsighted. Throughout the country, school lunch administrators are being asked to provide the same level of nutrition as before, but with fewer dollars. There is a need for as much technical assistance as possible in nutrition education and training for these people.

Furthermore, NET may well be a cost-effective program. A California study indicates that for students participating in the NET program, overall plate waste decreased 26 percent. These students also exhibited significantly increased understanding of good nutrition and their food choices reflected this understanding. Certainly education and training is a far preferable solution to the problem of plate waste than reducing portion sizes.

EQUIPMENT ASSISTANCE

Under this program, funding was available to schools and child care institutions for food service equipment to store, prepare, serve, and transport food. Public Law 97–35 eliminated this $15 million program, as requested by the President.

SPECIAL MILK PROGRAM

Until this year, the special milk program provided funds to subsidize the cost of milk served to children that was separate from, or in addition to, milk served as part of school lunch and breakfast programs. The program included all public and private nonprofit school and child care institutions wishing to participate. This milk might be served at midmorning or midafternoon, or in addition to milks provided at lunch or breakfast.

For most schools, those participating in another federally subsidized meal program, the Federal subsidy rate was 5 cents per half pint of milk for nonpoor children and the full cost of the milk for poor children. For schools not in another federally subsidized meal program, the milk subsidy for nonpoor children was and remains higher and is adjusted annually for inflation. In fiscal year 1982, the subsidy is about 9.5 cents per half pint.

Public Law 97–35 adopted the President's proposal to eliminate the special milk program in all schools and institutions that participate in another federally subsidized meal program. This change reduces the program by about 90 percent, with an annual savings of $100 million. The net effect is that in most schools and child care institutions, all children must pay full price for any milk they receive outside of the school lunch and breakfast programs.

WIC AND CSFP

The special supplemental food program for women, infants, and children (WIC) and the commodity supplemental feeding program (CSFP) are two closely related programs which provide nutritious supplemental foods for low-income women and children. The WIC program is far larger, operating at about $900 million in fiscal year 1981, compared to less than $30 million for CSFP.

WIC and CSFP were the only nutrition programs to emerge virtually unscathed from the budget reconciliation process. Public Law 97–35 would allow funding increases in these programs to allow them to serve as many persons in fiscal year 1982 to fiscal year 1984 as were supposed to be served in fiscal year 1981. In the case of WIC, Congress provided funding to serve about 2.2 million persons in fiscal year 1981.

The status of WIC and CSFP is now uncertain. Despite the fact that the conference report on agriculture appropriations (H.R. 4119) assumes full funding for these programs, WIC and CSFP may face fiscal year 1982 program cutbacks as a result of somewhat reduced funding levels in continuing resolutions. In addition, the President continues to seek a 35- to 40-percent reduction in these programs, which could be attempted through a deferral or rescission. The President did submit a deferral on WIC and CSFP following the first continuing resolution for fiscal year 1982.

The success of programs like WIC in fighting infant mortality and low birth weight among infants is well documented. Studies indicate that WIC may well be cost effective in the health care costs it averts. Time and time again this year, broad bipartisan coalitions in Congress have voted to maintain full funding for WIC and CSFP.

It would appear that the only serious opposition to WIC and CSFP lies within the Reagan administration. During fiscal year 1982, USDA allowed WIC participation to fall by over 200,000 persons, despite the availability of funding for these persons and an abundance of applications for participation. Even after Congress had rejected his proposal to lower WIC and CSFP funding from about $1 billion to $742 million, the President lowered his request for WIC and CSFP by an additional 12 percent in September. His current combined request for WIC and CSFP for fiscal year 1982 is about $652 million, or nearly $400 million below what is authorized. It would appear that the President will continue to try to cut these programs back in whatever way he can and his fiscal year 1983 budget is likely to reaffirm this intention.

CONCLUSION

The program reductions documented above indicate that child nutrition and related programs have already been subjected to more than their fair share of belt tightening. These are the types of short-term budget reductions for which we will pay for years to come. I hope my colleagues will join me in resisting further changes that would undermine these programs' effectiveness.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated October 27, 1981, to Mr. James A. Baker III, Chief of Staff and Assistant to the President, from the Committee on Agriculture, Nutrition, and Forestry; and a letter dated October 28, 1981, to David A. Stockman, Director, Office of Management and Budget, from the House Committee on Education and Labor.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY,
Washington, D.C., October 27, 1981.

Mr. JAMES A. BAKER III,
Chief of Staff and Assistant to the President, the White House, Washington, D.C.

DEAR JIM: There is speculation that the Administration is planning to propose, as part of its next round of budget cuts, a total elimination of the subsidy to "paying" students in the National School Lunch Program.

When the Administration proposed this method of achieving savings in the area of child nutrition programs last time around, the input from the local level on the potential impact caused a great amount of concern among members of Congress. In marking up legislation to achieve savings called for in the First Concurrent Budget Resolution for Fiscal Year 1982, no member of the Senate Committee on Agriculture, Nutrition and Forestry even suggested the Administration's proposal to terminate the subsidy to "paying" students. As you know, Congress did agree to reduce substantially the subsidy to the paying child, but specifically rejected the Administration's proposal to eliminate it entirely.

A total elimination of the subsidy to "paying" students participating in the National School Lunch Program could have a devastating effect on the viability of the Federal program. Over 90 percent of all the schools in the country participate in the National School Lunch Program. This year, schools will receive 21.5¢ in Federal general assistance toward each lunch served (11¢ in USDA-donated commodity support and 10.5¢ in cash). This 21.5¢ represents a 40 percent reduction in Federal assistance. The 21.5¢ subsidy is not a subsidy directly to non-poor children, or the "paying" child—it is a grant-in-aid to the schools to help defray the cost based on total student participation, regardless of income.

In thousands of school districts throughout the country, less than one-third of the students are eligible for free or reduced price lunches. According to last year's figures, about 55 percent of all school lunch participants are in the "paid" category: they are children whose parents' income exceeds 185 percent of poverty (or about $15,600 for a family of four).

Those at the local level who administer the program and are most familiar with how it works argue that a complete elimination of general assistance for lunches served to "paying" children would cripple the Federal lunch program. There is substantial evidence to support their point of view. The loss of the Federal reimbursement would result in sharply rising school lunch costs for these children, with resultant high dropout rates and potential program termination. Thus needy and non-needy alike would fail to receive Federal support.

When the Administration first proposed significant reductions in school lunch funding, it also listed this as one of the seven "safety net" programs. If the Administration continues to consider this a "safety net" program, we suggest that it consider other alternatives to the elimination of the "paid" lunch subsidy in order to achieve the needed level of savings. We would like to make members of our staff readily available to discuss children, with resultant high dropout rates options with the Administration.

It seems to us that the Federal savings that would be gained by eliminating the "paid" subsidy are more than overshadowed by the severe consequences it could have for the program, and therefore the Administration. We feel certain this proposal would fail dramatically in Congress. In short, as members of the Senate Committee on Agriculture, Nutrition, and Forestry, we are deeply concerned about the program and the political consequences of such a proposal. Because more viable options are available, we wanted to share our concern with you before the Administration is irrevocably committed to an option which is certain to fail.

Sincerely,

BOB DOLE.
JESSE HELMS.
THAD COCHRAN.
S. I. HAYAKAWA.
PAULA HAWKINS.
RUDY BOSCHWITZ.
MARK ANDREWS.
ROGER W. JEPSEN.

COMMITTEE ON
EDUCATION AND LABOR,
Washington, D.C., October 28, 1981.

Hon. DAVID A. STOCKMAN,
Director, Office of Management and Budget, Old Executive Office Building, Washington, D.C.

DEAR MR. STOCKMAN: We have learned that a Task Force on Entitlement Programs within the Administration is considering additional reductions in the level of Fiscal Year 1982 Federal assistance to the paying child who participates in the National School Lunch Program.

Until the Administration and the Congress have an opportunity to assess carefully the full impact on the various child nutrition programs of the very recent and major reductions made under the provisions of the Omnibus Reconciliation Act of 1981, requests for additional reductions in the levels of Federal support for these vital programs would, in our judgment, be premature and inappropriate.

According to responsible and high-level Administration spokesmen within the U.S. Department of Agriculture, the data necessary for any analysis of the impact of the newly-enacted reductions in Federal support on these programs is not now available—nor will such data be forthcoming for several months. Nonetheless, it should be noted that the preliminary data which is available does suggest a decline in the number of schools continuing to participate in the National School Lunch Program, thereby eliminating thousands of youngsters who are otherwise eligible for free and reduced price lunches. Moreover, a drop in the level of participation by the so-called paying students has been experienced nationwide.

We concur in the President's objective to continue to provide a nutritious meal service to this Nation's truly needy youngsters. To this end, the role and participation of the paying students is crucial. Since free and reduced price lunches for the truly needy are only mandated when schools participate in the NSLP, any decision which results in the large scale dropout of schools from the program would mean a serious breach of the safety net. Unfortunately, it is a role which many top-level policymakers within this Administration do not fully appreciate.

Should large numbers of paying youngsters decline to participate in the school lunch program, education decisionmakers at the local level will be faced with a most difficult decision as to whether or not they can afford to continue to offer the benefits afforded through the National School Lunch Program to fewer pupils while simultaneously having to continue to meet a number of fixed costs which cannot be further reduced or eliminated.

Sizeable additional reductions in Federal support coupled with, in many cases, a further reduction in the level of State support plus an uncertain immediate future for this program will make the decision an easy one—the National School Lunch Program will be terminated in school district after school district across the country. Should this be the case, the Administration and those of us in the Congress who concur in President Reagan's stated objective to meet the nutrition needs of the Nation's truly needy youngsters will be without the only reliable and proven vehicle that will enable us to honor this commitment.

We firmly believe that the full impact of the changes called for in the Omnibus Reconciliation Act of 1981—when fully realized at the State and local levels—will be all that the traffic can bear. In short, further cutbacks in Federal assistance to the National School Lunch Program, in particular, and the child nutrition programs, in general, are simply out of the question at this time.

We regret to advise you, therefore, that we would have difficulty entertaining any further reductions in Fiscal Year 1982 Federal outlays to these important programs which may be under consideration within the Office of Management and Budget or elsewhere within the Administration. Our side of the aisle could not deliver the votes you would need.

Sincerely,

JOHN M. ASHBROOK.
TOM COLEMAN.
JAMES M. JEFFORDS.
LARRY E. CRAIG.
BILL GOODLING.
ARLEN ERDAHL.
LAWRENCE J. DENARDIS.

INFANT FORMULA/BREASTFEEDING DEBATE

Mr. LEAHY. Mr. President, of all the tragedies associated with the horror of world hunger, none is more touching than the death of newborns and infants through malnutrition. Among the many causes of infant illness, the use and misuse of infant formula raises important questions.

Who should use formula? Many argue that a woman suffering from extreme poverty and malnutrition cannot successfully breastfeed. But if a woman is that poor, she would be unable to afford formula and will resort to overdilution, resulting in the slow starvation of her baby.

How is it used? While there is no doubt that artificial formulas provide vital nutrition for millions of babies throughout the world, there is a problem when this formula is improperly prepared or stored. Unsanitary preparation and impure water can turn the baby bottle into a lethal weapon in the baby's mouth.

Earlier this year the Senate expressed strong concern over the misuse of formula and the value of breastfeeding. Specifically, the Senate expressed concern over the lone opposition of the United States to the UNICEF/World

Health Organization Infant Formula Code.

The problems of infant formula misuse are still with us, Mr. President, both in the Third World and right here in this country. In this regard, I ask unanimous consent to have printed in the RECORD an article from the New York Times.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Dec. 6, 1981]

INFANT FORMULA-BREASTFEEDING DEBATE

(By Stephen Solomon)

When the Jamaican woman brought her two babies to Alan Jackson's clinic at the University of the West Indies in Kingston, the pediatrician was shocked by their condition. Her 4-month-old son weighed only five pounds—two less than at birth—and her daughter was in even worse shape. At 18 months, she weighed only 12 pounds, and soon lost four more.

When Dr. Jackson questioned the woman, who had 10 other children, he discovered that she had never breastfed her two youngest. Their diets since birth had been infant formula. Because the family income averaged only $7 a week, the mother had to heavily dilute the expensive formula to make it last longer. "For the 4-month-old baby," Dr. Jackson later told Senator Edward M. Kennedy's Subcommittee on Health and Scientific Research, "one tin of feed should have lasted for something just under three days. She said that one tin of feed lasted two weeks to feed both of the children."

There is no third-world poverty in Cooperstown, N.Y. The big homes and manicured lawns give the aura of a town happily stalled in the security of the 1960's.

But Allan Cunningham, who had been a pediatrician for a tribe of Sioux Indians before moving to Cooperstown, became aware of something odd about his new patients at Mary Imogene Bassett Hospital: Nearly all of the sick infants he treated were formula-fed.

Dr. Cunningham's subsequent investigation, published as two studies in The Journal of Pediatrics showed that illness occurred twice as often among babies who were not breast-fed; in the first two months of life, the difference was 16-fold.

Dana Raphael was one of the first scientists to hold the formula companies responsible for high infant mortality, but then she decided it wasn't quite that simple. An anthropologist who heads the Human Lactation Center Ltd., in Westport, Conn., Mrs. Raphael changed her mind after a study team she led spent two years observing how women in 11 different cultures around the world feed their babies.

What the team found was that many poor and undernourished third-world women are physically unable to breast-feed and that others are too preoccupied with the basics of survival to find the time to do so. Though she still strongly favors breast-feeding when possible, Mrs. Raphael now believes that the general unavailability of food is responsible for high infant mortality. "Formula is good for the mothers who can afford it," she says. "If every 3-month-old baby could have a sufficient amount of formula, they'd all live. But the price is prohibitive. They're lucky if they can afford a cup of buffalo milk every day."

The controversy and confusion over opinions such as these reached the scale of global conflict earlier this year when the World Health Organization (W.H.O.) voted 118 to 1 to adopt a nonbinding code restricting the promotion of infant-formula products.

The United States' lone dissenting vote was explained, in part, by Elliott Abrams, Assistant Secretary of State for International Organization Affairs (since appointed to be the Assistant Secretary of State for Human Rights). "Despite our governmental interest in encouragement of breast-feeding," he said the W.H.O. recommendations for a complete ban on advertising to the general public of infant formula and the proposed restrictions on the flow of information between manufacturers and consumers "run counter to our constitutional guarantees of free speech and freedom of information."

In protest against this stand, two high-ranking health officials at the United States Agency for International Development (A.I.D.) resigned their positions and joined a chorus of critics at home and abroad. Lois Salisbury, for example, a lawyer with Public Advocates, a San Francisco firm that represents 14 national organizations, rejected the Reagan Administration's contention that marketing standards were not needed in the United States. "Studies have shown," she said, "that there is an epidemic of formula misuse among low-income families in cities like Houston and Los Angeles."

At the center of the increasingly bitter conflicts are babies, millions of babies with the shriveled limbs and the distended bellies that signal kwashiorkor, the Ghanian term for malnutrition that has become part of the medical literature. According to UNICEF, about 11 million infants in developing countries—more than the combined populations of New York and Los Angeles—die each year before reaching their first birthday. Most of them succumb to malnutrition or diarrheal diseases. Although estimates vary widely, Dr. Stephen Joseph, one of the A.I.D. officials who quit last May, blames reliance on infant formula for about a million of these deaths.

The formula itself is a nutritious product, and it can be an acceptable alternative to breast milk under certain conditions; when the mother can affford to buy sufficient quantities; when she has access to refrigeration, clean water and adequate sanitation, and when she can understand the directions well enough to mix the formula properly. And, as nutritionists point out, formula can save lives. Dr. Joseph remembers a cholera epidemic in Chad in 1972, when "a lot of mothers died." Fortunately, he says, "we had formula available through international agencies and we saved a number of kids."

He and many other physicians argue, however, that most third-world women cannot use formula safely and that, as a result, their babies became seriously ill and malnourished. They also charge that aggressive marketing of formula has contributed to a vast shift away from breast milk, the safest and most nutritious food for infants.

The formula companies deny that their marketing has influenced the choice of feeding methods, and they contend that misuse of their products is rare. For them, a rich global market is at stake. Formula sales in this country reached $550 million last year at the wholesale level, divided principally among Abbott Laboratories (50 to 55 percent), the Bristol-Myers Company (40 percent), and American Home Products Corporation (8 percent). In the world market, estimated to be as great as $2 billion wholesale, Swiss-based Nestlé commands a 50 percent share, while the American companies and dozens of other competitors divide the rest.

Leah Margulies, a founder of Infact (Infant Formula Action Coalition), now associated with the Interfaith Center on Corporate Responsibility of the National Council of Churches, says that many antiformula advocates are "in favor of a choice that's real; we want mothers and families to make a decision that's not based on the marketing strategy of a high-profit industry." (Among the alternatives, Infact supports suggestions by nutritionists who recommend the mixing at home of powdered milk with sugar and oil, or yogurt.)

The controvery over formula did not boil over until the publication in 1974 of a journalistic exposé. "The Baby Killer," by War on Want, a London organization. The booklet, which was widely translated and distributed, brought scores of groups, many of them church-related, into the fray. While some of them launched shareholder suits and resolutions against the American manufacturers, others began a nationwide boycott of Nestlé products. The nerve center of the protest became the Interfaith Center on Corporate Responsibility. Commenting on the boycott, Rafael D. Pagan, Jr., president of the Nestlé Coordination Center for Nutrition in Washington, says: "Nestlé, of course, is a Swiss company and does not manufacture, distribute or sell infant formula in the United States, and thus there has never been any direct impact on the company through that product."

The words that each side uses against the other are not the kind usually heard among the pews on Sunday mornings. So vituperative is the rhetoric that it is easy to imagine both sides settling the issue in a back alley after dark. It is a battle in which politics and money, not science, have come to dominate.

And yet it is the scientists who must ponder such difficult questions as: How long can a malnourished mother adequately suckle her baby? If formula is denied to mothers, will they put watery gruel or weak tea into the feeding bottles instead? Can mothers combine local foods in a nutritious mixture, eliminating the need for expensive formulas, as some international organizations and a few third-world countries have suggested might be an acceptable alternative?

Mother's milk is the world's original and best fast food, a complex recipe containing more than a hundred nutrients, many of which are different chemically from those found in formula products. In most healthy women, these nutrients are enough to sustain a baby's growth for the first four to six months of life.

Mother's milk is also a potent armament against infection. Like a soldier stripped of weapons, a baby at birth lacks many of the biological agents that fight bacteria. While its own immune system matures, an infant acquires antibodies from its mother's milk that are effective against the intestinal infections that are the leading killers of infants in developing countries. "The immune system in human milk has evolved over millions of years specifically to protect infants, and it's uniquely different from milks used as substitutes," says Dr. Armond S. Goldman, a professor of pediatrics and of human biological chemistry and genetics at the University of Texas's medical branch in Galveston.

Despite its advantages, human milk has always competed against other methods of feeding. Beginning, perhaps, with those whose mothers died in childbirth, babies have fed on the milk of cows, goats, yaks and camels, horses, reindeer and buffalo. But these milks are unlike the human variety.

Since the middle of the last century, scientists have tried to modify cow's milk to make it biologically more similar to human milk and to enhance its digestability. But actual "formulas" did not appear until close to the turn of the century. A pediatric text in 1904 offered no fewer than two and a half pages of formulas for calculating the composition of infant food. Soon after, early versions of modern formula products became available without a prescription.

The infant formula is still biochemically different from human milk. The protein components in it can cause serious allergic reactions in some infants, such as diarrhea, vomiting, abdominal pains and skin rashes. And it lacks some of the nutrients of human milk, such as taurine, which may be involved in the early development of the brain. "For us to think that in 40 years we can duplicate what has happened in four million years of human development is very arrogant," says Dr. Gerald Gaull, a pediatrics professor at Mt. Sinai School of Medicine in New York.

The companies that make formula start either with skim milk or with whole milk from cows, and remove the fat that infants find difficult to digest. After the milk has been diluted with water to reduce the level of protein, a milk sugar called lactose is added, as well as a combination of vitamins and minerals. Finally, a blend of vegetable oils is used to restore the fat, which the babies need, in a form they can digest. The formula is marketed either already mixed or in a powdered form, to which mothers add water.

The formula market did not begin its dramatic expansion until birthrates skyrocketed after World War II. Women in Western countries flocked to the feeding bottle as a "scientific" method that also liberated them from the home. The National Fertility Survey in 1965 showed that 68 percent of mothers born between 1911 and 1915 breast-fed their first baby, compared with 35 percent of mothers born in the early 1940's. Surveys by Ross Laboratories, which produces Similac, show that the incidence of breast feeding at one week of age fell from 34 percent in 1951 to 23 percent in 1971. But breast-feeding resurged to 54 percent in 1980, probably because of increasing awareness of the advantages of mother's milk and the activism of groups like La Leche League, whose insistence that nature's way is best appeals to a generation weaned on ecology.

However, a recently released study conducted by the New York City Department of Health revealed that 68 percent of the mothers who gave birth in all types of city hospitals last year planned to use infant formula; the figure rose to 82 percent in municipal hospitals, where most of the maternity patients are lower-income women. Infant formula is popular with some low-income women because they see it as "a kind of status symbol," says Judith Gordon, formerly a researcher at the city's Bureau of Maternity Services, but doctors believe that a more significant contributing factor is the need for many of these women to return to work soon after giving birth, which makes formula the simplest feeding method.

In the third world, where the controversy over formula has been the most intense, the decline in breast-feeding has been more rapid and more recent. It started among the urban elite about 20 years ago and then spread quickly throughout the population, although, for the most part, rural villagers are much less affected. While many mothers have rejected breast-feeding entirely, the biggest changes involve an earlier termination of suckling and a more widespread practice of mixed feeding, utilizing both the breast and the bottle.

A number of powerful social and economic forces have caused the shift away from the breast in developing countries. When rural mothers move to the big cities, as they have in massive numbers in recent years, the psychological stress of urban life sometimes causes a physical inability to lactate. Additionally, many of the women must take jobs outside the home, and so cannot conveniently breast-feed their children.

Aggressive promotion of formula seems to have played a large role in the decline of breast-feeding, too, although its precise impact is difficult to measure. The companies which manufacture it argue that their promotions target only urban families who have the money to buy formula in sufficient quantity and the facilities to prepare it hygienically. And they insist that they tailor their advertising campaigns in both developed and underdeveloped countries so that formula competes only with local foods, not with breast milk. "Breast milk from a well-nourished mother is a superior product to ours," says Harry Levine, a vice president of Bristol-Meyers. "The biggest market is cow's milk, and that's waht we compete against."

The companies have not always been surgically precise with their promotional activities, however. After surveying marketing practices in four underdeveloped countries during 1976 and 1977, the W.H.O. said: "The distributors themselves reported that they were not limiting the distribution of products by either geographical or socioeconomic criteria."

Until a few years ago, when they ended the practice in response to widespread protest, Nestlé and the American formula companies advertised heavily in the print and broadcast media of developing countries. In Brazil, where infant formula was the most advertised product after cigarettes and soap, the advertisements usually promised, if only subtly, that formula was the modern method of infant feeding, associated with upward mobility, and that it would produce babies with fat cheeks.

The formula companies have promoted most heavily, though, through health-care systems, both at home and abroad. As Ross Laboratories indicated in a selling manual issued to its American personnel in 1975 (and later withdrawn): "When one considers that for every 100 infants discharged from the hospital on a particular formula brand, approximately 93 infants remain on that brand, the importance of hospital selling becomes obvious." Under a contract signed in 1974 with New York City, Ross was given a guarantee that every new mother leaving a municipal hospital would be given a free one-day supply of Similac.

For a time, many companies employed "mothercraft" nurses, most of whom wore white uniforms, who visited women in maternity wards and in their homes. As they helped mothers to cope with infant-rearing problems, many of the nurses also promoted their company's formula. Dressed in traditional nurses' uniforms, they conveyed the false impression that independent health professionals—not company employees—were recommending formula feeding. The major companies finally responded to harsh criticism of these practices by eliminating first the uniforms and then the nurses who had worn them.

In many third-world hospitals, the staff routinely separates the mother and baby at birth and feeds formula to the baby during its entire stay in the pediatrics ward. On discharge, the mother receives a free tin of formula and a feeding bottle. By the time the mother has finished her free tin of formula, she may be a confirmed bottle-feeder and her baby, accustomed to the easy sucking on an artificial nipple, may rebel at the more demanding task of drawing milk from a breast. Or, says Dr. Carl Taylor, chairman of the Department of International Health at Johns Hopkins University, "the mother's milk can dry up and then the baby is hooked on formula."

In Nigeria, according to the W.H.O., the average clinic may receive as many as 8,000 free cans of baby formula each year. And about five million feeding bottles—many of them gifts of the formula companies—were distributed each year during the late 1970's in India, Nigeria, Ethiopia and the Philippines.

The companies defend these practices by pointing to the same W.H.O. study, in which none of the 23,000 women, mostly in developing countries, who were asked why they had stopped breast-feeding attributed the choice to promotional practices. But as some formula critics point out, the W.H.O. researchers were not trying to measure the effects of commercial promotion, and it seems unlikely, in any case, that questioning would have brought out the kind of subtle influence that advertising can have on decision-making.

The health consequences of the shift to bottle-feeding in the third world have been severe. Halfdan Mahler, director general of the W.H.O., says that "evidence from developing countries indicates that infants breast-fed less than six months, or not at all, have a mortality rate 5 to 10 times higher in the second six months of life than those breast-fed six months or more."

A baby who does not suckle loses the immunological protection that mother's milk provides against the bacterial assault of polluted water and primitive sanitation. In Western countries, where contamination is seldom a problem, the loss of these antibodies is not disastrous. And yet the Cooperstown, N.Y., study suggests that even infants in developed societies, when denied the immune agents in mother's milk, have higher rates of serious illness, though nutritionists caution that much more research needs to be done.

Mother's milk also provides a clean and sterile method of feeding. When babies in third-world countries feed on formula, they face myriad dangers from their bottles. Fatima Patel, a nurse who works with Peruvian Indians in the Amazon, told Senator Kennedy's committee in 1978 how villagers prepare formula in that area: "The river is used as a laundry, as a bathroom, as a toilet and for drinking water," she said. "Now, you can tell the mother to boil the water . . . but to get the fuel to boil that water, she has to go into the jungle, chop a tree trunk with a machete . . . and carry it on her back. No mother is going to use that hard-earned piece of wood to boil that water. . . . So, the babies are drinking the contaminated water."

And if the infant does not finish its bottle of formula, the mother may save the rest, unrefrigerated, until the next feeding. "Stored at room temperature in a tropical country," says Dr. Taylor of Johns Hopkins, "you have explosive bacterial growth. So the bottle becomes a lethal instrument."

Overdilution is another serious hazard of formula-feeding. A medical team from an Indonesian university analyzed the mothers at four health clinics in that country. Their study, published last year in The Journal of Tropical Pediatrics, revealed that only one in four women had mixed the milk reasonably close to its recommended strength, despite their above-average economic and educational status and the clear directions on the cans. The researchers also found "gross contamination" of the milk by fecal organisms, through the water supply, and concluded that babies fed with a bottle should be classified "high risk." In other cases, mothers who cannot sustain regular formula purchases start using cheaper mixtures such as rice water and sugared tea.

The earliest medical studies that demonstrated the benefits of breastfeeding were conducted in the United States and Western Europe more than 75 years ago, when sanitation was poorer and infant mortality higher. These studies suggest that the risks of bottle-feeding in the third world are similar to those faced by Western babies a century ago.

Contemporary reports are nearly unanimous in finding major benefits from breast-feeding. A research team at the São Paulo School of Medicine, for instance, studied a low-income population in that Brazilian city for two years. Its findings, published in 1980, indicated that 9 percent of the infants who were breast-fed up to the age of six months were suffering from malnutrition, compared with 32 percent of those who had received only artificial feeding.

Some of the best evidence comes from hospitals that have radically changed their policy on infant feeding. In Baguio City, in the northern Philippines, doctors had routinely separated mothers and babies at birth and fed the babies with formula. In 1975, however, the hospital began returning each infant to its mother within an hour of birth, and mothers began breast-feeding on demand. The results were dramatic. As the incidence of breast-feeding soared, the rate of morbidity (illness) and mortality dropped dramatically.

A similar program worked just as successfully at a hospital in Puriscal, a rural region of Costa Rica. Four years after babies began

suckling at their mother's side, the rate of diarrheal disease had dropped by 91 percent, meningitis by 92 percent, and lower-respiratory infection by 43 percent. The mortality rate for acute infection declined by 81 percent.

Most studies coming out of underdeveloped countries, however, have flaws in their methodology. Some compare breast-feeding with bottle-feeding without specifying what is in the bottle; others rely on the mother to recall what she was feeding her infant at various times during the infant's first year. But a study conforming absolutely to the classic scientific method may not even be possible. Mothers themselves choose their method of feeding, and their choice seems to reflect some inherent differences that can bias the results. In large third-world cities, mothers who choose breast-feeding, for example, are often better-educated and have greater financial means, which may affect infant-care practices. Another difficult problem is that breast-fed babies tend to be weaned at some point to the bottle, and the reason for this change in individual cases—illness of the infant, for example—may prejudice the study.

Does this mean that the studies are meaningless, that they will not support the making of public-policy decisions about the promotion of formula? With virtually every study from underdeveloped countries pointing in the same direction, most nutritionists conclude that bottle-feeding with formula or any other food places most poor third-world babies at a great risk of illness or death.

Dr. Nevin Scrimshaw, director of the M.I.T.-Harvard International Food and Nutrition Program, puts it bluntly: "The studies are conclusive. Failure to breast-feed in rural developing communities is tantamount to a death sentence."

A leading figure in international nutrition for several decades, Dr. Scrimshaw was director of the Institute of Nutrition of Central America and Panama for 12 years. He is a consultant to a new M.I.T.-Harvard project to develop supplementary foods that third-world mothers can prepare in the home from local inexpensive grains and vegetables. "Breast is best," he says, "but what comes next? The problem of infant nutrition won't be solved by emphasizing breast-feeding alone. Breast-fed children in developing countries begin to falter at four months because the milk is not sufficient. The second aspect of insuring the health of children is attention to the weaning period."

The problem of what to feed infants during the weaning period is the most difficult of all. Without human milk, a baby's prognosis is often grim. Its new menu may deliver the double whammy of bacteria and low food value, starting it on a quick slide to malnutrition.

Many babies never breast-feed at all, or are weaned in the first month or two, and for them there are few options. Some type of milk product is a necessity for the youngest infants, who are unable to digest solid food. Formula is the closest alternative to human milk, and the companies that make it, of course, strongly recommend it. "When there is no breast milk, the chances of survival are small if the baby is not formula-fed," says E. Steven Bauer, vice president of Wyeth International, a subsidiary of American Home Products that makes SMA and its international equivalent, S-26.

Nutritionists agree that formula has a role in feeding the youngest infants in developing countries, but cost is the key, and only mothers who can afford to buy enough to prepare it at the proper strength should use it, they say. The W.H.O. code on marketing recognizes this danger by permitting the distribution of formula to babies using breast-milk substitutes—but only if the distribution is free or at low cost. Since the formula companies are not charitable institutions, the likelihood of sufficient quantities being distributed under such circumstances cannot be great.

It is because so few people in developing countries can afford to buy sufficient amounts of formula—a day's feeding could cost up to one-half the average daily wage, as compared to about a dollar a day in the United States—that the United Nations subcommittee on nutrition has put if far down on its list of recommended foods. The subcommittee urges mothers to find a wet-nurse—in some cultures a relative serves this function, in others, nonrelatives will do so for an amount less than the cost of infant formula. If this is not possible, the subcommittee suggests the use of animal milk or processed animal milk, such as evaporated or powdered skim milk, or even yogurt. It also recommends the use of a cup and spoon, because they are easier to clean than a nipple and a narrow-necked bottle.

Babies who feed on breast milk, as nutritionists recommend, still need solid weaning foods added to their diet in the first year. In industrialized countries, babies can subsist on breast milk exclusively for up to six months before they need a supplemental food. But the situation is much different in the third world, where a malnourished mother may not be able to produce enough milk for a baby older than four months.

Roger Whitehead, a nutritionist at Cambridge University, who lived for a time in the small Gambian village of Keneba, found that lactating mothers there could provide good nutrition for their infants for only about the first three months. After that, the babies' weight gains began to fall behind international standards until, by one year, their average weight was only 75 percent of the standard.

In this critical period, when the mother's milk can no longer meet all the baby's needs, most nutritionists agree that for the vast majority of third-world women, a combination of breast-feeding and local foods work best.

Chosen wisely, local foods can make a nutritious supplement. Most "multimixes," as they are called, are recipes for cereal-legume blends. In many nations, multimixes are packaged and sold in stores. One of the first mixes was Incaparina, which Quaker Oats and other companies marketed in Central and South America in the early 1960s. Though some have been successful, especially those heavily subsidized by local governments, most commercial mixes have been too expensive for the poor, who need them most, and have been taken off the market.

Dr. Gretchen Berggren, an assistant professor of population sciences at the Harvard School of Public Health, coordinated a combined M.I.T.-Harvard health program in Haiti, where about two-thirds of all the children suffer from malnutrition. At Government nutrition centers, Haitian women learned how to prepare and cook mixtures made by combining beans with rice, corn or sorghum, all local foods. Nutrition educators and doctors closely monitored the children receiving these foods. In one district serving 100,000 people, hospital admissions for severe malnutrition fell more than 50 percent from 1968 to 1975, and deaths caused by malnutrition in children under the age of 4 dropped by 83 percent.

Nepal has been another target for nutrition programs. In 1971, a team of international health workers began distributing supplies of powdered milk and corn-soy-milk mixtures to mothers of undernourished children in one area of the country, but because many mothers prepared it under unsanitary conditions, this food caused diarrhea. Medical workers then discovered that even the poorest homes had an ample supply of grains. The nutritionists concocted a flour from local corn, wheat and soybean supplies, and then taught Nepalese women how to prepare it. Malnourished children were usually well on the way to recovery within five weeks of starting on the mixture.

In a recent effort to help infants in urban slums and poor rural areas of Thailand, a team of physicians from Bangkok prepared seven weaning supplements from locally available foods. Rice, the local staple, was the major ingredient in each mixture, to which physicians added combinations of vegetable oil, soybeans, mung beans, groundnuts, sesame and fishmeal. They reported that these gruellike mixes were nutritious, easy to prepare and acceptable to children's tastebuds and digestive tracts.

Only large government subsidies can bring packaged mixes within reach of the world's poor, but much smaller sums could help people to prepare the same mixtures at home. The M.I.T.-Havard project, one of the first steps in this direction, gets only $200,000 a year out of America's billion-dollar-plus food-aid package.

The same companies criticized for marketing formulas may, ironically, hold one of the keys to improving the health of infants in the third world. They possess the expertise and the financial resources to help develop weaning mixtures that women can prepare with indigenous foods in their homes. And they already have the sales personnel, distribution channels and marketing apparatus to promote packaged mixtures of the same foods.

Help from this quarter, however, may be a long time coming. Still engaged in a bitter struggle over the marketing of formulas, the companies are worried that the boycott of Nestle products may spread to their own. Others are reluctant to apply their expertise to different areas. "We're a pharmaceutical company," says Carol Emerling, secretary of American Home Products. "We can make a better contribution to infant health by doing something we do well."

Nevertheless, with the trend of scientific thinking favoring mixes of local foods, infants would profit from an alliance of the formula companies and their critics.

ENDANGERED SPECIES ACT

Mr. MITCHELL. Mr. President, over the past two decades, the United States became the world's leader in the effort to protect, preserve, and enhance the natural environment.

In America where economic growth at times involved the destruction of the fragile ecologies of woodlands, forests, rivers, and coastlines, the people urged their Government to preserve the natural environment.

From that public demand came such landmark laws as the Clean Air Act, the Clean Water Act, the Resource Recovery Act, and many others. Those statutes became models for State statutes and, in many cases, for laws enacted by other nations around the world.

The Endangered Species Act was the first law in our history, and virtually the first worldwide, which had as its goal the stopping of man's eradication of entire species from the face of the Earth.

Our 1973 act recognized for the first time that a species, once destroyed, cannot be replaced. It recognized that the reduction of the world's genetic diversity was no less a threat to mankind than to the affected species themselves.

Over the past two decades, we have developed a deeper understanding of the importance of the various parts of every ecological system. We now know that the bacteria that break down vegetation in the soil help produce fertile farmlands. We know that the teeming insect life of

the planet is a vital link in the food chain on which we ultimately depend.

The exciting technologies of genetic research are charting for us new ways to use the genetic richness of the natural world for our own needs. We can, for example, use life forms to help curb the pollution of oil spills and chemical dumps: Laboratory experiments have developed a bacteria which consumes hazardous wastes; bacteria which can digest spilled oil have been used to clean up spills in European waters.

The potential for practical and ecologically sound use of such genetic material is virtually unlimited. Research into this promising field is just on the frontier.

But the biological wealth of the plant has been put to use in countless ways already, and new uses are being developed yearly.

Biological control of crop pests and diseases uses the natural world to attack insect pests with their natural enemies, saving the Earth from artificial pesticides and lessening our dependence on finite fossils for petrochemicals.

Japan is now experimenting with a variety of spurge to produce latex, Brazil is working to use the sap from the copaiba tree for diesel fuel, and the guayule plant of our own arid Southwestern deserts may well become a valuable source of oil in future decades.

Genetic diversity for food plants and animals has barely been touched upon. Scientists today are working to develop salt-resistant forms of such crops as barley, to take advantage of water which other plants cannot tolerate. They are investigating a rare corn that grows on only a few hill slopes in Mexico which is disease resistant and perennial—an incredible boon to food-hungry Third World nations if its characteristics can be combined with crop corn.

The enormous herds of the African plains may well become that continent's major source of protein as mankind learns to domesticate and breed the abundant herbivores.

There are many other examples which dramatically demonstrate the real economic worth of preserving our world's biological richness and diversity.

But human beings do not live by economics alone.

We are part and parcel of the natural universe, and every dimunition of it affects all of us.

Who can measure the loss from the total extinction of the carrier pigeon? Or the virtual extinction of the bison? Or the near extinction of the bald eagle? Or the many other species which have now been or are about to be exterminated by man?

We cannot bring back the passenger pigeon. We may never be able to return the bison herds to the Great Plains. We may already be doomed to find that only small numbers of the majestic bald eagle can live compatibly with man in America.

But we can stop the depredation which dooms other species to a lingering extinction. We can change the direction of development which threatens other birds with extermination. We can modify the demands we make on the habitat of our remaining wolves, our mountain bighorns, and our herds of moose and elk as they wander through the twilight of the northern winters.

Between 1600 and 1900, the expanding activities of mankind on the Earth helped cause the permanent extinction of 75 mammal and bird species. Since 1900, at least another 75 have vanished—nearly one major species every year, reflecting the burgeoning world population and the often harsh impact that human activities have on the habitat of wild species.

Biologists estimate that in addition to the major species facing extinction, as many as 1 to 3 so-called minor extinctions occur each day of such life forms as plants, insects and bacteria; their appearance is not well noted, but their genetic contribution to our world and our future can never be recaptured, once destroyed.

Against this assault—real even though at times unintentional on our Earth's biological heritage, we have only one law: The Endangered Species Act, which seeks to prevent the extinction of species now threatened and to lessen the threat to species whose future survival is in doubt—those species regarded as threatened and not yet technically endangered.

This law is not onerous. It is not a wild overreaction. It does not curb economic growth for the sake of any and all natural life. Its scope is limited. Its workings are modest.

The first requirement in the law is that a species be determined endangered by scientific evidence. There is ample opportunity for public opinion to be expressed through the listing process, but the final determination to list a species as endangered is based on scientific evidence, not on public testimony.

Once a species is listed as endangered, the Federal Government may move to prohibit its destruction and to stop trade in articles made from it. Additionally, the Government can purchase habitat areas to give the species an undisturbed place to propagate. The Federal Government also provides matching funds for State-level conservation programs, and it makes certain that Federal activities do not further endanger the species.

The protection given a threatened species is substantially less, and varies with the scientific indications of what actions are best to reduce the threat.

In its most recent authorization of the law, Congress specifically spelled out a process to assure that vital development projects are not stopped because of threatened or endangered species; a criticism often levied against the act, although with little hard evidence to back it up.

The act itself is the best refutation of this inaccurate and misleading criticism.

The section which requires consultation between Government agencies whenever a Federal project may affect an endangered species has not constantly stopped much needed or essential projects in their tracks, as some critics claim. That section has resulted in 9,673 consultations between Federal agencies to find alternative ways for projects to continue—not to stop—and to protect endangered species as well.

The consultation process works. Of the more than 9,600 consultations that have occurred under the act, only 1.6 percent have resulted in even preliminary findings of jeopardy to a species. Ninety percent of the potential conflicts that the section was intended to identify have been avoided, not exacerbated, by the Endangered Species Act.

And in the few instances where projects have been delayed, the Endangered Species Act has been a minor part of that delay, not the massive roadblock its opponents like to portray.

The section which prevents development projects from endangering rare species has worked so well that the vast majority of cases are settled with no litigation, no delay, and no huge costs, and the public is not even aware that a conflict ever existed.

It is ironic that this section of the act works so well that it may become a victim of its own success, if the opponents of the act have their way.

And if the Reagan administration's policies are adopted, the opponents will have their way.

The recent administration order to the Office of Endangered Species to reduce its list of potentially endangered species to a "more reasonable number" is an obvious indication that immediate short-term economic standards are being imposed in place of the rigorous scientific standards which govern the listing of species as endangered.

An arbitrary reduction of the list of animals and birds that may be exterminated does not lessen the likelihood that they will escape extinction: It simply limits the objects of official concern.

The administration's claim that the massive budget cut in the activities needed to establish a species as endangered would be made up by an emphasis on the recovery of already identified endangered species is disingenous and misleading. For the same budget that proposes to cut the listing of newly endangered species also proposes to cut the recovery budget.

In this case, those who care about the future of species survival would do best to look at what they do, rather than listen to what they say. The current administration has listed no new species as endangered. It has tried to take credit for the paperwork involved in finalizing a listing of 44 Hawaiian tree snails. And it has tried to deflect criticism by claiming recovery, rather than identification, as its priority even while it cuts the budget for its alleged priority.

The problem is that the listing of endangered species, the study of which species are in trouble, and effective action to prevent further extinctions cannot wait. The activities of mankind work on the natural environment without concern for fiscal years and economic game plans. Actions that may irreversibly doom a species cannot be undone. And our ability to meaningfully reverse the near extinction of our Nation's birds and mammals is far less robust than our ability to destroy them.

Budget cuts are necessary, but they should be made judiciously, and with some regard to the debt we owe to future generations of Americans, as well as to the short-term political and economic stakes that face us today.

If our budgetary priorities let us gut

the Endangered Species Act, its reauthorization will be relatively meaningless. With no money to implement a law, even the best-written law is a dead letter.

If we eliminate the protection we must give to the most basic part of the natural environment—maintaining the life forms that share our world—we will be cheating future Americans of a vital part of their heritage.

Last week, the Committee on the Environment and Public Works, on which I serve, held hearings on the Endangered Species Act. From those hearings one crucial fact emerged: The Reagan administration has no commitment to the act, and if it cannot repeal it in law it will repeal it in fact by simply not enforcing it.

Although this administration has been in office for nearly 1 year, and although scientist after scientist testified that the rate of extinction of species is accelerating at a terrifying rate, the administration has proposed not a single new species for listing as endangered.

In addition, the administration has proposed a 40 percent reduction in the very modest level of funding for this program, including the complete elimination of the State grant program. If accepted, this would drastically reduce the program and centralize what is left of the effort in Washington. Both results are wrong.

Taken as a whole, the Reagan administration's actions represent an incredible and distressing abdication of responsibility for enforcement of the Endangered Species Act.

The eyes of this administration must be raised to a longer-range view of the needs of our world.

Today we face the fact that the Nation which led the world in the recognition of the value of the Earth's biological richness may be the first nation to back away from that recognition. Do we really want to return to the days when our natural environment was seen as nothing but a treasure chest for mankind to raid? I think not.

We owe our world and ourselves more than the distinction of being the most efficiently destructive species in the history of the Earth.

We are the only self-conscious species. We are the only species which can knowingly take actions to damage our world or to preserve it. We are the stewards of our natural universe. And our Government, as well as individuals, has an obligation to uphold that responsibility.

THE SUMMER FOOD SERVICE PROGRAM

Mr. DIXON. Mr. President, last Friday, USDA published proposed regulations on the operation of the 1982 summer food service program (Federal Register, December 11, 1981, p. 60592). I am deeply concerned about the timing and content of these regulations. If finalized in their present form, these regulations would have a seriously adverse effect on thousands of poor children in my State and many other States. I speak today not only to express my concern, but also to alert my colleagues to this situation. Unfortunately, there is limited time to rectify this situation.

Until this year, the summer food service program (SFSP) provided Federal funds for meals served during the summer months to children through schools or public and private nonprofit service institutions in "areas in which poor economic conditions exist." The Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35) cut the SFSP by about half, effective in 1982. Most of the savings would be achieved by eliminating all private sponsors from the program. Additional savings are expected from tightening the requirement that programs be operated in poor economic areas and from a requirement that programs sponsored by local governments be operated directly by such governments. It is the manner in which this last requirement, that local governments operate programs directly, is addressed in the regulations that causes me great concern.

The regulations take the most restrictive possible approach to defining what constitutes direct operation of programs by local governments. They require that three separate, stringent criteria be met before a site can qualify for the program. Any one of these three criteria alone would be sufficient to show substantial control by the sponsor over the operation of the program site.

The net effect of these proposed regulations, if finalized, would be that hundreds, if not thousands, of sites sponsored by local governments nationwide would be eliminated from the SFSP. In my own State, preliminary estimates indicate that up to 90 percent of all such sites could be forced out of the program. I understand that a similarly dramatic effect would be felt in a number of other States.

I am certain that the December 11 regulations go much further than Congress intended in Public Law 97–35. I am aware of no Member of Congress who, at the time Public Law 97–35 was considered, contemplated the wholesale elimination of program sites sponsored by local governments. Certainly the savings estimates prepared by USDA when this legislation was under consideration did not reflect this massive an impact on sites sponsored by local governments.

I hope that, in the coming weeks, the Reagan administration, including the Office of Management and Budget, will rethink its position on these regulations and publish final regulations that are more closely in accordance with congressional intent. I would hope that the administration is not, through these regulations, attempting to achieve what they were unable to achieve through legislation—namely, elimination of the program altogether.

Hundreds of thousands of low-income children across the country have a lot riding on the decisions USDA makes on these regulations. For them, the SFSP provides a vital midday meal that is the summer equivalent of the free school lunch the President promised to protect as part of his social "safety net." These poor children have no less need for a nutritious lunch in the summer than during the school year. The "safety net" should be in place year round, not just for 9 months.

This program is also vitally important to the success of hundreds of recreational and educational summer programs located primarily in our inner cities. Without a meal at midday, it is difficult to imagine how these programs will be able to keep children in organized activities past noon. Many working parents count on these programs for supervision of their children during the workday. Both the parents and the larger community profit from involvement of these children in organized activities for most or all of the workday.

In light of the vital importance of the SFSP to low income communities and the sweeping program changes proposed by USDA, it is most unfortunate that the proposed regulations of December 11 allow only 20 days for comments to be filed. Especially since the comment period runs through the holiday season, it is hard to imagine that 20 days will provide enough time for adequate public response.

While I understand that final regulations should be published as early as possible to allow lead-time for program implementation, the Department should have the benefit of carefully prepared public comments. Since it appears that the January 1 statutory deadline for final regulations will not be met in any event, a further delay of perhaps, 2 to 3 weeks due to extending the comment period strikes me as a wise investment of the Department's time.

I am sure that program administrators around the country would rather have final regulations which reflect consideration of their comments than those that do not, even if implementation time is slightly squeezed. Especially when one considers that the administration published the proposed regulations nearly 6 weeks after the statutory deadline of November 1, it seems particularly unfair to penalize the public by unduly abbreviating the comment period.

In summary, I am deeply concerned over the SFSP regulations proposed on December 11, 1981. I believe that major revisions must be made in the approach of those regulations to determining whether local government sponsors operate programs directly. In addition, the administration should immediately announce an extension of the deadline for comments on these extremely important regulations.

MORTGAGE LOAN ASSUMPTIONS

Mr. MATTINGLY. Mr. President, I would like to voice my opposition to any attempt by the Federal Government, either by legislation or regulation, to override State laws affecting mortgage loan assumptions.

There is no doubt that assumability of mortgages has provided vast benefits for individual consumers in those States where assumptions are protected. Sellers have been able to sell homes because their buyers were able to afford the financing package which results. Buyers who otherwise would be unable to qualify because of high interest rates have been able to obtain housing to meet their needs.

Today, less than 1 American family in 20 can qualify for a mortgage on

the average home. Legislation or regulation to override State prohibition of due-on-sale clauses would, therefore, destroy one of the only practical ways of financing home sales today.

The debate on due-on-sale clauses is not new nor without controversy. In an effort to strike a balance between the problems of lending institutions and the needs of local home buyers, both State legislatures and State courts have dealt with the issue of due-on-sale clauses. In 14 States, including Georgia, the legislature has preserved the option of mortgage assumptions by placing restrictions on full implementation of due-on-sale clauses. At a time when the administration and Congress are calling for a return of decisionmaking powers to the States and decentralization of regulatory authority, efforts to preempt State laws and court decisions dealing with the due-on-sale clause appear to run 100 percent in the opposite direction.

Mr. President, it would be unfortunate if Congress enacted legislation or allowed implementation of a regulation that would make it more difficult in the future for American families to fulfill the American dream of purchasing a home. For this reason, I oppose any effort by the Federal Government to preempt State law regarding loan assumptions.

U.S. POLICY IN CENTRAL AMERICA

Mr. HELMS. Mr. President, the Subcommittee on Western Hemisphere Affairs of the Senate Committee on Foreign Relations held two hearings earlier this week concerning U.S. policy in Central America. The subcommittee received testimony from Assistant Secretary of State for Inter-American Affairs Thomas O. Enders and Under Secretary of Defense for Policy Fred Ikle, Monday and Tuesday, December 14 and 15.

Mr. President, I ask unanimous consent that these two statements be printed at this point in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT OF THOMAS O. ENDERS

THE STRATEGIC SITUATION IN CENTRAL AMERICA AND THE CARIBBEAN

There are four major developments that have come together to create what can only be described as a state of danger in the Caribbean Basin.

One is the new Cuban strategy for uniting the left in the countries of the region, committing it to violence, arming it, training it in warfare, and attempting to use it for the destruction of existing governments.

I say new because it is only three years ago that the policy was adopted. Prior to 1978—for some 10 years since the death of Che Guevara on an Andean hillside—Cuba had made a sustained effort to portray itself as a member of the international community not unlike others, carrying on state-to-state relations through embassies, emphasizing trade and cultural contacts.

Observing this pattern, many in this and other countries of the Hemisphere began to hope that revolutionary Cuba was on the way to becoming a status-quo nation. The 1970's, of course, were marked by Cuban intervention in Africa on a continent-wide scale. But, it was argued, Africa was a special case.

The turn came in 1978, when Cuba decided to back the insurrection in Nicaragua. At first it was not apparent to many that a new Cuban strategy was in operation, for Nicaragua seemed like a case all of its own. But then the same thing was tried in El Salvador, in Guatemala, in Colombia; now it is being tried in Honduras.

We have attempted to identify and illustrate the full scope of this new Cuban strategy in a research paper, which I would like to submit to the Committee for its study. The paper is based on both public and intelligence sources. It was not written to make sensational revelations, and it does not. But I wonder how many Americans are aware of the sweep and the sophistication of what is going on. In many countries of the region, Cuba is attempting no less than to construct a machine to destroy the established governments.

The pattern is always the same. For years the radical left in the area has been divided by disagreement over tactics. The old line Comintern parties argued patience: you only had to wait for Marx's famous objective conditions to emerge, and the revolution would occur. Other factions were for setting up Che Guevara-style *focos:* put some armed *guerrilleros* into the countryside and their presence will radicalize the peasants. Others were for *guerra prolongada:* discredit the regime by hitting the economy. Still others advocated spectacular kidnappings and assassinations.

Under the new strategy Cuba is approaching each of these groups, often calling them to Havana. Cuba offers to supply (or arrange for the supply of) arms and training. But there are conditions: the left must unite, it must create a single directorate for command and control, it must commit to a single strategy (which often is written out and approved by Castro personally). And that strategy is always the same: armed struggle against the established government.

It is important to be clear about the effects of this process. It enhances Cuba's role as the guide (and sometimes as the arbiter) of each revolutionary movement. It increases the pressure on democratic movements on the left to make common cause with the men with the guns, rather than face blame as the obstacle to the unity of the left. Once unity on the left has been created, democratic socialists in the Hemisphere and in Europe face the dilemma of whether or not to support it. Many have supported such movements, only to learn with bitterness that their money and political backing are welcome, their ideas are not.

This is not only history. The process goes on. In Honduras, Cuba has just now completed the same unification operation—parties have been joined together in a national directorate committed to armed struggle. A new attempt to overthrow an established government by force is underway.

Under challenge in this way, the democracies in the Hemisphere have had to break, suspend or downgrade relations with Cuba: Colombia, Costa Rica, Jamaica, Venezuela, Peru and Ecuador.

The second development is the economic and social crisis in the region. It also began in 1978, just as Castro was launching his new policy of intervention.

For the past two generations, most of the Central American countries and many of the islands compiled an enviable record of economic and social change.

But in 1978 a serious deterioration began. Prices for export commodities—coffee, sugar, cocoa—began to decline sharply. Prices for imported oil and imported capital kept going up. With slower economic growth in the industrial world, tourism stagnated. Run-on credit crunches resulted. Some countries are bankrupt. Others are threatened with bankruptcy. In two, Cuban-assisted insurrections are destroying power plants, bridges, and crops, and attempting to disrupt the tourist trade.

The result is a grave, general economic crisis, bringing with it misery and despair for many millions of people in the region. Coinciding as it does with the Cuban drive to unify the left and commit it to violence, economic crisis creates great potential political vulnerability throughout the area.

The third factor is developing the role of Nicaragua as a platform for intervention throughout Central America.

We have watched with deepening concern as Nicaragua has moved away from pledges of political pluralism toward a repressive, one-party state. At the same time it is greatly expanding its army and building up an inventory of heavy arms. It continues to be deeply involved in logistics and other support for the insurgency in El Salvador.

The United States and a number of other countries have tried to provide an alternative to these trends, notably by providing economic aid, but also by maintaining political contacts. Since 1979 the U.S. alone gave $120 million in assistance. Recently we tried by diplomatic means to achieve a rapprochement with Managua. And we don't close the door on future attempts.

But frankly there is little to show for our efforts. Indeed I wonder whether any of the democratic countries that have supported Nicaragua can claim to have slowed down, much less to have stopped the negative trends.

There are more than 1,500 Cuban military and security advisors in Nicaragua, twice as many as there were at the start of the year. More tanks are reported on their way. Preparations for the receipt of MIG's are well advanced.

A final factor is the special importance of the struggle in El Salvador for the future of the area.

El Salvador is the second largest Central American state in population, and in the past has achieved a relatively high level of economic development.

But El Salvador is important not only for itself. There are underway these two critical experiments in reform: one in land tenure, the other in the creation of democratic institutions and strengthening the political center. If these reforms are defeated by arms, prospects for peaceful change elsewhere will be seriously set back.

There is something else. If after Nicaragua El Salvador is captured by a violent minority, what state in Central America will be able to resist? How long would it be before the major strategic United States interests—the canal, sea lanes, oil supplies—were at risk?

To meet and overcome these challenges the United States must also have a comprehensive strategy. Let me summarize briefly the line of action we are now developing.

First, we must make sure that our friends have the means to defend themselves. El Salvador and Honduras are the two most threatened countries. The build-up in Nicaragua menaces both; targeting of El Salvador's economy by Nicaraguan-supported insurgents creates a situation of emergency in that country. Both need more resources—above all economic but military as well. We will be consulting with the Congress on how we can best provide help.

Second, we must join with others to help provide the Caribbean Basin countries the opportunity to achieve long-term prosperity. President Reagan is preparing for submission to the Congress early next year a far-reaching package of proposals. Because the markets in the countries of the Basin are so small, investment other than in staples is often unattractive. But if investors could be sure of unimpeded access to outside markets, particularly to the vast U.S. market, at least for a defined period of time, then investment in the area becomes more interesting. The skilled and relatively low cost labor of the area becomes an attraction. We are developing proposals for one-way free trade arrangements and for investment incentives; there will also be provision for preventing abuses.

At the same time we will present proposals for emergency financial assistance to tide countries over until they can take advantage of the new opportunities to begin earning their own way.

Third, we must not falter in our pursuit of democratic values—for they assure the legitimacy of governments we hope to help. In a free, open election with broad participation Honduras chose a new government last month. Costa Rica—whose deeply-rooted democratic institutions are helping it to weather a brutal economic crisis without violence—goes to the polls in February. El Salvador will follow with elections for a constituent assembly—the first step in creating representative, constitutionally bound government in that nation. In Central America only the Nicaraguan government refuses to go before the people.

Let me in this regard make a remark on the subject of proposals for negotiation between the government and the insurgents. Members of the Frente Democratico Revolucionario say they want to talk about "restructuring the army" and "establishing a new order." In their view such changes are conditions precedent to elections.

But the establishment of a new order and the status of the army are among the subjects for the constituent assembly to be elected in March. Why should they only be debated and decided with the insurgents, and not with the campesinos, the labor unions, and the political parties? Why shouldn't the FDR have—only have—the representation in the assembly it can get by campaigning?

In July the U.S. said it would facilitate contacts and discussions on election issues. In September we sent a group to El Salvador and talked to all interested in talking to us, including the MNR, a member of the FDR. The representative of another member of the FDR has asked to see us in Washington this week, and we are receiving him on the same basis. If there are opposition elements who believe in a democratic solution, we will help them participate in the electoral process. But it would be wrong to assist those—in negotiations or otherwise—who are committed to the destruction of democracy.

Fourth, we must continue the pursuit of justice for the countries of the area. Lawlessness from both the left and right has been a major weakness in El Salvador. But the government is making progress in bringing it under control. Violent deaths other than in combat as reported each week by our Embassy in San Salvador are down by more than a half since last year. I do not want to give you the impression that our weekly figures are complete. But the trend is significant. Progress is unmistakable. I wonder whether the insurgents have made any contribution to that progress at all. For they claim that their violence is justified by a higher goal.

Fifth, our emphasis should be on collective action. Last week the Organization of American States voted 22 to 3 with 4 abstentions in support of free elections as a means to a political solution in El Salvador. In the same forum Secretary Haig has suggested that all countries in Central America should address the arms race that now threatens in Central America as a result of Nicaraguan imports of heavy weapons and the Cuban military advisor presence in Nicaragua. Should more serious threats emerge, it is in collective security that we should seek solutions.

Finally, we must communicate to Cuba that the costs of escalating their intervention in the region will be very high. We have readied measures to prevent another Mariel sealift should Cuba again seek to utilize the longings of its own citizens to harm this country. We are tightening the economic embargo. We are preparing creation of a radio devoted to Cuba news and beamed to the island, so that Cubans can be better able to hold their government accountable for its actions. Our underlying message is clear: we will not accept, we do not believe the countries of the region will accept, that the future of the Caribbean Basin be manipulated from Havana. It must be determined by the countries themselves.

Cuba's Renewed Support for Violence in the Hemisphere

PREFACE

Any formulation of U.S. foreign policy for Latin America and the Caribbean would be incomplete without in-depth analysis of Cuba's role in the region. Some of Cuba's international activities have received publicity and attention, but much has taken place out of the public view. While understanding the full range of Cuba's activities abroad is obviously essential for governments engaged in foreign policy planning, the general public is often uninformed about the nature and extent of Cuba's involvement in other countries. This study of Cuban activities in Latin America and the Caribbean is being issued in the interest of contributing to better public understanding of U.S. foreign policy and developments in the region.

The focus of this study is Cuba's activities in the Americas. It does not attempt to give a description of conditions in the countries in which Cuba is active, or to analyze why violent groups develop, but instead examines the degree to which Cuba is directly engaged in efforts to destabilize its neighbors by promoting armed opposition movements. Cuba is clearly not the sole source of violence and instability in the region, but Cuban activities militarize and internationalize what would otherwise be local conflicts. In a region whose primary needs are for economic development, social equity, and greater democracy, Cuba is compounding existing problems by encouraging armed insurrection.

This report describes Cuban activities that are either publicly known or can be revealed without jeopardizing intelligence sources and methods. Cuban involvement is not limited to the examples contained in this study.

SUMMARY

A country-by-country examination of Cuba's activities in Latin America and the Caribbean makes clear that Cuba has renewed its campaign of the 1960's to promote armed insurgencies. In particular, Cuba has stepped up efforts to stimulate violence and destabilize its neighbors, turning away from its earlier policy of strengthening normal diplomatic relations in the hemisphere.

Since 1978, Cuba has:

Worked to unite traditionally splintered radical groups behind a commitment to armed struggle with Cuban advice and material assistance;

Trained ideologically committed cadres in urban and rural guerrilla warfare;

Supplied or arranged for the supply of weapons to support the Cuban-trained cadres' efforts to assume power by force;

Encouraged terrorism in hope of provoking indiscriminate violence and repression in order to weaken government legitimacy and attract new converts to armed struggle; and

Used military aid and advisors to gain influence over guerrilla fronts and radical governments through armed pro-Cuban Marxists.

Unlike Che Guevara's attempts during the 1960's, Cuban subversion today is backed by an extensive secret intelligence and training apparatus, modern military forces, and a large and sophisticated propaganda network. Utilizing agents and contacts nurtured over more than twenty years, the Castro government is providing ideological and military training and material and propaganda support to numerous violent groups, often several in one country.

Cuba is most active in Central America, where its immediate goals are to exploit and control the revolution in Nicaragua and to induce the overthrow of the governments of El Salvador and Guatemala. At the same time, Cuba is working to destabilize governments elsewhere in the hemisphere. Cuba provides advice, safehaven, communications, training, and some financial support to several violent South American organizations. In the Caribbean, Cuban interference in the post-election period has been blunted in Jamaica, but Grenada has become a virtual Cuban client.

Cuba's new drive to promote armed insurgency does not discriminate between democracies and dictatorships. And attempts by Cuba to destabilize governments occur in spite of the existence of diplomatic ties.

This long-range campaign is directed by the Cuban Communist Party which oversees far-flung operations that include secret training camps in Cuba, intelligence officers abroad, training programs for select foreign students, networks for covert movement of personnel and material between Cuba and abroad, and propaganda support.

Cuba's enormous investment of energy, money, and agents in this campaign would not be possible without Soviet help. Soviet assistance, now totalling over $8 million a day, enables Cuba to maintain the best equipped and largest per capita military forces in Latin America and to channel substantial resources abroad. In return, Cuba usually is careful not to jeopardize ongoing government relationships in Latin America important to the Soviet Union.

The scope of Cuba's activities in the hemisphere has prevented Cuba from always keeping covert operations hidden. For instance, during 1981 alone:

In Nicaragua, Cuba has quietly increased its presence to 5,000 personnel, including more than 1,500 security and military advisors.

In El Salvador, Cuba's key role in arming the Salvadoran guerrillas was exposed and Castro admitted supplying arms.

In Costa Rica, a Special Legislative Commission documented Cuba's role in establishing an arms supply network during the Nicaraguan civil war and found the network was later used to supply Salvadoran insurgents.

In Colombia, Cuba was discovered to have trained guerrillas attempting to establish a "people's army."

Cuba's new policies abroad and its reaction to emigration pressures at home have reversed the trend in Latin America toward normalization of relations with Cuba. During the last two years, Colombia, Costa Rica and Jamaica suspended or broke relations with Cuba. Venezuela, Peru, and Ecuador withdrew their ambassadors from Havana.

Cuban intervention is, of course, not the sole source of instability. The origins of occasional violent conflict in Latin America lie in historical, social and economic inequities which have generated frustrations among a number of people. Sustained economic growth over the past 20 years and resilient national institutions, however, have limited the appeal of radical groups. But in some countries, particularly the small nations of Central America, dislocations resulting from rapid growth compounded existing tensions, leading to the emergence of several countries of radical movements, which often originated with frustrated elements of the middle class. Subsequent economic reversals have subjected already weak institutions to additional stress, making these countries more vulnerable to the appeals of radical groups backed by Cuba.

Cuba is quick to exploit legitimate grievances for its own ends. But its strategy of armed struggle is not based on appeals to the "people." Instead, Cuba concentrates on developing self-proclaimed "vanguards" committed to violent action. Revolutions,

according to this approach, are made by armed revolutionaries.

Cuba's readiness to train, equip and advise those who opt for violent solutions imposes obstacles to economic progress, democratic development and self-determination in countries faced with growing economic difficulties. The spiralling cycle of violence and counterviolence which is central to Cuba's policy only exacerbates the suffering of ordinary people and makes necessary adjustments more difficult.

Cuba's renewed campaign of violence is of great concern to many countries, including the United States. Cuba should not escape responsibility for its actions. Exposing Cuba's efforts to promote armed struggle will increase the costs to Cuba of its intervention.

I. POLICIES

When it first came to power, the Castro regime had its own theory of how to spread revolution: to reproduce elsewhere the rural-based guerrilla warfare experience of Castro's 26th of July Movement in Cuba. In Che Guevara's words, the Andes would become the Sierra Maestra of South America.

Initial attempts to repeat Cuba's revolution elsewhere failed decisively. During the late 1960's, the Castro regime gradually reined in its zealots. Without abandoning its ties to radical states and movements or its ideology, Cuba began to pursue normal government-to-government relations in the hemisphere. By the mid-1970's Cuba's isolation in the Americas eased and full diplomatic or consular relations were reestablished with a number of countries.

But diplomacy proved unable to satisfy the Castro government's ambitions. First in Africa, and now in Latin America and the Caribbean, Cuba's policy has again shifted to re-emphasize intervention.

On July 26, 1980, Fidel Castro declared that the experiences of Guatemala, El Salvador, Chile, and Bolivia teach us that there is no other way than revolution, that there is no other "formula" than "revolutionary armed struggle."

Castro's statement was an attempt to justify publicly what Cuban agents had been doing secretly since 1978: stepping up support for armed insurgency in neighboring countries.

This study traces the development of this latest phase in Cuba's foreign policy.

Eary Failures. The original Cuban theory held that a continental Marxist revolution could be achieved by establishing armed focal points (focos) in several countries. Operating in rural areas, small bands of guerrillas could initiate struggles that would spread throughout the continent.

In 1959, Castro aided armed expeditions against Panama, the Dominican Republic, and Haiti. During the early and mid 1960's, Guatemala, Colombia, Venezuela, Peru, and Bolivia all faced serious Cuban-backed attempts to develop guerrilla focos.

In seeking indigenous groups with which to cooperate, the Cubans rejected the orthodox Latin American communist parties, which they regarded as ineffectual. Instead, they lent their support to more militant groups dedicated to armed violence even when their Marxism was not fully anticulated.

The Soviet Union was suspicious of Cuba's policy of inciting armed violence, preferring to work through established Moscow-line comunist parties. Disagreement over this issue was a serious point of friction for several years. Cuba denounced the Soviet policy of "peaceful coexistence" as a fraud, arguing that it implicity undercut the legitimacy of aiding "national liberation" struggles. At the 1966 Tricontinental Conference, Cuba sought to enlist North Vietnam and North Korea and create a more aggressive revolutionary internationalism.

None of the Latin American insurgencies fomented by Havana, however, aroused much popular support. The most severe blow to Cuba's policy during this period came in Bolivia in 1967, when Che Guevara's guerrilla band was opposed by both the peasantry and the Bolivian Communist Party.

After this maverick approach failed to establish a continental revolution, Cuban foreign policy moved into closer conformity with that of the Soviet Union. Castro endorsed the 1968 Soviet invasion of Czechoslovakia and accepted Soviet views on East-West relations. Within the hemisphere Cuba generally conformed to the Soviet approach of fostering state-to-state relations with several Latin American countries.

The Turn to Africa. In the mid-1970's, Cuba renewed its penchant for direct intervention, not in Latin America, but in Africa.[1]

In Angola, 20,000 Cuban troops, supported by Soviet logistics and materiel, assured the supremacy of the Popular Movement for the Liberation of Angola (MPLA), which had the strongest ties to Moscow of the three movements competing for power after Portugal's withdrawal.

In Ethiopia, the integration of Soviet and Cuban operations was even more complete, with the Soviets providing overall command and control, materiel, and transport for 13–15,000 Cuban troops fighting against Somali forces.

The Moscow-Havana Axis. These African operations gave evidence of Cuba's military value to the Soviet Union. In areas of the Third World where the Soviets were under constraints not binding on Cuba, Havana could portray its actions as an outgrowth of its own foreign policy of support for "national liberation movements."

Cuba's extensive and costly activities overseas would have been impossible, however, without Soviet aid. The Cuban armed forces, some 225,000 strong with new sophisticated weaponry from the Soviet Union, became a formidable offensive military machine. Soviet aid and subsidies to the Cuban economy have climbed to over $3 billion annually, or about one-fourth of Cuba's gross national product. In December 1979, at a time when Soviet oil deliveries to Eastern Europe were being cut back and prices raised, Castro announced that the Soviet Union had guaranteed Cuba's oil needs through 1985 at a price roughly one-third that of the world market. The Soviet Union also pays up to 4 and 5 times the world price for Cuban sugar.[2]

In return, Cuba champions the notion of a "natural alliance" between the Soviet bloc and the Third World in the Non-Aligned Movement. At the Cuban Communist Party Congress in December 1980, Castro explicitly endorsed the Soviet intervention in Afghanistan and defended the Soviet "right" to intervene in Poland. He also reiterated that Cuba is irrevocably committed to communism and to supporting "national liberation" struggles around the world.

Cuba's policies abroad are thus linked to its relationship to the Soviet Union. By intervening in behalf of armed struggle in Latin America, Cuba injects East-West dimensions into local conflicts.

II. METHODS

Even when pursuing an open policy in the 1970's of establishing normal diplomatic relations with a number of Latin American countries, Cuba retained its clandestine ties with remnants of the insurgents and other pro-Cuban elements in Latin America, providing asylum, propaganda, some training, and other support. Between 1970 and 1973 Cuba's security services moved arms and agents into Chile. At the same time, Cubans helped organize President Allende's personal security and trained many leaders of the Chilean Movement of the Revolutionary Left (MIR).

Cuba's renewed campaign to promote insurgencies draws on these contacts and experiences and combines several different elements.

Sophisticated Strategy. Learning from Che Guevara's failure in Bolivia, Cuban doctrine now emphasizes the need to enlist support for armed struggle through advanced training of local guerrilla cadres, sustained aid and advice, and extensive propaganda activities. The *foco* approach of the 1960's—when a Cuban-sponsored team in the field was considered enough to spark insurrection—has given way to a more sophisticated strategy involving extensive commitments and risks.

Soviet Support. A major difference from the 1960's is that, instead of throwing up obstacles, the Soviet Union generally has backed Cuban efforts to incorporate non-doctrinaire groups into broad political-military fronts dedicated to armed struggle. Particularly in Central America, Soviet ties to local communist parties and Block relationships have been used to favor insurrectionary violence. For example, a senior Soviet Communist Party functionary traveled to Panama in August 1981, to discuss strategy for Central America with Cuban officials and leaders of Central American communist parties. The Soviet Union has also used its extensive propaganda network to selectively discredit governments and build support for armed opposition groups.

Allowing Havana to take the lead in the hemisphere enables Moscow to maintain a low profile and cultivate state-to-state relations and economic ties with major countries like Brazil and Argentina.

Cuba, in turn, is generally cautious not to undercut the Soviet Union where the Soviets have established valued relationships. In Peru, for example, Cuba has been careful to exercise restraint to avoid prejudicing the status of the 300 Soviet officials there or jeopardizing the Soviet Union's arms supply arrangement.

Central Control. Most of the covert operations in support of this strategy are planned and coordinated by the America Department of the Cuban Communist Party, headed by Manuel Pineiro Losada. The America Department emerged in 1974 to centralize operational control of Cuba's covert activities. The Department brings together the expertise of the Cuban military and the General Directorate of Intelligence (DGI) into a farflung operation that includes secret training camps in Cuba, networks for covert movement of personnel and materiel between Cuba and abroad, and sophisticated propaganda support.

Agents of the America Department are present in every Cuban diplomatic mission in Latin America and the Caribbean—in at least five recent instances in the person of the Ambassador or Charge d'Affaires. America Department officials frequently serve as employees of Cuba's official press agency, Prensa Latina, of Cubana Airlines, the Cuban Institute of Friendship With People (ICAP), and other apparently benign organizations. When too great an identification with Cuba proves counterproductive, Cuban intelligence officers work through front groups, preferably those with non-Cuban leadership.[3]

Cuban military intelligence personnel selected for clandestine operations in Latin America, Africa and the Middle East go through an elaborate training program conducted by Cuban, Soviet, East German and Czech instructors in Havana with special sessions in surrounding cities. In addition to the language and customs of the area to which they are assigned and typical intelligence operations such as infiltration proce-

Footnotes at end of article.

dures and photography techniques, the Cubans are instructed in handling explosives. To disguise their true occupation, the intelligence agents are also instructed in civilian skills such as automotive mechanics, carpentry and heavy equipment operation.

Armed Struggle. The new Cuban offensive relies heavily on violence. In outline, Cuba's strategy is to:

Unite traditionally splintered radical groups behind a commitment to armed struggle with Cuban advice and material assistance;

Train ideologically committed cadres in urban and rural guerrilla warfare;

Supply or arrange for the supply of weapons to support the Cuban-trained cadres' efforts to assume power by force.

Encourage terrorism in the hope of provoking indiscriminate violence and repression, and generalized disorder in order to weaken government legitimacy and attract new converts to armed struggle; and

Use military aid and advisors to gain influence over guerrilla fronts and radical governments through armed pro-Cuban Marxists.

The application of this strategy is demonstrated in detail in the case studies that follow. It should be noted, however, that Cuba sometimes emphasizes certain tactics over others. In pursuing its long-term strategy, Cuba concentrates initially on building a network of loyal cadres. When local extremist groups are not capable of or committed to armed struggle, Cuba generally draws on them in support of active insurgencies elsewhere while developing their capacity and willingness for agitation in their homeland. In addition, foreign policy concerns may deter Cuba from promoting armed struggle in a particular country. For example, Cuba attempts to avoid activities which could jeopardize its relations with the Mexican government since Castro seeks Mexico's support to avoid isolation in the hemisphere.[4]

Propaganda. Cuba's existensive cultural exchange and propaganda activities are tailored to support covert operations and elicit support for armed struggle.[5] For example, during the past year, Cubans have used Mexico as a base for coordination of propaganda on behalf of insurgents in El Salvador, Guatemala, and Colombia. Radio Havana and other Cuban media recently have publicized statements by Chilean Communist Party leaders urging unity of the Chilean left, and calling for armed action to topple Chile's government. Radio Havana has directed broadcasts to Paraguay urging the overthrow of the Paraguayan government.

Sports competitions, youth and cultural festivals, and special scholarships to Cuba provide channels to identify potential agents for intelligence and propaganda operations. In Ecuador, Cuban Embassy officers in Quito used their ties with Ecuadorean students to try to orchestrate pro-Cuba demonstrations when the government of Ecuador threatened to suspend relations after Cuba's forcible and unauthorized occupation in February 1981 of the Ecuadorean Embassy in Havana, following its seizure by a group of Cubans seeking to leave Cuba.

Military Training. Witnesses and former trainees have described several camps in Cuba dedicated specifically to military training, including one in Pinar del Rio province and another near Guanabaco, east of Havana. The camps can accommodate several hundred trainees. Groups from El Salvador, Nicaragua, Guatemala, Costa Rica, Honduras, Colombia, Grenada, the Dominican Republic, Jamaica, Haiti, Chile, and Uruguay have been trained in these facilities during the past two years.[6]

Recruits are normally provided false documentation (sometimes Cuban passports) by Cuban agents in third countries and are flown to Cuba on civil aircraft under cover as "students" or other occupations. Panama has been used as a regular transit point for Central and South Americans to and from military training in Cuba.[7]

Once in Cuba, trainees generally are taken immediately to the guerrilla training camps where they usually are grouped according to nationality and the organization for which they are being trained in order to promote a sense of cohesiveness and esprit de corps.

Training normally lasts 3–6 months and consists of instruction by Cuban cadres in sabotage, explosives, military tactics, and weapons use. Although military training is frequently tied closely to operational requirements (the M–19 guerrillas that landed in Colombia in early 1981 did so immediately upon completion of their military instruction in Cuba), witnesses report that political indoctrination is also included in the curriculum.

Many Cuban instructors are active military officers and veterans of Cuban expeditionary forces in Africa. Soviet personnel have been reported at these camps, but they apparently do not participate directly in the guerrilla training.

Political Training. Each year Cuba offers hundreds of scholarships to foreign students. All Cuban mass organizations operate schools in organizational work and indoctrination open to carefully selected foreign students.[8] In addition, some 11,000 non-Cuban secondary school students, mostly teenagers, were enrolled in 1980 in 15 schools on the Isle of Youth alone. Cuba does not publicize complete foreign enrollment statistics, nor does it release the names of those trained. From the Eastern Caribbean alone, close to 300 students are currently in Cuba studying technical and academic subjects. The study of Marxism-Leninism is compulsory in many courses and military affairs is compulsory in some. When governments have turned down Cuban scholarship offers, as occurred recently in Belize and Dominica, Cuba has gone ahead and concluded private agreements. Local Marxist-Leninist groups with ties to Cuba play a major role in selecting those students who receive scholarships.

In sum, the infrastructure for Cuba's intensified revolutionary agitation in Latin America is a multifaceted yet carefully, coordinated mechanism. The Cuban Communist Party, through its America Department, provides cohesion and direction to a complex network that consists of intelligence officers, elements of Cuba's foreign ministry, armed forces, mass organizations, commercial and cultural entities, and front groups.

This extensive apparatus is designed to support one objective: a systematic, long-range campaign to destabilize governments.

III. CASE STUDIES

The Cuban activities described in the case studies which follow must be considered to understand developments within the particular countries in question. However, the focus of the case studies is Cuban involvement in each country. Readers should therefore guard against assuming that the cases below provide a comprehensive picture of the general situation in the country where the events described have taken place.

Central America

Nicaragua

In July 1979, internal and external factors converged to bring about the triumph of the anti-Somoza insurrection and the subsequent domination of the new Nicaraguan government by the Cuban-trained leadership of the Sandinista National Liberation Front (FSLN). These events provided a key test for Cuba's new mechanisms and strategy for promoting armed pro-Cuban movements in this hemisphere.

Opposition to Somoza's authoritarian rule in the late 1970's was widespread. The 1978 killing of Pedro Joaquin Chamorro, publisher of Nicaragua's most respected newspaper La Prensa, converted many Nicaraguans to the armed opposition of which the FSLN was the core; FSLN assurances on democracy and pluralism were accepted by newly allied political moderates and private businessmen. Internationally, sympathy for the struggle against Somoza led Venezuela, Panama, and Costa Rica to aid the insurgents, while Somoza stood practically without friends.

This environment enabled Cuba to disguise the extent of its support for the FSLN and avoid disrupting the fragile alliances between the FSLN and other opponents of Somoza. Behind the scenes, Cuba played an active role in organizing the FSLN, and in training and equipping it militarily.

Cuba had provided some training and arms to the FSLN in the early 1960's. Until late 1977, however, Cuban support consisted mainly of propaganda and safe haven.

In 1977 and early 1978, a high ranking American Department official, Armando Ulises Estrada,[9] made numerous secret trips to facilitate the uprising by working to unify the three major factions of the FSLN. Stepped-up Cuban support to the Sandinistas was conditioned on effective unity. During the XI World Youth Festival in Havana in late July 1978, the Cubans announced that the unification of the three factions had been achieved and urged Latin American radicals present at the meeting to demonstrate solidarity with the FSLN by staging operations in their own countries.

At the same time, Estrada concentrated on building a supply network for channelling arms and other supplies to guerrilla forces. International sympathy for the struggle against Somoza provided a convenient facade for Cuban operations. In preparation for the first FSLN offensive in the fall of 1978, arms were flown from Cuba to Panama, transhipped to Costa Rica on smaller planes, and supplied to Nicaraguan guerrillas based in northern Costa Rica. To monitor and assist the flow, the America Department established a secret operations center in San Jose. By the end of 1978, Cuban advisors were dispatched to northern Costa Rica to train and equip the FSLN forces with arms which began to arrive direct from Cuba. FSLN guerrillas trained in Cuba, however, continued to return to Nicaragua via Panama.

In early 1979, Cuba helped organize, arm, and transport an "internationalist brigade" to fight alongside FSLN guerrillas. Members were drawn from several Central and South American extremist groups, many of them experienced in terrorist activities. Castro also dispatched Cuban military specialists to the field to help coordinate the war efforts. Factionalism threatened Sandinista unity again in early 1979, and Castro met personally with leaders of three FSLN factions to hammer out a renewed unity pact.

When the insurgents' final offensive was launched in mid-1979, Cuban military advisors from the Department of Special Operations, a special military unit, were with FSLN columns and maintained direct radio communications to Havana. A number of Cuban advisors were wounded in combat and were evacuated to Cuba via Panama.

The operations center run by the America Department in San Jose was the focal point for coordination of Cuba's support. After the triumph of the anti-Somoza forces in July 1979, the chief of the center, Julian Lopez Diaz, became Cuban Ambassador to Nicaragua. One of his America Department assistants in San Jose, Andres Barahona, was redocumented as a Nicaraguan citizen and became a top official of the Nicaraguan intelligence service.

Castro has counseled the Sandinistas to protect their Western ties to keep the country afloat economically. But to ensure that the FSLN could move to dominate the Nica-

Footnotes at end of article.

raguan government, Cuba has acted quickly to build up Sandinista military and security forces.

Since July 1979, Cuba has provided substantial military, technical, and political assistance. Some 5,000 Cuban advisors, teachers, and medical personnel work at all levels of the military and civilian infrastructures.[10] Of this number, more than 1500 military and security advisors are actively providing military instruction and combat training; instruction in intelligence and counterintelligence activities; instruction on security protection for the FSLN leadership and advice on organization of the Nicaraguan police force. In addition, Nicaragua has received within the past year approximately $28 million worth of military equipment from the USSR, Eastern Europe, and Cuba. This has included tanks, light aircraft, helicopters, heavy artillery, SAM's, anti-aircraft weapons, hundreds of military transport vehicles, as well as tons of small arms and ammunition.

Cuba presently is using Nicaraguan territory to provide training and other facilities to guerrillas active in neighboring countries. The Cuban Ambassador to Nicaragua and other America Department officials frequently meet with Central American guerrillas in Managua to advise them on tactics and strategy. Individual Sandinista leaders have participated in such meetings and have met independently with Guatemalan and Salvadoran insurgents. The FSLN also has cooperated in a joint effort by Cuba and Palestinian groups to provide military training in the Mideast to selected Latin American extremists. Some Sandinistas were themselves trained by the PLO, which maintains an embassy in Nicaragua.

Between October 1980 and February 1981, Nicaragua was the staging site for a massive Cuban-directed flow of arms to Salvadoran guerrillas. Arms destined for Salvadoran and Guatemalan guerrillas continue to pass through Nicaragua.

El Salvador

Before 1979, Cuban support to Salvadoran radicals involved training small numbers of guerrillas, providing modest financial aid, and serving as a political conduit between Salvadoran extremists and communists outside the hemisphere.

During the Nicaraguan civil war, Cuba concentrated on support for the FSLN. After the fall of Somoza, Cuba began intense efforts to help pro-Cuban guerrillas come to power in El Salvador. When a reform-minded civil-military government was established in October 1979, Cuba's first priority was to tighten the political organization and unity of El Salvador's fragmented violent left. At first, arms shipments and other aid from Cuba were kept low as the Cubans insisted on a unified strategy as the price of increased material support. To forge unity, Cuba sponsored a December 1979 meeting in Havana that resulted in an initial unity agreement among the Armed Forces of National Resistance (FARN), the Popular Liberation Forces (FPL), and the Communist Party of El Salvador (PCES), which had itself formed an armed wing at Cuban and Soviet insistence. In late May 1980, after more negotiations in Havana, the Popular Revolutionary Army (ERP) was admitted into the guerrilla coalition.

The new combined military command assumed the name of the Unified Revolutionary Directorate (DRU). During this period, Cuba also coordinated the development of clandestine support networks in Honduras, Costa Rica, and Nicaragua, sometimes using arms supply mechanisms established during the Nicaraguan civil war.

With unified tactics and operations now possible, Cuba began to assist the guerrillas in formulating military strategy. Cuban specialists helped the DRU devise initial war plans in the summer of 1980. The Cubans influenced the guerrillas to launch a general offensive in January 1981. After the offensive failed, guerrilla leaders traveled to Havana in February 1981 to finalize a strategy to "improve our internal military situation" by engaging in a "negotiating maneuver" to gain time to regroup.[11]

Cuba provided few weapons and ammunition to Salvadoran guerrillas from its own resources, but played a key role in coordinating the acquisition and delivery of arms from Vietnam, Ethiopia, and Eastern Europe through Nicaragua.[12] After the unmasking of this network, Cuba and Nicaragua reduced the flow in March and early April. Prior to a guerrilla offensive in August an upswing in deliveries occurred. The arms flow continues via clandestine surface and air routes. In addition, the Cubans over the past year have established a network of small ships to deliver arms to Salvadoran insurgent groups.

Cuba also assists the Salvadoran guerrillas in contacts with Arab radical states and movements to arrange military training and financing for arms acquisitions. In September 1980, Cuba laundered $500,000 in Iraqi funds for the Salvadoran insurgents. In March 1981, the Salvadoran Communist Party Secretary General, Shafik Handal, visited Lebanon and Syria to meet with Palestinian leaders. Cuba also coordinates the training of a relatively small number of Salvadoran guerrillas in Palestinian camps in the Mideast.

Cuban training of Salvadoran guerrillas increased sharply in 1980 as Cuba concentrated on building a trained army able to mount major offensives. A typical three-month training program included courses in: guerrilla tactics; marksmanship and weapons use; field engineering; demolition, fortification construction; land navigation; use of artillery and mines. One observer reported seeing groups up to battalion size (250–500 men) under instruction, suggesting that some guerrillas trained as integral units.[13]

Cuba has provided selected guerrillas more intensive training on specialized subjects. A former FPL guerrilla who defected in fall 1981 reported that during 1980 he had received 7 months of military training in Cuba which included instruction on scuba diving and underwater demolition. Soviet scuba equipment was used. The group trained as frogmen called themselves "combat swimmers" and were told that their mission was to destroy dams, bridges, port facilities and boats.

Cuba also gives political, organizational and propaganda support to the guerrillas. Cuban diplomatic facilities worldwide help guerrilla front groups with travel arrangements and contacts. The Cuban press agency, Prensa Latina, has handled communications for guerrilla representation abroad. Cuba and the Soviet Union have pressed communist parties and radical groups to support the insurgency directly and through solidarity organizations with propaganda and facilities (office space, equipment, etc.).

The Salvadoran insurgents have publicly stressed the importance of solidarity groups. A member of the FPL, Oscar Bonilla, who attended the Fourth Consultative Meeting in Havana of the Continental Organization of Latin American Students (OCLAE), a Cuban front group, told Radio Havana in August 1981 that OCLAE: "has been the most important means of soladarity of all the peoples and has gotten us ready to form an anti-interventionist student front in El Salvador, Central America and the Caribbean . . . We believe that it is good to carry out immediate plans for actions which will permit us to stop an imperialist intervention in El Salvador. In this respect, the students of Latin America will have to confront and attack U.S. interests so that the United States will see how the Latin American and Caribbean student movement responds to an aggression by imperialism in El Salvador."

With Soviet assistance, Cuba has orchestrated propaganda to distort the realities of the Salvadoran conflict. Unattributed foreign media placements and efforts to organize protests against the Salvadoran government and U.S. policy, which have accompanied official propaganda, stress the theme of U.S. intent to intervene militarily in El Salvador.

Unfounded claims and accusations originated by the Salvadoran guerrillas are routinely replayed to a regional and world audience by Cuba's Radio Havana or Prensa Latina, then echoed by the official Soviet Press Agency, TASS, Radio Moscow, and Eastern European media. For example, a false report of a U.S. soldier killed in El Salvador that resounded widely in Cuban/Soviet propaganda during 1980 was traced finally to the Salvadoran Communist Party. This rumor was to support an even bigger lie: that hundreds of U.S. soldiers were in El Salvador, building U.S. bases, and herding peasants into Vietnam-style strategic hamlets.[14]

Guatemala

Castro has stepped up Cuba's support to Guatemalan guerrillas whom he has aided with arms and training since he came to power.

As elsewhere, Cuba has influenced divided extremist groups to unite and conditioned increased Cuban aid on a commitment to armed struggle and a unified strategy. During 1980, discussions about a unity agreement were held among leaders of the Guerrilla Army of the Poor (EGP), the Rebel Armed Forces (FAR), the Organization of People in Arms (ORPA), and the dissident faction of the Guatemalan Communist Party (PGT/D). At the invitation of Sandinista leaders, representatives of the four groups met in Managua under strict security to continue discussions. In November 1980, the four organizations signed a unity agreement in Managua to establish the National Revolutionary Union (with a revolutionary directorate called the General Revolutionary Command—CGR). Manuel Pineiro Losada, Chief of the America Department, and Ramiro Jesus Abreu Quintana, head of its Central American Division, represented Fidel Castro at the signing ceremony. Following the signing of the unity agreement, representatives of the CGR traveled to Havana to present the document to Castro. ORPA publicized the agreement in a communique issued November 18, 1980. All parties agreed it was significant that the unity agreement was the first such document signed on Central American soil.

After this unity agreement was concluded, Cuba agreed to increase military training and assistance. A large number of the 2,000 or more guerrillas now active have trained in Cuba. Recent military training programs have included instruction in the use of heavy weapons.

During the past year arms have been smuggled to Guatemala from Nicaragua passing overland through Honduras. The guerrilla arsenal now includes 50 mm mortars, submachine guns, rocket launchers, and other weapons. Captured M–16 rifles have been traced to U.S. forces in Vietnam. On June 26, 1981, Paulino Castillo, a 28-year-old guerrilla with ORPA, told newsmen in Guatemala that he was part of a 23-man group of Guatemalans that underwent seven months of training in Cuba, beginning around February 1980. His group was divided into sections for urban and rural combat training in explosives and firearms use. To get to Cuba, Castillo travelled to Costa Rica from Guatemala by public bus. In Costa Rica a go-between obtained a Panamanian pass-

Footnotes at end of article.

port for Castillo to enter Panama. In Panama other contacts equipped him with a Cuban passport and he continued on to Cuba. Castillo returned to Guatemala via Nicaragua to rejoin the guerrillas. He later surrendered to a Guatemalan army patrol.

Guatemalan guerrillas have collaborated with Salvadoran guerrillas. In January 1981, the EGP, ORPA, FAR and the PGT/D circulated a joint bulletin announcing the intensification of their activities in support of the general offensive in El Salvador. The Salvadorans in turn have provided the Guatemalans with small quantities of arms.

Unity has not been fully achieved, as the four groups have not yet carried out plans to establish a political front group. The joint military strategy, however, is being implemented. The guerrillas have stepped up terrorist actions in an effort to provoke repression and destabilize the government. For example, the EGP took responsibility for placing a bomb in one of the pieces of luggage that was to have been loaded onto a U.S. Eastern Airlines plane on July 2. The bomb exploded before being loaded, killing a Guatemalan airport employee.

Costa Rica

Cuba took advantage of Costa Rica's strong popular and governmental opposition to Somoza's authoritarian government and of Costa Rica's open democratic society to establish and coordinate a covert support network for guerrilla operations elsewhere in Central America. The apparatus was established during the course of the Nicaraguan civil war and maintained clandestinely thereafter. Costa Rica was well-disposed toward groups that opposed Somoza, including the Sandinista guerrillas. Aid provided by Panama and Venezuela was openly funneled through Costa Rica to the Nicaraguan rebels. Cuba, however, kept its role largely hidden.

A Special Legislative Commission established in June 1980 by the Costa Rican Legislature revealed Cuba's extensive role in arming the Nicaraguan guerrillas. The Commission determined that there were at least 21 flights carrying war material between Cuba and Liano Grande and Juan Santamaria Airports in Costa Rica.[15]

Costa Rican pilots who made these flights reported Cubans frequently accompanied the shipments. Although Cubans were stationed at Liano Grande, their main operations center for coordinating logistics and contracts with the Sandinistas was set up secretly in San Jose and run by America Department official Lopez Diaz. The Special Legislative Commission estimated that a minimum of one million pounds of arms moved to Costa Rica from Cuba and elsewhere during the Nicaraguan civil war, including antiaircraft machine guns, rocket launchers, bazookas, and mortars. The Commission also estimated that a substantial quantity of these weapons remained in Costa Rica after the fall of Somoza in July 1979.

The Special Legislative Commission concluded that after the Nicaraguan civil war had ended, "arms trafficking (began), originating in Costa Rica or through Costa Rican territory, toward El Salvador, indirectly or using Honduras as a bridge." Through 1980 and into 1981 traffic flowed intermittently through Costa Rica to El Salvador, directed clandestinely by the Cubans.

In the summer of 1979 the Cubans and their paid agent, Fernando Carrasco Illanes, a Chilean national residing in Costa Rica, (along with several Costa Ricans previously involved in the logistics effort for the FSLN) agreed to continue smuggling arms to Salvadoran guerrillas. The Cubans arranged for acquisition of some of the arms and ammunition remaining in Costa Rica from the Nicaraguan airlift to supply the Salvadoran insurgents.

This new Cuban operation was coordinated from San Jose, first from their secret operations center then later directly from the Cuban Consulate. The major coordinator, until his expulsion from Costa Rica in May 1981 following the break in consular relations between Costa Rica and Cuba, was Fernando Pascual Comas Perez of the America Department. Comas worked directly for Manuel Pineiro and had the cover title of Cuban Vice Consul in San Jose. Cuban agents made arrangements to store arms for transshipment to El Salvador, and to help hundreds of Salvadoran guerrillas pass through Costa Rica in small groups on their way to training in Cuba. Cuban operations have been facilitated by Costa Rica's three Marxist-Leninist parties, which have provided funds, safehaven, transportation and false documents.[16]

Terrorism had been virtually unknown in Costa Rica until March 1981 except for scattered incidents of largely foreign origin. The first Costa Rican terrorists made their appearance in March when they blew up a vehicle carrying a Costa Rican chauffeur and three Marine security guards from the U.S. Embassy in San Jose. In April, four terrorists from the same group were captured after machine-gunning a police vehicle. In June, the group murdered three policemen and a taxi driver. Costa Rican authorities have arrested some twenty accused terrorists and are continuing to investigate leads linking them to South American terrorist groups such as the Argentine Montoneros, the Uruguayan Tupamaros, Colombia's M–19 and to Cuba itself. Two of the accused terrorists are known to have received training in the Soviet Union.

Director of the Judicial Investigation Organization Eduardo Aguilar Bloise told a press conference August 12 that captured terrorist documents indicated that two Costa Rican peasants had been given "ideological/military training" in Cuba and returned to work in the Atlantic coastal zone of Costa Rica. The documents indicate that the two were in Cuba from 8 to 12 months—possibly in 1978—and were financed by the terrorist group known popularly in Costa Rica as "the family." Aguilar said he did not discount the possibility that others had been trained in Cuba.

While most of Costa Rica's Marxist-Leninist parties have advocated a peaceful line in respect to Costa Rica, one group with close ties to Cuba—the Revolutionary Movement of the People (MRP)—while disavowing responsibility for terrorist acts, has spoken of them as "well intentioned." Some of the arrested terrorists are known to have belonged to the MRP at one time. On November 5 the Office of National Security announced the discovery of a terrorist cell clearly connected with the MRP. Among the arms and terrorist paraphernalia confiscated was an Uzi submachinegun with silencer. Earlier, the authorities had confiscated a "plan for Guanacaste" from an MRP official which noted such objectives as "prevent the electoral process from developing in a festive atmosphere" and "the taking of power by the armed people." The head of the MRP has traveled many times to Cuba and Cuba has given training to other MRP leaders.

Honduras

Cuba provided paramilitary training to a small number of Hondurans in the early 1960's, but relations with Honduran radicals were strained until the late 1970's. Cuba then resumed military training for members of the Honduran Communist Party (PCH) and integrated them into the "internationalist brigade" fighting in the Nicaraguan civil war. After the war, PCH members returned to Cuba for additional training.

Since then Cuba has concentrated primarily on developing Honduras as a conduit for arms and other aid to guerrillas active elsewhere in Central America. In January 1981, Honduran officials discovered a large cache of concealed arms intended for Salvadoran guerrillas, which included M–16 rifles traced to Vietnam. Smuggled arms have continued to be intercepted.

While considering Honduras a useful support base for insurgencies elsewhere, Cuba is also working to develop the capacity for insurrection within Honduras. In the normal pattern, Havana has urged splintered extremist groups in Honduras to unify and embrace armed struggle. While holding back from levels of support given to Salvadoran and Guatemalan guerrillas, Cuba has increased its training of Honduran extremists in political organization and military operations. Cuba has also promised to provide Honduan guerrillas their own arms, including submachine guns and rifles.

On November 27, Honduran authorities discovered a guerrilla safe house on the outskirts of Tegucigalpa. Two guerillas were killed in the resulting shootout, including an Uruguayan citizen. Nicaraguans as well as Hondurans were captured at the house, where a substantial arsenal of automatic weapons and explosives were seized. Incriminating documents, including notebooks which indicate recent attendance in training courses in Cuba, were also confiscated. One of those arrested, Jorge Pinel Betancourt, a 22-year-old Honduran, told reporters the group was headed for El Salvador to join Salvadoran guerrillas. Two additional guerrilla safe houses located in La Ceiba and San Pedro Sula were raided on November 29, and authorities seized sizable arms caches, explosives and communications equipment. These arms may have been destined for use within Honduras.

The Caribbean

Jamaica

In the late 1970's Jamaica became a special target for Cuba. Fidel Castro and other Cuban officials developed close relationships with important members of the People's National Party (PNP) which governed Jamaica from 1973 until 1980. Cuban security personnel trained Jamaican security officers in Cuba and Jamaica, including members of the security force of the office of the Prime Minister. Cuba also trained about 1400 Jamaican youths in Cuba as construction workers through a "brigadista" program. Political indoctrination in Cuba formed part of this group's curriculum. A considerable number of these Jamaican youths received military training while in Cuba, including instruction in revolutionary tactics and use of arms.

During this same period, the Cuban diplomatic mission in Jamaica grew in size. Most of the embassy staff, including former Ambassador Ulises Estrada, were Cuban intelligence agents. Ulises Estrada, who had served as a deputy head of the America Department for five years, had a long history of involvement in political action activities and intelligence operations, and went to Jamaica in July 1979, after playing a major role in Cuba's involvement in the Nicaraguan civil war.

Cuba was instrumental in smuggling arms and amunition into Jamaica. A Cuban front corporation Moonex International, registered in Lichtenstein, with subsidiaries in Panama and Jamaica) was discovered in May 1980 to be the designated recipient of a shipment of 200,000 shotgun shells and .38 caliber pistol ammunition shipped illegally to Jamaica from Miami. Jamaican authorities apprehended the local manager of the corporation as he was attempting to leave the country, in defiance of police instructions, on a private plane accompanied by the Jamaican Minister of National Security and Cuban Ambassador Estrada. The manager subsequently paid a fine of U.S. $300,000 set by a Jamaican court.

In 1980, weapons were reported stockpiled in the Cuban embassy for possible use by Jamaicans during the elections campaign.

Footnotes at end of article.

M–16 rifles then appeared in Jamaica for the first time and were used in attacks against supporters of the opposition Jamaican Labour Party (JLP) and the security forces. Over seventy of these weapons have been found by Jamaican authorities. Some of the M–16's found in Jamaica have serial numbers in the same numerical series as captured M–16's shipped to Salvadoran guerrillas from Vietnam.

Ambassador Ulises Estrada was withdrawn from his post in November 1980, at the request of the newly-elected JLP government. In January 1981, the Jamaican government terminated the "brigadista" program and recalled Jamaican students remaining in Cuba under this program. The government decided to maintain diplomatic relations but warned Cuba to stop its interference in Jamaican affairs. Cuba continued to maintain some fifteen intelligence agents at the Cuban Embassy in Kingston. On October 29, the government broke diplomatic relations with Cuba and cited Cuba's failure to return three Jamaican fugitive criminals as the immediate cause for this action. On November 17, the government publicly detailed Cuba's role in providing covert military training under the curtailed "brigadista" program.

Guyana

In 1978, as many as 200 Cuban technicians, advisors, and medical personnel were stationed in Guyana. However, while claiming fraternal relations with Guyana's government, Cuba maintained contact with radical opposition groups. Guyanese authorities suspected the Cubans of involvement in a crippling sugar strike. In August 1978, five Cuban diplomats were expelled for involvement in illegal activities.

Cuban military advisors have provided guerrilla training outside Guyana to members of a small radical Guyanese opposition group, the Working People's Alliance. Five of the seven members of the Cuban Embassy are known or suspected intelligence agents.

Grenada

Cuban influence in Grenada mushroomed almost immediately after the March 1979 coup led by the New Jewel Movement of Maurice Bishop. Bishop and his closest colleagues were Western-educated Marxist radicals, and they turned for help to Fidel Castro, who proved willing to provide assistance.

To allow close Cuban supervision of Grenadian programs, a senior intelligence officer from the America Department, Julian Torres Rizo, was sent to Grenada as ambassador. Torres Rizo has maintained intimate relations with Bishop and other People's Revolutionary Government (PRG) Ministers, such as Bernard Coard.

The Grenadian government has followed a pro-Soviet foreign policy line. Cuban and Grenadian voting records in international organizations have been nearly identical, so much so that they alone of all Western Hemisphere nations have voted against U.N. resolutions condemning the Soviet invasion of Afghanistan.

Cuban aid to Grenada has been most intense in those areas which affect the security of its client government and the island's strategic usefulness to Cuba. Cuba has advisors on the island offering military, technical, security and propaganda assistance to the Bishop government. Many Grenadians have been sent to Cuba for training in these areas. Last year journalists observed Cuban officials directing and giving orders to Grenadian soldiers marching in ceremonies in St. George's.

Cuba is aiding the construction of a 75-kilowatt transmitter for Radio Free Grenada. Grenada's state-controlled press, enjoying a government-enforced monopoly, currently hews to a strict "revolutionary" line. Indications are that the new transmitter will continue this emphasis while providing facilities for beaming Cuban and Soviet supplied propaganda into the Caribbean and South America.

Cuba's largest project in Grenada is the construction of a major airfield at Point Salines on the southern tip of the island. Cuba has provided hundreds of construction workers and Soviet equipment to build the airfield. This airfield, according to PRG statements, is required to bring tourism to its full economic potential and will be used as a civilian airport only. Many questions have been raised, however, about the economic justification for the project. The Grenadian government has ignored requests for a standard project analysis of economic benefits. The planned 9,800-foot Point Salines runway, moreover, has clear military potential. Such an airfield will allow operations of every aircraft in the Soviet/Cuban inventory. Cuba's Mig aircraft and troop transports will enjoy a greater radius of operation. The airport will give Cuba a guaranteed refueling stop for military flights to Africa.

Bishop himself has given an implicit endorsement of future military use of the airfield. A March 31, 1980, Newsweek report quoted Bishop's comments to a U.S. reporter: "Suppose there's a war next door in Trinidad, where the forces of Fascism are about to take control, and the Trinidadians need external assistance, why should we oppose anybody passing through Grenada to assist them?"

The Dominican Republic

With its renewed commitment to armed struggle, Cuba's interest in the Dominican Republic has revived. Since early 1980, the Cubans have been encouraging radicals in the Dominican Republic to unite and prepare for armed actions. Cuban intelligence officials, like Omar Cordoba Rivas, chief of the Dominican Republic desk of the America Department, make periodic visits to the island.

The Soviet Union, Cuba and other communist countries have mounted extensive training programs for Dominican students. In July 1981 the Moscow-line Dominican Communist Party (PCD) for the first time publicized the Soviet scholarship program. Some 700 Dominican students are currently studying at Soviet universities (principally Patrice Lumumba University) with another 75 in five other communist states (Bulgaria, Cuba, the German Democratic Republic, Hungary and Romania). The PCD itself selects the more than 100 students who begin the Soviet program each year.

At the same time, the Soviet Union has been pressuring the PCD to unite with other extreme left organizations. The PCD and the pro-Cuban Dominican Liberation Party (PLD) receive funds from Cuba and the Soviet Union and send significant numbers of their members and potential sympathizers for academic and political schooling, as well as military training in communist countries. Cuba also has given military instruction to many members of small extremist splinter groups like the Social Workers Movement (MST) and the Socialist Party (PS).

South America

Colombia

Since the 1960's, Cuba has nurtured contacts with violent extremist groups in democratic Colombia. During the 1970's, Cuba established full diplomatic relations with Colombia; Cuban involvement with Colombian revolutionaries was fairly limited although Cuba provided some training to guerrilla leadership. Many leaders of the April 19 Movement (M–19), including the founder, Jaime Bateman (who also attended a communist cadre school in Moscow), were trained in Cuba. Leaders of the National Liberation Army (ELN) and the Moscow-oriented Revolutionary Armed Forces of Colombia (FARC) also received Cuban instruction.

Cuban assistance to Colombian guerrillas was stepped up after the February 1980 seizure of the Dominican Republic Embassy in Bogota. A number of diplomats, including the U.S. Ambassador, were taken hostage by M–19 terrorists. As part of a negotiated settlement, the terrorists were flown on April 17 to Cuba, where the remaining hostages were released and the terrorists were given asylum

During mid-1980, Cuban intelligence officers arranged a meeting of Colombian extremists attended by representatives from the M–19, FARC, ELN, and other Colombian radical groups to discuss a common strategy and tactics. The M–19 had previously held talks with the Nicaraguan FSLN on ways to achieve unity of action among guerrilla groups in Latin America. Although the meeting did not result in agreement by Colombian guerrillas on a unified strategy, practical cooperation among the guerrilla organizations increased.

In late 1980, the M–19 set in motion a large scale operation in Colombia with Cuban help. In November, the M–19 sent guerrillas to Cuba via Panama to begin training for the operation. The group included members who had received no prior political or military training as well as new recruits. In Cuba the guerrillas were given three months of military instruction from Cuban army instructors, including training in the use of explosives, automatic weapons, hand-to-hand combat, military tactics and communications. A course in politics and ideology was taught as well. Members of the M–19 group given asylum in Cuba after the takeover of the Dominican Republic Embassy also participated in the training program.

In February 1981, some 100–200 armed M–19 guerrillas reinfiltrated into Colombia from Panama by boat along the Pacific coast. The guerrillas' mission to establish a "people's army" failed. The M–19 members proved to be poorly equipped for the difficult countryside and the Cuba-organized operation was soon dismantled by Colombian authorities. Among those captured was Rosenberg Pabon Pabon, the M–19 leader who had directed the Dominican Republic Embassy takeover, and then fled to Cuba. Cuba denied any involvement with the M–19 landings, but did not deny training the guerrillas.[17]

Cuba's propaganda support for Colombian terrorists was impossible to deny. When a group apparently consisting of M–19 dissidents kidnapped an American working for a private religious institute, Cuba implicitly supported the terrorists' action through Radio Havana broadcasts beamed to Colombia in February 1981, which denounced the institute workers as "U.S. spies." Radio Moscow picked up the unfounded accusation to use in its Spanish broadcasts to Latin America. The American was later murdered by the kidnappers.[18]

Colombia suspended relations with Cuba on March 23, in view of the clear evidence of Cuba's role in training M–19 guerrillas. President Turbay commented in an August 13 New York Times interview: ". . . When we found that Cuba, a country with which we had diplomatic relations, was using those relations to prepare a group of guerrillas to come and fight against the government, it was a kind of Pearl Harbor for us. It was like sending ministers to Washington at the same time you are about to bomb ships in Hawaii."

Chile

After Allende's fall in 1973, Castro promised Chilean radicals "all the aid in Cuba's power to provide." Although Cuban officials maintained regular contact with many Chilean exiles, divisions among the exiles inhibited major operations. The Moscow-line Chilean Communist Party (PCCH), holding the position that revolutionary change could be accomplished by nonviolent means, was critical of "left-wing forces" like the Move-

Footnotes at end of article.

ment of the Revolutionary Left (MIR) with which Cuba had close relations.

Throughout the 1970's, members of the MIR received training in Cuba—and in some cases instructed other Latin American revolutionaries. This training ranged from political indoctrination and instruction in small arms use to sophisticated courses in document fabrication, explosives, code writing, photography, and disguise. In addition, Cuban instructors trained MIR activists in the Mideast and Africa.

With its renewed commitment to armed struggle, Cuba increased its training of Chileans beginning in 1979. By mid-1979, the MIR had recruited several hundred Chilean exiles and sent them to Cuba for training and eventual infiltration into Chile. At the same time, members of the MIR who had been living and working in Cuba since Allende's overthrow began to receive training in urban guerrilla warfare techniques. The training in some cases lasted as long as seven months and included organization and political strategy, small unit tactics, security, and communications.

Once training was completed, Cuba helped the terrorists return to Chile, providing false passports and false identification documents. By late 1980, at least 100 highly trained MIR terrorists had reentered Chile, and the MIR had claimed responsibility for a number of bombings and bank robberies. Cuba's official newspaper Granma wrote in February 1981 that the "Chilean Resistance" forces had successfully conducted more than 100 "armed actions" in Chile in 1980.

By late 1979, the PCCH was reevaluating its position in light of events in Nicaragua, where the fragmented Nicaraguan Communist Party emerged from the civil war subservient to the FSLN. In December 1980, PCCH leader Luis Corvalan held talks in Cuba with Fidel Castro, who urged Corvalan to establish a unified Chilean opposition. During the Cuban Party Congress that month, Corvalan delivered a speech which sketched a new party line calling for armed struggle to overthrow the Chilean government and for coordination of efforts by all parties, including the violent left. In January 1981, Corvalan commended MIR terrorist acts as "helpful" and stated that the PCCH was willing not only to talk with MIR representatives but to sign agreements with the group. Several days after this offer, Corvalan signed a unity agreement with several Chilean extremist groups, including the MIR.

Until January 1981 when the new PCCH policy evidently had been ironed out and validated by the agreement for a broad opposition coalition, Corvalan's statements were issued from such places as Czechoslovakia, East Germany, Cuba, and Peru—but never from Moscow. Within two weeks of the agreement, however, Moscow showed its implicit approval of the policy change and began broadcasting (in Spanish to Latin America and to Chile in particular) PCCH explanations of the new policy and calls for mass resistance and acts of terrorism to overthrow the Chilean government.

Terrorist activities by MIR commandos operating in Chile have increased substantially during the past year. These have included increased efforts by MIR activists to establish clandestine bases for rural insurgency, killings of policemen, and a number of assassination attempts against high government officials.

Argentina

The Cubans have a long history of association with, encouragement of, and active backing for terrorism in Argentina. The Cubans were linked to the two groups responsible for unleashing the wave of leftist terrorism that swept Argentina in the early and mid-1970's, the Montoneros and the People's Revolutionary Army (ERP). Cuba backed these organizations with advice on tactics and instructions on recruiting operations and with training in Cuba in urban and rural guerrilla techniques. During the height of Argentine terrorism, in the early and mid-1970's, the Cubans used their embassy in Buenos Aires to maintain direct liaison with Argentine terrorists.

The Argentine terrorists were virtually defeated by 1978. In that year, Castro permitted the Montonero national leadership to relocate its headquarters in Cuba. Today, the Montonero top command, its labor organization, its intelligence organization, among other units, are all located in Cuba. The Cubans facilitate the travel and communications of Montoneros, supplying them with false documentation and access to Cuban diplomatic pouches. Montoneros have been among the Latin American guerrillas trained in guerrilla warfare over the past year in the Mideast as part of a cooperative effort between Palestinian groups and Cuba.

Following the move of their high command to Havana, the Montoneros made repeated attempts to reinfiltrate Argentina. In late 1979, small groups of infiltrators eluded detection and were able to carry out several terrorist actions, including four murders. Subsequent attempts by the Montoneros to infiltrate terrorists in early 1980 proved unsuccessful.

With Cuban support, Montoneros are active outside Argentina. Cuban-trained Montoneros were among the members of the "internationalist brigade" that Cuba supported in Nicaragua in 1979. This connection was highlighted when Montonero leader Mario Firmenich attended the first anniversary of the July 1979 victory, wearing the uniform of a Sandinista Commander. Montoneras have been active elsewhere as well. Montoneros largely staffed and administered Radio Noticias Del Continente, which broadcast Cuban propaganda to Central and South America from San Jose until it was closed by the Costa Rican Government in 1981, after war materials were discovered on its installations.

Uruguay

After the failure of the urban insurgency organized in the early 1970's by the National Liberation Movement (MLN-Tupamaros), several hundred Tupamaros went to Cuba. During the mid-1970's Cuba provided some of them with training in military and terrorist tactics, weapons and intelligence. Several of these former Tupamaros subsequently assisted Cuba in running intelligence operations in Europe and Latin America. Some participated in the Cuban-organized "internationalist brigade" that fought in the Nicaraguan civil war.

Cuban continues to provide propaganda support for the Tupamaros and the Uruguayan Communist Party. Radio Havana reported on June 30, 1981, that the leader of the Communist Party of Uruguay attended a ceremony "in solidarity with the Uruguayan peoples' struggle" at the headquarters of the Cuban State Committee for Material and Technical Supply in Havana. Pro-Cuban Uruguayan leaders are given red carpet treatment when they visit Havana and are usually received by at least a member of the Cuban Politburo.

IV. POSTSCRIPT

Cuba's renewed campaign of violence has had a negative impact on Cuba's relations with its neighbors. Cuba's policies abroad and its reaction to emigration pressures at home have reversed the trend in Latin America toward normalization of relations. Although the Castro government has developed close ties to Nicaragua and Grenada, Cuba finds itself increasingly isolated throughout the Americas.

Peru nearly broke relations and removed its ambassador in April 1980, when the Cuban government encouraged Cubans eager to leave the island to occupy the Peruvian Embassy. After over 10,000 Cubans crowded into the Embassy compound, Castro thwarted efforts by concerned governments to develop an orderly departure program and opened the port of Mariel to emigration, also expelling many criminals and the mentally ill, and ultimately allowing over 125,000 people to leave under sometimes perilous conditions. But Cuba still refuses to issue safe conduct passes to the 14 Cubans that remain cloistered in the Peruvian Embassy in Havana today.

Cuba's neighbors were further shocked when Cuban MiG 21's sank the Bahamian patrol boat "Flamingo" on May 10, 1980, in an unprovoked attack in Bahamian coastal waters. Subsequently, four Bahamian seamen were machine-gunned while trying to save themselves after their vessel sank. Their bodies were never recovered. U.S. Coast Guard aircraft were harassed by Cuban MIG's while searching for survivors at the request of the Bahamian government.

Relations between Venezuela and Cuba deteriorated badly in 1980, principally over the asylum issue, to the degree that Venezuela removed its ambassador from Havana. In November 1980, Jamaica expelled the Cuban Ambassador for interference in Jamaica's internal affairs and in October 1981, broke diplomatic relations. Colombia suspended relations in March 1981, over Cuba's training of M–19 guerrillas. Cuba's handling of an incident in which a group of Cubans demanding asylum forcibly occupied Ecuador's Embassy in Havana, prompted Ecuador to move its ambassador from Cuba in May 1981. Also in May, Costa Rica severed existing consular ties with Cuba, expelling Cuban officials active in coordinating support network for Central American insurgents.

Today, outside the English-speaking Caribbean, only Argentina, Panama, Mexico, and Nicaragua conduct relatively normal relations through resident ambassadors in Havana. Use of Panama as a transit point for Colombian guerrillas, however, led Panama to reassess its relations with Cuba, and resulted in sharp public criticism of Cuba's "manifest disregard for international standards of political co-existence" by a high Panamanian government official.

FOOTNOTES

[1] Cuba's military and political activities in Africa are intense and wide-ranging. Cuba still maintains expeditionary forces of at least 15–19,000 in Angola and 11–15,000 in Ethiopia. Cuba has military and security advisor contingents in a number of other African countries and in South Yemen.

[2] According to the World Bank, Cuba's per capita annual growth rate averaged *minus* 1.2 percent between 1960–78. Cuban economic performance ranked in the lowest 5 percent worldwide and was the worst of all socialist countries. Only massive infusions of Soviet aid have kept consumption levels from plummeting. Cuba today depends more heavily on sugar than before 1959. The industrial sector has been plagued by mismanagement, absenteeism, and serious shortages in capital goods and foreign exchange. The economic picture is so bleak that in 1979, and again in October 1981, the Cuban leadership had to warn that 10 to 20 more years of sacrifice lie ahead.

[3] Cuba maintains some front organizations set up in the 1960's. One of these, the Continental Organization of Latin American Students, still holds irregular congresses of student leaders from Latin America and the Caribbean (the most recent was held in Havana in August 1981) and publishes a monthly journal, which is distributed by the Cuban government.

[4] Although Cuba is not involved in actions directly threatening to Mexican internal stability, Cuba has taken advantage of

Mexico's open society and its extensive presence there—Cuba's Embassy in Mexico City is its largest diplomatic mission in the hemisphere—to carry out support activities for insurgencies in other countries. Mexico is a principal base for Cuban contacts with representatives of several armed Latin American groups on guerrilla strategy, logistical support, and international activities.

[5] Prensa Latina, the press agency of the Cuban Government, has field offices in 35 countries, including eleven different Latin American and Caribbean countries, and combines news gathering and propaganda dissemination with intelligence operations. Radio Havana, Cuba's shortwave broadcasting service, transmits over 350 program hours per week in eight languages to all points of the world. Cuba also transmits nightly medium-wave Spanish-language broadcasts over "La Voz de Cuba," a network of high-powered transmitters located in different parts of Cuba. In the Caribbean alone, Radio Havana's weekly broadcasts include 14 hours in Creole to Haiti; 60 hours in English, 3 hours in French, and 125 hours in Spanish. Prensa Latina and Radio Havana, in close coordination with TASS and Radio Moscow, regularly use disinformation to distort news reports transmitted to the region, especially those concerning places where Cuban covert activities are most intense.

[6] Latin Americans are not the only trainees. In a May 1978 Reuters interview published in Beirut, Abu Khalaf, a leader of the military branch of El Fatah, confirmed that Palestinian agents have received training in Cuba since the late 1960's. Palestinian organizations have reciprocated by training various Latin American groups in the Middle East with Cuban assistance. Libya, which hosted a meeting if Latin American "liberation movements" January 25–February 1, 1979, also has trained some Latin American extremists.

[7] Public exposure in March 1981 of the use of Panama as a transit point for Colombian guerrillas trained in Cuba led to sharp criticism of Cuba by the Panamanian government. Panama imposed greater controls on activities of exiled Central and South Americans, and the transit of guerrillas through Panama appears to have ceased, at least temporarily.

[8] Courses in agitation and propaganda open to foreigners include the Central Union of Cuban Workers' Lazaro Pena Trade Union Cadre School and similar courses run by the Union of Young Communists, the Cuban Women's Federation, the National Association of Small Farmers, and the Committees for the Defense of the Revolution. Even the Cuban Communist Party offers special courses for non-Cubans in party provincial schools and in the Nico Lopez National Training School, its highest educational institution. The Cuban press reported graduation ceremonies July 17, 1981, for this year's 70 Cuban graduates and announced that 60 foreigners had also attended advanced courses at the Nico Lopez school. Foreign students represented political organizations from Venezuela, Costa Rica, Panama, Peru, Colombia, Ecuador, Jamaica, the Dominican Republic, Guatemala, Nicaragua, Chile, Grenada, Angola, Namibia, South Africa, Sao Tome y Principe, and South Yemen. Official Cuban Communist Party newspaper *Granma* labeled their presence "a beautiful example of proletarian internationalism." Courses of instruction at the Nico Lopez school, which is chaired by senior party leaders, include "political training for journalists," "political training for propagandists," economics, and ideology.

[9] Ulises Estrada was given his first ambassadorial post in Jamaica following the July 1979 victory of anti-Somoza forces (see Jamaica case study). He is currently Cuba's ambassador to South Yemen.

[10] The very quantity of Cuban advisors has caused resentment among nationalist Nicaraguans leading to sporadic outbursts of anti-Cuban feelings. On June 3, 1981, the FSLN announced that 2,000 Cuban primary school teachers presently in Nicaragua would return to Cuba in July, at the mid-point of Nicaragua's academic year. The Nicaraguan Education Minister announced on June 18 that 800 of those departing would return in September after vacations in Cuba, while Cuba would replace the other 1200 teachers in February. By November 1981, however, all 2,000 Cuban teachers had returned to Nicaragua.

[11] A guerrilla document outlining this strategy was found in Nicaragua in Feburary 1981. Guerrilla representatives later confirmed its authenticity to Western Europeans with the disclaimer that the strategy elaborately developed in the paper had been rejected.

[12] The Cuban role as arms broker to the DRU since 1979 has been documented in the Department of State's Special Report No. 80, *Communist Interference in El Salvador*, February 23, 1981. In April 1981, when Socialist International representative Wischnewski confronted Castro with the evidence in the report, Castro admitted to him that Cuba had shipped arms to the guerrillas. In discussions with several Inter-Parliamentary Union (IPU) delegations at the September 1981 IPU conference in Havana, Castro again conceded that Cuba had supplied arms.

[13] Cuban Vice President Carlos Rafael Rodriguez tacitly admitted that Cuba was providing military training to Salvadoran guerrillas in an interview published in *Der Spiegel* on September 28, 1981.

[14] At the time those reports first appeared, the U.S. was providing neither arms nor ammunition to El Salvador. In January 1981 the U.S. responded to the Cuban-orchestrated general offensive by sending some military assistance and later sent American military trainers, whose numbers never exceeded 55. There are no U.S. combatants, bases, or strategic hamlets in El Salvador. TASS continues to report falsely that "hundreds" of U.S. military personnel are in El Salvador and participate in combat.

[15] The Commission's report was issued May 14, 1981.

[16] In a recorded interview broadcast by Radio Havana on June 16, 1981, Eduardo Mora, Deputy Secretary General of Costa Rica's Popular Vanguard Party (the Moscow-line traditional Communist party, the least disposed to violence of the country's several Marxist parties and splinter groups) explained his party's position. "We establish ties with all revolutionary organizations in Central America. We have close ties and are willing to give all the aid we possibly can in accordance with the principles of proletarian internationalism because we believe that the struggle of the Central American people is the struggle of our own people."

[17] Cuban Vice President Carlos Rafael Rodriguez explained in an interview published in Der Spiegel on September 28, 1981, why Cuba had not denied training the M–19 guerrillas: "We did not deny this because in the past few years many people came to our country for various reasons to ask for training. We did not deny this desire. If a revolutionary for Latin America wishes to learn the technique and organization of resistance for his own self-defense, we cannot refuse in view of the brutal oppression. This also holds true for the Salvadorans."

[18] The U.S. citizen killed, Chester Allen Bitterman, was working for the Summer Institute of Linguistics, a religious group which develops written forms of indigenous languages.

THE SECURITY THREAT IN THE CARIBBEAN AND CENTRAL AMERICA

(By the Honorable Fred C. Ikle)

Mr. Chairman, I am gratified that you invited me to appear before your committee. You have asked me to address the military developments in the Caribbean and in Central America.

For a century and a half, Mr. Chairman, the security of this hemisphere had been protected from the reach of European imperialism, initially through the application of the Monroe Doctrine and later through the efforts of collective security of the American republics. The West European empires, against which the Monroe Doctrine had been designed, have long been dissolved. But a new Imperialism has expanded in the East and is expanding still, stretching from the center of Europe to Afghanistan and Mongolia, with its outlying colonies and military outposts scattered around the globe: Vietnam, South Yemen, Angola—and the crown colony in the Caribbean, the island of Cuba.

The suppression of the unruly subjects in this Empire, and the annexation of new territories, is a major military enterprise.

It is backed up by the largest military arsenals in the world, it is being driven forward by the greatest military build-up in history.

In the center of the Caribbean, the crown colony of this Imperialism is becoming increasingly a direct military threat to the region and an indirect threat as an arms depot and logistics base for new Imperial annexations in Africa and Central America.

The Soviet Union has provided a high level of military imports into Cuba. The total value of Soviet arms shipments to Cuba since 1960 is about $2.5 billion. Since Cuban intervention in Angola, the average yearly totals have been almost twice that of the years preceding 1975. If one considers the weight of arms delivered thus far in 1981, Cuba has received 63,000 metric tons, making this the highest yearly total since the massive buildup in 1962—the year of the missile crisis.

Cuba's military personnel strength has increased and its military capabilities have improved dramatically over the last five years. A significant trend has been the development of an effective ready reserve which gives Castro and his Soviet masters a well trained, and to a large extent, battle experienced mercenary force which can be activated on short notice. About 70 percent of Cuba's forces in Angola and Ethiopia are these ready reservists who were recalled to active duty.

The Cuban military capability is far in excess of any actual or imaginary defensive needs. Cuban armed forces include an army of over 225,000 a navy of about 11,000 and air and air defense forces of 16,000. These figures do not include hundreds of thousands of paramilitary forces which in many instances are better trained and equipped than the regular armed forces of other Caribbean countries.

Cuba has over 2.3 percent of its population in the regular armed forces. In fact, one of every twenty Cubans participates in some kind of security mission. By comparison, Mexico, with seven times Cuba's population, maintains regular defense forces half the size of Cuba's and has less than two tenths of one percent of its people in the regular armed forces.

Brazil, the largest Latin American country, with 12 times the population of Cuba, also has only about two tenths of one percent of its population in its active military. And, in the United States, we have less than one percent of our people in the regular armed forces; that is to say, Mr. Chairman, Fidel Castro maintains about a ten-to-twenty

times larger military effort than any of the other major nations in this hemisphere.

Cuba's neighbors in Central America (with the exception of Nicaragua) maintain small defense forces which vary from almost none for Costa Rica, to about 8,000 to 10,000 for Panama and 15,000 to 16,000 for Honduras and Guatemala, to about 20,000 for El Salvador, of course, has been compelled to expand its armed forces because of the totalitarian aggression against it. The Cuban army includes nine active and 18 reserve divisions. The Cubans have over 200 MIG fighter aircraft, 650 tanks, 90 helicopters, two FOXTROT attack submarines, one KONI-Class frigate, and about 50 torpedo and missile attack boats. This is clear and convincing evidence that Cuba is truly a highly militarized society with a growing military capability.

The Soviet influence in Cuba is all pervasive. The Soviet brigade with a strength of about 2,600 to 3,000 is located near Havana. In this area, the Soviets have a major intelligence collection facility which monitors U.S. communications. There are also an estimated 6,000 to 8,000 Soviet civilian advisors on the island. About 2,000 Soviet military advisors provide technical advice in support of such sophisticated weapons as the MIG's, surface-to-air missiles, and Cuba's FOXTROT submarines. Additionally, Soviet advisors are attached to Cuban ground units.

The Soviet Union has great influence on the Cuban Government for several reasons. First, the Soviets provide Cuba's principal economic support—a leverage that Fidel Castro cannot ignore. Second, the presence of Soviet personnel on the island, especially the large embassy staff and advisors in the economic and military spheres, allow the Soviet Imperial Masters to monitor closely their Caribbean crown colony.

It would be a grave mistake. Mr. Chairman, if we ignored the direct military threat that this Soviet-Cuban arsenal represents, some 90 miles to the south of Florida. This Soviet military outpost supports a massive intelligence collection center and sits astride critical sea lines of communication.

In peacetime, 44 percent of all foreign trade tonnage and 45 percent of the crude oil to the U.S. pass through the Caribbean. In addition, the Caribbean is a major refinery area in its own right. In wartime, half of NATO's supplies would transit by sea from gulf ports through the Florida Straits and onward to Europe. Much of the petroleum shipments and important reinforcements destined for U.S. forces in Europe would be originating from Gulf ports. The security of our maritime operations in the Caribbean, hence, is critical to the security of the Atlantic Alliance.

Mr. Chairman, the increased Soviet military presence on Cuban soil and in the Caribbean poses a grave threat to this vital lifeline of the Alliance. In 1970, Soviet naval vessels spent approximately 200 ship days in the South Atlantic. In 1980, this number had increased thirteen-fold to 2,600 ship days. Given this presence and the current strength and disposition of the U.S. Navy, the South Atlantic sea lines of communications are far more vulnerable today than 10 years ago as or at the time of the Cuban missile crisis.

Mr. Chairman, sometimes it seems to me our European Allies, whose most basic security depends on this South Atlantic lifeline, are much to insouciant and cavalier about the growing military threat in the Caribbean.

More disturbing, perhaps, or at least more immediately pressing than this threat to the Alliance in the event of war, is the Soviet-Cuban effort presently underway further to expand the reach of Soviet imperialism. This attempt for expansion and annexation employs all the tools of modern Empire building: propaganda and deception, the export of terrorism, massive shipments of arms, and finally, the overthrow of established governments followed by the imposition of the new totalitorian rule, which is intended to be made irreversible through the import of these clever policy exports from East Berlin.

Nicaragua is close to the final stage of this intended irreversible transition, El Salvador is fighting in the middle phase, Honduras—as Secretary Enders explained to you yesterday—is now threatened by the early phase.

There are now between four and five thousand Cuban civilian advisors and about 1,500 Cuban military and security advisors in Nicaragua. Cuban advisors are believed to be serving in key posts throughout the government in which they exert considerable influence. Cuba is also getting considerable help from East European Nations. We may soon see more East German police advisors, those efficient Gestapo's that operate in South Yemen and Angola.

There are advisors in Nicaragua from East Germany, Bulgaria, North Korea and the Soviet Union to assist in building the Sandinista Army from its currently estimated strength of 60,000 into a force of 250,000. Once achieved, this military buildup will mean one in ten Nicaraguans under arms. Even at its present strength, Mr. Chairman, the Sandinista Army represents the largest military force in the history of Central America.

Approximately 70 Nicaraguans are being trained as jet pilots and mechanics in Bulgaria. Existing landing strips in Nicaragua are being lengthened and will be able to accommodate sophisticated jet aircraft. Soviet advisors are deeply involved in directing the effort to upgrade the Nicaraguan Air Force. Although there is no evidence of MIG's in Nicaragua at present, the sighting of incoming MIG–21 crates in Cuba provides cause for concern. Arrival of MIG's would dramatically increase Nicaragua's threat to its neighbors, whose fighter inventory consists of aging World War II vintage day-fighter aircraft.

Honduras, for example, has only 20 super MYSTERE and F–86 fighters with no all-weather capability. A loss of single aircraft, such as occurred last year, will degrade this modest capability. Since Nicaragua's neighbors have no match for MIG's, one must ask why Nicaragua would want such an air buildup, which would clearly be destabilizing? And why would Nicaragua want to introduce 20 to 30 Soviet tanks?

Let us look at the cold numbers, Mr. Chairman, in all their starkness. I have a chart here that shows the present and the projected level of the Nicaraguan military buildup in terms of men under arms. This chart juxtaposes this "accomplishment of Socialism" (as Radio Moscow might call it) to the armed forces of those right-wing facist dictatorships that will be beneficiaries of so-called "national liberation movements". Some liberation. The two neighbors of Nicaragua: Honduras and Costa Rica, have armed forces so small you can barely see them on this chart.

It is important to understand the dynamics of what is going on at the outer edges of Soviet imperialism. What does this size of Nicaragua's armed forces tell you, Mr. Chairman? It tells you this: if Mexico, our good friend and neighbor, were ruled by a Sandinista regime and if such a regime followed the pattern of the Sandinista military buildup, Mexico would acquire an armed force of nearly 7 million men. That is what the per capita mobilization in Nicaragua would translate into in Mexico: almost 2 million under arms with the present Sandinista buildup, and nearly 7 million with the projected Nicaragua buildup.

Mexico, of course, is a free and independent democracy, with which we live in peace. Today, Mexico has approximately a 130,000-man military force.

What does this development lead to? Nicaragua is now regularly violating Honduran territory in supplying the Salvadoran guerrillas. The Nicaraguan military buildup is unquestionably a threat to efforts in the region to move toward pluralism and self-determination. The November 29 elections in Honduras should put the West European admirers of the Sandinistas to shame. This election stands in marked contrast to the broken electoral pledges of the Sandinistas in Nicaragua.

In El Salvador, Cuba acted as the catalyst to organize and unify the disparate groups of the far left, as Secretary Enders testified here yesterday, and helped organize a guerrilla combined military command in 1980. Cuba assisted the guerrillas in developing a military strategy and initial war plans. It was Cuba that both encouraged and assisted the guerrillas to launch the ill-fated, so-called "final" offensive in January 1981. The Cubans have played a key role in arranging for the acquisition and delivery of weapons for the Salvadoran guerrillas from Vietnam, Ethiopia, and Eastern Europe by way of Nicaragua. Guerrilla recruits have been transported to Cuba and elsewhere for extensive training in guerrilla tactics, marksmanship, demolitions, artillery and field fortifications as well as in a variety of other military skills. One observer has reported seeing groups of up to battalion size in training in Cuba, which suggests that at least some Salvadoran guerrillas probably have trained as integral units. The Soviet Union has, of course, bankrolled and assisted these efforts by underwriting its Cuban proxy at a cost of $3 billion annually and by supporting efforts to collect funds, arms, and supplies from the Communist Bloc for delivery to the guerrillas.

Cuba has not devoted its attention and resources only to Nicaragua and El Salvador, but has likewise coordinated clandestine support organizations in Honduras, Costa Rica and Guatemala. In fact, convincing evidence of Cuban subversion activities has surfaced in virtually every Caribbean Basin country. In Grenada, Cuban influence has reached such a high level that it can be considered a Cuban satellite. The Cubans are constructing air and naval facilities there that far exceed the requirements of this tiny island nation.

Mr. Chairman, the news is bad, the hour is late. What can be done? I am sure that you are interested in what is being done and can be done to deal with this serious threat to American security interests. In September, the Defense Department dispatched a team of experts to El Salvador to assist the Salvadorans in developing a national military strategy. The team spent two months in El Salvador discussing the existing military capabilities and assessing requirements. The detailed findings and recommendations of the team are currently under review but some of the recommendations are already being implemented.

The Salvadorans have requested and we have agreed to provide out-of-country training for about 500–600 officer candidates, for a light infantry battalion of about 1,000 men, and for non-commissioned officers. We hope to begin this training as early as possible in 1982. There are physical problems in simply being able to marshal the people and resources to accomplish this effort in such a short time, however, the need for better trained military leaders is compelling. As you already may be aware, the cost of Salvadoran requirements far exceed planned

fiscal year 82 foreign military assistance and training levels. Thus, we will need the support of the Congress if we are going to fund this urgent need and respond in a timely manner.

We are continuing to provide small mobile training teams to train personnel in areas that are deficient, such as maintenance and coastal patrolling. Equipment provided through Foreign Military Sales includes communications equipment, helicopters, weapons and trucks that should allow the Salvadoran forces to improve their mobility, command and control, and ability to interdict the supply lines of the insurgents to their external suppliers. This effort is being supplemented by support from other concerned Latin American countries.

If the favorable consensus that has developed at the fourteenth confernce of American Armies in November, and more recently at the OAS meeting in St. Lucia, is indicative of the awareness in the hemisphere, a more cooperative mutual security effort can evolve among concerned nations of the Americas. We will continue to nurture the concept of collective security as it applies to the Western Hemisphere. Both by longstanding policy and by the Rio Treaty, we are committed to join with our Latin American Allies in "mutual assistance and common defense of the American Republics."

In the President's words, the United States "will accord high priority to requests from its major alliance partners and to those nations with whom it has friendly and cooperative security relationships."

Considering the nature of the security interests at stake, we would be remiss if we failed to advise you that we are developing the necessary contingency plans to respond as required and appropriate to further military threats and acts of aggression. This kind of planning is the responsibility of the Joint Chiefs of Staff and must be done by them routinely in order to fulfill their responsibility to the President and to the Nation.

In closing, I would like to emphasize that our security interests in the Caribbean basin must receive higher priority and far greater resources than in the past. In order to gain time to address the underlying political, economic and social problems of the region, we must cooperate closely with our neighbors. We must halt terrorists aggression and deter further military attacks in the hemisphere. A failure to respond to the current threat would only lead to greater suffering, and far greater human and material costs in the future.

THE SPEECH GIVEN BY THE CHIEF JUSTICE AT THE UNIVERSITY OF NEBRASKA IN LINCOLN, NEBR., ON WEDNESDAY, DECEMBER 16, 1981

Mr. THURMOND. Mr. President, today the Chief Justice of the United States, Warren Burger, delivered an important address at the University of Nebraska concerning needed reform in the penal and correctional institutions of the United States.

The ideas expressed by the Chief Justice merit close attention by the public and in the Senate.

For the information of the Senate and the public, I, therefore, ask unanimous consent that the text of the address given by the Chief Justice be printed in full at the conclusion of these remarks in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

MORE WAREHOUSES, OR FACTORIES WITH FENCES?

During my tenure in the Federal Judiciary I have spoken often on the subject of penal and correctional institutions and the policies and practices which ought to be changed. People do not get into prisons except by way of the judicial process and every judge has a concern as to the effectiveness of the correctional process even though we have no responsibility for the management. Based on observations as a judge and visiting prisons in the United States and most countries of Europe for 25 years, including the Soviet Union and recently the People's Republic of China, I have long been satisfied we have not gone about the matter in the correct way.

Today I want to discuss and propose a change in our approach to the problem, but before doing so let me suggest why the subject has special relevance—even urgency. Our country is about to embark on a multi-billion dollar prison construction program. The question I raise is this: Are we going to build more "warehouses" or should we change our thinking and build factories with fences around them where we will first train inmates and then have them engage in useful production?

One thoughtful scholar of criminal justice described the state of criminal justice in harsher terms than I have used. He wrote:

Criminal justice in the United States is in a state of spreading decay . . . The direct costs of crime include loss of life and limb, loss of earning[s] . . . physical and mental suffering by the victims and their families . . .[1]

Direct losses, he said, run into many billions of dollars annually; indirect losses, vastly more, approximate the astonishing figure of 90 billion dollars a year. In the immediate future this can be reduced only by more effective law enforcement which in turn will produce a demand for more correctional facilities. Whether more prisons is the correct solution is open to question, and I leave to another occasion to discuss the merits of more mandatory minimum sentences or more use of probation and parole. Both of those courses fail to treat the fundamental issues and the reality is that over the next decade it is likely we will spend from five to ten billion dollars in new prison construction.

Plainly, if we can divert more people from lives of crime we would benefit both those who are diverted and the potential victims. Yet all that has been done in the correctional systems up to now has not prevented this appalling increase in reported crime rates.

For many years I shared the optimism and hopes of rehabilitation programs with such distinguished penologists as James V. Bennett, long the Director of the Federal Bureau of Prisons, and Torsten Eriksson, his counterpart in Sweden. Those hopes now seem to have been based more on optimism than reality. Even with the enlightened correctional practices of Sweden and other countries, the results in terms of rehabilitation have fallen short of expectations, although some countries have long done much more than we do in the education and training of prison inmates. But the fact that the problem is far more difficult than we had thought is the very reason we must consider changes and enlarge our efforts.

On several occasions I have laid down one proposition to which I adhere today, and it is this: when society places a person behind walls and bars it has an obligation—a moral obligation—to do whatever can reasonably be done to change that person before he or she is released back into the stream of society. This is more emphatically so with respect to the repeat of recidivist prisoner. If we had begun 25, 35 or 50 years ago to develop the kinds of programs in correctional institutions that are appropriate for an enlightened and civilized society, the word "recidivist" might not have as much currency as it does today. This is not simply a matter of compassion but a hard matter of our own protection.

In the Annual Report to the ABA in February this year I urged, as I had many times before, that prisons be made places for basic education and vocational training—as only a few prison systems now do.

Later on, in May this year, I made a specific proposal which I had first advanced in 1972, that a national academy of corrections be created to focus on the training of prison personnel beginning with the guards and security level. Soon after that, Attorney General William French Smith announced the creation of the National Corrections Academy at Boulder, Colorado, under the auspices of the National Institute of Corrections and the Federal Bureau of Prisons. That is another important step forward.

It is none too soon, for during the past ten years prison population in the United States increased from just under 200,000 to approximately 350,000. In part this reflects the increase in crime and probably in part lengthened sentences. It may also mean that a larger proportion of criminal acts are being detected and result in convictions of those who are guilty.

All this aside, the reality is that if we are to fulfill one of the most fundamental obligations of government—the protection of people and homes—there must be both more effective law enforcement and a drastic change in our prison systems. Just more stone, mortar and steel for walls and bars will not solve or even improve these dismal conditions. If we are to make progress and protect the persons and property of people and make streets and homes safe from predators we must consider changes in our approach to dealing with the prison population that offer some hope of changing some of those who are confined.

It is often said that our prisons are just "warehouses" for human beings and although there is a measure of truth in this, the connotations of the bare term "warehouse" overstates the case. Many prisons deserve that name but not all. Enlightened administrators in some places, where funds were available, have demonstrated some success in vocational training of prisoners to give them a marketable skill to sell when they are released. But these are all too few.

The Federal Bureau of Prisons under excellent leadership from James V. Bennett to Norman Carlson—the present Director[2]—has performed very well given budget limitations, statutory restraints on production of goods in prisons—and archaic public attitudes.

Much credit for the improvements we have made in the Federal corrections system should be given to your former U.S. Senator, Roman Hruska, who for many years was the Ranking Member of the Senate Judiciary Committee. Many improvements in the Federal corrections system that have come about are due in part to his strong support and his efforts include: programs for work release, expansion in prison industries, furloughs, and community treatment facilities.

It is predictable that a person confined in a penal institution for two, three, five, or more years, who is then released without being able to read, write, spell or do simple arithmetic and not trained with any marketable skill will be vulnerable to returning to a life of crime. And very often the recidivism commences within weeks after release. What job opportunities are there for unskilled illiterates with criminal records? What busi-

[1] Goreckl, *A Theory of Criminal Justice*, Columbia University Press, 1979.

[2] See Federal Prison Bureau Task Force Report on Training and Selection, November 12, 1981.

ness enterprise could conceivably continue with the rate of "recall" of its "products" that we see with respect to the "products" of our prisons?

The best programs in the world will not cure all of this dismal problem, a problem that the human race has struggled with almost since the beginning of organized societies. But improvements in our prison systems can be made, and the improvements will cost less in the long run than the failure to make them.

Today almost one billion dollars of new prison facilities are under construction. More than 20 states have authorized construction programs approaching another billion dollars. Proposals of yet another billion and a half dollars in 33 states are being debated.

Senator Robert Dole has recognized the dimensions of this problem by introducing legislation [3] to provide grants of six and a half billion dollars to the states for improved prison facilities over the next seven years. If federal grant legislation is enacted it is important that the new standards include: (a) conversion of prisons into places of education and training and into factories and shops for production; (b) a repeal of statutes which limit prison industry production; (c) an affirmative limitation against any form of discrimination against prison products; (d) a change in attitudes of organized labor and in the leaders of business toward the use of prison inmates to produce goods or parts.

These new standards are crucial and they should be developed with the participation of representatives of the state and federal prison administrators who deal face-to-face and day-to-day with the problems and understand the needs. Representatives of labor and management should also take part. In the closing decades of the twentieth century I am confident the enlightened leaders of labor and business will not support reactionary restraints on production of goods in prisons and the movement of such products in commerce.

Of course, prison production programs will compete to some extent with the private sector. But this is not a real problem because with optimum progress, it will be three to five years before programs of this kind have a market impact, even then a small impact. I cannot believe that this great country of ours—the most voracious consumer society in the world—could not absorb the production of even as many as 100,000 prisoners—hardly a "drop in the bucket" in terms of the Gross National Product. The displacement of workers in the private sector would be insignificant in the whole scheme of things. But the benefit to the inmates—and to society—would be incalculable in the long run.

Most prison inmates, by definition, are maladjusted people. From whatever cause—whether too little discipline or too much, too little security or too much, broken homes, or whatever—they lack self-esteem, they are insecure, they are at war with themselves as well as with society. They do not share the work ethic concepts that made this country great, they are not taught at home—or in the schools—the moral values that lead people to have respect and concern for the rights of others. Place that person in a factory, whether it makes ball-point pens, hosiery, cases for watches, parts of automobiles, lawn mowers, computers or parts of other machinery; then pay that person some reasonable compensation, and charge something for room and board and keep, and we will have a better chance to release from prison a person able to secure gainful employment. Added to that it will be a person whose self-esteem will at least have been improved to a level where there is a better chance of living a normal life.

[3] The Criminal Justice Construction Reform Act, S. 186.

There are exceptions, of course—the destructive arrogance of the psychopath with no concern for rights of other people may well be beyond reach of any programs that prisons or treatment can provide. Our prison programs must aim chiefly at the others.

There is nothing really new in this concept. In my native state of Minnesota and in your neighboring Kansas there are important beginnings. Special legislation authorized pilot programs involving contracts with private companies to fabricate machinery parts. In Minnesota on my first visit to the Stillwater Prison, guiding boys from a summer camp, more than 50 years ago, prisoners were producing parts of farm machinery for nearby factories. Minnesota's current pilot program involves only a fraction of the inmates however—as of the morning, 47 out of more than 2,000. The Kansas program is of about the same dimension.

On my first visit to Sweden's prisons 25 years ago, I watched inmates constructing fishing dories and other products. On my most recent visit, four years ago, I watched prisoners make components for prefabricated houses, under the supervision of skilled carpenters. Those components could be assembled at a building site by semi-skilled workers under trained supervision. In the People's Republic of China, 1,000 inmates in one prison I visited made up a complete factory unit, producing hosiery and what we would call casual or sport shoes. This was truly a factory with a fence around it.

But it is not necessary to have prisons be self-contained factories capable of producing complete finished products. In terms of production equipment and the probable skills of most prison inmates, it makes more sense and involves far less capital investment to have prisoners produce simple machine parts rather than completed products. This can be done under contracts with private industry, as the Minnesota Prison produced parts for farm machinery 50 years ago and today produces parts of computer units for Control Data Corporation. We need not try in one leap to copy the Scandinavian model of producing fishing dories and prefabricated houses.

Nor do we need to go to the extent of some of the Scandinavian models and pay the regular union scale of wages, with a deduction for "room, board and keep." We should however, consider paying some wages for the hours worked with bonuses based on quality and volume of production and deduct some reasonable amount for "room and board."

We do not need the help of behavioral scientists to understand that human beings who are producing useful goods for the market place—who are being productive—are more likely to develop the self-esteem essential to a normal, integrated personality. In place of the sense of hopelessness that is the common lot of prison inmates, this kind of program could provide training in skills and work habits that could make many prisoners better able to cope with life on their return to freedom.

In one prison in Europe—one for recidivist juveniles age 14–18 who had committed serious felonies involving violence—the wall at the entry had four statements in large, bold script with letters a foot high. Translated they read about like this:

You are here because you need help.
We are here to help you.
We cannot help you unless you cooperate.
If you don't cooperate we will make you cooperate.

Here this prison offered to the inmates a compassionate helping hand, coupled with an assurance of the kind of discipline that, if missed early in life in homes and schools that ignored moral values, produces maladjusted, incorrigible people. My references to this prison for juveniles may have inspired one witness who testified a few weeks ago before the committee considering Senator Dole's prison industries bill,[4] to disagree. He said either that prisoners could not or should not be "coerced" into taking training.

Depending on what that witness meant by "coerced" I might be able to agree. I would say every prisoner should be induced to cooperate by the same methods that are employed in many areas. Life is filled with rewards for cooperation and sanctions for non-cooperation. Prison sentences are shortened and privileges are given to prisoners who cooperate in prison programs. Rewards and punishments permeate the lives of all free people and they should not be denied to prison inmates.

Central to the American system is the idea that good performance is rewarded and poor performance is not. We can induce inmates to cooperate and I suggest that they should not be made to study more, or work more or longer hours than, for example, the cadets at West Point and the Air Force Academy or midshipmen at Annapolis. I can hardly believe that anyone would seriously suggest that prisoners incarcerated for crimes should be treated with less discipline than those young men and women—or, I might add, be subject to less demanding schedules than students in a law school today.

To maintain a prisoner in American prisons costs the taxpayers—in the form of a subsidy—from $10,000 to more than $25,000 per year without taking into account the large capital investment in the physical facilities. That load on taxpayers should be lightened if not taken off the backs of overburdened American taxpayers. We will help both the inmates and all of society if we make it feasible for them to help support themselves.

Creating prison industries, with incentives for good performance, would accomplish the dual objective of training inmates in gainful occupations and taking off the backs of the American taxpayers the enormous load of maintaining the prison systems of this country.

We are at a fork in the road or at a crossroad on what kind of prisons we are to have as we get ready for the tax collector to reach into our pockets for as much as ten more billion dollars for new prisons. We can continue to have largely human "warehouses" with little or no education and training or we can have prisons that are factories with fences around them. That is what I propose today. The experience of older societies provides examples we should follow.

This almost intractable problem of criminal justice has baffled the human race since the beginning of the recorded history of organized societies. It is plainly in our own interest to try to make every prisoner a better human being who can cope with life when the prison term is over. If we do that more intelligently, there is a good chance that we can, in the long run, take hundreds of millions of dollars of tax burden off the taxpayers and improve the chance that released prisoners will not renew their warfare with society.

There are no guarantees of success in dealing with prisons and prisoners but the course we have been following has not produced what we hoped. On the contrary the situation grows worse.

What I advance to you today is, that since we seem to be embarked on a massive prison construction program, we should try a new approach—convert our "warehouses" into factories with fences around them.

We have no where to go but up!

[4] S. 1597: introduced in the House as H.R. 4850, by Congressman Lujan of New Mexico.

THE 1982 RESOLUTIONS BY THE ASSOCIATION OF THE U.S. ARMY

Mr. THURMOND. Mr. President, I rise to share with the Senate my thoughts regarding the 1982 resolutions of the Association of the U.S. Army (AUSA). After much deliberation and study, the AUSA has adopted on October 21, 1981, 19 resolutions that should provide the administration and Congress the considered recommendations of this organization with regard to our national security posture.

In many respects, these resolutions and recommendations, coming from an organization such as AUSA, represent some of the best judgments available. This is so because the men and women that make up AUSA are dedicated and have demonstrated high levels of integrity and professionalism. They are also intimately familiar, not only with Army affairs and issues, but also with the business of defending the Nation as a whole.

The Association of the U.S. Army should be commended for its patriotism and for the high standards which are reflected in the 1982 resolutions. I commend them to the Senate and to the Nation.

In order to share these resolutions with my colleagues, I ask unanimous consent that they be printed in the RECORD at the conclusion of my remarks.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

1982 RESOLUTIONS—ASSOCIATION OF THE UNITED STATES ARMY

FUNDING THE ARMY

1. Provide a realistic Army budget:

The Administration has recognized the need for the Army to react globally, to be structured for simultaneous engagements, and to fight wars of indeterminate length. This has immense resource implications.

Recent budgetary decisions indicate a commitment to large sustained real growth for our Defense establishment, averaging 7 percent for the next six years, to redress the military imbalance with the Soviets. In these difficult and dangerous times, the nation must have the will to persevere. Our historic lack of constancy in carrying out defense programs generates increased fiscal costs, and presents friends and potential enemies a confusing, hesitant commitment to stand by our national interests.

We therefore resolve to urge:

A national commitment to constancy in defense programs.

The Administration and Congress to provide real growth in the Defense Budget of approximately 7 percent annually over the next six years, balancing that growth equitably between conventional forces and strategic forces.

MANNING THE ARMY

2. Strength of the total Army:

In the past, this Association has supported a minimum Total Army Force of 24 Divisions (16 Active and 8 National Guard). The Administration's expressed global strategy and the ever-expanding Soviet conventional warfare capability indicate clearly the need for a properly balanced, and fully supported 28 Division Force (18 Active and 10 National Guard).

This 28 Division structure requires an Active Army strength of 870,000, a paid Army National Guard of 461,000, a paid Army Reserve of 316,000, and a highly professional civilian work-force of 425,000. This force structure should be achieved no later than Fiscal Year 87.

The problems which have prevented us from fully manning and supporting the 24 Division force still persist and must be overcome before we can move to the 28 Division structure.

Specifically, we lack 50,000 in the Active Army, 100,000 in units of the Army National Guard and Army Reserve, and 250,000 in the Individual Ready Reserve. There are no assurances that these dangerous shortfalls will be reduced significantly within the next five years.

An equally serious problem is the shortfall of 65,000 in the civilian work force. Since 1974, repeated actions have reduced civilian end strength by 12 percent. A significant impact of this reduction has required the Army to divert up to 26,000 soldiers daily to perform essential functions for which insufficient numbers of civilians have been authorized. Recent Administration initiatives should begin to relieve this situation.

We therefore resolve:

To support vigorously a force structure of 18 Active Army Divisions and 10 Army National Guard Divisions, including support forces, to meet essential national security requirements no later than Fiscal Year 87.

That the 28 Division force be provided a minimum strength of 870,000 in the Active Army; 461,000 in the paid Army National Guard; 316,000 in the paid Army Reserve; and 425,000 Department of the Army civilians.

To support maintenance of an adequate strength in the Individual Ready Reserve.

3. DA civilian work force:

One of the most pressing problems in manning the Total Army Force has been the widening gap between work requirements and the constrained strength of its civilian employees. This situation has been caused by directed reductions, hiring limitations, pay caps for senior level civilian personnel, lack of pay comparability, and unrealistic entry level standards.

Mandatory civilian reductions have forced the Army to divert as many as 26,000 soldiers daily to perform essential functions for which insufficient numbers of civilians have been authorized. This diversion of military personnel has seriously impaired Army readiness. The Administration has recognized this problem and has included an increase of 21,800 civilians in the revised Fiscal Year 81 and Fiscal Year 82 budgets. This increase will replace some troop diversions, and begin to improve critical shortfalls in the training base and logistic support area. However, it is far short of the actual requirement.

The pay cap resulting from the Civil Service Reform Act of 1978 has caused a drastic increase in the early retirement of experienced senior Department of Army civilian executives. As an example, 15.5 percent of eligibles retired in March 1977 and 94.7 percent of eligibles retired in March 1981.

Actions need to be taken to eliminate the serious restrictions which prevent the Army from successfully competing for and retaining civilian personnel with vital technical and managerial skills.

Numerical constraints on high grade levels in the civilian work force are causing a high percentage of the Army's best managers to leave government service, and at the same time discouraging many highly qualified managers from joining government service.

Pay caps and lack of pay comparability with the private sector are creating severe problems in recruiting and retaining senior civilian executives, managers, and highly skilled personnel.

Entry level standards are affecting the ability of the government to attract qualified individuals in many of the technical career positions.

The Civil Service System must be flexible enough to recognize the national demands for talent and provide the means to compete for this talent.

We therefore resolve to urge Congress and the Administration to:

Authorize an increase in the Army's civilian work force to a strength of 425,000 by Fiscal Year 87.

Remove the high grade ceiling restrictions.

Remove the executive pay level restriction from the Civil Service Reform Act of 1978.

Ensure revision of civil service entry level standards to provide the flexibility to compete for needed talent.

4. Selective Service System:

The policy of military personnel acquisition through a voluntary enlistment program, backed by improved enlistment incentives, has recently been shown feasible at the present authorized force level for the Active Army. The current manpower authorizations for both Active Army and Reserve Components, however, are insufficient to fully man a 24 Division force. The Active Army strength of 780,000 projected in the Fiscal Year 82 budget is 50,000 short of the requirements to fully man a 16 Division active force. Coupled with planned strength increases in the other Services, this shortage is formidable.

Mobilization plans rely on the immediate use of Reserve Components and the Individual Ready Reserve (IRR). The absence of an operational draft and dependence on the all volunteer force concept have resulted in the additional problems of an inadequate IRR, and an understrength Army National Guard and Army Reserve. The IRR shortage approximating 250,000 personnel precludes fully manning understrength units and providing early casualty replacements. The shortage of some 100,000 personnel in Army Reserve and National Guard units prevents their fully effective utilization under mobilization conditions.

The recently implemented registration of eligible males is an essential precondition for activation of a functional Selective Service System intended to deliver an initial contingent of inductees within 15 days of mobilization, and 133,000 inductees by M +30. Reestablishment of the President's induction authority, with ultimate resumption of a functioning induction system, is considered a necessity if the present and projected personnel shortfalls are to be stemmed and the timely response capability of the Army is to be sustained.

We therefore resolve to urge:

Continuation of the Selective Service System registration process.

The Congress to institute enabling legislation to grant the President the authority to direct induction action.

The President to order induction of sufficient personnel to fill-out the IRR, as well as shortfalls in the Active Forces, as required.

Consideration of a program whereby all entry level service members for the Armed Forces are provided through the Selective Service System.

EQUIPPING THE ARMY

5. Industrial base:

Rapid response by the nation's industrial base in the event of mobilization is essential to assuring a flow of military materiel to the Armed Forces prior to total depletion of war reserve stocks. That portion of the base now in production for modernization items, however, is relatively small and incapable of significant increases in total output for a year or longer.

Recent Army exercises reveal that only a fraction of the current hardware items can be surged to the mobilization rate in under six months. The balance will require up to two years to meet sustained combat losses. Shortages in stockpiles of some critical materials already exist, and dependence upon overseas sources for many others renders them particularly vulnerable. Long lead times

for many critical components and fabricated materials hamper assembly and delivery of key hardware items.

Although DOD and the Army have taken initiatives to improve the industrial mobilization posture, significant and lasting improvement in preparedness is contingent upon a clear national policy emphasizing the need for an industrial base totally responsive to national security interests. Appropriated resources, clearly stated procurement authority, and top level leadership are key to continuing this improvement.

We therefore resolve to urge the Administration and Congress to fully endorse and support the initiatives already underway to improve the industrial base and to identify and correct those deficiencies which limit responsiveness.

6. Research, development and acquisition:

The Army is moving toward exciting and dramatic changes in the 1980's as the recent intensified research nad development programs and the force structure changes necessary to implement those programs come to fruition. The increased funding proposed by the Administration can be expected to move the Army toward regaining a qualitative edge over the Soviet Union.

Looking to the future, realistic and increased funding for the continued development of existing technology must be provided by the Congress. Simultaneously, research on advanced technologies must be aggressively pursued.

Many of the research projects, as well as development and production needs, have become more dependent on the use of critically scarce materials. While stockpiling these critical materials can provide a temporary solution, the foreign sources of many of these materials are not sympathetic to our government and their reliability as suppliers must be questioned in a national emergency. It is important to seek alternate sources, and conduct basic materials research in our own country intended to develop new technology and alternate materials that will reduce our dependence on foreign sources.

Timely delivery of the many new systems demands improved procedures for acquisition. Studies are in progress to accelerate the administrative and management techniques required.

The Congress must recognize the need for funding and emphasis on research, development and acquisition to avoid relegating the Army to another period of near obsolescence.

We therefore resolve to support:

Increased funding for research and development projects oriented to new technologies and alternate materials, and the resulting force structure studies necessary to maintain qualitative advantages.

Continued effort to improve the administrative, management and cost control procedures designed to accelerate the acquisition process.

7. Modernization:

While Army responsibilities are complex and worldwide, its size and weaponry have been constrained by inadequate funding. The Army's Reserve Components have been given unprecedented responsibilities but limited resources.

The Army has developed a family of weapons and supporting equipment which, if fielded in adequate numbers, would permit it to achieve at least qualitative parity with the Soviet Union. However, despite planned accelerated production rates and renewed recognition that conventional warfare confrontations are the most likely threat, the Army again finds itself cut back to only modest improvements and in fierce competition for defense dollars.

Unless the Active Army is permitted to completely outfit its current 16 divisions with new equipment on a reasonable time schedule it will continue to be outpaced by the ground forces of the Soviet Union. Further. unless the Army Reserve and Army National Guard are permitted to share in the availability of modern equipment, they will not be able to perform their missions. The Army Reserve, for example, has on hand only 33 percent—by dollar value—of its wartime required equipment. The Army National Guard has 69 percent of its required equipment. Much of the equipment for both the Army Reserve and Army National Guard is old and less technologically sophisticated.

We therefore resolve to urge:

A reassessment of the emphasis being placed on strategic weaponry at a time when conventional confrontations are far more likely to occur.

A production program to equip expeditiously the Active Army with the latest materiel while at the same time, providing for the procurement and/or refurbishment of adequate modern equipment for the Army Reserve and Army National Guard.

8. Chemical warfare capability:

The significant capability and apparent willingness of the Soviet Union to employ chemical agents dictates that the United States reassess its policies on chemical warfare, and achieve parity with the Soviets as soon as possible.

It is naive to assume that any potential enemy with a chemical warfare superiority capability would fail to employ that capability in the heat of battle. Soviet tactical doctrine dictates the use of nerve agents or other anti-personnel chemicals whenever they could make the difference between success or failure in an attack.

The ability of the United States to wage offensive chemical warfare has been seriously impaired by humanely inspired, but militarily unrealistic, policies. The defensive chemical warfare capability of the military is extremely limited.

A rapid chemical decontamination capability, such as that in use by Soviet units, is virtually unavailable to the United States Army. Furthermore, the inventory of individual protective equipment is insufficient to support the forces.

Effective training requires realistic training aids and facilities. Soldiers must learn to perform missions in a chemical environment to gain confidence in ability and equipment.

New binary weaponry will allow handling and stockpiling of chemical munitions with relative safety. Continued research and development in this technology should be accelerated, and production implemented at the earliest possible date.

We therefore resolve to support:

Research, development and acquisition of chemical munitions to achieve military parity with the Soviets in chemical warfare.

Acquisition of defensive equipment and the conduct of training necessary for military survival in a hostile chemical environment.

DEPLOYING THE ARMY

9. Strategic mobility:

To support U.S. foreign policy, the Armed Forces of the nation must be capable of rapid deployment to any area of the world. Each deployment demands the capability to sustain and reinforce the deployed force.

For five years this Association has urged the expansion of mobility and support capability necessary to provide adequate rapid deployment. The need to provide fully for this expansion continues to persist though modest steps are being taken to remedy the shortfall, to include prepositioning of equipment and supplies, and broadening host nation support.

The Air Force's part in the strategic mobility program needed by the Army involves completing the C–141 stretch and refueling capability programs, as well as the C–5A wing modifications and increases in utilization rates and spares which are underway. Acceleration of the modification of Civil Reserve Air Fleet cargo aircraft is essential, as is early full-scale initiation of the C–17 (C–X) Program.

Sealift is the most efficient means available to move and sustain large heavy forces overseas. There are approximately 50 Navy owned and Navy chartered sealift ships. In addition, the National Defense Reserve Fleet of 170 ships is in varying states of readiness, without designated crews. The relatively small U.S. Merchant fleet includes new ships which are very efficient for use between highly developed ports, but are of questionable value for supporting operations in undeveloped areas or through damaged or destroyed ports. The Navy has barely sufficient amphibious sealift to move one of the three active Marine divisions.

The Navy's effort in enhancing strategic deployability revolves around the vigorous pursuit of the SL–7 modification program so that these fast ships can also carry roll-on/roll-off cargo. The Navy also needs additional such ships along with an increase in research and development on surface effects ships which can significantly reduce sailing times, all of which the Navy has been reluctant to fund.

Railroads are the most energy-efficient mode of transportation to move personnel, equipment and supplies overland to air and sea ports of embarkation. Unfortunately, the number of operating rail lines in the U.S. is shrinking and much of the system is poorly maintained. Rolling stock of the right kinds may not be available in sufficient quantity.

We therefore resolve to reiterate our deep concerns about the inability of our strategic mobility resources to deploy and sustain our combat forces to any area of the world.

We further resolve to urge the Administration and Congress to support:

Modifying of the Air Force C–5A fleet, the upgrading of the C–141 fleet, and moving rapidly toward a new generation of airlift aircraft capable of transporting the outsized cargoes of the mid-1980's.

Adding more wide-bodied military cargo capable aircraft to the Civil Reserve Air Fleet.

Expanding Navy sealift capability to deploy the Rapid Deployment Force.

Expanding the U.S. Merchant fleet with sufficient roll-on/roll-off and self-contained cargo handling capacity.

Improving the condition of our domestic rail systems including both rail lines and rolling stock.

10. Forward deployment:

It is essential that U.S. armed forces deployed throughout the world be prepared to perform their missions and be provided with necessary support.

In the European area, Warsaw Pact forces possess significant numerical advantage over NATO forces. Weaknesses which affect the ability of NATO forces to defend Western Europe include:

Insufficient progress in achieving the goals of supply commonality and equipment interoperability among the multi-national forces.

Inability of some military communications networks to intermesh, compounded by language differences and a highly sophisticated Warsaw Pact electronic jamming capability.

Inadequacy of ammunition and war reserve stocks needed to sustain NATO forces over an extended period of time.

Distance from the German home stations of U.S. Forces to assigned defense sectors.

Insufficient transportation to move U.S. reinforcements, replacements and supplies into and within the theater of operations with sufficient speed after the onset of hostilities.

The slow rate at which NATO countries are modernizing.

The inadequate air/missile defense in view of the growing Soviet air and missile threat.

In the Pacific area, it is crucial that U.S. Army Forces in Korea be maintained at a

high level of readiness. Reinforcements must be capable of rapid deployment to assist threatened U.S. Forces or friendly nations.

It is vital to the Army that the Navy be able to perform its mission to protect the essential sea lines of communication.

We therefore resolve that the Administration and Congress support:

NATO efforts to improve commonality, interoperability and communications, and to increase ammunition and war reserve stocks.

Increased U.S./NATO modernization efforts, and efforts to restation NATO forces close to general defense sectors and to improve NATO air defense forces.

Maintenance of Army forces overseas at a high level of readiness, including the needed provisions for resupply and reinforcement.

Greater emphasis on the Navy's role in protecting vital sea lines of communication.

CARING FOR SOLDIERS AND THEIR FAMILIES

11. Bill of Rights for those who serve:

The life of a service member is recognized to be one of sacrifice, dedication, honor and devotion to duty. The enactment of a "Bill of Rights" for service members is deemed essential because different Administrations have been inconsistent concerning service members' benefits and rights. It should include:

A formal acknowledgement of the federal government's responsibility to adequately pay, house, feed, transport and provide medical and dental health care to active duty service personnel and their family members.

A pay and allowance system which recognizes the special nature of military service to include:

Basic pay to compete with other employment systems; that equitably rewards progressive advancement in the military system.

Housing or a quarters allowance for all single service personnel, and family housing or quarters allowance for all personnel with dependents. The basic allowance for quarters should be set on a standard of total housing costs, varied by grade and locale.

A tamper proof system to adjust pay/allowance for all personnel authorized to mess separately.

Cost-Of-Living Allowances for both married and single soldiers to offset exceptionally severe living expenses in high cost locales, worldwide.

A tamper proof system to adjust pay/allowances annually.

A fully funded G.I. Bill Education Program.

Recognition by the Administration and Congress of their responsibilities for a fully funded quality education of dependent children.

Complete commissary and exchange systems, with continued current levels of appropriated fund support.

An expense reimbursement system which compensates all personnel for expenses of official travel, to include family separation allowances, dependent travel, and shipment of household goods for all personnel with families.

Appropriated fund support of essential military recreation programs.

A full range of medical and dental care provided by military health care facilities, or through CHAMPUS, for active duty service personnel, retirees, and their family members.

A retirement system which provides for retired pay levels modeled on the previously proposed Retirement Modernization Act, which places a premium on longer service, while retaining 20-year separation at lower rates; providing equity in the form of separation pay for enlisted and officer personnel involuntarily separated without prejudice prior to reaching retirement eligibility; and not integrated with the Social Security program. A description of the basis for adjustments to the level of retired pay and survivor's benefits in order to maintain purchasing power, based on the full Consumer Price Index should be included. When changes are necessary, they should provide protection for those already serving, including a save-pay clause, as appropriate. An equitable Survivor Benefit Plan with Social Security offset reduced to 50 percent of the benefit attributable to military service; the offset to be eliminated when the beneficiary is entitled to equal, or greater benefits due to his or her own employment. Free and equal access to the entire job market for which retirees are qualified upon honorable separation from service should be available without forfeiture of earned benefits.

A commitment to ensure the well-being of family members of deceased active duty service members and retirees.

Provisions that no single element of the military compensations system should be studied or modified outside the context of the entire system.

We therefore resolve to reiterate our strong conviction that the Congress, which is charged with raising and maintaining the Armed Forces of the United States, support by appropriate legislation the described elements for a "Bill of Rights for Those Who Serve".

12. Quality of life:

The Army's Quality of Life Program for the soldier and his family continues to be of prime importance. Military duty places great strain on family ties and cohesiveness.

Army Child Support Services Program and child care centers are needed for military families. Many of the physical facilities at child care centers are in deplorable condition and do not meet minimal fire, health, and safety standards. Professional staffs are needed to provide child care at the lowest possible rates.

A major disincentive to overseas service is the separation of family members for schooling, with the inherent financial burden. The lack of government funded, space-required travel for full-time student dependents of military personnel assigned overseas adversely affects the desirability of overseas assignments. Authorizing one round trip per year space-required government air transportation for full-time students would significantly reduce the financial burden and strengthen family ties.

An additional concern relating to the quality of life overseas is the lack of recreational facilities. Present facilities are considered inadequate for the number of personnel which they serve. This, coupled with inadequate school facilities and poor living and working conditions, has seriously impacted on morale and retention.

We therefore resolve to urge the Administration and Congress to provide:

Safe, well-staffed child care centers at reasonable rates.

Space-required travel for one round trip per year for dependent full-time students of military personnel assigned overseas.

Funds necessary to upgrade or build overseas recreational facilities commensurate with those found in CONUS installations.

Support for actions which will enhance the cohesiveness and stability of military family life.

13. School impact aid:

The Bill of Rights for Those Who Serve, recommended by this Association in 1978, requires recognition by the Administration and Congress of their responsibilities to assure quality primary and secondary education of dependent children.

School Districts impacted by the presence of federal employees and military personnel are facing serious financial constraints because of recent Administration attempts to reduce the level of federal aid. Several school boards located near military installations in CONUS have billed parents of students living on-post for tuition or threatened school closings; thereby causing serious morale problems.

We therefore resolve to:

Strongly oppose termination of impact aid to school districts for students who live on federal property (no real estate tax base) or where the district operates schools on federal property solely for the benefit of children of military personnel or federal employees.

Oppose any local measure that will require military families to pay tuition to have their children attend public schools in the locality where they are assigned.

14. Military health care:

A fundamental obligation to soldiers and their families is to provide adequate health care. Improved pay and the Army Graduate Medical Education Program will help recruiting and retaining military doctors and will improve health care, but further improvements are needed.

If the Army Graduate Medical Education Program is allowed to proceed at the planned high level, the number of active duty physicians should meet the minimum peacetime requirement of 5,456 by end Fiscal Year 87. However, a shortage of nearly 47 percent (over 2,000) in the availability of Reserve doctors will prove critical upon mobilization.

Deficiencies created by the shortage of professional military medical personnel, compounded by the change from a basically bachelor Army to an Army with family members, highlight changes which must be made in the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) program:

Reduce out-of-pocket expenses incurred in cases of catastrophic illness.

Expand CHAMPUS to include dental care.

Eliminate the annual deductible for outpatient care.

Continue CHAMPUS for beneficiaries attaining eligibility for Medicare.

We therefore resolve to continue our support for a comprehensive health care program to include:

Required Reserve service for all newly qualified doctors as payback for Federal support of medical education programs.

Retention of all Army Medical Centers as teaching hospitals.

Retention of the Army Surgeon General's program of attracting doctors through graduate medical education incentives.

Improvement in the Armed Forces Health Professions Scholarships Program to exempt the total value of the scholarship from Federal income tax for both present and future participants.

Increased hospital families and equipment modernization funding.

Legislation to upgrade CHAMPUS benefits to:

Limit individual expenses incurred in cases of catastrophic illness.

Provide dental care.

Eliminate the annual deductible for outpatient care.

Continue coverage for beneficiaries attaining eligibility for Medicare.

Include physical exams/immunizations for routine, annual, employment related, and educational system requirements.

15. Military compensation:

The Administration and the Congress in the Uniformed Services Pay and Benefits Act of 1981 have recognized the adverse effects of inflation, past pay caps, and pay adjustment reallocations on the retention of career military personnel. As long urged by this Association, comparability of pay has been reestablished and a beginning made to provide, within the pay tables, incentives for promotion and retention.

A review of the overall adequacy of military compensation is needed to:

Make military pay competitive with the civilian sector with emphasis on critical skills, jobs performance and level of responsibility.

Create a flexible system of special and incentive pays, including bonuses for overseas tour extensions in imbalanced MOS's, to meet changing manpower needs.

Compensate service members fully for the cost of permanent changes of station.

Equitable tax treatment of U.S. government personnel, including service members, as compared with individuals in the civilian sector, would assist in overcoming the financial burdens which result from successive overseas assignments. Service members and DoD civilian employees in an overseas assignment who earn less than $10,000 per year, and who would be otherwise eligible, are excluded from the Earned Income Tax Credit provided similarly qualified taxpayers residing in the United States. Non-government U.S. civilians working overseas are provided significant tax benefits to encourage continuation of their overseas business enterprises. Similar individual income tax benefits for U.S. government personnel, military and civilian, would provide an incentive for voluntary overseas assignments and reduce turbulence by encouraging extensions of overseas tours.

We therefore resolve to urge the Administration and the Congress to:

Maintain military pay comparability.

Review the adequacy of military compensation to include consideration of skill requirements, responsibility, flexible special/incentive pays and reimbursement for costs incident to official travel.

Amend section 43(c)(1)(B) of the Internal Revenue Code of 1954 to permit service members and DoD employees serving overseas to qualify for the Earned Income Tax Credit.

Provide similar individual income tax treatment for U.S. military and government employees serving overseas as authorized other U.S. citizens employed overseas.

16. Educational incentives:

Educational opportunities within the Army are perceived by the soldier as an important aspect of military service. Recent tests have shown that educational incentives increase the number of quality high school graduates who enlist in the Army.

On 31 December 1976, the G.I. Bill was terminated and was replaced by a less attractive contributory program, the Veterans Educational Assistance Program (VEAP). Following testing, the Army has established ULTRA VEAP which adds $8,000 to $12,000 bonus to the basic VEAP program. This has increased enlistments but is limited to quality high school graduates entering critical skills.

Since 1979, this Association has urged that a total educational incentive package be developed to aid in recruiting quality enlisted personnel and retaining mid-career soldiers. This new education package cannot compete with existing federally funded loan and grant programs having assets in excess of nine billion dollars. Therefore, funding for this package should come from these federally funded programs where no service obligation is incurred.

The new educational incentives should include as a minimum the following key features:

Non-contributory educational benefits to be made available to all military personnel as a reward for honorable service.

In-service use to be authorized after one year of service.

Basic benefit earned on a basis of one month of education for one month of active service or four months of reserve service, up to a maximum entitlement of 36 months.

Benefits to consist of monthly stipend of $400 with an automatic cost-of-living adjustment.

Secretaries of the Military Departments be granted authority to add additional incentives for recruiting and retention purposes for critical specialties and hard to fill assignments.

Benefit allowance increased to monthly stipend of $600 for six (6) or more years of active service after date of enactment.

Transfer of earned entitlement to dependent children after ten years of active service.

Basic entitlement for Reserve and National Guard members at half the Active Army rate.

Termination date to be 10 years from the date the service member is finally separated from the service.

In view of the quality constraints imposed by Congress, the Fiscal Year 83 recruitment goals cannot be met without these educational incentives.

We therefore resolve to call upon Congress to immediately enact legislation for a non-contributory G.I. Bill benefit package for current and future members of the Total Army Force.

We further resolve that the termination date of the Vietnam era G.I. Bill be extended to 10 years after individual's separation from the service.

17. Reserve component incentives:

Reserve Component forces are essential to the Army's peacetime mission of deterrence and to reinforce and sustain the force should deterrence fail. To achieve the required high state of readiness for Reserve Component forces, Congress and the Department of Defense must resolve serious understrengths and skill shortages which exist within the Reserve Component units and the individual Ready Reserve (IRR). To attract high quality first-term enlistees and to retain qualified Reserve Component personnel, incentives and benefits must be increased.

We therefore resolve to:

Continue to support bonuses for enlistment and reenlistment in critical military occupational specialities.

Support inclusion of IRR members in the Servicemen's Group Life Insurance Program on an optional basis.

Support recognition of voluntary efforts by members of the Reserve Components by increasing the annual ceiling on inactive duty retirement points from 60 to 75.

Support granting commissary pivileges to active Reserve Component personnel on a one time per month basis.

Aggressively encourage continued employer support for Reserve Component participation.

Support educational benefits for Reserve Component personnel, contingent on continued satisfactory service.

Encourage actuarially reduced retirement benefits for members at age 55.

Support granting full retired benefits and rights (minus pay entitlements) to Reserve Components Personnel, who have earned their 20-year retirement certification letters but who have not reached age 60, and to their family members.

18. Retired pay and benefits:

As a budget balancing measure, the 97th Congress reduced the frequency of Federal retiree cost-of-living adjustments (COLA) from semi-annual to an annual basis. The lost pay has been accepted by the majority of retirees as their individual contribution to national belt-tightening.

Additional proposals to reduce the total dollar amount in the military retired pay program have surfaced in both the Office of Management and Budget and the Congress. These include an additional delay, beyond 1 March 1982 now mandated by Public Law 97-35, for the 1982 pay adjustment; various suggestions on limiting the amount and method of computing the annual adjustment, and changes in the basis for computing military retirement pay from a member's final pay to his/her high three years without a grandfather clause for individuals in service prior to 6 September 1980. Current and future retirees view such proposals as a breach of contract following so rapidly the elimination of 1 percent add-on to the COLA—designed to maintain purchasing power by compensating for adjustment delay—and the deletion of the replacement semi-annual adjustment. The uncertainty of retiree pay and benefits discourages military careerists.

The Department of Defense recently obtained passage of a bill in Congress that increases the Servicemen's Group Life Insurance (SGLI) for active duty personnel to $35,000. However, there is no provision to permit personnel within a five year period after separation, the option to increase their Veterans Group Life Insurance (VGLI).

In the wake of the Supreme Court ruling that retired military pay could not be considered community property, there have been several legislative proposals introduced into the 97th Congress which would entitle an ex-spouse to a specified portion—dependent on duration of marriage during active service—of a military retiree's retired pay, generally without regard to the circumstances of the divorce. This Association believes the federal government should not determine what portion, if any, of a retired service member's income should be granted to the former spouse. This determination is properly the role of the civil court system of the various states.

We therefore resolve to:

Oppose further delay in complying with Public Law 97-35 regarding the annual adjustment of federal military and civilian retired pay.

Oppose change in the method of computing the annual cost-of-living adjustment.

Oppose proposals which would change the basis of computation of retired pay for currently serving military personnel without a grandfather clause or save-pay provision.

Seek authorization to increase the maximum amounts of Veterans Group Life Insurance within five years after separation.

Urge the Congress to defeat attempts to legislate federal entitlements to ex-spouses of retired service personnel.

19. Housing:

The Army recognizes that all personnel should be accommodated in adequate housing. Unfortunately, housing for soldiers and their families is often inadequate in quantity and quality. Although progress has been made in improving allowances to those unable to occupy government quarters, there is a definite lack of progress in constructing, maintaining, and upgrading housing assets.

Specifically:

The worldwide deferred maintenance backlog for family housing repairs and maintenance was $523 million at the end of Fiscal Year 81; of which $366 million was in Europe. The Fiscal Year 1982 budget request will include $60 million for deferred maintenance, most of which will be allocated to Europe. The expected backlog remaining at the end of Fiscal Year 82 will still be more than $300 million in Europe alone.

Approximately 38% of the eligible USAREUR soldiers with families do not live in government-controlled housing units. USAREUR has identified a need for additional leases in Fiscal Year 82 and in excess of 3000 in Fiscal Year 83.

Seventy-five percent of enlisted and officer bachelor housing is over 25 years old, and 30 to 40 percent of the quarters located overseas are substandard.

We therefore resolve to urge the Administration and Congress to provide:

Funding for adequate housing worldwide and maintenance and repair of all related facilities for our soldiers.

Additional lease authority and housing and community facilities construction in USAREUR.

ERISA

Mr. HAYAKAWA. Mr. President, in 1974 the Federal Employment Retirement Income Security Act (ERISA) became law. The purpose of the legislation was to establish mandatory rules and regulations regarding pension plan coverage and eligibility. Two of its provisions included vesting, to insure that an employee receives the benefits promised for specific service, and creation of the Pension Benefit Guaranty Corporation (PBGC) which guarantees basic pension benefits in covered private plans if they terminate with insufficient assets. The Corporation administers two benefit insurance programs: Single employer and multiemployer insurance plans.

However, ERISA made it more difficult to terminate an ailing pension plan by requiring employers to pay up to 30 percent of their net worth and permitting PBGC to pay the balance of the guarantee. Even though many people thought there was little chance of multiemployer plans terminating, PBGC paid out over $20 million in unfunded benefit obligations from 1974 to 1978 as the result of the termination of a few plans. Unfortunately, PBGC's receipts for the period totaled only $4 million.

In an effort to correct the problem, in 1980 Congress enacted the Multiemployer Pension Plan Amendments Act of 1980 requiring an employer who wholly or partially withdraws from a pension plan—for example, sells his business or moves facilities from the jurisdiction of one pension plan to another—to pay his pro rata share of unfunded vested liability to the plan. This payment, known as withdrawal liability, is not limited. In fact, it may exceed the company's net worth.

An excellent article outlining the financial burdens that the Multi-Employer Pension Plan Amendments Act of 1980 has placed on contractors in southern California appeared in the November 1981 newsletter of the southern California chapter of the Associated Builders & Contractors (ABC). Its author is Michael E. Merrill, an ABC chapter attorney and a partner in the law firm of Merrill, Schultz & Hersh of Newport Beach. While Mr. Merrill's figures apply only to southern California, the impact is being felt by businesses everywhere in the United States, and I believe his message is important enough to bring to the attention of my colleagues. I shall therefore request that Mr. Merrill's article be reprinted in full in the RECORD.

I am pleased to mention that Senator HATCH, my distinguished colleague from Utah, has introduced legislation (S. 1748) to amend the Multi-Employer Pension Plan Amendments Act of 1980 and the Employee Retirement Income Security Act of 1974. This bill will remove employers who have only negotiated contribution levels in their collective bargaining agreements prior to April 29, 1980, from the withdrawal and plan termination insurance provisions of title IV of ERISA. This will be accomplished by redefining such plans as fixed contribution multiemployer plans.

I have added my name to the list of cosponsors of this important legislation and I urge all my colleagues who have not done so to give the matter their serious consideration.

Mr. President, I ask unanimous consent to have printed in the RECORD the article to which I have made reference.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ARMAGEDDON FOR THE CONSTRUCTION INDUSTRY

(By Michael S. Merrill)

In the March 1981 IMPACT ("Contractors Harpooned by ERISA Amendments"), contractors were alerted to the dramatic impact of the Multiemployer Pension Plan Amendments Act of 1980, which amended the Employee Retirement Income Security Act (ERISA), and created the prospect of debilitating and unforeseen financial liability for signatory contractors who withdrew from multiemployer pension plans as a result of bargaining their way to open shop status.

Prior to the 1980 ERISA amendments, an employer was free to withdraw from a pension plan without incurring any continuing obligation to contribute to the pension plan unless the plan went bankrupt within five (5) years. The new ERISA amendments, however, obligate all employers upon cessation of participation in a multiemployer pension plan to continue to make contributions to the plan to cover their so-called "share" of the plan's unfunded vested liability. Such unfunded vested liability is the product of increased benefit levels mandated by trustees without providing for a corresponding increase in fringe benefit contribution revenues sufficient to satisfy vested pension benefits for plan beneficiaries. This is obviously deficit spending at its worst, which participating employers have had no hand in creating or controlling.

The legislative history of the 1980 ERISA amendments plainly reveals that the withdrawal liability provisions were the work of the construction trades designed to stem the flourishing Merit Shop movement. The chief lobbyist of the ERISA amendments was the National Coordinating Committee for Multi-Employer Plans, chaired by Robert Georgine, president of the AFL–CIO Biulding Trade Department.

Locally, the Laborers, Operating Engineers, Painters and Carpenters Pension Trust Funds have recently commenced distributing withdrawal liability notices to contractors throughout Southern California calling for immediate payment of millions of dollars of alleged withdrawal liability from contractors who terminated their collective bargaining agreements and thereby withdrew from multiemployer pension plans prior to the passage of the Multiemployer Pension Plan Amendments Act of 1980 by Congress in September of 1980, but subsequent to the retroactive April 29, 1980, effective date of the ERISA amendments. All employers who terminated their collective bargaining agreements last summer are subject to withdrawal liability demands from the various pension trust funds and can expect to receive their withdrawal notices from the various pension funds.

Thus far, the Southern California Carpenters Pension Fund has distributed 42 withdrawal liability notices totaling $8.5 million. These liability demands ask of the contractor, in many cases, amounts greater than the actual net worth of the business itself. In many other cases, exiting contractors are finding themselves in a situation where they are being required to assume withdrawal liability payments far in excess of the actual amount of pension contributions they made on behalf of their workforce. Not only does this spell financial disaster for our new Merit Shop brethren, but the enormous amounts of withdrawal liability sought to be collected by pension trust funds pose a debilitating obstacle in the path of the accelerating Merit Shop movement.

Additionally, while the ERISA amendments are designed to bolster pension plans' revenues, many plan administrators are already complaining that the amendments are wreaking havoc with the financial stability of their pension funds by discouraging new employers from executing labor agreements.

Contractors who are faced with unfathomable liability demands must act now in order to avoid default and thereby jeopardize their businesses. Avenues are available whereby exiting contractors can contest the withdrawal liability assessments by the pension plan. Moreover, many exiting contractors across the nation have instituted actions in Federal district courts contesting the constitutional validity of the ERISA withdrawal liability amendments, and have met with surprising success in obtaining temporary restraining order against enforcement of the withdrawal liability provision of ERISA by the Pension Benefit Guaranty Corporation and pension trust funds.

For Merit Shop contractors, the experience of those who are faced with debilitating withdrawal liability payments as a result of their terminated union affiliation should serve to make them even more wary of signing a union contract and of the consequences of doing so, notwithstanding the assurance of business agents that their union's pension plan is financially sound and that they are only obligated to tender fringe benefit contributions as specified in the collective bargaining agreement; i.e., no unfunded liability.

The horror stories that are heard about contractors who have severed their collective bargaining relationship with unions should make contractors contemplating union affiliation think twice about affixing their signature to a union contract. As bad as the situation is now, it appears that things are only going to deteriorate dramatically. The Pension Fund Guaranty Corporation, the Federal agency charged with administering ERISA, recently estimated that the total unfunded vested liability of the 2,000 multiemployer pension plans subject to ERISA will approach $70 billion by 1986.

The Laborers Pension Fund for Southern California is a striking example. It reported an increase in unfunded vested liability of some $45 million in one year alone, and the total unfunded vested liability of the Laborers Pension Fund for Southern California now amounts to more than $514 million. Such an increase in unfunded vested liability translates directly into increased withdrawal liability for signatory contractors who defer abandoning what appears to be a rapidly sinking ship about to be further ravaged by the exacerbating effects of inflation, dwindling membership, an exodus of signatory contractors, restrictive investment regulation, higher administrative costs, constantly proliferating benefits to pension beneficiaries, diminishing pension benefit revenue, and an aging workforce fast approaching retirement.

The longer signatory contractors wait, the greater their potential withdrawal liability by virtue of the escalating unfunded vested liability of the various pension plans and the reduced number of signatory contractors remaining after the exodus of signatory contractors. As more and more signatory contractors leave the union fold, the pension funds' unfunded vested liability can only increase as a consequence of greatly diminished contribution revenue. Additionally, a

reduction in the number of signatory contractors participating in multiemployer pension plans will result in their being forced to subsidize lost contribution revenues in addition to absorbing the pension plans' escalating unfunded vested liability.

The economic survival of many contractors is threatened by the impact of the withdrawal liability provisions of ERISA. No single piece of Federal legislation has represented such an enormous peril to the financial security of the construction industry. At a time when the country is calling for economic efficiency, individual productivity, and reduced governmental interference in business affairs, the ERISA amendments represent a dramatic return to the days of Federally-sponsored socialism. The serious problems as posed by the ERISA amendments represent yet another major entry on the long list of reasons for the enormous growth and strength of the Merit Shop movement.

COMMUNICATION

Mr. HAYAKAWA. Mr. President, communication is an important ingredient in any society whose government successfully represents the citizenry. Unfortunately, State and local governments in the United States have acted to hinder this important citizen-government communication process in two ways.

First, the language of government itself—what we call bureaucratese—has widened the gap between the average citizen and his government. It seems as though we have come to believe that a law or document is not really official unless it is capable of confusing the typical citizen.

Second, the National Government has allowed the growth of bilingual policies that send confusing signals to Americans. While naturalization and education requirements mandate proficiency in the English language, we have created bilingual election policies that seem to tell our people that knowledge of English is really not a requisite to full participation in American society.

Those of us in positions of power should work to break down—not build up—the barriers of confusion that impair positive citizen-government dialog.

Mr. President, I recently read an interesting column by Charles McCabe of the San Francisco Chronicle. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

December 1, 1981.

HIMSELF

(By Charles McCabe)

POLYLINGUAL?

Marin Architect Francisco Centurion just shook his head. He was shaking his head "in disbelief regarding what these bureaucrats in Sacto, are doing."

He adds, "I say this as an immigrant myself. If someone is coming to this country, why can't they learn English? I did.

He was looking at a piece of paper which said that if he had any complaints about discrimination he should forthwith file with the Civil Rights Officer, Department of Rehabilitation. What particularly caught the architect's eye was the following declaration:

"This publication can be made available in Braille, large print, and tape cassette, English, Spanish, Japanese, Tagalog, Korean, Chinese (Mandarin and Cantonese), and Vietnamese. Requests should be made to Department of Rehabilitation, Mobility and Communications Barriers."

This is really carrying language in politics to the point of absurdity. It makes the notorious San Francisco voting forms, which include at least three languages look sensible by comparison.

Has the word not gone out that this is a free country, and that if you have any complaints about anything, all you have to do is go down to city hall and voice your beef? Someone who probably speaks your language will do whatever he or she can to help you.

And what does all this literature mean to those large numbers of immigrants who are illiterate in their own language? Wouldn't it be cheaper in the long run to have Vietnamese advisers for listening to complaints and putting in motion the process of righting them? Such a plan would impoverish the state much less than those huge printing bills which come from putting out large texts (and some of them are large indeed).

Who is this Department of Rehabilitation? Let them define themselves in good bureaucratic English: "The Department of Rehabilitation, as a recipient of federal and state funds, is covered by Section 504 of the Rehabilitation Act of 1973, Title VI and VII of the Civil Rights Act of 1964, California Administrative Code Title 22, CGC Section 11135 Et. Seq., other federal and state laws, and Executive Orders which prohibit discrimination.

"Client services, as well as employment practices and benefits, of the Department of Rehabilitation are provided to qualified persons without regard to ethnic group identification, race, color, national origin, religion, sex, creed, age, sexual orientation, physcal or mental disability, medical condition, marital status or ancestry."

These are all admirable aims. But why all this literature, why this plethora of language? Cannot the word be put out to a Cuban or Chinese or whatever: "If you have been fired, or can't get hired, and you believe the reason is that you weren't born in this country, let us know and we'll try to help.

Of course the better course would be to insist on a knowledge of English as a condition of employment (and there are some places in the country where this is near enactment, notably in Texas along the Mexican border). But in California we are a distance from that, and it probably would be unconstitutional anyhow.

But the idea of printing in Mandarin what is already enacted into law in English gives me a headache merely to contemplate. If bilingualism in schools is bad, and I believe it is, how about this comedy of "Communication Barriers."

CONCLUSION OF MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that time for morning business be terminated.

The PRESIDING OFFICER. Without objection, it is so ordered.

DELAY OF EFFECTIVE DATE OF CERTAIN TAX PROVISIONS

Mr. STEVENS. Mr. President, the Senator from Kansas has a matter to call up. May I inquire what that is?

Mr. DOLE. Mr. President, H.R. 4717.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to consider the bill just referred to by the Senator from Kansas.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will state the bill.

The assistant legislative clerk read as follows:

A bill (H.R. 4717) to delay for one year the effective date of certain provisions recognizing gain on certain dispositions of LIFO inventories, to make adjustments in the net operating loss carryback and carryforward rules for the Federal National Mortgage Association, and to require information returns with respect to safe harbor leases.

The PRESIDING OFFICER. Without objection, the bill will be considered as having been read twice and the Senate will proceed to its immediate consideration.

The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

Mr. PROXMIRE. Mr. President, if the Senator will yield, I have great respect and admiration for the chairman of the Committee on Finance. but I am troubled about the pattern, although I think this is better than it has been in last years, where we bring up tax bills on the very last day of the session. We do not have reports on them, at least formal committee reports. I wonder why it is necessary that this bill or the contents of this bill be passed on the last day of the session. Is there any urgency to these measures? Would it make any difference if they were postponed for a month?

Mr. DOLE. Mr. President, there are some where the provision expires at the end of the year.

Let me say, not in a defensive way, that the fact that the Finance Committee acts in advance of having any House bill to look at is because the House Ways and Means Committee did not act until about a week ago. We held a meeting last Thursday to go over all the House provisions that had not yet passed the House, plus provisions—in fact, the Senator from Kansas put a notice in the CONGRESSIONAL RECORD about a month ago that we would consider noncontroversial items—those where hearings had been held, there was no real revenue loss, no opposition from Treasury, and approval by the joint committee staff and the Finance Committee staff. Those are the only amendments that we reported out to the Senate, plus we rejected a couple in the bill passed by the House.

There may be one or two exceptions, but we believe that for the most part, there is no real revenue loss. It is not a Christmas tree, if that is what the Senator was wondering.

Mr. PROXMIRE. Mr. President, I commend the Senator on all those things, except the one fundamental procedural safeguard we have is that we know what we are doing. If we have a report from the committee, in which we know what the bill does, we know whether there is any controversy on the bill, we know who the beneficiary is. If the Treasury may support it, we want to know why. That is the kind of material that we do not seem to have.

Mr. DOLE. Mr. President, we tried to make available as quickly as we could the committee documents available to the staff. I understand that they do have a copy of the report which has not yet been printed. I know that is not much advance notice. That is why we did not include

any matter that we felt was controversial.

In addition, I understand that a member of the Senator's staff has gone over each of the amendments with a member of the committee staff. Certainly, we are here now for the purpose, if further explanation is needed, to have it furnished by the Senator from Kansas, the Senator from Louisiana or the sponsor of the amendment. Before we act on any amendment, I certainly want the Senator from Wisconsin to be fully satisfied.

Mr. PROXMIRE. Mr. President, we are not asking about the amendments, but the bill itself, as I understand it, has three provisions; is that correct?

Mr. DOLE. The bill itself had three provisions. It now has two provisions.

Mr. PROXMIRE. May I ask the Senator, then, in connection with those particular provisions in the bill, is there urgency involved in this matter? Would it make any difference if we put this over for a month in any of those particular cases?

Mr. DOLE. It would make a great deal of difference, I understand, as far as the LIFO recapture is concerned. Also, we are told by certain people that it would make a difference as far as FNMA is concerned.

On some of the other amendments—I would have to go down and double check them—some of the amendments that will be added to that proposal also have expiration dates.

Mr. PROXMIRE. What is the total amount of revenue loss, if there is any at all, in the bill that is before us?

Mr. DOLE. In the total package?

Mr. PROXMIRE. That is right. I am not talking about the amendments to be offered. I shall go over those individually.

Mr. DOLE. The FNMA provision would involve a loss of about $14 million in fiscal year 1982.

I might add that the loss originally was projected to be over $400 million. The House Ways and Means Committee offered an amendment which was adopted and which we kept. The LIFO recapture in 1982 is about $15 million and in 1983, about $260 million.

Mr. LONG. Mr. President, if the Senator from Kansas will yield, I believe it is important to point out that some of these provisions—for example, there is a provision that has to do with the withholding of income tax for fishermen that expires at the end of this year. If we wait until next year to act, that will be regarded as retroactive legislation.

The Senator, I am sure, well knows that when we act in 1981 with regard to 1981 taxes, we have never regarded that as retroactive legislation. But if we wait until 1982 to act on 1981 tax liabilities that is regarded as retroactive tax legislation. That being the case, if we are going to do it, we ought to do it this year.

I urge the Senator to take a careful look at these particular amendments, because I know with regard to almost everything here, it was discussed with the full membership there. I think there were 14 Senators present. Those who had not attended the hearings carefully inquired into the matter. We had a very full committee room, representing all the media as well as all the others. There is so little controversy, Senator, that I believe the Wall Street Journal wrote an article about it and it did not even rate enough interest to make the front page. I think that was somewhere back in the middle of the Wall Street Journal.

So that there is no real controversy in it. If it is meritorious legislation and has no basis of controversy, I think it would be wrong to wait until next year, which would force us to act retroactively, when the bill should be passed while it is still regarded as current legislation in the taxable year.

Mr. PROXMIRE. As I understand it, then, the big revenue loss is in the LIFO inventory recapture.

Can the Senator generalize at all and tell me who would benefit from that—last in, first out? Is there any particular industry?

Mr. DOLE. The extension postponement is supported by all the small business groups in the country, from what I understand. So they benefit from it.

Mr. PROXMIRE. Is there a particular taxpayer who would benefit?

Mr. DOLE. No. This amendment affects a broad class of taxpayers. I say to the Senator that the groups that spoke to our committee staff were the NFIB and the bar association.

Mr. PROXMIRE. And the Treasury Department supports it?

Mr. DOLE. Yes.

Mr. PROXMIRE. I thank the Senator.

Mr DOLE. I am sorry. I am advised by the committee staff that that is the one provision the Treasury does not support. It was put in the House bill without their support.

Mr. PROXMIRE. What provision is that?

Mr. DOLE. The LIFO.

Mr. PROXMIRE. Why do they oppose it—on the ground of revenue loss?

Mr. DOLE. I think their feeling was that the rule is correct and it should be implemented, that we should not wait any longer. But that is not the view of the small business community.

So their opposition is based not on revenue pickup but on what they feel——

Mr. PROXMIRE. Is there a letter or a statement of any kind that would be available to us on what the Treasury objection is?

Mr. DOLE. Let me try to find that for the Senator.

I am certain that they appeared at the House hearing, and I will get that record.

Mr. President, I propose that we offer the amendment, which would include the amendments agreed to in the committee; and then, if there are any questions on any particular amendment, we would reserve the right of everyone to strike that amendment, or whatever.

I suggest that, first, we let everyone speak generally on the measure.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 805

(Purpose: To make various changes in the Internal Revenue Code of 1954)

Mr. DOLE. Mr. President, I send to the desk a committee amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 805.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Miscellaneous Revenue Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 101. DELAY IN PROVISIONS RECOGNIZING GAIN ON CERTAIN DISPOSITIONS OF LIFO INVENTORIES.

Paragraph (3) of section 403(b) of the Crude Oil Windfall Profit Tax Act of 1980 (relating to effective date for recognition of gain on certain dispositions of LIFO inventories) is amended by striking out "December 31, 1981" and inserting in lieu thereof "December 31, 1982".

SEC. 102. ADJUSTMENTS TO NET OPERATING LOSS CARRYBACK AND CARRYFORWARD RULES FOR FEDERAL NATIONAL MORTGAGE ASSOCIATION.

(a) 10-YEAR CARRYBACK AND 5-YEAR CARRYFORWARD FOR LOSSES OTHER THAN MORTGAGE DISPOSITION LOSSES.—Paragraph (1) of section 172(b) of the Internal Revenue Code of 1954 (relating to net operating loss carrybacks and carryovers) is amended by redesignating subparagraphs (H) and (I) as subparagraphs (I) and (J), respectively, and by inserting after subparagraph (G) the following new subparagraph:

"(H) In the case of a net operating loss of the Federal National Mortgage Association for any taxable year beginning after December 31, 1981—

"(i) such loss, to the extent it exceeds the FNMA mortgage disposition loss (within the meaning of subsection (ii)), shall be—

"(I) a net operating loss carryback to each of the 10 taxable years preceding the taxable year of the loss, and

"(II) a net operating loss carryover to each of the 5 taxable years following the taxable year of the loss, and

"(ii) the FNMA mortgage disposition loss shall be—

"(I) a net operating loss carryback to each of the 3 taxable years preceding the taxable year of the loss, and

"(II) a net operating loss carryover to each of the 15 taxable years following the taxable year of the loss.".

(b) RULES RELATING TO FNMA MORTGAGE DISPOSITION LOSS.—Section 172 of such Code is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

"(i) RULES RELATING TO FNMA MORTGAGE DISPOSITION LOSS.—

'(1) FNMA MORTGAGE DISPOSITION LOSS DEFINED.—

"(A) IN GENERAL.—For purposes of subsection (b)(1)(H) and this subsection, the term 'FNMA mortgage disposition loss' means for any taxable year the excess (if any) of—

"(i) the losses for such year from the sale or exchange of mortgages, securities, and other evidences of indebtedness, over

"(ii) the gains for such year from the sale or exchange of such assets.

"(B) FNMA MORTGAGE DISPOSITION LOSS CANNOT EXCEED THE NET OPERATING LOSS FOR THE YEAR.—The amount of the FNMA mortgage disposition loss for any taxable year shall not be greater than the net operating loss for such year.

"(C) FORECLOSURE TRANSACTIONS NOT INCLUDED.—In applying subparagraph (A), any gain or loss which is attributable to a mortgage foreclosure shall not be taken into account.

"(2) COORDINATION WITH SUBSECTION (b)(2).—In applying paragraph (2) of subsection (b), a FNMA mortgage disposition loss shall be treated in a manner similar to the manner in which a foreign expropriation loss is treated.".

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 172(b)(1) of such Code is amended by striking out "(H), and (I)" and inserting in lieu thereof "(H), (I), and (J)".

(2) Subparagraph (B) of section 172(b)(1) of such Code is amended by striking out "and (I)" in the second sentence and inserting in lieu thereof "(H), and (J)".

(3) Subparagraph (I) of section 172(b)(1) of such Code, as redesignated by subsection (a), is amended by striking out "subsection (i)" and inserting in lieu thereof "subsection (j)".

(4) Paragraph (3) of section 172(j) of such Code, as redesignated by subsection (b), is amended by striking out "subsection (b)(1)(H)" each place it appears and inserting in lieu thereof "subsection (b)(1)(I)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1981.

SEC. 103. TREATMENT OF CERTAIN LENDING OR FINANCE BUSINESSES FOR PURPOSES OF THE TAX ON PERSONAL HOLDING COMPANIES.

(a) REMOVAL OF LIMITATION ON AMOUNT OF ORDINARY GROSS INCOME FROM LENDING OR FINANCE BUSINESS TAKEN INTO ACCOUNT.—Clause (ii) of section 542(c)(6)(C) (relating to exceptions from definition of personal holding company) is amended by striking out "but not $1,000,000".

(b) CHANGES IN DEFINITION OF LENDING OR FINANCE BUSINESS.—Clause (i) of section 542(b)(1)(B) (relating to exceptions from definition of lending or finance business) is amended to read as follows:

"(i) making loans, or purchasing or discounting accounts receivable, notes, or installment obligations, if (at the time of the loan, purchase, or discount) the remaining maturity exceeds 144 months; unless—

"(I) the loans, notes, or installment obligations are evidenced or secured by contracts of conditional sale, chattel mortgages, or chattel lease agreements arising out of the sale of goods or services in the course of the borrower's or transferor's trade or business, or

"(II) the loans, notes, or installment obligations are made or acquired by the taxpayer and meet the requirements of subparagraph (C), or".

(c) INDEFINITE MATURITY CREDIT TRANSACTIONS.—Paragraph (1) of section 542(d) (relating to special rules) is amended by adding at the end thereof the following new subparagraph:

"(C) INDEFINITE MATURITY CREDIT TRANSACTIONS.—For purposes of subparagraph (B)(i), a loan, note, or installment obligation meets the requirements of this subparagraph if it is made under an agreement—

"(i) under which the creditor agrees to make loans or advances (not in excess of an agreed upon maximum amount) from time to time to or for the account of the debtor upon request, and

"(ii) under which the debtor may repay the loan or advance in full or in installments."

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1981.

(2) SUBSECTIONS (b) AND (c).—The amendments made by subsections (b) and (c) shall apply to taxable years beginning after December 31, 1980.

SEC. 104. BUSINESS DEVELOPMENT COMPANIES

(a) IN GENERAL.—Subsection (a) of section 851 (defining regulated investment company) is amended—

(1) by striking out "or" at the end of paragraph (1),

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", or", and

(3) by adding at the end thereof the following new paragraph:

"(3) which is a business development company within the meaning of section 2(a)(48) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(48)), as amended.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of enactment of this Act.

SEC. 105. ROLLOVER OF GAIN ON SALES OR EXCHANGES MADE UNDER F.C.C. ORDERS.

(a) IN GENERAL.—Subsection (a) of section 1071 (relating to gains from sale or exchange to effectuate policies of the F.C.C.) is amended—

(1) by striking out "radio broadcasting stations" in the first sentence thereof and inserting in lieu thereof "radio or television broadcasting stations", and

(2) by striking out "radio broadcasting stations" in the second sentence thereof and inserting in lieu thereof "radio or television broadcasting station or newspaper".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any sale or exchange of property with respect to which there is a Federal Communications Commission certification described in section 1071(a) of the Internal Revenue Code of 1954, but only if the taxpayer has reinvested the proceeds in, or exchanged such property for, other qualifying property after June 24, 1981.

SEC. 106. EXCLUSION OF CERTAIN RESEARCH EXPENDITURES FROM THE LIMITATION ON CERTAIN INDUSTRIAL DEVELOPMENT BONDS.

(a) IN GENERAL.—Subparagraph (F) of section 103(b)(6) (relating to exclusion of certain capital expenditures) is amended—

(1) by striking out "or" at the end of clause (ii),

(2) by adding "or" at the end of clause (iii), and

(3) by adding at the end thereof the following new clause:

"(iv) described in clause (i) or (ii) of section 44F(b)(2)(A) for which a deduction was allowed under section 174(a),".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to expenditures made after the date of the enactment of this Act.

SEC. 107. TREATMENT OF CERTAIN SHALE OIL PROPERTY AS ENERGY PROPERTY.

(a) IN GENERAL.—Paragraph (7) of section 48(l) (relating to energy property) is amended to read as follows:

"(7) SHALE OIL PROPERTY.—The term 'shale oil equipment' means property used in the production or extraction of oil from oil-bearing shale rock, including property used for hydrogenation (or for a similar process subsequent to retorting), but not including property used for refining.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to periods beginning after December 31, 1980, and before January 1, 1983, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1954.

SEC. 108. SUBSIDIZED ENERGY FINANCING.

(a) IN GENERAL.—Subparagraph (C) of section 44C(c)(10) (defining subsidized energy financing) is amended to read as follows:

"(C) SUBSIDIZED ENERGY FINANCING.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The term 'subsidized energy financing' means financing provided under a Federal, State, or local program a principal purpose of which is to provide subsidized financing for projects designed to conserve or produce energy.

"(ii) CERTAIN PROGRAMS NOT INCLUDED.—The term 'subsidized energy financing' shall not include financing provided by any lending institution which receives a State tax credit for the making of such financing.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to financing made after December 31, 1980.

SEC. 109. DEFERRED COMPENSATION PLANS FOR STATE JUDGES.

(a) IN GENERAL.—Paragraph (2) of section 457(e) (relating to tax treatment of participants where plan or arrangement of State is not eligible) is amended by striking out "and" at the end of subparagraph (D), by striking out the period at the end of subparagraph (E) and inserting in lieu thereof ", and", and by adding at the end thereof the following new subparagraph:

"(F) a qualified State judicial plan.".

(b) QUALIFIED STATE JUDICIAL PLAN DEFINED.—Paragraph (3) of section 457(e) is amended by adding at the end thereof the following new subparagraph:

"(C) QUALIFIED STATE JUDICIAL PLAN.—The term 'qualified State judicial plan' means any retirement plan of a State for the exclusive benefit of judges or their beneficiaries if—

"(i) such plan has been continuously in existence since December 31, 1978,

"(ii) under such plan, all judges eligible to benefit under the plan—

"(I) are required to participate, and

"(II) are required to contribute the same fixed percentage of their basic or regular rate of compensation as judge,

"(iii) under such plan, no judge has an option as to contributions or benefits the exercise of which would affect the amount of includible compensation,

"(iv) the retirement payments of a judge under the plan are a percentage of the compensation of judges of that State holding similar positions,

"(v) judges participating in the plan are not eligible to participate in any eligible State deferred compensation plan (within the meaning of subsection (b)) on the basis of judicial service covered by the plan, and

"(vi) the plan during any year does not pay benefits with respect to any participant which exceed the limitations of section 415(b).

Paragraph (1) of subsection (d) shall not apply for purposes of this subparagraph.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1978.

TITLE II—ESTATE TAX PROVISIONS

SEC. 201. PROCEDURE FOR BINDING DETERMINATION OF FAIR MARKET VALUE OF SPECIAL VALUATION PROPERTY

(a) IN GENERAL.—Part IV of subchapter C of chapter 76 (relating to declaratory judg-

ments) is amended by adding at the end thereof the following new section:

"SEC. 7479. PROCEDURE FOR BINDING DETERMINATION OF FAIR MARKET VALUE OF SPECIAL VALUATION PROPERTY.

"(a) ADMINISTRATIVE AUDIT.—

"(1) DESIGNATION BY EXECUTOR.—An executor may request the Secretary to audit the fair market value of any special valuation property which is shown on the return of the tax imposed by chapter 11. Any such request shall be made on such return. Any request so made may be withdrawn only with the consent of the Secretary.

"(2) AUTHORITY OF THE SECRETARY.—For purposes of examining the correctness of the fair market value of any special valuation property, the Secretary shall have the same authority to initiate an audit of the fair market value of such property as if he were determining the liability of any person for a tax imposed by this title.

"(b) JUDICIAL REVIEW.—

"(1) BRINGING OF ACTION.—If the executor and the Secretary have not entered into an agreement described in subsection (c)(3) with respect to any special valuation property, the executor may bring an action in the Tax Court with respect to such property.

"(2) DECLARATION BY TAX COURT.—Upon the filing of an appropriate pleading in an action brought under paragraph (1), the Tax Court may make a declaration of the fair market value of property with respect to which such an action is brought. Such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

"(3) TIME FOR BRINGING ACTION.—

"(A) DURING FIRST 18 MONTHS.—No action may be brought under this subsection with respect to any property during the 18-month period which begins on the date on which the executor made a request under subsection (a)(1) with respect to such property unless the pleading is filed on or after the notification date.

"(B) PLEADING MUST BE FILED WITHIN THE 90-DAY PERIOD BEGINNING ON NOTIFICATION DATE.—No action may be brought under this subsection relating to any property with respect to which a notification date has occurred unless the pleading is filed within the 90-day period beginning on the notification date.

"(C) NOTIFICATION DATE DEFINED.—For purposes of this paragraph, the term 'notification date' means the day on which the Secretary sends by certified or registered mail a notification of his disagreement with the fair market value of the property shown on the return of the tax imposed by chapter 11.

"(c) BINDING EFFECT OF DETERMINATIONS.—

"(1) NOTICE FROM SECRETARY.—If—

"(A) an executor makes a request under subsection (a)(1) with respect to the fair market value of any property, and

"(B) before the date 3 years after the day on which such request is made, the Secretary sends to the executor by certified or registered mail notice of his disagreement with the fair market value of such property shown on the return of the tax imposed by chapter 11,

then the fair market value so shown shall be binding and conclusive on the Secretary and on any qualified heir unless any such qualified heir establishes a different fair market value to the satisfaction of the Secretary.

"(3) AGREEMENT BETWEEN SECRETARY AND EXECUTOR.—If the executor and the Secretary sign a written agreement as to the fair market value of any special valuation property, such agreement shall be binding and conclusive on the Secretary and on any qualified heir in the same manner as if such agreement were a closing agreement under section 7121 between the Secretary and such qualified heir.

"(4) COURT DECISION BINDING ON HEIRS.—Any declaration of the fair market value of any property made under the provisions of this section by any court which has become final shall also be binding on any qualified heir.

"(d) INTERVENTION.—Any qualified heir shall be allowed to intervene in any judicial proceeding under this section.

"(e) DEFINITIONS.—For purposes of this section—

"(1) FAIR MARKET VALUE.—The term 'fair market value' means fair market value on the date of the decedent's death (or the alternate valuation date under section 2032 if the executor of the decedent's estate elected the application of such section).

"(2) SPECIAL VALUATION PROPERTY.—The term 'special valuation property' means any real property to which an election under section 2032A applies.

"(3) QUALIFIED HEIR.—The term 'qualified heir' means any person who is a qualified heir (within the meaning of section 2032A(e)(1)) with respect to the estate of the decedent.".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 7456 (relating to Tax Court commissioners) is amended by striking out "and 7478" and inserting in lieu thereof "7478, and 7479".

(2) The table of sections for part IV of subchapter C of chapter 75 is amended by adding at the end thereof the following new item:

"Sec. 7479. Procedure for binding determination of fair market value of special valuation property.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to the estates of decendents dying after December 31, 1981.

SEC. 202. DECLARATORY JUDGMENTS RELATING TO SECTION 6166.

(a) IN GENERAL.—Part IV of subchapter C of chapter 76 (relating to declaratory judgments) is amended by adding at the end thereof the following new section:

"SEC. 7480. DECLARATORY JUDGMENTS RELATING TO SECTION 6166.

"(a) IN GENERAL.—In the case of an actual controversy involving—

"(1) the extent, if any, to which an estate is eligible for the extension of time for payment of the estate tax provided by section 6166, or

"(2) whether there is an acceleration of the time for payment under subsection (g) of section 6166,

upon the filing of an appropriate pleading, the Tax Court may make a declaration with respect to such issue. Any such declaration shall be final and conclusive and shall not be reviewed by any other court.

"(b) LIMITATIONS.—

"(1) PETITIONER.—Any pleading may be filed under this section only by the executor of the decedent's estate.

"(2) EXHAUSTION OF ADMINISTRATIVE REMEDIES.—The Tax Court shall not issue a declaratory judgment under this section unless it determines that the petitioner has exhausted all available administrative remedies within the Internal Revenue Service.

"(3) TIME FOR BRINGING ACTION.—If the Secretary sends by certified or registered mail notice of his determination of an issue described in subsection (a), no proceeding may be initiated under this section with respect to such issue unless the pleading is filed before the 91st day after the date of such mailing.".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 7456 (relating to Tax Court commissioners) is amended by striking out "and 7479" and inserting in lieu thereof "7479, and 7480".

(2) The table of sections for part IV of subchapter C of chapter 75 is amended by adding at the end thereof the following new item:

"Sec. 7480. Declaratory judgments relating to section 6166.".

(c) EFFECTIVE DATES AND SPECIAL RULE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply with respect to the estates of decedents dying after December 31, 1981.

(2) ACCELERATION.—In the case of an actual controversy with respect to whether there is acceleration under section 6166(g) or 6166A(h) of the Internal Revenue Code of 1954, the amendments made by this section shall apply with respect to dispositions and withdrawals made after December 31, 1981.

(3) EXTENSIONS UNDER SECTION 6166A.—For purposes of applying section 7480 of such Code, an actual controversy involving acceleration of the time for payment under section 6166A(h) of such Code (as in effect with respect to estates of decedents dying before January 1, 1982) shall be treated as an actual controversy involving acceleration of the time for payment under section 6166(g) of such Code.

SEC. 203. INSTALLMENT PAYMENT OF ESTATE TAX.

(a) NO DISQUALIFICATION IN CASE OF SUBSEQUENT DEATHS.—

(1) IN GENERAL.—Subparagraph (D) of section 6166(g)(1) is amended by striking out the second sentence thereof and inserting in lieu thereof the following new sentence: "A similar rule shall apply in the case of subsequent transfers of the property by reason of the death of such person or of a subsequent transferee.".

(2) COORDINATION WITH SECTION 6166A.—Subparagraph (D) of section 6166A(h)(1) (as in effect with respect to estates of decedents dying before January 1, 1982) is amended by adding at the end thereof the following new sentence: "A similar rule shall apply in the case of subsequent transfers of the property by reason of the death of such person or of a subsequent transferee.".

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a)(1) shall apply with respect to dispositions and withdrawals made after December 31, 1981.

(2) SECTION 6166A.—The amendments made by subsection (a)(2) shall apply to estates of decedents dying before January 1, 1982, with respect to dispositions and withdrawals made after December 31, 1981.

TITLE III—ADMINISTRATIVE PROVISIONS

SEC. 301. AWARDING OF COSTS AND CERTAIN FEES.

(a) IN GENERAL.—Subchapter B of chapter 76 (relating to proceedings by taxpayers and third parties) is amended by redesignating section 7430 as section 7431 and by inserting after section 7429 the following new section:

"SEC. 7430. AWARDING OF COURT COSTS AND CERTAIN FEES.

"(a) IN GENERAL.— In the case of any civil proceeding which is—

"(1) brought by or against the United States in connection with the determination, collection, or refund of any tax, interest, or penalty under this title, and

"(2) brought in a court of the United States (including the Tax Court),

the prevailing party may be awarded a judgment for reasonable litigation costs incurred in such proceeding.

"(b) LIMITATIONS.—

"(1) MAXIMUM DOLLAR AMOUNT.—The amount of reasonable litigation costs which may be awarded under subsection (a) with respect to any prevailing party in any civil proceeding shall not exceed $25,000.

"(2) REQUIREMENT THAT ADMINISTRATIVE REMEDIES BE EXHAUSTED.—A judgment for reasonable litigation costs shall not be awarded under subsection (a) unless the court determines that the prevailing party has exhausted the administrative remedies available to such party within the Internal Revenue Service.

"(3) ONLY COSTS ALLOCABLE TO THE UNITED STATES.—An award under subsection (a) shall be made only for reasonable litigation costs which are allocable to the United States and not to any other party to the action or proceeding.

"(4) EXCLUSION OF DECLARATORY JUDGMENT PROCEEDINGS.—

"(A) IN GENERAL.—No award for reasonable litigation costs may be made under subsection (a) with respect to any declaratory judgment proceeding.

"(B) EXCEPTION FOR SECTION 501(C)(3) DETERMINATION REVOCATION PROCEEDINGS.—Subparagraph (A) shall not apply to any proceeding which involves the revocation of a determination that the organization is described in section 501(c)(3).

"(c) DEFINITIONS.—For purposes of this section—

"(1) REASONABLE LITIGATION COSTS.—

"(A) IN GENERAL.—The term 'reasonable litigation costs' includes—

"(i) reasonable court costs,

"(ii) the reasonable expenses of expert witnesses in connection with the civil proceeding,

"(iii) the reasonable cost of any study, analysis, engineering report, test, or project which is found by the court to be necessary for the preparation of the party's case, and

"(iv) reasonable fees paid or incurred for the services of attorneys in connection with the civil proceeding.

"(B) ATTORNEY'S FEES.—In the case of any proceeding in the Tax Court, fees for the services of an individual (whether or not an attorney) who is authorized to practice before the Tax Court shall be treated as fees for the services of an attorney.

"(2) PREVAILING PARTY.—

"(A) IN GENERAL.—The term 'prevailing party' means any party to any proceeding described in subsection (a) (other than the United States or any creditor of the taxpayer involved) which—

"(i) establishes that the position of the United States in the civil proceeding was unreasonable, and

"(ii) (I) has substantially prevailed with respect to the amount in controversy, or

"(II) has substantially prevailed with respect to the most significant issue or set of issues presented.

"(B) DETERMINATION AS TO PREVAILING PARTY.—Any determination under subparagraph (A) as to whether a party is a prevailing party shall be made—

"(i) by the court, or

"(ii) by agreement of the parties.

"(3) CIVIL ACTIONS.—The term 'civil proceeding' includes a civil action.

"(d) MULTIPLE ACTIONS.—For purposes of this section, in the case of—

"(1) multiple actions which could have been joined or consolidated, or

"(2) a case or cases involving a return or returns of the same taxpayer (including joint returns of married individuals) which could have been joined in a single proceeding in the same court,

such actions or cases shall be treated as one civil proceeding regardless of whether such joinder or consolidation actually occurs, unless the court in which such action is brought determines, in its discretion, that it would be inappropriate to treat such actions or cases as joined or consolidated for purposes of this section.

"(e) RIGHT OF APPEAL.—An order granting or denying an award for reasonable litigation costs under subsection (a), in whole or in part, shall be incorporated as a part of the decision or judgment in the case and shall be subject to appeal in the same manner as the decision or judgment.

"(f) TERMINATION.—This section shall not apply to any proceeding commenced after May 31, 1987.".

(b) PENALTY FOR USING TAX COURT PROCEEDINGS FOR DELAY; PENALTY FOR FRIVOLOUS OR GROUNDLESS PROCEEDING.—The first sentence of section 6673 (relating to damages assessible by instituting proceedings before the Tax Court merely for delay) is amended to read as follows: "Whenever it appears to the Tax Court that proceedings before it have been instituted or maintained by the taxpayer primarily for delay or that the taxpayer's position in such proceedings is frivolous or groundless, damages in an amount not in excess of $2,500 shall be awarded to the United States by the Tax Court in its decision.".

(c) APPLICATION WITH TITLE 28.—Section 2412 of title 28, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) The provisions of this section shall not apply to any costs, fees, and other expenses in connection with any proceeding to which section 7430 of the Internal Revenue Code of 1954 applies (determined without regard to subsection (b)). Nothing in the preceding sentence shall prevent the awarding under subsection (a) of section 2412 of title 28, United States Code, of costs enumerated in section 1920 of such title (as in effect on October 1, 1981).".

(d) CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 76 is amended by striking out the item relating to section 7430 and inserting the following new items:

"Sec. 7430. Awarding of court costs and certain fees.
"Sec. 7431. Cross references.".

(2)(A) The section heading of section 6673 is amended by striking out "Merely for Delay." and inserting in lieu thereof "Primarily for Delay, Etc.".

(B) The table of sections for subchapter B of chapter 68 is amended by striking out "merely for delay." in the item relating to section 6673 and inserting in lieu thereof "primarily for delay, etc.".

(3) Section 722 of the Revised Statutes (42 U.S.C. 1988) is amended by striking out immediately after "Public Law 92-318" the clause "or in any civil action or proceeding, by or on behalf of the United States of America, to enforce, or charging a violation of, the United States Internal Revenue Code,".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to civil actions or proceedings filed after May 31, 1982.

SEC. 302. ANNUITIES FOR SURVIVORS OF TAX COURT JUDGES.

(a) COMPUTATION OF ANNUITIES.—Subsection (m) of section 7448 (relating to computation of annuities) is amended—

(1) by striking out "5 consecutive years" and inserting in lieu thereof "3 consecutive years", and

(2) by striking out "37½" and inserting in lieu thereof "40".

(b) COST-OF-LIVING ADJUSTMENTS.—Section 7448 (relating to annuities to surviving spouses and dependent children of judges) is amended by redesignating subsection (s) as subsection (t), and by inserting after subsection (r) the following new subsection:

"(s) INCREASES ATTRIBUTABLE TO INCREASED PAY.—Whenever the salary of a judge under section 7443(c) is increased, each annuity payable from the survivors annuity fund which is based, in whole or in part, upon a deceased judge having rendered some portion of his or her final 18 months of service as a judge of the Tax Court, shall also be increased. The amount of the increase in such an annuity shall be determined by multiplying the amount of the annuity, on the date on which the increase in salary becomes effective, by 3 percent for each 5 percent by which such salary has been increased. In the event that such salary is increased by less than 5 percent, there shall be no increase in such annuity.".

(c) CATCH-UP FOR SURVIVORS ANNUITIES IN PAY STATUS ON DATE OF ENACTMENT.—If an annuity payable under section 7448(h) of the Internal Revenue Code of 1954 (relating to entitlement to annuity) to the surviving spouse of a judge of the United States Tax Court is being paid on the date of the enactment of this Act, then the amount of that annuity shall be adjusted, as of the first day of the first month beginning more than 30 days after such date, to reflect the amount of the annuity which would have been payable if the amndment made by subsection (a) applied with respect to increases in the salary of a judge under section 7443(c) of such Code taking effect after December 31, 1963.

(d) EFFECTIVE DATE.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to annuities payable with respect to judges dying after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendment made by subsection (b) of this section shall apply with respect to increases in the salary of judges of the United States Tax Court taking effect after the date of the enactment of this Act.

SEC. 303. TAX COURT PROCEDURES.

(a) DISPUTES INVOLVING CERTAIN EXCISE TAXES.—

(1) IN GENERAL.—Subsection (a) of section 7463 (relating to disputes involving $5,000 or less) is amended—

(A) by striking out "or" at the end of paragraph (2),

(B) by adding "or" at the end of paragraph (3), and

(C) by inserting after paragraph (3) the following new paragraph:

"(4) $5,000 for any one taxable period or taxable event, as the case may be, in the case of any tax imposed by subtitle D which is described in section 6212(a) (relating to a notice of deficiency),".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to petitions filed after the date of enactment of this Act.

(b) ORAL FINDING OF FACT OF OPINIONS.—Subsection (b) of section 7459 (relating to inclusion of Findings of Fact or Opinions in Report) is amended—

(1) by striking out the period at the end thereof and inserting in lieu thereof a comma, and

(2) by inserting at the end thereof the following: "subject to such conditions as the Tax Court may by rule provide. The requirements of this section and section 7460 are met if findings of fact or opinion are stated orally and recorded in the transcript of the proceedings."

(c) HEARINGS AND OPINIONS BY COMMISSIONERS IN REGULAR CASES INVOLVING DE-

FICIENCIES OF $5,000 OR LESS.—Subsection (c) of section 7456 (relating to Commissioners) is amended—

(1) by striking out "and" after "7477", and

(2) by inserting after "7478" the following: "and any proceeding involving a deficiency which does not exceed $5,000,".

(d) DESIGNATION OF JUDGES WHO ARE RECEIVING RETIRED PAY.—Subsection (b) of section 7447 (relating to retirement) is amended by adding at the end thereof the following sentence: "Any judge who retires shall be designated 'senior judge'.".

SEC. 304. WITHHOLDING STATEMENTS FOR TERMINATED EMPLOYEES.

(a) IN GENERAL.—Subsection (a) of section 6051 (relating to receipts for employees) is amended by striking out "on the day on which the last payment of remuneration is made" and inserting in lieu thereof "within 30 days after receipt of a written request from the employee if earlier than such January 31".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to employees whose employment is terminated after the date of enactment of this Act.

SEC. 305. WITHHOLDING OF STATE INCOME TAX FROM THE WAGES OF CERTAIN SEAMEN.

Section 12 of the Act of March 4, 1915 (38 Stat. 1169; 46 U.S.C. 601), is amended by inserting before the period at the end of the second proviso the following: ", but nothing in this section shall prohibit any such withholding of the wages of any seaman who is employed in the coastwise trade between ports in the same State if such withholding is pursuant to a voluntary agreement between such seaman and his employer".

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 401. ADDITIONAL REFUNDS RELATING TO REPEAL OF EXCISE TAX ON BUSES.

(a) TIME FOR FILING CLAIM.—Subparagraph (C) of section 231(c)(2) of the Energy Tax Act of 1978 (relating to refunds with respect to certain consumer purchases) is amended by striking out "the first day of such 10th calendar month" and inserting in lieu thereof "December 31, 1982".

(b) PROCEDURE FOR PASSING THROUGH REFUND.—Subparagraph (A) of section 231(c)(2) of such Act is amended by inserting before the semicolon ", or, in lieu of evidence of reimbursement, he makes such reimbursement simultaneously with the receipt of such a refund under an arrangement satisfactory to such Secretary which assures such simultaneous reimbursement.".

SEC. 402. EXCLUSION OF CERTAIN SERVICES FROM THE FEDERAL UNEMPLOYMENT TAX ACT.

Subsection (b) of section 822 of the Economic Recovery Tax Act of 1981 is amended by striking out "during 1981" and inserting in lieu thereof "after December 31, 1980, and before January 1, 1983".

SEC. 403. REFORESTATION TRUST FUND.

(a) IN GENERAL.—Paragraph (1) of section 303(b) of the Act of October 14, 1980 (94 Stat. 1991) is amended to read as follows:

"(1) Subject to the limitation in paragraph (2), the Secretary of the Treasury shall transfer to the Trust Fund 65 percent of the amounts received in the Treasury during any fiscal year ending before October 1, 1985, from any sale made after December 31, 1981, by the Secretary of Agriculture under section 14(a) of the National Forest Management Act of 1976 (90 Stat. 2958; 16 U.S.C. 472a(a)).".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 1982.

SEC. 404. ELIGIBILITY REQUIREMENTS FOR TRADE ADJUSTMENT ASSISTANCE.

Section 2514(a)(2)(A) of the Omnibus Budget Reconciliation Act of 1981 (95 Stat. 889) (relating to the effective date of amendments relating to group eligibility requirements for adjustment assistance for workers under the Trade Act of 1974) is amended by striking out "the 180th day after the date of the enactment of this Act" and inserting in lieu thereof "October 1, 1983".

SEC. 405. COMPLETION DATE FOR STUDY ON OIL SUPPLY DISRUPTION.

The Secretary of the Treasury shall submit to the Congress no later than June 15, 1982, the report of the interagency task force evaluating the alternative fiscal policies which could be used to help mitigate the adverse economic effects of an oil supply disruption.

Mr. DOLE. Mr. President, this committee amendment contains several important measures for which there is a great deal of support from the Finance Committee. All of these measures have been subject to public hearings, have very limited revenue loss and have been approved by the Treasury Department. Our committee worked hard on these measures, and I think they go a long way to correct a number of inequities in our tax laws.

Before introducing a more detailed statement of these measures into the RECORD, I would like to take this opportunity to describe the principal features of these amendments.

DEFERRAL OF LIFO RECAPTURE EFFECTIVE DATE

In the Crude Oil Windfall Profit Tax Act of 1980, Congress included a provision which requires certain liquidating corporations to pay ordinary income taxes on tax benefits gained from using the LIFO method of inventory accounting. The effective date was delayed until January 1, 1982, to allow time for congressional hearings on the provision. Neither the Finance Committee nor the Ways and Means Committee has held hearings on the substantive effect of this provision. In order to allow time for congressional hearings, the Finance Committee bill will delay the effective date until January 1, 1983.

Mr. President, at this point Senator SYMMS will describe the other features of the amendment.

Mr. SYMMS. Mr. President, the next part of the amendment is the net operating loss treatment of the Federal National Mortgage Association.

Under present law, taxpayers generally may carry back a net operating loss (NOL) for 3 years and carry forward an NOL for 15 years. Banks and certain other financial institutions are permitted to a special 10-year carryback and 5-year carryover.

The committee amendment will provide a 10-year carryback and a 5-year carryover for NOL's of the Federal National Mortgage Association (FNMA). Thus, the carryback period will be lengthened by 7 years and the carryover period will be shortened by 10 years. This special rule will apply only to that portion of an NOL of the FNMA that is not an FNMA mortgage disposition loss—the excess of losses over gains from the sale or exchange of mortgages, securities, and other evidences of indebtedness.

The third part of the amendment is treatment of certain lending or finance business for purposes of the tax on personal holding companies.

Under present law, a tax is imposed on the undistributed personal holding company income of a personal holding company—code section 541. A corporation actively engaged in a lending or finance business is exempt from this tax if the corporation has qualifying business expenses equal to 15 percent of the first $500,000 of ordinary gross income from its lending or finance business, plus 5 percent of such ordinary gross income from $500,000 to $1 million. The term "lending or finance business" is defined to include the business of making loans with maturities of not more than 60 months.

Effective for taxable years beginning after 1980, the committee amendment increases the 60-month limitation of present law to 144 months, and amends the definition of a lending or finance business to include the business of making loans in indefinite maturity credit transactions.

Beginning with taxable years after 1981, the committee amendment also amends the business expense test of present law to require a lending or finance business to have qualifying business expenses equal to 15 percent of the first $500,000 of ordinary gross income from the lending or finance business, plus 5 percent of such ordinary gross income in excess of $500,000. Thus, 5 percent of ordinary gross income in excess of $1 million will be added to the qualifying business expense test.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. SYMMS. I yield.

Mr. PROXMIRE. I am trying to follow this. We have a great deal of material given to us by the Finance Committee. Will the Senator identify this provision? I take it this is a new amendment that is being offered now as an additional part of the bill that Senator DOLE previously explained. Is that right?

Mr. SYMMS. I say to the Senator from Wisconsin that this came over from the House of Representatives, from the other body, in another bill, and it is my understanding that this same amendment did pass the Senate last year.

Mr. PROXMIRE. This was in H.R. 4961, the treatment of certain lending or finance businesses for holding company tax purposes.

Mr. SYMMS. The Senator is correct.

Mr. PROXMIRE. Do we have any kind of report on this?

Mr. SYMMS. Yes, I say to the Senator, we do. We will get a Xerox of it and give it to the distinguished Senator.

Mr. PROXMIRE. Has the amendment been printed?

Mr. SYMMS. It is an unprinted amendment.

Mr. PROXMIRE. Does the Treasury support it?

Mr. SYMMS. That is correct.

Mr. PROXMIRE. Will there be any revenue loss?

Mr. SYMMS. I say to the Senator it will be less than $5 million per year.

Mr. PROXMIRE. Who would benefit from the amendment? Is there a particular taxpayer who will get the principal benefit?

Mr. SYMMS. Dial Finance and several other financial institutions.

Mr. PROXMIRE. What finance company?

Mr. SYMMS. Dial Finance would be one and there would be others similar in nature.

Mr. PROXMIRE. I thank the Senator.

Mr. SYMMS. I thank the Senator.

Mr. President, the next portion of our committee amendment is investment company status for certain business development companies.

The amendment permits venture capital companies which qualify for tax treatment as regulated investment companies to continue to qualify for such "flow through" treatment even though the companies elect, as an alternative to full scale regulation under the Investment Company Act of 1940, regulation under the Small Business Incentive Act of 1980.

Mr. PROXMIRE. Mr. President, I apologize for interrupting.

Mr. SYMMS. Yes.

Mr. PROXMIRE. If the Senator will tell us these amendments that are proposed by particular Senators that will be very helpful to us. We have a list here of some 13 amendments proposed by different Senators, and that is the way the material is identified to us. Perhaps these are amendments that came over from the House of Representatives. If so that will be helpful also.

Mr. SYMMS. This amendment, I say to the distinguished Senator from Wisconsin, was offered by Senator CHAFEE. There were hearings held. It is primarily a technical conforming amendment for business development companies.

Mr. PROXMIRE. That is the technical conforming amendment for business development companies by Senator CHAFEE.

I thank the Senator.

Mr. SYMMS. That is correct.

The next amendment of the committee amendment is rollover of gain on FCC-ordered disposition of broadcast property.

Currently, section 1071 does not provide nonrecognition treatment to gain realized by a taxpayer in an FCC-ordered divestiture of a radio, television, or newspaper followed by reinvestment, within the meaning of section 1033, in a newspaper.

The amendment expands the coverage of section 1071 to include FCC-ordered divestitures where the divested property is replaced by a newspaper.

And that would be on the list, I say to the Senator from Wisconsin, Senator MOYNIHAN's amendment on rollover of gain on the FCC ordered disposition of broadcast property, and we do have other staff.

Mr. PROXMIRE. Mr. President, I am concerned about that particular amendment. That is an amendment that provides for one station, it seems to me, in Watertown, N.Y. It is $10 million lost. Of course, it may affect other stations in the future as a precedent. But it is $10 million annual loss. Is that correct?

Mr. SYMMS. It will be less than $10 million.

Mr. PROXMIRE. Not to exceed $10 million annually, but there would be apparently an annual loss for some time.

The report I have from the Finance Committee says it is $10 million annually.

Mr. SYMMS. That is correct.

Mr. PROXMIRE. And it would be retroactive for 2 years.

Mr. SYMMS. That is correct.

Mr. PROXMIRE. It will go back to January 1, 1980. This seems to be an extraordinary benefit to a particular taxpayer. What is the justification for it?

Mr. SYMMS. I say to the Senator that the justification in the present law would allow one to dispose of a newspaper and then reinvest in a TV or radio station without paying but he cannot go the other way around.

What this does is it conforms, because of quirk in the statute—this would make it conform. You can invest in a radio station, sell it, and then invest in a newspaper, so it would make it equal.

Mr. LONG. The point is in certain situations the FCC will make you divest either the radio station or the newspaper, and you get the benefit if you go in one direction and not in the other way.

You have to divest something, so you sell the newspaper and buy a radio station, and that is all right, that is a tax-free rollover. But if they order you to divest yourself of the radio station and you sell the radio station and put the proceeds of it in the newspaper that is not permitted. That is taxed.

So the rule ought to be the same either way. If you are forced to divest of one or the other, either the newspaper or the radio station, then to be fair about it if they order that and feel that is in the public interest to require you to divest yourself of the one or the other, you should not be taxed when you give up either the newspaper to buy the radio station or the radio station to buy the newspaper, and the rule should be the same in either event.

Mr. PROXMIRE. It sounds logical and I can see considerable merit. I just wonder if, in view of the fact that it is a change in policy and it does affect right here a very large station with a very large loss, why this could not be considered when we have the report before us, and all Members can review it and take it up next year? Why do we have to take it up now? What is the urgency?

Mr. LONG. Well, in this case the people have been ordered to divest, they are required to do so by law or by the law and the rules that we permit the regulatory bodies to make, and so it is one of those things where if you are going to do it you ought to do it while it is current.

Mr. PROXMIRE. You are making it retroactive for 2 years to January 1, 1980, and under those circumstances I cannot see that there would be——

Mr. LONG. No, it is for purchase after June 24, 1981, so what you are doing is doing it this year, and it is not retroactive at all.

Mr. PROXMIRE. Well, the effective date of the proposal is January 1, 1980. That is the way the legislation reads.

Mr. LONG. That changed, Senator, making it 1981.

Mr. PROXMIRE. It is still retroactive.

Mr. LONG. No, it is not. If we pass a law that affects your taxes in 1981, if we pass it now in 1981 we will never regard that as being retroactive legislation. You do not pay the tax until the end of this year. In other words, we have never regarded it as being retroactive if they pass a tax law, if it affects your tax liability this year.

Mr. PROXMIRE. I have this material given to me by the Finance Committee yesterday, only 24 hours old, and this says it will be effective January 1, 1980.

Mr. LONG. The amendment as drafted says this, reading from line 21:

> But only if the taxpayer had reinvested the proceeds or exchanged such property for other qualifying property after June 24, 1981.

Mr. PROXMIRE. You do not consider that retroactive?

Mr. LONG. No, because it is an event that occurs this year.

Mr. PROXMIRE. Giving that precise date is certainly for a particular, specific taxpayer.

Mr. LONG. Well, Senator MOYNIHAN had brought this issue up at an earlier date and he was given a commitment that if he would defer bringing it up at that point we would consider it at a subsequent date, and that this would be the date, the effective date of it, when we considered it which, incidentally, was the date the Senator brought the matter up and discussed the problem. So as far as the time that the proposal was made it was not retroactive.

Mr. PROXMIRE. I see.

I thank the Senator. I just want to make it clear that my position is to oppose this particular part of the overall amendment. I realize there will be a bloc vote, and I do not want my vote to be attributed against any other part. I want it to show that I am opposed to this particular portion as being special legislation.

Mr. SYMMS. The next amendment is the exclusion of certain research expenses from capital expenditure limitations on interest exemption for small issues, IDB's.

This is another Moynihan amendment. We did hold hearings on this amendment, and the purpose of it is that interest on certain State and local industrial development bonds is exempt from Federal income tax pursuant to an exemption under the present law for small issues where the aggregate amount of outstanding exempt small issues, plus capital expenditures financed otherwise than out of small bond proceeds, does not exceed $10 million.

Because research expenditures are considered to be capital expenditures, such expenses are to be taken into account in determining whether the $10 million limitation is exceeded.

Under the amendment expenditures after the enactment for research wages and research supplies, which the taxpayer elects to deduct currently, are not taken into account for purposes of the $10 million expenditure limitation on small issue industrial development bonds.

Mr. President, I ask unanimous consent to lay aside the pending amendment temporarily to allow Senator THURMOND to introduce an amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

UP AMENDMENT NO. 806

(Purpose: To provide loan guarantees for municipal waste energy projects)

Mr. THURMOND. Mr. President, I send an amendment to the desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from South Carolina (Mr. THURMOND) proposes an unprinted amendment numbered 806:

At the end of the substitute amendment add a new section: "SEC. . LOAN GUARANTEES FOR MUNICIPAL WASTE ENERGY PROJECTS.

(1) The Secretary of Energy is directed and authorized under this act and the Energy Security Act of 1980, Public Law 96-294, to provide loan guarantees for municipal waste energy projects, the aggregate amount of which shall not exceed $15 million, including principal and interest. Such funds as may be necessary are hereby appropriated for this purpose.

Mr. THURMOND. Mr. President, as our Nation continues to grapple with high energy costs which, along with high interest rates, have slowed the growth of the economy, I am greatly concerned that the Federal Government may be overlooking valuable yet inexpensive means of assisting the private sector in coping with these problems.

Specifically, the utilization of alternative energy sources could be a real benefit for American industry and would represent a substantial investment in our Nation's future energy needs. One example of such a potential alternative energy source is municipal waste energy plants.

However, I understand that there is currently no funding available for loan guarantees for these types of projects. This amendment would rectify that situation, and would provide $15 million for the Secretary of Energy to use in providing loan guarantees for these type plants. Such a program would, in my opinion, prove extremely valuable to our country's energy needs, and I urge the adoption of this amendment.

Mr. HATFIELD. Mr. President, I very reluctantly rise to oppose this amendment for two reasons: I have consistently attempted to avoid legislating on appropriation measures, and I think the reverse should be just as carefully observed, that is, trying to appropriate on a nonappropriation bill.

In effect, that procedure is what is offered in this amendment to appropriate $15 million for a project in South Carolina on a Finance Committee bill.

I would say, second, that I assure the Senator from South Carolina I am totally in sympathy with the program that is represented in his amendment. Many of us have been attempting to get energy conservation money not only appropriated but expended under the legislative intent for some time, and we feel a growing frustration that there is so little attention given and so little priority given to energy conservation in the fiscal year 1982.

But I do want to indicate that this is a multibillion dollar loan guarantee program, and if we should adopt this kind of an amendment here at this time we would be inviting many such projects from all over this country of equal importance and significance.

I am a strong supporter of this kind of project, and I want to say to my good friend from South Carolina that I recognize his very great interest in this project in South Carolina. It is a $15 million project, which means being one of the smaller projects. We certainly will assure him that we will give it very serious and very important consideration on a vehicle out of the Appropriations Committee that will be considered in the fiscal year 1983 period, that is, beginning next February and March when we return to the second session of this Congress.

But I think it will be a very bad practice to begin hanging appropriations on this Finance Committee bill at this time. With that assurance on my part, I will be a personal advocate, as I have been, for this kind of energy development, alternative energy program, and I will look forward to working with the Senator from South Carolina not only to advance this project, but to advance the whole realm of that field of energy conservation and energy development.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER (Mr. GORTON). The Senator from South Carolina.

Mr. THURMOND. Mr. President, in view of the assurance of the distinguished Senator from Oregon, I will withdraw the amendment at this time and we will pursue it further next year.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. HATFIELD. I appreciate the Senator from South Carolina's cooperation.

Mr. SYMMS. Mr. President, I ask unanimous consent that we may continue with the Dole amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

OIL SHALE CREDITS

Mr. SYMMS. Mr. President, the next portion of the Dole amendment, the committee amendment, is that under the present law is the expansion of oil shale credits for 1982 and 1983. This is an amendment that was offered by the distinguished Senator from Wyoming, Senator WALLOP.

Under present law there is a 10-percent energy tax credit for equipment for producing or extracting shale oil from oil-bearing shale rock. Eligible equipment does not include equipment for hydrogenation, refining, or other process subsequent to retorting.

The amendment will expand the defintion of shale oil equipment eligible for the energy credit to include hydrogenation equipment used to upgrade the shale oil to a pipeline quality liquid. However, refining equipment will be excluded as under present law. The provision will apply to periods after December 31, 1980, and before January 1, 1983.

Mr. PROXMIRE. Will the Senator yield?

Mr. SYMMS. I am happy to yield.

Mr. PROXMIRE. This was an expansion of oil shale credit for 1982 and 1983?

Mr. SYMMS. For 1981 and 1982.

Mr. PROXMIRE. For this year and next year, is that right?

Mr. SYMMS. It is for this year, yes, for 1981 and 1982. After January 1, 1983, a new set of rules will apply, it is my understanding.

Mr. PROXMIRE. Why is that necessary, in view of the fact that there has been a tremendous explosion in the price of oil and the incentives seem to be greater than ever? The world price has gone up enormously in the last few years. Why do we have to provide this additional credit?

Mr. SYMMS. It is my understanding—and I see that the distinguished Senator from Wyoming is not here on the floor at the present time—that when they started into this process, they did not anticipate that the material and the finished product would have to be hydrogenated at the end process to put in a liquid form so it could be transported by a pipeline. This action is a necessary part of the process. The reason for this is there is a very large reserve of oil shale in this country and in order to get us off of the OPEC dependence, this is a way of encouraging development of energy here in this country.

Mr. PROXMIRE. I am all for developing oil shale. For many years I remember Paul Douglas, when he was in this body, was an enthusiastic advocate of developing oil shale and I certainly favor it. I just wonder, however, why this particular provision comes up on the last day, without a report from the committee on it and without our having an opportunity to study it.

Mr. SYMMS. Well, I would just say to my friend from Wisconsin that it is my understanding that the primary reason for this is because it is essential, if these projects are going to be economically competitive with other forms of energy, to have the completion of the entire process so they do have the complete circuit completed in the process and have equality of the tax credit treatment in order to help them be economically feasible projects.

Mr. PROXMIRE. Is this a matter of equality or a matter of increasing these substances? Does this put it on the same basis as all other competing sources of energy?

Mr. SYMMS. What it does, as I stated earlier, is it would add the final phase of the process to put the product in a liquid form to pipeline quality. So it would put the entire project under the same treatment as the earlier stages.

Mr. PROXMIRE. Then there is a loss of $10 million?

Mr. SYMMS. I think it is $10 million in 1981 and $9 million in 1982.

Mr. PROXMIRE. What firms would benefit from that loss; Occidental?

Mr. SYMMS. They probably will not, although there would be a potential there.

Mr. PROXMIRE. Well, who would benefit?

Mr. SYMMS. It is my understanding—and I will check this out for the Senator

when we get a chance for confirmation—that it might be Union and Tosco.

Mr. PROXMIRE. Well, it seems to be a kind of a private relief bill with two or three firms being the principal beneficiaries. I thank the Senator.

Mr. SYMMS. I thank the Senator very much. I think it is primarily, as I stated earlier, a matter of a national effort for energy independence. I would hope that it would be viewed that way, rather than a private relief bill.

The next amendment is the subsidized energy financing rule for residential energy tax credit. That was an amendment offered by Senator Packwood.

Under present law, the residential energy credit is not available for expenditures made from subsidized energy financing provided under a Federal, State, or local program, a principal purpose of which is to provide subsidized financing for projects designed to conserve or produce energy.

Under the amendment, subsidized energy financing, for purposes of the residential energy credit, will not include loans made by financial institutions under such programs for which the financial institution receives a State tax credit.

We have held hearings on this and the revenue loss would be nominal.

Mr. PROXMIRE. Mr. President, I missed that. Would the Senator inform us as to which one this was?

Mr. SYMMS. This is Senator PACKWOOD's amendment.

Mr. PROXMIRE. That is the Reforestation Trust Fund transfer provision?

Mr. SYMMS. No, that is not correct. It is the subsidized energy financing rule for residential energy tax credit.

Mr. PROXMIRE. I do not see that on the list. The only Packwood amendment on the list is the Reforestation Trust Fund transfers.

Mr. SYMMS. I would say to the distinguished Senator from Wisconsin that this is another Packwood amendment that was raised after that list had been completed. It is No. 8 in the longer explanation.

Mr. PROXMIRE. Mr. President, I say to the Senator that he may go right ahead and we will try to catch up.

STATE JUDGES DEFERRED COMPENSATION PLAN

Mr. SYMMS. The next amendment is an amendment that was brought to the committee by Senator BENTSEN, the State judges deferred compensation plan under code section 61, and that is in the attached staff document C.

Under the amendment, benefits payable under a qualified State judicial plan will not be taxed to a participant judge or a beneficiary merely because the benefits are nonforfeitable. However, a qualified State judicial plan may not pay benefits with respect to a participant which exceed the overall limitations on benefits permitted under tax-qualified plans and may not provide an option to plan participants as to contributions or benefits, the exercise of which would affect the amount of the participant's currently includible compensation.

Mr. PROXMIRE. Mr. President, as I understand it, this is a State judicial deferred compensation plan.

Mr. SYMMS. That is correct.

Mr. PROXMIRE. And this is certainly sharply retroactive. It goes back to December 31, 1978. Is that correct?

Mr. SYMMS. Yes, that is correct.

Mr. PROXMIRE. Why is it that we have had this extraordinarily long retroactive period?

Mr. LONG. It is my understanding that this provision has to do with regulations that were published this year. The bill was enacted in 1978. The regulations have just been published. This is to correct an error that was made in 1978. Therefore, it appears to be retroactive but the error was made then. It is to correct the error which exists.

Mr. PROXMIRE. And it applies only to one State?

Mr. LONG. It also applies to Maryland and a couple of other States. I am not sure which States they are.

Mr. PROXMIRE. Correct me if I am wrong, but it seems to me that the amendment would only cover the Texas situation. Is that correct?

Mr. LONG. It covers the other States as well.

ESTATE TAX AMENDMENT

Mr. SYMMS. The next amendment is the estate tax amendment which deals with declaratory judgment for special use valuation.

If certain requirements are met, present law allows family farms and real property used in a closely held business to be included in a decedent's gross estate at the real property's current use value rather than its full fair market value. If this special provision is elected, both the fair market value and the current use value of the specially valued property must be determined. Under present law, if the fair market value is the only unresolved issue in an estate, there is no opportunity for judicial review of the issue unless the entire use valuation election is disallowed.

The amendment provides a procedure for obtaining a declaratory judgment by the tax court with respect to the fair market value of specially valued property.

The declaratory judgment for installment payment of the State tax, the "second death" exception, is the second part of this.

Mr. PROXMIRE. Will the Senator yield at that point?

Mr. SYMMS. I yield.

Mr. PROXMIRE. Will the Senator identify this as an amendment offered by a particular Senator?

Mr. SYMMS. It is No. 11, offered by the Senator from Idaho, Senator SYMMS, myself.

Mr. PROXMIRE. The declaratory judgment for special use evaluation?

Mr. SYMMS. Yes.

The second part of the amendment is the declaratory judgment for installment peyment of the State tax; "second death" exception.

If certain requirements are met, estate tax attributable to interests in closely held businesses may be paid in installments over up to 14 years—annual interest payments for 4 years followed by up to 10 installments of principal and interest. Because the decision of the Treasury Department to deny an election to pay all or a portion of the estate tax attributable to interests in closely held businesses in installments or to accelerate the remaining unpaid tax involves a dispute as to the timing of estate tax payments rather than the amount of tax, the decision is not presently subject to judicial review.

The amendment provides a procedure for obtaining a declaratory judgment by the U.S. Tax Court with respect to an estate's eligibility for installment payment of estate taxes by closely held businesses and whether there is an acceleration of unpaid installments.

If more than a specified fraction of the business interest is disposed of or withdrawn during the 14-year period all unpaid tax is accelerated. The Economic Recovery Tax Act of 1981 provided that the transfer of interests from an heir—or subsequent transferee—at his death to a family member of the heir—or transferee—is not considered a disposition for purposes of the acceleration rules.

Under the amendment subsequent transfers caused by the death of an heir or subsequent transferee by eliminating the requirement that the interest in the closely held business pass to a family member of the heir or subsequent transferee are not considered dispositions.

Mr. PROXMIRE. Is there a revenue loss?

Mr. SYMMS. I think it is negligible.

Mr. PROXMIRE. Is there Treasury support?

Mr. SYMMS. Yes. Treasury supports this, and we did hold hearings on the subject.

Mr. PROXMIRE. And there were no objections?

Mr. SYMMS. We had hearings, I might say, on all of the issues that the Senator from Idaho is bringing up. We had hearings on all of these issues, and they were acted upon unanimously by the Finance Committee.

The next amendment is the award of attorneys' fees in tax litigation, which was offered by Senator BAUCUS. It is listed as No. 2 in the list, I say to the Senator from Wisconsin.

AWARD OF ATTORNEY'S FEES IN TAX LITIGATION

Last year Congress enacted the Equal Access to Justice Act which authorizes awards to a prevailing party of fees and other expenses incurred in any civil action, unless the position of the Government was substantially justified. This provision applies to civil tax actions brought in Federal district courts and the U.S. Court of Claims. However, it does not apply to cases in the U.S. Tax Court.

The Finance Committee bill provides for an award of reasonable court costs, up to a maximum of $25,000, to a prevailing party in any civil tax action, if the position of the Government was unreasonable. This provision will apply to civil tax actions commenced on or after June 1, 1982 and before June 1, 1987.

In addition, the Finance Committee's bill will increase the penalty which the Tax Court can assess a taxpayer for instituting proceedings merely for delay from $500 to $2,500 and will expand the

penalty to include frivolous or groundless action brought by the taxpayer.

I would say to the Senator the cost is less than $5 million.

The next part is the Tax Court judges' survivors annuities and procedural rules.

This amendment is offered by Mr. BAUCUS also. Senator GRASSLEY may wish to comment on the attorney fees. I yield to the Senator from Iowa.

Mr. GRASSLEY. I thank the Senator for yielding.

Mr. President, this is a very important piece of legislation for all taxpayers who feel they have been treated unreasonably by the Internal Revenue Service. This measure allows a taxpayer to recover the cost of litigating his or her claim with the Internal Revenue Service if he or she can establish that the Service acted in an unreasonable manner.

Mr. President, H.R. 4961, as amended by the Baucus-Grassley substitute in the Committee on Finance, is a very important measure to all taxpayers who feel they have been treated unreasonably by the Internal Revenue Service. This measure allows a taxpayer to recover the costs of litigating his or her claim with the Internal Revenue Service if he or she can establish that the Service acted in an unreasonable manner. The maximum amount a taxpayer may recover in costs is $25,000.

The Baucus-Grassley substitute also includes a provision that makes the award of attorney's fees in all tax cases subject to this act as of June 1, 1982. This provision is important because tax cases filed after October 1 of this year in the Court of Claims or the U.S. district court will be governed by the attorney's fees provisions in the Equal Access to Justice Act. This change in the bill will require that all tax cases receive identical attorney fee treatment to prevent confusion and forum shopping among various taxpayers.

Senator BAUCUS has been an innovator in this area since the 96th Congress and I am grateful to him for letting me join in this effort. I regard this bill as an important new right for taxpayers and I am proud of my efforts in helping to perfect this legislation. This will truly give the average taxpayer a tool in redressing grievances against an arbitrary government.

Mr. BAUCUS. Mr. President, this is a measure on which several of us have been working in various capacities and covering various situations. I am happy to see that our efforts are reaching fruition.

Mr. President, I am pleased by the action of the full Senate Finance Committee in recently adopting my bill to provide uniform, reasonable rules for the recovery of attorney's fees by taxpayers in all tax cases, whether they were brought in the Tax Court, in the district court or in the Court of Claims. In my view, Mr. President, this legislation, which we are about to adopt today on the Senate floor, provides an important, crucial protection to taxpayers who are dealt with unfairly by the Internal Revenue Service.

On October 1, 1981, the Equal Access to Justice Act came into effect. This act provides the payment of taxpayers' attorneys' fees in district court and Court of Claims cases. But it does not provide for similar payment in Tax Court cases. As a result, there is now an inconsistent set of rules in place which need to be rationalized and made uniform.

In addition, the administration, the Congress and the American people are demanding that all agencies of the Federal Government operate efficiently and fairly. Because the Internal Revenue Service deals directly with so many of our citizens, it is vital that taxpayers have meaningful protection against unreasonable actions by that agency.

With this legislation, fees would be awarded to a taxpayer who prevailed in a tax case where the Government was unreasonable in taking a position. This legislation would not penalize the IRS or impair its performance when it acts reasonably and fairly.

Without legislation permitting awards of attorney's fees in tax cases, taxpayers would often have to settle with the Government notwithstanding the unreasonableness of the Government's position, because the cost of litigation might exceed the tax dollars involved in a controversy. Even if the tax amounts are large enough to merit the litigation expense, the taxpayer's court victory over an unreasonable Government position does not make him whole. A significant part of the court recovery must go to pay legal expenses which the taxpayer would not have incurred had the Government been fair and reasonable.

Taxpayers who lose money in this way as a result of unreasonable Government actions justifiably feel that they are not being treated fairly.

This legislation will ease the financial burden imposed on taxpayers who win in court against an unreasonable IRS position. Second, this legislation will discourage the IRS from forcing taxpayers to litigate against unreasonable IRS positions. Finally, by providing fair and uniform rules, this legislation will increase respect for our tax system by placing taxpayers on a more equal footing with the IRS.

I want to thank Senator GRASSLEY, the chairman of the Finance Subcommittee on the Oversight of the IRS, for his support and assistance in seeing this measure through to adoption.

Again, Mr. President, I am pleased that we are about to adopt this provision into law.

Mr. SYMMS. The amendment generally increases annuities payable to survivors of judges of the U.S. Tax Court and adjusts such annuities for cost-of-living increases. The amendment also revises certain procedural rules for the Tax Court, including the rules for the Tax Court. and the rules for small tax cases. Generally, the amendment applies after the date of enactment.

In general, that is the Baucus amendment. listed as No. 2 on our agenda, Mr. President.

The next amendment is listed as No. 5, the Danforth amendment, modification of requirements for providing the form W-2 to terminated employees.

Present law generally requires an employer to provide form W-2 to employees no later than January 31 of the year following the year in which wages are paid. However, in the case of an employee whose employment terminates during the year, form W-2 must be supplied with the final payment of wages.

Under the amendment, the employer of an employee whose employment terminates during the year will be required to furnish the employee with a form W-2 no later than January 31 of the following year, unless the employee requests earlier receipt.

The next amendment is the withholding of State income tax from seamen's wages on a voluntary basis. This amendment was offered by the Senator from Hawaii (Mr. MATSUNAGA) on the voluntary withholding of tax for certain fishermen.

Mr. MATSUNAGA. If the Senator will yield, not fishermen, but seamen, seamen who are aboard vessels going from port to port within the State itself.

Mr. SYMMS. I ask the distinguished Senator, is this the amendment, where the State withholding of income taxes is generally authorized but the withholding of State taxes from the wages of seamen or fishermen is prohibited? Under the amendment, a seaman or fisherman may ask on a voluntary basis for withholding of State income tax?

Mr. MATSUNAGA. That is correct.

Mr. President, here we have a case of taxpayers wanting to have their taxes withheld from wages, but where the Federal law forbids the employer from withholding taxes.

Federal law allows seamen to have Federal income tax withheld on an elective basis, but Federal law prohibits withholding for State income tax. The rationale behind the prohibition is to prevent over-withholding where several States might seek to tax a seaman's wages.

My amendment would allow withholding for State income tax where only one State can lay claim to taxing a seaman's wages—that is where the seaman is engaged on a vessel plying between ports within the same State. Withholding would be voluntary at the seaman's election.

Hearings were held on this proposal on May 22, 1981. The proposal has no revenue effect on the budget and enjoys the approval of the Finance Committee and the Department of the Treasury.

Mr. President, I urge the adoption of my amendment.

Mr. SYMMS. I thank the Senator very much.

Mr. President, as the Senator said. under the amendment. a seaman or fisherman employed in the coastwide trade between ports of the same State may enter into a voluntary agreement with an employer for withholding of State income taxes.

The next amendment is the Mitchell amendment, which deals with a 1-year extension of an existing 1-year FUTA exemption for certain fishermen.

Services performed by fishermen are exempt from FICA tax in their remuneration is a share of the boat's catch—or cash proceeds from the sale of a share of the catch—and if the crew of such boat normally is made up of fewer than 10 individuals. In addition, the remuneration received by those fishing boat crew members whose services are exempt for purposes of FICA is not considered to be wages for purposes of income tax withholding. Furthermore, wages paid during 1981 to fishing boat crew members who are self-employed for purposes of FICA are not subject to FUTA taxes, section 822 of the Economic Recovery Tax Act of 1981.

The amendment extends for 1 year, through 1982, the FUTA tax exemption for wages paid to fishermen whose remuneration is exempt for purposes of FICA.

Mr. MITCHELL. Will the Senator yield?

Mr. SYMMS. I am happy to yield to the Senator from Maine.

Mr. MITCHELL. Mr. President, the Miscellaneous Revenue Act of 1981 (H.R. 4717) contains an amendment which I offered in the Committee on Finance. My amendment simply extends through calendar year 1982 a provision applying only to 1981 contained in the Economic Recovery Tax Act, which was enacted last summer. This provision exempted from the Federal Unemployment Tax Act crew members on fishing vessels who receive a share of the catch as their remuneration and labor on vessels carrying fewer than 10 people.

The purpose of my amendment is to insure that in 1982, fishing vessel owners and operators do not have to pay unemployment taxes on vessel crew members who consider themselves to be self-employed. I have been asked if my intent is to exempt union crew members. At this time I wish to state definitively that the exemption which I propose for 1982 is intended only to cover those who are self-employed, who consider themselves to be independent contractors. My amendment is clearly not intended to change in any way the status of persons who, by virtue of their membership in a collective bargaining unit, are clearly employees.

Mr. President, this will, in effect, standardize tax treatment for fishermen. Under existing law, as I have said, the definition of self employment for income and social security tax purposes is different than the definition for unemployment tax purposes. This amendment, in effect, provides a standard treatment. The definition of self employment would apply for all Federal taxes to all fishermen. I urge its adoption.

Mr. SYMMS. The next amendment listed on the agenda as No. 10 is Senator PACKWOOD'S, the financing of the Reforestation Trust Fund.

Mr. President, under present law, the Reforestation Trust Fund is funded by tariffs on imported plywood and lumber. Under the amendment, effective January 1, 1983, in place of the tariffs, the trust fund would be funded by up to $30 million of revenues derived from the sale of timber and forest products on Federal lands.

Mr. METZENBAUM. Mr. President, would the Senator be good enough to repeat what this amendment on the timber does?

Mr. SYMMS. This amendment on the timber, Mr. President—first, I say to my friend from Ohio, under the present law, the Reforestation Trust Fund is funded by tariffs.

Mr. METZENBAUM. This is the matter of shifting the funds to the Reforestation Trust Fund?

Mr. SYMMS. That is correct.

Mr. METZENBAUM. I have no objection, Mr. President.

Mr. SYMMS. The next amendment is listed as No. 13 on the committee agenda, trade adjustment assistance.

Mr. President, under the changes to this program made in the Omnibus Budget Reconciliation Act the causation standard was changed to be a "substantial cause" standard—a cause which is important and not less than any other cause—effective February 9, 1982. The committee amendment to the Trade Adjustment Assistance Act would provide that the "contribute importantly" causation standard currently in the law be maintained through the life of the program, the end of fiscal year 1983.

Mr. PROXMIRE. Will the Senator yield?

Mr. SYMMS. Mr. President, I am happy to yield to my friend from Wisconsin.

Mr. PROXMIRE. On this amendment, Mr. President, the information I have says that the Congressional Budget Office, the staff of CBO can make no estimate of the cost of this change. If they cannot make an estimate, how do we know whether this will cost a substantial amount? Is there any way we can make a judgment on the loss to the Treasury?

Mr. SYMMS. Mr. President, it is my understanding that there is virtually no way of estimating what the cost would be. It may be higher or it may be lower.

Mr. PROXMIRE. Can they not give us some kind of top or bottom limits within which the losses would be likely to fall?

Mr. SYMMS. I say to the distinguished Senator from Wisconsin that the change was made in the reconciliation bill. At that time, they could not give us the cost estimate. It is my understanding that they still have not been able to.

Mr. PROXMIRE. Mr. President, is there any indication of who would benefit primarily from this change in the law?

Mr. SYMMS. No, there is not, Mr. President.

Mr. PROXMIRE. Mr. President, would the effect be general?

Mr. SYMMS. I see the distinguished chairman of the committee is on the floor. Maybe he will want to comment.

Mr. DOLE. Mr. President, I might say to the Senator from Wisconsin that this amendment was offered by Senator DANFORTH and Senator MOYNIHAN. We concluded that whether it is "substantial cause" or "contribute importantly" really makes little difference because of the changes which have already been made in the trade adjustment assistance program. This amendment is primarily supported by the AFL–CIO and the United Auto Workers. It is at their urging that we have considered the amendment. I do not think there is any revenue cost. When the Congressional Budget Office requested to the Committee on Finance on this provision when we were considering it during the reconciliation process they stated that:

No budgetary impact is shown for this provision because of the complete absence of data relating to the alternative certification standard. Moreover, Department of Labor (DOL) personnel have no impressionistic studies of the impact of such a proposal. In any case, due to the proposed requirement that individuals exhaust their UI benefits before being eligible for TAA, the proposal's impact would be miniscule.

Mr. SYMMS. I thank the distinguished Senator from Kansas.

Mr. President, I ask unanimous consent that a more detailed technical explanation of the committee amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TECHNICAL EXPLANATION OF COMMITTEE AMENDMENT

A. INCOME TAX PROVISIONS

1. Deferral of LIFO recapture effective date

(Sec. 101 of the amendment and secs. 336 and 337 of the Code).

Present law

Inventories

In calculating taxable income for the year, the determination of year-end inventories is necessary in order to compute the cost of goods sold during the year. The computation of the cost of goods sold is made by adding the cost of goods on hand at the beginning of the year to the cost of purchases made during the year and subtracting the cost of goods on hand at the end of the year. The resulting cost is the cost of goods that were disposed of during the year and are presumed sold.

The cost of the ending inventory determined by actually counting the goods on hand at the end of the year and then assigning a value to those goods. The method of assigning a value to the ending inventory is extremely important because a high value assigned to the ending inventory will result in a low cost of goods sold and thus a high taxable income. Conversely, a low value assigned to the ending inventory will result in a high cost of goods sold and a low taxable income.

There are several methods that can be used to assign a value to ending inventories. The first-in, first-out ("FIFO") method presumes that the earliest acquired goods are sold first and that the ending inventory consists of the most recent purchases. The last-in, first-out ("LIFO") method presumes that the goods most recently purchased are sold first and that the ending inventory consists of the earliest acquired goods. Other inventory methods are the average cost method, where the cost of all goods owned during the year are averaged, and the specific identification method, where the individual price of each item in inventory is determined.

Typically, in times of rising prices the LIFO method of accounting for inventories results in the lowest taxable income whereas use of the FIFO method generally results in the highest taxable income.

Liquidation rules

Under present law, gain or loss is generally not recognized to a liquidating corporation on the exchange of its assets for the stock held by its shareholder (Code sec. 333). Additionally, under section 337, a corporation which adopts a plan of complete liquidation and sells its assets within 12 months from the date such plan was adopted, also will not recognize gain or loss on the disposition of its assets.

(The nonrecognition rule of sec. 337 applies to the sale of inventory only if the inventory is sold in bulk rather than piecemeal.)

There are several exceptions to the nonrecognition rules of sections 336 and 337. These exceptions include recapture of depreciation (secs. 1245 and 1250), certain mining exploration expenditures (sec. 617), excess deduction accounts with respect to certain farm property (sec. 1251), certain deductions with respect to farm land (sec. 1252), and certain intangible drilling and development costs with respect to oil and gas properties (sec. 1254). In general, under these provisions, part or all of the deductions previously taken would be included in income upon liquidation.

In either a section 336 or section 337 liquidation, if the liquidating corporation uses LIFO, any gain attributable to the corporation's LIFO reserve (i.e., the excess of the inventory's LIFO basis over its LIFO basis) will not be subject to corporate tax. However, if a subsidiary corporation liquidates into a parent corporation and the adjusted basis of the subsidiary's assets, including inventory, carry over to the parent corporation, the LIFO reserve will be subject to corporate taxation only if the inventory is disposed of in a taxable sale or exchange. Also, if a corporation makes a nonliquidating distribution of LIFO inventory, it is required to include the inventory's LIFO reserve in income in the year the distribution is made (sec. 311(b)).

In Rev. Rul. 74-431, 1974-2 C.B. 107, the Internal Revenue Service held that a corporation liquidating under section 337 did not recognize income in the amount of its LIFO reserve under the tax benefit rule. The ruling held that the use of LIFO does not create a deduction that can be recovered.

The IRS has also issued private rulings which held that there was no recognition of the LIFO reserve under the tax benefit rule on a section 336 liquidation. However, these private rulings did provide a caveat that the Service was reconsidering its position regarding the recognition of the LIFO reserve.

Although a liquidating corporation does not recognize gain (other than certain items of recapture) on the disposition of any of its assets (including inventory) under a section 336 or section 337 liquidation, the shareholder of the corporation generally recognizes gain on the disposition of the stock in the liquidating corporation. The shareholder recognizes gain equal to the excess of the amount received for the stock over his adjusted basis in the stock. Generally this gain is taxed as capital gain. Thus, with respect to a corporate liquidation, the general rule has been that there will only be a capital gain tax at the shareholder level and there will be no tax at the corporate level.

LIFO Reserve Recapture

In the Crude Oil Windfall Profit Tax Act of 1980 (Public Law 96-223), Congress included a provision which required that a corporation which distributes its LIFO inventory in a partial or complete liquidation must recognize the inventory's LIFO reserve as ordinary income (sec. 336). Also, a corporation that sells its LIFO inventory in the course of a 12-month liquidation (sec. 337) must recognize the inventory's LIFO reserve as ordinary income. The provision does not require the recognition of the LIFO reserve on corporate liquidations where the adjusted basis of the LIFO inventory in the hands of the acquiring corporation is carried over from the liquidating corporation.

Congress believed that the LIFO reserve of a corporation's inventory should be subject to a tax upon a corporate liquidation unless the LIFO reserve is preserved in the corporation's inventory by virtue of a carryover basis. Otherwise, corporations could convert the tax deferral provided by LIFO into an outright exclusion from tax.

This provision was made applicable to distributions and dispositions which are made pursuant to plans of liquidation adopted after December 31, 1981. The effective date was postponed to allow time for Congressional hearings on the provision. Also, the delayed effective date would permit transactions in the planning stage to be completed.

Reasons for Change

Hearings on the substantive effect of the LIFO recapture provisions were not held prior to the December 31, 1981, effective date. Therefore, the committee believes that the effective date of these provisions should be delayed for one additional year, to December 31, 1982, to allow the committee time to review the impact of the provisions.

Explanation of Provision

The committee amendment defers for one year (i.e., to December 31, 1982) the effective date of the provisions in the Crude Oil Windfall Profit Tax Act which require the recapture of LIFO reserves in certain corporate liquidations.

Effective Date

The amendment will be effective on enactment.

Revenue Effect

The amendment is estimated to reduce fiscal year budget receipts by $15 million in 1982, $260 million in 1983, and by a negligible amount thereafter.

2. *Net operating loss treatment of the Federal National Mortgage Association*

(Sec. 102 of the amendment and sec. 172 of the Code):

Present Law

Prior to enactment of the Economic Recovery Tax Act of 1981, taxpayers could carry back a business net operating loss (NOL) against income for the 3 taxable years preceding the loss year and carry forward any remaining unused losses to the 7 years following the loss year (sec. 172). The 1981 Act generally increased the carryover period to 15 years and retained the 3-year carryback.

There are a number of exceptions to the general 3-year carryback and 15-year carryover rule for certain industries or categories of taxpayers. One exception allows a 10-year carryback and a 5-year carryover for NOL's of financial institutions to which section 585, 586, or 593 (relating to the bad debt treatment of commercial banks, small business investment corporations, and savings and loan associations and certain other thrift institutions, respectively) applies (sec. 172(b)(1)(F)).

Since the Federal National Mortgage Association (FNMA) is not described in section 585, 586, or 593, it is not eligible for the 10-year carryover treatment, and thus must use a 3-year carryback and a 15-year carryover. The FNMA is a corporation chartered by Congress to provide assistance, liquidity, and stability to the home mortgage market.[1]

Reasons for Change

The FNMA typically provides a secondary market for mortgages by borrowing on a short-term basis and investing in long-term mortgages. In this respect, the FNMA operates similarly to certain of the financial institutions which are eligible for the 10-year carryback of net operating losses.

The committee believes that operating losses which are involuntarily incurred by the FNMA should receive 10-year carryback and 5-year carryforward periods similar to the rule that applies to certain other financial institutions. Accordingly, the committee believes that, with respect to the portion of an NOL of the FNMA which consists of net losses from the sale or exchange of mortgages, securities, and other evidences of indebtedness as distinguishable from normal operating losses incurred by the FNMA, the present law 3-year carryback and 15-year carryforward periods should continue to apply to the extent that an NOL consists of such losses.

Explanation of Provision

The committee amendment amends section 172(b) to provide a 10-year carryback and a 5-year carryover of that portion of an NOL of the FNMA which is in excess of the FNMA mortgage disposition loss (hereafter called the "nondisposition loss"). The FNMA mortgage disposition loss is the excess of losses over gains from the sale or exchange of mortgages, securities, and other evidence of indebtedness to the extent that such excess is not greater than the NOL for the taxable year in which the excess occurs. The FNMA mortgage disposition loss will continue to be carried back 3 years and carried forward 15 years as under existing law. The 10-year carryback and 5-year carryforward periods will be applicable only to the nondisposition loss. Gains and losses attributable to mortgage forceclosures will not be taken into account in determining the amount of a FNMA mortgage disposition loss. For this purpose, securities do not include stock.

The order in which the portions of an NOL consisting of both an FNMA mortgage disposition loss and nondisposition loss will be absorbed will be determined under provisions similar to those of existing law that apply when a net operating loss consists in part of a foreign expropriation loss which, under existing law, has a different carryover period from the remainder of the loss. In determining the extent to which a nondisposition loss is absorbed by taxable income under these rules, the FNMA mortgage disposition loss will not reduce taxable income of any taxable year to which such loss may not be carried. In years to which both portions of an NOL are carried, the FNMA mortgage disposition loss and the nondisposition loss will each be treated as separate NOL's incurred in the same taxable year. Thus, the FNMA mortgage disposition loss is to be applied against taxable income after reduction by any nondisposition loss. Under this rule, the FNMA mortgage disposition loss will be preserved for carryover to years after the expiration of the 5-year carryfoward period applicable to the nondisposition loss if the total NOL had not been fully absorbed by taxable income.

Effective Date

The amendment is effective for NOL's for taxable years of the FNMA beginning after December 31, 1981. Thus, for example, an NOL for calendar year 1982 in excess of the FNMA mortgage disposition loss could be carried back as far as 1972.

---

[1] The FNMA serves two related functions. First, it helps housing by providing a secondary market for mortgages. Also, where mortgage bankers are concerned, FNMA generally functions as a primary source of financing, since mortgage bankers are not depository institutions and generally make loans only if they have commitments from FNMA or other purchasers to buy them.

The FNMA also offers mortgage lenders a way to hedge against changes in interest rates. It does this by making commitments to buy mortgages at a fixed price 4 months in the future.

Revenue Effect

Given expected interest rate levels for future years, the amendment is estimated to reduce fiscal year budget receipts by $14 million in 1983 and to increase fiscal year budget receipts by $14 million in 1984.

3. Treatment of certain lending or finance businesses for purposes of the tax on personal holding companies

(Sec. 103 of the amendment and sec. 542 of the Code):

Present Law

In general

Section 541 of the Code imposes a tax on the undistributed personal holding company income of a personal holding company. This provision is intended to prevent individuals from avoiding the graduated individual tax rates (up to 70 percent before the effective date of the Economic Recovery Tax Act of 1981 (ERTA)) by holding investments through corporations, which are subject to a maximum tax rate of 46 percent. Prior to the effective date of ERTA, undistributed personal holding company income was subject to a 70 percent tax rate. However, pursuant to section 101(d)(2) of ERTA, the applicable tax rate is 50 percent for taxable years beginning after December 31, 1981.

A corporation constitutes a personal holding company if 60 percent of its adjusted gross income is personal holding company income and if 50 percent of its stock is owned by five or fewer shareholders at any time during the last half of the taxable year. Personal holding company income generally is defined as interest, dividends, royalties, rents, and certain other types of passive investment income.

Exclusion for lending or finance companies

Certain types of corporations, actively engaged in a trade or business which produces income that usually would be considered passive investment income, are excluded from the personal holding company tax provisions. Among the corporations excluded from these provisions are lending or finance companies.

A corporation qualifies as a lending or finance company if 60 percent of its ordinary gross income is derived from the active and regular conduct of a lending or finance business and certain other requirements are satisfied. The term "lending or finance business" is defined, in part, to mean a business of making loans, or purchasing or discounting accounts receivable, notes, or installment obligations, which at the date of the loan or acquisition have a remaining maturity of no more than 60 months. An exception to the 60-month rule is provided for loans, notes, or obligations secured by a security interest in personal property where the security interest arose out of the sale of goods or services in the course of the borrower's or transferor's trade or business.

The personal holding company provisions also apply a business expense test in determining whether a corporation is engaged in the active and regular conduct of a lending or finance business. Under this requirement, a corporation does not qualify as a lending or finance company exempt from the personal holding company provision unless the sum of its business expenses[1] directly allocable to its lending or finance business equals or exceeds 15 percent of the first $500,000 of its ordinary gross income derived from a lending or finance business plus five percent of such ordinary gross income from $500,000 to $1 million.[2]

Reasons for Change

The committee has been informed that the nature of the loans made by lending or finance companies has changed since 1964 (when the rules relating to lending or finance companies were last amended). First, some companies have been making loans of longer maturities, including second mortgages on real estate and also financing mobile homes. Some of these loans have maturities of up to 144 months. Notwithstanding the length of the loans, the making of these loans by these companies is often done not as part of an investment activity, but rather as part of the active conduct of a trade or business. Second, these companies have made increasing use of loans made in indefinite maturity transactions (e.g. revolving credit loans) which technically may have a maturity which does not meet the "no more than 60 months" requirement. Furthermore, due to the passage of time, the maximum amount needed to satisfy the business expense test has become outdated.

Accordingly, the committee believes that the definition of the term "lending or finance" business should be modified to include the business of making revolving credit loans and loans with maximum maturities of 144 months and that the business expense test of present law should be modified by increasing the maximum amount needed to satisfy the test.

Explanation of Provision

The committee amendment modifies both the 60-month maturity limitation and the business expense requirement of the lending or finance company exception to the present personal holding company provisions.

The amendment broadens the definition of a lending or finance business to include the business of making or acquiring loans with maturities of up to 144 months and to include the business of making or acquiring loans, notes, or installment obligations made in indefinite maturity credit transactions. Indefinite maturity credit transactions qualifying under the amendment are such loans, notes, or installment obligations made under an agreement which provides that the creditor will make loans or advances (not in excess of an agreed upon maximum amount) from time to time for the account of the debtor upon request and which provides that the debtor may repay the loan, or advance, in full or in installments. Thus, under the amendment, the definition of a lending or finance business includes the business of making or acquiring agreements which underlie indefinite maturity credit transactions such as line-of-credit transactions or revolving credit arrangements.

The amendment also modifies the amount of business expenses required in determining whether a corporation with more than $1 million in ordinary gross income from a lending or finance business is a lending or finance company. Under the amendment, a corporation satisfies the business expense test only if its qualifying business expenses equal or exceed 15 percent of the first $500,000 of ordinary gross income derived from a lending or finance business, plus five percent of such ordinary gross income in excess of $500,000.

Effective Date

The provisions of the amendment which expand the definition of a lending or finance business to include the business of making or acquiring loans with maturities of up to 144 months and the business of making or acquiring notes made in indefinite maturity credit transactions apply with respect to taxable years beginning after December 31, 1980.

The provisions revising the business expense test apply with respect to taxable years beginning after December 31, 1981.

Revenue Effect

The amendment is estimated to reduce budget receipts by less than $5 million annually.

4. Allowance of regulated investment company status to certain business development companies

(Sec. 104 of the amendment and sec. 851 of the Code):

Present Law

Under present law, a regulated investment company (commonly called a "mutual fund" or "money market fund") is treated, in essence, as a conduit for tax purposes. This treatment is achieved by allowing a regulated investment company a deduction for dividends paid to its shareholders. Congress provided conduit treatment for regulated investment companies so that small investors could obtain the advantages of a diversified portfolio of investments and expert investment management without the imposition of a second level of tax generally applicable to corporations.

In order to qualify as a regulated investment company, several requirements must be met. First, the company must distribute at least 90 percent of its income. Second, the company must meet several tests designed to insure that most of its income is from passive sources and that its assets are diversified. Third, a regulated investment company must be a domestic corporation other than a personal holding company. Finally, if either must be registered with the Securities and Exchange Commission at all times during the taxable year as a management company or unit investment trust under the Investment Company Act of 1940, or it must be a common trust fund or similar fund which is not included in the term "common trust fund" under the Internal Revenue Code and which is excluded by the Investment Company Act from a definition of investment company (Code sec. 851(a)). In order to register under the Investment Company Act of 1940, a corporation must have at least 100 stockholders or must be making or presently proposing to make a public offering (the "public offering requirement").

Under these rules, a number of companies that provide capital and managerial assistance to small businesses have been able to register under the Investment Company Act because they have at least 100 stockholders or satisfy the public offering requirement and, as a result of this registration, have qualified as regulated investment companies.

Under the Small Business Incentive Act of 1980 (P.L. 96-477), certain investment companies providing capital and management assistance to small businesses (called "business development companies") may elect an alternative form of regulation specifically designed for these types of organizations in lieu of registering under the Investment Company Act. However, any business development company electing this alternative form of regulation would be prevented from qualifying as a regulated investment company because the company did not register under the Investment Company Act.

Reasons for Change

The committee believes that those business development companies that were eligible to be treated as regulated investment companies because they could register as an investment company under the Investment Company Act of 1940 should be able to continue their status as regulated investment companies even though they elected the alternative form of regulation provided by the Small Business Incentive Act of 1980. This change will allow those companies that presently qualify as regulated investment companies to elect the

[1] Business expenses include only (1) deductions which are allowable only by reason of sections 162 or 404 and which do not represent compensation for personal services rendered by shareholders or members of their families and (2) deductions for depreciation and real property taxes to the extent that the property with respect to which such deductions are allowable is used directly in the active and regular conduct of the lending or finance business (sec. 542(d)(2)).

[2] Thus, the maximum amount of expenses necessary to meet this test is $100,000 (15 percent of $500,000 or $75,000 plus 5 percent of $500,000 or $25,000, for a total of $100,000).

alternative form of regulation provided by Congress without loss of their present tax status.

Explanation of Provision

The committee amendment enables a "business development company" electing the alternative form of regulation under the Small Business Incentive Company Act of 1980 to qualify as a regulated investment company in those cases where the company could qualify for registration under the Investment Company Act of 1940. Thus, only companies which have at least 100 stockholders or which satisfy the public offering requirement can qualify as regulated investment companies.

Effective Date

The amendment applies with respect to taxable years ending after the date of enactment.

Revenue Effect

The amendment will not have any effect on budget receipts.

5. Rollover of gain on FCC-ordered disposition of broadcast property

(Sec. 105 of the amendment and sec. 1071 of the Code):

Present Law

Present Code section 1071 provides for nonrecognition gain realized on the sale or exchange of property (including stock in a corporation) if (1) the sale or exchange is certified by the Federal Communications Commission (FCC) as necessary or appropriate to effectuate a change in a policy of, or the adoption of a new policy by the FCC with respect to the ownership and control of "radio broadcasting stations," and (2) if the taxpayer elects to treat the sale or exchange as an involuntary conversion within the meaning of section 1033. Pursuant to such an election, gain is not recognized to the extent that the taxpayers purchases replacement property that is similar or related in service or use to the property sold or exchanged (sec. 1033(a)). To the extent section 1033 is inapplicable to render any gain realized on the sale or exchange nontaxable, the taxpayer may nonetheless avoid recognition of that gain to the extent the taxpayer elects to reduce the adjusted basis of depreciable property held at the time of the sale or exchange or acquired before the end of the taxable year of the sale or exchange.

In Rev. Rul. 78–269, 1978–2 C.B. 210, the Internal Revenue Service held that gain is not recognized under sections 1071 and 1033 when a corporation divests itself, pursuant to an FCC order and certification of stock in a newspaper publishing company, and reinvests in stock of a television broadcasting station. In a later private letter ruling, the Service held that gain must be recognized when a corporation, pursuant to an FCC order and certification, divests itself of a television station and reinvests in a newspaper. In the private letter ruling, the Service distinguished its holding in Rev. Rul. 78–269 on the basis that a reinvestment in a newspaper did not constitute an investment in broadcast property within the meaning of section 1071 or in any property similar or related in service or use to the television station sold or exchanged.

Under present law, the FCC may order a taxpayer who owns multiple communication properties—for example, two television stations, a television station and a radio station, or a television station and a newspaper—within the same broadcast area to dispose of all but one of the properties. The FCC generally does not order the taxpayer to dispose of a particular property within the area of its multiple broadcast ownership. Rather, the taxpayer generally may decide which property is sold or exchanged pursuant to such an FCC order.

Reasons for Change

The committee believes that it is inappropriate to distinguish between an FCC-ordered divestiture of, for example, a newspaper followed by the divesting taxpayer's acquisition of a radio or television station, which would be qualified for treatment under current section 1071, and an FCC-ordered divestiture of a radio station followed by an acquisition by the taxpayer of a newspaper, which would not qualify under section 1971 as currently interpreted by the Treasury. Although the statute does not refer to businesses other than radio broadcasting, this distinction appears to result from the fact that the statute was enacted prior to the emergence of television as a major communications medium and at a time when the FCC was primarily concerned with radio stations and not newspapers or television.

Explanation of Provision

The committee amendment expands section 1071 to provide nonrecognition of gain in FCC-ordered divestitures where the taxpayer reinvests in a newspaper. Thus, in the second sentence of section 1071(a) the amendment inserts "radio or television broadcasting station or newspaper" in place of the phrase "radio broadcasting station." The amendment also makes a technical change to section 1071 by amending the first sentence of that section to refer to FCC-ordered dispositions of television broadcasting stations as well as radio broadcasting stations. The amendment's references to television broadcasting stations are not intended, however, to limit the coverage of the section only to radio or television stations. For example, radio broadcasting has been defined by the regulations to include "telecasting." It is intended under the amendment that the Treasury should continue to interpret section 1071 so that appropriate relief is provided to those taxpayers making FCC-ordered divestitures accompanied by reinvestments, pursuant to section 1033, in property (including stock in a corporation) similar or related in service or use to that disposed of.

Effective Date

The amendment applies to any sale or exchange of property with respect to which there is a Federal Communications Commission certification described in code section 1071(a) but only if the taxpayer has reinvested the proceeds in, or exchanged such property for, other qualifying property after June 24, 1981.

Revenue Effect

The amendment is estimated to reduce budget receipts by less than $10 million annually.

6. Exclusion of certain research expenses from capital expenditure limitation on interest exemption for small issue IDBs

(Sec. 106 of the amendment and sec. 103(b)(6) of the code):

Present Law

Industrial development bonds

Interest on State and local government obligations generally is exempt from Federal income tax (Code sec. 103(a)). However, subject to certain exceptions, interest on State and local issues of industrial development bonds is taxable (sec. 103(b)). An obligation constitutes an industrial development bond if (1) all or a major portion of the proceeds of the issue are to be used in any trade or business of a person other than a governmental unit or tax-exempt organization and (2) payment of principal or interest is secured by an interest in, or derived from payments with respect to, property or borrowed money used in a trade or business (sec. 103(b)(2)).

Present law provides an exception for certain "small issues" to the general rule of taxability of interest paid on industrial development bonds (sec. 103(b)(6)). This exception applies to issues of $1 million or less if the proceeds are used for the acquisition, construction, or improvement of land or depreciable property.

At the election of the issuer, the $1 million limitation may be increased to $10 million. If this election is made, the exception is restricted to projects where the aggregate amount of outstanding exempt small issues and capital expenditures (financed otherwise than out of the proceeds of an exempt small issue) made over a six-year period [1] does not exceed $10 million. The combined issue amount/capital expenditure limitation of $10 million has the effect of precluding availability of an interest exemption where industrial development bonds would have a face amount not exceeding the $10 million limitation but would be used in connection with large scale, high cost projects.

Both the $1 million and $10 million limitations are determined by aggregating the face amount of all outstanding related issues, plus, in the case of the $10 million limitation, certain capital expenditures for all facilities used by the same or related principal users which are located within the same county or same incorporated municipality. Under Treasury regulations, expenditures are treated as capital expenditures for this purpose if they are properly chargeable to the capital account of any person or State or local governmental unit. This determination is to be made without regard to any rule of the Internal Revenue Code that permits expenditures properly chargeable to capital account to be treated as current expenses (Reg. § 1.103–10(b)(2)(ii)(e)).

Treatment of research expenditures

As a general rule, business expenditures to develop or create an asset which has a useful life that extends substantially beyond the taxable year must be capitalized and cannot be deducted in the year paid or incurred. For example, research expenditures to develop a new consumer product must be capitalized, because such expenditures relate to an asset which will have a useful life exceeding one year. Such capital costs usually may be recovered on a disposition or abandonment of the asset, or through depreciation or amortization deductions over the useful life of the asset.

However, present law permits a taxpayer to elect to deduct currently the amount of research or experimental expenditures incurred in connection with the taxpayer's trade or business, even if such expenses are treated as capital account charges or deferred expenses on the taxpayer's books or financial statements (sec. 174(a); Rev. Rul. 58–78, 1958–1 C.B. 148). In the case of research expenditures resulting in property which does not have a determinable useful life (such as secret processes or formulae), the taxpayer alternatively may elect to deduct the costs ratably over a period of not less than 60 months (sec. 174(b)).[2]

---

[1] The relevant six-year period beginning three years before the date of the issue and ending three years after that date.

[2] If expenditures relating to development of a product are not eligible for these elections or if the taxpayer chooses not to elect either current deduction or amortization for qualifying research costs, such expenditures must be capitalized. If the capitalized expenses relate to depreciable property, deductions may be taken in the form of depreciation allowances spread over the property's useful life. If the capitalized expenses relate to nondepreciable property, those costs cannot be recovered until disposition or abandonment of the property.

Because research expenditures constitute capital expenditures, such expenses are taken into account for purposes of determining whether the exempt small issue limitation of $10 million is exceeded, whether or not the taxpayer elects to deduct its research expenses currently or to amortize them over a period of 60 months or more (Rev. Rul. 77-27, 1977-1 C.B. 23).

In addition to the favorable deduction treatment provided under Code section 174 for research expenditures, the Economic Recovery Tax Act of 1981 provides a 25-percent tax credit for certain research expenditures paid in carrying on a trade or business of the taxpayer to the extent exceeding the amount of such expenditures during a base period (Code sec. 44F).

Reasons for Change

The committee believes that expenditures for research should be encouraged. For example, the Economic Recovery Tax Act of 1981 provides a new 25-percent tax credit for certain research expenditures (Code sec. 44F). The committee also recognizes the difficulty in allocating certain expenditures for research among the assets such expenditures benefit. This difficulty particularly arises where some such expenditures benefit both facilities where capital expenditures are counted toward the $10 million limitation as well as facilities where expenditures are not counted toward the limit. Thus, the committee believes that certain research expenditures, specifically those which are incurred for research wages and research supplies (and which are deducted currently by a taxpayer) should not be considered for purposes of the capital expenditure limitation on small issue industrial development bonds.

Explanation of Provision

Under the committee amendment, expenditures for research wages and research supplies (as defined in secs. 44F(b)(2)(A)(i) or (ii)) which the taxpayer elects to deduct currently (under sec. 174(a)) are not taken into account for purposes of the $10 million capital expenditure limitation on small issue industrial development bonds.

Effective Date

The amendment applies to research expenditures made after the date of enactment of the amendment.

Revenue Effect

The amendment is estimated to reduce fiscal year budget receipts by $1 million in 1982, $4 million in 1983, $8 million in 1984, $13 million in 1985, and $18 million in 1986.

7. Expanion of oil shale credits for 1981 and 1982

(Sec. 107 of the amendment and sec. 48(1) of the Code):

Present Law

Equipment for producing, extracting, processing, transporting, and refining shale oil generally qualifies for the 10-percent investment tax credit (Code sec. 48(a)(1)). In addition, the Energy Tax Act of 1978 provided a 10-percent energy investment tax credit for certain "shale oil equipment" (Code sec. 48(1)(7)). For this purpose, the term "shale oil equipment" means equipment for producing or extracting shale oil from oil-bearing shale rock. The term, however, specifically excludes equipment for hydrogenation, refining, and other processes subsequent to retorting. The term "shale oil equipment" includes qualifying equipment without regard to whether it is used in an above-ground or *in situ* process. In the latter instance, shale oil equipment includes equipment used to create the underground cavity. In either case, equipment for supplying water and for treating and handling spent oil shale rock is included in the definition of shale oil equipment.

The energy investment credit generally is available for the acquisition or construction of property through December 31, 1982. In addition, the energy investment credit for shale oil equipment is available after 1982 and before 1991 if the following specified affirmative commitments are undertaken with respect to qualified property that involves long-term projects of two years or more: (1) complete all engineering studies for the project, and apply for all Federal, State, and local environmental and construction permits necessary for commencement of construction, prior to 1983 and (2) binding contracts have been made prior to 1986 to acquire or construct at least 50 percent of all equipment that is especially designed for the project (sec. 46(a)(2)(C)(iii)).

Under present law, there are several other benefits available for oil shale production. A deduction for percentage depletion is allowed for 15 percent of the gross income from the extraction of shale oil. (Gross income, for this purpose, is based on the value of the oil after retorting but before hydrogenation.) Shale oil producers are allowed an income tax credit for the production of shale oil (Code sec. 44D(c)(1)(A)). The credit is equal to $3 a barrel, and phases out as the annual average wellhead price of uncontrolled domestic oil rises from $23.50 to $29.50 a barrel. (Both the credit and the phaseout adjusted for inflation occurring after 1979, and the credit will be about 75 cents per barrel for shale oil produced in 1981.)

Reasons for Change

The committee understands that hydrogenation is a post-retort process necessary to upgrade viscous hydrocarbons extracted from the oil shale into pipeline quality liquids. The committee also understands that a hydrogenation process is a component of refining. The committee believes that the energy credit should apply to the extent hydrogenation equipment is used to make shale oil less viscous so that it may be transported, but that no credit should be allowed for any equipment used for refining; including hydrogenation equipment.

Explanation of Provision

The committee amendment extends the definition of shale oil equipment for purposes of the energy investment tax credit to include equipment used in hydrogenation or other similar processes subsequent to retorting that are necessary to bring about the chemical change in the hydrocarbons necessary to make the shale oil less viscous so that it may be transported to the refinery. However, the amendment does not expand the definition of shale oil equipment to include equipment, including hydrogenation equipment, used to refine shale oil.

Effective Date

The provisions of the amendment apply to periods beginning after December 31, 1980, and before January 1, 1983. The special affirmation commitment rule applicable to other oil shale property eligible for the energy credit under present law does not apply to hydrogenation equipment eligible under this proposal. Thus, the credit for hydrogenation equipment will not apply to any construction or acquisitions after December 31, 1982.

Revenue Effect

The amendment is estimated to reduce fiscal year budget receipts by $10 million in 1982, $9 million in 1983, and less than $5 million in 1984.

8. Modification of the residential energy tax credit subsidized financing rules

(Sec. 108 of the amendment and sec. 44c (10) of the code):

Present Law

Present law provides a residential energy tax credit equal to the sum of the energy conservation credit plus the renewable energy source credit.

Credit for Energy Conservation Expenditures

Under present law, a nonrefundable credit equal to 15 percent of the first $2,000 of energy conservation expenditures (i.e., a maximum credit of $300) is available for installations of eligible insulation and other energy conserving items. To be eligible for the credit, the expenditure must be made in, or on, the taxpayer's principal residence before January 1, 1986. The residence must have been in existence or substantially completed on April 19, 1977. The maximum limit on allowable expenditures is the total amount available to the taxpayer for any principal residence through December 31, 1985. For any year, this limit is reduced by expenditures for which the energy conservation credit was taken in prior years by the taxpayer for the same residence.

The credit is allowed for expenditures to install (1) insulation, (2) a replacement burner for an oil- or gas-fired furnace, (3) a device to modify flue openings, (4) an electrical or mechanical furnace ignition system, (5) a storm or thermal door or window, (6) an automatic setback thermostat, (7) caulking or weather-stripping for an exterior door or window, (8) a meter that displays the cost of energy use, and other items which the Secretary of the Treasury specifies by regulations as increasing the energy efficiency of the dwelling.

Credit for Renewable Energy Source Expenditures

Present law provides a tax credit equal to 40 percent of the first $10,000 of qualified renewable energy source expenditures (i.e., a maximum credit of $4,000). Qualified expenditures include:

(1) The installation of solar, wind, or geothermal energy equipment;

(2) Expenditures for equipment to produce electrical energy from solar or geothermal energy source property installed with respect to a residence;

(3) Expenditures for labor costs properly allocable to the onsite preparation, assembly or original installation of renewable energy source property eligible for the credit and expenditures for an onsite well drilled for any geothermal deposit, unless the deduction for intangible drilling costs has been claimed for any portion of these expenditures; and

(4) The cost of a solar roof panel installed as a roof (or a portion of a roof) even though a roof by itself is a structural component. Renewable energy source property does not include other structural components of a residence even though they also may play an ancillary role related to renewable energy source property.

Rules to Prevent Double Benefits

Under present law, expenditures financed by Federal, State or local grants which are exempt from Federal income tax are not eligible for the residential energy tax credit. Further, any portion of qualified expenditures financed by subsidized energy financing is not eligible for the credit. Lastly, the expenditure limits for energy conservation expenditures ($2,000) and for renewable energy source expenditures ($10,000) are reduced by the portion of expenditures which is financed by subsidized energy financing or by nontaxable Federal, State or local government grants.

Subsidized energy financing means financing provided under a Federal, State or local government program, a principal purpose of which is to provide subsidized financing for projects designed to conserve or produce energy. The term includes, but is not limited to, the direct or indirect use of bonds which are exempt from Federal income tax and which provide funds under such a program. Subsidized energy financing, however, does not include loan guarantees.

Reasons for Change

The present law "double dipping" rules are designed to preclude an individual from receiving a Federal residential energy tax credit with respect to amounts financed through tax-exempt bonds, nontaxable government grants, or subsidized energy financing. These rules do not prevent an individual from claiming individual energy tax credits for both Federal and State income tax purposes. However, where a State provides a tax credit for financial institutions which provide energy loans to individuals at below market rates rather than providing an energy tax credit to the individual, the individual taxpayer is denied the Federal tax credit because the below-market rate loan is considered subsidized energy financing. Although the committee generally believes it appropriate to preclude "double-dipping", it does not believe it appropriate to provide differing tax treatment for individuals who directly receive State income tax benefits through individual energy tax credits and those who indirectly receive State income tax benefits through low interest energy loans encouraged by tax credits granted to institutions who offer such loans.

Thus, when a State provides a corporate tax credit for lending institutions which offer low interest energy loans, an individual securing such a loan should also be allowed to claim Federal residential energy tax credits.

Explanation of Provision

The committee amendment provides an exception to the definition of subsidized energy financing applicable to the residential energy credit. Specifically, subsidized energy financing will not include loans under a program which provides a State tax credit to a financial institution in order to provide residential energy loans to individuals at a below market rate of interest. Thus, an individual who receives financing under such a program will also be eligible for any applicable Federal residential energy tax credit.

Effective Date

The amendment applies to subsidized energy financing made after December 31, 1980.

Revenue Effect

The amendment is estimated to reduce fiscal year budget receipts by $5 million in 1982, $6 million in 1983, $6 million in 1984. $7 million in 1985, and $8 million in 1986.

9. Certain State judicial retirement plans

(SEC. 109 of the amendment and sec. 457 (e) of the Code):

Present Law

Under present law (Code sec. 457(a)), employees of a State or local government are permitted to defer compensation under an eligible State deferred compensation plan if the deferral does not exceed prescribed annual limits (generally the lesser of $7,500 or 33⅓ percent of includible compensation). Amounts of compensation deferred by a participant in an eligible plan, plus any income attributable to the investment of such deferred amounts, are includible in the income of the participant or the participant's beneficiary only when paid or otherwise made available under the plan. These rules also apply to the employees of a rural electric cooperative.

If a deferred compensation plan fails to meet the requirements of an eligible plan, then all compensation deferred under the plan is includible currently in income by the participants unless the amounts deferred are subject to a substantial risk of forfeiture (sec. 457(e)). If amounts deferred are subject to a substantial risk of forfeiture, then they are includable in the gross income of participants or beneficiaries in the first taxable year in which there is no substantial risk of forfeiture.

This rule for the tax treatment of participants in an ineligible plan does not apply, however, if the tax treatment of a plan participant is governed by tax rules for the plan that are set forth elsewhere in the Internal Revenue Code. For example, the rule does not apply if the ineligible plan is a tax-qualified pension plan (sec. 401(a)), a tax-sheltered annuity program (sec. 403(b)), or includes a trust forming a part of a nonqualified pension plan (sec. 402(b)).

Reasons for Change

Present law provides an annual limit on the amount of compensation which a participant can elect to defer under eligible plans which provide a retirement benefit equal to the accumulated deferrals and earnings. The committee believes it is inappropriate to apply these annual deferrals limits to State judicial retirement plans which specify a retirement benefit which does not depend on the amount of the participant's accumulated deferrals.

Explanation of Provision

Under the committee amendment, participants in a qualified State judicial plan will not be subject to the rule requiring participants in an ineligible plan to include plan benefits in gross income merely because there is no substantial risk that the benefits will be forfeited.

A State's retirement plan for the exclusive benefit of its elected or appointed judges or their beneficiaries will be a qualified State judicial plan if (1) the plan has been continuously in existence since December 31, 1978, (2) all judges eligible to benefit under the plan are required to participate and to contribute the same fixed percentage of their basic or regular rate of compensation, and (3) a judge's retirement benefit under the plan is a percentage of the compensation of judges of the State holding similar positions. Under the provision, a judge employed by a political subdivision of a State is considered to be a judge of the State.

In addition, the plan may not pay benefits with respect to a participant which exceed the limitations on benefits permitted under tax-qualified plans, and may not provide an option to plan participants as to contributions (deferrals) or benefits the exercise of which would affect the amount of the participant's currently includible compensation. Further, a State's judicial retirement plan will not be a qualified State judicial plan if judges participating in the plan are also eligible to participate, on the basis of their judicial service, in any eligible State or local deferred compensation plan.

Effective Date

The amendment applies to taxable years beginning after December 31, 1978.

Revenue Effect

The amendment is estimated to have a negligible effect on budget receipts.

B. ESTATE TAX PROVISIONS

1. Declaratory judgment for current use valuation (sec. 201 of the amendment and new sec. 7479 of the Code)

Present Law

If certain requirements are met, present law allows family farms and real property used in a closely held business to be included in a decedent's estate at the real property's current use value, rather than its full fair market value, provided that the gross estate may not be reduced by more than a specified amount (Code sec. 2032A).

If, within 10 years of the decedent's death, the property is disposed of to nonfamily members or ceases to be used for the farming or other closely held business purposes on which its value was based in the decedent's estate, all or a portion of the Federal estate tax benefits obtained by virtue of the reduced valuation are recaptured by means of a special "additional estate tax" imposed on the qualified heir. A special lien is imposed on the real property for the amount of the additional estate tax.

To compute the amount of the reduction in estate tax value from current use valuation and the maximum amount of the potential "additional estate tax," and to determine the amount of the special estate tax lien required where an estate elects current use valuation, both the current use value and the fair market value of the qualified property must be established as of the date of death. Since the issue of the fair market value of specially valued property may not affect any presently assessable amount of tax if it is the only unresolved issue in an estate, there is no opportunity for judicial review of the issue under present law unless the use valuation election is entirely disallowed.

Reasons for Change

The committee believes that judicial review of Treasury Department determinations of the fair market value of qualified property should be available without the use of valuation election being entirely disallowed.

Explanation of Provision

In general, the committee amendment provides for Tax Court review of Treasury Department determinations of the fair market value of specially valued property. The amendment permits an executor to request the Treasury Department to audit the fair market value of the specially valued property and thereby finally determine that value for all purposes. The amendment further provides that the Treasury can initiate such audits without the executor's request.

If the Treasury Department determines the fair market value of the specially valued property is different from that value as reported by the executor (either pursuant to an audit requested by the executor or an audit initiated by the Treasury), a notice of the Treasury's determination is to be sent to the executor by registered or certified mail. If the executor and the Treasury agree on the fair market value after the notice is sent, that value is binding on all parties in future actions. If the executor does not agree with the Treasury Department's determination, the executor has ninety days from the date on which notice of the Treasury's determination is sent to petition the Tax Court to review the fair market value of the property. A decision of the Tax Court is binding on all parties in future actions in which the fair market value of the specially valued property on the date of the decedent's death is at issue. The decision of the Tax Court is reviewable in the same manner as other decisions of that court. In cases where the determination is requested by the executor and the executor fails to petition the Tax Court within the ninety-day period, the value as determined by the Treasury Department is binding on all parties in any future actions where that value is an issue.

Because the fair market value of the specially valued property determines the maximum amount of the recapture tax for which a qualified heir is personally liable, the heir is granted a right to intervene in any action before the Tax Court brought by an executor.

In cases where the executor does not request the Treasury Department to determine the fair market value of specially valued property, if (1) the Treasury does not determine that the fair market value of the property is different from that value as reported by the executor on the decedent's estate tax return, within the period of limitations for assessment of estate tax or (2) the executor fails to agree to the value as determined by the Treasury Department or to petition the Tax Court within the time provided, the value as reported by the executor is not binding on the executor, the qualified heirs, or the Treasury Department in any future actions involving any matters arising under the use valuation provision, the special lien un-

der section 6324B, or with respect to the qualified heir's income tax basis in the specially valued property. If, however, the executor requests a Treasury Department determination of the fair market value of specially valued property and the Treasury fails to make that determination, that value as shown on the decedent's estate tax return is binding on all parties in any future actions in which it is an issue.

Effective Date

The amendment is effective for estates of decedents dying after December 31, 1981.

2. Declaratory judgment for installment payment of estate taxes

(Sec. 202 of the amendment and new sec. 7480 of the Code):

Present Law

For estates of decedents dying after December 31, 1981, section 422 of the Economic Recovery Tax Act of 1981 ("ERTA") combined the provisions of sections 6166 and 6166A which permit installment payment of estate tax attributable to interests in closely held businesses. New section 6166 is available to all estates in which the value of an interest in a closely held business exceeds 35 percent of the adjusted gross estate. If the estate qualifies, estate taxes attributable to interests in closely held businesses can be deferred for up to 14 years (annual interest payments for four years, followed by up to ten annual installments of principal and interest). A special four-percent interest rate applies to tax on the first $1 million of value of an interest in a closely held business (sec. 6601(j)).

Because the decision of the Treasury Department to deny an election to pay all or a portion of the estate tax atributable to interests in closely held businesses or a decision to accelerate the remaining unpaid tax involves a dispute as to the timing of estate tax payments rather than the amount of tax, no deficiency is involved and, therefore, the decision is not subject to judicial review.

Reasons for Change

Under present law, the decision of the Treasury Department to deny an election to pay all or a portion of the estate tax attributable to closely held businesses generally is not subject to judicial review because no deficiency is involved. The committee believes that taxpayers should be provided with a judicial forum to resolve disputes involving an estate's eligibility for the deferral of estate tax attributable to interests in closely held businesses.

Explanation of Provision

The committee amendment provides a procedure for obtaining a declaratory judgment with respect to (1) the extent of an estate's eligibility for installment payment of estate taxes attributable to interests in closely held businesses under section 6166, and (2) whether there is an acceleration of unpaid installments. Under this provision, for example, the Tax Court can determine whether the proprietorship, partnership, or corporation, all or part of the value of which is included in the decedent's estate, is carrying on a trade or business within the meaning of the installment payment provision.

Because this declaratory judgment procedure only applies where there is an actual controversy, no declaratory judgment will be available prior to decedent's death (with respect to eligibility for the installment payment provision) or prior to a transaction involving dispositions or withdrawals of an interest in a closely held business (with respect to whether there is an acceleration). Jurisdiction to issue a declaratory judgment is limited to the United States Tax Court and the determination of that court is final and conclusive and is not reviewable by any other court.

This remedy is available only if the petitioner (i.e., the executor of the decedent's estate) has exhausted all available administrative remedies within the Treasury Department. Thus, the executor must demonstrate that the Internal Revenue Service has acted adversely to the decedent's estate, and that he has appealed any adverse determination by a district office to the appeals division of the Internal Revenue Service, or has obtained through the District Director technical advice of the National Office. To exhaust his administrative remedies, a party must satisfy all procedural requirements of the Service.

In addition, no petition to the Tax Court may be filed after 90 days from the date on which the Secretary or his delegate sends notice to the executor of his determination as to the estate's eligibility for the installment payment provision or the occurrence of an accelerating event.

Effective Date

In the case of controversies concerning an estate's eligibility for installment payment of estate tax, the amendment applies to estates of decedents dying after December 31, 1981. In the case of controversies concerning acceleration of unpaid tax, the amendment applies to transactions occurring after December 31, 1981, as they relate to section 6166 as amended by ERTA, sections 6166 or 6166A as they existed before ERTA, or section 6166 as it existed prior to the Tax Reform Act of 1976.

3. Change to section 6156 "Second Death" provision

(Sec. 203 of the amendment and sec. 6166 of the Code):

Present Law

For estates of decedents dying after December 31, 1981, section 422 of the Economic Recovery Tax Act of 1981 ("ERTA") combined the provisions of sections 6166 and 6166A which permit installment payment of estate tax attributable to interests in closely held businesses. New section 6166 is available to all estates in which the value of an interest in a closely held business exceeds 35 percent of the adjusted gross estates. If the estate qualifies, estate taxes attributable to the interest in closely held businesses can be paid in installments over up to 14 years (annual interest payments for four years, followed by up to ten annual installments of principal and interest). A special four-percent interest rate applies to tax on the first $1 million of value of an interest in a closely held business (sec. 6601(j)).

Under section 6166, the remaining unpaid tax balance is accelerated if there is a disposition of a specified fraction of the value of a decedent's interest in the business. For purposes of the acceleration rules, the transfer of the decedent's interest in a closely held business from his estate to his heirs is not considered a disposition. This exception applies whether or not the interest passes to family members.

With respect to transfers made after December 31, 1981, ERTA provided that the transfer of an interest in a closely held business from an heir (or subsequent transferee) at his death to a family member (within the meaning of sec. 267(c)(4)) of the heir (or subsequent transferee) will not be considered a disposition.

Reasons for Change

The committee believes that the acceleration rules should not apply because of the death of an heir regardless of whether the heir's legatees are family members.

Explanation of Provision

The committee amendment further expands the exception from the acceleration rules for subsequent transfers caused by the death of an heir or subsequent transferee by eliminating the requirement that the interest in a closely held business pass to a family member of the heir or subsequent transferee. In addition, the amendment applies the rule to estate taxes deferred under sections 6166 and 6166A as those sections existed prior to their amendment by ERTA, and section 6166 as that section existed prior to its amendment by the Tax Reform Act of 1976. Thus, under the amendment, a transfer of an interest in a closely held business caused by the death of the heir (or subsequent transferee) does not result in acceleration of the unpaid tax.

Effective Date

The amendment is effective for transfers occurring after December 31, 1981.

Revenue Effect

The three estate tax provisions described above (sec. 201–203 of the amendment) are estimated to reduce budget receipts by less than $5 million annually.

C. ADMINISTRATIVE PROVISIONS

Awarding of reasonable litigation costs to taxpayer

(SEC. 301 of the amendment and new sec. 7430 and sec. 6673 of the Code):

Present Law

The Civil Rights Attorney's Fees Awards Act of 1976

The Civil Rights Attorney's Fees Awards Act of 1976 (42 U.S.C. sec. 1988) provides, in part, that in any civil action or proceeding brought by or on behalf of the United States to enforce, or charging a violation of, a provision of the Internal Revenue Code, the court in its discretion may allow the prevailing party, other than the United States, reasonable attorney's fees as part of the costs. This provision has limited applicability to tax litigation and results in very few fee awards, because the provision is limited to actions brought by or on behalf of the Federal Government (that is, to cases in which the taxpayer is the defendant). Most civil tax litigation is initiated by the taxpayer who brings suit against the Government. In the United States Tax Court, the taxpayer is the petitioner in a deficiency proceeding. In the Federal district courts and the U.S. Court of Claims, the taxpayer is the plaintiff suing the Government for a refund.

The Equal Access to Justice Act

In 1980, as part of Public Law 96–481, the Congress enacted the Equal Access to Justice Act (28 U.S.C. sec. 2412) which, in part, authorizes awards to a prevailing party, other than the United States, of fees and other expenses incurred by that party in any civil action (other than tort cases) brought by or against the United States in any court having jurisdiction of that action, unless the court finds that the position of the United States was substantially justified or that special circumstances make an award unjust. This provision applies, specifically, to cases in Federal district courts and the United States Court of Claims. However, the provision is not applicable to cases in the United States Tax Court.[1]

Because this provision applies to cases in which taxpayers are plaintiffs, and not merely to cases brought by the Government, it creates a greater potential for fee awards in tax cases than does the Civil Rights Attorney's Fees Awards Act of 1976. The provision became effective on October 1, 1981, and will continue to apply through final disposition of any action commenced before October 1, 1984. The provision repealed the applicability

[1] This is because the Equal Access to Justice Act is contained in Title 28 of the United States Code, which deals with courts created under Article III of the United States Constitution. The United States Tax Court was established under Article I of the United States Constitution.

of the Civil Rights Attorney's Fee Awards Act of 1976 to tax litigation.

Under the Equal Access to Justice Act, fees and other expenses that may be awarded to a prevailing party include the reasonable expenses of expert witnesses, the reasonable cost of any study, analysis, engineering report, test, or project which is found by the court to be necessary for the preparation of the party's case, and reasonable attorney's fees. In general, no expert witness may be compensated at a rate that exceeds the highest rate of compensation for export witnesses paid by the United States. Attorneys' fees in excess of $75 per hour may not be awarded unless the court determines that a higher fee is justified.

In general, fees and expenses may be awarded under the Act only to individuals, corporations, and sole owners of businesses satisfying limitations on their net worth and their number of employees.

Damages assessable for instituting proceedings before the Tax Court merely for delay

Under present law, if it appears to the Tax Court that proceedings before it have been instituted by a taxpayer merely for delay, then the court may award damages to the United States. Such damages may not exceed $500.

Reasons for Changes

The committee believes that taxpayers who prevail in civil tax actions should be entitled to awards for litigation costs and attorneys' fees up to $25,000 when the United States has acted unreasonably in pursuing the case. Fee awards in such tax cases will deter abusive actions or overreaching by the Internal Revenue Service and will enable individual taxpayers to vindicate their rights regardless of their economic circumstances.

Moreover, the committee is concerned because the Equal Access to Justice Act, which provides for litigation costs awards in tax cases brought in the Federal district courts and the U.S. Court of Claims, does not apply to proceedings in the U.S. Tax Court. Since most tax litigation occurs in the U.S. Tax Court, few taxpayers could obtain fee awards under that statute. In addition, the availability of awards in some courts but not in others encourages a taxpayer to choose the forum in which to pursue litigation based on whether awards of litigation costs are available. Furthermore, the committee believes that one set of rules should apply to awards of litigation costs in tax cases whether the action is brought in a U.S. district court, the Court of Claims, or the U.S. Tax Court.

Finally, the committee is concerned with the ever-increasing caseload of the Tax Court and the impact that this legislation may have on that caseload. Thus, the committee decided to limit the awarding of litigation costs to only those cases in which the government has acted unreasonably. This will reduce any incentive to avoid settlement and pursue litigation in the hope of winning an award of litigation costs. In addition, the committee decided to increase the damages, i.e., penalty, that may be assessed against a taxpayer when proceedings are instituted for delay, and to expand the circumstances under which the Tax Court may assess those damages.

Explanation of Provision

In General

The committee amendment generally provides that taxpayers who prevail in civil tax actions in which the position of the United States was unreasonable may be awarded reasonable litigation costs (including attorney's fees) up to a cap of $25,000. An award of reasonable litigation costs to the prevailing party in a civil tax action is discretionary with the court hearing the case.

Litigation costs may be awarded in civil actions or proceedings brought by or against the United States (or any agency, officer, or employee of the United States acting in his or her official capacity) in any United States court,[1] including the Tax Court, in connection with the determination, collection, or refund of any tax, interest, or penalty. Civil actions and proceedings include proceedings to enforce a summons, jeopardy assessments, wrongful levies, and interpleaders.

Thus, parties who are plaintiffs or defendants in suits in connection with the determination, collection, or refund of any tax, interest, or penalty imposed by the Internal Revenue Code may be eligible for these awards. However, under the amendment, no award can be made to the United States or to any creditor of the taxpayer. Thus, for example, awards would not be made to creditors of a taxpayer in interpleaders, wrongful levy actions, and lien priority cases.

Under the amendment, the determination of whether the position of the United States was unreasonable is to be made by the court or by agreement of the parties. While the House bill on awards of litigation costs in tax cuts implies that the taxpayer must go forward with evidence of unreasonableness, the committee has explicitly placed the burden of establishing the unreasonableness of the position of the United States on the taxpayer. The committee intends that the determination by the courts on this issue is to be made on the basis of the facts and legal precedents relating to the case as revealed in the record.

Other factors the committee believes might be taken into account in making this determination include (1) whether the government used the costs and expenses of litigation against its position to extract concessions from the taxpayer that were not justified under the circumstances of the case, (2) whether the government pursued the litigation against the taxpayer for purposes of harassment or embarrassment, or out of political motivation, and (3) such other factors as the court finds relevant. Generally, the pursuit of litigation by the government to establish a conflict among the United States Circuit Courts of Appeals would not be unreasonable.

The committee expects the courts to develop procedures or take action, by court rule or otherwise, concerning the time and manner in which taxpayers' claims for awards of litigation costs are to be made. These procedures would prevent the introduction of evidence on the question of litigation costs until after completion of the trial on the substantive tax issues. In such cases, the court may direct the parties to make further submissions to the court, setting forth the details upon which the claims for litigation costs are based, either before or after the court renders its decision in the case. If such submissions are not made or merely restate a claim based on general allegations, such claim may be dismissed without necessity of any further action.

The amount that may be awarded for litigation costs in any proceeding may not exceed $25,000. This limitation applies regardless of the number of parties to the proceeding or the number of tax years at issue. The amendment provides that actions which could have been joined or consolidated are to be treated as one action for purposes of awarding litigation costs. The committee intends that the courts will reduce the amount of any award, if the taxpayer (and other parties) pursues multiple actions when a single action could have been pursued to decide the controversy. This reduction should be made without regard to the motivation for pursuing mutliple actions.

Under the amendment, the new Code provision for awards of litigation costs is the exclusive provision for such awards (other than certain costs described in 28 U.S.C. sec. 1920) in any civil action or proceeding to which this new provision applies. Thus, taxpayers eligible for an award of litigation costs in tax actions must seek an award under new Code section 7430 and will be denied awards under the Equal Access to Justice Act (P.L. 96-481).[2]

Limitations

(a) Exhaustion of administrative remedies

The amendment provides that no award of reasonable litigation costs shall be made unless the court determines that the prevailing party has exhausted the administrative remedies available within the Internal Revenue Service. This provision of the amendment is intended to preserve the role that the administrative appeals process plays in the resolution of tax disputes by requiring taxpayers to pursue such remedies prior to litigation. A taxpayer who actively participates in and discloses all relevant information during the administrative stages of the case will be considered to have exhausted the available administration remedies. Failure to so participate and disclose information may be sufficient grounds for determining that the taxpayer has not exhausted administrative remedies and, therefore, is ineligible for an award of litigation costs. This rule will prevent taxpayers from recovering litigation costs when the litigation might have been avoided or reduced in scope through use of administrative remedies.

The committee recognizes that the exhaustion of remedies requirement may be inappropriate in some cases. For example, if a notice of deficiency is issued to a taxpayer in connection with an issue which the Internal Revenue Service has identified as one which it will litigate in all cases, then it would be inappropriate to require an administrative appeal. Therefore, taxpayers are required to exhaust available administrative remedies unless the court determines that, under the circumstances of the case, such requirement is unnecessary.

(b) Costs allocable to the United States

The amendment allows awards of reasonable litigation costs up to $25,000 only to the extent the costs are allocable to the United States and not to any other party to the action or proceeding.

(c) Excluded actions

No award for costs may be made with respect to declaratory judgment proceedings except for a proceeding involving the revocation of the determination that an organization is tax-exempt under section 501(c)(3). The excluded actions in which no awards for costs may be made include:

(1) declaratory judgments with respect to the status and classification of organizations as tax-exempt organizations, qualified charitable donees, private foundations, or private operating foundations (unless the action or proceeding involves the revocation of the determination as to the tax-exempt status of a charitable organization);

(2) declaratory judgments with respect to the initial or continuing qualification of certain retirement plans;

(3) declaratory judgments with respect to whether a transfer of property from a United States person to a foreign corporation has the avoidance of Federal income taxes as one of its principal purposes; and

(4) declaratory judgments with respect to the status of certain governmental obligations for purposes of the income tax exclusion for interest under section 103(a).

Reasonable litigation costs

The amendment provides that reasonable litigation costs include (1) court costs, such as docket fees, fees of the court reporter, and fees for printing, (2) the reasonable expenses of expert witnesses in connection with

[1] A United States court is any court described in 28 U.S.C. § 451 or the Tax Court.

[2] The bill does not affect the recovery under section 2412(a) of Title 28 of the court costs enumerated in 28 U.S.C. 1920, as in effect on October 1, 1981.

the civil proceeding, (3) the reasonable cost of any study, analysis, engineering report, test, or project which is found by the court to be necessary for the preparation of the party's case, and (4) reasonable fees paid or incurred for the services of attorneys in connection with the civil proceeding. In the case of Tax Court proceedings, fees for the services of an individual (whether or not an attorney) who is authorized to practice before the Tax Court are to be treated as fees for the services of an attorney.

Recoverable litigation costs include only the reasonable amount of costs which are incurred in the litigation of a civil tax action or proceeding. For example, the reasonable amount of fees incurred by a taxpayer for an accountant's study or analysis which is found by the court to be necessary for the preparation of the taxpayer's case is recoverable under an award of litigation costs. Also, the reasonable amount of fees paid by an attorney to another professional for services rendered in connection with the tax litigation may be recoverable. The committee intends that the costs of preparing and filing the petition or complaint which commences a civil tax action be the first of any recoverable attorney's fees. Fees paid or incurred for the services of an attorney during the administrative stages of the case could not be recovered under an award of litigation costs.

Reasonable litigation costs include only those costs incurred by the taxpayer or the taxpayer's representative. Thus, costs incurred by a creditor of the taxpayer or a party to a transaction that gives rise to the substantive tax issue could not be awarded. However, the committee does not expect the court to examine the particular payment arrangement between a taxpayer and his attorneys. Thus, if an attorney is employed on behalf of the taxpayer by a third party such as a 501(c)(3) organization, that attorney's fees may be recovered by the taxpayer even though the organization initially incurred the expense of retaining the counsel.

The determination of what constitutes a reasonable amount for the expenses, costs, and fees actually incurred by a taxpayer in a civil tax action is to be made by the court hearing the action. The court's determination of the amount of reasonable litigation costs may be made on the basis of detailed affidavits submitted to the court, which state the actual time expended and the rate at which fees and other costs and expenses were computed, without a separate evidentiary hearing on the issue of costs. However, the court, in making its determination as to the reasonable amount of such expenses, costs, and fees, may consider any party's failure to comply with the court's rules requiring stipulation of all facts which fairly should not be in dispute. This consideration is relevant because the committee does not intend to permit awards for litigation costs which the taxpayer could have reduced or avoided through full disclosure of all relevant facts.

Prevailing Party

A taxpayer must be the prevailing party in a civil tax proceeding in order to receive an award of litigation costs. The amendment provides that a prevailing party is a party (other than the United States or any creditor of the taxpayer involved) which (1) has substantially prevailed with respect to the amount in controversy, or (2) has substantially prevailed with respect to the most significant issue, or set of issues, presented. Thus, for example, individuals, estates, trusts, corporations, and section 501(c)(3) organizations may be awarded litigation costs. Generally, the provision on the amount in controversy will be determinative; however, tax litigation often involves multiple issues cases. In such cases one issue may involve a smaller dollar amount than the other issue or issues but may be the most significant issue for the government or for the taxpayer. This may occur because of the importance of the issue in other transactions or future years. To accommodate this possibility, the amendment provides that a prevailing party may be one that prevails on such an issue.

Appeals procedure

An order granting or denying an award of litigation costs, in whole or in part, is to be incorporated as part of the decision or judgment in the case. The committee intends that the order granting or denying an award be appealable in the same manner, and to the same extent, as the decision or judgment in the case. Therefore, when a taxpayer prevails on the merits of the case but is denied an award of litigation costs, the order denying such costs is not separately appealable. The committee expects that when a case is appealed the appellate court will not substitute its judgment for that of the trial court as to the reasonableness of the amount of the award unless the decision of the trial court is clearly erroneous. Also, when a taxpayer loses in the trial court and obtains a reversal of that decision in the appellate court, the appellate court would not normally award attorney's fees to the taxpayer since the trial court, by definition, had found the government's position to be reasonable.

Increase in penalty for instituting proceedings for delay, etc.

The amendment also provides that if it appears to the Tax Court that proceedings have been instituted or maintained by a taxpayer primarily for delay or that the taxpayer's position in proceedings before the Tax Court is frivolous or groundless, then damages, i.e., a penalty, may be awarded to the United States in an amount not in excess of $2,500.[3]

Effective Date and Termination

The provisions of the amendment apply to civil tax actions or proceedings in United States courts (including the U.S. Tax Court) commenced after May 31, 1982. The provisions of the amendment are the exclusive provisions under which taxpayers in civil tax cases commenced in United States courts after May 31, 1982 may seek an award of litigation costs (other than certain costs described in 28 U.S.C. sec. 1920).

The litigation costs provisions of the amendment will not apply to any proceeding commenced after May 31, 1987. However, the provisions will apply through final disposition of any action or proceeding commenced before June 1, 1987.

Revenue Effect

The amendment is estimated to increase budget outlays by less than $5 million annually.

2. Tax Court judges' survivors annuities Tax Court procedural rules

(Secs. 302 and 303 of the amendment and secs. 7448, 7463(a), 7459(b), 7447(b), and 7456(c)):

Present Law

Annuities for survivors of Tax Court judges

Present law provides that, at the election of a judge of the United States Tax Court, three percent of the judge's salary is withheld and credited to the "Tax Court judges survivors annuity fund." If a judge electing coverage under the survivors annuity fund dies while a judge and after completing at least five years of service for which salary was withheld for the fund (or for which salary was withheld under the civil service retirement laws), a surviving spouse or surviving dependent child is entitled to an annuity from the fund. If the surviving spouse has not attained age 50 at the date of the judge's death, the annuity commences when the surviving spouse attains age 50. The annuity payable to a surviving spouse terminates upon the spouse's remarriage or death. The annuity payable to a child generally terminates when the child attains age 18.

The annuity payable to a surviving spouse of a judge is equal to a stated percentage (generally 1¼ percent) of the average annual salary (whether judge's salary or compensation for other allowable Federal service) for the five consecutive years for which the judge received the largest average annual salary, multiplied by the sum of the judge's years of judicial or other allowable Federal service. However, the annuity for the surviving spouse cannot exceed 37½ percent of such average annual salary. The amount of the annuity payable to a surviving dependent is based upon the annuity payable to a surviving spouse (subject to certain dollar limits).

Certain Tax Court procedural rules

Under present law, the Chief Judge of the Tax Court may assign "small tax cases" (i.e., certain cases in which the deficiency is not more than $5,000) and certain declaratory judgment action to commissioners (special trial judges) for hearing and decision. Special procedural rules apply to small tax cases. Present law also requires a judge of the Tax Court to report in writing the Court's findings of fact and opinion.

Reasons for Change

The committee believes that annuities payable to survivors of judges of the Tax Court should be increased to be substantially equal to annuities for survivors of other Federal judges. The committee also believes that certain procedural rules for the Tax Court should be revised to promote the efficient operation of the Court.

Explanation of Provision

Annuities for survivors of Tax Court judges

The committee amendment generally increases the amount of an annuity payable from the Tax Court judges survivors annuity fund by (1) basing such amount upon the judge's average annual salary for the three (rather than five) consecutive years for which the judges received the largest average annual salary, and (2) increasing the maximum annuity for a surviving spouse from 37½ percent to 40 percent of the judge's average annual salary. The amount of an annuity first payable to a surviving dependent child upon the death of a judge remains subject to the present-law dollar limit.

The amendment also adjusts an annuity payable to a surviving spouse or a surviving dependent of a Tax Court judge for cost-of-living increases by increasing the amount of the annuity when the salary of judges of the Tax Court is increased. The amendment affects each annuity payable from the survivors annuity fund which is based in whole or in part upon a deceased judge having rendered some portion of his or her final 18 months of service as a judge of the Tax Court. Under the amendment, each such annuity is increased by three percent for each five percent increase in the salary of judges of the Tax Court. If the salary increase is less than five percent, the increase is disregarded in computing current and future survivor annuities.

The amendment includes a catch-up provision for survivor annuities in pay status on the date of enactment. Under this provision, such an annuity would be immediatey increased to reflect increases in the salary of judges of the Tax Court after December 31, 1963.

Certain Tax Court Procedural Rules

The amendment provides that commissions (special trial judges) may hear and

[3] Under Rule 38 of the Federal Rules of Appellate Procedure, the courts of appeal may award, "just damages and single or double costs to the appellee" if the appeal is determined to be frivolous.

decide regular cases (i.e., cases that are not small tax cases) if the deficiency is not more than $5,000. In addition, subject to the $5,000 limitation, small tax cases are expanded to include cases involving the excise tax on excess contributions to individual retirement accounts, the excise taxes relating to public charities, private foundations, qualified pension, etc. plans and real estate investment trusts, and the crude oil windfall profit tax. The amendment also provides that judges of the Tax Court may, in appropriate cases, orally state, and record in the transcript of the proceedings, their findings of fact or opinion on the issues presented.

Under the amendment, a retired judge of the Tax Court will be known and designated as a Senior Judge.

Effective Date

Annuities for Survivors of Tax Court Judges

The annuity provisions of the amendment generally apply with respect to annuities payable to survivors of judges of the Tax Court dying after the date of enactment. Except as described in the catch-up provision for survivor annuities in pay status, the provision relating to cost-of-living increases applies with respect to salary increases taking effect after the date of enactment.

Tax Court Procedural Rules

The provisions of the amendment amending Code section 7463(a) apply with respect to Tax Court proceedings commenced after the date of enactment of the amendment. The other provisions of the amendment relating to Tax Court procedural rules will be effective on enactment of the amendment.

Revenue Effect

The provisions of the amendment relating to annuities for survivors of judges of the Tax Court are estimated to increase budget outlays by less than $50,000 annually.

3. Time for furnishing forms W–2 to terminated employees

(Sec. 304 of the amendment and sec. 6051 of the Code):

Present Law

Under present law, every employer who pays wages from which Federal income tax or FICA (Social Security) tax must be withheld is required to furnish each employee a statement (Form W–2) which sets forth: the names of the employer and employee; the amount of wages subject to income tax withholding and the amount withheld; and the amount of FICA wages and FICA tax withheld. In the case of most employees, W–2 Forms for the calendar year must be furnished no later than January 31 of the following year. However, if an employee terminates employment prior to the close of the calendar year, that employee must be furnished with a Form W–2 on the day on which his or her last salary payment is received.

Treasury Regulations provide that the employer may furnish a Form W–2 to an employee whose employment terminates prior to the close of the calendar year at any time after the termination but no later than January 31 of the following year. However, if an employee who terminates employment prior to the close of the calendar year requests earlier receipt of a Form W–2, and if there is no reasonable expectation on the part of the employer and employee of further employment during the calendar year, then the employee must be given a Form W–2 on or before the later of the 30th day after the request or the 30th day after the last salary payment (Treas. Reg. § 31.601–1(d)(1)).

Reasons for change

The committee believes that the present law requirement that a terminating employee be provided a Form W–2 on the date of his or her last salary payment may be unduly burdensome to many small employers. Moreover, the committee feels that this requirement serves no useful purpose in many circumstances. For example, many employees who terminate with one employer often begin work with another employer prior to the close of the calendar year. Since this category of individuals must wait until they receive W–2's from subsequent employment before they can file tax returns, it would not seem necessary to require the former employers to provide W–2's with the last salary payment. Furthermore, it has come to the committee's attention that some individuals in this category are likely to misplace W–2's they have received from a former employer during the year. This imposes additional expense on the employer who then must issue duplicate W–2 Forms.

Because of these concerns, the committee has decided that the general approach of the recently revised Treasury regulations should be codified. Under this general approach, employees who terminate employment during the calendar year would be provided with Forms W–2 at the same time as all other employees. However, a terminating employee would be given the option to receive his or her Form W–2 at an earlier date.

Explanation of Provision

Under the committee amendment, the employer of an employee who terminates employment prior to the close of the calendar year will be required to furnish the employee with a Form W–2 no later than January 31 of the following year (the same time all other employees must be provided a W–2), unless the employee requests early receipt. If a terminating employee makes a written request for early receipt of a Form W–2, then the employer will be required to furnish the employee with a W–2 no later than 30 days after the receipt of the written request (rather than with the last salary payment).

Effective Date

The amendment will apply to employees whose employment is terminated after the date of enactment of the amendment.

Revenue Effect

The amendment will not have any effect on budget receipts.

4. Withholding of State income tax from seamen's wages on a voluntary basis (Sec. 305 of the amendment and sec. 601 of 46 U.S.C.):

Present Law

Under present law, employers must deduct and withhold Federal income and social security taxes from wages paid to employees (Code secs. 3402 and 3102). In general, employers are permitted (and may be required by State law) to deduct and withhold State income taxes. However, present law prohibits withholding from wages of a seaman or fisherman of any amounts for taxes imposed by a State, including a territory, possession, commonwealth, or a subdivision thereof (46 U.S. Code sec. 601).

This prohibition prevents several States from requiring withholding on the wages of a seaman or fisherman, as could happen if the vessel on which the seaman or fisherman is employed regularly operates between ports in those States. The prohibition also applies in the case of seamen and fishermen employed on vessels operating exclusively between ports of the same State. It is not clear under present law whether this prohibition extends to withholding that is voluntary as well as to that which is mandated by State income tax laws.

Reasons for Change

The committee believes that State income tax withholding is a convenient way in which to discharge State income tax liability and that it should be encouraged where it makes sense. Seamen who are employed in the coastwise trade between ports of the same State are basically the same as other types of employees who perform services within a single State. Thus, the committee decided that those seamen should be given the option to have Sate income tax withheld from their wages.

Explanation of Provision

The committee amendment provides that a seaman or fisherman employed in the coastwise trade between ports of the same State may enter into a voluntary agreement with employers for withholding from wages of amounts as State income taxes.

Effective Date

The amendment will be effective on enactment.

Revenue Effect

The amendment will not have any effect on budget receipts.

D. MISCELLANEOUS PROVISIONS

1. Additional refunds relating to repeal of the excise tax on buses

(Sec. 401 of the amendment and sec. 231(c)(2) of the Energy Tax Act of 1978):

Present Law

Before enactment of the Energy Tax Act of 1978, a 10-percent manufacturers excise tax was imposed on buses sold by a manufacturer, a producer, or an importer. The Energy Tax Act repealed that manufacturers excise tax on buses sold after November 9, 1978.

The Energy Tax Act also contained provisions which effectively allowed, under certain conditions, exemption from the excise tax for buses sold to ultimate purchasers after April 19, 1977, and before November 10, 1978. Under these provisions, a manufacturer, a producer, or an importer was allowed a credit or refund (without interest) for the tax paid on a bus if—

(1) the manufacturer, etc., possessed evidence of sale to the ultimate purchaser and of reimbursement of tax to that purchaser;

(2) the manufacturer, etc., filed a claim for credit or refund with the Secretary of the Treasury before September 5, 1979; and

(3) the manufacturer, etc., reimbursed the ultimate purchaser for the tax paid on qualified sales of buses before September 5, 1979.

Reasons for Change

In enacting the Energy Tax Act of 1978, the Congress sought to encourage the use of energy efficient transportation through repeal of the manufacturers excise tax on buses. In effect, this repeal was to apply to all sales of buses made to ultimate purchasers on or after April 20, 1977, the date on which the repeal was proposed.

The committee is aware, however, that at least one importer who otherwise complied with the requirements for refund of excise tax paid on buses sold between April 20, 1977, and November 9, 1978, was financially unable to refund the excise tax to the ultimate purchasers in advance of receipt of a refund from the Treasury Department. As a result, the ultimate purchasers of buses from that importer were deprived of their refunds of the excise tax. The committee believes these refunds should be made to a manufacturer, etc., provided that the ultimate purchasers of the buses actually receive the refunded amounts.

Explanation of Provision

In general, the committee amendment changes section 231(c) of the Energy Tax Act of 1978 to broaden the conditions under which a manufacturer, a producer, or an importer is eligible for a credit or refund of the manufacturers excise tax paid on buses that were sold to ultimate purchasers after April 19, 1977, and before November 10, 1978. Under the amendment, the date before which the ultimate purchasers must have been reimbursed is extended from September 5, 1979, to January 1, 1983. The amendment does not, however, change the requirement of present law that a manufacturer, etc. have filed a

claim for credit or refund with the Secretary of the Treasury before September 5, 1979.

In addition, the amendment relaxes the present law requirement that the manufacturer, etc. possess evidence of reimbursement of the tax to the ultimate purchaser. Under the amendment, the manufacturer, etc. may make reimbursement at the same time it receives the refund. Such simultaneous reimbursement must occur under an arrangement, such as an escrow, satisfactory to the Secretary of the Treasury.

Effective Date

The amendment will be effective on the date of enactment of the amendment.

Revenue Effect

The amendment is estimated to reduce budget receipts by less than $1 million for fiscal years 1982 and 1983.

2. One-year extension of existing one-year FUTA tax exemption for certain fishermen

(Sec. 402 of the amendment and sec. 3306 (c) of the Code):

Present Law

Services performed by members of the crew on boats engaged in catching fish or other forms of aquatic animal life are exempt from the tax imposed by the Federal Insurance Contributions Act (FICA) if their remuneration is a share of the boat's catch (or cash proceeds from the sale of a share of the catch) and if the crew of such boat normally is made up of fewer than ten individuals (sec. 3121(b)(20)). In the case of an operation involving more than one boat, the exemption applies if the remuneration is a share of the entire fleet's catch or its proceeds, and if the operating crew of each boat in the fleet normally is made up of fewer than ten individuals.

In addition, the remuneration received by those fishing boat crew members whose services are exempt for purposes of FICA is not considered to be "wages" for purposes of income tax withholding (sec. 3401(a)(17)), and those individuals are considered to be self-employed for purposes of the Self-Employment Contributions Act (sec. 1402(c)(2)(F)).

Furthermore, remuneration paid during 1981 to fishing boat crew members who are self-employed for purposes of FICA are not subject to FUTA taxes (sec. 822 of the Economic Recovery Tax Act of 1981).

Reasons for Change

As part of the Economic Recovery Tax Act of 1981, the Congress decided that fishing boat crew members who are treated as self-employed for purposes of FICA and income tax withholding also should be treated as self-employed for purposes of the unemployment tax provisions. However, the Congress decided to make this provision effective only for a one-year period (1981), in order to determine the best long-term solution to the problem.

The committee believes that the FUTA tax exemption should be extended for one more year (through 1982) in order to give the Congress additional time to determine the best long-term solution.

Explanation of Provision

The committee amendment extends for one year (through 1982) the FUTA tax exemption for wages paid to fishermen whose remuneration is exempt for purposes of FICA.

Effective Date

The amendment applies to remuneration paid during 1982.

Revenue Effect

The amendment is estimated to reduce fiscal year budget receipts by a negligible amount in 1982, and by less than $1 million in 1983.

3. Financing of Reforestation Trust Fund

(Sec. 403 of the amendment):

Present Law

Funds appropriated to the Reforestation Trust Fund from certain forest product import duties are used to supplement congressional appropriations for reforestation and timber stock improvement on publicly owned national forests. Funds for this trust fund are derived from import duties on plywood and lumber. The Secretary of the Treasury is required to transfer receipts from these tariffs to the Reforestation Trust Fund in amounts up to $30 million for each fiscal year during the six-year period from October 1, 1979, through September 30, 1985.

For each of the five fiscal years from 1981 through 1985, appropriations have been authorized from the trust fund to the Secretary of Agriculture to pay estimated necessary direct costs and properly allocable administrative costs for reforestation and related programs (under section 3(d)(2) of the Forest Rangeland Resources Planning Act of 1974 (16 U.S.C. 160(d)(2)), but only to the extent these estimated costs exceed amounts appropriated out of the general fund for these purposes.

Reasons for Change

The committee believes that it is better public policy to appropriate to the trust fund a portion of the revenues received from the sale of forest products and timber from forests under the jurisdiction of the Secretary of Agriculture in order to carry out national reforestation and forest management programs, which are also under the Secretary's jurisdiction.

Explanation of Provision

In place of the present law requirements for the transfer to the Trust Fund of up to $30 million from revenues attributable to tariffs on timber and plywood, the committee amendment would transfer revenue received from sales of timber and forest products from forests managed by the National Forest Service.

Specifically, the Secretary of the Treasury will transfer to the trust fund, up to $30 million, derived from 65 percent of the amounts received from sales made by the Secretary of Agriculture of trees, portions of trees, or forest products located on National Forest System lands. This amendment does not affect existing commitments for uses of these funds. This change applies to sales made after December 31, 1981.

Effective Date

The amendment is effective on January 1, 1982.

Revenue Effect

The amendment has no effect on budget receipts.

4. Due date for energy task force study

(Sec. 405 of the amendment)

Present Law

The committee understands that there is an interagency task force studying the threat of a petroleum supply disruption on the nation's economy and ways of limiting the effects of any such disruption. There is no provision in current law, however, which would require this task force to submit a report on its study to the Congress at any particular date.

Reasons for Change

The committee believes that it is desirable that a date certain be fixed by which the Congress is to receive the report on the interagency task force study.

Explanation of Provision

The committee amendment directs the Secretary of the Treasury to submit to the Congress by June 15, 1982 the report of the interagency task force evaluating the alternative fiscal policies which could be used to help mitigate the adverse economic effects of an oil supply disruption, including possible recycling to consumers of increased Federal revenues resulting from such a disruption.

Effective Date

The amendment will be effective on enactment.

Revenue Effect

The amendment will not have any effect on budget receipts.

Mr. SYMMS. The next amendment is the energy task force study. This amendment directs an interagency task force, formed by the President, to report to Congress in June 1981 on the means of ameliorating the effect of a severe petroleum disruption. This was an amendment by the Senator from New Jersey (Mr. BRADLEY).

Mr. PROXMIRE. It is not on the list. Is there a number for the technical explanation where we could find this?

Mr. SYMMS. It is at the very end of the technical explanation.

Mr. DOLE. This is a study.

Mr. SYMMS. I yield to the Senator from New Jersey.

Mr. BRADLEY. This is simply a study. You could recycle tax dollars, but until you have studied how you can recycle tax dollars, you do not have that alternative. This simply asks the Treasury, by June 15, to submit a study saying, in several supply disruption scenarios what they think would be the best way to recycle tax dollars and what complementary fiscal and monetary policy they must have. There is no revenue impact.

Mr. SYMMS. Mr. President, the next amendment is one from the other body. It is about additional funds.

The 10-percent manufacturers excise tax on buses which had been imposed under prior law was repealed by the Energy Tax Act of 1978 for buses sold after November 9, 1978. The act also established conditions under which a manufacturer was eligible for a credit or refund—without interest—for the excise tax paid on a bus sold to an ultimate purchaser after April 19, 1977, and before November 10, 1978.

The committee amendment liberalizes these conditions for eligibility to allow additional refunds of the bus excise tax.

I say to the Senator from Wisconsin that it is my understanding that there is one particular bus company in Pennsylvania that, because of bankruptcy of the company, was not able to obtain the refund. The refund will be given to the school district which purchased the buses from the bankrupt bus company. They will be the beneficiary of this.

Mr. PROXMIRE. How much of a benefit will they receive, and what will be the total loss to the Treasury?

Mr. SYMMS. It is my best information that it is about $250,000.

Mr. PROXMIRE. I thank the Senator.

Mr. DOLE. Mr. President, as I understand it, that concludes the amendments reported by the Senate Finance Committee, including those amendments on H.R. 4961, with two exceptions, and they are all added to H.R. 4717, with the exception of the leasing reporting require-

ments, which was included in the black lung bill.

The Senator from Kansas understands that there are a very few noncontroversial amendments that some Members feel are necessary to be added to this bill, because of expiration dates or because hearings have been held in some cases.

I say to the Members who have those amendments that the House is about to take up the farm bill, and I understand that is the last thing they will do. Earlier this afternoon, I talked to the chairman of the Ways and Means Committee, and he was willing to go to conference on this bill if we got it over there in time to go to conference.

I am not trying to shut anyone off. I am just suggesting that the amendments that Senators have brought to the floor are not controversial, for the most part—I think the Senator from Wisconsin will agree—with no real revenue loss. There have been public hearings. We are not trying to deceive anyone. They are all in the open.

I have talked to the Senator from Arizona, who has a technical amendment which deals with an expiration date. Others are the Senator from Washington, the Senator from Iowa, the Senator from Nevada. There may be others who feel compelled to offer amendments, but I hope not.

Mr. HART. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. HART. Mr. President, it is my intention to offer an amendment which is not specifically a tax-related measure. It is related to another amendment which I have offered in the past, urging the President to terminate oil imports from Libya.

The Senator from Colorado does not want to complicate this bill. This would be a sense-of-the-Senate resolution, and it is my hope that the managers could accept it. It seems to be the only vehicle with which the Senate can put itself on record on this issue for the remainder of the session.

I just want to put the Senator on notice. I will be glad to agree to a reasonable limitation of time for debate.

Mr. DOLE. I do not want to discourage the Senator from Colorado, but it gets into a policy discussion, as to whether the President's policy is correct in first bringing the Americans home before there is a determination of whether the Senator's proposal is advisable.

If the Senator wants to offer the amendment on this bill, it is the Senator's right. But I hope that all those who are troubled by killing this bill will vote against that amendment, because otherwise there will not be a bill.

I yield to the Senator from Idaho.

MUTUAL FUND WRAP-AROUND ANNUITIES/ REVENUE RULING 81–225

Mr. SYMMS. Mr. President, the Treasury and the IRS have been on a 5-year program to substantially restrict annuities as a base for retirement security. In 1977, the IRS released a revenue ruling that was quickly and decisively overturned by a Federal district court. However, due to a technical device, that decision was overturned.

The Treasury has continued in its attempts to do administratively what they unsuccessfully tried to get Congress to legislate in 1978. On September 25, 1981, the Treasury issued Revenue Ruling 81–225, which changed the tax treatment of variable annuity contracts funded with mutual fund shares.

This most recent Treasury ruling is grounded on a public access policy argument; that is, a person who invests in mutual fund shares through an annuity should not achieve tax deferral if a person who invests directly in the same mutual fund shares is taxed currently. The Treasury ruling is designed to prevent the use of annuities in situations where the capital used to purchase the annuity is invested in an asset that could have been purchased directly without the use of an annuity. This latest theory of Treasury's has never been stated anywhere in the more than 50-year history of the rules governing annuity taxation.

While I do not agree with the direction that Treasury has taken on the issue of taxing wrap-around annuities, I am willing to delay the discussion of the substance of this issue until next year when the Senate Finance Committee and the Senate, as a whole, are expected to review the taxation policies impacting on the insurance industry.

However, for the present, it has been essential that the retroactive application of the ruling be reviewed before the end of this taxable year because it was clearly impossible for the companies and individuals adversely impacted by this ruling to be able to comply with the ruling as written.

I ask unanimous consent to have printed in the RECORD a letter written to me by the Assistant Secretary of the Treasury for Tax Policy, Mr. Buck Chapoton, indicating the agreement that has been reached thus far.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE TREASURY,
Washington, D.C.

Hon. STEVEN SYMMS,
U.S. Senate,
Washington, D.C.

DEAR STEVEN: I want to let you know that the Treasury Department has had discussions with certain life insurance companies that are required to issue Forms 1096 and 1087 to comply with the requirements of Revenue Ruling 81–225. As a result of these discussions, we have decided that for the period ending September 25, 1981, to the extent that authority exists to do so, both the companies and the policyholders may compute both the policyholder's and company's income by treating capital gains and unrealized appreciation in the same manner as asset values were computed.

Moreover, to the extent that the ability of individual taxpayers to file timely returns is not unduly prejudiced, we will consider requests for deferral of the due dates of the required Forms.

Sincerely,

JOHN E. CHAPOTON,
Assistant Secretary.

Mr. SYMMS. Mr. President, there are several items in the above-mentioned letter that I would like to clarify and/or stress. First, it is the understanding of the Senate that the Secretary of the Treasury has the authority to make the necessary and appropriate changes in the ruling by administrative action, otherwise the Senate would have legislated on this particular issue at this time.

Second, the agreements that have been made are not binding on those firms who are able and wish to comply with Revenue Ruling 81–225 as originally written.

Third, it is the understanding of the Senate that the information forms, IRS Form 1087, IRS Form 1096, and IRS Form 1099, can be mailed as late as March 15, 1982, if the companies find it necessary, and to the extent that the ability of individual taxpayers to file timely returns is not unduly prejudiced, the Department of the Treasury will consider requests for deferral of the due dates of the required forms.

Fourth, the Department of the Treasury has agreed that for the period ending September 25, 1981 both the companies and the policyholders may compute both the companies' and policyholders' income by treating capital gains and unrealized appreciation pursuant to Revenue Ruling 81–225 or in the manner such capital gains and unrealized appreciation were treated prior to the ruling. Fifth, the Department of the Treasury has agreed to review on a case by case basis as to when the optional treatment of capital gains and unrealized appreciation mentioned above should be allowed to continue through December 31, 1981 to facilitate the reporting requirements of the ruling.

In addition, I would like to mention that the Department of the Treasury has agreed to the accuracy of the text of my clarification of the letter that was sent to me by the Assistant Secretary for Tax Policy.

I am very pleased that the Department of the Treasury has cooperated in reviewing the ability of the taxpayers to comply with this revenue ruling and I am hopeful that next year when the Senate reviews the tax treatment of insurance companies that the Treasury will be as cooperative in reviewing the economic merits of their current position.

UP AMENDMENT NO. 807

(Purpose: Delaying the effective date for 3 years of the amendments made by the Bankruptcy Tax Act of 1980 relating to discharge of indebtedness)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER (Mr. SYMMS). The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI) proposes an unprinted amendment numbered 807:

At the appropriate place, insert the following new section:

SEC. . 3-YEAR DELAY IN DISCHARGE OF INDEBTEDNESS PROVISIONS.

Paragraph (2) of section 7(a) of the Bankruptcy Tax Act of 1980 is amended by striking out "1982" each place it appears and inserting in lieu thereof "1983".

Mr. DECONCINI. Mr. President, I modify my amendment to read a 1-year delay in the discharge indebtedness provision.

The PRESIDING OFFICER. The amendment is so modified.

The modified amendment is as follows:

At the appropriate place, insert the following new section:

SEC. . 1-YEAR DELAY IN DISCHARGE OF INDEBTEDNESS PROVISIONS

Paragraph (2) of section 7(a) of the Bankruptcy Tax Act of 1980 is amended by striking out "1982" each place it appears and inserting in lieu thereof "1983".

Mr. DOLE. Mr. President, with that change, from 3 years to 1 year, this is one of those expiring provisions. It would otherwise expire at the end of this year. If we are going to do anything in this area, we should act now. If it is made retroactive, it is cumbersome.

I have discussed the amendment with the Senator, as well as the Senator from Louisiana, the Senator from Ohio, and the Senator from Wisconsin. I know of no objection.

Mr. PROXMIRE. I ask the Senator from Arizona whether there have been hearings on this matter.

Mr. DECONCINI. There have not been hearings on this.

The 1979 Bankruptcy Tax Act, which was passed in 1980, did not address this particular problem. There has been a failure to get the attention in Congress to make a decision. Last year, we gave a 1-year extension, with the hope that there would be hearings, and that did not happen.

On January 1, 1982, this will expire, and we will go back to the old law, and not with this short provision.

There is no monetary loss that is known, and it is a stopgap measure, there is no question about it, for the information of the Senator from Wisconsin.

Mr. PROXMIRE. How much revenue loss is there?

Mr. DECONCINI. I am advised there is no revenue loss, at least no one here knows of any.

Mr. PROXMIRE. Does the Treasury have a position on that?

Mr. DECONCINI. I do not know that they do.

Mr. PROXMIRE. The Senator does not have a report from them or from the committee?

Mr. DECONCINI. No, we do not.

Mr. PROXMIRE. Mr. President, may I say to the distinguished Senator from Kansas that this does not meet the test. We set certain tests on this bill. We asked for hearings and approval by the Treasury and knowledge by the Treasury of what we are doing.

I hope the Senator will stand by that position.

I hesitate to oppose my good friend from Arizona. This may have merit, but on the very last day of the question when we have so little time I think it is a mistake for us to move ahead on a tax matter where we do not have any information either from our committee or from the Treasury Department.

Mr. DECONCINI. If the Senator from Wisconsin will yield, I appreciate his concern. I would not be here if we had had the time in this body both in the Finance Committee and even the Judiciary Committee does have jurisdiction over the Bankruptcy Act, to hold hearings and address this problem.

But quite frankly, due to the nature of the tax cut and budget cuts and defense appropriations, this is one of those items that has fallen through the cracks and I am advised there is no monetary loss here.

The ABA Subcommittee on Bankruptcy gives us that information, that there is not any revenue loss according to what they say that the Treasury reports to them. We have not had an opportunity. We are only asking for a short extension.

Mr. DOLE. Mr. President, will the Senator from Arizona yield?

Mr. DECONCINI. I yield.

Mr. DOLE. I did indicate to the Senator from Wisconsin that I do not want to have a double standard, and I did spell out the guidelines earlier. Of course, the Senator knows anyone can offer an amendment.

I wonder if we might make certain we are not violating anyone's rights and protecting the rights of those who may be involved and agree that we extend the effective date for 90 days during which time the Senator from Kansas will promise the Senator from Arizona we will have hearings and in that way we would have about 60 days after we come back to address the problem.

Mr. PROXMIRE. I appreciate that. I think that is an excellent suggestion.

I realize the Senator from Arizona has a problem.

Mr. DECONCINI. If the Senator from Kansas will yield, 90 days will be really pushing it because we could hold hearings and could not get it. But in the spirit that the chairman of the Finance Committee is attempting to do it and that is not shut this off on January 1 when we do not have any opportunity to do it, I am more than happy to modify the amendment.

I ask unanimous consent that the amendment be modified to reflect 90 days.

The PRESIDING OFFICER. The amendment is so modified.

The modified amendment is as follows:

At the appropriate place, insert the following new section:

SEC. . NINETY-DAY DELAY IN DISCHARGE OF INDEBTEDNESS PROVISIONS.

Paragraph (2) of section 7(a) of the Bankruptcy Tax Act of 1980 is amended by striking out "January 1, 1982" each place it appears and inserting in lieu thereof "April 1, 1982".

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Arizona.

The amendment (UP No. 807), as modified, was agreed to.

Mr. DECONCINI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 808

Mr. GORTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Washington (Mr. GORTON), for himself and Mr. JACKSON, proposes an unprinted amendment numbered 808 to the Dole unprinted amendment numbered 805.

Mr. GORTON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

MEDICARE ENROLLMENT PERIOD FOR INDIVIDUALS FORMERLY ELIGIBLE FOR BENEFITS UNDER THE PUBLIC HEALTH SERVICE ACT

SEC. . (a)(1) In the case of an individual who—

(A) was entitled to benefits under section 322(a) of the Public Health Service Act at any time during the period beginning March 10, 1981, and ending September 30, 1981, and

(B) was eligible to enroll (but was not enrolled) in the program under part B of title XVIII of the Social Security Act (hereinafter in this section referred to as the "medicare part B program") as of September 30, 1981,

there shall be a special enrollment period under section 1837 of the Social Security Act beginning on April 1, 1982, and continuing through December 31, 1982.

(2) Notwithstanding section 1838(a)(2)(E) of the Social Security Act, in the case of an individual who enrolls in the medicare part B program pursuant to the special enrollment period provided for under paragraph (1), the individual's coverage period under such program shall begin on the first day of the month in which the individual files the written request for such enrollment or, in the case of an individual who files the written request for such enrollment in April 1982, such coverage period shall begin on January 1, 1982.

(b)(1) In the administration of section 1839(d) of the Social Security Act, any month (before October 1981) in which an individual can establish that he was entitled to benefits under section 322(a) of the Public Health Service Act (including such entitlement on the basis of continuing medical care under 42 C.F.R. 32.17) shall not be counted as a month in which the individual could have been enrolled under the medicare part B program. This paragraph shall apply to premiums beginning with the premium for the month in which the individual applies for the benefit of this paragraph, subject to paragraph (3).

(2) Paragraph (1) shall not apply to an individual—

(A) if the individual has filed a written request for enrollment in the medicare part B program before March 10, 1981, unless the enrollment pursuant to such request was terminated solely because the individual lost eligibility to be so enrolled, or

(B) unless the individual applies for the benefit of such paragraph before March 31, 1983.

(3) Any individual who is eligible to enroll in the medicare part B program pursuant to the special enrollment period provided for under subsection (a)(1) may enroll in such program during the general enrollment period which begins on January 1, 1982 and ends on March 31, 1982, but such enrollment shall be subject to the provisions of section 1839(d). Such individual may subsequently reenroll during the special enrollment period, and any additional premium amount paid by such individual by reason of section 1839(d) which he would not have been required

to pay if paragraph (1) applied to the first such enrollment, shall be refunded.

(c)(1) The Secretary of Health and Human Services, as soon as possible (but not later than April 1, 1982) after the date of the enactment of this Act, shall provide for the dissemination of information—

(A) to unions and other associations representing or assisting seamen,

(B) to offices enrolling individuals under the medicare part B program and to carriers administering such program under section 1842 of the Social Security Act, and

(C) to such other entities and in such a manner as will effectively inform individuals eligible for benefits under this section,

concerning the special benefits provided under this section and concerning the evidence of potential retroactive coverage under part B which the Secretary may issue to beneficiaries eligible therefor.

(2) An individual may establish that the individual was entitled to benefits under section 322(a) of the Public Health Service Act for a period by providing—

(A) documentation relating to the status under which the individual was provided care in (or under arrangements with) a Public Health Service facility during that period,

(B) the individual's seamen's papers for that period, or

(C) such other reasonable documentation as the Secretary may require.

(3) Entities which have responsibility for the records of hospitals and other stations of the Public Health Service under subtitle J of title IX of the Omnibus Budget Reconciliation Act of 1981 or otherwise shall assist individuals in expeditiously providing documentation described in paragraph (2)(A).

Mr. GORTON. Mr. President, the amendment which I am offering today on my behalf and on behalf of the senior Senator from Washington is intended to mitigate an undue hardship that has been inadvertantly imposed on many of the elderly merchant seamen of this country.

Earlier this year the President proposed the repeal of the entitlement to free medical care for the Nation's merchant seamen. That entitlement had existed since 1798. That proposal was accepted by the Congress and included in the Omnibus Reconciliation Act. Unfortunately, many of the merchant seamen who lost this entitlement had forgone enrollment in the medicare system when they were otherwise eligible because they had the benefits of the merchant seamen entitlement. Now these individuals face what, in some cases, will be substantial penalties in the level of their premiums because of the delay in their enrollment in the medicare program.

I submit that in repealing the entitlement for merchant seamen, Congress did not intend to put these individuals in a more disadvantaged position than they would have been faced with had the entitlement never existed.

This amendment does no more than require that the Government deal with these individuals equitably by providing a period in which they may enroll in the medicare program without the application of the penalty provisions. It is my understanding that the Department of Health and Human Services will be able to administer this open enrollment period without difficulty.

While it may have been more appropriate to have accomplished this change earlier, the problem had not been brought to our attention. Now that it has, I hope that my colleagues will allow us to correct this inequity.

In anticipation of the type of question asked in connection with the previous amendment by the distinguished Senator from Wisconsin, the number of people affected by this is approximately 2,000. The revenue expense in connection with it is approximately $500,000.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. GORTON. I yield.

Mr. DOLE. This is another one of these amendments that, unless we take some action on it, is going to cause hardship for about 2,000 people.

Mr. GORTON. That is correct.

Mr. DOLE. We have checked with the Department of Health and Human Services as well as the House Energy and Commerce and Ways and Means Committees and we find no objection to the amendment. In fact, it is going to be, I understand, in the HHS budget proposal for fiscal year 1983.

I do not know if the Senator has cleared it with other Members. I know the Senator from Louisiana has no objection.

This amendment affects merchant seamen and will cost about $500,000 at the outside.

I hope we might be willing to accept the amendment.

Mr. GORTON. I thank the distinguished Senator for his support.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington.

The amendment (UP No. 808) was agreed to.

UP AMENDMENT NO. 809

(Purpose: To amend the Internal Revenue Code to limit the use of tax-exempt industrial development bonds)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM), for himself, Mr. DECONCINI, and Mr. LEAHY, proposes an unprinted amendment numbered 809.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place add the following new sections:

(a) Section 103 of the Internal Revenue Code of 1954 (relating to interest on certain governmental obligations) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) SPECIAL RULES RELATING TO SMALL-ISSUE EXEMPTIONS OF SUBSECTION (b)(6).—

"(1) RESTRICTIONS ON USE OF PROCEEDS.—

"(A) IN GENERAL.—Paragraph (6) of subsection (b) shall not apply to any issue if any portion of the proceeds of such issue is to be used for a nonqualified purpose.

"(B) NONQUALIFIED PURPOSE.—For purposes of subparagraph (A), the proceeds of an issue shall be treated as used for a nonqualified purpose if such proceeds are used for any private or commercial—

"(i) golf course,

"(ii) country club,

"(iii) massage parlor,

"(iv) tennis club,

"(v) skating facility (including roller skating, skateboard, and ice skating),

"(vi) ski resort,

"(vii) racquet sports facility (including handball and racquet ball courts),

"(viii) hot tub facility,

"(ix) suntan facility, or

"(x) racetrack.

"(2) REPORTING REQUIREMENTS.—Not later than March 1 of each calendar year, any person who during the preceding calendar year issued obligations with respect to which subsection (b)(1) did not apply solely by reason of subsection (b)(6) shall report to the Secretary with respect to each such issue the following:

"(A) any purchasers of more than 25% of the face value of the issue;

"(B) the underwriter (if any);

"(C) the interest rate;

"(D) the issue's rating (if any);

"(E) the face amount;

"(F) a description of any facility to be financed from the proceeds of such issue and its location;

"(G) each user of a facility described in subparagraph (F);

"(H) bond counsel; and

"(I) any other information the Secretary determines appropriate.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to obligations issued after the date of the enactment of this Act.

Mr. METZENBAUM. Mr. President, this amendment has been discussed with the managers of the bill. It relates to further reporting of tax-exempt industrial development bonds, and other small items.

It is an amendment that has been cleared on both sides. I am certain the Treasury will have no objection to it.

Mr. DOLE. Mr. President, will the Senator from Ohio object if the Senator from New York (Mr. D'AMATO) joined in the amendment?

Mr. METZENBAUM. I have no objection. I am delighted to have him as a cosponsor.

Did the Senator ask if I would object?

Mr. DOLE. I am doing that without his request, but he has been very active in this.

Mr. METZENBAUM. I am happy to have the Senator from New York as a cosponsor of the amendment and so ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. I ask unanimous consent also that the Senator from Arizona (Mr. DECONCINI) and the Senator from Vermont (Mr. LEAHY) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, has my amendment been accepted?

The PRESIDING OFFICER. Not at this point.

Mr. CANNON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I indicated to the Senator from Ohio that the Senator from New York (Mr. D'AMATO) might wish to be a cosponsor. I am advised that will not be the request. I ask unanimous consent to withdraw that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GORTON). Without objection, it is so ordered.

Mr. LEAHY. Mr. President, I was in error on which amendment was up before. I ask unanimous consent that my name not be listed as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. The question in on the amendment.

Mr. PROXMIRE. Mr. President, is this on the Metzenbaum amendment? I have no objection to the Metzenbaum amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment (UP No. 809) was agreed to.

Mr. METZENBAUM. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. D'AMATO. Mr. President, I rise in support of the amendment to this bill which would exclude certain research and development expenditures from the capital expenditure limits now imposed on the industrial development bond program. This amendment serves a laudable purpose. It would bring section 103(b)(6)(D) into conformity with the rest of the Internal Revenue Code with respect to those research and experimentation expenditures which the taxpayer elects to expense.

This amendment, which has been cleared by the Treasury Department, will help small firms in nearly every State which are currently unable to issue industrial development bonds solely due to the fact that their extensive R. & D. spending boosts them over the $10 million capital expenditure limit. R. & D. expenses should clearly be differentiated from other capital expenditures. This amendment will rectify this oversight which has existed in the law for far too long.

I would like to point out, however, that this amendment does not go far enough in rectifying the problems that currently plague the industrial development bond program. This amendment is important, but it is equivalent to a doctor stitching up a small cut on a patient's arm while ignoring a major, bloody wound in the patient's chest.

The major wound to the IDB program, of course, is Revenue Ruling 81–216. This ruling has, since August 24, arbitrarily wiped out approximately one-half of the $8 to $10 billion in IDB's which would have been issued this year. Over $4 billion in economic development has been forfeited. Countless additional economic activity which would have resulted from this development has been lost forever. In an era of oppressive interest rates and high unemployment and rising numbers of failures among small businesses, Revenue Ruling 81–216 has been a major roadblock in our quest for a healthier economy.

Very simply we must revoke 81–216. In the continuing resolution recently signed by President Reagan, this Congress did include a section to prohibit the enforcement of this disastrous regulation until at least next April 1. But this is not enough. We must change substantive law so that the IRS will never even consider imposing such an adverse ruling again.

An amendment to this bill to accomplish this purpose, although likely to pass, would hold up the enactment of this legislation by necessitating a conference with the other Chamber. Since I have no desire to impede the legislative process, I will not offer such an amendment at his time. However, I wish to make it clear that such a change in the Internal Revenue Code is vital and, therefore, a bill or amendment to accomplish this purpose will be forthcoming early next session.

Senators DOLE, WEICKER, STEVENS, and I, among others, are all committed to working together on enactment of this necessary legislation. I am grateful both for their support and their efforts on this matter. It is my hope that we can mark up the necessary corrective legislation before the Finance Committee early next year as Senator DOLE has indicated in his intention.

In the interim, of course, we have passed the nonenforcement provision contained in section 112 of the continuing resolution and have thrice expressed the sense of the Senate that Revenue Ruling 81–216 must be vitiated. We will also have the technical improvement in the IDB program made by this amendment. I urge its adoption.

UP AMENDMENT NO. 810

(Purpose: To provide that the occupational tax on wagering shall not apply in any State in which wagering is permitted by law)

Mr. CANNON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) for himself and Mr. Laxalt proposes an unprinted amendment numbered 810.

Mr. CANNON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . WAGERING PERMITTED UNDER STATE LAW.

(a) TAX ON WAGERS.—Section 4402 (relating to exemptions) is amended—

(1) by striking out "or" at the end of paragraph (2),

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof a comma and "or", and

(3) by adding at the end thereof the following new paragraph:

"(4) STATE-AUTHORIZED WAGERS.—On any wager authorized under State law.".

(b) OCCUPATIONAL TAX.—

(1) IN GENERAL.—Subchapter B of chapter 35 (relating to occupational tax) is amended by redesignating section 4414 as section 4415, and by inserting after section 4413 the following new section:

"SEC. 4414. TAX NOT TO APPLY TO WAGERING AUTHORIZED UNDER STATE LAW.

"The tax imposed by section 4411 shall not apply in the case of a person authorized under the law of any State or political subdivision thereof to engage in the business of accepting wagers or to receive wagers for or on behalf of any such person.".

(2) CONFORMING AMENDMENT.—The table of sections for such subchapter is amended by striking out the last item and inserting in lieu thereof the following items:

"Sec. 4414. Tax not to apply to wagering authorized under State law.

"Sec. 4415. Cross references.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable periods beginning after December 31, 1981.

Mr. CANNON. Mr. President, this amendment incorporates S. 483 which I introduced earlier this year along with my distinguished colleague Senator LAXALT. It cleared the Finance Committee last year in identical form and was ready for passage in the 96th Congress. There was some obection at that time, however, so I withdrew it to avoid any last-minute delays which might have hindered other legislation.

This year, S. 483 has been considered favorably by the Finance Subcommittee on Taxation and Debt Management and has been cleared by both Senator DOLE and Senator LONG. Also, and this is very important for my colleagues to note, the Treasury Department supports repeal of the two taxes covered by this amendment.

John Chapoton, assistant secretary for tax policy, testified before the Taxation Subcommittee in March. He urged the outright repeal of the 2-percent wagering tax and the $500 occupational tax on the grounds that, in his own words, "these taxes do not raise a significant amount of revenue."

That is an understatement, Mr. President. When these taxes were proposed in 1951 it was claimed they would produce revenues of $400 million annually. As Mr. Chapoton testified, however, they have accounted for only a small percentage of that amount. The amount in 1980 was approximately $12 million.

There is further justification for removing these taxes, Mr. President. The $500 occupational tax, imposed on every employee of a legal betting establishment in Nevada, is simply a tax on the right to work. I know of no similar situation anyplace in our country where salaried employees are required to pay a tax to the Government just because they have a certain job.

Mr. Chapoton pointed out in his testimony that the original justification for this tax—to aid in the fight against illegal gambling activities and the collection of taxes from those activities—no longer exists. That is because a later statute was enacted which gives law enforcement authorities a better tool. Let me quote Mr. Chapoton again on his strong feelings about repeal of this tax:

We view the commitment of federal resources to maintain this taxing structure for such a limited purpose to be wasteful and inefficient.

I might add, Mr. President, that these taxes are also discriminatory and unfair. Passage of this amendment will take the Senate further along the road we started on in 1974 when we reduced the betting tax from 10 percent to 2 percent. I urge my colleagues to finish the job today.

Mr. President, I may say that I served, had the privilege of serving, on the Commission on National Policy on Gambling which was appointed by the Senate, designated by the Senate, and we carried out the duties assigned to us for a period of 3 years, and this was the unanimous recommendation of that Commission. I may say one of the stalwarts on that Commission was Senator John McClellan.

So I submit, Mr. President, and I may point out, that as far as tax revenue is concerned, which I know the Senator from Wisconsin has always been concerned about, the highest revenue at any time that has been involved in this particular issue is $12 million a year.

If that tax is done away with, it will then eliminate the flock of people who go to the illegal bookies, who obviously do not pay any Federal tax at all, in many cases not even income tax, and it will result, in our judgment, in a net gain of revenue to the Federal Treasury.

To satisfy the Senator's questions that he usually raises here on Capitol Hill, hearings were held again this year. The distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), who chaired some of those hearings, came to the same conclusion.

The Finance Committee has come to the same conclusion. This year the hearings were chaired by the distinguished Senator from Oregon (Mr. PACKWOOD), and they came to the same conclusion. So this matter has had hearings running out of our ears, and that has been the unanimous conclusion.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. CANNON. I would be delighted to yield.

Mr. HARRY F. BYRD, JR. As chairman of the Subcommittee on Taxation I held hearings last year, and the Senator from Nevada correctly stated that the present Treasury Department favors the repeal, and it was brought out, I think I might say at this point, that the Treasury Department of the previous year, the previous administration, likewise favored its repeal because there is no useful purpose being served by it and, indeed, some problems being created by it.

Mr. CANNON. The Senator is exactly right. The Treasury Department in 2 successive years under two successive administrations favored repeal of the tax.

Mr. PROXMIRE. Mr. President, may I ask the Senator from Nevada, I am not precisely sure what this does. It does not apparently affect withholding taxes, it is that?

Mr. CANNON. No, it has no effect on withholding taxes.

It currently provides that on places—and this is only where betting is legal or whether it is legal or illegal, that there is a 2 percent tax, and the illegal bookies do not even pay it.

Mr. PROXMIRE. How about reporting, is there any change in the reporting requirement?

Mr. CANNON. It does not change the reporting requirement, does not change the withholding requirement, and it removes a very onerous burden that puts a $500 head tax on a person for the right to be employed in that occupation, a $500 tax.

Mr. PROXMIRE. It repeals the excise tax?

Mr. CANNON. The excise tax is 2 percent. It repeals that 2 percent tax.

Mr. PROXMIRE. Well, the Senator from Nevada says that in his judgment this would increase rather than decrease revenue. What is the position of the Treasury Department on it?

Mr. CANNON. The Treasury Department supports repeal.

Mr. PROXMIRE. I know they support it. But do they make an estimate as to the revenue?

Mr. CANNON. They said that the highest revenue that has been obtained from that was $12 million in 1980.

Mr. PROXMIRE. Do they maintain that this is of no use in enforcing the income tax statutes?

Mr. CANNON. Yes, and I will read the statement, if I may, from the Treasury Department:

Although not significant for their revenue effect, some might argue that these taxes are justified as a means of raising revenue from an activity perceived to be socially undesirable. We believe that judgments as to the social utility of an activity are not properly a matter of federal tax concern. Thus, we reject the notion that the excise taxes can be justified on this basis.

A final justification for this tax structure may be that it operates as an aid to the fight against illegal gambling activities and the collection of income taxes from persons engaged in such activities. We do not believe that this justifies retention of these taxes. The amount of excise tax collections from illegal, as opposed to legal, gambling activities has been minimal. We view the commitment of Federal resources to maintain this taxing structure for such a limited purpose to be wasteful and inefficient. The Federal government possesses a more direct tool which can be used against significant illegal gambling operations.

Then they go on to point out:

Pub. L. 91-452, enacted in 1970, makes it a Federal criminal offense to engage in a gambling business in violation of state or local law if the operation involves 5 or more principals or managers and continues in operation for more than 30 days, or has gross receipts of $2,000 in any single day.

Mr. PROXMIRE. This would abolish the $500 tax on legal bookmaking?

Mr. CANNON. The head tax on individuals who have to pay $500 to engage in that legal activity.

Mr. PROXMIRE. And would abolish the 2-percent excise tax?

Mr. CANNON. That is right.

Mr. PROXMIRE. And that is it?

Mr. CANNON. To continue:

The Commission on the Review of the National Policy Toward Gambling, in its final report, reached the conclusion that the wagering tax had not been an effective deterrent to illegal gambling. Moreover, experience with the tax on wagers, and with the since repealed tax on coin operated gambling devices, does not indicate any substantial benefits to enforcement of the income tax as a result of the existence of these excise taxes.

Mr. PROXMIRE. I thank the Senator.

Mr. BIDEN. Mr. President, will the Senator yield for a question? My impression of the purpose of this tax—and I realize it was just read—indicates the Treasury Department's position as it relates to revenue. But in holding extensive hearings on organized crime and illegal gambling and bookmaking throughout the country, I am told that this is one of the enforcement mechanisms available.

In short, one of the ways they nail the illegal bookie is to prove, in fact, that he or she has not paid these taxes.

I realize you have indicated that the Treasury Department says that that is really none of their business, and that may be. But it is the business of the Justice Department, and it is of great concern to me.

I wonder if the Senator can speak to that point for a moment, has the Justice Department commented on this, and is it not a fact that it has been a useful tool in the hands of prosecutors in the Justice Department in nailing illegal gambling ventures?

Mr. CANNON. Mr. President, I say to my colleague that there is a very serious debate on that particular issue. The Justice Department did not testify to that effect before the Commission on National Policy on Gaming, on which I serve. We came out with a unanimous report.

Mr. BIDEN. What did the Justice Department say to you?

Mr. CANNON. I do not recall precisely what they said. It has been some time. I know that Senator McClellan was a member of that Commission and the report was signed by all the Commission members.

Let me read, if I may, from a letter that Senator LAXALT and I wrote in response to that issue last year:

Regarding the "deep personal concerns" expressed by the Department of Justice and the Internal Revenue Service, let me say that I have contacted the individuals who are responsible for official Department policy in both Justice and Treasury. I am informed that neither Justice nor Treasury has any record of these "deep personal concerns." In fact, the Department of Treasury has supported repeal of this tax for some time and its support was clearly indicated in writing to the Finance Committee last session.

That was last year, and they have again restated their position this year.

Mr. BIDEN. I do not claim to be an expert in this area, but I am under the

impression, not officially from the Justice Department, but from prosecutors, that, in fact, one of the more useful tools they have had to crimp national bookmaking syndicates has been the availability of both this excise tax and the tax on wages.

I, in the late hours of this session, for one would not want to make a judgment otherwise, without longer debate on this. I am certainly not going to extend the debate on this. But if the manager of the bill is going to accept this amendment, I would ask that we have a rollcall vote. I want to make it clear that I oppose this amendment, even though if I had more information and time to query the Justice Department on this matter, I might not.

But we have so few tools available to us dealing with national gambling syndicates, organized crime operations, and major criminal operations that I am reluctant to relinquish any one, notwithstanding the fact that it is arguable how important it is. I do not think it is arguable that, in fact, it can be used and has been used. To the degree to which it is an essential tool, I am not prepared to make that argument.

Mr. CANNON. If I may respond, apparently the Senator was not here when I read this part a minute ago from the Department's testimony. I said that the laws that we refer to are the useful tools that can be used.

The Federal Government possesses a more direct tool which can be used against significant legal gambling operations. Public Law 91-452, enacted in 1970, makes it a Federal criminal offense to engage in a gambling business, in violation of State or local law, if the operation involved five or more principals or managers and continues in operation for more than 30 days or has gross receipts of $2,000 in any single day.

So that is what we are saying; that they have a more effective tool.

Mr. BIDEN. I understand that. I think it is a more effective tool in the sense that it is one that if they have enough proof to establish all of the elements of that offense, that it is very effective in knocking out the whole operation. But it is not, I would argue, a more effective tool in the amount of proof necessary. All you have to do here, in order to nail someone, is show that they, in fact, have not paid that tax. The burden shifts to them to point out that it was a legal operation. So it is easy to prove they have not paid it. You produce their income tax statement and you say, "Did you pay it or didn't you pay it?"

The defense to that is "Well, I paid it and I am a legal bookie, a legal operation." Well, if they are legal and they did not pay it they violated the law. If they are illegal, obviously they would not pay it—as a matter of fact, there was a Supreme Court case, I believe in 1968, that struck down this provision, arguing that it was so damaging to the defense that it was, in fact, self-incrimination. Consequently, the Congress then came back and said "Well, what we are going to do is we are going to modify it so that we get around the problem of self-incrimination."

The beauty of the provision is not that it is so complicated and complex, but that it is on its fact that you produce your income tax statement if they can force you to have to produce the statement. And if you have not paid it, you are in a world of hurt. You are either, in fact, an illegal bookie or you are bumping the taxes.

The manager of the bill is giving me the wind-down sign.

If we are going to proceed with this, I would ask for the yeas and nays on this amendment or continue to debate the amendment. I do not want to hold the Senate here, but I cannot support it.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. ABDNOR). Is the Senator requesting the yeas and nays?

Mr. DOLE. Mr. President, I wonder if we could set aside this amendment and take care of a couple of other amendments.

Mr. BIDEN. I am happy to withhold that request.

Mr. DOLE. We could temporarily set this amendment aside. I ask unanimous consent that we do that and recognize the Senator from Iowa.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT No. 811

(Purpose: To provide that certain amounts transferred to State unempolyment funds will continue to be available for payment of administrative expenses; to remove the age limitation on the exemption from the Federal Unemployment Tax Act on wages for certain services performed by students; and to extend the exemption from Federal Unemployment Tax Act on wages paid to certain alien farmworkers)

Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Iowa (Mr. GRASSLEY) proposes an unprinted amendment numbered 811.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

TITLE —UNEMPLOYMENT COMPENSATION PROVISIONS

SEC. 01—USE OF CERTAIN AMOUNTS TRANSFERRED TO STATE UNEMPLOYMENT FUNDS.

(a) GENERAL RULE.—Paragraph (2) of section 903(c) of the Social Security Act is amended—

(1) by striking out "twenty-four" each place it appears and inserting in lieu thereof "thirty-four", and

(2) by striking out "twenty-four" in the second sentence and inserting in lieu thereof "thirty-fourth".

(b) RESTORATION OF AMOUNTS USED TO PAY BENEFITS.—Subsection (c) of section 903 of such Act is amended by adding at the end thereof the following new paragraph:

"(3)(A) If—

"(i) amounts transferred to the account of a State pursuant to subsections (a) and (b) of this section were used in payment of unemployment benefits to individuals, and—

"(ii) the Governor of such State submits a request to the Secretary of Labor that such amounts be restored under this paragraph, then the amounts described in clause (i) shall be restored to the status of funds transferred under subsections (a) and (b) of this section which have not been used by eliminating any charge against amounts so transferred for the use of such amounts in the payment of unemployment benefits.

"(B) Subparagraph (A) shall apply only to the extent that the amounts described in clause (i) of such subparagraph do not exceed the amount then in the State's account.

"(C) Subparagraph (A) shall not apply if the State has a balance of advances made to its account under title XII of this Act.

"(D) If the Secretary of Labor determines that the requirements of this paragraph are met with respect to any request, the Secretary shall notify the Governor of the State that such requirements are met wtih respect to such request and the amount restored under this paragraph. Such restoration shall be as of the first day of the first month following the month in which the notification is made."

SEC. 02. TREATMENT OF CERTAIN SERVICES PERFORMED BY STUDENTS.

(a) GENERAL RULE.—Subparagraph (C) of section 3306(c)(10) of the Internal Revenue Code of 1954 (defining employment is amended by striking out "under age 22".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to services performed after the date of the enactment of this Act.

SEC. 03. TREATMENT OF CERTAIN ALIEN FARM WORKERS.

Subparagraph (B) of section 3306(c)(1) of the Internal Revenue Code of 1954 (defining employment) is amended by striking out "January 1, 1982" and inserting in lieu thereof "January 1, 1984".

Mr. GRASSLEY. Mr. President, I rise to offer an amendment to H.R. 4717, which deals with unemployment compensation. My amendment would extend the Reed Act for 10 years and allow States to restore funds to Reed Act accounts that have been used to pay unemployment benefits; allow student intern wages to be exempt from the Federal Unemployment Tax Act—FUTA—regardless of the age of the student; and extend for 2 years the temporary exclusion in present law that exempts employers from paying FUTA taxes on wages paid to certain alien farmworkers. My understanding is that this amendment is supported by the administration and is noncontroversial. There are no costs associated with any of the amendments.

Section 903, commonly referred to as the Reed Act, was added to the Social Security Act in 1954. It provides for the transfer of Federal unemployment tax funds to individual State accounts when all other FUTA accounts have reached their statutory limits, all advances have been repaid, and an excess is available. There have only been excess funds three times since passage of the Reed Act—in 1956, 1957, and 1958. Deposits totaling $138 million were distributed among the States on June 30 of each of those years. Currently, approximately $25 million is available among the Reed Act accounts of 33 States. I ask unanimous consent that a table showing Reed Act balances by State appear at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRASSLEY. Reed Act funds may be used by the States either to pay unemployment benefits, or, with the approval of the State legislatures, for administrative purposes. Many States have used Reed Act funds for major capital purchases, primarily of premises.

The expenditure of Reed Act funds for administrative purposes has resulted in substantial cost savings to the employment security system.

Originally, the use of Reed Act funds for administrative expenses was limited to 5 years from the date of distribution. Congress has extended the time limit three times. Until legislation is passed to extend the time limit again, funds credited to State Reed Act accounts on June 30, 1956, will no longer be available for administrative purposes. Extension of the Reed Act is also necessary so that amounts credited to State accounts in 1957 and 1958 will remain available for administrative purposes.

My amendment would also allow States to restore Reed Act funds used to pay unemployment benefits. The original legislation contained no provision to allow States who use Reed Act funds to pay benefits to restore those funds to Reed Act accounts. Under my amendment, States could only restore Reed Act funds after repaying all debts to the Federal Government incurred by their unemployment accounts.

Over the years, Reed Act funds have been an important source of discretionary funds for the States. This amendment will make it possible for the States to continue to exercise that discretion, but will not affect Federal budget totals, since the funds remain a part of trust fund accounts wheher they are used to pay benefits or for administrative purposes.

Mr. President, this amendment also makes a minor change in current law to allow student intern wages to be exempt from FUTA regardless of the age of the student. As the law stands now, wages paid to a student under age 22 who is a full-time student enrolled in a work-study or internship program are excluded from FUTA, if the work performed is an integral part of the student's academic program.

When the existing exemption was first enacted in 1970, Congress did not explain the age limitation. Logically, however, one assumes that it was based on the presumption that most students are under the age of 22. This age limitation is sufficient to cover most undergraduate students. It does not, however, cover most graduate-level programs. In addition, school attendance at all educational levels by students over age 22 has increased substantially in recent years.

Mr. President, the reason for removing the age limitation is simple. Many schools and educational institutions combine outside work experience with formal study. The work performed by a student, when it is an integral part of his educational program, does not involve the sort of employer-employee relationship envisioned by the unemployment insurance system. Difficulties associated with the age 22 limitation have resulted in reluctance on the part of employers in at least two States—Wisconsin and Massachusetts—to hire student interns.

Finally, Mr. Prsident, my amendment would extend, for years—from January 1, 1982, to January 1, 1984—the temporary exclusion in present law that exempts employers from paying the FUTA tax on wages paid to H–2 workers.

Under current law, Federal Unemployment Tax is imposed on farm operators who employ 10 or more agricultural workers in 20 weeks, or have a quarterly payroll of at least $20,000. A temporary provision in Federal law excludes from FUTA wages paid to alien farmworkers admitted to the United States pursuant to sections 214(c) and 101(a)(15)(H)(ii) of the Immigration and Nationality Act. The present exemption from FUTA expires on December 31, 1981.

Sections 214(c) and 101(a)(15)(H)(ii) of the Immigration and Nationality Act pertain to residents of foreign countries who do not intend to abandon such residency and who are admitted to the United States to work for a temporary period of time during peak agricultural crop seasons. They are admitted only after the Secretary of Labor has determined and certified to the Secretary of State and the Attorney General that there are not sufficient workers in the United States who are available to do the specific work the nonresident workers are admitted to perform.

Because these workers do return to their countries, they are not able to collect any unemployment compensation to which they might be entitled as a result of their employment in the United States. I am aware, Mr. President, that some people argue that excluding such workers from the Federal unemployment tax might provide an incentive for farmers to use these nonresident workers rather than U.S. workers for whom the Federal unemployment tax would be payable.

It seems to me, however, that the fact that the Secretary of Labor has to determine and certify that there are not sufficient workers in the United States to do the specific work that such nonresident workers are permitted to perform works as a safeguard against displacement of U.S. workers. In addition, Mr. President, I would point out that Congress will be considering the administration's immigration and guest worker proposals in the near future. It would seem to me that the temporary exclusion should be continued at least until they can be evaluated in light of the administration's proposals.

EXHIBIT 1

STATE REED ACCOUNT BALANCES

State	Balance 3/31/81
Alabama	$187,000
Alaska	187,000
Arizona	470,000
Arkansas	0
California	3,703,000
Colorado	1,024,000
Connecticut	0
Delaware	0
District of Columbia	0
Florida	0
Georgia	147,000
Hawaii	87,000
Idaho	0
Illinois	0
Indiana	481,000
Iowa	765,000
Kansas	1,114,000
Kentucky	0
Louisiana	1,403,000
Maine	0
Maryland	527,000
Massachusetts	0
Michigan	0
Minnesota	109,000
Mississippi	329,000
Missouri	756,000
Montana	92,000
Nebraska	546,000
Nevada	0
New Hampshire	472,000
New Jersey	0
New Mexico	572,000
New York	392,000
North Carolina	2,545,000
North Dakota	223,000
Ohio	0
Oklahoma	1,231,000
Oregon	362,000
Pennsylvania	0
Puerto Rico	0
Rhode Island	0
South Carolina	613,000
South Dakota	209,000
Tennessee	882,000
Texas	1,518,000
Utah	547,000
Vermont	0
Virginia	811,000
Virgin Islands	0
Washington	813,000
West Virginia	0
Wisconsin	1,561,000
Wyoming	207,000
Total	24,885,000

Source: U.S. Department of Labor records available March 31, 1981.

Mr. DOLE. Mr. President, I rise in support of Senator GRASSLEY's amendments dealing with the unemployment compensation program. These provisions were passed by the House Ways and Means Committee last week as a part of H.R. 4717, a miscellaneous revenue bill.

The Grassley amendment excludes from Federal unemployment taxes the wages paid to student interns, regardless of age, for work that is an integral part of their academic program. Under current law, wages paid to a full-time student under the age of 22 who is enrolled in a work-study or internship program are excluded from the Federal Unemployment Tax (FUTA), if the work is performed as an integral part of the student's academic program.

The Grassley amendment would merely remove the age limitation so that student intern wages would be exempt from the FUTA regardless of the student's age. Today, many students, both graduate and undergraduate, are over the age of 22. Also, an increasing number of schools are instituting programs which combine outside work experience with traditional classroom study.

Because the work programs are limited and are integrated with the regular school curriculum, there is no true employer-employee relationship that should be covered by the unemployment insurance system. Therefore, the Grassley amendment, by removing the present age

22 limitation, more accurately reflects the study nature of such intern programs.

The Grassley amendment also extends for 2 years the exclusion from the FUTA wages paid to aliens admitted to the United States to perform agricultural work, pursuant to the Immigration and Nationality Act. The present exemption expires on December 31, 1981.

Under current law, the Federal Unemployment Tax is imposed on farmers who employ 10 or more workers in 20 weeks, or have a quarterly payroll of $20,000 or more. The exclusion for alien farmworkers was enacted as a part of the Immigration and Nationality Act and recognizes the fact that the alien workers return to their own countries and do not collect unemployment compensation. Therefore, farmers should not be required to pay FUTA taxes for such workers.

Finally, the Grassley amendment extends the so-called Reed Act (section 903(c)(2) of the Social Security Act) for 10 years.

The Reed Act, enacted in 1954, requires that any excess FUTA receipts be credited to the individual's State accounts in the unemployment trust fund. Each State's share is proportionate to its share of wages subject to FUTA taxes. Prior to 1954, FUTA revenues had frequently exceeded the obligations against the tax and excess tax collections were transferred to general revenues. However, excess funds have occurred only three times since passage of the Reed Act—1956, 1957, and 1958. Current unobligated balances of the States total $25 million, as of June 30, 1981.

These funds are used for the payment of benefits or the payment of expenses involved in the administrative expenses and a specific State appropriation must be made outlining the amount and intended use of the funds. Authority for the States to use the 1956, 1957, and 1958 portions of the Reed Act funds will totally expire on July 1, 1983. In fact, the 1956 authority expired on July 1, 1981, and the 1957 authority expires this summer.

Extension of the Reed Act is supported by the States and will strengthen the Federal-State unemployment system. The administration also supports the Reed Act extension.

I urge my colleagues to support the Grassley amendment which makes a needed change in FUTA coverage as well as two timely extensions of current law.

Mr. GRASSLEY. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa (Mr. GRASSLEY).

The amendment (UP No. 811) was agreed to.

Mr. DOLE. Mr. President, as far as the Senator from Kansas knows, there are two outstanding amendments, one on mortgage revenue bonds, which I understand is in the process of clearance—if it is not cleared, it will not be offered—and the other is an amendment of the Senator from Colorado, and then the Cannon amendment is still pending. The Senator is discussing that with the distinguished Senator from Delaware.

I wonder if the Senator from Colorado might withhold his amendment a second to see how the other one is progressing.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I ask unanimous consent that the pending amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 812

Mr. DOLE. I send an amendment to the desk on behalf of Senator DURENBERGER, Senator BRADLEY, Senator DANFORTH, Senator CHAFEE, and a host of others, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself, Mr. DURENBERGER, Mr. BRADLEY, Mr. DANFORTH, Mr. CHAFEE, Mr. ROTH, Mr. PELL, and Mr. MITCHELL proposes an unprinted amendment numbered 812.

Mr. DOLE. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment add the following:

MORTGAGE SUBSIDY BONDS

(a) Increase in Amount of Mortgage Interest Limitation.—

(1) IN GENERAL.—Paragraph (2) of section 103A(i) (relating to effective rate of mortgage interest) is amended by striking out "1 percentage point" and inserting in lieu thereof "the applicable percentage".

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (2) of section 103A(i) is amended—

(i) by adding at the end thereof the following new subparagraph:

"D) APPLICABLE PERCENTAGE POINTS.—For purposes of this subsection the term 'applicable percentage points' means with respect to any issue 1.0625 percentage points increased (but not in excess of 1.125 percentage points) by 0.01 percentage points for each $10,000,000 by which the aggregate authorized face amount of such issue is less than $100,000,001."; and

(iii) by striking out the caption and inserting in lieu thereof the following:

"(2) LIMITATION ON EFFECTIVE RATE OF MORTGAGE INTEREST.—".

(B) Subparagraph (C) of section 103A(i)(4) of such Code is amended—

(i) by striking out "1 percentage point" in clause (ii) and inserting in lieu thereof "the applicable percentage points", and

(ii) by striking out "1 percentage point" in the caption and inserting in lieu thereof "percentage points".

(b) DISPOSITION OF NONMORTGAGE INVESTMENT IN CASE OF LOSS.—Paragraph (3) of section 103A(i) (relating to nonmortgage investment requirements) is amended by adding at the end thereof the following new subparagraph:

"(D) NO DISPOSITION IN CASE OF LOSS.—This paragraph shall not require the sale or disposition of any investment if such sale or disposition would result in a loss which exceeds the amount which would be paid or credited to the mortgagors under paragraph (4)(A) (but for such sale or disposition) at the time of such sale or disposition.".

(c) INDUSTRIAL DEVELOPMENT BONDS FOR CERTAIN RESIDENTIAL RENTAL PROPERTY.—

(1) IN GENERAL.—Subparagraph (A) of section 103(b)(4) (relating to certain exempt activities) is amended to read as follows:

"(A) projects for residential rental property if each obligation issued pursuant to the issue is in registered form and if at all times during the qualified project period—

"(i) 15 percent or more in the case of targeted area projects, or

"(ii) 20 percent or more in the case of any other project, of the units in each project are to be occupied by individuals of low or moderate income,".

(2) DEFINITIONS.—Subsection (b) of section 103 (relating to industrial development bonds) is amended by adding at the end thereof the following new paragraph:

"(11) PROJECTS FOR RESIDENTIAL RENTAL PROPERTY.—For purposes of paragraph (4)(A)—

"(A) TARGETED AREA PROJECT.—The term 'targeted area project' means—

"(i) a project located in a qualified census tract (within the meaning of section 103A(k)(2)), or

"(ii) an area of chronic economic distress (within the meaning of section 103A(k)(3)).

"(B) QUALIFIED PROJECT PERIOD.—The term 'qualified project period' means the period beginning on the first day on which any of the units in the project are occupied and ending on the later of—

"(i) the date which is 10 years after the date on which 50 percent of the units in the project are occupied,

"(ii) the date which is a qualified number of days after the date on which any of the units in the project are occupied, or

"(iii) the date on which any assistance provided with respect to the project under section 8 of the United States Housing Act of 1937 terminates.

For purposes of clause (ii), the term 'qualified number' means, with respect to an obligation described in paragraph (4)(A), 50 percent of the number of days which comprise the term of the obligation with the longest maturity.

"(C) INDIVIDUALS OF LOW AND MODERATE INCOME.—Individuals of low and moderate income shall be determined by the Secretary in a manner consistent with determinations of lower income families under section 8 of the United States Housing Act of 1937 (or if such program is terminated, under such program as in effect immediately before such termination), except that the percentage of median gross income which qualifies as low or moderate income shall be 80 percent.".

(3) CONFORMING AMENDMENT.—Paragraph (4) of section 103(b) is amended by striking out the second sentence thereof.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply as if included in the amendments made by the Mortgage Subsidy Bond Tax Act of 1980.

Mr. DOLE. This is an amendment to the Mortgage Subsidy Bond Tax Act.

May we have order?

The PRESIDING OFFICER. The Senate will please be in order.

Mr. DOLE. Mr. President, so that the record will be clear, so that everybody who has a question on this particular legislation will understand, when we met last Thursday in the Senate Finance Committee, the Senator from Minnesota, the Senator from New Jersey, and others, raised this amendment. The Senator from Kansas objected to it because of Treasury opposition.

Finally, in an effort to permit the possibility of compromise on all the differences, the Senate Finance Committee, by a vote of 18 to 0, voted to give the chairman the authority to add it or not add it, depending on whether or not we could work it out with Treasury.

In the meantime, the Senator from Kansas last evening met with Treasury officials. I was told that there may be someone in the White House who opposed the amendment. There is a lot of pressure from different people, from different States, with reference to this amendment.

The only area of real controversy is the first section dealing with arbitrage. The other three provisions are supported by Treasury. There have been all kinds of concerns expressed by Senators, by others, and by Governors. I indicated earlier today that if in fact there was no objection to the amendment, I would offer it on behalf of Senator DURENBERGER and others.

Mr. METZENBAUM. I wonder if the Senator would permit us to temporarily lay aside his amendment.

Mr. DOLE. Could I explain it first? Maybe Senator BRADLEY would like to discuss it, too.

I would just say there are four provisions in the amendment.

SINGLE-FAMILY MORTGAGE BONDS

First. Arbitrage limitations on mortgage investments. Under present law, the maximum amount by which the interest rate on mortgages financed with tax-exempt mortgage bonds can exceed the yield on the bonds is one (1.0) percentage point. The proposal would replace the 1.0 percentage point with a rate which varies with the size of the issue, beginning at 1 1/8 percentage points but not to exceed 1 1/8 percentage points. The limitation would be 1.0625 percentage points plus 0.01 percentage points, not to exceed 1.125 percentage points, for each $10,000,000 that the aggregate face amount of the issue was less than $100,000,000.

Second. Loss on reserve liquidations. Under present law, the dollar amount of reserves must be reduced as mortgages are paid off since higher reserves are no longer needed to secure these mortgage amounts. The proposal would provide that this rule would not require the disposition of any asset which would result in a loss to the extent of the excess of arbitrage profit on nonmortgage investments.

INDUSTRIAL DEVELOPMENT BONDS FOR MULTIFAMILY RENTAL PROJECTS

First. Definition of "low or moderate income." Under present law, tax-exempt industrial development bonds can be used for multifamily rental projects only if 20 percent of the units, 15 percent in targeted areas, must be occupied by individuals of low or moderate income. The definition of "low or moderate income" is defined by reference to the meaning of that term under section 8 of the United States Housing Act of 1937.

The proposal would adopt the definition of "low or moderate income" under the section 8 program, except that the applicable percentage will be 80 percent of the area median income, regardless of the percentage used under the section 8 program.

Second. Duration of targeting requirement. Under present law, the 20-percent requirement, 15 percent in targeted areas, must be met for 20 years with respect to any bonds issued before January 1, 1984. The proposal would provide that the 20 percent, 15 percent in targeted areas, requirement must be met until the later of, first, 10 years after more than one-half the project is first occupied, second, a date ending when 50 percent of the maturity of the bond has gone by, or third, the date on which any section 8, or comparable assistance, terminates.

EFFECTIVE DATE

The amendments would be effective as if they were included in the Mortgage Subsidy Bond Tax Act of 1980.

Mr. President, the revenue loss would be $1 million in 1982, $4 million in 1983, $9 million in 1984, $15 million in 1985, and an estimated $22 million in 1986.

Mr. President, I know of absolutely no objection to this amendment. I understand that most State housing agencies think this amendment will greatly improve their ability to float these bonds. I also understand somebody would like to speak on it but I urge that person to come to the floor and speak if we intend to go to conference yet tonight.

I yield to the Senator from New Jersey.

Mr. BRADLEY. Mr. President, I thank the Senator from Kansas. I think this is an important amendment to pass. It gives a one-quarter percent to a 16-percent incentive for housing, it is targeted for low-income people, the multifamily sector. I think it is timely. It is something we should adopt. Every Senator on the Finance Committee voted for it, 18 to 0. I think it is important that we accept the provision.

Mr. DOLE. Mr. President, I ask unanimous consent that, following my statement, a detailed, technical explanation of the amendment be added.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

(Detailed, Technical Explanation of Amendments to the Mortgage Subsidy Bond Tax Act (Amendment to Sections 103 and 103A of the Code))

PRESENT LAW

Single-family mortgage bonds.

Arbitrage limitations on mortgage investments.—Under present law, the maximum amount by which the interest rate on mortgages financed with tax-exempt mortgage bonds can exceed the yield on the bonds is one (1.0) percentage point.

Loss on reserve liquidations.—Under present law, the dollar amount of reserves must be reduced as mortgages are paid off since higher reserves are no longer needed to secure these mortgage amounts.

Industrial development bonds for multifamily rental projects.

Definition of "low or moderate income".—Under present law, tax-exempt industrial development bonds can be used for multi-family rental projects only if 20 percent of the units (15 percent in targeted areas) must be occupied by individuals of "low or moderate income." The definition of "low or moderate income" is defined by reference to the meaning of that term under section 8 of the United States Housing Act of 1937.

Duration of targeting requirement.—Under present law, the 20-percent requirement (15 percent in targeted areas) must be met for 20 years with respect to any bonds issued before January 1, 1984.

REASON FOR CHANGE

The Mortgage Subsidy Bond Tax Act of 1980 placed a number of restrictions on the use of tax-exempt bonds for single- and multi-family housing. Several modifications of the rules relating to multi-family housing are necessary to make the provisions work properly. The committee believes that an increase to the limit relating to arbitrage is necessary to allow the issuer to recover the cost of issuance.

EXPLANATION OF PROVISION

Single-family mortage bonds.

Arbitrage limitations on mortgage investments.—The amendment will replace the 1.0 percentage point with a rate which varies with the size of the issue, beginning at one and one-sixteenth (1 1/16) percentage points but not to exceed one and one-eighth (1 1/8) percentage points. The limitation is 1.0625 percentage points plus 0.01 percentage point (not to exceed 1.125 percentage points) for each $10 million that the aggregate face amount of the issue was less than $100 million.

Loss on reserve liquidations.—The amendment provides that the rule of present law requiring liquidations of reserves will not apply to the extent it requires the disposition of any asset at a loss in excess of the amount of undistributed arbitrage profits on nonmortage investments at such time. However, the rule will continue to apply if there are assets in the reserves which are not in loss positions and which can be sold to meet the liquidation rule. Similarly, the rule will cease to apply where loss assets appreciate so that they no longer are in a loss position.

Industrial development bonds for multifamily rental projects.

Definition of "low or moderate income."—The amendment provides a separate definition of individuals of "low or moderate income" by adopting the definition of "low or moderate income" under the section 8 program except that the applicable percentage will be 80 percent of area median income (regardless of the percentage used under the Section 8 program).

Duration of targeting requirement.—The amendment also provides that the requirement that 20 percent of the housing units be occupied by individuals of low or moderate means (15 percent in targeted areas) applies from the date the project is first occupied and continues until the later of (1) 10 years after over one-half the project is first occupied, (2) a date ending when 50 percent of the maturity of the longest bond in this issue has gone by, or (3) the date on which any section 8 (or comparable) assistance terminates.

EFFECT DATE

The amendment is effective as if included in the Mortgage Subsidy Bond Tax Act of 1980.

REVENUE EFFECT

The amendment is estimated to reduce fiscal year budget receipts by $1 million in 1982, $4 million in 1983, $9 million in 1984, $15 million in 1985, and $22 million in 1986.

Mr. SASSER. Mr. President, I want to make my position very, very clear on a matter of great importance to me, and to quite a few other Members of this body. The mortgage revenue bond program, which has the potential to spur the production or resale of hundreds of thousands of units of housing in this country, is still mired in legal and regulatory redtape. And this bill, this appro-

priate and available vehicle for addressing those problems, does not redress the problems of the 1980 mortgage subsidy bond program.

All of us here are aware of the disastrous condition of the housing and realty industries. All of us know that it is virtually impossible for first-time buyers to purchase a home. Many of us are aware of the ability of the mortgage revenue bond program, when it works, to provide at least a minimal safety net for the homebuying market.

There are 40 cosponsors on my bill (S. 1348) to make this program work. Forty percent of the Senate have taken an initiative in meeting an increasingly desperate economic, commercial and social need, and it was my hope and belief that the Finance Committee could have found the means and the will to reach agreement.

Now, I want to commend my friend from Minnesota Senator DURENBERGER for his role in working within the Finance Committee to try to make the mortgage bond program work, at least in a few States, to demonstrate the value of this approach. A number of other members of the committee also spoke out in favor of a partial remedy. There was so much support for a remedy, in fact, that the Finance Committee voted 18 to 0 in favor of resolving the very difficult issues that affect the mortgage revenue bond program.

Those issues, most unfortunately, have not been fully resolved. There are a number of them that should be addressed, and that I fully expect will be addressed early in the next session of Congress. The key issues are the limitations on arbitrage and yield on the bonds. In essence, the spread between the bond sale price and the mortgage interest rate, and the use of those proceeds, are the key determinant of whether or not a State or local government will be able to structure a sound and secure bond issue. This is what arbitrage and yield are all about: Enabling the issuer to create and operate a solvent, dependable mortgage bond program.

It has been clearly demonstrated in case after case that the limitations under current law are inadequate. Documentation provided to me, regarding a significant proportion of potential issuers in States all across the country, indicate that even the modest increases in arbitrage and yield proposed by Senator DURENBERGER are inadequate.

I am looking forward to working further with the Senate Finance Committee and with the Department of the Treasury and with the Joint Tax Committee, and with any other interested parties in bringing this matter to a succesful resolution. We—and I mean the economy, the home buyers, the State and local authorities trying to house their populations, and the entire range of housing and realty industries—need an effective mortgage bond program.

It is in the spirit of constructive compromise that I am seeking to bring this very important matter to the attention of my colleagues. The time for constructive action is now, in this calendar year, in this phase of allocations, in this continuing trough of the deepest and most prolonged housing recession since the Second World War.

Finally, Mr. President, I ask unanimous consent that a statement from the Tennessee Building Material Association in support of my mortgage bond legislation (S. 1348) be entered into the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TENNESSEE BUILDING MATERIAL ASSOCIATION,
Nashville, Tenn., December 7, 1981.

To: All Managing Officers: National Lumber and Building Material Dealers Association; National Ready Mixed Concrete Association; National Concrete Masonry Association.

From: Stan Owens, Executive Vice President.

Subject: Pending Housing Bond Legislation.

Enclosed is a copy of a Status Report on the "Pending Housing Bond Legislation" in Congress from Grady Haynes, Chairman of the Tennessee Housing Development Agency, which is self-explanatory.

As you will note from the Report, 34 Senators and 107 Representatives have signed S 1348 and HR 3614, with both of our Tennessee Senators and all eight Members of the House from Tennessee Sponsoring or Co-Sponsoring the Bill.

Since this pending Legislation is so important to our industry, we hope you will immediately contact your Delegation(s) to cosponsor or at least support and use their influence to help pass this Legislation as soon as possible.

Many thanks for your cooperation.

STATUS REPORT ON THE PENDING HOUSING BOND LEGISLATION

(By Grady R. Haynes, Chairman, Tennessee Housing Development Agency)

In view of the fact that the Treasury Department has sufficiently modified its position regarding the tax exempt status of housing bonds to enable THDA and a few other state agencies to make a bond issue, I have been asked to update our position on the need for the passage of H.R. 3614 sponsored by John Duncan of Tennessee and S. 1348 sponsored by Senator Jim Sasser of Tennessee.

After a thorough discussion with our bond council, bond underwriters, the THDA staff, and based on the problems encountered in the preparation for the pending THDA bond sale, our consensus opinion is as follows:

(1) H.R. 3614 and S. 1348 needs to be passed intact—with the possible addition of a suitable multifamily amendment.

(2) The arbitrage restrictions could be reduced to a minimum of 1¼ percent. Any further reduction would require a front end subsidy and agencies who are not in a position to subsidize will simply be unable to issue bonds.

(3) The passage of this Legislation intact would result in at least a 1-percent reduction in interest rates for qualified home buyers (included in this figure is the one-half-per cent expense for registering bonds).

(4) The fact that state housing finance agencies have been able to create some surpluses recently (which can be used as subsidy money) is possible because short term interest rates have been unusually high. Obviously as short term rates fall this ability to earn on arbitrage will be reduced—in fact, negative arbitrage earnings are very likely to occur in the near future.

(5) Because the recent ruling by Treasury came too late for most agencies (including THDA) to use all of their 1981 allocation—the deadline for states to use their 1981 allocation should be extended until July 1, 1982.

In addition to the above views, I would like to submit some personal observations of my own.

I am somewhat puzzled and disappointed that this bill has not already passed—in view of the fact that 34 Senators and 107 members of the House have signed this bill and very little opposition or criticism has been offered by any member of Congress on the merits of this bill.

It is quite obvious that the bureaucratic Treasury Department is opposed to any changes in legislation that would make the tax exempt revenue bond program for housing workable. In fact, their ruling on the tax exempt status of housing bonds stopped short of completely clarifying this issue and has made it necessary for bond counsel to include a disclosure in their legal opinion that under certain circumstances these bonds could become taxable.

The additional paper requirements and staff work that has been necessary to prepare the present bond sale for THDA as compared with the issue THDA made last year is ridiculous—when you consider that the end result is virtually the same—except for the substantial added cost.

To achieve the objectives of limiting the amount of housing bonds to be issued and establishing the maximum income of families to receive the benefits could have been achieved by a simple short bill—properly leaving the implementation details to the states. Since this end result is apparently impossible to achieve at this time—at least we should expect our elected representatives in Congress to make these unnecessary federal regulations as simple and workable as possible. I submit that this is exactly what the Duncan-Sasser Bill does.

I applaud the efforts being made by Congress to cut bureaucratic federal regulations and red tape. So, what's wrong with applying a little front end surgery on housing bond regulations and help reduce interest costs to thousands of deserving moderate income families.

The Duncan-Sasser Bill deserves to be passed—based on its own merits.

Mr. CHAFEE. Mr. President, I want to express my support for Senator DURENBERGER's amendment affecting mortgage revenue bond programs. He has worked diligently and is certainly to be commended for drafting an effective compromise on this complex issue.

For the past several years, a majority of Rhode Island homebuyers has benefited from from reduced rate mortgages provided through bonds issued by the Rhode Island Housing & Mortgage Finance Corp.

As a result of the highly restrictive mortgage subsidy bond legislation enacted last year and, of course, as a result of sky-high interest rates, the housing market in my State and other States has literally collapsed.

Given this devastating situation confronting prospective homebuyers, homebuilders, and realtors, it is extremely important that we adopt these modest changes that will help State housing agencies, such as RIHMFC, get back into the business of supporting housing.

Mr. DOLE. Mr. President, it is my understanding that the Senator from Tennessee (Mr. SASSER) is on his way to the floor. We would like to proceed. I might say to my colleagues, if we are going to go to conference with this bill, we are going to have to do it rather quickly. I wonder if anybody has been able to contact Senator SASSER. I do not want to deny anybody the right to speak.

Mr. President, I know the majority leader is getting nervous. There is only one other amendment, one by the Sen-

ator from Colorado (Mr. HART). I know it will be short.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas (Mr. DOLE).

The amendment (UP No. 812) was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Nevada.

Mr. DOLE. Mr. President, I ask unanimous consent that that amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 813

Mr. HART. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Colorado (Mr. HART), for himself and Mr. KENNEDY, proposes an unprinted amendment numbered 813.

Strike everything after the word "because" on line 2 and at the appropriate place in the bill, insert the following:

Because the Congress finds that it is in the interest of the United States to combat international terrorism, and

Because, the present regime in Libya is aiding and abetting international terrorism, and

Because, the President is in the process of considering appropriate measures against Libya that could include a prohibition on the import of Libyan oil,

Therefore, it is declared the sense of the Senate that the President should now act to impose a ban on the import of Libyan oil into the United States. It is further the sense of the Senate the President should (1) actively urge all nations, including our European allies and Japan, to strengthen their cooperation against international terrorism and (2) coordinate international measures to establish and maintain a total prohibition of all imports of Libyan oil, in order to bring to the earliest possible end the international terrorist practices of the current Libyan regime.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Colorado.

Mr. HART. Mr. President, over the past 3 or more months, the Senator from Colorado as well as others have joined in an effort to educate the U.S. Senate, our colleagues, and the American people to the degree of support which our country has been lending over the past number of years, financially, to the regime of Colonel Qadhafi, described by many as the most terrorist-oriented regime in the world.

During that time, the Senate has voted once, some 2 months ago, on an amendment which would have banned the import of oil from Libya into this country within a 90-day period. That amendment was proposed by the distinguished Senator from Kansas (Mrs. KASSEBAUM), the Senator from Massachusetts (Mr. KENNEDY), and me.

As recently as last week, the Senator from Colorado offered a variation of that amendment which would have placed the Senate on record, in the form of a sense-of-the-Senate resolution, in support of the President if he chose to take action to impose an embargo or a ban on oil being imported from Libya.

After the strong urging of our very esteemed and respected majority leader, the Senator from Tennessee, it was the decision of the sponsors of that resolution to withdraw it, to give the administration time which it seemed to desire to formulate and propound a policy toward the regime in Libya.

The Senator from Tennessee, the majority leader, at that time asked for some 24 to 48 hours, stating—I believe on behalf of the White House and the administration—that that was the time necessary to announce the President's decision.

As we know, based upon the President's statements and actions since then, the White House and the President have taken steps to urge Americans in Libya, some 1,500 to 2,000, to withdraw, in the interest of their own safety and our own national interests.

Mr. President, it seems to this Senator as well as others that in addition to that step, others must now be taken.

We are well aware that, through financial means, weapons, and other means at Colonel Qadhafi's disposal, including the harboring of criminals and terrorists in his own country, that this regime and this individual have alined themselves with almost every separatist and terrorist organization, one way or another, in the world.

It is the position of our own intelligence community that Colonel Qadhafi has been responsible for ordering the deaths of almost a dozen dissident Libyans living abroad. There has been an assassination attempt on a Libyan student residing in my State. Happily, it failed, but barely. The perpetrator of that effort has gone to trial in my State during the last few weeks.

Mr. President, I believe the time has come for responsible Members of the Senate to place this body on record as opposing continued financial support by this country, through the purchase of Libyan oil, of this kind of activity.

Members of the administration have stated at great length how inimical to the interests of the United States the actions of Colonel Qadhafi and his regime are.

The President of the United States has gone on record in recent days as discussing the possibility—I think he has gone beyond saying it is a possibility; he said it is a fact—that agents of the Libyan Government have come to this country for the purpose of assassinating high-level Government officials, including perhaps even the President of the United States.

Yet, Mr. President, in spite of the actions which the White House has taken and in spite of the rhetoric of Members of the U.S. Congress and the White House and the administration, our support for Colonel Qadhafi and international terrorism continues. We are still importing close to 200,000 barrels of Libyan oil a day, even though the Government of the United States finally, as recently as this September, terminated its own purchases of Libyan oil for the strategic petroleum reserve.

There is nothing in the world that, given international market forces, might not bring our own Government back to a position of itself being a principal importer of terrorist oil. It has been argued that an embargo would not be effective. There are some strong arguments, given the status of the world marketplace, that that is not the case; that, given decreased demands, given the high price of Libyan crude and refined products, and given the fact that the Libyan exports have not followed market trends, our own withdrawal of purchases would have a very serious effect.

Even if that were not the case—and this is the fundamental point the Senator from Colorado should like to make here—it is the right thing to do. I think there are times in a Nation's history when great nations have to do what is right, in spite of whether it is in fact politically effective.

I invite the attention of my colleagues to a quotation from our own Secretary of State, which was published in the New York Times on December 12, within the last few days. It was remarked by the reporter, in that front page story, that "Mr. Haig seemed to deviate from the official explanation for the American action"—being the movement toward getting international support for withdrawal of the purchase of Libyan oil—"by attributing it more to moral outrage than to the safety of Americans." The Secretary is quoted as saying:

Each nation is entitled to draw its own conclusions with respect to Libyan activity, he said, "but for our part we no longer believe that a double standard with respect to international lawlessness and terrorism, especially when it is targeted on American officials, is a contributor to international peace and stability and the rule of law which we all seek to espouse. And therefore we've taken these minor steps."

Mr. President, if the moral argument which the Secretary of State makes is a sound one, and I firmly believe it is—and I made that argument 2 or 3 months ago—then it should extend beyond these minor steps which the Secretary of State commented on—namely, the American withdrawal—and extend to the actual purchase of Libyan oil by American interests.

This is the fundamental point. Whether it ever has any impact on the activities of Colonel Qadhafi or not, it is fundamentally wrong for American public or private interests to be financing terrorism conducted by the Libyan Government or by anyone else.

Therefore, I offer this sense of the Senate resolution to put the U.S. Senate on record as urging the President to impose an embargo, a total ban, on the importation of oil from Libya, as an adjunct to and supplement to the steps he already has taken.

I say to my distinguished friend, the Senator from Kansas, the floor manager of the bill, that I wish it were not necessary to raise this issue on the final day and the final hours of this session, particularly on a Finance Committee bill. This proposal has been forced upon the Senator from Colorado by the urgings of the Senator from Tennessee, the majority leader, to withhold, last week or the week before, and by the failure of any other appropriate vehicle to emerge

here in the closing hours of this session of the Senate.

I believe that this measure can be taken to conference and, given the persuasiveness of our colleagues who will be representing the Senate in the deliberations, they can urge their House counterparts to accept this rather modest proposal. I hope my colleagues will agree to support this sense-of-the-Senate resolution.

Finally, Mr. President, I make one observation: Last night, the Senate put itself on record overwhelmingly—I think unanimously—in support of a resolution supporting Solidarity in Poland and putting the U.S. Senate on record, morally, as opposing Soviet intervention in that country. I believe—and I think other colleagues and the American people will believe—that similar proposals apply in this instance.

For those reasons, I hope that my colleagues will see fit to support and adopt this resolution in the closing hours of this session of the Senate.

After high-level deliberations, the administration has decided to reconsider the nature of American relations with Libya. Last week, the administration announced the United States would no longer issue passports to Americans going to Libya. In addition, the administration urged all Americans in Libya to leave that country.

I welcome the administration's attention to this matter. But I am afraid the administration's policy does not go far enough. It does not impose an embargo on American imports of Libyan oil.

American support for Libya is unconscionable. The facts are simple and straightforward. So long as the U.S. imports Libyan oil, our petrodollars replenish Qadhafi's treasuries. So long as we import Libyan oil, we help to finance international terrorism. If the United States is to have any meaningful policy on international terrorism, it must end the embarrassing spectacle of condemning Qadhafi with words while supporting him with petrodollars.

For that reason, I am offering a resolution calling on the President to impose a ban on all American imports of Libyan oil.

From the day Qadhafi sheltered the murderers of the 1972 Israeli Olympic team, his name has been an international synonym for violence, terror, and murder. With words, money, and arms, he has supported nearly every violent separatist movement of the last decade. Qadhafi has plotted assassinations and other forms of subversion in Gambia, Niger, and Senegal. His hit teams have killed at least 10 Libyan dissidents living abroad. And now Federal officials are looking for the latest Libyan hit squad—this one reportedly sent by Qadhafi to assassinate the President and other prominent administration officials.

Qadhafi's military ventures are equally notorious. He foments violence and instability throughout northern Africa and the Middle East. He has threatened the security of nations friendly to the United States such as Mali, Niger, Sudan, Egypt, and Saudi Arabia. He trained and supported the invaders of Chad, Libya's southern neighbor. And last August, Qadhafi's planes attacked American jets flying over international waters in the Mediterranean.

Libya's neighbors have been close to unanimous in their condemnation of Qadhafi. Not only have Senegal, Gambia, and Ghana severed diplomatic relations with Libya, but also some nations have hinted that military assistance from France to defend themselves against Libya would be welcome.

An even more serious threat to world peace concerns Qadhafi's efforts to make Libya a nuclear power. He has spent—and will continue to spend—considerable amounts of money to persuade governments with nuclear technology, such as Pakistan, to enter agreements for nuclear cooperation. He has purchased large quantities of yellow-cake uranium from Niger, passing these on to Pakistan in further support of the latter's nuclear program. Through judicious use of financial payments, he hopes to buy technology enabling Libya to enrich uranium to weapons-grade material.

The day may soon arrive when terrorists play a deadly game of nuclear blackmail; a Libya armed with nuclear technology would be an all-too-likely ally of nuclear terrorism. To further its nuclear ambitions, Qadhafi needs financial resources. The United States must use every means available to insure that Libya's income is further reduced, thereby forcing a reduction of Qadhafi's freewheeling activities in the nuclear arena.

The threat is clear. Qadhafi is, in the words of Anwar Sadat, a "certified lunatic." He is a man with whom the United States should not be doing business. But in this case, expediency has ruled.

Importing Libyan oil has been economically expedient for the United States. Despite its high cost, Libya's light, sweet crude is prized for its refining qualities. It is easier and less expensive to refine into light petroleum products like gasoline than heavier oils. Even the U.S. Government has not been able to resist. Among the 32 importers of Libyan oil to the United States, the Federal Government ranks fifth, a policy that makes a travesty of American policies on international terrorism.

In recent months, the United States has been the greatest single importer of Libyan oil. In August, we bought 275,000 barrels of Libyan oil every day—almost 40 percent of all Libyan oil exports. At $40 a barrel, that is more than $11 million a day.

In September, American imports from Libya fell to 154,000 barrels but we still ranked as the largest importer of Libyan oil.

Many Senators have questioned the efficacy of proposals to ban American imports of Libyan oil. They contend that by prohibiting the import of Libyan oil to the United States we bring greater hardship on ourselves than on the Libyans. But this is clearly not the case, especially if the embargo is imposed now while there is a surplus in world oil markets.

At present, the Libyans are having a hard time finding markets for their oil. Since last year, Libyan oil exports have fallen from 1.8 million barrels per day to 600,000 barrels a day. Even with a lower price, it is not certain the Libyans will be able to find new markets for their oil. With the current surplus in world oil markets, oil-importing nations like the United States can buy from other exporters, including Nigeria who offers a light, sweet crude comparable to the one sold by Libya.

In August, Nigeria was pumping only 648,000 barrels of its light, sweet crude, compared to an average 2 million barrels per day in 1980. Nigeria would be a ready supplier of crude to importers who would otherwise be tempted to buy Libyan crude. In fact, it could more than make up the loss of crude on world markets, if all importers decided to pass over Libyan crude.

Libya poses a direct threat to world peace and security. If the United States is serious about combating international terrorism it must cut off the flow of American petrodollars to Libya. It is not only a morally responsible policy but there is a good chance such a policy will curb Libyan-sponsored terrorists.

Mr. President, one more point. I ask unanimous consent to modify my amendment to say, "At the appropriate place in the substitute," just to make it conform with the pending measure.

Mr. DOLE. Mr. President, I certainly appreciate the desire of the distinguished Senator from Colorado to make the point on Libya. I also have a dual responsibility. If we are going to go to conference on this tax bill, and there are about 20 Members who would wish to do that in this Chamber, but we cannot put on extraneous even though they are only sense-of-the-Senate resolutions.

So I just suggest to my colleagues that I believe the President has a policy. I believe that ordering the Americans home, and they are coming home, should be the first step. Without getting into that, I just hope that we could, if the Senator wants a vote, to permit me to move to table the resolution and then, as far as I know, there will be no other amendments to the tax bill, and we could go to final passage and try to go to conference yet this evening.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. DOLE. I yield.

Mr. LONG. Mr. President, it was the understanding of Senators on the committee that we were not going to accept controversial amendments to this bill. As far as this Senator is concerned, this is a controversial amendment. I heard the Senator's statement and he eloquently states his side of the argument. On the other hand, it could very well be that the evidence that has been provided the President might not stand up under the kind of test that the American system of justice insists upon, and it may be that people who provide this information might have some reason that some of us might not know anything about, that it might not be the kind of evidence that could meet the test that Americans would demand under the provision that calls for a fair trial, for example.

I do not think that Senators would want to feel that they acted impulsively or by their action caused the Libyan

Government to confiscate the investments of Americans who are already being told they cannot be over there, they have to come back.

If the President wants to cut off shipments from Libya it seems to me he is the one who should ask for it. Short of that, I think this Nation ought to speak with one voice and we ought to have the leadership of the President and we should not grab the bit in our teeth and go charging off ourselves with our own separate foreign policy unless the President sees fit to ask us for his support in this matter. If he wants to ask for it, I will support it.

Otherwise, I do not think we should get engaged in all this.

May I point at this stage that if we get into matters of this sort, for all I know, someone will next be on his feet wishing to offer an amendment taking the attitude of the New York Times and the Washington Post for Mr. Begin to annex this additional territory to Israel and might get us into a warlike situation that we do not like.

There are all kinds of things that we would get involved in on foreign policy and other things on what is supposed to be a bill, that has no controversy to it, to correct a few inequities in the tax law.

Mr. President, I hope that the Senator's motion to table will be agreed to.

Mr. HART. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HART. Mr. President, let me respond in just 1 minute.

First of all, the Senator from Kansas and the Senator from Louisiana, both I think on occasion have attached so-called extraneous amendments to bills particularly in the closing hours of the session when no other option was available.

Second, the Senator from Colorado is not charging off nor is he urging the Senate to charge off in creating some independent foreign policy. The Constitution gives this body certain authority and certain responsibility in the foreign policy area. I see no reason why not to exercise it in a restrained, modest, and thoughtful way which is to urge the President to take certain action in which a majority of Senators may believe.

So I only hope that Senators will exercise their own judgment, whether in the closing hours of the session or some other time, whether it is seemly for the United States of America to be buying oil from the world's principal terrorist, period.

Mr. KENNEDY. Mr. President, I join my friend and colleague, Senator HART, in offering this amendment calling for action to prohibit the importation of oil from Libya. In October Senator HART and I sponsored a similar amendment to the 1982–83 foreign assistance authorization bill. Today, I remain as firmly convinced, as I did then, that our Government must take such an action.

The administration claims that the United States is opposed to state supported terrorism. Yet this administration continues to permit American oil companies to import Libyan oil—for which Americans paid more than $7 billion in 1980. Among other things this money was used to aid and abet international terrorism. Colonel Qadhafi used this money to finance hit squads to eliminate Libyans who disagreed with this policies. And in recent weeks, we have all seen the reports that these hit squads may have been dispatched against officials of our own Government.

It is time for our energy policy to be consistent with our foreign policy. If we truly oppose the terrorism and aggressive policies of the Qadhafi regime, then we should not pay that regime billions of dollars to import oil and thereby subsidize those policies to which we strenuously object. Without an end to this unseemly commercial relationship with Libya the United States will lack the necessary moral basis to organize the broader international political and, if necessary, military response to put an end to gross Libyan violations of international law.

Further Colonel Qadhafi has used this money to make massive purchases of Soviet military equipment. Let us be clear about his objectives.

First, he is committed to obstruct efforts for peace in the Middle East: Libya is in the forefront of the rejectionist states—states adamantly opposed to the Camp David peace process. Qadhafi provides extensive financial support to the PLO and to other radical terrorist groups in the area. He applauds the success of assassinations against such men as President Sadat and those moderate West Bank leaders who dare to strive for peace.

Second, Libya promotes revolution in the states of North Africa and the Middle East. From Gambia in West Africa to North Yemen in the Middle East, Libya has sponsored attempts to overthrow the existing governments.

Third, he uses Libya's military to interfere in the affairs of other nations. In Chad, Libyan military forces intervened directly in the civil war, violating one of the most fundamental principles of the United Nations and the Organization of African Unity. And in Egypt, Libya has allegedly sent teams and funded organizations having as their sole purpose the overthrow to the Government of Egypt.

Libya is the country and Qadhafi the man who carry out these policies committed to violence, assassination, and other acts of terrorism. We should not continue to buy Libyan oil and thereby provide them with the revenue to pay for their terrorist agents and to commit aggression against their neighbors.

Mr. President, I ask unanimous consent to include in the RECORD the text of the letter which I wrote Secretary Haig on November 23, setting forth my views and recommendations on this subject. I also request unanimous consent to include the text of my letter to the New York Times on December 10.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., November 23, 1981.

Hon. ALEXANDER M. HAIG, JR.,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: I have long believed that the United States should disassociate itself from the terrorist regime in Libya. At this time of tension in the Middle East and North Africa, the United States should not conduct itself in any way that contributes to a regime committed to violence, assassination, and other acts of international terrorism.

Each day, however, the United States pays vast amounts to Libya for oil—over $7 billion in 1980, over $4 billion through July of 1981. It is unconscionable that dollars from the United States are used to finance the worldwide campaign of terrorism and violence conducted by the Government of Libya. For this reason, on October 21, I co-sponsored an amendment to the 1981 Foreign Assistance Authorization bill which would have prohibited all purchases of oil from Libya by the United States, by U.S. firms or by U.S. citizens.

Although that amendment was narrowly defeated, the Senate condemned the Libyan government and called for an immediate review of the concrete steps the United States could take to bring economic and political pressure on Libya to cease its efforts to support international terrorism, to obstruct the search for peace in the Middle East, and to destabilize and control governments in neighboring states.

I continue to believe it is inexcusable for the United States to be the world's largest customer for Libyan oil. Colonel Qadhafi and his lieutenants are working with the PLO and other terrorists to destroy the State of Israel. They are sponsoring and funding assassination attempts in the Middle East, in Europe, and even in the United States. In this regard, it has come to my attention that Colonel Qadhafi may well have been behind the assassination of President Sadat. The secret organization which carried out this act of terrorism is reportedly named Jihad and is the same Libyan-backed organization that was implicated in a raid on a police station in Alexandria, Egypt, in January 1980.

In short, Libya today stands condemned by the actions and words of its own leader. It is time for us to sever the oil pipeline that pours billions of American dollars into the Qadhafi arsenal. I was pleased to read reports that you, too, believe we should move toward an embargo of Libya. As you are aware, Exxon has already announced it is closing its operations in Libya, and Mobil is reviewing its situation in that country.

I strongly urge the Administration to act immediately to embargo Libya to demonstrate our opposition to international terrorism and to policies which seek to undermine the stability of friends in the area such as Israel, Egypt, Tunisia, and the Sudan. I would also urge that the Administration persuade our friends and allies to join us in this embargo to underscore clearly that any regime, which is behind irresponsible actions such as those taken by the Qadhafi-led government, will be isolated internationally.

I look forward to hearing your views on both an immediate embargo and on other actions that could be taken against Libya to protect U.S. interests.

Sincerely,

EDWARD M. KENNEDY.

PUT AN EMBARGO ON ALL LIBYAN OIL

To the Editor: In your Dec. 10 editorial "Fighting Qadhafi With a Wet Noodle," you state that "the unhappy truth is that an oil embargo can't work" as a counter to Libyan terrorism.

As a co-sponsor of Senate legislation to end all oil imports from Libya, I believe that it is unconscionable for the United States and other countries to spend billions of dollars for Libyan oil, which will then be used to finance acts of aggression and terrorism, including assassination attempts against our leaders and our representatives overseas.

Without an end to this unseemly commercial relationship with Libya, the United States will lack the necessary moral basis to organize the broader international political and, if necessary, military response to put an

end to gross Libyan violations of international law.

I therefore welcome President Reagan's decision to call upon all Americans to leave Libya and all American companies to scale down their operations, but I believe that a complete embargo is the necessary next step if our policy on Libya is to achieve credibility at home and abroad.

EDWARD M. KENNEDY,
U.S. Senator from Massachusetts.

Mr. KENNEDY. I also ask unanimous consent to have printed in the RECORD an important editorial, "Time to Boycott Libyan Oil," which appeared in the Oil Daily on December 11, 1981.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Oil Daily, Dec. 11, 1981]

TIME TO BOYCOTT LIBYAN OIL

The escalating war of words between Tripoli and Washington entered dangerous territory this week when leaders of the United States and Libya accused each of plotting to assassinate the other. The open hostility between the nations naturally brings questions about why the United States continues to do business with so hostile a government as Libya—particularly under the present circumstances.

Those questions are fueling calls for a U.S. trade embargo of Libyan goods similar to that invoked by the Carter administration against Iran at the beginning of the hostage crisis. And since Libya, like Iran, has only one concrete export commodity to the U.S.—oil—this would amount to a Libyan oil boycott by the United States.

The direct impact of such a boycott on this country's supplies would be minimal. The United States depends on Libya for only about 5 percent of its total crude oil imports and less than 2 percent of total crude supplies. Exxon Corp. has already left the North African country, while two of the three remaining U.S. firms, Mobil and Conoco, are watching the situation day-by-day. But neither has lifted any Libyan oil since summer. Only Occidental, which reportedly lifts 78,000 barrels daily, is still buying Libyan crude.

Libya is already feeling pressure from the worldwide oil surplus. Its production, which still topped more than 1 million b/d last summer, dropped to around 600,000 b/d by September, due mostly to its defiantly high prices. Failure by the Organization of Petroleum Exporting Countries to seriously consider a long-term pricing and production strategy is mostly due to Libya and other pricing hawks having to adjust premiums to more realistic levels.

So Libya's economic isolation has already begun. The question the Reagan administration is probably asking as it considers the boycott option is whether such a move will deepen that isolation. Without cooperation from other major consuming countries, it can't succeed as an economic sanction since Libya could merely sell its crude elsewhere.

Moreover, the administration must be considering what reaction a boycott would have within OPEC: The pricing moderates are undoubtedly miffed at the Qadhafi government not only over resistance to long-term strategy proposals but also because of its running political and territorial disputes with neighbors, many of which are producing countries themselves. The question is whether such key producers as Saudi Arabia would accept economic moves against Libya or choose instead to preserve the cartel, reduce oil revenues for a time and halt production.

Once these long-term questions are resolved, however, and the companies doing business in Libya given time to evacuate personnel and line up alternative supplies, an end to U.S. purchases of Libyan oil seems likely. Given the current market conditions and the small role Libyan crude actually plays in the U.S. energy picture as well as the demonstrated hostility of the Qadhafi government, it's a step worth taking.

Otherwise, we're in the quite peculiar situation of doing business with a nation led by a man who President Reagan himself says has probably ordered the assassination of leaders of our own nation—a prospect that is not an acceptable alternative for the leader of the free world.

ACTION AGAINST LIBYA IS WARRANTED NOW

Mr. MITCHELL. Mr. President, for almost 2 weeks, our Government has operated on the dreadful assumption that the President of the United States and other high officials have been targeted for assassination by teams of terrorists under the direction of Libya.

There is now a consensus in this country that the United States should take action against Libya, a nation whose leadership appears determined to continually violate accepted international law and to disrupt and—in some cases—overthrow, states which it opposes or wishes to dominate.

Direct action by the United States against Libya must be taken.

Every Member of this Congress, regardless of party, should in his or her own way, condemn Libya for its continued involvement in terrorist activities. All peace-loving nations of the world must apply the influence they possess to stop the kind of destabilizing activity which has become the hallmark of Libya and its President, Colonel Qadhafi, a man characterized by the late Anwar Sadat as "* * * 100 percent sick and possessed of the demon."

As distressing as the report of the Libyan terrorist squad is, it is only the latest chapter in a continuing saga of terrorist activity sanctioned by Colonel Qadhafi. He is reported to have lent substantial support to separatist groups in the Basque region of Spain and in Italy; to have infiltrated fundamentalist hit squads into Egypt; to have actively sought the overthrow of Sudanese President Numeiri, a friend of the United States; to have ordered and obtained the elimination of Libyan dissidents outside of Libya; and to have permitted a raging mob to sack and burn the U.S. Embassy in Tripoli in 1979.

Under 12 years of Qadhafi's rule, Libya has gained world recognition as an exporter of two things: Terrorism and petroleum. The former is financed by the revenues from the latter. Only in recent weeks have the American people become aware that the United States is the primary buyer of the Libyan petroleum which generates the cash for Qadhafi's illegal, immoral, and destabilizing plots.

We paid Libya $7 billion for oil in 1980. By July of this year, we had sent to Libya an additional $4 billion. Each day, over 350,000 barrels of Libyan petroleum enters the United States.

Though the United States is economically vital to the prosperity of the Qadhafi regime and the maintenance of Libya's reputation as the "Patron Saint" of terrorists, Libyan crude is not crucial to the economic future of the United States. In fact, Libya provides just 2 percent of all the petroleum which we consume, and only 5 percent of the petroleum which we import.

If the United States is seriously concerned about the terrorist activities which Western intelligence agencies indicate could not be conducted without Libya's cooperation and financial support, why does not this country, in cooperation with its allies, phase out the importation of Libyan petroleum? By so doing, the United States could substantially curtail Libyan-sponsored adventurism and could do so without crippling American interests.

The Reagan administration is being presented with a foreign policy option which it should not pass up. The administration has spoken at great length about its commitment to halt the spread of terrorism. By instituting a prompt phaseout of Libyan oil imports, President Reagan would be backing up his administration's words with concrete action.

Seven weeks ago, during the Senate's consideration of the foreign assistance authorization bill for fiscal year 1982, I cosponsored an amendment offered by Senator HART which would have resulted in a complete phaseout of Libyan oil within 90 days. Ironically enough, the Reagan administration urged Senators to oppose Senator HART's proposal, and to support a mere study of the ways in which pressure could be brought to bear against Libya. I believe now, as I did then, that the time for studies is past and that firm action is urgently required.

I hope that the reports of Libyan hit men searching for their American targets here in the United States are sufficient to convince the President that he should act quickly to stop the flow of American dollars to Libya by taking immediate steps to terminate the U.S. importation of Libyan oil.

Mr. DOLE. Mr. President, I yield to the distinguished majority leader.

Mr. BAKER. Mr. President, before we go to a vote on this amendment, it is almost 5 o'clock and honestly I had thought, and it is my fault, but I thought we would finish this bill much, much before this.

We have the identities bill yet to do. We have the Nuclear Regulatory Commission yet to do. We may have a communications bill yet to do and other matters.

Mr. President, I wonder how the distinguished minority leader and others might respond to a request, and I shall not put the request at this moment, that no other amendments be in order to this bill except a technical amendment to be offered by the manager and I am advised that Senator MELCHER has an amendment that he wishes to offer.

If we could limit that I think it might move us on toward getting this matter underway.

As I say, I shall not offer this request at this time, but I urge Senators to consider that. I shall make that request as soon as I have had opportunity to consult with the minority leader.

Mr. DOLE. Mr. President, will the majority leader do that now?

Mr. BAKER. Yes.

Mr. President, as soon as we dispose of the pending amendment, I will make that request. I will not make it at this moment.

Mr. DOLE. Mr. President, let me first thank the majority leader and I hope we do not have a Melcher amendment.

We put a notice in the RECORD a month ago that we were going to have a meeting and going to follow certain guidelines, and we had that meeting and we worked on it 3 hours last Thursday. I do not quarrel with anyone's right to offer amendments, but we are in the last hours of the session and there are about 20 Senators, about 10 on each side, who have a real interest in what we are doing here.

I hope that their colleagues do not trot in at the last minute and foul up a number of amendments that are not controversial, not real revenue losers, and not opposed by Treasury, I think with two exceptions, and they have had hearings, which may be one exception.

We have tried to be above board, lay it out on the table, and now there are about eight Republicans and eight Democrats who have rather vital interests in the amendments they have offered. Let us not kill it all in the last minutes of the session.

Mr. President, I move to table the pending amendment, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Colorado.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Oklahoma (Mr. BOREN), the Senator from New York (Mr. MOYNIHAN), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I further announce that the Senator from West Virginia (Mr. RANDOLPH), is absent on official business.

I further announce that, if present and voting, the Senator from New York (Mr. MOYNIHAN), and the Senator from West Virginia (Mr. RANDOLPH), would each vote "nay."

The PRESIDING OFFICER. (Mr. WARNER). Are there any Senators in the Chamber desiring to vote?

The result was announced—yeas 57, nays 34, as follows:

[Rollcall Vote No. 495 Leg.]

YEAS—57

Abdnor	Burdick	Danforth
Andrews	Byrd,	Denton
Armstrong	Harry F., Jr.	Dole
Baker	Chafee	Domenici
Bentsen	Cochran	East
Boschwitz	D'Amato	Garn
Glenn	Kasten	Rudman
Gorton	Laxalt	Schmitt
Grassley	Leahy	Simpson
Hatch	Long	Specter
Hatfield	Lugar	Stafford
Hawkins	Mathias	Stevens
Hayakawa	Matsunaga	Symms
Heflin	Mattingly	Thurmond
Heinz	Murkowski	Wallop
Helms	Nickles	Warner
Humphrey	Nunn	Williams
Jepsen	Packwood	Zorinsky
Johnston	Pressler	
Kassebaum	Roth	

NAYS—34

Baucus	Eagleton	Mitchell
Biden	Exon	Pell
Bradley	Ford	Proxmire
Bumpers	Hart	Pryor
Byrd, Robert C.	Hollings	Quayle
Cannon	Huddleston	Riegle
Chiles	Inouye	Sarbanes
Cohen	Jackson	Sasser
Cranston	Kennedy	Tsongas
DeConcini	Levin	Weicker
Dixon	Melcher	
Dodd	Metzenbaum	

NOT VOTING—9

Boren	McClure	Randolph
Durenberger	Moynihan	Stennis
Goldwater	Percy	Tower

So Mr. DOLE's motion to lay on the table the amendment (UP No. 813), as modified, was agreed to.

Mr. DOLE. I move to reconsider the vote by which the motion was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. I yield to the Senator from Oregon.

Mr. HATFIELD. Mr. President, in 1972, I testified before the Republican Party Platform Committee on behalf of tax simplification and reform. In each Congress thereafter I have introduced a comprehensive reform proposal that eliminated all deductions and credits and substituted instead a drastically lower rate of taxation for all individuals.

According to the Congressional Budget Office, the number of special benefits and deductions has grown from 50 in 1967 to 104 in 1982. The cost of these benefits has grown from $36.6 billion in 1967 to $266.3 billion in 1982. By 1986, the cost of these benefits will exceed $465 billion.

The perception of unfairness among our constituents about the way our Tax Code is administered is growing every day. It is becoming more difficult to explain to my constituents who are devastated by a 2-year depression in housing that Chrysler, Ford, Eastman Kodak and Occidental Petroleum deserve to get tremendous new tax breaks through newly enacted leasing laws.

I urge my colleagues to make 1982 a year in which we begin to carefully scrutinize the special tax breaks in the Tax Code with the same intensity that we scrutinize domestic appropriations. It is time to consider tax reform and the enactment of meaningful supply side tax cuts. If we eliminate every special tax break, we could enact low rates of taxation that will spur investment and reward hard work. The problem with supply side economics, as we know it, is the reluctance that we have in repealing special benefits.

Mr. President, in 1929 the top tax rate was 24 percent, levied on net taxable income in excess of $100,000. Nearly 15,000 people reported income above that figure. With inflation and the growth in population, the 1977 counterpart to 1929's 15,000 returns reporting more than $100,000 would have been 27,000 returns reporting taxable income in excess of $1 million. However, only 1,785 returns reported income greater than $1 million. As Milton Friedman has stated, this 15-fold difference between 1929 and 1977 reflects the success of taxpayers in riddling the tax laws with loopholes.

I intend to reintroduce the simpliform proposal early next year and I welcome any help from my colleagues in working out an acceptable bill. I have also asked the Department of Treasury to provide me with some revenue projections on how low we could get the tax rates if all special benefits were repealed. A simplified Tax Code is getting much more attention in the press and I ask unanimous consent that the following six articles be placed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUPPORT GROWING FOR A FLAT-RATE INCOME TAX LEVY

(By Peter Brimelow)

Is there life after Kemp-Roth?

Admittedly, as President Reagan's economic package moves through Congress, some of its suppy-side tax-cut advocates are beginning to question whether it is really what they had in mind. The interaction of continuing inflation and progressive marginal tax rates means that the Administration has just stepped in to hold apart the crocodile's closing jaws. Federal tax receipts will still run approximately 19.6 per cent of GNP in 1984, roughly where they were in 1977. For most middle-income earners, the marginal relief will be slight.

Inflation can disrupt the best-laid plans of politicians and publicists. Perhaps that's why University of Southern California economist Arthur B. Laffer, the astute intellectual entrepreneur, supply-side mogul and father of the famous cut-justifying Curve, is now concentrating on the need to restore financial integrity via the gold standard. ("And Reagan's going to do it.")

"But Laffer's laboratory is also readying another economic cure: a proposal to reform the tax system radically, so that federal expenditures are financed out of a tax based on consumption. And this is just one of several ideas now being widely, if fleetingly, discussed in Washington in seconds snatched from day-to-day combat."

No consensus has yet emerged. New York's Jack Kemp, for example, is talking in terms of further rate reductions. But there is one surprising development: a feeling that a flat rate "proportional" income tax may be an idea whose time, if it hasn't come, is at any rate near. " It's clearly preferable to what we have now," says Laffer.

Under current tax law, of course, the federal government claims a proportion of the individual's earnings that rises steadily in line with his income. A flat-rate tax would simply set the share at the same proportion for everyone. Everyone would pay, say, 20 cents out of his first taxable dollar, and on every succeeding dollar. The rich would still pay more than the poor—20 per cent of a high income is more than 20 per cent of a low income.

How high would such a flat-rate tax have to be? One rough guide is that tax revenues raised from income tax in 1978 totaled $188.6 billion—17.7 per cent of the $1,063.3 billion taxable income Americans fessed up to the IRS. This suggests a flat-rate tax of maybe 18 per cent. The rate could be lower if fewer

loopholes were permitted. Thus, 1978 tax revenues were only 14.5 per cent of that year's total of what the IRS calls Adjusted Gross Income—before itemized deductions. And even that figure contains some exempted income. If taxes had been levied on what the National Income Accounts consider personal income, 1978's revenue could have been raked in with a flat rate of a mere 11 per cent.

"Everything's changed since November," says a civil servant when asked why a research project is contemplated on such an outlandish idea. Flat-rate taxes are "the single most common tax proposal suggested by the American public at large," writes Thomas F. Field of Tax Notes publication in the July 6 issue.

Sen. Charles E. Grassley (R-Iowa) quizzed Internal Revenue Commissioner Roscoe Egger about it during his nomination hearings. Former Treasury Secretary William E. Simon endorses flat rates in his current American Enterprise Institute pamphlet, Reforming the Tax System, but, with the same conventional judgment as made his career in office so much less interesting than his books, assumes that it is politically impractical.

The Wall Street Journal flirted with the concept in two recent editorial-page articles. Rep. Philip Crane (R-Ill.) will introduce a bill shortly calling for 19 per cent flat rates and a $1,500 personal exemption. And Jack Anderson wrote a recent agonized column urging flat rates as he wrestled with his tax returns in the shadow of the April 15 filing deadline. What more could anyone ask?

"A single, fundamental truth underlies all the recent eruptions of tax-cut agitation, from Proposition 13 and the Steiger Amendment to Proposition 2½ and the 1980 election. It is that the political economy of the welfare state is ultimately unstable."

In 1929, when total government expenditures were a mere 10 per cent of GNP (of which only a quarter was spent by Washington), it was perfectly possible to organize an electoral coalition around the strategy attributed to FDR adviser Harry Hopkins: "Tax and tax—spend and spend—elect and elect." The income tax simply did not affect many people. But by the late 1970's, government spending was over three times as high. It could not be primarily supported by the top income earners for the melancholy reason that there weren't enough of them.

Accordingly, the IRS' preliminary Statistics of Income Report for 1978 show that 60 per cent of total income tax was paid by Americans whose adjusted gross income was $15,000–$50,000; they also comprised 45 per cent of all the taxable returns. In even as low as the $7,000–$8,000 bracket, an average of $519 income tax was paid—a remarkable figure given that some people at this level probably were taking deductions for dependents.

Income distribution in America is not a pyramid, from which the government can conveniently bite off the point. It is shaped like a candle-flame. The long, tapering tip is particularly evanescent: As Milton Friedman has pointed out, less than a fifteenth of the number of $1-million-plus annual incomes were reported in 1977 as would have been suggested by extrapolating figures from 1929, when the top marginal rate was 25 per cent. In order to get tax revenues of any real magnitude, the government must reach into the wide heart of the flame. Eventually, the flame may snuff out, or the government may be burned. Until then, the fact remains: Most of the people pay most of the taxes. And, not surprisingly, they don't like it.

The corollary to this is that the average tax rate paid by the pivotal $15,000–$50,000 category is already quite high. In 1978, this group parted with from 14.4 per cent to 21.7 per cent of its taxable income and 11.9 per cent to 18 per cent of its adjusted gross income. Most flat-rate proposals generally come down in this area.

"A flat-rate income tax, in other words, might not increase the average burden on the American tax system's swing voters as much as is popularly supposed. And it would dramatically reduce their marginal rates, the tax paid on each dollar of additional income."

In fact, at the $7,000 taxable-income level, the marginal rate is (pre-Reagan) already at 18 per cent for singles and 16 per cent for a joint-filing married. At these levels, of course, the flat-rate tax could raise the average tax burden by relatively significant amounts. But the scheme's advocates have ways to finesse that problem

The political dynamic behind tax reform is paralleled by internal logic of the supply-siders' case, which is compelling them to think about flat rates. The essence of the supply-side case is to focus attention on (a) incentives—the marginal impact of taxation; (b) more covertly taxation—solely as a means of raising revenues. Previously, economists and politicians tended to view taxation as a way to fine-tune the economy and to subsidize various deserving or threatening groups, as well as to raise the money to pay the government's bills, more or less.

The levy that would claim the least from an individual's increased production would be the toll tax. The marginal rate would be zero. But this is unconstitutional in the U.S. for a variety of historical reasons. A flat-rate tax is the best alternative, offering the maximum encouragement to taxpayers to earn their way into the wild blue yonder unimpeded by any gathering fiscal drag.

The value of the supply-siders' stress on incentives is easily overlooked. Only in 1972, for example, Joseph A. Pechman and Benjamin A. Okner of the Brookings Institution, in a paper called "Individual Income Tax Erosion by Income Classes," printed a table purporting to show the impact of various hypothetical tax schedules calculated to produce the 1971 revenue total. Their analysis was entirely static. They failed to even discuss the possibility that their 16 per cent flat rate option might galvanize those in the top bracket who found their marginal rate suddenly reduced by some three-quarters.

At the same time, the apparently imposing intellectual rationale for progressive taxes proves upon a kick to be as brittle as a worm-eaten door. As long ago as 1953, Walter Blum and Harry Kalven titled their study of the question, The Uneasy Case for Progressive Taxation. "Although there are numerous economic arguments in favor of progressivity, based on ability to pay, equal sacrifice, the diminishing marginal utility of money, etc., in the end, equity is the only justification worth considering," writes Bruce R. Bartlett, deputy director of the Joint Economic Committee, in his new book, Reaganomics: Supply-Side Economics in Action.

This justification is somewhat undermined by disputed academic claims that the American system, after deductions, is not as progressive as it appears. It is severely shaken by the realization that such progressivity as it has achieved may be at the expense of economic activity on the part of upper-income earners—investment—which would ultimately benefit everyone, particularly lower-income earners.

"The tax system is not a zero-sum game. Progressive taxation is an inefficient way of raising and redistributing revenue."

Key points of the flat-rate case as it is sketched out on the proverbial Washington restaurant table napkin are:

1. Reduction of the tax collection regulatory burden. Few estimates of this have been made, and insiders note darkly that Vice President Bush's Regulatory Task Force seems to have retreated from the topic after a visit from John Chapoton, the Treasury's assistant secretary for tax policy and himself a tax lawyer. But, in terms of direct outlay by taxpayers on compliance (and avoidance), and of the indirect impact of opportunity cost and misallocation, it is obviously huge. An astonishing 43 per cent of taxpayers paid for professional help with their tax returns in 1977.

One common rule of thumb for guessing regulatory economic impact is that the private sector's expenditure in meeting regulations is 20 times the state's outlay in promulgating and enforcing them. In 1980, the Internal Revenue Service's budget was some $4.3 billion. Nearly 70 per cent of the resulting receipts is from taxes on individual income. Assuming that this means 70 per cent ($3 billion) of the IRS' costs pertain to individual income taxes, this would suggest $3 billion x 20, or $60 billion in direct costs alone

2. Incentive effect of uniformly low marginal rates. There is some evidence that academic opinion is now beginning to confirm the validity of the supply-side stress on the discouraging effects of taxation. Jerry Hausman of the Massachusetts Institute of Technology recently attempted to assess tax induced overall loss in terms of "deadweight loss." This is the hypothetical cost to the economy of the behavior induced by taxation. His calculations show loss equal to 22 percent of income at the average wage level in 1975 and 54 percent at higher levels. Prof. Hausman also estimated that this loss would be reduced by up to 53 percent under a flat-rate system.

3. Finesse loopholes. All plans to simplify the tax system by broadening the income base face the problem that the loopholes—actually tax bases left unseared by the government for various policy reasons—are fiercely defended by militant interest groups.

There is widespread agreement, for example, that the tax deductibility of mortgage interest has caused massive national overoverinvestment in housing, particularly at the upper-income levels where taxpayers might otherwise be buying productive assets. But for the middle-income American, houses have been the same sort of comforting safeguard against inflation as owning handguns has been against crime. Consequently, the most that seems possible is a stealthy move towards narrowing the loophole, perhaps by disqualifying vacation property.

Under flat rates, this problem largely solves itself. Tax shelters will not be as attractive when only 15–20 cents of the taxpayer's dollar would be exposed to the IRS' beady eye.

4. Reduced distortion. All taxes distort optimal functioning of the economic system by introducing considerations other than those of efficiency and profitability. But these are reduced to a minimum under the flat-rate system.

5. Increased equality. Flat rates do not exclude income redistribution. That can be done more efficiently through the expenditure side of the budget. Revenue once raised can be redirected enough to warm the heart of any liberal Democrat via a variety of targeted social programs. There could even be a negative income tax if desired. Additionally, the impact of flat rates upon lower-income earners could be substantially lessened by the simple expedient of raising the basic exemption, say, $3,000. This could reduce their tax burden by the relatively large but absolutely small amount that flat rates might raise it—usually a few hundred dollars.

6. Improved treatment of interest income. In periods of high inflation, nominal interest rates contain a high inflation premium. In effect, they represent not merely a return on capital but also a return of capital. The value of the principal in real terms is steadily eroding. Any tax on interest income under these circumstances represents a partial confiscation of capital.

(Investors implicitly recognize this and try to compensate for it. That's why tax-exempt municipal bonds generally offer yields 30 per cent or so below taxable instruments. This feature is differentially valuable to high-income investors, creating further distortions in allocation.)

A flat rate tax would not solve this problem. But it would help. The confiscation of capital is obviously more acute where inflated incomes are subject to higher rates.

7. End bracket creep. The ability of inflation to carry taxpayers into higher brackets ultimately nullifies efforts to slash rates. From the government's point of view, bracket creep makes inflation not only tempting but relatively safe, since its deficit financing becomes self-correcting at the taxpayer's expense. Inflation under a flat-tax regime would simply mean that its victims pay the same proportion of their higher incomes.

Is There Life After Taxes?

(By Jack Anderson)

Like millions of Americans at this time of year, I find myself staring in exasperation once again at the hopelessly confusing instructions the Internal Revenue Service sends with its income tax forms.

There are forms for this and forms for that, and pages of incomprehensible directions that supposedly explain how to figure out the tax I should pay if I don't want to go to prison. Though I fancy myself as functionally literate and reasonably intelligent, the IRS instructions frankly leave me bewildered. Like one out of every four Americans who file income tax returns, I throw in the towel and pay a professional tax expert to guide me through the arcane rules and regulations.

No one but a lawyer or accountant who has devoted his life to the tax laws can feel even remotely confident that he has mastered all the rules. Even these career experts frequently run afoul of the government clerks in their cubicles, who may interpret an exemption or deduction differently.

Under the present complex system, the rich get loopholes, the poor get exemptions and the middle-class get stuck.

Clearly, there is something terribly wrong. Congress pays lip service to the sanctity of family life, for example, but passes legislation that makes married couples pay more income tax than those who choose to live together out of wedlock. And a government that supposedly offers equal opportunity to poor and rich alike still countenances a system that gives tax breaks to those with enough money to buy a home. They take deductions on their mortgage interest and property taxes that are not available to those who rent their homes.

Critics of the tax system include conservative fiscal experts who recognize that the long-term effect on the nation's economy is counterproductive.

"It is a system that encourages consumption more than saving and discourages investment and enterprise," former Treasury Secretary William Simon told my reporter Deborah Latish.

Incentive has always been the basis of the free enterprise system. But with our cockamamie tax setup, the investor who makes money finds he is penalized by confiscatory taxes, instead of being rewarded for his initiative. A laborer who sweats more than his fellow workers suddenly realizes that his efforts have simply put him in a higher tax bracket.

So instead of plunging into enterprises that might increase productivity, the rich put their money into tax shelters that don't do a thing for the stagnant economy. The working class has little incentive to climb up the economic ladder when taxes are going to push them back one step for every two they climb.

The resulting lack of productivity and lack of productive investment lead to the remorseless march of inflation. When savings or investment are penalized by the government, everyone spends, giving inflation another nudge. Surely there must be a better way.

And there is. By eliminating all the loopholes and exemptions for rich and poor alike, and instituting a straight across-the-board tax rate on everyone. Treasury experts estimate that the same amount of revenue could be raised as under the present insane system. Their guess is that the tax rate could be reduced to 14 percent or 15 percent, still letting the poor avoid taxation they obviously cannot afford. Some of the tax-sheltered wealthy would lose under such a program—but not very much. And the rest of us would save a bundle of money and an inestimable amount of aggravation.

Instead of taking hours to prepare your tax return, the job could be done in a matter of minutes. Taxpayers who would lose deductions would more than make up their loss through the lower rate they paid. And a flat rate, applicable to everyone, would do what Reagan promised to do—get the government off our backs.

Perhaps more important, the IRS would no longer feel compelled to poke into every aspect of taxpayers' lives—religion, marital status, education, home ownership—to decide which deductions are valid and which are not.

Would such a system work? A version of the flat-rate tax system is in use in Hong Kong. After a basic exemption of about $2,200, the tax rate goes from 5 percent to 15 percent. The government provides many assistance programs for the needy and the elderly, as well as the usual public services like education and public works—all paid for out of the simplified tax structure.

The only opposition to a simple title would come from those who benefit most by the present incredibly complex system—tax lawyers, accountants and the tax-sheltered rich.

But for the rest of us, it would be a relief almost beyond imagining.

A Proposal To Simplify Our Tax System

(By Robert E. Hall and Alvin Rabushka)

Despite recent progress in lowering rates, the tax system remains a disgrace. It is in dire need of simplification and reform. The tax system is inordinately big, filling volumes of codes, complicated by hundreds of credits, exemptions and special provisions. Many taxpayers need expensive professional help to fill out their returns. Each act of the Congress complicates the system further. Widespread evasion is apparent on interest, dividend and other forms of household or professional income. Tax shelters are commonplace. Estimates of the size of the underground economy range from tens of billions of dollars to several hundred billion. In short, we have a system that fosters contempt for the law, and simultaneously discourages productive economic activity.

We have recently worked out the details of a simple income tax, imposed at a low uniform rate on a comprehensive measure of income. The tax would be founded on the following principles:

1. All income should be taxed only once, as close as possible to its source.

2. All types of income should be taxed at the same rate.

3. The poorest households should pay no income tax.

4. Tax returns for both households and businesses should be simple enough to fit on a postcard or on a single page.

A major problem with the current system is its helter-skelter taxation of business income. Corporate income is taxed first under the corporate tax and again under the personal tax on dividends. Income from proprietorships and partnerships often evades tax, or is taxed lightly. We propose a single business tax on all types of income other than wages.

THE CURRENT RANGE OF RATES

A uniform rate of 19 percent would replace the current range of rates. The current rates now stretch from actual subsidy of highly leveraged tax shelters with large interest deductions to rates as high as 80 percent that are imposed on income earned by stockholders.

The proposed new 19 percent business tax applies equally to all forms of business—corporate, partnership, professional, farm and rentals and royalties. The base for the tax is gross revenue less purchases of goods and services and compensation paid to employes. In addition, a capital recovery allowance is deducted for investment in plant and equipment. No deductions are permitted for depreciation, interest or payments to owners in any form.

Even for a multibillion-dollar corporation, the business tax return would fit easily on a single page. It would look like this:

1. Gross revenue from sales.

Costs

2. Purchases of goods and materials.
3. Compensation paid to employes.
4. Other direct costs.
5. Total costs (lines 2, 3 and 4).
6. Net revenue (line 1 less line 5).
7. Purchases of capital equipment and structures.
8. Taxable income (line 6 less line 7).
9. Tax (19 percent of line 8).
10. Tax carry-forward from losses in previous years.
11. Net tax (line 9 less line 10).
12. Tax payment (amount on line 11 if positive).
13. Carry-forward to next year (amount on line 11 if negative).

In place of the hodge-podge of investment incentives in the tax system now, we propose the use of straightforward first-year write-off of all business investment. First-year capital recovery is a great simplification over the complicated depreciation deductions and investment credits in present law.

The net revenue of U.S. business in 1980 was $803 billion. Under the new business tax we are proposing, capital recovery allowances would have been $317 billion, leaving net taxable business income at $486 billion. A tax rate of 19 percent would have yielded $92 billion; that would be about half again the revenue from the actual corporate income tax in 1980 of $64 billion. Despite a much lower tax rate, the extra revenue comes from the much wider tax base, including unincorporated business, and from taxing business income at the source.

Under the simple tax system, all business income would be taxed only once, at its source. Household receipts of interest, dividends and capital gains would be aftertax income. Though wealthy households might receive large amounts of these types of income, it is important to understand that the taxes on such income have already been paid. Taxing business income at its source has the important practical benefit of taxing the large amounts of interest and dividend income that escape taxation under the current system.

With comprehensive taxation of business income, taxation of capital gains should be eliminated at the level of the individual. The value of a security or other interest in a business is the capitalized value of its aftertax income, and so already embodies the appropriate tax when business income is taxed at its source.

Our simplified tax system also includes a comprehensive tax on the earnings of individuals.

Most income in the U.S. is compensation for work. In the proposed tax, compensation is broadly defined as anything of value received by workers from employers, including cash wages and salaries, the market value of fringe benefits and contributions to public and private pension plans.

A SET OF PERSONAL ALLOWANCES

To limit the tax burden of poor families, we propose a set of personal allowances. Taxes would be 19 percent of compensation in excess of the following allowances:

Married couple	$5,000
Single	3,000
Single head of household	4,500
Each dependent	600

Except for the personal allowances, no deductions of any kind would be permitted, including interest deductions.

1000A Individual Compensation Tax 1981

Your first name and initial (if joint return, also give spouse's name and initial)	Last name	Your social security number	
Present home address (Number and street, including apartment number, or rural route)		Spouse's social security no.	
City, town or post office, State and ZIP code	Your occupation ▶ / Spouse's occupation ▶		

1 Compensation (including fringe benefits) as reported by employer	1		
2 Other wage income, including pensions paid directly by employer	2		
3 Total compensation *(line 1 plus line 2)*	3		
4 Personal allowance			
(a) ☐ $5,000 for married filing jointly	4(a)		
(b) ☐ $3,000 for single	4(b)		
(c) ☐ $4,500 for single head of household	4(c)		
5 Number of dependents, not including spouse	5		
6 Personal allowances for dependents *(line 5 multiplied by $600)*	6		
7 Total personal allowances *(line 4 plus line 6)*	7		
8 Taxable compensation *(line 3 less line 7)*	8		
9 Tax *(19% of line 8)*	9		
10 Tax withheld by employer	10		
11 Tax due *(line 9 less line 10, if positive)*	11		
12 Refund due *(line 10 less line 9, if positive)*	12		

Individual tax returns would fit on a postcard.

The individual tax return for the compensation tax would look very much like the illustration accompanying this article. It would fit on a postcard.

In 1980, total compensation in the U.S.—including fringes and pension contributions—was $1,596 billion. We estimate that personal allowances in 1980 would have been $420 billion, leaving taxable compensation of $1,176 billion. At a rate of 19 percent, tax revenues would have been $223 billion. By comparison, the personal income tax in 1980 yielded about $255 billion.

At the outset, the simple income tax with common flat rates of 19 percent on business income and compensation, would raise revenue equal to about 12 percent of GNP, the same as the current combination of corporate and personal income taxes. Though our system would stabilize revenue as a fraction of GNP, it would probably produce more revenue than the government needs to maintain existing programs.

Low marginal tax rates would draw economic activities from the underground economy into the formal market, where they are recorded as part of GNP. Businesses and individuals would spend less time worrying about the tax consequences of their actions and concentrate instead on earning higher incomes. On these grounds, we believe that the revenue needs of the federal government could be met with tax rates as low as 16 percent or 17 percent, rather than the 19 percent needed to reproduce current revenue at current levels of GNP.

The benefits of tax reform are not merely economic. The complexities of the federal tax system now foster contempt for government and make petty criminals out of a large fraction of the population. A simplified tax with low marginal rates would help restore confidence in government and would support the basic honesty of the American people.

TOP-HEAVY TAX SYSTEM ITS OWN WORST ENEMY

(By Robert J. Samuelson)

The temptation is to say that Jim Jones has crossed the thin line between crusader and crackpot.

Jones—not to be confused with the chairman of the House Budget Committee or the fanatical cult leader—is an amiable, retired Texas businessman who thinks the U.S. tax system stinks. He's been poking around Washington for the past few years, telling anyone who will listen. Too much paperwork, too many contradictions. Junk it, he says. Replace it with a flat tax.

Any practical politician will tell you that Jones is a fool. You can't simply scrap the whole system and replace it with a nice simple tax. That would cause rebellion. We live in a complex society. The tax system reflects the complexity. Its provisions—complicated though they may be—respond to the peculiar needs of all the diverse groups that comprise America, which is precisely Jones' insight. We have lost sight of the essential purpose of any tax system: to raise money for legitimate public purposes.

Instead, it has become a vehicle for social engineering and political favoritism. It's tinkered with and twisted to satisfy the gripes and self-pleading of any group that can hire a clever tax attorney and publicist to make its case. Responding to some bad causes and a lot of good ones—individually worthy—has produced a top-heavy system that is becoming its own worst enemy.

All this is worth pondering as Congress prepares to write another tax bill. For no public program is bigger and affects more people than the tax system. Whether people respect the system—no one expects them to like it—determines to a considerable extent whether they respect government. And the evidence is beginning to show that public respect is on the wane.

For years, Americans' high rate of voluntary tax compliance has been the envy of the world. But anecdotal and statistical evidence is now challenging this reassuring cliche. A public opinion survey commissioned last year by the Internal Revenue Service found that as many as one-quarter of the taxpayers may have under-reported their income deliberately at one time or another. A more thorough IRS investigation a few years ago estimated that perhaps 9 percent to 12 percent of income goes unreported.

Of course, there always has been unreported income—from crime, for instance. But the hunch of specialists is that chiseling and cheating are on the rise and, more important, have gained increasing respectability. The system's very complexity—making everyone believe that someone else is benefiting from a special tax break, so why not me?—encourages it.

Jones' description of the tax system as grotesque is hardly unique. Here is Aaron Wildavsky, a well-known political scientist at the University of California (Berkeley), writing in a recent issue of the Washington newsletter Tax Notes:

"Practically everyone I know believes that other people take unfair advantage of the tax code. . . . Those who benefit sneer at how easy it is or feel guilty at taking advantage of provisions presumably designed to do good. There is a pervasive sense that moral values are being subordinated to strategies for minimizing taxes, so that financial gain is suspect—because it appears to be derived more from special privilege than from unusual talent. Consequently, the legitimacy afforded to government by the people, the respect that supports the authority to govern, is being undermined."

And here is the conclusion of a special study commission established by the Chamber of Commerce of the United States:

"The primary conclusion of the commission is that massive tax simplification is urgently required. . . . The Internal Revenue Service is generally an efficient and well-run agency, but no organization can administer so grossly complicated a tax system without gradually assimilating some of the problems of the system it represents. The myriad social policy decisions currently being enforced through the tax system also turns the IRS into a 'lightening rod' for all manner of citizen complaints about their government, whether or not connected with revenue matters."

We have come to this in barely a generation's time. Thomas F. Fields, a lawyer with Tax Notes, recalls that, before the early 1940s, a lot of people "were proud to pay income tax." Rates were low, and a relatively small part of the population paid taxes; it was a sign of distinction, of "having made it." But during the war the government adopted withholding, and then the bite of government spending and taxes increased sharply.

The result is a system so riddled with deductions, credits and income exclusions that tax rates (what government actually takes out of the economy) diverge substantially. How much?

Look at it this way. Government spending constitutes about 22 percent to 23 percent of the nation's gross national product. Roughly, a tax of slightly more than one-fifth of what we produce will cover that. But the top corporate tax rate is 46 percent. And the in-

dividual rates run from 14 percent to 50 percent (for earned income, such as wages) and to 70 percent for so-called unearned income (such as dividends and interest).

All this produces collective gamesmanship on two levels.

First, there's the individual and the firm. Everyone strives to find the maximum combination of credits, deductions and exclusions to reduce taxes. For this reason—or simply because the system is so complicated—two-fifths of all individual returns are prepared by professional accountants or tax services according to the IRS.

Second, there is the political gamesmanship. At the moment, groups are exhorting Congress to enact, among other things, the following: tax credits for college and private school tuition, tax credits for firms engaging in research and development, liberalized deductions for charitable contributions, and refundable investment tax credits for firms that have large losses. The list goes on.

The upshot is a remarkable centralization of political and economic power. The tax system tells people and firms to do some things, not to do others—and many of the commands represent inefficiencies. At the same time, an increasingly large army of lawyers, accountants, lobbyists and economists now dedicates itself to manipulating the system or (as with economists) simply trying to understand its effects.

Talk about paperwork. The Office of Management and Budget estimates that about half of all government-created paperwork stems from tax forms, to the tune of about 650 million hours annually.

Undoing this mess won't be easy, precisely because tax provisions satisfy broad constituencies, and most were enacted (as Wildavsky puts it) "to accomplish a good purpose." But we need to acknowledge the destructive logic of the process; that every special provision means that general tax rates go higher and that more groups, seeing others with tax breaks, are encouraged to seek similar treatment.

What this requires is a change in mood.

More than ever, every part of the political spectrum believes that the tax system is to be used for special purposes. Liberals, conservatives, unions, corporations, charitable organizations all are chanting for their own pet proposals. The paradox is that the politicians who encourage and respond to these pressures think they're upholding the worth of the political system and the public's confidence in government. In fact, they may be slowly destroying both.

A Proposal To Cap Marginal Tax Rates at 24 Percent

(By Edward Moscovitch)

A key purpose of President Reagan's supply-side economic program is to stimulate output and productivity. This is to be accomplished in great part by a 30 percent reduction in personal tax rates over three years—the Kemp-Roth approach. But this plan and most compromise proposals now being discussed leave in place our present tax structure (at a lower level, to be sure), with all its complexities, loopholes and perverse incentives.

A program that simplifies the tax code and reduces high marginal rates will bring about far greater increases in productivity than Kemp-Roth, and do so at a substantially lower cost. Specifically, I propose:

That the tax structure be changed so that no income is taxed at greater than a 30 percent marginal rate.

That the standard deduction be set at 20 percent of income, with no upper limit.

That preferential treatment for capital gains be ended.

That the personal exemption be doubled to $2,000.

With these changes, most taxpayers would take the standard deduction and would, in effect, pay a top rate of 24 percent (every extra dollar of income would generate 20 cents of additional deduction, and the remaining 80 cents of income would be taxed at 30 percent, or 24 cents of tax on a dollar of income). These changes would cost the same $129 billion of forgone revenue in 1983 as would a fully implemented Kemp-Roth cut.

To find out how much the plan would cost and how it would affect taxpayers in different groups, I started with IRS data for 1977 and 1978 on the number of taxpayers by income bracket, the percentage who took itemized deductions and the average itemized deduction. A forecast of the economy was then used to drive this data ahead to 1983. The accompanying table shows the impact on taxes paid as a percent of income.

Who pays more? For those with income between $20,000 and $100,000 taxes would be higher, but the extra amounts small. Take a family filing a joint return, with an income of $58,000. Kemp-Roth cuts their taxes to 16 percent of income from the current 23 percent; this plan cuts them to 17 percent. Currently, such families face a marginal rate of 49 percent on additional income, so that after state taxes and work expenses they bring home less than half of every dollar. Mr. Reagan would cut their marginal rate to 34 percent; I would cut it to 24 percent.

Most such families would accept a slightly smaller tax-cut for the assurance that they could keep 76 percent of additional income. As upwardly mobile families, they will be more interested in the lower marginal rates on the income gains they hope to achieve in the future. Those who would pay a bit more now have the most to gain in the long run from lower marginal rates. Every taxpayer, no matter what his income, would keep three-fourths of every extra dollar earned.

Increasing the standard deduction and ending the upper limit on its use would make almost all taxpayers indifferent to itemized deductions, while avoiding the kind of bloody battle a direct attack on specific deductions might mean. Reducing high marginal rates would in any case substantially reduce the importance of deductions. And there would be no need to plan fancy gimmicks to shelter income.

1983 FEDERAL INCOME TAXES PAID AS PERCENTAGE OF INCOME

Average income in class	Current law filing status		Kemp-Roth filing status		Alternative filing status	
	Single	Joint	Single	Joint	Single	Joint
$4,649	3.4	0.0	2.4	0.0	0.0	0.0
$8,770	8.5	1.8	5.9	1.2	5.2	.0
$11,121	11.3	5.3	7.9	3.7	8.6	.7
$14,322	13.7	7.5	9.6	5.2	10.5	3.4
$17,034	15.7	9.4	11.0	6.5	12.0	5.8
$20,885	17.3	11.1	12.1	7.8	13.2	7.4
$23,567	19.3	12.4	13.5	8.7	14.9	8.7
$26,339	20.4	13.5	14.3	9.5	15.9	9.8
$30,080	21.4	14.7	15.0	10.3	16.8	10.9
$35,724	23.1	16.4	16.2	11.4	17.6	12.2
$43,281	25.9	18.9	18.1	13.2	18.8	14.5
$57,858	29.6	23.1	20.7	16.1	20.1	17.0
$103,663	37.7	31.5	26.2	22.0	21.7	20.3
$207,118	45.6	41.6	31.6	28.9	22.7	22.4
$439,855	47.4	48.7	32.7	33.7	23.7	24.0
$1,050,916	48.3	49.6	33.3	34.1	25.1	24.7
$3,057,492	49.4	49.5	33.8	33.7	26.0	25.5

Thousands of most talented and highly trained people in America spend their time worrying not about how to be more productive, but how to shield income from taxation. Writing in a recent issue of the Washington Monthly, Robert Reich divided Americans into what he called pie slicers and pie enlargers and argued that an ever larger share of America's productive imagination and intelligence is going into pie-slicing.

Whatever the case for favorite capital gains treatment when tax rates run to 70%, there is no need for such treatment with taxes at 24%. How much of our entrepreneurial energy goes into real estate speculation because capital gains are taxed at less than half the rate on ordinary income??

An examination of the impact of the plan on taxpayers in different income groups suggests that the plan should command wide support. Like the Reagan plans, this proposal would mean lower taxes for all taxpayers. But with its higher personal exemption, the new plan would give larger cuts to those who need them most—single taxpayers with income less than $10,000 and married taxpayers with income under $20,000. For a married taxpayer at $11,000, the Reagan plan would cut taxes from 5% of income to 4%; I would cut them to 1%. With the Reagan budget cuts likely to fall hardest on the near poor, the relief afforded by doubling the exemption is particularly welcome.

The President and the supply-siders should support a tax change along these lines because it brings about even bigger cuts in marginal rates. The Democrats should welcome this change because it makes possible greater cuts for those hurt most by the proposed spending cuts.

Once Upon a Supply-Side Theory

(By Robert J. Samuelson)

The whole episode of David Stockkman's humiliation speaks to the fairyland mentality and rhetoric that surround serious political discussion of the economy. Stockman's sin was to admit that he no longer believes in fairy tales. It would not have been a sin if the nation's major political leaders—including the president and most prominent members of Congress—were not themselves such peddlers of economic fantasies.

Major political figures in this country invariably talk about the economy in absolutist terms. Something is either utopia or hell; there isn't much in between. Few, if any, attempt to explain our economic choices, in part because understanding them is genuinely difficult. And they are still more difficult to explain, because the choices are often complicated and unpleasant.

The result is that although economic issues dominate politics, discussion of them proceeds at an infantile level. The news media gladly promote the simplified morality tale, because a good story requires antagonists flailing at each other. Understandable as it is, it ultimately leads to public disillusion with economic doctrines and political figures. No one believes anyone or anything, because every idea and every leader is seen to have failed.

The slogan that brought Stockman to grief and is now threatened with being discredited is, of course, "supply-side" economics. Stripped of the exaggerated claims made on its behalf, supply-side economics offers important—though hardly novel—lessons about how the economy operates. But it has been oversold and abused by its most ardent advocates.

Most administrations come to office promising more than they can deliver. Ronald Reagan pledged to balance the budget, to lower taxes and to increase defense spending while reducing inflation and unemployment. The only way to reconcile these inconsistent objectives was to project high economic growth. Supply-side economics provided the rationale. Between 1982 and 1986, the White House initially projected annual growth between 4 percent and 5 percent.

Although the label was new, the ploy was not. When Jimmy Carter took office, he had a laundry list of objectives even longer and more inconsistent than Reagan's. Aside from the usual ones of lowering inflation and unemployment, he wanted to increase spending for social programs without raising taxes. The Congressional Budget Office estimated that achieving these goals would have re-

quired sustained annual growth in excess of 5 percent.

Boiled down to its essentials, supply-side economics holds that government is discouraging useful work and investment with excessively high tax rates. Bring down tax rates, then, and work and investment will expand. The economy, therefore, will be better off. Common sense suggests that this might work, and there is some evidence that it does.

One of the first supply-side proposals involved cutting the tax rate on capital gains—the profits from the sale of stocks and other investments. The argument was that high capital gains tax rates suppressed investments in stocks, especially of new high-technology firms. If people gambled to back these risky enterprises, they wanted the reward if the companies succeeded, so the argument went.

In 1978, Congress cut the maximum capital gains rate from 49 percent (as a practical matter, it was more like 40 percent) to 28 percent. The number of new firms selling stock to the public rose from 46 (and $250 million) in 1978 to 237 (and $1.4 billion) in 1980. At the same time, venture capital investments in firms too new and too small to go public increased from $550 million in 1978 to more than $1 billion in 1980.

No one really knows whether the cut in the capital gains rate caused these increases. Economist Joseph A. Pechman of the Brookings Institution thinks the general state of the economy was a more important factor. Morton Collins, president of the National Venture Capital Association and a supporter of the cut, points out, nevertheless, that much new venture capital money came from pension funds and university endowments, which aren't taxed.

This experience suggests cautious conclusions. Despite the qualifications, it seems probable that the capital gains cut had something—perhaps a great deal—to do with the increased investment. But tax rates aren't the only force affecting the economy. Moreover, beneficial results don't materialize immediately. It will be years before new products or technologies appear from the higher investment.

But supply-side economics isn't a cautious theory. It has been blessed and cursed with energetic propagandists such as Jude Wanniski, a former editorial writer for The Wall Street Journal, and Arthur B. Laffer, an economist at the University of Southern California. They not only popularized it but also imbued it with mystical, almost cultlike qualities: Embrace supply-side policies and utopia lies just over the ridge. The administration tempered this extravagant outlook only slightly.

Much of the supply-side rhetoric is also hypocritical. Supply-siders argue that marginal tax rates—those on the last dollar of income—are critical to people's work and investment decisions. Yet, most supply-side advocates don't support measures that would reduce marginal rates dramatically.

What has driven up marginal rates is the vast array of deductions, credits and exclusions that erode the tax base and raise rates on the remaining income. Just incidentally, they also riddle the tax code with economic distortions. Eliminate these tax preferences, and top tax rates could be dropped to between 20 and 30 percent. The conspicuous silence of most supply-siders on this issue is a glaring inconsistency that leaves them open to the criticism that their doctrine is simply a guide for redistributing income to the rich.

To the White House, Stockman sinned by mentioning these shortcomings. Maybe the public now will dismiss supply-side ideas. But maybe not. At their best, they ought to offer the vision of a more liberated economy served by a less cluttered tax system. If Stockman's confessions make the theory more plausible, he may turn out to have been its best friend. Otherwise, supply-side economics will have fallen victim to the old cycle of overpromotion, disappointment and repudiation.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I ask unanimous consent that I may proceed for 1 minute on another matter.

The PRESIDING OFFICER. The Chair asks for order in the Chamber so that the majority leader may be heard.

The majority leader is recognized.

Mr. BAKER. I ask unanimous consent that I may proceed for 1 minute on another matter and then return to the pending matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOTIFICATION TO THE PRESIDENT OF PROPOSED ADJOURNMENT OF THE SESSION

Mr. BAKER. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

S. RES. 271

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join a similar committee of the House of Representatives to notify the President of the United States that the two Houses have completed their business of the session and are ready to adjourn unless he has some further communication to make to them.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

Mr. BAKER. Mr. President, in the past it has been customary, at least on certain occasions, to pass this resolution after the adjournment resolution. It is clear now that both Houses of Congress will be in session a little longer than they had originally anticipated. If the resolution is agreed to, it would be my hope that the committee would notify the President that as soon as we have completed the necessary action this day, that the Senate then will entertain a resolution of adjournment sine die. But I propose this resolution at this time, I believe with the concurrence of the minority leader.

Mr. SARBANES. Will the majority leader indicate what he expects to transpire today?

Mr. BAKER. Mr. President, earlier I had hoped we could get an agreement that no other amendments would be in order to this bill. We have already run hours past the time I thought would be necessary to complete action on this bill. In addition to that, we have the Nuclear Regulatory Commission bill to consider and the agents identities bill to consider. The House of Representatives, I am advised, will not conclude their activities on necessary legislation for a little while, perhaps another hour or so. But I would expect that the Senate would be able to do the work that is required of it before sine die adjournment by perhaps 7 o'clock.

The PRESIDING OFFICER. Without objection, the resolution is considered and agreed to.

The Presiding Officer will read the following:

Pursuant to the resolution just agreed to, the Chair appoints the majority leader and the minority leader of the Senate to join a similar committee of the House.

DELAY OF EFFECTIVE DATE OF CERTAIN TAX PROVISIONS

The Senate continued with the consideration of the bill.

Mr. BAKER. Mr. President, referring once again to the tax bill under consideration, is it possible to get an agreement that no other amendments would be in order except a technical amendment by the distinguished Senator from Kansas, the chairman of the Finance Committee?

Mr. ROBERT C. BYRD. Mr. President, I canvassed this side earlier and at that time I found there was no agreement.

Mr. BAKER. Mr. President, I will not put the request at this time, but, Mr. President, we are really running out of time. I hope we can complete action on this measure very quickly.

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian the question recurs on the amendment of the Senator from Nevada.

Mr. BIDEN. Mr. President, I had indicated earlier that I was going to ask for the yeas and nays. I am not going to do that now. If we can beg the Senate's indulgence for a few more moments, what I am going to do, with the acquiescence of the Senator from Nevada, is that we are going to amend the present law to reduce the tax and the percent, the dollar amount to $550 and the percentage from 2 to one-quarter of 1 percent. We are in the process of physically drafting that now. Once it is drafted, I will not ask for the yeas and nays. I see no need for them at all. That meets the objections that I was concerned about earlier, and it brings some equity into the situation. That is what we are going to do. We will have that ready any moment now.

UP AMENDMENT NO. 814

Mr. DOLE. Mr. President, I ask that the pending amendment be be temporarily laid aside so that I might offer a technical amendment.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. This corrects a drafting error on the Packwood amendment. It has been cleared on both sides. I send a technical amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the pending amendment is temporarily set aside.

The amendment will be stated.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 814.

On page 26, strike lines 31 through 33 and insert in lieu thereof, "percent of the amounts received in the Treasury after December 31, 1981, during any fiscal year ending before October 1, 1985 from any sale made by the Secretary of Agriculture".

The PRESIDING OFFICER. The Chair requests that order be restored in the Chamber.

The Senator from Kansas.

Mr. DOLE. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. The quesion is on agreeing to the amendment of the Senator from Kansas.

The amendment (UP No. 814) was agreed to.

Mr. DOLE. Mr. President, could we have order?

The PRESIDING OFFICER. The Chair respectfully requests Senators to return to their seats and refrain from conversation so that the Senator from Kansas may be heard.

Mr. DOLE. Mr. President, let me again urge my colleagues. I know that evening is falling and a lot of people are coming to the floor. They may be dreaming up amendments at this very moment. We have been on the floor for several hours. I would again repeat that unless this amendment has had hearings and unless it has been signed off by Treasury, with one or two exceptions where we have made exceptions and cleared it all the way around, we have no choice but to oppose the amendment. I would say to my colleagues on both sides there are about an equal number of Republicans and Democrats who have rather important amendments in this bill. We still need to go to conference. The Senator from Kansas is willing to do that, or I am willing to drop the whole bill and wait until next year.

I would urge my colleagues, unless it is something they feel strongly about and something which has been approved by Treasury and you have had hearings on it, and there is no objection on the committee, I would hope you might defer it until January so we can complete this bill and go to conference yet tonight. As soon as the House adjourns, I am certain it is going to be difficult to find enough House Members with whom to go to conference.

Having said that, Mr. President, I yield to the Senator from Rhode Island.

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Nevada.

Mr. DOLE. I ask unanimous consent that that amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Rhode Island.

MISCELLANEOUS TAX PROVISIONS

Mr. CHAFEE. Mr. President, I support this miscellaneous tax bill reported by the Finance Committee, and I want to congratulate our chairman, Senator DOLE, for putting together a package of provisions, all of which have had hearings and have support of the Treasury.

Occasionally, we have a situation where nontax legislation enacted by Congress will require conforming amendments to the Tax Code so that consistency in tax policy is maintained. Such a situation arose last year when the Small Business Incentive Act of 1980 was reported from the Banking Committee and passed into law.

This legislation created a new, simplified regulatory structure for venture capital firms known as small business development companies. However, those companies electing to register under this new act will lose their tax deduction for dividends passed through to shareholders—a deduction which continues to be available to other investment companies.

Clearly, Mr. President, the new Small Business Incentive Act will not be fully utilized or effective until a technical conforming amendment is added to the Tax Code providing the same passthrough tax treatment to companies which elect regulation under its provisions.

Earlier this year I was joined by Senators DURENBERGER, BAUCUS, and SARBANES in introducing S. 1304 which provides this passthrough treatment. I appreciate the fact that Senator PACKWOOD held a hearing on this measure in the Tax Subcommittee on July 24, 1981, and that the full committee has approved it without a single objection. I also want to thank the Treasury for giving its approval.

I am certain the Senate will agree we should provide every reasonable incentive to investors willing to put money and management assistance into small, high risk ventures. Therefore, I urge the adoption of H.R. 4717.

Mr. DOLE. Mr. President, may I inquire of the Senator from Nevada if he is prepared to proceed or does he need more time?

Mr. CANNON. I need about 2 minutes, Mr. President.

Mr. DOLE. Maybe we can go on with the amendment of the Senator from Montana, which we cannot accept and which we shall move to table.

The PRESIDING OFFICER. The Senator from Montana.

UP AMENDMENT NO. 815

(Purpose: To cap the amount of interest that can be imputed by the Internal Revenue Service under Section 483 of the Code on certain qualified property)

Mr. MELCHER. Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The bill will be stated.

The bill clerk read as follows:

The Senator from Montana (Mr. MELCHER) proposes an unprinted amendment numbered 815.

At the appropriate place add the following new section:

"SEC. . MAXIMUM RATE OF IMPUTED INTEREST.

(a) IN GENERAL.—Section 483 of the Internal Revenue Code of 1954, as amended, is amended by adding at the end thereof the following new subsection:

(g) MAXIMUM RATE OF INTEREST ON CERTAIN TRANSFERS BETWEEN RELATED PARTIES.—

(1) IN GENERAL.—In the case of a sale or exchange of qualified non-depreciable property to a U.S. person, the maximum interest rate used in determining the total unstated interest under the regulations under subsection (b) shall not exceed 7 percent, compounded semiannually.

(2) QUALIFIED NON-DEPRECIABLE PROPERTY.—For purposes of this subsection, the term 'qualified nondepreciable property' means any property which is not subject to an allowance for depreciation or amortization in the hands of the person holding the property after the sale or exchange.

(3) $2,000,000 LIMITATION ON QUALIFIED NON-DEPRECIABLE PROPERTY.—Property shall not be considered qualified non-depreciable property to the extent the sales price of all property sold or exchanged by the parties during a 12-month period exceeds $2,000,000.

(4) SPECIAL RULE FOR LIQUIDATIONS.—In the case of a sale or exchange of stock in a corporation which is liquidated (in a transaction to which part II of subchapter C applies) within 2 years of the sale or exchange, paragraph (1) shall be applied, by treating the sale or exchange as a sale or exchange of the assets of the corporation. The Secretary shall prescribe regulations for the application of this paragraph.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to payments made after June 30, 1981, pursuant to sales or exchanges occurring after such date.".

Mr. MELCHER. Mr. President, this is an amendment that has had hearings and this is an amendment that the Treasury Department agreed to. In fact, it is an amendment that we passed in the Senate 100 to zero. I understand that is the second time in the Senate's history that such a vote was cast for any amendment.

Mr. President, the amendment I am offering limits the amount of interest that the Internal Revenue Service can impute on the sale of nondepreciable property up to $2 million in value. The cap would be 7 percent.

This amendment is no stranger to the Members of the Senate. I offered this amendment to the tax bill and it was approved 100 to nothing. This amendment was a carefully worked-out compromise between myself and other supporters of the proposal, Secretary of the Treasury Regan, and the leadership of the Finance Committee. Everyone signed off on it.

It was also my understanding that the conferees from the Ways and Means Committee had no objection to the compromise we had worked out. However, during the Senate and House conference on the tax bill, my amendment was gutted. In its final form it only applied to transactions of $500,000 between family members.

I want family members to be able to sell property at lower interest rates. That is important to the protection of the family farm, ranch, and small business.

But that is not the only problem that taxpayers face in dealing with imputed interest rates under section 483 of the Code.

I want to see that young people have a chance to start out in farming, ranching, and business, whether they have the opportunity to purchase the farm, ranch, or business from a family member or not. To give them this chance, we must insure that we do everything possible to hold down the cost of getting started. Every percent that interest rates increase makes it harder for young people to get started. That is what we are talking about here, and that is why my amendment was passed unanimously by the Senate.

In 1975 the IRS set imputed interest rates at 7 percent. They set a minimum interest rate on a contract purchase made between two parties. In effect IRS stuck their nose in on a private deal where they have no business. The Treasury states there is no revenue gain or loss, and it should not be any of their business to interfere in a private contract between a willing seller and a willing buyer. My amendment does not repeal

their regulation, but it does freeze for now IRS at the June 30 level on imputed interest rates.

Mr. President, we have done very little in the past few months except talk about the devastating effects that high interest rates are having on the American people. The imputed interest rate increases that the IRS has put into effect are just another example of high interest rates becoming institutionalized. As the law now stands, higher interest rates feed higher imputed interest rates, and higher imputed interest rates, in turn, lead to still higher market interest rates.

It is a vicious circle and it is leading to the loss of an entire generation of young farmers, ranchers, and business people. I thought we had taken a very reasonable step toward breaking part of this circle in approving my amendment as part of the tax bill. I was very disappointed that my amendment did not survive the conference in tact. I still believe this amendment is vital, and I hope that the Senate will approve it unanimously once again to make it clear that this is the change we want in the law.

Mr. DOLE. Mr. President, I am certainly sympathetic with some of the statements made by the Senator from Montana. We attempted to take care of this problem in the Economic Recovery Tax Act. We did effect a compromise.

(1) In general. In case of any qualified sale, the maximum interest rate used in determining the total unstated interest rate under the regulations under subsection (b) shall not exceed 7 percent, compounded semiannually.

(2) Qualified sale. For purposes of this subsection, the term "qualified sale" means any sale or exchange of land by an individual to a member of such individual"s family (within the meaning of section 267(c)(4)).

We also put on a $500,000 limitation.

(3) $500,000 limitation. Paragraph (1) shall not apply to any qualified sale between individuals made during any calendar year to the extent that the sales price for such sale (when added to the aggregate sales price for prior qualified sales between such individuals during the calendar year) exceeds $500,000.

So, Mr. President. I suggest that we made a good-faith effort.

Again, I suggest that, as far as this Senator knows, there have not been any hearings on this legislation. I know the Treasury strongly opposes it. I know in the heat of the efforts on the Economic Recovery Tax Act, there was a lot of discussion of this amendment. It was compromised in the conference and I think fairly dealt with. If in fact the Senator from Montana wants to bring it up again next year and have hearings on it, that is fine, but I am under a lot of pressure to get this bill to conference tonight.

I move to lay the amendment on the table, Mr. President. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The question occurs on the motion to table the amendment submitted by the Senator from Montana. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Oklahoma (Mr. BOREN), the Senator from Mississippi (Mr. STENNIS), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 48, nays 43, as follows:

[Rollcall Vote No. 496 Leg.]

YEAS—48

Armstrong	Domenici	Mathias
Baker	East	Mattingly
Bentsen	Garn	Murkowski
Boschwitz	Gorton	Nickles
Bumpers	Grassley	Packwood
Byrd, Harry F., Jr.	Hatch	Quayle
	Hatfield	Rudman
Cannon	Hawkins	Schmitt
Chafee	Hayakawa	Simpson
Cochran	Helms	Specter
Cohen	Huddleston	Stafford
Cranston	Humphrey	Stevens
D'Amato	Johnston	Symms
Danforth	Kassebaum	Wallop
DeConcini	Laxalt	Weicker
Denton	Long	
Dole	Lugar	

NAYS—43

Abdnor	Heflin	Pressler
Andrews	Hollings	Proxmire
Baucus	Inouye	Pryor
Biden	Jackson	Randolph
Bradley	Jepsen	Riegle
Burdick	Kasten	Roth
Byrd, Robert C.	Kennedy	Sarbanes
Chiles	Leahy	Sasser
Dixon	Levin	Thurmond
Dodd	Matsunaga	Tsongas
Eagleton	Melcher	Warner
Exon	Metzenbaum	Williams
Ford	Mitchell	Zorinsky
Glenn	Nunn	
Hart	Pell	

NOT VOTING—9

Boren	Heinz	Percy
Durenberger	McClure	Stennis
Goldwater	Moynihan	Tower

So the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BIDEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 816

(Purpose: To reduce the excise taxes on wagering authorized under State law)

Mr. BIDEN. Mr. President, I ask unanimous consent that we move back to the amendment that was laid aside, the amendment of the Senator from Nevada.

The PRESIDING OFFICER. Without objection, it is so ordered. The pending matter is the amendment of the Senator from Nevada.

Mr. BIDEN. Mr. President, the Senator from Nevada and I have talked at length on this and I think we have worked out a compromise, the essence of which is to keep the law as it is, with two exceptions, and that is reducing the amount and the percentage that is paid in tax.

I believe the Senator has a substitute for his own amendment.

Mr. CANNON. Mr. President, the Senator is correct. I send to the desk a modification or I ask that my amendment be withdrawn and that this amendment be substituted in its place.

The PRESIDING OFFICER. The amendment is withdrawn, without objection.

The clerk will report the new amendment.

The assistant legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) for himself and Mr. LAXALT proposes an unprinted amendment numbered 816.

Mr. CANNON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place add the following:

SEC. . WAGERING PERMITTED UNDER STATE LAW.

(a) TAX ON WAGERS.—Subsection (a) of section 4402 (relating to wagers) is amended to read as follows:

"(a) WAGERS.—

"(1) STATE AUTHORIZED WAGERS.—There shall be imposed on any wage authorized under State law an excise tax equal to 0.25 percent of the amount of such wager.

"(2) UNAUTHORIZED WAGERS.—There shall be imposed on any wager which is not authorized under State law an excise tax equal to 2 percent of the amount of such wager.".

(b) OCCUPATIONAL TAX.—Section 4411 (relating to imposition of tax) is amended to read as follows:

"SEC. 4411. IMPOSITION OF TAX.

"(a) IN GENERAL.—There shall be imposed a special tax of $500 per year to be paid by each person who is liable for the tax imposed under section 4401 (a) (2) or who is engaged in receiving wagers for or on behalf of any person so liable.

(b) AUTHORIZED PERSONS.—In the case of a person authorized under the law of any State or political subdivision thereof to engage in the business of accepting wagers or to receive wagers for or on behalf of any such person, subsection (a) shall be applied by substituting "$50" for "$500".".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable periods beginning after December 31, 1981.

Mr. CANNON. The amendment which has now been worked out does two things: It reduces the excise tax on wagering in States where wagering is legal from 2 percent to a quarter of 1 percent, and it reduces the occupational tax in States where wagering is legal from $500 to the amount of $50. It leaves the taxes exactly as they are in States where wagering is illegal.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment (UP No. 816) was agreed to.

GROUP ELIGIBILITY FOR TRADE ADJUSTMENT ASSISTANCE

Mr. METZENBAUM. Mr. President, I rise to express my strong support for the amendment to retain the current standard for group eligibility for trade adjust-

ment assistance. This amendment is urgently needed to prevent a proposed change in eligibility criteria that would impose new sacrifices upon American workers made jobless by foreign competition.

The proposed change, scheduled to go into effect in February, would sharply curtail the number of unemployed workers who could qualify for important trade adjustment assistance benefits. It would require that for purposes of group eligibility, imports must be shown to be a "substantial cause" of unemployment. Under current law, imports have to "contribute importantly" to unemployment for the workers to be certified as eligible for trade adjustment.

Mr. President, the "substantial cause" test is unnecessarily harsh and restrictive. It will be virtually impossible to implement. As the Congressional Budget Office noted recently in a report to the Senate Finance Committee:

> The Secretary of Labor would be required to examine all possible causes of job separations and compare their relative contribution to layoffs in order to decide whether or not imports were less important than any other cause. This change presumes a level of sophisticated economic analysis that may not have been developed yet.

Through severe budget cutbacks and substantive changes in the law, the current administration has already succeeded in reducing sharply the scope of the trade adjustment program. As part of the Omnibus Budget Reconciliation Act, Congress has already gone along with the administration's request to cap TAA, income maintenance benefits to State unemployment compensation levels. This has slashed benefits for unemployed workers from a maximum of $289 per week to an average benefit level of $150 per week. The duration of TAA benefits has also been reduced. Currently, a worker cannot receive more than 52 weeks of a combination of State unemployment compensation extended benefits, and trade adjustment assistance. Furthermore, TAA is now payable only after State benefits are exhausted.

These and other changes have been used by the Reagan administration to deny critically needed assistance to thousands of workers. Under the current "contribute importantly" standard, the Secretary of Labor is already rejecting all but 10 percent of the TAA petitions being filed today. A 10-percent approval rate. And it does not take much imagination to see what would happen with a more stringent test of eligibility.

I do not believe that it is fair or equitable to impose disproportionate burdens on the backs of those who can least afford to bear them. But that, unfortunately, is not the philosophy of those who are proposing this cruel and callous change.

Mr. President, this unfair and restrictive rule is directed against thousands of working people and against thousands of families whose breadwinners are, through no fault of their own, unemployed. And it is another step toward dismantling the entire trade adjustment program. I urge my colleagues to accept the amendment which will preserve the current group eligibility standard for this important program.

FNMA INCOME AND LOSS AVERAGING TREATMENT

Mr. President, I express my strong support for the amendment to provide the Federal National Mortgage Association the same income and loss averaging treatment for tax purposes which is currently available to other financial institutions.

The FNMA, or Fannie Mae, is essential to the stable flow of money into this Nation's hard-pressed home mortgage market. During the worst period for this industry since the Great Depression, Fannie Mae has been the one institution that has contributed a degree of stability to the housing market. Its aggressive presence in the housing finance market has sustained what little movement there has been in the area, and by buying up mortgages held by other financial institutions, Fannie Mae has helped provide funds for new mortgages. This year alone, Fannie Mae purchased more than 90,000 home mortgage loans worth more than a total of $5 billion.

But Fannie Mae is not immune to the high interest rates that have crippled so many of our financial institutions. And today, the organization that holds one out of every 20 mortgages in this Nation with a value of more than $60 billion is also losing money.

Like other financial institutions, Fannie Mae has been forced to borrow funds at rates in excess of 18 percent, while holding onto mortgages with an average rate of return of less than 10 percent. Unlike other financial institutions, however, Fannie Mae is not permitted to carry its losses back 10 years. Instead, it may only carry losses back three years and forward fifteen.

This is unfair and wrong.

Fannie Mae is comparable to other financial institutions. It is essentially a bank chartered by Congress to invest in home mortgages. The economic conditions which affect the thrifts and other financial institutions affect Fannie Mae as well. It should not be treated differently for tax purposes.

The amendment before us will correct this inequity. It will permit Fannie Mae to treat its losses generated by its long-term investment in mortgage loans in the same manner as other financial institutions. And it will maintain for this country a strong force for stability in an absolutely essential segment of our economy.

I urge my colleagues to support this constructive amendment.

Mr. DENTON. Mr. President, the Senate Finance Committee has produced a good measure that I support. But there is one issue on which I would like to comment.

Mr. President, I rise in support of Senator D'AMATO's efforts to suspend enforcement of IRS Revenue Ruling 81–216, which greatly restricts the issuance of revenue bonds by State and local governments. In these times of high interest rates and cutbacks in Federal loan and guarantee programs, State-sponsored programs may be the only affordable or available source of credit.

The Treasury has enormous power over the fate of IDB's not only in proposing legislation but also through rulings under the Internal Revenue Code which determine which bonds are actually tax exempt. If Revenue Ruling 81–216 stands, it could eliminate vital sources of funds for community and business development. The effect would be nationwide.

To be sure, there are abuses that should be eliminated. But, on the other hand, for every dollar of IDB's issued, the Federal Government receives back more money in taxes than it loses through the tax exemption.

Senator D'AMATO's amendment would merely prevent enforcement of a specific interpretation of the law for a limited period. Since the amendment would not change the Internal Revenue Code, Revenue Ruling 81–216 would remain the prevailing interpretation of substantive law until the law itself is revised.

The policy implication of administrative rulings of this nature should be carefully considered by the congressional committees charged with dealing with tax laws. If changes are to be made in the rules governing IDB's, they should be reviewed by the Congress. We all, I am sure, agree on the necessity of keeping the IDB program viable.

I, therefore, urge the Senate Finance Committee's immediate consideration of Senator D'AMATO's proposed amendment to suspend enforcement of Revenue Ruling 81–216.

INCREASING CONCERN OVER THE NATIONAL DEBT

Mr. BAUCUS. Mr. President, as we debate this tax bill, I want to express my increasing concern about our national debt.

As nearly everyone in America knows, the national debt exceeded $1 trillion for the first time this year.

When President Reagan took office at the beginning of this year, he was presented with a budget left by his predecessor, President Jimmy Carter, for a national debt that was less than $1 trillion. At that time, it was estimated that for the current fiscal year interest on the national debt would be $89.9 billion. In the past year that estimate has risen nearly $30 billion. The most recent estimate was provided by the Senate Budget Committee in the second budget resolution for fiscal year 1982. According to the Senate Budget Committee, interest on the national debt will be $118.9 billion.

Mr. President, I find it absolutely extraordinary that we have allowed the economy to deteriorate to a point where we are paying nearly $120 billion just for interest on debt.

There may be many things wrong with our economy and with the way we handle Government, but there can be no excuse for allowing a Federal budget to fall further and further into deficit.

Just 2 months ago, President Reagan said in an address to the National Federation of Republican Women that "this administration is committed to a balanced budget, and we will fight to the last blow to achieve it by 1984 * * * we will not sit on our hands and watch helplessly as the deficit swells and

swells." Yet despite this encouraging promise, let us take a look at the record. According to the most recent projected budget deficits, our national debt will be swelling by 1984 by as much as $400 billion more than it is today. Let me put that a different way. When President Reagan inherited this Government from President Carter, the Federal debt stood at less than $1 trillion. Now, it looks as though within a 4-year period, the Federal debt may balloon from less than $1 trillion to more than $1.4 trillion.

Let me insert at this point in the RECORD a table specifying some of the details for these projected deficits.

Projected budget deficits/surpluses (excluding future budget cuts)

[In billions]

March 1981:	
Fiscal year 1982	−$45.0
Fiscal year 1983	−52.7
Fiscal year 1984	−43.7
July 1981:	
Fiscal year 1982	−42.5
Fiscal year 1983	−52.7
Fiscal year 1984	−43.7
September 1981:	
Fiscal year 1982	−56.1
Fiscal year 1983	−54.9
Fiscal year 1984	−47.8
November 1981:	
Fiscal year 1982	−96.7
Fiscal year 1983	−126.5
Fiscal year 1984	−145.7
December 1981:	
Fiscal year 1982	−109.1
Fiscal year 1983	−152.3
Fiscal year 1984	−162.0

Mr. President, I am not the only person in the United States concerned about the problems of our national debt. I am sure that nearly all of my colleagues join me in despairing about this problem. But we can do something about it. We are not helpless.

One thought recently suggested was offered to me by one of my constituents, Mrs. Althie L. Schmid. Mrs. Schmid wrote to me just 5 days after President Reagan told the National Federation of Republican Women that his administration would not sit by and allow the deficit to "swell and swell." Let me read to you what Mrs. Schmid said:

DEAR SENATOR BAUCUS: As I was listening to President Reagan's latest speech, I was struck by one figure . . . that it was necessary to budget $96 billion for interest on the national debt. This, I gather, is everyone's debt; so maybe everyone can do something about it.

As a fellow American, I am suggesting we all start paying on this debt. Rich or poor, honest or dishonest, men and women, we can all make an effort. To this end I am going to make a beginning . . . I am enclosing a check for half a day's pay, and I want you to present it to the Treasury Department on my behalf. I am making a similar check to President Reagan with a similar request.

Then if enough people respond, and you don't need the $96 billion for interest, apply the usual portion to the principal. Think what this can do to the interest rate and to our image abroad and our self-respect at home . . .

Yours sincerely,

ALTHIE SCHMID.

In a PS to her letter, Mrs. Schmid said:

If the Senate will be inspired that will make a great beginning.

Now for the interesting part. Mrs. Schmid enclosed a check made out to the U.S. Government in the amount of $30. As I looked at that check, I was struck by the nobleness of her gesture. And then I began to do some calculations.

What if every person in the United States who is gainfully employed sent in a like amount? How much would that raise to pay off the interest on the national debt? The answers to these questions are really quite discouraging. When you consider that there are roughly 100 million people in the United States who are gainfully employed, a $30 contribution by each of them would raise just $3 billion. Even if we could get everyone to send in $30 each month for the next year, that would hardly pay off the additional debt service incurred for the increased deficits experienced during the 12 months of the Reagan administration.

Mr. President, there may be some good reasons for increasing the national debt at this time. However, there cannot always be good reasons every year for increasing this debt. The run on the U.S. Treasury must stop. We must have the courage to face up to the fact that deficits occur either because we do not raise enough money or because we spend too much. Either way we must pull together the next year to stop the continuing drain on the Federal Treasury.

Mr. President, I am today transmitting to Secretary Regan a copy of Mrs. Schmid's letter and her attached check with the request that it be applied to pay off our national debt. I am also enclosing my own check in the same amount with a similar request.

I know $60 to pay off a debt of $1 trillion is a small gesture. However, I believe all Americans, whether they are U.S. Senators or just plain Americans slugging it out trying to make a living, must make their own commitment to pay off the national debt. Otherwise, our grandchildren will only be left with a bankrupt nation, a future that I do not wish to bestow on succeeding generations of Americans.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute, as amended.

The amendment in the nature of a substitute was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time. The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill (H.R. 4717), as amended, was passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

Mr. DOLE. Mr. President, I move that the Senate insist on its amendments and request a conference with the House, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. WARNER) appointed Mr. DOLE, Mr. PACKWOOD, Mr. WALLOP, Mr. LONG, and Mr. HARRY F. BYRD, JR., conferees on the part of the Senate.

The PRESIDING OFFICER. The majority leader is recognized.

ORDER OF LEGISLATIVE PROCEDURE

Mr. BAKER. Mr. President, I will ask the Senate to turn to the consideration of the foreign operations conference report, and then turn to the consideration of the Nuclear Regulatory Agency reform bill, and then to the identities bill.

FOREIGN ASSISTANCE APPROPRIATIONS—CONFERENCE REPORT

Mr. KASTEN. Mr. President, I submit a report of the committee of conference on H.R. 4559 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4559) making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of today, December 16, 1981.)

Mr. KASTEN. Mr. President, the committee of conference on the foreign assistance appropriation bill met yesterday, and after 8 hours of hard-fought negotiation, came to agreement on this legislation. Thus, subject to passage here in the Senate in a few minutes, we have a regular foreign assistance appropriations bill for the first time in 3 years.

Mr. President, before I say just a few brief words about the conference agreement, I would like to express my deep appreciation to the senior Senator from Hawaii, who has been an invaluable partner with me in our common efforts to secure passage of this legislation which is so badly needed in order for the administration to carry out its foreign policy.

I cannot emphasize enough what it has meant to me to have the cooperation of Senator INOUYE in this endeavor. I also want to pay tribute to the committee staff, Jim Bond, Jane McGhee, Richard Collins, and Jane McMullan, who have worked so hard on this matter over the last several months.

As an indication of their hard work, and this is not an exceptional example, after our negotiations were completed at 6:30 p.m. yesterday, they worked until

4 a.m. this morning in order to get this matter before the House and Senate today.

Mr. President, I should like to emphasize two aspects of the conference agreement. First of all, for the foreign assistance programs, titles 1, 2, and 3 of the bill, we are $280 million below the administration's September request. In other words, we have bettered the President's recommendation for a 12-percent reduction which was contained in his September request.

The other aspect of this conference agreement which I would like to emphasize is that we have succeeded in redirecting U.S. foreign assistance policy, in line with the Reagan administration's desires, to more of an emphasis on the security related assistance portion of this package. This does not mean that we have abandoned commitments for purely developmental related assistance, but we have, rightly I believe, put the proper emphasis on security and political related programs.

Mr. President, for the Export-Import Bank, the conference agreed to the House level on direct credits $4.4 billion, rather than the $4.7 billion in the Senate bill, which is nonetheless more than $500 million over the administration's request. The very strong consensus in the Senate, and for the most part in the House, was that this particular item is very important for American jobs and for a healthy American export posture.

In line with this consensus, the conference agreed to the higher Senate level for Export-Import Bank guarantees. Mr. President, I am about to move adoption of the conference report, but first I would like to yield to the distinguished Senator from Hawaii for whatever remarks he may wish to make.

Mr. INOUYE. Mr. President, I want to thank the chairman of the Foreign Operations Subcommittee for his kind words of praise. I am not going to speak at length on this conference agreement. but I do not want this moment to pass without giving recognition to the superb accomplishment of the Senator from Wisconsin. In this, his first year in the Senate, he has achieved what few in this Chamber thought possible. If the Senate adopts this conference report, and it is my hope that it would be adopted by a substantial margin, we will have set the foreign policy of this Nation back on track. In no small measure that achievement is the responsibility of my good friend and colleague, BOB KASTEN.

Mr. President, I believe that the bill which emerged from the conference represents a substantial improvement over the bill as passed by the Senate, and as passed by the House. Recognizing the necessity of passing a regular foreign assistance bill, the conferees on this measure acted in a most responsible manner and have brought before their respective bodies a bill which is deserving of support. It is a well reasoned measure which holds in delicate balance the complimentary programs of economic and security assistance.

In addition, it provides, under title IV, funding for the Export-Import Bank and maintains the U.S. competitive position in international trade. And that, Mr. President, means jobs.

Mr. President, I strongly urge Members on both sides of the aisle to support this conference agreement.

In closing, Mr. President, I wish to join my chairman in expressing the gratitude and commending our staff members, Mr. Richard Collins, Mr. James Bond, Miss Jane McGhee, and Miss Jane McMullan.

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, I ask for the yeas and nays on this conference report.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KASTEN. Mr. President, I yield as much time as he may desire to the Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I wish to commend the distinguished Senator from Wisconsin, the chairman of the Foreign Operations Subcommittee on Appropriations for a truly outstanding job in a very difficult legislative matter.

The conference committee, which met yesterday, was the final portion of a long, arduous task that Senator KASTEN performed with great distinction. For those of us who serve with him on the subcommittee and were present during at least part of the conference committee session, it was obvious that it took diplomacy and patience and great skill in the face of tremendous obstacles which were presented to have an agreement with the House of Representatives in the Senate's version of a very complicated piece of legislation.

I also join in commending the distinguished Senator from Hawaii (Mr. INOUYE) for his cooperation, and for his guidance, experience, and seniority. I think that the conference report, as presented to this body, is a good product which ought to be accepted.

I yield the floor.

Mr. KASTEN. Mr. President, I thank the Senator from Pennsylvania and also the Senator from Hawaii for their kind comments and for their help.

Mr. DANFORTH. Mr. President, I wish to comment on the conference report on the foreign aid appropriations bill (S. 1802).

As is often the case, the legislative process has produced something of a mixed blessing. On the positive side, the conferees agreed to include $700 million for the World Bank's IDA—a considerable improvement over the $532 million provided in the Senate bill. I would like to compliment the Senate conferees on this item, even though the $700 million figure falls below the $820 million in the revised administration request.

On the down side, I am extremely disappointed that the Senate conferees were unwilling to provide a reasonable fiscal year 1982 U.S. contribution to the International Fund for Agricultural Development (IFAD). The money was requested by the administration. The foreign aid authorization bill moves in that direction by authorizing a $180 million U.S. contribution for IFAD's replenishment. The House appropriations bill included $40.5 million, the Senate bill—and the conference report—nothing.

When the appropriations bill was on the Senate floor, Senators HATFIELD, LEAHY, EAGLETON, PERCY, and PELL joined me in stressing the view that the United States should look for ways to be supportive of IFAD and to help it to strengthen its effectiveness as a development agency. Since that time, I understand there is reason to believe that many of the concerns expressed by the Senate Appropriations Subcommittee are being resolved: The OPEC countries are actively seeking a means to provide an additional $20 million, which would bring the OPEC contribution to IFAD's replenishment to a full $450 million. IFAD is itself taking steps, I am told, to deal with the issue of professional staff size.

In view of this progress; in view of support for IFAD expressed in the Senate; in view of moneys appropriated by the House for IFAD; and in view of the administration's support—albeit not as active as I would have hoped—I regret that the appropriations conference was not able to find a way of making a significant U.S. payment to IFAD in 1982.

Without belaboring the issue further, let me conclude by expressing the hope that the administration and the Congress will be more successful in 1982 in providing a significant U.S. contribution to IFAD. With $450 million from OPEC and $40 million from other developed countries, IFAD will warrant, it seems to me, an initial payment against the $180 million U.S. replenishment pledge.

Let me also express the hope that other countries, in the absence of a timely U.S. contribution this year, will not retrench on their own payments but will continue to support IFAD's work with small farmers in the poorest countries.

Senator LEAHY, as a conferee, fought hard to see included in S. 1802 a fiscal year 1982 payment for IFAD. I commend him for his efforts. I know he joins me in these sentiments.

TRIBUTE TO SENATOR KASTEN

Mr. HATFIELD. Mr. President, the passage of the fiscal year 1982 foreign operations appropriations bill is a landmark event. Not since fiscal year 1979 has a regular foreign operations appropriations bill been passed by Congress and sent to the President for his signature.

This could not have occurred, Mr. President, without the leadership of Senator BOB KASTEN. As a freshman Senator, he has taken on a most difficult and thankless job in chairing the Foreign Operations Subcommittee of Appropriations. He has pursued his responsibilities with alacrity and creativity, bringing before the Senate an original foreign operations appropriations bill in order to underscore the Senate's interest in passing a regular bill, and prompt the House into action. It is because of his enduring patience, diligence, and leadership that we are at last able to enact a regular bill and give our foreign assistance programs the imprint of congressional priorities.

Mr. President, in extending these sincere congratulations to Senator KASTEN, I do not wish in any way to denigrate the leadership of the former subcommittee chairman, Senator INOUYE. It has certainly not been his fault that we have had this 3-year hiatus in securing passage of a regular bill. All of us on the committee well remember his eloquent defense of our foreign assistance programs, and his unyielding but unfailingly courteous determination to press forward with the regular appropriations process. I am sure Senator KASTEN will join with me in thanking Senator INOUYE for the benefit of his experience and the bipartisan cooperation he has always practiced.

Mr. President, with adoption of this conference report, all but three regular appropriations bills will have cleared Congress—Treasury, Commerce, and Labor-HHS. Those three will remain covered by the continuing resolution signed into law yesterday. I am sure those associated with the programs funded under the foreign operations bill can tell us all hair-raising stories about the perils of funding under continuing resolutions—those programs have been under a CR for the past 3 years. It is my earnest hope, and I am sure it is the firm intention of the leadership, to finish those remaining three bills before the expiration of the continuing resolution on March 31.

Mr. KASTEN. Mr. President, I move adoption of the conference report on H.R. 4559.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Oklahoma (Mr. BOREN), the Senator from New York (Mr. MOYNIHAN), the Senator from Mississippi (Mr. STENNIS), the Senator from Delaware (Mr. BIDEN), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 55, nays 34, as follows:

[Rollcall Vote No. 497 Leg.]

YEAS—55

Baker	Dixon	Jackson
Baucus	Dodd	Kassebaum
Boschwitz	Dole	Kasten
Bradley	East	Kennedy
Bumpers	Glenn	Leahy
Chafee	Gorton	Levin
Chiles	Hart	Lugar
Cochran	Hatch	Mathias
Cohen	Hatfield	Matsunaga
Cranston	Hawkins	Metzenbaum
D'Amato	Hayakawa	Mitchell
Danforth	Huddleston	Murkowski
Denton	Inouye	Packwood
Pell	Schmitt	Tsongas
Quayle	Simpson	Wallop
Riegle	Specter	Weicker
Rudman	Stafford	Williams
Sarbanes	Stevens	
Sasser	Thurmond	

NAYS—34

Abdnor	Exon	Melcher
Andrews	Ford	Nickles
Armstrong	Garn	Nunn
Bentsen	Grassley	Pressler
Burdick	Heflin	Proxmire
Byrd, Harry F., Jr.	Helms	Pryor
	Hollings	Randolph
Byrd, Robert C.	Humphrey	Roth
Cannon	Jepsen	Symms
DeConcini	Johnston	Warner
Domenici	Laxalt	Zorinsky
Eagleton	Mattingly	

NOT VOTING—11

Biden	Heinz	Percy
Boren	Long	Stennis
Durenberger	McClure	Tower
Goldwater	Moynihan	

So the conference report was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KASTEN. Mr. President, I believe the clerk has some amendments in disagreement.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The bill clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 22 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum inserted by said amendment, insert: "$215,438,000: *Provided*, That no funds shall be available for the United Nations Fund for Science and Technology or the United Nations Decade for Women".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 23 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: ": *Provided further*, That not less than $126,750,000 shall be available only for the United Nations Development Program".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 24 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: ": *Provided further*, That not more than $41,500,000 shall be available for the United Nation's Children's fund".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 25 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: ": *Provided further*, That not more than $7,850,000 shall be available for the United Nations Environment Program".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 38 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: $4,000,000 of this amount shall

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 62 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: : *Provided further*, That not less than $100,000,000 shall be available for Sudan, not less than $5,000,000 for Poland, not less than $5,000,000 for Tunisia, and not less than $20,000,000 for Costa Rica

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 63 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: : *Provided further*, That not more than $15,000,000 shall be available for Cyprus

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 89 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum inserted by the said amendment, insert: "$503,000,000: *Provided*, That $30,000,000 of this amount shall be transferred to the Agency for International Development to be used only for resettlement services and facilities for refugees and displaced persons in Africa"

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 138 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: 513. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance or reparations to Libya, Iraq, or South Yemen.

Mr. KASTEN. Mr. President, I move that the Senate concur en bloc to the amendments of the House to the amendments of the Senate Nos. 22, 23, 24, 25, 38, 62, 63, 89, and 138.

The PRESIDING OFFICER. Is there objection?

Without objection, the motion of the Senator from Wisconsin is agreed to.

Mr. KASTEN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendments in disagreement were agreed to.

Mr. INOUYE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KASTEN. Mr. President, I yield the floor.

ORDER OF PROCEDURE

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I propose now, with the minority leader's agreement, to do 10 or 15 minutes of calendar work. After that, we shall go to the Nuclear Regulatory Commission.

Mr. ROBERT C. BYRD. Mr. President, I have no objection.

Mr. BAKER. Mr. President, I have a number of items that have been cleared and rather than ask the minority leader to consider them separately, let me put them as I have them on my desk and invite his attention to the request.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go

into executive session to consider the nomination of Anthony J. Calio, of Maryland, to be Deputy Administrator of the National Oceanic and Atmospheric Administration, which was reported out of the Commerce Committee today.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The clerk will state the nomination.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

The assistant legislative clerk read the nomination of Anthony J. Calio, of Maryland, to be Deputy Administrator of the National Oceanic and Atmospheric Administration.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that he Senate has given its consent to this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ERECTION OF CERTAIN STRUCTURES AT THE WEST FRONT OF THE CAPITOL.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House Concurrent Resolution 231, a concurrent resolution authorizing the erection of certain structures at the west front of the Capitol.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A House concurrent resolution (H. Con. Res. 231) authorizing the erection of certain structures at the west front of the Capitol in connection with a rally to be held on January 15, 1982, in commemoration of the birth of Doctor Martin Luther King, Junior.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the concurrent resolution was considered and agreed to.

Mr. BAKER. I move to reconsider the vote by which the House concurrent resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEAUTHORIZATION OF CERTAIN CORPS OF ENGINEERS PROJECTS

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1493.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1493) entitled "An Act to deauthorize several projects within the jurisdiction of the Army Corps of Engineers", do pass with the following amendment:

Strike out all after the enacting clause, and insert: That (a) section 204 of the Flood Control Act of 1965 (Public Law 89-298) is amended as follows: "The Dickey-Lincoln School Lakes project, Saint John River, Maine, is hereby modified to deauthorize that component of the project known and referred to as the Dickey Dam and its associated transmission facilities.".

(b) No Federal agency or department shall consider any license application relating to hydropower projects above the site of the Lincoln School Dam on the Saint John River and its tributaries, Maine, for a period of two years after the enactment of this Act.

SEC. 2. (a) The authorization for the Meramec Park Lake (hereinafter in this section referred to as the "project") contained in that portion of the general comprehensive plan for flood control and other purposes in the Upper Mississippi River Basin, which plan was authorized by section 4 of the Act entitled "An Act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes", approved June 28, 1938 (52 Stat. 1218), as modified by section 203 of the Flood Control Act of 1966 (Public Law 89-789), is hereby terminated.

(b) The Secretary of the Army, acting through the Chief of Engineers (hereinafter in this section referred to as the "Secretary"), shall immediately undertake interim management and maintenance of works, structures, and interests in lands related to the project pending the implementation of the subsequent provisions of this section.

(c) The Secretary shall dispose of works, structures, and interests in lands related to the project as follows:

(1) To the State of Missouri, all right, title, and interest in and to not less than three thousand three hundred and eighty-two acres nor more than five thousand one hundred and twenty-two acres, as determined by the Governor of the State of Missouri.

(2) A perpetual easement sufficient to safeguard for the river user the natural, cultural, and visual resources of the Meramec River and Huzzah and Courtois Creeks shall be conveyed to the State of Missouri. The Secretary is hereby directed to establish such easements in conjunction with the State of Missouri. Said easements shall be not less than one hundred feet nor more than one-quarter mile as measured from the normal highwater mark of said river and creeks, taking into consideration the varying terrain of such lands and the best public interest. Said easement shall be available for the development of the Ozark Trail, which will be constructed and maintained by the State of Missouri.

The Secretary shall submit to the State of Missouri before January 6, 1982, an offer to convey the lands authorized by this section. If the State, by statute, disapproves such conveyance on or before April 30, 1982, the Secretary shall immediately offer all the works, structures, and interests in lands for sale to the previous owners in accordance with paragraph (2) of subsection (d) of this section. If the State fails to disapprove such conveyance on or after April 30, 1982, solely because of a veto by the Governor, the offer to convey by the Secretary shall remain valid until such time as the veto is sustained or overridden in accordance with State law.

(d)(1) Within ninety days of the date a conveyance is made to the State of Missouri in accordance with subsection (c) of this section, the Secretary shall offer the remainder of the works, structures, and interests in lands related to the project for sale to the previous owners at the current appraised value. Such previous owners shall have a period of one year in which to enter into a contract for the repurchase of such properties, after which any remaining works, structures, and interests in lands shall be sold at a public auction, or a series of public auctions, to be conducted following reasonable public notice and advertising of the time and place of such auction or auctions, until such time as all remaining works, structures, and interests in lands have been disposed of.

(2) If the State of Missouri disapproves such conveyance in accordance with subsection (c) of this section, the Secretary shall offer all the works, structures, and interests in lands related to the project for sale to the previous owners at the current appraised value. Such previous owners shall have a period of one year in which to enter into a contract for the repurchase of such properties, after which any remaining works, structures, and interests in lands shall be sold at a public auction, or a series of public auctions, to be conducted following reasonable public notice and advertising of the time and place of such auction or auctions, until such time as all remaining works, structures, and interests in lands have been disposed of.

(3) For purposes of this subsection, in any case in which the previous owner of any interest in land is dead, the surviving spouse or, if there is no surviving spouse, the heirs at law of such previous owner shall be deemed to be the previous owner of such interest.

(e) The Secretary is authorized either to comply with or to enter into a mutual agreement to cancel any executory contract the United States has entered for the purchase of lands for the project at the request of any landowner who is a party to such a contract, within six months after the date of enactment of this Act.

(f) Nothing in this section shall terminate the authority or responsibility of the United States to satisfy, pursuant to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 U.S.C. 4601 et seq.) and any other applicable provision of law, all relocation assistance, and other obligations arising out of the acquisition, prior to the date of enactment of this Act, of any interest in real estate for the project.

(g) Funds authorized prior to enactment of this Act for the project specified in this section may be utilized by the Secretary, as necessary, to carry out the provisions of this section to deauthorize the project.

(h) The Secretary of the Army, acting through the Chief of Engineers, is authorized and directed to undertake such structural and nonstructural measures as he determines to be economically and engineeringly feasible to prevent flood damage to communities along the route of the Meramec River in Saint Louis and Jefferson Counties, Missouri. Such structural measures shall not include the construction of any dams or reservoirs. There is authorized to be appropriated for those fiscal years which begin on or after October 1, 1982, not to exceed $20,000,000 to carry out the provisions of this subsection.

(i) The Secretary of the Army, acting through the Chief of Engineers and in consultation with the Governor shall conduct a cooperative water supply study with the State of Missouri for the Meramec River Basin, Missouri, with particular emphasis on St. Louis and Jefferson Counties, Missouri. In preparing such study, the Secretary of the Army, acting through the Chief of Engineers, and the State of Missouri shall coordinate with appropriate units of local government and shall consult with other individuals and organizations having a direct interest in water supply problems in such river basin. The report required by this section shall be submitted to Congress not later than January 1, 1983. The views of the Governor shall accompany the report of the Secretary of the Army.

SEC. 3. The authorizations for the projects described in this section, at the locations described, are terminated upon the date of enactment of this Act:

(a) ILLINOIS: HELM RESERVOIR.—The project for Helm Reservoir, Skillet Fork of the Wabash River, Illinois, authorized by section 203 of the Flood Control Act of 1968 (Public Law 90-483), as part of the Wabash River Basin comprehensive plan.

(b) ILLINOIS: LINCOLN DAM.—The project for Lincoln Dam and Reservoir, Wabash River, Illinois and Indiana, authorized by section 204 of the Flood Control Act of 1965 (Public Law 89-298).

(c) INDIANA: BIG BLUE DAM.—The project for Big Blue Dam, Big Blue River, Indiana, authorized by section 203 of the Flood Control Act of 1968 (Public Law 90-483).

(a) ILLINOIS: ILLINOIS RIVER DUPLICATE LOCKS.—The project for the Illinois Waterway, Illinois and Indiana, authorized by section 101 of the River and Harbor Act of 1962 (Public Law 87-874).

(e) VIRGINIA: NANSEMOND RIVER.—The portion of the project for the Nansemond River, Virginia, from the United States Highway 640 Bridge at Suffolk, Virginia, to the upstream project limits at river mile 18.66, a distance of approximately two thousand five hundred feet, authorized by the first section of the Act entitled "An Act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and other purposes", approved August 11, 1888 (25 Stat. 410), and modified by the first section of the Act entitled "An Act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes", approved July 3, 1930 (46 Stat. 922).

(f) INDIANA: CLIFTY CREEK DAM.—The project for the Clifty Creek Dam, Clifty Creek, Indiana, authorized by section 204 of the Flood Control Act of 1965 (Public Law 89-298).

(g) DELAWARE-MARYLAND-VIRGINIA: INTRACOASTAL WATERWAY.—The project for the Delaware Bay, Delaware, to Cape Charles, Chesapeake Bay, Virginia, Intracoastal Waterway, authorized under the terms of section 201 of the Flood Control Act of 1965 (Public Law 89-298).

(h) MARYLAND: SIXES BRIDGE.—The project for Sixes Bridge Dam and Lake, Maryland, authorized by section 85 of the Water Resources Development Act of 1974 (Public Law 93-251).

SEC. 4. (a) The consent of Congress is hereby given to the City of Boston to construct, maintain, and operate a fixed-span bridge in and over the water of the Fort Point Channel, Boston, Massachusetts, lying between the northeasterly side of the existing Summer Street Bridge and the northeasterly side of the existing Northern Avenue Bridge.

(b) Work shall not be commenced on such bridge until the location and plans therefor are submitted to and approved by the Secretary of Transportation.

(c) Any project heretofore authorized by an Act of Congress, insofar as such project relates to the above described portions of Fort Point Channel, is hereby abandoned.

(d) In approving the location and plans of any bridge, the Secretary of Transportation may impose any specific conditions relating to the maintenance and operation of the structure which may be deemed necessary in the interest of public navigation.

SEC. 5. The project for the Sandridge Dam and Reservoir, Ellicott Creek, New York, for flood protection and other purposes as authorized in section 201 of the Flood Control Act of 1970 is hereby modified to authorize the Secretary of the Army, acting through the Chief of Engineers, to construct a combination of channel enlargement work and diversion channels along Ellicott Creek mostly in the town of Amherst in accordance with the report of the Chief of Engineers dated April 2, 1979, except that cost sharing for such project shall be as provided in the report of the Board of Engineers for Rivers and Harbors dated July 20, 1978, at an estimated cost of $13,200,000.

SEC. 6. (a) The lock authorized by section 114 of the Water Resources Development Act of 1976 (Public Law 94-587), as a replacement for Vermilion Lock, Louisiana, shall hereafter be known as Leland Bowman Lock. Any law, regulation, map, document, or record of the United States which refers to such lock shall hereafter be held and considered to refer to such lock as "Leland Bowman Lock".

(b) The dam and reservoir on the Salt River, Missouri, known as the Clarence Cannon Dam and Reservoir, authorized by section 203 of the Flood Control Act of 1962 (Public Law 87-874) as the Joanna Reservoir, shall hereafter be known as the Clarence Cannon Dam and Mark Twain Lake. Any law, regulation, map, document, or record of the United States in which such dam and reservoir are referred to shall be held and considered to refer to such dam as the Clarence Cannon Dam and to such reservoir as the Mark Twain Lake, respectively.

SEC. 7. (a) The consent of Congress is hereby given to the city of Tampa, Florida, or its designee to construct and maintain two fixed-span bridges in and over the waters of the Garrison Channel, Tampa, Florida; one bridge to be at or adjacent to the site of the existing bascule railroad bridge and the other bridge to be at the site of the southerly extension of Franklin Street. Work shall not be commenced on such bridges until the location and plans therefor are submitted to and approved by the Secretary of Transportation.

(b) In the case of any project authorized before the date of enactment of this Act which relates to that portion of Garrison Channel from the point of intersection of the easterly right-of-way line of the existing railroad bridge with the existing pierhead and bulkhead line on the north side of Garrison Channel, westward to, but not to include the turning basin at the junction of Garrison and Seddon Channels, the authorization relating to such portion of Garrison Channel shall be terminated upon approval by the Secretary of Transportation of the location and plans for the first of the bridges referred to in subsection (a) of this section.

(c) Any project authorized before the date of enactment of this Act as it relates to the construction and maintenance of Seddon Channel, is hereby modified to provide for a channel two hundred feet wide by twelve feet deep from the junction of Sparkman and Seddon Channels northwesterly to its intersection with the Federal navigation project for the Hillsborough River.

(d) In approving the location and plans of any bridge under this section, the Secretary of Transportation may impose any specific conditions relating to the maintenance and operation of the structure which the Secretary deems necessary in the interest of public navigation.

SEC. 8. No houseboat, floating cabin, marina (including any with sleeping facilities), dock, cabin, or other structure of a permanent nature shall be required to be removed before December 31, 1989, from any Federal water resources reservoir or lake project administered by the Secretary of the Army, acting through the Chief of Engineers on which it was located on the date of enactment of this Act, if such property is maintained in usable condition.

● Mr. ABDNOR. Mr. President, on November 19, the Senate passed the committee-reported version of S. 1493, which was a noncontroversial bill deauthorizing several water resources projects. A few days later, the House took S. 1493 off the desk, amending it in several substantial ways.

It altered the language of section 2, deauthorizing Meramec Park Lake, Mo., potentially providing less project land for a State park, authorizing the State legislature to veto the transfer, and adding language that authorizes up to $20 million in downriver flood levees.

Section 3 was changed, dropping the Senate's deauthorization of Lafayette Dam in Indiana.

The language of section 5 was changed regarding Ellicott Creek, N.Y., dropping the Senate's deauthorization of a portion of the project in favor of language authorizing an alternative at $13,200,000 in 1978 prices.

A new section 7 was added regarding development in Tampa Harbor, Fla.

A new section 8 was added, providing an 8-year moratorium on removing any houseboat, cabin, dock, encroachment, and so forth, from any corps lakes.

Mr. President, my colleague on the Committee on Environment and Public Works believe that some of these alterations and additions are ill advised. Nevertheless, on balance, I urge the passage of the bill. If the Senate does not pass the House language, it is highly probable that the amended bill will be killed in the House. Because I believe it is important to deauthorize the other projects contained in the bill, I shall move the passage of S. 1493, as amended by the House.

First, however, I want to set the record straight regarding the problems that one specific provision will create. Section 8 establishes a precedent that I believe is unwise regarding houseboats, piers, cabins, and docks located on Corps of Engineers lakes. It makes them immune from legal action for 8 years, even if they are there illegally.

There appears to be at least 49 corps lakes affected by this section, where there are houseboats, cabins, boat piers, or where the corps has identified illegal encroachments.

For a number of years, the corps has had a program to gradually phase out live-in houseboats, cabins, et cetera, on corps project property because they represent private, exclusive use of taxpayer-built facilities.

I understand that there are currently 6 corps lakes where there are a total of 166 houseboats with sleeping accommodations or docks with cabins on them. The corps informs me there are another 6,119 private cabins, with leases, located on corps property. A little more than 10 years ago, the corps began to tell cabin and houseboat owners that they would eventually have to remove their facilities from the lakes.

A third category is the so-called encroachment, where private dwellings and piers exist on corps property without any permit or other legal basis. As of the beginning of 1980, there were 6,160 such encroachments. The corps identified an additional 1,945 during calendar year 1980, for a total of 8,105. During 1980, the corps resolved 3,343 of these encroachments, in many cases giving the owner a future time certain for the removal of the enroachment.

This bill will, in effect negate more than 10 years of existing policy with respect to floating houseboats, cabins and docks. It will strip the corps of its enforcement authority with respect to illegal encroachments.

I think that a more reasonable approach would be to reduce the provision to 3 years, allowing Congress to review this policy within a shorter period of time and proceed after the policy has been reviewed. I also believe it is ill advised to exempt illegal structures from enforcement actions.

As I said before, despite my concerns, I have been persuaded by my colleagues to accept the House language. Earlier today, the Senate passed amendments to H.R. 779, which included a new section 6. That section would at least restrict the exemptions to those structures which were lawfully installed. By lawfully installed, we mean facilities which have had a permit or lease. Docks which were permitted at one time, but modified in a modest way, such as an extension of a few feet, would still fall within this definition, as would a dock on which a roof might have been installed after the permit was granted. I would anticipate that if a permit for a dock had been permitted and subsequently a $100,000 boathouse constructed, this would not fall within the definition of "lawful."

Because this provision addresses my major concerns, I am going to move that we adopt S. 1493 as amended by the House. When the House passes the amended version of H.R. 779, this bill is intended to supercede the language in S. 1493. I will write the President requesting that he sign S. 1493 before he signs H.R. 779 to provide that the proper language becomes the later law.

Nevertheless, I recognize that a good deal of ambiguity may remain. If that occurs, I intend to see if we can't resolve it in further, clarifying legislation early next year.

Mr. President, I find this a difficult and troublesome issue, one that should be resolved in a fair manner that does not endorse illegal encroachments on public lands.●

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the majority leader.

The motion was agreed to.

BRANDON MARSH WILDLIFE REFUGE

Mr. BAKER. Mr. President, I move that the Committee on Energy and Natural Resources be discharged from further consideration of H.R. 2241, the Brandon Marsh Wildlife Refuge, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2241) to provide for the establishment of the Brandon Marsh National Wildlife Refuge, Coos County, State of Oregon, and for other purposes.

The motion was agreed to, and without objection, the bill was considered, ordered to a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZATION OF APPROPRIATIONS FOR THE COAST GUARD

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 831.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 831) entitled "An Act to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes", do pass with the following amendment:

Strike out all after the enacting clause and insert:

That funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1982 as follows:

(a) for the operation and maintenance of the Coast Guard, including expenses related to the Capehart housing debt reduction: $1,450,000,000;

(b) for the acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto: $425,000,000;

(c) for the alteration or removal of bridges over navigable waters of the United States, constituting obstructions to navigation: $17,500,000; and

(d) for research, development, test, and evaluation: $33,000,000, of which sufficient funds shall be made available to continue in operation a Coast Guard research and development center through the end of the 1982 fiscal year: *Provided*, That the Coast Guard submits its research, development, test, and evaluation program plan, including the continuation or operation of a research and development center, for Fiscal Year 1982 to the Committee on Merchant Marine and Fisheries of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate for approval prior to implementation.

SEC. 2. For fiscal year 1982, the Coast Guard is authorized an end-of-year strength for active duty personnel of 42,224. This end-of-year strength shall not include members of the Ready Reserve called to active duty under the authority of section 712 of title 14, United States Code.

SEC. 3. For fiscal year 1982, average military training student loads for the Coast Guard are authorized as follows:

(a) recruit and special training: 3,660 student-years;

(b) flight training: 118 student-years;

(c) professional training in military and civilian institutions: 655 student-years; and

(d) officer acquisition: 1,038 student-years.

SEC. 4. The Act of March 4, 1915, c. 143, § 1 (38 Stat. 1084), as amended (31 U.S.C. 686), is amended by inserting "United States Coast Guard," in the first proviso after "Federal Aviation Administration," and before "and".

SEC. 5. Title 14, United States Code, is amended as follows:

(a) Subsection (a) of section 41a is amended to read as follows:

"(a) The Secretary shall maintain a single active duty promotion list of officers of the Coast Guard on active duty in the grades of ensign and above. Reserve officers on active duty, other than pursuant to an active duty agreement executed under section 679 of title 10, United States Code, retired officers, and officers of the permanent commissioned teaching staff of the Coast Guard Academy shall not be included on the active duty promotion list.".

(b) Subsection (d) of section 41a is amended by striking the word "extended".

(c) Section 41a(b) is amended by striking the period at the end of the second sentence and substituting ", except that the rear admiral serving as Chief of Staff shall be the senior rear admiral for all purposes other than pay.".

(d) Section 290(a) is amended by inserting "or in the position of Chief of Staff" in the second sentence immediately after the words "vice admiral".

(e) Section 711 is amended by striking the first sentence.

(f) Item 711 in the analysis of chapter 21 is amended to read as follows:

"711. Exclusive of service.".

(g) Section 93(p) is amended by inserting the following clause after the phrase "of such lines and cables,": "including the installation and use of telephones in residences leased or owned by the Government of the United States when appropriate to assure efficient response to extraordinary operational contingencies of a limited duration,".

SEC. 6. The Act of October 3, 1980 (94 Stat. 1509) is amended as follows:

(a) In paragraph (1) of the first section by striking "$1,248,367,000;" and substituting "$1,337,207,000;".

(b) In section 2 by striking "39,600:" and substituting "39,819:".

SEC. 7. Before the close of fiscal year 1982, the Commandant of the Coast Guard shall carry out a study to determine if the use of cycloidal propulsion systems in appropriate types of Coast Guard vessels will result, at reasonable cost, in operating characteristics that are superior to those that can be obtained with propeller systems. The Commandant shall submit a copy of such study to the Committee on Merchant Marine and Fisheries of the House of Representatives together with his recommendation re-

garding whether vessels equipped with cycloidal propulsion systems should be considered for future Coast Guard procurement.

SEC. 8. (a) The original and periodic inspections or examinations of a vessel documented or to be documented as a vessel of the United States, both in the United States and in foreign countries, may be delegated to the maximum extent practicable by the Secretary of the department in which the Coast Guard is operating to the American Bureau of Shipping, or similar American classification society, or agent thereof, who may issue certificates of inspection, attesting to compliance with existing Coast Guard regulations, and such other certificates as are essential to documentation.

(b) The Secretary of the department in which the Coast Guard is operating may also contract or enter into agreements with or utilize the American Bureau of Shipping, or similar American classification society for the review and approval of vessel hull, machinery, piping, and electrical plans.

(c) The Secretary of the department in which the Coast Guard is operating shall report to the Congress in the implementation of the foregoing provisions within 6 months of the date of enactment of this Act and annually thereafter for 3 years. Such report shall include the views of the affected industry on the implementation of these provisions.

SEC. 9. Nothing in this Act shall be construed to authorize or provide funds for removing facilities of Coast Guard Group Port Angeles from Ediz Hook.

SEC. 10. Paragraphs (1) and (2) of section 104 of the Vessel Documentation Act (Public Law 96–594, 94 Stat. 3453) are amended to read as follows:

"(1) an individual who is a citizen of the United States, or an association, trust, joint venture, or other entity capable of holding title to a vessel, under the law of the United States, or any State, territory, or possession thereof, or of the District of Columbia, or the Commonwealth of Puerto Rico, all of the members of which are citizens of the United States;

"(2) a partnership whose general partners are citizens of the United States, and the controlling interest in the partnership is owned by citizens of the United States."

SEC. 11. (a) The third sentence of section 707(a) of title 14, United States Code, is amended to read as follows: "For benefit computation, regardless of pay or pay status, the member is considered to have had monthly pay of the monthly equivalent of the minimum rate of basic pay in effect for grade GS–9 of the General Schedule on the date the injury is incurred.".

(b) The amendment made by subsection (a) shall apply only with respect to payments for benefits under section 707(a) of title 14, United States Code, for months beginning on or after the date of the enactment of this Act.

SEC. 12. Subsection (a) of section 475 of title 14, United States Code, is amended by inserting after the first sentence thereof the following new sentence: "The Secretary is also authorized to lease housing facilities for assignment as public quarters, without rental charge, to military personnel who are on sea duty or duty at remote offshore Coast Guard stations and who do not have dependents; and such authority shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.".

SEC. 13. (a) The Congress, in recognition of the heroic efforts that resulted in the saving, under extremely adverse conditions, of the lives of all 510 passengers aboard the motor vessel Prinsendam which caught fire off the coast of Alaska on October 4, 1980, hereby honors and expresses its thanks to the members of the United States Coast Guard, the individuals of the United States and Canadian Air Forces, and the crew of the tanker Williamsburg and all others who participated directly in this valiant undertaking, as well as the crew of the Prinsendam.

(b) The Commandant of the United States Coast Guard shall determine the names and addresses of those individuals honored under section (a), and provide the names and addresses to the Clerk of the House who shall convey in appropriate language the appreciation of Congress to each such individual for his or her actions in connection with the Prinsendam rescue.

SEC. 14. Notwithstanding any other provision of law, the fiscal 1982 end of year civilian personnel strength of the Coast Guard shall be at least 5,484.

Mr. STEVENS. Mr. President, I rise to offer my support for the Coast Guard authorizing legislation which, in addition to providing for the continued existence of the vital "small service with a big job," authorizes a helicopter to be based in Cordova, Alaska.

You may all remember my statement of October 7, 1981, about the four coastguardsmen who lost their lives in a rescue attempt near Cordova, Alaska. I pointed out in that statement that Cordova is 320 miles by air from the nearest Coast Guard air station at Kodiak, across the open waters of the Gulf of Alaska. The weather in the gulf is not pleasant—another boat just sank in the area when rescue efforts were hampered by visibility of only one-fourth to one-half a mile, heavy rain and fog, 40- to 60-knot winds and 25-foot seas.

Search and rescue missions in Alaska are truly life threatening for the Coast Guard personnel carrying out those missions. The time delays resulting from the vast distances to be crossed present an unnecessary peril to the fishermen and others in need of assistance. Locating a helicopter in Cordova will improve the chances for survival when problems develop for those at sea.

I realize that providing for a helicopter will not completely alleviate the danger, but it is a good interim step toward saving more lives and more vessels. I will work to secure additional funding for an appropriate ground facility in Cordova once the helicopter is authorized.

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendments with a further amendment of the Senate, which I send to the desk on behalf of the distinguished Senator from Oregon (Mr. PACKWOOD).

UP AMENDMENT NO. 817

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), on behalf of Mr. PACKWOOD, proposes an unprinted amendment numbered 817.

Mr. BAKER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the matter proposed to be inserted by the House amendment, insert the following:

That funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1982 as follows:

(1) For the operation and maintenance of the Coast Guard, including expenses related to the Capehart housing debt reduction, $1,404,800,000.

(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto, $537,200,000.

(3) For the alteration or removal of bridges over navigable waters of the United States, constituting obstructions to navigation, $17,500,000.

(4) For research, development, test, and evaluation, $29,730,000 of which sufficient funds shall be made available to continue in operation a Coast Guard research and development center through the end of the 1982 fiscal year: *Provided*, That the Coast Guard submits its research, development, test, and evaluation program plan, including the continuation or operation of a research and development center, for fiscal year 1982 to the Committee on Merchant Marine and Fisheries of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate for approval before implementation.

SEC. 2. For fiscal year 1982, the Coast Guard authorized an end-of-year strength for active duty personnel of 42,224. This end-of-year strength shall not include members of the Ready Reserve called to active duty under the authority of section 712 of title 14, United States Code.

SEC. 3. For fiscal year 1982, the Coast Guard is authorized average military training student loads as follows:

(1) For recruit and special training, 3,660 student-years.

(2) For flight training, 118 student-years.

(3) For professional training in military and civilian institutions, 655 student-years.

(4) For officer acquisition, 1,038 student-years.

SEC. 4. Notwithstanding any other provision of law, the fiscal 1982 end-of-year civilian personnel strength of the Coast Guard shall be at least 5,484.

SEC. 5. The Act of October 3, 1980 (Public Law 96–376; 94 Stat. 1509), is amended—

(1) in paragraph (1) of the first section, by striking out "$1,248,367,000" and substituting "$1,337,207,000"; and

(2) in section 2, by striking out "39,600" and substituting "39,819".

SEC. 6. (a) (1) Subsection (a) of section 41a of title 14, United States Code, is amended to read as follows:

"(a) The Secretary shall maintain a single active duty promotion list of officers of the Coast Guard on active duty in the grades of ensign and above. Reserve officers on active duty, other than pursuant to an active duty agreement executed under section 679 of title 10, retired officers, and officers of the permanent commissioned teaching staff of the Coast Guard Academy shall not be included on the active duty promotion list.".

(2) Subsection (b) of such section is amended by striking out the period at the end of the second sentence and substituting ", except that the rear admiral serving as Chief of Staff shall be the senior rear admiral for all purposes other than pay.".

(3) Subsection (d) of such section is amended by striking out "extended".

(b) Section 290(a) of such title is amended by inserting "or in the position of Chief of Staff" in the second sentence after "vice admiral".

(c) (1) Section 711 of such title is amended by striking out the first sentence.

(2) The heading of such section is amended to read as follows:

"§ 711. Exclusiveness of service.".

(3) The item relating to section 711 in the analysis of chapter 21 is amended to read as follows:

"711. Exclusiveness of service.".

(d) Section 93(p) of such title is amended by inserting "including telephones in residences leased or owned by the Government of the United States when appropriate to assure efficient response to extraordinary operational contingencies of a limited duration," after "of such lines and cables,".

SEC. 7. Section 475(a) of title 14, United States Code, is amended by inserting after the first sentence thereof the following new sentences: "The Secretary is also authorized to lease housing facilities for assignment as public quarters, without rental charge, to military personnel who are on sea duty or duty at remote offshore Coast Guard stations and who do not have dependents. Such authority shall be effective in any fiscal year only to such extent or in such amounts as are provided in appropriation Acts."

SEC. 8. (a) The third sentence of section 707(a) of title 14, United States Code, is amended to read as follows: "For benefit computation, regardless of pay or pay status the member is considered to have had monthly pay of the monthly equivalent of the minimum rate of basic pay in effect for grade GS–9 of the General Schedule on the date the injury is incurred.".

(b) The amendment made by subsection (a) shall apply only with respect to payments for benefits under section 707(a) of title 14, United States Code, for months beginning on or after the date of the enactment of this Act.

SEC. 9. The Act of July 5, 1884 (46 U.S.C. 2 et seq.), is amended by adding at the end thereof the following new section:

"SEC. 8. (a) The original and periodic inspections or examinations of a vessel documented or to be documented as a vessel of the United States, both in the United States and in foreign countries, may be delegated to the maximum extent practicable by the Secretary of the department in which the Coast Guard is operating to the American Bureau of Shipping, or similar American classification society, or agent thereof, who may issue certificates of inspection, attesting to compliance with existing Coast Guard regulations, and such other certificates as are essential to documentation.

"(b) The Secretary of the department in which the Coast Guard is operating may also contract or enter into agreements with or utilize the American Bureau of Shipping, or similar American classification society for the review and approval of vessel hull, machinery, piping, and electrical plans.

"(c) The Secretary of the department in which the Coast Guard is operating shall report to the Congress on the implementation of subsections (a) and (b) within 6 months of the date of the enactment of this section, and annually thereafter for 3 years. Such report shall include the views of the affected industry on the implementation of those subsections.".

SEC. 10. Paragraphs (1) and (2) of section 104 of the Vessel Documentation Act (Public Law 96–594; 94 Stat. 3453) are amended to read as follows:

"(1) an individual who is a citizen of the United States, or an association, trust, joint venture, or other entity capable of holding title to a vessel, under the law of the United States, of any State, territory, or possession of the United States, of the District of Columbia, or of the Commonwealth of Puerto Rico, all of the members of which are citizens of the United States;

"(2) a partnership whose general partners are citizens of the United States, and the controlling interest in the partnership is owned by citizens of the United States;".

SEC. 11. Section 7 of the Act of May 21, 1920 (31 U.S.C. 686), is amended by inserting "Coast Guard," in the first proviso of subsection (a) after "Federal Aviation Agency,".

SEC. 12. Nothing in this Act shall be construed to authorize or provide funds for removing facilities of Coast Guard Group Port Angeles from Ediz Hook.

SEC. 13. (a) The Congress, in recognition of the heroic efforts that resulted in the saving, under extremely adverse conditions, of the lives of all 510 passengers abroad the motor vessel Prinsendam which caught fire off the coast of Alaska on October 4, 1980, hereby honors and expresses its thanks to the members of the Coast Guard, the individuals of the United States and Canadian Air Forces, and the crew of the tanker Williamsburg and all others who participated directly in this valiant undertaking, as well as the crew of the Prinsendam.

(b) The Commandant of the Coast Guard shall determine the names and addresses of those individuals honored under subsection (a), and provide the names and addresses to the Clerk of the House of Representatives who shall convey in appropriate language the appreciation of Congress to each such individual for his or her actions in connection with the Prinsendam rescue.

SEC. 14. The Coast Guard shall deploy at least one helicopter for search and rescue, as well as other missions of the Coast Guard, at each of the following sites: Newport, Oregon; Cordova, Alaska; and Charleston, South Carolina.

SEC. 15. The Rogue River station in Oregon operated by the Coast Guard shall remain in operation until at least October 31 of each year.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

S. 1957—INDEFINITELY POSTPONED

Mr. BAKER. Mr. President, I move to indefinitely postpone calendar No. 419, S. 1957.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, there are certain conversations and consultations going on at this moment about other pieces of legislation that may be taken up in the Senate tonight.

While we await that, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, not to extend past 7 p.m., in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXPRESSIONS OF THANKS, APPRECIATION, AND PRAISE

Mr. ROBERT C. BYRD. Mr. President, the work of the Senate staff has a direct and important impact on the quality of legislation that is produced by Congress.

Few staffs in Congress have a broader mandate of responsibility, more pressure, or longer hours than does the staff of the Democratic Policy Committee in the Senate. Abbey Reed, Charles Kinney, and Pat Griffin are well known to all Senators for their thorough and effective and courteous work on the Senate floor. Although they serve the Senators on my side of the aisle on scheduling and floor matters, they are a vital part of the bipartisan mechanism of the Senate which allows for a timely flow of legislation.

I particularly single out Abbey Reed and Charles Kinney and Pat and refer to the work they do for all of us. I commend them on the closeness with which they work with Elizabeth Baldwin and Howard Greene and John Tuck, who ably perform similar duties for the majority.

I have found Elizabeth Baldwin to be especially courteous and very understanding, always extremely cordial and considerate, and I take this occasion to express my personal appreciation for those attributes. Democratic Senators are grateful for this cooperative relationship.

This has not been an easy year for those of us on this side of the aisle who have become accustomed to the benefits of majority status. In our role as the minority, our staffs on committees have been slashed. The issues staff of the Policy Committee, led by Dick McCall, the Policy Committee's deputy staff director, has stepped into this void and consistently has provided extremely useful issue-related information and coordination to all Democratic Senators.

Most Senators are familiar with the very accurate and thorough Democratic legislative bulletins, the analyses of Senate voting histories, individualized voting records, and indexes of Senate votes, which are prepared under the direction of the Policy Committee and especially under the direction of Beth Shotwell, the committee chief clerk.

This year, the Policy Committee has initiated several new publications, including a weekly legislative update, a weekly economic data review, special reports, and other publications designed to provide Senators with information useful to them in analyzing public policy issues and the history and record of the Senate.

I believe that the Senate Democratic Policy Committee is one of the finest staffs ever assembled in Congress and I, for all my Democratic colleagues, thank Robert Liberatore, who is the staff director, and all the members of the staff for their dedication, their long, long hours, and their deep commitment to the highest standard in public policymaking.

Robert Liberatore is a fine, dedicated, bright young individual who puts his heart and soul into the work of the Policy Committee. He is extremely capable and I am personally deeply grateful to him

79-059 O-85-34 (Pt. 24)

for his perserverance, his dedication, and his conscientious service on that staff.

I thank Terry Sauvain, the new secretary for the minority, for his hard work for Democratic Senators. He, too, does an outstanding job. He follows in the footsteps of the very able secretary for the Democrats, Mr. Joe Stewart, who has left the service of the Senate, but Terry is following in those footsteps in an admirable and competent way.

I also thank Patrick Hynes and the clockroom staff for their unending good cheer and helpfulness. I especially thank Lynwood Hall who has worked in the Democratic cloakroom for 2½ years and who will be moving on to other pursuits early next year.

The Senate's work is facilitated by many people, but few people are more associated with the day-to-day important work of the Senate than are those gentlemen who man the desk below the Presiding Officer. I speak of Bob Dove, Alan Frumin, and Joseph Strickland, the Parliamentarians, Bill Farmer, the legislative clerk, Jim Thorndike, the journal clerk, Vince Del Bazo, the bill clerk.

Russ Walker, Editor in Chief of the CONGRESSIONAL RECORD for the U.S. Senate, does an outstanding job and is always most courteous to all Members of the Senate and so accommodating to all of us.

I also wish to express appreciation to the other Official Reporters of Debates who are tireless public servants whose specialized skills allow the deliberations of the Senate to be shared by the American people.

Bill Hildenbrand, the Secretary of the Senate, and Howard Liebengood, the Sergeant at Arms, have fulfilled their new responsibilities this year with dignity, efficiency, and good cheer. They have helped to make the transition for some of us somewhat more gentle.

I particularly thank the Chaplain for the good cheer which he always spreads among us, for his spiritual overview of the Senate, and for his prayers which constantly give us strength, succor, and comfort.

Finally, I thank my colleague, the distinguished senior Senator from Tennessee, the majority leader, HOWARD BAKER. Although I have from time to time disagreed with him and he with me this year on some very substantive issues and although those issues have more and more begun to break down on a party-line basis, I express wholeheartedly my personal appreciation and my admiration for the majority leader. He is a fair man. He is a judicious man. And he is a very bright man. His guidance of the Senate is steady handed, and I could not hope to work with a better majority leader than HOWARD BAKER, and there are very few who could equal him.

I also wish to express appreciation for his able assistant, the distinguished Republican whip, TED STEVENS, who for many years worked with me on the Appriations Committee on the Department of the Interior.

The friendship that I formed with these two eminent gentlemen is a friendship which I cherish and one which makes our daily work all the more enjoyable.

So for all those who labor in the vineyards of the great policy forum of the U.S. Senate, Senators, the officials of the Senate, the staff of the Senate, policemen, all of the security officers, the press, the pages, the doorkeepers, those many, many people who serve both the public and the Senate employees, I extend my best wishes and prayers for a joyous holiday and for a new year rededicated to the pursuit of a world at peace and a nation of renewed prosperity and economic growth.

Mr. BAKER. Mr. President, may I take this opportunity to express my deep appreciation to the distinguished minority leader for his remarks about me, about Senator STEVENS, and his general remarks just concluded.

I have often said, Mr. President, and I will repeat now, that I am a fortunate man indeed not only to have the opportunity to serve in this role, as I am, but also to have a man as minority leader of the caliber who sits as my counterpart across the aisle and who has such a detailed and commanding knowledge of this body and its traditions, precedents, and rules.

So much of what I have learned about the procedure of the Senate, the sensitivities and the power of the Senate has come from observing the example and the conduct of the minority leader during his tenure as majority leader and even now during these past several months as minority leader.

I owe him a great debt of gratitude for many things, and most especially for setting an example that I was pleased to try to follow in rendering the best service I could to the Senate as he did for so long as majority leader.

Mr. President, I have further remarks to make in the nature of a summary year-end statement, and rather than do it at this time, may I say to the distinguished minority leader there are other remarks I have thought about more carefully, and which express my genuine sentiments and true respect and affection for him and for other Members. I ask unanimous consent that my year-end statement may appear appropriately placed in the RECORD prior to the time of the adoption of the resolution for sine die.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER (Mr. MATTINGLY). The Senator from Alabama.

JUDGE JOSEPH M. HOCKLANDER

Mr. HEFLIN. Mr. President, it is with a great deal of pride that I ask my colleagues to join me in praise of the presiding judge of the 13th judicial circuit in Mobile County, Ala., Judge Joseph M. Hocklander, who recently retired, climaxing a distinguished career in public service. Judge Hocklander, however, plans to remain on active duty as a trial judge, but, "without the responsibility of managing a docket" and without additional compensation beyond retirement pay.

One of Alabama's most respected and honored jurists, Judge Hocklander launched his public service career in 1958 when he was elected to represent Mobile County in the State legislature where he served with distinction. He was appointed a circuit judge in 1961 while still in the legislature, and in 1970 after the late Robert T. Ervin retired he was elected presiding judge by his colleagues on the bench.

Earlier, the native of Tuscaloosa had served as city attorney for Chickasaw, Mount Vernon, and Satsuma, thriving municipalities of Mobile's outskirts. He is a graduate of the University of Alabama Law School and Murphy High School in Mobile.

While I was serving as chief justice of the Alabama Supreme Court I found Joe Hocklander to be a most effective administrator and one of Alabama's best judges.

Hocklander was an early advocate of the unified court system, and his support and wise counsel proved instrumental in the final passage of the judicial article in Alabama. During the hectic transition to the new system, we frequently called for his advice in solving many of the complex problems which developed before enactment of the judicial article.

Quickly, after his appointment to the Mobile bench, Hocklander won a well-deserved reputation as a "no-nonsense" judge, who was careful to keep his backlog of criminal cases at a minimum. In 1973, he achieved what in baseball is called the perfect season when he cleared his docket of all pending cases. At that time, Mrs. Myrtle Trott, who retired this year after spending 58 years in charge of the court's criminal division, commented:

> That's the first time in my memory such a feat has been accomplished.

For a number of years, Hocklander, as a member of the Permanent Legislative Study Commission, has been a spokesman for State judges and is credited with a leading role in the passage of legislation which vastly improved the judiciary in Alabama.

While closely monitoring and supervising the State's second largest circuit—averaging over 1,500 civil and criminal cases a year—Hocklander nevertheless found time to serve in numerous other judicial and civic activities. He has served in the following capacities: President of the Alabama Association of Circuit Judges, chairman of the Alabama Supreme Court Advisory Committe on Judicial Ethics, chairman of the Personnel Board of Mobile County Supervisory Committee, president and a longtime member of the board of regents of the International Academy of Trial Judges, State-Federal Judiciary Commission, the Supreme Court Advisory Committee on Rules of Civil Procedure, the American Bar Association, the Advisory Council on Criminal Justice Administration at the University of South Alabama, judicial advisory of the Alabama State Bar Section on Practice and Procedure of Law, chairman of the Alabama Bar Standing Committe on Judicial Selection and Tenure—Federal Courts, chairman of the Supreme Court standing committee on rules of conduct and Can-

ons of Judicial Ethics, Executive Committee National Conference of State Trial Judges, the faculty of the National College of State Trial Judges from which he graduated in 1965.

I am indeed privileged to have had the opportunity to know and work with such a dedicated and conscientious individual as Judge Hocklander. The contributions he has made to judiciary in the State of Alabama are beyond reproach. Judge Hocklander, my colleagues join me in wishing you the very best in the future. And we thank you for your continued service to the judiciary.

Mr. President, I ask unanimous consent that the Alabama Court News, December 1981, concerning Judge Hocklander be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ALABAMA COURT NEWS, DECEMBER 1981

President Judge Joseph M. Hocklander of the 13th Judicial Circuit (Mobile County) retired in November, climaxing a distinguished career in public service spanning nearly three decades.

Governor Fob James appointed Mobile Attorney Robert L. Byrd, Jr., 45, as his replacement. The appointment was effective December 1.

Actually, Hocklander is not fully retiring as he has requested, and Chief Justice C. C. "Bo" Torbert has granted, he be allowed to serve as an active retired judge. An office has been renovated in the Mobile County Courthouse for his use, and he plans to be available as a trial judge "without the responsibility of managing a trial docket." He will receive no additional compensation other than his regular retirement.

One of Alabama's most respected and honored jurists, Hocklander launched his public service career in 1958 when he was elected to represent Mobile County in the State Legislature where he served with distinction as a influential member of the powerful Ways and Means Committee. Another member of this committee was Chief Justice Torbert and the two formed a strong friendship which has existed to this day.

Hocklander was appointed a circuit judge in 1961 while still in the legislature, and in 1970 after the late Robert T. Ervin retired he was elected presiding judge by his colleagues on the bench.

Earlier, the native of Tuscaloosa had served as city attorney for Chickasaw, Mt. Vernon and Satsuma, thriving municipalities of Mobile's outskirts. He is a graduate of the University of Alabama Law School and Murphy High School in Mobile.

Quickly, after his appointment to the Mobile bench, Hocklander won a well deserved reputation as a no "nonsense" judge, who was careful to keep his backlog of criminal cases at a minimum. In 1973, he achieved what in baseball is called "the perfect season" when he cleared his docket of all pending cases. At that time, Mrs. Myrtle Trott, who retired this year after spending 58 years in charge of the court's criminal division, commented "that's the first time in my memory such a feat has been accomplished."

For a number of years, Hocklander, as a member of the Permanent Legislative Study Commission, has been spokesman for the state judges and is credited with a leading role in the passage of legislation which vastly improved judicial pay and benefits. As a lay member of this committee once said "the judges of Alabama don't realize how lucky they are to have Judge Hocklander speaking for me. Like E. F. Hutton when Hocklander talks, people listen.

Hocklander was an early advocate of the Unified Court System, and his support and wise counsel proved instrumental in the final passage of the Judicial Article which made it possible. During the hectic transition to the new system, the Administrative Office of Courts frequently called for his advice in solving many of the complex problems which developed before it became one of the nation's finest.

While closely monitoring and supervising the state's second largest circuit, Hocklander nevertheless found time to serve in various other judicial activities. He has been or is currently the member of:

President of the Alabama Association of Circuit Judges.

Chairman of the Alabama Supreme Court Advisory Committee on Judicial Ethics.

Chairman of the Personnel Board of Mobile County Supervisory Committees.

President and a longtime member of the Board of Regents of the International Academy of Trial Judges.

State-Federal Judicial Commission.

The Supreme Court Advisory Committee on Rules of Civil Procedure.

The Advisory Council on Criminal Justice Administration at the University of South Alabama.

The American Bar Association.

Judiciary Advisory of the Alabama State Bar Section on Practice and Procedure of Law.

Chairman of the Alabama Bar Standing Committee on Judicial Selection and Tenure—Federal Courts.

Chairman of the Supreme Court standing committee on rules of conduct and Canons of Judicial Ethics.

Court of Judiciary.

Executive Commitee National Conference of State Trial Judges.

The Faculty of the National College of State Trial Judges from which he graduated in 1965.

Also he has been lecturer, moderator or panelist at seminars conducted by the Alabama Circuit Judges Association, Department of Court Management, the Alabama Bar Association, The National College of the State Judiciary, the Alabama Defense Lawyers Association, the Virginia Department of Court Management, American Academy of Judicial Education and the National Center for State Courts.

Despite this heavy schedule, plus administering a trial docket averaging over 1,500 civil and criminal cases a year, Hocklander never neglected civic responsibilities. These included:

Director of the Mobile Mental Health Center; the American Red Cross; Mobile Junior Chamber of Commerce; First President and Chairman of the Board of the Greater Gulf State Fair, Chairman of the Eagle Scouts Court of Honor, Commissioner of Youth Football, and member of the Advisory Board of the S. D. Bishop State Junior College.

He is a veteran of World War II, serving as a corporal in the famous 82d Airborne Division. After the war, he became President of the Francis C. Myers Post of the American Legion.

Hocklander's many talents are not confined to the legal field. His business ability is widely recognized and he has been invited to participate in numerous business enterprises. He has been a director of several corporations and chairman of Doctors Hospital in Mobile.

However, it is in the political arena Hocklander is best known. His guidance and counsel is vigorously courted, and he enjoys an envied reputation for his uncanny knack to pick future leaders in our state and federal governments.

Reminiscing recently on his years on the Mobile bench, Hocklander could recall no one outstanding event but a whole series of highlights.

"Everytime I participated in a trial that brought a just result, I considered it a highlight.

"The satisfaction comes from giving the litigants the feeling that they had their day in court and were treated courteously and received justice, not from the magnitude of the case or the importance of the issues involved."

While health forced a reduction in his favorite sport of tennis, he plans to spend more time fishing near his Gulf Shores home and an occasional round of golf.

FUTURE LEADERSHIP OF AMERICA

Mr. HEFLIN. Mr. President, I stand today in praise of the outstanding young people of my home State of Alabama who have displayed such an active interest in the political future of our great Nation. It is indeed refreshing to see these young and dedicated leaders of tomorrow organize for the purpose of discussing and exchanging ideas on the major issues confronting our country today. Such interaction can only prove to be instrumental in the quest for sound solutions to both present and future issues that our Government must address as we meet the increasing complexities challenging the political leaders of our Nation.

Active involvement in the political process of our Nation by our Nation's youth is indeed a symbol of the strength and stability inherent in our democracy. The inspiration and dedication displayed by these young people will indeed develop into the leadership of tomorrow for our Nation.

I am particularly proud of Roger Bedford who is presently serving as national treasurer of the Young Democrats of America. I am equally proud of those who joined Roger at the 1981 National Young Democrats Convention for the outstanding service rendered on behalf of Alabama as they work diligently to adopt a national platform for this organization.

I am proud to enter the names of these dedicated young Alabamians into the RECORD: Rodney K. Anderson, Gardendale; Roger H. Bedford, Jr., Russellville; Benjamin Edward Carswell, Montgomery; Patricia R. Clem, Birmingham; Lorianne Danley, Montevallo; Regina B. Edwards, Birmingham; Ann W. Flowers, Bay Minette; Timothy Mark Hermetz, Cullman; Geri Anita Horn, Birmingham; Karen Andrea Horn, Birmingham; Randall V. Houston, Tuscaloosa; Patrick Allen Jones, Gurley; Russ McDonald, Madison; John Carroll Meehan, Birmingham; J. Russell Moore, Montgomery; Alfred Seawright, Montgomery; Frances H. Smiley, Montgomery; Freida E. Stewart, Decatur; Mark Raymond Tygielsky, Huntsville; Oakley Kevin Vincent, University; Baron Larue Walker, Montgomery; Sam Welch, Monroeville; Dennis L. Wills, Birmingham; Beverly Ruth Wilson, Florence; E. Beatrice Wilson, Birmingham.

RETIREMENT OF DR. TURNER W. ALLEN

Mr. HEFLIN. Mr. President, it is with mixed emotions that I recently learned of the impending retirement of Dr. Turner W. Allen, senior vice president of the University of North Alabama.

Although Dr. Allen has more than earned this opportunity to relax and enjoy a leisurely life, I am sad because he will be so sorely missed by UNA, and by education in Alabama in general.

Turner Allen has had a great impact on the University of North Alabama, since first joining the faculty there 27 years ago. During his service as academic dean, vice president for academic affairs, and senior vice president for institutional research and planning, UNA has grown and developed into a truly outstanding institution of higher learning. The contributions of Dr. Allen have been no small part in this expansion.

For more than a quarter of a century, Dr. Turner Allen has been a leader among educators in Alabama. He is to be congratulated upon his retirement, but, without a doubt, this learned, dedicated, and talented scholar will be sorely missed by his university and all those who have worked with him.

I ask unanimous consent that an article from the Florence (Ala.) Times concerning Dr. Turner W. Allen be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

UNA VICE PRESIDENT TO RETIRE DEC. 31

University of North Alabama President Dr. Robert M. Guillot has announced that Senior Vice President Dr. Turner W. Allen will retire from his post on Dec. 31.

Allen joined the UNA faculty in 1954 as a history and political science professor. In 1957, he was named UNA's academic dean. In 1971, Allen was named vice president for academic affairs and in 1976, senior vice president for institutional research and planning.

A native of Greensboro, Allen received his undergraduate degree from Centre College and his master's degree from Indiana University. In 1953, Allen received his Ph.D in European history and political science from the University of Kentucky. He attended the University of Paris in 1950 as a Fulbright research scholar.

Allen served as a member of the U.S. Air Force in Europe during World War II before turning to teaching. His first teaching post was at Lincoln Memorial University in Harrogate, Tenn. Allen left that position to join the UNA faculty.

While at UNA, Allen participated in the growth and expansion of UNA, assisting with the planning of such buildings as Floyd Science Building, Flowers Hall, Kilby School and many more.

Allen is listed in "Who's Who in American College and University Administration" and "Leaders in American Education." He is a member of the National Society for Collegiate Journalists and Omicron Delta Kappa.

Allen has served as Alabama's representative on the Southern Association of Colleges and Schools Commission on College and has served on the National Council for the Accreditation of Teacher Education.

Other professional affiliations include membership in the National Council of University Research Administration, American and Alabama Associations of University Administrations and as a director of the Lincoln Educational Foundation of New York.

Allen said of his forthcoming retirement, "I have been very privileged to be a part of this institution and of its growth and development across the years. I am equally grateful for the support, considerations and associations that this relationship has entailed for me and my family."

Dr. Guillot said, "On behalf of the University, I wish to express our sincere appreciation to Dr. Turner Allen for the untold contributions he has made to this institution for more than a quarter of a century. Words are totally inadequate to express the high esteem in which Dr. Allen is held by students, faculty, staff and alumni. He will be sorely missed by one and all."

NUCLEAR REGULATORY COMMISSION REFORM BILL

Mr. BAKER. Mr. President, as I announced a couple of times today, I had hoped to go to the Nuclear Regulatory Commission reform bill at this time. I believe that may have hit a snag. I see the distinguished Senator from Wyoming on the floor. He chairs the subcommittee having the primary responsibility for this measure.

Could I inquire of him if it is possible to proceed with this measure?

Mr. SIMPSON. I would say to the majority leader that "snag" would be an understatement. I might say that the "snag" would look like a Sequoia root.

Where we are is regrettable. I think there has been a bit of misunderstanding. I thank the majority leader for his patience and for his cooperation in moving this item forward.

The ranking minority member (Mr. HART) has been more than helpful. There is a misunderstanding which has arisen which I do not believe can be resolved this evening because the participants are just not available. At this late hour, the NRC authorization bill must be withdrawn. We have no other choice. Otherwise, we would be here until the wee hours. At this late date it cannot be properly processed. I would ask the majority leader if early in the next session we might receive early consideration of this measure, knowing the agenda which is before the majority leader. There are issues of real reform in this measure.

I would inquire of the majority leader what his position might be on that matter.

Mr. BAKER. Mr. President, I thank the Senator for his remarks. I can assure him that it is my intention to return to this bill and to take it up as soon as possible, as soon as practical, after we reconvene in January. I am personally sorry that this bill could not be handled tonight. While it is not one of those measures which was on the "must" list, it was one high on the list of those that I had hoped we could complete action on before the session ended.

As the Senator from Wyoming has pointed out, however, that is not possible at this time.

Therefore, Mr. President, I wish to announce that I will not ask for the consideration of that measure at this time. Senators will be on notice that as soon as practical, after consulting with the distinguished minority leader, the distinguished chairman of the subcommittee, and the dstinguished ranking minority member of the subcommittee after we return in January, it will be scheduled for early action.

Mr. SIMPSON. Mr. President, I wish to thank the majority leader for that information, for his patience, his good grace, and his cooperation. I assure the majority leader that we will be prepared to proceed with the measure. I am going to suggest to the staff that they proceed with the House of Representatives to see if we can let them know that certainly something generally on this measure will be coming their way very soon in the new session.

Mr. BAKER. Mr. President, I wish to express my appreciation to the Senator from Wyoming and my thanks for his cooperation in this regard.

Mr. President, the only other matter to be dealt with now is the National Security Act of 1947, more often referred to, I believe, as the agents identities bill. Before I turn to that, however, there are other matters which we will address.

SINE DIE ADJOURNMENT OF THE 97TH CONGRESS, FIRST SESSION

Mr. BAKER. Mr. President, I send to the desk a concurrent resolution and ask for its immediate consideration.

The concurrent resolution (S. Con. Res. 57) was read, considered by unanimous consent, and agreed to, as follows:

S. CON. RES. 57

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall adjourn on Wednesday, December 16, 1981, and that when they adjourn on said day, they stand adjourned sine die.

Mr. BAKER. Mr. President, I observe in the eyes of the Presiding Officer a look of regret that this session may be drawing to an end.

CONVENING OF THE SECOND SESSION OF THE 97TH CONGRESS

Mr. BAKER. Mr. President, there is a joint resolution at the desk, House Joint Resolution 377, relating to the reconvening of the Congress on January 25. I ask for its immediate consideration.

The PRESIDING OFFICER. The joint resolution will be stated.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 377), providing for the convening of the Second Session of the 97th Congress.

Resolved by the Senate and House of Representatives of the United States of America in Congress Assembled, That the second regular session of the Ninety-seventh Congress shall begin at 12 o'clock meridian on Monday, January 25, 1982.

Without objection, the joint resolution will be considered as having been read the second time by title.

Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution (H.J. Res. 377) was considered, ordered to a third reading, read the third time, and passed.

Mr. BAKER. I thank the Chair.

Mr. President, I yield to the distinguished minority leader.

AUTHORITY TO MAKE CERTAIN APPOINTMENTS AFTER THE SINE DIE ADJOURNMENT OF THE PRESENT SESSION

Mr. ROBERT C. BYRD. Mr. President, I submit a resolution and ask for its immediate consideration.

The resolution (S. Res. 273) was read, considered by unanimous consent, and agreed to, as follows:

S. RES. 273

Resolved, That notwithstanding the final adjournment of the present session of the Congress, the President of the Senate and the President pro tempore be, and they are hereby, authorized to make appointments to commissions or committees authorized by law, by concurrent action of the two Houses, or by order of the Senate.

AUTHORITY FOR THE PRESIDENT OF THE SENATE TO SIGN ENROLLED BILLS AND RESOLUTIONS

Mr. BAKER. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The resolution (S. Res. 274) was read, considered by unanimous consent, and agreed to, as follows:

S. RES. 274

Resolved, That notwithstanding the sine die adjournment of the two Houses, the President of the Senate and the President pro tempore be, and they are hereby, authorized to sign enrolled bills and joint resolutions duly passed and found truly enrolled.

THANKS OF THE SENATE TO THE VICE PRESIDENT

Mr. BAKER. Mr. President, I send a resolution to the desk at this time.

The resolution (S. Res. 275) was read, considered by unanimous consent and agreed to, as follows:

S. RES. 275

Resolved, That the thanks of the Senate are hereby tendered to the Honorable GEORGE BUSH, Vice President of the United States and the President of the Senate, for the courteous, dignified, and impartial manner in which he has presided over its deliberations during the first session of the Ninety-seventh Congress.

THANKS OF THE SENATE TO THE PRESIDENT PRO TEMPORE

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a resolution and ask that it be immediately considered.

The resolution (S. Res. 276) was read, considered by unanimous consent, and agreed to, as follows:

S. RES. 276

Resolved, That the thanks of the Senate are hereby tendered to the Honorable STROM THURMOND, President pro tempore of the Senate, for the courteous, dignified, and impartial manner in which he has presided over its deliberations during the first session of the Ninety-seventh Congress.

Mr. BAKER. Mr. President, I observe that the distinguished President pro tempore has been most faithful indeed in his attendance on the opening of the Senate sessions. I am sure every Member will join me in congratulating the President pro tempore in that of the session days we have been here, 153 days, the President pro tempore has opened the Senate on 129 of those days, which surely must be a record indeed. It is a measure and mark of his diligence and attentiveness to duty.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have a number of unanimous-consent requests that I believe have been submitted to the distinguished minority leader for his consideration. Let me state them now for the consideration of the minority leader.

AUTHORITY FOR THE SECRETARY OF THE SENATE TO RECEIVE MESSAGES FROM THE PRESIDENT OF THE UNITED STATES

Mr. BAKER. Mr. President, I ask unanimous consent that during the adjournment of the Senate sine die, the Secretary of the Senate be authorized to receive messages from the President of the United States and the House of Representatives, and that such may be appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR COMMITTEES TO REPORT BILLS DURING THE SINE DIE ADJOURNMENT OF THE SENATE

Mr. BAKER. Mr. President, I ask unanimous consent that during the sine die adjournment of Congress all Senate committees have authority to report bills with printed reports thereon and special reports on January 19, 1982, between the hours of 9 a.m. and 3 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR CERTAIN ACTIONS BY THE SENATE FOLLOWING SINE DIE ADJOURNMENT

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate reconvenes following its adjournment sine die, the reading of the Journal be dispensed with, no resolutions come over under the rule, the call of the calendar be dispensed with, and following the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business not to extend beyond 30 minutes in length, with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

SUSPENSION OF PARAGRAPH 6 OF RULE 31 OF THE STANDING RULES OF THE SENATE RELATING TO PROCEEDINGS ON NOMINATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that paragraph 6 of rule 31 of the Standing Rules of the Senate relating to proceedings on nominations be suspended with respect to nominations unacted upon during the present session, and the status quo shall not be affected by the final adjournment of the first session of the 97th Congress, with the following exceptions: Mr. Maurice H. Stans, to be a member of the Board of Directors of the Overseas Private Investment Corporation; Mr. Frederic V. Malek, to be a Governor of the U.S. Postal Service; the nominations of Mr. John R. Van de Water, to be a member of the National Labor Relations Board; the nomination of Mr. William Bell, to be Chairman of the Equal Employment Opportunity Commission; the nomination of F. Keith Adkinson, to be a Federal Trade Commissioner; and the nomination of Eugene V. Lipp, to be a member of the National Transportation Safety Board.

Mr. ROBERT C. BYRD. Mr. President, that request has been cleared on this side of the aisle. There is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. DENTON. Mr. President, I would like to address briefly the merits of one of the nominations that now must be resubmitted by the President, but will not be considered until the next session of this Congress. Specifically, I would speak to the merits of the nomination of John R. Van de Water to be Chairman of the National Labor Relations Board.

Mr. President, I believe that Mr. Van de Water is one of the most outstanding nominees sent to the Senate by President Reagan. He has many years of experience in labor relations. Because I have had the good fortune to become well acquainted with Mr. Van de Water, I can also assure you that he is a man of great integrity and fairness.

Mr. President, the Van de Water nomination is being opposed by the AFL–CIO and others. These groups have leveled numerous charges that Mr. Van de Water, none of which is supported by law or evidence. To those of you unfamiliar with the details of the Van de Water debate, much of the objection to his nomination rests on the fact that he served as a management attorney; yet I find the most telling pieces of evidence to be the strong endorsements received by Mr. Van de Water from numerous union leaders who have actually seen him in action during his career in this capacity. It is a difficult task for those accusing Van de Water of being antiunion to reconcile these facts with their rhetoric.

Despite Mr. Van de Water's impressive credentials and his support from both labor and management representatives, eight members of the Senate Labor and Human Resources Committee voted against reporting Mr. Van de Water's nomination to the Senate. Mr. President, I wish to emphasize that these same Senators also refused to support a motion to report the nomination without recommendation and voted against a motion to report the nomination unfavorably.

Mr. President, the logical question that any Senator must ask is why eight committee members decided to oppose any and all motions to report the nomination. The answer to that question was given by one of our colleagues at the committee's executive session. In explaining his opposition to all motions to report, that Senator acknowledged that no questions had been raised concerning

Mr. Van de Water's qualifications or integrity. However, the Senator stated that he would oppose all motions to report the nomination since he was sure that the nomination would be confirmed if reported.

Senator BAKER has filed a resolution to discharge the Labor and Human Resources Committee from consideration of the Van de Water nomination. Because of the press of business, Senator BAKER has not been able to bring the resolution to the attention of the Senate. Mr. Van de Water's nomination will now have to be resubmitted by the President.

Mr. President, the nomination will be resubmitted and referred to the Labor and Human Resources Committee. I am hopeful that my colleagues on the committee who opposed Mr. Van de Water will abandon the obstructionist tactics that have been used to deny the Senate its constitutional authority to advise and consent on Presidential appointments.

The committee system is integral to the Senate's ability to perform its constitutional duties. However, it is the Senate, Mr. President, not any particular committee, which is vested with the constitutional authority to approve or reject Presidential nominees. It is my opinion that committees have been delegated authority by the Senate to report and make recommendations about the fitness of those nominees referred to them. I believe that a committee misuses that delegated authority when it refuses to report back to the Senate on a referred nomination.

Some Senators may argue that the approval of a discharge resolution would serve to undermine the committee structure of the Senate. Mr. President, the committee structure is threatened much more grievously when members of a committee deny the Members of the Senate their right to engage in the advise and consent process.

Mr. President, I request those members of the Labor and Human Resource Committee to rethink their tactics. I support their right to oppose Mr. Van de Water. However, I ask them to reconsider the serious implications of their action if they refuse to report the Van de Water nomination. If the committee again fails to report the nomination, it will have usurped a prerogative granted by the Constitution to the Senate, not to the committee. Under such circumstances, a discharge resolution is not only appropriate, but also necessary to maintain the integrity of the advise and consent process.●

SUPPLEMENT TO YEAREND REPORT

Mr. BAKER. Mr. President, as a matter of informaton, this is a supplement to the yearend report which contained some of this information given by me earlier in the day. The following information may be of some interest to the Senators: The Senate has been in session for a total of 165 days during its first session. One hundred and fifty-three days have been business sessions and 12 days have been pro forma sessions. As of 7 p.m., 25 minutes ago, the Senate will have been in session for 1,077 hours and 25 minutes.

Mr. President, as of this moment, there have been 450 legislative record votes and 47 Executive Calendar rollcall votes, for a total as of this moment of 497 rollcall votes for this session of Congress.

UNANIMOUS CONSENT REQUEST

Mr. BAKER. Mr. President, there may be other business that can be transacted. I believe, indeed, there are other measures that can be dealt with and other matters that must be addressed. No matter, however, of other than routine importance will be taken up if the wishes of the leadership are taken account of, with the exception of calendar order No. 293, S. 391, the agents identity bill. If the minority leader is prepared at this time, Mr. President, I ask that the Chair lay before the Senate S. 391, the agents identities bill.

Mr. BRADLEY. Mr. President, reserving my right to object—I have discussed this with the majority leader prior to this moment—unless the majority leader could assure me that through a unanimous-consent agreement, the first committee amendment would not be subject to a tabling motion or to a substitute or to a perfecting amendment until there has been time to fully debate the issue, I might be forced to object to proceeding to S. 391.

Mr. BAKER. Mr. President, I thank the Senator. If he will give me just a moment, I may be able to give him an answer.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I cannot agree to the request of the distinguished Senator from New Jersey.

INTELLIGENCE IDENTITIES PROTECTION ACT OF 1981

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate the item just identified.

Mr. BRADLEY. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. I move that the Senate proceed to the consideration of S. 391, calendar No. 293.

Mr. BRADLEY. I object.

Mr. BAKER. Mr. President, I do not believe the Senator can object. The motion is subject to debate, I believe. If the Senator wishes to do that, I am prepared to receive his comments on the subject.

Mr. President, is the pending motion the motion to proceed to the consideration of the measure?

The PRESIDING OFFICER. The Senator is correct.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, we have begun a process which I think will give us an opportunity to clearly debate the issues here between the intent provision and the reason-to-believe provision, and it is my expectation that this will continue for a number of hours, because I believe this is a very critical measure.

Before we move to proceed or before we take a vote on any provision, I think the Senate should have the benefit of a full airing of this issue.

Mr. MATHIAS. Mr. President, will the Senator yield for a question?

Mr. BRADLEY. I will yield for a question, without losing my right to the floor.

Mr. MATHIAS. Is it not true that there is a very serious question of constitutionality which surrounds the whole issue that is represented by this legislation?

Mr. BRADLEY. I would agree with that.

Mr. MATHIAS. Therefore, the specific issue to which the Senator from New Jersey has addressed his interests this evening is, in fact, one that will be of enormous importance as we progress with the constitutional issues that are inherent in the bill. If we are not prepared to give very careful attention to the first committee amendment, which includes within it the intent question, we then may neglect the fundamental constitutional issue and put in jeopardy the bill in any form.

So those who wish to see some legislation pass in the field of agent identity would be well advised, I think, to pay very careful attention to the issue that has been identified by the Senator from New Jersey; because until that is carefully considered, we may run the risk of passing a bill which will not pass constitutional muster.

Mr. BAKER. Mr. President, will the Senator yield to me, without losing his right to the floor?

Mr. BRADLEY. I am prepared to yield to the majority leader, without losing my right to the floor, and so long as yielding does not count as a first speech.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senator may yield to me, without losing his right to the floor and without the resumption of his speech being counted as a second speech during this day.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I said earlier that no matter would be taken up other than routine and regular matters. I must make one exception to that. I do not anticipate this, but in the event there were problems in the House of Representatives with the farm bill, for example, or with other matters not anticipated, and it were necessary for the Senate to act on some unexpected matter of an emergency nature, I would ask the Senate to proceed to the consideration of such an item.

What I had in mind was that no other calendar items at this time that I am aware of, other than routine matters that can be taken up and dealt with by unanimous consent or only after brief debate, will be within the contemplation of the leadership.

I thank the Senator for yielding.

INTELLIGENCE IDENTTTIES PROTECTION ACT OF 1981

Mr. BRADLEY. Mr. President, the bill we are presently debating is one of the most important pieces of legislation to come before Congress. It deals with the national security and the constitutional rights of all Americans. The issues the bill raises merit extensive, reasoned debate. And they deserve the careful scrutiny of every Senator.

This bill is responsive to a grave problem the U.S. intelligence community faces in fulfilling its foreign intelligence responsibilities. In recent years, a small number of Americans, including some former CIA employees, have been engaged in a systematic effort to undermine our clandestine intelligence operations by disclosing the names of agents. Yet so far, none of the people responsible for these disclosures has been indicted under the espionage laws or any other law.

The failure to prevent these wanton acts underscores the need for a new law that specifically addresses this problem. Until we pass such a law, our intelligence agents will become less and less effective while at the same time they will be exposed to increasing danger. In addition, our relations with foreign sources of intelligence will continue to deteriorate because of the fear these sources feel for their own safety. Unless we can protect U.S. agents and their foreign sources from malicious disclosure, our foreign intelligence activities will be severely impaired. And because we will have diminishing access to intelligence information that is timely and accurate, our national security will suffer.

Accordingly, I support the bill that the Judiciary Committee has reported. This bill makes criminal the disclosure of intelligence identities in certain specified circumstances. It applies to three well-defined and limited classes of individuals. The first consists of those who have had authorized access to classified information identifying undercover agents. These are primarily U.S. Government officials who have a need to know the identity of CIA operatives. Because their access to the identities of covert agents derives from a position of trust, the bill penalizes their disclosure of this information most heavily.

The second class also consists of individuals who have had authorized access to classified information, but not necessarily information directly identifying covert agents. In order for members of this class to be penalized under the bill, it must be shown that they learned an intelligence identity as a result of their access to classified information.

The third class of individuals affected by the bill are those who may have never had authorized access to classified information but who, in the course of an effort to expose covert agents and with an intent to impair or impede the foreign intelligence activities of the United States, disclose information to unauthorized persons that identifies an individual as a clandestine agent.

Mr. President, I believe the bill as reported has been carefully considered and skillfully drafted. It affords appropriate protection to intelligence agents by making criminal those disclosures which clearly represent a conscious and pernicious effort to identify and expose covert agents with the intent to damage the national security.

At the same time, the bill avoids infringing the constitutional rights of innocent Americans and unduly impeding the public's right to know. In particular, it is drafted so that casual discussion, political debate, the legitimate activities of journalists, or the disclosure of illegality or impropriety in Government will not be inhabited by enactment of this legislation.

Mr. GORTON. Mr. President, will the Senator yield for a question?

Mr. BRADLEY. I am prepared to yield for a question without losing my right to the floor.

Mr. GORTON. I thank the distinguished Senator from New Jersey.

As the Senator is well aware by reason of his own participation in this debate, it revolves around whether or not a specific intent should be required in order to sustain a conviction for a violation of the act or, as proposed by Senator CHAFEE, a considerably lower standard of proof should be adopted pursuant to which the act would be violated if the accused person had acted with reason to believe that his activities would impair or impede the foreign intelligence activities of the United States of America.

Persons from both sides of this debate have discussed the matter with me for some time. I had tentatively at least reached the conclusion that the language which will be proposed at some point in the future by the Senator from Rhode Island might well fail to protect adequately the constitutional or free speech rights of a number of persons. Among other things it does not require that any actual harm take place to the intelligence activities of the United States in order to sustain a conviction.

While their fears may or may not be unfounded, many persons concerned with freedom of the press are concerned that there would be a chilling effect with the passage of a statute as it was passed by the House of Representatives. On the other hand, as the Senator from New Jersey knows, proof of intent beyond a reasonable doubt when that intent is highly subjective is exceedingly difficult.

Therefore, when we return from the recess I will propose the following compromise amendment and I ask both the Senator from Rhode Island and the Senator from New Jersey to consider over the recess whether it meets the appropriate expectations of both, as both have the same goal, that is, to see to it that legitimate intelligence activities are protected. My amendment would take the structure of the Biden amendment itself. It would require a proof of intent in order for a conviction. But it would go on to include the following language in the way of definition of intent:

"For purposes of this subsection intent to impair or impede the foreign intelligence activities of the United States shall be—

"(1) established by proof of subjective intent to impair or impede such activities; or

"(2) inferred from the acts of an individual which impair or impede such activities where the impairment or impediment of such activities is found to be a natural consequence of such acts.".

In other words, it authorizes the normal proof of subjective intent but it also states that where the Government can prove, first, that actual impairment or impediment of intelligence activities has taken place and, second, that the individual has with the source of that information an intent to impair or impede intelligence activities of the United States can be inferred from the very fact of disclosure itself.

I believe it to be a middle ground. I believe that it should meet the concerns of each party to this.

And my question to the Senator from New Jersey at this point is simply whether or not he and other defenders of the Biden amendment are willing to consider such a middle ground during the course of the next month while this bill is laid aside and would the Senator from Rhode Island be willing to consider such a proposed response?

Mr. BRADLEY. Let me say to the Senator from Washington that I think his suggestion is constructive and it is a perfect example of why we should not rush this bill through in the dying hours of a session.

I think precisely it is something that could be considered over the next few weeks, that we manage to defer action on this issue until the next session, and I would expect that to be the case. I thank the Senator very much for his thoughtful question that he put to the Senator from New Jersey and in his usual thoughtful manner it merits further and lengthy discussion and evaluation.

Mr. QUAYLE. Mr. President, will the Senator yield for a question?

Mr. BRADLEY. I am prepared to yield for a question without losing my right to the floor or without having it count as a first speech.

Mr. QUAYLE. I thank the Senator.

I shall follow up on the line of questions that the distinguished Senator from Washington presented. He has talked about a compromise version between the intent language and the reason-to-believe language. I would certainly hope that many of us who have been involved in discussing this language would take a very thorough look.

The Senator from Washington has shown me this language and my first reaction to it is that perhaps this is something that many of us have been looking for.

Is there any inbetween language between the intent standard, that has been

adopted by the Senate Judiciary, and the reasonable belief standard, that has been adopted by the House of Representatives?

As we all know, if the Senate will adopt the intent language that will probably prevail in the conference, though no one knows for sure how the conference committee would go.

I would certainly encourage many of us who have been involved and those who want to see the completion of this legislation to take Senator GORTON'S suggestion. It is one that is very thought provoking, one that I know as he always does has taken a great deal of time and so that is probably another reason I would suggest that if we will go over the holidays we will have more time to discuss this and then to return.

I will at this time yield back the floor to the Senator from New Jersey.

Mr. BRADLEY. The answer to the Senator's question is yes. I think that this time could be used valuably. I would expect that to be the case.

Mr. President, as I was saying I believe the bill as reported has been carefully considered and skillfully drafted. It affords appropriate protection to intelligence agents by making criminal those disclosures which clearly represent a conscious and pernicious effort to identify and expose covert agents with the intent to damage the national security.

At the same time, the bill avoids infringing the constitutional rights of innocent Americans and unduly impeding the public's right to know. In particular, it is drafted so that casual discussion, political debate, the legitimate activities of journalists, or the disclosure of illegality or impropriety in government will not the inhibited by enactment of this legislation.

Mr. CHAFEE. Mr. President, I wonder if the Senator from New Jersey will yield for a question.

Mr. BRADLEY. I am prepared to yield for a question. I wish to get through my opening statement before I yield for a question if the Senator from Rhode Island does not mind. I am sure he will have plenty of time to answer questions.

Mr. CHAFEE. Could he give us some indication how long the opening statement is?

Mr. BRADLEY. The opening statement will be somewhat short of 4 hours and 15 minutes.

Mr. CHAFEE. Do I understand him to say he is not prepared to yield for a question until we have 4½ hours of opening statement?

Mr. BRADLEY. No, the Senator is incorrect. I will be prepared to yield for a question at some point after I finish the opening statement and at least read into the RECORD some of the thoughts that many of the leading newspapers of this country expressed.

I think at that time I would be prepared for a number of questions. But I think the record should reflect the broad base of support of the Judiciary Committee bill. Once that is in the record we can deal with the Senator from Rhode Island's questions. I have no problem with that. I welcome his questions. I think, in fact, the more fully this issue is debated and discussed after the record has been made clear, the better it will be for the Senate in its final resolution of this issue.

Mr. President——

Mr. CHAFEE. Was the question, Is that satisfactory, was the Senator about to say?

Mr. BRADLEY. Mr. President, I think that is satisfactory, and I know the Senator from Rhode Island will be poised with any number of questions to ask at the appropriate time.

Mr. President, it is essential that this last feature of the bill be preserved, and that feature is that it is drafted so that casual discussion, political debate, legitimate activities of journalists and disclosure of impropriety in Government will not be prohibited. It is very important that this feature be preserved. There is no doubt that we need effective prohibitions on malicious disclosures of the identity of intelligence agents.

But there is similarly no doubt that we must preserve the fundamental right of free speech guaranteed all Americans by the first amendment, and we must jealously guard the important role played by the press in exposing the truth.

Let me reemphasize those two points: There is no doubt that we must preserve the fundamental right of free speech guaranteed all Americans by the first amendment, and we must jealously guard the important role played by the press in exposing the truth.

S. 391 strikes a proper balance between protecting the men and women who risk their lives as covert agents and guarding the interest all of us have in freedom of speech and a free press. Because S. 391 does the job, I am concerned that this attempt to substitute language from the House-passed bill would upset this balance.

In the case of individuals who may never have had access to classified information, the House bill requires only proof of reason to believe that disclosures would impair or impede intelligence activities. The bill before us requires intent. I am concerned that substituting the reason to believe for the intent test would chill significant public debate on government activities even where the purpose of the debate was to expose serious impropriety.

It also risks imposing criminal sanctions on those who disclose information of a purely factual nature which they believe the public has a right and a need to know. The penalty would apply to situations in which the identification derives entirely from published U.S. Government documents and where the disclosure would not place any lives in jeopardy.

Finally, it would apply not only to those in the business of naming names, but also to publishing activities fully protected by the first amendment.

Mr. President, there is no need for us to substitute reason to believe for intent. The administration is on record as stating either version of the bill is acceptable and will be enforceable. In a letter to Chairman BOLAND of the House Intelligence Committee, CIA Director Casey stated he could support the Senate Judiciary Committee version, the "intent" version. The Justice Department has indicated their agreement with Mr. Casey's position and the hearing record on this bill fully confirms that either version will do the job.

Mr. CHAFEE. Has the Senator read those complete letters in the RECORD or has he extrapolated parts of them?

Mr. BRADLEY. I would be pleased—Mr. President, I have not yielded for a question.

The PRESIDING OFFICER (Mr. QUAYLE). The Senator from New Jersey has the floor.

Mr. BRADLEY. Mr. President, if both versions are acceptable to the agencies, they are intended to protect, why then should we risk needlessly infringing freedom of speech and freedom of the press?

We have been told that the reason-to-believe version affords ample protection for the press because of the other protections of the bill. In fact, these conditions simply describe the activities of an investigative journalist. Consider each in turn:

First. Pattern of activities. This is exactly what an investigative reporter engages in when on a story such as the current New York Times effort to find out whether any CIA officials worked with Wilson and Terpil in providing training and recruiting for terrorists.

Second. Reason to believe. The CIA asserts that identifying any covert agents makes it harder to recruit agents and hence a reasonable person would conclude that any disclosure would harm intelligence. Moreover, most journalists would check with the CIA before publishing and would be told that disclosure would cause injury, and therefore would not publish.

Third. In fact identity. This simply requires that the story be factual.

Fourth. Unauthorized disclosure. Repeating an identity to an editor or printing would constitute such disclosure.

Fifth. Knew that a covert agent was being identified. This element would be met by the story that the individual was an undercover CIA agent.

Sixth. Affirmative measures to conceal. Any reporter would know that the CIA was trying to conceal the identity of all covert agents.

Thus, the "reason-to-believe" standard would cover all disclosures by an investigative reporter.

We have also been told that it is not necessary to name names, that responsible journalists do not name names. That is simply not the case. I have here on the floor with me articles and books by responsible journalists and authors, which include the names of covert agents as defined in the bill, and I would like the proponents of the "reason to believe" approach to explain to me whether the authors of these articles, which seem to respond to legitimate concerns of the public and their right to know, would be criminally liable under the terms of the amendment.

Specifically I would like the proponents of the reason-to-believe version to answer questions regarding each of the articles. Do they believe that the article

or book should be published with the names included, first of all? Second of all, do they believe the publication would be covered by S. 391 with the reason-to-believe standard and if they do not why not?

Mr. President, this is a very serious issue.

Mr. CHAFEE. Is that a question the Senator is addressing?

Mr. BRADLEY. It is a question that I am addressing in a rhetorical sense, and I hope that at some point later—I have been into this for only 25 minutes—that the Senator would have adequate time. I am sure he wants to hear the articles before he responds to them. I am sure he does not presuppose he is going to respond generically to all activities of the press. I am sure he wants to be precise in his response to a particular article and, therefore, for the Senator's benefit and the Senate's benefit I feel we ought to hear some of these articles, and I am prepared to read these articles at the appropriate time.

Mr. CHAFEE. Is the Senator ready to receive an answer immediately?

Mr. BAUCUS. Mr. President, if the Senator will yield before he cites those articles——

Mr. BRADLEY. Will the Senator withhold the request until a later time? I know the Senator is generous spirited and wants to be helpful, and I would welcome a statement or a question at a later moment.

Mr. President, before I begin to read the articles about which I propounded the questions that I have mentioned to the proponents of the reason-to-believe standard, I think the Senate should benefit from what a number of leading journalists and newspapers have stated about this issue.

The first editorial comes from the Pittsburgh Post-Gazette. The title of the editorial is "An Unsound Spy Law."

I will quote the editorial:

Like other human beings, journalists are sometimes tempted to exaggerate the dangers to society of measures that might limit their freedom of operation. So there is undoubtedly some hyperbole in dire predictions that investigative journalism will be fatally crippled by a bill in Congress that would punish the publication of CIA agents' names. It will take more than one clumsily drafted (or even unconstitutional) law to prevent journalists from investigating abuses by any government agency, the CIA included.

Still, that is no argument for the enactment of a bill that might needlessly interfere with journalistic investigation of the sort of illegal CIA spying on Americans that the agency would like to have the nation forget. And a bill passed last week by the House fits just that sorry description.

Designed to deal with the identification of CIA agents by agency renegades like Philip Agee, the bill as it emerged from the House Intelligence Committee would have made it a crime to identify intelligence agents only if the person making the relevation did so with the "intent to impair or impede the foreign intelligence activities of the United States." That careful language obviously was designed to deal with the discrete problem that prompted legislation in this area in the first place—the deplorable campaign by avowed opponents of U.S. foreign policy to cripple the CIA abroad.

Unfortunately, on the House floor, conservative Republican Rep. John Ashbrook succeeded in having that qualifying language stricken and replaced with a less precise provision making persons criminally liable if they "had reason to believe" that disclosure of an agent's name would harm the national interest.

The difference between the two formulas might seem a matter for legal hairsplitters. But the Ashbrook language, endorsed by the Reagan administration could be used against not only the Philip Agees of the world but also journalists who happened on CIA activities directed (illegally) against American citizens or in contravention of presidential or congressional directives.

Depressingly, similarly broad language has been adopted by framers of a Senate version of the spy bill. That makes it unlikely that a conference committee will take the—admittedly speculative—fears of journalists into account when writing a compromise measure. But those senators and representatives who believe that seemingly fine distinctions can be important should press for a defeat of the broader bill in their respective chambers.

Mr. President, that is from the Pittsburgh Post Gazette of September 28. Basically, I think it makes a very clear statement that, of course, we want to protect our covert agents but we also want to protect freedom of the press and the right of the public to know.

The next editorial comes from the Indianapolis News. It is entitled "Saving Freedom Two Ways." I will read the editorial.

The Reagan administration appears to be passing up a good opportunity to take a stand on behalf of freedom of the press and still establish firmer protection for U.S. intelligence operations.

The issue is a law to make it a crime to identify undercover U.S. intelligence agents. The House of Representatives, with the support of the Reagan administration, has approved a sweeping version of legislation to make it illegal to identify agents. The Senate Judiciary Committee, on the other hand, has approved similar legislation, but with a provision designed to protect freedom of the press.

The difference between the two bills appears on an ordinary reading to be a matter of splitting hairs. The House bill would make it a crime for anyone to identify an agent or informer "in the course of a pattern of activities intended to identify and expose covert agents and with reason to believe that such activities would impair or impede" foreign intelligence operations. The proposal approved by the Senate Judiciary Committee would make exposure illegal when it is done "with the intent to impair or impede" foreign intelligence activities "by the fact of such identification or exposure."

Sen. Joseph R. Biden, Jr., D-Delaware, offered this amended version of the legislation to avoid putting a damper on legitimate investigative reporting. A reporter could be prosecuted, for example, for uncovering and naming a Soviet spy in the CIA or for naming former CIA operatives engaged in narcotics smuggling.

A Reagan Justice Department official, Richard K. Willard, acknowledged before the Senate Judiciary Committee that the House legislation could be used to thwart ordinary news media reporting, but he said it probably would not be used that way in practice.

That's nice. The Reagan administration, we keep hearing, is made up of pretty nice guys who mean no harm to anyone. But the Reagan administration will not be around forever, and a future administration might not see things quite the same way.

Why legislate a potential threat to a basic constitutional principle? The amended version of the bill should serve just as well to prosecute persons such as Philip Agee, a former Central Intelligence Agency agent, and others who have published lists of agents for the stated intent of hindering intelligence operations.

The Reagan administration has already established a disturbing pattern of efforts to close off the free flow of information required by the Freedom of Information Act. Lining up on the side of the Senate Judiciary Committee version of this bill would offer a chance to reverse that pattern. The Biden amendment also provides a way to protect intelligence agents as well as freedom of the press.

Mr. President, that is from the Indianapolis News of October 12.

I now would like to read into the RECORD, and for the benefit of all of my colleagues who are listening, an editorial from the Baltimore Sun entitled "CIA Agents and Ex-Agents."

This editorial reads as follows:

CIA AGENTS AND EX-AGENTS

If the latest version of the proposed rules for the CIA is as bad as some of the critics who have seen it say—allowing agents to infiltrate organizations and spy on American citizens at home—it certainly ought to be killed by the president of Congress.

The House of Representatives has already passed one bad, dangerous bill the CIA wants—protecting intelligence agents. It won't deter the principal exposers of the CIA's secret employees. But it will threaten many legitimate critics of foreign policy and foreign operations. Specifically, the bill would make it a criminal offense for anyone to identify a covert agent—intentionally or unintentionally.

This started out as a pretty good bill making it a crime for anyone with access to classified information to identify agents. In a House committee this was turned into a pretty bad bill making it a crime for any private citizen to use information from the public record that identified agents, if the intent of that citizen was "to impair or impede" foreign intelligence activities. That was changed on the House floor to a very bad bill making it a crime for a private citizen to use public information to identify agents if there were "reason to believe" that this would impede or impair foreign intelligence activities.

The First Amendment guarantees Americans the right to "impair or impede" foreign policies they object to. A law barring public statements that might have even an inadvertent impact on American foreign policy—which is what the law forbidding reporting on covert activities would do—is grotesque. Naturally, journalists feel this threat with special intensity, but any critic of foreign operations as well as churches, universities and businesses with international interests will feel the threat. For example, it is possible that missionaries working as spies could not be publicly disciplined or even removed by their church if such actions exposed the priest-spies or were thought to impair the U.S. government's foreign policies. That's how much the bill overreaches.

This proposal would be unconstitutional if enacted into law, and most members of Congress know it. A majority of the members of the House chose to approve the bill anyway, though, sending the matter to the Senate. Surely the senators won't pass the buck now to the courts.

The stated goal of those who drafted the agents-protection bill is to prevent a few critics of the CIA from naming names in internationally circulated magazines and

books. But these critics can do their work elsewhere. They can still expose and thus threaten the agents, and the law can't deal with them. The solution actually lies in doing a better job of keeping secrets secret. As one congressman pointed out during debate on the bill, disclosures stem from "sloppy secrecy procedures," which the KGB is aware of with or without magazine articles.

In this regard, the CIA must review its procedures for dealing with former agents. Some of them use their special status and, perhaps, special knowledge to make lucrative business deals with foreign governments. It is shocking to learn that an ex-CIA deputy chief, Vernon Walters, was soliciting business with Moroccan officials within a year after he left the agency, despite the fact that even in his own view this was improper.

Mr. President, that is an editorial from the Baltimore Sun, dated October 11.

I now would like to read an editorial from the Nevada State Journal. The title of this editorial is "Slamming Shut Another Door."

SLAMMING SHUT ANOTHER DOOR

Here they come again, closing public doors faster than the public can turn around to see the doors slam shut.

"They" are our Washington representatives. And what they are closing, steadily, surely, and with increasing speed, is access to government.

In the latest instance, the House rode roughshod over its own Intelligence Committee Sept. 23 and voted to make it a federal crime to disclose the identity of a U.S. intelligence operative even if the operative's name is a matter of public record. And the act would be a crime no matter what the circumstances involved.

The committee had recommended making disclosure a crime only when there was "intent to impair or impede the foreign intelligence activities of the United States." But the House would have none of this, and voted 354 to 56 to install a sudden floor amendment to make disclosure a crime even if the news media were reporting the names of agents engaging in illegal activities, or trampling on citizens' rights.

The penalty: 10 years in prison and a $50,000 fine for past or present government officials, and three years in prison and a $15,000 fine for journalists.

This bill of course arose from a legitimate concern about the safety of agents. Former CIA officer Philip Agee has made a new and despicable career out of exposing agents, endangering their lives, and damaging the overseas operations of the CIA. And publications such as the Covert Action Information Bulletin and Counterspy routinely print the names of overseas CIA agents with the avowed intent of hindering their work. One would be hard pressed to defend any of these activities; and, in fact, few have—while many have quite properly condemned them.

Yet, the House of Representatives, in its concern about these revelations, is creating an equal danger. It has declared that public records are not public, that intent is no factor, and that constitutionality does not matter.

For make no mistake about it—the House bill's constitutionality is clearly questionable, according to legal scholars and other experts who testified before the committee.

What the floor amendment did was make the disclosure of an identity a crime whenever the government has reason to believe it might impair or impede foreign intelligence activities. This makes the government the accuser, the witness and the judge; i.e., it places the government in the role of dictator, able to conceal its own mistakes as well as disclosure of agents, without let or hindrance.

But there is more: Rep. Ted Weiss, D-N.Y., complained that this bill "presents an incursion on the First Amendment unparalleled in the history of the nation during peacetime. Never has the publication of information in the public domain by private citizens been made an offense."

Mr. CHAFEE. Mr. President, will the Senator yield for a question?

Mr. BRADLEY. I would be prepared to yield for a question as soon as I have located the Rhode Island newspaper editorial.

Mr. CHAFEE. When does the Senator think that might be?

Mr. BRADLEY. If the Senator is inquiring regarding the time, I have only had a chance to read four of the editorials into the RECORD. I think the entire Senate should benefit from what the leading editorial writers of the country have to say about this prior to yielding for a question.

(Mr. RUDMAN assumed the Chair.)

Mr. CHAFEE. Do I understand the Senator's answer to be that he will not yield for a question?

Mr. BRADLEY. At this time I will not yield for a question. I feel it is important that the Senate have the benefit of this information. I know that the distinguished Presiding Officer, the Senator from New Hampshire, is anxious to have the benefit of this information, and that the entire Senate is.

Therefore, I would like to continue reading this editorial from the Nevada State Journal dated Monday, October 5, 1981.

It goes on:

In all intellectual modesty, one must ask how "secret" agents whose names are already in the public domain are endangered by the publication of their names. Certainly the "enemy," whomever that might be at a given time, would already have ferreted out this information. Under this bill as it stands, it really seems that it is the bureaucracy which is the main object of protection, rather than CIA agents. And it is the public which is most injured.

The Senate Judiciary Committee is scheduled to vote tomorrow on a similar bill, containing the same "reason to believe" language. Nevadans should object vigorously to the bill in its present form. Time is short, but the bill can be defeated even now, if the public shows it knows the dangers created by the bill.

Let us protect overseas agents adequately. But let us do so through constitutional means which protect our control of government as well as the agents.

Mr. President, that is the editorial from the Nevada State Journal.

I see the distinguished Senator from Kentucky on the floor. I thought he might be interested to know what the Louisville Times had to say about this matter. The Louisville Times, on Wednesday, October 21, said, in an editorial under the headline, "Bad Bill, Better Bill, Senate Should Resist House CIA Measure."

I now quote what the Louisville Times had to say on October 21. I am sure the Senator from Kentucky has read the editorial.

Mr. HUDDLESTON. The Senator is right.

Mr. BRADLEY. The editorial states:

If there's a lesson to be learned from the government's lethargic reaction to the disclosure that former CIA agents helped Libyan terrorists, it's that public scrutiny of the intelligence agency is more necessary than ever.

Yet the House of Represenatives, urged on by the Reagan administration, has passed a bill that could severely penalize newsmen and other researchers who disclose names of spies when reporting on intelligence activities.

Senators Huddleston and Ford can help head off this ill-conceived measure by backing a much tighter Senate version, which could come to the floor as early as this week. Mr. Huddleston has a special interest since he helped draft a charter designed to keep the CIA within constitutional bounds.

Both bills have the worthy goal of protecting undercover agents stationed abroad. On two occasions, CIA employees were attacked after anti-agency zealots disclosed their identities.

The trouble is that reporters and scholars and, for that matter, all private citizens, could be fined and jailed even if they "reveal" names gleaned from unclassified sources.

One result, whether intended or not, would be to discourage legitimate, necessary discussion of CIA failures, blunders and abuses, of which there have been plenty. Under the House bill, a prosecutor would only have to prove a reporter had "reason to believe" his investigation would impair or impede intelligence activities. Well documented stories often "impair or impede" misguided government programs.

Defenders of this approach argue lamely that newsmen and other citizens could report intelligence misdeeds to Congress, the CIA director or the Justice Department. These, of course, are the same folks who have been less than eager watchdogs in the past.

Or, goes the argument, critical material could be published without the names of wayward agents. In many cases, however, such self-restraint would simply contribute to a cover-up.

The Senate Judiciary Committee has come up with a better bill, and the Kentucky senators should join those who hope to fend off amendments. Under the Senate version, a citizen could be successfully prosecuted only if he disclosed names with malicious intent to disrupt intelligence work. That language could not easily be stretched to cover legitimate reporting.

President Reagan has given the senators another excellent reason to resist changes in tehir bill. He is considering a plan to allow the CIA to spy on American citizens, open mail, infiltrate legal groups and all the rest. This is not the time, in short, to relax surveillance of the intelligence community.

Mr. President, that is the editorial from the Louisville Times of October 21, 1981.

The next editorial comes from the Richmond Times Dispatch on the 15th of October. It is called "Protecting U.S. Spies."

Philip Agee, a former CIA agent, indulged in the despicable practice of publishing the names of U.S. intelligence agents abroad in an effort to destroy their effectiveness. In the process, he gravely endangered the lives of these persons.

A law is needed to enable the government to move forcefully against anyone who intentionally puts our secret agents in jeopardy by revealing their identities. Congress is in the process of enacting such legislation.

The House of Representatives passed a bill designed to achieve that goal, but many people worry that while the bill's intent is laudable, its wording runs afoul of the First Amendment's protection of free speech. The bill would make it a crime for anyone to

publish such names if he had "reason to believe" it could endanger the persons named. The fear is that a newspaper or broadcasting station or an individual writer might effectively be prevented from making public information about government corruption involving an intelligence agent if a government representative warned in advance that the publication could damage the agent.

So the Senate Judiciary Committee has voted 9-to-8 to narrow the bill to the extent that a person could be prosecuted for revealing agents' names only if he acted with specific "intent to impair or impede" the nation's intelligence activities. There was not the slightest doubt that Philip Agee acted from such a motive.

It is not easy to draft a bill that attains the proper balance between protecting agents' identities, on the one hand, and First Amendment rights, on the other. The most effective protection of the agents might be provided by making it illegal to publish their names under any conditions, but that would do violence to the principle of free speech, since there could be unusual situations in which such publication would be justified in the overall national interest.

The Senate committee amendment appears to represent a reasonable effort to strike the proper balance.

Mr. President, that is the editorial from the Richmond Times Dispatch on October 15 of this year.

The next editorial comes from the Philadelphia Inquirer and it is entitled "Agents Disclosure Bill Must Address Intent Issue."

I now read the editorial.

Tomorrow, the Senate Judiciary Committee is expected to consider legislation that would make it a crime to disclose the names of agents of the Central Intelligence Agency or other U.S. intelligence operatives working abroad even if that disclosure was completely innocent and unintentional. Despite the fundamental challenge to the First Amendment, the measure as now written has widespread support in Congress and the backing of the Reagan administration.

Given the inevitability of passage by the Judiciary Committee of some sort of agent identity disclosure bill, those senators who see the dangers to the Constitution it raises must act to clarify the intent and purposee of the legislation through an amendment. Key votes will be cast by Sens. Arlen Specter (R., Pa.) and Charles McC. Mathias Jr. (R., Md.). The Democratic minority on the committee, led by Sen. Joseph R. Biden Jr. of Delaware, needs both Mr. Specter's and Mr. Mathias' votes to amend the measure.

The bills pending in the Senate and House are aimed at a small, Washington-based publication called Covert Action Information Bulletin. . . .

Mr. President, I say parenthetically that the "Covert Action Information Bulletin" has ceased publishing the names of our covert agents until this law, if it is passed, in whatever form, is tested for its constitutionality.

I ask unanimous consent to have printed in the RECORD, following the editorial from the Philadelphia Inquirer, the statement from the Covert Action Information Bulletin, saying, "this will be our last naming of names column until such time as the constitutionality of the act has been decided by the courts."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BRADLEY. Mr. President, I continue reading from the Philadelphia Inquirer editorial:

The bills pending in the Senate and House are aimed at a small, Washington-based publication called Covert Action Information Bulletin, which previously has printed the names of CIA agents working abroad. The bulletin is the work of a renegade, ex-CIA agent Philip Agee, who has vowed to disrupt and destroy U.S. intelligence operations around the world by exposing agents' identities. In a related matter, the U.S. Supreme Court recently upheld the authority of the secretary of state to revoke passports of citizens whose activities abroad the secretary believes pose a threat to national security. The decision grew out of revocation of Mr. Agee's passport.

In the official haste to address the legitimate threat posed by Mr. Agee's activities, the Supreme Court and the Congress have chosen to weaken the First Amendment rights of every American citizen. Unless amended, the bill being voted on by the Senate Judiciary Committee tomorrow carries that process inexorably forward.

The bill must not leave the committee without a clear and carefully worded amendment that addresses the issue of the intent of those who disclose agents' identities. In the House, a subcommittee recently voted out a similar bill with an amendment that makes disclosure a crime if the purpose was to impair or impede intelligence activities. While proving intent in this instance would raise complicated legal questions, the amendment at least offers some First Amendment protection. The Senate version, however, is silent on intent.

Without an amendment similar to that approved in the House subcommittee, the Senate version as now written is so broad that it could even make negligent disclosure a crime.

Sponsors of the agents' disclosure measures in the Congress insist their only intent in enacting the legislation is to protect covert intelligence activities that are necessary for national security. They assert the bills in no way are an attempt to restrict First Amendment guarantees of all Americans. If that is the case, they, as well as moderates in the Congress who see the threat to free speech posed by the bills, should accept amendments that made that intention clear and straightforward.

That is the editorial from the Philadelphia Inquirer.

The problem they point out—that is, the need to protect covert agents and at the same time provide a right for the public to know and to protect freedom of the press—was addressed in the bill that came from the Senate Judiciary Committee.

EXHIBIT 1

COVERT ACTION INFORMATION BULLETIN

NAMING NAMES

Because of the imminent passage of the Intelligence Identities Protection Act, this will be our last "Naming Names" column until such time as the constitutionality of the Act has been decided by the courts. Although we continue to believe that the Act's application to the research which generates this column is unconstitutional—since our sources are not classified material—we believe it would be counter-productive to make the publication of this column under the new law the sole basis for a legal challenge. Much other research work is affected, and many other publications are involved. Moreover, we intend to continue to publish the Bulletin, the balance of which remains, we believe, extremely valuable, and to continue our struggle against covert operations and U.S. secret intervention around the world.

Mr. BRADLEY. Mr. President, as I stated in my initial statement, the Justice Department and the CIA have said time and time again that the bill that came from the Senate Judiciary Committee is enforceable and is constitutional.

It seems to me that it will be necessary to continue reading some of these editorials and to reassert that this is a very tough call. It is a call between the public's right to know, freedom of the press, and the need to protect covert individuals with the CIA operating abroad. The Senate Judiciary Committee bill does that very well.

As I have said, the list of articles written in the last several years, in which agents have been named, is quite lengthy. The articles deal directly with illegality and impropriety.

In my view, when this amendment is debated fully, I think it will be necessary for the proponents of the reason-to-believe standard to respond to such articles on domestic spying as those by Seymour Hersch, in the New York Times of December 22, and by Jerry Larder in the Wall Street Journal of March 1, 1977, to say why or why not—why these do or do not violate the purpose of this legislation.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield so as to allow the distinguished majority leader and me to proceed with the routine matters at this time? I do not presume to speak for the distinguished majority leader, but perhaps the majority leader and the Senator could indicate what may be the prospects for termination of further debate on this motion today.

Mr. BAKER. Mr. President, if the Senator will permit me, I think it is clear now that the Senator from New Jersey does not intend to let us go this evening to final disposition of even the motion to proceed. I understand that. I do not see any point in belaboring the issue.

I acknowledge that, at this late date in the session, the Senate can stop that, and I do not intend to ask the Senate to spend a great deal more time on this measure at this time.

I will say to the Senator from Rhode Island, who is a sponsor of the principal amendment, and the manager of the bill, the Senator from Alabama, that I continue to feel that this is an important measure and that the differences of Members in respect to our approach to this subject must be reconciled at some point, and that it would be my intention to return to the consideration of this measure early next session.

For the time being, Mr. President, I am prepared to take the bill down and to proceed to other matters.

In further answer to the question of the minority leader, there is a conference report at the desk on water pollution which must be dealt with at this time, the conference report on H.R. 4503, together with a file of routine matters that have been cleared on his side.

So if the Senator from New Jersey is willing to do so, and I have no desire to stop him if he wishes to keep going, but if he is prepared to do so I am prepared at this time to withdraw my motion to proceed with the assurance of my colleagues here that we will find an early

place for this in the scheduling of the session next year.

Mr. PROXMIRE. Mr. President, will the majority leader yield to let me insert in the RECORD a statement on the identities bill?

Mr. BAKER. I am happy to but I guess the floor really belongs to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey has the floor.

Mr. BRADLEY. Mr. President, I will yield without losing my right to the floor.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to——

Mr. CHAFEE. Mr. President, is the request by the Senator from Wisconsin subject to objection or is that solely under the control of the Senator from New Jersey? In fair play here the remainder of us have statements. The Senator from New Jersey has not permitted anyone to ask him a question yet on this side in opposition to his position throughout this debate. It semes to me this is a one-sided operation he is operating here.

He suggested earlier that he wanted to debate here but debate has consisted of him talking all evening and now permitting statements favorable to him to come in.

My question is, Are other written statements to be permitted from others? I admit we will not have time to debate it.

The PRESIDING OFFICER. The Chair advises the Senator from Rhode Island that the Senator from New Jersey has the floor, and he yielded to the Senator from Wisconsin for the purpose of inserting under unanimous-consent request a statement into the RECORD. If the Senator from Rhode Island objects then of course the statement will not be inserted.

Mr. CHAFEE. Unless that same privilege is to be accorded to others I do indeed object.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. I thank the majority leader for his consideration on this issue and I have no need to continue laying the groundwork for the real debate on this issue which I hope will take place.

Mr. BAKER. Mr. President, if the Senator will yield to me, I am prepared to withdraw my motion.

Mr. BRADLEY. I yield.

Mr. BAKER. Mr. President, I withdraw my motion to proceed to the bill at hand.

The PRESIDING OFFICER. The motion is withdrawn.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I inquire of the distinguished minority leader if he is prepared at this time to proceed to the consideration of the conference report on H.R. 4503.

Mr. ROBERT C. BYRD. Yes, Mr. President, we are prepared on this side.

MUNICIPAL WASTEWATER TREATMENT CONSTRUCTION GRANT AMENDMENTS OF 1981—CONFERENCE REPORT

Mr. BAKER. Mr. President, I submit a report of the committee of conference on H.R. 4503 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of December 14, 1981.)

● Mr. STAFFORD. Mr. President I am pleased to be able to commend to the Senate the conference report on H.R. 4503 the Municipal Wastewater Treatment Construction Grant Amendments of 1981. Under the able and diligent leadership of my friend from Rhode Island Senator JOHN CHAFEE, the conferees have produced an agreement that merits the support of the Senate. Furthermore, it is a bill worthy of the approval of the President.

I would like to take a few minutes to explain why I think this agreement is good for the country in general, and, on a more parochial note, also good for the smaller, rural areas like those I am privileged to represent.

The bill we are sending to the President represents a genuine reform in the municipal wastewater treatment construction program operated by the Environmental Protection Agency. The principal objectives of the legislation proposed by the administration last April will be achieved in this bill.

The most significant difference is that, whereas the administration's proposals were to take effect on enactment, our bill provides a period of transition from the old rules to the new. Let me be specific.

The administration proposed three major changes in the current program. First, only projects that provide actual treatment of wastewater, either secondary or more stringent treatment, and related interceptor sewers would continue to be eligible for Federal cost-sharing assistance. Other categories of construction, such as new sewer collection systems or correction of combined sewer overflows, or sewer maintenance or rehabilitation, would no longer be eligible.

Second, the costs of providing reserve capacity needed to serve populations beyond those existing in 1980 would no longer be eligible. Only backlog treatment needs would receive Federal assistance. Communities would finance their own growth.

Finally, the administration proposed that highest project priority be given to those directly benefiting areas of urban-industrial concentrations, arguing that this would insure that Federal funding is focused on projects that yield the most pollution abatement for the money.

Except for this last item, which creates an undesirable urban bias in the program, the conferees agreed that these changes are needed.

Without them the program is inconsistent with the budget restraint policy proposed by the administration and adopted by Congress.

EPA's 1980 survey of State-identified needs estimated that the total capital costs of constructing projects that are currently eligible for grant assistance is $120 billion (expressed in January 1980 dollars). At 75 percent Federal cost sharing, the long-term Federal commitment to this program would need to be $90 billion. This amount is in addition to the $35 billion that Congress has appropriated under this program since fiscal year 1973.

The administration's proposal to reform the construction grant program is designed to fit within a budget framework of $24 billion; $2.4 billion for 10 years. This level is what would be needed to provide a 75-percent Federal share of the total cost of funding only projects for treatment plants plus interceptor sewers and only those needed to serve the existing population.

Throughout our deliberations, the Senate conferees pursued an agreement that would achieve the following:

First, establish the program reforms (with respect to eligibility, Federal cost-sharing and reserve capacity) within the period of reauthorization and allotment;

Second, provide for transition into the new program;

Third, permit flexibility in State program management; and

Fourth, reduce the remaining potential cost to the Federal Government over the life of the program from the present estimate of $90 billion to about $30 billion.

In my judgment the conference agreement satisfactorily accomplishes these aims. On the major points, we agreed to a reform program that includes:

First. A 3-year transition period during which all construction project categories (treatment plants, interceptors, collectors, infiltration or inflow correction, combined sewer overflows, et cetera) and planned reserve capacity continue to be fully eligible for a 75 percent Federal grant.

Second. Thereafter, beginning October 1, 1984, the new program requirements would take effect. That is, the Federal share for construction would go to 55 percent, reserve capacity costs would no longer be eligible, and only projects for secondary or more stringent treatment, for interceptor sewers and infiltration/inflow correction would continue to be

eligible for Federal assistance after the 3-year transition.

Third. Except that, certain projects that begin construction before October 1, 1984, will continue to be eligible for the 75 percent cost share and the planned capacity, to completion.

Where a treatment system—consisting of a secondary or more stringent treatment facility and its related interceptor—receives a step III construction grant award prior to October 1, 1984, subsequent phases or segments necessary to complete these portions of the treatment works continue to be eligible for 75 percent Federal funding, and for the 20-year reserve capacity as planned for these portions of the system. In the case where an interceptor project received a step III construction grant award prior to the date of enactment of these amendments that provided a larger reserve capacity—but not to exceed 40 years—that reserve capacity shall continue to be eligible for funding.

Fourth. In addition, beginning October 1, 1984, a Governor has discretion to divert up to 20 percent of the State's annual allotment to project categories that are otherwise no longer eligible as of that date—new collection systems, for instance. The grant amount for such projects shall be 55 percent, the prevailing Federal share beginning October 1, 1984.

Fifth. A 4-year authorization and State allocation formula—to October 1. 1985. This is essential to both achieve the new program within the period of reauthorization and facilitate a 3-year transition.

This approach relies heavily on the State process for establishing project priorities, and is intended to encourage the advancement of a State's most important projects. On the other hand, the fact that certain project segments or phases may continue to receive reserve capacity and 75 percent Federal assistance until completion, where construction of a treatment system begins before October 1, 1984, should not be interpreted to encourage the practice of project segmenting or phasing.

The Administrator of the Environmental Protection Agency is expected to develop clear definitions and criteria for funding grants for such projects, particularly those initiated after the date of enactment of these amendments. Consideration should be given to the cost of the entire treatment works in relation to the size of a State's annual allotment, the construction time needed to complete eligible treatment works, and whether funding can be provided for a logical portion of a project each year. Consideration should also be given to whether court orders have imposed construction and funding schedules based on project segmenting.

EPA is also expected to encourage and assist in the timely completion of ongoing phased and segmented treatment works projects that have received a portion of their construction funding prior to enactment of these amendments. We do not intend to encourage the initiation of new projects unless there is reasonable expectation that Federal funds will be available to complete projects already begun, old and new.

On a more parochial note, speaking now as the Senator from Vermont, I would like to comment on several other provisions of the conference agreement which particularly concern the smaller rural communities of the Nation. The conference agreement preserves and improves several important aspects of the existing Clean Water Act, which the administration's bill had proposed to eliminate:

First. The minimum allotment of appropriated funds to any State remains at one-half of 1 percent. Assuming the full appropriation of $2.4 billion, Vermont and other minimum States would receive about $12 million annually.

Second. The mandatory set-aside of 4 percent of a rural State's allotment for alternatives to conventional treatment technology is preserved.

Third. The innovative and alternative technology program, is extended as a permanent part of the construction grant program, and funds for the bonus are increased.

Fourth. The priority emphasis on projects serving "urban-Industrial concentrations" is not included. Instead, the establishment of priorities continues to be based on meeting the goals of the Clean Water Act and is determined by the States.

Other features of particular interest to small communities include raising the limitation for projects eligible for combined step II design and step III construction grants to $8 million. Also, the conference agreement mandates the advancement of planning and design grant assistance to small communities which cannot otherwise undertake these costs. The administrator is expected to establish regulations or provide guidance to States to implement this provision, including the determination of what communities qualify for such assistance.

In addition to the matters I have just discussed, I have taken a particular personal interest in another matter which I would like to discuss at this point.

One issue that arose in the conference was the provision in the Senate-passed bill clarifying that the Clean Water Act does not displace or limit other Federal or State law, including common law. This provision was stimulated by the Supreme Court's decision in City of Milwaukee against Illinois, in which the Court incorrectly interpreted Congress intent to displace Federal common law with the regulatory scheme of the Clean Water Act.

The House had not held hearings or considered this matter, and felt that would be necessary to properly craft a response to the Supreme Court's decision. Accordingly, the Senate receded on the provision with the understanding among the conferees that failure to include the provision is without prejudice, and with an agreement to examine further in the next session the best means to accomplish their intent not to displace remedies other than those under the Clean Water Act.

Milwaukee is an extraordinarily troublesome decision for three reasons.

First, because of its implications for the Clean Water Act.

Second, because of its implications for other Federal statutes.

Third, because of its implications for State common law. The premise of the Milwaukee decision is that a comprehensive scheme of regulation displaces the related Federal common law. I do not agree that the Clean Water Act is a comprehensive scheme of regulation.

The Milwaukee case itself was restricted by its terms to only the Clean Water Act and Federal common law with respect to water pollution. However, the rationale of Milwaukee was quickly extended to other substantive areas. In Middlesex County Sewerage Authority against National Seaclammers Association, the Court held that the existence of the Marine Protection, Research, and Sanctuaries Act (which regulates ocean dumping) displaced Federal common law in that field as well.

Clearly, the rationale of Milwaukee could be extended to a virtual universe of problems. Schemes of Federal regulation exist for water, air, toxics, noise, hazardous waste, and other of environmental media. Again, while I do not believe any of these schemes are nearly as comprehensive as the Clean Water Act, a court might find one to be so.

Further, there is the great risk that the decision might not be restricted just to environmental regulation or just to Federal common law. Whatever Federal common law might exist regarding securities, transportation, communications, food purity, drug efficacy, and the like, could, under unwise extensions of the Milwaukee rationale, be displaced.

Moreover, if Federal common law is to be displaced, there is the unacceptable risk that State common law might be displaced as well. In fact, in a recent Massachusetts case—McMahon against Amoco Oil Co.—the State sued for contamination of ground water caused by waste oil. This was not covered by the Massachusetts water pollution control act, so the suit was based on State common law. The defendant, Amoco, raised as a defense the Milwaukee case, asserting that State common law had been displaced. This was rejected by the court, but illustrates the dangerous potential of the Milwaukee decision.

In another case—this one closer to home for this Senator—residents of Vermont have filed suit against International Paper for water pollution originating in upstate New York. International Paper has said it is not liable because Federal common law is displaced pursuant to Milwaukee.

Section 23 of the Senate-passed bill would have restored the situation to what Congress intended, and indeed expected until the Supreme Court's surprising decision.

Until 6 months ago, the present state of affairs with regard to Federal common law did not exist. There was a Federal common law which applied to cases of interstate water pollution. It was the same Federal common law which had

applied for decades and probably longer. It was the same Federal common law which had applied since the first Federal Clean Water Act in the late forties. And it was the same Federal common law which had applied since the expansion of the regulatory program in 1972, articulated by the Supreme Court in Illinois against Milwaukee and other cases.

Of course, some details changed. But the principle that there was a Federal common law remained applicable. Businesses were not bankrupted. Court time and resources were not consumed by frivolous lawsuits. And, helpless defendants were not subjected to judicial blackmail.

I do not believe my fears regarding the potential damage of the Milwaukee decision are misplaced. As I stated, it has already been brought up as a defense to a suit based on State common law. And, based on information from the office of the attorney general of the State of New York, I understand that it has been raised as a defense in a suit involving the Clean Air Act. Thus, two of my fears—an extension to other Federal laws and an extension to State common law—have already begun to materialize. Yet the decision is only 6 months old.

I stress in the dearest possible words that the Senate passage of section 23 and the conferees agreement with its intent, and commitment to examine in the next session the best means to accomplish this intent, should be read to discourage any extension of the Milwaukee rationale.

I do not believe the Congress has yet addressed the issue of displacement, generally. There is, however, one recent law which explicitly addressed the problem. That is the superfund. And, I might note, it expressly preserved both Federal and State common law, even in cases of compliance with Federal permits under the Clean Water Act or other statutes.

The Supreme Court has construed our silence in the Clean Water Act to mean that we intended displacement. I do not believe that is true. I believe that compliance with the statutes is merely evidence—though it might be compelling evidence—that a person is fulfilling his legal obligations under the common law. But I do not believe it was ever our intent to say that the existence of a regulatory scheme means an injured party is out of court.

As I said, my amendment was an attempt to remedy this problem. Milwaukee casts a shadow over our entire system of jurisprudence.

The exact language of my amendment may require additional crafting. What is important are not so much the specific words or phrases, but the intent, which our two committees support, and the Congress endorsed as recently as last year's superfund law.

Mr. President, these amendments are but the first step in a more comprehensive review that the Committee on Environment and Public Works plans to undertake on the Clean Water Act and the operation of EPA's water quality program. It is our intention to begin our review as soon as practicable after the second session of the 97th Congress convenes in January.

This effort will be largely directed by the chairman of the Subcommittee on Environmental Pollution, Senator JOHN CHAFEE. I know that he will continue to receive the excellent cooperation and participation by other members of the subcommittee, both majority and minority, that characterized the work on the construction grant reauthorization amendments. I want to take this opportunity to commend Senator CHAFEE personally for his leadership in the Senate, and in his capacity as chairman of the conference committee on this legislation.

It is not always glamorous work, but it is vital work, for the protection of our natural environment, for the health and well-being of the public and for the benefit of our cities and towns which must undertake the construction of waste treatment facilities.

I also thank my friend and colleague, the ranking minority member of the committee, Senator JENNINGS RANDOLPH for his helpfulness and faithfulness throughout the development of this legislation. A special mention should also be made of the committee staff which assisted so helpfully, as always: Bailey Guard, John Yago, William Corcoran, Philip Cummings, Jacqueline Schafer, Curtis Moore, Ann Garrabrant, and our thanks too to the staff of the other committee members who participated in this effort.

Mr. CHAFEE. Mr. President, I am pleased to report that the House and Senate conferees have reached agreement on amendments to the Clean Water Act and those amendments are before us today. The amendments address just those portions of the act concerning the construction of municipal sewage treatment facilities. Other portions of the act are not affected.

Many of you may remember that earlier this year Congress eliminated funding for this program during the reconciliation process. Quite frankly, this was done because the program had gotten out of control. Eligibilities were expanding, costs were skyrocketing and the overall Federal commitment to the program was ballooning to a total in excess of $100 billion.

The new administration recognized this and decided it was time to address the difficult questions—should we reform the program and emphasize water quality, or should we let the program continue as is, at the expense of water quality. The administration proposed some excellent amendments to the act, many of which are reflected in the final product. Some others were not accepted.

A case in point is the reimbursement section of the Clean Water Act, section 206. The conferees believe strongly that States and local governments should be encouraged to proceed with construction of needed facilities with the expectation of Federal reimbursement at a later date. As a group, Mr. President, the conferees still believe that in the long run reimbursement will save the Federal Government money and improve water quality. We urge the administration to carefully review their policy toward section 206.

The thrust of the administration proposal, and the package before you today, is reducing the Federal exposure or more appropriately bringing expectations in line with something that is fiscally achievable. We have done that. I do not know, nor does anyone, what the Federal exposure of the conference agreement is, but I know and so does the administration, that the reduction in the exposure level is real and it places achievement of water quality goal of the act within our grasp over the next decade.

Our compromise is a fair one. For the next 3 years the program remains as is but in the fourth year all the rules change. Essentially each Governor must decide his priorities and put them into place quickly in order to qualify for continued funding and reserve capacity under the present rules. If a treatment facility receives any portion of a I, II, or IVb grant prior to October 1, 1984, that facility will qualify for a 75-percent Federal grant for the I, II, and IVb portion of the plant until its completion, as well as sufficient reserve capacity as currently defined in regulations.

Additionally, any infiltration-inflow correction work, category IIIA, on such a facility would also receive a 75-percent grant if the initial grant was made prior to October 1, 1984. The EPA should use infiltration and inflow correction as an alternative to funding reserve capacity.

I have not mentioned collector sewers, which were an important component of the conference. Collector sewers will continue to be eligible for Federal assistance until October 1, 1984. What happens to them after that date I will address later. It is not the intention of the Senate conferees that there should be a great rush on the part of States to build collector sewers.

On the contrary, there are legitimate situations in which collector sewers are inseparable from public health. An example of this is the South Valley project in New Mexico. Without adequate collector sewers, public health and ground water are both endangered. This is a compelling example of the type of collectors which should be built.

We are placing a great burden on the EPA. We expect that regulations promulgated pursuant to this conference agreement will discourage any funding of collector sewers that encourage growth. Federal assistance should be available to alleviate pollution problems, not create them. Additionally, the regulations should establish a clear policy on reserve capacity.

As I mentioned earlier, we have a provision which allows some projects which were begun prior to October 1, 1984, to complete treatment portions of these under the old rules for both the Federal share and reserve capacity. The conferees intend that this window is narrow and not wide open. Segments of projects that will qualify to continue operations under existing rules should be discrete and major segments.

The grant application for a segmented step III should include all portions of the facility that are expected to qualify for the grandfather even if the particular application is for a portion of that overall project. The agency's emphasis should be on completing systems, not on making certain that the grandfathering provision is overly generous.

Beyond October 1, 1984, other important changes occur which cannot be minimized. Building reserve capacity with Federal assistance is eliminated after October 1, 1984. Projects which are not eligible for the grandfather provisions will only receive Federal assistance for the portion of the treatment works necessary to treat existing flows on the date the step III construction grant is awarded.

Coupled with the elimination of reserve capacity is the continued eligibility of infiltration-inflow correction work. I have always believed that infiltration and inflow correction is a significant cost-saving measure.

However, because reserve capacity has always been eligible for Federal funding, I never thought that infiltration-inflow correction was carried out as it should be. It is a lot more attractive to get a big grant for a mammoth new sewer than it is to obtain a small grant to do some real nuts and bolts things.

The conference report makes infiltration-inflow correction a meaningful component of the program for the first time. I wouldn't be the least surprised if many communities, which are on a 1986 or 1987 time schedule for receiving a grant for sewer construction, reassess their position and go forward with infiltration-inflow correction work instead.

A major change in the program, on par with reserve capacity, is the reduction in the Federal share in fiscal year 1985 to 55 percent for all now grandfathered projects. The Federal Government has been generous with its share of project costs and we simply have to change that policy. We have to spread fewer dollars further.

I also believe that while the large Federal share was necessary in getting the program moving, it was responsible for some poor decisionmaking at the State and local level. Unfortunately, many treatment facilities are oversized and unnecessarily complex simply because of generous Uncle Sam. This will change. From now on difficult choices will have to be made at the local level because communities will have more at stake than previously. The emphasis will be on well designed and energy efficient treatment plants. This can only benefit water quality.

After October 1, 1984, the Governors will have more flexibility than has previously been the case. After that date Governors can use up to 20 percent of their annual allotment to address no longer eligible categories. They may choose to only use 5 percent or none at all, but it is their decision. Anything funded out of the discretionary fund will receive a maximum 55-percent Federal, regardless of whether or not it ever received a large Federal grant share. Categories which cannot be funded out of the discretionary fund are I, II, IIIa, and IVb.

I am pleased to report that the provisions in the Senate bill regarding combined sewer overflows have been maintained. They are key provisions insofar as ever achieving our water quality goals are concerned.

Some have mentioned that the Senate bill has kept in place all needs for combined sewer overflow corrections. That is simply not the case. The legislative history is clear. The universe of projects affected by the provision giving each Governor discretion to deal with combined sewer overflows is much smaller than what is presently eligible. Section 5 contains a very difficult water quality test that not every project will be able to pass. The same is true of the program established for overflows into marine bays.

The other significant point included in the conference report is a 4-year authorization and 4-year funding. This program has no shortage of critics. Newspapers and magazines have called attention to the unfulfilled promise of clean water for everybody. The conclusion is always the same, the program has been a bust. Simply put, I think that charge is hogwash.

The problems with the program are as easily discovered as saying that all our waters are not clean so the program is a failure. After spending the last year working on the problem, I can tell you that the program was well designed, even if it was too generous, but the major problem—nobody leaves it alone to run smoothly.

The Congress and the Federal EPA always seem to be tinkering with some portion of the program, always disrupting program continuity. This 4-year authorization is crucial to removing institutional instability. It is a clear signal that Congress has acted and will not meddle again for several years. It is also a clear signal to Governors and mayors to make their plans based on a firm commitment of $2.4 billion per year for each of the next 4 years. This is the figure that was requested by the President.

Other provisions in the agreement will also help to make this a better program. We have increased the incentive for communities to utilize the innovative and alternative waste water treatment programs. We have reopened the opportunity for some cities which discharge into the ocean to obtain waivers for secondary treatment of municipal wastes.

We did not change any of the environmental tests which had to be met by a discharger before a waiver could be granted. Also, explicitly, the agreement prohibits any waivers which would allow the introduction of sewage sludge into the marine environment. The entire question of ocean disposal will be carefully examined in the next session by the subcommittee.

Because of all the attention the term "Federal exposure" has received this year, the first question that anyone asks about the conference report is, what is its Federal exposure? The only accurate answer is that I do not know what the Federal exposure is, and I am sure anyone else who attaches a number to it is picking those numbers out of the dark.

The reason why any estimate is no more than guesswork is that these amendments will force State and local governments to rethink their plans. The priority projects will be started and finished while marginal or less environmentally needed projects will simply be dropped from priority lists. For that reason, engaging in a numbers game is simply a fruitless exercise.

Those who are concerned about the numbers should first look at what the conference report will accomplish. It will eliminate Federal funding of reserve capacity, it will reduce the Federal share and improve project selection and design. It will limit the categories of treatment that Federal assistance will be available for. It will give each Governor some discretion over a part of his allotment to deal with priority pollution problems.

Lastly and most importantly, the conference report emphasizes completing projects and putting Federal dollars where the need is greatest.

Lastly, I want to thank the conferees from the Senate, particularly Senators STAFFORD, RANDOLPH, GORTON, and DOMENICI. Each of them was extremely helpful in achieving true reforms on this effort. The staff of the committee, Bill Corcoran, Jackie Schafer, Phil Cummings and Ann Garrabrant did an excellent job of moving this process forward. The chairman of the House conferees, BOB ROE and the ranking member JOHN PAUL HAMMERSCHMIDT were well informed, fair, and strong advocates for their positions.

I would also like to put in a word for the administration. John Hernandez, from EPA, and the director of the construction grants program, Henry Longest, were always available with expert advice. The subcommittee appreciated their cooperation. As the conference agreement is put into place by the agency, it will be of great benefit to the program that their involvement was so substantial.

I expect that when Congress looks at the municipal program 3 years from today it will be viewing an efficient and smooth-running operation.

● Mr. GORTON. Mr. President, I add my comments to those of my distinguished colleagues in support of this conference report. In my view, this report represents a sound approach toward the difficult goal of restructuring the construction grants program. Such a restructuring is critical if we are ever to make significant progress in cleaning the Nation's waters.

The Federal Government can no longer proceed as if it has unlimited resources to allocate to this program. The difficult task facing the conference committee was to determine the most effective manner in which to utilize the $2.4 billion this bill would authorize for fiscal year 1982, as well as to reduce the total future exposure of the Federal Government. That task has been accomplished by several significant provisions of this bill. The bill provides a reduced Federal share of

funding for those categories of projects that remain eligible.

This approach allows the use of Federal funds in a larger number of cases while at the same time funding only those categories directly related to water quality. Because it is a multiyear bill it will add a measure of predictability to the program. And, the bill also allows the State the flexibility to address water quality problems not otherwise eligible, through the use of a discretionary fund. Each of these aspects of the bill will add to the likelihood that we will more efficiently and effectively deal with our water quality problems in the future.

I would like to offer my personal congratulations to Senators CHAFEE and RANDOLPH for their hard work and tenacity in developing this conference report. I know that many States have been anxiously awaiting the outcome of this conference. The result is one which should please most of the affected parties. The Senate members of the conference committee will continue their efforts to assure that an appropriation for this program will be forthcoming from Congress as soon as possible following our return in January. Again, my congratulations to Senators CHAFEE and RANDOLPH for this fine result.●

● Mr. DOLE. Mr. President, I wish to address these remarks to the distinguished floor manager of the bill, Mr. CHAFEE, in the hope that he might clarify for me the limitation this legislation imposes on future appropriations action.

My concern in this area is due to an accounting error in EPA's region VII office which resulted in the loss of $4 million of municipal sewage treatment grant funds for the State of Kansas. As a result of this accounting error, projects which should have been credited during 1980 to the Talmadge-Nunn account, rescinded in 1981, were incorrectly credited to fiscal year 1980 and 1981 accounts not subject to the rescission order.

This error was acknowledged by OMB Director David Stockman in a letter to me dated October 29, 1981. That acknowledgement was received after H.R. 4503 had been passed by both the Senate and the House and gone to conference. Consequently, the conference report before us today does not address the issue of restoring funds that should not have been rescinded.

I ask the distinguished chairman if it is his understanding that nothing in the conference report should be construed as limiting the Congress in making future appropriations to rectify this error?

Mr. CHAFEE. That is my understanding. The conference report does not address the issue of rectifying past accounting errors and would not preclude Congress from taking that action.●

Mr. RANDOLPH. Mr. President, I am gratified to rise in strong support of this conference report, which is the product of long and arduous efforts on the part of both House and Senate Public Works Committees.

While the background of this legislation is well known to many Members of this body, I think it appropriate to briefly outline the rationale for this bill.

With the Clean Water Act of 1972, this Nation launched a massive campaign to stem the increasing degradation of our waters. The goals of that act were twofold: to clean up existing pollution and to prevent further contamination. With the 1972 legislation, a Federal effort second only in magnitude to the Federal-aid highway program was begun. A primary focus of that act was title II, the construction grant program. Title II mandated that all municipal wastewater treatment facilities in the United States achieve secondary treatment by 1977.

The Federal share for funding wastewater treatment plan construction was set at 75 percent. Complex and specific requirements were stipulated by Congress as prerequisites for Federal grants.

From its inception, the construction grant program has had major difficulties in accomplishing its goals. The costs of the program were greatly underestimated, as were the technological problems associated with achieving clean water. The primary goal of the act, secondary treatment by 1977, was extended by subsequent legislation to 1983.

By the end of 1980, $34.8 billion had been appropriated for the construction grant program and $29 billion had been obligated. The remaining needs were estimated by the Environmental Protection Agency to be in the neighborhood of $100 billion. The program has been under attack by the General Accounting Office and in a number of newspaper articles from the standpoint of cost, possible mismanagement, and inadequate maintenance and operation of completed facilities.

The current administraton recommended no funding for the program in fiscal year 1982 unless reforms were enacted which reduced the scope and the eligibilities of projects. While appropriations in fiscal year 1981 were $3.4 billion before the rescissions enacted in June, in accordance with today's budget constraints, the administration indicated a support for only $2.4 billion for the current fiscal year if such reforms were enacted.

Mr. President, the conference report on H.R. 4503 represents those reforms. In essence, this reform legislation authorizes $2.4 billion annually for fiscal years 1982 through 1985. At the beginning of fiscal year 1985, the current 75 percent Federal share of new construction projects drops to 55 percent. Projects which have received either a partial or entire step 3 construction grant by October 1, 1984, will continue to receive 75 percent Federal funding for treatment facilities and interceptors until completion.

After October 1, 1984, eligible project categories will be limited to secondary or more stringent treatment or any cost-effective alternative, new interceptors and appurtenances, and infiltration-inflow. After that date, projects no longer eligible can be funded at the discretion of the Governor, from a fund consisting of up to 20 percent of a State's allotment.

In addition to these major points, the legislation continues existing incentives for innovative and alternative systems. The percentage of allotted funds which a State must expend for the incentive bonus on projects employing innovative or alternative systems is raised from the current 3 percent to a minimum of 4 percent and a maximum of 7½ percent.

A new procedure is established whereby new plants will remain under the supervision of their builders for 1 year in order to assure that their performance complies with the standards established under the act.

In recognition of the impact of reduced Federal funding the statutory deadline of 1983 for the achievement of municipal secondary treatment is extended to 1988.

Mr. President, in the Senate version of this legislation, I was able to persuade the Committee on Environment and Public Works to include a provision which extended authority for small communities to construct collector sewers with construction grant funds for 1 additional year, under restricted circumstances. I am pleased to report that the conference substitute retains eligibility for collector sewers for an additional 3 years for all communities. This is particularly important for small communities such as in West Virginia, where collectors are necessary to treatment systems.

I sincerely believe that this legislation is good. It perhaps does not accomplish all the reforms the President has sought, as quickly as he would like. But a massive scaledown of a large program such as construction grants cannot be achieved on an immediate basis without grave hardship to communities and States. This bill serves clear notice that the Federal Government can and will no longer shoulder the giant's share of the bill to clean up our waters. States will have 3 years to determine their priorities and plan how to fund an increased share of what will be needed to obtain clean water. I have every confidence that they will be able to do so.

We intend to seek $2.4 billion in fiscal year 1982 funding in an urgent supplemental appropriations bill shortly after the reconvening of the 97th Congress. It would be devastating if a hiatus were created in the continuous funding this program has received over the past decade.

Mr. President, there was some confusion about what the allotment for West Virginia would be under this bill. The conference report as printed in the RECORD of December 14 was incorrect, as was House Report 97–408. Under this legislation, West Virginia will receive $42.4 million in fiscal year 1982, and $38.1 million in each of fiscal years 1983. 1984, and 1985. This is an allotment factor of 0.015890. not 0.013890 as shown in the incorrect document. Therefore, West Virginia can expect $156.7 million over the next 4 years. when annual appropriations of $2.4 billion are made.

Mr. President, I want the RECORD to show my agreement with Senator STAFFORD's remarks on section 23 of the Senate-passed bill. In deference to the fact that the House had not held hearings on how to draft an amendment of this kind, we agreed to not include the provision

in the conference report. It was the explicit understanding of the conferees that failure to include this provision is without prejudice, and the conferees agreed to examine further in the next session the best means to accomplish their intent not to displace remedies other than those under the Clean Water Act.

As one Senator who took an active part in drafting the 1972 Clean Water Act, I know that the Congress did not intend to displace any previously existing remedies under Federal or State law, including common law, when that act was passed. It has always been the intent of Congress, and in particular the Senate Committee on Environment and Public Works, to leave in place other statutory and common law remedies when enacting environmental laws, unless such remedies are explicitly addressed and preempted. The Supreme Court incorrectly interpreted congressional intent in the Milwaukee case, and any extension of that decision would be unwise.

A related issue is whether a federally issued permit is a bar to liability actions where a discharge or emission causes damages. In the so-called Sea Clammers case, the Supreme Court appears to say that even the existence of a permit which is being violated gives immunity to liability for damages caused. This has never been congressional intent or understanding.

The most recent expression of Congress on these points came in last year's enactment of the Comprehensive Response, Compensation, and Liability Act. Section 302(d) of that act says:

> Nothing in this Act shall affect or modify in any way the obligations or liabilities of any person under other Federal or State law, including common law, with respect to releases of hazardous substances or other pollutants or contaminants. The provisions of this Act shall not be considered, interpreted, or construed in any way as reflecting a determination, in part or whole, of policy regarding the inapplicability of strict liability, or strict liability doctrines, to activities relating to hazardous substances, pollutants, or contaminants or other such activities.

In explaining the intent behind this provision, the Senate report accompanying this bill (S. Rept. 96–848) states:

> By explicitly stating liability rules in this statute, the Committee does not intend that S. 1480 in any way preempt or weaken any other law. All other remedies are to continue to exist after enactment of this bill, including those under common law, admiralty law, and Federal and State statutory law. This is important to note in that while S. 1480 in many respects generally codifies existing law, in some specific respects its liability rules are more limited than those under existing law. For instance, while the Fund is precluded from using the rules of section 4 to seek recovery for cleanup costs or payment of damage claims for certain categories of releases, other remedies or provisions of the common law or any other law are available to the Fund and the Fund should use them to recoup its expenses.

In that report the Committee on Environment and Public Works also made the following observations about Federal permits and potential liability of permitholders to damage suits and abatement action under other authorities:

> The rule of common law is that compliance with a permit is not a defense to liability. Moreover, the Congress has never said or suggested that a Federal permit amounts to a license to create threats to public health or the environment with legal immunity.

The philosophy of the Senate-passed bill's amendment to section 511 of the Clean Water Act continues to be the intent of this Senator and, in my understanding, of the Congress. I look forward to perfecting legislation which makes sure that this intent is carried out in the Clean Water Act, as in other Federal environmental laws.

Mr. President, I compliment those who labored long and hard—on several occasions well into the night—on this legislation.

I specifically commend Senator JOHN CHAFEE, Environmental Pollution Subcommittee chairman, who served as chairman of the conference; Senator ROBERT STAFFORD, our full committee chairman; Senator GEORGE MITCHELL, ranking minority member of the subcommittee; and all the other members of the conference committee.

Our colleagues on the other side of the Hill joined with us in extensive efforts to resolve the differences between two very different pieces of legislation.

Representative ROBERT ROE, chairman of the House conferees, was diligent in his efforts to help develop a bill acceptable to both bodies, as was his minority counterpart, Representative JOHN PAUL HAMMERSCHMIDT.

It has been a long, often rocky road since we first began consideration of this legislation. We are now at the end of that road. I urge favorable consideration of this conference report by the Senate. I then fully expect the President to sign the legislation and support an appropriation so that this vital program will proceed in a timely fashion.

Mr. President, I will speak very briefly in further reference to the conference report.

As conference chairman, Senator CHAFEE had not a difficult time but that period of discussion which often leads to misunderstandings between the House of Representatives and Senate and certain points of view expressive of the Senate legislation and of comparable House legislation.

I feel, I say to the majority leader who I am looking at at the present time, that in connection with what we have done on the committee of which he is a member, in reference to clean water, we pinpoint 1972 and 1976 as landmarks in connection with the legislation.

Let us realize that what we are now doing is a transition bill to revise the scope of this vital program.

It reduces the funding, and that is understandable. Funding has been reduced in practically every program in which Federal aid is matched by States and local political subdivisions.

But those changes in the program are responsive to the needs of the men, women, and children, who throughout America live in larger and smaller communities, in the prevention of pollution of our water.

We work, of course, now not with the sum of money we were working with before. We are working under this bill over a period of 4 years at the rate of $2.4 billion on an annual basis.

This is important legislation. Of course, the conference agreement comes in the closing hours of the 1st session of the 97th Congress, but we are conscious of the need for this continuing program out there in America.

I remember when I talked with the capable Governor of Utah, Scott Matheson, when he was in Washington, D.C., recently. He said "the priority for us in the State of Utah is the wastewater treatment plants, the sewage systems; that is the priority that I have as a Governor of the State of Utah.

"I am not unmindful," he said, "of the need to cut back on the Federal funding, but whatever we can do, joined by the Federal and the local community and other political subdivisions to bring clean water to the communities of Utah is something in which I am intensely interested and I desire to know what you are doing."

So we talked with him and others talked with him. I think he went home from his visit here feeling that we were not unmindful of our need to address these problems, not only in 1972 and 1976, but also in 1981 and in the years that are out there ahead of us.

I thank those who have given me the opportunity here to speak these words which I feel very strongly.

Mr. CHAFEE. Mr. President, I wish to take this opportunity to express my deep appreciation and thanks to all those on the Environment and Public Works Committee and especially to our chairman who is unable to be here this evening and the man we always call chairman who served as chairman of that committee for so many years, the distinguished senior Senator from West Virginia. He attended our conference sessions with great faithfulness. He was a tower of support and understands this legislation.

He recognizes what we are attempting to achieve and he has supported us with great vigor and consistency throughout those long sessions that we had with the House conferees.

Like any conference, we did not achieve everything that the Senate conferees sought. But nonetheless we believe that this legislation that emerged, the conference report we are voting on now, was a fair one to both sides and indeed fair to the citizens of our Nation.

It authorizes some $2.4 billion a year for 4 years, as the senior Senator from West Virginia said, for the waste water treatment plants.

Some 35 States now are out of funds. Without the passage of this legislation and without the passage of the legislation of course with the appropriations which must follow, the programs in those 35 States will come to a stop.

So, as I mentioned, most of the reform we sought, and the administration

sought, has been included in this legislation.

So I urge the Senate to adopt the conference report.

Mr. BAKER. Mr. President, I will not take very long. I wish to once again pay my respects to the distinguished chairman from West Virginia (Mr. RANDOLPH), who was my chairman when I had the opportunity to be active on that committee, and where he served with great distinction for so long in that role, and now serves with equal distinction as the ranking Democratic member of the committee. Some of us who served on that committee think JENNINGS RANDOLPH invented that committee.

In any event, we salute him for the good work he has done in the past and for the good work he has done tonight, and I join with my colleague from Rhode Island and others in offering these words of congratulation to the Senator, and to Senator STAFFORD as well, the present distinguished chairman of the committee, who carries on in great tradition.

I urge my colleagues to adopt the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. CHAFEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TOXIC SUBSTANCES CONTROL ACT AMENDMENTS—CONFERENCE REPORT

Mr. BAKER. Mr. President, I submit a report of the committee of conference on S. 1211 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1211) to extend the Toxic Substances Control Act for one year, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of December 9, 1981.)

Mr. GORTON. Mr. President, it is with pleasure that I rise to seek the Senate's approval of S. 1211 as it was reported by the conference of the House of Representatives and Senate on December 9, 1981. This bill makes authorizations to the Environmental Protection Agency for its regulatory program under the Toxic Substances Control Act. That act, when originally passed in 1976, established a program to stimulate the development of adequate data on the effects of chemical substances on health and the environment. Those chemicals which present an unreasonable risk of injury to health or the environment are regulated to reduce that risk.

The act's coverage is broad, affecting more than 55,000 chemicals currently in commerce. Up to 1,000 additional new chemicals are introduced each year. About 115,000 manufacturers and processors are subject to the act. The fundamental purpose of the act is to provide a comprehensive approach to controlling toxic substances which may be introduced into the environment as a result of human activities. President Reagan's request for authorization to the Environmental Protection Agency for 1982 was $60,146,000. The agreement of the House and Senate conference, now reflected in this bill, authorizes that amount. This amount constitutes a decrease of $8.3 million from the 1981 authorization for the same programs. Though President Reagan has yet to make a specific authorization request for the 1983 fiscal year, the agreement of the House and Senate conference authorizes $63 million for that year.

The regulation of toxic substances in the environment of our American cities and towns is an important and appropriate governmental activity. It, like others for which we will authorize lesser expenditure than the Congress has in prior years, is no less important because of the smaller funding. We must place a significant priority on controlling the use of substances which can be harmful to the physical well-being of persons. It is important that we know as much as possible about any substance which has that potential. The Environmental Protection Agency's activity under the toxic Substances Control Act has been valuable in producing the information we need to know how to respond to the use of these toxic substances. It is my hope that the agency's activity under the funding authorized by this bill will be as valuable.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ESTABLISHMENT OF A UNIFORM LAW ON THE SUBJECT OF BANKRUPTCIES, APPROVED NOVEMBER 6, 1978

Mr. BAKER. Mr. President, I ask the Chair to lay before the Senate H.R. 4353.

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4353) to amend the Act entitled "An Act to establish a uniform Law on the Subject of Bankruptcies, approved November 6, 1978."

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. Without objection, this bill will be considered to have been read twice by title.

Mr. HEFLIN. Mr. President, I urge the passage of H.R. 4353, a bill intended to correct technical oversights and make minor changes in the Bankruptcy Reform Act of 1978.

The provisions of this legislation have previously been approved unanimously by the Senate this Congress, on July 17, 1981, as section 308(e) of Senate bill 863, the Bankruptcy Amendments Act of 1981. The House Judiciary Committee was unable to deal with the entire range of technical corrections in S. 863 this session. However, the House committee did consider as a separate bill several of the technical issues in S. 863.

H.R. 4353 is such a bill. This measure, which has been passed by the full House, would limit the fees payable into the referee's salary and expense fund in certain pending bankruptcy cases under section 40c of the Bankruptcy Act. H.R. 4353 would insure that fees in excess of $100,000 will not be charged under section 40c(2)(b) of the Bankruptcy Act in a case in which the final determination as to the amount of the fee is made after September 30, 1979, notwithstanding an earlier confirmation date.

Such treatment will be identical to that already provided cases confirmed after September 30, 1978, and will be fully consistent with Congress earlier action in limiting fees in such large-asset cases. Thus, the H.R. 4353 $100,000 fee cap will apply to a chapter XI case where, for example, the confirmation order was approved on December 31, 1977, but the court order fixing the precise amount payable to the fund was entered by the court subsequent to September 30, 1979.

I would like to thank the majority leader, Democratic leader, chairman, Senator STROM THURMOND, and ranking minority member, Senator JOE BIDEN, and their able staff for their assistance in expediting this important legislation.

Mr. President, I urge immediate adoption of this bill.

Thank you, Mr. President.

The PRESIDING OFFICER. If there be no amendments to be proposed, the question is on third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HEFLIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MELVIN PRICE LOCK AND DAM

Mr. BAKER. Mr. President, I move that the Committee on Environment and Public Works be discharged from further consideration of H.R. 4506, the Melvin Price lock and dam bill, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4506) to name the lock and dam authorized to replace locks and dam 26, Mississippi River, Alton, Illinois, as "Melvin Price Lock and Dam".

The PRESIDING OFFICER. If there

are no amendments to be proposed, the question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DESIGNATING THE JOHN ARCHIBALD CAMPBELL U.S. COURTHOUSE

Mr. BAKER. Mr. President, I move that the Committee on Environment and Public Works be discharged from further consideration of H.R. 2494, a bill to designate the John Archibald Campbell U.S. Courthouse, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2494) to designate the John Archibald Campbell United States Courthouse.

Without objection, the motion was agreed to and the Senate proceeded to consider the bill.

Mr. HEFLIN. Mr. President, I would like to add my words to advocate the passage of this bill.

The PRESIDING OFFICER. If there be no amendments to be proposed, the question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HEFLIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STAFFORD. Mr. President, I support the passage of these two bills H.R. 2494 and H.R. 4506. Both bills rename Federal structures, and, in effect, meet the rules of the Committee on Environment and Public Works.

H.R. 2494 names a Federal building and courthouse in Mobile, Ala., in honor of John Archibald Campbell. Mr. Campbell, who was from Mobile, served as a Justice of the Supreme Court of the United States from 1853 until 1861.

H.R. 4506 names the new locks and dam 26 on the Mississippi River for our good friend, Representative MELVIN PRICE of Illinois.

Rule 14 of the Committee on Environment and Public Works states:

No building, structure or facility authorized by the Committee, shall be named for any living person, except former Presidents or former Vice Presidents of the United States, or former Members of Congress over 70 years of age.

Congressman PRICE, the distinguished chairman of the House Committee on Armed Services, has served in the House since 1945. He is 76 years old. And while we are all pleased that he intends to run for reelection, I must note that the provisions of H.R. 4506 state that this name change will take effect only after Mr. PRICE's retirement from the House of Representatives.

Mr. PRICE is from East St. Louis, which is located a few miles downriver from Alton. He has long been a strong proponent for sound waterway development. Mr. President, I am sure that the Senate shares my belief that this name change is most fitting and appropriate.

LOW-INCOME ENERGY ASSISTANCE AND WEATHERIZATION

Mr. CHAFEE. Mr. President, I would like to have the following letter entered into the RECORD on behalf of myself and Senator MITCHELL. The letter is addressed to President Reagan and it expresses the concern that Senator MITCHELL and I share about the future of funding for the low-income energy assistance and weatherization programs. The letter urges the President to sign the Department of the Interior appropriations bill, H.R. 4035, into law and asks that the President insure that the funding for the weatherization program contained in that appropriation be transferred to the States as expeditiously as possible.

The letter also requests that the President transfer funds for low-income fuel assistance contained in the continuing resolution to the States as quickly as possible. In my home State of Rhode Island, last year over 30,000 families received aid from the fuel assistance program. This year nearly 34,000 will be eligible to receive aid. Weatherization program funds have enabled the insulation of over 7,300 homes in Rhode Island since 1977.

Mr. President, delay in the transfer of funds to the weatherization and fuel assistance programs would have a severe impact on State programs, particularly in the colder States like Rhode Island and Maine, and that is why we are asking that President Reagan act quickly to insure that the funds for these programs are distributed in an expeditious manner.

Mr. President, I ask unanimous consent that the letter dated December 16, 1981, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON FINANCE,
Washington, D.C., December 16, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing to request that the funding for the low-income weatherization program and low-income fuel assistance be transferred to the States in an expeditious manner. The immediate transfer of funds for these programs is absolutely essential particularly in the cold weather States where virtually all of the energy assistance funds are needed during the Winter months.

As you know, the Department of Interior Appropriations Bill, H.R. 4035, was forwarded to you for your signature on December 10, 1981. The bill contains the appropriations for the low-income weatherization program. To date, this program has resulted in the weatherization of over 900,000 households across the country and results in an average savings of 25% in fuel costs per family. The $144 million weatherization appropriation figure is consistent with the fiscal discipline to which all federal programs must be subject since this amounts to a 22% reduction in funding as compared with the 1981 funding level. This program has considerable support in this Congress. Therefore, we urge you to sign H.R. 4035 and insure that weatherization funds are transferred to the States as expeditiously as possible.

We are also concerned about the availability of funds to the States under the Low Income Energy Assistance Program. Most States require fuel assistance funds in a concentrated period during the Winter. Thus, as Congress clearly expressed in the Continuing Resolution, "the Department of Health and Human Services should be aware of the critical nature of the program and make certain that States are awarded their portion of funds on an as needed basis." We, therefore, request that you insure that the Department heeds this mandate and administers the program in a flexible manner which allows States to receive fuel assistance when they need it most.

Furthermore, we would like to reiterate the position of Congress that all funds appropriated for the low-income energy assistance under the Continuing Resolution and weatherization under the Department of Interior appropriation be spent. These programs are of vital importance and the actions we have requested are essential to the continued survival of these programs.

Thank you for your attention to these important issues.

Sincerely,

GEORGE J. MITCHELL,
JOHN H. CHAFEE,
U.S. Senators.

UPDATE ON AGENT ORANGE ISSUE

Mr. CRANSTON. Mr. President, I have had a long and deep involvement with the agent orange issue—first, as the chairman of the Committee on Veterans' Affairs and now as that committee's ranking Democratic member. During the course of this involvement, I have made a concerted effort to keep my colleagues and the public up to date on developments on this very difficult and troublesome issue through oversight hearings, statements in the RECORD, and by other means.

I am very gratified that my successor as chairman, my good friend from Wyoming (Mr. SIMPSON), is continuing our committee's activities in this area. I believe that our oversight hearing on this issue on November 18 made an important contribution to keeping the public informed on this very important issue.

Mr. President, I have two documents regarding the agent orange issue that I will ask be printed in the RECORD and one other matter that I will discuss briefly.

Mr. President, the first such document entitled "Health Effects of 'Agent Orange' and Dioxine Contaminants" is an executive summary, prepared by the American Medical Association's Council on Scientific Affairs Advisory Panel on Toxic Substances, of the panel's technical report on that subject. I understand that that report was submitted on December 8, 1981.

Although this document is quite technical in certain respects, it contains a succinct summary and certain analyses that should be useful to Vietnam vet-

erans and others concerned about the health effects of exposure to agent orange. Because this report was prepared earlier this year, some of the figures cited under the heading "Current Studies" are outdated, and we have added more current data in footnotes.

Mr. President, the second item that I will ask be printed in the RECORD is a letter from the recently confirmed Deputy Administrator of Veterans' Affairs, Mr. Charles T. Hagel, to my colleague on the Veterans' Affairs Committee and good friend from Pennsylvania (Mr. SPECTER). Enclosed with this letter are written responses from Mr. Hagel to Senator SPECTER's questions relating to agent orange at Mr. Hagel's confirmation hearing on November 25, 1981.

In light of Mr. Hagel's position as Deputy Administrator as well as Chairman of the agency's Policy Coordinating Committee on Agent Orange, I believe that his responses to Senator SPECTER's questions are particularly significant as a reflection of the VA's views on the current status of efforts related to agent orange.

Mr. President, as I noted earlier, I also want to mention briefly another important item related to agent orange. In Public Law 96–151, the Congress mandated two significant studies—first, an epidemiological study to determine the health effects in Vietnam veterans of exposure to dioxin as found in agent orange and, second, a review of the scientific literature on the health effects in humans of exposure to dioxin. Although there have been many problems with the first of these studies—much of the committee's oversight hearing on November 18 focused on the problems associated with that study—I am very pleased to note that the literature review was completed by an independent contractor and submitted to the VA on October 1, 1981.

Early response to this two-volume literature review has been very positive, and I believe that it should serve as a valuable tool in the ongoing efforts to resolve the agent orange issue. It is my understanding that this study will be available to the public after January 1, 1982, through the Government Printing Office and I urge interested persons to contact GPO for details on procedures for ordering copies of the review.

Mr. President, I now ask unanimous consent that the document entitled "Health Effects of 'Agent Orange' and Dioxine Contaminants" and the letter to Senator SPECTER from Mr. Charles T. Hagel, with the enclosed answers, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HEALTH EFFECTS OF "AGENT ORANGE" AND DIOXINE CONTAMINANTS

(By William D. Dolan, M.D.)

The American Medical Association's Council on Scientific Affairs, in response to a request from the Medical Student Section, has reviewed the medical evidence regarding the toxicity and long-term health effects of Agent Orange and its associated contaminant 2,3,7,8-tetrachlorodibenzo-p-dioxin (TCDD). This Executive Summary, which was prepared by the Council on Scientific Affairs Advisory Panel on Toxic Substances,[1] summarizes the findings in its Technical Report on the subject, which is available on request.

BACKGROUND

During the latter stages of the US involvement in Vietnam, herbicidal mixtures of 2,4,-dichlorophenoxyacetic acid (2,4-D) and 2,4,5-trichlorophenoxyacetic acid (2,4,5-T), otherwise identified by the military as Agent Orange, were sprayed over certain areas of Vietnam for the express purpose of defoliating the jungle and destroying one of the enemy's means of concealment. Similar spray programs have been used in the US as a means of forestry management. For the past 30 years, mixtures of 2,4-D and 2,4,5-T have been used extensively by the homeowner and farmer for ridding lawns and agricultural acreage of unwanted broadleaf vegetation. Large numbers of persons have been exposed to varying amounts of 2,4-D and/or 2,4,5-T, as well as the contaminant 2,3,7,8-tetrashlorodibenzo-p-dioxin (TCDD), in the normal course of employment.

Also over these years, there has been a number of industrial incidents wherein workers, as well as civilian populations, have been subjected to accidental exposure to these compounds. There are now pending a number of litigious actions and government regulatory responses that are based upon alleged adverse health effects from such exposures.

The most serious of these allegations by Vietnam veterans and persons who were involved in accidental industrial exposures assert that Agent Orange, or compounds of a like nature, may have caused malignant tumors, sterility, spontaneous abortions, birth defects, disfiguring skin diseases and other illnesses. In spite of the voluminous data on the biological effects of the phenoxy-type pesticides and the associated chlorinated dioxins, there is still very little substantive evidence for the many claims that have been made against these compounds. Data from experimental animals do indicate that TCDD is a toxic material; however, while suggestive, the animal data are not necessarily applicable to man. Still, a number of those exposures to TCDD of industrial and general populations that have occurred have been sufficiently well documented to offer some insight into the effect of TCDD on man.

Agent Orange, or Herbicide Orange, was a label given by the U.S. military forces to a 50:50 mixture of the n-butyl esters of 2,4-D and 2,4,5-T together with a minor amount (1 percent) of the free acid of 2,4,5-T and varying amounts of the contaminant TCDD. Agents Green, Pink and Purple also were used as defoliants by the military forces from 1962 thru 1964, a time when very few American troops were committed to the field. Another formulation, Herbicide Orange II, was similar to Agent Orange except that the isooctyl ester of 2,4,5-T was substituted for the n-butyl ester of 2,4,5-T. In addition to Agent Orange, other spray defoliants used in Vietnam included Herbicide White, whose active ingredient was picloram (or the triisopropanolamine salt of 4-amino-3,5,6-trichloropicolinic acid). This substance is very persistent in the environment and highly carcinogenic in rats and mice. Lesser amounts of Herbicide Blue, which contained sodium cacodylate[2] (26 percent) and cacodylic acid (5 percent), were used. Though the long-term effects in humans of either or both of these compounds is uncertain, picloram and cacodylic acid should be considered along with the above agents that were encountered in Vietnam.

TCDD may form as a by-product of the synthesis of 2,4,5-trichlorophenol (TCP), a precursor of 2,4,5-T, when 1,2,4,5-tetrachlorobenzene is subjected to alkaline hydrolysis at elevated temperature and pressure. If the reaction temperature is allowed to go above 180° C, the sodium-2-hydroethoxide (formed from the ethylene glycol solvent and caustic soda) decomposes exothermically and promotes the dimerization of sodium trichlorophenate to TCDD. The presence of TCDD as a contaminant of 2,4,5-trichlorophenol was discovered in 1957, when workmen involved in the manufacture of TCP developed chloracne.

About 20 years ago, commercially available 2,4,5–T contained anywhere from 1 to 70 ppm of TCDD. When the industry became aware of the contaminant's existence and toxicity, production operations were monitored and altered to reduce the level. Current manufacturing operations are able to control the amount of TCDD in commercial 2.4,5–T formulations to less than 0.01 ppm (with occasional batches as high as 0.05 ppm), a level believed to be non-hazardous to humans and other organisms. Data relating to an acceptable maximum level are presently under regulatory review by FIFRA (Federal Insecticide, Fungicide and Rodenticide Act); the recommended maximum concentration is now placed at 0.1 ppm.

Commercial formulations of 2,4,5–T and 2,4–D were used safely in agriculture for over 30 years with no recognizable evidence of carcinogenicity or birth defects in humans. Those adverse effects that did occur from massive doses of either pure 2,4–D or pure 2,4,5–T were manifested soon after the exposure, and the victims recovered with no signs of long-term damage. When the first symptoms were to present months or years after the last exposure to these compounds, it was evident another causal agent had to be responsible. That agent was later suspected to be TCDD. Though closely related chemically to 2,4,5–T, 2,4–D is not generally contaminated with TCDD.

BIOLOGICAL EFFECTS

Two of the more pronounced biological effects of some of the chlorinated dioxins are their tendency to cause chloracne (especially, in the rabbit, nude mouse, monkey and man) and the accumulation of fluid (ascites) in the pericardium and peritoneal cavity of chicks.

Chloracne in man is typified by comedones in a malar distribution; the pre- and postauricular portions are often accompanied by hirsutism and sometimes by melanosis and a secondary inflammation. The disease was first described in 1899; its cause was discovered in 1918 to be due to contact with certain chlorinated hydrocarbons. Chloracne has now become one of the more common forms of occupational dermatitis. Other acute toxic reactions to dioxin include liver and renal damage, porphyria cutanea tarda, hyperpigmentation, hirsutism, polyneuropathies (e.g., sensory impairments and weakness in lower extremities) and neurasthenic or depressive syndromes. Thus far, long-term effects, except for persistent chloracne, have not been seen.

Chloracne is not caused by 2,4,5-T and 2,4-D per se; if the condition occurs upon exposure to either or both of these compounds, it is most likely that the contaminant TCDD is responsible. Chloracne usually appears within 2 to 3 weeks after the first exposure. Mild chloracne clears up within several months after cessation of exposure; severe chloracne, on the other hand, has been known to persist for as long as 30 years following the last exposure. Persons most responsive are those who are prone to develop acne vulgaris. If one's exposure to TCDD is

[1] John R. Beljan, MD; Nelson S. Irey, MD; Wendell W. Kilgore, PhD; Kazuo Kimura, MD, PhD; Raymond R. Suskind, MD; Jaroslav J. Vostal, MD, PhD; R.H. Wheater, MS, Secretary.

[2] Sodium cacodylate is the sodium salt of cacodylic acid (hydroxydimethylarsine oxide).

severe enough, cysts form and, on occasion, inflammation and scarring will occur. If there is no medical history of chloracne, then the likelihood of a significant exposure to, or adverse health effects from, TCDD is remote. Hence, chloracne is the clinical marker of TCDD exposure.

Chronic exposures to TCDD lead to degeneration of the liver and thymus in experimental animals: one sensitive index of exposure is atrophy of the thymus. Porphyria, altered levels in serum enzymes and weight loss are also observed. Major organs to be affected are the liver, blood forming organs and the reticuloendothelial system. Progressive weight loss, the first clinical sign of toxicity in the monkey, may be accompanied by alopecia, facial edema and a dry, scaly dermatitis over the rest of the body.

The metabolism of TCDD in man is unknown, and for the present there is only limited information available on the metabolic pathways and metabolites that may occur in other mammals. TCDD is distributed equally among the fat and liver of mammals, to a lesser extent in the kidneys, and is eliminated via the feces. Samples of fat from beef cattle and samples of milk from cows that had grazed on a 2,4,5-T-treated pasture or rangeland, in addition to human milk from an area where 2,4,5-T herbicides were used repeatedly over a period of 20 years, had small to undetectable (not more than 10 ppt) amounts of TCDD.

No clearly defined mutagenic effect has been observed in vitro with TCDD. TCDD does induce gentic changes by the Ames test with *S typhimurim* and *E coli* but not with repair-defective strains; there is no evidence (from dominant lethal and cytogenetic evaluations in rodents) that such changes occur in whole animals.

Of perhaps more relevance to man are the in vitro studies on mammalian cells—ie, HeLa; Balb–3T3, normal mouse fibroblasts; SV101, virus (SV40)-transformed 3T3 mouse fibroblasts; human foreskin fibroblasts; and normal human lymphocytes. No significant growth inhibition in the cell cultures nor discernible ultrastructural changes have been observed by electron microscopy.

The teratogenicity and fetotoxicity of TCDD were discovered in 1969, in the course of a study on the biological activity of 2,4,5-T. The sample being used was later found to be contaminated with TCDD. The incidence of cleft palate was greater in two particular mouse strains (C57BL/6 and AKR), while the C57BL/6 mouse and the rat developed a higher incidence of cystic kidney. All doses given the rat led to gastrointestinal hemorrhage in the fetus. The increased ratio of fetal liver to body weight in the mouse suggested that TCDD was fetotoxic in this particular species.

A majority of studies using high doses of 2,4,5-T with 0.1 ppm of TCDD or less showed cleft palate in mice, but no other species, and embryotoxicity in the mouse, rat, hamster, sheep, monkey and rabbit. There is no scientific evidence that 2,4-D, 2,4,5-T or TCDD has caused reproductive difficulties or hazards in the human. No conclusive evidence is yet available that phenoxy herbicides or TCDD are mutagenic or teratogenic in man.

TCDD can induce cancer or serve as a cancer promoter in some strains of rats and mice. In contrast to some other chemical carcinogens, the carcinogenicity is always accompanied by considerable systemic toxicity.

From an environmental view, TCDD breaks down rapidly on leaves of plants, in water and on the surface of soil, especially through the action of sunlight. In soil it generally has a half-life of about 230 days; some soil microorganisms can degrade it, especially if other chlorinated hydrocarbons are present.

EXPERIENCE IN MAN

One of the most extensive human experiences with the adverse effects of TCDD in man involves the residents of Seveso, Italy. In July of 1976, TCDD was accidentally released from the ICMESA[3] trichlorophenol synthesis plant when a safety disk in a steam-heated reactor vessel ruptured. The plume of reactor contents, including TCDD, rose 160 feet above the factory and fell in a cone-shaped pattern about a mile long and a half-mile wide. This is the largest single population to have been exposed to the compound. Over 37,000 persons were potentially exposed to varying doses.

Two years after the incident occurred, the acute and mid-term health effects were assessed; the mild chloracne, which occurred mainly in a small group of children, healed quickly. Subclinical peripheral nerve impairment was reported; there was also some liver involvement, but without apparent functional disorder. Neither immunoresponse nor susceptibility to infectious diseases was altered.

The most recent progress report on the long-term epidemiologic survey of the residents of the Seveso area emphasizes the preliminary nature of their findings and reiterates the conclusion of prior investigators. Except for the skin, no organs or body functions were impaired. No derangement of gestation, no fetal lethtality and loss, no gross malformations, no growth retardation at term and no cytogenetic abnormalities have yet occurred.

The first of several accidental releases of TCDD and other dioxins, attending the manufacture of 2,4,5-trichlorophenol (TCP) or 2,4,5-T occurred in 1949 in the US. At least 11 other industrial accidents or exposure incidents have occurred since then, both here and abroad. To date, an estimated 579 workers are known to have been exposed, including 156 employees in the ICMESA plant at Seveso.

CURRENT STUDIES

There are now a number of studies underway by agencies of the US government and industry, which may resolve questions on the kinds and extent of human damage from exposure to low levels of TCDD:

Thru its Department of Environmental and Drug-Induced Pathology, the Armed Forces Institute of Pathology (AFIP) is examining biopsy and autopsy tissue of all Vietnam veterans. To date, only 152[4] cases have been assessed: the dominant diseases are epidermal inclusion cysts and chronic, non-specific dermatitis. If any malignancies were to have been induced by TCDD, they should be appearing by now, yet there have been no unusual morphological features nor clustering of tumors by diagnosis or site as to implicate Agent Orange.

A soft-tissue sarcoma study also has been proposed that will be conducted jointly by the Armed Forces Institute of Pathology and the National Cancer Institute.

The Air Force, through Project Ranch Hand, will administer and examine the 1,200 personnel who were involved in the actual handling and spraying of Agent Orange. They, and the control population of 20,000, are to be followed over the next 20 years.

The University of California, Los Angeles, was awarded a contract by the Veterans Administration for the design of an epidemiologic study of Vietnam veterans.

Approximately 45,000[5] Vietnam veterans who expressed concern about the hazards of Agent Orange have been examined by the VA; data on 25,000 of these men have been placed in a special Agent Orange Registry, which may serve later to identify them and to provide medical information as well as indications of health trends over the long term.

The Chloracne Task Force was established to sift out those cases of dermatitis that either resemble or are truly chloracne. Cases of the former type will be re-examined by dermatologists who have an expert knowledge of the disease. Thus far, there are only 700 cases of "skin conditions" out of the total of 3,500[6] filed claims for damage from Agent Orange.

RECOMMENDATIONS

The Council on Scientific Affairs recommends that:

(1) The above studies on exposed, or allegedly exposed, persons continue to be supported and, if feasible, enlarged to include the cooperative engagement of all internationally known exposure data, as recommended by the International Agency for Research on Cancer (IARC).

(2) All physicians be alerted through AMA publications to the classical signs of chloracne and the possible signs and adverse effects of TCDD exposure. They should be encouraged to enlist in the present efforts to identify and treat those persons who have had serious exposures to TCDD, and to cooperate in the collection of vital information that is needed for the ongoing human epidemiologic studies.

VETERANS ADMINISTRATION,
Washington, D.C.

Hon. ARLEN SPECTER,
U.S. Senate.
Washington, D.C.

DEAR SENATOR SPECTER: You will recall that I promised you my written answers to some of your questions during my confirmation hearing before the Senate Veterans' Affairs Committee.

Both Administrator Robert Nimmo and I have testified that we are disappointed and frustrated at the slow progress of the Agent Orange investigations and at the limited state of our knowledge about the herbicide's possible health effects. Being a Vietnam combat veteran, I understand the worry and frustration Vietnam veterans feel over these unknown hazards.

The Veterans Administration is totally committed to finding answers to these Agent Orange questions. We are exploring all pos-

---

[3] Industrie Chimiche Meda Societa Anonima.

[4] Dr. Nelson S. Irey, Chairman of the Environmental and Drug Induced Pathology at the Armed Forces Institute of Pathology, presented written testimony at the Senate Veterans' Affairs Committee November 18, 1981, hearing on Agent Orange, including tabulated data on the first 408 cases examined. He stated at the November 19, 1981, VA Advisory Committee meeting that approximately 600 cases had been examined so far although the data from only the first 400 or so had been tabulated.

[5] The VA Department of Medicine and Surgery, Office of Environmental Medicine's December 11, 1981, Weekly Status Report of Herbicide Orange Activities reports that 72,000 Vietnam veterans have received Agent Orange Exams. According to the Office of Environmental Medicine, approximately 40,000 of these have been entered in the Agent Orange Registry.

[6] The VA Department of Medicine and Surgery, Office of Environmental Medicine reported that as of December 1, 1981, 11,404 claims had been filed for injury due to Agent Orange.

sible ways to get quicker and better answers about possible Agent Orange links to adverse health effects on veterans.

Enclosed are my answers to your questions. In the margin I have indicated where the questions appear in the transcript of my Committee hearing. Thank you for the opportunity to send them to you.

Sincerely,

CHARLES T. HAGEL,
Deputy Administrator.

Enclosure.

ANSWERS TO QUESTIONS

Page 48, line 3: When will the so-called Ranch Hand tests be completed?

The epidemiological study being conducted by the Air Force of the Ranch Hand group includes several components or stages. The anticipated dates of completion, we have been told, are as follows: the mortality study will be finished about August 1982; the interviews with the individual participants will be completed by May 1982 and will be reported about July 1982. The completion dates of the initial physical examinations are not yet certain but the results are expected to be available by mid-1983.

The protocol calls for following the study participants for the next twenty years to determine whether Agent Orange produces any long-delayed effects.

Page 48, line 8: When you say [that "we should start seeing some results in the spring of next year"], what do you mean by that?

The mortality study or the interviews may reveal an unexpectedly high incidence of one or more diseases among the 1,200 Ranch Hand veterans as compared to the control pilots who were not in Ranch Hand. If this occurs, these results should be seen by the spring of 1982. It has been emphasized to me that positive results usually appear, if they do, some time before negative results can be demonstrated; that is, we could know that Agent Orange produced some effect earlier than we could say that the herbicide does not have that effect.

Page 49, line 7: And when is the CDC (Centers for Disease Control) study (of birth defects) due to be completed?

The CDC tells us that the birth defects study has begun and the data collection will be finished early in 1983. They will be analyzed and reported by the late fall of that year.

Page 49, line 16: Is it your understanding that at the conclusion of the CDC tests we will be in a position to make a factual determination as to causal connection between Agent Orange and birth defects?

The CDC study may demonstrate that the children fathered by Vietnam veterans have a higher incidence of some certain birth defect or more defects overall than babies in families where the father has not been in Vietnam. If this occurs, it will be possible to conclude that the overall experience in Vietnam had an adverse effect on the veteran's children. It is very unlikely that it will be possible to identify the cause as Agent Orange from this study alone. You will recall that I testified that Agent Orange is only one aspect of the study. As in the Ranch Hand study of effects on the veterans, it will be much more difficult to establish the fact that there is no effect on the children.

Page 50, line 1: Will the Ranch Hand study disclose an answer to the issue of causation on birth defects?

As I said in my testimony, the Ranch Hand study is not set up primarily to determine whether Agent Orange causes birth defects. The pilots will be asked about defects in their children so that the study will collect data that will help answer the question of a causal connection between the father's exposure to the herbicide and defects in his children. The data from this study by themselves are not likely to answer the question.

Page 60, line 17: How long at the outside should Vietnam veterans have to wait on an answer as to whether birth defects are caused [by] exposure to Agent Orange?

Page 60, line 23: Are you meaning by ["when we should know something" about the birth defect data] that we should have a judgment as to whether there is or is not a casual connection between Agent Orange and birth defects?

A positive answer, one that says "Yes, this particular birth defect is caused by the father's exposure to Agent Orange," could appear within two years as the data accumulate from the various studies. It is also possible that a weaker causal connection could be detected many years later in the veteran's grandchildren or great grandchildren. It makes things very difficult for us but true genetic defects may not be detectible until two or more generations after the defect is produced.

Page 61, line 16: Would you provide your best estimate as to when we will be in a position to answer those questions [of the causal connections between Agent Orange and birth defects]?

We are up against the limitations of science here and we may have to seek our answers through a more arbitrary procedure or from a combination of scientific and social sources. As I understand it, the epidemiological studies of Agent Orange will continue to yield information over the next twenty years or so about possible health effects; birth defects, cancer, psychological problems among others. At present, we cannot estimate how long it will take to obtain sufficient evidence to arrive at a sound scientific conclusion.

This means that we are going to have to use all available scientific information whether it is newly acquired or found through literature surveys. We will have to bring to bear good judgment and common sense, together with compassion, in interpreting this information; and we may have to change our opinions as new information appears. Much as we would like to reassure you and my fellow Vietnam veterans that certain health effects cannot be due to Agent Orange and that others definitely are, we are not able to do it. We shall be more and more definite about the health effects as information accumulates; we shall be more certain two years from now than we are today and still more certain ten years from now. In the interval we will have to make our decisions with less scientific certainty.

UNITED STATES-CHILE RELATIONS

Mr. KENNEDY. Mr. President. I am deeply concerned by continuing indications that the Reagan administration intends to develop a closer relationship with the Pinochet military regime in Chile. I continue to oppose efforts to improve or "normalize" relations with this regime because they are neither in the interest of the United States nor in the interest of the people of Chile.

In 1976 Senator Humphrey and I sponsored legislation to prohibit military assistance to Chile. This action was in direct response to the serious violations of basic human rights in Chile—including the arrests and the detentions, often without charge or trial, of thousands of Chileans. "Disappearances," torture, and exile were tools repeatedly used by the military junta to impose its will on the people.

During debate this fall on the 1982–83 foreign assistance authorization bill, the Congress has agreed to new language to govern any U.S. security assistance to Chile. That language stipulates that no aid shall be provided to Chile unless the President certifies that providing such aid is in the national interest, that the Government of Chile is making significant progress on human rights, that the Government of Chile is not aiding or abetting international terrorism, and that Chile is taking appropriate steps to cooperate in bringing to justice by all legal means those Chileans indicted by a U.S. grand jury for the murders of the former Chilean Foreign Minister and Ambassador to the United States, Orlando Letelier, and his American associate, Ronni Karpen Moffitt, in Washington in 1976.

I have pressed throughout this year for a strong congressional response to terrorism and continuing human rights violations by the Pinochet government. I expressed my views most recently in a letter which I sent to the Senate and House conferees meeting to consider the foreign aid bill. I shall ask unanimous consent to have that letter printed in the RECORD following my remarks.

I was pleased that the conferees strengthened the previously approved Senate version—including the Presidential certification of the Letelier-Moffitt issue—and added language to the law requiring the President, in making his determination, to consider Chilean progress both in ending the practices of internal exile and forced expulsion, and allowing those citizens who desire to return to Chile to do so, and in permitting the unimpeded investigation, by internationally recognized commissions on human rights, of alleged violations of internationally recognized human rights.

In October, I questioned the chairman and ranking member of the Senate Foreign Relations Committee, my friends Senators PERCY and PELL, as to the implications of the new conditions on Chile. I stated clearly my view that the situation in Chile had not significantly improved to warrant a change in our Government's relations with the Pinochet regime. I was assured that no aid was presently contemplated, that none would be permitted without a full review of any certification, and several of my colleagues agreed with me that conditions in Chile today do not justify such a certification.

Within 24 hours of Senate action, however, and in the wake of remarks by my distinguished colleague, Senator PERCY, that he was unaware of any intention by the administration to provide military aid to Chile, the administration appeared to begin to prepare the way for such assistance. On October 23, the State Department spokesman, in response to a question, said it was the Department's judgment that "there has been a significant improvement in the human rights situation in Chile since the arms ban was enacted in 1976."

On December 7, the Senate Foreign

Relations Committee held hearings on the confirmation of James Theberge as the new U.S. Ambassador to Chile. During those hearings Senator PERCY asked Mr. Theberge if he thought the President could certify that Chile was not violating internationally recognized standards of human rights. Mr. Theberge, in behalf of the Department, said that "there has been improvement in human rights from 1976 on * * * I cannot say that there have been systematic and gross violations of human rights in Chile"—suggesting that there may be grounds for Presidential certification that the conditions have so improved as to allow a resumption of U.S. aid.

Mr. President, the administration's attitude toward the Pinochet regime is totally inexcusable and unacceptable. It is an attitude of "see no evil, hear no evil" when evil is there to see by all. It is a complete contradiction of the most fundamental beliefs of individual liberty and rights on which this country was founded and for which Americans have fought and died throughout 200 years of our history.

By all independent accounts from widely respected international groups interested in human rights, the human rights situation in Chile has deteriorated during this past year. On November 6, the U.N. Economic and Social Council issued a report entitled "Protection of Human Rights in Chile." This 195-page report documents the continued abuse of human rights in Chile, and I shall ask unanimous consent to include the conclusions of this report in the RECORD following my remarks. If there are any in this Senate who continue to believe we should be associated with the Pinochet regime and its practices, I urge them to read this report, which describes arrests without charges, long detentions, and officially sanctioned torture. The Rapporteur says that he cannot avoid the conclusion that the Chilean authorities are systematically refusing to respect the right of their political opponents to liberty, physical, and moral integrity, and security of person. In describing the situation in Chile in 1981, the report says:

> The Commission on Human Rights reiterated its indignation at the deterioration of the human rights situation in Chile, in particular concerning the alteration of the democratic legal system and its institutions, the continuation of the state of emergency, the increase in the number of detentions often followed by disappearances, banishments and cases of torture, ill-treatment and unexplained deaths, as well as the persecution and intimidation of persons and institutions engaged in trade union and academic activities and the Catholic Church and the restrictions on economic, social and cultural rights, in particular trade unions rights, and right to education and the rights of indigenous populations.

The report concludes as follows:

> Generally speaking, it is not possible to report any improvement in the human rights situation in Chile. The new constitutional and institutional situation has not helped to reduce the scope of the restriction and violations of human rights, or to change the repressive measure directed at ever broader sectors of opinion. None of the appeals by the General Assembly and the Commission on Human Rights has been heard, nor is it possible to report the adoption of any measure conducive to restoring the exercise of human rights. Consequently, the international community should continue to give its attention to the human rights situation in Chile and use whatever means it deems appropriate to ensure the full restoration of those rights.

Mr. President, the Human Rights Report on Chile compiled by the Department of State itself makes many of the same points as the U.N. Economic and Social Council report. Amnesty International has also noted a marked deterioration in the human rights situation in Chile, and Amnesty has expressed its concern about several new developments. Since 1980 there has been widespread use of the practice of "internal exile."

The Government of Chile, through its use of administrative sentences, sends its citizens to remote parts of the country. There has also been a marked rise in the use of forced expulsion. Chileans who have political views at variance with the Pinochet regime are simply escorted to the airport sent abroad and denied the right to return.

Amnesty also has pointed to the increased use of military tribunals where sentences are often more grave than those from civil courts. There are more than 200 political prisoners at present. Further, under a decree issued under the 1980 Constitution, the government can now hold its citizens incommunicado for 20 days—previously it was only 5 days—without charge or explanation to the families. Amnesty notes that those detained report repeatedly acts of torture during this time. That torture is systematic, widespread, and becoming much more sophisticated.

During confirmation hearings on Mr. Theberge, I posed several questions and I shall ask unanimous consent to have those questions and Mr. Theberge's answers printed in the RECORD following the conclusion of my remarks. While Mr. Theberge in his responses may have been technically correct in saying that the administration has not "formally designated Chile as a country whose government engages in a consistent pattern of gross violations of internally recognized human rights," the absence of such a designation does not alter the reality in Chile itself where indeed there are consistent patterns of such abuses.

There are abuses from the past which have not been resolved—most notably, the countless "disappearances" of Chilean citizens and the assassination of Orlando Letelier and Ronni Moffitt and subsequent Chilean coverup of those responsible for this cold-blooded murder on the streets of Washington.

For example, on December 10, International Human Rights Day, the Pinochet government arrested four prominent Chileans. One, German Molina, is secretary-general of the Chilean Human Rights Commission, and head of the commission since the expulsion of its President Jaime Castillo, who the Pinochet government expelled from Chile because of his efforts to protect the rights of the Chilean people.

A second is Pablo Fuenzalida, a member of the commission. They were arrested as they left the commission office following the celebration of the third anniversary of the founding of the Chile Human Rights Commission.

The government is also seeking to arrest Pedro Filipe Ramirez, a former minister, and has arrested Eugenio Diaz Corvalan, a lawyer with the national trade union coordination committee. These people are examples of government action against individuals who are working to improve the human rights situation in Chile.

Mr. Theberge in his hearing said that "disappearances" ceased in 1977. Again he may be technically correct because of the very narrow definition of a "disappearance." In reality the old abuse goes on with a new twist, but the result is the same—victims disappear alive and are found, if at all, dead.

On July 7, a 28-year-old artist, Hugo Rivero Gomez, who through his art has protested the policies of the Chilean military regime, was taken from his home blindfolded and handcuffed by four plainclothesmen. The style is typical of Chilean secret police tactics. The artist's wife reported him missing to the police on July 8, and the following day she was shown a picture of him dead. Technically, he was not "disappeared" because the police accounted for him. But the end was the same—officially sanctioned murder.

These are but a few examples of continued human rights abuses by the present Government of Chile. Mr. President, I believe that any government which systematically commits these abuses and, in the words of the U.N., uses torture as a daily practice cannot be characterized as having made significant progress in human rights and cannot be so certified by the President.

Mr. President, another of the conditions requiring Presidential certification is that the Government of Chile is not aiding and abetting international terrorism. Yet, in the past few days, the FBI has issued a report that implicates the Government of Chile in the production of a deadly nerve gas. I shall ask unanimous consent to include this memorandum in the RECORD at the close of my remarks. The gas was smuggled into this country for possible use by Chilean agents in attempts to assassinate Chilean dissidents in the United States and it was allegedly stored in Chile for possible use against Argentina and Peru.

Mr. President, the government which produces this gas and allegedly kept it for possible use against its neighbors is none other that very government with which the administration now wants improved relations.

It is the same government decried by the U.N. Commission on Human Rights for its human rights violations and its failure to cooperate in legitimate investigations of these violations. It is the same government that arrests its citizens

without charges or trial, and exiles internally and abroad—using the practice of exile to cripple judicial proceedings.

Mr. President, I intend to vote against Mr. Theberge as the new U.S. Ambassador to Chile because I believe that his responses to my questions have failed to show sufficient concern about the human rights violations and terrorist practices of the Pinochet government. I will vote against this nomination because we must speak out clearly and forcefully against the Reagan administration's policy, which in effect condones the oppressive policies of the Pinochet government. When that government listens to the cries of its own people and stops its support for terrorist activities and brings to justice those who have committed such crimes, then and only then will I cast my vote favorable and join in support for improved relations with Chile.

I ask unanimous consent that the material I have referred to be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., December 14, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR CHUCK: As the Senate/House Conference continues its work on the 1982/82 Foreign Assistance Authorization Bill, I strongly urge the Senate conferees to recede to the House position on U.S. policy toward Chile.

As you remember, during debate on this bill, I made clear that the Senate conditions on military aid and supply were the minimum the Congress should accept, and that it would be much more preferable to maintain existing legislation which prohibits military assistance to Chile due to violations of human rights in that country. The Senate made clear that Chile would not be eligible for military aid unless the President made important determinations on national interest, human rights, and international terrorism. In addition, we called for bringing to justice all those involved in the assassinations of Orlando Letelier and Ronnie Moffitt.

The human rights situation in Chile has seriously deteriorated over the past year. That deterioration is documented in the report of the U.N. Economic and Social Council entitled "Protection of Human Rights in Chile" issued on November 6, 1981. Since then, there have been further reports of arbitrary arrests including four prominent Chileans active in efforts to improve the human rights situation in Chile. One of these is the acting Secretary-General of the Chilean Human Rights Commission, who has assumed this capacity as a result of the Chilean Government's decision to expel Jaime Castillo, the head of the Commission and the defense lawyer for the Letelier family. I am attaching a list of those arrested for use by you and members of the Conference Committee.

In addition, the FBI has just issued a circular implicating the Government of Chile in the production of deadly nerve gas. The gas was smuggled into the United States by one of the persons convicted in the Letelier-Moffitt assassination. Not only is contemplated use of nerve gas in the U.S. abhorrent to all Americans, but other quantities of this gas are reported to exist in Chile for use in the event of hostilities with Argentina or Peru. Such a policy violated international conventions of which Chile is a party, and is one more example of the terrorist policies of its government. I am enclosing a copy of the FBI circular, for use by you and the members of the Conference committee, and the Bureau advises that it has no objection to your use of this report.

Now is not the time to relax U.S. policy toward the Pinochet Government in Chile. I strongly urge you to support maintaining the current legislated prohibition of aid to Chile, or at least strengthening further the Senate conditions on any aid to Chile.

Sincerely,

EDWARD M. KENNEDY.

REPORT OF THE ECONOMIC AND SOCIAL COUNCIL PROTECTION OF HUMAN RIGHTS IN CHILE

VIII. CONCLUDING OBSERVATIONS AND RECOMMENDATIONS

491. Pursuant to General Assembly resolution 35/188 and resolution 9 (XXXVII) of the Commission on Human Rights, the Special Rapporteur has prepared this report on the situation of human rights in Chile, which he has the honour to submit to the General Assembly through the intermediary of the Secretary-General.

492. The mandate assigned to the Special Rapporteur by resolution 11 (XXXV) of the Commission on Human Rights was to study, in accordance with the Commission's instructions in resolution 8 (XXXI) of 27 February 1975, and in co-operation with the Chilean authorities, the human rights situation in Chile. In resolution 21 (XXXVI), the Commission requested the Special Rapporteur to deal also with the problem of missing persons in Chile. Later resolutions by the General Assembly and the Commission on Human Rights extended the mandate given to him under these resolutions.

493. As stated in the introduction to this report, the Chilean authorities refused to have any contact with the Special Rapporteur or to assist him in carrying out his mandate. The Special Rapporteur invited the said authorities to contact him during consultations arranged in Geneva and New York. He also made efforts to ascertain their opinions on certain issues in which he had been asked to intervene because serious violations of human rights had been alleged. No reply has been received, however, to any of the letters sent to the Chilean authorities. As a result the Special Rapporteur has been constrained to draw upon such sources as articles in the Chilean press in order to ascertain the opinions and intentions of the Chilean Government with regard to the issues and the particular human rights he deals with in his report.

494. The Special Rapporteur realizes how important the co-operation of the Chilean authorities is for him to carry out his mandate properly. He believes that the co-operation of the judiciary is particularly important, and for that reason sent a personal letter to the President of the Supreme Court. In his view, no effort should be spared in seeking the co-operation of the Chilean authorities for the purpose of improving the human rights situation in Chile.

495. Before drafting this report, the Special Rapporteur studied a large amount of information from various sources critically and impartially. One of his primary sources was the Chilean press, particularly organs closely reflecting the opinions of the Government, which often allowed him to verify information from other sources. Information passed on by institutions, organizations and groups concerned with defending human rights in Chile also proved highly useful, as did information from non-governmental organizations engaged in the same kind of work at the international level. Numerous personal accounts were gathered from people living in Chile. All this information was painstakingly studied and compared in order to provide the General Assembly with a comprenensive and thorough report on the developments occurring during the period covered.

496. In his report to the Commission on Human Rights at its thirty-seventh session (E/CN.4/1428), the Special Rapporteur remarked, on the subject of the new Constitution approved by plebiscite, that "From the marked preponderance of the military authorities in all the organs of government it can be inferred that the military Government, initially imposed on a provisional emergency basis, has thus acquired stable institutional authority". Referring, in the present report, to the entry into force of the said Constitution and the establishment of the new bodies created thereby, one cannot but endorse that remark and note that the text of the present Constitution fails to respect the principle set forth in article 21 of the Universal Declaration of Human Rights, since the will of the people is not at present the basis of authority. Actually none of the institutions called upon to direct the life of the country in the course of the next eight years will be eletced by the people. On the contrary, it will be the armed forces and the President of the Republic in particular who will impose their will on the various bodies that will be functioning over this period under the rules laid down to govern their establishment and operation.

497. Consideration of the situation in Chile has led the Special Rapporteur to conclude that the country faces no emergency situation which justifies suspension of the exercise of fundamental human rights. Nevertheless, the Government has persisted in restricting the exercise of such rights by prolonging the state of emergency, which has continued without interruption since 1973 and has now been compounded by the "state of risk of internal disturbance" established by the twenty-fourth transitional provision of the Constitution. New edicts have been issued, increasing the penalties for those who contravene measures adopted by the President of the Republic under the powers conferred upon him by the state of emergency. The simultaneous existence of these two states of emergency restricts individual rights in the same way as would the state of siege provided for in case of civil war or domestic unrest, and judicial protection is virtually non-existent, since judges have no means of verifying the merits of measures imposed by the authorities.

498. From the legislative point of view, the combination of two states of emergency has created a more serious situation in Chile than previously existed, given that the executive branch now has discretionary powers which the judiciary is not equipped to monitor and which impinge upon the rights to liberty, physical and moral integrity, and security of person.

499. Wartime military tribunals have also been re-established under new legislation, and their modus operandi provides no guarantee that persons accused of offenses will be tried with the safeguards offered by a regular procedure.

500. The Special Rapporteur notes that the new constitutional provisions and legislative instruments which have entered into force over the last few months also impose restrictions on the exercise of human rights and could be even said to aggravate the previous situation. This new legislation, which authorizes the simultaneous existence of various states of emergency involving serious limitations on individual freedoms and rights, and the fact that courts and procedures intended for use in war time are in operation, are subjects of concern to the Special Rapporteur, who recommends the Gen-

eral Assembly to ask the Chilean Government to abolish them and thus put an end to the states of emergency currently in force in Chile.

501. Having carefully studied the personal accounts submitted to him and the complaints he has received from individuals and bodies involved in defending human rights, the Special Rapporteur cannot avoid the conclusion that the Chilean authorities are systematically refusing to respect the right of their political opponents to liberty, physical and moral integrity, and security of person. What is more, it is not just their political opponents who are currently subject to persecution or violation of these rights, but also people who are opposed to certain measures or aspects of governmental policy, particularly those who defend human rights and criticize human rights violations.

502. People placed under arrest, generally without a warrant being issued or a decree being passed to that effect, are taken to secret places where they are held incommunicado and where, blindfolded, they undergo various physical or moral hardships for periods which have at times exceeded 20 days, the maximum authorized by the twenty-fourth transitional provision of the Constitution. The vast majority of the people thus arrested have not been brought before a judge. Often when they are taken before the courts, the courts immediately decide to release them and dismiss the charges. Other detainees have then been consigned to house arrest for three months by order of the Minister of the Interior (who is not required to justify such action) away from where they normally live, far from their families and normal occupations, in precarious circumstances and subject at times to acts of violence, maltreatment and harassment. Others again have been released after a period in the aforementioned secret places of detention. In all three cases, those concerned have suffered deprivation of liberty and been subjected to detention in secret and to degrading treatment without any legal grounds for their detention since there has been no trial. Many of them, moreover, have been subjected to slander, with the official communiqués put out by the security agencies or the ministry of the Interior accusing them, with neither grounds nor proof, of serious offences.

503. In absolute terms, the number of recorded arrests up to August 1981 has decreased by comparison with the same period in 1980. Nevertheless, it should be noted that the number of individual arrests has risen while there has been a drop in the number of mass arrests because there have been very few unauthorized public meetings. Restrictions on the freedom of association and the risk of arrest or deportation on such grounds have discouraged people from organizing meetings or taking part in public actions or demonstrations.

504. The Special Rapporteur has noted that torture continues to be routinely practiced during the interrogation of some detainees. In that regard it should be pointed out that being detained in a secret place, blindfolded, in complete isolation, subjected to humiliating treatment and deprived of all legal or human protection, seriously affects a detainee's moral integrity and constitutes a form of degrading treatment even when not accompanied by other psychological torture or severe hardship. This type of degrading treatment is being applied to all prisoners by the security agencies. Some people are also exposed to threats to their person or threats to their families, or are placed in situations which break their nerve, or are beaten or subjected to cruel tortures or have drugs injected into them in order to break their will and obtain their total submission. The number of people who have complained of physical or psychological torture in 1981 is a little lower than it was in 1980. However, the practice of torture continues; and, in particular, the material elements for torturing prisoners (secret installations, instruments of torture, specialized staff) still exist; so that this lower figure does not seem to indicate that any decision has been taken to put an end to these deplorable practices. It is possible that many people subjected to torture do not complain of the treatment they have suffered since, as is clear from a number of well-known cases, one of the principal objectives of the security agencies is to break the will of their victims or intimidate them to such an extent that they no longer dare to complain.

505. The Special Rapporteur is concerned at the presence of professional torturers in the institutional structures of society, since this is debasing and degrading for society itself and particularly for government officials who encourage this kind of activity and base their power on it. One example of this degradation is the case of the security agency officials who made use of their power to force two bank employees to seize the money held in the bank where they worked, and then murdered them and got rid of their bodies by blowing them up with powerful explosives.

506. The Special Rapporteur is also concerned at the murders committed by security agencies or anonymous groups, particularly murders of political dissidents hunted down by these agencies. These murders have been committed in circumstances which suggest that they are political crimes or result from abuse of power by senior officials. The Special Rapporteur is particularly concerned by the fact that, in judicial investigations of crimes committed against political dissidents, it is impossible to establish the facts or determine responsibilities; and, when the criminals are identified, the courts seem unable to sentence them to punishments commensurate with the seriousness of the offenses committed, and usually display a surprising tolerance.

507. The Special Rapporteur has noted with particular concern the persecution of certain people, particularly people involved in the protection of human rights. It seems that activities of this kind have been the main reason for the persecution of members of the Catholic Church, or of institutions sponsored by the church, and also of lawyers and doctors who use their professional status to help and protect persecuted persons. The Special Rapporteur therefore recommends to the General Assembly that it should request the Chilean Government to put an end to arbitrary detentions, unlawful solitary confinement of prisoners, physical or psychological pressures, murders for political motives and the persecution of people who do not agree with the opinions, measures or policies of the Government.

508. The security agencies still enjoy exceptional prerogatives and impunity for crimes committed against political dissidents. According to recent decisions by the courts, they have even acquired the right to commit offences punishable by law on the pretext that such licence is essential for safeguarding public order. The total secrecy which surrounds the activities of these agencies makes it impossible for Chileans to discover the location of places of detention or the identity of officials who arrest, interrogate and, in some cases, torture prisoners. The Special Rapporteur does not know to what extent the security agencies are free to act in violation of legal standards and rules, but he believes that these prerogatives—and, even more so, their condonation by the courts—constitute a dangerous precedent which may contribute to the perpetration of political crimes, abuses of authority and other serious offences.

509. The attitude of the judiciary, which does not exercise independently its functions of monitoring the acts of the executive and protecting human rights, is such that the Special Rapporteur can affirm that human rights are not protected in Chile. The judiciary accepts without objection the illegal acts of the security agencies, the existence of secret places of detention and the imposition of punishments by administrative order, without making inquiries as to the justification of these measures and without questioning the refusal of the security agencies, the armed forces and the administrative authorities to comply with its requests for information in cases when fundamental human rights are involved. The fact that the judiciary refuses to transmit applications for habeas corpus, refuses to investigate in good and due form, political crimes in which members of the security agencies are involved, and accepts arguments purporting to justify these crimes and other criminal acts in the name of "national security" requirements, is contrary to the rules and principles affirmed in the international instruments to which Chile is a party.

510. The Special Rapporteur recommends to the General Assembly that it should request the Government of Chile to comply with its international obligations in matters relating to the life, liberty, physical and moral integrity and safety of persons, by ensuring that arrests are always made in public places and in the manner prescribed by law, and that persons arrested are assured of a regular hearing before competent judges, who must have adequate powers to protect the rights of individuals, to monitor the acts of all State officials and to investigate irregularities or offences committed by those officials in the exercise of their functions.

511. On the subject of the situation of persons imprisoned for political reasons, who have this year been transferred to various prisons in the country and are confined together with ordinary law offenders and prisoners, the Special Rapporteur has addressed to the Chilean authorities a letter reminding them that in July 1978 senior officials of the Chilean State, in the presence of the Ad Hoc Working Groups, recognized the right of persons imprisoned for political reasons to be held in premises different from those occupied by ordinary law prisoners, and that they promised the Group to keep the two types of prisoners apart as far as possible. Political prisoners are now being confined in various prisons in the country, in which they appeared to be ill-treated and subjected to frequent and arbitrary punishment.

512. The Special Rapporteur recommends to the General Assembly that it should request the Government of Chile to ensure that persons imprisoned for political reasons are placed in premises separate from those used for other prisoners, and that the ill-treatment and punishment to which some of them are being subjected should be discontinued.

513. The repeated appeals by the international community for a proper investigation of the fate of missing persons have not been heeded by the Government of Chile. Inquiries undertaken by some of the investigating magistrates appointed by the Supreme Court have led to the identification of some of the bodies found in various places; but it has not yet been possible to ascertain the fate of more than 600 persons—arrested by officials and later declared to be missing—whose names appear on the lists presented to the investigating magistrates by the Chilean Bishops. There has also been no punishment of those officials responsible for

crimes leading to the disappearance of certain people, even where those officials have been identified. The robbery at the bank in the Calama area, followed by the murder of two employees of that bank by officials of the security agencies of the region, brought to light the use of methods similar to those used to eliminate political opponents, including certain missing persons whose bodies have been recovered. The real inquiry into the fate of those persons should include a checking of the record of arrests of all the agencies which carry them out, with verification of the names included in the lists of arrested persons and detainees from the month of September 1973 up to the end of 1977, and the questioning of those who were officials in these agencies, and there should be no acceptance of evasive replies or refusals to furnish the information requested in order to establish the truth. Only if the judiciary exercises all the powers attaching to its role with firmness and to the full extent necessary will the question of the fate of the missing persons be cleared up. The Special Rapporteur believes that as long as the judiciary does not fully exercise its functions and does not make public all the results and all the evidence obtained during the inquiries, it will not be possible to find out what has become of the missing persons.

514. During 1981 several individuals were expelled from Chile. They include some well-known Chilean figures who had held posts in preceding governments. None of the individuals expelled was accused of having committed any offence or of having defended violence. They are all persons who have expressed their disagreement with the political course of the Government, in particular with violations of fundamental human rights. Some of the individuals expelled were at the head of organizations for the protection of human rights, and all were obliged to leave the country for having tried to exercise their right to freedom of expression and to address petitions to the authorities. Since the entry into force of the new Constitution, the right of an individual to live in his own country, to move freely, and to enter and leave the country has become subject to further restrictions, since political opponents are being consistently excluded from Chilean territory.

515. Political rights have been suspended in Chile for eight years. Nor is the right to freedom of expression any longer observed, if it goes beyond certain limits of tolerance unilaterally established by the authorities. The new legislative provisions tend to restrict the freedom of the press and in particular to oblige the media to apply a greater degree of self-censorship. Many dissidents have recently been dismissed from the universities. Exclusions are steadily being extended to additional sectors of the social, economic and cultural life of the country, with a clear tendency to impose uniformity of thought and expression in all areas where that is possible.

516. The educational systems remains subject to strict control by the military authorities, and the recent restructuring of the universities seems to be directed mainly towards increasing that control. There is also a continuing tendency to restrict the number of vacant posts available in the universities and to make secondary and higher education more expensive, while lowering the level of education in the primary schools, the only sector that now remains accessible to the majority of the population. The State is steadily reducing the resources allotted to education in general, while maintaining exclusive control over the ideological content of what is taught; thus it provides an education void of any critical sense and totally in line with the views of the authorities. The dismissal of teachers and the expulsion of students who have tried to exercise their rights of freedom of expression, assembly or association are only some of the measures designed to intensify ideological and political control of education. Education in Chile is being geared more and more to the economic system advocated and applied by the authorities, which tends to emphasize social differences while sharpening the differences in the level of instruction.

517. In recent years most of the population of Chile has been obliged to cut down considerably its consumption of essential items, while the better-off minorities have increased their consumption appreciably. The purchasing power of the incomes of the poorest sectors has been brutally reduced in real terms since 1973, apart from a slight adjustment in 1980. Generally speaking, the wages and incomes of the better-off groups have tended to rise, while those of the poorest groups have remained the same or declined. In addition there has been a tendency to eliminate certain workers' rights concerning wages and conditions of work, which makes their life more difficult. The new labour legislation does not refer to the particulars of the labour contract, thus eliminating all protection for workers, who are, moreover, forbidden to join forces outside each enterprise for the purpose of collective bargaining on working conditions, a measure that further weakens the poorest groups, which cannot even count on benefiting from any advantage that they might gain from being more numerous. Nor can they any longer use their right to strike, whose exercise has been regulated by legislation in such a way that the strikes never yield the results hoped for by the workers.

518. The trade-union organizations are encountering obstacles to their free operation, obstacles that also deprive them of any possibility of effective action. The control exercised by the labour department over trade-union management, the weakening of the role of the federations and confederations, which have overcome serious difficulties in establishing and maintaining themselves, the constitutional rules which render many experienced leaders incapable of exercising their trade-union responsibilities, the juridical obstacles to the exercise of the right to association and assembly, and the persecution of trade-union leaders of differing views and of the trade-union organizations—a persecution that takes the form of prosecution, arrests, detention, obligatory residence, and dismissal from or dissolution of trade associations—all these measures constitute serious restrictions of trade-union rights. The Special Rapporteur accordingly notes that the trade-union rights recognized in the international instruments dealing with the subject are not exercised in Chile.

519. Unemployment has fallen slightly in the capital, but 20 per cent of the population of Chile still live in extreme poverty, and the governmental programmes seem to provide no real solution to this tragic problem.

520. The situation of the indigenous population, far from having improved in comparison with what was described in previous reports, has continued to deteriorate. These indigenous communities are now deprived of their common lands, the source of their subsistence and ethnic identity, and find themselves encouraged or obliged to divide them up in accordance with laws and procedures unknown to them which prevent them from defending themselves, because those laws and procedures are not adapted to their cultural situation. Moreover, some communities appear to be on the point of being displaced despite their right to territories which they have occupied for hundreds of years.

521. Generally speaking, it is not possible to report any improvement in the human rights situation in Chile. The new constitutional and institutional situation has not helped to reduce the scope of the restriction and violations of human rights, or to change the repressive measures directed at ever broader sectors of opinion. None of the appeals by the General Assembly and the Commission on Human Rights has been heard, nor is it possible to report the adoption of any measures conducive to restoring the exercise of human rights. Consequently, the international community should continue to give its attention to the human rights situation in Chile and use whatever means it deems appropriate to ensure the full restoration of those rights.

CONFIRMATION HEARINGS ON JAMES THEBERGE AS U.S. AMBASSADOR TO CHILE

(Questions by Senator EDWARD M. KENNEDY)

Mr. KENNEDY. Q: On October 22, 1981, the Senate adopted an amendment to the Foreign Aid Authorization Bill which established as one of the conditions which must be met in any Presidential certification on aid to Chile "that the Government of Chile is not aiding or abetting international terrorism."

Can you tell the Committee whether you believe that the Government of Chile supported acts of terrorism in the past?

Mr. THEBERGE. A: A US Grand Jury indicted three Chileans in connection with the assassinations of Orlando Letelier and Rinni Moffit. In order for that to happen there must have been substantial evidence that the three were involved. On the basis of that evidence we requested their extradition. It was denied by the Chilean Supreme Court, primarily on grounds that plea bargained testimony is not admissible as evidence under Chilean jurisprudence. There have been other allegations of terrorist acts committed by the Chilean Government; but in none of these cases has there been trial and conviction. Within our legal tradition men are presumed innocent until found guilty. I cannot give a categorical "yes" or "no" answer to your question.

Mr. KENNEDY. Q: Let me read from a declassified cable from the FBI dated a week after the assassination of Letelier regarding "Operation Condor." This was an organization of cooperating intelligence services in South America. The cable reads: "A third and most secret phase of 'Operation Condor' involves the formation of special teams from member countries who are to travel anywhere in the world to non-member countries to carry out sanctions up to assassination. . . ." The cable went on to note, "It is not beyond the realm of possibility that the recent assassination of Orlando Letelier in Washington, D.C. may have been carried out as a third phase action of 'Operation Condor.'" Since then, the US Government and, subsequently, a federal grand jury reached the conclusion that the Chilean Government had ordered the assassination. The former head of the Chilean Intelligence Service and two others were indicted for that murder.

Do you have any information as to whether other such international terrorist acts have been carried out by the Chilean Government?

Mr. THEBERGE. A: I am aware of allegations that the Chilean Government was responsible for the death of General Prat and his wife in Buenos Aires in 1974, and for the attack on Bernando Leighton and his wife in Rome in 1975.

Mr. KENNEDY. Q: If such information con-

cerning additional acts was released, what would be your recommendation as to appropriate US actions?

Mr. THEBERGE. A: The United States Government opposes international terrorism. Our relations with any government which engages in such activities would suffer. Clearly, if such activities occurred in the United States, I would recommend and support all appropriate diplomatic actions that contributed to the effective investigation and prosecution of those responsible.

Mr. KENNEDY. Q: Do you agree that there should be a special concern about Chilean agents who come to the US and who violate US law? Would you take steps to prevent such actions (as the Letelier affair) from being taken in the future?

Mr. THEBERGE. A: I am unalterably opposed to the illegal actions of any foreign agents in the United States. If, while Ambassador to Chile, it should come to my knowledge that agents of the Government of Chile might be engaged in actions contrary to our laws, I would take all measures within my power to prevent such actions.

Mr. KENNEDY. Q: Congressional Affairs Liaison of the FBI confirmed to me today (December 7) that the Bureau is advising government agencies including the FAA, in an unclassified memo, that Townley, who is now serving a sentence in relation to the Letelier assassination, obtained nerve gas while he was in Chile and brought that nerve gas into the United States to use in the assassination had that been necessary. I understand that this nerve gas was also produced by Chile to use against Argentina and Peru in case of war.

Are you aware of this? Can you find out for the Committee whether this is accurate and what steps are being taken to determine whether that nerve gas—I believe it is called "sarin"—has been used elsewhere by Chilean intelligence authorities?

Mr. THEBERGE. A: No, I have no knowledge of this report. I do not know whether I, or any government official, can determine the accuracy of this information. As Ambassador, I would, of course, do my best to comply with all requests and instructions from the Department of State.

Mr. KENNEDY. Q: During Senate debate of the Foreign Assistance Authorization Bill, the following provision was adopted: "It is the sense of the Congress that the Government of Chile should take steps to bring to justice by all legal means available in the United States or Chile those indicted by a US Grand Jury in connection with the murders of Orlando Letelier and Ronni Moffit."

Mr. THEBERGE. A: I will faithfully represent, to the best of my ability, the views of the American public, Congress and Executive Branch on this issue to the Chilean Government. The "sense of the Congress" language is one very important manifestation of the concern felt by many Americans regarding the Letelier/Moffitt assassinations. So long as there are legal means available, I will urge the Government of Chile to take all appropriate steps to ensure that those implicated in the assassinations are tried and, if found guilty, punished.

Mr. KENNEDY. Q: Are you familiar with the Chilean Government's recent action related to this case, and specifically the expulsion of the attorney for the Letelier family just prior to his appeal of a military court acquittal in the passport fraud case of Chilean intelligence officers in the United States stemming from the Letelier assassination?

Will you press the Government of Chile to permit Mr. Jaime Castillo to return to Chile?

Mr. THEBERGE. A: Yes. I believe that Mr. Jaime Castillo's return to Chile has been the subject of discussion between our two governments, and I would expect to take this matter up at the earliest feasible moment.

Mr. KENNEDY. Q: The families of Orlando Letelier and Ronnie Moffitt brought civil suits against the Government of Chile. In November 1980, Federal Judge Joyce Hens Green ruled in favor of the families, finding the Government of Chile responsible for the deaths. Judge Green entered a judgement against the Government of Chile for $4.9 million in damages to be paid to Letelier and Moffitt families. The Government of Chile has not paid that judgement.

Are you aware of what steps the US Government has taken to press that this judgement be paid? What are these steps?

Mr. THEBERGE. A: No, I am not aware of what steps the US Government may have taken in this case.

Mr. KENNEDY. Q: Judge Green's opinion states: "Whatever policy options may exist for a foreign country, it has no discretion to perpetuate conduct designed to result in the assassination of an individual or individuals, action that is clearly contrary to the precepts of humanity as recognized in both national and international law."

Do you agree with that view? What will you do to further it in Chile?

Mr. THEBERGE. A: I agree fully with the view expressed by Judge Green. Should circumstances require, I would express clearly and forcefully the position not only of Judge Green, but of the vast majority of the American people.

Mr. KENNEDY. Q: What steps will you tell this Committee that you will take to urge the Government of Chile to pay this final judgment issued by a US Federal Court?

Mr. THEBERGE. A: It is my understanding that this is a civil suit and that the US Government is not directly involved. I do not know what role the U.S. Government can properly carry out. As Ambassador I will be guided by the instructions I receive from the Department of State, and I will carry them out to the best of my ability.

Mr. KENNEDY. Q: What should be the role of an Ambassador in countries where there are serious violations of human rights?

Mr. THEBERGE. A: Human rights are a central aspect of American foreign policy. The role of the American Ambassador, in this regard, is to make sure that host country officials understand the importance of that factor and to report accurately the status of human rights in the country.

Mr. KENNEDY. Q: In response to a question from Senator Percy, you stated your belief that the Administration could provide Congress with the required certification because the Government of Chile is "not systematically and grossly violating human rights." How can you justify such a statement in view of the report just issued by the United Nations (Economic and Social Council) that the Government of Chile continued to refuse to cooperate with the Special Rapporteur and that they had failed to take the concrete measures mentioned in the resolution 21 (XXXV) of 29 November 1980? I refer to the entire report but would note that in point 10 the Commission on Human Rights "reiterated its indignation at the deterioration of the human rights situation in Chile. . . ."

Mr. THEBERGE. A: Neither the previous nor the present administration formally designated Chile as a country whose government engages in a "consistent pattern of gross violations of internationally recognized human rights." There has been significant improvement in the human rights situation in Chile since 1977. There have been no disappearances since October 1977; there has been no indefinite detention without trial since 1976; most political prisoners were amnestied in 1978. These are important advances. This is not to say that all problems have been resolved But Chile is by no means unique in that regard. As Ambasador, I will use appropriate diplomatic means to express the support of the American Government and people for the full restoration of all rights and protections that constitute the core of both the American and Chilean political traditions.

FEDERAL BUREAU OF INVESTIGATION,
Washington, D.C., December 9, 1981.

Guillermo Novo Sampol; Alvin Ross Diaz; Virgilio Pablo Paz Romero; Jose Dionisio Suarez Esquivel; Ignacio Roberto Novo Sampol; Michael Vernon Townley; Juan Manuel Contreras Sepulveda; Armando Fernandez Larios; Pedro Espinosa Bravo; Victims—Orlando Letelier; Ronni Karpen Moffitt; Protection of Foreign Officials—Murder; Explosives and Incendiary Devices; Conspiracy; Obstruction of Justice, Perjury

Eugene M. Propper, the former Chief United States Prosecutor in the Letelier assassination, and author Taylor Branch are collaborating in writing a book detailing the United States investigation of captioned matter, which book is to be published in early 1982.

In connection with extensive research to develop material for their book, Propper and Branch interviewed numerous individuals connected with captioned matter, including former officials of DINA, the Chilean Intelligence Service. They traveled extensively and Branch visited several foreign countries, including Chile. Propper and Branch advised that they secured a number of letters which were sent from the United States by self-admitted DINA agent Michael Vernon Townley to his DINA "cut-out" Gustavo Etchepare in Chile.

According to Propper and Branch, Townley made references in several of his letters to a highly secret DINA undertaking known as "Project Andrea." Propper and Branch advised that in his letters, Townley expressed concern that the United States Government would ascertain details of "Project Andrea," which would be highly embarrassing to the Chilean Government.

Propper and Branch indicated that Townley also expressed apprehension that the United States Government would be able to determine details related to "Project Andrea" through the GallenKamp Company in London, England, and through companies in Miami, Florida, that sold a microwave oven to Townley and rented a number of gas storage cylinders to Townley.

Propper and Branch also indicated that Townley, in his letters, expressed concern that the United States Government would be able to ascertain details concerning "Project Andrea" through an individual in Miami, Florida, identified as Sam McIntoch, who sold Townley unidentified electronic components bearing the brand name "Sierra." Propper and Branch reported that Townley's father, J. Vernon Townley, also assisted his son and Etchepare in liquidating outstanding bills in the respective amounts of 350 pounds sterling, $525.00, $160.00 and $325.00 to the GallenKamp Company, the company which sold the microwave oven to Townley and the company which rented the gas storage cylinders to Townley and to Sam McIntoch.

Propper and Branch noted that Townley also expressed concern in his letters that the Federal Bureau of Investigation would trace payments to the aforementioned companies and McIntoch through a checking account in the name of Prosin Limited at the Southeast First National Bank, Miami, Florida,

which Townley utilized in connection with his official DINA responsibilities.

According to Propper and Branch, "Project Andrea" involved the manufacture of nerve gas by DINA, which was to be utilized against Argentina and Peru in the event of hostilities between these countries and Chile. Propper and Branch advised that Townley, acting as a DINA agent, manufactured and stored a quantity of nerve gas at a laboratory located at Townley's residence in Santiago, Chile, during 1975 and 1976 and utilized chemicals purchased through the GallenKamp Company, the microwave oven and the rented gas cylinders in the process.

Propper and Branch advised that Townley created a substance known as isopropylmethylphosophonofluoridate, a clear liquid organophosphate commonly known as sarin, which vaporizes on being exposed to the atmosphere, producing droplets that enter the body through the skin or lungs to interdict the neurochemistry that permits the respiratory muscles to function.

Propper and Branch advised that Eugenio Berrios, a chemical engineer who was known by his DINA code name "Hermes," worked with Townley and also was involved in a parallel project on behalf of the Chilean Army for the manufacture of the same nerve gas.

Propper and Branch advised that when Townley traveled to the United States in September, 1976, via LAN-Chile on his mission to assassinate Orlando Letelier, he carried a quantity of the nerve gas with him on board the aircraft in his shirt pocket in a Chanel No. 5 perfume atomizer.

Propper and Branch advised that Townley was considering the utilization of this nerve gas to assassinate Letelier, but decided against using this method.

Propper and Branch advised that, according to Townley, Guillermo Novo Sampol and Virgilio Pablo Paz Romero, leaders of the Cuban Nationalist Movement, an anti-Castro terrorist organization, who assisted Townley in the planning and execution of the assassination of Orlando Letelier, were aware of Townley's possession of the nerve gas in the United States and also had witnessed the preparation of the nerve gas at Townley's laboratory at his residence in Santiago, Chile, during the period April, 1976, through June, 1976, when both Novo and Paz visited Townley in Chile.

According to Propper and Branch, the following LAN-Chile personnel assisted Townley and DINA in transporting materials between Chile and the United States: Ronnie Berger, Alejandro Fornes, Eugenio Herrera, Guillermo Neira, Bernardo Lacasia, Ronnie Lowery, Pocho Acevedo, and Jorge Nordenflycht.

Subsequent to the receipt of the above information from Propper and Branch, arrangements were made to have Townley brought to Federal Bureau of Investigation Headquarters from the place of his incarceration in a Federal penitentiary, where he was interviewed by Special Agents of the Federal Bureau of Investigation. Townley confirmed Propper's and Branch's information regarding the manufacture and intended use of the nerve gas by the Chilean Government.

Townley, however, denied that he personally carried the nerve gas with him from Chile to the United States on a LAN-Chile aircraft. Townley claimed to have had the nerve gas sent from Chile to the United States through LAN-Chile flight personnel who were unaware that they were transporting nerve gas. Townley did confirm that the nerve gas was transported to the United States by LAN-Chile flight personnel in a Chanel No. 5 perfume atomizer.

Townley advised that Novo and Paz requested that the Cuban Nationalist Movement be furnished a supply of nerve gas to utilize in their terrorist activities; however, Townley claimed that because of the unstable nature of Novo and Paz and other members of the Cuban Nationalist Movement, he refused their request. Townley advised that he insured that the nerve gas transported to the United States by LAN-Chile flight personnel was returned to Chile to the custody of DINA by the same method.

GIVE THE FIRST LADY A BREAK

Mr. THURMOND. Mr. President, today I would like to pay tribute to the First Lady of this country, Mrs. Ronald Reagan. She is a fine, intelligent woman who is extremely supportive of her husband. It is unfortunate, therefore, that some journalists have been writing unwarranted stories about Mrs. Reagan for some of the things she has said and done.

It particularly disturbs me, Mr. President, that some reporters have written stories unfairly criticizing Mrs. Reagan for attempting to renovate the White House in record time—and without spending a cent of taxpayer money.

In this connection, Mr. President, I ask unanimous consent that an excellent article on Mrs. Reagan that appeared in the November 25, 1981 edition of the Washington Post by freelance journalist Selwa Roosevelt be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GIVE THE FIRST LADY A BREAK

Dear Fellow Presspersons:

Fun's fun, but the pummeling of Nancy Reagan has gone on long enough. The latest attack, by Post columnist Judy Mann (Metro, Nov. 20), rebukes Mrs. Reagan for being only a wife and finds "the trouble with Nancy Reagan's image is Nancy Reagan."

The article prompts me to blow the referee's whistle. When is the press going to give the first lady a break? When are you going to stop expecting her to conform to certain criteria to please the fourth estate—criteria, I might add, that change as frequently as the hemline and seem just as capricious.

How fickle you are and how short your memories. Only yesterday you were making fun of Bess Truman's avoirdupois and Mamie Eisenhower's bangs. You laughed at their dowdy clothes and pedestrian friends.

Along came Jackie Kennedy, and you extolled in her the very things you now deplore in Nancy Reagan. Jackie was quite regal; her clothes and tastes were elegant and expensive and her friends were indeed rich—though slightly more WASPish with slightly older money than the Reagan group.

Except for Mrs. Kennedy's highly praised restoration of the White House, which 20 years later Mrs. Reagan is striving to maintain. I cannot remember any worthy charities that had the benefit of Jackie's patronage. You liked Lady Bird Johnson, and she fared well at your hands thanks to expert advice from Elizabeth Carpenter, her chief of staff, who stroked the press and won it with her efficiency and humor. Mrs. Johnson was justly praised for her "beautification" project, and no one objected when her zillionaire friends gave tax-deductible gifts to help it along. Nor did the press take her to task for primping up the Mall while folks were suffering in the ghetto. And although Mrs. Johnson was one of the richest first ladies in history, no one ever asked what she paid for her clothes or what she gave to charity.

You maligned poor Pat Nixon for being so determinedly middle-class. She was torn to pieces by the buzzards converging over the dead presidency of her husband, but she bore her anguish with great dignity despite the antipathy and heartlessness of the press.

Candid Betty Ford you liked for her gutsy battle with cancer and because she was an outspoken defender of the ERA and other pet projects of yours. She was good copy, but she shocked the less sophisticated hinterland with remarks often considered inappropriate for a first lady.

And finally, hark back to Rosalynn Carter, who only recently departed our fair city. You couldn't wait to pounce the minute she overstepped her "wifely" role. Remember the "Iron Magnolia"—the lady who had the temerity to sit in on Cabinet meetings and visit foreign heads of state to discuss substantive matters? Remember how you made fun of her weekly lunches with husband Jimmy to tell him how to run the country?

Let's face it. Most first ladies can't win, whatever they do. But in the interests of fair play and to help understand Nancy Reagan, I would like to venture some observations about this first lady especially vis-a-vis the press:

Mrs. Reagan is shy, sensitive and vulnerable. She is so reserved and private that to save her soul (and her image!) she cannot expound to strange journalists her innermost thoughts, her feelings toward those she loves, her philosophy of life, etc.

She cannot dissemble. She is so honest she cannot "stage" events to make her look good. She has tried, but is not adroit at turning aside hurtful remarks with a quip. She never tries to control or manipulate interviewers so that they concentrate on subjects she wants to discuss. When you ask a question, she often answers hesitatingly and briefly. (Hence, not an exciting story; hence annoyance and chagrin on the part of the journalist.)

She feels apprehensive and defensive with the press. She is hurt and bewildered by their hostility. And it's no wonder, when even a kind gesture such as offering chocolates to the reporters on her campaign plane was ridiculed in a column by an arrogant young journalist.

She is a real lady and a loyal friend. Those who have had the pleasure of meeting her in small groups find her warm and charming, especially when she is not on trial by the press. She is fun, relaxed, an excellent conversationalist, and interested in a wide range of subjects. She is also eager to listen and learn. She is not about to abandon her wealthier friends when they become politically inconvenient.

She has no doubt about her priorities. Her life is dedicated to Ronald Reagan .She adores him, and her greatest joy comes from being his wife. She feels this even more keenly since the assassination attempt. Most Americans applaud her for this devotion and love, but the carping comes from younger women, especially in the press, who simply cannot identify with her and do not understand her priorities.

The column in The Post criticizes her for not being "substantively" involved in various charities and causes. While that is not true, it is also irrelevant. By simply focusing attention on and illuminating a problem or a need, Mrs. Reagan gives the most effective help a first lady can.

On the matter of priorities, Mrs. Reagan uld well childe the press. Instead of writ- reams about her clothes and hairdressers, might report more fully her visits to drug nters, hospitals and other institutions. (For ample, the youngsters she talked with at ug treatment centers felt that marijuana ould not be legalized. All indicated that eir addiction to hard drugs began with arijuana. The press gave this scant atten- on.)

Mrs. Reagan has been first lady less than a ear. In this time she has suffered the shock an assassination attempt on the president; e has renovated the White House in record me without spending a cent of public nds; she has taken the time to get ac- uainted with Washington and become a art of the community, she is learning about s institutions and discovering where she an be of help. She has been more accessible han almost any first lady in recent memory.

One need not agree with her viewpoints on verything. (I, for one, wish she would un- erstand the importance of keeping abortion afe and legal.) But one has to at least grant er the right—indeed the duty—of being rue to herself and to chart her course as irst lady in keeping with her personality, her unbringing and her own interests.

A TRIBUTE TO MRS. MATTIE TALMADGE OF McRAE, GA.

Mr. THURMOND. Mr. President, I wish to take this opportunity to pay tribute to the late Mrs. Mattie "Miss Mit" Talmadge, who passed away at the age of almost 101 on October 20, 1981. She was the wife of the former Georgia Gov. Eugene Talmadge and mother of Herman Talmadge, former Georgia Governor and U.S. Senator.

To her beloved children, Herman Talmadge and Mrs. Scott Shephard, family, and friends I again extend my deepest sympathy.

"Miss Mit," as she was affectionately known, played a significant role in the history of Georgia politics. In fact, some refer to her as the "matriarch" of a "20th century political dynasty." She was the only woman in the history of the State to serve three times as the first lady and only the second woman in Georgia history whose husband and son both were Governor. One of the reasons for her husband's and son's successes may be largely attributed to her influence.

The death of "Miss Mit" is not only a loss felt by Georgia, but also by South Carolina. Born in Edgefield, S.C., she spent most of her childhood days in the Palmetto State before moving to Georgia, where she would later become one of the leading figures in that State's political arena.

Her son, former Senator Herman Talmadge, may have best summarized the qualities of his mother when he said, "Four simple words describe Mama. They are character, courage, work, and thrift in that order."

I feel a sense of personal loss with the passing of this outstanding lady because she was related to me. She and my father, John William Thurmond, were first cousins—two great people who set an exemplary life of hard work, strong moral character, and service to their fellow man. I knew "Miss Mit" as a practical woman who consistently utilized common sense in every decision that she made in life. In the complex world of politics, she always maintained a simple philosophy of integrity, thrift, and compassion that greatly contributed to her success, as well as the successes of her husband and son.

As a committed Christian, she loved her God and lived an exemplary life; as a first lady, she loved her State and its citizens and served them well; as a farmer, she loved the land and was successful in her farming operations.

In every facet for her life, she walked a productive and fruitful path, making friends wherever she went. "Miss Mit" was, without question, a lady, a leader, and a legend.

Since these brief words cannot justly depict the greatness of this remarkable woman, I wish to share two articles from the Atlanta Constitution, excerpts from an article in the Atlanta Journal, and an article from the Savannah Morning News that more fully describe her life and contributions.

Mr. President, in order to share these news stories with my colleagues, I ask unanimous consent that they be printed in the RECORD.

There being no objection, the article were ordered to be printed in the RECORD, as follows:

[From the Atlanta Constitution, Oct. 21, 1981]

GEORGIA MATRIARCH (MISS MIT) IS DEAD

(By Brenda Mooney)

Mattie "Miss Mit" Talmadge, the matriarch of Georgia's most prominent 20th century political dynasty, died Tuesday of heart failure. She was 100.

Mrs. Talmadge, who had been hospitalized in McRae since Sept. 27, is the only woman to have served three times as the state's first lady and only the second woman in Georgia history whose husband and son both were governor.

Her husband, Eugene Talmadge, was elected governor four times but died before taking office for a record fourth term. Her son, Herman Talmadge, also had a term as governor and served 24 years as a U.S. Senator before being defeated for re-election last year.

Funeral services are scheduled for Thursday at the First Baptist Church in McRae.

One of only two Georgia governor's wives immortalized in bronze on the state Capitol grounds, Miss Mit is depicted on a plaque attached to a statue of her husband. On that plaque, she is being embraced by Eugene Talmadge at the edge of a cattle field.

When she died, Mrs. Talmadge was just a few weeks away from her 101st birthday on Nov. 7. She had not officially retired until age 98, when she gave up supervision of her farm at the sprawling Sugar Creek plantation in Telfair County.

Asked once to describe his mother, Herman Talmadge said, "She is second only to God."

A few years later, he put it another way: "Four simple words describe Mama. They are character, courage, work and thrift in that order.

"There is nothing frivolous or artificial about her. I've never known her to play bridge, go to a dance, drink anything stronger than coffee or take so much as an aspirin tablet."

On election day 1980, she was brought by helicopter from a Jacksonville, Fla., hospital to her home so she could vote for her son.

Her retort was quick and simple when asked on the eve of her 100th birthday what she thought of his loss. "I don't think about it," she said, sitting in her parlor. "It don't bother me a bit."

Mrs. Talmadge then said she planned to spend her second century "doing the same thing, I reckon. Farm."

Born in Edgefield County, S.C., as Mattie Thurmond, Mrs. Talmadge came to Georgia as a young girl and was a railroad telegraph operator at Ailey, Ga., when she was 16.

At age 18, she married John Peterson, who died later of typhoid fever. While living with her mother-in-law in Ailey, Miss Mit met Eugene Talmadge, a young lawyer boarding in Mrs. Peterson's home.

"Eugene and I used to go horseback riding together," she recounted once. "Then he started asking me to parties in Ailey with him. I wouldn't go, so he stayed home to be with me."

They were married in 1909 and soon afterward moved to Telfair County, which became their permanent home.

It was Eugene who gave her the nickname by which she was known throughout the state.

"My first name was Mattie," she one explained. "But he started calling me Miss Mit. Then everybody took it up. I've always spelled my nickname with one 't' but lots of people write it with two 't's.' It really doesn't matter to me how it's spelled," she said.

She had one son by her first marriage and three children by her second, Herman, Mrs. W. H. Kimbrough of Atlanta and Mrs. Charles Smyly of Eastman.

Although longtime South Carolina Sen. Strom Thurmond is her first cousin and she played cards as a child with the populist leader "Pitchfork" Ben Tillman, Mrs. Talmadge initially was opposed to her husband's foray into politics.

"When Gene first talked about running for commissioner of agriculture, I was against it," she recalled one time. "But after I knew he was determined to do it, I helped him all I could."

According to her son, Herman, Mrs. Talmadge "was never too busy to help (Eugene Talmadge) in his work. She encouraged him in all his undertakings and was unquestionably obedient to his decisions. She was completely loyal to him in victory and adversity."

Eugene Talmadge was commissioner of agriculture from 1927 to 1933. He served three two-year terms as governor after that—from 1933–1937 and again from 1941–1943—and was elected to a fourth term but died before taking office.

The elder Talmadge's death touched off Georgia's famous "three governors" battle and led eventually to son Herman's election to the office in a 1948 special election. Herman served as governor until 1955.

From 1933 until 1975, Mrs. Talmadge was a fixture at state gubernatorial inaugurations. She often appeared in a blue outfit, to match her blue-gray eyes, and what society columnists of the time called "pert little hats."

But while she went along as the men in her life made politics their career, Miss Mit kept farming as her first concern. When she and her husband moved to Atlanta and into the governor's mansion, she took a cow and some chickens with her and allowed them to graze on the front lawn.

Years later, while flying over miles and miles of trees in Virginia, she commented, "I don't see how folks make a living here with no place to grow turnip greens."

On Tuesday, Gov. George Busbee lamented her death, saying, "I long have been an ad-

mirer of Miss Mit as a woman of spunk and resourcefulness. She was a charming and witty first lady who carried out her duties as wife, homemaker and mother and public figure with considerable grace."

[From the Atlanta Constitution, Oct. 23, 1981]

HATING TO THINK (MISS MIT) IS GONE

(By Celestine Sibley)

The death of "Miss Mit" Talmadge last Tuesday was a blow to hundreds of older Georgians who knew her in her halcyon days as matriarch of the state's most powerful political family.

It also brought a touch of sadness to those of us who knew her in a peripheral way—from covering the activities of her husband and son, from seeing her at inaugurations and election night shindigs, from interviewing her from time to time. I think that tremendous strength and self-reliance, that certainty which was Miss Mit's is going to be missed by the state at large.

Miss Mit is the type of Southern woman I think of when I rise up to defend the sex against those who would depict females of our region as weak and vacillating idiots. She knew who she was—a situation which seems to be increasingly rare, if you believe what you read nowadays. She was steady and assured and like an old Mississippi woman I have heard of, could proudly say, "I kivver the ground I stand on!"

All of us have our favorite memories of Miss Mit and sometimes when we get together we talk about her humor, her devotion to her family and to the land, her wondrous adventures in farming. She was my introduction to the feminine side of Georgia politicking. I had never covered a political race until I was sent out into the hustings with her husband, Eugene Talmadge, and his opponent, young James V. Carmichael of Marietta. The paper was supporting Carmichael editorially and there was a good deal of bitterness in "Ol Gene's" heart against our editor, Ralph McGill, with vitriolic and sometimes very funny attacks in every speech.

But Miss Mit didn't hate anybody. I remember her introducing me to her daughter Margaret and saying gently, "She works for The Constitution but she doesn't have anything to do with them mean things they're saying about your father." I didn't but only a savvy politician like Miss Mit would know it. She taught me then and later that good politicians haven't time to hold grudges or to nurture petty grievances. They don't get their feelings hurt or sulk.

On several occasions I visited Miss Mit at Sugar Creek farm and there was no more gracious hostess. She had an instinct for hospitality and if, after a hard day of overseeing the work in a field, she had no company meal on hand it didn't matter a whit. "Come on in and eat some collard greens with me," she would say.

Just before her husband died he was confined to a hospital in Jacksonville and I was sent down to see him. He wasn't allowed to have company, my newspaper friends in Jacksonville told me. No interviews allowed. But Miss Mit, who sat in the little waiting area outside his door, checking on him from time to time, knew that a newspaper reporter has to have a story. She knew I would probably have to hang around until I got one and she also knew that I had a sick baby at home.

So she tried to think of things I could use. I remember her bright blue gaze on the distant horizon as she racked her brain for medical facts and little details which might help me. The doctor had put Ol' Gene on goat's milk, she told me, and made a humorous story of her efforts to find goat's milk in a modern city. The trouble was that the story I was seeking was what was going to happen to the governor's office with a very-sick governor-elect taking over. Miss Mit didn't know but she and a nurse, a big formidable iron curtain of a woman, agreed to take some questions I jotted down into the old governor and to see if he would answer them for me.

He did better than that. He told them to bring me into the room and he answered the questions in person, easily, readily, finishing, "Now you get out of here and go home to your sick baby." Miss Mit had told him, and no doubt prevailed upon him to see me. She was not only a strong woman but a kind woman and I hate thinking she's gone from Telfair county and Sugar Creek farm forever.

[From the Atlanta Journal, Oct. 21, 1981]

MISS MIT, TALMADGE MATRIARCH, DIES

(By Journal Staff Writers)

McRAE, GA.—Mattie Thurmond Talmadge, mother of Georgia's former senior senator and widow of one of the state's most colorful governors, died Tuesday at the Telfair County Hospital.

"Miss Mit," as she was popularly known for most of her life, was 17 days shy of her 101st birthday. The cause of death was listed as congestive heart failure.

She is survived by a son, former Sen. Herman Talmadge, and a daughter, Mrs. Scott Shepherd of McRae, who was at her bedside when she died.

The funeral will be Thursday at the McRae Baptist Church.

"I long have been an admirer of 'Miss Mit as a woman of spunk and resourcefulness,' Gov. George Busbee said Tuesday. "She was a charming and witty first lady who carried out her duties as wife, homemaker and public figure with considerable grace. Mrs. Talmadge was a strong and positive influence on all who knew her.

"Her love for the land and her home state will long be remembered. Mary Beth joins me in extending heartfelt sympathy to Sen. Talmadge and other members of the family. All who were fortunate enough to know Mrs. Talmadge will miss her." The death of "Miss Mit" at 1:40 p.m. Tuesday erased one of Georgia's last links to the legendary days of the old Talmadge regime, when three-term governor Eugene Talmadge held the reins of power as tightly as he gripped his red suspenders.

As the mother of Herman Talmadge, the former railroad dispatcher had held on to the quiet political power that first came to her when her husband was inaugurated as governor in 1933.

But she seldom exercised it, preferring instead the life of an industrious country lady at Sugar Creek, the sprawling farm that she had operated 140 miles south of Atlanta since 1937.

Born in Edgefield, S.C., on Nov. 7, 1880, she was christened Mattie by her father, Jasper Thurmond.

That soon became "Miss Mit," (often spelled with two t's though she preferred only one).

At 16, she went to Ailey, Ga., where a brother-in-law was a railroad agent and knew Morse code. Soon, she picked up the system of dots and dashes and worked as a dispatcher for more than a decade.

Her marriage to John A. Peterson of Ailey ended with his death in 1906, when their son, John Jr., was 3 months old.

After a horse-riding courtship, she married Ailey lawyer Eugene Talmadge in 1909. It was the beginning of what armchair historians called "the Talmadge clan."

She at first opposed "ol' Gene's" entry into politics.

But his powers of persuasion, soon to be demonstrated in Capitol cloakrooms and on stumping tours across the state, won her over to his view.

Besides, she said, "he was the best vote-getter in the family."

Ironically, it was Eugene Talmadge's departure for Atlanta to become commissioner of agriculture in 1927 that forced his wife into the farming business.

"He left me with the children and the farm," she recalled later, "and I simply had to learn how to run the farm."

Her business approach was as straitlaced as her Baptist beliefs.

"Mamma has always taken life seriously," her son Herman once said, "She regards it as a matter of survival, and views every problem and challenge in life in terms of fundamental values."

Despite the attraction of Atlanta during her husband's first two terms as governor from 1933 to 1937, the state's first lady preferred to remain at home, managing the farm.

Through her efforts, the farm became a plantation, with a 12-room, five-bath colonial mansion as its headquarters.

The house, built toward the end of the Depression, cost $100,000. Most of the money came from her earnings as a cotton farmer.

She believed in staying at home "like a woman should be." But, a farm worker said, "she runs the farm better than a lot of men."

Like the farm, the family's political fortunes grew.

If a Democratic nomination was tantamount to election in those one-party days, a good word from "Ol' Gene" was tantamount in some quarters to the nomination itself.

And young "Hummin" (as the family pronounced his name) seemed sure to follow in his father's footsteps with equal success.

As his mother put it, "Once a Talmadge man, always a Talmadge man." There were plenty of Talmadge men around.

Life in the old governor's mansion on The Prado in Ansley Park was a curious mixture of the simple and the sophisticated. The Talmadges kept a cow in the barn and grazed her on the front yard—a symbol of Georgia's almost solidly agricultural economy.

In a slightly more urban touch, the first couple had the mansion's tennis courts resurfaced, like many modern suburbanites, and battled wild onions on the lawn.

Often they could be seen shortly after dawn clip-clopping their way through Piedmont Park on two of the three horses they kept at the mansion.

Their presence drew jammed crowds to the rallies staged by Gene in the wool hat areas outside Atlanta, rural sections he loved best.

The crowds ate "half a mile of barbecue" and listened to three-hour speeches.

And they welcomed the bright-voiced, braid-haired "Miss Mit" with the same enthusiasm that marked their Wednesday afternoons off and a trip to town.

The campaign forays often left the Talmadge couple divided. Gene harangued the audience—sometimes 50,000 strong—from a makeshift podium. His wife, meanwhile, sauntered through the crowd.

Candidates for lesser offices sought her out.

Patronage seekers shook her hand.

She worked actively as a Democratic state committeewoman, attended the party's national conventions and showed up at more sessions of the Southern Governors' Conference than any single governor could.

By any standard, Miss Mit was a power to be reckoned with. At one point, she was mentioned as a possible successor to Gene.

But her husband's death in 1946, shortly after his election to a fourth term, curtailed her political involvement.

"Hummin told me not to politick for nobody but him," she explained.

[From the Savannah Morning News, Oct. 21, 1981]

MISS MIT TALMADGE, CLAN MATRIARCH, DIES

McRAE.—Mattie "Miss Mit" Talmadge, whose husband was elected governor of Georgia four times and whose son was a governor and U.S. senator, died Tuesday of heart failure at the age of 100.

The matriarch of one of Georgia's most famous political clans, "Miss Mit" had been hospitalized at Telfair County Hospital in failing health since Sept. 27.

Mrs. Talmadge was the widow of Gov. Eugene Talmadge, who died in 1946 before taking office for a record fourth term, and the mother of Herman Talmadge, who also served in the Georgia governor's office and then was elected four times to the U.S. Senate.

"I long have been an admirer of 'Miss Mit' as a woman of spunk and resourcefulness," Gov. George Busbee said Tuesday. "She was a charming and witty first lady who carried out her duties as wife, homemaker and mother and public figure with considerable grace."

He added, "Mrs. Talmadge was a strong and positive influence on all who knew her. Her love for the land and her home state will long be remembered."

Known as a farm-woman with a zest for Georgia politics, "Miss Mit" once was described as equally at home in a state ballroom and a tobacco field.

She lived in the Talmadge home on Sugar Creek planation near here.

She devoted much of her energy to managing 800 acres of farmland on the plantation, raising cattle, hogs and chicken and food crops.

"Miss Mit" took a milk cow with her to the governor's mansion when her husband was there, said Scott Shepherd, husband of Mrs. Talmadge's daughter, Margaret.

"She's always had a milk cow, and when she went to Atlanta, it grazed on the lawn," he said.

Her husband gave her the nickname by which she was known statewide.

"My first name was Mattie," she once explained. "But he started calling me Miss Mit. Then everybody took it up."

"Miss Mit" at first didn't want her husband to get into politics.

"When Gene first talked about running for commissioner of agriculture, I was against it," she recalled. "But after I knew he was determined to do it, I helped him all I could."

AGENDA FOR PROGRESS

Mr. CANNON. Mr. President, I have spent much time and given much thought seeking to understand the rationale underlying the OMB's determination to reduce important programs of NASA and, in particular, those identified as aeronautical systems development programs. Toward that end someone recently suggested that I review a study, published some time ago by the Heritage Foundation, from which to obtain an independent viewpoint which might answer some of my questions. Pressed for time, as most of us have been in the past few weeks, I requested the most experienced aeronautics expert on the staff of our Subcommittee on Science, Technology and Space to review and comment on the study in question.

Dr. Smick, who responded to that request, was so disturbed by the thrust of that study as it applies to aeronautics that his comment developed into a treatise on the subject, which I believe will be of interest and value to many. So I take this occasion to request its inclusion with this statement.

It would probably be helpful to any readers, unfamiliar with his background, to summarize it briefly so that the breadth and relevance of his experience would be recognized. Dr. Smick studied physics at Yale and Stanford where he received his B.A., and Ph. D. degrees respectively. He supplemented that education with study of aeronautical engineering at Purdue. After 5 years of military service in the Air Force he spent 25 years in the airline industry divided between TWA and American Airlines.

During that period he at various times headed those companies' engineering, flight test, quality control, and maintenance departments. He also headed TWA's initial commercial diversification program and served as a staff vice president in TWA's marketing department. His comment echoes from another perspective many of the concerns and viewpoints I have expressed in several statements made on this floor during this session of the Congress.

Mr. President, I ask unanimous consent that the comments of Dr. Smick of the committee staff be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMENTARY ON "AGENDA FOR PROGRESS"

(By A. E. Smick)

Chapter 3, entitled General Science, Space and Technology of the "Agenda for Progress," a study published by the Heritage Foundation, covers a spectrum of inter-related issues dealing with tangible as well as imponderable human benefits of scientific research and technology development. This chapter treats with industry, government and institutional roles therein. It categorizes and delineates various aspects of research and development and the variance of government and industry roles in those categories. It considers the role of high energy physics in sub-atomic and interstellar research. It discourses on elusive and far ranging economic and marketing issues. It analyzes the sources and deployment of funds expended in scientific research and technology development. It contemplates new international and domestic institutional structures for future guidance of all the world's scientific efforts.

Remarkably, the accompanying disclaimer indicates that the study and its views are not a product of the Heritage Foundation but entirely those of its single author. This suggests an awesome range of knowledge and wisdom on the part of one modern day scholar that may rightly topple the image of Solomon in the minds of many. In commenting on this study, I (for one) would prefer to limit my range to matters on which my knowledge and experience might justify submittal of relevant recommendations to decisionmakers. I will address only aeronautical research and technology development as treated (others will say mistreated) in the Agenda for Progress. This treatment will include historical and philosophical generalities as well as critical specific issues of the present Federal budget cycle.

Three score and seven years ago, a number of leaders in our nation, the undisputed birthplace of powered flight, were dismayed by the early disclosures of World War I that every major European contestant in that war had developed aircraft superior to those in the U.S. With foresight and wisdom, sadly eluding certain present day scholars and budget planners, Congress thereupon established the National Advisory Committee on Aeronautics—NACA. It constructed aeronautics and propulsion laboratories and research centers staffed with creative engineers and scientists; it supported and stimulated related university research; it developed enduring cooperative links with an emerging industry; it supported joint industry-government research and technology development programs in aerodynamics and propulsion. To what end?

Within the first decade of NACA's leadership and support of the Nation's aeronautics developments, its aviation pioneers set record after record with diverse flight firsts, capped by Lindberg's solo crossing of the Atlantic. Artifacts of these pioneering achievements are on display at our National Aeronautics and Space Museum where they stimulate the spirit and imagination of millions visiting the museum from countries all over the world.

Within the second decade of aviation progress supported by NACA, our industry developed commercial aviation products and airline services that became the foundation for its future worldwide predominance in the supply of such commercial products and services.

Early in the third decade of aviation progress supported by NACA came the test of World War II. The combination of an aviation industrial base and a technological base rooted in NACA programs enabled production of a range and quantity of military aircraft which had much to do with sparing western civilization the millennium of horror envisaged by a determined egomaniac. This responsiveness of industry to military needs accentuated the wisdom of an independent agency whose technology development and industry links were at the root of the synergism which permitted then, as it does now, the rapid adaptability of that technology for either civil or defense needs.

The fourth decade of progress under NACA saw the aviation industry's potential for worldwide leadership in civil aviation come to fruition. Its newly developed jet transports rapidly became the flagships of every international airline in the free world. The speed, safety, reliability, and comfort of these aircraft brought international travel to households that had never left their hometowns. It provided to many people on a then relatively peaceful planet a renewed hope (forlorn, as it turns out) that international travel and personal communication between peoples involved in commerce, recreation, the arts and sciences. plus many international institutions would help achieve permanent peace in the world.

In that decade a new challenge—the conquest of space travel and exploration—was encountered, this time by developments in our least friendly neighbor on this planet. Recognizing (as who but the uninformed would not) that the results of four decades of progress in earthbound aviation supported by NACA proved that the Nation had in place a model for meeting this new challenge in space science, Congress established the National Aeronautics and Space Administration—NASA. In so doing it reaffirmed and extended the agency's role to encompass space as well as aeronautics. It authorized continuation of the productive collaboration between government, industry, academia, and independent research institutions in a wide range of programs all coordinated, directed and largely funded by NASA.

In the ensuing fifth and sixth decades, the greater emphasis on space science and exploration led to the successful Apollo program, interplanetary scientific discoveries, development of commercial satellite communications, mapping and data gathering by satellite over remote land areas of the world, oceanographic and atmospheric data gathering by satellite, and the beginnings of mankind's first space transportation capability.

In the meantime under continued but cur-

tailed NASA support for aeronautics research and development, the aviation industry's technological leadership achieved a new dimension of importance to the national economy. In 1980, aviation exports achieved a net contribution to the U.S. balance of trade of about $13 billion—itself equivalent to over 400,000 jobs. Gross manufacturing and airline revenues were nearly $100 billion which, at very nominal profit levels, would equate to $2–3 billion in tax revenues to the national treasury. Over a million people with a wide range of scientific, technical, marketing and production skills enjoyed full-time employment in the industry. A quarter of a billion passengers were carried by the certificated trunk and regional carriers in the U.S. without a single fatality.

Now, with desperation displacing reason in its quest for needed reductions in Federal spending, the OMB proposes to eliminate NASA's aeronautical systems development programs and to further curtail its technology base. Untimely support for this errant notion comes forth in the Heritage Foundation's published study entitled an "Agenda for Progress." What a remarkably inappropriate title that is! Its immediate implications are either, (a) that the NACA/NASA record just reviewed does not constitute progress, or, (b) that the industry has matured at a self-sustaining plateau with limited new technological challenges and opportunities, or (c) that displacing the NASA aeronautical roles of the past with some vaguely conceived new "institutional innovation" will indeed achieve progress previously lacking or too costly to sustain. Let me address these implications in that order.

(a) This is so patently preposterous that it needs no further discussion and should be dismissed by paraphrasing a simple prayer "forgive them Lord, for they know not what they say."

(b) This is a serious conclusion that thoughtful but inadequately informed people may come to. It is a premise which OMB appears to have based its budget planning upon. As such it merits substantial analysis and discussion.

First, I will touch on the technological, challenges, not with encyclopedic thoroughness, which I am ill equipped to provide, but sufficiently to illustrate the needs. The first and foremost of these is technology development for energy efficiency. Regardless of any temporary complacency attributable to today's world oil glut, an adequate supply of petroleum fuel for aviation needs—civil and military—remains as a relentless threat to the future of all aviation activities. NASA's aircraft energy efficiency programs of the past few years have achieved rewarding improvements. They have also indicated abundant opportunities for greater economies requiring further advanced technology development to achieve them. A few that are under way, or waiting in the wings, so to speak, which would be curtailed by the proposals of the OMB are described below.

1. Graphite Composite Materials For Large Aircraft Primary Structure:

Those familiar with airplane design recognize that any new design concept originates with and rests on the wing. At present a program, supported by NASA, is developing and testing applications of this structural material to secondary and lightly loaded components of the primary structure. That program, no matter how promising its results, will not permit any large aircraft manufacturer to risk design of a new large transport such as would be necessary to gain the major energy efficiency advantage of this advanced material technology. A major program directed toward wing construction of composite materials must first be successfully completed. Research is needed to disclose and develop full understanding of the physical and chemical nature of the bonding between the carbon filaments and its matrix, positive knowledge as to how that bonding may change with time, with exposure to fuel, water ingestion, lightning strikes or physical injury during service.

2. Advanced Turboprop Technology Development:

Research in recent years has established that turboprop design can now be expected to provide about 15 percent improvement over advanced turbofan engines in passenger seat-mile fuel efficiency at cruising speeds typical of medium-range turbofan transports. Intensified and accelerated program support is needed in the area of propeller design, engine and gear box design, vibration and acoustics research and test, plus selection and modification of an existing airframe for full-scale flight demonstration and test. Such an effort would advance by several years our Nation's technology readiness and industry's ability to undertake product development for extensive world markets.

3. Airplane Active Control Technology:

For decades civil aircraft have accepted a severe drag penalty in empennage design to provide natural stability in pitch—that is, to offset the unstable couple provided by the upward lift force of the wing and the downward force represented by the weight. Modern computer and electronics technology applied to active control of horizontal tail surfaces can substantially reduce the size, weight, and drag contribution of the empenage and permit more efficient wing location and performance. This offers performance potential for military aircraft and energy savings, particularly for large transports. It is technology which foreign competition is pursuing intensely.

Those are representative near-term technological challenges forced by a national need for fuel conservation. It is representative of any situation in which a public goal, which can in our society be fulfilled only by industry, may present too great a financial risk for industry to undertake voluntarily. The public options in those situations are to forego the benefits, or mandate by law and regulation industry's achievement (as with the auto fuel economy program), or support industry by Federal funding of the high risk technology development and demonstration which thereafter makes possible industry's far larger investment and risk taking in product design, development, testing, production and marketing.

Looking further into the technological challenges of the future looms the ultimate prospect of zero availability of petroleum based fuel. One alternative to the environmentally unattractive solution based upon use of coal and shale derivatives is the use of liquid hydrogen. This alternative poses technological, economic, political, and institutional challenges which will never be met by industry absent a necessary Federal role. NASA is structured to provide much of that role when it becomes necessary and timely.

Pointing toward opportunities in aviation, let us never forget that the raison d'etre for aviation is speed. Mankind, at least in a free society, will not forever accept the magnificent sub-sonic transports of today as the practical limit for useful airline travel. Hypersonic transports lie ahead when research and technology development establish their economic and technological feasibility. Those whose lifetimes have been spent in aviation are the first to understand that this industry is in its infancy and not the mature industry that some believe it to be.

Are there more tangible, more immediate reasons for Federal support of aeronautical technology development programs? Are there reasons to doubt that the aviation industry can and would pursue the more immediate of those programs if terminated or severely curtailed by NASA? As illustrated by Senator Cannon in his testimony before the House Science and Technology Committee hearings of December 8, 1981, "An advanced aeronautic development typically involves complex technology, costly one-of-a-kind laboratory facilities, collaboration by a wide range of highly specialized experts in many disciplines, and high risk of technological and economic failure. For example, the ongoing program to develop and establish the technological feasibility of an advanced turboprop or propfan propulsion system requires carefully planned and centrally managed participation of a major propeller design company, an engine company, two airframe companies and the world's finest propulsion laboratory at NASA's Lewis Research Center.

"Under the successful system which has evolved through half a century of progress since NASA and its predecessor agency, NACA, were established by Congress, NASA, and only NASA, can provide the central planning, coordination, technical integration, scheduling, and management of such a complex program. Absent NASA's unique and proven competence to perform that role, our aviation industry would be stifled by a combination of antitrust constraints, by proprietary conflicts, by unacceptable single company risk taking. The result would be simple—no result."

But that does not reflect the economic consequences of that result. Other industrialized nations have marked well the unmatched success of the U.S. aviation industry largely attributable to the NASA model for technology development. Consortia of foreign governments and industry have adopted derivatives of that model. Their technology and marketing accomplishments are now severely threatening our aviation industry. The European consortium producing the wide body Airbus has displaced Douglas and Lockheed in worldwide sales of their DC–10 and L–1011. (Only last week Lockheed announced termination of its L–1011 production program with accompanying layoff of several thousand employees.)

Before this decade is out, most of the major airlines of the world are expected to begin procurement of several thousand advanced medium size, medium range transports to replace less fuel efficient aircraft which are also incompatible with community noise abatement goals. That multi-billion dollar market is now severely competitive even if we pursue all advanced technology developments of the character earlier touched on; that market will be substantially lost if we fail to do so. In place of today's large positive contribution to our trade balance, we may see our own airlines opting for foreign aircraft for the nation's major airline services just as they now do for commuter class services.

It takes little sophisticated analysis to recognize the economic impact of that scenario. We are currently experiencing it in the automotive industry, wherein hundreds of thousands of U.S. employees and their families have been added to the staggering welfare costs of the nation.

Excluding the massive expenditures for social security retirement, for medicare, child nutrition, assistance for the blind and aged, and other unaffected welfare programs, the gross Federal cost of remaining welfare benefits is about $130 billion annually. Loss of the current positive aviation trade balance would alone add several hundred thousand families to those rolls at a cost of $5 billion per year. What a terrible price to pay for the shortsighted desire to avert $250 million of Federal support for NASA's aeronautical technology development programs. Nor does that account for the human costs of lost jobs, family dislocations, broken homes, abandonment of hope, that are the legacy of such a disastrous judgment call.

(c) Let me now consider the merits of the several alternatives offered in the "Agenda for Progress."

1. A Federal Prize Program:

Let us apply this alternative to one of the needs earlier noted, namely, the pursuit of research, technology development and validation toward an advanced turboprop concept. This, if successful, would permit the vast medium range air travel requirements of the world to be performed at speeds of about Mach 0.75–0.80 with fuel savings of about 15 percent relative to the most advanced turbofan power plants. That fuel saving corresponds to many millions of barrels of petroleum.

In the proposed scenario, a private corporation, instead of NASA, would expend $200 million to perform this research and development. Somehow its board of directors and associated lending institutions would have the a priori conviction that the development would be successful and earn a compensatory award. The corporation would cheerfully overlook the consequences of failure which would disqualify it for an award, or overlook the possibility that in the intervening years for the development a political bureaucracy would change its rules and void the award, or overlook the likelihood that the award grant would deprive it of proprietary values in the R&D results.

A corporation might prefer buying mineral rights on the moon to proceeding on that basis.

2. Philanthropy:

At this season of the year, it perhaps is appropriate to find in the spirit of the Three Kings of Orient bearing Gifts a solution for the development of advanced fuel efficient turboprop technology. Being somewhat faithless by disposition, I find it difficult to look back 20 centuries for a formula for progress into the 21st century.

3. Institutional Innovations:

We are asked to believe, or more accurately, it is suggested that "institutional R&D offers at least as great a potential for benefits to modern civilization as does technical R&D." To a world that has suffered disappointment and failure in its greatest international institutional innovations, this idea must appear as incredible as it does to me. When one contrasts the contributions of aeronautics technology to the travel opportunities of people all over the world, or the video communications by satellite among people all over the world, or the enrichment of the minds and spirit of people all over the world at the spectacular achievements of NASA's Apollo program, its interplanetary missions and the Columbia shuttle flights to the disarray or non-achievement of some of our noblest institutional approaches, it seems impossible to accept preference of the latter over technical R&D.

In any case, the closing italicized statement of the study contains a note of unintended irony. Whereas the study condemns Federal involvement in the technology demonstration and validation phases of technical R&D, with respect to institutional R&D, it clearly recognizes the Federal role . . . "to bring knowledge of the innovation up to the point where other potential users could decide whether to adopt it on their own." It would be hard to find more apt words to explain NASA's role in technology development and demonstration which seems so unacceptable to the study—and unhappily to OMB.

This nation has in place an institutional approach in NASA's long nurtured association with industry, academia, DOD laboratories, and private research laboratories that has been characterized by over 60 years of progress. It has fulfilled some of the most tangible needs of our people in both civil and defense aviation as well as responding to many of our people's highest aspirations in its space science program. Let us neither dim nor displace that bright beacon of progress with the faint flicker of hope some may see in any of the speculative alternatives offered in this misnamed "Agenda for Progress."

S. 1939: THE NATIONAL INSTITUTE ON ARTHRITIS AND MUSCULOSKELETAL DISEASES

Mr. CRANSTON. Mr. President, I am pleased to have joined with the distinguished senior Senator from Arizona (Mr. GOLDWATER) in introducing last Friday, S. 1939, a bill to establish a National Institute on Arthritis and Musculoskeletal Diseases within the National Institutes of Health. As author of the National Arthritis Act of 1974 (Public Law 93–640) I have long been acutely aware of the needs of and potential for research into arthritis and musculoskeletal diseases. If enacted, this bill would help to promote our Nation's research efforts for some of the most prevalent and devastating diseases in our society.

Before describing the provisions of S. 1939, I would like to discuss briefly what we know about arthritis, its nature and incidence, and the costs to the Nation that result from it.

WHAT IS ARTHRITIS?

Mr. President, arthritis is usually thought of as a condition of old age. Actually, arthritis is a generic term covering more than 100 forms of diseases that afflict young and old alike. Over 31.5 million Americans have some form of arthritis—one out of every seven citizens. Each year approximately 1 million Americans fall victim to this painful and debilitating disease. Arthritis attacks the body's moveable joints and connective tissues, sometimes resulting in systemic complications with critical damage to major organs. Over 20 million Americans suffer from arthritis severe enough that they seek a physician's help. In 1978, 549,000 hospitalizations were due to arthritis-related diseases.

RHEUMATOID ARTHRITIS

The two most common forms of arthritis are rheumatoid arthritis and osteoarthritis. According to 1960–62 data from the "National Health Examination Survey," which is based on physician examinations and provides perhaps the most accurate data on the incidence of disease in the population, over 5.7 million persons aged 18 to 79 were afflicted with rheumatoid arthritis—over 3.2 percent of the population. This survey does not take into account the millions of persons institutionalized in nursing homes and other facilities. Also, due to the increased prevalence of the disease among older individuals and the aging trend in the population since 1962, it seems clear that the current prevalence of this condition is likely to be much higher.

Rheumatoid arthritis is the most devastating and crippling form of arthritis. It is a chronic disease that leads to permanent joint deformities and lifelong disability. Rheumatoid arthritis is especially insidious because it is a systemic disease often leading to damage in other organs, such as the eyes, heart, and lungs. This disease strikes individuals of all ages from the very young to the very old and affects women three times as often as men.

A particular devastating form of this disease is juvenile rheumatoid arthritis, which affects over 250,000 children. As in the case of cancer and heart conditions, when a chronic disease such as arthritis strikes a child, it can often be much more severe than an adult case. Juvenile rheumatoid arthritis can stunt growth, blind, cripple, deform, and disable, and it can kill. It is estimated that another 250,000 children suffer from other forms of arthritis. Today the prevalence of arthritis among children is higher than that of polio during the most severe epidemics of the past.

OSTEOARTHRITIS

Osteoarthritis is the most common form of arthritis. According to the national health examination survey for 1960–62, based on X-ray examinations of noninstitutionalized patients, over 37.4 percent of the population aged 18 to 79 had some form of osteoarthritis. For those individuals aged 75 and over, the incidence of the disease was as high as 86 percent. Again, due to aging trends in the population, the incidence of osteoarthritis is probably much higher than these figures would indicate.

Although osteoarthritis usually develops more slowly and, in comparison to the severity of rheumatoid arthritis, is milder and less painful, it is a progressive condition that can in its later stages produce extreme pain and disability. Over 10 million Americans have osteoarthritis severe enough to cause painful problems seriously affecting their ability to perform their daily activities and their jobs. Osteoarthritis often develops after traumatic injury to a joint.

According to a 1971 survey, there were 17 million significant injuries associated with sports and recreational activities plus 11 million disabling injuries resulting from non-sports-related accidents. Of these roughly 28 million accidents, about 80 percent, or 22 million, involved the musculoskeletal system—more than 2 million involving joint injuries. Despite the long-term consequences and the seriousness of posttraumatic osteoarthritis and the incidence of the disease, little research has been conducted in this special field.

THE ECONOMIC COSTS OF ARTHRITIS

The financial costs of arthritis to patients, insurance companies, and taxpayers are staggering. The Arthritis Foundation estimated that in 1978 Americans paid $14.5 billion in costs related to arthritis. In 1980, approximately $1 billion was spent on quack remedies. The physical and emotional costs to the victims of the disease and their families are enormous.

In 1971, over 27 million workdays were lost due to arthritis-related disabilities. This represents over $5 billion in wages lost to employees.

Individuals with arthritis account for about 19 percent of those receiving social security disability insurance—SSDI—benefits. Although many workers with arthritis remain on the job as long as possible, some 535,000 workers disabled by arthritis and forced by the intense pain and physical limitations that they suffer to leave their jobs are today collecting SSDI benefits. The cost to the Nation for these payments in fiscal year 1981 alone is estimated to have been $2.7 billion. If payments for

their dependents are included, this figure is estimated to be as high as $3.25 billion.

NEED FOR A STRONGER APPROACH FOR ARTHRITIS RESEARCH

The National Arthritis Act of 1974 was tremendously successful in organizing and utilizing our national resources to wage a strong attack against arthritis. That legislation provided for the design of a master arthritis research plan pointing out the areas to be pursued, the existing resources with which that can be done, and the additional resources that are needed. The act also established research and demonstration centers that have provided an opportunity for intensive interdisciplinary arthritis research and also training in and demonstration of advanced diagnostic, prevention treatment, and control methods relating to arthritis.

Unfortunately, Mr. President, although current biomedical research policies have substantially increased our knowledge of arthritis, implementation of the National Arthritis Act and the national arthritis plan have fallen short of what should have been achieved. The budget levels recommended under the plan for arthritis-related research within the various institutes of the NIH have not been realized. Indeed, with each year the gap between recommended and actual expenditures has grown wider. The arthritis plan recommended that funds be doubled in 1977 for arthritis-related research within the various institutes of the NIH with subsequent annual increases of about 20 percent through 1980.

However, funding for arthritis and musculoskeletal disease within the National Institute of Arthritis, Diabetes, Digestive, and Kidney Diseases (NIADDK) increased by only 19 percent from 1976 to 1977, and since 1977 funding has increased at an average annual rate of about 16.4 percent. During the period 1977 through 1980, substantially less than half of the arthritis-related research grant applications that were approved for funding have been able to be funded by the NIADDK.

Part of the reason that arthritis and musculoskeletal research has not received the focus and priority it warrants is that, it is lumped with the current institute, NIADDK, in an incongruous variety of disease categories. Although arthritis and musculoskeletal diseases afflict more than 14 percent of the total U.S. population, in 1981 only 16.7 percent of the NIADDK budget—just 1.7 percent of the entire NIH research budget—was devoted to this research.

Looking to a future with a regrettably shrinking budget for our overall Federal health research effort, I believe we must develop policies for using limited financial resources more effectively and efficiently so that we can gain the maximum benefits for the maximum number of persons from biomedical research. The bill we are proposing would help achieve this.

By establishing a separate institute for arthritis and musculoskeletal diseases, we would provide arthritis and musculoskeletal disease issues with the greater visibility they should have at the national level and enable researchers in these areas to compete more successfully for increasingly scarce resources. Thus, we would help to facilitate the implementation of high-priority programs as mandated by the National Arthritis Act and recommended in the arthritis plan.

THE NATIONAL INSTITUTE ON ARTHRITIS AND MUSCULOSKELETAL DISEASES

Mr. President, the statutory authority for the new National Institute on Arthritis and Musculoskeletal Diseases—NIAMD—which S. 1939 would establish within the NIH would be patterned after that of other NIH research institutes. Thus, NIAMD would be directed to undertake research and demonstrations related to the cause, prevention, and treatment of arthritis and musculoskeletal diseases; to promote coordination of research programs in the public and private sector; to make grants for research; to establish and information clearinghouse; and to conduct research training.

In addition, in light of the tremendous number of traumatic musculoskeletal injuries that Americans receive in sports and other recreational activities, the new institute would include in its focus research on sports-related disorders.

Mr. President, the National Institute on Arthritis and Musculoskeletal Diseases would be funded under the existing authority of section 301 of the Public Health Service Act, as is the case for other NIH institutes. The only authorization of appropriations in the bill is for the support of existing and new multipurpose arthritis and musculoskeletal research and demonstration centers. The authorization of appropriations for these centers would be $12 million for fiscal year 1983, $15 million for fiscal year 1984, and $18 million for fiscal year 1985.

In 1983, this would represent a 40-percent reduction from the authorization level in fiscal year 1982. However, this reduction is not a cut in actual funding levels for these important entities; it simply reflects more accurately the current level of appropriations, approximately $8.8 million in fiscal year 1982 for these centers.

Mr. President, it is extremely important to point out that his bill does not provide for increased funding in order to create the National Institute on Arthritis and Musculoskeletal Diseases. Because the present division pertaining to arthritis and musculoskeletal diseases within the current institute is already autonomous in many of its functions, the start-up, overhead, and administrative costs related to separating these disease groups from the NIADDK are not expected to be substantial. The benefits to be gained from the greater visibility for arthritis-related research would more than compensate for the minimal costs that are anticipated.

I would note that concerns have been raised as to whether skin disease research should be included in the new institute that this bill would establish or remain in the existing institute. This is an important matter and one to which I will be giving careful consideration, in the weeks and months ahead, in close consultation with the Senator from Arizona (Mr. GOLDWATER) and after receiving the news of the concerned individuals and organizations.

CONCLUSION

Mr. President, we cannot ignore the costs to the Nation in economic and human terms resulting from arthritis and related diseases. Nor can we ignore the need to find ways to improve the quality of life for those unfortunate individuals whom arthritis strikes so unfairly. An accelerated research effort in arthritis would bring us closer to providing these millions of arthritis sufferers with relief from their pain and the potential for a future of full participation in everyday activities without the constant frustration of immobile joints and limitations on movement.

Thus, I urge that the Committee on Labor and Human Resources, to which the bill has been referred, give this important legislation prompt and careful consideration, and I pledged to my good friends the distinguished chairman (Mr. HATCH) and the very able ranking Democratic member (Mr. KENNEDY) my full cooperation and assistance in the further development and progress of the bill.

Mr. President, I request unanimous consent that the full text of the bill be printed at this point in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 1939

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

ESTABLISHMENT OF INSTITUTE

SECTION 1. Title IV of the Public Health Service Act is amended by adding at the end thereof the following new part:

"PART J—NATIONAL INSTITUTE ON ARTHRITIS AND MUSCULOSKELETAL DISEASES

"ESTABLISHMENT OF INSTITUTE

"SEC. 481. There is established in the Public Health Service a National Institute on Arthritis and Musculoskeletal Diseases (hereinafter in this part referred to as the 'Institute').

"RESEARCH AND TRAINING IN ARTHRITIS AND MUSCULOSKELETAL DISEASES

"SEC. 482. In carrying out the purpose of section 301 with respect to arthritis and musculoskeletal diseases the Secretary through the Institute and in cooperation with the advisory council to the Institute established under section 432 shall—

"(1) conduct, assist, and foster research, investigations, experiments, and demonstrations relating to the cause, prevention, and methods of diagnosis and treatment of arthritis and musculoskeletal diseases, including sports related disorders;

"(2) promote the coordination of research programs conducted by the Institute, and similar programs conducted by other agencies, organizations, and individuals;

"(3) make available research facilities of the Service to appropriate public authorities and to health officials and scientists engaged in special studies related to the purposes of this part;

"(4) make grants to universities, hospitals, laboratories, and other public or private agencies and institutions and to individuals for such research projects relating to arthritis and musculoskeletal diseases and disorders, as recommended by the advisory council to the Institute;

"(5) establish an information clearinghouse on research, prevention, and treat-

ment of arthritis and musculoskeletal diseases and collect and make available on a timely basis, through publications and other appropriate means, information as to, and the practical applications of, research and other activities carried out pursuant to this part;

"(6) secure from time to time, and for such periods as necessary, the assistance and advice of persons from the United States and abroad who are experts in the field of research authorized by this part; and

"(7) in accordance with regulations and funds appropriated or donated for the purpose, provide research training and instruction and establish and maintain research traineeships, in the Institute and elsewhere, in matters pertaining to the diagnosis, prevention, and treatment of arthritis and musculoskeletal diseases, including sports related disorders, with such stipends and allowances (including travel and subsistence expenses) for trainees as may be deemed necessary, with the number of persons receiving such training and instruction and the number of persons holding such traineeships to be fixed by the advisory council to the Institute, and in addition provide for such training, instruction, and traineeships through grants, upon recommendation of the advisory council to the Institute, to public and nonprofit private institutions.

"NATIONAL ARTHRITIS AND MUSCULOSKELETAL DISEASES PROGRAM

"SEC. 483. The Director of the Institute, with the advice of its advisory council, shall develop a plan for a national arthritis and musculoskeletal diseases program to expand, intensify, and coordinate the activities of the Institute respecting the diseases, and shall carry out the program in accordance with such plan. The program shall be coordinated with other research institutes of the National Institutes of Health to the extent that they have responsibilities respecting such diseases and shall, at least, provide for—

"(1) investigation into the epidemiology, etiology, and prevention of all forms of arthritis and musculoskeletal diseases, including sports related disorders, primarily through support of basic research in such areas as immunology, genetics, biochemistry, microbiology, physiology, bioengineering, and any other scientific discipline which can contribute important knowledge to the treatment and understanding of these diseases;

"(2) research into the development, trial, and evaluation of techniques, drugs, and devices used in the diagnosis, treatment, and prevention of arthritis and musculoskeletal diseases;

"(3) research on the refinement, development, and evaluation of technological devices that will replace or be a substitute for damaged bone, muscle, and joints and other supporting structures; and

"(4) establish mechanisms to monitor the causes of athletic injuries and identify ways of preventing such injuries on scholastic athletic fields.

The plan required by this section shall be developed within one hundred and eighty days after the date of the enactment of this part and shall be transmitted to the Congress at that time.

"MULTIPURPOSE ARTHRITIS AND MUSCULOSKELETAL DISEASE RESEARCH CENTERS

"SEC. 484. (a) The Secretary, acting through the Institute may, after consultation with its advisory council provide for the development, modernization, and operation (including staffing and other operating costs such as the costs of patient care required for research) of new and existing centers for arthritis and musculoskeletal diseases. For purposes of this section, the term 'modernization' means the alteration, remodeling, improvement, expansion, and repair of existing buildings and the provision of equipment for such buildings to the extent necessary to make them suitable for use as centers described in the preceding sentence.

"(b) Each center assisted under this section shall—

"(1)(A) use the facilities of a single institution or a consortium of cooperating institutions, and

"(B) meet such qualifications as may be prescribed by the Secretary, and

"(2) conduct—

"(A) basic and clinical research into the cause, diagnosis, early detection, prevention, control, and treatment of, arthritis and musculoskeletal diseases and complications resulting from such diseases, including research into implantable biomaterials and biomechanical and other orthopaedic procedures; and

"(B) research training programs for physicians, scientists, and other health professionals.

"(c) Each center assisted under this section may conduct programs to—

"(1) establish the effectiveness of new and improved methods of detection, referral, and diagnosis of individuals with a risk of developing arthritis and musculoskeletal diseases; and

"(2) disseminate the results of research activities and develop means of standardizing patient data and recordkeeping.

"(d) The Secretary shall give appropriate consideration to the need for centers especially suited to meeting the needs of special groups affected by arthritis and musculoskeletal diseases, especially children and the elderly.

"(e) The Secretary shall evaluate on an annual basis the activities of centers receiving support under this section and shall report to the appropriate committees of Congress the results of his evaluations not later than four months after the end of each fiscal year.

"(f) Support of a center under this section may be for a period of not to exceed five years and may be extended by the Director of the Institute, for additional periods of not more than five years each, after review of the operations of such center by an appropriate scientific review group established by the Director of the Institute, and recommended for approval by the advisory council to the Institute.

"(g) For purposes of this section, there are authorized to be appropriated $12,000,000 for the fiscal year ending September 30, 1983, $15,000,000 for the fiscal year ending September 30, 1984, and $18,000,000 for the fiscal year ending September 30, 1985.

"ARTHRITIS AND MUSCULOSKELETAL DISEASE COORDINATING COMMITTEE

"SEC. 486. (a) In order to improve coordination of all activities in the National Institutes of Health, in the Department of Health and Human Services, and in other departments and agencies of the Federal Government relating to Federal health programs and activities relating to arthritis and musculoskeletal diseases, including sports related disorders, the Secretary shall establish a Coordinating Committee to be composed of representatives of the Department of Health and Human Services (including the Food and Drug Administration), the Veterans' Administration, the Department of Defense, and other Federal departments and agencies involved in research, health services, or rehabilitation programs affecting arthritis and musculoskeletal diseases. The committee shall include the Directors (or their designated representatives) of each of the research institutes of the National Institutes of Health involved in arthritis and musculoskeletal diseases related research. The committee shall be chaired by the Director of the Institute and shall prepare a report, not later than sixty days after the end of each fiscal year, for the Secretary detailing the work of the committee in seeking to improve coordination of departmental and interdepartmental activities relating to arthritis and musculoskeletal diseases during the preceding fiscal year. Such report shall include:

"(1) a description of the work of the committee in coordinating the research activities of the National Institutes of Health relating to such diseases during the preceding year, and

"(2) a description of the work of the committee in promoting the coordination of Federal health programs and activities relating to arthritis and musculoskeletal diseases to assure the adequacy of such programs and to provide for the adequate coordination of such programs and activities.

"(b) The committee shall meet at the call of the chairman, but not less often than four times a year.".

CONFORMING AMENDMENTS

SEC. 2. (a) Section 431(a) of the Public Health Service Act (42 U.S.C. 289a(a) is amended by striking out "arthritis, rheumatism, and".

(b)(1) Subsection (a) of section 434 of such Act (42 U.S.C. 298c–1) is amended by striking out "Arthritis, Diabetes," each place it appears and inserting in lieu thereof "Diabetes".

(2) Subsection (b) of such section is amended (A) by striking out "Arthritis, Diabetes," and inserting in lieu thereof "Diabetes," and (B) by striking out "Arthritis and Musculoskeletal and".

(3) Subsection (c) of such section is amended (A) by striking out "arthritis and musculoskeletal and", and (B) by striking out "arthritis, musculoskeletal and".

(4) Subsection (d) of such section is amended (A) by striking out "Arthritis, Diabetes," and inserting in lieu thereof "Diabetes", and (B) by striking out "Arthritis and Musculoskeletal and".

(5) Subsection (e) of such section is amended by striking out paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(6) The heading for such section is amended by striking out "ARTHRITIS, DIABETES," and inserting in lieu thereof "DIABETES".

(c)(1) Subsection (a) of section 436 of such Act (42 U.S.C. 289c–3) is amended (A) by striking out "arthritis, diabetes mellitus," and inserting in lieu thereof "diabetes mellitus", and (B) by striking out "an Arthritis Interagency Coordinating Committee,".

(2) Subsection (b) of such section is amended by striking out "Arthritis, Diabetes," and inserting in lieu thereof "Diabetes".

(d)(1) Subsection (a) of section 437 of such Act (42 U.S.C. 289c–4) is amended by striking out "the National Arthritis Advisory Board,".

(2) Subsection (b)(2) of such section is amended by striking out "Arthritis, Diabetes," and inserting in lieu thereof "Diabetes,"

(3) Subsection (d) of such section is amended by striking out "and the National Arthritis Advisory Board, six of the members of each" and inserting in lieu thereof ", six of the members of".

(4) Subsection (g) of such section is amended by striking out "Arthritis, Diabetes," and inserting in lieu thereof "Diabetes".

(5) Subsection (h)(3) is amended by striking out "Arthritis, Diabetes," and inserting in lieu thereof "Diabetes".

(6) The heading for such section is amended by striking out ", ARTHRITIS,".

(e) Sections 438 and 439 of such Act (42 U.S.C. 289c–5, 289c–6) are repealed.

(f) The heading for part D of such Act is amended by striking out "ARTHRITIS, DIABETES," and inserting in lieu thereof "DIABETES".

VOCATIONAL REHABILITATION

Mr. WEICKER. Mr. President, I am pleased to be able to join the distinguished Senator from California (Mr. CRANSTON) in cosponsoring S. 1987, a bill to continue the longstanding Federal commitment to provide vocational rehabilitation services to disabled Americans currently receiving SSDI and SSI, by allowing additional moneys to the States to pay for such services. This is not the first time that the Senator from California and I have collaborated on attempting to secure passage of legislation of this type. In June, we offered an amendment to the Omnibus Reconciliation Act of 1981 designed with much the same purpose in mind: To provide States with the necessary funds to retain and rehabilitate disabled workers so that they might once again take their rightful place among the ranks of the gainfully employed. Unfortunately, the amendment was narrowly defeated by a vote of 47 to 50.

Six months later we are back here on the floor of the Senate making the same case for the same basic program, citing much the same facts and figures to substantiate our claims—and what for? To make the point, just the one simple point, that nothing has changed in those intervening 6 months. Nothing has changed to dissuade those of us who supported similar legislation this summer from believing in the long-term cost-effectiveness of such a measure. Absolutely nothing has changed, Mr. President.

In the next year, unfortunate as it is, an estimated 17,000 disabled American workers, who would have received rehabilitative services and perhaps be gainfully employed once more, have not, and will not, receive such services unless and until the Senate acts to correct its past mistakes in this matter. It makes absolutely no sense to reduce Federal spending in such areas as vocational rehabilitation which, though it will certainly result in some short-term costs savings, will just as certainly end up costing the Federal Government and society at large far more further down the road.

We have heard much talk as of late about the need and the desirability of curbing the expansion of the entitlement programs. Now we have a chance to do just that. Long-term costs for very expensive institutional care are avoided as disabled people return to work.

Indeed, it has been clearly shown that for every dollar spent on rehabilitating a disabled individual, that once rehabilitated and gainfully employed that individual pays back to the Federal Government between $1.40 and $2.40 in taxes. From a purely economic standpoint, therefore, we have nothing to lose and everything to gain from investing in a program such as this. If we do not choose to make such an investment, however, the losses to those who might have benefited from services which are designed to restore them to the marketplace—and the losses to society as a whole, in terms of loss productivity and diminished human dignity—will be truly incalculable.

A DECADE OF PROGRESS FOR THE NORTHERN PLAINS RESOURCE COUNCIL

Mr. BAUCUS. Mr. President, I recently had the pleasure of addressing the 10th annual convention of the Northern Plains Resource Council in Billings, Mont.

During the past decade, NPRC has earned the reputation of being the "conscience of the State" in decisions relating to our State's abundant natural resources. In particular, the Northern Plains Resource Council has been actively concerned with the relationship between development of Montana's vast energy resources and air quality.

In light of the great interest which surrounds the reauthorization of the Clean Air Act, I would like to ask unanimous consent that the text of my remarks before the NPRC be printed in the RECORD. My conclusion is I hope my colleagues share. The right to a clean and healthful environment must not be sacrificed for short-term profits.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

SPEECH BY SENATOR MAX BAUCUS

The last ten years have been a tumultuous, exciting decade of growth and progress for the Northern Plains Resource Council. In many ways, NPRC and I have been sidekicks through the 70s, each of us learning to care for and protect the land we love.

Like any friendship, ours has had its rocky stretches. I'm sure I've frustrated you as many times as you have returned the favor, but with the years has come the bond of shared experiences and the wisdom of time.

Earlier today, however, as I looked over the roster of past NPRC Chairmen, I had the feeling that maybe you'd gotten the long end of the stick when it comes to wisdom.

Men like Dick Colberg, Bob Tully, Wally McRae, Charlie Yarger, and Bill McKay, and women like Anne Charter and Helen Waller have brought to the Northern Plains Resource Council a gutsiness and an understanding of the land. With the assistance of a superb staff, they have served you and all of us well.

So with the pride of an old friend, I congratulate all of you, the people who have made NPRC Montana's conscience in the decisions that shape the future of our State.

Yet, while you deserve praise, there is no time to bask in it. For while the 70s produced a generation of citizens committed to the stewardship of our natural resources, the 80s have given us a new wave of radicals.

Unlike the extremists of an earlier day, these radicals are dressed in Brooks Brothers suits instead of ragged jeans. And instead of carrying placards, they're toting sheafs of cost/benefit analyses to justify unchecked development at any price.

Nowhere is this new radicalism more apparent than in the reauthorization of the Clean Air Act. Nowhere is it more clear that these sophisticated radicals are out of step with the mainstream of America.

Armed with a questionable mandate for regulatory reform and a balanced budget, these new radicals have come to Congress to suggest that the premiere public health act, the Clean Air Act, needs a little cosmetic surgery.

That is a position I happen to share. But we seem to part company on the question of the technique of this operation. I believe it requires the skillful use of a legislative scalpel, not the meat axe offered by these extremists.

Unfortunately, the evidence continues to mount that efforts to gut the Act are being fostered by the Administration. As a new member of the Senate Environment and Public Works Committee, I've been following this scenario closely since last January.

Let's look at the record. Beginning last April, the Committee gathered testimony on the Clean Air Act. An exhaustive series of hearings were held across the country, including a field hearing here in Billings at which representatives of the Northern Plains Resource Council testified.

While the need for fine tuning the Act became evident, the more important conclusion drawn from the testimony of hundreds of witnesses is that the Act works. In a hundred different ways, witnesses generally concurred with the National Commission on Air Quality statement:

"The Commission's recommendations reflect a general conclusion that the structure of the Clean Air Act is sound and needs refinement instead of fundamental change. ... The prognosis for the 1980s reflects a need for the control of air pollution to be a continued national priority."

In short, the Act has resulted in a consistent improvement of air quality with accompanying benefits to public health and well being.

With this background, you can understand my concern when the President appointed as Administrator of the Environmental Protection Agency, a woman who had no demonstrated concern for clean air and clean water.

Since taking office in May, Mrs. Gorsuch has fulfilled my worst fears. Budget cut has been heaped on budget cut at EPA. For FY 1983, Mrs. Gorsuch has even volunteered to slash the Agency another 20 percent at a time when demands of new legislation such as Superfund and the Toxic Substances Control Act are just being felt. Moreover, the Clean Air Act is of little value without an agency strong enough to enforce it.

EPA has promised Clean Air Act drafts and those promises have been reneged. Instead, draft bills have been leaked out and their existence denied. And now we have been handed 11 "principles" for the revision of the Act fully laid out in a one and a half page press release!

And if that weren't enough, last week 38 points of revision suddenly appeared in selected Senators' offices. Although I wasn't one of the lucky few to receive a copy, I am told by the Assistant Administrator of EPA that this was an "unofficial document officially delivered."

If that puzzles you, I can assure you that we are in the same boat.

Frankly, I believe it is time for everyone involved to quit playing their hand close to the vest and lay their cards on the table.

On one side of the table you would see a full house of special interest amendments, tacitly endorsed by the Administration. Taken separately, they are innocuous. But together, they dictate a radical attack on this critical public health measure.

On the other side of the table, is the real ace in the hole, however. That card is the voice of the American people saying "no" to a weakening of the Act.

National pollster Lou Harris makes this point clearly.

Listen to his testimony before a House Committee:

"By 80 to 17 percent, a sizeable majority of the public does not want to see any relaxation in existing federal regulation of air pollution. I am not an expert on this legislation nor on the subject of environmental regulation, but I can tell you this: This message on the deep desire on the part of the American people to battle pollution is one of the most overwhelming and clearest we have ever recorded in our twenty-five years of surveying public opinion."

An interesting aside to the Harris survey is that, regionally, Westerners lead the way in backing a tough clean air law.

Don't get me wrong. I am not an advocate of government by public opinion survey. However, in this day and age, it is nice to know that there is strong support for doing what is right in cleaning up air pollution.

How then will these two sides be resolved?

In the first place, far too often in Washington, the personal stakes of this legislation are lost on the euphemisms of politicians and lobbyists. We must clear away that smokescreen and talk in real terms about health and human lives.

For example, when we talk of primary air standards protecting sensitive population, we are not talking about a five percent blip on a population curve.

We are talking about 12 million living and, I hope, breathing people. We are talking about a 67 year old widow on Social Security. With reasonably clean air, she may live another 20 years. Without, she may live 10.

We are talking about an 18 month old infant with developing lungs that are particularly sensitive to the hazards of air-borne pollution.

We are talking about a retired rancher suffering from angina who is forced to stay indoors because of fouled air.

Put in those terms, I think you will agree that glib talk of cost-benefit analysis is a bunch of bunk. I have yet to see the actuarial table that puts a dollar figure on my life I would sign off on. I'm sure the same is true for you.

Those who argue to the contrary, no matter how smooth, no matter how well financed, no matter how many charts and graphs they carry, are the real radicals in this debate.

Given that starting point, let's stand back for a moment and look at the Clean Air Act in light of 10 years of experience.

In fact, the Act has its problems. It is complex. It is expensive. It is ineffective in some instances.

Recognizing those problems, I favor amendments to streamline cumbersome, ineffective regulatory mechanisms. I will support strengthening the states' role in managing air resources. I will vote for change that reflects our improved scientific knowledge of air pollution.

While time is too short for a section by section analysis, let's look at a few specific issues.

The first and most controversial is the PSD or Prevention of Significant Deterioration Program. The imposing tangle of red tape associated with PSD must be straightened out if the program is to be retained.

The idea of budgeting our air resources remains sound and we have seen the benefits of this program right here in Montana. However, to demand the tracking of short term increment consumption is the type of requirement which generates a great deal of frustration and very little clean air.

I'm also anxious to address the problem of acid rain. Already a variety of proposals have been introduced by Senators from New England. I believe, however, that this is an issue which must not be thought of as regional only.

In fact, at a symposium I co-sponsored at the Yellow Bay Research Center, that message was brought home. Scientists from Montana and other Rocky Mountain states outlined the threat to Western streams and lakes imposed by acid rain.

Thus, while our knowledge is not perfect, I cannot go along with those who urge years of additional study. I believe action must be taken to reduce emissions of sulphur dioxide and nitrogen oxides, the precursors of acid rain.

The control of harzardous pollutants is another matter that requires a positive response. Since 1970, only 7 pollutants have been listed under Section 112 of the Act. With dozens of new and exotic substances pouring into our air every year, no one can disagree that this snails pace is acceptable.

EPA must be given the statutory tools to accelerate its identification and listing of toxic pollutants. Authority to establish economic, readily available control measures for such pollutants should be provided quickly.

On the issue of percent reduction, I believe that a careful examination must be made of the air quality benefits which this requirement is buying for us. I believe that a compromise position may be available which will recognize the benefits of scrubbing in some areas without requiring redundant control technologies elsewhere.

Unquestionably dozens of other amendments will be proposed in areas such as automotive emissions, non-attainment air sheds, and technology requirements.

While I look forward to reviewing these proposals, I am convinced that they must be looked at in the aggregate.

Amendments can easily be seen as modest revisions when taken separately. Together, however, they can topple the entire framework for clean air in this country.

This then is the challenge: Now is the time, and the debate of the Clean Air Act is the place to stand and hold the ground which we won in the 1970s. Reasonable amendments are in order. Emasculation of the Clean Air Act is not.

Montana's Constitution says it all. "All persons are born free and have certain inalienable rights. They include the right to a clean and healthful environment." Surely that is a fight worth joining. I look forward to your support.

ICC REGULATIONS RE EXPORT COAL

Mr. SPECTER. Mr. President, earlier this year the Norfolk & Western Railway, joined by the Chessie system and the Family Lines system, petitioned the Interstate Commerce Commission to exempt export coal carried by the railroads to Atlantic and gulf ports from interstate commerce regulation.

Coal producers objected to such an exemption because, they argue, this would be inconsistent with present law on interstate commerce as amended by the Staggers Rail Act of 1980. Inasmuch as export coal traffic is often captive to the railroads, it can become a likely target for unreasonably high rail rates.

The ICC has initiated a proceeding in which the Commission requests comments on the notion of exempting export coal traffic moved by the railroads to all ocean ports—Atlantic, gulf, and Pacific coasts—from regulation.

The proposal would allow rail carriers to discriminate in rates and services in regard to export coal carried to rail carrier-owned port terminals in contrast to port facilities owned by others. Also, it would permit unconstrained pricing of railroad coal transportation resulting in export coal traffic subsidizing other rail traffic and/or contributing excessive revenues to railroads holding monopoly positions with respect to export coal movements.

Moreover, such an exemption would cause a serious disincentive for rail carriers to enter into transportation contracts with export coal shippers inasmuch as the carriers would no longer face the possibility of maximum rate regulation under the law. All of these impacts would make the price of U.S. coals less competitive with other world coal supply sources.

Mr. President, I wish, therefore, to introduce a resolution to express the sense of the Senate that the Interstate Commerce Commission should not grant a petition to exempt from interstate commerce regulation export coal carried by railroads to ocean ports.

I ask unanimous consent to have the resolution printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION

Resolved, That it is the sense of the Senate that the Interstate Commerce Commission should not grant a petition filed by the Norfolk and Western Railway, joined by the Chessie System and Family Line System, to exempt from interstate commerce regulation export coal carried by railroads to U.S. ocean ports.

FIRST PENNSYLVANIA BANK

Mr. SPECTER. Mr. President, I wish to call the attention of the Senate to a significant event involving the 100th anniversary of First Pennsylvania Bank on January 7, 1882.

First Pennsylvania Bank, National Association, one of Philadelphia's major banks, is the Nation's oldest bank as well.

Founded under the leadership of Superintendent of Finance, Robert Morris, the predecessor Bank of North America began active operations on January 7, 1782.

Thomas Willing, a successful merchant and a partner of Morris, was the bank's first president. Its original list of subscribers includes such prominent figures as Benjamin Franklin, Thomas Jefferson, Alexander Hamilton, James Monroe, John Jay, John Paul Jones, and Commodore John Barry.

Two other Philadelphia financial institutions played a prominent role in the formation of First Pennsylvania as we know it today.

Of particular significance was the Pennsylvania Company for Insurance and Granting Innuities, the first major life insurance underwriter in the new Nation. Chartered by the State in 1812, the Pennsylvania Co. applied for and was granted a supplementary charter granting authority to engage in deposit banking. Thus, it became the first chartered institution with this authority, and in 1872 the Pennsylvania Co. turned entirely to banking.

In 1929, the Pennsylvania Co. merged with the Bank of North America and continued to expand through a series of mergers with smaller banks and trust companies. In 1947 the bank's name was shortened to The Pennsylvania Company for Banking and Trust.

The final merger leading to the present First Pennsylvania Bank took place in 1955 with the acquisition of the First National Bank of Philadelphia. First National, founded by prominent financier Jay Cooke in 1863, was the first federally supervised bank in the Nation and was chartered under the National Bank Act 1863.

The surviving institution operated under the Philadelphia Co.'s State charter.

In 1969, First Pennsylvania Corp. was formed as a one bank holding company with the bank as its principal operating subsidiary. The bank was converted to a nationally chartered institution in 1974 and awarded the Comptroller of the Currency's Federal Charter No. 1.

First Pennsylvania was one of the first to popularize consumer loans, offer term loans to small businesses, and provide around-the-clock check collection services. The bank has been well known for its leadership in providing a wide range of banking services.

HOME MORTGAGE INTEREST DEDUCTIBILITY

Mr. MATTINGLY. Mr. President, I was pleased to cosponsor and see the Senate adopt unanimously Senate Resolution 238, requesting the Finance Committee not to make any changes in the rule governing the deductibility of interest paid on home mortgages.

While the American economy is currently in a recession, the housing industry is in a state of depression. Today, less than 1 American family in 20 can qualify for a mortgage on the average home. With interest rates making mortgage payments for a home almost unaffordable, the deductibility of interest is often the key element to one's ability to survive financially.

I have serious reservations about getting our economic house in order by enactment of so-called revenue enhancements. I hope that all so-called revenue enhancement proposals, whether to eliminate the deductibility of interest paid on home mortgages or to increase the excise tax on alcohol and tobacco products, will be met with equal scrutiny as was Senate Resolution 238. With a Federal budget of over $700 billion for fiscal year 1982, I am confident Congress can further reduce Federal spending in an effort to reach fiscal sanity as opposed to doing so on the backs of the American taxpayers.

I was pleased to support this effort to squash the attempt to eliminate the home mortgage interest deductibility.

A TRIBUTE TO THE MAJORITY LEADER

Mr. COCHRAN. Mr. President, as we near adjournment of the 1st session of this 97th Congress, I feel that I must express my profound respect and appreciation for the outstanding manner in which our distinguished majority leader has performed his duties and managed the schedule of Senate business. Enormously complex and important legislation was steered to passage in this historic first year of his service as majority leader. Without his thoughtful, considerate manner, and intellectual qualities that equip him to guide this body in its work, this success would not have been possible.

Mr. President, HOWARD BAKER is truly a great statesman and a consummate Senate leader. I feel fortunate, indeed, to have had the privilege of serving this year and witnessing at close range the way he so impressively carried out his responsibilities.

Mr. President, I salute him and congratulate him for this masterful performance.

Mr. BAKER. Will the Senator yield to me?

Mr. COCHRAN. Yes, Mr. President.

Mr. BAKER. Mr. President, I came to the floor inadvertently. I would not have come if I had known the Senator from Mississippi was going to make such generous comments. They not only make me blush, but they are patently untrue. He is most generous in his remarks.

Mr. President, I thank him from the bottom of my heart and I thank him and the Senators on both sides of the aisle for the magnificent cooperation they have given me this year. It made it possible, I think, to operate the Senate with good humor and good effect.

Mr. President, I thank the Senator again for his remarks.

THE "THIRD HOUSE" OF CONGRESS: AN APPRECIATION

Mr. WARNER. Mr. President, as this 1st session of the 97th Congress draws to its close, may I say a heartfelt thank you to the often unsung body of men and women who support us in our common effort.

We who serve as Members of the Senate are surrounded and supported daily by a dedicated group of helpers—from parliamentarians, reporters, Capitol Police officers, restaurant workers, elevator operators, service department personnel, doorkeepers, office and committee staff, pages, cloakroom attendants, and a host of others.

Collectively, these Capitol employees, on both ends of the Hill, serve almost as a "third house" of Congress. They work for us and with us, making our own tasks more possible of accomplishment.

Mr. President, I have been privileged over the years to serve in many organizations, both private and public. I have worked for and with many people, and many have worked for and with me.

And I must say that never before have I encountered a more accommodating, more dedicated, more capable—or, frankly, nicer—group of people than those who serve in the "third house."

So, at this joyous season of the year—doubly joyous for us who are looking forward to a short respite from our daily rounds—my hat is off in a salute of gratitude to that fine group of men and women who stand beside and behind us as we do the people's business.

Thanks—and the best of the holiday season—to all of them, and to my colleagues, who have made the experience of this year, for me, so memorable and meaningful.

FOLLOWUP RESPONSES FROM HEARING ON NOMINATION OF ROBERT P. NIMMO TO BE ADMINISTRATOR OF VETERANS' AFFAIRS

Mr. CRANSTON. Mr. President, during the Committee on Veterans' Affairs July 9, 1981, hearing on the nomination of Robert P. Nimmo to be Administrator of Veterans' Affairs, I asked a number of questions to which Mr. Nimmo agreed to provide detailed responses for the record. Mr. Nimmo's nomination was confirmed by the Senate on July 10, but the responses to a number of my questions were not received until after the hearing record was published.

Therefore, for the information of my colleagues and the public, I will ask unanimous consent that Mr. Nimmo's December 3, 1981, letter to the chairman of the committee, my good friend from Wyoming (Mr. SIMPSON), providing these responses be printed in the RECORD at the conclusion of my remarks.

Mr. President, I would like to note that I am in the process of following up further with the Administrator with respect to certain aspects of his responses. Also, I would note that I am not submitting for printing in the RECORD a copy of the entirety of the attachments to the Veterans' Administration's Circular 00–81–39—because of its great length—which Mr. Nimmo submitted as an enclosure with his December 3 letter. A complete copy of the attachment is available in the committee's offices, and I will endeavor to have it printed next year as part of an outstanding committee hearing record.

I ask unanimous consent that Mr. Nimmo's letter to Senator SIMPSON and a portion of Circular 00–81–39 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

VETERANS' ADMINISTRATION,
Washington, D.C., December 3, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: During my confirmation hearing, I agreed to provide a more detailed response to several questions. I have for your convenience repeated the questions asked, my initial response, and then a more detailed response.

1. Question. The Presidential message of October 10, 1978, on the progress of the Vietnam era, conferred upon the Veterans Administration the status of a Cabinet Agency for the purpose of attending Cabinet meetings. The Carter Administration believed that the presence of the VA at Cabinet meetings was "useful for other Departments with overlapping responsibilities" and helped the VA to have a "stronger voice". What are the plans of the Reagan Administration?

Response. So far as I am aware, the Reagan Administration has not considered the question of whether the Administrator of the Veterans Administration should attend Cabinet meetings. I am aware of the past practice dating from 1978 and believe that I understand your thoughts on this matter. I will be pleased to convey your concerns to Mr. Edwin Meese, III, as soon as possible.

Additional response. During a recent discussion with Mr. Edwin Meese, III, of issues in which the VA has an interest, Mr. Meese expressed the view that unlike Cabinet-level agencies, the VA does not have broad responsibility for policy formulation. While eventual Cabinet status for the VA was not ruled out in the discussion, my understanding is that such status is not currently favored by the Administration.

I have had no difficulty in presenting my views on VA matters to the White House and do not expect my access to be in any way impeded.

2. Question. What are your plans for work-

ing with OPM and monitoring OPM's activities in connection with the Veterans Preference provisions of Title 5, especially those for disabled veterans?

Response. If I may, Senator, I would like to respond to that in writing.

Additional response. I would like to emphasize my commitment to the hiring of the disabled and veterans throughout the Veterans Administration. In this regard, I am particularly concerned about veterans who are service-connected disabled or who served during the Vietnam era. Recently, I approved a circular which has been transmitted to all VA stations and offices which includes the VA's report on the affirmative action program for the hiring, placement, and advancement of the handicapped at the VA and our affirmative action program plan. It includes the goals of the program and the VA's accomplishments to date. This report and plan was developed in accordance with the guidelines and instructions contained in the Equal Employment Opportunity Commission's Management Directive. I am enclosing a copy of the circular which explains these goals more completely.

The VA is actively recruiting the disabled for employment at the VA, especially through organizations such as the Paralyzed Veterans of America and other veterans' organizations, and through the Disabled Vietnam-Era Veterans Outreach Program under the Department of Labor. The VA also contacts the State Vocational Rehabilitation Offices, State Employment Services, colleges, and universities and participates in job fairs, career days and other employment and training assistance to veterans and their dependents.

In addition, at the request of the White House, the VA has the lead role in developing programs throughout the Country that serve to make both disabled persons and the public aware of efforts being made to train and assist physically, as well as psychologically, disabled persons.

Each Federal agency is required to comply with veterans' preference laws in its employment practices, while overall responsibility for their implementation rests with the Office of Personnel Management (OPM). As an agency, the VA has used this authority extensively, and our record in this area speaks for itself.

If there was any doubt about OPM's commitment to effective implementation of veterans' preference laws, I believe that it was cleared up when Donald Devine, the Director of OPM, testified before the House Subcommittee on Education, Training and Employment on November 10, 1981. In his prepared remarks, Mr. Devine stated unequivocally that veterans' preference is an integral part of the Federal Government's merit employment system, and he outlined steps OPM has taken to reaffirm the Government's commitment to veterans' preference.

The VA has no authority to enforce compliance with these laws by other agencies, but I can assure you that my own commitment to such laws is firm, the VA's own implementation record is excellent, and that I will continue to take an active interest in their implementation Government-wide.

I am aware that several veterans' organizations and others have complained of certain hiring practices within the Postal Service. I believe that both the Postal Service and OPM have resolved to clear up complaints that veterans are not given appropriate preference consideration in hiring decisions. Resolution of these complaints goes beyond the role of the VA, since employment decisions are not reviewed by us and I have no authority to enforce compliance with veterans' preference laws.

I have been advised of OPM's intention to review this matter and assure that the law is properly implemented in the Postal Service. If there are complaints which I am able to assist in resolving, or if some proposal requires a greater involvement of the VA in an area where other Government agencies lack expertise, I will certainly do all that I can to assure that such matters are resolved.

3. Question. With respect to your written response to my written question number 1–A, when do you expect to reach a decision on the best manner in which to carry out your government-wide coordination and advocacy responsibilities under section 220 of title 38, and will you agree now to report to the Committee as to what you decide?

Response. The responsibilities under section 220 of title 38 to seek to achieve maximum coordination of services among all programs and activities affecting veterans carried out by all other Executive Branch authorities, and to promote special consideration and preference for veterans in all programs of the Federal Government, is a broad charge. Nevertheless, I intend to promptly commence an analysis of this section to identify specific objectives which we can pursue, and to formulate some practical procedures for achieving them. I will complete this process and provide a report back to you as soon as possible.

Additional response. The VA is involved in a wide-range of interagency relationships. These significant relationships include the Departments of Housing and Urban Development, Education, Justice, Labor, Defense, and Health and Human Services. Also, the VA interacts with the Social Security Administration, the National Institutes of Health, the Equal Employment Opportunity Commission, the General Services Administration, the Environmental Protection Agency, and the Advisory Council on Historic Preservation.

I intend to establish service agreements with each of the departments where the VA shares programmatic responsibility. Several of these agreements are already in place and working well. I also intend to work with each of these Federal departments and agencies to insure that the objectives of Congress are achieved and our Nation's veterans are served in a most effective manner.

The VA has actively participated in promoting the Targeted Jobs Tax Credit (TJTC) since the program was authorized by the Revenue Act of 1978 (Public Law 95–600). Although the Department of Labor and the Internal Revenue Service were mandated by the law to publicize the program, the VA has met its pledge of support principally through communications to our personnel and potentially eligible veterans and employers. A letter to all regional office field stations in early 1979 explained the TJTC and VA's role in administering and publicizing the program.

Our veterans services officers were provided information on the TJTC through our regularly scheduled telephone conference calls with special reports required on the number of vocationally rehabilitated veterans vouchered and certified under the program. A Memorandum of Understanding concerning the TJTC was entered into between the Department of Veterans Benefits and the Employment and Training Administration (ETA) of the Department of Labor and copies of ETA's TJTC Handbook were distributed to all VA regional offices.

To specifically promote the TJTC among employers and veteran eligibles the VA produced its own TJTC pamphlet stressing the natural linkage between this tax credit and the VA's OJT and apprenticeship training programs. In a special mailing conducted in March of 1981 these pamphlets were sent to approximately 65,000 VA approved OJT and apprenticeship employers urging the hiring of eligible veterans and underscoring the tax advantages of participation in the TJTC program.

Finally, I believe that my relationship with other Government officials in the area of veterans' affairs will allow me to be included in the early stages of formulation of veterans' policies and programs within their jurisdiction.

4. Question. I note that the Blinded Veterans Association in its testimony alleges systematic employment discrimination by the VA against blinded individuals. Would you please meet with Mr. Fales and the BVA in response to his allegations and keep the Committee advised on how you can deal with them?

Response. I would be pleased to.

Additional response. On November 6, 1981, I met with Mr. Fales and we discussed our mutual interest in veterans' issues.

I am aware that past practices and patterns of discrimination against visually impaired individuals, as well as other disabled persons, have existed throughout the public and private sectors. However, I believe the VA is recognized for its leadership role in hiring disabled individuals. For example, the percentage of handicapped persons employed within the VA's workforce (10.5 percent) ranks as first among large agencies and compares quite favorably with the Federal average for these individuals (7.4 percent). There are 2,206 visually impaired individuals employed by the VA, of that number, 326 are receiving compensation for service-connected injuries.

I believe the vigorous pursuit of our present program will enable us to maintain our position of leadership among Federal agencies. Our efforts will continue to be monitored through reports covering various handicapped and disabled veteran employment categories. I am committed to the employment of the disabled and visually impaired. I believe these individuals can make a valuable contribution at all levels of employment within the Federal Government.

The BVA has had a contract with the VA since 1972 to provide certain outreach services that the VA cannot provide. Blinded Vietnam era veterans, which in many cases are severely disabled and homebound, are the primary recipients of this outreach. This contract provides that BVA counselors would visit the veteran, discuss with him the various VA services available and assist the veterans in taking advantage of these services.

Since blindness affects a comparatively small number of veterans, these counselors also visit VA hospital personnel, adjudication officers and others who deliver services and benefits to blinded veterans, and discuss with them the many issues related to blindness. I believe this contract is very worthwhile and serves the best interest of a group of severely disabled veterans while also advancing the mission of the VA.

Mr. Chairman, I hope this correspondence is responsive to the needs of the Committee. If you need further information, please contact me.

Sincerely,

ROBERT P. NIMMO,
Administrator.

[Circular 00–81–39]

FISCAL YEAR 1980 NATIONAL ACCOMPLISHMENT REPORT AND FISCAL YEAR 1981 NATIONAL AFFIRMATIVE ACTION PROGRAM PLAN FOR THE HIRING, PLACEMENT AND ADVANCEMENT OF HANDICAPPED INDIVIDUALS, INCLUDING DISABLED VETERANS

1. Purpose.

a. This circular transmits to all field stations, including area offices of the Department of Memorial Affairs, the VA's Fiscal Year 1980 National Accomplishment Report and Fiscal Year 1981 National Affirmative Action Program Plan for the Hiring, Placement and Advancement of Handicapped Individuals, Including Disabled Veterans.

b. The Accomplishment Report and the Affirmative Action Plan were developed in accordance with guidelines and instructions contained in the EEOC's (Equal Employment Opportunity Commission) Management Directive EEO–MD 708, dated February 20, 1981.

Since the timetable and period of coverage for Fiscal Year 1980 Affirmative Action Program Plans for the Hiring, Placement and Advancement of Handicapped Individuals, Including Disabled Veterans, were extended from September 30, 1980, to March 31, 1981 (EEO–MD 706, dated July 1, 1980), the Accomplishment Report for fiscal year 1980 covers the 18-month period from October 1, 1979, through March 31, 1981. The fiscal year 1981 National Plan, however, covers the last 6 months of fiscal year 1981, April 1, 1981, through September 30, 1981, as required by EEO–MD 708. The goals and results-oriented affirmative actions set forth in the fiscal year 1981 National Plan are agencywide in scope and should be implemented throughout the agency, where possible, to further equal employment opportunities for handicapped individuals and disabled veterans.

2. Submission of plans. EEOC's guidelines and instructions governing the submission of plans and accomplishment reports for the handicap program are applicable to National Plans for the Handicapped and National Reports of Accomplishments only. No submissions are required, or should be made, to EEOC by field stations, unless specifically requested by that agency. It should be noted however, that EEO–MD 708 (par. 6b) requires the development and implementation of plans for the handicapped at the local level, even though direct submissions to EEOC are not required, unless requested. Field stations, however, should submit a copy of their fiscal year 1981 affirmative action plans and fiscal year 1980 reports of accomplishments to the Affirmative Action Service (092), Office of Human Goals, VA Central Office, before September 30, 1981.

3. Report control number. Interagency Report Control Number 0234–EEO–XX has been assigned to this report.

4. Rescission. This circular expires October 1, 1981.

ROBERT P. NIMMO,
Administrator.

Attachment.

AFFIRMATIVE ACTION PROGRAM

For handicapped individuals including disabled veterans (IRCN 0234–EEO–XX).

FY 1980 Report of Accomplishments (October 1, 1979 through March 31, 1981 and FY 1981 Affirmative Action Plan (April 1, 1981 through September 30, 1981).

Veterans Administration.

810 Vermont Avenue, N.W., Washington, D.C. 20420.

Number of Employees Covered by This Plan, 232,801.

Rufus G. Johnson, Jr., Acting Director, Equal Employment Opportunity.

Robert P. Nimmo, Administrator of Veterans Affairs.

INTRODUCTION

1. This report on the Veterans Administration's Affirmative Action Program for the Hiring, Placement and Advancement of Handicapped Individuals Including Disabled Veterans is divided into two parts. Part 1 contains the Veterans Administration's FY 1980 National Report of Accomplishments. Part 2 contains the agency's FY 1981 National Affirmative Action Program Plan.

2. The Report of Accomplishments and the Affirmative Action Program Plan were developed in accordance with the guidelines and instructions contained in the Equal Employment Opportunity Commission's (EEOC) Management Directive EEO–MD–708, dated February 20, 1981. EEOC's Management Directive EEO–MD–706, dated July 1, 1980, extended the timetable for FY 1980 plans from September 30, 1980 to March 31, 1981, giving agencies a total of 18 months to meet the goals and objectives established in FY 1980 affirmative action program plans. Hence, the VA's National Report of Accomplishments covers the period October 1, 1979 through March 31, 1981 and the FY 1981 National Affirmative Action Program Plan covers the last six months of FY 1981, April 1, 1981 through September 30, 1981. It should be noted that two sets of printouts were required to cover the 18-month period for the Report of Accomplishments.

3. The following disabilities were targeted by EEOC (EEO–MD–703, dated December 6, 1979) for special emphasis and recruitment efforts during the transition period: deafness, blindness, missing extremities, partial paralysis, convulsive disorders, mental retardation, mental illness and distortion of limbs and/or spine. The disabilities selected for the target group (on an experimental basis) were chosen to provide a focus on severe handicaps that traditionally have caused persons to be excluded from the work force, and that could be identified relatively easily for recruitment purposes during the transition year. Targeting certain disabilities for special recruitment in no way legitimizes dscrimination against persons with other disabilities and in no way sanctions the discontinuance of affirmative action to hire handicapped individuals whose disabilities are not included in the targeted group.

INTERNATIONAL YEAR OF DISABLED PERSONS—1981

1. At the request of the White House, the Veterans Administration has taken the lead role in developing programs throughout the United States that serve to make both disabled persons and the public aware of efforts being made to train and assist physically as well as psychologically disabled persons.

2. The VA's Action Plan for the International Year of Disabled Persons includes the following goals:

a. Linkage of VA to all Federal agencies who deal with disability

b. Development of awareness throughout the agency of the needs of the disabled.

c. Improvement of the quality of life for individuals with disabilities

d. Education of the public and private sectors to the rights of disabled persons

e. Linkage of VA and community programs for disabled persons.

3. To promote the observance of the International Year of Disabled Persons, the Veterans Administration will be involved in the following activities:

a. The VA Vocational Rehabilitation program has been expanded to assist service-disabled veterans in achieving maximum independence in daily living, and to the maximum extent feasible to become employable, and to obtain and maintain suitable employment

b. Under the provisions of an updated agreement between the VA and the Department of Labor, the VA provides renewed opportunities for cooperative employment and training assistance to veterans and their dependents

c. Utilizing VA Career Development Centers to provide disabled and other veterans with career and job-related information

d. The establishment of six pilot regional Independent Living Centers

e. The opening of the first of two half-way houses for alcohol dependence

f. Convening a prosthetic and sensory aid exposition at the Washington-Sheraton Hotel, Washington, D.C., August 30–September 4, 1981

g. The establishment of a work evaluation unit to adapt prosthetic devices to specific job skills

h. Conducting employee awareness training sessions for the non-disabled on problems associated with specific disabilities such as blindness, deafness and wheelchair accessibility

i. Utilizing case managers to increase and facilitate the coordination of rehabilitation services

j. Encouraging VA field stations to sponsor special activities throughout the year which are designed to create a greater awareness of the capabilities and accomplishments of disabled persons. Suggested activities include sports, employer information projects, community involvement, participation on local committees, etc.

4. Basic to the observance of the International Year of Disabled Persons is the hope that this commemoration in honor of disabled persons will bring about a keener appreciation and awareness of the concerns, interests, achievements, capabilities and aspirations of disabled persons.

5. VA field stations have been asked to designate a staff member to serve as local chairperson and to develop and coordinate various programs and events. An 11-member Intra-Agency Committee will guide the agency's overall effort.

FISCAL YEAR 1980 REPORT OF ACCOMPLISHMENTS FOR THE AFFIRMATIVE ACTION PROGRAM FOR HANDICAPPED INDIVIDUALS INCLUDING DISABLED VETERANS

(October 1, 1979, through March 31, 1981)

STAFFING COMMITMENTS

a. Percentage of time spent by personnel with agencywide responsibility for affirmative action program for handicapped individuals including disabled veterans 150 percent.[1]

b. Number of coordinators designated in all component activities and field establishments, 215.

c. Percentage of time spent by component and field coordinators in implementing the program. Indicate the number in each group:

1–10 percent, 215; 11–100 percent, none.

d. Number of agency component activities and field establishments having appointing authority, 328.

A TRIBUTE TO THOMAS G. CORCORAN

Mr. THURMOND. Mr. President, today I would like to pay tribute to Thomas Gardiner (Tommy) Corcoran, a man who was one of Washington's most prominent lawyers and a so-called architect of the Franklin Roosevelt New Deal.

Tommy Corcoran was truly a great man, although I did not always agree with him politically. During his long years of public service, he was a model of efficiency, effectiveness, and integrity and made many fine contributions.

It was particularly significant that when he left Government service in 1940, after his years of helping to establish some of President Roosevelt's key policies, that his law office was besieged by some of the same corporate leaders who had most loudly denounced him when he worked for the New Deal economic policies. So many became his clients that his law firm, Corcoran, Foley, Youngman & Rowe, grew and prospered through subsequent decades. In fact, newspapers usually identified

[1] Includes one full-time employee (100 percent) plus 25 percent of time at each of the two levels of review and supervision.

him in his private career as a lawyer-lobbyist.

I admired Tommy Corcoran, too, for his support for the activities of Gen. Claire Chennault's Flying Tigers, American volunteer fighter pilots who flew missions against the Japanese before the American entry into the Second World War. He served as a lawyer for the organization, and did outstanding work in wrestling with the problem of shipping supplies around the world through South America and Africa and across the Himalaya Mountains to the Far East.

America lost a great native son when Thomas Corcoran passed away on December 6 of this year. I salute him for his many contributions, and I join his wide range of friends and loved ones in saluting his service.

Mr. President, I ask unanimous consent that four articles on Mr. Corcoran and his distinguished career—two from the Washington Post and the New York Times and two eulogies given by his former law partner, James Rowe, and Mrs. Claire Chennault—be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 9, 1981]

THOMAS GARDINER CORCORAN

If ever there was in "this gorgeous town" a disarmingly affable broker of political influence who enjoyed the mix of public service, ideas and friendships, it was Thomas G. (Tommy) Corcoran. Mr. Corcoran, who died here Sunday at the age of 80, was a principal strategist, insider and tireless point man for the New Deal revolution during some of its most perilous and interesting times. And "Tommy the Cork," as Franklin D. Roosevelt fondly referred to him, reveled in the role of lawyer-lobbyist (or "entrepreneur," as Mr. Corcoran would put it) in the high circles of all three branches of government.

What Mr. Corcoran knew and marketed so well was "what the government likes and does not like," an insight he mastered firsthand and marketed with great skill. With New Deal architect, White House teammate and longtime friend Benjamin V. Cohen, Mr. Corcoran became an invaluable administration figure and presidential counselor. It was this expertise that he later employed as a lawyer to seek and deliver results on behalf of major corporations that were doing business with the government.

His success in the private sector was a direct sequel to his influential role as engineer-designer of truly revolutionary policies. After all, it was the Corcoran-Cohen duo—known as the "hot-dog boys," an allusion to their mentor, Felix Frankfurter—that collaborated on the big acts, the enduring measures of the New Deal; the Securities and Exchange Commission Act, the Public Utilities Holding Company Act, the Federal Housing Administration Act, the Tennessee Valley Authority and the Wage and Hour Law. In the process, Mr. Corcoran also succeeded in attracting scores of highly capable, dedicated people to government service and important positions from which they were to make substantial contributions to public policy.

If critics had problems with Mr. Corcoran's later transition to private practice in government circles, neither he nor his clients did. Many of the very people who had damned him as a policy-maker were to find him a useful colleague and attorney in those later years, and he found these marriages of mutual interests rewarding in the fullest senses. With his infectious Irish humor and quick repartee, Mr. Corcoran delighted friends, legal adversaries and himself while gliding through the halls and offices of goevrnment.

"When I walk down the corridors of the Federal Power Commission," he once explained with a grin to a House subcommittee that was looking into his activities, "it's right down the main aisle . . . in broad daylight, with a brass band behind me." And that is how those who knew Tommy the Cork suspect he has just left their company.

[From the New York Times, Dec. 7, 1981]

THOMAS G. CORCORAN, LAWYER AND ADVISER TO ROOSEVELT, DIES

A lawyer of undisputed brilliance and wit, Thomas Gardiner Corcoran was the personification of the Washington insider whose enormous influence on legislation and Government dealings endured well beyond his heyday in the Roosevelt Administration. It often also made him the target of political opponents and those whose interests were affected by his backstage maneuvers.

He was one of Roosevelt's principal strategists in shaping such historic innovations as the Securities Act of 1933, the Securities Exchange Act of 1934 and the Fair Labor Standards Act of 1938.

The precise measure of his efforts rarely emerged. As a drafter of legislation and, later as a lobbyist-lawyer with countless friends in high positions, he worked behind the scenes.

Mr. Corcoran, a young protégé of Felix Frankfurter and a holdover from the Hoover Administration, became one of the "hot-dog boys," a band of bright young lawyers who guided Roosevelt's New Deal through some of its most perilous years.

HELPED SHAPE SECURITIES PANEL

He teamed with Benjamin V. Cohen in the battle to create the Securities and Exchange Commission, shaping it and steering it through the legislative shoals. Their victory was one of the New Deal's headiest moments.

Mr. Corcoran stood on the left flank of the Roosevelt staff, which often fought internally with such more conservative advisers as Postmaster General James A. Farley, a formidable power in the Democratic Party.

Men like Mr. Corcoran and Mr. Cohen were obscure lawyers at the time, working quietly to push the President's program through Congress. But by 1935, "Tommy the Cork," as Mr. Corcoran was called and other "bright young men" had become known well enough around the capital for their legislative influence and power of patronage to draw fire personally.

While clearing some of the laws most bitterly resisted by the opposition, Mr. Corcoran was also reported to have played an important role in Roosevelt's efforts to enlarge the Supreme Court and to "purge" Democratic legislators not wholly committed to his policies.

CONGRESSIONAL ANTAGONISM

Mr. Corcoran's activities then led to Congressional antagonism, which reportedly blocked plans to appoint him to a high Government position in 1941. He decided to return to private law practice in Washington and promptly built a flourishing clientele of businessmen dealing with the Government.

His opponents said he was a lobbyist for big interests, a charge that gave rise to a number of public quarrels and formal inquiries over the years, starting in 1941 and as recently as last year.

Thomas Gardiner Corcoran was born Dec. 29, 1900, in Pawtucket, R.I. He attended Brown University, where he was valedictorian and a member of Phi Beta Kappa, and earned both his bachelor's and master's degrees in 1922.

Just losing out on a Rhodes Scholarship, he enrolled at Harvard University Law School and quickly won the reputation as the most brilliant member of his class, an assessment with which Professor Frankfurter agreed. He graduated at the head of his class in 1925 and went on to a doctor of juristic science the following year.

SECRETARY TO JUSTICE HOLMES

His performance also won him the honor of serving a year in Washington as secretary to Justice Oliver Wendell Holmes of the Supreme Court.

For five years, Mr. Corcoran practiced corporate law in New York with the Wall Street firm of Colton & Franklin, specializing in the reorganization of companies and the issuance of new stocks.

In 1932, after a short stint with the Federal Reserve Board, he was appointed by President Herbert Hoover as counsel to the newly formed Reconstruction Finance Corporation in Washington. That year, Mr. Hoover was soundly defeated by Mr. Roosevelt, but Mr. Corcoran, having always been a Democrat, remained in his post to build his influence in the Government and the White House.

Mr. Corcoran was introduced to Mr. Roosevelt by Professor Frankfurter, who had never lost touch with his "favorite pupil." He was assigned to the Treasury as assistant to the Secretary.

HELPED BY SECRETARY

Mr. Corcoran received much help in those days from Mr. Roosevelt's secretary, Marguerite Lehand, who was a personal friend. Gifted with what seemed like boundless energy, reviving himself with large doses of black coffee and dextrose through merciless work days, all he had to do on the telephone was to use his opening gambit, "This is Tommy Corcoran at the White House," and Cabinet members, legislators and administrators snapped to attention.

"White House Tommy" became one of his nicknames, though his detractors had some less endearing phrases for him. Many, even among the New Dealers, resented his closeness to the President, who often followed his advice and whose most-remembered speeches bore the mark of Mr. Corcoran's trenchant wit and sharp phrase-making.

In the early 1930's, Mr. Corcoran also served as special assistant to the Attorney General. In 1934, he returned to the Reconstruction Finance Corporation as special counsel, a post he kept until the end of Roosevelt's second term.

The peak of his power came in the President's fights to "pack" the Supreme Court and to defeat certain members of Congress in the 1938 election.

Although he disagreed with both these aims, Mr. Corcoran loyally fought so hard for them that when they failed he had to pay the price: A new Presidential favorite, Harry Hopkins, took his place.

In 1940, he wed Margaret Dowd, the closest of his secretaries.

CALLED BEFORE INVESTIGATIVE PANEL

Frustrated in every attempt to get a better job at a higher salary, Mr. Corcoran quit for the rewards of private practice the next year. Shortly thereafter, he was called before a Senate investigations committee to answer the first of what was to become periodic charges of influence-peddling on behalf of private clients.

He testified that he earned $100,000, then a huge sum, in the first few months as a private lawyer. It was not established then, or ever, that he had done anything illegal.

In the words of a friend, Mr. Corcoran's trouble was that he worked as strenuously and in the same manner for private interests as he once had for the President: "He has never been able to make a distinction between them, or to realize that what might be justified within the Government cannot be from outside it."

Mr. Corcoran's wife died in 1967. He is survived by four sons, Thomas Jr. of Washington, David of Bethesda, Md., Howard of Potomac, Md., and Christopher of Newfoundland; a daughter, Cecily Kihn of Philadelphia; two brothers, David of Waterville Valley, N.H., and Judge Howard Corcoran of the District Court of Washington, and six grandchildren.

THOMAS GARDINER CORCORAN—1900–1981

(By James Rowe)

I thought he would live forever. The son of a Yankee Puritan mother and an Irish father, he inherited from one the persistent driving diligence and from the other the imagination and irresistible ebullience and gaiety that carried him throughout his life. His incredible energy was fearful to behold. A few weeks ago he said to his doctor that he had often found himself tired recently and he wondered why. Dr. Abernethy said, "It goes with the territory once you're 80"; and he is said to have replied, "Not with my territory, it doesn't!"

He was a New Hampshire mountaineer and a football player. It took him some years to become varsity center at Brown because of his size—but he made it. He was a downhill skier, indifferent at best if one looks back on his broken ankles and legs—but he skied. He was a first-rate scholar when he wished to be, valedictorian of his class, a Phi Beta Kappa, and on the Harvard Law Review. He was secretary to Justice Oliver Wendell Holmes of the Supreme Court: There was no greater kudo for a young lawyer in the nation.

He was a great advocate at the bar, a brief writer of excellence and a superb intellectual persuader of men. He was an unparalled legislative draftsman. Except for Franklin Roosevelt himself, he and Ben Cohen—Corcoran and Cohen—were a huge part of the New Deal. They were the generals and captains of their young armies. The New Deal legislation which has remained on the statute books for almost a half century are testaments to them both. Together they were much stronger than just adding them one to one. They had all through the government during those New Deal years scores and scores of youthful juniors awaiting their orders. Ben was the ideal man, the visionary, the man of wisdom. Tom was the quarterback, the strategist, the persuader.

Since Sunday, my phone has been ringing from all over the country as members of this now thin gray line of the New Deal mourn one of their own.

With the possible exception of the Founding Fathers, there was never before and certainly has not been since, the excitement, the intellectuality, the excellence, or the sense of accomplishment that existed in the New Deal. It is remembered by the hundreds, even thousands of the young men and women who flocked to Washington to serve under such leaders as Roosevelt and his Braintrusters.

Quoting his old master, Justice Holmes, whom Tom loved to quote, who was then speaking of his old Civil War comrades, but whose words because of Tom and Ben—Corcoran and Cohen—also apply to the New Dealers:

"Through our great good fortune, in our youth our hearts were touched with fire." [1]

Tom was, of course, himself a man for heroes. He had great ones like F.D.R. and Oliver Wendell Holmes. General Claire Chennault who led the American Flying Tigers in China against the Japanese was another. Tom supplied the General with men and material and took on that war "over the hump" against the Japanese as his own personal war.

As a private lawyer, he treated his clients the way he would himself. Once he took them on as clients they were his cause. I remember a conversation years ago with his old close friend, the late Ben Sonnenberg, the famous New York public relations man. I ran into him somewhere on Cape Cod and he asked: "How's Tommy?" I said, "About the same." He said, "You know, Tommy has one great failing. I do a great deal of work these days for the cigarette companies and they are all dreadfully fearing the cancer attack on cigarettes. I never forget that it is they who have cancer, not me. But Tommy always gets cancer along with his clients."

It was, I feel, a valid point. He was indeed a last-ditch fighting crusader for those clients even though some of us felt occasionally that some of them didn't deserve it. But Tom always did.

Essentially, he had the soul of a schoolmaster. When Peggy died, almost a quarter of a century ago, he became mother as well as father to his children. He kept an acerb eye on their studies. They had to excell in their studies; they also had to do everything else well. They all took all kinds of lessons in golf, in tennis, dancing, fencing, riding, whatever. I often thought that if he ordered all of them out into the field, handed each a bow and arrow and directed them to put the arrow through a target at 100 paces, everyone of them would have done it with ease. He said at least 1,000 times to them and at least 100 times to me that he could give his children only one thing, the ability to take care of themselves in an unstable, difficult, and dangerous world. And proudly he produced three lawyers, two doctors, and one landscape architect.

Last Sunday, at his family's request, I called Lady Bird Johnson, widow of the President. She said immediately: "A large part of my life is gone—a sparkling, glittering part."

He was always the most generous man I have ever known. Yesterday, I called an eminent New England judge, a law school classmate of his. He said only—"He was the most generous man I ever met. If you have the time I will give you chapter and verse." I said, "Judge, I have the time but I don't need the chapter and verse. I first met him in 1934 when he was instrumental in getting me the clerkship with Oliver Wendell Holmes. I have been his law partner almost thirty-five years and I learned about his generosity long ago."

Once more I remember the words of his hero, Justice Holmes—about what Holmes, almost a century ago, had said about an old lawyer friend of his own.

When a great tree falls, we are surprised to see how meager the landscape seems without it. So when a great man dies. . . .[2]

EULOGY FOR THOMAS G. CORCORAN, ESQ.

(By Anna Chennault)

This morning we gather here to pay tribute to a wonderful human being, Thomas G. Corcoran. The world will not see his like again. I am not only speaking on behalf of my family, but also on behalf of many of his friends around the world, particularly in Asia, who have sent condolences and asked me to express their sympathy to the family.

It is not easy to say the last farewell to a man like Tom Corcoran. He was not only a generous person but so much fun to be with. In twenty days he would have been 81 but no one thought of his age. He will always remain young in our memory. We shall think of him in the days ahead with sorrow—but also with pride. For those of us who were fortunate enough to know him well it certainly was a crowning experience to be his close friend.

I was one of the fortunate ones who got to know him during his twilight years when I arrived in Washington twenty years ago, and I was gratified that I opened a new horizon for him; in a way a new dimension in his life that is the wonderful world of Asia. He learned much about that part of the world with curiosity and fascination and gained so many friends in the Pacific and Southeast Asia. Some were just humble citizens but many were leaders in high positions.

As for my husband, General Chennault, the leader of the Flying Tigers, he had the good fortune to work with Tom during the Second World War. They spent some of the darkest hours together but they also took comfort in seeing the ending of the Second World War in the Pacific in 1945. From then on they remained the best of friends until the death of my husband. In triumph as well as in sorrow, they got along well because they were both men of the same character—generous, courageous, thoughtful, caring and with a great sense of duty to their country and compassion to mankind.

During the twenty years that I have known him, I consider his greatest contribution was his caring for the young people. I am sure many young lawyers today, without the assistance of Tom Corcoran would not be where they are today. I have seen him take care of sick friends, while he himself was not feeling well. I have seen him go out of his way to care for people in need while he himself probably needed caring more than the others. For this reason Tom Corcoran lived a rich life—a life full of friends, full of excitement, full of hope and full of dreams, full of passion for challenge. He was not a man living in the past but always talking about the future. He has done well for his friends and for his country.

As we watch the world go through many crises and disasters, as we see many free men and women who fought to cherish the dignity of man and honor to their countries, we have a great sense of loss with the passing of this outstanding American. Tommy, not only with the silver tongue, but with the moving touch of the piano. He made us laugh, he taught us to sing—whereever he went there was always music. He made the most humble person feel important and many presidents have cherished his friendship, as well as advice.

And what a great teacher he was.

Yesterday he was still with us but today he is with us no more. As many of his friends will remember, he was a man always late for appointments. There were never enough hours for him to work and how he loved to work! Tom always said he would live to be a thousand because he had so much to do but he did not keep his promise. He surprised us in departing in such a hurry but his hopes and his dreams shall always be with us. We shall always remember the way he laughed, the way he sang, the way he touched the piano and accordion, the way he warmed

---

[1] Mr. Justice Holmes, Memorial Day address, 1884.

[2] Oliver Wendell Holmes on Sidney Bartlett, Boston, March 23, 1889.

up a cool gathering. Now that his rendevous with destiny is over, we are all poorer because Thomas G. Corcoran has bid us farewell.

IN MEMORY OF A GREAT HUMAN BEING: JERRY WURF

Mr. MATSUNAGA. Mr. President, earlier today I was among hundreds of mourners who attended the memorial services held at the Washington Hebrew Congregation Center for the late Jerry Wurf, who for 17 years and until his death was president of the 1,400,000-member American Federation of State, County & Municipal Employees (AFSME). As one who had the good fortune to know Jerry Wurf personally and as one who admired him for what he was, I could not withhold my tears, as speaker after speaker extolled the virtues of this great human being. It dawned upon me that he was even greater than the man I had pictured him to be.

The working people of America have lost a real champion for their cause, and all Americans have suffered the loss of one who has advanced the cause of American democracy more than any other contemporary leader.

Unfortunately, he had to leave us less than a month before he was scheduled to receive a small token of recognition of his outstanding leadership in the fight for human rights, in the form of the Labor Human Rights Award from the National Trade Union Council of the Jewish Labor Committee.

Jerry Wurf devoted his life to the welfare of working people and gained for them improved wages, better working conditions, along with self-pride and human dignity. He had a profound love for his fellow man and a deep belief in the dignity of honest labor which was undiminished at the time of his death. His passing at the age of 62 brought to a close one of the most remarkable chapters in the history of the labor mcvement, and he left behind not only a bereaved family but a host of sorrowing friends whose lives he had enriched.

We whose lives were enhanced by his actions owe a debt of gratitude to his widow, Mildred, his son, Nicholas, and his daughters, Abigail and Linda Susan, for their having unselfishly shared with us the love and compassion of a great leader and a super human being.

Mr. President, I ask unanimous consent that an article about Jerry Wurf which appeared in the New York Times of December 12, 1981, be printed in the RECORD following my statement.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JERRY WURF, 62, UNION CHIEF, DIES; WAS HEAD OF MUNICIPAL WORKERS

Jerry Wurf, president of the nation's largest union of public employees, the American Federation of State, County and Municipal Employees, died of a heart attack Thursday at George Washington University Hospital in Washington. He was 62 years old.

Mr. Wurf, who lived in the Cleveland Park section of Washington, had suffered from a painful disease of the nerve endings recently and had been hospitalized for about a month after surgery, according to a hospital spokesman, Irene Haske.

Although he was never a public employee, Mr. Wurf was a union leader for more than 40 years and, more than any other person, was credited with building public employee unionism in this country. The public labor force has grown to more than 18 million workers.

In the 1950's and early 1960's be guided and built District Council 37, the large public employees' union in New York City, into a major component of the national union.

PRESIDENT FOR 17 YEARS

For the last 17 years, Mr. Wurf was president of the national union and was largely responsible for building its membership from 200,000 to more than a million, including police officers, fire-fighters, sanitation and hospital workers, office clerks and other employees of the nation's cities, counties and states.

Mr. Wurf, a Brooklynite with a foghorn voice, curly iron-gray hair and bushy eyebrows behind horn-rimmed spectacles, was a powerful and persuasive speaker. He was known as a maverick in the union movement because he did not readily fall into line with whatever cause was being advanced by the leadership.

"On some issues," Mr. Wurf said in an interview last September, "there is knee-jerk solidarity, and on other issues there is no solidarity."

Although he did not oppose the striking air traffic controllers, for example, he made no secret that he did not favor their tactics.

As head of the largest component union in the American Federation of Labor and Congress of Industrial Organizations, he often found himself at odds with George Meany, the federation's longtime president, and, while he led many walkouts, he repeatedly declared that he did not favor strikes for their own sake.

He always believed that arbitration procedures should be established in situations, like the controllers' strike or even among police and fire fighters, in which public workers were locked in confrontations with the Government that neither side could win.

Even so, it was under Mr. Wurf's leadership and tough negotiating stances that his union made rapid gains at the bargaining table. And it was a walkout of District Council 37 that led to the demise of New York State's Condon-Wadlin Act, which required the dismissal of public employees who struck. That statute was replaced by the Taylor Law, which prescribed fines and other less severe penalties.

In recent months Mr. Wurf had been in the forefront of labor's opposition to the Reagan Administration's budget cuts. His last major address, in fact, was at the Solidarity Day rally in Washington Sept. 19. His illness forced him to miss the A.F.L.–C.I.O. convention in New York City in November and a meeting of the federation's executive council with President Reagan on Dec. 2.

Mr. Wurf had supported Jimmy Carter in the last Presidential election after first leaning to the candidacy of Senator Edward M. Kennedy. Over the years, Mr. Wurf had become known as something of a plunger on political losers. He was among the first to endorse the Presidential candidacy of Edmund S. Muskie in 1971, and he later supported George McGovern.

BORN 1919 IN NEW YORK

Jerome Wurf was born in New York City on May 18, 1919, the son of a textile jobber. He attended New York University and, when he graduated in 1940, found work as a cafeteria busboy and cashier. He soon was organizing his fellow workers.

In 1947, Arnold Zander, the founder and president of the federation, hired Mr. Wurf as an organizer and later gave him the job of building District Council 37, which is now headed by Victor Gotbaum. It had less than 1,000 members when he joined, but the membership had swelled to 38,000 by 1964, when he won the national union presidency from Mr. Zander.

When he assumed the presidency, he took over a union that was nearly bankrupt and had ties to the Central Intelligence Agency and other questionable features. He began by selling union housing projects and some union buildings and began putting the union on a sound financial footing.

He also severed links to the C.I.A. and saw the union through a series of major tests, including a strike by black sanitationmen in Memphis in 1968 to protest racial discrimination.

In April 1978, his union became the largest unit of the A.F.L.–C.I.O. when it absorbed a former competitor, the Civil Service Employees Association of New York. In recent years, it has aggressively recruited women and blacks, two groups often ignored by the labor movement because of their traditional resistance to organization.

Mr. Wurf was named a vice president of the A.F.L.–C.I.O. in 1969, but his influence in the governing body was often vitiated by his opposition to its postures. Among other things, he opposed United States military involvement in Vietnam, which Mr. Meany strongly supported.

Mr. Wurf is survived by his wife, Mildred, two daughters and a son. A private funeral will be held tomorrow and a memorial will be held next Wednesday.

LYNWOOD HALL

Mr. BRADLEY. Mr. President, I would like to publicly acknowledge and thank Lynwood Hall for his cooperation and assistance to me and all of the Democratic Members of the Senate during the last 3 years.

I am saddened, as I know many of my colleagues are, that Lynwood has decided to return to his home State of Georgia where he will pursue more pastoral interests—helping his father run a family farm, developing his outstanding artistic talents, and, perhaps, engaging in the peaceful art of politics.

For 5 years Lynwood has assisted all of the Members on our side of the aisle and our staffs with graciousness. He approached the important work he handled efficiently and thoroughly. I deeply appreciate the many kindnesses he has shown me.

Lynwood has mentioned his great admiration for Thomas Jefferson—a great philosopher, a prosperous and industrious farmer, a creative individualist, and a true gentleman. All of those attributes are found in Lynwood. I wish him an equal amount of success.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORTS OF THE NATIONAL SCIENCE BOARD FOR CALENDAR YEARS 1979 AND 1980—MESSAGE FROM THE PRESIDENT—PM 103

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying reports; which was referred to the Committee on Labor and Human Resources:

To The Congress of the United States:

In accordance with the requirements of Section 4(j) of the National Science Foundation Act, as amended, I hereby transmit the Twelfth Annual Report of the National Science Board for calendar year 1979 and the Thirteenth Annual Report of the National Science Board for calendar year 1980. Both reports cover the period prior to my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 16, 1981.*

PRESIDENTIAL APPROVAL

A message from the President of the United States announced that on December 15, 1981, he had approved and signed the following joint resolution:

S.J. Res. 115. Joint resolution to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976.

MESSAGES FROM THE HOUSE

At 3:37 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes.

The message also announced that the House has passed the following bills and joint resolutions, without amendment:

S. 657. An act to designate the Department of Commerce Building in Washington, the District of Columbia, as the "Herbert Clark Hoover Department of Commerce Building";

S. 1192. An act to amend the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station in Washington, District of Columbia, and for other purposes;

S.J. Res. 34. Joint resolution to provide for the designation of the week commencing with the third Monday in February 1982 as "National Patriotism Week";

S.J. Res. 57. Joint resolution to provide for the designation of February 7 through 13, 1982, as "National Scleroderma Week";

S.J. Res. 84. Joint resolution to proclaim March 19, 1982, "National Energy Education Day"; and

S.J. Res. 136 Joint resolution to validate the effectiveness of a plan for the use and distribution of funds appropriated to pay a judgment awarded to the San Carlos Tribe of Arizona.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The message also announced that the House agrees to the amendment of the Senate to the following bill:

H.R. 4894. An act to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4559) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes; it recedes from its disagreement to the amendments of the Senate numbered 53, 70, 73, and 142, and has agreed thereto; and it recedes from its disagreement to the amendments of the Senate numbered 22, 23, 24, 25, 38, 62, 63, 89, and 138, and has agreed thereto, each with an amendment, in which it requests the concurrence of the Senate.

At 6:12 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bill and joint resolution, without amendment:

S. 1976. An act to amend the Act of July 31, 1946, as amended (40 U.S.C. 193a); and

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day."

The message also announced that the House has agreed to the following concurrent resolution, without amendment:

S Con. Res. 56. Concurrent resolution authorizing the reprinting of the committee print entitled "Investigation of Senator Harrison A. Williams, Jr."

The message further announced that the House agrees to the amendments of the Senate to the bill (H.R. 4879) to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessment and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

The message also announced that the House agrees to the amendment of the Senate to the amendments of the House to the bill (S. 271) to repeal section 222 of the Communications Act of 1934.

The message further announced the House agrees to the amendment of the Senate to the bill (H.R. 1797) to direct the Secretary of the Department in which the U.S. Coast Guard is operating to cause the vessel *Capt. Tom* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade.

The message also announced that the House has passed the following bill, with amendments:

S. 1204. An act to amend the Noise Control Act of 1972, as amended by the Quiet Communities Act of 1978.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 4353. An act to amend the Act entitled "An act to establish a uniform law on the Subject of Bankruptcies", approved November 6, 1978; and

H.R. 5116. An act to amend the Act of November 6, 1978 with respect to certain fees charged under the Bankruptcy Act.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 231 Concurrent resolution to authorize the erection of certain structures at the west front of the Capitol in connection with a rally to be held on January 15, 1982, in commemoration of the birth of Dr. Martin Luther King.

At 8:15 p.m., a message from the House of Representatives, delivered by Mr. Gregory, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1086) to extend and revise the Older Americans Act of 1965, and for other purposes.

The message also announced that the House has agreed to the amendment of the Senate to each of the following bills:

H.R. 779. An act to authorize the Secretary of the Army to contract with the Tarrant County Water Control and Improvement District Numbered 1 and the city of Weatherford, Tex., for the use of water supply storage in Benbrook Lake, and for other purposes;

H.R. 4327. An act to amend the Immigration and Nationality Act, and for other purposes; and

H.R. 5159. An act to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes.

The message further announced that the House agrees to the amendment of the Senate to the amendments of the House to the joint resolution (S.J. Res. 100) to authorize the participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel.

The message also announced that the House agrees to the amendments of the

Senate to the amendment of the House to the bill (S. 1946) to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3567) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1211) to extend the Toxic Substances Control Act for 1 year.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes.

The message also announced that the House has passed the following joint resolution, without amendment:

S.J. Res. 117. Joint resolution to authorize and request the President to designate the week of January 17, 1982 through January 23, 1982, as "National Jaycee Week".

The message further announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 5273. An act to allow the George Washington University Higher Education Facilities Revenue Bond Act of 1981 of the District of Columbia to take effect immediately.

The message also announced that the House has agreed to the following concurrent resolution; without amendment:

S. Con. Res. 54. Concurrent resolution to provide for the printing of 3,000 copies of the General Explanation of the Economic Recovery Tax Act of 1981.

HOUSE BILL REFERRED

The following bill was read twice by unanimous consent, and referred as indicated:

H.R. 5116. An act to amend the Act of November 6, 1978 with respect to certain fees charged under the Bankruptcy Act; to the Committee on the Judiciary.

HOUSE BILLS REFERRED

The following bills, received from the House of Representatives yesterday, December 15, 1981, were read twice by unanimous consent, and referred as indicated.

H.R. 4961. An act to make miscellaneous changes in the tax laws, and for other purposes; to the Committee on Finance; and

H.R. 5021. An act to extend the date for the Submission to the Congress of the report of the Commission on Wartime Relocation and Interment of Civilians; to the Committee on the Judiciary.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, December 16, 1981, he had presented to the President of the United States the following enrolled bill:

S. 1948. An act to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, other than farm credit system institutions, to borrow from and discount with Federal intermediate credit banks.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources, without amendment:

S.J. Res. 111. Joint resolution consenting to an extension and renewal of the interstate compact to conserve oil and gas (Rept. No. 97-304).

By Mr. ROTH, from the Committee on Governmental Affairs:

Report to accompany the bill (S. 1080) to amend the Administrative Procedure Act to require Federal agencies to analyze the effect of rules to improve their effectiveness and to decrease their compliance costs; to provide for a periodic review of regulations, and for other purposes (Rept. No. 97-305).

By Mr. THURMOND, from the Committee on the Judiciary:

Report to accompany the bill (H.R. 4775) to recognize the organization known as Former Members of Congress (Rept. No. 97-306).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

Anthony J. Calio, of Maryland, to be Deputy Administrator of the National Oceanic and Atmospheric Administration;

(The above nomination from the Committee on Commerce, Science, and Transportation was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. PACKWOOD. Mr. President, I also report favorably two nomination lists in the Coast Guard which were received by the Senate and appeared in the CONGRESSIONAL RECORD on December 15, 1981, and, to save the expense of reprinting them on the Executive Calendar, ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. PERCY, from the Committee on Foreign Relations:

Ex. B, 95-1. Two related Protocols done at Montreal on September 25, 1975, entitled: A. Additional Protocol No. 3 to Amend the Convention for the Unification of Certain Rules Relating to International Carriage by Air, signed at Warsaw on October 12, 1929, As Amended by the Protocols done at the Hague, on September 28, 1955, and at Guatemala City, March 8, 1971: and Montreal Protocol No. 4 to Amend the Convention for the Unification of Certain Rules Relating to International Carriage by Air, signed at Warsaw on October 12, 1929, as Amended by the Protocol done at the Hague on September 8, 1955 (with certain conditions and recommendations) (Ex. Rept. No. 97-45).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. STEVENS:

S. 1976. A bill to amend the act of July 31, 1946, as amended (40 U.S.C. 193a); considered and passed.

By Mr. JOHNSTON:

S. 1977. A bill to repeal the Public Utility Holding Company Act of 1935 as no longer necessary to accomplish the purpose for which it was enacted; to the Committee on Banking, Housing, and Urban Affairs.

S. 1978. A bill to quiet title and possession with respect to a certain private land claim in Livingston Parish, Louisiana; to the Committee on Energy and Natural Resources.

By Mr. GRASSLEY:

S. 1979. A bill to eliminate the duty on sulfaguanidine, sulfapyridine, and sulfathiazole; to the Committee on Finance.

By Mr. BOSCHWITZ:

S. 1980. A bill for the relief of Ms. Uasantha Senerath; to the Committee on the Judiciary.

S. 1981. A bill for the relief of Dr. Ching Hon Pui; to the Committee on the Judiciary.

By Mr. SCHMITT (for himself, Mr. WARNER, and Mr. JEPSEN):

S. 1982. A bill to amend the Strategic and Critical Materials Stock Piling Act and the Defense Production Act of 1950 to strengthen military preparedness, and for other purposes; to the Committee on Armed Services.

By Mr. SYMMS (for himself and Mr. WALLOP):

S. 1983. A bill to amend the Internal Revenue Code of 1954 to provide transitional rules for estate and gift tax treatment of disclaimers of property interests created by transfers before November 15, 1958; to the Committee on Finance.

By Mr. McCLURE (for himself, Mr. MELCHER, Mr. PRESSLER, Mr. HEFLIN, Mr. GOLDWATER, and Mr. EXON):

S. 1984. A bill to amend the Federal Trade Commission Act to protect the legislative and regulatory authority of the state legislatures, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. BENTSEN:

S. 1985. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for dividends paid by certain small businesses and to provide simplification in accounting rules related to inventory; to the Committee on Finance.

By Mr. MELCHER:

S. 1986. A bill to provide for the use and distribution of funds awarded the Blackfeet and Gros Ventre Tribes of Indians and the Assiniboine Tribe of the Forth Belknap Indian Community, et al. in dockets numbered 250-A and 279-C by the United States Court of Claims, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. CRANSTON:

S. 1987. A bill to amend the Social Security Act to provide general revenue funding for successful programs providing rehabilitation services to individuals in receipt of dis-

ability benefits under title II or XVI of such Act; to the Committee on Finance.

By Mr. STENNIS:

S. 1988. A bill to designate Domiciliary Number 1 at the Veterans' Administration Medical Center in Biloxi, Mississippi, as the "William B. Sheppard Domiciliary."; to the Committee on Veterans Affairs.

By Mr. DECONCINI (for himself, Mr. JACKSON, and Mr. JOHNSTON):

S. 1989. A bill to amend title XVIII of the Social Security Act to provide medicare coverage under part A for alcoholism treatment services, and to provide payment for such services on a charge basis; to the Committee on Finance.

By Mr. THURMOND:

S. 1990. A bill to amend title 10, United States Code, to revise and codify the permanent provisions of law relating to military construction and military family housing; to the Committee on the Judiciary.

By Mr. HOLLINGS:

S. 1991. A bill for the relief of Ms. Elizabeth Ann Jones-Smoak; to the Committee on the Judiciary.

By Mr. MATHIAS (for himself, Mr. KENNEDY, Mr. METZENBAUM, Mr. WEICKER, Mr. BIDEN, Mr. CHAFEE, Mr. MOYNIHAN, Mr. CRANSTON, Mr. ANDREWS, Mr. BAUCUS, Mr. BENTSEN, Mr. BOREN, Mr. BOSCHWITZ, Mr. BRADLEY, Mr. BUMPERS, Mr. BURDICK, Mr. CANNON, Mr. CHILES, Mr. ROBERT C. BYRD, Mr. COHEN, Mr. DANFORTH, Mr. DECONCINI, Mr. DIXON, Mr. DODD, Mr. DOMENICI, Mr. DURENBERGER, Mr. EAGLETON, Mr. FORD, Mr. GLENN, Mr. HART, Mr. HATFIELD, Mr. HEINZ, Mr. HOLLINGS, Mr. HUDDLESTON, Mr. INOUYE, Mrs. HAWKINS, Mr. JACKSON, Mrs. KASSEBAUM, Mr. LEAHY, Mr. LEVIN, Mr. LONG, Mr. MATSUNAGA, Mr. MITCHELL, Mr. PACKWOOD, Mr. PELL, Mr. PERCY, Mr. PRESSLER, Mr. PROXMIRE, Mr. PRYOR, Mr. QUAYLE, Mr. RIEGLE, Mr. ROTH, Mr. SARBANES, Mr. SASSER, Mr. SPECTER, Mr. STAFFORD, Mr. TSONGAS, Mr. WILLIAMS, Mr. JOHNSTON, Mr. STEVENS, and Mr. MELCHER):

S. 1992. A bill to amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes; to the Committee on the Judiciary.

By Mr. MATHIAS:

S. 1993. A bill to make amendments to the District of Columbia Self-Government and Governmental Reorganization Act relating to the judiciary; to the Committee on Governmental Affairs.

By Mr. KENNEDY:

S. 1994. A bill to conserve credit by restricting the availability of credit for unproductive corporate mergers and other speculative purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. DOLE (for himself and Mr. EAST):

S. 1995. A bill to remedy procedural and structural defects in the criminal justice system: to the Committee on the Judiciary.

By Mr. DOLE (for himself, Mr. EAST, and Mr. GRASSLEY):

S. 1996. A bill to provide for more effective deterrents for violent crime offenders; to the Committee on the Judiciary.

By Mr. DOLE:

S. 1997. A bill to provide assistance to State and local governments in combining crime; to the Committee on the Judiciary.

By Mr. MATHIAS:

S. 1998. A bill to provide preferential treatment under the Immigration and Nationality Act to certain aliens who are retired officers or employees of certain international organizations, members of their families, or surviving relatives of deceased officers or employees of such organizations; to the Committee on the Judiciary.

By Mr. WARNER:

S. 1999. A bill to amend the Act to provide for the establishment of the Wolf Trap Farm Park in Fairfax County, Virginia, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. DOLE (for himself, Mr. HEFLIN, Mr. THURMOND, Mr. EAST, Mr. BAUCUS, Mr. SIMPSON, and Mr. DECONCINI):

S. 2000. A bill to amend title 11, United States Code, to establish an improved basis for providing relief under Chapter 7, and for other purposes; to the Committee on the Judiciary.

By Mr. HATCH (for himself, Mr. THURMOND, and Mr. CRANSTON):

S. 2001. A bill to amend the Lanham Trademark Act to prohibit any State from requiring that a registered trademark be altered for use within such State and to encourage private enterprise with special emphasis on the preservation of small business; to the Committee on the Judiciary.

By Mr. HUDDLESTON (for himself and Mr. ABDNOR):

S. 2002. A bill to assure that an intensive course of English instruction is an integral part of the bilingual education program and that participation in the bilingual education program will in most cases be limited to one year, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. HUDDLESTON (for himself, Mr. CHILES, Mr. HATFIELD, Mr. WARNER, Mr. BUMPERS, Mrs. HAWKINS, Mr. JOHNSTON, and Mr. GORTON):

S. 2003. A bill to amend the Immigration and Nationality Act with respect to procedures for the annual admission of refugees; to the Committee on the Judiciary.

By Mr. PELL:

S. 2004. A bill for the relief of William J. Games; to the Commission on Finance.

By Mr. MATSUNAGA (for himself and Mr. INOUYE):

S. 2005. A bill to enable the Native Hawaiians Study Commission to accept gifts and voluntary services; to the Committee on Energy and Natural Resources.

By Mr. HELMS:

S.J. Res. 137. A joint resolution to amend the Constitution to preserve the right to life; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. STEVENS (for Mr. DOLE):

S. Con. Res. 54. A concurrent resolution to provide for the printing of 3,000 copies of the General Explanation of the Economic Recovery Tax Act of 1981; considered and agreed to.

By Mr. STEVENS (for Mr. HELMS) (for himself and Mr. HUDDLESTON):

S. Con. Res. 55. A concurrent resolution to authorize the Secretary of the Senate to make technical corrections in the enrollment of the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes; considered and agreed to.

By Mr. STEVENS (for Mr. WALLOP):

S. Con. Res. 56. A concurrent resolution authorizing the reprinting of the committee print entitled "Investigation of Senator Harrison A. Williams, Jr."; considered and agreed to.

By Mr. BAKER:

S. Con. Res. 57. A concurrent resolution providing for the sine die adjournment of the Ninety-seventh Congress, First Session; considered and agreed to.

By Mr. TSONGAS (for himself, Mr. JEPSEN, Mr. PERCY, Mr. DODD, Mr. MOYNIHAN, Mr. JACKSON, Mr. RIEGLE, and Mr. BOSCHWITZ):

S. Con. Res. 58. A concurrent resolution expressing the sense of the Congress with respect to the continued internal exile and treatment by their Government of the Soviet Union of Andrei Sakharov and his wife, Yelena Bonner; considered and agreed to.

By Mr. HUDDLESTON:

S. Res. 270. A resolution relating to the "Great Friendship Run"; to the Committee on the Judiciary.

By Mr. BAKER:

S. Res. 271. A resolution appointing a committee to notify the President concerning the proposed adjournment of the session; considered and agreed to.

By Mr. COHEN (for himself, Mr. HEINZ, Mr. PRYOR, Mr. CHILES, Mr. DURENBERGER, Mr. BRADLEY, Mr. GRASSLEY, Mr. BURDICK, Mr. MELCHER, Mrs. KASSEBAUM, and Mr. GLENN):

S. Res. 272. A resolution expressing the sense of the Senate with respect to the rights of residents in certain health care facilities; to the Committee on Labor and Human Resources.

By Mr. ROBERT C. BYRD:

S. Res. 273. A resolution authorizing the President of the Senate and the President of the Senate pro tempore to make certain appointments after the sine die adjournment of the present session; considered and agreed to.

By Mr. BAKER:

S. Res. 274. A resolution authorizing the President of the Senate to sign enrolled bills and resolutions; considered and agreed to.

S. Res. 275. A resolution tendering the thanks of the Senate to the Vice President for the courteous, dignified, and impartial manner in which he has presided over the deliberations of the Senate; considered and agreed to.

By Mr. ROBERT C. BYRD:

S. Res. 276. A resolution tendering the thanks of the Senate to the President pro tempore for the courteous, dignified, and impartial manner in which he has presided over the deliberations of the Senate; considered and agreed to.

By Mr. THURMOND:

S. Res. 277. A resolution to commend the conduct of the distinguished Majority Leader; considered and agreed to.

S. Res. 278. A resolution to commend the extraordinarily cooperative conduct of the distinguished Minority Leader; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STEVENS:

S. 1976. A bill to amend the Act of July 31, 1946, as amended (40 U.S.C. 193a); considered and passed.

(The remarks of Mr. STEVENS on this legislation appear earlier in today's RECORD.)

By Mr. JOHNSTON:

S. 1977. A bill to repeal the Public Utility Holding Company Act of 1935 as no longer necessary to accomplish the purposes for which it was enacted; to the Committee on Banking, Housing, and Urban Affairs.

REPEAL OF PUBLIC UTILITY HOLDING COMPANY ACT

● Mr. JOHNSTON. Mr. President, on November 19, I joined with Senator D'AMATO in introducing three bills respecting the Public Utility Holding Company Act. Those bills, S. 1869, 1870, and 1871, present a wide range of options for amending the act. Today, I am presenting a fourth option with regard to the Public Utility Holding Company Act—outright repeal.

Mr. President, the Public Utility Holding Company Act is an anachronism. The act applies to only a handful of companies throughout the country. The primary objectives of the act—corporate simplification and geographic integration of public utility holding companies—was accomplished long ago. Subsequent Federal legislation in the securities and energy areas have duplicated many provisions of the act. State and local utility regulation has matured to the point that Federal regulation in the area is needless.

Despite these developments, however, the few companies still subject to the act continue to be subject to substantial and burdensome limitations, registration requirements and reporting obligations. The effect of those regulatory requirements is to reduce efficiency and impose financial hardship at a time when our public utilities can scarcely afford unnecessary costs.

Mr. President, it is time to admit that the public utility holding company no longer serves the public interest, but operates to retard the development of utility companies. Because the act is outdated, and because the act is so complex, I feel that the Senate should be presented with the option of outright repeal in lieu of wholesale amendment. The benefits will be greater and the process much easier. I ask unanimous consent that the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1977

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

CONGRESSIONAL FINDINGS

SECTION 1. The Congress hereby finds that:

(a) The Public Utility Holding Company Act of 1935 imposes substantial and burdensome requirements upon the holding company sector of the public utility industry. The Act subjects utility holding companies to a level of regulation not found necessary with respect to other organizations in the same or related industries;

(b) The Public Utility Holding Company Act of 1935 continues to impose these requirements even though substantially all of the purposes of the Act have been achieved. Public utility holding companies have been limited to single integrated public utility systems operating in cohesive geographic areas or regions. The simplification of the capital structures of public utility holding companies contemplated under the Act has been completed. Public utility companies organized in holding company systems are not subject to effective Federal, State and local control, without the regulation of the 1953 Act.

(c) Only a small number of public utility holding companies are regulated under the Act. Those that remain regulated under the provisions of the Act are subject to registration and reporting requirements, as well as to other limitations on activities, that are not borne by other companies operating in the utility business, or elsewhere in industry;

(d) Existing Federal and state registration and regulatory requirements are fully adequate to insure the protection of investors holding interests in public utility holding companies. The elaborate process of utility registration under the Public Utility Holding Company Act of 1935 afford no greater protection than is afforded by the Securities Act of 1933 and the Securities Exchange Act of 1934. State utility regulatory commissions are now capable under familiar principles of regulatory law to review acquisitions and system transactions entered into by public utility operating companies and their affiliates;

(e) The requirements of the Public Utility Holding Company Act of 1935 are duplicative of other existing Federal and state requirements. State public utility commissions are competent to investigate whether utilities' acquisition of diverse businesses is likely to endanger the reliability of utility service, and are generally empowered to disallow costs charged by companies associated with utility companies which are not in the public interest;

(f) It is in the public interest to eliminate the provisions of the Public Utility Holding Company Act of 1935 which inhibit innovation. These provisions have retarded the financial health of registered public utility holding companies relative to other companies and utilities. These provisions also provide disincentives to entry into the electric utility generating sector by other industries.

REPEAL OF PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

SEC. 2. The Public Utility Holding Company Act of 1935, Chapter 687, Title I, 49 Stat. 803, as amended, codified at 15 U.S.C. § 79 to § 79z–6 (1976), is hereby repealed.

REPEAL OF RELATED PROVISION OF THE FEDERAL POWER ACT

SEC. 3. Section 318 of the Federal Power Act, Chapter 687, Title II, § 213, 49 Stat. 863, as amended, codified at 16 U.S.C. § 825, providing that any person subject to the requirements of both the Federal Power Act and the Public Utility Holding Company Act of 1935, shall be subject to the provisions of the Public Utility Holding Company Act of 1935, rather than to the provisions of the Federal Power Act with respect to the same subject matter, is hereby repealed.

SAVINGS PROVISION

SEC. 4. This Act shall not be construed to affect any proceedings commenced as of the effective date of these provisions by an official filing with the SEC by any company subject to the provisions of the Public Utility Holding Company Act of 1935.●

By Mr. GRASSLEY:

S. 1979. A bill to eliminate the duty on sulfaguanidine, sulfapyridine, and sulfathiazole; to the Committee on Finance.

ELIMINATION OF DUTY ON CERTAIN SULPHA DRUGS

● Mr. GRASSLEY. Mr. President, today I am introducing a bill that will suspend import duties on three sulpha drugs, sulfathiazole, sulfapyridine, and sulfaquanadine.

There are no U.S. producers of these three sulpha drugs, consequently the import duties do penalize the U.S. hog producer by increasing his cost of these important sulpha drugs and therefore his cost of production.

The rate of duty on sulfathiazole is 32.25 percent of the import price, sulfaquanidine and sulfapyridine each carry an import duty of 24.65 percent. The drugs themselves are expensive, compounding their cost with high and unnecessary duties only means higher food prices for U.S. consumers.

I urge all of my colleagues to support this measure, it will help the hog producer and consumer alike.●

By Mr. SCHMITT (for himself, Mr. WARNER, Mr. JEPSEN, and Mr. DECONCINI);

S. 1982. A bill to amend the Strategic and Critical Materials Stock Piling Act and the Defense Production Act of 1950 to strengthen military preparedness, and for other purposes; to the Committee on Armed Services.

STRATEGIC STOCKPILE REFORMS ACT OF 1981

● Mr. SCHMITT. Mr. President, I am introducing legislation today that would substantially revise the manner in which our national defense stockpile is managed. The legislation would consolidate the stockpile related functions of the General Services Administration and the Federal Emergency Management Agency into a strategic stockpile commission. This improved structure for the implementation of the Strategic and Critical Materials Stockpiling Act will insure that the important improvements which have been made in this act in recent years can be efficiently and effectively administered.

Let me review for a moment the need for this legislation.

The national defense stockpile exists to insure that our country can continue to have vital economic and defense materials in times of national emergency. We could almost think of it as our national survival pack of strategic materials.

But our stockpile is in trouble. Shortsighted political considerations have frequently taken priority over strategic issues in the setting of our stockpile goals. Past administrations have sometimes seen the stockpile as a sort of checking account to be tapped whenever we need to raise money to balance the budget or fund a new program. As a result, it is estimated that the stockpile is some $14 billion short of achieving current goals.

A recent report issued by the Senate Republican Policy Committee concludes that "If no purchases or sales from the stockpile had been made between 1962 and 1981 we would be much closer to the present goals than we are after all the changing of stockpile goals during this period." This conclusion suggests, I believe, that the present system of management has actually been counterproductive. We appear to move further away from our goals as time goes by.

The Federal Emergency Management Agency estimates that had the status quo of 1962 been maintained, the cost of achieving current stockpile goals would have been minimal and there would be

valuable surpluses of high value commodities such as copper, aluminum, zinc, cobalt, nickel, and lead. I ask unanimous consent that that Republican Policy Committee Report, "National Defense Stockpile Inventory of Strategic and Critical Materials, 1962–1980 Comparison," be reprinted in the RECORD following my statement.

Some of the general problems in the current management are the following:

First. Stockpile goals have been changed frequently in the past, but not always consistently. For example, at one time stockpile goals for aluminum, copper, lead, nickel, and zinc were set at zero. During the period of 1963–75, all of the stockpiled aluminum, copper, and nickel was sold, as was most of the zinc and about half of the lead. New stockpile goals for these materials will require their purchase at current market prices, which are far higher than the prices at which these commodities were sold.

Second. The stockpile has frequently been manipulated for nondefense political purposes contrary to the statutory requirement that directs otherwise. The initiatives of the Nixon administration to sell off a major portion of the stockpile, presumably to generate revenue to reduce Federal budget deficits, are a case in point. The current administration's recommendations to sell $2.14 billion worth of stockpiled materials, but to purchase only $60 million worth of new materials for the stockpile, hardly inspires confidence that the stockpile is not still being used for budgetary purposes.

Third. The storage and handling of some stockpiled materials has been less than satisfactory; poor security may have resulted in theft; weighing of materials prior to sale may have been inaccurate; material has been allowed to deteriorate or become obsolete; and billing for sold materials has been faulty.

Fourth. The fact that funds derived from past sales of stockpiled materials have gone into the Treasury's general fund, rather than being used to purchase needed materials for the stockpile, has seriously depleted the assets of the stockpile.

Let us look at how our stockpile has fared under these past policies with regard to some specific materials:

COBALT

The stockpile goal for this material was 129 million pounds in 1955 but only about 12 million pounds in 1973; consequently much cobalt—approximately 60 million pounds—was sold at prices averaging $2 to $4 a pound. Recently the administration bought 5.2 million pounds of cobalt from Zaire for $15 a pound, with an option to purchase an additional 5.2 million pounds next year. In other words, we are paying $11 to $15 per pound more for cobalt today than we sold it for only a few years ago. More consistent and realistic management of this material clearly would have saved much money.

ZINC

The stockpile goal for zinc was about 1.5 million tons in 1950 but was reduced to zero in 1963. Sales have reduced the amount stockpiled to less than 400,000 tons; yet the current stockpile goal is more than 1.4 million tons.

There is a curious irony here. At the end of 1963, the stockpile contained 1,580,741 tons of zinc—slightly above the present objective. For various reasons, including the size of the domestic industry at that time, the defense authorities concluded that no stockpile of zinc was required.

Over the subsequent years more than three-quarters of the stockpile was sold—at prices averaging perhaps $300 a ton. One effect of these stockpile sales was, of course to hold the zinc price down. That, in turn, discouraged investment in modern plant and helped bring about the dramatic decline in the industry's capacity. Because the capacity is down, Government has concluded that it needs a big stockpile again. And what is the price the Government will have to pay for zinc? It is currently about $900 a ton—some $600 more than the price the Government received for zinc sold from the stockpile.

LEAD

In 1956 the stockpile goal for lead was almost 1.2 million tons, but by 1963 the goal had been reduced to zero. Almost 1.4 million tons were still being stockpiled in 1962, but subsequent sales has reduced this amount to about 600,000 tons. Yet, the current stockpile goal for lead is about 1.1 million tons, thus requiring additional purchases.

COPPER

At one time the stockpile goal for copper was 3.5 million tons; this was reduced to almost 800,000 tons by 1963 and further reduced to zero by 1973. More than 1.1 million tons of copper were in the stockpile in 1962, but sales reduced the amount to 260,000 tons by 1973 and most of this had been sold by 1974. The current goal for copper is 1.0 million tons, but there is less than 30,000 tons in the stockpile. The cost to buy back the copper sold from the stockpile will be substantial, and it is a cost that could have been avoided with sound management of our resources.

SILVER

Currently there is more controversy over the management of silver than for any other stockpiled material. At present, the stockpile contains 139.5 million troy ounces of silver, whereas the goal has been set at zero, largely on the grounds that adequate supplies of silver during wartime could be obtained from domestic sources and from imports from Canada and Mexico. Consequently, this years' budget act authorizes the sale of 46.537 million troy ounces as of October 1, 1981; 44.682 million troy ounces as of October 1, 1982; and 13.9 million troy ounces as of October 1, 1983.

Critics contend that, in view of the sharp changes in the stockpile goals in the past, there is no guarantee that the goal for silver may not be again changed, thus requiring repurchase of silver, possibly at much higher prices. They also note that of the $2.140 billion recommended in stockpiled materials sales, silver amounts to about $2.093 billion. Hence they suggest that the sale of silver is being promoted more for budgetary than for defense purposes. Further, the manner in which these sales have been conducted raises serious questions regarding GSA's ability to conduct these sales without needlessly disrupting the market.

CHROMIUM

Chromium is a vital strategic material needed for manufacturing of a wide range of essential military equipment. In light of the fact that the United States imports 91 percent of our consumption, the availability of chromium is a matter of great concern. Yet, 682,000 short tons of chromium have been sold from the stockpile since 1962—and the stockpile is now nearly 200,000 tons short of its goal.

These are just a few examples of the inadequacy of stockpile management with regard to a few of the vital strategic materials in our stockpile.

What is the essential message of this litany of stockpile management inefficiencies? It is this: The number, and extent to which, a long list of materials have been mishandled suggests that structural and organizational problems exist which require a fundamenal change in the management structure of the strategic stockpile. I am persuaded that the following elements must be a part of any comprehensive solution to these problems.

Management of the stockpile needs to be consolidated. At present, stockpile management is fractured and disorganized. Sales and purchases of materials are made by the General Services Administration—but only upon the recommendation of the Federal Emergency Management Agency which collects information and recommendations from the Departments of Defense, Commerce, Interior, State, and others, to establish stockpile goals. But it does not stop there. FEMA proposals to buy and sell materials are transmitted to OMB, where budgetary consideration may weight in heavily on stockpile decisions. This, I believe, is the source of many of the changes in stockpile goals that have occurred in the past several administrations. All too often, goals have been manipulated downward to justify stockpile sales that would raise revenues to reduce the Federal deficit.

After OMB has taken a look at and probably revised FEMA's stockpile proposals, Congress considers the administration's recommendation in the annual budget. Regrettably, Congress has frequently gone along with the executive branch's budgetary abuse of the stockpile. Further, the Congress has, on occasion, been persuaded by special interest groups to adopt stockpile policies which may have been helpful to particular industries, but which in the long run, create more problems for the achievement of stockpile goals.

I am convinced that there are far too many players in this game for the current organizational structure to adequately meet our vital national interests. Furthermore, no one in Government has

sole responsibility for the stockpile. GSA and FEMA both have very broad responsibilities in diverse areas—stockpile management is but one of their many functions; one which is frequently shortchanged.

Management of the stockpile should be able to respond to market influences; but the current system has months of delay built into it, before a sale or purchase can be initiated. We are now selling silver at $8–$9 per ounce and driving the price lower with the sales, to the detriment of our domestic producers. Where was GSA when the price of silver peaked at $50 per ounce? They were not in the market. They could not have been, it would take months to get approval from the executive branch and Congress.

Materials in stockpile may need to be rotated from time to time to insure that they meet current industry specifications. My understanding is that the majority of our cobalt stockpile does not meet certain high technology uses and would require costly and time consuming reprocessing in a time of national emergency. Such a routine rotation of stockpiled materials should not require congressional or executive branch involvement, and accompanying delay.

Management of sales and purchases should at times be conducted quietly so as not to disrupt the market or "telegraph" our intentions. Yet, by virtue of the fact that stockpile purchases and sales must be congressionally authorized, the whole world has an idea of what the managers of the stockpile will be doing—and they can act accordingly. To some extent, stockpile sales and purchases provide an opportunity for speculators and producers, foreign and domestic alike, to profit from the unreasonable and unworkable system we have constructed.

Management of the stockpile should be removed to the maximum extent from political or budgetary considerations. The purpose of the stockpile is to provide a degree of protection to our country in time of war or emergency. It was not created as a budget balancing tool. We must restore the stockpile to its original purpose.

To achieve these objectives I am introducing this legislation which is designed to reorganize the management of the national defense stockpile.

I ask unanimous consent that a summary of the bill be inserted in the RECORD at the conclusion of my statement.

The establishment of a strategic stockpile commission would go a long way toward solving many of our materials problems. Furthermore, it would centralize in one agency all of the participants in the management of the stockpile. There would be one voice in Government that could speak with authority on the nature and extent of materials problems. This voice is currently missing. Further, the establishment of a strategic stockpile commission would remove, to the maximum extent possible, the budgetary and political manipulation of our national stockpile.

The United States is currently involved in a materials war. The only problem is, as a nation we do not know it—and the Soviets do. There are many actions which must be taken to counter this threat—changes in Federal lands policy, taxes, pollution control, initiatives in deep sea mining, et cetera, so that we can develop our own resources and attain self-sufficiency wherever we can.

But there are many materials with which the United States is not endowed in abundance. Where this is the case the stockpile is our best method of protecting our country and our economy. With certain other materials we have domestic deposits which are not currently in production, but which may be in the future with advances in technology or with appropriate production incentives. In these cases the stockpile can serve a vital function in bridging us over to the day when we can become self-sufficient.

One of our primary political problems in Washington is that the Congress is so much absorbed in the immediate issues of today that there is rarely attention given to our long-term structural problems. Minerals dependency is such a long-term problem and it requires a long-term structural solution. This legislation, I believe can play a part in achieving that solution.

I ask unanimous consent that the text of the bill and a summary be included in the RECORD.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 1982

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Strategic Stockpile Reform Act of 1981".

TITLE I—AMENDMENTS TO THE STRATEGIC AND CRITICAL MATERIALS STOCK PILING ACT; RELATED AMENDMENTS

SEC. 101. The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.) is amended—

(1) by striking out sections 5 and 12;

(2) by redesignating sections 3, 4, 6, 7, 8, 9, 10, 11, and 13 as sections 6, 7, 8, 9, 10, 11, 12, 13, and 14, respectively;

(3) by inserting after section 2 the following new sections:

"DEFINITIONS

"SEC. 3. For the purposes of this Act:

"(1) The term 'strategic and critical materials' means materials that (A) would be needed to supply the military, industrial, and essential civilian needs of the United States during a national emergency, and (B) are not found or produced in the United States in sufficient quantities to meet such need.

"(2) The term 'national emergency' means a general declaration of emergency with respect to the national defense made by the President or by the Congress.

"(3) The terms 'stockpile' and 'National Defense Stockpile' means the National Defense Stockpile described in section 6(a).

"(4) the term 'agency' has the same meaning as provided in section 551 (1) of title 5, United States Code.

"ESTABLISHMENT OF THE STRATEGIC STOCKPILE COMMISSION

"SEC. 4. (a) There is established as an independent agency in the executive branch of the Federal Government a commission to be known as the Strategic Stockpile Commission (hereafter in this Act referred to as the 'Commission').

"(b) The Commission shall be composed of five members appointed by the President, by and with the advice and consent of the Senate, from among individuals who have substantial experience, training, or expertise in national defense matters, economics, finance, industrial mobilization, foreign affairs, or the development and marketing of ores and other mineral substances. Not more than three members of the Commission shall be members of the same political party.

"(c)(1) Except as provided in paragraphs (2) and (3), the term of office of each member of the Commission shall be ten years.

"(2) Of the members of the Commission first appointed under subsection (b)—

"(A) one shall be appointed for a term of two years;

"(B) one shall be appointed for a term of four years;

"(C) one shall be appointed for a term of six years;

"(D) one shall be appointed for a term of eight years; and

"(E) one shall be appointed for a term of ten years.

"(3) Any member appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(d)(1) The President shall designate, by and with the advice and consent of the Senate, one member of the Commission appointed under subsection (b) to serve as the Chairman. The Chairman shall be tne principal executive officer of the Commission and shall preside at meetings of the Commission.

"(2) The President shall designate, by and with the advice and consent of the Senate, one member of the Commission appointed under subsection (b) to serve as the Vice Chairman. In the absence or disability of the Chairman, the Vice Chairman shall act as Chairman.

"(e)(1) The members of the Commission shall meet regularly and shall perform the functions and exercise the powers of the Commission on a majority vote of a quorum of the Commission.

"(2) A vacancy in the Commission shall not impair the authority of a quorum of the Commission to perform the functions or exercise the powers of the Commission.

"(f) Three members of the Commission shall constitute a quorum for the transaction of business.

"FUNCTIONS OF THE STRATEGIC STOCKPILE COMMISSION

"SEC. 5. The Commission shall—

"(1) after consulting with the Secretary of Commerce, the Secretary of Defense, the Secretary of the Interior, and the head of any other agency as the Commission considers appropriate, develop policy for the management of the National Defense Stockpile;

"(2) manage the National Defense Stockpile;

"(3) make recommendations to the President, the Congress and the agencies for such action as the Commission considers appropriate with respect to—

"(A national policy on strategic and critical materials; and

"(B) research and development relating to strategic and critical materials; and

"(4) perform such additional functions as

may be required under the provisions of title III of the Defense Production Act of 1950."; and

(4) by adding at the end thereof the following new sections:

"ADMINISTRATIVE PROVISIONS

"SEC. 15. (a) In order to carry out its functions under this Act, the Commission may—

"(1) prescribe such regulations as the Commission considers necessary to carry out the provisions of this Act;

"(2) subject to civil service and classification laws, appoint, employ, and fix the compensation of such personnel as may be necessary to carry out the provisions of this Act;

"(3) establish such standing and ad hoc interagency committees composed of such officers and employees of the Government as the Commission considers necessary to carry out the provisions of this Act;

"(4) obtain from any Federal agency, including any independent establishment or instrumentality of the United States, advice, information, estimates, statistics, and such other assistance as the Commission considers necessary for the performance of its functions under this Act;

"(5) solicit from any State or political subdivision thereof advice, information, estimates, statistics, and such other assistance as the Commission considers necessary for the performance of its functions under this Act;

"(6) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code;

"(7) accept and utilize the services of individuals employed intermittently in the Government service and reimburse such individuals for travel expenses, as authorized by section 5703 of title 5, United States Code, including per diem as authorized by section 5702 of such title;

"(8) enter into contracts or other arrangements, or modifications thereof, to carry out the provisions of this Act;

"(9) make advance, progress, and other payments which the Commission considers necessary to carry out the provisions of this Act without regard to the provisions of section 3648 of the Revised Statutes, as amended (31 U.S.C. 529);

"(10) make such other expenditures as the Commission determines are necessary to carry out the provisions of this Act; and

"(11) pay the compensation of personnel, per diem, travel expenses, and all other expenses of the Commission from the National Defense Stockpile Transaction Fund established by section 11.

"(b) Any officer or employee of the Government who is designated by the Commission under subsection (a)(3) to be a member of a standing or ad hoc interagency committee shall serve on such committee.

"TRANSFER OF AUTHORITY DURING TIME OF WAR

"SEC. 16. Notwithstanding any other provision of this Act, upon a declaration of war or national defense emergency the President shall assume the functions of the Commission and shall make the determinations and issue the orders authorized by this Act. In time of war declared by the Congress, the Commission shall act at the direction of the President in the performance of such functions.".

SEC. 102. (a) Except as otherwise specifically provided, wherever in this section a reference is expressed in terms of a section of the Strategic and Critical Materials Stock Piling Act, the reference is to the section as redesignated by section 101(2).

(b) The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.) is further amended—

(1) in section 8—

(A) by striking out clause (2) of subsection (a) and inserting in lieu thereof the following:

"(2) insure that such materials, after acquired, are maintained in a condition suitable for industrial and defense uses by providing for the storage, security, and maintenance of the materials in the stockpile;";

(B) by striking out clauses (4) and (5) of subsection (a) and inserting in lieu thereof the following:

"(4) provide for the rotation of any material in the stockpile when necessary to insure that the material in the stockpile at any time is of a quality suitable for industrial use as determined by applying the applicable industry's standards (with respect to the quality of such material) at such time;

"(5) subject to the notification requirement in subsection (d)(2), dispose of such materials as the Commission considers appropriate to carry out the provisions of this Act; and"; and

(c) by adding at the end thereof the following new subsection:

(f) In disposing of materials under this Act, the Commission may manage and administer the sale of such materials in foreign countries.";

(2) in section 9—

(A) by striking out "and" at the end of subsection (a)(1);

(B) by striking out the period at the end of subsection (a)(2) and inserting in lieu thereof a semicolon and "and";

(C) by adding at the end of subsection (a) the following new clause;

"(3) on the order of the Commission during any period in which there is a severe interruption or restriction in the supply of such materials as the result of an economic embargo or other condition."; and

(D) by adding at the end thereof the following new subsection:

"(c) An order issued under subsection (a)(3) shall provide (1) only for the release of the types of materials the supply of which is severely interrupted or restricted, and (2) for the disposition of such materials (A) by sale at the prevailing fair market price of such materials in the United States, and (B) in quantities that will not reduce the quantities of such materials in the stockpile below necessary minimum quantities specified by the Commission."; and

(3) in section 11—

(A) by striking out "appropriated" in the second sentence of subsection (b)(1) and inserting in lieu thereof "expended";

(B) by striking out subsection (b)(2) and inserting in lieu thereof the following:

"(2) Moneys covered into the fund under paragraph (1) and subsection (c) and any moneys appropriated to the fund shall be available, without fiscal year limitation, to carry out the provisions of this Act unless otherwise provided in appropriation Acts.";

(C) by striking out paragraph (3) of subsection (b); and

(D) by striking out "and shall be available only for the acquisition of replacement materials" in subsection (c).

SEC. 103. (a) Section 5313 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"Chairman, Strategic Stockpile Commission.".

(b) Section 5314 of such title is amended by adding at the end thereof the following new item:

"Members, Strategic Stockpile Commission (4).".

TITLE II—AMENDMENTS TO THE DEFENSE PRODUCTION ACT

SEC. 201. (a) Section 301 of the Defense Production Act of 1950 (50 U.S.C. App. 2091) is amended—

(1) in subsection (a)(1)—

(A) by inserting "(A)" after "(a)(1)";

(B) by inserting "the Commission," after "the Department of Commerce,"; and

(C) by adding at the end thereof the following new subparagraph:

"(B) Subject to the provisions of subsection (e)(1)(B), the Commission may, without the authorization of the President, guarantee loans in the manner provided in subparagraph (A) to expedite production and deliveries or services under Government contracts entered into by the Commission in the management of the National Defense Stockpile.";

(2) in the first sentence of subsection (b) by inserting "or when designated by the Commission in any case in which the Commission is acting under subsection (a)(1)(B)," after "President,";

(3) In subsection (c) by striking out "President, and to such regulations as he may prescribe; and the President" and inserting in lieu thereof "President, or of the Commission in any case in which the Commission is acting under subsection (a)(1)(B), and to such regulations as the President or the Commission, as the case may be, may prescribe. The President or, in any case in which the Commission is acting under subsection (a)(1)(B), the Commission"; and

(4) in the first sentence of subsection (e)(1)(B), by inserting ", or which are initiated by the Commission under subsection (a)(1)(B)," after "subparagraph (A)".

(b) Section 302 of such Act (50 U.S.C. App. 2092) is amended—

(b) by inserting "(a)" before the first sentence; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) Subject to paragraph (2), the Commission may, without the authorization of the President, make provision for such loans described in subsection (a) as the Commission considers necessary in the management of the National Defense Stockpile.

"(2) The Commission may not make provision for any loan under paragraph (1) unless—

"(A) the Committees on Armed Services of the Senate and the House of Representatives have been notified in writing of the proposal to make provision for such loan;

"(B) a period of 60 days of continuous session of Congress has expired since the date on which the notice was transmitted to such Committees; and

"(C) neither House of Congress has adopted, within such period, a resolution disapproving such proposal.'. (c) Section 303 of such Act (50 U.S.C. App. 2093) is amended by adding at the end thereof the following new subsection:

"(h) (1) Subject to the provisions of the paragraph (2), the Commission may, without the authorization of the President, make provision for any action described in subsections (a), (c), (e), and (g) whenever the Commission considers such action necessary to carry out its functions under the Strategic and Critical Materials Stock Piling Act. In making any such provision, the

Commission may exercise the same authority as the President, and shall be subject to the same limitations on such authority, as provided in subsections (a), (b), (c), and (d).

"(2)(A) The Commission may not make provision for action as authorized under paragraph (1) unless—

"(i) the Committees on Armed Services of the Senate and the House of Representatives have been notified in writing of the proposal for such action;

"(ii) a period of 60 days of continuous session of Congress has expired since the date on which the notice was transmitted to such Committees; and

"(iii) neither House of Congress has adopted, within such period, a concurrent resolution disapproving the proposal for such action.

"(B) For the purposes of subparagraph (A), the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the 60-day period.".

(d) Subsection (a) of section 304 of such Act (50 U.S.C. App. 2094) is amended by inserting a comma and "including the Commission," after "Government".

(e) Section 308 of such Act (50 U.S.C. App. 2098) is amended by adding at the end thereof the following new subsections:

"(d) For the purposes of this title, the term 'Commission' means the Strategic Stockpile Commission established by section 4 of the Strategic and Critical Materials Stock Piling Act.

"(e) For the purposes of this title, the term 'National Defense Stockpile' means the National Defense Stockpile described in section 6(a) of the Strategic and Critical Materials Stock Piling Act.".

(f) Such Act is further amended by adding at the end thereof the following new section:

"SEC. 309. The Commission shall make recommendations to the President for such actions by the President under this title as the Commission considers appropriate.".

TITLE III—MISCELLANEOUS, TECHNICAL, AND CONFORMING AMENDMENTS

SEC. 301. (a) Except as otherwise specifically provided, wherever in this section a reference is expressed in terms of a section of the Strategic and Critical Materials Stock Piling Act, the reference is to the section as redesignated by section 101(2).

(b) The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.) is amended—

(1) in sections 6, 8, 9, 10, 12, and 13 by striking out "President" each place it appears and inserting in lieu thereof "Commission";

(2) in section 6—

(A) by striking out "(hereinafter in this Act referred to as the 'stockpile')" in subsection (a); and

(B) by striking out "The" in subsection (b) and inserting in lieu thereof "Except as provided in section 9(a)(3), the";

(3) in section 8—

(A) by striking out "section 3 (a)" in subsection (a)(1) and inserting in lieu thereof "section 6 (a)";

(B) by striking out "subject to the provisions of section 5(b)," in subsection (a)(6); and

(C) by striking out "section 7 (a)" in the first sentence of subsection (b) and inserting in lieu thereof "section 9(a)";

(4) in section 10(b) by striking out "section 3(a)"; and inserting in lieu thereof "section 6(a)";

(5) in section 11—

(A) by striking out "paragraphs (5) and (6) of section 6(a)" in subsection (b)(1) and inserting in lieu thereof "clauses (E) and (F) of section 8 (a)(1)";

(B) by striking out "section 6(a)(1)" in subsection (b)(2) and inserting in lieu thereof "section (8)(a)(1)(A)"; and

(C) by striking out "section 6 (a)(4) or disposed of under section 1(a)" in subsection (c) and inserting in lieu thereof "section 8(a)(1)(D) or disposed of under section 9 (a)"; and

(6) in section 13(2) by striking out "section 6(c)" and inserting in lieu thereof "section 8(c)".

(c)(1) The section heading of section 6 of such Act is amended by striking out "Presidential" and inserting in lieu thereof "Commission".

(2) The section heading of section 9 of such Act is amended by striking out "President" and inserting in lieu thereof "Commission".

TITLE IV—TRANSFER, SAVINGS, AND PERSONNEL PROVISIONS

SEC. 401. For the purposes of this title—

(1) the term "Commission" means the Strategic Stockpile Commission established by section 4 of the Strategic and Critical Materials Stock Piling Act as added by section 101 (3) of this Act; and

(2) the term "agency" has the same meaning as provided in section 551 (1) of title 5, United States Code.

SEC. 402. (a) There are transferred to the Commission all functions of the President under the Strategic and Critical Materials Stock Piling Act being administered by and through the Federal Emergency Management Agency or the General Services Administration on the day before the effective date of this Act.

(b) The assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, available, or to be made available in connection with or arising from the functions transferred to the Commission by this Act are, subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c), transferred to the Commission.

(c) The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may provide for such additional incidental transfers of assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, available, or to be made available in connection with or arising from the functions transferred to the Commission by this Act as may be necessary to carry out the provisions of the Strategic and Critical Materials Stock Piling Act.

(d) Subject to the provisions of this Act and notwithstanding the provisions of chapter 9 of title 5, United States Code, the President, for a period of 180 days after the effective date of this Act, may transfer to the Commission any functions (including powers, duties, activities, facilities, and parts of functions) of any other agency of the United States, or of any officer or office thereof, which relate primarily to the functions transferred to the Commission by this Act. In connection with any such transfer, the President may, under this section, or other applicable authority, provide for appropriate transfers of records, property, and funds.

SEC. 403. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective in the performance by any other agency, before the effective date of this Act, of functions transferred to the Commission by this Act; and

(2) which are in effect at the time this Act takes effect,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the President, by the Commission, by any court of competent jurisdiction, or by operation of law.

(b) The provisions of this Act shall not affect any proceedings pending at the time this Act takes effect before any agency or any component thereof; but such proceedings, to the extent that they relate to functions transferred to the Commission by this Act, shall be continued before the Commission. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed by the Commission, by a court of competent jurisdiction, or by operation of law.

(c) Except as provided in subsection (e)—

(1) the provisions of this Act shall not affect actions commenced before the effective date of this Act, and

(2) in all such actions proceedings shall be had, appeals taken, and judgments rendered in the same manner and effect as if this Act had not been enacted.

(d)(1) No action or other proceeding commenced by or against any officer in his official capacity as an officer of any agency shall abate by reason of the enactment of this Act. No cause of action of or against any agency, or any officer thereof in his official capacity, shall abate by reason of the enactment of this Act. Causes of action and actions or other proceedings with respect to a function transferred to the Commission by this Act may be asserted by or against the United States or the Commission, as may be appropriate.

(2) If, before the date on which this Act takes effect, any agency, or any officer thereof in his official capacity, is a party to an action arising from the performance of a function transferred to the Commission by this Act, such action shall be continued with the Commission substituted or added as a party.

(3) In any action pending on the effective date of this Act, the court may at any time, on its own motion or that of any party, enter an order which will give effect to the provisions of this subsection.

(e) Orders issued and actions taken by the head of an agency in the performance, before the effective date of this Act, of the functions transferred to the Commission by this Act shall be subject to judicial review to the same extent and in the same manner as if such orders had been issued and such actions had been taken by the head of the agency performing such functions on the day before the effective date of this Act. Any statutory requirements relating to notice, hearings, actions upon tht record, or

administrative review that apply to any functions transferred to the Commission by this Act shall apply to the performance of such functions by the Commission.

(f) Reference in any other Federal law to the President, any agency, or any officer or office of such agency with respect to any function transferred to the Commission by this Act, shall be deemed to refer to the Commission.

SEC. 404. In appointing or employing personnel, the Commission shall consider the applications for appointment or employment submitted by individuals who, as of the day before the date of the enactment of this Act, have been appointed or are employed to perform the functions transferred to the Commission by this Act. Notwithstanding any other provision of law, the Commission shall not be required to appoint or employ such individuals or to give preference to any such individual in appointing or employing personnel.

TITLE V—INTERIM ACTIONS; INTERIM FUNDING; EFFECTIVE DATE

SEC. 501. (a)(1)(A) The members of the Commission may be appointed in the manner provided by this Act at any time after the date of the enactment of this Act.

(B) The Commission may, at any time after the date of the enactment of this Act, select for appointment or employment personnel to be appointed or employed by the Commission on or after the effective date of this Act.

(2) Each member of the Commission shall be compensated from the date the member is appointed.

(3) The compensation of members of the Commission and the other expenses of the Commission incurred under this subsection shall be paid from funds in the National Defense Stockpile Transaction Fund established by section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. App. 98h).

(b) There are authorized to be appropriated, from funds in the National Defense Stockpile Transaction Fund not otherwise appropriated, such amounts as may be necessary to carry out the provisions of subsection (b).

SEC. 502. (a) Except as provided in subsection (b), this Act and the amendments made by this Act shall take effect 180 days after the date of the enactment of this Act.

(b) This section and section 501 shall take effect on the date of the enactment of this Act.

SUMMARY OF STRATEGIC STOCKPILE REFORM ACT OF 1981

MANAGEMENT OF THE NATIONAL DEFENSE STOCKPILE

The legislation would establish a Strategic Stockpile Commission composed of five members appointed by the President and confirmed by the Senate.

Members of the Commission would be required to have expertise in such areas as defense materials requirements, minerals production or marketing, economics, or other related fields.

The Commission would function as an independent agency of the Federal government, but would not be subject to annual authorization or appropriations. The Armed Services Committee of each House would retain oversight responsibilities over the National Defense Stockpile similar to those of the Banking Committee's with regard to the Federal Reserve Board. The Banking Committees of both Houses would have oversight responsibility over use of Defense Production Act programs of the Commission as well as any economic implications of stockpile levels, sales, and purchases.

Following a Declaration of War the Commission would come under the direct control of the President with the Commissioners serving as agents of the President.

FUNCTIONS OF THE STRATEGIC STOCKPILE COMMISSION

The Commission would develop policy for, and would manage, the National Defense Stockpile.

The functions of the General Services Administration relating to acquisitions and disposals of stockpiled materials would be transferred to the Commission.

The functions of the Federal Emergency Management Agency relating to the National Defense Stockpile would be transferred to the Commission.

The Commission would be required, in developing stockpile policy, to consult directly, and on a continuous basis, with the Department of Defense, Department of Commerce, the Department of Interior, and the other Departments and agencies currently involved in setting stockpile objectives.

The Commission would be provided with the authority to buy and sell materials, in furtherance of stockpile goals, without specific approval by the Executive Branch, or authorization by the Congress.

The Commission would be empowered to rotate materials periodically in order to insure that the quality of stockpiled materials meets current military or industrial requirements.

The Commission would make recommendations to the President, the Congress, and to other agencies, concerning national policy on strategic and critical materials, and with regard to research and development relating to strategic materials and substitutes.

STOCKPILE TRANSACTION FUND

The Stockpile Transaction Fund would be transferred to the Strategic Stockpile Commission. All revenues from future stockpile sales would go into the fund. Use of transaction fund assets would be restricted to financing stockpile purchases and to paying the operating expenses of the Commission.

DEFENSE PRODUCTION ACT

The Commission would be permitted to propose, subject to congressional veto, minerals related projects under Title III of the Defense Production Act.

NATIONAL DEFENSE STOCKPILE INVENTORY OF STRATEGIC AND CRITICAL MATERIALS 1962–80 COMPARISON

It has often been stated that the dangers of mineral import dependence can be mitigated through stockpiling of critical minerals—not only for strategic military purposes but also as a protection against peacetime disruptions of supply. The 1946 Act established a strategic stockpile for precisely that purpose.

However, the National Defense Stockpile is woefully below the goals that have been set for these materials and dependence on stockpiles alone as an assurance of adequate supplies of essential minerals is a dangerous policy.

During the past 35 years stockpile policies have changed frequently and drastically. The targets for individual minerals in some instances have changed as many as 10 or 15 times. For some of the most important metals—aluminum, copper, lead, zinc and nickel—the goals at times have been set at zero. Under the Kennedy, Johnson and Nixon Administrations, the large holdings of these metals were offered for sale. All the aluminum, nickel and copper was sold as well as most of the zinc and about half the lead. It is obvious that the desire to raise revenues or to influence market prices has prevailed over strategic considerations.

Domestic cobalt-producing mines were closed in the mid-sixties as they were unable to compete in the market at the prices then prevailing. At that time the stockpile began to sell cobalt. Over a 12-year span, 60 million pounds of the 100 million pounds on hand at the end of 1962 was sold.

This year the Administration has committed itself to purchase one-twelfth of the amount sold earlier at a cost of that is about half the entire proceeds realized from the earlier sales.

In the future it is essential that a more consistent policy with respect to stockpiles be established.

The attached compilation compares the actual holdings in the National Stockpile in 1962, when the figures were made public for the first time, with the present stockpile goals. It shows, in general, that if no purchases or disposals had been made between 1962 and 1981 that we would be much closer to the present goals than we are after all the changing of stockpile goals during this period.

The following examples are illustrative:

Commodity	Inventory December 1962	Goal September 1980	Excess/deficit 1962 inventory versus 1980 goal	Actual excess/deficit 1980
Cobalt	103, 120, 123 lb	85, 400, 000 lb	+17, 720, 123 lb	−44, 597, 607 lb.
Copper	1, 134, 162 ST	1, 000, 000 ST	+134, 162 ST	−970, 952 ST.
Lead	1, 385, 630 ST	1, 000, 000 ST	+285, 630 ST	−498, 964 ST.
Nickel	223, 217 ST	200, 000 ST	+61, 717 ST	−200, 000 ST.
Platinum	766, 342 Tr. oz	1, 310, 000 Tr. oz	−543, 658 Tr. oz	−857, 360 Tr. oz.
Aluminum	5, 938, 870 ST	7, 150, 000 ST	−1, 211, 130 ST	−3, 705, 936 ST.
Zinc	1, 579, 907 ST	1, 425, 000 ST	+154, 907 ST	−1, 049, 030 ST.

It should be noted that there was no silver objective in 1962. This was not due to a conscious decision to avoid stockpiling silver but because of the large amounts the Treasury still held then.

The Federal Emergency Management Agency estimates that it will cost $14 billion to achieve the present goals. If the status quo (1962) had been maintained, on balance the cost would be very little and there would have been surpluses in the high value commodities such as copper, aluminum, zinc, cobalt, nickel, and lead.

NATIONAL DEFENSE STOCKPILE INVENTORY OF STRATEGIC AND CRITICAL MATERIALS
1962–80 COMPARISON

Commodity	Unit	Inventory December 1962	1962 Objectives	1962 Excess/ Deficit	Inventory September 1980	1980 Goals	1980 Excess/ Deficit
1 Aluminum Metal Group	ST AL	5,938,870	3,500,000	+2,451,887	3,444,064	7,150,000	−3,705,936
Alumina	ST	0	0	0	0	0	0
Aluminum	ST	2,019,196	1,200,000	+819,196	1,733	700,000	−698,267
Bauxite, Metal Grade Jamaica Type	LDT	8,117,663	2,600,000	+5,517,665	8,858,881	21,000,000	−12,141,119
Bauxite, Metal Grade Surinam Type	LDT	7,760,475	6,400,000	+1,360,475	5,299,596	6,100,000	−800,404
2 Aluminum Oxide, Abrasive Grain Group	ST	0	0	0	259,124	638,000	−378,876
Aluminum Oxide, Abrasive Grain	ST	19,288	0	+19,288	50,904	0	(a)
Aluminum Oxide, Fused, Crude	ST	378,359	200,000	+178,359	249,867	0	(a)
3 Antimony	ST	48,654	70,000	−21,346	40,730	36,000	+4,730
4 Asbestos, Amosite	ST	32,701	45,000	−12,299	42,534	17,000	+25,534
5 Asbestos, Chrysotile	ST	14,102	11,000	+3,102	9,958	3,000	+6,958
6 Bauxite, Refractory	LCT	299,279	137,000	+162,279	174,599	1,400,000	−1,225,401
7 Beryllium Metal Group	ST Be Metal	0	0	0	1,061	1,220	−159
Beryl Ore (11% BeO)	ST	36,642	23,100	+13,542	17,987	18,000	−13
Beryllium Copper Master Alloy	ST	0	0	0	7,387	7,900	−513
Beryllium Metal	ST	0	0	0	229	400	−171
8 Bismuth	LB	3,871,796	3,000,000	+871,796	2,081,298	2,200,000	−118,702
9 Cadmium	LB	18,278,629	6,500,000	+11,778,629	6,328,729	11,700,000	−5,371,271
10 Castor Oil, Sebacic Acid	LB	215,755,283	68,000,000	+147,755,283	5,009,697	22,000,000	−9,475,757
11 Chromium, Chemical and Metallurgical Group	ST Chrome Metal	1,855,513	908,058	+947,455	1,173,230	1,353,000	−179,770
Chromite, Chemical Grade Ore	SDT	1,168,013	475,000	+693,077	242,414	675,000	(b)
Chromite, Metallurgical Grade Ore	SDT	3,464,543	2,366,950	+1,097,593	2,488,043	3,200,000	(b)
Chromium, Ferro, High Carbon	ST	383,229	40,000	+343,229	402,696	185,000	(b)
Chromium, Ferro, Low Carbon	ST	316,387	75,000	+241,387	318,892	75,000	(b)
Chromium, Ferro, Silicon	ST	58,358	25,000	+33,358	58,355	90,000	(b)
Chromium, Metal	ST	7,334	2,300	+5,034	3,763	20,000	(b)
12 Chromite, Refractory Grade Ore	SDT	1,236,782	1,300,000	−63,218	391,414	850,000	−458,586
13 Cobalt	LB Co	103,120,123	19,000,000	+84,120,123	40,802,393	85,400,000	−44,597,607
14 Columbium Group	LB Cb Metal	16,100,533	1,900,000	+14,200,533	2,510,528	4,850,000	−2,339,472
Columbium Carbide Powder	LB Cb	(c)	(c)	(c)	21,372	100,000	−78,628
Columbium Concentrates	LB Cb	(c)	(c)	(c)	1,780,463	5,600,000	(c)
Columbium, Ferro	LB Cb	(c)	(c)	(c)	930,911	0	(c)
Columbium, Metal	LB Cb	(c)	(c)	(c)	44,851	0	(c)
15 Copper	ST	1,134,162	1,000,000	+134,162	29,048	1,000,000	−970,952
16 Cordage Fibers, Abaca	LB	151,852,725	150,000,000	+1,852,725	0	155,000,000	−155,000,000
17 Cordage Fibers, Sisal	LB	321,857,014	320,000,000	+1,858,014	0	60,000,000	−60,000,000
18 Diamond, Industrial Group	KT	0	0	0	42,929,316	29,700,000	+13,229,316
Diamond Dies, Small	PC	14,998	25,000	−10,002	25,473	60,000	−34,527
Diamond, Industrial, Crushing Bort	KT	36,637,159	30,000,000	+6,637,159	23,692,782	2,000,000	+1,692,782
Diamond, Industrial, Stones	KT	24,709,927	18,000,000	+6,709,927	19,223,798	7,700,000	+11,523,798
19 Feathers and Down	LB	9,376,656	8,800,000	+576,656	0	1,500,000	−1,500,000
20 Fluorspar, Acid Grade	SDT	1,155,981	280,000	+875,983	895,983	1,400,000	−504,017
21 Fluorspar, Metallurgical Grade	SDT	412,243	375,000	+37,243	411,738	1,700,000	−1,288,262
22 Graphite, Natural-Ceylon, Amorphous Lump	ST	5,883	3,600	+2,283	5,498	6,300	−802

NATIONAL DEFENSE STOCKPILE INVENTORY OF STRATEGIC AND CRITICAL MATERIALS

1962-80 COMPARISON (Continued)

Commodity	Unit	Inventory December 1962	1962 Objectives	1962 Excess/ Deficit	Inventory September 1980	1980 Goals	1980 Excess/ Deficit
23. Madagascar Graphite, Natural-Malagasy, Crystalline	ST	33,251	17,200	+16,051	17,911	20,000	−2,089
24. Graphite, Natural-Other than Ceylon and Malagasy	ST	5,487	2,100	+3,387	2,802	2,800	+2
25. Iodine	LB	3,974,632	4,300,000	−325,368	8,013,074	5,800,000	+2,213,074
26. Jewel Bearings	PC	51,037	57,500,000	−6,462,733	68,731,890	120,000,000	−51,268,110
27. Lead	ST	1,385,630	286,000	+1,099,630	601,036	1,100,000	−498,964
28. Manganese, Dioxide, Battery Grade Group	SDT	307,207	70,000	+237207	250,643	87,000	+163,634
Manganese, Battery Grade, Natural Ore	SDT	282,156	50,000	+232,156	247,632	62,000	(d)
Manganese, Battery Grade, Synthetic Dioxide	SDT	25,051	20,000	+5,051	3,011	25,000	(d)
29. Manganese, Chemical and Metallurgical Group	STMn Metal	4,958,069	2,753,200	+2,204,869	1,586,581	1,500,000	+86,581
Manganese Ore, Chemical Grade	SDT	253,418	83,000	+170,418	221,044	170,000	+51,044
Manganese Ore, Metallurgical Grade	SDT	10,028,000	5,565,500	+4,462,500	3,378,713	2,700,000	(e)
Manganese, Ferro, High Carbon	ST	833,000	500,000	+333,000	599,978	439,000	(e)
Manganese, Ferro, Low Carbon	ST	11,000	45,000	−34,000	0	0	0
Manganese, Ferro, Medium Carbon	ST	11,000	45,000	−34,000	28,920	0	(e)
Manganese, Ferro, Silicon	ST	0	65,000	−65,000	23,574	0	(e)
Manganese Metal, Electrolytic	ST	0	0	0	14,172	0	(e)
30. Mercury	FL	145,525	110,000	+35,525	191,391	10,500	+180,891
31. Mica, Muscovite Block, Stained and Better	LB	19,386,358	8,300,000	+11,086,358	5,212,444	6,200,000	−987,556
32. Mica, Muscovite Film, First and Second Qualities	LB	1,923,047	1,300,000	+623,047	1,274,495	90,000	+1,184,395
33. Mica, Muscovite Splittings	LB	44,866,551	21,200,000	+23,666,551	19,546,395	12,630,000	+6,916,395
34. Mica, Phlogopite Block	LB	223,126	17,000	+206,126	130,745	210,000	−79,255
35. Mica, Phlogopite Splittings	LB	4,752,940	1,700,000	+3,052,940	2,019,537	930,000	+1,089,537
36. Molybdenum Group	LB Mo	84,062,802	59,000,000	+25,062,802	0	0	0
37. Nickel	ST Ni+Co	223,217	161,500	+61,717	0	200,000	−200,000
38. Opium Group	AMA LB	195,757	172,800	+22,957	71,303	130,000	−58,697
39. Platinum Group Metals, Iridium	TrOz	13,937	4,000	+9,937	16,991	98,000	−81,009
40. Platinum Group Metals, Palladium	TrOz	745,819	340,000	+405,819	1,255,003	3,000,000	−1,744,997
41. Platinum Group Metals, Platinum	TrOz	766,342	165,000	+601,342	452,640	1,310,000	−857,360
42. Pyrethrum	LB	66,188	66,000	+188	0	500,000	−500,000
43. Quartz Crystals	LB	5,879,544	650,000	+5,229,544	2,423,036	60,000	+1,823,036
44. Quinidine	AvOz	1,823,377	1,600,000	+223,377	1,800,462	10,100,000	−8,299,538
45. Quinine	AvOz	7,633,732	0	+7,633,732	3,246,164	4,500,000	−1,253,836
46. Rubber	LT	1,037,438	750,000	+287,438	119,208	850,000	−730,792
47. Rutile	SDT	47,823	65,000	−17,177	39,186	106,000	−66,814
48. Sapphire and Ruby	KT	16,187,500	18,000,000	−1,812,500	16,305,502	0	+16,305,502
49. Silicon Carbide, Crude	ST	196,502	100,000	+96,502	80,548	29,000	+51,548

NATIONAL DEFENSE STOCKPILE INVENTORY OF STRATEGIC AND CRITICAL MATERIALS

1962–80 COMPARISON (Continued)

Commodity	Unit	Inventory December 1962	1962 Objectives	1962 Excess/ Deficit	Inventory September 1980	1980 Goals	1980 Excess/ Deficit
50. Silver (Fine)	TrOz	0	*0	0	139,500,000	0	+139,500,000
51. Talc, Steatite Block and Lump	ST	1,279	300	+979	1,092	28	+1,064
52. Tantalum Bearing Materials Group	LB Ta Metal	4,962,281	2,420,000	+2,592,281	2,391,940	7,160,000	−4,768,060
53. Thorium Nitrate	LB	8,012,511	0	+8,012,511	7,146,327	600,000	+5,346,327
54. Tin	LT	347,290	185,000	+162,290	200,472	42,000	+158,472
55. Titanium Sponge	ST	31,477	0	+31,477	32,331	195,000	−162,669
56. Tungsten Bearing Materials Group	LB W Metal	204,206,209	50,000,000	+154,206,209	81,883,096	50,666,000	+31,217,096
Tungsten Carbide Powder	LB W	1,965,850	1,860,000	+105,850	2,032,942	2,000,000	(f)
Tungsten, Ferro	LB W	1,651,704	2,240,000	−588,296	2,025,361	0	(f)
Tungsten, Metal Powder	LB W	1,591,730	2,840,000	−1,248,270	1,898,911	1,600,000	(f)
Tungsten Ores and Concentrates	LB W	203,202,776	50,000,000	+153,202,776	89,219,603	55,450,000	(f)
57. Vanadium Group	ST V Metal	7,879	1,000	+6,879	541	8,700	−8,159
Vanadium, Ferro	ST V	0	0	0	0	1,000	−1,000
Vanadium Pentoxide	ST V	0	0	0	7,700	541	−7,159
58. Vegetable Tannin Extract, Chestnut	LT	42,895	30,000	+12,895	16,894	5,000	+11,894
59. Vegetable Tannin Extract, Quebracho	LT	199,557	180,000	+19,557	144,828	28,000	+116,828
60. Vegetable Tannin Extract, Wattle	LT	39,618	39,000	+618	16,398	15,000	+1,398
61. Zinc	ST	1,579,907	178,000	+1,401,907	375,970	1,425,000	−1,049,030

* The Treasury held 1,626,138,290 TrOz of silver in 1962.

(a) Aluminum Oxide, Fused Crude: hold 249,864 ST of fused crude as offset against 208,220 ST of aluminum oxide, abrasive grain.

(b) Chromium Group, Chemical and Metallurgical Grades: Metallurgical grade ore goal is 3,200,000 SDT of specification grade; inventory 1,956,824 SDT, shortfall 1,243,176 SDT.

(1) Hold 217,695 DT of Fe Cr high carbon against shortfall of 544,238 SDT of specification grade ore.
(2) Hold 243,892 ST of Fe Cr low carbon against 609,730 SDT of specification grade ore.
(3) Hold 89,208 SDT of non-specification grade metallurgical ore against the balance of the 89, 2208 SDT specification grade ore shortfall.
(4) Hold 47,466 SDT of non-specification grade metallurgical ore against a shortfall of 31,644 ST of Fe Cr Si.
(5) Hold 56,830 SDT of non-specification grade metallurgical ore against a shortfall of 16,237 ST of chromium metal.
(6) Hold 337,715 SDT of non-specification grade metallurgical ore against 337,715 SDT of chemical grade ore shortfall.

(c) Columbium group:

(1) Columbium group not broken down in 1962.
(2) Hold 930,911 pounds Cb as FE Cb against 1,095,189 pounds Cb as concentrates.
(3) Hold 44,851 lb Cb as Cb metal against 52,766 lb Cb as concentrates.

(d) Manganese, Dioxide, battery Grade Group:

Hold 21,989 SDT of manganese, battery grade natural ore against a shortfall of 21,989 SDT of manganese, battery grade,synthetic dioxide.

(e) Manganese Group, chemical and Metallurgical grades: Metallurgical grade ore goal is 2,700,000 SDT; inventory 2,409,377 SDT; shortfall 290,623 SDT of stockpile grade ore.

(1) Hold 14,172 ST of Mn metal against 35,430 SDT of metallurgical ore.
(2) Hold 23,574 ST of Fe Mn Si against 42,433 SDT of metallurgical ore.
(3) Hold 28,921 St of Fe Mn medium carbon against 57,842 SDT of metallurgical ore.
(4) Hold 77,460 ST of Fe Mn high carbon against 154,920 SDT of metallurgical ore.
(5) Hold remaining 83,518 ST of Fe Mn high carbon against reduction of ore value in desired inventory mix.

(f) Tungsten Group:

(1) WC powder goal is 2,000,000 lb W; stockpile grade inventory 1,921,167 lb W; shortfall 78,833 lb W; Hold 111,775 lb W as non-specification grade WC to offset 78,243 lb W as WC specification grade (assume 70% recovery of usable W).

(2) W metal powder goal is 1,600,000 lb W; inventory stockpile grade 1,566,964 lb W; shortfall 33,036 lb W. Non-stockpile grade W metal powder inventory is 331,947 lb W. Assume 70% recovery as usable material, then 331,947x.70=232,363 lb W. Hold 47,194 lb W as non-specification grade powder to offset shortfall of 33,036 stockpile grade W powder.

(3) Hold balance of non-stockpile grade W powder 232,363-33,036=199,327 lb W as powder against 234,209 lbs W as concentrate.

(4) Hold 840,752 lbs W as Fe W stockpile grade against 987,884 lb W as concentrate. Hold 1,184,609 lb W nonstockpile grade Fe W at 70 percent recoverable against 974,341 lb W concentrate.

ABBREVIATIONS

AMA Lb	— Anhydrous Morphine Alkaloid (pounds)	LCT	— Long Calcined Ton
AvOz	— Avoirdupois Ounce	LDT	— Long Dry Ton
FL	— Flask (76-pound)	LT	— Long Ton
KT	— Carat	PC	— Piece
LB	— Pound	SDT	— Short Dry Ton
LB Cb	— Pounds of Contained Columbium	ST	— Short Ton
LB Co	— Pounds of Contained Cobalt	ST Ni+Co	— Short Tons of Contained Nickle plus Cobalt
LB Mo	— Pounds of Contained Molybdenum	ST V	— Short Tons of Contained Vanadium
LB Ta	— Pounds of Contained Tantaluem	TrOz	— Troy Ounces
LB W	— Pounds of Contained Tungsten		

Mr. JEPSEN. Mr. President, I rise today to support the Strategic Stockpile Reform Act of 1981, introduced by my distinguished colleague from New Mexico, Senator SCHMITT. Establishment of an independent management commission for the National Defense Stockpile will finally insure that strategic interests control stockpile policy and management.

The National Defense Stockpile was created in 1946 to reduce the dangers of mineral import dependence through stockpiling of critical raw materials. The stockpile was designed to provide protection against peacetime disruption of supply, as well as to meet strategic military needs in wartime.

Unfortunately, stockpile policies have undergone frequent and drastic changes over the last 35 years. The stockpile goals for some individual minerals have changed as many as 10 or 15 times. The goals for some of the most important minerals have at times been reduced to zero.

Mr. President, it is obvious that economic considerations have consistently prevailed over strategic considerations in stockpile policy. In the midsixties, for example, the stockpile began the sale of cobalt, a metal vital for aircraft production. Over a 12-year period, 60 million pounds of the 100 million pounds on hand was sold. This year, the administration has committed itself to purchase one-twelfth of the amount sold earlier at a cost that is about half the entire proceeds realized from the earlier sales.

Now, at a time when we are increasingly aware of our dependence on foreign mineral imports, the stockpile is seriously below the goals in many vital raw materials. We are deficient in cobalt, aluminum, lead and copper, and it will take $14 billion to bring levels of these materials up to the targets. At the present rate of acquisitions, it will take us decades to reach our goals.

The lesson of the past 35 years is clear: We need to establish an independent agency to manage the National Defense Stockpile. There is simply no other way to guarantee that national security is the paramount consideration in the administration of the stockpile, as was mandated in 1946.

The Strategic Stockpile Reform Act of 1981 would establish an independent, five-member commission nominated by the President and confirmed by the Senate. All the members of the Strategic Stockpile Commission would be required to have expertise in such areas as defense materials requirements, minerals production, et cetera.

The Commission would combine the policy function of the Federal Emergency Management Agency and the management functions of the General Services Administration. Most importantly, the Commission's management of the National Defense Stockpile would be completely removed from the congressional budget authorization process, further hindering the use of the stockpile for economic or political reasons.

Mr. President, this legislation is long overdue. Enactment of the Strategic Stockpile Reform Act of 1981 will insure that the management of the stockpile serves no other goal than that of a strong national defense.

By Mr. SYMMS (for himself and Mr. WALLOP):

S. 1983. A bill to amend the Internal Revenue Code of 1954 to provide transitional rules for estate and gift tax treatment of disclaimers of property interests created by transfers before November 15, 1958; to the Committee on Finance.

ESTATE AND GIFT TAX TREATMENT OF DISCLAIMERS

● Mr. SYMMS. Mr. President, I am introducing a technical piece of legislation today which will remedy an existing inequity in our tax system by providing, in general, that holders of remainder interests created before the publication of the IRS regulations in 1958 will have a period of 9 months after the enactment of this bill within which to disclaim their interests and such disclaimers would be treated as a "qualified disclaimer" under section 2518.

In general, a disclaimer is a renunciation or a refusal to accept the ownership of property. If a disclaimer is properly made and is deemed effective for Federal gift tax purposes, the subsequent transfer of the property will not be considered a taxable transfer by the person disclaiming. In addition, a disclaimer may result in increasing the amount of the estate tax charitable or marital deduction if the property disclaimed passes to a charity or a surviving spouse. If the disclaimer is not treated as valid for Federal gift tax purposes, it will constitute a taxable gift.

Prior to 1976, the Internal Revenue Code did not specifically address the issue of whether a disclaimer was subject to gift tax. Yet, although there was no Internal Revenue Code gift tax provision governing disclaimers, the Treasury, on November 15, 1958, issued regulations to the effect that a disclaimer could constitute a taxable gift under certain circumstances even though it was effective under applicable local law. Until that date in 1958, the law had been clear that a disclaimer was not subject to gift tax so long as it was effective under applicable local law.

Thus, prior to 1958 the Federal gift tax consequences of a disclaimer was largely dependent upon its effectiveness under local law, and although there were certain principles that were common in many of the State laws, there were also many differences. Nevertheless, the basic rationale underlying all local law was the perception that a person who had properly disclaimed was not considered to have held title to the property at any time. Some States had not enacted any statutory provisions and their disclaimer rules, if any, had been developed by the courts. Because of the differences in local laws, therefore, disclaimers made under identical situations in different States may not have received the same treatment for Federal gift tax purposes.

The 1958 regulations provided that one of the circumstances which resulted in the gift tax being applied was the situation where the disclaimer was not made within a "reasonable time after knowledge of the existence of the transfer." Many of the State statutes dealing with disclaimers did not provide for a specific time period within which a disclaimer had to be made in order to be effective, although a number of States did provide that the disclaimer had to be made within a "reasonable time" after the transfer. The language of the regulations did not immediately cause a problem because "a reasonable time after the transfer" was not a new concept. However, what the tax bar did not know was that the IRS was about to introduce a new concept by interpreting the word "transfer" to mean that point in time when the trust was created.

For many years, tax practitioners uniformly had been of the view that the proper time to disclaim a remainder interest in a trust was after the life beneficiary had died and the interest became possessory, rather than when the trust was created. This was because prior to the time when the interest became possessory, it was not fixed—the intended beneficiary could die or the assets underlying the interest could be completely consumed. However, the IRS took the opposite view and, using the language of its 1958 regulations, interpreted "transfer" to mean the date of creation rather than the date on which the interest became possessory.

In 1973, the precise question was presented to the court of appeals for the eighth circuit in the Keinath case, and the court rejected the interpretation of the IRS. Specifically, the court held that a disclaimer of a remainder in a trust would not be subject to gift tax if it was made within a "reasonable time" after the death test was satisfied. However, the IRS has refused to follow the decision in Keinath and has persisted in taking the position that a remainder interest must be disclaimed within a reasonable time after the creation of the trust, regardless of when the holder of the intervening life estate dies.

To date, the efforts of the IRS have met with success in the U.S. Tax Court and in a recent split decision in the court of appeals for the ninth circuit in Jewett whereas decisions against the IRS have been handed down by the court of appeals for the eighth circuit in its 1973 decision in Keinath and again more recently in its 1980 en banc decision in the Cottrell case. This conflict of opinion has led to mass confusion and a series of very expensive court cases on the part of taxpayers since 1973.

At the urging of the estate and trust bars, Congress acted to end the controversy and establish definitive rules for the determination of an effective disclaimer. Section 2518 of the Internal Revenue Code was added by the Tax Reform Act of 1976 and provided definitive rules relating to disclaimers of interests created after 1976. If the requirements of the provision are satisfied, a refusal to accept the property is to be given effect for Federal estate and gift tax purposes even if the applicable local law does not technically characterize the refusal as a "disclaimer."

If a qualified disclaimer is made, the Federal estate, gift, and generation-skipping transfer tax provisions are to apply with respect to the property interest disclaimed as if the interest had never been transferred to the person making the disclaimer, and thus, a person making a qualified disclaimer is not to be treated as having made a gift to the per-

son to whom the interest passes by reason of the disclaimer.

Under section 2518, a "qualified disclaimer" is an irrevocable and unqualified refusal to accept an interest in property that satisfies four conditions.

First, the refusal must be in writing.

Second, the written refusal must be received by the transferor of the interest, his legal representative, or the holder of the legal title to the property not later than 9 months after the day on which the transfer creating the interest is made. However, if later, the period for making a disclaimer is not to expire in any case until 9 months after the day on which the person making the disclaimer has attained age 21.

Third, the person must not have accepted the interest or any of its benefits before making the disclaimer.

Fourth, the interest must pass to a person other than the person making the disclaimer as a result of the refusal to accept the property.

Section 2518 resolved the dispute in favor of the IRS and for the first time codified the requirement that a qualified disclaimer for gift tax purposes had to be made within a reasonable time of the creation of the interest. However, section 2518 by its express terms applies only to the disclaimer of property interests created after December 31, 1976. Section 2518 does not change prior law as to the disclaimer of property interests created prior to January 1, 1977.

Nevertheless, the IRS has persisted in taking the position that a remainder interest in a trust must be disclaimed within a "reasonable time" after the creation of the trust even though the trusts were created prior to the enactment of section 2518. In other words, the Service is applying the standards of section 2518 retroactively.

If the IRS view prevails, the result is that holders of remainder interests in trusts created prior to January 1, 1977 were and are now forever preempted from making effective disclaimers. Curiously, section 2518 gives the holders of remainder interests created after January 1, 1977—those created with full knowledge of the new law—a 9-month period in which to disclaim. It could not have been the intent of Congress to grant a 9-month period to disclaim to those interests created after the law was known and at the same time to deny to those trusts already in existence the right to conform to the new standards.

The inequity of the IRS position is most obvious with regard to those interests created prior to the publication of the IRS regulations in 1958. As noted above, the law prior to that date was clear that a disclaimer did not constitute a taxable gift so long as it was effective under applicable local law. Local law generally provided that an interest did not have to be disclaimed until it became possessory. Therefore holders of trust interests created in 1920 or 1940 or even 1950 and not reduced to possession by the time of the IRS regulations never had the opportunity to disclaim subsequent to the announcement of the new policy.●

By Mr. McCLURE (for himself, Mr. MELCHER, Mr. PRESSLER, Mr. HEFLIN, and Mr. GOLDWATER):

S. 1984. A bill to amend the Federal Trade Commission Act to protect the legislative and regulatory authority of the state legislatures, and for other purposes; to the Committee on Commerce, Science and Transportation.

FEDERAL TRADE COMMISSION AMENDMENTS OF 1981

Mr. MELCHER. Mr. President, on behalf of Senator McCLURE, who is in the hospital today, we are introducing a bill. We are also joined in the introduction of the bill by Senators PRESSLER, HEFLIN, GOLDWATER, and EXON.

Mr. President, today Senator McCLURE and I take another step in our 3-year bipartisan effort to reform the role of the Federal Trade Commission regarding its authority over State regulated professions.

During consideration of the most recent FTC authorization we offered an amendment which would have placed a moratorium on the FTC's activities regarding the professions. The legislation being introduced today is an outgrowth of these earlier efforts and subsequent oversight of the Commission.

This past summer the Senate Consumer Subcommittee of the Senate Commerce Committee conducted oversight hearings on July 15 and 17 entitled "FTC Activities Concerning Professionals," serial No. 97–59. I hope my colleagues and their staffs will obtain a copy of those hearings for use regarding the bill we are introducing today.

I testified at these hearings to outline the problems of FTC regulations, affecting professional groups that are already regulated by State laws. As a veterinarian and former member and chairman of the Montana Board of Veterinary Medical Examiners I have had direct experience with the licensing and regulation of my profession under the statutes of the State of Montana. To have the Federal Trade Commission attempt a layer of Federal regulations interfering with State law is not only unworkable, it is counterproductive for the veterinary profession and the people the profession serves. In our case, veterinarians serve the entire community and rural areas that their practice covers.

Other professions have similar circumstances which are better served by State surveillances under State law.

My remarks at the hearing follow:

STATEMENT OF SENATOR JOHN MELCHER

As an original sponsor, with Senator McClure, of an amendment to limit the FTC's jurisdiction regarding state regulated professions, my testimony is designed to illustrate my continuing concern for duplicative, costly governmental regulations through which the FTC would dictate to professionals how they should practice their professions.

I am heartened that this Subcommittee on Consumer of the Senate Commerce Committee has undertaken these oversight hearings regarding FTC activities as they impact upon state regulated professions and professional organizations.

During last year's consideration of the FTC authorizing legislation (S. 1991), Senator McClure and I offered an amendment which would have placed a two year moratorium on the FTC from substituting itself for state regulatory agencies and voluntary associations within their proper areas of concern. Since that time when we lost our amendment by a narrow 45–47 vote under the threat of a presidential veto, and in the face of the sweet promise of oversight hearings, much has changed.

I can say happily that the FTC's investigation of the veterinary profession has been terminated. Nevertheless, the FTC still retains, under its perception of its jurisdiction, the authority to re-institute this or other investigations of a similar nature regarding the veterinary profession. The American Veterinary Medical Association has aptly delineated in its testimony for this same hearing the protracted and extensive nature of the FTC's investigation of this profession. As the only veterinariar serving in Congress, I can say that had I been in private practice in my profession and had to suffer through this investigation, I would be no less upset than the individual practitioners who have spoken to me regarding it.

I understand that representatives for AVMA could not personally testify because of their conflicting national convention. I do hope, however, the Subcommittee staff will carefully study AVMA's testimony. It is surely a case study of government regulations gone wrong.

Mr. Chairman, our political process is a federal system. Unfortunately, the expanding elasticity of the interstate commerce clause through case law and the insatiable demands of federal government regulation have subverted this federal system. Our states have been neutered in the process. Legislation is essential to reverse this direction.

The FTC is one prime tool in the denigration of our state's police powers. In its zeal to protect the consumer, the FTC has far exceeded its statutory mandate. As Montana Attorney General Mike Greeley stated in response to the FTC's actions seeking to supersede state laws:

I also disagree with the concept which the FTC is advocating by this Rule and others it is now proposing that its regulations or rules supersede and in effect repeal conflicting state law. I personally do not believe this to be the intent of Congress in the granting of rulemaking authority to your agency . . . I do not strenuously object to the federal government taking legislative action in areas of social concern when the states have failed or refused to act. I do, however, strongly object to such action when the states have already acted responsibily to resolve a problem in their own way as they have in this instance.

All states supervise and regulate the delivery of medical and legal care to their citizens. The state laws which the FTC sought to nullify have been adopted to meet local conditions and thereby protect the public. By nullifying these, the FTC has sought to make national standards for circumstances which cry out for local and regional variations to fit community needs.

Our states are attuned to the needs and problems of their own communities; for the federal government to interfere is unwarranted.

I do not quarrel with the body of antitrust case law which has developed regarding the professions. Rulings such as the Supreme Court Goldfarb decision subjecting professionals to penalties arising from anticompetitive practices (price-fixing conspiracies or illegal boycotts) are fine and the FTC or DOJ should prosecute. While I would like to believe that this would never be necessary by the federal government, I accept the principle that the antitrust laws should apply to the business aspects of professional practice.

I also oppose FTC activity in the field of

professional regulation for several other deeply-felt reasons. First, the activities of professionals are different from those of most of the retail and wholesale merchants that the Federal Trade Commission was established to regulate. Second, the existing mechanisms for regulating professionals are working well and should be encouraged, not crippled as the FTC is attempting to do. And finally, my philosophy of federal government leads me to conclude that the federal agencies should not become involved in an activity traditionally and adequately governed by non-federal authorities.

A professional works under different circumstances than does a person in other retail and service industries. Most of the time, people come to a professional only when they have a problem that poses a serious threat to their well-being which they cannot handle themselves. Whether the problem is an abandoned spouse, an inflamed appendix, aching tooth, sick dog, or failing eye sight, each client or patient's problem is unique and can only be resolved by actions based on professional judgment.

Almost by definition, the client or patient must entrust his fate to the competency and integrity of the professional. A person's health or well-being is placed in the professional's hands, and his performance will have permanent effects on the life of that person. Whether we are dealing with law, psychiatry, or dentistry, each person's problems are unique and must be addressed on their own merits by a professional with a deep and specialized expertise. The skills of the professional are inherently not susceptible to general rules.

The mechanisms that have been developed over the years to protect consumers from lazy and incompetent professionals reflect this inability to generalize. The professionals themselves saw the need first and took the initial steps to assure professional competence. In the middle of the Nineteenth Century, voluntary associations were established by many of the professions to encourage higher competence in their colleagues.

These associations also encouraged the development of the state regulatory systems that have added the force of law to these voluntary standards throughout this century. Each association and each state have developed slightly different ways of assuring the competency of its professionals. This is only logical, because professionals are taking care of individual people and their problems, and people are different in different parts of the country. The citizens and professionals in a local area are in the best position to judge the actions of a professional. Furthermore, the growing presence of malpractice law has had a major impact on the conduct of professionals.

But the Federal Trade Commission would change all this. The FTC would substitute its judgment, in advance, of how the professional should exercise his judgment. To my way of thinking, this is nonsense. Perhaps after years of investigations, hearings, and litigation, the professionals of the Federal Trade Commission would also conclude that it is nonsense. At least their recent termination of the investigation of the veterinary profession portends this.

I believe that the Federal Trade Commission has better things to do. However, it appears that it is up to Congress to give the agency the sense of reasonable priorities that it cannot seem to develop on its own. The traditional regulatory systems of the professional associations, the states, and the courts are all working well. It would just be a sinful waste of millions of dollars if we have to wait for the FTC to learn these things by itself.

The result I foresee from the FTC's effort to regulate the professions is a debilitating weakening of the influence and effectiveness of the private, voluntary professional associations and our federal system. These associations are sources of leadership in each of the professions, and with their expertise, they can bring more good to society than the FTC has ever dreamed possible. They may need a little prodding occasionally, such as Mr. Bates provided for professional advertising, but the association, not the FTC, has the knowledge of the professions needed to make such changes work.

We must act now to prevent the Federal Trade Commission from squandering more and more of its limited resources on futile efforts. I can see no good coming from further agency activity in the area of professional regulation. I can see only arbitrary and inept rules that could change the nature of professional practices without any discernible benefit to clients and patients.

As noted at the beginning of my testimony, my interest in legislation designed to prohibit these FTC activities remains. Senator McClure and I intend to reintroduce such legislation.

Mr. Chairman, I ask that the statement of the American Veterinary Medical Association and attachments be printed in the hearing record in full and to follow immediately after my statement.

Mr. MELCHER. Mr. President, I believe this legislation strikes the proper balance between Federal Government regulation, State regulation, and the regulation of professionals by professionals.

As the FTC comes before Congress for reauthorization in 1982, I look forward to working with my colleague from Idaho and to the passage of this legislation as part of that reauthorization.

Mr. President, this bill is a bill to restrict the Federal Trade Commission's activities regarding the professions.

We have had over the past couple of years an attempt, Senator McCLURE and I have, to make certain that the FTC's zealous efforts to regulate professions will not interfere with those professions that are licensed and covered by State law.

The bill attempts to define the authority of the FTC in that regard and to limit their authority to insert themselves in an unneeded position where State law regulates and licenses professional groups.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1984

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Trade Commission Amendments of 1981."

(b) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made a section or other provision of the Federal Trade Commission Act.

EXEMPTIONS OF STATE REGULATED PROFESSIONS AND THEIR ASSOCIATIONS

SEC. 2. (a) Section 4 of the Act is amended by adding at the end thereof the following: "Incorporated or unincorporated associations of State regulated professions means nonprofit professional associations of practitioners who are independently licensed and regulated by the laws of the respective States."

(b) Section 5(a)(2) is amended by inserting after the word "except" the following: "practitioners of a profession whose members are licensed and regulated by a State as a condition of independent practice within the State, incorporated or unincorporated associations of State-regulated professions,".

(c) Section 6(a) is amended by inserting after "excepting" in the first sentence "incorporated or unincorporated associations of State-regulated professions,".

(d) Section 6(b) is amended by inserting after "excepting" in the first sentence "incorporated or unincorporated associations of State-regulated professions,".

(e) Section 6(h) is further amended by adding the following language at the end thereof: "Nothing in this section shall authorize the Commission to initiate any investigation or proceeding, or promulgate any rule or regulation (excepting rules and regulations that are already the subject of litigation in the courts) affecting any State regulated profession, or individual members thereof, or with respect to its State or National professional associations."

PREEMPTION OF STATE LAW

SEC. 3. (a) Section 6(a) is amended by inserting immediately before the period at the end thereof the following: "; *Provided, however,* That the Commission shall have no authority to gather and compile information concerning, or investigate, the organization, business, conduct, practices, and management of any person, partnership, or corporation acting in conformance with applicable State law."

(b) Section 18(a) is amended by adding new paragraphs (3) and (4) as follows:

"(3) The Commission shall have no authority for purposes of this section to prescribe any rule with respect to unfair or deceptive acts or practices in or affecting commerce (within the meaning of Section 5(a)(1) of this Act) regulating the activity of any person, partnership or corporation which conform to applicable State law.

"(4) Nothing in this section shall authorize the Commission to promulgate any rule affecting any State regulated profession, or individual members thereof, or its State or national professional associations."

DATA GATHERING

SEC. 4. Section 9 is amended by inserting immediately before the first semi-colon in the first sentence of the first paragraph thereof the following:

", provided the Commission shall reimburse all reasonable costs including attorneys' fees of the person, partnership, or corporation complying with the information request".

SUBPOENAS

SEC. 5. (a) Section 9 is amended by inserting immediately prior to the second paragraph thereof the following:

"Upon refusal by any person, partnership or corporation to appear or produce evidence relating to any matter under investigation, following a reasonable time after issuance of the request, the Commission may apply for the issuance of a subpoena from any district court within the jurisdiction of which such inquiry is carried on."

(b) Section 9 is amended by deleting the words "require by subpoena" in the first sentence of the first paragraph and substituting the word "request" and, further, by deleting the last sentence in the same paragraph.

UNFAIR METHODS OF COMPETITION: UNFAIR OR DECEPTIVE ACTS

SEC. 6. (a) Section 5(a)(1) is amended by adding at the end thereof the following language:

"For purposes of this Act an unfair method of competition or an unfair or deceptive act or practice shall be an Act which causes substantial consumer injury that outweighs the benefits derived from such act."

PROCEEDINGS

SEC. 7. (a) Section 5(b) is amended to read as follows:

"(b) Whenever the Commission shall have reason to believe that any person, partnership, or corporation has been or is using any

unfair methods of competition or unfair or deceptive act or practice (provided, however, that the Commission shall have no jurisdiction to initiate any proceeding against such person, partnership, or corporation acting in conformance with applicable state law), and if it shall appear to the Commission that an initiation of a proceeding by it in respect thereof would be in the interest of the public, it shall file a complaint in the district court for the judicial district in which at least one of the respondents reside, or has his principal place of business or, if he does not reside or have his principal place of business within any such judicial district, in the District Court of the United States for the District of Columbia. The person, partnership, or corporation named as defendant shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Court requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown, may be allowed by the Court to intervene and appear in said proceeding by counsel or in person. If upon such hearing the Court shall be of the opinion that the method of competition or the act or practice in question is prohibited by this Act, it shall state its findings as to the facts and shall issue and cause to be served on such person, partnership, or corporation an order requiring such person, partnership, or corporation to cease and desist from using such method of competition or such act or practice. Until the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time then until the record in the proceeding has been filed in a court of appeals of the United States, as hereinafter provided, the Court may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section. After the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, the Court may at any time, after notice and opportunity for hearing, reopen and alter, modify, or set aside, in whole or in part, any order made or issued by it under this section, whenever in the opinion of the Court conditions of fact or of law have so changed as to require such action or if the public interest shall so require: *Provided, however,* That said person, partnership, or corporation may, within sixty days after service upon him or it of said report or order entered after such a reopening, obtain a review thereof in the appropriate court of appeals of the United States, in the manner provided in subsection (c) of this section."

(b) Subsection (c) through (l) of section 5 are amended by deleting the word "Commission" each place it appears and inserting in lieu thereof the words "District Court".

(c) Section 5(m)(1)(B) is amended by deleting the word "Commission" the first time it appears and inserting in lieu thereof the word "District Court".

(d) Section 13(a)(2) is amended by deleting the word "issuance" and inserting in lieu thereof the word "filing"; by deleting the word "Commission" the second and third times it appears and inserting in lieu thereof the words "District Court"; and by inserting the words "of appeals" after the words "the court."

(e) Section 13(b) is amended to read as follows:

"(b) Whenever the Commission has reason to believe—

"(1) that any person, partnership, or corporation is violating, or is about to violate, any provision of law enforced by the Federal Trade Commission, and

"(2) that the enjoining thereof pending the filing of a complaint by the Commission and until such complaint is dismissed by the district court or set aside by the court of appeals on review, or until the order of the district court made thereon has become final, would be in the interest of the public—

The Commission by any of its attorneys designated by it for such purpose may bring suit in a district court of the United States to enjoin any such act or practice. Upon a proper showing that, weighing the equities and considering the Commission's likelihood of ultimate success, such action would be in the public interest, and after notice to the defendant, a temporary restraining order or a preliminary injunction may be granted without bond: *Provided, however,* That if a complaint is not filed within such period (not exceeding 20 days) as may be specified by the district court after issuance of the temporary restraining order or preliminary injunction, the order or injunction shall be dissolved by the district court and be of no further force and effect: *Provided further,* That in proper cases the Commission may seek, and after proper proof, the district court may issue, a permanent injunction. Any such suit shall be brought in the district in which such person, partnership, or corporation resides or transacts business."

(f) Section 13(c) is amended by inserting the word "district" immediately before the word "court" each time it appears.

REPEAL OF FTC INTERVENOR PROGRAM

Sec. 8. Section 18(h) is repealed. Subsections (i), (j) and (k) of section 18 are redesignated as "(h)", "(i)" and "(j)" respectively.

EFFECTIVE DATE

Sec. 9. The amendments made by this Act shall be effective immediately upon enactment.

● Mr. McCLURE. Mr. President, I am today introducing, along with Senator MELCHER, the "Federal Trade Commission Amendments of 1981." I am pleased that Senators GOLDWATER, HEFLIN, PRESSLER, and EXON have also joined us in cosponsoring this important legislation, making it a bipartisan effort which includes Senators with extensive knowledge about the FTC.

As my colleagues know, I have for some time been very concerned about the Commission's actions involving both business and the professions as well as their traditional relationship to the States. Many will recall, in fact, the amendment that Senator MELCHER and I pressed on this issue during the 1980 consideration of the FTC reauthorization.

While that effort failed by only two votes, little has occurred since then to alleviate the concerns which prompted it. That is, the Commission continues to dabble in areas where its jurisdiction is questionable and overstep its authority even where it does exist.

The FTC is scheduled for reauthorization in 1982, so now is the time to begin to address the problems raised, but not resolved, in the last Congress. A moratorium bill similar to last year's McClure-Melcher amendment has already gained the support of well over 100 cosponsors on the House side; and, our new proposal builds on that concept relative to the FTC's actions against the professions.

I emphasize that our bill is not limited to clarifying the relationship between the professions (lawyers, engineers, physicians, dentists, optometrists, architects, accountants, veterinarians, and the like), the States, and the FTC. I think many of the FTC's procedures are fundamentally flawed and inherently unfair to all parties before the Commission—business, professional, and otherwise—and should be dealt with as well.

Accordingly, we address three major areas: The traditional State responsibility for legislative and regulatory action in our Federal system; the ability of professions and their associations to develop meaningful standards of professional conduct to protect the public; and the basic unfairness of the process that subjects groups to FTC fishing expeditions and allows the Commission to be judge, jury, and prosecutor on the same case.

Consider the first issue. There is a clear danger that unelected FTC officials in Washington are working to preempt State law and regulatory authority. In its first ophthalmic goods and services rulemaking, for instance, the FTC sought to nullify any State law that did not conform to its proposed rule. This action occurred in spite of the fact that the State legislatures are just as concerned and more sensitive to local conditions and values. Furthermore, any basis for such an assertion of regulatory authority is absent in the Federal Trade Commission Act.

Because Congress apparently has not spoken clearly enough on this issue, our bill spells out in no uncertain terms that the FTC has not been given any authority to set aside State law and that it is the States which have the proper authority to regulate the professions.

The second issue we raise in our bill is the encouragement of self-regulation in the public interest. Every profession has adopted ethical standards intended to guide the members of the profession in responsible conduct to clients and to the public. To be sure, we may find an example where this self-regulation has not worked as it should, but these cases are few and far between. The vast majority of professionals have heeded their ethics and served the public well.

Mr. President, professionals must and will continue to police themselves. The Commission simply does not have the know-how to do it in their place.

Our bill would end the suppression of self-regulation by preventing the FTC from initiating any more actions against the professions or their nonprofit associations. This is something that has been the subject of hearings before the Senate Commerce Consumer Subcommittee in 1979 and again this summer. Our bill addresses the legitimate concerns raised in both sets of hearings.

The final issue, the FTC's procedures for enforcement, was addressed in part by enactment of the FTC Improvements Act of 1980. There Congress set additional requirements on the Commission's trade regulation rulemaking authority in order to protect the public from overzealous efforts by misguided "reformers". I am satisfied that this situation is much improved over 2 years ago.

However, the Commission's adjudicatory procedures continue to trouble me. It is the Commission that decides to

bring a complaint against a party. Then, FTC attorneys try the case before an administrative law judge, also an FTC employee. Any appeal of the administrative law judge's decision is then taken before the full Commission—the very body that decided to bring the complaint in the first place. Such an arrangement is, to me, inherently unfair for parties before the Commission.

Judicial review can only be had in the courts of appeals. Any review at that level is a limited one and the Commission's findings are given great weight. Is it any wonder so many parties sign consent decrees? As far as they are concerned, fighting the Commission is a no-win situation. Even if the courts ultimately decide against the Commission, the legal costs to achieve such a victory are staggering. In fact, they are beyond the means of many parties.

I think it is time to restore some equity to the FTC's adjudications. Parties to Commission proceedings should have a fair "day in court" and should not feel that the deck is stacked against them.

Our bill addresses these problems in several ways. First, it puts an end to "fishing expeditions" by limiting the FTC's subpena authority. Second, it requires the FTC to find that any consumer injury caused by allegedly unfair or anticompetitive behavior outweighs any benefits flowing from such behavior. Third, it provides that the FTC prove its case before a Federal district court, not an administrative law judge who is a Commission employee. I think this change is the most important of all the procedural changes contained in the bill because it assures an independent review of all the facts by an impartial judge.

Mr. President, the FTC is a creation of the Congress and it is our responsibility to insure that the Commission operates within the boundaries of the law. In recent years, we have seen unprecedented efforts by the Commission to expand its activities into areas well beyond those charted by Congress. It is time for Congress to curb these actions.

This bill is a vehicle for doing just that. At the same time, it can be an instrument for moving the agency more toward the economic analysis and efficiency role which the new Chairman Miller has said it should emphasize. That would also be consistent with recommendations made by the administration over the past few months.

I know there will be hearings and debates on these and other issues involving the FTC in the second session. I look forward to that debate and I believe that this bill can be a focal point for these discussions. Adoption of these provisions will be an important signal by Congress that it responds to the concerns of its constituents and takes its oversight responsibilities seriously.●

By Mr. BENTSEN:

S. 1985. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for dividends paid by certain small businesses and to provide simplification in accounting rules related to inventory; to the Committee on Finance.

SMALL BUSINESS CAPITAL FORMATION AND INVENTORY SIMPLIFICATION TAX ACT OF 1982

● Mr. BENTSEN. Mr. President, today I am introducing the Small Business Capital Formation and Inventory Simplification Tax Act of 1982.

The program I am proposing today is not inflationary and targeted at increasing cash flow in the most important segment of our economy—the small business community. Small business accounts for almost half of our gross national product and provides over 87 percent of all new private sector jobs. My bill today addresses two of the fundamental problems confronting the continued strong economic growth of the small business community—capital formation and inventory reform. Both issues have become a primary concern of the small business and independent business community.

My bill will allow a small business to deduct the first $150,000 of a dividend distribution. This provision will enable small business to attract new capital. By permitting a deduction for dividend distribution the investor is encouraged to take an equity interest in the business in lieu of a debt interest. This will help prevent undercapitalization of corporations and strengthen the debt-equity ratio of newly formed corporations. In addition, this provision will enable small business the benefit of being organized in corporate form while being taxed on the first $150,000 of earnings in the same manner as a sale proprietorship or partnership.

Mr. President, this year was a particularly difficult year for businesses to depend on external sources of funds, such as bank loans and/or the capital markets, for investment and expansion. It was a year in which many businesses could not afford to borrow money at rates of interest in excess of 20 percent and still turn a profit.

Inventory accounting reform is one way of minimizing the problems caused by this type of dependency. Instead, it fosters capital formation by increasing the internal cash flow and retained earnings of a business.

The impacts of inventory accounting appear in improved profits and higher cash flows, especially through the reduction in income under LIFO accounting. Inventory, especially wholesale and retail inventory, has been steadily increasing as a percentage of total assets. Furthermore, inventory intensive industries like wholesaling and retailing have increased in employment by 5 million since 1970. This suggests that inventory accumulation and distribution is playing an increasingly larger role in the economy and for this reason the tax and accounting provisions concerning inventory will also have more of an impact.

Corporate cash flows have increased steadily since 1961 but have surged strongly since 1974 as more companies have adopted LIFO—last in, first out—accounting. More recently, constant dollar cash flows, which stood at $147.9 billion in January 1979 increased to $155.2 billion a year later, an increase of 4.9 percent. During that same period output grew only 2.7 percent. Hence, new inventory accounting has made the business industry more liquid.

However, as of 1976 less than 4 percent of manufacturers used LIFO, less than 2 percent of retailers used it.

Why is this?

In a recent study by the National Association of Wholesaler-Distributors, the most frequent responses were: "Too complex and too costly."

Let me give a short explanation that will illustrate that point.

Tax regulations provide that a taxpayer must keep inventories in which the production purchase or sale or merchandise is an income-producing factor. There are two accrual methods for determining the cost of items in the closing inventory—FIFO, first in, first out, and LIFO, last in, first out.

The preferred method, in times of inflation is LIFO because it more realistically relates cost plus inflation to income.

However, for tax purposes LIFO has extensive and detailed accounting and recordkeeping requirements; for example, indexing:

The determination of an individual index is not only complex, but burdensome. The double-extension method of determining an individual index requires the inventory to be priced out on a unit basis twice; once to determine the base year unit cost, and a second time to determine end of year unit cost. The end of year cost is then divided by the base year cost to determine the index number which, in turn, determines the amount of the LIFO reserve.

In an inventory of 10,000 items—relatively typical for wholesaler-distributors—such calculations are overwhelming.

Pooling is another example of LIFO complexity.

Present LIFO income tax regulations require the creation of pools, each pool containing products similar in nature. The pools are then used to determine the increase or decrease in the LIFO inventory.

A small manufacturer of one or more similar products is allowed to pool its entire inventory together. Wholesalers and retailers on the other hand, are required to separate their inventories into pools by major lines, types, or classes of goods. The customs of classification of a particular commodity group are important factors in determining a pool.

In fact, the Department of Treasury has in the past recognized this complexity and on one appearance before Congress former Deputy Assistant Treasury Secretary for Tax Policy, Dan Halperin stated:

"Small business has a legitimate complaint that the current complexity in the use of LIFO effectively denies them its benefits. The Administration supports the need to simplify the LIFO rules for small business to make them more available."

Given the LIFO simplification provision in the recently enacted Economic Recovery Tax Act of 1981 and draft simplification regulations floated for public comment early this year. it would appear that the current Treasury Department would also subscribe to that philosophy.

Suffice it to say that inventory reform is one means of easing the capital for-

mation burdens placed on small business. Like depreciation reform it aids capital formation through increasing the internal flow of cash.

During an inflationary period, LIFO results in a reduced income taxes payable, which can be deferred so long as inventory levels and prices remain at least as high as when LIFO was adopted, because current revenue from operations is more accurately reflected.

The financial impact on business today is greater than it has ever been.

There is a growing emphasis on liquidity and the more fundamental elements of net worth.

Given today's economy and that of the foreseeable future, LIFO can help realize the desirable goals of both business and Treasury, provided business is not denied access to it by complexities and cost.

I would add that in addition to LIFO the use of the simpler cash receipts and disbursements method of accounting for those small businesses that do not report inventory for tax purposes is equally as important for cash/flow capital formation as is LIFO for inventory businesses.

In recognition of the need to foster business capital formation, the following provisions of the tax law on accounting for inventories are particularly burdensome and, therefore, should be revised. My bill would accomplish those objectives as follows:

First. Repeal of LIFO conformity requirement. Under the present law, a business electing LIFO must keep its financial statements and its tax statements the same. In other words, it cannot use LIFO for financial purposes and, at the same time, use LIFO for tax purposes. This bill would revoke the LIFO conformity requirement.

Second. Alleviating the initial penalty associated with the LIFO election. If a business wants to elect LIFO, it is required to restore to cost inventory writedowns taken in prior years. Thus, a business that restores inventory writedowns to costs due to its desire to elect LIFO, has a larger bill due and payable over the next 3 years. To alleviate this severe drain on the business when it elects LIFO, it would be permitted to restore inventory writedowns to income over a 10-year period.

Third. Simplification of inventory pooling requirements. The current LIFO pooling requirements are a regulatory burden on wholesalers and retailers. These businesses are forced to keep complex records based on the pooling requirement to group items of inventory by major lines, types, or classes of goods, that is multiple pooling. Manufacturers, on the other hand, use a natural business unit (one pool).

Subsection (a). Certain small businesses permitted to use one pool:

In a massive simplification of the law, small businesses with less than $4 million in gross receipts would be permitted to use one pool for LIFO.

Subsection (b). Pooling simplification for wholesalers and retailers:

Wholesalers and retailers, not electing the preceding subsection, would be permitted to pool their goods according to the general expenditure categories of consumer goods described in the CPI detailed report or the 15 major PPI commodity categories listed in the PPI detailed report.

Fourth. Permitting businesses to use regularly published Government price indexes. In general, a business on LIFO must develop an internal price index for valuation of its inventory. This is particularly a costly and complex requirement for small business. Department stores are currently the only industrial group permitted to use Government price indexes.

This bill permits any business electing LIFO to use an index based on general categories from the Consumer Price Index or the Producers Price Index.

Fifth. Permitting business to use certain internal indexes, without showing other methods are unsuitable or impractical. The tax regulations place certain limitations on the type of internal price index a business may use for LIFO.

For businesses wanting to continue to use internal price indexes under LIFO, this bill would broaden the choice of internal indexes. This provision would permit many businesses to use the link chain method of indexing.

Sixth. Repeal of 403(b) of the Crude Oil Windfall Profit Tax Act of 1980. This provision in the Windfall Profit Tax Act which requires a corporation to recapture its LIFO benefit as ordinary income in certain specified situations. In general, this recapture occurs when a corporation distributes its LIFO inventory in a partial or complete liquidation of the business.

Seventh. Cash receipts and disbursements method, cash method, of accounting. A business may elect the cash method if its gross receipts are less than $1.5 million and if it meets the active participant test. In general, an active participant is someone who is actively involved in management and whose principal business activity is such trade or business.

This bill is not something for Wall Street but Main Street. It is necessary and consistent with sound economic objectives.

I urge my colleagues to cosponsor this bill, and the Congress will act quickly on this legislation.●

By Mr. MELCHER:

S. 1986. A bill to provide for the use and distribution of funds awarded the Blackfeet and Gros Ventre Tribes of Indians and the Assiniboine Tribe of the Fort Belknap Indian Community, and others, in dockets Nos. 250–A and 279–C by the U.S. Court of Claims, and for other purposes: to the Select Committee on Indian Affairs.

DISTRIBUTION OF FUNDS AWARDED TO CERTAIN INDIAN TRIBES

● Mr. MELCHER. Mr. President, today I am introducing a bill to provide for the distribution of certain judgment awards to three tribes in Montana. On January 7, 1981, the Court of Claims ruled in favor of the plaintiff tribes in dockets 279–C and 250–A, as follows: For the Assiniboine Tribe of Fort Belknap, $2,170,013; for the Blackfeet Tribe, $400,000; and for the Gros Ventre Tribe of Fort Belknap, $2,094,987. Funds to satisfy the award were appropriated on January 23, 1981.

The use and distribution of Indian claims litigated before the Court of Claims are governed by the Indian Judgment Fund Act of 1973. When the Bureau of Indian Affairs does not, for whatever reason, submit an approved Secretarial distribution plan to Congress within 180 days, plus an additional 90 days if requested, after the funds are appropriated for payment, then legislation is necessary. In these cases, although the tribes acted expeditiously in submitting their plans to the Bureau, the Bureau did not submit a plan to Congress within the necessary time frame.

The bill I am introducing would distribute the funds according to plans approved by the tribal communities involved. In the case of the Assiniboine and Gros Ventre Tribes, 80 percent of the funds will be distributed per capita and 20 percent will be utilized for tribal social and economic programs. The Blackfeet award will go to the governing tribal body to be used for general government operations and social and economic programs.

I am urging early enactment of this legislation so that the tribes and their members can have the benefit and use of the funds that were set aside for them nearly a year ago.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1986

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of the law, the funds appropriated on January 23, 1981, in accordance with Section 1302 of the Supplemental Appropriation Act, 31 U.S.C. 724a, in satisfaction of a judgment awarded to the Blackfeet & Gros Ventre Tribes of Indians and the Assiniboine Tribe of the Fort Belknap Reservation in dockets numbered 250–A and 279–C of the United States Court of Claims (less attorney fees and litigation expenses), including all interest and investment income accrued, shall be distributed and used as herein provided.

SEC. 2. The funds appropriated to the Blackfeet Tribe of the Blackfeet Reservation, Montana, in docket 279–C, amounting to $400,000.00, shall be held in trust and invested by the Secretary of the Interior (hereinafter "Secretary") for the benefit of the members of the Blackfeet Tribe. The governing body of such tribe is authorized to utilize such funds on a budgetary basis, subject to the approval of the Secretary, for governmental operation and social and economic programs.

SEC. 3. The funds appropriated to the Assiniboine Tribe of the Fort Belknap Reservation, Montana, in docket 250–A, amounting to $2,170,013 shall be used and distributed as follows provided that no person shall be eligible to share in more than one award in his own right:

(a) Eighty per centum of such funds shall be distributed in the form of per capita payments (in sums as equal as possible) to all persons duly enrolled as Assiniboine members of the Fort Belknap Reservation and born on or prior to and living on the date of enactment of this Act.

(b) Twenty per centum of such funds shall be held in trust and invested by the Secre-

tary for the benefit of the members of the Assiniboine Tribe of the Fort Belknap Reservation. The Treaty Committee of such tribe is authorized to utilize such funds on a budgetary basis, subject to the approval of the Secretary, for social and economic programs. Such programs may include but are not limited to land acquisitions and the development of local reservation projects.

SEC. 4. The funds appropriated to the Gros Ventre Tribe of the Fort Belknap Reservation, Montana, in docket 279–C, amounting to $2,094,987.00, shall be used and distributed as follows, provided that no person shall be eligible to share in more than one award in his own right.

(a) Eighty per centum of such funds shall be distributed in the form of per capita payments (in sums as equal as possible) to all persons duly enrolled as members of the Fort Belknap Indian Reservation of at least one-quarter degree Gros Ventre blood and born on or prior to and living on the date of enactment of this Act.

(b) Twenty per centum of such funds shall be held in trust and invested by the Secretary for the benefit of the members of the Gros Ventre Tribe of the Fort Belknap Reservation. The Treaty Committee of such tribe is authorized to utilize such funds on a budgetary basis, subject to the approval of the Secretary, for social and economic programs. Such programs may include but are not limited to land acquisitions and the development of local reservation projects.

SEC. 5. The per capita shares of living competent adults shall be paid directly to them. Per capita shares of deceased individual beneficiaries shall be determined and distributed pursuant to regulations prescribed by the Secretary. Per capita shares of individuals under age eighteen shall be paid in accordance with such procedures, including the establishment of trusts, as the Secretary determines to be necessary to protect and preserve the interests of such individuals.

SEC. 6. None of the funds distributed per capita or held in trust under the provisions of this Act shall be subject to Federal or State income taxes, and the per capita payments shall not be considered as income or resources when determining the extent of eligibility for assistance under the Social Security Act.

SEC. 7. The Secretary of the Interior is authorized to prescribe rules and regulations to carry out the provisions of this Act.●

By Mr. CRANSTON:

S. 1987. A bill to amend the Social Security Act to provide general revenue funding for successful programs providing rehabilitation services to individuals in receipt of disability benefits under title II or XVI of such act; to the Committee on Finance.

VOCATIONAL REHABILITATION SERVICES FOR SOCIAL SECURITY ACT BENEFICIARIES

Mr. CRANSTON. Mr. President, today I am introducing, for appropriate reference, a bill that would amend the Social Security Act to provide assistance to State vocational rehabilitation programs specifically for Disabled Social Security Act beneficiaries in order to accomplish two objectives that I believe the Members of this body will strongly support. Those objectives are, first, to save the Federal Government millions of dollars—with even greater savings resulting to the social security trust funds—and, second, to assist thousands of disabled Americans in their efforts to return to work and to free themselves from the disability and welfare rolls.

Joining with me as principal cosponsors of this legislation are the chairman of the Handicapped Subcommittee of the Committee on Labor and Human Resources (Mr. WEICKER), the ranking minority member of that subcommittee and its former chairman for over a decade (Mr. RANDOLPH), and the Senator from Vermont (Mr. STAFFORD), himself a longtime ranking minority member of that subcommittee, which has accomplished so very much for disabled persons. It was my great privilege to serve on that subcommittee for so many years with and under the leadership of the Senators from West Virginia and Vermont, two great champions of disability legislation.

Mr. President, this bill—which is the product of extensive discussions between members of my staff and staff members of the Committees on Finance and Labor and Human Resources—would restore with certain significant modifications programs that were in existence under the Social Security Act since 1966 for the benefit of disabled persons entitled to cash payments of social security disability insurance—SSDI—and supplemental security income—SSI—disability benefits. For ease of reference, I will refer to both of these former programs, the SSDI and SSI programs together, as the rehabilitation transfer programs.

As a result of an extremely ill-advised action, first proposed by the President in his March 1981 revised budget and later adopted by the Congress as part of the huge Omnibus Budget Reconciliation Act of 1981, now Public Law 97–35, the rehabilitation transfer programs were eliminated as of October 1, 1981. In place of the old programs, which had established their cost effectiveness, Congress adopted a proposal, originally passed by the House, that provides for an inadequate replacement program with a greatly reduced scope and, as I will explain shortly, with greatly increased costs of administration.

ILL-ADVISED BUDGET CUTTING

Mr. President, during this period in our history when we are looking at all conceivable ways to reduce Federal spending to help get inflation under control and strengthen our ailing economy, it is absolutely essential that, in making cuts, we give very careful consideration to whether each cut will ultimately have the overall desired effect. Some proposed cuts may save outlays in a particular target area but eventually produce the same or larger costs in other areas. The risk of such unwise, impractical cuts was greater earlier this year than it has ever been. During that period, a new administration attempted in a few weeks to identify cuts totaling tens of billions of dollars, and the Congress, in its great haste to enact an enormous package incorporating the bulk of those cuts, agreed to a vast number of program changes to which it was able to give little consideration. This bill is designed to reverse, in large part, one such ill-advised reduction.

I would also stress, however, that, if this bill were enacted it would not simply restore an ill-advised cut, it would reconstitute the programs involved in an improved format designed to make them more cost effective. Thus, the overall experience would not simply be a washout. Rather, having taken full advantage of this occasion to reexamine closely the rehabilitation transfer programs, we will have improved them significantly through this legislation.

REHABILITATION TRANSFER PROGRAMS

Mr. President, the rehabilitation transfer programs not only have saved money for the American taxpayer but, more importantly, have helped provide critical services to thousands of disabled citizens. By helping the States provide needed rehabilitation services to disabled persons, these programs have assisted individuals in their efforts to return to work and become active participants in their communities and to prevent needless institutionalization. Thus, the programs in the past have provided a double benefit—both by making it possible for disabled persons to lead fuller, more productive lives in their families and communities and by saving tax dollars in the process.

Mr. President, without the incentive to provide services for individuals receiving Federal disability aid—and as I will discuss, the newly enacted replacement program provides no such incentive—it is unlikely that, during this period of budget reductions, State departments of rehabilitation will focus their diminished resources on individuals who are in receipt of Federal financial assistance. The result will be that individuals currently receiving SSDI and SSI disability benefits will not receive the critical rehabilitative services necessary to help them in their efforts to work and to get off the disability rolls.

CURRENT LAW DOOMED TO FAIL

Mr. President, the substitute program recently enacted as part of the recent Reconciliation Act—sections 2209 and 2344 of Public Law 97–35—is clearly doomed to failure and needs to be replaced. According to an internal memorandum circulated in the Social Security Administration, it is estimated that the new program will distribute only $3.5 million to the States and only in the form of after-the-fact reimbursements. In addition, the Senate-reported Labor, HHS, Education, Appropriations Act, as well as both the further continuing resolutions contain an appropriation of only $3.1 million for the SSI portion of these programs for fiscal year 1982. These figures should be compared to fiscal year 1981 outlays under the old program of $37.3 million for the SSI portion and $124 million for the combined SSDI and SSI programs. That money was used to rehabilitate Federal beneficiaries to help them get off the disability and welfare rolls and to help the Federal Government save much larger amounts.

To continue the comparison, the tiny program envisioned under current law will increase the Social Security Administration's administrative costs by $1.5 million over the cost of administering the repealed programs. This is because 35 new staff positions are needed to administer the very complicated new program. There will be some small offsetting savings by eliminating the involvement

of the Rehabilitation Services Administration, which had 13 full-time equivalent employees to help administer these programs in fiscal year 1981, but certainly nothing close to the amount of the increases that the SSA considers necessary.

Therefore, even though the program authorized under current law will serve only a tiny fraction of the number of individuals served under the old rehabilitation transfer programs or under the new program we are proposing here today, it will cost significantly more to administer. The program our bill would create would increase savings to the Federal Government over the very limited provision in current law by rehabilitating many more Federal beneficiaries at a significantly lower proportionate administrative cost.

PROVISIONS OF NEW PROGRAM

Mr. President, with this as background, let me briefly explain the provisions of our bill, and how it is designed to accomplish its objectives. Our bill would replace the programs currently authorized as a result of the Reconciliation Act and replace them with a new streamlined program modeled after the old rehabilitation transfer programs—in place for the last 15 years—with changes to correct various deficiencies in the old programs by strengthening the cost-effective features inherent in this approach.

As did the old programs, our bill would provide funding to State departments of rehabilitation for the purpose of providing vocational rehabilitation services to individuals currently receiving benefits under the SSDI and the SSI programs for disabled persons.

In the first 2 years of the program, $100 million would be distributed to the State-run vocational rehabilitation programs for this purpose. This amount can be compared to the total $124 million distributed to the States under the old program in fiscal year 1981 and to the total of $106 million that was projected, before the Reconciliation Act was enacted, to be distributed in fiscal year 1982.

Also, as under the old programs, one objective of our bill is to produce savings for the social security trust funds and for general revenues as a result of the vocational rehabilitation of the maximum number of individuals currently receiving Federal disability benefits.

In contrast to the old programs, however, this bill would result in greater savings due to the fact that funds would be distributed to the States based on their record of achieving successful rehabilitations that result in terminations from the disability rolls. In each of the first 2 years of the program—fiscal years 1982 and 1983, $100 million would be made available for the new program and each State would receive a percentage of that amount equal to the percentage of Federal beneficiaries who were rehabilitated in that State's vocational rehabilitation programs during the previous 5-year period and who were terminated from the disability rolls during fiscal year 1981 and fiscal year 1982, respectively.

The standard for measuring such rehabilitations would be "SGA"—substantive gainful activity—rehabilitated beneficiaries, a term already used by the rehabilitation services administration and which the Commissioner of the Rehabilitation Services Administration would have the flexibility to define by regulation, thus helping restrain administrative costs. In addition, the Social Security Administration would determine how many of these "SGA" rehabilitated beneficiaries within a given fiscal year are actually terminated from the disability rolls and are, thus, no longer receiving Federal disability benefits.

After the first 2 years of the program, the amount each State would receive each year would be adjusted up or down by a maximum of 20 percent based on the number of disability benefit terminations during the previous year. Thus, each State could receive up to a 20-percent increase or decrease, contingent upon the State's successes—or lack thereof—in rehabilitating Federal beneficiaries to the point at which they no longer receive SSA program benefits. This self-adjusting funding mechanism has the unique quality of helping to insure that the maximum amount of savings to the Federal Government is realized. In the past, the initial success of the old program resulted in the expansion of funding without regard to what level of funding would result in the optimal amount of savings. The funding mechanism in our bill would assure that the optimal amount of funds transferred to each state would be calculated in such a way as to create incentives for states to achieve the maximum level of savings.

In addition, the self-adjusting mechanism would provide strong incentives for the States to focus their resources on Federal beneficiaries. Without this incentive—and the program authorized under current law is too small to provide any such incentive—it is unlikely that State departments of rehabilitation would focus their limited resources on individuals who are in receipt of Federal financial assistance.

In addition, the 20-percent limit on the annual increase or decrease that each State would receive would protect against extreme fluctuations in the assistance a State could receive.

ACHIEVING NET SAVINGS AND STRENGTHENING THE SOCIAL SECURITY SYSTEM

Mr. President, although the new program which our bill would establish would initially involve Federal Government outlays of $100 million for fiscal years 1982 and 1983, the result for the Federal budget ledger would eventually be an overall savings. The timing of exactly when savings would exceed costs is difficult to predict. However, we do know that savings eventually would be greater than total, cumulative outlays and that, as a result of the funds transferred, thousands of disabled people would be living richer, more meaningful lives as productive members of their communities.

Mr. President, I would also stress that our bill would have an immediate positive impact on the financial solvency of the social security system. All of us in Congress are concerned about the future of the social security system in meeting its obligation to provide benefits to replace income lost as a result of disability or retirement. Some Members of Congress are even talking about radically reducing the benefit levels in order to assure the financial integrity of the system.

However, if this bill is enacted, we would strengthen the social security system by immediately increasing the social security disability trust fund reserves without reducing any benefits; at the same time, we would be increasing benefits in the form of renewed Vocational Rehabilitation Services for Social Security Act beneficiaries. Also, the immediate savings to the trust funds would eventually be overshadowed by much larger savings that would accrue to the trust funds as a result of the thousands of social security disability insurance beneficiaries who would no longer be receiving benefits out of the trust funds but rather who would—through their payroll taxes—be contributing dollars into the trust funds. These increased tax receipts are not included in our savings estimate.

In addition, as I have pointed out earlier, by allowing the funding level for each state to fluctuate up or down by 20 percent after the new program has been in effect for 2 years, we would further be helping to assure that funds are being utilized in the most effective fashion. States would be rewarded or penalized based upon their successes, or lack thereof, in fully rehabilitating Social Security Act beneficiaries.

RECONCILIATION DEBATE

Mr. President, it was only a few months ago, on June 25, 1981, that I argued here on the Senate floor in favor of preserving the previous rehabilitation transfer programs. In fact, 49 of my colleagues agreed with me in my efforts to prevent the elimination of these cost-effective programs. With three Senators necessarily absent for the vote who announced their support for my amendment, it was defeated 47 to 50.

During that debate, I explained how, by transferring to State departments of rehabilitation money otherwise held in reserve for the payment of disability benefits for individuals unable to work due to a disabling condition, we have helped to create the situation where fewer individuals will need the cash payment benefits in the future. I also explained that the use of disability benefit funds for the specific purpose of helping individuals get off the disability rolls had resulted and would continue to result in a net reduction in the amount of money that flows out of the Federal Treasury.

Mr. President, the argument was made then that the transfer under the old programs of funds out of the Social Security Disability Trust Fund to State departments of rehabilitation was an improper use of trust fund moneys. Although I disagreed with this criticism then, as I do today, I have nevertheless modified the bill we are introducing so as to provide for funding out of general revenues rather than from the trust funds. This modification has the dual benefit of helping to shore up the ailing social security

trust funds, while meeting any concerns about use of trust fund money.

Mr. President, concerns expressed during the June debate about the cost effectiveness of the old transfer programs were not meritorious. The Social Security Administration itself published—in the February 1981 issue of the Social Security Bulletin, volume 44, issue No. 2, the results of a study it conducted on the disability insurance portion of the rehabilitation transfer programs. This study clearly showed the cost effectiveness of the transfer programs. To quote from the study:

Using cost-benefit procedures and varying assumptions as to the impact of vocational rehabilitation services, the savings to the trust funds were found to range between $1.39 and $2.72 per $1 cost for the DI beneficiaries who completed their vocational rehabilitation service period in fiscal year 1975.

We also heard then the concern that many people who received benefits under the old program were not actually rehabilitated as a result of services received in the program, that the programs were inefficient in accomplishing the job for which they were originally designed, and that as a result the programs have not been cost effective. Although I refuted these assertions last June, and demonstrated that the latest, most complete evidence revealed that the benefit-cost ratio had consistently exceeded $1 for every dollar spent, we have nevertheless taken this opportunity to redesign the program so as to minimize the chance that the program might be abused in certain contexts and not achieve its original objectives.

In this regard, the distribution formula in the bill would tie the level of assistance each State would receive to the relative number of individuals rehabilitated in that State who have earnings at a level equal to or greater than substantial gainful activity and who eventually reach a status indicating the ability to perform an ongoing employment objective sufficient to disqualify them for Federal disability benefits.

Since a mechanism for routinely collecting the data as to the number of individuals who are rehabilitated and achieve earning at the SGA level has existed for many years at RSA, and since these individuals can be routinely cross-referenced with the individuals terminated by the Social Security Administration from the Federal disability rolls, an administrative savings would accrue in not having to collect the extensive new data that the current law requires. The number of individuals across the Nation earning at a level of SGA for a continuous period of 9 months—data which must be developed under the current program—is currently unknown. To acquire this data, SSA will have to spend valuable social security trust fund money, as well as funds from general revenues, thereby further diminishing the funding available for rehabilitation.

CONCLUSION

Mr. President, I strongly urge all of my colleagues to support this legislation to restore, with an improved, more cost-effective structure, the authority for a critically important program to provide for the vocational rehabilitation of disability benefit recipients. This bill provides us with the unusual opportunity to help achieve two goals that I believe we all share—providing much-needed help to severely handicapped individuals in order to enable them to lead productive lives and, at the same time, reducing the total costs of Federal programs.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1987

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 222(d) of the Social Security Act is amended to read as follows:

"Payments for Rehabilitation Services for Blind or Disabled Individuals Receiving Benefits under this Title or Title XVI

"(d)(1) For the purpose of making vocational rehabilitation services more readily available to disabled individuals who are—

"(A) entitled to disability insurance benefits under section 223,

"(B) entitled to child's insurance benefits under section 202(d) after having attained age 18 (and are under a disability),

"(C) entitled to widow's insurance benefits under section 202(e) prior to attaining age 60,

"(D) entitled to widower's insurance benefits under section 202(f) prior to attaining age 60, or

"(E) blind or disabled, have not attained age 65, and are entitled to supplemental security income benefits under title XVI,

and to the end that savings will result to the Federal Disability Insurance Trust Fund and to general revenues as a result of enabling the maximum number of such individuals to engage in productive activity, there are authorized to be appropriated for each fiscal year such sums as may be necessary to enable the Secretary to make payments to States under paragraph (2).

"(2)(A) With respect to each of the fiscal years 1982 and 1983, each State (or an entity or entities having an agreement or contract under paragraph (3) to carry out a program within a State) shall be entitled to receive payment from the Secretary for each such fiscal year, for the purpose of defraying in part the costs of vocational rehabilitation services furnished individuals described in paragraph (1) (including services during their waiting periods), under a State plan for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), in an amount which bears the same ratio to $100,000,000 as the number of 'SGA rehabilitated beneficiaries' (as defined in paragraph (4), and as determined by the Commissioner of the Rehabilitation Services Administration) in such State whose benefits (described in subparagraphs (A) through (E) of paragraph (1)) were terminated during the preceding fiscal year by reason of ability to perform substantial gainful activity bears to the number of such 'SGA rehabilitated beneficiaries' in all the States whose benefits were so terminated during such prior fiscal year.

"(B) With respect to fiscal year 1984 and each fiscal year thereafter, each State (or the entity or entities having an agreement or contract under paragraph (3) to carry out the program within such State) shall be entitled to receive payment for such purpose in an amount equal to the amount of the payment made to such State, or with respect to such State under an agreement or contract under paragraph (3), for the preceding fiscal year, increased or decreased by a percentage equal to the percentage increase or decrease (as the case may be) in the number of 'SGA rehabilitated beneficiaries' in such State whose benefits (described in subparagraphs (A) through (E) of paragraph (1)) were terminated during the preceding fiscal year by reason of ability to perform substantial gainful activity, over the second preceding fiscal year; but in no event shall the increase or decrease in the amount of the payment to (or with respect to) a State exceed 20 percent for any one fiscal year.

"(3) In the case of any State that is unwilling to participate in the program established under, or does not have a plan which meets the requirements of, paragraph (2), the Secretary may provide such services in such State by agreement or contract with other public or private agencies, organizations, institutions, or individuals. The provision of such services shall be subject to the same conditions as otherwise apply under paragraph (2).

"(4) For purposes of this subsection the term 'SGA rehabilitated beneficiary' means an individual described in paragraph (1) who—

"(A) has, within the five-year period immediately preceding the date on which such individual's benefits (described in subparagraphs (A) through (E) of paragraph (1)) were terminated, completed a program of services under the State plan for vocational rehabilitation approved under title I of the Rehabilitation Act of 1973 in accordance with the individualized written rehabilitation program required under section 102 of such Act, or under a program described in paragraph (3);

"(B) concurrently with receiving such services has achieved employment with earnings at or above a level determined by the Commissioner of the Rehabilitation Services Administration, in accordance with regulations which such Commissioner shall promulgate (notwithstanding the provisions of section 223(d)(4) and regulations thereunder), to be a level of substantial gainful activity for purposes of this paragraph; and

"(C) has maintained such employment for the period of time (in no event less than 60 days) determined by such Commissioner as necessary to demonstrate the likelihood of the individual continuing to maintain such employment.

"(5) Payments under this subsection shall be made in advance or by way of reimbursement, with necessary adjustments for overpayments and underpayments.

"(6) The Secretary shall cooperate with the Commissioner of the Rehabilitation Services Administration so as to ensure that the resources of the agencies involved in carrying out this subsection are effectively and efficiently utilized in attaining the purposes of this subsection.".

(b) Section 1615(d) of the Social Security Act is repealed.

(c) The amendment and repeal made by subsections (a) and (b) shall apply with respect to services rendered on or after October 1, 1981.

By Mr. DECONCINI (for himself, Mr. JACKSON, and Mr. JOHNSTON):

S. 1989. A bill to amend title XVIII of the Social Security Act to provide medicare coverage under part A for alcoholism treatment services, and to provide payment for such services on a charge basis; to the Committee on Finance.

PAYMENT FOR TREATMENT FOR ALCOHOLISM

Mr. DECONCINI. Mr. President, today I am introducing on behalf of myself and my distinguished colleagues, Senators JACKSON and JOHNSTON, a bill concerning the very serious problem of alcoholism. The legislation was suggested by alcohol-

ism treatment providers who are convinced that the present system can be made more cost effective for the Government and more rewarding for the patient.

I have become convinced that new approaches are needed if medicare is to control burgeoning costs while maintaining that recipient's receive the finest care. This bill specifically addressed medicare reimbursement for alcoholism treatment. Not only is the bill designed to improve the medicare patient's outcome but it also will realize immediate Federal budget savings of over $1 billion per year.

Alcoholism is accepted today not only as a psychological disease but as an illness with physical manifestations. No longer is alcoholism perceived as an illness that need be concealed. It has been conservatively estimated that 7 percent of the adult population in the United States are alcoholics; approximately 19 percent of teenagers are problem drinkers, including alcoholics. Even more frightening, some 50 percent of motor vehicle fatalities are related somehow to the consumption of alcohol. Indeed over one-third of adult inpatients in general hospitals are there because of alcoholism or alcohol-related problems.

It is estimated that as many as 15 percent of the elderly population, the primary recipients of medicare benefits, are alcoholics. These prevalence figures may not even accurately reflect the extent of the problem of alcoholism in the elderly when one considers that reports coming from managers of retirement communities have called it the No. 1 problem leading to accidents, fires, and deaths. Elderly alcoholics who are drinking have a higher incidence of major health problems than their nondrinking alcoholic counterparts.

In a 3-year followup study, elderly alcoholics, having alcohol-related health programs at a rate of 89 percent, stopped drinking, which showed a reduction in the rate to only 55 percent of such problems. Prolonged alcohol abuse adversely affects the heart, the liver, and the central nervous system, to name but a few. Taking these physiological effects of alcohol into account, successful treatment of the elderly alcoholic immediately reduces concomitant, severe health problems, including attempts at suicide and outbursts of violence.

The notion that the elderly alcoholic is an unlikely prospect for recovery is, fortunately, quite incorrect. Indeed, the chance of recovery seems to increase with age. Data confirms that as people age, the rate of recovery from alcoholism increases up to about age 50 when it stabilizes at about 70 percent recoveries as measured by abstinence at 1 year.

Under the present medicare system, alcoholism treatment is reimbursed at 100 percent of those costs that are considered reasonable and necessary. According to the Federation of American Hospitals, this actually comes out to about 88 percent of charges. Thus, the Federal Government, as the major purchaser of health care, is receiving a discount. As outpatient coverage is currently designed, medicare beneficiaries are not effectively covered for similar outpatient alcoholism treatment services available to nonmedicare patients. This state of affairs is not so much the result of explicit exclusion from coverage as it is the practical outcome of a system of coverage that has not yet addressed alcoholism as a health care entity.

Those outpatient services that are covered do not fit together to form an integrated and individualized treatment package for alcoholism. The existing avenues to outpatient coverage are: First, medical social services; second, home health visits; and third, comprehensive rehabilitation centers. Although it may be theoretically possible for a provider to construct an outpatient followup and aftercare program for alcoholics under these categories of coverage, the resultant package would be unwieldy, overly costly, and inappropriate to the patient's true needs.

A separate but related difficulty in providing cost-effective treatment to medicare's alcoholic beneficiaries is the payment of providers on a cost-reimbursement basis, which puts emphasis on statistically countable services for allocating costs under the reimbursement formulas. Such emphasis on statistically countable units of service, instead of usual and customary charges deemed useful and necessary for the patient, biases reimbursement in the direction of services that do not make for an integrated or individualized treatment package. The reimbursement mechanism drives treatment in the direction of rendering inappropriate services in order to satisfy the reimbursement system's need for countable units of service.

The bill, I am introducing will modify the medicare reimbursement system to improve patient outcome through incentives and concurrently save the Federal Government over $1 billion a year. Under this bill medicare would reimburse a flat 75 percent of charges, which is a percentage below the 88 percent of charges currently reimbursed by the Health Care Financing Administration (HCFA). By reimbursing on a percent of charges basis, the Government and provider decide "up front" what coverage a medicare beneficiary can except, thus taking third and fourth beneficiary parties out of the process of choosing treatment for an individual beneficiary.

When incentives are changed to encourage cost-efficient procedures, energies are directed successfully toward a new goal; positive incentives can directly influence decisions made by millions of individuals working toward personal goals. The savings in administrative costs that could be realized by switching to this simple predictable system, taking into account both the institution's and Government's layers of administrative costs, is probably quite substantial. The immediate savings, within the first year, directly realized by a reduction in the rate of reimbursement is nearly $500 million annually.

The bill further stipulates that the provider be allowed to seek the remaining 25 percent from the patient; however, and most importantly, the patient, by the very terms of the bill, is not legally liable for such payment, and no other source of public money may be available to either provider or patient for this 25 percent of charges. This guarantees that the patient is the only source for these charges and motivates the provider to achieve sobriety for the patient. Furthermore, the patient who has invested in his or her treatment is better motivated to get something out of it.

The money that an alcoholic does not spend on liquor—estimated to be $2,000 to $3,000 annually—is "new" money and would easily cover 25 percent of charges for successfully treating the disease, without having an impact on the patient's ability to have the necessities of food, clothing, and shelter. It should be made clear, however, that no individual will be refused treatment because of inability to pay. It can be fairly projected that the improved treatment outcomes and methods will result in an additional savings of over $500 million annually.

Since the bill is designed to allow a 75 percent of charges reimbursement across-the-board, a provider will be able to treat an individual without financial constraints. This makes all types of treatment equally affordable by patient and provider, leaving them free to select the best treatment for each individual case. Thus, when an individual no longer requires inpatient care, less costly outpatient care can be provided while still receiving medicare reimbursement at 75 percent of charges. This will encourage integrated, effective, and cost-effective treatment. By including outpatient services as an integral part of medicare coverage, medicare can maximize cost-reduction while improving the health status of the elderly.

In order to cap the Government's payments, the bill allows the Government to consider recognizing only those charges whose rate of change does not exceed the Consumer Price Index. This will serve against any tendency by providers to set abnormally high prices. Moreover, the bill has a built-in marketplace mechanism to control charges: both medicare and nonmedicare patients must be charged from the same fee schedule.

Mr. President, the incentives inherent in the percent-of-changes reimbursement system are natural for the cost-efficient and effective treatment of medicare alcoholics. The medical importance of alcoholism as the number three killer in the United States, and the economic importance of alcoholism as a major drain on our society's wealth through lost productivity and increases in associated illness, both argue for serious consideration of this bill.

To summarize, the changes in the medicare system outlined above would, I believe, significantly improve medicare patient outcome and result in Federal budget savings of over $1 billion per year in the second full year of implementation. While this bill is no panacea for all of the ills of the medicare program, it is clearly superior to the present system of cost reimbursement and will improve the well-being of the medicare beneficiary.

I hope my colleagues on the Finance Committee will conduct full and

thorough hearings on the issues raised in this proposal. If the ideas are sound—as I believe they are—they will withstand the sharpest scrutiny. And if they do withstand that test, they deserve to be enacted into law.

I ask unanimous consent that the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1989

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1812(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(4) alcoholism treatment services provided in accordance with section 1861(bb).".

(b) Section 1813(a)(1) of such Act is amended by inserting ", other than for such services provided as alcoholism treatment services in accordance with section 1861 (bb)," after "The amount payable for inpatient hospital services".

(c) Section 1814(a)(2) of such Act is amended—

(1) by striking out "or" at the end of subparagraph (D);

(2) by striking out the period at the end of subpargraph (E) and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof the following new subparagraph:

"(F) in the case of alcoholism treatment services, such services are required for the treatment of the individual for alcoholism.".

(d) Section 1814(b) of such Act is amended—

(1) by redesignating paragraph (3) as paragraph (4);

(2) by striking out "paragraph (3)" in paragraph (1) and inserting in lieu thereof "paragraphs (3) and (4)";

(3) by striking out "or" at the end of paragraph (2);

(4) by striking out "paragraph (3)" in the last sentence of such subsection; and

(5) by inserting after paragraph (2) the following new paragraph:

"(3) in the case of alcoholism treatment services, 75 percent of the charges with respect to such services, subject to the charge limitations in section 1861 (bb) (3); or".

(e) Section 1861 of such Act is amended by adding after subsection (aa) the following new subsection:

ALTERNATIVELY REQUIRED OUTPATIENT TREATMENT SERVICES FOR ALCOHOLISM

"(bb)(1) The term 'alcoholism treatment services' means services provided by a hospital, having an agreement with the Secretary under this subsection, which would otherwise constitute inpatient hospital services under part A or outpatient hospital services under part B, and which are provided for the treatment of an individual for alcoholism. Outpatient hospital services shall qualify as alcoholism treatment services only if they are provided immediately after an inpatient hospitalization of the individual for treatment for alcoholism, or are provided at any time after such an inpatient hospitalization for the treatment of alcoholism and are required alternative interventions which attempt to prevent subsequent inpatient services.

"(2) The Secretary shall enter into an agreement with any hospital which is willing and able to do so under which payments are made to such hospital for alcoholism treatment services in accordance with section 1814(b)(3) and this section, if such hospital meets the requirements of subsection (e) and such hospital agrees—

"(A) that no individual entitled to benefits under part A shall be refused alcoholism treatment services by such hospital on account of such individual's inability or refusal to pay the 25 percent of charges not reimbursed under part A, and that any such individual shall incur no legal obligation to pay such charges;

"(B) to accept reimbursement for such services under this title only in accordance with section 1814(b)(3), and on the basis of the charge limitation established under paragraph (3) of this subsection;

"(C) not to accept any payment for such services made on behalf of any individual entitled to benefits under part A from any Federal, State, or local governmental program, other than (i) part A of this title, or (ii) any health benefit program under which such individual is entitled to such payment if eligibility for such program is based upon such individual's employment or former employment by an entity of Federal, State, or local government; and

"(D) that the hospital will charge for alcoholism treatment services on the basis of a single schedule of fees which is the same for individuals entitled to benefits under this title as for other individuals.

"(3)(A) Payment under section 1814(b)(3) to a hospital having an agreement with the Secretary under paragraph (2) shall be equal to 75 percent of the lesser of (i) the actual charge for such service, or (ii) the charge limitation amount for such service as determined under subparagraph (B).

"(B) The charge limitation amount for any service for a hospital for its first accounting year beginning in calendar year 1981, shall be such hospital's actual charge for such service on the first day of such accounting year. The charge limitation amount for any service for any hospital for any accounting year thereafter shall be an amount equal to such hospital's charge limitation amount for such service (or, in the case of a new service, such hospital's charge limitation amount for a similar or comparable service) for the preceding accounting year, increased or decreased by a percentage equal to the percentage increase or decrease in the consumer Price Index for the last quarter of the last calendar year ending prior to the beginning of such accounting year over such Index for the last calendar quarter of the second preceding calendar year ending prior to the beginning of such accounting year.

"(4) Any alcoholism treatment services which otherwise would constitute inpatient hospital services under part A shall be subject to certification and review procedures under this title in the same manner as inpatient hospital services, and any day of such inpatient services shall be counted as a day of inpatient hospital services for purposes of determining the limitations on the number of days of inpatient hospital services to which an individual is entitled under part A.".

(f)(1) Section 1832 (a)(1) of such Act is amended by inserting before the semicolon at the end thereof the following: "and those which constitute alcoholism treatment services as defined in section 1861(bb)".

(2) Section 1832 (a)(2)(B) of such Act is amended—

(A) by striking out "and" at the end of clause (i);

(B) by striking out "; and" at the end of clause (ii) and inserting in lieu thereof ", and"; and

(C) by adding at the end thereof the following clause:

"(iii) alcoholism treatment services (as defined in section 1861 (bb));".

(g) Section 1905 (a) (18) of such Act is amended—

(1) by striking out "or" at the end of subparagraph (A);

(2) by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof the following new subparagraph:

"(C) any such payments which constitute payment for any portion of the charge of alcoholism treatment services (as defined in section 1861 (bb)) furnished to an individual under part A of title XVIII.".

(h) The amendments made by this Act shall apply to alcohol treatment services furnished on or after January 1, 1982.

STATEMENT BY SENATOR HENRY M. JACKSON ON MEDICARE REIMBURSEMENT FOR ALCOHOLISM

● Mr. JACKSON. Mr. President, as a cosponsor of this bill I support the previous statements of the distinguished Senator from Arizona. I would like to expand, however, on some of the problems elderly alcoholics face and the Federal budget savings this bill would realize. In the present climate of budget cutbacks and savings it is easy to support a bill that will realize over $1 billion of savings to the medicare program without diminishing the quality of care.

As has been stated by my distinguished colleague, as many as 15 percent of the elderly population are alcoholics. That probably understates the percentage because alcoholics often deny having the disease. Managers of retirement communities have called alcoholism the No. 1 problem leading to accidents, fires, and deaths.

It is quite incorrect to assume that the elderly alcoholic is an unlikely prospect for recovery. In fact, the chance of recovery seems to increase with age. Some experts in the field report that as people age the rate of recovery from alcoholism increases. This rate increases until the age of 50 when it stabilizes at about 70 percent recovery. Recovery is measured by abstinence of 1 year.

The problems of the elderly alcoholic are well known. They have a high rate of suicide compared to their nonalcoholic counterparts, with women showing a higher rate of suicide than men. Elderly alcoholics have a higher incidence of major health problems than their nondrinking counterparts. Prolonged alcohol abuse adversely affects the heart, the liver, and the central nervous system. Successful treatment of the elderly alcoholic reduces severe health problems, including attempts at suicide and outbursts of violence.

The social profile of the elderly alcoholic shows an outstanding disruption in the stable supportive communities of work, family and friends that the younger alcoholic is able to draw upon. There can be physical disappointments of old age. The elderly tend to live alone, to take prescription drugs that may adversely interact with normal amounts of alcohol, and to live in reduced circumstances as their fixed income loses out to inflation. All these factors would recommend that a stable long-term social community be provided to recovering elderly alcoholics. Therefore, the need to integrate outpa-

tient with inpatient treatment for the medicare alcoholic under a unified category of coverage seems compelling.

This bill will reduce costly inefficiencies and save the Federal budget over $1 billion per year after the second full year of implementation.

There are immediate savings by a reduction in the current rate of reimbursement equal to $488,199,000. The proposed change in the rate of reimbursement to 75 percent of charges is a drop of 13 percent over the current calculated percent of charges reimbursement of 88 percent.

There will be a reduction in Government administrative costs of $6,115,000. An institution's administrative cost for handling the medicare cost-reimbursement procedure is about $100 per bed, without including functions associated with regular audits or costs of quality-of-service review.

Fewer patients would need retreatment, saving $300,430,000. With greater freedom to design treatment to meet the needs of the individual alcoholic covered by medicare, we will be able to reach patients whose needs are not addressed under the current system of limited outpatient coverage.

The savings to be realized through reduced cost of treatment is $225,322,000. With the option to choose the treatment best suited to each patient, the provider will be using the less expensive outpatient alternative rather than inpatient treatment.

It would be difficult to compute the savings associated with reduced illnesses. It is, however, commonly assumed that a substantial percentage of non-alcoholism hospital admissions are indeed alcohol related.

As such, these estimates at savings will save the medicare trust fund over $1 billion per year, while, more importantly, improve the treatment to the medicare patient.

The White House Conference on Aging ended last week, having made hundreds of useful suggestions to the President and Congress for ways in which to enrich the quality of life for America's 34 million older citizens. The White House Conference has helped dramatize, in a constructive way, the sheer vastness of the problems facing older Americans. It is a "minority" which all of us will join if we are fortunate enough.

I think it is important that as we consider the needs of older Americans, we think of them as individuals with differing needs.

Older Americans are a great national asset and should be viewed as an enormous reservoir of talent, knowledge and experience from which we can draw. We need not only consider programs thought to "benefit" seniors, but also ones to expand opportunities.

I believe this bill works in these positive ways, and I urge my colleagues to support the measure. I also hope that hearings on this bill will occur early next session.●

By Mr. THURMOND:

S. 1990. A bill to amend title 10. United States Code, to revise and codify the permanent provisions of law relating to military construction and military family housing; to the Committee on the Judiciary.

MILITARY CONSTRUCTION AND MILITARY FAMILY HOUSING

Mr. THURMOND. Mr. President, today I am introducing for appropriate reference a bill to codify current provisions in law with regard to military construction. The purpose of this bill is to organize and streamline military construction law that has evolved over the years and that is currently scattered throughout the code.

This draft bill represents an effort of long standing by Members of the House and of the Senate. Congressmen BRINKLEY and TRIBLE are today introducing an identical bill in the House.

My intentions are to hold hearings on this bill in conjunction with hearings that will be to examine the fiscal year 1983 military construction authorization bill. I would expect to complete action on the bill in the next session of Congress in time for its provisions to apply to the fiscal year 1984 military construction budget.

I am pleased that the ranking minority member of the Senate Armed Services Committee Subcommittee on Military Construction, Senator GARY HART, has joined with me in sponsoring this legislation.

By Mr. MATHIAS (for himself, Mr. KENNEDY, Mr. METZENBAUM, Mr. WEICKER, Mr. BIDEN, Mr. CHAFEE, Mr. MOYNIHAN, Mr. CRANSTON, Mr. ANDREWS, Mr. BAUCUS, Mr. BENTSEN, Mr. BOREN, Mr. BOSCHWITZ, Mr. BRADLEY, Mr. BUMPERS, Mr. BURDICK, Mr. ROBERT C. BYRD, Mr. CANNON, Mr. CHILES, Mr. COHEN, Mr. DANFORTH, Mr. DECONCINI, Mr. DIXON, Mr. DODD, Mr. DOMENICI, Mr. DURENBERGER, Mr. EAGLETON, Mr. FORD, Mr. GLENN, Mr. HART, Mr. HATFIELD, Mrs. HAWKINS, Mr. HEINZ, Mr. HOLLINGS, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mrs. KASSEBAUM, Mr. LEAHY, Mr. LEVIN, Mr. LONG, Mr. MATSUNAGA, Mr. MITCHELL, Mr. PACKWOOD, Mr. PELL, Mr. PERCY, Mr. PRESSLER, Mr. PROXMIRE, Mr. PRYOR, Mr. QUAYLE, Mr. RIEGLE, Mr. ROTH, Mr. SARBANES, Mr. SASSER, Mr. SPECTER, Mr. STAFFORD, Mr. TSONGAS, Mr. WILLIAMS, Mr. JOHNSTON, Mr. STEVENS, and Mr. MELCHER):

S. 1992. A bill to amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes; to the Committee on the Judiciary.

VOTING RIGHTS ACT EXTENSION

● Mr. MATHIAS. Mr. President, today, for myself and 60 of my colleagues, I introduce a bill to extend the Voting Rights Act of 1965. The bill we now send to the desk has strong bipartisan support in both the House and Senate, and is identical to the Voting Rights Act extension, H.R. 3112, as amended, adopted by the House of Representatives on October 5, 1981, by an overwhelming vote of 389 to 24.

This is the second time this year that I have introduced a proposal to extend the Voting Rights Act of 1965. On April 7, Senators KENNEDY, METZENBAUM, WEICKER, BIDEN, CHAFEE, MOYNIHAN, CRANSTON, and I introduced S. 895, the Voting Rights Act Amendments of 1981. That bill was identical to the original version of H.R. 3112, which was offered on the same day by PETER RODINO, chairman of the House Judiciary Committee.

When I introduced S. 895, I noted while much had been accomplished under the Voting Rights Act since 1965, much more remained to be done and that unless the act were extended, much of the hard-won progress over the past 16 years would be put in jeopardy. The evidence compiled in the intervening months has confirmed my concern. Enactment of a strong, effective Voting Rights Act extension is not only justified, but circumstances compel it.

Shortly after H.R. 3112 was introduced, the House Judiciary Subcommittee on Civil and Constitutional Rights began its review of the bill. The subcommittee, under the leadership of Chairman DON EDWARDS, conducted 18 days of hearings, including field hearings in Montgomery, Ala., and Austin, Tex. More than 100 witnesses testified before the subcommittee, including victims of voting discrimination, Members of Congress, State and local officials, representatives of civil rights groups, religious leaders, scholars, and two former heads of the Department of Justice's Civil Rights Division, one Republican, one Democrat. In my view, the hearing record points to one inescapable conclusion: an effective Voting Rights Act extension must be enacted promptly.

Day after day, the subcommittee heard testimony about the continuing need for the Voting Rights Act. Far from merely rehashing tales of abuses dating back to the 1960's, the hearing record is replete with contemporary examples of voting discrimination. Some are reminiscent of the 1960's—intimidation or harassment of minority members seeking to vote or register. But, other, more sophisticated dodges, such as at-large elections, annexations, majority vote requirements, purging of voters, and even changes in polling places, have been effectively employed to dilute the impact of minority voters.

It was against this background that the subcommittee unanimously reported H.R. 3112. without amendment, on July 21, 1981. Subsequently, on July 31, 1981 the full House Judiciary Committee, by a vote of 23 to 1, approved a revised version of H.R. 3112. And, on October 5, 1981, the House approved the bill and rejected by a lopsided margin all efforts to weaken the bill approved by the House Judiciary Committee.

It is this bill, approved so decisively by the House of Representatives, that we introduce today. This proposal is fair. It is a compromise measure which we believe will be effective. Specifically, the House-passed bill contains a liberalized "bailout" provision, which was adopted at the time of the markup by the House Judiciary Committee. Under this new procedure, jurisdictions covered under

the act's special provisions, including preclearance under section 5, could bail-out more easily than under present law.

S. 895 and H.R. 3112, as introduced, would have continued the existing and more stringent "bailout" procedures. In my view, this change represents a major accommodation and I share the belief of the House Judiciary Committee that it "will provide the necessary incentives to the covered jurisdictions to comply with laws protecting the voting rights of minorities," and thus allow them to achieve exemption from the act's special requirements.

Basically, the bill would:

Continue the section 5 preclearance provision of the act while providing reasonable incentives for States and counties to "bailout" from the preclearance requirement. A covered jurisdiction could bailout if it could show that for a period of 10 years it had met certain conditions, including full compliance with the act, no acts of voting discrimination, and positive actions to protect minority voting rights.

Continue until August 6, 1992 the requirement of bilingual election materials and voting assistance.

Amend section 2 of the act to clarify the burden of proof in voting discrimination cases and thus remove the uncertainty caused by the failure of the Supreme Court to articulate a clear standard in City of Mobile against Bolden.

Mr. President, I urge my colleagues to join those of us who are sponsoring this bill and help write what I hope will be the last chapter in the very long and difficult saga that has occupied this Nation for well over a century: the struggle to guarantee the right to vote for all Americans.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1992

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 4 of the Voting Rights Act of 1965 is amended by striking out "seventeen years" each place it appears and inserting in lieu thereof "nineteen years".

(b) Effective on and after August 5, 1984, subsection (a) of section 4 of the Voting Rights Act of 1965 is amended—

(1) by inserting "(1)" after "(a)";

(2) by inserting "or in any political subdivision of such State (as such subdivision existed on the date such determinations were made with respect to such State), though such determinations were not made with respect to such subdivision as a separate unit," before "or in any political subdivision with respect to which" each place it appears;

(3) by striking out "in an action for a declaratory judgment" the first place it appears and all that follows through "color through the use of such tests or devices have occurred anywhere in the territory of such plaintiff.", and inserting in lieu thereof "issues a declaratory judgment under this section.";

(4) by striking out "in an action for a declaratory judgment" the second place it appears and all that follows through "section 4(f)(2) through the use of tests or devices have occurred anywhere in the territory of such plaintiff.", and inserting in lieu thereof the following: "issues a declaratory judgment under this section. A declaratory judgment under this section shall issue only if such court determines that during the ten years preceding the filing of the action, and during the pendency of such action—

"(A) no such test or device has been used within such State or political subdivision for the purpose or with the effect of denying or abridging the right to vote on account of race or color or (in the case of a State or subdivision seeking a declaratory judgment under the second sentence of this subsection) in contravention of the guarantees of subsection (f)(2);

"(B) no final judgment of any court of the United States, other than the denial of declaratory judgment under this section has determined that denials or abridgements of the right to vote on account of race or color have occurred anywhere in the territory of such State or political subdivision or (in the case of a State or subdivision seeking a declaratory judgment under the second sentence of this subsection) that denials or abridgements of the right to vote in contravention of the guarantees of subsection (f)(2) have occurred anywhere in the territory of such State or subdivision and no consent decree, settlement, or agreement has been entered into resulting in any abandonment of a voting practice challenged on such grounds; and no declaratory judgment under this section shall be entered during the pendency of an action commenced before the filing of an action under this section and alleging such denials or abridgements of the right to vote;

"(C) no Federal examiners under this Act have been assigned to such State or political subdivision;

"(D) such State or political subdivision and all governmental units within its territory have complied with section 5 of this Act, including compliance with the requirement that no change covered by section 5 has been enforced without preclearance under section 5, and have repealed all changes covered by section 5 to which the Attorney General has successfully objected or as to which the United States District Court for the District of Columbia has denied a declaratory judgment;

"(E) the Attorney General has not interposed any objection (that has not been overturned by a final judgment of a court) and no declaratory judgment has been denied under section 5, with respect to any submission by or on behalf of the plaintiff or any governmental unit within its territory under section 5; and no such submissions or declaratory judgment actions are pending; and

"(F) such State or political subdivision and all governmental units within its territory—

"(i) have eliminated voting procedures and methods of election which inhibit or dilute equal access to the electoral process;

"(ii) have engaged in constructive efforts to eliminate intimidation and harassment of pesrons exercising rights protected under this Act; and

"(iii) have engaged in other constructive efforts, such as expanded opportunity for convenient registration and voting for every person of voting age and the appointment of minority persons as election officials throughout the jurisdiction and at all stages of the election and registration process.

"(2) To assist the court in determining whether to issue a declaratory judgment under this subsection, the plaintiff shall present evidence of minority participation, including evidence of the levels of minority group registration and voting changes in such levels over time, and disparities between minority-group and non-minority-group participation.

"(3) No declaratory judgment shall issue under this subsection with respect to such State or political subdivision if such plaintiff and governmental units within its territory have, during the period beginning ten years before the date the judgment is issued, engaged in violations of any provision of the Constitution or laws of the United States or any State or political subdivision with respect to discrimination in votng on account of race or color or (in the case of a State or subdivision seeking a declaratory judgment under the second sentence of this subsection) in contravention of the guarantees of subsection (f)(2) unless the plaintiff establishes that any such violations were trivial, were promptly corrected, and were not repeated.

"(4) The State or political subdivision bringing such action shall publicize the intended commencement and any proposed settlement of such action in the media serving such State or political subdivision and in appropriate United States post offices. Any aggrieved party may intervene at any stage in such action.";

(5) in the second paragraph—

(A) by inserting "(5)" before "An action"; and

(B) by striking out "five" and all that follows through "section 4(f)(2).", and inserting in lieu thereof "ten years after judgment and shall reopen the action upon motion of the Attorney General or any aggrieved person alleging that conduct has occurred which, had that conduct occurred during the ten-year periods referred to in this subsection, would have precluded the issuance of a declaratory judgment under this subsection. The court, upon such reopening, shall vacate the declaratory judgment issued under this section if, after the issuance of such declaratory judgment, a final judgment against the State or subdivision with respect to which such declaratory judgment was issued, or against any governmental unit within that State or subdivision, determines that denials or abridgements of the right to vote on account of race or color have occurred anywhere in the territory of such State or political subdivision or (in the case of a State or subdivision which sought a declaratory judgment under the second sentence of this subsection) that denials or abridgements of the right to vote in contravention of the guarantees of subsection (f)(2) have occurred anywhere in the territory of such State or subdivision, or if, after the issuance of such declaratory judgment, a consent decree, settlement, or agreement has been entered into resulting in any abandonment of a voting practice challenged on such grounds."; and

(6) by striking out "If the Attorney General" the first place it appears and all that follows through the end of such subsection and inserting in lieu thereof the following:

"(6) If, after two years from the date of the filing of a declaratory judgment under this subsection, no date has been set for a hearing in such action, and that delay has not been the result of an avoidable delay on the part of counsel for any party, the chief judge of the United States District Court for the District of Columbia may request the Judicial Council for the Circuit of the District of Columbia to provide the necessary judicial resources to expedite any action filed under this section. If such resources are unavailable within the circuit, the chief judge shall file a certificate of necessity in accordance with section 292(d) of title 28 of the United States Code.".

SEC. 2. Section 2 of the Voting Rights Act of 1965 is amended by striking out "to deny or abridge" and inserting in lieu thereof "in a manner which results in a denial or abridgement of" and is further amended by adding at the end of the section the following sentence: "The fact that members of a minority group have not been elected in numbers equal to the group's proportion of the population shall not, in and of itself, constitute a violation of this section.".

SEC. 3. Section 203(b) of the Voting Rights Act of 1965 is amended by striking out "August 6, 1985" and inserting in lieu thereof "August 6, 1992".

SEC. 4. Title II of the Voting Rights Act of 1965 is amended by adding at the end the following section:

"VOTING ASSISTANCE

"SEC. 208. Nothing in this Act shall be construed in such a way as to permit voting assistance to be given within the voting booth, unless the voter is blind or physically incapacitated.".

SEC. 5. Except as otherwise provided in this Act, the amendments made by this Act shall take effect on the date of the enactment of this Act.●

● Mr. KENNEDY. Mr. President, today Senator MATHIAS and I, for ourselves and 59 of our colleagues, are introducing a new bill to extend the Voting Rights Act of 1965.

As a result of the Voting Rights Act, hundreds of thousands of Americans can now vote and, equally important, have their vote count as fully as the votes of their fellow citizens. Hundreds of men and women from racial and ethnic minorities now hold public office in places where that was once impossible.

Twice before, in 1970 and 1975, the crucial provisions of the act have been extended. Each time the act has come under attack. But each time, the Congress on a bipartisan basis has come to its rescue, with the support of Americans from every part of the country. And in 1975, the act's protection was extended to Hispanic Americans and other language minorities who have been the victim of similar discrimination in the right to vote.

The bill we are now introducing is identical to the legislation which the House passed on October 5, by a vote of 389 to 24. That vote reflects the widespread support around the country for extension of a strong Voting Rights Act with effective enforcement provisions. The broad bipartisan coalition for this bill defeated amendments to weaken the act on the floor by margins of 3 to 1 and 2 to 1.

In the interest of expediting passage of this crucial legislation early next year, it is appropriate for the Senate to concentrate its efforts on swift passage of the House bill, which has demonstrated such overwhelming support of that body.

Last spring, Senator MATHIAS and I introduced S. 895 which now has over 30 cosponsors. That measure would extend the Voting Rights Act intact including the provisions which protect Hispanics and other minority language Americans. It also includes a clarification of section 2 of the Voting Rights Act.

Citizens may show that a particular election practice resulted in voter discrimination, without the requirement of a "smoking gun" of direct evidence of intent. Otherwise our minority citizens will face an impossible standard of proof in all but the most flagrant cases of discrimination.

The new bill parallels our original legislation except for two modifications.

First, it contains a new "bailout" procedure to permit jurisdictions now covered by section 5 of the act to end such coverage if they have complied with the provisions of the act, eliminated discriminatory procedures, and accepted participation of minorities in elections through reasonably accessible registration and other reforms.

The new "bailout" provision is a major concession that should expedite renewal of the act. A substantial number of the presently covered jurisdictions will be eligible to apply for the "bailout." This represents a compromise which is fair and will be effective.

Second, the House bill contains the same provision as the original bill on the test for proving discrimination under section 2 of the act. But to avoid any misunderstanding, the House added a provision expressly stating that unlawful discrimination cannot be established merely by the fact that minorities have won less than proportional representation in State and local offices. Other evidence would be required.

We have come a long way since 1965. But our task is not finished. Continued progress toward equal opportunity in the electoral process will be halted if we abandon the act's crucial safeguards now.

I am concerned about the need for further progress. But I am even more concerned about the risk of losing what has already been won. Those who fought the battles know how fragile the victories are. Without the preclearance provision of section 5 for new laws, many of the advances of the past decade could be wiped out overnight with new schemes and devices.

Even now, the impressive rise in registration is threatened in some States by highly questionable reregistration requirements. Their ostensible purpose is to purge old records—but their timing and methods are clearly discriminatory.

The House Judiciary Committee compiled a solid hearing record. The committee held 18 days of detailed hearings—including field hearings in the South and Southwest. It heard over a hundred witnesses. Community leaders, local officials, religious leaders, labor representatives, civil rights organizations and public interest groups, such as the League of Women Voters and Common Cause, all urged the Congress to preserve a strong voting rights act and to clarify section 2 so that it would again be available to challenge voting discrimination.

The House hearing record made clear that we are not simply rehashing problems from the 1960's or early 1970's. In fact, while more than 800 proposed changes have been objected to since 1965, well over half of those objections have been made since the last time the act was extended in 1975. The hearings demonstrated a clear, continuing, and disturbing pattern of efforts to discriminate.

All too often, the background of these submissions—the absence of an innocent explanation, or the sudden departure from past practice as minority voting strength approaches a new level—reveal a continuing intent to dilute the minority vote, and a continuing need for the act.

Many of the practices are complex and subtle. Some sophisticated schemes may, on superficial analysis, seem part of the everyday rough and tumble of American politics—tactics used traditionally by the "ins" against the "outs." In reality, these schemes are simply the latest form of efforts to perpetrate past voting discrimination, and to undermine the results of the Voting Rights Act. Although progress has been made, too many black voters and too many Hispanic voters are still denied the most basic right of democracy—the right to participate fully in the selection of their Government.

The sponsorship of this legislation shows that a majority of the U.S. Senate now favors a strong Voting Rights Act.

I hope we can move quickly in the next session to enact this legislation, so that the most precious and fundamental right in our democracy will finally become a reality for every American citizen.●

● Mr. BIDEN. Mr. President, with the elimination of the poll tax, residency requirements, and literacy tests, the most egregious aspects of discrimination against American minority voters have been eliminated. However, discriminatory changes in election systems can still deny or abridge minority voting. Therefore, the Voting Rights Act should be extended.

I am cosponsor of this bill to extend the Voting Rights Act because I believe strongly that it is necessary to extend the Voting Rights Act requirement for preclearance for certain jurisdictions. Ten years in the future, in 1992, when the amended bill would allow all States to change their election laws without automatic scrutiny by the Federal Government, hopefully there will be no need for its provisions. Such is not the case in 1981, however. The country still needs the provisions of the Voting Rights Act and it must be extended.

Although this bill is not perfect it is presently the only vehicle available to extend all the provisions of the present Voting Rights Act—an act which I believe is critical for this country.

The results were dramatic. Since the passage of the Voting Rights Act, the number of blacks registered to vote in the States covered by it has doubled. Since the language minorities protection was added in 1975, their nationwide registration has increased by 30 percent.

These figures indicate real progress. But now is not the time to rest on our laurels. Twice before, Congress has recognized the need to continue the protection of the act. Discrimination still exists, Mr. President. It exists in more subtle and sophisticated ways, but it is still there. And it is not very subtle if it is your vote that is being diminished.●

● Mr. SASSER. Mr. President, I am pleased today to join with so many of my colleagues in sponsoring the extension of the Voting Rights Act.

The free and unfettered right to vote is our most precious privilege. Indeed, the right to vote is virtually the definition of a democracy.

In 1870, with the passage of the 15th amendment, this Nation recognized the importance of the franchise, and elevated it to the same level as the other rights seen as fundamental to a free society—speech, press, religion, and due process of law.

However, stating a right does not make it real and the next decades saw the right to vote of many of our fellow citizens restricted, diluted, or simply denied. Often, no sooner would the Justice Department prove an election law discriminatory than the local jurisdiction concerned would put into effect a similar

law and the process would start all over again.

Attempts to frustrate the right to vote moved faster than the wheels of justice.

By the early 1960's, it had become obvious that the case-by-case approach was simply not working. In response, the Congress, after an enormous struggle, passed the Voting Rights Act in 1965. For the first time, the Federal Government could protect the right to vote through the administrative process. Thus, simple and more importantly prompt relief was possible.

The results were dramatic. Since the passage of the Voting Rights Act, the number of blacks registered to vote in the States covered by it has doubled. Since the language minorities protection was added in 1975, the nationwide registration has increased by 30 percent.

These figures indicate real progress. But now is not the time to rest on our laurels. Twice before, Congress has recognized the need to continue the protection of the act. Discrimination still exists, Mr. President. It exists in more subtle and sophisticated ways, but it is still there. And it is not very subtle if it is your vote that is being diminished.

The bill we are introducing today will continue the protection afforded in current law. And it will give clear expression to the intent of the 1965 Voting Rights Act. That intent is that interference with the right to vote is unacceptable in this country. It was unacceptable in previous years and it is unacceptable now.

So, I am pleased to join my colleagues in introducing this bill and I look forward to action early in the new session to continue the protection of what the League of Women Voters of my State of Tennessee has so appropriately called the most vital tool of participatory democracy.●

● Mr. MOYNIHAN. Mr. President, on April 7, I was proud to join my distinguished colleagues Senator KENNEDY, Senator MATHIAS, Senator WEICKER, Congressman RODINO, and others in proposing the extension of the major provisions of the Voting Rights Act of 1965. At that time I noted that unless Congress acted, the core of this historic legislation would expire in 17 months. Hence the time was at hand to begin the orderly and deliberate process of insuring extension. We now find ourselves 8½ months later. The House has acted. It has passed a good bill and I am pleased to join my colleagues again today on the introduction of that measure.

The House bill differs from the one introduced on April 7, in two regards. First, it contains a new procedure under section 5, the "bailout" provision. Under the House bill section 5 preclearance is contained until a covered jurisdiction can earn a "bailout" by meeting strong and reasonable standards of compliance with the act.

The provision allows bailout suits to be brought in the District Court for the District of Columbia by either States or counties; but to bail out a State or county must meet certain tests both for itself and for governmental units within it.

To bail out, a jurisdiction is required to show, on behalf of itself and its political subdivisions, that during the past 10 years and during the time the bailout suit is pending:

First, it has not used a test or device in a discriminatory manner. (This requirement could be met by jurisdictions originally covered in 1965 and 1970; jurisdictions originally covered in 1975 could not file until 1985);

Second, it has not been found by a court to have abridged the right to vote, and it has not been party to a consent decree or settlement agreement resulting in the elimination of a discriminatory voting practice;

Third, it has eliminated voting procedures and methods of election that limit minority participation in the political process;

Fourth, it has complied fully with the procedures set forth in section 5 of the Voting Rights Act (for example, it has submitted all changes for preclearance before putting them into effect);

Fifth, it has not made a submission within the previous 10 years to which the Department of Justice or the D.C. District Court has objected;

Sixth, no examiners have been sent to the jurisdiction;

Seventh, the jurisdiction has engaged in constructive efforts to eliminate intimidation and harassment; and

Eighth, the jurisdiction has engaged in constructive efforts to increase opportunities for minority participation in the political process.

In seeking to bail out, the jurisdiction must present evidence on levels of minority participation, although the bill does not require any particular levels.

There must be public notice of the filing of a bailout suit and of any proposed settlement. These provisions give anyone affected by the coverage an opportunity to be involved in the bailout proceedings before the judge renders a decision.

Once a jurisdiction has bailed out, it can be brought back under coverage at any time during the following 10 years if it engages in conduct that, had it occurred prior to bailout, would have prevented the jurisdiction from bailing out. The Attorney General or any aggrieved person can file suit to bring a jurisdiction back under the preclearance provisions.

Second, the House bill strengthens section 2. The same provision as that contained in the original Senate bill on the test for proving descrimination is retained.

This provision allows courts to find discrimination if either a discriminatory result or a discriminatory purpose is shown. However, a sentence has been added to make it clear that no quota system or requirement of proportional representation is mandated.

Mr. President, the civil rights movement of the midsixties constructed two great legislative monuments. The Civil Rights Act of 1964, which stated that neither Government agencies nor private employers could discriminate on the basis of race, and the Voting Rights Act of 1965, which as amended states that an American citizen's right to vote cannot be conditioned on his race, color, ethnic origin, or linguistic group.

There is a tendency now to suppose that the objectives of those great enactments have been attained, that they have served their purposes, and that, therefore, they are no longer needed.

Would that discrimination had indeed been extirpated from the United States and the civil rights of every citizen permanently secured. Regrettably, this is not the case. Great progress has been made, but there must be no slowing or swerving in our resolve to finish the task.

The Voting Rights Act has been supported by Democratic and Republican administrations, and by Senators and Congressmen of every political view. In a fundamental sense, it is legislation that transcends politics; that makes democratic government a reality and thereby makes politics possible. It is the foundation under all civil rights enactments, for it is the one that insures that elected representatives are properly elected. It must be preserved. And I shall do all within my power to see that it is extended.●

● Mr. ROTH. Mr. President, the right of every American to vote is the most basic element of our democracy. In recent years, thanks in large measure to the Voting Rights Act, we have made tremendous progress in assuring equal access to the political process for every American.

But more needs to be done. As an early sponsor of the bill to extend the landmark Voting Rights Act for 10 years, I believe the Congress must take action to continue this important and effective legislation. We must continue to insure that all of our citizens have the opportunity to cast their ballots freely and without any roadblocks.

Today I am again cosponsoring legislation to extend the act. However, I understand that there are two changes to the basic act incorporated in the bill—one dealing with the bailout provision and another overturning the Supreme Court decision of City of Mobile against Bolden.

In the coming weeks I intend to seek the advice of legal scholars and also follow closely the hearings which I hope will occur quickly in the Judiciary Committee on the bill with respect to these provisions. Until then I must reserve final judgment on them. But, I remain dedicated to the cause of voting rights strongly committed to the extension of the basic act.●

By Mr. MATHIAS:

S. 1993. A bill to make amendments to the District of Columbia Self-Government and Governmental Reorganization Act relating to the judiciary.

JUDICIARY OF THE DISTRICT OF COLUMBIA

● Mr. MATHIAS. Mr. President, today I am introducing legislation to amend the District of Columbia Self-Government and Governmental Reorganization Act (also known as the Home Rule Act) with respect to the appointment of judges to the courts of the District of Columbia.

As my colleagues may know, the Home Rule Act contains provisions that govern the manner in which District of Columbia judges may be selected and nominated by the President. It establishes a Judicial Nomination Commission whose

purpose it is to recommend names to the President to fill vacancies on the Superior Court and the Court of Appeals of the District of Columbia. Strict qualifications for judicial nominees and for members of the Judicial Nomination Commission are set out in the act.

The bill I am introducing today is intended as a vehicle for review and discussion of this judicial selection process. It proposes several important alterations in the process, including a change in the current residency requirement and a change in the manner in which names for possible nomination are transmitted to the President. Many of the proposals in this bill were recommended in a subcommittee report of the District of Columbia Court System Study Committee of the District of Columbia Bar. It is my intention, as the chairman of the Subcommittee on Governmental Efficiency and the District of Columbia, to schedule hearings on this matter early in the second session of the 97th Congress.

Mr. President, I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1993

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 431(e)(3)(E) of the District of Columbia Self-Government and Governmental Reorganization Act is amended by striking out the comma and "and such member shall be an active or retired Federal judge serving in the District." and inserting in lieu thereof a period.

SEC. 2. Section 443 of such Act is amended—

(1) in subsection (a) by—

(A) striking out "Except as" and inserting in lieu thereof "As"; and

(B) striking out "from the list" and inserting in lieu thereof "from a list"; and

(2) in paragraph (3) of subsection (b) by—

(A) striking out "is a bona fide resident of the District of Columbia and has maintained an actual place of abode in the District" and inserting in lieu thereof "resides in the District of Columbia or within twenty miles of its boundaries and has maintained an actual place of abode therein"; and

(B) striking out "required to be residents of the District to be eligible for reappointment or to serve any term to which reappointed" and inserting in lieu thereof "subject to the terms of this subsection in order to be eligible for reappointment or to serve any term to which reappointed".

SEC. 3. Section 434 of such Act is amended—

(1) by adding at the end of subsection (a) the following: "No member may serve more than one term, and the member appointed in accordance with subsection (b)(4)(A) shall serve at the pleasure of the President.";

(2) in Subparagraph (B) of paragraph (1) of subsection (b) by amending such subparagraph to read as follows:

"(B) resides in the District of Columbia or within twenty miles of its boundaries and has maintained an actual place of abode therein for at least 90 days immediately prior to his appointment;";

(3) in paragraph (3) of subsection (b) by amending such paragraph to read as follows:

"(3) It shall be the function of the Commission to submit names of potential nominees for appointment to positions as judges of the District of Columbia courts in accordance with section 433 of this Act.";

(4) in subparagraph (E) of paragraph (4) of subsection (b) by striking out the comma and "and such member shall be an active or retired Federal judge serving in the District." and inserting in lieu thereof a period; and

(5) by amending subsection (d) to read as follows:

"(d)(1) In the event of a vacancy in any position of the judge of a District of Columbia court, the Commission shall, within sixty days following the occurrence of such vacancy, submit to the President, for possible nomination and appointment, the names of not less than three persons for each vacancy. The President, within his discretion, may request that additional names be submitted. Whenever a vacancy will occur by reason of the expiration of such a judge's term of office, the Commission's names of potential nominees shall be submitted to the President not less than one hundred and twenty days prior to the occurrence of such vacancy.

"(2) In no instance shall the Commission recommend any person, who in the event of timely nomination following a recommendation by the Commission, does not meet, upon such nomination, the qualifications specified in section 433.".●

By Mr. KENNEDY:

S. 1994. A bill to conserve credit by restricting the availability of credit for unproductive corporate mergers and other speculative purposes; to the Committee on Banking, Housing, and Urban Affairs.

CREDIT CONSERVATION ACT OF 1982

● Mr. KENNEDY. Mr. President, I send to the desk a bill to restrict the availability of credit for unproductive large-scale corporate mergers and other speculative purposes, and I ask for its appropriate referral.

This legislation is essentially identical to an amendment which I offered last month to the Export Administration Amendments Act and which was approved by the Senate by a vote of 77 to 12. Unfortunately, the amendment was not accepted by the House conferees because of procedural considerations under the House rules of germaneness and committee jurisdiction.

However, I hope that the Senate will continue to press for action on this measure as part of our continuing effort to bring interest rates down and to make urgently needed credit available to critical sectors of our economy such as the housing, construction, and automobile industries, small business, and agriculture.

This legislation calls for the conservation of credit by urging the President, in cooperation with the Federal Reserve Board, to encourage banks not to extend credit for unproductive large-scale mergers and other speculative purposes. This bill is not a credit allocation measure. It is a credit conservation measure. It asks voluntary action by the President and the Federal Reserve Board to conserve by limiting its availability for certain purposes.

All of us understand the principal target of this bill. In recent months, some of the Nation's largest oil companies and other giant corporations have tied up huge amounts of credit in the takeover battles for Conoco and Marathon. These mergers are unproductive. They add nothing to the productivity of the Nation or even the oil industry. Instead of going out and exploring for oil and finding new oil reserves, these firms are simply using vast amounts of credit to buy up the oil reserves of their takeover targets. They would rather buy their oil than drill for it.

We are not talking here about any form of credit controls. It is my belief that banks should not be extending large amounts of credit, as they have done over the past few months, for nonproductive corporate mergers. By doing so, they are reducing the amount of credit available to critical areas of the economy such as housing, construction, the automobile industry, small businesses, and family farms.

I believe that this legislation is a prudent and a reasonable indication of the feelings of the Members of the Senate and, I dare say, of the overwhelming majority of the American people. When credit is scarce and interest rates are extremely high, banks should not be extending credit for activities that are not productive, that do not provide additional jobs, and that do not strengthen our economy. When small businesses and family farms are starved for credit and being driven into bankruptcy, credit should not be available for oil mergers and similar unproductive activities. This is a measure which we should endorse, and I hope the Senate will adopt it.

This is not an unusual idea. On past occasions, when interest rates have been high, Chairman Volcker of the Federal Reserve Board has subscribed to this concept, and has urged its member banks to limit the extension of credit for such purposes. What we are basically saying to the Federal Reserve Board is, "You have found this step to be propitious at other times; now we are urging you to find it to be propitious at the present time with regard to nonproductive mergers."

I believe all Americans have been startled by the fact that billions of dollars in credit have been made available to enable some of the largest and wealthiest corporations in this country to pursue their merger wars.

We are facing the simple reality that tens of billions of dollars—some estimates are as high as $60 billion—have been made available to giant corporations in the past few months to engage in unproductive mergers. When that amount of credit is available to those corporations, it means that less credit is available to small businesses, for the housing industry, for family farmers, and for the automobile industry.

I hope the Federal Reserve Board and the White House will heed this proposal. They could implement it even without legislation. It is a voluntary measure. It is based upon the previous precedents of the Federal Reserve Board. It calls for action now to conserve credit for productive purposes in our economy.●

By Mr. DOLE (for himself and Mr. EAST):

S. 1995. A bill to remedy procedural and structural defects in the criminal justice system; to the Committee on the Judiciary.

By Mr. DOLE (for himself, Mr. EAST and Mr. GRASSLEY):

S. 1996. A bill to provide for more effective deterrents for violent crime offenders; to the Committee on the Judiciary.

By Mr. DOLE:

S. 1997. A bill to provide assistance to State and local governments in combating crime; to the Committee on the Judiciary.

CRIMINAL PROCEDURES ACT, VIOLENT CRIME, ACT, AND CRIMINAL JUSTICE ASSISTANCE ACT

• Mr. DOLE. Mr. President, I take this opportunity to address a problem of profound significance in American society today—the problem of violent crime. During the past 10 years, the citizens of this Nation have seen an escalation in the incidence of violent crimes which is unparalleled in our history. Pick up any major metropolitan newspaper in America today, and you will see the story: Police, prosecutors and courts unable to stem rapid increases in the incidence of burglary, robbery, rape, murder, arson, and a host of other equally destructive crimes; families in fear of their neighborhoods; Americans turning to personal firearms in self defense; and the formation in some communities of vigilante groups. These disturbing trends prompt the inevitable question: What has gone wrong?

On October 16th, Attorney General Smith reported to the Congress on the results of the task force established by him to study the problems in our criminal justice system and make recommendations as to the changes that may be necessary to enhance the effectiveness of the Federal enforcement effort.

The report was divided into two phases: The first half proposed various measures that could be implemented without changes in the structure of our laws or significant, new expenditures; the second half of the task force report puts forth policy recommendations that would require modification of laws and commitments of economic resources.

The task force report explored each component of the criminal justice system, ranging from Federal and State law enforcement agencies to community efforts against crime. Emphasis was placed upon the interrelated roles that the relevant agents—law enforcement agencies, prosecutorial agencies, the courts, and the public—must fulfill to reduce crime. Numerous systemic problems were identified as contributing to an inefficient response on the part of public agencies to the cancerous growth of crime.

They include: Inadequate Federal, State, and local coordination; provocative overcrowding of prisons; expansive interpretations of constitutional or statutory rights which have allowed offenders to go free due to technical violations of law committed by officers in the course of investigations; a revolving door bail system that permits offenders with established criminal records who pose a threat to the safety of the community to be released on bail, only to commit additional crimes; and punishments for violent offenders so lenient that they merely encourage the criminal mind, to name but a few.

To be sure, the causes of crime are complex and any meaningful solution must go farther than merely focusing upon the offender, who is the symptom of a greater, underlying problem. Experts, of course, disagree upon precisely what the nature of that problem is. Some would focus upon economic factors; others, upon the problems of illiteracy and inadequate job skills, or the weakening of family authority.

Undoubtedly, the upsurge in criminal behavior is the result of these and many more factors—some of which may have their genesis not in the nature of the structure of our society, but rather in the unknowable, darker corners of the human mind. But even as we face the complexity of the causes, we must not be blinded to the necessity of protecting ourselves from the worst among us who, for whatever reason, have lost basic respect for their fellow human beings.

Thus, it is to that element of protection that we turn our attention. During the past few generations, many different approaches have been tried and rejected as inadequate to provide that basic level of protection that a society must have from the violent criminal offender. As we look to that experience, we find that it verifies certain assumptions about the nature of criminal behavior and effective law enforcement, while nullifying others.

One of the assumptions which has been overwhelmingly rejected is the belief that lenient sentencing, and the use of extensive rehabilitative treatment will solve the problems of the criminal mind. Unfortunately, this approach has had little impact on a vast, unregenerate criminal element. And the prevalent practice of imposing inadequate punishment for violent offenses only aggravates, if not incurs three trends: Society's disillusionment with the criminal justice system, the relaxation of society's moral sanction on crime per se, and the breakdown of individual inhibitions against criminal activity.

There are those who justify the lenient character of the criminal justice system as necessary to accommodate the extensive freedoms which are an integral part of our democratic system of government. Personal liberties will be abused, the argument reasons, hence a high crime rate is to be expected. Such reasoning is erroneous. The Founders of our Nation did not intend to create a society which would tolerate anarchic personal behavior. Inherent in the creation of any social system is the underlying notion of the delicate balance struck between individual autonomy and the public welfare. Our Constitution embodies this balance of competing interests in its identification of two, equally important purposes of government: to "insure domestic tranquility" as well as to "secure the blessings of liberty."

Without the existence of that domestic tranquility spoken of in the Constitution, the guarantee of individual liberties reserved to us in that document becomes but a sham—for in a society under attack by the forces of lawlessness, liberty itself is the victim as well as our people.

What can be done? The road back to a safe and sane society will be long and arduous. But the critical, first step must be a re-examination of the structure of our Federal criminal laws, and the methods in which they are administered, with a view toward rectifying the problems which the Attorney General's task force—and other observers—have identified. The majority of the task force recommendations revolve around three principal objectives: The reform of inefficient and counterproductive procedures, the targeting of violent offenders in terms of detection and punishment, and improved assistance to State and local law enforcement authorities, who struggle with the vast bulk of violent crimes committed in this country.

Thus, Mr. President, it is with great pleasure that the Senator from Kansas, now introduces for Senate consideration, a package of three bills which are designed to address some of the more urgent problems identified by the Attorney General as interfering with the legitimate, effective enforcement of the Federal criminal laws. Those bills are: The Criminal Justice Procedure Act of 1981; The Violent Crime Act of 1981; and The Criminal Justice Assistance Act of 1981.

In materials which I will make available to my colleagues at a later time upon request, I will detail the intent and impact of each separate measure in these bills; for the purposes of this statement, I will only briefly summarize here the contents of each piece of legislation.

THE CRIMINAL PROCEDURES ACT

The Criminal Procedures Act amends various aspects of Federal criminal procedural law to accomplish the following: Expanding forfeiture and penalties for RICO and continuing criminal enterprise drug law violations where there is a previous conviction; revising the considerations viewed in a bail determination to include the potential threat a defendant poses to the community; limiting the exclusionary rule to cases where bad faith, intentional violations of constitutional rights eventually result in prejudice to the defendant and recovery of evidence which would have remained undiscovered but for the violation.

Further, the bill institutes insanity defense procedures which permit the plea of "not guilty by reason of insanity" to be entered where the defendant confesses to all elements of the offense except for requisite intent due to mental disease or defect, while allowing the courts to commit persons acquitted on such grounds; prohibits the use of internal operating guidelines of the Department of Justice or other law enforcement agencies to thwart criminal prosecution; and provides for amendments to The Special Prosecutors Act which eliminate those provisions requiring appointment of a prosecutor for allegations of misdemeanor offenses; and correct constitutional problems arising from court appointment of a prosecutor.

In addition, the bill provides for reform of habeas procedures, limiting cross-petitions from State prisoners to those cases where the State defendant did not get a full and fair hearing in State court on the claim. This feature of the bill further prohibits the grant of a petition (from Federal or State defendants) where the claimed error does

not go to the question of guilt, innocence, or punishment, and places a 3-year statute of limitations on the raising of a claim, to run from the time the conviction is final or the new grounds are discovered. Also, prisoners are barred from raising any error which could have been raised in prior proceedings.

Finally, the bill modifies juvenile prosecution procedures to henceforth allow Federal prosecutors to pursue juvenile offenses where there exists a commanding Federal interest rather than (as present) only where the State refuses to exercise jurisdiction or is unable to exercise jurisdiction over the offense; it amends the Freedom of Information Act to restrict disclosure of information which might compromise criminal investigations or informants; and it amends the Tax Reform Act of 1976 so as to allow for expedited disclosure of tax information in criminal investigations, and to modify the standard for disclosure to eliminate the condition that the materials be "not available from any other source."

THE VIOLENT CRIME ACT

The focus of the Violent Crime Act is on those measures which would have the most significant impact on severe, violent crime. It includes: mandatory prison sentences for offenses involving the use of a firearm or infliction of serious bodily injury, or the attempt to inflict such injury (minimum term of confinement: 5 years, no parole or probation); a uniform, all-encompassing general assault and murder statute which would apply to Federal employees where the assault/homicide is perpetrated upon the employee on account of, or in the course of, the performance of his duties; and an assault/homicide statute to cover relatives of Federal officers in the event such crimes are perpetrated upon those individuals in an attempt to impede or intimidate the officer in performance of his duties, or to retaliate for same.

Other measures put forth in this bill are: The creation of a "contract murder" offense to cover solicitation organized crime homicides; the institution of a Federal offense for robbery of controlled substances from a pharmaceutical establishment where a pattern of thefts in one locality is demonstrated; and a statutory delineation of narcotics enforcement policy, which emphasizes the targeting and elimination of the top 100 drug rings in the Nation.

THE CRIMINAL JUSTICE ASSISTANCE ACT

This bill would revise the LEAA grants program to focus on providing funding for enforcement programs of proven effectiveness. Although no current year funding is provided for, this bill would preserve the administrative structure for a limited grants program until such time as funding might be available. The bill provides that funds may be expended for the following purposes:

First, upgrading the capabilities of enforcement personnel and introducing new management concepts and approaches;

Second, providing training and technical assistance focused on development and improvement of enforcement programs of proven effectiveness;

Third, providing information to State and local officials about new enforcement programs (how to implement and manage them);

Fourth, developing corrections standards and accreditation processes;

Fifth, continuing the work of the commission on accreditation for law enforcement agencies;

Sixth, providing emergency enforcement assistance to States where the State has inadequate resources to deal with a special enforcement problem having statewide or national significance; and

Seventh, establishing a National Police Academy, which will have the responsibility to train national, regional, and local police officers for accreditation purposes.

Much of the improvement in the efficiency and professionalism of local law enforcement personnel may be attributed to LEAA criminal justice assistance grants projects. Consequently, this bill is designed to maintain those programs of proven effectiveness in the law enforcement effort. The programs of this type that would be funded under this bill are: Sting operations; career criminal prosecutions assistance; integrated criminal apprehension programs (Federal, State, local cooperative offender locator programs); treatment alternatives to incarceration; victim-witness assistance programs; arson prevention and control; prosecutor's management information systems (offender data base); and violent juvenile offenders rehabilitation programs.

CONCLUSION

In conclusion, Mr. President, these three bills represent a comprehensive, across-the-board effort to cope with the dilemma of serious crime as faced by our Nation. The establishment of an effective criminal justice system demands that each component operate in a satisfactory and cooperative manner. At present, the system suffers from outdated procedures, an overemphasis on the rights of the defendant and prisoner as opposed to the public welfare, inadequate penalization of grave offenses, and finally, a need for a more coordinated effort against crime on the part of public agencies, and Federal, State, and local government.

We do not say that the measures encompassed in these pieces of legislation will lower the incidence of violent crimes if enacted into law, in and of themselves; they do not, for example, affect the State justice systems which must cope with the vast majority of such crimes. We do believe, however, that they are essential reforms to any broad-based effort to begin dealing seriously with the problem, and that they can constitute the foundation of a more effective Federal criminal justice system.

Mr. President, I ask unanimous consent that the text of S. 1995, the Criminal Procedures Act, S. 1996, the Violent Crime Act, and S. 1997, the Criminal Justice Assistance Act, be included in the RECORD following my remarks. I would further request that a star print of these bills be prepared so that any last-minute errors in drafting, which may have gone unnoticed, may be remedied.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1995

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Criminal Procedures Act of 1982".

PURPOSE

SEC. 2. The purpose of this Act is to amend Federal criminal procedures in such respects as are necessary to provide for increased effectiveness, fairness, and certainty in the administration of the criminal statutes of the United States.

CRIMINAL FORFEITURES

SEC. 3. (a) Section 1963 of title 18, United States Code, is amended—

(1) in subsection (a) by inserting after "of this chapter shall", the following: ", upon the first such conviction,";

(2) in subsection (a) by striking out "and" after "1962,";

(3) in subsection (a) by inserting before the period the following: ", and (3) any profits or proceeds of the unlawful activities engaged in by the individual found to have violated such section, in whatever form held, and without regards to whether or not legal title to such profits or proceeds is vested in such individual";

(4) by redesignating subsections (b) and (c) as subsections (f) and (g); and

(5) by inserting after subsection (a), the following new subsections:

"(b)(1) Whoever is convicted of violating any provision of section 1962 of this chapter, after having been previously convicted for a separate violation of any of the provisions of such section, shall, where such subsequent conviction is in whole or in part based upon acts committed since the date of the first such conviction, be fined not less than $50,000 nor more than $200,000 for each such subsequent violation, and shall be sentenced to a term of life imprisonment. Such person shall not be eligible for probation upon such subsequent conviction, nor shall such person be eligible for parole or furlough, upon such term of imprisonment before having served a minimum of twenty years of such term of imprisonment.

"(2) In addition to the foregoing, such person so convicted of a second offense under section 1962 of this chapter shall forfeit to the United States any interest in property forfeitable under the provisions of subsection (a) of this section, as well as any and all interests in personal or real property acquired by him or by another person for his use and benefit since the date of the first such conviction, or the proceeds thereof in whatever form, if it be shown by a preponderance of the evidence that—

"(A) such person was not engaged in any lawful, gainful employment during the period from the first such conviction up to the date of the filing of criminal charges which form the basis for the second such conviction;

"(B) such person, although engaged in lawful employment during the period specified in subparagraph (A) of this paragraph, nevertheless obtained the majority portion of his income during such period from unlawful activities; or

"(C) such person did, during the period specified in subparagraph (A) of this paragraph, commit or cause to be committed an act of injury or destruction to persons or property for the purpose of furthering or concealing the unlawful activities which formed the basis for such person's subsequent conviction, whether such acts were committed or caused to be committed by him personally or through his agent or employee.

"(3) Such real and personal assets as are forfeitable under the provisions of this section shall be forfeitable even though they

have been transferred to the control and ownership of another person, if it be shown that the actual use and benefit of such property was retained by the convicted person whose assets are subject to such forfeiture; or, if it be shown that such assets were transferred to another person who aided and abetted the commission of the criminal acts for which such person whose assets are forfeitable was convicted, regardless of who may have the use and benefit of such property.

"(c) To the extent that assets, interests, profits, and proceeds forfeitable under this section—

"(1) cannot be located;

"(2) have been transferred, sold to, or deposited with third parties; or

"(3) have been placed beyond the jurisdiction of the United States,

the court, upon conviction of the individual charged, may direct the defendant to forfeit such other assets as may be available, limited in value to those assets that would otherwise be forfeited under subsections (a) and (b) of this section. Upon petition of the defendant, the court may authorize redemption of assets forfeited under this subsection, provided the assets described in subsections (a) and (b) are surrendered or otherwise remitted by such defendant to the jurisdiction of the court.".

(b) Section 408 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (Public Law 91-513, 21 U.S.C. 848) is amended—

(1) in subsection (a)(1) thereof—

(A) by striking out "in paragraph (2)", prior to the first semicolon in such subsection and inserting in lieu thereof the following: " by this section"; and

(B) by striking out the words "in paragraph (2)" at the end of such subsection and inserting in lieu thereof "this section";

(2) in subsection (a)(2)(A) by adding after "the profits obtained by him in such enterprise" the following: ", including any profits and proceeds, regardless of the form in which held, that are acquired, derived, used, or maintained, directly or indirectly, in connection with or as a result of a violation of paragraph (1)";

(3) by adding after subsection (a)(2) the following:

"(3) Any person who is convicted a second time under paragraph (1) of continuing in a criminal enterprise shall forfeit to the United States all property which is forfeitable under the provisions of subsection (a)(2) of this section, in addition to any and all interest of such person in personal or real property acquired by him or by another person for his use and benefit since the date of the first such conviction, or the proceeds thereof in whatever form, if it be shown by a preponderance of the evidence, that—

"(A) such person was not engaged in any lawful, gainful employment during the period from the first such conviction up to the date of the filing of criminal charges which form the basis for the second such conviction;

(B) such person, although engaged in lawful employment during the period specified in subsection (a)(3)(A)(i) above, nevertheless obtained the majority portion of this income during such period from unlawful activities; or

"(C) such person did, during the period specified in subsection (a)(3)(A)(i) above, commit or cause to be committed acts of injury or destruction to persons or property for the purpose of furthering or concealing the unlawful activities which formed the basis for such person's subsequent conviction, whether such acts were committed or caused to be committed by such person personally or by or through an agent or employee of such person.

Such real and personal assets as are forfeitable under the provisions of this section shall be forfeitable even though they have been transferred to the control and ownership of another person, if it be shown that the actual use and benefit of such property was retained by the convicted person whose assets are subject to forfeiture; or, if it be shown that such assets were transferred to another person who aided and abetted the commission of the criminal acts for which such person whose assets are subject to forfeiture was convicted, regardless of who may have the use and benefit of such property."; and

(4) by adding the following new subsection after subsection (d):

"(e) To the extent that assets, interests, profits, and proceeds forfeitable pursuant to this section—

"(1) cannot be located;

"(2) have been transferred, sold to, or deposited with third parties; or

"(3) have been placed beyond the territorial jurisdiction of the United States,

the court, upon conviction of the individual charged, may direct forfeiture of such other assets of the defendant as may be available, limited in value to those assets that would otherwise be forfeited under subsection (a) of this section. Upon petition of the defendant, the court may authorize redemption of assets forfeited under this subsection, provided the assets described in subsection (a) are surrendered or otherwise remitted by such defendant to the jurisdiction of the court.".

(c)(1) Title 28, United States Code, is amended by adding after section 529 thereof the following:

"§ 529A. Negotiations with foreign governments.

"(a) The Attorney General shall move expeditiously to conduct negotiations to conclude agreements to secure the cooperation of the law enforcement authorities of foreign countries in order to effectively deprive domestic criminals of the use of foreign havens for the proceeds of their crimes.

"(b) The Attorney General shall report to the Committees on the Judiciary of the Senate and the House of Representatives within six months after the date of enactment of this section on progress being made to conclude such agreements.".

(2) The table of sections for chapter 31, title 28, United States Code, is amended by adding after the item relating to section 529, the following:

"529A. Negotiations with foreign governments.".

BAIL REFORM

SEC. 4. (a) Sections 3150, 3151, and 3152 of title 18, United States Code, are redesignated as sections 3156, 3157, and 3158, respectively.

(b) Chapter 207 of title 18, United States Code, is amended by striking out sections 3146-3149 and inserting in lieu thereof the following:

"§ 3146. Release authority generally.

"Any person charged with an offense may be ordered released or detained pursuant to the provisions of this chapter by a judge authorized to order the arrest and commitment of offenders, but a person charged with an offense for which a sentence of death is authorized may be ordered released only by a judge of a court of the United States that has original jurisdiction in criminal cases.

"§ 3147. Release pending trial in a noncapital case.

"(a) Any person charged with an offense, other than an offense for which a sentence of death is authorized, shall, at his appearance before a judge, be ordered detained or released pending trial. If released, the person may be released on his personal recognizance, or upon the execution of an unsecured appearance bond in an amount specified by the judge, and upon the mandatory condition set forth in subsection (d) of this section, unless the judge determines, in the exercise of his discretion, that such release will not reasonably assure the appearance of the person as required. If such a determination is made, the judge shall, either in lieu of or in addition to the above methods of release, impose the mandatory condition set forth in subsection (d) and the least restrictive condition or combination of conditions of release set forth in subsection (e) that will reasonably assure the appearance of the person for trial. After the court has determined the conditions of release pursuant to this subsection, and the person has indicated that he can satisfy those conditions, the court shall consider the provisions of subsection (b).

"(b) The court upon ordering the detention or release of a person pursuant to subsection (a) shall determine, in the exercise of its discretion, whether such release will endanger the safety of any other person or the community. If such a determination is made, the judge shall, either in lieu of or in addition to the conditions set pursuant to subsection (a), impose the least restrictive condition or combination of conditions of release set forth in subsection (e) that will reasonably assure the safety of any other person or the community. No financial condition set forth in subsection (e) may be imposed to assure the safety of any person or of the community.

"(c) If, after a due process hearing as defined in section 3149(d) of this chapter the court finds that there is clear and convincing evidence that the person is likely to flee or is a danger to any other person or to the community, and that no condition or combination of conditions of release will reasonably assure the defendant's appearance or the safety of any other person or of the community, then the court shall order such person detained in custody.

"(d) The judge shall provide as an explicit condition of release for any person ordered released pursuant to this subsection, that the person not commit a Federal, State, or local crime during the period of his release.

"(e) The judge may provide as an explicit condition of release for any person ordered released pursuant to this subchapter that the person—

"(1) remain in the custody of a designated person who agrees to supervise him, if the designated person is reasonably able to assure the judge that the person will appear as required and will not pose a danger to the safety of another person or the community;

"(2) abide by specified restrictions on his travel, associations, or place of abode;

"(3) work conscientiously at his employment, or if unemployed, actively seek employment;

"(4) report on a regular basis to a designated law enforcement agency or pretrial service agency;

"(5) refrain from excessive use of alcohol, or any use of a narcotic drug or other controlled substance, as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802), without a prescription by a licensed medical practitioner;

"(6) avoid all contact with potential witnesses who may testify concerning the offense;

"(7) refrain from possessing a firearm, destructive device, or other dangerous weapon;

"(8) undergo available medical or psychiatric treatment, including treatment for drug or alcohol dependency, and remain in a specified institution if required for that purpose;

"(9) execute an appearance bond in a specified amount and deposit in the registry of the court, in cash or other security as

directed, a sum not to exceed 10 per cent of the amount of the bond, which deposit is to be returned upon the performance of the conditions of release;

"(10) execute a bail bond with solvent sureties, or deposit cash in lieu of such a bond; or

"(11) satisfy any other condition reasonably necessary to assure appearance as required pursuant to subsection (a) and to assure the safety of any other person or the community pursuant to subsection (b), including a condition requiring that the person return to official detention after specified hours or during specified periods, and abide by such other restrictions on the person's freedom, associations, or activities that the court deems appropriate.

A defendant who is detained or subject to restrictions because of the imposition of a condition set forth in subsection (e)(11) shall be brought to trial expeditiously pursuant to the provisions of chapter 208 of this title. The court may only impose financial conditions of release pursuant to this subsection for the purpose of assuring a defendant's appearance in court.

"(f) In determining whether the person should be detained or which conditions of release will reasonably assure the appearance of the person as required and will reasonably assure the safety of any other person or the community, the judge shall, on the basis of available information, take into account—

"(1) the nature and circumstances of the offense charged;

"(2) the weight of the evidence against the person; and

"(3) the history and characteristics of the person, including his character, mental condition, family ties, employment, past conduct, length of residence in the community, financial resources, record of convictions, record of appearance, flight to avoid appearance, or nonappearance at court proceedings, the use of illegal drugs, whether he was on probation, parole, or other release pending completion of sentence for a conviction under Federal, State, or local law at the time of the current arrest, and whether he was on pretrial release or release pending sentence or appeal for an offense under Federal, State, or local law at the time of the current arrest.

"(g) A judge authorizing the release or detention of a person pursuant to this section shall issue an order containing a statement of the reasons for detention if imposed, or any conditions of release imposed, shall advise him of the penalties applicable to a violation of a condition of his release, and shall advise him that a warrant for his arrest will be issued immediately upon such a violation.

"(h) In any case in which a judge has ordered a person detained and has imposed conditions upon the release of such person, if, twenty-four hours after the release hearing, such person continues to be detained because of his inability to meet the conditions of release he may, upon application, have the detention order or conditions reviewed by the judge who imposed them. A person who is detained or ordered released on a condition that requires him to return to official detention after specified hours may, upon application, have the order of detention or condition reviewed by the judge who imposed it. Unless the order of detention or conditions of release are amended and the person is thereupon detained or released on another condition, the judge shall set forth in writing the reasons for continuing the detention or conditions imposed. If the judge who ordered the detention or imposed conditions of release is not available, any other judge in the district may review such conditions.

"(i) A judge ordering the detention or release of a person on a condition specified in this section may at any time amend his order to impose additional or different conditions of release. If the imposition of such additional or different conditions results in the detention of the person as a result of his inability to meet such conditions, the provisions of subsection (h) are applicable.

"(j) Any information may be presented and considered in connection with an order entered pursuant to this section regardless of its admissibility under the rules governing admission of evidence in criminal trials.

"(k) A judge may detain, for a period of ten days or less, a person charged with an offense who comes before him for a pretrial release determination if it appears that the person—

"(1) is, and at the time the offense was committed was, on pretrial or other release for a felony under State or Federal law; or

"(2) is on probation, parole, or other release pending completion of sentence for any offense under Federal, State, or local law;

and that the person may flee or pose a danger to any other person or to the community if released. During the ten-day period, the United States attorney shall notify the appropriate court, probation, or parole official. If the official fails or declines to take the person into custody during such period, the person shall be treated in accordance with the provisions of subsections (a) through (e).

"(l) A court may dispose of an offense that is a misdemeanor or an infraction by entering an order directing forfeiture of collateral posted to assure appearance if a fine in such an amount would be an appropriate sentence after conviction of the offense charged.

"§ 3148. Release pending trial in a capital case.

"A person who is charged with an offense for which a sentence of death is authorized shall be treated in accordance with the provisions of section 3147, unless the judge has reason to believe that no conditions of release will reasonably assure that the person will not flee or will not pose a danger to any other person or to the community. If such a risk of flight or danger is believed to exist, the person shall be ordered detained. Such an order is not appealable under section 3151, but may be reviewed under other provisions for review of conditions of release or orders of detention.

"§ 3149. Release pending sentence or appeal.

"(a) The judge shall order that a person who has been found guilty of an offense and who is awaiting imposition or execution of his sentence be held in official detention unless the judge finds, pursuant to a due process hearing, by clear and convincing evidence that the person is not likely to flee or pose a danger to the safety of any other person or to the community. If the judge finds that the person is not likely to flee or to pose a danger to the safety of any person or to the community, the person shall be treated in accordance with the provisions of section 3147.

"(b) The judge shall order that a person who has been found guilty of an offense and sentenced to a term of imprisonment, and who has filed an appeal or a petition for a writ of certiorari, be held in official detention, unless the judge finds pursuant to a due process hearing—

"(1) by clear and convincing evidence that the person is not likely to flee or pose a danger to the safety of any other person or the community; and

"(2) that the appeal is not frivolous nor taken for purposes of delay.

If the judge finds that the person is not likely to flee or pose a danger to the safety of any other person or the community and that the appeal is not frivolous or taken for purposes of delay, the person shall be treated in accordance with the provisions of section 3147.

"(c) The judge shall treat a defendant in a case in which an appeal has been taken by the United States pursuant to the provisions of section 3731 in accordance with the provisions of section 3147.

"(d) For the purposes of this section and section 3147 (c), 'due process hearing' means a hearing conducted in accordance with the requirements of the due process clause of the fifth amendment to the United States Constitution including but not limited to the right to counsel, the right to cross-examine witnesses, and the right to present evidence.

"§ 3150. Release of a material witness.

"If it appears from an affidavit filed by a party that the testimony of a person is material in a criminal proceeding, and if it is shown that it may become impracticable to secure his presence by subpena, a judge may order the arrest of such witness and shall impose conditions of release pursuant to section 3147. No material witness may be detained because of his inability to comply with any condition of release if the testimony of such witness can adequately be secured by deposition, and if further detention is not necessary to prevent a failure of justice. Release may be delayed for a reasonable period of time until the deposition of the witness can be taken pursuant to the Federal Rules of Criminal Procedure.

"§ 3151. Appeal from denial of release.

"(a) Any person—

"(1) who is detained, or whose release on a condition requiring him to return to custody after specified hours is continued; and

"(2) whose application pursuant to section 3147 (h) and (i) has been reviewed by a judge other than—

"(A) a judge of the court having original jurisdiction over the offense with which he is charged;

"(B) a judge of a United States court of appeals; or

"(C) a Justice of the Supreme Court of the United States;

may file a motion with the court having original jurisdiction over the offense with which he is charged for an amendment to the order. Such a motion shall be determined promptly.

"(b) In a case in which a person is detained after—

"(1) a court denies a motion under subsection (a) to amend an order imposing conditions of release; or

"(2) conditions of release have been imposed or amended by a judge of the court having original jurisdiction over the offense charged;

an appeal may be taken to the court having appellate jurisdiction over such court. An order so appealed shall be affirmed if it is supported by the proceedings below. If the order is not so supported, the court may remand the case for a further hearing, or may, with or without additional evidence, order the person released pursuant to section 3147. Such an appeal shall be determined promptly.

"§ 3152. Sanctions for violation of release conditions.

"(a) A person who has been released pursuant to section 3147, and who has violated a condition of release, is subject to revocation of such release, an order of detention, and a prosecution for contempt of court in addition to such further criminal or civil penalties which may be applicable to the circumstances of the violation.

"(b) An attorney for the Government may initiate a proceeding for revocation of an order of release by filing a motion with the district court. A judge may issue a warrant for the arrest of a person charged with vio-

lating a condition of release, and the person shall be brought before a judge in the district in which his arrest was ordered for a proceeding in accordance with this section. The judge shall enter an order of revocation and detention if, after a hearing, the judge—

"(1) finds that there is clear and convincing evidence that such person has violated a condition of his release; and

"(2) finds that—

"(A) based on the factors set forth in section 3147(f), there is no condition or combination of conditions of release that will assure that such person will not flee or pose a danger to the safety of any other person or of the community; or

"(B) no condition or combination of conditions will assure that the person will abide with such reasonable conditions of release as may be imposed by the court.

If the judge finds that there are conditions of release that will assure that the person will not flee or pose a danger to the safety of any other person or the community, and that the person will abide by such appropriate conditions, he shall treat the person in accordance with the provisions of section 3147 and amend conditions of release to the extent necessary to assure compliance with the conditions of release.

"(c) A law enforcement officer, authorized to make an arrest for an offense committed in his presence, may arrest a person who has been released pursuant to section 3147 if he has reasonable grounds to believe that the person has violated a condition of release imposed on such person and set forth in subsection 3147(e)(2), 3147(e)(5), 3147(e)(6), or 3147(e)(7).

"§ 3153. Release in a case removed from a State court.

"If the judgment of a State court in a criminal proceeding is before the Supreme Court of the United States for review, the defendant may not be released from custody pending such review other than pursuant to the laws of such State.

"§ 3154. Surrender of an offender by a surety.

"A person charged with an offense, who is released upon the execution of an appearance bond with a surety, may be arrested by the surety, delivered to a United States marshal, and brought before a judge. At the request of the surety, the judge shall order the person held in official detention, and shall endorse on the recognizance, or on the certified copy of the recognizance, the discharge and exoneretur of the surety. The person so committed shall be held in official detention until released pursuant to this chapter or to another provision of law.

"§ 3155. Commitment of an arrested person.

"(a) A person who is arrested and charged with an offense or held as a material witness and who is not ordered released pursuant to the provisions of this chapter, shall be ordered committed to the custody of the Attorney General for confinement in a facility for official detention. A copy of the order shall be delivered to the person in charge of the facility as evidence of his authority to hold the arrested person, and the original order, with the return endorsed thereon, shall be returned to the court that issued it.

"(b) The person in charge of an official detention facility to whom an arrested person is delivered pursuant to the provisions of subsection (a) shall deliver the person to a United States marshal for the purpose of a court appearance on order of a court of the United States or on request of an attorney for the Government.".

(c) The table of sections for chapter 207 of title 18, United States Code, is amended by adding after the item relating to section 3145 the following:

"3146. Release authority generally.
"3147. Release pending trial in a noncapital case.
"3148. Release pending trial in a capital case.
"3149. Release pending sentence or appeal.
"3150. Release of a material witness.
"3151. Appeal from denial of release.
"3152. Sanctions for violation of release conditions.
"3153. Release in a case removed from a State court.
"3154. Surrender of an offender by a surety.
"3155. Commitment of an arrested person.
"3156. Penalties for failure to appear.
"3157. Contempt.
"3158. Definitions.".

EXCLUSIONARY RULE

SEC. 5. (a) Chapter 223 of title 18, United States Code, is amended by adding at the end thereof the following:

"§ 3505. Exclusionary rule.

"(a) No evidentiary matter, otherwise admissible under applicable law, shall be excluded from being considered by the court or by the jury in any Federal criminal proceeding solely on the grounds that such evidence has been obtained in violation of any regulatory, statutory, or constitutional provision of Federal or State law, unless the court finds as a matter of law that such evidence—

"(1) was obtained by the employment of methods which constituted a violation of constitutionally protected rights of a defendant, which violation resulted in actual prejudice to such defendant; and

"(2) was obtained as a result of intentional misconduct by agents of the Government of such a nature as to indicate—

"(A) willful intent to subvert the requirements of the law, or

"(B) gross negligence with respect to or wanton disregard for, the requirements of the law or the rights of the defendant; and

"(3) was not, and would not have been, known to agents of the Government but for the acts done in violation of the defendant's constitutional rights.

"(b) In evaluating the prejudicial nature of the acts constituting a violation of a defendant's constitutional rights, the court shall consider the totality of the circumstances, including the following:

"(1) the extent to which the violation was willful or reckless;

"(2) the extent to which privacy was invaded; and

"(3) the extent to which exclusion will tend to prevent such violations.

"(c) In applying this section, no court shall prohibit the consideration of any evidence by the court or jury which was procured by officers who acted in good faith reliance upon a reasonable belief in the legitimacy of their actions in obtaining such evidence, regardless of any violation of law which may have occurred pursuant thereto.".

(b) Chapter 171 of title 28, United States Code, is amended—

(1) in section 2671 by adding at the end thereof the following paragraph:

"'Investigative or law enforcement officer' means any officer of the United States empowered by law to execute searches, to seize evidence, or to make arrests for any violation of Federal law, or any person acting under the authority of such officer.";

(2) in section 2674 by adding before the period at the end of the first paragraph thereof the following: ", except as provided herein"; and

(3) by adding at the end thereof the following:

§ 2681. Tort claims: Illegal search and seizure

"(a) The United States shall be liable for any damages resulting from tortious acts of the types specified in section 2680 (h) of this chapter which are committed by an investigative or law enforcement officer of the United States during a search or seizure conducted by such officer while acting within the scope of his office or employment, where such search or seizure is conducted in violation of the fourth amendment to the United States Constitution, provided that such violation was one—

"(1) that was committed with willful intent to subvert the requirements of the law, or

"(2) that was the result of gross negligence with respect to, or wanton disregard for, the requirements of the law or the constitutional or statutory rights of the aggrieved party.

"(b) Any person aggrieved by such a violation may recover such actual and punitive damages as the court may award under subsection (c) of this section.

"(c) Punitive damages may be awarded by the court upon consideration of all the circumstances of the case, including—

"(1) the extent of the investigative or law enforcement officer's deviation from permissible conduct;

"(2) the extent to which the violation was willful or a result of grossly negligent behavior;

"(3) the extent to which the aggrieved person's privacy was invaded;

"(4) the extent of the aggrieved person's personal injury, both physical and mental;

"(5) the extent of any property damage; and

"(6) the effect such an award would have in preventing future violations of the fourth amendment to the United States Constitution.

"(d) Notwithstanding subsections (b) and (c) of this section, the recovery of any person who is convicted of any offense for which evidence of such offense was seized in violation of the fourth amendment to the United States Constitution is limited to actual physical personal injury and to actual property damage sustained as a result of the unconstitutional search and seizure.

"(e) No judgment, award, compromise, or settlement of any action brought under this section shall exceed the amount of $25,000, including actual and punitive damages. The United States shall not be liable for interest prior to judgment.

"(f) Any action under this section shall be brought within the period of limitations provided in section 2402(b) of this title, and shall be brought in accordance with, and subject to, all other applicable provisions of this chapter and section 1346(b) of this title.

"(g) The tort remedy against the United States provided for in this section shall apply only to claims arising on or after the date of enactment of this section.

"§ 2682. Frivolous tort claims

"A party who files a lawsuit against the United States under the provisions of this chapter may be held liable to the Government by the court (upon the motion of the Government) for expenses incurred by the Government in defending such lawsuit, including a reasonable sum equivalent in value to the services rendered by the Government attorneys in defense of such lawsuit if such lawsuit is judicially determined to be founded upon claims which are clearly frivolous and lacking in any substantial merit.".

MENTAL IMPAIRMENT OF CRIMINAL OFFENDERS OR DEFENDANTS

SEC. 6. (a) Chapter 313 of title 18, United States Code, is amended to read as follows:

"CHAPTER 313—OFFENDERS WITH MENTAL DISEASE OR DEFECT

"Sec.
"4241. Determination of mental competency to stand trial.

"4242. Determination of the existence of insanity at the time of the offense.
"4243. Hospitalization of a person found not guilty by reason of insanity.
"4244. Hospitalization of a convicted person suffering from mental disease or defect.
"4245. Hospitalization of an imprisoned person suffering from mental disease or defect.
"4246. Hospitalization of a person due for release but suffering from mental disease or defect.
"4247. General provisions for chapter 313.

"§ 4241. Determination of mental competency to stand trial.

"(a) At any time after the commencement of a prosecution for an offense and prior to the sentencing of the defendant, the defendant or the attorney for the Government may file a motion for a hearing to determine the mental competency of the defendant. The court shall grant the motion, or shall order such a hearing on its own motion, if there is reasonable cause to believe that the defendant may presently be suffering from a mental disease or defect rendering him mentally incompetent to the extent that he is unable to understand the nature and consequences of the proceedings against him or to assist properly in his defense.

"(b) Prior to the date of the hearing, the court may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(c) The hearing shall be conducted pursuant to the provisions of section 4247(d).

"(d) If, after the hearing, the court finds by a preponderance of the evidence that the defendant is presently suffering from a mental disease or defect rendering him mentally incompetent to the extent that he is unable to understand the nature and consequences of the proceedings against him or to assist properly in his defense, the court shall commit the defendant to the custody of the Attorney General. The Attorney General shall hospitalize the defendant for treatment in a suitable mental hospital, or in another facility designated by the court as suitable—

"(1) for such a reasonable period of time as is necessary to determine whether there is a substantial probability that in the foreseeable future he will attain the capacity to permit the trial to proceed; and

"(2) for an additional reasonable period of time until—

"(A) his mental condition is so improved that trial may proceed; or

"(B) the pending charges against him are disposed of according to law.

If a defendant's mental condition is determined to be such that there is not substantial probability that in the foreseeable future he will attain the capacity to permit the trial to proceed, the defendant is subject to the provisions of section 4246.

"(e) When the director of the facility in which a defendant is hospitalized pursuant to subsection (d) determines that the defendant has recovered to such an extent that he is able to understand the nature and consequences of the proceedings against him and to assist properly in his defense, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the defendant's counsel and to the attorney for the Government. The court shall hold a hearing, conducted pursuant to the provisions of section 4247(d), to determine the competency of the defendant. If, after the hearing, the court finds by a preponderance of the evidence that the defendant has recovered to such an extent that he is able to understand the nature and consequences of the proceedings against him and to assist properly in his defense, the court shall order his immediate discharge from the facility in which he is hospitalized and shall set the date for trial.

"(f) A finding by the court that the defendant is mentally competent to stand trial shall not prejudice the defendant in raising the issue of his insanity as a defense to the offense charged, and shall not be admissible as evidence in a trial for the offense charged.

"§ 4242. Determination of the existence of insanity at the time of the offense.

"(a) Upon the filing of a notice, as provided in rule 12.2 of the Federal Rules of Criminal Procedure, the court, upon motion of the attorney for the Government, may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(b) If the issue of insanity is raised by notice as provided in rule 12.2 of the Federal Rules of Criminal Procedure on motion of the defendant or of the attorney for the Government, or on the court's own motion, the jury shall be instructed to find, or, in the event of a nonjury trial, the court shall find, the defendant—

"(1) guilty;

"(2) not guilty; or

"(3) not guilty by reason of insanity.

"§ 4243. Hospitalization of a person found not guilty by reason of insanity.

"(a) If a person is found not guilty by reason of insanity, the court shall order a hearing to determine whether the person is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another. The court may make any order reasonably necessary to secure the appearance of the person at the hearing.

"(b) Prior to the date of the hearing, the court may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(c) The hearing shall be conducted pursuant to the provisions of section 4247(d).

"(d) If, after the hearing, the court finds by a preponderance of the evidence that a person found not guilty by reason of insanity is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another, the court shall commit the person to the custody of the Attorney General. The Attorney General shall release the person to the appropriate official of the State in which the person is domiciled if such State will assume responsibility for his care, custody, and treatment. If such State will not then assume such responsibility, the Attorney General shall hospitalize the person for treatment in a suitable mental hospital, or in another facility designated by the court as suitable, until such State will assume such responsibility or until the person's mental condition is so improved that his release would not create a substantial danger to himself or to the person or property of another.

"(e) When the director of the facility in which a person found not guilty by reason of insanity is hospitalized pursuant to subsection (d) determines that the person has recovered from his mental disease or defect to such an extent that his release would no longer create a substantial danger to himself or to the person or property of another, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the person's counsel and to the attorney for the Government. The court shall order the discharge of the person or, on the motion of the attorney for the Government or on its own motion, shall hold a hearing, conducted pursuant to the provisions of section 4247(d), to determine whether he should be released. If, after the hearing, the court finds by a preponderance of the evidence that the person has recovered from his mental disease or defect to such an extent that his release would no longer create a substantial danger to himself or to the person or property of another, the court shall order his immediate discharge.

"§ 4244. Hospitalization of a convicted person suffering from mental disease or defect.

"(a) A defendant found guilty of an offense, or the attorney for the Government, may, within ten days after the defendant is found guilty, file a motion for a hearing on the present mental condition of the defendant. The court shall grant the motion, or at any time prior to the sentencing of the defendant shall order such a hearing on its own motion, if there is reasonable cause to believe that the defendant may presently be suffering from a mental disease or defect for the treatment of which he is in need of custody, care, or treatment in a mental hospital.

"(b) Prior to the date of the hearing, the court may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247(b) and (c). In addition to the information required to be included in the psychiatric report pursuant to the provisions of section 4247(c), if the report includes an opinion by the psychiatrists that the defendant is presently suffering from a mental disease or defect but that it is not such as to require his custody, care, or treatment in a mental hospital, the report shall also include an opinion by the psychiatrists concerning the sentencing alternatives that could best accord the defendant the kind of treatment he does need.

"(c) The hearing shall be conducted pursuant to the provisions of section 4247(d).

"(d) If, after the hearing, the court is of the opinion that the defendant is presently suffering from a mental disease or defect and that he should, in lieu of being sentenced to probation or imprisonment, be committed to a mental hospital for custody, care, or treatment, the court shall commit the defendant to the custody of the Attorney General. The Attorney General shall hospitalize the defendant for treatment in a suitable mental hospital, or in another facility designated by the court as suitable. Such a commitment constitutes a provisional sentence to the maximum term authorized for the offense of which the defendant was found guilty.

"(e) When the director of the facility in which the defendant is hospitalized pursuant to subsection (d) determines that the defendant has recovered from his mental disease or defect to such an extent that he is no longer in need of custody, care, or treatment in a mental hospital, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the defendant's counsel and to the attorney for the Government. If, at the time of the filing of the certificate, the provisional sentence imposed pursuant to subsection (d) has not expired, the court shall hold a hearing, conducted pursuant to the provisions of section 4247(d), to determine whether the provisional sentence should be reduced. After the hearing, the court may order that the defendant be released, be placed on probation, or be imprisoned for the remainder of the sentence or for any lesser term.

"§ 4245. Hospitalization of an imprisoned person suffering from mental disease or defect.

"(a) A defendant serving a sentence of imprisonment, or an attorney for the Government at the request of the director of

the facility in which the defendant is imprisoned may file a motion with the court for the district in which the facility is located for a hearing on the present mental condition of the defendant. The court shall grant the motion if there is reasonable cause to believe that the defendant may presently be suffering from a mental disease or defect for the treatment of which he is in need of custody, care or treatment in a mental hospital. A motion filed under this subsection shall stay the release of the defendant pending completion of procedures contained in this section.

"(b) Prior to the date of the hearing, the court may order that a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(c) The hearing shall be conducted pursuant to the provisions of section 4347(d).

"(d) If, after the hearing, the court is of the opinion that the defendant is presently suffering from a mental disease or defect for the treatment of which he is in need of custody, care, or treatment in a mental hospital, the court shall commit the defendant to the custody of the Attorney General. The Attorney General shall hospitalize the defendant for treatment in a suitable mental hospital, or in another facility designated by the court as suitable, until he is no longer in need of custody, care, or treatment in a mental hospital or until the expiration of his sentence of imprisonment.

"(e) When the director of the facility in which the defendant is hospitalized pursuant to subsection (d) determines that the defendant has recovered from his mental disease or defect to such an extent that he is no longer in need of custody, care, or treatment in a mental hospital, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the defendant's counsel and to the attorney for the Government. If, at the time of the filing of the certificate, the sentence imposed upon the defendant has not expired, the court shall order that the defendant be reimbursed.

"§ 4246. Hospitalization of a person due for release but suffering from mental disease or defect.

"(a) If the director of a facility in which a person is hospitalized pursuant to this chapter certifies that a person whose sentence is about to expire, or who has been committed to the custody of the Attorney General pursuant to section 4241(d), or against whom all criminal charges have been dropped, is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another, and that suitable arrangements for the custody and care of the person are not otherwise available, he shall transmit the certificate to the clerk of the court for the district in which the person is confined. The clerk shall send a copy of the certificate to the person, and to the attorney for the Government, and, if the person was committed pursuant to section 4241(d), to the clerk of the court that ordered the commitment. The court shall order a hearing to determine whether the person is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another. A certificate filed under this subsection shall stay the release of the person pending completion of procedures contained in this section.

"(b) Prior to the date of the hearing, the court may order that, a psychiatric examination of the defendant be conducted, and that a psychiatric report be filed with the court, pursuant to the provisions of section 4247 (b) and (c).

"(c) The hearing shall be conducted pursuant to the provisions of section 4247(d).

"(d) If, after the hearing, the court finds by a preponderance of the evidence that the person is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another, the court shall commit the person to the custody of the Attorney General. The Attorney General shall release the person to the appropriate official of the State in which the person is domiciled if such State will assume responsibility for his care, custody, and treatment. If such State will not then assume such responsibility, the Attorney General shall hospitalize the person for treatment in a suitable mental hospital, or in another facility designated by the court as suitable, until such State will assume such responsibility or until the person's mental condition is so improved that his release would not create a substantial danger to himself or to the person or property of another.

"(e) When the director of the facility in which a person is hospitalized pursuant to subsection (d) determines that the person has recovered from his mental disease or defect to such an extent that his release would no longer create a substantial danger to himself or to the person or property of another, he shall promptly file a certificate to that effect with the clerk of the court that ordered the commitment. The clerk shall send a copy of the certificate to the person's counsel and to the attorney for the Government. The court shall order the discharge of the person or, on the motion of the attorney for the Government or on its own motion, shall hold a hearing, conducted pursuant to the provisions of section 4247(d), to determine whether he should be released. If, after the hearing, the court finds by the preponderance of the evidence that the person has recovered from his mental disease or defect to such an extent that his release would no longer create a substantial danger of himself or to the person or property of another, the court shall order his immediate discharge.

"§ 4247. General provisions for chapter 313.

"(a) As used in this chapter—

"(1) 'insanity' means a mental disease or defect as a result of which a person lacked the state of mind required as an element of the offense charged; and

"(2) 'mental disease or defect' means an impairment of mental functions sufficient to render a person incapable of either distinguishing right from wrong, or of conforming his conduct to the requirements of the law.

"(b) A psychiatric examination ordered pursuant to this chapter shall be conducted by at least two qualified psychiatrists. The psychiatrists shall be—

"(1) designated by the court if the examination is ordered under section 4241, 4242, 4243, or 4244; or

"(2) designated by the court, and shall include one psychiatrist selected by the defendant, if the examination is ordered under section 4245 or 4246.

For the purpose of an examination pursuant to an order under section 4241, 4242, 4243, or 4244, the court may commit the person to be examined for a reasonable period, but not more than sixty days, to the custody of the Attorney General for placement in a suitable mental hospital or another facility designated by the court as suitable.

"(c) A psychiatric report ordered pursuant to this chapter shall be prepared by the psychiatrists designated to conduct the psychiatric examination, shall be filed with the court with copies provided to the counsel for the person examined and to the attorney for the Government, and shall include—

"(1) the person's history and present symptoms;

"(2) a descripion of the psychological and medical tests employed and their results;

"(3) the psychiatrists' findings; and

"(4) the psychiatrists' opinions as to diagnosis, prognosis, and—

"(A) if the examination is ordered under section 4241, whether the person is presently suffering from a mental disease or defect rendering him mentally incompetent to the extent that he is unable to understand the nature and consequences of the proceedings against him or to assist properly in his defense;

"(B) if the examination is ordered under section 4242, whether the person was insane at the time of the offense charged;

"(C) if the examination is ordered under section 4243 or 4246, whether the person is presently suffering from a mental disease or defect as a result of which his release would create a substantial danger to himself or to the person or property of another; or

"(D) if the examination is ordered under section 4244 or 4245, whether the person is presently suffering from a mental disease or defect as a result of which he is in need of custody, care, or treatment in a mental hospital.

"(d) At a hearing ordered pursuant to this chapter the person whose mental condition is the subject of the hearing shall be represented by counsel and, if he is financially unable to obtain adequate representation, counsel shall be appointed for him. The person shall be afforded an opportunity to testify, to present evidence, to subpena witnesses on his behalf, and to confront and cross-examine witnesses who appear at the hearing.

"(e) The director of the facility in which a person is hospitalized pursuant to—

"(1) section 4241 shall prepare semiannual reports; or

"(2) section 4243, 4244, 4245, or 4246 shall prepare annual reports;

concerning the mental condition of the person and recommendations concerning his continued hospitalization. The reports shall be submitted to the court that ordered the person's commitment to the facility and copies of the reports shall be submitted to such other persons as the court may direct.

"(f) Statements made by the defendant during the course of a psychiatric examination pursuant to section 4241 or 4242 are not admissible as evidence against the accused upon any issue except the issue of the presence or absence of a mental disease or defect which is claimed by the defendant to have negated the mental state required for the commission of any crime charged.

"(g) Nothing contained in section 4243 or 4246 precludes a person who is committed under either of such sections from establishing by writ of habeas corpus his eligibility for release under such sections.

"(h) The Attorney General—

"(1) may contract with a state, a locality, or a private agency for the confinement, hospitalization, care, or treatment of, or the provision of services to, a person committed to his custody pursuant to this chapter.

"(2) may apply for the civil commitment, pursuant to State law, of a person committed to his custody pursuant to section 4243 or 4246; and

"(3) shall consult with the Secretary of the Department of Health and Human Services in the general implementation of the provisions of this chapter.".

(b) The first sentence of paragraph (a) of rule 12 of the Federal Rules of Criminal Procedure is amended by adding after "not guilty" the following: ", not guilty by reason of insanity".

(c) Rule 12 is further amended by adding at the end thereof the following new paragraph:

"(i) The plea of not guilty by reason of

insanity shall be entered pursuant to rule 12.2.".

(d) Rule 12.2 of the Federal Rules of Criminal Procedure is amended to read as follows:

"Rule 12.2.—Notice of Plea of Not Guilty by Reason of Insanity.

"(a) If a defendant intends to rely upon the plea of not guilty by reason of insanity, he shall, within the time provided for the filing of pretrial motions or at such later time as the court may direct, notify the attorney for the government in writing of such intention and file a copy of such notice with the clerk. If there is a failure to comply with the requirements of this paragraph, the plea of not guilty by reason of insanity may not be entered. The court may for cause shown allow late filing of the notice or grant additional time to the parties to prepare for trial or make such other order as may be appropriate.

"(b) If a defendant intends to introduce expert testimony relating to a mental disease, defect, or other condition bearing upon the issue of whether he had the state of mind required for the offense charged, he shall, within the time provided for the filing of pretrial motions or at such later time as the court may direct, notify the attorney for the government in writing of such intention and file a copy of such notice with the clerk. The court may for cause shown allow late filing of the notice or grant additional time to the parties to prepare for trial or make such other order as may be appropriate.

"(c) In an appropriate case the court may, upon motion of the attorney for the government, order the defendant to submit to a psychiatric examination as provided in section 4242 of title 18, United States Code, by at least two qualified psychiatrists designated for this purpose in the order of the court. No statement made by the accused in the course of any examination provided for by this rule, whether the examination shall be with or without the consent of the accused, shall be admitted in evidence against the accused on any issue raised in such criminal proceeding, except the issue of whether or not the defendant suffered from a mental disease or defect which negated the intent required for the commission of the offense charged.

"(d) If there is a failure to give notice when required by paragraph (b) or to submit to an examination when ordered under paragraph (c), the court may exclude the testimony of any expert witness offered by the defendant on the issue of his state of mind.

"(e) A defendant is not guilty by reason of insanity if his actions constitute all necessary elements of the offense charged other than the requisite state of mind, and he lacked the requisite state of mind as a result of mental disease or defect.".

DEPARTMENT OF JUSTICE INTERNAL OPERATING PROCEDURES

SEC. 7. (a) Section 533 of title 28, United States Code, is amended—

(1) in the section heading by inserting before the period the following: "; investigative guidelines";

(2) by inserting "(a)" before "The Attorney General"; and

(3) by adding at the end thereof the following:

"(b) The Attorney General may issue departmental policies, guidelines, and regulations concerning the investigation and prosecution of criminal cases and related law enforcement matters that shall be followed by every Federal law enforcement officer, as defined by section 111 of title 18. Nothing in any policies, guidelines, or regulations so promulgated shall create any substantive or procedural right inhering to the benefit of any individual, and no court shall have jurisdiction over a claim in any proceeding, including a motion to quash a subpena, suppress evidence, or dismiss an indictment, based solely on an alleged failure to follow such policies, guidelines, or regulations as may be promulgated by the Attorney General.".

(b) The section analysis of chapter 33 of title 28, United States Code, is amended by inserting before the period the following: "; investigative guidelines" at the end of the item relating to section 533.

SPECIAL PROSECUTOR

SEC. 8. (a) Chapter 39 of title 28 of the United States Code is amended—

(1) in section 591(a) by deleting "petty offense" which appear at the end of such section and inserting in lieu thereof the following: ", misdemeanor or petty offense"; and

(2) in section 592 by striking out all the material following subsection (a) and inserting in lieu thereof the following:

"(b)(1) If the Attorney General, upon completion of the preliminary investigation, finds that there is not probable cause to believe that conduct of the type described in subsection (a) of this section has been, or is being engaged in, he shall so notify the party or parties who provided the information forming the basis for the investigation as well as any individual who was a subject of such investigation. A record of every such allegation of official misconduct, and all information developed in the investigation of such allegation, together with a memorandum containing a summary of the information received and a summary of the results of the investigation conducted, shall be kept in the permanent records of the Department of Justice and such information shall not be revealed to any other individual outside the Department of Justice without consent of the Office of the Attorney General, or upon order of a court of appropriate jurisdiction.

"(2) If the Attorney General, upon completion of the preliminary investigation, finds that there is probable cause warranting further investigation or prosecution of persons alleged to have engaged in conduct described in section 591(a) of this title, or if 90 days elapse from the receipt of the information without a determination by the Attorney General that the matter is so unsubstantiated as not to warrant further investigation or prosecution, then the Attorney General shall appoint a special prosecutor. The Attorney General shall define the prosecutorial jurisdiction of the office of such special prosecutor by and through such letters of appointment as may be issued, and shall provide notice of the appointment of such prosecutor and the extent of such prosecutorial jurisdiction to such parties, if any, as have made allegations of official misconduct.

"(3) If—

"(A) after the filing of a memorandum under subsection (b) of this section, the Attorney General receives additional specific information about the matter to which the memorandum related; and

"(B) the Attorney General determines after such additional investigation as he may deem appropriate, that such information warrants further investigation or prosecution,

then the Attorney General shall, not later than 90 days after receiving such additional information, appoint a special prosecutor in accordance with the provisions of subsection (b)(2) of this section.

"(c) The Attorney General may require a special prosecutor appointed under the provisions of this section to accept referral of any matter that relates to a matter within that special prosecutor's prosecutorial jurisdiction.

"(d) The Attorney General's determination under subsection (b) of this section to appoint a special prosecutor shall not be reviewable in any court.".

(b) Section 593 of title 28, United States Code, is hereby repealed.

(c) Section 594(e) of title 28, United States Code, is amended—

(1) by striking out "or the division of the court" after "Attorney General" in the first sentence of such subsection; and

(2) by striking out "as established by the division of the court".

(d) Section 595(b) of title 28, United States Code, is amended—

(1) in paragraph (1) by striking out "division of the court" and inserting in lieu thereof "Attorney General";

(2) in paragraph (3)—

(A) by striking out all material which follows the first sentence and inserting in lieu thereof the following: "Any disclosure of matters occurring before a grand jury shall be in accordance with the provisions of rule 6(e) of the Federal Rules of Criminal Procedure.";

(B) by striking out "The division of the court" and inserting in lieu thereof "The Attorney General"; and

(C) by striking out "the division deems" and inserting in lieu thereof "the Attorney General deems".

(e) Section 595(e) of title 28, United States Code, is amended by—

(1) striking out the first sentence and inserting in lieu thereof: "A majority of the majority party members, or a majority of all nonmajority party members of the Committee on the Judiciary of either the House of Representatives or the Senate may request in writing that the Attorney General appoint a special prosecutor."; and

(2) striking out the second sentence and inserting in lieu thereof the following: "Not later than thirty days after the receipt of such a request, or not later than fifteen days after the completion of a preliminary investigation of the matter with respect to which the request is made, whichever is later, the Attorney General shall provide written notification of any action the Attorney General has taken in response to such request, and if no appointment has been made, why such appointment was not made.".

(f) Section 596(a) of title 28, United States Code, is amended—

(1) in paragraph (1) by inserting after "only for extraordinary impropriety" the following: "constituting an act of moral turpitude or bad faith execution of such special prosecutor's responsibilities,";

(2) in paragraph (2) by striking out all material which appears after "publishing any or all of the report."; and

(3) in paragraph (3) by striking out "division of the court" each place it appears and inserting in lieu thereof the following: "appropriate Federal court,".

(g) Section 596(b) of title 28, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking out "An" and inserting in lieu thereof "The"; and

(B) by inserting "a" before "special prosecutor" each place it appears; and

(2) in paragraph (2)—

(A) by striking out "The division of the court, either on its own motion or upon suggestion of the" and inserting in lieu thereof "The";

(B) by striking out "terminate an" and inserting in lieu thereof "terminate the"; and

(C) by inserting "a" after "office of".

(h) Section 597 of title 28, United States Code, is amended by inserting at the end thereof the following: "Upon the appointment of a special prosecutor, the Attorney General, and all officers and employees of the Department of Justice, shall deliver to such special prosecutor as soon as is prac-

tical all information or materials within their knowledge or possession concerning the matters which are within the special prosecutors jurisdiction.".

(i) Section 49 of title 28, United States Code, is hereby repealed.

HABEAS CORPUS

SEC. 9. (a) Section 2244 of title 28, United States Code, is amended by adding at the end thereof the following new subsections:

(d) In a habeas corpus proceeding brought in behalf of a person in custody pursuant to the judgment of a State court, if the Federal question presented was properly presented under State law in the State court proceedings both at trial and on direct appeal, or properly presented in a collateral proceeding and disposed of exclusively on the merits, the claim may not be considered or determined by a judge or court of the United States, unless the petitioner establishes that he is in custody in violation of the Constitution or laws of the United States, that the alleged violation is of a Federal right which has as its primary purpose the protection of the reliability of either the factfinding process at the trial or the appellate process on appeal, and was prejudicial to the petitioner as to his guilt or punishment; and that the claimed constitutional or statutory violation presents a substantial question—

"(1) which was not theretofore raised and determined, and

"(2) which there was no fair and adequate opportunity theretofore to raise and have determined.

"(e) No petition filed in behalf of a person in custody pursuant to the judgment of a State court shall be considered or determined by a judge or court of the United States if it is not filed within three years from the date the State court judgment and sentence became final under State law, unless the Federal right asserted did not exist at the time of the State court trial and that right has been determined to be retroactive, or the violation of an existing right was not, and could not have been (in the exercise of reasonable diligence) known to the petitioner within three years after the date the judgment and sentence became final under State law. In such case, the petition may be entertained within three years from the date said violation or right was determined to exist.".

(b) Section 2254(d) of title 28, United States Code, is amended to read as follows:

"(d) In any proceeding instituted in a Federal court by an application for a writ of habeas corpus by a person in custody pursuant to the judgment of a State court, a determination, after a hearing, on the merits of a factual issue, which is made by a State court of competent jurisdiction in a proceeding to which the applicant for the writ and the State or an officer or agent thereof were parties, which determination is evidenced by written findings, opinion, or other reliable and adequate written indicia, shall not be redetermined or relitigated by a judge or court of the United States, unless the applicant shall establish or it shall otherwise appear, or the respondent shall admit—

"(1) that the merits of the factual dispute were not addressed in the State court hearing;

"(2) that the factfinding procedure employed by the State court was not adequate to afford a full and fair hearing;

"(3) that the material facts could not be developed at the State court hearing;

"(4) that the State court lacked jurisdiction of the subject matter or over the person of the applicant in the State court proceeding;

"(5) that the applicant was an indigent and the State court, in deprivation of his constitutional right, failed to appoint counsel to represent him in the State proceeding; or

"(6) that unless that part of the record of the State court proceeding in which the determination of such factual issue was made, pertinent to a determination of the sufficiency of the evidence to support such factual determination, is produced as provided for hereinafter, and the Federal court on a consideration of such part of the record as a whole concludes that there is no evidence to support such finding.

No evidentiary hearing may be conducted in the Federal court when the State court records demonstrate the factual issue was litigated and determined, unless the existence of one or more of the circumstances respectively set forth in paragraphs numbered (1) to (6), inclusive, is shown by the application. The Federal court may further designate a United States magistrate to consider the motion in the first instance and prepare a statement of facts and proposed findings of law and fact for the court hearing the petition to consider in issuing a final determination upon the motion.".

(c) Section 2255 of title 28, United States Code, is amended to read as follows:

"§ 2255. Federal custody; remedies on motion attacking sentence.

"(a) A prisoner in custody under a sentence imposed by a court established by an act of Congress may move such court to vacate, set aside, or correct the sentence, if—

"(1)(A) he is in custody in violation of the Constitution of the United States,

"(B) the claimed constitutional violation presents a substantial question—

"(i) which was not theretofore raised and determined, and

"(ii) which there was no fair and adequate opportunity theretofore to raise and have determined, and

"(c) the claimed constitutional violation is of a right which has as its primary purpose the protection of the reliability of either the factfinding process at the trial or the appellate process on appeal from the judgment of conviction, and was prejudicial to the petitioner as to his guilt or punishment;

"(2) he is in custody in violation of the laws of the United States;

"(3) the sentence was imposed in violation of the laws of the United States;

"(4) the court was without jurisdiction to impose such sentence; or

"(5) the sentence is otherwise subject to collateral attack.

"(b) a motion for such relief may be made at any time within three years after a conviction is final, or within three years after the discovery of error providing the basis for the requested relief, which error was not, and could not (in the exercise of reasonable diligence) have been known to the petitioner within three years after the date the conviction became final or within three years after the rendition of a decision regarding matters of law affecting the conviction from which relief is sought.

"(c) Unless the motion and the files and records of the case conclusively show that the prisoner is entitled to no relief, the court shall cause no notice thereof to be served upon the United States attorney, grant, a prompt hearing thereon, determine the issues and make findings of fact and conclusions of law with respect thereto. If the court finds that the judgment was rendered without jurisdiction, or that the sentence imposed was not authorized by law or is otherwise open to collateral attack, or that there has been a denial or infringement of the constitutional rights of the prisoner as described in subsection (a) of this section, the court shall discharge the prisoner, resentence him, grant a new trial, or correct the sentence as may appear appropriate.

"(d) A court may entertain and determine such motion without requiring the production of the prisoner at the hearing. The court may further designate a United States magistrate to consider the motion in the first instance and prepare a statement of facts and proposed findings of law and fact for the court which imposed the sentence (or other court reviewing the matter) to consider in issuing a final determination upon the motion.

"(e) The sentencing court shall not be required to entertain a second or successive motion for similar relief on behalf of the same prisoner.

"(f) an appeal may be taken to the court of appeals from the order entered on the motion in accordance with section 2253 of this title.

"(g) An application for a writ of habeas corpus on behalf of a prisoner who is authorized to apply for relief by motion pursuant to this section, shall not be entertained if it appears that the applicant has failed to apply for relief, by motion, to the court which sentenced him or that such court has denied him the relief sought, unless it also appears that the remedy by motion is inadequate or ineffective to test the legality of his detention.".

JUVENILE CRIME

SEC. 10. Section 5032 of title 18, United States Code, is amended to read as follows:

"§ 5032. Delinquency proceedings in district courts: Treatment of juvenile as adult for purposes of criminal prosecution.

"(a) A juvenile alleged to have committed an act of juvenile delinquency which if committed by an adult would be a felony shall not be proceeded against in any court of the United States unless the Attorney General, after investigation, certifies to an appropriate district court of the United States that the juvenile court or other appropriate district court of a State (1) does not have jurisdiction or refuses to assume jurisdiction over said juvenile with respect to such alleged act of juvenile delinquency, or (2) does not have available programs and services adequate for the needs of juveniles, or (3) that the offense charged, if committed by an adult, would be a felony punishable by a maximum penalty of five years imprisonment or more, and there is a special interest warranting Federal prosecution. If the Attorney General does not so certify, such juvenile shall be surrendered to the appropriation legal authorities of such State.

"(b) If an alleged juvenile delinquent is not surrendered to the authorities of a State or the District of Columbia pursuant to this section, any proceedings against him shall be in an appropriate district court of the United States. For such purposes, the court may be convened at any time and place within the district, in chambers or otherwise. The Attorney General shall proceed by information, and no criminal prosecution shall be instituted for the alleged act of juvenile delinquency except as provided below.

"(c) A juvenile who is alleged to have committed an act of juvenile delinquency and who is not surrendered to State authorities shall be proceeded against under this chapter unless he has requested in writing upon advice of counsel to be proceeded against as an adult, except that, with respect to a juvenile sixteen years and older alleged to have committed an act after his sixteenth birthday which if committed by an adult would be a felony punishable by a maximum penalty of ten years imprisonment or more, life imprisonment, or death, criminal prosecution on the basis of the alleged act may be begun by motion to transfer of the Attorney General in the appropriate

district court of the United States, if such court finds, after hearing, such transfer would be in the interest of justice. In such cases, the juvenile shall be considered an adult for purposes of prosecution and disposition except that no juvenile convicted as an adult shall be placed or retained in an adult jail or correctional institution in which he has regular contact with adults incarcerated because they have been convicted of a crime or are awaiting trial on criminal charges.

"(d) Evidence of the following factors shall be considered, and findings with regard to each factor shall be made in the record, in assessing whether a transfer would be in the interest of justice: the nature of the alleged offense; the extent and nature of the juvenile's prior delinquency record; the nature of past treatment efforts and the juvenile's response to such efforts; and whether juvenile disposition will reflect the seriousness of the juvenile's conduct, promote respect for the law, promote the protection of the public from the juvenile's conduct, and provide a just response to the conduct of the juvenile.

"(e) Reasonable notice of the transfer hearing shall be given to the juvenile, his parents, guardian, or custodian and to his counsel. The juvenile shall be assisted by counsel during the transfer hearing, and at every other critical stage of the proceedings.

"(f) Once a juvenile has entered a plea of guilty or the proceeding has reached the stage that evidence has begun to be taken with respect to a crime or an alleged act of juvenile delinquency subsequent criminal prosecution or juvenile proceedings based upon such alleged act of delinquency shall be barred.

"(g) Statements made by a juvenile prior too or during a transfer hearing under this section shall not be admissible at subsequent criminal prosecutions.".

FREEDOM OF INFORMATION ACT

SEC. 11. (a) Section 552(a) of title 5, United States Code, is amended—

(1) by striking out the material before clause (1) and inserting in lieu thereof the following:

"(a) Each agency shall make available to any United States person the following information:";

(2) in paragraph (3) by inserting before the period at the end thereof the following: ": *Provided, however,* That this section shall not be construed to require a law enforcement or national security intelligence agency to disclose information to any person requesting such disclosure on behalf of an individual who is not a United States person as defined in this section";

(3) in paragraph (4)(B) by inserting before the period the following: ", but if the court examines the contents of a law enforcement or national intelligence agency's records withheld by the agency pursuant to subsection (b)(1), (b)(3), or (b)(7), the examination shall be in camera. The court shall maintain under seal any affidavit submitted by a law enforcement or intelligence agency to the court in camera";

(4) in paragraph (6)(A) by striking out clause (1) and inserting in lieu thereof the following:

"(1) notify the person making the request of the receipt of the request and notify such person within 30 days after the receipt of such request of the number of pages encompassed by the request and the time limits imposed by this subsection upon the agency for responding to the request; determine whether to comply with the request and notify the person making the request of such determination and the reasons therefor within 60 days after the receipt of such request (excepting Saturdays, Sundays, and legal public holidays) if the request encompasses less than 200 pages of records with an additional 60 days permitted for each additional 200 pages of records encompassed by the request, but all determinations and notifications shall be made within 1 year; and notify the person making the request of the right of such person to appeal to the head of the agency an adverse determination; and"; and

(5) in paragraph (6)(C)—

(A) by striking out "in responding to" and inserting in lieu thereof "in attempting to respond to"; and

(B) by inserting "shall" before "allow".

(b) Section 552(b) of title 5, United States Code, is amended—

(1) in paragraph (2) by adding ", including such materials as (A) manuals and instructions to investigators, inspectors, auditors, and negotiators, and (B) examination material used solely to determine individual qualifications for employment, promotion, and licensing" after "agency";

(2) by amending paragraph (6) to read as follows:

"(6) records or information concerning individuals the release of which would constitute an unwarranted invasion of personal privacy, including compilations or lists of names and addresses of agency personnel;";

(3) in paragraph (7)—

(A) in the introductory language—

(i) by striking out "investigatory records" and inserting in lieu thereof "records or information"; and

(ii) by adding "or information" after "such records";

(B) by amending subparagraph (A) to read as follows:

"(A) reveal investigatory information relating to an ongoing investigation or enforcement proceeding,";

(C) by amending subclauses (D), (E), and (F) to read as follows: "(D) tend to disclose the identity of a confidential source, including any foreign, State, or other public agency or authority or any private institution that furnished information on a confidential basis; and, in the case of a record or information compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, information furnished by a confidential source; (E) disclose techniques, procedures, guidelines, or priorities for law enforcement investigations or prosecutions; (F) endanger the life or physical safety of any natural person; or"; and

(D) by adding the following new subclause at the end thereof: "(G) disclose information relating to such categories of investigations of terrorism, organized crime, or foreign counterintelligence as are exempted by the Attorney General by regulation or order;"; and

(4) by striking out all the material after paragraph (9) and inserting in lieu thereof the following:

"Any reasonably segregable portion of a record not already in the public domain which contains information pertaining to the subject of a request shall be provided to any person properly requesting such record after the portions which are exempt under this subsection have been deleted. Each agency which carries out law enforcement or national security intelligence functions shall prepare and furnish the same general standardized written response for issuance to any person making a request for records under this section to be used both in cases where the agency does not have the records requested and in cases where the records are protected from disclosure because disclosure would reveal that a criminal investigation concerning the person is in progress.".

(C) Section 552(d) of title 5, United States Code, is amended—

(1) by striking out "March 1" each place it appears and inserting in lieu thereof "December 1", and

(2) by striking out "prior calendar year" in the material following paragraph (7) and inserting in lieu thereof "prior fiscal year".

(d) Subsection (e) is amended to read as follows:

"(e) For purposes of this section—

"(1) the term 'agency' as defined in section 551(1) of this title includes any executive department, military department, Government corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency;

"(2) the term 'foreign intelligence' means information relating to the capabilities, intentions, and activities of foreign powers, organizations, or persons;

"(3) the term 'foreign counterintelligence' means information gathered and activities conducted to protect against espionage and other clandestine intelligence activities, sabotage, international terrorist activities or assassinations conducted for or on behalf of foreign powers, organizations, or persons;

"(4) the term 'terrorism' means any activity that involves a violent act that results in or risks serious bodily harm to any individual or aggravated property destruction and that is done for the purpose of—

"(A) intimidating or coercing the civil population or any segment thereof;

"(B) influencing or retaliating against the policies or actions of the Government of the United States or of any State or political subdivision thereof or of any foreign state; or

"(C) influencing or retaliating against the trade or economic policies or actions of a corporation or other entity engaged in foreign commerce;

"(5) the term 'organized crime' means criminal activity by two or more persons who are engaged in a continuing enterprise for the purpose of obtaining monetary or commercial gains or profits wholly or in part through racketeering activity as defined in section 1961 of title 18, United States Code;

"(6) the terms 'law enforcement agency' and 'national security intelligence agency' for the purposes of this section shall mean—

"(A) those divisions of the Department of Justice which have responsibility for criminal law enforcement, foreign intelligence, and foreign counterintelligence investigations and prosecutions; the Secret Service and Alcohol, Tobacco, and Firearms Division of the Department of the Treasury; the Central Intelligence Agency; the Defense Intelligence Agency; any foreign intelligence component of the Department of Defense; and

"(B) any agency, not listed in subsection (e)(6)(A) above, which may be designated by the Congress as one having investigatory responsibilities in the areas of criminal law enforcement, foreign intelligence, or foreign counterintelligence; and

"(7) the term 'United States person' means a citizen of the United States or an alien lawfully admitted for permanent residence (as defined in section 101(a)(20) of the Immigration and Nationality Act, 8 U.S.C. 1101(a)(20)), an unincorporated association a substantial number of members of which are citizens of the United States or aliens lawfully admitted for permanent residence, or a corporation which is domiciled in the United States; but such term shall not include a corporation or an association that is a foreign power, as defined in section 101(a) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801(a)).".

S. 1996

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Violent Crime Act of 1981".

PURPOSE

SEC. 2. It is the purpose of this Act to amend certain provisions of the criminal laws

of the United States to enhance Federal efforts to combat violent crime.

MANDATORY PRISON SENTENCES

SEC. 3. (a) Section 3575 of title 18, United States Code, is amended—

(1) in subsection (b) by striking out all material following "judgment or commitment.", and inserting in lieu thereof, the following: "If it appears by a preponderance of the information, including information submitted during the trial of such felony and the sentencing hearing and so much of the presentence reported as the court relies upon, that the defendant is a special dangerous offender, the court shall sentence the defendant to a period of imprisonment of not less than five years, nor more than twenty-five years, and not otherwise disproportionate in severity to the maximum term otherwise authorized by law for such felony offense. In addition to such term of imprisonment as may be imposed under this section, the court shall sentence in accordance with the law prescribing penalties for such felony. The court shall place in the record its findings, including an identification of the information relied upon in making such findings, and its reasons for the sentence imposed.";

(2) by striking out subsection (d) and inserting in lieu thereof the following:

"(d) Notwithstanding any other provision of this section, the court shall not sentence a dangerous special offender to less than any mandatory minimum penalty prescribed by law for such felony. The period of imprisonment imposed pursuant to this section shall be considered a mandatory minimum penalty, and any defendant sentenced under this section shall not be eligible for probation, nor shall he be eligible for parole or furlough upon such sentence.";

(3) in subsection (e) by—

(A) striking out the period in paragraph (3) and inserting in lieu thereof "; or "; and

(B) adding after paragraph (3) the following:

"(4) the defendant committed such felony while using, or threatening to use, a firearm or other dangerous weapon;

"(5) the defendant did, while committing such felony, concealing the commission of such felony, or fleeing to avoid arrest and prosecution for the commission of such felony, inflict serious bodily injury upon another individual; or

"(6) the defendant, in planning and preparing for the commission of a criminal offense, or in attempting to commit such an offense, did knowingly intend, or attempt, to inflict serious bodily injury upon any other individual."; and

(4) by adding at the end thereof the following:

"(h) As used herein, the term—

"(1) 'dangerous weapon' shall include any item defined as a destructive device under the provisions of section 921(a)(4), title 18, United States Code, as well as any animate or inanimate object or substance which is capable of being used to inflict serious bodily injury upon another individual; and

"(2) 'serious bodily injury' shall include maiming, disfigurement, aggravated assault, and any interference with natural physiological processes which is threatening to life or the physical safety of the body, as well as death.".

(b) Chapter 227 of title 18, United States Code, is amended by redesignating sections 3577 and 3578 as sections 3578 and 3579, respectively, and by inserting after section 3576 the following:

"§ 3577. Use of firearm; infliction of bodily injury.

"(a) Any person who, while committing a felony offense against the United States, or while concealing the commission of such offense or fleeing to avoid the arrest and prosecution for such offense—

"(1) employs, or threatens, the use of a firearm or other dangerous weapon against another individual;

"(2) inflicts serious bodily injury upon another individual; or

"(3) knowingly intends, or attempts, to inflict serious bodily injury upon another individual,

shall be sentenced to a term of imprisonment of not less than five years, in addition to any other penalty allowed by law. Such term of imprisonment shall be considered a mandatory minimum penalty, and any defendant sentenced under the provisions of this section shall not be eligible for probation, nor shall he be eligible for parole or furlough upon such sentence.

"(b) The applicability of this section to an individual defendant convicted of a felony offense shall be determined by the court, upon motion of the Government, after consideration of such information as has been made available to the court through the trial of such offense, if any, such proceedings as may be conducted pursuant to the entry of a plea of guilty, if any, and materials submitted to the court in connection with sentencing. If the court is pursuaded, by a preponderance of the evidence, of the applicability of this section to an individual defendant, it shall then sentence in accord with the provisions hereof.

"(c) The term—

"(1) 'dangerous weapon' as used herein shall include any item defined as a destructive device under the provisions of section 921(a)(4), title 18, United States Code, as well as any animate or inanimate object or substance which is capable of being used to inflict serious bodily injury upon another individual; and

"(2) 'serious bodily injury' as used herein shall include maiming, disfigurement, aggravated assault, any interference with natural physiological processes which is threatening to life or the physical safety of the body, as well as death.".

ASSAULT AND MURDER OF FEDERAL EMPLOYEES

SEC. 4. (a) Section 1114 of title 18 of the United States Code is amended to read as follows:

"§ 1114. Protection of officers and employees of the United States.

"(a) Whoever kills any employee of the United States, or any employee of any agency or instrumentality thereof, on account of the performance of such employee's official duties, or while such employee is engaged in the performance of such duties, shall be punished as provided under sections 1111 and 1112 of this title.

"(b) The term employees shall include any individual performing services for the Government of the United States or for any agency or instrumentality thereof, whether on a permanent or temporary basis, and regardless of whether or not remuneration is provided for such services.".

(b) Section 351 (a) of title 18, United States Code, is amended by inserting ", or a member of the executive branch of Government who is the head of a department listed in section 101 of title 5, United States Code" after "Member-of-Congress-elect".

CONTRACT MURDER

SEC. 5. (a) Title 18, United States Code, is amended by adding after section 1117 the following:

"§ 1118. Contract murder or assault.

"(a) (1) The terms 'contract murder' and 'contract assault', as used in this section, shall mean a murder or assault of a nature which violates the laws of the United States or of the State where the act occurs, and which is committed, or commissioned, by any person who—

"(A) coerces, or induces, the perpetration of the murder or assault by another person by offering, providing, agreeing to offer or to provide, or threatening to cease offering or providing anything of value, or who threatens to inflict injury to the person or property of any individual; or

"(B) solicits, receives, or agrees to receive anything of value for the commission of such murder or assault.

"(2) The term 'anything of value' as used in this section means anything tangible or intangible the offering party agrees to offer, provide, or in fact offers or provides, or threatens to cease offering or providing, in exchange for the promise of another to commit or attempt to commit a contract murder or assault and includes tangible items such as money, land, or other property, and intangible items such as influence, position, and a nonspecific promise of rewards for services performed.

"(b) It shall be unlawful for any individual to willfully and knowingly commission or commit a contract murder or assault, or to attempt to commission or commit a contract murder or assault.

"(c) Any individual found guilty of a violation of this section shall be sentenced to a term of imprisonment of fifteen years to life and such individual shall not be eligible for probation, nor shall he be eligible for parole or furlough upon such sentence until he has served a minimum of fifteen years imprisonment for such offense. In addition, such individual shall be fined not less than $10,000, nor more than $200,000.

"(d) This chapter shall not preempt any State law which would be permissible in the absence of this section. No law of any State which would be valid in the absence of section 1118 and no officer, agency, or instrumentality of any State may be deprived of jurisdiction over any offense which it would have jurisdiction over in the absence of section 1118.".

(b) The analysis of chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following: "1118. Contract murder or assault.".

PROTECTION OF FAMILIES OF FEDERAL OFFICERS

SEC. 6. (a) Chapter 7 of title 18, United States Code, is amended by adding at the end thereof the following:

"§ 115. Protection of families of Federal officers.

"Any person who assaults, maims, kidnaps, murders or threatens to assault, maim, kidnap, or murder the spouse, parent, brother, sister, child, ward, or other relative by blood or marriage, of any person designated in section 1114 of this title, with intent to impede, intimidate, interfere with, or retaliate against the designated person while engaged in or on account of the performance of his official duties, shall be fined not more than $10,000 or imprisoned not more than ten years, or both. If a dangerous weapon is used in the commission of the offense, he shall be fined not more than $20,000 or imprisoned not more than fifteen years, or both. If personal injury results, he shall be fined not more than $50,000 or imprisoned for not more than twenty years, or both. If death results, he shall be imprisoned for any term of years or for life.".

(b) The analysis of Chapter 7 of title 18, United States Code, is amended by adding at the end thereof the following: "115. Protection of families of Federal officers.".

ROBBERY OF A PHARMACY

SEC. 7. (a) Chapter 103 of title 18, United States Code, is amended by adding immediately after section 2117 the following new section:

"§ 2118. Robbery of a pharmacy.

"(a) Any person who takes property of another from a licensed pharmacy regularly engaged in the retail dispensing in interstate

commerce of prescription drugs or devices, by force or violence, or by intimidation, and who has previously engaged in a pattern of such robberies, shall be fined not more than $5,000, or imprisoned for not more than five years, or both.

"(b) For purposes of this section, the term 'property' means a controlled substance consisting of a narcotic, amphetamine, or barbiturate that is listed in Schedule I, II, III, or IV established by section 202 of the Controlled Substances Act (21 U.S.C. 812).".

(b) The table of sections for chapter 103 of title 18, United States Code, is amended by adding at the end thereof the following:

"2118. Robbery of a pharmacy.".

NARCOTICS ENFORCEMENT POLICIES

SEC. 8. (a) The purpose of this section is to set goals of Justice Department narcotics law enforcement policy.

(b)(1) One hundred and eighty days after the date of enactment of this section the Attorney General shall submit to the Judiciary Committee of the Senate and the House of Representatives a report which shall explain how (A) any proposed reorganization of the Drug Enforcement Administration, and (B) the Justice Department narcotics control policy generally will accomplish the following goals:

(i) reducing the number of narcotics trafficking organizations and independent traffickers as evidenced by—

(I) identifying the one hundred most sophisticated narcotic trafficking organizations in America, targeting and successfully eliminating at least ten of these narcotic organizations each year through arrests and indictment of the top people in each organization;

(II) increasing by 10 per centum annually the total number of level 1 and 2 violator arrests in which the Drug Enforcement Administration was the primary enforcement agency conducting the investigation; and

(III) increasing by 10 per centum annually the number of level 1 and 2 violator arrests in which the Drug Enforcement Administration assisted other Federal, State, or local enforcement agencies; and

(ii) reducing the economic incentives for drug traffickers by seizing and forfeiting assets of major narcotics traffickers through the use of forfeiture laws by returning annually to the United States Treasury a dollar value of forfeited assets using such laws which at least equals the annual budget for the Drug Enforcement Administration.

(2) For purposes of this section the term—

(A) "drug seizure" means confiscated drugs by law enforcement agencies;

(B) "level 1 and 2 violators" means the most significant drug traffickers which include interstate or international traffickers, laboratory operators, financiers, or heads of criminal organizations;

(C) "seizure" means physical securing of property by law enforcement personnel;

(D) "forfeiture" means a judicially required divestiture of property without compensation; and

(E) "forfeited assets" means four types of assets which apply to the forfeiture statutes: (i) contraband, such as guns and controlled substances; (ii) derivative contraband, such as boats, airplanes, and cars used to warehouse, transport, or exchange contraband; (iii) direct proceeds, such as cash received for exchanging or payment for a variety of transactions involving contraband; and (iv) derivative proceeds, such as corporate stock, real estate, legitimate businesses that are purchased, maintained, or acquired with the direct proceeds of an illegal transaction.

(c) The Attorney General shall thereafter report annually to the Congress on the success of such policies and such reorganizations as may be proposed by the Attorney General to accomplish the purposes set forth herein.

S. 1997

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Criminal Justice Assistance Act of 1981".

PURPOSE

SEC. 2. The purpose of this Act is to provide for the development and administration of research and grant programs designed to assist State and local law enforcement agencies in the fulfillment of their responsibilities.

CRIMINAL JUSTICE ASSISTANCE PROGRAMS

SEC. 3. (a) Part J of tile I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by adding at the end thereof the following new section:

"Program for fiscal year 1982

"SEC. 1004. (a)(1) Except as provided in paragraph (2) and notwithstanding any other provision of this title, funds available for fiscal year 1983, from appropriations for prior years, to carry out the activities of this title may be obligated or expended to carry out such activities and to pay administrative costs of such activities.

"(2) Notwithstanding any other provision of this title, the provisions of parts B and C of this title shall not be affected for the period of fiscal year 1982.

"(b) Notwithstanding any other provision of this title, no funds described in subsection (a) may be used to carry out any activities not authorized by this title nor may any such funds be transferred or reprogramed during fiscal year 1982 for carrying out any activities not authorized by this title.

"(c) Notwithstanding any other provision of law, all of the funds described in subsection (a) shall remain available until expended.".

(b)(1) Title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by adding at the end thereof the following:

"PART N—CRIMINAL JUSTICE INFORMATION AND TRAINING PROGRAM

"PURPOSE

"SEC. 1401. (a) Notwithstanding any other provision of this title, it is the purpose of this part to provide Federal technical assistance and training to States, units of local government, combinations of such units, and private nonprofit organizations, for purposes of supporting their efforts to develop and implement programs and projects which are of proven effectiveness or have a record of proven success in improving the functioning of the criminal justice system.

"(b) The Federal portion of any grant made under this part may be up to 100 per centum of the cost for the technical assistance or training specified in the application for such services.

"(c) The administration of this part is to be carried out by the Director of the Office of Justice Research and Statistics, as explained in part H of section 801 of this title.

"(d) Funds appropriated under this title shall be used for—

"(1) upgrading the capabilities of criminal justice professionals, introducing new knowledge, and initiating new management concepts and approaches;

"(2) training and technical assistance focused on development and improvement of programs of proven effectiveness, such as career criminal prosecutions; integrated criminal apprehension programs (ICAP); STING programs; treatment alternatives to street crime programs (TASC); victim-witness assistance programs; arson prevention and control; prosecutor's management information systems (PROMIS); and violent juvenile offenders programs (New Pride); and

"(3) providing information to State and local officials and personnel about these program approaches and how they may be implemented, such information to be made available to State and local governments through (A) written program briefs and technical manuals; (B) national and regional training seminars; and (C) direct onsite technical assistance in program planning, management, and operations.

"(4) Corrections standards and accreditation to continue the process for the revision and development of correctional standards and continuation of an independent Commission on Accreditation. Accreditation should provide an effective model for the improvement, monitoring, and evaluation of services and facilities through standards implementation in the field of corrections.

"(5) Law enforcement accreditation, to continue the Commission on Accreditation for Law Enforcement Agencies which represents a major effort to establish and maintain performance standards for law enforcement. To make this program effective, the Commission will develop an accreditation process, giving local law enforcement agencies the opportunity to demonstrate that they meet the profession's highest performance criteria.

"(6) Emergency enforcement assistance in accordance with procedures set forth in this paragraph—

"(A) in the event that a crime problem of serious proportions exists throughout a State or a part of a State, a State may submit an application under this section for Federal law enforcement assistance for the affected area;

"(B) an application for assistance under this section shall be submitted in writing to the Attorney General, in a form prescribed by rules issued by the Attorney General. The Attorney General shall, after consultation with members of the Federal law enforcement community, approve or disapprove such application not later than ten days after receiving such application; and

"(C) Federal law enforcement assistance may be provided pursuant to this section in meritorious cases. In determining whether to approve or disapprove an application for assistance under this section, the Attorney General shall consider—

"(i) the nature and extent of the crime problem throughout a State or in any part of a State;

"(ii) the emergency or extraordinary circumstances which produced the problem;

"(iii) the availability of State and local criminal justice resources to resolve the problem;

"(iv) the cost associated with the increased Federal presence; and

"(v) the need to avoid unnecessary Federal involvement and intervention in matters primarily of State and local concern.

"(e) There is hereby established a National Police Academy, which shall provide for and encourage career officers. The Academy shall have authority to train national, regional, and local police officers in both general and special police duties.

"(f) Such Director shall annually request the Administrators of the National Institute of Justice and the Bureau of Justice Statistics, State and local governments, and other appropriate public and private agencies to suggest other national initiatives. Such Director and such Administrators shall jointly then, pursuant to regulations such Director and such Administrators jointly promulgate annually, publish proposed national initiatives pursuant to this part and invite and encourage public comment concerning such priorities. After considering any comments submitted during such period of time, such Director and such Administrators jointly may establish initiatives for that year (and determine whether existing priority programs and projects should be modified). Such di-

rector and such Administrators shall jointly publish in the Federal Register the initiatives established pursuant to this part prior to the beginning of fiscal year 1983 and each fiscal year thereafter for which appropriations will be available to carry out the program. In the event of a disagreement by such Director and such Administrators as to the exercise of joint functions under this section, the Attorney General shall resolve such disagreement.

"APPLICATION REQUIREMENTS

"SEC. 1402. (a) No assistance may be made under this part unless an application has been submitted to the Director in which the applicant—

"(1) sets forth a program or project which is eligible for assistance under this part:

"(2) describes the assistance requested and the need for such assistance; and

"(3) demonstrates that the assistance is necessary to improve the functioning of the criminal justice system.

"(b) Each applicant for assistance under this part shall certify that it meets all the requirements of this section, that all the information contained in the application is correct, and that the applicant will comply with all the provisions of this title, and all other applicable Federal laws. Such certification shall be made in a form acceptable to the Director.

"CRITERIA FOR DISTRIBUTION AND PERIOD FOR AWARD

"SEC. 1403. (a)(1) The Director shall, according to the criteria, terms, and conditions as he determines consistent with this part, provide training and technical assistance for programs or projects which most clearly satisfy the priorities established under this part.

"(2) In providing the services under this part, the Director shall at no time make available funds for the purpose of subsidizing or funding the routine operational activities or equipment needs of a State, unit of local government, or a combination of such units.

"(b) The Director may provide training and technical assistance to priority programs and projects under this part for a period to be determined by the Director.".

(2) The table of contents of such title is amended by adding at the end thereof the following:

"PART N—CRIMINAL JUSTICE INFORMATION AND TRAINING PROGRAM

"Sec. 1401. Purpose.
"Sec. 1402. Application requirements.
"Sec. 1403. Criteria for distribution and period for award.".●

By Mr. MATHIAS:

S. 1998. A bill to provide preferential treatment under the Immigration and Nationality Act to certain aliens who are retired officers or employees of certain international organizations, members of their immediate families, or surviving relatives of deceased officers or employees of such organizations; to the Committee on the Judiciary.

INTERNATIONAL ORGANIZATIONS STAFFS' CHILDREN, SURVIVORS, AND RETIREES ACT OF 1981

● Mr. MATHIAS. Mr. President, I am delighted to send to the desk a bill that would correct an injustice in the current law that works a tremendous emotional hardship on the children of people who work in this country for international organizations, such as the World Bank and the International Monetary Fund.

Present immigration laws require that these children return to their parents' country after they complete their education, or if their parents die or retire. This is so even if they have spent most of their lives in the United States. Many of these children think of themselves as Americans and think of America as their home. The homeland of their parents is just another foreign country, and they often do not speak its language. I think we should reconsider our policy of forcing them to leave this country and return to an unfamiliar homeland, when they may have no family or friends there and will never make the adjustment successfully.

In the past few years I have seen many tragic cases with families broken apart by the operation of this unduly harsh law. Let me share with you some of these cases. A man who works for the International Monetary Fund in Washington, D.C., wrote me last year saying:

My daughter . . . (now 21) entered the United States . . . at age 9. She was in the Montgomery County Public Schools, but incompatibility of programs prevented her from getting into a university in the United Kingdom. She is now in her senior year at college in Oregon, and she will graduate in December. What is she to do then? We have no relatives to speak of in the United Kingdom, and I would not know how to advise her to find a job there. Officials say that she should marry an American, but this is unreasonable.

And listen to this story from a concerned parent:

All three of my sons (aged 19, 17, 14) have been here for 11½ years and lost their original national identity through the education process. They no longer speak or read Mandarin Chinese. They act and think as Americans. They face an uncertain future, and this causes all of us great heartache.

A troubled mother writes:

My daughter is now a freshman at the University of Virginia. Her father, who was Iraqi, is now deceased. She was born in Egypt, but has an Iraqi passport. She has no one in Iraq; she cannot live with my elderly parents in Egypt; she cannot live by herself in Egypt (culturally, it is simply not done); and she cannot remain legally in the United States. She has lived for over 17 years in this country.

While this provision of the law works particular hardships on children, it also causes emotional distress to adults who have over the years made the United States their real home while working for these international organizations. When employment in the United States with an international organization ceases because of death or retirement, widows, widowers, and retired employees are, like their children, forced to leave the United States—no matter how long they have lived here.

The bill I introduce today would make it possible for employees of international organizations and their immediate families to remain in the United States, but only after many, many years of service and residence in the United States. I think such a law would serve the best interest of the United States, the international organizations, and the men, women, and children who live here.

Former United Nations Secretary-General Kurt Waldheim wrote to me last year and told me that a decision by the U.S. Government to extend such a privilege would represent" * * * yet another expression of the * * * humanitarian traditions of this great country."

My bill would confer special immigration status on widows, widowers, retirees, and children who have resided in the United States for many years, should they seek such status.

In 1979, I introduced a bill—S. 1566—that was similar in principle to this bill. It was incorporated into the larger Immigration and Naturalization Efficiency Act, S. 1763, and was favorably reported to the Senate floor by the Judiciary Committee. On the House side, the Immigration Subcommittee adopted a provision of the omnibus bill that dealt with the same issue as my bill, but it was dropped on the House floor because of procedural objections. I regret that the press of business during the last days of the 96th Congress prevented us from taking final action on these bills, but I am encouraged by the fact that the failure of action was prompted primarily by procedural problems not related to the substance of our bill.

In this Congress, we will try again. My bill would lighten the great emotional burden that now weighs on both the parents and children who have become "Americanized." I urge its speedy adoption, and I ask unanimous consent that the text of my bill be printed in the RECORD immediately following these remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1998

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Organizations Staffs' Children, Survivors, and Retirees Act of 1981".

SEC. 2. (a) Subsection (a)(15)(G) of section 101 of the Immigration and Nationality Act (8 U.S.C. 1101) is amended by adding at the end thereof the following new clause:

"(vi) an alien who, as an officer or employee of any such international organization, has resided in the United States for a period of, or periods aggregating, at least ten years preceding the date of his retirement from the employ of such international organization, and the members of his immediate family;".

(b) Subsection (a)(27) of section 101 of the Immigration and Nationality Act (8 U.S.C. 1101) is amended—

(1) by striking out "or" at the end of subparagraph (F);

(2) by striking out the period at the end of subparagraph (G) and inserting in lieu thereof a semicolon and "or"; and

(3) by inserting after subparagraph (G) the following new subparagraph:

"(H) an immigrant—

"(i) who is an unmarried son or daughter of an officer or employee of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669) and who—

"(I) is not more than twenty-five years of age on the date of application for admission to the United States, and who has resided in the United States as a member of the immediate family of such officer or employee for a period of, or periods aggregating, at least seven years between the ages of five and twenty-one, or at least ten years, or

"(II) is at least twenty-six years of age on the date of the application for admission to the United States, who, before attaining twenty-six years of age, has resided

in the United States as a member of the immediate family of such an officer or employee for a period of, or periods aggregating, at least seven years between the ages of five and twenty-one, or at least ten years, and who applies for admission to the United States not later than six months after the date of the enactment of this subparagraph; or

"(ii) who is the surviving spouse of a deceased officer or employee of such an international organization, and who has resided in the United States as a spouse of such an officer or employee for a period of, or periods aggregating, ten years preceding the death of such officer or employee, and who applies for admission to the United States not later than one year after the death of such officer or employee or six months after the date of the enactment of this subparagraph, whichever is later; or

"(iii) who, as an officer or employee of any such international organization, has resided in the United States for a period of, or periods aggregating, at least fifteen years preceding the date of his retirement from the employ of such organization and who applies for admission to the United States not later than one year after such date or six months after the date of the enactment of this subparagraph, whichever is later; or

"(iv) who is the spouse or unmarried son or daughter of a retired officer or employee described in clause (iii), or the unmarried son or daughter of a surviving spouse described in clause (ii), accompanying (or intending to join) such retired officer or employee or surviving spouse as a member of his immediate family.".●

By Mr. DOLE (for himself, Mr. HEFLIN, Mr. THURMOND, Mr. BAUCUS, Mr. SIMPSON, Mr. EAST, and Mr. DECONCINI):

S. 2000. A bill to amend title 11, United States Code, to establish an improved basis for providing relief under chapter 7, and for other purposes; to the Committee on the Judiciary.

BANKRUPTCY IMPROVEMENTS ACT OF 1981

● Mr. DOLE. Mr. President, it is with great pleasure that I today forward to the clerk the Bankruptcy Improvements Act of 1981, a bill which is designed to implement desperately needed changes in the Bankruptcy Reform Act of 1978.

This bill is the end result of a thorough and comprehensive review of the strengths and weaknesses of the Bankruptcy Reform Act which has been conducted by the Judiciary Subcommittee on Courts during the past 11 months. Discussions with representatives of the credit industry, members of the judiciary, legal scholars, and private practitioners in January and February of this year led to hearings held by the subcommittee on April 3 and 6. As a result of those discussions and hearings, numerous amendments, largely technical in nature, were proposed which were passed by the Senate as the Bankruptcy Amendments Act of 1981 on July 17. Additional hearings were held on October 29 for the purpose of consideration of suggestions for further, substantive amendments designed to restore the equitable balance between debtors and creditors which was, in certain respects, upset by a handful of provisions passed in the 1978 code. Judges, scholars, and bankruptcy practitioners testified as to the effectiveness of the code as it applies to consumer debtors and suggested ideas for improvement. Reflecting strong bipartisan effort, the subcommittee members, after careful deliberation, drafted this bill, which embodies many of those recommendations.

REASONS FOR THE BILL

Mr. President, in 1978 Congress enacted the Bankruptcy Reform Act, which included the Bankruptcy Code (containing the substantive law of bankruptcy) and a number of other provisions relating to bankruptcy administration. The Bankruptcy Reform Act was the first major revision of the bankruptcy laws of the United States since 1938, and its enactment was the culmination of an effort that extended over a number of years. The new Code makes numerous substantive changes in the law of bankruptcy and in the administration of debtor's estates.

Many of these new provisions have worked well and have had beneficial effects for creditors and debtors. However, it became clear soon after the new Code became effective that the changes wrought by the law in certain areas have disrupted the delicate balance of equity between debtors and creditors, particularly with respect to consumer credit transactions. It is the committee's view that these imbalances are already having serious economic and social repercussions that call for remedial legislation.

One event of great concern since passage of Public Law 95–598 has been the dramatic, unparalleled, and constant increase in the number of bankruptcy cases filed, and the substantial pressure on the consumer credit industry which has resulted. Data from the administrative office of the U.S. courts reveals the following: That since the adoption of the new Code, bankruptcy filings have increased an astounding 69 percent in nonbusiness filings alone. There is no doubt that part of the increase in nonbusiness cases results from factors other than the Bankruptcy Code. For example, the combined effects of sluggish economic conditions and continued inflation certainly have contributed to the increase in bankruptcy filings. Several witnesses at the subcommittee hearings suggested that lawyer advertising, now permitted by the Supreme Court's latest decisions, also has contributed to the upsurge.

These factors, however, simply do not explain the unprecedented increase in bankruptcy cases. Instead, it is apparent that provisions of the Code have played a substantial role in stimulating the number of bankruptcy filings; the startling increase in the number of bankruptcies since the Code went into effect does not permit the committee to attribute the rise solely to economic conditions. If that were the case, it could be expected that the economic problems would exert a gradual, upward pressure on the number of filings. This is not, of course, what has happened.

Thus it is, Mr. President, that attention has centered upon the question of whether the Code provisions themselves may be, in part, responsible for the surge in bankruptcies. Ample testimony before the subcommittee supported the conclusion that, in many areas, the new Code has served to create a bankruptcy system that gives certain debtors a head start rather than a fresh start.

Mr. President, I will not take time now to detail the problems identified by witnesses appearing before the subcommittee. I believe the text and summary sufficiently outline the areas that have been of concern to the committee.

Mr. President, this bill is truly a subcommittee product and I want to express my appreciation to my colleagues Mr. HEFLIN, Mr. THURMOND, Mr. BAUCUS, Mr. SIMPSON, and Mr. EAST for their careful attention to the development of this legislation. In addition, Mr. DECONCINI has been supportive of our efforts and his staff, as well as the staffs of the other gentlemen I named, have been most helpful.

Mr. President, I ask unanimous consent that the bill and a section-by-section analysis be printed in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 2000

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Bankruptcy Improvements Act of 1981".

SEC. 2. Section 109 of title 11, United States Code, is amended:

(a) in subparagraph (b) thereof—

(1) by redesignating paragraphs (1), (2), and (3) as paragraphs (2), (3), and (4), respectively; and

(2) by inserting a new paragraph (1), to read as follows:

"(1) an individual prohibited by the provisions of subsection (c) of this section from obtaining relief under the provisions of such chapter;"

(b) By redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively; and

(c) by inserting a new subsection (c), to read as follows:

"(c)(1) Subject to the provisions of paragraph (2) of this subsection, an individual may not be a debtor under Chapter 7 of this title if such individual can pay a reasonable portion of his debts out of anticipated future income. For the purposes of this paragraph, the term—

(a) "reasonable portion of debts" shall mean a substantial percentage of the total outstanding debt reflected upon the schedule of liabilities filed pursuant to section 521(1), excluding debts secured by a first mortgage or deed of trust on the debtor's principal residence;

(b) "anticipated future income" shall mean such income, if any, that the debtor has a reasonable expectation of receiving, either from sources which—

(i) are providing actual income at the time of the filing of the petition, or

(ii) will provide income commencing upon a date certain within twelve months following the filing of the petition—

and which is not needed by the debtor for the support of himself and his dependents.

(2) The provisions of this section shall not apply in any case were the court finds that its application would impose undue hardship upon the debtor and the debtor's dependents."

SEC. 3. Section 305 of title 11, United States Code, is amended—

(a) by designating subsections (b) and (c) as subsections (c) and (d), respectively; and

(b) by inserting, after subsection (a), the following new subsection (b):

"(b) The court may dismiss a case under chapter 7 of this title upon the motion of any party in interest filed prior to the conclusion of the meeting of creditors held pursuant to section 341, and after notice and a hearing, if the debtor is ineligible for relief under the provisions of section 109(a) of this title. If, after hearing, the court determines that the motion to dismiss should be denied, attorney's fees and costs of the proceedings may be awarded to the debtor unless the petitioner establishes that the motion was filed in good faith. If the court determines that the motion should be granted, the order of dismissal shall take effect fifteen days after the determination upon the motion, during which time the stay provided by section 362 of this title shall remain in effect. If a debtor against whom such a motion is granted files a motion for conversion of the proceedings to chapter 13 of this title pursuant to section 706, the stay shall remain in effect until such motion is determined. Any dismissal of proceedings under this section shall be without prejudice to the debtor.

SEC. 4. Section 341(c) of title 11, United States Code, is amended to read as follows:

"(c) Except in the districts designated in section 1501 of this Act, the court will preside at any meeting under this section. In the districts designated in such section, the court will convene any meeting under this section, and shall perform such additional judicial duties as may be required under other provisions of this title."

SEC. 5. Section 506(a) of title 11, United States Code, is amended—

(a) by inserting "(1)" after "(a)",

(b) by striking out the last sentence, and

(c) by adding at the end thereof the following new paragraph:

"(2) The value of the creditor's interest in the estate's interest in such property shall be determined in light of the purpose of the valuation and of the proposed disposition or use of such property, and in conjunction with any hearing on such disposition or use or on a plan affecting such creditor's interest. The value of consumer goods which the debtor seeks to redeem pursuant to section 722 of this title or which are to be retained pursuant to section 1325(a)(5)(B)(ii) of this title shall be presumed to be the established resale market price, if such market exists, as may be determined from recognized trade publications or comparable means.

SEC. 6. Section 521 of title 11, United States Code, is amended—

(a) by redesignating paragraphs (2), (3), and (4) as paragraphs (4), (5), and (6), respectively;

(b) by inserting after paragraph (1) the following new paragraphs:

"(2) if the debtor is an individual, file a statement of income and expenses setting forth—

"(A) the debtor's current income;

"(B) an estimate of the debtor's current expenditures for living expenses and the support of his family;

"(C) all net income which the debtor reasonably expects to receive within the twelve months following the date of the filing of the petition, to the extent foreseeable; and

"(D) all expenditures (other than those included in subparagraph (B) above) which the debtor reasonably anticipates he would have to make within the twelve months following the date of the filing of the petition if relief under the provisions of this title were not available to him, to the extent foreseeable.

"(3) if the debtor's schedule of assets and liabilities includes consumer debts which are secured by property of the estate, the debtor shall file and serve, within ten days of the filing of a petition under Chapter 7 of this title, upon each creditor holding such security and the trustee, a statement expressing the debtor's intention with respect to retention or surrender of the collateral and, if applicable, specifying that the collateral is claimed as exempt, that the debtor intends to redeem the collateral, or that the debtor intends to reaffirm debts secured by the collateral;"

(c) by inserting "(a)" before "The debtor", and

(d) by adding at the end thereof the following new subsection:

"(b) At or before the meeting of creditors provided for by section 341 of this title, the debtor shall perform his intention with regard to secured creditors, as specified by subsection (a)(3), by surrendering such property to the creditor or the trustee, redeeming such property by paying the redemption price or confirming his intention to pay such price pursuant to section 722 (b), or by reaffirming the debt. If the debtor has not fully performed his obligations under subsection (a)(3) and this subsection at or before the meeting of creditors, the stay imposed by section 362 shall terminate with respect to the enforcement of liens against such property, unless the court orders otherwise."

SEC. 7. (a) Section 522(b) of title 11, United States Code, is amended—

(1) by striking out paragraph (1),

(2) by striking out ", other than subsection (d) of this section," in paragraph (2)(A), and

(3) by redesignating paragraphs (2)(A) and (2)(B) as paragraphs (1) and (2), respectively.

(b) Section 522 of title 11, United States Code, is further amended by striking out subsection (d).

(c) Section 522(f) of title 11, United States Code, is amended by striking out "lien is" and all that follows through the period and inserting in lieu thereof "lien is a judicial lien."

SEC. 8. (a) Section 523(a) of title 11, United States Code, is amended in paragraph (3) by striking out "section 521(1) and inserting in lieu thereof "section 521(a)(1)".

(b) Section 523 of title 11, United States Code, shall be further amended by striking out subsection (d) and inserting in lieu thereof the following:

"(d) For purposes of subsection (a)(2) of this section, any debt which incurred on or within 45 days before the date of the filing of a petition under this title is presumed to be nondischargeable under such subsection; however, such presumption shall be rebuttable by the debtor.

"(e) If a creditor requests a determination of dischargeability of a consumer debt under subsection (a)(2) of this section, and such debt is discharged, the court may grant judgement against such creditor in favor of the debtor for the costs of, and a reasonable attorney's fee for, the proceeding to determine dischargeability if it finds that the proceeding was not brought by the creditor in good faith."

SEC. 9. (a) Section 524(a) of title 11, United States Code, is amended—

(1) in paragraph (2) by striking out "and" at the end thereof,

(2) in paragraph (3)—

(A) by striking out the period and inserting in lieu thereof "; and", and

(3) by inserting after paragraph (3) the following new paragraph:

"(4) does not operate as an injunction against the enforcement of a lien that has not been avoided under the provisions of this title.".

(b) Section 524(c) of title 11, United States Code, is amended—

(1) in paragraph (1) by inserting "and" at the end thereof,

(2) by striking out paragraphs (2), (3), and (4), and

(3) by adding at the end thereof the following new paragraph:

"(2) such agreement contains a clear and conspicuous statement which advises the debtor that the agreement may be rescinded at any time prior to discharge or within 60 days after it is entered into and approved by the court, whichever occurs later, by giving a written notice of rescission to the creditor. This paragraph shall not apply to a case concerning an individual, to the extent that such debt is a consumer debt secured by real property."

(c) Section 524(d) of title 11, United States Code, is amended to read as follows:

"(d) At the meeting of creditors provided by section 341(c) of this title, the court shall inform the debtor of the nature and effect of a discharge, and of any reaffirmation of debt."

SEC. 10. Section 547(b) of title 11, United States Code, is amended—

(a) in paragraph (4) by—

(1) amending subparagraph (B) to read as follows:

"(B) between 90 days and one year before the date of the filing of the petition, if such creditor at the time of such transfer was an insider;", and

(2) by striking out "and" at the end thereof, in paragraph (5) by deleting the period at the end of the paragraph and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(6) if such creditor at the time of such transfer had reasonable cause to believe the debtor was insolvent at the time of such transfer."

SEC. 11. Section 554(c) of title 11, United States Code, is amended by striking out "section 521(1)" and inserting in lieu thereof "section 521(a)(1)".

SEC. 12. Section 722 of title 11, United States Code is amended—

(a) by inserting "(a)" before "An", and

(b) by adding at the end thereof the following new subsection:

"(b) upon notice and hearing, the court may require a creditor to accept payments in redemption of the value of a claim secured by a nonpossessory, nonpurchase money security interest in tangible personal property, over a reasonable period not to exceed five years, if such tangible personal property consists of:

"(1) household furnishings, household goods, wearing apparel, appliances, books, animals, crops, musical instruments, or jewelry that are held primarily for the personal, family, or household use of the debtor or a dependent of the debtor;

"(2) implements, professional books, or tools of the trade of the debtor or the trade of a dependent of the debtor; or

"(3) professionally-prescribed health aids for the debtor or a dependent of the debtor.".

SEC. 13. Section 1106(a)(2) of title 11, United States Code, is amended by striking out "section 521(1)" and inserting in lieu thereof "section 521(a)(1)".

SEC. 14. Section 1111 of title 11, United States Code, is amended by striking out "section 521(1)" and inserting in lieu thereof "section 521(a)(1)".

SEC. 15. Section 1301 of title 11, United States Code, is amended by inserting after subsection (c) the following new subsection:

"(d) A creditor who proposes to act pursuant to subsection (c) shall notify the debtor and codebtor of such intention. The debtor or codebtor shall then have 10 days to file and serve a written objection to the taking of the proposed action. If the debtor or codebtor does not file and serve a timely written objection, then the creditor's action taken in accordance with its notice shall not violate subsection (c).

SEC. 16. Section 1321 of title 11, United States Code, is amended—

(a) by inserting "(a)" before "The debtor", and

(b) by adding at the end thereof the following new subsection:

"(b) Unless otherwise ordered by the court, the case will be automatically dismissed unless payments under the plan commence within thirty days after the filing of the plan. The payments shall be made to the trustee, and shall be retained by the trustee until a plan is confirmed or not confirmed. If any plan is confirmed, the trustee shall then distribute the funds in accordance with the plan. If no plan is confirmed, the funds shall be returned to the debtor after deducting the costs of administration.".

SEC. 17. (a) Section 1322(a) is amended—

(1) in paragraph (2) by striking out "and" at the end thereof,

(2) by redesignating paragraph (3) as paragraph (4), and

(3) by inserting after paragraph (2) the following new paragraph:

"(3) provide for payment, in deferred cash payments, of claims of a type specified in section 523(a) of this title, and"

(b) Section 1322(b) of title 11, United States Code, is amended by amending paragraph (1) to read as follows:

"(1) designate a class or classes of unsecured claims, as provided in section 1122 of this title, but may not discriminate unfairly against any class so designated; however, such plan may treat claims which are specified in section 523(a) or involve a codebtor differently than other unsecured claims;"

(c) Section 1322(c) is amended to read as follows:

"(c) the plan may not provide for payments over a period of more than five years.".

SEC. 18. Section 1325(a) of title 11, United States Code, is amended—

(a) in paragraph (3) by inserting ", and the plan represents a bona fide effort which is consistent with the debtor's ability to repay his debts, after providing support for himself and his dependents," before the semicolon,

(b) in paragraph (C) of paragraph 5 thereof by striking out "and",

(c) by redesignating paragraph (6) as paragraph (7), and

(d) by inserting after paragraph (5) the following new paragraph:

"(6) the plan extends for a period of five years or the plan provides for payments of a reasonable portion of all allowed unsecured claims; and".

SEC. 19. Section 1328 of title 11, United States Code, is amended—

(a) by amending section (a)(2) thereof to read as follows:

"(2) of a kind specified in section 523(a) of this title."

(b) by amending section (c)(2) thereof to read as follows:

"(2) of a kind specified in section 523(a) of this title to the extent such claims were not proposed to be paid as part of the plan."

SECTION-BY-SECTION SUMMARY

Section 1. Title: Bankruptcy Improvements Act of 1981.

Section 2. This section establishes a threshold eligibility test for relief under Chapter 7 based on the individual petitioner's ability to pay a reasonable portion of his debts out of future income. The individual's income, and the likelihood that it will continue, serves as the basis for extending consumer installment credit today. Such credit is not extended on the strength of the liquidation value of assets but on the expectation that the consumer debtor will continue to earn a living and pay his debts in installments as they are due. If the debtor has the capacity to repay, his petition for a 100% discharge of his debts may be dismissed after a court hearing. If, however, the debtor cannot reasonably be expected to pay his debts from future income, he will receive a discharge. The determination of whether the petitioner can reasonably be expected to repay his debts is based on disclosures of income and expenses required by Section 7, below. The disclosures relate to the debtor's existing financial situation and his own estimate of his income and expenses for the following year. Thus, the debtor makes the initial determination of his ability or inability to repay his debts and chooses either Chapter 7 or Chapter 13, and only if objection is made by a creditor is the court called upon to render a decision on eligibility for relief under Chapter 7.

Section 3. This section establishes the procedure for implementing the threshold test. It gives the court the discretion to dismiss a petition, after notice and hearing, if it finds the petitioner ineligible for relief.

Section 4. This section requires the bankruptcy judge to convene the meeting of creditors and adjudicate matters appropriate for resolution. While not requiring the bankruptcy judge to be present during the entire meeting and the examination of the debtor, it assures his availability to resolve any disputes that arise.

Section 5. Whether the debtor seeks to redeem collateral in Chapter 7 or retain collateral in Chapter 13, the purpose is to continue use and possession of the property. This provision establishes the valuation of such property based on such continued consumer usage of property. Value would be determined by the established resale market value of the property, where appropriate.

Section 6. This provision requires the debtor to disclose his income and expenses. Since relief under Chapter 7 is based on the ability to pay some or all of the debts out of future income (see Section 2, above), the debtor must also disclose his own estimate of his income and living expenses for the next two years. Disclosure of this information is necessary to determine the debtor's eligibility for relief under Chapter 7 (see Section 2, above) and is necessary to determine the feasibility of the repayment plan, if relief under Chapter 13 is being sought. The debtor must also list his assets and liabilities and disclose his intentions regarding them. With regard to assets of the estate, the debtor has several options. He may claim property as exempt, he may seek to redeem property, he may seek to return property by reaffirming all or part of the underlying debt, or he may surrender property to the secured creditor. This provision requires the debtor to disclose what course of action he wants to make regarding collateral, enables prompt action to be taken, and avoids the problem of debtors in bankruptcy retaining and using collateral for extensive periods of time without making payments thereon. Subsection (b) requires the debtor to perform or carry out his stated intentions with regard to the property. To facilitate this, creditor-debtor communications are permitted, and if the debtor does not perform his intentions, the secured creditor is then free to enforce its lien.

Section 7. This section eliminates the list of exempt property created by the 1978 Code and returns the responsibility for establishing exemptions to the states. Thirty-one states have already "opted out" of the federal schedule. This provision would extend that result to the remaining states. This section also eliminates the power of the debtor to avoid certain liens in household goods and other specified property. (See Section 13, below).

Section 8. This section eliminates the mandatory award of attorneys fees against a creditor who is unable to prove to the court's satisfaction that a debt was incurred by fraud, false pretenses, false representation, or false financial statement. Instead, this provision gives the court discretion to award attorneys fees if it finds the creditor acted in bad faith in raising an objection to discharge. This provision discourages frivolous objections without the "overkill" effect of discouraging legitimate objections. The section also creates a rebuttable presumption that debts created within 90 days of bankruptcy are fraudulent atempts to "load up". This provision discourages that practice by making such debts nondischargeable.

Section 9. Generally, security interests and liens remain enforceable after bankruptcy when the court has not taken some action to affect the creditor's interest. However, it is unclear whether the injunction specified in Section 524 (a)(2) prevents a creditor from taking post discharge action to enforce a lien without the necessity of obtaining a court order. This provision removes that ambiguity and allows creditors to enforce liens which have not been voided in bankruptcy. Subsection (b) permits reaffirmation of consumer debts subject to the debtor's right to rescind any such agreement within 60 days or until he receives his discharge, whichever is longer. This provision replaces the cumbersome and costly requirement of a court hearing with a procedure that allows the debtor flexibility to reaffirm or not, as he chooses, as well as ample time to reconsider the matter if he so desires. Subsection (c) makes the meeting of creditors the forum for advising the debtor of the nature and effect of a discharge. Rather than waiting until the end of the bankruptcy proceeding to advise the debtor of such matters (and then only in cases in which reaffirmation agreements are pending), this provision requires the judge to counsel the debtor about the nature of the bankruptcy proceeding at an early stage of the proceeding. As a result, the need for a discharge hearing is eliminated.

Section 10. This provision removes the trustee's power to avoid liens or recover payments made within 90 days of filing a petition in bankruptcy (within one year in the case of an insider) unless the creditor had reasonable cause to believe the debtor was insolvent. The trustee retains the power to avoid liens and recover payments where the basic purpose of the preference law is threatened i.e., when a creditor applies last minute pressure on an insolvent debtor in the hope of obtaining more favorable treatment than it would in bankruptcy. At the same time, it allows regular installment payments that are made voluntarily by the debtor up until the time he decides to file a bankruptcy petition, to be retained by the creditor.

Section 11. This is a technical amendment conforming Section 554 of the Code (abandonment of property of the estate) to the amendment made to Section 521 of the Code (debtor's duties) by Section 6, above.

Section 12. This section allows the debtor to redeem property in Chapter 7 by making payments to the creditor over a reasonable period of time, rather than in one lump sum. Such time payments are in lieu of the abolition of the creditor's security interest (see Section 7, above). Moreover, it is consistent with the expectation of the parties that the debt be paid out of future income.

Section 13. This is a technical amendment conforming Section 1106 of the Code (duties of trustee and examiner) to the amendment made to Section 521 of the Code (debtor's duties) by Section 6, above.

Section 14. A technical amendment conforming Section 1111 of the Code (claims and interest) to the amendment made to Section 521 of the Code (debtor's duties) by Section 6, above.

Section 15. This provision allows a creditor, upon 10 days notice to the debtor and co-debtor, to collect any portion of a debt from the co-debtor which is not being paid by the debtor through the Chapter 13 plan. The amendment eliminates the needless expense of the court hearing presently required to enforce an undisputed right. The litigation cost to a creditor of enforcing its right to seek payment from a co-debtor often equals or exceeds any benefit. At the same time, though no longer required, a court hearing may be requested by any party.

Section 16. In order to promote completion of Chapter 13 plans as quickly as possible, the payment schedule chosen by the debtor is required to begin upon filing of the plan, rather than waiting until confirmation. If the plan is ultimately denied confirmation by the court, payments would be returned. This period between the filing of the plan and confirmation of the plan provides a good test period for the debtor and the court to see if the plan can be carried out. On the other hand, if no payments are required during this period, the value of creditor's rights continues to diminish and the debtor may become accustomed to a level of living expenditures which is difficult to reduce when the plan is later confirmed.

Section 17. This amendment provides for the separate classification of co-debtor claims and non-dischargeable claims and authorizes payment of them in the Chapter 13 plan. Certain claims are non-dischargeable in Chapter 7 (the debtor has to pay them even after receiving a discharge) but dischargeable in Chapter 13. Such disparate treatment undermines the purposes of the non-dischargeability provision and encourages individuals to file Chapter 13 plans to avoid payment of such obligations that would be non-dischargeable in a Chapter 7 proceeding. The amendment cures these defects. It makes the treatment of non-dischargeable claims similar in both Chapter 7 and 13. This provision also allows a debtor to choose a repayment plan of up to five years. By allowing a debtor to stretch a repayment plan beyond the three year period, originally established in 1938 and allowed today in most cases, the debtor has an opportunity to repay more of his obligations, especially unsecured debt. The option to pay over 4- or 5-years comports with the recent trend toward longer installment credit obligations for automobiles and other consumer goods.

Section 18. This section establishes a repayment standard in Chapter 13 cases based on the debtor's ability to repay out of future income after taking into account the basic living necessities for the debtor and his dependents. Thus, to obtain the relief that Chapter 13 provides, the debtor is required to make a substantial effort to pay his creditors. The amendment allows shorter plans than 5 years and earlier discharge where a "reasonable portion" of unsecured claims are paid. This creates an incentive for the debtor to complete his plan in a shorter period of time.

Section 19. This section allows hardship discharge of otherwise non-dischargeable debts to the extent the debtor attempted to pay such debts out in a chapter 13 plan.●

By Mr. HATCH (for himself, Mr. THURMOND, and Mr. CRANSTON):

S. 2001. A bill to amend the Lanham Trademark Act to prohibit any State from requiring that a registered trademark be altered for use within such State and to encourage private enterprise with special emphasis on the preservation of small business; to the Committee on the Judiciary.

ALTERING OF REGISTERED TRADEMARKS

● Mr. HATCH. Mr. President, I am introducing legislation today which will amend the Lanham Trademark Act so as to clarify the intent of Congress and protect the owners of federally registered trademarks and service marks from interference by State or territorial legislation.

Trademarks and service marks are universally recognized and protected as indispensible elements in all free market economies:

> The protection of trademarks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols it is no less true that we purchase goods by them. A trademark is a merchandising shortcut which induces a purchaser to select what he wants. . . . Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value. *Mishawaka Rubber & Woolen Mfg. Co.* v. *S. S. Kresge Co.*, 316 U.S. 203, 205 (1942).

In this country, trademark rights are acquired through use of the mark in connection with an established trade or business. To enhance and strengthen rights acquired through use, Congress enacted the Lanham Act (15 U.S.C. 1051 et seq.) which provides a system of registration administered by the Patent and Trademark Office.

Trademark owners qualifying for Federal registration are accorded numerous procedural advantages which enable them to protect their marks and goodwill. The purposes of the act are expressed in section 45. Among other things, Congress intended "to protect registered marks used in commerce from interference by State or territorial legislation."

Notwithstanding this provision in the law, several State real estate commissions have issued onerous and conflicting regulations which directly interfere with the established trademark rights of various real estate businesses and which present a potential threat to the rights of all trademark owners.

The real estate regulations are directed at companies which engaged in franchising. Customarily, real estate franchisees are licensed to use the federally registered marks owned by their franchisors. As a general rule, the trade names of the franchisors and franchisees are displayed together in a distinctive design which is used as a composite trademark or service mark on a variety of materials including yard signs, building signs, stationery, brochures, and other materials. These marks have been widely used in neighborhoods throughout the United States and have become familiar symbols to millions of Americans.

Franchising has played an increasingly important role in the U.S. economy. The Department of Commerce estimates that today one-third of all retail sales are made through franchise outlets. As in most businesses, the success of franchising is due, in large part, to the uniform use of trademarks to identify the source and quality of goods or services.

Franchising has become particularly important to persons engaged in the real estate business. By affiliating with a franchising organization, real estate brokers are allowed to retain their independent ownership of local busineses while at the same time availing themselves of innovative training programs, joint advertising campaigns and numerous other benefits which enable franchisees to improve their own businesses as well as the quality of services offered to the public. By using uniform signs and other identifying materials, franchisees can boost their efficiency by taking advantage of economies of scale which would ordinarily be available only to much larger businesses.

Real estate brokers and salesmen are licensed by real estate commissions in the various States. The commissions are often composed of nonfranchised brokers who are in direct competition with those they regulate. A few years ago, many real estate commissions began promulgating regulations which restricted the activities of many franchised brokers by prohibiting use of well-known federally registered trademarks. Most of these regulations include ratio requirements requiring reduction in the size of the franchisor's name relative to that of the franchisee. Different States have proposed different ratios, thereby making it impossible for trademark owners to use their marks in a uniform manner.

Litigation has been filed challenging the legality of these regulations and thus far they have become final in only two States. The commissions have attempted to justify their requirements by alleging that the ratios are necessary to inform the public that they are dealing with independently owned franchises. In fact, no evidence of deception has ever been introduced in these proceedings. On the other hand, evidence has been introduced demonstrating that the ratio requirements fail to serve the purported purpose of informing the public as to the legal relationship between the franchisor and franchisee.

At least one court has found that such regulations violate the 5th and 14th amendments of the Constitution, *Century 21 Real Estate of the South, Inc. et al.* v. *Mississippi Real Estate Comm'n et al.*, No. 113,139 (Miss. Dist. Ct. 1981).

In an earlier action involving a similar regulation promulgated in Nevada, a three-judge court granted summary judgment in favor of the real estate commission, Century 21 Real Estate Corp. against Nevada Real Estate Commission. The decision was affirmed without opinion by the Supreme Court. The plaintiff in that action had been issued a Federal service mark registration for a design mark in which the relative sizes of the Century 21 logo and the franchisee name are protected features.

Thus far, the real estate industry has borne the brunt of local regulations interfering with federally registered marks. However, it is clear that unless the in-

tent of the Lanham Act is clarified, the rights of all owners of federally registered trademarks will continue to be jeopardized by the present situation.

In today's economy, many companies rely on nationwide advertising to bring their products to the attention of consumers. If State and local interests are permitted to require alterations in federally registered marks, money invested in advertising will be lost and consumers will be confused as to the source of desired goods and services.

Trademark owners and other organizations outside the real estate field have expressed concern over the present situation. The U.S. Trademark Association, the world's largest association of trademark owners, has repeatedly expressed support for legislation of the type being introduced today.

State and Federal courts have concurrent jurisdiction of actions for infringement and unfair competition arising under the Lanham Act. The legislation which I am introducing would not affect the rights of the States to prohibit unfair competition and deceptive acts or practices. Similarly, the legislation would not affect a community's right to regulate signs and advertising for scenic or environmental reasons. The ratio regulations promulgated by various State commissions do not promote any of these interests:

The right to use a trademark is recognized as a kind of property, of which the owner is entitled to the exclusive enjoyment to the extent that it has been actually used. *Hamilton-Brown Shoe Co.* v. *Wolfe Bros. & Co.*, 240 U.S. 251 (1916). It is the essence of due process that a State cannot effect a person's personal and property rights except after a hearing before a fair and impartial tribunal. *Wall* v. *Optometric Ass'n Inc.*, 379 F.Supp. 175, 188 (N.D. Ga. (three judge court) *aff'd*, 419 U.S. 888 (1974).

Moreover, State regulation affecting fundamental rights can only be upheld under the 14th amendment if it seeks to promote legitimate State interests in a rational manner. *Shelton* v. *Tucker*, 364 U.S. 479 (1960).

The real estate ratio regulations not only conflict with the express purpose of the Lanham Act but also constitute a violation of the 14th amendment in that they result in a denial of property rights without due process of law.

There are thousands of franchised real estate brokers in this country who have invested millions in signs, advertising materials, and other items on which federally registered marks are displayed. Local regulations interfering with the lawful use of these marks will cause an unnecessary waste of resources.

The bill I am offering to amend the Lanham Trademark Act will prevent unwarranted interference with the uniform use of federally registered trademarks.

The bill will promote efficient business operation by enabling small businesses to take advantage of the economies of scale made possible through uniform trademark use by francise organizations.

The bill will also make it possible for consumers to identify and obtain desired goods and services by allowing trademark owners to use their marks in the same uniform manner throughout the United States.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2001

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of July 5, 1946 (60 Stat. 427; 15 U.S.C. 1051–1127; commonly known as the Lanham Trademark Act) is amended by adding after section 39 the following new section 39a:

"SEC. 39a. No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, servicemarks, trade names, or corporate names that may be associated with or incorporated into the registered mark be displayed in a manner differing from the display of such additional trademarks, servicemarks, trade names, or corporate names contemplated by the registered mark as exhibited in the certificate of registration issued by the United States Patent and Trademark Office.".●

By Mr. HUDDLESTON (for himself and Mr. ABDNOR):

S. 2002. A bill to assure that an intensive course of English instruction is an integral part of the bilingual education program and that participation in the bilingual education program will in most cases be limited to one year; to the Committee on Labor and Human Resources.

By Mr. HUDDLESTON (for himself, Mr. CHILES, Mr. HATFIELD, Mr. WARNER, Mr. BUMPERS, Mrs. HAWKINS, Mr. JOHNSTON, and Mr. GORTON):

S. 2003. A bill to amend the Immigration and Nationality Act with respect to procedures for the annual admission of refugees; to the Committee on the Judiciary.

IMMIGRATION AND REFUGEE POLICY

Mr. HUDDLESTON. Mr. President, at this time I would like to introduce two bills relating to this country's immigration and refugee policy. The first bill, Mr. President, has to do with the provision of consultation process with local and State governments from areas that are impacted by refugee settlement activities of the Federal Government.

The distinguished Senator from Florida (Mr. CHILES), the distinguished Senator from Virginia (Mr. WARNER), and the distinguished Senator from Oregon (Mr. HATFIELD) join me as original cosponsors of this particular legislation.

Mr. President, the Refugee Act of 1980 created one of the biggest loopholes in our immigration laws. It tripled the statutory yearly quota for refugees from 17,400 to 50,000 and gave the President the authority to admit an unlimited number above the 50,000 level. At the time the bill passed, some predicted that this authority to admit an unlimited number of refugees would be exploited and manipulated, and our worst fears in this regard have come true.

During the first year of the act, 235,000 refugees were admitted. In fiscal year 1981 the attempt to admit 217,000 fell short only because dedicated INS officials refused to circumvent the definition of "refugee," as the U.S. Attorney General and the Secretary of State wanted to do.

Under an agreement reached between the two, all people fleeing Vietnam, Cambodia, and Laos were to be presumed to be refugees. This automatically classified thousands of fishermen, farmers and others who have no fear of persecution as refugees and cleared the way for them to be resettled in the United States.

Fortunately, this attempt to circumvent the refugee law was made public and the Attorney General had to retreat from his position. Even though the INS officials were able to curb the flow, 154,000 refugees were admitted in fiscal year 1981.

Under the Refugee Act of 1980, the only power the Congress has to control this unlimited authority of the President is the consultation process. Under this system, the President is merely required to consult with both Judiciary Committees before the beginning of each fiscal year regarding the number of refugees he intends to admit. Once he has done this, there is no formally established method for Congress to express its disapproval of his plan.

This was clearly brought to light during the most recent consultations. The administration notified the Judiciary Committees at hearings that it intended to admit 140,000 refugees in fiscal year 1982. In response to this announcement, Senators THURMOND, SIMPSON, KENNEDY, and BIDEN sent a letter to the President recommending that no more than 125,000 be admitted. At the same time, the chairman of the House Subcommittee on Immigration sent a letter recommending no more than 120,000.

The administration made no attempt to compromise on the issue and still stands by its plans to admit 140,000 during this fiscal year. It should be noted that the difference in the two admission levels focused on the Indochinese program where it had already been established that a substantial number of the people are economic migrants and are not refugees fleeing persecution.

At the same time the administration was ignoring the recommendations of the Judiciary Committees, it was pursuing an interesting policy in regard to appropriations for refugee programs. Even though the number of admissions had been reduced a little less than 10 percent from the fiscal year 1981 level, the funding for the extensive assistance programs refugees qualify for was cut by over 20 percent in the Senate, and the House went $20 million below this figure. The result of this policy is that the Department of State has managed to keep the admission levels up while more of the expense of providing for the refugees with welfare assistance must fall upon the State and local governments.

State and local governments have seen this shift of responsibility coming for some time and have felt increasingly frustrated because they were unable to have any formal input into the decisionmaking process that is primarily centered in the Department of State. In July 1981 a National Association of Counties

task force issued its report on refugees, aliens and migrants.

One of its policy positions called for "greater coordination and consultation with local elected officials on the placement of refugees into communities." During the annual meeting of the National League of Cities last month, a resolution was passed calling for direct involvement of the cities in the refugee resettlement decisionmaking process.

The frustration and concern of the local governments is also being felt by State officials. Gov. Victor Atiyèh of Oregon wrote a letter to the President on August 10, 1981, in which he expressed these feelings very clearly. He stated in his letter:

I'd like to offer some comments about the refugee situation in Oregon and proposed federal policy and funding for next year. Oregon has three times its per capita share of refugees. Oregon's unemployment rate is nearly 10 percent. The refugee unemployment rate is about 50 percent. Seventy percent of the 300–400 monthly arrivals to Oregon are illiterate in their own language. Two-thirds of the refugees in Oregon are dependent on public assistance. Yet despite all this, we have been assured that next year's budget for improving refugee self-sufficiency will be reduced considerably while the refugee population in the state will increase by another 25 percent. The refugee population of Oregon is controlled entirely by the federal government.

Local officials are also saying similar things. A Wall Street Journal article entitled "Refugee Influx to Some Areas Straining Budgets, Good Will" said that:

Adding to the frustration is a feeling that a few local governments have been saddled with the wards of U.S. foreign policy, and that other cities and states lack sympathy. "We don't have any leverage," says Diane Ahrens, a Ramsey County, Minn., commissioner.

The bill I am introducing today would help restore balance to the refugee program. It would give State and local governments, which are being forced to shoulder the increasing social and economic burdens created by the rising numbers of refugees, a voice in the decisionmaking process. To date they have been virtually frozen out of this process by a Department of State which wants to preserve its dominance for vague foreign policy reasons. This can no longer be permitted in light of the new policy of shifting more responsibility back to the State and local governments.

Mr. President, when we look at the unfortunate situation that has now developed in Poland, and we recall that history will reflect that it has been the U.S. policy in similar situations in the past to expect that we will have another flow of refugees, it makes it more important than ever that we now have the Federal Government, before they make a policy decision, before they decide upon how many this country may take and where they might be located, consult with the local and State officials in those areas that will have to bear the burden of an influx of new citizens who will need special attention and special help, at least in the early years of their residence in this country.

This guarantee of input would be accomplished by requiring that the President consult with the State and local governments which represent primary areas of refugee resettlement in the same way that he does so with the Judiciary Committees. This would give the State and local governments advance information regarding the impact of resettlement and allow them time to respond before the final decision is made. It would also assure that they would be allowed to participate in the public hearings which are required so that they can fully express their concern and make appropriate recommendations to the Congress.

Mr. President, the U.S. refugee assistance programs are costing American taxpayers over $2 billion a year. There is clear and convincing evidence that the refugee resettlement program has expanded significantly beyond the intent of Congress and that for various reasons neither this administration nor the previous one has been able to get it under control. I believe that Congress can do this job if we establish the appropriate procedure.

I ask unanimous consent that the article from the Wall Street Journal and another from the Washington Post entitled "Cutback in Refugee Aid Angers Westerners" be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Nov. 3, 1981]

REFUGEE INFLUX TO SOME AREAS STRAINING BUDGETS, GOOD WILL

(By Eugene Carlson)

On a soft, summer weekend last July, Sue Long Vue, a 62-year-old member of the large Indochinese refugee community in Portland, Ore., hanged himself in his front yard. The apparent reason: despair over a decision by Oregon to end welfare payments to refugees because, according to the state, it wasn't being compensated fast enough by the federal government for its refugee expenses.

The following Monday, Oregon said federal money was on the way again and refugee welfare would continue. Now, state officials are worried that Sue Long Vue's fellow Hmong tribesmen, whose Laotian culture is ruled by superstition and myth, may draw an ominous conclusion: Sacrifice keeps the money rolling. "We're giving suicide prevention training to our staff in expectation of federal policy cuts," says Jerry Burns, Oregon's refugee coordinator.

The threat of ritual suicide is one of the stranger problems facing communities where refugee have clustered in large numbers. In St. Paul, Minn., one out of 10 pupils in the public schools is Indochinese. Refugees from Southeast Asia are pouring into Orange County, Calif., at the rate of about 1,000 a month.

In Dade County, Fla., which includes Miami, the nursery in Jackson Memorial Medical Center is brimming with newborn Haitians. "Maybe Haitian parents consider their chances of staying much greater if they have a baby born here," says Woody Davis, vice president for patient services. "If they're not aware of that when they land, they're aware of it soon after."

The nation's newest refugees—mostly Cubans, Haitians, Laotians, Cambodians and Vietnamese—tend to be less educated, less skilled, and in some cases less law-abiding than the Cubans who fled Fidel Castro's regime and the Indochinese who arrived immediately after the Vietnam war. Because refugees tend to settle where others have gone (60 percent of the nation's refugees live in 40 counties in 10 states, according to the National Association of Counties), schools, hospitals, police and welfare agencies in a few localities have shouldered an added burden at a time when spending everywhere is under pressure.

Counties with the biggest refugee populations: Dade; Los Angeles; Orange; San Francisco; San Diego; Harris (Houston), Texas, King (Seattle), Wash.; New York; Cook (Chicago), Ill.; Santa Clara, Calif.; Philadelphia; Multnomah (Portland), Ore., and Ramsey (St. Paul), Minn.

Typically, local governments pay the refugee bills. Later, Washington sends compensation, "up to 100 percent," for welfare and other resettlement costs during a refugee's first three years in the U.S. But in view of the Reagan administration's budget-cutting stance, this ambiguous language makes some folks nervous. "States are at risk in spending funds for which there is no guarantee of reimbursement," says Jane Kretzmann, Minnesota's refugee coordinator.

Local officials complain that, as in Oregon, reimbursements lag badly, squeezing their budgets. While the U.S. refugee population is going up, the $641.7 million appropriated by Congress for refugee assistance in the fiscal year that began October 1 is down 29 percent from a year ago. It's also assumed the three-year federal ride for refugees will be cut to 18 months, meaning refugees without jobs will be drawing state welfare sooner.

Adding to the frustration is a feeling that a few local governments have been saddled with the wards of U.S. foreign policy, and that other cities and states lack sympathy. "We don't have any leverage," says Diane Ahrens, a Ramsey County, Minn., commissioner.

Ramsey County, which includes St. Paul, has about 40 percent of Minnesota's 25,000 refugees. Nearly all are Hmong, the tough Laotian hill-tribesmen who fought with the U.S. in the Indochina war. Few doubt the Hmong's native intelligence or willingness to work, but the cultural leap is staggering.

Communication is a special problem. Few Hmong can write their own language, let alone English. Interpreters are always in demand. So the planned termination next month of the county's "English as a Second Language" classes, due to federal budget tightening, hurts. "If they can't be verbal in our language, they can't get jobs," says Commissioner Ahrens. About 70 percent of the county's Hmong are on welfare.

A positive note: Crime, always in underlying worry when an alien group moves in, hasn't increased in Minneapolis-St. Paul due to the Asian influx. "We simply don't see those people in the criminal courts," says William E. Falvey, Ramsey County chief public defender. "To my knowledge, our office has never represented a Hmong."

It's a different story in South Florida. The arrival of 200,000 Cubans and Haitians in the past 18 months coincided with a huge jump in violent crime in greater Miami. Much of it is traced to Cuban criminals who joined the 125,000-person boatlift from the port of Mariel between April and September 1980. Jails are bulging, and when a court ruled that cells were overcrowded, about 400 "Marielitos" were transferred to federal prisons to ease the crush.

"There's tremendous animosity from this locally," says Harvey Ruven, a Dade County commissioner. "There's a backlash building that threatens the very openness of the American dream." As evidence, a grass-roots referendum last year repealed Dade County's official English-Spanish bilingual policy.

An irony in the growing anti-Cuban sentiment is that much of Miami's present prosperity flows from the vitality of "Little Havana" the community built by the first wave of Cuban refugees that arrived 20 years ago.

[From the Washington Post, Dec. 12, 1981]

CUTBACK IN REFUGEE AID ANGERS WESTERNERS

(By Phil Cogswell)

PORTLAND, ORE., December 11.—A proposed change in welfare policies for refugees has angered state officials in the West, where many southeast Asian refugees are concentrated.

The new regulations, published today in the Federal Register, would limit reimbursement to the states for expenditures on Aid to Families with Dependent Children, Supplemental Security Income and Medicaid for refugees.

The federal government currently reimburses states for 100 percent of such expenditures for 36 months, even if the refugees don't meet the same eligibility requirements as American citizens.

The new rules would halve that time to 18 months, effective Feb. 1. The proposed regulation is subject to 30 days of public comment.

But state officials here say that the change, which U.S. officials say could save as much as $50 million this fiscal year, will cost the states plenty.

State officials in Oregon and California, two of the states with heavy refugee populations, said the cutoff would cause the abrupt termination of federal welfare assistance to 4,500 southeast Asian refugees in Oregon and 25,000 in California, with additional numbers leaving the welfare rolls each succeeding month. In Washington state, 8,600 would be dropped, according to officials there.

As of June 1, 1981, 350,200 refugees were eligible for the special federally supported welfare program throughout the United States, according to Oliver Cromwell, a spokesman for the office of refugee resettlement in the Health and Human Services Department.

Cromwell said refugees dropped from the federal program still could receive general assistance grants funded by the states, but Oregon officials said most are not eligible for any state program.

"All of the refugees that will be cut off literally do not qualify for our assistance program," said Mike Kane, assistant administrator at the Oregon Adult and Family Services division. He said about 70 percent of the Southeast Asian refugees in the state are on public assistance. Kane said volunteer agencies would be asked to boost their help but housing, in particular, would be a major problem.

California officials said those dropped from the federal rolls will go on county general welfare.

The federal government said the change was intended to "reduce the likelihood of unnecessary welfare dependency" and to "reduce the degree of special treatment afforded to refugees." Its notice in the Federal Register also noted that the change will help keep HHS within its anticipated fiscal '82 budget.

State officials say the assistance period was intended to help refugees learn English and gain other skills to become self-sufficient, and Kane said the cutback will make it more difficult for refugees to find jobs, especially since more recent arrivals have had fewer skills than earlier ones.

"At the time we needed more resources to help them, the federal government cut back on the program," Kane said. He added that Oregon, Washington and California have been "imploring the State Department and federal government to curtail the flow of refugees to western states" because of the high unemployment in the region. In addition to the three western states others with high refugee populations are Florida, Illinois, Minnesota, Pennsylvania, Rhode Island and Texas, Cromwell said.

The states have argued that refugee aid is a federal responsibility, since federal policies allow refugees in. Cromwell said 132,000 southeast Asians arrived in fiscal 1981, and the administration plans to allow 100,000 to enter in fiscal 1982.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2002

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Bilingual Education Amendments of 1981".

SEC. 2. Section 702 of the Elementary and Secondary Education Act of 1965 (hereafter in this Act referred to as the "Act"), is amended by striking out ", while using their native language,".

SEC. 3. Section 703(a)(1) of the Act is amended by striking out "have sufficient difficulty speaking, reading, writing, or understanding the English language to deny such individuals the opportunity to learn successfully in classrooms where the language of instruction is English" and inserting in lieu thereof "have difficulty speaking and understanding instruction in the English language".

SEC. 4. Section 703(a)(4)(A) of the Act is amended—

(1) by redesignating clauses (i) and (ii) as clauses (ii) and (iii), respectively, and

(2) by inserting immediately after the matter preceding clause (i) prior to its redesignation the following new clause:

"(i) there is an intensive course of study in English;".

SEC. 5. (a) Section 721(b)(3)(B) of the Act is amended to read as follows:

"(B) the program of bilingual education for which assistance is sought will (i) serve those children most in need of assistance under this title, (ii) serve children enrolled in the bilingual education program assisted under this title for one year only except that continued participation in the bilingual education program assisted under this title may be permitted for an additional year but only after the child has an individual evaluation, conducted in accordance with the provisions of paragraph (6) of this subsection, which establishes the need for continued services and is approved by the appropriate official of the local education agency administering the bilingual education program, and (iii) in no event permit a child to be enrolled in the bilingual education program assisted under this Act in excess of three years, except that the limitation of this clause (iii) shall not apply to handicapped students;".

(b) Section 721(b)(3)(F) of the Act is amended to read as follows:

"(F) in the case of applications from local educational agencies to carry out programs of bilingual education under subsection (a)(1), the Commissioner determines that the applicant shall expend adequate funds for purposes of such programs for auxiliary and supplementary training programs in accordance with the provisions of subsection (a)(3)(B) and section 723;". (c) Section 721(b) of the Act is amended by adding at the end thereof the following new paragraph:

"(6) The evaluation required by clause (B) of paragraph (3) of this subsection shall include (A) a statement of measurable goals establishing the need for continued participation in the bilingual education program, (B) the reasons why the child enrolled in the program has not met the goals, and (C) a plan for making the child proficient in English as soon as possible. The evaluation required by clause (B) of paragraph (3) of this subsection shall be retained by the local educational agency and made available for review by the Secretary.".

SEC. 6. Section 721 of the Act is amended by adding at the end thereof the following new subsection:

"(g) Whenever the Secretary determines that an applicant for assistance under this title is unable or unwilling to carry out the requirements of paragraphs (3)(B) and (6) of subsection (b) the Secretary shall withhold approval of the applicable application, or withhold payments under an approved application, or both, until the Secretary is satisfied that there is no longer any inability or unwillingness to comply with such provisions.".

Mr. WARNER. Mr. President, I rise today as an original cosponsor of the bill Senator HUDDLESTON has just introduced.

This bill will assist in correcting the inconsistencies currently being experienced in our refugee policies. As you are aware, the Refugee Act of 1980 tripled the statutory yearly quota of refugees being admitted into the United States to 50,000. In addition, the bill gave the President the authority to admit an unlimited number over and above the 50,000. As a result, 154,000 refugees were admitted to the United States during fiscal year 1981.

The irony of this situation is that while the statutory limit of refugees was dramatically increased, the funding levels for refugee resettlement programs continues to be decreased. This leaves the funding responsibility with the State and local governments who have refugees resettled within their jurisdictions, yet they have no control or influence over how many refugees are to be admitted.

Mr. President, the bill introduced today by Senator HUDDLESTON addresses these inconsistencies by insuring that State and local governments will have the opportunity to comment upon refugee resettlement decisions before they are made. Senator HUDDLESTON'S bill guarantees that the State and local governments which represent primary areas of refugee resettlement will be included in the consultation process between the administration and Congress, thereby giving all those directly affected the opportunity to influence refugee policy.

Mr. President, I am pleased to have my name added as an original cosponsor to this legislation. In my judgment, this is an issue which needs redress—an issue which affects not only new Americans, but all Americans.

Thank you, Mr. President.

Mr. CHILES. Mr. President, I am pleased to join with Senator HUDDLESTON in sponsoring this legislation to give State and local governments a stronger voice in decisions concerning U.S. refugee policy. I believe this proposal will be a constructive step in helping resolve one aspect of our serious refugee problem.

This Nation is currently experiencing a refugee crisis. My State of Florida is on the cutting edge of that crisis. The State and particularly the communities of south Florida have borne the brunt of unworkable immigration statutes and an unenforced refugee policy. Thousands of refugees have streamed into

south Florida, placing intolerable burdens on citizens, local government, and service and health agencies. To a large extent, local and State government have been forced to carry the burden for education, for health care, and for welfare assistance. The responsibility for these costs are clearly Federal but the Federal Government often has failed to live up to that responsibility. There have been continuing efforts to reduce or limit Federal reimbursement and it has only been through the insistence of Congress that such efforts have not been successful.

Mr. President, there are several essential elements to what should be the foundation of our new immigration policy. Previously, Senator HUDDLESTON and I have introduced legislation to set that foundation in place. First, we must enforce our immigration laws and make sure that our enforcement officials have the resources to carry out their responsibilities.

Second, there should be a cap on the total number of people we allow to immigrate to the United States. And that cap should not be exceeded.

Third, we should be able to decide, in advance, who should be admitted to the United States. No one should get any special rights simply because he enters the United States illegally. That, unfortunately, is the situation today, and that situation must be turned around.

Fourth, we must do something about the magnet that attracts people to the United States, and that is jobs. We must have a system to verify whether a person who applies for a job is entitled, under the immigration laws, to hold that job. We know that people come here to get jobs. We have to let people know if they apply for a job, they will be caught and deported.

The bill we are introducing today is intended to bring State and local governments, which are so vitally affected by refugee policy, into the decisionmaking process. These governments are being forced to assume a larger responsibility for refugee assistance and often have little say in terms of refugee resettlement decisions. I believe that there is a clear need for more involvement of these affected parties.

It is neither correct nor equitable to exclude these governments by the claim that refugee resettlement is essentially a foreign policy matter. There is a great deal more than foreign policy involved. What is involved is a great many questions and concerns relative to the ability of a community to absorb a significant number of refugees. Are there job opportunities for these people? Is there available housing? Is the educational system equipped to meet the special needs of a refugee population? What level of financial assistance from the local tax base will be required?

These are major concerns to be addressed in determining the most appropriate location for refugees. And yet they are not being sufficiently addressed because those who are in a position to speak to these concerns are not being consulted. This bill will help to rectify that situation.

In order to provide for greater involvement of State and local governments, the bill would provide that those governments which are the primary areas of refugee resettlement be consulted in regard to projected refugee admission. Second, it will guarantee that State and local governments will be provided an opportunity to participate in the public hearings which are required to be held.

Mr. President, I sincerely hope that Congress will make the development of a new immigration policy a top priority in the next session of this Congress. As we move in this direction, I believe a very necessary step will be inclusive of State and local government in the decisionmaking process for refugee policy.

BILINGUAL EDUCATION ACT

Mr. HUDDLESTON. Mr. President, on behalf of myself and Mr. ABDNOR, I am introducing legislation to correct some of the problems with the Bilingual Education Act. This act was passed by Congress to provide transitional instruction for limited English-speaking children to get them to learn English as quickly as possible so that they could be placed in the regular classroom environment.

Unfortunately, bilingual education has now become a $143 million program that is out of control. Instead of children being encouraged to learn English, bilingual education has become a cultural maintenance program in some areas.

An article by Gregg Easterbrook in the Sacramento Union on July 5, 1981 noted that there were several thousand Hispanic parents who asked to have their children taken out of bilingual education programs as they felt the programs were not teaching English.

There also was a group of Long Island parents who sued the local school system because it would not test their children to see if they could be removed from the bilingual education program and placed in the regular classroom. These examples clearly show that the program has gone beyond the original intent of Congress.

A recent report by the Department of Education, which has yet to be officially released, conclusively shows that the bilingual education program is not working. This report examined over 300 documents concerning bilingual education which makes it the most comprehensive review that has been done on the program to date.

The report concluded that the case for the effectiveness of transitional bilingual education is so weak that exclusive reliance on this instruction method is clearly not justified. Too little is known about the problems of educating language minority students for the Federal Government to prescribe a specific remedy for helping them.

The report found that there is no justification for assuming that it is necessary to teach limited-English speaking students in the child's native language in order for the child to progress in school. It also pointed out that immersion programs, which involve structured curriculums in English for both language and nonlanguage subject areas show promising results and should be given more attention in program development.

The results of this report support similar findings that came from a national evaluation of bilingual education that was completed in 1977 by the American Institutes for Research (AIR).

In this study, it was found that students in bilingual education programs were doing no better at learning English or any other subject than non-English speaking students who had been placed in regular classes.

A large number of the project directors who were interviewed for this study indicated that even after students were able to function in English, they remained in bilingual programs. This certainly is not what Congress intended and the bill I am introducing today will help get the bilingual education program back to its original goal of promoting English proficiency as soon as possible.

To accomplish this goal, the bill would place a 1-year time limit on participation by children in a bilingual education program funded under title VII of the Elementary and Secondary Education Act. This time limit is similar to a 2-year limit in the present Bilingual Education Act after which time an individual evaluation of each child is required.

However, even officials of the Department of Education admit that there is nothing to enforce this requirement and nothing to assure that these children are moved out of the bilingual program. My bill would require a strict adherence to the 1-year limit.

Realizing that all children do not learn at the same rate, the bill would permit an extension of the 1-year limit for a maximum of 2 years but only after an extensive evaluation for each child has been completed. This evaluation would have to provide a statement of measurable goals establishing the need for continued participation; the reasons why the child has not met the goals and a comprehensive plan for making the child proficient in English as soon as possible. Under no circumstances would participation be permitted beyond 3 years.

The required evaluation must be approved by the local director of the bilingual education program and must be kept on file as a condition for getting further grants under the act. Any grantee who does not have this information available for review by officials of the Department of Education will be unable to get further grants under the act or could have present payments withheld until there is compliance with these provisions.

Most importantly, children who participate in a bilingual education program funded under title VII would be required to participate in an intensive English course. I believe it is imperative that we give intensive English courses additional emphasis since the bilingual education method of teaching has not been proven successful.

Nothing would help accomplish the goal of promoting English proficiency more than having students participate in an intensive English course. This requirement would not abolish bilingual education programs. It would only insure that children also take a course which promotes the goals of the program.

There is little dispute that there are large numbers of students who do not know English and are being given the opportunity to learn it. Our Federal resources are limited and consequently, it makes no sense to keep some children in bilingual education programs for several years when the benefit they receive from these programs is questionable and when there are others who are not being served. We need to redirect our efforts toward promoting English proficiency in students as quickly as possible which is what I believe this bill will help accomplish.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2003

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 207 of the Immigration and Nationality Act is amended—

(1) by inserting in paragraph (1) of subsection (d) "the appropriate State and local government officials and," after "the President shall report to";

(2) by adding at the end of subsection (d) (3) the following:

"(C) Any hearing held pursuant to this paragraph shall provide an opportunity to be heard to appropriate State and local government officials.";

(3) in subsection (e)—

(A) by inserting in the text preceding paragraph (1) "appropriate State and local government officials, and," after "the President with";

(B) by inserting in the text preceding paragraph (1) "and officials" after "provide such members";

(C) by inserting "and officials" after "by such members" in paragraph (7);

(D) by inserting in the text following paragraph (7) "and appropriate State and local government officials" after "with such members";

(E) by striking in the text following paragraph (7) "two" and inserting "four"; and

(4) by adding at the end thereof the following:

"(f) For purposes of this section, the phrase 'appropriate State and local goverment officials' means State and local government officials of States and localities which are likely to be primary places of resettlement of refugees admitted as a result of a determination made by the President under subsection (a) or (b)".

Mr. SIMPSON. Mr. President, I would like to comment on the expertise of the background of the Senator from Kentucky who has just concluded his remarks. He has been speaking clearly on this issue for many, many months. It is always a privilege to happen to be here in the Chamber to listen to him relate some of the grievous problems that confront us.

I can only assure him that the measure he has introduced today will receive the full consideration of the Subcommittee on Immigration and Refugee Policy. We will give it our clear attention as we pursue, soon after the beginning of the next session, the complete rewrite of the Immigration and Nationality Act, with the various procedures and bills which have been presented to the committee.

I do commend him because he has been extraordinarily persistent in commanding our attention on this matter.

Mr. HUDDLESTON. Let me say, Mr. President, that the Senator from Wyoming is much too modest of himself and much too generous in his references to me. I appreciate his remarks, nevertheless.

As we all know, the Senator from Wyoming (Mr. SIMPSON) is chairman of the subcommittee dealing with our immigration policy.

I think probably more so than at any time in history the whole question of our policy is being thoroughly reviewed and studied by the distinguished Senator from Wyoming and his subcommittee.

Many proposals are being presented. The administration has presented some proposals. Some of us in this body have presented other proposals. A special commission on refugee and immigration policy has completed its work and submitted its recommendations.

All of this vast amount of material is being carefully considered by Senator SIMPSON and his subcommittee. I am very confident that before many more weeks pass we will be considering here on the floor of the Senate some very profound, far-reaching, and much needed proposals to deal with the problem that we are confronted with now and what we might expect in the future.

By Mr. MATSUNAGA (for himself and Mr. INOUYE):

S. 2005. A bill to enable the Native Hawaiians Study Commission to accept gifts and voluntary services; to the Committee on Energy and Natural Resources.

NATIVE HAWAIIANS STUDY COMMISSION

Mr. MATSUNAGA. Mr. President, I am introducing today, with Senator INOUYE, a bill which would authorize the Native Hawaiians Study Commission to accept assistance from volunteers and to accept gifts in cash or in kind.

The Native Hawaiians Study Commission was established by Congress under the provisions of Public Law 96–565, enacted on December 20, 1980. The law provides for the appointment of a nine-member study Commission, mandated by Congress to examine the culture, needs and concerns of Native Hawaiians. The Commission would then report on its findings to the Congress and would make recommendations to the Congress with respect to any new legislation or amendments to existing law which might be required to meet the needs of Native Hawaiians.

In January of this year, a nine-member study Commission was appointed by President Carter, but the Commissioners were dismissed by President Reagan in March. A new Commission was appointed in September, but, unfortunately, these appointments were not made until after the fiscal year 1982 appropriations bill for the Interior Department was well on its way to final passage. To date, the administration has not requested funds for the Commission's operations although the Commission is legally required to publish a draft report 1 year after its first meeting, which was held on September 23, 1981.

The enactment of the Native Hawaiians Study Commission Act was eagerly awaited by the people of Hawaii for many years. This is the first time that the Federal Government has agreed to examine the needs and concerns of Native Hawaiians since the overthrow of the Hawaiian monarchy in 1893. There is great interest in the Commission's activities and, needless to say, the prospect of further delays in this long overdue study is most disappointing to all the people of Hawaii.

Although my bill would not provide any money for the Commission, it would enable the Commission to accept offers of rent-free office space in Hawaii, or in Washington, D.C., and to accept the services of volunteers, pending the appointment of a paid staff. It is the fervent hope of the Hawaii congressional delegation, the members of the Native Hawaiians Study Commission, and the people of Hawaii that an adequate appropriation will be provided for the Commission in the near future.

Mr. President, I ask unanimous consent to have the text of my bill printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2005

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (i) of section 302 of the Native Hawaiians Study Commission Act (94 Stat. 3325) is amended—

(1) by striking out "and" at the end of paragraph (1),

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof a semicolon, and

(3) by adding at the end thereof the following new paragraphs:

"(3) accept and utilize the services of voluntary and noncompensated personnel; and

"(4) to solicit, accept, and dispose of gifts, bequests, or devises of money, securities, or other properties for the benefit of the Commission.".

By Mr. HELMS:

S.J. Res. 137. Joint resolution to amend the Constitution to preserve the right to life; to the Committee on the Judiciary.

RIGHT TO LIFE

● Mr. HELMS. Mr. President, the Senate this year has witnessed a breakthrough in congressional discussion of human life legislation. A series of thoughtful and informative hearings conducted by the Separation of Powers Subcommittee resulted in the favorable report of a human life statute to the full Senate Judiciary Committee. In a somewhat related action, the Subcommittee on the Constitution has engaged in debate of constitutional amendments dealing with the question of human life.

Mr. President, the opportunity to debate human life legislation should necessarily extend to the one approach which has received unanimous support by leading pro-life advocates across the country.

In its quarterly meeting on October 4 of this year, the board of directors of the National Right to Life Committee unanimously approved a new human life amendment. The unity demonstrated at

that Milwaukee meeting is reaffirmation of a common goal to protect unborn human life.

Mr. President, we are approaching the ninth anniversary of the Supreme Court's contrivance of a "right" to abortion. The tragedies which followed that action must not be allowed to continue. Each day that we delay enactment of significant pro-life legislation, we permit the ongoing slaughter of thousands of innocent unborn children.

Mr. President, I offer this amendment tonight as one more effort to insure our most basic human right. If the right to life is diminished, every other right is open to attack. If we are to preserve our fundamental freedoms, then the right to life must be inviolable.●

ADDITIONAL COSPONSORS

S. 649

At the request of Mr. BAUCUS, the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of S. 649, a bill to amend the Internal Revenue Code of 1954 to provide that the executor may elect, for estate tax purposes, to value certain items at an amount equal to the adjusted basis of the decedent in such items and to remove certain limitations on charitable contributions of certain items.

S. 671

At the request of Mr. PELL, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 671, a bill to amend section 402 of title 23, United States Code, relating to establishment by each State of comprehensive alcohol-traffic safety programs as part of its highway safety program.

S. 1272

At the request of Mr. CANNON, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 1272, a bill to modify certain airport and airway user taxes to provide appropriate funding for the airport and airway trust fund, and for other purposes.

S. 1422

At the request of Mr. GRASSLEY, the Senator from Ohio (Mr. GLENN) was added as a cosponsor of S. 1422, a bill to authorize the donation of surplus property to any State for the construction and modernization of criminal justice facilities.

S. 1450

At the request of Mr. CANNON, the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 1450, a bill to provide for the continued deregulation of the Nation's airlines, and for other purposes.

S. 1648

At the request of Mr. HATFIELD, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 1648, a bill entitled the "Military Spouse Retirement Equity Act."

S. 1780

At the request of Mr. ROTH, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 1780, a bill to provide civil penalties for false claims and statements made to the United States, to recipients of property, services, or money from the United States, or to parties to contracts with the United States, and for other purposes.

S. 1797

At the request of Mr. DOLE, the Senator from Pennsylvania (Mr. SPECTER) was added as a cosponsor of S. 1797, a bill to provide the private sector training and placement opportunities for residents of enterprise zones, emphasizing the use of community-based organizations and the involvement of small business concerns, and for other purposes.

S. 1825

At the request of Mr. ARMSTRONG, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 1825, a bill to prohibit price support for crops produced on certain lands in the Western part of the United States which have not been used in the past 10 years for agricultural purposes, and for other purposes.

S. 1896

At the request of Mr. PELL, the Senator from Kentucky (Mr. FORD), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Wisconsin (Mr. PROXMIRE) were added as cosponsors of S. 1896, a bill to amend the International Revenue Code of 1954 to repeal the special leasing provisions enacted by the Economic Recovery Tax Act of 1981.

S. 1922

At the request of Mr. PERCY, his name was added as a cosponsor of S. 1922, a bill to amend the Black Lung Benefits Revenue Act of 1977, and for other purposes.

SENATE JOINT RESOLUTION 127

At the request of Mr. COCHRAN, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of Senate Joint Resolution 127, a joint resolution to grant official recognition to the international ballet competition.

SENATE JOINT RESOLUTION 129

At the request of Mr. CRANSTON, the Senator from Kentucky (Mr. FORD) was added as a cosponsor of Senate Joint Resolution 129, a joint resolution directing the Depository Institutions Deregulation Committee to pursue policies to promote the safety and soundness of financial institutions.

SENATE JOINT RESOLUTION 134

At the request of Mr. RIEGLE, the Senator from Arkansas (Mr. PRYOR), and the Senator from Ohio (Mr. METZENBAUM) were added as cosponsors of Senate Joint Resolution 134, a joint resolution to designate 1982 as the "Year of Disabled Persons."

SENATE CONCURRENT RESOLUTION 46

At the request of Mr. LEVIN, the Senator from Washington (Mr. JACKSON), the Senator from Georgia (Mr. NUNN), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Virginia (Mr. WARNER), the Senator from Maine (Mr. COHEN), the Senator from Nevada (Mr. CANNON), the Senator from Virgina (Mr. HARRY F. BYRD, Jr.), the Senator from Indiana (Mr. QUAYLE), the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from South Dakota (Mr. PRESSLER), the Senator from Delaware (Mr. ROTH), the Senator from Texas (Mr. BENTSEN), the Senator from Washington (Mr. GORTON), the Senator from Iowa (Mr. GRASSLEY), the Senator from Wyoming (Mr. WALLOP), the Senator from North Dakota (Mr. BURDICK), the Senator from Wisconsin (Mr. PROXMIRE), the Senator from Missouri (Mr. EAGLETON), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Montana (Mr. BAUCUS), the Senator from Michigan (Mr. RIEGLE), the Senator from Alabama (Mr. DENTON), the Senator from Illinois (Mr. DIXON), the Senator from Arkansas (Mr. BUMPERS), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of Senate Concurrent Resolution 46, a concurrent resolution expressing the sense of the Congress with regard to the mutual security efforts of the United States and Japan.

SENATE RESOLUTION 261

At the request of Mr. CHAFEE, the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of Senate Resolution 261, a resolution expressing the sense of the Senate that the President should not impose import fees on crude oil and refined petroleum products.

SENATE RESOLUTION 270—RELATING TO THE GREAT FRIENDSHIP RUN

Mr. HUDDLESTON submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 270

Whereas Stan Cottrell, a native Kentuckian, present resident of Georgia and internationally recognized ultramarathon runner has, in cooperation with and with the help of the People's Republic of China's Central Committee, proposed to run the length of the Great Wall of China;

Whereas two Chinese runners will simultaneously run the length of the United States;

Whereas this event has been proclaimed the "Great Friendship Run";

Whereas the "Great Friendship Run" has generated overwhelming positive reactions from a great many Americans and Chinese alike as a recognition of the continuing growth of international cooperation between the United States and the People's Republic of China;

Whereas the "Great Friendship Run" will do much to foster and enhance the growing friendship between the United States and the People's Republic of China and constitutes a unique gesture of good will; Now, therefore, be it

Resolved, that the Senate recognizes the "Great Friendship Run" as an event that will do much to promote international good will and commends the participants for their commitment to human achievement;

Resolved, that the Senate urges officials involved with the event to coordinate and finalize all its details in an expeditious fashion.

SENATE RESOLUTION 272—RELATING TO RIGHTS OF RESIDENTS IN CERTAIN HEALTH CARE FACILITIES

Mr. COHEN (for himself, Mr. HEINZ, Mr. CHILES, Mr. PRYOR, Mr. DURENBERGER, Mr. BRADLEY, Mr. GRASSLEY, Mr. BURDICK, Mr. MELCHER, Mrs. KASSEBAUM,

and Mr. GLENN) submitted the following resolution; which was referred to the Committee on Labor and Human Resources:

S. RES. 272

Whereas Congress intended that recognition of the rights of residents be included in the responsibility it conferred upon the Secretary of Health and Human Services to assure that Federal funds are used to purchase quality nursing-home care;

Whereas Federal regulations currently prescribe standards to protect the rights of residents in nursing homes and have led to the establishment of guidelines with respect to such rights by accrediting bodies and national nursing-home associations; and

Whereas the Department of Health and Human Services is currently reviewing existing Federal regulations with respect to such rights;

Resolved, That it is the sense of the Senate that—

(1) Federal standards and regulations with respect to the rights of residents in nursing homes be maintained;

(2) the responsibility of the Secretary of Health and Human Services to insure the rights of such residents be reaffirmed; and

(3) the Secretary continue to insure that each skilled nursing facility (as defined in Section 1861(j) of the Social Security Act) and each intermediate care facility (as defined in section 1905(c)) of such Act—

(A) establish policies which are consistent with standards established by the Secretary regarding the rights of residents in such facilities,

(B) develop procedures and train personnel to implement such policies, and

(C) provide a written explanation of such policies and procedures to each resident and one or more of the following: the resident's legal guardian, next of kin, sponsoring agency, or representative payee selected pursuant to section 205(j) of such Act.

Mr. COHEN. Mr. President, I am pleased to submit today with Senator HEINZ, a resolution to express the sense of the Senate that the Secretary of Health and Human Services continue to promulgate regulations to insure the rights of individuals in long-term care facilities. I am especially pleased that Senators DURENBERGER, GRASSLEY, CHILES, PRYOR, BURDICK, MELCHER, GLENN, and KASSEBAUM have joined me in this initiative to preserve existing regulatory requirements to protect the rights of patients.

Recognizing the need to develop a national standard of residents' rights, the then Department of Health, Education and Welfare included in its 1974 revision of the medicare and medicaid standards for nursing homes provisions covering a variety of resident rights in institutions. The Department, now Health and Human Services is currently reviewing and updating its nursing home regulations. My resolution very simply would assure the Department and the public, including residents, their families and friends, that this body recognizes the necessity of preserving the individual rights of persons in institutions participating in medicare or medicaid.

The resolution we are offering today neither adds additional protections for residents nor additional authority for the Secretary, nor does it call for additional expenditures. It would merely preserve the current status quo. Though current regulations afford only minimal protection for residents, they have had a sensitizing effect on the delivery of long-term care. They have brought change and they have helped promote humane and decent care.

The resolution would establish three things. First, it would require that Federal standards and regulations with respect to the rights of residents in nursing homes be maintained. Second, it would reaffirm the responsibility of the Secretary of Health and Human Services to insure the rights of residents in long-term-care facilities. Third, it would stipulate that the Secretary continue to insure that each skilled nursing facility establish policies which are consistent with the standards for the rights of patients.

As has been pointed out by groups involved with health care and the elderly, establishing the rights of patients benefits not only the residents but also the institution. A resident who is confident in the care he or she is receiving, understands his or her medical condition, and participates in the planning of his or her treatment is generally far more cooperative and more responsive medically to the care he or she receives.

For the predominantly elderly population in most nursing homes, the guarantees can help forestall the confusion and lack of orientation often initially experienced by the resident, and counteract the atmosphere of apathy and despair of residents who believe themselves consigned to nursing homes only to await death.

Such an atmosphere can defeat the efforts of the most understanding and hard-working staffs and frustrate the entire purpose of the nursing home, which is to maintain and improve the physical and mental well-being of residents to the greatest possible extent.

We should not forget that despite the many problems associated with nursing homes, there are thousands of such facilities whose administration and staff are truly dedicated to and concerned about providing quality care for their residents. Such providers, I might add, consider patients' rights to be "just good sense" and do not feel it would work any hardship for good nursing homes.

At the same time, however, patients' rights can be helpful for residents in danger of substandard medical treatment or personal care. The resolution makes it clear to both the individuals and the staff that residents retain the rights of other citizens of this country and should be treated with dignity and respect.

Earlier this month, the Long Term Care Committee of the White House Conference on Aging approved a resolution reaffirming the strong role of the Federal Government in assuring the rights of residents in homes for the aging. The Federal policy endorsed by the committee must continue to provide a minimal standard of care in institutions. The committee, and later the entire conference, also endorsed comprehensive rights for older persons.

As our demographics change and the older segment of our population continues to grow, it is our responsibility to help meet the needs of those in institutions who risk a diminution of their rights and a degradation of their dignity as active members of society.

For many residents of long-term care facilities, confinement in institutions robs them of their strengths and their links to and roles within their communities. It is not enough to decry the problems experienced in the past by institutionalized persons. We must respond with strong resolutions to ameliorate the problems and to insure a continually improved quality of care for these persons.

While obviously not a panacea for all the problems of the institutionalized, the resolution does set forth the responsibility of the facility to the patient. I believe the consideration of the resolution will do much to improve the quality of life of residents in institutions.

Mr. HEINZ. Mr. President, I am pleased today to submit a resolution, along with my distinguished colleagues Mr. COHEN, Mr. CHILES, Mr. PRYOR, Mr. DURENBERGER, Mr. BRADLEY, Mr. GRASSLEY, Mr. BURDICK, Mr. MELCHER, Mr. GLENN, and Mrs. KASSEBAUM reaffirming the intent of Congress that the rights of patients in nursing homes must be protected.

Mr. President, the Federal standard protecting nursing home patients' rights are currently under review by the Department of Health and Human Services. The cosponsors of this resolution simply want to clarify that it is the intent of Congress that that standard for residents' rights remains intact.

There are few groups of people in our population who are more vulnerable to abuse and mistreatment than individuals living in nursing homes. In the past decade, we have made great progress in eliminating nursing home abuses. We must not now risk stepping backward into an era when abuse and mistreatment were commonplace.

During the late 1960's and early 1970's, the Special Committee on Aging and other congressional committees learned of serious and widespread abuse of elderly and disabled people in such facilities. I do not have to repeat those horror stories today, because I am sure that most of my colleagues well remember them.

As the result of the investigations and hearings held more than a decade ago, Congress required the Secretary of Health, Education, and Welfare to issue regulations that would assure quality of care in nursing homes. Patients' rights have been included as a standard in Federal nursing home regulations since 1974 for skilled nursing facilities, and since 1976 for intermediate care facilities.

Now, however, the Department of Health and Human Services is in the process of reviewing these regulations. It is my understanding that only regulations with a legislative mandate will be retained. The Department has expressed doubt that the patient's rights standard has such a legislative mandate. They have also questioned whether such rights relate directly to quality health and personal care.

In my judgment, it was the intent of Congress, in 1967 when it required the Secretary to issue regulations governing

the quality of care, that the protection of patient's rights be included. Today, in this resolution, we are simply reiterating that Congress has not abandoned that commitment.

Mr. President, I further submit that there is probably nothing more related to quality health and personal care than the protection of freedoms of individual liberty and dignity.

The loss of physical freedom because of illness which requires institutional care should not be compounded by the loss of dignity suffered when a person is deprived of the simple rights we all take for granted. The right of privacy, to have visitors, to have as much control over one's life as is possible should not be too much to ask when we are talking about quality health and personal care.

The resolution we are submitting today will once again make it clear that Congress is concerned about the quality of life and the well-being of those people who reside in nursing homes.

We have made tremendous strides in improving nursing home care during the past decade. We must not allow any diminution of the protections now afforded this vulnerable population. We must not slip back into an age when our institutionalized Americans were among the forgotten and neglected.

By agreeing to this resolution, we can confirm our commitment and make it clear that it is congressional intent that Federal standards for patient's rights must be maintained.

AMENDMENTS SUBMITTED FOR PRINTING

HOME VIDEO RECORDING DEVICES

AMENDMENT NO. 1242

(Ordered to be printed and referred to the Committee on the Judiciary.)

Mr. MATHIAS (for himself, Mr. BAKER, Mr. ROBERT C. BYRD, and Mr. CRANSTON) submitted an amendment intended to be proposed by him to the bill (S. 1758) to amend title 17 of the United States Code with respect to home video recording and video recording devices and media, and for other purposes.

BALANCE BETWEEN HOME VIEWERS AND CREATIVE ARTISTS

● Mr. MATHIAS. Mr. President, the Judiciary Committee held hearings last week on the bill introduced by Senator DECONCINI and Senator D'AMATO that would make sure that people who tape television programs at home can keep doing so without worrying about copyright liability. Representative PARRIS has introduced the companion bill in the other body.

I am in basic sympathy with their effort, and I think we should move as quickly as possible to dispel the cloud that is hanging over the home video recording industry. Television enthusiasts should know that Congress will do nothing to interfere with their ability to tape at home for private use or to condemn them for infringement of copyright. The DeConcini and D'Amato bill gives them that reassurance.

But to be certain that our solution to the problem is fair to all parties, Senator BAKER, Senator ROBERT C. BYRD, Senator CRANSTON, and I want to propose an amendment to the DeConcini-D'Amato bill that will make sure that it strikes a proper balance between the viewers who tape at home and the creative artists who own the copyrights and whose genius and effort have produced a form of intellectual property.

As all of my colleagues know, article 1, section 8 of the Constitution of the United States empowers the Congress to pass laws to preserve ownership rights in intellectual property. The Congress has enacted over the years copyright statutes in response to this constitutional mandate. A basic principle embodied within our copyright laws is that the owners of intellectual property are entitled to be compensated by those who are permitted to use their property.

My amendment to the so-called Betamax bill directs the Copyright Royalty Tribunal to devise the best way of compensating the copyright owners for the use of the copyrighted material. The Copyright Royalty Tribunal, created by the Congress in 1976, is the appropriate body to carry out this task, and I know they would do so in a manner consistent with the spirit of the findings and declarations of my amendment.

The level of this royalty payment will be determined by this expert agency based upon evidence produced in a formal hearing where all parties will be given an opportunity to be heard. The tribunal will have broad latitude to determine both fair and reasonable royalties and the basis upon which royalties will be calculated.

I believe that the tribunal is capable of developing an equitable system of copyright compensation which balances the rights of copyright owners with the rights of those who may use video cassette recorders solely for noninfringing uses. In other words, those who create entertainment programs for the American public are just as deserving of protection as the high school football coach who tapes his Saturday football game for the Monday morning skull session and the golf pro who wants to help the club duffer improve his swing.

Specialized users may buy one tape and use it over and over again for noninfringing purposes. But the people who build video cassette libraries of old movies buy tapes in quantity, and I think they should be willing to absorb a small fee for the privilege.

To make sure that everyone understands my amendment, I want to make two points. First, while it establishes the right of the copyright owner to compensation, it does not get the people taping at home directly involved in the collection of fees. The importers and manufacturers who benefit financially from home recording will pay the royalty, which should keep down administrative costs.

Second, the Copyright Royalty Tribunal will have wide authority to consider all relevant factors in setting the royalty. One of these factors is the number of tapes not used for recording copyrighted works. For instance, should the tribunal find that some percentage of the blank tapes sold in this country are never used to record copyrighted material, it could adjust the royalty fee accordingly. Similarly, the tribunal will be able to take into account the nature of video recording practices, such as time-shifting.

Finally, I want to point out section 4 of my amendment, which adds language to the copyright law to make clear that the copyright protection in title 17 covers rentals of audiovisual works and sound recordings. This provision would close a gap in current law, under which stores can rent video cassettes or tapes or phonograph records for commercial advantage without authorization from the copyright holder.

Under this newly created right, the copyright owners would retain control over their work and could require stores that rent video cassettes, records, or tapes to get permission to do so. This section raises the whole issue of the rights of creators of sound recordings—recording artists and record companies—which my amendment does not now address.

But they, too, have major problems that threaten their industry, and I am pleased to learn that the chairman of the Judiciary Committee has asked the industry to testify at the hearings scheduled for January. I expect that the witnesses at that hearing will comment on my proposed amendment, and that we could then refine it as appropriate based on the testimony.

I am convinced that Congress must uphold the principle of copyright by providing a compensation mechanism for home video recording. The level of compensation would be determined by an expert body in the crucible of an evidentiary hearing, and periodically reviewed to assure it remains just and reasonable.

The tribunal may find, based on the evidence presented, that the level of compensation should be meaningful, or little more than a peppercorn. Whatever the result, the Congress will have fulfilled its constitutional duty to preserve the principle of intellectual property and to protect rights that are as important to the general public as they are to those who own them.

Many years ago Dr. Samuel Johnson, a moralist and philosopher as well as an author, said:

> No man but a blockhead ever wrote except for money.

If as thoughtful and experienced a man as Dr. Johnson recognized the importance to creative writers and scholars of the prospect of accumulating a kind of property right in their works as an incentive to work and ambition, it should underscore the interest of society which benefits from such creative work.

Much has changed since Samuel Johnson's day. New technologies for capturing and storing and communicating the works of intellectual and artistic effort have developed. But these are only new ways of doing old things, and the basic rules of human conduct spelled out by Dr. Johnson are still in force. So, if patents and copyrights serve the great interest of society, failing to protect the rights created by such instruments is

not excused by the fact that new technologies have made the protection of those rights more difficult. The very ingenuity of our age that has produced these remarkable technologies should be able to devise the laws to accommodate them.

This amendment may, therefore, be a pioneering legal effort. It copes with new technologies about which the law has been silent, except for the rather rudimentary attempt made through the "Juke Box" amendment to the copyright law. It is time that the law be developed in parallel with the miracles of space age communication, and this matter gives us the opportunity to begin that exciting and innovative, if belated, effort.●

NOTICES OF HEARINGS

SUBCOMMITTEE ON ARMS CONTROL, OCEANS, INTERNATIONAL OPERATIONS AND ENVIRONMENT

Mr. PRESSLER. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a series of three public hearings before the Committee on Foreign Relations Subcommittee on Arms Control, Oceans, International Operations and Environment. All three hearings are on the future of arms control with testimony to be received from public witnesses. They will be held at 10 a.m. on January 20, 1982, at Nourse Auditorium Civic Center Complex 275 Hayes Street, San Francisco, Calif.; at 10 a.m. on January 21, 1982, at the Department of Water and Power Building Auditorium, 111 South Hope Street, Los Angeles, Calif., and at 1 p.m. on January 25, 1982, at Morrison Commons Lounge, Augustana College, Sioux Falls, S. Dak.

For further information regarding these hearings, you may wish to contact Ronald Nelson of the committee staff who may be reached at 224–4651. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Senate Foreign Relations Committee, Subcommittee on Arms Control, Oceans, International Operations and Environment, 4229 Dirksen Senate Office Building, Washington, D.C. 20510.

SUBCOMMITTEE ON SECURITIES

Mr. D'AMATO. Mr. President, I would like to announce that the Subcommittee on Securities will conduct hearings on February 4, 9, and 10, 1982, to examine certain issues raised by proposals to amend the Glass-Steagall Act. The hearings will begin at 9:30 a.m. in room 5320 of the Dirksen Senate Office Building.

The hearings will focus on Treasury Secretary Regan's proposal that bank holding companies be authorized to establish securities affiliates which could underwrite municipal revenue bonds and operate, advise, and sell shares in mutual funds. Among the specific issues which the subcommittee is expected to address are the following:

The need to require that expanded securities activities be conducted through a separate affiliate in a holding company structure;

The adequacy of the investor protections and safeguards against conflicts of interest in the Treasury proposal;

The necessity of additional amendments to the securities laws to fully implement the Treasury proposal;

The nature and extent of any exemption for small banks from the proposed requirement of bank holding company affiliates; and

The competitive balance which the proposal would achieve.

For additional information, interested persons should contact Diane Sanger of my staff at (202) 224–6542 or John Daniels of the Banking Committee staff at (202) 224–7391.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON THE CONSTITUTION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on the Constitution of the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, December 16, at 2 p.m., to mark up Senate Joint Resolutions 17, 18, 19, and 110, resolutions dealing with abortion.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON THE BUDGET

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on the Budget of the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, December 16, at 2 p.m., to receive testimony from the intelligence community regarding budget matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FOREIGN AGRICULTURE POLICY

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Foreign Agriculture Policy of the Committee on Agriculture, Nutrition, and Forestry, be authorized to meet during the session of the Senate on Wednesday, December 16, at 10 a.m., to hold a hearing on European Community trade issues.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

ADMINISTRATION FIGHTS STEEL IMPORTS

● Mr. HEINZ. Mr. President, last month the Commerce Department initiated antidumping and countervailing cases against five steel-importing countries. Although I continue to believe more needs to be done, I welcomed that step toward the effective enforcement of our laws against unfair trade practices and subsidies.

The International Trade Commission will shortly be voting on the question of whether the domestic industry has been injured by the imports in question. Recently the Commission conducted an open conference on this question, and among those appearing was Lionel Olmer, the Under Secretary of Commerce. As he points out in his prepared statement, an appearance by an executive branch official at an ITC proceeding is unprecedented and is clear evidence of the importance the administration attaches to these cases.

I share Mr. Olmer's view of their importance, and I have written the Commission directly to express that view. In my judgment, the cases of subsidy and dumping are clear, as is the dramatic injury they have done to the U.S. steel industry. I hope that these cases will be successfully concluded and that the message they send the European Community is clear—the entry of dumped or subsidized merchandise into this country violates our laws and is not going to be tolerated. Thousands of steelworkers in this country have lost their job because European producers are unwilling to overhaul their industry and instead rely on government subsidies to keep them afloat. This must be stopped immediately, and I look forward to further action by the Commerce Department in that direction.

Mr. President, I ask that Under Secretary Olmer's statement and the text of my letter to the Commission be printed in the RECORD.

The material follows:

STATEMENT OF UNDER SECRETARY LIONEL OLMER

I appreciate the opportunity to appear before the Commission to supplement the written information that the Commerce Department has already supplied to Commission staff. I understand that today is the first time a representative of Commerce, or Treasury before it, has testified in an ITC antidumping or countervailing duty injury investigation. I am taking this unprecedented step because of the extreme importance of these cases to the Commerce Department's effort to enforce U.S. trade laws as they apply to imports of basic steel mill products, and to demonstrate that this Administration will uphold its commitment to maintain the integrity of the trigger price mechanism. The successful enforcement of U.S. trade laws is particularly important in light of the ambitious modernization program that the U.S. steel industry has embarked upon, and because of the special efforts that the Reagan Administration has taken to facilitate industrial modernization through the President's Economic Recovery Program.

The TPM was originally adopted in 1978, and was reinstated in October 1980 after a five-month suspension. It was created as an alternative to the usual company-petition method of enforcing U.S. antidumping and countervailing duty laws, in the hope that such vigilance would deter injurious dumping or subsidization. Both foreign steel producers and the domestic steel industry agreed at that time that the TPM was preferable to the excessive uncertainty created by the repeated rounds of steel trade litigation that have occurred over the past five years. The efficacy of the TPM stems from our monitoring of steel imports and initiation of investigations when we identify possible injurious dumping or subsidization.

We would have preferred never having had to initiate an antidumping or countervailing duty investigation. Unfortunately, several foreign producers have chosen to ignore TPM monitoring and flout U.S. trade laws, despite their having every reason to know that, by doing so, they would force the Department to initiate cases under the terms of the TPM—and impose duties if the foreign producers are found to have violated applicable U.S. law. Earlier this year, many foreign producers began selling steel here well below applicable trigger prices. In addition, foreign government subsidization of several major steel producers exporting to the United States seems to be worsening.

rather than abating. This turn of events is all the more disturbing because many of these same producers had actively sought the reinstatement of the TPM as an escape from the previous antidumping investigations.

The four cases now before you are the result of evidence that imports of apparently subsidized or less than fair value steel have reached a magnitude where initiation of investigations is necessary. In deciding to initiate these cases, and in order to avoid initiating frivolous ones, we have had to judge that there is some evidence of injury to the U.S. industry, including rising imports, possible price suppression, lost sales, layoffs, and declining capacity utilization. Of course, we leave it to you to determine whether the investigated imports are materially injuring, or threatening to materially injure, a U.S. industry.

The Department monitors imports of steel against trigger prices, which are based on the average cost of production in Japan, whose producers are thought to be on average the world's most efficient. Sales of steel below Japanese cost landed in the United States "trigger" an examination by the Department of the steel imports in question, to discover whether there is evidence of unfair trade practices.

In the case of Romania, our monitoring found that an estimated 100 percent of U.S. imports of Romanian plate was sold below applicable trigger prices, with an average margin below trigger of nearly 45 percent. This information, together with other information gathered by the Department, indicates that carbon steel plate from Romania is likely being sold below fair value.

Information on foreign government subsidization of the manufacture or exportation of steel products has been gathered by Commerce Department staff from many sources. For Brazil, there is much publicly available information about government programs designed to subsidize exports. We will investigate participation by Brazilian steel producers in three export incentive programs: the Industrial Products Tax export credit premium, preferential working capital financing, and an income tax exemption based on export profits. Other programs providing benefits that may constitute subsidies will also be investigated. We estimate that the net subsidy could be as much as $50 per ton.

Two of the cases before you concern countries in the European Community. Before I discuss the specific subsidies alleged in these cases, I would like to commend the EC on its efforts to reduce in the future, and then phase out, subsidies to its steel producers. The EC faces a difficult problem in restructuring its steel industry, and, although we understand the difficulties involved in eliminating subsidies there, I must say I am disappointed that more rapid movement on this problem has not been accomplished. In the interim, we cannot allow our industries to be damaged by government support of industries abroad.

The major subsidies alleged in both the Belgian and the French case are not export subsidies, but domestic subsidies—primarily financial subventions of various sorts.

In the Belgian case, we will investigate a wide range of capital grants/interest rebates, loan guarantees, exemptions from income tax on capital grants, exemptions from real property taxes, accelerated depreciation, and forgiveness and assumption of steel company debt by government-owned financial institutions. We estimate that the value of just two of these programs (assumption of debt and capital grants/interest rebates) could be nearly $40 per ton in some cases. The total value of subsidization under all programs, to be determined after thorough investigation, could be much higher.

In the French case, we will investigate preferential government financing, the recapitalization of the carbon steel sector under the 1978 Rescue Plan, interest subsidies or rebates, and regional development benefits. Our estimate of the value of the subsidy solely from "loans of special characteristics"—loans at low interest rates—is $38 per ton. Other programs may add significantly to that figure.

The cases before you are not the last TPM-initiated antidumping and countervailing duty investigations you will be seeing. One additional investigation—sheet piling from Canada—has already been referred to you. We are committed under the terms of the TPM to initiate investigations whenever we have evidence of dumping or injurious subsidization, and we will continue to meet that commitment.

COMMITTEE ON FINANCE,
Washington, D.C., December 14, 1981.

Mr. BILL ALBERGER,
Chairman, U.S. International Trade Commission, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing to express my support for the pending antidumping and countervailing duty cases initiated by the Commerce Department against hot-rolled steel plate from Romania, Belgium, and Brazil, hot-rolled sheet from France, and sheet piling from Canada. Other initiated cases are not before the Commission for an injury determination.

In my judgment, both the allegations of unfair practices and the case for injury are compelling. Import data for steel plate, for example, reveals a nearly 40 percent increase in imports from the countries that are the subject of the complaints, comparing the first eight months of 1981 to the comparable period in the preceding year. Similarly, imports of hot-rolled sheet from France increased 10.7 percent, comparing the same periods.

Overall, the situation has grown even worse in the past several months, as imports continue to climb sharply. Although September and October figures were somewhat less than the unprecedented surge that occurred in August, they are still sharply higher over preceding years. Total imports in October, for example, were nearly 64 percent higher than those for October, 1980, while year-to-date figures show a 28.1 percent increase in imports over 1980. Significantly, most projections for the immediate future suggest further deterioration.

This data alone, of course, proves neither unfair practices nor injury, but it does illustrate the dramatic upsurge in imports in the second half of this year, much of which has come from European Community producers. At the same time, conditions in the domestic industry have deteriorated sharply. Layoffs have been hovering in the 60,000 range, with an additional 20,000 on a shortened work week. These numbers will increase sharply over the Christmas holidays as more facilities shut down. Not all of these will reopen in January. In addition, production and capacity utilization are falling. While some of these indicators remain marginally higher than for certain periods in 1980, it is likely that will not be the case for long; and a more intensive examination of industry data over the past several years will reveal the extent of the injury that is occurring and the difficult circumstances in which the industry finds itself.

Should the Commission schedule a public hearing on these cases after its preliminary determination, I would seek an opportunity to discuss these developments in greater detail. At the present time, however, this letter will serve as an expression of my strong support for affirmative findings in the cases the Commerce Department has initiated, and I ask that it be made a part of the record of your proceedings in these cases.

Sincerely,

JOHN HEINZ,
Chairman, U.S. Senate Steel Caucus.●

LIVING ON THE FAULT LINE

● Mr. INOUYE. Mr. President, the recent notoriety of the Atlantic Monthly has unfortunately tended to obscure the fact that this fine magazine produces excellent writing month after month. Recently, the October issue featured an article about a subject that is of more than passing interest to me. It is entitled "Living on the Fault Line" by James Fallows, author of the book "National Defense" and former speechwriter for President Jimmy Carter.

In his article, Mr. Fallows explores the possibilities for a major catastrophe from a large earthquake in California. As my colleagues know, some experts have suggested that an earthquake is long overdue and that the danger signs in southern California are increasing.

If a major earthquake should take place in California, the cost in human lives and property could very well be the greatest ever suffered in this country although obviously all we have are estimates. Nevertheless, these estimates are shocking. According to the article, the death toll alone in three areas with an earthquake taking place at 4:30 p.m. would be 48,000 and property damage would amount to some $124 billion.

It is important to note two lessons from this article and another on which Mr. Fallows does not dwell.

First. California is not the only seismically active area in the United States. My own State of Hawaii has earthquakes periodically, and other active regions include Alaska, Greater Boston, Utah, Idaho, Missouri, coastal South Carolina, parts of the Great Lakes, and the St. Lawrence Valley. In short, the earthquake danger is a national danger and not a regional one.

Second. The large number of human deaths and property damage may be inevitable, but intelligent planning can reduce them. There are ways but there is no political will.

Finally, I should like to point out to my colleagues that there is a fact often overlooked in discussing any California earthquake, and that fact is that an earthquake could deal our national security a crippling blow. Although our communications network would remain in place, the industrial infrastructure in California would be devastated. The many integrated circuit manufacturers, telecommunications suppliers, computer software developers, computer manufacturers, aircraft manufacturers, and other companies crucial to the industrial infrastructure of the country would be deeply affected by the disaster.

I ask that the article be printed in the RECORD.

The article follows:

LIVING ON THE FAULT LINE

(By James Fallows)

Standing in the wash of the Santa Ana River, you can see mountains all around you. The San Gabriel, the San Bernardino, and the San Jacinto mountains form a long, semicircular arc to the north and east, pierced by the passes that lead variously to such outposts on the California desert as Barstow, Indio, and Palm Springs. To the south and west are the lower hills that separate the San Bernardino Valley from the booming conurbations of Orange County and from Los Angeles itself, which lies seventy miles due west.

On those days, infrequent during summer, when opaque brown smog has not blown inland to fill the valley and lap over the rim of the mountains, the contours of the ranges are clearly visible from the valley floor. There is no natural obstruction to the view more substantial than the waist-high scrub. The sharp edges and escarpments of the mountains suggest their dramatic origin, as products of the pushes and pulls on the earth's surface that are even now creating mountain ranges in the West. The white gravel in the dry riverbed has been washed down from the mountains during the flash floods that from time to time strike this bone-dry region. The "river" runs with water for only a few days out of every year.

It can seem the bleakest of settings, especially when the Santa Ana winds blow down from the high deserts at temperatures well above 100 degrees. Yet, like many other harsh regions of the Southwest, this has been a scene of phenomenal growth. As people continue to move to southern California, as Los Angeles has filled up, as real estate prices in Orange County have shot to the sky, many people have taken the next step in from the coast and have brought a population explosion to the "Inland Empire." The orange trees that line Interstate Highway 10 are the remnants of groves that were until the past two decades an economic mainstay of the region. They succumbed first to the smog and then to the subdividers. Some 400,000 people lived in the San Bernardino Valley in 1960. More than 700,000 live there now. There are plans for an "instant city" of 200,000 more people, to be built in the hills outside Chino, where the corners of San Bernardino, Orange, and Los Angeles counties touch.

People have moved to this valley seeking cheaper real estate, the good life in the sun, and the opportunities that economic growth creates. They are an hour's drive from the mountains, an hour from the ocean, and far, far away from such northern, urban cares as frost and economic decline. And their search has led them to the area that, according to many scientists, will be the site of the next catastrophic earthquake to strike the continental United States.

Those who live in the vicinity, as I did when I was growing up, are accustomed to earthquakes. Many pride themselves on surviving them, as those on the Gulf Coast might on surviving a hurricane. But the prospect that scientists now suggest is different from anything within living memory in southern California.

"We have known for years that major earthquakes in California are inevitable," says Clarence Allen, a geophysicist at the California Institute of Technology. "The scientific attitudes have not changed as much as the public perception that this is a real problem." But both scientific and public attitudes have been heavily shaped by two scientific developments of the past decade.

The first, which has been widely publicized since the early 1970s, is the evolution of the theory of plate tectonics. This theory postulates that the earth's crust consists of a number of large "plates," floating on a molten mass within the earth. There are seven of the larger plates—one bearing most of Africa and half of the Atlantic and Indian oceans, another holding virtually all of the European and Asian land mass—and a number of small ones. As the plates have drifted apart from, and into, each other, their motions have changed the world's geography. They opened the basin that became the North Atlantic Ocean, when the North American plate slid away from the Eurasian. They created the Himalayas, which mark the region where Indian was driven northward and collided with southern Asia. They stimulate volcanic action, including the recent eruptions at Mt. St. Helens. (As the small Juan de Fuca plate is pushed beneath the North American plate off the Washington and Oregon coasts, it melts at the tremendous temperatures and pressures of the earth's depths and then flows upward, in molten form, as lava.) The motion of the plates can also cleave regions from one another, as is now taking place in California.

The most famous of the "faults" that are responsible for California's earthquakes is the San Adreas—which, from the perspective of plate tectonics, is not just any fault but the boundary between two great plates. To the east of the fault lies the North American plate, which contains more than 99 percent of the land area of the nation, along with Canada, Mexico, and roughly half of the Atlantic Ocean. To the west of the fault is the Pacific plate, which runs beneath the ocean to the Mariana trench—where it disappears beneath the Philippine plate. The city of San Francisco is on the North American plate. Santa Cruz and Monterey, immediately to the south, are on the Pacific plate. So are Los Angeles, San Diego, and the other population centers of southern California.

Through the millennia, the two plates have been moving past each other along the San Andreas Fault, the Pacific regions slipping north, the North American south. The Baja California peninsula resembles in length and width an indentation on the western coast of Mexico. That is exactly where it came from, geologists say, before it moved north with the rest of the Pacific plate. The motion of these two plates goes on at rates as high as 5 or 6 centimeters a year—very fast, by geologic standards. Rocks on the Pacific side of the fault near Point Arena match those on the North American side at Taft, 350 miles to the south. The two regions abutted one another until the fault motion started about 25 million years ago. Ten million years from now, Los Angeles and San Francisco should lie in the same latitude.

For California, the significance of the tectonic theory was to explain the basic mechanism of earthquakes, not only on the San Andreas Fault but also on the many others that parallel it and the few that run at right angles to it. Year by year, the plates creep past each other; from time to time, rocks must yield. The largest recent earthquake in California, the 1906 "fire" (as civic boosters chose to call it at the time) in San Francisco, could be seen from the perspective of plate motion as the event through which the northern section of the San Andreas Fault released the strain that had been accumulating over the years.

It took a second and more localized scientific development to add the note of certainty to forecasts that a catastrophic earthquake will strike southern California. The man most often identified with this development is Kerry Sieh, a geologist at Caltech. His contribution has been to estimate the schedule on which the rocks along the fault give way.

As the plates move past each other, the strain that accumulates at great depth can be accommodated in different ways. The plates can release some or all of the strain by "creeping" past each other with steady movement, or through numerous small earthquakes that human beings barely feel. Such creeping takes place along a section of the San Andreas Fault in central California, and it leads to novel effects, such as the fissure at a frequently photographed winery in Hollister that is gradually being split by the fault.

Much of the tension along a fault line can also be relieved through less frequent quakes of "moderate" power, in the range of 5 or 6 on the Richter scale. Many of the subsidiary faults in California behave this way. Finally, the rocks on a fault line can lock solid. When this happens, there is no gradual distortion of roads, fences, or wineries, nor are the earthquakes frequent. The two sides of the fault remain motionless until the shearing force of the plates' movement overwhelms the strength of the rock itself.

The result is a "great" earthquake, which releases enormous accumulated energy all at once and can result in one side of the fault moving as much as twenty feet past the other in the space of a few seconds or minutes. The San Francisco quake of 1906 was such a great earthquake, affecting the northern section of the San Andreas Fault. Another portion of the fault, which runs roughly 200 miles between a small town called Parkfield, in central California, and the San Bernardino Valley, and which is sometimes referred to as the southern section of the San Andreas Fault.

Andreas and sometimes as the south central section, has been locked solid for more than a century. In 1857, during its last great earthquake, the sides of the fault moved past each other by as much as thirty feet. The southernmost section of the fault, which starts near San Bernardino and runs to the Salton Sea, has had no major ruptures during "historic time"—geologists' term for the 200-plus years of written records for the region, as opposed to the eons of the rocks. Scientists' understanding of this portion of the fault is so incomplete that they are not sure whether it should be considered very likely or very unlikely to suffer a major earthquake in the foreseeable future.

Kerry Sieh's approach was to study the layers of earth at several places along the southern San Andreas Fault to see what they revealed about the timing of previous earthquakes. Through a variety of techniques, such as uncovering layers of peat moss that had been deformed by violent earth movement and then determining their age, he concluded that along the portion of the fault that ends north of San Bernardino, there was a pattern of dormant periods followed by strong earthquakes. Working from an early version of Sieh's findings, the Federal Emergency Management Agency issued the following warning last January as part of a report it prepared for the National Security Council on the consequences of a major earthquake in California:

"Geologists can demonstrate that at least eight major earthquakes have occurred [on the southern San Andreas] in the past 1200 years with an average spacing in time of 140 years, plus or minus 30 years. The last such event occurred in 1857 . . . geologists estimate that the probability for the recurrence of a similar earthquake is currently as large as 2 to 5 per cent per year and greater than 50 per cent in the next 30 years. . . . The aggregate probability for a catastrophic earthquake in the whole of California in the next three decades is well in excess of 50 per cent."

Kerry Sieh has recently reworked his estimates, allowing for greater uncertainty about the magnitude of previous quakes and for the imprecision of the carbon 14 dating process. "The best scientific guess would be that the average interval is somewhere between 125 and 225 years, with both of those being extremes," Sieh said recently. "My own intuitive best guess is that it's about 160 years, plus or minus 30. I'd say that there's a 50 percent chance of a great quake in the next four decades." Considering that the last great earthquake in southern California was 124 years ago, Sieh said at the end of one his papers, "We are almost certainly not 'overdue' for a repeat of the great 1857 earthquake, but we are clearly well along in the process. We are much too far along, in fact, to neglect serious preparations for the eventuality."

The repeated allusion to "great" earthquakes is important, for it refers to a difference in magnitude so enormous as to become a difference in kind. "Great" quakes are generally understood to be those of magnitude 8 or above on the Richter scale. (Sometimes those of 7.75 magnitude are so classified.) The last "great" quake in

the continental United States was the one in San Francisco in 1906. Since then, Alaska has experienced a great quake, in 1964, and there have been devastating earthquakes in Chile, China, Japan, Italy, and elsewhere. But in California, the strongest earthquakes in the past seventy-five years have been in the 6 and 7 range on the Richter scale—and most of them have been centered in unpopulated areas. The most damaging of the quakes, though not the strongest in Richter terms, were the 1933 earthquake in Long Beach, magnitude 6.3, and the 1971 San Fernando quake, also a magnitude of 6.3. Within a matter of years, there will be no one alive in California with personal memory of the effects of a "great" quake there.

Without the testimony of survivors, it may be hard to imagine the consequences of a "great" earthquake. The difference between 6.3 and 8.3 on the Richter scale does not sound fundamental, but it is. Each increase of 1 on the Richter scale signifies an increase of thirty times the energy and ten times the deflection on seismic measuring devices. If the San Andreas Fault should produce an earthquake of magnitude 8.3, as many geologists expect, it would release about 900 times as much energy as did the San Fernando earthquake of 1971. (The greatest quake of modern times, which struck Chile in 1960, had a magnitude of 9.5.)

The effects of major earthquakes are more readily comprehensible when expressed in terms of ground shaking, on the "Modified Mercalli Scale." This is a measure of the effects of ground movement as they are felt in specific regions. The scale runs from I to XII. Level I is "Not felt except by a very few under especially favorable circumstances," and II is "Felt only by a few persons at rest, especially on upper floors of buildings." In a "great" quake, large areas may be subjected to the highest intensities of shaking, levels IX through XII:

Level IX: Damage considerable in specially designed structures; well-designed frame structures thrown out of plumb; great in substantial buildings, with partial collapse. Buildings shifted off foundations. Ground cracked conspicuously. Underground pipes broken.

Level X: Some well-built wooden structures destroyed; most masonry and frame structures destroyed with foundations; ground badly cracked. Rails bent. Landslides considerable from river banks and steep slopes. Shifted sand and mud. Water splashed (slopped) over banks.

Level XI: Few, if any, (masonry) structures remain standing. Bridges destroyed. Broad fissures in ground. Underground pipelines completely out of service. Earth slumps and land slips in soft ground. Rails bent greatly.

Level XII: Damage total. Waves seen on ground surface. Lines of sight and level are destroyed. Objects thrown into the air.

In most versions of the Mercalli scale, levels IX to XII are grouped under the heading "Panic is general."

During the 1971 San Fernando earthquake, in which highway overpasses collapsed and forty-five people were killed when a Veterans Administration hospital fell down, there were shaking intensities of IX and perhaps even higher in some areas near the epicenter. The California Division of Mines and Geology has produced maps that display the predicting shaking intensities for a great quake on the southern San Andreas Fault. They show bands of IX intensity stretching for more than 100 miles, with levels of X to XII expected in sizable zones.

As the descriptions on the Mercalli scale may suggest, the main threat to human life during an earthquake comes not from the earth's movement itself but from things that fall. When severe quakes have occurred in out-of-the-way places, such as the 1872 earthquake in Owens Valley, they have rearranged the landscape but have taken comparatively few lives. That earthquake, centered in the stark region east of the Sierra Nevada Mountains, was the strongest in California's history—its force was so great that within seconds it added ten to fifteen feet to the height of an escarpment and moved the sides of the fault twenty feet past each other—but only sixty people were killed. Unless people are trapped in the path of a landslide, hit by falling trees, or drowned by the large ocean waves, called tsunamis, that earthquakes sometimes produce, they face little danger if they find themselves out in the open when an earthquake strikes.

The danger comes instead from buildings, especially those made of brick and other masonry, that are shaken to pieces during strong earthquakes and, in falling, cause most of the deaths. Some of the unreinforced brownstones of Manhattan, Federal townhouses in the Georgetown section of Washington, D.C., and mansions along Commonwealth Avenue in Boston, all so solidly built could be converted to rubble in an earthquake, for their style of construction is generally the first to fail during strong quakes. Wood-frame houses, by contrast, are the most stable structures, since they are able to sway and absorb the earth's motion. Only under the most severe shaking intensities do one-story frame houses collapse.

The ability of different buildings to withstand shock is also greatly influenced by the ground on which they stand. The best place to be during a strong earthquake is on solid rock; the worst is on soft ground, mud, landfills or areas with a high water table. Rock diminishes the intensity of the shaking; soft earth magnifies it. This principle is not limited to California. If a strong earthquake were to hit Boston (which is a less remote possibility than it may seem, since Boston has historically been one of the more seismically active areas in the East), the houses of the Back Bay would be most severely shaken, because they are built on landfill. In 1906, the regions of San Francisco built on reclaimed land near the bay were far more heavily damaged than buildings on top of the city's rocky hills. The ultimate danger in such areas is liquefaction, caused by violent shaking that drives groundwater upward through the soil and thereby transforms it to quicksand. Heavy buildings, especially multistory structures that are not anchored in bedrock, can tip over or sink into soil after it liquefies.

Through most of its southern section, the San Andreas Fault traverses dry plains and rocky canyons, where there are few buildings to destroy. But after it crosses through the San Bernardino Mountains at the Cajon Pass, it enters the inland valley that is now supporting such rapid growth, and it comes at its nearest point within about thirty-five miles of Los Angeles. It is the combination of the increasing probability of a quake, its expected magnitude, and its nearness to such a vast and wealthy human settlement that has created an atmosphere of concern about an earthquake on the southern San Andreas. Two other possible earthquakes are on the list of concerns: a major quake on the northern San Andreas, which is thought to be less likely, since only seventy-five years have passed since the San Francisco earthquake, but which would affect an even more densely populated area and therefore might be more devastating; and a moderate earthquake on the Newport-Inglewood Fault, which runs directly through Los Angeles and was responsible for the Long Beach earthquake of 1933. Statistically, the latter is thought to be a longer shot than either of the others, but because it would affect Los Angeles directly, it might be the most damaging of all.

Shortly after Jimmy Carter took a tour of the landscape of devastation around Mt. St. Helens, he grew concerned about the effects of a catastrophe in California and ordered a federal task force to prepare a report. Based on assumptions about how many people would be killed in different kinds of structures (for instance, 2 to 4 deaths per 10,000 population in wood-frame houses, 5,000 deaths per 10,000 in ordinary masonry buildings), the task force came up with the following estimates of deaths and of injuries serious enough to require hospitalization. Some of the situations it considered were these:

	Location					
	Southern San Andreas		Newport Inglewood		Northern San Andreas	
	Richter magnitude					
	8.3		7.5		8.3	
	Dead	Injured	Dead	Injured	Dead	Injured
Time 2:30 a.m.	3,000	12,000	4,000	18,000	3,000	12,000
2:00 p.m.	12,000	50,000	21,000	83,000	10,000	37,000
4:30 p.m.	14,000	55,000	23,000	91,000	11,000	44,000

In addition, there is, of course, the property damage. A consultant named Karl Steinbrugge, who was responsible for many of the most widely circulated damage estimates, predicted that the property damage could amount to some $17 billion for the southern San Andreas, $38 billion for the northern, and $69 billion for the Newport-Inglewood. Because of the enormous uncertainties about both the quakes and the resistance of structures, Steinbrugge stressed that any of the estimates might be off by a factor of two or three—either high or low.

In 1973, the National Oceanic and Atmospheric Administration, known as NOAA, prepared two thick volumes to enumerate the likely effects of a major earthquake in Los Angeles and of one in San Francisco. The books contain page after page of maps, each one plotting the two major faults in northern and southern California and showing their location in relation to major facilities: hospitals, blood banks, reservoirs, railroads, airports, highways, military bases, aqueducts, natural-gas lines, electric generating stations and transmission lines, oil pipelines, and other facilities. The southern California report says, for example, that a major quake on the San Andreas could kill between 400 and 800 people who are already in hospitals and put 50 percent or more of hospital beds out of commission, at precisely the time that the demand for emergency service would be most intense. It also says that "in the event of an 8.3 magnitude shock on the San Andreas Fault, the failures of Fairmont and Bouquet Canyon dams should be assumed," that such failures could kill more than 7,500 people and render 111,000 homeless; that all of the aqueducts that serve Los Angeles and San Bernardino cross the San Andreas Fault at least once and one of them crosses it four times, and that the region may be without its major water supplies for between two weeks and three months after a quake; that transportation, communications, finance, and

all other essential services would be interrupted.

After reviewing these and other predictions, the Federal Emergency Management Agency concluded in its report earlier this year that "the Nation is essentially unprepared for the catastrophic earthquake (with a probability greater than 50 percent) that must be expected in California in the next three decades. . . . Because of the large concentration of population and industry, the impacts of such an earthquake would surpass those of any natural disaster thus far experienced by the Nation. Indeed, the United States has not suffered any disaster of this magnitude on its own territory since the Civil War."

"What must be stressed is that this prospect presents us with an unprecedented problem in the history of the United States," Carl Ledbetter, a young mathematician who was briefly the director of the Southern Californina Earthquake Preparedness Project, said earlier this year in testimony before a congressional committee. "There has been no other time when the lives of as many as 69,000 people have been threatened at once; there has been no other time when losses on the order of magnitude of $135 billion have been a real consideration; there has been no other time when the productive capacity of a region which generates one dollar in twelve of the country's Gross National Product has been under such a real and unavoidable threat.

"We do not know how to think about threats of this magnitude; they are unreasonable by all our past standards."

Some scientists seem to feel that they do not know how to think about such threats. They are concentrating on finding ways to predict when and where earthquakes will occur. From experience in the U.S. and more advanced work in the Soviet Union, Japan, and China, geologists have focused on several signs that usually appear from several months to several hours before large earthquakes occur.

One such sign is a pattern of small "foreshocks" that leads to a major shock. ("The problem is distinguishing between those and other patterns that don't turn out to be foreshocks, because no large earthquake follows them," says Karen McNally, another of Caltech's geophysicists.) The Chinese have associated the period before large earthquakes with changes in the nature and behavior of groundwater. The water level in wells sometimes changes just before a quake, and the water may contain different concentrations of radon gas. Both of these changes are apparently signs of rearrangements in the underground rock layers, which affect the course through which the water must pass. Other scientists have constructed grids of geodetic markers on the earth's surface near a fault, on which they take repeated measurements to determine how much the earth's accumulating strain has distorted the grid.

There are even attempts under way to make scientific sense of the familiar folkwisdom reports that animals can tell when an earthquake is coming on. In central California, near the San Andreas Fault, one researcher has built a number of burrows for field mice and monitored them to record the animals' activities. He will attempt to establish the normal patterns and the variations from them for seasons and for feeding cycles—and then he will wait for the next big earthquake.

"We need more time—and we need more earthquakes," says Karen McNally. Few phrases are more frequently heard from the geologists and seismologists than "We'll learn a lot from the next big one." Such knowledge may be costly. Clarence Allen, in discussing events of the past year or two, says, "There's been a change in the seismic pattern [in southern California] that makes us more worried than we'd normally be. We know we're in an area and an era where a great earthquake would be no scientific surprise. We see a pattern of low activity for fifteen years or so—and now this change to higher activity, which makes us nervous." There are similar implications from the Palmdale Bulge, an area along the San Andreas Fault north of Los Angeles where the ground has apparently risen about a foot. "On the assumption that the bulge exists, as I would argue it does, it may be significant," Allen says. "Its shape is roughly coincident with the fault, and the very rapid rate of its rise—by geological standards—makes us think it might be trying to tell us something." But just what the bulge—or the changed seismic pattern, or the groundwater, or the animals—may be trying to say will be much clearer after the next big earthquake has confirmed or disproved the hypotheses.

In the meantime, of course, scientists are offering forecasts whose details of time and place may be imprecise but whose general point is hard to miss. But because the day of reckoning is so uncertain, and because the catastrophe is so strongly associated with divine judgment, against which the efforts of mortals are no defense, it has been hard for California and its public officials to decide what to do.

The things that could conceivably be done fall into two categories—mitigation and preparedness. Mitigation means taking steps before an earthquake to minimize the damage; preparedness means being ready to cope with the problems created by the earthquake.

Since earthquakes do most of their damage to buildings, the most obvious mitigating procedure is to strengthen buildings that might otherwise be destroyed. This California has tried to do, by passing new laws and tightening its building codes after each serious earthquake. When the 1933 Long Beach earthquake crushed masonry buildings throughout southern California, including a large number of schools, people realized that if the earthquake had occurred a few hours earlier, when school was in session, thousands of children might have been killed. The result was the Field Act which set more stringent standards for school construction and, despite some delays in application, has made schools the safest public buildings in the state.

During the 1971 San Fernando earthquake, the Van Norman Dam was so severely damaged that, according to most experts, it came within a few seconds' shaking of failing altogether. If it had done so, the death toll from that earthquake might have increased by a factor of 100. Soon afterward, the state undertook a dam inspection program that has—theoretically—made its dams much safer than before. The improvement must so far be considered only theoretical, because neither the dams nor the skyscrapers that have sprung up in Los Angeles since the thirteen-story limit on construction was removed in 1956 have yet been subjected to the test of a major quake. Engineers have often found themselves chagrined by the results of previous quakes. In 1979, a 6.6 magnitude quake struck the Imperial Valley, an earthquake-prone region east of San Diego. The most serious single casualty was the Imperial County Services Building, a new six-story structure that had been advertised as incorporating the latest standards in earthquake-resistance but which was so severely damaged that it had to be demolished.

The major structural peril is the large stock of old (pre-1934), unreinforced masonry buildings. There are about 8,000 of them in the city of Los Angeles alone, and their inevitable destruction is expected to be responsible for 80 percent of the deaths and 75 percent of the injuries in a great earthquake. The buildings are located mainly in the crowded downtown areas of Los Angeles and in the less fashionable sections of San Bernardino and other cities. The population that lives and works in them is largely poor and non-white, which is why earthquakes—though they threaten Porsche and pickup alike when freeway bridges collapse—will probably end up killing a disproportionate number of poor people. The economic forces that have kept the old buildings from being reinforced or renovated during the previous fifty years also make the owners of the buildings unlikely to invest voluntarily in such reconstruction. Early this year, the Los Angeles City Council passed an ordinance requiring that all the old buildings be either greatly strengthened or razed.

While earthquake experts generally praise this step, they point out two catches: the deadline for renovation is a dozen years away and could be stretched out even further through legal maneuvering, and no one has figured out who should pay the bill. One school of thought contends that any one who bought one of these buildings knew there was a hazard and has no right to complain because the gamble didn't work out. Others argue that strengthening the old buildings and reducing the potential disaster serves the public's interest and therefore deserves public financial support through either tax incentives or low-cost loans.

Still another group claims that trying to repair these structures before a quake will always be too costly to make sense. "You can't talk about a massive program of retrofitting old buildings," says Richard Andrews, the acting director of the Southern California Earthquakes Preparedness Project. "If you're talking about a building still under construction, making it seismically resistant might add 5 to 7 percent to the cost. For those that are already built, it can add 100 percent." Instead of worrying about avoiding property damage, some earthquake authorities conclude, it makes better sense to assume that the scientists will provide some warning, and then to get people away from the buildings and out of harm's way when an earthquake is due.

In a more fundamental sense, mitigation includes not only the buildings but also the places where they are built. From this perspective, the population boom in northern San Bernardino County can be seen as a move in the wrong direction. The northern outskirts of San Bernardino and the surrounding small communities—Del Rosa, Highland, Patton, Devore—are dotted with tract homes and new condominium developments. This very region is the southern limit of the 200-mile ground rupture that can be expected if the next great earthquake follows the pattern of the one in 1857. The geological map shows that the San Andreas and several associated faults pass directly through the new developments.

Since 1972, construction near fault zones has been controlled by California's Alquist-Priolo Act, which declares the areas near active faults to be "special study zones" and forbids construction intended for human occupancy within fifty feet of the trace (surface line) of an active fault. I visited one of the largest condominium developments north of San Bernardino, a place with several hundred units—adults-only apartments plus an adjoining mobile-home park. "You may have noticed some wide yards, some extra swaths of grass," Robert Rigney, the county administrative officer for San Bernardino County, later remarked. "Those represent the geologists' best guess about where the fault line runs." When I asked the saleswoman at the development whether there were any earthquake country. You ever look at a fault map? is southern California, honey. This is earthquake country. You ever look at a fault map? There's no place you can go that's very far away from them, so my advice is just to forget about it."

Indeed, Robert Rigney says that nearness to the fault, as in the case of this development, could be a source of false alarm. "The fifty-foot limit was designed to protect structures from damage caused by ground ruptures," he says. "Once you've passed that point, proximity doesn't mean much. As for the shaking—well, the whole valley will have that." As Clarence Allen puts it, "In a truly great quake, once you're a few feet away from the rupture it doesn't make much difference whether you're there or five miles away."

Robert Rigney also raises a larger question. Should people be prohibited from doing something—like buying new houses near the fault line—that may well cause them harm? "The zoning laws are designed to protect against injuries and deaths, especially in public buildings. They are not intended to protect property per se. If people choose to live here, that's their choice."

In a sense, he's right. The sociologists whose reports make up a larger and larger fraction of official publications about earthquakes have consistently pointed out that among all the possible responses to warnings of a quake, moving away from southern California is the public's last choice. "The Southern California public's lack of readiness is quite rational," a report from the Policy Research Center at the University of Redlands said early this year. "The threat is too uncertain in its impact and timing to command a high priority with people, especially since they face more pressing life demands which justify higher costs and yield higher immediate benefits. Just as people accept the risk of driving a car in order to gain the freedom it allows, many residents may also consider the earthquake threat an 'acceptable risk' in light of the benefits of living in Southern California."

The only thing wrong with the idea that people have knowlingly accepted a risk is that many of them don't have the slightest idea what the risk really is. The most widespread source of misinformation is the notion that since nearly everyone in California has lived through some earthquakes, they have a rough sense of what a big earthquake would be like. When I moved away from California in the late 1960s, I mocked the fears of my eastern friends about the effects of a quake. I'd been there; knew what they could do. My confidence was eroded recently, when I discovered that during the period I lived there the strongest earthquake to strike southern California was 4.5 on the Richter scale—about a millionth as strong as the big one that is predicted.

Giving people more of the basic information about faults, earthquakes, and hazards is a principal mission of one of the most hopeful new entries in the earthquake field, the Southern California Earthquake Preparedness Project. The project was launched as a cooperative effort of the federal government and the state. Its major purpose was to bring government officials, industrialists, and scientists together so that the could start figuring out who would do what to repair the damage done by the big earthquake. Who would fly in enough cash to keep the local economy running during the weeks it might take to reconstruct bank records lost when the computers go down? ("They tell us it will take ten days to get restarted for every one day the system is out." says Richard Andrews. of the project.) Who will run the morgues? Who will handle the insurance companies if there is a prediction of a quake nine months from now and they start refusing to renew earthquake coverage?

The project has been hampered in its early stages by messy disagreement between Robert Olson, who as director of California's Seismic Safety Commission has administrative jurisdiction over the project, and Carl Ledbetter, the mathematician and academic administrator who, at the age of thirty-one, was hired as the project's first director in January of this year. In July, Ledbetter submitted his resignation after Olson had asked him to do so. Olson claims that the disagreement was purely one of personal tastes and administrative styles. Although Ledbetter himself does not say so, others feel that he had made some officials nervous, even envious, because of his very success in getting the press and the public to begin thinking of earthquakes as a serious threat.

The disagreement about the southern California project may have been largely a clash of personalities, but it rises above that to the extent that it illustrates the internal friction that has characterized many efforts to "do something" about earthquakes. Most of the public bodies that have wrestled with the earthquake problem seem to have proven more successful so far in accommodating their own professional and bureaucratic habits than in doing things that would make a significant difference if a great earthquake should strike, say, next month. For politicians, those habits include making gestures of concern.

Thus, Governor Edmund Brown, Jr., has appointed a special task force to look into earthquakes; its findings are not notably different from the many reports that other task forces have written and filed over the years. For sociologists, earthquakes provide a reason for polls differentiating between "elite" and "mass" views on, for example, the credibility of earthquake warnings delivered through different news media. The "public policy" consultants have seen in earthquakes an opportunity for constructing elaborate flow charts and "decision trees" of phenomenal complexity, much as their professional brethren did fifteen years ago when laying plans for Model Cities and the Job Corps. Meanwhile, new houses spring up near the fault zone and old houses stand waiting to collapse.

There also seems to be a genial agreement among many of the participants that ignorance is bliss. If there is a constant in the political history of earthquakes in California, it is that responsible officials are often eager to promote the idea that it can't happen here. Arnold Meltsner, of the University of California, has pointed out that "the geological map of California published by the California State Mining Bureau in 1916 did not contain any indication of faults, not even the famous San Andreas"—and this ten years after the San Francisco earthquake. Representatives of Palmdale have done their best to have their bulge referred to instead as the "Southern California uplift."

When officials of a county in southern California discuss what their role after an earthquake should be, they tend to emphasize what they will be doing to help repair the devastation elsewhere, not what help they themselves will need.

Any non-Californian who is tempted to mock the desire to ignore earthquakes is invited to consider his own situation. While the government's seismic-risk maps show that most of California is in Zone 3, where "major destructive earthquakes may occur," that zone is not confined to California. It also includes parts of Utah and Idaho; the area along the Mississippi where Arkansas, Missouri, Tennessee, and Kentucky meet; the Charleston region in South Carolina; greater Boston; a strip along the Great Lakes; and the St. Lawrence Valley in upstate New York and northern Maine. For several months in the winter of 1811–1812, a powerful sequence of earthquakes occurred in New Madrid, Missouri. In 1886 there was another powerful earthquake in Charleston, South Carolina.

I asked Clarence Allen what caused those earthquakes. He said, "No one knows."

On a smoggy summer day when the temperature was 99 degrees, Carl Ledbetter rode with me through the foothills north of San Bernardino where the San Andreas Fault runs. "If I remember the maps correctly, the fault goes right past this intersection," he said as we stopped at a crossroads. On one corner of the intersection was a mobile-home park.

"Mobile homes are tremendously vulnerable during earthquakes," Ledbetter said. "They suffer about six times as much damage as regular homes. All of these will be thrown off their supports. They'll all be gone." We drove up a steep hillside, where several dozen new single-family homes were ready for occupancy. "You see the grading on the terraces here? That will never hold. There will be landslides all down this hill."

We drove back down the hill, to the floor of the Santa Ana wash. Farther to the east, where the San Andreas Fault began to divide into two roughly parallel zones, there was a narrow, sharply defined ridge, of the sort that is sometimes created by fault action. Several modern, obviously expensive houses sat on top of the ridge. "I've got to bring my camera up here and take 'before' pictures of all these places," Ledbetter remarked. "Then I'll come back for the 'after'."

"We could do something about it," he said, as we drove through the wash to Redlands. "Little things can make a big difference, like strapping down the water heater to ensure you'll have something to drink, or knowing how to turn off the gas lines and prevent a fire. Also big things, like thinking about land-use policies, and being prepared for a big earthquake's impact on the nation's economy and its military security. It's not impossible to protect ourselves. But we'd have to start doing it now."●

POLAND WILL BE FREE

● Mr. LUGAR. Mr. President, many Americans take for granted the many freedoms that they have enjoyed for over 200 years: Freedom of religion, freedom of emigration, and freedom to organize into voluntary associations such as trade unions. Events have transpired these past few days in Poland that powerfully demonstrate that not all people enjoy these same rights. The people of Poland are literally under military seige.

For over 3 months, the College Republican National Committee has mobilized its thousands of members in a campaign of support for the people of Poland. This "Poland Will Be Free" campaign has centered around "Marches for Freedom" in 27 cities across the country and the circulation of a petition in support of the Polish people.

Mr. President, over 200,000 Americans have signed the "Poland Will Be Free" petition and joined in this courageous campaign. I am proud to add my name to many Members of the U.S. Senate that have assisted the College Republican National Committee in this important effort. I ask permission to insert the text of the petition into the RECORD.

The text of the petition follows:

POLAND WILL BE FREE

Whereas, the men and women of Poland share the rights of all people to freedom of religion, freedom of emigration and freedom to organize in voluntary associations such as unions, student groups and churches.

And whereas, these rights have been denied to the people of Poland since 1939, first by National Socialist Germany and now the Soviet Union,

And whereas, the people of Poland have made steady gains in establishing these rights since August, 1980.

And whereas, these newly won rights are jeopardized by a threatened invasion by the Soviet Union and its client states in Eastern Europe.

Therefore, be it resolved, that we the undersigned wish to state before the world community our complete support for the people of Poland in their struggle to retain their inalienable rights.

Petition Gatherer's Name:

Address and Phone: _____

Please send this completed petition to the College Republican National Committee at 310 First Street, SE., Washington, D.C. 20003. More petitions are available from the Committee.

All completed petitions will be flown to Poland and delivered.●

NUCLEAR ENERGY EDITORIAL

● Mr. MITCHELL. Mr. President, Mrs. Mary Page of Skowhegan, Maine, sent me a copy of a Bangor Daily News editorial which voices a number of strong concerns about the administration's nuclear energy policy. They are concerns which have become more cogent since the editorial was first printed.

The paper's commentary discusses the administration's claim that the ills of the nuclear industry are due simply, and only, to Federal safety regulations, which President Reagan has said do not provide enhanced safety but only result in costly delays. All Federal regulations should be closely evaluated by comparing their current effectiveness with their original aims, and I think this is a point on which all Americans would agree. Nevertheless, for the industry to blame their present woes solely on Federal regulation is, as the editorial states, "a weak crutch."

The most recent NRC report on months of delay in the licensing schedule estimates a 2-month delay in one plant's license petition. The figure is dramatically different from the NRC's January report which predicted that, according to construction completion dates provided by the industry, 12 powerplants would face an aggregate 90 months of delay during 1981 and 1982. As these projected delays have become substantially fewer, so, too, has the administration's argument become significantly weaker. At the same time, the real ills of the industry, which are economic in nature, have persisted.

So, too, have the questions on nuclear safety inexorably continued and gained strength. On the day the NRC suspended the operating license of the Diablo Canyon plant, NRC Chairman Nunzio Palladino stated strong concerns about serious quality-assurance breakdowns at several plants across the country. He added that the discovery of numerous safety problems and engineering mishaps during his 5½ months as NRC Chairman sort of clouds the high degree of confidence he once had in the development of nuclear energy.

The editorial also reviews the administration's proposal to lift the ban on commercial reprocessing of spent reactor fuel. Former President Ford is quoted in the editorial making this succinct case against such a decision:

Avoidance of proliferation must take precedence over economic interest.

The editorial makes reference, as well, to the President's order for swift action to deal with nuclear wastes, stating:

He is apparently a believer in the nuclear industry's contention that the disposal of high-level waste is purely a "political problem."

As a member of the Senate Environment Committee, which recently reported its version of nuclear waste policy legislation, I know well that if the issue of nuclear waste is a political one, it is for good reason. The American public should and will be fervently involved in this critical issue. But I know, too, that the difficulties of dealing with nuclear wastes cannot be blamed solely on the politics which surround the issue. The enduring complexities of nuclear waste will not be resolved simply by swift solutions, or by allegations about the politics of the issue. They must instead be the result of a thoughtful evaluation of the available policy alternatives.

I ask, Mr. President, that the Bangor Daily News editorial be inserted in the RECORD.

The editorial follows:

REAGAN'S NUCLEAR POLICY

As many Americans feared he would, President Reagan has committed the federal government to a bail-out of the seriously ailing nuclear power industry—an expensive, potentially dangerous and questionably necessary policy for a nation that is referred to as the Saudi Arabia of coal.

Since the dawn of the nuclear age 35 years ago, the U.S. has pumped an estimated $45 billion taxpayer dollars into this enterprise, which judged in the most charitable and sympathetic light, has failed to live up to the promises made in its behalf.

Even if the president is successful in changing the rules governing plant licensing—reducing that period from 12 years to eight—it is unlikely that he can mend the flaws that make this source of power unattractive to the investment community, which must risk funds in plant development, or to the consumer, who is concerned for both his light bill and his health.

The word simplistic has been used, with debatable accuracy, to describe the president's foreign and domestic policies; but there is little question that in laying the blame for nuclear power's failure solely on red tape, he is crudely oversimplifying the issue.

"Nuclear power," said Reagan in justification of his policy, "has become entangled in a morass of regulations that do not enhance safety but do cause extensive licensing delays and economic uncertainty."

True enough.

But the same regulatory excesses are evident in the production of and ultimate cost of everything from automobiles and lawnmowers to tricycles and toys.

These regulations are often unnecessary, occasionally idiotic, and they certainly inflate prices, but they are a weak crutch for the nuclear industry.

All major industries, from paper mills to coal plants, are forced to live with regulations that benefit no one and only serve to drive up costs, but none are suffering to the extent the nuclear industry is.

There are other reasons for these unhappy circumstances, some of the most prominent of them summed up last February in a report published by New England Business magazine:

"The reason for this rush to sell (utility interests in a half-dozen regional nuclear plants), is no secret: The plants have proved to be a financial noose for the utilities. The effects of inflation have combined with delays in the project to carry them far beyond original cost estimates—and worse, for some, it doesn't appear that the demand for power that was assumed when they were planned will materialize."

Utilities have cancelled work on two more New England nuclear plants, in Montague, Mass., within the past month.

If Mr. Reagan wants to reduce the licensing period from 12 years to eight, the issue then becomes which regulations to eliminate.

The Kemeny Report, issued in the aftermath of the Three Mile Island incident, has been treated Delphically by the two sides in the nuclear debate—the nuclear industry, for its part, has embraced it almost lovingly, as if it vindicated the process by which electricity is produced through atomic fusion.

It didn't.

"I don't think the impact of our recommendations is fully appreciated," said the report's namesake, former Dartmouth President John D. Kemeny, about utility and industry reaction to the document. "We have recommended that no new licenses be issued unless certain things happen, unless licenses raise safety standards, get the approval of state and local emergency plans and conform to new siting requirements."

President Reagan is proposing that some requirements be eliminated. A simplistic approach would be downright dangerous.

Three Mile Island is overused as a symbol, by both sides in the nuclear debate, but even if the nuclear industry is granted its contention that Three Mile Island was a "non-accident," such a status raises two interesting points—one of concern to the ratepayer, the other to investors.

The estimate most commonly used for the cost of cleaning up the non-accident is $1.3 billion—enough to fund all government operations of the State of Maine for two years and four months. One wonders how the expense of a similar occurrence in the subscription area of a Maine utility would be covered by its ratepayers.

If the absence of new capital is any indication, investors have not missed the message to them in Three Mile Island.

The incident and subsequent studies may not have been the kiss of death to nuclear power, but investors heard heavy breating.

Nuclear technology is dangerous and fragile, safeguards are expensive, and a multi-million-dollar speculative investment can go down the drain in an instant, with the sticking of a valve or in the momentary lack of concentration of a single employee.

It is his right, but the president is also reversing the policies of previous administrations with his decision to allow commercial reprocessing of spent reactor fuel.

President Gerald Ford made one of the strongest statements against this policy, when he said that in the balance between modest, short-term economic gain and the added risk of nuclear terrorism that occurs with the proliferation of weapons-grade plutonium, "avoidance of proliferation must take precedence over economic interest."

The president is also naive when he orders swift action in developing a national atomic waste disposal repository. He is apparently a believer in the nuclear industry's contention that the disposal of high-level waste is purely a "political problem."

It is in fact a political problem, but it exists because there is no proven, safe, permanent way to dispose of the by-products of the nuclear fission process.

Not surprisingly, there has been no queue of states and towns in Washington, waiting to ask the federal government to bury radioactive waste, encased in ceramic balls, in their backyards.

Even if the program sounded appealing: This is the same federal government that the administration itself is quick to remind us

has traditionally handled its responsibilities with expensive, bumbling inefficiency.

Could the same government that spawned the Postal Service, food stamps, and affirmative action, really be trusted to safely dispose of huge quantities of the planet's most lethal material?

What is most unfortunate about the Reagan nuclear policy is that it is so unnecessary.

Even if the futurists and dreamers, the Lovins' and the Schumakers', are wrong, and we would be premature to take the soft path to renewable energy, the country still has an incredible wealth of coal, and despite today's high prices, the elasticity of demand could stretch further still, bringing gains through conservation.

Last year, wood provided a greater portion of the national energy budget than did nuclear power. It is tough to run a sump pump on beech, but it is incredibly costly, to everyone, to heat structures with electricity.

In many instances, this most costly form of energy is doing the wrong work.

If it can be proven that the construction of major new plants is essential to economic growth—there are good arguments on both sides of the energy-economic growth issue—there is always King Coal.

We would be following in the footsteps of other industrialized nations that are not abandoning nuclear plants already on line, but are shifting their emphasis to coal.

In 1979, the last year that complete figures are available, eight nuclear projects or contracts were cancelled worldwide for every three announcements of new plant construction.

Charles Komanoff, a New York energy and economic consultant, told the New York Times last March that any utility with a nuclear plant less than one-third complete, should abandon the project and switch to coal. In the long haul, it will be cheaper.

With the experts quibbling over the difference in cost of building coal and nuclear plants—today they are roughly equivalent—the layman can safely assume that this is a moot but expensive point.

He can also assume that, given the degree of difficulty and danger, our technologists can make a coal plant cleaner than they can make a nuclear plant safer.

If massive public subsidies must be pumped into the development of any capital-intensive energy scheme, let it be coal.

The additional billions that President Reagan would take from the taxpayers to underwrite technologically specious schemes to dispose of nuclear waste, should be used instead to stifle the choking smoke of the industrial heartland that is killing rivers and lakes throughout the Northeast and Canada.

Instead of public subsidies to build nuclear plants that are risky investments, increasingly shunned by the private sector, the same money should be spent to provide utilities and industries with the margin they need to build clean, coal-fired facilities. Industry is headed that way on its own. The economics dictate it. If public money is to be used, why not encourage it?

At a recent hearing in Augusta where the cost of closing Maine Yankee and disposing of high-level waste was discussed (a cost of up to $200 million), E. W. Thurlow, the president of Central Maine Power, owner of Yankee, remarked, "Nuclear power is dead, why stomp on the corpse?"

The taxpayers might ask Mr. Reagan why he insists that this dangerous corpse lie in state, indefinitely, at their expense.●

BUYING AMERICAN

● Mr. HEINZ. Mr. President, recently one of my constituents, Robert Shaffner, brought to my attention a policy his company, Flight Systems, has instituted which I think bears close examination.

As the following policy statement makes clear, Flight Systems has adopted a policy of buying American in as many circumstances as possible, though not regardless of price or quality. Mr. Shaffner is saying that as Americans we ought to prefer American products, and, if they are not of superior quality or offered at competitive prices, we ought to be challenging our producers to do better.

This approach takes a page from the Japanese book, though certainly not to the extent the Japanese have closed their markets to foreign products. Indeed, Mr. Shaffner is not proposing Government restraints or other legislated obstacles. Rather, he is calling for a new sensitivity on the part of consumers—wholesale and retail—to the importance of buying American to our economy without sacrificing price or quality. This is an attitude we need to encourage in this country, and I urge Senators to read Mr. Shaffner's policy statement. I ask that it be printed in the RECORD.

The statement of policy follows:

STATEMENT OF POLICY

Those of us who repair, supply parts for or sell forklift trucks are faced with an Asian challenge so severe that our very livelihoods are at stake.

In years past, many would say that American-made products "just didn't measure up" or that Japanese lift trucks (or Japanese cars, or Taiwanese shoes, or Korean coats) were better made and cheaper, so why not buy them? In many instances, they were right. Foreign products were cheaper and, in some cases, as good or better.

Recently, there has been a revolution in American-made products, due in part to the American worker's response to the competitive challenge of foreign-made products. American workers have improved their quality and increased productivity. This is doing what we're best at—responding to a challenge.

It's time for American business to act—to do our share by establishing a reasoned policy which alerts both suppliers and customers that we care about American products. A reasoned policy means not to overreact and refuse to buy or sell anything not made in America as "foreign or un-American". That is stupid and repressive. As a better approach, we invite you to join us in adopting a permanent policy which encourages pride in and a preference for American products:

MADE IN AMERICA—OUR FIRST CHOICE

When buying industrial products, ask your supplier, "Is it made in America? If not, why not?" If there is a good reason, buy it anyway. If not, consider the American-made product first. Include this question on your purchase orders—Label the American-made products you sell—Note in your advertising those products you sell which are made in America.

This certainly does not mean that you should buy or sell sub-standard products just because they are made in America. That's partially the reason Asian products gained such popularity. Insist on top quality products at competitive prices from your American suppliers; i.e., "Hold their feet to the fire". If they don't measure up buy the Asian product, and tell your supplier why. You'll help the sub-standard supplier and America far more by adopting this policy than by quietly taking your business elsewhere.

Flight Systems and SCR Parts are proud to have made in America—our first choice as our corporate policy for the products we buy and sell. Even though we are an international company, this policy makes good business sense for us and our customers. We hope you agree and will adopt the same policy. We have printed some self-adhering small labels to affix to products which say just that, and would be happy to send you a few sets of them, with our compliments. Please write either of us on your letterhead.

DENNIS M. DALEY,
FLIGHT SYSTEMS,
President.
R. D. SHAFFNER,
SCR PARTS,
President.●

ADDRESS BY SENATOR HART

● Mr. MITCHELL. Mr. President, Senator GARY HART recently spoke at George Washington University on the critical need for nuclear arms controls and a viable nonproliferation policy.

To briefly summarize, the speech addresses the spread of nuclear materials and the severe inadequacies of current safeguards to detect the transfer of these materials and to restrict their potentially tragic misuse. Senator HART also sheds valuable light on the administration's decision to place the United States in the role of "the reliable supplier" of nuclear technology to the world.

Three recent actions taken by the Reagan administration further reflect a weakened commitment to nonproliferation: the decision to allow the commercial reprocessing of spent fuel; a costly Federal commitment to the nuclear industry—at the expense of other energy sources; and the Department of Energy's plan to use plutonium from spent nuclear reactor fuel to produce nuclear weapons.

As Senator HART states, the nuclear policy advocated by the administration significantly lessens the near-term chances of reaching a nonnuclear energy-independent future, and creates a nonproliferation policy that will have virtually no credibility as an example to other nations. Senator HART outlines six points which would lead toward a more sane nuclear policy.

Senator HART's speech is an incisive review of the questions on nuclear technology, nuclear terrorism, and nuclear war which must be immediately addressed by our Nation.

Mr. President, I ask that Senator HART's speech be printed in the RECORD.

The speech follows:

ADDRESS BY SENATOR GARY HART

I am here tonight to discuss with you a most urgent issue—preventing the use of nuclear weapons. There is no more important issue before this nation or this world.

We may be in some danger of forgetting the awesome power of destruction nuclear weapons hold. But American leaders who knew war—who led men in battle and saw men die—saw nuclear weapons tested and used and were awed. They believed nuclear weapons had, in the words of General Douglas MacArthur, "destroyed the possibility of war's being a medium for the practical settlement of international differences." MacArthur said, "Global war has become a Frankenstein to destroy both sides. No longer is it a weapon of adventure—the short cut to international power."

Today, nuclear weapons have lost their power to awe our leaders. In fact, there are those who think a limited nuclear war can be fought and won.

Such thoughts are fantasies. Yet these fantasies have allowed the Soviet Union to

pose as a leader for peace, and to portray us as an obstacle to peace. And they have alarmed our NATO allies at a time when their full support is critical if negotiations on theater nuclear weapons are to succeed.

Two weeks ago, the President made a bold proposal on theater nuclear weapons. He offered to forego placing new intermediate range missiles in Europe if the Soviets would dismantle the SS-20s now aimed at the hearts of Europe's cities. All who care about the cause of peace in the world must hope the Soviets reconsider their initial rejection and agree to this proposal.

But all who care about the cause of peace in the world must also hope the president's vision soon encompasses strategic nuclear arms as well. Limiting theater nuclear forces—those based in Europe—is important, but limiting the strategic force—missiles based in the U.S. and Soviet Union—is also vital.

To prevent nuclear war, we must limit strategic nuclear weapons—their size, number, and capability. We cannot indulge in dreams of unilateral disarmament. Substantial imbalance in capability can encourage at least the political use of nuclear weapons which must be deterred. And we cannot pursue an unlimited nuclear arms race—because that race will end in the destruction of humanity.

Arms control agreements are the only realistic way to limit nuclear weapons. And it's time—now, not next spring—to resume negotiations. Whatever the difficulties of reaching agreement, the dangers of not trying are even greater.

As President John Kennedy said in 1962, "Every man, woman, and child lives under a nuclear sword of Damocles hanging by the slenderest of threads, capable of being cut at any moment by accident or miscalculation, or by madness. The weapons of war must be abolished before they abolish us."

Today, those words ring more true than ever. For today, the nuclear sword is double-edged. One edge is the unconstrained arms race between the superpowers. The other edge—the one most often overlooked—is the spread of nuclear weapons worldwide, a spread that continues virtually unchecked.

No longer are there only two nations in the world with the power of ultimate destruction. Now there are six—the United States, the Soviet Union, Great Britain, France, China, and India. In a decade, there may be ten or twenty or more. The countries likely to develop nuclear weapons include radical states like Libya and Iraq, and dictatorships like Argentina and South Korea. Who can say with confidence these nations would show restraint in the use of a nuclear weapon?

And today, a new nightmare haunts us—the possibility nuclear arms may "trickle down" not only to nations, but to terrorist groups.

We cannot ignore the dangers of nuclear terrorism. Not nation making war on nation, but an isolated terrorist group imposing its will on the world. Not armies of scientists working with ultra-secret technologies, but a few individuals building a nuclear bomb with some basic physics and a few pounds of plutonium. Not weapons hurled thousands of miles on complex rockets—but one container in an abandoned warehouse on the streets of an American or European or Israeli city.

For three decades, we have been both the world's strongest proponent of curbing nuclear proliferation—and the world's leading exporter of nuclear technology. We have insisted that peaceful and military uses of nuclear energy can be kept distinct. The fact is, there is no fundamental distinction. There is only a thin line of technology. And we and the world's other nuclear suppliers are edging closer and closer to that line.

For example, today's nuclear reactors have produced about 140 tons of plutonium—enough to build 28,000 Nagasaki-sized bombs. So far, most of that plutonium is locked in spent nuclear reactor fuel. But with a technology called spent fuel reprocessing, plutonium can be extracted from spent reactor fuel. And several nations including Libya and Pakistan, are trying to buy that technology. In fact, most plans for world use of nuclear energy call for extracting plutonium from spent reactor fuel and using it to fuel breeder reactors, which produce more plutonium than they use.

Once technology like spent fuel reprocessing is sold, we have absolutely no assurance separated plutonium would be used only in conventional nuclear power plants, and not in weapons.

And once the technology is sold, we have absolutely no assurance plutonium will not find its way to terrorists bent on nuclear blackmail.

The world's various non-proliferation agreements have somewhat slowed the spread of nuclear weapons, but they have not stopped it. Non-nuclear nations continue to seek the most sophisticated, least proliferation-resistant technology. Nuclear exporting nations—such as France, Great Britain, Germany and the U.S.—sometimes put their short-range foreign policy or commercial objectives ahead of our universal interest in non-proliferation. And the international safeguard system established under the Non-Proliferation Treaty is inadequate to detect, much less stop, theft, diversion, or misuse of nuclear materials.

Consider these four facts:

First, a nation can sign the Non-Proliferation Treaty, receive nuclear technology, and then withdraw from the Treaty and its safeguard system on 90 days' notice;

Second, inspections occur infrequently and are announced well in advance—leaving plenty of time for the undetected diversion of plutonium;

Third, when inspections do take place, inspectors are not only approved by the host country, they are restricted to facilities selected by the host country, and they are forbidden to look for or report clandestine nuclear activities;

And finally, in the unlikely event some misuse is detected, there is absolutely no guarantee of effective international sanctions.

An International Atomic Energy Agency inspector who visited Iraq's Osirak reactor shortly before it was destroyed described how inspectors were forced to use flashlights because there were no lights in the facility. He described how inspectors were not able to enter the room in which spent fuel was kept because they did not have the key. According to this inspector, "The difficult part of the job is that you must prepare yourself mentally to ignore the many signs that may indicate the presence of clandestine activities going on in the facilities adjacent to the reactor—facilities that you were not permitted to inspect."

The Non-Proliferation Treaty has more loopholes than safeguards. And if you doubt the importance of closing those loopholes—ask yourself what might have happened if Khomeini had come to power ten years later, after the Shah had received the nuclear material and equipment we agreed to sell him.

The spread of nuclear weapons poses the gravest possible threat to civilization. In the words of General Omar Bradley, "Ours is a world of nuclear giants and ethical infants. If we continue to develop our technology without wisdom or prudence, our servant may prove to be our executioner."

In the face of this challenge, the Administration has adopted a policy of being a "reliable supplier" of nuclear technology to the world. If other nations depend on us for nuclear technology, the Administration reasons, the commercial leverage we exercise will be sufficient to stop recipient nations from building nuclear weapons.

But this policy could also make us the "reliable suppliers" of our own destruction. For example, the Administration intends to sell nuclear fuel to Brazil—a nation that has not signed the Non-Proliferation Treaty or accepted the safeguards on its nuclear program required by U.S. law.

Other Administration actions also signal a weakened commitment to non-proliferation.

First, it has lifted the ban on commercial spent fuel reprocessing imposed in 1977. And it did so even though this process is so economically unattractive that the owners of the one commercial plant in the U.S. plan to write it off as a loss, rather than resume reprocessing.

Second, the Administration has allocated billions of dollars for domestic nuclear power programs—while neglecting other energy sources that might help us, and the other nations of the world, toward a non-nuclear, energy-independent future.

And, third, the Department of Energy is considering crossing the line between peaceful and military uses of nuclear energy. It is considering using plutonium from spent nuclear reactor fuel to produce nuclear weapons.

If we do this, we will set the worst possible example, at a time when a good example is the least the world should expect of us. If we are to exercise world leadership in preventing the use of nuclear weapons, we must act now to stop the spread of nuclear weapons.

A comprehensive non-proliferation policy is a lengthy and complicated matter. Tonight, I want to outline just six key points:

First, we should negotiate limits on the strategic arms race. It's in our national security interest to do so. Until the United States and the Soviet Union stop piling weapon on weapon beyond any rational limit, we cannot expect other nations to forego these weapons themselves. And each time a nation joins the nuclear club, efforts at worldwide arms control are seriously complicated, and the prospects for preventing nuclear war are dimmed.

Second, we should ban reprocessing of all U.S. nuclear materials—at home and abroad. This ban should be lifted only on a case-by-case basis, and only if the United States has complete assurance that theft or diversion of nuclear material could not occur.

Third, we should stop exporting the means of making atomic bombs—technologies such as reprocessing plants and breeder reactors, or materials such as highly enriched uranium. And we should exercise diplomatic and moral leadership to persuade the other nuclear exporters to exercise similar restraint.

Fourth, we should take the lead in helping the world move toward a more secure energy future. This means research and development for alternative energy sources. It means more attention to conservation technology. It means exporting coal—not nuclear materials—to developing nations. And it means supporting the use of non-nuclear energy technologies throughout the world. These actions would brighten our own energy future—and they would make the world a safer place.

Fifth, we should exercise diplomatic leadership toward establishing nuclear-free zones. All countries within these regions although they could obtain nuclear generating technology, would agree never to build nuclear weapons. A nuclear-free zone in the Middle East, for example, would greatly enhance the chance for peace in that troubled region.

Finally, and most important, we should provide an economic incentive to attain non-proliferation goals. We can use our commercial leverage in the international nuclear

marketplace to discourage nations from obtaining separated plutonium. Last summer, I introduced a bill to do just this. Under its terms, a nation could receive nuclear technology or material from the United States only if it first agreed not to seek separated plutonium or reprocessing technology. In return, the United States would agree to supply it with enriched uranium fuel at a substantial discount—to compensate it for the lost energy value of the unextracted plutonium.

A nation interested only in peaceful uses of nuclear energy would have strong incentives to enter into such an agreement. A nation interested only in building bombs would simply not receive technology or materials.

I wish I could stand before you and promise success in our effort to control nuclear proliferation. I wish I could guarantee our overwhelming interest in survival will be strong enough to overcome short-sighted political agendas.

But there is no magic formula. We are dealing with decades of mutual suspicion between the superpowers. We are dealing with the gruesome desire of many nations to assert their national pride with deadly weapons. And we are dealing with terrorist groups who may use any means—no matter how dangerous or irrational—to achieve their goals.

William James once wrote, "So far war has been the only force that can discipline a whole community, and until an equivalent discipline is organized, I believe that war must have its way."

Today, war can be brought on us by nations, by organizations, perhaps even by individuals. Today, war can be fought with weapons dangerous and deadly beyond our comprehension. Today, war must not have its way.

If we fail to stop the spread of nuclear weapons, we place the world's security—its very survival—at risk. Regional nuclear conflict nuclear terrorism and even worldwide nuclear holocaust—all become more likely as nuclear technology spreads. We take a fearful risk if we ignore this fact. And we will have no one but ourselves to blame for the consequences.●

ONE-YEAR DEFERRAL OF LIFO RECAPTURE

● Mr. WEICKER. Mr. President, I support the Finance Committee's action with regard to the deferral of the effective date of the LIFO recapture provision that was attached to the Crude Oil Windfall Profit Tax Act of 1980. I am an original cosponsor of S. 1839, which is the genesis of this provision.

The identification and valuation of inventories is a constant, complex problem for many small businesses. This area is also the basis for a very complex set of IRS regulations that small businesses must comply with.

The choice of the accounting method to be used for tax purposes is controlled by IRS regulations. Basically, the regulations state that when the production, purchase, or sale of merchandise is an income-producing factor, the business must use the accrual method of accounting and keep track of inventories.

Therefore, instead of deducting all amounts paid for goods during the year, the business must allocate those amounts paid partly to those goods sold during the year and partly to those goods making up the inventory on hand at the end of the year. The accrual method allows you to deduct the cost assigned to goods sold but the cost assigned to the ending inventory cannot be deducted and must be capitalized and carried on the balance sheet as an asset. These capitalized costs will be deducted in future tax years as the goods are sold.

Note that the choice of accounting method does not affect the physical flow of goods, just the flow of costs. This is why the accounting method chosen is such an important factor.

One accrual method, FIFO, or first in, first out, assumes that goods are sold in the same order that they are purchased. That is, the costs of the first goods purchased are assigned to the first goods sold. And, the costs of the last goods purchased are assumed to apply to those goods remaining in inventory. Here is the rub—if you use FIFO in inflationary times—times of rising prices, the goods you buy early in the year will cost you less than the goods you buy later in the year. And it is the higher, more recent prices, that are assigned to the ending inventory. Remember—ending inventory is capitalized and put on the balance sheet.

The lower, earlier prices are assigned to the cost of goods sold and deducted from income. This results in a smaller deduction for cost of goods sold, higher taxable income and a higher tax bill.

In times of rapidly rising prices, this can have a tremendous impact on a small company's cash flow. The company will show more profit for tax purposes than the economic profit it has actually earned. The company must pay tax based on inflated profits and less money is left to operate the business on.

Larger companies frequently protect themselves against these effects by adopting LIFO, or last in, first out. This accounting assumption, accepted for tax purposes but subject to extremely complex regulations, assigns the most recent, higher prices, to those goods sold during the tax year. This results in a larger deduction, lower taxable income, lower taxes, and a larger cash flow. It should be understood that LIFO is not some kind of tax shelter, it just allows a business to deduct an amount closer to the true cost of goods purchased.

The other side of LIFO is that lower, earlier costs, are assigned to the ending inventory. In fact, if a company's inventory expands year to year, which is normal for a growing business, the ending inventory can be valued at very old and very low prices. Therefore, a company on LIFO often times has inventory that has a fair market value substantially higher than the amount shown on the balance sheet. That difference, essentially, is called the LIFO reserve.

The Crude Oil Windfall Profit Tax Act of 1980 included a provision which required that a liquidating corporation must recapture the inventory's LIFO reserves as ordinary income. Also, a corporation that sells its LIFO inventory in the course of a 12-month liquidation must recognize the inventory's LIFO reserve as ordinary income. This provision, if it becomes effective, will work an undue hardship on small businesses. On the one hand, a small business will want to, and should in most cases, use LIFO because it more closely reflects true economic income and results in a lower tax bill.

On the other hand, however, if the small business man elects LIFO, then he must be prepared to part with a substantial portion of the value of his business in the form of higher taxes if he ever sells or disposes of his enterprise. And it truly is the small and medium-sized companies that are going to be hurt by this provision. In other words, Mr. President, the requirement to recapture the LIFO reserve is a major obstacle to small business being able to adopt LIFO accounting.

As chairman of the Small Business Committee, I try to maintain fairly close contacts with representatives of the small business community. The National Association of Wholesaler/Distributors, one of the larger associations, and others, maintain that this provision, if it becomes effective, will be extremely onerous for their members. In fact, I have heard that there are small firms liquidating right now so as not to be caught up in this provision once it becomes effective on December 31, 1981. If this is the case, I think it is very important to approve this 1-year deferral so that we can reevaluate this situation.

Mr. President, approval of this deferral is not the only LIFO related problem that must be addressed by this body. The application of LIFO is so complex that many small businesses are deterred from using it. In my view, this whole inventory accounting area needs to be simplified.

During the second session of the 97th Congress, I plan to introduce important legislation to address the LIFO problem, the capital raising problem and other tax-related problems of small business. In the meantime, however, I strongly urge my colleagues to vote to defer the LIFO recapture provision for 1 year.●

JEROME "JERRY" WURF

● Mr. MATHIAS. Mr. President, last Thursday America's working men and women lost one of their best friends and greatest allies when Jerry Wurf, international president of the American Federation of State, County and Municipal Employees (AFSCME) died of heart failure at George Washington University Hospital. I knew Jerry Wurf personally, and over the years got to know him better than many public officials, some of whom battled with him across the bargaining table.

One of the last memories I have of Jerry is from Solidarity Day last September when he helped mobilize more than 250,000 members of AFL–CIO unions to protest cuts in the social programs they worked hard to bring about. Like the other great American labor leaders, Jerry had the power to stir the public's conscience, and to motivate people to act. This was evident from the beginning of his career. In his very first job as a cashier in a Brooklyn cafeteria in the early 1940's, he organized his fellow workers to protest their working conditions. Jerry's combative and tenacious nature moved him inexorably from that Brooklyn cafeteria to build AFSCME, which for a time in the early 1970's, was the AFL–CIO's largest union.

I have had many opportunities to address labor organizations over the years, and one thought which I try to leave with Members is embodied in something

Jerry said about the need for participation in the political process:

More than ever before, the well-being of all Americans depends upon decisions made within the political system.

But there is a danger that the majority of Americans will not participate in the political process.

Labor must devise new ways to enlist the participation of our members in the political system—and to turn that participation into effective power.

There is a struggle going on for the future of America. Labor should not be—and will not be—a spectator.

AFSCME recently published an updated biography of Jerry Wurf, which details his contributions to the American labor movement. I request that it appear at this point in the RECORD.

The biography follows:

JEROME "JERRY" WURF

In his 41 years in the labor movement, Mr. Wurf built his life's record on the forceful and effective advocacy of dignity for working people.

That dedication was probably the key ingredient of his most significant accomplishment: The building of AFSCME into the nation's largest public employee union. When he became its president in 1964, AFSCME had 240,000 members. Today, with one million members, it is the third largest union in the AFL–CIO. Under Mr. Wurf's leadership it also won the reputation as a tough, well-organized democratic union with a record of innovation and effective advocacy of progressive causes.

Mr. Wurf was born in New York City in 1919. As a child, he contracted polio and he fought a resulting physical disability for the rest of his life. After graduating from New York University in 1940, he went to work in a cafeteria and promptly organized the staff as a local of the Food Checkers and Cashiers Union. He went on to become an effective organizer for that union.

In 1947, Wurf joined AFSCME, then a small and struggling organization, as an organizer in New York City. During the 1950s he won a series of representational and legal battles that earned him national labor recognition. From 1959 to 1964 he served as Executive Director of AFSCME's District Council 37 in New York City. Building the Council local by local, Wurf won collective bargaining rights for city and state employees in New York. His efforts lead directly to a executive order by President Kennedy securing parallel rights for federal employees.

Mr. Wurf was elected President of AFSCME in 1964 following a hotly contested election in which he led a reform slate. One of his first acts was to call a convention to draft a new union constitution, and this set the stage for AFSCME becoming, in the words of the Washington Post, "a model of vitality and democracy."

He also encouraged a tough stance in contract negotiations and as the union won bargaining victories, membership began its rapid growth.

As the union began to expand, Mr. Wurf helped pioneer landmark public sector collective bargaining laws in Pennsylvania, Wisconsin, Hawaii, Michigan and a number of other areas. He was also a leading advocate of effective dispute settlement machinery to settle public sector bargaining problems.

Recognizing the vital link between civil rights and union rights, Mr. Wurf's active involvement in the civil rights movement began in the early 1940s when he was one of the founders of the Congress of Racial Equality. In the 1960s, he and A. Philip Randolph helped develop the Strategy for the Cities followed by the Rev. Martin Luther King Jr. in his civil rights campaigns in the South.

In 1968, a small AFSCME local of black garbage collectors in Memphis, Tennessee, struck to protest racial discrimination. Mr. Wurf saw Memphis as a pivotal event in the civil rights movement and committed the entire union to the struggle. The strike ended in success but only after the assassination of one of its strongest supporters, Dr. King.

In Memphis as elsewhere, Mr. Wurf never hesitated to challenge laws and procedures which he considered to be unfair. Chief among these were state laws against strikes by public employee unions. Through open defiance, he made public employee strikes a fact of life in the nation's cities and states. In 1974 he went to jail in Baltimore while personally leading a strike of the city's garbage collectors for better wages and working conditions.

More recently, Mr. Wurf put AFSCME in the forefront of what may be the most significant issue in labor-management relations and the women's rights movement in the coming decade: pay equity and comparable worth. Under his direction, AFSCME has planned a massive offensive to win economic justice on the job for working women.

Mr. Wurf's last major public appearance was as a keynote speaker for Solidarity Day, the massive AFL–CIO protest rally in Washington, D.C. last September 19. As was characteristic of his beliefs, he assailed the policies of the Reagan Administration as being unfair to the poor, the old, and middle-income working people.

Mr. Wurf was elected to the AFL–CIO's Executive Council in 1969 and served in the post until his death. Within AFL–CIO councils, he was often considered a maverick as he championed stands more progressive than the AFL–CIO was prepared to take at the time.

He was a member of the Democratic National Committee, and his union was constantly involved in political campaigns at every level of government in support of liberal causes and candidates. He once told a reporter, "I think that as an institution, the American labor movement has paid a very high price for its lack of political involvement."

Mr. Wurf also served on the Executive Board of the Leadership Conference on Civil Rights. He was a member of the boards of the American Arbitration Association, the Twentieth Century Fund, and the Academy for Contemporary Problems, and was a member of the Visiting Committee on Economic Studies of the Brookings Institution, and of the Council on Foreign Relations. He was also a Board member of the National Symphony Orchestra.

While president, Mr. Wurf established the Public Service Advisory Board of outside experts to advise the union on public policy. He also developed the AFSCME Review Panel to insure union democracy.

Earlier this year, he was recipient of a special award from the Americans for Democratic Action for his contributions to the labor movement. He was to have received the annual Labor-Human Rights Award of the Jewish Labor Committee at a dinner in his honor on January 7 in New York City. The group was citing him for his outstanding leadership in the American labor movement's fight for civil rights and for his involvement in democratic trade unionism.

Mr. Wurf was frequently described in the press as "cantankerous," or "contentious," and he could be both of these as the occasion warranted. But he was also a scholarly reader of poetry, of history, and the writings of Eugene Debs and Norman Thomas. It is perhaps from these that he developed his abiding conviction that personal dignity is an innate human need, an individual's primary defense against the haunting fear of worthlessness. He believed that the labor movement could and should provide that dignity.

He once said, "The most important dynamic in our organization is the conferring of dignity on workers, whether they are engineers or trash collectors, whether they're conservative or radical. . . . The be-all and end-all is dignity.●

ANNOUNCEMENT OF POSITION ON CERTAIN VOTES

● Mr. SASSER. Mr. President, had I been present and voting on December 10, I would have voted yea on the following rollcall votes on the continuing appropriations resolution:

Amendment No. 776 which would have exempted the maternal and child health program from the 4 percent cut.

Amendment No. 777 which would have exempted from the 4 percent cut the program of grants to States for the administration of unemployment insurance.

Amendment No. 778 to exempt from the 4 percent cut program authorized by the Older Americans Act, the Head Start programs, and the community health centers program.

Amendment No. 779 to provide sense of the Senate language reaffirming the Federal role in housing.

Amendment No. 781 to provide increased funding for youth employment programs.

Amendment No. 782 to provide increased funding for the food-for-peace program for assistance to the people of Poland.

Amendment No. 783 to exempt from the 4 percent cut the State student incentive program and the Pell Grant program.

Had I been present and voting on December 10, I would be recorded as having voted:

Yea on rollcall vote No. 469 dealing with the presence of a quorum.

Yea on rollcall vote No. 470 on a motion to lay the motion of Senator WEICKER on the table to reconsider the vote on rollcall vote No. 469.

Yea on rollcall vote No. 471 on a motion upholding the judgment of the Chair that the Senator of Connecticut's Motion to reconsider the vote on rollcall vote No. 470 is dilatory.

Nay on rollcall vote No. 471 on Senator WEICKER's motion to table the Johnson-Helms amendment. ●

ADDRESS BY SENATOR KENNEDY BEFORE THE AMERICAN ASSOCIATES OF BEN-GURION UNIVERSITY OF THE NEGEV

Mr. MITCHELL. Mr. President, on October 29, the senior Senator from Massachusetts, Senator KENNEDY, addressed the American Associates of Ben-Gurion University of the Nagev in Boston.

I recently had the opportunity to review Senator KENNEDY's speech in its entirety, and I found it to be a thoughtful analysis of the current situation in the Middle East. I ask that it be printed in the RECORD.

The address follows:

ADDRESS OF SENATOR EDWARD M. KENNEDY

It is good to be home in Massachusetts—and good to be here at the New England Chapter of the American Associates of Ben-Gurion University.

I share your feeling for that University. Seven years ago, I stood in the Negev with Golda Meir and helped to dedicate Ben-Gurion's Medical School. I know of its unique seven year course of study that trains a new kind of physician—one who will work in the development towns, the agricultural communities, and the Bedouin encampments.

David Ben-Gurion, the man who as much as any person brought Israel into being, had high hopes for the Negev. "The future of Israel is there," he once said. "Development there will become a reality through our pioneering spirit and the application of science."

Today the institution of learning that is privileged to bear his name is making David Ben-Gurion's prophecy come true. The University has graduated a new generation of pioneers. Its campus near Beersheba is a living testament not only to Israel's triumph over the difficulties of the desert, but a deeper triumph over the most monstrous years of our century.

The very existence of Ben-Gurion University—and the existence of Israel itself—are reflections of the miracle that brought an entire people out of the darkest night that ever descended on this earth. The poet Nathan Altermann wrote:

"When our children under the gallows wept
The world its silence kept."

Yet those who have been through that nightmare, and their sons and daughters, have found a homeland and given the world a bright proof of human hope. The men and women of that homeland, in the Negev and at Ben-Gurion University, surely have earned our help; but even more, they have won our hearts.

We meet tonight at a moment of uncertainty and dismay about the great dream we share—our abiding dream of peace in the Middle East and a secure future for Israel, our closest friend and our strongest ally in that region of the world.

This week, the United States Senate, by the narrowest of margins and under the most intense pressure, approved the Administration's plan to sell the most sophisticated American weapons to Saudi Arabia. Months ago, I was the first Senator to oppose that plan. I regard it as the most dangerous and damaging arms sale ever sought by any Administration of either party. For me, this kind of deal can never be a question of fleeting calculation or political convenience. I stood against this AWACS sale—and I stood against the last Administration's sale of F-15s to Saudi Arabia—because both of these decisions were fundamentally wrong. They were wrong for our own national security, wrong for the cause of peace in the Middle East, and wrong for the brave people of Israel.

We have heard many things said in recent weeks that should never have been uttered during this debate. In the spirit of Harry Truman, the President who overruled the kind of advice the Reagan Administration has just taken, and who recognized the state of Israel on the first day of its existence, it is time for us to engage in some plan speaking.

We have heard it said that opposition to the AWACS sale was based solely on our concern for Israel. In fact, that sale will threaten the national security of both the United States and Israel—it was not just pro-Israel, but pro-American to stand against it. It makes no sense to jeopardize our highly sensitive military technology by injecting it into an unstable region, where it can too easily fall into the wrong hands.

In the past, and for the same reason, I oppose the sale of AWACS to Iran, despite the assurances of the past Administration that Iran was an island of stability. And today, we must be thankful that AWACS were never sold to Iran.

This sale to Saudi Arabia is also wrong, because it will fuel an escalating arms race in the Middle East. It will raise—not reduce—the risk of war.

Finally, I reject the implication made during the debate that the interests of Israel are at odds with the interests of the United States. In this case, and so often in the past, what is right for America is also right for Israel. It is a fundamental fact that Israel is our most faithful ally in the Middle East. It is a fundamental fact that Israel has protected American interests in the past, and that Israel will do so in the future. Support for Israel is not an act of charity; it is a matter of national security. Those who have forgotten the fundamental facts about Israel during the AWACS debate should be reminded again that the only way for America to have an ally is to be one.

We have heard something else during this debate that must be denounced. I reject absolutely the unworthy appeals which in effect question the patriotism of Jewish-Americans. What has been derided as lobbying is in reality the basic Constitutional right to petition. All Americans, regardless of their religion, have that right. We cannot condone tactics that raise the worst spectre of religious prejudice, blaming dissent over public policy on differences of religious faith. Americans of all faiths and both parties pursued their opposition to the Saudi arms sale honorably and in the best tradition of our country and our Constitution.

The Administration complained that Jewish-Americans were vigorously expressing their views. But where were the Administration's complaints about the corporations that lobbied hard for AWACS because of the business it would bring? And why were there no complaints about Saudi princes gliding through the halls of Congress?

I believe that no Americans are any less American because they care about Israel—or understand that the security of Israel is vital to the security of the United States.

For me, this is not a religious issue—for I had assumed that the religious issue was long since banished from our politics. My own support for Israel is deep and continuing. It is rooted in an abiding conviction that such support is both morally right and essential to American interests. I welcome the widest and most vigorous debate on the issues. But never during that debate should people be blamed for how they themselves or the generations before them worshipped God. This nation must not, even for a moment, become a breeding ground for bigotry. And now, after the AWACS defeat, is the moment when we must speak with renewed conviction.

We must unequivocally repudiate the incredible suggestion that the United States should recognize or deal with the terrorists of the PLO. It is bad enough to hear that suggestion at any time about a group sworn to destroy Israel. It was even worse to hear it in the very hours when the PLO brigades were dancing on the grave of Anwar Sadat.

Israel has no need of fair-weather friends. Neither Israel nor the United States will be served by politicians who profess one thing and do another. And none of us can rely on conservatives proclaiming a biblical allegiance to Israel who can then be turned around in a single White House meeting.

There is another message that we must deliver to the Reagan Administration. They have promised that this arms sale will persuade Saudi Arabia to join in the search for peace. Let us insist that this must not be a promise of words, broken in fact. Let us say that it is not enough for Saudi Arabia to privately whisper hints of peace, while lavishly funding the terrorists of the PLO. Let us challenge the Administration to tell Saudi Arabia that a true security relationship is a two-way street.

We are entitled to expect Saudi cooperation, not rejection, of the Camp David peace process.

We are entitled to expect the reality, not a charade, of oil price restraint and oil supply reliability in the Middle East.

We are entitled to expect Saudi repudiation, not support, of terrorists.

We are entitled to expect Saudi support, not opposition, to American efforts to strengthen our military capabilities in the Persian Gulf.

Instead of giving the Saudis more offensive weapons, let us work with them to meet the very real threat they face of internal decay and subversion. Let us respond to the external threat in that region posed by the Soviet Union, South Yemen, Ethiopia, Iran and Iraq.

I support now, as I have in the past, American supply of defensive arms such as anti-tank and anti-aircraft weapons, to Saudi Arabia. And I support American cooperation with that country to make it clear and certain that any military assault against Saudi Arabia will be deterred effectively.

But of this we must also be certain—that the defensive arms we send to Saudi Arabia or any other Middle Eastern state must always be pointed in the right direction—and never against Israel.

Now that the Congressional debate over this arms sale has ended, the Administration must also end the months of its own inaction on the peace process. The Administration must define and state its objectives, and advance them consistently, reliably and effectively.

First, now more than ever, we must assure the security and prosperity of Israel, which may confront new and deeper dangers because of what the Administration has just done. When Prime Minister Begin visited Washington, the President pledged a new era of "strategic cooperation" between the United States and Israel. In a few weeks, when Israel's Defense Minister Sharon visits this country the Administration will have the chance to prove that it is serious about the substance of this policy. We must not rush to arm the enemies of Israel and then refuse the means of self-defense to the people of Israel. We must realize that a close military relationship with Israel is indispensable in countering any Soviet aggression in the Middle East.

Second, we must hold a steady course on the Camp David path to peace. Israel and Egypt are strategic cornerstones of the broader settlement we must seek. The Camp David Accords are a historic achievement. We must not set them aside in a futile effort to appease those sworn to an unholy war in the Holy Land of Israel. Nor can we allow the Soviet Union or its surrogates to subvert that process.

So I call upon the Reagan Administration to appoint at long last a new negotiator to succeed Sol Linowitz and to press ahead with negotiations in the Middle East. Prime Minister Begin and President Mubarak have reaffirmed the commitment of Israel and Egypt to peace. We cannot afford to let this moment slip away.

In pursuing negotiations, the United States must now reaffirm one of our own central principles: The PLO must never play a part in the peace talks until it has abandoned terrorism and renounced absolutely and forever the oath to destroy Israel.

Third, the United States must now set an example for the world community by taking urgent action against the terrorist regime in Libya. We must no longer contribute our oil dollars to a regime committed to violence, assassination and the killing of innocent human beings.

A week ago, I offered an amendment with Senator Gary Hart to prohibit all purchases of oil from Libya by the United States or by American firms and citizens. That amendment was lost, after the intense lobbying of the Administration by a vote of 47 to 44. But we will offer it again and again—until the Administration stops relying on tough talk and starts taking strong action against Libya.

It is inexcusable for the United States to be the world's largest customer for Libyan oil. Colonel Qaddafi and his lieutenants are plotting ceaselessly to destroy the state of Israel. They are sponsoring political murder in the Middle East and Europe, and even in the United States. And they are spending American money to purchase Soviet weapons, to assault America's friends in the Middle East, and even to attack American pilots over the international waters of the Mediterranean.

We should not pay one cent in oil tribute to Libya until it halts, once and for all, its sponsorship of bombing, shooting and death around the world. American industry and American homes must no longer be fueled by oil tainted with the blood of Libyan terror.

This has been a hard week for all of us. But in the midst of defeat, our enduring values can give new life to all our hopes. And there are memories that give us heart for the journey ahead. We remember David Ben Gurion, whose own life proved that the impossible can come true. We remember his vision of an Israel no longer surrounded by hostile powers, but by friendly nations.

We remember Anwar Sadat and Moshe Dayan who helped to carry that vision closer to reality. The words of Shaw that my brother quoted and loved fit all of them so well: "They dreamed things that never were and said—why not?"

Where there was ancient emnity, Anwar Sadat sought healing. Where there was deadlock in negotiation, Moshe Dayan found a way to resolve conflict. They were soldiers who fought hard—and then sought to beat the swords into plowshares.

For their sake, and even more for the sake of their dream, let us renew our commitment to peace.

For peace is all that Israel asks.

Peace, as the prophet Micah wrote, so that "they shall sit, every man under his vine and his fig tree, and none shall make them afraid."

Peace, as the Torah teaches, so that "the desert shall rejoice and blossom as the rose, and they that wait upon the Lord shall renew their strength."

In all that we say and all that we do, as Americans, let us pursue that peace together. Let us rely upon the Lord to renew our strength. And let us resolve that this truly is a dream that shall never die.

THE HIGHWAY AUTHORIZATION MEASURE

● Mr. BAUCUS. Mr. President, I reiterate my support for this Nation's highway program and my concern about the level of resources dedicated to highway maintenance. I am certain many of my colleagues are pleasantly surprised with the compromise that has been reached on the highway authorization measure. Not that long ago, it was virtually certain that there was no chance the provisions of the measure could be agreed upon this year.

But, the conferees, in a spirit of give-and-take, hammered out a 1-year authorization that signals much greater flexibility for the States in the expenditure of highway moneys. That is an important step in the right direction.

I am pleased as well that the conferees arrived at a 90-to-10 matching ratio. That is an improvement on the bill as passed here and is beneficial to States that find themselves squeezed by rising costs outstripping their available resources. We must examine this revenue shortfall with considerable concern, because an improperly maintained highway system could quickly become a financial nightmare. You can not save money by deferring maintenance on the Nation's highways, for you will simply be forced to buy bigger problems in the future.

I have made no secret of my disappointment with this bill's allocation formula for interstate 4R moneys. Frankly, I was stunned to see that formula changed in the conference committee deliberations. That change only further biases this legislation against rural states that must maintain extensive interstate programs.

I am reassured to learn that my colleague, the junior Senator from Idaho, intends to redouble his efforts to restore the 60-to-40 allocation formula or an acceptable alternative in deliberations on highway legislation next year.

We will face many challenges in our efforts to hammer out a multiyear highway authorization bill. I look forward to working with my colleagues to meet those challenges.●

PROFESSOR KINGSON ON EARLY RETIREMENT

● Mr. TSONGAS. Mr. President, as we conclude our work for this year, our thoughts turn to the coming year and the fate of programs and problems that have not been addressed during the first session of the 97th Congress.

None of us have any doubts that social security will continue to be a priority issue in Congress. The questions of solvency, benefit levels, eligibility requirements for disability benefits, early retirement, and raising the retirement age are high on the list of issues to be covered by the President's bipartisan task force on social security. Hopefully, this task force will provide the data and direction that is needed to make viable and permanent changes in the social security system without causing hardship to any American.

In the zest for presenting a plan to the President and the American public, I hope the task force does not overlook some of the myths and realities of retirement in our society. Our Nation is undergoing a demographic revolution in our aging population and what we do in the coming months must be responsive, it must be fair and it must recognize that early retirement is all too often a necessity and not an option for older workers.

In the December 15 Washington Post, Prof. Eric Kingson of the University of Maryland cites some of the myths generally associated with early retirement. Professor Kingson clearly and concisely outlines the issues that confront us on the questions of early retirement and raising the retirement age. We would be well served to heed his message and think carefully on what we do in the months ahead.

Mr. President, I ask that this article be printed in the RECORD.

The article follows:

THE MYTHS OF EARLY RETIREMENT

(By Eric R. Kingson)

President Reagan has called for the establishment of a bipartisan task force to review Social Security financing. When the task force and other national policy-makers contemplate one matter in particular—the trend toward early retirement—they and the country will be well served if some myths are dispelled.

Myth No. 1: The widespread availability of early retirement benefits is the reason workers have been withdrawing from the labor force before age 65.

While there is some truth to that, particularly for workers covered by private pensions and in good health. It misses the mark. Chronic and high unemployment is the fundamental cause.

Historically, management, unions and workers have favored early retirement as a means of shifting the burden of unemployment at a particular firm from younger to older workers. Likewise, the 1961 Social Security amendments extending the early retirement option to men aged 62 to 64 were developed during a recession, in part to encourage older workers to retire. Early retirement provisions have served to absorb and hide much unemployment.

Myth No. 2: Most early retirees leave work voluntarily.

Researchers have generally concluded that there are two groups of early retirees—one that leaves work in good health and by choice, and a larger group that leaves work because of health problems. One Social Security Administration study shows that 54 percent of male workers retiring between ages 62 and 64 cite health as their main reason. When jobs are scarce, older workers with health problems are not competitive.

Myth No. 3: Most early retirees are financially comfortable.

Studies consistently suggest that most early retirees lack pension coverage other than Social Security. They accept reduced Social Security benefits or other income opportunities. SSA data show that only 15 percent of nonworking men accepting Social Security benefits at age 62 retired voluntarily and with second pensions, while 45 percent left work involuntarily without a second pension. Not only do most involuntary early retirees take a dramatic cut in income, but their health precludes supplemental work.

Myth No. 4: Reducing early retirement benefits or postponing the retirement age under Social Security will discourage early retirement.

To discourage early retirement, the president submitted proposals to Congress last May calling for (1) a decrease in benefits at age 62 from 80 percent to 55 percent of the full Social Security benefit, (2) a reduction in spouse benefits for future early retirees and (3) elimination of non-medical factors from the disability determination process. Similarly, led by its influential chairman, J. J. Pickle, the House subcommittee on Social Security has given serious consideration to gradually reducing early retirement benefits and postponing the retirement age for full benefits beginning in 1990. While political reaction has made passage of these proposals highly unlikely until after the 1982 congressional elections, this type of proposal is not dead. So the question remains, would these proposals discourage early retirement?

The answer is, "Not to any great extent." For most early retirees, it would be extremely discouraging, but would not prevent early retirement. Regardless of whether Social Security benefits are halved, quartered or eliminated, many workers will still be forced out of work before the age of 65 because they are in poor health or because jobs are not available.

Stripped of this mythology, the "quick fix" of raising the retirement age becomes less attractive. On the other hand, proposals of the 1979 Advisory Council on Social Security and the President's Commission on Pension Policy to liberalize eligibility criteria for the SSI and Social Security Disability programs and to develop a special unemployment program for older workers take on added importance. Plainly, these types of proposals must accompany any effort to raise retirement age if accepted standards of adequate and equitable treatment of citizens are to be maintained.

Further, rather than proposing cuts for involuntary early retirees, we should be seeking to provide full benefits to workers prematurely forced out of the labor force. In terms of dealing with the appropriate goal of encouraging later retirement for those capable of continued employment, preferable alternatives may include (1) tax incentives encouraging employers to provide flexible retirement and part-time employment, (2) increasing Social Security benefits for later retirees and (3) changes in the tax law to discourage private employers from offering pension plans that encourage early retirement for healthy workers.

In spite of considerable research and human hardship, the early retirement problem has been cast almost entirely as a pension cost problem. As national debate unfolds, it is essential that Congress move past the mythology. Otherwise, policies will emerge that reduce Social Security taxes without meeting the long-term interests of taxpayers.●

NARCOTICS INTERDICTION AND MILITARY ASSISTANCE

● Mr. ROTH. Mr. President, the Permanent Subcommittee on Investigations, which I chair, recently held 5 days of public hearings on international narcotics trafficking. These hearings convinced me that the United States is losing the fight against narcotics, as increasing volumes of marihuana, cocaine, and heroin are being imported, and our antinarcotics resources are woefully indaquate. Clearly, in these times of fiscal restraint, it is imperative that all possible resources be utilized to combat narcotics trafficking and all relevant agencies cooperate. Perhaps the greatest untapped resource is the Department of Defense.

Unfortunately, three of the four service branches have been constrained by the Posse Comitatus Act, enacted in 1876. The Navy, although not prohibited from assisting civilian law enforcement officials by this act, issued its own regulations to prohibit such activities. However, the Navy recently changed its position and the results have been encouraging. The U.S. Customs Service has been receiving information on the movement of narcotics traffickers in the Caribbean which has been gathered by Navy E2C Hawkeye radar planes. Previously, AWAC aircraft were utilized for drug interdiction efforts.

This sort of cooperation is essential. During PSI's hearings a pilot who flew marihuana shipments from Colombia to the United States testified that all narcotics flights would be detected with the help of modern technology and modern radar. The Department of Defense possesses this technology and fortunately all of its branches will be in a position to use it against narcotics traffickers as a result of the Posse Comitatus Amendment recently passed by Congress.

The Posse Comitatus Amendment, which is found in the Department of Defense Authorization Act of 1982, was signed by the President on Monday, November 30, 1981 (Public Law 97–87). This amendment will allow Army and Air Force participation with civilian law enforcement personnel for the first time since passage of the Posse Comitatus Act.

As signed by President Reagan, the amendment restricts the information which the military can supply to civilian law enforcement officials to that information which is collected during the normal course of military operations. The Secretary of Defense may make available to civilian law enforcement officials any equipment, base facility or research facility for law enforcement purposes.

Upon request from a proper party, the Secretary of Defense my assign members of the military to train law enforcement officials in the operation and maintenance of equipment, and further may provide personnel to operate or assist in operating any equipment used for monitoring and communicating the movement of air and sea traffic. This provision is particularly directed toward narcotics law enforcement activities.

The amendment specifically prohibits the direct participation by a member of the military in an intradiction of a vessel or an aircraft, a search and seizure, an arrest or other similar activity, unless otherwise authorized by law.

In addition, the assistance given must not adversely affect the military preparedness of the United States.

Finally, the amendment provides that reimbursement may be a condition of assistance to civilian law enforcement officials.

Several witnesses expressed concern over the reimbursement provision during PSI's hearings, and I share this concern. Robert Powis, Deputy Assistant Secretary for Enforcement at the Department of Treasury, testified that the continuation of reimbursement by the Customs Service to the Navy will "put some severe strains on the Customs budget situation." He added that discussions with the Department of Defense concerning the possible sharing of costs are ongoing.

Peter Bensinger, former DEA Administrator, was even more concerned about costs:

> Someone is going to have to pay for those military flights. The question I would hope the Congress would address is who is going to do it and is it in this year's budget. When the U.S. Coast Guard and U.S. Customs Service ask the military commander to send up an EC–2 or 3 or get additional planes in the air to provide needed reconnaissance, the issue of payment of that service is critical. It is great to have the program but if you do not have the tools to get it once I would be worried.

Mr. President, I would like to commend all of those who worked to gain passage of the Posse Comitatus Amendment as well as this administration for its support. It presents a significant opportunity to better combat narcotics trafficking. However, its success remains largely problematical and I intend to monitor its use and effectiveness during the upcoming year.●

FLAWS IN RED CHINA'S UNIFICATION CAMPAIGN

(At the request of Mr. HELMS, the following statement was ordered to be printed in the RECORD).

● Mr. GOLDWATER. Mr. President, a very important article regarding Peking's recent unification overture toward Taiwan has recently come to my attention. This careful analylsis exposes the flaws in Red China's campaign and is supportive of continued defensive arms sales, including the FX fighter, to Taiwan.

The article is written by a reputable scholar of Asian matters, Robert L. Downen, director of Pacific Basin Studies at the Georgetown Center for Strategic and International Studies.

It first appeared in United Monthly, a Taiwan magazine, and later appeared in the English language business newspaper in Taiwan, the Economic News.

Mr. President, I ask that the article may appear in the RECORD.

[From the Economic News (Taiwan) Nov. 9–15, 1981]

A PROPER ROLE FOR WASHINGTON IN THE MAINLAND-TAIWAN UNIFICATION PROPOSAL

(By Robert L. Downen)

The "conventional wisdom" now permeating some circles in Washington holds that Peking's recent unification overtures to Tapei present a persuasive case for deferring new U.S. weapons sales to Taiwan or other actions which would improve United States cooperation with Tapei. In truth, the current circumstances point precisely in the opposite direction. The *worst* policy that Congress and the Reagan Administration could propose at this moment—assuming they want to improve prospects for greater harmony across the Taiwan Straits—would be the postponing of needed defensive equipment for Taipei or the slackening of visible commitment to the Taiwan Relations Act. Nor should Washington try to push Taiwan into a reunification scheme. The justification for this reasoning should be obvious, and will be explored below.

THE 'PEACE OFFENSIVE' GAME

In recent weeks, Taipei has come under steady assault by a barrage of proposals from Peking for direct trade and cultural exchanges with the mainland, combined with fresh assurances regarding post-reunification conditions on the island. The Communist Chinese regime in Peking, having reaffirmed its "sacred mission" of gaining control over Taiwan, has launched a peace offensive against the Republic of China calling for people-to-people contacts as a prelude to reunifiaction negotiations. In anticipation of this year's Double Ten celebration and the U.S. policy decision on arms sales for Taiwan, Peking has intentionally expanded its public relations campaign for this purpose, and spares no effort to promise broad-scale continuity in Taiwan once it becomes a political province of the Communist central government.

This clever campaign designed by Peking's strategists has been carefully developed in phases ever since establishment of official U.S.-Peking relations three years ago. In the first phase, as secret negotiations between Washington and Peking began in May 1978 [Communist] China's leaders began dropping enticing hints that they were willing to let bygones be bygones, and that the "family" on Taiwan would be welcomed back into the fold with open arms. Many Americans

were easily charmed by the welcome change in the Communist regime's public attitude towards the Republic of China.

As normalization talks progressed over the next several months, the price of generosity became cheaper. By November of 1978, one month before President Carter's China surprise, Deng Hsiao-ping advised Western visitors that Taiwan could retain its economic and social systems following reunification with the "motherland." There is little doubt that these public relations gestures helped facilitate consummation of the U.S.-PRC diplomatic relations by the end of that year, without the explicit security guarantees for Taiwan's future safety which earlier American presidents had demanded from Peking.

With its initial diplomatic victory securely in hand, the Peking government began to wage in earnest a new phase of its public relations campaign against the ROC. A pleasant 1979 New Year's message from the Communist National People's Congress suggested immediate establishment of trade, mail, and tourist exchanges between Peking and Taipei. And the mainland's ritualistic shelling of Quemoy on odd-numbered days, a 20-year tradition, halted at the same time.

Nevertheless, there was no question that ultimate objectives remained unchanged. The priority and intensity with which both Hua Kuo-feng and Deng Hsiao-ping addressed the Taiwan issue was repeatedly demonstrated in the years ahead. Both affirmed the "inevitability" of reunification, coupled with an admonition that "ten years is too long a time" to wait for its accomplishment. Deng Hsiao-ping's remarks during his January 1979 visit to Washington were noteworthy as much for their refusal to rule out the use of force to achieve that objective, as for their promise of provincial autonomy and customary lifestyle for the people of Taiwan after reunification is accomplished. Although tactics of approach were different, the end strategy remained the same.

One of the most generously disarming offers now being made by the Chinese Communist leadership, particularly effective from a public relations standpoint, is to allow Taiwan to retain its own armed forces and to permit Taipei officials to share China's governing responsibilities with the Politburo once political unification is accomplished. This political carrot is seen by many observers in the United States and elsewhere as almost too good to be true.

In fact, it probably is.

BASIC FACTORS TO CONSIDER

The thrust of the matter is that every overture to date has been offered strictly on terms that are favorable to Peking. The most dramatic gestures are those involving retention of economic, social, and military privileges for the island—by their very nature assume Taiwan's preliminary submission to the Communist government's sovereign authority and control. The lesser offers—those suggesting immediate trade, mail, and tourist contacts—have been closely tied to the start of negotiations for unification. In both cases, then, the basic precondition of Peking's generosity has been Taipei's acceptance of the mainland's political dominance, a long-standing objective which the Chinese Communist government remains unable to accomplish militarily.

All this is not to say that prospects for some kind of contact between the China mainland government and the Republic of China [government in Taiwan] should be dismissed completely. Rather, it is to clarify the nature of Peking's congenial peace offerings. There are, furthermore, several practical problems which must be confronted in discussing either unification or simply socio-economic contacts.

In the first place, the people of the Republic of China are in no hurry to submit to the mainland's political control in exchange for vague assurances of status quo conditions, which thus far seem impractical of implementation under Peking's direction.

With respect to negotiations on unification, Taipei clearly and correctly sees itself placed in a subordinate position from the outset, as the "local province" accepting the "motherland's" offer to sit down to talks on repatriation. This situation would extract a severe psychological as well as political price from Taiwan.

In a sense, the arrangement would symbolize the renouncing of every principle which has sustained the Republic of China for the past three decades, and it would involve an automatic loss of national identity and status simply through the act of discussing reunification. In addition, the Nationalist government's experiences on the mainland with 30 years of civil conflict and abortive "united front" efforts with the Chinese Communist movement give ample reason for doubts and suspicions about the sincerity of Peking's peace overtures. In purely practical terms, it is extremely difficult to imagine how the political-economic coexistence of Communism and capitalist democracy could be achieved within the same nation, notwithstanding Peking's promises. Britain's Economist journal has commented aptly that "The power-sharing part of Peking's . . . new proposal is windowdressing," adding that "power in a one-party state is not divisible" and Taipei authorities could not hope to have "any noticeable impact on the politics of real power in Peking."

U.S. POLICY COMPLICATES THE ISSUE

Returning now to the issue of Washington's proper behavior in the current context: United States policy and practice of the past three years has done nothing to encourage favorable consideration of cooperation between Taiwan and the mainland. In fact, it has obstructed it. Through a series of actions that symbolically and substantively deny Taiwan's identity as a sovereign entity, the United States has undermined any basis for co-equal contacts between Peking and Taipei. The Carter Administration's prohibition on routine working contact between U.S. officials and those in Taipei, and its willingness to allow the ROC to be systematically excluded from the World Bank, International Monetary Fund, and International Olympics, only reinforced doubts in Taipei about the practicality of balanced accommodations with Peking, and about the likelihood that Peking's unification preconditions would be eased. Similarly, the Reagan Administration's surprise decision this year to provide weapons to Peking, along with the delay in announcing 1981 arms transfers to Taiwan, has injected new uncertainty into the situation. In effect, U.S. policy to date has denied Taipei virtually any leverage for attempting to deal with Peking in the sovereign status of a co-equal participant. The situation is ominously reminiscent of the gradual weakening of U.S. support for the Nationalist Chinese government after the Second World War, which encouraged Communist rejection of ceasefire proposals and facilitated Communist victories on the mainland.

There is little wonder, then, that Taipei now reacts cautiously and skeptically to overtures for negotiation and unification. It should come as no surprise to anyone that the Nationalist Chinese government should want to approach the issue of future contracts with the mainland with dignity and authority of an equal and sovereign power, or that it should reject unilateral terms for its own extinction. If the Reagan Administration further delays vital decisions on arms transfers and gradually softens its demonstration of support for Taiwan's political integrity, it can only weaken the confidence and bargaining leverage of authorities in Taipei which is so important to eventual resolution of the "civil conflict."

TAIPEI COUNTEROFFENSIVE COULD BE ADVISABLE

Two major changes in current conditions, however, could alter the scenario. If, in the first place, the Reagan Administration resolutely and visibly reaffirms its support for Taiwan (as with the sale of the FX fighter), and if Peking will set aside all prior conditions of political submission on Taipei's part, then a compelling case might be made for the ROC's launching of a counteroffensive of proposals for social-cultural contact to publicly test Peking's sincerity.

Certainly Taipei could attempt to gain for itself what practical and psychological benefits might accrue from such a challenge, if these two changes in conditions should develop. Providing that Peking's preconditions of political subordination and reunification negotiations were dropped, the prospects for bilateral trade, mail, and tourist exchanges could easily work to Taiwan's advantage, or at least to a mutually balanced advantage. While there could be and should be no practical hope for breaching the ideological gap between Peking and Taipei, a bold effort by Taipei to overcome deep-rooted animosities in order to open a simple dialogue between the two sides could win lavish praise for the Nationalist government from the international community. It would certainly attract favorable international attention to the Republic of China and, if rejected by Peking, would confirm skepticism about the motives and designs of the Communist government.

Neither side can realistically be expected to concede or compromise its basic principles, or its present political status, in order to initiate such contact. It certainly is realistic, though, to expect that direct socio-economic contact between the Taiwan and the backward Communist society would contribute to the gradual "Westernization" trends and socio-psychological influences which nurture demands for democracy and improved people's livelihood on the mainland. Taiwan's vigorous pursuit of trade and social contact with the mainland, without any related preconditions or assumptions by Peking, would give it the upper hand in the contest for global support and international credibility now sought by Peking. The Republic of China would enhance its public relations image by such an offer whether the Chinese Communists accept or reject Taipei's terms for contact. Without question, the initiative also would strengthen Taiwan's support in the United States Congress.

It is reasonable that a relatively free and open society such as that on Taiwan should be wary of the pitfalls of commingling with a closed and controlled society. The price is constant vigilance. But the system of life in Taiwan is strong enough to withstand the perils of contact and comparison, provided it is not shackled by unilateral preconditions or handicapped by weakened support from its friends.

For its part, the Chinese mainland stands to benefit a great deal from these simple initial contacts with Taiwan. But first Peking must be willing to drop its linkage demands with respect to reunification, and accept the new contacts simply for what they could offer by themselves. Economic, social, and cultural exchanges will have to be accepted on their own merits, with no political strings attached. Only in this manner can preliminary contacts between Taipei and Peking be explored on an equal footing, without risk or sacrifice of political identity to either.

Therefore, while limited contacts are presently practical, the resolution of more difficult issues relating to reunification or other forms of political accommodation clearly is not. Neither side can be expected to concede basic ideological principles of sovereign rights at the moment. Peaceful solutions to the essential issues will be arrived at only through

a gradual evolutionary process growing out of mutual contacts. Chinese on both sides of the Straits should demonstrate their well-known patience on this point.

Thus, there can be no deadlines, only open minds. The opposing ideologies themselves will never find common ground. But the Chinese as a people are capable of doing so given a relaxed and unhurried environment, and providing the United States fulfills all its commitments under the Taiwan Relations Act.●

RUN IN SUPPORT OF SOVIET JEWRY

● Mr. DECONCINI. Mr. President, I wish to bring to your attention the second annual Freedom Run which took place in Tucson, Ariz., on December 6. Over 1,000 Arizonans participated in the run to draw attention to the plight of thousands of Soviet Jews who have been refused permission to emigrate from their country. It is a well known fact that Soviet authorities have consistently violated the basic human rights of that nation's citizens. "Refuseniks" are restricted, deprived, and often imprisoned merely because of their religious or political beliefs. This sort of punishment without crime is a blatant abuse of human rights. It is intolerable.

At the Freedom Run, Arizonans symbolically joined one such refusenik, Vladimir Prestin, a man—and his family—who have been running for 10 years in Moscow. He has survived imprisonment, harassment, loss of job, and isolation in his quest for freedom, individuality and self-dignity. Such rights are fundamental and essential if peace is to be achieved throughout the world.

The best way that we can help the refuseniks is to publicize their stories and the atrocities they endure. I ask that an article by Ed Severson of the Arizona Daily Star be reprinted in the RECORD. It was written before the Freedom Run took place, and I would add that not hundreds, but thousands run on December 6 to protest the Soviet Union's refusal to grant exit visas to Russian Jews.

It is essential that we keep this cause alive and growing, and that we are relentless in pursuing our ultimate goals of preserving human dignity. It is my hope that we let those who are oppressed know that we care, and that they are not alone in their humanitarian beliefs.

The article follows:

HUNDREDS TO RUN HERE IN SUPPORT OF SOVIET JEWRY

(By Ed Severson)

In 1970, Vladimir Prestin applied for a visa to leave the Soviet Union.

His government responded by sending police to break down his door and drag him half-dressed into the Moscow snow.

Sunday, 2 million people around the world will show that they are looking through that broken door to make sure that Prestin—and thousands like him—do not disappear into the Soviet night.

Hundreds of Tucson runners will be part of those 2 million, as the Soviet Jewry Commission of the Jewish Community Council presents its Freedom Run for Soviet Jewry.

The run will be held at 9 a.m. in Reid Park, and will include a 10-kilometer race and a 2-mile non-competitive run.

Tucson Mayor Lew Murphy will lead the run to symbolize Tucson's sympathy with the plight of the men and women who are trying to leave Russia, simply because they want to live as Jews.

"I certainly hope they (the Russian Jews) will be made aware that Americans are in sympathy with their humanistic desire to leave Russia," Murphy said.

This year, the run focuses on Prestin, who lost his job at a geophysical institute when he requested a visa to emigrate from the Soviet Union.

Since then, he has been arrested several times, including once when he was tailed by a man and a woman—both KGB agents—in a Moscow subway.

The woman testified that he had annoyed her. He was thrown into jail for 15 days without a trial and without his family being notified. The same evening he was arrested, a "well-wisher" called Prestin's wife to tell her that he was spending the night with another woman.

And now, nearly 12 years after his first attempt to emigrate, the computer scientist is working the night shift as an elevator operator in an apartment building.

In Russia, Prestin's story is merely one of thousands like it.

Sen. Dennis DeConcini, D-Ariz., who will participate in the Freedom Run, was part of a Senate delegation to Russia in 1978. He visited a number of Jewish activists, including Prestin.

"First of all, when they applied for a visa, something immediately happened to them," DeConcini said. "Either they were brought in and reprimanded, or they lost their job."

And without a job, things went downhill fast.

"It was a very dangerous situation, because a couple of things could happen to you," DeConcini said. "If you were a male and not too old, you could be drafted back into the service. Or you could be prosecuted for not having a job."

Firing Jews who apply for visas, then turning around and prosecuting them for not having jobs, is just one of the many Catch 22s activists get caught up in when they try to emigrate.

"I'll never forget one young Jewish couple in Minsk, named Hess," DeConcini said. "This Hess worked for one of the computer companies, and because he was a veteran, they gave him a nice two-bedroom apartment. He had a little prestige and a few things going for him."

Hess' wife applied to go to Israel.

"That started it," DeConcini said. "But when he made application, it really came down on him."

He lost his job, then he got thrown into jail for nine months, because without a job he was considered a "parasite."

About two dozen Jewish activists in different cities told DeConcini the same story.

But the big problem in the Soviet Union comes when a Jew simply tries to be a Jew.

"In talking to them (the activists), they were Russians," DeConcini said. "They loved their mother country, and the only reason most of them wanted out was because of the government suppression of their religious freedoms."

In Russia, that suppression takes hundreds of forms.

For instance, the Soviet government doesn't want Jews to study Hebrew. Although it is taught in a few universities, and a couple of other institutions on a very restricted basis, and in Russian Orthodox Church seminaries, the catch is that Jews are not allowed to study their own language.

For the roughly 3 million Jews in Russia, there are fewer than 70 synagogues . . . and those 70 synagogues are served by perhaps a total of five rabbis.

DeConcini said activists showed him one synagogue.

"It was all pretty well barricaded off on the pretense that they were working on the sidewalk and laying some sewer lines," he said.

It had been that way for two years.

"I don't know for a fact that that's government policy, but it sure looked strange," he said. "And in a way, this may be even worse harassment, to see the building where you practice your religion, decay in front of your eyes."

Wherever DeConcini went in Russia, he asked the Jews if publicity of their plight was dangerous for them.

"It is very helpful to us, because they see all our letters," they told him. "If we disappear, it becomes an international problem. They know people are watching."

Sunday, freedom runners will have an opportunity to show that they are part of the 2 million who will be watching.

Those who want to can sign an international petition—for which organizers are hoping to collect 2 million signatures—which will be sent to Soviet President Leonid I. Brezhnev.

Also, post cards will be available to sign, which will be sent to Anatoly Dobrynin, the Soviet ambassador to the United States.

And when DeConcini was asked if the petition, the letters, the publicity or the Freedom Runs did the Russian Jews any good, he said, "I think it's embarrassing to Russia." He added, "I don't know what happened, but the Hesses were given a visa about two months ago."

Sunday, hundreds of Tusconans will symbolically run through Prestin's broken door to let him know that he is not alone.

More information on the Freedom Run is available by calling the Athlete's Foot, 326-7050.●

UNEMPLOYMENT IN THE AUTO INDUSTRY

● Mr. QUAYLE. Mr. President, I ask that the attached articles be printed in the RECORD in full at this point. In view of the hearings which I plan to hold in the Employment and Productivity Subcommittee in early January concerning unemployment among auto workers, I feel that certain articles which I shall have printed in the RECORD shed considerable light on this stubborn problem. They underline the seriousness of the current problems in the auto industry as well as the fact that many of the workers who have lost their jobs in that industry—as well as in many other basic manufacturing industries—have no realistic prospect of returning to their former jobs.

On the other side of the problem of unemployment is the difficulty many employers face in their search for skilled employees. These articles will show that reemployment prospects need not be poor where there are jobs demanding workers, and where we can match a person with a job.

I believe that we should look to what kinds of jobs are available and to what kinds of workers are able to take those jobs. To meet the competitive economic challenge that is now coming from abroad, we must look to solutions, and we must change our attitudes about the nature of the problem. While we are experiencing a serious rate of unemployment, we simultaneously are experiencing a serious shortage of skilled labor. I highly recommend these articles.

Mr. President, I ask that the articles previously mentioned be printed in the RECORD.

The articles follow:

[From the New York Times, May 3, 1981]

WANTED: MORE SKILLED WORKERS

(By Lester C. Thurow)

To meet the competitive economic challenge that is now coming from abroad, the United States is going to have to repair some of its major structural weaknesses. Nowhere are the repairs more urgent than in the institutions, or lack of institutions, for training skilled blue collar workers—the tool and die makers, machinists pipefitters and the like.

During recessions America's inability to train enough skilled blue collar workers is hidden, but shortages break out whenever unemployment falls. What do employers complain about in tight labor markets? Certainly not an inability to hire unskilled workers, or college-educated labor. Complaints almost always focus on shortages of skilled blue collar workers.

As the economy expands, it runs into bottlenecks created by shortages of skilled labor. Production cannot expand. Standards of living stagnate and Americans cannot build the products that would allow them to compete with the rest of the world.

As rising demand presses in on limited supply, prices rise and inflation breaks out. In an ultimately self-defeating effort to get the skilled blue collar workers they need. employers begin to raid one another for labor. As the birds fly, wages soar.

Our national defense suffers. Employers raid the military services for skilled technicians. The Armed Forces find that they cannot maintain their equipment because they have lost their skilled blue collar workers. Military equipment sits unrepaired because there is a shortage of people to use an abundance of parts and equipment. When the defense industries expand, as they are poised to do now, they raid civilian industries.

Paradoxically, the shortage of blue collar workers creates unemployment for the rest of the population. The policy makers regulating monetary and fiscal affairs attempt to hold unemployment at levels where inflation will not accelerate. But since skilled blue collar workers reach full employment while there are still millions of unemployed unskilled workers, the national unemployment rate must be held at very high levels.

Basically, the problem lies in an institutional structure where no one has an economic incentive to take responsibility for insuring that enough skilled blue collar workers are trained.

Government is involved in educating labor and runs (or did until the Reagan-Stockman cutbacks) manpower training programs to turn low-income individuals into unskilled or semi-skilled workers with higher earnings capabilities. But government has stayed out of the business of training middle- or high-income skilled blue collar workers. In 1979, the last year for which data are available, fully employed male skilled blue collar workers had median earnings for more than $17,000. Only professionals and managers had higher incomes ($21,000).

In West Germany, government solves the problem with elaborate apprenticeship training programs for those who do not go to college. These programs are jointly financed by government and industry and involve more formal education as well as substantial on-the-job experience.

American industry does not want to train skilled blue collar workers because they are both expensive to train and apt to quit for a better job before an employer can recoup the costs of training. Each employer finds it cheaper just to raid other employers.

In Japan, with its lifetime employment where workers cannot quit (who would hire them?), companies train their own skilled blue collar workers. They know if they don't, they won't have any. Raiding others is impossible. But they also know that they will get the lifetime use of any training that they give. No one is going to raid them.

In the United States, blue collar skills are almost always acquired in a haphazard process of on-the-job training where one worker informally learns from another. When labor markets are tight and output expands, employers promote half-trained people and count on learning-by-doing to apply the final polish to their skills. Apprenticeship programs exist, but they train very few of those that eventually acquire blue collar skills.

Acquiring skills by osmosis is not the best of training processes even in an expanding economy. It is a terrible process in an economy that is subject to repeated recessions or to a sustained period of high unemployment, such as we are undergoing at the moment. Since workers cannot advance into higher skilled jobs, informal learning stops. Young workers are laid off, their skills atrophy, or they find new jobs in areas where their old skills are irrelevant. As the recession continues, the supply of skilled workers stagnates or even declines. The proportion of the labor force that is unskilled rises.

It is tempting to recommend the adoption of the German system of apprenticeship training and education, but that has been recommended so often, and ignored so often, that it hardly seems worth the effort.

Perhaps the problems should be dealt with in the context of the present military build-up. Industry now uses the military as a training system. Perhaps this should be recognized, made formal, expanded, and extended to military contractors.

Since the nation is about to embark on a major military buildup, it is almost imperative that we do so. Between fiscal 1981 and 1986, the Reagan Administration is planning to increase military spending to $343 billion a year from $162 billion. This buildup, adjusted for inflation, is more than three times the buildup during the Vietnam War.

During Vietnam there was a severe shortage of skilled blue collar workers. It is not clear how a military buildup of the current magnitude can occur without draining skilled workers from civilian industries. But if this happens, civilian industries will not be able to compete on international markets.

Thus military contractors should be given funds not just to produce military eulpment, but also to produce skilled workers. They should be prohibited from hiring skilled workers from civilian industries but paid to train all of the extra skilled workers that they will need over the next five years. And when the current expansion of military production is over, the economy would receive an extra bonus in the form of a much larger supply of skilled blue collar workers.

The military-industrial complex should be made into the prime training ground for skilled blue collar workers. It is in their interest in the short run and everyone's in the long run.

[From the New York Times, Dec. 6, 1981]

THE JOBS THAT WON'T COME BACK

(By Winston Williams)

Like hypersensitive economic bellwethers, the old smokestack towns of the East and the Middle West have for many years foreshadowed what economists call America's "slow economic rot." This sulfur-filled town 40 miles southwest of Chicago is no different. It emerges weaker from each recession than it did from the last, and it is likely to do the same this time around, too.

The gradual degeneration of Joliet became apparent when the Vietnam War ended. A local munitions factory closed, stripping 7,000 jobs from this community of 78,000 jobs. A few years ago the United States Steel Corporation shut an old mill, and Texaco Inc. mothballed an obsolete refinery here, idling hundreds more workers.

New little businesses had come along to take up some of the slack when the automobile and housing industries entered their prolonged slump more than two years ago. Unemployment, which reached 11.3 percent locally last month, is rising again as Caterpillar Tractor, GAF, Dow Chemical, Mobil and Olin Mathieson and others trim production and lay off additional workers because of the current recession.

In recent weeks, throughout the industrial belt and in much of the country, hundreds of communities are confronting events similar to Joliet's. Manufacturing plants are shutting down in Louisville, Ky. Ore miners are being laid off in Minnesota. Aircraft production is winding down in Seattle and Wichita, Kan., and textile output is falling in New England.

Uemployment in the nation jumped to 8.4 percent last month, higher than had been expected, and public officials are concerned that many of these jobs may disappear forever, leaving unemployment at high levels for some time to come. And a number of social activists, noting that many public programs such as unemployment compensation, CETA and trade readjustment assistance have been trimmed in the Federal budget cutbacks, are predicting unusually harsh times even for a recession.

"The implications of a renewed recession are particularly serious for Illinois and the neighboring Great Lakes states" where much of the nation's manufacturing is concentrated, said Roland Burris, controller for the State of Illinois. "They have yet to fully recover from the recession of the second quarter of 1980." In September of this year, he said, the number of jobs in Illinois was five-tenths of 1 percent below the level of March 1980, just before the 1980 recession began.

Growing unemployment will leave its mark on the rest of the nation, too, experts say. Rising unemployment will undoubtedly aggravate the Federal deficit, now officially projected to be in the $40 billion to $60 billion range for the current fiscal year. According to the Congressional Budget Office, a 1 percent jump in the unemployment rate increases the Federal deficit by $27 billion as the falling level of economic activity cuts tax revenues for the Government and soaring unemployment increases unemployment compensation benefits and other transfer payments that the Government has to pay out.

And the probability of unemployment going as high as 9 percent and remaining in the 7.5 to 8.5 percent range for most of next year, as many economists predict, will also bring mounting pressure on the Administration to alter its economic program.

In recent months, the recession has spread beyond the automobile industry, affecting office workers and government employees. General Motors indicated in Detroit last week that it would lay off 13,000 white-collar workers. In Chicago, the city announced layoffs of hundreds of health workers and bus drivers.

"These interest rates have to come down," said Michael Biernat, an unemployed carpenter, who chatted with a friend about the housing industry as they waited in a long line at an unemployment claims office in Joliet. "The Government could ease up a little on money," he added.

A partner with his brother and father in a small construction company, Mr. Biernat said he had become disenchanted with Reaganomics. "The election was supposed to bring the rates down, but they went up," he said. "It looks like they've lost confidence in everything they were trying to do."

But conservative economists in Washington, who see a labor bargaining calendar for 1982 that encompasses contracts covering 40

percent of organized labor, say a sustained period of unemployment is necessary to dampen wage demands and to cool inflation.

"The most constructive thing that should be done is nothing," said Marvin Koster, a specialist in labor economics at the American Enterprise Institute. "Anything done now would have adverse consequences later and no immediate beneficial effects."

In Washington, officials expect the unemployment situation to correct itself. The Administration hopes that the interest rates will fall enough next year to stimulate a recovery.

The next round of tax cuts set for June 1982, will put money in the pockets of consumers and business, insuring a recovery, according to Administration economists. In the meantime, they say, short-term deficits from the recession should not cause alarm.

Needless to say, that outlook has not gone unchallenged. Many economists say that even after a recovery, businesses add workers slowly and cautiously and many managers use slow periods to permanently reduce their work forces.

Laurita Parish, a secretary who was laid off last month from the GAF building materials plant in Joliet, said she has seen examples of this at GAF since she started working there a few years ago.

"Every year they lay off people, saying it's temporary," she said. "Only two people have come back. They worked a few months and were laid off again." She said the office staff dwindled to 17 from 45 during her tenure, while the production force, at 300 now, is about a third of what it had been.

Others say the large budget deficits will prevent an economic self-correction. "You're going to have these tremendous deficits from the recession," said Marion Anderson, executive director of Employment Research Associates, a Lansing, Mich., consulting firm. "The Government will be going to the debt market next year for more than a billion dollars a week. That's going to send interest rates back up and choke off the recovery."

Barbara R. Bergman, an economist at the University of Maryland, has questioned the stimulative effects of the tax cuts, saying they may not lead to high employment and output because they mostly benefit the rich and will not greatly stimulate demand for durable goods such as autos and appliances.

At the same time, such developments as U.S. Steel's $6.3 billion bid for Marathon oil have raised questions about the commitment of big business to such distressed industries as steel, rubber, textiles and automobiles. During the last decade tens of thousands of jobs have been lost in these industries to more-efficient foreign plants and cheaper overseas labor; the tax reductions were supposed to help win them back.

But even if the tax plan were working according to plan, industrial jobs would still be disappearing, experts say. Robots have been eliminating jobs in the auto industry since General Motors started using them at its Lordstown, Ohio, plant several years ago. And their use has been spreading rapidly to other industries since then.

The bleak prospects for employment are producing louder pleas for help from the unemployed. "I'm a conservative myself," said Gary Stiller of Waseca, Minn. "I know we have to save money, but the Government ought to be able to do something." Despite his political leanings, he says he favors some sort of public works employment program, recalling that it helped his parents during the Depression.

Mr. Stiller, a 42-year-old truck driver who had worked for the same company for more than 23 years, was thrown out of work last April when his employer, Herter's, a sporting goods chain, went bankrupt, tying up more than $17,000 he had in the company's profit-sharing account. With a daughter in college and a son in high school, the family is surviving on the wife's part-time job.

Having drawn his final $86-a-week unemployment check, he is getting despondent. "It's getting out of hand," he said of the recession. "It looks like the bottom could drop out."

Some social activists insist that the bottom could fall out for people if unemployment remains unusually high for a long period. Extended benefits, which sustained some of the unemployed for more than a year during the 1974–75 recession, have been severely curtailed under the Reagan program, making it much harder to receive benefits past 26 weeks.

Other transfer payments, which are sometimes called "automatic stabilizers" because they prevent a recession from spiraling downward into a depression, have been cut also. In addition to welfare and food stamp cuts, there have have been changes in trade readjustment assistance and the Comprehensive Employment and Training Act.

And many of the supplemental funds of the auto, rubber and steel companies, which add to the income of furloughed workers, are close to depletion because of the prolonged slump in those industries.

The unemployed defend these programs vigorously. "If it weren't for unemployment compensation, I would have missed a few mortgage payments," said Mr. Biernat, the Joliet carpenter, who is single. He insists that he would much rather work than collect the payments. But, he says, his company has not built a house in three years, and they have had to settle for small, occasional remodeling jobs, which are now becoming even more scarce.

The cutting back on transfer payments and the scaling back of subsidies to the unemployed by the Federal Government has another purpose besides saving Federal dollars. "The theory is that the stabilizers have taken away people's incentive to work at certain wages and for companies to lower prices," said George Schwartz, the associate director of research for the United Automobile Workers.

Next year, labor contracts covering the auto, trucking, rubber, construction, electrical equipment, oil refining and food processing and production industries will be negotiated. The Administration is counting on the swelling ranks of the unemployed and the reduction in Government benefits, including the denial of food stamps to strikers, to moderate wage demands.

The economy's poor performance has already caused unions of railroad, airline and automobile workers to offer concessions to troubled companies. And individual workers seem willing to experiment with lower pay within limits.

Mrs. Parish, the furloughed secretary at GAF, said she would accept a job paying as low as $5.50 an hour, down $3 an hour from her old rate. Mr. Biernat has considered moving to Miami or Houston to find work as a carpenter, but the $6 to $8 an hour that he could make in the Sun Belt is less than half the local scale of $13 to $17 an hour.

Liberal political groups in the area are saying they hope to mount enough pressure before next year's Congressional election to prevent the unemployed from making such dire sacrifices. National People's Action, a Chicago-based activist group that has taken the Federal Reserve to task at a series of "town meetings" it sponsored around the country with the central bank, says it is now turning its attention toward organizing the unemployed.

"What this country has to see is a lot of angry unemployed people demonstrating and demanding jobs," said Gail Cincotta, executive director of the group. "We learned some things in the 60's—how to organize people and how to build coalitions. Without organization we would run the risk of something happening spontaneously. This could be a rough summer."

[From the Wall Street Journal, Oct. 26, 1981]

STEEL-COLLAR JOBS: AS ROBOT AGE ARRIVES, LABOR ASKS MANUFACTURERS FOR PROTECTION AGAINST LOSS OF WORK

(By Joann S. Lublin)

LOUISVILLE, KY.—Two men in T-shirts and work pants chat as they casually aim paint sprayers at clothes-dryer doors moving along an assembly line. Across the hall, in another glassed-in booth at General Electric Co.'s Appliance Park here, a robot silently sprays enamel on washing-machine lids at a consistent, careful pace.

The robot, essentially a large, computer-controlled mechanical arm, "doesn't talk back and it doesn't take breaks," observes Clarence Engle, a fabrication manager at the giant manufacturing complex. It doesn't draw a paycheck, either. By year-end, the two men's $8.14-an-hour jobs "will be taken by robots," Mr. Engle says, and the employees will be transferred to other work here.

Industrial robots are rapidly moving into the U.S. labor force as manufacturers accelerate automation in order to hold down costs, boost sagging productivity and compete better in world markets. Nearly 5,000 robots currently are toiling away in the U.S. up from 1,300 as recently as 1979. There may be 120,000 robots at work by 1990, predicts Laura Conigliaro, a securities analyst at Bache Halsey Stuart & Shields Inc. If the modernization push succeeds in increasing sales, manufacturing executives contend, robotics will create more jobs in the long run.

LABOR IS SKEPTICAL

Union leaders share these hopes but have their doubts. They fear that efficient, sophisticated "steel-collar" workers will usurp countless blue-collar jobs in factories across the land. So unions are pressing for stronger guarantees against job losses from automation, including more time off, advance notice of robot installations and retraining for jobs at equal or better pay.

"New technology based on computers, as symbolized by robots, will be one of the—if not the—collective bargaining issues of the coming decade," asserts Harley Shaiken, a researcher at Massachusetts Institute of Technology who is also a union consultant.

To date, employers have installed robots primarily in dirty, dull or dangerous jobs that few humans enjoy and have absorbed the displaced employes through attrition. Unlike the single-task machines installed in earlier stages of factory automation, robots can be programmed by computer to do one job and then reprogrammed to do an altogether different one. The pioneering generation of robots has been programmed mainly to forge, weld, spray paint, handle materials, cast dies, load machines and inspect auto bodies.

But now robots with rudimentary vision and touch abilities are taking on new tasks: They are starting to assemble simple parts. At General Motors Corp., about 50 small robots are fitting light bulbs into dashboards and speakers into car radios. Within five to 10 years, experts say, a new generation of "smart" seeking and feeling robots should be able to perform a broader range of complex assembly and inspection jobs. Those are the bread-and-butter work of many of the nation's 21.6 million highly unionized manufacturing employees.

OUTLOOK FOR 1990

Today's robots could replace one million workers by 1990 in the automotive, electrical-equipment, machinery and fabricated metals industries, concluded a recent study by Carnegie-Mellon University. "Some time after 1990, robot capabilities will be such as to make all (7.9 million) manufacturing operatives (in these industries) replaceable," and three million jobs actually may be lost, says Robert Ayres, an engineering and public-policy professor at Carnegie-Melon. "Clearly, the members of those unions are at risk."

Seeing the threat to jobs, union officials vow to make protection against the robot invasion a top priority in bargaining next year. The United Auto Workers union already has won advance notice and retraining rights from major auto makers. But it hopes to strengthen those safeguards, perhaps spreading the work by means of a four-day workweek, more paid holidays or earlier retirement. The union believes that employers are bent on reducing their labor forces. "Nobody puts robots in because they think they're going to end up with the same or more workers," says Howard Young, an assistant to UAW President Douglas Fraser.

In coming contract talks with GE and Westinghouse Electric Corp., the machinists' union and the three major electrical-workers' union plan to push for automation concessions similar to those sought by the UAW. The unions may go a step further and seek such provisions as:

Establishment of labor-management committees that not only negotiate in advance about the impact of new technology but have a voice in the decision on how and whether to use it.

Retraining of displaced workers for new positions in the same plant, elsewhere in the local community or in a company's other plants. Transferred employes would receive moving allowances.

CONCESSIONS PREDICTED

"I think we'll definitely get something along these lines in 1982," predicts a top official of one electrical union. Such protections "will be a bargaining issue at every negotiation next year" besides the GE and Westinghouse talks and will come up in the aerospace industry in 1984, says Reginald Newell, the machinists' union's research director.

"We aren't Luddites running around breaking machines," he emphasizes. "We know new technology is here and is necessary to increase productivity." But unions refuse to "give companies a blank check," he says.

With robots taking over a significant number of blue-collar assembly jobs, industry unions may intensify white-collar organizing—and some white-collar employes may become more receptive to union overtures. The coming computerization of certain professionals' jobs, such as draftsmen's, means that job security for white-collar workers is no longer a given," says MIT's Mr. Shaiken. "This may be a pivotal organizing tool."

At the same time, UAW sees potential members among the growing number of workers who build robots and related computer controls. The union already has tried to sign up employes of Unimation Inc. of Danbury, Conn., the nation's largest robot maker.

It is unclear whether unions can successfully blunt the impact of robots on their ranks, given their weakened bargaining posture in ailing industries. In any case, some robot experts believe that the threat to jobs has been overblown. "Something like more than 440,000 workers will be replaced by 1990, but only 22,000 will actually be dismissed because of automation. The rest will be retrained or eliminated by attrition," says Peter Blake, executive director of Robotics International, a professional group that recently polled 100 users and manufacturers or robots.

More important, contends Fred Haubold, a General Motors labor-relations director, robots should improve the car maker's competitive position by holding down costs. Though robots sell for an average of $50,000 each, they cost about $6 an hour to operate, a fraction of the $20 an hour in wages and benefits paid to the average auto-assembly worker.

As GM competes more effectively, Mr. Haubold says, robots should create more jobs than they eliminate. "We have 70,000 people on layoff and our sales are down to about half of what we'd like to see," he says. "If we could increase our sales to their former levels, we'd see a much more dramatic impact on employment opportunities" than robots will have.

Yet employers recognize they need organized labor's cooperation for robotics to succeed. To avoid being perceived as callously exchanging humans for machines, personnel executives endorse certain cushions for workers. The unions' desire for advance notice, retraining and some other benefits for displaced employes represents "a healthy direction, one that's manageable through the normal process of labor relations," says Frank Doyle, GE's senior vice president for corporate relations. His company uses more than 200 robots, nearly triple the number of two years ago, and if expects to have 1,000 installed by 1984.

Nonetheless, contract provisions that inflate already-high labor costs or restrict management's options won't be welcomed in the executive suite. GM, in fact, will very likely fight to reduce its UAW members' paid personal holidays. They now get nine a year, in addition to regular holidays. The extra time off, first won in 1976, "has increased our costs and made us less competitive, so we have less job opportunities," Mr. Haubold says.

For its part, GE refuses to offer unions a say in robot purchase decisions or a contractual assurance that attrition will continue to offset jobs lost to automation. "I don't think a U.S. management will give unions the veto power over whether or not to automate a plant," Mr. Doyle says. And while he is willing to consider guaranteed retraining of displaced workers, the GE executive cautions that a low-skilled assembly worker might only move to "a more complicated assembly job" rather than to a better-paid, highly skilled position as a robot overseer or repairman.

Labor and management's differing views about robotics and jobs are evident at GE's Appliance Park, a 1,000-acre complex with six manufacturing plants, 50 robots and 15,000 employees. A $38 million effort to automate the dishwasher plant by 1983 will include the addition of seven robots, for a total of nine.

The first robot in that plant, installed in December 1979, paid for itself in 10 months, 14 months sooner than expected. (Company-wide, robots have proven 10% to 35% more productive than humans, GE officials report.) The robot takes uncoated dish racks from a 600-degree oven and dips them into a bed of polyvinyl powder. An assembly line then moves the racks to bake in another oven. Four workers did the hot, dusty work before and sometimes created production problems when they worked at uneven speeds.

The International Union of Electrical Workers Local 761, which represents 14,000 Appliance Park employees, didn't object to losing the four jobs "because they knew it was an unfavorable work spot," recalls Ray Rissler, manufacturing manager at the dishwasher plant.

On its own, management gave the four employees six months' warning of the robot's arrival and later transferred them to another assembly area. "We're not out to devastate the labor force," says Roger Schipke, general manager of GE's laundry and dishwisher division.

Even so, the sluggish economy makes him worry about keeping an informal 1980 promise to the IUE that attrition would handle any jobs lost to automation. "We're essentially walking a tightrope," he says.

IUE Local 761 supported the modernization on the assumption that higher sales would expand the plant's hourly paid jobs by more than 300, to 1,425, by 1983. Otherwise, "I felt we could have stopped it (the project)," says the local's president, Kenneth Cassady. He says that doubt about Mr. Schipke's pledge explains "why it's absolutely essential" for the union to win stronger protection against automation.

The local leader doesn't necessarily welcome robots' takeover of dirty or dangerous jobs, either. "People on layoff would like them," he says. "People can't find a job digging ditches." (Nearly 800 Appliance Park employees are on indefinite layoff, with 900 more to be let go Nov. 9.)

Furthermore, some workers shunted to other jobs by robots haven't been entirely happy. One spray-painter took a more difficult job running a 250-ton press at the same pay. But he couldn't learn the skill fast enough and had to be transferred again, according to Jerry Bodner, an IUE steward.

Another ex-painter, 58-year-old Earl Beeler, now fills in as needed on the assembly line. He has mixed feelings about the robot that does his old painting job. "At first I was bitter," he says. "How would anyone feel when a bucket of bolts comes in and takes their job away?" But "I didn't like breathing the paint," he recalls. "The robot may be saving my life."

THANKSGIVING IN A CITY OF 7,000 JOBLESS

(By Nathaniel Sheppard, Jr.)

KOKOMO, Nov. 26.—The Smith family was separated for Thanksgiving dinner today. Unable to afford the traditional family meal, James Smith and two of the children had dinner at his mother's house and Patricia Smith and the third child dined with Mrs. Smith's parents.

The Smiths and thousands of others here have been laid off by the Chrysler Corporation plant here more than a year.

For Joseph M. Stahl, another suspended Chrysler employee and a single parent, Thanksgiving is "just another sad day." Mr. Stahl said he would let his two young sons decide if they wanted hot dogs or hamburgers for dinner, as he might on any other day.

Elsewhere in Kokomo, an industrial city of 46,362 people, 7,000 of whom are unemployed, thousands of other families paused to reflect on their blessings while thousands more struggled to find blessings to be counted.

CHURCH AND MISSION OFFER MEAL

Two hundred people filed into the Grace United Methodist Church for the free Community Thanksgiving Dinner sponsored by the church and the Kokomo Rescue Mission. There were families with small children, single adults and elderly people. Some wore tattered clothing. Some appeared downcast. Some seemed cheerful. A few ate as if they had not eaten in some time. Farris Trueblood dined in a leisurely manner, sampling all of the pressed turkey and ham, mashed potatoes, string beans and candied yams and the eight desserts.

Mr. Trueblood, who has lived in Kokomo all his 80 years, said: "Sometimes there are sunny days, sometimes there is rain and sometimes there are days that are darkened by clouds. For the past two years it has been cloudy, and the city has had more trouble than at any time that I can remember."

Kokomo is a small manufacturing center 52 miles north of Indianapolis. The first commercially built automobile was produced here. The discovery of natural gas, the development of stainless steel, the first pneumatic rubber tire, the first mechanical corn picker, the first pushbutton automobile radio and the first all-transistor automobile radio—all these helped steer the city toward industrialization.

WHEN INDUSTRY AND CITY THRIVED

Until two years ago, the automobile industry and Kokomo thrived. In 1978, a typical blue-collar family here had $20,750 to spend after taxes, ranking the city 15th in the nation, and spent an average of $13,328 on retail sales, ranking it 30th. Last year the city slipped to 30th position for spendable in-

come, with an average figure of $23,094. In 1980 retail sales slipped to $11,987 per household, ranking the city 176th.

Because Kokomo's economy is not diversified, the city has been hit hard by the nation's economic ills. In 1980 the average monthly unemployment rate was 16 percent, as against 11 percent in 1979 and 6 percent in 1978. Last year about 7,000 people a month were jobless. Since 1979, the labor force has dropped to about 43,000 from 44,800. "It suggests," said Dilip Pendse, chairman of the economics department at Indiana University's extension here, "that about 1,800 people have left the area or have become so discouraged that they no longer are looking for work."

Richard Chamness, director of a United Automobile Workers' center to help the unemployed Chrysler workers, said he was convinced that 2,000 to 3,000 workers were not in the statistics because they were no longer looking for work.

Kokomo's three largest employers are Delco Electronics, a division of the General Motors Corporation that employs about 12,000 workers; the Chrysler Transmission and Casting plant, which employs about 3,500 workers, down nearly 50 percent from normal; and the Penn Dixie Steel Corporation, with about 1,500 employees. Penn Dixie is currently in bankruptcy proceedings.

FOOD STAMP FIGURES RISE

Kokomo has gained nine new businesses since 1980, but they are largely fast-food restaurants, not the kinds of businesses to offset the loss since 1980 of 14 businesses. In two years, the number of families receiving food stamps and the dollar amount that Howard County, in which Kokomo is situated, spends on food stamps tripled, according to William Norris, a supervisor in the food stamp program.

The county spends $300,000 a month on food stamp assistance, an amount Mr. Norris said would be even higher if changes in rules had not made many families ineligible. Charity agencies here report increased activity. Kenneth Beasley of the Rescue Mission said his agency gave away 5,000 more items of clothing to the needy this year than last.

"For a while I got to drinking pretty heavily when I could not find work," said Mr. Smith, who earned $250 a week as a machine operator. "I would sometimes find odd jobs, like doing roofing work, but we finally got down to nothing and had to go on welfare. I felt like going out and begging and that's hard to do after working at a job for eight years."

"Sometimes I felt like I wanted to kill and at other times I felt like I wanted to just give up," said Mrs. Smith, who worked in the cafeteria at the Chrysler plant until she was laid off.

TENSIONS AND A SEPARATION

The Smiths said that the tension of their economic problems made them hostile to each other and they separated; Mr. Smith sought treatment at a mental health clinic and they reunited. They said they were trying to make a new start. "We don't want to leave Kokomo, but would, if it meant getting jobs," Mr. Smith said.

"I was used to providing for myself and my family," Mr. Stahl said. "Now I am like someone reaching out from the gutter for help." He said he had lived on food stamps and money from odd jobs like cutting firewood and helping with home remodeling. "But it's not enough to keep up with my bills," he said. "I survive because my father is paying my house note until I get back on my feet."

CITY'S OFFICIALS SEE HOPE

Mayor Stephen J. Daily and Herman Stine, the executive director of the Chamber of Commerce, say Kokomo's problems have stabilized and the future looks brighter. Both men acknowledged that the city had waited too long to act to diversify its economy, but they also said that Kokomo was preparing a drive to attract high-technology businesses.

"We expect there to be 500 new engineering jobs in the city during the next five years," Mr. Stine said. "And we are planning to build a large technology center that will function like an industrial park."

Dr. Pendse, the Indiana University economist, said that even so, people like the Smiths and Mr. Stahl would not have the skills for such work.

Mayor Daily listed initiatives the city had undertaken, among them a tax abatement plan that has already prompted five businesses to announce $85 million worth of expansion and rehabilitation efforts.

"Kokomo used to be the kind of place where a kid could come out of school and get a good-paying job without having to leave town," Mr. Stine said. "We are now looking at a different scenario. We won't see a lot of growth in blue-collar positions. Rather, the growth will be in the high-technology area and the road to recovery will be slow."

[From the U.S. News & World Report, Aug. 11, 1980]

LABOR: WHERE JOBS GO BEGGING EVEN IN RECESSION

In city after city, despite a rising unemployment rate, employers claim they just can't find enough workers to fill all the available jobs.

Consider Detroit, where the jobless rate exceeds 14 percent. "We're getting little response," says Kay Archer, whose agency lists many opening for clerical workers. "With unemployment the way it is, I thought we'd be swamped."

Her complaint reflects a puzzling contradiction in today's recessionary economy. Even with 8 million Americans out of work, there are many jobs that employers find hard to fill.

Nurses, engineers, clerical workers, retail clerks, computer specialists, housekeepers, taxi drivers—these people are particularly difficult to recruit in many part of the nation. Although no one knows exactly how many such jobs are now vacant, the U.S. Employment Service regularly lists more than 150,000 openings that remain unfilled at the end of every month.

Why do so many jobs remain vacant while millions of people are hunting for work? Experts cite these reasons:

Skills: Many vacant positions require skills that today's unemployed workers do not possess. Engineering, computer science, nursing and teaching demand extensive formal training. Most clerical jobs require a level of literacy that is often beyond that of the average unemployed urban teen-ager.

Unattractive jobs: Low-wage jobs such as housecleaning are scorned because the expense of working—higher taxes, transportation and clothing costs—often exceeds the income derived from the job. Unemployed housewives sometimes spurn low-paying jobs for this reason. As one recruiter notes: "There are a lot of jobs that go begging because they are not desirable jobs."

Women's aspirations: Many women are no longer interested in being a nurse, a teacher, a secretary—the traditional women's jobs. While women move increasingly into male-dominated jobs, only a few men are willing to take jobs previously held by women.

Unemployment benefits: Government benefits discourage unemployed workers from seeking work until they have received their last check, according to a study by the General Accounting Office. The Labor Department says 4 million Americans were receiving unemployment benefits in mid-July.

Location: Workers laid off in the Northeast and Midwest are reluctant to move to areas with more opportunities, such as the Southwest. While Detroit suffers double-digit unemployment, California's "Silicon Valley" feels little impact from the recession.

Of all these reasons, the biggest obstacle facing unemployed workers is a lack of skills. A Washington Post study of its own help-wanted pages shows only 26 percent of the ads offer full-time employment for unskilled workers. Such jobs are snapped up in a hurry. "If the job requirements are low, generally the same day it is listed it's filled," says Earl Lee, a Labor Department analyst.

The most severe shortage of skilled workers exists in high-technology fields such a engineering and computer science. E-Systems, a Dallas-based high-technology company, for example, has 300 to 400 openings for engineers, with salaries ranging from $22,200 for beginners to $45,000 for those with experience. "These same shortages are industrywide," says a spokesman.

Experts say the rapid growth of technology has helped create this shortage. "The growth of technology has outstripped the resources and it won't be remedied for the next 10 years," says Pat Healy, employment manager for Boeing Company in Seattle.

Richard O. Berube, a spokesman for Digital Equipment Corporation of Maynard, Mass., blames educators and business leaders for failing to steer students into high-technology fields. He says teachers and guidance counselors ought to stay abreast of the changes in technology. "What a young person studies in high school now becomes a question at some point," he says.

The shortage of skilled engineers has created what one E-Systems official describes as the "gypsy engineer"—a highly specialized person who moves from company to company to work on a single project at a preminum price. "They are hired guns," he explains.

Amoco Production Company in Denver reports a turnover rate of nearly 25 percent among engineers, geologists and geophysicists. Fred Birdsall, director of administration and personnel for Conoco, Inc., says his company loses skilled people as fast as they are trained and that, as a result, "they call us 'Conoco U.' "

Profitable moves: Computer specialists also command high salaries by moving from job to job, according to an official of Hewlett-Packard in California's Silicon Valley. Although salaries range from $25,000 to $70,000 for top people in management systems and design, most big companies cannot find enough people to hire.

Some firms have lowered their standards in an effort to fill these positions. Roland Theriot of Amoco Production Company in Denver says his firm no longer requires its geologists to have master's degrees. "It's nothing for a new geologist just out of school to have 20 interviews and 20 job offers," he says. "They know they're in the driver's seat."

Relatively poor wages and working conditions are believed to be a major reason behind a current shortage of nurses, clerical workers and teachers. Teachers now earn an average of $15,589 a year, and typists often begin at the minimum wage of $3.10 an hour Although nurses in New York City are averaging $7.27 an hour, they note that their job also requires them to work nights and weekends.

The American Hospital Association, which reported 84,000 nursing vacancies in March, 1980, predicts the number will hit 120,000 by 1985. "There is an acute nursing shortage nationwide," says Barry Carr of Pittsburgh's Mercy Hospital. "There probably is not a hospital in the U.S. that is not advertising for professional nurses."

Carr says the hours worked by nurses tend to keep young people out of the profession. "This poses a problem, especially for young women or men who are single and desire free time in the evenings or weekends for dat-

ing," he says. "Who wants to work 3 p.m. to 11 p.m. or 11 p.m. to 7 a.m.?" Carr adds that benefits do not appeal to these young people as much as a few more dollars in their paychecks.

"Pay is still a factor, particularly when bus drivers make more money and you know the importance of your decision is more crucial than theirs," says Mary Mallison, assistant director of nursing at Grady Memorial Hospital in Atlanta. Grady, which pays $1,040 a month, needs 120 to 140 nurses.

A shortage of teachers exists in some parts of the country. Although many school districts still have thousands of teachers on layoff, Georgia is searching for 3,000 instructors this year to teach speech, languages, special education, English and social studies. Schools in Kankakee, Ill., say their shortage involves special-education teachers.

"We in the teaching profession can't compete with industry," says Arthur Keller, special-education director in Kankakee, where salaries begin at $11,600. "International Harvester and John Deere, even at the $12,000 point, are going to beat us."

Kay Archer of Detroit cites low pay as the reason her agency gets such a poor response to advertisements for clerical workers. "If the job pays more than $15,000—great," she says. "Under that, it's kind of spotty." She adds that most applicants do not have the necessary skills.

Qualified women nurses, teachers and secretaries also appear to be moving into other occupations that were not open to women many years ago. Ravada Hodgkin, a nurse recruiter at Denver General Hospital, says that many former nurses are now working in real estate, banking and business. The National Education Association reports that many of its members are abandoning teaching for better pay in the business world.

Bonus for drivers: In Chicago, the Checker Taxi Company has offered $50 to each of the first 100 applicants hired after answering newspaper advertisements for drivers. "With so many people out of work, it's surprising that we're not getting as many this summer as we did last summer," says Robert Collins, Checker vice president. "Our biggest competition is unemployment compensation."

Detroit personnel agent Archer adds: "There are a lot of women laid off from the auto companies, collecting unemployment, who are willing to hold out for exactly the right job. They want that job as an executive secretary and won't settle for less."

Like Checker, companies that need qualified workers are now resorting to gimmicks. One of them, E-Systems, offers savings bonds to any stockholder who recruits an engineer. Conoco is coming up with new perks, such as club memberships and company cars.

Unfortunately, these appeals are aimed at workers who have other jobs, not the unemployed. As one expert puts it: "The people who are unemployed don't match up with the jobs that are available."

WORKERS IN DEMAND

Job categories with the most openings, according to the U.S. Employment Service's latest nationwide survey:

Job and salary:

Accounting clerk, $6,792 to $10,730 per year.

Auto mechanic, $3.30 to $7.33 per hour.

Bookkeeper, $6,737 to $12,707 per year.

Building-maintenance worker, $3.10 to $5.12 per hour.

Cashier-checker, $6,448 to $8,015 per year.

Commercial cleaner, $3.10 to $4.48 per hour.

Hand packer, $3.10 $4.93 per hour.

Housekeeper, $3.10 to $3.95 per hour.

Janitor, $3.10 to $4.79 per hour.

Laborer in store, $3.10 to $5.07 per hour.

Lock-stitch-machine operator, $3.10 to $4.14 per hour.

Nurse's aide, $3.10 to $3.79 per hour.

Receptionist, $6,450 to $9,493 per year.

Salesclerk, $6,448 to $8,545 per year.

Security guard, $3.10 to $4.69 per hour.

Sewing-machine operator, $3.10 to $3.62 per hour.

Short-order cook, $3.10 to $4.20 per hour.

Survey worker, $6,949 to $8,745 per year.

Truckdriver, $3.12 to $6.68 per hour.●

PREDATOR CONTROL: FACT AND FANTASY

● Mr. CRANSTON. Mr. President, on November 19, the U.S. Fish and Wildlife Service announced a return to former—and, I believe, discredited—policies on the killing of coyotes in order to protect sheep and cattle. As I stated on the Senate floor that day, this is not leadership toward the economic salvation of the livestock industry, but a pointless step back in time. I especially question the Service's desire to reinstate the use of compound 1080, a secondary poison banned in 1972 by President Nixon.

I direct the attention of Senators to a persuasive letter, signed by a number of concerned wildlife organizations, to Secretary of the Interior Watt and I ask that it be printed in the RECORD.

The letter referred to follows:

THE HUMANE SOCIETY
OF THE UNITED STATES,
Washington, D.C., November 19, 1981.

Hon. JAMES G. WATT,
Secretary of the Interior, U.S. Department of the Interior, Washington, D.C.

DEAR SECRETARY WATT: On August 24, 1981, Hogan and Hartson wrote to you on behalf of conservation and animal welfare groups listed below* regarding reports emanating from the Interior Department that your Department was contemplating revision of the Predator Control Policy promulgated by Cecil D. Andrus on November 8, 1979. In that letter, we noted, inter alia, that the previous departmental policy had been made after, and on the basis of, a two year review of the facts, a major study on Predator Damage management, and publication of a draft and final EIS. We further noted that revision of this policy would necessitate a factual record which supported the decision and similar legal and procedural steps. In response to our letter, your office, by letter of September 3, 1981, signed by Assistant Secretary Arnett, stated that Interior would "comply with all appropriate legal requirements." (Copies of both letters are enclosed.)

It was therefore with deep disappointment and distress that we learned today that the Interior Department's Fish and Wildlife Service has taken steps to once again allow denning and to allow the experimental use of 1080 in, but not limited to, drop baits. This action clearly violates the Department's commitment to comply with appropriate laws, which require, inter alia, environmental impact analyses and public notice of, comment on, and involvement in important policy decisions. In addition, in seeming violation of the arbitrary and capricious standard of the administrative procedures act, this action has been taken in apparent disregard for the extensive record of scientific data, analysis, and public comment which supported a contrary decision by Secretary of the Interior Cecil D. Andrus.

Denning, the destruction of coyote pups in their den, is, contrary to Interior's assertions, usually carried out through the use of flares, barbed wire, burning, and/or suffocation. It is inhumane, wasteful and scientifically absurd. True, some coyotes do occasionally kill sheep. However, it is axiomatic that in order to stop the coyote from killing sheep, it is necessary to target the coyote that is doing the damage. It is, therefore, equally axiomatic that killing six- to nine-week old coyotes is wasteful and counterproductive since they could not possibly kill sheep. Secretary Andrus recognized these facts when he essentially banned denning. By contrast, Interior's action is once again allowing the cruel and barbaric destruction of coyote pups, whose only offense is being alive, is ecologically insensitive, wasteful of public funds, and makes a mockery of professional wildlife management.

The Department's attempts to once again allow the widespread use of compound 1080, under the guise of an experimental program, present similar problems. Compound 1080 is a secondary toxicant, which, by definition, is indiscriminately destructive of the animal which initially consumes it and is likely to destroy those animals which feed on the carcass of the initial 1080 victim. Death due to 1080 poisoning may bring on hours of tortuous convulsions and 1080 kills anything: eagles, badgers, foxes, coyotes, hawks, owls and humans. Before 1080 was banned by President Nixon's Executive Order in 1972, the destruction of wildlife was awesome and the public outcry overwhelming. The misguided actions Interior is attempting to allow can only result in a replay of the death and destruction we thought was a thing of the past.

Finally and perhaps most importantly, the coyotes and other wildlife that will be destroyed as a result of your department's actions reside on and fill an important niche in the ecosystems of public lands of this nation. As such, this wildlife—the coyote, eagle, badger, fox and others—is the property of every citizen of this nation and is held for them in public trust. To foster the mass destruction of the public's wildlife through these actions is a blatant violation of the responsibilities that you, as the Secretary of Interior, have to uphold the public trust and provide competent stewardship for this nation's wildlife.

For all these reasons we strongly oppose these actions. We specifically request that you immediately overturn these decisions, that you have your Department comply with all relevant laws, as you have agreed, and that in absence of the foregoing, you provide pursuant to the attached letter, copies of all documents developed since November 8, 1979, upon which the Department has relied in making these decisions.

Sincerely,

JOHN W. GRANDY, Ph.D.,
Vice President,

On behalf of the following organizations, all of which have asked to be included as signatories: Sierra Club, Defenders of Wildlife, Environmental Defense Fund, Fund for Animals, National Resources Defense Council, Society for Animal Protective Legislation, Wilderness Society, National Parks and Conservation Association, National Audubon Society, and Friends of the Earth.

Enclosures.

THE HUMANE SOCIETY
OF THE UNITED STATES,
Washington, D.C., November 19, 1981.

Hon. JAMES G. WATT,
Secretary of the Interior, U.S. Department of the Interior, Washington, D.C.

Attn: FOI Act Officer.

To the FOI Act Officer: This request for records is made under the federal Freedom of Information Act, 5 U.S.C. Sec. 552, and regulations of the Department of the Interior, 43 C.F.R. Part 2.

*Humane Society of the United States, Defenders of Wildlife, Environmental Defense Fund, Fund for Animals, National Resources Defense Council, Society for Animal Protective Legislation, Wilderness Society, National Parks and Conservation Association, National Audubon Society, Friends of the Earth, Sierra Club.

On or about November 19, 1981, your agency announced a decision to modify existing rules and/or guidelines concerning the practice known as "denning," and other methods used to control predators.

Accordingly, please provide me with all reports, memoranda, and other records developed since November 8, 1979, containing statistical data and other information upon which your agency has relied to justify these actions.

As you know, the FOI Act provides that if portions of a document are exempt from release, the remainder must nevertheless be segregated and disclosed. Accordingly, please provide all non-exempt portions of the records I have requested and justify deletions, if any, by reference to specific provisions of the FOI Act.

The Humane Society of The United States is prepared to pay lawful search and duplication fees incurred in connection with this request. However, we request a waiver of these fees, as provided by the FOI Act, 5 U.S.C. 552 (a) (4) (A), and by regulations of the U.S. Department of the Interior, 43 C.F.R. Part 2. The Humane Society of The United States is a charitable, non-profit organization and makes this request as part of its on-going efforts to promote the humane care and treatment of all animals, including those for whose protection Congress has enacted specific legislation. Information obtained by the society is routinely compiled, analyzed, and disseminated to the Society's national membership, and to the general public through the media. If, however, you deny this request for a waiver, and if fees will exceed $20.00, please notify me so that I may decide whether to authorize a larger expenditure or appeal your decision.

In order to facilitate timely disclosure, please contact me by telephone, rather than by mail, if you have questions about this request. Thank you for your assistance, and I will look forward to receiving your reply within ten business days, as required by law.

Very truly yours,

JOHN W. GRANDY,
Vice President,
Wildlife and Environment.

HOGAN & HARTSON,
Washington, D.C., August 24, 1981.

Re Animal Damage Control Program.

Hon. JAMES G. WATT,
Secretary,
U.S. Department of the Interior,
Washington, D.C.

DEAR SECRETARY WATT: We represented the Defenders of Wildlife and other interested citizen groups throughout the course of a two-year review of the Animal Damage Control ("ADC") program conducted by the United States Department of the Interior ("Interior"). That study culminated in wide-ranging departmental decisions on November 8, 1979, which revised the ADC program to conform to the public record developed during the study. Your statements in congressional hearings and published reports suggest that you now intend to develop a "new" departmental position on the ADC program.

As you are undoubtedly aware, Interior promulgated the November 8, 1979 revisions only after conducting a painstaking series of studies, hearings, and interdepartmental consultations to insure that the ultimate decisions comported with the requirements of, inter alia, the National Environmental Policy Act of 1969, 42 U.S.C. §§ 4321 et seq. (1976) ("NEPA"); the Federal Land Policy and Management Act of 1976, 43 U.S.C.A. §§ 1701 et seq. (1976); the Endangered Species Act of 1973, 16 U.S.C. §§ 1531–1543; the Wilderness Act, 16 U.S.C. §§ 1131 et seq. (1976); and the Administrative Procedure Act, 5 U.S.C. §§ 551 et seq. (1976).

The United States Fish and Wildlife Service (the "Service") held public hearings in several states and published draft and final reports entitled "Predator Damage Management in the West in 1978. In 1979 the Service held public hearings and published draft and final programmatic environmental impact statements on the ADC program. Finally, the principal options addressed by these studies were presented to Secretary Andrus in several secretarial issue documents.

Cumulatively, the record which served as a foundation for Interior's decisions runs to tens of thousands of pages. It represents the contributions of thousands of citizens and Interior staff members who submitted comments or prepared Interior's studies and secretarial issue documents.

In our view, the decisions ultimately reached by Interior were consistent with, indeed compelled by, this extensive public record. Any significant departure from these decisions must now either be shown to be consistent with the existing record or plainly supported by a new record compiled with similar attention to the requirements of NEPA and the other statutes cited above.

If you do intend to reopen the record for further analysis and opportunity for comment, our clients would appreciate an opportunity to be heard at the earliest possible time. If, on the other hand, you intend to revise the ADC program without additional study or comment, we would appreciate being so informed.

Sincerely,

STUART PHILIP ROSS.
HAROLD E. MASBACK III.●

FATHER LUIS PELLECER

● Mr. SYMMS. Mr. President, one of the scandals of modern America is the conspiracy of silence being practiced by the media about the true state of affairs in Central America. While ax-grinding reporters receive journalism awards, the countries their dispatches helped undermine slip into totalitarianism, their people ground under a heel of oppression far worse than the mild authoritarianism it replaced.

As an example, I cite the defection from the forces of subversion of Father Luis Pellecer. For 8 years, Father Pellecer worked actively to undermine the Governments of El Salvador, Nicaragua, and Guatemala.

Despite the firsthand evidence of subversion Father Pellecer provided upon his defection in September of this year, the American media have told us almost nothing about it. Instead, we continue to be fed the standard line that nothing more is involved in Central America than the indigenous uprising of peasants against horrible tyrants.

Mr. President, it is obvious to me that there is a great deal of news from outside this country that we simply are not given. In an effort to correct that lack of perspective, I ask that an article from the current National Review, treating the Pellecer case, be printed at this point in the RECORD.

The article follows:

FATHER PELLECER'S STORY

On June 9 of this year, in Guatemala City, a 35-year-old Jesuit priest was abducted in broad daylight by six armed men. Four months later, on September 30, the Jesuit stood at a microphone under klieg lights, before an audience of diplomats, cabinet officers, academics, ecclesiastics, foreign correspondents, and local journalists, to reconstruct for the television audience the past eight years of his life, years spent in what he described as "the direct and indirect subversion" of the peoples of El Salvador (six years), Nicaragua (six months), and, most recently, Guatemala (a year and a half), where he worked within a guerrilla terrorist movement, the Guerrilla Army of the Poor (EGP).

An arresting, poignant, richly instructive personal chronicle, the press conference (conducted wholly in Spanish) caused a sensation in Central America, and its effects are still being felt. No one in Washington, the media capital of the world, can explain why the U.S. press has almost totally ignored the event, except to speculate that the priest-defector's testimony undercuts journalistic preconceptions here so severely that the pressies have no choice but to make believe that it didn't happen.

A native Guatemalan, Father Luis Eduardo Pellecer Faena holds degree in the humanities, communications, philosophy, civil engineering, and theology, and has done graduate study in medicine. He called the TV press conference, he said, to explain how someone with his background, training, and gifts could be "bewitched into choosing a life of violence," and to plead for forgiveness from his fellow Guatemalans.

At the outset he explains that he himself had engineered his own abduction with the help of an old college friend on the police force. He wanted to "disappear" in such a way, he said, because it was a relatively safe exit from an uninhibited revolutionary organization (now probably bent on exterminating him).

To understand his odyssey, Pellecer said, one must first understand how manipulative is the "intellectual machinery" of the theology of liberation now operating with special force in Central America. "First and foremost," he stated, liberation theology is "the introduction of the poor to a new Jesus Christ, a Jesus totally different from that of the Gospels or the catechism used in preparing for First Communion. It is a rebellious Jesus, a Jesus opposed to the capitalist system, a revolutionary Jesus, a Jesus who is a partial or exclusive God, a God of the poor, a God solely and exclusively devoted to the salvation of the poor, the needy, the destitute, and forever banishing the rich, the powerful, those at the head of government, from all possibility of salvation."

Pellecer pointed to the distortion in this image of Jesus, namely, that Jesus, then, is not everyone's God, but only the God of the poor. "What about the others?" he asks. The answer from the Jesuits who are coevals of his or younger (Pellecer is careful to distinguish throughout between the beliefs of the traditionalist Jesuits of older generations and the Jesuits of his age bracket) goes like this: "The rich have had four or five centuries of union with the Church. Now the Church once and for all must break with the powerful, break with the rich, and turn once again to the exclusive service of the poor."

Father Pellecer and other Jesuits were "indoctrinated" with Marxism-Leninism during four or five years of university study. The final weapon in the revolutionary arsenal he acquired, and the most horrifying perhaps, was the targeting strategy: the focus would be on the poorest sectors of the rural and urban population.

Using our faith, taking advantage of the most sacred and most profound feelings of our people, we planted the first seeds of distortion, introducing a new Gospel, a new previously unknown Jesus—a bloodthirsty Jesus . . . The Jesuits [of my generation] were fully capable of indoctrinating people, of saturating them with the whole theology of liberation and science of Marxism, knowing how to bring it all down to the level of the masses with very little general education and political sophistication. We were able to create a whole new set of teachings for the

oppressed. We disseminated our knowledge through formal catechism, through audio-visual aids, using our power and authority as priests.

The Jesuit described the revolutionary cell structure as carefully and elaborately compartmentalized (reminiscent of the Vietcong and the North Vietnamese), his work in El Salvador as a "penetrador" (penetrating agent) and later, a "consolidador" (reinforcement agent), the purpose of which was to create a second tier ("in reality a rudimentary Marxist political platform") within the organizational pyramid, the first being the religious base itself. "I was one of those who led the unsuspecting lambs to their slaughter, laying the foundation for all those innocent farmers to be captivated by the authority of the Church, then to be swallowed up by the People's Liberation Forces."

The Jesuits are not going to believe that my words are deeply personal and sincere," said Father Pellecer at the press conference. "They will always accuse the authorities—the security forces—of having been responsible for these statements." Then he added, almost as an afterthought, and sadly, "There is a great deal of pride among the Jesuits."

On the first count, he was certainly right. No sooner had he finished the conference than the Jesuits raced to the mimeograph machines and telexes. "Fabrication to justify a religious persecution" against the Catholic Church and the Jesuits, they charged, and suggested that Pellecer was either stoned on drugs or brainwashed ("No doctor has verified his state of health" or "his physical or psychological integrity"). Who issued that statement? The Central American Jesuit Provincial headquarters in San Salvador, the Jesuit Provincial himself being in absentia, according to Father Pellecer. Where was he? "In Nicaragua, collaborating with the Sandinista regime." ●

SENATOR DENTON CHAIRS UNITED FAMILIES OF AMERICA

● Mr. SYMMS. Mr. President, I was happy to note that our colleague, Senator JEREMIAH DENTON, of Alabama, has become the chairman of the Board of United Families of America. Many of my own constituents are members of this energetic young organization, and I know that Senator DENTON's association with UFA will be beneficial to both parties.

In accepting the invitation to become chairman of the board, Senator DENTON delivered some extremely thoughtful remarks on the present status of the family and on its future. I think all of my colleagues ought to have a chance to see these remarks, and ask that they be printed at this point in the RECORD.

The remarks follow:

STATEMENT OF SENATOR JEREMIAH DENTON

It is an honor and a pleasure for me to announce that I have accepted the invitation of the Directors of the United Families of America to become the Chairman of its Board. Even though UFA is still young, I am convinced that its beliefs and goals are relevant and important.

I believe that many major national problems, being approached one by one as if they have no relationship at all to family issues, stem from the fundamental fact that all is not well with the American family. A number of directly related social problems are often mentioned: Divorce, teen drug use, adolescent pregnancy, juvenile crime. But these are consequences, not causes, of the underlying problem.

That basic problem is a deterioration of our national attitude toward the family and family life. The personal values of spousehood and parenthood stand too far down the hierarchy of society's values relating to individual responsibilities, accomplishments, and vocations. The deterioration is plainly evident in the mores and cultural trends that condition and are reflected by government policies and programs, and that are in turn influenced by what government does. The consequences are found not only in the specific social problems I mentioned. They are manifest in our inability to respond effectively to all the major challenges of our society, our economy, and even our national defense.

Many parents no longer make the effort to rear their children in even a minimally satisfactory manner. Many parents no longer seek to instill in their children the basic values and standards essential to development of the sense of responsibility, the discipline, and the compassion required for the well-being of both individuals and society. There is no public agency or institution that can substitute for parents in this central aspect of child rearing. I do, of course, recognize that many parents make the effort but fail for reasons beyond their control.

Let me emphasize that I, personally, have no problem with the idea of working mothers. There are, however, perhaps too many instances where a husband and/or wife, in their quest for more material goods, inevitably though perhaps inadvertently neglect their responsibilities as parents.

In any case we all need to ask what possibly could have changed our perception, as individual parents and as citizens, of the importance and nature of parental responsibilities? In considering this question, we must recognize that teachers, peers, television, movies and other influences also share in the rearing of our children.

Especially during the past two decades, many Americans have drifted into an attitude of instant self-gratification, of "what can I grab for myself right now," with little thought or concern for the long-range consequences.

Our society measures success too much in terms of affluence, of material possessions. I am not wealthy, but it has been my experience and my observation that wealth is not, by any stretch of the imagination, a guarantee of happiness. And affluence had very little to do with the beginnings of this nation or with its real sources of greatness. Quite to the contrary, few of our forebears were affluent, but they all adhered to essential common principles.

True happiness can be achieved despite fame and fortune, but not because of them.

Today the ideal of the "normal happy family" is consistently ridiculed and defiled, sometimes openly but often in more subtle, even devious, ways. Our society's attitudes toward marriage and child-bearing are certainly not nearly as supportive as they were in 1960. Many denigrate the terms "housewife" and "mother" as if they signified some form of slavery.

Contemporary literature, entertainment, and the mass media, especially television, not only reflect but to a large degree shape those derogatory attitudes toward family life and parental responsibilities. Few television programs depict a normal family relationship. They portray joyful love as existing mostly outside marital bonds. Much programming suggests that adultery is okay, that sexual relations outside marriage are inevitable and routine, even among adolescents.

As a result, children identify with the wrong types of role models. Instead of emulating responsible parents, who may not in fact be available to them, young people choose the "fast living, fast loving" characters portrayed on the television and movie screens. Such children seldom become good parents, so the social disintegration that is at the heart of our problems accelerates at a geometric rate.

And that's only part of television's impact. As the preeminent child psychologist, Urie Bronfenbrenner, has said: "The primary danger of the television screen lies not so much in the behavior it produces—although there is danger there—as in the behavior it prevents: the talks, the games, the family festivities and arguments through which much of the childs learning takes place and through which character is formed. Turning on the television set can turn off the process that transforms children into people."

The decline in the quality of public education further aggravates the problem. Many schools have fallen victim to utopian notions of social interaction, notions that prevail at the expense of a basic and fundamental education that integrates the immature individual into the established society as a responsible and productive member.

Traditional values, including those of religion, are banished from the classroom. They are replaced with promotion for social rather than educational reasons, with absence of discipline, with "values clarification," with sex education devoid of values and advocacy of "alternative life styles." Much instruction amounts to little more than providing adolescents with justification, indeed encouragement, for leading the hedonistic lifestyles depicted by the mass media.

"Conservatives" are not the only ones concerned about these attitudes toward the family. "Liberal" parents also worry about their children and drugs, about juvenile delinquency, about precocious adolescent sexual activity, about poor education. United Families of America hopes to reach not only the traditional constituency of conservatism, but also the millions of other families, black and white, Jewish and Christian, blue collar and white collar, that are subject to the same pressures of modern life. We should all welcome and support UFA's already effective efforts.

My decision to come to Washington was not an easy one. After my retirement from the Navy, I worked with organizations like United Families of America. I was attempting with them to form and articulate a consensus about the challenges to our fundamental American values, particularly the challenges presented by some of the media and the educational system.

I learned from that experience just how much governmental decisions affect family life. That lesson played a major role in my decision to seek the office I now hold.

Our laws, the attitudes of Federal officials both elected and appointed, the policies and programs of government, all reflect national attitudes toward the family. If our fiscal policy weakens the family, if our public pronouncements undermine the family, if our cultural community develops a prejudice against family life, the family cannot be expected to survive, much less thrive.

The family is the engine that drives civilization. Throughout the history of mankind, those cultures that have failed to found the rules and attitudes of society on the central importance of the family unit have decayed and disintegrated.

I believe my association with United Families will be consonant with my official duties in helping to define the laws and policies that affect our families and shape our society. I believe it is appropriate and desirable that United Families be an active influence on the governing process. I will support UFA in its efforts, and I will lend whatever advice and counsel its Board may seek. ●

THE EXPENDABLE PEOPLE

● Mr. LEVIN. Mr. President, today as we near our intersession break, most of us cannot help but look forward to the

coming days when we will be joining our families for the holidays. It is terribly sad, however, that while we will be enjoying the comfort of the warmth and security of our own homes or the homes of our relatives and friends, thousands of destitute Americans will be fighting off the bitter cold on sidewalks, steam grates, and abandoned buildings. I am referring to those that are known as drifters, bag ladies, or most commonly—street people. A new name however, was brought forth by Sydney Schanberg in yesterday's New York Times. Mr. Schanberg refers to such persons as "The Expendable People."

Mr. President, I do not believe that there is anyone in this Chamber who thinks that any person is expendable. Yet, I also cannot believe that any member of the richest and freest country in the world should have to sleep outdoors on hard pavement in the freezing weather we face today. When a homeless person freezes to death on our city sidewalks it creates a dark spot on our national conscience.

Currently, many devoted and concerned men and women dedicate large portions of their time, energy, and resources to assist these poor people. One such group, the Washington, D.C.-based Community for Creative Nonviolence, amply depicts the day-to-day existence of the "street people":

Life on the streets is incapacitating and humiliating. It is both physically and mentally trying: Imagine sleeping on a steam grate, waking in the cold, walking miles to a bathroom or a free meal. All the while you are ignored, shunned, or insulted by passers-by. Your physical appearance deteriorates. You worry about snow and rain and rats, about bottles thrown from passing cars, about police raiding the abandoned house where you find shelter. In welfare offices and hospitals, people make demands for papers, numbers, forms, and address. You sit for hours on benches and curbs. Your shoes didn't fit and you had no socks—now your leg is infected and swollen. Conventional medical care is a foreign concept in this environment. It is remote and depersonalized, with no understanding of causes and effects.

For the homeless persons, the smallest physical problem can develop into a major ailment when combined with neglect, effects of weather, and poor nutrition.

In New York City great strides have been made toward providing adequate care for the estimated 10,000 street people in that city due, in large part, to the valiant legal efforts of a single young lawyer, Robert Hayes. The Washington Post, New York Times, and the recent documentary of New York's Channel 4, "Shame of the City", have brought increased public attention to this painful situation. Let me quote from Sydney Schanberg's stirring article:

Two social workers recalled a woman of about 65—neatly dressed, proud of her appearance—who was spending her winter nights shivering at a subway entrance in Grand Central Station because her Social Security check was no longer enough to pay her rent. She was not mentally disoriented nor even remotely senile. Looking around her at the 15 men and women in similar straits at this subway entrance, she groped for an explanation and then said rhetorically: 'Its disgraceful that in such a rich country as this, so many people stand in doorways all night with no home to go to. It must be mismanagement of funds or something. It must be some kind of experiment to see how long people can survive without sleep or food.

Mr. President, the efforts of church groups, volunteers, and community organizations represent civic virtue and duty in the finest American tradition—but it is simply not enough. Our help is essential. Effective outreach programs and warm shelter facilities are desperately needed.

Over the holidays, as we reflect about good will toward all people, perhaps we can begin to consider meaningful action that can be taken when we return in January. I can only remind my colleagues that by January 7 of last year eight people had already frozen to death right here in our Nation's Capitol. By the end of the winter, there were a total 12 deaths.

In closing let me leave you with the words of John Stuart Mill:

Apart from any . . . considerations . . . it will be admitted to be right that human beings should help one another; and the more so, in proportion to the urgency of the need. . . . The claim to help, therefore, created by destitution, is one of the strongest that can exist; and there is prima facia the amplest reason for making the relief of so extreme an exigency as certain to those who require it, as by any arrangements of society, (that) can be made.●

THE BUDGET: DON'T CUT CONGRESS OUT

● Mr. DOMENICI. Mr. President, Senator LAWTON CHILES, my distinguished colleague from Florida, recently published in the Washington Post an article about the obligations of Congress and the prerogatives of Congress, in the budget and appropriations process.

Senator CHILES' points are well-taken. He has been a leader in the centrist coalition that has been the main force on the Senate Budget Committee since its inception. As a member, also, of the Senate Appropriations Committee, he has an excellent opportunity to wacth the budgeting behavior of the Congress.

In his article in the Post, Senator CHILES argues three things: First, that Congress has a constitutional role in the spending process that involves highly-specialized judgments about priorities; second, that across-the-board cuts are usually counterproductive because they penalize good programs as well as bad; and, third, that an unprecedented amount of courage will be needed if the Congress is to confront the fiscal problems ahead.

Mr. President, while I might quibble with Senator CHILES' unequivocal rejection of Presidential impoundment authority in each and every case, I agree with the central theme of his article. As usual, he has pointed out the pitfalls with precision.

I agree that we will need great courage next year to control Federal spending. And, I agree that we must begin to make individual judgments on programs so that good programs prosper, while bad programs die. This process of overview and setting priorities is the heart and soul of the legislative process and, to the extent that it has suffered this past year, the legislative funding process has suffered. I commend Senator CHILES' article to my colleagues and ask that it be printed in the RECORD at this time.

The article referred to follows:

THE BUDGET: DON'T CUT CONGRESS OUT

(By LAWTON CHILES)

Recent congressional actions on appropriations measures have posed a serious threat to the integrity of the legislative process. The immediate disputes over funding levels should not be allowed to obscure the longer-term procedural issues. What we have at stake is not a power struggle between Congress and the president, or between Democrats and Republicans. The real stake is in maintaining our constitutional system of checks and balances, which ensures a full measure of accountability to the public for federal spending decisions. Accountability means putting specific spending figures into laws and having members of Congress stand up and be counted on where to cut and where to add.

The most recent threat to constitutional checks and balances came in the continuing resolution passed by the Congress last Friday. The press and the public have focused on the funds cut by that resolution and paid too little attention to the methods by which it would be carried out. The language of the resolution requires the president to make a 4 percent cut in spending for domestic programs in five large appropriation areas. Within each spending account, the administration may decide to cut a particular program or activity by anywhere from zero to 6 percent as long as the overall account is reduced by 4 percent. In the floor debate in the Senate, however, it was clarified that Congress expects the administration to seek approval for any particular cut that deviates from the 4 percent.

Not all the detailed decisions made in the appropriations bill are made by the president. Anyone who has worked through appropriations bills knows that only a few major decisions, like the B1 bomber or Social Security benefits, are actually made by the president. Most of the 1-, 5-, or 50-million-dollar decisions are made by mid-level bureaucrats in the agencies or in OMB. Those bureaucrats have some professional judgments about what is good for the country; they also have personal opinions, whims and pet projects, like anyone else. But those bureaucrats do not have to go home to 50 states and 435 congressional districts to defend their decisions or see the results. The legislative process may be cumbersome, but it is tremendously open to the public. Once the president's budget proposals come out, members of Congress—particularly those of us on the Budget and Appropriations committees—get a flood of firsthand information about the details of those programs. Farmers tell us which pest control program works and which should be scrapped. Parents and schoolteachers tell us which education programs are effective. Local officials and concerned citizens tell us what will happen if we delay or proceed to build a new road or park. While congressional revision of administration proposals sometimes reflects the protection of special interests, to a greater degree it reflects the role of the American public in shaping legislation.

The only way the public can hold members of Congress accountable for spending is by requiring them to stand up and be counted on specific budget figures, whether they be cuts or increases. It is far too tempting to be able to stand up and tell each group—farmers, schools, retirees, defense—that you

voted for full funding of their program, but then turn around and say you voted for a balanced budget, because you gave the president the authority to withhold 5 or 10 percent. No one would know what you really stood for. That is what we had before the 1974 Budget Act. Members voted for individual spending bills, but never had to vote on the bottom-line total. The result was massive spending and huge deficits.

Impoundment authority would also undermine public accountability of the president. He could submit a budget that made all his major constituents happy—and all presidents like to make people happy—by not detailing his proposed cuts. He could then request a 5, 10 or 25 percent cut authority to hold down the total. No one would even really know what the budget for a program was, or who had cut it. The full funding figure would be printed in the books, but somehow it would not get spent. That may be the easy way out for politicians, but it is not a good way to let the public grade the people it elects.

Tough as this year's budget decisions are, next year's will be even worse. At the Budget Committee we are looking at federal deficit projections ranging from $92 billion in 1982 to $165 billion in 1984. The American people are still being told that they can have only good things—a 25 percent tax cut, a big national defense buildup and painless cuts of waste and fat in domestic programs.

Moving to a balanced budget is going to require telling the American people that they cannot have all these things at once. Cutting back tens of billions of dollars in federal spending is going to require hard decisions that many politicians would rather avoid. Making those cuts in a fair and efficient manner is going to require that the public be given a full chance to participate by means of the legislative process, and that members of Congress continue to listen to the wisdom of the public.●

MR. JACK BRYNE

● Mr. WEICKER. Mr. President, recently the remarks of Mr. Jack Bryne, chairman of Geico Corp. concerning the special olympics have come to my attention. Mr. Bryne's words are an eloquent example of how the private sector can be a true working partner in service to the disabled. I ask that they be included in the RECORD.

The remarks follow:

1981 DIRECTORS' CONFERENCE

(By Mr. Jack Bryne)

I really only have a very short message and only one point to make. When it comes to fundraising, we both have the same problem. There are literally hundreds of organizations in every community today that are searching out corporate support. It's more so, I might add, in the last three months than anything I can remember in the last ten years. I've been responsible for large professional responsibility efforts in very large corporations for 10 or 12 years now, and I never remember anything like what's going on now as more and more organizations fear the pinch and are turning to a variety of constituencies, one important one being the corporate constituency.

It's really a problem for you because you have a lot of competition for the donations you need and so on. It's a problem for me because, as I sit at the head of the corporation, I have to try to sort out what are deserved among the hundreds of requests that come across my desk, and I don't think it's an exaggeration to say that in the typical week probably 15 or 20 requests for support, for corporate support, come across my desk. One of the things I have to decide is which organizations really accomplish all that they claim to.

I'm sure that many of you wish that you could simply run your athletic program and forget all about fund raising. Some of you maybe even dread fund raising. You feel compelled to sell, sell, sell the Special Olympics. Well, let me talk to you for a few minutes as the man who sits on the other side of the table.

If it is selling you feel you have to do, the Special Olympics is surely one of the best products anyone has ever been handed to sell. My company is devoted to providing insurance at the lowest possible cost. We're what we call in the business world a low cost operator. That's our strategy. And I like to think of us and we like to think of ourselves as doing God's work in trying to be a low cost operator.

But you of all the organizations I have ever met and worked with, you are truly doing God's work. You are not raising money for research into some nebulous disease. You are not requesting support for a bloated arts organization that has exceeded its budget. You are fueling the flame of happiness for a group of children whose only crime is that they suffer the injustice of mental retardation. Through your efforts you are touching individual lives, and you're changing them for the better, and everyone who works with you can see that happen.

That's very important. Everyone who works with you can see that happen. What a product to be able to sell! Well, frankly, I think you could do even better if you didn't think of this part of your work in terms of selling. Sure, you can walk into my office, show me charts and graphs, tell me how you need new uniforms or need the use of a gymnasium or need some bus tickets. And you could sell it to me. But how many of you think about what it is that I need?

It's a very rare person who comes into my office and says, Mr. Chairman, let me tell you what I can do for you. It happens almost never. And when it happens, it really gets my attention. It is not necessary to sell a Special Olympics relationship to a company. It really is only necessary to expose a company to the opportunity to participate and to show them how they benefit from that participation.

Now, I'm sure that each of you could list a dozen ways that a corporate enterprise would benefit from a Special Olympic relationship. But let me mention one or two that may not be totally obvious to you. Five years ago, as Eunice mentioned, my company, GEICO, almost went bankrupt. We lost $126 million in 12 months. I came into that situation to see if I could do something about it.

I'll have to think a while. What makes that funny is, you know, I never thought it that funny.

Maybe we made too many donations. But the accountants told us those were deductible! At any rate, we had a very troubled enterprise; 9,000 employees, all reading every day that their company was about to go under. I was a newcomer on the scene. I was unknown to the employees. It was my job to try to do something about this awesome set of losses.

We had $20 million left in the till, but we were losing two million a week, and things didn't look too good. Yet at the very height of those difficulties we decided to become involved with the Special Olympics. And we sold it to our Board of Directors. Excuse me. We didn't sell it. We exposed them to the opportunity to get involved.

Now, how and why? Why would a company in such serious financial trouble spend thousands of dollars on the Special Olympics? Because we thought that the Special Olympics would help us solve some of our problems. Here's how. One of our major problems was employee morale. In order to survive we had to layoff thousands of employees and cancel one million customers, customers that had taken us 50 years to build up. We closed offices across the nation, all very painful steps.

Many of our employees were beginning to think of our company as callous and uncaring, and well they might. Stranger—new to the till, and the first thing they see is thousands of employees leaving, a million customers leaving and offices closing across the country. So they began to think of us as callous and uncaring.

It's a very serious problem because, while I knew that the financials might emerge out of the bottom of the valley, neverthe.ess, I still had to work with 9,000 and 8,000, then 7,000 and 6,000 and finally 5,000 employees and try to keep their morale up. The Special Olympics gave us a rare opportunity to change that perception.

It became one of the—it truly become one of the keystones of our strategy with respect to how to get the employees thinking like partners with us again as a company. We got the employees involved in the fundraising. We had raffles. We had bake sales. I raffled off my parking spot. We had car washes.

And I walked to work for a while.

But I guess the key here is we could have, we could have done what many other companies do. We could have written a check for $5,000 or $10,000, when Eunice and Bob and Herb came to me and asked would I personally be the chairman of one of the benefits—"The Empire Strikes Back." I guess it was the first time. And that's typically the way a corporation gets involved. And we were willing to do that.

But it occurred to us that we were missing a great opportunity if we did just that and what a much bigger bang we would get and how much of our problem we should solve if we got the employees of our company working together with our company in this effort. So that's what we did. We still wrote the check, and we were still chairman of the benefit, but we did it in partnership with our employees. We got hundreds of our employees involved in these bake sales and car washes. We were rushing around that day. We had benefit dances. The employees in the company worked together as partners in the wonderful program of the Special Olympics.

And it restored the family spirit at GEICO. Today the 4,500 employees that we have at GEICO, we have a very successful company. The company's doing well. Those employees have a wonderful feeling of relationship with the company, and I can truly say that the, our relationship with Special Olympics was a keystone to our strategy. That is the kind of special opportunity that you can offer a company, and believe me, when you can solve problems for a businesman, you have no trouble getting his full attention.

In terms of fund raising, your hardest work is already behind you. You have an enterprise that is well established and respected, an enterprise that regularly attracts the best in American business, both McDonald's, Procter & Gamble, companies that like to be associated with winners, and you are a winner.

There are companies out there waiting to be approached. The chance to be part of the Special Olympics can be one of the most exciting opportunities that crosses the chairman's desk, if you think of it that way. Find what his priorities are, what problems he needs solved and show him what Special Olympics can offer for him in the process of running his enterprise. You are offering family, joy, love in a unique package.

I have heard Eunice Shriver say to Special Olympics that, "What you are winning through your efforts is life itself." I believe that is what you should offer a company, winning thorugh your efforts. How would a company fail to be a part of that?

Thank you.●

SENATOR KENNEDY ADDRESSES THE UNION OF AMERICAN HEBREW CONGREGATIONS

● Mr. METZENBAUM. Mr. President, I want to call the attention of the Senate to a thoughtful and elegant speech delivered on December 6 by the senior Senator from Massachusetts before the 56th General Assembly of the Union of American Hebrew Congregations.

Senator KENNEDY's message to this gathering was very much at variance with the views that today prevail in Washington on both foreign and domestic policy.

At a time when this Nation's commitment to human rights has been replaced by the kind of amoral "quiet diplomacy" that winks at repressive governments that profess to be our "friends," Senator KENNEDY said forthrightly that—

We must speak out for human rights at home and abroad. We must stand with the victims of repression from the left or the right—in Latin America, in the Soviet Union and Eastern Europe, or wherever people hope for our help.

At a time when the American administration is providing lethal weaponry to sworn enemies of Israel, Senator KENNEDY pointed out that—

Support for Israel is not an act of charity; it is a case of America's national security and America's moral commitment to Israel. Those who forgot the facts about Israel during the AWACS debate should be reminded that the only way for America to have an ally is to be one.

And finally, Senator KENNEDY reminded us of our obligation "to speak out for social and economic justice at home. Sacrifices," he said, "must be made, but they must be fair."

Mr. President, I ask that the full text of Senator KENNEDY's address be printed at this point in the RECORD.

The address referred to follows:

ADDRESS OF SENATOR EDWARD M. KENNEDY

It is good to welcome the Union of American Hebrew Congregations to Massachusetts—and to be welcomed home by so many good friends.

You honor me today, and I am proud to accept, on behalf of my family, this Torah for the Kennedy Library here in Boston.

The Torah is so fitting a gift for that library, which is a memorial to an ideal as well as a man. For the Torah contains the enduring ideals of human existence. It is the foundation of a magnificent religion and philosophy that have truly transformed the history of this earth.

It is a special honor to receive this Torah from Rabbi Alexander Schindler—my close friend, who is also one of the great religious and community leaders in our nation, a man of deep commitment to individual freedom and to the great goals of economic progress and social justice. As your President, he has brought together more than one million members in 760 congregations to stand and to strive for the defining values of the Jewish tradition. This Torah has other special meanings for us. It was kept for the past 18 years in your Religious Action Center in Washington. That Center is a living extension of the ideals of the Torah, and of the prophecy that: "Justice shall roll down like waters and righteousness like a mighty stream."

This Torah once belonged to Isaac Mayer Wise. His dream of a Judaism rooted in ancient tradition but responsive to the modern age marked the beginning of your movement. Most of all, this Torah has a special meaning because it was originally presented to President Kennedy. It symbolizes the common bonds between all of you and all the members of my family.

When the original presentation was made in 1962 by Rabbi Maurice Eisendrath and Justice Arthur Goldberg, Justice Goldberg jokingly asked by brother: "Mr. President, don't you know that if you hold the Torah you have to wear a yarmulka?" To which President Kennedy replied: "Not so—don't you know that I am a Reform Jew?"

We meet today at a time of uncertainty and dismay about the great dream we share—our abiding dream of peace in the Middle East and a secure future for Israel, our closest friend and our strongest ally in that region of the world.

Only a few weeks ago, the United States Senate, by the narrowest of margins and under the most intense pressure, approved the Administration's plan to sell the most sophisticated American weapons to Saudi Arabia. Last February, I was the first Senator to condemn that proposal. I regarded it then and I regard it now as the most dangerous and damaging arms sale ever sought by any Administration of either party. For me, this kind of deal can never be a question of fleeting calculation or political convenience. I stood against this AWACS sale—and I stood against the past Administration's sale of F–15s to Saudi Arabia—because both of these decisions were fundamentally wrong. They were wrong for our own national security, wrong for the cause of peace in the Middle East, and wrong for the people of Israel.

We heard many things said during this debate that should never have been spoken at all. Harry Truman was a President who overruled the kind of advice the Reagan Administration accepted. In the spirit of Harry Truman, who recognized the state of Israel on the first day of its existence, it is time for us to engage in some plain speaking of our own.

We heard it said that opposition to the AWACS sale was based solely on our concern for Israel. In fact, that sale will threaten the national security of both the United States and Israel—and it was not just pro-Israel, but pro-American to stand against it. It makes no sense to jeopardize our highly sensitive military technology by injecting it into an unstable region, where it can too easily fall into the wrong hands.

In the past, and for the same reason, I opposed the sale of AWACS to Iran, despite the assurances of the past Administration that Iran was an island of stability. And today, we must be thankful that AWACS were never sold to Iran.

This sale to Saudi Arabia is also wrong, because it will fuel an escalating arms race in the Middle East. It will raise—not reduce—the risk of war.

I reject the implication made during and after the debate that the interests of Israel are at odds with the interests of the United States. In his case, as so ofen in the past, what is right for America is also right for Israel.

It is a fundamental fact that Israel is our most faithful ally in the Middle East. It is a fundamental fact that Israel has protected American interests in the past, and that Israel will do so in the future.

Support for Israel is not an act of charity; it is a case of America's national security and America's moral commitments to Israel. Those who forgot the facts about Israel during the AWACS debate should be reminded again that the only way for America to have an ally is to be one.

We have heard something else during this debate that must be denounced. I reject absolutely the unworthy appeals which in effect questioned the patriotism of Jewish-Americans and accused them of dual loyalty. What has been derided as lobbying is in reality the basic First Amendment right to participate in public debates. The Bill of Rights was not written to protect the majority, but the minority—and to enable the minority to persuade the nation to a different view.

All Americans, regardless of religion, can exercise that right. We must never condone tactics that raise the spectre of religious prejudice and anti-Semitism—that blame dissent over public policy on diversity of religious faith. Americans of all faiths and both parties pursued their opposition to the Saudi arms sale honorably and in the best tradition of our country and our Constitution.

As American Jews or American Catholics, we do not apologize for our religious upbringing and our religious values. And as American patriots, we should say this to all our fellow citizens—regardless of race, religion or national origin—that you have the same Constitutional right to assemble, to speak and write, to petition the government, as any other citizen of the United States.

The Administration complained that Jewish-Americans were vigorously expressing their views. But where were the Administration's complaints about the corporations that lobbied hard for AWACS because of the business it would bring? And why were there no complaints about Saudi princes gliding through the halls of Congress?

I believe that no Americans are any less American because they care about Israel—or understand that the security of Israel is vital to the security of the United States.

For me, this is not a religious issue. I had assumed that the religious issue was long since banished from our politics. My own support for Israel is deep and continuing. It is rooted in an abiding conviction that such support is both morally right and essential to American interests. I welcome the widest and most vigorous debate on the issues. But never during that debate should people be blamed for how they themselves or the generations before them worshiped God. And now, after the AWACS defeat, is the moment when we must speak with renewed conviction.

We must unequivocally repudiate the incredible suggestion that the United States should recognize or deal with the terrorists of the PLO. It is bad enough to hear that suggestion at any time about a group sworn to destroy Israel. It was even worse to hear it in the very hours when the PLO brigades were dancing on the grave of Anwar Sadat.

Israel has no need for fair-weather friends. Neither Israel nor the United States will be served by politicians who profess one thing and do another. And none of us can rely on New Right conservatives proclaiming a biblical allegiance to Israel who can be turned around in a single White House meeting.

There is another message that we must deliver to the Reagan Administration. They have promised that this arms sale will persuade Saudi Arabia to join the search for peace. Let us insist that this must not be a promise of words, broken in fact. Let us insist that it is wrong to lavish praise on the so-called Fahd peace plan, which fails to recognize the state of Israel, fails to accept Israel's right to live in peace with secure and defensible borders, and fails even to accept U.N. Resolutions 242 and 338. Let us insist that the Administration must reject the Saudi demand for a new Palestinian state with Jerusalem as its capital. Let us insist that it is wrong for President Reagan to turn a blind eye when his new Saudi friends seek to bribe their neighbor, Oman, to deny vital military bases to America.

Instead, this Administration must be taught to tell Saudi Arabia that a true security relationship is a two-way street.

We are entitled to Saudi cooperation, not rejection, of the Camp David peace process.

We are entitled to the reality, not a charade, of oil price restraint and oil supply reliability in the Middle East.

We are entitled to Saudi support, not opposition, in our struggle to rid the Middle East of terrorism.

We are entitled to Saudi support, not opposition, in the effort to strengthen our military capabilities in the Persian Gulf.

Instead of giving the Saudis more offensive weapons, let us work with them to meet the very real threat they face of internal decay and subversion. Let us respond to the external threat in that region posed by the Soviet Union, South Yemen, Ethiopia, Iran and Iraq.

I support now, as I have in the past, American supply of defensive arms such as antitank and anti-aircraft weapons to Saudi Arabia. And I support American cooperation with that country to make it clear and certain that any military assault against Saudi Arabia will be deterred effectively.

But of this we must also be certain—that the defensive arms we send to Saudi Arabia or any other Middle Eastern state must always be pointed in the right direction—and never against Israel.

Now that the AWACS debate has ended, the Administration must also end months of inaction on the peace process. The President must define and state his objectives, and advance them consistently, reliably, and effectively.

First, now more than ever, we must assure the security and prosperity of Israel, which may confront new and deeper dangers because of what the Administration has just done. When Prime Minister Begin visited Washington, the President pledged a new era of "strategic cooperation" between the United States and Israel. This past week, Israel's Defense Minister signed a memorandum of understanding to "enhance" this strategic cooperation with our Secretary of Defense, and the Administration now has the chance to prove that it is serious about the substance of this policy. We must not rush to arm the enemies of Israel and then refuse the means of self-defense to the people of Israel.

Second, we must hold a steady course on the Camp David path to peace. Israel and Egypt are strategic cornerstones of the broader settlement we must seek. The Camp David Accords are a historic achievement. We must not permit the Soviet Union or its surrogates to subvert that process. And we must not set the Accords aside in a futile effort to appease those sworn to an unholy war against the Holy Land of Israel.

So I call upon the Reagan Administration to appoint at long last a new negotiator to succeed Sol Linowitz and to press ahead with our discussions in the Middle East. Prime Minister Begin and President Mubarak have reaffirmed the commitments of Israel and Egypt to peace. We cannot afford to let this moment slip away.

In pursuing negotiations, the United States must now reaffirm one of our own central principles: the PLO must never play a part in the peace talks until it has abandoned terrorism and renounced absolutely and forever the oath to destroy Israel.

In the Middle East, as in the United States and in other parts of the world, we must speak out for what we believe wherever the issue is drawn. And in 1981, we face critical issues on every front.

We must speak out for nuclear arms control, and against the buildup of nuclear weapons that can lead to humanity's final war. As Rabbi Schindler told this conference, "There are no 'possible limits' to a nuclear conflict. There is no 'acceptable level' of radioactive poisoning. There is nothing 'clean' whatsoever about maimed limbs and burned flesh and the whole dark butchery without a soul."

We must speak out for human rights at home and abroad. We must stand with the victims of repression from the left or the right—in Latin America, in the Soviet Union and Eastern Europe, or wherever people hope for our help.

And we must stand, now more than ever, with that brave husband and his brave wife in that hospital in Gorki, in the Soviet Union. Their hunger strike for human rights has touched the conscience of the world. We here today join all others on this earth who care about human liberty and individual freedom. We say to the Soviet authorities: let Miss Alekseyeva go—let Andrei Sakharov and Ellena Bonner live.

It is not a sign of weakness to proclaim the cause of human rights. Twenty years ago, a President of the United States stood up for human rights, and then stood up against the Soviet Union during the Cuban missile crisis. Today the President of the United States can stand up for America without sacrificing the ideals for which America must always stand.

And we must speak out for social and economic justice at home. Sacrifices must be made, but they must be fair. We must reject fraudulent tax cuts which favor the very rich and we must demand real tax justice for workers and the middle class. We must insist that high interest rates, high deficits and higher unemployment can never move America forward. We cannot accept an economic program that offers tens of billions of dollars to corporations who buy and sell tax loopholes, while elderly Americans will be forced to choose this winter between heat for their homes and food on their tables.

The President insists that he will stand his supply-side ground. But that ground is composed of the sinking quicksand of economic decline.

I reject the cruel theory of government of the rich, by the rich and for the rich.

I reject the insensitive policy of billion dollar tax breaks for the oil companies and thousand dollar china plates for the White House.

When you look at the record behind the rhetoric, here is what this Administration has achieved. Their shell game of budget cuts has only shifted a heavier burden to cities like Boston and New York and to hard-pressed taxpayers in local communities. The Administration has financed the greatest special interest tax giveaways in history by taking away help for the handicapped. They have told impoverished widows to feed their children on 50 cents a meal. And when those families complain, the Administration has prepared a new response. They can always say: "Let them eat ketchup."

Other leaders in other days have appealed to our best instincts as a nation. They have challenged our people to give something back to America in return for all that America has given to us. Instead, this Administration has summoned us to selfishness; they have replaced a tradition of compassion with a standard of greed.

I voted against the President's tax cut because it was unfair—and because its size was unwise in an unstable economy. The Administration claimed that they need time for their plan to work. Only a few of us were ready to resist because we knew their scheme was wrong. Now the Administration pleads for more time and we reply: We have seen what they have already done. They have brought us a recession in record time. They have brought us record interest rates. Give them more time—and truly they will wreck this economy.

Now we must seek and speak for a different and saner course. We must re-examine and revise the tax cut. We must condition the third year of the cut on the economic situation. And we must repeal the indexing provisions which will fuel inflation and fasten the nation with continuing deficits into the 1990's.

At the very least, we must repeal the 33 billion dollars in new tax breaks the Administration handed to the major oil and gas producers. They do not need the money—but America needs the revenue.

The Administration may hold relentlessly to failing policies. But we have faced their resistance before and we have defeated them.

Earlier this year, the President said we had to cut Social Security benefits. He said we can no longer afford to aid the disabled. And he claimed that people who had worked forty years or more were retiring too early.

There are other sensible reforms that can sustain Social Security without shortchanging senior citizens. But the Administration wanted massive reductions because that was the only way they could balance the rest of their budget.

So we raised our voices in the country and marshalled our votes in the Congress. We took our message to the people. We said it was wrong to cut Social Security, because Social Security is a right that Americans have earned and paid for. We said to the Administration: You shall not brighten your budgetary picture by tarnishing the golden years of senior citizens. We organized on that issue—we fought—and we won.

And I believe that in the end we will win the other great struggles which confront us. Together we will stand for the Equal Rights Amendment, for fair wages for women in the workplace, and against all discrimination because of race or sex, religion or national origin.

Together we will extend the Voting Rights Act, which has been the most powerful weapon in our history for the elimination of discrimination in the voting process.

Together we will oppose the attempts of extremists to undermine our Constitution by limiting the jurisdiction of the Supreme Court and the federal court system.

There have been hard hours for us all in recent months. And there will be more hard hours to come. But the troubles we have faced are far less than the hurt of the poor, of workers, and of middle income families. In our struggle for them, your commitment has never weakened or wavered. The Union of American Hebrew Congregations has done the hard work of gathering support in the Congress and the country.

In the truest sense, what is at issue now is the character of our country. We all know that America has meant so much to the world because to be American has meant so much to, so many here at home. That is why your grandparents and their parents came here from the shtetels of Poland and the Ukraine—and why mine came to Boston from the barren fields and the famine of New Ross and County Wexford. This country was shaped, in large measure, in the reflection of their vision and the realization of their hopes.

The Jewish people have made a unique contribution to our history and this heritage. It was the Jews who first proclaimed liberty as the indispensable condition of humanity. It was the Jews who first recognized the inherent quality and the infinite potential of every human being. And it was the Jews who first set down as an ethical imperative the responsibility of government, and of the rest of us, for the poor, the widow, the orphan, those who hunger and those who are homeless.

We must not falter now in our struggle to fulfill that vision. In Rabbi Schindler's words, we must work, harder than ever before, to achieve "an America that pursues its national purpose, that acts firmly on the moral principles that gave it birth, that once more provides hope and leadership to the

world—not because it has more guns or more steel or more wealth than other nations but because it has more faith in life, justice and the well-being of humankind."

And I believe that this vision truly is a dream that shall never die.●

SENATOR SIMPSON AND IMMIGRATION REFORM

● Mr. KENNEDY. Mr. President, our distinguished colleague, Senator SIMPSON, who is serving as chairman of our Subcommittee on Immigration and Refuge Policy, has worked tirelessly this year on the long overdue effort to reform our Nation's immigration laws.

Under his leadership, the subcommittee has conducted scores of hearings on every facet of the immigration law, and chaired the first joint hearings in more than three decades with the companion subcommittee in the House of Representatives. Both subcommittees are now grappling with the tough issues that have been placed before us by the Select Commission on Immigration and Refugee Policy, and by the Reagan administration, which has responded to the Commission's recommendations.

I commend Senator SIMPSON for his leadership and for his effort, through each of his hearings, to reach out to all constituencies concerned with immigration issues, and to hear all sides on the extraordinarily complex and difficult questions we now face.

Even more, I share Senator SIMPSON's view that "reform is imperative." We have neglected immigration problems for too long, causing one of our country's oldest tradiitons to become one of our most controversial and misunderstood issues. Instead of embracing our immigrant heritage, many Americans are coming to fear it and to see it as a process that is out of control. We must restore confidence in our Nation's immigration laws.

Mr. President, Senator SIMPSON recently reviewed some of the immigration issues that are now before us in a thoughtful address he delivered to a distinguished immigration conference in Williamsburg, Va. I commend to the attention of all my colleagues, and to the public at large, Senator SIMPSON's speech, entitled "United States Immigration Policy: Unsettled Issues and Emerging Policies." I ask that it be printed at this point in the RECORD.

The speech follows:

UNITED STATES IMMIGRATION POLICY'S UNSETTLED ISSUES AND EMERGING POLICIES

(By Senator ALAN K. SIMPSON)

No other country in the world so powerfully attracts potential migrants as the United States. No other country approaches the United States in the number of legal immigrants accepted or refugees permanently resettled. I deeply believe most Americans are very proud of both our reputation and our record as truly a land of opportunity and refuge—and I believe that reputation and that record have generally been good for this country.

However, existing immigration policy is no longer adequate to deal with the growing immigration pressure on the United States. Immigration to the United States is "out of control"—and is perceived that way at all levels of government and by the American people, and indeed by people all over the world.

Reform is imperative. This does not mean shutting ourselves off from the rest of the world. Immigration can continue to benefit the United States if the law is reasonably amended to be appropriate for contemporary conditions—and if the law can be enforced. This will in no way be inconsistent with our traditions. Immigration to America has been limited in various ways for more than a century and has been subject to various forms of numerical limitation for over sixty years.

Let us discuss some of the unsettled issues involved in the immigration reform process now taking place, as well as some of the policies which we see emerging.

To get into that subject, I will mention what I regard as a few settled issues.

First, some in our midst seem to believe that persons abroad have a moral right to settle in the United States anytime their interest would be served—regardless of the interest and wishes of those who are already here. But I have a feeling that most people hold a quite different view.

As mortals, we live in a world of limits—and, tragically, that must include limits to our charity. Each man and woman here faces daily in his or her own life the moral dilemma posed by other human beings in need; each must decide where to draw the line in helping others. It's tough—but we have all done that or we would not be here tonight.

There is an additional and related point which those of us in government or politics must take considerable care to remember. We are entitled as private individuals to make any sacrifices of our own interest that we may wish—for example, out of compassion or in order to satisfy our own moral beliefs. However, the primary obligation of government, indeed the very reason for its existence—and justification for its power—is to promote the national interest; that is the long-term well-being of the majority of the nation's citizens and their descendants. Accordingly, United States Government beneficence toward persons abroad is proper only if it embraces the interest of the American people.

I think most would agree that the interest of the American people includes not only economic aspects, such as jobs and real income, but non-economic aspects as well, such as freedom, safety, and political independence and stability. In addition to these specific benefits, it surely includes preservation of the public cultural qualities and the political institutions which are their foundations. After all, it certainly appears that it is the absence of such qualities and institutions which contributes to the lack of such benefits in many countries and, consequently, to the emigration of their citizens.

I am reminded of an old maxim with which I am certain most of you are quite familiar: "Don't spend capital." You know that if you fail to control your expenditures to a level below your real income, then you are in effect slowly liquidating.

There is an analogy between this saying and a fundamental truth about immigration. What corresponds to spending is the providing of an adequate life to the people of this nation. What corresponds to capital are the traditional values, institutions, and unity which are the roots of America's success as a nation.

That form of capital will be diminished if government pursues immigration policies which allow immigrants to enter the United States in numbers that cannot be fully assimilated into this society. The risk of this occurring may be greater as a result of certain government policies, which often seem to discourage such assimilation.

It is usual in discussions of immigration policy to refer to the Statue of Liberty. I would remind all that the complete, original name of that beautiful lady in the harbor is "Liberty Enlightening the World." The moving sonnet of Emma Lazarus was added seventeen years later. The statue is not called "we shall accept all who come to our shores—legally or illegally." Let us remember that we cannot enlighten the world if we are overwhelmed.

If we in government or politics are not able to bridle our compassion for the less fortunate people of other lands sufficiently to protect the national interest, then not only will we have failed in our primary official duty, including our duty to the least advantaged in our own nation, but there is a real and substantial risk that in the long run the American people will be adversely affected to a degree that they will be unable or unwilling to respond at all. I refer to this potential unwillingness to respond as "compassion fatigue." The signs are all around us that this is already developing.

These issues have been particularly compelling in recent years when the United States became, for the very first time, a country of "mass first asylum" when it received within a period of a few months an influx of 125,000 persons from Cuba, persons not selected by the United States but selected in many cases by Fidel Castro.

The United States seemed paralyzed by a form of moral uncertainty—unwilling or unable to enforce United States law. I will return to that a bit later.

Well, the difficulty, of course, lies in the application of a national interest standard, in determining the specific policies which really do best promote the national interest.

I think it is clear that America could not follow an "open border policy". There are a few economists who appear to advocate the free movement of people across borders, but I think it inevitable that this would result in conditions in the United States deteriorating to a "least common denominator" level. I do not perceive how the United States, or even the world as a whole, could supply the capital necessary to generate a United States standard of living for every person who does not now have it, even if we were to make the assumption that our institutions could survive an open border.

As has been frequently pointed out, the pressure is just beginning. The low economic and high population growth rates of the Third World—neither of which is under the control of the United States—present a dismal prospect, as does the fact that many countries of the developing world are only a walk or a short boat trip away. The United States-Mexico border is the only land border between a developed Western country and the developing world—and it stretches over 2,000 miles. The only physical barrier is a river, not an ocean.

Since the United States cannot accept all who would wish to come, the following very real questions arise:

(1) How many immigrants and refugees should be admitted?

(2) Which applicants should be given preference?

(3) Which applicants should be excluded?

(4) How should the United States enforce the policies which are adopted?

Let me discuss the last question first. How should United States immigration policy be enforced? Obviously, the potential benefits and protections to be obtained, even under the most carefully designed statutory standards for determining who may enter the United States, as well as for how long and under what conditions they may remain, will not be available in practice if those statutory standards cannot be enforced.

At the present time it is my own view that conventional law enforcement approaches would not be adequate to control illegal border crossing even if substantially greater resources were devoted to the effort than now appears likely. Furthermore, a significant portion of illegal aliens enter legally and vio-

late the terms of their visas. No amount of border enforcement would restrict this kind of illegal alien.

As long as greater United States job opportunities are available to foreign nationals who succeed in physically entering the United States, intense illegal immigration pressure on the United States will continue. This pressure will decline only if (a) the pull of the United States employment is eliminated, or (b) such disparity is reduced—either through improvement in the Third World or deterioration in the United States.

We should do all in our power to assist development in the Third World. But we must remember that the achievement of substantially higher living standards is a long-term prospect at the very best. Since deterioration in the United States is certainly not an attractive resolution, only one approach remains: that is prohibiting the knowing employment of illegal aliens.

In order to protect both employers and minorities, particularly Hispanic-Americans, we will require a secure system to enable employers to verify that job applicants are authorized to work in the United States. Existing documents are extensively altered and counterfeited—and genuine documents such as the birth certificate can be readily obtained through fraud. If employers were permitted to rely on those by themselves, then very little might be accomplished. On the other hand, if they could not rely on them, then many employers might feel so insecure that they would seek to avoid hiring persons who "looked foreign" to them. Therefore, a new system is needed.

It is claimed that a new verification system would be too costly and that it would pose a threat to privacy and civil liberties. Two brief points on that.

First, there are also tremendous costs involved in inadequate enforcement. The Congressional Budget Office has estimated that each unemployed person receives about $7,000 per year in unemployment and welfare benefits. Thus, even if the illegal alien population numbers only five million and only one percent of them displace American workers, this cost alone would total $350 million per year. I believe the cost is probably much higher since my hunch is that the actual displacement figure is higher than 1 percent.

Second, with respect to civil liberties, I have given much sincere thought as to how, say, changing the form of the Social Security card could pose risks to our liberty.

I have asked that question of many—from the ACLU to Arthur Flemming of the Civil Rights Commission. No one has yet given a satisfactory answer. Others—never known for their neglect of civil and human liberties—agree with me, including Father Ted Hesburgh, former Chairman of the Select Commission on Immigration and Refugee Policy; Senator Kennedy, ranking member of the Senate Subcommittee on Immigration; and the editorial writers of the New York Times and the Washington Post.

I do also recognize the possibility that substantial, adverse economic impact might occur as a result of a sudden reduction of illegal immigration. Therefore, I remain open-minded about the concept of a limited temporary worker program, at least during a transition period. Such a program should not be considered, however, unless (1) very carefully designed restrictions were included in order to minimize adverse impacts and reduce the opportunities for workers to stay permanently, and (2) such restrictions could be adequately enforced, which would require an effective employer sanctions program and a verification system. The European guest worker experience can serve as a helpful guide here—as to what should be avoided.

The next issue is numbers: How many immigrants and refugees should be admitted?

At the present time, net immigration—legal plus illegal—probably approaches or even exceeds 750,000 per year. Even if it is assumed that the fertility rate of the existing population remains at its present low level (which seems unlikely) and the fertility rate of the new immigrants immediately declines to that of the present population as a whole (which seems even less likely), a net annual immigration of 750,000 would lead to a U.S. population in a hundred years of 300,000,000. One third of that population would consist of immigrants who arrived after 1980 and their descendants.

Indeed, these figures actually underestimate the impact of immigration. Since it is concentrated in only a few regions of the country, the impact on these regions is of far greater import than the overall figure suggests. For example, under the same assumptions, the population of California would double by 2080. Over half of that state's population would then consist of post-1980 immigrants and their descendants.

The problems which may be caused by excessive population growth are well known and I shall not discuss all of them here.

However, one issue deserves particular mention.

I fully realize that what I am about to say is directed to a most sensitive and complicated issue and there is every risk of misunderstanding. Therefore, I wish to reemphasize my deep belief that no individual applying to this country lawfully in search of freedom and opportunity and desiring to integrate fully into American society should be discriminated against because of race, color, or religion.

Yet if immigration is continued at a high level, but a substantial portion of these new persons and their descendants do not assimilate into the society, they may well create in America some of the same social, political, and economic problems which exist in the countries from which they have chosen to depart.

And if language and cultural separatism rise above a certain level, the unity and political stability of the nation will—in time—be seriously eroded. Pluralism within a united, American nation has been our greatest strength. That unity comes from a common language and, partly as a result of that common language, a core culture of certain shared values, beliefs, and customs which make us distinctively Americans.

We know there are those who argue that no amount of population growth is desirable. Well then, why should the U.S. accept any immigrants? The reasons usually given include:

(a) To benefit individual citizens and permanent residents who wish to be reunited with family members now living abroad;

(b) To obtain needed labor skills;

(c) To benefit the immigrants or refugees themselves;

(d) To benefit the immigrants' native countries.

Of these reasons only the economic benefit of obtaining needed labor and the diplomatic benefit of assisting the native countries and aiding refugees could be considered as being of benefit to the American people as a whole. Actually, immigration would not necessarily result in needed labor unless immigrants were selected specifically on the basis of their job skills. In 1979 only 4% of the new permanent residents were selected on this basis. The diplomatic benefit of assisting the native country may or may not be present. To the extent that the workers are productive, their loss may be detrimental to their own country, as well as having an adverse job impact in the United States. To the extent that immigrants are not productive, the diplomatic benefit would have to be discounted by the cost to the United States of a non-productive immigrant, increased population, and, possibly, adverse social effects. The benefit of family reunification—our firm national policy—is available only to the relatively small group of Americans directly affected and must always be balanced against the impact on the nation as a whole.

I believe that the emerging policy in the area of numbers is one of caution yet combined with a determination that in actual operation the law will yield a level of immigrants and refugees which will remain consistent with the national interest. In addition there seems to be virtual unanimity that vigorous efforts must be made to reduce illegal immigration substantially.

The next question to be answered is which of the many applicants should be given preference? Only 4% of new permanent residents in the United States in 1979 were subjected to any selection for qualities that were likely to benefit the nation as a whole, and this was limited only to an analysis of job market impact. I very much support "family reunification," but we must determine what share of all immigrants should be represented by persons admitted for family reunification.

There seems to be some support for the idea of increasing the percentage of immigrants selected for skills and traits likely to benefit the United States, in part by the means of transferring the numbers now provided for the fifth preference; that is, brothers and sisters of adult U.S. citizens. I would also favor slightly narrowing the second preference to include only the nuclear family (spouse and minor unmarried children) of permanent resident aliens. I believe that the family reunification preferences should be based on the attitudes of the American people concerning the family—not on the attitudes of other nations.

In order to broaden the criteria for the selection of independent immigrants beyond purely job-related criteria, some degree of preference might be given to those with skills and traits which would maximize their opportunities for success in this country, as is done by other major immigrant receiving countries such as Canada and Australia. Those countries use "point systems," which consider traits relevant to both ability to work and ability to integrate into the society, such as: job skills, education, and English language ability.

I feel that the American people should give preference to persons who intend to integrate fully into American society, transferring their full allegiance to the United States and its institutions through the naturalization process. We often forget that the ability to read, write, and speak some English is a present naturalization requirement under our law, as is a "knowledge and understanding of the fundamentals of the history, and of the principles and form of government, of the United States." By providing such preference, the U.S. would be admitting those who could more easily integrate into American society, as well as satisfy the requirements for naturalization. This would encourage the immigrants fully to become part of our nation, who would be treated equally and not discriminated against. Because such knowledge could be learned, those wishing to obtain the preference could be assisted in doing so. U.S. consulates might well provide booklets on U.S. history and institutions and present lessons in English.

A related controversy involves the issue of whether current immigrants are assimilating as rapidly as those in the past. This issue is particularly significant with respect to Spanish-speaking immigrants, who probably represent at least 40–50 percent of the total, if illegal immigration is considered. Their naturalization rate is far lower than the rates of other immigrant groups. The significance of several factors which appear to uniquely impact Spanish-speaking immigrants should be carefully studied: the geographic proximity of Latin America; the large, continuous influx of large numbers of illegal immigrants from Latin America, many of whom do not intend to stay; and the sheer numbers of Spanish-speaking legal immigrants, which

now dominate current immigration flows and which numbers appear unlikely to decrease under present laws and enforcement policy.

Consideration should also be given to the effect of government policies such as bilingual/"bicultural" education, bilingual ballots, and affirmative action on the tendency of immigrants to integrate into American society. That's a hot one for you!

With respect to the job-related criteria there is a bit of controversy about the test which should be applied to determine whether a U.S. worker is available for a particular job. Should an employer have to show that in order to obtain a U.S. worker he would have to pay a wage that would put him out of business and also show that he could not mechanize that job at an affordable cost of some additional investment.

Under present law in addition to family reunification and labor-related preferences, there is another category of aliens who are accorded a preferred status: refugees and asylees. This area has recently been among the most controversial in immigration policy. In the same year that a new law governing refugee admissions was enacted, the Refugee Act of 1980, the most concentrated influx of illegal aliens ever to come to our shores occurred. These people from Cuba and Haiti have generally been called "refugees" although many of them do not appear to fit the definition under the new law, which requires a well-founded fear of persecution on account of "race, religion, nationality, membership in a particular social group, or political opinion." In any case the Refugee Act was not applied to them. They were given a special temporary legal status pending a final resolution of the issue, which has yet to occur. Dealing with the Cubans was, of course, made extremely difficult by the fact that their country did not want them back and refused to accept them. Although the Haitian entrants could have been returned, as other entrants were before and have been since the Cuban influx, domestic political considerations have made that most difficult.

Two issues of extreme importance have emerged from the Cuban/Haitian problem:

Our processing procedures are totally inadequate to deal with mass asylum applications. Indeed, this country is unable to even deal with the reduced level of Haitian asylum seekers who seem to have now become a steady flow. The policy of allowing those who are apprehended to be released into the community, with permission to work pending final adjudication, which usually requires extraordinarily long delays, has not, needless to say, acted as very much of a deterrent.

The second issue to emerge out of the Cuban/Haitian influx is how do we deal with the new reality that the U.S. has become a nation of first asylum.

This development is a severe challenge to the U.S. The U.S. situation is unlike that of any other first asylum country in that not only do the people granted asylum wish dearly to remain in the U.S. even if resettlement in another country is offered to them, but they have a right to stay under our law as long as they satisfy the definition of "refugee."

Of all the facets of the Reagan Administration's immigration package, the asylum component fortunately appears generally to be the most seriously intended and best thought through.

The next question concerns which aliens should be excluded.

There appears to be little disagreement with one proposition that the American people have a right to exclude aliens who would threaten the public health and safety, adversely impact the job market, become a burden upon the taxpayers, or endanger national security.

Controversy seems concentrated on two existing grounds of exclusion: ideolcgical and moral.

There is no time to discuss these in detail today, except to ask the question: if two aliens are applying for admission to the U.S. and only one can be admitted, and they are equally qualified except that one has a certain trait which a majority of the American people may find offensive on the grounds of taste, morality, or otherwise, should the people through their government have a right to choose the alien without such a trait? I just don't know * * *. There are far more applicants for admission to the United States than can ever be accommodated. We could choose them under a lottery system or on a first-come, first-admitted basis. Should the American people be able to select those they like best—or feel most comfortable with?

And finally a last topic, one particularly timely in view of the summit meeting in Cancun, Mexico and the talk of so-called "global negotiations." The long-term solution to foreign immigration pressure on the United States requires that the conditions which "push" people towards our border be changed. That should be accomplished by assisting people to improve the quality of life in their own country. In this effort, the best gift of the heart which the United States could provide would be the clear communication of the basis of our own success.

It is no coincidence that America has been a symbol of both freedom and prosperity. These two valuable conditions are intimately related and both rest on certain traditional values and national institutions. This is a theme which should be studied more fully and communicated to the world in a much more effective way than we have been able to do to date.

Let me conclude by saying that one of the things that we must monitor most carefully is the impact of immigration reform upon Hispanic-Americans. They have much to fear and much to lose if that reform is not very carefully and reasonably pursued. We must guard against policies which cause discrimination against any minority groups. Our past immigration policies were filled with it. But that is precisely why Hispanic-Americans must assist us in the course of our deliberations. I have made a special effort to communicate with the Hispanic groups of this country. They have testified at 7 of 9 hearings we have held.●

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million.

Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that such a notification was received today.

Interested Senators may inquire as to the details of this preliminary notification at the offices of the Committee on Foreign Relations, room 4229 Dirksen Building.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., December 16, 1981.
In reply refer to: I–12503/81ct.
Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country for major defense equipment tentatively estimated to cost in excess of $7 million.

Sincerely,

ERICH F. VON MARBOD,
Director.●

PROPOSED ARMS SALES

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. PERCY. Mr. President, section 36 (b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million.

Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of a proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is available to the full Senate, I ask to have printed in the RECORD, at this point, the notifications which have been received.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., December 16, 1981.
In reply refer to: I–12168/81ct.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 82–15, concerning the Department of the Navy's proposed Letter of Offer to Canada for technical and engineering services estimated to cost $31 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL NO. 82-15

(Notice of proposed issuance of letter of offer pursuant to Section 36(b) of the Arms Export Control Act)

(i) Prospective purchaser: Canada:
(ii) Total estimated value: *Millions*

Major defense equipment*	0
Other	$31
Total	31

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of articles or services offered: U.S. Navy technical and engineering services in support of the establishment and operation of the Canadian CF-18 weapon system Integrated Avionics Software Support Facility (IASSF).

(iv) Military department: Navy (GSM).

(v) Sales commission, fee, etc., paid, offered, or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: None.

(vii) Section 28 report: Case not included in Section 28 report.

(viii) Date report delivered to Congress: December 16, 1981.

POLICY JUSTIFICATION

CANADA—TECHNICAL AND ENGINEERING SERVICES

The Government of Canada has requested the purchase of U.S. Navy technical and engineering services in support of the establishment and operation of the Canadian CF-18 weapon system Integrated Avionics Software Support Facility (IASSF) at an estimated cost of $31 million.

The proposed sale will greatly enhance the mission effectiveness of the Canadian CF-18 aircraft beyond 1985. As a NATO ally, and a partner in NORAD, Canada needs effective air combat capabilities to decrease the burden otherwise carried by U.S. forces in North America and Europe. The CF-18 represents a significant upgrade of Canadian Forces (CF) and its continued reliability into the 1990's is in the interest of both the U.S. and Canada.

Canada requires continued CF-18 software support after 1984 when the contractor effort ends. Reprogramming of the various mission computers in the CF-18 will allow the CF to maintain a "state-of-the-art" air combat capability with the CF-18. Without such support the CF-18 would soon suffer significant degradation of mission capability to the detriment of Canada and its allies.

The sale of these services will not affect the basic military balance in the region.

The services will be performed by the Naval Weapons Center (NWC), China Lake, California. Certain aspects of these services could be performed, in whole or in part, by contractors under the direction of NWC China Lake.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Canada.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C, December 16, 1981.

In reply refer to: I-12434/81.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 82-17, concerning the Department of the Army's proposed letter of Offer to Korea, for defense articles and services estimated to cost $72 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH VON MARBOD,
Director.

TRANSMITTAL NO. 82-17

(Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act)

(i) Prospective purchaser: Korea.
(ii) Total estimated value:

	(*Million*)
Major defense equipment*	0
Other	$72
Total	72

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of articles or services offered: Modification kits for 28 Improved-HAWK batteries and 6 AN/TPQ-29 simulators, concurrent spare parts, training, and services to install the kits.

(iv) Military department: Army (WXH).

(v) Sales commission, fee, etc., paid, offered, or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: None.

(vii) Section 28 report: Case not included in Section 28 report.

(viii) Date report delivered to Congress: December 16, 1981.

POLICY JUSTIFICATION

KOREA—IMPROVED-HAWK (I-HAWK) AND SIMULATOR MODIFICATION KITS

The Government of Korea has requested the purchase of modification kits for 28 I-HAWK batteries and 6 AN/TPQ-29 simulators, concurrent spare parts, training, and services to install the kits at an estimated cost of $72 million.

This sale will contribute to the foreign policy objectives of the United States by helping to improve the security of a friendly country which has been and continues to be an important force for modernization and progress in eastern Asia. The sale of this equipment and support will enhance deterrence and contribute to the preservation of peace and stability on the Korean Peninsula.

The product improvement program modification kits proposed in this sale will upgrade the I-HAWK batteries used in the Republic of Korea for air defense. Since the North Korean Air Force enjoys more than a 2:1 numerical advantage in numbers of combat aircraft, this sale is vital to offset this quantitative disadvantage.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractors will be the Raytheon Company of Andover, Massachusetts, for the I-HAWK modification kits and the Applied Devices Corporation of Kissimmee, Florida, for the simulator modifications kits and the training.

Implementation of this sale will require the assignment to Korea of one U.S. Government employee for three years and 17 contractor representatives for an average of 55 days.

There will be no adverse impact on U.S. defense readiness as a result of this sale.●

CARBON DIOXIDE IN THE ATMOSPHERE

● Mr. TSONGAS. Mr. President, a year ago last April, I held hearings on the effect of the carbon dioxide (CO_2) buildup in the atmosphere. A number of top scientists in the field of atmospheric research and the CO_2 buildup testified.

They generally agreed that continued burning of fossil fuels and the resulting buildup of CO_2 in the atmosphere would cause a serious warming of the world's climate—the so-called "greenhouse effect"—in the next century, affecting precipitation patterns and agriculture throughout the world.

At the same time, they warned that there was then no evidence of these temperature increases and that they might not be clearly observable until significant climatic change was inevitable—probably toward the end of this century.

Recently, evidence of global warming that supports the predictions of the CO_2 theory has begun to accumulate. New research indicates that because of other polluting gases that have effects similar to carbon dioxide, the warming of the world's climate may be even more serious and occur more quickly than previously thought.

In view of the potential danger of excess CO_2 and other pollutants in the atmosphere, it is vital that we pursue two goals vigorously.

First, we must reduce the scientific uncertainty surrounding this problem as quickly as possible. Studies of CO_2 loading of the atmosphere and its impact should be fully supported.

Second, we must lessen the dangers implicit in the CO_2 problem by reducing our consumption of fossil fuels through energy conservation and encouraging the transition to renewable energy resources. That this is usually highly cost-effective today and necessary in the longer term anyway is an added bonus.

Mr. President, two recent studies in Science magazine—one by J. Hansen et. al., and the other by G. Kukla and J. Gavin—show the first evidence for global warming likely due to the CO_2 effect. A study by A. Lacis et. al., in Geophysical Research Letters shows that methane, chlorofluorocarbons, and N_2O may significantly increase greenhouse warming above that due to carbon dioxide alone. Mr. President, I ask unanimous consent that summaries of each study, along with a brief describing the CO_2 issue that I have prepared, be printed in the RECORD.

The material follows:

[From Science, Aug. 28, 1981, Vol. 213, No. 4511]

CLIMATE IMPACT OF INCREASING ATMOSPHERIC CARBON DIOXIDE

(By J. Hansen, D. Johnson, A. Lacis, S. Lebedeff, P. Lee, D. Rind, G. Russell)

SUMMARY

The global temperature rose by 0.2°C between the middle 1960's and 1980, yielding a warming of 0.4°C in the past century. This temperature increase is consistent with the calculated greenhouse effect due to measured increases of atmospheric carbon dioxide. Variations of volcanic aerosols and possibly solar luminosity appear to be primary causes of observed fluctuations about the mean trend of increasing temperature. It is shown that the anthropogenic carbon dioxide warming should emerge from the noise level of natural climate variability by the end of the century, and there is a high probability of warming in the 1980's. Potential effects on climate in the 21st century include the creation of drought-prone regions in North America and central Asia as part of a shifting of climatic

zones, erosion of the West Antarctic ice sheet with a consequent worldwide rise in sea level, and opening of the fabled Northwest Passage.

[From Science, Oct. 30, 1981, Vol. 214, No. 4520]

SUMMER ICE AND CARBON DIOXIDE

(By G. Kukla and J. Gavin)

SUMMARY

The extent of Antarctic ice in the summer, as charted from satellite imagery, decreased by 2.5 million square kilometers between 1973 and 1980. The U.S. Navy and Russian atlases and whaling and research ship reports from the 1930's indicate that summer ice conditions earlier in this century were heavier than the current average. Surface air temperatures along the seasonally shifting belt of melting snow between 55° and 80°N during spring and summer were higher in 1974 to 1978 than in 1934 to 1938. The observed departures in the two hemispheres qualitatively agree with the predicted impact of an increase in atmospheric carbon dioxide. However, since it is not known to what extent the changes in snow and ice cover and in temperature can be explained by the natural variability of the climate system or by other processes unrelated to carbon dioxide, a cause-and-effect relation cannot yet be established.

[From Geophysical Research Letters, Vol. 8, No. 10, Oct. 1981]

GREENHOUSE EFFECT OF TRACE GASES, 1970–1980

(By A. Lacis, J. Hansen, P. Lee, T. Mitchell, and S. Lebedeff)

ABSTRACT

Increased abundances were measured for several trace atmospheric gases in the decade 1970–1980. The equilibrium greenhouse warming for the measured increments of CH_4, chlorofluorocarbons and N_2O is between 50 percent and 100 percent of the equilibrium warming for the measured increase of atmospheric CO_2 during the same 10 years. The combined warming of CO_2 and trace gases should exceed natural global temperature variability in the 1980's and cause the global mean temperature to rise above the maximum of the late 1930's.

THE GREENHOUSE EFFECT

There is clear and well documented evidence that the concentration of carbon dioxide in the atmosphere is increasing. Measurements at different sites around the world, particularly at Mauna Loa in Hawaii, have shown a steady increase in carbon dioxide (CO_2) levels over the past twenty years. Today, the concentration is roughly 339 parts per million (ppm)—an estimated 14 percent over pre-industrial levels. Annual increases in CO_2 concentration are now roughly 1.5 ppm/year and growing.

The burning of fossil fuels is unquestionably the predominant factor in this increase; the impact of poor land use including deforestation is not yet clear but is probably significant. At the 4 percent growth rate in fossil fuel use existing from 1940–1973, the atmospheric concentration of CO_2 is expected to double by the year 2025–2050 depending principally on the rate it is absorbed by the ocean. If worldwide fossil fuel use is stabilized at current levels, doubling would be delayed by roughly 50 years. Existing pollution control devices do not affect these CO_2 emissions. Furthermore, there is no known practicable technology for controlling them nor is there likely to be. The only control is to not burn fossil fuels in the first place.

Carbon dioxide, along with carbon monoxide, methane, oxides of nitrogen, water vapor, and other atmospheric constituents, strongly absorbs infrared radiation. In the atmosphere, then, these gases act like a blanket and reduce the loss of heat from the earth to space—the so-called greenhouse effect. Increasing the concentration of these gases in the atmosphere will cause the average temperature to rise which, in turn, increases the water vapor content of the atmosphere—holding in even more heat. Warming may also decrease the worldwide cloud and snow cover, allowing more sunlight to be absorbed.

For a doubling of CO_2 over pre-industrial levels, current best estimates of the resulting worldwide temperature rise are 3C (degrees centigrade). Much of this temperature increase would occur in the higher latitudes where the effect of increased water vapor would be most significant (tropical air already has considerable water vapor in it). At the North Pole temperature increases of up to 10C are predicted. The impact of increasing atmospheric concentration of polluting gases other than CO_2, such as methane or oxides of nitrogen, will likely make these temperature increases more severe.

This 3C temperature increase is expected to cause a significant change in world precipitation patterns, and in atmospheric and oceanic currents. A 6C temperature drop, for example, corresponds to the depths of the last ice age. A 2C temperature increase during the altithermal period 4000–8000 years ago increased rainfall more than evaporation in some areas such as North Africa and the Middle East but caused many others including the American Midwest to dry considerably. Some have characterized the Midwest during that period as a dustbowl. Further, the large difference in temperature between the Equator and the poles which drives the world's winds and ocean currents will be greatly reduced—reducing and altering the atmospheric and oceanic currents.

These climatic changes will most certainly affect the distribution, composition, productivity, and stability of both natural and man-made ecosystems. Wind and ocean currents mix the ocean's waters and circulate its nutrients. Their decrease will reduce the yields of fish and other harvestable protein. Increasing CO_2 concentrations will increase the ocean's acidity slightly and possibly affect the productivity of the phytoplankton. For agriculture the climate zones now associated with the more productive regions would generally shift toward the poles into less productive soils. Although some areas would benefit, the overall impact may well be negative. Despite the difficulty, developed countries may have the technology and resources to adapt to these changes—particularly through advanced plant breeding programs; underdeveloped countries, many of which are already on marginal lands, may well not be able to adapt.

The west antarctic ice shelf may be vulnerable to such a temperature rise as well and could disintegrate, causing a rise in sea level of 5–8 meters. In the USA today this would displace 5–7 percent of the population.

Because of the ocean's ability to absorb a tremendous amount of heat and thus delay change and because of the normal variation in climate from year to year, the expected change in climate may not be significant and easily observable until massive changes are inevitable.

Let us assume a low energy growth scenario in which there is declining energy use by the USA, and less developed countries (LDC's) increase their fossil energy consumption at a minimal rate of just 2.4 percent annually. Even so, in order to stabilize the CO_2 level at twice preindustrial levels (3C temperature rise), non-fossil fuels would have to provide half the world's energy requirements within 40 years. Clearly, to offset these demands we need a massive conservation effort. Improved land use will also help.

The CO_2 problem is a global one in both cause and impact. For years to come, fossil fuel consumption by LDC's will continue to grow as they develop economically. (Fossil fuel use by developed countries appears to be stabilizing.) Though LDC's will thus be an increasingly important contributor to the CO_2 buildup, they may well hesitate to slow their fossil fuel consumption, and possibly their development, to help solve a "Western caused" problem. The developed countries, then, must both set an example and develop the alternative energy resources which will allow continued economic gains for all without contributing further to the CO_2 problem.●

FEDERAL SPENDING

● Mr. HEINZ. Mr. President, as this is likely to be the last day of this session of Congress, I wish to reflect on the need to continue the critical process we have begun this year, controlling the growth of Federal spending.

Earlier this year, on March 10, the same day that President Reagan submitted his first spending reduction proposals, I introduced Senate Joint Resolution 54, an amendment to the Constitution limiting the growth of the Federal Government. Specifically, this amendment limits the growth in Federal spending to the growth in national income as measured by the gross national product.

I believe the Reagan administration and responsible Members of Congress deserve great commendations for the bold and critical steps that have been taken throughout this year to reduce the growth of Federal spending.

It is the firm intention of this administration to reverse the alarming trend of prior years by which the Federal Government consumes an ever-increasing share of the Nation's economic output as measured by GNP.

I am concerned that we now lack a mechanism for imposing fiscal discipline in future years—when we may not have a President who is willing to demonstrate such leadership or a Congress willing to act responsibly in the face of hard political decisions the key to solving simultaneously the problems of double-digit inflation and high unemployment is to bring under control the amount of our output, the amount of our productive resources, usurped by the Federal Government.

Every dollar spent by the Government, whether borrowed to cover the Federal deficit or raised by taxes is one less dollar to invest in real economic growth, one less dollar generating permanent jobs, and private savings and investment.

Mr. President, I favor a balanced budget. But I must point out that balancing the budget alone will not solve this country's economic problems. If Congress raised taxes as it has so often in the past we could easily have a budget much larger than the one we have now and balanced at, say $1 trillion. There would be no Federal deficit—but the burden of taxation resulting would devastate the working people of America and drag this country into economic ruin.

My amendment would put an end to this threat to our way of life by consti-

tutionally limiting power of Congress to recklessly increase the Federal budget. The further growth of the Federal Government at the expense of State and local governments and economic freedom should be provided under the Constitution. The amendment I have proposed well, of restoring the Federal Governsistent with the goal, one supported I believe, by the Reagan administration as well of restoring the Federal Government to the role relative to the States and private citizens, envisioned by the framers of the Constitution.

The joint resolution, drafted with the assistance of Nobel laureate Dr. Milton Friedman and the National Tax Limitation Committee, would accomplish this goal in the following ways:

First, it would limit the growth in Federal spending to the growth in national output as measured by nominal gross national product.

Second, it would require that any budget surpluses be used to retire the national debt.

Third, it would authorize increases in the spending limitation following emergency declarations by the President and supermajority votes of Congress.

Fourth, it would prohibit the Federal Government from requiring additional services to be performed by the States without also providing the financial resources to pay for them.

The case for passage of this constitutional amendment is clear and compelling, as evidenced by the alarming trends of recent years. Federal spending as a percentage of GNP has increased from 18 percent in 1965 to a target level of 23 percent in fiscal year 1981.

For 10 of the past 15 years, Federal spending has increased at a faster rate than has GNP. In 1 year alone, fiscal year 1967 Federal spending increased by more than twice the 8.2-percent increase in GNP. In 3 other years, Federal spending increased by 4.5 percent or more than the most recent increase in the GNP.

My joint resolution—unlike measures which would limit Federal spending to a fixed percentage of GNP—would bring about reductions in the growth of spending gradually. Thus provided would be a reasonable transition period to the fiscal discipline we so desperately need, without drastic cuts in ongoing programs.

Mr. President, thanks to a considerable amount of analysis, I can provide some idea of the benefits of this legislation. For example, had it been in effect just since 1970:

Our national debt would be lower today than it was in 1970, instead of its actually being $624 billion higher.

Interest payments on the national debt would be at least $35 billion lower this year, instead of being over $60 billion.

Federal debt per household would have been cut significantly from $6,098 per household in 1970 to $4,788 today. Unfortunately, in the real world without this legislation, the Federal debt per household today is instead a staggering $11,652.

I ask that tables demonstrating the impact which this measure would have had on Federal outlays since 1965 (table 1) and Federal debt since 1970 (table 2) be printed in the RECORD.

The tables follow:

TABLE 1.—TOTAL OUTLAYS OF THE FEDERAL GOVERNMENT, 1965–82

Year	Total outlay (billions)		Year to year (percent change)		Share of GNP (percent)	
	Actual	Amendment	Actual	Amendment	Actual	Amendment
1965	118.4	NA	−0.2	NA	18.0	NA
1966	134.7	NA	13.8	NA	18.7	NA
1967	158.3	NA	17.5	NA	20.4	NA
1968	178.8	NA	13.0	NA	21.5	NA
1969	184.6	NA	3.2	NA	20.4	NA
1970	196.6	200.6	6.5	8.6	20.5	20.9
1971	211.4	215.0	7.5	7.2	20.7	21.1
1972	232.0	224.5	9.7	4.4	20.9	20.2
1973	247.1	241.7	6.5	7.7	20.0	19.5
1974	271.1	265.4	9.7	9.8	19.9	19.5
1975	334.2	294.0	23.3	10.8	22.9	20.2
1976	373.7	313.1	11.8	6.5	23.0	19.3
Transition quarter	96.5	79.8	NA	NA	NA	NA
1977	411.4	339.1	8.0	6.6	22.4	18.5
1978	461.2	375.0	12.1	10.6	22.6	18.4
1979	505.4	413.3	9.6	10.2	22.1	18.1
1980	543.5	456.3	7.5	10.2	21.7	18.2
1981	589.5	502.1	8.5	10.0	21.4	18.2
1982	626.0	544.6	6.2	8.5	20.7	18.0

Source: Actuals: Budget of the United States (1980). Amendment: Simulation assume total outlays are equal to maximum permissible outlays.

TABLE 2.—DEBT OF THE FEDERAL GOVERNMENT, 1970–82

Year	Annual Federal deficit (surplus) (billions)		Total Federal debt (billions)		Federal debt/household (dollars)		Federal interest payments (billions)		Outlays less interest (billions)	
	Actual	Amendment	Actual	Amendment	Actual	Amendment	Actual	Amendment	Actual	Amendment
1970	2.9	6.9	382.6	386.6	6,035	6,058	18.3	18.5	178.3	182.1
1971	23.0	26.6	409.5	417.0	6,319	6,435	19.6	20.0	191.8	195.0
1972	23.4	15.9	437.3	437.3	6,556	6,556	20.6	20.6	211.4	203.9
1973	14.9	9.5	458.4	463.0	6,858	6,779	22.8	22.5	224.3	219.2
1974	6.2	.5	486.2	475.1	6,956	6,797	28.0	27.4	243.1	232.0
1975	53.2	13.0	544.1	482.8	7,653	6,931	30.9	28.0	303.3	266.0
1976	73.7	73.1	631.9	520.0	8,663	7,133	34.5	28.4	339.2	214.7
1977	53.6	(18.7)	709.1	508.2	9,570	6,258	38.0	27.2	373.4	311.9
1978	58.2	(27.0)	780.4	493.3	10,263	6,491	44.0	27.8	417.2	347.2
1979	49.4	(42.7)	839.2	450.0	10,828	5,935	52.8	28.9	452.6	384.4
1980	40.9	(46.3)	299.0	432.6	11,365	5,459	57.0	27.4	486.5	428.9
1981	12.7	(74.8)	940.3	386.4	11,652	4,783	58.1	24.3	530.4	477.7
1982	(26.6)	(108.0)	951.9	316.7	11,566	3,883	59.5	19.3	566.5	524.3

Mr. HEINZ. Mr. President, in short, passage of this joint resolution is necessary because—like the compulsive eater, the chronic gambler, and the alcoholic—the Federal Government needs to be saved from itself. Although like following a doctor's advice, many may be reluctant at first to embrace what we prescribe. But I am convinced this treatment will help reverse the habits of nearly two decades that have weakened our economy and productive base.

I believe the end result will be to liberate enormous reserve of creative energy and productivity today latent in America.

I strongly urge my distinguished colleagues to support this constitutional amendment.

I ask that the text of the joint resolution be printed at this point in the RECORD.

The resolution follows:

S.J. RES. 54

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after its submission to the States for ratification:

"ARTICLE —

"SECTION 1. (a) Total outlays of the Government of the United States during any fiscal year shall not rise more than the rate of increase in gross national product in the last calendar year that ended before such fiscal year.

"(b) For purposes of subsection (a), total outlays includes both budget and off-budget outlays, but does not include redemptions of the public debt or emergency outlays authorized under section 3 of this article.

"SEC. 2. When, for any fiscal year, total revenues received by the Government of the United States exceed total outlays, the surplus shall be used to reduce the public debt of the United States until such debt is eliminated.

"SEC. 3. Following declaration of an emergency by the President, the Congress may authorize, by a two-thirds vote of both Houses of Congress, a specified amount of emergency outlays in excess of the limit prescribed by section 1 for the current fiscal year.

"SEC. 4. The limit on total outlays prescribed by section 1 may be changed by a specified amount by a three-quarters vote of both Houses of Congress. The change shall become effective for the fiscal year following approval.

"SEC. 5. The Congress may not by law require or authorize any agency of the Government of the United States to require, directly or indirectly, that State or local governments engage in additional or expanded activities without compensation equal to the necessary additional costs.".●

ARCTIC POLLUTION

● Mr. MURKOWSKI. Mr. President, I want to share an article with my Senate colleagues concerning the presence of industrial pollutants in the high Arctic. Although the Arctic is often reviewed as a pristine, untouched wilderness, recent studies undertaken by the University of Alaska's Geophysical Institute have shown that a surprising amount of industrial pollutants linger in the Arctic atmosphere. This article, from the University of Alaska's publication "Now in the North," describes the specific air quality research being carried out by the geophysical institute.

While the air sample collection experiments described in the article were originally expected to find natural particles—chemical traces of sea and land—a variety of industrial pollutants were found which could not have been generated within Alaska. They are therefore, believed to have been blown northward from industrial areas in Europe, Asia and perhaps North America. Clearly, this is an international problem that may need to be addressed by the Federal Government.

Mr. President, I introduced legislation earlier this year which will lead to the formulation of an Arctic research policy and the prioritization of federally funded research projects. The adoption of this legislation, S. 1562, would insure that well-conceived and adequately funded research related to national needs and responsibilities.

Mr. President, I ask that the text of the article appear in the RECORD in full.

The article follows:

INDUSTRIAL POLLUTION LINGERS IN ARCTIC ATMOSPHERE

(By Doreen Fitzgerald)

In the springtime at Barrow, Alaska the dirtiest air comes from the north.

At Barrow in 1975 researchers from the university's Geophysical Institute set up their air samplers expecting to collect natural particles—chemical traces of the sea and land. Instead, their filters turned gray with what are now believed to be industrial pollutants blown northward from industrial areas in Europe, Asia and perhaps North America.

Geophysical Institute scientists were instrumental in the confirmation of what one of them called, "the most serious man-caused degradation of the environment yet recorded."

Its seriousness lies in the size of the area involved—the entire polar cap of the world—and in the possible effects of this Arctic haze on world climate which are as yet unknown.

"Our results in Barrow in 1975 were most puzzling because the air was much dirtier than anyone had any reason to suspect," said Glen Shaw of the institute.

"We started working with Kenneth Rahn of the University of Rhode Island, Kingston to analyze the pollutants."

The Rhode Island school has the capability of measuring and identifying minute amounts of trace compounds in air. Using neutron activation, air samples are irradiated in the nuclear reactor. Compounds can be identified by the rate of radiation decay.

Much to the astonishment of the investigators, the compounds in the air from Barrow were industrial (manmade) rather than natural (dust, for example).

The original announcement of this finding was met with skepticism on the part of scientists who felt the measurements must be in error. But subsequent research has led to a consensus that the arctic haze does indeed exist, formed by distant industrial pollutants that travel up to 5,000 kilometers to the Arctic.

The black soot in the haze efficiently absorbs solar radiation and it is believed this will heat the lower Arctic atmosphere in the spring.

How much and the subsequent effect on the Arctic and world climate is unknown.

"The Arctic had always been though of as pristine—considered untouched and about as remote as Mars," Shaw said.

"I think that attitude can be explained by the early explorations—by going to the pole. It is part of the romance of the Arctic."

Until recently most scientists viewed the polar regions as untouched, untampered with and of no particular interest.

Shaw said that one reason for this was that up until 1975 most if not all studies of atmospheric and precipitation chemistry had been done in the summer. This prevented the observation of Arctic haze which is primarily a cold-weather phenomena, peaking in March and April.

A lot of work has been done to identify the source of the pollutants, but it is not agreed which source predominates at any given time. The industrial sectors of the U.S.S.R. and Central Europe and possibly the northeastern United States—heavily industrialized areas at high latitudes—are the generally agreed regions from which the pollutants originate.

"There is now some evidence that all this has occurred since the industrial revolution," said Shaw. And it has recently surprised the Soviets, Scandinavians and others pushing industry northward to find out the amount of pollution they are causing."

The amount of haze in the northern and southernpolar regions is apparently proportional to the amount of industrialization in the northern and southern hemispheres. Only 10 percent of the world's industry is located at southern latitudes.

The combination of meteorological and geographical circumstances in the Arctic during the winter and spring months seems to account for the buildup of pollutants there.

At higher latitudes, the residence time for pollutant particles may be about 10 times longer than for those farther south. In New England, for example, the particles in smoke may stay aloft for about two days, compared with 20 days in the Arctic. Some pollutants fall out as particles near their source, but others, beginning as gases, do not form particles until later.

In the Arctic during the winter and spring, there is little precipitation to wash pollutants from the air as it moves into the polar regions. Winter-spring air circulation patterns can pick up pollutants from industrialized areas, carrying them to the Arctic, where they build up as the haze.

Since 1975, a network of air monitoring stations has been established in the Arctic to monitor air samples for particles and gasses. Scientists at about 20 institutions are now studying the problem.

"This should raise a very definite warning flag for those planning industrialization for Alaska," Shaw said. "It is a subject that must be placed on the planning agenda.

"It is important for the state and for the nation, and it enters into international and intercontinental relations."●

JIM MILLER ON ADVERTISING

● Mr. DANFORTH. Mr. President, a few weeks back, FTC Chairman Jim Miller held a press conference which was widely reported on the business pages of American newspapers. Several of his comments, as reported in the press, provoked considerable controversy. Of particular concern were reports that Mr. Miller saw no reason to protect consumers from unsubstantiated advertising claims.

Because I was convinced that the news accounts of Mr. Miller's statements did not accurately reflect his views, I wrote him on November 9 to obtain a clarification of his reported statements. In a letter dated December 11, he has responded to my concerns, and I want to share that letter with my colleagues.

In his letter he makes clear that he has "no problem with the concept that an advertiser should substantiate its claims, particularly in the face of indications that the claims are false and deceptive." His real concern, he goes on to point out, is not with the prosecution of false, deceptive, or unsubstantiated advertising claims, but with the possible costs of the FTC's substantiation program. The letter continues:

If the Commission requires excessive substantiation . . . it may impose significant costs on consumers without significantly improving the accuracy of advertising. In some cases, advertisers may even retreat to puffery and slogans rather than hard data, to the detriment of the informational value of advertising.

Mr. President, I ask that my correspondence with Jim Miller be printed at this point in the RECORD, together with a copy of his November 10 speech to the Association of National Advertisers.

The material follows:

NOVEMBER 9, 1981.

Hon. JAMES C. MILLER III,
Chairman, Federal Trade Commission, Washington, D.C.

DEAR JIM: As you are, I am sure, well aware, your recent press conference has caused no small amount of controversy. My suspicions, however, are that a good deal of concern rests on press accounts of the press conference which may not have accurately reported your views.

For example, the New York Times reported: "James C. Miller, 3d, the new chairman of the Federal Trade Commission, said today that the commission should no longer protect consumers from defective products and unsubstantiated advertising claims."

I cannot believe this accurately states your views.

Because this is such an important question, I would appreciate a letter from you explaining what you see as the appropriate function of the FTC in regulating the truthfulness of advertising claims. It will be my intention to put your response in the Record in order to clarify any confusion which might have been generated by the press conference, so I urge you to be as comprehensive in your response as you deem necessary.

Sincerely,

JOHN C. DANFORTH.

FEDERAL TRADE COMMISSION,
Washington, D.C., December 11, 1981.

Hon. JOHN C. DANFORTH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DANFORTH: Thank you for the opportunity to clarify my views on the FTC's role in ensuring truthful advertising. My remarks have generated controversy not because of what I actually said, but because of erroneous press reports.

As I have noted in the past, advertising is a vital element in maintaining competition and assuring an efficient allocation of the nation's resources. It cannot fulfill this role if it is false and misleading. Although there are incentives for firms to keep their advertising truthful, inevitably some questionable claims will slip through. When they do, the Commission should prosecute firms that are guilty of deceptive advertising. As Chairman, I will expend considerable effort on this mission.

I have raised questions about how the Commission has used one part of its regulation of advertising, the substantiation requirement. I have no problem with the concept that an advertiser should substantiate its claims, particularly in the face of indications that the claims are false and deceptive. If the Commission requires excessive substantiation, however, it may impose significant costs on consumers without significantly improving the accuracy of advertising. In some cases, advertisers may even retreat to puffery and slogans rather than hard data, to the detriment of the informational value of advertising. These and other concerns regarding substantiation are discussed in more detail in a speech I recently gave, a copy of which I enclose.

Clearly, any changes in substantiation requirements require careful assessment of hard evidence. Over the coming months, I plan to examine these questions and the available evidence very closely. In each case, I will be guided by the statutes we administer, and by my assessment of the evidence.

Sincerely yours,

JAMES C. MILLER III,
Chairman.

REMARKS OF CHAIRMAN MILLER*

Thank you very much for this opportunity to share with you some of my preliminary views on the Commission's role in advertising. I especially welcome this opportunity, since there appears to be considerable confusion over just what those views are!

Before giving you my views, however, I want to emphasize two things. First, just how these views should be translated into appropriate policy hinges on what the evidence shows. Whether the Commission should change its policies toward advertising depends on the relevant benefits and costs to society of doing so, and this must be considered on a case-by-case basis. Second, any formal change in Commission policy would have to be approved by a majority of the Commission. As opportunities arise to decide particular advertising cases, my colleagues and I will examine the evidence very carefully in light of our Congressional mandate. Only then might there be formal changes in Commission policy.

As I have noted in the past, advertising plays an important role in our competitive economy. It is one of the principal means by which information is communicated in the marketplace, and thus is a key element in maintaining competition and assuring an efficient allocation of the nation's resources.

Although not always readily apparent, all advertising provides information. It may be only a reminder that a product or service is available. It may communicate information about products and services previously unknown to the consumer, whether they be interest-free checking or non-slip decals for the bathtub. Or, it may explain the advantages of one brand over another, as in "brand X gets more mileage than its nearest competitor," or "XYZ Airlines has the lowest fares to Florida." Armed with information provided by advertising, consumers are in a better position to choose those products and services that provide them with the greatest possible satisfaction.

Advertising benefits producers as well, for it enables them to match their own unique offerings with those consumers who find their particular products and services most attractive. Of especial importance is the role of advertising in facilitating the emergence of new competitors, and thus the maintenance of a viable competitive environment.

Although serious debate within the economics profession continues, there is substantial and increasing evidence that advertising facilitates the entry of new firms and new products. Even advertising's harshest critics would probably agree that without advertising there would be a slowing of the rate of entry of new firms and the rate of introduction of new innovative products.

All of the above, of course, assumes that advertising will be reasonably truthful. I say "reasonably", because "reasonable" people can differ, and often do, over what constitutes "truth". But let me be very clear: truthful advertising is a highly desirable goal, and as Chairman of the Commission I will pursue it with vigor.

The relevant question is how best to achieve truthful advertising. The starting point should be a realization that the Commission is only one of the actors in this drama. Companies have incentives to make sure their advertisements are truthful even without government sanctions. A company's reputation is a valuable asset. Reputations are built by selling products that deliver on the claims made for them.

Reputations built on years of good performance can be destroyed very quickly by promises that cannot be fulfilled. Advertisers cannot fool most consumers very often or very long, and when consumers discover they have been fooled they have a propensity to take out their frustrations at the cash register. Products which are frequently purchased and easily evaluated that do not reasonably perform "as advertised" do not perform at all for very long.

Companies must also take care to assure the truthfulness of their advertising to avoid lawsuits from slighted competitors, who are usually the first to feel the brunt of misrepresentations of competing products and services. Under the Lanham Act competitors can sue for injunctive relief and monetary damages whenever a company makes a false claim about its own product or service. Although Lanham Act cases are not common, the prospect constitutes an added incentive for firms to be truthful about their advertising claims.

One of the most significant inducements to truthful advertising is the industry's own self-regulation. The National Advertising Division of the Council of Better Business Bureaus and the National Advertising Review Board currently process a large volume of cases and achieve an exceptional degree of cooperation from advertisers in voluntarily changing potentially deceptive ads. The expeditious nature of this process avoids much needless friction between government and business and leads to improved accuracy in advertising. I applaud these efforts and promise my cooperation to assure they accomplish their objectives without anti-competitive consequences.

To complement these mechanisms, the Commission can, and should, play a constructive role. Inevitably, objectionable claims will slip through private monitoring and industry self-regulation processes. When they do, the Commission should stand ready to prosecute firms that are guilty of fraudulent and deceptive advertising practices. I assure you that as Chairman of the Commission I will expend considerable effort in this direction. Not only does this policy protect consumers and honest competitors, it also reinforces private monitoring and self-regulatory efforts.

So much for the first pillar of the Commission's contemporary approach to advertising—that is, the prosecution of false and deceptive advertising. As you know, I have questioned certain premises of the second pillar of the Commission's current policy: substantiation.

Ever since the Pfizer decision of nearly a decade ago, the Commission has required companies to have a "reasonable basis" for factual claims about their products and services. I have no problem with the concept that an advertiser be required to substantiate a claim, especially in the face of indications that a claim is false or deceptive. Consumers should be able to expect that when an advertiser makes a claim, the advertiser has reason to believe that the claim is true.

Indeed, sound business judgment would seem to dictate that firms possess solid foundations for their factual statements. I'm troubled, however, by certain aspects of the substantiation doctrine. Although I have not yet drawn strong conclusions about the doctrine, I do have several concerns that I intend to explore over the coming months.

First, the Commission may not have made sufficiently clear which claims need to be substantiated. Although the case law requires substantiation of all affirmative performance claims, the line between those claims that require substantiation and those that do not appear unclear to many advertisers. For example, a fruit juice vendor's plea for consumers to "try my product and see if you don't think it's the best" would probably not require substantiation today.

But what about a claim that "people who try our product usually like it"? Although in most contexts the latter claim is not materially different in substance, it could be read to imply that the advertiser had supporting survey evidence. Uncertainty over how the Commission will exercise its discretion imposes costs on firms that advertise and on their ultimate consumers.

A second, and closely related, concern involves the Commission's determination of the meaning of claims. In the past there may have been too great a tendency to find implied claims that did not fit the commonsense meaning of the words. When an implied claim that the firm did not think it was making must be substantiated, problems arise, because the firm is not likely to have adequate substantiation for the implied claim. A tendency on the part of the Commission to impute claims that were never intended or were understood by only a small minority of consumers could lead to restrictions on useful information and thus harm to consumers in general.

Third, I am concerned about the quantum of substantiation required. The Commission has used a flexible approach in the past, but we need to assess these standards carefully. For example, if the reasonable basis requirement is too burdensome, consumers will pay more in increased costs than they receive by way of more accurate information. Also if objective claims require elaborate substantiation, while subjective claims do not, substantiation may reduce the overall informational value of advertising. That is, in their advertising, firms will tend towards slogans and puffery, and away from hard information that may be more useful to consumers.

*The views expressed are those of FTC Chairman James C. Miller III. They do not necessarily reflect the views of the Commission or other Commissioners.

For these reasons I would like to consider whether there should be lower standards of evidence for reasonable basis than for claims once they have been challenged. And even in the extreme, I think we should reevaluate whether the Commission should impose any requirement for substantiation prior to the making of claims. I hasten to add, however, that even if the Commission were to revise its policy, this would not mean the end of ad substantiation. Indeed, for the reasons mentioned above—preservation of reputation, avoidance of lawsuits, and meeting industry self-regulatory standards—I would expect most firms to continue their substantiation programs, especially in view of effective Commission policy of prosecuting false and deceptive advertising.

Over the coming months, I will have much to say on this and other issues before the Commission. I want you to know, however, that in each case I will be guided by the statutes we are responsible for administering and by my assessment of the evidence. Like most academics, I consider vital a willingness to question conventional wisdom. I promise you an open mind and a careful weighing of the facts.

Thank you very much.●

EAST TIMOR

● Mr. TSONGAS. Mr. President, on past occasions I have expressed concern over the tragic situation in the former Portuguese colony of East Timor, and have suggested steps that might be taken to help remedy the situation. Last year nine of my colleagues joined me in expressing some of these concerns in a letter to then Secretary of State Muskie. We spoke of the need to maintain and expand an independent international presence in the territory, in light of continuing reports of armed conflict and the jailing of large numbers of political prisoners. Our letter also underscored the plight of families who have been separated by the conflict—of those who have wished to leave East Timor for Portugal and Australia but have been prevented from doing so.

I have reiterated these points several times and have also stressed the need to open East Timor to the news media and, ultimately, to find diplomatic means to bring this conflict to an end. Last week marked 6 years since Indonesia invaded East Timor.

Recent information I have received only confirms the necessity of these and other measures. In October, Amnesty International released a report on the Timor situation that once again drew attention to accounts of summary executions and "disappearances" carried out by the Indonesian forces, as well as to arbitrary imprisonment, primarily but not exclusively on the offshore island of Atauro. For 6 years these prisons have been closed to inspection by neutral international humanitarian agencies.

Reports from Roman Catholic sources in East Timor have indicated that a recent Indonesian military offensive in the territory could lead to serious food shortages in the coming months, among a civilian population still recovering from the Cambodia-like catastrophe of 1978–80. A similar report appeared in the November 26 edition of the Boston Globe. International relief agencies should be allowed to establish sufficient food stockpiles in East Timor to avert further disasters.

Only a few days ago, I received a copy of a letter, dated November 19, from a distinguished Roman Catholic cleric in East Timor. The letter details the most gruesome of atrocities, and warrants our closest attention. Unfortunately, I have not been able to adequately substantiate the number of people killed as reported in the letter. It is very clear, however, that the conflict continues and that innocent Timorese people are being killed.

Mr. President, for the benefit of my colleagues I ask that the excerpts from the priest's letter be printed in the RECORD, followed by the above mentioned Amnesty International document and the article from the Boston Globe.

The material follows:

LETTER FROM ROMAN CATHOLIC PRIEST

(Dated November 19, 1981)

The news from Timor is quite bad. However it is necessary to have the courage to receive it, considering that it is based on the truth.

With the military operation that took place in July, August, and September, it seems as if a cyclone had swept Timor from end to end, leaving the island in a true tragedy: The death of innocent children of two to three years of age, pregnant women and defenseless people massacred only because they did not want to lose their identity among the nations of the world. Approximately 500 people were accused and killed without hesitation or pity, exclusively for the crime of not wanting to integrate into the Republic of Indonesia, preferring above all to be slaves in their own independence to being well-off under the paw of others. After all this we come to the conclusion that the military operation undertaken by Indonesia in Timor not only did not produce the desired effect, but was actually counterproductive. The question of Timor cannot be resolved by shooting, only through dialogue.

But let us leave this to the politicians, considering that the policies adopted until now have been an authentic disaster. The Indonesians would like to excuse themselves with material development which they would like to undertake. However, how can there be authentic development without the participation of the Timorese people, who are now reeling from hunger, disease and all kinds of physical misery? The greatest wealth of Timor is the Timorese people, without which everything else would have no sense. Let me ask God to enlighten men so that they can understand that above all it is human dignity that should be valued, in accordance with the teachings of the last Papal Encyclicals.

STATEMENT ON BEHALF OF AMNESTY INTERNATIONAL

Mr. Chairman, I thank you for this opportunity to present Amnesty International's concerns in connection with the Committee's consideration of the question of East Timor.

The areas addressed in this statement are those which fall within the specific mandate of the organization: Amnesty International seeks the release of "prisoners of conscience"—persons who have been imprisoned for the non-violent exercise of their beliefs, for their ethnic origin, colour, sex, language or religion. It works for fair and early trials for all political prisoners and on behalf of prisoners detained without charge or trial. It opposes without reservation the death penalty and torture or other cruel, inhuman or degrading treatment or punishment.

As Amnesty International noted in a statement before this committee last year and again in a statement to the Special Committee on Decolonization's Sub-Committee on Petitions, Information and Assistance in June 1981, it was evident that violations of the human rights within the mandate of Amnesty International continued to take place in East Timor. To summarize Amnesty International's concerns in East Timor as presented on those occasions: Amnesty International has been concerned that Timorese have "disappeared" after surrendering under the terms of amnesty guaranteeing their personal safety after being captured; that others who had surrendered to or been captured by Indonesian forces have been summarily executed; that large numbers of persons have been detained without trial, some for the full period since the invasion, and held in harsh prison conditions which constituted cruel, inhuman and degrading treatment or punishment.

Information received by Amnesty International since June indicates that grounds for grave concern remain.

Since June, Amnesty International has received reports that a number of persons who had "disappeared" were in fact killed shortly after being taken into the custody of Indonesian troops. These include three persons who were reported to have "disappeared" in early 1979: a 17-year-old student named Maria Gorete Joaquim, who "disappeared" with her uncle, Leopoldo Joaquim, and two young men, Filomeno Alves and Manuel Exposto, who had been well known in Dili before the Indonesian invasion as members of the popular musical group, Os Cinco do Oriente. A third member of the musical group, Onorio Pereira, about whose fate Amnesty International had previously received information, is now reported also to have been shot and killed by Indonesian troops in early 1979. Amnesty International feels that the circumstances of these deaths must be investigated thoroughly.

In recent months Amnesty International has received more extensive reports about the imprisonment without trial of large numbers of East Timorese. These reports indicate that in two places of detention, the former Dili District Prison (Cadeia Comarca under the Portuguese administration and still known as the Comarca) and the island of Atauro off the main island of Timor, at least 2,000 persons are detained. Those held in the Comarca are reported to be predominantly former combatants, although an unknown number of them are former Timorese soldiers of the Portuguese Army who did not engage in combat against the Indonesians, while others, believed to have taken part in fighting the Indonesian invasion, have been imprisoned without trial since immediately after the invasion in December 1975. Amnesty International drew the Committee's attention last year to the harsh conditions and poor diet in the Comarca which seriously endanger prisoners' health.

Since June 1980 Amnesty International has received continual reports of persons being held on the island of Atauro to the North of the main island of Timor. According to information received by the organization, those taken to the island are civilians held simply on suspicion of being sympathetic to the independence cause. In some cases, their families have been compelled to accompany them. Once on Atauro, they are required to build their own quarters and grow their own food. There are reported to be grave shortages of some essential foodstuffs. Information on the conditions in which they are held is sparse and hard to obtain.

Amnesty International would again like to stress, as it has on previous occasions, that it cannot regard the information available to it on the human rights situation in East Timor as complete, primarily because of the strict prohibition imposed by the Indonesian occupation forces which prevents unhindered access to the territory and the free flow of information from it. The organization has received other reports indicating detainees

are being held in other places, both on the mainland of Timor and on other offshore islands. Although it cannot confirm these reports, Amnesty International considers that, together with the recent well-founded reports of imprisonment in Dili and Atauro, they give urgency to its earlier recommendation that the International Committee of the Red Cross be allowed to undertake tracing and prison visitation programs in East Timor.

Amnesty International has now accumulated considerable evidence that East Timorese taken into the custody of Indonesian occupation forces have been and continue to be treated in violation of international standards, whether their fate be imprisonment without trial, extra-judicial execution or "disappearance". Amnesty International remains concerned that the Indonesian Government still has not responded to the recommendations made to it in April 1980 for the protection of the human rights of the people of East Timor.

Amnesty International presents these findings to the Committee in the belief that they are relevant and important to your consideration of the question of East Timor.

[From the Boston Globe, Nov. 26, 1981]

PORTUGUESE NEGLIGENCE CITED IN EAST TIMOR WAR

(By Peter Wise)

LISBON.—Military documents released last month by the Lisbon government show that the negligence and lack of discipline of Portuguese troops stationed on the former Portuguese colony of East Timor nourished the outbreak of civil strife between rival independence movements and facilitated the 1975 invasion by Indonesia. More than 200,000 died in these hostilities and the ensuing famine.

The controversial documents, kept secret since they were compiled in 1975 and 1976, were disclosed by the center-right Democratic Alliance coalition government to end speculation touched off by a recent documentary on the state-run television network. In the program, left-wing leaders of the 1974 "Revolution of Flowers" were accused of vacillating during secret talks with the Indonesians, thus easing the way for Indonesia's 1975 invasion of East Timor, a remote island 300 miles off the northwestern tip of Australia.

Three prominent Socialists and several other persons are filing defamation suits against the authors of the program. They claim the program deliberately set out to discredit the left. But the two journalists concerned and the government-appointed head of the television network maintain that the documentary was an objective narrative of events, compiled after four months of research.

The controversial documentary has finally brought the question of Timor—up until now known here as the "silent Vietnam"—to the forefront of Portuguese politics, sparking a bitter, three-way confrontation between the center-right Democratic Alliance, the opposition Socialist Party and the military Council of Revolution, a left-wing constitutional watchdog and a holdover from the early days of the revolution.

The documents released by the government indicate that two factors created the climate of instability in East Timor that led to civil war and later served as a pretext for the invasion by Indonesia—an operation carried out with US-supplied arms and endorsed by successive Washington administrations.

First, following the overthrow of the Salazar dictatorship in Lisbon in April 1974, revolutionary euphoria spread quickly from Portugal to troops on Timor. Several Portuguese officers and their troops defected to Timorese independence movements while several other units were so undependable that they were taken off the island. Political differences among Portuguese military commanders had "serious repercussions both at civilian and military levels," the report says.

By August 1975, "The Portuguese army no longer held decisive power on Timor," the documents conclude. "This breakdown of military command created the conditions for civil war" when fighting broke out between rival independence movements last month. "The colonial armed forces did not have the capacity to intervene" and the Portuguese withdrew to an offshore island where they maintained a "symbolic presence" until the invasion by Indonesia five months later.

Second, the indifference of political parties in Lisbon toward the decolonization of remote East Timor worsened the insecurity of the traditionally anti-Indonesian islanders, leaving them "convinced that Portugal would abandon the territory" and exacerbating the struggles between rival groups. The documents say the pressing problem of decolonization of the richer, more densely populated African colonies, where Portugal had been at war for several years, relegated the question of Timor to a minor priority.

Portugal's post-revolutionary governments were against maintaining a link with Timor, disapproving the financial aid necessary to develop the island, while diplomatic efforts by successive Lisbon governments were not able to pressure other powers into opposing the Jakarta aggression towards Timor, the reports conclude.

The principal document released by the government was written by Col. Lemos Pires, who was appointed military governor of the island by the revolutionary government in November 1974. His 700-page report to his military chiefs in Lisbon describes how the political and military situation on the island slipped out of his control, forcing him to withdraw his troops in August 1975.

Another of the hitherto secret documents is a 200-page report on the conduct of the Portuguese military in East Timor compiled in 1976 by a four-man military commission at the orders of left-leaning President Antonio Ramalho Eanes, then chief of the armed forces. The commission is strongly critical of Col. Pires for not using force to halt the fighting between rival Timorese factions.

The release of the dossiers is highly compromising for the Socialists, and in particular for the left-wing soldier-politicians who led the 1974 Portuguese revolution. The government maintains that its only motive for publication was "the public's right to know."

But the Council of Revolution says that by declassifying secret military documents that discredit the left, the government is using the case of East Timor for political ends.

Although the present dispute is about where the blame lies for the tragedy of Timor and is centered on the events of 1975, the furor has also cast a harsh light on the present government's unsuccessful attempts to do something about the plight of the East Timorese today.

Catholic Church sources in East Timor report that an Indonesian army "cleanup" operation against nationalist guerrillas still holding out in mountain areas could lead to renewed famine.

Since mid-September, security forces have been sweeping east and west through the island in a pincer movement aimed at driving out resistance fighters, says the Australian-based organization, Action for World Development.

All male islanders between 15 and 50 and many women and children have been conscripted to help round up their countrymen. Schools and public departments have been closed, say the church reports.

This mobilization has taken the Timorese away from their lands during the vital crop-sowing season and threatens a serious food shortage, the church contacts say.

In the wake of the Indonesian invasion in 1975, thousands died from starvation and disease when crops were destroyed.

Timorese refugees recently arrived in Lisbon say one of the factors holding back thousands who wish to flee the island is the difficulty in obtaining Portuguese passports. Meanwhile, the Portuguese diplomatic initiative launched a year ago with the aim of securing self determination for the islanders and a rapid solution to their vast humanitarian problems has so far shown no results.●

NUCLEAR MORALITY

● Mr. HOLLINGS. Mr. President, I have always taken with utmost seriousness the injunction that the safety of the people is the first obligation of the public servant. In insuring that safety, we cannot play games, we can not play fast and loose, we must look at the world as it is. Sometimes, unfortunately, we get sidetracked from the central issues, as for instance when some among us speak of nuclear morality in such a way as to infer that all the moral decisions about having nuclear weaponry are made on our side of the issue.

The fact of the matter, of course, is that the other side possesses the same instruments of nuclear destruction, and we must then assess whether self-denial or unilateral restraints serve the cause of avoiding nuclear terror. If the history of this century shows anything, it is that conceding the field to our adversaries only encourages aggression and the worst kind of destruction that contemporary weapons are capable of.

The best of our moral philosophers, aware of the problem, are also aware of the solution. The great Augustine said:

To maintain peace within the natural order of men, rulers require the power and decision to declare war.

He went on to argue that those rulers must "defend the State against external war weapons."

The above quote, as well as a cogent analysis of this whole problem, is from a recent column written by George F. Will. Always incisive and penetrating, Will shows his mastery again in the December 21 issue of Newsweek.

Avoiding the temptation to synopsize that which Mr. Will has already reduced to brevity, I ask that this worthy column be printed in the RECORD.

The article follows:

NUCLEAR MORALITY

(By George F. Will)

Among the sundry and manifold changes in the world (the words are from the prayer book; a theological tone is apposite this week) is a political message from the portions of the clergy, especially the Roman Catholic clergy.

The bishop of Corpus Christi has protested the naming of a submarine for that city. This has drawn from the Navy Secretary (a Catholic) a starchy letter rejecting the implication that "naval ships and even military service are somehow profane." He says church teachings recognize the need for deterrent systems for the virtuous task of peace-keeping. "To maintain peace within the natural order of men," Augustine said, "rulers require the power and decision to declare war." They must, Aquinas said, "defend the state against external war weapons."

Do nuclear weapons invalidate that? When an Indianapolis parish votes to protest nu-

clear-arms spending by withholding half the $50 tax on its yearly phone bill, it is just confusing right-mindedness with moral seriousness. But when the bishop of Amarillo urges workers at a nuclear-weapons assembly plant to consider seeking other jobs, is he saying that deterrence is possible without nuclear weapons? That deterrence is not a great enough good to justify involvement with nuclear weapons because they are inherently immoral? It is morally incoherent to will an end without willing the means to that end. If the bishop desires a free Europe and America, and also desires unilateral nuclear disarmament, can he say how he thinks his desires are compatible?

IDOL

Seattle's archbishop urges people to consider refusing to pay half their Federal taxes to protest spending on nuclear arms. (Such spending accounts for about 2 cents of every tax dollar.) He says: "We have to refuse to give our incense—in our day, tax dollars—to the nuclear idol. Some would call what I am urging 'civil disobedience.' I prefer to see it as obedience to God." The archbishop is hardly the first person to put his political objectives above the law and to think he hears God's applause for doing so. He says, "When crimes are being prepared in our name, we must speak plainly." Moralists, especially, must speak carefully, which the archbishop is not doing when he uses words like "idol" and "crimes."

A coherent position, consistent with traditional church teaching, can turn on the distinction between what is tolerated and what is approved. Instruments of mass destruction, which for reasons of accuracy or controllability cannot be or are not apt to be used in ways that discriminate between military and civilian targets, cannot be approved. But they can be tolerated if the unilateral repudiation of them would bring on an intolerable evil (such as subjugation to an evil regime), and if the nation strives to reduce and end reliance on them.

Unless the bishops, including the Bishop of Rome, think and speak about this, clearly and soon, the church's reputation for rigorousness in moral reasoning will be jeopardized, and they will forfeit their rightfully important role in the Western world's debate about practical policy options. Already a growing number of clergymen assert that any use of nuclear forces, against any target, even in response to a Soviet use, is immoral, and so is the threat to use them under certain conditions, which is the basis of deterrence. As a practical matter in today's world, this amounts to asserting a moral duty to eschew effective resistance to a gross evil, Soviet tyranny.

Any of the wide variety of possible uses of nuclear weapons would be dreadful. However, it is reckless to decree that any use, even any possession for deterrence purposes, is necessarily a larger evil than the long night of centuries that would follow the extinguishing of Western cultural values by armed totalitarianism.

The idea that nuclear weapons require such radical revision of all rules about the use of force derives, in part, from the idea that those weapons make possible devastation on a scale hitherto unimaginable. But it is well to remember that wolves roamed through deserted villages at the end of the Thirty Years War, when weapons were primitive. In the 1950s John Courtney Murray wrote that "the whole concept of force has undergone a rapid and radical transformation, right in the midst of history's most acute political crisis."

The technology of nuclear weapons and delivery systems has driven us to a deterrence policy based on a practice that was once universally condemned: holding enemy civilian populations as hostages. But even before Aug. 6, 1945, injuries inflicted on noncombatants were not just unintended collateral effects of war; they were deliberate results, on a vast scale, of tactics tailored to conventional weapons.

What was done to Dresden and other cities does not make the use of nuclear weapons any less dreadful. But our thinking should not be controlled by the mistaken notion that any use of a nuclear weapon, of any size, would involve violence vaster and less discriminating than anything mankind has experienced.

The tone of this century (as it has been experienced by Cambodians, Biafrans, Russian Kulaks, European Jews, among others) was set by the Turkish massacres of Armenians (1914–15), which followed the Bulgarian massacres of Armenians (1894–95). They did not require sophisticated technology. Sixty thousand people died in a single day in the first world war, half a million died at Verdun, without the use of missiles, nuclear weapons or even bombing.

CARNAGE

Between 1914 and 1918 not a single photograph of a corpse appeared in a French, German or British newspaper. Perhaps that is one reason why the carnage continued so long that our civilization suffered wounds that may yet prove terminal. Clearly, societies should face facts, and the facts about nuclear weapons are so appalling they can numb any imagination not already numbed by modern history, and can provoke unreasonable responses. That is why when the subject is nuclear weapons, everyone, and especially persons propounding radical and dubious new religious duties inimical to deterrence, should remember the duty to be clear in their own minds about where their logic leads, and to be candid with others about the probable real-world consequences of the behavior they favor.●

SOIL EROSION

● Mr. GRASSLEY. Mr. President, we are well aware of the ramifications that continued soil erosion presents to our Nation as well as to the world. If we cannot bring soil erosion under control, we will at some point find ourselves unable to feed ourselves, let alone the rest of the world.

We are also aware of the financial difficulties that our farmers are experiencing. Simply, their costs have skyrocketed well beyond their incomes. Our latest bumper crops have depressed prices even further. There are a number of things that can be done to help farm prices, but clearly, the best approach is to expand agricultural markets—both at home and abroad.

Expanded exports, however, have been singled out as a significant cause of soil erosion. We have all heard the argument that we are exporting our soil along with our grain. If this is true, it presents a serious dilemma for our agricultural sector and the country as a whole—how can we expand our exports to increase farm income if it means that agriculture's lifeblood, soil, is exported with the commodities?

I have seen a number of articles that support this soil export theory. Recently, however, a friend of mine who farms in Iowa, Mr. Howard Mueller, sent me a copy of an article that was written in the November 30, 1981, edition of Farmland News. As Mr. Mueller pointed out to me, this seems to be one of the few articles that presents the other side of this soil export theory.

I think that this is a very good article and am taking the liberty of submitting it for the RECORD to share with my colleagues. This is an issue of extreme importance to our farmers, and therefore, we need to keep the whole matter in proper perspective. Let us make certain that before any action is taken based upon a theory that can have profound effects upon our farmers, that we have some proof as to the validity of this theory. I urge all of my colleagues to take a few minutes to read this article.

The article follows:

THOUGHTFUL STUDY FINDS NO FIRM LINK BETWEEN INCREASED EXPORTS AND SOIL EROSION

The release of the USDA's new soil conservation proposals by Secretary of Agriculture John Block has turned up the heat under an already simmering cauldron.

Coming to a boil is the issue of how increased exports of U.S. grains affect the condition of this country's soil resources. In the pot is a vegetable stew of editorial writers, economic analysts, soil conservation professionals, farmers, politicians, voters and taxpayers.

Out of that pot could come the decision to impose strict limits on further exports of U.S. agricultural products in the name of preserving our soil resources for future generations.

Should that decision become law, it would inflict even further injury on the already wounded agricultural sector of our economy.

It would be the wrong decision made for the wrong reasons based on a rationale that relies too heavily on "common sense" assumptions and superficial analysis of the problems at hand.

While it is legitimate and necessary to continually question the effects of increased exports on soil conservation, it is not rational to blame increased exports for an assumed decline in the quality or quantity of our soil resource base. To simply ask a question does not mean that there is a problem.

In fact, a recent analysis by Leo V. Mayer, just appointed associate administrator of the USDA's Foreign Agricultural Service, suggests strongly that far from damaging our soil, the increase in exports this past year may have significantly improved our soil resource base.

In a recent telephone conversation, Mayer said he began his research trying to prove there was a strong link between the increased exports of U.S. food and the deterioration of this country's soil. He found no such linkage.

The issue of how increased exports, generated by the "fence row to fence row" production philosophy of the '70s, affects soil conservation came before the Congress in 1977 and resulted in passage of the Resource Conservation Act (RCA) of 1977. One feature of that legislation called for a survey of the nation's soil and water resources.

While it is almost impossible to make a direct correlation with similar surveys of past years, some comparisons can be made.

Those comparisons with resource surveys made in 1963 and 1964 suggest strongly that "soil conditions must have improved in order for crop yields to improve so substantially over the past half century," Mayer said.

The 1934 survey is of particular interest, for it was made before federal soil conservation programs were begun. The 1977 survey found 77 percent of cropland with only slight erosion compared to 47 percent in 1934. Moderate erosion was found on 13 percent of the land in 1977 compared with 38 percent in the 1934 survey while severe erosion afflicted only 10 percent of our cropland in 1977 compared to 15 percent in 1934.

"Even taking into account differences in the ways the two surveys were conducted, the improvement is so substantial as to warrant a conclusion similar to that based on the increases in crop yields," Mayer said. "The na-

tion's soil resources have improved vastly over the past half century of federal efforts at soil conservation."

It does not appear that the frenzied reaction of some analysts and editorial writers is justified, Mayer said in calling for a further analysis of what the true situation is with respect to soil losses and exports.

That sentiment was echoed in a letter to the editor of the Chicago Tribune from Roger Clark, Brady, Neb., farmer who is chairman of the Agricultural Council of America and a member of Farmland Industries' board of directors. Clark wrote, "The notion that we 'export our soil with our grain' has been current virtually from the start of the farm-export boom in the early 1970s. It should neither be embraced nor rejected because of its bumper sticker simplicity, but should be explored far more thoroughly."

Mayer said, "The current efforts of some writers to press the issue of soil losses by questioning the advisability of food exports is out of step with the economic realities facing agriculture.

There is today no possibility of bringing to bear expensive soil conservation programs that are totally funded by the federal government. In the first place, the government simply does not have the money nor does it have the will.

Any further development of soil conservation programs is going to follow, more or less, the line suggested by Secretary Block when he put the USDA's new program before Congress. Farmers benefitting from soil conservation programs are going to have to bear some of the costs.

If we restrict exports to save the soil, we are going to reduce farm income significantly further than it has been reduced. The end result will be that most farmers will have less money to invest in long-term soil conservation programs with little or no immediate return on those investments. The inability of farmers, to pay their share of the costs of such programs will mean that they will choose not to participate.

It may be that soil conservation professionals have some unreasonable goals in mind in their desire to promote soil conservation. There is, in short, a difference between practical programs and perfect programs.

In one case cited by Mayer, he quotes Norman Berg, administrator of the Soil Conservation Service, who said in 1979, "There are 1.2 billion acres with an annual soil loss of five tons per acre or less; there are 124 million acres with a loss of between five and 14 tons per acre per year; there are 61 million acres suffering an annual loss of more than 14 tons per year."

Taken at face value, those are frightening statistics. All that soil sliding into the seas or adding to the air pollution afflicting our major cities on the eastern seaboard. One could easily conclude that two or three more years of erosion at this rate, and we would all be plowing bedrock.

Yet this year alone, we will harvest a record corn crop, our second best soybean crop, a record wheat crop and a very good milo crop. What's happening?

Berg went on where many analysts and most editorial writers stopped. There is a "soil loss tolerance" of about five tons of soil a year, the amount of soil that is replaced each year by crop residues and other activities of nature.

Taking into account, the conclusion is that 1.2 of the 1.4 billion acres are in stable condition. Of the remaining 200 million acres, about two-thirds are experiencing moderate erosion and about one-third—a small percentage of the whole—is suffering serious erosion problems.

"Still, this could be interpreted as a serious problem," Mayer observes. That's particularly so if analysts, editorial writers and soil conservation professional are trying to make a case for a perfect soil conservation program.

"It might be held that if the amount of erosion was going down over time," Mayer wrote, "progress was being made and no national soil loss problem existed. Another view might be that any amount of eroding land threatens productivity and is a national problem. The latter view appears to have been adopted by the technical soil scientists."

In conjunction with the RCA surveys of current conditions, projections were made to estimate the effects of increased exports on soil conservation through the year 2030. Briefly, the results indicated that crop yields will increase over the next 50 years even with a continuation of current erosion rates. Interestingly, the projected increases in yields will involve progressively less of the marginal cropland that is most prone to erosion.

"This evidence is not consistent with current news reports that imply that erosion rates are out of control and threaten future farm productivity, Mayer concluded.

Clearly, the situation is not the "raging inferno" as suggested by a staff member of the National Resources Defense Council.

In his study, Mayer suggests a far more important problem, one that is infinitely more complex, is the question of allocating this nation's declining water resources. "This problem may be far more troublesome in another decade than soil erosion will be," Mayer said. "The politics of this issue will be intense."

And he suggests, as do a number of other thoughtful observers of American agriculture, if we are going to question U.S. farm export policies and goals, should we not consider what we are importing?

Currently all the emphasis is on exporting raw, unprocessed grains. Mayer observes that should the United States convince other countries to open up their markets to secondary farm commodities like meat, then American farm production could shift toward more animal products and the waste by-products could be returned to the fields to maintain soil tilth and fertility.

Emphasis on exporting ruminant animals, in particular, would also have the advantage of increasing utilization of those marginal lands which should not be converted from pasture to cropland. It would greatly stabilize, if not enhance, the current economic plight most livestock producers are suffering.

The main point to remember, though, is that increasing U.S. farm exports this past decade has not caused the irreparable damage to our soils that many claim. Exports, increased exports are the one firm hope most American farmers have for their economic salvation. To restrict exports now would condemn many now in farming to lives of really grim economic disappointment.

There are issues to be faced in the area of the impact of exports and the conservation of our natural resources.

The future prosperity of American agriculture rests on economic and political decisions. We must be strong enough to face the real issues and not be diverted by controversies that exist only in the minds of some analysts and editorial writers.

Above all, those with interests in American agriculture—ultimately all this nation's citizens—must insist that the decisions we make about agricultural issues be ultimately based on reason and understanding.

—JACK KENWARD.●

ARMANDO VALLADARES—CUBAN POET

● Mr. JACKSON. Mr. President, the Cuban poet and political prisoner Armando Valladares has suffered greatly for his refusal to cooperate with the Castro government and to remain silent about its abuses. Arrested for expressing religious and philosophical convictions incompatible with the Castro government, Valladares has been in Cuban prisons since 1960, when he was just 23 years old. As a result of his prison experiences, he suffers from serious physical ailments including a heart condition and polyneuritis which has left him an invalid.

Despite this suffering and the promise of more, Valladares has refused to lay down his pen and some of his poems have been smuggled out of Cuba. Two years ago, a book of his poems entitled "Prisonnier de Castro" appeared in Paris. This work is dedicated to his brothers in prison and describes their suffering at the hands of the Castro authorities. For this act of defiance, Valladares was removed to a remote prison, deprived of his books and other possessions, and held incommunicado.

In addition, it is reported that his elderly parents and sister, who have permission to come to the United States, are being denied exit permits by Cuban authorities until Valladares signs a letter denying his mistreatment in prison. This, Valladares has refused to do.

Armando Valladares, who has been adopted by Amnesty International as a "prisoner of conscience," is a courageous spokesman for freedom and human dignity in Cuba. In late December 1977, together with 46 Senators, I wrote to Castro expressing special concern for Valladares and urging his release on humanitarian grounds. This December 12, in a letter to the Washington Post, Martha Valladares, the wife of Armando, again appealed for the release of her husband. I join this latest appeal and ask that her letter be printed in the RECORD.

The letter follows:

WILL ARMANDO VALLADARES EVER BE FREE?

On Dec. 27, my husband, Armando Valladares, will have completed 21 years of incarceration as a political prisoner in Cuba. He was 23 when he was sentenced to 30 years for "conspiring against state powers." Since then, Amnesty International has urged the Cuban government to review those sentences, pointing out the irregular nature of many trials during the early days of the revolution. Amnesty International has repeatedly called for Armando's release.

Armando is virtually paralyzed, and has been confined to a wheelchair since 1968 as a result of prison mistreatment. His condition is known as polyneuritis, a flaccid paralysis of the lower extremities that may be reversible if he is given adequate medical treatment. This malady resulted from a 47-day deprivation of food enforced by the prison authorities because he refused to wear the uniform of a common criminal. He has been beaten many times and has not been allowed visitors for more than four years.

Armando is a poet. His poems, smuggled out of prison, have been collected in several books published in Spain, France and the United States. His mother, sister and brother-in-law, himself a former political prisoner, are virtual hostages of the Cuban government. Although they have the foreign visas needed to emigrate, the Cuban government has denied them the required exit permits, and prison authorities have informed my husband that he will have to sign a letter denying his prison mistreatment if his family is ever to be permitted to leave Cuba.

What can induce the Cuban authorities to set him free?

MARTHA L. VALLADARES.●

EL SALVADOR

● Mr. MOYNIHAN. Mr. President, today, even while the eyes of the world are turned anxiously toward Poland, awaiting the outcome of the current, momentous struggle between Solidarity and the democratic principles it embodies, on the one hand, and the repressive, totalitarian tendencies of the increasingly harsh military rule which has recently been imposed, there continues to evolve in El Salvador a not dissimilar struggle between persons who would establish democracy and forces which would prevent it.

Elections have been set for March 28, 1982 in that war-ravaged land, in the hopes that a popularly elected government would be created and will thereafter be able to bring to an end the violence that has brought El Salvador to the brink of economic and social ruin. Seven parties have registered to compete in those elections. Sadly, the principle opposition formations have, as yet, not consented to participate.

One hopes that the administration will use what influence is at its disposal to facilitate the participation of the moderate opposition in these elections. I believe that all Senators would want to see this happen. I know every Member of the Senate shares my concern about the situation there. In the interests theremore of furthering knowledgeable discussion and debate in this body, and throughout the Nation, with respect to events in El Salvador, I ask that there be printed in the RECORD the text of a report issued just yesterday, at the National Press Club, by a committee of distinguished Americans—religious, civic, and academic leaders—who have recently returned from a trip to El Salvador.

The material follows:

CITIZENS' COMMITTEE ON THE EL SALVADOR CRISIS

In response to the rising concern in the United States about developments in El Salvador, a group of seven members of civic, academic, religious and other non-governmental organizations visited there from December 4th to 13th, 1981. The objective of our mission was to evaluate current conditions and assess the possibilities for a democratic approach to improving the political and economic situation, and thus to aid in moving toward solutions to that bloody conflict. We conferred with a wide spectrum of citizens and leaders, governmental and otherwise. The list is appended.

While we see no easy road ahead for El Salvador, some essential steps toward peaceful democratic solutions to the current and often violent conflicts are under way: the sweeping land reform program enacted by the Christian Democratic government in March and April of 1980, and the elections that are scheduled for March 28, 1982, to name a Constituent Assembly.

However, the success of these processes is endangered by the violence and terror which are ripping apart the fabric of this society, not only due to the conflict between the guerrilla forces and the government but also to the violence against the people of El Salvador perpetrated by terrorists of the extreme right and left, and by elements of the government's own security forces.

(1) The land reform program has broken the grip of the "oligarchs" on the country's economic, social and political systems. This program turned into owners of the land they had cultivated as laborers, tenants and sharecroppers over two-thirds of the formerly landless campesinos or farm families of El Salvador. About 40 percent of all crop land has been transferred to over 200,000 of the 300,000 landless rural families, totaling about 1,200,000 persons. This kind of economic and human development is essential to building a foundation for a strong domestic economy that can support further industrial development.

That the land reform program is irreversible is widely accepted throughout most sectors of the society. It is generally recognized that any widespread effort by the former owners to take back the land would result in even more deplorable levels of violence.

We found a surprising degree of agreement on the need for campesino ownership of their own land, not only by the representatives of urban and rural workers, but also on the part of leaders of the business community as well. Moreover, the campesino organizations join the other leaders in calling for prompt payment of compensation to the former land owners.

However, the slow pace of issuing formal titles to the new owners is increasingly encouraging former landlords to evict illegally campesinos who have a rightful claim to the land, sometimes with the help of government security forces. Since no government undertaking land reform has prior experience in doing it, outside technical assistance is essential for establishing procedures for rapid issuance of titles. But such assistance is thus far badly lacking. Likewise, participation by the campesino organizations at all levels of implementation of the title process and administration of the land reform program is essential to its success.

The land reform program, and in turn, the prospects for peace, will be seriously jeopardized unless there is a rapid acceleration of title issuance process.

(2) The Government of El Salvador is committed to the electoral process, with the official campaign beginning on January 6, 1982, and culminating on Election Day, on March 28. All parties have been invited to participate, and so far seven have announced their intention to do so. February 28, 1982, is the deadline for registration of parties. So far the Frente Democratica Revolucionaria and its affiliates have regrettably refused to join this process. We encourage all parties to explore ways to bring into the electoral process all those who want a political rather than a military solution. We urge continuing efforts to conduct a dialogue to ensure maximum participation in El Salvador's sovereign act of self-determination.

There are grounds for confidence that the elections can be conducted honestly and fairly. An electoral commission has been established under the chairmanship of an independent civilian of unquestioned integrity. The Armed Forces have been enjoined from taking part in the elections and from being present in the polling places. Observers have been invited to be present during the campaign until the vote is counted, from democratic governments and from such international bodies as the Organization of American States, the European Parliament and the United Nations as well as concerned non-governmental organizations. The curfew has been lifted, and we have urged that the State of Siege be lifted during the electoral campaign so as to permit full freedom of assembly, speech and political activity, including full access to the media. We are concerned that the 3-man electoral commission is too narrowly based to insure maximum confidence in the process and participation in the election, and urge its expansion.

(3) Effective agrarian reform and fair and honest balloting will make a major contribution to alleviating economic misery and injustice as well as violence and terror. But the armed forces must address immediately and directly the issue of violence and abuses of authority within their own ranks and take responsibility for setting an example of consideration for the rights of its citizens. The Government must curb the excesses of their own forces and take steps to reconstitute the badly faltering judicial system.

(4) In virtually every quarter, the necessity for continued or increased economic aid was voiced. Our committee urges in the strongest terms the implementation of a substantial economic aid program to help revitalize El Salvador's enfeebled economy, with priority on the land reform program. We call upon church groups, relief agencies and such non-governmental organizations as CARE and the International Rescue Committee to make special efforts to bring assistance to the displaced persons within the country and to those who are refugees abroad.

Convinced, that a military solution to the conflict is not possible without enormous cost in human life and at the expense of those democratic values we seek to defend, we urge a halt to arms shipments from all quarters. We recommend that the United States government propose a cessation of all military aid from all sources under international supervision and control. If that proves impossible, we support the widespread view of religious and civic leaders outside of the government that U.S. military aid must continue as long as Cuban, Soviet and other military aid is being supplied to the guerrillas.

The United States should insist that weapons supplied for defense against the guerrilla aggression must not and cannot be used in violation of human rights against the citizens of El Salvador.

We conclude by emphasizing our hope that a democratic middle way may emerge in El Salvador. We note that it is in the power of the armed personnel on both the left and right to create major violent disturbances before the elections that will impair them. These extremists will then draw upon themselves the condemnation of all supporters of democracy.

PARTICIPANTS IN STUDY/MISSION TO EL SALVADOR, DECEMBER 4 TO 13, 1981

Co-chairman:

Clark Kerr, Chairman, The Land Council; President Emeritus, University of California, (Berkeley, California).

Ambassador Angier Biddle Duke, Chairman, National Committee on American Foreign Policy: former Ambassador to El Salvador (New York).

Other participants:

Rev. Ernest Bartell, Professor of Economics, Notre Dame University; Executive Director, Kellogg Institute on International Studies (South Bend, Indiana).

Orville Freeman, President, Business International; Former Governor of Minnesota; former Secretary of Agriculture (New York).

Rev. Ira Gallaway, Pastor, United Methodist Church, Peoria, Illinois.

Rabbi Arthur Schneier, Park East Synagogue, New York; Chairman, Appeal of Conscience Foundation.

Mary N. Temple, Executive Director, The Land Council (New York).●

NOMINATION OF DAVID L. RUSSELL TO BE U.S. DISTRICT JUDGE

● Mr. NICKLES. Mr. President, it is my honor today to introduce to the Senate, David L. Russell, who has been nominated by President Reagan for a U.S. district judgeship in my State of Oklahoma.

I have known Mr. Russell for several years. He is an outstanding individual, a

very strong conservative, and is greatly respected by the legal community.

His knowledge of the law, judicial temperament, and sincere personal integrity make him an excellent Presidential nominee for this extremely important position.

Mr. Russell has an exemplary background of service to our country. From 1973 to 1975 he was chief legislative assistant to U.S. Senator Dewey Bartlett from Oklahoma.

From 1975 to 1977 he was the U.S. Attorney for the western district of Oklahoma—a position he was reappointed to this year by President Reagan.

Mr. President, earlier this year a nine-member, bipartisan committee of outstanding Oklahomans conducted a statewide search for candidates for Federal judge. That committee found a number of Oklahomans who meet the qualifications for Federal judge. After many personal interviews, Mr. Russell was recommended to me by the committee, and I wholeheartedly concur with their recommendation.●

DEPARTMENT OF DEFENSE APPROPRIATIONS—CONFERENCE REPORT

● Mr. ARMSTRONG. Mr. President, for the most part, I am pleased with defense appropriations conference report, and with the provisions in it relating to pay and benefits for our service men and women. I am especially pleased that Senator STEVENS and the other Senate conferees were able to get the House to recede from what I consider to be indefensible positions with regard to permanent change of station (PCS) moves, foreign duty pay, a cost-of-living allowance for single servicemen stationed overseas, and establishment of a more substantial basic allowance for subsistence (BAS) for career enlisted personnel. It is clear that the Senate conferees more than held their own, and they are to be commended for it.

I must express deep regret, however, that the Senate conferees receded to the House position on the issue of equalization of the payment of per diem to officers and enlisted personnel.

The issue of per diem pay involve only a small amount of money—about $33 million—but, in my view, it involves a principle of great importance.

Per diem is normally paid when members of the Armed Forces are transferred away from their home duty stations on a temporary basis. For many years, there has been a basic injustice in the way per diem regulations were written. When an officer goes on temporary duty, he continues to draw his basic allowance for subsistence (BAS). All officers receive BAS each month. BAS is paid to enlisted personnel only when they do not have access to a Government mess. The vast majority of enlisted personnel who receive BAS are married.

An officer who goes on temporary duty is entitled to draw both his BAS and per diem. But, until this year, enlisted personnel eligible for BAS had their per diem subtracted from their BAS.

This was in my view, unfair. The Senate first took action to remove this inequity in November of 1979 when it added to the Defense Officer Personnel Management Act an amendment I offered to permit enlisted personnel, as well as officers, to draw both BAS and per diem when on temporary duty. Regrettably, this provision was dropped in conference. However, the defense authorization bill Congress approved earlier this year did contain a provision providing for equalization of per diem pay.

This justice has, however, been short lived. No sooner had the full Congress voted to equalize payment of per diem than the Defense Appropriations Subcommittee of the House of Representatives voted to delete the funds required to pay for this overdue reform.

The language in the House Appropriations bill would limit enlisted per diem to either the food portion of per diem or the basic allowance for subsistence, whichever is greater. This is not quite as bad as the status quo ante, but it is bad enough. Enlisted personnel will be treated differently from officers, and differently from other Federal employees, who do not have their per diem pay subtracted from their salaries when they are sent on temporary duty away from their customary places of work.

As I noted above, our Senate conferees felt they had to accede to this position in order to preserve what arguably are more important military personnel programs which were also savaged in the House version of the defense appropriations bill. I regret that this happened, but I understand the delicate tradeoffs and the difficult judgments that have to be made in conference.

But I want to make it clear, Mr. President, that this is the last word that will be said on the issue of equalization of per diem pay. At the appropriate time in the appropriations process next year, I intend to offer an amendment to fully fund the provisions of Public Laws 96–513 and 97–60, which provide statutory authority for equalization of per diem pay.

Again, I want to congratulate the Senator from Alaska, Senator STEVENS, and the other Senate members of the conference committee for the yeoman service they have performed for our men and women in uniform. Perhaps next year our House colleagues will share their enlightenment about all the needs of our military personnel.●

PROBLEMS AND POSSIBILITIES FACING AGRICULTURE DURING THE 1980's

● Mr. GRASSLEY. Mr. President, last week, Mr. John W. Megown, president of Megown & Associates of Marion, Iowa, and past chairman of the Iowa Agriculture Promotion Board of the Iowa Development Commission, spoke before the 1981 Convention of the Iowa Dairy Associations. The topic of his speech centered upon the problems and possibilities facing agriculture during the 1980's.

I have known Mr. Megown for some time and say without reservation that this gentleman has pursued a very distinguished career in agriculturally-related fields and is a highly qualified expert on agriculture issue, among other matters. In this light, I am taking the liberty of inserting into the CONGRESSIONAL RECORD the content of Mr. Megown's speech. I believe that this speech is of considerable informational value and that all of my colleagues would benefit if they took a few moments to read it.

PROBLEMS AND POSSIBILITIES FACING AGRICULTURE DURING THE 80'S

(By John W. Megown)

It's a pleasure being here at the 1981 Iowa Dairy Convention. I want to thank you for inviting me and giving me this opportunity of providing you with some food for thought.

Normally at this point in my speeches, I extend my best wishes for a successful meeting in my capacity as Chairman of the Iowa Agricultural Promotion Board. Since I retired from that position a little over a month ago, I am now pleased to do this as a private citizen.

When Joan Stock asked me to give this speech, I was delighted, because for the first time in many years I would be speaking in a capacity other than as either a State official or as a radio commentator.

Speaking of being a radio commentator, I have to tell you about how that strange odyssey began.

Many of you probably know Mark Oppold, formerly the Farm Editor with WMT–Radio and TV in Cedar Rapids.

Early in 1978, Mark got the bright idea that I should do a weekly radio commentary about agriculture and food issues. I declined the invitation, but by April, he had talked me into trying it. So, at 7:25 a.m. one Sunday morning, I went on the air on WMT–Radio with a commentary entitled, "Bureaucrats Are Listening."

Little did either of us realize what we were starting. By the summer of 1980, the "Food for Thought" show was being broadcast by over 700 stations in the U.S. and Canada. The coverage area was from western Montana to the Atlantic coast, and from the Mexican border up into Canada—with millions of listeners.

Because of doing this syndicated radio show, for thirty-two months I had a unique vantage point to observe what was happening to America's farmers—the good and the bad.

I was able to observe very closely all of the events and the key people affecting our Nation's largest and most productive industry—agriculture.

I was able to interview many of those people, like Ag Secretary Bob Bergland, other top USDA officials, many members of Congress, leading scientists, farm leaders, and even some consumer activists. I am sorry to say that I never was able to interview Carol Tucker Foreman, because she seemed to deftly avoid such an encounter.

With each broadcast, I tried to set the record straight about a current agricultural or food issue. During those turbulent times, I zeroed in on a host of controversial topics, like: the many problems being caused by overregulation of agriculture; the attempts to ban antibiotics and drugs in feeds, as well as agricultural chemicals; the decline in agricultural production research; problems involving agricultural financing; inheritance taxes; the future of the family farms; the banning of whole milk in the school lunch program; and the one I talked about the most—the great nitrite boondoggle.

Those thirty-two months, when we were doing the radio shows, were some of the most turbulent and topsy-turvy times for America's farmers.

It was a rare experience and a privilege to be able to observe first-hand the events and people of this era, and to be able to comment on that unique period in our Nation's history.

Some of the problems that I commented on are no longer burning issues, like overregulation and the nitrite issue, but some are still lurking around, and others are appearing, as we move deeper into the '80s.

Speaking of the nitrite issue, this should be remembered as a classic case of some Federal bureaucrats becoming completely carried away with their authority, and hurting American agriculture unnecessarily.

The USDA's ridiculous regulation on the use of nitrite in bacon cost the livestock industry over $5 million. The direct cost to taxpayers for USDA enforcement of the 1978 regulation has been almost $1 million.

The positive effect of the nitrite fiasco is that America's farmers learned how to defend themselves against unreasonable regulations. They learned to work together and to communicate the facts to Congress and the public. If they had not done this, the pork industry would have been virtually annihilated.

As we move further into the decade of the '80s, some other problem areas are becoming more evident, like these: The erosion of our soil; the energy cost-supply situation; the negative effects of high interest rates; higher and higher production costs; the lack of sufficient cash flow for many farmers; the decline in total number of farms; the declining proportion of the medium-size family farms; the great difficulties faced by young people trying to get into farming; the constant attacks by social and dietary activists—the worst of these being the farm animal welfare issue, or as some call it, the animal rights issue.

All of these problems will constitute developing threats to the traditional American farm family on the American family farm.

The '80s will definitely be a time of unparalleled challenge—even peril—for America's farmers.

A young lady from near Iowa City by the name of Mary Wall won the 1981 Iowa Farm Bureau essay contest. Here's what Mary Wall had to say about the present decade: "The '80s are a decade of challenges, challenges to find alternative energy sources, fight inflation and obtain world peace. The '80s present noteworthy challenges for agriculture. We must feed the increasing population, make a profit and yet not lose or destroy the soil for future generations."

In that single paragraph Mary spelled out very clearly what the '80s are all about for America's farmers.

The total number of farms will decline significantly by the year 1990, from 2.48 million in 1978 to only 2.09 million in 1990. There will be a large proportion of small farms, an ever-increasing proportion or large farms, and a declining proportion of medium-size farms.

It was on the medium-size farm—the family farm—that this country was built.

For your information, the medium-size farm has a gross income in the range of $20,000 to $99,999.

Apparently not everyone feels that an ever-increasing proportion of large farms and a declining proportion of medium-size farms is bad.

The Chicago Tribune magazine of May 17, 1981, contained a cover story about AG Secretary John Block. Here's a paragraph from that story: "Block wants more big farms, more exports, more (Government-financed) research for more technological development that will allow (fewer) farmers to produce more food and fiber and sell them at higher prices."

By the way, did you know that the USDA now predicts that almost two-thirds of agriculture production will come from the largest 50,000 farms by the year 2000? Just think about that for a moment!

Yes, things are changing rapidly down on the family farm, and many of the changes are making it harder for farmers to prosper and even to survive—and much harder for young people to get started in farming.

A USDA study says that "the number of new farmers under 35 years of age will shrink from 475,000 from 1964–74 down to 284,000 from 1994–2004, a 40 percent drop in numbers."

Earlier this year, Vernie Glasson, director of national affairs, American Farm Bureau Federation, told a House sub-committee that "the backbone of U.S. agriculture—the farms that depend solely on income from sales of commodities—is now substantially threatened by inflation and failure of national monetary and fiscal policies."

Mary Wall, in her essay, had this to say about the survival of the family farm, "Preserving the family farm is a problem that has been getting more and more attention. Higher production costs are driving some of the family farms out. Family farms are what this country was brought up on and their importance shouldn't be overlooked. . . ."

It would now appear that survival will be the overriding challenge of the '80s. All other issues and problems will relate directly to the farmer's ability to survive.

Production costs will continue their escalating spiral. Prices paid for gasoline, diesel fuel, fertilizer, agricultural chemicals and other input items will keep on going higher and higher.

The price of fuel has doubled in two years. Fertilizer is up 7.4 percent since 1980. Cost of growing corn in eastern Iowa was up 17 percent over the last year.

Warren Melles, a Northrup King vice president, recently looked back over the last seven years at what has been happening in agriculture. Here's what he found:

The wholesale price of diesel fuel rose 370 percent. A $1,500 fuel bill seven years ago now runs $5,500.

Country bankers charged about 12 percent interest on production borrowing in January of 1974. Seven years later it was about 17 percent—a 42 percent jump.

If a farmer needed $25,000 in working capital to plant in 1974, he needed at least $50,000 this year. So besides needing twice as much money farmers had to pay 42 percent more for it.

Corn sold for $2.62 per bushel in January 1974. The price was only $3.25 7 years later. Soybeans rose from $5.92 per bushel to $7.29. Just for those two crops, prices increased by a meager 23 percent.

Here's a footnote to this: in December of 1981, corn is selling at only about $2.50 per bushel and soybeans are about $6.30 per bushel.

American industry averages a return of about 16 percent on investment. But the average U.S. farmer ekes out a living with an average return of about 3.6 percent.

Iowa net farm income in 1980 was at the lowest level in 39 years, according to Iowa AG Secretary Bob Lounsberry. Net farm income was only $4,659 per farm. He said, ". . . inflation and the cost of production have hurt us badly."

The 1980 income figure compares with $15,831 in 1978 and $19,068 per farm in 1973.

There can be no doubt that farmers must implement production practices that will help to moderate cost increases.

Minimum tillage and no-till practices represent possible solutions, and, at the same time, help to slow down soil erosion.

The use of alternative energy resources, like alcohol made from grain, should help to reduce costs—and also reduce dependence on the profit-hungry oil companies.

Another key part of survival, and hopefully prosperity, will relate to how a farmer does business.

I heard a speaker the other day say, "No longer can farmers afford to buy everything retail and sell almost everything wholesale."

There's sure a lot of food for thought in that statement!

Outside forces have long had, and still have, a great influence on how the individual farmer operates and how successful he will be.

During the '80s, farmers are going to have to find ways to gain more control of their individual operations, and become much less dependent on outside business and governmental involvement.

They are going to have to become much more marketing and promotion oriented.

Farmers will need to find new ways of generating a more constant positive cash flow.

New and innovative methods for financing farm improvements and production costs must be developed, and soon!

Hopefully, the needed changes will come and will help to sustain many of the medium-size farm operations.

I feel that American agriculture is at a turning point. I also feel that America's farmers are going to be able to develop their own creative solutions to many of the problems that exist, without excessive interference from the Federal Government.

My final radio commentary, broadcast the last week of 1980, was entitled, "An Era of Great Possibilities."

I talked about how I felt there would be less governmental interference from Washington during the '80s, and that despite the many challenges, America's farmers will be able to turn their problems into possibilities, and that they will take full advantage of these possibilities.

Dr. Robert Schuller says that every problem is another opportunity, and that every adversity hides a possibility. He also says, "today's accomplishments were yesterday's impossibilities."

Since there is no shortage of problems, there will be many possibilities and opportunities during the '80s.

Time doesn't allow me to go into detail about each and every one of the various problem areas.

One that I was specifically asked to discuss is the farm animal welfare issue. So, that I will do.

I first heard of this in October of 1980, and did a radio commentary about it in December of 1980.

In about a year's time, this issue has moved off the back burner and is one of the hottest and most sensitive issues of this decade. It has already built up a full head of steam.

Professional "social activists" have merged themselves into the farm animal welfare movement, and under the banner of animal rights are attacking almost every ill they can think of and attributing them to today's modern agriculture. Experienced operatives from the civil rights, peace, femenist and other progressive movements are providing training for the welfarists.

James Mason, the author of "animal factories,' in an article in Vegetarian Times, said that more and more kinds of direct action—"glimmerings of guerrilla warfare"—are going to be seen on behalf of animals.

Dr. Stan Curtis of the University of Illinois says, "the people involved in this movement are undoubtedly well-intentioned people. But these people are utterly naive about modern animal production. They've already taken to recommending revolts."

Here are some of the things the farm animal welfare groups are protesting: the way market animals are transported and slaughtered: the way sows are confined to farrowing crates; caging and debeaking of chickens

in egg laying and broiler production: tail docking; castration; clipping needle teeth; dehorning; ear notching; "souped-up" cattle rations; the lack of adequate veterinary care for sick animals by farmers; routine drug use; confinement on full concrete slatted floors; rearing of dairy replacements in narrow pens, etc.

The most vigorous protests have been aired over veal production by dairymen.

Some farmers and agri-businessmen might find it more comfortable to ignore this issue, in hopes it will go away. I can assure you that it will definitely not go away.

Here are some examples of what's been happening:

The Humane Society of the United States has been distributing a curriculum guide, which is said to be heavily oriented toward vegetarianism and teaches that farm animals have "inalienable rights" the guide is being used in classrooms in the U.S. and Canada at the preschool and kindergarten level, and continuing through the sixth grade.

A nationwide telethon via cable to raise funds for animal welfare and wildlife preservation is now being planned for early 1982. This is to be a 36-hour marathon production involving cable systems servicing 20 million households.

The USDA plans to spend $380,000 to determine if confinement conditions lead to stress in farm animals.

Ohio Congressman Ron Motti introduced a piece of legislation in Congress calling for a "farm animal advisory council" to look into intensive livestock practices. The other part of the bill is said to require labeling of food indicating whether it came from animals raised humanely.

The ABC television network has twice broadcast its 20/20 segment on animal rights.

U.S. News & World Report carried a story entitled, "Now It's Civil Rights for Animals."

It is easy to see that it is high time that people involved in agriculture begin to get ready for handling the animal welfare issue.

If the welfarists have their way it will prove to be very costly for both farmers and food buyers.

It is up to each of us aggies to become better informed about this issue, and for all of us to work together to keep the welfarists honest as to the scientific basis for their concerns. much as we did with the over-zealous USDA bureaucrats with the nitrite problem.

That's enough about that problem! Let's move on to another big one—the farm energy situation. This is one that seems to offer some good possibilities and opportunities.

You will remember a few minutes ago when I quoted Warren Melles about the price of diesel fuel going up a whopping 370 percent in just seven years.

Farmers all over the midwest are starting to produce some of their own fuel requirements in the form of alcohol made from grain.

In addition to the development of on-farm stills, existing industrial stills are being expanded and upgraded, and new ones are being built. Several are in the planning stage to be built in Iowa in 1982. Some of them will be owned by groups of farmers.

Whoa there! I'm getting ahead of myself with this story.

Just agout a year ago, while attending a reception in Washington, D.C., I met a midwesterner involved with on-farm alternative energy production.

This chance encounter led me to become deeply involved in this new industry as a marketing/nutrition/financial consultant.

As chairman of the Iowa agriculture promotion board, I had previously been involved in designing and conducting the nation's first gasohol marketing research project back in 1978.

In June of 1978, the agricultural division of the IDC and the Iowa corn promotion board launched a 3-month study to evaluate if people would buy gasohol, and if so, why.

For your information, gasohol is a mixture of 10 percent 200-proof ethyl alcohol and 90 percent unleaded gasoline.

Some of us Iowa Aggies felt that, in addition to reducing our reliance on gasoline and diesel fuel, the production of alcohol from grain and using it as a fuel extender would provide an additional market for our crops here in Iowa.

We had a difficult time finding five service stations in Iowa that were willing to be the first to offer gasohol.

Questionnaires were used to determine why people bought gasohol, and more importantly, why they continued to purchase it. Telephone interviews were also used.

The buyer reactions were extremely positive. Most users made some reference to improved mileage. They also mentioned less ping and less dieseling, and also easier starting. This wasn't a surprise, since alcohol is an octane booster—as the oil companies know, so well.

The study was completed on September 15, 1978, and the final report was issued on October 16 by Governor Bob Ray.

The final results were highly favorable, and quickly attracted the attention of oil companies, gasoline distributors and service station operators.

By mid-January of 1979, the original five stations had been joined by almost 200 others. Today, about half of Iowa's stations offer gasohol, more, by far, than any other state. Iowa has one-third of all gasohol sales in the country.

This has been good for Iowa's agricultural-based economy. In October of this year, gasohol sales in Iowa reached an all-time high of 17 million gallons, a 10 percent increase over a year earlier.

Since the gasohol program started in Iowa in 1978, 361 million gallons have been sold, using 14 million bushels of corn.

One good reason for all of us supporting the use of alcohol as a fuel extender is that it can reduce our imports of crude oil. Eliot Janeway, the economist, pointed out "that just 4 billion gallons of alcohol would displace 28 billion, or 667 million barrels, of crude oil per year." At $35 per barrel, a 28-billion gallon reduction would knock $23.3 billion off our nation's oil import bill, which in 1979 reached over $60 billion, or $270 per person.

I pointed out in an editorial in the Waterloo Courier on August 25, 1981, that "the marketing of gasohol is just the first small step in the process of developing the infant U.S. alcohol fuel industry—an industry that is only about three years old."

I pointed out that all-alcohol cars are being imported into this country from Brazil and that Ford Motor Company is testing an all-alcohol car. The U.S. Postal Service is also testing all-alcohol delivery vehicles.

A service station in Wisconsin and one in Arkansas now offers only alcohol, and the nation's first auto dealership selling only all-alcohol cars is opening in Wisconsin.

At the same time, individual farmers, large trucking companies and some industrial firms have been installing conversion kits in diesel units to use 100- or 120-proof alcohol simultaneously with diesel fuel. This reduces costs and increases power.

Conversion kits are also available for gasoline-powered passenger cars and trucks, which allow them to run on 50 percent gasoline and 50 percent 100-proof alcohol—injected separately.

Here are the present alcohol-usage alternatives: gasohol containing 10 percent 200-proof alcohol; or all-alcohol cars using 160-proof alcohol; or conversion kits utilizing 100- or 120-proof alcohol.

I think that it's great that all of this is finally happening!

Back in 1929, Henry Ford predicted no shortage of fuel for the internal combustion engines of the future. "We can get fuel from fruit," Ford said, "from sumac by the roadside, or applies, weeds, sawdust, almost anything. There is fuel in every bit of vegetable matter that can be fermented. There is enough alcohol in one year's yield of an acre of potatoes to drive the machinery necesssary to cultivate that field for a hundred years."

I personally, would rather see America's farmers controlling our energy supplies than those people who have done so for so long.

A famous American said, "gasoline was never much higher. But here you have a business that is in the hands of a few men, and they see that the price is kept up. It's not regulated by supply and demand. It's regulated by manipulation."

Will Rogers said that early in the 1930s. Things sure don't change much when it comes to energy, do they?

Ladies and gentlemen, I believe that the use of U.S.-produced alcohol as a replacement for a significant portion of our nation's petroleum requirements offers one of the best agricultural possibilities of the '80's.

We Aggies cannot afford to let this opportunity be sidetracked by some vested interests, as it was in the early '30s.

Today, America's farmers stand at a precipice. It has taken them over 200 years to reach this precipice, but I believe that they are now prepared to fly, winging the nation up with them as they meet the challanges of the '80s.

I hope that this has provided each of you with some food for thought. Thank you for listening.●

1982: NATIONAL YEAR OF DISABLED PERSONS

● Mr. RIEGLE. Mr. President, I wish to thank the members of the Judiciary Committee for taking such prompt action on Senate Joint Resolution 134, introduced by Senator ARMSTRONG and myself, to designate 1982 as the National Year of Disabled Persons. Our resolution will continue the principal objectives originally set forth by the General Assembly of the United Nations for this year's International Year of Disabled Persons, and will continue on a national level for another year an important focus on the problems facing the 35 million disabled Americans each day.

I offered this resolution with the anticipation that the U.S. Council for the International Year of Disabled Persons will build on the momentum established in 1981 and find private sources of funding for their activities in support of the National Year of Disabled Persons. It is my intention that there be no expenditure of Federal funds to support the National Year of Disabled Persons. In these times of severe budgetary constraints, the areas of research and direct services must be our first priorities.

It is my hope that the U.S. council will direct their efforts toward raising community awareness and initiating community action on behalf of disabled citizens. Valuable exchanges on the grassroots level will allow us to develop new answers and new initiatives to improve the lives of our handicapped citizens.●

PRESIDENTIAL IMPOUNDMENT AND THE BUDGET PROCESS

● Mr. ARMSTRONG. Mr. President, DAN QUAYLE has been an active member of the Budget Committee in pushing for long-overdue reform of the budget process. His thoughtful proposals for reform have ranged over the entire gamut of necessary changes—from multiyear budgeting to improvement of Presidential powers.

Senator QUAYLE recently wrote an article concerning Presidential impoundment and the budget process. Because of the importance of this matter, I call the attention of my colleagues to the piece which appeared in "The Journal of The Institute For Socioeconomic Studies." DAN's basic premise is one that I enthusiastically agree with: We need to give the President the management tools he needs to get these massive deficits under control. Otherwise, we face economic disaster.

I welcome Senator QUAYLE's initiatives and look to him as a strong ally in the fight for fiscal integrity that we must win.

The article referred to follows:

PRESIDENTIAL IMPOUNDMENT AND THE BUDGET PROCESS

(By Dan Quayle)

Washington whimsy dating from the Great Society era has it that the Federal budget should operate like an adding machine—without the subtract button. Certainly, over the past 20 years, as Federal budgets have grown exponentially, there has been widespread support in the House and the Senate for assuring that there not be an operable subtraction button. On those rare occasions when the White House complained of the defect, impassioned speeches of derision volleyed back from the halls of Congress.

Now, we have a President who has asked for—and received—huge reductions, rescissions, and deferrals in an effort to reverse the spending which produced cumulative deficits of $315 billion during the 1970s.

President Reagan's success in no way demonstrates, however, that Congress has foresworn its belief that it is "better to add than subtract." Congress went along with the President in the early summer, but in August was reminded what side its bread is buttered on. During the recess, senators and representatives met with constituents. The complaints from special interest groups about the budget cuts were amplified many times over because of the natural law of the Congress which states "thy constituency will support budget increases, not budget decreases."

OUT OF BALANCE

The last ten years have witnessed a substantial attack on presidential powers by Congress largely in reaction to real and imagined excesses of the Nixon administration. Two major pieces of legislation were passed in the early 1970s which clearly were designed to involve the Congress directly in areas which had previously been regarded as subjects for presidential management and decision-making.

The War Powers Act for the first time required the President to inform the Congress of his decision to use U.S. military power in emergency situations, subject to congressional disapproval.

The Budget Impoundment and Control Act for the first time required the President to inform Congress of his decision to withhold the expenditure of funds from appropriated programs, also subject to congressional disapproval.

The Act provides for congressional control over two types of presidential impoundment: (1) Rescissions—when appropriations lapse before being spent, and (2) Deferrals—when expenditures are delayed. For a rescission to stand, the law required that Congress vote its concurrence. Otherwise, the rescission was automatically disapproved. Deferrals were allowed to stand unless Congress voted to disapprove.

THE FEDERAL SPENDING PROCESS

The continuing Federal argument over the power to spend money is as old as the Constitution and involves many of the same points in dispute as a family discussion following repeated attempts to balance the joint checking account.

Congress, in Article I, Section 8, is clearly provided with the power to collect taxes, to pay the debts and provide for the common defense and general welfare. At the same time, the Constitution vests executive power in the President who is given the responsibility to see that the laws are faithfully executed (Article II, Section 3).

If Congress merely appropriated large lump sums of money and handed them over to the President for his decision as to how they should be spent, there would not be much significance to the legislative process. Congress would have given up its primary power and responsibility. On the other hand, if Congress dedicated on a line-by-line basis exactly how all monies should be spent, the istrator with no longer really be Chief Executive. He would be a clerk or administrator with no discretion or choice in policymaking—a National City Manager.

Obviously, the framers never intended either branch to supplant the other completely. They established a government of separation of powers, with internal checks and balances. Tensions over spending decisions were to be expected, and those expectations have not been disappointed.

The ensuing history of the appropriations and budget processes reveals this historic tension with one branch dominating, then the other recovering its power and tipping the balance the other way. In some periods, the issues have been over domestic spending. In other, military or foreign policy matters have been in contention. Today, with the national debt over $1 trillion, and annual deficits between $40 and $60 billion (or more), we face tensions over both domestic and defense spending. The underlying budget issues, however, still can be found in the constitutional tension between Congress and the President over the spending power.

PRESIDENTIAL IMPOUNDMENTS

Presidents, from the days of George Washington, considered appropriations permissive rather than mandatory. Funds were routinely impounded (not spent) whenever appropriations exceeded expenditures. Thomas Jefferson withheld $50,000 in 1802 from funds which were to be used to buy gunboats. Jefferson contended that the Louisiana Purchase had made the Mississippi more peaceful and that the expenditure was no longer necessary. His decision was temporary. He bought the gunboats the following year. Moreover, as another reflection of the prevailing thinking, Jefferson routinely returned unexpended balances in a contingency fund to the Treasury.

Both Jefferson and James Madison believed that the President, in an emergency, had the right to transcend the appropriation laws of Congress. In fact, from 1809 to the Civil War, appropriations of public money permitted the intermingling of funds among various departments. Congressional supervision of government spending practices was so lax in this period that the President could legally and easily shift funds from department to department and program to program as he saw fit.

After the Civil War, however, several bills were passed which established the Congress' power to appropriate line item provisions. Over the next 50 years, such laws became more and more detailed. Congress specified which activities were to be carried out, the number and sort of personnel to be employed to do the work and the amounts which could be spent for required materials and supplies. Congress spent days debating clerks' salaries.

By 1917 and the entry of the United States into World War I, it had become apparent that the legislative branch could no longer specify appropriations in such detail. During the period of U.S. involvement in the hostilities, Congress dispensed with line item grants. Although the general purposes to which the authorized funds were to be put were described, the President was given the responsibility to distribute the money among specific accounts.

Finally, in the Budget and Accounting Act of 1921, the Congress established the General Accounting Office to help oversee government expenditures. Thereafter, the budget grew dramatically and constantly, but the number of line item accounts appropriated by Congress gradually declined. Congress gave up specifying how money should be spent. It contended itself with writing programs and restrictions into appropriations bills. Budget decisions in specific terms shifted to the Executive Branch.

The past 100 years has seen major transformations of the budget process. In 1876, the Federal budget of $265 million contained far more lines than our current $700 billion budget. A single appropriation bill in 1876 providing about $200,000 for West Point included about 40 accounts. Today's $180 billion defense budget is subdivided into only about 50 appropriation accounts.

RECENT IMPOUNDMENT PRACTICES

With the New Deal, in the early 1930's presidential power over spending decisions began to grow substantially. As a closely correlated event, presidential impoundment of funds became a perennial source of friction between the executive and legislative branches. Franklin Roosevelt held back appropriated funds from public works projects. Harry Truman held back funds for veterans' hospitals and for the Air Force. John Kennedy withheld funds from the B–70 bomber. President Nixon carried the impoundment power further, using it to withhold highway funds, water and sewer grants, and various urban programs. The current law is the Congress' reaction to Nixon's use of the impoundment power to refuse to spend funds for programs which he did not like, even though they had been authorized and appropriated by Congress.

Over the last several years, the use of the impoundment power under the Budget Act has appeared to be declining. President Ford asked for approximately $7 billion in recissions in 1975 and 1976 of which Congress accepted about $500 million—or 7 percent.

In the four years of the Carter administration, the President asked for recissions totaling about $5 billion. Congress approved some $2.6 billion (52 percent). However, President Reagan, in a period of budget crisis, has requested $16.5 billion in rescissions (of which $1.1 billion were later withdrawn). Congress has accepted $11.7 billion, which is 71 percent of the requests.

Over the life of the Budget Act, the value of deferrals has exceeded the dollar value of rescissions, but deferrals are not really savings inasmuch as they must be spent during the fiscal year.

The Reagan administration scored an outstanding political coup in the early summer of 1981 in its devastatingly skilled and unprecedented manipulation of Congress' budget reconciliation process. Over $35 billion were saved, with Congress barely able to draw its breath before the money was

whisked away. Awed chroniclers will tell of this for years to come. But, whatever the President's popularity, the feat is unlikely ever to be performed again. There is no reasonable expectation that he can again use the budget reconciliation program to force-feed Congress' acceptance of major budget cuts.

HAVE THE IMPOUNDMENT PROVISIONS WORKED?

In 1977, the GAO issued a report reviewing the Impoundment and Control Act after two years in operation. The GAO found that while the executive branch had generally complied with the language and spirit of the Act, it had initiated a small number of impoundments that had either not been reported or been reported so late as to frustrate the Act's intentions.

The GAO made a number of recommendations. It specifically noted the heavy burden of paper work caused by requiring that all withholdings of budget authority, regardless of reason, be reported. It recommended that routine impoundments under the Antideficiency Act not be reported at all so that the Congress would have the time to give proper consideration to the more important policy-based impoundments. The GAO also recommended several changes with respect to the definition of terms and time periods in the Act.

Very few conflicts over impoundment have spilled over into the courts since passage of the Budget Act. However, as the GAO report pointed out, the problems involved with the paperwork, as well as the continued delays in reporting impoundments, remain to be addressed.

Under the Carter administration, it often took many weeks for an agency's withholding of funds to work its way through the bureaucracy, the Office of Management and Budget, and the White House. Executive inefficiency was exacerbated by congressional footdragging. Congress often waited until the last minute before informing the administration of its intentions with respect to some rescissions. Some, in fact, were approved after the 45-day limit had expired.

BUDGET CRISIS OF THE 1980'S
UNCONTROLLABLE SPENDING

This year the national debt has climbed to over $1 trillion. In 1961, just 20 years ago, total Federal outlays for all programs amounted to less than $100 billion—the amount we will have to pay this year in interest on the national debt. The last time the Federal budget showed a surplus was in 1969. Increased deficits and spending have become automatic, are out of control, and have caused our present budget crisis.

Approximately three-quarters of U.S. budget expenditures are classified as relatively uncontrollable under existing law. That means that if Congress passes no new laws for the fiscal year, approximatley $571 billion dollars will be spent automatically with very little congressional scrutiny. Senator Pete V. Domenici (R. N.M.), chairman of the Senate Budget Committee on which I serve, states that even though the administration and the Congress managed earlier this year to make extraordinary cuts in program appropriations, the budget—due to the "uncontrollables"—is presently soaring at an annual rate of 16 percent.

Under our current system, the budget committees are spending targets, the authorizing committees establish policies and goals of specific legislation, and the appropriations committees determine the outlays. The resulting maze of subcommittees defies the effective overview of the congressional leadership. Hundreds of millions—indeed billions—of dollars can be siphoned off by interest groups far-removed from the glare of public inspection. The only effective safeguard is to return the power to the President to fine-tune the Congress decisions.

CONSTITUENCY PRESSURE ON CONGRESS

While a reform of the impoundment procedure is required, and a new partnership with the executive branch must be achieved, Congress should not be absolved of its own responsibility to establish a mechanism for dealing with those enormous entitlement programs. Nevertheless, it is apparent that the political pressures are such that Congress will not take on Social Security, veterans benefits, Medicare, Medicaid, Food Stamps, or any of the other entitlement programs.

These programs affect people—specifically poor people—and the Congress is not going to take on that constituency or suffer the adverse publicity which would assuredly accompany such actions.

However, it is incumbent upon the nation to find an operable formula for controlling the "uncontrollable" entitlement programs. Their growth over recent years has astounded official Washington and stands at vastly higher levels than ever anticipated. Thus, in the ten years between 1969 and 1979 outlays for Social Security and Railroad Retirement increased almost 400 percent, from $28.3 billion to $108 billion. Similarly, spending for Medicare and Medicaid increased from $8.9 billion in 1969 to an estimated $42.1 billion in 1979—almost 500 percent.

Spending in other areas of the budget have increased much less rapidly. National defense outlays increased from $79.4 billion in 1969 to $117.7 billion in 1979—an increase of about 48 percent, approximately one-third the rate at which the cost-of-living index has gone up over the period.

Increases for Social Security/Railroad Retirement and Medicare/Medicaid were consistent over these ten years. Every year, except 1978, showed at least a 10 percent increase for Social Security/Railroad Retirement. One year (1973) showed a 21.9 percent increase and two years (1971 and 1975) showed increases of over 18 percent. The percentage increases for Medicare/Medicaid were even higher. Although in one year (1973) the increase was held to 5.2 percent, in three other years (1974–1976) increases were more than 20 percent. Overall, in seven of the ten years, increases in spending of more than 15 percent were registered for Medicare/Medicaid.

This sharply contrasts with spending figures for national defense. These registered a net decrease for three of the ten years (1970, 1971 and 1973). Only 1978 showed an increase in spending of over 10 percent.

The steady increases in Social Security/Railroad Retirement outlays brought total spending in 1979 to the point where it nearly equalled the amount spent for national defense. In contrast, in 1969 spending for national defense was more than double the amount spent for these programs. Similarly, payments for Medicare/Medicaid increased from a little over 10 percent of the defense budget in 1969 to more than a third of defense spending in 1979.

The public appears to give strong support for enhanced presidential responsibility in controlling spending. The Gallup Poll in October of this year reported that 64 percent favored granting the President the power to "veto some items in a bill without vetoing the entire bill." Such a capability would be comparable to the "item veto power granted to governors of more than half the states. Mr. Reagan has, in fact, wistfully noted the superior level of authority vested in governors, relative to that which the flushed-with-success Congress of the early 1970s has left to the President. Nonetheless, the White House is not advocating a move toward an item veto. Some observers hold that such would necessarily entail a Constitutional amendment.

What does appear to be attainable is a reform of the impoundment provisions of the Budget Act. A number of members of Congress have begun to examine means of reasserting such control, particularly over entitlement spending. While there certainly remains some tension between the legislative and executive branches, it has become clear that both will have to work together to restore the nation's fiscal health.

The six years that the Budget Act has been in operation has been a period dominated by sharp tensions between President and Congress. It has become clear that procedures must be reassessed, including the impoundment powers of the President.

CONTROLLED IMPOUNDMENT

Some members have suggested that the President be given impoundment authority, but subject to certain limitations. The suggested limitations include:

Prohibition against a withholding of more than 10 percent from any one program.

A congressional veto requiring the vote of both Houses of Congress on any impoundment action within 45 or 90 days of that action.

Limitation of the authority to one year only.

Prohibition against the elimination of any program in its entirety.

A trigger mechanism that would require the President to confirm that spending is running at a rate which will exceed the ceiling set in the Budget Resolution.

A dollar-amount ceiling that will prohibit the President from exercising impoundment to reduce spending by more than $15 billion during the course of the fiscal year.

The first two proposals certainly merit serious consideration. Prohibition against more than a 10 percent withholding from any one program would go far in assuring that a President could not thwart the policy decisions of Congress through impoundment action. The programs as established by Congress would be protected to at least 90 percent of the appropriated funding levels.

The second proposal permitting a congressional veto of an impoundment action would effectively reverse the procedure with respect to rescissions in the current Budget Act. Today, Congress must approve presidential rescissions or they are automatically disapproved. This proposal would reverse the assumptions—the rescissions would take effect unless disapproved by the Congress.

Adoption of this proposal whereby Congress would vote to overturn presidential impoundments, would do away with a great deal of paperwork and would enhance the President's technical ability to manage the budget. Congress could devote its time to the debate of major legislation without being swamped by petty administrative details.

In considering amendments to the Budget Act, it should be remembered that presidential powers of impoundment are not unconstitutional, but are as old as the Republic and wholly necessary to the normal operations of the government. While it remains essential that Congress retain control over the power to legislate and appropriate, the President must be permitted to administer the executive branch as efficiently as possible. He should be allowed to do so without swamping Congress with paperwork on routine administrative decisions. No member of Congress has advocated that the legislative branch shrink from considering its normal business. No one has proposed turning all the spending powers over to the President.

However, experience with the Budget Act over its first few years of operation have demonstrated that the Act, and its impoundment provisions, can be improved. In times such as these, with mounting budget deficits and rapid, if temporary, shifts in the major economic indicators, we would be

foolish to saddle both the President and Congress with messy procedures that we know are not working well. It is our responsibility to see that both the President and Congress make and carry out decisions as efficiently as possible and in the public interest.

Improving the President's ability to withhold spending under strict congressional control procedures would certainly enhance the government's ability to respond to budget crises when they occur. Such an improvement in ability to act effectively would be in the interest of the Congress, of the President, and of the people.●

H.R. 1465—STATE AND LOCAL GOVERNMENT COST ESTIMATE ACT OF 1981

● Mr. PRYOR. Mr. President, I would like to commend my distinguished colleague from Tennessee, Senator SASSER, for introducing and bringing to the floor legislation, S. 43, to require the Congressional Budget Office to prepare State and local government cost estimates for every significant bill reported by committees of the House or Senate.

H.R. 1465, which is a companion to S. 43, will not only help Congress as it goes about the task of intelligently considering legislation, but it will also help State and local governments themselves, since factors of costs which these governments will have to bear will have already been considered.

Mr. President, as a cosponsor of S. 43, I support this bill to strengthen the legislative process. Simply stated, an informed congressional decision is a better congressional decision.●

SUBSTANTIVE IDB LEGISLATION NEXT SESSION

● Mr. DOLE. Mr. President, I understand that several Senators are very concerned whether, when the Finance Committee considers substantive IDB reform, we will address the question of multiple lot or composite bonds—the type of bond affected by Revenue Ruling 81–216. I wish to assure those Senators that we will address the questions raised by 81–216. It is clear from the great concern raised by that ruling that any IDB reform legislation that still includes any per issue limitations ought to include a definition of the words "issue."

I hope this assurance will reassure those Senators concerned about Revenue Ruling 81–216.●

S. 1131—THE DELINQUENT PAYMENTS ACT

● Mr. PRYOR. Mr. President, I am a cosponsor of S. 1131, the Delinquent Payments Act of 1981. I support this legislation because I believe that debts of the Government to businesses must be paid on time. This bill mandates that payment be made by the Government within 30 days after an invoice is received. If such payment is not made within the specified period of time, the legislation calls for computation and payment of interest.

The General Accounting Office has reported that more than 40 percent of all invoices submitted to Government pay centers are not paid within 30 days. This is a shocking and unacceptable statistic which highlights the inefficient payment practices of the Government.

This bill is crucial to the business sector of our Nation. It is especially crucial to small businesses, the lifeblood of our economy, which do not have the means to carry their obligations over long periods of time until the Government sees fit to honor its obligations.

I have spoken with owners of small businesses in Arkansas. Unfortunately, many of them tell me the same thing: They cannot afford to do business with the Federal Government because of its slow payment procedures. Many small businesses have stopped soliciting Government contracts. This affects not only small businesses, which benefit from promptly paid contracts with the Government, but it also affects the Government itself, and therefore the taxpayers, since a lack of competition for Government contracts tends to produce more expensive products and service.

Mr. President, I would only close by saying I believe in this legislation, not only in its purpose, but in its commonsense approach. It represents an important step in the right direction for the Federal Government.●

STATUS OF THE INVESTIGATION ON OIL AND GAS THEFTS ON INDIAN AND FEDERAL LANDS

● Mr. COHEN. Mr. President, I would like to refer to an article in the RECORD that appeared in Friday's Washington Post.

This article recounts the tentative conclusions of the Commission on Fiscal Accountability of the Nation's Energy Resources regarding its investigation into the monitoring of oil and gas leases on Federal and Indian lands.

The Commission was in Washington last week to hold 2 days of hearings on this subject before preparing its final recommendations on how to address the widespread existence of conditions on both Federal and Indian oil and gas leases which constitute an open invitation to theft and how to improve the royalty accounting procedures used by the U.S. Geological Survey on the production from those leases.

Mr. President, the Indian Affairs Committee has been looking into the problems on Indian oil and gas leases for about a year. In that time, the committee found an extraordinary disparity between the mandate of the U.S. Geological Survey, which is to insure the integrity of the Indian oil and gas leases, and the resources which the USGS had at its disposal. Our study also revealed a distressing lack of training for USGS personnel who are charged with examining the leases and, in fact, in many instances, found that those people were entirely unfamiliar with the rules which governed the leases they were supposed to protect.

The committee also found that these problems were not confined to Indian lands. On the contrary, it found that in all probability the problem is much worse on public lands.

I wish to commend Secretary of the Interior Watt for his initiative in forming an independent commission to investigate the oil and gas problem and to make recommendations on how to deal with it. The Commission on the Fiscal Accountability of the Nation's Energy Resources is the result of that conversation.

Since that time, we have followed the progress of the Commission while pursuing our own examination of the issue. We look forward to the Commission's report and hope to work with those other Senate committees which have an interest in it to insure that the Commission's recommendations are given the most thorough scrutiny.

In closing, Mr. President, I would like to point out that the Indian Affairs Committee's consideration of the status of oil and gas lease protections on Indian lands has been a model of bipartisan cooperation.

I ask that the article to which I referred earlier be printed in the RECORD.

The article follows:

MILLIONS HELD LOST ON OIL LEASE ROYALTIES

(By Mary Thornton)

Federal and state governments and American Indian tribes are losing hundreds of millions of dollars in oil and gas royalties a year because companies regularly underreport what they take from public and Indian lands they lease.

In addition, security is so lax at many leased sites that large quantities of oil and gas are regularly stolen.

Those are two findings of a U.S. commission that will soon recommend major changes in the way the Interior Department administers oil and gas leases, and in the penalties that can be invoked against companies that violate the leasing rules.

David Linowes, chairman of the Commission on Fiscal Accountability of the Nation's Energy Resources, set up last July 27, says that the system is in "terrible disarray" and that the oil industry "won't even recognize that there's a problem."

Linowes expects to issue a final report by the end of January.

Testimony from the General Accounting Office has indicated that governments and Indian tribes are losing as much as 10 percent of their rightful royalties. That was estimated to be $650 million this year.

One difficulty, Linowes said, appears to be that Interior's U.S. Geological Survey, the administering agency, has historically not questioned production reports submitted by oil companies.

"They have some of the finest scientists in the world," he said. "They do an outstanding job of looking after our natural resources. But this is a fiscal responsibility they're not really trained for. What's happened is that you have a billion dollar business being run by scientists with not more than a dozen people with any training in accounting. And for the most part, they've been hired in the past several months."

Testimony has indicated that in the past there has been no attempt by the agency to match the documentation from the removal of oil or gas with the final sales slips the companies submit for royalty purposes. Examination of the documentation by the commission produced evidence of major underpayments.

Company officials testified uniformly that the discrepancies were due to errors, but Linowes said, "I haven't seen one overpayment. If mistakes are being made, and they're solely mistakes, there should be an occasional instance of an overpayment."

On site security, Linowes said, "We have no handle on how much is being stolen, but we've been told that as soon as it gets dark, the trucks begin running through the oil fields like it's midtown city," he said. "If they see the feds coming, they shut off the valve and get onto a state road [where federal law enforcement authorities have no jurisdiction]. They find the cracks."

USGS has 47 inspectors to police 18,000 lease sites.

H. P. Walter, a member of the USGS quality assurance team, testified this week that "the job is impossible. I don't think the U.S. Army could do it. There are thousands of these things . . . There's no way in God's world that any task force of any reasonable size can do any more than show the flag.

"We have a very valuable commodity just out there lying on the ground. It's like putting a $5,000 bill on the ground and putting a rock on top of it," he said. "There's nothing in the world to keep a crook from driving up and stealing that oil. . . . There are crooks in every business, and in this one the payoff is great." ●

COMMENDING NEW SENATORS ON LABOR AND HUMAN RESOURCES COMMITTEE

● Mr. HATCH. Mr. President, at the close of this first session of the 97th Congress, I would like to pay tribute to the 16 Republican Senators for whom this session of the Senate has been the first. And as chairman of the Labor and Human Resources Committee of this respected body, I would particularly like to commend those new Senators who have served with me on the committee this past year. Of these five Senators—Senators QUAYLE, HAWKINS, NICKLES, DENTON, and EAST—four are chairmen of subcommittees with critical legislative responsibilities and all have made important legislative contributions; contributions which represent in great part the legislative successes of this Congress.

Mr. President, the Committee on Labor and Human Resources is as extensive in breadth of jurisdiction as any other committee of the Senate. Legislation from the committee touches the lives of every American. Members of this committee are charged with overseeing programs that involve the Government in prenatal and neonatal care of infants and mothers; we oversee Federal efforts to improve the quality of education of our youth through high school, and Federal efforts to assist college and other secondary students earn advanced educations.

We work to help the handicapped and disabled lead fulfilling lives. We deal with vocational education and job training for workers entering the job market for the first time, or reentering the market. We are concerned with the safety and health of workers on the job. We provide the framework upon which pension plans are built for retired workers. Our committee is currently involved in efforts to improve services to the aged who are unable to lead a fully active life, and to provide income assistance to those who are unable to meet inflated costs of home heating in winter. We also work with the ways in which these many programs interact to affect families, which consist of Americans from very young to very old.

With the added leadership of these five new Senators, this committee has opened new frontiers in the 97th Congress first session, in almost all of these fields. Our efforts during the novel budget reconciliation process this past summer have literally restructured the Federal-State and Federal-local government relationships, passing major responsibilities for the health and well-being of Americans to those levels of government closest to the people who need the services. Not coincidentally this committee made a milestone effort to control and reduce runaway Federal spending, while at the same time preserving critical services for those people who have no other source of aid in times of great need.

This committee was charged by the Senate to make almost 25 percent of the total budget savings required over the next 4 fiscal years. And we met that target, due in large part to the efforts of these new Senators as subcommittee chairmen.

At the same time we have worked to make many of these programs work better, and often at a reduced cost. Congressional oversight is considered a very serious responsibility by this committee and by Senator HAWKINS in particular. We created this year a subcommittee under her leadership dedicated solely to investigations and oversight, and we have conducted in all subcommittees and the full committee thorough oversight proceedings on several Federal agencies. Our concerns are that those employed by the Government recognize fully their responsibilities to their fellow citizens to spend public moneys with great care and consideration.

Members of the committee represent an extremely wide divergence of political thought, but to the credit of these young Senators we have been able to work effectively together under very trying circumstances, and much of the legislation we have reported out reflects the great care these new colleagues have exercised in looking out for their constituents and all other Americans.

Mr. President, it is with great pleasure that I briefly report on the achievements of these new members serving on the Committee on Labor and Human Resources. They have worked hard and have a legislative record that reflects that work. And it is good legislative work. I am confident that we can build on these achievements in the next session, and do even greater service to those Americans who have entrusted these offices to these new Senators and to all of us.

Mr. Chairman, I am going to detail some of the work of the four freshmen Senators who chair subcommittees of the Committee on Labor and Human Resources, but first I would like to pay homage to the very able assistance we have had from Senator EAST, who does not chair a subcommittee, but who has been an active and forceful participant in our committee deliberations. On several occasions the outcome of an important issue has been decided in our committee by one vote. While many Senators in a similar situation always participate by proxy, Senator EAST has chosen instead to invest the time himself to familiarize himself with the issues, participate in committee debates and vote in person. I do not exaggerate when I say that much of the heart of this Congress efforts to reduce Federal spending would not have been possible without exactly that effort from the Senator from North Carolina. His one vote in this committee has always been cast for the good, not only of his constituents in North Carolina, but also for the good of this Nation and I thank him for it.

I also have the privilege of serving with Senator EAST on the Committee on the Judiciary, where he has been active enough for several Senators, so I know the time he invests with us is precious.

I am very proud to have DAN QUAYLE serve with me on the Committee on Labor and Human Resources. Having first served with distinction in the House of Representatives, Senator QUAYLE has devoted the same energy to solving the problems now confronting the U.S. Senate. These are, Mr. President, problems which cannot wait for Senators to have what some might think is the proper seasoning. These are problems which have to be addressed now. And as chairman, Senator QUAYLE, to his credit, has wasted no time in leading the Employment and Productivity Subcommittee in the business of reviewing current laws in these areas and developing some blueprints for further action.

First, Senator QUAYLE saved the CETA youth employment and training programs, title IV–A, from premature merger with other CETA components. Youth unemployment is one of the most serious problems we have in our country today and it was an important contribution of Senator QUAYLE that he introduced S. 648 to extend these youth programs for one additional year. Believing that all of CETA's programs should be evaluated concurrently and not piecemeal, the Senator from Indiana guided this legislation through the Senate, encouraged prompt action in the House of Representatives, and persuaded the administration to consider the youth programs in the context of CETA's reauthorization. President Reagan signed this bill into law in June. Not only did this action insure the continuation of CETA youth training projects through the end of the fiscal year, it also provided our committee with a comprehensive picture of CETA's mission, accomplishments and failures. Congress cannot look at an employment and training policy apart from the impact of that policy on youth.

Second, Senator QUAYLE shepherded budget recommendations through the committee for both fiscal year 1981 and fiscal year 1982 which were fully compatible with the committee's reconciliation instructions for the employment and training components of budget function 500. Total savings exceeded $5.6 billion. Further, Mr. President, his subcommittee did not merely slash away at the total authorization level; rather, meaningful changes were brought in the current law which provided much of the savings and therefore minimized the adverse impact of budget cuts on existing

programs. Among these innovations were a 20-percent transferability which could be made by State Governors between titles, a reduction from 12 to 10.5 percent of the Governors' discretionary fund, and some changes in the coverage required of the employment services. I would again express my appreciation to my colleague from Indiana for his constructive approach to reconciliation.

While it was necessary for us to differ on the ultimate form of the various block grant proposals, which were passed by the Labor and Human Resources Committee, it should be noted for the record that Senator QUAYLE was an active participant in that debate and even provided the committee with substitutes to consider. This clearly illustrates the commitment of Senator QUAYLE to thorough consideration of the issues and alternatives facing the committee and the Congress as a whole. Along the same lines, DAN QUAYLE probably has one of the best committee attendance records in the Senate, a record of preparation and participation which could be a goal for some of the rest of us. I would hope that the press would praise such effort on the part of any Member of the House or Senate.

Third, Senator QUAYLE knows the necessity of authorizing a new Federal employment and training policy before the end of fiscal year 1982 and for the Labor and Human Resources Committee to report a measure before the May 15 budget deadline. Obviously, good legislation cannot be produced instantly. It should not even be considered formally by the subcommittee or full committee before it has been exposed to the exhaustive public scrutiny required by the democratic process for such key legislation. It is commendable and fortuitous that Senator QUAYLE has begun the process of reauthorization early. We cannot procrastinate on an issue this large and complex, or an issue so critical to so many unemployed Americans.

The Employment and Productivity Subcommittee began in June with hearings to discuss the Federal role in employment and training policies and how the Federal Government should best relate to State and local governments and community organizations in the future. A total of 6 days of hearings were held. Two additional hearings were held jointly with the Education, Arts, and Humanities Subcommittee, chaired by our senior colleague from Vermont, Senator STAFFORD, on the linkage of CETA and vocational education programs. This exercise is indicative of Senator QUAYLE's willingness to cooperate with other Senators to accomplish the policy changes so essential for the economic recovery of our Nation and for the increased standard of living for individuals.

As we approach the end of the first session of the 97th Congress, the proposal Senator QUAYLE has developed has already been public for over a month. It has been subject to suggestions, kudos, and criticism, from service providers, State and local governments, business and labor, client groups, and the administration. The accumulated input will help pave the way for the achievement of a bipartisan piece of legislation and enactment of an effective and workable employment and training program. Senator QUAYLE's enthusiastic and tireless efforts toward this objective ought to be applauded as an excellent example of leadership.

Mr. President, all of us who have worked with large organizations know how institutions very quickly lose sight of the problem which they were created to resolve—that is, they lose sight of their mission. And it does not take a wizard of organizational behavior to know that organizations must renew their missions periodically if they are to maintain their vitality. This is true especially in the private sector, where competition forces constant scrutiny of direction. If a business slacks off in trying to build a better mousetrap, a strong reminder will be provided by the ads of its competitors. Of serious concern to Republicans in recent years is how to provide for the constant renewal of governmental institutions where there is no competition for the service for which they were created to provide.

Fortunately our constitutional system of government does provide our Government agencies with a mechanism to review their missions, reexamine their goals, objectives, work program and budget in relation to that mission and to demonstrate their stewardships to the American public—congressional oversight. Unfortunately, few agencies have enjoyed an opportunity for self-renewal. Indeed, they often see congressional oversight as at least an inconvenience if not an outright invasion of their domain. But neither has Congress always assumed its responsibility to demand accountability from our public institutions. At times the attitudes have been to not upset the special interest groups and bureaucrats whose self-survival instincts are to protect their turf—right or wrong.

We have seen congressional committees skim over their reviews of agencies without asking critical questions with the attitude of "Let's see what we gave them this year and increase it 20 percent because they cannot get their work done for lack of funds." It is much easier to be "nice" and be liked than to ask the hard questions crucial in accountability and efficiency. This becomes the critical and valuable part of congressional oversight responsibilities, for it is here Congress can be of service to an agency in renewing its mission and giving its leadership new vitality.

Congressional oversight can serve as the point where Federal agencies come before Congress and report to the public how effectively they have carried out their congressional mandate. The agency has the opportunity to recommend to Congress why changes under current national conditions rather than when it was originally established.

Through oversight hearings, the public would be well served. Aside from informing it how its tax dollars are being used, the agency can report progress in solving the problems for which it was established. If agencies are aware that thorough oversight responsibilities will be carried out by Congress, they will be more careful in carrying out their mandate and assume greater responsibility for management of the agency.

At the beginning of the 97th Congress, the committee took the unprecedented step of creating a Subcommittee on Investigations and General Oversight. Under the able chairmanship of Senator HAWKINS, this subcommittee has pioneered a successful program of responsible congressional oversight. Her efforts represent to me the modern day "checks and balances" our constitutional authors envisioned for our separate branches of Government.

As chairman of this subcommittee, Senator HAWKINS has engaged in legislative activities which include the full breadth of Labor Committee jurisdiction.

During the first 10 months of the 97th Congress the Subcommittee on Investigations and General Oversight has initiated inquiries into several areas of governmental operation that fall under the jurisdiction of the Committee on Labor and Human Resources.

NATIONAL WAR ON CANCER

On May 21, 1981, the subcommittee conducted hearings to examine the progress made by the National Cancer Institute toward the treatment and cure of cancer. The subcommittee's investigation disclosed a problem in the Institute's ability to successfully inform and educate the community physicians and hospitals in the most recent development in research and treatment. The testimony revealed that 85 percent of the cancer patients in this country are treated at the community and local level. The critical appraisal of the Institute's ability to disseminate information and scientific research was echoed by community physicians from cancer treatment centers across the country.

Also questioned in the May 21 hearing was the National Cancer Institute's failure to report kidney failure among several patients receiving the cancer drug methyl-CCNU to the Food and Drug Administration. The reporting of such adverse drug reactions has been the focus of the subcommittee's continuing investigation of the national cancer program. Additional hearings on this subject are scheduled.

At the conclusion of the hearing, Chairman HAWKINS called on Health and Human Services Secretary Richard Schweiker to develop a special study commission to recommend improvements in the transfer of research and treatment breakthrough to community hospitals and physicians. Secretary Schweiker responded by naming a Committee on Community Oncology and Technology Transfer. This committee met first in July of this year and continues to meet on a regular basis. The subcommittee will continue to monitor the progress of the study commission and to work with the Secretary to insure that all cancer patients in this country have the benefit of the most advanced treatments.

EMPLOYMENT AND TRAINING PROGRAMS

On August 7, 1981, the subcommittee targeted the Comprehensive Employment and Training Administration programs and practices in the State of Florida. At an Orlando field hearing investigators and auditors from the Federal, State and

local levels disclosed incidents of wrongdoing and fraud in the expenditures of Federal CETA dollars. Testimony disclosed CETA funds being paid to a psychologist who had no degree in psychology and whose address was determined to be a vacant lot; thousands of dollars in loans to various individuals in the programs which were never paid back; one organization director who received a salary under his real name from one source of funding and was simultaneously receiving a salary as a clerk-typist under an assumed name; and the purchase of hundreds of thousands of dollars of farm equipment that was never located.

Additional testimony revealed several incidents of abuse of program funds. Witnesses related examples of self-dealing between funded CETA corporations and private companies actually established by the same individuals who were in control of Federal CETA funds. The subcommittee was assured that proper controls and reviews are now in place to prevent this wrongdoing from reoccurring in the future.

OCCUPATIONAL SAFETY AND HEALTH

On September 23, 1981, the subcommittee focused its attention on the practices and procedures of the Occupational Health and Safety Administration.

In a joint hearing with the Subcommittee on Labor, Assistant Secretary Thorne G. Auchter presented his plans and proposals for the administration of OSHA. Assistant Secretary Auchter was able to address specific concerns of business and labor and to report to the Congress the directions for Occupational Safety and Health under the new administration. The subcommittee also heard testimony from concerned officials representing a variety of business, labor, and industry sectors.

MISSING CHILDREN

On October 6, 1981, the Subcommittee conducted a formal inquiry into the problem of missing children in America. Dramatic evidence of the extent of this problem and its impact on those involved was received in the form of testimony from parents actually affected by this tragedy. The subcommittee was impressed by the obvious impact and devastation felt by the family of a missing child.

Additional testimony was received from two separate local law enforcement agencies who have been effectively dealing with the problem. They explained to the subcommittee the techniques and tools that they employ to locate missing children in their community. Finally, testimony was received from the information director for a nationwide citizen action group dedicated to the recovery and safe return of missing children. All of the witnesses spoke in dramatic terms of the need for a national clearinghouse of information on missing persons and a similar system to track and identify the remains of deceased individuals. Legislation to initiate these programs, authored by Senator HAWKINS of Florida, is currently before the Juvenile Justice Subcommittee of the Judiciary Committee.

ADDITIONAL AREAS OF INQUIRY

In addition to the subject areas discussed above, the subcommittee also initiated specific inquiries into the practices of the Equal Employment Opportunity Commission, the paperwork involved in the education of handicapped children, and the Food and Drug Administration.

At this point I ask that an article authored by Senator HAWKINS on cancer research be entered into the RECORD the article follows:

CANCER RESEARCH: THE NEED FOR A WATCHDOG

(By Senator PAULA HAWKINS)

Cancer is a scary word, one that conjures up dread and uncertainty. We hear one day that scientists have discovered a new drug that holds real promise of curing one type of cancer or another. The next day, we hear that 1 in 3 Americans will contract cancer before age 74, and that 1 in 6 Americans will die of the disease.

Amid these conflicting and confusing reports, we ask ourselves where do we stand in this war against cancer? Who are the generals, what is their strategy, and are they making any headway against this fearsome enemy?

It is, I believe, the responsibility of Congress to review these questions and attempt to determine the answers. The war against cancer is a national project, funded by tax dollars, directed by public officials.

As Chairman of the Senate Labor Subcommittee on Investigations and General Oversight, I made oversight of the National Cancer Institute (NCI) the first priority of my subcommittee. For the past eight months, this subcommittee has conducted an extensive investigation into the policies, procedures and practices of the NCI with the aim of identifying program deficiencies and finding ways to correct them. The inquiry also involved the Food and Drug Administration (FDA), sister agency and regulator of the NCI.

The subcommittee has held three sets of hearings, beginning last May. The first hearing addressed the need for more efficient dispersal of information from cancer research centers to doctors out in the field. What we discovered is that the lines of communication are weak at best. At the recommendation of the Subcommittee, Richard Schweiker, Secretary of the Department of Health and Human Services, established a Committee on Community Oncology and Technology Transfer to explore ways to strengthen the communications network between researchers and family doctors.

The following two hearings, held early in November, concentrated on the NCI's experimental drug development program and on the role of the FDA as regulator of that program. Those hearings revealed serious deficiencies on the part of both the NCI and the FDA, including the following:

1. The NCI has failed to ensure that its clinical investigators—the people who actually administer the experimental drugs to patients—are abiding by the regulations and are promptly informing other physicians of hazardous side effects of experimental drugs. It was determined that the NCI could not even identify all of its clinical field investigators.

2. The NCI repeatedly failed to comply with FDA reporting regulations, has an inconsistent record of reporting adverse drug reactions to the FDA, and has tested experimental drugs on patients without a treatment plan approved as required by both the NCI and the FDA. In addition, the NCI in some instances has failed to submit complete and updated drug data to the FDA. In one case, an NCI monitor learned about an unapproved anti-cancer drug test only by chancing across an article in a medical journal.

3. The FDA has shown a reluctance to vigorously regulate the NCI, in some cases observing violations of regulations without forcing any corrective action.

The testimony of FDA officials brought these deficiencies into sharp focus. As one scientist put it, "The NCI has little inclination to be regulated, and the FDA has little inclination to regulate."

Experimental anti-cancer drugs can save lives, but misuse of the same drugs can kill patients. Lax management of the national cancer program can lead us up blind alleys to frustration and despair. The purpose of these oversight hearings is to target and correct the administrative problems hampering our efforts to find a cure for cancer. There is much still to be accomplished, but we are making progress. For example:

When Secretary Schweiker was made aware of the subcommittee's findings, he set up a special task force to review the deficiencies discovered. This task force is scheduled to report to the Secretary and the Subcommittee in December.

Dr. Vincent DeVita, NCI Director, admitted at the most recent hearing that his agency has been "remiss" in reporting adverse drug reactions. He assured the panel that in the future, his agency would err on the side of education instead of jeopardizing patient safety.

Dr. Charles Moertel, Commissioner of the Committee on Community Oncology and Technology, gave a progress report to the subcommittee. He said the situation is improving, and rural communities already are beginning to benefit from increased information on cancer treatment methods.

The programs of the National Cancer Institute have given life and hope to many, many cancer victims. Its research programs are needed and must continue. But the management flaws we have discovered are eroding the public's confidence in the NCI and could impede our progress in the war against cancer.

We must restore public confidence in the National Cancer Institute, and we must ensure that this agency is proceeding in the proper direction under proper leadership. This is the task of Congress, and the NCI and the FDA are on official notice that we will continue our oversight function until Congress is satisfied that these problems have been overcome.

Mr. HATCH. Mr. President, few Senators have faced the challenge which confronted the distinguished Senator from Oklahoma (Mr. NICKLES) upon election to the Senate for the first time. Senator NICKLES assumed chairmanship of the Labor Subcommittee. Anyone who has exposure to our Federal labor laws knows what a highly technical and diverse area of law this is. Thus the subcommittee has responsibility over wage standards of our Nation's workers, the safety and health of the workplace, the employment practices of employers, the pension rights of retirees, and the compensation and medical benefits which should be afforded to workers who suffer job-related injuries. These subjects constitute the complex matrix on which the economic well-being of our country must function and depend upon. Needless the say, our labor laws are most often highly-charged emotional issues. Legislating in this area thus becomes a demanding and difficult exercise, with the forging of consensus on issues an all but an impossible task.

It is in this atmosphere that Senator NICKLES has quickly and effectively taken a strong leadership role. One need only review the record of the Labor Subcommittee during this first session to see pervasive evidence of this. Within the

first 3 months, the subcommittee under Senator NICKLES direction considered a diversity of issues. On March 10, hearings were held on legislation, S. 398, to amend the Walsh-Healey Act to permit contractors to adopt a 10-hour day, 4-day workweek.

On March 12, the Senator convened hearings on the Mine Safety and Health Act of 1977. In particular, the subcommittee considered two bills, S. 351 and S. 496 which would have reallocated enforcement responsibility for health and safety in the Nation's mines by the Mine Safety and Health Administration. The first bill would transfer that responsibility from MSHA to OSHA with respect to the surface mining of sand, gravel, and stone. The second bill would effectuate the same transfer with respect to the activities of independent contractors engaged in construction at a mine-site. Later in March, the subcommittee moved from the issue of health and safety to the issue of minimum wage. Two hearings were held on proposals to enact a youth differential, as a means to reduce unemployment among young workers.

Senator NICKLES has also helped to bring the issue of repeal of Davis-Bacon to the forefront. Two long and thorough days of hearings were held in April on the act and its proven inflationary impact. Subsequently, the Senator introduced S. 1505, to repeal the act. At the same time, the Senator has sought to reform the act by increasing substantially the present $2,000 coverage threshold and by codifying some of the administration's proposed regulatory revisions.

Beginning last summer with extensive hearings and culminating in October with a markup and reporting of legislation from the subcommittee to the full committee, Senator NICKLES launched an ambitious campaign to reform the Longshoremen's and Harbor Workers' Compensation Act. This act provides compensation and medical benefits for workers who sustain work-related injuries in maritime employment. As a result of amendments passed in 1972, the program has become a veritable nightmare of exorbitant and incalculable costs. It is with much anticipation that I look forward to working with Senator NICKLES to continue the hard work of moving this legislation, S. 1182, through the legislative process.

As one can see already from the above, the Senator has undertaken an ambitious agenda on a wide variety of subjects. But he has not been content to stop there. He has taken decisive action to reform the complex statute which regulates our Nation's private pensions—the Employee Retirement Income Security Act, ERISA. The experience under the act since 1974 has demonstrated that it is fraught with difficulties, both administrat vely and substantively.

The voluminous reporting and recordkeeping requirements have been found burdensome and of limited utility. The Federal administration of the law, which is split between the Department of Labor and the Treasury Department, has resulted in confused, inconsistent, and often ineffective enforcement. Senator NICKLES has helped lead the efforts to enact comprehensive reforms of ERISA. He cosponsored S. 1541, an omnibus reform bill. And in November he convened 3 days of very extensive hearings on the bill, with further hearings scheduled for early next year.

Just this last week, Senator NICKLES played a crucial and integral role which led to the enactment of major legislation to reform the black lung benefits program. Within a week after I introduced legislation to amend the Black Lung Benefits Act, S. 1922, the Senator convened hearings on the bill, during which he conducted a probing examination of the program and its history. Then today, 2 days after these hearings, he participated in floor debates leading to passage of the legislation in the Senate. Subsequently this measure passed the House and is on its way to the President.

Finally, I think we can look ahead briefly to see that next year will probably be another ambitious year for this freshman Senator. One area which has received scant attention in previous years by this committee is labor racketeering. Just as the Senator from Oklahoma is committed to reforming the many socioeconomic programs under this committee's jurisdiction, eliminating the fraud, waste and abuse, he is deeply interested in ferreting out the corruption that can pervade sectors of organized labor. And he seeks to accomplish this by improving the legislation now on the books dealing with this evil.

The Senator has cosponsored a bill to enact a Labor Racketeering Act of 1981, to increase the penalties for violations of the Taft-Hartley Act and to provide for immediate suspension of convicted persons from union office. Knowing the Senator as I do, I believe that we can look forward to prompt action of this bill shortly after the convening of the second session of the 97th Congress.

The above of course has been a brief review. But I think that it indicates the breadth of issues which Senator NICKLES has quickly immersed himself. And people with knowledge and expertise in these areas readily will acknowledge that these subjects are ones where wise men must carefully tread. Legislative reform, of the comprehensive type sought by my distinguished colleague, does not come quickly or easily. Thus it is unfair, and indeed reflects much ignorance, for anyone to criticize the accomplishments of the Labor subcommittee based on how many bills may or may not have been enacted in the first session of this Congress.

Many of the Federal laws have suffered under years, indeed decades, of congressional neglect. Many have not received balanced and objective scrutiny. Without such proper review it is impossible and irresponsible to achieve legislative change. I for one can attest to the earnest commitment of the Senator from Oklahoma to develop a rational agenda of labor reform. And I think that the record which he has made over this last year is an outstanding testimony to his commitment, his leadership, and his courage to leap into what many regard as a lion's den of Federal legislation.

Having never held a public office prior to my election to the Senate. I empathize with the difficulties of many of our new Senators in meeting the sometimes artificial expectations of many "seasoned" political observers. At the same time I hold in admiration their mature abilities to translate the needs of this country into responsible legislation.

Among our newly elected Senators, perhaps none deserves greater admiration for giving serious attention to his legislative responsibilities than Senator DENTON. As chairman of the Subcommittee on Aging, Family and Human Services, he has shown great concern for the health of America's families and great compassion for our Nation's elderly. Senator DENTON has exhibited a level of legislative activity unparalleled to any first-year Senator in recent Congresses.

Under the chairmanship of Senator DENTON, the subcommittee held 11 days of hearings and prepared 8 legislative proposals, 7 of which were enacted through the vehicle of the 1981 Omnibus Budget Reconciliation Act: Domestic Volunteer Services Act, Child Abuse Prevention and Adoption Opportunities, Community Services block grant, Low-Income Energy Assistance block grant, Adolescent Family Life Act, Head Start Act, and the Native American program. The remaining piece of legislation—the Older Americans Act—was recently approved by the Senate. During the reconciliation process, savings of over $500 million in fiscal year 1982 and over $1 billion in fiscal year 1983 were achieved in programs under the jurisdiction of the subcommittee.

Last month, as Senator DENTON cleared the last hurdle in the long legislative process—a successful Senate vote—on an important legislative measure, the Older Americans Act, he received just praise from Senator HOWARD BAKER, our distinguished majority leader. Senator BAKER said:

> I believe I am correct in saying that this is the first major bill he has managed on behalf of the majority. I want to observe that he did it with extreme competence and skill that suggested that he has a great future on this floor. . . . I express the appreciation, I am sure, of every member to the Senator from Alabama for his fairness and impartiality, but mostly for his effectiveness in managing this piece of legislation.

And having worked closely with Senator DENTON these past months, I, too, am confident his future portends great things.

In addition to this recent, critical legislative success of Senator DENTON, his activities throughout this Congress have directly contributed to the success of President Reagan's program. As a subcommittee chairman both his legislative work and hearings have formed an important basis of the Labor and Human Resources Committee.

CHILD ABUSE PREVENTION AND TREATMENT AND ADOPTION REFORM

As part of the Omnibus Budget Reconciliation Act, the Congress made provisions for child abuse prevention and treatment and adoption reform activities. An amendment offered by subcommittee chairman Senator JEREMIAH DENTON, provided that $7 million be made

available for grants to States for child abuse programs, and $12 million be included in a discretionary program for a National Center for Child Abuse and Neglect and Adoption Opportunities, for activities which require a national focus. The conferees agreed with this proposal, with the further provision that the adoption opportunities activities should be funded at a minimum of $2 million from the discretionary fund, and that the Secretary would continue to operate the National Center on Child Abuse.

COMMUNITY SERVICES BLOCK GRANT

A proposal for a community services block grant was included in the Omnibus Budget Reconciliation Act of 1981. This block grant authorizes funding for the next 5 years at $389,375,000 for each year. The legislation provides that each State must submit an application as required by the Secretary of Health and Human Services in order to receive funds. In addition, a discretionary authority for the Secretary of HHS makes provisions for certain activities including special emphasis programs for technical assistance and training programs in rural housing and community facilities development, programs designed to promote economic self-sufficiency, assistance for migrants and seasonal farmworkers, and national or regional programs for low-income youth. The Community Services Administration was terminated by this legislation, and a new Office of Community Services was established in the Department of Health and Human Services.

NATIVE AMERICANS PROGRAM

S. 1088, the Native American Act, was introduced in the Senate on April 30, 1981, by Senator JEREMIAH DENTON. With some simple modifications to increase tribal participation in the administration of the program, the bill provided for a 2-year extension of the existing program. Because this bill proposed a free-standing native American program, separate from the Economic Opportunity Act, it was referred to the Select Committee on Indian Affairs. At the request of the chairman of the Select Committee on Indian Affairs, the Subcommittee on Aging, Family and Human Services included a 2-year extension of the current program in the Omnibus Budget Reconciliation Act.

DOMESTIC VOLUNTEER SERVICES ACT

S. 1087, the Domestic Volunteer Service Act Amendments of 1981, was incorporated into Public Law 97–35, the Omnibus Budget Reconciliation Act of 1981. This legislation reauthorized the programs under ACTION, the Federal agency for volunteer service, through fiscal year 1983. It eliminated the set-aside for the university year for action program, freeing up funds to be used for the National Center for Service Learning and demonstration projects in community service.

ADOLESCENT FAMILY LIFE ACT

S. 1090, the Adolescent Family Life Act was incorporated into Public Law 97–35, the Omnibus Budget Reconciliation Act of 1981. The act authorizes a 3-year program of services and research in the area of adolescent sexual activity, including pregnancy. Grants for services would target two adolescent groups. First, pregnant teenagers and their parents could benefit from a wide range of services, such as pre- and post-natal care, infant daycare, parenting skills, vocational education and job training. For this group, adoption would also be presented as a positive option for pregnant girls, along with parenthood.

Current Federal programs simply do not do enough to encourage counseling and referral to adoption services, particularly for very young teens. Second, through education and outreach, grantees could also help adolescent boys and girls and their parents realize the consequences of premarital sexual activity and encourage those teens to refrain from premarital sexual relations. For all services, grantees must involve parents and the community—through religious, charitable and voluntary groups—and in most instances of services to unemancipated minors, parental notification and consent are mandated. Services are targeted to teenagers under the age of seventeen. Finally, the research section focuses on the consequences of premarital adolescent sexual relations, with particular attention to operations research to determine what services or combination of services best work to achieve the objectives of the program.

LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

As passed in the Omnibus Budget Reconciliation Act of 1981, the low-income home energy assistance block grant is authorized for the next 3 years at $1,875,000,000 for each year. For the first time, this program has a multiyear authorization. This will promote stability and consistency, as well as eliminate waste, in a program which has been plagued by annual revisions and uncertainty as to a continued Federal commitment. Furthermore, the Federal Government is prohibited from issuing regulations to instruct the States how to run their respective programs.

States are required to submit an application for funds to the Secretary of Health and Human Services. As part of the application, the State must make certain assurances and include a plan detailing how these assurances would be carried out. However, the Secretary is not authorized to approve or disapprove any State's application.

HEAD START ACT

The Congress enacted legislation to reauthorize the Head Start program as part of the Omnibus Budget Reconciliation Act. Head Start has an authorization level of $950,000,000 for fiscal year 1982, $1,007,000,000 for fiscal year 1983, and $1,058,357,000 for fiscal year 1984.

A new formula for the distribution of funds is provided. Thirteen percent of the funds would be placed in a Secretary's reserve with the remaining 87 percent distributed to the States with two-thirds based on the number of children age 0–5, who live with families with incomes below the poverty line, and one-third based on the number of children aged 0–18 on whose behalf aid to families with dependent children (AFDC) benefits are paid. This formula serves two purposes.

First, it more adequately targets the children who are intended to be served by the Head Start program. Second, the percentage by which funding to the States is increased under the bill, is more equitable than in current law. Under the new formula, all of the States, except for three, Alaska, Arizona, and Mississippi, receive an increase between 10 and 20 percent, which is more comparable to the overall authorization increase, whereas under current law, the majority of States fall either below 10 percent or above 20 percent.

Another notable change is that provisions of the Davis-Bacon Act have been dropped from the Head Start reauthorization. Davis-Bacon is currently part of 77 Federal programs. The Head Start reauthorization is the first of these programs to have Davis-Bacon eliminated from it.

OVERSIGHT OF HEAD START

On March 10, 1981, the Subcommittee on Aging, Family and Human Services held a hearing on the Head Start program. This hearing formed the basis for reauthorization legislation, which was subsequently introduced, and then included in the Omnibus Budget Reconciliation Act.

LEGISLATION TO EXTEND THE OLDER AMERICANS ACT

On March 17, 1981, the subcommittee held an oversight hearing on the programs authorized by the Older Americans Act—social services, senior centers, congregate and home-delivered meals, community service employment, et cetera. Witnesses discussed the implementation of the 1978 amendments to the Older Americans Act and issues concerning the 1981 amendments to the act, which were soon to be introduced.

LOW-INCOME ENERGY ASSISTANCE

On March 24, 1981, the Subcommittee on Aging, Family and Human Services conducted a hearing on the low-income energy assistance block grant. Witnesses included the Under Secretary of Health and Human Services, two U.S. Senators, three Governors, and a representative from the National Council of Senior Citizens. Subsequent to this hearing, legislation to reauthorize this program was introduced and later included in reconciliation.

OVERSIGHT OF FAMILY PLANNING, TITLE X OF THE PUBLIC HEALTH SERVICES ACT, PART I

On March 31, 1981, the subcommittee, in conjunction with the full committee, held the first of a series of hearings on the problem of adolescent sexual activity. The purpose of this hearing was to look at the services portion of the title X family planning program. Witnesses discussed findings by the General Accounting Office regarding inappropriate and ineffective services provided by certain title X grantees, the role of the Federal Government in birth control, and the impact title X has on adolescents in terms of increased sexual activity, unwanted pregnancy, illegitimate births, and other social indicators. This hearing provided the basis for legislation authorizing the Adolescent Family Life Act.

OVERSIGHT OF THE DOMESTIC VOLUNTEER SERVICE ACT OF 1981

On April 9, 1981, the subcommittee held an oversight hearing on the programs authorized by the Domestic Volunteer Service Act (VISTA), National Center for Service Learning, citizen participation demonstrations, Foster Grandparent program, Senior Companion program, and the retired senior volunteer program. Witnesses discussed issues concerning the 1981 amendments to the act, which were soon to be introduced.

OVERSIGHT ON COMMUNITY SERVICES ADMINISTRATION, CHILD ABUSE PREVENTION AND TREATMENT OF ADOPTION OPPORTUNITIES, AND NATIVE AMERICANS PROGRAM ACT

On April 23, 1981, the Subcommittee on Aging, Family and Human Services conducted a hearing on the administration's proposals for the Community Services Administration, the Native American Programs Act, child abuse prevention and treatment and adoption reform, and related issues. Testimony was received from representatives of the administration, State and local government, GAO, interest groups, and various service providers.

This hearing provided the background for development of the community services block grant, provisions for child abuse prevention and adoption reform, and Native Americans program, which were later included in the Omnibus Budget Reconciliation Act.

OVERSIGHT OF FAMILY PLANNING, TITLE X OF THE PUBLIC HEALTH SERVICES ACT, PART II

On June 23, 1981, the subcommittee held the second hearing on the problems of adolescent sexual activity. This hearing continued the oversight of the title X, family planning services program. Witnesses discussed types of birth control, other than drugs or devices, the history and development of the title X program, and the plans of the administration with regard to its future.

ADOPTION IN THE UNTED STATES

On July 23, 1981, the subcommittee held the third hearing on the problems of adolescent sexual activity. The purpose of this hearing was threefold: To discuss the ways that the Government and society can promote adoption as a positive option for unmarried pregnant adolescents; to discuss ways in which minorities can be encouraged to adopt minority children; and to discuss legislative proposals to establish a Federal, computerized adoption registry that would help reunite adult adoptees and their biological parents.

FIGHTING POVERTY: PRIVATE INITIATIVE AND PUBLIC ASSISTANCE

On August 25, 1981, the subcommittee held a field hearing to examine Federal programs designed to prevent or ameliorate poverty—programs which are recognized as being highly successful, as well as those programs which are recognized as needing improvement. In addition, witnesses discussed the contribution of business and private charitable organizations to solving the problems of unemployment and poverty.

PRIMARY INTERVENTION IN SOCIETAL PROBLEMS: THE ROLE OF THE FAMILY

On September 17, 1981, the Subcommittee on Aging, Family and Human Services conducted the second in a series of hearings addressing the problem of poverty and social welfare policy. Witnesses at this hearing discussed research into how public policy influences primary support groups, particularly the family. In addition, some witnesses presented initiatives undertaken by the private sector in addressing the needs of individuals and families in the context of the community. Additional hearings on social welfare are planned for the next session of the 97th Congress.

OVERSIGHT HEARING ON TITLE X: SEX EDUCATION CURRICULA GUIDES

On September 28, 1981, the subcommittee held the fourth hearing on the problems of adolescent sexual activity. This hearing focused on material produced under title X of the Public Health Service Act on family life and sex education. This material was distributed to three mental health professionals, who critiqued it on the basis of educational merit; appropriateness for the designated age groups; psychological implications; and overall quality of both content and design. The witnesses raised questions as to the appropriateness and quality of some of the materials and suggested alternative approaches to provide family life and sex education.

Mr. President, after listening to these impressive lists of activities and achievements, I think you can see why I tend to think rather highly of the "current crop" of freshmen Senators as a whole. And the thing I find encouraging about this is that what I have just reviewed is just a small part of the activities of the five freshmen who are members of the Senate Committee on Labor and Human Resources—I have listed only the activities from this one committee. As I mentioned of Senator EAST earlier, these five Senators are very active on their other committees, too.

Let me say this: During my previous 4 years in this august body it has frequently been very difficult as a Member of the minority. I consider it a great pleasure to have these great Senators to contribute to the ideals which I for so long have held so dear.●

PRESIDENT REAGAN'S CHALLENGE TO PRIVATE BUSINESS

● Mr. DOMENICI. Mr. President, on October 5 President Reagan spoke here in Washington to the National Alliance of Business. The President said some important things about the need for private businesses to help open doors of opportunity for people who have special problems in obtaining employment or who need a helping hand in order to cope with problems such as poverty, broken homes, crime, and natural disasters. The President challenged business leaders to step up their efforts to respond to human needs.

The President's speech recognizes that reductions which are now underway in Federal programs will cause real problems for some people who now need help. I commend the President for challenging private businesses to help fill gaps left by reductions in Government programs. If the other institutions in our society and individual Americans discharge their responsibilities to help others, there will be far fewer hardships as a result of reductions in Federal programs. Providing employment opportunities for people on the margin of the labor market is particularly important. We look to private business for these opportunities because most jobs are created in the private sector.

Moreover, our Nation's recent experience with subsidized public service jobs was disappointing and the public jobs part of the CETA program has now been terminated. To encourage the private sector to hire people who formerly held CETA jobs, as well as other hard-to-employ people, I offered an amendment which became part of the Omnibus Revenue Act of 1981, extending the targeted jobs tax credit for an additional year and making former CETA workers eligible for it.

The credit offsets up to $3,000 of a qualified employee's wages in the first year on a new job and up to another $1,500 if he continues working at that same job a second year. Other provisions in my amendment were designed to strengthen the administration of this credit by the Labor Department and remove some of the complications of prior law. The targeted jobs tax credit is now a workable and powerful incentive for American's private business to heed the President's call to action.

I want also to commend President Reagan for creating a Presidential Task Force on Private Sector Initiatives. This task force is to be comprised of 35 leaders from the business world and from private charitable organizations. Under the chairmanship of William Verity, chairman of the board of Armco Steel, the task force will, to use the President's words, "promote private sector leadership and responsibility for solving public needs and * * * recommended ways of fostering greater public or private partnerships."

I have a great deal of hope that the task force will help launch a new wave of efforts to expand opportunities for all and improve services to meet human needs. I commend the President for his very thoughtful address to the National Alliance of Business. I am confident that the President's address will be the first of many steps to strengthen the public or private partnership of which the President speaks.

I am pleased that the President has challenged the private sector to help improve our society. and I commend his remarks to other Members and to all who read the CONGRESSIONAL RECORD. I shall ask that the President's speech to the National Alliance of Business be printed in the RECORD at the conclusion of my remarks.

William Raspberry, the distinguished columnist, discussed the President's speech in an October 26 column. I shall ask that his column be printed in the RECORD at the conclusion of my remarks.

Finally, I would like to bring to the attention of the Senate an important analysis of public and private roles in providing community services.

This paper was prepared by R. Scott Fosler, vice president of the Committee for Economic Development (CED). CED

is an organization of business leaders working to strengthen the basic systems in our society. The ideas presented in this paper would provide a constructive start in implementing the concepts outlined in the President's October 5 speech.

I ask that the President's remarks to the National Alliance for Business, Mr. Raspberry's column and Mr. Fosler's paper be printed in the RECORD.

The material follows:

REMARKS OF THE PRESIDENT TO THE NATIONAL ALLIANCE OF BUSINESS

The PRESIDENT. Thank you very much for a very warm welcome. Your organization is concerned with jobs. I heard of a fellow who had been unemployed for a long time and a few days ago he found a job at a china warehouse. He had only worked there a couple of days when he smashed a large oriental vase. The boss told him in no uncertain terms that the money would be deducted from his wages every week until the vase was paid for. And the fellow asked, "How much did it cost?" He told him $300. And the fellow cheered and said, "At last, I've found steady work." (Laughter.)

Seriously, I'm aware that the National Alliance of Business was formed to reduce the despair of unemployment—to provide opportunities where they would otherwise not exist. You've set for yourselves a noble and necessary goal. You know that a job at four dollars an hour is priceless in terms of the self-respect it can buy.

Many people today are economically trapped in Welfare. They'd like nothing better than to be out in the work-a-day world with the rest of us. Independence and self-sufficiency is what they want. They aren't lazy or unwilling to work. They just don't know how to free themselves from that Welfare security blanket.

After we undertook our Welfare reforms in California, I received a letter from a woman with several children who had been on Aid to Dependent Children. She wrote that she had become so dependent on the Welfare check that she even turned down offers of marriage. She just could not give up that security blanket that it represented. But she said that she'd always known that it couldn't go on—couldn't last forever. So when our reforms began, she just assumed that the time had come and that somehow she would be off Welfare. So she took her children and the $600 she had saved from her, as she put it, so-called "poverty" and went to Alaska where she had relatives and she was writing the letter now not to complain about our reforms but to tell me that she had a good job and that working now had given her a great deal of self-respect, for which she thanked me, and then one line that I'll never forget—she said, "It sure beats daytime television." (Laughter.) Our economic program is designed for the very purpose of creating jobs. As I said on Labor Day, let us make our goal in this program very clear—jobs, jobs, jobs, and more jobs. And what is more, our program will reduce inflation so the wages from these jobs will not decrease in earning power.

Part of that economic package also includes budget cuts. Now, some of these cuts will pinch which upsets those who believe the less fortunate deserve more than the basic subsistence which the governmental safety net programs provide. The fact is, I agree. More can be done. More should be done. But doing more doesn't mean to simply spend more. The size of the federal budget is not an appropriate barometer of social conscience or charitable concern.

Economic problems or not, isn't it time to take a fresh look at the way we provide social services? Not just because they cost so much and waste so much, but because too many of them just don't work.

Even if the federal government had all the money it wished to spend on social programs, would we still want to spend it the way we have in the past? In all my years as governor, and now as President, I have never found an agency, a program, a piece of legislation or a budget that was adequate to meet the total needs of human beings. Something is missing from such an equation. I believe that something is private initiative and community involvement—the kind the NAB exemplifies.

There is a legitimate role for government, but we mustn't forget before the idea got around that government was the principal vehicle of social change. It was understood that the real source of our progress as a people was the private sector. The private sector still offers creative, less expensive, and more efficient alternatives to solving our social problems. Now, we're not advocating private initiatives and voluntary activities as a half-hearted replacement for budget cuts. We advocate them because they're right in their own regard. They're a part of what we can proudly call "the American personality."

The role of voluntarism and individual initiative has been misunderstood. Federal loan guarantees will not be restored by charity alone nor will we replace the Department of Health and Human Services. Voluntarism is a means of delivering social services more effectively and of preserving our individual freedoms. John F. Kennedy knew this when he said: "Only by doing the work ourselves, by giving generously out of our own pockets, can we hope in the long run to maintain the authority of the people over the state, to insure that the people remain the master, the state, the servant. Every time that we try to lift a problem from our own shoulders and shift that problem to the hands of the government, to the same extent we are sacrificing the liberties of the people."

There are hard-headed, no-nonsense measures by which the private sector can meet those needs of society that the government has not, cannot or will never be able to fill. Volunteer activities and philanthropy play a role as well as economic incentives and investment opportunities. To be certain we're talking about America's deep spirit of generosity, but we're also talking about a buck for business if it helps to solve our social ills.

With the same energy that Franklin Roosevelt sought government solutions to problems, we will seek private solutions. The challenge before us is to find ways once again to unleash the independent spirit of the people and their communities. That energy will accomplish far, far more than government programs ever could. What federalism is to the public sector, voluntarism and private initiative are to the private sector. This country is bursting with ideas and creativity, but a government run by central decree has no way to respond.

Having been a governor, Franklin Roosevelt knew something of the dangers of overcentralization. In a message to the Congress, he wrote, "Continued dependence upon relief (it hadn't yet been given the name welfare) induces a spiritual and moral disintegration fundamentally destructive to the national fibre. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit . . . The federal government must and shall quit this business of relief."

What exactly is voluntarism? I guess Gary Cooper did about the best job describing it in the movie "Mr. Deeds Goes to Town."

"From what I can see," he said, "no matter what system of government we have, there will always be leaders and always be followers. It's like the road out in front of my house. It's on a steep hill. And every day I watch the cars climbing up. Some go lickety-split up that hill on high—some have to shift into second—and some sputter and shake and slip back to the bottom again. Same cars—same gasoline—yet some make it and some don't. And I say the fellow who can make the hill on high should stop once in a while and help those who can't."

Over our history, Americans have always extended their hands in gestures of assistance. They helped build a neighbor's barn when it burned down, and then formed a volunteer fire department so it wouldn't burn down again. They harvested the next fellow's crop when he was injured or ill and they raised school funds at quilting bees and church socials. They took for granted that neighbor would care for neighbor.

When the City of Chicago was leveled by fire, urban renewal programs didn't exist; the people simply got together and rebuilt Chicago. The great French observer of America, de Tocqueville, wrote, "Whenever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association (of individuals)."

The association of Americans has done so much and is so rich in variety. Churches once looked after their own members and during the Depression the Mormon Church undertook its own welfare plan based on the work ethnic—a plan that is still successful today. With no disrespect intended one can't help but wonder if government welfare would exist at all, if our churches had at that same time—all of them, picked up that task. Before World War I, the Rockefeller and Carnegie foundations together spent twice as much as the government for education and social services—simply because there was a need. The National Foundation for Infantile Paralysis set out to conquer polio with dimes . . . and did it. In a fitting symbol of America, our own Statue of Liberty was built with the nickels and dimes of French schoolchildren and the contributions of their parents.

We all know countless stories of individual and personal generosity. There was an incident in Los Angeles a couple of years ago involving a man named Jose Salcido whose wife had died of cancer, leaving him both father and mother of 13 children. In an accident only the Lord can explain, one day the brakes on his truck did not hold and he was crushed against a brick wall as he walked in front of the vehicle. The children who had lost their mother now had lost their father. But they were not orphaned by their neighbors or even complete strangers who immediately began collecting contributions. The parish church started a drive. Finally a fund was set up at the bank and a committee was formed of citizens to take care of it. They also discovered how kind the people of this land can be.

One letter accompanying a check said it all. "This is for the children of Jose Salcido. It is for them to know there are always others who care; that despite personal tragedy, the world is not always the dark place it seems to be; that their father would have wanted for them to go on with courage and strength, and still open hearts."

I know there are cynics who dismiss the notion of Americans helping other Americans. They say that I speak of an America that never was and never can be. They believe voluntarism is a mushy idea and the product of mushy thinking. They say that our society today is too complex or that we're trying to repeal the 20th century. Well, the cynics who say these things have been so busy increasing Washington's power that they've lost sight of America. Have they forgotten the great national efforts before there ever was a thing called "foreign aid"? The

American people organized to help Japan in the great earthquake, famine in India, bundles for Britain. The spirit is not dead.

I wish the cynics would visit David and Falaka Fattah in Philadelphia. I don't know whether I pronounced their name right, but the Fattahs decided to put their hearts and minds into reducing the gang violence in West Philadelphia, which killed up to 40 persons a year in the early 1970s. They were instrumental in negotiating a city-wide peace treaty among gangs that reduced the number of deaths from 40 to about 1 a year.

This one couple did something that all the social welfare and law enforcement agencies together had been unable to accomplish. They replaced the gang structure with a family structure. They actually took a gang of 16 into their home. Their House of Umoja has helped more than 500 boys now develop into self-sufficient and productive young men. And today they are establishing what might be called an urban Boys Town.

I wish the doubters would visit Detroit where a few years ago hundreds of children awaiting adoption were in the foster care system. Potential black parents were judged by arbitrary income standards and not whether they could offer a warm, loving, secure family to a homeless child.

But a community group called Homes for Black Children challenged the adoption practices of the local agencies with astounding results. In its first year, Homes for Black Children placed more kids in permanent homes than all 13 of the traditional placement agencies combined. There is the DeBolt family in California that began adopting only children who were grievously handicapped, at one time, 19 in their home.

I wish the cynics would call on New York City, the New York City Partnership, an association of 100 business and civic leaders, which this past summer found jobs for about 14,000 disadvantaged youths, the majority of whom would not have otherwise found jobs.

Talk to the Honeywell people who are training prison inmates in computer programming. Those inmates who reach an employable skill level before leaving prison have a recidivism rate of less than 3 percent, compared to a national rate estimated at 70 percent.

Or look at the marvelous work McDonald's is doing with it's Ronald McDonald Houses. These are places, homes really, usually near children's hospitals where families can stay while their children are treated for serious diseases. Currently 28 homes are opened and another 32 are in some stage of development. Since the homes are funded mainly by the local McDonald operators and the staff is all volunteer, no tax money is spent.

The cynics should ask the Fattahs if the spirit is dead. They should ask the families who have been helped by the McDonald Houses and the Homes for Black Children if the spirit is dead. They should ask the disadvantaged New York youths who have summer jobs or the prison inmates who are developing skills for the outside world. Why can't the skeptics see the spirit is there where it has always been, inside individual Americans?

Individual Americans like Father Bruce Ritter. Father Ritter's Covenant House in the heart of Times Square offers youths who are runaway or exploited a sanctuary from the pressures of modern life and an escape from those who would prey on them. With the help of 200 part-time and 65 full-time volunteers, Father Ritter last year aided nearly 12,000 youths.

Perhaps the doubters should consider how empty and gray our society would be right now if there were no such thing as volunteer activity. Erma Bombeck, that witty woman who appears in our newspapers, once wrote a more sober article on what it would be like if the volunteers all set sail for another country. And if you don't mind, let me read a part of what she said:

"The hospital was quiet as I passed it. Rooms were void of books, flowers and voices. The children's wing held no clowns . . . no laughter. The reception desk was vacant.

"The Home for the Aged was like a tomb. The blind listened for a voice that never came. The infirm were imprisoned by wheels on a chair that never moved. Food grew cold on trays that would never reach the mouths of the hungry.

"All the social agencies had closed their doors, unable to implement their programs of scouting, recreation, drug control, Big Sisters, Big Brothers, YW, YM, the retarded, the crippled, the lonely, and the abandoned.

"The health agencies had a sign in the window. 'Cures for cancer, muscular dystrophy, birth defects, multiple sclerosis, emphysema, sickle cell anemia, kidney disorders, heart diseases, have been cancelled due to lack of interest.'

"The schools were strangely quiet with no field trips, no volunteer aids on the playground or in the classroom . . . as were the colleges where scholarships and financial support were no more.

"The flowers on church altars withered and died. Children in day nurseries lifted their arms but there was no one to hold them in love."

Her article told a very much unrecognized truth—volunteer cuts would be much more disruptive to the nation than federal budget cuts. Because they are so important, this administration seeks to elevate voluntary action and private initiative to the recognition they deserve. We seek to increase their influence on our daily lives and their roles in meeting our social needs. For too long the American people have been told they are relieved of responsibility for helping their fellow man because government has taken over the job.

We seek to provide as much support for voluntarism without federalizing as possible. Today, I am announcing the creation of a Presidential Task Force on Private Sector Initiatives, comprised of 35 leaders from corporations, foundations, and voluntary and religious organizations. Its purpose will be to promote private sector leadership and responsibility for solving public needs and to recommend ways of fostering greater public/private partnerships.

I have asked Bill Verity, the Chairman of Armco Steel, to chair the task force and act as my personal representative in expanding private sector initiatives and in recognizing outstanding examples of corporate and community efforts.

I'm instructing the Cabinet to review agency procedures and regulations and identify barriers to private sector involvement. We want to deregulate community service. For example, mothers and grandmothers have been taking care of children for thousands of years without special college training. Why is it that certain states prohibit anyone without a college degree in early childhood education from operating a day-care facility?

I'm also asking the Cabinet to develop pump priming and seed money programs that offer incentives for private sector investment. In addition, the Cabinet will provide technical knowledge to develop private incentives. Furthermore, existing programs will be examined to determine those which could be more productively carried out in the private sector.

Voluntarism is an essential part of our plan to give the government back to the people. I believe the people are anxious for this responsibility. I believe they want to be enlisted in this cause. We have an unprecedented opportunity in America in the days ahead to build on our past traditions and the raw resources within our people. We can show the world how to construct a social system more humane, more compassionate, and more effective in meeting its members' needs than any ever known.

After I spoke of voluntarism several days ago, I received this mailgram. "At a breakfast this morning, 35 chief executive officers of the largest employers and financial institutions of San Antonio met and committed to: 1) support of you and your commitment of returning the responsibility of support of many worthy, previously federally funded programs to the local level; 2) committing themselves individually and corporately to do more in being a part of continuing or establishing that society net of services each community needs; 3) as a first step, committing to achieving a minimum 20 percent increase in our local United Way campaign which represents 60 agencies included within that safety net. And finally, committing themselves that the programs supported are needed and efficiently and effectively administered. You have our support." And it was signed by Harold E. O'Kelley, Chairman of the Board and President of Datapoint Corporation, Tom Turner, Sr., Chairman of the Board and President of Sigmor Corporation, Dr. Robert V. West, Jr. Chairman of the Board of Tesoro Petroleum Corporation and H. B. Zachry, Sr., Chairman of the Board of the H. B. Zachry Company.

And just this weekend, I received a letter from the insurance industry promising to undertake new budget initiatives to reduce unemployment, especially among minority youths. The insurance companies plan to direct their financial resources which are in the hundreds of billions of dollars as we know to further this goal. They also plan these programs affecting basic human needs.

The private sector can address the tough social problems of special concern to minority Americans and I believe that we will soon see a torrent of private initiatives that will astound the advocates of big government. The efforts of you at this conference also show what can be done when concerned people in businesses join in partnership with government. You are a model of future action and I'm calling upon you today to help in the cause to enlarge the social responsibility of our citizens. The spirit that built this country still dwells in our people. They want to help. We only need to ask them. All of us, and particularly we who are parents have worried about whether the youth of today have absorbed some of the traditions with which we are so indoctrinated. A few years ago in Newport Beach, California, there were some lovely beachfront homes that were threatened by an abnormally high tide and storm generated heavy surf—in danger of being totally undermined and destroyed. And all through the day in the cold winter night, and it does get cold in California at night, sometimes in the daytime, the volunteers worked filling and piling sandbags in an effort to save these homes. Local TV stations, aware of the drama of the situation covered the struggle and went down there in the night to see what was happening and catch the damage being done and so forth.

And it was about 2:00 a.m. when one newscaster grabbed a young fellow in his teens, attired only in wet trunks, even at that hour. He'd been working all day and all that night—one of several hundred of his age group. And in answer to the questions—no, he didn't live in one of those homes they were trying to save. Yes, he was cold and tired. And the newscaster finally wanted to know, well, why was he and his friends doing this. And he stopped for a minute and then he answered and the answer was so poignant and tells us something so true about ourselves that it should be printed on a billboard. He said, "Well, I guess it's the first time we ever felt like we were needed."

Americans are needed. They're needed to keep this country true to tradition of volun-

tarism that has served us so well. And they're needed to keep America true to her values. In the days following World War II when a war ravaged world could have slipped back into the Dark Ages, Pope Pius XII said the American people have a genius for great and unselfish deeds. Into the hands of America God has placed an afflicted mankind. Let those words be true of us today. Let us go forth from this conference and say to the people: Join us in helping Americans help each other.

And I assure you, I'm not standing here passing this off to you as solely your task and the government will wash its hands of it. We intend a partnership in which we'll be working as hard as we can with you to bring this about. Thank you and God bless you. (Applause.)

[From the Washington Post, Oct. 26, 1981]

IN THE SPIRIT OF BARN-RAISING

(By William Raspberry)

In large unremarked speech before the National Alliance of Business, President Reagan recently laid out his view that government is not only a poor substitute for private charity, but often gets in the way of the ability of people to help themselves and each other.

It was not a budget speech, calculated to justify the administration's slashing of social programs. It was a philosophical statement, designed to restore charity's good name.

The president's immediate concern was to support the efforts of private businesses in several U.S. cities in increasing job and job-training opportunities for idle youths. But his remarks covered the gamut of social-service programs from day-care and adoption services to crime prevention.

"In all my years as governor, and now as president," he said Oct. 5, "I have never found an agency, a program, a piece of legislation . . . or a budget . . . that was adequate to meet the total needs of human beings. Something is missing from such an equation. I believe that something is private initiative and community involvement.

"Economic problems or not, isn't it time to take a fresh look at the way we provide social services? Not just because they cost so much and waste so much, but because too many of them just don't work. Even if the federal government had all the money it wished to spend on social programs, would we still want to spend it the way we have in the past?"

As examples of the old, ineffectual ways of delivering services, he mentioned welfare that so often traps its recipients in their dependency; tax-supported relief efforts that, through their impersonality, manage to offend both donor and recipient, and government regulations that, in the name of protecting against abuse, make it impossible for local citizens to furnish the help they are both willing and able to provide.

He made clear his belief that government must continue to play a role in helping the helpless. "Federal loan guarantees will not be restored by wealthy people dancing till dawn at charity balls," he said. "Nor will we replace the Department of Health and Human Services with the Junior League."

But he believes we have lost an essential element of the American spirit—the spirit epitomized by the community barn-raising efforts of earlier times—through our near-total reliance on government-sponsored aid.

"There is a legitimate role for government," he said, "but we must not forget that before the idea got around that government was the principal vehicle of social change, it was understood that the real source of our progress as a people was the private sector. The private sector still offers creative, less expensive and more efficient alternatives for solving our social problems."

He ticked off a number of private programs that have outperformed their government-sponsored rivals: the House of Umoja in Philadelphia, which has managed to reduce teen-gang killings from 40 a year in the 1970s to only one a year; the Detroit effort, known as Homes for Black Children, that in its first year placed more children in permanent homes than all 13 of the city's traditional placement agencies combined; the Ronald McDonald Houses that provide quarters so parents can be near their hospitalized children; the New York City Partnership, an association of 100 business and civic leaders that has found jobs for some 14,000 disadvantaged youths; the Honeywell project that, by providing job-training for inmates, has reduced their recidivism rate from an estimated 70 percent to less than 3 percent.

"Voluntarism," Reagan said, "is an essential part of our plan to give the government back to the people. I believe the people are anxious for this responsibility. I believe they want to be enlisted in this cause."

Any reporter who has ever written of a destitute family, or a shoeless child, or a lonely, malnourished old woman, can verify that the urge to be helpful is there. But, particularly in the cities, people find it more and more difficult to be helpful in ways that are personally satisfying. If a neighbor's house burns down, their response is immediate and generous. But if the jobless teen-ager or the lonely woman or the student in need of tutorial help lives across town, they may never hear of the need. Even indirect involvement—giving money to community groups that are close to the problems—is far more satisfying than assistance paid for through taxes.

The problem is to provide a connection between those in need and those prepared to help. Reagan proposes to do it by developing "pump-priming and seed-money programs" and by offering technical assistance where needed.

And by getting government out of the way—the "deregulation" of community service, he calls it.

"Mothers and grandmothers have been taking care of children for thousands of years without special college training," he said. "Why is it certain states prohibit anyone without a college degree in early childhood education from operating a day-care facility?"

PUBLIC AND PRIVATE ROLES IN PROVIDING COMMUNITY SERVICES *

(By Scott Fosler)

Basic community services have become expensive and complicated, even for once simple functions. People used to burn, bury, or throw their trash away. Today we manufacture specialized vehicles in which to collect our voluminous waste, use computers to map out the routes of collection, and construct elaborate and costly landfills or technologically sophisticated, if not always practical, plants in which to dispose of it or transform it into a usable form. Other basic functions are even more costly and complicated: housing, health, transportation, public safety, education, social services, water supply and sewage disposal, and energy.

None of these is an exclusively government service. Each involves government, business, nonprofit organizations, traditional social institutions, and individuals simultaneously performing tasks that are dependent on one another. In transportation, for example, private auto manufacturers produce cars, government public works agencies construct roads, private oil companies provide gasoline, motorists operate their own vehicles, private companies operate buses and taxis, government traffic engineering and police departments manage traffic, government or quasi-public agencies operate train, subway, and bus lines, private companies insure vehicles and their operators, and both private and government organizations provide places to park.

The question facing us today is whether such service systems are properly structured and managed. Is the distribution of tasks among the various public and private entities appropriate to their abilities? Do they have the incentive to perform their tasks well and as inexpensively as possible? Do the relationships among the various organizations and individuals promote efficient and effective interaction?

CONFRONTING THE CONVENTIONAL WISDOM

Addressing these questions is complicated by popular biases as to the appropriate roles of the so-called public sector and private sector. There is still a strong belief in the United States that profit-making firms do the "important" things, and government's role is to be supportive and facilitative. An equally strong if contradictory view is that there are certain services so critical that they should be performed by government because they are too important to be left to the whim of the marketplace.

The conventional wisdom also equates public services with government. The terms have become synonymous. Of course, a public service need not be operated by a government agency. But over the past decades people have come to assume that if a service is "public," it should be operated by government.

For example, "public safety" is typically assumed to be the responsibility of the police departments. But a police department plays only a small role in keeping the public safe from crime. Lawmakers, prosecutors, judges, and correctional officers probably have greater influence on criminal behavior than the police. And even the total effect of these government officials, while important, is partial.

Crime is closely associated with youth unemployment, social attitudes and habits (immediate gratification; drug use), social institutions (family, religion, neighborhood associations), and crime opportunity (the availability of things to steal), none of which is controlled directly by the government criminal justice system as a whole, let alone the police department.

Another bias that frustrates the sorting out of responsibilities is an excessive reliance on specialization. We have learned, perhaps too well, that complicated problems can be tackled when distinguishable tasks are assigned to specialists, both people and organizations. For all of its benefits, specialization also creates problems.

In a world where costs are frequently unassociated with results, it is not uncommon for specialization to develop for its own sake, because it is possible or because of the benefit to the specialist, and not necessarily because it is useful.

And even when it is useful, coordinating and integrating specialized people and organizations frequently requires specialists skilled in such matters. It is said only half facetiously that in medicine the patient is the last generalist. The same could be said of the household and the individual confronted with a dizzying array of service organizations and professionals, both public and private, required to provide what used to be simple life functions.

In seeking ways of providing community services more effectively and efficiently, we need to account for these biases. We need to acknowledge the importance of government, and not attribute to the private sector a mystical penchant for inevitably doing important things efficiently. We need equally to challenge the conventional wisdom that cer-

* This paper draws in part upon research for a study of public-private partnership by the Committee for Economic Development, and in part on the author's experience in local government. The views expressed herein, however, are those of the author and not necessarily of CED.

tain functions are inherently public services and that they therefore should be directly provided by government. And we need to guard against the pitfall of unproductive specialization, while determining means of integrating useful specializations so that they can benefit people.

There are four categories of options for improving community services: improve the management of government agencies; enhance the private role; structure services to provide greater incentive and opportunity for performance; and consider approaches that do not require high levels of formally operated services.

IMPROVING MANAGEMENT OF GOVERNMENT AGENCIES

The first option is to improve the management of those services that government now provides, and is likely to continue to provide. While this is neither a novel nor exciting proposal, it is the most urgent, the most likely to produce results, and it will continue to be important no matter how successful the more interesting and unorthodox public service options may turn out to be. Governments at all levels are large, complex, and important, and they will continue to be so. Management in all its phases—planning, decision making, financing, implementing, and evaluating—will be a top priority.

ENHANCING THE PRIVATE ROLE

The second option is to enhance the private role in the provision of community services. Several approaches here hold promise.

Contracting

There is a wealth of information and experience on contracting government services to private firms in such areas as refuse collection, solid waste disposal, snow and leaf removal, road maintenance, and food services. While there are limits to what public functions can be successfully contracted, and potential pitfalls if suitable contractors are not available or if project monitoring is inadequate, local governments have only begun to tap the potential. Successful contracting requires careful selection of what is to be contracted and professional management in writing requests-for-proposals, select contractors, negotiating contracts, and monitoring performance.

In some instances, overhead operations previously performed in house are being contracted. For example, under contract with Gainesville, Florida, ARA Services, Inc., assumed complete responsibility for running Gainesville's two garages and fleet of motor vehicles. All positions except that of project managers were filled with former city employees. The fiscal 1981 budget of $1,211,000 was 11 percent below the projected fiscal year 1979 budget for Gainesville's in-house program.

In other instances, whole services are contracted or awarded by franchise to a private firm. The case of the Rural/Metro Fire Department, Inc., a private, profit-making company providing fire services to Scottsdale, Arizona, is widely known. Less well known is the Danish firm, Falck, which provides fire, rescue, and motor vehicle breakdown services to 271 of the 279 municipalities and to one million families in Denmark. Falck is a profit-making firm that operates with 3,300 permanent and 1,200 part-time employees, 132 stations, 400 fire trucks, 1,000 ambulances, and specialized equipment for coastal and air rescue, and diving and haulage operations.[1] Both Rural/Metro and Falck have reputations for high quality service and reasonable cost. Rural/Metro's costs are roughly half the national average per capita cost for fire services in the United States. Efficiencies are achieved principally through the use of fewer but highly trained personnel (including part-time employees), and innovative, economical use of equipment. In both companies, incentive for performance derives from a tradition of professionalism and the knowledge that government could choose to take over the service.

Self-help

A second way to enhance the private role is to facilitate and encourage those private organizations and individuals that attempt to provide for themselves what before had been presumed to be a responsibility of government. Numerous self-help groups have been organized throughout the country to promote or directly provide housing, commercial development, training and job opportunities, counseling services, public safety, day care, and numerous other services. Such organizations include community development corporations such as the Bedford-Stuyvesant Corporation in Brooklyn; cooperatives such as Jubilee Housing in Washington, D.C.; community development credit unions such as those supported by the National Center for Urban Ethnic Affairs in Washington, D.C.; community investment trusts such as the Zion Nonprofit Charitable Trust in Philadelphia; and a variety of other locally based organizations such as the Michigan Avenue Community Organization in Detroit.

Such organizations build upon the ability and motivation of people in the community to address their own needs. They combine the direct operation of services and the investment of privately secured funds with advocacy in pressing for complementary government services and negotiating with businesses in the pursuit of community goals.

Corporate public involvement

Corporate philanthropy has averaged about 1 percent of pretax net income in recent years. This amounted to $2.5 billion in 1980, or only about 5 percent of all private charitable giving. The Economic Recovery Tax Act of 1981 will probably have a mixed impact on corporate giving. On the one hand, it raises the maximum deductible corporate contribution from 5 to 10 percent of pretax net income. On the other hand, it substantially reduces corporate tax rates and overall tax liability, thereby increasing the real cost of corporate contributions.

It remains to be seen whether corporations will raise their levels of giving despite the reduced tax advantage in doing so. There are some encouraging signs, such as the effort by corporations in some cities to emulate the Five Percent Club of Minnesota, a group of 48 corporations in the Twin Cities that give the maximum 5 percent deductible contribution. While lower overall tax burdens and increased presure for giving may encourage some corporations to raise their levels of giving despite the reduced tax advantage, such inclinations may be dampened by the slowdown in the economy which has already caused companies in especially hard-hit industries to drastically cut their contributions.

While the level of corporate financial giving is important, it is only one of several resources corporations can employ to address community needs. There are numerous examples of corporations loaning executive, technical, and analytic personnel to both government and non-profit organizations. Corporate facilities similary can be loaned or rented at below cost. And the numerous business decisions made by firms in hiring, procurement, the investment of funds, and especially in the location of facilities, can be consciously geared to benefit the community. Control Data, for example, is well known for its experimental attempts to locate profit-making businesses in low-income neighborhoods, and to provide such services to employees as day care for children and personal, educational, financial, and legal counseling.

Equally important as the level of corporate public involvement is the effectiveness of decisions on how to use corporate resources. Many corporations are paying greater attention to assessing community needs, identifying appropriate means of meeting them, providing assistance in monitoring implementation, and evaluating results.

Foundations and nonprofit organizations

A similar movement to use resources more effectively has been underway among foundations and nonprofit organizations, especially since the prospect for revenues is not encouraging in the nonprofit sector.

Changes in the tax code that free foundations from a requirement to contribute at least 5 percent of their total assets annually may be beneficial to the health of foundations in the long run, but could reduce grants in the critical period just ahead.

More significantly, the long-term downward trend in real private giving may well be accelerated by changes in the 1981 Tax Act, thereby depressing the principal source of donations to nonprofit organizations. The revenue picture for nonprofits is all the bleaker since about 20 percent of the Federal budget cuts in education, welfare, health, and the arts will be at the expense of nonprofit organizations.

Lester Salamon of the Urban Institute estimates that the tax changes will reduce private individual giving to nonprofits by $18.3 billion over the period 1981–84, while President Reagan's March, 1981 budget would reduce Federal grants to nonprofit organizations by about $27 billion over the same period.[2]

Whatever the magnitude, it is likely that the nonprofit sector will sustain a revenue loss that, without compensating action, could seriously impair its ability to provide services. The revenue constraints, plus the likely acceleration in demand for the services of nonprofit organizations, increases the urgency of nonprofit organizations improving their management both to assure that scarce resources are used well and to be able to attract funds from donors who will and should require greater assurance that their money is being well used.

Among the encouraging developments in the nonprofit sector is the emergence of intermediary organizations skilled in targeting resources and providing assistance to promising nonprofit and self-help groups. An example is the Local Initiatives Support Corporation which was created in 1979 and jointly funded by the Ford Foundation and six major corporations "to help strengthen and expand the capacity of independent, community-based development organizations to improve the physical and economic conditions of their communities."

LISC has provided loans and technical assistance to 80 community-based development organizations across the country, while its resources have grown from its original $10 million to $25 million, all from private sources.

Improved coprotection

A fifth approach involving the private sector is to improve the way in which government, business, nonprofit organizations, self-help groups, traditional social institutions, and individuals interact in providing services or otherwise meeting needs. A simple example is residential refuse collection: efforts by residents to separate recyclable materials

[1] Frazier, Mark, "Private Alternatives to Public Services," *Transatlantic Perspectives*, July, 1981.

[2] Salamon, Lester, M., "The Reagan Economic Recovery Program and the Nonprofit Sector: An Overview," unpublished paper, The Urban Institute, Washington, D.C., October, 1981.

or carry trash cans to the curb can reduce the cost of collection and disposal.

More complex interaction occurs in the social services. Better and less costly health care depends heavily on how well individuals take care of themselves and use their judgment in the selection and use of professional medical services. Yet individual choice is limited by prevailing health care structures. Success with health maintenance organizations (HMOs) and private emergency clinics suggests there is opportunity for incentive structures that place greater emphasis on preventive care and/or where profitability is tied more directly to success in controlling costs, with less reliance on third-party payment.

Education is a similarly complex process involving the individual and his or her family, schools and universities, religious institutions, media, training institutions, and business. The gap between school and work in providing graduates with skills appropriate to available jobs is of growing concern to American industry.

Crime, joblessness, and malaise among youth are chronic problems that have seemed invulnerable to conventional social service and criminal justice approaches. In fact, there is evidence that some conventional approaches not only are ineffective but may exacerbate the problems they are supposed to alleviate. The House of Umoja in Philadelphia is an example of residents in a community taking action themselves to address the problem of youth crime. In providing a home for youth gang members, the founder of the organization, Sister Falaka Fattah, stated that she intended to provide an "extended family" to compensate for the "massive disruptions in family life caused by black migration to the North."[3]

STRUCTURING SERVICES FOR PERFORMANCE

Private firms are not inherently more efficient than government agencies. Efficiencies or higher quality services are attributable to clearly identifiable practices such as good management, appropriately trained personnel, and effective use of equipment and material, which are also available to government. The private sector does not have a monopoly on such practices, but it is more likely to have the incentive to use them.

Private firms also have certain advantages over government agencies in their freedom to choose business objectives that are profitable while shunning those that are not, and in their flexibility to choose the most economical scale of operation. Most government services theoretically benefit the community as a whole and thus are financed by general taxes. The scale of government services, meanwhile, must account for the geographical reach of the political jurisdiction which raises the taxes to finance them.

Nonetheless, while these differences between the public and private sectors are apparent, they are not so definitive or precise as is widely believed. It is possible to structure certain government service responsibilities in such a way as to take advantage of private sector features that promote efficiency and performance without neglecting other government goals such as equity and political accountability. Three such features applicable to some government services are linking the cost and value of services through consumer purchases; competition that permits unsatisfied customers to take their business elsewhere; and appropriate scale of operations that permits economies associated with both largeness and smallness.

[3] Testimony by Sister Falaka Fattah, Founder-Chief Administrative Officer, House of Umoja, before a Forum on Alternatives to Public Service Delivery, U.S. Senate Subcommittee on Intergovernmental Relations, Washington, D.C., July 28–30, 1981.

User fees

The price charged by a firm is its stated measure of the value of its product in the marketplace. Customers decide whether the value they will receive from the product is worth the price; if they choose to buy they pay the entire cost. Firms that make what no one will buy, charge what no one will pay, or price too low to cover costs will soon go out of business. The key here, of course, is that the customer is both the sole purchaser and the sole consumer of the product, and so can compare what he pays with what he gets. In most government services, by contrast, the purchaser is usually the government while the consumer is usually a citizen.

Financing public services through a user charge or fee based on the benefit received can promote greater attention to comparing cost and value, since the service recipient is also the purchaser. Individuals, households, organizations, or identifiable groups of citizens that benefit from a government service could be required to pay directly and specifically for the cost of producing that benefit. This not only promotes efficiency and performance, but also provides an equitable way of raising revenue. To the extent the benefit derived to the public as a whole, the government would pay the cost from general revenues.

Thus, the service recipent would not necessarily pay the full cost of the service, but rather the difference between the full cost and that portion of the cost attributable to the benefit accruing to the community as a whole, which would roughly correspond to cost of providing the benefit that accrues to the recipient.

Such calculations are relatively simple for such services as water supply, sewage disposal, refuse collection and disposal, and certain recreation services. And in fact user charges are regularly employed to finance such services. The calculation is more difficult for such services as public transportation, which typically is financed by a combination of fares and subsidies, theoretically reflecting the distribution of benefits respectively to the rider and to the public as a whole.

In practice, mass transit fares are influenced by an array of factors that have little to do with a precise calculation of public and private benefits. The principal competitor to public bus or rail transit is the automobile, which is heavily subsidized through tax financed road construction and maintenance and artificially low parking rates which may be employer, government, or merchant supported.

Thus, the consumer weighs the transit fare against the out-of-pocket cost of operating his automobile in choosing his mode of transportation, but the cost of each will be heavily conditioned by the amount of subsidy to each mode. Governments responsible for determining the amount of the subsidies are with few exceptions poorly organized to consider the relative impact of transit and automobile subsidies on commuting habits.

Fiscal pressures have prompted local governments to turn to user charges and fees as an alternate source of revenue. However, they are still underutilized because of political resistance by service recipients, who naturally prefer free or subsidized service; administrative opposition from service bureaucracies, which fear the accountability or loss of clients; and inadequate accounting procedures, which fail to isolate service costs and benefits.

The only legitimate reason for underutilization is the concern that fees would deprive low-income residents of needed public services, or otherwise compel them to pay a burdensome cost. However, measures can be taken to assure that no one is denied basic services by providing vouchers or direct subsidies, or by permitting deferral of payment (e.g., charges levied against property could be delayed until the property is sold) for those unable to pay the charge.

Competition

Establishing a closer link between the cost and value of services will not by itself produce incentive for greater efficiency or higher quality. In the market economy we rely upon competition to provide this incentive: the unsatisfied customer can take his or her business elsewhere. Having two or more providers of a single service is hailed as the key to efficiency in the private sector; it is simultaneously scorned as the clearest example of waste in the public sector.

To be sure, for certain services the incentive that derives from having competitive providers will not produce efficiencies sufficient to compensate for the high cost of maintaining duplicative operations, especially when heavy capital investment is required. Such generally private sector functions as telephone service, electrical production, gas supply, and cable television typically are granted monopoly status principally because of the high cost that would be required to build and operate duplicative distribution networks.

• • • • •

Smaller size can also increase flexibility in determining how the service should be provided. A contract might be awarded to a private firm on a competitive basis or negotiated with another government; a consortium might be established to provide the service through a joint agency or by contracting with a private organization; or the jurisdiction may decide to provide the service directly.

Whether the provider is a government or a private firm, the knowledge that the option is available to enlist another provider if performance flags can be an effective incentive. Smaller size also permits responsible officials as to service quality and cost.

Smaller districts take several forms:

Single-purpose neighborhood associations established to provide one or more specific services for a fee, such as the neighborhood in St. Paul that had previously contracted with numerous refuse haulers on a house-by-house basis and switched to a collection contract with a single hauler.

Deed-based homeowners associations in which membership is automatically passed on with ownership of the home in order to avoid the problem of "free riders" who benefit from locally provided services but do not pay for them. The Community Associations Institute estimated the number of such associations, which charge their members an annual fee to provide such services as street maintenance, park upkeep, leaf removal, and snow removal, increased from 600 in 1965 to more than 20,000 in 1980.[4]

Special taxing districts that are chartered by state governments to provide one or more services for which they can levy a tax on their residents.

Incorporated municipalities that provide a range of services to a restricted neighborhood, even though they are located within a larger urban area served by a full-service urban county government.

Condominium associations that charge a fee to individual unit owners for the operation and maintenance of common elements.

Self-help organizations, such as community development corporations and others discussed previously.

Such districts provide a range of maintenance-type services such as street, curb, and sidewalk construction and maintenance; snow removal; leaf collection; refuse collection; and maintenance of public trees, shrubs, parks, and gardens.

[4] See Frazier, Mark, "Privatizing the City," *Policy Review*, Spring, 1980.

Some also provide police patrol, recreational services, water supply, sewage disposal, and storm water management. Some, such as municipalities and self-help organizations, provide a still richer mix of services.

Such districts facilitate the organization of people with a common interest in providing a quality or cost of service that they could not get from the private sector, the public sector, or through their own labor. They are, in essence, a type of "mini-government," formally so in the case of the municipalities and special taxing districts.

As such they have a governing body which not only serves the purpose of raising revenues and seeing to the provision of services, but can also represent its constituents' common interests outside its physical jurisdiction and function as a political institution to pursue common interests and resolve disputes internally.

ALTERNATIVES TO SERVICES

The first three options to conventional community services involve shifting responsibilities for services and improving services. A fourth option is to provide no service at all, but rather to meet the presumed need for service in some other way, or to rethink the nature of the need itself.

Local governments have a range of tools available for pursuing objectives short of establishing or expanding service agencies. These tools include leadership and advocacy; support for public participation, volunteerism and self-help efforts; law and regulation; tax policy and financial tools; and administrative changes.[5]

Many local governments have become preoccupied with the financial and management problems of maintaining service agencies to the exclusion of considering how these other tools might be used more effectively.[6] Pressures of time, politics, and tradition prevent serious consideration of two fundamental questions of governance for any given issue: one is whether to do anything at all, and the other is the best way to do it. Two examples serve to illustrate:

Drug abuse among teenagers is a problem in Montgomery County as it is in many communities. Two years ago, when the most recent in a long progression of requests for appropriations to set up a new program to deal with the problem came before the Council, some of us questioned what effect it would have, and how it related to existing programs. We already had a bewildering array of educational, therapeutic, counseling, and other kinds of programs, and it was not clear what this new effort would add.

Instead of approving the appropriation, we decided to reexamine existing programs. Two conclusions were reached. One was that there was already an abundance of government resources addressing the problem that should be more effectively coordinated.

The other was that there was a limit to what government could do; drug abuse among teenagers is fundamentally a problem of behavior that requires the attention of the family and the community.

Among the more promising approaches to involving the family was the "parent peer group," an informal association of parents whose children socialize together. By meeting periodically and keeping in touch, parents can compare notes on appropriate standards for their children, learn first hand whether "everybody is doing it," keep tabs on the whereabouts of their children, and learn the facts and experience of drug use.

One such parent peer group which calls itself PRIDE, was especially successful and enthusiastic, and has since helped to start or assist about forty other similar groups.

SUMMARY

Fiscal pressures on local government, intensified by Federal budget reductions, are prompting a search for alternative means of service delivery, and experimentation with ideas that have been discussed for many years. Recent experience demonstrates that there are, indeed, more effective and efficient ways of providing services. The most important of these is simply better management.

However, there is also a greater role to be played by business, nonprofit organizations, self-help groups, traditional social institutions, households, and individuals. To take full advantage of these opportunities will require structuring services to provide greater incentive and appropriate scale of operation.

There is also a need to rethink the assumptions underlying conventional service approaches and to seek alternatives that do not require high levels of formal service operations.●

[5] SRI, International has undertaken a series of studies examining the various tools of local governance, which it categorizes as "nonservice approaches" to distinguish them from direct service operation by government. See, for example, *Rediscovering Governance: Using Nonservice Approaches to Address Neighborhood Problems—A Guide for Local Officials*, SRI, International, Menlo Park, California, 1980.

[6] The Citizens League of St. Paul-Minneapolis explored many of the ideas related to such approaches in *Enlarging Our Capacity to Adapt*, Report of the Committee on Issues of the 80s, Citizens League, Minneapolis, Minnesota, August 27, 1980.

THE HELSINKI COMMISSION IN 1981

● Mr. DOLE. Mr. President, the year 1981 has been a year of significant activity for the Helsinki Commission. I would like to place in the RECORD at this point a description of the Commission's work this year.

The Commission was created in 1976 as an independent agency to monitor and encourage compliance with the 1975 Helsinki Conference on Security and Cooperation in Europe (CSCE). It continued to undertake a wide variety of activities to fulfill that mandate during 1981.

The primary focus of Commission activity during the past year was on the Madrid CSCE review conference which began in November 1980 to review implementation by all 35 signatory countries of the military security, economic, scientific, humanitarian, and other goals of the Helsinki Final Act. The Commission both contributed to the formulation of U.S. policy for the Madrid meeting and played an important and active role as members of the U.S. delegation to the Madrid conference. Commission Chairman FASCELL and Cochairman DOLE are Vice Chairmen of the Madrid delegation and Commission Staff Director Oliver is delegation Deputy Chairman. The Commission has also been active in planning for and staffing official U.S. delegations to other meetings linked to the CSCE process, especially experts meetings at the Economic Commission for Europe on international trade and energy issues.

Commission hearings during the past year have provided an important source of information on the state of the Helsinki Final Act implementation, particularly in the human rights area. Human rights, including religious and ethnic rights and family reunification, were subjects of two hearings specifically commemorating the fifth anniversary of the Ukrainian Helsinki Monitoring Group and on religious and national dissent in Lithuania. The Commission also held the first review of the Soviet invasion of Afghanistan as a violation of international law and the Helsinki Final Act. As a result the Commission has been able to provide a regular flow of reports and information to the Congress, press, and public on human rights and other issues involving the Helsinki Final Act implementation, including a comprehensive review of U.S. implementation of the Final Act.

The Commission has had a unique role in policy formulation and coordination on CSCE; during the past year, Commissioners and staff held extensive meetings with officials of the executive branch to review CSCE policy issues. Ambassador Kampelman, the chairman of the U.S. delegation to the review meeting met with Chairman FASCELL and Cochairman DOLE on numerous occasions to review progress at the Madrid meeting and discuss future policy direction.

During the year the Commission also maintained close contact with numerous nongovernmental organizations throughout the country having a strong interest in CSCE, including the U.S. Helsinki Watch, the National Conference on Soviet Jewry, the Union of Councils for Soviet Jews and various religious and ethnic organizations. The Commission staff kept these groups informed on a regular basis concerning the negotiations at the Madrid meeting through periodic updates in the Commission's biweekly CSCE Digest.●

REPORT TO THE LEADERSHIP ON THE HATFIELD/HAWKINS DELEGATION TO NEW ZEALAND, AUSTRALIA, AND THE PEOPLE'S REPUBLIC OF CHINA

● Mr. BAKER. Mr. President, I have long believed that the country is well served by the opportunity for Members of the Senate to visit foreign countries, familiarize themselves with the interests and perspectives of those countries and exchange views with foreign government and political officials.

For that reason, I asked two of our distinguished colleagues, Senators HATFIELD and HAWKINS, to travel to New Zealand, Australia, and the People's Republic of China. This delegation, led by Senator HATFIELD, made the trip during the period of August 17 through 27, and held discussions on a broad range of issues of interest to the United States.

In the form of a report to me, the delegation has reported its findings and the essence of its conversations with government leaders in those three countries. I believe the report an excellent recounting of their trip and a thorough discussion of issues of immediate concern to the United States.

I ask therefore, Mr. President, that that report of the Hatfield/Hawkins delegation be printed in the RECORD and I invite the attention of my colleagues to it.

By separate means, I have also provided a copy to the Secretary of State.

The report follows:

REPORT OF THE SENATE LEADERSHIP DELEGATION VISIT TO NEW ZEALAND, AUSTRALIA, AND THE PEOPLE'S REPUBLIC OF CHINA

NEW ZEALAND

After an early evening arrival in Wellington August 16 and a briefing by Ambassador Browne and his staff, Senator Hawkins and I went to see Prime Minister Muldoon at 9:00 A.M. on Monday, August 17. I presented him with your letter and the letter from the President and he expressed his gratitude for your remarks. I opened the discussion by stressing the U.S. global commitment to our friends and allies and the desire of this Administration to have frank and open consultations before the fact on all major issues. I stressed also the partnership in this Administration between the President and the Congress and the mutually reinforcing way that we interact on both domestic and foreign affairs. Senator Hawkins and I told the Prime Minister that we were deeply aware of the special economic concerns of New Zealand and its dependence on agricultural markets.

The Prime Minister mentioned that there had been recent meetings with Ambassador Brock on those issues and that he hoped those discussions would provide some relief to New Zealand. At the time, the New Zealand Government had not decided on accepting Ambassador Brock's proposals. Only following our meeting with New Zealand Cabinet leaders, convened that morning, were the U.S. proposals discussed and approved. Prime Minister Muldoon appreciated our understanding of New Zealand's problems and mentioned that the past three years had marked the beginning of a turnaround for the New Zealand economy with a real net improvement in the balance of payments. While not yet fully into the black, he noted that New Zealand's exports had risen some 40 percent and that imports had been cut by some 12 percent in the same three-year period. He also stated that Wellington's plans to develop their energy resources over the next decade should further assist the country's efforts to improve its world market position.

Our discussion then turned to international issues, and the Prime Minister described what he saw as New Zealand's role in the South Pacific, the home of eleven independent island nations of varying size and spread from the equator to the South Pole. To my question about problems he saw in the area, Prime Minister Muldoon stated that a year ago the situation in Vanuatu had been of some concern because of difficulties in the beginning stages of the country's independence and because some unscrupulous businessmen had been promoting schemes there. Fortunately, this had calmed down. He did not foresee New Caledonia's independence engendering this sort of problem, if indeed independence actually is supported there.

In spite of a general lack of enthusiasm for the Soviets in the region, he indicated that the Soviets were making a great effort to establish a presence. In this regard, he mentioned also Soviet interest in krill protein research being conducted at an Australian laboratory in Tasmania which would bring Soviet vessels into the Pacific more often. The Prime Minister emphasized that we should not become complacent about the potential for Soviet activities and, since the nations in the region were all democracies, new election results could bring changes in government attitudes toward a Soviet presence.

Economic development assistance remains the key to New Zealand efforts in the area and Wellington authorities are working to convince Japan and European nations to contribute more aid. The communication/transport problems in the region are monumental and the Prime Minister pointed out that in the nation of Tuvalu—population 7,000—one of the islands is about 1,000 miles from the others. New Zealand is working with the nations in the region to develop a ship transport service that will be cooperative for all and thereby justify the creation of regular service to the islands.

I stressed to the Prime Minister that New Zealand's influence went well beyond the South Pacific and that its efforts in support of the nations of Southeast Asia was also important, particularly the defense arrangements with Singapore. I expressed our conviction that New Zealand's inclusion in the list of acceptable countries for the Sinai Peacekeeping Force was further evidence of the international regard for New Zealand's contributions and urged favorable consideration of this request.

He noted that there was some opposition to the peacekeeping force because of trade concerns, pointing out that Iran and Iraq now buy as much from New Zealand as the British and that lamb exports were very important there. The Prime Minister did not feel that the peacekeeping force issue would be one in which the public would take a strong stand unless the issue clearly would affect the lamb and beef producers. He did state, however, that the opposition Labor Party leaders wanted to prohibit New Zealand's participation unless there was a UN mandate for the force.

After the meeting with the Prime Minister, Senator Hawkins and I joined in a wide-ranging discussion with Brian Talboys, Minister of Foreign Affairs and Minister of International Trade; David MacIntyre, Minister of Agriculture and Deputy Prime Minister; W. F. Birch, Minister of Energy; and H. C. Templeton, Minister of Taxation and Customs, and Deputy Minister of Finance. Foreign Minister Talboys, who is retiring this year, initiated the discussions by asserting that New Zealand was deeply interested in American statements supporting free trade, since his own country depended almost completely on access to international markets. He commented that New Zealand does not store any surplus commodities and, like the auto manufacturers, produces to sell.

I told him that the mood in Washington was changed and that there was a sense of urgency here that transcended partisan ranks; it was vital to all to get the American economy back on track. I emphasized that the Reagan Administration was approaching this problem—lowering inflation and increasing employment—with the conviction that we needed less regulation and stifling of economic forces and that this was consonant with the principles of free trade. I pointed out that the Administration's signal on casein—by putting the matter of its effect on the U.S. domestic market up for investigation—was indicative of our sensitivity to New Zealand's interests. Senator Hawkins explained the difficulties of handling this issue in the Agricultural Committee and how local interests affected the President's efforts to cut back on subsidies in the agricultural sector.

Minister MacIntyre returned to the casein issue to note that the rapid growth of New Zealand exports in this area was largely due to the increased number of uses for the product. He regretted that it had become a target of the protectionists, pointing out how New Zealand had withdrawn protection from its own tobacco industry, which could not effectively compete with the U.S., as an example of how he hoped we would react on casein. Senator Hawkins again pointed out how important it is to gear agricultural production more and more to an international market and that we needed to keep the food issue on our minds because of projections of major food shortages in the world by the 1990s.

Brian Talboys then brought up New Zealand's concerns about U.S. anti-trust laws and the question of extraterritorial application of U.S. laws. He stressed New Zealand's fears that the Senate Judiciary Committee review, particularly as it involves shipping cases, would impact negatively on New Zealand and that his Government believed that this matter should be decided through bilateral negotiations and not in the U.S. courts. He asked that we convey his concerns on this issue to you and other Senate leaders and I agreed to do so. I did, however, seek to reassure him that the review which we are undertaking is based on our desire to free up our industry from the restrictions which make it less competitive. I noted that Senator Thurmond and others in the Administration are looking to reducing the regulations, not imposing new ones. Minister Talboys expressed his delight by this course of review.

We discussed briefly New Zealand's energy problems, where, for example, their costs have increased sixteen fold since 1973 because they are still 90 percent dependent on foreign oil. Conversion of natural gas to oil, being undertaken jointly with Mobil, will help to reduce this dependency by one-third and New Zealand is working to free up some of its coal deposits for export use.

On the foreign affairs side, Minister Templeton pointed out that New Zealand was concerned about its economic status. Now after a decade of budget deficits, he said, they were unable to do more internationally, even though they wanted to. And, at least among the South Pacific nations, there was an expectation that the New Zealanders would do more to help them. The Ministers also noted for New Zealand to make a contribution of any sort, it had to sell its products, which were largely agricultural—72 percent of all of New Zealand's funds come from that sector—and this meant stiff competition.

I explained that we were sensitive to New Zealand's needs and that we were also aware of the positive contributions that Muldoon Government had been making in the region and elsewhere. I again made the pitch for consideration of participation in the Sinai Force. I also stressed to the Ministers that we wanted to have full and open exchanges with them and that we hoped they would understand that the U.S. too has its problems. I mentioned, for example, that we are going into a trillion dollar deficit and that it required 15 percent of our budget just to service the debt.

I told them that our defense expenditures also amounted to $1.4 trillion with $30 billion to maintain our troops. All of this, I said, meant that the U.S. was facing tremendous difficulties which others must understand when we tell them of our inability to respond as fully as they would like. Minister Talboys expressed his appreciation for this explanation, noting that the image of U.S. infallibility and unlimited capabilities was held by most nations and that it was necessary to scale down expectations and work more closely together on all issues.

We followed this meeting with the leaders of the Government with a brief session with leaders of the opposition Labor Party. The group of Labor leaders, headed by Deputy Leader David Lange, included Trevor Young, an old friend of mine, Ronald Bailey, Fraser Coleman and Frank O'Flynn. Here again there was a not unexpected interest in the U.S. position on free trade and restrictions on the free operation of the market place. Casein came up once more and we explained the basic reason for the President's decision to seek an investigation of the effects of casein imports as a means of defusing separate Congressional action on this matter.

We also discussed subsidies and the Administration's goals to reduce them. Senator

Hawkins pointed out that the removal of subsidies for rice had resulted in unprecedented profitable marketing for rice growers and that this could just as well be extended to others. We stressed, however, that while the goal was to reduce subsidies, we could not be certain that this could be accomplished, certainly not definitively, as Ambassador Brock had proposed, by 1983. We also explained that on the industrial side, many labor unions and small manufacturers favored restrictions and tariffs on imports, but that the Administration favored negotiations in the marketplace to affect changes.

Turning to foreign policy interests, we engaged in a detailed exchange on the Labor Party's views of ANZUS and why they believed that it should be modified. I told them that ANZUS, as an association of long-time friends, was one of the Administration's top priorities in foreign affairs. I said that New Zealand played a key role in the South Pacific and could continue to play an international role through the Sinai Force. I stressed that this peacekeeping role would enhance New Zealand's image in the Pacific as well, since this seemed to be the area of greatest concern to the New Zealanders. Furthermore, I tried to stress that we were all involved in an interdependent way, looking out for common interests.

David Lange was the most outspoken on this issue and argued that the Labor Party had strong views. They favored a nuclear free zone in the South Pacific and did not want any nuclear-armed ship visits. He expressed some interest in the arrangements which Australia has with us for "veto" over certain types of stops by nuclear-armed craft, but I think that this was largely a misinterpretation of the U.S.-Australian agreement on this subject.

Lange stressed that the Labor Party saw the alliance as one strictly limited to the Pacific, and that it should not be extended to the Indian Ocean or globally. He stated that many of the younger members of his party wanted to terminate the alliance. He opined that it would be better if ANZUS concerned itself with regional South Pacific issues and that it looked to brokering the problems of the region. He argued that we were all like elephants dealing with mice, the nations of the South Pacific, and that it would be better to engage them in constructive dialogue, if for no other reason than to prevent Soviet encroachments.

Trevor Young chimed in to emphasize the Soviet efforts to obtain fishing rights from Tonga in return for constructing an airport. He cited the activity of Soviet submarines close to New Zealand. In sum, the opposition believed that it was necessary to make ANZUS more than just a military alliance.

In response, I noted that there was never any prohibition in the ANZUS context from carrying on discussions related to non-military issues. Furthermore, by remaining active in ANZUS, the New Zealanders gained more weight and authority in carrying on their bilateral dealings with the nations of the South Pacific. I concurred that the Labor Party often got bad press here about its desire to question the ANZUS alliance and that I was relieved to hear that the Party by and large favored its continuation.

Lange stressed that the Labor Party's position was not based on any negative feelings toward the United States, though he did indicate some questioning of our role by younger members of the Party. He indicated that his party could not be elected campaigning on an anti-American platform. Trevor stressed that there were far too many positive images of the United States left from the war and positive images based on tourism and communications between the two countries which affected the younger generation as well.

We also discussed U.S. policy toward American Samoa. The Labor Party leaders were critical of U.S. handouts to the island which they believed created a welfare state and dependency atmosphere inappropriate and offensive to the independent nations in the region. I stressed that U.S. intentions in American Samoa would largely be guided by the wishes of the population as they had been in the Trust Territory and Guam but that the Reagan Administration had not yet focused directly on the issue. It seems to me, however, that this is one issue which we should look into, particularly since during a refueling stop in American Samoa we had a chance to drive around and see some of the island. Though we have made a number of governmental reforms there, including the election of a Governor and the presence of a Samoan representative in Congress, the economic progress is not very encouraging.

We also discussed the relationship between the Labor Party in New Zealand and its namesakes in London and Canberra. The Party leaders stated that there was very little in the way of direct communication and a great deal of difference in the organizations themselves and their roles in the government. They noted that there is no equivalent to the "Socialist International" for Labor Parties in the three countries though they do all participate in this larger organization of free society socialist parties. New Zealand's Labor Party does have organic relations with the labor movement in the country but very little interaction compared to Britain, where 85 percent of the party funding is from the labor movement, but it is only 5 percent in New Zealand. One got the distinct impression that there was a great deal of national identity and independence involved which prevented closer relationships on an international scale.

We concluded our morning meetings with New Zealand Government officials by meeting with Sir Frank Holmes, Chairman of the quasi-governmental New Zealand Planning Council and one of his councillors, Mr. Graham Ansell. We had a long, involved briefing on the Council's history and its activities which appear to be largely advisory. They have existed to date without creating any firm blueprints for action. In a way, their attitudes are similar to our own. They are suggesting that there be less governmental control or direction to the economy. They see government as trying to present some guidelines for short- to medium-term development and growth through commissions like their own.

We discussed several specific issues pertaining to resource development. I asked, for example, about how they have inventoried resources and whether there had been any consideration by the Council of where the country's resources would come from in the future as developing countries sought to control and use more of their own resources. I noted in this regard that we had differences with the New Zealanders on the wisdom of the seabed mining segments of the Law of the Sea treaty and queried whether this had been looked into by the Council.

To its credit, the Planning Council has been active in working on balance of payments problems and on marketing assistance for New Zealand products, focusing on areas where New Zealand already has a comparative advantage and on the stimulation of tourism. Sir Frank indicated that the Council was concerned with keeping down the number of restrictions and widening access to markets. Senator Hawkins questioned whether or not this didn't give New Zealand producers an unfair advantage over those in countries who did not have direct government backing. The answers were not entirely satisfactory since it did appear that some of the backing given by the Council and by the government might appropriately be called export subsidies or at least supports.

AUSTRALIA

On our first morning in Sydney (August 19), we met for breakfast with several of the leaders of the American Chamber of Commerce to discuss their concerns about U.S. policy. They were quite blunt in their presentations, pointing out several areas where they felt government policies and practice inhibited their competitiveness abroad. They explained, for example, that Export-Import Bank funding restrictions were going to injure materially our competitiveness in Australia where some $50 billion worth of major projects are scheduled to be funded in the next few years. They stressed that Ex-Im funding should not be cut back if we hope to have U.S. companies competitive in this area as well as worldwide.

The AmCham representatives also urged that we re-examine the Foreign Corrupt Practices Act, pointing out that many companies turn down business opportunities in bribe-prone countries and many foreign companies refuse to do business with Americans because of the confusing aspects of the law. The Chamber supports the revisions currently before the Congress in S. 708 introduced by Senator Chafee and correspondingly by Congressman Rinaldo (H.R. 2530). I think we ought to look closely at this issue.

The AmCham representatives argued strongly for the reopening of the American Consulate in Brisbane which was closed last year by the Carter Administration. They mentioned that Queensland province, where Brisbane is located, is the home of 40 percent of U.S. investment and pointed out that the State Department was reluctant to close this post last year but did it for budgetary reasons.

As in the case of the New Zealand officials, the AmCham representatives were concerned about the extra-territorial nature of U.S. laws where our policies were causing resentment among the Australians. The result of our policy is an Australian Government decision to permit Australian companies to recover any losses in U.S. courts by taking reciprocal action in Australian courts against American companies. The end result is obviously a lot of bad will and litigation which will affect our activities abroad even more.

As we discussed these issues, I explained that the priority of the Administration and the Congress during the first few months of our term had been to get the economic recovery and budget issues taken care of first and that we would then begin to focus on other areas with more despatch. I noted the Chafee bill is being considered and that we will likely be able to move it forward. I told them the antitrust issue remained under review but we had no clear signals from the White House on how it would be handled. Similarly, on the extra-territoriality issue, I said we were going to have to look at the matter closely since some areas, like overseas meat inspection regulations, were clearly beneficial.

The AmCham representatives also asked that we raise with the Treasury Department their concerns about the Foreign Investment Review Board and its rules on investment. They explained that Australia is about to consider opening up opportunities for foreign banks but that the U.S. banks have a problem in operations abroad because of the FIRB rules. They noted that there are between 15 and 20 U.S. banks already in Australia but that they have only limited functions because they cannot grant reciprocal rights to Australian banks in the U.S.

When we arrived in Canberra, we went straight to the Parliament House to observe their weekly question period with the Government Ministers. It was an interesting dis-

play of their parliamentary system and you'd be glad you don't have to try and deal with the kind of unruliness which they apparently face all the time. If you haven't had the opportunity to view this procedure, you should do so the next time you get an opportunity to visit Australia.

In a subsequent conversation with Sir Billy Snedden, the Speaker of the House, we discussed Party discipline and regulations and Sir Billy explained that a committee of one hundred persons selected Liberal Party candidates for elections.

This committee served as the only check against members defecting on floor votes since the Liberal Party had no disciplinary measures on the floor. Those who defected on floor votes could be sure not to be recommended for subsequent sponsorship by the Party though this would not prevent them from running as independents. The Labor Party on the other hand has a strict rule and it expelled members from the Party if they defected on floor votes.

We had a similar informal conversation with Sir Billy's counterpart in the Senate, Senator Harold Young, who as the recent choice of his Party had become the President of the Senate. He faced and controlled a similar debate. For the floor questioning in the Senate, individual Senators stood in as "surrogate Ministers" for the question period, taking much the same heat as their Ministerial colleagues in the House.

In the afternoon, Senator Hawkins and I called on Prime Minister Fraser and presented your letter and the letter from President Reagan. He was deeply appreciative and told us how much he enjoyed the opportunity to meet with the President and others during his recent visit. We went back and forth on a number of issues and he strongly applauded our actions against the Libyan planes in the Mediterranean.

I talked with him about the Sinai Peacekeeping Force and he sketched for me the way that his Government was looking at the issue. Speaking generally on the Middle East, the Prime Minister asserted that only the U.S. could act decisively there, and urged that we seek more often to moderate Israeli policies, particularly on the West Bank settlements issue. Fraser argued that we could not dismiss the Palestinians and their rights and regretted that we were all not farsighted enough to have pressed this problem to solution thirty years ago before it became the kind of open festering wound it is today. Prime Minister Fraser also thought we should be doing more to get the Europeans involved in the peace-keeping operation. I told him that we too were hopeful of a positive European response and that I thought the State Department was going to continue to work on this matter.

As we were leaving, Senator Hawkins raised the question of our closing of the Brisbane Consulate and the Prime Minister stated that he would be pleased if it could be reopened since so much of U.S. business activity is centered there.

Our short meeting with the Prime Minister was followed by a session with Defense Minister Killen with whom we discussed similar issues. He too approved of our actions in Libya but was concerned about where it would lead and the type of action that Qadhafi might take in retaliation, particularly against the U.S. citizens still living there. He argued that the Sinai force was a difficult problem for the Australians and that it would be particularly helpful if the British and Canadians were also involved. Killen also opined that only the U.S. could face down the Soviets in the Middle East.

I told him that we were willing to work for a solution of Middle East problems. But, I said we had difficulty accepting the idea that Arafat could be the leading speaker for the Palestinians. We then turned to a brief discussion of the recent decision on enhanced radiation weapons. He basically supported the decision since he felt the U.S. and others had been too complacent in taking détente at face value thereby allowing the Soviets to make major advances on the arms front. Minister Killen was concerned that there was going to be a major propaganda campaign against enhanced radiation weapons and hoped that we could successfully counter it. Again as we were leaving, Senator Hawkins raised the Brisbane issue and Killen, who comes from the Queensland area, fully supported our reopening the consulate.

Our next discussion with Australian leaders came with Bill Hayden, the leader of the opposition Labor Party. I questioned him hard on the image that the Labor Party has in the United States as being basically unfriendly to U.S. interests. Hayden said he thought this was unjustified and professed that his Party would still be supportive of many U.S. policies, suggesting only it might take a "more independent" view on some issues.

Without saying it clearly, he suggested the Liberals were just mouthing American positions on most topics. He used as an example the different views of the Liberals and the Labor Party on defense issues. Hayden stated that the Liberals believe the U.S. will always be around and could be counted on to back up the Australians. The Labor Party, on the other hand, argues that the U.S. and Australia could, in some situations, have competing interests. He also stated that the Labor Party would not be spending its money on aircraft carriers but would concentrate on more practical military expenditures, though he did not specify what he had in mind.

I asked specifically whether the Labor Party would maintain the alliance. Hayden responded positively expressing surprise that anyone would question this matter. He asserted that the images of the United States among Labor Party members had improved but that there had been a great deal of concern during the Vietnam War and also because many people saw the U.S. deeply involved in Australian affairs. Hayden cited some strange tales of CIA involvement in Australian affairs, but when asked by the Ambassador, conceded that he had seen no evidence to contradict the categoric U.S. denial of any such involvement.

Mr. Hayden also indicated that if he were Prime Minister there would have to be a reconsideration of some of our defense arrangements with the Australians, particularly regarding U.S. installations there. He said that should he as Prime Minister discover facts about U.S. operations that were contrary to what he had been told as leader of the opposition, then he would have to reconsider his entire attitude toward the facilities. Hayden also indicated he might be coming to the U.S. for a visit around the middle of next year and I urged him to see us so we could have further discussions at that time.

After our dinner with the Speaker of the House and the President of the Senate. Senator Hawkins and I met with Chairman Roger Shipton and eight members of the Joint Committee on Foreign Affairs and Defense to respond to their questions on U.S. policies. We began by giving them a brief overview of our positions and of the important role we saw for ANZUS as well as the collegial aspects of our consultations on regional and global issues. I pointed to Ambassador Nesen as the symbol of our regard for the Australians, noting his close personal relationship with the president. Senator Hawkins presented her views on the importance of agriculture in world affairs and discussed our efforts to remove subsidies from agricultural production.

Responding to a question on how the U.S. saw problems in the region, I stated that we had been focusing largely on domestic issues in the first six months of the new Congress and that we had had little time to look at this region so far. I expressed our intention to rely heavily on the views of the leading nations in the region, Australia and New Zealand, and pointed to President Reagan's appointment of Ambassadors Nesen and Browne, his personal friends, as examples of our concern.

Senator Seiber inquired about the Administration's policies toward South Africa indicating his own preference for the Carter Administration's human rights emphasis there. I told him my own view that regardless of what the United States did, we would be criticized as interventionists for nonaction as well as action. I told him that Carter's human rights policy, while well-intentioned, was doomed to fail because it was unilateral and that we could not go around trying to clone others into models of the U.S. I pointed out that this Administration was not going to abandon human rights but rather seek to move it into multilateral fora.

I then turned the tables and asked the Senators and Representatives to let me have their thoughts on the peacekeeping force. I got a wide range of answers from the official Liberal Party line, that they had yet to decide while the Laborites had decided against it, to some strong questioning about our overall cooperative role. Members of both parties, however, did express concern about how the peacekeeping force would be used, explaining that they were still not clear about the circumstances involved. The Labor Party representatives stated that they believed Australia should participate only if the UN mandate was clearly granted since they felt a non-bipartisan approach to the commitment was necessary. Not unexpectedly the Laborites quickly mentioned the possibility of retaliation against Australian products in the region.

Others were more stark, portraying the Middle East as outside Australia's strategic area of interest and saying Canberra had limited capabilities which ought to be better husbanded. On a geopolitical bent, they argued that the Sinai Peacekeeping Force was likely to heighten big power presence and possible confrontation in the Middle East. Our most ardent supporter among the group argued that when the U.S. pulled out of Vietnam the ensuing vacuum brought increased Soviet presence in the region which all opposed. He then said that if the U.S. and others were convinced that it was important to get the Sinai force going then Australia should support it fully.

Another argued that we could not divorce the Sinai issue from the Palestinian question and thought that we had to exercise more restraints on Prime Minister Begin, particularly to obtain his commitment to solve the Palestine problem. He said that Australia could probably participate in the force or provide logistics support but that these other problems would have to be addressed, preferably beforehand.

For my own part, I noted that the U.S. had served as a trigger for the Camp David process and that we were committed to helping achieve the solution that would bring peace to the area. I explained that in the process the machinery proposed to implement the Sinai element of the accord called for an international/multilateral response. I argued that this meant that Australia's role was significant, particularly since both sides had indicated that Australia was an acceptable participant. I expressed satisfaction with the role that Australia had played elsewhere, noted the authenticity of their concerns about the region and its effects on Australian interests, and hoped that their debates and

discussions would lead them to join in. I explained that we were going to continue to press for progress in the search for a comprehensive peace in the region.

I also noted the limitations on our ability to perform as the sole leader of the free world because of our debt and resource problems and told them we are going to require more help from them and our other friends and allies in the future. This frank exchange was one of the most productive we had throughout our travel and I believe we made some real headway on the Sinai issue and on Australian understanding of our interest in genuine partnership.

CHINA

After an 8:00 P.M. arrival in China on Saturday evening August 22 and an exhilarating tour of the Great Wall and the Ming Tombs Sunday morning, we met with our Chinese host, Ambassador Hao Deqing, President of the Chinese People's Institute for Foreign Affairs. We chatted briefly about our delegation's visit and Ambassador Hao mentioned that the last three U.S. Presidents had all come to China and that China would welcome President Reagan. He asked for our assessment of U.S.-China relations and I told him that I thought that prospects for our relations were bright because expanding trade and commerce were building foundations for friendship.

I noted the desire of our political leaders to strengthen this friendship and that President Reagan, as President Carter, Ford and Nixon before him, had indicated that we wished to be friendly, a position shared equally by the Chinese leaders. Most importantly, I stressed that our two peoples want to get on with the development and growth of our nations and wanted our children to grow up in an atmosphere of peace, harmony and friendship, all of which would contribute to a bright future for our two nations. I explained that this optimism, however, did not overlook that we had differences and problems and that we had to be realistic about them.

In response, Ambassador Hao described U.S.-Chinese friendship as an unstoppable tide. He noted that the bridge between the U.S. and China created by Nixon and by Mao and Chou on the Chinese side had been possible because of the international situation and that our relationship is not an ordinary one but strategic in nature. Because these relations have an overall bearing on the fate of the world, he said, it's all the more important that our relations be continuously strengthened.

Launching into the political context of his message, Ambassador Hao indicated that the terms of relations set down at the time of normalization should be the basis for the future expansion of our relations and that he hoped we would do nothing or say nothing contrary to affect them. He commented that beginning last year the Chinese people had heard "some noises" which would be harmful to the relations between our two countries and the Chinese people were not happy to hear this. By "noise," he said he meant that some people were saying things or also trying to do things not in conformity with the principles set down at the time of the establishment of relations.

The Chinese people were practical people, and, therefore, they hoped that it would be corrected and that there would be no more such "noise" and it would permit the two to work together for common purposes. He noted that some people also thought that our relations could go back to the period of the early 1970s or even earlier but that he personally did not think this was going to be terrible or that everything would break up over that decision. Summing up this somewhat elliptical remark, he concluded that the hoped that relations could continue to improve but that if they changed for the worse it would not be unbearable for China.

He responded positively to my question as to the clarification of Reagan Administration policy during Secretary Haig's visit, indicating that perceptions of each other had been better understood. On my questions of how he thought relations could be improved, he returned to his earlier theme asserting that the positive version of doing nothing harmful to the relationship was to have actions match one's words and that the Chinese would be looking for concrete demonstrations of American friendship and understanding.

Senator Hawkins noted her concern with agricultural issues and her hope that U.S.-China agricultural ties would continue. I noted that we had some problems with some of our West Coast wheat shipments because of smut infestation and that I hoped we could talk about the technical problems while we were there. Hao noted that this was a matter for the technicians and scientists to work out and that he couldn't personally help with that issue. He said he thought our agricultural ties were quite good and was sure that they were mutually beneficial.

The next morning, we had breakfast with a Foreign Ministry group headed by Vice Foreign Minister Zhang Wenjin and I gave Mr. Zhang your letter for the Foreign Minister. Since he offered us the opportunity to discuss any issue we wanted, I raised the question of Taiwan's future and this became our major topic for the entire breakfast period. In my opening remarks, I expressed an interest in Chinese views on the practicality of Taiwan assuming the cast of Hong Kong as an entrepot for commerce and financial dealings with China, assuming of course that some arrangements were being worked out between China and Taiwan at the same time. Zhang argued that the two situations were fundamentally different and, while China had permitted the resolution of the colonial status of Hong Kong to be deferred, it was not a situation that bore repeating, i.e., as separate administration of Chinese territory.

He gave a long historical description of how Hong Kong had been taken by the British and how the U.S. had protected Chiang Kai-shek and prevented Taiwan from being liberated. He agreed that there would be negotiations with Taiwan about the nature of reunification but denied that there could be any acceptance of Taiwan as a separate political entity. He stressed that there could only be one central authority but that Taiwan could maintain its own way of life, its social system and have trade and commercial contacts with the outside world. China's goal was also to enhance the interchange within the country and for Taiwan to help contribute to the common objectives. With this in mind, the Chinese, he said, have offered many opportunities for contacts in order to provide a peaceful way to establish integration but these have all been rejected by Taiwan, a position he claims is not supported by the people on Taiwan.

Returning to the question of Hong Kong, Minister Zhang stated that Hong Kong too eventually would return to the mainland. He stated they were not anxious for this at present. When I suggested the current status of Hong Kong brought benefits to China, Zhang stated its return to the mainland would also benefit both sides and China would still let investors play their role and wouldn't alter their interests.

After he said he was prepared to have investors play a similar continuing role in Taiwan, I asked about amnesty and immunities for members of the government and military forces there. Zhang stated that on minor points such as these there could be the greatest accommodation. As long as there is an acknowledgment of unity and Beijing's pre-eminent role, those in the military and in the local government could remain in their positions. He stressed that too many people in the United States fail to have a wide perspective, ignore that there had been previous periods of cooperation between the two groups and disregard that Taiwan had been totally recalcitrant in response to China's offers to communicate. He hoped that the U.S. would respect the will of the Chinese people and understand and sympathize with this desire to accomplish reunification of the country.

Charge Freeman interjected a question about whether Beijing would entertain permitting the armed forces on Taiwan to resupply their forces at the current levels and whether this could include supplies from foreign sources. Vice Minister Zhang stated that China, as a matter of principle, would not disarm the forces on Taiwan but questions about the size of the military and about weapons supply would have to be decided first by negotiations and, in the latter case by decision of the central authorities, i.e., in Beijing. He indicated, however, that even this could be agreed upon through talks between the two groups. Zhang dismissed my question about any differences in the opinion of the Chinese leadership on Taiwan who came from the mainland and those native Taiwanese by saying that they were of course all Chinese and that only a small handful had any thoughts about independence. He stated that there was no future for such position and the people on Taiwan realized it, arguing further that the Soviet Union would view independence activities as a development which would be profitably exploited.

Zhang then waxed eloquent about the importance and future of our bilateral relationship but did not hesitate to indicate that its development and growth was dependent on our taking friendly positions on the Taiwan issue. Senator Hawkins asked about his views on Japanese self-defense roles and the Vice Minister declared that, in spite of Southeast Asian concerns about Japanese rearmament and its effects there, he believed that Japan was not a threat to China. He said Japan was a major target of Moscow and therefore that it should be doing more for its own defense.

Charge Freeman brought up one final question on Taiwan asking that if Taiwan can keep in practice after reunification what it has now and only give up a bit of its prestige as an independent entity, how were the Chinese going to give them positive incentives to give up this prestige. Minister Zhang replayed his argument that the crucial principle was that there is only one China. Since reunification was the goal of all Chinese both in Taiwan and the mainland, the prestige question, as all others, could be handled in the context of reunification talks.

An hour after breakfast, we had the opportunity to meet with Vice Premier Bo Yibo who also commented about the possibility of President Reagan's visiting China next year. Bo had been here himself last year and would like to come again, but admitted that Premier Zhao would be the determining factor on any future travel for him. We discussed a number of issues related to China's development goals and how the U.S. and other investors could be involved. We also inquired about the recent flooding in Sichuan and its effects on agricultural production. Since all the questions were presented in advance of his response, we had what amounted to a long monologue on China's economic problems and goals. He identified China as being in a period of economic readjustment which should run to the middle of this decade and

he hoped that this would be followed by a period of strong advances. China's focus, as ours, is on control of inflation and getting rid of deficits as well as a shift away from a bias toward heavy industry and whole plant additions to one which emphasized agricultural growth and light industry development.

He identified proper management of investment as another goal and spoke of utilizing the large scale savings of the Chinese people as well as foreign capital to provide the impetus for their development programs. He indicated that there had been some progress in controlling inflation and that growth rates for the economy were still in the 3–5 percent range. He indicated that by 1985 they were hoping to raise this to 5–7 percent.

Apparently for the first time in his talks with foreigners, Bo interjected a mention of the levels of foreign investment, saying that the Chinese were looking for about 10 percent from foreign sources. He indicated foreign investment could go as high as 15–20 percent of total investment in China's development. He noted the Beijing government has already received about $30 billion in loans from other countries and financial institutions and that they were concerned about debt servicing with today's high interest rates. He stated that China was also still involved in prioritizing projects so it was not certain how they would be using the money.

Bo indicated that the U.S. could participate through direct investment, continuation of the trade and commercial connections which already exist, and through joint ventures, mentioning in this latter context China's plans for development of potential oil reserves in the South China Sea.

Efforts on exploration would be commencing soon, with China planning to open bids on zones in November or December. For other projects, he mentioned a large strip coal mine in Shanxi province and a hydroelectric plant for Sichuan. Technology and machine building capabilities were also high on China's priority list.

Vice Premier Bo pointed out the imbalance in our trade figures and urged the U.S. to buy more from China. He stated that China was rich in metals and was prepared to sell more non-ferrous metals to the U.S. as well as to engage in arrangements with U.S. companies to produce items for U.S. manufacturers. He felt that our two nations' strengths—the U.S. in technology and equipment and China with cheap labor and resources—made for a natural cooperation but he too saw the question of Taiwan intruding into our relationship. He refused to go into great detail on the question, saying that it had been fully discussed with Secretary Haig who surely had reported it to Congress. He did say, however, that he believed that the convergence of our nations' views far outweighed the differences and he believed that if we approached the sensitive and serious question of Taiwan in these terms we would be able to resolve any difficulties.

The Vice Premier admitted the floods in Sichuan had been serious but indicated that relief work was proceeding satisfactorily. I mentioned our similar interests in ending the problem of too much red ink on the ledger and mentioned your thoughts about coming to China next year. Bo urged that you do come, noting that he had met you on his trip last year and that he wished to send you his greetings and those of Prime Minister Zhao who, he stated, would certainly also welcome you to China.

This ended our formal meetings during the trip, although Senate staff personnel also saw some representatives of the National People's Congress (NPC) to suggest arrangements for an NPC delegation to come here next year.●

AMERICAN PUBLIC WORKS ASSOCIATION'S 1981 INTERNATIONAL PUBLIC WORKS CONGRESS AND EQUIPMENT SHOW

● Mr. RANDOLPH. Mr. President, my colleague Senator MURKOWSKI and I were invited to participate in APWA's Public Works Congress in Atlanta by jointly chairing a program concerned with "public works, jobs, and economic recovery."

Regrettably, an important vote was scheduled to take place at the time we were unable to join the panel of experts to discuss the sigificance of public works investments in building a better future. At my encouragement, APWA executive director Robert D. Bugher proceeded with the program.

Fortunately, I found it possible to depart for Atlanta later that day and was privileged to be with hundreds of public works men and women from throughout our country at their evening banquet. Over 5,000 public works professionals attended the APWA Annual Congress, and the association's equipment show was the largest ever.

I commended the association for the variety and depth of the program that was arranged for the 1981 Public Works Congress. I also shared my concern about the declining investment in public facilities that has taken place in recent years. We have failed to keep pace with growing needs for transportation, sewer and water facilities, waste disposal, and the other elements of infrastructure that contribute to sound economies and healthy communities.

A reliable study report indicates that total investments in public works by Federal, State and local governments declined by two-thirds , in constant dollars over a recent 10-year period. The same study reported that between one-half and two-thirds of our Nation's communities are unable to support modernized development until major new investments are made in their basic facilities.

Public works are too often mistakenly considered unnecessary "pork barrel" projects. When opportunities are sought to slash budgets, funds for these basic necessities are often the first targets.

In this era when we look for ways to revitalize our economy, we must look to new investments in public facilities if we are to be successful.

This year, there has been great concern with cutting the cost of Government. I, like my colleagues, do not believe in excessive and unnecessary spending. But in trimming the total size of the Federal Government, the already inadequate allocation of funds for public works is being reduced even further. For example. programs under the jurisdiction of the Committee on Environment and Public Works are among those to be cut. The sewage treatment construction program is being slashed by more than one-half. Authorizations for the Economic Development Administration are one-quarter of last year's level. The highway program has experienced little if any growth in recent years.

I concluded my informal remarks to APWA's membership by saying:

The message I bring you is that we cannot continue to have our public works investments decline further. The capable and committed members of this organization are on the firing line of providing services to our communities. I hope that you will join me in careful examination of this situation. I hope we can work together to bring a new public awareness of the importance of public works as we develop a rational and orderly system for providing public works investments . . . as we build a better future.

Mr. President, the panel of experts who spoke at the meeting on the subject of "public works, jobs, and economic recovery" were as follows:

Mr. Jerome R. Butler, Jr., commissioner of public works, Chicago, Ill.; Mr. Henry B. Schechter, deputy director, department of economic research, AFL–CIO, Washington, D.C.; Mr. James E. Peterson, executive director, national council for urban economic development, Washington, D.C.; and Mr. James L. Martin, public works director of Fresno, Calif., and a member of APWA's board of directors, chaired the meeting in the unavoidable absence of Senator MURKOWSKI and myself.●

POLISH SOLIDARITY

● Mr. LUGAR. Mr. President, the National Confederation of American Ethnic Groups sent to the President a resolution on Poland. The resolution expresses the views of a number of Polish-American groups, as well as those of other American ethnic groups. I submit the resolution for the RECORD:

The resolution follows:

RESOLUTION

Whereas, the Polish workers and farmers have voluntarily organized themselves into Solidarity and Rural Solidarity, two independent trade unions in Poland;

Whereas, their organizations were legally approved by the Polish Government;

Whereas, the indeterminate suspension of all civil liberties constitutes a grave violation of the Final Act of the Conference on Security and Cooperation in Europe of 1975 by the military regime in Poland;

Whereas, the Soviet Union, through its various ultimatums to the Polish Government and the Polish Communist Party, practically ordered the crackdown by martial law, thereby seriously infringing upon the sovereignty of Poland by threatening "fraternal military assistance" in case of Polish noncompliance;

Whereas, the leadership of Solidarity and Rural Solidarity is now under arrest;

Whereas, many thousand workers, intellectuals, students and farmers have been arrested;

Whereas, death and serious injuries have taken a grim toll among the striking workers who are being forced at bayonet point to return to work;

Whereas, resistance by strike still contin-

ues against the brutal acts of the military regime;

Whereas, martial law cut virtually all communications of Poland with the outside world;

Be it, therefore, resolved, That the National Confederation of American Ethnic Groups, Inc., representing 17 American heritage groups of European, Asian and Caribbean descent, solemnly protests the measures taken by the Polish military regime. The NCAEG also calls upon the Government of the United States of America and other Western powers to consider implementation of the following steps in their relationship with the Polish Government and the government of the U.S.S.R., keeping the interests of the people of Poland in mind:

1. Strong and unequivocal protests against the brutal acts of the military regime regarding the leaders and members of Solidarity and the regime's violations of the human and civil rights of Polish citizens.

2. Immediate demand for the release of the detainees within the shortest time frame and in the meantime permission to be given to the relatives of the detainees to provide them with food and winter clothing as most of them are detained in open air camps.

3. Early enactment of substantial economic reforms, patterned perhaps along the lines of the Hungarian New Economic Mechanism in order to render Poland competitive on the world market.

4. Continuation of humanitarian food assistance as long as there is a reasonable chance that the food will reach the needy people.

5. Pledge of further economic assistance and our support for Polish debt rescheduling requests provided the above steps are taken by the military regime in Poland. Otherwise, full use of our economic financial leverage to bring about an end to martial law and the restoration of civil liberties, including the release of the detainees.

6. Pursuing President Reagan's statement that the Soviet Union is ultimately responsible for the martial law and the crackdown, we urge implementation of specific punitive measures against the U.S.S.R., including, but not exclusively, a suspension of the Madrid talks on CSCE, the Geneva talks on nuclear theater weapons, recall of our ambassador from Moscow and reinstitution of the partial grain embargo and strict prohibition of high technology sales to the Soviet Union.

The National Confederation of American Ethnic Groups, Inc. supports President Reagan in his denunciation of the Soviet Union and the Polish military regime for violations of the human and civil rights of the Polish people and trusts that the Administration will consider and implement the above proposals of the N.C.A.E.G.●

DEMOCRATIC STRATEGY COUNCIL POSITION PAPERS

● Mr. BAUCUS. Mr. President, the chairman of the Democratic National Committee, Charles T. Manatt, recently organized the Democratic Strategy Council. The council is composed of leading officials from every level of government, from every region of this country and from every faction in the Democratic coalition. It was created to harness the collective intellectual and political energies the Democrats need to meet the challenges of the 1980's. The Democratic Strategy Council held its organizational meeting in Baltimore, Md. on October 17, 1981. The discussions represented a constructive first step toward the development of the Democratic Party's response to the issues confronting all of us today. I recommend the following papers delivered at the council's organizational meeting to my colleagues, and I ask they be printed in the RECORD.

The papers follow:

REMARKS BY JOHN NAISBITT

I want to deal with the larger context in which these talks are taking place. Whatever you do—individually or as a political party—you are going to do in a larger context, and that context is changing dramatically.

You can't know about the future of the Democratic Party by just thinking about the Democratic Party. You can't know about the future of politics by just thinking about politics.

In our work we measure how society's behavior is changing, changes I will be describing to you. Some of what I say will be very threatening to you. It is going to upset many of you, largely because you are afraid of what is happening.

We do live in turbulent times. It is during such times that people join cults and fundamentalist religious groups. They need structure as they are being buffeted about by change; they need something to hold on to. The degree to which people join such groups is almost an index to the depth of change occurring. Some people during these turbulent times hold onto the past. That is why we see so many waves of nostalgia, old movies coming back, retrospectives of all kinds.

We are also an incredibly event-oriented society. Helped by our friends in the media, we just seem to move from one event to another, little noticing the process going on underneath. It is describing that process that I want to deal with today.

It can also be said that we are living in the "time of the parenthesis," the time between eras, that time of a great shifting from an old era to a new era—for our society and for politics.

During this period of shifting from one era to the next we will see dramatic changes in our institutions. Look at what is happening to banks. Banks got caught between inflation and electronics. They woke up one morning to discover that everybody else was in the banking business, and paying three times more for money than banks could. Unless banks reconceptualize what business they are in, they are going to be out of business. We are going to see many bank mergers in the months ahead, and many bank failures. When I was young, banks failing meant the end of the world. Today it just means that banks are failing. Bank services will be amply supplied by others.

And so it is with political parties, and labor unions, and corporations, and all other instrumentalities of our society: unless we reconceptualize what business we are in, we are going to be out of business.

Anwar Sadat said, "He who cannot change the very fabric of his thought will never be able to change reality." That is my text for today and I want to work with you to change the "very fabric" of your thought.

Our work and what I have to say to you today rests on a systematic monitoring of local events and behavior in the United States. What is happening in America is what is happening locally. Despite the conceits of those of us who live in Washington, D.C. and New York, things don't start there. They start in San Diego and Denver, and Tampa, and Hartford, and in Seattle. Every day we do what is called a "content analysis" of hundreds of local newspapers from every corner of this society. We are not interested in newspapers, but in the local events they record. By systematically analyzing local events and the behavior of people in their communities, we see and record the new societal patterns that are emerging.

Today, I will discuss with you four of those emerging new patterns, the political implications of which I leave for you to decide.

The first is the restructuring of this society from an industrial society to an information society. There has been a great deal of talk about this over the years, so much so that we haven't noticed that we are already there. We are no longer an industrial society.

The most dramatic way to illustrate how quickly we have shifted to an information society is to look at the changing character of our jobs. The final impact of this change will be more profound than the nineteenth century shift from an agricultural to an industrial society. In 1950, 65 percent of the U.S. work force was engaged in industrial occupations. Since 1950, that 65 percent has dropped to 27 percent—a dramatic change. (In 1900, 35 percent of the work force was engaged in industry.) In 1950, about 17 percent of the work force was in information jobs (those involved with creating, processing, and distributing information)—today that figure is up to 58 percent. That group includes people in publishing, in education, and the media. It also includes the less obvious—those of us in banking, the stock market, insurance, and government. To a large extent, we are what we do. Thus, when most of us work in information jobs, that shapes our society. About two years ago, the number-one occupation in the United States became clerk, replacing laborer, which replaced farmer.

The mass instrumentalities that were created in consonance with the industrial society are out of tune with the times. Just as in 1800 the fact that 90 percent of us in the labor force were farmers dictated the societal arrangements of the day, the fact that most of us were in industrial occupations until recently dictated the arrangements of the mass industrial society—which are now out of tune with the information society. Take, for example, labor unions. In 1950, at the height of the mass industrial society, 32 percent of the work force in this country was unionized. That figure has been sliding downward ever since; last year, it reached 19 percent and is still falling—irreversibly. National political parties also had their heyday during the mass industrial society. Today, they exist in name only.

One of the most important things to notice about this shift is that the strategic resource in the industrial society was capital; the strategic resource in the post-industrial information society is knowledge and data. The latter are not only renewable, but self-generating, and are uniquely tailored to the encouragement of small, entrepreneurial enterprises. Because the strategic resource is now what is in our heads, rather than what is in our pockets, access to the system is much easier.

Access to the economic system is much easier when the strategic resource is knowledge rather than capital and what one would expect to happen is happening. There has been an explosion of entrepreneurial activity in the United States. The figures are stunning. At the height of the industrial society in 1950, we were creating new companies at the rate of 93,000 a year. Today we are creating new firms at the rate of more than 600,000 annually, mostly information companies. If large institutions are to survive, they will have to restructure to encourage entrepreneurial activity internally.

When there is such a basic restructuring of a society, the traditional groupings of goods and services no longer work. That is why the economists have served us so poorly lately. Their judgments are rooted in the old industrial society indexes. We need new concepts and new data if we are to under-

stand what is going on today, let alone understand what might go on tomorrow.

Now, this restructuring from an industrial society to an information society is not itself happening in a vacuum. It is part of a larger, literally global context, and that is partly why it is irreversible. Which leads to the second pattern in the restructuring of America: from a national economy to part of an integrated global economy.

We are, for the first time, becoming part of an integrated, interdependent world economy, because of instantaneously shared information. We have wiped out the "information float." Sir Arthur Clarke said that two inventions accounted for America's swift economic growth: the telegraph (later the telephone) and the railroads. Similarly, the two great inventions that are now making us an economic global village are the jet airplane and the communication satellite. Consequently, the world is in the process of redistributing labor and production. We are re-sorting out who makes what. As part of this process, the developed countries are deindustrializing.

The United States and the rest of the industrialized nations are on their way to losing their dominant positions in steel, automobiles, textiles, apparel, shoes, and appliances. Even Japan, whose productivity rate now serves as the model for the rest of the world, is getting out of the steel and the shipbuilding business. She knows that South Korea will outdo her in steel and that Brazil, Spain, and Poland will soon be making ships better and cheaper. The Third World is taking up many of the old tasks. By the year 2000, the Third World will produce as much as 30 percent of the world's manufactured goods.

In the truly integrated world economy, no country will dominate the way the United States did economically and militarily following World War II. A handful of countries will share the major role. Since 1960, the United States' share of the export pie has dropped dramatically—from 18 percent to 12 percent. Experience teaches that this bodes ill. The United Kingdom managed, in only a couple of generations, to transform herself from the world's wealthiest society to a relatively poor member of the Common Market by growing only one percent less than France, Germany, and the United States.

Last year, Japan became the number-one automobile manufacturer by more than 2 million cars. Earlier, Japan passed the United States as the leading steel-maker. In fact, Japan has become the world's leading industrial power. Because all the developed countries are now moving away from the old industrial tasks, Japan is the new world champion in a declining sport.

We developed nations are probably going to kill ourselves competing over steel and cars, when we should be moving into new areas. That is why the Chrysler bailout was so important. That bailout was a big step down the path of turning the U.S. automobile industry into an employment program, just as Britain turned its automobile (and steel) manufacturing into an employment program. We have to view Chrysler and the other automobile companies in a world context. Consider: In the world automobile market we are reaching saturation; it will soon be a replacement market. Eighty-six countries now have automobile assembly plants. Japan takes 13 manhours to build a car (nine hours with robots; the United States takes 30 manhours. Ford Motors' sales were surpassed by imports in 1979, with the latter constituting 20 percent of car sales in the United States. In the bellwether state of California, imports made up 50 percent of sales last year. It has been part of the conceit of the U.S. automobile companies that they never diversified. They thought they would go on forever. Now, even Henry Ford is getting out while the getting's good.

Not many automobile companies are going to survive. We are already in the process of creating trans-national automobile companies through mergers and cooperative agreements. This will be the first industry to globalize, and will serve as a model for other industries. The thirty automobile companies that are now operating on an international scale will, by the end of the 1980's, be reduced to as few as seven or eight companies, or alliances of companies.

We now have two economies in America, one falling and one rising. We have a group of sunset industries and a group of sunrise industries. We are experiencing a new phenomenon: some sections of the country are in prosperity and other sections are in depression. The economists have averaged them out to spell recession.

Yesterday is over. We have to look to the new technological adventures: electronics (which will by the end of the decade succeed automobiles as the world's largest enterprise), bio-industry, alternative sources of energy, and mining the seabeds, among others. We have to work out policies (or at least let the marketplace do it) to ease the transition from the old to the new.

The third pattern is the restructuring of America from a centralized society to a decentralized society, and this has been underway for more than a decade.

The three major centralizing events in our history were the Great Depression, World War II, and the impact of industrialization. We are now receding from these influences as we decentralize and diversify, and as we shift from an industrial to an information society. For the first time in the nation's history, the power is shifting not only from the president to the Congress, but—less noticeably—from the Congress to the states and localities.

We have no national urban policy today because the old "top-down master plan" is completely out of tune with the times. The only national urban policy that would be in tune with the times is one that would respond to local initiatives. It is inappropriate, for example, to ask "Are we going to save our cities?" We are going to save some of our cities. We are not going to save others. We are going to save some parts of cities and not other parts, and it is all going to turn on local initiative. We have to look at these things from the bottom up, not the top down.

If you want to know what bottom-up is, look at Poland. That profoundly bottom-up political movement has just about taken over. What is happening in Poland is the most important thing happening in the world. I recently talked with some members of Solidarity and they know they are in the cross-hairs of history. They know that one hundred years from now, people will say that the end of state communism began in Poland. In the meantime, the Soviet Union, as the Economist recently pointed out, is in danger of becoming the first country in the world entirely surrounded by hostile communist countries. Power coming from the bottom-up, as it is in Poland, is what is happening in one degree or another in all the developed countries of the world.

The political process provides another illustration of decentralization. We are participating in the political process in this country more and more at the state and local level. While national voter turnout continues to decline, the turnout for local initiatives and local referenda is going up—as high as 90 percent last year. In the November 1980 election at least one referendum measure was on the ballot in forty-two states and over 200 were voted on in all. In 1978, Proposition 13 had, in my view, a lot more to do with the initiative trend than with taxes.

Congress is becoming an increasingly obsolete institution. Its members and their ever-enlarging staffs spend more and more of their time on smaller tasks—running errands for constituents and special-interest groups. The states, however, have continued to grow in political assertiveness over the last decade or so. Most have moved from two-year to four-year gubernatorial terms, and from short legislative sessions that met every other year to longer legislative sessions every year. The mischief is shifting from Washington to the states.

In America, the general-purpose, "umbrella" instrumentalities are folding everywhere. The great general-interest magazines, Life, Look, and the Saturday Evening Post, with their 10 million circulation, all folded. In their place, 300 special-interest magazines were created, almost all of which are still being published. We now have 4,000 special-interest magazines and only a few general-interest magazines.

The centralized national television networks—ABC, CBS, and NBC—are the Life, Look, and Post of the 80s. The tremendous array of cable technologies is helping to promote a long downward slide of the national networks. The array of cable options is analogous to the special-interest magazines. Then there are all the new networks—the Spanish-language network, the older people's network, the black networks, the all-sports networks, the all-news network. There are two children's networks, not to mention the gavel-to-gavel coverage of the House of Representatives. (Does that make three children's networks?) My own guess is that by the end of the 1980s, ABC, CBS, and NBC will have half the audiences they enjoy today. It should come as no surprise that the networks themselves are getting more involved with the new technologies and with their programming—to insure their future existence.

A year ago two big labor unions, the meat cutters and the retail clerks, merged to form a huge union—for survival. That's the sunset effect: the sun becomes largest just before it goes under. We haven't noticed it, but there have been fifty mergers of labor unions in the last eight years. The decline of labor unions will continue, unless unions reconceptualize a new role in this changing society.

The analogue is also instructive in connection with leadership. In the United States, we have all noticed a death of dealership. We have no great captains of industry any more, no great university presidents, no great leaders in the arts, in civil rights, in labor, or in politics. There is no absence of ambition or talent on the part of those who would be leaders. We don't have any great leaders any more because we followers are not creating them. Followers create leaders—not the reverse—and we followers are not conferring leadership as we did in the past. We are now creating leaders with much more limited mandates; closer to us and on much narrower bands. In the old Taoist model of leadership, "Find a parade and get in front of it," we who would be leaders in America are finding much smaller parades—and many more of them.

The fourth basic restructuring is from North to South. We have read endless articles about the Sun Belt versus the Frost Belt. But the shift to the South has not been sufficiently underscored. The last census revealed that for the first time in our history, there are more people living in the South than are living in the North. During the seventies, a stunning 86 percent of the growth in this country occurred in the South, while such city-symbols of northern industrialism as Chicago, Cleveland, and Pittsburgh were losing up to 26 percent of their populations.

With the de-industrialization going on in the Midwest and Northeast as we move to an information society, the restructuring of American from North to South is irreversible in our lifetimes.

The old New York-to-Chicago economic, financial corridor is being replaced by a new Los Angeles-Houston corridor, and among those cities that are the real growth cities and cities of great opportunity, most are in the South.

Now, I want to say some things about The Law of the Situation, which asks the question, "What business are you really in?"

The Law of the Situation was invented in 1904 by the first management consultant in the United States—Mary Parker Follett. Mary Parker Follett had a windowshade company as a client. She very carefully explained to her client that it would be a good idea if it reconceptualized itself as being in the light control business, thereby liberating it from its narrow purpose. Ever since that time, companies have been asking themselves what business they are really in.

Important for our discussion today is the idea that when the situation changes, we have to reconceptualize what business we are in. Because most of my clients are corporations, my examples are drawn from the business world, but the lessons apply to all institutions.

We now all know that the railroads should have known they were in the transportation business and not just the railroad business. General Electric now says it is in the business of creating businesses as it globalizes and decentralizes. Xerox has announced it is no longer in the copying business but now in the office automation business, although currently this constitutes only 5 percent of its sales.

Banks I've mentioned. Insurance companies, with the death of the thirty-year fixed rate loan, must reconceptualize what business they are in, or they will be out of business.

Anwar Sadat reconceptualized—changed "the very fabric of his thought"—what business Egypt was in—from the war business to the peace business—and changed the world.

When the situation changes, we have to reconceptualize what we are up to: but there are companies, and cities, and institutions in this country that are dinasours waiting for the weather to change. The weather is not going to change. The very ground beneath us is what is shifting.

I hear many Democrats saying that one way or another it is all going to come down on Ronald Reagan, and that all they have to do is be ready to pick up the pieces. That is the road to disaster.

Yesterday is over.

The Democratic Party—if it is to survive—must reconceptualize what it is.

And labor unions—if they are not to continue their dramatic decline—must reconceptualize what their role in our society is to be.

And the Republicans haven't figured it out either. Unless they reconceptualize, they won't survive.

Building on Mary Parker Follett, let me say that The Law of the Situation is that when the situation changes, you have to reconceptualize what business you are in, or what business it would be useful for you to think you are in—or you will be out of business.

And further, when the situation is changing constantly, as it is today, the process of reconceptualizing what business you are in is in itself a constant process.

I now want to summarize by listing ways in which this country is undergoing a basic restructuring. I will mention the four I have already dealt with and many more. They all add up to a dramatically changing society in which your leadership will be tested.

It is a great dynamic, in which each step influences all other steps, but on balance America is restructuring:

From	To
An industrial society	an information society.
A centralized society	a decentralized society.
North	South.
A national economy	part of an integrated global economy.
Forced technology	High tech/high touch.
Either/or	multiple-option.
Physics	biology.
Economies of scale	appropriate scale.
A managerial society	an entrepreneurial society.
Left brain	right brain.
Institutional medicine	personal responsibility.
Sickness-orientation	wellness-orientation.
Hierarchies	networking.
Representative democracy	participatory democracy.
Short term	long term.
Printing	telecommunications.
Broadcasting	narrowcasting.
Department-chain stores	boutiques.
Family as basic unit	individual as basic unit.
Party politics	issue politics.
Machismo society	androgynous society.
Non-renewable resources	renewable resources.
Quantitative information	qualitative knowledge.
Myth of the melting pot	celebration of cultural diversity.
Material productivity	knowledge productivity.
Hired labor	contract labor.
Institutional help	self-help.
Left vs. right politics	a politics of the radical center.
Conquerors of nature	partnership with nature.
Vertical society	horizontal society.
Top-down society	bottom-up society.

Yes, we are living in the "time of the parenthesis", the time between eras. The time of the parenthesis is a great and yeasty time, a time of great change and great uncertainty (and we must make uncertainty our friend), and it is a time as great opportunity.

In stable eras, everything has a name and everything knows its place—and we can leverage very little. But in the time of the parenthesis, we have extraordinary leverage and influence—individually, politically, and institutionally, if we get a clear sense, a clear conception, a clear vision of the road ahead.

My God, what a fantastic time to be alive.

THE TREND REPORT

(By John Naisbitt)

John Naisbitt has published The Trend Report, a quarterly summary of the emerging trends in the United States, since 1973, when it was first issued. He has served as Senior Vice President of the research firm Yankelovich, Skelly and White, and as Chairman of the Board of the Center for Policy Process in Washington. He was Chairman and President of Urban Research Corporation in Chicago for seven years. The Naisbitt Group assists companies in identifying trends that impact on their business and in managing adaptive change.

He served as John W. Gardner's special assistant when Mr. Gardner was Secretary of HEW. Prior to that, he was for two years assistant to the then U.S. Commissioner of Education, Francis Keppel. Mr. Naisbitt has served as assistant to the Chairman of the Commission of Presidential Scholars, Dr. Milton Eisenhower. He has also served as an executive with IBM and Eastman Kodak Company (he has a total of 20 years of business experience). His studies at Harvard, Utah, and Cornell were in political science.

He served in the U.S. Marine Corps and is the author of Unfit for Service, a review of the draft and of the history of basic education in the military, and Right On! A Documentary of Student Protest. His new book, The Restructuring of America, will be published next year.

He is a director of the CBS Group of Houston, one of the country's leading architecture/engineering firms, and the Public Director of The American Institute of Architects.

Among his clients are United Technologies, General Motors, Atlantic Richfield, AT&T, Honeywell, Ogilvy and Mather, Merrill Lynch, Aetna, and General Electric.

He is the 1980 recipient of the Benjamin Y. Morrison Award and Lectureship (the two most recent recipients were Barbara Ward and Rene Dubos).

EVENING SESSION, OPENING REMARKS, DEMOCRATIC NATIONAL STRATEGY COUNCIL

When I look around this great assemblage of Democratic Senators, Governors, Mayors, State Legislators, County Officials and Party leaders, I am reminded of President Kennedy's words on another occasion.

Never has such an array of talent and genius been assembled in one room—with the possible exception of when Thomas Jefferson dined alone.

I welcome you to our inaugural meeting of the Democratic National Strategy Council.

If any one wants to know what is the future of the Democratic Party, let them come to this Strategy Council this weekend—or visit your Democratic colleagues in the Congress, State Houses, City Halls and legislatures—you are the future of our Democratic Party and it is a future I look forward to with pride.

We meet as representatives of the oldest political party in the world in a nation badly in need of our leadership.

The policies of the Reagan Administration have proven even worse than we feared and no American can take comfort in that fact.

We live in a two party system and it is part of our national strength. But this is a radical Administration, far out of the mainstream of either national Party's recent history.

This Administration has enacted the most radical, far-reaching tax cuts in American history and—a set of economic policies that threaten massive deficits for years to come, record interest rates, and, now, a possible recession—all in the name of economic recovery.

This Administration has adopted budget cuts and program transfers so extreme they threaten a crisis in the ability of state and local government to perform—and massive pressure on state and local taxes—all in the name of preserving federalism.

This is the first Administration, Republican or Democratic, in more than three decades to reject America's bi-partisan commitment to control the nuclear arms race—which threatens mankind's final war—all in the name of increasing America's security.

This is the first Administration in my lifetime, Democrat or Republican, that has attempted to shut organized labor out of our national dialogue.

And this is the first Administration in my memory that is so radically anti-environment that even the oil companies could not keep up with the Secretary of Interior's plans to put our off shore oil out to lease.

Richard Nixon's attorney general once warned the American people to watch what we do and not what we say. Unfortunately, that advice is all too apt for the Reagan Administration, too.

This Administration says it wants to reduce the intrusion of government on our lives, but thinks that government should

control a women's reproductive process and dictate what our children should pray in school.

This Administration says it believes in self-reliance and just enacted policies that will drive thousands of the working poor back on to welfare rolls.

This administration says it will protect Israel's security and now wants to sell the latest command and control technology, missiles, and long range jet fuel tanks to a self-proclaimed enemy of Israel.

We are told that the Republicans are the Party of ideas, but there are no new ideas emanating from the Reagan White House today.

The only ideas we see are very old, very tired, very narrow, and very wrong.

We see the policies of Calvin Coolidge redressed in modern packaging and given a new name. But trickle-down economics, by any other name, is still a policy that takes the most from those who have the least and rewards the wealthy and the powerful.

In foreign policy, we see little more than old-fashioned sabre rattling and willful blindness to the urgent global challenges that confront mankind in the last quarter of the 20th century.

I believe that this Administration's policies will cause great suffering among our people and undermine America's respect and leadership around the world. But I take no comfort in those calamities as an American, or a Democrat.

Nor can our Party be content with an electoral strategy hinged on this Administration's failures. For such a strategy, even if it should return us to office, offers no foundation to govern or to lead.

The proverbs say that "Where there is no vision the people perish". That is true for political parties, as well.

The Democratic Party will earn our opportunity, as we have in the past, by offering a positive vision of the future and a program of action leading the way.

Robert Kennedy posed our challenge well. He said:

"In this century, the Democratic Party has never been invested with power on the basis of a program which promised to keep things as they were. We have won when we pledged to meet the new challenges of each succeeding year.

"We have triumphed, not in spite of controversy, but because of it; not because we avoided problems, but because we faced them. We have won, not because we bent and diluted our principles, but because we have stood fast to the ideals which represent the most noble and generous portion of the American spirit."

Our world has changed dramatically, both at home and abroad, in recent years.

Now, as in the past, the Democrats must meet a new generation of challenges with open eyes and fresh ideas. Now, as in the past, we will meet those challenges holding fast to those enduring values of justice and decency for which the Democratic Party has always stood.

We will face the challenge of restoring America's productivity and competitive edge in a new global economy. For we know that an expanding, productive American economy, with stable prices, and, assured energy, is the surest engine of social progress and increased opportunity for all Americans and the fundamental pillar of our national security.

We will confront a host of new problems in America from the cost of our health care to the quality of our Education; from the surival of small business to the safety of our citizens; from our dependence on foreign oil to our lagging productivity; from the size of our government to the size of our deficit; from the erosion of our farm land to the preservation of our water, and many more.

We will undertake a great national debate about the role of government at all levels . . . and how to make it a responsive instrument to serve our peoples needs.

We will confront the challenges of the unfinished agenda of civil rights to ensure equal rights in law become equal opportunities in fact and that all our citizens . . . minorities and women have their fair chance to learn and grow and to lead productive lives. We will pass the Voting Rights Act; and then we will pass the ERA.

And we Democrats will continue to insist that America confront—not just Soviet expansionism, which we must do, but also the common, global enemies of mankind: world hunger, overpopulation, impoverishment, and ignorance—which form the breeding grounds for instability and the enemies of democracy.

We will insist that America continue its role of leadership as the champion of freedom and mankind's human rights. And we will insist—because our generation of Americans has no higher obligation to the next—that our nation continue to lead in the struggle for peace and to hold back the terrible momentum of the nuclear arms race.

We will not resolve these and other urgent challenges facing America today in the 24 hours we will meet together here. But we have begun a process in the Democratic Party—not just in this Strategy Council—but all across this land.

From the Congress to the County Court, we Democrats are coming together in seminars, task forces, discussions, and debates to ask the hard questions about where America and our Party must go. We will think and re-think; we will learn from each other, and from our mistakes in the past.

What we will refuse to do is to abandon our principles or repudiate our history. Nor will we take the cynical way out in a time of austerity, as this Administration has done, and make war on those who live at the margins of our society or cut our dreams to fit the changing fashions of the day.

We want to be healers—not dividers; builders—not a Republican wrecking crew. We want to move all of America forward together, not divide and isolate the most vulnerable in our midst.

We are proud of our history of accomplishment in the Democratic Party, from Social Security to the Camp David peace. And whatever the problems of over-regulation and red tape—and they are real—we doubt that either a middle income American family in Miami who turned a dream into a thriving small business under Democratic policies; or a steelworker in Chicago who is shielded from carcinogens under the Occupational Health and Safety Act; or a 70-year old Black American from Mississippi who voted for the first time in his life in 1965; or a college graduate from the barrio in Los Angeles who borrowed a federal loan to go to school; believes, with Ronald Reagan, that the only problem in America is to get government off our backs.

We do not believe that every problem in America can be solved by government. But if Ronald Reagan had been in office when the Baltimore inner harbor was built, we would be meeting on a parking lot tonight in an aging city port, instead of this showcase to public-private cooperation for economic development.

In the end, we Democrats will place our faith in the American people and the values and hopes that we share.

This nation remains progressive. compassionate, pragmatic, and humane. We Democrats will continue to speak to those values in the months and years to come—and to confront the new challenges of each succeeding year. And it is our commitment to fight for those values—and to meet those challenges—that will restore the Democratic Party to the leadership of America again.

Thank you very much.

OCTOBER 17, 1981.

DEAR DEMOCRATIC STRATEGY COUNCIL MEMBER: Attached is a copy of a discussion draft on Democratic economic policy. Recognizing that it needs a lot of work, our hope is that it will serve as one framework for discussion over the next several months.

This draft grew out of discussion among many Congressional Democrats that began earlier this year when the Democratic Caucus in the House developed a state of economic principles. This short piece was widely disseminated and is also available in Baltimore today.

The fundamental principles of our party have not changed. We continue to favor a growing economy. We acknowledge that we cannot afford to pay for expansion with greater inflation. That is why we focus on the critical import of improving our savings rate and productivity. We must create jobs for all who are able to work in a dynamic economy where rising wages are not constantly eroded by the inflationary spiral. We must rebuild our competitiveness in the arena of international trade.

The draft deals in suggestions, not prescription. It is our hope that it will encourage debate and help create a clear Democratic economic strategy. A firmer set of recommendations is anticipated early next year.

Getting our economy back on the right track will not prove an easy process. It is our hope that this draft will provide a common starting point for all Democrats and accelerate the creation of an agreed-upon strategy.

TIMOTHY E. WIRTH.
RICHARD A. GEPHARDT.

DRAFT STATEMENT

EXPLORING NEW APPROACHES TO ECONOMIC DEVELOPMENT

America cannot solve the complex problems of the 1980's with the simplistic economic nostrums of the 1920's.

In the post-war period, America's economy, and the world's, have undergone changes as profound as those that transformed our Nation from an agrarian economy in the 19th century to a manufacturing power in the 20th.

New centers of resources and power have emerged around the world: trading nations of Japan and southeast Asia; OPEC with its petrodollars and stranglehold over world energy supplies; a revitalized western European economic community and Eurocurrency market; strategically important mineral-rich, developing nations and new industrial giants like Brazil.

Increasingly, America's economic future is tied to others in a global economy of multi-national corporations, new forms of money, and electronic transfers of funds that cross national boundaries. Our level of imports and exports increased ten-fold in the last decade. Today one American job in seven depends directly on our exports.

Changes bring new challenges. Once the undisputed master of world trade, America is under challenge in developing markets around the world by technologically advanced, aggressive trading nations from Asia to Latin America. Yet our productivity, personal savings, and capital investment are lagging behind our principal competitors.

At home, we have witnessed changes equally profound. Nearly 90 percent of the new jobs created in the last 10 years were in the service industry. Two-thirds of the American workforce today is engaged in offering services of some kind rather than producing manufactured goods. That percentage is growing. More than 50 percent of our gross national product is now derived

from the development, storage, processing, and dissemination of information.

We also face demographic changes, with profound implications for future economic growth. The Baby Boom and the massive influx of women into our workforce is slowing down. In the future, we will see fewer new workers entering our economy and more workers staying longer, thus bringing new challenges of training and re-training to the fore.

At the same time, unemployment among minorities is at a record high, betraying the promise of equal opportunity. Hundreds of thousands of unemployed minority youths are threatening to become a permanent underclass.

Underlying all of these changes in our economy is a condition traditional economic theory said could not occur—persistent stagflation the combination of both high inflation and unemployment that has sapped our economic vitality for more than a decade, robbing millions of Americans of the opportunity for productive work, security, and hope in the future.

The only genuinely new approach offered by the Republican Party today is the fundamental contradiction between its fiscal and monetary policy. This Administration coupled deep, across-the-board tax cuts, aimed at generating high levels of growth, with tight monetary targets and high interest rates which reduce the capacity of our economy to grow. What is gained by fiscal stimulus is denied by monetary restraint and thoroughly confused by defense and energy policy. But as if in an economic shell game, the Reagan Administration proclaims with a straight face targets of 13 percent nominal economic growth side-by-side with monetary targets of 3½ to 6 percent—seemingly oblivious to this fundamental contradiction.

We can expect that the Administration will increasingly substitute exhortations of faith for economic policy, and in the coming months will step up the rhetoric of blame, pointing the finger at scapegoats—the Congress and even Wall Street—when its economic policies fail. But even if all its policies were to work, the Administration is heading us toward an economic era whose time has passed.

The Democratic Party cannot shrink from the responsibility to lead. A dynamic, expanding American economy, with stable prices, remains the surest engine of social progress and increased opportunity for all our people and the fundamental guarantor of American national security and strength.

In the 1930's, the Democratic Party led our nation in meeting the challenge of worldwide economic depression and collapse. Franklin Roosevelt's leadership ushered in a generation of growth, prosperity, and increased security in America unmatched in world history. The Democratic Party must meet the new challenges of our economic age today with equal boldness, innovation, creativity, and leadership.

Our challenge is not just to relieve the symptoms of our current economic difficulties—double-digit interest rates, high inflation, and widespread joblessness—as important as those goals are. We must rebuild and re-invigorate America's productive capacity. We must foster a technological revolution in every sector of our economy, from the new high-tech growth industries to our aging industrial base. We must restore America's competitive edge around the world and reassert American economic leadership.

CONSENSUS POLITICS: BUSINESS, LABOR, AND GOVERNMENT

Nearly every industrialized democracy, including our principal trading partners and competitors, has inaugurated new patterns of cooperation among business, labor, and government to marshal the national resources and investment behind increased productivity, economic development, and growth. This Administration's policies are setting such an effort back by a generation, poisoning labor-business relations, and for the first time in 50 years, barring organized labor from a meaningful role in our national dialogue.

Clearly, America must move beyond old antagonism to a new era of cooperation among business, labor, and government—from the shop floor to national development projects—in the interest of national growth. We must learn from, encourage, and build upon successful developments in new labor-management cooperation. And we must confirm that, in the coming decades, there is a significant public role in the development of all of our economic resources. The government has a major role to play—this role must be carefully thought through, defined and constructed.

A consensus-based approach can harness the resources and unique contributions of all sectors in our society: the capital investment of business; the enormous resources of pension funds; the role of government; a commitment by business and labor to restrain inflationary costs and contract settlements; and a balanced commitment to maintain environmental health and safety standards.

FOSTERING A TECHNOLOGICAL REVOLUTION TO INCREASE PRODUCTIVITY

A technological revolution will take place in the next two decades as certainly as the industrial revolution occurred during the 18th and 19th centuries. We want to speed its arrival and harness its potential.

We must assure that resources flow into the new, rapidly expanding industries of the future in which America retains an international competitive lead—computers, telecommunications, agriculture, photovoltaics, health research, and bio-technology. And we must encourage the application of new technology to America's aging industrial base.

We will only achieve those goals by careful targeting of our tax and economic policies. A Democratic alternative must reward research and development, risk-taking by small business, industrial productivity and investment, and discourage non-productive speculation.

The new information and idea-intensive high-tech and service industries provide increasing numbers of new jobs for American workers and must continue to outdistance their competitors, who are posing an increasing challenge especially in the burgeoning international marketplace. To a large extent our future economic growth depends upon our attention to this sector.

To accelerate the pace of innovation in these growth industries the tax code should encourage greater investment in high technology and information industries. We must address the special difficulties these industries face in forming capital investment because of enormous risks and the lack of compensating incentives.

At a minimum, perverse tax incentives that steer capital into less productive investments must be neutralized. Real capital formation, rather than incentives for mergers, will better reflect the present trends toward innovation, decentralization, productivity and job creation.

Because small business plays such a critical role in promoting innovation, high technology, and new ideas and jobs, we must develop special incentives to assist small business to acquire necessary capital.

The remainder of this century brings the challenges of modernizing our industrial capacity in an information age, and competing with increasingly aggressive foreign businesses. We must respond with a concerted national effort to retool our industrial base, and transfer the fruits of the technological revolution to our basic manufacturing industries. We must encourage the strong trend toward the export of our national "thoughtware" to the world, just as we have encouraged the export of manufactured products in the past.

Today, most of American industry operates on a base of capital stock designed for a period of cheap energy that will never return. This reality dictates that we cannot ignore the advances made in alternative energy strategies. A balanced national energy program, including solar, conservation, and other alternatives is imperative for our national economy as well as for our international security.

PROMOTING BASIC RESEARCH AND DEVELOPMENT

To restore America's competitive edge and to promote the productivity gains essential for economic growth and lower inflation, we must support sharply increased research and development. American ingenuity and innovation have always spearheaded American economic leadership; in the future world economy, this leadership will be even more important.

Managers of industry must look beyond their quarterly balance sheets; labor leaders must embrace technological change in return for a more productive, full-employment economy; government must expand its leading role as a catalyst for basic research and development.

Our government's past investments in science, in the space program, and in basic physical and bio-medical research have helped propel America's high technology industry to world leadership. To reduce this commitment now, as the Republican Administration has done, when these investments hold the key to our future economic growth, is simply irresponsible.

THE WORK FORCE IN A CHANGING NATIONAL ECONOMY

The Department of Labor reports that the United States dropped from 2nd to 7th in the measured "skill endowment" of our workers. At a time when other nations maintain continuing commitments to train and develop their work force, this Administration's answer to job displacement is to reduce incentives for the working poor, slash programs for training, and starve national institutions of higher education.

An economy changing as radically and as rapidly as ours must pioneer new ways to train and retrain American workers. Tax credits and other incentives should be used to encourage management, labor and communities to train existing work forces to master new employment opportunities. The evidence is clear that there is no dearth of new business starts in the United States. What is needed is a concerted effort to combine these with retrained work forces and existing infrastructures of schools, hospitals, transportation, and other expensive public services.

ATTACKING STRUCTURAL UNEMPLOYMENT

While we dedicate our energies and efforts towards workers in transition, we must also reaffirm our commitment to remove the barriers which have set apart far too many Americans—particularly minority youths—from any role in a productive work force. Hundreds of thousands of young people in our nation have never held a job.

Many of these young people cannot read and write at all. Unless this pattern is reversed, we can anticipate increasing public disillusionment with our education system, and increased costs to the economy. Reform now, harnessing the resources and commitment of business, labor, and government, must be part of a national commitment to basic skill training. The imperatives of the

future will not tolerate neglect of our nation's young.

INVESTING IN PHYSICAL CAPITAL

The physical infrastructure of our nation is rapidly deteriorating. For example, one in five bridges needs to be replaced; more than one-half the nation's roads are in disrepair; America is losing billions of dollars in coal exports because of massive bottlenecks in our harbors and ports. In these times of austerity, difficult decisions have to be made as to what investments are made at what levels of government and what should be made privately.

PROMOTING FISCAL DISCIPLINE

Clearly, no strategy for restoring America's competitive edge abroad and revitalizing productivity at home can be successful unless it controls the inflationary spiral that has crippled our economy. The most important immediate signal government can send to financial markets about its seriousness to control inflation is fiscal discipline. A helpful set of guidelines was outlined by the House Democratic Caucus in its statement of April 8, 1981.

Fiscal and tax policy should be coordinated with a clear understanding of the implications for the deficit. The Administration's Kemp-Roth tax bill threatens massive deficits, record interest rates, and continuing inflationary pressures.

Tax policy must be fair. Tax reduction should be targeted to those most injured by inflation and coming payroll tax increases, and toward our broader national economic goals: greater savings, greater equity, and economic growth.

ATTACKING INFLATION AT ITS ROOTS

Restrictive monetary policy cannot be tolerated as the country's only anti-inflation program. We cannot assume that fortunate weather and depressed world oil prices will continue to discourage price hikes. And we cannot depend on sharply increased defense expenditures to order a rapidly changing world economy.

A serious assault on inflation must attack the inflationary spiral at its roots: our declining productivity, the escalating wage-price spiral, and our massive dependence on foreign oil.

In today's discussion, we have augmented the dialogue concerning the inevitable trends driving our economy. As outlined above, it is imperative that we explore a variety of new strategies to re-invigorate American productivity and restore our nation's competitive edge abroad.

The wage-price spiral, spurred by fears of continuing inflation, feeds on itself and feeds the fires of inflation. It becomes a self-fulfilling prophecy as wages chase rising prices and prices rise to reflect the increased labor costs. Increased productivity is the long-range answer to keeping inflation under control, but we must address as well the incentives in our system that encourage prices and wages to escalate out of control. As the House Democratic Caucus said in its statement of Economic Principles, "Our nation needs an incomes policy: a flexible set of methods for combatting inflationary wage and price trends." Here again we can apply the needed template of consensus government.

Such a policy can only be devised with the cooperation of business, labor, and government. This Administration has so poisoned relations with organized labor that its leaders resigned from the Council on Productivity and called for a protest on Solidarity Day. We need to again explore the potential of equitable and effective incomes policies. And obviously such exploration will occur only under Democratic leadership.

Finally, only a resident of another planet could fail to see the effects of foreign oil pricing decisions on America's inflation rate this past decade. This Nation cannot remain dangerously dependent on foreign oil for decades to come without risking all of its prospects for economic recovery on the future of an unstable, volatile part of the world.

This administration seems bent on systemically dismantling all of the incentives for energy conservation and production of alternative fuels that a Democratic President and Congress enacted over the last four years. A serious program to reduce inflation must include a serious program to reduce dependence on OPEC oil. The Democratic Party must continue to support a balanced energy program to help achieve these goals.

UPHOLDING AMERICA'S VALUES

No American economic program—any more than a foreign policy—can long endure without the support and trust of the American people. And no program will win that trust that betrays the values on which America is based.

In every period of national challenge in our history, the American people have been willing to sacrifice—so long as they understood that sacrifice would be fairly shared. This Administration has drawn a safety net for the most privileged and powerful in American society, while middle-income families, the needy, older citizens, minorities, children from poorer homes, have all fallen through. We must continue to defend those most in need and insist that sacrifice be shared equitably.

This Nation can meet the challenge of national recovery without losing its values. We can, and we must, maintain the momentum of increased opportunity for minorities and women. Equal rights is no threat to economic growth; it's a 200-year-old promise of the American Constitution. We can, and we must, maintain the standards of a decent society to those who need our assistance and our aid. We need not turn away from the noblest impulses in our national character. We need not be hard-hearted to be hard-nosed.

Finally, we must not permit America to become divided into separate and unequal societies. Our enduring strength has been our unity, and only as one people, united in common cause, can we restore America's economic strength.

OPENING STATEMENT OF LYNN CUTLER

The enduring strength of American democracy has been our federal system of government, advocated by the first Democrat, Thomas Jefferson. And the special strength of our federal system has been its flexibility, its capacity to adapt, grow, and change with changing times.

For much of this century, the term "states' rights" was synonymous with reaction, with denial of Constitutional liberties, and mal-apportioned legislatures.

In response to the Great Depression, the federal government, under Democratic leadership, moved into the vacuum of leadership left by local government and the states to assert the urgent needs of national recovery. In subsequent decades, the federal government moved to enforce basic and equal rights long denied minority Americans and women; foster improved education; combat hunger and malnutrition; improve our citizens' health; build our national transportation network; safeguard consumers in the marketplace; and preserve our national heritage.

Around the world, a newly emergent American nation moved to safeguard democracy, first against totalitarian aggression and later against the threats of Soviet imperialism. America assumed the responsibilities of a world power in the course of 50 years, and our national defense mushroomed accordingly, as did our national responsibility for peace and arms control.

We Democrats are proud to have led the nation to so much of that progress—from Social Security to the Voting Rights Act; from the Wagner Act to the Marshall Plan; from the Test Ban Treaty to the Clean Air Act. Through Democratic leadership, our citizens became more prosperous, better educated, more healthy, and more free.

In recent years, a revolution has occurred in state and local government, as well, often led by able Democrats. State and local government is the fastest growing, and often the most dynamic level of government today. Many of the most creative efforts and most responsive services are being pioneered by state and local officials and employees in tandem with the leadership of their communities. The inner harbor development where we meet today is a showcase of progress and a testament to the foresight and leadership of public and private local leaders and creative federal economic development programs.

With the assumption of new responsibility by the federal government also came increased federal involvement in state and local government, much of it creative and responsive, some stultifying and oppressive. More than 500 federal grant programs have brought federal regulation into local programs of every kind from libraries to fire protection, to street maintenance and the local symphony.

Today, there is no challenge more important to the Democratic Party than to engage in a great national debate about the future of our federal system of government in the last quarter of this century. And leading this debate are some of our most talented and thoughtful Democratic elected officials.

As Governor Bruce Babbit recently said:

"It is not enough to advocate such generalities as trimming waste, cutting across the board, or budget balancing. To be taken seriously, we must have the courage to launch a great national debate about the role of the federal government. Should the federal government build highways, finance elementary and secondary education. Subsidize the arts?"

The nation's Governors recently proposed that the states assume full responsibility for primary and secondary education while the federal government takes over, in exchange, responsibility for funding a basic income security program, namely Medicaid.

Whether this proposal is the right one—or others should take its place—there is no doubt that the time has come for just that national debate. And the Democratic Party is the only Party with the commitment to make that debate genuine.

For we Democrats believe in our true federalism, and want to strengthen state and local government, unlike the Reagan Administration and the Republican Party today.

In the name of federalism, the Reagan Administration is making war on state and local government today. For President Reagan, and David Stockman "block grants" are now a tactical weapon to cut the budget of program after program and deputize the nation's state and local officials to hand out the bad news.

The Reagan Administration talks about budget saving to hide budget shifting—they talk about fiscal conservatism but they are giving us fiscal confusion. They talk about federalism—but they are giving states and local communities the federal squeeze play.

The Administration admits that this year's 25 percent block grant reductions are merely the entering wedge in a scheme to shrink and then eliminate federal support for the social services included in the block grants.

State and local taxes will go up next year—and property and sales taxes will lead the

rise—as a direct result of the politics and policies of this Administration.

Rail, bus, and subway fares will rise as much as 50 percent around the nation and public transportation will nearly disappear in smaller cities.

This Administration's policies will pit senior citizens and children in need of education, the sick and the handicapped, the unemployed and the impoverished against each other in a desperate scramble for diminished resources, with the arena our state legislators, and state and local officials, the unfortunate referees.

It isn't federalism to throw program after program upon the states and then deny the states the funds to pay the bill. It isn't federalism to put intolerable pressure on property taxes, local sales taxes, and the state income tax and then tell the American people that tax cutting is the key to economic growth.

And it isn't federalism to ram through the Congress far-reaching reductions and changes in corporate income tax, depreciation schedules, and personal tax rates that will reduce by tens of billions of dollars the revenues of more than 40 states as well whose tax laws are directly coupled to federal standards, without consultation with a single Governor or Mayor or County official about the impact or a single vote in a single state legislature.

To date, President Reagan has set no discernible limits to his agenda for closing down the federal government and handing back programs to the States. His strong opinions about State responsibilities do not seem to be balanced by any thoughts about federal responsibilities. We are beginning to sense that the Republicans have no philosophy about federalism at all. Indeed, if President Reagan believes the federal government has any roll beyond raising armies and minting our coins, we have yet to hear what it is.

We Democrats have a different philosophy of government. We are neither wedded to large central government nor decentralization for its own sake. What we reject outright is the mindless abdication of federal responsibilities. And we believe federalism must be a two-way street.

Clearly more freedom and flexibility should flow to our states and local governments, but so must the federal government assume national responsibilities. Our test is a pragmatic one. We believe government should serve our people's needs, with respect and efficiency.

As Democrats we commit ourselves to engage in that national debate about the role of the federal government, and our local and state governments. And we commit ourselves, as well, to resist the unfair pressures on state and local taxes brought on by the fiscal shell game of this Administration. We will fight for true federalism and resist this Administration's assault on state and local government.

For too many years, we have witnessed public cynicism and private doubt about the purposes of government. For too many years too many Americans have voted "No Confidence" by staying home on election day.

We will not heal that crisis of confidence under the leadership of a President who uses the word "government" as if he were uttering an epithet. Nor will we reaffirm our faith as a people in our common public purpose led by a Party committed only to private greed.

We Democrats will reaffirm faith in our democracy by making government deserving of public confidence. And in so doing we will serve, not government, but a free people and the strength of our democracy.

U.S. Economic Policy and Outlook

(By Walter W. Heller and George L. Perry)

Threading one's way through the crosswinds in today's economy and the contradictions in national economic policy is a trying task. The contrasts between Sunbelt and Frostbelt, between sickly housing and auto industries and robust defense and computer industries, between a tax-slashing federal government and tax-boosting state-local governments, between a disenchanted financial community and a hopeful business community—these give the forecaster pause on any sweeping generalizations.

Then mix into the forecasting brew a Reagan economic policy that continues to suffer from the inner conflicts we analyzed in this Letter last March: conflicts between rosy promises and hard reality; between an expansionary fiscal policy and a repressive monetary policy; between investment-stimulating tax cuts and investment-stifling interest rates; between the hope that tax cuts will boost private saving and the actuality that they will generate huge federal deficits, that is, public dissaving.

Small wonder that divergence rather than convergence is the order of the day in economic forecasts. Among the 44 economic forecasters surveyed in October by Eggert Economic Enterprises, 7 expect real GNP growth in 1982 (year-over-year) of 3½ percent or more; 8, between 2½ percent and 3½ percent; 18, between 1½ and 2½ percent; and 11, at or below 1½ percent. Our reading of the outlook puts us in league with those at the lower end of the scale.

RECESSION

In our view, the U.S. economy is now sliding—or being pushed—into recession. The Federal Reserve's tight monetarist policy, in spite of some letup in recent weeks, has imposed increasingly severe strains on the economy. For some time, the resulting economic malady was pretty well quarantined. The major victims were autos, housing, and the thrift industry, with small business, farmers, and state-local governments also impacted. But now, the contagion appears to be spreading into other sectors through reduced orders for suppliers, rising unemployment and a shrinking workweek, keener competition from abroad, and declining export prospects.

We do not believe that these forces will readily reverse themselves. Until the second-stage 10 percent tax cut takes hold in mid-1982, we foresee continued recession, or at best, sluggishness. Indeed, coming on the heels of a sustained period of miserably slow growth, poor productivity performance, and painfully high interest rates, the weak economic outlook brings with it a measurable risk of financial failures and business bankruptcies that could deepen the recession. We do not regard this as a probability unless an unrelenting Federal Reserve keeps interest rates in the stratosphere. But one cannot rule out the possibility.

It is worth reminding ourselves that in an effort to cool inflation, the economy has been kept under wraps for nearly three years. Real GNP in the first half of 1982 will be little higher than it was at the beginning of 1979. Industrial production will not have regained the peak that it reached in the first quarter of 1979. Future economic analysts will look back on the 1979–81 period as one of arrested development in the U.S. economy.

The recession we are now entering will exact heavy costs while conferring some benefits. A weak economy will reduce interest rates and help slow inflation in the near term, even as it expands the budget deficit well beyond official projections. More importantly, it will raise unemployment, lower profits, and delay investment. And while relieving the financial squeeze of higher interest rates on many firms and industries, it will substitute the squeeze of lower cash flows.

Before probing some of these implications of a weakening economy, one should perhaps examine the components of that weakness, sector-by-sector:

Housing: Only twice in the past 35 years have housing starts fallen as low as August's 937,000 units. The dismal prospect is for a further decline, with little prospect of a prompt recovery. Only a small percentage of the net short-term funds brought into banks and thrifts by the misnamed "All-Savers Certificates" will find its way into long-term mortgages.

Plant and equipment: Recent surveys show an essentially flat trend in real investment in plant and equipment. But if, as we expect, weak sales prospects are added to the restraints of high borrowing costs and low equity prices, some decline in real capital spending is in the cards for 1982.

Inventories: Though high interest rates have kept business inventory holdings at moderate levels, they are still vulnerable to disappointing sales and orders. The brisk $21 billion annual rate of inventory accumulation in the second quarter of this year will turn into some liquidation of stocks in coming months.

Consumption: Consumer spending has held up surprisingly well in the face of a sputtering economy. But recent weakness in retail sales, "sticker shock" in auto showrooms, big losses in the stock and bond markets, and record interest rates on installment debt are taking their toll on consumer spending. For the next two quarters or so, these factors are likely to outweigh both the rather healthy liquid-asset position of consumers and the $17 billion boost to incomes resulting from the first phase of the 1981 tax cut.

Net exports: Soaring U.S. interest rates, while strengthening our international current account and the dollar, are weakening our net export position. A strong dollar makes U.S. exports less competitive. At the same time, our high interest rates force restrictive policies on our trading partners, thus accounting in significant part for their stagnant economies. And the heavy financing burden on less developed economies also reduces their ability to buy from us. The net result: a substantial decline in our net exports will contribute to overall weakness in the economy.

Government: Here again, we see economic cross-currents. Federal purchases of goods and services, dominated by rapidly rising defense outlays, will go against the tide of economic weakness. But the sharp cuts in federal transfer programs will hit both individuals and state-local governments. Reflecting reduced grants-in-aid and a flagging economy, state-local spending will fall (after adjusting for inflation) and taxes will rise.

The interaction of these forces is initiating a moderate decline in the current quarter that will extend into the first half of next year, with the following effects:

Unemployment is likely to reach 8¼ percent in the first half of 1982, a point above its August level and nearly 2½ points above its rate in 1979.

After-tax profits, which are now running more than 10 percent below year-earlier levels, will continue their poor performance well into 1982.

The long-awaited resumption of respectable growth in productivity and business capital spending will be postponed once again.

MONETARY POLICY AND FINANCIAL RISKS

If the economy now weakens as we expect, all the M's, all the monetary aggregates,

should grow more slowly. This would allow the Federal Reserve to loosen its grip. But the connection between money supply and the level of economic activity is neither direct nor immediate. The Fed may find itself with lots of room for discretion, even within its monetarist targets. If its actions to provide reserves are timid or if money supply grows fast enough to restrain Fed action in the face of a sluggish or a sliding economy, interest rates could stay chokingly high. This would worsen the financial squeeze and risk a deeper slump in 1982.

In other words, the economic damage from today's sky-high interest rates goes well beyond their stifling effect on the credit-sensitive sectors of the economy already cited. Their direct effect in undermining the profitability and weakening the balance sheets of business borrowers must also be weighed in the balance. The impact on thrift institutions is quite evident to the naked eye. But in the non-financial sector, the impacts are uneven and often hidden. They depend in good part on the tax status of the borrower. Business and individuals subject to high marginal rates have an automatic shield against the full-impact of high interest costs. But for business firms with little or no profits, for small firms in low tax brackets, and for the farming community, high interest rates weigh very heavily.

This uneven impact makes it hard to quantify the financial risks we confront. But the longer rates stay high or the longer and deeper any recession becomes—and worse yet, if high rates and serious recession coincide—the greater the stresses and strains will become and the greater the risks of business failures that will do economy-wide damage.

A credit crunch in the 1974–75 sense of credit sources suddenly drying up is not in the cards. Banks and other financial institutions have much broader access to loanable funds today than in the mid-seventies. But overborrowing is more widespread today. And the grinding impact of 15 percent to 25 percent interest costs is simply unprecedented even after adjusting for inflation.

Carrying old 7 percent and 8 percent mortgages at new high borrowing rates is leaching away about 1 percent a month of the net worth of savings and loans.

Data Resources, Inc., estimates that debt service is absorbing 47 percent of corporate cash flow today, just a shade under the postwar record of 48 percent in the 1973–75 recession.

Business bankruptcies in 1981 have been running more than 30 percent above a year ago.

Paradoxically, a clear-cut but brief recession might provide more interest rate relief than prolonged sluggishness. The greatest risks might develop in an economy that stagnates and keeps business in purgatory without giving the Fed a clear-cut signal to ease. Especially under the relentless prodding of monetarists, the Fed has leaned over backwards not to appear to relax too soon. In the weeks and months ahead, the danger is more likely to be that of relaxing too late, of over-staying the policy of credit restraint. Secretary of the Treasury Regan put it well when he said recently that in a flat period "which ultimately may be called a recession," the Fed "has to be very careful not to undershoot its targets."

THE BUDGET DEFICIT IN RECESSION

The focus of most budgetary attention and apprehension in recent weeks has been on the huge deficits—$75 to $100 billion a year, as estimated by both conservative and liberal observers—that loom ahead in 1984–86 as Mr. Reagan's tax cuts and defense buildup swamp his budget cuts. Those who have long cried wolf about "crowding out" will at last be right, with a vengeance, as the Treasury elbows aside private borrowers in an expanding economy. Stock and bond markets have given up hundreds of billions of dollars in asset values in expressing their conviction that (a) further budget cuts won't appreciably narrow these great budget gaps and (b) the Fed will have to step in with ever-tighter money.

Our immediate emphasis is on a different kind of deficit in 1982—a cyclical deficit bloated not by excessive tax cuts but by recession, a deficit that won't crowd out private borrowers in a slack economy, a deficit that will therefore be consistent with some relief from high interest rates.

On optimistic economic assumptions as to 1982 growth and inflation, the White House projects a fiscal 1982 deficit of $43 billion (or $60 billion before further budget tightening), while the Congressional Budget Office (CBO) foresees a $65 billion deficit (before budget tightening). But if the recession we foresee materializes, it will add over $30 billion to these deficits, as is shown in the table below.

BUDGET OUTLOOK FOR 1982

[In billions of dollars]

	Reagan budget, Sept. 24 revision [1]		CBO estimate, Sept. 10 revision [2]	
	As presented	With recession	As presented	With recession
Outlays	709	715	721	721
Revenues	666	640	656	630
Deficit (−)	43	75	65	97

[1] Assumes enactment of proposed $13 billion of added budget cuts and $3 billion of added revenues. Without the adjustments, outlays would be $722 billion; revenues, $663 billion; and the deficit, $60 billion.

[2] Does not include Reagan budget-tightening proposals and assumes lower GNP growth and higher inflation, defense outlays, and interest rates than in the Reagan budget.

The economic weakness we anticipate would cut federal revenues by some $26 billion. It would also boost unemployment compensation and other income-support programs while reducing federal interest payments, for a net spending increase of $6 billion.

Although budget forecasts at this distance are subject to large errors, and the Administration's latest proposals may get a cool reception in Congress, a recession deficit between $75 and $97 billion, as shown in the table, seems more likely than the deficit of $43 billion projected by the White House.

As already suggested, a deficit magnified by recession is a very different fiscal animal than an equally large deficit at higher levels of economic activity. Financing it will absorb funds that have been released by the slowdown in private activity. It will thus be consistent with lower interest rates and some easing of credit policy.

But as economic slump or sloth expands the deficit, one hopes that policymakers will not react perversely by calling for still bigger budget cuts for 1982. This exercise in futility would shrink private purchasing power even more and thus worsen a recession. The right prescription would be just the reverse: If recession throws the economy for a loss, suspend budget-cutting and tax-tightening until economic skies brighten later in 1982. Then go at it with renewed zeal.

A BRIGHTER INFLATION OUTLOOK

The most heartening factor in the economic outlook—one that will have a moderating impact on both recession and high interest rates—is the significant ebbing of inflation in 1981–82. The complex of forces at work to ease inflationary pressures is impressive:

Energy: A combination of conscious conservation measures, unconscionable OPEC price increases, domestic oil price decontrol, and a world-wide economic slowdown has so curbed the world's appetite for oil that prices, corrected for inflation, are not likely to rise further in 1982.

Food: Bumper crops in spite of drought in spring and medflies in summer, coupled with surprisingly strong supplies of meat, have held food prices in check in 1981. They hold out the promise of continued moderation in food price increases in 1982.

Housing: Relentlessly tough monetary policy has played a major role in curbing the price spiral in housing. Because many sellers camouflage price cuts by financing sales at below-market interest rates, some of this weakness has not been reflected in the price indexes. But the weakness is there and will continue until receding interest rates, followed by economic expansion, bring new life to the housing market. Meanwhile, softness in housing prices and some trimming of mortgage interest rates will help restrain the consumer price index.

Import prices: High interest rates, a sluggish economy, and the stronger dollar in 1981 have cheapened imports and intensified competition from abroad. This impact will continue well into 1982.

Commodity prices: The combination of soaring U.S. interest rates and a stagnating world economy has brought commodity prices down, and no sharp rebound is yet in sight.

For the most part, the foregoing favorable price developments fall in the category of "special factors" and could eventually turn against us. But this is unlikely to happen in 1982. That brings us to face-to-face with a more fundamental question: Will this easing of consumer prices, coupled with softness in the economy, translate into a material improvement in the underlying or hardcore inflation rate? The portents for easing of this hardcore rate, anchored mainly in wage costs, are quite favorable:

The average hourly earnings index, which provides a measure of wage trends in the whole private non-farm economy, has risen at less than an 8 percent annual rate in the past six months.

In the face of a sluggish economy and extended slack in the overall labor market, a number of hard-pressed firms and industries have already gained wage concessions, thus reducing costs and facilitating slower price increases.

Though such heavy hitters as the Teamsters and the auto workers are coming to bat, they won't be hitting as heavily as in the past. The lead-off hitters will be the Teamsters who, weakened by high unemployment and competition of non-union truckers since deregulation, are ready to make concessions and give their employers some local options.

CONCLUSION

As we look beyond 1982, what are the long-term prospects for Reaganomics? The failure to deliver on its promise of strong growth in 1982 will facilitate progress on the inflation front and provide some relief from high interest rates. This easing of inflation and interest rates, coupled with the potent fiscal stimulus of the 10 percent tax cut next July and rising defense activity, will reignite expansion in the second half of 1982. Then, as economic expansion brings the economy back towards high employment, the danger is that fiscal and monetary policy will again be on a collision course. Fiscal stimulus, high deficits, and economic expansion will once again be confronted with monetary restriction and high interest rates.

The period of recession or continued stagnation in the next several months can serve

as a "window of opportunity" for the Reagan Administration to come to terms with itself about the unresolved contradictions in its current policies. Huge tax cuts and defense boots have ruptured the federal budget, and within the bounds of human decency and political feasibility, no program of budget cuts alone can fix it.

By coupling with prudent budget cuts a courageous program of tax increases—either by a partial rollback of the prodigious 1981 tax cuts or by a combination of loophole closing, energy taxes, user charges, and higher liquor and tobacco levies—the Administration and Congress could bring the federal deficit under control and permit the Fed to bring interest rates under control. If this program of coordinated and moderate monetary-fiscal restraint were coupled with appeals by a popular president for wage-price restraint (perhaps backed by tax incentives, the prospects for the mid-eighties could be vastly improved.●

REPORT TO THE PEOPLE OF MISSISSIPPI FOR 1981

● Mr. STENNIS. Mr. President, we are approaching the end of the 1981 session of the Congress. It has been my practice over the years to make a special report to the people of the State of Mississippi at the end of each session. The purpose of this report is to give an account of the important matters which Congress has considered and on which I have worked this year. I will concentrate on matters which I think may be of special interest to Mississippians.

First, I want to express my deep and abiding thanks to the people of my State for the trust and confidence they have placed in me as their Senator. I appreciate very much the outstanding manner in which they have given me advice, assistance, encouragement, and support over the years.

I am proud of the unity of purpose and action which has been shown by the entire Mississippi congressional delegation in all instances where the interests of Mississippi are concerned. I express sincere appreciation to each of the other members of the Mississippi delegation for their fine cooperation, assistance, and teamwork in legislative matters of mutual interest and concern.

My office staff, though small, has worked hard and effectively. I appreciate their skill, diligence, loyalty, and support. The committee staffs with whom I have worked also have my thanks and appreciation for the outstanding assistance and cooperation they have given me throughout the year.

My special appreciation goes to my colleagues in the Senate from other States. Their cooperation, courtesy, and assistance have been very important factors in my understanding the issues and achieving many of the legislative goals which benefit Mississippi and its citizens and the Nation as a whole.

It will become apparent from the rest of this report that 1981 was an exceptional year so far as the Congress of the United States is concerned. It was an extremely busy and demanding year with the attention of the Congress being focused primarily on fiscal, budgetary, and tax considerations. It is obvious even now that much remains to be done in these fields, and that in 1982 the Congress will be even more deeply involved with the same issues and problems with which we have wrestled in 1981.

As I look back at the year 1981, I am, of course, not completely satisfied with what was accomplished. This is especially true in the economic field. Despite almost constant attention to economic and fiscal problems, a balanced budget seems at this time to be as far off as ever. However, I have dedicated myself to the goal of achieving a balanced budget, and I will continue to work unceasingly toward that end. I believe it is absolutely essential to the fiscal and financial welfare of this Nation.

While progress has been made in controlling inflation, unemployment has risen significantly. In addition, we are now in the midst of a recession which retards economic growth and hampers the achievement of our economic goals. These matters are discussed in more detail in the report which follows.

There are reasons to be gratified for what 1981 has brought Americans. We still enjoy a very high standard of living. Our farmers have produced food in amounts which are adequate to supply our needs and also to feed millions of others in the world who would otherwise face starvation. There is reasons to hope that our economy, although now slowed and burdened with a recession, will resume its growth, productivity, and stability. I am hopeful that this will result in renewed and increased prosperity.

Several domestic problems demand attention and remedial action if they are to be solved. We also face many problems in the international field.

I emphasize at this point, that in our relations with other nations, we must react calmly, reasonably, predictably, and consistently to events on the world scene, particularly to those events we cannot control entirely. For our actions and reactions to be credible abroad, we must have adequate military strength, and both our friends and our potential enemies must realize and accept this as a fact. We must make it clear that we have no aggressive intention and equally clear that we will not condone aggression by others. In foreign affairs, we must speak with one voice as a Nation—firmly, clearly, confidently, and with a high degree of reliability and perdictability. If we do this we can continue to contribute greatly to peace and stability among the nations of the world.

In reviewing 1981, as in every year, we find both pluses and minuses. I will concentrate on the positive accomplishments during the year and the outlook for the future. This is particularly true of those matters to which I have the privilege of making a contribution. However, matters which did not have such positive results cannot be overlooked, and these will also be discussed in this report. As has been true in past years, I will focus in this report on matters that I believe will be of particular interest to my fellow Mississippians.

Mr. President, I ask that the reports presented herewith, which discuss a substantial amount of my work in the Senate in 1981 be printed in the RECORD.

The reports follow:

ECONOMY

Earlier in the year, the economy had begun a slow recovery from the impact of the 1980 recession. In addition, President Reagan's comprehensive and sweeping economic program generated a great deal of optimism at and after the time of his inauguration about the future course of the economy.

Unfortunately, however, the economic optimism was not matched by the economic results. In the late summer and early fall, the economy began to decline, and it is now conceded that we are in the midst of another recession. Hopefully this recession will be short and shallow, and we will begin to recover from it by the spring or summer of 1982.

As a result of the recession, the Nation's unemployment rate surged to a six-year high of 8.4 percent in November, and the number of unemployed jumped to 9 million. The 8.4 percentage rate was the highest level of unemployment since 1975 when the economy was beginning to struggle back from the worst recession since the Great Depression of the 1930s. The importance of unemployment in the federal economic situation is indicated by the fact that the Congressional Budget Office estimates that a one percent increase in unemployment has an adverse and negative impact on federal finances of about $25 billion. This consists of $16 billion in lost tax revenues and $9 billion in increased unemployment outlays.

In January, the Administration spokesmen were predicting a 5 percent real rate of growth for 1982. In July they lowered that to 3.4 percent. Now they are talking about a real growth of 1 to 2 percent. However, many private economists assert that we will be lucky to get any real growth at all in fiscal year 1982. This is important because a high rate of growth helps the economy and assists in balancing the budget by reducing expenses for unemployment compensation and welfare and by producing more revenue at the same tax rate.

On the brighter side, and perhaps partially as a result of the current recession, inflation has now declined to the equivalent of an annual rate of about 10 percent. At one point during 1980, inflation escalated at the equivalent of an annual rate of 18 percent.

Although the prime interest rate has declined from the record 21.5 percent reached in more detail in a later portion of this report.

It should be added that the Administration remains firm in its prediction that President Reagan's economic program will result in a strong recovery by mid-1982, and that this will result in a prosperous and growing economy and a low inflation rate beginning in 1983. However, there appears to be increasing skepticism on just how quickly the economy will recover and how rapidly unemployment will come down from its present high level.

HIGH INTEREST RATES

High interest rates are having an extremely serious and harmful effect on the economy. The high level and volatility of interest rates have taken a heavy toll on the nation's economic confidence. Interest rates have bounced from a high of 19½% in the spring of 1980, to a low of 11% in August of that year, and then by December of 1980 the prime rate had returned to 21½%. Interest rates have been very high for all of 1981 and the resultant harmful effects have set the economy into a recession. Interest rates now appear to be falling slightly due to generally depressed economic conditions. The economy has

turned down very sharply, and unemployment is at peak levels.

Interest rates have been particularly hard on the housing industry. The housing industry, which includes the builders and manufacturers of home appliances and furnishings, forest products and all the building components that go into housing, have experienced more than 35 months of continuous recession which far exceeds the previous serious downturn in the 27-month stretch recorded in the 1954–1957 recession. Mortgage interest rates are at a record high and have receded very little even during this recission. High interest rates have effectively shut down the home building industry.

The nation's automobile and agricultural industries, which are also credit sensitive, have been subjected to depression-like conditions for well over two years now. The serious economic conditions in these industries is spreading to every sector of our economy and at the end of this year this economic sickness has widened to other sectors and deepened into a severe recession.

Certainly we cannot allow these conditions or these high interest rates to continue any longer without something being done to arrest the economic decline or the entire economy will suffer serious and lasting harm. In this regard, I believe that we need a short term program to lead the economy out of this recession. In the past housing has always been a good vehicle for turning our economy around. I believe that a short term emergency economic recovery package that will stimulate housing and employment should be the top priority of the President and the Congress.

I am working on various proposals and I hope to come forth with a program which in my judgment will moderate this recession, lower home mortgage interest rates and restore employment. It is my intention that this program should be anti-recessionary without promoting inflation. Recently I met with the President's Council of Economic Advisers and discussed the need for a program. It is my hope that the President will support emergency legislation. High interest rates must be brought down or I fear that the entire Reagan program for economic recovery will fail.

In the long term, I have already asked the President and the Congress to consider the establishment of a special blue ribbon National Commission on Interest Rates to look at our economy and our financial institutions to determine if there are ways which interest rates can be held to stable and moderate levels. I feel very strongly that there are many new elements in our economy which are not clearly understood. These elements should be studied and recommendations should be made will lead towards lasting economic stability. This past year I introduced legislation, S. 1598, to establish this Interest Rate Commission, and it is my hope that the Commission will be established and I will continue to work to this end.

EXPENDITURE REDUCTIONS

Prior to and after his inauguration, President Reagan recommended unprecedented reductions in federal spending during fiscal years 1981, 1982, 1983, and 1984. After several months of difficult, prolonged, and determined work, the Congress responded to the President's recommendations by enacting the Omnibus Budget Reconciliation Act of 1981.

This bill achieved real savings and represented an effort by the Congress to continue and expand its control over federal expenditures. Great credit is due to all members of the Congress who had a part in this effort, particularly to the chairmen and ranking members of the House and Senate subcommittees who brought forth the legislation resulting in the savings.

The President's economic program as approved by the Congress would cut federal outlays by $36.5 billion in fiscal year 1982, $47 billion in fiscal year 1983, and $55.8 billion in fiscal year 1984. These, of course, are very substantial amounts.

However, as is discussed in greater detail in another portion of this report, it appears that the spending cuts made thus far are not sufficient to bring about a balanced budget by the target date of 1984. The indications at this time are that the President will ask for additional expenditure cuts of around $40 billion in fiscal year 1983.

Because of the very difficult financial situation which the federal government is in and because of the clear and absolute necessity to reduce federal expenditures substantially, I generally supported the President's economic program, although I did not vote for all of the spending reductions which he recommended. However, in looking forward to the future, I wish to make it very clear that I will not vote to abolish any worthwhile program which is designed to help the aged, the handicapped, the sick, the needy, and others who cannot help themselves.

BALANCED BUDGET CONSTITUTIONAL AMENDMENT

In another part of this report, I have discussed the strenuous efforts which the Congress has made in 1981 to reduce expenditures and move toward a balanced budget and the fact that these have not yet yielded a positive result. These events have only served to reenforce my conviction that our fiscal problems can most surely be cured by a constitutional amendment which would require the government to end deficit financing and operate on the basis of a balanced budget.

I introduced such an amendment this year as I have in the past. This amendment is clear and simple. If expenditures exceed revenues in any year, then an income tax surtax would have to be levied for the following calendar year to balance the budget. This would be done by a simple mathematical computation and no discretion on the part of either the Congress or the President would be involved.

We passed the Budget Control Act in 1974 but it has not been sufficient to control and prevent continued federal deficit spending. It is clear to me that the discipline of a constitutional amendment is required. Complete and utter disaster can occur if we follow the same fiscal course we have followed for the last 30 years and if we fail to bring federal spending under control.

There are two principles which are particularly important in connection with such an amendment. The first is that a constitutional amendment will provide a built-in shield against the excessive demands of one pressure group after another for continued and increased appropriations of federal funds. The second and more important principle is that the taxpayer would have protection from the growing demands of special interest groups that exert their pressure on Members of Congress for a continuation of and increases in benefits that are established in the law in the form of what is referred to as "entitlements."

I believe that it is essential that we move quickly toward the adoption of a constitutional amendment. I have often said that our governmental and economic systems cannot endure permanently unless we get our economic house in order, bring expenditures under control, and move toward a balanced budget just as quickly as possible.

INCOME AND ESTATE TAX REDUCTION

An integral part of the President's recommended economic program was a substantial reduction in taxes. The Congress responded to this by passing the Economic Recovery Tax Act of 1981 on August 13. This was the first major federal income tax reduction since the Revenue Act of 1978, and it dramatically cuts individual income tax rates over a three-year period and liberalizes and simplifies depreciation write-offs for business. Individual income tax rates were cut 5 percent across the board beginning October 1, 1981 and will be cut by an additional 10 percent on July 1, 1982 and by a final 10 percent on July 1, 1983. This results in a cumulative reduction of 23 percent.

In addition to a reduction in the income tax, the new law increases the exemption from gift and estate taxes from $175,000 under the present law to $225,000 in 1982, $275,000 in 1983, $325,000 in 1984, $400,000 in 1985, $500,000 in 1986, and $600,000 in 1987 and subsequent years. In addition, under the new law, all gifts to a spouse and all property received outright by a surviving spouse is received free of gift and estate taxes. It can be seen that, except in the case of very large estates, the inheritance tax is virtually repealed.

The tax reductions in the bill total $37.6 billion in 1982, $92.7 billion in 1983, and $150 billion in 1984. These tax reductions were passed in response to the President's recommendation on the premise and in the hopes that they would stimulate the economy and increase economic growth. Thus far, however, this has not been the result. The economic trend is down and not up. While there is hope that the President's program will have the desired effect in 1982 and subsequent years, there is increasing skepticism about this. I, of course, hope very strongly that the President's expectations prove to be sound.

Finally, it should be said that, notwithstanding the current recession and the darkened economic picture, the President has made it clear that at least at this time he has no intention of seeking a rollback in either the individual or corporate tax decreases which I have discussed.

DEFICIT SPENDING

Our governmental and economic systems cannot endure indefinitely with national fiscal policies that pile deficits upon huge deficits and debt upon huge debt. We must make every effort to get the economy in hand and balance the budget. A few figures will illustrate how essential this is.

The federal government has run a budget deficit in 19 of the past 20 years and in 42 of the past 50 years. Deficit spending has continued in good times and bad.

The first $100 billion federal budget in our history occurred in fiscal year 1963. Just 20 years later, in fiscal 1982, the budget is over $700 billion and is still rising despite our efforts to reduce spending.

At the end of 1970, the total national debt was $383 billion. Now, just 11 years later, it is over one trillion dollars. In fiscal 1982 alone the estimated interest to be paid on the national debt is about $120 billion. This is more than the entire federal budget in fiscal year 1963.

Let me outline briefly what has occurred from a budgetary standpoint this year. President Reagan's first budget revisions sent to the Congress in March projected a deficit of $45 billion in fiscal 1982, $22.9 billion in fiscal 1983, and a balanced budget in fiscal 1984.

In the First Concurrent Budget Resolution adopted on May 21, 1981, the projections were for a deficit of $37.5 billion in fiscal 1982, $19 billion in fiscal 1983, and again a balanced budget in fiscal 1984.

These rosy projections faded very quickly. The Second Budget Resolution recites that

current budget projections are for large deficits in the range of $76 billion to $92 billion in fiscal 1982; $96 billion to $136 billion in 1983; and $103 billion to $165 billion in fiscal 1984.

Even worse, Administration working papers assume that, without new spending cuts or tax increases, the federal deficit will reach $109 billion in fiscal 1982; $152 billion in fiscal 1983; and $165 billion in fiscal 1984. The goal of a balanced budget in fiscal 1984, looking at the facts realistically, is clearly beyond reach.

The eroding budget picture is difficult to explain. It evolved, not because of Congress' failure to act, but despite an historic series of actions by the Congress in cutting spending and taxes. It would appear that either the assumptions on which the projections were based lacked validity or that there were rather drastic changes in fiscal and economic matters since early this year.

In any event, we must not despair. We must attain fiscal and financial stability and I remain dedicated to that goal.

WINDFALL PROFIT TAX AMENDMENTS

I recognize the economic importance of the oil and gas industry to Mississippi. This industry has always had my support. This is especially true of small independent producers and royalty owners. Therefore, I am gratified by the amendments to the Windfall Profit Tax Act made by the Economic Recovery Tax Act of 1981. Two of these are of special importance to Mississippi. These are:

1. In 1981, the exemption from the windfall profit tax for such qualified royalty owners (either individuals or a family farm corporation) is increased from $1,000 to $2,500. From 1982 through 1984, such qualified royalty owners will be entitled to an exemption for the first two barrels a day of royalty production. In 1985 and thereafter, the exemption will rise to three barrels a day.

2. Small independent producers are also helped. Stripper wells (those producing ten barrels a day or less) will be entirely exempt from the windfall profit tax beginning in 1983.

In addition, the windfall profit tax on all newly discovered oil will be lowered in stages from 30 percent to 15 percent by 1986.

GENERAL REVENUE SHARING

In my 1980 Report to the People, I pointed out that there was pending legislation which would extend and revise the general revenue sharing program to provide for annual $4.6 billion funding to be distributed to local governments. This legislation was finally passed and is now in effect. Under the law, local governments are entitled to receive their share of this $4.6 billion annual funding through fiscal year 1983.

The law also provided for a discretionary appropriation of $1.3 billion in general revenue sharing funds for the states. These funds have not been appropriated and no appropriation for the states is anticipated.

In recent months, concern has been expressed both in the newspapers and in governmental circles that an effort will be made by the Administration to reduce or terminate the general revenue sharing program for local governments. No request has been made to the Congress that this be done, and I see no reason at this time to expect any such action. As a matter of fact, the President has said that he did not propose to reduce the local government revenue sharing program unless and until other revenue was provided to cover the loss of these funds.

FEDERAL FUNDING OF ABORTIONS

For a number of years the Congress has placed statutory restrictions on the use of federal funds for the purpose of abortions. I have consistently and strongly supported these restrictions and will continue to do so. Since 1979 the Congress has provided that federal funds should not be used to perform abortions except where the life of the mother was endangered if a fetus were carried to term and except for medical procedures necessary for the victims of rape or incest when such rape or incest was promptly reported.

Although the appropriation for the Department of Health and Human Services, which administers these funds, will not be approved before the Congress adjourns, substantially similar limitations on federal funding of abortions are contained in the Continuing Resolution providing temporary appropriations for the Department of Health and Human Services for fiscal year 1982. If and when the Department's regular appropriation bill is enacted, it is fairly certain that the restriction will also be contained in that bill. They will have my support.

NUCLEAR WASTE PROGRAM

I have followed and have been legislatively involved in the nuclear program for many years and believe that the nation has a responsibility to ensure the safe disposition of nuclear waste.

It is my belief that the nuclear waste storage problem can be resolved by selecting a single test site, in a remote, uninhabited or sparsely populated area which our scientific community believes to be absolutely safe. I urge a single test site because until it can be proven by extensive testing that nuclear waste can be stored safely, public anxiety will be justifiably high. By focusing on a single demonstration site and locating it as far away from populated areas as possible, public concern will be reduced. There are already many remote sites which our scientists believe are good, safe candidates for further testing. I have faith that a single site would demonstrate to the American people that our scientific community has the technology and capability to safely store nuclear waste and would thereby reduce the fear which many people have genuinely expressed.

I am absolutely opposed to the continuation of geologic study and testing in populated areas. The Department of Energy National Survey Program should be immediately discontinued in populated areas. In this regard, I have requested the Nuclear Regulatory Commission to consider population density and proximity to population in the technical criteria which they have responsibility for developing for the purpose of granting a license to operate such a facility.

Additionally, I have urged the responsible Senate committees to consider population in the drafting of legislation in the area of nuclear waste disposal. I was pleased this year to learn that this recommendation concerning population factors has been included in the Senate Energy Committee's bill, S. 1662, Nuclear Waste Policy, which was reported this past year but has not been considered by the full Senate. When the National Nuclear Waste Policy is considered by the Senate, I will ask my colleagues to join me in insuring that the policy established by the Congress will assure that we dispose of nuclear material in a manner which absolutely protects the health and safety of the nuclear workers and will not unduly risk the people in the area of storage or in any stage of the process.

As we develop our nuclear policy it is my hope that every consideration should be given to the national security aspect of the nuclear program. It is in our national interests for the federal government to maintain tight control and strict accounting for nuclear materials—the spent fuel from nuclear power plants should be accounted for as closely as any of the military materials. Further, it is my opinion that nuclear materials should be used to their full economic value. The spent fuel from our commercial nuclear power plants contain useful products which can be extracted. Certainly I would urge that the policy would only include the permanent storage of those materials which have no economic value.

Finally, from my experience, a solution to the nuclear storage issues will require strong leadership, accompanied by careful consideration for the public concerns. Every effort must be made to inform the public and prove that we have the know-how to safely store nuclear waste.

ENERGY LEGISLATION

The past decade has been marked by energy supply interruptions and sharp increases in energy prices. As a nation we have become painfully aware that our economic well-being is tied to maintaining an adequate supply of energy for industrial production and transportation. The OPEC embargo in 1973 and the unprecedented oil price increases shocked the nation and the Congress into taking emergency action to insure the security of the nation's future energy supply.

As a member and former Chairman of the Appropriations Subcommittee which had jurisdiction over much of the government's energy programs, I have been closely involved with the development of a strategy and policies for achieving adequate energy supplies and stabilizing future energy prices. The first element of this strategy was the establishment of the Department of Energy to focus the various efforts within the government under one department head for the purpose of coordinating and giving top priority to achieving energy independence. Secondly, we have placed into law the means for creating a petroleum reserve as insurance against and unexpected interruption of imported oil. Thirdly, we have taken action to encourage the domestic production of petroleum by decontrolling crude oil prices and finally, legislative actions were taken to encourage conservation to develop alternative energy sources.

It is my belief that we are on the right track and are beginning to make substantial progress. The decline in domestic petroleum production has been stopped. Oil imports have been reduced from 50 percent of our consumption to just more than one-third. Work has begun to produce useful fuels from our enormous domestic reserves of oil shale, coal and lignite. New technologies are being developed to utilize these abundant resources to produce synthetic gaseous and liquid fuels for our future industrial and transportation needs. Our nuclear power effort has continued and there is a renewed effort to fully develop the technology to safely use this abundant domestic energy resource as a major source of the nation's future electric power needs.

During President Reagan's campaign he stated that he intended to do away with the Department of Energy. Soon after he was elected, I visited with the President and expressed the opinion that he should change his mind about the energy program. I urged him to keep the focus of the energy effort in the Department of Energy, which I think would be in the best long term interest of the United States.

The energy problems of the 1970's have not disappeared. We still import a substantial amount of our energy from a troubled and politically unstable area of the world and at any time we could suddenly find ourselves in a desperate position for petroleum. We have been up and down the ladder on the energy issue several times since I have been a member of the Senate, and it is my belief that we should not allow ourselves to be lulled into thinking that our energy future

is secure. I believe it should be a continuing top priority of the President to continue an effective energy supply effort.

Of special interest to Mississippi is the development of our abundant lignite resources. Mississippi ranks second only to Texas in total tonnage of lignite resources. If the estimated 5 billion tons of Mississippi lignite were recovered it could provide 240 years of the current energy used by the states' electric utilities. I will continue to urge the development of technology which will permit utilization of this resource.

Mississippi is already contributing in the development of new technologies for efficient and safe burning of the fossil fuels with an internationally recognized Magnetohydrodynamics (MHD) program at Mississippi State University. Mississippi has many of its citizens and industries engaged in research and the demonstration of new technologies. Work in alcohol production from waste is proceeding very well. The state's conservation program is paying big dividends and more energy efficient and solar assisted homes and buildings have been constructed.

I will support and continue to urge these initiatives and others which will provide the nation with a diverse, safe and abundant supply of energy for centuries to come.

AGRICULTURE AND THE NEW FARM BILL

1981 has not been a very encouraging year for the farmers of our nation. Although many crops have been reported as setting records in production, there have been factors which have caused farmers to receive much less for their production than in past years compared to the amount they spent for production.

Inflation has continued to dig deep into the payments farmers receive for their products and the price of almost every commodity is lower than it has been in many years. When the problem of excessively high interest rates is added to these other problems, the good fortune of a bumper crop is more than cancelled out. Unfortunately, the bottom line has been that it is costing more money for farmers to raise a crop and many have not been able to make a profit.

The Senate Export Caucus, of which I am a member, has held meetings and has been working with Agriculture Secretary John Block and United States Trade Representative Bill Brock to provide a better export market for our farm products. I have personally communicated with Secretary Block, urging him to use all the tools Congress has provided him to increase our sales abroad. As the foreign demand for our agricultural products increases, the competition for these products at home will increase, raising the prices to a level at which farmers can afford to continue to produce. I have assured Secretary Block that he has my full cooperation in this endeavor and I will continue to lend my support toward this effort in 1982.

In last year's Report to the People of Mississippi, I stated that a new farm bill was to be enacted in 1981 and that I would push for one which would treat farmers fairly and equitably and make it possible for farming to be more profitable. Although I am not satisfied with the 1981 Farm Bill, I do feel that it is the best of all the alternatives before us which could have been enacted.

The 1981 Farm Bill provides price support programs for cotton, dairy, grain, peanuts, soybeans, sugar, and wool. It also includes provision for an improved food stamp program, foreign agricultural assistance, and agricultural research and conservation.

For upland cotton, the basic program will be continued for four years with the minimum loan rate set at 55 cents per pound. The loan rate is computed as the lower of 85 percent of the U.S. spot market average price or 90 percent of the Northern Europe average price. The target price is set at the higher of 120 percent of the loan rate or for the 1982 crop 71 cents per pound; for the 1983 crop 76 cents per pound; for the 1984 crop 81 cents per pound; and for the 1985 crop 86 cents per pound.

The basic program for rice will be continued through 1985 with the loan rate set at 75 percent of the target price. Target prices (per hundredweight) are set at $10.85 for 1982, $11.40 for 1983, $11.90 for 1984, and $12.40 for 1985.

The loan rate for soybeans is set at 75 percent of the simple average price received by farmers for each of the preceding five years (excluding the high and low years). The minimum loan rate is $5.02 per bushel.

Authorization of the food stamp program will be extended for one year, through September 30, 1982. The fiscal year 1982 spending ceiling is set at $11.3 billion. The adjustment of the thrifty food plan to reflect cost-of-living changes scheduled for April 1, 1982, is delayed until October 1, 1982. A variety of other provisions will tighten work requirements, authorize workfare programs, enhance program management, and address problems of fraud and abuse.

FORESTRY

The forests of Mississippi have been and continue to be one of her greatest resources. Forestry is now the largest income-producing agricultural product in the state.

It is not difficult for the small land owner to become involved in forestry since forestry requires little initial investment. The trees are supplied by nature, and man need simply to provide the land and the management. The latest figures that have been presented to me show that private, non-industrial ownership accounts for 72 percent of the total state forest lands.

The demand for these private, non-industrial forest products will be greatly increased in the future as the need for wood products is expected to double in the next 50 years. The steps Congress has taken this year and in the years ahead will have an important effect on the future of this valuable resource.

Two programs will have a particularly important impact on the future of forestry: The Forestry Incentive Program and the McIntire-Stennis Program. As a member of the Appropriations Committee and the Appropriations Subcommittee for Agriculture and Related Agencies, I had the opportunity again this year to help provide essential funds to support these forestry programs.

In 1962, I sponsored the Cooperative Forestry Research Act which established a forestry research program at our Nation's land grant universities. This McIntire-Stennis program authorizes research carried out by graduate students, working under professionally qualified supervision. It is financed on a cost sharing basis, part by the Federal funds and half or more from State or private industry. In 1981 this program was federally funded at $10,774,000 of which approximately $335,000 in research was done in Mississippi.

The Forestry Incentives Act, which I sponsored, became law in August, 1973. This act provides cost sharing of 75 percent by the Federal government for site preparation, planting seedlings and for timber stand improvement. Congress appropriated $12.5 million for the Forestry Incentives Program in 1981 and Mississippi received about $232,000. This money was used to plant new seedlings and improve timber stands on 20,900 acres in our state. Since 1973, $7,145,700 in federal funds have been invested in reforestation in Mississippi under this program.

TENNESSEE-TOMBIGBEE WATERWAY

In a major step toward completion of the Tennessee-Tombigbee Waterway, Congress appropriated $189 million for FY 1982 construction in the Energy and Water Development Appropriations Act. By the end of September 1982, the waterway will be over two-thirds complete. As of October 1, nearly $1.47 billion of the estimated cost of $1.8 billion has been committed. All of the major work is under contract. At the end of Fiscal Year 1982, which ends September 30, 1982, eight of the ten locks and dams will be virtually complete. The fight to insure funding for the Tennessee-Tombigbee Waterway project was difficult and hard-fought. An amendment to delete funding for the waterway from the FY 1982 Appropriations Bill was introduced by Senator Percy of Illinois. The amendment would have brought the ongoing construction to a halt. The amendment failed 48 to 46. Following the conference with the House, the President signed the appropriations bill on December 4, 1981, approving $189 million for FY 1982 construction.

LITIGATION

The U.S. Fifth Circuit Court of Appeals issued its ruling on July 13, 1981 on the plaintiff's appeal of the dismissal of the remaining counts of the lawsuit. This ruling (a) found that the Corps should have prepared a supplemental environmental impact statement on the post-1971 project changes and directed a summary judgment for the plaintiffs on this issue; (b) upheld the District Court's judgment that no environmental impact statement is yet required on any future improvements on the Black Warrior-Tombigbee Waterway; (c) upheld the lower court's judgment on the challenge to the cost-benefit ratio; and (d) allowed the plaintiff L&N Railroad to secure judicial review of the sufficiency of nonfederal assurances for the project.

The Fifth Circuit opinion included a directive for a partial injunction stopping work on the post-1971 changes, specifically construction or letting of new contracts on the chain-of-lakes segment and cutoffs of the Tombigbee River Channel. Defendant Intervenors, Tennessee-Tombigbee Waterway Development Authority, the Tombigbee River Valley Water Management District, and the State of Alabama, filed a request that the court reconsider several aspects of its decision, and particularly, the ordering of an injunction. In response to the intervenor's petition, the Appeals Court issued an order to the District Court allowing the court to determine the consequences of an injunction to both the parties and to the public before such an injunction need issue. A status conference with Judge Keady and all parties was held on September 2, 1981.

As a result of this conference, Judge Keady issued an order granting summary judgment to plaintiffs on the claims that a supplement to the environmental impact statement is required and that a 3¼ percent interest rate is no longer appropriate. The order also established June 1, 1982 as the date by which the supplement must be filed. (The draft supplement to the EIS has been furnished to the agencies and public for review and comment. All comments must be received by January 15, 1982. The final supplement, which will address all comments, must be filed with the Court by June 1, 1982.)

The judge also deferred any hearing while the parties endeavored to reach agreement as to whether such a hearing would be necessary. In this regard, the parties met on September 22-23 and again on October 13 in an effort to seek an agreement. While nothing was settled, it was agreed by both parties to continue to seek resolution of the issues. Efforts will be made by both parties to decide as soon as possible whether a settlement can be reached. Extensive efforts, involving attorneys representing all parties, have been underway during the latter weeks of November 1981 and early December. Attorneys are scheduled to meet December 15 for final agreement efforts. If an agreement is not

reached, a hearing before the Court will be required.

FUTURE

It is anticipated that the Tennessee-Tombigbee Waterway will continue to be challenged. The opponents of the waterway, who appear to be gravely concerned that the waterway will offer serious competition to the railways, are pursuing a nationwide lobbying effort against the waterway.

I believe that the economic merits of the waterway will prevail and the waterway will be completed on schedule.

MITIGATION

The Wildlife Mitigation Study for the Tennessee-Tombigbee Waterway began in 1974 and is set up in three phases as follows: Phase I—documentation of wildlife losses by the Fish and Wildlife Service, utilizing their Habitat Evaluation Procedures; Phase II—development of alternatives including a traditional analysis; Phase III—prepare Detailed Project Report and submit report through channels to Congress for approval and authorization.

The Fish and Wildlife Service has now submitted their recommendation to the Corps of Engineers. Public meetings were held in April, 1981. Phase II of the study was completed in June 1981. Phase III will not be completed until 1982 due to the need to concentrate on the court-ordered supplemental environmental impact statement. I have expressed my opinion to the Corps that no further lands be purchased for the project but that mitigation be provided by intensive management of lands already purchased.

WATER RESOURCE PROJECTS

I am glad to report that in general our water projects in Mississippi are making good progress, not as fast, of course, as I and most would like. I continue to believe that the investment of tax dollars in water projects is among the wisest investments we make. These projects that provide low cost, efficient transportation, protect our homes, businesses and farms from the ravages of floods, provide clean, economical electrical power and provide water for drinking and irrigation, promote economic growth and provide a better way of life for the whole country.

I am pleased that again the water resources appropriation bill for 1982 was the first of 13 bills to make its way through the system and be signed into law. I think this reflects the bi-partisan spirit on this item in both Houses and their belief in the worth of these projects. While water projects took their fair share of cuts, and properly so, in the drive to cut back spending in 1982, I am optimistic that with improvement in the economy, we can once again push on to complete these vitally needed projects.

I remain dissatisfied that the Congress still has not passed a new water project authorization bill since 1976. Such projects as Gulfport, Greenville and Vicksburg Harbor expansions have already been studied and found justified. Such ongoing studies as Pascagoula Harbor, the flooding problems in Jackson and other areas on the Pearl, Sowashee Creek and in the Yazoo basin will no doubt produce additional justified projects.

A key factor in the failure to get an authorization bill is the issue of user fees for navigation projects. Without getting into all the arguments about this matter, I want to state that I am unalterably opposed to these proposals. A policy that has served this country so well for 150 years should not be changed without long and careful study. The contention that these waterways are just a subsidy for barge operations and shippers is simply not correct.

I will be working closely with like-minded Senators next year toward getting an authorization bill passed into law.

Appropriations for Mississippi projects 1981

For studies:	
Mississippi Sound and Adjacent areas	$300,000
Pascagoula River Basin	123,000
Pascagoula Harbor	305,000
Pearl River Basin	825,000
Sowashee Creek	144,000
Yazoo River Navigation	600,000
Mississippi and Louisiana Estuarine area	350,000
Yazoo River Basin	800,000
Tennessee Tombigbee Corridor Study	1,646,000
Wold and Loosahatchie River and Nonconnah Creek, Mississippi and Tennessee	140,000
Horn Lake and Tributaries	40,000
For eningeering and construction:	
Tennessee Tombigbee Waterway	189,000,000
Tombigbee River and Tributaries	800,000
Yazoo River-Belzoni Bridge	2,800,000
Big Sunflower River	5,635,000
Greenwood	137,000
Grenada Lake	2,237,000
Yazoo Basin Main Stem	1,442,000
Sardis Lake	758,000
Streambank erosion control	500,000
Tributaries of the Yazoo	2,881,000
Ascalimore-Tippo and Opossum Bayous	4,363,000
Upper Yazoo projects	5,600,000
Yazoo backwater	2,057,000
Operation and maintenance of constructed projects	32,043,000

NATCHEZ TRACE PARKWAY

I am pleased that construction of the Natchez Trace Parkway is continuing to move forward. Even in the face of severe overall cutbacks, the administration saw fit to recommend, and the Congress agreed to provide $12 million for 1982 construction. This construction will provide a continuous parkway from Jackson, Mississippi, north to near Columbia, Tennessee, a distance of over 300 miles. I am hopeful that when the economy strengthens, we can increase the funding for this project so as to complete it in a reasonable time and start receiving the full benefit of a continuous parkway from Natchez, Mississippi to Nashville, Tennessee.

INTERNATIONAL SITUATION

A major focus of our national security commitments this year continued to be the Middle East and Persian Gulf region. The United States, and our Western allies, are still vitally interested in the uninterrupted flow of oil from that region. However, a number of situations continue to generate justifiable concerns. The Soviets remain in Afghanistan. Libyan activities in the area, and elsewhere, do not contribute to stability. The Iran-Iraq war continues, albeit at a seeming stalemate, and a tenuous cease fire exists in Lebanon. Finally, the untimely and unfortunate death of President Anwar Sadat of Egypt has removed one of the primary promoters of peace in the region. President Mubarak, his successor, is to be commended for committing himself to pursuing his predecessor's policies, especially with respect to the Camp David peace accords.

The United States cannot be the world's policeman. But in view of our crucial stake in the Middle East and the high potential for continued conflict, our military forces must be prepared for any contingency in that part of the world. The efforts initiated last year to man and equip a rapid deployment force that could be moved quickly to protect American interests are continued in this year's defense budget. Furthermore, there are additional funds for fuel and spare parts to ensure greater readiness of our military forces. Finally, the approval of the sale of airborne radar and control aircraft to Saudi Arabia eventually will mean long-term U.S. access to important information critical to defense of the region.

Europe has also been the focus of our attention this year. The situation in Poland has to be watched closely. I believe that the Soviet Union would be foolish and reckless to intervene in Poland, but their record of restraint in such situations is not a good one. There also has been considerable debate in our own camp about the eventual emplacement of nuclear armed cruise missiles and Pershing II missiles in Germany, Italy, Belgium, the Netherlands and Britain. These allies are obviously concerned about whether such emplacements could make nuclear war—even on a limited plane—more likely.

Such concerns have been expressed in numerous public demonstrations against more nuclear weapons in Europe. I think we all understand the feelings of the good citizens of those nations. But the way to reduce our nuclear weapon stockpile is not by unilateral disarmament. This will not impress the Soviets, who have engaged in a rapid buildup of nuclear arms targeted against Europe. Rather, we must pursue equitable and verifiable arms reduction agreements. The President's proposal to trade planned U.S. deployments in Europe for elimination of Soviet missiles oriented toward Europe is a first step in the direction of concluding such an agreement.

AWACS SALE

The Armed Services Committee played an integral role in consideration of the sale of airborne warning and control aircraft and other equipment to the Kingdom of Saudi Arabia. The Committee held four days of hearings, listening to seven different witnesses from the Departments of Defense and State, the Central Intelligence Community and the public. The Committee filed a detailed report, supported by a majority of its members, to recommend approval of the sale.

The key question in this debate was whether the national interests of the United States would be served by the sale. After considering closely all the facts, I felt the interests of our country would not be served by blocking the sale. The Senate voted 52–48 not to block the sale.

Our economic interests in the Persian Gulf remain extremely important. Our country still needs the oil we obtain from that region. So do many of our allies. Therefore, it is important that the oil fields remain secure from attack. This equipment will help improve that security.

The security of Israel is not endangered by the sale. Israel has a superior air force—in capability and numbers—to the forces of Saudi Arabia. The use of the radar planes will be defensive, to watch for attacks on the oil fields. Conditions on the sale will see to that and will help secure the American technology which the planes incorporate.

Finally, all the facts considered, the President is the person in charge of our relations with other nations. That is not to say that the Congress has no constitutional or other responsibilities in this area. But I felt—as did a number of my Senate colleagues—that depriving the President of the ability to conclude this sale would only undermine his image as a leader in the eyes of the rest of the world. Disapproval could have weakened his ability to conduct our foreign relations and, therefore, would not have been in the best interests of the United States.

DEFENSE BUDGET AND DEFENSE SPENDING

The new Administration proposed substantial increases in spending for defense this year, initially calling for defense appropriations of over $226 billion. This was to be part of a $1.5 trillion, 5-year program of defense spending. The increases requested eventu-

ally were scaled down a bit, but the defense budget this year will be the largest in that Department's history—well over $200 billion. The increases in defense spending are necessary to meet fully our security requirements. But we must find ways to get more real military muscle out of the defense dollar.

Inflation, the everrising cost of maintaining an all-volunteer force, and the almost exploding costs of individual weapons systems are taking a heavy toll in the real strength this defense budget will produce. I have always been for a frugal, make-do, practical approach to military programs. Now, more than ever, there must be frugality. We must search out and slice away at any waste, extravagance or fraud so that the military establishment is lean, trim and in fighting shape. Without such efforts and relaxation of inflation, there may not be enough money to pay for all the programs authorized in this year's budget. Thus it will require careful management attention by the executive branch to bring this program—the weapons, supplies, and manpower—into reality.

Frugality is essential for another reason—the public support of the military and the military budget will evaporate quickly if our military forces do not show real improvement without damaging the health of our economy. Without a clear demonstration of frugality in our defense spending, there will be great and justifiable pressure to restrain the defense budget. Thus, the Defense Department and the Congress must ensure that we get the most for every defense dollar we spend.

DEFENSE AUTHORIZATION AND APPROPRIATION BILLS

I have served on the Armed Services Committee continuously since 1951, for the last 12 years as Chairman. Although I relinquished the Chairman's role in 1981, my interest and level of participation in the Committee's activities has in no way diminished. As Ranking Minority Member of the Committee, I have an excellent relationship with the new Chairman, Senator Tower. Coupled with my similar Ranking position on the Defense Appropriation Subcommittee, I intend to continue to be closely involved in the formulation of defense policy in the Senate.

The major activity of the Armed Services Committee remains the annual defense authorization bill. This is a massive piece of legislation which covers the entire spectrum of defense programs and systems, beginning with research and development, through procurement of all the various weapons and equipment to the final carying out of the programs by the military and civilian personnel who are authorized and paid by this legislation. To give an idea of the scope of this bill, there are 841 individual line items in research and development and 362 in the procurement accounts along with a large number of items in the personnel accounts, each requiring a decision by the members of the Committee. This year, for the first time, the Committee also authorized funds for fuel, spare parts and other items necessary to operate and maintain our military equipment and facilities. This meant an additional 413 line items for the Committee to consider.

A total of 57 committee or subcommittee hearings were held on this bill, compiling a seven-volume record totalling 4,385 pages. The full Committee met over a four-day period just to draft the bill. The bill approved by the Armed Services Committee totalled $51.7 billion in authority for procurement of aircraft, naval vessels and other military equipment. An additional $84.5 billion was authorized for research and development, operation and maintenance of military equipment and facilities and civil defense efforts. The total of $136.5 billion was $30 million over the President's budget request.

It was my job and privilege to manage the bill on the floor for the Democratic side of the Senate. The Senate debated the bill for three days, and there were votes on 17 amendments. The bill was passed by a vote of 92-1.

The bill was then considered in a lengthy conference between the members of the House and Senate Armed Services Committees to work out the 335 differences in the defense authorization bills of the two Houses. The conference was lengthier than usual because the President decided, in October, to reduce some of his original budget requests. Nevertheless, after 11 meetings, a final bill totalling $130.7 billion, the largest defense authorization bill in the nation's history, was signed into law by the President.

Major procurement highlights of this bill include 26 new ships for the Navy, continued funding for reactivation of the battleship *New Jersey*, 489 aircraft and helicopters, 720 tanks and 600 fighting vehicle systems. Money also was authorized for almost 30,000 missiles of different kinds for the Army, Navy and Air Force. Funding was also authorized for the B-1 bomber and the MX missile system.

Last year's initiative with respect to development of a highly promising class of smaller and less costly carriers was continued in the bill. There was $10 million in the bill for this project. The bill also included $15 million to continue preliminary design of a new amphibious assault ship, which would have a broader range of capabilities than our existing amphibious ships. Both of these initiatives are essential to our future ability to project our forces.

The largest portion of the funds authorized in the bill—$62.1 billion—went for operations and maintenance of our military equipment and facilities. Many of the items included in this figure are unglamorous and non-visible. But adequate spare parts and fuel for steaming and flying are critical elements of preparing and ensuring that our forces are ready to fight. Therefore, I applaud the greater attention being paid to these military readiness items.

The Defense Appropriation bill generally has continued, with a few exceptions, the programs and policies outlined in the authorization bill. In some programs, the Appropriation Committee concluded that even greater levels of spending were necessary.

Enactment of these authorization and appropriation bills should send a clear message to those around the world who would doubt our willingness to pay the price of a strong defense. But this money must be spent wisely and efficiently, with frugality. Adherence to that principle is essential to maintaining the American people's confidence in and support for our defense programs.

STRATEGIC ARMS PROGRAMS AND AGREEMENTS

A major focal point of the debate over this year's defense budget has been the direction of our strategic arms programs, which serve as the main deterrent to any Soviet attack.

The new Administration spent nearly nine months reviewing our strategic forces before President Reagan announced—on October 2, 1981—a new comprehensive program for modernizing those forces. The President's program dealt with five elements of our strategic forces.

Improvements in strategic communications and control systems.

Modernization of the strategic bomber force by procuring an updated version of the B-1 bomber.

Development and deployment of the Trident II, a new submarine-launched missile.

A plan to improve the strength and accuracy of our land-based missile force, and to reduce their vulnerability, with the MX missile.

Improvements in our strategic defenses.

All parts of this program are important. But those affecting our bomber and land-based ICBM forces received the most attention during the debates in the Senate, in which I was an active participant.

The Congress has recognized the need for a new strategic bomber and a new intercontinental ballistic missile a number of times in recent years. We need these new weapons to keep our strategic forces strong, capable of deterring our enemies. Substantial sums have already been expended on the MX and B-1 in furtherance of this need.

The Senate deliberations on the B-1 and MX this year keyed on two areas. First, there was the question of whether a force of 100 B-1 bombers is a prudent investment of our defense dollars in light of the projected cost, future capability against Soviet defenses and the potential alternatives available (e.g., the so-called Stealth bomber).

After careful consideration of all the pertinent facts, I concluded that we should go forward with the B-1, on which we had already invested $4.5 billion for research. It is a necessary interim step, while we perfect the more advanced Stealth technology. The B-1 will be a major improvement over the capabilities of our existing strategic bomber force. And the executive branch has promised to take stringent steps to fulfill its commitment on the cost of the B-1. The Congress agreed that we should press forward with the B-1 and authorized $2.4 billion for its development and production.

Second, there was the question of the best way to deploy or base the MX missile. Again, there is no issue of whether we need the MX missile itself. That we do is the view of a majority of the Congress, which this year authorized nearly $2 billion for development of the MX. However, the MX ultimately should be based in a fashion which best solves the problem that the missile was intended to counter—the increasing vulnerability of our land based strategic forces. Until that basing system is determined, I believe we must proceed with an interim system. It is an important demonstration of our resolve to the Soviets. And it may contribute to efforts to control the growth of nuclear arms.

I firmly believe that it is vital for the United States to continue efforts to limit all nuclear arms. I spoke out on this issue in the Senate again this year. The Strategic Arms Limitation accords previously negotiated have been a start, but unfortunately they did not achieve major reductions in nuclear weaponry. I wholeheartedly support the negotiations on nuclear weapons located in Europe which commenced in Geneva, Switzerland on November 30, 1981. Hopefully, those talks will be the prelude to further negotiations leading to an equitable verifiable treaty reducing the level of strategic nuclear weapons.

NAVY SHIPBUILDING PROGRAMS

The Navy shipbuilding program for 1982 contains several major programs that are of particular interest to me. First is the initial funding for a new class of air capable amphibious assault ship designated the LHD-X. This new ship will draw heavily from our experience with the LHA in that it will be approximately the same size and to a large extent be similar in design. The major changes from the LHA will be modifications to accept the newest amphibious assault boats and a ski-jump ramp for launching V/STOL aircraft. The Fiscal Year 1982 Defense budget contains $60 million to start the LHDX with full funding to come in Fiscal

Year 1984. It is anticipated that Ingalls Shipbuilding in Pascagoula will be awarded the design contract for this new ship.

The 1982 Defense bill continues the very successful CG–47 Aegis cruiser program. The bill provides funds for three more ships of this program bringing the total authorized to date to six. Progress on the first three being built at Ingalls shipyard in Pascagoula is very good with the first one launched last April. One of the ships in the FY 1982 bill will be built at a yard other than Ingalls as the Navy expands its shipbuilding base for this type of ship as it moves towards start of construction on the DDGX a new class of guided missile destroyer. The bill provides $101 million for development of the DDGX with the first ship expected to be funded in FY 1984. The DDGX program will involve more than 50 ships, more than twice the size of the CG–47 program. Ingalls' experience with the CG–47 program will put it in a good position to be one of the primary yards for building the DDGX.

MILITARY MANPOWER ISSUES

This year the Congress has approved almost four and one half billion dollars in additional pay and benefits for our military personnel. Instead of providing across-the-board pay raises for everyone in the military, the bill for the first time provided graduated pay raises for our enlisted personnel ranging from 10 percent to 17 percent. This "targeting" concept was initiated by the Senate, and it represents an important step for two reasons: First, it gives higher pay raises to our senior noncommissioned officers, whose skills and years of experience are really the backbone of our military structure; and second, the bill begins to correct some of the distortions in the pay between junior and senior enlisted personnel that have been caused by the all volunteer force concept.

I supported this bill, but not without serious reservations. Despite the large cost of these increased benefits—over $26 billion over the next five years—the bill will not resolve the underlying inadequacies of our country's military preparedness that result from our reliance on a volunteer source of military manpower.

We must insure that we continue to pay our military personnel adequately and that military pay enhances the good order and discipline of the Services, but military pay is no answer to the fundamental flaws in our present manpower system. No amount of military pay is going to convince the Russians we have a strong military manpower preparedness. No amount of money is going to convince our allies, many of whom already have selective service, to shoulder more of the burden of defense. No amount of military pay is going to instill tough discipline, dedication to duty, and the old military values of sacrifice. And no amount of military pay is going to ensure adequate quality and representativeness in our military forces.

President Reagan is to be commended for providing the leadership to improve our military preparedness. The substantial increases he has proposed in defense spending have been largely supported by the Congress. But there can be no buildup in real military strength without a buildup in military manpower, and this country just cannot build up its military manpower under the present volunteer force concept. Only by returning to some sort of fair and equitable form of selective service can we begin to get our military manpower situation on a firm footing.

The continuation of registration of our young men under the Military Selective Service Act is critically important to our defense capability. Peacetime registration is the only mechanism which will allow for the speedy delivery of the inductees that would be needed in a national emergency. It clearly demonstrates this Nation's commitment to be ready to mobilize in time of crisis.

Finally, we must continue to work to rekindle a spirit of patriotism about military service. We need quality people with the skills, knowhow, discipline, and dedication to maintain a fighting force second to none.

NATIONAL GUARD AND RESERVES

The Reserve components, especially the Army National Guard, are vital elements of the United States overall military force structure. Indeed, the Army National Guard represents some 46 percent of the total ground combat power of the United States Army, as measured by the number of combat division brigades and battalions. It includes 57 percent of the infantry battalions, 50 percent of the artillery battalions and 43 percent of the armored battalions of our ground forces. But many of these Guard units are short some of the total equipment they are authorized in wartime.

Because of the critical importance of the Reserves, I am convinced that we need a real plan to put more modern and up-to-date equipment in the hands of these forces. Over the past several years Congress has focused on providing added funds for Guard and Reserve aircraft. This year the Congress has also provided the downpayment on a $400 million plan that I suggested to improve the equipment situation in the Army National Guard. This first step—which is an increment of $50 million in additional procurement funds—will be used to obtain certain types of military equipment (e.g. artillery pieces, vehicles and weapons carriers) which the Army National Guard leaders have determined best meets the current needs and priorities of the Army Guard. This equipment will be allocated to those Army National Guard units which currently are the best manned. In future years, I intend to press for the fulfillment of this plan for the Army National Guard.

I also believe that Congress needs to be kept continually abreast of the existing and future equipment needs of the major elements of our Reserve components. Therefore, I proposed—and Congress has approved—an annual review of the equipment inventory and needs of our Reserve components—information which will be vital to effective congressional decision-making on equipping our Reserve units.

MILITARY CONSTRUCTION EFFORTS IN MISSISSIPPI

Currently, there are 14 different military installations in the State of Mississippi, representing a capital investment of some $830 million. These installations employ 28,000 full-time military and civilian federal employees. Many more Defense Department dollars flow into Mississippi communities as a result of contracts awarded by these installations to local businesses.

The Mississippi Army Ammunition plant is near completion. Some $454 million will have been spent on design, construction and proveout of this facility, which is scheduled to produce its first artillery rounds in 1983. In addition to construction employment to build the facility, the ammunition plant will create 1,000 to 1,500 new jobs in the area.

Almost $21.3 million has now been approved by the House and Senate Appropriations Committees for projects at seven different Mississippi military installations for this year. Major projects include $6.2 million for a base civil engineer complex at Keesler Air Force Base in Biloxi, $5.9 million for an oceanographic sciences research laboratory at the Naval Ocean Research and Development Activity in Bay St. Louis and $2.6 million for a maintenance shop at the Naval Air Station near Meridian.

The military installations in Mississippi for which money was appropriated for fiscal year 1982 follow. Those marked with an asterisk denote the projects which I was instrumental in adding to the bill.

Mississippi military construction

NAVY	
Bay St. Louis, Ocean Sciences Laboratory	$5,900,000
Gulfport:	
Child Care Center	680,000
Training Facility	280,000
Meridian Maintenance Shop	*2,600,000
AIR FORCE	
Columbus Air Force Base, Equipment Shop	510,000
Keesler Air Force Base:	
Computer Training Facility	950,000
Alter Computer Facility	220,000
Alter Electrical Distribution System	1,330,000
Base Engineer Complex	*6,200,000
AIR NATIONAL GUARD	
Key Field, Warehouse	2,410,000
ARMY NATIONAL GUARD	
Camp Shelby, Aircraft Parking Ramp	*195,000
Total	21,275,000

COMMITTEE WORK

In addition to the specific matters discussed in this report, I have important committee assignments which involve other legislative functions and activities. In addition to representing our states in legislative matters, each United States Senator has a definite role and responsibility with respect to legislation dealing with matters of national importance.

I am very fortunate to be a member of both the Appropriations and Armed Services Committees, and I am the ranking minority member on Armed Services. These two committees are among the most important committees in the Senate, and, particularly in 1981, have been greatly involved in the more important legislative matters and problems which have come before the Congress.

The Committee on Armed Services deals with all military matters involving our preparedness and readiness, the protection of the American people and our way of life, and the security of the Free World. As the former chairman, I have been intimately involved for many years in important national security and policy matters. The subjects with which this Committee deals are very broad and absolutely vital to the security and survival of this Nation. The details of the activities of the Armed Services Committee are discussed in other portions of this report.

I also value greatly my assignment to the Senate Committee on Appropriations. This gives me an across-the-board opportunity to participate in the appropriation and allocation of funds to specific programs and projects while they are still in the formulation stage. Many of these programs and projects, of course, are of direct importance to Mississippi, and I am always interested in protecting our State's legitimate interest in appropriation matters. I am a member of five Appropriation Committee subcommittees, and have been chairman of the Subcommittee on Defense and am now the ranking minority member of that Subcommittee. In addition to the Subcommittee on Defense, I serve on the Subcommittees on Agriculture, Energy and Water Development, Housing and Urban Affairs, and Transportation and Related Agencies. Each of these subcommittees has jurisdiction which directly affects important aspects of government and the overall welfare of the country. Obviously the control of the purse strings is very important.

Membership on the committees also gives me the opportunity to serve on conference committees which resolve the important differences between the House and Senate military and appropriation bills. The decisions of these conferences are very important in determining the content and substance of the bills that are finally enacted into law.

APPRECIATION TO THE NEWS MEDIA

The Mississippi news media has done its usual fine job during the past year in informing the people of Mississippi on Congressional issues which affect them. Many of the issues which have been before Congress during the past session have been highly complicated and difficult to fully comprehend. Representatives of Mississippi newspapers, radio stations and television stations have diligently applied themselves to their tasks and have done an excellent job in bringing before the public the facts pertinent to the issues.

The good service provided by the Mississippi news media aids greatly in carrying out the responsibilities of public service. I am personally grateful for their integrity and high standards of fairness. I want to take this opportunity to thank all members of the Mississippi news media for the assistance they have provided me personally in discharging my duties in the Senate, and for the tremendous service they continue to provide the people of Mississippi.

CONCLUSION

I have tried in this report to direct my remarks to important subjects which I thought would be of particular interest to the people of Mississippi. There are other matters that affect the people of Mississippi and the Nation as a whole that could be discussed. Space does not permit me to cover all of them.

However, I want the people of Mississippi to know that all matters of importance to Mississippi and the Nation have had my personal and direct interest and attention. This is particularly true of those matters which my fellow Mississippians have written or spoken to me about. I shall follow this same course in the future.

Before concluding this report, I want to look briefly ahead. We enter 1982 with many problems which have yet to be solved. At the same time, however, I see many opportunities for achievement and advancement.

The economy, the depression, high interest rates, and unemployment are among the major problems confronting this country today. I look to the future with hope and with optimism and with the thorough conviction that we will find a way to solve these problems and bring them under control.

I am pleased that the rate of inflation has shown a significant decline. But it is still too high. I have always believed that excessive government spending and exorbitant national debt contribute to inflation. We must continue the efforts to obtain a balanced budget without any letup. We have had a steady diet of annual deficit far too long.

Let me emphasize in closing that I believe that the coming year will present both challenges and opportunities. The opportunities will be great if we can set the proper course and make a determined effort to solve the problems. I need the suggestions and constructive criticism of the people of Mississippi. With their continued support, confidence, and cooperation, I dedicate myself wholeheartedly to working with them for a better and brighter future.●

THE TOXIC SUBSTANCES CONTROL ACT REAUTHORIZATION

● Mr. BAUCUS. Mr. President, I am pleased to note the passage of the conference agreement reached on S. 1211, a bill to reauthorize the Toxic Substances Control Act. Working with my colleague, Senator GORTON, the chairman of the Subcommittee on Toxic Substances and Environmental Oversight, I was pleased to have a hand in shaping this legislation.

Our review of the Toxic Substances Control Act indicated that substantive amendments to the act were not warranted at this time. The Environmental Protection Agency has much work to do toward fully implementing the act as it now exists. Congressional intervention accordingly seems premature.

This was a sentiment which was concurred with by the full Environment and Public Works Committee and, as a result, a straightforward reauthorization measure was reported out of committee earlier this year.

Similar measures were passed by both the House and the Senate. As a result, the task before the conference committee was to resolve differences in the amount authorized to support the program, as well as to determine the period of time for which the act is to be reauthorized. The provisions of the House and Senate bills and the conference agreement which was reached are summarized as follows:

Authorization period:

Senate, fiscal year 1982.

House, fiscal year 1982 and fiscal year 1983.

Conference agreement, fiscal year 1982 and fiscal year 1983.

Authorization level:

Senate, $59,646,000 for fiscal year 1982.

House, $62,000,000 for each fiscal year 1982 and fiscal year 1983.

Conference agreement, $58,646,000 for fiscal year 1982; $62,000,000 for fiscal year 1983.

State grant authorization:

Senate, no provision.

House, $1,500,000 for each fiscal year 1982 and fiscal year 1983.

Conference agreement, $1,500,000 for each fiscal year 1982 and fiscal year 1983.

This compromise reflects the Administration's March request for the program. It also represents a cooperative effort on the part of the House and Senate conferees to continue the program in a realistic and responsible fashion.

While I am pleased that this measure has received Congressional approval, I wish to assure my colleagues that our efforts do not stop here. We must monitor the Environmental Protection Agency's progress carefully to ensure that they fulfill the mandates of the Toxic Substances Control Act.●

GEORGETOWN UNIVERSITY'S PUBLIC MEETING ON REFUGEES

● Mr. KENNEDY. Mr. President, some weeks ago Georgetown University's Center for Immigration Policy and Refugee Assistance held a public meeting on refugee admissions to the United States—to provide a forum for a broad spectrum of views on the continuing resettlement needs of refugees around the world.

I commend the center and its director, Father Harold Bradley, for the leadership they have shown in support of humane programs for refugees, and for being an important catalyst for public discussion of the many refugee problems we and other countries face today.

Mr. President, I would like to share with my colleagues and the readers of the RECORD, a general summary of the public meeting held at Georgetown last September. This summary was prepared by Julia Taft, former director of the Inter-Agency Task Force on Refugees and an extraordinarily dedicated and informed person involved with refugee issues. I ask that it be printed at this point in the RECORD.

The summary follows:

GENERAL SUMMARY: PUBLIC MEETING ON REFUGEE ADMISSIONS

One is always at a great disadvantage summarizing a session for those who have attended it. There are no consensus opinions on many of these issues, and I want this to be a fair representation of the thoughts that have been expressed here today.

To begin with I would like to express my appreciation to Georgetown's Center for Immigration Policy and Refugee Assistance since they were the catalyst for this forum, a forum which I have found very stimulating. I would particularly like to thank Father Bradley for asking me to chair this session and for issuing all of the invitations for you to attend, and you for your generous contributions in terms of your ideas. I would also like to thank those who worked to mobilize the support and staff assistance from the students. And I thank Avon Products who I understand has been a major contributor to this event.

Although we talk about these policies here in Washington in terms of their impact on our own country, it has been quite clear that this is a world-wide situation of economic and political import and that these crises do not seem to be disappearing. They are increasing and we must seek as many imaginative ways as possible to provide advice to the federal and local governments, as well as the international community, on how to cope with them.

For all of you who came, I hope you will not feel any frustration or think that as you leave your ideas will be put in the circular file. This subject presents us with a real challenge and all of us have an obligation to make sure that our ideas and concerns are not just kept in this room. No single individual, no federal coordinator, no congressional committee, will be able to engage the kind of concern, advocacy and public awareness ideally desirable at all levels of the public and private sector. I think we should not try to get off the hook by saying that as soon as there is a refugee coordinator, he or she will in fact do it all. Everyone here has an obligation regardless of whether they are "pro-refugee" or "anti-refugee", to look within their own contacts and their own communities and ask how they can be the best advocate possible for what they believe.

In summation, a major theme with which we began was the international component and the linkage of international refugee issues to American foreign policy. It is in the interest of the United States, not only for humanitarian reasons but also for our own strategic and political concerns, to ensure that there is stability throughout the world and that masses of people are not migrating precipitously from country to country. To the extent possible, the United States must take into account the kinds of concerns that our policy implementation might have on migration or the creation of refugee situations. The impression conveyed has been that foreign policy was often made in a vacuum and that refugees were an afterthought. The hope would be that there would be a way to inject this component into foreign policy considerations at the outset, not only in terms of our

overall foreign policy, but also for our international economic strategies and our aid to the developing world. Ideally our policy would include a refugee or human impact component as part of the nature of foreign assistance, of World Bank assistance, and as components of our trade and investment policies. With whatever leverage we have in the international economic arena we should try to stabilize governments and economies, reducing some of the push factors that may exist.

As we all know, the political and economic linkage in most countries is so deep that if there are economic dislocations, they may ultimately lead to political dislocations. So it is in the interest of the United States to ensure stability abroad by factoring in a refugee or humanitarian component.

Several people expressed the belief that refugees could be resettled more often in other developing countries through more creative planning.

Many of the eloquent refugees here today have reminded us that in fact, refugees do not like to be refugees. They do not volunteer to be refugees. Situations around them create their need to become refugees, and all things being equal, they would like to go back home. For this reason, the international community and our foreign policy, to the extent possible, should focus on repatriation efforts and stabilization efforts enabling refugees to return home. When the United States becomes a country of first asylum, as has been the case with the Cubans and Haitians of the past year, we found that precious little international assistance was offered us as a country of first asylum. There should be ways through which the UNHCR recognizes that the United States is not always the ultimate recipient of all refugees and that, in fact, they should help us. That has led us to another point.

From the refugee pool existing throughout the world, the American people must understand, a very small number actually come to the United States. Many are allowed to stay in their host country safely, some are allowed to go back home, and certainly resettlement in a third country is the least desirable option. We must recognize the fact that there are many refugees who are being accepted for admission by countries other than the United States.

Following on the international and foreign policy considerations, the group discussed the definition of a refugee and the linkage between refugee admissions and immigrant quotas. We were reminded that the definition that is currently in the Refugee Act of 1980 is from the UN Convention on Protocol on Refugees, which was the product of many agonizing years of development within the United Nations community. It was a major coup to get this definition adopted into our own statutory authority. The problem lies not so much in the definition in the statute but rather in the application of individual refugees to that definition. The biggest problem here appears to be whether a refugee is an economic refugee or a political refugee, and the confusion in the use of these terms. We were reminded that the term "economic migrant" was coined by the Germans before the second World War, and actually was used to justify a policy of not admitting Jews.

Several participants said that the change in the character of the flow of refugees may be a change in the perception by the individual refugee of why he or she left their home, rather than a change in the problem that prompted the exodus in the first place. There were those who suggested that, regardless of what we use as a definition, the total number of refugees should be part of our total immigration ceiling. You set a ceiling, and then you set a priority for those whom you wish to admit, whether or not they are refugees. You have a total ceiling, and if I reflect correctly what was said, perhaps the first priority for admission generally in the U.S. would be people suffering political and economic persecution. They would have the right either to enter the U.S. or to go some place else. Thirdly, people whose motivations were purely economic would have to stand in line and take a number with others coming under the same heading. It is my understanding that this is not unlike the current situation even with regard to the number of refugees that we have right now. Refugees are usually brought in after those people who were suffering life threatening situations. But we ought also to consider what categories and what priority each category should have for refugees admitted, whether or not we tie refugee numbers to a total immigration ceiling or not. There is some feeling that we ought to have priorities in any case.

The question of whether or not a refugee is fleeing persecution or is afraid to return for fear of persecution raised the question of what persecution is. A point was made by a couple of participants that voluntary departures may be actually in a category of "anticipatory refugees." In other words, the situation in Poland was identified as one example where people able to leave Poland now are afraid that if they were to stay in Poland things would get worse, so they are anticipating a crisis. If they prove to be right and things do get worse, then they are lucky to be alive; if the situation does not worsen, then perhaps they can go back home. One approach recommended in cases where people were not quite refugees but might in the future be considered as such, would be to allow those people, or some groups of those people, to be admitted to the U.S. under extended voluntary departure status. If the situation were to improve they could return but would not then actually be allowed to stay permanently as refugees in the United States.

On the question of the characteristics of refugees, our consensus is that refugees are not long-term dependent populations. They were survivors before they left, they should be survivors once they get here. However, the current statistics about dependency complicate this claim. As we all have heard today, about 70 percent of the case load of people who have been in the United States three years or less are actually receiving some sort of assistance. Whether this creates a dependency syndrome is conjectural. The needs that refugees have are often related to mental health. General health, the language and job placement also are severe problems. It didn't come out in this afternoon's session as much as this morning's, but housing is an absolutely critical need. In terms of placement policy, if we've agreed to admit refugees we have got to make sure that there's a place for them to live. This is obviously something to recommend for federal consideration because housing is an area where there is no reimbursement component.

The issue of federal responsibility was primarily focused on the reimbursement question. How much are the Feds going to pay if they let all of these people in? One very interesting recommendation was that the federal government control illegal immigration so that it would not become confused with the issue of who is and who is not a refugee: one of the biggest public awareness problems we face. Are we in the public's mind linking refugees, undocumented aliens, legal immigrants, etc., into one pot rather than recognizing the distinctions and the public policy reasons that we do not admit certan groups? The fact that the refugee resettlement process over the past several years has included many groups that heretofore were not involved in resettlement has really complicated the service delivery issue.

Before 1960 there were a handful of voluntary agencies and relatives who basically did the resettlement of refugees in this country. But the federal responsibility and the federal funding have grown to such a degree, as have the numbers involved, that we now have a network out there, albeit a loose network. It is a network of people, many of whom are knowledgeable, but many of whom are also confused, at state and local government levels, in private agencies, alongside individuals, sponsors, voluntary agencies who are all saying "Who is responsible for what?" One of the most important things needed to handle this problem is to try and come up with a delineation that we can all live with as to who is responsible for what at the federal, state and local government levels, as to what the voluntary, private sector and corporate world should each be responsible for. Refugees must be very much a part of the team making the decision on what is going to happen to them.

Under the heading of state and local governmental impact, it is very clear that a few counties are receiving the majority of the refugee influx. Forty counties have 60 percent of the Indochinese refugee population. This overburdening is also seen in Dade County, Florida, with the Cuban refugees. We are not talking about an admissions problem with refugees in gross numbers. What we are talking about is the distribution and the impact on certain communities, and the challenge for public policy people to organize their services to target those areas where there is the greatest need. Again, this requires a great amount of coordination and a lot of data which are not available. There was a brief discussion about the validity of "front-end loading" services, by which I mean trying to concentrate key social services early on in the resettlement experience, before the refugees have a chance to become dependent. The goal of "front-end loading" is to give them their language, their training and their job skills and get them out into the workforce as soon as possible. There was some debate as to whether that time period should be one year or three years as is stipulated in the current Act. Regardless of what magic number one would find, the principal issue remains that if we are to provide services in one year but they are not in place we don't have a good policy. It is a question of matching your services with your clientele. If you reduce the number of years for reimbursement of services and then the services aren't there, what you end up doing is dumping the refugees on communities and requiring these local communities to fill the gap. This creates quite a backlash and has very negative impact as we have seen in various areas.

There were those who felt that refugee benefits should be much more austere. We didn't hear anything to the contrary, but there are those, I am sure, who probably feel that since these people are basically not dependent populations they should be allowed to have as much transferability of skills as possible before they really enter into the job market. There is always the basic question of how expensive can a program be, and how much money can actually be allocated for a target population such as refugees. The challenge is to look at what we have, know we're not going to get a lot more and search for ways to reorganize. We need to pinpoint who can do what best to make sure that the amount of money that is available can be used as creatively as possible.

Although we've brought in refugees for 200 years, there is a challenge offered us now through the broad degree of governmental participation within the refugee field. We ought not to lose any chance for creativity. Let's not get stagnant, let's find ways to tap the resources in this room and throughout the communities in the country. Let's accept this challenge to find models that work

for refugees, rather than repeat past mistakes we have made with our own population.

The final summary must include the questions "Where do we go from here?" and "What alternatives do we have?" Several people, myself included, have pleaded for a federal focal point for coordination of refugee problems. But I don't think that is the sole solution. It has been very difficult over the past several months to find out who is in charge of what, and who to go to for what kinds of problems. I think that once there is a focal point in government people must make sure that they have access to it. That means the refugees must take the initiative and be in touch with people who are concerned about restrictiveness in policy. They must act on an equal footing with everybody else. They must get up there and explain what their concerns are about overpopulation, etc.

One of the basic challenges of the refugee issue is how to educate the majority of Americans about who refugees are, why we take them, and why we don't take some of them, and what is happening in the world that creates refugees. We must try to make sure that people don't develop the biased viewpoint that a refugee is anybody who speaks a foreign language who happens to be on welfare in my community. On recommendation to be included both in this summary and in whatever report comes out, is to have a national advisory council with representatives from national organizations, state and local governments, elected officials and leaders in the private sector to come up with improved placement policies and coordination. This could be a communications tool to involve people with public policy concerns. Again, the question of how to identify the roles and responsibilities of the various actors involved is a critical need, and there is the hope that within the next few months or year this can be negotiated across the board.

The idea of cluster placements as an alternative approach was identified by a number of people as a new model for refugee resettlement which would reduce secondary migration while providing core services to groups of refugees in a community environment with the refugees themselves bearing a great deal of the responsibility for their own successful resettlement.

There is no question that there must be expanded involvement by the private sector, and there is some dismay that in an administration that is a strong advocate of the private sector and volunteerism, this has not been picked up as a possible approach to the expanding refugee field. Additional forums such as this should be held in other places around the country, particularly in impacted areas. At the very least, people getting to know each other in a local area helps them to work out their own problems. Unfortunately, many communities around the country do have local forums, but their recommendations seldom are elevated to the national policy level, and their innovations seldom are replicated by others due to a lack of communication. Leadership training for the refugees is another area that was identified as something that should be looked to in the future, in which we would actually fund refugee groups to help themselves and their colleagues.

I may have left out many things at this point, but I have a sense from today's sessions that while there are problems in the systems, there are a lot of ideas and creativity that need to be forwarded. I would recommend that not only the sessions and discussions from this afternoon, but the summaries presented this morning would be very helpful to go over with some of the Congressional staff, with some of the public interest groups and agencies, as well as with the State Department and HHS, in order to share with them these ideas and generate some follow-up to this meeting.

In closing I would like to say how delighted I am that there have been so many refugees here. A comment was made earlier about whether there is a burn-out of compassion. I think for those people who are close to and involved in the issue, what keeps them going is knowing that there are some clients out there who are making it, who are feeling good about their success and helping people help themselves. We must avoid programs hindering that initiative, and we must be extremely careful about the kind of commitment and concerns that have been expressed here today. All of this really makes us thankful that we ourselves have not had to flee our country and that we can offer help to those who do.

I think it is very clear that we can keep a balanced and serious program, but we must always be vigilant and concerned so as not to spread ourselves too thinly and to involve enough people in the dialogue to maintain a balanced view. Because there are people in this world for whom resettlement in the U.S. is not the best alternative, and we must look for other solutions internationally, bearing in mind that this is not just our problem, it has worldwide repercussions demanding cooperation in order to help the millions of people who will resettle in other countries.●

ORDER OF BUSINESS

Mr. HEFLIN. May I inquire of the majority leader who, I understand, is about to suggest a recess subject to call, whether this recess is dependent upon the action of the House in completing action on the farm bill?

Mr. BAKER. Yes. It is the present intention of the leadership to let the Senate remain in recess until we have some word on House action on the farm bill. There might be other matters that will require the attention of the Senate, but I know of no others at this time.

Mr. President, I think we are very close indeed to that much wished for moment for adjournment sine die. There may be other matters that can be transacted at this moment. However, I know of no further business that can be disposed of by the Senate.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. BAKER. I ask unanimous consent that the Senate now stand in recess subject to the call of the Chair.

There being no objection, the Senate, at 8:57 p.m., recessed subject to the call of the Chair; whereupon at 9:59 p.m. the Senate reassembled when called to order by the Presiding Officer (Mr. RUDMAN).

Mr. BAKER. Mr. President, I thank the Chair. I think in a moment we will be ready to conclude the activities of this session of the Senate. While those who must participate in that are arriving on the floor I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, there are certain matters that can be taken care of, I believe, by unanimous consent. I think the distinguished Senator from Massachusetts (Mr. TSONGAS) has a resolution that has been cleared on this side. I have no objection if he wishes to proceed at this time.

The PRESIDING OFFICER. The Senator from Massachusetts.

INTERNAL EXILE AND TREATMENT BY THE GOVERNMENT OF THE SOVIET UNION OF ANDREI SAKHAROV AND HIS WIFE, YELENA BONNER

Mr. TSONGAS. Mr. President, I send a concurrent resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the concurrent resolution by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 58) expressing the sense of the Congress with respect to the continued internal exile and treatment by the Government of the Soviet Union of Andrei Sakharov and his wife, Yelena Bonner.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. TSONGAS. Mr. President, as the Senate knows, the Soviet Union, 3 days ago, decided to let Andrei Sakharov's daughter-in-law emigrate from the Soviet Union. That has gotten a great deal of press. However, Andrei Sakharov and his wife, Yelena Bonner, are still in Gorki and still in forced exile.

This resolution calls upon the Soviet Union to end the exile of Andrei Sakharov, one of the leading scientists of our time and probably at this point the leading, in the Soviet Union, symbol of the Helsinki accords and the fight for individual freedom in that nation.

Mr. President, 693 days ago, Andrei Sakharov, a distinguished Soviet physicist and champion of human rights, was forcibly and without trial internally exiled to the city of Gorki. Since then, all the world has watched as the Soviet Union has tried in vain to break his spirit and intimidate his family.

All of us in this Chamber are heartened and thankful that the Soviet Union has conceded to grant Liza Alexseyeva, Andrei Sakharov's daughter-in-law, permission to emigrate to the United States so that she may join her husband, Alexey Semyonov. The humane gesture ended the most recent aspect of the Sakharov tragedy—the hunger strike that nearly took the life of Dr. Sakharov and his wife, Yelena Bonner. My colleagues in both the Senate and the House should take great pride in their recent efforts that contributed to the resolution of the hunger strike. The bipartisan concern they demonstrated in this affair stimulated a spirit of brotherhood and understanding that spanned this Nation and the world.

While we find joy in the fact that the health of Dr. Sakharov and his wife has been sustained, the tragedy continues. This Congress, this Nation and all peace loving people of the world cannot rest until the Soviet Government revokes the internal exile of Dr. Sakharov.

The conditions of Dr. Sakharov's exile are cruel and demeaning. In the nearly 2 years he has been confined to Gorki, Dr. Sakharov has endured continued harassment from the KGB, isolation from visitors, unannounced searches of his apartment, and severe restrictions on his scholarly activities.

Mr. President, I offer this resolution as a testament to the free spirit and courage of this champion of human rights whose only crime is his refusal to be silenced. The Soviets must realize that their efforts to silence him can never be successful. I can think of no better epilog to this tragedy than for the Soviets to allow Dr. Sakharov and his wife to freely choose their place of residence.

Mr. President, I ask unanimous consent that Senators PERCY, DODD, MOYNIHAN, JACKSON, RIEGLE, and BOSCHWITZ be added as cosponsors of this resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEPSEN. Will the Senator yield?

Mr. TSONGAS. Yes.

Mr. JEPSEN. Would the Senator please include me as a cosponsor of the resolution?

Mr. TSONGAS. Mr. President, I ask unanimous consent that Senator JEPSEN be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I would simply like to make two points with respect to the resolution now before the Senate, which urges the Soviet Union to release the heroic Andrei Sakharov from his internal exile.

The first is that this is an absolutely essential declaration. We have now received word from the Soviet Union that Dr. Sakharov has completed his hunger strike, that he has in fact been successful in his strike and has secured the release of his daughter-in-law, Lisa Alekseyeva, from the Soviet Union. She will soon, we now believe, be permitted to emigrate to the United States to join her husband, Dr. Sakharov's son, Alexey Semyonov.

Sakharov and his wife, Elena Bonner, however, remain confined to the isolated city of Gorki, where the distinguished Nobel laureate is unable to continue either the scientific work for which he first gained world reknown or the very important work he has done to defend and advance the cause of human freedom and democratic liberties in the Soviet Union.

I believe that expressions of support for Dr. Sakharov's strike, which came from throughout the free world during the 17 days of his fast, and which were preceeded in large measure by the adoption of a resolution in support of the strike adopted in the Senate of the United States, were important and influential in the decision by Soviet authorities to yield to Andrei Sakharov.

It is vital now to demonstrate that we were not interested merely in the fine point of the Soviet Union's own laws, and the more important point of its international commitments, but were in fact determined to enforce the broader principles of freedom of expression and freedom of movement by individuals. Members of this body will surely want to support the pending resolution.

Americans are firmly in support of Dr. Sakharov's right to live, to study, to teach, wherever he may wish to do so—and as the resolution states, the Universal Declaration of Human Rights asserts that "everyone has the right to freedom of movement and residence within the borders of each state"

The Senate believes in this right, intends to support it, advocate its application, for Dr. Sakharov and his family and also for the thousands of Soviet dissidents, and millions of Soviet citizens who desire a better life than they are permitted under the totalitarian rulers who dominate that country.

This resolution speaks directly to the situation of Andrei Sakharov, who was described by the Nobel Committee as the "conscience of mankind." Its message is much broader. It is important that we make this point now and I am accordingly proud to be a cosponsor of the resolution which does so.

The second point I want to make relates to the principal author of the resolution, the distinguished junior Senator from Massachusetts (Mr. TSONGAS). I wish to commend him for his outstanding initiative today. His perception of the fundamental importance of this issue, and his work in persuading the Senate to act on this forceful and eloquent resolution, speak for themselves. I would simply like to conclude by offering my thanks and my congratulations to him.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 58) was considered and agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 58

Whereas Article 12 of the International Covenant of Civil and Political Rights explicitly states that "Everyone lawfully within the territory of a state shall, within that territory, have the right to liberty of movement and freedom to choose his residence";

Whereas Article 13 of the Universal Declaration of Human Rights explicitly states that "Everyone has the right to freedom of movement and residence within the borders of each state";

Whereas the Government of the Soviet Union has signed the Final Act of the Conference on Security and Cooperation in Europe, is a party to the Universal Declaration of Human Rights, and has ratified the International Covenant on Civil and Political Rights;

Whereas Nobel Laureate Andrei Dimitriyevich Sakharov has been an undaunted leader of the human rights movement in the Union of Soviet Socialist Republics and has courageously spearheaded efforts to secure the most basic of human rights for the citizens of the Soviet Union.

Whereas Andrei Sakharov was forcibly and without trial exiled to the city of Gorki in the Soviet Union last year for his outspoken and eloquent dissent against the systematic violation of basic human rights by the Government of the Soviet Union;

Whereas Andrei Sakharov and his wife, Yelena Bonner, recently ended a 17-day hunger strike after the Government of the Soviet Union decided to allow Yelizaveta Alekseyeva to join her husband, Alexey Semyonov, in the United States; and

Whereas Andrei Sakharov's internal exile is a clear and flagrant violation of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the Final Act of the Conference on Security and Cooperation in Europe: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that in accordance with the Final Act of the Conference on Security and Cooperation in Europe, the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights, the Government of the Union of Soviet Socialist Republics should release Andrei Sakharov from internal exile immediately and should allow him and his wife, Yelena Bonner, to freely choose their place of residence.

SEC. 2. The Congress, commending the President for his past efforts in behalf of the Sakharovs, urges the President, acting directly or through the Secretary of State—

(1) to protest, in the strongest possible terms and at the highest levels of government, the continued internal exile of Andrei Sakharov,

(2) to call upon all other signatory nations of the Final Act of the Conference on Security and Cooperation in Europe to join in such protests, and

(3) to inform the Government of the Soviet Union, that the Government of the United States, in evaluating its relations with other countries, will take into account the extent to which such countries honor their commitments under international law, including commitments with respect to the protection of human rights.

SEC. 3. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President with the request that he further transmit such copy to the Ambassador of the Union of the Soviet Socialist Republics to the United States.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. TSONGAS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPORT ON WISHES OF THE PRESIDENT

Mr. BAKER. Mr. President, the distinguished minority leader and I, acting as the committee appointed by the Chair to await on the President of the United States, advised him that the Senate has

completed its business and to inquire whether he has further requests of the Senate.

I am happy to report that the President indicated that he sought no further action by the Senate. He wished me to acknowledge his appreciation to the Members of the Senate for their work this year and especially to convey to all Members and their families his wishes for the holiday season.

I took the liberty of conveying on behalf of the Senate the similar wish to the President and his family.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, there are only now two or three other small items that I know of that need to be attended to.

GEORGE WASHINGTON UNIVERSITY HIGHER EDUCATION FACILITIES REVENUE REVENUE BOND ACT OF 1981

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House on H.R. 5273, the George Washington University Higher Education Facilities Revenue Bond Act of 1981.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 5273) to allow the George Washington University Higher Education Facilities Revenue Bond Act of 1981 of the District of Columbia to take effect immediately.

The PRESIDING OFFICER. Without objection, the bill will be considered as having been read twice by its title, and the Senate will proceed to its immediate consideration.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 5273) was ordered to a third reading, was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the vote was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PERMISSION FOR COMMITTEE TO FILE BILL AND REPORT

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be permitted to file S. 1630, the Criminal Code Reform Act of 1981, and the accompanying report by noon, Tuesday, December 22, 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I know of no further business to be transacted by the Senate. I will inquire of the distinguished minority leader if he has any other matter he wishes to address to the Senate at this time.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader. I have nothing to suggest at this time.

Mr. BAKER. Mr. President, I am advised by the distinguished President pro tempore that he may have one matter he wishes to address.

THANKS OF THE SENATE TO THE MAJORITY LEADER

Mr. THURMOND. Mr. President, I send the first of two resolutions to the desk and ask for its immediate consideration.

Mr. President, I can speak at length on this resolution, but I think it speaks for itself. I move adoption of the resolution.

The resolution (S. Res. 277) was read, considered by unanimous consent, and agreed to, as follows:

S. RES. 277

Resolved, That the exemplary conduct of the distinguished Majority Leader, the Honorable Howard Baker, Jr., from the State of Tennessee is deserving of the highest commendation of the Senate. The fair and just manner in which Senate business has been scheduled and managed are a source of pride to the Senate as a whole and the thanks of the Senate is hereby tendered to the Honorable Howard Baker, Jr., Majority Leader, United States Senate.

THANKS OF THE SENATE TO THE MINORITY LEADER

Mr. THURMOND. Mr. President, I now ask for the immediate consideration of the second resolution.

Mr. President, I think this resolution is also res ipsa loquitur, and I ask for its immediate consideration.

The resolution (S. Res. 278) was read, considered by unanimous consent, and agreed to, as follows:

S. RES. 278

Resolved, That the Senate extends its thanks to the distinguished Minority Leader, the Senator from West Virginia, the Honorable Robert Carlyle Byrd. The extremely cooperative manner in which the Minority Leader has approached his duties as protector of the rights of the Minority have been duly noted and the Senate commends the Minority Leader for his understanding, his devotion to the Rules of the Senate, and for his outstanding leadership.

Mr. BAKER. Mr. President, may I express my deep appreciation to the distinguished President pro tempore, the Senator from South Carolina and my good friend, Senator THURMOND, for his characteristic thoughtfulness in offering this resolution. I appreciate it more than I can say.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished President pro tempore for his thoughtfulness in introducing this resolution. I find it very hard to continue to live up to his good words. I have found it a pleasure to cooperate when I can. I thank the President pro tempore.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I am advised that at least one Senator and perhaps others have routine morning business they wish to transact at this time. I ask unanimous consent that there now be a period for the transaction of routine morning business, to extend not past the hour of 10:30 p.m., in which Senators may speak for not more than 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMENDING THE SENATE LEADERSHIP

Mr. EXON. Mr. President, let me add my voice to those who have commended the majority leader and the minority leader for their great dedication in the last year. I have been privileged to serve the citizens of my State for almost 3 years in this body. Were it not for the help of the majority leader and the minority leader, the difficulties encountered by the Senator from Nebraska would have been much more than they were otherwise. I wish both of them a most happy and prosperous New Year and a Merry, Merry Christmas.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished senior Senator yield?

Mr. EXON. I am glad to yield to the distinguished minority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Nebraska for his remarks, which are typical of his unyielding courtesy. I also wish to say that it is very characteristic of the distinguished Senator from South Carolina (Mr. THURMOND) to make the gracious comments he did. I am very, very grateful.

Mr. BAKER. If the Senator will yield to me, I, too, wish to express my appreciation to the Senator from Nebraska. It has been a great pleasure for me to work with and come to know the distinguished Senator from Nebraska. I am very grateful for his kind and generous remarks just now.

Mr. EXON. I thank the minority leader and majority leader for their remarks.

THE FARM BILL

Mr. EXON. Mr. President, we are about to wind up this session as we wish each other a Merry Christmas and a Happy New Year. It is only possible, I guess, because a few moments ago, on the floor of the House of Representatives, by one, two or three votes—I have not gotten the final total—we, unfortunately, in the opinion of this Senator from Nebraska, passed a farm bill.

I alert my friend, the majority leader, and my friend, the minority leader, that it is entirely possible that when we come back here in a month or so, we could

find a rather disastrous situation on our hands as far as the American food producers are concerned. Maybe by that time, my voice and the voice of others who have been pointing to the near catastrophe that is facing today our family-sized farms will have been heard and maybe we shall understand it both on the floor of the U.S. Senate and the floor of the House of Representatives for passing the ill-advised farm bill that I think fell far short of the needs of our American food producers.

In that regard, Mr. President, I wish to read into the RECORD at this time a letter that I have received in the last few days from a close friend and associate of mine, the former Lieutenant Governor of the State of Nebraska, who has a very deep understanding of the perils that face our food producers today.

The letter is dated December 10. It is addressed to me. It starts out:

DECEMBER 10, 1981.

Hon. J. JAMES EXON,
4327 Dirksen Building,
Washington, D.C.

DEAR JIM: The Union Pacific is Nebraska's largest employer. The top five in terms of annual payroll are:

	(*Million*)
Union Pacific	$110.2
Western Electric	87.6
North Western Bell	86.
Mutual of Omaha	62.
B.N.	55.
	400.8

That is a lot of money. The loss of any one of these businesses would be a disaster for Nebraska. The loss of all five would be a blow from which we couldn't recover. Or could we?

Since April, corn has dropped 79 cents. per bushel. This year Nebraska raised 778 million bushels of corn. Without losing one employee, without the closing of one plant, this state has lost $614.6 million because of the drop in price of one commodity. This loss is more than 1½ times (1.53) the total payroll of Nebraska's 5 largest businesses.

If we add the wheat, cattle and hog losses since April to the corn loss, it isn't difficult to figure out why Nebraska is suffering more than most states. Can't John Block add? If he can add, can't he speak?

Sincerely,

GERALD T. WHELAN.

Mr. President, I just want to say in closing that I think that we have not enacted a farm bill that is acceptable. I say that as one who stood on this floor under the former administration, which was a Democratic administration, and said we were not properly addressing the needs of America's food plant. I say that again tonight under a Republican administration.

I say that, Mr. President, only because I think it is necessary for those of us who have a basic understanding of the grave difficulties facing our family-sized farmers today to attempt to plead, to at least try to bring home the message of the difficulty that they are in today with precipitate drop on top of precipitate drop in almost all commodity prices.

Mr. President, I hope that the Senate will begin to take note of this and maybe one of the first things that will face us when we return from our recess is that we shall take another look at the less than satisfactory farm bill that we have passed in the Congress.

I thank the Chair.

Mr. DOLE. Mr. President.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I just want to say one word about the farm bill. I just left the House floor, and it was kind of close—one vote, two votes. But farm bills are always close. They never satisfy the city people, they never satisfy the country people. Farm bills satisfy everyone but those who live in the cities, those who live in the small towns, and those who live in the country.

This bill is no different from the other bills. We are now recovering from the Carter embargo and those disastrous programs. Right now, prices are low, but I expect things to pick up and, next year, everybody is going to be better off.

The PRESIDING OFFICER. Is there further morning business?

Mr. BAKER. Mr. President, I yield the floor to the Senator from Montana.

THE OIL MERGERS

Mr. BAUCUS. Mr. President, the House at this moment is considering a bill called the oil merger bill. It had been my hope that we would be able to bring that bill up in the Senate tonight after the House disposes of it. It is my understanding that the House would favorably dispose of the bill.

It is, however, my further understanding that to bring the bill up under all available procedures left this evening, each one of them would take unanimous consent. It is further my understanding that there are several Senators who will very definitely object to bringing that bill up under a unanimous-consent procedure. Therefore, I shall not force the issue.

However, Mr. President, it is my hope that at the beginning of the year, we will, in a very expeditious manner, take up this bill and handle it the way it should be handled so we can address the problem that is being created by a rash of oil mergers, particularly mergers by the seven sisters and the major oil companies.

I shall not force the issue tonight; to wait until the House finally disposes of the bill will take too long a period of time and inconvenience the Senate. It would be a futile inconvenience, because the various Senators, I know, will object to the unanimous-consent request.

I thank the majority leader for accommodating me and others this evening in trying to work out some agreement, even though they were unable to do so.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the distinguished Senator from Montana. I know of his diligence and extraordinary efforts trying to bring this matter up in the Senate tonight. He is correct, I believe there will be objections, perhaps on both sides of the aisle, to immediate consideration. I think that is certainly not conclusive of the merits of this bill. I think that, given more time, a different result might obtain. But it is clear to me, and I advised the distinguished Senator, I do not think it can be dealt with this evening. I appreciate his willingness to proceed in that way.

CONCLUSION OF MORNING BUSINESS

Mr. BAKER. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business?

If not, morning business is closed.

TO A LOCOMOTIVE IN WINTER

Mr. BAKER. Mr. President, I leave the final words of this session to Walt Whitman and his poem "To a Locomotive in Winter." I ask unanimous consent that it be printed in the RECORD.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

TO A LOCOMOTIVE IN WINTER

Thee for my recitative,
Thee in the driving storm even as now, the snow, the winter-day declining,
Thee in thy panoply, thy measur'd dual throbbing and thy beat convulsive,
Thy black cylindric body, golden brass and silvery steel,
Thy ponderous side-bars, parallel and connecting rods, gyrating, shuttling at thy sides,
Thy metrical, now swelling pant and roar, now tapering in the distance,
Thy great protruding head-light fix'd in front,
Thy long, pale, floating vapor-pennants, tinged with delicate purple,
The dense and murky clouds out-belching from thy smoke-stack,
Thy knitted frame, thy springs and valves, the tremulous twinkle of thy wheels,
Thy train of cars behind, obedient, merrily following,
Through gale or calm, now swift, now slack, yet steadily careering;
Type of the modern—emblem of motion and power—pulse of the continent,
For once come serve the Muse and merge in verse, even as here I see thee,
With storm and buffeting gusts of wind and falling snow,
By day thy warning ringing bell to sound its notes,
By night thy silent signal lamps to swing.
Fierce-throated beauty!
Roll through my chant with all thy lawless music, thy swinging lamps at night,
Thy madly-whistled laughter, echoing, rumbling like an earthquake, rousing all,
Law of thyself complete, thine own track firmly holding,
(No sweetness debonair of tearful harp or glib piano thine,)
Thy trills of shrieks by rocks and hills return'd,
Launch'd o'er the prairies wide, across the lakes,
To the free skies unpent and glad and strong.

ADJOURNMENT SINE DIE

Mr. BAKER. Mr. President, since I do not see any other Senators seeking recognition, I now move, in accordance with the provisions of Senate Concurrent

Resolution 57, that the Senate stand in adjournment sine die.

(Applause, Senators rising.)

The motion was agreed to, and at 10:28 p.m., the Senate adjourned sine die.

NOMINATIONS

Executive nominations received by the Senate December 16, 1981:

DEPARTMENT OF JUSTICE

Alan C. Nelson, of California, to be Commissioner of Immigration and Naturalization, vice Leonel J. Castillo, resigned.

George L. McBane, of North Carolina, to be U.S. Marshal for the middle district of North Carolina for the term of 4 years vice George L. Miller, term expired.

Stuart E. Earnest, of Oklahoma, to be U.S. Marshal for the western district of Oklahoma for the term of 4 years vice Coy W. Rogers, resigning.

William J. Jonas, Jr., of Texas, to be U.S. Marshal for the western district of Texas for the term of 4 years vice Rodolfo A. Garza, term expired.

Eugene H. Davis, of Utah, to be U.S. Marshal for the district of Utah for the term of 4 years vice William E. Pitt, resigned.

Christian Hansen, Jr., of Vermont, to be U.S. Marshal for the district of Vermont for the term of 4 years vice Earle B. McLaughlin, term expired.

NAVY

The following-named temporary captains of the U.S. Naval Reserve for permanent promotion to the grade of captain in the line and staff corps, as indicated, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Public Law 96–513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

LINE

Hamilton, William H., Jr.

CHAPLAIN CORPS

McPhatter, Thomas H.

The following-named temporary commanders of the U.S. Naval Reserve for permanent promotion to the grade of commander in the line and various staff corps, as indicated, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Public Law 96–513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

LINE

Christian, George E.
Collier, James C.
Costenbrader, David L.
Holmes, John M.
Kratt, John M.
Lindeman, Jon B.
Noble, Vernon H.
Offutt, James H., III
Santopietro, Thomas V., Jr.
Taylor, Gary W.
Vinciguerra, Joseph J., Jr.
Walsh, Robert E.
Walsh, Victor T. C.

MEDICAL CORPS

Geren, John J.
Vanslyke, Gary L.

CHAPLAIN CORPS

Fournier, Wilfred D.
Harris, Donald B.

SUPPLY CORPS

Gibson, Bobby L.
Smith, Richard L.

The following-named officer of the line of the U.S. Navy, for appointment in the Civil Engineer Corps, as permanent ensign, pursuant to title 10, United States Code, sections 531 and 5582, subject to qualifications therefor as provided by law:

Gelderman, Daniel F.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 16, 1981:

COMMODITY FUTURES TRADING COMMISSION

Kalo A. Hineman, of Kansas, to be a Commission of the Commodity Futures Trading Commission for the term expiring June 19, 1986.

DEPARTMENT OF COMMERCE

Peter McCoy, of California, to be Under Secretary of Commerce for Travel and Tourism.

Anthony J. Calio, of Maryland, to be Deputy Administrator of the National Oceanic and Atmospheric Administration.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

THE JUDICIARY

David L. Russell, of Oklahoma, to be U.S. district judge for the northern, eastern, and western districts of Oklahoma.

Harold L. Ryan, of Idaho, to be U.S. district judge for the district of Idaho.

DEPARTMENT OF JUSTICE

Benjamin F. Baer, of California, to be a Commissioner of the U.S. Parole Commission for the term of 6 years.

Glenn L. Archer, Jr., of Virginia, to be an Assistant Attorney General.

Stanley S. Harris, of the District of Columbia, to be U.S. attorney for the District of Columbia for the term of 4 years.

Richard C. Turner, of Iowa, to be U.S. attorney for the southern district of Iowa for the term of 4 years.

Donald W. Wyatt, of Rhode Island, to be U.S. Marshal for the district of Rhode Island for the term of 4 years.

Bruce R. Montgomery, of Tennessee, to be U.S. Marshal for the eastern district of Tennessee for the term of 4 years.

Robert T. Keating, of Wisconsin, to be U.S. Marshal for the eastern district of Wisconsin for the term of 4 years.

MESSAGES FROM THE HOUSE RECEIVED SUBSEQUENT TO SINE DIE ADJOURNMENT

Under the authority of the order of the Senate of December 16, 1981, the Secretary of the Senate, on December 17, 1981, received a message from the House of Representatives announcing that the House agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

The message also announced that the House agreed to the amendment of the Senate to the amendment of the House to the bill (S. 831) to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes.

The message further announced that the House had agreed to the following concurrent resolutions, without amendment:

S. Con. Res. 55. Concurrent resolution to authorize the Secretary of the Senate to make technical corrections in the enrollment of the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes; and

S. Con. Res. 57. Concurrent resolution providing for the sine die adjournment of the 97th Congress, First Session.

The message also announced that the House has agreed to the following resolutions:

H. Res. 307. Resolution appointing a committee on the part of the House to inform the President that the two Houses have completed their business and are ready to adjourn; and

H. Res. 308. Resolution appointing the Honorable Jim Wright, a Representative from the State of Texas, as Speaker pro tempore during any absence of the Speaker until not later than December 22, 1981.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had signed the following enrolled bills and joint resolutions:

S. 657. An act to designate the Department of Commerce Building in Washington, the District of Columbia, as the "Herbert Clark Hoover Department of Commerce Building";

S. 1086. An act to extend and revise the Older Americans Act of 1965, and for other purposes;

H.R. 3567. An act to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes;

H.R. 4119. An act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4241. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4331. An act to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act;

H.R. 4431. An act to provide for the designation of the E. Michael Roll Post Office;

H.R. 4503. An act to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes;

H.R. 4910. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations;

H.R. 4926. An act to authorize the Secretary of the Army to acquire by purchase or condemnation, such interests in oil, gas, coal, and other minerals owned or controlled by the Osage Tribe of Indians as are needed for Skiatook Lake, Okla., and for other purposes;

S.J. Res. 34. Joint resolution to provide for the designation of the week commencing with the third Monday in February 1982 as "National Patriotism Week"; and

S.J. Res. 136. Joint resolution to validate the effectiveness of a plan for the use and distribution of funds appropriated to pay a judgment awarded to the San Carlos Tribe of Arizona.

Pursuant to the authority contained in Senate Resolution 274, the enrolled bills and joint resolutions were signed on December 17, 1981, by the President pro tempore.

Under the authority of the order of the Senate of December 16, 1981, the Secretary of the Senate, on December

18, 1981, received a message from the House of Representatives announcing that the Speaker had signed the following enrolled bills and joint resolutions:

S. 884. An act to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes;

S. 1192. An act to amend the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station in Washington, D.C., and for other purposes;

S. 1551. An act to amend title 5, United States Code, to extend the Federal Physicians Comparability Allowance of 1978, and for other purposes;

H.R. 1797. An act to direct the Secretary of the department in which the U.S. Coast Guard is operating to cause the vessel *Capt Tom* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade;

H.R. 2494. An act to designate the John Campbell United States Courthouse;

H.R. 3799. An act to extend the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard, and to provide that the remedy under those provisions shall not be exclusive in medical malpractice actions involving members of the National Guard;

H.R. 4353. An act to amend the act entitled "An act to establish a uniform law on the subject of bankruptcies", approved November 6, 1978;

H.R. 4506. An act to name the lock and dam authorized to replace locks and dam 26, Mississippi River, Alton, Ill., as "Melvin Price Lock and Dam";

H.R. 4894. An act to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes;

H.R. 5273. An act to allow the George Washington University Higher Education Facilities Revenue Bond Act of 1981 of the District of Columbia to take effect immediately;

S.J. Res. 57. Joint resolution to provide for the designation of February 7 through 13, 1982, as "National Sclerderma Week";

S.J. Res. 84. Joint resolution to proclaim March 19, 1982, "National Energy Education Day";

S.J. Res. 117. Joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week"; and

H.J. Res. 377. Joint resolution providing for the convening of the second session of the Ninety-seventh Congress.

Pursuant to the authority contained in S. Res. 274, the enrolled bills and joint resolutions were signed on December 18, 1981, by the President pro tempore.

Under the authority of the order of the Senate of December 16, 1981, the Secretary of the Senate, on December 21, 1981, received a message from the House of Representatives announcing that the House had agreed to the following concurrent resolution, without amendment:

S. Con. Res. 58. A concurrent resolution expressing the sense of the Congress with respect to the continued internal exile and treatment by the Government of the Soviet Union of Andrei Sakharov and his wife, Yelena Bonner.

Under the authority of the order of the Senate of December 16, 1981, the Secretary of the Senate on December 22, 1981, received a message from the House of Representatives announcing that the House had passed the following bill, in which it requests the concurrence of the Senate:

H.R. 5274. An act to provide for congressional evaluation of energy policy by imposing a moratorium on certain acquisitions involving major energy concerns and domestic petroleum companies until June 30, 1982.

The message also announced that the Speaker had signed the following enrolled bills and joint resolutions:

S. 271. An act to amend the Communications Act of 1934 to eliminate certain provisions relating to consolidations or mergers of telegraph and record carriers and to create a fully competitive marketplace in record carriage, and for other purposes;

S. 831. An act to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes;

S. 1196. An act to authorize appropriations for fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, to establish the Peace Corps as an autonomous agency, and for other purposes;

S. 1493. An act to deauthorize several projects within the jurisdiction of the Army Corps of Engineers;

S. 1946. An act to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes;

S. 1976. An act to amend the Act of July 31, 1946, as amended (40 U.S.C. 193a).

H.R. 779. An act to authorize the Secretary of the Army to contract with the Tarrant County Water Control and Improvement District Numbered 1 and the city of Weatherford, Tex., for the use of water supply storage in Benbrook Lake, and for other purposes;

H.R. 1465. An act to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office, for every significant bill or resolution reported in the House or the Senate, to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution;

H.R. 2241. An act to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon, and for other purposes;

H.R. 3210. An act to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes;

H.R. 4327. An act to amend the Immigration and Nationality Act, and for other purposes;

H.R. 4559. An act making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4879. An act to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments and to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association;

H.R. 4995. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 5159. An act to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes;

S.J. Res. 100. Joint resolution to authorize the participation of the United States in a multinational force and observers to implement the Treaty of Peace between Egypt and Israel; and

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day".

Pursuant to the authority contained in Senate Resolution 274, the enrolled bills and joint resolutions were signed on December 22, 1981 by the President pro tempore.

HOUSE BILL REFERRED SUBSEQUENT TO SINE DIE ADJOURNMENT

Under the authority of the order of the Senate of December 16, 1981, the following bill was read twice and referred to the Committee on the Judiciary:

H.R. 5274. An act to provide for congressional evaluation of energy policy by imposing a moratorium on certain acquisitions involving major energy concerns and domestic petroleum companies until June 30, 1982.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED SUBSEQUENT TO SINE DIE ADJOURNMENT

The Secretary of the Senate reported that he had presented the following enrolled bills and joint resolutions on the dates indicated, subsequent to the sine die adjournment of the Senate:

On December 17, 1981:

S. 657. An act to designate the Department of Commerce Building in Washington, the District of Columbia, as the "Herbert Clark Hoover Department of Commerce Building";

S. 1086. An act to extend and revise the Older Americans Act of 1965, and for other purposes;

S. 1211. An act to amend the Toxic Substances Control Act to authorize appropriations for fiscal years 1982 and 1983;

S.J. Res. 34. Joint resolution to provide for the designation of the week commencing with the third Monday in February 1982 as "National Patriotism Week"; and

S.J. Res. 136. Joint resolution to validate the effectiveness of a plan for the use and distribution of funds appropriated to pay a judgment awarded to the San Carlos Tribe of Arizona.

On December 21, 1981:

S. 884. An act to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-inlumbia, and for other purposes;

S. 1192. An act to amend the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station in Washington, District of Columbia, and for other purposes;

S. 1551. An act to amend title 5, United States Code, to extend the Federal Physicians Comparability Allowance Act of 1978, and for other purposes;

S.J. Res. 57. Joint resolution to provide for the designation of February 7 through 13, 1982, as "National Scleroderma Week";

S.J. Res. 84. Joint resolution to proclaim March 19, 1982, "National Energy Education Day"; and

S.J. Res. 117. Joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week".

On December 22, 1981:

S. 271. An act to amend the Communications Act of 1934 to eliminate certain provisions relating to consolidations or mergers of telegraph and record carriers and to create a

fully competitive marketplace in record carriage, and for other purposes;

S. 831. An act to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes;

S. 1196. An act to authorize appropriations for the fiscal year 1982 and 1983 for international security and development assistance and for the Peace Corps, to establish the Peace Corps as an autonomous agency, and for other purposes;

S. 1493. An act to deauthorize several projects within the jurisdiction of the Army Corps of Engineers;

S. 1946. An act to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes;

S. 1976. An act to amend the act of July 31, 1946, as amended (40 U.S.C. 193a);

S.J. Res. 100. Joint resolution to authorize the participation of the United States in a multinational force and observers to implement the Treaty of Peace between Egypt and Israel; and

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle", and the designation of June 20, 1982, as "National Bald Eagle Day".

PRESIDENTIAL APPROVALS

Under the authority of the order of the Senate of December 16, 1981, the Secretary of the Senate received a message from the President of the United States, on January 4, 1982, during the sine die adjournment of the Senate, announcing that the President had approved and signed the following bills and joint resolutions:

On December 17, 1981:

S.J. Res. 136. Joint resolution to validate the effectiveness of a plan for the use or distribution of funds appropriated to pay a judgment awarded to the San Carlos Tribe of Arizona.

On December 21, 1981:

S. 1098. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes.

On December 22, 1981:

S. 884. An act to provide price and protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

On December 26, 1981:

S. 1003. An act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983, and for other purposes.

S. 1948. An act to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, other than farm credit system institutions, to borrow from and discount with Federal intermediate credit banks.

On December 29, 1981:

S.J. Res. 34. Joint resolution to provide for the designation of the week commencing with the third Monday in February 1982 as "National Patriotism Week".

S.J. Res. 57. Joint resolution to provide for the designation of February 7 through 13, 1982, as "National Scleroderma Week".

S.J. Res. 84. Joint resolution to proclaim March 19, 1982, "National Energy Education Day".

S.J. Res. 100. Joint resolution to authorize the participation of the United States in a multinational force and observers to implement the Treaty of Peace between Egypt and Israel.

S.J. Res. 117. Joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week".

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day".

S. 271. An act to amend the Communications Act of 1934 to eliminate certain provisions relating to consolidations or mergers of telegraph and record carriers and to create a fully competitive marketplace in record carriage, and for other purposes.

S. 657. An act to designate the Department of Commerce Building in Washington, the District of Columbia, as the "Herbert Clark Hoover Department of Commerce Building".

S. 831. An act to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes.

S. 1086. An act to extend and revise the Older Americans Act of 1965, and for other purposes.

S. 1192. An act to amend the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station in Washington, District of Columbia, and for other purposes.

S. 1196. An act to authorize appropriations for the fiscal years 1982 and 1983, for international security and development assistance and for the Peace Corps as an autonomous agency, and for other purposes.

S. 1211. An act to amend the Toxic Substances Control Act to authorize appropriations for fiscal years 1982 and 1983.

S. 1493. An act to deauthorize several projects within the jurisdiction of the Army Corps of Engineers.

S. 1551. An act to amend title 5, United States Code, to extend the Federal Physicians Comparability Allowance Act of 1978, and for other purposes.

S. 1946. An act to provide the final settlement of certain claims against Czechoslovakia, and for other purposes.

S. 1976. An act to amend the act of July 31, 1946, as amended (40 U.S.C. 193a).

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, there will be a meeting of the full Committee on Small Business on Monday, January 25, 1982, at 4 p.m., in room 424 of the Russell Senate Office Building to consider the committee's 1982 funding authorization. For further information, contact Robert J. Dotchin at 224–5175.

GOVERNMENTAL AFFAIRS SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY AND THE DISTRICT OF COLUMBIA

Mr. MATHIAS. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a hearing before the Subcommittee on Governmental Efficiency and the District of Columbia on S. 854, the Foreign Missions Act. The hearing will be held on Monday, January 25 at 9 a.m. in room 3302 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Subcommittee on Governmental Efficiency and the District of Columbia, 6222 Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding this hearing, persons may contact Marion Morris of the subcommittee staff at 224–4161.

EXTENSIONS OF REMARKS

N.F.I.B. QUARTERLY ECONOMIC REPORT

HON. J. WILLIAM STANTON
OF OHIO
IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. STANTON of Ohio. Mr. Speaker, The National Federation of Independent Business has just released its latest "Quarterly Economic Report" which I want to bring to the attention of all of my colleagues in the House of Representatives. As a member of both the Banking and Small Business Committees, I have examined the N.F.I.B.'s study with great interest.

Although there certainly is sobering news about the deteriorating condition of small businesses across this country because of declining sales and high interest rates, I found some good news as well. This survey of 2,200 N.F.I.B. members concluded that inflation—a major component of high interest rates—should continue to decline, providing encouragement for the long-term picture.

The N.F.I.B. study indicates:

Small business anticipates that this downward trend in prices will continue, as the N.F.I.B. Index of Planned Price Increases (a weighted average of planned price changes) indicates we can expect the Non-Food Consumer Price Index to average 8.2% at an annual rate over the next quarter.

I urge all of my colleagues to read the N.F.I.B.'s findings for yourselves and keep them in mind as we carry on with our fight against inflation in the new year.

SUMMARY OF RESULTS

(By William C. Dunkelbert, Purdue University; Jonathan A. Scott, Southern Methodist University; Edison R. Zayas, National Federation of Independent Business)

The condition of the small business community deteriorated further in the third quarter as high interest rates continued to choke off aggregate demand. Sales among small firms registered its second consecutive quarterly decline, accounting for the lowest small business net earnings index since July 1980. "Interest Rates-Financing" remained as the single most important problem for more firms (35%) than any other problem, as the average interest rate paid rose to 19.5%. Third quarter capital outlays remained at depressed levels, and the proportion of firms planning on making capital expenditures over the next two quarters continued to fall. Expectations of sluggish fourth quarter sales will encourage substantial inventory reductions, and the decumulation will be heaviest among small firms in the construction and retail industries.

The simultaneous decline in sales and the peaking of interest rates took its toll on the labor market, as employment among small firms registered its seventh quarterly decrease in eight of the last quarters. Pessimism over future business conditions augurs for continued reductions in small business employment and upward pressure on the national unemployment rate. At the same time, the October NFIB Small Business Opimism Index fell sharply from the July level, indicating we can expect another decline in real GNP growth over the next quarter.

As in recent QER's, an improved inflation outlook provided the only good news, albeit very important news. The percentage of firms responding that third quarter prices were lower was the highest in QER history, and the NFIB Index of Planned Price Increases indicates we can expect the Non-Food Consumer Price Index to average 8.2% (annual rate) over the next quarter. This is highly encouraging to the extent that a sustained decrease in inflation will plant the seeds of economic recovery by allowing interest rates to fall and real personal income to rise.

CREDIT CONDITIONS

Adverse credit market conditions continued to plague the small business community as "Interest Rates—Financing" continued to be ranked more frequently (35%) as the single most important problem than any other problem. The average interest rate paid on short-term business loans rose marginally from 19% in July to 19.5% in October. Although the overall distribution of rates paid continued to shift from the 16%–18% range to the 19%–22% range, the proportion of firms reporting higher rates fell from second quarter levels, indicating that the rise in interest rates slowed in the third quarter. Fifty-six percent of responding firms reported paying rates between 19 percent to 22 percent, up from 48 percent in the second quarter and from 27 percent in the first quarter. Thirty percent reported paying rates between 16 percent to 18 percent down from 34 percent in the second quarter and from 46 percent in the first quarter.

Although the rates paid by firms in rural areas have risen dramatically since the beginning of the year, they continued to pay lower rates relative to firms in metropolitan and suburban areas. Seventy percent of the firms in metropolitan areas paid rates between 19 percent to 22 percent, compared to the 52 percent of the firms in rural areas who reported paying such rates. Similarly, 38 percent of firms in rural areas reported paying rates between 16 percent to 18 percent, whereas only 14 percent of metropolitan area firms paid those rates. Differences in the cost of funds and overhead determine these interest rate differentials.

Firms in the West South Central, Mountain and Pacific regions reported the highest frequencies of rates in the 19% to 22% range. Firms in the South Atlantic-East South Central regions, however, experienced the largest increase in the proportion of firms paying rates between 19% to 22% (twenty-one percentage points above the July level).

The principal effect of this prolonged period of high interest rates has been to squeeze small business earnings through a persistent reduction in sales, and an overly onerous debt burden (especially for firms in inventory-intensive businesses). Reduced earnings in conjunction with unaffordable financing costs have frustrated small business investment and expansion plans as well. At the same time, the restraining influence of high interest rates on aggregate demand has left small firms with excess inventories which are overly expensive to carry at those high rates of interest. As a result, small firms must reduce their inventory holdings over the next quarter, which will in turn augment the current downswing in economic activity.

Credit conditions over the next quarter are expected to improve modestly, as 13% of responding firms anticipated more difficult credit conditions, down from 14% in July. At this writing, short-term interest rates have fallen dramatically, and forecasts of a weak economy, slow money supply growth and softening business loan demand suggest we can expect further improvements in credit market conditions.

PRICES

Improvement in the inflation outlook provided encouragement for the long-term picture. Inflation continued to moderate in the third quarter as the percentage of firms responding that third quarter prices were lower was the highest (13%) in the history of this survey. Small business anticipates that this downward trend in prices will continue, as the NFIB Index of Planned Price Increases (a weighted average of planned price changes) indicates we can expect the Non-Food Consumer Price Index to average 8.2% at an annual rate over the next quarter.

The proportion of small firms planning to raise prices over the next quarter fell among firms in the wholesale, retail, construction and manufacturing industries. The most notable improvements in price trends, however, occurred among firms in the wholesale and retail trades. Thirty-four percent of the retail firms planned on increasing prices, down from 44% in July. Twenty-nine percent of the wholesale firms planned on raising prices, down from 45% in July. Thirteen percent of the firms in the wholesale sector planned on price increases exceeding 5%, down significantly from the 22% who planned similar price increases over the last quarter. This indicates we can expect to see further moderation of prices at the retail level over the coming months. At the same time the weakening of prices at the wholesale level suggests an easing of cost pressures for the cash-strapped small business community.

This apparent slowing of the inflationary spiral is highly important since years of inflation contributed to the weakened condition of small business, and until recently, inflation was considered the single most important problem facing small business. To be sure, the last decade of inflationary government policies has fostered today's intolerable credit market conditions, and only a sustained and convincing drop in the rate of inflation will permit interest rates to fall to more acceptable levels.

SALES

As in the previous quarter, expectations of improved sales failed to materialize as real

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

GNP grew at a very sluggish 0.6 percent annual rate in the third quarter. The Small Business Sales Index, which measures real sales growth among small firms, declined substantially in the third quarter to a level approaching July 1980 sales. This was the second consecutive quarterly decline in small business sales and it was clearly unexpected as satisfaction with inventory holdings deteriorated significantly. High interest rates combined with weak real personal income growth and uncertainty amidst a developing recession, have significantly curtailed consumer spending.

Influenced by the 1.5 percent decrease in October national retail sales, small firms anticipate real sales volume to be very weak over the next quarter.

EARNINGS

As a result of the simultaneous drop in sales and the deterioration in credit market conditions, earnings among small businesses continued to fall. Third quarter earnings, as measured by the Index of Small Business Earnings, dropped to the lowest level since July 1980. Only rigorous cost-cutting efforts will avoid further earnings declines as sales are expected to fall even further over the next quarter.

INVENTORIES

Unexpectedly weak consumer spending in the third quarter clearly surprised small business owners as satisfaction with the level of inventory holdings fell significantly in the third quarter. Eighteen percent of responding firms felt that their inventories were too high, whereas 9 percent felt they were too low. In July, 16 percent claimed their inventories were too high and 10 percent felt they were too low.

Expectations of sluggish fourth quarter sales will encourage large inventory reductions by small firms over the next two quarters. Twenty-three percent of responding firms planned on decreasing their inventories over the coming months, compared to 13 percent who plan on adding to their inventories, for a net inventory change of −10 percent. This is a dramatic deterioriation in inventory satisfaction given that the anticipated net inventory change for the third quarter was only −2 percent. Firms in the inventory-intensive construction, retail and wholesale trades will undergo the most pronounced reductions in inventories as indicated by anticipated net inventory changes of −22 percent, −17 percent, and −11 percent, respectively.

In short, the anticipated deterioration in general business conditions will prompt a curtailment of new orders by small business, which will in turn augment the ongoing decline in economic activity.

CAPITAL EXPENDITURES

Adverse third quarter credit market conditions continued to frustrate small business investment plans. The proportion of small firms making at least one type of capital expenditure remained at the July and April levels of 53 percent. Actual capital expenditures remained at depressed levels with over two-thirds of those making expenditures reporting outlays of less than $20,000.

The proportion of small firms planning on making capital outlays continued to fall. Twenty-seven percent of responding firms anticipated making a capital expenditure over the next two quarters, down from 30 percent in July.

As we mentioned in the July QER, owners of small firms are interested in stepping up their investment outlays, but are prevented from doing so by the unaffordable cost of credit and by dismal sales prospects over the near-term. Since the third quarter of 1980, plans to make capital outlays have consistently diverged from actual capital outlays, indicating the restraining influence credit conditions have had on business investments decisions. Only a sustained and precipitous drop in interest rates, along with a greatly improved sales outlook will restore investment expenditures to the levels sought by small business.

EMPLOYMENT

The third quarter decline in economic activity fostered a net average decrease in small business employment of .11 employees per firm (−.20 employees per firm on a seasonally adjusted basis. This is the seventh quarterly employment decrease in eight of the last quarters, after almost three successive years of sustained employment growth among small firms. Twelve percent of responding firms reported employment increases averaging 4.8 employees per firm, down from 19 percent in the second quarter. Seventeen percent of responding firms reported employment decreases averaging 4.1 employees per firm, up from 13 percent in the second quarter. Non-seasonal employment decreases exceeded the seasonal employment increases by five percentage points. Employment decreases were strongest in the construction and retail industries.

The near term employment outlook is likely to continue deteriorating as expectations of continued high interest rates and slow sales growth force small business owners to lay off employees. The percentage of small firms planning to reduce employment over the next quarter exceeds those planning to increase employment by the largest amount since early 1975. Fifteen percent of responding firms reported plans to decrease employment over the next three months, compared to the 10% who plan on increasing employment. In addition, third quarter job openings dropped to the lowest level ever recorded in this survey. Twelve percent of responding firms reported job openings in the third quarter, down from 17% in the second quarter, and from 30% registered in the fourth quarter of 1978. The greatest drop in job openings occurred in the skilled labor category where third quarter openings fell four percent from the second quarter level. The latter is a particularly important development given the statistically significant inverse relationship we have found to exist between skilled labor job openings and the national unemployment rate. In sum, given the disproportionately large role played by small firms in private sector job creation, the third quarter developments in small business employment suggest a major loosening of the labor market is underway.

SMALL BUSINESS OPTIMISM

Reflecting the dismal third quarter performance, the Small Business Optimism Index dropped for the second successive quarter. The October Index dropped from 89.9 in July to 83.0, the lowest level since April 1980.

Despite a significant improvement in the inflation component and a slight improvement in the expected credit conditions component, sharp declines in all of the remaining components (i.e. expected business conditions, outlook for expansion, net earnings, expected real sales, inventory satisfaction and plans, and workforce changes) were responsible for the strong decline in small business optimism. The October Index indicates we can expect another decline in real GNP over the next quarter.●

THE RODOLFO H. CASTRO FELLOWSHIP FUND

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LEWIS. Mr. Speaker, the development of Mexican American professional managers for private industry is a success criteria for U.S. commercial activities both nationally and internationally.

It is for this reason that I support and encourage participation in the "Rodolfo H. Castro Mexican-American Fellowship Fund" established at the Harvard Business School with the objective of providing financial assistance to Mexican American students.

The following is an article from a newspaper in my district that provides the specifics.

The Rodolfo H. Castro fellowship has been established at the Harvard Business School for the purpose of providing financial assistance to Mexican American students.

The establishment of the Rodolfo H. Castro Mexican-American Fellowship Fund will require an endowment of $50,000, and will be the first endowed fellowship in the history of the Harvard Business School (HBS) honoring a Hispanic. The funding must be completed within 5 years, at which time the fellowship will be activated. Interest on the principal of the fund will provide financial support to Mexican American students who meet the criteria for receiving financial aid as determined by HBS's financial aid office.

Rodolfo H. Castro grew up in Banning, and graduated from Banning Union High School in June 1961. He received his associate of arts degree in business "with honors" from Riverside City College, Riverside, Calif., in June, 1967, and was awarded permanent membership in Alpha Gamma Sigma, (the statewide honor society for California junior colleges).

Castro received a Bachelor of Science Degree from California State Polytechnic University in business administration "with honors" in 1970, and was selected for "Who's Who Among Students in American Colleges and Universities."

In June 1973, Castro received a master's degree in business administration from Harvard University and pursued advanced studies in public administration at Oxford University, Oxford, England.

He has been the executive director of the Community Services Department (CSD) of San Bernardino County since December 1976. Under his direction the department has achieved national recognition for program innovation and cost effectiveness. CSD received the National Asso-

ciation of Counties (NACo) awards in 1978 (Energy); 1979 (Handicapped Access); and 1979 (Bon View Art Project). In 1980, CSD received two National Urban Institute Exemplary Awards for creative projects—Inland Area Urban League Black Models Project and Ballet Folklorico de San Bernardino.

In 1980, then President James Earl Carter awarded the Presidential Energy Efficiency Award to Southern California Edison Co. for CSD's Mobile Home Energy Audit Project. (Castro was invited to the White House in February 1980, to provide domestic policy input and was selected for "Who's Who in California".)

In 1981, CSD received NACo awards for the following programs; Youth Culture, Grassroots Women, Senior Alert, Roadrunner Transit and Mobile Home Energy Audit. In addition, Castro was selected as "Alumnist of the Year" for the California Polytechnic University School of Business.

Castro has been involved with recruiting minority students for the Harvard Business School MBA program for approximately a decade.

Mr. Speaker, it is my pleasure to commend Mr. Castro and his fellowship fund at Harvard Business School to the House of Representatives for furthering educational opportunity in the Mexican American sector.●

REAGAN ADMINISTRATION APPROACH TO HUMAN RIGHTS

HON. BOB McEWEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 15, 1981

● Mr. McEWEN. Mr. Speaker, an excellent editorial appeared in the Toledo, Ohio, newspaper, the Blade, on November 14, 1981, regarding the human rights issue.

I think this article presents a fair evaluation of the Reagan administration approach to this controversial issue and would like to take this means of sharing it with my colleagues.

The editorial follows:

HUMAN-RIGHTS HYPOCRISY

There is something crassly hypocritical about Americans standing on a soap box and preaching to other peoples of the world about human rights. One of the disasters that beset U.S. foreign policy in recent years was the sanctimonious human-rights activism initiated by former President Jimmy Carter.

It is unfortunate, therefore, that President Reagan has been pressured by congressional do-gooders to back away from his basic policy of putting human rights elsewhere in the world in reasonable perspective.

Congressional pressure has been evident ever since the Senate rejected the nomination of Ernest Lefever for the post of assistant secretary of state for human rights. He was the President's first choice for that job, but the nominee was perceived as only superficially committed to the concept of human rights.

The fundamental issue is not the official condoning of human-rights violations in other nations, whether Communists or non-Communist dictatorships or police states. The fact that in some parts of the world torture, imprisonment without cause, summary executions, and other forms of mistreatment and killing go on is naturally abhorrent to all decent people. But what is so apparent to the rest of the world—and so difficult for us to comprehend—is that Americans have a long way to go before they can dictate moral behavior to the rest of mankind.

How effective a voice can Washington have in this matter when it speaks from a land where the citizenry owns more guns than any other people in the world, where the annual murder rate far surpasses that of any other nation, where the toll from crime in our city streets continues to shock, and where immorality in places both high and low flourishes with an abandon unmatched in most parts of the globe? We are a nation of lawbreakers and can hardly pretend to be a model practitioner of human rights.

President Reagan was on the right track when, upon entering the Oval Office, he toned down human rights as a central issue in the conduct of foreign policy. He recognized, correctly, that Americans have no divine right to set the moral, ethical, or spiritual standards for peoples everywhere, and that the United States could be more successful in influencing other leaders in the treatment of their own citizens through quiet persuasion than by pious or flashy rhetoric.

Mr. Reagan's new appointee to fill the human-rights post in the State Department is Elliott Abrams, now serving as the department's liaison with the U.S. delegation at the United Nations. He is regarded as a conservative Democrat turned Reagan Republican who subscribes to a more balanced application of a human-rights policy. That was spelled out by President Reagan in a statement that accompanied the Abrams' nomination: "The promotion of liberty has always been a central element of our nation's foreign policy . . . We will encourage those who seek freedom, not the least by telling the simple truth about their efforts and the efforts of those who seek to oppress them."

No doubt some congressional critics of the Reagan approach to human rights will still not be mollified. But that should not deter the President from conducting foreign policy on the basis of what is best for this country in terms of security and our geopolitical interests. If that means subordinating a human-rights policy in a particular situation, then so be it.●

SCHOOLS SHRINK, NEED FOR ENGINEERS GROWS

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. RITTER. Mr. Speaker, earlier this year the Science and Technology Committee held hearings regarding the shortage of engineering professionals. Yesterday the Washington Post printed an aritcle about the growing need for engineers and the stagnated condition of our universities to respond to this need. The challenge may also be an opportunity for industry to reply with quick infusion of support to our engineering schools * * * more efficient than far longer lead-time Government response.

For the benefit of my colleagues, the December 15, 1981 Washington Post article is submitted for the RECORD:

[From the Washington Post, Dec. 15, 1981]

SCHOOLS SHRINK, NEED FOR ENGINEERS GROWS

(By Robert J. Samuelson)

Something unexpected has happened on the San Diego campus of the University of California in the past few years. Undergraduates majoring in engineering jumped from 7 percent of the total to more than 20 percent. Laboratories and classrooms are so packed that some students can get computer time only in the wee hours of the morning.

The San Diego experience isn't isolated. Since 1975, engineering enrollments have risen by about half. Technology seems to be fashionable again. Yet, those who ought to know best—deans of engineering schools and heavy-industry employers of engineers—insist that there is a "crisis" in engineering education and maybe even a "shortage" of engineers.

Now, "crisis" is a vastly overused word, but even if they are half right, their worries amount to more than academic anxiety. Knowledge—especially knowledge of technology—increasingly constitutes a basic source of economic growth and rising living standards. An engineering shortage would suffocate the economy no less effectively (though less visibly) than a fuel shortage.

Indeed, a case can be made that this is precisely what happened in the past decade. Between the late 1960s and the late 1970s, the supply of new engineers barely kept up with retirements and deaths, so that the proportion of engineers in the work force declined. At the same time, research and development spending (adjusted for inflation) wasn't growing much either. Some economists think those trends help to account for America's deterorating economic performance.

Against that background, most of today's news seems good. Popular attitudes toward science and technology appear to have veered away from blind trust and instinctive hostility. In 1979, a poll found that 70 percent of respondents felt "science and technology produce more good than harm," up from 54 percent in 1972 but down from 88 percent in 1957.

Other evidence points in the same direction. Science books and programs are in vogue. There's a boom in home computers. It may be, as physicist Jeremy Bernstein argues, that much popularization oversimplifies science and transforms it into entertainment. But is that such a sin? The drudgery and disappointment that accompany most endeavors are bearable only because people visualize exiciting, even romantic, results.

Electronics is the extreme example of how engineers drive industry. Consider Hewlett-Packard Co. It spends 8 percent of its budget on research and development, and almost one in five workers is an engineer.

The pace of new products is dizzying. Three-fourths of Hewlett-Packard's revenues in 1980 derived from products not on the market in 1975.

Slowing the flow of engineers inevitably means crimping expansion, company executives argue. "The implication of not having them is that design programs are pushed out, problems of improving manufacturing yields in factories don't get attention and opportunities for diversifying are delayed," said Ray Stata, chairman of Analog Devices Inc.

That's precisely what the American Electronics Association, a trade group, believes may happen. It surveyed 671 firms with 1980 sales of nearly $80 billion. By 1985 these firms project a need for some 50,000 new electrical and computer science engineers compared with the 15,000 expected graduates.

The association's projections have inspired much skepticism on the grounds that companies inflated estimates to cover any possible need. But, in a fast-growing industry, a big gap isn't inconceivable. "One of our largest recruiting competitors is Hewlett-Packard," said Robert Mills, manager of professional recruiting for General Electric Co. "We never worried about them 10 years ago."

The accuracy of formal estimates is less important than the ability of universities to meet the demand, whatever it is. In a free market, any shortage would be temporary. Scarcity would result in higher bidding of salaries by competing employers. Students would react by choosing engineering more often. This, in fact, explains much of the recent enrollment surge.

The trouble is that the perfectly greased market doesn't exist. Unlike companies, universities don't (and shouldn't) shut down a department when it's no longer popular. Expanding enrollments in the 1960s and 1970s allowed them to meet changing interests by shifting growth to these areas. Now, with most of the "baby boom" out of college, change is more difficult.

"Universities are contracting," said Richard Atkinson, chancellor of the University of California (San Diego). "It's not that easy to shift resources from one field to another. We had tremendous recruitment of faculty in the late 1950s and early 1960s. We just don't have a lot of retirees" who would make room for engineering teachers. "And, until recently, we didn't have a lot of engineering students."

Moreover, the universities that have absorbed higher enrollments by increasing class size may now be reaching limits. At the University of Illinois (Champaign-Urbana), dean Daniel Drucker is reducing enrollment 20 percent, to relieve pressure on overworked faculty and crowded laboratories. Even now, many qualified students don't get in. The ones who do score at the 97th percentile on entrance exams—a level Drucker finds "ridiculously high for a public university."

What truly frightens Drucker is the possibility that shorthanded faculties could force further cutbacks. Higher industry salaries and small numbers of graduate students have hampered recruiting. Government support is dwindling, too; governments everywhere are cutting spending to spur economic growth. But, if their cuts squeeze engineering schools too much, they ironically may strangle a basic source of growth.

Only about one-fifth of America's college graduates major in science (between 5 and 6 percent in engineering). In retrospect, the country may have produced too many lawyers, too many social scientists, too many journalists and, in general, too many generalists. Today's high demand for engineers may compensate for the slow growth of the 1970s and reflect the impact of anticipated defense contracts.

Or it simply may be that the country needs more people who understand technology, to harness it and to monitor it. A sobering reality is this: Japan, with half the United States' population, now graduates more engineers annually.●

COMPETITION HOGWASH? NOT IN HEALTH INDUSTRY

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. GEPHARDT. Mr. Speaker, this succinct editorial appeared in the November issue of Modern Healthcare. It is important, as the editorial states, that the debate of promoting competition in the health system be kept separate from the discussion of benefit cutbacks. My bill, the National Healthcare Reform Act of 1981, H.R. 850, reforms the health system to make consumers sensitive to price when they purchase health care coverage. Through competition, the health system will continue to deliver quality care at an affordable price for Americans.

COMPETITION HOGWASH

Federal and state governments' efforts to reduce their budget deficits may lead to reduced benefits for Medicare and Medicaid beneficiaries, not the implementation of pro-competition legislation or a Medicare voucher.

Opponents of thoughtful efforts to make the healthcare delivery system more price sensitive and to foster real competition among health insurers are trying to touch every emotional button they can in their fight against the pro-competition movement. In the process, they are confusing the likely reduction in benefits that is being imposed by budget cutters with the impact new competition laws might have on benefits. They want to rally Medicare and Medicaid beneficiaries against the competition bills.

Actually, the Gephardt-Stockman Healthcare Reform Act of 1981 (H.R. 850) would expand benefits at the same time it would encourage more rational utilization of services and increased provider productivity. It would extend benefits to low-paid workers and employes of small firms instead of discouraging those firms from providing their employes with health insurance as charged by representatives of labor and the old Great Society crowd. The bill gives employes tax credits to fill any gaps between their employer-paid insurance and acceptable minimum coverage. Credits would go to workers regardless of whether they itemized tax deductions, and workers who owe no taxes would receive reimbursements. In addition, Gephardt-Stockman would expand catastrophic coverage for the underemployed and unemployed.

If benefits are cut, they will be cut by amendments attached to the bill for budgetary reasons. They won't be cut because health insurers have to compete for consumers' business or the system is made more price competitive.●

ROY COUGHLIN'S COMMENTS ON CONSERVATION

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MOFFETT. Mr. Speaker, I am submitting for the consideration of my colleagues a keynote address delivered by Mr. Roy M. Coughlin at the University of Connecticut's Workshop on Energy Economics. Mr. Coughlin, staff manager of buildings at the Southern New England Telephone Co., has long been involved in ride sharing and its conservation consequences. I commend his comments to the attention of this Chamber.

Good morning. Thank you for inviting me here today. I asked Ken Smith how long I should speak this morning. He said, "You can speak as long as you like, but we're leaving at 10 o'clock!" Now, when it comes to buildings, I'm far more of a philosopher than a technician. The advantage of that, of course, is that a technician can give you specific information on specific topics. A philosopher, on the other hand, can answer any questions and give you no information.

I have here a bumper sticker which says "Let's Use It Up Before It's All Gone." That sometimes seems to be the American approach to the use of energy. I believe the energy problem in this nation can be summarized by saying we don't buy it right and we don't use it right. That is, we buy it from nations which are unfriendly and unstable; we then apply it to the wrong end-uses and we waste a good portion of that.

Effective energy management need not be complex—however, it does need to be pervasive and persistent. In Southern New England Telephone we call it Managed Pessimism. That is, we have looked down the road and we see two possible paths: there is the road to plenty, a scenario where the technological fix has put it all right, and there is plenty of energy. If that's the road this world eventually trods, there are no experts in the field who will tell us that the price of energy will ever be lower than is right now. The other road is the one we are most expecting to travel—that of continued threats of disruptions, and of certain growth in prices. If that's our eventual fate, then so be it—for, in either case, we are prepared. Since I am never at a loss for something trite to say, I'll repeat an oft-heard phrase: resource management is good management. Since you are bottom-line managers, I'll tell you that our Managed Pessimism has served us well. Since 1973, we have avoided paying more than $19,000,000 in energy costs, and have saved the equivalent of 420,000 barrels of oil. In 1972, we were paying $16.75 for each processed barrel of oil, that is, the end product as we took it out of the electric outlet, or whatever form in which we used it. In 1980, that same barrel-of-oil-equivalent (BOE), cost us $72.02.

Inflation is defined as that phenomenon which permits you to live in a better neigh-

borhood without ever moving. I need not tell you what havoc inflation wreaks upon all of us. But I do need to tell you that while you may not feel there really is an energy crisis, that's irrelevant if you cannot afford to buy the product. For us, in the telephone industry, energy supply is a lifeline to survival. Telecommunications must stand ready to serve the American public if and when gasoline shortages threaten its mobility.

November 23, 1981 was an historic day—the government shut down, and no one noticed. I believe in government, and want it to succeed. I am pleased that there appears to be movement toward the reduction of government intervention in business operations. However, I would not be as pleased if, as appears to be happening, government withdrew its advocacy for energy conservation. I believe it is a proper function of government to detect impending problems, and to counsel the nation in ways in which those problems may be averted. But it is the American citizen and the American corporation which must do the job. In order to be convinced that there is a job to do, each must be presented with credible leadership offering credible information.

The Energy User News asks its readers on a monthly basis to offer their best estimates of energy price levels for the coming year. October's results pointed to a 25 per cent increase in the price for natural gas, and fifteen per cent each for electricity and oil. In the northeast, and especially here in Connecticut, where energy costs are already the highest nationally, and to which supplies must travel the furthest, these projections, supported by most of the experts I have read, must serve as warnings that if you are not deeply into energy conservation by now, you'd best be ready to take the plunge.

There is another phenomenon developing, of which many are unaware. That is the growth of what I call "Little OPEC". At most of the energy meetings I attend, someone eventually blames OPEC for the continued high cost of energy. Yet right within this nation, there are nine energy-producing states which receive from 12 to 24 percent of their revenues from the exportation of energy. Ranked by exports, they are Louisiana, Wyoming, New Mexico, Kentucky, Alaska, Oklahoma, West Virginia, Montana, and Texas. Now where do you suppose they get the money from? Well, a lot of it, almost three billion dollars, in 1980, came from Connecticut. During 1981, this will probably total more than four billion! If you don't begrudge them this transfer of wealth from our pockets to theirs, then consider another element—because of these revenues, these states are able to reduce or eliminate other forms of taxation on business, and thereby make their states more attractive for industrial settlement.

As businessmen, we are concerned for survival, and for the economic health of our state. As citizens and human beings, we must be concerned that we utilize the most productive, cheapest, cleanest, safest, fastest, and most reliable energy sources we can find. The one which fits that list of "musts" is energy conservation.

As building owners and managers, you may be interested in knowing how we at Southern New England Telephone arrived at the results of which we are so proud. Have you ever heard of top-level commitment? Familiar phrase? I am here to tell you not only that it works, but that it may very well be the only approach that works! How well does it work? Since 1973, our work load has grown by more than twenty percent, while our total use of energy has dropped by about thirty percent! We have reduced use of building fuels by 63 percent! Considering that we never were a wasteful company in the first place, that reduction is all the more dramatic. In fact, during 1980, we saved more ($5,240,000) than we spent for all our energy in 1973 ($5,120,000).

Energy conservation at SNET has become a way of life, to use another well-worn phrase. We are deeply into conservation in our motor vehicle fleet, employee ridesharing, recycling, and in every facet of the business where we can find an application.

Today, we are looking ahead to higher energy prices, which will in turn make some of the techniques which we previously rejected once again worth considering. New technologies are introduced almost daily. New products and new services (some of which are no more useful than the well-known snake oil) besiege us. We must sort, try, evaluate, and apply what we can. We are looking at what we have termed ABE—for Alternative Building Energy sources—to supply a part of our needs now supplied by petroleum. These include some already in use—photovoltaic cells, solar applications, even a small wind generator, which will become more cost-effective. They also encompass things such as coal, hydroelectric, refuse-to-fuel, alcohol, wood, natural lighting and others. We even have a fuel cell soon to be installed in one of our small offices.

By 1990, we hope that alternative energy sources may contribute from nine to 20 percent of our demand mix.

Thank you for your attention today. I congratulate the Connecticut Chapter of BOMA (Building Owners and Managers Association) and the University of Connecticut, for offering today's course on energy economics, and thank you for inviting me to speak.●

TRIBUTE TO LABOR LEADER JERRY WURF

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PATTERSON. Mr. Speaker, I rise to pay tribute to Jerry Wurf, a great labor leader and American, who has recently passed away before his time.

Jerry Wurf's driving dedication and devotion on behalf of this county's working people will always be remembered. As a union leader for more than 40 years, his commitment to economic and social justice was an inspiration to us all.

More than any other person, Mr. Wurf has to be credited with building public employee unionism in this country. During his 17 years as president of the American Federation of State, County and Municipal Employees (AFSCME), he increased the public employee union's membership from 220,000 members to over 1 million. The breakthroughs he made in collective bargaining for public employees have resulted in major gains for the hundreds of thousands of workers his union represents.

His concern for improving the standards of living for all Americans often thrust him into the forefront of many controversial policy battles. He was a key player in the civil rights movement, an outspoken leader in efforts to combat sexual discrimination in the workplace, and one of the first public figures to recognize the importance of maintaining a social safety net for the elderly and disadvantaged.

We have prematurely lost an inspiring and dedicated American whose vigorous leadership, integrity, and commitment will be sorely missed by us all.●

THE GOLDEN ANCHOR

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, as the news media has recently been telling us, the gold standard is a topic of great interest today. The Treasury Secretary chairs a commission exploring a gold-based monetary system. A recent Ohio TV poll found 84 percent of the respondents favoring a gold-backed dollar. The President himself reportedly noted that no nation which has turned its back on gold has survived.

Before 1933, any citizen could take $20.67 to the bank and convert for an ounce of gold; the Federal Government guaranteed it. After that date, the U.S. promised to convert $35 into an ounce of gold—but only for foreign governments and not for American taxpayers. American citizens were prohibited from even owning the precious metal. It was not until 1974, when a colleague of mine, named PHIL CRANE, legalized the ownership of gold.

Meanwhile, in 1971, President Nixon closed the gold window—that is, he announced that the U.S. Government would no longer convert dollars to gold for anyone, including foreign governments.

The history of our sick economy begins with the rejection of the gold-backed dollar. In 1971, the dollar was severed from its golden anchor on the international scene and left to lurch in the stormy seas of economic chaos. What happened to the stable base for what was once the world's strongest currency?

Since 1971, we have had no monetary anchor internationally. And, since 1971, prices have doubled, foreign-exchange markets have crumbled, the bond markets, which depend upon monetary stability, have crashed. Is it any wonder people are asking if the abandonment of the gold standard wasn't a serious mistake?

Today we are paying the piper for our folly of cutting loose the dollar from its golden anchor. For example, of average wage in 1971—$175 a week.

Five ounces gold at $35—$175 a week.

Five ounces gold at $440—$2,200 a week—almost $10,000 a month.

Many Americans know the advantages of gold ownership. Mexico, South Africa, and a few other nations also know the advantages of Americans buying gold because $3 billion a year flows into these nations' treasuries from American pockets. Americans are purchasing gold coins at a rapid rate. Yes; $3 billion a year. These same dollars, if the United States had been on a gold standard, would be in the U.S. Treasury today, and we would very likely not be talking about budget cutting or the need to balance the budget, because the money would be here instead of overseas.

We have all heard about the early 1920's hyperinflation in Germany—which was so bad that wages were paid several times a day, and people would rush out to buy goods before prices went up. What we don't often hear is the end of that story: How Germany was rescued. In 1923, Germany issued Rentenmark, and with it introduced an economic boom. What was the difference between this new money and the hyperflationary older money? Simply that the Rentenmark had a golden anchor; it was tied to gold. Within 3 months of its issue, the hyperinflation turned to economic boom times. Individuals and businesses could once again make long-term plans, because of the stability that gold had introduced.

So does it not make sense for us to introduce the same mechanism here in the United States to reduce inflation or are we committed to putting people out of work so they can no longer feed their families.

Why are we tossing about in the turbulent seas of inflation and recession today? Why are interest rates so volatile? The answer is that we have lost our golden anchor.

Ask yourself how many McDonald's hamburgers $100 will buy in 1990. At 20-percent interest rates, the principal amount will triple between now and 1990. What have we left for senior citizens and others who have put moneys into savings accounts, and so forth, for a rainy day—we are stealing their savings by giving them back paper dollars or monopoly money which has very little purchasing power. We are on a course which will destroy the long-term capital markets; that is why the bond markets have crashed so terribly; that is why interest rates are so high; and that is why businesses are being pulled down with the *Titanic* ship of monetary instability.

The spending mania of three generations without a golden anchor is ending in shambles. We are on a self-destruct course. As the respected financial analyst Richard Russell points out, the Federal Government faces its worst financial crisis in its history. Ours is the first generation since the Pilgrims landed that cannot look forward to a better standard of living for its children—was this not the American dream?

A disordered currency is one of the greatest political evils * * * Ordinary tyranny, oppression, excessive taxation, these bear lightly upon the happiness of the mass of the community, compared with fradulent currencies and the robberies committed by depreciated paper money.

Daniel Webster once spoke these words, and they were ignored. God has granted us another chance to heed Webster's warning. Let us moor our golden anchor in the bedrock of economic stability.

We owe the American people a better way of life—Thomas Jefferson stated it very clearly:

"* * * a wise and frugal goverment which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government * * *"

THE GOLDEN ANNIVERSARY OF OUR LADY OF LEBANON MARONITE CATHOLIC CHURCH IN EASTON, PA.

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. RITTER. Mr. Speaker, I would like to share with my colleagues a very special event which occurred in Easton, Pa., on Sunday, November 29, 1981. This event was the golden jubilee celebration of the dedication of Our Lady of Lebanon Maronite Catholic Church in Easton. The building, located at 54 S. Fourth Street, is more than just a church, it is both a symbol and source of pride to the many Maronite families who live in the Lehigh Valley.

The Maronites began settling in the Lehigh Valley shortly after the turn of the century bringing with them a long and colorful history. As we pay tribute to the 15th anniversary of the dedication of the church, it is also a time to reflect back on these hard-working and God-fearing people who have contributed so much to the Lehigh Valley and our Nation as a whole.

The Maronites who came to the United States trace their ancestoral and spiritual roots back to the village of Kfarsghab in the Kadisha Valley of Labanon. It was in Kfarsghab that the Maronites settled after fleeing religious persecution in Syria over 1,000 years ago. They came to this area of tall cedars and barren mountainsides to find peace and to practice their religion. Even when the expansion of Islam virutally engulfed Lebanon, the Marionite community, through perseverance and staunch adherence to their beliefs, made themselves an island of Christianity surrounded by Islam. As Rev. Sami Hayek, pastor of Our Lady of Lebanon Maronite Catholic Church of Easton, stated:

Their life was simple, austere, and laborious as they turned the rocky and arid land into fertile farms and gardens. They nourished it with their sweat, while green pastures and woods sprang up on the barren slopes and hilltops. Lebanese poems and folk songs related the marvelous love story of the Maronites for their homeland and their yearning for freedom.

One hundred years ago the first Maronites left their village of Kfarsghab to seek a better life in the United States. Shortly thereafter, around the turn of the century, the first Maronite settlers began arriving in Easton, Pa. The Maronites that settled in the Lehigh Valley were a God-fearing, honest, and sincere people who quickly adapted to the styles and system of their new home. They were a close knit community who lived in the same area of Easton and held religious services jointly with the Italian community in St. Bernard's and St. Anthony's Catholic Churches until 1931. It was in 1931, after years of saving and soliciting support, the Maronite community opened the doors of their own church, Our Lady of Lebanon Maronite Catholic Church.

Mr. Speaker, on November 29, 1981, approximately 1,500 descendents of the first Maronite settlers in Easton celebrated the golden jubilee anniversary of their church. The day's festivities also included recognition of the founders of the church John Badway Karam, Yaoob Jacob Joseph, Peter Shaheen, Anthony Sar, John Boulous Sassine (the chairman), Joseph Samia, and the sole surviving member of this group, John Jabour. Many of the founder's descendents live on in the community that their fathers and grandfathers helped to enhance. In fact, the Maronite community today has spread throughout Easton and has prospered over the years. They have truly been hard workers and good neighbors.

By proclamation of the mayor of Easton, November 29 has been declared Maronite Day and it is a day when all of us in the Lehigh Valley look to the Maronites and pay tribute for the goodness they have brought to our community.

I would like to share with my colleagues two articles written by members of the Church's congregation. Both are contained in the special 50th anniversary publication and describe briefly the history of the Lebanese

people of Easton and the history of Our Lady of Lebanon Maronite Catholic Church. The articles follow:

A BRIEF HISTORY OF THE EASTON LEBANESE

(By Florence Sar Frangos)

At the turn of the century, when America opened its doors and resources to the peoples of the world, many came including the Kfarsghabi; who left family and home, and journeyed to France, where they boarded a ship (steerage passage) to America. They landed in New York and were met by a Mr. Faour, a prominent New York businessman, who dealt in dry goods and notions. He had no one to sell his wares in the Easton area; so, he outfitted the first Kfarsghabians (the Saba group) with merchandise and sent them, with his agent, to Easton, Pa.

The pioneers and early immigrants, who settled on Lehigh St., were God-fearing, sincere, intelligent men and women. They worked long hours. Their mode of transportation was by foot, with a heavy pack on their backs. They quickly learned the monetary system, and were proficient at saving money. Stares greeted their manner of dress.

In 1913, George and Maneera Burkot arrived. Mr. Burkot was raised in Australia and spoke English; in no time the Kfarsghabians mastered enough English to make themselves understood.

After WWI, the Lebanese bought homes from the Italians and Jews, who were moving away. They learned about clothes, home improvements, insurance and credit. Businesses were branching out, the dry goods and notions business was replaced by grocery stores, butcher shops, coffee houses, and truck farms.

In 1941, when war was declared, 39 men and 2 women served in the Armed Forces of their country. Work, Wait, and Pray, became the watchwords of the day. In 1945, the war was over. We lost one soldier, Airman Charles Loholdt, who died somewhere over Europe in 1944.

The greatest progress of the Lebanese was made after WWII. Many innovations learned during the war were put to useful purposes. They entered the business, professional, and social world. The parents and children take an active part in church, school, social, and political affairs.

In the early 1960s, Lehigh Street came under the axe of the Redevelopment Authority. This brought an end to the Kfarsghabi on Lehigh Street. In 1969, our church and rectory were moved to 4th and Ferry Streets.

The Lebanese are now scattered throughout the city and townships. Our Lehigh Street is no more; but, the memories of it are many and will live in the hearts of all Kfarsghabians who knew it as their first home and haven in America.

1901-1914.—Children born in the United States, taken back to Lebanon, and then returned to America. Badway Joseph Badway—The first child born in Easton, Pa., February 4, 1901. Louis Badway; Jimmy Badway; Ismalieh Nehme; Karmee Thomas; Badeeah Boulous; Merhej Sassine; Delal Jobeir; Susannah Jobeir; Haleem Saad; Naomi Saad.

1981: SURVIVORS.—Gholia Shumar; Audora Bader; John Jabour; Bakos Isaac; Michael Burkot; Rumzee Koury Joseph; Mazel Jabour Hanni; Wadad (Anna) Saba Shumar.

OUR LADY OF LEBANON MARONITE CATHOLIC CHURCH

(By Florence Sar Frangos)

From 1880 to 1901, there were no official settlements of Kfarsghabis in America, so they attended Latin Rite Churches wherever they lived.

From 1901 to 1916, they attended Mass at St. Bernard's, St. Joseph's and St. Anthony's, which was a small chapel located above Gazzetta's Garage on South Bank Street. Its priest, Father John Dario, was sent by the Archdiocese of Philadelphia to administer to the Italian people and to build a church.

The Italians purchased 321 Lehigh Street, an old Jewish Synogogue, and demolished it in 1915. With the help of the parishioners, the new St. Anthony Church was completed in 1916.

The Italians opened their church and their hearts to the Lebanese, including them in all church functions. Father Dario allowed them to hold devotions, novenas, and The Stations of the Cross in Arabic. The Immaculate Conception Society was formed in 1925, with Anthony Sar as its first President.

Father Dario also welcomed the Maronite Priests: Father Korkemaz, the two Father Yazbecks, and Msgr. Louis Zouwein, who made at least two visits a year to hear confessions.

In 12 short years, St. Anthony became too small for the growing Italian community, and plans for a new church, rectory, and school were made. The site at 9th and Lehigh Streets was chosen and Father Haron invited the Lebanese to continue to be members of the church. Father George Zouwein administered to the Lebanese as a visiting priest.

THE CHURCH

(By Florence Sar Frangos and the late Merhej Sassine)

In 1929 the Lebanese explored the possibility of purchasing old St. Anthony's Church. A committee headed by John Boulous Sassine, John Jabour, Peter Shaheen, Jacob Yaoob Joseph, Joseph Francis Samia (Joe Sam), John Badway Karam, and Anthony Sar met with the Archbishop of Philadelphia. The price of the church was $18,000, a large sum of money during the Depression; but with perseverance and patience, the Sassine Committee visited Scranton, Wilkes Barre, Utica, Newark, Philadelphia, and Providence, R.I., and soon the down payment was realized.

While closing costs were in progress, the Archbishop sent Father Emmanuel El Koury Hanna, who stayed with us a short time. He performed the first marriage between Joseph Baurkot and Genevieve Baurkot on October 26, 1930.

On April 1, 1931, permission was received to open the church and rename it Our Lady of Lebanaon Maronite Catholic Church. Rev. Francis Lahood, our First Pastor, said the First Mass on April 1, 1931.

The First Baptisms were twin girls, Elizabeth and Esther, born to Msayheeya and John Karam Simon, on April 19, 1931. The First Marriage, after the dedication of the church was between Joseph Peter Isaac and Catherine Elias Canone on September 4, 1931. The First Confirmation was administered to Luke Shaheen on May 13, 1932 by Bishop O'Hara of Philadelphia, and the First Funeral was Margaret Sar Young on April 2, 1931.

Our Church would not be complete without the generosity of the late Susie Unis Lahood, who refurbished the hall; and to the late Minnette Abel for her gifts of the Baptismal Font, (which is still in use today), for the Altar Linens, the Statues, and the monetary gifts.

Father Lahood was instrumental in teaching the Arabic Mass, Hymns, and Devotions to the newly formed Choir. He remained with us until April 1933. He returned unofficially to build the two Side Altars, which he replaced with marble.

Father Lawrence Birgmanos, a Latin Priest stayed with us until Father Hanna Nehme came in 1933.

Father Nehme continued to teach the Arabic singing of the Mass. In 1934, he formed the St. Theresa's Sodality with Geraldine Burkot Boulous as its First President. The Sodality has always been active in the church, and the "Right Arm" of the priests who came later. The Immaculate Conception Society was dissolved in 1935. Father Nehme left in 1936.

Father Ignatius Sayegh came in 1936. He was a dedicated priest and served the parish well. He died in 1941.

Our next Pastor was a Latin Priest, Father William Magee. He adapted well to the Maronite customs; and the Choir adapted well to the singing of the Latin Mass. Maronite Priests visited frequently from Philadelphia, New York, and Wilkes Barre. Father approved Haflis and Mahrajans. He started May Processions with Dorothy Karam Mawad as the First May Queen. He burned the mortgage on the Church. His comfort to all during the war years will always be remembered. Father placed American Flags on the Main Altar—one for each soldier; as each soldier came back safely, a Special Mass of Thanksgiving was said, and a flag was removed from the Altar. One flag will always remain there—the one for Airman Charles Loholdt, who died somewhere over Europe in 1944.

A testimonial Dinner was given Father Magee on May 30, 1952 by the parish and friends just before he was transferred.

In May 1952, Father Norman S. Peter, came to us from the Diocese of Buffalo. His parents were Maronite, and Father was ordained in the Latin Rite. Father Peter was taught the Maronite Mass in English Phonetics by Rev. Joseph Solomon of Scranton, Pa., Archbishop O'Hara of Philadelphia obtained permission from Rome for Father to also celebrate the Maronite Mass; thus he became the first American-born Lebanese Priest of the Latin Rite to offer the Holy Sacrifice of the Mass in two Rites; Latin and Maronite. Merhej Sassine assisted Father in the celebration of the Maronite Mass.

In the 20 years Father Peter served us, he made many innovations. The envelope system (25¢ a week) of collection was started; the Choir was taught the Jinnazz and Bukoor Hymns; 323 Lehigh Street was purchased; the Rectory was extended; a Youth Center was opened for the MYO; a kitchen and bar were added to the church hall.

In the flood of 1955, the Blessed Sacrament was removed to St. Bernard's Church for safekeeping. A Holy Name Society both Senior and Junior was formed; also a St. Theresa's Junior Sodality. And, Father Peter celebrated his Silver Jubilee of Ordination to the Priesthood.

Changes in the Liturgy were made at the Second Vatican Council; the Maronite Mass was to be said in English as well as Arabic. On March 9, 1966, an Exarchate was formed in North America with His Excellency

Bishop Francis M. Zayek as its Head. Our Lady of Lebanon then came under the jurisdiction of the Exarchate.

In 1966, the mortgage for 323 Lehigh Street was burned.

In 1969, when the Redevelopment Authority demolished the church on Lehigh Street, Our Lady of Lebanon was relocated to 4th and Ferry Streets, and the Rectory to 54 S. 4th Street.

On January 5, 1969 the First Baptisms in the new Church were twin boys, Thomas and Timothy, born to Rita Isaac and Gerald Colver. The First Marriage was between Joseph Canone and Judith Briener on June 7, 1969. The First Funeral was for Margaret Najeeb Herbert.

Father Peter died on March 15, 1972.

From March 15 to September 1972, three priests served the parish, Rev. George Webby (now Vicar General of St. Maron's Diocese), Msgr. Peter Eid, and Rev. Jerome Pavlik, a Franciscan Priest.

On March 22, 1972, the Exarchate became the Diocese of St. Maron, New York, U.S.A.

In September 1972 Father Bernard Khachan became our Pastor. He conducted an active Youth Program; and formed an Arabic School. Plans were formulated and funds set aside for the expansion and development of the church. In October 1974, Father Khachan was transferred to San Antonio, Texas.

His successor was Rev. Hares D. Zogheib. During the six years Father Zogheib was with us, the church hosted the 13th NAM Convention in October 1978. The parking lot adjacent to the church was purchased. On September 14, 1975, Anthony Koury was ordained a Sub-Deacon of the Church by the Most Rev. Francis M. Zayek, Bishop of St. Maron's Diocese, U.S.A.; Heritage Day was started in 1978. Father celebrated his Silver Jubilee of Ordination to the Priesthood.

Father Zogheib was transferred to New Castle, Pa. in January 1980.

Our present Pastor, Rev. Sami Hayek, came to us from New Castle, Pa. He has the Sisters of St. Joseph teaching the CCD classes; a youth Choir which sings the Maronite Mass in English. Heritage Day 1981 proved to be a most unifying experience in the life of the parish; also THE CEDARETTES, a Lebanese Folk Dance Group was formed. Father Hayek has an active Advisory Board. Plans are in the offing for the renovation of the church and hall. And, we are looking forward to Our Lady of Lebanon's Golden Jubilee, and the Kfarsghabis' Centenary to America.●

HONORING THE PHILIPPINE VETERAN

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PANETTA. Mr. Speaker, I am today introducing a commemorative resolution to honor the service provided our Nation in the South Pacific during World War II by the people of the Philippine Islands. My resolution designates the week of April 9, 1982, "Philippine Veteran Week," marking the date in 1942 on which United States and Philippine forces defended the islands against the Japanese in the Battle of Bataan and Corregidor. I think it is fitting that our Nation pause on the 40th anniversary of that valorous but costly struggle to pay homage to the loyal and dedicated service of the Filipino people to the war effort.

U.S. Armed Forces operating in the Pacific Theater during World War II were aided by Philippine Island natives assembled into two separate units—Philippine Army regulars and the elite corps known as the Philippine Scouts. Few may now recall that the scouts were in fact fully incorporated as a component of the U.S. Army by a 1901 act of Congress. Additionally, two units of Filipino Americans—the 1st and 2d Filipino Regiments—were trained and assembled in the United States for service in the Philippine Islands.

At the onslaught of the war in the Pacific when the enemy attacked Pearl Harbor and invaded the Philippine Islands, these soliders became the key to the success of our entire South Pacific stategy. It was the continued resistance on Bataan that denied the Japanese an essential base for the projected thrust to the South Pacific. The enemy was forced to retain large army and navy forces in the Philippines, which otherwise could have been employed against Allied shipping of men and materials to Australia and New Caledonia from the United States and the Middle East. Their protracted defense of these islands against incredible odds allowed the United States time to recover from the first blows of the war and begin to send in supplies and reinforcements.

The defenders of Bataan were hopelessly outnumbered and undersupplied. During their entrenchment they endured severe hardship. Repeatedly they established new battle lines, only to be forced to retreat again in the face of the enemy's superior numbers. The toll on lives was heavy; roughly half of the Philippine Scouts were killed in the fighting. The grueling cycle of battle and retreat which characterized the defense of the island has been known since as the Bataan Death March. In the case of one unit of the Philippine Scouts, the 26th Cavalry, its numbers were reduced from about 1,800 to an estimated 300.

Many of those who survived the harsh conditions of Bataan did so only to be confined for the duration of the war in a Japanese prisoner of war camp. Others who were fortunate enough to escape capture were organized in guerrilla units to conduct continued resistance against the enemy occupation and support the return of General MacArthur and his liberating forces.

Despite the valiant service of the Philippine Scouts and the Philippine Army regulars, fighting side by side with U.S. soldiers, they received far less than regular pay for U.S. armed services personnel. This is all the more startling in view of the fact that the Philippine Scouts were a full-fledged unit of the U.S. Army, subject to the same discipline and code of justice as all others of our Nation's Armed Forces. This inequity is one which I and other Members of the Congress have long sought to rectify; in each of the past several Congresses I have introduced legislation to equalize the pay and benefits provided Philippine Scouts. Until such time as the Congress sees fit to provide equitable compensation for the Scouts, though, I think it is appropriate that we acknowledge our Nation's debt for their service, that of the Philippine Army regulars and that of the 1st and 2d Filipino Regiments, by designating the 40th anniversary of the fall of Bataan as "National Philippine Veterans Week."

Enactment of this resolution would provide a meaningful demonstration of our gratitude for the faithful and gallant service of the Philippine soldiers in assisting the U.S. war effort during World War II. I hope my colleagues will join with me in honoring these veterans.

The text of my resolution follows:

H.J. RES. —

Joint resolution to designate the week beginning April 4, 1982, as "National Philippine Veteran Week"

Whereas, the United States Armed Forces operating in the Pacific Theater during World War II were provided invaluable assistance in combat by soldiers of the Philippine Army, the First and Second Filipino Regiments, as well as members of the Philippine Scouts, a unit fully incorporated as a component part of the U.S. Army by Act of Congress;

Whereas, defense of the Bataan Peninsula in the Philippine Islands during the Second World War by the Philippine Scouts, Philippine Army regulars, together with elements of the U.S. Armed Forces in the Far East (USAFFE) against overwhelming odds denied the enemy an essential base for operations in the South Pacific and contributed significantly to the eventual Allied victory in that theater;

Whereas, casualties suffered by the defenders of Bataan were extremely high, and in the case of the Philippine Scouts approximately one out of every two members of that unit did not survive the notorious "Bataan Death March";

Whereas, the Philippine defenders served at less than regular pay for U.S. armed services personnel although serving side by side with U.S. soldiers and although, in the case of the Philippine Scouts, they were fully incorporated in USAFFE;

Whereas, survivors of the defense of the Philippines who escaped capture and imprisonment were in many cases organized in guerrilla units to conduct resistance against the enemy occupation and support the return of liberating forces under the command of General MacArthur;

Whereas, the people of the United States of America are deeply grateful for the loyal and courageous service of those Philippine Island natives and Filipino-Americans who

took up arms on behalf of the U.S. war effort in the South Pacific during World War II: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning April 4, 1982, is hereby designated "National Philippine Veteran Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.●

ACID RAIN DAMAGE SCARRING THE EAST

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MOFFETT. Mr. Speaker, the National Wildlife Federation has provided an excellent analysis of the damage afflicting the 27 States east of the Mississippi due to acid rain. I am providing this material to the Members and I am urging them to support my legislation, H.R. 4829, for the control of acid rain:

ACID RAIN VULNERABILITY OF THE 27 STATES EAST OF THE MISSISSIPPI—A SUMMARY

A National Wildlife Federation (NWF) report on the "Acid Rain Vulnerability of the 27 states East of the Mississippi River" determined that 15 of the 27 states are "extremely vulnerable" to the adverse impacts of acid rain, while 10 states are "moderately vulnerable". One state—Florida—demonstrated "low vulnerability" on a statewide basis (although displaying moderate to high sensitivity and scattered areas of sensitive surface waters). One State, Louisiana, could not be evaluated because of insufficient data.

Using data from published acid rain studies, precipitation chemistry monitoring stations and personal communications with scientific experts, NWF qualitatively assessed the overall acid rain vulnerability of the Eastern U.S. This evaluation was limited to the 27 states East of the Mississippi River where the most complete information is available.

The 27 states have been individually ranked in a table according to their vulnerability to fishery, soil, crop foliage and masonry damage. Visibility impairment and automobile paint damage—measures of existing rather than potential impact—were also considered. A ranking of extreme (E), moderate (M) or low (L) vulnerability was assigned to each state based on factors specific to that state. The summary table in the NWF report also provides a relative ranking of the states determined by the sum of their acid rain sensitivities for each category.

Acid rain vulnerabilities were assessed by examining multiple interactive factors. In evaluating the sensitivity of fisheries in each of the 27 states, for example, NWF considered studies which examined surface water alkalinity and bedrock geology (which are indicators of the ability of water to buffer acidic inputs), soil type and soil chemistry (which are indicators of the resiliency of the soil to buffer acidic inputs and the associated leaching of toxic metals) and a mean weighted pH acidity of rain. Although the most publicized acid rain-impacted fisheries are those in the Adirondack region of upstate New York, NWF found that 13 states have extremely vulnerable fisheries while 8 states' fisheries are moderately vulnerable to acid rain effects. Many of the same factors—soil chemistry, soil type, bedrock geology and average weighted pH of rainfall—were used to determine each state's sensitivity to soil acidification. These factors, when considered in combination, reveal that 13 states have soils which are extremely vulnerable to acid rain with 12 states possessing moderately vulnerable soils.

The rankings for crop foliage damage were based on studies which have documented the pH at which foliage damage to specific crops occurs as well as on the occurrence of high acidity rainfalls within each state. Similiarly, damage to masonry materials was estimated by applying a rough pH range of stone sensitivity to mean weighted annual pH data for the 27 states. It was found that 23 states were vulnerable to masonry damage.

NWF based the estimates of automobile paint damage in each state on actual reports of automobile paint damage and on sulfate/acid rain concentrations occurring in each state. It was found that Florida, New Jersey, New York and Pennsylvania had the highest incidence of reported automobile paint damage due to acid rain last year.

NWF's visibility impairment ratings were determined from studies which assessed the yearly average sulfate concentration found in the U.S. during the mid 1970's and on NO_x concentrations found in the early 1970's. Based on these studies, it was estimated that 20 states had high visibility impairment, while 5 states had a moderate degree of impairment.

This analysis demonstrates the pervasiveness and potential severity of the acid rain problem in the Eastern U.S. and strongly refutes the contention that acid rain is a problem of limited geographic scope. Even some western states are currently experiencing the impacts of acid rain.

Based on the conclusions of this report and its review of the most current acid rain studies, it is apparent that immediate legislative action is needed to begin reducing the emissions of acid rain precursors—especially sulfur dioxide from major coal-fired electric generating stations—in the Eastern United States. This problem must be addressed with a sense of urgency before a growing catalogue of "vulnerable" states succumbs to what may be irreversible acid rain damage.

EVALUATION OF EASTERN STATES' VULNERABILITY TO EFFECTS OF ACID RAIN

State	pH range of rainfall	Average pH of rainfall	Fisheries	Soil	Crop foliage	Masonry (marble, limestone)	Overall ranking	Visibility impairment	Automobile paint damage
Alabama	3.7	4.6	M	M	V	M	M	E	S
Connecticut	3.6	4.4	E	E	V	M	E	E	S
Delaware	3.5 to 5.0	4.4	M	M	V	M	M	E	M
Florida	4.2 to 6.1	4.7	S	S	NV	S	S	M	E
Georgia	4.1 to 6.3	4.6	M	M	NV	S	M	M	S
Illinois	3.8 to 6.7	4.3	S	S	V	M	M	E	M
Indiana	3.8	4.3	S	M	V	M	M	E	M
Kentucky	3.7	4.4	M	E	V	M	E	E	M
Louisiana	XX	4.6	XX	M	XX	S	XX	E	S
Maine	3.4 to 6.9	4.4	E	E	V	M	E	S	S
Maryland	3.7	4.3	M	M	V	M	M	E	S
Massachusetts	3.5 to 5.7	4.1	E	E	V	M	E	E	M
Michigan	3.8 to 6.1	4.4	E	E	V	M	E	E	M
Mississippi	4.2 to 5.3	4.6	M	M	NV	S	M	E	S
New Hampshire	3.7 to 6.2	4.3	E	E	V	M	E	S	M
New Jersey	3.5	4.3	E	M	V	M	E	E	E
New York	3.4 to 5.1	4.2	E	E	V	M	E	E	E
North Carolina	3.3 to 6.9	4.4	E	E	V	M	E	M	M
Ohio	3.6 to 5.1	4.2	S	M	V	M	M	E	M
Pennsylvania	3.5 to 5.9	4.2	E	E	V	M	E	E	E
Rhode Island	3.5	4.4	E	E	V	M	E	E	M
South Carolina	3.2 to 4.7	4.6	E	M	V	M	E	M	S
Tennessee	3.5	4.4	M	M	V	M	M	E	S
Vermont	3.5	4.3	E	E	V	M	E	M	M
Virginia	3.1 to 5.1	4.4	M	M	V	M	M	E	M
West Virginia	3.8 to 6.3	4.3	M	E	V	M	E	F	M
Wisconsin	3.8 to 6.1	4.5	E	E	V	M	E	E	M

E—Extremely vulnerable to acid rain effects. M—Moderately vulnerable to acid rain effects. S—Slightly vulnerable to acid rain effects. V—Vulnerable to acid rain effects. NV—Not vulnerable to acid rain effects. XX—Insufficient data.●

SUGAR LOAN PROGRAM NEEDED

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DORGAN of North Dakota. Mr. Speaker, I rise in support of reestablishing a commodity loan program for the sugar producers and consumers of this country. Since the expiration of the Sugar Act in 1974, the United States has been the only major sugar producer without any sugar legislation at all. Over 80 percent of the sugar produced in the world is either consumed in the nation where it is produced or it is exported under long-term marketing contracts. Therefore, when people talk about the market price for sugar they are talking about the price commanded by a mere one-fifth of the total world production—namely that sugar which is uncommitted, is homeless and is dumped on the world market. This means that year-to-year world production fluctuations are amplified fivefold in terms of their effect on the price of this dump market. As a result, that price has a tendency to vary from extremely high to extremely low—sometimes practically overnight.

In the 8 years since 1974 our sugar producers and our consumers have been virtually alone among those major producing countries in being without the benefits of the stabilizing effects of a sugar program to moderate those price swings. In order to insulate their consumers from shortage induced price spirals, other sugar producing countries seek domestic self-sufficiency in sugar. They accomplish this by guaranteeing producers a price that will allow them to make a profit. In 1974 we abandoned this philosophy and, as a result, our producers are forced to accept a price determined largely by the volume of those other countries' surplus production. Right now that price has reached catastrophically low levels—so low that if the situation continues much longer our entire domestic sugar industry may well be in danger of extinction.

USDA estimates that it now costs about 25 cents to produce a pound of sugar—not counting the cost of land. The world dump price of sugar is such that our producers now are receiving only 60 percent of that amount (15 cents per pound) for their sugar. Our farmers simply cannot sustain that kind of loss for very long and still stay in business.

Since we are not self-sufficient in sugar (we produce about half of our needs) the volatility of the "dump market" can be just as perilous for our consumers. In the first year after the termination of our sugar program in 1974 world sugar production fell by only 1.7 percent—but the world market price increased by 212 percent. With no sugar program to allow our producers to survive price valleys by taking sugar off the market in periods of oversupply we clearly run the risk of lowering substanially domestic sugar production and becoming even more dependent on the dump market and more susceptible to this kind of price swing. But we also lose the price moderating effect of having stored sugar under loan and available for release onto the market in periods of short supply.

With the bare minimum cost of production being 25 percent I am not convinced that a price support of 17 cents per pound is going to be adequate to save our domestic sugar industry and guarantee a reasonable price for sugar to our consumers. But right now the situation is indeed desperate and I would urge my colleagues to support the best possible legislation that reestablishes a sugar program in this country.●

LIBERATION THEOLOGY

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DORNAN of California. Mr. Speaker, there is a great deal of ink being spilled in theological circles these days regarding a concept known as liberation of theology. Ideas inevitably have consequences and, in this case, revisionist theological ideas are finding a practical application in the political arena, particularly in such areas as South and Central America as well as Africa. In accord with the spirit of the times, liberation theology in the hands of the new theologians has become a thoroughly politicized and secularized concept drawing its inspiration from, of all places, the Marxist critique of society.

Rev. Donald J. Keefe, S.J., professor of theology at Marquette University, has done all Christians a service by ripping away the pseudoreligious mask of liberation theology and exposing in all its nakedness the atheistic, totalitarian horror of Marxism-Leninism. It is an honor and privilege to submit Father Keefe's remarkable essay for the RECORD, the first half of which appears today.

The essay follows:

LIBERATION AND THE CATHOLIC CHURCH: THE ILLUSION AND THE REALITY

(By Rev. Donald J. Keefe, S.J.)

Since the end of the Second Vatican Council, and particularly since the conference of Latin American bishops at Medellin (CELAM 1968), Roman Catholic theology has become concerned with the social and ecumenical dimension of the Christian revelation and of Christian worship to an unprecedented extent. While there had long been an official recognition and approbation of the movements for social reform which had arisen out of the industrial revolution, and while a certain theological interest in ecumenical questions had been evident in the work of such scholars as Lombardi and Congar, these matters remained esoteric for the bulk of Catholic theologians, particularly those of the English-speaking world. Then, quite suddenly, with the end of the Council, the Catholic theological interest ceased to be governed by the dogmatic emphases of the Counter-Reformation, and became ecumenical; since then, it has become difficult to distinguish the work of Catholic from that of Protestant theologians, whether in scripture, church history or systematic theology. At the same time, the rather individualist-oriented moral theology of the preconciliar epoch, which had been concerned with the quite clearly articulated moral tradition of Roman Catholicism, suffered a comparable loss of focus; it, too, underwent an ecumenical detachment from the specifics of Roman Catholic doctrine, and at the same time, in full flight from the all-but-universal Thomism of the recent past, and to an extent inspired by the evolutionary theology of Teilhard and his followers, began to speak of such matters as "the sin of the world," of "structures of sin," and of "the signs of the times" in accents which had much of the tonality of the secular utopianism of the neo-Marxist movements recently accepted as partners in ecumenical dialogue. The conciliar aggiornamento was seen to require a kind of disestablishment of institutional Roman Catholicism, in the sense that the major obstacles to ecumenism and to this church's involvement in the modern world were, precisely, the concrete particulars of its doctrine and of its moral practice.[1] The widely hailed "spirit of Vatican II," in the popular acceptance of that term, amounted to an enthusiasm for a dehistoricized church, whose freedom for the future was understood to rest upon its discontinuity with its past, and its abandonment of any claim to speak with an authority superior to that of the secular academy and the secular moral consensus.

The sudden disestablishment, insofar as many Catholic theologians were concerned, of the institutional church amounted to the equally sudden establishment of surrogate instititions. What these should be was uncertain; Catholic theologians found themselves repeating an unfamiliar history, that of post-Enlightenment Protestanism, and even yet find themselves preoccupied with puzzlements long outdated, particularly with regard to the meaning of history. Some would still hold to some sort of value-free critical-historical method; others have seen past that illusion, and opt for the Romantic option whereby each historian imposes his own autonomous moral judgment upon the data; still others hope for a method of dialectic where by the force of logic will clarify such issues. Some looked to contemporary philosophies for solutions to the enigma of history, and here the contribution of the Marxist schools was relied upon. The Marxist enthusiasm was found quite early to be strangely resonate to the "spirit of Vatican II"; it provided a doctrinal role for the academy comparable to that of the abandoned

[1] The obstacles usually named are the Marian doctrines, apostolic succession, papal primacy and infallibility, sacramental realism ex opere operato, and the teaching surrounding marriage and sexuality.

magisterium, and a theory of history more than sympathetic to the dehistoricization of the Roman Catholic Church. More, Marxism offered a program, a vision of the future to which the Christian intellectual could respond the more enthusiastically in that it conferred an absolution upon the enthusiast, elevating him to a moral plane from which the inequity of those who lacked his vision might be gratifyingly surveyed, and denounced. Finally, it legitimated hatred; not since Dante have scholars so delighted in the damnation of their adversaries. In sum, the prospect of a Marxist Christianity was enticing to many, for it ennobled one's anti-institutional enthusiasm by identifying it with rebellion against the oppression of the poor; by providing a single political solution to all the speculative quandaries of the old theology, it freed one from the burdens of that arduous search for truth, thereby enabling one to identify the Christian faith with the struggle for political power.[2] This struggle had enticed many a theologian at Vatican Council II, where they first encountered the reality of power, and the intoxication persisted; for them, the politicization of theology had become a personal imperative.

When, at the time of the Council, Roman Catholic theologians were suddenly awakened to the reality of institutionalized oppression in the Western world, there existed no well-integrated critical Catholic theology of society and social institutions. Such energy as had been expended in this realm had been exhausted in studies of the natural law (Mounier, Maritain), in studies of the interrelation of church and state (Murray, Sturzo), in the examination of the morality of war (Murray, Ford) and the interrelation of morality and law (St. John-Stevas) and the like, problems of a peculiarly abstract academic interest, the practical solutions to which had habitually been arrived at without much benefit from moral theology. The few Catholic scholars writing in specifically social areas (John A. Ryan, O'Dea, Furfey) wrote less as critical theologians that as sociologists and political scientists; the impact of their work upon Catholic thought never was sufficient to prompt the articulation of a theology of politics. In the absence of an identifiably Catholic political theology, the postconciliar theologians found themselves unable to resist the claims of the new theology of secularity. This had a base in the work of the martyred Lutheran theologian, Dietrich Bonhoeffer, whose critique of immature Christian piety had been underwritten by his own heroic death. The Second Vatican Council, having demanded of Catholics a new openness to the world, and having affirmed the legitimacy of a kind of secular autonomy, seemed also to suggest the ultimately Christian character of many secular goals and programs. The prospect of a Christian maturity freed of ecclesial oversight suggested also the illegitimacy of much of what had passed for Catholic practice heretofore: this practice was tinged, suddenly, with the character of a childish obedience. The identification of "religion" and paternalism, already proposed by Bonhoeffer, found a ready acceptance in Catholic circles whose intellectual energies had in fact long been suppressed in the name of Catholic orthodoxy.[3]

This was also the decade of the radical theologians: Harvey Cox's secular enthusiam[4] seemed to many Catholics no more than a prolongation of that optimism which the Council, following Pope John XXIII, had popularized as aggiornamento. Driven by this optimism, the radical theologians developed a theology of secular hope profoundly influenced by neo-Marxist thinkers such as Bloch and Garaudy. This new theology rested upon a Marxist social critique whose political implications soon became explicit. This development, which passed from a theology of secularity to a theology of hope to a political theology of liberation, took place under auspices owing little or nothing to the Catholic doctrinal and moral tradition. If some of the leading voices in the new theology were Catholic, such as Metz and Dewart, they were so in the new mode: their inspiration was secular and ecumenical, and their attitude toward the Catholic tradition was negative. It had become the hallmark of the contemporary Catholic theologian that he avoid at all cost the despised role of "court theologian," and any manifest concern for official church teaching was suspect of a servile betrayal of aggiornamento. In such circumstances, liberation began to be understood in a context in which Catholic orthodoxy was charged with an ecumenical obligation which amounted to accepting the Marxist social critique—and all the implications of that critique, fundamental to which is a rejection of the free market and of the private ownership and control of capital investment. Equally fundamental is the criticism of religion. In this dialogue, it now became the obligation of the Catholic partner that he acquit himself and his church of the charge of providing an ideological defense of those "structures of injustice" which are the object of the Marxist social critique. Thus, at the outset, it is Christianity which is suspect, and it is suspect precisely because of a concrete historical institutional presence which impedes and is an obstacle to the liberation of the oppressed from the original sin of private property. Thus, for the Catholic Marxist, any aspect of Catholic life which can be interpreted as an obedience must be expunged. The entirety of the doctrinal and moral tradition is to be reviewed in the light thus cast upon it by the new ecumenism and, to the extent that it cannot be integrated into the Marxist future hope, it must be discarded. This ordinarily amounts to its restatement in some theological format which deprives the Catholic tradition of its own historical concreteness, for it is the church's historicity that is the problem, precisely because it competes with that philosophy of history which is integral with Marxism.

Had the liberation theologians' criticism of the church focused upon factual abuses—for example, upon the centuries-long complicity of the Catholic hierarchy with European colonial governing classes and their successors, or upon the longer and shameful record of clerical indifference to the suffering of the poor—no objection could be made to such passionate and angry protest. The easy complaisance with which the conventional middle-class Christian has accepted and accepts the conventional indignities done to the poor and to the helpless is a loathsome thing, excoriated in the Old Testament and personally condemmed by Christ in the New Testament; the implication that Christianity lends support to this oppression can only nauseate, and the more so the more one is aware of the massed misery which avowedly Christian and Catholic countries can countenance, have countenanced, and still countenance. In saying so, I do not speak de haut en bas; it is my own country's slaughter of the poorest of its poor, the weakest of its weak, a slaughter institutionalized by our abortion laws, that I have here primarily in mind.

Unfortunately the liberation theologians were not intent upon the bishops' return to the manifest duties and responsibilities of their office; this was the last thing desired, for that office with its teaching, governing and sacramental functions had been sacrificed to ecumenism, and could hardly now be called to account. Instead, the remedy proposed amounted to the rediscovery of an ancient doctrinal aberration, one which over and over again has proven itself to be no more than the reinvocation of an antihistorical despair, a despair of the goodness of the world God made good and a flight from the terrors of a history whose only hope is that it will end.

This new consciousness, identified by the Christian Marxist as that of the oppressed, experiences history as class conflict, and yearns for the end of that struggle, and so longs for the end of history as such. The experience of class struggle is the experience of the proletariat, at least ideally, and, insofar as the liberation theology of the Marxist is concerned, it constitutes the normative truth or better the normative criterion of all reality. This criterion is not an abstract truth, but an activity, the praxis which liberation jargon refers to as hermeneutically privileged, and proposes as the single touchstone by which any expression of Christianity is to be judged. Quite clearly, this judgment amounts to a reduction of Christianity to the contours of that Marxist philosophy which does not seek to understand the world, but to change it: only that Christianity is valid which is participation in the class struggle. Liberation theology lives upon the identification of valid historical existence with praxis, and upon the further identification of praxis with involvement in class struggle, i.e. against the alienation of the oppressed. To share in the struggle of the proletariat against the oppressor class is to be involved in that praxis which is for the

[2] There is no room here to detail the involuted history of the Social Gospel over the more than 60 years of its influence in American Protestantism. Its effect is apparent in the various documents issued over the past 20 years by the American Friends Service Committee, and in the comparable literature produced by the Department on Church and Society of the Divison of Studies of the World Council of Churches. John C. Bennett has been the W.C.C. spokesman on the subject for many years; more recently he is echoed by such as Robert MacAfee Brown and the former president of Yale and ambassador to Great Britain, Kingman Brewster. On the Catholic side, the politicization of Catholic Relief Services, whose officers despise the "Band-Aid" approach to social ills which the older generation of Catholic missionaries exemplified, is well established; the newer version, centered at Maryknoll, is committed to the liberation theology whose chief American outlet is the Maryknoll Missionary-sponsored Orbis Books. The Catholic counterparts to Brown and Brewster would be the Berrigans, Ivan Illich and most of the higher education establishment. This notable list lacks Dorothy Day, the one Catholic social reformer who was too radical to be a revolutionary, and so became a deeply committed and profoundly Catholic Christian.

[3] It is perhaps curious that those suppressed, of whom the most long-suffering example must be Maurice Blondel, and after him such luminaries as Henri de Lubac, Yves Congar and M.D. Chenu, with John Courtney Murray, Gustav Weigel and Karl Rahner bearing them company, did not and have not joined the anit-institutional chorus.

[4] The Secular City, doubtless the most widely read work in what would henceforth pass for theology, reads rather like a novel of H. G. Wells today, but it set the intellectual climate for the decade in which such hopes soured on the vine.

Marxist the reality of historical truth; it is to live toward that goal of liberation from oppression and so from class warfare which is the goal and the end of historical existence. This goal includes the end of all alienation of humanity from its proper reality; it marks the disappearance of all inequity, of all injustice, of all differentiation in human existence. Until that goal is reached, the Christian Marxist must recognize that both God and man are submitted to the alienation and anguish in which the substance of history consists. Short of that goal, it is maintained, no Christian may regard any church institution, any office or doctrine or moral law as possessing any validity of its own. Such a claim would immediately resist the class struggle, and would amount to oppression, to an ideological resistance to history. To live in history, for the Christian Marxist, is to live toward the ultimate union of God and man; short of that eschaton, the parousia, no historical reality is able to mediate God to man—for history is precisely that which separates God from man. This realization, of course, amounts to the abdication of the sacramental principle: history, for the Marxist, is the realm of total insignificance. Consequently, the sacramental worship of the church is radically incompatible with any kind of Christianity which wishes to be Marxist. For such, there is not actual sacramental presence of salvation in history: history is intrinsically vitiated, opaque to the truth and to the justice of God. The only Christian virtue, supplanting faith, hope and charity, is that praxis which seeks the destruction of all historical structures which claim any intrinsic validity. The Gospels have no other meaning than this, and their truth is available on no other basis. Only this praxis is truly Christian, because only it is truly liberating. Thus the Christian Marxist.●

PSYCHO/SOCIAL IMPACT OF TOXIC WASTE DUMPS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LaFALCE. Mr. Speaker, I recently had the opportunity to read "Psycho/Social Impact of Toxic Chemical Waste Dumps," a paper delivered by Dr. Adeline Levine at the Conference on Research Needs for Evaluation of Health Effects of Toxic Chemical Waste Dumps. Dr. Levine, a State University of New York at Buffalo sociologist, raised before the NIEHS conference one of the most important dimensions of our response to toxic waste emergencies: The maintenance of effective communication and mutual trust between expert and layman.

In 1978, Dr. Levine began a 3-year long sociological study of the Love Canal emergency on which her paper is based. My own experiences in dealing with the Love Canal situation confirms most of the conclusions Dr. Levine reaches in her paper. During the height of the public outcry at the Love Canal, experts, speaking the language of scientists, and Love Canal residents, speaking the language of concerned and, in most cases, scared laymen, were seldom able to effectively communicate their mutual concerns. I found myself playing the role of mediator far too often, as the problem of communicating relevant information from the experts to Love Canal residents took precedence over the process of reaching solutions and shattered whatever vestiges of trust existed between the two.

In her concluding remarks, Dr. Levine notes that:

To maintain trust requires that physical scientists learn how to take into account variables, social and political, that go beyond those issues that are normally considered in approaching problems from one's own necessarily narrow disciplinary perspective.

Mr. Speaker, I commend Dr. Levine's paper to all of our colleagues, and submit it for insertion in the RECORD at this point. I know that we can all benefit from her perspective born of the Love Canal tragedy.

The paper follows:

THE PSYCHOL/SOCIAL IMPACT OF TOXIC WASTE DUMPS

(Adeline Levine, Ph. D.)

My topic is the psycho/social impact of toxic chemical waste dumps. My training is in sociology, and my chief experience with toxic waste dumps consists of three years of intensive observation at the Love Canal in Niagara Falls, New York.

I am not going to talk to you today about specific techniques for deriving quantitative assessments of the degree of fear and anguish suffered by populations of normal people who suddenly find themselves in situations of collective stress.

Rather I am going to use my Love Canal experiences to address a far more serious and pervasive psycho/social problem which arose at Love Canal, that of creating and maintaining trust between two groups. Group one were the residents of an area contaminated by toxic waste materials; group two were the government sponsored scientific researchers and other health professionals who worked and studied there (and to whom I will refer as the "scientific professionals.") The problem is important for without trust and confidence, no research involving people's cooperation can be performed in a scientifically acceptable manner, if at all.

At Love Canal, because the challenge of maintaining and increasing initial feelings of trust was not recognized by the scientific professionals, the residents' feelings of uncertainty about their health and welfare were increased. As their feelings of uncertainty increased as well about the competence, wisdom and motivations of government sponsored scientific professionals, their initial feelings of respect and confidence in the scientific professionals changed. A large number became increasingly suspicious, lost respect for the scientist, reacted angrily, and finally refused to cooperate at all with government sponsored research. The scientists themselves suffered from feeling misunderstood, unappreciated, often insulted. Some viewed the people as the "enemy," and finally they were not able to proceed with "research as usual".

Because the social factors leading to the breakdown of trust are likely to be present in any region where a toxic waste dump has contaminated a residential area and where government sponsored researchers study environment and health effects, I think it is important to understand what happened at Love Canal.

The problem begins sociologically speaking with the assumptions, expectations and viewpoints about the roles and the behavior of scientists which existed prior to the actual playing out of the relationships between the two groups.

Scientific professionals are trained to think analytically. They try to select narrow problems, communicate chiefly with each other, and in precise, technical terms. They control the quality of their work in part through cautious interpretations of data. Furthermore they do research for its own sake, to pursue knowledge. Ideally, they are not involved or influenced by anything outside the technical problem. That is, they are not influenced by financial or political considerations, or by emotions. Although we all know that is not entirely true, that disinterested attitude is the ideal for which we strive.

The residents on the other hand, thought of their problems as total. For them it was not just a body part that was involved, but their whole bodies, the bodies of their families, their homes, their lives—all were involved. The residents of Love Canal were told they might be living in a dangerous situation and they wanted information to let them know what to do. They were uncertain about how to proceed; many felt they had lost control over important aspects of their lives. They expected scientific professionals to give them useful, comprehensible information. They felt the purpose of research is to help make decisions, to help people in trouble. Furthermore, they knew that the decisions that would be made about their fate—whether or not to clean up the dump and how, whose homes would be purchased, who would pay costs, what the outcome of law suits would be, were all dependent, at least in part, upon the conclusions and the statements of scientific professionals. They viewed the researchers as politically involved, as financially involved, and as influential in the decisions, whether or not the scientific professionals viewed themselves in that way.

Finally, while the scientific professionals see themselves as different from each other, with different backgrounds, training, specialties and locations in various government bureaucracies, the residents viewed them as part of whatever agency they were employed by: the New York Department of Health, the CDC, the EPA or other governmental agency.

The playing out of relationships between groups is done through communications both by word and deed. By examining some events viewed by residents as key, I hope to show you how the Love Canal populace was moved from a point of trust and respect for scientific professionals, in the spring of 1978, to one of mistrust for them, to the point that they finally refused to cooperate in further studies in the summer of 1980, and now no longer believe what government sponsored scientific professionals say.

In the spring of 1978, the residents were given information about the quality of the air in their basements in the following manner. At a public meeting, they were handed mimeographed lists with the names of ten polysyllabic chemicals on them. Next the chemical compound names were numbers representing values for air readings

done in their basements. The people's addresses were written in at the top of the sheets. After the first shocked silence, the questions began. When residents asked whether they could continue to use their basements (many of which were playrooms, or bedrooms), when they asked whether the numbers meant there was "a lot of contamination," whether the rest of the house was contaminated, the answer was a repetitious "We don't know".

The scientests were trying to communicate what they had learned, leaving open the question of interpretation. They could not communicate their own broad context of understanding. The people interpreted their action as incomprehensive and responded with fear and anger.

In August, 1978 the New York Health Commissioner made a crucial announcement. He issued an official Order, declaring the area a hazard to the health of residents living near the Canal, ordering health and environmental studies to assess the damage, and advising that pregnant women and children under age two move temporarily but as quickly as possible from the homes bordering the old canal.

The Commissioner and his staff thought they were doing their job, for they had preliminary studies showing excess rates of miscarriage among women at Love Canal, had had their findings reviewed by experts, and issued a warning they assumed would involve about 20 families. When I asked a DOH scientist later what they had planned to do once the Health Order was announced, he replied that as scientists they dealt soley with health matters, not with social or political ones.

In the city of Niagara Falls however, 300 miles from the capital in Albany where the Commissioner made his announcement, the residents of Love Canal heard the news via the mass media of all sorts. There was no one in the city to give them correct, official information, or advice. Hundreds of Love Canal residents streamed out of their homes and gathered on the streets. A few started to burn mortgages, they all shared their fears and organized a strong citizens group which they then relied upon as their intermediary with the world, including scientific professionals.

It was in this atmosphere of rush and disorganization that the health studies of the Love Canal people expanded. As the autumn and winter wore on, as the Department of Health staff made numerous phone calls to request information missing from elaborate self-administered questionnaires, as the results of tests were not forthcoming, as the rumors flew that collecting 4000 blood samples within a few weeks had resulted in overlooked laboratory facilities, as rumors about the presence of dioxin in the area were at first denied and then confirmed by the Department of Health, people's suspicions grew.

While the scientific professionals had tried to respond to what they suddenly saw as an emergency, they acted in such a way that their own professional competence was questioned by the people. Then, as more and more information about possible hazards was revealed, people grew suspicious that the extent of the problem was being concealed to fit the solutions already put in place by the governor of New York, through the purchase of homes for example, before the extent of the problem was known.

In February 1979, the Health Commissioner met with the Love Canal residents and in discussing the problem of excess rates of miscarriages, low birth weights and birth defects, he and others repeatedly used the term "fetal wastage". Scientists use technical terms for precision and to remove emotion from the concepts. The people to whom he spoke however, thought of "fetal wastage" as referring to "the baby I lost," "poor little Nancy with the club foot," "my little son that was born dead" and the like. They reacted in short, in terms of the personal meanings these events had for them. They were more convinced that the scientific professional could not understand them.

With a tremendous fanfare of publicity, the EPA announced in the spring of 1980 that a study of Love Canal residents showed that there was a high rate of chromosome breakage among the 36 subjects of the research. The people were notified of the results by teams of EPA scientific professionals who arrived in Niagara Falls shortly after the news appeared in the newspapers. Teams of three professionals met with each resident who took part in the study and they also gave them letters describing the blood study findings.

When I arrived at the Love Canal that day, two events impressed me immediately. I was greeted by the mother of a sick child who had just been told the study results. She held a letter in her hand describing the chromosome breakage in her blood sample. She showed it to me and told me that she had had it all explained but still did not really understand anything except that she and Love Canal were somehow responsible for her sick child. Another woman's shout reached me as I walked in the building. "I don't care if you only have a half hour to spend with me! I don't care if you have more people to see. I don't understand and I want you to explain this to me until I do." It didn't help when people learned their time was attenuated because a press conference had been scheduled later that day.

Two weeks later, the same people learned that there was controversy about the meaning of the chromosome study, when a reporter called from a New York newspaper and told them about it. One of the women who got the news in this way became mildly hysterical. Another, the mother of a profoundly retarded child, said that she had planned to have her tubes tied on the basis of the first report. Now, she wanted to know, what was she supposed to do? Who was she supposed to believe?

In this instance, the control of scientific information had gotten completely out of the hands of the scientific professionals and had become part of the political bargaining between the federal and the state levels of government leaders. People tend to be cynical about politicians, for they see them as expedient. They do not expect scientists to be expedient, or to be involved with expedient measures.

As a consequence, the blood chromosome breakage story and its refutation were seen as the final straw piled on a huge heap. The organized Love Canal residents announced in midsummer 1980 that they would simply "boycott" all further studies undertaken under governmental sponsorship. In this way, they regained some control over this aspect of the situation.

In the midst of the publicity which followed the blood chromosome breakage study, in the midst of criticism of the way in which the scientific professionals from the state and the federal government had handled the Love Canal health related research, Governor Carey appointed a high level committee in June, 1980, to review and evaluate all research done at Love Canal. Dr. Lewis Thomas, Chancellor of Memorial Sloan-Kettering headed this panel.[1] The report issued in October 1980 said it was clear that there was no indication of a variety of specifically named acute illnesses, and that the studies of chronic illnesses allowed no firm conclusions to be drawn.

As far as I have been able to determine, there were no studies available to substantiate their statements about acute illnesses. They interpreted the studies of what they defined as chronic illnesses in such a way as to ignore, overlook, downplay, or omit findings suggestive of health problems for Love Canal residents. When I attempted to learn about the studies which were the basis for their conclusions, the Thomas committee members and chairman refused to answer questions, surely not a usual scientific collegial response. I later learned that the governor's own political aides had helped to shape the final report.[2] Their contributions were unacknowledged in the report.

In this instance, prestigious scientific professionals lent their names and the names of their eminent institutions to what was viewed among the Love Canal residents as a politically inspired cover up.

The feelings and attitudes of the residents about the Thomas committee report can best be summed up by a resident who said: "It's the miracle of Love Canal!" She went on to suggest that the world's toxic wastes should be sent there for it was the only place in the world where hundreds of people could live for years near tons of chemicals and show no effects whatsoever.

As these few examples suggest, the psychosocial impact on the relationship of trust between scientist and citizen is important to understand. The issues go beyond empirical investigation, and reflect basic choices for scientists. Participation in the investigation of high threatening and controversial problems, in highly politicized contexts required political sensitivity and awareness, and social sensitivity and awareness. There is a basic of trust and goodwill, but that basis is readily ruptured. To maintain trust requires that physical scientists learn how to take into account variables, social and political, that go beyond those issues that are normally considered in approaching problems from one's own necessarily narrow disciplinary perspective.●

[1] Thomas, Lewis, M.D., Saul J. Farber, M.D., Richard A. Doherty, M.D., Attallah Kappas, M.D., Arthur A. Upton, M.D. "Report of the Governor's Panel to Review Scientific Studies and the Development of Public Policy on Problems Resulting from Hazardous Wastes." October, 1980. (Available from the New York Department of Health, or from Governor Hugh Carey).

[2] The Thomas report is discussed in great detail in Levine, Adeline. "Love Canal: Science, Politics and People" Lexington Books, Lexington, Massachusetts. (Forthcoming, 1982).

MORE REACTION TO SURGE IN COAL MINER DEATHS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. GAYDOS. Mr. Speaker, still another responsible editorial voice has joined in questioning whether the December surge in coal miner deaths is

connected to what appear to be ill advised cuts in the budget of the Mine Safety and Health Administration (MSHA).

This voice—the Pittsburgh Post-Gazette—flatly calls the cuts false economies and concludes that more mine inspectors are needed, not fewer.

In connection with the deaths, it is worth noting that in 1980 MSHA achieved a 10-year low in on-the-job miner fatalities.

A representative of the Subcommittee on Health and Safety has conducted preliminary visits to disaster sites, and the committee will look more deeply into the situation after the second session begins.

Meanwhile, Mr. Speaker, I offer the House the following observations from the December 16 Pittsburgh Post-Gazette:

MINING: TREND TOWARD TRAGEDY

Three coal mining accidents in quick-succession last week marked another setback in the national campaign to make the nation's most dangerous workplace safer.

The 24 miners who died in cave-ins and explosions apparently lost their lives to tragic carelessness. A slate slab fell from the roof of a West Virginia mine. Better inspection inside the mine could probably have detected the unsupported structure.

In a Tennessee accident, a pocket of methane gas, one of the most common causes of mine explosions, was ignited. Better ventilation might have prevented this too familiar cause of mining disasters.

A Kentucky disaster reportedly occurred when several dynamite charges exploded without warning. Careful handling of a dangerous substance may prove to have been absent in that circumstance.

At least one of the accidents occurred at a site of repeated mine safety violations, and each could conceivably have been prevented by the exercise of greater prudence and care in mining operations. Like other recent incidents that proved fatal, the accidents took place at smaller mining operations.

It is also distressing that, while the large toll of multiple accidents tends to focus brief public attention on the lack of mine safety, "smaller" accidents at unsafe mining operations still claim lives with little or no attention on a somewhat predictable basis.

As the end of this year approaches, mining accidents in the United States have claimed a total of 143 lives, so far this year 10 more lives have been lost than last. The mounting annual total once again pushes the curve of safety performance within the industry in the wrong direction. The toll of lives this year exceeding that of last year also raises a warning that should not go unheeded by the federal government.

Congressional demands for stricter precautions and more safety inspections in the mines of America beginning in 1970 led to a decline in the number of mining accidents. In recent years, however, an increasing demand for coal and the consequent activation of many smaller mines has coincided with an increase in mining accidents and with misdirected cries that federal safety regulations have imposed "unproductive" restraints on mining operations.

That philosophical current gained an even more dangerous foot hold in federal government policy this year as the Reagan administration made substantial reductions in the numbers of federal mine inspectors. Clearly, the meaning of such false economies ought to be assessed against the rising toll of lives in the mine fields. The tragic accidents last week ought to convince federal officials that budget planning for the Mine Safety and Health Administration faces the wrong direction. Many more mine inspectors are clearly needed.●

HOSPICE CARE UNDER MEDICARE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. RANGEL. Mr. Speaker, last week I cosponsored a bill, H.R. 5180, which would make hospice care reimbursable under the medicare program.

Hospices provide an alternative to the traditional methods of caring for the terminally ill—an alternative which recognizes the tremendous emotional and financial burden that terminal illness places on patients and their families.

The hospice movement is a fairly recent development in the United States, having grown tremendously over the last decade. As the experience with hospices is short, it is important in considering legislation such as H.R. 5180 to consider the experience of hospices throughout the United States. In addition, it is important to examine the many experiments and demonstration projects that are being undertaken by both government and private entities to gain from their experience. Thus, in cosponsoring this bill, I look toward its encouraging open discussions on the various issues and implications of covering hospice care under medicare rather than as a complete legislative solution to this complex issue.●

KING WALTER ROGERS, JR.

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. JONES of Tennessee. Mr. Speaker, I rise today to pay tribute to Mr. King Rogers, Jr., of Dyersburg, Tenn. Mr. Rogers passed away recently and his death is a great loss to his community and all who knew him.

Mr. Rogers was always known as a man who was vitally interested in those around him and was very instrumental in the development of Dyersburg. He was a local businessman who unselfishly shared his time and talents for the good of others.

Rather than try to list all of his activities, I would like to insert into the RECORD the article that appeared at the time of his death in the Memphis Commercial Appeal. I want to take this opportunity to express my deepest sympathy to his wife, two sons, and grandchildren. His loss will be greatly felt by all of us who knew and appreciated him so much.

KING ROGERS, CIVIC LEADER OF DYERSBURG, DIES AT 69

King Walter Rogers Jr., 69, of Dyersburg, Tenn., well-known civic leader, businessman and humanitarian, died yesterday at Methodist Hospital in Memphis.

He was president of K. W. Rogers Grocery Stores, which includes nine stores, and of K. W. Rogers Farms and Realties, which includes land and farming interests throughout Dyer County.

He served as board member and president of the Ardmore Telephone Co. and was on the boards of the Crockett County Telephone Co. and the United Telephone Co. He was president and board member of Holiday Inn of Dyersburg and also was a board member of Edenton-Lamb, wholesale grocers.

He was twice named president of the Tennessee Retail Merchants Association.

He was a member of First United Methodist Church of Dyersburg and served on the church's building committee. He was a member of the church's board of stewards and of district finance committees to raise funds for church-supported colleges.

He was appointed in 1971 to the Board of Managers for Methodist Hospital in Memphis and later was named to the hospital's board of trustees, serving as president from 1975 to 1978.

He received the Living Award from the Methodist Hospital Foundation this year for his contributions to the hospital.

Mr. Rogers was a past director of the Dyer County Fair Association and past president of the Dyersburg Chamber of Commerce and the Rotary Club. He was a member of the Dyersburg Power Board and served on the boards of First Citizens National Bank and First Federal Savings and Loan Association.

He was chairman of the American Red Cross chapter and was a member of the Southeastern Area Advisory Council. He was president of the Tri-States Association of Cripples in the early 1960s and was a participant in the White House Conference on Aging under President Eisenhower.

He was active in the Boy Scouts and received the Silver Beaver Award, scouting's highest honor for adults.

He received the Jaycee's Outstanding Young Man of the Year award and its Humanitarian Award.

Mr. Rogers graduated from Dyersburg High School and the University of Tennessee. He also attended Harvard Business School. He served as a member of the University of Tennessee Developmental Council and was its president in 1969. He was a founding member of the university's President's Club and also was a member of the Development Committee at the UT-Martin.

Services will be tomorrow at 2 p.m. at the First United Methodist Church in Dyersburg. Burial will be in Fairview Cemetery. Curry's Funeral Home has charge.

He leaves his wife, Mildred Moss Rogers; two sons, King Walter Rogers III of Memphis and Robert Moss Rogers of Dyersburg, and two grandchildren.

The family asks that any memorials be made to First United Methodist Church, the West Tennessee Area Council of the Boy Scouts and the American Cancer Society.●

THE FEDERAL BUDGET QUESTIONS AND ANSWERS

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PEASE. Mr. Speaker, in my most recent newspaper column, I prepared an educational quiz for readers who might be befuddled by the Federal budget process. It follows:

WASHINGTON REPORT

(By Don J. Pease)

The federal budget process is taking more time and getting more confusing every year. Here is an educational quiz which may help you understand the process a little better. The first part is dry, but don't miss question No. 6.

Question No. 1. What is a budget resolution?

Answer. By law, Congress is required twice a year, in May and September, to adopt budget resolutions estimating federal revenues for the upcoming fiscal year and specifying how the money is to be spent and what the resulting surplus or (more commonly) deficit will be. The first budget resolution is a target; the second is binding.

Question No. 2. Why didn't Congress pass its September budget resolution in September?

Answer. Essentially because of President Reagan's last-minute (September 24) request for an additional $13 billion in spending cuts for this fiscal year. The White House negotiated for over two months with leaders of the GOP-controlled Senate and Democrat-controlled House of Representatives. The President finally said he would settle for $4 billion in additional cuts, and the resolution was passed last week.

Question No. 3. What's a reconciliation bill?

Answer. It's a device whereby Congress can order its own committees to change the law in ways to make specific cuts in federal spending. Used this year for the first time, reconciliation is the procedure employed by President Reagan and his congressional allies to cut $35 billion in federal spending for fiscal year 1982.

Question No. 4. What's the difference between an authorization bill and an appropriation bill?

Answer. Both are part of the two-step process by which federal funds are spent. No money can be expended unless the expenditure is first authorized by Congress. That is accomplished by an authorization bill setting a dollar limit and, equally important, the conditions governing the way in which the money can be spent. Once the authorization bill is passed, a separate bill must be enacted to actually appropriate the money. Authorization bills often authorize programs for two, three or four years at a time. Appropriations bills cover just one year.

Question No. 5. What is a continuing resolution?

Answer. If Congress is unable to complete action on all 14 major appropriations bills by the October 1 start of each new fiscal year, Congress passes a resolution "continuing" the federal government in operation for 30, 60 or 90 days until the appropriations bills are passed and sent to the President. It was a continuing resolution that President Reagan vetoed in his November confrontation with Congress that theoretically shut down the federal government for one day.

Question No. 6. Why does Congress persist, year after year, in appropriating more money that the President asks for?

Answer. Ah, that was a trick question. In the past 37 years, only once has Congress appropriated more money than a President asked for in his annual budget request to Congress. That one year in 37 was 1976, when President Gerald Ford requested $282 billion and Congress exceeded his request by two-tenths of one percent.●

A TRIBUTE TO MR. JERRY WURF

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ROSENTHAL. Mr. Speaker, I wish to express my deep sadness upon learning of the death last Thursday of Mr. Jerry Wurf, president of the American Federation of State and County Municipal Employees. American labor has lost a great leader and the Nation has lost a great reformer and a passionate advocate for progressive causes.

Mr. Wurf was the quintessential labor leader and organizer. Although known as being tough, gritty and hard-driving, he was respected by all who knew him as a man of profound intellect, thoughtfulness and integrity. His effectiveness as the leader of AFSCME stands as the best testimony to this combination of irreverance and principle. During his presidency, AFSCME grew from being a small, struggling, almost bankrupt union to become the largest union of public employees.

Mr. Wurf tirelessly worked to fortify the integrity of the labor movement in America. His memory must continue to be a source of strength for us all.●

SALUTE TO THE BERWICK BULLDOGS

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. NELLIGAN. Mr. Speaker, I have previously noted the proud high school football tradition which we uphold in northeastern Pennsylvania. I have noted that this tradition breeds fierce competition among area teams, and generates large amounts of deserved community pride.

This year's Eastern Conference Class A championship game between Wilkes-Barre's Coughlin High Crusaders and the Berwick High Bulldogs was certainly no exception. Although the Bulldogs emerged victorious by a 40 to 0 margin, both teams brought credit to their communities in the title game, which was played on December 5 at Berwick.

There is no longer any doubt that Coach George Curry's Bulldogs are the best high school football team in northeastern Pennsylvania. The only issue remaining is whether they are the best team in the State. Unfortunately, that issue will never be decided on the field, since there is no State championship game in Pennsylvania.

For my part, I have no doubt that the Bulldogs are the best team in Pennsylvania. On offense, they possess near perfect balance between running and passing games. Triple-threat Keith Seely contributed 16 points to the effort against the Crusaders, scoring once on a pass interception, once on a punt return, and kicking four points after touchdown.

On defense, the Bulldogs were just as dominant, holding the vaunted Crusader offense to just 93 total yards. Neither the Crusader rushing nor passing attacks could get untracked against the Bulldogs' defense.

I only wish that a State championship game were scheduled this year in Pennsylvania. If there were such a game, the fans of high school football teams in the Pittsburgh and Philadelphia areas would have good reason to worry. Their teams would be hard-pressed to prove that the Bulldogs are not the best team in the State—and perhaps in the Nation.

I salute Coach Curry and his players, and commend them for their victory. They have brought credit to the Berwick community, and to the 11th Congressional District, which I am proud to represent.●

SOUTHTOWN ECONOMIST COMMENTS ON UNITED STATES-SOVIET NUCLEAR WEAPONS POLICY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DERWINSKI. Mr. Speaker, the Southtown Economist serving suburban Chicago, is one of the largest and most influential community newspapers in the country. In their editorial of December 7, the Economist comments on United States-Soviet nuclear weapons policy, and the administration's possible moves at the negotiations table. I insert this very fine and timely editorial for the Members' attention:

[From the Southtown Economist, Dec. 7, 1981]

MOSCOW HAS CHIPS, UNITED STATES MUST HANG TOUGH AT GENEVA

The Reagan administration has opened its first arms negotiations with the Soviet Union in Geneva. The subject at hand is

theater nuclear weapons in Europe, but the ramifications of these talks are likely to be global in scope.

For starters, it is axiomatic that the Soviet leadership will use the Geneva bargaining to test the mettle of the new American administration.

President Reagan began his tenure in office by proposing a substantial buildup in U.S. military strength and by publicly denouncing the Soviets as amoral revolutionaries who would stoop to any deceit in their quest for world power.

But the same president subsequently lifted the grain embargo imposed by his predecessor following the Soviet invasion of Afghanistan. Then too, Mr. Reagan has pointedly refrained from any recent affirmation of his announced view last winter that any arms negotiations with the Soviets would be conditional upon less aggressive Soviet conduct around the world.

The men from Moscow will want to know which is the real Ronald Reagan. And they are bound to see the Geneva negotiations as an ideal forum in which to prove the limits of the administration's resolve.

The Soviets know that the United States entered the negotiations at something of a disadvantage. Soviet-Warsaw Pact forces already hold a 3 to 1 edge over NATO in theater nuclear weapons. Thus, the Russians can afford to adopt both a leisurely negotiating pace and hard-line positions that may force Washington to choose between a bad agreement or none at all.

Moreover, the rising tide of pacifism and neutralism sweeping Western Europe—to the absolute delight of the Kremlin—places far more pressure for concessions on Washington than on Moscow. Time, it would appear, is on the Soviet's side.

And then there is the matter of the "bargaining chips" available to each side. Moscow's weapons, including the mobile, multiple-warhead SS-20 missiles, are already in place threatening Western Europe. Washington's response—52 Pershing II and cruise missiles—haven't advanced beyond the testing stage and couldn't be deployed in full before 1984.

So, most of the pressure for concessions will be on the side that has the fewest chips to concede.

If this sounds like a case for postponing the negotiations, it isn't. The Reagan administration took office with little choice but to honor the commitment its predecessor made to NATO; namely, that the American-inspired plan to strengthen the Western alliance's nuclear deterrent would be matched by a vigorous effort to negotiate a mutual reduction of European-based nuclear weaponry with the Soviet Union.

Any political doubts about the wisdom of proceeding with those negotiations this year were resolved by the manifest pressures from Western Europe.

But even in these comparatively unfavorable circumstances, the Reagan administration is far from helpless. Mr. Reagan's abundantly justified distrust of Soviet motives and intentions is real enough, as Moscow will no doubt discover. So too is the Reagan team's belief that any agreement that would jeopardize rather than enhance Western security is worse than no agreement at all.

Above all, Reagan administration and its chief Geneva negotiator, former Navy Secretary and SALT team member Paul Nitze, recognize that the Soviets have always seen arms talks as an integral component of their drive to achieve military superiority over the West.

That recognition alone will go a long way towards guaranteeing that NATO's legitimate security interests will be fully protected during the bargaining in Geneva.

Once this message is received in Moscow, Soviet leaders will have one more reason to conclude that the Reagan administration will hang tough where it counts. On just such perceptions hang prospects for a less dangerous world.●

WHY I VOTED IN FAVOR OF HOUSE JOINT RESOLUTION 341

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SMITH of Oregon. Mr. Speaker, I would like to explain to my constituents why I voted in favor of House Joint Resolution 341, a resolution to waive certain provisions of the Alaska Natural Gas Transportation Act. My reasons for supporting the resolution are simple. The waiver of law is essential if private financing to complete the Alaska natural gas pipeline is to be obtained; and access to the gas reserves in Alaska's Prudhoe Bay, which are estimated to equal approximately 13 percent of this Nation's total domestic reserves, is important if we are to set this country on the path to energy independence.

When I weighed the potential benefits to consumers of having access to Alaskan natural gas against the risks, my decision became clear, but I have reservations. In particular, I am concerned about the prebilling provision that would allow consumers to be billed for the pipeline prior to receiving any gas. I have reviewed the issue carefully, however, and I believe there are important safeguards written into the waiver package that would prevent consumers from being stuck with higher gas bills, without any gas.

Consumers could not be billed for the pipeline unless two conditions are met. First, the project completion date set by the Federal Energy Regulatory Commission must have expired. Second, the pipeline was divided into three segments and at least one of the segments must be completed before consumers could be charged. For the Alaskan and gas-conditioning plant segments, consumers could only be billed for debt service and maintenance costs. Motivation for profit would provide a strong incentive to the pipeline owners to make sure the project is completed in a timely fashion. In addition, construction plans have already been developed to make the project as cost effective and efficiently built as possible, adding credibility to the argument that even if there are delays in completing the project, they would be minimal.

In the short term, Oregonians would not be affected by the completion of the pipeline. Currently only about 15 percent of Oregonians use natural gas to heat their homes, and Oregon natural gas companies have no plans at this time to buy Alaskan natural gas. Projections provided by the pipeline sponsors show, however, that Oregon could one day receive approximately six-tenths of 1 percent of the gas that is expected to be supplied by the pipeline. That may not seem like much, but as the State continues to grow, a stable supply of natural gas will be needed to insure that the energy requirements of the Northwest are met. The completion of the Alaska pipeline would provide energy resources for Oregonians to fall back on in an emergency.

Passage of the waiver package will not guarantee that the Alaska natural gas transportation pipeline will ever be completed. The final test will be in the marketplace, where it should be. Private investors will have to decide whether to put their money into the pipeline project. My vote will only help to remove the legal barriers, so that the project can go forward.

The best way to protect consumers from future shortages is to make sure that there is an adequate supply of natural gas to heat their homes and businesses. I do not want anyone left out in the cold because of politicians' lack of foresight in anticipating our energy needs. The completion of the Alaska natural gas pipeline would guarantee consumers a stable supply of energy for years to come. My vote was for energy independence and for the consumer.●

FEDERAL MEAT INSPECTION ACT AMENDMENTS OF 1981

HON. WILLIAM C. WAMPLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WAMPLER. Mr. Speaker, today I am introducing legislation at the request of the National Association of State Department of Agriculture that would modify the limitations on the interstate shipment of meat and poultry products from State-inspected plants. Under present law, State-inspected plants may only ship meat and poultry products within State boundaries, and so forth, intrastate.

I urge those who support or disagree with this legislation to write to me setting their views. At some subsequent date in the second session, I may introduce a new version of this bill with several technical and drafting changes I have not made in this version together with certain changes in substance that I believe warrant being made based on the recommendations I receive from parties interested in this legislation.

The restriction mentioned above was first imposed because there were no uniform national inspection requirements and many States had not developed any or even adequate inspection requirements for interstate shipment of meat and poultry products. The passage of the Wholesome Meat Act of 1967 required States to enact and enforce inspection requirements that were at least "equal to" the level of Federal inspection. Those States that chose not to meet the Federal requirements, or that were unable to meet the requirements under their State-oriented program, are now under the Federal inspection program. This change brought about uniform inspection of meat in both State-inspected and Federal-inspected plants throughout the United States. Similar requirements for poultry were established by the passage of the Wholesome Poultry Products Act in 1968.

The acts also established the basis for a Federal-State cooperative program to share in inspection costs. The program provides assistance and direction to those State governments conducting inspection programs for meat and poultry products. In addition, the program may provide up to 50 percent of the costs of operating a State inspection program. Currently, though, only 27 States have State inspection programs—23 for both meat and poultry and 4 for meat only. On October 1, USDA took over Rhode Island's meat and poultry inspection program; on October 3, they assumed responsibility for Michigan's meat inspection program. Earlier this year, Arkansas and Idaho relinquished their intrastate meat inspection programs to USDA.

Mr. Speaker, the bill I am introducing by request would amend the Federal Meat Inspection Act and the Federal Poultry Product Inspection Act to permit State-inspected meat and poultry products to move in interstate commerce, but would not allow these products to be eligible for sale or transportation in foreign commerce. Federally-inspected plants which ship products in foreign commerce would be required to keep State-inspected products separated from federally-inspected products.

Second, it would require States to use their own inspection marks on State-inspected products, so that they can easily be distinguished from federally-inspected products.

Further, the bill would establish procedures for plants to apply for inspection services or for a transfer of inspection authority. This provision would prevent establishments from whipsawing between Federal and State inspection services, which forces serious disruptions in inspection personnel, not to mention a needless mountain of paperwork.

Finally, the legislation would require State-inspected products moving in interstate commerce to meet the Federal requirements for marking, labeling, packaging, and ingredients.

The restriction on movement in interstate movement of meat and poultry products is particularly burdensome to State-inspected plants located at or near State borders. They are able to do business with suppliers who are located in the State, but not with their outlets in bordering States. This requires suppliers to segregate State-inspected products from Federal-inspected products at their warehouses. In addition, if a State-inspected plant switches to Federal inspection it can no longer buy products from traditional suppliers within the State who operate under State inspection. Such bill would eliminate these infringements by allowing State-inspected plants to ship products to Federal plants both intrastate and interstate.

While less than 5 percent of the total volume of meat and poultry are slaughtered and processed in State inspected plants, almost 42 percent (5,000 out of 12,000) of all meat and poultry plants are under State inspection programs. Thus, there are a large number of small plants which have only a marginal share of the processed meat and poultry market. This market share has trended downward. In 1967, the volume share slaughtered and processed by State-inspected plants was estimated at about 25 percent. The major reason for this decline is the large number of plants switching to Federal inspection. Given the fiscal restraints States are currently operating under, this trend is sure to continue.

Mr. Speaker, I understand that this legislation or similar legislation has the support of the U.S. Department of Agriculture.

Nonetheless, there are some meat and poultry interests who have reservations, serious or otherwise, about the bill. There are those who consider that States do not possess adequate enforcement mechanisms for monitoring products entering interstate commerce. Some also cite a lack of consumer confidence since State inspection labels separate from USDA federally inspected labels could lead to confusion and possible distrust by purchasers of meat products. Finally, it is contended by some that State-inspected plants already have the option to convert to Federal inspection and that maintaining dual inspection systems is burdensome and expensive.

I would hope that introduction of this bill could provide a forum for an airing of these differences. It may be that changes could be made in the bill to accommodate all interested parties.

I hope that Members also will take time to comment on this legislation and advise me whether they believe it has merit and support.●

HEALTH INSURANCE FOR FORMER AFDC RECIPIENTS

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. GRADISON. Mr. Speaker, in response to testimony from many welfare recipients across the Nation before the Committee on Ways and Means, I have introduced H.R. 5226, a bill to allow States to subsidize private health insurance for former recipients of AFDC (aid to families with dependent children).

Most of these recipients are women with children to support. Most want to work. Many, however, are afraid to work because a full-time job will put their earnings over the limit for AFDC eligibility. When they lose AFDC, in most States they also lose medicaid.

What these women have been telling us in Memphis, Baltimore, Indianapolis, and Detroit is that they are not afraid of losing their income assistance check from AFDC, but that they fear very much losing their medicaid cards. Many of them have children with health problems beyond the means of a minimum wage employee. In Memphis, we heard from women who tried to get private health insurance to replace their lost medicaid benefits. They found that it cost between $38 and $46 per week. On their minimum wage earnings of $134 per week before taxes, they could not afford the private health insurance. Those with sickly or handicapped children felt their only realistic option was to quit their jobs and rely solely on AFDC and medicaid.

H.R. 5226 would allow States, at their option, to subsidize all or part of this health insurance cost for former AFDC recipients whose wages have risen to the point where they are no longer entitled to medicaid. It would also permit States to bargain with a health insurance company for a group rate for these families lower than they could obtain individually. The subsidy provided to the former recipients would be based on a sliding scale according to family income. State expenditures for the health insurance subsidy would be subject to the same Federal matching as AFDC income assistance.

This bill has a twofold rationale: First, it avoids the so-called notch problem that currently exists in the medicaid program. Under a sliding scale subsidy, the recipient would gradually pay more and more of the health insurance premium but would never cross a point where another dollar of income meant the termination of health coverage. Second, it puts the employed former recipients into the same kind of health coverage

plans used by other working people in our Nation. While these plans may not be as all inclusive as medicaid, private health insurance is perhaps a more appropriate form of coverage for families with income to help them meet deductibles and copayments.

This bill was drafted as an idea piece to set forth the general concept of subsidizing private health coverage for former welfare recipients. I realize that it is silent on a great many details which will have to be specified if this approach is legislated. I hope that people with interest and expertise in this problem will share with me their reactions, comments, and suggestions for improvements and refinements of this concept.●

FEDERAL BUDGET CUTS: A CRISIS FOR PUBLIC GENERAL HOSPITALS

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WAXMAN. Mr. Speaker, the cuts in health and welfare programs contained in the Omnibus Reconciliation Act of 1981 are having a profoundly adverse impact on the public general hospitals in this country. As the institutions of last resort for the poor, these facilities are a major thread in the fabric of the social safety net. Yet, as the following article from Modern Healthcare magazine makes clear, public general hospitals in Boston, Chicago, Denver, Atlanta, and my own city of Los Angeles are struggling to continue to provide decent care to the poor while absorbing massive Federal, State, and local budget cuts. It remains to be seen how they will cope and, in some cases, whether they will be able to cope at all. There can be no doubt, however, that further cuts in health and related welfare programs, particularly medicaid and AFDC, will have a devastating impact on these facilities and the people they serve. I would urge my colleagues to consider the precarious financial circumstances of the public general hospitals when deciding whether to support the President's request for more social program cuts in fiscal year 1983.

The article follows:

PUBLIC HOSPITALS STRAINING TO SURVIVE FEDERAL ASSAULT ON HEALTHCARE COSTS

(By Linda Punch)

The federal government's assault against rising Medicare and Medicaid expenditures already is taking a heavy toll on many of the nation's big-city public hospitals.

As some industry observers see it, the nation's public hospitals are facing an impending national crisis because of government cutbacks in support for health services for the poor. In Atlanta, Grady Memorial Hospital expects its 1982 budget deficit to double as a result of Medicaid cuts. In Los Angeles, the county hospital system already is cutting $75 million from its budget and predicts that larger cuts are in the offing.

The financial problems appear so overwhelming that at least one public hospital administrator sees public hospitals closing rather than face the impossible task of providing healthcare to the poor without adequate funding. And ultimately, he predicts, the burden of caring for the poor will fall on the private sector, which so far has escaped the financial distress descending on its public sector counterparts.

Although government decisionmakers' concerns about "health cost inflation and economic stability are legitimate ones, there has been inadequate attention to the drastic cumulative impact of their decisions," said Larry S. Gage, general counsel for the National Assn. of Public Hospitals. "Our nation's public hospitals—who deliver the bulk of these services—must translate the abstract political decisions into the harsh reality of medical attention denied."

Cook County Hospital in Chicago was one of the first hospitals hit by budget cuts. Patient transfers from voluntary hospitals "suddenly increased" there after Illinois Gov. James R. Thompson imposed a $285-per-day ceiling on public assistance for inpatient care.

"In July, when the ceiling first took effect, patient transfers increased to 360. It rose to 560 transfers in August and back down to about 350 in September. This compared with anywhere from 90 to 125 transfers a month throughout the previous year," said Elliott C. Roberts, Sr., hospital director.

The problem was alleviated temporarily when Gov. Thompson "did a reversal" and added $88 million to the budget for healthcare, Mr. Roberts said. The governor also agreed to reimburse hospitals on a reasonable cost basis rather than the previously established ceilings. The new guidelines came just before implementation of an Oct. 1 ceiling of $400 per day on Medicaid payments.

The hospital is now in "a situation similar to last year," Mr. Roberts said. "We will be paid for the services we provide." However, if the additional state funds for healthcare are depleted before the end of the fiscal year, he noted, "I perceive the same problems as in July but with different ground rules. This time there won't be any money available."

Illinois isn't the only state where budgets are being pinched. The impact of California's Proposition 13 is just now hitting public hospitals, said Robert W. White, director of health and hospitals for Los Angeles County.

"We're in the process of cutting about $75 million in programs from the system, including elimination of ambulatory care from 42 health centers, elimination of eight health centers and a 10% (budget) cut in all the hospitals," Mr. White said.

County officials expect the financial situation to deteriorate further in the aftermath of federal cuts in Medicaid funds and block grants.

"Our estimate is that Los Angeles County will lose $13 million in Medicaid, resulting in about a $25 million cut in programs," he said, adding that the state Medicaid program already has a deficit of from $180 million to $200 million.

"The state has the authority to cut payments back by 10 percent but nothing has happened yet. We may have further program reductions in January based on the effect of Medicaid, federal cuts and block grants. I don't see any relief in the near future," he said.

A $67 million cut in Georgia's Medicaid program will result in an estimated $4 million loss in revenue for Grady Memorial Hospital in Atlanta, said J. W. Pinkston, hospital director. The hospital already faces a $4 million deficit in its $95 million budget in 1982 because of inflation.

"We were getting along all right, but next year we expected problems because of inflation," he said. "The Medicaid cuts have made it twice as bad. We either have to find a way to bring additional money to Grady or cut a major chunk out of the hospital," Mr. Pinkston said.

The hospital also expects an increase in patient transfers because of the cuts but, "we'll have less money" to treat patients, Mr. Pinkston added. The 930-bed hospital handles about 750,000 clinic visits annually.

"If something is not done soon, we're going to be in very, very serious financial condition. The county already is supporting us by supplying 43 percent of the budget. That's all they can do," he said.

In Massachusetts, state officials announced that Medicaid reimbursement for chronic disease hospitals will be reduced to skilled nursing home rates for patients who should be in nursing homes. The cuts, effective Jan. 1, will be made "whether or not there are beds available" in long-term care facilities, said David Rosenbloom, Ph.D., commissioner of health and hospitals for the city of Boston.

"That could mean a reduction of as much as $100 per day per patient and would cost the city about $5 million per year," he said, adding that "it's too early to tell how other budget cuts will affect us."

"The principal villain isn't the nickle and diming on reimbursement rates. It's the number of people who will lose their Medicaid eligibility and end up at this hospital," Dr. Rosenbloom said.

Many voluntary hospitals already are turning away Medicaid patients seeking elective procedures, fearing that many of them will lose Medicaid eligibility under the cuts, he said.

"The immediate impact of these cuts is to engender substantial fear among the poor that they will lose their healthcare benefits," Dr. Rosenbloom said, terming the cutbacks "an outrage" that will place a heavy burden on public hospitals.

"The industry will be relatively unscathed because everybody but the public hospitals can escape. The only hospitals that can't escape will be those taking care of large numbers of poor and elderly—the inner-city hospitals," he said.

The poor are not responsible for the spiraling inflation in the healthcare industry, Dr. Rosenbloom added. "The hospital industry as a whole is guilty of price gouging and inflation. The legislation setting up Medicaid and Medicare guaranteed the inflation that followed," he said.

Another factor in the high cost of healthcare for Medicaid patients is that in "big cities, teaching hospitals are the primary source of care for the poor," Dr. Rosenbloom said.

"A teaching hospital is an extremely expensive way of providing care. There was enormous inflation because the cost of medical education was tacked onto Medicaid bills," he said.

Dr. Rosenbloom warned that Medicaid cuts eventually will hurt the private sector hospitals. "They think they can protect

themselves by freezing out Medicaid patients, but they're going to find that public hospitals will close rather than have that happen. And then they (voluntary hosptials) will have the ball," he said.

Budget cuts in Colorado will place "greater pressure on public funding sources, which already are strained," said J. L. Kurowski, M.D., manager of health and hospitals for the city of Denver. Although there have been no reductions in Medicaid reimbursement rates, there have been cuts in the number of people eligible for basic categorical assistance programs such as Aid to Families with Dependent Children, he said.

"We're not sure of the number of people involved since it's just being implemented," Dr. Kurowski said, noting that the AFDC rolls alone will be cut by 1,500 people.

"At the same time people are removed from AFDC, they're removed from the Medicaid rolls," he said. "That means we'll have the same patients with no money or new patients (from voluntary hospitals) with no money. We don't know which it's going to be."

Denver General Hospital already is experiencing "patient dumping" in mental health, Dr. Kurowski said. "Community health centers aren't handling the problem of the chronically mentally ill patient with acute episodes. It's the most significant problem we have right now," Dr. Kurowski stressed.

A congressional hearing on the impact of fiscal 1982 budget reductions and program changes on healthcare for the poor will be conducted Jan. 12 in Denver by the House Ways and Means Committee's subcommittee on oversight and investigations. Rep. Charles Rangel, D-NY, is subcommittee chairman.

After the hearings, the National Assn. of Public Hospitals will conduct its first annual conference Jan. 13-14 at the Stapleton Plaza Hotel in Denver.

The conference will examine the impact of current health budget and program reductions on the ability of public hospitals to serve their communities. Conference speakers will include former Dept. of Health, Education and Welfare Secretary Joseph A. Califano, Jr. and Rep. Rangel.●

CONGRESS MUST REMAIN ACCOUNTABLE

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HUNTER. Mr. Speaker, I am appalled at the irresponsible back-door method that was used to provide Members of Congress with a tax cut as well as an increase in the ceiling on outside earnings.

This maneuver was a direct slap in the face of the American people and clearly violates the principle of Government accountability. If Congress believes that it deserves a tax break, then the individual Members should be willing to go on record in support of such a measure.

What occurred yesterday was a deliberate attempt on the part of some Congressmen to avoid responsibility for their actions. It is such tactics which shake the confidence of the American people in their elected officials and provoke cynicism directed at the representative form of government.

I call on you, Mr. O'NEILL, as Speaker of the House, to insure that such devious means are not employed in the future. Representative democracy necessitates that we be held accountable for our actions—especially those that are most controversial. If the Congress chooses to bypass standard procedure when feathering its own nest, it cannot help but invite the wrath of the American public.●

STRONG U.S. DEFENSE POSTURE INSURES OUR GOALS

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SHAW. Mr. Speaker, I was faced with a difficult decision while casting my vote on the Foreign Aid Appropriation bill before the House last week. At a time when we are reexamining domestic spending in an effort to control runaway inflation, I feel it equally important to turn our attention to spending outside of our country. I fully understand and support the basic premise behind foreign assistance. Strengthening our defense posture is an extremely important goal of this administration and one that I strongly support. One necessary arm of this policy is an increase in defense spending. Another important tool in securing our posture is an increase in funding for our Coast Guard. The second arm of this goal which is to strengthen our defense posture can be achieved by beefing up our position internationally. We must increase our presence among our neighbors. A strong and viable presence insured internationally is essential to our overall goals. In this regard, I support United States presence in the Middle East/Persian Gulf region. This area is vital to our interests. Bilateral aid, money sent directly from the United States to recipient countries such as Israel, Egypt, Turkey, the Philippines, and so forth, is an important tool in the development of foreign policy. A large portion of this aid comes under the economic support fund (ESF) which helps friendly nations by providing money to our allies for the purchase of arms. A large portion of this money is used by our friends in the Middle East, Israel, and Egypt, as well as by the Dominican Republic, Turkey, Sudan, and others.

While the bill contains some very important and vital programs, within its complexity are some more disconcerting provisions. The International Development Association (IDA), the lending arm for the World Bank, causes some real concerns. The IDA makes no-interest loans to Third World countries. There was great debate among my colleagues regarding this issue. I supported the reduction of the original funding level in the bill. While I am pleased to see that the level has been substantially reduced, my concerns have not yet been laid to rest. One of the most important components of a successful, strong foreign policy is ultimate control over the direction of such a policy. Direct, or bilateral aid to specific countries allows for such control. Problems arise when foreign policy is conducted by funneling large sums of money into general programs rather than funding directly with direct control.

The decision that I made in regard to this bill was a difficult one. I cast my vote as the final seconds ticked away on the clock, and I must confess, I cast my vote with much deliberation. I was torn between my support for specific portions of the bill and concerns over others. I sincerely hope that my vote will send a signal that Members of Congress take such foreign policy decisions seriously. Maybe it is time for us to reexamine execution of our foreign policy.●

AMERICANS SEND POWERFUL MESSAGE OF SUPPORT FOR POLISH PEOPLE

HON. ALBERT LEE SMITH, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SMITH of Alabama. Mr. Speaker, the people of Poland are not alone in their struggle to retain their inalienable rights, which are today jeopardized by the Communist Party crackdown on the Solidarity Union. They are joined by the 200,000 Americans who have signed the "Poland will be free" petition circulated by the College Republican National Committee.

These Americans have sent a powerful message of support for the Polish people in their struggle to retain the rights of freedom of religion and freedom to organize into voluntary associations such as trade unions.

In addition to circulating the petition in every State, the College Republicans held rallies across the country in support of Solidarity during the month of November. Over 5,000 young people participated in these rallies, which were held in 12 States. I had the privilege of speaking at the rally here in Washington, D.C. on November 16, which was attended by over 400 students from four area States.

The "Poland will be free" campaign has made an important contribution to freedom around the world by demonstrating that America will not toler-

ate violence aimed at the free trade union Solidarity or the Polish people.●

POTENTIAL IMPACT OF REDUCTION IN ADMINISTRATIVE FUNDS

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. CONTE. Mr. Speaker, I have here a letter from Mr. Alfred M. Zuck, Assistant Secretary for Administration and Management at the Department of Labor that discusses the circumstances surrounding the potential impact of a reduction in administrative funds for the State employment security agencies.

I would like to submit this letter for the record.

U.S. DEPARTMENT OF LABOR,
WASHINGTON, D.C.
Dec. 14, 1981.

Hon. WILLIAM H. NATCHER,
Chairman, Subcommittee on Labor, Health and Human Services, Committee on Appropriations, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Secretary has asked me to respond to your letter of November 20 requesting information on the availability of a Department of Labor study on the impact of a 12 percent reduction in administrative funds for the State Employment Security Agencies to process unemployment compensation payments.

The Department does not have any study on the impact of the proposed reduction on the unemployment benefit payment functions in the States. There is an internal staff analysis, a copy of which is enclosed.

The Administration decided not to use the staff analysis as an official position because the analysis did not take into account significant changes that occurred in the UI system after the 1975 recession. The analysis was not modified because it would be extremely difficult to estimate in a short amount of time the impact of system changes.

I would like to elaborate on these interperiod differences to illustrate why we did not attempt to quantify the impact. As is well known to the Committee, it was as a result of the 1975 experience that the Committee provided substantial funds for automatic data processing improvements in the State agencies to increase productivity, cost effectiveness, and quality controls.

The table attached to the analysis indicates that productivity and timeliness of payments increased dramatically since Fiscal Years 1975 and 1976. The Unemployment Insurance Service and the State agencies have developed new procedures and fraud detection methodologies to avoid the problems which arose during the earlier period. In addition, many of the problems generated in 1975 resulted from the hiring of large numbers of temporary employees to process claims. Under mid-session economic assumptions, a much higher proportion of permanent base staff would be used than in the 1975 recession.

For these reasons, the Department decided not to accept the staff impact analysis.

Sincerely,

ALFRED M. ZUCK,
Assistant Secretary for Administration and Management.●

GULF COAST NEWSPAPERS SUPPORT COASTAL BARRIER BILL

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. EVANS of Delaware. Mr. Speaker, from time to time, I have been sharing with my colleagues examples of recent newspaper editorials regarding the Coastal Barrier Resources Act which I have introduced in the House and Senator CHAFEE has introduced in the Senate.

The States bordering the Gulf of Mexico have a good share of all the coastal barriers—islands, spits, tombolos, and the like—that are found in the United States. In their natural state, coastal barriers on the gulf coast, as well on the Atlantic coast, serve many important functions. As the Jackson (Miss.) Clarion-Ledger noted:

The islands serve as natural breakwaters, helping reduce the force of violent storms—hence the designation as "barrier" islands. Besides helping protect the shore, the islands, which form marine nursery grounds, are treasures of animal and plant life.

In fact, testimony this past June before the Subcommittee on Fisheries and Wildlife Conservation and the Environment indicated that more than 80 percent of the shellfish and finfish caught by sport fishermen on the Atlantic and gulf coasts are, at some stage of their life cycle, dependent upon estuaries created and maintained by coastal barriers.

Mr. Speaker, many people believe that it is simply folly to try and build permanent, manmade structures on coastal barriers. A recent editorial from the New Orleans (La.) Times-Picayune stated it this way:

"The shifting, eroding sands of the fragile strips are not really suitable for development, and the obvious vulnerability of the islands to hurricanes makes them unfit for prolonged human habitation."

Not only do many knowledgeable people believe it is unwise to develop storm-prone coastal barriers, but they also believe that those who do develop these areas should do so at their own expense—not the U.S. taxpayers'. The Houston (Tex.) Post noted, "If anybody has so strong a desire to live on a barrier island, it should be at his own expense—not ours." The New Orleans Times-Picayune summed it up this way: "A government pledged to conserving the taxpayers' money should have nothing to do with building castles in the sand." I heartily agree.

Mr. Speaker, I am gratified at the support for H.R. 3252 expressed by these fine newspapers from States along our gulf coast. Their views are particularly significant since so many of our presently undeveloped coastal barriers are found in this region. With this statement, I am including the full texts of six editorials from three Gulf Coast States so that my colleagues may read the editorials in their entirety.

[From the Clarion-Ledger, Jackson, Miss., May 1, 1981]

ISLAND FOLLY: BAILING OUT TAXPAYERS

Proposed legislation barring federal subsidies for residential and commercial development of undeveloped barrier islands off the East and Gulf Coasts should be passed by Congress.

Senator John Chafee, R-R.I., and Representative Thomas B. Evans Jr., R-Del., sponsors of the proposal, say enactment of the bill could save millions of dollars in subsidies that now help develop the islands.

The barrier islands—shifting spits of sand that lie off the coast from Maine to Mexico—are often unstable and vulnerable not only to violent ocean storms but also to gradual erosion of wind and tide.

Mississippians have more than a passing interest in the legislation because of current efforts to develop such a fragile strip of land—Deer Island—located only 100 yards off Biloxi's Gulf Coast shore.

The Chafee-Evans bill does not prohibit development of such islands nor does it provide for any land purchases by the government. "What it does say," commented Evans, "is that if you move ahead, you do so at your own financial risk and not at the risk of the American taxpayer."

The proposal would not affect barrier islands already developed, such as Miami Beach. Chafee said the bill would affect about one-third of the 2,700 miles of island shoreline.

Both common sense and experience show that barrier island development is generally imprudent and very risky at best. The islands serve as natural breakwaters, helping reduce the force of violent storms—hence the designation as "barrier" islands. Besides helping protect the shore, the islands, which form marine nursery grounds, are treasures of animal and plant life.

While the proposed legislation does not forbid further barrier island development, it at least would protect taxpayers from subsidizing such foolhardy ventures.

Experts warned Congress last year that many island developments are disasters waiting to happen, insisting that no manmade structure can stand up to the assault of an Atlantic hurricane that sooner or later will hit. Mississippians, with their memories of Hurricane Camille, would heartily agree.

Nevertheless, the federal government provides subsidized insurance for structures that can be blown away in the first big storm. In 1978 and 1979, taxpayers were stuck with claims and expenses in high-hazard coastal zones exceeding premiums paid by a ratio of more than 3 to 1.

The government also subsidizes water and sewer systems and highways for vulnerable island developments.

The bill would bar subsidies for both flood-insurance policies and water, sewer and highway construction on these undeveloped islands.

The proposal merits the combined support of fiscal conservatives and environmentalists. And the Reagan Administration would be doing the country—and itself—a favor by lending its support.

Hearings are expected sometime this summer. We hope the bill thereafter will win speedy approval.

[From the New Orleans Times-Picayune, Apr. 30, 1981]

SUBSIDIZING SAND CASTLES

There is no reason why the nation's taxpayers should subsidize the private development of barrier islands in the Gulf of Mexico and off the Atlantic coast. There are, in fact, good reasons why they should not.

The little islands serve as protective barriers, diluting the impact of hurricane tides on coastal communities. The shifting, eroding sands of the fragile strips are not really suitable for development, and the obvious vulnerability of the islands to hurricanes makes them unfit for prolonged human habitation. The use of taxpayers' money to subsidize their development is an unwise and inappropriate expenditure.

Two Republican legislators, Senate John Chafee of Rhode Island and Representative Thomas B. Evans Jr. of Delaware, make these points in support of their bills to eliminate federal subsidies for such high-risk ventures. The proposed legislation could save millions of dollars in federal flood insurance subsidies alone by stopping new flood insurance policies from being issued for undeveloped islands. The bills also would eliminate federal subsidies for water and sewer systems and highways.

The two congressmen note that their proposed legislation would not prohibit local governments from zoning barrier islands for development nor stop private developers from proceeding on their own. "What it does say is that if you move ahead, you do so at your own financial risk and not at the risk of the American taxpayer," said Rep. Evans

Without federal subsidies to pave the way and absorb much of the risk, the folly of investing millions of dollars in the development of the vulnerable barrier islands should become more apparent to those eager to reap a financial windfall from their development.

The two congressmen hope to and should receive the backing of the Reagan administration for their bills. A government pledged to conserving the taxpayers' money should have nothing to do with building castles in the sand.

[From the New Orleans Times-Picayune, Oct. 23, 1981]

WATT FOR BARRIERS

Agreement on an issue between U.S. Interior Secretary James G. Watt and environmentalists has been almost as rare as the sighting of a black-footed ferret. For that reason, the secretary's unequivocal support of congressional efforts to halt the use of federal money for private development of the coastal barrier islands attracts attention.

The barrier islands, such as those in the Gulf of Mexico off the coast of Louisiana and Mississippi, are fragile strips of constantly shifting and eroding sands. For years, the federal government has underwritten billions of dollars of federal flood insurance for barrier islands. Federal money spent for highways, bridges and bulwarks against beach erosion also has contributed to development or partial development of some of the islands.

Constantly nibbled at by tides and frequently pounded by hurricanes, the barriers are conspicuously unsuited for permanent man-made works. In their undeveloped state, they serve a useful purpose as buffers that reduce the impact of hurricanes on developed coastal communities.

In an appearance before a Senate Public Works subcommittee, Mr. Watt said the government could save $5.5 billion to $11 billion in the next 20 years by halting the use of federal funds for the development of barrier islands. He pledged his enthusiastic support for a bill sponsored by Senator John Chafee of Rhode Island to curtail federal subsidies for the fragile islands.

It is now up to the interior secretary to produce a definition of "undeveloped coastal barrier" to be covered by the Chafee bill.

Of the bill, Mr. Watt said, this is "precisely the sort of imaginative environmental legislation we need—legislation which can solve real problems in the stewardship of our national resources while at the same time responsibly addressing America's equally serious economic problems."

It is a welcome change from the usual confrontation of the secretary and environmentalists.

[From the Corpus Christi Times, May 6, 1981]

RIGHT IDEA ON ISLAND DEVELOPMENT

A couple of Republican lawmakers up in Washington want to get the federal government out of the business of subsidizing the development of America's environmentally sensitive barrier islands. While their plan will raise the hackies of would-be developers, it seems to us to have a good deal to recommend it.

Senator John Chafee, R-R.I., and Representative Thomas B. Evans Jr., R-Del., said during a news conference last week that their bill could save the federal government a ton of money which is currently going to underwrite flood insurance, subsidize sewer and water lines, and construct roads for island developments which can all too easily be swept away by a hurricane or other freak of nature. Evans noted pointedly that claims and expenses recorded in hazardous coastal zones in 1978 and 1979 exceeded premiums paid in by a ratio of over 3 to 1.

The two took some pains to stress that their legislation would in no way keep persons or companies from building structures on the islands, nor would they prevent local governments from zoning islands for development. "We're not prohibiting anybody from doing anything," Chafee said. "If they want to build a hotel that's fine. We're just saying we're not going to subsidize it."

Chafee and Evans' approach makes eminently good sense. The present situation, in which Washington at least tacitly encourages development of sensitive barrier islands, seems to us wasteful and reckless. Indeed, if it were up to us, we'd like to see the federal government given some powers—tightly limited powers—to slow or even halt the exploitation of islands whose very existence could be threatened by the kind of rape and ruin development that we have so often seen. But Chafee and Evans are at least heading in the right general direction. We hope Congress will follow their lead.

[From the Houston Post, June 7, 1981]

BARRIER GRIEF

For once, environmentalists and dollars-and-cents pragmatists are united in a cause: For the federal government to stop spending tax dollars to boost development on barrier islands. The two groups come from different viewpoints to the same conclusion: The environmentalists believe that the barrier islands are essential to the ecology that lets shrimp, oysters, ducks and geese flourish. The pragmatists believe that it is economically silly to build expensive luxury resorts on islands that will periodically be hit by a hurricane, leaving disaster relief and government insurance to balance the losses.

The widely representative campaign is focused on U.S. government projects that link barrier islands to the mainland at enormous expense and, often, for the benefit of a few. In 1979 Hurricane Frederic swept away the causeway leading from Mobile, Ala., to Dauphin Island. In the decade or so before, Dauphin Island had grown into a seaside resort of retirement homes as well as weekend cottages, private clubs and marinas. Unlike old-time beach houses with wicker furniture and hammocks, many Dauphin Island mansions were furnished with antiques and electric household equipment. The hurricane damage ran to millions. Now the government is building a bigger stronger bridge for some $40 million—$25,000 for each of Dauphin Island's 1,600 full-time residents.

Senator John H. Chafee of Rhode Island and Representative Thomas B. Evans Jr. of Delaware have introduced a bill that would stop the spending of tax dollars to promote private development on the exposed and ecologically delicate barrier islands. Though both sponsors are Republicans, their supporters span the entire political spectrum, including Americans for the Coast with Robert S. McNamara as its spokesman, Howard Jarvis of Proposition 13 renown, the National Audubon Society headed by Russell W. Peterson, William Buckley, Art Buchwald, Lady Bird Johnson, Milton Eisenhower and Gen. Matthew B. Ridgway.

The Reagan administration is sympathetic. A private study of three coastal areas commissioned by the government found that federal spending totaled $53,250 in 1980 dollars for each acre developed. To continue subsidies for barrier island development could cost as much as $6 billion in the next 20 years. To stop the practice would multiply the savings by reducing the expense of disaster relief.

Such built-up portions of barrier islands as Galveston and South Padre would not be affected. But the bills would cover 137 miles of barrier island beaches on the Texas Gulf Coast. It makes no sense for the U.S. government to spend tax money to encourage people to build permanent housing and move their valuables to an island that cannot be made safe against the force of a hurricane. If anybody has so strong a desire to live on a barrier island, it should be at his own expense—not ours.

[From the Houston Chronicle, Oct. 26, 1981]

NO REASON TO SUBSIDIZE BARRIER ISLAND DEVELOPMENT

Each year the federal government spends millions in taxpayers' money to subsidize private development of coastal barrier is-

lands. It is about time the Congress took a closer look at this unfair expenditure.

Legislation has been introduced that would prohibit federal subsidies on undeveloped islands along the Atlantic and Gulf coasts. This means no federal aid for road and bridge construction, sewer and water systems and other improvements, and no federally subsidized flood insurance that takes much of the risk out of building in a particularly risky area.

The legislation, sponsored by Senator John H. Chafee, R-R.I., and Representative Thomas B. Evans, Jr., R-Del., does not call for federal takeover of the coastal islands, nor does it restrict private development. The government has no business telling landowners how to use their land. However, the legislation would take away the subsidies underwritten by U.S. taxpayers and put the financial responsibility where it belongs—upon those who choose to build on these islands.

The barrier islands are fragile and ever-changing, and they are vulnerable, getting the full force of hurricanes and storms, which means expensive developments could quickly be reduced to so much debris that would take thousands of dollars in federally subsidized flood insurance to rebuild. And there is no predicting when another storm will hit and require rebuilding once again—with taxpayers helping foot the bill.

As Interior Secretary James G. Watt said in endorsing the legislation, "Taxpayers should not shoulder the recurring costs and high risks of private development of coastal barriers."

Barrier islands already developed, such as Galveston and Miami Beach, would not be affected by the legislation, nor would developed sections of such islands as Padre Island. Rather, the legislation is directed at those islands that now are mostly beach and sand dunes. Presumably, the legislation coincidentally would result in more of these islands remaining in a closer approximation of their pristine state, providing a buffer against storms for the mainland and offering unspoiled beaches and dunes for the public.

Watt estimates the bill could result in savings to U.S. taxpayers of $5.5 billion to $11 billion in the next 20 years in federal aid for construction on the barrier islands or reconstruction after storms have hit.●

HOMEOWNERSHIP

HON. LYNN MARTIN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mrs. MARTIN of Illinois. Mr. Speaker, homeownership is a dream shared by most Americans. Although it has become increasingly more difficult to own and maintain that dream home, I find solace in knowing that the tax provisions which directly benefit homeowners are still in place.

As we all know, these various tax provisions can help you and me reduce those burdensome costs of acquiring, owning and selling a home. In fact, the mortgage interest and property tax deductibility alone can reduce first-year costs for some households by as much as 35 percent or more.

Nonetheless, even in light of encouragement by the Federal income tax laws, prospective first-time homeowners are finding it extremely difficult to purchase their dream house or any house. Rumors have developed, as we all have heard, which question whether these tax provisions meant to benefit homeowners at a cost of $39 billion to the Federal Government in 1982 alone are really appropriate. Or can this same objective be achieved through a different approach.

Although these are only rumors, one point is certain—homeownership is like Mom and apple pie. Any effort to alter these tax provisions which help you and me purchase that dream home, I assure you, will be met with resistance.●

GIVE THE PLAN A TRY

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DUNCAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

NO PLAN WILL WORK IF NOT TRIED

A lot of politicians and special interest groups say that the Reagan "Save the Nation Plan" will fail. I tend to agree with the others who say "The Reagan Plan won't fail, because it will never even be tried."

One economist puts it this way, "Reagan was elected as captain of the Titanic, a sinking ship."

Have you ever set out to do something and before you hardly get started, someone tells you, "It won't work"? It sure can make your teeth grind and you have to bite your tongue to keep from replying, "How do you know it won't work? I haven't even got it started."

I'm about as handy with tools as a cub bear with gloves, but one time I had clothesline problems. The durn clothesline kept falling down every time the wife hung out a clean wash. Needless to say, I was not very popular with my clothesline, but after agonizing over it for days, I set out with my super plan to put up a clothesline that would cure my troubles and get me out of the doghouse.

I had no more than started to dig the post holes (for the third time) when a neighbor came by and said, "Chuck, that ain't gotta work." It wasn't long until the wife came out and she told me, "It won't work." By then the kids had heard all the votes of confidence I had received and they echoed the unpleasant song, "Daddy, it just won't work." They sang it.

Everyone was yelling that it wouldn't work and I began to believe it. It is an interesting thing how you can influence the mind by mass psychology. The Reagan Plan isn't going to work, just as the man said. It will never be tried.

Oh sure, there have been some piecemeal attempts by Congress to act like they were following the President's plan to reduce the annual increase in government spending, and allow us to keep more of the money we earn, but they aren't going to do away with the Pork Barrel giveaways in their home districts. There is that lack of concern by Congress to cut out waste, run down cheating, and cut down finding more ways to run up our national debt.

It is a case of survival. Survival for staying in Washington, not survival of our economy, that too many of our representatives are interested in. Of course, you can't blame those fellas too much. They are encouraged to keep spending more than is taken in through taxes by all of us. We all seem to have our private interest groups and projects that we feel must be saved. It's like the old story of putting out food for the wild birds. Pretty soon they expect it and forget how to forage for themselves.

Even the city, county and state governments were lulled into the federal handouts. It was beautiful to receive those "free" grants from Uncle Sam. Few can say they have never enjoyed some benefits from that so-called "Washington Winter Wonderland." We just didn't know or we didn't understand that Uncle Sam was borrowing a large chunk of that money and that someday we would have to pay high interest rates for the federal government to be able to borrow more to pay interest on what was already borrowed.

I don't subscribe to the "Doomsday" crowd philosophy, that says, "Every silver lining has a dark cloud," rather than the optimist who claims that "Every dark cloud has a silver lining." However, I'm not going to hold my breath until the federal budget is balanced. I've got a feeling that I'll be pushing up daisies before that trillion dollar debt comes down a nickel.

Who was the little boy who stuck his finger in the hole of the dam and saved the town? He sure couldn't do much with our national treasury as there are so many holes where the money trickles out, that it looks like even President Reagan won't be able to stop the flow. Sorry, Pres. It looks like you got to Washington too late.

Most everyone has already yelled that your plan won't work and so that is all we see and read. I know how you feel, as I just gave up on my clothesline and bought an electric clothes dryer. I thought I'd never get it paid for, but it worked. To this day I still don't know if my Clothesline Super Plan would have worked, as I never tried it.●

ANTITERRORISM AND FOREIGN MERCENARY ACT

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. RINALDO. Mr. Speaker, on Monday I introduced H.R. 5211, the Anti-Terrorism and Foreign Mercenary Act.

In recent months the press has been filled with reports concerning the reported involvement of American citizens in a variety of military and intelligence support activities on behalf of the Libyan Government. I have been advised that these activities are largely beyond the scope of our present Federal criminal law. My bill would close this gaping loophole.

The bill would make it unlawful for an American citizen, on behalf of a

foreign state, international terrorist group, or faction named by the President in a proclamation, to:

Serve in its armed forces or intelligence agency;

Provide training for persons so serving;

Provide any logistical, maintenance, or similar support service;

Conduct any research, manufacturing, or construction project directly related to its military functions; and

Recruit any other person to do any of the above.

The proclamation could be issued only when the President finds that military support activities by Americans on behalf of a particular foreign state, international terrorist group, or faction are or would be detrimental to the national security. He would have complete discretion in deciding whether to issue the proclamation. Reasonable notice is provided by a 60 day notice provision; this could be waived, however, in an emergency.

This measure clearly would not apply to any friendly countries and, by its nature, would only be used in the most serious situations. Morevoer, the bill would not affect legitimate business activities in designated foreign states; if Libya were the subject of a proclamation hereunder, the American oil companies currently doing business there would not be subject to its penal sanctions, but only to the legal authority now possessed by the President.

The penalties under the bill are up to 10 years in prison and either $25,000 or a multiple of three times the amount of compensation received, whichever is greater.

I believe this omission in our criminal laws is one that should be cured as soon as possible. With the growth in the size of armies and the proliferation of advanced weapons in the Third World, new threats are being posed to our security. Many of these small states, as well as the terrorist groups and factions that infest the Third World, lack the expertise and skills needed to make effective use of their manpower and weaponry. To find these skills, some have turned to technologically advanced nations, like the Soviet Union and its allies, or have hired citizens of such nations, in particular, American citizens.

The Soviets have absolute control over the foreign activities of their nationals. We certainly should not emulate this totalitarian practice, nor could we, under the Constitution, but surely we have the power to prevent such blatant conduct by our citizens that threatens the Nation's security and, indeed, world peace. The constitutional bases of the extraterritorial jurisdiction asserted in this bill are U.S. citizenship and the foreign affairs and foreign commerce powers. With respect to citizenship, it is well established by decisions of the Supreme Court that Congress has the power to enact criminal laws regarding actions, wherever performed, that threaten the country's security. Furthermore, citizenship is a recognized basis of extraterritorial jurisdiction under international law.

This is a carefully drafted bill of vital importance, and I urge its early and favorable consideration by my colleagues.

SUMMARY AND EXPLANATION OF H.R. 5211

Sections 1 and 2: These give the title of the bill, the Anti-Terrorism and Foreign Mercenary Act, and set forth congressional findings that new threats are posed to the national security, foreign relations and foreign commerce interests of the United States by the growth in the size of armed forces and the proliferation of advanced weaponry around the world. They further stated that many states, terrorist groups and factions lack the skills to make effective use of this manpower and weaponry and some have received help from American citizens. In certain instances, such support was or will be detrimental to the national security of the United States.

Section 3(a): This lists the conduct that would be prohibited in the event the President issues a proclamation naming a certain foreign state, international terrorist group or faction. The conduct includes serving directly or indirectly in the armed forces or any intelligence agency; providing training to such armed forces or agency; providing any logistical, mechanical, maintenance or other similar support service to the armed forces or agency; conducting any research, manufacturing or construction project which is directly connected with a military or intelligence function; and recruiting any other person to do any of the above.

Section 3(b): This sets forth the penalty for violating the law. It is up to ten years in prison and not more than three times the total compensation received for the commission of the unlawful act, or $25,000, whichever is greater. The penalty also applies to anyone violating the statute through a business entity such as a partnership or corporation.

Section 3(c): This provides that the President, in his discretion, may issue a proclamation naming a particular foreign state, international terrorist group or faction in which the above activities would then be unlawful. He may do this whenever he finds that either of the following is detrimental to the national security, foreign relations or foreign commerce interests of the United States: (1) the direct or indirect employment of an American citizen by a foreign state, international terrorist group or faction for the purpose of performing military or intelligence support activities; or (2) the direct or indirect involvement of an American citizen in a transaction providing any arms, munitions or other implements of war to a foreign state, international terrorist group or faction. The proclamation would become effective sixty days after its first publication in the Federal Register, unless the President finds that conditions exist which require that it take effect immediately. The President must revoke the proclamation if he determines that those conditions have ceased to exist.

Section 3(d): This provides that any challenge to the validity of the proclamation shall be made in a separate civil proceeding and may not be raised as a defense which could impede the criminal proceeding. This does not limit any defendant's constitutional rights.

Section 3(e): This defines the terms used in the bill. An international terrorist group is one which engages in a pattern of international terrorist activity. Terrorist activity is defined as any felonious, violent act, including murder, aggravated assault, kidnapping, robbery, extortion, arson or destruction of property, which is committed for political purposes.

Section 4: This makes technical changes in the criminal laws and provides that the trial of any offense hereunder, which is committed out of the jurisdiction of the United States, may be in any judicial district of the United States. The purpose of this section is to facilitate the prosecution. Without this modification, it would have to take place in the district where the defendant is arrested or first brought into the country. If the defendant were not arrested or brought into the country, any indictment would have to be filed in the district of his last known residence, or, if not known, the District of Columbia. This provision has caused great inconvenience to the Department Justice. The defendant's right to move for a change of venue in accordance with the rules of criminal procedure remains unaffected, however.●

JOHN L. TAITANO, LOYAL PUBLIC SERVANT

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HUNTER. Mr. Speaker, I take the floor today to commend a fellow San Diegan for his 21 years of fine service to America—Mr. John L. Taitano.

Mr. Taitano is a resident of Chula Vista, Calif. He has lived a full, rich life in his 61 years, which began April 14, 1920, in Agana, Guam.

John Taitano served for 21 years in the Navy, rising to the rank of MS-I (petty officer 1st class) before suffering paralysis from the neck down in the service of his country.

His service began in 1939. Taitano saw action in the Battle of the Coral Sea and the invasions of Kwajalein, Guadalcanal, and Tarawa. In later years, he was in charge of the officers' mess at the Imperial Beach, Calif., Navy airfield.

In recognition of his service in the Navy, I recommended that Mr. Taitano be accorded the honorary promotion to MSC (chief petty officer). However, the Department of Defense has informed me that such promotions are no longer awarded.

But the contribution to our Nation's security by men and women like John Taitano is not forgotten. Mr. Taitano represents the kind of dedication that made the United States the strongest

force for peace in our world. For this, he deserves the highest of accolades.●

MIDDLE EAST PEACE

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. McCLOSKEY. Mr. Speaker, the Mideast situation grows daily more perilous. I think it important that the United States do what it can to urge the opposing sides to recognize two realities:

First, the Arab world should recognize the right of Israel to exist at peace within its pre-1967 borders under U.N. Resolution 242.

Second, Israel should recognize the Palestinians' right to a homeland on the West Bank and Gaza.

A speech I gave to the United States-Arab Chamber of Commerce on this subject last week follows:

ADDRESS OF CONGRESSMAN PAUL N. McCLOSKEY, JR., TO THE UNITED STATES-ARAB CHAMBER OF COMMERCE

I do not come here so much as a Senate candidate—in fact, I may lose some of your support with the remarks that I make today—but I come to try to charge you with what I think are two very important missions that ought to be attempted by a group such as yourselves. These missions are very simple, but they are very difficult.

First, I think you should undertake the mission of convincing the Arab nations and your contacts in the Arab World that they must recognize the right of Israel to exist within the pre-1967 borders. And second, I think you should attempt to open a dialogue with the Jewish-American leaders in this country with the thought that the distinguished leaders in the American business community, and particularly the Arab-American business community and the Jewish-American community, might have it within their power to advance the dialogue now recommencing in the Camp David negotiations and might persuade that dialogue to go forward by cooperation and discussion between Jewish-Americans and Arab-Americans and business leaders.

I might just tell you one basic story of what has motivated me in these long months of debate on this issue. That motivation stems from one thing—my fear that the greatest threat of nuclear war in our time may stem not from a Soviet confrontation with the United States but rather from the Arab-Israeli confrontation. With a capacity on the part of both the United States and the Soviets to destroy the other with two percent of their atomic weapons, I think both U.S. and Soviet leaders may have the restraint to avoid the use of nuclear weapons. But I am not so sure about the restraint of a Begin who can send his air force across two neutral countries to bomb a third in order to destroy a nuclear capacity that under every expert advice we have received was eight years away.

Nor am I convinced that a Qadhafi or Assad or even a Zia in Pakistan would refrain from a nuclear Holy War against Israel and its ultimate destruction if they came into the possession of nuclear weapons. And if a nuclear war should erupt between the Arab world and the Israelis, it seems to me that the danger of a U.S.-Soviet involvement is magnified by perhaps a factor of 100, knowing the nervousness of their military leaders and ours, knowing the difficulty that when a nuclear explosion occurs, from whence it came or who triggered it or ordered it, can cause U.S. and Soviet leaders to reach a stage of nervousness which could lead to a nuclear exchange which would destroy society as we have tried to build it through four thousand years of the world's recorded history, and on this continent for nearly four hundred years.

I first entered politics through a particular and somewhat special circumstance. I was a small-town lawyer in 1963, having practiced ten years in Palo Alto, California. I thought at that time that politics was a dirty business; politicians were less than successful people; that if you were good at something you didn't go into politics, you ran a business or a law firm or a profession or a university. (And frankly, after 14 years of politics, there at least is some truth still in that supposition.) But I happened to be invited in 1963, as the former President of the Pal Alto Bar Association and California Barristers' Association, to the White House conference in June that President Kennedy held for four professions to try to get the leaders of those professions to return to their communities and set up bi-racial committees to try to avoid the racial conflagration that had erupted in Birmingham a few months earlier. You remember when the blacks, unable to redress the grievances of the Jim Crow system, finally rose up in protests against sitting in the back of the bus and segregation at the lunch counters of Birmingham, and went to the barricades to try to end a hundred years of racial discrimination. And when that occurred, foreseeing that it could occur in every city in the United States, Jack Kennedy invited a group of leaders from various professions to a series of White House conferences. And I will never forget what he said from the podium, like this one save that it bore the seal of the President of the United States in the East Room of the White House. He said Gentlemen—and there were very few women lawyers in those days—he said Gentlemen, to the 300 lawyers assembled, I ask your assistance in something that I as President of the United States cannot do. I ask that in the tradition of the legal profession—not bringing lawsuits between opponents—but as counsel to your own clients, where you seek those clients to compromise in order to avoid controversy—that you try to set up bi-racial committees in your home communities to assure that black people can at least communicate to the white power structure—the city governments and business leaders who can act—so that at least those with grievances can discuss with those with the power to redress them, the problems that divide their communities. And I came back, as I think 300 other lawyers did to their own communities, and tried to do exactly that in East Palo Alto and Palo Alto where I was then practicing law. And we were successful to a degree, by setting up those means of communication, in preventing the outbreaks and the kind of racial violence that occurred elsewhere in ensuing years.

Now it strikes me, particularly after the last four months of painful debate, that the major problem in reaching peace in the Mideast is the refusal on both sides, Palestinian and Israeli, to recognize the reality of the other side to exist. Arabs, in my judgment, must recognize that Israel is here to stay; it will continue to exist. There is an emotional attachment to the success and the prosperity of Israel on the part of people all over the world. The ultimate destruction of Israel is not an appropriate goal for any nation or for any people. And those of us who have sympathy with the desire of the Palestinians to redress their grievances cannot go so far as to accept the charter language of the PLO which clearly and explicitly states that the purpose of the PLO is to totally reject any solution save the complete liberation of Palestine.

As long as the complete destruction of Israel is perceived as the goal of the Palestinian Liberation Organization, there is no way that reasoned debate or reasoning advocates can urge upon the Israeli nation or the bulk of the Jewish community in this country that there should be negotiations with the PLO. There is no way to take the emotionalism and fear of 4,000 years of religious persecution and the memory of the Holocaust from the minds of those who would say we might be willing to deal with the Palestinian refugee problem but we cannot do so so long as it is the dedicated and public goal of the Palestinians to wipe us from the face of the earth.

Two years ago, I was one of a group of Members of Congress who were sent to the Mideast to try to explore solutions to the problems of Lebanon. Two Congressmen were of Lebanese descent and one was of Syrian descent. Yasser Arafat assured us in private, in a three-hour discussion in Beirut, that of course he recognized the right of Israel to exist within the pre-1967 boundaries, but that any Arab leader who espoused such an acceptance was liable to assassination, by Habash or any one of the other factions of the PLO which would interpret acceptance of Israel's right to exist as tantamount to treason.

It seems to me that negotiations cannot proceed until reasoning leaders in the Arab world and in the Arab-American leadership speak out and publicly make it clear that the policy of the Palestinians cannot and should not be the destruction, the absolute extinction of Israel, and that that is the next step in this tortuous process toward peace. Recently, when the Saudi eight-point peace plan was presented, the Saudi Ambassador to the United States said explicitly that of course point seven recognizes the right of Israel to exist. Immediately, he was contradicted by the Saudi government back home, stating that the Ambassador didn't have the authority to make that statement. Why? Because clearly the Saudi leaders themselves could be subject to overthrow if not assassination by their recognition of Israel's right to exist. We've seen Sadat assassinated, in my judgment in part because the rest of the Arab world viewed him as a traitor to the Arab cause by his recognition of Israel's right to exist.

Yet, with respect to the Israeli side of the equation, how can the Israelis and the Jewish-American communities accept a Palestinian homeland on the West Bank of Gaza unless their fear of the publicly-announced goal of extinction by the Arabs can be relieved? Frankly, I see no possible peace in the Mideast or for Israel as long as Palestinian aspirations for their own homeland cannot be resolved. I appreciate that a Palestinian homeland on the West Bank and Gaza is considered by many to be a dagger pointing at the heart of Israel. I've tried in vain to convince my Jewish friends that

whatever may be represented in danger to Israel by a Palestinian state on the West Bank is a fraction of the danger to Israel if we proceed for another four to five years without a Palestinian homeland, with young Palestinians willing to die to achieve that homeland. If there is any race or creed that should understand that people will die until they have a homeland it should be the Israelis and the Jewish-American community. but there is no way to convince them of that need and that justice of a Palestinian homeland so long as they say, as they can rightfully do, "Until we took the West Bank, the Arabs would never recognize the right to a Palestinian homeland. They had the power, until 1967, to give a Palestinian homeland; but what Arab nation recognized it then or now?"

I think it absolutely essential that there be a process of reasoned debate in this country—by those of us who have the luxury of living in America—leisurely, thoughtful debate and discussion as to how we can bring to both sides of this controversy the recognition of reality: on the Israeli side, the reality of the need for a Palestinian homeland; on the Arab side, the reality of the right of Israel to exist within the pre-1967 borders. If there is anyone in this room who feels differently, that the Arab world is right in its contention that Israel should be wiped out, then I don't want your political support.

In my judgment, the United States' interest is heavily involved here. It isn't just a matter of Israeli versus Arab, or Jewish-American on one side and Arab-American on the other. The interests of the United States require that we have a peace in the Mideast before that time when the Arabs are able to buy or acquire nuclear weapons. To me there is no possible chance of denying nuclear weapons passing into the hands of leaders in the next few years, who, if this conflict continues to exist, will not use those nuclear weapons. I've had a constituent in Palo Alto write a letter to the Palo Alto Times detailing how to build a nuclear weapon and accompanying it with a diagram. The Palo Alto Times-Tribune printed the letter and diagram. Sixty-two thousand copies were distributed to subscribers and the public; and the next day the Department of Energy classified as top-secret the 62,000 issues. Of course, how do you recapture the cat when it's out of the bag? If Khaddafi can hire former CIA agents to design detonators and fuses and to fly his planes, is there any question that with $20 billion a year in oil revenues, he can acquire nuclear weapons? We have seen as many nuclear scientists defect in our lifetime as members of any other profession, and it seem to me that for money you can buy anything these days. It is merely a question of time before nuclear weapons come into the hands of Arab leaders who, in my judgment, will not hesitate to use them to impose the ultimate holocaust upon Israel.

Now let me come back then to the two missions to which I would direct you and ask that you try to achieve. In my judgment, thoughtful leaders in the Arab world do accept Israel's right to exist within its pre-1967 borders; and I expect that every American businessman, Arab or otherwise, accepts the right of Israel to exist. But there is no dialogue on this point; and when communities talk only to themselves, when the oil industry and the defense industry and the lobbies that represent those groups talk only to themselves and decry the position of their opponents, little is gained. When the Jewish community, which in my judgment is divided at least 50-50 on the Palestinian/West Bank situation, is afraid to speak out or discuss it outside their own community for fear of being ostracized for threatening the Israel that the Jewish community has fought so long to get, it seems to me that within the Jewish community the debate gets narrower rather than broader, that as people talk only to their friends and themselves and those who agree with them, the tendency is to enhance, rather than diminish, one's biases, prejudices and fears. So what is needed is a national dialogue, and indeed here, an international dialogue. I can think of no group better than yourselves to try to bring Jewish-American leaders together with Arab-American leaders and from both standpoints to try to satisfy these opponents 5,000 miles away of the need for these two realities to be recognized: the right of Israel to exist and the right of a Palestinian homeland to exist on the West Bank and in Gaza.

I could be wrong on all of these things that I have urged upon you. There is no politician in America, or the world perhaps, who can guarantee that his views are right or that what is attempted with the best of intentions may not be defeated or frustrated by events over which we have no control. But it seems to me after visiting the Mideast twice, after meeting with the leaders of Pakistan and Saudi Arabia and Lebanon and Israel, that this is the only way we can proceed, moving initially through the Camp David process, and hopefully correlating that process with the Saudi peace proposal. To those who say that the Saudi peace process is unacceptable, who can say here that the Saudi eight-point plan and the positions of the Israelis and the Arabs as they start negotiations are any further apart than, say, when the United Auto Workers and Chrysler sit down to negotiate their periodic contracts? The fact that the parties are far apart at the beginning of negotiations should not militate against reasoning people insisting that those negotiations begin. I think you should go to them, not wait for them to come to you. I am afraid that, left to their own devices, the Jewish-American community, because of its 4,000 years of history and 40 years of fear dating from Hitler's Holocaust, will be reluctant to initiate this dialogue with the business and the oil community. I haven't held a public meeting in the last 10 years where the same fears about the oil lobby or the industrial-defense lobby or the American business community lobby were not expressed by Jewish-Americans in the same manner I have expressed concern over the power of the Israeli lobby or the lobbies of the Right-to-Life movement or the Moral Majority. I think the way to solve these problems is to bring the parties together in dialogue, and I very much hope you will initiate that dialogue.

Thank you.●

SOCIAL SECURITY BENEFITS TO DECEASED RECIPIENTS

HON. LYNN MARTIN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mrs. MARTIN of Illinois. Mr. Speaker, throughout the past 12 months we have all heard the phrase waste, fraud and abuse perhaps to the point that it has lost its emphasis and meaning. But as worn as the phrase may be, its existence is still prevalent throughout Government. Today, I bring to your attention yet another area to which this phrase applies—social security benefits to deceased recipients.

I am proud to be an original cosponsor of a bill, H.R. 5076, which will achieve on a national level the same strides that the State of Illinois has achieved in its efforts to abate social security benefit payments to people who have passed away. These continued benefit payments are running up a national tab of $60 million annually to an already financially distressed social security system. In Illinois alone, out of over 500 suspect cases, almost 300 people were in fact proven to be deceased anywhere from 6 months to 9 years. And Illinois' effort only represented 10 percent of this overall project effort conducted throughout the country. Certainly this project is indicative of a need to coordinate effort between the social security system and the States so that these excess payment can be eliminated.

It has been said that a rolling stone gathers no moss, but I believe that this rolling stone has much moss to gather. In a system that had a 1981 budget of $189 billion, second only to defense, it seems logical that there are other ways to achieve additional savings like H.R. 5076 for this very troubled system. Although the dollars saved by H.R. 5076 alone are small in comparison to the overall social security system budget, this proposal serves as an example. If we find other rolling stones like H.R. 5076, the savings in overpayments, administrative expenses, and printing costs will be an amount of moss worth gathering.●

A SALUTE TO MADELINE MANNING-MIMS

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. STOKES. Mr. Speaker, I would like to take this opportunity to introduce to my colleagues a vivacious and exceptional young woman from Cleveland—Mrs. Madeline Manning-Mims.

Mr. Speaker, many of my colleagues may remember Madeline Manning-Mims as a star on the U.S. Olympic track team in the 1968, 1972, and 1976 Olympic games. She also was the captain of the 1976 and 1980 U.S. women's Olympic track team. Excellence and perseverance seemingly were her goals as she distinguished herself as a world-class athlete.

However, Mr. Speaker, Madeline Manning-Mims is more than a star on the track. My dear friend, Madeline, is

an exceptional human being who is a star in every facet of her life.

Mr. Speaker, armed with her infectious positive attitude, Madeline Manning-Mims gives her best to every endeavor she undertakes. She embodies what people often call a winning attitude.

That was the cornerstone of her success in winning the gold medal in the 1968 Olympic games and a silver medal in the 1972 Olympics. That same winning attitude has permeated all facets of her life.

Madeline has embarked on a promising career as a gospel singer. Madeline and her husband, Roderick, are currently enrolled in Oral Roberts University in Oklahoma. In addition to that, Madeline and Roderick has established a business called Total Personal Management (TPM) which is a promotional enterprise for Madeline's career and the career of other athletes and musicians.

Mr. Speaker, probably most importantly, Madeline has the ability to harness her energy and God-given talents to do positive things for everyone she comes in contact with. For those who are hopeless, Madeline is a constant source of inspiration. She plans to take this philosophy and ability one step further and establish in the future in Cleveland a center named "The Way, The Truth and The Light."

Mr. Speaker, her athletic successes, TPM, and her studies at the Oral Roberts University all attest to Madeline Manning-Mims' winning attitude and motto of excellence and perseverance. There is no doubt in my mind that Madeline Manning-Mims is one of this Nation's best and brightest stars.

At this time, I would like to insert in the RECORD a newspaper article on this dynamic human being. By reading the article, Mr. Speaker, my colleagues can appreciate more the philosophy and character of my good friend—Madeline Manning-Mims.

RUNNER CROSSES LAST FINISH LINE

(By Elton Alexander)

It's the kind of voice you'd like to hear from a telephone operator. Soft, whispery—not sultry, not giddy, but sweet and confident.

"Madeline Manning-Mims, Total Personal Management, may I help you?"

If an adjective ever fit the Cleveland woman who captained a pair of women's Olympic track teams (1976 and 1980); ran in three Olympics (1968-'72-'76); captured a gold ('68) and a silver medal ('72), and reigned as the queen of American middle-distance runners, "confident" is it.

Should your interest be piqued at the thought of reading about exploits from her Olympics, the rigors of her training or her world record attempts in the 800 meters, stop here.

Manning-Mims, 33, from John Adams High School, lives in Tulsa, Okla., and looks forward to other things.

"I'm finished. I've been retired three times," she said in a phone interview. "That's why I'm not saying I'm retiring; I'm finished."

Her tale has become a love story.

Her first marriage, to John Jackson, lasted only a year.

"As a married couple, it was a catastrophe," she said. "He's remarried now and we are friends. The blessing was John, II. Now Rod is a real, real blessing."

Roderick Mims, the "real, real blessing," is a graduate of Glenville High, three years younger than his wife.

"I graduated in 1970 and immediately was drafted into the Army. I served two years as a military policeman," Mims said. The two refer to each other simply as "Rod" and "Mad." Married in 1976, they still talk and act like newlyweds.

"We're looking forward to buying a house, then a couple more children," Manning-Mims said. "This summer, when I was in Norway, I stayed with this couple who sold me this beautiful, beautiful baby carriage. Now I'm looking for furniture, baby things anything."

As she talked from Tulsa, here telephone operator's voice blossomed. She used all her descriptive words twice, as if doubling the pleasure of the things that make her happy.

Mims talked a bit more cautiously, but with determination—the voice of a young executive.

More than a year ago Mims started Total Personal Management (TPM), a promotional enterprise, specifically for his wife's gospel recordings and personal appearances. He was interviewed recently while he was in Cleveland, looking to set up a local office for the business.

The firm counts several track stars, football players and a pair of classical musicians in its fold. It is not a career agency, but a company that looks for promotional ideas for the individual. Through TPM, Mims plans to do some training films and a movie on Manning-Mims' life.

"I met him at a church concert in Cleveland," Manning-Mims recalled. "My car broke down and he was nice enough to take me home. He didn't even know who I was. He said he saw me on TV during the Olympics, but that was it."

Some say opposites attract. Others say find someone just like you. Athletically, Rod and Mad are worlds apart. Personally, they're two peas in a pod.

"I never went to a track meet in my life until I met her," Mims said. "I was into the martial arts. In high school, I didn't play basketball, and track didn't excite me at all."

Still, it was Mims who pushed his wife into one more year of athletics, after last year's summer Olympics boycott. The boycott, plus injuries, left Manning-Mims without the track exit she had hoped for.

"He's the reason that last year wasn't my last year," she said.

"She might say different, but I thought it would bother her," Mims said. "She pulled a hamstring, then received an ice burn that lasss—Mad always corrects me on that (enunciation)—last-ed longer than we expected.

"We looked at what we wanted to accomplish, then started training at CSU (Cleveland State University). I felt it would be best that she give her best one more time."

This past summer, Manning-Mims competed throughout Europe. She did not set any new marks, but she returned to the United States satisfied in mid-September.

"This has been my best year ever. I've been really, really consistent," she said.

With that out of the way, TPM occupies most of the couple's time. Both still attend Oral Robers University in Tulsa, and maintain their high religious ideals, which they hope to bring back in Cleveland in a visible, active and productive way.

"One of our major goals is to build a center here in Cleveland. We'll call it 'The Way, the Truth and the Light,' something along the lines of a Jewish Community Center for blacks," Mims said.

They reserve a lot of time for John, who has shown signs of a budding athlete.

"This past year he went to the state AAU in the hurdles. Now it's football and music," Manning-Mims said. "The drums, naturally."

She has started making the transition from world-renowned track star to weekend athlete. Her husband said that process could be slow.

"Racquetball is the only sport I participate in, and some jogging," Mims said. "When Mad quits running, she quits, but I hope to keep her doing some jogging, at least.

"Trouble is, she does not like running slow. She wants to get it over with."

Manning-Mims will remain an active speaker for Nike Corp. (maker of athletic shoes), the U.S. Olympic Committee and the Fellowship of Christiam Athletes. But top priorities are home and family.

"I've never had a home of my own," she said. "It's always been apartments. I'm really looking forward to this. I bought a deerskin from the Alps and that baby carriage—anything, anything I can get my hands on."

Cleveland, Nashville, Columbus, Tulsa, Mexico City, Munich, Montreal, Moscow and more. All have been stops for Madeline Manning Jackson Mims.

"My life has been full, packed," she said. Now it is time to put down roots.

"That's the main priority now, a home," Mims said. "Get us a home, pronto, then adding to our family. A girl first, then twins."●

UNSCHEDULED RESOLUTION DIFFICULT TO ABSORB

HON. LYNN MARTIN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mrs. MARTIN of Illinois. Mr. Speaker, if I have made one mistake this year, it was thinking that this swamp would somehow be more honest and more straightforward in its dealings than my State Capitol. But, last night, I was shown what an error I had made. After Members could assume there were no more votes, an unscheduled resolution suddenly appeared—no debate, no prior mention, and suddenly I can make $18,000 in outside income. When I was in Springfield, something like this happened. A pay raise rushed through because we needed one.

The next year the people of my State cut the membership of the general assemply by one-third.

Do not argue that we deserve more money, that good people are leaving because the expenses of the position are growing and more money can be

made in the private sector. Do not argue, because I agree. But, how one accomplishes the goal is equally important.

We had a decade of Watergates and "Abscams." People think we are all a bunch of greedy creeps. Well, I know that most Members in Congress are too good to warrant that kind of reputation. But after last night, it will all start again, and this time we deserve it.●

ONE EDITOR WHO ISN'T FOOLED

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ASHBROOK. Mr. Speaker, I noted with interest the thought provoking article written by Dayton Journal Hearld Editorial Page Editor William H. Wild regarding a canard which had been kicked around these halls for some weeks. It laid bare the true nature of this great school lunch controversy of 1981 charade. Members of this body took the well to castigate the Reagan administration over policies which would dilute the meager school lunch of poor children. It was the great ketchup fiction served up without a mere morsel of truth, excuse the expression.

Mr. Wild hit the nail on the head and I call his penetrating analysis of this controversy to the attention of those who would like to have some truth and light shed on the situation. The article follows:

LET TRUTH KETCHUP WITH FICTION

Editorial cartoonists had a field day.

Editorial writers thundered about the Reagan administration's "soak-the-poor philosophy" carried to extremes in the school lunch program.

Columnist Ellen Goodman sobbed about the "forlorn menu" served to pupils by heartless Reaganomics.

An alleged news story in early September by the Los Angeles Times/Washington Post news service left nothing to the imagination.

"The federal government," it said, "in new changes for the nation's school lunch program, wants to call ketchup and pickle relish vegetables, offer tofu as a substitute for meat and serve peanut butter or nuts as main dishes at noon."

That's how, in a manner of speaking, the tofu hit the fan in the Great School Lunch Controversy of 1981.

There was only one problem, but it is enough to justify an apology to newspaper readers, radio listeners and TV viewers. The story was 90 percent hoax and 10 percent fact. And what fact there was, wasn't Reaganomics after all.

The Washington Post this week got around to admitting that the news media had been serving turkey to their customers on the story all along. It wasn't a very candid admission and it didn't review the Post's own sorry record in the case, but it was revealing.

The context was an editorial regretting that the controversy will probably cost G. William Hoagland his job as the Agriculture Department's director of the Food and Nutrition Service. He was the official directly responsible for the school lunch regulations that supposedly tried to call ketchup a vegetable so that it could be foisted on woebegone kiddies who—if they survived—would grow up to vote Democratic.

Said the Post: "The notion of substituting ketchup for vegetables never appeared in the proposals at all. It was a horrible possibility conjured up by nutrition advocacy groups as something that state agencies might do under color of a new authority to increase menu variety."

That's rather devastating to the notion that a wealthy president, lolling in luxury in the White House, was deliberately trying to put the screws to poor people. Don't stop now, though. There's more.

The original proposal for cutting the national school lunch subsidy envisioned free or inexpensive lunches for those most in need and making up the cost by charging more to those who could afford it. It was as clear a soak-the-rich plan as you could devise.

Did some of the president's rich friends call up and say, "Ronnie! How could you?" Not hardly. The Congress, led by the likes of friend-of-the-poor "Tip O'Neill, decreed that everyone would have to share in the sacrifice.

Congress went on to handcuff the Agriculture Department with a series of special-interest restrictions protecting the dairy industry, vegetable growers and various other food industries. Meanwhile, Hoagland was trying to give state and local nutritionists some room to adjust for local needs.

Tofu, or soybean curd, was proposed as an altenative for the lunch protein requirement at the behest of school districts with Oriental pupils—one of a number of requests for flexibility in meeting ethnic food preferences. Members of Congress, hooting over the phony ketchup issue, attacked the bean curd with relish.

So much for the vaunted congressional sensitivity to ethnic minorities.

Here and there in the news stories from August and September are stray paragraphs of Hoagland's futile efforts to correct the record. Instead, he's been served up well-roasted by Congress as a cruel bureaucrat and then skewered by the White House as an embarrassment to the administration.

His job's a high price to pay just for being the meat in a too-good-to-be-true news story.●

EXCEPTION TO THE "RULES"

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WINN. Mr. Speaker, I am very disappointed at the way in which the House rules were amended yesterday to allow Members to double the amount they may earn from speeches and other outside activities. This measure was clearly mishandled. In fact, I do not believe anyone in this body can truthfully say that it was even addressed at all. There was no notice given, no explanation, and no discussion. The fact that it was agreed to by voice vote demonstrates that those who were dedicated to the passage of this resolution wanted it out of the way as quickly and quietly as possible. I consider this an absolute affront to the rules of this body and to those of us who dealt squarely and effectively with this same issue back in October. More importantly, however, it is an absolute insult to the American people. As one of my constituents, angry at what he had seen of the televised House proceedings last night, said this morning, "It is obvious to me that Congress expects the rest of us to 'do as I say, and not as I do.' "

Mr. Speaker, by this action, the basic integrity of the House has been seriously crippled.●

TRIBUTE TO ELMER W. HENDERSON

HON. L. H. FOUNTAIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. FOUNTAIN. Mr. Speaker, I want to take this opportunity to express my high regard for Elmer W. Henderson, who is retiring after 27 years of dedicated and effective service with the Committee on Government Operations.

Elmer's wisdom, good judgment, and high degree of professional competence contributed greatly to the committee's work. His warm personality and unselfish disposition have caused those of us privileged to work with him to value him as a good friend, as well as a highly esteemed coworker.

As Elmer Henderson leaves the Government Operations Committee, he has our gratitude for a job well done and our best wishes for the future. I am confident that Elmer will continue making a substantial contribution to the public interest for many years to come.●

COOPERATION IN THE AMERICAS

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LAGOMARSINO. Mr. Speaker, I submit for the RECORD the address of Secretary of State Alexander Haig to the General Assembly of the Organization of American States (OAS) in Saint Lucia, December 4, 1981.

Secretary Haig proposes a constructive, innovative agenda for cooperation, progress, social justice and security in the Western Hemisphere.

I commend it to my colleagues:

SECRETARY HAIG: AN AGENDA FOR COOPERATION IN THE WESTERN HEMISPHERE

(Following is an address by Secretary Haig before the General Assembly of the Organization of American States (OAS) in Saint Lucia, December 4, 1981.)

At the dawn of the inter-American era, Simon Bolivar wrote that it was extremely difficult "to foresee the future fate of the New World, to set down its political principles, or to prophesy what manner of government it will adopt." The history of the Americas since his time has shown that liberty was to be the basis of the New World's political principles and democracy its preferred manner of government. The nations of this hemisphere, despite their diverse cultures, drew strength from their historic mission to offer man the opportunity for self-development in freedom.

Today, the Americas are confronted by new obstacles to the achievement of this mission. Democracy is being questioned. Economic progress is uncertain. And the prospects for peaceful change are threatened by a pattern of violent intervention.

If we have learned anything this century, it is that respect for the individual, democracy, and the rule of law are essential to progress. Yet under the stresses and strains of change, voices are heard again advocating that freedom be sacrificed, individual rights be curtailed, and that government should dominate the productive process. Is the hemisphere going to be plagued again by totalitarian experiments that destroy liberty and also fail to deliver prosperity?

This region's rich natural resources, productive agriculture, and increasingly sophisticated technology should offer a bright future. But the sustained economic growth of the past two decades seems to have slowed or halted. The terms of trade have turned sharply against many countries. Can we use this period of adjustment to forge the basis for a resumption of stable growth?

Experience has taught us that the search for economic progress, social justice, and human dignity can succeed only in the context of peace and tranquility. Precious resources and energies necessary for development cannot be squandered on conflict. Yet today we are faced by a trend toward violent change, including so-called wars of national liberation and foreign intervention. Can we allow force to become the decisive arbiter of national destiny without jeopardizing our own prospects for peace and prosperity? It will not be easy to answer these questions. But if we are to advance at all, we must draw on our collective strengths to create an agenda for cooperation.

This agenda should focus on three objectives: first, to reaffirm and promote democracy; second, to create new economic opportunity; and third, most urgently, to oppose interventionism by strengthening the principles of nonintervention and collective security.

First, we must assert the enduring value of democracy. The nations of this hemisphere are strongly dedicated to the democratic tradition. This tradition is based upon the idea of man as a creative and responsible individual. We believe that respect for the rights of the individual—including freedom of expression, freedom of religion, and freedom of choice—is fundamental to a humane society.

It is not surprising that pluralistic societies respectful of such rights have created unparalleled opportunities in this hemisphere for their citizens. The revolutionary proposal that the just powers of government derive from the consent of the governed provides the best framework for human development. And democracy alone, among the world's political systems, has proven to be most protective of individual rights. The United States opposes human rights abuses regardless of the source. Our judgment of events must be fair, and we must not allow ourselves a double standard. We should not be more tolerant of the infractions of those who reject democratic values and peaceful change yet more critical of the lapses of those searching for democracy and social justice.

Clearly, a nation cannot be liberated when its people are deprived of liberty. A civilization cannot be creative when its poets and philosophers are in jail or in exile. A state cannot be free when its independence is subordinated to a foreign power. And a government cannot be democratic if it refuses to submit to the test of a free election. The OAS, true to its democratic tradition, should express its support for prompt, free and open elections as the best course for ending civil violence and keeping social peace. Specifically, we hope that the countries of this hemisphere will support the Government of El Salvador as it leads its people through the electoral process toward a political solution of the conflict there.

The OAS can also play a more active role in strengthening democracy throughout the region. If requested, this organization should be able to offer both technical services and good offices for the observation of elections. But we should go further. The nations of the Americas have already established many institutions for economic, social, and military cooperation. Surely the time has come for us to create a permanent forum that will foster democratic leadership and the democratic process.

An institute for the study of democracy in the Americas, under OAS auspices, would provide a regular exchange of ideas and experiences among democratic leaders. By making the Secretary General its director, we would insure a cooperative effort. And by naming the institute in honor of one of our greatest democratic leaders, Romulo Betancourt, we would signify our high purpose.

Second, we can act together to create new economic opportunity. Economic growth can be revived if opportunity for productive enterprise is encouraged. Cooperation for development is needed to strengthen incentives for private investment in new ventures and to open new markets for trade. Clearly, inequalities in the distribution of income cannot be ignored. But a more equitable distribution of income can only be achieved in a climate of economic growth.

In this spirit, President Reagan committed the United States at Cancun to the search for progress through cooperation. He urged that we direct our attention to practical issues: how to develop energy and food resources; how to raise productivity through better education, health, and nutrition; how to improve the climate for investment and trade.

We have already begun to cooperate together on a program for the economic development of the Caribbean Basin. This program reflects the spirit of Cancun. It is based on a clear understanding that the serious economic decline of many countries in the Caribbean and Central America can be reversed only by bold action. For our part, President Reagan is preparing a comprehensive economic package for the nations of the Caribbean Basin. The package includes:

New legislative authority to offer the countries in the Caribbean Basin major trading opportunities—including possible one-way free trade arrangements—in the U.S. market. We have never offered such a preference before to any region;

Specific investment incentives and other measures to spur private investment in private ventures;

An increase in U.S. financial assistance to deal with acute liquidity crises and to help countries achieve more flexible, diversified economies.

The three parts of this plan—trade, investment, and assistance—form an integrated program. The preferential trade treatment will provide wider access to large markets, encouraging new productive investment and structural adjustments in national economies. Investment incentives will stimulate capital formation. And assistance will ease the liquidity crisis enabling countries to restore their credit standing in world capital markets and to restructure their economies.

We believe that the Congress of the United States will see the wisdom of such an integrated approach and approve these initiatives. And we hope that other countries working with us to alleviate the plight of our Caribbean neighbors will also offer meaningful proposals.

The Caribbean Basin effort is only one aspect of a cooperative strategy to increase economic opportunities.

The existing world trading system can serve our interests more effectively. As President Reagan said at Cancun, we have yet to unleash the full potential for growth in a world of open markets. We will make a strong effort in the GATT [General Agreement on Tariffs and Trade] negotiations next year to reduce barriers restricting trade opportunities.

As Secretary General Orfila has proposed, we should consult among OAS members on the multilateral trading system in preparation for the November 1982 GATT meetings. The most useful way to conduct such a consultation might be a conference of our trade ministers.

Another of the priority areas identified at Cancun was agriculture. The actions of this hemisphere take on special importance because we have between us much of the world's capacity to export food. We should explore together how to use our agricultural potential, perhaps convening for that purpose a meeting of our agricultural ministers.

These issues and others have been proposed for the agenda of a special OAS General Assembly on cooperation for development. The United States supports such a general assembly. It could address our objection over the next two decades for agriculture, energy, trade, and other areas. It could debate how to achieve those goals. This regional meeting, like those proposed for trade and agriculture, is intended not to displace but to reinforce the international dialogue begun at Cancun.

Third, we must act to strengthen the principles of both nonintervention and collective security. The nations of the Western Hemisphere have long understood that the search for a better life depends not only on commerce, credit, and trade but also on security. Born ourselves of revolutions, we have sought peaceful change as a basic objective of the inter-American system. And the principle of nonintervention has been regarded as fundamental to peace and progress.

History has shown, however, that the pledge of nonintervention by itself cannot prevent conflict. That task is beyond the power of any single nation. The Americas can be safe only if we work together, through collective security, to deal with threats to peace.

The Rio Treaty reminds us that this mutual responsibility is essentially related to our democratic ideals. Our obligation to resist aggression is all the more important when an outside power seeks to impose a totalitarian ideology or when the purpose of insurgency is to destroy any possibility of freedom and democracy.

We must all face up to the fact that the principle of nonintervention is being violated today. Since 1978, Cuba, with the support of the Soviet Union, has embarked on a systematic campaign of increasing interference against its neighbors. It no longer makes any pretense of respecting the sovereignty of other countries. Instead, Havana calls the leaders of violent opposition groups together, forges unity pacts among them, trains their men, provides their arms, and sends them back to mount a violent challenge to legitimate governments. Terror for the innocent has been the result. We are witnessing this pattern in El Salvador, Guatemala, and now in Colombia. All around the hemisphere, democratic governments have had to downgrade or break relations with Cuba.

There is also cause for worry in Nicaragua today. Despite commitments made to the OAS, pluralism is in danger of repression. The possibility of economic progress for the Nicaraguan people is being undermined by militarization.

The Sandinista regime already supports an army three times greater than that of the government it replaced. Now it is working to establish the largest force in Central American history—with the assistance of at least 1,500 military and security advisers from Cuba. Nicaragua's arsenal already includes tanks and other heavy offensive weapons never deployed before in Central America. Pilots are being trained and facilities readied for modern jet fighters. Meanwhile, the principle of nonintervention is being violated as arms, ammunition, and other military supplies flow from Nicaragua to the Salvadoran insurgents. The people of Nicaragua must be wondering about the purpose of these armaments. How can such a costly military array advance the cause of social justice? Whose interests are served by support of insurrection in El Salvador? The other nations of Central America must also be asking about the meaning of these militant activities. They fear—and we must all fear—that the future may hold a costly arms race at the expense of economic development and social progress. They fear—and we must all fear—that the militarization of Nicaraguans is but a prelude to a widening war on Central America. The tragedy of an uncontrolled arms race and war itself must be prevented. Is there nothing that we can do together to allay insecurity?

For our part, the United States is prepared to join others in doing whatever is prudent and necessary to prevent any country in Central America from becoming the platform of terror and war in the region. The United States has made proposals to Nicaragua to normalize relations. If Nicaragua addresses our concerns about interventionism and militarization, we are prepared to address their concerns. We do not close the door to the search for proper relations.

But, in addition, should we not be discussing together how to prevent the import of heavy offensive weapons—by any country in Central America? Should we not be searching for ways to limit the number of foreign military advisers to reasonable levels—in all countries of Central America? The countries of the region should know that the United States will help them resist illegal intervention from their neighbors or from the outside. President Reagan has made clear that we have no plans to send combat troops to Central America. But we will provide needed additional economic and military assistance. Small countries must be able to call for help when help is needed. And, to paraphrase Abraham Lincoln, when the townsmen come to drive the wolf away from the sheep's throat, the wolf should not then cry that his liberty is being violated.

We must understand that this threat to peace in Central America is not confined only to the victims of violence and intervention in that region. If we fail to act on behalf of the principles of non-intervention and collective security, then the inter-American system will be jeopardized. Ultimately democracy itself will be imperiled.

CONCLUSION

The agenda for cooperation that I have discussed today draws upon the Western Hemisphere's tradition of democracy, its record of social and economic achievement, and its devotion to peace. These resources are remarkable for their strength and duration. They give us confidence to overcome the difficult obstacles that confront us.

Let us measure our progress against the historic mission defined by the OAS Charter: ". . . to offer to man a land of liberty, and a favorable environment for the development of his personality and the realization of his just aspirations." This goal can be reached. We can reinforce our individual efforts by working together, and our example will give hope to others around the world. Our interdependence can be a source of strength, and our diversity can become a source of unity.

Bolivar once prophesied that the inhabitants of the New World would throw off their passivity in order to search for greatness, a greatness defined by justice, liberty, and equality. We have come some distance toward such greatness since Bolivar's time. The mission, indeed the vocation of our generation, is to further advance his vision.●

TRIBUTE TO JERRY WURF

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ANDERSON. Mr. Speaker, Jerry Wurf will be laid to rest this week. He will be remembered by us for the important contributions he made to the labor movement as leader of AFSCME, the Nation's largest public employee union and the largest member union of the AFL-CIO. Although Jerry Wurf made his mark in the labor movement, I think that this career was not so much an end in itself as a means of advancing his basic goal: the development and enhancement of simple dignity for all men and women. Mr. Wurf was an inspiring labor leader and the movement owes him much; he channeled all his energy, intelligence, and sense of decency into assisting a segment of American workers who, until Jerry came on the scene, had no effective voice to speak for them.

Jerry Wurf was not an abstract theorizer. He maintained an honest belief in the necessity of human dignity, yet, rather than writing books on the subject, he chose instead to—

Organize a local of the Food Checkers and Cashiers Union soon after his graduation from college;

Join the fledgling Congress of Racial Equality in the 1940's;

Actively support Martin Luther King's civil rights movement; and

Go to jail in support of a garbage collectors' strike in Baltimore.

I know many of my colleagues join me in saying, "Jerry, you'll be missed."●

REFORMS NEEDED IN FEDERAL GUN LAW

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BEARD. Mr. Speaker, the Gun Control Act of 1968 was heralded as a major advancement in crime prevention—legislation targeted specifically to reduce gun-related crime in the United States. Contrary to the optimistic claims of the legislation's supporters, the United States has experienced an exponential increase in the amount of violent crime during the 13-year period following enactment of this law. Even the most dedicated proponents of gun control laws admit that GCA 1968 has failed to reduce crime.

In fact, the staggering increase of violent crime since 1968 has demonstrated that even though lawful commerce in firearms can be tightly controlled, gun control laws have no effect on the illicit movement of firearms into violent criminal hands. Practical experience had proved that criminals are even less likely to observe the firearms laws than obey the criminal statutes.

While I believe that the regulatory framework of the Gun Control Act of 1968 is misdirected, focusing on firearms commerce as opposed to pursuing the violent criminal, the law itself is laden with several serious inconsistencies and disparities which has resulted in civil liberties violations and abuses. It is for this reason that I have joined 169 of my colleagues in sponsoring Congressman VOLKMER's Federal Firearms Reform Act, H.R. 3300.

A brief review of the legislative history of the 1968 Gun Control Act reveals that this legislation was melded from two separate bills containing many technical flaws and inconsistencies and has resulted in inequitable in-

forcement practices. For example, four classes of persons are prohibited from purchasing or receiving firearms—section 922—and six classes of persons are forbidden possession of firearms—section 1201. But only two of these classes overlap and even here the classes are defined in different language. The net result is that the majority of groups forbidden receipt of firearms are not forbidden possession and vice versa.

In fact, one memorable decision by the seventh circuit held that under the Gun Control Act of 1968 an individual who has been convicted of an offense punishable by more than 1 year imprisonment but who is given a full pardon can possess a firearm, but commits a Federal felony when he receives it to begin possession. (*Thrall* v. *Wolfe*, 503 F. 2d 313 (7th Cir. 1974).)

The act makes it a Federal felony to "engage in the business" of dealing in firearms without a special license but fails to give any guidelines on what "engage in the business" means. This is vital to legitimate gun collectors, sportsmen, and persons who inherit firearms. Courts have repeatedly held that, in absence of the legislative definition, there is no minimum profit, no requirement of advertising, employment of others, or premises used for business. The jury is simply instructed that the defendant should be convicted if they find the individual did "any business" in firearms.

In addition, the act requires a federally licensed firearms dealer to keep records of the inventory and sales, but does not require private citizens to do so. But the law is silent about what a firearms dealer who has a private collection, not in his business inventory, should do if he sells a part of the collection as a private citizen. The Bureau of Alcohol, Tobacco, and Firearms, charged with the responsibility of enforcing this act, cannot make up its mind on the issue.

The vague and inconsistent provisions of the Gun Control Act are also compounded by two fundamental problems. The first is that every violation, no matter how trivial or technical, is a Federal felony—subject to penalties of up to 5 years in prison plus a $5,000 fine, in addition, to forfeiting the basic civil rights to vote and hold public office, as well as, ever owning firearms again.

The second problem is that most sections of the act require no proof of intent in order to obtain a conviction. This means that an individual can be convicted of a Federal felony for an honest misunderstanding of the law and with no malice or evil intent.

Congressman VOLKMER'S legislative proposal addresses these intrinsic problems and these needed reforms. First, prosecution for unintentional violations would be ended. With this change, the Federal Government would have to prove that a violation was willful before a conviction could be obtained. Second, H.R. 3300 clarifies and defines classes of persons banned from possessing or receiving firearms; outlines "engaged in the business" of selling firearms; and designates the treatment of a private gun collection by a licensed gun dealer when separate from his business inventory. Third, the legislation would tighten enforcement practices and permit seizures only where the BATF could establish that the firearms were actually used in violation of the law. In addition, where the owners of the firearms must sue for their return, they would be entitled to a reasonable attorney's fee if successful. Finally, the bill would address technical problems with the ban on interstate firearms sales.

I urge my colleagues to carefully consider this long-standing problem. I firmly believe that every American is entitled to fair treatment under the law and that an individual who chooses to own a firearm lawfully and responsibly should not be subjected to capricious and arbitrary Federal oversight. I urge my colleagues to support H.R. 3300, the Federal Firearms Reform Act.●

SLOGANS CAN CREATE A MYTH

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ASHBROOK. Mr. Speaker, the impact of the following item in a recent issue of Conservative Digest comes not only from what it says but from the fact that the person saying it is Dr. Bernard Nathanson, one of the founders of the National Abortion Rights Action League (NARAL) and director for a year and a half of one of the world's largest abortion clinics. In this interview, he acknowledges that he had a part in the creation of many of the slogans of the proabortion push of the early 1970's and now regrets having "dreamed them up."

The very least we should do in the future as we begin to confront the abortion issue itself—and not just the question of its funding—is to look past the slogans and come to grips with the essential point of the whole issue—human life. Just how precious or cheap is it? Should we have laws that protect some stages of human life but not others? And if so, at what point should constitutional protection of human life first be extended, at what point should it be withdrawn, and what exceptions should be made? These are the hard questions we need to ask ourselves as we deliberate this matter in coming years.

According to Dr. Nathanson, "98 to 99 percent of all abortions are not medically indicated" and are "motivated by some variation of convenience, which means the reasons are social, not medical." That is an awful lot of abortion on demand, and, realistically, specious and contrived surveys aside, that is more than most Americans can tolerate. This fact cannot be dismissed by labeling the abortion question a "single issue" and telling it to go away.

We should not allow ourselves to be misled into wrong decisions by a powerful and monied lobby that would try to confuse the public with mental gymnastics and "dreamed-up" cliches.

The text of the item follows:

FORMER ABORTION LEADER ADMITS: PRO-ABORTION SLOGANS ARE MEANT TO MISLEAD

Q. Do you feel that the medical profession has taken over the role priests played in more primitive cultures? Or, to put it another way, are doctors equipped to provide moral counseling to women contemplating abortion?

Nathanson: That was one of the slogans we cooked up—that the decision to have an abortion should be reserved for the woman and her doctor. All those slogans—that it's a medical issue; that a woman has the right to her own body; that women should have the freedom of choice—I helped coin those lines, for heaven's sake. We dreamed them up as shibboleths to galvanize our troops. And now my teeth ache from having them thrown back in my face.

But specifically on the issue of a woman and her doctor—about 98 to 99 percent of all abortions are not medically indicated. In other words, they're not necessary; they're motivated by some variation of convenience, which means the reasons are social, not medical.

So 99 percent of the time when a woman comes to her doctor for an abortion, her mind is already made up. She comes to the doctor because the doctor is the instrument of her decision.

Q. But you're aware that the slogan carries with it the mental image of a compassionate specialist holding the woman's hand and carefully weighing all the alternatives.

Nathanson: Yes, that's nonsense. The doctor possesses no special wisdom, no unique insights into her existential problems. Do you really think that doctors have the time or inclination to sit down with a calculator and do an economic analysis of the woman's household budget to see whether a new child is financially viable? It's absurd.

A procedure in which the doctor has no input into the decision making cannot, by definition, be medically indicated. So the image of a woman and her doctor debating the necessity of an abortion is basically meretricious. It's a rallying cry, but it is not a serious argument.—Excerpt from interview in the National Catholic Register with Dr. Bernard Nathanson, a founder of the National Abortion Rights Action League, who is now critical of the pro-abortion movement, May 31, 1981.●

VALUE ENGINEERING IN COST CONTROL AND FEDERAL EXPENDITURES

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WINN. Mr. Speaker, on December 9, I hosted a reception, together with Senator JENNINGS RANDOLPH, for the Society of American Value Engineers, to show the potentials of value engineering in cost control and Federal expenditures. I was quite pleased with the outcome of this reception and the benefits it provided to those who attended. I would like to share the following statements made by various exhibitors, explaining their discipline and the advantages they received by participating in this event.

STATEMENT OF HAROLD G. TUFTY, CVS, NATIONAL DIRECTOR, FEDERAL LIAISON, AND CHAIRMAN, CONGRESSIONAL EDUCATION RECEPTION, SOCIETY OF AMERICAN VALUE ENGINEERS

First, on behalf of all of the exhibitors and the Society, I wish to thank both Congressman Larry Winn, Jr. (R-Kansas), who first co-hosted a similar reception in 1973, and Senator Jennings Randolph (D-West Virginia), who chaired the first Senate hearings on VE, for their continued support and interest in Value Engineering in general and, specifically, for co-hosting this reception December 9, 1981, to explain the potentials of Value Engineering in cost control and federal expenditures.

One of the primary things that we in SAVE wanted to explain to the Members who attended the reception and through this insertion in the Congressional Record to described to the Members of Congress who could not attend was to show its versatility particularly in manufacturing and construction; that it saves money for the taxpayer and creates additional profits for industry; and that it returns at least $10 for every Value Engineering dollar invested.

A second objective that we discussed with Members in attendance who stopped by our exhibit were suggestions of what Members could do if they chose to encourage more Value Engineering in the Executive Branch.

We suggested that a Member might contact agencies within their Committee's jurisdiction and ask the following questions:

(1) To what extent is Value Engineering/Management applicable to your activities?

(2) What VE/VM savings can be expected?

(3) To report regularly to the appropriate Congressional office what VE savings have been accomplished.

And in conclusion, John Bryant, of Harbridge House, Boston, Massachusetts, and SAVE National President, predicted that new annual VE savings in the order of billions of dollars could be expected "from a full application of the VE technique which is now delivering less than ten percent of its federal potential."

STATEMENT OF R. H. HERR, CVS, SENIOR ESTIMATOR, DAY & ZIMMERMANN, INC.

It has been well said before—"Value Engineering is a proven cost containment tool."

There is (nothing—no project) that cannot benefit by the proper application of VE/VM.

This is why Day & Zimmermann, Inc. has been so actively involved in VE for a number of years—including the discipline of Munitions Technology and Production; government buildings as well as those of the private or business sector; both of grass roots new construction and historic monumental facilities approaching two-hundred years since they were originally built.

Value Engineering has the greatest impact on cost during the conceptual and/or feasibility stage of a project whether it be a building, a waste treatment facility or a manufactured item or component. We at D&Z have also successfully VE-ed manufactured items that have been previously in production over a period of time.

Think of Value Engineering not as a cost but as an investment. One that will yield large "dividends" in the form of substantial cost savings for it can be a truly profitable investment.

In light of the current national economy both in the public and private sector, it can be responsibly asked—Who can afford not to use the application of VE/VM?

STATEMENT OF PAUL V. DUBROW, P.E., CVS, CHIEF OF VALUE ENGINEERING, OFFICE, CHIEF OF ENGINEERS; INTERNATIONAL VICE PRESIDENT, SOCIETY OF AMERICAN VALUE ENGINEERS

The U.S. Army Corps of Engineers was one of the many exhibitors at the Value Engineering reception sponsored by Senator Jennings Randolph (D-WVA) and Congressman Larry Winn, Jr. (R-KS), on December 9. An array of 24 implemented studies were presented in capsule video form. They are representative of the Corps' success story which has saved over $750,000,000.

The largest single VE action reported came from the Walla Walla District where Value Engineering pushed the state-of-the-art in dam construction and saved over $11,660,000.

A little known material and construction technique was developed into a project which has gained worldwide attention and has been the subject of an article and editorial in Engineering News Record.

To protect Heppner, Oregon, from a repeat flood disaster which drowned 247 people and destroyed a third of the city in 1903, a rock-fill dam with an impervious core was planned with an estimated cost of nearly $25 million.

Value Engineering studies resulted in the world's first gravity dam constructed of roller-compacted concrete. The contract price is $14.

Other examples of Value Engineering are studies accomplished by the U.S. Army Engineer District, Savannah for the construction program at Sunny Point Military Ocean Terminal in North Carolina. The saving exceeded $5 million from a $34 million construction program.

The Directorate of Facilities Engineering at Sunny Point states: "The Value Engineering studies will allow the Savannah District to award the total construction package with substantial reduction in construction costs, a reduction in operation and maintenance cost and insure a more efficient operation to accomplish the military mission at Sunny Point Military Ocean Terminal.

Value Engineering in the Huntington District produced over $4 million in savings at the R. D. Bailey Laboratory project located near Justice, West Virginia. These studies involved changes in the intake structure which served as a prototype for all design made after construction of the project; a change in the access road which not only reduced the initial construction cost but will also reduce operation and maintenance costs over the life of the project; and last but far from least, the use of a concrete face to replace the impervious core for the dam. This is the first dam of its kind to be constructed by the Corps of Engineers.

STATEMENT OF HANK WALES, CVS, GENERAL ELECTRIC

The Aerospace Business Group of the General Electric Company quite obviously supports this General Electric technique of Value Engineering developed by Larry D. Miles of GE in 1946.

There are many departments of several divisions of the Group. Tonight, we are displaying a typical Value improvement of a gun bolt, developed at our Burlington, Vermont, plant.

Work of this type has enabled us to submit 569 changes to the government, of which 370 have been approved, enabling us to return over $13 million to the Army, with another $8 million pending, and another $3 million in follow-on savings—for a total of $24 million.

STATEMENT OF DEAN VOEGTLEN, HUGHES AIRCRAFT CO.

THE HUGHES EXHIBIT

The Hughes Aircraft Company exhibit displayed photographic enlargements of four value engineering changes, illustrating the "before" and "after" condition. The examples shown were from the Army's TOW Missile and Ground Laser Locator Designator, the Navy's AN/SPS-52 Radar, and the Air Force's F-15 Avionics programs. Total Government savings achieved on these programs since inception was over $100 million. Each of the four panels also depicted significant additional benefits from the VE actions. For example, parts count was reduced, reliability increased, producibility improved and weight reduced from 20-60 percent in each case for each of the examples illustrated.

A dramatic example of the power of VE was demonstrated in a "before" and "after" version of the radar antenna transponder horn from another Army program which could be picked up and examined by the attendees. The original design met the required signal processing function through a complex array of waveguides, requiring very close tolerances and difficult machining, and assembly operations characteristic of current waveguide technology. Through an in-depth examination of the primary function of the item, a new design concept was conceived consisting of a solid state log-periodic antenna which replaced the waveguides. Material and labor costs were reduced 70 percent, weight was reduced 60 percent and operation/maintenance significantly improved with this state-of-the-art design.

Handouts were given to the Congressmen consisting of an article on Value Engineering at Hughes and a summary of the overall Company results to date—618 Value Engineering Change Proposals accepted on 46 different programs which produced $327.4 million in savings to the cognizant Government agencies.

STATEMENT OF GENE E. PERETTI, BOEING AEROSPACE COMPANY

The Boeing Company demonstrated VE savings achieved on its Roland and Air

Launched Cruise Missile (ALCM) programs, pointing out that Boeing has actively applied the VE technique since the mid-1960s. And over the past fifteen years, Boeing has sought to improve VE effort by incorporating an award system that provides a maximum award of $2,000 to employees who submit approved VE ideas.

Boeing is proud of its overall achievements in cost reduction and has tried to involve its employees in the task of submitting cost-reduction ideas; publicity plans; goals and employee awareness meetings are used to remind employees of the importance of cost reduction.

Special themes are used throughout the plant—such as "Slay the Dragon" on Roland; and the "ALCM Bee" (a cute stick-on bumble bee) for the ALCM program.

Boeing has also designed a unique first-of-its-kind eight-hour training course on productivity to reinforce the need for cost awareness. The course emphasizes the application of participative management techniques such as VE and quality circles.●

GETTING OUR ECONOMY BACK IN SHAPE

HON. HAROLD ROGERS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ROGERS. Mr. Speaker, sometimes the Members of this body wonder whether the folks at home are really serious about getting our economy back in shape.

Well, I'd like to tell you about a constituent in the Fifth District of Kentucky who can help set the record straight and set your mind at ease. Her name is Margaret Morgan and she is from Wilmore, Ky.

A couple of years ago, she began taking stock of our Nation and of her responsibilities as a citizen of this great Nation of ours. And she reached the conclusion that it was her duty to become more active in setting our country back on the right track.

As part of this effort, she decided to encourage the Congress to work right along with the President. And she was willing to make a huge personal investment to get her message through. She rented a typewriter. She was willing to buy the stationery and pay for the postage.

But when I heard about her dedicated efforts, I decided that I wanted to help her tell the Congress her message. Because I'm convinced that there are a lot of Mrs. Morgans out there, with the same views this Mrs. Morgan has, though maybe with a bit less perseverence in getting their views known.

So I'd like to enter Mrs. Morgan's letter here in the RECORD. And I urge my colleagues to consider her views as we go home for the holidays and begin gearing up for the budget decisions in the next session.

DEAR CONGRESSMAN: Thank you for supporting President Reagan in this attempt to reduce federal spending and balance the budget in this most recent vote of the Congress. Americans are grateful for his veto. Of course we are all going to feel the pinch in some areas but it is necessary for all of us to tighten our belts. We do not expect economic recovery overnight, in fact it may be a least five years before we get into an upward swing.

The American Voters put this President in office and that strongly indicates we want his program given their chance.

Again, Thank you.

Sincerely,

MARGARET MORGAN.

Wilmore, Ky.●

OAS RESOLUTION ON EL SALVADOR

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LAGOMARSINO. Mr. Speaker, on December 7 the Organization of American States (OAS) passed a very significant resolution on El Salvador. OAS approved the United States-El Salvador position of free elections by a vote of 22-3.

Inasmuch as little or no attention was given to this important occurrence by the U.S. news media, I submit for the RECORD for my colleagues, the resolution and a message from the State Department:

DEPARTMENT OF STATE,
Washington, D.C. December 11, 1981.

DEAR REPRESENTATIVE: On December 7, the Organization of American States overwhelmingly passed a very significant resolution on El Salvador. I thought you should have a copy. Three Central American countries that have recently had, or will have, elections of their own—El Salvador, Costa Rica and Honduras—sponsored this popular resolution which passed with twenty-two votes in favor, three opposed and four abstentions.

You will find this resolution to be a strong hemispheric endorsement of the democratic electoral process in El Salvador and a clear call for terrorist elements to renounce violence and enter this process. The large margin of the vote reflects the widespread sentiment in the hemisphere that the Duarte government's plans for the election of a Constituent Assembly in March 1982 offer the best hope for a peaceful solution to El Salvador's political problems. It presents a united front for democratic electoral solutions and against terrorism and outside interference. And it strongly reaffirms the critical role of the OAS in dealing with problems of regional importance.

It makes poignantly clear that those who are closest to, and most affected by, the current political difficulties in El Salvador are of one mind in their approach to resolving them. Its message should be seriously heeded.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.

Enclosures:

OAS GENERAL ASSEMBLY RESOLUTION ON EL SALVADOR

The General Assembly,

Having seen:

The provisions of Articles 3 and 16 of the Charter of the OAS, which refer to the principle of solidarity of the American States with a political organization based on the real exercise of a representative democracy, to respect for the fundamental rights of the individual, and to the principle of free determination of the peoples;

Resolution AG/RES.510 (X-0/80), which provides that the democratic system is the basis for the establishment of a political society where human values can be fully realized, and

Having heard:

The statements by the chiefs of delegations during the proceedings of the General Assembly, and

Considering:

That the Government of El Salvador has expressed its intention to find, through the democratic process, the political solution to the violence affecting its country and, to that end, it has scheduled the election of a National Constituent Assembly for March 1982;

That the Government of El Salvador has announced that the political electoral process of El Salvador is in progress, and

That the Government of El Salvador has invited other Governments to observe the holding of elections,

Resolves:

To express the wish that the people of El Salvador attain peace, social justice, and democracy within a pluralist system that enables its citizens to exercise their inalienable rights.

To express the hope that all Salvadorans will attain an atmosphere of peace and harmony through an authentically democratic electoral process.

To suggest to the Governments that wish to do so that they consider the possibility of accepting the invitation extended by the government of El Salvador to observe its election proceedings.

To repudiate violence and terrorism and any act that constitutes a violation of the principle of non-intervention.

To reiterate that, in accordance with the principle of non-intervention, it is up to the Salvadoran people alone to settle their internal affairs.●

"REDS"

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. McDONALD. Mr. Speaker, I would, for the benefit of my colleagues, like to comment during this Christmas season, on the latest fiasco from Hollywood, a film called "Reds," for which we witnessed two full pages in the Washington Post and New York Times, advertising its wonderful merits.

Any film depicting even one-tenth the glorification of the only Communist born in this free land of America

to be buried at the seat of modern communism in Moscow, would not be an incentive for me to attend. To make my point most emphatic, it is an insult to the Judeo-Christian heritage of this Nation to lend credence or monetary tribute to that which represents the worldwide forces of Satan.

Is this a sign of what some of Hollywood is trying to do to poison the greatness of our land? During the same holy season, we see other full-page advertisements praising the latest films of Jane Fonda, of Hanoi fame. Was it not she who went to the capital of Communist North Vietnam, broadcasted propaganda against our fighting forces in the South, and contributed to the torture and degradation of our men being held prisoner in North Vietnam? As we, this Christmas season, remember our Missing In Action (MIA), would we revel during such a season, again to repeat, to lend credence or monetary tribute to that which represents the worldwide forces of Satan? To both Fonda and "Reds," the reply should be an emphatic NO.

It is quite hard in the media these days to find an honest critique of this film, "Reds," but I did, in the Atlanta Journal. I would like to share with my colleagues, the partial critique of Journal staff writer, Scott Cain, from the December issue. Even Eleanor Ringel, on the same day, and taking the opposite view of Scott Cain, had to admit that she "* * * truthfully couldn't give it ("Reds") a rave."

Is it a coincidence that such a large play in the form of advertisements for both Fonda and "Reds" appears at the same time? Or is it that maybe that a certain element in Hollywood is warming up Jane Fonda to be the second American to be buried in the Kremlin—with Tom Hayden's permission, of course. For my colleagues, I share Scott Cain's worthy review with you and call your particular attention to the first four paragraphs—they tell it all:

[From the Atlanta Journal, Dec. 4, 1981]

HOLLYWOOD'S LATEST SHOCK IS IN "REDS"

(By Scott Cain)

Detente has gone too far when Hollywood makes a $33.5 million movie extolling the virtues of communism.

"Reds," Warren Beatty's magnum opus, contains the most shocking politics of any Hollywood film in nearly 40 years. It is a paeon of praise to Bolshevism. They'll love it from Minsk to Pinsk. "Reds" seems certain to win numerous awards at the next Moscow film festival.

Only in America would a multimillionaire actor, who has lived in the lap of luxury all his adult life, conceive a movie in homage to a Marxist.

Only in America would a studio, built and operated at a vast profit for 70 years under the capitalist system, finance a picture that admires socialism.

These are the stupefying mysteries. On a slightly lesser level, one is forced to wonder why Beatty would select John Reed for glamorization. Why not do a sentimental portrait of one of the really big Reds? Beatty could have been the sexiest V. I. Lenin of all time.

And lovable Leon Trotsky? His death scene would have been spectacular, far surpassing what Beatty got out of Reed's short and dismal life. Look at sweet ol' Uncle Joe Stalin. If anybody's reputation ever needed Beatty's handsome physique and pearly-white teeth, Stalin is the man. And think of the fun Beatty could have had playing Stalin's purge scenes of the '30s, gleefully ordering the deaths of millions of loyal Russians.

The list of dedicated, but dour, Communists who needed Beatty's help is endless. Lavrenti Beria is sorely in need of a glossy image, as are V. M. Molotov, Alexei Kosygin, Leonid Brezhnev. What about Andrei Gromyko, old "Grim Grom" himself?

Throughout the movie—for which Beatty served as producer, director, star and co-author—I kept waiting for Beatty to disassociate the film from Reed's politics, but he never does. He treats Reed as a hero.

Well, Reed is a hero in the Soviet Union. He is the only American buried in the Kremlin wall, which is not my idea of a recommendation. You don't have to be a Neanderthal American patriot to be offended by the fact that "Reds" is three hours and 19 minutes of Communist propaganda.

Worse yet, the film is unnervingly well made. Anyone who doesn't keep his wits is likely to be suckered into its ideology. At the screening I attended, several nincompoops applauded a scene in which an effigy of Uncle Sam was burned.

The United States government is, of course, portrayed as monstrous and insensitive.●

OLDER AMERICANS ACT AMENDMENTS

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. CONTE. Mr. Speaker, I would like to call to the attention of the House a matter which I find somewhat disturbing. I have been advised that the Office of Management and Budget is considering a proposal to eliminate the senior aid employment program in title 5 of the Older Americans Act. I hope the words I heard along these lines are not true, Mr. Speaker, because as OMB well knows, the House and Senate conferees intend for this program to continue as outlined in the conference report on the Older Americans Act amendments.

The senior aid employment program employs some 54,000 low-income senior citizens in various jobs of a community service nature. These jobs, many of which center around providing in-home services and direct care to others, are ones which, if it were not for the senior aid employment program, might otherwise go undone.

In the Commonwealth of Massachusetts, some 1,400 senior citizens are providing, under this program, care for children in day care centers, home health care to fellow senior citizens who need such care and a host of other assistance-oriented services. Similar services are provided in many communities throughout the country with very gratifying results.

As I stated, I hope the words I have heard regarding the intentions of OMB with respect to this program are untrue. As we move into the second session of the 97th Congress, I intend to take a close look at this program in the Appropriations Subcommittee on Labor and Health and Human Services when the fiscal year 1983 appropriations hearings begin.

The Congress has demonstrated its desire to see this program and the useful service it provides continued. Let's stick with that position.●

CALL TO CONSCIENCE VIGIL 1981

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BARNES. Mr. Speaker, as we draw to a close this session, I want to thank all of my colleagues in the House and Senate who have participated in the Call to Conscience Vigil 1981.

Our individual and combined efforts on behalf of those who are persecuted in the Soviet Union have given a measure of hope to these individuals and their families here who have struggled to be reunited in freedom. We in the Congress have spoken openly and forthrightly on behalf of those who continue to be arbitrarily harassed, arrested, exiled. We commiserate with the families whose loved ones have been stripped of their livelihood and opportunities for a productive and personally fulfilling life. Emigration for Soviet Jews has declined markedly since the high total of 51,000 in 1979, and Soviet refuseniks, ostracized and tormented, wait and endure. They know that we are on their side. They know that we are fighting for them. And they know that we will not stop until they gain their freedom.

I hope that as we begin the new session next January even more of my colleagues will join us in the Call to Conscience Vigil 1982. We have made a difference. Those in the Soviet Union have taken great risks to further the cause of social justice. We in the United States are their partners. The battle is great, but the fortitude of the human spirit is on our side.●

DONALD KENDALL ON REAGONOMICS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ASHBROOK. Mr. Speaker, the big government "tax and spend" liberals are conducting an all out assault on the sane and necessary proposals of the Reagan administration to turn this country from economic disaster which these same liberals created. They are saying Reagonomics is a failure. The failure was in their tax, spend and elect policies.

What is Reagonomics? Simply stated, it is an effort to reduce runaway Government spending, reduce taxes to return to the individual and the private sector their rightful place in our private enterprise system while at the same time reducing the regulatory burden that this runaway Government has imposed on individuals, schools, businesses, and private activity. In the process of doing this inflation will be curtailed, our currency revitalized and economic growth which produces jobs in the private sector assured.

Now this is quite a change for the leftists and socialists to swallow. Along with their agent provacteurs, the liberal columnists and television commentators, they have conducted a war on these sound, sane policies.

Donald M. Kendall, president of the board of Pepsi Cola has come up with one of the most succinct and accurate answers to this liberal hysteria that I have seen. It recently was reprinted in the Cleveland Plain Dealer but I understand it appeared in the New York Times prior to that time. I missed the Times article but congratulate the Cleveland Plain Dealer for presenting it as a balanced and reasoned answer to the debate on Reagonomics. I urge my colleagues to read it.

MAYBE REAGONOMICS AIN'T BAD

(By Donald M. Kendall)

After just 10 months as the economy's steward, Ronald Reagan has come under sharp attack for his bold budgetary and tax policies designed to correct decades of mismangement.

Attacks have included wild exaggerations of the reach of the budget cuts, neglect of the beneficial aspects of the tax cuts and failure to report encouraging signs seen since the advent of Reagonomics.

Often overlooked is the fact that Congress did not actually cut the fiscal 1982 budget but only reduced increases planned by the previous administration.

The 1982 budget will be the largest—more than $71 billion larger than fiscal 1981's. Even taking into account the 6.2 percent increase in inflation forecast for fiscal 1982, the budget will grow. Increases in government spending will again outstrip inflation, which is more than we can say for the wages of the average worker and taxpayer.

Nevertheless, we are told Reagan has become the "great dismantler" of 50 years of social progress. Yet, if Lyndon B. Johnson was a hero in 1965 with a Great Society budget of $118 billion, 40 percent on defense, why is Reagan a villain for spending $732 billion, of which just 27 percent has been earmarked for defense?

Look at the fate of several social programs.

School lunches: Subsidies for families with incomes of more than $16,000 have been reduced, but pupils from families earning less than $11,000 continue to receive free lunches. In fact, the per-meal subsidy paid by the government to school districts for these free lunches has been increased, from $1.13 to $1.20.

Food stamps: Some 22.5 million Americans received them the past fiscal year. This year, 21.6 million will receive them, with striking workers excluded.

Medicaid and Medicare: In the last fiscal year, $57 billion was spent there. As such, a reduction of $500 million this year can hardly be described as Draconian.

All told, Reagan will preside over the largest yearly increase in entitlement social programs—from $295 billion last year to $345 billion this year—again, far exceeding anticipated rate of inflation.

While attention has been lavished on the supposed effects of the budget cuts (effects seen largely through the eyes of job-conscious federal program administrators), critics have ignored the promise of the Reagan tax cuts. How many headlines have reported that, according to the Treasury Department, about $2.18 billion will be pumped into New York State's economy after cuts in individual tax rates during the current fiscal year?

This figure does not begin to measure the total boon to the state because it does not consider the state's sizable share of the many tax incentives enacted for businesses and savers.

Recent history shows these dollars will not be stuffed into mattresses, but will be saved, invested and used to pay off debts—which will lead to lower interest rates, capital formation, economic growth, jobs and expansion of the tax base.

When John F. Kennedy's supply-side tax cut took effect in 1964, the rate of disposable income saved by Americans increased from 5.4 percent in 1963, the year before the cut, to 6.7 percent in 1964 and 7.1 percent in 1965.

In 1964, about 45 percent of dollars left in workers' pockets as a result of the Kennedy cuts was saved. In 1965, it was 58 percent.

Finally, while each downward blip on the economic radar screen is reported, the encouraging signs of recent months ahve been all but ignored.

Inflation has dropped 25 percent since Reagan took office; interest rates have dropped to their lowest levels in a year; all-savers certificates generated about $18.7 billion in deposits during October, and the rate of savings—the key to long-range economic health—has begun an impressive climb, from 4.3 percent in January to about 6.5 percent today.

President Reagan's economic recovery program was never intended to provide a quick fix. Yet, relatively minor reductions in the growth of federal spending, coupled with major tax incentives for every worker and business in America, have already begun to produce positive results in the rates of savings, interest and inflation.

The current economic downturn is all the more reason to stick to the course the president has charted, and to seriously consider speeding up the effective date of the next round of tax cuts.●

PEACE IN OUR TIMES?

HON. BOB LIVINGSTON

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LIVINGSTON. Mr. Speaker, genocide in Afganistan, Cambodia, and Vietnam. Nerve gas, chemical warfare, yellow rain. The thunderous cadence of the Soviet jackboot stamping out the spark of freedom throughout the Eastern World—most recently—most visibly in Poland.

Union leaders and their families dragged from their homes at early hours of the morning. Telephone and telex lines cut; newspapers closed, martial law imposed—dissent stifled under penatly of death.

Gradually, the Iron Curtain once again encircles a religious and brave people—and yet like the white and peaceful blanket of snow that hushes the noise of the streets of Washington—the Western world is strangely quiet. Western nations so quick to witness the excesses of the decadent United States—are quietly tolerant once again.

From the Western media, which has beaten so successfully on American intelligence forces—cautions and hopeful for the Polish people—but quick to assure us that it is an internal affair.

From the United Nations and that conglomerate of peace loving nations known as the Third World * * * nothing * * * are they asleep?

Well—perhaps there really is peace in our times.●

DEBATE OVER NATURAL GAS WILL PROBABLY SHED MORE HEAT THAN LIGHT

HON. THOMAS J. TAUKE

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. TAUKE. Mr. Speaker, one of the most divisive potential issues for the 2d session of the 97th Congress is the deregulation of natural gas prices.

Like natural gas itself, the debate over deregulation will probably shed more heat than light. And yet there are some people who are providing the kind of careful analysis of the deregulation question that is so vitally needed. One such person is Dr. Charels G. Stalon, member of the Illinois Commerce Commission, who discussed deregulation of wellhead prices in a recent address to the National Association of Regulatory Utility Commissions.

I think that all of us—regardless of how we stand on the deregulation question—will benefit from Dr. Stalon's thoughtful commentary on this difficult issue.

Dr. Stalon's address follows:

DEREGULATION OF WELLHEAD PRICES: FOR WHAT PURPOSE?

(By Dr. Charles G. Stalon)

The nation is deep into the third decade of debates over "regulation" versus "deregulation" of natural gas wellhead prices. Despite that long history, the intensity of the debates, and the apparent victory for deregulation embodied in the Natural Gas Policy Act of 1978, it is disappointing to find so little agreement among opinion leaders and economic policymakers on the proper course to pursue toward wellhead prices at this point in time.

One of the reasons the debates have been so disappointing has been their tendency to focus on processes rather than purposes. Both "regulation" and "deregulation" are processes which can only be defended in terms of their results. Neither is an end in itself. As the nation gears up for the next round of deregulation debate, a review of the purposes of deregulation is needed. I want to make one contribution to that debate today.

My theme is a simple one. I take it from the theme of this convention, "Consumer Welfare: The Only True Regulatory Star". Just as regulation must be defended as a more efficient process for maximizing consumer welfare than all alternative feasible forms of social control of the subject economic activity, so must wellhead price deregulation be defended as a process which maximizes consumer welfare better than all feasible alternatives, or, conversely, as a process which leads to conditions which promise to maximize consumer welfare better than all feasible alternatives.

Accepting the likelihood that the nation has irreversibly committed itself to deregulation, and, furthermore, accepting the proposition that competitive markets generally work better to further consumer welfare than does price regulation, the issues to be addressed are twofold:

(1) Is the nation moving toward competitive markets for the pricing of wellhead gas, or is it going to be satisfied with non-regulated, non-competitive markets with economically disfunctional institutions and practices?

(2) How should the deregulation process now in place be modified to more effectively develop competitive markets for wellhead gas?

My answers to these questions can be grouped under two headings:

(1) the Natural Gas Policy Act (NGPA) program of deregulation which is now unfolding is defective in process. It has great potential for harming consumers—especially residential and small commercial consumers—in the transition to non-regulated markets.

(2) Moreover, the markets which will likely develop at the end of this deregulation program do not promise to be competitive enough to protect consumer interests over the long run. In order to create workably competitive markets for wellhead gas, many traditional practices, especially rate design practices, of the gas industry must be revised.

Permit me to elaborate on each of these topics.

The NGPA deregulation program embodies a defective process.—The one proposition on which almost all participants in the present deregulation debate seem to agree is that the current process, put in place by the NGPA, is deficient in one or more respects.

The underestimation of oil price increases, on which the Act was built, now means that, unless modified, a substantial price increase in wellhead prices will occur in 1985, particularly prices for Sections 102 and 103 gas (new gas from the Outer Continent Shelf (OCS) and gas from new on-shore production wells).

The likelihood that such large price increases will provoke a political reaction and lead to a stretch-out of the deregulation process is widely recognized. The possibility that it will lead to an indefinite extension of regulation seems to be taken as significant by some knowledgable observers. The "Analysis of Natural Gas Producer/Interstate Pipeline Contracts" done early this year by Decision Analysis Corporation for the Policy Evaluation and Analysis Group of the American Gas Association points out that one type of indefinite escalator clause still popular is one which grants to the seller the right to receive the "highest allowed regulated rate". Seventy of the seventy one contracts they examined which were signed after April of 1977 (the date of "new leases" under NGPA) has such clauses.

It appears that this group of well informed members of the gas industry are hedging their bets on deregulation.

A second group, and perhaps a group with more political force, that is dissatisfied with the current deregulation process is composed of pipelines and distribution companies. It is not the 1985 price run up—or fly up, or spike, all three terms are popular—which is the focus of their concerns. Although they also fear political reactions to that run-up, their concerns go deeper and are closer to my theme today. They fear that certain contractual practices in the pipeline-producer market will work to drive wellhead prices above competitive market equilibrium prices and keep such prices in existence long enough—perhaps indefinitely—to harm, seriously and perhaps permanently, pipelines distribution companies.

This harm would occur if the above-equilibrium prices were to induce a significant proportion of industrial customers to shift off gas. Clearly, if that happens, system load factors will decline for both pipelines and distribution companies, and burner tip prices will be forced up to those ratepayers who cannot easily shift off gas, namely, residential and small commercial users.

The NGPA deregulation program scheme is defective in target.—A third defect in the NGPA deregulation process often is not recognized, but it is the one I want to emphasize today. The NGPA process will leave in place a vintage pricing structure at the wellhead for the indefinite future. This vintage price structure almost certainly means that "new" gas will carry a higher price than "old" gas. Since the new gas price reflects—and probably reflects accurately—the marginal social cost of gas, rolling in the "new" gas price and the "old" gas price presents to the distributor at the city-gate—and, therefore, to the state regulatory commissions—a commodity price which is below the marginal social cost of gas. This, I want to argue, is a suboptimal objective.

A vintage price structure at the wellhead in a period during which the marginal social cost of gas is rising, makes it inevitable that prices will not convey the proper information forward through pipelines and distribution systems. Permit me to develop this point at some length.

The Vintage Price System must be Eliminated.—Economic scholars have developed elaborate descriptions of the necessary conditions for allocating resources to maximize consumers' welfare. One of the necessary conditions for achieving such a welfare maximization is that each buyer is faced at each point in time and in each location with prices for goods and services which equal the marginal social cost of producing and transporting those goods and services. The defense of competitive markets lies in their tendency to generate such prices. The defense of public utility regulation lies in the need to use government power to produce such prices when natural monopolies exist.

State regulatory commissions, however, cannot fulfill such a responsibility, if they cannot determine the marginal social cost of gas. If state commissions are to be given price signals at the city-gate which encourages them to fulfill their responsibility, the federal government must construct and preserve contractual guidelines and pipeline rate designs which reveal to them appropriate prices. For the following reasons, the existence of a vintage price system makes that task next to impossible.

First, it is obvious that when a pipeline serves a single distribution utility, the marginal cost of gas to the utility is the marginal cost of gas to the pipeline plus whatever capital cost is called for to fit the planning horizon under consideration.

Second, the task of determining marginal social costs becomes more difficult when discussing a pipeline which serves several distribution utilities in one state. In such a case the marginal cost of gas presented to the state will be different from and the marginal cost of gas presented to each utility. For example, assume a pipeline serves two, and only two, utilities in a state, and these utilities import all the gas coming into the state. If one utility increases its demand and, thereby, induces the pipeline to purchase additional current vintage priced gas, and the pipeline rolls the new vintage price in with the old, then the marginal cost of gas to the initiating utility will not be the pipeline's marginal cost. It will be the old rolled-in price plus a fraction of the difference between that price and the new vintage price. The fraction will equal the proportion of that utility's purchases to total state purchases.

For example, if the rolled-in price is $3 before the increase in demand and the new vintage price is $5 and the new gas quantities match the old gas quantities and the two utilities make equal quantity purchases from the pipeline, then the initiating utility will incur a marginal cost of $4 for the marginal units. Since the "other dollar" is imposed on the state's second utility, the marginal cost of gas to the state is clearly $5, the same as the pipelines.

Third, it follows from the construction of this argument that one can easily imagine a case where many utilities in one state are served by a single pipeline. And calculating as I did above, each utility would estimate its marginal cost of gas at slightly greater than $3 while the state regulatory agency could calculate the marginal cost of gas to the state at $5. It logically follows that it could be rational for the state to coerce the utilities into a consortium to produce synthetic gas at a cost of $5 to displace gas which each utility sees as having a marginal cost to it of less than $4.

Corollaries of these arguments deserve emphasis, since I think they are equally relevant. The three I want to emphasize are stated briefly:

First, most pipelines serve utilities in more than one state and, while it may be true that the marginal cost of gas to a state is larger than the marginal cost to each utility in the state, it is also to be expected that the marginal cost to each state will be less than the marginal cost to the serving pipeline or pipelines.

Second, because the marginal cost of gas to each state is less than the marginal cost to the pipelines serving that state, each state would be economically discouraged from building synthetic gas projects even when the average cost of gas from the synfuels project is less than the marginal cost of gas to the serving pipelines.

The third and final conclusion to fall out of the analysis is that distribution utilities are also going to be economically discouraged from building synthetic gas plants for anything other than peaking units. Only the pipelines will confront the trigger level of the marginal social cost of natural gas. Therefore, the pipelines will be rationally induced to build synfuels plants when it would be economically irrational for either a distribution utility or a state to do so.

Interim recapitulation and summary.—I can summarize this first part of my argument as follows: A vintage price system at the wellhead generates improper price signals to states and distribution companies. It reduces their incentives to develop synthetic gas supplies and it tends to unduly concentrate incentives onto the pipelines for developing such gas. Obviously, this is a disfunctional incentive structure for a nation desiring to use competition to develop new gas sources and to allocate those gas sources efficiently over location and time.

It follows logically from this conclusion and the acceptance of the objective of efficient allocation that any deregulation program which purports to seek consumers' welfare must be full deregulation, that is, deregulation of old and new gas prices.

Competitive markets must be created.—The second half of my argument starts with a reminder that the deregulation of both old and new wellhead prices is not sufficient to create competitive markets. It is only one of many necessary conditions. To take that step and not accompany it with other necessary actions would be a distinct disservice to consumers.

A competitive market requires conditions whereby prices respond to demand changes as well as to supply changes. It requires conditions whereby a buyer can continually reallocate his purchases among competing suppliers so as to minimize his cost. A competitive market cannot tolerate contractual arrangements and/or rate designs which effectively insulate sellers from incremental changes in burner tip demands. Neither can a competitive market tolerate contractual arrangements and/or rate designs which effectively discourage buyers from seeking or developing economically justifiable alternative sources of supply, be they natural or synthetic.

It logically follows, therefore, that many of the contractual arrangements and rate designs which developed when the natural gas industry was regulated end-to-end cannot be permitted to carry over into an industry where only distributors and pipelines are regulated. Long-term contracts and take-or-pay clauses designed to shift risks forward to distribution companies and to ratepayers must be modified and severely constrained to prevent them from hampering the efficient workings of the market.

Contracts which base the price of gas on a price or prices in other contracts between different parties are illegal restraints of trade elsewhere in the economic system. They cannot be permitted to exist in the non-regulated segment of the natural gas industry. To permit their continued existence would be to permit producers to retain the privileges of regulation after releasing them from the responsibilities of regulation.

Producers who want free market privileges must accept the risks of free market firms. They should not seek and they cannot be permitted to shift those risks forward as they have done in the past.

A new role for pipelines.—In this new world of demand sensitive prices, pipelines must also be required to accept greater risks. Since pipelines are repositories of much of society's knowledge of field prices and supply sources, city-gate rate designs must be created which induce them to bargain vigorously in the interests of consumers. City-gate rate designs and contractual arrangements must always be crafted to encourage pipelines to use those skills efficiently and to suffer losses when they fail to do so.

City-gate contractual arrangements must also insure that distribution companies, acting alone or in cooperation with other distribution companies, are encouraged to develop or purchase synthetic gas when relative prices indicate that to be in consumers interest. Only by diligently pursuing such alternatives can discipline be imposed on pipelines and in turn on natural gas producers.

Second interim recapitulation and conclusion.—I can summarize this second part of my argument as follows: Rate design, especially city-gate rate design, must become a topic of paramount importance in a world of deregulated wellhead prices. The purpose of rate design can no longer be taken to be the shifting of risks forward to ratepayers. It must now be taken to be the constructive transmission of competitive market signals and pressures. Risks must be shifted backward as well as forward. The responsibilities of FERC in this regard become enormous.

State commissions must also accept new responsibilities. If distribution companies are to be encouraged to play one supplier against another and synthetic producers against natural producers, then state commissions must be prepared to facilitate contractual arrangements which encourage that play.

Retargeting the deregulation process.—I would like to conclude my remarks today with a proposal on how the nation should retarget the deregulation process. From the reasons offered by others, especially those put forth by the pipelines and distributors, and the reasons I have emphasized today, it is necessary that the deregulation program be revised.

Reopening the issue will permit the U.S. Congress to reduce the likelihood of an economically disruptive run-up in prices in 1985, and more importantly, it will also permit the Congress to clarify the permissible forms of contracting between pipelines and producers.

Both of these Congressional actions should be guided by a desire to create a workably competitive market for gas. In short, we all should encourage Congress to review the deregulation process with the idea that while it is correct that "Consumer Welfare (is) The Only true Regulatory Star", it is equally correct that "Consumer Welfare (is) The Only True Deregulatory Star".●

FARY CALLS FOR CONTINUED FOOD AID TO POLAND

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. FARY. Mr. Speaker, news accounts out of Poland show that since the imposition of martial law on Sunday, the situation is worsening. Polish troops have been used to break strikes by the Solidarity trade union in Warsaw plants and Gdansk shipyards to detain strike leaders. Solidarity leader, Lech Walesa remains in Government custody, and there is a complete communications blackout in Poland. It has been reported that over 5,000 people have been arrested so far.

At this time we do not know exactly what type of pressure the Soviet Union is exerting on Poland that would drive the Polish Government to this confrontation situation with the Solidarity movement. Negotiations and compromise between the Polish people and their Government in the past year and a half have kept Poland from plunging into chaos with far reaching implications for international security. The Polish authorities should continue to seek a negotiated settlement to their internal problems and abandon their hard-line stance. If the political situation becomes any more volatile, it will only facilitate Soviet intervention which would have the gravest of consequences for Europe, the United States, and the Polish people themselves.

In this time of crisis for the brave Polish people, the United States should help the Poles in their struggle for human rights. I have sent a letter, along with other Members of the House, to President Reagan urging him to continue to send food aid to Poland to help the Polish people survive the long hard winter that they are about to face. On December 14, Secretary of State Alexander Haig announced that the U.S. Government has decided to suspend consideration of requests by Poland for further food aid. The U.S. Government should not use food as a tool to make the Polish authorities relax martial law and the suspension of freedoms. The United States must take a strong stand against the Polish Government's recent actions, but denying food credits is not the answer.●

ROBERT W. LEE ON PEARL HARBOR—PART II

HON. LARRY McDONALD
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. McDONALD. Mr. Speaker, this will conclude Mr. Lee's article on Pearl Harbor from the December 1981 issue of American Opinion.

In this concluding part, Mr. Lee traces the role of those high in the Government of the United States who were actually working to guarantee that Japan would attack the United States. The purpose had nothing to do with the best interests of the United States, but rather the best interests of Soviet Communist imperialism. Owen Lattimore, following World War II was identified by Democrat Patrick McCarran's Investigating Committee, as Mr. Lee puts it, "* * * a conscious articulate instrument of the Soviet conspiracy." Harry Dexter White, also was identified as a Soviet agent. These two, were responsible for drafting the policy that led to the ultimate provocation that gave Japan no other outlet than to attack the United States.

Also discussed is the failure of the U.S. Congress, thanks to our own body, to cover up the true and final secrets of Pearl Harbor. Mr. Lee's conclusion follows:

Even Communist spymaster Richard Sorge got into the act by working to scuttle the meeting from the Japanese side. Professor Anthony Kubek writes: "With the rejection of Konoye's offer, Richard Sorge dismantled his spy apparatus, confident both of a Japanese war against the United States and Great Britain, and of continued Japanese neutrality towards the Soviet Union." Sorge was arrested by Japanese authorities on October 18, 1941, and later executed.

Also on October eighteenth, due in large part to his lack of diplomatic progress with the United States, Prince Konoye's Cabinet fell and he was replaced as Premier by the anti-U.S. military regime of General Hideki Tojo. It was another huge step towards war.

In early November, the Japanese Government submitted a proposed agreement to Washington and cabled its Embassy on November fifth (in a secret message intercepted and decoded as part of the "Purple" operation) that November twenty-fifth was the deadline for action on the agreement. On November twenty-second, another cable extended the deadline to November twenty-ninth, after which "things are automatically going to happen" unless an agreement could be reached.

On November twenty-fifth the Japanese Task Force sailed from Tokyo. On that same date, Secretaries Stimson and Knox met at the White House with General George Marshall (Army Chief of Staff), Admiral Stark, and the President. Their discussion was primarily devoted to the intercept which set the final deadline for November twenty-ninth. The likelihood of war was nearly certain and the main question, Secretary Stimson subsequently recorded in his diary, was "how we should maneuver them into the position of firing the first shot without allowing too much danger to ourselves. It was a difficult proposition."

On March 21, 1946, during testimony before a postwar Congressional Investigating Committee, Stimson further discussed this important meeting in these words: "If war did come, it was important, both from the point of view of unified support of our own people as well as for the record of history, that we should not be placed in the position of firing the first shot, if this could be done without sacrificing our safety, but that Japan should appear in her true role as the real aggressor." And he further explained how he felt when news of the Pearl Harbor attack arrived: ". . . my first feeling was of relief that the indecision was over and that a crisis had come in a way which would unite all our people. This continued to be my dominant feeling in spite of the news of catastrophes which quickly developed."

It is worth noting that earlier in the month Secretary Hull had composed a draft calling for a ninety-day truce with Japan. This proposal was endorsed by General Marshall and Admiral Stark since it would provide more time to build our defenses prior to the outbreak of hostilities. Yet, on the morning of November twenty-sixth—the day following the discussion about enticing Japan into "firing the first shot"—Hull telephoned Secretary Stimson to say that he had "about made up his mind" to drop the proposed *modus vivendi* and instead "kick the whole thing over" and tell the Japanese he had no proposal at all. Later in the morning, the President concurred with that view, the truce plan was dropped, and another possibility for averting war went down the drain. General Marshall later testified that the truce might have precluded our entering the war at all, since a delay by the Japanese from December 1941 to the early months of 1942 might have resulted in a change in their opinion as to the wisdom of the attack due to the collapse of the German front before Moscow in December 1941.

Why did Secretary Hull turn sour overnight on his own truce plan? Again we encounter Communist influence. Soviet agent Harry Dexter White, as soon as word of Hull's plan leaked out, drafted a letter to the President for Treasury Secretary Morgenthau's signature. It catalogued the alleged terrible consequences which would follow any agreement with Japan. The letter expressed the fear that "our people, and all the oppressed people of the earth," might "interpret your move as an appeasement of repressive forces." White (through Morgenthau) reminded F.D.R. of the "supreme part" he was "to play in world affairs" and said of the proposed truce: "The parallel with Munich is inescapable."

Professor Owen Lattimore, whom Roosevelt had pointed as special advisor to the Chinese Government, dispatched a cable to Presidential aide Lauchlin Currie arguing against any agreement between the U.S. and Japan on a *modus vivendi.* Historian Anthony Kubek contends that "Lattimore, by this one act, designed to accomplish the Soviet objective of promoting war between the United States and Japan—did more to promote the Sovietization of China than in any other act of his career. All Communist schemes for conquest of China hinged upon destroying the balance of power in the Pacific."

In 1951, the Senate Internal Security Subcommittee concluded, after extensive Hearings regarding Communist influence on our China policy, that Lattimore was a "conscious, articulate instrument of the Soviet conspiracy."

On the afternoon of November 26, 1941, Secretary Hull completed the final version of his ten-point response to the agreement Japan had proposed. Both he and the President knew that Japan could not accept its terms. In his own words to Secretary Stimson, it had "broken the whole matter off. . . . I have washed my hands of it and it is now in the hands of you and Knox—the Army and the Navy." The Army Pearl Harbor Board would later declare that the Hull ultimatum "touched the button that started the war."

Among other things, the note called for the withdrawal of all Japanese "military, naval, air and police forces from China and from Indo-China." Japan was so deeply committed in China that the bulk of her national wealth was tied up in the effort. As Captain J. C. Wylie observed. "If they had chosen to get out of China, I do not see how they could have avoided an intenal revolution . . . and even if they had done so, their successor would have come to power in opposition to any such course."

The Hull ultimatum of November twenty-sixth was largely based on a memorandum written by—you guessed it—Soviet operative Harry Dexter White. The White memorandum (once again over Secretary Morgenthau's signature) contained terms so stiff that White knew Japan would not accept them. The document was in front of Hull as he drafted his reply to the Japanese. In its final form, the ultimatum contained eight of White's demands. In other words, as Anthony Kubek explains, "Harry Dexter White, a Soviet agent, helped in an important, even decisive, way to draft the ultimatum that provoked war between Japan and the United States. This was a primary Soviet aim in the Far East."

It was now simply a matter of waiting for the Japanese to sever diplomatic relations and "fire the first shot."

Shortly before noon on December 1, 1941, President Roosevelt held an urgent meeting with Secretary Hull and Admiral Stark, then had a luncheon meeting with Presidential advisor Harry Hopkins, who had to be transported from a hospital sickbed to attend. The topic of discussion remains a formal secret, but is undoubtedly indicated by the following dispatch which Admiral Stark sent that afternoon to Admiral Thomas C. Hart, Commander of our Asiatic Fleet: "President directs that the following be done as soon as possible and within two days if possible after receipt of this dispatch. Charter 3 small vessels to form a 'defensive information patrol.' Minimum requirements to establish identity of U.S. men-of-war are commanded by a naval officer and to mount a small gun and 1 machine gun would suffice. Filipino crews may be employed with minimum number naval ratings to accomplish purpose which is to observe and report by radio Japanese movements in west China Sea and Gulf of Siam. One vessel to be stationed between Hainan and Hue, one vessel off the Indo-China Coast between Camranh Bay and Cape St. Jacques and one vessel off Pointe de Camau. Use of *Isabel* authorized by President as one of the three but not other naval vessels. Report measures taken to carry out President's views."

Incredible! As Frederic R. Sanborn observes, "What a 'smart' plan it was! First, the beguiling and misleading name, adapted from the one first used in the Atlantic—'defensive information patrol.' Next, the use of

the American flag, and the attempt to convert these pitifully 'small' chartered vessels into 'U.S. men-of-war.' Next, the provocation offered. These vessels were 'to be stationed,' that is, put in fixed positions (perhaps anchored), in what was believed to be the principal and direct path of the Japanese advance. There they were 'to observe and report by radio,' no mention being required of the use of code, the 'Japanese movements.'"

Those with the child-like naïveté might accept that this maneuver was for "defensive information purposes," but as historian Charles Callan Tansill has written: "Adults will persist in the belief that Roosevelt was attempting to rig a lynching which would relieve him of his embarrassments by putting this sacrifice force in the path of the Japanese fleet, where it would be run down or shot up. The formula was ingenious as a means of procuring 'the first overt act' and inducing Japan to fire 'the first shot without allowing too much danger to ourselves.' The Democratic platform reservation—'except in case of attack'—would be fully met, and Mr. Roosevelt would be free to embark on his crusade for the Four Freedoms 'everywhere.'"

It does indeed appear that this cockleshell armada was to serve as a backup target should the Japanese, for whatever reason, decide to move against territory other than that of the U.S. at Pearl Harbor. But Pearl Harbor was attacked before the full operation could be put into effect.

On November 27, 1941, Secretary Stimson met with Admiral Stark and a member of General Marshall's staff and sometime later sent a message to the various Commanders warning of the deteriorating diplomatic situation. The message received by General Short in Pearl Harbor included these words: "If hostilities cannot, repeat cannot, be avoided the United States desires that Japan commit the first overt act." The overall directive was interpreted by General Short to be a warning, so far as his own operations were concerned, to guard against possible sabotage—not overseas attack. He therefore placed his department on sabotage alert and so notified Washington.[1]

If General Short's interpretation of the threat and response was "incorrect" (after all, he had been denied information regarding the "Purple" intercepts, Secretary Hull's November twenty-sixth ultimatum, and other vital information which would have given him a clear picture of the actual situation) it was the duty of his superior officer (General Marshall) to order a correction. Up to the time of the December seventh attack, Marshall made no change in, or comment about, the sabotage alert. Indeed, on November twenty-eighth, Army Air Commander General "Hap" Arnold wired Short instructions to provide for protection against "subversive propaganda," "espionage," and "sabotage of your equipment, property and establishments." This directive naturally led Short to believe that his sabotage alert had been confirmed.

On November twenty-eighth, another intercepted message from Tokyo made clear that the American proposal of November twenty-sixth was (as everyone knew) unsatisfactory and the Japanese reply would end negotiations. That war would likely follow by concurrent surprise attack was indicated by the prior Japanese record (against China in 1894, Russia in 1904, and Germany in 1914) of timing surprise attacks to coincide with the severing of diplomatic relations.

Shortly after noon on December sixth, U.S. intelligence intercepted a message stating that the Japanese response to Secretary Hull's November twenty-sixth missive would soon be sent in thirteen parts, with a later dispatch to inform the Ambassador of the time the reply should be delivered to Hull. As early as December first, Tokyo had begun to instruct its Embassies in potential war areas to destroy their code machines, secret documents, files, etc. This move was most significant, because the mere severing of diplomatic relations would not have jeopardized the cover of immunity for the contents of Embassy offices and would not have required the destruction of those contents. The "destruct" orders were another clear indication that war, and nothing less, was in the works. The Japanese reply to the Hull memorandum would end the negotiations. The time of its delivery would likely indicate the beginning of the attack.

The thirteen-part reply was intercepted, decoded, and ready for distribution to the President and others on the evening of December sixth. When F.D.R. finished reading his copy by around nine p.m., he exclaimed: "This means war."

The President discussed the matter briefly with Admiral Stark that night. General Marshall was away from his office and could not be located. (Nor, he claimed in later years, could he recall where he had been that night. If so, he was the only American who could not recall his exact location on the eve of that day of infamy.)

On the morning of December, 7, 1941, the final Japanese message was intercepted and decoded by seven a.m. (more than six hours prior to the attack). It set one p.m. Washington time (7:30 a.m. in Pearl Harbor) for delivery of the reply to Secretary Hull.

Admiral Stark arrived at his office a bit late—9:25 a.m.—and, after reading the thirteen-part war message, did nothing to warn the Commanders in Hawaii. Even when he was shown the time-of-delivery message an hour later, he still opted to remain silent.[2]

General Marshall, who claims to have been horseback riding, did not arrive at his office until 11:25 a.m., at which time he read the Japanese reply (including the time-of-delivery dispatch), then proceeded to compose a message of warning to be sent to the various Commanders. The message was ready for encoding at 11:58 a.m., which still left plenty of time to reach Admiral Kimmel and General Short prior to the attack. But Marshall then opted to ignore the scrambler telephone on his desk, the Navy and F.B.I. radio systems, and other swift methods of transmission, and instead had his warning message of impending attack sent by Western Union to San Francisco, then by R.C.A. commercial radio to Honolulu.[3] Indeed, the communication was not even marked "urgent" or "priority." As a result, it reached General Short's headquarters six hours after the attack; Admiral Kimmel had it two hours later.

Congressional investigators found "no justification for a failure to send this message by multiple secret means," and Professor Kubek comments: "There has never been a satisfactory explanation why on the morning of December 7th, Washington officials refused to send one short message to Hawaii in time to anticipate the Japanese attack. No officer could make such a grave error of omission and retain his office unless he were acting under orders. Such orders could have come only from Roosevelt. He was the only common commander for all concerned."

And Admiral Kimmel, a major victim of the whole Pearl Harbor affair, observed that the "Lack of action on the part of both the War and Navy Departments must have been in accordance with high political direction, because the officers in both departments repeatedly demonstrated both before and after Pearl Harbor that they were not careless, inefficient or incompetent. One or two of them might have slipped up, but certainly not all of them concertedly . . . ." Clearly there was a conspiracy of terrible proportions.

After the tragedy, with the American people demanding to know why it had happened, a number of investigations were launched over a period of five years. Most involved a tug of war between those anxious to get at the truth and those anxious to effect a coverup of the role of F.D.R.

First, there was the "Knox Report" conducted, while the ships were still smoking, by Navy Secretary Frank Knox. It completely absolved General Short and Admiral Kimmel of any and all dereliction of duty. This, of course, was not in accord with President Roosevelt's need for scapegoats, so the President moved completely to suppress his own Navy Secretary's report and it did not see the light of day until after the war had ended. Even then, little or no publicity was given to it, and not one American in a million knows anything about it to this day.

The Roberts Commission, investigated by Roosevelt with Supreme Court Justice Owens as Chairman, completely whitewashed the issue, finding that the Secretaries of State, War, and Navy as well as General Marshall and Admiral Stark, had fulfilled their obligations in connection with the Pearl Harbor attack. This disgraceful panel unjustly heaped the entire blame on Admiral Kimmel and General Short.

The Naval Court of Inquiry, which ran from July 24 to October 19, 1944, cleared Admiral Kimmel completely and, as noted earlier, charged Admiral Stark with a lack of sound "judgment" in failing to transmit adequate information about the Japanese situation to Admiral Kimmel during the critical period from November twenty-seventh to December seventh.

The last of the eight or nine investigations was conducted between November 15, 1945, and May 31, 1946, by a Joint Congres-

[1] Protecting installations and equipment from sabotage by the local Japanese population meant bunching planes together, placing anti-aircraft ammunition underground, and otherwise making moves just the opposite of proper preparations for an attack by air.

[2] The Naval Court of Inquiry convened in the summer of 1944 to evaluate the Pearl Harbor tragedy was highly critical of Admiral Stark's "judgment" in failing to transmit such obviously critical information to Admiral Kimmel. Admiral Stark responded that his conscience was clear because all of his official actions in the days prior to the attack had been governed by orders from "higher authority." Which was undoubtedly true. During those days, President Roosevelt was the *only* naval authority higher in the military chain of command than Admiral Stark.

[3] A warning of even thirty or forty minutes would have saved lives, and might have stopped the attack altogether. The post-war congressional investigation included testimony by a member of the Japanese attack force which confirmed the logical assumption that the Task Force was under orders to turn back if the American military forces at Pearl Harbor were alerted in advance.

sional Committee. Dominated by Democrats with a vested interest in protecting the Roosevelt image, its work was also largely a whitewash. However, due to the persistance of certain Minority members (especially Senator Homer Ferguson of Michigan), some extremely valuable additions were made to the Pearl Harbor record. It was through Senator Ferguson's efforts, for instance, that the Knox Report was at long last revealed. Also, for the first time, the many Japanese diplomatic message which had been intercepted were laid on the public record.

A serious effort was made to keep those important messages under wraps. Senator Elbert D. Thomas (D.-Utah), fronting for Roosevelt during the ailing President's last days, introduced legislation on March 30, 1945, to prevent the disclosure of any coded material obtained during the war except by permission of the head of a government department or the President. The effect of the bill would have been to suppress disclosure of the Japanese intercepts (the contents of which were collectively called "Magic," since the decoding process had been so remarkable). With nearly unprecedented haste, the bill was reported from Committee within one day and passed by the Senate on April fifth. Fortunately, the House was made sufficiently aware of the bill's sinister significance in time to delay its consideration and eventually kill it.

Finally, there is the matter of G.O.P. Presidential candidate Thomas E. Dewey's experience during the 1944 campaign. Dewey learned that we had cracked the "Purple" code prior to Pearl Harbor and that the White House had known more than fifteen hours prior to the attack that war would be launched somewhere the next day in the Pacific. But, he did not know whether the code was still being used by Japan. If so, he would be assisting the enemy by raising the Pearl Harbor issue in the campaign.

When General Marshall learned that Dewey might be on the verge of breaking the Pearl Harbor story he dispatched a courier with a letter which admitted to Dewey that the code had been broken and warned that it was to our continuing advantage to keep that fact from Tokyo, since the code was still being used. Dewey and his advisors concluded that they had no alternative but to abide by Marshall's request for continued secrecy and the Pearl Harbor issue was never raised.

Could the Japanese actually have been so naive and/or incompetent as to use the same code for so many years—especially when they were being outmaneuvered so consistently throughout the Western Pacific? It seems doubtful, and contrary to standard military practice, which calls for code changes at irregular intervals.[4]

* * * * *

An interesting sidelight to the Pearl Harbor saga was noted by Percy L. Greaves, Jr., chief of research for the Republican Minority during the Joint Congressional Committee investigation. In a chapter of the excellent multi-authored book, *Perpetual Was For Perpetual Peace,* Greaves wrote: ". . . those who testified in the various hearings as to facts that were damaging to the administration and their superiors had few promotions. Those who maintained secrecy, failed to remember, or testified on behalf of the administration, rose very quickly to high places . . . . virtually no one who tried to spread the alarm during the twenty-four hours preceding the attack, or later to reveal facts damaging to the administration, has ever been promoted or rewarded." Every effort was made to prevent exposure of the evidence that Roosevelt, Marshall, and Stark had conspired to make possible the Japanese attack on Pearl Harbor.

That is the only conclusion that a reasonable man could reach. As President Franklin D. Roosevelt once observed: "In politics, nothing happens by accident. If it happens, you can bet it was planned that way." Like Pearl Harbor.●

[4] Washington had intercepted two dispatches in April 1941, from Berlin to Tokyo, stating that the U.S. was reading the Japanese messages. Either the Japanese didn't believe it or their agents were aware that Roosevelt meant to offer the U.S. Fleet at Pearl Harbor as a sitting duck to assure American entry into the war.

THE GOOD SIDE OF MIAMI

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LEHMAN. Mr. Speaker, Miami has gotten a lot of bad press in the last year, the most recent being a cover story in Time magazine.

No other American community could have done a better job of absorbing and accommodating 125,000 Mariel refugees and over 50,000 Haitians, not to mention thousands of refugees from other parts of the world who have settled in south Florida.

Most of the refugees are poor, and many were ill when Castro sent out from Cuba those he no longer wanted.

In the glare of bad publicity, much good has been overlooked. There are many good people in the Miami area who care very much about their community.

Recently, the Miami Herald printed a series of letters recounting the good things that can still happen in Miami. I want my colleagues to know that the people of Miami still believe in their community. Following are some of the letters included in the Herald:

SING LOUD THE PRAISES OF MIAMI

To the EDITOR:

I'd like to start with a quote from Shakespeare: "The evil that men do lives after them; the good is oft interred with their bones."

Here is my story to prove it. When I was driving on I-95, my faithful car decided to go on strike.

I stood there and waited in intense heat for almost an hour. Then a young man pulled up beside me and asked if I needed help. This young man (his name was Bill) went out of his way to drive me to the nearest exit to use a telephone in a gas station. He then gave me his telephone number. If I didn't get help soon for any reason, I was to call him and he would come back to give me further assistance.

LILLIAN KATZ,
Miami Beach.

To the EDITOR:

During a Dolphins game, my wife noticed that a valuable pearl was missing from her ring.

Thinking that it had fallen out while in the rest room two hours before, she hurried there.

She found an attendant who had come over on the Mariel boat lift and who said, "Thank God you came, because I didn't know what to do with it."

This lady was a refugee who probably could have used the money that the pearl could have been sold for.

I wonder how many "honest" Americans would have acted the same way?

DONALD A. PRUESSMAN,
Miami.

To the EDITOR:

Chivalry is not dead! Several gallants came to my aid on an August morning as I was stranded on the 826 expressway.

Please recognize Roberto, Mr. Jordan, and the unidentified Feick security man for stopping to help.

Very special thanks and recognition to Don Perry, who worked on my car and towed me safely home. What might have been a long, difficult time was instead a most positive one.

TOBY DAVIDOW,
Miami.

To the EDITOR:

Recently I saw what I think is the real Miami. There was a motorcycle/car accident on Biscayne Boulevard and 123rd Street.

The cyclist was hurt and people came to his rescue—a nurse from North Miami General Hospital, a nurse from Parkway General Hospital, and the radiology manager from Southeastern Medical Center.

They were in the middle of the highway taking care of the man. There was little left for the firemen and ambulance to do.

That is the real Miamian, and I'm proud.

MIKE CONNORS,
North Miami.

To the EDITOR:

You should have been there.

Dinner Key Auditorium, filled inside and out with sparkling new boats on display. A jazz band next door in the park playing to a hugely appreciative crowd. Meanwhile up the street, the Banyan Festival noisily capturing downtown Coconut Grove. Sidewalk art displays, the rhythm of Caribbean music, and a stream of business for foreign-food street vendors.

Good for you, Miami! Doing it in style, you city of dreams, you.

RICH LEE,
Coconut Grove.

To the EDITOR:

In these times of so much violence, greed, and man's inhumanity to man, we wish to tell the people of South Florida about some wonderful people.

The paramedics of the Del-Trails Fire Dept. of Delray are the most efficent and compassionate young men we have ever seen. They have saved lives twice in recent weeks and deserve more than just praise.

HAROLD and ADELE WALLACH,
Delray Beach.

To the EDITOR:

I would like at this time to thank The Herald for the story about the 88-year-old

crippled lady, Mary Fanco Vasquez, who was evicted from her home.

The morning after the story was printed, I received several checks to help her, and donations of clothes, linens, household furnishings, and some furniture.

Through the help of the Miami Springs Presbyterian Church, which lent us a truck, we moved Mrs. Vasquez into her new apartment.

ELIZABETH BELL,
Miami.

To the EDITOR:

I recently had the pleasure of attending a "family night" for new police recruits and their families at the Miami Police Department.

What I witnessed was an informal but very professional presentation by officers alerting these families to what the recruits would be up against for the next 21 weeks, as well as making them aware of the realities of the job once they were on the street.

I saw not only men and women who want to serve their community in the worst of times, but family members who, just by being there, showed their emotional support. Each and every one to them should be commended for that.

DONNA SAMOLEWICZ,
North Miami Beach.

To the EDITOR:

Can we please hear some positive remarks about the honest and courageous police of Miami Beach and Miami?

On my way to work, I saw yet another example of one motorcycle officer's bravery as he rushed on busy I-95 to aid the victims of a dreadful two-car collison. I realized I was holding my breath as he weaved in and out at high speeds, risking his life to save another's.

DYANN KLEIN,
Miami Beach.

To the EDITOR:

It is so American to knock what we've got—a country of unbounded beauty, nearly unlimited resources, a judicial system that is the envy of the whole world, food so plentiful that overeating has become a national problem.

A press that nobody can dominate, a ballot box that nobody can stuff, freedom of speech, a system of governing that has endured for 200 years.

Churches and schools of our choice. Over 100 million jobs and the option to quit or change for a better one, freedom to go where we want with the means to get us there.

The opportunity to become a millionaire or a beggar, and last, but not least, a voice in helping to change what you don't like about this country.

Think about it.

JOHN W. DUNNE,
Hialeah.●

LIBERATION THEOLOGY—PART II

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DORNAN of California. Mr. Speaker, it is once again a great honor to submit for today's RECORD the second and concluding part of Rev. Donald J. Keefe's penetrating analysis of liberation theology found in the winter edition of the new and promising Center Journal. I am certain that my colleagues as well as all concerned citizens will find it to be an illuminating essay on a dark and troublesome topic.

The imposition of the prior truth of any non-Christian historical consciousness upon Christianity is always the perversion of the faith. This, in fact, is the one heresy—the refusal of conversion to the Christian historical consciousness. The conversion which Catholic Christianity requires is precisely that which worships God as the Lord of history. The entirety of Christian doctrine and practice is no more than the expression of this new historical consciousness, a consciousness which has demanded of every generation of Christians from the first century onward a rejection of all the varied intimations of historical futility which have been and remain the alternative to the worship of the Lord of history. Every attempt to reduce the terror of a history experienced as ambivalent and absurd, every salvation scheme responsive to that pagan experience of history, must be foresworn. The Christian experiences not the terror, but the order of history under the dominion of the Triune God, and the salvation which is promised him, which he seeks and makes his own in the sacramental worship of the church, is not a redemption from history, but from sin. History is God's creation in Christ; it is very good, and not all the vice by which humanity has deformed it has been able to obliterate its splendor, its mediation of God. Between God and his creation there is no alienation. History has no autonomous dynamic, no intrinsic struggle between good and evil upon which even God would be impaled. God transcends history as its creator, its redeemer, its saving Lord. To speak of his alienation from history is to introduce a primordial dualism which is the very stuff and substance of a despairing paganism.

When this despair is dominant in consciousness, the familiar proliferation of heresies results. These are only repeated, quite banally, by the liberation theologians. Christ is human; therefore his sonship is not pre-existent and divine; if the Son dies on the cross, it is the Father who suffers death, not the Son; the Trinity is no more than the modalist mask imposed upon God by the disintegrating impact of an alien history. The sacramental presence and activity of God is reduced to his futurity; the church as institution has validity only insofar as reduced to praxis, and so on. The devices are obvious; the results inevitable, their inanity unrelieved by a rhetoric long since found tedious apart form the parochialism of Catholic theology schools, where cultural enthusiasms generally lag a generation or two.

There is nothing whatever novel or vital in liberation theology. Its romance with Marx is ended insofar as Catholicism is concerned. This impossible liaison was condemned by the pope at Peubla, by the Latin American bishops most recently at Santiago, and by the General of the Society of Jesus in direct response to a recent inquiry by Latin American Jesuits. What remains is nothing more than the program for dehistoricizing the church taken up after the Tridentine anathematization of the Reformation by the Jansenist sectarians, more recently by such Modernists as Renan, and now again by Kung and his sympathizers, whose right to proclaim their wares as Catholicism has recently been officially denied. The younger generation of seminarians appear to be more and more resistant to the Kungian insights; while children are still being submitted to this perversion of Catholicism in catechism classes, it is probably safe to rely upon the instinctive distrust of the young for the enthusiastic rhetoric of their elders. The revolutionaries within the church are drawing upon a spiritual account into which no serious deposits have been made for nearly 20 years, and whose currency is badly inflated. The slogans of the 1960's have little cash value in the contemporary world.

Yet the cause of the poor remains as it has been, the cause of the church. This is not politics, but Catholicism. A Catholic theology of politics, which recognizes the reality of economic oppression and responds to it, not with an even more complete disenfranchisement of the poor, but by advancing the cause of a real social and economic liberation, is not a mere academic option, one among many; it is a real necessity for the contemporary church. The pity is that so many well-meaning efforts to formulate such a theology rely now as in the past upon some secular device whose relation to the Christian reality is at best haphazard, and more often is antagonistic. Such was the fault of the Aristotelian sociology of the "perfect society" so much relied upon by scholastic thinkers: such was the panoply of juridical constructs so unthinkingly assumed to be Catholic because Roman, and thus written into much of what passed for "natural law." Such also is the social theory out of which much of the talk of freedom and justice today is drawn. Any attempt, now as heretofore, to apply such concepts theologically is doomed, for they lack all theological foundation, and therefore theological legitimacy. A Christian and Catholic political theology can have no other foundation than the social reality, the praxis, which is the worship of the Lord of history. Only this responsive to the reality of our human existence—for our existence is in Christ, as Paul insists. We must take this fact with an absolute and literal seriousness. The only meaning which freedom and justice and dignity have is that which they have in Christ, and this they have, not in clear and distinct ideas, but in sign and in sacrament. The fullness, the pleroma, as St. Paul calls it, of our humanity waits upon the parousia, the second coming of Christ. Short of that completion and creation of ourselves and our world in integrity, the justice and the peace and the freedom of the children of God are present in this world only sacramentally, in the worship of the church. But that plermoa, that fulfillment for which we long, is actual and real, with the reality of the risen Christ, the reality of the eucharist, by which our historical existence in Christ is sustained in Christ. This is a sustenance in truth, in freedom, in dignity, in justice; it is the single source of our legitimacy; it is the gift of a future which fulfills and does not nullify the present and the past.

This gift has caused and causes the radical human community which is the church. It makes to be present in the world the freedom without which the church cannot worship, cannot exist. Out of that worship, in which the gift is appropriated by the people of God, a new understanding of the dignity and meaning of our humanity has entered

the world, against an enormous resistance—the resistance which is our fallenness, our fear and dread of our own reality, our own history, our own freedom and responsibility. Over the nineteen hundred and fifty years of this eucharistic worship, the pagan despair of human worth has been pushed back, not by theory, not by law, not by charismatic leadership, but by the continual and cumulative appropriation by the people in the pews of the reality which is given them in this worship. It is this dawning consciousness of the reality of dignity and freedom which has been and continues to be the one principle of novelty and ferment in the world: it is this which church doctrine and law and mission articulate and defend and propagate, but do not create. This slow, often hesitant, often betrayed but finally irreversible and indefeasible history of our common salvation is at the same time the entry of every human being informed by that worship into that realm of responsibility for a uniquely personal concentration of the promised Kingdom of Christ; it is an acceptance of personal responsibility for the future which bars as sinful, as a rejection of the good creation, every resubmergence of that individual into the anonymity of a faceless mass and a featureless, meaningless present. The church's worship demands and forces a community of freedom, each of whose members has an incalculable and irreplaceable dignity, value and destiny.

This Catholic worship, which begins with baptism and which is sustained by the eucharistic sacrifice, is that by which our fallen time is nonetheless good, and therefore is history, significant and meaning-bearing time, whose meaning is the new creation, whose first-fruit is the resurrection of our Lord. This history is complex in structure: it is the history of the people of God, and includes the history of the church and the history of the world. For those Catholics whose lives are structured by the sacrament of orders and the vows of religion and whose office is one of a primary responsibility for the formal or liturgical worship of the church, historical freedom and responsibility is ecclesial primarily, and only secondarily has it any public dimension.

For the vast majority of the laity, whose office is to bring Christ to the world, sacramental existence is primarily marital, and lay responsibility of Catholics is measured and filled by what the sacrament of marriage is. In this sacrament, the formal structure of public life in all its dimensions is given, for the reality of communal life is grounded precisely here, in this marital worship. The implications of this sacrament for public life, and so for the political, economic, legal and cultural structures of society, are of fundamental importance; to neglect or ignore them is to set up an antagonism between the dynamics of Catholic worship and those of public life, with isolation of each from each the only alternative to open conflict. Such isolation breeds the totalitarian state, for it requires that a substitute intellectual base be found upon which to ground the public life, and that base is always a rationale, and ideological deformation of the mystery of the human and the free. One does not avoid this by some doctrinaire imposition of Catholicism upon the world; one avoids it only by refusing the isolation of the faith, by taking the truth of Christ, the worship of the church, into all the dimensions of public life. It is the failure to do this, on the right as well as on the left, that has established real injustice and oppression in the Christian world, and the only liberation from such social structures that is real is that which is dynamically present in the worship of the church. The reality of liberation is the reality of the new creation. There is no other, and all its counterfeits are finally idolatrous.

Marriage, taken seriously, forces into historical reality the university of political freedom and of private property; it does so because the marital commitment to another quantitatively different human being defeats all rational analysis. It produces a host of mediating social structures which effectively impede any arbitrary use of governmental power, and which stand as absolute obstacles to the bureaucratic rationalization of society which is today, in the technologically advanced countries, on either side of the Iron Curtain, the single important threat to personal freedom in public life. The permanent and exclusive and total commitment of a man and a woman to each other and to their children is utterly repugnant, absolutely resistant to the despotisms old and new which seek their goal by means of the reduction of human beings to faceless rationalized integers, to units whose only dignity is that of the function they perform. Upon this all the utopian dreams agree, from Plato in his "Republic" to Marcuse and Skinner in the visions of our own day, from the Spartan oppressors of the Helots to the slaveholders and feudal landlords of the new world. Aldous Huxley's satirical "Brave New World" and George Orwell's prophetic 1984 alike recognize the incongruity of such a marriage commitment with the schemes of those who would save a free humanity from the risks of freedom. Orwell's "Big Brother" provides the paradigm of the modern social engineer, the exponent of the secularized society whose radical requirement is that marital fidelity shall be betrayed, that the nuclear family shall give way to a secular social arrangement. The secular stress upon the legitimacy of abortion, upon the sundering of the marital bond on grounds of privacy, the intrusion of the abortionist in the parental function, the secularization of sex education, even the widespread demand for "day-care centers"—all these speak of the social planner's need to displace sacramental marriage with a casual functional relation to which even the sexual differentiation between men and women is being found obnoxious, finally unjust. The secular reduction of men and women to personal insignificance, their seduction by the prophets of liberation from their most fundamental historical responsibility, from the possibility of the radical personal commitment which is marriage, has gone very far. It is not too much to say that it has invaded the very marriage tribunals of the Catholic Church, where the dehistoricization of such commitment, its reduction to a mere ideal not realizable in the concrete, is now widely accepted.

On should not think, however, that it is only the avowed secularist who poses a threat to sacramental marriage. An equivalent threat is posed by every refusal to pay the wages which enable a man to fulfill such a commitment, which enable him to enter into that future of fidelity to which he is pledged, which do not foreclose his social freedom by forcing upon him a sub-Christian life of unremitting toil. If it is true that a free society cannot submit to the bureaucratic programming of its destiny, if it is true that Christian and Catholic worship must finally reject the historical pessimism which now finds expression in the advocates of a Zero-Sum Society as the basis for such economic planning, it is also true that with less fanfare many a capitalist is entrepreneur is quite as fearful of a free society, of a free polity, of a free economy, and of the rule of law as his bitterest bureaucratic opponent. He, too, seeks insurance against a future which he cannot control, and finds himself in consequence engaged in the same reduction of society to a faceless mass of economic entities whose personal insignificance is the price of his own economic security. We must all remember that the obstacle to liberation is finally human sinfulness, not some group of enemies. It is not a demonology that we need, but the recognition of our own sinfulness. It is not accidental that the sacrament of penance is integral to Catholic worship; if we do not worship as sinners, we cannot worship at all. Moreover, if we do not take that worship into our pulic life, it is not Catholic worship, it is not sacramental and we ourselves are removed by that infidelity from the history which is our salvation.

Twenty-five years ago the great Swiss theologian Hans Urs von Balthasar remarked that, while it was quited possible for a medieval man to pray fervently and in good conscience while a few yards beneath the chapel his captive enemy rotted away his life in an oubliette, such innocent savagery is no longer a Catholic and Chiristian possiblity. The love of Christ, manifest in the church's worship, has urged us past the point where we could contemplate without guilt the denial of dignity to those for whom Christ died. Any economic and political freedom we exercise must be not that of a lonely entrepreneur or a feudal landholder isolated from humanity by his wealth, but of men and women charged before God with promoting the dignity and beauty of the world he made good. This dignity and beauty finds its ultimate symbol in the one flesh of the eucharist, the marital sacrifice in which Christ gives himself totally to and for his bridal church. This marital reality is the utterly fundamental ground of all we are, of the new creation itself. Upon it rests all history, all freedom, all justice. We make these actual in our lives only through the worship of the Lord of history, wherein we receive our own history as gift. But we receive it as a people, and we cannot receive it otherwise. When any of us is prevented from a full entry into this worship, the rest of us cannot be at peace until the impediment is removed. We are summoned always to our own liberation, away from those idolatries of power, of money, of lust which are the permanent temptations of our fallenness. By the same summons, we are called to the sanctification, the healing of the world. This is the summons to worship God, and there is no dimension of our lives which that worship must not pervade. It leaves us free: there is no formula for action by which we may be delivered from the daily responsibility of love. However much we do, we remain unworthy servants; there is always before us another summons, a still greater love. Until Christ shall come again, there shall be before us the face of the poor, of the sick, the imprisoned, the oppressed—the face of Christ, the face of our brothers. If we turn away, wearied, disgusted, angered, let us remember from whom we have turned; let us confess our sin in having done so, and let us take up again that burden which is our petty share in the redemption of the world, the one dignity we possess, the only liberation that is real.●

STANDARDS FOR STATE PRODUCT LIABILITY TORT LITIGATION ACT OF 1982

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LaFALCE. Mr. Speaker, I am pleased to introduce today a bill to alleviate the problems experienced by businesses across the Nation when faced with a plethora of conflicting tort standards in the area of product liability. This proposal, entitled "Standards for State Product Liability Tort Litigation Act of 1982," is identical to a bill which I introduced during the last Congress (H.R. 1675) to add greater certainty to tort litigation by harmonizing disparate State product liability laws.

This bill would mandate that the States comply substantially with the standards set by my bill, or the Federal bill would then become applicable. It would create a much needed single cause of action. Right now you might proceed on the theories of breach of warranty, negligence, strict liability, absolute liability, and any of a number of different defenses might or might not be applicable.

This single cause of action distinguishes among liability arising out of a defect in construction—that is, where a product is not manufactured in accordance with the manufacturer's own specifications—and liability arising out of other unsafe conditions or situations where appropriate warnings or instructions were allegedly not given for defects in construction. In all three classes, liability will result for bodily injury proximately caused by the defect. In the latter two cases, however, where liability arises from unsafe conditions or the failure to provide appropriate warnings, the trier of fact will be required to balance the foreseeability and seriousness of the injuries proximately caused, with the utility of the product to society, and the cost that would have been necessary to have avoided the risk.

My bill also calls for a statute of limitation that would expire 3 years after the date of the incident. Many will want to have it run from the date of manufacture or sale. In my judgment, that would be harsh and unreasonable. In order to compromise and help alleviate what is a real problem, I have proposed a minimal amendment to the statute of limitations that would provide that 10 years after the product has been in use, the burden of proving fault should rest exclusively on the plaintiff, without the benefit of any presumptions such as the failure to comply with ordinances, statutes, or such doctrines as res ipsa loquitor. Ten years after the product has been in use, the plaintiff will continue to have the burden of proof. But he will have that burden of proof without being able to rely upon certain legal fictions.

Further, this proposal would clarify that the state of the art at the time of manufacture is relevant to the unsafe condition of the product. Moreover, we would clarify that the court would have the power to appoint its own expert witnesses. It would also provide for pure comparative responsibility. Responsibility would be apportioned among the plaintiff and all defendents.

My proposal provides that injured employees should retain the right to bring suit against manufacturers. However, the worker's compensation carriers' lien and/or right of subrogation for benefits that it disburses to the injured employee should be eliminated. Further, the employee's recovery against the manufacturer will have to be reduced by the amount of the worker's compensation benefits he has already received. The effect of this would be to leave the injured employee with the same benefits he would otherwise have under the present system, while at the same time cut off the right of the worker compensation carrier to shift its liability. A manufacturer at fault would be responsible to the injured employees, but for a reduced payment. This would remove the incentive for the worker's compensation carrier to institute litigation against manufacturers and would reduce the overall insurance transaction costs, since there could be no apportionment between employers and manufacturers.

In the fall of 1976 I started to receive a considerable number of complaints concerning the unbelievably high product liability premium increases being charged the small businessmen within my congressional district in upstate New York. The volume of complaints increased when I became the chairman of a Small Business Subcommittee in 1977. During the course of that year we conducted 15 days of hearings, with five volumes of testimony relating to the product liability problem.

I am very pleased that with the enactment of the Risk Retention Act of 1981 in September, the Congress has finally taken an important first step in eventually resolving the product liability rate issue. While the act should alleviate some of the current rate problems facing the purchasers of product liability, the marketplace must resolve the issue of whether it, in fact, offers any long-term relief.

In any event, the passage of the Risk Retention Act now opens the way for Congress to focus its attention on the next item on its product liability agenda: tort reform.

In recent years the courts have adopted a variety of concepts. This flurry of new theories has placed an increasing economic burden upon small manufacturers.

I certainly hope that the proposal I am introducing today will provide a vehicle for focusing congressional attention on the formulation of appropriate product liability tort standards.●

ENLISTMENT, UTILIZATION OF MILITARY WOMEN SYMPOSIUM—II

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mrs. SCHROEDER. Mr. Speaker, please allow me to insert the conclusion of the symposium I sponsored October 20, 1981:

HELEN ROGAN. Brigadier General Margaret Brewer is representing the Marine Corps, the first and so far the only woman general there. She retired in 1980 after a long career in the training of women Marines. She was also Director of Women Marines from 1973 until 1977 when that office was disbanded. From 1978 until her retirement, she was the Director of Information and Public Affairs.

BRIG. GEN. MARGARET BREWER. Thank you very much. Representative Schroeder, ladies and gentlemen, it's a real pleasure to be here today. There's one thing I'd like to emphasize in the beginning here. I am not here as a Marine Corps representative in as much as I retired from active service last year. Admittedly, however, my remarks today will focus primarily on the Marine Corps because that is the service I am most familiar with.

The Marine Corps, like the other services, expanded career opportunities for women beginning in the 1970s. We moved forward in the more complete integration of women within the Marine Corps in a very orderly and very evolutionary way. But we also tried to insure that the needs and the requirements of women, a distinct minority in the Marine Corps, were not overlooked. We also tried to insure that combat readiness was not jeopardized.

The Marine Corps is a very combat oriented organization, and combat readiness is a very real issue. But there is another related type of issue, what I call the combat image. Every time that women are assigned nontraditional jobs or there's any indication of combat training for women, a great deal of attention is focused on it. As one example, when we combined the officer training of men and women at Quantico, there was great news media interest in it. The media followed the training program continually. And when a women became the honor graduate of this combined training course, there was not only a great deal of interest but also a great deal of reaction. The Commandant received a great number of calls and letters, some very critical, from present Marines, former Marines, and civilians. They took the view that the training program had become too easy if a woman could endure it well enough to become an honor graduate. This combat image may be perhaps a bigger problem for the Marine Corps than it is for other services.

But nonetheless, the Marines made great progress on enhancing career opportunities for women during the 1970s. This was due in

large part to some very strong, positive leadership at the highest ranks inside the Marine Corps. We opened new occupational fields to women and they were assigned to the Fleet Marine Forces, that is combat forces, although admittedly they were assigned to combat support units. There also plans to increase the number of women in the Marine Corps from about 3,000 in the 1970s to 10,000 during the mid-1980s.

Most of these programs are still quite well on track. However, about two years ago, there were signs that caused a few people some concern. Refinements were made in some of the policies and programs for women. It was difficult to know whether these were actually necessary refinements or whether these signaled changes in attitude. For example, a few occupational specialties and additional combat units were closed to women. This created some very interesting types of situations. For example, a woman lieutenant who was a honor graduate of the combat engineering school suddenly found out that she could no longer work as a combat engineer. There were a lot of other women in similar types of jobs that could no longer work in their specialties. I did not have an opportunity to talk with that particular lieutenant personally. However, I did have a chance to read an interview with her. She was rather philosophical. She said if it was going to happen, she was glad it happened early in her career.

There were also subtle types of changes. For example, recruiting programs returned to the men-only advertising slogans. Everybody's familiar with the old recruiting slogan, Representative Schroeder mentioned it a little earlier, "The Marine Are Looking For A Few Good Men." The recruiting slogan more recently has been "The Few, The Proud, The Marines." However, I just saw a new recruiting poster and advertisement that returned to the male-only theme: "Marines: Men At Their Best."

Another change that occurred within the past few years was embassy guard duty. Several years ago, women were assigned to embassies as Marine Security Guards on a trial basis. The 15 initial women who were assigned to that program were carefully selected, screened, and trained as were the men. When the program was established, it was recognized that women might have to help defend the embassy if it was attacked and might be wounded or killed. But it was also felt that the risk involved was not the same type of risk associated with direct ground combat, such as a rifleman or a machine gunner. It was felt that the risk was closer to that of a civilian police officer. So the decision was made to assign women to this program.

The first 15 women were assigned to various embassies and all went well for awhile. Then the embassy in Karachi, Pakistan was attacked by a mob. There were two women security guards that were assigned there at the time. They prepared to help defend the embassy. However, the local civilian police came to the defense of the embassy and the mob was turned away. As a result of this incident, there was uncertainty as to what might happen in the future. A decision was made at Headquarters Marine Corps that those women should be immediately transferred from that embassy. I'm not sure if any of those 15 women still serve on embassy duty. It appears that the pilot program has been terminated.

In summary I do not underestimate the importance of the combat issue. However, at times there is so much attention being focussed on it, and there is so much emotionalism that is associated with it that it tends to obscure some of the basic issues. There can be a tendency to overlook some of the other issues that are also very important and of immediate concern to the women who are in the military today.

One quick example is promotion opportunities for women officers in the Marine Corps. As you all know, the Defense Officer Personnel Management Act (DOPMA) was enacted into law which means that woman officers in the Navy and the Marine Corps will compete for promotion with their male counterparts for the first time. What is of immediate concern to many of the women are their career patterns, even within noncombat roles. Will they have the necessary opportunities to attend professional schools? Will they be given the necessary command and staff assignments necessary to be competitive for promotion in order in have a very viable Marine Corps career? There are many issues right now and I look forward to your questions later. Thank you.

HELEN ROGAN. Thank you. Major General William Webb is the Army's representative. He is the Assistant Deputy Chief of Staff for Personnel. Before assuming this position in December, 1978, he commanded the First Armored Division and served as Deputy Commanding General of the Army's Fifth Corps. During a career of more than thirty years, he's served in Korea, Europe, and Viet Nam and has been constantly involved with the training and personnel of both men and women.

GEN. W. L. WEBB. Thank you Ma'am, Congresswoman Schroeder. I have served over 34 years as an officer, nearly half of that overseas, including two wars, and have commanded units from platoon through division. For nearly three years I've been the Army's Assistant Personnel Chief and thus have participated in the military policymaking which Congresswoman Schroeder referred to when organizing this symposium.

From the outset, I point out that the Army is vitally interested in its people. We do not look at them as a commodity. As our former Chief of Staff of the Army, the late Creighton Abrams said, "they have needs, interests, and desires. They have spirit, and will, strengths, and abilities. They have weaknesses and faults. And they have names." The Army has a vital mission. And it must consider both its mission and its people when developing personnel policy.

The imperatives of a strong defense and instant readiness should be apparent to us all. The Soviet Union has fielded a force capable of exporting its forces and power in the air, on and under the sea, and on the land, on which the Army is principally involved. I won't belabor that point rather than to say the threat is real. Our Army has an obligation to be prepared, if called upon by our national leaders to meet that threat. It is in this context that combat readiness of our total Army is of such vital importance. By the term Total Army I mean personnel in active forces, reserve forces, and civilians. Thus as an institution, our Army must be ready for combat as its first order of business.

From the military manpower policy point of view, this fact has caused us to take stock of where we have been, where we are and where we need to go. One part of this intense re-look is directed toward policy of both male and female soldiers. We've reached no decisions on change but we have talked to soldiers and officers overseas and throughout the continental U.S. Our concerns have been focused on the combat readiness and on the career development of individuals. I should point out that many of our concerns are also present in both public and private sectors: personal satisfaction, economic viability, recognition for services performed, fair treatment and equal opportunity, desires to raise a family.

The Army can be proud of its achievements in placing volunteers in its units throughout the world, and particularly in its concerns and care for its soldiers and their families. The fact that we are taking an in-depth look at ourselves is also a tribute to Army leadership. It will be a few months before we decide what if any policy changes we might adopt.

In tribute to this discussion some facts might prove helpful. Over 40% of the Army is stationed overseas and has been for over 35 years. Those stationed in the United States must be ready for deployment on short notice. About one-half of our Army is married. The Army tries to assign soldiers married to other soldiers to the same or near locations. Pregnancy of female soldiers and officers causes our commanders to lose the full productivity of these prospective mothers and means that they are not immediately available for deployment. There's a tendency for both male and female soldiers to change skills during their service. The Army experiences the same changing career desires as are reflected, for example, in college students who change majors a number of times before graduating. We must also address the fact that the Army National Guard and the Army Reserves have nearly 50,000 enlisted women in their ranks. Early call-ups and deployment of these reserves are essential to the Army in time of war.

Finally, Congresswoman Schroeder focused my attention on three points. First, how are women presently being utilized in specifically non-traditional roles? Women are now trained and assigned to 94% of the Army's job skills, all but those closely related to combat. At the end of fiscal year 1972, 10% of enlisted women were in non-traditional assignments. The remainder of them were in such traditional roles as clerical and medical. By the end of fiscal year 1980, 61.3% of our women were in non-traditional roles, such areas as computer repair, electronic instrument repair, cartographers, surveyors, air traffic controllers, area intelligence specialists, truck drivers, and mechanics.

Second, what difficulties does the command structure face in integrating women into the ranks? Commanders find that some women, like some men, cannot meet the rigors of repeated and extended field duty. They must assure fair treatment by peers of women soldiers. They must accommodate increasing numbers of women in barracks designed for gender specific living. The Army's combat exclusion policies result in the denial to some women career developing assignments, particularly military intelligence and signal officers who cannot serve in combat battalions.

Third, why do women leave these non-traditional roles at a higher rate than men? Attitudes and interests of both males and females change. Expectations sometimes are not fulfilled. Sometimes male and female soldiers lack the strength and stamina to do the jobs they initially chose. Dirty jobs get old fast. And institutional resistance, the lack of acceptance by male peers, is another reason.

I'd like to stress in conclusion that the Army is proud of its women soldiers and how it has integrated women into its ranks. They provide us needed skills as we strive to improve our combat readiness in these dangerous times. We have done much in a short period of time. Our review is timely, as is this symposium, as we take an intense look at our Army's policy regarding women. We look forward to receiving ideas from this symposium which can help us to improve the Army's combat readiness and take care of its people both male and female. Thank you.

HELEN ROGAN. Finally, Cecile Landrum, who is a civilian with considerable expertise in military matters. She's currently a member of the Woman and the Army Policy Review Group, whose findings will be presented in the near future. Ms. Landrum has done a great deal of manpower analysis and research for the Air Force in Europe and Korea, talking to military families and troops, both male and female.

CECILE LANDRUM. Congresswoman Schroeder, Helen, audience, I'm delighted to be here. The fact that I'm on the Policy Review Group is a statement that we are reviewing some of the issues very carefully. And I'm here today as a representative of that study group.

Rather then tell you what the Services are doing, I'd like to talk about what the study is doing. Many people are concerned about the study and are asking why another study? Let me tell you why: commanders' concerns. The field officers expressed their concern about pregnant women, sole parents, joint military couples, and combat exclusion policies. Congresswoman Schroeder expressed her own concern about another study in her amendment to the Department of Defense Authorization Bill in July of this year when she met with women who asked since they have gone the mile, and have done everything, why they are being studied again. In our latest briefing with General Meyer he reinforced his concern that the interest and the representation of the women in the military was critical to the success of the study.

We've gone through many policy changes all at once. We've changed the numbers of women, the location where they could serve, and the kinds of jobs they can have. There's been no precedent to determine the interrelationship of all these changes. That's what we're about now. While we have always questioned the issue, we've not examined how to do the study. And yet, how we do the study can set the tone for the answers.

What makes me qualified to come into a study like this? I've just finished 5 years with the Air Force, and I spent 2 years on the Presidential Defense Manpower Commission. My last 2½ years with the Air Force I spent as a crew member on a military airlift plane. My study started out looking at crew retention during the time we were losing aircrew members. But flying opened up many opportunities to look at other issues like pilot and missile training for women. I began to look at some of the key changing demographics of the military force: the changed families, single parents of which some two-thirds are male, dual military couples who have children, the overseas spouses who were questioning whether they should continue to travel with their husbands and give up job opportunities or develop their own careers.

The next thing you might say is what relationship does that have to the Army's study? I feel it has a lot. Working on the study, I have had the opportunity to look at these issues from this sociological approach and to link them to the operation of the Army's forces. The willingness of the Army's leadership to develop this approach gives me great faith and hope that we can develop the kind of long range planning that I'm talking about. Continued field research gives us better understanding of the linkage between the mission, the job skills, and the people serving. The different locations, whether in Korea or Germany; the communications between and appreciation of young enlisted people; the levels of young officers and the senior officers, the differences between policy at the experiential level and at the Pentagon level; and the different attitudes of the women serving all have been key to understanding what we are going to do.

The first three months on this study, General Wetzel and I visited army posts worldwide talking to leadership as well as army troops. We went to the recruiting command to see what the recruiters were telling women and men. We went to basic training posts: Forts Dix, Lee, McClellan, Jackson, Sam Houston, Gordon, and Harrison. Just last week I went through the basic training at Fort Jackson. We visited CONUS (or continental U.S. bases), and we went overseas. General Wetzel went to Europe and I went to Korea. We were at Fort Campbell and Fort Hood, and also with the 25th Infantry Division. We did get around.

The many demographic issues reflecting the changes in the civilian society were alive and well wherever we went. We saw women having children later in their lives who face the question of their career or their family. This was very true among officers. We also saw women working outside the home, trying to balance the career and the family. We saw men and women in integrated working situations with women supervising men and men supervising women.

The Army has taken the lead to work with civilians who are also working on these issues. Several of those civilians talked of the gap in their knowledge between the "Pentagon" Army and the "field" Army. So in September we took two dozen people to Fort Benning and Fort Jackson where we gave them four days in the field. They ate C-rations and opened them with P3Fs. They drove in tanks and APCs, fired rifles, jumped out of towers, and had some very interesting times. The experience that these people had will be brought into our study, so that we can learn from their perspective.

We're beginning to ask questions that had not been asked before. Why hadn't they been asked before? Because they hadn't existed. We're finding them by this field work. We're finding that the field experience makes us ask the questions a little differently. In sum I'd like to say that I feel that the methodology and the approach to the study is the key to its success and to the continued growth of the role of women as volunteers in the Armed Forces. Thank you.

CONGRESSWOMAN PAT SCHROEDER. Helen, I would like to point out to the audience that Congresswoman Beverly Byron has joined us. She is from Maryland and is also a member of the Armed Services Committee. We're very honored to have her here.

HELEN ROGAN. Thank you all for such clear and concise descriptions of the policies as they're intended to be, and the question about their efficacy. I hope the audience can now tell us how these policies translate into the daily experience of military life, and what this has to do with readiness.

QUESTION. I've been very interested in the comments made today by the speakers. But let me just quote from an article in the newspaper. It refers to the commission that will review the policies of women in the military, something that's long overdue. It says: "After a decade of dramatic escalation in the military and the role of American women, Armed Service officials under the Reagan Administration are calling a halt. The Administration is focusing on complaints from field commanders of the negative effects of women on the nation's combat readiness."

This should be prefaced by the reason for the halt. When the services went to the all-volunteer force, they didn't get the required number of men. So they increased the women recruitment quotas, and lowered the qualifications. They increased the number without the proper preliminary study on things like physical qualifications. I think the commission is great and I'm going to be very interested in what it comes up with.

QUESTION. I don't know how many of you carry this U.S. Code of Honor card, but I did 34 years ago as a buck private. It says: "I am an American fighting man. I will never forget that I am an American fighting man." Now I am proud of America. I served in Germany and I was there in the barracks. But I had to sleep with a billy club because there were 2 battalions of men, seven women, and an underground tunnel that the men could get to. You know how you beat the barracks rap? You get pregnant because then you could go into dependency housing. And you get more money to spend at the market. And you get all the community service activities. Marriage is another way to beat it. This is the big thing in the Army right now. You get married without telling your commander. The first one that gets out of the Army gets a divorce. That's the big thing. Because you get more money, more benefits and everything.

HELEN ROGAN. Clearly there's a lot of fury that's been stirred up by something I think the Policy Review Group has unwittingly contributed to, that is speaking of women as the problem. What would you say, Ms. Landrum?

CECILE LANDRUM. I don't think that we have spoken of women as the problem. In many cases the men might be the female problem. Or the problem is a male and female problem. The one female-only issue is pregnancy. All the other issues can be classified as either institutional or as male-female. When you talk about sole parents, joint spouses, and combat readiness, they're all issues that relate to both the men and the institution as well as women.

QUESTION. I have a question for General Usher. What type of program or initiative does the Air Force have to put more women into cockpits?

GENERAL USHER. Let me tell you about the most cost-effective methodology we use in estimating the number of enlisted or officer women we take in. We deal with what we call a Qualified Interested Resource. We look at both the male and the female population in the country, the proportion that graduate from college, the degrees received and what the qualifications for our various positions are. We take into account the relative capability of recruits to finish the training. We come up with some planning numbers to use in recruiting women for pilot training.

We recruit about 70 pilots a year. That will produce about 60 after attrition. It's a very sophisticated program that's reviewed

annually, because the statistics we use from the Bureau of the Census, the Bureau of Labor Statistics and the Association of U.S. Colleges change annually.

QUESTION. I'd like to know why the study is just on the Army. Have the other services already done similar studies?

GENERAL WEBB. The Army as an institution felt it was time to take a look at itself. What we're interested in is to accomplish our mission and take care of our people. So the Army has paused to consider where it is, and to be sure if we should make changes. We've not done this in isolation, though. There is consultation between, for instance, the Air Force and the Navy. But we all have unique differences in missions, in the compositions of our forces, and where they're stationed. But as far as the social issues, we all have the same concerns and we're exchanging information.

QUESTION. Can we hear from the other services?

GENERAL USHER. Personnel policy is never static. Missions change and experience accumulates. The job market situation, people's interests, and our recruitment requirements all change over time. If you go back to 1972, about 100 career fields in the Air Force were open to women. We've expanded that to about 226 now. I think that's reflective of that changing process.

ADMIRAL HOGG. The Navy has pushed to move the horizons of utilization without any impact on readiness. That's not to say we don't have management problems but they're problems that we can find solutions to without a reduction in our accession plans.

CONGRESSWOMAN BEVERLY BYRON (D-Md). It's interesting to me how the women in units I've visited talk about their problems. The pregnancy issue is quite frequently brought up. But another thing I have constantly heard is that that men on combat ships have to pull more sea duty, as opposed to women, because of the combat ship restriction. Is there any answer for that?

ADMIRAL HOGG. We conducted a comprehensive study of how many women we could have in the Navy three years ago. We took into account the impact on men and we decided that we should maintain a ship-to-shore rotation of three years at sea and three years at shore. We took into account our abilities to provide adequate upward mobility and opportunities. And we came up with 45,000. We did that study again last year and came up with 44,992. We will do it each year and as our forces level changes, our force support number will change.

CONGRESSWOMAN BYRON. By the same token, don't you impact on their career opportunities? That's one thing I heard discussed a lot.

ADMIRAL HOGG. That is the other side of the coin. The two leading factors in our 45,000 number are that we will not force the men to serve at sea longer than the career plans we desire for them to have at sea. Secondly, and equally important, we provide for women an upward mobility opportunity equal to that of men. Quite frankly, if we go above 45,000, given the combat exclusion constraints we have, women would not have that upward mobility.

CONGRESSWOMAN BYRON. But you run into a time frame problem. Doesn't a pregnancy create a blank on her record? What does that do to her career opportunities when she should be moving up? Those are the problems that concern me.

ADMIRAL HOGG. I have in my division in OPNAV three women who recently had babies but who are back working for me. There won't be any blank on their record. That's not to say that it might be a different situation elsewhere in the Navy. You have a situation where women deployed on ships are taken off the ships. But their command should provide them with some type of continuation in their reports. And I'll check on that to make sure that the policy is fair enough.

QUESTION. I was a war correspondent in World War II, Korea, and Viet Nam. I want to ask about the attitude of the men in the field towards women in the service. I've found, being a member of DACOWITS, that it isn't too good. They still cannot accept that, for instance, one woman on the panel is a Marine General. Is my observation accurate? And if it is accurate, do you do anything to sell the troops on the desirability of women?

GENERAL WEBB. Yes, there is a challenge here in perception. Some of the males look at that as a threat to them. Now I must say that's not found just in the Army or just in the Services. It's true throughout society.

QUESTION. I know. I have a little trouble with men correspondents.

GENERAL WEBB. But really, we're concerned about that. It is a constant training process. Just last week I talked to the senior old crusty non-commissioned officers from throughout Korea and Germany. I just asked the question of how the women are doing. I must say senior non-commissioned officers have a tendency to tell it the way it is. Women are doing a great job, they all said. We have progressed immeasurably. And I believe that having served with women in the field for the past 10 years. But you don't change attitudes overnight. On the other hand were we to dictate preferential treatment to women, that would be a disaster. We've not done that. We have monitored the performance, the rewards, and the recognition of women. We're pleased with the results.

CECILE LANDRUM. I have just two quick comments on this. I found that where the women have already integrated with the men, attitudes have changed just by the relationships. Maybe not as quick as we'd like. But some of the big resistance in the Army is in all-male combat units or other units of men who've not yet worked with women. There's work to be done there.

We can't legislate attitudes, but we certainly can legislate policy. And, from a leadership point of view, when one reinforces policies regarding proper treatment of women, you will see that the treatment will change.

GENERAL WEBB. We concentrate on basic military training, technical training, skill training, and first unit assignment. But periodically afterwards we address these issues, hear views, and point out the fallacies of some of the more traditional views towards women. I think we can educate our people that discrimination has no place in maintaining the readiness.

QUESTION: You mean there is not deliberate policy or program to get at this?

GENERAL USHER. Oh yes. When somebody, for instance, goes to a new duty station, they are required so many hours of training in human relations education. Part of that training is in the role of women. They are constantly reminded what the policies are and they get an opportunity to talk with, as General Webb said, the crusty old sergeants.

CONGRESSWOMAN SCHROEDER. Do you also put the training in an historical context? I often feel like women are still seen as a novelty and a social experiment.

GENERAL USHER. In my experience, you're the first one that's drawn the historical contribution of women to my attention.

QUESTION. We define success in the military as promotion. And promotion is dependent upon command. Couldn't it be said that women's lack of command experience in combat jobs is detrimental to their promotion rates?

GENERAL WEBB. Well, there are people who are promoted into very senior grades who have not had command. I've briefed promotion boards that meet to select people for command. Of course, the board that picks lieutenant colonels and colonels for combat commands doesn't consider women because they're excluded from those units. But as far as the other specialties, specific emphasis is placed on giving women experience. We point out, though, that it will take awhile to get women into the more senior commands.

QUESTION. I just wanted to answer your question on the history of military women. I'm the Director of the Defense Equal Opportunity Management Institute and we train the people that the General was describing who go out into the field to do the training. We do have very strong training blocks devoted to sexism, sexual harassment, and the historical contribution of women in the military.

QUESTION. I'd like to address my question particularly to General Webb. I have been reading a great deal about the pressure the Army feels to reduce the number of future women recruits. I just wonder if it's true? Is there a great deal of pressure? If so, where is it coming from and how do you handle it?

GENERAL WEBB. The answer is no. We are looking at projected sizeable increases of women in the Army which have been in our outyear force projections. We must consider the number of women and the kinds of duties that we should place them in. So that we have both combat readiness and the ability to take care of our women fairly and equally. That's all we're doing. We're under no mandate to reduce numbers.

QUESTION. Well then can you tell us why you're doing it?

GENERAL WEBB. Why we're doing what?

QUESTION. Why you've paused on taking in women and why you're not taking any more women until you see that they're ready for deployment. You act like you're not pausing while earlier this year you asked the Senate Armed Services Committee if you could pause.

GENERAL WEBB. We have not stopped taking women into the Army.

QUESTION. Then just explain to us what your man named Clark was doing when he asked the Senate Armed Services Committee to pause on the intake of women.

GENERAL WEBB. I was not here when Clark testified.

QUESTION. But you knew about it, didn't you?

GENERAL WEBB. The Army has a ramp increasing the number of its women over the next four or five years. The end result was some 20,000 additionl women. Then we said, let's hold what we've got and conduct a study to assure that what we're doing is right for the Army and right for its people. But we haven't stopped taking women in. We haven't reduced the strength of the women.

QUESTION. Will you do that in December?

GENERAL WEBB. We don't know because we have not completed our study. Nor has our

senior leadership decided what to do. But frankly, one of the things we're listening for here is different views to apply to the study.

CONGRESSWOMAN SCHROEDER. Do you think the press has gotten this all out of hand?

GENERAL WEBB. I would pass no value judgment on the media.

CECILE LANDRUM. I want to comment on that. The confusion started when the pause was called. People assumed that we had stopped recruiting women. We've not stopped recruiting women. We're just not going for the higher goals established by the Department of Defense back in 1977.

GENERAL WEBB. I think Cecile's right. Pause was defined as reduction in some people's minds and that's just not correct.

QUESTION. The Navy is continuing with their goals set in 1977. The Army's pausing, but what is the Air Force doing?

GENERAL USHER. The goals that were set in 1977, quite honestly, were imposed by the Office of the Secretary of Defense and since then we've developed a methodology for the accession of women that I alluded to earlier. And we don't work with a goal per se any more. We work based on what the qualified interested resource is. If you follow that methodology, it will be a lower total number of women in the Air Force by 1985 than what OSD had artificially developed and imposed. So, in other words, the increase will be less than what OSD said in 1977 without much experience in either recruitment or utilization of women.

QUESTION. I worked in the office of the Secretary of Defense when they made their decision on the accession numbers you assume was arbitrary. They were not arbitrary numbers but were what OSD felt the Services could readily handle. There was some justification for the numbers that were set, especially in light of the high percent of women's attrition.

GENERAL WEBB. I guess it was just coincidence that they were exactly double what they were previously.

QUESTION. I don't think that was just coincidence. There was certainly some rationale behind it.

GENERAL WEBB. Just as we've changed the studies and rationale in the Army, I would assume that those who had anticipated those numbers in OSD would look at them again. I'm sure that's happening. The numbers somebody once wrote down change over a period of time.

HELEN ROGAN. This debate could go on into the afternoon, but they'll sweep us out if we don't stop here. I hope we've shed some light on a very complicated and difficult subject. I am certainly greatful to have been here and I pass you over to Pat.

CONGRESSWOMAN SCHROEDER. Helen, I want to thank you. I think you did a wonderful job of moderating. And I want to thank the panel and our audience too.

As we talked about the history of military women, I kept thinking of its importance and why women have not been seen as participating in patriotism. I always remind people who Mary Goddard was. She was the one who in 1776 printed the Declaration of Independence. At that time that was an act of treason. She would have been arrested and hung for her patriotism. So I think we all ought to remember that. Women do contribute to history and to be sensitive to the issue of the recruitment and ulitization of women in the military today, we need to remember their contributions of yesterday.

We thank you all very much for participating and I hope this dialogue continues.●

THE BORDER BROADCAST WAR AND C-58 MIRROR LEGISLATION

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SWIFT. Mr. Speaker, I ask my colleagues to direct their attention toward the so-called "border broadcast war" between the United States and Canada. The dispute was initiated by Canada and has disrupted bilateral relations for the past decade. The U.S. Government, pursuant to a complaint filed under section 301 of the Trade Act of 1974, as amended, has found that the Canadian Government acted unfairly against U.S. broadcasting stations, whose television and radio shows are immensely popular in Canada.

One of the major casualties of this dispute has been a television station in my home city, Bellingham, Wash. This station, KVOS-TV, has enjoyed a long and mutually beneficial relationship with neighboring British Columbia. At the request of Canadian advertising agencies and potential viewers, KVOS shifted its transmitting tower in 1954 to a location much closer to Canada. In 1955, KVOS incorporated a Canadian subsidiary to handle its Canadian business and began paying Canadian taxes on all advertising revenues received from Canadian sources. The station even established a production center in Vancouver, Canada.

In 1975, Canadian revenues accounted for 90 percent of total KVOS revenues. The next year, Canada passed bill C-58 which had the effect of denying a tax deduction for the Canadians who accounted for those 90 percent of revenues. By 1977, revenues from Canada had declined by $4.3 million. The station was forced to take drastic measures to stay on the air, including terminating its network affiliation and closing its Canadian production subsidiary.

Meanwhile, KVOS continues to be the most popular station on the Vancouver cable systems. In order to obtain some compensation for this service and to make up for the loss occasioned by the tax deduction, KVOS cut in half its Canadian ad rates.

Three things should be noted for the record. The first, I worked for KVOS for a number of years, so I know this issue intimately. Second, I have no business relationship and no financial interest in this station whatsoever. And third, KVOS is not the only border broadcast station affected by C-58.

H.R. 5205, which I am cosponsoring, provides a vehicle for Congress to support the American broadcasters cause. Canada must recognize that Congress will respond to unfair and unjust Canadian trade practices. As a member of the Telecommunications Subcommittee of the Commerce Committee, I will be examining other communications matters of concern to Canada. Linkage of C-58 to other trade issues is clearly appropriate.●

SITUATION IN POLAND

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MOAKLEY. Mr. Speaker, I rise today to express my concern regarding the situation in Poland.

From what I can determine of the situation, the conduct of the Polish Government toward Solidarity is a moral outrage. The decision by the government to impose martial law against those who dissent is unconscionable. It is difficult, in a civilized society, to understand the rationale behind such a decision.

The emergence of Solidarity in Poland is an example of the spirit of freedom which has been exemplified by the Polish people so often in the past. This free spirit has never been conquered and deserves our respect and support.

Mr. Speaker, it is my hope that the Soviet Union does not interfere in Poland. Clearly, the Polish people do not desire such domination. If the Soviet Union does interfere, I for one would rise in support of severe economic sanctions against the Soviet Union. In addition, I would urge that the United Nations condemn such action and impose even wider economic sanctions.

My heart goes out to the Polish people whose heroic courage has been an example to the entire world. The Polish people have given so much to our society, through their sons and daughters in the United States. I hope we can now do something to help them in their own country, and I hope that President Reagan will heed the measure expressed by the House of Representatives yesterday to halt deportation proceedings involving Polish citizens until it is determined that the political situation in Poland is stable.●

SOLAR ECLIPSE CONTINUES

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. OTTINGER. Mr. Speaker, on December 1, 2, and 3 the Subcommittee on Energy Conservation and Power, which I chair, conducted field hearings in Denver, Colo., and Los Angeles and San Francisco, Calif., on the impact of the Reagan administration

budget cuts in Department of Energy conservation and solar programs. The subcommittee heard outstanding testimony from representatives of the solar and conservation industries, solar and conservation research laboratories, State and local governments, and public interest groups representing low-income and elderly citizens.

The testimony we received indicated that the drastic budget cuts threaten to impair this Nation's solar industry to the point where many solar manufacturers will be forced to close their doors. The budget cuts in photovoltaics research may force our country to abdicate its technological lead in this field to Japan and other nations. Dramatic new energy efficiency technologies will be abandoned on the workbenches of our national laboratories because of insufficient Federal funds to bring the research to completion.

The subcommittee also heard testimony which poignantly illustrated that although the marketplace may send a signal to low-income and elderly citizens to invest in energy conservation improvements, cuts in the Federal energy conservation programs coupled with severe cuts in other social welfare programs make it impossible for these people to respond to the marketplace's massage. These citizens are left with one option under the Reagan budget—freeze in the dark. That is totally unacceptable and I will continue to fight to preserve these life-saving programs.

These hearings were held during the week that we learned of the Office of Management and Budget proposal to cut conservation and solar programs even deeper in fiscal year 1983. From the initial appropriations in fiscal year 1981, OMB recommends the President cut conservation by 97 percent and solar by 90 percent for fiscal year 1983. When President Reagan first proposed his fiscal year 1982 plans for solar, I characterized the offering as the budgetary equivalent of a solar eclipse. These latest figures can only be equated with a black hole. These cuts are contrasted by a proposed nuclear fission budget that remains virtually unscathed. This inconsistency underscores the administration's willingness to let marketplace principles apply to conservation and renewable energy, while those same principles are waived for nuclear power.

One witness who testified at our field hearings summed up these points most eloquently. He is John Geesman, executive director of the California Energy Commission. I ask that his excellent and entertaining remarks be printed in the RECORD.

TESTIMONY OF JOHN L. GEESMAN

Mr. Chairman, members of the committee, I am John Geesman, Executive Director of the California Energy Commission. I appreciate this opportunity to address you on the impact of the Reagan Administration's energy budget policies because I am convinced that over the next decade they will constitute a more ominous threat to our national security and prospects for economic growth than any challenge we face from abroad. Just when it appeared that this nation was developing a consensus energy policy of efficiency improvements and renewable sources, with the stubborn Yankee value of cost minimization as its cornerstone, this Administration has installed a dogmatic, theocratic regime of evangelical hyprocrites intent on making a mockery of the free market principles they preach.

I have four major points that I invite you to ponder as the Reagan Administration seeks to annual eight years of accumulated experience on energy:

This Administration is fervent in its desire to ignore the technological lessons of the 1970's and instead has made a blind faith commitment to a nostalgic 1950's view of nuclear power.

Despite controversy, California has adhered to a steady, consistent energy policy for the past seven years aimed at channeling investments into efficiency improvements and new technologies. This continuity of policy—in contrast to the flip-flops of four federal administrations—has established a remarkably diverse electrical supply system, one that promised a fertile environment for economic prosperity until the Reagan Administration began its concerted assault on these policies.

The public deserves an energy policy that is based on economic rationality, and ultimately will accept nothing less. Indeed, our system of government depends on a trust that those in power will attempt to follow least cost principles in making decisions on expenditures.

The Reagan Administration energy policies endanger our national security by their indifference to American dependence on imported oil, and threaten our social fabric by their attempt to ignore economic reality.

With respect to my first point, let me say that the Reagan Administration's energy policy makers rival the most devout Islamic fundamentalists in their desire to obliterate the last decade's developments from the history books and escape from technological modernism. The two mullahs of this energy clergy, Mr. Edwards and Mr. Stockman, have banished the energy success stories of the 1970's—conservation measures and the range of solar technologies—to the most distant exile of their holy realm: the so-called "free market", condemned to "compete" against heavily subsidized fossil and nuclear fuels in the way early Christians "competed" against lions. Meanwhile, Mr. Edwards and Mr. Stockman have sought to re-create the unquestioning enthusiasm and unbridled budgetary support for nuclear power that characterized Admiral Rickover's early career. The Administration's initial budget proposal earlier this year slashed federal support for conservation and alternative energy sources by 76 percent and 70 percent, respectively, while pumping a 24 percent increase into nuclear spending. The second round of cuts, announced by the Administration in September, eased the growth rate in the nuclear budget somewhat but still targeted conservation and solar for near annihilation. Finally, this week we learn that OMB is seeking a fiscal year 1983 budget that contains $19 million for conservation and $70 million for solar in a DOE budget expected to exceed $7 billion.

What the Reagan program represents to the American consumer is a direct frontal attack on energy savings and promising new technologies in an effort to resurrect the dead hopes of the nuclear power industry. As one DOE official has explained: "The marketplace will encourage people to use solar energy on their own, but the nuclear industry is weak and requires a government presence to put it on a stronger footing." The DOE nuclear "public information plan", which this committee released publicly only a few weeks ago, demonstrates the extent to which this Administration is willing to go in its efforts to rewrite recent history: a $2 million national campaign to "educate the media" on why nuclear economics can defy the laws of gravity. The program document clearly states that the effort will also explain "why solar won't be available." In a similar vein, the White House recently announced that $1.3 million in budget savings will be realized by stopping distribution of all DOE consumer-oriented publications. Titles such as "Winter Survival: What To Do If The Heat Or Power Goes Off On A Freezing Winter Night"; or "How To Understand Your Utility Bill"; or "Saving Money With Energy Conservation" will no longer be available.

The Reagan Administration has pursued its energy policies with the passion and zeal which have characterized other instances of fanaticism down through history. Mr. Edwards has demonstrated the innocent sincerity which one often associates with dentists. Mr. Stockman has demonstrated the innocent sincerity which one increasingly associates with Mr. Stockman. But to those who would reject the present in preference to the past, to those who would ignore that conservation has supplied 88 percent of the growth in energy demand since 1973; to those who view new technologies, especially those utilizing renewable resources, as a corrupt symbol of big government decadence; to those who still await the second arrival of the too-cheap-to-meter atom, I would counsel one thing. Consult the Imam. As he himself uttered so many times in the 1950's, "Progress is our most important product."

In California, we have had a faith in progress, in government's ability—and indeed, its duty—to channel investments into continuing improvements in energy efficiency, into new technologies which rely on non-inflating renewable energy sources, into resources which, if forced to rely on "market forces", suffer chronic under-investment due to what economists prosaically refer to as "market imperfections". Our policies have been governed by that most basic of American desires: the avoidance of unnecessary costs. In instances where functioning market mechanisms do not exist to assure an efficient distribution of consumer investments, we have relied on government policies to substitute for market forces—always with a least cost strategy in mind.

We have successfully adhered to this approach for nearly seven years under Governor Brown's leadership. Although principles of cost minimization would seem unassailable, they have proven controversial on occasion and have required some difficult choices. But the results have been stunning: conservation programs already in effect will save the equivalent of more than 100 million barrels of oil per year by the year 2000! Just the electricity savings alone are enough to avoid the need for at least eight 1,000 MW coal or nuclear plants over the next 20 years. And these conservation measures are extraordinarily cheaper than conventional alternatives. Simple building retrofits, for example, can cost 1-3 cents per kilowatt

hour compared to 8 cents per kilowatt hour for coal or nuclear generated electricity. While DOE administers the final death blows to the voluntary Building Energy Performance Standards program, mandatory standards adopted by California in 1977 are already saving consumers $150 million annually and a recent tightening of these standards is projected to save an additional $1.5 billion per year in today's dollars by the year 2000.

In the alternative energy area, California already has 500 MW of cogeneration on line, with a total of 3,000 MW expected by 1990. We have already the largest geothermal energy development in the world; over 900 MW of facilities are operating at the Geysers with more than 2,000 MW projected to be operating during the 1990's. California has over 150,000 solar installations, one quarter of all solar units in the nation. Private wind developers are now projecting that more than 700 MW of wind power will be on line by 1990.

But the Reagan Administration's assault on conservation and alternatives as legitimate objects of public policy poses a serious threat to California, for much of our effort relies upon federal support. Loss of the federal tax credits will mean the loss of more than $200 million of private investment annually in California energy conservation and renewable resource projects. Wind energy, of which California has a potential in excess of 13,000 MW, will be especially hard hit by the combination of the lost tax credits and successive federal budget cuts—from $90 million in fiscal year 1981 to $19 million in fiscal year 1982 to a reported $5.6 million in fiscal year 1983. The Residential Conservation Service, which could save 5 to 6 percent of residential energy used by 1985, faces elimination as of June, 1982. The Schools and Hospitals program, which the Administration proposes to cut in half, could save the equivalent of nearly 4 million barrels of oil in ten years. The Administration also proposes to curtail low cost loans to local governments for small hydro and cogeneration projects, delaying or eliminating 250 MW of small hydro development and up to 500 MW of cogeneration projects. Most pernicious of all is the report that DOE is about to adopt the "no-standard standard" for appliance efficiency with the sole purpose of pre-empting the stringent appliance standards pioneered by California several years ago and adopted by several other states.

As Proposition 13 demonstrated to all of us in California government, there is no stronger public sentiment than an enraged electorate convinced that government is mishandling its money. That is the political threat the Reagan Administration is courting in its nuclear nostalgia, its all-out war on conservation and renewables, and its repudiation of least cost principles as the basis of national energy policy. Carnegie-Mellon University's Energy Productivity Center has identified a distressing gap between official federal projections for energy usage in the year 2000 and the consumption patterns that would prevail under a least cost approach assuming economic rationality in investment decisions. The least cost approach would require 76 percent as much oil, 21 percent as much imported oil, 59 percent as much renewable energy, and about 50 percent as much coal and nuclear generated electricity. More directly, the primary energy required per dollar of GNP under the least cost approach is 77 percent of the official government forecast.

How much economic irrationality can our system tolerate? Will the public excuse a 23 percent slop factor? Where does this 23 percent overpayment go? Who benefits? What will happen when the public catches on? Significantly, the Carnegie-Mellon study was based on a 1979 forecast prepared by the Carter Administration. These problems have been exacerbated by the Reagan Administration's energy policies, and if those policies are successful, the gap between official federal projections and least cost principles will surely grow beyond 23 percent. The degree to which the Reagan Administration is willing to ignore economic considerations in it devotion to dogma is best seen in the reaction of the financial community to nuclear power: Merrill Lynch has suggested that any utility with a nuclear plant less than 20 percent complete should consider abandoning the project; Standard and Poors lowered the credit rating of 27 utilities last year, 21 of which at least partially because of significant nuclear exposure; Paine Webber described nuclear plants as "a potential time bomb that could push a company to the brink of bankruptcy overnight."

If the Reagan Administration's nuclear policy is based on an alarming indifference to the fundamentals of fiscal prudence, its casual acceptance of American oil imports is that and more so because of the dangerously myopic approach to national security involved. This Administration has loudly proclaimed its willingness to purchase any weapon system, embrace any adversary, and affront any ally in order to defend the right of multinational corporations to purchase increasingly costly oil from the Middle East. Yet the Administration has not only failed to develop a strategy for lessening our dependence on that region, it has also proceeded to demolish every governmental encouragement to cost-effective, short leadtime, domestic alternatives to oil imports. Incredibly, we are asked to believe that our national interests have somehow been enhanced by entering into a $12.5 billion AWACS deal with the Saudis, instead of investing a fraction of that amount in an energy policy at home. The AWACS planes will afford the Saudis 12 minutes advance warning of an enemy air attack on their oil fields, but of course it takes at lease five minutes to get the Saudi air force airborne. I have to think that we could have bought more than seven minutes of energy security by investing in conservation and renewables programs here in this country.●

THE FUTURE FARM OF AMERICA

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BROWN of California. Mr. Speaker, we are all rapidly becoming aware of the potential that communications and information technologies hold. Within a generation, our society will have been changed by these technologies. Home and workplace alike will be altered as we enter the information age.

With judicious application of these technologies, society will attain higher efficiencies—efficiencies that will save limited resources. With some planning, we can create systems that replace resources with information. Nowhere is this process needed more than in agriculture.

To some extent, this process has already begun. Integrated pest management (IPM) systems schedule pesticide applications based upon information about pest infestation levels and the point at which economic harm results. Rather than indiscriminate pesticide applications, spraying is timed to deal with high levels of infestation, saving expensive chemicals. In this instance, farmers are using information about plant pests to replace chemicals.

Systems are being developed to expand this concept to increase efficiencies in other areas of farming operations. As the following article from the Los Angeles Times shows, these applications have great potential. The challenge for us in Government will be to insure an orderly development of these technologies and to make available, in a usable form, the masses of information that Government agencies possess. The article follows:

COMPUTER AGE DAWNING DOWN ON THE FARM—ELECTRONICS WILL BE USED TO MONITOR SOIL CONDITIONS, ACTIVATE IRRIGATION

(By David Smollar)

OXNARD.—John and Lynette Roth may be the only people on earth who can be awakened at 3 a.m. by a avocado tree wanting a drink of water.

The Roths have wired their 22-acre avocado grove, overlooking the Santa Rosa Valley 15 miles from their harborside home here, with a computer that can automatically monitor soil conditions, turn on irrigation pumps and ring their bedside telephone should it sense unusual problems such as water leaks or rapidly changing temperatures.

With the prototype system they designed, the Roths have eliminated daily drives to check their hillside ranch, saved water, improved yields and placed themselves on the leading edge of a computer revolution in agriculture. Within a decade, farmers statewide will likely be using comprehensive computer-managed irrigation and pest control systems by simply dialing from terminals attached to their televisions.

Agriculture officials of the University of California at Davis soon will begin testing a statewide network of automated weather stations allowing them to forecast short-range water needs for the state's major crops and transmit that information to farmers hooked in by computer. Private companies are using government grants to test radio and satellite transmitters, thus eliminating the need for underground wiring on individual farms. Other experiments are improving reliability of sensing devices to withstand the rigors of the field.

"We're trying to show the farmer that irrigation scheduling by computer can be so easy that he's got to do it," said Richard Snyder, professor at UC Davis Cooperative Extension. "We expect to reduce the amount of water, improve yields, and save the farmer time," said Snyder, a biometeorologist in charge of UC Davis' four-year, $3.5 million weather research project ex-

pected to start soon with funding from the state Department of Water Resources.

Other officials will use the weather information to predict the arrival of fruit and vegetable pests, giving farmers better data on when to spray pesticides in an effort to cut down overuse.

The hardware is available, officials say. All that is needed now is to take farming and weather information and put it into the language that computers use.

"Then the farmer will sit back at his TV, flick a switch, and be able to pick from a menu or irrigation programs, insect control, 4-H meetings, or anything else," predicts J. L. Meyers, irrigation and soils specialist at UC Riverside extension. Meyer is watering experimental plots of turf grass based on data gathered by computer.

The impetus for automating farming comes from soaring water and energy costs, and already is in wide use in Israel, where it was pioneered. Water rates in Southern California are approaching $200 an acre-foot and the price of now-in-expensive water in the Central Valley is expected to skyrocket beginning in 1983 as pumping contracts expire. Farmers also worry about water supplies after 1985 when Arizona takes a substantial share of Colorado River water while the Peripheral Canal through the Sacramento Delta remains uncompleted.

"The hypothesis we all work with is that farmers overwater as a means of protecting their crops—perhaps 25% to 35% overuse statewide on the average," said Owen Hall, Jr. of the Torrance-based Energy Management Corp. Said Hall, whose firm also holds a research grant from the state: "With a complete computer-based data system, we think that an annual water bill of $500,000, for example, can be reduced by $150,000."

The promise of more efficient watering spurred the Roths to install their system earlier this year. Both work as physicists at the Hughes Research Lab in Malibu and are at home with advanced technology.

"We wanted to water the way we want to," Lynette Roth said, seated in a trailer at the edge of the grove. There, a small Apple computer blinks a blue, green and red graphic overview of the avocado grove. She explained that absentee citrus growers usually depend on management companies that water once or twice a week according to their own schedule, regardless of how much water the trees need.

"But it takes too much labor to check soil moisture and temperatures over 22 hilly acres," she said. "We can't afford it and neither can a management service."

So the Roths divided their 2,000 trees into four blocks and placed in strategic locations in each section instruments that measure soil moisture and temperature. The instruments are connected by underground wiring to the computer in the trailer. The computer reads the sensors every 15 minutes and then checks to see if moisture depletion in any section is at the level that the Roths have told the computer to begin watering. If it is, sprinklers will be turned on in a particular block for three hours. The computer also checks water flow and pressure to make sure that the right amount of water that it ordered is being delivered. The Roths can program the computer to telephone them should unusual conditions be noted and they can send special instructions to the computer from a portable unit they carry with them.

"You're really just transferring your intelligence to the computer," John Roth said. "You can come out here, check a soil monitor somewhere, sense the temperature and decide where to water. The computer has the advantage of being predictive, dedicated, consistent 24 hours a day."

The Roths now use soil moisture content as the key ingredient for having the computer decide when to turn on the water. But they are constantly refining their program to add new sensors, such as those measuring humidity.

In addition, the Roths have programmed the computer to project trends in the event temperatures begin to rapidly climb or fall and to alert them so that they can plan longer watering periods during Santa Ana conditions or turn on sprinklers to avoid frost damage.

"We don't have to come out to the ranch at night and stay on the ground in a sleeping bag when there may be a frost," Lynette said. "All we need is the phone outlet at home."

The Roths don't yet have statistics correlating their $10,000 investment with any economic returns.

"But we do know we're not spending any more money on water this year than last," John said. "And I think we're getting much better use. Compared to our neighbors, we're seeing a tremendous increase in crop yield, And our trees came though beautifully during the (midsummer) heat wave.

"Even if we're only saving 10% to 15%, its worth it."

Because of their scientific backgound, the Roths write their own programs to tell the computer what to do based on the information it gathers from the field. But many farmers may be unable or unwilling to do that, UC researchers say. For that reason, regional systems will give farmers broader data still sufficient to save on watering. Plant water requirements can be forecast either from weather data or from soil samplings.

"A farmer must know how much water has been depleted from the soil and when to then irrigate before he can improve efficiency," said UC's Snyder, who is in charge of the experimental program at Davis, formally called the California Irrigation Management Information Service. "On a regional basis, the best way to get that knowledge is by gathering weather information."

"We're going to estimate how much water crops are using through 24-hour-a-day weather monitoring," Snyder said. "That will allow the computer to forecast water use for a farmer's particular crop over the following 10-day period."

According to Snyder, data on water usage for a particular crop is now gathered in one area and then used throughout the state, even though the climate in the area where, it is gathered, such as Redding, may be different from that in another growing region, such as San Diego. In addition, the information cannot be correlated for use until the beginning of the next growing cycle.

Now we will be able to say, "Here's how much water was used yesterday in this area and here's our estimate of how much water will be needed in the next week or so," Snyder said.

Snyder's project will start initally with 20 farmer volunteers in the Imperial-Coachella Valley, Kern County, western Fresno County, Salinas and Pajaro valleys, and the Sacramento Valley. The farmers at no cost will be connected by computer terminals to the UC data bank at Davis.

There will be 27 automated weather stations throughout the five areas taking nine different measurements on the crops being used for the project.

"The farmer will tell our computer his type of soil, his type of crop, and when he last irrigated," Snyder said. "He'll then receive our estimate of what the allowable soil depletion is and what we estimate the rate of depletion to be. If it's three inches of water, for example, and if he last watered three days before he calls, then maybe he will need to irrigate in three days. And the amount and frequency will vary by the month."

Snyder said that without the computer data, the farmer might guess that his crops needed water every two days. In that way, water usage will be cut down. The data might also be supplied eventually to agricultural water districts so that they can estimate better the amount of water they must send through irrigation channels.

Snyder looks forward to expanding the program after 1985, when he believes farmers will be convinced that computers can improve irrigation with lower costs and few headaches.

But by then, Hall of the Energy Management Corp. hopes to have a more complete system combining both weather and soil data. Hall's company is developing ways to gather soil data by radio transmission rather than using underground wiring, with tests at a broccoli plot at the Irvine Ranch. Hall even looks toward satellite transmission one day.

If added to the weather information, Hall believes, a farmer could have no reason not to use a computerized irrigation schedule.

And at its ultimate, you've got the sprinkler system moving up and down the field automatically based on what the computer recommends.●

FREEDOM HOUSE IS HER VICTORY

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. EDGAR. Mr. Speaker, it is most fitting that the story of Ethel Smiley of Darby, Pa., be placed in the CONGRESSIONAL RECORD during this holiday season. It is an inspiring account of 1 of 50 women discovered by the Philadelphia Inquirer who have literally been an angel of mercy to their neighborhoods. Ethel is not an angel in the ethereal sense, but is a "tough" angel who perseveres in the midst of agonizing adversity, and does not take "no" for an answer when justice is at stake in her neighborhood. I submit this article in the hope that it will inspire us all to good works.

FREEDOM HOUSE IS HER VICTORY

(By W. Speers)

The 14-room, chalk-white house that stands alone on two acres fronting on Main Street in Darby has been many things in its almost three centuries. Right now, it's a monument to the will, humanity and "grace under pressure" of Ethel Smiley.

The house, probably Delaware County's oldest, is the last vestige of a late 17th-century, 63,000-acre duchy granted by William Penn to fellow Quaker Samuel Bunting. There were fireplaces in all the rooms, Its stone walls are 20 inches thick. Penn visited

there. Colonial botanist John Bartram planted three trees there. Indians routed by white settlers found refuge there.

During the Civil War, it was a station along the underground railroad where Southern slaves were processed on their way to freedom. Smiley remembers that with a picture of Harriet Tubman in her office. It says Tubman was a conductor on that railroad and was responsible for guiding 300 slaves to new life.

Since 1968 the house and remaining property have been under the stewardship of Smiley. She turned it into Freedom House. It's a place for the very young. Forty-two children, about one-third of them white, attend a day-care center there. It's for the very old. Forty people, half of them white, half black, daily go to the senior citizens center there where they get a decent meal, their health is monitored, their rights protected and those old age blues of loneliness and nothing-to-do are eased. The cost is calculated on each person's ability to pay.

And for the in-between ages it's a place to find something that they can't find other places. Where older youth can play or learn things not taught them in school. Where they can get a start on finding a job or getting into school. It's a place where younger old people who are troubled can come and be helped or referred to help by the people of gentle strength who work there.

Freedom House is Smiley's victory. Victory over the most venal expressions of fear and hatred. Victory over the opposition of her own people. Victory, especially, over all the forces that strained to make her an embittered and vengeful woman.

Like many of those passengers on that abandoned underground railroad, Smiley comes from deep in Georgia—yes, the daughter of a poor sharecropper. It was there that she was initiated into the reality and content of racism.

"We were taught to keep our distance from white folks. It was one of those things you asked your parents about but they could never tell you why. It was a long way to grammar school and we had to walk past this fine white school to a rundown place where we had to build a heater-fire every day before teaching started. Even then I wondered why. The white kids would spit at us from the school bus and the drivers would splash us. We would hide along the side of the road until the bus passed.

"Saturday was always a time for us to go into town. But we knew to get out the way. I was wearing this freshly starched, plaid, pleated dress. I was walking on the sidewalk with my girlfriend when these two white men in coveralls came toward us. We jumped off the sidewalk into the street to let them pass. One of the men was chewing tobacco and he spat on my dress. And the other man said, 'Did you see what happened to that darkie?' It made me feel so bad. I've never forgotten it."

But she also recalls an incident involving her father that counterbalanced the institutionalized humiliation. He loaned a white man money but when he tried to collect the debt, the man threatened to accuse Smiley's father of stealing the money from him.

"My mother begged him to leave the man alone. But he went to him and said he wanted that money because his kids were hungry. The man said, 'I'm a white man.' And my father said, 'I'm a black man.' He was ready to tie into him right then and there. He got his money. I think I got some of him in me."

Smiley got a teaching certificate in Georgia and, after teaching there a while, came north in 1934 to live with a relative in Sharon Hill, Delaware County. She moved to Darby five years later and since 1944 has lived in the same rowhouse on Mulberry Street.

Her teaching credentials weren't any good here so her first job here was as a $5-a-week domestic. She got married. Her husband died two months later of bronchial pneumonia. She was pregnant and took a series of other jobs including a tailor-shop presser and kitchen supervisor in a Darby convalescent home. "I always could handle a kitchen."

She continued working in institutional kitchens and remarried in 1954. She adopted a girl, a sister for her son. In 1960, her sister-in-law died and she took in six of her 10 children, ages between 2 and 9. "The youngest just graduated from college last summer."

Smiley had joined the National Association for the Advancement of Colored People when she came north. She became alert to the life of the tiny island of Darby blacks—entrenched there since the mid-1800s—in a sea of whites, many of them hostile. The latest borough count is 9,649 whites to 1,781 blacks.

First she was drawn to the difficulty that black youths had in getting local jobs. When she was told that their school grades were lower than whites, she investigated and found black students performing at levels comparable to their white counterparts. One day, when checkout lines at the local A&P were long for want of cashiers, consumer Smiley asked to see the manager.

"I was mad. I asked him why he didn't have any blacks working there as cashiers. He told me they couldn't pass the test. I told him to give me the test. I passed and became the first black cashier at that store."

Her success in breaking the color line there led her to explore other workplace barriers near her home. In 1965 she organized extended picketing of the Collingdale Federal Savings and Loan Association, a bank that didn't hire blacks. When she was told—again—that blacks couldn't pass the test, she tested the test by sending in black tellers from outside banks to take it. All of them failed.

"We picketed Collingdale for nine weeks one summer with 30 or 35 students. But it was getting time for them to go back to school and nothing was happening. I called Roy Wilkins and told him I needed help," she said, referring to the late NAACP executive director. "He said the national had too many people tied up in Mississippi at the time. He said, 'You made your point. Now get out of there.'"

Instead, Smiley marched her troops inside the bank where they held a sit-in. Police were called. Arrests were made. The State human relations commission got involved. Negotiations were opened. And a plan was drawn up to integrate the bank. The orderly integration of other area banks follows.

Smiley got the idea for Freedom House 17 years ago. She had always been partial to youth. She was a statewide youth counselor for the NAACP.

"Youth have always been a prize to me." She envisioned a Darby place where young people, both white and black, could come to learn, play and be together. "At the time, there was nothing in Darby for either race. Also, there were black and white confrontations in the schools, fights, and blacks were leaving school. I kept hearing from kids that nobody was listening to them. They liked me listening. So I decided to see what I could do right here instead of running around the state. To look for a place where people listened."

There was no such possibility on the congested "hill" where all the Darby blacks lived. And when she played the with idea of trying for the Bunting House smack dab in the heart of the white section, even her own people were incredulous. "They all thought I was crazy."

The last Bunting had died in 1944 and, after other ownership, the house had been boarded up and the property grown over. In 1968, when the owner asked how much money Smiley had, she told him $75. Despite over three decades of loyalty to the NAACP, her local chapter refused to support her plea to the national organization for funds to secure the property. Three times they turned her down. "I don't cry easy, but after that third time I cried."

Finally, she wore them down and the chapter agreed to back her proposal. But she still had to convince the national organization to advance the money.

She wrote to the national NAACP leadership and was turned down. Then she went to see Wilkins in New York. She sought his backing on a lease-purchase agreement. She asked him to approve a plan where half the dues that usually went from her chapter to the national organization would go, instead, into a fund to acquire the Bunting House.

It had never been done before and Wilkins hit the roof. She remembers that he said, "We have 18,000 branches. Can you imagine what would happen if they all asked to do this? I thought people would grasp what I wanted to do, but they didn't."

Still, Wilkins approved the plan for a year. "It took some convincing." The approval meant $12,000 to Smiley. She took a lease-purchase agreement on the Bunting property in the summer of 1968.

Her battle had only begun.

The first thing she did was organize a bunch of youngsters to help her clean up the neglected property. The second day most of the white children were pulled out by their parents. Smiley was visited by the father of a white girl. "He told me, 'I don't care what it is you're doing, [but] keep my daughter out of here or I'll make big trouble for you.'"

The white children stayed away, but big trouble came anyway. A metal house for Sears that Smiley had set up on the property as a temporary base of operations was burglarized and all the typewriters were stolen. Then the building was vandalized. "'Niggers go home' was written on the floor."

A carriage house that had been at the rear of the property since the Revolutionary War was burned down. The young people helping her shape up the grounds were shot at with BB guns from the fringes of the property. A new station wagon belonging to her husband was fire-bombed three months after he bought it.

Meanwhile, she remembered, the Darby government was doing its best to make sure that Freedom House would go away. The borough council withheld its support of the house's applications to the federal government to carry out programs.

"A good example of that was the time we tried to get $50,000 to train people in office skills. The council wouldn't endorse it even though it cost the borough nothing. And at the time Darby was the third poorest of Delaware County's 49 communities."

The zoning board put Freedom House's applications for variances through delays. At one of its hearings an opponent of Freedom House insisted that the Bunting property was zoned "white-residential."

"One day I just got sick of it. It was a Friday in summer. I gathered a group of kids together and took them down to the Darby Swim Club, which is just down the street from here.

"I told the man on duty I wanted memberships for all the kids. I took out my checkbook and told him I was going to write a check for $1,500. I had about $15 in the account at the time. He didn't know what to do. He said it was against the rules to do it that way. I asked to see the rulebook. He told me to come back. I told him if I didn't have my variance by the following Friday, I was going to blow a horn on the Hill and like the Pied Piper I was going to lead everyone from up there down to the swim club. The very next day, Saturday morning, I had the variance on my desk."

However, all the physical attacks against the property scared off banks from granting Smiley a mortgage. Twice the Bunting House was set on fire, but those burly stone walls allowed only minimum damage. When the first year was over no mortgage was in sight, the escrow money had been exhausted and the property owner said he was going to look for another buyer.

Angered, Smiley's black followers were ready to fight back match for match, BB for BB. She urged them not to and asked the Darby mayor to call a meeting. "I know he was expecting me to say I was calling it off. Instead, I told the meeting that I would auction off the house's ashes if I had to. I didn't want my people wasting time fighting back. I wanted them to keep trying to raise money.

"See, I felt I was on a mission. That the Lord was using me as his vessel. That as I pass this way I was meant to do something good for the people of Darby. I was sure He wouldn't let us fail."

With the help of former State Rep. Joseph T. Doyle, the owner agreed to give Smiley an extension to buy. The national NAACP also granted her an extension of the lease-purchase plan. She began picking up sponsors and donations from churches. She recalls white churches giving more than the black ones. Doyle also got Smiley the promise of a mortgage from Media Federal. But first, the bank wanted $15,000 collateral. She got a man to agree to put up the money, but his children told Smiley that they'd have him put away if he did.

Then she went on a campaign to get 15 people to give $1,000 each. It didn't quite work out that way. But within 10 days she got the $15,000 from individual donations ranging from $100 to $2,000. She had her mortgage but she also lost something precious to her. After 18 years of marriage, she and her husband, James, separated.

"We're still friends. He lives in Sharon Hill. When his car was blown up, he got to worrying about me. He'd say, 'You're going to get yourself killed. Now give it up and come up from down there.'

"But I told him you have to die for something. I loved him and the marriage was important to me. But I wanted him to understand what it was I was doing. He couldn't, and we parted. I've never regretted the decision. It's something I can't help. It's something I don't have any choice about. It's the working of God."

From the single teacher whom Smiley hired part-time at $35 a week 13 years ago, Freedom House has grown to a paid staff of 25. Of the 16 full-timers, four are white. The operation grew when the house next door was purchased. Smiley maintains her simple office here.

From its initial activity of tutoring children and giving them a place to play, Freedom House has expanded to a variety of activities. It's hard programs in job placement, nutrition, tutorials in reading, math and science, music instruction, black history, cooking and homemaker skills. It organizes field trips for young people, provides a summer day camp for them and has been a clearing house for information on scholarships and loans and post-high school training.

"We're not selfish here so we never duplicate anything that anybody else does. We drop it if somebody else does it. And there's a lot of things we do that are never recorded. Like people who come here in distress. If we can't help them, we refer them to someone who can at family service or the welfare department. People come in here with all kinds of problems."

Freedom House, which has always been separate from the NAACP, is now supported with money from Delaware County, grants from foundations and companies and individual donations through fund-raising campaigns.

Smiley speaks of her journey with Freedom House only half-knowing why she stuck it out. "I can't explain it because I don't understand it. I understood why other blacks felt hostile, but I never did. I don't know why. I was angry sometimes but I was never afraid. And the only time I felt resentment was when people spoke down to me. Then I'd fight back like a tiger.

"I felt strongly I had something to do; it was a drive. I wasn't arrogant about it, but I was determined. I knew I had to stick with it and never just take a no. The bigger the challenge, the more bristled up I got. I don't know why."

Smiley won't give her age ("They hear you're old, they want to push you aside"), but probably she's in her mid-60s. She admits, "The steps are getting taller and the kids are getting heavier" and says she's looking to "ease up" soon and maybe do some consulting work.

Still, she can look out the window of her tiny office into the turf once trod by frightened Indians and slaves and envision a Freedom House of the future. "See that empty space out there. I close my eyes sometimes and see a multipurpose center there. A place where poor children that are held behind by poor nutrition would get off to the right start. You rarely see a child that gets started right end up behind bars. And it would cost less to care for them young than if they were behind bars. The center could also be used for . . ."

It's the show that never ends.●

DADE COUNTY DESIGNATES JANUARY AS FRANKLIN DELANO ROOSEVELT MONTH

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LEHMAN. Mr. Speaker, the Dade County Commission recently proclaimed January 1982, as "Franklin Delano Roosevelt Month."

January 30, 1982, will mark the 100th anniversary of the birth of President Roosevelt, a man who overcame a physical handicap to be elected President of our country an unprecedented four times.

The county commission is encouraging the citizens of Dade County to honor the memory of President Roosevelt by joining the March of Dimes Mothers' March Against Birth Defects. The march is scheduled for the last 2 weeks in January.

Mr. Speaker, I am pleased to include in the RECORD the text of the county commission's proclamation:

TEXT OF PROCLAMATION

Whereas January 30, 1982 will mark the 100th anniversary of the birth of Franklin Delano Roosevelt, elected four time to the presidency of the United States of America;

And whereas under his sponsorship was established the Social Security System which to this day helps protect our citizens in their golden years, and the Federal Housing Administration and other programs that led to decent housing and an improved standard of living for millions of Americans;

And whereas on a non-governmental basis, Franklin Delano Roosevelt established and supported the March of Dimes, which financed and inspired the successful fight against infantile paralysis;

And whereas that organization, now known as the March of Dimes Birth Defect Foundation, is now leading a national campaign in aid of the 250,000 children stricken in this nation each year by birth defects;

And whereas the Dade County chapter of the March of Dimes Birth Defect Foundation and its 10,000 volunteer workers are an inspiration to the community and the nation theyn served: Therefore, be it

Resolved, That the month of January, 1982 is designated Franklin Delano Roosevelt Month in Dade County, and in his honor, the citizens of Dade County are urged to participate in and support the March of Dimes Mothers March Against Birth Defects, scheduled for the last two weeks in January, 1982.●

NATIONAL ENGINEERING AND SCIENCE MANPOWER ACT OF 1982

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WALGREN. Mr. Speaker, today, I have joined with Chairman DON FUQUA of the Science and Technology Committee in introducing the National Engineering and Science Manpower Act of 1982.

As chairman of the Science, Research and Technology Subcommittee, I have been very much aware of the concerns of our high technology industries for the quality and quantity of our Nation's scientific and engineering manpower. Our goals of economic recovery, international trade leadership, and a secure national defense cannot be met without people who are

trained and ready to use all the tools science and technology can provide. Similarly, our broader hopes for a brighter global future, in which we overcome the age-old problems of disease, hunger, and resource scarcity, will depend on the knowledge and creativity of the developing minds of our youth.

We should be encouraged by many industry, university, and State and local government initiatives to improve science and technology training at all levels. We should especially recognize that this improvement must begin at the early stages of education, and continue through our graduate training and that special stress must be placed on opportunities for minorities and women to be drawn into our science talent pool. We cannot afford to waste any of our valuable resources.

The bill, as introduced, stresses matching grants for private sector or State and local government initiatives in improving science and engineering education. It also emphasizes coordination of currently fragmented Federal efforts to be sure that scarce resources are used wisely and efficiently. Overall, it would be aimed chiefly at creating an environment favorable for development of the many good ideas coming out of our educations, science, and industrial communities concerned with science and engineering training.

I look forward to working with my colleagues and the education community in refining the initiative we are beginning today. I certainly hope that the administration recognizes the serious strains in our science and technical education systems and will be willing to join with us in pragmatic problem solving.●

WASHINGTON POST SERIES ON THE THRIFT INDUSTRY CRISIS

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PATTERSON. Mr. Speaker, today I would like to place in the CONGRESSIONAL RECORD, for the benefit of my colleagues, the Washington Post's series of articles concerning the crisis faced by our Nation's savings institutions. This series provides a comprehensive explanation of the history of the thrift industry, the problems it currently faces, and some possible solutions. I believe that these articles will be especially interesting to those Members of Congress who do not sit on the House Banking Committee.

This series is timely in that both the House and Senate Banking Committees are currently in the midst of a thorough examination of the financial services industry and its changing infrastructure. The savings and loan industry is a major segment of this industry, and the seriousness of its problems should be given careful consideration by the Banking Committee and by all Members of Congress.

[From the Washington Post's series of Articles]

SAVINGS AND LOANS, MUTUAL BANKS: CAN THEY SURVIVE CRISIS?

MAJOR FINANCIAL SECTOR TO LOSE $5 BILLION THIS YEAR

(By Nancy L. Ross and Rudolph A. Pyatt, Jr.)

America's savings institutions, started in the last century by small bands of neighbors who wanted to deposit extra funds where they could earn some interest and provide loans, for members to buy houses, are in a state of crisis.

Not since the Depression—when hundreds of banks were folding until Franklin D. Roosevelt took office and rushed through legislation to restore public confidence in the foundering banking system—has a major sector in the world of finance faced such severe pressure and the threat of failure. A respected Denver savings and loan executive says there "has been a silent run" on his industry for much of this year.

For the government, housing industry and comsumers, saving the savings institutions will be one of the most substantial challenges to be faced in 1982. Americans have almost $700 billion of their savings on deposit at the S&Ls and saving banks.

But these savings institutions are expected to pose collective losses for 1981 of $5 billion, with three out of four S&Ls and savings banks in the red for the year. In simple terms, it cost savings and loans $11.74 to attract each $100 during October. At the same time they received but $9.91 back on each $100 loaned.

Things are bad and "getting worse," said University of Georgia finance professor Robert R. Dince. Summing up the state of the savings industry today, he added: "By doing exactly what the government told them to do, they wound up in trouble. . . . The federal government created the world in which these guys are dying."

Most S&L leaders and analysts argue that things are not so bad. "I believe the worst is over," said San Francisco analyst Allan G. Bortel. Reagan administration officials have described the plight of savings institutions as a temporary phenomenon.

In a series of four articles starting today, The Washington Post will explore the current problems and possible solutions for an industry known collectively in the business world as "thrifts"—encompassing savings and loan associations and mutual savings banks. This article recounts the worst year in history for the business, while a second article in the Washington Business section tomorrow focuses on metropolitan Washington, where merger fever has broken out and interstate branching may come soon.

On Tuesday, the series will deal with the contrasts between New York State's critical savings bank problem and California's world of normally aggressive S&Ls, which are having problems, too. The final article on Wednesday will outline proposed industry and federal legislative remedies.

IN EVENT OF FAILURE

In terms of savings accounts or certificates, consumers have little fear today from the industry critics because of New Deal laws that established a pool of insurance funds (provided by the industry itself) to guarantee payment in the event of failure.

But the strain on the nation's financial system by weakness in a major sector already has had a traumatic impact on the nation's economy—particularly housing construction activity and residential real estate sales.

Already, consumers are beginning to learn about the new world of housing finance created by the savings industry crisis. It's a world where 30-year mortgages at fixed, low rates have disappeared. Far fewer Americans will be able to buy houses in future decades with the ease their parents encountered after World War II, because a much larger portion of take-home pay will have to be used to pay mortgages with interest rates that are linked to changes in the rate of inflation.

Savings institutions have provided the bulk of home mortgage financing in the United States for most of the 20th century. After World War II, in particular, federal tax and housing policies encourage a partnership between the savings industry and home builders to build the nation's suburbs. House mortgages now held by the savings industry total $539 billion compared with $173 billion in all commercial bans.

But most of these mortgages were arranged with interest rate returns to the institutions that are far below today's cost of money. A decade ago, the typical house mortgage carried an interest cost to the purchaser of less than 6 percent. Passbook accounts at the corner S&L office paid a lower rate to savers, and the institution's operating expenses were paid for by the difference in rates.

But as inflation began to eat up more and more of any savings that an individual had in the 1970s, individual savers began to search for better paying places to put their money.

Ultimately, they were successful in forcing the government to establish a new set of interest-rate rules that in effect allow all consumers to earn interest at levels provided previously only to the wealthy or to corporations on very large deposits.

And this has required S&Ls and savings banks to pay much higher interest rates to attract the deposits that support mortgage loans. At the same time, there has been a banking revolution caused by the ease of electronic money transfer and automatic teller machines, the birth of money market mutual funds as a strong attraction for large and small savers, much higher operating expenses and encroachment into financial services by such outsiders as retailers, industrial companies and Wall Street securities firms.

Overnight, a rather relaxed business was thrust into a competitive environment of attacting money for which most savings executives were ill-prepared. The savings industry sought and won new powers, such as offering checking accounts with interest. Individual S&Ls have become more aggressive in fighting for deposits and their trade associations have been battling for government aid. Outsiders have been hired to provide broader management skills.

Little that has been done, however, has helped much in solving the current crisis. Short-term help, in the form of lower interest rates, finally is on the way. At best, however, it will be a number of months before the industry's long downward slide is reversed.

Even if the current recession is mild and the Reagan administration is successful in

reining in the deficit, it will be too late for a signficant number of savings banks across the country.

Institutions that are on the verge of collapse will be taken over by more healthy businesses and not necessarily traditional savings companies. National Steel Co. now owns S&Ls in three states, for example. Commercial banks are expected to acquire failing savings institutions, in some instances.

MERGER WAVE

Behind the takeovers of failing institutions and a wave of mergers that is consolidating weaker thrifts under the wings of stronger brethren, is an unprecedented accumulation of operating losses for the overall industry.

The nation's 4,400 savings and loan associations and 450 savings banks have just endured their worst quarter on record with operating losses of $1.35 billion for the July-September months this year. In October alone, the 3,800 federally insured S&Ls rolled up losses of $766 million. Savings industry analysts have predicted that losses in the final six months of 1981 will be double the first-half losses of $1.5 billion.

None out of 10 mutual savings banks, concentrated geographically mostly in New York state and New England, are now operating in the red. Losses for 1981 are projected to reach $1.25 billion; customers withdrew $12 billion more than they deposited, or $1 for every $12 on deposit.

At last count, before regulators stopped internal publication of a "troubled" savings institution list in September, about 30 savings and loans were listed in critical condition by the Federal Savings and Loan Insurance Corp. (FSLIC), the agency that insures S&L deposits at member institutions through use of a pool of funds that the S&Ls are required to provide.

Approximately 200 savings and loans will be merged out of existence this year, 60 percent more than last year. This merger rate is expected to grow in 1982. To date, one merger in 10 has been ordered, arranged and partly subsidized by the federal government.

Mortgage loan activity this past month was off 65 percent from a year ago, with consumers simply unable to assume mortgages that carry interest charges of 17 percent or more. Withdrawals from savings institutions exceeded deposits by $22.2 billion during the first 10 months of the year, forcing the industry to charge much higher interest rates on mortgages arranged with what few dollars were left to lend. One glimmer of hope came in October, when new savings exceeded withdrawals for the first month since last February because of the new All Savers certificates that were added to the new tax law as a specific measure to encourage S&L savings.

From the consumers' viewpoint, deposits are insured up to $100,000. Savings and mortgage accounts are automatically transferred to the acquiring institution in the event of a merger. Even uninsured deposits are protected in a merger. Only when liquidation occurs can deposits with accounts over $100,000 lose money, yet this did not happen in the one liquidation that occurred this year in Chicago.

INSURERS' VIEW

How bad is it from the insurers viewpoint? Public fear that the federal agencies insuring the thrift industry could run out of money has led legislators to try to increase the FSLIC's borrowing authority from the Treasury, a move opposed by the administration.

FSLIC, which earns $1 billion annually on its $6.8 billion trust fund, insists it can do the job with existing funds. Thus far this year, it has put out more than $882 million in assistance in 22 mergers and one liquidation. Last year it spent $1.2 billion on 11 mergers. Another federal agency, the Federal Deposit Insurance Corp., which insures mutual savings banks, has spent $46 million net this year to merge the Greenwich and Central Savings Banks in New York City.

Because of the immense repercussions and the specter of a run on an institution if it were to exhaust its funds, FSLIC has sought out potential merger partners even across state lines—a break in federal regulatory policies that have blocked interstate branching for a generation—as well beginning a new program of sharing risks.

How bad is the situation from the point of view of savings institutions? The severity naturally depends on who is talking.

The Reagan administration believes the S&Ls and savings banks have "temporary and manageable" problems and that they will recover satisfactorily without additional government financial assistance.

Deputy Secretary of the Treasury R. T. McNamar and Assistant Secretary for Domestic Finance Roger Mehle maintain that the savings institutions have no problem so long as they maintain their cash flow—as long as people keep paying off their mortgages and the institutions can pay their bills.

Indeed, when interest income, mortgage principal repayments and borrowings are totaled, they more than offset the savings outflows.

INDUSTRY ASSETS

At the other end of the spectrum is economist Richard W. Kopcke of the Federal Reserve Bank of Boston. He took a look at the industry's assets earlier this fall and concluded that two-thirds of all thrifts were potentially insolvent if interest rates did not decline.

If they declined by 4 or 5 percentage points, as they have since, just one-third were potentially insolvent, he said. Kopcke estimated it would take a government subsidy of $80 billion to $120 billion to cover the industry's current and prospective losses and $30 billion to $50 billion just to bring assets up to the level of liabilities.

The New England economist arrived at these dismal projections by using current value reporting, an accounting system that reflects today's market value or what investors would pay for mortgages with interest rates well below those now being demanded.

Normally assets are carried at book or original value. The savings industry is unanimous in attacking current value reporting, saying it represents the liquidation value of assets of companies that are not about to be liquidated. By the same measurement, for example, many banks and insurance companies would be close to insolvency.

The investment banking firm of Goldman Sachs has concluded that even if assets are carried at a market value, savings and loans still have a positive net worth of $20 billion because of certain "intangibles" that do not show up on the balance sheet.

These intangibles include good will, unreal- ized appreciation of real estate, advances from the Federal Home Loan Bank Board (which regulates federal S&Ls) at just over the Treasury's cost, and FSLIC insurance that has thus far covered all savings, even those above the $100,000 limit. Add in a $35-billion cash flow and the industry has total resources of $75 billion that could be used if there is a run on institutions, said Goldman Sachs senior financial economist John Paulus.

"There has been a silent run going on for some time," responds Kenneth Thygerson, vice president of Western Federal S&L of Denver. This loss of public confidence—as evidenced by lower ratings from the Standard & Poor's organization and the very high rates needed to attract jumbo certificates and retail repurchase accounts—results from negative earnings, he maintains. He rejects the argument that liquidity is the only important measure.

And New York State Superintendent of Banks Muriel Siebert was alarmed enough by the situation to hold an unusual news conference last month announcing a $372 million loss by savings banks in her state in the third quarter and urging creation of a presidential commission to consider the industry's future.

The U.S. League of Savings Associations, a trade organization for savings and loans, warned federal regulators last month that "many of our nation's thrift institutions are in rates continue their recent and welcome decline."

But league President William B. O'Connell, in common with most industry executives, deployed the type of publicity Siebert called down upon the industry. The league prefers to remind the public that its members have $29 billion in reserves and thus are not going to declare bankruptcy tomorrow. In fact, S&Ls could continue to lose money at the same rate they are now doing and not run out of money for 10 years.

ROOTS OF PROBLEM

The current problems of the savings and loan industry are rooted in government policy and regulations that proved to be archaic at least a decade ago. Known more commonly in the past as the building loan industry, S&Ls came under government supervision with the establishment of the Bank Board by Congress in 1932. In the years that followed, S&Ls have operated in a regulatory straitjacket.

Strict regulations have been imposed on the industry which, unlike other financial services segments, has been required to invest primarily in residential housing. In exchange for operating under those regulations, and to ensure a continuous flow of funds for housing, S&Ls were permitted to pay a quarter percentage point more than commercial banks on deposits.

Until recent years, S&L executives ran a fairly simple operation—taking in deposits for short periods at relatively low rates of interest and lending those funds at marginally higher rates for long periods of up to 30 years.

That practice flourished as interest rates remained relatively low and as the housing industry boomed between the end of World War II and the late 1970s. But it proved to be the Achilles heel of the S&Ls' fairly simple operation once inflation got out of hand.

In the past three years, some of the heavy restrictions have been lifted as regulators began to realize that competitive forces and sharp swings in interest rates posed serious threats. But those changes weren't enough to help the S&Ls cope with inflation.

S&Ls probably should have begun charging higher mortgage rates as soon as it became clear that the spread was narrowing between their cost of funds and their yields.

On the other hand, if mortgage rates had been higher, S&Ls might still be confronted by the same problems, perhaps not as serious. Federally insured institutions continued to borrow short and lend long until adjustable-rate-mortgage authority was granted this year.

The University of Georgia's Dince questioned management's complacency and lack of innovation. "These guys just follow the railroad to perdition," he remarked.

Bank Board Chairman Richart T. Pratt defended management of the S&L sector by comparing it with that in other industries and insisting that it's no better or worse. "I think that we can't require that any industry be universally populated by the world's best managers," Pratt said in an interview.

THE MONEY FUNDS

In the past couple of years, a major problem for savings institutions has been the attraction of some deposits to the money market funds, which have grown from a mere $4 billion in 1978 to $185 billion today in deposits. For as little as $500, an investor earned as much as 20 percent or more at times this year by investing in a money market fund, substantially more than a passbook savings account paying only 5½ percent.

As small investors turned to the money market funds in greater numbers, the S&Ls tried vainly to have curbs put on the funds, which, while supervised by the Securities and Exchange Commission, are regulated less stringently and do not have to set aside reserves to cover possible losses in the future.

As one response to the plight of the S&Ls, regulators authorized them to issue a six-month money market certificate in 1978—a decision that the industry would just as soon forget.

The money market certificates were designed to make the S&Ls more competitive by enabling them to offer a market rate of return on minimum deposits of $10,000. Early last year, S&Ls were also authorized to offer 2½-year certificates.

The net effect of the certificates was a significant increase in the S&Ls' cost of funds. Although the certificates stemmed the outflow of funds for a while, associations had to come to grips with cash flow problems because of their rising costs.

In retrospect, deregulation of the liability side of the balance sheet through the creation of certificates of deposit sensitive to money market rates was a colossal error. "Things got totally reversed," said Jay Janis, former chairman of the bank board and now president of California Federal Savings and Loan in Beverly Hills. "The asset side should have been deregulated first. It wasn't because of pressure from constituent groups [who opposed variable rate mortgages] and lack of understanding by Congress."

How bad will the situation get? Interest rates on six-month Treasury bills have fallen from a record 15.8 percent on Sept. 4 to 10.7 percent on Nov. 30, although they edged higher last week. Two-thirds of all deposits are now in high interest certificates. According to finance professor Dince, it will be six months before the majority of these are rolled over at lower interest rates. "At least [the thrifts] won't be drowning; they'll be treading water," he said. Until then, savings institutions will be hard pressed to reduce their cost of funds and consequently improve their earnings. In October it cost them an average of 11.74 percent to buy money, while they were earning but 9.91 percent on their mortgages.

Operating profits or losses for thrifts are expressed by changes in net worth, also commonly called reserves or surpluses or retained earnings. FSLIC-insured savings and loans had a new worth of $32.4 billion in December 1980; by June that had fallen to $30.7 billion.

Jonathan Grey, and analyst with Sanford C. Bernstein & Co., predicted that losses should abate in the first half of 1982 to under $1.5 billion. The rate of losses has bottomed out, he says, but the rate of improvement isn't sufficient to save many institutions that are still marginally solvent today.

On the deposit side, the statistics showing a mammoth $22 billion outflow during the first 10 months can be misleading because of accounting methods. It is not clear, for example, how much of that money left S&Ls and went to money market mutual funds—which increased by $106 billion during the same period—and how much stayed within S&L walls in the form of non-insured investments in retail repurchase agreements, a nondeposit offering by many S&Ls that amounted to a short-term investment at money market rates.

All Savers accounts were authorized by Congress as a way to assist the savings industry as well as a way to build up deposits. The industry estimated $238 billion would be deposited in these accounts over 15 months. The first month's response of $35 billion has been followed by increasing apathy caused by sinking interest rates.

The prospect of All Savers being a major factor in the savings institutions' financial future now appears slight. Instead, savings institutions are looking eagerly to Individual Retirement Accounts (IRAs) as a source of long term funds. Projections for contributions to all forms of IRAs range from $25 billion to $80 billion annually, after a change in tax laws on New Year's Day 1982 that opens up these retirement accounts to a much broader slice of the working population.

MORTGAGE DEFAULTS

Mortgage loan closings and commitments remained depressed in October, because of a lack of funds, high interest rates and a moribund housing market. However, in recent weeks, major S&Ls in California began reducing their home financing rates to under the 17 percent level. The industry has been reluctant to lower rates out of a desire to guard against future volatility and make up some lost profits.

Not until mortgage rates hit 13 percent or less, however, is the public expected to begin seeking to borrow again in large numbers.

THE AREA

PART 2

(By Rudolph A. Pyatt, Jr.)

For much of this century, leaders of Washington and suburban Maryland savings and loan associations have taken a weekend off in late May or early June for a few restful days in Atlantic City or at such spas as the Greenbrier in West Virginia and the Homestead in Virginia.

At these annual conventions of the Metropolitan Washington Savings and Loan League, there would be meetings in the morning, golf or a swim for the afternoon and dinners at night. It was a pleasant break for competitors in a closely knit business that first built the District's neighborhoods and then the suburbs through mortgage lending.

But there won't be a convention in 1982 at some distant resort. Faced with record operating losses and a savings institution crisis across the country, the area S&L league has opted for a briefer meeting in the city. There are fewer and fewer S&L executives to attend such a meeting in any event: A year ago there were 16 S&Ls in the District, but mergers have reduced the total to 10 and, by next year this time, there could be five or six.

With the benefit of hindsight, area S&L spokesmen said in interviews over recent weeks, and economic downturn in 1974 should have been an early warning signal that hard times were coming soon. Although the national recession, Arab oil embargo and resulting inflation were topics of discussion at that meeting in 1974, those events caused only a slight riple among savings and loan associations in metropolitan Washington.

Most S&L officials here regarded the cycle as a temporary drag on earnings and returned to business as usual when the economic climate began to show improvement, especially in a metropolitan area still experiencing boom-style growth and unprecedented affluence.

For the most part, savings executives had grown secure, if not complacent, in the knowledge that large reserves of retained earnings, built up over the good business years, had given them staying power to withstand radical shifts in the economy.

But with the industry awash in a sea of red ink and in its worst earnings posture since World War II, the present slump poses serious problems for some area S&Ls. Indeed, for some it is a real threat to survival.

Just as nearly 70 percent of the nation's federally insured S&Ls experienced losses in the first half of 1981, all but 10 of 38 in metropolitan Washington were in the red going into the third quarter. As a group, those 38 associations had losses of $21 million at the end of the first six months.

Further examination of financial data for Washington area S&Ls shows that if losses continue at the rate that prevailed during the first half, some institutions will run out of reserves by the end of the year. In fact, a few of those institutions already are perilously close to the zero level.

What's more, 24 percent of the federally insured institutions in metropolitan Washington are below the minimum reserve-ratio level of 4 percent set by the Federal Home Loan Bank Board, a guideline requiring that total net worth of an S&L be equal to at least 4 percent of liabilities (savings accounts, other deposits).

New institutions have 20 years in which to build their reserves to the required 4 percent level. While most District S&Ls have been in business for at least 20 years (minority-owned Independence Federal opened in 1968) several suburban associations are younger.

Nonetheless, with some institutions at or close to a 2 percent ratio, the Federal Savings and Loan Insurance Corp. (FSLIC) can be expected to step in for closer scrutiny. In fact, two area institutions are considered "basket cases," and barring a dramatic turnaround soon will be acquired by another institution in a merger organized by federal regulators and possibly with financial assistance from FSLIC, which insures deposits.

For the most part, however, Washington-area S&Ls appear to be strong enough to withstand nagging interest rate pressures and the prolonged earnings squeeze that has weakened the entire industry.

Third-quarter results are not yet available from the Federal Home Loan Bank Board, the federal agency that regulates all but state-chartered S&Ls. However, the same factors that combined to devastate earnings in the first half continue to dog the industry, although the recent decline in interest rates has bolstered hopes among most officials. Area S&L executives said they are confident most associations here can ride out the storm for at least another year or two.

"Most associations in this area are much better than elsewhere in the country," said T. William Blumenauer Jr., president of Columbia First Federal Savings and Loan Association. "Most of us can ride this thing longer than the average association."

The current president of the Metropolitan Washington Savings and Loan League agrees with that assessment. But in a more candid evaluation, William Sinclair observed: "Unfortunately, the S&L leadership wasn't shaken enough during the recession of 1974. It was painful then, but we're bleeding now."

Unlike what they did in 1974, S&Ls "can't go back in the market and make those long-term commitments" after the current crisis is over, Sinclair asserted.

Financial reports obtained from the bank board tend to support the position that most local S&Ls can "ride out the storm." The ratio of net worth to savings at the end of the first half, for example, was 8.72 for District S&Ls—the highest in the nation.

Applying the same yardstick to S&Ls in Maryland produced a ratio of 6.88 percent, while the level in Virginia was 5.65 percent, both well above the 4 percent standard required by the bank board.

At least eight metropolitan Washington S&Ls that are FSLIC-insured had reserve ratios of twice the required level or more on June 30.

The District's Perpetual American Federal—with $1.5 billion in assets, the area's largest S&L—and Prince Georges' Savings and Loan Association had ratios almost three times as high as the standard set by federal regulators. And OBA Federal finished the first half with a whopping 25.7 percent—nearly four times the average for all S&Ls in the areas.

Not surprisingly, all three of those associations were among the few that finished the first half in the black. It should be pointed out, however, that OBA over the years hasn't been one of the more active mortgage lenders in the area and is less vulnerable to interest-rate pressures.

While reserve ratios of local S&Ls continue to outstrip the national average, return on assets—another key barometer of industry performance—fell to minus 0.60 in the first six months of 1981 from minus 0.01 at the end of 1980. The return on assets for all Maryland S&Ls at the end of June was minus 0.44, and for Virginia institutions, minus 0.49—matching the national average.

While state-chartered S&Ls in metropolitan Washington have become victims of the same malaise as their federally chartered counterparts, the problems for most don't appear to be as critical. This reflects, in part, the rapid growth of suburban Maryland S&Ls in more recent years when interest rates have been higher and their overall mortgage portfolios do not include large numbers of loans at rates that prevailed before the mid-1970s.

Financial results for individual associations insured by the Maryland Savings-Share Insurance Corp. are unavailable. With few exceptions, such as Government Services Savings and Loan of Bethesda, most MSSIC members are mutal associations and aren't required to make public their results. Government Services has suffered steep losses in the past year and agreed to work on joint development of its headquarters property on Wisconsin Avenue as one method of building up financial strength.

However, aggregate figures provided by MSSIC show that while net worth declined 8.5 percent to $98.49 million in the 12-month period ended June 30, savings at member S&Ls increased 20.4 percent, to $2.73 billion.

In that same period, federally insured institutions were hit hard by disintermediation as depositors withdrew savings and invested them in instruments with higher yields. But most state-charted associations, not guided by federal regulations that limit interest on savings accounts, have offered depositors more competitive interest rates.

Although deposits increased at MSSIC associations, their savings-to-net worth ratio declined from 6.25 percent on June 30, 1980, to 4.64 percent a year later.

"That isn't all that bad," insisted Charles Hogg, president of MSSIC. "It's the new savings that our associations can invest to offset the negative spread [between interest earned on mortgage loans and that paid out on deposits] . . . Certainly, from what I hear about the national averages, our associations are doing better," Hogg added.

State legislatures have been a step ahead of federal regulators in recent years and have taken greater strides to increase the asset base of state-chartered savings and loans associations by allowing them greater flexibility, said William S. Bergman, executive vice president of the National Association of State Savings and Loan Supervisors.

Variable-rate mortgages—where mortgage interest costs to consumers rise or fall with inflation rates—until recently were authorized only by state legislatures, Bergman pointed out.

"Obviously, in those states where variable-rate mortgages have been aggressively marketed, S&Ls which offer them are in far better shape today than other state-chartered associations and their federal counterparts that were locked into a fixed rate of 8, 9 or 10 percent," said Bergman.

Although his association has reported sharp losses recently, Government Services President Alex R. M. Boyle said he believes MSSIC members enjoy a distinct advantage over competitors in the D.C. area.

"I think in many ways the MSSIC-insured associations have been benefited by their freedom from [federal interest ceilings] and their ability to pay higher rates," said Boyle. "We believe the flexibility to do things that enable us to compete with the money markets."

Government rate ceilings were designed to ensure an adequate flow of funds into the housing industry by allowing S&Ls to pay depositors a quarter percentage point more interest than do commercial banks. Both MSSIC and federally insured S&Ls in Maryland compare favorably with associations in other regions, said Charles Kresslein, executive vice president of the Maryland Savings and Loan League.

But Kresslein and other S&L officials in the region expressed concern about overall interest rates and where they might go in the next six months. "With money tied up in high-interest rate liabilities, we can't get out from under," said Mark Saurs, president of the Virginia Savings and Loan League in Richmond.

"The first thing that the business needs is a continuing drop in interest rates," observed John Stadtler, chairman of National Permanent Federal Savings and Loan Association of the District. In a flat interest period where the rate settles around 12 percent, "most of the S&Ls in this area could last for years," added Thomas J. Owen, chairman of Perpetual American.

Assuming that interest rates will continue their downward trend for the next quarter at least, they won't have much of an impact on S&L earnings before mid-1982. "Even if the prime [the rate charged top business customers by banks] goes to 10 percent tomorrow, that's not an immediate fix for the industry," conceded Allan Plumley, president of First Federal Savings and Loan Association of Arlington.

Meanwhile, management officials at most S&Ls here are in agreement that once the current crisis is over, it won't be business as usual. "Their whole outlook on running their associations will have to change," said a veteran S&L official who asked that his name not be used. "By and large, the top savings and loan management in this city has been very complacent," he added.

"I think the advent of Thomas J. Owen, with his innovative ideas and progressive moves, have shown [other local S&L executives] the way," said the same official, who described Owen as a "catalyst."

Owen, who was elected president of Perpetual American in 1976 and chairman and chief executive officer two years later, has spearheaded an aggressive course in maintaining the association's solid position as the region's largest. The key to Perpetual American's profitability in this latest downturn has been a series of innovations that few other S&Ls in the region have tried.

For more than two years, for example, Perpetual American has offered discounts of 5 to 20 percent to customers who prepay mortgage loans under certain prescribed conditions. This gets rid of low-yielding mortgages approved in earlier years. "Of course, we take a loss," said Owen. "But we still think it's better to do that because it allows us to invest those funds in more mortgages and other investments."

In yet another program designed to provide flexibility in its mortgage loan portfolio while increasing income, Perpetual American allows assumptions at less than market rates "on the theory that if you didn't you wouldn't get any upgrading of your portfolio anyway." Owen explained. Under this plan, a purchaser can assume the previous owner's mortgage at a higher rate than had been charged but somewhat below the current market—a gain for both the S&L and buyer.

Owen said his association also maintains an active refinancing program in which an older mortgage rate is blended with a newer one closer to, but at a lower level, than prevailing rates, a program that aids current owners who want to use some of the assets they have built up in a house for remodeling, college educations or other spending.

Two years ago, when S&Ls were profitable, Perpetual American's reserve position had increased to a point where it was virtually impossible to take advantage of tax benefits to which the industry is entitled. Perpetual American solved its problem by

selling about $130 million of its lower-yielding mortgages and taking a loss that improved its tax position.

And Perpetual American's newest gambit could even change the competitive environment in this region if the Federal Home Loan Bank Board goes along.

Under an agreement that was disclosed last month. Perpetual American would acquire a Northern Virginia holding company and its savings and loan subsidiary, Washington-Lee Federal of McLean. The interstate merger proposal is a bit unusual because federal policy until now has been to sanction interstate mergers only as a last resort to save a failing S&L.

Washington-Lee, while not a failing institution, has a reserve ratio of just over 3 percent and it lost $1.9 million in the first half. Though Washington-Lee's reserves are adequate, said Owen, "they aren't the kind they'd like to have or that the bank board would like them to have."

A merger would boost Perpetual's assets to about $1.9 billion. More important, its branch network would extend through Northern Virginia, making it the only local S&L with offices in all three jurisdictions. Its four suburban Maryland offices existed before federal policy prohibited new branches across state lines in the mid-1950s.

Perpetual American's interstate merger proposal is being watched closely by competitors in the District, who for years have railed against laws barring interstate branching.

"If Washington-Lee is determined to be a hospital case, I think Perpetual American will get them," predicted National Permanent's Stadtler. "I don't think any S&L in Virginia is large enough to take them [Washington-Lee] over," he said.

While suburban S&Ls that compete in the same metropolitan market may expand their operations in their respective states, District associations are restricted to a smaller geographic market—just 60 square miles.

The fact that S&Ls in this market compete for the same deposits is an argument that has failed to sway Congress or federal regulators. Indeed, Perpetual American's four Maryland branches last year accounted for 50 percent of its more than $1 billion in deposits.

It is little wonder that other large district S&Ls—including National Permanent and Columbia First, second and third largest in the region—are contemplating interstate mergers as well. In a changed environment where that has been made possible by weakened positions of some suburban institutions, Perpetual American's bid is likely to be duplicated.

"We're keeping our eyes open and our ears close to the ground," said Columbia First's Blumenauer. And Stadtler confirmed that his association has been "talking to various associations on both sides of the line over the last several months."

Stadtler denies being close to a merger agreement with a suburban association, but is prepared to act "if the right circumstances arise. I guess it could be sooner than later," he added.

Merger activity has proliferated in metropolitan Washington in the past year. Most of the mergers have taken place in the District, however.

All but two in this region have been voluntary, prompted by the certainty of tougher competition in the financial services industries and the conclusion that consolidation of relatively strong institutions would make it easier to compete.

Nothing here compares with the collapse or near failure of some S&Ls around the country. Nevertheless, the FSLIC has played a role in at least two mergers involving Washington-area S&Ls this year.

In both cases, neither of the failing S&Ls had been in business long enough to amass reserves that were strong enough to withstand the onslaught of high interest rates and the severe slump in housing.

Community Federal Savings and Loan Association opened for business in 1974 with considerable fanfare as the second minority controlled S&L in the District. But a slumping economy and high interest rates caught up with the small and struggling S&L, eventually forcing management to throw in the towel by agreeing to merge with Independence Federal, also minority-controlled.

Before closing its doors, Community had watched its net worth drain away to a minus $427,424.

County Federal, of Rockville, was merged earlier this year with Metropolitan Federal of Bethesda. The merger was finally completed after months during which the FSLIC had shopped around for a merger partner.

In fact, the exercise was one of the first in which federal regulators opened the bidding for a failing institution to out-of-state associations. At least five District S&Ls were invited to submit merger bids for County.

Acquisition of County by a District S&L would have broken down the legal barrier to interstate branching in metropolitan Washington. However, FLSIC officials decided to keep ownership of the S&L in Maryland by approving the merger with Metropolitan.

After reviewing County's financial position, one District S&L official called it a "can of worms."

FSLIC officials refused to disclose details of the agency's financial assistance in the supervisory merger but County's first-half report to the bank board showed a negative net worth of $4.7 million.

With losses piling up, with net worth shrinking and reserve-ratios slipping dangerously close to the critical level, at least a half dozen area S&Ls appear to be candidates for supervisory mergers if conditions don't improve soon.

"When you're down to 2 percent, the FSLIC takes an interest in you," remarked the president of one of the area's larger associations.

FEDERALLY INSURED S. & L.'S STATEMENT OF CONDITION, JUNE 30, 1981

	Assets	Net income	Net worth	Reserve ratio (percent)
District of Columbia:				
Perpetual American	$1.5b	$1.37m	$120.9m	11.2
Columbia First	930m	−2.97m	59.7m	8.3
National Permanent	974.5m	−5.6m	48m	7.1
Interstate	516m	−1.6m	39.9m	10.3
Washington	451m	−1.3m	17.5m	6.5
Home	218m	−1m	10m	6.7
Capital City	317m	−1.9m	13m	5.9
Jefferson	155m	−1.5m	7.1m	6.1
Independence	56m	−440,462	748,858	1.7
OBA	25m	27,674	4.9m	25.7
Subtotal	3.6b	−15.3m	321.8m	[1] 8.95
Maryland:				
Maryland Federal	356m	34,791	24m	7.6
Citizens	262m	−806,881	16m	7.6
Standard	349m	182,097	6.6m	2.9
Metropolitan	263m	−433,566	16.5m	7.9
Equitable	193m	132,754	10.7	7.3
Guardian	187m	−1.4m	3.6m	2.7
Suburban	36m	−28,015	2.2m	6.8
Montgomery	39m	−207,554	1m	3.3
Tri-County	46m	−149,766	2.1m	5.4

FEDERALLY INSURED S. & L.'S STATEMENT OF CONDITION, JUNE 30, 1981—Continued

	Assets	Net income	Net worth	Reserve ratio (percent)
Prince George's	9m	1,140	869,534	11.5
Subtotal	1.7b	−2.3m	85.7m	[1] 6.3
Virginia:				
First Federal of Arlington	411.9m	−909,996	21m	6.2
Arlington-Fairfax	364m	−1.4m	16.6m	5.8
Northern Virginia	349m	−2m	7.6m	2.7
Washington-Lee	389m	−1.9m	9.6m	3.4
First Federal of Alexandria	273m	−1.2m	10.5m	4.5
Suburban	317m	476,644	11.5m	4.5
Piedmont	207m	−208,135	11.7m	7.5
Providence	133m	−395,690	7m	6.6
Dominion	146m	207,316	4.8m	3.9
Family	69m	−448,255	1.4m	2.4
United	76m	−78,632	5.2m	10.3
First American	152m	−203,831	5.5m	5.4
First Commonwealth	53m	−112,840	2.3m	4.9
Commonwealth	47m	114,492	1.2m	3.3
Metropolitan	36m	−209,567	1.2m	4.0
Herudon	28m	18,964	1.7m	6.9
McLean	20m	63,419	1.5m	8.6
Mount Vernon	33m	206,997	1.5m	6.9
Subtotal	6.2b	−9.3m	121.8m	[1] 5.8

[1] Average.

THE CONTRAST

PART 3

(By Nancy L. Ross)

New York—A ghoulish game, prompted by the announcement of third-quarter operating losses even greater than record second-quarter losses, was being played last month in private by New York banking regulators and in public by the media. Question: How long would it take mutual savings banks to go broke if present economic trends continued?

Answer: Almost a third of New York City's savings banks would run out of surplus funds in two years or less, a couple within two quarters or less. Though a few strong institutuons could withstand that magnitude of losses for 10 years or more, for the city's savings banks as a whole, average life expectancy was about three years. Since the third-quarter figures came out, one of the city's remaining 36 savings banks has been merged out of existence by the government authorities. Two more mergers are imminent.

During the current quarter interest rates have dropped sharply. How much the decline is cutting operating losses remains to be seen. Yet, unless interest rates fall further, and more important, remain at low levels for an extended period, the deadly erosion of the thrift industry will continue, according to New York State Superintendent of Banks Muriel Siebert.

Savings banks and savings and loan associations in her state suffered operating losses of over $1.2 billion during the first nine months of this year. The more numerous savings banks accounted for the major portion, $897 million. Of the 105 New York state-chartered savings banks, 97 were in the red. Third-quarter losses of $372 million were 23 percent more than in the second quarter. Three New York City savings banks were marginally profitable. Net worth or surplus fell to $4.4 billion, 17 percent below the December 1980 level. Withdrawals exceeded deposits by $11.4 billion during the first nine months. At the end of September the banks has total assets of over $65.8 million.

As for New York savings and loan associations (plus a handful of federally chartered

savings banks) insured by the Federal Savings and Loan Insurance Corp. (FSLIC), losses for the first three quarters totaled $352.7 million. Net worth was down by 25 percent from December 1980. Savings outflows through September totaled $1.76 billion. Mortgage activity declined by 41 percent during the period to $237 million. At the end of the third quarter they had assets of $26.8 billion.

During the first half of 1981, New York state S&Ls had the second worst return-on-assets ratio of any of the 50 states, Puerto Rico, Guam and the District of Columbia, according to a survey by the Federal Home Loan Bank Board; Puerto Rico had the worst return-on-assets ratio. New York's total loss was $1.45 per $100 of assets, compared with 49 cents for the nation as a whole.

Two major mergers involving the city's thrifts were engineered by state and federal regulators during the disastrous third quarter. West Side Federal Savings and Loan of New York and Washington Savings and Loan of Miami were merged with Citizens Savings and Loan of San Francisco. Between them the New York and Florida S&Ls were losing almost $10 million a month, and their net worth was near zero. Citizens is a subsidiary of the National Steel Corp. of Pittsburgh, which agreed to invest $75 million in the two savings institutions over three years. The FSLIC will provide an estimated $10 million a month in subsidies.

Greenwich Savings Bank, which had losses of $21 million during the third quarter and would have gone broke by next February, was merged with another New York thrift, Metropolitan Savings Bank, at an estimated cost to the Federal Deposit Insurance Corp. of $465 million. At the same time, a separate intrastate-assisted $2.2 billion merger in September involved Franklin Society Federal S&L of New York City and First Federal S&L of Rochester. More recently, Empire State Federal Savings and Loan in White Plains, which had a $4.3 million loss in the first half, was merged into Erie Savings Bank of Buffalo.

Back in the city, Central Savings Bank, which would have exhausted its reserves in six months, was merged with Harlem Savings Bank Dec. 7 at a cost to the FDIC of $160 million. The insurers are still seeking merger partners for New York Bank for Savings and Union Dime Savings Bank.

The West Side Federal and Greenwich mergers made history of a sort. West Side Federal was involved in the first interstate merger since federal regulators changed the rules last spring to aid troubled S&Ls by permitting suitors to come from out of state. Greenwich marked the first time in the annals of New York State banking regulations that a state-chartered mutual savings bank required federal assistance in working out a merger.

But as Siebert said, "If I thought that Greenwich were the first and the last of the supervisory mergers, I would not be here today" at a press conference publicizing the plight of banks.

Why does New York have such a sorry record? Saul B. Klaman, president of the National Association of Mutual Savings Banks, cited the state's unrealistically low usury ceiling of 10¼ percent, which was overridden by federal statute at the end of 1979. Moreover, mortgage loans were made under great political pressure at below-market rates for quite a while, he said.

Other important factors are customer sophistication on interest rates and the resulting cutthroat competition among 35 banks in the city. Siebert remarked: "Many people think the 'thrift problem' is a 'New York City problem.'" Indeed, giveaway campaigns there—ranging from toasters to "bring-a-friend" bonuses to sky-high interest rates on promotional investment plans—give the appearance the Big Apple's banks are either foolish or desperate or both.

Just because New York City is the brashest and the baddest doesn't mean the problem is not serious elsewhere. Take the very different example of California. Nine out of the country's 10 largest savings and loan associations are located in California. Although that state has 195 thrifts, or 5 percent of the institutions nationwide, they command 20 percent of the assets.

Not only are they the biggest with $126.3 billion in assets, California S&Ls are among the best. Collectively, they had a higher return on assets during the first half of 1981 than did 38 other states, the District of Columbia, Puerto Rico and Guam.

But "best" is a relative term in this terrible year for thrifts. According to the Federal Home Loan Bank of San Francisco, California S&Ls lost $232 million in the first half of the year, followed by a third-quarter loss of $261 million. Total operating losses for the year to date: almost half a billion dollars. This contrasts with positive earnings of $152 million in the fourth quarter of 1980.

California's performance during the first half meant an operating loss of 38 cents for every $100 of assets. By the third quarter, California losses soared to an annualized rate of 82 cents per $100. Nationally, it was 84 cents.

More bad news showed up in the net new-savings column. California savers withdrew $995 million more than they deposited during the first quarter. By the second quarter that figure jumped to $2.4 billion and held there for the third quarter as well. Contrast that with a gain of $529 million during the last quarter of 1981.

In the same nine-month period, net worth (assets minus liabilities) declined from $6.8 billion to $6.4 billion. The state's S&Ls had a net-worth-to-deposits ratio of 7.2 percent in September, down from 7.6 percent last December. Yet it was considerably above the national average of 5.9 percent reported at the end of June, and well in excess of the 4 percent required by federal regulators. That is not to say there are no S&Ls in serious trouble in the state; in June the Federal Home Loan Bank Board reported 17 mainly small, new S&Ls had ratios under 4 percent.

Sanford C. Bernstein & Co., which tracks major California stock associations, predicts that H. F. Ahmanson, parent company of the largest S&L in the country, Home Savings, will have a loss of $2.55 per share in 1981 compared with a profit of $2.34 the previous year.

The second largest, Great Western, will show a loss of 20 cents per share compared with a profit of $1.74 last year. Great Western's relatively good performance of a $2.4 million profit in the third quarter is due in part to two unusual items: An Internal Revenue Service settlement of $5.5 million and repurchase of $53 million in Great Western mortgage-backed bonds at $40 million. First Charter, which owns American Savings, will have a loss of $1.95 per share versus a gain of $1.32 in 1980.

Glendale Federal, which recently became the country's fourth-largest S&L when it acquired First Federal Savings and Loan Association of Broward County, Fort Lauderdale, Fla., in a supervisory merger, was said by the Federal Home Loan Bank Board to have suffered a loss of $8 million during September. California Federal, the next largest federally chartered S&L, declined to give figures but acknowledged its share of red ink during the third quarter.

Mortgage loan activity declined from $4.3 billion in the fourth quarter of 1980 to $2.5 billion in the third quarter of this year. October activity was off 25 percent from September. Bernstein & Co. reported that the third-quarter flow of mortgage credit in that state approximated only 5 percent of outstanding portfolios at an annual rate. In other words, mortgage activity during the third quarter was running at 15 to 20 percent of its average during the previous decade. "The flow of mortgage credit has essentially been shut off in California," said the firm.

The above figures indicate that the situation in California, unlike New York, did not take a dramatic turn for the worse until the third quarter. Prior to that, the Golden State's S&Ls on the whole had weathered the crisis rather well for a variety of reasons. These include a period of sustained real estate growth longer than anywhere else in the country, no usury statutes, and a greater percentage of mortgage banking activity than in any state except Texas. With a rapid turnover of their portfolios, California S&Ls were not saddled with low-yielding mortgages to the degree their eastern colleagues were.

Moreover, according to William Popejoy, who switched jobs this month from president of Far West Savings and Loan to president of Financial Federation Inc., for a long time S&Ls in his state did not pay out cash dividends, and by keeping their earnings in reserve, built up capital positions that have seen them through this crisis. Financial Federation showed a loss of $9 million during the third quarter compared with a profit of $1.8 million in the same quarter of 1980.

Two other factors also contributed to the success of California thrifts: The ability of state-chartered S&Ls to invest directly in real estate and to make variable rate mortgages (VRMs). Federally chartered S&Ls only gained the power to make variable rate mortgages in 1979, four years after the state thrifts did. (Federally chartered S&Ls cannot yet invest directly in real estate, whereas California recently upped the percentage of portfolio state-licensed S&Ls can invest from 5 to 12 percent.)

How much help variable rate mortgages were to California S&Ls is a subject of debate. Until recently, when the ceiling was lifted, state-licensed S&Ls were allowed to raise the interest rates on VRMs by just one-half percentage point a year, or 2½ percentage points over the life of the loan. In the words of Linda Tsao Yang, California's Savings and Loan Commissioner, "It's a nice nest egg. Every half point adjustment means $100 million additional a year." Thirty percent of California's mortgages are VRMs.

Yet only half the state-chargered thrifts offered VRMs, countered Popejoy who thinks they were not a major factor. Even James Montgomery, president and chairman of Great Western, which has 60 percent of its portfolio in VRMs, remarked, "The VRM wasn't variable enough to protect us." He meant lenders couldn't raise mortgage payments enough to cover their increased cost of funds.

Also on the minus side was the 1978 Wellencamp court decision prohibiting state-chartered S&Ls from exercising due-on-sale clauses—that is preventing buyers from assuming existing low-interest mortgages. Mortgages without the clause were difficult to sell in the secondary market. The case has now embroiled federal S&Ls and is headed for the Supreme Court.

Another factor affecting profitability and growth is charter. During much of the past decade, the innovative freedom converred on California S&Ls by a state license kept the industry there prosperous. The California federals exerted pressure on Washington to give them parity with the state S&Ls on things such as variable rate mortgages and real estate equity investments, so the advantage of a state charter was removed. Also state regulators have tried to impose stricter rules on branching within California.

Now, given the lure of interstate branching before them, many large California S&Ls claim state charters hinder growth and are rushing to convert to federal charters. If the big S&Ls change charters, the state's Department of Savings and Loans will have insufficient funds as well as less clout. State commissioner Yang, anxious to preserve the dual charter system, deplores this rush to de facto federalization without Congressional debate on whether it is desirable.

With the decline of interest rates during the fourth quarter, is the Golden State now out of the woods? The same factors that mitigated California S&L's losses through the first half of this year make analysts relatively optimistic about next year. Allan G. Bortel of Shearson/American Express in San Francisco projects that the state's S&Ls will break even by March, a couple of months ahead of the rest of the nation, provided Treasury bill rates stay in the 9 to 9½ percent level. He forecasts an industry wide profit of $1 billion to $1.5 billion next year, with California accounting for a quarter of it.

THE FUTURE

PART 4

While experts disagree over the severity of the nation's current savings industry crisis, they disagree even more over what measures, if any, should be taken to end it.

The current policy of the federal agencies that insure savings deposits is to continue the traditional practice of merging failing institutions into healthy ones while waiting for Congress to enact laws that would give savings and loan associations and mutual savings banks some additional powers to ward off future hard times.

The Federal Savings and Loan Insurance Corp. has been quietly shopping around for potential buyers or merger partners. As part of that program, the agency has opened wider the door leading to interstate mergers by inviting associations to bid on failing institutions outside their states.

The merger route, said Federal Home Loan Bank Board chairman Richard T. Pratt, "preserves the [FSLIC] fund, and we think stregthens the industry." What's more said Pratt, whose agency regulates federally chartered S&Ls, "the possibility of having interstate mergers causes a much more competitive consideration on these supervisory mergers than would otherwise exist."

In essence, the practice of permitting large out-of-state competitors to bid on failing S&Ls in mergers organized by regulators is designed to reduce the amount of financial assistance required from the FSLIC.

In recent years the bank board also has implemented several policies that are designed to give S&Ls more flexibility and improve their profitability—such as authorizing adjustable-rate mortgage loans and investing in the futures markets.

Still, there are critics who insist the government is not doing enough in the short term to help thrifts. They propose solutions ranging from government bailout to total deregulation.

The proponents of bailout believe that it was the government that put savings institutions in their present predicament by requiring S&Ls to lend out 82 percent of their primarily short-term funds in housing-related instruments, mostly 30-year mortgages. Mutual savings banks must put 72 percent of their assets into housing to reap the maximum tax advantage. Therefore, the government has a duty to bail them out, these critics state. Also they fear the government could run out of suitable merger partners.

New York State Superintendent of Banks Muriel Siebert and Saul B. Klaman, president of the National Association of Mutual Savings Banks, are among those who support the idea of "mortgage warehousing" to pump more money into the industry. Under such a plan, low-yield mortgages would be exchanged for higher-yielding federal government or agency obligations and eventually repurchased by their owners out of increased earnings from the exchange.

"We could have done this for no more money than it will cost the Treasury on All Savers [certificates recently permitted in the 1981 tax law], about $5 billion in lost revenue. That would support purchases of $100 billion in mortgages," said Klaman. But warehousing smacks of bailout, which the Reagan administration has promised not to do.

At the other end of the spectrum are the proponents of total deregulation. Chief among them are the most aggressive executives of the large S&Ls and Treasury Secretary Donald Regan whose philosophy on competition is "the more the merrier."

Regan previously was chairman of No. 1 securities giant Merrill Lynch & Co., which was instrumental in developing the cash management account—the equivalent of a checking account paying market rates. He has tried as chairman of the Depository Institutions Deregulation Committee (DIDC), a panel of federal regulators with power over financial institution interest rates, to accelerate the 1986 scheduled end to all interest ceilings. As such, Regan is being perceived as the villain by many in the savings industry.

In between these two poles there are many positions on how best to help the savings industry. Some are technical changes in regulation such as changing state prohibitions against counting borrowings as part of net worth. Another suggestion is for FSLIC premiums to be risk related; the most highly leveraged S&Ls would pay the highest premiums.

On the legislative front two major bills are stalled in Congress. One would give short-term and the other long-term assistance.

House Banking Committee Chairman Fernand St Germain (D-R.I.) seeks enactment of emergency legislation that would provide relief for financially squeezed savings institutions. He has expressed preference for a two-tiered approach in which legislation to address broader problems of financial institutions would be considered later. The House has passed the emergency bill.

Meanwhile, Senate Banking Committee Chairman Jake Garn (R-Utah), weary of "piecemeal" legislation dealing with the problem, favors a more comprehensive bill that would restructure the savings and loans and substantially deregulate all financial institutions.

His bill would allow savings institutions to expand operations by making commercial loans. The Garn bill, which incorporates several provisions that were contained in a legislative proposal from the bank board, would permit S&Ls and banks to operate mutual funds, including money market funds, and to invest up to 100 percent of their assets in loans secured by non-residential as well as residential property, time and savings deposits of other S&Ls, obligations of state and local governments and commercial paper and corporate debt, and consumer loans.

The emergency bill has the support of Federal Reserve Board Chairman Paul Volcker and Federal Deposit Insurance Corp. Chairman William Isaac. The broader bill enjoys more industry support, although a consensus on its terms is far from being reached. However, with Congress scheduled to complete the current session shortly, neither bill will be taken up before February. Garn expects any resolution of the controversial interstate branching question will be put off until after the 1982 elections. Meanwhile de facto nationwide banking is becoming a reality through mergers across state lines organized by regulatory agencies as well as through the electronic revolution.

Garn prefers to see a continuation of the old structure in which depository and non-depository institutions pursued separate lines of business. But he concedes there is a "revolution" taking place in the financial services industries.

Bank board estimates show that its legislative proposals, most of which are in the Garn bill, would increase the return on average assets in 1984 by 0.29 percent in a declining interest rate cycle, 0.17 percent in a stable rate environment, and 0.21 percent if rates increase from current levels.

The savings and loan industry had a return on average assets of 0.83 percent in the first half of 1978 and 0.13 percent for all of last year.

Two weeks ago, the savings institution task force of the President's Commission on Housing backed the recommendations in this bill and added a few of its own, such as the ability to make direct investments in real estate and to lease equipment. It also suggested that pension funds and life insurance companies be given incentives to invest more in residential mortgages. It endorsed acquisition of thrifts by commercial banks and other firms across state lines. Planners believe these new powers, which will require at least four or five years to become fully effective, will protect thrifts against volatile interest rates.

Meanwhile, said Kenneth Thygerson, vice president of Western Federal S&L in Denver, preoccupation with interest rates rather than earnings has left the savings associations right where the commercial banks want them: totally distracted, fighting federal regulators instead of the competition.

But while S&Ls struggle for survival, the competition for savings and investment dollars has sparked a revolution in the financial services industries. Traditional lines separating depository institutions from

other financial segments are rapidly eroding.

Technology, bold maneuvers and innovative concepts have enabled credit card firms, major retailers, insurance companies and brokerage houses to slip through regulatory loopholes and set up extensive financial services networks.

But unlike S&Ls and banks, those other competitors aren't hampered by bans against interstate competition or other regulatory constraints that limit the scope of business by depository institutions.

Larger S&Ls recognized the dramatic changes some time ago and have become more innovative.

"We haven't competed with S&Ls for a long time," said William Sinclair, president of the Metropolitan Washington Savings & Loan League. "We've competed with banks. From now on, we'll be competing with the near-banks."

Many of the so-called near-banks have a decided advantage in their ability to offer an array of traditional financial services as well as other consumer products.

For example, Sears, Roebuck & Co., the nation's biggest retailer, is well on its way to becoming a one-stop mart for practically every conceivable consumer financial service. Through its 858 retail stores and 24 million active credit accounts, Sears has access to more consumers than any financial institution.

The retailing giant plans to capitalize on that advantage by operating its own money market mutual fund. Sears also has announced agreements to purchase Coldwell Banker Co., a major real estate brokerage firm, and Dean Witter Reynolds, the nation's sixth-largest brokerage company. Already it owns a large California S&L and giant Allstate Insurance Co.

At the same time, Prudential Insurance Corp. has acquired Bache Group, also a leading brokerage firm. And American Express, with assets of about $20 billion, has broadened its business interests from a worldwide travel and entertainment card network to a merger with Shearson Loeb Rhoades, Inc., another large brokerage firm.

Meanwhile, two traditional competitors—BankAmerica Corp. and Security Pacific Corp.—have announced their intention to enter the securities business despite prohibitions contained in the Glass-Steagall Act. Significantly, the concept of banks selling municipal bonds under the same rules as brokers is advocatd by Treasury Secretary Regan. Technology, as much as any other factor, is largely responsible for the revolution in the financial services industries. In fact, regional banks and S&Ls are turning to more sophisticated electronic funds-transfer systems to narrow the competitive gap.

Increasingly, banks and S&Ls are adding their automatic teller machine networks to switches, which are regional systems that offer greater convenience to their customers. Six major commerical banks and two large S&Ls in the District, Virginia and Maryland recently agreed to participate in a regional network.

For the time being, regional networks of automatic teller machines (ATMs) enable customers to make cash withdrawals across state lines but are considered forerunners to interstate branching.

What's more, experimental interchanges between regional ATM networks and development of a national system for bank and S&L debit cards are being studied.

One thing has been made clear by developments of the past year. The savings and loan industry can't afford to operate much longer in its regulatory framework and demands for changes are coming from within and outside the industry.

The S&Ls "can't do things as they did in the past," said Robert R. Dince, a professor of finance at the University of Georgia.

The industry can't survive by continuing to make long-term mortgages at fixed rates," Dince continued. "They have got to become more short-term lenders."

A Washington-based economist, whose firm serves frequently as consultant to savings institutions, concurs. "There's no benefit to the housing industry in maintaining a specialized thrift industry," he said. "One thing the thrifts have learned if they haven't learned anything else from this; mortgages have to be priced based on what's happening in the marketplace. They have nothing to do with the costs of deposits."

What will the thrifts of the future be like? First, there will be fewer of them. Estimates range that anywhere from several hundred—according to John Dalton, a former member of the Federal Home Loan Bank Board—and several thousand—according to Thygerson—will be wiped out through mergers or failure. Andrew S. Carron of Brooking Institution projects there will be a nationwide contraction of about 25 percent, but one-third fewer in New York and Chicago.

Second, there will be a great diversity in size and function. There will undoubtedly always be some small "Mom and Pop" thrifts that scorn the new powers and continue to operate in the traditional way. At the other extreme, there will be a few large diversified S&Ls, widely spread geographically, that will offer a full line of services—the Merrill Lynches of the thrift industry, in the words of John Detterick, chairman of Allstate Savings and Loan in Glendale, Calif. There will be low-cost producers with high volume, few products and limited distribution, like the discount broker Charles Schwab. And there will be specialist within the industry, deriving their income from fees, along the lines of Goldman Sachs.

Some will become in function, if not in charter, commerical banks. Point Loma Savings and Loan in San Diego, a new thrift that has had spectacular growth, already acts like a bank, investing either in short-term government securities or construction and real estate loans that mature in less than two years. Recently it applied to become a bank.

Other will become mortgage bankers. "We will be the developers' mortgage bankers," said Sinclair. While very large S&Ls may want to engage in domestic and international business lending, small- and medium-sized S&Ls can be expected to concentrate on individual consumers. A term favored by planners is "one-stop family finance center," meaning that the savings institution will meet the credit needs of individuals for housing, autos and consumer loans.

The trade associations of the housing industry oppose the restructuring of the thrift industry because they fear it will weaken its ties with housing. Indeed, that is the critical questions. The experience of the All Savers Act, which was intended primarily to assist thrifts and, only secondarily, to help housing, is telling.

The reason most often voiced on Capitol Hill for saving thrift institutions is that they will be needed to finance housing when it again booms. Government and industry officials, while requesting broader powers for savings institutions, swear that the thrift industry will continue to be the primary provider of housing funds because that is where its expertise lies.

Undoubtedly, this is true for the majority of thrifts. But a few voices have been heard to say if thrifts can't be saved for housing, then they should be saved without housing. If the government will no longer favor housing by offering thrifts "protection" in the form of an interest rate differential, why should they continue to subject themselves to the boom and bust cycles that typify housing? Shouldn't the burden be shared by various segments of the financial community? In effect this is already happening in the market with companies like Merrill Lynch and pension funds becoming more and more involved with residential real estate.

"The housing industry should not be captive to the well-being of the thrift industry or vice versa," said Klaman. "I don't know who is going to be the supplier of funds for housing," said William Popejoy, president of Financial Federation, Inc, of Los Angeles, a holding company for 11 S&Ls. "By default, it will be left to the federal government, which can't even run the Post Office. Why should [a stock S&L] make a home loan to help the community when you could make a loan to a large corporation that has a better return and no market risk of rate change? Some stockholders will buy that argument, but most S&L executives espousing that philosophy will be unemployed."

He believes what is needed is not an incentive for thrifts, but an incentive for housing that would be provided to all financial institutions in order to assure a continued flow of funds to housing. The administration, which feels that housing in the past decade has consumed more than its share of the economy, is unlikely to agree. While it supports the restructuring bill now in Congress, it is also counting on declining interest rates to mitigate the situation.

Given the dissension within the thrift industry, with its competitors and regulators, the likelihood of passage of meaningful legislation is doubtful, at least in the near future. Even if the crisis does abate with declining interest rates, it is already too late for some thrifts. Yet, for the survivors, new powers will mean a new beginning.●

RAISING THE LIMITATION ON OUTSIDE EARNED INCOME

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BOLAND. Mr. Speaker, yesterday the House agreed to House Resolution 305, a measure that increases from $9,009 to $18,198 the amount of outside earned income which a Member may accept.

I am opposed to lifting the existing 15-percent limit on outside earned income. The limit was put in place as a part of an agreement to lift Members' salaries and is, in my judgment, a fair response to the concerns of the public about the outside activities of their representatives in Congress. I do not believe that a good case can be made for raising the limitation; a judgment obviously shared by an overwhelming

majority of my colleagues just a few weeks ago when a proposal similar to House Resolution 305 was rejected 271-147.

I regret the manner in which House Resolution 305 was brought before the House. A matter of this importance should have been fully debated instead of being considered as a part of the last minute rush of legislation which unfortunately characterizes many of the closing sessions of a Congress. At a time when we are expecting many of our constituents to absorb the impact of Federal budget cuts, hurried approval of what amounts to a pay increase can not be justified.●

WHITE HORSE MOUNTED PATROL

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BEDELL. Mr. Speaker, I am pleased to commend the world famous White Horse Mounted Patrol of Sioux City, Iowa, which has been designated as the "Official Iowa Representative" in the January 1, Tournament of Roses Parade in Pasadena, Calif. This will be the patrol's second appearance in this prestigious parade, having participated by invitation 20 years ago.

The White Horse Mounted Patrol was born of humble beginnings in 1920, by the members of the Abu Bekr Shrine, who were also members of the Sioux City, Iowa Stockyards. At first their mounts were, at best, a nondescript lot—but by a nationwide search and selective breeding the patrol has since blended the blood of the Arabian, saddle bred, and Quarter Horse into a pure white animal, of uniform quality, size and conformation.

This patrol bears the distinction of being the first such unit in North America Shrinedom. They number between 30 and 40 horses and riders and have represented Shrinedom and Sioux City in their many appearances throughout North America. They are known as a symbol of goodwill in both the United States and Canada.

Their appearance on national television of New Year's Day will be their sixth time to receive such nationwide acclaim. Most recently the patrol won first place in a New Orleans competition of all horse patrols from the United States, Canada, and Mexico.

Members of the patrol include, from Sioux City: Paul Braunger, Bruce, Compton, James Cord, who bears the title of president of the patrol, Ralph Heaton, Ervin Hutchinson, Roger Janes, Ronald Jones, L. V. Kuhl, John Lovaas, Ben Miller, Thomas Pohlman, Robert Porter, David Potts, Norris Potts, Dr. Gary Sharbondy, LeRoy Thorp, Richard Wallen, Gene Wickey. From outside Sioux City: Harry Buell of Holstein; Thomas Griess of Tekamah, Nebr.; Kent Hansen of Bronson, who is captain of the patrol; W. R. "Bob" Herbold of Moville; Maurice Jensen of Castana; Rex Seitzinger of Onawa; Lawrence J. Turley of Pocahontas; Douglas VonAswege of Emerson, Nebr.; Gene Waddell of Bronson; and Emil Willer of Akron.

Again I commend the White Horse Patrol on their distinction and express my pride and thanks in their representation of the State of Iowa.●

CHRISTIAN SCIENCE MONITOR HITS COAL INSPECTION PROBLEM

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SIMON. Mr. Speaker, attrition has reduced the ranks of the Nation's underground mine inspection program, and those who are leaving are among the best inspectors we have.

The result is sagging morale among those who remain and apprehension among the miners whose lives depend on adequate inspections.

The Christian Science Monitor recently examined this troubling issue, and I commend it here to the attention of my colleague.

The article follows:

MINE SAFETY: TRYING TO BEEF UP INSPECTIONS

(By Ward Morehouse III)

Safer coal mines.

That's what just about everyone wants. But the U.S. doesn't have enough inspectors. And tight budgets are making it hard to hire more.

One possible answer: make better use of the inspectors now available.

The issue took on new urgency this week. The toll from three mine accidents in the East in five days now stands at 24 killed.

A move by the U.S. Mine Safety and Health Administration (MSHA) could help. It would give more control over operations to its offices right in the fields.

The agency is about to reorganize its coal mine safety inspection division. It will place its education and training units and its safety violation assessment units under the aegis of the district managers in MSHA field offices.

By strengthening local mine inspection efforts, officials hope to gain more effective enforcement of safety requirements. The agency admits that at present these requirements are not being met, partly because of the federal hiring freeze.

Reagan administration officials say this reorganization—expected to be implemented early next year—is not a response to the recent string of Appalachian coal mine accidents.

But one MSHA official says there should have been better management of existing inspection personnel in the past year as well.

By law, underground coal mines are supposed to undergo four complete safety inspections every year. But in some cases, the number of inspections conducted fall short of that requirement.

For fiscal 1981 (which ended Sept. 30) the MSHA field office in Logan, W. Va., has made only 80 percent of the "complete inspections" on coal mines required by law, MSHA comptroller Richard Baker says. When asked if this 80 percent figure was accurate, the supervisor of the Logan field office replied, "Not hardly that much."

United Mine Workers (UMW) safety experts charge that the reason inspections did not meet federal requirements is the lack of inspectors. Most MSHA officials don't dispute this contention.

According to MSHA's most recent figures, the number of coal mine safety inspectors nationwide dropped by 73 to 1,011 during the fiscal 1981. One MSHA official attributes much of this decline to the federal hiring freeze.

However, Comptroller Baker says that despite the reduction in inspectors, the agency probably could have used this reduced number of inspectors more effectively—and indicated that possibly some lives might have been saved as a result.

In retrospect, Mr. Baker contends, there could have been "prioritization" of mines that officials felt might be potential trouble spots. He adds that the agency could "have accommodated a movement of inspectors" to field offices where there was the greatest need for them.

As of this writing, this year's coal mining accident fatality toll of 143 people is the worst since 1975.

The events of this past week have spurred the UMW to ask the Reagan administration to increase the number of federal mine inspections. But earlier this year similar pleas from the union largely went unheeded. At the UMW's urging, Rep. Nick J. Rahall (D) of West Virginia, whose district includes a big chunk of "coal country," wrote to MSHA officials that the MSHA field office in his district was "seriously undermanned and it's incapable of fulfilling its required inspections under the law." Representative Rahall wrote that for the first three months of 1981 the field office was required to do 91 complete inspections and it conducted only 76. Then, in the next three months of the year, the field office inspections dropped to only 62 of the required 91 inspections.

On Oct. 9 of this year, Thomas J. Sepich, then MSHA's deputy assistant director, wrote back to Rahall explaining that as a result of federal "hiring restrictions," certain field offices had had staffing shortages. However, Mr. Shepich went on to assure Rahall that "MSHA can perform its responsibilities" within these restrictions.

In addition to writing MSHA, Rahall also contacted the federal General Accounting Office about the inspection problems, and one Rahall aide says that the GAO had promised to investigate the situation.●

NUCLEAR ARMS: HOPE FOR A NEW ERA OF COMMONSENSE

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MAZZOLI. Mr. Speaker, delegates from the Soviet Union and the

United States are meeting in Geneva to negotiate the reduction of nuclear arms in Europe.

I fervently hope these talks will move the world into a new era of restraint and commonsense in the production and deployment of nuclear weapons.

The awesome and horrendous powers of destruction embodied in these weapons threaten the lives of every man and woman on Earth. Indeed, our entire civilization has been placed in dire jeopardy by the continued expansion of the world's nuclear arsenal.

The United States, as one of the world's leading nuclear nations, must make a sincere effort to end the insanity of the nuclear arms race. That is why I have consistently opposed the development and production of both the MX missile system and the neutron bomb.

There is not a more compelling issue than nuclear arms proliferation. I pray the Geneva talks will focus the attention of all the world's leaders on the necessity of curtailing the spread of these weapons before it is too late.●

AND A LITTLE CHILD * * *

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. KASTENMEIER. Mr. Speaker, as the Congress takes a pause in its Hill schedule, and as we read those last pre-Christmas letters from constituents, I would like to share with my colleagues two letters that I have just received. The communications are from a title I teacher in Oregon, Wis., and two of her pupils in the fifth grade—three persons who will undoubtedly be affected by the cuts in which the Congress has acquiesced, at the behest of the administration.

The title I program in elementary schools has been an innovative approach in education, giving a helping hand to children whose backgrounds may not be affording them necessary help in the learning process—they may be from migrant families with second language problems, they may be from low-income American families, or they may be in special State schools for neglected or handicapped children.

The letters I want to share with you will tell you eloquently what problem is highest in their minds. They have also learned to whom their concerns should be addressed.

Mrs. Elizabeth McBride, the teacher, writes:

Enclosed is a copy of a letter which two of my students wrote to President Reagan because they are afraid of a nuclear war. They are only in the fifth grade, but their fear is very real. They asked me to send a copy to you, too, because they understand that the President doesn't make all the decisions.

The students, Mike Schenk and Jerry Ace, of Brooklyn, Wis., wrote to the President:

Them nuclear bomes (bombs) that you got should not be around so people don't get hurt. The bomes are dangers to the United States. These bomes are bad because thousands of people get dead. It is a waste of homes and other stuff around the United States and when we should (shoot) off the bomes it's not worth it because other people suffer for what they didn't do to make a war. These wars are so bad that we don't like it.

As we approach the season of Christmas and Hannukah, it would seem an appropriate time to direct our eyes to their simply-stated purposes: Peace, good will, and love among peoples and—above all—no nuclear "bombs."●

OPERATION BOOTSTRAP AND THE IRS

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. GARCIA. Mr. Speaker, the administration will soon announce its program to aid economically depressed areas. Its cornerstone is expected to be enterprise zones, a concept that I have been promoting for over a year and one-half.

However, it seems that this same administration's IRS is attacking the tax incentives which create jobs in depressed areas. I am speaking of Operation Bootstrap in Puerto Rico and the Treasury Department's attempt to eliminate a very successful tax incentive.

Recently, the Wall Street Journal had an editorial spotlighting this inconsistency and illuminating the IRS's single-minded pursuit of corporate income tax credits which generate economic opportunity and stability in Puerto Rico. I recommend this editorial to my colleagues.

[From the Wall Street Journal, Dec. 9, 1981]

ENTERPRISE ENTRAPMENT?

The administration is about to unveil its first-aid measures for economically depressed areas. Generally the idea is to create urban enterprise zones: designated pieces of ground where companies engaging in commerce can enjoy various tax breaks. It's hoped that these tax incentives will lure business into needy places like the South Bronx.

Sounds reasonable and innovative, right? Except it's already being done—in Puerto Rico. Indeed, it's been going on since 1948 when Operation Bootstrap got under way. There have been several permutations of tax devices over the past 30-odd years, but essentially Operation Bootstrap gives U.S. corporations with operations in Puerto Rico a 100 percent U.S. corporate income tax exemption on profits made on the island. Obviously this foments a rather strong incentive for corporations to have as much profit as possible accruing to their Puerto Rican operations.

This type of tax shelter is an especially good one for businesses with a lot of income from "intangibles" like patents and trademarks. It's easier to transfer an intangible asset than a tangible one. For example, consider the pharmaceutical industry.

Profits from pharmaceutical operations come from research, development and then patent ownership. Unsurprisingly, drug companies were among the first—and still are among the largest—corporations to create Puerto Rican subsidiaries. And just as unsurprisingly, transfers of intangibles generate well over half of their tax benefits.

But now consider the IRS. The purpose of the IRS is to collect taxes from the willing and recover taxes from the unwilling. And since tax avoidance is what brings corporations to Puerto Rico in the first place, going after them is like shooting fish in a barrel. For decades now, the IRS has been badgering drug companies, about their Puerto Rican subsidiaries. The dispute is usually over transfer pricing policies: That is, the Puerto Rican subsidiary holds the patent, makes the drug and then charges the parent company a price reflecting returns to the patent. The IRS then challenges and disallows the amount of sheltered profit.

In the past, drug companies had settled "out of court." Five years ago, however, Eli Lilly said, "enough." It took the IRS to tax court over the Darvon patent; G. D. Searle followed suit two years later. The court is expected to deliver its decision on both cases in 1983.

A decision favorable to the drug companies would, of course, resolve the matter once and for all and free the drug companies from being hit-up by the IRS every so often. The IRS has responded by trying to make an end run around any court ruling by "looking into" the whole issue of patent transfers now. The agency is apparently considering various options like a tollgate tax on patent transfers or eliminating the R & D deduction on any patent that is transferred to Puerto Rico.

There is no disputing that the tax breaks for intangibles have been good for the drug companies. They've also been attractive to high tech companies with transferable intangibles. In fact, the plain old tax shelter has proved irresistible to the tune of 2,500 plants which are subsidiaries of U.S. companies. And there's no disputing that the 1981 tax expenditure cost to the Treasury of $1.2 billion looks attractive to the IRS. But the whole point of the tax breaks was to convince companies to move some operations to Puerto Rico and thus to create jobs and boost the island's economy.

Aside from the humanitarian goals of such an endeavor, there are political considerations as well. The Spanish-speaking areas of the Caribbean Basin have become prime targets for Soviet-Cuban troublemaking and Puerto Rico has not been immune to the kind of disorders that are afflicting other islands and Central America. So it seems to be at cross purposes, at best, for the IRS to then go after companies that are providing economic sustenance.

If the administration is really serious about enterprise zones, it might be a good idea to deal with the Puerto Rico conflict first. And when it baits the enterprise hook with "juicy" tax breaks, it ought to drop the IRS on the pier before rowing out to the middle of the lake.●

TRANSFER OF TITLE TO DISTRICT OF COLUMBIA

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. FAUNTROY. Mr. Speaker, the bill I am introducing today will authorize the Secretary of Labor to convey all right, title and interest of the United States in and to the Employment Security Building to the District Govenment. The building, which is located at Pennsylvania Avenue and Sixth Street NW., was constructed on land owned by the District of Columbia but conveyed, at no cost, in 1961 to the United States. Since completion of the Employment Security Building it has been utilized principally by the District of Columbia Department of Employment Services, which until 1974 was a Bureau of the U.S. Department of Labor. The cost of operation and maintenance is paid out of the unemployment trust fund pursuant to the Employment Services Administrative Financing Act of 1954 (68 Stat. 668). This fund is made up of contributions from private employers of the District of Columbia, therefore, no appropriated funds are used for this purpose.

In 1964 the United States signed a 20-year note with the Kansas City Life Insurance Co. for $4.4 million at an annual interest rate of 4.68 percent to finance the construction of the building. The proposed bill will require the District Government to reimburse the United States for any payments on the note which come due on or after the date the building is transferred to the District of Columbia.

At this time funds granted to the District for the administration of its unemployment compensation and employment security purposes are used to make payments on the note.

In 1974, under section 204 of the District of Columbia Self-Government and Governmental Reorganization Act, the functions, personnel, and property of the District of Columbia Employment Service were transferred to the District of Columbia Government. However, this section is interpreted to mean only personal property and not real property. This legislation is needed to correct that interpretation.

The U.S. Department of Labor, the Pennsylvania Avenue Development Corporation, and the District of Columbia Department of Employment Services all support the transfer.●

HIGH INTEREST RATES

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MARKEY. Mr. Speaker, it is time for the Depository Institutions Deregulation Committee and Congress to more fully come to grips with the special dilemma faced by the thrift industry. The combined weight of problems is serious: The prolonged period of high interest rates; an imbalance of assets and liabilities, with liabilities far more sensitive to market interest rates; and many cases of negative earnings over the last year. Certainly, action must be taken to address these problems.

Mr. Speaker, one obvious boon to the thrift industry would be an across-the-board decline in market interest rates. The Reagan administration economic program is directly contributing to the swollen interest rates, however. The huge budget deficits which will result from the enormous Kemp-Roth tax cut mean that the Federal Reserve Board is left little choice but to continue its tight money policy. This is the administration's only tool against inflation, but it is a direct cause of high interest rates. The administration must tighten its expansionary fiscal policy, or there will be no relief in sight on interest rates, or for the housing and thrift industries.

The DIDC is currently moving full steam ahead on the liability side of deregulation, as mandated in the Monetary Control Act of 1980. Recognizing the hard times currently plaguing the thrift industry, however, I feel that the DIDC should restrain the pace of its deregulation until action begins on asset-side deregulation, that is, on the lending powers of thrifts.

Mr. Speaker, I urge the DIDC to restrain the pace of its activities, and for Congress to debate and then act upon the necessary steps to revive the thrift industry, whose health is so important to the American economy.●

SOUTH DAKOTA CHAMBER OF COMMERCE LEADS ENERGY CONSERVATION EFFORT

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DASCHLE. Mr. Speaker, the South Dakota Chamber of Commerce is leading the effort in South Dakota to conserve energy. Most recently the South Dakota Chamber of Commerce, in cooperation with the South Dakota Office of Energy Policy, has published "Good News For Your Business," a practical guide for commercial energy conservation improvements.

Featuring comprehensive case studies on successful energy conservation programs already undertaken by 10 South Dakota businesses and capsule summaries on energy conserving measures used by 23 other commercial facilities in South Dakota, "Good News For Your Business" provides useful information on proven means of reducing energy consumption, improving energy efficiency, and conserving energy and money. In addition, this publication contains other practical information, including suggestions for beginning an energy conservation program, information on tax incentives, a list of architectural and engineering consulting firms, and a bibliography of useful information, which the business community in South Dakota will find very useful.

The South Dakota Chamber of Commerce has made another important contribution to energy conservation in South Dakota with the publication of "Good News For Your Business" and this valuable public service effort will mean greater energy conserving results for the South Dakota business community in the future.●

THE IMMINENT HAZARD OF EARTHQUAKES

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PATTERSON. Mr. Speaker, I would like to bring to the attention of my colleagues a most insightful and understandable article published in the October 1981 Atlantic Monthly regarding the imminent hazard of earthquakes. Although the author, James Fallows, focuses his attention on California, the phenomenon of earthquakes is not limited to my home State. Contrary to popular belief, California—and for that matter, the Pacific coast region—does not stand alone in its vulnerability to ground-shaking. In fact, 39 States are subject to the perils of earthquakes. The most extensive continental earthquake outside California occurred in the 1811–12 era on the Mississippi River, in New Madrid, Mo. It is said that the jolt was so strong that it changed the course of the Mississippi River and was felt as far away as Washington, D.C. Recent statistics provided by the U.S. Geological Survey indicate that during the 2-month period of November to December 1980—granted there is a significant time lag on these figures—earthquakes were felt in Oklahoma, Virginia, Hawaii, Massachusetts, and Tennessee. In the preceeding 2 months, quakes were experienced in Connecticut, New Mexico, and Washington.

One can, therefore, see that earthquakes are not merely "a California problem." Rather, the devastation which Mr. Fallows outlines in his article could be faced by citizens and public officials in most other States.

LIVING ON THE FAULT LINE

(By James Fallows)

Standing in the wash of the Santa Ana River, you can see mountains all around you, The San Gabriel, the San Bernardino, and the San Jacinto mountains form a long, semicircular arc to the north and east, pierced by the passes that lead variously to such outposts on the California desert as Barstow, Indio, and Palm Springs. To the south and west are the lower hills that separate the San Bernardino Valley from the booming conurbations of Orange County and from Los Angeles itself, which lies seventy miles due west.

On those days, infrequent during summer, when opaque brown smog has not blown inland to fill the valley and lap over the rim of the mountains, the contours of the ranges are clearly visible from the valley floor. There is no natural obstruction to the view more substantial than the waist-high scrub. The sharp edges and escarpments of the mountains suggest their dramatic origin, as products of the pushes and pulls on the earth's surface that are even now creating mountain ranges in the West. The white gravel in the dry riverbed has been washed down from the mountains during the flash floods that from time to time strike this bone-dry region. The "river" runs with water for only a few days out of every year.

It can seem the bleakest of settings, especially when the Santa Ana winds blow down from the high deserts at temperatures well above 100 degrees. Yet, like many other harsh regions of the Southwest, this has been a scene of phenomenal growth. As people continue to move to southern California, as Los Angeles has filled up, as real estate prices in Orange County have shot to the sky, many people have taken the next step in from the coast and have brought a population explosion to the "Inland Empire." The orange trees that line Interstate Highway 10 are the remnants of groves that were until the past two decades an economic mainstay of the region. They succumbed first to the smog and then to the subdividers. Some 400,000 people lived in the San Bernardino Valley in 1960. More than 700,000 live there now. There are plans for an "instant city" of 200,000 more people, to be built in the hills outside Chino, where the corners of San Bernardino, Orange, and Los Angeles counties touch.

People have moved to this valley seeking cheaper real estate, the good life in the sun, and the opportunities that economic growth creates. They are an hour's drive from the mountains, an hour from the ocean, and far, far away from such northern urban cares as frost and economic decline. And their search has led them to the area that, according to many scientists, will be the site of the next catastrophic earthquake to strike the continental United States.

Those who live in the vicinity, as I did when I was growing up are accustomed to earthquakes. Many pride themselves on surviving them, as those on the Gulf Coast might on surviving a hurricane. But the prospect that scientists now suggest is different from anything within living memory in southern California.

"We have known for years that major earthquakes in California are inevitable," says Clarence Allen, a geophysicist at the California Institute of Technology. "The scientific attitudes have not changed as much as the public perception that this is a real problem." But both scientific and public attitudes have been heavily shaped by two scientific developments of the past decade.

The first, which has been widely publicized since the early 1970s, is the evolution of the theory of plate tectonics. This theory postulates that the earth's crust consists of a number of large "plates," floating on a molten mass within the earth. There are seven of the larger plates—one bearing most of Africa and half of the Atlantic and Indian oceans, another holding virtually all of the European and Asian land mass—and a number of small ones. As the plates have drifted apart from, and into, each other, their motions have changed the world's geography. They opened the basin that became the North Atlantic Ocean, when the North American plate slid away from the Eurasian. They created the Himalayas, which mark the region where Indian was driven northward and collided with southern Asia. They stimulate volcanic action, including the recent eruptions at Mt. St. Helens. (As the small Juan de Fuca plate is pushed beneath the North American plate off the Washington and Oregon coasts, it melts at the tremendous temperatures and pressures of the earth's depths and then flows upward, in molten form, as lava.) The motion of the plates can also cleave regions from one another, as is now taking place in California.

The most famous of the "faults" that are responsible for California's earthquakes is the San Andreas—which, from the perspective of plate tectonics, is not just any fault but the boundary between two great plates. To the east of the fault lies the North American plate, which contains more than 99 percent of the land area of the nation, along with Canada, Mexico, and roughly half of the Atlantic Ocean. To the west of the fault is the Pacific plate, which runs beneath the ocean to the Mariana trench—where it disappears beneath the Philippine plate. The city of San Francisco is on the North American plate. Santa Cruz and Monterey, immediately to the south, are on the Pacific plate. So are Los Angeles, San Diego, and the other population centers of southern California.

Through the millennia, the two plates have been moving past each other along the San Andreas Fault, the Pacific regions slipping north, the North American south. The Baja California peninsula resembles in length and width an indentation on the western coast of Mexico. That is exactly where it came from, geologists say, before it moved north with the rest of the Pacific plate. The motion of these two plates goes on at rates as high as 5 or 6 centimeters a year—very fast, by geologic standards. Rocks on the Pacific side of the fault near Point Arena match those on the North American side at Taft, 350 miles to the south. The two regions abutted one another until the fault motion started about 25 million years ago. Ten million years from now, Los Angeles and San Francisco should lie in the same latitude.

For California, the significance of the tectonic theory was to explain the basic mechanism of earthquakes, not only on the San Andreas Fault but also on the many others that parallel it and the few that run at right angles to it. Year by year, the plates creep past each other, from time to time, rocks must yield. The largest recent earthquake in California, the 1906 "fire" (as civic boosters chose to call it at the time) in San Francisco, could be seen from the perspective of plate motion as the event through which the northern section of the San Andreas Fault released the strain that had been accumulating over the years.

It took a second and more localized scientific development to add the note of certainty to forecasts that a catastrophic earthquake will strike southern California. The man most often identified with this development is Kerry Sieh, a geologist at Caltech. His contribution has been to estimate the schedule on which the rocks along the fault give way.

As the plates move past each other, the strain that accumulates at great depth can be accommodated in different ways. The plates can release some or all of the strain by "creeping" past each other with steady movement, or through numerous small earthquakes that human beings barely feel. Such creeping takes place along a section of the San Andreas Fault in central California, and it leads to novel effects, such as the fissure at a frequently photographed winery in Hollister that is gradually being split by the fault. Much of the tension along a fault line can also be relieved through less frequent quakes of "moderate" power, in the range of 5 or 6 on the Richter scale. Many of the subsidiary faults in California behave this way. Finally, the rocks on a fault line can lock solid. When this happens, there is no gradual distortion of roads, fences, or wineries, nor are the earthquakes frequent. The two sides of the fault remain motionless until the shearing force of the plates' movement overwhelms the strength of the rock itself. The result is a "great" earthquake, which releases enormous accumulated energy all at once and can result in one side of the fault moving as much as twenty feet past the other in the space of a few seconds or minutes. The San Francisco quake of 1906 was such a great earthquake, affecting the northern section of the San Andreas Fault. Another portion of the fault, which runs roughly 200 miles between a small town called Parkfield, in central California, and the San Bernardino Valley, and which is sometimes referred to as the southern section of the San Andreas and sometimes as the south central section, has been locked solid for more than a century. In 1857, during its last great earthquake, the sides of the fault moved past each other by as much as thirty feet. The southernmost section of the fault, which starts near San Bernardino and runs to the Salton Sea, has had no major ruptures during "historic time"—geologists' term for the 200-plus years of written records for the region, as opposed to the eons of the rocks. Scientists' understanding of this portion of the fault is so incomplete that they are not sure whether it should be considered very likely or very unlikely to suffer a major earthquake in the foreseeable future.

Kerry Sieh's approach was to study the layers of earth at several places along the southern San Andreas Fault to see what they revealed about the timing of previous earthquakes. Through a variety of techniques, such as uncovering layers of peat moss that had been deformed by violent earth movements and then determining their age, he concluded that along the portion of the fault that ends north of San Bernardino, there was a pattern of dormant pe-

riods followed by strong earthquakes. Working from an early version of Sieh's findings, the Federal Emergency Management Agency issued the following warning last January as part of a report it prepared for the National Security Council on the consequences of a major earthquake in California:

"Geologists can demonstrate that at least eight major earthquakes have occurred [on the southern San Andreas] in the past 1200 years with an average spacing in time of 140 years, plus or minus 30 years. The last such event occurred in 1857. . . . geologists estimate that the probability for the recurrence of a similar earthquake is currently as large as 2 to 5 percent per year and greater than 50 percent in the next 30 years. . . . The aggregate probability for a catastrophic earthquake in the whole of California in the next three decades is well in excess of 50 percent."

Kerry Sieh has recently reworked his estimates, allowing for greater uncertainty about the magnitude of previous quakes and for the imprecision of the carbon 14 dating process. "The best scientific guess would be that the average interval is somewhere between 125 and 225 years, with both of those being extremes," Sieh said recently. "My own intuitive best guess is that it's about 160 years, plus or minus 30. I'd say that there's a 50 percent chance of a great quake in the next four decades." Considering that the last great earthquake in southern California was 124 years ago, Sieh said at the end of one of his papers, "We are almost certainly not 'overdue' for a repeat of the great 1857 earthquake, but we are clearly well along in the process. We are much too far along, in fact, to neglect serious preparations for the eventuality."

The repeated allusion to "great" earthquakes is important, for it refers to a difference in magnitude so enormous as to become a difference in kind. "Great" quakes are generally understood to be those of magnitude 8 or above on the Richter scale. (Sometimes those of 7.75 magnitude are so classified.) The last "great" quake in the continental United States was the one in San Francisco in 1906. Since then, Alaska has experienced a great quake, in 1964, and there have been devastating earthquakes in Chile, China, Japan, Italy, and elsewhere. But in California, the strongest earthquakes in the past seventy-five years have been in the 6 and 7 range on the Richter scale—and most of them have been centered in unpopulated areas. The most damaging of the quakes, though not the strongest in Richter terms, were the 1933 earthquake in Long Beach, magnitude 6.3, and the 1971 San Fernando quake, also a magnitude of 6.3. Within a matter of years, there will be no one alive in California with personal memory of the effects of a "great" quake there.

Without the testimony of survivors, it may be hard to imagine the consequences of a "great" earthquake. The difference between 6.3 and 8.3 on the Richter scale does not sound fundamental, but it is. Each increase of 1 on the Richter scale signifies an increase of thirty times the energy and ten times the deflection on seismic measuring devices. If the San Andreas Fault should produce an earthquake of magnitude 8.3, as many geologists expect, it would release about 900 times as much energy as did the San Fernando earthquake of 1971. (The greatest quake of modern times, which struck Chile in 1960, had a magnitude of 9.5.)

The effects of major earthquakes are more readily comprehensible when expressed in terms of ground shaking, on the "Modified Mercalli Scale." This is a measure of the effects of ground movement as they are felt in specific regions. The scale runs from I to XII. Level I is "Not felt except by a very few under especially favorable circumstances," and II is "Felt only by a few persons at rest, especially on upper floors of buildings." In a "great" quake, large areas may be subjected to the highest intensities of shaking, levels IX through XII:

Level IX: Damage considerable in specially designed structures; well-designed frame structures thrown out of plumb; great in substantial buildings, with partial collapse. Buildings shifted off foundations. Ground cracked conspicuously. Underground pipes broken.

Level X: Some well-built wooden structures destroyed; most masonry and frame structures destroyed with foundations; ground badly cracked. Rails bent. Landslides considerable from river banks and steep slopes. Shifted sand and mud. Water splashed (slopped) over banks.

Level XI: Few, if any, (masonry) structures remain standing. Bridges destroyed. Broad fissures in ground. Underground pipelines completely out of service. Earth slumps and land slips in soft ground. Rails bent greatly.

Level XII: Damage total. Waves seen on ground surface. Lines of sight and level are destroyed. Objects thrown into the air.

In most versions of the Mercalli scale, levels IX to XII are grouped under the heading "Panic is general."

During the 1971 San Fernando earthquake, in which highway overpasses collapsed and forty-five people were killed when a Veterans Administration hospital fell down, there were shaking intensities of IX and perhaps even higher in some areas near the epicenter. The California Division of Mines and Geology has produced maps that display the predicted shaking intensities for a great quake on the southern San Andreas Fault. They show bands of IX intensity stretching for more than 100 miles, with levels of X to XII expected in sizable zones.

As the descriptions on the Mercalli scale may suggest, the main threat to human life during an earthquake comes not from the earth's movement itself but from things that fall. When severe quakes have occurred in out-of-the-way places, such as the 1872 earthquake in Owens Valley, they have rearranged the landscape but have taken comparatively few lives. That earthquake, centered in the stark region east of the Sierra Nevada Mountains, was the strongest in California's history—its force was so great that within seconds it added ten to fifteen feet to the height of an escarpment and moved the sides of the fault twenty feet past each other—but only sixty people were killed. Unless people are trapped in the path of a landslide, hit by falling trees, or drowned by the large ocean waves, called tsunamis, that earthquakes sometimes produce, they face little danger if they find themselves out in the open when an earthquake strikes.

The danger comes instead from buildings, especially those made of brick and other masonry, that are shaken to pieces during strong earthquakes and, in falling, cause most of the deaths. Some of the unreinforced brownstones of Manhattan, Federal townhouses in the Georgetown section of Washington, D.C., and mansions along Commonwealth Avenue in Boston, all so solidly built could be converted to rubble in an earthquake, for their style of construction is generally the first to fail during strong quakes. Wood-frame houses, by contrast, are the most stable structures since they are able to sway and absorb the earth's motion. Only under the most severe shaking intensities do one-story frame houses collapse.

The ability of different buildings to withstand shock is also greatly influenced by the ground on which they stand. The best place to be during a strong earthquake is on solid rock; the worst is on soft ground, mud, landfill, or areas with a high water table. Rock diminishes the intensity of the shaking; soft earth magnifies it. This principle is not limited to California. If a strong earthquake were to hit Boston (which is a less remote possibility than it may seem, since Boston has historically been one of the more seismically active areas in the East), the houses of the Back Bay would be most severely shaken, because they are built on landfill. In 1906, the regions of San Francisco built on reclaimed land near the bay were far more heavily damaged than buildings on top of the city's rocky hills. The ultimate danger in such areas is liquefaction, caused by violent shaking that drives groundwater upward through the soil and thereby transforms it to quicksand. Heavy buildings, especially multistory structures that are not anchored in bedrock, can tip over or sink into soil after it liquefies.

Through most of its southern section, the San Andreas Fault traverses dry plains and rocky canyons, where there are few buildings to destroy. But after it crosses through the San Bernardino Mountains at the Cajon Pass, it enters the inland valley that is now supporting such rapid growth, and it comes at its nearest point within about thirty-five miles of Los Angeles. It is the combination of the increasing probability of a quake, its expected magnitude, and its nearness to such a vast and wealthy human settlement that has created an atmosphere of concern about an earthquake on the southern San Andreas. Two other possible earthquakes are on the list of concerns: a major quake on the northern San Andreas, which is thought to be less likely, since only seventy-five years have passed since the San Francisco earthquake, but which would affect an even more densely populated area and therefore on the Newport-Inglewood Fault, which runs directly through Los Angeles and was responsible for the Long Beach earthquake of 1933. Statistically, the latter is thought to be a longer shot than either of the others, but because it would affect Los Angeles directly, it might be the most damaging of all.

Shortly after Jimmy Carter took a tour of the landscape of devastation around Mt. St. Helens, he grew concerned about the effects of a catastrophe in California and ordered a federal task force to prepare a report. Based on assumptions about how many people would be killed in different kinds of structures (for instance, 2 to 4 deaths per 10,000 population in wood-frame houses, 5,000 deaths per 10,000 in ordinary masonry buildings), the task force came up with the following estimates of deaths and of injuries serious enough to require hospitalization. Some of the situations it considered were these:

[In thousands]

Location	Southern San Andreas		Newport-Inglewood		Northern San Andreas	
Richter Magnitude	8.3		7.5		8.3	
Time	D	I	D	I	D	I
2:30 a.m.	3	12	4	18	3	12
2:00 p.m.	12	50	21	83	10	37
4:30 p.m.	14	55	23	91	11	44

Note.—D = dead; I = injured.

In addition, there is, of course, the property damage. A consultant named Karl Steinbrugge, who was responsible for many of the most widely circulated damage estimates, predicted that the property damage could amount to some $17 billion for the southern San Andreas, $38 billion for the northern, and $69 billion for the Newport-Inglewood. Because of the enormous uncertainties about both the quakes and the resistance of structures, Steinbrugge stressed that any of the estimates might be off by a factor of two or three—either high or low.

In 1973, the National Oceanic and Atmospheric Administration, known as NOAA, prepared two thick volumes to enumerate the likely effects of a major earthquake in Los Angeles and of one in San Francisco. The books contain page after page of maps, each one plotting the two major faults in northern and southern California and showing their location in relation to major facilities: hospitals, blood banks, reservoirs, railroads, airports, highways, military bases, aqueducts, natural-gas lines, electric generating stations and transmission lines, oil pipelines, and other facilities. The southern California report says, for example, that a major quake on the San Andreas could kill between 400 and 800 people who are already in hospitals and put 50 percent of more of hospital beds out of commission, at precisely the time that the demand for emergency service would be most intense. It also says that "in the event of an 8.3 magnitude shock on the San Andreas Fault, the failures of Fairmont and Bouquet Canyon dams should be assumed," and that such failures could kill more than 7,500 people and render 111,000 homeless; that all of the aqueducts that serve Los Angeles and San Bernardino cross the San Andreas Fault at least once and one of them crosses it four times, and that the region may be without its major water supplies for between two weeks and three months after a quake; that transportation, communications, finance, and all other essential services would be interrupted.

After reviewing these and other predictions, the Federal Emergency Management Agency concluded in its report earlier this year that "the Nation is essentially unprepared for the catastrophic earthquake (with a probability greater than 50 percent) that must be expected in California in the next three decades. . . . Because of the large concentration of population and industry, the impacts of such an earthquake would surpass those of any natural disaster thus far experienced by the Nation. Indeed, the United States has not suffered any disaster of this magnitude on its own territory since the Civil War."

"What must be stressed is that this prospect presents us with an unprecedented problem in the history of the United States," Carl Ledbetter, a young mathematician who was briefly the director of the Southern California Earthquake Preparedness Project, said earlier this year in testimony before a congressional committee. "There has been no other time when the lives of as many as 69,000 people have been threatened at once; there has been no other time when losses on the order of magnitude of $135 billion have been a real consideration; there has been no other time when the productive capacity of a region which generates one dollar in twelve of the country's Gross National Product has been under such a real and unavoidable threat.

"We do not know how to think about threats of this magnitude; they are unreasonable by all our past standards."

Some scientists seem to feel that they do know how to think about such threats. They are concentrating on finding ways to predict when and where earthquakes will occur. From experience in the U.S. and more advanced work in the Soviet Union, Japan, and China, geologists have focused on several signs that usually appear from several months to several hours before large earthquakes occur.

One such sign is a pattern of small "foreshocks" that leads to a major shock. ("The problem is distinguishing between those and other patterns that *don't* turn out to be foreshocks, because no large earthquake follows them," says Karen McNally, another of Caltech's geophysicists.) The Chinese have associated the period before large earthquakes with changes in the nature and behavior of groundwater. The water level in wells sometimes changes just before a quake, and the water may contain different concentrations of radon gas. Both of these changes are apparently signs of rearrangements in the underground rock layers, which affect the courses through which the water must pass. Other scientists have constructed grids of geodetic markers on the earth's surface near a fault, on which they take repeated measurements to determine how much the earth's accumulating strain has distorted the grid.

There are even attempts under way to make scientific sense of the familiar folk-wisdom reports that animals can tell when an earthquake is coming on. In central California, near the San Andreas Fault, one researcher has built a number of burrows for field mice and monitored them to record the animals' activities. He will attempt to establish the normal patterns and the variations from them for seasons and for feeding cycles—and then he will wait for the next big earthquake.

"We need more time—and we need more earthquakes," says Karen McNally. Few phrases are more frequently heard from the geologists and seismologists than "We'll learn a lot from the next big one." Such knowledge may be costly. Clarence Allen, in discussing events of the past year or two, says, "There's been a change in the seismic pattern [in southern California] that makes us more worried than we'd normally be. We know we're in an area and an era where a great earthquake would be no scientific surprise. We see a pattern of low activity for fifteen years or so—and now this change to higher activity, which makes us nervous." There are similar implications from the Palmdale Bulge, an area along the San Andreas Fault north of Los Angeles where the ground has apparently risen about a foot. "On the assumption that the bulge exists, as I would argue it does, it may be significant," Allen says. "Its shape is roughly coincident with the fault, and the very rapid rate of its rise—by geological standards—makes us think it might be trying to tell us something." But just what the bulge—or the changed seismic pattern, or the groundwater, or the animals—may be trying to say will be much clearer after the next big earthquake has confirmed or disproved the hypotheses.

In the meantime, of course, scientists are offering forecasts whose details of time and place may be imprecise but whose general point is hard to miss. But because the day of reckoning is so uncertain, and because the catastrophe is so strongly associated with divine judgment, against which the efforts of mortals are no defense, it has been hard for California and its public officials to decide what to do.

The things that could conceivably be done fall into two categories—mitigation and preparedness. Mitigation means taking steps before an earthquake to minimize the damage; preparedness means being ready to cope with the problems created by the earthquake.

Since earthquakes do most of their damage to buildings, the most obvious mitigating procedure is to strengthen buildings that might otherwise be destroyed. This California has tried to do, by passing new laws and tightening its building codes after each serious earthquake. When the 1933 Long Beach earthquake crushed masonry buildings throughout southern California, including a large number of schools, people realized that if the earthquake had occurred a few hours earlier, when school was in session, thousands of children might have been killed. The result was the Field Act, which set more stringent standards for school construction and, despite some delays in application, has made schools the safest public buildings in the state. During the 1971 San Fernando earthquake, the Van Norman Dam was so severely damaged that, according to most experts, it came within a few seconds' shaking of failing altogether. If it had done so, the death toll from that earthquake might have increased by a factor of 100. Soon afterward, the state undertook a dam inspection program that has—theoretically—made its dams much safer than before. The improvement must so far be considered only theoretical, because neither the dams nor the skyscrapers that have sprung up in Los Angeles since the thirteen-story limit on construction was removed in 1956 have yet been subjected to the test of a major quake. Engineers have often found themselves chagrined by the results of previous quakes. In 1979, a 6.6 magnitude quake struck the Imperial Valley, an earthquake-prone region east of San Diego. The most serious single casualty was the Imperial County Services Building, a new six-story structure that had been advertised as incorporating the latest standards in earthquake-resistance but which was so severely damaged that it had to be demolished.

The major structural peril is the large stock of old (pre-1934), unreinforced masonry buildings. There are about 8,000 of them in the city of Los Angeles alone, and their inevitable destruction is expected to be responsible for 80 percent of the deaths and 75 percent of the injuries in a great earthquake. The buildings are located mainly in the crowded downtown areas of Los Angeles and in the less fashionable sections of San Bernardino and other cities. The population that lives and works in them is largely poor and non-white, which is why earthquakes—though they threaten Porsche and pickup alike when freeway bridges collapse—will probably end up killing a disproportionate number of poor people. The economic forces that have kept the old buildings from being reinforced or renovated during the previous

fifty years also make the owners of the buildings unlikely to invest voluntarily in such reconstruction. Early this year, the Los Angeles City Council passed an ordinance requiring that all the old buildings be either greatly strengthened or razed.

While earthquake experts generally praise this step, they point qut two catches: the deadline for renovation is a dozen years away and could be stretched out even further through legal maneuvering; and no one has figured out who should pay the bill. One school of thought contends that anyone who bought one of these buildings knew there was a hazard and has no right to complain because the gamble didn't work out. Others argue that strengthening the old buildings and reducing the potential disaster serves the public's interest and therefore deserves public financial support, through either tax incentives or low-cost loans. Still another group claims that trying to repair these structures before a quake will always be too costly to make sense. "You can't talk about a massive program of retrofitting old buildings," says Richard Andrews, the acting director of the Southern California Earthquakes Preparedness Project. "If you're talking about a building still under construction, making it seismically resistant might add 5 to 7 percent to the cost. For those that are already built, it can add 100 percent." Instead of worrying about avoiding property damage, some earthquake authorities conclude, it makes better sense to assume that the scientists will provide some warning, and then to get people away from the buildings and out of harm's way when an earthquake is due.

In a more fundamental sense, mitigation includes not only the buildings but also the places where they are built. From this perspective, the population boom in northern San Bernardino County can be seen as a move in the wrong direction. The northern outskirts of San Bernardino and the surrounding small communities—Del Rosa, Highland, Patton, Devore—are dotted with tract homes and new condominium developments. This very region is the southern limit of the 200-mile ground rupture that can be expected if the next great earthquake follows the pattern of the one in 1857. The geological map shows that the San Andreas and several associated faults pass directly through the new developments.

Since 1972 construction near fault zones has been controlled by California's Alquist-Priolo Act, which declares the areas near active faults to be "special study zones" and forbids construction intended for human occupancy within fifty feet of the trace (surface line) of an active fault. I visited one of the largest condominium developments north of San Bernardino, a place with several hundred units—adults-only apartments plus an adjoining mobile-home park. "You may have noticed some wide yards, some extra swaths of grass," Robert Rigney, the county administrative officer for San Bernardino County, later remarked, "Those represent the geologists' best guess about where the fault line runs." When I asked the saleswoman at the development whether there were any earthquake problems in the area, she said, "This is southern California, honey. This is earthquake country. You ever look at a fault map? There's no place you can go that's very far away from them, so my advice is just to forget about it."

Indeed, Robert Rigney says that nearness to the fault, as in the case of this development, could be a source of false alarm. "The fifty-foot limit was designed to protect structures from damage caused by ground ruptures," he says. "Once you've passed that point, proximity doesn't mean much. As for the shaking—well, the whole valley will have that." As Clarence Allen puts it, "In a truly great quake, once you're a few feet away from the rupture it doesn't make much difference whether you're there or five miles away."

Robert Rigney also raises a larger question: Should people be prohibited from doing something—like buying new houses near the fault line—that may well cause them harm? "The zoning laws are designed to protect against injuries and deaths, especially in public buildings. They are not intended to protect property per se. If people choose to live here, that's their choice."

In a sense, he's right. The sociologists whose report make up a larger and larger fraction of official publications about earthquakes have consistently pointed out that among all the possible responses to warnings of quake, moving away from southern California is the public's last choice. "The Southern California public's lack of readiness is quite rational," a report from the Policy Research Center at the University of Redlands said early this year. "The threat is too uncertain in its impact and timing to command a high priority with people, especially since they face more pressing life demands which justify higher costs and yield higher immediate benefits. Just as people accept the risk of driving a car in order to gain the freedom it allows, many residents may also consider the earthquake threat an 'acceptable risk' in light of the benefits of living in Southern California."

The only thing wrong with the idea that people have knowingly accepted a risk is that many of them don't have the slightest idea what the risk really is. The most widespread source of misinformation is the notion that since nearly everyone in California has lived through some earthquakes, they have a rough sense of what a big earthquake would be like. When I moved away from California in the late 1960s, I mocked the fears of my eastern friends about the effects of a quake. I'd been there; I knew what they could do. My confidence was eroded recently, when I discovered that during the period I lived there the strongest earthquake to strike southern California was 4.5 on the Richter scale—about a millionth as strong as the big one that is predicted.

Giving people more of the basic information about faults, earthquakes, and hazards is a principal mission of one of the most hopeful new entries in the earthquake field, the Southern California Earthquake Preparedness Project. The project was launched as a cooperative effort of the federal government and the state. Its major purpose was to bring government officials, industrialists, and scientists together so that they could start figuring out who would do what to repair the damage done by the big earthquake. Who would fly in enough cash to keep the local economy running during the weeks it might take to reconstruct bank records lost when the computers go down? ("They tell us it will take ten days to get restarted for every one day the system is out," says Richard Andrews, of the project.) Who will run the morgues? Who will handle the insurance companies if there is a prediction of a quake nine months from now and they start refusing to renew earthquake coverage?

The project has been hampered in its early stages by messy disagreement between Robert Olson, who as director of California's Seismic Safety Commission, has administrative jurisdiction over the project, and Carl Ledbetter, the mathematician and academic administrator who, at the age of thirty-one, was hired as the project's first director in January of this year. In July, Ledbetter submitted his resignation after Olson had asked him to do so. Olson claims that the disagreement was purely one of personal tastes and administrative styles. Although Ledbetter himself does not say so, others feel that he had made some officials nervous, even envious, because of his very success in getting the press and the public to begin thinking of earthquakes as a serious threat.

The disagreement about the southern California project may have been largely a clash of personalities, but it rises above that to the extent that it illustrates the internal friction that has characterized many efforts to "do something" about earthquakes. Most of the public bodies that have wrestled with the earthquake problem seem to have proven more successful so far in accommodating their own professional and bureaucratic habits than in doing things that would make a significant difference if a great earthquake should strike, say, next month. For politicians, those habits include making gestures of concern. Thus, Governor Edmund Brown, Jr., has appointed a special task force to look into earthquakes; its findings are not notably different from the many reports that other task forces have written and filed over the years. For sociologists, earthquakes provide a reason for polls differentiating between "elite" and "mass" views on, for example, the credibility of earthquake warnings delivered through different news media. The "public policy" consultants have seen in earthquakes an opportunity for constructing elaborate flow charts and "decision trees" of phenomenal complexity, much as their professional brethren did fifteen years ago when laying plans for Model Cities and the Job Corps. Meanwhile, new houses spring up near the fault zone and old houses stand waiting to collapse.

There also seems to be a genial agreement among many of the participants that ignorance is bliss. If there is a constant in the political history of earthquakes in California, it is that responsible officials are often eager to promote the idea it can't happen here. Arnold Meltsner, of the University of California, has pointed out that "the geological map of California published by the California State Mining Bureau in 1916 did not contain any indication of faults, not even the famous San Andreas"—and this ten years after the San Francisco earthquake. Representatives of Palmdale have done their best to have their bulge referred to instead as the "Southern California uplift." When officials of a county in southern California discuss what their role after an earthquake should be, they tend to emphasize what they will be doing to help repair the devastation elsewhere, not what help they themselves will need.

Any non-Californian who is tempted to mock the desire to ignore earthquakes is invited to consider his own situation. While the government's seismic-risk maps show that most of California is in Zone 3, where "major destructive earthquakes may occur," that zone is not confined to California. It also includes parts of Utah and Idaho; the area along the Mississippi where Arkansas, Missouri, Tennessee, and Kentucky meet; the Charleston region in South Carolina;

greater Boston; a strip along the Great Lakes; and the St. Lawrence Valley in upstate New York and northern Maine. For several months in the winter of 1811-1812, a powerful sequence of earthquakes occurred in New Madrid, Missouri. In 1886 there was another powerful earthquake in Charleston, South Carolina.

I asked Clarence Allen what caused those earthquakes. He said, "No one knows."

On a smoggy summer day when the temperature was 99 degrees, Carl Ledbetter rode with me through the foothills north of San Bernardino where the San Andreas Fault runs. "If I remember the maps correctly, the fault goes right past this intersection," he said as we stopped at a crossroads. On one corner of the intersection was a mobile-home park.

"Mobile homes are tremendously vulnerable during earthquakes," Ledbetter said. "They suffer about six times as much damage as regular homes. All of these will be thrown off their supports. They'll all be gone." We drove up a steep hillside, where several dozen new single-family homes were ready for occupancy. "You see the grading on the terraces here? That will never hold. There will be landslides all down this hill."

We drove back down the hill, to the floor of the Santa Ana wash. Farther to the east, where the San Andreas Fault began to divide into two roughly parallel zones, there was a narrow, sharply defined ridge, of the sort that is sometimes created by fault action. Several modern, obviously expensive houses sat on top of the ridge. "I've got to bring my camera up here and take 'before' pictures of all these places," Ledbetter remarked. "Then I'll come back for the 'after.'"

"We could do something about it," he said, as we drove through the wash to Redlands. "Little things can make a big difference, like strapping down the water heater to ensure you'll have something to drink, or knowing how to turn off the gas lines and prevent a fire. Also big things, like thinking about land-use policies, and being prepared for a big earthquake's impact on the nation's economy and its military security. It's not impossible to protect ourselves. But we'd have to start doing it now."●

PROTECTION ISLAND NATIONAL WILDLIFE REFUGE

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BONKER. Mr. Speaker, I supported passage of H.R. 1486, which would create the Protection Island National Wildlife Refuge in Washington State.

This 400-acre island is an outstanding seabird nesting and rearing area. Two-thirds of all the nesting seabirds in the inland waters of Washington State depend upon a special combination of soils and climate and a predator-free environment on Protection Island.

The island is the best candidate for refuge designation on the Washington State coast. That is why passage of the bill is a top priority of groups like the Audubon Society. The unique character of the island is also officially recognized by the State of Washington, which has acquired 48 acres for a State game sanctuary on the island's western end.

However, the other 350 acres have been subdivided into 827 lots that are owned by 580 separate entities. This situation complicates land acquisition and management for refuge purposes, and virtually everyone familiar with the island agrees that large-scale development would destroy the island's wildlife resources. Little development has actually occurred, however, and many lot owners are quite willing to sell their properties for a refuge because a construction moratorium is in effect until a State-approved source of domestic water is found.

The committee notes that the current level and type of human uses appears to be compatible with the birds on the island. That is why H.R. 1486 directs the Fish and Wildlife Service to offer life estate or extended use options to the owners of any lots with structures suitable for use as residences.

I supported this committee amendment because it is a reasonable response to the wishes and desires of a relatively small group of people. However, wildlife protection is the chief purpose of the bill and the refuge it would establish, and the committee received extensive expert testimony emphasizing the extreme sensitivity of the seabirds to human intrusion and to disruption of the existing environment.

Human disturbance that forces birds off their nests can produce high mortality among untended young, so, wildlife managers said, human access must be curtailed during key periods of time in the rearing cycle.

Many of the seabirds nest in fragile underground burrows that can be easily trampled and destroyed by people, large animals or vehicles. Thus, testimony before the committee indicated, access to certain areas on the island would also have to be restricted.

And, because most of Protection Island's seabirds nest on or under the ground, they are extremely vulnerable to predators that human visitors might introduce to the island.

Testimony from the Fish and Wildlife Service said:

> Perhaps the most ominous threat posed by development and public use of the island is the introduction, by accident or design, of predators. At the present time there is little nest predation; there are no ground predators native to the island. This is obviously an essential element to the survival of those birds which nest on or under the ground. While free-roaming dogs already are creating harassment problems, the introduction of rats, domestic cats or snakes would have irreversible and disastrous consequences.

The committee was well aware of the very fragile nature of the bird resources of Protection Island, and the record should make clear the committee's intent that the flexibility the bill provides for allowing future human use and habitation should not be administered so as to cause any significant detriment to the well-being or best interests of the island's wildlife.

Mr. Speaker, the future of Protection Island has been a deep concern of a great many dedicated people. Two persons, however, clearly stand out among the island's protectors.

The late Zella Schultz loved Protection Island's birds and studied them for years. The State game sanctuary on the island is named in her memory.

And in recent years, her friend and my constituent, Eleanor Stopps of Port Ludlow, Wash., has taken up the cause. Working through the Admiralty Audubon Society, she organized a nationwide Save Protection Island campaign to raise money to purchase a number of lots for eventual inclusion in a national wildlife refuge. She has been a tireless refuge proponent. Without her good work, H.R. 1486 would not be before the House today.●

POSTAL SERVICE PUBLIC SERVICE SUBSIDY

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Ms. OAKAR. Mr. Speaker, I wish to support the Postal Service public service subsidy. While I do not support the Conte substitute to the continuing resolution, I wish to confirm my longstanding belief in appropriating ample funds to maintain the badly needed public service subsidy for the U.S. Postal Service.

Unfortunately, the administration has proposed a $250 million cut in public service subsidy appropriation for fiscal year 1982. Such action would totally eliminate the subsidy for the current fiscal year. The impact of such a cut would be devastating to the American public, postal users, and the U.S. Postal Service.

Vital services, that all American citizens depend on, such as 6-day delivery, the operation of small, rural post offices, corner collection boxes, and door-to-door delivery will suffer. In addition, a total of 40,000 jobs could be lost if there is a reduction in current delivery service or an elimination of a number of small rural post offices. At a time when the unemployment rate has reached an unprecedented high and RIF's have become a way of life for many Federal employees, added layoffs would only exacerbate this serious problem. Most importantly, Mr. Speaker, the Postal Service is a public service whose historical, nonprofit orientation precludes it from ever attain-

ing a goal of self-sufficiency. Unfettered access to a universal postal system operating at reasonable rates has been a long agreed upon policy. Programs which provide free mailings to the blind and handicapped and special rates for library services, religious, and educational organizations were adopted by the Postal Service to truly serve the people of this Nation. I sincerely believe that these worthwhile services should remain untouched.

Thank you, Mr. Speaker.●

MABEL DUBLIN FROM THE STEUBEN SOCIETY

HON. DENNIS M. HERTEL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HERTEL. Mr. Speaker, Mabel Dublin has been secretary of the Steuben Society of America, Carl E. Schmidt Unit No. 21 in Detroit, for 25 years. Now as she is about to retire I would like to take a moment to reflect on some of the outstanding things she has done for the Steuben Society, a cause she truly believes in and has been highly devoted to over the years.

First and foremost Mabel always upheld the principles of Steubenism in America: duty, justice, charity, and tolerance.

A woman who always did her share and more, Mabel looked out for her fellow brothers and sisters making sure they had a functional and stimulating environment in which to work. She kept the magistrate and members well informed of matters requiring attention. And she often provided positive advice and council regarding unit affairs. Mabel represented the unit in the German-American community, and promoted the influence of German-American culture in civic affairs.

Mabel served as a contact between elected representatives and officials, offering a positive interaction between the unit and Government.

Besides the 25 years of dedicated service to the Steuben Society, Mabel has been a devoted wife and mother.

It is my honor to extend to Mabel best wishes for health, happiness, and success in whatever field of endeavor she may wish to pursue after her retirement from the Steuben Society where her loyal service will be greatly missed.●

ENCOURAGING EFFORTS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, December 16, 1981, into the CONGRESSIONAL RECORD:

ENCOURAGING EFFORTS

Not many days go by that I do not get complaints about wasteful federal spending. I do my best to see that the misspending is corrected, and because of that experience I find encouraging the quiet efforts behind the scenes which are beginning to yield results in the battle to eliminate excessive spending.

Waste, fraud, and abuse: Waste, fraud, and abuse in federal programs consume at least $25 billion every year—and probably much more. To root out these losses, Congress established offices for 16 inspectors general throughout the bureaucracy and gave them the independence needed to keep a close eye on funds. Supplied with computers and "hot lines" which citizens can call to report suspected waste, fraud, and abuse, the inspectors general make their findings and submit them for prosecution; the findings are also passed along to Congress for corrective action. In the General Accounting Office (GAO), Congress' investigative arm, another effort is underway. A nationwide "hot line," (800) 424-5454, has taken 33,000 calls covering welfare, social security, veterans' benefits, food stamps, health care, and other programs since it was opened less than three years ago. About one-third of the calls have been substantial enough to pursue. In more than 700 instances so far, recovery has been made, reprimands have been issued, or other administrative actions have been taken in response to the illegal activity. Specific initiatives, such as the requirement that food stamp recipients in large cities have their photographs on their authorization cards, are also an important part of the crackdown.

The evidence is that the federal government is making progress. The number of indictments for food stamp fraud has nearly doubled since 1980. The Veterans Administration has identified 66,000 federal employees who owe the government more than $37 million. In the first nine months of 1981, the Farmers Home Administration has trimmed its delinquent debt by $1 billion. A new program at the Department of Health and Human Services has accelerated the prosecution of welfare fraud. Successes like these will not eliminate our fiscal worries, but they will deter wrongdoers, save some money, and help restore the people's confidence in the integrity and efficiency of government.

Consultants: For several years, there has been some concern about the excessive number of consultants who provide advice and service to the federal government. Consultants often have too great a role in the formulation of national policy, a vested interest in the work they do, and too close a connection with government officials who award them contracts. Their work can frequently be handled by regular government employees. Also, consultants are sometimes used to circumvent personnel ceilings, and their reports may go unread. Moreover, the cost of consultants' advice and service is growing. Consultants cost the government about $3.8 billion last year.

Congress and the Office of Management and Budget (OMB) are moving to restrict the use of consultants. A new law will cut spending for consultants by $500 million next year. Another measure, not yet enacted, would give the public more data on consultants and would diminish the opportunity to "contract out". Agencies would be required to evaluate highly paid consultants, and new procedures to prevent conflicts of interest would be put in place. OMB is acting through two proposed directives. One would encourage competition in the awarding of contracts, demand high-level annual approval of multi-year contracts, and keep consultants from doing the work of regular government employees. The other would extend controls to many consultants who are not covered at present.

Publications: The federal government prints thousands of publications each year. While many of these are useful and worthwhile, others are out of date, redundant, or just too costly. Cutting, consolidation, and reprinting in less costly formats are all taking place.

So far this year, agencies have cancelled more than 900 publications. OMB estimates that spending for publications will fall $35 million by 1982. OMB has also directed agencies to show where further reductions can be made. New cutbacks will be under consideration next year.

Regulation: Over the past few years, there has been a groundswell of support in Congress for deregulation of the economy and for reform of regulatory agencies as more legislators have become aware that regulation has costs as well as benefits. Too much regulation can stifle economic growth, raise prices, hinder innovation, and undermine people's confidence in the ability of government to manage its affairs. Another factor behind efforts to deregulate and reform is the explosive growth of regulation. Between 1970 and 1980, the Federal Register more than quadrupled in size from 20,000 to 87,000 pages per year. There is evidence, however, that the growth is being curbed. With only one month of 1981 left to go, the Federal Register has not yet reached 59,000 pages.

Congress has taken many steps to reduce the impact of regulation on the economy. The airlines have been partly deregulated, as have trucking, railroads, and financial institutions. Next on Congress' list is the telecommunications industry. In the area of regulatory reform, Congress enacted three new laws last year. The first requires the government to scale its regulation to the size of the business or organization being regulated. The second forces the government to pay legal costs for certain small businesses and organizations when it loses court cases against them. The third allows OMB to cancel regulations which compel businesses and organizations to report data or keep records. Also important in the drive toward reform is a presidential order which imposes cost-benefit standards on major regulations, requires agencies to select the least costly regulatory alternative, and empowers OMB to review and clear all regulations. Further reforms, such as the legislative veto of regulations and the "sunset" review of agencies, will soon be considered.●

A TRIBUTE TO PAUL M. HAWKINS

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ROSTENKOWSKI. Mr. Speaker, I am honored to salute an outstanding individual, Mr. Paul M. Hawkins, who is retiring as vice president

and Washington counsel to the Health Insurance Association of America after 25 years of devoted service to that organization.

Throughout his long and distinguished career, Paul has been an eloquent and persuasive spokesman. In fact, on numerous occasions I had the opportunity to hear Paul testify before the Committee on Ways and Means. To say the least, he was thorough and always highly professional. As a result, many areas of health care legislation bear his imprint, including medicare and its various amendments.

It has been said that the key to success and longevity as a spokesman for an industry is to be in command of the issues and constantly alert to secure for one's organization the best position possible without compromising or abusing the trust and respect of others. I am sure all who know Paul will agree that he epitomizes this standard.

But Paul's professional accomplishments run deeper than the excellent service he has performed for the Health Insurance Association of America. In the early stages of the career, he served as legal counsel and representative for the American Retail Federation, Inc., the American Hotel Association, and the Citizens National Committee, as well as administrative assistant to U.S. Senator Hugh Butler of Nebraska.

The personal accomplishments of Paul Hawkins are numerous and should not go unmentioned. I will highlight just a few. He is admitted to the bars of several States, as well as the U.S. Supreme Court. Paul is past national director of the U.S. Junior Chamber of Commerce and is a trustee of Doane College, where he graduated cum laude, with majors in economics and history. His law degree was earned at Georgetown University where he was a member of the law journal staff. It is obvious that the drive for excellence has been a hallmark of Paul Hawkins' career.

Mr. Speaker, I can say with full confidence that Paul Hawkins has had a very positive impact on the legislative process. He is a man with a keen mind who possesses an appetite for hard work. And, I am certain that Paul will stay active for many years to come. I wish him the best of luck.●

THE PROPER ROLE OF GOVERNMENT IN ENERGY CONSERVATION

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HARKIN. Mr. Speaker, last month, I had the opportunity to meet with Jane Carter, the Undersecretary of Great Britain's Department of Energy while she was in Washington. Ms. Carter is in charge of her country's energy conservation programs.

I would like to share with my colleagues her account of what Great Britain is doing in this area. The Prime Minister of Great Britain, Mrs. Margaret Thatcher, shares our President's conservative views regarding economic policies. Great Britain also shares some similarities with the United States in the energy sector even though their short-term energy situation is in some ways better than ours. They are self-sufficient in coal. In 1980, they produced slightly more oil than they consumed from their North Sea fields. However, they expect to become a net importer in the late 1980's.

I believe that it is noteworthy that with these similarities, the Thatcher government has taken a very different tack regarding energy conservation programs.

President Reagan has moved to dramatically reduce the Government's role in all of its energy conservation programs. These programs have been cut far more than almost any other area of the budget. Even support for basic information about conservation has been sharply reduced. The administration proposed eliminating the creative Energy Conservation Service which Congress decided to fund, although at a reduced level. I know from personal knowledge in my home State of Iowa that program has been very successful.

It provides a way for residential users of energy and small businesses to get good advice on what to do in their specific circumstances.

The President has also cut back funding for the weatherization program which provides for insulation, caulking and other conservation improvements for the homes of low-income families. These cuts would seem to make little sense except in the most short-term viewpoint. In a large proportion of the cases, the Government is also paying for the heating bills for these mainly elderly individuals. The heat provided by the taxpayers is literally going through the roof. If we insulated their homes we would often get our money back in 3 years.

Energy Conservation Research and Development has been literally gutted. In 1980, Congress authorized $340 million for energy conservation research. That is equal to 0.4 percent of our bill for imported oil. For 1982, the President proposed $80 million, a 75 percent cut, and he wants to essentially eliminate the program in fiscal year 1983. What is Great Britain doing?—Just the opposite.

Their Department of Energy is spearheading an active publicity effort to promote energy conservation under the slogan, "Make the Most of Energy." They provide residential, industrial, commercial, and transportation users a wide variety of practical advice, while our Government places a low priority on the distribution of this information.

In Great Britain, there is what amounts to an entitlement program to help British citizens make their homes more energy efficient, whether they are homeowners or renters. Grants of 66 percent of the cost of home insulation are provided, up to a maximum grant of $125. For the elderly, poor and the disabled with little income, the grant equals 90 percent of the cost.

In the United States, we do have a 10 percent tax credit. However, that is of little benefit to the elderly poor. And we do have a reduced weatherization program, but that program has a multiyear waiting list in many areas.

One of the real problems with a "pure market approach," which President Reagan espouses, is the realities of the marketplace. Often, the elderly poor, whose homes are the most poorly insulated, are the least able to afford the cost of insulation and other improvements, even though they may pay for themselves within 2 years. The owner of an apartment who provides a refrigerator has little incentive to provide an energy efficient one at a slightly greater cost which may need only half the electricity if the tenant will be paying the bill.

In the industrial sector, Britain is working with the producers of equipment to create more energy efficient machinery and consumer goods. They are increasing their research and development efforts in this area.

Our Department of Energy had an industrial conservation research and development program which was mainly oriented toward industrial users.

We aimed at those industries in which each company had a small share of the market and in which the company would have difficulty designing new equipment and processes. Although our program has a number of significant successes, the President wanted it eliminated and has, so far, refused to spend most of the money appropriated in this area during the current fiscal year.

Britain also provides their companies with assistance in examining their current facilities and seeing what can be done to make their everyday operations efficient. Small businesses are under an entitlement program providing 75 percent of the cost of 1-day energy audit.

The British Government's commitment to energy conservation, especially in the research and development arena is shared by such countries as Sweden, West Germany, France, and Japan. All of these countries are help-

ing their manufacturers to improve their designs and to develop more energy efficient products to sell on the world market. The corporations of these countries have the pressure and support of their Governments plus added impetus of higher than market prices for energy because of the taxes that those countries assess on oil.

In the 1950's and 1960's, we did not have to pay much attention to the industrial advances of our allies. We were clearly far ahead. That is no longer the case. Our allies are now catching up to us, and in many technologies have already passed us. Energy efficiency is too important an area to ignore. Industry throughout the world is receiving Government support in nearly every country except our own. In a world of high energy costs, less energy efficient products will not sell.

On the home front, we are spending tens of billions of dollars to import oil, and we are spending many additional billions to defend our sources of that oil. We find our foreign policy options limited, and our economy threatened by possible surges in the cost or lack of supply of imported petroleum.

Energy conservation is an area where we need to do more, not less. Individually, our citizens pay higher bills for energy that, in part, they do not need. If they did not use it, we would, through energy conservation, have energy abundance.●

THE CONGRESSIONAL COUNTRY CLUB—FURTHER QUESTIONABLE PRACTICES

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MITCHELL of Maryland. Mr. Speaker, on two previous occasions I have addressed the subject of charges made against the Congressional Country Club by the Maryland Division of Labor and Industry that the club has defrauded its employees of more than $1 million in wages over the past 30 years.

It has been the finding of the Maryland Attorney General's Office that, while wage-skimming practices have indeed been carried on over a sustained period of time by the Congressional Country Club, the statute of limitations alone prevents legal action by the State to rectify this fraud. Nevertheless, the fight to protect the rights of employees of the Congressional Country Club is being carried on in the civil courts of the State of Maryland by an individual member of the club, George Koch, who, as was recently stated in an article in Washingtonian magazine, "has for 5 years been battling his country club over whether waitresses and other employees have been denied fair treatment and a million dollars in wages."

The full article, titled "Thank You, Mr. Koch," appears in the December issue of Washingtonian magazine. It provides a unique insight into what the article's author, Howard Means, calls "the violation of social trust" by those who operate a country club in the National Capital area that bears the name "Congressional."

Mr. Speaker, as I have said before, because of the serious charges made against the Congressional Country Club and the cavalier manner in which the club's operators have responded to these charges, it is absolutely necessary that we make it known to the public that, despite its name, the Congressional Country Club is in no way affiliated with the U.S. Congress.

The article by Howard Means in the December issue of Washingtonian magazine serves to reinforce that need. While its length prohibits its inclusion in the RECORD, I commend its reading to my colleagues in the Congress, as well as to members of the general public concerned over problems of social and economic injustice taking place in the National Capital area.●

SMALL BUSINESS VENTURE CAPITAL ACT OF 1981

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. NOWAK. Mr. Speaker, in 1958 the Congress recognized the importance of developing an institutional, ongoing source of venture capital for small firms. It passed the Small Business Investment Act, which provided for the establishment of the Small Business Investment Company (SBIC) program. Today, there are about 350 active SBIC's across the country.

SBIC's are privately organized, privately capitalized, and privately managed venture capital companies, licensed and regulated by the Small Business Administration. In return for complying with SBA regulations and investing exclusively in small, growing companies, SBIC's are entitled to borrow money from the Federal Financing Bank—at market rates—to augment their supply of private investment capital. The SBIC program has been tremendously successful. Since 1958, over 42,000 small companies have received $3 billion and significant management assistance from SBIC's. Last fall, Deloitte, Haskins & Sells and Arthur D. Little, Inc., conducted a study on the impact of SBIC financing on small businesses. They found that SBIC-backed firms experience growth rates in key areas such as sales, assets, and employment, up to 10 times as great as other small firms.

However, the benefits of the SBIC program are not confined to small business. A second study by Deloitte, Haskins & Sells measured the costs and benefits of the SBIC program to the Federal Government. The study showed that the tax revenues resulting from the program far exceeded its cost. In 1979 (the latest year for which data are available) the Government spent only $4 million to cover all costs of the SBIC program. That same year, SBIC's and their portfolio companies increased their Federal income tax payments by over $440 million. Thus, the Government received more than $110 in increased tax revenues for every dollar it put into the program.

SBIC activity is epecially important in periods of economic downturn, when small businesses find it increasingly difficult to accumulate capital for growth and expansion. The Small Business Venture Capital Act of 1981, which I am introducing today with Mr. DAN MARRIOTT, will enable SBIC's to continue their valuable work in a more effective manner. Among other things, it will remove unnecessary limitations on the amount of leverage available to any one SBIC, and will permit SBIC's to include a restricted portion of the unrealized appreciation of their marketable securities for leverage purposes. It will also eliminate overlapping and dual regulation of affiliate transactions by SBIC's which are regulated as business development companies under the Investment Company Act of 1940 and as SBIC's under the Small Business Investment Act of 1958. Following this statement is a section-by-section analysis of the legislation.

I urge my colleagues to support this bill. Not only do SBIC's provide vitally needed venture capital to the most productive segment of our economy, but they also produce needed revenues for the Federal Government, at little cost to the taxpayer.

SECTION-BY-SECTION ANALYSIS

SMALL BUSINESS VENTURE CAPITAL ACT OF 1981

Section I. Designates title.

Section II. Removes existing $35 million ceiling on leverage to any one SBIC. A limitation on the amount of Federal leverage available to an SBIC is inconsistent with the purposes of the Small Business Investment Act of 1958. It discourages the formation of large, new SBIC's and the growth of existing SBIC's to a private capital level above $9 million—thereby inhibiting the flow of capital to qualified small concerns. Removing the leverage ceiling will eliminate these impediments, and will also encourage the development of large publicly-owned SBIC's under Public Law 96-477, the Small Business Investment Incentive Act of 1980.

Section III. Recognizes a limited level of unrealized appreciation for leverage purposes. This Section would permit an SBIC to include the lesser of 50 percent of the unrealized appreciation of its marketable secu-

rities or $10,000,000 when determining the amount of its leverage eligibility. Should the market value of the securities drop below a certain point, the SBIC would be required to increase its combined private paid-in capital and paid-in surplus within a specified period of time or repay any excess leverage to the government. Marketable securities are defined as those listed on an exchange registered under the Securities Exchange Act of 1934 or NASDAQ, and supported by at least three registered broker-dealers.

Section IV. Broadens discretionary portfolio investment provisions for SBIC's. Under existing law, SBIC's can invest funds not needed for current operations in U.S. Government obligations or in certain Government insured accounts. In general, this section would increase the category of eligible investments for such funds to include repurchase agreements issued by national banks, member banks of the Federal Reserve System and nonmember insured banks, if the repurchase agreements mature in one year and are secured by U.S. Government securities; or in securities maturing within one year which are rated AA by Moody's Investors Service, Inc. or AAA by Standard and Poor's.

Section V. Coordinates affiliate transaction rules for SBIC's which are Business Development Companies under the Investment Company Act of 1940. Currently, an SBIC which is registered under the Investment Company Act of 1940 is exempt from certain conflict of interest provisions in the SBA regulations when those exemptions are covered by the 1940 Act. This section would provide the same treatment for SBIC's which are also Business Development Companies under Public Law 96-477.

Section VI. Authorizes SBIC's to make loans to their employees to buy stock options. This section authorizes the SBA Administrator to prescribe regulations under which an SBIC could make loans to its employees for the purchase of stock options, and provides that such regulations should conform to those rules promulgated for Business Development Companies under Section 57(j) of the Investment Company Act of 1940.●

A GESTURE TO THE HAITIANS

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. GARCIA. Mr. Speaker, my recent visit to the Fort Allen Haitian refugee camp in Puerto Rico had a profound impact on me. The suffering that these people are enduring, the blight on their spirit that detention at Fort Allen has caused is most disturbing. The United States is a wealthy country full of good spirited people. I believe that if all U.S. citizens were allowed to observe the suffering of the Haitians in the Fort Allen camp, they too would agree with me that a humanitarian gesture, allowing the refugees to spend Christmas with Puerto Rican families willing to sponsor them, is not only in order but necessary.

That is why I and 13 of my colleagues have sent a telegram to the Attorney General asking him to use his good offices to begin consultations with the government of the Commonwealth of Puerto Rico, to see that the Fort Allen refugees are granted a furlough to stay with those Puerto Rican families that have already offered to sponsor them during the holiday season. A text of the telegram and a list of the signers follows:

DEAR MR. ATTORNEY GENERAL: We the undersigned members of Congress, urge you to take immediate action arranging a furlough during the holiday season for the Haitians detained at Fort Allen in Puerto Rico. It would certainly be in keeping with the American spirit to make a gesture to these poor, demoralized refugees. This time of year invokes a spirit of giving across our great land. It would be a small but significant act to share some of America's bounty and humanity with the Haitians at Fort Allen.

We ask that you use your good offices, Mr. Attorney General, to expedite consultations with the government of the Commonwealth of Puerto Rico, regarding the release of the Haitians to Puerto Rican families offering sponsorship.

Sincerely,

Gerald Solomon, James Scheuer, Mario Biaggi, Guy Molinari, Shirley Chisholm, Charles Rangel, Ted Weiss, Frederick Richmond, Johanthan Bingham, Ben Gilman, Samuel Stratton, Mary Rose Oakar, Robert Garcia.●

THE SAN JOSE JOB CORPS

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MINETA. Mr. Speaker, it gives me great pleasure to rise today to commend an outstanding job training program in Santa Clara County, the San Jose Job Corps. They have been the recipients of numerous accolades over the years. The most recent one came several months ago from a writer for the San Jose Mercury and News, Mr. Wes Peyton. His article follows:

IF THE GRADUATES CAN WORK, THEN THE JOBS CORPS WORKS TOO

(By Wes Peyton)

"Undoubtedly, a visit to a Job Corps center has been one of the most impressive experiences of my career and provides some of the impetus for ensuring these opportunities are continued for young people throughout the country who otherwise would not have a chance. . ."

That was no bleeding-heart liberal talking. That was Sen. Orrin Hatch, a Utah Republican and, by Capitol Hill consensus, a conservative's conservative.

Hatch, who is chairman of the Senate Labor and Human Resources Committee, had just come back from the Clearfield, Utah, center, and he was explaining to his colleagues why the Reagan administration hadn't included the Job Corps, a fugitive from Lyndon Johnson's Great Society, in its hacksaw approach to the federal budget.

The reason can be summed up in four words. The Job Corps works.

It has been working in San Jose for a decade, and generally working well against some fairly stiff odds: for example, a wholly inappropriate and inadequate downtown site, some neighborhood hostility, one or two brushes with the law by Job Corpsmen—and regular budget jousts with Congress.

It works here because individuals like Ken Dugan, the center director, and Bob Herrera, who runs the center's satellite operations in East San Jose, know how to turn around youngsters who, until they found the Job Corps, were going nowhere.

"Don't get the wrong idea," cautions Dugan 35, chunky, and a 1977 business graduate of the University of Santa Clara. "These kids aren't CYA (California Youth Authority) material. They have potential and plenty of it, but they haven't had easy lives. Many are from single-parent or no parent homes. For the most part, they are school dropouts or about-to-be-thrown-outs; and all of them are poor and out of work. They come to us when society has all but given up on them. Our job is to see that they don't give up on themselves."

Statistics suggest how well the job's been done. In the past decade, about 4,600 men and women between the ages of 16 and 21 years have completed Job Corps training at the San Jose Center. About 4,500 of them either have gone on to further education, enlisted in the armed forces or taken civilian jobs, usually in Santa Clara County. Between 3,600 and 3,700 got jobs locally. In the past year alone, by Dugan's estimate, Job Corps graduates earned more than $20 million here and paid $5 million in taxes.

When you understand that the San Jose center's annual budget is $3.2 million, you know why nobody can tell Dugan (or Hatch) that the Job Corps isn't cost-effective. But the real value of the Job Corps can't be calculated in dollars and cents; it must be reckoned in self-esteem, in hope realized, in lives that are going somewhere. The real value of the Job Corps lies in what it means to individuals like Carol and Jessica Inigo.

Carol is quiet, composed, petite, pretty, 21, and Jessica's mother. Carol is also a high school dropout who had a hard time finding a job that would support her and a daughter, now 3. Mostly, Carol's life was tension, worry and welfare. That was pre-Job Corps.

Now she is enrolled in the office skills program at Herrera's East side satellite center, in quarters rented from the Richard Conniff School at the end of Harriett Avenue. And Jessica? She's at Conniff School, too, in a Job Corps child-care center along with 29 other infants, toddlers and pre-schoolers.

All are children of young women working to complete their high school educations and to learn a marketable skill as well. The children aren't just baby-sat; they, like their mothers, undergo education appropriate to their age and developmental level—everything from finger-painting to reading readiness.

For her part, Carol Inigo is pursuing a high school diploma, taking her turn in the nursery and studying office skills. Her vocational goal is to become a court reporter; her social goal is to stay off welfare. She is emphatic about that.

Will she make it? The odds look good, judged by Herrera's rule of thumb for success in Job Corp programs.

"It's all attitude, attitude, attitude," says Herrera, who holds a bachelor's degree in sociology from San Jose State University and is working on his master's. "We can help them learn to cope, but we can't cope

for them, and that's one of the first things we teach, here and downtown. It's no news to Job Corpsmen (and Corpswomen, if there is such a word) that its, a tough world out there. These young people have had it rough, and those who make it are usually those who have come to see the Job Corps as their last chance. They make it here, or they don't make it."

Those who elect to give it their best shot get plenty of help, starting with a two-week indoctrination and evaluation session at the satellite center. They are interviewed in depth, tested for vocational aptitude and given a crash course in urban survival skills—how to fill out a job application, how to apply for credit, rent an apartment, balance a checkbook.

Then they split their workdays between academic and vocational training. In addition to earning their general equivalency high school diploma (300 Job Corps enrollees here did just that last year), they gain entry-level skills in everything from auto mechanics to data processing and electronics technology. The 315 enrollees in the downtown center and the 125 in the East Side satellite facility spend an average of 6½ months in the program before moving on—to a job or to more education.

Both San Jose facilities are operated for the Labor Department by the Education Division of Singer Corp. The center's staff of 135 are actually Singer employee, which means they can't be stereotyped—and criticized—as government bureaucrats.

Testimonials from Job Corps graduates, of which the center has more than a few, also suggest the program is working surprisingly well, surprisingly because the main center, a complex of five former fraternity houses at 11th and San Fernando streets, is in the wrong place. Dugan agrees it is mislocated, and so does San Jose Police Chief Joseph McNamara, who is a member of the center board of advisers.

"The program is inspiring, that's the only way I can describe it,' McNamara says, "but it's a school without a campus in an area that is jammed with board-and-care homes and halfway houses for the mentally disturbed. And on top of that, there's the university right next door."

In the Job Corps' early days, the enrollees sometimes got into fights with fraternity boys from San Jose State University, but that doesn't happen much any more, both McNamara and Dugan agree.

"That's the one thing we won't tolerate," Dugan explains. "They fight; they go.'

Of course, when they don't fight, they go, too. They go on to jobs, to apprenticeship programs (with the Brotherhood of Railway and Airline Clerks and the Operating Engineers unions here) and to colleges and universities. On average, 30 percent of those who enter the program do not finish, they drop out or are asked to leave. But the 70 percent who make it are on their way in life. Once they were going nowhere, now they have goals, and they are learning how to achieve them.

That's the Job Corps, another reason to be proud of this place we call home.●

"TRIBUTE TO THE HARFORD DEMOCRAT AND ABERDEEN ENTERPRISE ON ITS 125TH ANNIVERSARY"

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DYSON. Mr. Speaker, I would like to take this opportunity to pay tribute to a newspaper in my congressional district, The Harford Democrat And Aberdeen Enterprise. Last week's edition of this popular paper, located in Harford County, Md., commemorated its 125th year of existence.

I have had the privilege of knowing the editor and publisher of this newspaper, former Maryland State Senator J. Wilmer Cronin, for many years. He has influenced the direction and tone of this outstanding newspaper for nearly half of its 125 year history. I would like to commend the Harford Democrat for its long service to the community and wish its editor and employees the best of luck in maintaining the paper's vitality in the future.

I am very pleased to submit to you portions of an article written by Cynthia Yockey which highlights the history of The Harford Democrat:

There is a mystery hidden in the history of the Harford Democrat. A yellowed old copy of the second issue shows that the newspaper was first published January 11, 1856, with Joseph B. J. Onion listed as the publisher.

The second issue, like the first one assumes, of the Harford Democrat proclaimed that it was "Devoted to General Intelligence and Civil and Religious Liberty." It was published every Friday and its office was in Bel Air on Courtland Street across from the Court House. The subscription cost was $1 a year, and continued at that low rate until after World War I. In the 1930's the subscription rate was $1.50.

Everything was much farther away in 1856 due to slow transportation. A horse drawn coach advertised its service to Baltimore leaving Bel Air early in the morning and arriving about five hours later in the city. Return service was the next day, three round trips a week.

The Harford Democrat was a four page paper waxing and waning due to the size of paper used, until the 1920's when it went to eight pages. Contents of the paper included ads, sentimental poems, fiery denunciations, terse bits of local news, satirical articles, melodramatic short stories, anecdotes and advice on various matters.

One of the frequent targets of the Harford Democrat's wrath in 1856 was the Know Knothing Party that began in 1852. Also called the American Party, they got their nickname because their meetings were held in secret and the measures they promoted were never discussed openly. When a non-party member asked a party member about his policies, the reply was "I don't know."

The Harford Democrat's owners in 1868 were William Bouldin, a Bel Air businessman, and James D. Watters, a lawyer who later became a judge of the Circuit Court. In 1871 they sold the paper to Joseph M. Streett. Mr. Streett's son, Gover G. Streett, later joined him in the business and the family operated the newspaper for 48 years, still at its location on Courtland Street in Bel Air.

During the late 1880's, the Harford Dispatch, which started June 22, 1895, was absorbed by the Harford Democrat. In one of its first issues, the Harford Dispatch, a semi-weekly, promised "Everything in the way of legitimate news will be found in its columns, stated exactly as it occurs, without any coloring through partisanship or prejudice," and that it would be a clean and wholesome family journal that would keep "the ordinary farmer and businessman abreast of the times."

By 1909 the masthead of the Harford Democrat boasted it was the "Fearless Defender of the People's Rights." It was the largest paper in the county, with 10,000 readers and circulation in Maryland and surrounding states.

The Aberdeen Enterprise from that era was only filled with advertisements and light, amusing tidbits. It was established in 1881 or 1883, depending on the reference consulted. This paper was bought by J. Wilmer Cronin in 1919, the same year he acquired the Harford Democrat, which was still being published in Bel Air. In the 1920's he combined the two newspapers and moved the Harford Democrat editorial offices to Aberdeen where it is now published. Mr. Cronin, a former state senator, has been the publisher and senior editor of the Harford Democrat and Aberdeen Enterprise (the paper's full name on the masthead) to this day. His son William R. Cronin is now managing editor, but the senior Cronin continues to "make this paper up" as he has done for 62 years on the "stone" in metal chases, write news and editorials.

Sen. Cronin's acquisition of the Aberdeen Enterprise was noted by five local papers. The following comments from the Havre de Grace Republican were reprinted in the July 18, 1919 issue of the Aberdeen Enterprise: "The Aberdeen Enterprise resumed publication on July 4 with J. Wilmer Cronin and W. Earle Jacobs, editors, who in closing an editorial, 'Our Paper,' say, 'we propose to fight for progress and reform, attack demagogues and public plunderers, and devoutedly dedicate our columns to the Public Welfare . . . the paper is a seven-column folio, neatly printed, and well filled with items of local interest. We cordially welcome the new editors to the ranks of the fraternity (of journalists), and wish them every success."

Mary Cronin, wife of Sen. Cronin, served 12 years as a member of the state Board of Education. During Sen. Cronin's months away at the General Assembly she also helped run the Harford Democrat.

The readers of the Harford Democrat will always remember the years they read the Aberdeen Personals under the "Heard and Seen" column by Marian Greenland and her news stories and who has been the right arm of Editor Cronin and the staff, has written, edited, made-up the paper.

In 1978 the Harford Democrat added a new publication, "county wide," a friendly tabloid that is distributed free to homes in Harford County.

As the Harford Democrat begins its 126th year of publication the editor and all the employees thank all those who have contributed to its 125 years of service to the community. May our readers and advertisers continue their strength and support now and in the future.●

CUTTING AND PASTING THE MINIMUM BENEFIT

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DOWNEY. Mr. Speaker, now that the minimum benefit has been restored to its rightful owners, perhaps the President has gotten the message that Congress has repeatedly sent to him. No cuts in benefits to the elderly.

These small checks are not wasted, nor are they used for frills. For some they are a sole source of income, for others they provide such extras as medicine, eyeglasses, and busfare. The President insisted that minimum beneficiaries did not truly need this money, but as we later learned from the nuns who took vows of poverty, these checks were their safety net—their only income after retirement from a lifetime of devotion to others.

What I regret most about the action we took today was that we had to put people through the agonizing seesaw of the legislative process. We had their very lives in our hands and it took this administration 5 months to finally reassure them that their benefits were secure. I hope we never again are forced to confront the cruel game of budget politics with the elderly as the pawns.●

ADMINISTRATION URGED TO SHOW COMPASSION AND REHIRE AIR TRAFFIC CONTROLLERS

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. FORD of Michigan. Mr. Speaker, before we adjourn for this year I would like once again to urge the administration to show compassion and rehire as many of the dismissed air traffic controllers as necessary to return the system to full operation.

With the approach of Christmas this would be a good time for the White House to demonstrate charity toward these controllers who face a bleak holiday.

Such a gesture would benefit the whole Nation. The dismissed controllers are not alone in their suffering. With the system operating at only 75 percent of the prestrike level, both the flying public and workers in related industry have become hapless victims. This is adding to our recession problems.

So that my colleagues might have some understanding of the impact of the administration's intransigent position, I would like to quote from testimony given by John F. Peterpaul, general president of the International Association of Machinists and Aerospace Workers, AFL-CIO, before the Post Office and Civil Service Committee:

The economic impact on the air transportation industry from the Administration's reaction to the Air Controllers job action has been severely underestimated. The Administration's response to the air controllers' walk-out has not only destroyed the livelihoods of the fired air controllers and their families but also of many thousands of Americans who had no part in the air controllers' dispute with the Administration but who happened to have jobs dependent upon a healthy air transportation industry. These innocent men and women have been and will continue to be deprived of employment as a result of and so long as the Administration maintains its present position with regard to the air controllers.

Mr. Chairman, the IAMAW's members in the airline and related industries are being laid off in increasing numbers because of this Administration's intransigent position. The Federal Aviation Administration reports that prior to the air controllers' strike, there were 14,500 flights per day. There are now 10,875 flights per day. Presently, pursuant to FAA Directives, General Aviation has been severely curtailed and further scheduling reductions of commercial transport will soon become effective. These new reductions are reportedly being caused by the fatigue of the working controllers and the imminent onset of the worst flying weather of the year. I should note here that General Aviation activity represents 80 percent of all hours flown by private and commercial aircraft in this country. The recent FAA restrictions therefore will have enormous adverse impact upon our members employed in that industry.

These flight reductions have had and will continue to have repercussions throughout the air transport and related industries. Fewer flights generally result in fewer jobs for our members in the manufacture, construction, servicing, and staffing of aircraft. Presently, over 3,200 of our members employed by trunk carriers have been laid off as a result of the present situation. This comes on the heels of the elimination of 4,000 of our members' jobs as a result of the economic impact of deregulation. The loss of these 3,200 jobs alone represents an annual paycheck loss of almost $89 million; a tax loss to the Federal Government of some $18 million; and, an additional cost to State Governments of many thousands of dollars in unemployment payments.

Many of our members employed on commuter carriers are also having their livelihoods threatened. Commuter airlines report that passenger demand is now down 20 percent. It is anticipated that a number of these carriers will be out of business by next year. Already two commuter lines with which we are familiar, Golden Air West and Swift Air, have gone out of business as a direct effect of reduced air traffic control capacity. We are deeply concerned that very soon many more will follow, putting more thousands of our members into ever-lengthening unemployment lines.

Our members employed in the aerospace industry have also been severely impacted. Because fewer air miles are being logged there is reduced demand for engine overhauls and spare engine parts. Thus, Cooper Aeromotive of Dallas, Texas, an engine overhaul company, has laid off 150 of our members. Pratt and Whitney has laid off 700 of our members at its East Hartford, Connecticut plant because of the lack of demand for engines and spare parts for engines. Similarly, demands for new aircraft have decreased. Orders are being canceled and delivery dates are being postponed. Our members have felt the impact at Boeing because the development of engines for Boeing 757 aircraft has been delayed.

The reductions in flights, manufacturing and services and the layoffs which have occurred have caused substantial losses in both Federal and State tax revenues. It is tragically ironic that an Administration so totally dedicated to balancing the budget and maintaining fiscal integrity would knowingly impose economic capital punishment on thousands of skilled men and women, depriving them and their communities of their income and the United States and State treasuries of their tax dollars, in addition to losing the tax revenues from those air transport industries that have been compelled to curtail their operations; while at the same time resolutely preparing to spend upwards of $2 billion to train a second superfluous work force of air controllers.●

SAKHAROV

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mrs. HECKLER. Mr. Speaker, I rise to add my voice to the protest against the Soviet Government's unconscionable treatment of Andrei Sakharov and his family, and to urge adoption of the gentleman from Colorado's strong resolution of support for their struggle.

How much longer, Mr. Speaker, will the Soviet Government continue to persecute this brave and brilliant man? How much longer will they seek to stifle the voice of freedom, and still the conscience of their own nation?

Andrei Sakharov is a man of peace, and he has the courage of the peacemaker. The Soviets have learned that they cannot silence him through physical intimidation—and so they have resorted to the base tactic of harassing his family. Yet Sakharov's courage, and that of his wife, Yelena Bonner, have thwarted the Soviet authorities in even this latest outrage.

Sakharov's willingness to bear the full force of the Soviet Government's vindictiveness on his own shoulders—and to call to the attention of the world the plight of his stepson, Alexey Semyonov, and Semyonov's wife, Yelizaveta Alekseyeva—is what we have come to expect from the embattled yet undaunted spokesman for freedom.

Even as we feared for their safety during the hunger strike that he and Yelena Bonner have maintained for the past 2½ weeks, we applaud the indomitable spirit that this struggle represents.

We know that Sakharov, and the cause for which he has fought for so many years, cannot be overcome even

by the concerted terror of the most repressive government the world knows today. We know that the voice of freedom will not be stilled—that as long as there are men like Andrei Sakharov, and women like Yelena Bonner, to carry the fight for freedom of mind and spirit, the battle is sure to be won.●

A STUDENT'S VIEW OF TWO CHINAS

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MINETA. Mr. Speaker, I rise today to present to my colleagues a copy of the speech a young constituent of mine gave recently when she received first prize in the annual speech contest sponsored by the U.S. Friends of Free China. Miss Pauline Wan is a resident of San Jose, a recent graduate from Lynbrook High School and is now attending college. Her remarks follow:

Two hundred years ago, the American colonies were controlled by an unresponsive government located two thousand miles away. The atmosphere in the colonies was one of economic repression as the English government raised taxes. Thus, in 1776, the American colonies united and threw off the yoke of English oppression. Now the United States is the most prosperous country in the world while Great Britain has slipped far from her former position as world leader.

Thirty years ago, the Communists in China united as the Americans did and threw off what they considered to be the Republic of China's yoke of oppression. Now Communist China is not the most successful country in the world. Rather it is among the least developed countries, while the Republic of China is numbered among the world's rapidly rising economies.

The disparity between the two Chinas is painfully obvious in a comparison of their standards of living. The per capita annual income in Taiwan is over $2,000 U.S. dollars. Income in mainland China is only $200 dollars per year. In terms of material possessions, in Taiwan there are 250 cars for every 10,000 people. Relative to the United States, that figure may appear small but compared to the mainland China figure of 12 cars per 10,000 people, the Republic of China is quite well off.

Why is there such a huge difference between the economic progress of the two nations? The answer lies in the widely different governmental philosophies of the two countries. Mainland China is a communistic society based on a centrally planned economy. The Republic of China, however, is essentially a free enterprise system similar to the United States.

The fundamental weakness under the Chinese Communist organization is its inability to change. The system is a rigid one with strict dogmatic ideas which do not allow for innovations. Furthermore, it provided no incentives for individuals to work hard and excel. In 1958, the commune system was established. In 1980, 200 million people were on the point of starvation as a result of stagnant agricultural production caused by an inflexible and unrewarding system. Yet despite this terrible state of poverty, the government has not chosen to remove its cause although modification is obviously warranted.

In contrast to the inflexibility of the Communist system is the constantly changing and advancing free enterprise system. The government of Free China, unlike that of mainland China, does not attempt to dictate what the economy must be composed of. Rather, it simply regulates the economy as it is. The result is free competition and an emphasis on industry. Competition promotes higher quality products at cheaper prices. These products have attracted a world market for Taiwan. Between the years 1953 and 1978, foreign trade rose from 300 million to 20 billion, a spectacular increase by any standard. Foreign investment has also increased dramatically. Multinational corporations have established subsidiaries in Taiwan, taking advantage of the large labor force. Unemployment on the island is less than 2 percent.

Alongside the economic success of Taiwan is the failure of the poorly planned Communist economy. With Chairman Mao's conviction that ideology should command came a static economic situation. Since Mao's death, Communist leaders have come to realize the importance of economic freedom in promoting progress and have begun an ambitious program aimed at revitalizing their economy. This program includes many of the aspects which helped Taiwan progress, including foreign trade and investment. Though it has not drastically shifted its policies. Communist China is apparently moving gradually toward a freer market economy. A recent government publication from Peiping carried the following slogan, "To improve our economy, we must copy Taiwan." Thus we can see that even the Communists recognize the advantages of a free enterprise system—that is, a flexible program allowing innovation and competition.

In 1776, the Americans fought for the right to establish a free market economy. In 1949, the Republic of China chose to establish their vision of economic freedom. During the following thirty years, the remarkable success of that system proved to the government that its policies were effective. For the citizens of the Republic of China freedom has brought prosperity and pride in the economic progress as a nation.●

THE CARIBBEAN BASIN INITIATIVES

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. CORRADA. Mr. Speaker, as our colleagues are aware, President Reagan has expressed his intention to propose a comprehensive aid and development package for the nations of the Caribbean basin. The Caribbean basin initiatives program aims to provide aid to stimulate the economic development and strengthening the U.S. role in the area. The CBI will consist of three basic elements: Aid, trade, and investment. I, wholeheartedly, endorse the concept and welcome it as a step in the right direction of correcting years of neglect of our neighbors in the Caribbean. As fellow Caribbean areas, Puerto Rico and the Virgin Islands are our Nation's premier presence in the area. Puerto Rico shares with the Spanish speaking a bond of common language, heritage, and culture and stands ready to assist in channeling assistance to those nations. The Virgin Islands also share a common history and language with the smaller island nations of the Lesser Antilles. Thus, the administration has the best source of help within our own domestic areas. However, before helping others, we have to insure that we do not unwillingly cause harm to our own citizens and our own economic development.

I have written to the Honorable Thomas Enders, Assistant Secretary of State for Latin American Affairs and to Ambassador William E. Brock, U.S. Trade Representative, to bring to their attention a number of points to be considered when drafting the proposal. Some of the issues I discussed in my letters are as follows:

(1) Avoiding injury to Puerto Rico and U.S. domestic areas—It would be tragic and counterproductive if the program unintentionally resulted in the transfer of capital, industry, and jobs from Puerto Rico, the most economically distressed area under the U.S. flag, to other Caribbean countries. We must not lose sight of the impact of our international policies on the U.S. domestic areas. We need to insure that industries do not leave Puerto Rico for other islands in the Caribbean in order to take advantage of benefits under the program. Such a move would defeat the purpose of the assistance program which is to help Caribbean nations but not at the expense of the domestic areas of the United States.

I am also very concerned about the potential impact on the rum industry in Puerto Rico of a reduction or an elimination of tariffs. The rum industry is one of the pillars of our economy; rum excise taxes provide us 10 percent of our annual revenues. Any dislocation in this industry would have a tremendous and detrimental effect on our island's economy.

In order to be able to have all necessary information to properly evaluate the impact of the implementation of the CBI in Puerto Rico, I believe it is essential that the administration provide the Congress with the following data. First, the anticipated effects of proposed policies and legislation on (a) individual agricultural and manufactured commodities now produced in Puerto Rico as well as specialized high technology products which we are now promoting and (b) on banking, insurance, consulting, construction, and other existing and planned export service industries. Second, what proce-

dures and compensatory measures are planned for (a) existing agricultural, manufacturing, and service industries injured by trade competition resulting from the CBI and (b) those agricultural, manufacturing, and service industries established elsewhere other than Puerto Rico as a result of these initiatives.

(2) Providing expertise from Puerto Rico—Puerto Rico offers a wide range of expert knowledge and ideas on the problems of the Caribbean. We have lived with those problems, studied them in our universities, and coped with them in our government and business activities.

We have experienced them all: The struggle for economic development, the pains of colonialism and racism, the threats of terrorism, the decline of agriculture, the fluctuations in tourism and commodity export prices, the costly dependence on imported energy, the need for land reform and population planning, the ravages of inflation and fiscal strain, the need for investment and technology from outside our shores and for a diversification of our economy internally—and through it all we have staunchly supported political democracy, a free-market economy and our bond with the United States of America. But Puerto Rico offers more than the example of our own steady progress on the journey, still far from completed, to economic development. We can draw from that experience to help others. Just as President John F. Kennedy called upon two distinguished Puerto Ricans, Teodoro Moscoso and Arturo Morales Carrión, to head respectively his alliances for progress and Latin American Bureau at the State Department, so it is to be hoped that President Reagan will also seek the benefit of our experience and reach into the Commonwealth for the top officials in his Caribbean initiatives program.

On this point, I am encouraged by the testimony of Robert J. Ryan, Jr., Director of the Office of Regional Economic Policy, Bureau of Inter-American Affairs of the Department of State during oversight hearings on territorial policy before the Public Lands and National Parks and Insular Affairs Subcommittee of the House Interior and Insular Affairs Committee on December 15, 1981. In his testimony Mr. Ryan states that:

> Puerto Rico and the Virgin Islands have experience in resolving development problems which is uniquely valuable to other countries in the region. They have people with technical skills and management experience. They also have a special sensitivity which derives from their unique history of preserving their culture and values which fostering close relations with a culturally very different United States, and geographically they are in a location which can serve as the hub of a communication network for the region as a whole.

(3) Establishing headquarters in Puerto Rico—On the basis of geography, language, ethnicity, and ideological and historical affinity, Perto Rico is better suited than Washington or any other part of the United States to be the operational headquarters for this program. We can provide on a more economical basis than Washington both office space and personnel. We already have the necessary bilingual institutions of education, agricultural training, vocational training, and medicine, all experienced in the problems and people of the tropics. We have leaders in business, agriculture, labor, local government, tourism, public health, export promotion and every other walk of life who would be invaluable lecturers, discussion leaders, and resource personnel upon whom visiting officials and scholars could draw. By basing the administrative and operational headquarters of the new Caribbean basin initiatives program in Puerto Rico, the administration would not only save money and time but also greatly enhance the program's appeal and prospects for success.

The administration has discussed the establishment of a North-South center modeled after the highly successful East-West center in Hawaii. I encourage them to give serious consideration to this idea and to the possibility of locating the center in Puerto Rico.

(4) Stimulating agricultural production—The University of Puerto Rico—and its College of Agricultural Sciences—would be the ideal training and research institution for the instruction of farmers and others involved in agriculture in the Caribbean basin and for the introduction of new technology and methods for agricultural development. The similarity of climate and soil conditions, particularly to those of other islands in the Caribbean, would make the training obtained at a Puerto Rican agricultural center more directly and immediately applicable. In addition, teams of agricultural experts from Puerto Rico could be dispatched to Caribbean and Central American countries to consult on particular agricultural problems; and Puerto Rican suppliers and contractors would be best positioned to undertake major irrigation, road building, and land clearing projects.

Mr. Ryan's testimony also alludes to this point and indicated a willingness to explore ways to transfer the technology and expertise of the Puerto Rican agricultural sector.

(5) Facilitating industrial development—Puerto Rican educational institutions and teams can also provide instruction and consulting services to Caribbean businessmen and students in management, technology, marketing, and finance. Puerto Rico's Fomento and the Government Development Bank can train and help develop more effective counterpart agencies in other Caribbean governments. Puerto Rican businessmen can form joint ventures with their counterparts in those countries. Indeed, one of the options that has been studied is the concept of "twin plants" that would be of mutual benefit to Puerto Rico and the Virgin Islands and the nations of the region. Puerto Rican consultants can advise those U.S. mainland investors in need of guidance on doing business in the Caribbean. Puerto Rican contractors can participate in the construction of highways, posts, communications systems, airports, and other infrastructure necessary to attract foreign investment. Puerto Rico's underutilized petroleum refineries and petrochemical industry can act as processing and distribution center for Mexican and Venezuelan crude oil destined for use on other Caribbean islands. Puerto Rican industry can provide the final assembly facilities and skilled labor necessary to complete the production of electronic and other products for which the components would be manufactured, with unskilled or semiskilled labor and less investment risk, in one or more of the other Caribbean locations with which U.S. investors have less familiarity. U.S. tax and tariff arrangements should be modified to encourage this kind of production sharing, provided once again that it increases the total production facilities in the Caribbean and does not merely move some out of Puerto Rico. At the same time, we must protect the special tax treatment enjoyed by companies located in Puerto Rico under section 936.

In all these ways, Puerto Rican participation in the Caribbean basin initiatives program can benefit all concerned—each recipient country's development, U.S. foreign policy objective, the economy of Puerto Rico, and friendly political and economic ties among all three.

Mr. Speaker, I understand that the President will be announcing the details of the CBI sometime in January and that legislation to implement this program will be submitted to the Congress in February. I urge my colleagues to give serious thought and consideration to the package the administration will send to the Congress with particular emphasis on the impact the various proposals will have on U.S. domestic areas. I would be happy to discuss this very important issue with any of my colleagues who share my concern over the CBI.●

RAISE AND TAX BREAK BY BACKDOOR MANEUVER?

HON. PAT WILLIAMS

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WILLIAMS of Montana. Mr. Speaker, the American people do not object to tax laws which treat Members of Congress as other Americans, who, because of the demands of their jobs are required to maintain two homes; but, I strongly object to the method by which this current tax change is being granted. Allowing changes such as this to be made, without the benefit of a recorded vote, does indeed give the appearance of a "backdoor" maneuver. If the Members of this House wish to receive a tax cut, let them come forward, justify it on the record, and account for themselves by recorded vote.

The rule regarding outside income was brought before this House earlier this year. At that time, I and 270 of my colleagues went on record against the proposed increase in income limits. I fully expected, as did my constituents in western Montana, that this vote accurately reflected the intention of the House to maintain reasonable outside income limitations. To renege on that promise, without the benefit of full discussion and recorded vote, is to deceive those constituents and give them ample cause to cry "foul."●

ALASKAN NATURAL GAS PIPELINE

HON. PHILIP R. SHARP

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SHARP. Mr. Speaker, yesterday the President signed Senate Joint Resolution 115, the joint resolution approving the waiver of law relating to the Alaska natural gas pipeline. The approval of this resolution makes it possible for private financial negotiations to move forward in order to bring Alaska natural gas to U.S. consumers. Access to this gas will not only help this country reduce its dangerous dependence on foreign energy sources, but will help revitalize key sectors of our own economy by generating thousands of new jobs. Approval of the resolution also fulfills commitments to Canada to facilitate construction of the project on a privately financed basis.

With this action, the responsibility now rests squarely with the private financial community to devise a financing plan to move the project to completion. We in the Congress have done our part. It is now up to the private sector to complete this important national energy project.

Mr. Speaker, let me also comment briefly at this time regarding certain questions which have been raised regarding the procedures used by the House in considering the President's waiver. As you will recall, on Wednesday, December 9, this body passed House Joint Resolution 341 approving the waiver and then on Thursday passed Senate Joint Resolution 115, an identical Senate resolution. This somewhat unusual procedure was required after an objection was lodged to the ordinarily routine unanimous consent request to merge the House-passed resolution with the identical Senate-passed resolution. As the consequence of these procedural developments, certain questions were raised by some of our colleagues as to whether in voting for Senate Joint Resolution 115 the House's actions would be rendered subject to challenge in the courts. Let me assure my colleagues that the House's actions in approving the President's waiver were entirely proper.

Any challenge must rely on an extremely tortured interpretation of the statute. It is axiomatic that the words of a statute should not be interpreted so as to destroy its essential purpose—in this case to allow timely congressional consideration of a waiver of law proposed by the President. Moreover, the courts have consistently taken the position that the power granted to each House of the Congress by article 1, section 5 of the Constitution to establish its own rules of proceeding, is, to the extent not inconsistent with fundamental rights or other constitutional restraints, "absolute and beyond the challenge of any other body or tribunal". *United States* v. *Ballin,* 144 U.S. 1,5 (1891).

With the President's signature of Senate Joint Resolution 115, further procedural or legal challenges to the enactment of the resolution would be without merit. It is my firm hope that now that the Congress and the President have duly considered this question and have acted in their constitutional capacities to approve Senate Joint Resolution 115, any remaining doubts as to the efficacy of the resolution can be finally put to rest.●

IN EL SALVADOR THE STICK HAS FAILED, BUT THE CARROT MAY SUCCEED

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BARNES. Mr. Speaker, I would like to include for the record an article that appeared in the Los Angeles Times on November 15, 1981, on the prospects for peace in El Salvador and United States policy alternatives. The author, James Cheek, is a well-known Latin American specialist and a former Deputy Assistant Secretary of State for Inter-American Affairs. In his article entitled "In El Salvador the Stick Has Failed, But the Carrot May Succeed," Mr. Cheek argues that the political, economic and military situation in El Salvador is at a stalemate and that the best prospect for an end to the violence lies in negotiations.

Although Secretary of State Haig himself has also publicly recognized that the situation is at a stalemate, he continues to emphasize a military solution to the conflict, while many countries in the area are seriously analyzing and advocating informal discussions. These actions parallel Mr. Cheek's assertion that: "The time may be ripe for a coordinated international effort to bring together all parties to the dispute for a dialog."

Here in Congress, there have been concrete actions taken to encourage a dialog. Just today we adopted the conference report on the foreign aid bill, which contains a provision requiring that the President investigate the possibility of negotiations, elections and a settlement of the conflict, and the views of international actors on these issues. And the Foreign Affairs Committee recently approved unanimously a resolution introduced by Congressman YATRON, expressing the sense of Congress that the President should press for unconditional discussions among the opposing factions in El Salvador.

Mr. Cheek provides different scenarios for informal talks with no preconditions. I hope that the administration will consider in the near future the prospect of a negotiated settlement. After all, we all share a common goal—finding a democratic political solution to the civil strife in El Salvador. And there seems to be a consensus among knowledgeable people that the best way to achieve this is through a dialog.

[From the Los Angeles Times, Nov. 15, 1981]

IN EL SALVADOR THE STICK HAS FAILED, BUT THE CARROT MAY SUCCEED

(By James Cheek)[1]

What are the prospects for peace in El Salvador, and how might the United States help bring it about?

The situation in El Salvador today is, as Secretary of State Alexander M. Haig Jr. has acknowledged, "essentially stalemated." This is particularly true on the military front. It is increasingly apparent that neither the government of Jose Napoleon Duarte nor the guerrillas of the opposition can win by force of arms.

[1]James Cheek, currently an associate of the Fletcher School of Diplomacy and Law at Tufts University and of the Center for International Affairs at Harvard, is a senior Foreign Service officer with the State Department. He is a former deputy assistant secretary of state for inter-American affairs.

The junta cannot impose a military solution because it lacks not only sufficient manpower and material, it also suffers a paucity of the critical ingredients necessary for victory in a guerrilla war: mass popular support. The Reagan Administration has shown no real willingness to give the Salvadorans the muscle they need to win. Prospects for popular support seem equally remote.

The guerrilla forces, although formidable, suffer similar deficiencies. They are short of funds and new recruits. And neither Cuba nor other foreign governments seem willing to escalate their military aid to the levels required for victory, Nicaragua, a vital link in the guerrillas' supply chain, may have to reduce its involvement, which has jeopardized Western support for the Nicaraguan revolution. For example, Thursday, while testifying before the House Foreign Affairs Committee, Secretary of State Alexander M. Haig Jr. refused to rule out a U.S. naval blockade of Nicaragua. He also declined to give assurances that the United States would not support exile groups seeking to overthrow the country's Sandinista government. In addition, the guerrillas, like the government, lack sufficient popular support for a military victory. This was amply demonstrated by the failure of their "final offensive" early this year.

Similarly, the Salvadoran political situation is at a stalemate. Salvadoran politics are hopelessly fragmented. All groups continue to act selfishly, motivated primarily by narrow self-interests. There is deep distrust among them. There is no consensus about the past, present or future.

Duarte and his Christian Democrats, with U.S. support, have effectively controlled the civilian side of the government and maintained their uneasy partnership with the military. But, in the prevailing climate of violence, independent labor groups and many businessmen do not actively support the junta and its program.

The political left, with much of its leadership in exile, also has failed to increase its popular support or to mold its loose coalition of small political factions into a more effective political instrument. The extreme right, despite the much-heralded emergence of "new" political parties, appears to be no more viable as a governing force than when it was cast out by the military in October, 1979.

The vast majority of Salvadorans clearly wish to see an end to the violence and continue to reject either totalitarian or authoritarian solution, but they have yet to give their support to any of the political groups currently on the scene. The holding of genuinely free and credible elections, however, might permit the people to commit themselves. That at least seems to be the hope of the Duarte government. However, major obstacles to holding such elections must be overcome.

Internationally, political attitudes toward El Salvador also seem to be deadlocked. The Duarte government continues to enjoy the political and diplomatic support of the United States, Venezuela and a mixed group of Latin American civilian and military governments. The Farabundo Marti Front has the full support of a group of Marxist and radical governments spearheaded by Cuba. The front's political arm, the Democratic Revolutionary Front, receives support from a number of European and Latin American Socialist parties as well as from active "solidarity committees" in the United States and elsewhere. Mexico and France have recognized the coalition of the two groups as "a representative political force." The extreme right receives some backing from sympathetic elements in neighboring countries, the nations of Latin American's southern cone and the United States.

Events of the past year, however, have demonstrated that foreign powers have limited ability to influence the political situation in El Salvador. Thus, the political deadlock in El Salvador, like the military stalemate, is not likely to be broken by the intervention of outsiders on behalf of a particular group.

Movement has occurred on the economic front, but it has been almost totally for the worse. The gross national product has registered three consecutive years of negative growth for a cumulative decline of 25 percent. Declining coffee prices largely offset the $65 million in additional U.S. aid this year. More foreign aid probably will do little to slow the downward spiral of the economy.

Although additional U.S. economic aid will probably not be of the $300-million magnitude Duarte is urgently requesting (an increase of $50 million to $100 million is a more realistic expectation), it should be sufficient to prevent the guerrillas from winning in the economic arena the victory they cannot win on the battlefield.

How can the United States help break the current stalemate to bring about the movement necessary for a democratic solution?

Allowing the stalemate to continue is a course that will result in a victory for the guerrillas. In a war against guerrillas, as Lt. Gen. Wallace H. Nutting of the U.S. Southern Command put it in a recent press conference, if you aren't winning you are losing.

All-out military support of the regime, including significantly increased amounts of economic aid, might save the junta, but it now appears difficult to implement given the Reagan Administration's budgetary constraints and the absence of any active support in the United States for greater escalation. And even if the Administration could summon up the necessary money and public support, the ability of the Salvadoran government to successfully wage a campaign to repress violence while implementing reforms is at best uncertain.

El Salvador's best prospects for putting an end to the bloody conflict now tearing the country apart lie in the search for a democratic political solution. Of course, it would be best if the Salvadorans themselves would overcome the deep animosities and fears that now beset them. President Duarte recently invited any group that would lay down its weapons to help arrange and take part in national elections. But he excluded any negotiations or dialogue with "organized armed sectors." For its part, the Democratic Revolutionary Front does not reject elections but insists that negotiations occur before they are held. In addition, the front refuses to urge the guerrillas to lay down their guns, maintaining that to do so would be "political and physical suicide."

Still, leaders both of the front and the Christian Democrats have reportedly expressed a willingness to hold informal talks with no preconditions. The time may be ripe for a coordinated international effort to bring together all parties to the dispute for dialogue.

There should be a meeting of concerned governments, with the various Salvadoran factions waiting in the wings. While Cuba and other governments giving military support to the insurgents might not participate in such a meeting, that should not deter others.

The Organization of American States would be a proper forum for bringing the governments together, as most of them are members or have observer status. Certainly, some foreign governments will be reluctant to engage in what might be considered "intervention" in another nation's internal affairs. And some Salvadoran factions will object on similar grounds. But such considerations must be put aside by the recognition that the El Salvador war is a matter of grave concern which threatens regional, if not global, peace and security. The efforts in 1978 by the Organization of American States to help resolve the crisis in Nicaragua offer a precedent.

If it is not possible to act within such a framework, there is nothing to prevent friendly foreign governments from cooperating in the search for peace outside of the Organization of American States. A political solution for El Salvador has already been discussed at a number of high-level meetings of foreign government leaders, such as President Reagan's meetings with Mexican President Jose Lopez Portillo and his Oct. 18 discussions with French President Francois Mitterrand. Although no peace initiatives have resulted from these bilateral sessions, they have been useful. They conceivably could be expanded into an informal multilateral meeting of key nations (such as the United States, France, Mexico, Venezuela, West Germany, Ecuador, Canada) at the foreign-minister level. Such a meeting at least might be able to agree on measures for bringing about a dialogue between the Salvadoran government and its leftist opponents and to form a contact group for carrying this initiative forward.

Bringing about a peaceful, democratic solution of the bloody conflict in El Salvador is admittedly extremely difficult and complex, and may prove impossible. But the objective at least merits a major effort by responsible and concerned members of the world community. In view of the current across-the-board stalemate in El Salvador and the apparent willingness of some of the parties to talk with one another, now may be the time for such an initiative to succeed.●

AUTHORITY TO ESTABLISH FEES AND ALLOWANCES FOR JURORS

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. FAUNTROY. Mr. Speaker, the bill I am introducing today will provide the Council of the District of Columbia with the authority to establish fees and allowances for jurors serving in the Superior Court of the District of Columbia. The measure will amend the District of Columbia Code, section 11-1906 which now states that: "Jurors serving in the Superior Court shall receive the same fees as jurors serving in the United States District Court for the District of Columbia." The impact of this language is that su-

perior court juror fees are pegged to the Federal fee. The amending language will change this situation.

The Court Reform and Criminal Procedure Act of 1970 created a State-like court system in the District by removing local jurisdiction from the Federal district courts. However, a separate witness and juror fee system was not established. As a result, the current fee for a juror in the Superior Court of the District of Columbia is the same as the Federal fee, $30 per day, with additional payments for protracted service.

There has been a continual escalation in the total amount of fees paid over the years and the increases in the fee limit has a profound affect on the District. Between the years 1976 and 1978, the superior court spent and average of $1,457,161 per year on juror fees. However, with the increase in per diem as of January 1, 1979, from $20 to $30 the District had to ask the Congress to approve a supplemental appropriation of $500,000 to fund the increase for the remaining portion of fiscal year 1979. In 1980 the budgeted amount of superior court juror fees was $1.6 million and the needed amount was over $2 million. Likewise, the budgeted amount for juror fees in fiscal year 1981 is $1.8 million with an anticipated shortfall of approximately $200,000. The trend will continue in fiscal 1982.

In comparison with other States the juror fees in the District are exceptionally high, and this is principally because the District is tied to the Federal standard for U.S. district courts. Presently, a survey conducted by the Center for Jury Studies, revealed that beginning in 1980 the average juror fee in State and local courts averaged approximately $10 per day. This quite clearly is an inequitable situation as far as the District is concerned.

Since the existing schedule of juror fees is having a disasterous impact on the District's budget and because it is way out of line with the fees paid in most other jurisdictions I believe the law should be amended to allow the City Council to determine what the adequate rate of compensation should be for jurors serving in the Superior Court of the District.●

A TRIBUTE TO DR. PHILIP J. BEAN

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DYSON. Mr. Speaker, I rise in honor and commemoration of a truly remarkable man, Dr. Philip J. Bean of St. Mary's County, who passed away December 3, 1981. Dr. Bean epitomized the old-fashioned, caring, country doctor, and he has left behind a legacy of selfless, dedicated service to the people of St. Mary's County.

Born in Baltimore in 1891, he came to the area in 1914 after an internship at Baltimore's Bayview Hospital. From the outset, he took his practice to the sick, making his first calls on horseback, and working out of a saddlebag. In the years before his retirement he was still making regular visits to his bedridden patients in outlying nursing homes.

Dr. Bean's mark on the community is immeasurable. Before he retired in 1980, he had delivered more than 5,000 babies, including some of the most prominent citizens in the area. According to a local legend, he was once honored at a gathering where all those who had been delivered by him were asked to rise. The entire room stood up.

Throughout his career, Dr. Bean was recognized for outstanding service. In 1959, Pope John XXIII honored him as a Knight of St. Gregory in recognition of his good work, distinguished personal character, and notable achievements. In the mid-1960's, the St. Mary's Chamber of Commerce named him their Man of the Year. He agreed to attend the ceremony, however, only on the condition that all the proceeds would go to St. Mary's Hospital. Most recently, the Knights of Columbus voted him Man of the Year. Yet despite his enormous success and recognition, Dr. Bean remained a humble man who worked with devotion for his people.

Mr. Speaker, the love and dedication of Dr. Bean has been an inspiration to the citizens of St. Mary's County and to all those who met him. He is survived by his wife of 66 years, Sarah, 3 sons, 16 grandchildren, and 24 great-grandchildren. Dr. Bean has passed away, but his work and example live on in the hearts and minds of the many people that he helped and touched.

Perhaps the December 4, 1981, editorial by Richard Polk in the Enterprise stated it best when he said:

When one of Dr. Philip Bean's babies heard of his death Thursday he remarked, "The county isn't big enough to hold the people who want to come to his prayer service."

That is the feeling held by everyone of this beloved old country doctor. Terms like "kindness" and "total dedication" were what people used to describe the doctor from Great Mills.

He spanned the era of the horse and buggy to the day of the automobile. When he started practice there were few roads and great distances between housecalls. Though he soon had a car after he started his practice, he could not put out his horse out to pasture. In those early days the roads were only passable during the dry months. The winter meant he would have to get out his saddle again. But he made the trips because that was the only way he could serve his patients.

He continued making housecalls for years after it became fashionable to have patients come to the doctor instead. He did it because that was the way he always did it.

Dr. Bean's practice covered some 66 years and during that time he touched nearly everyone in the county. "He was one of a kind," County Commission President George Aud, one of Bean's more than 5,000 babies, said.

"Other doctors might take your last buck," another one of Bean's babies observed, "Dr. Bean always gave your last one back."●

OVERPRODUCTION MUST STOP

HON. BERYL ANTHONY, JR.

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ANTHONY. Mr. Speaker, I have received many letters from farmers in the past few months describing the impending disaster in my home State in the farming sector.

Many of the letters have not suggested any alternatives. However, I have just received one letter from Earl Clemmons of Tamo, Ark., which I believe goes to the heart of the issue. Either acreage reductions will be put in place for the 1982 crop in order to reduce total production or massive national bankruptcies of American farmers will result. There is no third choice. We have produced and are producing more than we can consume and sell overseas. It must stop in 1982.

I wanted to share with my colleagues, Mr. Clemmons' thoughtful letter:

Representative BERYL ANTHONY, Jr.,
Room 213 Cannon, Washington, D.C.

DEAR CONGRESSMAN ANTHONY: You are well aware that U.S. agriculture is in a disastrous economical condition. For too long the 5 percent of us involved in agriculture have subsidized the other 95 percent with cheap food and exports to help pay for imports of oil, coffee and automobiles.

Wealth can only be created by natural resources. Everything in the economy of this nation has its origin in the soil. Thus, there are only four ways of creating wealth: agriculture, including forest products; mining; fishing; and the oil industry. All segments of the economy are directly dependent on these four industries or their derivatives.

Now, as a result of good weather, we have over production of all agricultural commodities and prices are depressed far below production costs. This is going to trigger the target price regulation for rice and cotton, sending trauma through the Department of Budget—and unless you and your colleagues act immediately—further problems in 1982. We need a 20 percent set aside (compulsory) for all commodities for 1982 with no payments in order to stem the overproduction that faces us next year. Then we could get our income from the market place instead of the target prices.

When the agricultural economy is good—the problems of unemployment in Duluth, Detroit, Chicago, Moline, Waterloo and all the manufacturing centers are lessened.

When the farmers have some extra cash they will improve their capital accounts with newer machinery and profitable innovations. An agricultural production line is not like industry that can be stopped for a few days or weeks to stem overproduction. In most instances in the U.S., decisions are made in the winter, put into operation in the spring, and then carried through to harvest and marketing. Once we begin a crop, the only way is forward down a pathway paved with dollars and notes at the bank—hoping that the harvest will erase the notes and replenish the dollars in our pocket.

A 20 percent set aside would cut the demands on foreign oil imports and lessen the deficit in our balance of payments. A set aside would decrease the demand on borrowed capital, thus allowing the interest rates to decline futher. A set aside, by helping to move the markets up, would permit many farmers, especially cotton and rice, to repair their financial houses thus lessening demands on target prices and FHA financing.

Sincerely,

EARL CLEMMONS,
Tamo, Ark.●

HUMAN RIGHTS

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BONKER. Mr. Speaker, Aryeh Neier, vice chairman of the Helsinki Watch Committee and the Americas Watch Committee, which are important human rights organizations concerned with human rights violations in Eastern Europe and Latin America, recently wrote an Op-Ed piece entitled "Of Reagan and Rights." In his article Mr. Neier analyzes the Reagan administration's compliance with human rights laws and notes, "up to now such laws have been disregarded." I would like to commend to the attention of my distinguished colleagues Mr. Neier's thoughtful comments.

[From the New York Times, Nov. 12, 1981]

OF REAGAN AND RIGHTS

(By Aryeh Neier)

According to a State Department policy memo recently approved by Secretary of State Alexander M. Haig Jr., "Human rights is at the core of our foreign policy." Public disclosure of this memo seems to have ruffled feathers elsewhere in the Administration. James A. Baker 3d, the White House chief of staff, dealt with the matter on a television program by attempting to downgrade the memo, saying it did not constitute "any significant change in policy."

It is President Reagan's prerogative, of course, to embrace the department's memo on human rights enthusiastically or to repudiate it. However, whatever policy he follows, he must comply with laws of the United States intended to promote human rights internationally. Up to now, such laws have been disregarded.

Here is the record.

The Administration has disregarded Section 502B of the Foreign Assistance Act. It requires the United States to deny "security assistance," including sales of defense equipment, to governments that engage in "a consistent pattern of gross violations of internationally recognized human rights." Hardly any country fits this criterion better than Guatemala, where, as the Inter-American Human Rights Commission of the Organization of American States has recently reported, the Government is assassinating thousands of teachers, priests, lawyers, journalists, and leaders of Indian and peasant organizations, unions, and opposition parties. Yet in June, the Administration sold $3.2 million worth of trucks and jeeps to Guatemala after removing this equipment from the "security" assistance list.

The Administration has disregarded Section 701 of the International Financial Institutions Act. It requires United States representatives at multilateral development banks to oppose loans to governments engaging in a "consistent pattern of gross violations of internationally recognized human rights." This law specifies that gross violations include, "torture or cruel, inhumane, or degrading treatment or punishment, prolcnged detention without charges, or other flagrant denial to life, liberty, and the security of the person."

Disregarding this law, the United States has recently voted, in multilateral development banks, for loans to Argentina, Chile, Paraguay, South Korea, and Uruguay, even though the State Department's own published reports show that all these countries have engaged in the specified violations. For example, the Argentine Government admits that it holds some 900 people in prolonged detention without charges; in addition, it refuses to account for the "disappearances" of an estimated 20,000 people in the last five years.

The Administration has disregarded Public Law 96-259, as amended in 1980. It requires that: "The Secretary of the Treasury or his delegate shall consult frequently and in a timely manner with the chairman and ranking minority members [of several specified Congressional committees] to inform them regarding any prospective changes in policy direction toward countries which have or recently have had poor human rights records."

The first notice to Congress of a change in policy was a letter from Treasury official, W. Dennis Thomas, dated July 1, 1981, and received by the House Banking Committee on Friday, July 3, when many members of Congress had already left Washington for the holiday weekend. Votes on a $300 million loan to Argentina and a $40 million loan to Uruguay (which, since the 1973 coup, probably has had, per capita, the largest number of political prisoners in the world) took place on Tuesday, July 7. The vote on a $126 million loan to Chile took place on July 8. As the Administration was aware, Congress would be in recess that week.

For a long period, the Administration disregarded Section 624(f) of the Foreign Assistance Act. It provides that: "There shall be in the Department of Sate an Assistant Secretary of State for Human Rights and Humanitarian Affairs." In early June, President Reagan's first nominee for the post, Ernest W. Lefever, withdrew following a 13-4 vote by the Senate Foreign Relations Committee to reject his nomination. Now, five months later the President has finally nominated a candidate, Elliot Abrams, to fill the post.

The Abrams nomination is a welcome sign to advocates of human rights both because it is associated with implementation of the policies called for in the State Department memo and, more important, because it is a beginning step in complying with the laws intended to promote human rights. In determining whether to confirm Mr. Abrams, the Senate should satisfy itself that he will see it as his first duty to make certain that Mr. Reagan and the Administration fulfill the constitutional mandate that "he take care that the laws be faithfully executed."●

THE INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. OTTINGER. Mr. Speaker, I rise to express my concern for provisions in the conference report on the International Security and Development Cooperation Act. While I have always believed that U.S. foreign assistance is crucial to our national security and world stability, I am greatly disturbed that this measure directly contradicts our interests in that it repeals human rights restrictions on providing military aid to some of the worst tyrants in the world.

I am particularly distressed that the conferees repealed the ban on military aid and sales to Argentina only days after a new hard-line government ousted the brutal regime of President Viola, reportedly for being too moderate. Indeed, several days before the House considered its version of the foreign aid authorization, my friend from Connecticut, Mr. GEJDENSON, joined me in circulating a dear colleague letter which detailed the appalling human rights climate in Argentina under President Viola. We argued that any attempt to weaken the human rights restrictions on aid to Argentina could only encourage security forces there to continue their widespread violations of human rights including torture, repression, and virulent anti-Semitism.

Days later, a new and frightening development occurred in Argentina which confirmed our worst suspicions, and which makes the repeal of human rights restrictions even more dangerous. On December 11, 1981, President Viola was ousted by Leopoldo P. Galtieri, a reported hard-liner who opposes elections in the foreseeable future as well as any dialog with Argentina's political parties. Clearly, Mr. Galtieri can only worsen an already brutal human rights climate in Argentina.

Nonetheless, the conferees went ahead with the repeal, thus imperiling thousands of Argentines who have looked to the United States for some hope and relief from torture and repression.

I am also disturbed that the conference report lifts the ban on military

sales and aid to Chile. While the conferees adopted a provision requiring Presidential certification of significant progress in human rights, it does not condition aid or military sales on curbing torture or other human rights abuses.

Despite these highly disturbing provisions, the conference report does make sense in other areas. It continues to link aid to El Salvador to political and economic conditions; it retains the Clark amendment which prohibits covert or overt aid to any forces in Angola, thus keeping alive the prospects for a settlement on Namibia; it authorizes $1.6 billion in each year for development assistance programs; it removes the Peace Corps from ACTION and establishes it as an independent agency within the executive branch; it authorizes $785 million each year in economic support funds for Israel on a grant basis; it provides $5 million in fiscal year 1982 for infant feeding programs, and $1.5 million for human rights activities.

On the basis of the more positive provisions and objectives of the bill, I will support it. While some of its provisions represent a tragic step backwards toward the worst human rights violators, taken as a whole, the package should be accepted for its continuation of vital development assistance programs and its contribution to world stability and peace. I do want the administration to know, however, that I will vigorously oppose all of its attempts to provide military assistance to regimes which make torture, repression, brutality, and anti-Semitism a way of life.

Mr. Speaker, because of my particular concern for Argentina and its future human rights situation, I am including in today's RECORD the "Dear Colleague" letter that the gentleman from Connecticut and I circulated on December 8. It is vital that we understand the human climate even before the ouster of Viola, and what it promises to be in the future:

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 8, 1981.

DEAR COLLEAGUE. It appears likely that the House will consider the foreign aid authorization bill (HR 3566) later this week. Amendments may be offered to significantly weaken the Foreign Affairs Committee's carefully constructed compromise language which conditionally repeals the prohibition of military aid to Argentina yet retains certain restrictions on such aid in order to signal Congress' concern over the human rights situation in Argentina.

The Committee has recommended the conditional repeal of Section 620B (or the Foreign Assistance Act) which prohibits military assistance to Argentina on human rights grounds. The new language states, however, that military assistance to Argentia can only be resumed if the President submits a detailed report to Congress certifying that the provision of assistance is in the U.S. interest, and that the Argentine Government has made significant progress in complying with the internationally recognized principles of human rights. The language requires that particular attention be paid as to whether the Government of Argentina has made every effort to account for those citizens identified as "disappeared" and whether the Argentine Government has brought to justice or released those prisoners imprisoned at the disposition of the "National Executive Power."

We are distressed that Congress is considering even a partial repeal of human rights restrictions on providing aid to Argentina. Nonetheless, we commend the Committee for fashioning a compromise which would give the Administration flexibility in dispensing such aid, while continuing to make clear Congress' great concern for the terrible human rights situation in Argentina.

Consider the human rights climate in Argentina today:

(1) Disappearances: No explanation or accounting has yet been given for the 9,000 documented disappearances (to say nothing of the unreported disappearances estimated to range to as high as 20,000). As Time Magazine recently reported: "Most of those who disappeared . . . were abducted by plainclothesmen claiming to be members of the Argentine security forces. The evidence is overwhelming that many, if not most, of those seized were tortured, murdered, and their bodies dumped in secret graves."

(2) Arrests Without Due Process: There are an estimated 750 political prisoners who are incarcerated indefinitely "at the disposition of the National Executive Power (PEN) by reason of state of siege." The majority of these prisoners have been in prison for over 5 years without having been brought to trial.

(3) Anti-Semitism: In March of this year, the Argentine newspaper publisher Jacobo Timerman published an article in the New Yorker describing his 29 months of imprisonment in Argentina. This article is but one of many that document that extreme anti-Semitic, Nazi elements continue to operate openly in the armed forces and in the government of Argentina. Such virulent anti-Semitism is the virtual official policy of the regime that the Reagan Administration has chosen to embrace.

(4) Political Rights and Freedom of Expression: Union and political activities continue to be prohibited. Thousands of short term arrests at rallies occur regularly and newsmen have been threatened and violently repressed.

Jacobo Timerman, who endured the systematic torture and brutal repression of the Argentine Government has said: "A quiet diplomacy is silence; a silent diplomacy is surrender." Any attempt to further weaken human rights restrictions on aid to Argentina would add to the recent U.S. record of a repugnant diplomacy of complicity. Total repeal of Section 620B can only encourage the security forces of Argentina to continue their brutal violations of human rights, torture, repression and virulent anti-Semitism.

The language contained in the foreign aid authorization bill is reasonable. It allows the Administration flexibility, yet does not wantonly condone the brutal human rights violations of the Argentine Government and its security forces. It provides hope to thousands of Argentines—the relatives of the disappeared and many others—that the United States has not abandoned its commitment to human rights in Argentina and around the world.

We urge you to reject any measure to weaken or eliminate the human rights conditions for aid to Argentina contained in the International Security and Development Cooperation Act.

Sincerely,

RICHARD L. OTTINGER,
Member of Congress.
SAMUEL GEJDENSON,
Member of Congress.●

A PROUD ANNIVERSARY FOR PATTI LaBELLE

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. GRAY. Mr. Speaker, I rise to share with my colleagues my thanks for your hospitality today in playing host to concert and theater star Patti LaBelle.

Your graciousness will mean a great deal to Ms. LaBelle, and I know that her visit with you will be a highlight of this, the 20th anniversary of her show business career.

I am proud, Mr. Speaker, to count Ms. LaBelle as a native of my home city of Philadelphia. This talented woman launched her career in our city, singing in local churches and clubs. She soon achieved fame as the lead singer of Patti LaBelle and the Bluebells.

In the 1970's, demonstrating her considerable versatility, Ms. LaBelle was the star of the disco group LaBelle, a group universally acclaimed as one of the most talented and best known in its field.

Most recently, after 4 years of success as a solo performer, Ms. LaBelle turned her talents to the stage, opening here in the Nation's Capital as star of the show "Arms Too Short To Box With God." Ms. LaBelle has scored rave reviews for her performance, and is looking forward to continued sellout performances and a national tour.

As successful as Ms. LaBelle's career has been, Mr. Speaker, she has never forgotten her hometown. Her talents have taken her to such world-renowned showplaces as the Met, Carnegie Hall, the Apollo, the Olympia in Paris, the Academy of Music, and the Drury Lane in London. Yet, she has participated in numerous civic affairs and charitable causes both in Philadelphia and across the Nation. She resides with her husband, Armstead, and their three sons in Greater Philadelphia, and only recently was the recipient of the key to the city of Philadelphia.

I am proud, Mr. Speaker, to recognize Patti LaBelle on the 20th anniversary of her distinguished career in show business, and I take this opportunity to wish her well in the many new avenues in which she intends to use her talents in the years ahead.●

LEGISLATION TO MODIFY TAX LEASING PROVISIONS

HON. JOHN F. SEIBERLING
OF OHIO
IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SEIBERLING. Mr. Speaker, I am introducing legislation today to modify the tax-leasing provisions of the Economic Recovery Tax Act.

Several bills have been introduced to repeal these provisions entirely, but I think that would probably be going too far. My bill is an attempt to retain the beneficial features of tax leasing while eliminating the bad features—and saving the Treasury billions of dollars.

Mr. Speaker, I was an early cosponsor in the 96th Congress of the Jones-Conable Capital Cost Recovery Act, the predecessor of the accelerated depreciation provisions of the Economic Recovery Tax Act. Although I had some concerns about the specifics of that legislation—and still do—I supported—and still do—the concept of accelerated depreciation as one way to help our Nation's industries meet their enormous need for investment capital. Properly drawn accelerated depreciation legislation is a supply-side measure in the truest sense of that overused term.

But accelerated depreciation has certain problems which cannot be ignored. One of these is that firms which are unprofitable or marginally profitable cannot use accelerated depreciation because they lack taxable income from which to take deductions. Under existing law, unused deductions can pile up for as long as 18 years, waiting to be applied to taxable income.

This has two unfortunate consequences. First, many corporations would be excluded from using a vital capital formation tool if a way were not found to permit them to get the tax value of their depreciation deductions. Moreover, they would be put at an even greater competitive disadvantage with profitable firms, which can reduce the effective cost of their investment dramatically through accelerated depreciation and the investment credit.

Second, firms with unused deductions would become attractive takeover targets, since acquiring firms have the right to take a merged company's unused tax benefits and use them to shelter its own income from taxation. Without a way for companies to dispose of their unusable tax benefits, the enactment of the increased tax benefits would almost certainly result in a wave of corporate mergers based on tax considerations, not on whether the merger makes sense from an economic perspective. Unfortunately, tax leasing itself may be providing some of the funds for the current spurt of mergers.

Tax leasing was devised as a way for firms to dispose of their unusable tax benefits from the investment tax credit and accelerated depreciation deductions. Under the new law, a company without taxable income which invests in depreciable assets can enter into a sale and leaseback with a "profitable" company (that is, one that has taxable income) for the sole purpose of transferring tax benefits to the latter company. The profitable company makes a down payment to purchase the equipment, which constitutes the only exchange of cash in the whole deal. Provided that the other minimal requirements of tax leasing are met, the profitable company acquires the legal right to the investment credit and depreciation deductions on the equipment. From the unprofitable company's point of view, its investment cost has been reduced by the amount of the down payment, and it has shed unusable tax benefits. Of course, the unprofitable company may, in fact, have substantial profits, but because of other tax benefits may have no taxable income.

The essential question that Congress must ask about these leasing deals is how much of the tax benefits from the investment credit and accelerated depreciation is being passed through to the unprofitable firms, and how much is being retained by the profitable firms.

Any answer to this crucial question is complicated by the rather involved manner of computing the tax "pot" available from the investment credit and depreciation deductions. This computation must take into account the annual tax effects of several factors: The investment credit; the lease payments, which are income to the profitable company; the loan payments made by the profitable company to the unprofitable company, the interest portion of which is deductible to the profitable firm; and the depreciation deductions on the equipment. And when the annual tax effect of the interaction of these factors has been determined, it must be expressed in terms of its present value, an analytical technique which factors in the time value of money by discounting future cash flows at some constant rate. Complicating this analysis still more are the fact that the life of the lease—which is governed to some extent by the life of the equipment—can affect the total tax benefit, and the fact that these tax benefits are actually a commodity whose price is determined in the marketplace—and whose price can thus change according to changed circumstances. For example, a recession, which reduces all business profits, would increase the supply of and reduce the demand for tax benefits, which would cut the price that profitable companies have to pay for them.

But even with all these complications, it is essential for Congress to attempt to evaluate these tax deals in order to insure the best allocation of Federal tax dollars. From the best information I have been able to obtain, it appears that the unprofitable companies are currently receiving only about 60 percent of the total tax benefit available from their investment credits and depreciation deductions.

To take an example—based on an illustrative lease prepared by the Joint Tax Committee—Loser Corp. and Winner Co. enter into a 15-year tax lease for a $1 million machine. Winner pays Loser $200,000 cash and an $800,000 note, and Loser agrees to lease the equipment from Winner at a price whose annual payment exactly matches Winner's loan payment; thus, no money other than the $200,000 down payment changes hands.

From Loser's perspective, its $1 million machine now costs only $800,000. From Winner's perspective, the deal looks like this: when all the investment credits, depreciation deductions, interest expense on loan payments, and rental income are considered, Winner will have tax savings in the first 5 years totaling $521,400, and tax payments for the next 10 years totaling $329,500, for a net tax saving of $191,900.

But it is not accurate or even credible to say that Winner has paid $200,000 for benefits totaling only $191,900, because the tax savings and payments have to be evaluated in terms of their timing. Since the tax savings occur in the first 5 years and the payments do not begin until 5 years in the future, the present value of the tax benefits of this deal—at an 8.1 percent after-tax discount rate—is actually $321,000, not $191,900. Loser has received $200,000 from a total tax "pot" of $321,000, or 62 percent, and Winner gets the balance, or 38 percent. It is this enormous diversion to the winners of tax benefits Congress intended for the losers which has led to calls for repeal of tax leasing.

The legislation which I am introducing today retains the advantages to the loss company of tax leasing, while eliminating the waste which occurs from using a profitable company as the middleman to enable companies to dispose of their unusable tax benefits. Under my bill, loss companies would receive directly from the Treasury what the market appears to be giving them now for their tax benefits—20 percent of the value of their investment. This is done through a refundable investment credit of 20 percent. Future depreciation deductions on that equipment would be prohibited, since the effect of the 20-percent credit is to give the company the same

benefit of its investment credits plus accelerated depreciation as it would obtain by leasing them.

Further refinements of this legislation may be necessary as we obtain more information about the established market price involved in these deals. But in any event I am opposed to tax leasing as it exists today, because it must inherently involve wasted tax resources. From the taxpayers' and the unprofitable companies' point of view, tax leasing is a catch-22. If there is no benefit in tax leasing to profitable companies, they will not enter into them, and unusable tax benefits will pile up—but to the extent that there is some benefit to profitable companies from these leases, tax resources are being misdirected. And this does not take into account the commissions paid to investment bankers and other advisers who bring the two parties to the lease together. Their services are not free.

In recent testimony before the Senate Finance Committee, Treasury officials testified that tax leases will cost the Treasury $14.7 billion a year by 1986. If this money goes to its intended beneficiaries, it will be well spent. Congress has a strong obligation to see that it does.●

LONG REPORTS CRIME SURVEY RESULTS

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LONG of Maryland. Mr. Speaker, Americans want security in their homes and of their persons—and are demanding curbs on crime. Even nonvictims feel crime is a daily threat.

I recently asked my constituents in parts of the Second Congressional District what experiences they had had with crime and with the system for obtaining criminal justice, as well as what they had done personally to prevent crime.

Here are some of the answers:

My first cousin was murdered in broad daylight in the entranceway of his apartment building. Five youths were seen by neighbors running away after gunfire . . . Suspect never caught, though $10,000 reward was offered.

My son and I were held at gunpoint in our home for 45 minutes and robbed. We were threatened and thought we might die that night.

A man forced the victim to stop and then stood beside the car demanding victim lower driver's side window. When victim refused, culprit smashed window and glass sprayed through car, cutting victim and his wife.

(The culprit) ran a red light, struck her car, jumped out of his car and assaulted her * * * then left the scene. For these acts, he received no sentence—not even a traffic ticket. Plead insanity—it's the greatest!"

A sign (warning of community patrols) was put up and was stolen!

Our home was broken into and robbed. A suspect was caught with some of the stolen articles. * * * I got a letter from the State's Attorney's office stating the charges had been dropped * * * I still don't know why.

We take every precaution. My child doesn't know what it's like to walk to a friend's house one block away by herself.

As much as I regret having to do it, I am going to purchase a weapon for use at home * * * the police are not visible enough to prevent crime. We need more police.

Stiffer punishments should be given * * * Every home on my street has been robbed. We must do something now!

A summary of the responses to my questionnaire highlights the burdens on our criminal justice system—police, prosecutors, courts, jails—and points up the willingness of citizens to take a positive role in local crime prevention.

CONGRESSMAN LONG'S QUESTIONNAIRE ON CRIME

1. Have you (or your family) been victim of a serious crime in the past 2 years?

Yes—47 percent; No—53 percent.

2. If so, what type of crime?

Burglary—61 percent; robbery—25 percent; vandalism—6 percent; others—8 percent.

3. Did you report the crime to police? If yes, was a suspect caught?

Reported—94 percent; of those reported, suspect caught—38 percent.

4. Was the case brought to trial? If not, why not?

Brought to trial or pending trial—55 percent; disposed of through dismissal, plea bargaining, variety of other reasons—45 percent.

5. Was the suspect convicted?

Of those cases brought to trial—95 percent yes.

6. Was the sentence fair? too light? too harsh?

Fair—26 percent; too light—63 percent; too harsh—0 percent; unknown, unsure—11 percent.

7. Were you kept advised of the status of the case?

Yes—31 percent; only through own initiative—6 percent; no—63 percent.

8. Does your neighborhood have a citizen crime prevention program?

Yes (have or starting one)—26 percent; no—74 percent.

9. If so, do you participate? If not, would you be willing to?

Participate now—11 percent; would participate—79 percent; would not or don't—10 percent.

10. What measures, if any, have you taken to protect yourself and your property?

Most frequently mentioned (many respondents mentioned more than one). Improved locks, better lighting or use of timers, installation of alarm systems, having a guard dog or a firearm on premises, trade house-watch help with neighbors, mark belongings for identification.

Mr. Speaker, In July I joined with 15 of my colleagues to urge President Reagan to make crime prevention a top priority. I am saddened that the administration has not moved more swiftly.

Because most crime—such as burglaries, muggings, rapes, murders, arson, and vandalism—must be investigated, prosecuted and tried at the State and local levels, I have sponsored the Justice Assistance Act of 1981—H.R. 4481—to provide Federal seed money toward improving local criminal justice systems—including victim and witness assistance, juvenile crime prevention, career criminal prosecution, "Sting" operations, and antiarson activities. Up to $170 million per year could go toward State, local, and private citizen group efforts to halt crime. My bill has already won approval of the House Judiciary Committee. It now awaits House and Senate floor action.

In my message to constituents, Mr. Speaker, I pointed out that crime will stop only when criminals see punishment as swift, firm, and certain. It is clear from my survey, and from national studies, that this is far from today's situation. Enactment of my bill, and strengthening of criminal justice at the State and local level as well as the Federal level, will go a long way toward reaching that goal.●

SAUDI ARABIAN BEHAVIOR SINCE THE AWACS VOTE

HON. BOB SHAMANSKY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SHAMANSKY. Mr. Speaker, the senior Senator from Rhode Island and the junior Senator from Ohio recently brought to the attention of the other Chamber the curious record of our "good friends," the Saudi Arabians, since approval of the $8.5 billion AWACS arms package. I want to bring this demonstration of so-called moderation to the attention of the House:

First, on October 29, 1 day after passage of the Senate vote in favor of AWACS and F-15 offensive armament, the Saudis increased the price of their oil by $2 a barrel. The new price, $34 a barrel, is nearly triple that of early 1978 when we first agreed to sell the Saudis sophisticated F-15 fighters for defensive purposes to encourage "moderation."

On November 10, the Saudis turned over $28 million to the PLO. Their annual funding of that terrorist body reaches roughly $400 million. Some of this money undoubtedly will help the PLO continue its arms buildup in Lebanon, directly jeopardizing the very cease-fire the Saudis helped arrange last summer.

Then the Saudis attacked Oman for its cooperation with the United States and Egypt in the military exercise, Operation Bright Star, and pressured Oman to ask the United States to reduce its participation. Bright Star, of course, was designed partially to improve our ability to defend Persian Gulf oil producers—like Saudi Arabia.

Finally, early in December the Washington Post reported that our

new-found Saudi friends and the other Arab States of the gulf council offered Oman $1.2 billion if the sultanate would cancel its agreement with the United States permitting us access to Omani military facilities. The Saudis denied the report, but their denial hardly was reassuring. Their Information Minister claimed his country and Oman shared a "unity of fate and aim . . . which might not be understood by the Western World." One thing that certainly cannot be understood is recent Saudi behavior if that nation indeed is an ally.

Other recent Saudi Arabian moves included trying to avoid the Camp David accords with proposals that do not even mention Israel by name, suggestions to bring the Soviets into Middle East negotiations, and continuing to refuse any American military facilities on Saudi soil or to cooperate in regional defense efforts against Russian expansionism. When the late President Sadat of Egypt recognized the futility of continued warfare with Israel, he made his historic trip to Jerusalem. Yet when the Saudis faced Libyan and Syrian hostility to their minimal peace proposals at the recent Fez conference, they dropped them.

I urge the administration to continue its support for the Camp David process and reaffirm its commitment to our two principal partners in the region—Egypt and Israel—with actions as well as words. And I urge the Saudis to behave like the friends they claim to be. Thank you.●

PROPOSED ELECTION LAWS DIM HOPES FOR DEMOCRACY IN BRAZIL

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BARNES. Mr. Speaker, a recent development has darkened the prospects for democracy in Brazil. I am referring to reports that appeared in the press last week, with regard to new electoral legislation that has been introduced by President Joao Figueiredo.

For some years now I have been following the process of political liberalization in Brazil. This process, commonly known as abertura, is aimed at restoring the country to a democracy after 17 years of military dictatorship. But the new electoral law, which was introduced in Congress by President Figueiredo, will in fact slow down this process while assuring that the military will stay in power until at least the end of the decade. Among other things, according to the Washington Post, this legislation will require mandatory straight-ticket voting while prohibiting coalitions among the opposition parties.

The people in Brazil are anxiously waiting to return to a democratic system of government. The past few presidents have encouraged popular expectations by advocating abertura. I hope that the present government will understand the implications of not delivering what the people have been promised for a long time.

I also want to call to the attention of my colleagues an extremely unfortunate development which occurred last month, when a military court sentenced Luis Ignacio da Silva, a key labor figure, to 3½ years in jail for leading an illegal strike.

I want to include in the RECORD an article which appeared in the Washington Post describing these adverse developments.

[From the Washington Post, Dec. 6, 1981]

PROPOSED ELECTION LAWS DIM HOPES FOR DEMOCRACY IN BRAZIL

(By Jim Brooke)

RIO DE JANEIRO, December 5.—Dimming hopes for a return to democracy in Brazil, President Joao Baptista Figueiredo has sent to Congress a set of restrictive election laws that virtually guarantees uninterrupted rule by the present military-technocratic alliance through the end of the decade.

This week he also canceled part of Congress' upcoming summer break for a special session to act on the election package. The congressional session, which is to last through Jan. 15, is the first called by the executive in 13 years.

Figueiredo, the lastest of five Army generals to rule since the 1964 military coup, repeatedly has vowed "to make this country a democracy." Since he took office in 1979, his *abertura*, or liberalization program, has received widespread international acclaim as a showcase attempt to guide a Latin America military dictatorship back to civilian rule.

But the long-awaited election rules unveiled this week are written so as to ensure a government party victory at the polls next November.

As a measure of the sudden reversal, forecasters last month predicted Brazil's opposition parties would win governorship races in 18 of the 22 states. Today, political observers say the official Social Democratic Party will sweep at least 17 of the state races.

"It's a new Pearl Harbor," said Ulysses Guimaraes, a member of Congress and president of the strongest opposition party, the Brazilian Democratic Movement.

"We are facing the collapse of the electoral process," read the official statement of the moderate Popular Party, the second-largest opposition force. "What is planned here is nothing more, nothing less than the strangling of the opposition parties."

"It demystifies the farce of the abertura," commented Luis Ignacio da Silva, Brazil's most popular labor leader and president of the Workers' Party. Last month, a military court sentenced da Silva to 3½ years in jail for leading an "illegal" auto workers' strike. He currently is free while the conviction is appealed.

The new bill prohibits coalitions among the five opposition parties and requires mandatory straight-ticket voting. At the ballot box, Brazilians traditionally have voted first for their local interest. But under the new bill, by voting for a favorite candidate for city council an elector will also automatically vote for state deputy, federal deputy, federal senator, and governor—all on the same party slate. Not by coincidence, the government party's strength is concentrated at the local level—with 75 percent of the mayors and 87 percent of the city council.

Both opposition and government officials believe this system of "compulsory coattails" will sweep the government's relatively weak candidates at the state and national level into office. In 1984, this pool of elected officials is to make up an electoral college to choose Figueiredo's successor, whose term will run through 1991.

"The crucial differences between liberalization and democratization is that liberalization entails significant civil liberties—freedom of association, freedom of the press—but democratization is the point where higher national positions of government are put at stake in fair elections," said Guillermo O'Donnell, an Argentine political scientist here. O'Donnell is comparing the recent experiences of Spain and Brazil for a project on democratization sponsored by the Woodrow Wilson Center for International Scholars at the Smithsonian Institution in Washington.

"In Spain, the opposition was allowed to participate in the formation of the new regime and the writing of the new constitution," O'Donnell said. "But in Brazil, the military has been reluctant to let the opposition share responsibility."

Indeed, last week, at the same moment that nine opposition leaders were meeting with Brazil's minister of justice to negotiate the final details of an electoral reform bill, Figueiredo called leaders of the government party into his office to announce the preliminaries of his secretly prepared electoral package.

"The only topics we can discuss now are soccer and beauty contests," said Tancredo Neves, leader of the Popular Party, when informed of the new electoral rules.

Last Monday, Alfred Stepan, Brazilian scholar at Yale University was to give a speech on Brazil's democratization before the Overseas Development Council in Washington, shortly before he walked to the podium, he glanced at a Brazilian newspaper with news of the electoral package.

A paper here quoted him saying: "I had a prepared speech, but now I don't know what to say. . . . This is much worse than the Rio Centro bombing or the resignation of Golbery in its implications for the transition from liberalization to democracy. I don't know what to say."

Gen. Golbery do Couto e Silva, widely considered to have been the chief military architect of restoring democracy to Brazil, was replaced as chief of staff after resigning Aug. 6. Golbery had been under fire from the right since May, when he pressed for a complete investigation of suspected military involvement in the bomb explosion in which one military intelligence officer was killed and another wounded when a bomb they apparently were carrying exploded in their car.

Figueiredo's election bill is assured passage in Congress. If the government's slim majority cannot muster enough votes for approval, a filibuster by the opposition will be futile. In Brazil, all bills submitted by the executive automatically become law after 40 days if Congress does not act on them.

To discipline his party, Figueiredo has threatened to break the mandate of any government congressman who breaks ranks and votes with the opposition. Last month,

10 such defections in the normally rubberstamp Congress caused a key government bill to be defeated.

That vote was reportedly the first time since 1964 that the government lost its automatic majority—a result that is said to have led Figueiredo to push through his electoral law changes.

"Negotiation is back," reported a newspaper headline after the unexpected government defeat in Congress in October.

In September, Figueiredo suffered a mild heart attack, and for the first time in 17 years, Brazil had a civilian president. Vice President Aureliano Chaves took office for 51 days while Figueiredo was indisposed. In 1969, a military triumvirate blocked a civilian vice president from taking contol after the military president suffered a heart attack.

During Chaves' interim presidency, he paid a lengthy call on Congress—the second such presidential visit in 17 years of military rule.●

VIRGINIA AMORELLO

HON. DENNIS M. HERTEL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HERTEL. Mr. Speaker, I would like to take this opportunity to say a few words in memory of a dear friend, Virginia Amorello, former treasurer of the city of Harper Woods, Mich., and devoted wife and mother. She is fondly remembered by her family, friends, and members of her community for the love and devotion she gave to her family and the many contributions she made to her community.

Born in Highland Park, Mich., and a graduate of Ecorse High School and Detroit Commercial College, Virginia moved to Harper Woods in 1954. Here, starting as a clerk she began her career as a public servant. Her dedication and ability earned her promotion to administrative clerk, and in 1965 she was appointed city treasurer, where she served until her retirement in March 1981.

A devoted wife and mother, Virginia married Joseph Amorello 39 years ago; they had three daughters, Janine, Judy, and Janice, and six grandchildren.

Virginia worked tirelessly to enrich her community, her State, and her country. She was a devoted wife, model mother, and good friend. Her death on November 13 is a great loss and she will be missed dearly by her family and community. It is my privilege to honor her for her outstanding achievements and contributions to the city of Harper Woods.●

PERSONAL EXPLANATION

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LELAND. Mr. Speaker, I regret that I had to be absent on Wedneday, December 16, 1981, and missed most of the recorded votes. It was necessary for me to return to Houston for a meeting of great importance with our newly elected mayor, Kathryn Whitmire. I was paired for the votes cast today and returned to Washington at the earliest possible time.●

AN HONOR FOR ST. GREGORY'S

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. RATCHFORD. Mr. Speaker, I am honored to tell my colleagues today of the rare distinction achieved little more than 1 month ago by the parishioners of St. Gregory the Great Church of Danbury, Conn., my home town. I know that this House will join me in saluting the parishioners of St. Gregory's and its fine leader, Father John Wigh, and in wishing them great success in the noble endeavor on which they have recently embarked.

It was in early November, Mr. Speaker, that a delegation from St. Gregory's traveled to the Vatican to receive a rare blessing from Pope John Paul II for the cornerstone of a new church, designed in the shape of a dove, that is expected to be under construction by next April. The fruit of their travels was that St. Gregory the Great Church has become the first church in the United States to have its cornerstone blessed by a Pope.

For many years, St. Gregory the Great Church has played an important role in the religious life of its community—the community of my native city of Danbury. Its parishioners and clergy have turned a renovated barn on Great Plain Road in that city into a place of worship as dignified and as holy as any cathedral, any church in this land.

Now that St. Gregory's is embarking on an ambitious project of construction of a new church—a church that harkens in its architecture to the symbolic dove that is commonly depicted on the shoulder of St. Gregory in religious art—this cornerstone represents both a strong tie to the great traditions of the Holy See and a link to a future full of hope and promise, a cornerstone of the parish's faith in its community and in its own high purpose.

I know that my colleagues will join me in recognizing this historic pilgrimage by the parishioners of St. Gregory's, the momentous blessing by Pope John Paul II, and the commitment by these parishioners to building with a now blessed cornerstone a house of worship unique in all our land.

I ask permission, Mr. Speaker, to append to my remarks the text of an article on the pilgrimage of the priest and 29 parishioners of St. Gregory's that appeared on November 17, 1981, in the News-Times of Danbury.

ST. GREGORY PARISHIONERS VISIT POPE TO HAVE CORNERSTONE BLESSED

DANBURY.—St. Gregory The Great Church became the first church in the United States to have its cornerstone blessed by a pope when the priest and 29 parishioners made a pilgrimage to Rome last week.

Judy Rafferty, one of the parishioners who went on the pilgrimage, found it appropriate that Pope John Paul II, a man noted for his peace missions, should bless the cornerstone of the church which will be designed to resemble a dove.

"We waited in Pope Paul VI Hall with 8,000 people from all over the world to see the pope," Mrs. Rafferty recalled yesterday. "When the pope came into the hall, the room filled with an aura of excitement and happiness. When I first saw the pope, I was absolutely thrilled beyond words.

"The wonderful thing was that the excitement everyone felt was filled with an undertone of peace. It was such an honor to be in the same room and so close to him," she said.

The pastor of the church, the Rev. John Wigh, who returned with the parish delegation Friday, said the Vatican ceremonies were an emotional experience.

"I can't remember exactly what Pope Paul said to Father Alfred Russo and myself when he actually blessed the cornerstone, as it was such an emotional moment," Wigh said.

"But in essence, the message he wanted me to bring back to Danbury was that we should keep our faith and continue to be loyal children of the church," Wigh added.

Wigh said the papal blessing came about because several years ago one of the parishioners, Edward Markowski, had met an archbishop in Turkey. The archbishop, the Most Rev. John Henry Boccella, now has a high-ranking job at the Vatican.

"I said to Ed, 'Wouldn't it be nice if we could get a short note from the pope about our new church?' Ed wrote a letter to the archbishop and we received a reply asking us to bring the cornerstone to the pope for a blessing. We decided to make up a special small cornerstone face which we could cement into the actual cornerstone," Wigh recalled.

With the cornerstone tucked under his arm, Wigh left Nov. 5 with the 29 parishioners who signed up to go on the pilgrimage.

Wigh described the event this way:

"My parishioners sat in the tenth row from the front in the hall, which held 8,000 people, and Father Russo and I sat in special seats in front of the first row.

"When the pope first came in we couldn't see him, as everyone was standing. He walked side to side to greet the people.

"When he reached the row where our delegation was, Donald Rafferty presented him with a Danbury Stetson hat. The pope was really delighted. He pointed to his head and asked 'Mio?' for me? The pope thought the

hat was from Texas, but we told him that it was made in Danbury."

Wigh described how Pope Paul then went up to the platform where he addressed everyone in Italian. Then the pope recognized different priests from many different countries and spoke to each in their native tongues. When he recognized the St. Gregory priests and parishioners, Pope Paul said in English:

"I am happy to welcome the delegation from Saint Gregory The Great Church in Danbury, Connecticut. In blessing the cornerstone for your new church, I send my greetings to the whole parish family. May you always be aware of your dignity as members of the Body of Christ and give thanks to the Lord always."

After greeting all the delegations, Pope Paul left the platform to bless the sick. While this was happening Russo and Wigh went to stand next to a table on which lay the cornerstone, a wooden carving of the pope's coat of arms, and proof sheets of photographs taken during the pope's earlier greeting of the Danbury delegation. He blessed the cornerstone and coat of arms and autographed the pictures.

Russo, assistant pastor at St. Gregory's, was in Rome on sabbatical, studying at the North American College. Russo, who speaks Italian, was able to guide the local delegation through the tight security that has been in effect since the attempt on the pope's life in May.

St. Gregory's has for years been in a renovated barn on Great Plain Road. Parishioners decided to build a new church when they found out that it would cost $400,000 for more planned renovations.

The new church is designed to look like a dove from the air, with outstretched wings. The dove was chosen because it is a representation of the Holy Spirit and a symbol of St. Gregory the Great, who is often pictured with a dove on his shoulder.

Construction is expected to begin in April. The church has raised $500,000 for the new church, which is expected to cost $700,000.●

PERSONAL ANNOUNCEMENT

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DASCHLE. Mr. Speaker, I make this statement by way of an explanation of a vote I made today on H.R. 5159, the Black Lung Benefits Act of 1981. It had been my intention to vote for this very good, this very needed piece of legislation. Unfortunately, as is increasingly becoming the case, a bit of parliamentary gimmickry forced me to change my vote to a "present." This piece of gimmickry was the inclusion in this worthwhile piece of legislation an amendment which gives a tax break to Members of Congress. I suppose nobody should be too surprised about another tax break being voted on this floor. It appears that for the last year we have been so concerned with creating tax loophole after tax loophole that all the other business of the Congress has taken a back seat. But this last tax loophole is just too much to swallow. I cannot justify to my own conscience voting for a tax break for myself when we have spent the past year cutting and cutting and cutting, on programs which the poor of this country need, not to buy a second car, or to put in a bigger swimming pool, or send a child to Harvard, but to merely survive. On the other hand, I could not bring myself to vote against a bill that would have provided the needed medical benefits to a large number of coal miners who, because of years of industry neglect, are suffering from a debilitating, and often fatal, disease. Faced with this Hobson's choice, I voted "present". But I would like to take this opportunity to denounce in the strongest possible terms the parliamentary maneuvering that tries to sneak by pay raises, however disguised, to Members of this body. If we continue to play these shabby tricks, this Congress will richly deserve the low level of esteem that the public has for it. I choose not to be associated with such underhanded tactics.●

MONSIGNOR BELA VARGA: HUNGARIAN PATRIOT

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, my distinguished colleague from New York (Mr. GREEN) ably commemorated today the 36th anniversary of the last free elections in Hungary and the role the vice chairman of the Smallholders Party, Msgr. Bela Varga, played in those elections and in the preceding Budapest municipal elections.

As we consider the actions taking place in Poland today, we might well take note of the desire for freedom evidenced not so very long ago.

Msgr. Bela Varga had been a relentless fighter against totalitarianism of any color. His wartime record is that of a courageous fighter for the human rights of those persecuted by the Nazis, be they Hungarian Jews, Polish refugees, or escaped French POW's. For his services, President DeGaulle conferred upon him the cross of the Legion of Honor after World War II. He helped Hungarian Jews to escape deportation and arrest in 1944-45, and it can be said that he had upheld the most valiant and valuable assets of his priestly profession in politics and through humanitarian acts.

His steadfast opposition to Nazism did not diminish his dedication to democratic principles and his opposition to atheistic communism.

He resolutely rejected the Communist offer, backed by the Allied Commandatura in Budapest, for an electoral alliance with the Communist Party in the Budapest municipal election, which was to be the test run for the national election 1 month later. He organized a coalition of liberals, conservatives, reformers, and nationalists under the banner of the venerable Smallholders Party, the only significant opposition in the previous regime, and gathered 50.1 percent of all votes in "red" Budapest on October 7, 1945. This gave impetus to the national party to reject the electoral alliance and to win 57 percent of all votes cast in the November 4, 1945, elections while the Communists received only 17 percent.

As a result of the election, a coalition government was formed in Hungary with Zoltan Tildy, as President. Francis Nagy as Prime Minister, and Msgr. Bela Varga as the Speaker of the Parliament. Communist perfidy and intimidation, however, coupled with Soviet pressure, ended it on May 30, 1947, and Monsignor Varga had to flee his beloved Hungary. Prime Minister Nagy, after continuing on for a short time, soon disappeared in prison, as did many of the leaders of the party.

Msgr. Bela Varga continued his anti-Communist fight from emigration. With the benevolent approval of our Government, he had established the Hungarian Committee in 1948 which encompassed most of the emigre politicians who had served in some capacity in the Government or Parliament between 1945 and 1948. He had protested loudly the brutal suppression of human rights and individual freedoms between 1947 and 1956, and his services were recognized by President Eisenhower.

Today, Monsignor Varga still serves as a focus for opposition to the Kadar regime in Hungary, among Hungarians abroad. Recently, he commented on Hungarian-Polish solidarity and on the 25th anniversary of the Hungarian Revolution—statements which were carried by Radio Free Europe and Voice of America and were reprinted in the RECORD by my distinguished colleagues from New York (Messrs. GILMAN and GREEN).

At this anniversary of the last free elections in Hungary, we salute both the intrepid Hungarian people so devoted to Western values and the ideal of freedom and liberty, and one of their outstanding sons, a resident of New York City, Msgr. Bela Varga.●

TRUST FUND STATEMENT

HON. MARGARET M.HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mrs. HECKLER. Mr. Speaker, today I am reintroducing a revised version of H.R. 4945, the Low-Income Energy Assistance Trust Fund Act of 1981,

which I first introduced on November 12, 1981.

This legislation sets up the mechanism to provide for outstanding petroleum company overcharges owed the Federal Government to be made available for low-income energy assistance and weatherization.

The Department of Energy's Office of Special Counsel has identified $10.7 billion in alleged pricing and allocation violations by the 35 major oil refineries as of September 30, 1981. When the consumer, whether it be a major utility or an individual, who suffered because of these violations, is identified, restitution is made. But when the injured party cannot be identified, these moneys and any applicable fines will revert to the U.S. Treasury.

My legislation establishes a trust fund into which such unidentifiable moneys can be channeled for use, as authorized by the Congress, for low-income energy assistance and for home weatherization programs.

The use of overcharge repayments to finance these two very needed and worthwhile programs is very fitting. This legislation would make the major oil companies help the very people most affected by the high cost of home heating energy.

In Massachusetts alone last winter, 82,482 households received low-income energy assistance, up 43,482 from the previous winter.

This trust fund is an off budget item that would insure that despite across-the-board cuts in other programs, funds would be available to aid the truly needy to insulate and weatherize their homes and to receive assistance in paying the high cost of heating.

Mr. Speaker, I intend to press for early hearings on this measure and I urge my colleagues to support this legislation so that a trust fund can be established and begin to work as soon as possible.●

KEEN DISAPPOINTMENT

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WOLPE. Mr. Speaker, I rise to express my keen disappointment in yesterday's unannounced vote bestowing upon Members of Congress a substantial increase in allowable outside income. Only 6 weeks ago, during formal consideration of this very issue, the House overwhelmingly rejected an increase by a recorded vote of 271 to 147. Yesterday's vote—taken at a time when most Members were not on the floor to raise objection—undermines the clearly stated will of the Congress.

Legitimate and forceful arguments against the increase have been expressed effectively by many of my colleagues in previous debate and I shall not repeat them here. What we must understand is that last night our integrity as a deliberative body was compromised. As a Congress, we reached agreement that limitations on outside income should not be relaxed. Last night, without notice, explanation, discussion or consideration, a small group decided to discard the decision of the House—an action for which there is no excuse.●

OVERSEAS EDUCATION ASSOCIATION COMMENDATION

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HOYER. Mr. Speaker, the Overseas Education Association, an arm of the National Education Association, represents teachers and affiliated professionals in the Department of Defense school system overseas.

This school system is one of the United States largest systems. With 277 elementary, middle, junior high, high schools, and a community college, the Department of Defense dependents' schools educate approximately 130,000 students. The Overseas Education Association represents approximately 6,500 teachers. Their job is not an easy one since these employees, because they are overseas, are often forgotten by policymakers here in Washington. There are many pressing issues facing these teachers, issues which the Post Office and Civil Service Committee, of which I am a member, have and will continue to examine this coming year.

During oversight hearings held by the Elementary, Secondary and Vocational Education Subcommittee of the Education and Labor Committee and the Subcommittee on Investigations of the Committee on Post Office and Civil Service, Jack Rollins, president of the OEA, presented testimony which I hereby submit for inclusion in today's RECORD.

Jack Rollins, a teacher at Misawa High School in Misawa, Japan, before he assumed the role of president of OEA, has presented a very interesting outline on the reality of teaching overseas. I would urge my colleagues who have an interest in this school system to read Mr. Rollins' excellent testimony. And I would also like to publicly commend the OEA for the vigorous and informed job they are doing on behalf of the DOD school system, the teachers who serve it, and the students and families who profit from it.

STATEMENT BY JACK ROLLINS, PRESIDENT, OVERSEAS EDUCATION ASSOCIATION

Mr. Chairman and Members of the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor and the Subcommittee on Investigations of the Committee on Post Office and Civil Service, I am Jack Rollins, President of the Overseas Education Association, which represents approximately 6,500 teachers in five regions administered by DODDS. My perspective of DODDS' administration of the Overseas Schools is that of a teacher. Before being elected President of the OEA I was a teacher at Misawa High School in Misawa, Japan.

I view this as a unique opportunity to speak to Members of Congress about the Overseas Dependent Schools. I am submitting a detailed presentation which outlines our objections to the administration of the Overseas Schools by DODDS. I ask that it be included as part of my remarks and inserted in the Committee's hearing record.

My comments will focus on teacher concerns about the DODDS system. Teachers in DODDS are perceived to have an enviable opportunity to see the world while teaching overseas. The reality of teaching in DODDS is quite different. The contrast between the image and the reality is quite stark.

Teaching overseas in a DODDS school means ever-increasing class sizes without any expectation that the school budgetary situation will improve. Teaching in an overseas school means waiting two or sometimes an unbelievable three years for materials and supplies. Teaching in a DODDS school means teaching in a dilapidated school building with inadequate facilities for your students. Teaching in the overseas schools means you can't be certain when you will be paid. That may sound incredible, but it's not. A teacher in Oslo, Norway has his or her paycheck processed through SHAPE Headquarters in Belgium. Many times it is late. The same applies to personnel records. The fact is that personnel management in DODDS is highly decentralized and relies on civilian personnel offices in the United States and overseas for support. DODDS does not have a comprehensive system to collect accurate and comprehensive data on students or personnel at regular intervals.

Teaching overseas in a DODDS school means inadequate housing and living quarters. Teacher status carries a low priority; the result is inadequate and inconsistent housing arrangements. DOD also uses discriminatory housing policies for teachers. The medical treatment for teachers overseas is inadequate. In many instances teachers are provided medical services only on a space available basis. To say the least, the inconsistent access to medical treatment available to overseas teachers is discriminatory.

Teaching overseas in a DODDS school means increasing job responsibilities without just compensation. Teachers are given additional extracurricular assignments without compensation. The evaluation system utilized by DODDS is inadequate and is often viewed as an harassment tool. For teachers who are interested in advancement, the DODDS' promotion system is a farce. Although Public Law 96-91, "Defense Department Overseas Teachers Pay and Personnel Practices Act," created the personnel authority for teacher pay schedules, appointment procedures, methods of employment, and the personnel operation and payroll system, teachers feel that the system as administered by DODDS is inept. The training programs for teachers are inadequate and the Certification and Recertification program is frankly a joke.

The recruitment procedures used by DODDS deserve comment. If I may take a few minutes of your time to explain the DODDS recruitment system, the order in which DODDS places teachers in vacancies each year is as follows:

1. Presently employed conditional or career teachers have priority in retaining their positions in a particular school if the position continues to exist.

2. Presently employed full-time indefinite teachers have priority in retaining their positions in a particular school if the position continues to exist.

3. Participants in the Inter-Regionals Transfer Program have priority in filling the remaining vacancies over local hires and stateside hires.

4. So-called locally hired dependents of military and DOD civilian personnel have priority in hiring for remaining vacancies over stateside hires.

5. Teachers hired stateside have priority for the remaining vacancies over local hires-tourists.

6. Tourists hired in an emergency should receive the last consideration.

Such a system designed to serve the needs of a school system worldwide can work only if there is a comprehensive centralized system to match the information about vacancies and qualified applicants within all of the above categories. DODs has no such comprehensive management system. As reported in the Department of Education's Report on the Overseas School Transfer Plan, the selection of school personnel varies greatly depending upon whether the personnel are being transferred, hired locally, or recruited from the United States. There is not a consistently applied policy for employing teachers.

I would like to make two additional points in this area. Career teachers, although theoretically eligible to apply for transfers to other schools, find in many instances that the vacancies are not reported until after the closing period for transfers has expired. This, in some years, has meant anywhere from 400 to 600 vacancies being denied to transfer applicants. A teacher in the overseas schools—despite the romantic image back home—is often frozen into a single teaching position with little opportunity for either advancement or transfer.

The last point in the area of teacher assignments and transfer concerns teachers who are hired stateside by DODDS. In some cases these teachers are hired in April but are, due to the slowness of the DODDS processing system, unable to arrive at their assigned school until November. These teachers miss the beginning of the school year; their students suffer; and to compound the whole comedy of sloppy hiring practices the teacher may find that the actual assignment is a field for which he or she may not be qualified—in which case, the teacher and students suffer for the ineptitude of DODDS.

The entire personnel management system of DODDS deserves close study by Congress. It is not too much to ask that the people employed to teach the children of our service people overseas be hired and employed through the most efficient and evenhanded system possible. I would suggest that since DODD's personnel authority originated through Congressional action, Congress through your Committees thoroughly review what DODDS has produced. In the area of transfer procedures. I would suggest a negotiated system between teacher representatives and DODDS through which teachers can apply and compete for vacancies in the world through a system made up of procedural requirements based on qualifications and points.

DODDS has a poor record in the areas of collective bargaining and grievance processing. If teachers have justified grievances, DODDS' attitude seems to be centered around refusing all grievances with the intent of forcing arbitration. There is very little attempt to resolve issues at lower levels; nor is there any process for resolution at regional or national levels. Basically, the only time the OEA has any success in getting DODDS to fulfill its obligations to its employees is by suing the Department in court or through arbitration or the Merit Systems Protection Board and Federal Labor Relations Authority cases. Even this process is problematical because DODDS has refused to do what the arbitrator, the MSPB, and the FLRA have ruled they do.

On the subject of bargaining, despite the law which requires negotiations on all policies that affect employees, DODDS has consistently refused to recognize OEA's right to bargain. During the negotiations which do take place, DODDS uses bureaucratic delay to complicate the bargaining process. The OEA argues that teachers in the overseas schools should have the same bargaining rights as other federal employees. It is clear that DODDS management philosophy is intent on thwarting the bargaining process at every level.

Another concern of teachers is that schools are moving to the practice of hiring employees other than teachers to perform the teachers' classroom responsibilities. Substitute teachers and aides, paid less than certified teachers, are being placed in classrooms to teach. In a world-wide system with decentralized and haphazard administrative procedures such as DODDS it is easy to see how schools are allowed to shortchange their students with unqualified instructors. In some cases, budgetary restraints force the school to use such methods. Frankly, it isn't surprising to see schools having to cut corners. They are forced to operate on shoestrings. For your information, DODDS has not to my knowledge developed a specific budget allotment formula as required by P.L. 95-561 for determining the minimum funding necessary for operating each school in the system. As a result, school principals are forced to make do. It is a sad commentary to say that our overseas schools will have to make do because DODDS has not met its statutory and educational obligations.

I will conclude by saying that DODDS teachers seek a managerial system educationally oriented and sympathetic to teacher and student welfare. It may seem unusual for me to be advocating the transfer of the DOD schools from the Department of Defense to the Department of Education when many are saying "Stay with Defense—they have all the money this year." There is no evidence either through past practice or present commitment that DODDS will truly prioritize the educational programs provided to the children of service people overseas.

I believe the Department of Education offers our students a better education. ED can offer us a more educationally oriented budget that would offer the different title programs along with additional monies for specialists and training needs. ED can offer us more adequate logistical support with improved and better managed inter-service support agreements with the military; ED can guarantee us the maximum standards of a DOD civilian overseas through legislative guarantees with Status of Forces Agreements (SOFA); ED can offer us the opportunity to grow in conjunction with other government school programs, such as the Section 6 schools; and ED can offer us the opportunity to fully participate in the education process by being members of curriculum committees, advisory committees, and North Central evaluation committees, and by honoring the government's obligations in the full faith collective bargaining arena.

The Overseas Education Association supports the Department of Education and supports the transfer of the Department of Defense Dependents Schools into the Department of Education. The OEA waits for the day when teaching overseas comes close to its stateside image. Improvement in the management of the overseas schools can only mean that the students in those schools will be receiving the education they deserve.

Thank you.●

GO SLOW WITH MA BELL

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MARKEY. Mr. Speaker, I call to my collegues' attention the following New York Times editorial regarding telecommunications legislation. I concur with any number of people who have pointed out that this upcoming legislation could well be the sleeper issue of the 97th Congress. Telecommunications affects every single American, and impacts all sectors of our economy. This editorial accurately claims that the Senate-passed telecommunications bill is flawed and not well thought out. I urge my colleagues in the House to not repeat the mistakes of the Senate and to pay attention to this critical legislation as the debate on it intensifies. Last week, after months of a comprehensive investigation into the status of competition in the telecommunications industry, Telecommunications Subcommittee Chairman TIM WIRTH offered the House version of S. 898. While I have not completed an indepth analysis of this legislation, I will say at the outset that it is an enormous improvement over the Senate legislation. I am confident that as the House bill moves through an open legislative process, in the same manner in which it was drafted, we will be able to continue to improve upon a solid bill and produce telecommunications legislation which benefits all Americans. As this editorial points out, it is our turn to move cautiously and knowledgeably ahead.

[From the New York Times, Dec. 12, 1981]

GO SLOW WITH MA BELL

Telecommunications is to the nation what the sensory and motor nerves are to a person—critical. And telecommunications technology is changing at a pace that the law has been unable to match. Deregulation

has therefore become the slogan for letting the new market define itself and letting engineers take this exciting field where they can.

The Federal Communications Commission has decreed deregulation, urging Congress to revamp the nation's communications policy. The courts and the Justice Department, too, seem to prefer that Congress rather than lawsuits define the rules for a brave new world. With American Telephone and Telegraph moving rapidly into the void, the Senate has produced a bill that would dramatically free the company of many restraints. In the House, Chairman Timothy Wirth of the telecommunications subcommittee has now introduced a more cautious bill moving in the same direction.

The Senate bill would prescribe an express timetable for deregulating most long-distance communications and substantially liberating other A.T. & T. enterprises. But that would leave no room for correcting course if deregulation turns out not to stimulate but to discourage competition. As its details become known, the House bill should be judged by how well it guards against that risk.

Technologies now promise spirited new competition in long-distance service. Yet A.T. & T. must retain a monopoly over most local service. In return for that, it bound itself, in a 1956 antitrust suit, not to enter most of the new computer and data businesses. How then can Ma Bell deal with the erosion of its long-distance income? Some change is obviously needed.

The Senate bill, however, takes scant account of the fact that Ma Bell still controls 96 percent of long-distance business and 85 percent of the transmission facilities that its rivals must also use. For example, the Senate would abolish controls over long-distance business within two or at most four years. By then there may exist enough satellite and microwave systems to force Ma Bell to share its lines at reasonable rates. But what if they don't?

A.T. & T.'s rivals also fear that it will exploit its size and phone monopoly to gain unfair advantages. Ma Bell's unregulated enterprises, for example, might get favorable financing from its cash-rich regulated activities. Or Ma Bell might secretly subsidize them by sloughing off research and manufacturing costs on the regulated operations.

The Senate's answer to these fears would require Ma Bell to create a giant new subsidiary—not-so-Baby Bell—for all unregulated operations and to maintain an arm's-length relationship between them. But that is no answer unless the arrangement can be effectively policed. Both the General Accounting Office and the Reagan Justice Department agree that the Federal Communications Commission is not now equipped to do the job.

How should Congress proceed? Cautiously. Instead of decreeing fixed timetables for deregulation, it should instruct the F.C.C. to relax constraints—but only as market conditions and its auditing capacities permit. That may somewhat retard the benefits of free-market innovation, but it would prevent dangerous new concentrations while the law learns to deal with new hardware.●

BELMOND, IOWA

HON. COOPER EVANS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. EVANS of Iowa. Mr. Speaker, I was pleased to read the article in the December 15, 1981, edition of the Christian Science Monitor portraying Belmond, Iowa, which is in my home district.

It is truly a pleasure to read such a positive report on a small midwestern town. It deserves the attention it is receiving as a rural community that has developed an attitude of perseverance combined with a desire to grow.

Reprinted below is the article from the Christian Science Monitor.

BELMOND, IOWA—EVERYTHING GROWS HERE, EVEN ART

(By Maggie Lewis)

BELMOND, IOWA.—The average yield per acre in Iowa this year is 128 bushels of corn. In north-central Iowa soil and rainfall, the two main variables in farming, are very good for corn; and in Wright County the average acre pushes up 132 bushels, according to Gene Maahs of the Iowa Farm Bureau. But this year, farming near Belmond, a small town in that favored county, Dave Nelson grew 150 bushels of corn per acre. And Chloe Jenison's farm on the other side of town is producing corn, soybeans, and an art museum.

Both of these yields have to do with the third factor Mr. Maahs mentions when we get to Belmond: the people. Dave Nelson, who has wanted to farm since he was a baby (like three generations of Nelsons before him), is responsible for that extra 18 bushels an acre. And no one but Chloe Jenison would think of giving a farm for an art museum.

Chloe Jenison is a former schoolteacher, and the 120 acres she lives on east of Belmond have been in her family for over 100 years. She has no children, and she wants the farm to stay intact. If negotiations go right, she will give the farm to the Belmond Arts Council, along with $75,000 to put up an art museum, which would be supported by renting out the land to farmers.

If it seems strange for a town of 2,506 to have an art museum, or for an art museum to grow corn and soybeans, that's because you haven't been to Belmond. It's not so much that there's a bond between farming and art appreciation there, it's that life in Belmond is one of the most unified experiences available in the United States today. Everything in Belmond seems to be bonded to everything else. The Belmond Arts Council, whose annual Arts Festival, shows the paintings of off-duty farmers and accountants along with those of professional artists, is no exception. Marilyn Parks, director of the Iowa Arts Council, thinks Belmond is taking "the sane way" toward cultural activities. The kids who are in high school plays are also on the football team, she pointed out, and the owner of the local Ben Franklin Variety Store is one of the Belmond Arts Council's best organizers.

Dave Nelson puts it another way. He says that when he gets up in the morning and realizes he's 29 years old and will be farming for the rest of his life, "It gives me a good feeling I know where I'm at."

The farmland surrounds Belmond like a huge, still, black ocean. This particular land, or "ground" as it's affectionately called here, has a special hold on Belmonders. Farms are kept in families by shrewd fathers who put land in trust if they have daughters, so the husbands can't sell it off. Farmers fret over their sons' marriages, afraid the land will go in divorce settlements. Well they might fret—it is some of the richest farmland in the world, and, at up to $4,000 an acre, some of the most expensive. (Last year, Belmond farmland sold for $1,000 more per acre than the Iowa average.) Nelson and his father and brothers are farming 1,400 acres together, sharing machinery and expenses as his father buys up land and gives it to his sons to escape inheritance taxes.

Even though Dave Nelson is a quarter of a million dollars in debt (at least until he sells this year's crop and refinances his machinery) to be "where he's at," he is happy. His land is prime, but the town of Belmond is also a big part of his sense of place. Like his neighbors who can't even see Belmond from their combines over the swell of the land, he has a strong affinity for the low, little town that has survived 125 years through Indian attacks, the depression, and a devastating tornado. They may live outside it, but Belmond is there home.

"All these magazines that brag up farmers who get up at dawn and work 'til dusk, go to church on Sunday mornings, and live with the family the rest of the week? That's a bunch of bull," says Nelson, who looks in every other way the part of the "noble farmer"—ruddy-face, lean, blond, and quiet but straightforward. "I'm home maybe two nights a week. So what do I do the other nights? I've got Jaycees, I've got bowling every Thursday night, usually my wife and I go out once a week. Try to, anyway. . . ." And there are church meetings, committee meetings, and school programs to fill any free time. Nelson thrives on this bustling social life, and so do his colleagues.

"Some guys would kill if they couldn't get into town every day," Nelson says. The farmers have a good time in Belmond, and they pay it back. When they're asked, they give some of what they made off their land. Fund-raising drives regularly exceed their goals, and the town is dotted with little improvements: parks, shelters, baseball diamonds, a pool, and tennis courts, all put up by individual philanthropists or groups like the Jaycees using local funds.

But an art museum is something else again. Jim Caulkins, the canny arts organizer who runs the Ben Franklin store when not hustling up action for the Belmond Arts Festival, painting landscapes, or playing his saxophone or guitar, says Chloe Jenison chose the arts council as beneficiary because it has "moxie." In Belmond, that counts for a lot.

"People say the tornado [in 1966] was a terrible thing," says Sue Anders, a short woman with a habit of peeping brightly at you from under long bangs. She is president of the Belmond Arts council and so excited about Belmond that you can hear exclamation points when she talks about it. "The tornado wiped out all of Main Street, City Park, it took down huge trees, cut a swath through the center of town. People had to come together to dig out. But not one business moved! If we can gather around and get things done after that, we can do anything!" The arts council is one of 38 civic organizations with that attitude.

To an outsider, Belmond has an eminently battened-down look. The rebuilt stores on Main Street huddle behind a single gray arcade faced with artificial granite on which all their names are lettered in identical plain, white-plastic letters. This arcade is supported with I-beams on which perch identical white globe street lights. Other than the grain elevators, which shine like skyscrapers in the distance, there is not much here over one story high. If you are a stranger you find your way around these nondescript, solid shops and dwellings by looking out to those elevators: the silver one is to the east, and the white one is to the west. Otherwise, it is hard to tell the difference between buildings. It is harder to imagine this sturdy but supremely unremarkable-looking town as the home of a new art museum.

That is, until you have seen Belmond by night. Then, all 2,506 Belmonders—farmers included—get busy. If they're not at a grandmothers club meeting, they're at the historical society, and if you don't catch up with them there, try the arts council. In the security of small towns, people don't feel they have to lock their doors; in Belmond they leave them open because people and their neighbors are always racing in and out of each other's houses with the minutes of their last meeting, plates of brownies, and telephone lists.

The activity could be dizzying, except that it's all so planned and orderly. It's as if people were still trying to tidy away the memory of those chaotic moments on Oct. 14, 1966, when the black cloud bore down on the town and the clocks stopped at 2:55 p.m. It is an awesome memory. Someone outside of town saw six or seven funnel clouds converge on Belmond. Six people were killed, a low toll considering that 20 minutes before the tornado hit the whole town had been on Main Street, watching the homecoming parade. One hundred and nine houses were demolished, 160 had major damage, and 75 of 112 businesses were also damaged or destroyed. The side of the Belmond Hotel was sheared off so that the insides of the rooms—perfectly in order—could be seen from the street. One woman found, amid the rubble of her home, that a bed was still perfectly made, except for a lump under the bedspread which turned out to be two pieces of artificial fruit that had been in a dish on her dining room table. "The dish never did come home," she says in Belmond's "Tornado Book," a collection of stories and horrifying pictures commemorating that day.

"The first reaction was to get over the shock," says Ann Wilson, news editor of the Belmond Independent and arts council member. "It happened on a Friday, Saturday, people kind of stood around, and Sunday people came in with rakes and chain saws." The town hasn't paused since.

Projects are completed, funds are found, deadlines are met. That's just the way it is in Belmond.

But even here, the Belmond Arts Council is something to be reckoned with. Jim Caulkins, who has a twinkle in his eye and a beard, talks as if he were sitting around a potbelly stove; actually he's figuring out how to apply to the National Endowment for the Arts for funding. He says Chloe Jenison offered them the farm "because she thought we were the only ones that would have the moxie to do it. We've done everything we wanted to do.

"We haven't backed off anything," said John Schneckloth, a soft-spoken man who looks so young Caulkins calls him "Johnboy" and who throws pots when he isn't teaching art or putting in parking lots for the Jaycees.

It all started in 1977 when "We said 'Hey, there's so much local interest and local talent, why don't we form an arts council?'" This was no problem. Belmond has a talent for councils. They started planning their first arts festival that May and had it in June, with "seed money" from the Chamber of Commerce. Since then they have become a self-supporting tradition. Submissions have doubled, and the arts council was doing fine before Chloe Jenison even approached them.

Having gone to so many meetings, Belmonders seem to have internalized Robert's Rules of Order. The night the arts council settled down around a plate of brownies in a comfortable living room to explain what they do, six people talked, but no one had to interrupt. Everyone had their say, jumping in and out of the stream of talk whenever their pet subject came up. From the sound of it, the arts festival works the same way.

The council invites three visiting artists a year (sponsored by the Iowa Arts Council) to put on workshops and then holds an art show under the new arcade. The state council screens the artists, the town council picks them and pays half the expense, but the relationship between councils is strictly voluntary, at Belmond's instigation. Workshops are attended, Belmond council members are proud to note, by anyone: grade-school children, grandparents, the local art teacher, and professional artists. "The art teacher was just . . ." Caulkins remembers. ". . . Ecstatic," Schneckloth finishes for him. "She hadn't had her work critiqued since she was in college."

"We'd like to see a lot more people in them!" Sue Anders says of the workshops. She paints and takes photographs when not working on the computer programming for her husband's firm. "We really publicize them and we really push them."

Why?

"There's a lot of closet artistic people," Caulkins says. "I guess that's part of it, you draw the people out."

"It's just a way of growing! You don't stagnate," says Mrs. Anders, stating a Belmond rule.

Almost everything in Belmond has been judged and ranked at the county seat or in Des Moines, and, like the corn and soybeans, is expected to grow. When you ask, for example, about the high school band, people immediately reply, "Best in the state." Larry Flannagan, director of the Belmond Industrial Development Committee, says, "We think we've got one of the best industrial development groups in the state and we think we've got one of the best arts councils, too. That's just typical of Belmond, everything that's done is just top-notch." His group just got Eaton Industries, a multibillion-dollar engine parts company, to build a valve plant here, bringing in 300 jobs.

They learn to be top-notch in school, where kids are encouraged to compare their standardized test scores to their performance the year before. Even when they're in the tenth percentile, the lowest, "If they still gain those two (points) they feel like last year was really worth their effort," says Howard Dorman, high school guidance counselor. "All the parents want their kids to have all the advantages they possibly could. Sometimes it's a problem for our kids. They've gotta have music, and athletics, and a job, and four or five classes. . . . Once they get out of high school, it's easy."

Belmond High School puts on two plays a year. When the Belmond High School Thespians are in high gear, they rehearse every night until 10 and Friday nights till 1 a.m. Every other year, they do a musical, which involves 150 kids. There are only 250 in the school.

The competition is with oneself and the rest of the state. Though artists compete for ribbons in the arts festival, there is no artistic snobbery, because the arts council is just there to get people to participate.

This attitude works very well for keeping the Jaycees busy and getting people to bake for bake sales. But all this old-fashioned Midwestern boosterism seems as if it would be death on that elitist, bad-humored thing known as talent—not to mention the development of the quirky, unteachable, untestable aesthetic sense that comes with it. But artists who have conducted workshops bask in Belmond's atmosphere. Marilyn Parks says artists sent by the state arts council seem to get a lot of "nurturing" in Belmond. A poet who taught a workshop at the Belmond Arts Festival wrote, "I've had a marvelous time," and stayed over to play in a pickup band with Mr. Caulkins. One painter is coming back again this year to teach without any prompting, he had so much fun last time. Artists who exhibit under the arcade on Main Street tell Mrs. Anders that though they sell more in galleries, they love being on the sidewalk here, where people have no compunctions about walking up to them and saying "How did you do that?"

The reaction was the same when Chloe Jenison began stapling rolls of canvas to the wall of her farmhouse and painting long, pageantlike scenes of American history and her own family's past. She found they were unconditionally welcome in town. The arts council hung them in store windows and the library for the festival. Ron and Ginny Courson, arts supporters for years, went out to the farm and escorted her to the arts festival's annual effort at Bohemianism, a coffeehouse they set up in the local retirement apartments. She wasn't being courted, since no one knew then about her plans to give the farm away, nor did the Belmond Arts Council feel it had "discovered" a primitive artist. They just appreciated her for doing her paintings at all. In Belmond, participation is almost as shining a virtue as growth.

But the idea for some sort of museum had been on Miss Jenison's mind for years, probably since 1937, when she took her mother to New England to visit a lighthouse her ancestors, Lucy and Miles Standish, had built. It was then that her interest in history was kindled. And after her parents died, she kept the farm. Though she rents the land out to farmers now, she still lives in the farmhouse, surrounded by mementos, stacks of paintings, needlework, and the four orphan cats she brought up herself. As she painted her historical works, she began dreaming up the idea of a home for her works, and a keeper for her land.

All of which made the town arts council look like the answer to her dilemma. Nobody took Miss Jenison's offer seriously at first, but then her lawyer sent them a message that she'd like to get on with it. They gulped and held a feasibility meeting.

"We're an organization with a budget of probably $3,000 a year and all of a sudden you're talking about half a million dollars," said Schneckloth.

"We talked about it in our meeting," Mrs. Anders said. "It all boiled down to the fact that it was a chance to do something really great. . . ."

"Town our size could never get a chance again," said John Schneckloth.

"And could we pass it up?" Anders said.

"Could we say no and live with it the rest of our lives?" Schneckloth said.

"And we decided, 'Well, we're going to try.' " said Anders.

And with typical unanimity, they have been. Someone jokingly told them they will have to earn the museum. After several tries, Miss Jenison has agreed on an architect's drawing. Her lawyer has drawn up an agreement for her to sign. The arts council feels she will sign it, but in the meantime, she has small disagreements, changes her mind, and keeps demanding the council get on with it. But they do keep getting on with it, with the moxie they're famous for. Ann Wilson visits Chloe Jenison every couple of weeks, and the rest of the time Miss Jenison calls arts council members daily to grill them about how they're doing.

She took me out to the farm with her one afternoon. It is a pretty piece of land that rises slightly and commands a view of the hill near Belmond that was used to scout for Indians. The barn, which Miss Jenison insists must be kept, along with the farmhouse, as part of the museum, is over a century old and looks it. Chloe Jenison sat in a long dress among her things and talked about the doings of her ancestors in a voice filled with childlike wonder.

Her great-grandparents were on their way to Spirit Lake, Iowa, in 1856 when they were spotted from the hill. They stopped in Belmond for water and were talked into staying by settlers who needed help holding off Indians. After a balmy fall, they lived through the worst winter in Belmond's history. There have been Jenisons on that 120 acres ever since. Chloe was born a half a mile from the farmhouse. She herself has farmed the land, and has at various times raised sheep and hogs. She can remember sleeping in the barn at lambing time, huddling under a coat with her white collie dog at her feet.

She remembers hard times in the depression when they burned hay twists for fuel, and even—when prices plummeted far enough—corn. Even in good times it was hard work. They didn't have electricity or much farm machinery. She recalled her mother "milkin' by lantern and I was a little shaver. I'd start the dinner, and Pa'd have to shovel off 50 bushels of corn in the dark." To keep the land in the family was a difficult, lifelong job and she's still proud of her parents. That's why she wants to give the land to someone else who respects it. Like other farmers, she has a possessive feeling about her "ground," and doesn't want to see it sold or broken up, even though she has no children to give it to. When her parents died, she bought off the other heiress, a sister-in-law, because of Chester Luick. He was a town father who is fondly remembered for building a modern auditorium for the prodigious high school drama productions and a heated pool to keep kids from swimming in the river. He told her, "You should keep the land, your father loved it so much. Buy that 40 [acres] south." And she managed to come up with the money.

"I had been quite a saver," she says. Someone said to her father, "That girl of yours beats all. The other girls spend their schoolteaching money on hats." She presses her lips together as only a schoolteacher can and nods to Ann Wilson. "You're getting Chloe's hats."●

WE NEED A TRUE POLICY FOR ENERGY INDEPENDENCE

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BONKER. Mr. Speaker, recent disclosures have revealed the massive program cuts proposed by Mr. Stockman and the Office of Management and Budget for a wide range of Federal programs in fiscal year 1983. While a number of these proposed slashes are shocking in their proportions and several Department heads have already announced their intention of protesting the cuts to the White House, few of the proposals are as devastating as the OMB's plans for the Department of Energy.

In a sense, OMB's plans only confirm what many of us have argued all along. The Reagan administration is bent upon immediately undoing the years of progress toward lasting American energy independence based upon the development of our diverse array of energy sources and solid commitment to alternative and renewable energy.

These proposed cuts also underline the administration's double standard when it comes to Government involvement in the development and enhancement of our Nation's energy resources. Under the proposal, funding for conservation, solar research, and development, and fossil fuel research would be virtually eliminated, but more than a billion dollars would remain for nuclear energy research, including $250 million for continued work on the controversial and already-outmoded Clinch River fast breeder reactor in Tennessee.

This is the same administration double standard which rejects public support of alternative energy research, but advocates the intrusion of the Federal Government into the financing of the $54 billion Alaska natural gas pipeline project, calling for a statutory waiver which shifts the risks of the project off of the major corporations and onto ratepayers years before any gas is delivered.

This is the same administration double standard that leads the White House to impose itself into the evaluation of the northern tier pipeline project by Federal agencies and the State of Washington in an attempt to circumvent or manipulate the timely and appropriate established State-permitting procedures.

What Mr. Stockman has proposed is that the Department of Energy be given budget authority of $9.3 billion for fiscal year 1983, more than $5 billion less than the Department's original request of $14.4 billion, and a full $2 billion less than this year's DOE appropriation.

At a time when the development of secure, renewable, and clean energy resources should be a top national priority, the Reagan administration is hacking away at research and development funding, in search of short-term budgetary savings and political points.

Even more disturbing than this ill-timed retreat from our Nation's energy needs in terms of total funding, however, is the distribution of the remaining moneys.

Incredibly, DOE defense programs and the construction of nuclear warheads account for more than half of the $9.3 billion proposed by OMB. Another $2.3 billion is earmarked for filling the strategic petroleum reserve, leaving only about $2 billion for research, development, and demonstration projects, and other programs aimed at resolving our Nation's pressing energy problems.

Of that $2 billion, about half is consumed by nuclear energy research including, as I have mentioned, approximately $250 million for the Clinch River breeder reactor boondoggle.

In contrast, budget authority for all DOE conservation programs will fall to only $19 million in 1983 under the OMB proposal, compared to $712 million in 1981. In the past 4 years, the Congress has laid the foundation of a national energy program which gave highest priority to conservation. This includes the Northwest regional power bill, passed during the last session of Congress, which places conservation as the No. 1 energy priority for the Northwest. Studies conducted by private institutions and Congress have demonstrated that conservation is the cheapest quickest, and most environmentally sound method to reduce our dependence upon foreign oil. But these proposed OMB cuts, if enacted, would represent the virtual elimination of our most promising and immediate energy resource in little more than a year under the Reagan administration.

Solar research and demonstration programs, which got a half billion dollars in 1981, would receive only $70 million in 1983 under the OMB proposal.

Research on fossil fuels, including coal, oil, and natural gas, would plummet to $107 million, down from a full $1 billion in 1981.

According to information received by the House Subcommittee on Environment, Energy, and Natural Resources, OMB has also proposed the elimination of funding for low-income weatherization and the program providing matching grants to schools and hospitals for energy audits and the implementation of cost-effective renewable energy systems. The Subcommittee has also learned that despite congressional directives to the contrary, the OMB cutbacks would force DOE

to virtually abandon its enforcement effort against the major oil companies regarding past energy pricing violations, raising serious questions about the administration's commitment to equal application of the law and rigorous pursuit of statutory violations.

I can assure the White House that it will face strong bipartisan opposition if it chooses to accept OMB's proposals to essentially gut major DOE programs. Congress has already demonstrated its unwillingness to go along with even the less severe cuts to conservation, solar, and alternative energy programs proposed by the Reagan administration for the current fiscal year.

The funding cuts and spending priorities proposed by OMB place far too heavy an emphasis upon nuclear energy as the solution to our Nation's energy needs. As the residents of Washington State know only too well, this is not the answer. Our State is currently undergoing the painful process of mothballing two of the five nuclear plants of the Washington Public Power Supply System. The Northwest's utilities, major electric consumers, and the WPPSS board arrived at this situation after the estimated costs of completing the 5 plants skyrocketed from $4 billion in the early 1970's to more than $24 billion in the latest projections—severely outstripping the financing capacity of the region and the faith of Wall Street bondsellers—and projections of future electrical demand in our region fell, due to higher prices and increased conservation.

The Northwest's utility ratepayers now face truly enormous construction bills, money which could have been better spent on energy conservation programs, renewable energy resource development, and other more cost-effective actions.

It is time for the administration to adopt the path which Congress has started upon: A national energy policy which relies most heavily upon conservation, indigenous resources, and renewable resources, a path which will provide true energy independence for our children and grandchildren.●

COMMENDATION FOR CHICAGO'S DEARBORN PARK

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mrs. COLLINS of Illinois. Mr. Speaker, it is with a great deal of pleasure and pride that I take this opportunity to share with my colleagues a progress report about a development in my district in Chicago that I think is an excellent example of what the spirit of voluntarism and private enterprise can accomplish. I refer to Dearborn Park, which I believe can serve as a prototype of what can be accomplished in restoring the health of our Nation's inner cities.

This $200 million community of townhomes, mid- and high-rise condominiums, garden homes and senior citizen apartments has become the spark for the renaissance of Chicago's South Loop. It has already lived up to its slogan as "Chicago's next great neighborhood."

Being developed on 51 acres of abandoned railroad yards three blocks south of Chicago's central business district, Dearborn Park is being financed entirely with private capital. The developer is the Dearborn Park Corp., a limited dividend corporation comprised of 32 civic-minded corporations and institutions that are committed to building a stronger and better Chicago.

The vision and confidence of the Dearborn Park developers in the health and future life of Chicago has wooed other builders and businesses.

Draper & Kramer is development manager and has formed a joint venture with Baird & Warner, another major real estate company, to handle sales and management for Dearborn Park Corp.

The opportunity for walking to work and being just steps away from Chicago's outstanding museums, theaters, universities and parks are features that have lured many residents to Dearborn Park, which is bounded by Polk Street on the north, State Street on the east, 15th Street on the south and Clark Street on the west. The site was formerly owned by seven railroads.

Another bonus accruing to those moving to Dearborn Park is the opportunity to be urban pioneers and partake in the revitalization of the city.

Already completed and substantially sold out or rented are 939 residences. When completed, Dearborn Park will contain 3,000 residential units, parks, and recreational amenities.

Good value and low-cost financing as well as location have sparked sales at Dearborn Park. Since July 1979, when sales began, nearly 700 contracts have been signed for housing. Given recent economic conditions and the prolonged slump in the housing market, even more severe in Chicago than most communities, Dearborn Park's record of approximately 25 sales per month has been phenomenal.

Dearborn Park, Mr. Speaker, represents an exceptional example of private enterprise working to satisfy a basic need—housing—and stimulating improvement of the surrounding community. Hopefully, this type of voluntary private enterprise activity can be duplicated by people and organizations in other cities.●

DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE MEETING

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PEASE. Mr. Speaker, I have been quite alarmed by recent reports from a constituent in my district that today's meeting of the Depository Institutions Deregulation Committee was scheduled to consider: First, a plan to deregulate interest rate limitations on time deposits, second, short-term deposit instrument proposals, and third, interest rate ceilings for savings deposits.

I made my concerns evident to Secretary Regan in his capacity as chairman of the committee in a letter dated December 14, and requested that the committee postpone any further action on these proposals until Congress has had the opportunity to complete its oversight hearings on the thrift industry.

As a result, I am very pleased to learn that the Secretary indeed has recommended to the other committee members action of precisely this nature. Although I regret to learn of the Secretary's hospitalization and hope that he will feel better in the very near future, I am gratified to learn that the committee members have seen the wisdom of approving the Secretary's postponement recommendation in his absence.

In the interim, I and other Members of Congress will have the opportunity to avail ourselves of the findings of the oversight hearings and to deliberate in a timely manner on the proper remedies to be applied to the disturbances now evident in the operations of this industry.●

AN APPEAL FOR THE RELEASE OF KIM DAE JUNG

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. OBERSTAR. Mr. Speaker, reports that the Government of the Republic of Korea may free jailed opposition political leader Kim Dae Jung in an end-of-year amnesty have encouraged those of us in the House concerned for the fate of Mr. Kim and his jailed codefendants. Their crime has been their refusal to abandon the commitment to democratic principles, including the right to criticize and oppose peacefully the government of Chun Doo Hwan.

Those of us in this House concerned about Mr. Kim's fate hold widely dif-

ferent views of the future of U.S. relations with the Republic of Korea. We share, however, the common goal of encouraging the Chun government to free Mr. Kim and his codefendants during the traditional end-of-year amnesty.

Yesterday, the gentleman from Iowa (Mr. LEACH) and I sent to President Chun a bipartisan appeal signed by 27 House Members urging the release of Kim Dae Jung. We hope that President Chun will heed our appeal and that of concerned people from throughout the world who are deeply disturbed by the suppression of democratic processes in the Republic of Korea.

I ask that our letter to President Chun be included in the RECORD.

CONGRESS OF THE UNITED STATES,
Washington, D.C., December 14, 1981.

HIS EXCELLENCY PRESIDENT CHUN DOO HWAN,
Presidential Office, Chong Wa Dae, The Blue House, 1. Sejong-ro, Chongno-gu, Seoul, Korea

DEAR MR. PRESIDENT: As Members of the United States Congress, with deep concern for continued warm relations between our two nations, we commend the action you took earlier this year in commuting Kim Dae Jung's death sentence.

The continued imprisonment of Mr. Kim and his co-defendants, however, is of grave concern to many of us. As the forthcoming year-end amnesty approaches, we would like to take this opportunity to respectfully urge the release of Mr. Kim and his co-defendants. Their release, we can assure you, would be widely viewed by the American people as an act of humanitarian compassion and would provide dramatic demonstration of your government's commitment to a free and democratic Republic of Korea.

We value the close relationship between our two countries and look forward to further strengthening our ties of friendship and cooperation in the future on the basis of our common commitment to the principles of freedom and democracy.

Sincerely,

James L. Oberstar, Walter E. Fauntroy, Don Edwards, Richard L. Ottinger, G. William Whitehurst, Shirley Chisholm, Jack Kemp, Tony Beilenson, David E. Bonior, Floyd J. Fithian, Millicent Fenwick, Arlen Erdahl, Don Bonker, Bob Edgar.

Jim Leach, Benjamin S. Rosenthal, Claude Pepper, Joel Pritchard, Norman Y. Mineta, Ronald V. Dellums, Edward Markey, Julian C. Dixon, Mike Lowry, Tony P. Hall, Tom Lantos, Timothy E. Wirth, John E. Porter.●

FREEDMEN'S TOWN

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LELAND. Mr. Speaker, I would like to share an interesting piece of history concerning part of my community with my colleagues in the House.

The part of my community of which I am speaking is commonly known as Fourth Ward. Fourth Ward was originally named the Freedmen's Town. It was named Freedmen's Town because immediately after the Civil War, many farmers gave or sold their truck farms and property to freed slaves.

It was in this same spirit of philanthropy that the Freedmen's Town Association, Inc. was founded. The purpose of the FTA is to assure the active and effective participation of Fourth Ward's current residents in the redevelopment and revitalization of this community.

The following article outlines the rich history of the Fourth Ward community and the current steps being taken to preserve the integrity of the past:

FREEDMEN'S TOWN

Immediately west of Downtown Houston, lies one of the city's most historical communities. This community is commonly known as Fourth Ward, but its original name was Freedmen's Town.

Freedmen's Town was established immediately after the Civil War when many farmers gave or sold their truck farms and property to freed slaves. Initially, Freedmen's Town was located where Allen Parkway Village now stands. Freedmen's Town prospered throughout the Reconstruction period and until the mid-1880's, this community was owned and controlled by Blacks.

During this time period, however, Houston's Mayor, W. M. Baker, purchased most of the land encompassing Houston's inner-city and divided it into political subdivisions known as "wards."

Antioch Missionary Baptist Church was, and is, a major focal point of Fourth Ward. The church was built on its current Robin Street site shortly following its original location on "Baptist Hill" in 1866, where the Music Hall and Coliseum presently stand. The first Pastor of Antioch, Rev. Jack Yates, was a dynamic and influential leader. Deeply committed to the education of Black youngsters, Rev. Yates often used his personal finances to send Fourth Ward children to school. Today, Jack Yates High School in the Third Ward stands in his honor.

Although the "ward" system was officially discontinued in 1906, Houstonians continued to identify the city's various communities by those political subdivisions. By the turn of the century, Fourth Ward had grown to represent one-third of Houston's population.

During World War I, Camp Logan was located just west of Fourth Ward. In August of 1917, the Fourth Ward witnessed Houston's worst race riot to date—"The Camp Logan War." In the 1920's, Fourth Ward was Houston's "Harlem." The ward was filled with many restaurants, jazz spots and night clubs. These establishments were frequently visited by Houston's White citizens as well. West Dallas was the ward's main commercial strip.

In 1929, a survey conducted by the National Urban League revealed that city services were not being extended to Houston's Black citizens. In addition, a pattern of segregation was preventing Fourth Ward residents from moving to better jobs. In that same year the official report of the City Planning Commission recommended strict segregational zoning of Blacks into the Second, Fourth and Fifth wards. While this proposal was not accepted, it was implemented on a de facto basis through deed and housing restrictions. With the coming of integration, many Fourth Ward residents began to move toward Texas Southern University, in Third Ward, and other areas of the city such as Studewood, South Park, Riverside Terrace, Kashmere Gardens and Acres Homes.

Fourth Ward continues to have rich historical significance. Handlaid brick streets, constructed by the founders of Freedmen's Town, still run through the ward. Houston's first cemetery, Founder's Cemetery, is located at Valentine and West Dallas. This cemetery contains the graves of many of Houston's founding citizens. Immediately adjacent to Founder's Cemetery stands the "Hanging Tree" where several Blacks were hanged. Behind Founder's lies Congregation Beth Israel, the oldest Jewish cemetery in Houston. This cemetery is beautifully maintained to this day. Two houses built by Rev. Jack Yates still stand at 1204 Wilson and 1318 Andrews. And Antioch Missionary Baptist Church has been designated as a National Historic Landmark.

The survival of the Fourth Ward community, however, is in great jeopardy. A significant segment of the ward was razed for the building of the Gulf Freeway. The freeway severed the ward almost in half and destroyed the intimate proximity of the residential community to Antioch Baptist Church. The church now stands in the shadows of Downtown Houston skyscrapers. City services extended to Fourth Ward are inadequate. A pattern of economic/political decisions by both the private and public sectors have resulted in a neighborhood community with an extremely limited capacity to meet the needs of its primarily low-income residents. The gradual expansion of Downtown Houston threatens to displace thousands of Fourth Ward residents, many of whom are elderly, in order to make room for commercial development and high-income residential units.

Freedmen's Town Association, Inc. (FTA) was founded for the purpose of assuring the active and effective participation of Fourth Ward's current residents in the redevelopment and revitalization of this community. Incorporated in March 1981, FTA adopted the name of the original Freedmen's Town. Some of FTA's objectives include: promoting the development of affordable quality housing for Fourth Ward's current residents; encouraging homeowners, landlords and tenants to repair existing structures; providing training programs to prepare the community's young adults for skilled occupations; securing a multi-service center, and generally providing technical assistance.

The goals are ambitious because the needs are great.

FTA is actively soliciting contributions to support its efforts. The corporation welcomes both monetary and nonmonetary assistance.

Freedmen's Town Association, Inc. has its office in Fourth Ward at 1605 Andrews.

LOOKING BACK, LOOKING FORWARD

HON. HOWARD WOLPE
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WOLPE. Mr. Speaker, as the first session of the 97th Congress draws to a close, it seems an appropriate time for all of us to reflect on what we have done here in Congress this year, where we presently stand, and, most importantly, where we will be heading in 1982.

When this Congress and the new adminstration took office at the beginning of this year, it was indeed a unique historical moment. Among most Americans there was a recognition that a period of unlimited economic growth had ended and that the economic pie was shrinking. Americans everywhere had come to the realization that Federal spending and deficits were out of control, that inflation was spiraling, that the bureaucracy had become too big and too cumbersome, and that there was a need to reassess the proper role of the Government and its relationship to the American people. These feelings were compounded by a perception, based on reality, that public policy had come to be dominated by a few powerful special interests, and that too frequently the broader public interest had been sacrificed as a consequence. In short, it was a time when Americans were signaling the need for a change. Business as usual simply would not do.

This unique moment provided an unusual opportunity for the incoming administration. With Americans everywhere willing to make the necessary sacrifices, the administration was in a position to call upon the American people to accept the tough decisions that were required in order to put our economy on a sound road toward economic recovery and to restore public confidence in the National Government. All that the American people asked was that the necessary sacrifices and belt-tightening be borne equitably.

The concerns that our constituents were voicing were effectively articulated by the President when the administration presented its economic recovery program to Congress this past spring: The spending cuts to insure a balanced budget by 1984 would be made; the tax cuts needed to stimulate the economy and to give relief to taxpayers would be provided; the social safety net would be preserved; and both spending and tax cuts would be made in a fair and equitable manner.

Tragically, the actual policies that have evolved depart drastically from the rhetoric that generated widespread support for the President's program. While the various budget-cutting efforts have been described as an attempt to reduce the size of Government and to eliminate excessive Government spending, the developing budgetary realities have been quite different. This is laid out as explicitly as possible in the recent Atlantic Monthly article tracing David Stockman's participation in the program's development. Only by reprograming its computer—using untested, overly optimistic assumptions—could the Office of Management and Budget produce numbers to support the claim of supply siders that you could cut $750 billion in taxes and only $130 billion in spending and somehow end up with a balanced budget.

The fallacious assumptions underlying the President's economic program were openly questioned in congressional debate. Both conservative and liberal economists correctly forecast the negative economic consequences of continuing high deficits and high interest rates that would result from the passage of the President's program.

Now, in contrast to the administration's initial forecast of a $42 billion deficit this year, we are faced with a deficit exceeding $100 billion, and an administration acknowledgment that the deficit may reach $152 billion next year, and $162 billion in the 1984 fiscal year. It is because potential investors have recognized the long-term effect on credit markets of this kind of deficit spending that long-term interest rates have remained high, crippling key industries such as automobile and housing and throwing this country into a recession.

In recent days, the administration has been attempting to downplay the significance of the projected deficits. But unless we come to terms with the economic cost of consistently large deficits, we will continue to move from crisis to crisis. It is true that short-term interest rates have come down somewhat over the past few months, largely because the recession has temporarily decreased business and consumer demand for credit. But as the economic recovery begins, hopefully next spring or summer, we will find the huge Federal deficit increasing the Government demand for credit at the same time that tight money—the other cornerstone of the administration's economic strategy—is severely constraining the supply of credit. Economists fear that the resulting competition for credit will send interest rates through the roof again, stunting economic growth and inviting another—and deeper—recession.

What is equally troubling is that the spending and tax cuts that have incurred this record deficit have been pursued with little regard to equity. The administration's budget simply cut funding for domestic programs, such as education and job training, and used the savings to finance unjustified subsidies to energy interests, wasteful water projects, military aid to unstable countries, a blank check to the Pentagon, and tax breaks for particular corporations and the wealthiest in our society. Under the guise of balancing the budget and providing tax relief, we have witnessed this year a dramatic redistribution of the Nation's wealth from those who are already the most economically vulnerable—small businesses, senior citizens, middle- and lower-income families, family farmers, and the economically distressed areas of the Northeast and Midwest—to the most prosperous and least vulnerable sectors of our economy.

Mr. Speaker, there is not a Member of this body who does not want to see the President's program succeed, and there is probably no State that has a greater stake in the success of this program than my home State of Michigan, where the unemployment rate is currently running in excess of 12 percent. And I recognize that there is some feeling that more time should be allowed before revisions of the program are considered. But it needs to be emphasized that it was the administration that argued that the economically stimulating effects of the President's program would be realized immediately upon passage of the budget and tax legislation. And with the Federal deficit now at a record level, with over 9 million people looking for work, with American automobile and building industries devastated by high interest rates and recession, and with business and farm bankruptcies rising dramatically, it would be an abdication of our constitutional role if those of us in Congress who believe the President's program can and must be strengthened were to remain silent. It is worth noting in this regard that we are only following the lead of many members of the administration who have already publicly voiced their fears and are urging the President to consider major revisions in the administration's economic recovery program.

So where do we go from here? There are two elements of budgetary and tax policy that, in my view, should serve as the focus of congressional debate and action. Regarding taxes, there is a need to reconsider that portion of the administration's package that provided excessive tax breaks for special interests. New benefits to the oil industry should be repealed; legislation allowing extremely profitable corporations to purchase tax credits should be rescinded; and the Congress should undertake an indepth review of long-standing tax loopholes.

On the spending side of the Federal budget, our constituents will not, and should not, accept any further cuts in programs designed to protect those who are most economically vulnerable. Programs such as social security, job

training, and child nutrition must be protected from further attack. Nor can we afford to make further cuts in programs representing critical investments for our Nation's future—programs such as education, basic research and development, and alternative energy development. Consequently, if further essential spending reductions are to be accomplished, it will be necessary to look elsewhere—at a variety of budgetary "sacred cows." This year's budget contains, for example, wholly unjustified subsidies for the tobacco industry, and for vast energy and water projects such as the $3 billion Tennessee-Tombigbee Waterway and the $3 billion Clinch River breeder reactor, both of which have been characterized by astounding cost overruns and an absence of any economic justification. Moreover, the President has approved only minimal reductions from a 5-year $1.6 trillion defense budget, even though the General Accounting Office has identified more than $10 billion in annual savings that would be realized through the elimination of wasteful administrative and procurement practices in the Defense Department. Such sacred cows must be evaluated with the same criteria of real need and cost effectiveness that have been applied to every other area of Federal spending.

Mr. Speaker, there is one final point that needs to be made. We are facing a national emergency, and just as it is too late for business as usual, so it is too late for politics as usual. We simply must find a way to overcome the narrow partisanship that, too frequently, gets in the way of problem solving. The agenda facing the administration and the Congress in the months ahead will present exceedingly difficult issues and decisions, and they will demand creativity and courage on the part of all of us. But I am convinced that if we unite in this task, in a genuinely bipartisan manner, we can regenerate the national consensus needed to carry us through and beyond these troubled times. Our constitutents demand no less.●

SOVIETS POUR BILLIONS INTO ANTI-AMERICAN PROPAGANDA DRIVE—II

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PORTER. Mr. Speaker, earlier this week I inserted in the RECORD the first installment of a USIA alert that discusses Soviet disinformation and external propaganda themes. Today I offer the second installment against the continuing background of the dark face of Soviet communism as it pulls the strings to crush the hopes of millions of Poles for basic human rights, personal dignity, and democratic institutions in their homeland.

Mr. Speaker, this second installment includes a discussion of how the United States is to be blamed for Poland's problems and, specifically for the Government's declaration of martial law. This "Project Truth" analysis details several of the themes and subthemes that Soviet propaganda technicians employ to cast principal blame for the world's problems on the United States.

This update on Soviet disinformation techniques should not escape the Members attention as we enter a new phase of political crisis in Europe and the Middle East.

SOVIETS POUR BILLIONS INTO ANTI-AMERICAN PROPAGANDA DRIVE—PART II

SUBTHEMES: II. CURRENT SOVIET EXTERNAL PROPAGANDA THEMES

1. The U.S. seeks military superiority over the Soviet Union. The U.S. has lost the military preeminence in the world it enjoyed after World War II when only it possessed nuclear weapons. The U.S. wishes to regain its former position in order to blackmail the Soviet Union and its allies, to force its will upon other countries, and to resist forces of change and progress, especially in the Third World.

2. The U.S. is not seriously interested in arms control negotiations. The U.S. strives to create an international atmosphere which is counterproductive to arms talks, it has failed to respond to any of the sincere Soviet initiatives in the sphere of arms control, and it has blocked ongoing efforts such as the MBFR talks. Although the American failure to ratify SALT II is no longer a major emphasis, it is still regularly referred to in the context of more general criticisms of U.S. arms behavior.

3. The U.S. is introducing sinister new weapons such as the neutron weapons, the Pershing II, the MX, chemical and biological weapons. In its drive to regain superiority, the U.S. is developing and deploying new weapons systems which endanger the alleged parity that Soviet propagandists maintain now exists between the two countries. The U.S. is willing to use any weapon, including chemical and biological devices which most other countries have outlawed. The U.S. is also developing the space shuttle mainly for military use and is working on killer satellites, particle-beam weapons, and laser applications.

4. The U.S. is forcing its allies to accept its weapons and to increase their own arms expenditures. The U.S. blackmails its allies into accepting the placement of weapons (e.g. Pershing II's). Its allies resist because they recognize that the U.S. is trying to export a future war, that is, to ensure that it is not fought on U.S. soil. There is a growing split between the U.S. and its allies.

5. The U.S. seeks to forge an anti-Soviet alliance with such countries as China, Japan, Pakistan, and Turkey. The U.S. wants bases for its troops or the right to stockpile military supplies on the soil of other countries. The U.S. uses economic aid, military assistance, weapons sales, or simple blackmail to gain concessions.

6. The U.S. engages in psychological warfare against the Soviet Union. It spreads untruths about the USSR through its propaganda activities—especially radio: VOA, RFE, and RL—and foments anti-Soviet hysteria and war mentality. These activities are in violation of basic international agreements such as CSCE.

7. The U.S. wages economic warfare against the USSR. The U.S. is trying to provoke a costly new round of the arms race that will strain, exhaust and ultimately destroy the Soviet economy. It also uses economic weapons such as the grain embargo to force the Soviet Union to accede to its will. Soviet propagandists always strongly emphasize that the Soviet economy will never be ruined by a forced arms race. Although the Soviet leadership would much prefer to use Soviet resources for improving the people's living conditions, the USSR is certainly capable of keeping pace with U.S. military strength and is determined to do this, even if sacrifices are necessary in other sectors of the economy.

8. The U.S. grossly interferes in the internal affairs of other countries. The U.S. seeks to manipulate the domestic political process of other countries, including its allies. It attempts to guarantee that these countries' domestic and foreign policies will be subordinate or at least complementary to its own. The U.S. is willing to use all methods to this end, including propaganda, blackmail, bribery, and assassination. In the case of countries that seek to free themselves of U.S. or colonial domination, the U.S. assists repressive regimes in putting these movements down or sponsors counterrevolutionary activities which will restore the status quo.

9. The U.S. faces vast resistance to its aggressive plans. The world public opposes the aggressive plans of the U.S. and its allies. Large-scale resistance is seen in almost all countries. Pacifism and neutralism are growing, especially in those countries most threatened by U.S. plans. Even within the U.S., there is a major split between the Government and the people over defense policy.

10. The U.S. and allies are responsible for international terrorism. The U.S., Israel and some of the NATO allies are behind terrorist activity in the world. There is a tradition of terrorism associated with right-wing extremists in the West and the U.S. is a violent, unstable society which spawns terrorist activity.

11. The CIA is behind much of the unrest in the world. In its efforts to carry out its policies, the U.S. resorts to all available means. Along with military, economic, and psychological weapons, the U.S. employs the CIA to subvert other countries and to bring their policies in line with its own. It attempts to control other governments through its agents or to destabilize those countries it cannot control. The CIA has unlimited funds and will employ any means to achieve its ends.

12. The Soviet Union seeks only peace and detente. Soviet policy is peace-loving and defensive. The USSR has often sought to reach agreement with the U.S. and its allies to reduce tensions, disarm, and engage in peaceful economic and social intercourse. The Soviet Union respects the independence and sovereignty of other countries and does not interfere in their internal affairs. The world public recognizes and appreciates this policy, and regards the Soviet Union as the greatest force for peace on the planet.

13. The Soviet Union arms only to defend itself and its allies. The USSR is forced to respond to U.S. and Western threats by building its own forces. These forces are purely defensive, but can be used to defend

the gains of socialism and national liberation movements such as in Afghanistan.

14. The U.S. cannot succeed in gaining military superiority. The Soviet people are willing to make whatever sacrifices are necessary to provide adequate defenses. In spite of the U.S.'s superior resources, it will never be allowed to regain military superiority.

B. GLOBAL THEMES: UNITED STATES AND RUSSIA AS COMPETING SOCIAL MODELS

The propaganda themes listed in this section are meant by the Soviets to show that the U.S. is an unattractive, vicious, exploitative society which has outlived its time. The Soviet Union is portrayed as the society which has found the answers to the challenges of modern society. While the Soviet Union is acknowledged to have some problems, these are of a temporary nature and will fade as the society develops.

The Soviets are especially defensive about social and economic comparisons with the U.S. and other Western countries. They react immediately to charges from Western oficials which call into question the quality of life in the Soviet Union or challenge the idea that the USSR constitutes a model for future society.

SUBTHEMES

1. The U.S. slanders the Soviet Union, U.S. policy is pervasively anti-Soviet. "Bourgeois falsifiers" in the West carry on a relentless campaign of anti-Soviet slander. They slur the Soviet way of life, Soviet reality, nationality relations, foreign policy, economic system, etc. Western "secret services" and their "mouthpieces" and "voices" are in the forefront of this campaign of anti-Sovietism.

2. The neocolonialist U.S. and its allies are not friends of the Third World. The U.S. holds up the American system as a model for Third World countries but in fact it is not a fit model. Imitating it means continuing in a mode of colonial- style oppression and injustice. The U.S. supports tyrannical regimes (e.g. Chile, South Africa) if they are pro-West and anti-Soviet, and it opposes national liberation movements. It has no genuine concern for the welfare of the Third World peoples; its main concern is access to resources. American exploitation of Third World takes many forms—economic, cultural, political. For example, U.S. corporations extract profit from the Third World while exploiting their resources; the CIA manipulates foreign regimes by "dirty tricks"; U.S. museums and private collectors steal Latin American artifacts.

3. The Soviet Union is the natural ally of Third World countries. Its dedication to the interests of the common people is manifested in its support of national liberation movements. The USSR generously extends opportunities to Third World students to study in the USSR. It unstintingly gives economic assistance for peaceful purposes and sends Soviet technicians and specialists of all kinds to Third World countries to work jointly with the indigenous population on construction and other projects.

4. The United States is an insecure, unstable, inhumane society in a permanent state of crisis. Its most striking features are:

High unemployment (especially among blacks).

Racial discrimination.

Abject poverty juxtaposed with excessive wealth concentrated in the top most elite.

Widespread demoralization as well as material deprivation among the poor, the unemployed, and the otherwise disadvantaged.

High cost of education, medical care, etc. (access and quality depend upon ability to pay).

Rampant crime and antisocial behavior (decadence, drugs, and pornography).

Neglect of and lack of respect for the elderly.

Widespread worker dissatisfaction (as evidenced by strikes).

Political prisoners.

Lack of genuine democracy.

Note: While usually less prominent and extensive than propaganda on international issues, propaganda on U.S. internal affairs is nonetheless a staple feature of the Soviet media. Themes are longstanding and change little over time, although treatment and tone vary. Commentary is usually tied to some news event or development in the U.S. which illustrates negative aspects of American society. Soviets do not need to make up stories or "disinformation" although they are not above it. All they must do is give one-side coverage of issues, drawing from Western press articles and data that show American society in an unfavorable light.

By contrast, Soviet propagandists portray the USSR as having solved or nearly solved most of its problems. Because economic rights (jobs, wages, pensions) are considered to be basic human rights in the Soviet Union, the system is shown to be more humane and dedicated to the welfare of the masses. Social relations are based on equality, antisocial behavior is an aberration, and the people regard the system as fair and just.

5. The U.S. violates fundamental human rights while accusing others of doing so. The U.S. hypocritically attacks the Soviet Union for alleged human rights violations, while it is the U.S. that is violating fundamental human rights. The U.S. is interested in human rights only as an issue with which to attack the Soviet Union.

6. Soviets who fall prey to Western propaganda tend to be unsuccessful and miserable when they emigrate. Soviet emigres miss their homeland intolerably, regret their decision to emigrate, and are desperate to return to USSR. Their reasons for being disenchanted with life in the West tend to be both economic and "spiritual": difficulty of getting a job commensurate with one's education and experience; unsatisfactory living conditions; feeling out of place in a cold, uncaring, dog-eat-dog, every-man-for-himself capitalist society.

C. REGIONAL AND COUNTRY THEMES

Many of the global themes previously described appear in Soviet propaganda directed at or concerning specific regions and countries. This section sets out the main lines of propaganda about a few countries and areas.

1. Poland. Soviet propaganda accuses outsiders—especially the West and particularly the U.S.—of interfering in internal Polish affairs, stirring up trouble through its radio propaganda (VOA and RFE), and supporting antisocialist elements. Various Polish organizations and individuals have been criticized, but favorite targets are Solidarity, the Committee for the Defense of the Workers (KOR), and groups which allegedly seek to separate Poland from the socialist community or restore capitalism. FRG interference and revanchism is also a recurrent theme.

2. Afghanistan. Major emphasis is on the humanitarian, economic, and otherwise peaceful aid rendered by the Soviet Union to Afghanistan. Outsiders, especially the U.S. together with the PRC and Pakistan, are charged with interfering in Afghan affairs and in the Persian Gulf, supporting and encouraging the "bandits" (insurgents) and generally provoking discord and chaos. The CIA is accused of being behind "bandit" activity.

3. Iran. The Iranian people are said to have overthrown the oppressive, U.S.-backed regime of the Shah. The U.S. is still trying to regain its previous dominance and is behind attempts to overthrow the revolutionary regime. The U.S. (through the CIA) is responsible for the rash of assassinations of Iranian leaders.

4. China. China is accused of taking an uncooperative and hostile stance toward the Soviet Union. It is depicted as conspiring with the U.S. on military and political adventures which threaten the USSR and its allies and endanger peace—for example, in Afghanistan. The point is made, however, that the USSR remains ready to have normal relations with the PRC.

5. Japan. Japan is ganging up with China and the U.S. against the Soviet Union. It is making outrageous claims on Soviet territory (the disputed Northern Territories).

6. Cuba. Cuba and the USSR are loyal allies. Cuba is the bastion of progressivism and freedom in Latin America. Latin Americans elsewhere seek to follow its example, but are often discouraged or prevented from this by the U.S. (through the CIA) together with its allies. Since Castro took power, the U.S. "special services" have been plotting and conniving against him. The U.S. constantly threatens and provokes Cuba.

7. El Salvador. The U.S. is propping up an oppressive, unpopular regime. It has promoted falsehoods about the situation there, bolstered with forged and falsified (by the CIA) documents. The U.S. has made false claims about Soviet clandestine involvement in El Salvador in order to distract attention from its own activities.

8. South Africa. South Africa is a racist renegade state which suppresses its national liberation movement with the support if not the assistance of the U.S. Its recent attack on Angola is evidence of its lawless, aggressive nature, and the UN veto is evidence of U.S. support.

9. Middle East. The main propaganda target is Israel, which is depicted as the prime military and political threat in the region. Zionism is condemned as a pernicious force and is equated with anti-imperialism. Egypt is another favorite target of Soviet propaganda, with personal attacks often made on President Sadat. The U.S. is criticized for efforts to reach a "separate deal" with Israel and Egypt which is doomed to fail. The U.S. is also charged with general aggressiveness in this area. This is contrasted to the "peace, friendship and cooperation" offered by Soviet Middle East policy. Steadfast Soviet support for the PLO's cause is reiterated.

10. Western Europe. NATO countries are often lumped in with the U.S. in propaganda on military-strategic themes. On TNF, the U.S. and "some NATO leaders" are the villains, while the European people are generally described as peace-loving. All manifestations of opposition to neutron weapon and other weapons receive heavy play. Disagreements or conflicts between the U.S. and its European allies receive heavy and unbalanced attention from Soviet propagandists. A constant theme is that the U.S. exploits Europe in its (U.S.) anti-Soviet policies and uses heavy pressure in countering European resistance to U.S. domination. Another theme, used mostly in connection with the

FRG is the "resurgent neo-Fascism, neo-Nazism" in the West.●

YOUNG EAGLES FLY AT THE PYMATUNING

HON. MARC L. MARKS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MARKS. Mr. Speaker, I was recently informed by the Pennsylvania Game Commission, that all five eagles which were raised in the Pymatuning/Conneaut Marsh Area of Crawford County, Pa., are now flying. The five eaglets represent a modern-day record for production of the endangered birds in Pennsylvania. By way of history, prior to last year, only 28 offspring had been produced in 20 years in the Pymatuning.

I believe it especially appropriate to note the achievement of the Pennsylvania Game Commission and the citizens of Crawford County in light of the introduction of House Joint Resolution 352, designating 1982 as the Bicentennial Year of the American Bald Eagle. I was proud to become a cosponsor of this resolution in commemoration of the 200th anniversary of the adoption of the bald eagle as the symbol of our Nation.

The eagle has served as a proud symbol from the days that our country fought for independence. Today, the eagles raised in the Pymatuning/Conneaut Marsh Area will be living reminders of what the citizens of Pennsylvania, and indeed what all citizens of these United States, can do to preserve our wildlife heritage.●

EVANS NOMINEES TO SERVICE ACADEMIES

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. EVANS of Delaware. Mr. Speaker, I have asked a distinguished group of Delawareans from all over the State to serve on my Academy Review Board in order to select the most qualified young people for nomination to the four U.S. service academies. The board has now narrowed down the 72 candidates to 42 outstanding young men and women who are to be my academy nominees.

One of the key elements of maintaining our national security is our ability to attract the most highly qualified high school graduates to our Nation's service academies. As Delaware's Congressman, it is especially gratifying that so many outstanding young people from my State desire to serve their country. I feel certain that from among my nominees will be some of our Nation's future military leaders.

It matters not that all of these fine young people cannot be chosen in the final selection process at the academies. I feel their talents and abilities—but most especially their desire to serve their country—is worthy of mention here.

EVANS NOMINEES TO SERVICE ACADEMIES—LISTED BY NAME, HOMETOWN, AND HIGH SCHOOL

U.S. AIR FORCE ACADEMY

James Baldino, Newark, Newark; John Bieber, Milford, Milford; Thomas Brittain, Dover, Ceasar Rodney; James J. Clay, Woodside, Ceasar Rodney; Kip K. Coco, Wilmington, Concord; Robert Cox, Wilmington, Mt. Pleasant; Craig Culver, Wilmington, Brandywine; Mary Delmonte, Wilmington, St. Marks; James P. Harvey, Dover, Ceasar Rodney; Christopher Hutson, Wilmington, Mercersburg Academy, University of Miami.

Joan M. Kinsey, Wilmington, Concord; Jeffrey Linskens, New Castle, William Penn; David Morgan, Newark, Newark; Martin Muendel, Wilmington, A. I. duPont; William Murphey III, Wilmington, Brandywine; Thomas W. Muehleisen, Newark, Christiana; Michael Premo, New Castle, Delcastle Tech; Jimmie D. Schuman, Felton, Lake Forest; Robert M. Underwood, Wilmington, Brandywine; Dimitri Yallourakis, Wilmington, Concord.

U.S. MERCHANT MARINE ACADEMY

Aileen Barton, New Castle, St. Marks; Stacey Benfer, Wilmington, Brandywine University of Delaware, Craig Culver, Wilmington, Brandywine; Donald Drew, Jr., Felton, Lake Forest; Eric McDonald, Wilmington, Brandywine; Nicholas Tsaldaris, Hockessin, Tower Hill; Patricia Tuggle, Milton, Cape Henlopen U.S. Military Academy Preparatory.

U.S. MILITARY ACADEMY

David C. Edwards, Wilmington, McKean; Joseph Garecht, Claymont, Salesianum; Jonathan Guy, Wilmington, Brandywine; William Murphy III, Wilmington, Brandywine; Michael Nelson, Smyrna, Smyrna; Gary E. Pearcy, Bear, William Penn; George Rosser, Wilmington, McKean; Shelley Smith, Dover, Ceasar Rodney; Patricia Tuggle, Milton, Cape Henlopen U.S. Military Academy Preparatory; Dimitri Yallourakis, Wilmington, Concord.

U.S. NAVAL ACADEMY

James Baldino, Newark, Newark; Lawrence Deist, New Castle, William Penn; Donald Drew, Jr., Felton, Lake Forest; Christopher Hutson, Wilmington, Mercersburg Academy, University of Miami; Gardner Jackson, Seaford, Seaford; Paul Joyce, Wilmington, Salesianum; Harrison Latimer, Wilmington, Tower Hill; Josh McDonald, Wilmington, Salesianum; James Ryder, Wilmington, Salesianum, Northwestern Preparatory; Edwin Stein, Wilmington, Archmere Academy.

ALTERNATES

John Bieber, Milford, Milford; Daniel Gilardi, Newark, Glasgow; Stephen Szymanski, Wilmington, Salesianum, U.S. Naval Academy Preparatory.●

OPPOSED TO INCREASED TAX BENEFITS FOR MEMBERS OF CONGRESS

HON. ALBERT LEE SMITH, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SMITH of Alabama. Mr. Speaker, I want the CONGRESSIONAL RECORD to show I oppose yesterday's successful legislative maneuver that allows married Members of Congress who have homes in Washington and in their districts to take tax deductions for most of the cost of maintaining their homes in Washington, and doubles the amount Members of Congress may earn from speeches and other outside activities. Further, I am displeased with the back-door manner in which the increased benefits were engineered, having been rammed through Congress by voice vote without a recorded vote after Members likely to oppose were called from the floor on business.

This type of action does little to encourage trust in elected officials. It is unconscionable for Members to be voting themselves a pay increase at a time when they are asking every other American to sacrifice so that spending can be brought under control.

Since coming to Congress, I have not supported an increase in my salary and I did not support either proposal that was finagled through last night. In fact, I voted to disapprove the Journal today in an effort to force open reconsideration of yesterday's decision, because I do not think this pay raise would have been approved if there had been a recorded vote.

Legislation affecting congressional salaries should definitely be dealt with openly. That is why in February of this year one of my first acts after coming to Congress was to cosponsor H.R. 1200, the Congressional Pay Reform Act. This act defers pay raises until the beginning of the next Congress, prohibits Congress from passing a pay raise by attaching it as a rider to other legislation and requires a recorded vote on any legislation that increases the salaries of Members of Congress. It is unfortunate Congress has never taken any action on this bill. Had it been enacted already the outcome yesterday would probably have been different.

I urge my colleagues to consider supporting congressional pay reform legislation of this type and assure my constituents of my determination to continue seeking such reforms.●

LET'S INVEST INDIAN OPERATION AND MAINTENANCE FUNDS IN INTEREST-BEARING ACCOUNTS

HON. SID MORRISON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MORRISON. Mr. Speaker, today I am introducing a bill which would amend the act of June 24, 1938, to allow the Secretary of the Interior to invest operation and maintenance funds, as well as other revenues, such as security deposits, collected by Indian irrigation and power projects.

Currently, funds collected from the users of reservation irrigation and power projects administered by the Bureau of Indian Affairs are deposited in Treasury accounts until they are needed to meet the project costs. These funds cannot be invested in interest-bearing accounts because they are not considered as individual or tribal funds, and under section 1 of the act of June 24, 1938, only individual and tribal funds may be invested by the Secretary of the Interior. My bill would extend the Secretary's power of investment to include operation and maintenance funds.

In 1981, approximately $12 million would have been available for investment under this bill. The Department of the Interior appropriation bill for 1982 reduced the amount of Federal funds available for operation and maintenance of Indian irrigation and power projects by $500,000. The interest that would accrue from funds invested under this legislation could be used to offset that reduction and prevent the need to authorize future Federal spending for repairs that could result from lack of proper maintenance.

This legislation would benefit both Indian and non-Indian users of Indian irrigation and power projects by reducing operation and maintenance costs to project users, and would enable projects to operate at an adequate level, despite Federal cutbacks.●

ODE TO THE DEMOCRATIC CONGRESSIONAL CAMPAIGN COMMITTEE

HON. GUY V. MOLINARI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MOLINARI. Mr. Speaker—

Tony and Tip were heard to say
"There is only one way to save the day.
We tried it conventionally, that didn't work
So now fellow Democrats, let's dish the dirt.
Let's send out releases, cleverly disguised
With our names on the bottom, but tiny in size
The news people are dumb, they are easy to cheat
They'll print what we send 'em, and turn on the heat.
We'll get those seats back to where they belong
With the wonderful party that can do no wrong.
Then we'll start spending money, as we once did before
And boot those Republicans right off the Floor.
What a wonderful future we all have in view!
Even if it's immoral, and slanderous too!
Lie cheat and libel, speak untruths and such
The public won't mind it, they love us too much."●

NATIONAL EYE INSTITUTE—A WORTHY INVESTMENT FOR AMERICA'S FUTURE

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PORTER. Mr. Speaker, I address the House today with respect to a specific budget item. But the Members will be pleased to note that it is a matter for fiscal year 1983 and not a request for any further changes for this year.

I rise to draw the attention of the House to research funding for NIH's National Eye Institute, because I know this is Government money spent efficiently, an investment in America's future with a significant return. I do this now because I believe it is important that we in the Congress as well as the administration budget planners take a cue from NEI: plan ahead and reward those in Government who help us do that.

Mr. Speaker, NEI currently receives about $117 million (fiscal year 1981) or about 3 percent of the NIH budget of $3.7 billion. In fiscal year 1982 NEI will get $127 million under the continuing resolution the House just passed and the President signed into law.

Currently, NEI employs about 160 people out of 12,000 at NIH, just a little over 1 percent of the total NIH work force. But these few have the responsibility of running a full range of programs at an NIH Institute. The impact of this relatively small investment over the years has been immense:

The Institute's diabetic retinopathy study has prevented thousands from going blind at a savings of over $4 billion to the economy.

NEI is developing a new drug treatment for uveitis, a devastating disease of the inner eye that is responsible for 10 percent of all visual impairment in the United States.

Recent NEI-supported research indicates that in the future it should be possible to develop drugs to slow down cataract formation enough to delay surgery by 10 years. This will result in a savings of about $3 billion over a 10-year period (180,000 fewer cataract operations per year).

In my view, the National Eye Institute is probably the best managed program at the NIH. The National Advisory Eye Council (NAEC) and the Director of the Institute, Dr. Carl Kupfer, have just completed three national plans for vision research which spell out in detail the types of projects to be supported, the relative priorities of these projects, and overall management and program policies to be followed by the Institute in the implementation of this plan.

The same Council estimates that a fiscal year 1983 budget of $190 million is required to carry out these priorities. This will provide for the support of 1,247 research projects (compared to 1,100 that were supported at the high-water mark of NEI funding in 1979). This reflects a 12-percent increase in the number of grants supported. In fact, the 1,247 projects is a reduction from the 1,516 projects recommended for vision research plan funding by the Council in 1978. This reduction was achieved through disciplined priority settings as well as planned cutbacks in target areas, such as basic psychophysics research.

Already the NEI has imaginatively tackled several key issues that confront biomedical research:

For example, there is a serious decline in the numbers of clinical researchers in biomedical research. Yet, the NEI has managed to attract and increase the number of clinicians in eye research—from 225 in 1977 to 330 in 1980—by emphasizing this issue in its funding decisions.

NIH has been criticized in some quarters for not sufficiently encouraging innovative research. The NEI is concerned about this problem for Pilot Projects and expects to receive over 500 applications for such grants this fiscal year. These grant applications will be reviewed and funded in half the time required for the processing of regular grants.

The Institute is able to maintain its funding flexibility because it does not fund large program project grants or other umbrella grants such as comprehensive centers, since these large grants seem to evolve into mandatory commitments for an Institute, and are almost impossible to turn off when new research priorities arise.

Indirect costs are beyond the control of NEI, and a fact of life when contracts are signed with researchers attached to universities and other institutions which charge overhead up 250 percent since 1966 in constant dollars, direct costs have risen only 35 percent.

The NEI and its Director, Dr. Carl Kupfer, have brought good management and planning to NIH research programs. The priority of eye research

to the future health of the American people is a high one. I would hope that the Members would give careful and favorable consideration to reward all of these positive attributes and NEI's outstanding record of achievement, while at once continuing to excise the many wasteful and less significant programs that our Treasury cannot afford.●

THE HUNGARIAN ELECTIONS OF 1945—AN EXAMPLE OF DEVOTION TO DEMOCRATIC IDEALS

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LAGOMARSINO. Mr. Speaker, on November 4, 1945, in the midst of a ruined country occupied by savage Soviet soldiers and intimidated by a Communist Party enjoying the open support of the Allied Control Commission under Soviet Marshal Voroshilov, the Hungarian people went to the polls. Two parties were in electoral alliance, the Communists and the Social Democrats, but the major party of the center, the Smallholders Party which formed the backbone of the legal opposition under the Horthy era, refused an electoral alliance at the behest of Msgr. Bela Varga, the National vice chairman and Budapest district chairman of the party.

Monsignor Varga's success in winning the Budapest municipal elections by absolute majority against overwhelming odds on October 7, 1945, encouraged the party to field its own candidates and the party enjoyed the support of the absolute majority of the Hungarian voters despite the absence of the POW's and forced laborers in the Soviet Union and about 1 million people still in Germany and Austria.

This accomplishment purchased 18 months of free government in Hungary and a short-lived blossoming of democracy. However, the Communists gained by Soviet fiat key positions in the coalition government formed after the elections and through its adept uses weakened the Smallholders Party, until on May 30, 1947, they could execute a coup by persuading a small section of the Smallholders to enter into an electoral alliance with them and by holding new, rigged elections.

The lesson of the 1945 elections was, however, not lost on the Hungarian people. They remembered their democratic traditions and quest for national independence on October 23, 1956, when the Hungarian revolution commenced. They are still as devoted as ever to the cause of individual liberty and national sovereignty despite continued Soviet occupation. They even achieved a modest degree of compromise, enabling them to live economically better and politically slightly less oppressed than the other nations in the bloc except Poland.

At this juncture, we should pay tribute to the heroes of the 1945 elections, the valiant Hungarians and the leaders of the Smallholders Party. Many of them died as a result of prison sentences meted out by the Communists, other, like former Prime Minister Ferenc Nagy, died in exile. But the grand man of the party, Msgr. Bela Varga, is still with us as the chairman of the Hungarian Committee in New York. He continues to remind us in his messages of ultimate plight of the Hungarians devoid of true national independence and human rights and we congratulate him to a life devoted to Christian and democratic principles and to a struggle for the oppressed and persecuted whether escaped French POW's, Jews, and Poles during World War II or the anti-Communist democrats after the war.●

NATIONAL ENERGY EDUCATION DAY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DERWINSKI. Mr. Speaker, I rise in support of House Joint Resolution 293 designating March 19, 1982, as "National Energy Education Day."

This resolution calls upon the American people to observe and to participate in educating sectors of our society in our changing energy situation, specifically the youth of America. It will be the youth of our country who will be solving the energy problems of the future and I feel that by creating an awareness of our energy problems we will be preparing them for the challenges of the future that lie ahead.

I urge my colleagues to support this resolution.●

PUTTING THE SHOE INDUSTRY BACK ON ITS FEET

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. NELLIGAN. Mr. Speaker, sometimes I fear the Federal Government is laying siege to the industries in my district.

The cigar industry employs well over 1,000 employees in my district. Therefore, it is distressing for me to hear talk of raising the Federal excise tax on cigars because it would guarantee that some of these employees would lose their jobs.

The apparel companies in my district employ thousands of workers, yet a weak and ineffective Multifiber Agreement (MFA) has devastated the industry by allowing large import surges. The Federal Government must negotiate a new and more effective MFA.

There is also discussion of eliminating industrial revenue bonds, which have proved invaluable to the small businesses of my area and have spurred economic development. It would be impossible to calculate the harm that would be done should these bonds be eliminated.

However, my main concern today is the shoe industry, another important provider of jobs in northeastern Pennsylvania. It has been badly hurt by imports, yet the Federal Government recently ended import protection. I firmly believe that voluntary restraints should be negotiated for the shoe industry, just as they were for the auto industry. Import penetration is almost twice as high for shoes as for automobiles, so I feel this administration should treat the shoe industry just as it has the auto industry.

The resolution below, passed by the Economic Development Council of Northeastern Pennsylvania's Executive Committee, is indicative of sentiment in my area regarding shoe imports and the need for relief. I would like to place it in the RECORD for the consideration of my colleagues.

Whereas the federal government has undertaken to continue to support the importation of shoes into the United States; and

Whereas the importation of foreign shoes provides an adverse, competitive disadvantage to American shoe manufacturers; and

Whereas the production of boots and shoes in Northeastern Pennsylvania has been historically a major industry sector; and

Whereas many firms producing shoes in Northeastern Pennsylvania have been forced out of business as a result of the importation of shoes into the United States; and

Whereas our Congressional delegation has supported the need for a change in the importation law to allow a more competitive advantage to American producers of shoes: Now, therefore, be it

Resolved, that the Executive Committee of the Economic Development Council supports:

1. Favorable treatment for American producers of shoes, in particular, those in Northeastern Pennsylvania.

2. Necessary changes in the current federal law and regulation which currently allows unfair competition from foreign manufacturers of shoes to the detriment of American manufacturers.

3. Copies of this resolution should be transmitted to appropriate federal, State, and local officials.●

JEFFRIES INTRODUCES EDUCATION LEGISLATION

HON. JIM JEFFRIES

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. JEFFRIES. Mr. Speaker, I am introducing today two bills which will relieve the citizens of this country from regulations that have long since outlived their usefulness and are now putting an undue financial hardship on people who are least able to help themselves. The American people have been literally strangled to death by ill-conceived regulations which now serve only bureaucratic convenience.

My first bill would reduce the period—from 5 to 3 years—which records must be retained by recipients of funds under programs administered by the Rehabilitation Services Administration. This agency, when under Health Education and Welfare, was under a 3-year rule. When shifted to the Department of Education, however, it automatically became subject to a law requiring 5 years of record retention.

Within the State of Kansas the cost of complying with this requirement of additional recordkeeping is estimated to be $50,000 the first year alone. This money will be spent solely on recordkeeping activities and increased storage space. None of this money will go toward helping the disabled people of our State. If projected on a national scale, a minimum of $2.5 million would be diverted from helping these stricken citizens, only to go for more red-tape and paperwork.

The second bill I have introduced has taken this issue one step further. It would reduce, again from 5 to 3 years, the period for which records must be retained by recipients of funds under all Federal education programs. This effort will save additional funds and remove a regulation that has outlived its usefulness. Both the Department of Health and Human Services and the Department of Housing and Urban Development carry on their business with a 3-year record retention period for their grant recipients.

I would urge my colleagues, if they would like to strike a blow for the efficient use of our increasingly scarce Federal dollars, to cosponsor one or both of these bills.●

PUBLIC EDUCATION MUST UNDERGO CHANGE

HON. THOMAS F. HARTNETT

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HARTNETT. Mr. Speaker, I would like to share with my colleagues an article which appeared in the Beaufort Gazette written by Beaufort County Councilman Pat Vanderhoof. Councilman Vanderhoof makes several interesting points on the need to return the responsibility of education back to our local officials:

PUBLIC EDUCATION MUST UNDERGO A CHANGE

(By Pat Vanderhoof)

In many areas of the country, including our nation's capitol, policymakers are in the throes (spasms, if you prefer) of writing budgets. It is beyond me how it gets done—and a miracle that anything remotely sensible emerges from the process.

As Beaufort County Council Education Committee chairman, it is my responsibility (with committee members) to maintain contact with the school board in its development of the school operations budget.

In my second year in this role, I have learned that the closer you are to their (school board's) problems, the more sympathetic you are to their needs. The schools do have problems. I am convinced their budget is tight, with very little fat. Many school board members are ex-teachers—educator oriented. I am not. However, I think I am a practical person. We don't see eye-to-eye on a lot. Many of the programs which I might see as questionable, they view as essential.

In my view, there are many things wrong with public education, many of them beyond the control of local officials, I don't want to dwell on this subject, but I'd like to discuss the problem in general.

First, public education is a monopoly—and most of us are its captive audience.

Second, a little old-fashioned competition would be healthy for us all.

You've heard of the voucher system and tuition tax credits! Say those words in a public school administrative office and watch the administrators cringe.

Have you heard about Marva Collins? Let me tell you about Marva. A ghetto brownstone on the west side of Chicago has become the focus of international media attention. There a courageous teacher is proving the bankruptcy of conventional education. There, about 34 children aged 13 and younger, once written off as "learning disabled," are proving that only the schools are disabled.

After 14 years of frustrated teaching in public schools, in 1975 Marva Collins founded Westside Preparatory School and put into practice beliefs despised by officialdom, namely: development of character is the purpose of education; literacy is paramount; children from one-parent, welfare homes like all children—love to learn. Students from Westside Prep are sought after by the most prestigious high schools in the nation.

To see "retarded" 7- and 12-year-olds expound on Thoreau, Dante, Aristotle and Chaucer is humbling. To know an ill-funded, one-room school has turned down a $16,000 federal grant, in order to maintain independence, is magnificent.

Last summer Westside Prep moved to larger quarters. Half its students cannot pay the $80-a-month tuition. 850 applicants wait and hope.

Listen to Marva—what does she say about public education?

"Children do not fail 'Educators' fail children. Our experience at Westside Prep reveals this awful truth. I tell each child, simply, 'I will not let you fail.' The child believes and succeeds. I tell him that 'I can't' is a lie. He tells me, 'I'll try.'

"During class, children are not left alone to become 'workbook idiots.' There are heaping doses of teacher-student dialogue, daily drill on vocabulary, on parts of speech and on comprehension. Each child must write something daily, read orally and develop his critical thinking. His abilities develop logically—by natural progression and hard work. Anything works if the teacher does.

"Millions of our children are dying mentally. Only we can stem the epidemic. We must take the task of education from government and see to it ourselves. We must hold educators accountable for results.

"I favor, instead of government-run schools, use of publicly-funded tuition vouchers that parents could 'spend' on teachers and schools of their choosing. I would limit government to overseeing a decentralized system for measuring learning progress. This progress alone would determine a school's eligibility for vouchers."

So, here we are, back in Beaufort County.

In fiscal year '79-'80, the School Board budgeted expenditures at $11.9 million. In fiscal '80-'81, expenditures were budgeted at $13.3 million, an 11.8 percent increase. This year, after "cuts" of $460,000 (traded for increases of $1.7 million) the budget request was $14.6 million, an increase of 9.8 percent (very reasonable).

Here's the rub—local support must increase by 22.8 percent in order to fund that reasonable 9.8 percent. The projected increase in state support (net 7.3 percent) is almost washed out by the projected decrease in federal support.

Ladies and gentlemen, I favor less federal and state support and more local support of education. Now, if only Washington and Columbia will return control of education to the local level, we might begin to untangle some of the mess they have made.

In discussing budgets, the question, "How much money is enough?" is bound to come up.

What does Marva say about dollars?

"My students learn that tax dollars will not solve their problems, that we together must do that. Ironically, the more dollars spent in a school system, especially in fancy 'teaching' technology, the less children will think."

"At Westside Prep, we retrieved books from the public school's trash, broke pencils in two and wrote entire texts for lack of funds. But it is children from well-funded school systems who have progressed here, for the first time in their young lives."

I am not suggesting we cut funds to the extent that we forage in the dumpsters at adjoining school districts, but Marva's success does raise the question (in my mind, at least) of "how much is enough?"

Here are a couple of numbers you can get your teeth into: 82 percent of Beaufort County School District's general fund expenditures are for salaries. A 1 percent pay increase requires more than $107,000. The school board approved a 12.1 percent increase. It doesn't take a calculator, even for me, to see that is more than a million dollars.

So! The feds and the state are cutting back spending, or reallocating priorities. But let us not be dazzled by the footwork! With inflation still running crazy and taxation rates virtually unchanged, there are still (at this time) no more dollars in my pocket to suddenly start paying more real estate taxes. If and when inflation is curbed, and federal and state taxes are truly reduced, we may indeed find ourselves more financially able to pick up a larger tab for

local programs, but not before. Given that, what is the solution?

For the long term, we must work for competition in education, be it tuition vouchers, tax credits, or some other idea yet to be expounded.

For the short term, and in the meantime, what can we do?

I believe it must come down to priorities, which is the way it used to be before the federal government usurped local decisionmaking by "giving" us strings-attached, specific grants. Local officials have no more say on how to spend those funds than the man in the moon.

Now we are seeing the end of some of these Washington "hand-outs" (they should be called refunds—after all, it's our money). Thank God, now, we are being freed to set our own priorities—make our own decisions. It will not be easy—we've grown accustomed to the freebies. But decide we must—set priorities we must.

Today is a day of less dollars to tax. It doesn't matter if it is federal, state or local taxes to the taxpayer—not unless, and not until, he can afford to pay the tax.

I happen to believe education is an important priority. Other programs will be cut, some eliminated. Education won't be, although * * * it most certainly will undergo change.

I also happen to support the Beaufort County Tax Limitation Ordinance as it stands. It is flexible enough to permit needed growth, as we shall see in this budget year.

In closing, I quote from a very high authority—Almighty God, Himself. And I do this with reverence, as well as humor.

In the Bible, in the first book of Samuel, after centuries of rule by God (through special leaders called judges) the children of Israel decided they needed a king, "like all the nations." Neither God nor Samuel liked the idea, but God gave the people what they wanted. However, before he gave them their king, he told Samuel to warn the children of Israel. In verses 14, 15 and 17 of Chapter 8, the New American Standard translation warns that "He" (a king) "will take the best of your fields and your vineyards and your olive groves, and give them to his servants. And he will take a tenth of your seed and of your vineyards, and give to his officers and to his servants. He will take a tenth of your flocks, and you yourselves will become his servants." The message is not lost on me—He's talking about taxation. I know of at least one other reference to God's conservatism. It can be found in Ecclesiastes, Chapter 10, verse 2. The New American Standard translation says, "A wise man's heart directs him toward the right, but the foolish man's heart directs him toward the left."●

TRIBUTE TO THE LATE SAM RAYBURN

HON. JAMIE L. WHITTEN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WHITTEN. Mr. Speaker, I join with my colleagues in paying tribute to a great American, a great legislator, and Speaker of the House, the late Hon. Sam Rayburn.

I agree with their statements which I need not here repeat.

As for me, recently, I was asked who I considered the greatest Member of Congress with whom I had served.

Of course, I answered that no one could possibly do that. But I would say that none exceeded Sam Rayburn, for truly in my view he ranked with the greatest.

We still benefit from his service.●

HOUSE RESOLUTION 305 PASSES BY SUBTERFUGE

HON. CLARENCE E. MILLER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MILLER of Ohio. Mr. Speaker, in a thoroughly disreputable proceeding yesterday a small clique of Members of this body obtained for themselves an increase in the allowable outside earned income for Members of the House. I refuse to say that the House passed this measure. First of all, the House resoundingly defeated a similar proposal on October 28 by a vote of 147 ayes to 271 noes. The will of the House on this issue was made clear at that time, and those of us who opposed this proposal thought we had laid the matter to rest. However, not content with losing fair and square in a clear recorded vote, proponents of this measure decided that, since they could not win honestly, they would have to resort to subterfuge to get their way. Yesterday, in a proceeding that must have taken about 30 seconds, a measure identified only as House Resolution 305 was slipped through by unanimous consent. This measure had not been listed on the calendar of the day's business. In fact, this bill was not even yet printed. When my office tried to obtain a copy of the measure from the document room after this disgraceful floor proceeding, we were informed that they did not yet have a copy. Other inquiries were equally unsuccessful in turning up a copy of this measure that had passed the House by supposed unanimous consent.

Proponents of this measure argue that it will not cost the taxpayers anything. This is true. But should the high and honorable office of representative of the people be used to increase personal wealth? Is there not the possibility of conflict of interest in many outside earning arrangements? Should not Members be devoting their time and energy to their legislative duties rather than to extracurricular moneymaking activities? I think so, and I think the majority of the American people think so.

This entire proceeding makes a mockery of the legislative process. Has this venerable Chamber become some sort of "sneak show" in which open debate and recorded votes are replaced by sly proceedings that go against the recorded will of this House? Those in the leadership responsible for these actions have further sullied the reputation of this body, and deserve the everlasting wrath of the American people.●

PRO-ISRAELI LOBBY

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. McCLOSKEY. Mr. Speaker, Jack Germond and Jules Witcover have published a provocative article in last month's edition of the Washingtonian. I insert it in the RECORD at this point, hoping that it will assist the Congress in the difficult goals of achieving both an evenhanded policy in the Mideast and in finally ending anti-Semitism in the United States.

Messrs. Germond and Witcover refer to the pro-Israeli lobby in America, led by the American Israel Public Affairs Committee (AIPAC). In an AIPAC publication mailed to each Member of Congress prior to the AWACS vote, AIPAC described itself as "the most powerful, best run and effective foreign policy interest group in Washington" (citing a New York Times editorial).

"What are AIPAC's Present Objectives?" "In 1981 AIPAC is the only organization lobbying—night and day—against the Saudi arms package."

"Who Runs AIPAC?" AIPAC's executive committee is comprised of 100 distinguished citizens, one-third of who are presidents of the major American Jewish organizations.

Prime Minister Begin referred to this lobby in these words: "Their clout in Washington and their strength is such that Washington quails before them."

A Begin colleague stated: "We are confident that the Jewish community in America will stand out courageously in support of Begin and challenge the U.S. Government if it becomes necessary."

CRACKS IN THE JEWISH LOBBY?

(By Jack W. Germond and Jules Witcover)

Congressman Paul McCloskey of California has always been the kind of Republican liked by Jewish voters—he is issue-oriented and intelligent. Moreover, he has usually been "right" on such questions as the Equal Rights Amendment, gun control, abortion, and the war in Vietnam. But earlier this year, when McCloskey began to question publicly the influence of the Jewish lobby over Congress, all that history counted for nothing. Jewish leaders in California bitterly attacked him. The Jewish press there accused him of "declaring war" on the Israeli lobby. Old friends abandoned his campaign for the 1982 Republican Senate nomination. Within his office here, the son of a rabbi in his district quit his job as an intern, com-

plaining that McCloskey was encouraging anti-Semitism even if he wasn't anti-Semitic himself. "There's no way you can win," McCloskey says. "The word 'even-handed' has become a code word for Arabism."

McCloskey's experience has been a common one for anyone who dares to raise questions about Israel's power in Congress. J. William Fulbright, then chairman of the Senate Foreign Relations Committee, did so almost a decade ago and felt the wrath of the Jewish lobby. Earlier this summer, a Republican moderate, Senator Charles Mathias of Maryland, brought a similar storm down on his head when he published a thoughtful and carefully phrased article in Foreign Affairs magazine suggesting that "ethnic lobbies" can prove "harmful" to the national interest. Like McCloskey, Mathias did not limit himself to the Jewish lobby—or Israeli lobby, as its members prefer—but you would never have known that from the reaction that Mathias evoked.

Then there is Representative Paul Findley of Illinois, a high-ranking Republican on the House Foreign Affairs Committee. He has been the target of harsh attacks because he has advocated negotiations with the Palestine Liberation Organization as a practical necessity in reaching a solution in the Middle East. "You don't have to speak up very often or very prominently to get a lot of attention," Findley says wryly. He points out that he did not inspire a similar reaction when he suggested recognition of Communist China for the same practical reasons.

At one level, this kind of pro-Israeli response has been politically effective. McCloskey found when he returned to the House after the controversy erupted back home that many of his colleagues—"conservatively, thirty of them," he says—told him privately they shared his concern. But the operative word here is "privately." Similarly, we found that some of the most outspoken political figures in Washington would talk about the Israeli lobby only if they would not be quoted by name. Some wouldn't talk at all. Walter Fauntroy, D.C. delegate to the House and one of the black leaders sympathetic to the Palestine Liberation Organization during the Carter administration, is an example. He has never been accused of being shy with the press, but he rejected outright our request for an interview on this subject.

It's not just politicians who are sensitive on the subject. When Findley was running for reelection back in Illinois last year, both comedian Bob Hope and former President Gerald Ford canceled appearances at fundraisers scheduled in his behalf. Findley was particularly struck by the withdrawal of Ford, who has always been loyal to a fault in supporting his fellow Republicans from the House. "He called me and said he just couldn't do it," Findley says.

But these displays of pro-Israeli muscle are being seen increasingly, by friends of Israel as well as critics of the Jewish lobby, as excesses that may be politically counterproductive. Even liberal Democrats who disagree with Paul Findley don't question his motives. Nor do they believe Mac Mathias is a closet anti-Semite. What they see is overreaction.

Perhaps more important, some of those who have become targets of the Israeli lobby have shown themselves less quick to back away than has been traditional. "The problem is," says McCloskey, "that we have to stand up to the Jewish lobby to leave the President free to negotiate in the Middle East." And there are many who sense, with their peculiarly sensitive politicians' noses, that except on the question of Israel's security, about which there is solidarity, the political activists in the Israeli lobby do not represent all American Jews. Senator Mark Hatfield of Oregon, the chairman of the Senate Appropriations Committee and a sometime target himself, speaks for many politicians in both parties when he says: "I think people are increasingly aware that the American Jewish community is not a monolithic one."

The extremists, on both sides, see dark motives in any debate over the power of the Israeli lobby. A prominent Jewish political professional argues: "The lobby is powerful but it's never controlled Congress. The only people who allege it controls Congress are anti-Semites." An equally emotional pro-Arab activist says: "By crying anti-Semitism, that's how they get the liberals. If you supported the Arabs, you had to be bought off. If you supported Israel, you acted out of moral commitment."

Between these extremes there is recognition that the Jewish community is a strong voice in politics for the most valid reasons. Jews pay close attention to issues. They follow campaigns and candidates. They vote in disproportionate numbers; although they make up less than 3 percent of the population, they cast 4 percent of the vote and often are decisive in close contests in such important states as New York, California, Pennsylvania, Illinois, and Florida. Plus, they know how to use their money in politics.

For all of this recognition of the effectiveness of Jews in making their case in the most practical way, there are increasing signs of cracks in the foundation of non-Jewish support that is essential if Jewish political goals are to be realized.

The most obvious problem is Menachem Begin, whose aggressive personality and equally aggressive policies seem to set teeth on edge both within and outside the Jewish community. Privately, even some of Israel's leading supporters in Congress agree with Hatfield when he says that Begin's statements after the bombing raids last summer "underscored a basic arrogance" in the Israeli position that evoked a negative reaction here. Paul Findley says that the raid on Beirut, in which 300 civilians died, "took the edge off the picture of the PLO as terrorists" and "made it easier" for some Republicans to side with President Reagan in supporting the sale of Airborne Warning and Control System (AWACS) planes to Saudi Arabia. "There was," says another critic, "a certain loss of the virginity of Israel's standing."

Israel's critics were not the only ones to recognize the political damage from the raids. Both Howard Squadron, the chairman of the Conference of Presidents of Major American Jewish Organizations, and Hyman Bookbinder, executive director of the American Jewish Committee, expressed their concerns publicly. And Squadron called on Begin in Israel to warn him of the political fallout. Senator Bob Packwood, the Oregon Republican who led the opposition to the AWACS sale, concedes "the prestige of Israel has diminished a bit" because of the feeling the Begin government has been too often "intransigent."

The raids are not the only basis of uneasiness with Begin among American Jews; there are also cultural and political differences. Most of the prominent American Jewish leaders identify themselves far more closely with the opposition Labor Party than with Begin's Likud.

None of this should suggest that because of Menachem Begin there has been any dilution—at least among Jewish leaders—of the basic commitment on any issue affecting Israel's security. One of the leading figures in the Jewish community concedes that Begin is "not the world's greatest salesman" but adds: "With some exceptions, thoughtful Jews do make a distinction between Israel and Begin. They also realize that although Begin may not say and do things well, Israel does have a major security problem. When Jews are reminded that the Saudis, the Iraqis, and the PLO continue to work to destroy Israel, we can't allow our feelings on Begin to interfere with this basic idea."

"I'd rather have Paul Newman as prime minister of Israel," says another prominent leader. "We could show Exodus on the late, late show every week. But Begin was duly elected and if the people of Israel feel he's sacrificing their security, all they need is to switch one vote in the Knesset."

There are some Jews who see in the reaction to Begin among Americans a reflection of a deeper frustration about the Israeli question. Jacob Stein, the White House liaison with the Jewish leadership and himself a former chairman of the Conference of Presidents, puts it this way: "With the Jewish community, it's wishful thinking to think that the personality of Prime Minister Begin has any effect on the support for the security of Israel. Some who harbor ambivalent feelings toward Israel use the personality of Prime Minister Begin as a justification for their position."

What this suggests is that although Begin may not be "the world's greatest salesman," that issue of personality is irrelevant to larger issue of Israel's security—and equally irrelevant to questions about the long-term strength of the Jewish lobby. "Israel has continued its slide [in influence here] during Begin," says Bob Packwood, "but to attribute it to Begin would be wrong."

There isn't any reason to question the agreement of Jews, here or elsewhere, on the security issue. Political consultant David Garth, who was an adviser to Begin in his campaign early this year, says opinion polls in Israel found 75 to 80 percent of the voters hawkish, whether Labor or Likud. Moreover, that attitude was not compromised by internecine disputes over such things as religious fundamentalism.

Nathan Perlmutter, executive director of the Anti-Defamation League of B'nai B'rith, says: "There is continued solidarity relating to the PLO and military security of Israel. Reactions of even anger at religious zealotry are not in the order of size or imminence with problems of questions of life and death." Says another Jewish leader: "You put security before divinity."

Howard Squadron says that this applies, as well, to American Jews for whom the threat of aggression would seem to be remote. "There's an old joke," he says, "that the only thing two Jews agree on is what a third Jew should give to charity. There is only one thing all Jews are united on, and that is the security of the state of Israel. All Jews are still traumatized by the Holocaust. Jews today are extremely well integrated into the political, business, and every other phase of American life. They regard themselves as part of the American fabric, but they are still a little insecure. Every time Israel feels threatened, every Jew feels threatened."

But there are currents running in both societies that will put more distance, in political terms, between the United States and Israel. For one thing there has been a dramatic increase in the proportion of Sephardic Jews in Israel, to the point that they were 42 percent of the electorate there this year. (They split more than 4 to 1 Likud, according to Penn & Schoen, a New York, pollster.) American Jews are overwhelmingly European in heritage, so it would not be surprising if they felt some loosening of the connection as the population of Israel changes.

Beyond that, there is the reality of the passage of time, and the dwindling proportion of American voters, Jew and non-Jew, for whom the Holocaust was a contemporary event. "I think there's no question," says Hatfield, "that each generation is that far removed from the remembrance or reality of the great Holocaust." Although he recognizes that the analogy is far from precise, he points out that the same kind of thing has happened in the labor movement with the maturing of generations of workers who never worked in the era before unions.

The most important element of the special relationship between Israel and the United States has been the American perception of Israel as an essential element of the US design for confronting the Soviet Union in the Middle East. "That perception, more than anything else, has been the lobbying factor helpful to Israel," says Nathan Perlmutter. "The Israeli lobby has been successful essentially because the product they're selling has been one the foreign policy of the United States requires."

More recently, there have been some cases in which the self-interest of Israel and the United States are divergent, or appear to be. As our dependence on the Arab states for oil has grown, US policy has accommodated that reality. Few imagine that an American administration, Democrat or Republican, would have proposed selling AWACS to Saudi Arabia if it were not for oil.

Coincident with this new oil reality has been a growing weariness among American voters with the chronic headache of the Middle East. One prominent Jewish leader here describes it this way: "One of the problems facing Israel and its friends is that the American people are getting tired of the Middle East problem. I can hear people saying, 'Enough, enough already.' The day Israel is not on the front page is a great day for Israel's people. I'd like to give the American people a day off on Israel. Israel is a convenient whipping boy. Israel, too, is tired of being on the front page."

This weariness with the Middle East has coincided with still another phenomenon—the willingness of more Americans to think the unthinkable, accept the unacceptable, if it is presented to them persistently enough. Perlmutter sees just this kind of change in the softening of attitudes toward negotiations with the PLO. "It's 'reasonable' to talk to people," he says. "It has a 'reasonable' resonance. . . . Today, active terrorism is on page nineteen. We've gotten accustomed to its sound, to its blood. We've been worn down. It's required of Israel to be the reasonable one."

Within this context of change the Jewish lobby functions and, by most estimates, functions very effectively in Congress.

On paper, the key organization is the American Israel Public Affairs Committee (AIPAC), the only registered lobby of American Jews and one that, despite the last part of its acronym, limits itself to lobbying rather than direct political action. AIPAC has more than 12,000 members who pay $35 annual dues and receive a weekly newsletter and a publication called Near East Report. It has a budget of about $1.3 million and a staff of thirty that includes six or seven registered lobbyists.

This is by no means unusual for a major lobby in Washington, but, perhaps because of the emotional content of the issues on which it operates, AIPAC is somewhat defensive about its clout. Thus, Thomas Dine, the respected executive director, says: "I think of ourselves as American as apple pie. There is nothing Svengali about us. All the credit should be on the senators and congressmen. We are up front in everything we do. We see ourselves as a support system to these legislators who care about the security of Israel."

Like any major lobby here, AIPAC sends out "action alerts" to its constituent groups around the country. Like any major lobby here, it has "key contacts" in most congressional districts like any major lobby, it circulates voting records of congressmen on its issues.

But AIPAC is not just like any other major lobby. For one thing, it is augmented in an important way by those other groups—the Conference of Presidents, the American Jewish Committee, the Anti-Defamation League, and the like—with identical goals and considerable prestige. For another, it represents a constituency that has shown itself to be far more effective politically than, for example, the real estate industry or medical profession or, lately, many of the major labor unions.

"Our strength," says a Jewish leader, "is the Jewish community. We had to be, to fight the Ku Klux Klan, the anti-Semitism, the waves of immigrants. We have a lot of organizations and when a major piece of legislation comes along. we're mobilized anyway. The Jewish lobby is not in Washington; the Jewish lobby is the Jewish community."

That has always been the foundation of the lobby's clout. But what has also been essential to its success, beyond the Jewish community, has been the largely unquestioning support it has received from a substantial majority of non-Jews and an overwhelming majority of elected officials. The difference now is that there are questions.●

APPROVAL OF HOUSE RESOLUTION 304

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. NELLIGAN. Mr. Speaker, yesterday, Representative MIKULSKI and I received unanimous consent to bring House Resolution 304 to the floor for immediate consideration. Through tremendous bipartisan support and the assistance of the leadership and the House Judiciary Committee, this resolution was quickly approved without dissent.

House Resolution 304 expresses the sense of the House that the President should immediately seek a halt to any proceedings initiated by the Attorney General which could result in the deportation of any Polish citizen to Poland. The resolution requests that deportation proceedings be suspended until such time as the President determines that the political situation in Poland is stable and that returning Poles will encounter no undue risk upon entering their country.

Representative MIKULSKI and I introduced this resolution in view of the turbulent political situation which now exists in Poland following the recent declaration of martial law in that country. We felt that there could be a significant risk to the lives and safety of any Polish citizens forcibly returned to their homeland.

However, since the legislative procedure used for consideration of House Resolution 304 did not allow time for the normal submission of cosponsors, we were not able to enter the names of all Members who wished to express their support for this resolution. We are deeply grateful for the bipartisan support that we received and, therefore, I wanted to enter into the RECORD the names of additional Members who contacted us regarding cosponsorship:

LIST OF COSPONSORS

Representative Hamilton Fish, Jr.
Representative Andrew Jacobs, Jr.
Delegate Walter E. Fauntroy.
Representative Mike Lowry.
Representative Marjorie S. Holt.
Representative Charles Wilson.
Representative Albert Gore, Jr.●

THE 100TH ANNIVERSARY OF BIRTH OF SPEAKER SAM RAYBURN

HON. SAM B. HALL, JR.

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SAM B. HALL, JR. Mr. Speaker, Sam Rayburn was the House of Representatives and the House of Representatives was Sam Rayburn. His home was Bonham, Tex., which I am proud to say is in my congressional district. His home was also this House of Representatives, and no one who ever came into contact with him ever forgot it.

We have a Rayburn Building, a Rayburn room, a Rayburn statue, and other physical manifestations of his importance to Congress and the Nation, but were he alive today these monuments would scarcely gain a moment of his attention or pride. His pride was in accomplishment as a legislator. He got things done, and they were done right. He put freedom and this great country ahead of self, and no person who ever served in this body served his country better than Sam Rayburn.

He was a product of rural America and like so many Texans, he came to Texas from another State. His family

moved to Texas in 1887 from the great State of Tennessee. Some 51 years earlier another man of Tennessee came to Texas and died for freedom and independence—Davy Crockett. Ironically, Sam Rayburn's hometown was named for another transplanted Texan, Jim Bonham, a South Carolinian, who died with Crockett at the Alamo.

Sam Rayburn never forgot his roots. He was the consummate politician in the finest, classic sense of the word. He knew people. He understood people and was equally at ease with kings and commoners. He spoke straight and did not mince words. He inspired people. Often I have looked at that famous picture of Franklin D. Roosevelt addressing the Congress after Pearl Harbor and asking for a declaration of war. Behind the President was Sam Rayburn, our wartime Speaker, and the expression on his face showed demonstrably that we would avenge Pearl Harbor and teach the tyrants of the world a lesson.

Sam Rayburn became a legend in his time. As he was fond of saying, "I am a Free Man, an American, and a Democrat in that order." He pursued each of these enviable characteristics with unflinching loyalty and devotion. When one considers that he was a Member of this body continuously from 1913 to 1961, with tenure as Speaker that doubled the time of any other Speaker, it becomes evident to any student of American history and politics that he succeeded in this statement of purpose and philosophy immeasurably.

Fortunately the tradition of Sam Rayburn lives in Bonham, Tex. The Sam Rayburn Library is a noble structure which actually contains an exact duplicate of his office here in the Capitol. Thousands of visitors and students have an opportunity to marvel at the contributions that "Mister Sam" made to his State, Nation, and indeed, the world. Many dedicated people in Bonham have worked long and hard to maintain the Rayburn Home and Library. Every American should visit this shrine to greatness.

Frankly, I do not think we will see his likes again. Times have changed. The art of politics has changed. Unfortunately, elected office has become big business with some campaigns costing millions. This would have offended Sam Rayburn as would many of the other manifestations of modern politics such as computers and made for television, media-happy candidates who always seem to be running for the next highest office.

When the ultimate Pulitzer Prize book is written about Congress it will feature Speaker Sam Rayburn. He walked with Presidents and kings. He shaped laws and orchestrated national events that will be felt for years and years to come. It was Adm. Bull Halsey who said "there are no great men, only great events that require greatness from ordinary men." In the case of Sam Rayburn a refutation is in order. He was truly a great man, and he rose to great events with courage, dignity and inspired leadership. The 100th anniversary of his birth should be commemorated as a rededication to these attributes by all Americans.●

NUCLEAR WASTE DISPOSAL; A TIME FOR ACTION

HON. MARILYN LLOYD BOUQUARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mrs. BOUQUARD. Mr. Speaker, the Committee on Science and Technology recently reported to the full House, the bill, H.R. 5016, which sets up the institutional framework for the safe disposal of high-level radioactive waste. An important feature of this bill is that the entire program will be funded through a system of fees to the utilities who generate electricity from nuclear powerplants, and to others who may own or possess such wastes.

The fee system provided for in the bill is important for two primary policy reason: First, the current beneficiaries of nuclear technology will be providing the resources to dispose of the resulting wastes; and second, there can be no claim of an unfair Federal subsidy for nuclear energy. An additional benefit is the significant reduction of the Federal budget for nuclear waste repository research and development, which for the most part, will be funded through the fee system.

Other countries, like Sweden, have also established a policy of charging the current users of nuclear technology for the costs of waste disposal. The four utilities in Sweden, which operate eight nuclear powerplants, are required to make annual payments into a fund in the Bank of Sweden to cover the foreseeable costs of waste disposal. Nuclear power provides 36 percent of the Swedish electrical supply. The Swedish Government has, therefore, determined that waste disposal is, and will continue to be, an important element in the nuclear fuel cycle, which should be financed by the current beneficiaries of the technology.

H.R. 5016 is now pending before the Committees on Energy and Commerce, and Interior and Insular Affairs. I urge my colleagues on the committees to expeditiously act on this bill so that a reasonable and responsible program for nuclear waste disposal can be worked out with our committee for floor consideration early in the next session.

A summary of H.R. 5016 follows:

SUMMARY OF H.R. 5016

H.R. 5016, as reported by the Committee, authorizes the Secretary of Energy to provide for the construction, operation, and maintenance of permanent, deep geological disposal facilities, called repositories in the bill. The bill would also integrate the existing research, development and demonstration program conducted by the Secretary of Energy into a research, development and demonstration program focused on providing the necessary data to support the repository program through a Test and Evaluation Facility. The bill provides the Secretary with contracting authority to collect a fee in advance from the users of nuclear technology to cover the program costs. The bill further provides for a cooperative role between the Federal Government and the States, localities and Indian Tribes in the siting of repositories. The Secretary is authorized to fund the affected State and Tribes relative to their interactions with the Secretary.

The provisions of the Act are not intended to govern the siting, construction, or operation of waste repositories that are used exclusively for defense-related wastes. Nothing in the Act, however, is intended to limit the ability of the Secretary to dispose of defense waste in the civilian repository provided all requirements for such disposal are met. The Secretary is, therefore, given the option of developing a defense repository under existing law, or of disposing of defense related wastes in the civilian repository.

MISSION PLAN

The Secretary is directed to prepare a Mission Plan for the authorized activities under the Act so that a well defined and cost effective program can be undertaken pursuant to the Act. The Mission Plan includes an identification of the information needed to make determinations on the siting and construction of repositories and the Test and Evaluation facility. It includes an identification of information not available, a schedule for developing the required information, an evaluation of the problems which could impede implementation of the Act, a discussion of the need to build more Test and Evaluation facilities together with the Secretary's comments on the Test and Evaluation Facility authorized under the Act. The Mission Plan includes a discussion of the significant results of the research and development program, a description of the siting research activities that should be conducted prior to selecting a site, an identification of the waste solidification technologies planned to be used, an estimate of repository capacity needed through the year 2020 including the number of repositories needed, a schedule for constructing the repositories, an estimate of total program costs, and an identification of any adverse impacts.

The Mission Plan is to be drafted and sent to the appropriate agencies for comments within fifteen (15) months after passage of the Act. Notice of the completion of the draft plan is to be published in the Federal Register together with a request for public comments. A notice is also to be published in the Federal Register when the Secretary receives the comments of the Federal agencies.

If the Secretary does not comply with agency comments; then the Secretary must also publish a detailed statement outlining his reasons why he did not revise the plan pursuant to those comments.

The Mission Plan in final form must be submitted to Congress within seventeen (17) months after enactment where it shall lay for thirty (30) days before the appropriate Committees of Congress. The Plan is to be updated annually and amendments to the Plan must lay before Congress for a thirty (30) day period.

NEPA

The bill specifically states when and what reports pursuant to the National Environmental Policy Act are required during the period of time prior to site selection. Five of such reports are required. After site selection, the agencies must interpret when and what kind of NEPA reports are required.

The first NEPA statement will be a final programmatic environmental impact statement on the management of waste generated through civilian nuclear activities. This statement must be prepared within twelve (12) months following passage of the Act.

An environmental assessment is due prior to beginning siting research activities, scheduled to occur eighteen (18) months after enactment. This assessment would include an evaluation of the nonradiological impacts associated with the siting research to be conducted at each of the identified sites.

A second environmental assessment would be prepared by the Secretary prior to excavating major shafts for the Test and Evaluation Facility.

A second environmental impact statement would be prepared by the Secretary prior to making an actual selection of a repository site.

And finally, a third environmental impact statement would be prepared by the Secretary prior to emplacing any radioactive waste in the Test and Evaluation Facility.

Generally, the Government's responsibility for the preparation of NEPA statements relative to a repository and the T&E Facility would be satisfied by the Department of Energy. In this regard, the Nuclear Regulatory Commission would not be required to prepare duplicative Environmental Impact Statements relative to the licensing of the repository. Other agencies preparing National Environmental Policy Act statements would be required to minimize duplication of effort in the preparation of such statements.

REPOSITORY SITING GUIDELINES

Within six months after passage of the Act the Secretary is required to promulgate guidelines for the selection of sites for the Test and Evaluation Facility and for the repositories.

SITE IDENTIFICATION

Within one year after passage of the Act the Secretary must identify at least three sites in two geologic media, one of which is other than salt. Other sites may be identified after the first year. Each site identified must be supported by a detailed statement explaining why that site was identified. The Governors and appropriate Tribal Councils are to be notified as soon as possible of such identification. Identification is not final selection but is merely the Secretary's preliminary choice of where to begin the siting research process to determine the site's suitability for a repository.

PUBLIC MEETING ON SITE IDENTIFICATION

Within six months after site identification the Secretary is required to: (1) hold at least one public meeting to receive the views of the public, and (2) to prepare the necessary NEPA statements.

SITING RESEARCH AND RELATED ACTIVITIES

After such six month period the Secretary has three years to complete a siting research program and develop the necessary data to prepare NEPA statements and to make siting decisions. During this three year period, the Secretary can begin preconstruction activities on a T&E facility at the most promising site. However, no on-site T&E Facility construction is permitted until a decision is made on the selection of a site for the initial repository. In conducting the siting research, the Secretary is required to use the smallest quantity of radioactive materials necessary to achieve the research objectives. Such radioactive materials must be fully retrievable and must be removed at the completion of the siting research activities; these limitations do not apply to the RD&D program.

PUBLIC HEARING ON SITE SELECTION

After the siting research activities are completed and prior to making a site selection decision, the Secretary must hold at least one legislative-type public hearing in the vicinity of the site that the Secretary intends to select to receive the comments of the public. If the Secretary determines to select that site, he then notifies the Governor and others and submits a repository development report to the President for his decision.

REPORT TO THE PRESIDENT AND CONGRESS

The repository development report must be submitted to the President within six months after completing the hearing process. This report would contain an Environmental Impact Statement for the site prepared with the concurrence of the Commission on the scope, outlines and alternatives to be considered. It will also contain the views and comments of the Governor or Tribal Council, the views of the public, the views of other Federal agencies, and the Secretary's response to those views and comments. It would also contain the license application which the Secretary would submit to the Commission and a plan for the transport of waste to the repository.

PRESIDENTIAL AND CONGRESSIONAL SITING DECISION

If the President disapproves the site, then the Secretary must propose another site to the President within one year after such disapproval.

If the President approves the Secretary's site selection, he then forwards his decision to the Congress. If the State does not file a petition to disapprove the site selection within thirty days after the Presidential approval of the site selection, then the site selection becomes effective. If, however, the State files a petition for disapproval within that thirty day period, then the Congress has forty days to vote on the petition. The Congressional rules for consideration of the petition are specified in the Act, and insure consideration of the petition during this time period.

NRC INVOLVEMENT

The Secretary must submit a license application to the Commission within thirty days after site selection becomes effective. The Commission is required to decide on the construction authorization for the repository within two years after the application is submitted. A one year extension is permitted if the Secretary agrees to an extension, a favorable decision is likely in that period, and NRC reports to Congress on the reasons why it couldn't meet the twenty-four month period. NRC is also required to report to Congress two years after receiving the licensing application and annually thereafter on the status of the application. The NRC must keep itself fully and currently informed on the details of the Test and Evaluation facility and the repository prior to receiving the application so that it can minimize the time needed to consider the application. The Secretary is required to supply the Nuclear Regulatory Commission with information. If the license is denied by the Commission the Secretary must select another site as soon as possible under the procedures of the Act.

NRC HEARING PROCESS

A hybrid hearing process relative to the consideration of the license application before the Nuclear Regulatory Commission is specified in the Act. The parties are required to submit data, views and arguments as the hearing board may require.

Oral argument may be made at the request of any party. Discovery may be used. The parties must submit a summary of the known facts and arguments upon which they propose to rely, unless the hearing board finds that such submittal would unduly delay the proceeding.

Adjudicatory hearings may thereafter be scheduled only if there is a genuine and substantial dispute over technical matters upon which the decision of the Commission is likely to depend. The hearing board must document these facts.

The Commission's decisions regarding the type of hearings to be held is not reviewable by a court unless a timely objection was made before the Commission, and the Commission's decision regarding the type of hearing precluded a fair consideration of the issues.

The hearing board can consider only issues raised by the parties or the Commission except in operating license hearings when the board can raise issues sua sponte under extraordinary circumstances. Contentions of the parties must not be conclusory, but must be supported by substantial and specific facts.

The Commission is required to communicate with the Secretary at all times to the fullest extent of the law.

INTERIM LICENSE

The Commission is authorized to grant the Secretary's petition for an interim license while hearings are being conducted provided that in all other respects the law has been met and there is reasonable assurance that public health and safety is protected.

The Commission rules relative to reviewing applications for repositories must be promulgated within six months after passage of the Act.

The Secretary is required to complete repository construction within six years after receiving a construction authorization from the Commission. The Secretary is to then begin operation of the repository as soon as possible after receiving the license from the Commission.

TITLE TO WASTE

The Secretary is authorized to take title at the repository in the name of the government of the waste to be emplaced in the repository.

STATE ROLE

From the date that sites are identified and throughout the life of the repository the States and Tribes are entitled to participate in a process of consultation and concurrence. This process is defined in the Act to

be a methodology by which the Secretary keeps the Governor and/or the Tribes informed, solicits their views, resolves their concerns, and allows the State or Tribe to conduct monitoring and testing, provided it does not unreasonably interfere with federal on-sited activities. The State, Tribe and Secretary may enter into a written agreement to specify the procedures for implementing the consultation and concurrence process. Except as specifically identified, there are no rights granted to the States or Tribes.

PROJECT DECISION SCHEDULE

The Secretary is required to prepare and update a project decision schedule that delineates the optimum way to attain the operation of the repository within the time limits specified in the Act. All government agencies are required to comply with the deadlines in the decision schedule. Any government agency that cannot comply or fails to comply must submit a written report to the Congress explaining why it could not meet the deadline and how it can mitigate the delay.

T. & E. FACILITY PURPOSE

The bill specifies eight purposes for the Test and Evaluation Facility which include site specific research, media specific research, and generic research associated with all potential repositories. These purposes include a supplementation of the siting research process, integration of components into a system, settling licensing issues or questions, validating scientific models, defining and confirming engineering parameters and establishing operation capability at low radiation exposures.

T. & E. FACILITY DESIGN

The Test and Evaluation Facility shall be designed to receive from 40 to 300 canisters of solidified waste, or spent fuel if waste is not available. Radioactive material must be fully retrievable and is to be isolated from the biosphere using a system of engineered barriers and geology. The engineered barriers for isolating the wastes must be designed to last at least as long as the time period required by the regulations for repositories.

T. & E. FACILITY CONSTRUCTION

Onsite construction of the T. & E. Facility would begin within five years and four months after passage of the Act but only after the final decision is made on the initial repository site by the President and the Congress. Onsite construction of the Test and Evaluation Facility is scheduled to take two years.

T. & E. FACILITY OPERATION

The operation of the Test and Evaluation Facility would begin within seven years and four months after passage of the Act and would include a testing program on borehole sealing, radionuclide migration, water flow, engineered barriers, waste packages, various credible failure modes and such other R. & D. as is appropriate. The test and evaluation activities must be planned so as not to compromise the site for a repository.

LIMITATIONS ON T. & E. FACILITY

The Secretary must continue to use, while conducting the repository siting research program, existing DOE facilities for any generic R. & D. that may be conducted at those facilities.

The Test and Evaluation Facility may only be scaled up to a permanent disposal facility if the Commission authorizes it pursuant to the Act.

The Test and Evaluation Facility operation is to terminate within five years after the operation of the initial repository, or sooner if research and development is no longer necessary.

If the Test and Evaluation Facility is colocated with a repository, the Secretary is required to obtain the Commission's concurrence: (1) that the planned activities at the T. & E. Facility won't compromise the site for a repository, and (2) on the sufficiency of the Secretary's actions in decontaminating and decommissioning the T. & E. Facility.

NRC AND DOE ROLES IN T. & E. FACILITY

The Secretary and the Commission are required to enter into a memorandum of understanding establishing the arrangements for review, consultation and coordination.

No shafts may be excavated until such understanding is reached.

The Secretary is to cease to any activities and remove radioactive material if the site is determined unsuitable for a repository unless the Secretary, with the Commission's concurrence, finds that public health and safety will not be endangered by such R&D activities.

The Commission is to conduct analyses on the adequacy of the attention to public health and safety considerations. Reports may be submitted to the President, the Secretary, and the Congress on any such analyses.

SPENT FUEL R. & D.

The Secretary is required to establish a demonstration program for the dry storage of spent fuel at nuclear powerplants. Utilities desiring to participate in this program would enter into agreements with the Secretary. Any facilities to be operated at the nuclear powerplant would be licensed by the NRC, except that the on-site demos may be operated, with the Commission's concurrence, by DOE while unlicensed if the utility is diligently pursuing the license and the data on demonstration is needed to obtain the license. The utility must provide the site and the spent fuel, seek the license, construct the facility, operate the facility, and pay for construction, operation and maintenance costs.

The Secretary will provide consultative and technical assistance and generic R. & D., including an R. & D. program on dry storage at existing facilities with a maximum capacity of 300 metric tons of spent fuel. The Secretary's total contribution to the program shall not exceed 25 percent of the overall cost. The remaining costs are to be borne by the utility or covered by the fund created under the Act.

STATE, TRIBE, AND DOE ROLE IN T. & E. FACILITY

The Secretary is required to enter into a written agreement with the State or Tribe relative to their role consultation and cooperation in the program during the construction and operation of the T. & E. facility.

The Secretary is required to pay 75 percent of eligible State and Tribe expenses up to $3 million per year from the date that a site is identified to the date that a site is selected by the Secretary. After a site is selected the Secretary is required to pay $10 million per year to the State or Tribe where the site is located until the repository has reached capacity and is ready for decommissioning. The State or Indian Tribe may use the payments for whatever purpose they deem necessary provided that the State must agree to make at least 10 percent of the payments available to localities where the site is located.

COURT REVIEWS

The D.C. Circuit Court of Appeals is given exclusive jurisdiction over all civil actions regarding final agency decisions. No decision is considered final prior to effective repository site selection. Civil actions on constitutional grounds may be brought at any time.

The Supreme Court is given exclusive review authority over the Circut Court provided that appeals must be filed within 15 days of the Circuit Court decision. Both courts must exercise their power to expedite their judgments. The Circuit Court must rule within 90 days of the filing of the complaint unless the Constitution requires a longer period, or the agency is not enjoined from complying with the Project Decision Schedule. Actions in the Circuit Court must be brought within 30 days of the agency decision, except if the party didn't have knowledge of the decision or action.

CONTRACTS AND FEE COLLECTION

The Secretary is authorized to enter into contracts for disposal services with persons owning waste and persons licensed by the Nuclear Regulatory Commission. The fees charged to such persons shall provide the fund for the entire program in advance. Each person shall be charged no more than his anticipated pro rata share. The Secretary is to establish in writing the criteria for such contracts.

The Commission is precluded from issuing any licenses for a nuclear powerplant to any person that does not have a contract with the Secretary. However, such person may obtain a license from the Commission if the Secretary affirms that such person is negotiating with him for a contract. The Commission may also condition the issuance of other licenses on the existence of a contract with the Secretary.

The funds received by the Secretary must be deposited in the Treasury in a nuclear waste fund. Expenditures from the fund must be authorized and appropriated by Congress. Excess funds can be invested by the Secretary of the Treasury.●

TRIBUTE TO ARTHUR O. WELLMAN

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. NAPIER. Mr. Speaker, one of the greatest assets of our free Nation is its unlimited resource of men with vision, men with ideas, men who make the American dream a reality. Such men form the bedrock of our free enterprise system.

The Sixth Congressional District of South Carolina has long been blessed with an agricultural economy unrivaled anywhere in the Nation. However, when mechanization came to agri-

culture, many of our rural citizens were no longer able to remain on the farm. In the 1950's, the entire State of South Carolina faced a serious outmigration of its citizens who could not find employment near their homes.

When men of vision, ideas, and dreams get involved, the results are staggering.

When textile manufacturer Arthur O. Wellman discovered the great manpower potential of South Carolina and the Sixth Congressional District, he realized an opportunity to implement his entrepreneurial ideals and simultaneously advance his humanitarian concerns.

Mr. Wellman began his wool-combing family venture on the banks of Lynches River, near Johnsonville, S.C., 27 years ago with 136,000 square feet of operating space and 125 employees. Today, more than 1,300 Sixth District citizens, many of whom might have departed the State seeking employment had it not been for the Wellman effort, are members of the Wellman Industries, Inc., family there, working in a facility which now covers some 2 million square feet in size. And, in keeping with the Wellman leadership role in technology, the company recently dedicated a $3.5 million energy plant which uses municipal garbage as a fuel source.

The Wellman success secret is really no secret at all. It combines hard work, aggressive business management, and a concern for people. Arthur O. Wellman established these ideals; and his family, friends, business associates, and employees behold them as the symbols of a man who has tirelessly given of himself to the creation of a better way of life for all through free enterprise.

Born in Brookline, Mass., October 31, 1894, the son of Arthur G. and Celia Guiness Wellman, Arthur O. Wellman continues to contribute to the flourishing, family-oriented institutions he has created. His irrepressible management philosophy is more than a vision, more than an idea, more than a dream. It is a way of life, and economic opportunity for thousands of people, both in the United States and abroad.

Until 1975, Mr. Wellman served as chairman of Wellman Inc. of Boston, Mass., and Wellman Industries, Inc., of Johnsonville, S.C. Today, he is the director of Wellman India Limited of Bombay; chairman and treasurer of Southwell Combing Co. of North Chelmsford, Mass.; a director of Fieldcrest Mills, Inc. and Karastan Rug Mills, Inc. of New York, Ireland and Eden, North Carolina; and president of Wellman Oil Co. of North Chelmsford, Mass.

Through directorships, his philosophy has been a guiding force in such leading firms as Nichols & Co. Ltd. of London; American Zinc Co. of St. Louis; National Shawmut Bank of Boston; National Surety Co. of New York; The Fund American Companies of Newark, N.J.; Fanny Farmer Candy Shops; Acuity Systems Inc. and The National Association of Wool Manufacturers.

He has also served as a member of the National Association of Wool Manufacturers, the Cotton Exchange and the Commodity Exchange, all of New York.

For his countless contributions to the industry, Clemson University of South Carolina awarded him an honorary doctor of textiles degree.

Arthur O. Wellman's lifelong zeal will long stand as an example to others who seek to build a strong and free America through hard work, entrepreneurship and humanitarian ideals.●

AN EDITORIAL VIEW OF THE ECONOMY

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BEREUTER. Mr. Speaker, from time to time, I like to bring to my colleagues' attention the editorial opinions of some of the newspapers in my congressional district.

Recently I was particularly interested in the comments on the economy that appeared in the West Point News. Sometimes when we become immersed in all of the problems facing our economy, we forget the fact that the fundamental changes we approved this year have only been in effect since October 1. It has taken years of inappropriate actions by the executive and legislative branches to bring our economy to its present bad condition. Our problems will simply not be solved overnight, and it is foolish to expect that they will.

Permit me to share the text of the editorial:

[From the West Point News, Dec. 10, 1981]

GREATLY EXAGGERATED

Many gloom-and-doom headlines are being printed these days about the administration's new economic program. The nightly news regularly features factory layoffs and hardship stories.

The reporters cite persuasive evidence. Stock and bond markets are down, social security is in trouble, capital investment is slack, tax revenues are expected to be lower.

Yet all this is being written barely 60 days after the first steps have been taken to carry out President Reagan's plan for economic recovery. There hasn't been time to collect solid evidence on its success or failure. It only went into effect October 1.

Those already reporting the death of Reagan's program are greatly exaggerating.

The fact is that fundamental changes in the economy are already visible. The inflation rate, at 12.6 percent when Reagan took office, is now below 10 percent for the first time in years. The dollar is stronger here and overseas. The prime rate is down. Budget cuts have already resulted in a 2 percent decrease in Government spending.

Why, then, all the cries of woe? There are several reasons.

First, the program contradicts the long unchallenged idea that better government requires bigger government.

Second, the Government has operated on completely different premises for the past half-century.

Third, it's just human nature to react negatively to change. "It ain't gonna work," we say. But it will.●

FOREIGN AID AUTHORIZATIONS—H.R. 4559

HON. GEO. W. CROCKETT, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. CROCKETT. Mr. Speaker, earlier this afternoon the House passed the conference reports on the foreign assistance authorizations and appropriations bills. I voted for these conference reports, but I did so with serious reservations about the assistance in those bills earmarked for Israel.

Mr. Speaker, just days ago, Israel violated international law, and further complicated the hopes for a peaceful settlement of the Middle East situation, by annexing the occupied Syrian Territory in the Golan Heights. In light of this precipitous action, I believe this Nation should reexamine its assistance to Israel, with the view toward making such assistance conditional on Israel's compliance with the precepts of international law and justice.●

BRING BACK THE SALMON AND STEELHEAD FISH IN THE YAKIMA RIVER

HON. SID MORRISON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MORRISON. Mr. Speaker, in the early to mid-1900's a number of irrigation projects were constructed on the Yakima River under the 1902 Reclamation Act. When these low level dams were built, fish passage facilities were included so that fish flows on the river would not be interrupted. Over the years, these fish passages have been neglected and many of them are now inoperative, ineffective, and in some cases, nonexistent.

The decline in the fish population of the Yakima river is serious. It is estimated that in 1880 there were approximately 600,000 salmon and steelhead migrating annually into the Yakima River system. Today, they number less than 5,000. My bill, the Yakima River facilities improvement

project, will restore vital fish passages along the Yakima river, and reaffirm the Federal Government's longstanding commitment to preserve fisheries on the Yakima River.

This project would be integrated into the Yakima River basin water enhancement project in such a manner as to effect the fullest, most beneficial, and most economic utilization of the available water resources in the Yakima. It will greatly increase the fish runs on the river and would benefit all the citizens of the central Washington area.●

HOUSE CONCURRENT RESOLUTION 240

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SMITH of New Jersey. Mr. Speaker, last night, we in this House passed House Concurrent Resolution 240, a resolution that reaffirmed at this most critical time our unqualified support for the suffering people of Poland.

Mr. Speaker, the people of Poland are in the midst of a bitter struggle to secure fundmental human rights and civil liberties—a struggle that finds its most effective expression in the exemplary work of the independent trade union, Solidarity.

Everyone in this Chamber, I am sure, Mr. Speaker, is well acquainted with Solidarity and its courageous leader Lech Walesa. Solidarity has been in the vanguard in Poland in the effort to significantly improve working conditions and elemental labor-management relationships. The Polish worker has demonstrated to all the world that he has the will, persistence, and courage to fight for his freedoms. The Polish worker has demonstrated beyond a shadow of a doubt that he will not allow himself to be oppressed. Mr. Speaker, that is as it should be, that is as it must be. And we advance and encourage our Polish brethren's cause when we stand with them, publicly and without reservation.

Mr. Speaker, when Prime Minister Wojciech Jaruzelski and his 21-member ruling military council imposed martial law effective midnight last Saturday, they began an apparent attempt to turn the clock back on the enormous gains in individual rights that have been realized since the birth of Solidarity in August of 1980.

As new and increasingly repressive measures are being implemented, and in the midst of widespread arrests of labor union leaders and activists, we hear that the Soviet Union has expressed its support for the tragic Jaruzelski crackdown.

Mr. Speaker, this Congress has not, and will not sit by on the sidelines and tolerate flagrant abuses and violations of fundamental human rights. We must resolve that Poland's future relations with the United States, and in fact, with the entire Western Alliance depends on the course of action pursued by the Jaruzelski regime. Let us also make it crystal clear that we will not tolerate Soviet intervention in Poland. As President Reagan has said, "Intervention by the Soviet Union would be taken most seriously by all the free world."

The Polish people have a proud history of popular efforts to reform, to improve, to change—from the struggle for the institution of free workers councils in 1956–58, to the argument over economic reform in 1970 which led to greater attention to the needs of Polish consumers to the flowering of the Solidarity organization and an undeniably democratic movement in Poland during the 16 months of Solidarity's existence.

Mr. Speaker, the achievements of Solidarity have brought new hope to the people of Poland and to all who cherish freedom throughout the world. Whatever developments may occur in the difficult days ahead, we know that the flame of liberty can never be extinguished—not in Poland, not in Eastern Europe, not even in the Soviet Union.

I am proud of the fact the House of Representatives has passed House Concurrent Resolution 240 and I was pleased to support this very worthwhile legislation. Our friends in Poland and throughout the world can rest assured that we will continue to speak out and act forcefully in support of human freedom and justice.●

SANTA CLAUS CAME TO THE HOUSE EARLY

HON. ED WEBER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WEBER of Ohio. Mr. Speaker, yesterday, Christmas came early in the House of Representatives. Without warning Santa Claus, in the form of a Congressman from Pennsylvania, appeared and reached into his bag and pulled out a motion which increases the amount of outside income that Members may earn to 30 percent of our salary. On voice vote, faster than you can say "St. Nicholas," the motion was rammed past an unsuspecting Congress, without debate, without a reading of the motion, and without anyone but an apparent few of the Members, who had been brought in to the arrangement, even knowing what was going on.

This is not the way to conduct the business of the House. On October 28, 1981, the House voted down a similar measure on a recorded vote. I voted against lifting the ceiling in that recorded vote and I would have voted against yesterday's motion had I been given the opportunity.

If we are to address the question of congressional compensation, it should be done in regular order with a recorded vote.●

A BILL TO ENLARGE BUMPING LAKE

HON. SID MORRISON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MORRISON. Mr. Speaker, today I am introducing a measure to enlarge Bumping Lake, a water storage reservoir in central Washington. My intent, at this time when no new water projects are being started, is to remind this Congress that the Yakima River system is critically short of water to fulfill the obligations which the Federal Government has to both irrigators and fish maintenance.●

JOHN WITTE BELIEVES IN FOUNDING FATHERS

HON. RON MARLENEE

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. MARLENEE. Mr. Speaker, I would like to call to the attention of my colleagues a speech given a number of years ago by an old friend of mine. The figures in the speech are dated, but I think the philosophy and the thoughts behind the speech still ring true—especially in these times of budget fights and weaning away from the Federal dole.

These are the thoughts of a Montanan who believes in the ideals of our Founding Fathers, and that we have strayed far from those constitutional ideas. I think John Witte's remarks speak for a majority of those American people who came through the Depression and who have seen the focus of government change through the years. The speech is reprinted from the October 19, 1962, edition of the Circle Banner.

The article follows:

STRESSES AMERICAN FREEDOM IN FARM BUREAU SPEECH

(By John Witte)

Mr. President, guests, fellow Americans, I consider it a great privilege to be asked here today to address the members and friends of the McCone County Farm Bureau. Yours is a great organization and your philosophy, "to make sure that our children and grandchildren inherit a free nation and not a slave state," is a great philosophy. But your organization will only be as great as you are individually great, and your philosophy—

only as great as you live it—otherwise it will be nothing but another organization and your philosophy nothing but a meaningless phrase.

When I was asked to come to Circle and speak to you today, I was in a little bit of a quandry as to what you good people would like to hear. I am not a Bob Hope who could give you a half hour of fast patter and jokes—I am not running for political office—I am a businessman on Main Street, dependent upon you the farmers and ranchers of Northeastern Montana for my bread and butter, and the privilege of working with you to raise my children in a free country.

Yours is a non-political organization pledging allegiance to no political party but allegiance only to the Great United States of America and to the ideals of our founding Fathers who pledged their lives, their fortunes, and their sacred honor that this country would be free and remain free for all future generations.

I do not intend to be politically partisan in what I have to say. I have been a Republican all my life, but as I have said often, that if I were to be living in the South today, I could easily be a good conservative Democrat following the leadership of Sen. Harry Byrd from Virginia, a ranking Democrat and one who has disagreed with the liberal philosophies of F.D.R., Harry Truman, Dwight Eisenhower and is today a thorn in the side of John F. Kennedy.

So I speak to you today as an American and businessman who fears for the future of my country.

When I make that statement to some of my more liberal thinking, near sighted friends, I am greeted with the answer. "What are you worrying about? You've never had it so good." And I must agree with the last part of that statement. We are living in the greatest country in the world. A country that has the highest standard of living, more physical comforts than any nation has ever had in the history of the world. We are living in an era that has seen more economic and scientific advances than any generation has ever been privileged to enjoy. And still, while enjoying this, I am afraid for the future of my country, and I think that you should be too. Because this high standard of living was made possible thru the free enterprise system, and not thru the liberal, socialistic schemers, welfare staters, and communistic minded who have held high influential offices in Washington, D.C. for the past two decades.

This year we celebrate the 175th anniversary of the Constitution of the United States. The greatest document ever drawn by man to govern himself in freedom. Drawn by men who were students of history and students of government. Men who knew that if this great country for which they had pledged their lives, their fortunes and their sacred honor, and for which they had just fought a great war, was to become great, it must do it under the free enterprise system and not as a Welfare State. Times have changed, ladies and gentlemen, but the principles upon which this country were founded and which made it the greatest nation in the world are still there. They are still there, but they are being smothered under an all enveloping, paternalistic Welfare State Government.

One generation cannot guarantee to another that it will live in freedom. It can pass a free nation on to its children, as our fathers passed a free nation on to us. One generation, as did our founding Fathers, may win their freedom on the battlefield, and another generation, as we are now doing, may allow our own government to take our freedom from us. There are men and women in this audience today who homesteaded here in McCone County. With a few horses, little machinery, hard work and a pride of independence and accomplishment you built up those homesteads, and you did it yourself. When drought, hoppers and hail came, you didn't turn to the Great White Father in Washington, D.C. and say "send me one of those green checks, I haven't got the guts to make it by myself." No, you tightened up your belts, your wife put some patches over the old patches on your pants—and you toughed it out. Next year! And next year finally came, and you were proud because with the help of the Good Lord with rain, no hail and hoppers, you had a crop and were getting ahead. And you did this as a free man by yourself, and you had a right to be proud.

But something happened. It started in the 30's with the great draught and great depression. We lost that pride of individualism which had made this country great. We decided that those patches on our pants were old fashioned. That to succeed by the sweat of our brow and the brains which the good Lord gave us was outmoded and that we had better rely upon the paternalism of the Great White Father in Washington, D.C.

In the past 30 years we have gone from the ideals of our founding fathers to the idea of the Welfare State—or as one speaker termed it—the illfare state, because it is based on the theory that we as a people are seriously ill and must have the government as a Doctor. Up until the great depression we had been protected from the evils of the Welfare Staters by a Supreme Court who interpreted the Constitution as our founding fathers meant it to be, and kept the government out of our social and economic life. But with the appointment of new Justices to the Supreme Court in the 30's, the power of the income tax which, had up until then been used sparingly, a new definition put upon the words "To provide for the Common Defense and Promote the General Welfare," election to office and appointment to important positions in Government of those who believed that there was nothing wrong with government going into debt. The Government borrows from the citizens, the debt is owned by the citizens, the citizens are the government and consequently we owe that debt to ourselves. And so we started down the road to the illfare state predicted for us by Karl Marx.

We have broadened the phrase "to Provide for the Common Defense" to embrace the whole world. We have spent some 90 billion dollars overseas trying to buy friends. We have sent electric blankets to the Negro in Equatorial Africa and refrigerators and iceboxes to the Eskimo in far off Greenland. And we have found as a Nation what we as individuals have always known—that you can't buy friendship.

In the past 30 years there have been 24 Federal deficits, there will be another this year, and another next year. In 1940 the Federal Government had a tax revenue of approximately 5 billion and in 1961 approximately 84 billion. And I want to ask you this—what is government doing for us today that it wasn't doing in 1940 that warrants this terrific increase? Think it over. The Federal debt when F.D.R. came into power was 22.5 billion and we are told that today it is 300 billion. This is a fallacy because when you add to the 300 billion past and present commitments our National debt is around 750 billion dollars—a total debt of around $4,000 for every man, woman and child in the United States. And you want to pass on to your children a free nation! This is serious, my friends.

And today, with the New Frontier, the Kennedy clan wants to burden us with more debt. Some great words were spoken when President Kennedy took office. "Ask not what your country can do for you, but what you can do for your country." I think there was a typographical error in that speech because judging by his legislative program, I think this is what he meant to say, "Ask not what you can do for your country, but ask what your country can do for you!"

Nikita Khrushchev said, "We cannot expect Americans to jump from Capitalism to communism but we can assist the elected leaders in giving Americans small doses of socialism, until they suddenly awake to find they have communism." Our elected leaders have not said what Khrushchev has openly said but their actions in the past 25–30 years, have certainly not contradicted his statement.

Today annual federal aid to states, cities and individuals which amounted to less than 150 million dollars in 1930 now exceeds over 10 billion. More than the total budget of the Federal Government in any one year prior to World War II. 31 cents of every dollar earned goes to the tax collector. One in every six Americans is on a government payroll. (National, State or local.) Two years ago there were 215,000 people on the Federal Payroll in Washington, D.C. alone, and today there are 235,000. Approximately 30 new Government jobs being created every day in Washington, D.C. alone. And paid for by your tax dollars and mine. Today social security payments exceed Social Security collections. And it will get worse. This will have to be paid by your children and grandchildren. And I could go on and on enumerating the thousands of ways in which we are giving up our liberty under the guise of security.

But what is the cure? I believe that first we must throw off the defeatist attitude. Some of my fellow businessmen say, "What's the use? This thing has gone so far now there is no stopping it." So many feel today that Government has gotten so big, so all powerful, so much a part of our everyday life, that we can no longer control it. And this is false because this is where Government starts—right here in this room. We are the people who decide who is going to be our elected representatives. If we believe in a free historical economy, then we must accept the statement of the President in his inaugural address, "Ask not what your country can do for you, but rather, what you can do for your country," and reject his legislative program by electing men who will fight him tooth and and nail every time he tries to encroach on our freedoms. We msut go back and reaquire the individualism and integrity of our founding fathers and the men and women who homesteaded N. E. Montana. We must abandon the false god of Government handout and paternalism and rely upon the sweat of our own brows, our own integrity, our own responsibility. I don't mean that we should go back to the 20's and 30's but back to those ideals. We must re-dedicate ourselves to the cause of freedom and the system of free enterprise. If we believe in it—we must practice it. There is too much hypocrisy and dishonesty in our country today. If it's bad for the other fellow to get those government

handouts, then we too had better get our greedy hands out of the public trough. If we are going to remain free, we must take an active interest in Government. We must remember that government in its own right has nothing to give. What it gives it must first take. We must be more interested in keeping our freedom than seeking security. We must be more interested in what Government is doing to us, than for us. We need to remember that government cannot, nor should it, guarantee us a price or give us anything without controls and without taking a little more freedom from us.

You cannot legislate the poor into freedom and wealth by legislating the rich out of it, and what one man receives and does not work for, another man must work for and not receive.

We must remember that government can never guarantee us a standard of living, but that big government spending, accompanied by inflation and deficit spending, has the power to destroy the standard of living which we now enjoy.

And finally, that the free-enterprise system and the profit motive has fostered the greatest progress in this nation the world has ever known while the record of socialism and communism has been one of mediocrity, corruption, poverty and terrorism.

In a few weeks you will be going to the polls to cast your vote as Americans. You can be thankful that you live in a country where you still have that privilege. You will be voting for men and women who will represent you in government, and who will exert a great influence on your lives and the lives of your children. You can vote for those who believe in the free enterprise, capitalistic system, or you can vote for those who favor more government handouts and loss of liberties under the false cloak of security.

What you have to gain by taking a vital interest in politics and government is the right to run your own affairs and the guarantee that your children and grandchildren can inherit a free nation. Failure to take action can only mean continued devaluation of our dollar, additional governmental domination, continued deficit spending and finally, state socialism.●

LIMIT PROLIFERATION OF NUCLEAR WEAPONS

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LAGOMARSINO. Mr. Speaker, at a time when the United States is seeking progress to limit the proliferation of nuclear weapons, the recently concluded United States-Egypt agreement serves as a milestone in the Middle East. It represents a commitment by the Government of Egypt to forgo any development of nuclear weapons and sets an impressive example for the other nations in the region and the world.

As a cosponsor of the Nuclear Nonproliferation Act of 1978, I am pleased that the guidelines set forth in that act have been implemented in this agreement. Provisions of the agreement require safeguards and adequate physical protection on items supplied by the United States and nuclear material produced through their use.

The agreement provides very stringent controls on any nuclear technology transferred by the United States to Egypt. At this point, I would like to enumerate these controls and point out that certain elements of this agreement have not, generally, been included in other previous agreements on nuclear cooperation.

The general terms of the United States-Egypt agreement for cooperation on nuclear energy are as follows:

U.S. CONTROLS OVER ITS EXPORTS IN EGYPT

The following U.S. controls over its exports to Egypt appear in the agreement for cooperation.

1. *Alterations.*—Nuclear material covered by the agreement shall not be altered in form or content unless the parties agree. (Art. 6.2)

2. *Enrichment.*—Uranium transferred, or used in U.S. supplied equipment, shall not be enriched unless the parties agree. (Art. 6.3)

3. *Military or explosive use.*—No items covered shall be used for any nuclear explosive device, for their research on or development of any nuclear explosive device, or for any military purpose. (Art. 8)

4. *Quantity limits.*—The quantity of nuclear material transferred at no time shall exceed that which the parties agree is necessary for the loading of reactors or use in reactor experiments, the efficient and continuous operation of such reactors, or the conduct of such reactor experiments, and the accomplishment of other purposes as may be agreed. (Art. 4.3)

5. *Reprocessing.*—Nuclear material covered by the agreement shall not be reprocessed unless the parties agree. Any reprocessing shall be carried out only in facilities acceptable to both parties. (Art. 6.1)

6. *Restricted data.*—Restricted data shall not be transferred under this agreement. (Art. 3.3)

7. *Security.*—The levels for physical protection may be modified by mutual consent of the parties. (Art. 7.2) The adequacy of physical protection shall be reviewed by the parties periodically and whenever either is "of the view that revised measures may be required to maintain adequate physical protection." (Art. 7.3)

8. *Sensitive nuclear technology.*—Sensitive nuclear technology may be transferred if provided for by an amendment or by a separate agreement. (Art. 3.4)

9. *Sensitive facilities and critical components.*—Sensitive nuclear facilities and major critical components may be transferred if provided for by an amendment to this agreement or by a separate agreement. (Art. 4.1)

10. *Small transfers.*—Small amounts of special nuclear materials may be transferred for certain specified uses and for such other purposes as the parties may agree. (Art. 4.4)

11. *Right of return.*—If Egypt violates certain agreement provisions, or ends an IAEA safeguards agreement, or detonates a nuclear explosive device, the U.S. has the right to cease further cooperation and to require the return of export items and any special nuclear material produced through their use. (Art. 11)

12. *Storage.*—No special nuclear material (except for unirradiated low enriched uranium) shall be stored in any facility that has not been agreed to in advance by the parties. (Art. 5.1)

13. *Transfers.*—Any nuclear items covered shall not be transferred to unauthorized persons or, unless the parties agree, beyond its territorial jurisdiction. (Art. 5.2)

Those elements which have not generally been part of other agreements of cooperation include a provision that only low-enriched uranium fuel is authorized for transfer. That fuel is suitable only for use in power reactors. Also, spent fuel from the power reactors shall not be reprocessed in Egypt, and in the event of extraordinary circumstances, spent fuel may be removed from Egypt to protect proliferation objectives.

As my colleagues have noted, it is particularly significant that Egypt has ratified the nuclear nonproliferation treaty, and it is a tribute to the statesmanship President Sadat exhibited in promoting the cause of nuclear nonproliferation.

I strongly endorse this agreement and urge my colleagues to support it as well.●

POST OFFICE OPERATIONS

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ROUSSELOT. Mr. Speaker, our Postal Service has a 200-year-old history of which it can be proud. The hundreds of thousands of fine Americans who work for that Service perform well the daily tasks that make it possible for our economy to function.

That Service now has an annual operating budget of $23 billion, and a commensurate power to cause damage if it functions outside the law. Last month it began charging the American public 20 cents for a first-class stamp. As recently as last March, the price was only 15 cents—that was two raises ago.

Since Congress passed the Post Office Reorganization Act of 1970, an act that I voted against, the price of a first-class stamp has risen 233 percent while another mail service, parcel post, has increased by only 95 percent. By contrast the Consumer Price Index has gone up by 139 percent. The great disparity in these percentages prompt some serious questions, and the public is entitled to answers.

In the last decade the cost of a first-class stamp has exceeded the cost of living by 94 percent, while rates of parcel post have trailed the cost of living by 44 percent. A little arithmetic reveals that the rate for a first-class stamp has gone up 138 percent more than the rate of parcel post.

Logically, one could ask why the obviously efficient parcel post managers are not put in charge of first-class

mail. Surely, they would not let rates for that service soar 33 percent in less than 1 year. But logic, unfortunately, does not get to the heart of the problem.

The problem seems to me to be one of policy more than performance.

There are, within the ranks of postal management, competent accountants, and auditors who can establish effective cost identification and control systems of the type routinely used by private corporations.

Yet in the 1980 rate application the Postal Service filed with the Postal Rate Commission, postal management said that it could link only 59 percent of its costs to the individual classes of mail service.

Postal management said, in effect, that it could not identify the cause of 41 percent of its costs, some $9.4 billion. No business could service if it was ignorant of the cause of 41 percent of its costs. Costs that cannot be identified obviously cannot be controlled. But more importantly for postal rates, costs that cannot be identified can be manipulated into the calculation that determines what rate shall be charged for a specific mail service.

Many of these unidentified costs have been loaded into first-class mail service at the whim of postal managers. This is the primary reason for our new 20 cents stamp.

The postal costing strategy has been to identify a minimal amount of operating cost as it is associated with any class of mail. This creates a large pool of unidentified cost which is, to a substantial extent, arbitrarily assigned to first-class mail. This has caused first-class rates to increase 2.5 times more than the rates of parcel post.

Postal management is using its monopoly control over first-class mail to exact a terrible price from the public. Revenue from first-class mail is being used to subsidize rates for classes of mail subject to private sector competition.

There is more competition with the Postal Service for the package delivery business than there is for any other class or subclass of mail service. The Postal Service has stated publicly that it intends to compete for this business with low rates, and it sets such low rates through subsidy from first-class revenue.

It is not a question of ineptitude in postal cost identification. It is the reality of postal policy, which strives to manipulate revenue so that the postal institution is protected from the fair competition of private companies.

So long as postal management is permitted to assign costs to mail classes on this basis instead of cost accounting principles, we shall continue to see abuse of first-class users who, under the law, can turn nowhere else for service.

When we consider such facts, the 20 cents first-class stamp begins to be more understandable.

Under the 1970 Reorganization Act, this should not occur. It gave the Postal Service the freedom to function like a corporation, with the right to make capital expenditures, negotiate working conditions and wages and generally manage mail services like a private corporation.

The law also imposed on the Postal Service a responsibility to charge users of the different classes of mail only such fees as would be required to recover costs. It was to be a break-even operation.

The first-class user was to pay the cost of that service and nothing more. And so it was to be for almost every mail service that the new agency was to supply. This requirement of the law is in direct opposition to the Postal Service policy of overcharging for a first-class stamp.

The 1970 Postal Reorganization Act established a Postal Rate Commission empowered to examine Postal Service costs and determine if proposed rates are in conformity with cost recovery provisions of the law.

This commission ruled three times that the price of a first-class stamp should be 18 cents and nothing more. Despite this triple rejection of Postal Service requests to charge 20 cents, the new rate was imposed unilaterally by the Postal Service.

The matter is still in the courts. Meanwhile, Americans are paying 20 cents for first-class stamps. They will never be able to recover the overcharges should the courts rule that the Post Office acted inconsistent with the law.

Such flaunting of the 1970 Reorganization Act does not serve the interest of the American public. The power to subsidize rates for competitive services is the power to destroy private companies. Such power has never been granted to the Postal Service.

The Congress exercised considerable wisdom when it established the Postal Rate Commission to oversee rates for postal services. The Congress was fully aware of the potential for abuses that existed if the post office were to exercise its monopoly over first-class mail unwisely. The new 20-cent stamp is evidence of such unwise use of monopoly.

Postal Service management has caused great mischief by its failure to obey the letter and spirit of the law. Evidently, some postal managers are attempting to perserve and enlarge an institution through use of rate stratagems that are inconsistent with the intent of Congress.

They appear to be unaware that no institution is worthy of preservation when it holds itself to be above the letter and spirit of the law.●

IN OPPOSITION TO CONGRESSIONAL INCOME HIKES

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. EMERY. Mr. Speaker, I would like to take this opportunity to go on record in strong opposition to both the increased business expenditure tax reduction figure and the liberalized allowable outside earnings level approved for Members of Congress during the final hours of the 97th Congress, first session. The American public has once again been treated to a display of congressional shenanigans reminiscent of previous maneuvers to increase Members' earnings without arousing public suspicions or triggering constituent protests. Although Members were not provided a direct pay raise in this instance, the recent round of adjustments could be worth as much as $15,000 to some Representatives.

Especially offensive is the manner in which the income liberalizing changes were accomplished. In an effort to grease the skids, Members' allowable outside earnings figure was quietly doubled under a unanimous consent provision with no forewarning and with less than 20 seconds of debate. The entire matter was resolved and the income limit raised from $9,099 to $18,198 before most Members could reach the floor.

It is true that many Members with young families do have higher than average living expenditures as a result of congressional service and their understandable desire to maintain homes both in Washington and in their districts. Proper examination of and debate on this problem could have resulted in adoption of a reasonable alternative to current policy. Instead, a Senate amendment instructing the IRS to devise a liberalized standard deduction figure for Members of Congress was folded into a Ways and Means Committee miscellaneous revenue bill with little fanfare or advance warning.

I supported the Miscellaneous Revenue Act in part because it amended a number of objectionable regulations dealing with unemployment compensation for honorably discharged military personnel. However, I can guarantee you I would have voted against the bill had the tax breaks for Members been brought to the full attention of the House.

At a time when we are asking the American public to tighten their belts and to make sacrifices in the name of national fiscal austerity, I find it intolerable that Congress has seen fit to raise its own spendable income level. Because back-door, backhanded ap-

proaches to income enhancement similar to those witnessed earlier this week may always be possible if the public is kept in the dark, in the past I have supported legislation requiring Members to vote on each and every pay raise.

To go one step further, I recently cosponsored legislation specifically stipulating that no sitting Congress may collect the benefits of a raise which they have voted on. By postponing payment of the salary increase until after the next congressional election, the American public will be provided an opportunity to pass a referendum on the merits of another congressional pay hike. Adoption of such legislation, I am certain, would put a halt to spiraling congressional payrolls and benefits once and for all.●

THE EFFECTS OF THE REAGAN ADMINISTRATION'S ECONOMIC RECOVERY PROGRAM ON NEW YORK CITY

HON. FREDERICK W. RICHMOND
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. RICHMOND. Mr. Speaker, recently, the Joint Economic Committee twice journeyed to New York City to conduct hearings into how President Reagan's economic program will affect the city's economy and fiscal condition. On Monday, November 9, 1981, we met at the New York Federal Reserve Bank where we heard from Mayor Ed Koch, City Council President Carol Bellamy, Brooklyn Borough President Howard Golden, and other knowledgeable State and local government officials. Then, on Friday, November 13, we went to Borough Hall in Brooklyn where we heard from local citizens who were concerned about the impact of the President's budget cuts on community development corporations, housing, small businesses, and higher education.

Among the more than two dozen witnesses who testified during these 2 days of hearings, there was virtually unanimous agreement that the President's program is hurting both the private and public sectors in New York City. The best any witness could say for the President's budget cuts was that they had not hurt as badly as they could have. In addition, there was widespread concern that the tax cuts and high interest rates which join with budget cutting to form the three pillars of Republican economic wisdom have severely harmed the ability of the city to raise the revenues needed to take up the slack caused by the Reagan spending cuts.

Because New York is often hit first and hardest by trends and actions that will affect every municipality across the country, the testimony presented at the Joint Economic Committee's hearings should be of particular interest for all those who are trying to evaluate the impact of the President's program on their own community. Today, I want to summarize the findings and concerns of the two top elected officials in our city, Mayor Ed Koch and City Council President Carol Bellamy. Periodically, I will report on the testimony of other city officials who appeared Monday, and on what the private citizens who testified Friday had to say.

Six years ago, New York City was on the verge of bankruptcy. Our budget was in deficit to the tune of hundreds of millions of dollars, we had lost our credit rating, and businesses were abandoning the city in droves. With the help of Federal and State aid under the direction of Mayor Koch, the city has since then pursued a policy of fiscal restraint, tax reform, and increased productivity that has resulted in a balanced budget for this fiscal year; 1 full year ahead of schedule. In addition, the private sector has been revitalized, with the number of jobs in the city now growing rather than declining.

Despite this progress, the Reagan administration's budget cuts are creating major obstacles to the ability of New York City to meet critical spending needs, both this year and through 1985.

Here are some of the bleak facts. According to figures developed by Mayor Koch, the Reconciliation Act reductions will cost New York City $698 million in Federal aid during 1982, including $273 million from the expense budget, $222 from the capital budget, and an additional $203 million in off-budget items and income transfer payments to the city's needy. By the end of fiscal 1983, these cuts will have cost the city more than $2 billion all together, according to the City Council President Carol Bellamy, including a 2-year total cut of $608 million from the expense budget, $997.5 from the capital budget, and $477.1 billion in off-budget aid.

New York City, of course, can make up for some of these cuts from its own resources. Mayor Koch testified that for fiscal 1982 the city was able to offset $193 million of the $273 million cut in the operating budget. But, as Carol Bellamy put it, these cuts will still have "a devastating effect on our City's infrastructure, services, and residents. We will * * * have to curtail a broad range of services for the needy—including day care, senior citizens' centers, AFDC, foodstamps, medicaid, and CETA—unless we can find new sources of revenue."

Here are some of the particulars from the testimony presented by Mayor Koch.

Funding for day care centers will be curtailed, potentially eliminating almost 100 day care centers serving 10,000 children in New York City.

More than 32,000 people will have their AFDC payments eliminated, including 12,000 of the working poor. Of the additional 93,900 recipients who will have their benefits reduced, 37,400 will be from families of the working poor.

The city will have to eliminate 3,200 classes serving disadvantaged students under title I of the Elementary and Secondary Education Act, a cut of more than 22 percent of the current number of such classes.

More than 31,000 job training positions for adults and youths under CETA will be cut.

Funding will be eliminated for 1,000 vocational educational classes.

Reductions in health care financing will force severe cuts in programs such as rodent control, lead poisoning prevention, immunization, prenatal care, and gonorrhea screening.

The change in eligibility requirements for the school lunch program will mean a reduction of about 1 million meals served in New York City schools this school year.

The elderly will face the potential closing of about 50 senior citizens' centers which now receive 1,700,000 visits per year.

Proposed cuts in the Older Americans Act funding could eliminate almost 600,000 meals served annually to senior citizens.

In the city's capital budget, the Reagan administration's budget cuts will be equally devastating. The physical plant in New York City is deteriorating badly: Roads with a 35-40-year life-span are being replaced at a 150-year rate, one out of four bridges requires rehabilitation, and subway train breakdowns are 30-percent higher than last year.

New York City's Office of Management and Budget says that an adequate program of bridge and road repair would require $800 million over the next 5 years. But the President has called for eliminating the Federal aid to urban systems program that provides New York with $39 million yearly to meet this need. In addition, the city needs to spend $14 billion during the next 10 years to rehabilitate the subway system, while the administration proposes to eliminate all support for mass transportation systems.

This administration's ridiculous emphasis on cutting everything in sight is going to come back to haunt this country a few years from now when our vital urban infrastructure finally collapses from the neglect by this President. This pennywise administration is being pound foolish. As Mayor Koch testified, "the unintended consequenc-

es of these 'savings' will likely be an increase in future costs."

Furthermore, the effects that these budget cuts are having on the economy and fiscal condition of New York City is, according to our witnesses, more likely to undermine the goals of this administration than to help.

First, as Mayor Koch so eloquently testified, a strong economic recovery cannot take place in the private sector in the face of a declining public infrastructure. Much of New York City's capital stock is aging and deteriorating. For example, 17 percent of our water mains and 23 percent of our sewer systems are over 75 years old, and more than 60 percent of each is over 50 years old. Much of this will have to be replaced, but unfortunately the Reagan administration has failed to recognize that a strong private sector requires a healthy public sector. As Carol Bellamy testified, the President "has yet to explain how economic recovery is to proceed if the Nation's roads, subways, and bridges are in ruins."

Second, the social service cuts will seriously jeopardize the continued participation of the working poor in the labor force. During the past few years, many income supplement programs have been reworked to provide an incentive for the poor to find jobs and improve their living standards. But this administration's social service cutbacks are pulling the rug from under those who want to escape a life on welfare, by removing the incentive to work, and are thus forcing them to abandon their dreams and return to a life of dependency on public assistance.

Third, to quote Mayor Koch:

> Numerous other programs intended to break the cycle of poverty will also be cut back or eliminated. Cuts in education and job training programs will eliminate opportunities for thousands of our citizens and place enormous obstacles in the path of the disadvantaged who wish to develop their potential. These cuts will affect both the young and the elderly.

While the budget cuts are having a serious impact on the economy and fiscal condition of New York City, so are the other two pillars of Reaganomics—the tax cuts and the high interest rate policy.

On the tax cuts, let me quote from the testimony of City Council President Carol Bellamy:

> Unfortunately, both the city's and State's revenue options have been severely limited by another of the President's cuts—the one on taxes. Because New York City's tax system is coupled to that of the Federal government, the Federal tax cuts will reduce our local business tax receipts by $85 million. In addition, New York State, which is also coupled to the Federal tax code, will lose some $30 million to $50 million in this fiscal year, $150 million in fiscal year 1983, and $225 million in fiscal year 1984.
>
> The City, then, is obviously caught in a bind. On the one hand, we can pass along the Federal spending cuts, thus accepting the President's regressive social priorities; or we can raise taxes to offset these spending cuts, thus risking an exodus of business.

The tax cuts are not only affecting the city's revenue base, they are also hampering the ability of New York City to raise funds in the bond markets. As Mayor Koch pointed out, the personal tax rate reductions are diluting the attractiveness of tax-exempt bonds, the All-Savers Certificates are competing with municipal issues, and investors are becoming warier of municipal bonds as they see the Federal Government shifting responsibilities onto local governments without making added revenues available.

While the tax cuts may be a bonanza for the wealthy, as David Stockman has pointed out, they are a disaster for the finances of our State and local governments.

Equally devastating are high interest rates. With municipal bond rates currently at 14 percent, many municipalities including New York City are having to scale back their borrowing and defer maintenance of their infrastructure. Mayor Koch testified that the city has plans to borrow $1 billion per year for the next 4 years for capital improvements. Yet, at a 14-percent interest rate, this will cost the city over $400 million more between now and 1985 than it would at the 8-percent rate that prevailed in 1975. New York City simply cannot afford to pay these higher interest costs. According to the mayor: "prohibitive borrowing costs will affect the maintenance schedules of existing infrastructure and delay new building plans."

And so, Mr. Speaker, the President's economic recovery program is, for New York City and for municipalities everywhere, not the path to growth and recovery but instead the road to ruins. David Stockman's trojan horse stands threateningly today at the gates of New York City.●

BLACK LUNG BENEFITS REVENUE ACT OF 1981

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mrs. SCHNEIDER. Mr. Speaker, today, the House has once again mocked the ideals of open, representative democracy by approving an amendment to the black lung benefits bill, H.R. 5159, to liberalize tax benefits for Members of Congress. Approval of the amendment came by a vote of 363-47, since Members were led to believe that its contents involved only technical and conforming amendments to the Tax Code. In an effort to make badly needed improvements to the black lung fund, Members were unfortunately misled by perpetrators of this move.

Only a few weeks ago, this body rejected by a vote of 271-147 an increase to the outside earnings limitation for Members of the House. Therefore, supporters of today's travesty must have felt a compulsion to operate in secret. I once again strongly oppose any procedure in the House which deals with the question of compensation and taxation of Members without full and open debate. As an original cosponsor of legislation to reduce salaries of Members by 8 percent until Congress can balance the Federal budget, I call on my colleagues who must resort to under the table procedure to allow appropriate debate by those who do not share their point of view.●

CHAIRMAN OF THE HOUSE EXPORT TASK FORCE TESTIFIES ON THE FOREIGN CORRUPT PRACTICES ACT OF 1977

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BONKER. Mr. Speaker, as Chairman of the House Export Task Force, I testified on Wednesday, December 16, before the House Energy and Commerce Subcommittee on Telecommunications, Consumer Protection and Finance. Chaired by my distinguished colleague, Congressman WIRTH, that oversight hearing was the third in a series which has focused on the Foreign Corrupt Practices Act (FCPA) of 1977 to determine what problems exist before looking at any new legislation.

Mr. Speaker, I commend Chairman WIRTH for initiating these timely hearings and urge consideration of new legislation amending the present act. Despite the law's good intentions, the ambiguity of the FCPA has cost this country legitimate foreign business which Congress never intended to curtail. Hence, the act, in its present form, has had a chilling effect on legitimate business opportunities overseas and a negative effect on U.S. exports.

Maintaining the U.S. position in international trade is a top priority as we depend more and more on exports to strengthen our economy. We must take steps to remove the disincentive to exports caused by the Foreign Corrupt Practices Act of 1977. Legislation is necessary to provide the needed precision, clarity, and simplicity. Our constituents have the right to know specifically what they can and cannot do in international business.

Mr. Speaker, the following is my testimony at the oversight hearing held December 16. I would like to commend

it to your attention and that of my distinguished colleagues:

STATEMENT OF CONGRESSMAN DON BONKER

Mr. Chairman, I am pleased to appear today before the Telecommunications, Consumer Protection and Finance Subcommittee on the House Energy and Commerce Committee. I appreciate the opportunity to testify, as Chairman of the House Export Task Force, on the negative effects the Foreign Corrupt Practices Act (FCPA) of 1977 has had on U.S. business and America's role in international trade.

Mr. Chairman and distinguished members of the Subcommittee, before I discuss specific problems with the FCPA, I would like to provide you with the background and climate under which the FCPA was enacted.

In 1973, with Watergate on the front pages in many newspapers and still a vivid memory, over 300 American corporations were discovered making payments to foreign officials, particularly in developing nations. One of the better known cases was the Lockheed Aircraft Corporation's dealings with certain Japanese officials, publicity and investigation about which ultimately led to the downfall of the Tanaka Government.

Subsequent investigations and revelations led to an incensed American public . . . incensed with the corruptability of corporate executives. Where was our sense of morality? Was there no longer ethical conduct in business? In Government?

An outraged public demanded change, and in response, former President Ford appointed a Task Force on Questionable Corporate Payments to assess the need for a new U.S. law to address business payments. The Task Force decided that existing U.S. laws were ineffective in deterring questionable payments by American businessmen and that a law was in fact needed to restore public confidence in the U.S. Government and in U.S. business conduct.

Congress, trying to appease the outraged public, hurriedly drafted legislation, the Foreign Corrupt Practices Act of 1977. I say hurriedly because very little consideration or thought was given to the potential consequences of the Act, in terms of its meaning, clarity, and applicability. As a result, we have today an Act which is one of the most poorly written pieces of legislation. Its lack of specificity and ambiguous wording have made it a major irritant and cost for U.S. businesses. Moreover, it is a disincentive to American export trade.

Since its enactment, the Act's provisions have been steeped in controversy and confusion over what constitutes compliance.

Mr. Chairman, a number of reports have been written on the effects of the FCPA on American business overseas. The State Department conducted a survey in May of 1981 in which 115 Foreign Service Posts abroad were asked to assess the effects of the FCPA on U.S. exports and foreign relations. By complying with the Act, according to the report, American firms face a number of problems, including those related to obtaining and dealing with agents, contracting problems, increased operating costs for accounting and reporting requirements, the lack of flexibility to provide legitimate gifts, and overcautousness in attempting to comply with the Act. The latter seems to confirm the frequently heard complaints by business that the Act is ambiguous and difficult to understand.

The result of these difficulties? U.S. firms have: foregone some apparently legitimate exports, avoided some markets, and opted to play subordinate contracting roles to foreign prime contractors.

The FCPA has a more wide-ranging negative effect in terms of an American firm's legitimate program through acquisition of a foreign firm. Let me give you a recent example.

An American firm was prohibited from buying out a British firm in part because of the latter's potential loss of business resulting from its compliance with the FCPA—an American law. If I may be permitted, Mr. Chairman, I would like to read from the report on the proposed merger of Ensearch Corporation and the Davy Corporation Limited, submitted by the British Monopolies and Mergers Commission.

"Davy believed that the Foreign Corrupt Practices Act was so formulated that it would also have an adverse effect on Davy's legitimate transactions in a number of important overseas markets, even when there was no nexus with United States commerce, in view of the liabilities on the officers and employees of United States parent companies for the acts of foreign subsidiaries or business partners when they know or "have reason to know" of the latter's activities and of the need to ensure that detailed record-keeping and control systems were adopted. Davy had been advised that the language of the Act was very general and comprehensive while the potential penalties, even for technical and insignificant errors, were severe. Davy pointed out that much confusion and uncertainty surrounded this whole area of the law (including such issues as what constitutes a "corrupt" payment, particularly in countries where gifts were normal and permissible under local law, or what constitutes a "foreign official", particularly where the line between permitted public and private activities was unclear and where individuals were free to engage in public and private activities at the same time). Davy made extensive use of agents in underdeveloped or developing countries but there was little doubt that Ensearch would be bound to insist on the strictest compliance and, at the very least, would be compelled to exercise close control over the way in which Davy managed its overseas marketing operations."

Mr. Chairman, the Monopolies Commission rejected Ensearch Corporation's bid for acquisition of Davy in August of this year, hinting that the U.S. Foreign Corrupt Practices Act leaves U.S.-owned companies with one hand tied behind their backs when trying to win orders.

I have testified that the FCPA is ambiguous and unclear, and I would like to tell you why. The antibribery provisions forbid payments to agents or intermediaries or to any person when the paying company or individual "knows or has reason to know" that all or part of such payment will be offered to a foreign official or party to influence his decisions or use his influence over others. The "reason to know" standard holds U.S. firms responsible for the actions of any intermediary or agent it uses to facilitate overseas business. Regardless of the steps taken by the company to confirm the trustworthiness of an agent, when the agent commits an impropriety the U.S. corporation is, unfairly, held answerable under the FCPA. Moreover, the antibribery provisions are unclear in terms of what constitutes a bribe and what is acceptable as a grease payment or gift. In most developing countries, grease payments are perfectly acceptable and often used to expedite the work of lower officials, and gifts are a perfectly legitimate business courtesy.

Another major problem lies within the accounting provisions which apply only to companies registered with the SEC. These companies must keep detailed books and accounts which accurately reflect all transactions and the disposition of assets. Firms are required to devise and maintain a system of internal accounting controls sufficient to provide "reasonable assurances" that transactions are executed in accordance with management's general or specific authorization.

Mr. Chairman, the "reasonable assurance" test is vague and is too disposed to subjective interpretation. Business managers cannot tell what is reasonable in the eyes of the SEC. Consequently, they tend to err on the side of "excess" when interpreting reasonableness. The cost of an internal accounting control system under this test is in some cases exorbitant, running into thousands of dollars.

Mr. Chairman, the Foreign Corrupt Practices Act of 1977 is considered a major disincentive to exports because of uncertainty within the business community about the meaning and application of some of its key provisions. Conduct prohibited and conduct permitted is unclear. The problem of uncertainty is compounded by a lack of guidance from the enforcement agencies as to proper interpretation of the Act's provisions. This problem, in turn, is exacerbated by the dual enforcement authority of the Justice Department and the Securities and Exchange Commission over the Act's payments provisions.

Mr. Chairman, we must take steps to remove those disincentives to exports caused by the Foreign Corrupt Practices Act of 1977. The American businessman has the right to know specifically what he can and cannot do in international business.

Thank you, Mr. Chairman, for the opportunity to testify before you and your Subcommittee on this important issue.●

PERSONAL EXPLANATION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. McDONALD. Mr. Speaker, due to a previous commitment I unavoidably missed various votes on December 11, 14, 15, and 16. While I was paired on each vote missed, I failed to receive a live pair on each vote. Therefore, I would like to take this opportunity to explain how I would have voted had I been present.

"No" on rollcall No. 356, passage of H.R. 4559, foreign assistance and related programs appropriations for fiscal 1982.

"Yes" on rollcall No. 357, a motion that the conference committee meetings on H.R. 4559, Department of Defense appropriations, be closed to the public at such times as classified national security information is under consideration.

"Yes" on rollcall No. 358, passage of H.R. 4910, District of Columbia Bond Amendments of 1981.

"No" on rollcall No. 359, an amendment to the previous amendment to

H.R. 2559, Coast Guard authorization, fiscal year 1982, that sought to prohibit use of funds to operate certain specified Coast Guard facilities.

"Yes" on rollcall No. 360, passage of H.R. 2559, Coast Guard authorization, fiscal year 1982.

"No" on rollcall No. 361, the rule under which H.R. 4700, the Standby Petroleum Emergency Authorization Act, was considered.

"No" on rollcall No. 362, passage of H.R. 4700, the Standby Petroleum Emergency Authorization Act. A live pair was received.

"Yes" on rollcall No. 363, passage of the conference report to H.R. 4995, Department of Defense appropriations for fiscal year 1982. A live pair was received.

"No" on rollcall No. 365, passage of the conference report to H.R. 4331, to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

"No" on rollcall No. 366, passage of the conference report to H.R. 4559, foreign assistance appropriations for fiscal year 1982. A live pair was received.

"No" on rollcall No. 367, agreeing to a Senate amendment to H.R. 5159, the Black Lung Benefits Revenue Act of 1981.

"No" on rollcall No. 368, waiving certain points of order (H. Res. 303) against the conference report to S. 884, the Agriculture and Food Act.

"No" on rollcall No. 369, passage of the conference report to S. 884, the Agriculture and Food Act.

"No" on rollcall No. 371, passage of H.R. 5274, to provide for congressional evaluation of energy policy by imposing a moratorium on certain acquisitions involving major energy concerns and domestic petroleum companies until June 30, 1982.●

ETHIOPIAN JUNTA CLOSES CHRISTIAN CHURCHES

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ROUSSELOT. Mr. Speaker, for more than a year ominous news has been coming out of Ethiopia with regard to the harassment and persecution of Christians and Jews by the Marxist government of Colonel Meningitsu—which is kept in power by Cuban, East German, and Soviet military advisers and police.

Recently the Washington Post published an excellent article on the closing of the last Protestant church in Ethiopia. I ask for unanimous consent to insert it into the RECORD.

The harassment and persecution of Christians is not the only example of religious persecution in a country with an ancient Christian community. The Jewish community has been in hiding for several years, its synagogues closed and traditions sacrificed.

In the meantime, as Ethiopians fight starvation and famine the Soviets pour in billions of dollars in arms and ammunition to their puppet government. There are currently 17,000 Cuban troops in Ethiopia with 4,000 Soviet and 2,000 East German advisers. Despite these forces, resistance is continuing within the country. Mr. Speaker, Ethiopia has the largest and oldest Christian and Jewish communities in black Africa. I would urge my colleagues to take note of this terrible situation.

The Washington Post article follows:

[From the Washington Post, Tuesday, Nov. 17, 1981]

ETHIOPIA SEIZES HEADQUARTERS OF MAJOR PROTESTANT CHURCH

(By Jay Ross)

ADDIS ABABA, ETHIOPIA, Nov. 16.—Ethiopia officials backed by armed soldiers today took over the headquarters of the country's major Protestant denomination in a move that could have far-reaching impact on the Marxist government's tentative efforts to improve relations with the West.

The seizure is likely to revive charges abroad that the pro-Soviet government is persecuting Christians despite Ethiopia's history of being a bastion of Christianity in Africa for 16 centuries.

The Ethiopian Evangelical Church, whose building was seized, unites the various Scandinavian and German Lutheran denominations and groups most of the half-million Protestants in the country. About 40 percent of Ethiopia's 31 million people are members of the Ethiopian Orthodox church and about 45 percent are Moslems.

Over the weekend the Swedish government sent a message to the Ethiopian Foreign Ministry demanding reconsideration of the decision, citing the impact it could have on Sweden's $20 million annual aid to Ethiopia, the largest amount of bilateral assistance this country receives.

It is far from clear, however, that the takeover of the eight-story office building of the church is simply an antireligius move. Some Western diplomats and church leaders think that the government's need for office space and the country's tribal problems could be more significant reasons for the action.

The government of Lt. Col. Mengistu Haile Mariam has given no reason and officials have declined repeated requests for comment.

"You cannot ask questions" about the seizure of the church property, an official said.

Although some churches in the countryside were closed earlier this year, the current move is limited to the headquarters of the church, known as Mehane Yesus in Ethiopia's Amharic language.

Church officials were given 24 hours to vacate the property last Wednesday, but they stalled until today seeking a letter of explanation. A church source said the keys were finally turned over to an official who came with five armed soldiers on his third attempt to take possession.

The present Marxist government of Ethiopia separates church and state and proclaims religious freedom as long as churches do not oppose the government.

In addition to Sweden's $20 million in annual aid, Swedish churches donate about $1 million to Mehane Yesus as part of about $4 million in overseas private aid the church receives for development projects, such as schools, clinics and road building.

Diplomatic sources said Sweden's message was carefully phrased so as not to contest Ethiopia's right to take property, but asked that the process be slowed down to allow for further consideration. Foreign Minister Col. Feleke Gedle-Giorgis, who was educated at a Lutheran mission school, said he would study the matter but there is no indication that the decision will be reversed.

Strapped for foreign currency and unhappy with the amount of Soviet aid, Mengistu made tentative approaches to Western Europe this year, although the United States, Ethiopia's key supporter during the reign of Emperor Haile Selassie, was left out of the process.

A revival of antireligious charges, which first cropped up in 1979, could derail the fledgling steps.

Warning of repercussions, another Western diplomat said, "They don't know what stupidity they've done yet, but they'll find out soon."

The incident is an example of how the government's often arbitrary actions, carried out by murky levels of the ruling military Dergue, can work at cross purposes with broader government policy.

The seizure was ordered as a group of 12 American Lutheran officials and lay persons was visiting the country to examine church aid projects. In a similar incident earlier this year an official in the northern city of Asmara ordered the seizure of the Italian consulate while delicate negotiations were under way in Addis Ababa, the capital, with Italian officials.

Property seizures have been common under the Marxist government and it is possible that the state security official who ordered the takeover last Wednesday did not attach any great significance to the move.

Even under the emperor when the Ethiopian Orthodox church was the state religion, antimissionary feeling was widespread in Ethiopia.

Traditionally, Protestant missions have been restricted to the south and west, areas inhabited by the Oromos, Ethiopia's largest tribe. The ruling Amharas have long suspected the Protestants of stirring up tribal feeling among the Oromos despite denials by the missionaries.

An organization known as the Oromo Liberation Front has carried out sporadic guerrilla warfare in the area in the last couple of years. The executive secretary of Mehane Yesus, Gudina Tunsa, is the brother of a Front leader. The church official disappeared two years ago and according to some reports is in prison.

"Since Ethiopian Protestants are all Oromos and the government's difficulties with the Oromos are growing," one source said, "difficulties for the Protestants are also increasing."

Despite the other potential motives, however, Ethiopia has taken a number of anti-church actions recently. In western Welega region, 160 pastors and church leaders, all Ethiopians, were arrested in the last six months. Most reportedly have been released but the pastors' movements are limited, preventing them from serving several congregations as they have traditionally done.

Some churches have been closed and mass media equipment has also been seized. Movements of the 200 foreign missionaries,

mostly Scandinavian, are also limited although none has been detained.

The headquarters of a small Baptist denomination with fewer than 1,000 members was also seized last week.

Some of the Dergue leaders are thought to be atheists, but antireligious sentiments are probably the result of Marxist ideology which does not allow room for any competing organization.

One Western diplomat summed up the takeover in this manner: "They found they needed premises for the anticorruption authority. They found the Mehane Yesus headquarters suitable.

"They also found it suitable to reduce the influence of the Mehane Yesus church because the government feels it is a platform for the Oromo Liberation Front. Looking for a scapegoat for their problems, they can thus blame foreigners."

Despite harassment of the church, Christian leaders say church participation has risen significantly since the revolution.●

ELMER HENDERSON RETIRING

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HORTON. Mr. Speaker, I would like to associate myself with your fine remarks and state that I too am sorry that Elmer Henderson is retiring from service to the Congress.

Elmer joined the staff of the Government Operations Committee in February 1955. Since that time he has been providing Republican and Democratic Members alike with sound judgment and advice concerning the matters over which this committee has jurisdiction.

Every committee, to be successful, must have staff members with exceptional understanding of the laws within the committee's jurisdiction, and that staff must also have knowledge of the committee's history. Elmer Henderson has been that repository of legal understanding and historical knowledge. He will leave a void very difficult to fill.

I can say on behalf of all Republican Members that his presence will be sorely missed and that we wish him well.●

CPI TESTIMONY

HON. WILLIS D. GRADISON, Jr.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. GRADISON. Mr. Speaker, I would like to submit for the record the testimony on the Consumer Price Index (CPI), given by Representative JEFFORDS and myself before the Education and Labor Subcommittee on Labor-Management Relations, December 8, 1981. In this testimony we support the recently announced BLS changes in the housing component of the CPI and suggest further refinements in the CPI.

TESTIMONY OF JAMES M. JEFFORDS

Mr. Chairman: I want you to know that Mr. Gradison, my colleague from the Ways and Means Committee, and myself are very appreciative for the opportunity to present testimony to the Subcommittee today. We are certainly delighted to be in the distinguished company of Dr. Norwood, the Commissioner of Labor Statistics.

I understand that you will be discussing a number of recent decisions made by the Bureau of Labor Statistics (BLS), including survey curtailments necessitated by the budget cuts. Mr. Gradison and I are particularly interested in one decision, the scheduled revision in the housing component of the Consumer Price Index (CPI), and will confine our remarks to this issue. I will provide a little background, and then with your permission will turn the show over to Bill, who has developed a great deal of expertise in the indexing area, especially with regard to the tax code.

As you know, on October 27 of this year, BLS announced that it planned to change the homeownership component of the CPI to a rental equivalency measure. The CPI-U, for All Urban Consumers, would be changed with publication of data for January, 1983, the Bureau said, and the CPI-W, for Wage Earners and Clerical Workers, would be changed with data for January, 1985.

Mr. Gradison and I have introduced a bill, H. Res. 263, which expresses the sense of the House that this BLS decision is deserving of our full support. The legislation is currently pending before the Education and Labor Committee, and has ten cosponsors. It is from this perspective then, one of strong support for the revision in the housing feature of the index, that we come before you.

Basically, we wish to make a case for accuracy, or, to make it sound a bit grander, for truth. Inflation is one of this country's most serious problems, and the CPI is the most commonly used measure of this problem. It is utilized to analyze and develop economic policy, to deflate other economic data, and to serve as an escalator for wage payments, contracts and government expenditures. As of January, 1980, escalator clauses covered roughly 58 percent of all workers in major bargaining units. Today, more than half of all federal expenditures are adjusted for inflation directly or indirectly by the CPI. And this summer, in the Economic Recovery Tax, we provided for indexing of the individual tax brackets, the personal exemption and the zero bracket rate to the CPI after 1984. This last initiative, I might add, was successful largely due to the efforts of Mr. Gradison, who led the charge for an end to pernicious bracket creep. The point is, though, that if there are inaccuracies in the index, they are passed along in a sort of Rube Goldberg fashion from program to program until it becomes something quite alarming. To pursue the metaphor, I think the Goldberg contraption has been triggered, and we have been woken up with a douse from a bucket of cold water over out heads. There may be some, Mr. Chairman, who do not wish to be rousted, but I for one think we have been unconscious as far as this problem goes for too long.

And make no mistake, there are problems with the CPI, problems which have been documented for years. The time is ripe for improvements. For example, the index may not be properly accounting for the quality changes associated with certain price changes, and its treatment of taxes may be causing distortions. Moreover, whereas BLS has established the data base needed to periodically update the market basket on which the CPI is predicated, it has not yet established a policy on the desirable frequency of updating; it was last updated in 1972-73.

Finally, and I will defer to the gentleman from Ohio in just a moment here, the CPI has overstated housing costs when mortgage interest rates have gone up. This is the problem BLS has zeroed in on in its recent decision.

This is an important step forward, and I think it would be unfortunate in the exteme if Congress attempted to intervene and reverse the BLS decision. There will be attempts to make the proposed change look political rather than substantive. There are those who are concerned that the revision will reduce their cost-of-living adjustments, but I don't think anyone among us, even the most clairvoyant, can predict with any real assurance that a rental equivalency measure will drive the index up or down in the future; there are just too many economic variables at work here.

Ladies and gentlemen, we are in the process of attempting to bring federal spending under control, inflation under control.

It is ironic that the index we use to measure inflation so that we can control it is actually contributing to inflationary pressures by overstating increases in the cost of living. By one estimate, the CPI has cost the federal government $21 billion in excessive spending since 1978. The BLS revision will do much to correct this wasteful spending, and will do so according to a modest schedule. If we are going to gauge inflation, and indeed we should, we should do it as precisely as possible.

Thank you, Mr. Chairman, Members of the Subcommittee.

TESTIMONY OF WILLIS D. GRADISON, JR.

Mr. Chairman, thank you for allowing Representative Jeffords and myself to present testimony on the Consumer Price Index. I will focus specifically on the recent change in the housing component of the CPI, and why we think that change is an important step toward improving the accuracy of the CPI.

The CPI is the most widely used price index for adjusting federal benefits and private wages for inflation. And, beginning in 1985, the CPI will be used in the indexing of income taxes. Consequently it is vitally important that the CPI accurately measure inflation.

Most of the recent criticism of the CPI has focused on the housing component of the index, which has clearly overstated the cost of shelter in recent years. In a recent announcement, however, the BLS indicated that it will switch to a rental equivalent measure of the cost of shelter. I would like now to explain why I feel the rental equivalent measure is superior.

The basic problem with the current method is that it gives overly large weight to the purchase price of a new home and financing costs. This occurs because of the method used to determine the weights for the various components of the cost of homeownership does not distinguish between the value of a house as an investment and its value as shelter.

One way to separate the shelter cost from the investment cost is to estimate what it would cost a homeowner to rent his house. The rent implicitly embodies the current cost of purchasing and financing a home, but only to the extent that those costs affect the current price of shelter. Consequently, the rental equivalent gives a lower weight to the purchase price and financing costs because it places less emphasis on the investment value of the house. This makes a rental equivalent a more accurate and more appropriate measure than the current homeownership component.

Let me emphasize that the rental equivalent is not a new or untested idea. It was first proposed by George Stigler in 1960. Since then a change to a rental equivalent has been discussed extensively in academic and government circles, and has the strong support of many economists. Moreover, the BLS has been working on the rental equivalent for some time, and currently calculates an experimental CPI that uses such a measure of housing costs.

Why then has the rental equivalent not been inserted previously in place of the present measure? Until the past few years, the homeownership component, because of relatively stable interest rates and housing prices, was accurate enough so that the benefits from changing to the rental equivalent did not outweight the institutional costs of researching and refining that measure. However, because the homeownership component weights mortgage interest rates so heavily, their record rises in the past three years have caused the accuracy of the index to diminish greatly. In 1979, for example, the CPI for urban consumers increased by 12.8 percent, while the CPI with the rental equivalent increased by only 10.7 percent. The differences in the two measures resulted almost solely because mortgage interest rates rose to an historic high of 13 percent. In late 1980, interest rates again took off, and a similar overstatement of inflation ocurred.

The fact that the rental equivalence would have resulted in lower rates of increase in the CPI in the past few years has led to criticism that the change is being made in order to reduce CPI-indexed federal outlays or to aid business by decreasing CPI-indexed wages. In light of the long history of discussions about the rental equivalence, and the clear inaccuracy caused by highly fluctuating interest rates, I find such criticism quite unjustified. In fact, in times of falling interest rates, the CPI as currently calculated is likely to understate inflation.

I am glad that the BLS has acted at last to improve the housing component; it has acted responsibly in doing so. But I believe that it can act even more responsibly by hastening its implementation of the rental equivalence. Currently the CPI-U will switch to the rental equivalent in 1983 and the CPI-W will switch in 1985. I believe that such a long wait, in light of the BLS's previous work on the rental equivalent, is unwarranted.

In the resolution which Mr. Jeffords and I have introduced, H.J. Res. 263, we support the rental equivalence change, and urge expedited implementation of the reform. The resolution also points out that while the adoption of the rental equivalence removes much of the biases in the CPI, there are further refinements that the BLS must make.

First among these changes is a correction for the "substitution" bias of the index. Currently, the market basket of goods for which the BLS collects prices is updated only at sporadic, infrequent intervals. Thus, the market basket does not reflect adequately the tendency of consumers to substitute lower priced goods for those whose prices rise. The BLS already had gathered the preliminary data base to be used for periodic, frequent updating of the market basket, but it has not yet instituted a policy detailing when revisions will be made. Mr. Jeffords and I agree that the BLS should develop such a policy soon.

The other major changes that the BLS should make in the CPI are in the way the index incorporates quality and tax changes. The BLS should develop a better method for adjusting for price changes that occur because of the changes in the quality of goods. Regarding taxes, the BLS should find a better way to take into account changes in taxes, perhaps by developing a tax and price index similar to that recently instituted in Great Britain. I know that the BLS already has devoted significant resources to those two problems, but it must step up efforts in both of these areas.

In conclusion, Mr. chairman, I emphasize that the change in the housing component to a rental equivalent makes the CPI a much more accurate price index, and probably the best we have. Finally, BLS should continue to refine the CPI by moving towards further changes in the directions we have indicated.●

THE 100TH ANNIVERSARY OF THE BIRTHDATE OF THE LATE SAM RAYBURN

SPEECH OF

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. RHODES. Mr. Speaker, it is a pleasure and a privilege to join with the many friends and admirers of Sam Rayburn in remembrance of the 100th anniversary of his birth.

Sam was a truly nice person and a respected colleague. He also could be tough when the situation demanded it. He sincerely believed in the institutions of this House. And, as we know, by participating in something bigger than ourselves, we have an opportunity to provide real meaning for our lives. As Speaker of the House for 17 years, Sam Rayburn enriched his own life, as well as those who served with him. I am honored to have had that opportunity.

Sam was a delight to know. He was someone you could respect and, at the same time, have a feeling of emotion about him. I would like to thank the majority leader, Congressman JIM WRIGHT, for his thoughtfulness in arranging for this special order on behalf of Sam Rayburn.●

SPEAKER SAM RAYBURN

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ROSTENKOWSKI. Mr. Speaker, I revere the institution where it has been my pleasure to serve 23 years, the U.S. House of Representatives.

When I came to this body, there was another institution within the institution I also revered. I am referring to Speaker Sam Rayburn to whom I am paying tribute on the centennial anniversary of his birth.

There is no question but that Mr. Sam left his indelible mark on the House of Representatives. His legislative skills are legend, and as is the man who donated nearly one-half a century to service of his beloved Texas. I think the House of Representatives was fortunate to have a leader of Sam Rayburn's caliber as the Speaker for most of two decades. Even today, 100 years after his birth, the influence of Sam Rayburn is clearly in evidence in this Chamber.

Only history will prove whether Mr. Sam's accomplishments and skills will be equaled.●

"DOBBIE" BURTON: AN EXTRAORDINARY COACHING CAREER

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PORTER. Mr. Speaker, we hear a great deal today about excellence in education; about the need to instill the highest values in our young people to equip them to take their place in leadership roles in our country. I am pleased to tell you of a man from my district who devoted his life's work to such a high goal.

William "Dobbie" Dobson Burton is in his 35th season as head swimming coach at Evanston Township High School, Evanston, Ill. Mr. Burton graduated from the University of Michigan where he was himself an all-American swimmer. He used his personal experience to great advantage during his distinguished coaching career.

While Dobbie Burton stressed that the growth of the individual is more important than winning any specific race or meet, his teams nonetheless compiled an outstanding record. Under Dobbie's tutelage, the Evanston Township High School swim team won the national championship three times; placed second nationally three times; and third three times. Further,

they won the State championship 15 times; and the league championship 20 times. Dobbie Burton's teams have a dual meet record of 377 wins and 43 losses—a superb winning record of over 90 percent.

Dobbie taught his swimmers the importance of character and persistence which enabled them to excell as athletes; 154 of his swimmers were all-American, 40 were State champions, and 11 of his relay teams won the State championship. Dobbie's swimmers have broken or tied 37 national records.

In recognition of a great coaching career, Dobbie was chosen National High School Coach of the Year in 1978.

He has earned the gratitude of parents who recognized his important contribution, and the lasting friendship of his former students. The fact that swimmers of 25 years ago still keep in touch with Dobbie, attests to the influential role he played in their lives.

I feel especially privileged to salute Dobbie Burton, for I was a student at Evanston Township High School during the early years of his coaching career. He was then, and he is now, a great credit to his high school and to his community.●

A RESPONSIBLE CONGRESS

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mrs. SNOWE. Mr. Speaker, now that we have passed the Black Lung Benefits Revenue Act of 1981, an important bill designed to improve the solvency of the black lung disability fund, I want to state my strong distaste over the irresponsible backdoor approach used to include in the bill a number of unrelated tax law changes, some of which affect Members of Congress.

Certainly no one would want to deny benefits to coal miners who are disabled by black lung disease. The black lung trust fund is in serious financial condition, and prompt action is needed to restore the fund to solvency. I support the fund and that is why I voted for the bill when it came before us.

I must point out, however, that I find it unconscionable that unrelated tax measures were added to the bill on the Senate side, and included in the measure presented to the House. The black lung measure should have been presented and passed without added provisions. But among amendments attached to the bill were a change in the tax code that limits deductions taxpayers can take on second homes if their families live with them more than 14 days per year, and instructions for the Treasury Department to issue guidelines to Members of Congress which spell out the amount of deductions they can take without having to substantiate them.

These are measures which should be addressed separately. If Congress wants to make tax changes, Members should be able to be on record in support or opposition. The method employed in the black lung bill, however, precluded such a choice. A vote against the bill because of its tax provisions would have been a vote against the fund itself and the more than 100,000 people who depend on the fund for benefits.

Since my election to Congress, I have consistently opposed every attempt to raise congressional pay when it has come to the floor on a separate vote, and I will continue to do so. The black lung bill, and the methods used to attach other provisions to it, can only be construed by constituents as an effort by Congress to avoid responsibility. I would hope that similar methods are not used in the future.●

U.N. AND OAS RESOLUTIONS ON EL SALVADOR

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BARNES. Mr. Speaker, the Third Committee of the United Nations, and the Organization of American States, recently adopted resolutions urging a political settlement of the conflict in El Salvador. I must say that I am surprised that the administration opposed the U.N. resolution while supporting the OAS resolution, since I think both resolutions express views that we can all agree with; namely, that a democratic solution to the conflict is necessary. I include both resolutions for the information of my colleagues.

[This Resolution was passed by the U.N. Social, Humanitarian, and Cultural Committee on 3 December 1981 by 65-21, with 54 abstentions.]

UNITED NATIONS—GENERAL ASSEMBLY

REPORT OF THE ECONOMIC AND SOCIAL COUNCIL ON THE SITUATION OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOM IN EL SALVADOR, ALGERIA, DENMARK, FRANCE, GREECE, IRELAND, MEXICO, NETHERLANDS, SWEDEN AND YUGOSLAVIA: DRAFT RESOLUTION

The General Assembly:

Recognizing the permanent validity of the principles enshrined in the United Nations Charter and in the Universal Declaration of Human Rights,

Conscious of its responsibility to promote and guarantee the maintenance of those principles and to contribute to ensure respect for human rights and fundamental freedoms for all,

Reiterating once more that all Member States have an obligation to protect human rights and fundamental freedoms and to fulfill in this respect the obligations they have undertaken through the various international instruments in this field,

Recalling resolution 35/192 approved by the General Assembly at its thirty-fifth session, which, among other things, expresses deep concern for violations of human rights and fundamental freedoms in El Salvador, especially in view of the death of thousands of people and the climate of repression and insecurity which prevails in that country and deplores the assassinations, disappearances and other serious violations of human rights in El Salvador,

Reiterating the appeal made by the General Assembly in said resolution 35/192 for the cessation of violence and the re-establishment of full respect for human rights in El Salvador and for Governments of all States to refrain from supplying arms and lending other forms of military assistance in the current circumstances,

Bearing also in mind resolution 32 (XXXVII) of the Commission on Human Rights, approved by the Economic and Social Council in May 1981, which notes the persistence of the climate of violence and insecurity which prevails in El Salvador,

Endorsing the appeal to the Salvadorean parties involved, made by the Commission on Human Rights in the said resolution 32 (XXXVII), to arrive at a peaceful settlement and put an end to violence in order to prevent further loss of lives and alleviate the suffering of the people of El Salvador,

Taking note of resolution 10 (XXXIV) adopted by the Subcommission on the Prevention of Discrimination and the Protection of Minorities, which states that only respect for article 25 of the International covenant on Civil and Political Rights, will assure to the Salvadorean nation, through the participation of all its political forces, the full exercise of its fundamental rights in establishing a democratically elected government, but also notes that at the present time these conditions do not exist in El Salvador,

Having studied the Interim Report of the Special Representative for El Salvador, appointed by the Commission on Human Rights, contained in document A/36/608, which confirms the seriousness of the situation prevailing in El Salvador and, among other things, provides evidence on the general attitude of passivensess and inactivity of the present Salvadorean authorities with respect to the constant human rights violations in that country,

Noting that the situation in El Salvador, as clearly shown in the Interim Report of the Special Representative, has its root causes in internal political, economic and social factors;

1. Reiterates its deep concern for the situation prevailing in El Salvador and the suffering of the Salvadorean people;

2. Requests once more the Salvadorean parties involved to arrive at a negotiatied political solution in order to establish, in an atmosphere free from intimidation and terror, a democratically elected government;

3. Deeply deplores all acts of violence and all grave violations of human rights and fundamental freedoms, and regrets in particular the persistence of a situation in which governmental paramilitary organizations and other armed groups continue to act with total contempt for the life, security and tranquillity of the civilian population;

4. Draws the attention of all parties concerned to the fact that the rules of international law, as contained in common article three of the Geneva Conventions of 12

August 1949, are applicable to armed conflicts not of an international character and requests the parties involved to apply a minimum standard of protection to the affected population;

5. Reiterates its appeal to all States to abstain from intervening in the internal situation in El Salvador and suspend all supplies of arms and any type of military support, so as to allow the political forces in that country to restore peace and security;

6. Affirms once more that it corresponds only to the Salvadoran people, to exercise its right to determine freely its political status and freely pursue its economic, social and cultural development and to establish the conditions and undertake the changes most adequate to its aspirations as a people and as a nation without external interference of any kind;

7. Urges the Government of El Salvador to adopt the necessary measures to ensure full respect of the human rights of its population in all their expressions, primarily by creating conditions which could lead to a political solution to the present crisis through the full participation of all representative political forces in that country;

8. Urges the parties involved to give their cooperation and to not interfere with the activities of humanitarian organizations dedicated to relieve the suffering of the civilian population of El Salvador. (Unofficial translation.)

9. Requests the Commission on Human Rights to thoroughly examine the situation in El Salvador in its thirty-eight session, on the basis of the final report of the Special Representative;

10. Decides to maintain under consideration, during its thirty-seventh session, the situation of human rights and fundamental freedoms in El Salvador, in order to examine anew this situation in the light of additional elements provided by the Commission on Human Rights and the Economic and Social Council.

OAS GENERAL ASSEMBLY RESOLUTION ON EL SALVADOR

The General Assembly:

Having seen the provisions of Articles 3 and 16 of the Charter of the OAS, which refer to the principle of solidarity of the American States with a political organization based on the real exercise of a representative democracy, to respect for the fundamental rights of the individual, and to the principle of free determination of the peoples;

Resolution AG/RES.510 (X-0/80), which provides that the democratic system is the basis for the establishment of a political society where human values can be fully realized, and

Having heard the statements by the chiefs of delegations during the proceedings of the General Assembly, and

Considering that the Government of El Salvador has expressed its intention to find, through the democratic process, the political solution to the violence affecting its country and, to that end, it has scheduled the election of a National Constituent Assembly for March 1982;

That the Government of El Salvador has announced that the political electoral process of El Salvador is in progress, and

That the Government of El Salvador has invited other Governments to observe the holding of elections,

Resolves, To express the wish that the people of El Salvador attain peace, social justice, and democracy within a pluralist system that enables its citizens to exercise their inalienable rights.

To express the hope that all Salvadorans will attain an atmosphere of peace and harmony through an authentically democratic electoral process.

To suggest to the Governments that wish to do so that they consider the possibility of accepting the invitation extended by the Government of El Salvador to observe its election proceedings.

To repudiate violence and terrorism and any act that constitutes a violation of the principle of non-intervention.

To reiterate that, in accordance with the principle of non-intervention, it is up to the Salvadoran people alone to settle their internal affairs.●

FIRST YEAR DEVELOPMENTS OF THE REAGAN ADMINISTRATION

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DERWINSKI. Mr. Speaker, I insert into the RECORD a very pertinent editorial commentary which appeared in the December edition of the Christian Citizen, published in Lansing, Ill. Ann Bradley, the editor of this well-respected publication, gives her review of some of the developments that occured in the first year of the Reagan administration. As I believe that the Members will find this commentary of special interest and perhaps even enlightening, I wish to request that it be reprinted at this point.

PERSPECTIVE

Thomas Paine may have said it first, but it is doubtful that he could have said it with more conviction than today's legislators. For them, the past few weeks have indeed, been ". . . the times that try men's souls." More than one highly-placed "authority" wrongly predicted defeat of the AWACS proposal.

The media have had some uncomfortable moments as well. More than one television news analyst was at a loss to explain why a sophisticated network of sources had miscalculated people and votes.

All of this maneuvering points to the political astuteness of Ronald Reagan. His tenacious determination to steer his programs through Congress appears tempered by reason and sound judgment, without which no leader can be successful.

Reagan was born into a middle-class, Middle West, Irish-American family. Early on, he developed a strong interest in politics and an appreciation of the work ethic. He has run the gamut from New Deal proponent to conservative. He campaigned for Truman in 1948, but by 1952 had assumed a more conservative stance, supporting Dwight Eisenhower for the Presidency. The actor-turned-politician gained national attention in 1964 when he made a rousing speech in behalf of Barry M. Goldwater, criticizing excessive government, spiraling welfare costs and high taxes. A re-run of that speech put Reagan in the California governor's mansion in 1967.

Reagan has adopted a political posture that parallels the mood of the country. At a time when Americans are preoccupied with nostalgia, Reagan's relaxed, folksy approach to problem-solving inspires confidence. During his campaign, he spoke the language the American people wanted to hear: less government regulation of business, the transfer of many federal welfare programs to state and local governments, balancing the federal budget. He stressed traditional values such as work, the family, love of God and country. Many conservatives see Reagan as the leader who can restore confidence in government and who has the will and inclination to reinforce a traditional Judeo-Christian value system in our country.

Part of restoring confidence in government will depend upon Mr. Reagan's ability to curb inflation. How well is he doing? Economist, Dr. Louis C. Gasper addresses the economic situation; his informative article begins on page 6 of this issue. Charles W. Colson, founder and President of Prison Fellowship, adds an interesting commentary on Mr. Reagan's speech encouraging individual involvement with people and programs, noting that "volunteerism" discussed by the President was largely ignored by the press. Rounding out CCN's look at the Administration, news analyst Michael Patrick raises some questions regarding the federal judiciary. He cautions that the "conservative victory" won through Reagan's election and Republican gains in Congress is countered by liberals who control the third branch of government.

Ideally, government works the same way now that it did when Jefferson wrote, "The will of the people is the only legitimate foundation of any government." How well is he doing? More appropriately, how well are we doing?●

EMINENCE H.S. REDWINGS WIN VOLLEYBALL CHAMPIONSHIP

HON. WENDELL BAILEY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. BAILEY of Missouri. Mr. Speaker, today it is my pleasure to pay tribute to the Eminence High School Redwings who recently won the Missouri Class 1A State Volleyball Championship.

Coached by Jim Keeling, a 1969 graduate of Eminence, the Redwings combined natural talent and hard work in route to a 23 and 2 record and a State title. The team rallied from behind many times during the season—the mark of a true champion.

I know my colleagues in the House join me in offering our heartiest congratulations to the Eminence High School Redwings and their coach Jim Keeling. Team members include: Chris Griffith, Jackie Sandlin, Dena Cox, Amy Dixon, Jeanine Chilton, Vicki Corbin, Lisa Sutton, Teresa Sutton, Lane Utterback, Kim Mooney, Lisa Conway, Carolyn Smith, Jennifer Ard, and team manager Tina Wiedoewer.●

AID FOR CONGRESSIONAL CASEWORKERS AND VIETNAM VETERANS—AGENT ORANGE AND THE VIETNAM MAP BOOK

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. STARK. Mr. Speaker, we continue to reap the horrors of the Vietnam war. Among those horrors are the danger to those veterans who were contaminated—often unknowingly—by agent orange sprays and residues and who are now beginning to suffer the ill effects of that exposure.

It is important for veterans who may be suffering some of the many symptoms of agent orange poisoning that they be able to know whether they were indeed exposed to an area which had been sprayed. In the past, this has been a difficult—almost impossible task—for individual veterans to determine.

But now, there is a new book out which provides detailed military unit positions and terrain maps showing where and when areas were sprayed. This map book will enable a veteran to determine whether he was in a particular time and place where he was exposed to agent orange. This information is important in helping with medical diagnoses, in seeking help from the VA, and in protecting the veteran's long-term rights. The book is also helpful in providing information on possible symptoms and how to get help.

I believe that this book is invaluable to medical libraries and groups dealing with veterans. It is something which congressional caseworkers should be aware of. Because of the enormous amount of work which went into compiling this complicated data, there is a charge for the book—but it can be a lifesaver for thousands of people in the years to come.

To obtain a copy of the book, write to: Vietnam Map Book, Winter Soldier Archives, 2000 Center Street, No. 1251, Berkeley, Calif. 94704.

The authors, Don Watkins and Clark Smith, both native Californians, have had longstanding involvement in, and concern about, the issue of agent orange contamination of U.S. soldiers in Vietnam. Mr. Watkins served in Vietnam in the late 1960's, and Mr. Smith founded the Winter Soldiers Archives to publish histories of the Vietnam war. Their expertise is evident in this thorough work.

I am pleased that my office was able to help obtain information from the Department of Defense necessary for the drafting of the book. I appreciate the kind references to my office in the book, and want to join in thanking my Oakland staff for their extra hours of effort on this project.●

MANUAL ON HOW TO ELIMINATE ELDER ABUSE

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. JOHN L. BURTON. Mr. Speaker, I would like to call my colleagues' attention to a valuable resource book dealing with the serious problem of elder abuse. This book, "Elder Abuse and Neglect: A Guide for Practitioners and Policy Makers," came to my attention as a result of the hearing, "Physical and Financial Abuse of the Elderly." Its many authors—Susan Bloom, Carolyn Farren, and Edwin Villmoare of the National Paralegal Institute in San Francisco; David Carlson, Laura Peck, and Vince Salvi, consultants; James Bergman, Karen J. Meyers, Helen O'Malley, Margaret O'Rourke, and Howard Segars of the Legal Research and Services for the Elderly in Boston—should be congratulated for their efforts to end this tragic crime against vulnerable older people.

The manual provides an overview of elder abuse, suggests strategies for preventing or stopping it within families, examines current legislation and programs for combatting abuse, and offers information and materials to educate practitioners and the general public. This is an invaluable service because, despite the severity of the problem, still to little is known of the causes and nature of elder abuse. It is only now emerging into public awareness as child abuse did in the 1960's and spouse abuse in the 1970's.

We do know that the abused elder is most often a woman and most often very elderly. Often the abused individual has severe mental or physical impairments which make her more dependent on a caregiver and more vulnerable to abusive treatment. Sometimes the caregiver has an impairment such as mental illness, retardation, or drug or alcohol dependence, which makes him or her unable to make proper judgments about the care of an older relative. And, most tragically, we know family violence may repeat itself from generation to generation: An adult who abuses an aged parent may have learned as a child that violence was an acceptable reaction to stress.

The manual outlines six general principles which should govern the handling of elder abuse cases to best serve the needs of the victim. These are: First, the client's right to self-determination; second, the use of the least restrictive alternative in treatment and placements; third, maintenance of the family unit wherever possible; fourth, the use of community-based services rather than institutionalization wherever possible; fifth, the avoidance of blame; and sixth, awareness that inadequate or inappropriate intervention may be worse than none at all.

One chapter details provisions which the authors believe should be included in legislation designed for reporting and handling elder abuse cases. It is suggested that any law which requires adult protective services in abuse cases should be backed up by appropriate supportive services to insure that no inappropriate action—such as unnecessary institutionalization—is taken. Other provisions which were suggested are:

The law should apply to persons who are age 60 or older who are abused, neglected, exploited, or abandoned;

One State agency should be charged with the responsibility of establishing an adult protective services program and for providing or contracting out the needed services;

Those who fail to report suspected cases of abuse should be fined;

If the affected individual agrees, support services should be made available; and

The abused individual should be assured the right to legal counsel.

According to the manual, training and public education are also essential in the fight against elder abuse. Those who work with the elderly must learn how to identify cases and develop methods for dealing with emergency and chronic elder abuse cases. Likewise, the authors suggest this education process could help lawmakers respond to elder abuse in a more comprehensive and coordinated manner.

I commend the authors for their thorough review of the issue of elder abuse and for their comprehensive suggestions on how to eliminate it. I am confident that this manual will be of great assistance to those working with or on behalf of the elderly and that it will help to erase this tragedy which so many vulnerable older people experience.●

ISRAEL'S ANNEXATION OF GOLAN HEIGHTS AREA

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ZABLOCKI. Mr. Speaker, Israel's decision to formally annex the Golan Heights area is sadly shortsighted. It will almost assuredly do more harm than good to Israel's best interests. It will surely not advance the national security interests of the United States.

One clear and assured effect is that the action will set back the Mideast peace process by undermining the spirit of trust and confidence aspired to in Camp David. On that count the American public has reason to doubt

the integrity of the commitment necessary to bring about a truly just and lasting peace.

Not only does the decision by the Israeli Knesset violate international law regarding belligerent occupation of occupied territories but is also contrary to U.N. Resolutions 242 and 338—the foundation of Camp David and all Mideast peace efforts.

Finally, but importantly, the annexation decision also impairs Egypt and the fledging government of President Hosni Mubarak by placing on Egypt a threatening burden at this delicate time.●

THE ANNIVERSARY OF THE 1945 ELECTIONS IN HUNGARY AND MONSIGNOR BELA VARGA

HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HOWARD. Mr. Speaker, today we remember the courageous voters and their leaders in Hungary who have wrested an outstanding victory in relatively free elections in Hungary despite Communist propaganda and economic favors and Soviet interference.

The victory of the Smallholders Party, a collection of liberal, reformist, and conservative voters in Hungary, and the utter defeat of the Communists who had received only 17 percent to the Smallholders 56 percent remains a historic example for man's quest for freedom and the determination of the Hungarian people to live under a Western-type democracy. Today when we had recently commemorated the memory of the brave Hungarian freedom fighters of 1956, we feel that the two events were closely interrelated and that in 1945 the seeds for the brave revolution of 1956 were sown. It is also a tribute to the Hungarian people that despite the loss of freedom after the free elections in 1945 and the loss of the revolution of 1956, they still prevailed by passive resistance to achieve an uneasy and incomplete compromise with their Soviet occupiers and the Kadar regime and regained at least some economic and political flexibility under a Communist dictatorship.

It would be ungenerous to remember the 1945 elections without remembering its surviving political hero, Monsignor Bela Varga.

Both as a member of the Hungarian Parliament before and during the war, and afterwards as the Speaker of the Parliament Monsignor Varga was a fearless fighter for individual rights and a protector of the oppressed and persecuted. He saved many Polish refugees and escaped French POW's, stood up against the Government's persecution of the Jews in 1944 and saved many of them from deportation to the death camps in Germany.

Under Soviet occupation, he was first arrested by the Russians, but upon his release, he had continued to fight for a democratic Hungary. He was in charge of the Budapest division of the Smallholders Party and served as its national vice chairman. In this capacities he had rejected the electoral alliance with the Communists in Budapest and persuaded the national party president to do likewise in the national elections. His organizing talents, devotion to principles and untiring efforts resulted in the 50.1 percent victory of the party at red Budapest, with the Communists attaining less than 20 percent. In the national elections, the Smallholders Party even increased its lead to 57 percent but was forced by the Allied Commandatura to agree to a coalition government. Yet, the courageous stand of Monsignor Varga and the Hungarian people bought 18 months of democracy and the memory of a democratic government in Hungary which did not fade during the repressive Rakosi years until 1956.

Today, Monsignor Bela Varga continues his fight against totalitarianism from New York where he serves as the chairman of the Hungarian Committee and has recently commented on the Polish events and on the 25th anniversary of the Hungarian revolution. We now salute the brave Hungarian people who would like so much to return to Western democracy and the intrepid fighter, Monsignor Bela Varga.●

LONG ISLAND'S NEWEST HALL OF FAMER: JOHN C. "JACK" BIERWIRTH

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, each year Long Island's Sky Island Club hosts a series of luncheons and special events to honor special achievers.

On Friday, January 22, 1982, the Sky Island Club will induct the newest member of the Long Island Hall of Fame in ceremonies noting the many accomplishments of Mr. John C. "Jack" Bierwirth, chief executive officer of the Grumman Corp.

In July 1972, Jack Bierwirth joined the Grumman Corp. as VP-finance. In November of the same year he was named president, in November 1974 chief executive officer, and in January 1976, chairman.

As a native Long Islander, former Navy officer, and current member of the New York State Bar, Jack Bierwirth exemplifies the dynamic leadership and creativity that has become the trademark of Long Island commerce and industry.

Submitting these remarks into the CONGRESSIONAL RECORD extends official recognition to Jack Bierwirth for his many contributions to Long Island. And while those accomplishments are numerous, in the years to come, his efforts to keep the Grumman Corp. a Long Island owned and supported enterprise, will be most appreciated and acclaimed.

Heretofore, John C. Bierwirth shall be known as Jack the giant killer by thousands of grateful Long Islanders.

I bid best wishes and sincere tribute to a top-flight administrator, loyal Long Islander, and fine American. Congratulations to Mr. John C. "Jack" Bierwirth, member of the Long Island Hall of Fame of the Sky Island Club.●

THE ETOWAH ENTERPRISE IS 75

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DUNCAN. Mr. Speaker, the Etowah Enterprise will observe its diamond jubilee this month, 75 years after it was founded by Capt. Thomas F. Peck. The paper is McMinn County's oldest continuous newspaper, having lasted three-quarters of a century in the same building, and without changing its name.

As a subscriber and reader of the Enterprise and can vouch for its quality and influence on the people of McMinn County. It upholds and represents those first amendment rights we all hold so dear. Through its timely stories and incisive editorials, it keeps its readers abreast of local matters and the impact of national events.

In its 75th year, the Etowah Enterprise will be headed by Mr. Jack Slayton, a former sports editor with a neighboring daily. Mr. Slayton's tenure as editor promises continued progress in maintaining the fine tradition of the paper.

This tradition is one of community interest. The Etowah Enterprise epitomizes the local newspaper which has suffered a decline in recent years. It is a paper which cares about its readers and their local needs. It is refreshing to find a paper which recognizes its responsibilities to the local reader in this age of national mass media. For the Etowah Enterprise to have survived 75 years is indeed an accomplishment.

During January, one of the newspaper's major forces will also celebrate an anniversary. Mr. Frank McKinney, editor emeritus, will have spent 58 years associated with the Enterprise. He served as editor of the newspaper for 21 years, and though he is listed as

editor emeritus, he has never been away from the Enterprise. Mr. McKinney has maintained the continuity and heritage of the paper for most of its history. He must be congratulated for his dedication to the tradition of local journalism and his role as defender of freedom of the press.

The local newspaper is an important part of American history. It provides a vital tie between the members of a community. The Etowah Enterprise has fulfilled this role in the past 75 years, and I believe will continue its proud tradition long after many more prosperous and larger newspapers have vanished from the scene. It is the quality and ideals of the Etowah Enterprise which make it a unique and valuable journal of our times.●

COURT UPHOLDS CONGRESS POWER TO PROTECT WILDERNESS LANDS

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. SEIBERLING. Mr. Speaker, on December 16, Montana Federal District Court Judge William J. Jameson issued a decision in the consolidated cases of Mountain States Legal Foundation against Watt and Pacific Legal Foundation against Watt. The cases arose from the House Interior Committee's May 21, 1981, resolution directing Secretary Watt to make a withdrawal of three wilderness areas in Montana. The judge's decision upholds the constitutionality of section 204(e) of the Federal Land Policy and Management Act of 1976; under this section, either the House Committee on Interior and Insular Affairs or the Senate Committee on Energy and Natural Resources is empowered to determine if an emergency situation exists and direct the Secretary of the Interior to make a temporary withdrawal of Federal lands from mineral leasing, mining or other forms of disposition for up to 3 years. However, the judge ruled that the committees cannot dictate the scope and duration of a withdrawal, as such terms fall within the discretion of the Secretary of the Interior. It is also clear from the judge's decision that if Congress wishes to act to prevent or limit new mining claims and mineral leasing in wilderness areas prior to January 1, 1984—when all wilderness will be withdrawn pursuant to the provisions of the Wilderness Act—legislation is an appropriate means of achieving such a withdrawal.

Mr. Speaker, there is a growing consensus that such legislation should be considered early in the coming session of Congress. Until May of this year, it had been the policy of the Forest Service under all previous administrations to recommend against mineral leasing in wilderness areas, except in the very rarest of circumstances. However, on May 5, 1981, Secretary Watt ordered his solicitor to reverse this policy and "open wilderness areas." The Forest Service followed suit on May 14 by changing its regulations and policies to provide that wilderness designation of an area could no longer be used as a reason for rejecting mineral lease applications.

The Subcommittee on Public Lands and National Parks has examined the potential impacts of this policy change in hearings and visits to several wilderness areas. On the basis of the information available thus far, it would appear that such a change is completely unwarranted and represents an unjustified assault on the integrity of the National Wilderness Preservation System. The salient fact is that there are currently some 105 million acres of Federal land under oil and gas lease in the lower 48 States, and that the Department of Interior estimates (confirmed by a GAO study) that some 75-80 percent of these leases will expire without any exploratory drilling or other development, largely because many leases are held for speculation only.

Further, I would note that designated wilderness comprises a mere 1.2 percent of the land in the lower 48 States. It is hard to understand why the current administration wishes to open this small percentage of land representing the crown jewels of our national conservation treasury, when most of the public land already under lease is not being explored and developed. Given these astounding figures, I am sure most people would agree that wilderness areas should be the last, not the first, places to be opened to mineral leasing and mining.

Accordingly, I intend to work with other members of the Interior Committee and the House to develop legislation promptly after our return in January to provide statutory protection for the wilderness system to replace the longstanding administrative protections that the incumbent administration has abandoned. As chairman of the Subcommittee on Public Lands and National Parks, it will be my intention to schedule hearings on the issue at the earliest feasible date.

Pursuant to an agreement reached with Secretary Watt in November, the Department of the Interior will not issue mineral leases in wilderness areas until at least June 1, 1982. If this deadline does not give Congress much time to enact legislation, we will ask for an extension. For my part, I intend to do all I can to see that appropriate withdrawal legislation clears Congress and is presented to the President for signature prior to June 1, if at all possible. I urge my colleagues in the House to join me and other Members in protecting the integrity of the National Wilderness Preservation System from an unprecedented and unnecessary assault.

The Washington Post published an excellent editorial on this issue, and I herewith offer the full text of the editorial for inclusion in the RECORD following these remarks:

ENERGY AND/OR WILDERNESS

The struggle between Interior Secretary James Watt and members of Congress over whether to encourage energy development in wilderness areas has advanced a step with a decision by U.S. District Court Judge W. J. Jameson. The case stemmed from the House interior committee's declaration of a state of emergency in the Bob Marshall Wilderness in Montana, in order to stop Mr. Watt from issuing oil and gas leases there.

The judge did not dispute the validity of the law's emergency provision, but he ruled that it is the secretary of the interior who has the right to determine the scope and duration of any such ban on leasing of public lands. However, the decision also specifically took note of an agreement that had been reached between the interior committee and Mr. Watt for a six-month moratorium on leasing in the wilderness, so the decision should have no immediate effect on further wilderness leases either way.

Congress therefore has until next July to take a more careful look at the broader questions of wilderness leasing. It needs to find reliable answers to two questions. First, approximately how much of the country's oil, gas, oil shale and coal reserves lie in wilderness areas? Second, how great is the need to develop those resources now?

Although it might seem that the answers must already exist, the extent of wilderness energy resources and of those available for development outside the wilderness has not been systematically addressed. For example, The Wilderness Society, a group with an obvious special interest, recently released a study concluding that only about 2 percent of oil and gas reserves lie in the wilderness. The study used oil and gas estimates made by the U.S. Geological Survey. The Department of the Interior strongly disputes the results but has offered no specific criticisms. The differences need to be thrashed out and a consensus reached.

The Senate energy committee has been debating whether to expand leasing rights for oil shale development, on grounds that shortages of land are holding back the growth of this new industry. Yet the available evidence indicates that it is not land restrictions but a matter of cost, technology and environmental impacts that is delaying oil shale development.

Like the oil industry, coal companies regularly decry the "lock-up" of energy and other mineral reserves on public lands. A study issued last week by the Congressional Office of Technology Assessment found that in the next decade the "extent of increased market demand, not the availability of additional Federal leases, is expected to determine the amount of coal that will be produced." The study identifies billions of tons of coal reserves that have been leased but not yet mined.

The fragmentary evidence now available hardly seems to justify disturbing the wilderness areas when apparently large reserves are available for development elsewhere. But the evidence needs to be much better than fragmentary, and the debate

needs a more objective forum than the conflicting and often inflated claims of energy developers, environmentalists and Mr. Watt. Congress would perform a real service by finding the answers.●

RISING FROM THE WRECKAGE: CHARLES GARGANO LOOKS AHEAD

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, over 1 year ago, a devastating earthquake razed scores of villages and killed hundreds of people in Italy. This tragic event was immediately met with concerned and pragmatic responses from numerous organizations and individuals in this country.

One such group that performed exemplary relief service was the Bay Shore, Long Island-based Italian Earthquake Relief Fund, which raised $90,000 for the construction of a new school in the village of Sant'Angelo de'Lombardi. One individual who gave greatly to the Italian relief effort is Charles Gargano of Dix Hills, N.Y.

Gargano came to America at the age of 4. Now he is returning to his still partially devastated village of Sant'-Angelo de'Lombardi in order to witness the opening of the new school, funded through his leadership. Gargano is also a recently appointed director of the Urban Mass Transit Agency, and brings personal empathy and professional knowledge in the fields of management and construction to the relief efforts in his native village.

Further rehabilitation of Sant'Angelo de'Lombardi needs to be undertaken, and with Charles Gargano heading up further relief efforts, there is no doubt that this will be soon accomplished.

I wish to note for the record that I salute Charles Gargano for his humane and generous work.●

GIVE THE PLAN A TRY

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DUNCAN. Mr. Speaker, "No plan will work if not tried." This is common knowledge. Yet, with the increasing cynicism of our age we find bold concepts abandoned because the cynics say they will not work. If the economic situation of this country is to improve we must have new ideas, but, as the article below points out, there will be no improvement if the plan is not tried.

(By Chuck Redfern, the Daily Post Athenian)

A lot of politicians and special interest groups say that the Reagan "Save the Nation Plan" will fail. I tend to agree with the others who say "The Reagan Plan won't fail, because it will never even be tried."

One economist puts it this way, "Reagan was elected as captain of the Titanic, a sinking ship."

Have you ever set out to do something and before you hardly get started someone tells you, "It won't work"? It sure can make your teeth grind and you have to bite your tongue to keep from replying, "How do you know it won't work? I haven't even got it started."

I'm about as handy with tools as a cub bear with gloves, but one time I had clothesline problems. The durn clothesline kept falling down every time the wife hung out a clean wash. Needless to say, I was not very popular with my clothesline, but after agonizing over it for days, I set out with my super plan to put up a clothesline that would cure my troubles and get me out of the doghouse.

I had no more than started to dig the post holes (for the third time) when a neighbor came by and said, "Chuck, that ain't gonna work." It wasn't long until the wife came out and she told me, "It won't work." By then the kids had heard all the votes of confidence I had received and they echoed the unpleasant song, "Daddy, it just won't work." They sang it.

Everyone was yelling that it wouldn't work and I began to believe it. It is an interesting thing how you can influence the mind by mass psychology. The Reagan Plan isn't going to work, just as the man said. It will never be tried.

Oh sure, there have been some piecemeal attempts by Congress to act like they were following the president's plan to reduce the annual increase in government spending, and allow us to keep more of the money we earn, but they aren't going to do away with the Pork Barrel giveaways in their home districts. There is that lack of concern by Congress to cut out waste, run down cheating, and cut down finding more ways to run up our national debt.

It is a case of survival. Survival for staying in Washington, not survival of our economy, that too many of our representatives are interested in. Of course you can't blame those fellas too much. They are encouraged to keep spending more than is taken in through taxes by all of us. We all seem to have our private interest groups and projects that we feel must be saved. It's like the old story of putting out food for the wild birds. Pretty soon they expect it and forget how to forage for themselves.

Even the city, county and state governments were lulled into the federal handouts. It was beautiful to receive those "free" grants from Uncle Sam. Few can say they have never enjoyed some benefits from that so-called "Washington Winter Wonderland." We just didn't understand that Uncle Sam was borrowing a large chunk of that money and that someday we would have to pay high interest rates for the federal government to be able to borrow more to pay interest on what was already borrowed.

I don't subscribe to the "Doomsday" crowd philosophy, that says, "Every silver lining has a dark cloud," rather than the optimist who claims that "Every dark cloud has a silver lining." However, I'm not going to hold my breath until the federal budget is balanced. I've got a feeling that I'll be pushing up daisies before that trillion dollar debt comes down to a nickel.

Who was the little boy who stuck his finger in the hole of the dam and saved the town? He sure couldn't do much with our national treasury as there are so many holes where the money trickles out, that it looks like even President Reagan won't be able to stop the flow. Sorry Pres. It looks like you got to Washington too late.

Most everyone has already yelled that your plan won't work and so that is all we see and read. I know how you feel, as I just gave up on my clothesline and bought an electric clothes dryer. I thought I'd never get it paid for, but it worked. To this day I still don't know if my Clothesline Super Plan would have worked, as I never tried it.●

THE NEED TO STICK WITH REAGANOMICS

HON. GREGORY W. CARMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. CARMAN. Mr. Speaker, I believe that in view of some of the questions which have been raised about the President's economic recovery program, the op-ed piece from the November 21 New York Times by Donald Kendall provides a good summary of why we should give the program a chance to work before criticizing it. Mr. Kendall is chairman of the board of the Chamber of Commerce of the United States.

The article follows:

REAGANOMICS, YES

PURCHASE, N.Y.—After just 10 months as steward of the American economy, Ronald Reagan has come under sharp attack for the bold budgetary and tax policies that he has designed to correct decades of economic mismanagement in Washington.

These attacks have been marked by wild exaggerations of the reach of the budget cuts, neglect of the beneficial aspects of the tax cuts, and failure to report the encouraging signs that we have already seen since the advent of Reaganomics.

Often overlooked is the fact that Congress did not actually cut the fiscal 1982 budget but only reduced the increases planned by the previous Administration.

The 1982 budget will still be the largest in our history—more than $71 billion larger than the fiscal 1981 budget. Even taking into account the 6.2 percent increase in inflation forecast by the Administration for fiscal 1982, the budget will still grow in real terms. Thus, increases in Government spending will once again outstrip inflation, which is more than we can say for the wages of the average American worker and taxpayer.

Nevertheless, we are told that Ronald Reagan has become the "Great Dismantler" of 50 years of social progress. Yet, if Lyndon B. Johnson was a hero in 1965 with a Great Society budget of $118 billion, of which 40 percent was spent on defense, why is Ronald Reagan a villain for spending $732 billion, of which just 27 percent has been earmarked for defense?

Let's take a specific look at the fate of several social programs in this first year of Reaganomics.

School lunches. Subsidies for families with incomes over $16,000 have been reduced, but students from families earning less than $11,000 continue to receive free lunches. In fact, the per meal subsidy paid by the Federal Government to school districts for these free lunches has been increased, from $1.13 to $1.20.

Food stamps. Some 22.5 million Americans received them during the last fiscal year. This year, 21.6 million will receive them, with striking workers now excluded.

Medicaid and Medicare. In the last fiscal year, $57 billion was spent on these programs. As such, a reduction of $500 million this year can hardly be described as Draconian.

All told in his first fiscal year as President, Ronald Reagan will preside over the largest yearly increase in entitlement social programs in history—from $295 billion last year to $345 billion this year—again, far exceeding the anticipated rate of inflation.

While attention has been lavished on the supposed effects of the budget cuts (effects seen largely through the eyes of job-conscious Federal program administrators), the promise of the Reagan tax cuts has been all but ignored by critics. How many headlines have reported that, according to the Treasury Department, an estimated $2.18 billion will be pumped into New York State's economy as a result of cuts in individual tax rates during the current fiscal year? This figure does not begin to measure the total boon to the state because it does not take into account the state's sizable share of the many tax incentives enacted for businesses and savers.

Recent history shows that these dollars will not be stuffed into mattresses, but will be saved, invested, and used to pay off debts—which will lead to lower interest rates, capital formation, economic growth, jobs, and expansion of the tax base.

When John F. Kennedy's supplyside tax cut took effect in 1964, the rate of disposable income saved by Americans increased from 5.4 percent in 1963, the year before the cut, to 6.7 percent in 1964 and 7.1 percent in 1965. In 1964, an estimated 45 percent of dollars left in workers' pockets as a result of the Kennedy cuts was saved. In 1965, 58 percent was saved.

Finally, while each downward blip on the economic radar screen is reported, the encouraging signs of recent months have been all but ignored.

Inflation has dropped 25 percent since Mr. Reagan took office; interest rates have dropped to their lowest levels in a year; All-Savers certificates generated about $18.7 billion in deposits during October; and the rate of savings—the key to long-range economic health—has begun an impressive climb, from 4.3 percent in January to an estimated 6.5 percent today.

President Reagan's economic-recovery program was never intended to provide a quick fix. Yet, relatively minor reductions in the growth of Federal spending, coupled with major tax incentives for every worker and business in America, have already begun to produce positive results in the rates of savings, interest, and inflation.

The current economic downturn is all the more reason to stick to the course the President has charted, and to seriously consider speeding up the effective date of the next round of tax cuts.●

ROBERT K. HEATHMAN, VETERANS' ADMINISTRATION, RETIRES

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. CHAPPELL. Mr. Speaker, it is with both a sense of loss and feeling of appreciation that I recognize the upcoming retirement of Robert K. Heathman, Special Assistant to the Director of the Veterans' Administration Regional Office in St. Petersburg, Fla. Loss in the sense that the VA will be losing a very valuable asset and appreciation for the contributions of his long dedicated career.

After 5 years of service in the U.S. Army during World War II, Bob started working with the VA on April 8, 1946. During his many years with the VA, he was given a special VA Central Office assignment with the Department of State at the American Embassy in Rome, Italy, as the Veterans' Affairs Attaché. After completing 6 years of continuous service overseas, he was reassigned to the St. Petersburg VA Regional Office on May 12, 1969, where he has continued his efforts on behalf of this Nation's veterans population.

Clearly, a man with Bob's background and sense of duty will be hard to replace. However, the Veterans' Administration is a better organization today because of his contributions. I know, all of us, wish Bob a happy retirement and thank him for his years of service.●

ACCOMPLISHMENTS OF THE 97TH CONGRESS, 1ST SESSION, REPORT TO THE PEOPLE OF THE FOURTH DISTRICT OF WISCONSIN

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ZABLOCKI. Mr. Speaker, at the end of every session of Congress I traditionally submit for the record a summary of accomplishments which is shared with my constituents in the Fourth District of Wisconsin. At the closing of the 1st session of the 97th Congress I am pleased once again to provide this "Report To The People" which I hope my constituents in Wisconsin, who I have the honor of representing, will review.

As you know, Mr. Speaker, the closing of the 1st session of Congress brings some of the most dramatic and far-reaching changes in the nature and extent of Government since the 1940's. With the election of President Ronald Reagan and the subsequent legislative proposals to curtail the Federal Government, reduce taxes and eliminate programs, we have seen widespread changes which are now beginning to show their effects on the lives of individuals throughout the country. In Milwaukee County alone, we are witnessing skyrocketing local taxes, an unemployment rate that for the first time in years exceeds the national average, and possible increases in public transportation fares.

In all fairness, Mr. Speaker, this administration was well intentioned in its commitment to reduce Government spending, and curtail out-of-control Government programs. I, for one, fully agreed with the philosophy that spending should be reduced and taxes cut. But the method of reducing or eliminating programs like trade adjustment assistance and school lunches, which affect the poor people, were certainly questionable. Similarly, the President's tax bill which cut taxes for the rich and large corporations did not give the average American a fair deal.

While the President's program, for the most part, prevailed, it is significant that many of the Reagan predictions have not come true. Many people do not realize the concern brought out time and time again on the House floor—that the administration incorrectly predicted quick results to its program for economic recovery.

In fact, in his March 6 press conference the President predicted a drastic reduction in the fiscal year 1982 deficit. This month, however, the Office of Management and Budget (OMB) stated that the fiscal year 1982 deficit would be $109.1 billion. The 3 year budget outlook has exploded from $139.4 to $423.4 billion! At the same time we have 9 million Americans out of work—the most since the Depression, and we are facing a serious recession.

In the 1st session of the 97th Congress we responded to the administration's demands in a cautious fashion. While the Congress provided the bulk of what the President wanted, what remains to be done will be dependent on the future course of the economy.

The Congress cleared a budget reduction bill of $35.2 billion in July and later saved an estimated $6.5 to $7 billion in funding bills. In August, the Congress enacted the tax cut bill which was intended to spur savings and investment. In addition, we restored benefits for certain social security recipients and authorized interfund borrowing among all social security trust funds through fiscal 1982. While a number of programs were cut, my colleagues and I did manage to contain the size of the reductions in certain programs like student aid, unemployment compensation, and health planning.

Mr. Speaker, we have tried to enact policies that seemed to be called for by a constituency supportive of the current administration. As those policies are implemented, it remains to be seen what the 2d session of the 97th Congress will be required to do. I myself had misgivings about the impact of the legislation requested by the President. Nevertheless, for the sake of our country, and our people, I hope the Reagan program works.

ECONOMY AND THE BUDGET

Mr. Speaker, as I have already indicated, the economy of our country was first on the list of legislative priorities taken up by the Congress.

The bulk of the sweeping budget cuts were contained in the Budget Reconciliation Act which cut nearly $35.2 billion from the Federal budget. This bill, which was passed in the form of a substitute to the Budget Committee's version, contained spending reductions in the entire spectrum of Federal programs except defense. Had the Budget Committee's version been taken up, budget cuts would have been distributed in a more orderly and equitable fashion.

Instead, the Reagan substitute was presented to us in a draft version, with numerous handwritten revisions, scribbling and deletions. That bill abdicated much of the authority of the Congress to the Budget Director and included Federal cuts in programs benefiting State and local governments, like public transportation and human services aid. In addition, massive cuts in education and school aid, unemployment compensation, school lunches, and senior citizens programs were enacted.

In the area of taxes, the Congress cleared, at the President's urging, a tax cut bill expected to reduce revenues by $750 billion over fiscal 1982-86. The bill reduces individual income tax rates across the board by 25 percent over 3 years, lowers the maximum rate on capital gains, and lowers the corporate tax rate. In addition that bill allows faster depreciation of capital investments, provides tax relief to oil producers, and reforms the marriage penalty tax treatment.

Again, my Democratic colleagues and I would have preferred a tax bill that distributed cuts more equitably to those making less than $50,000 annually. However, a Democratic sponsored tax alternative which would have allowed for a balanced budget in fiscal year 1982 while providing tax cuts to middle and lower income taxpayers was defeated; and an opportunity to vote on the Ways and Means Committee version did not arise prior to passage of the administration's substitute.

The administration clearly believes these measures will ultimately lessen inflation and shore up the economy. While as yet the predictions for an immediate recovery have proven false, it is evident that the President plans to take responsibility for the long-range results of his program for economic recovery.

NATIONAL SECURITY AND DEFENSE

The 1st session of the 97th Congress saw several key votes in the area of national security and defense. The Congress approved a $200 billion appropriations bill for defense for fiscal year 1982 which was substantially higher than last year's level. The Congress also rejected amendments to delete funds for the B-1 bomber and the MX missile.

In the House of Representatives, key votes on the MX and B-1 came just after the President announced a nuclear arms control proposal to Moscow. Many opponents of the amendments to reduce funds felt the amendments would reduce the President's bargaining position with the Soviet Union.

It was evident that the Congress agreed that the preservation of a strong national defense is vital to the security of the United States and the world. My position is supportive of that concept, however, I believe we must also have the political foresight to use nonmilitary means like arms control to keep weapons stockpiles from becoming an end in themselves. And we must attract responsible, dedicted men and women to the Armed Forces, training them expertly and paying them adequately. I was pleased that the Congress was able to clear a pay raise for military personnel ranging from 10 to 17 percent.

HEALTH AND THE ENVIRONMENT

During consideration of the budget reconciliation measure, serious debate came on President Reagan's proposal to end 25 categorical health programs and channel their funds into two block grants to the States—with a 25-percent cut. While Congress went along with the reduction in funding for a savings of about $1 billion a year in fiscal year 1982-84, it balked at the block grant proposal. Ultimately, we cleared a bill that combined 19 programs into four block grants but imposed a number of conditions on how the money was to be spent.

One of the most unfortunate results of the budget cuts were the reductions in medicaid and medicare. Despite the objections of the States that health care costs were soaring, the President's program resulted in spending cuts of about $1 billion a year in medicaid, the health care program for the poor and disabled. In addition, in direct conflict with the President's original promise to exempt medicare as part of the "social safety net," this session of Congress saw changes which will result in another $1 billion in reductions in that program.

In the area of environment, Milwaukee County taxpayers will be interested to hear that the Clean Water Act which directly affects the Metropolitan Sewerage District was reauthorized. All plants and equipment now eligible for 75 percent Federal funding would remain so until fiscal 1985. The Congress also remains committed to the park acquisition and the land and water conservation fund.

EDUCATION AND SOCIAL SERVICES

Members of Congress considered a number of proposals affecting students ranging from elementary school to college. While the administration supported lumping 44 education programs into two block grants, the Congress ultimately retained the separate status of programs for the disadvantaged and handicapped, while establishing one block grant out of a variety of smaller programs. In the area of student aid, the Congress made changes in the Pell grant programs and the guaranteed student loan (GSL) program to reduce Federal expenditures.

Because education is one of the most important elements of our Federal budget, I was disappointed in reductions in this field, but at the same time relieved that programs were not totally nullified as originally proposed. The Congress also made cuts in impact aid which goes to school districts with children whose parents either live or work on Federal property. Impact aid funding was cut to $475 million in fiscal year 1982 from about $725 million.

Reflecting President Reagan's philosophy that welfare payments should only go to people who have no other source of income, the "work incentive" provisions in the previous law were eliminated. Interestingly, the policy is one of making it, in many cases, more rewarding to stay at home rather than to work. Many AFDC recipients who held part-time jobs now find it more profitable to stay at home, in view of these reductions as well as reductions in day care.

While I have long supported reform of the welfare system where abuse is evident, the total elimination of benefits for one who is trying to work is, in my opinion, questionable. It remains my position that we should be encouraging individuals to become contributing, productive members of our society.

In its efforts to continue curtailing Federal spending, the Congress also eliminated the Community Services Administration (CSA), and reduced the child nutrition and food stamp programs. Only Head Start, the program for low-income, preschool children, fared better. It received an authorization of $950 million for fiscal 1982.

SENIOR CITIZENS AND VETERANS

Mr. Speaker, social security benefits are the only income for 7 million older Americans and the primary source of income for 15 million out of 25 million

older Americans. It is my belief that revisions in the system must be done in a calm, cautious, and fair manner.

Unfortunately, the Reagan administration led millions of people to believe that the Congress would allow the system to go broke unless drastic changes were made in retirement benefits. Congress took steps toward restoring the solvency of the system and my colleagues and I will continue this work well into the next session of Congress.

The Congress succeeded in restoring the $122 montly minimum social security benefit which had been earlier eliminated at the request of the President. Congress also cleared a measure that would allow the old age and survivors' insurance (OASI) trust fund to borrow from the healthier hospital insurance and disability trust fund until further, more permanent solutions are found.

In the area of veterans care, a major veterans health care bill was enacted. The legislation addressed the needs of many veterans including the Vietnam veteran. It provided for treatment for ailments attributed to agent orange and extended a program of "storefront" readjustment counseling centers. It also required maintaining sufficient hospital and nursing home beds; extended the time period for certain educational benefits; and established a small business loan program for veterans.

Mr. Speaker, as chairman of the House Foreign Affairs Committee, I take a specal interest in highlighting some of the major accomplishments of the committee in promoting funds and programs to uphold the U.S. foreign affairs objectives while containing spending within reasonable budget ceilings.

During the first session of Congress, the Foreign Affairs Committee and its subcommittees held 266 official meetings which included hearings, markups, and briefings.

Our foreign assistance authorizing legislation for development and security programs is on its way to the President. In addition, the authorizations for State, and related agencies, Arms Control and Disarmament Agency, Export Administration, Overseas Private Investment Corporation, International Investment Survey, have all been approved by the House. With the exception of the State and ACDA authorizations, all have been, or shortly will be, signed into law.

The Subcommittee on International Security and Scientific Affairs, which I also chair, has contributed to the preservation of United States and world peace by promoting an array of diplomatic and foreign policy tools as opposed to a total reliance on military means/power.

For example, the subcommittee adopted legislation establishing a multinational peacekeeping force in the Sinai that supports the Camp David accord initiated by President Carter, and reinforces the peace treaty between Egypt and Israel and the peace process in the Mideast.

In response to severe economic problems encountered by many peoples of the less developed countries of the world, the subcommittee reduced amounts requested by the executive branch to be spent on military assistance and increased funding levels for health and refugee programs, the Peace Corps, and other U.S. voluntary development programs.

While it is difficult to measure the exact benefits of such programs, we should remind ourselves that the defense of our country and the preservation of world peace is dependent not only upon the adequacy of our nuclear and military defense programs—to which I remain committed—but also on the belief that knowledge is better than ignorance, that human conflicts are often caused or magnified by poor communication and lack of contact, and that people-to-people contacts and assistance have a direct and positive impact on preserving a peaceful world. It is this same attitude and approach that we must take vis-a-vis our brothers and sisters in Poland. Just as communism is not possible without tanks, democracy is not possible without human freedom.

Finally, in the area of nuclear arms control, I have supported President Reagan's recently announced commitment to seek strategic nuclear arms reductions with the Soviets and have impressed upon the new administration to more actively pursue a coherent and comprehensive nuclear arms control policy that enhances U.S. national security and world peace in 1982 and beyond.

Mr. Speaker, I would like to express my sincere appreciation to you for your cooperation during the 1st session of the 97th Congress. While it has been a difficult session, I believe we have worked to represent our constituents and I look forward to continuing to work with you next year. Our task for the future will be to continue to fight for realistic economic measures to halt inflation; to put our people back to work; to maintain our world position of leadership; and to continue to fight for the rights of all men and women including the unborn.●

REFUSENIK PAVEL ABRAMOVICH

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, as we embark upon this holiday season, many in this Chamber and throughout America have much for which they can be thankful. Although we are in a period of economic stress, all of us can look forward with hope and confidence to the future and to the future prosperity of our children. We Americans can harbor such expectations, Mr. Speaker, because our freedom, under God, is secured by a common commitment to the proposition that ours is a government of the people, by the people and for the people. Such is our destiny.

But Mr. Speaker, at this time of year it is incumbent upon us as we rejoice in our political and religious freedom, to be mindful of others who are denied the liberties which we cherish. As the lights begin to flicker and dim for yet a third time in this century in Poland, as the Gulag's iceflow closes over the heads of the people in Afghanistan, and as the forces of darkness begin to expand and congeal in the Caribbean, we should reflect for a moment on the source of this discontent, and feel compassion for those who have fallen under this pall.

Mr. Speaker, in the Soviet Union today there are many who yearn for freedom and yet are denied even elementary human rights. In particular, I have in mind the Soviet Jews who are being persecuted for no reason other than they wish to live and worship according to the dictates of their own consciences, not the dictates of the Soviet state. Especially noteworthy are those brave souls who, unable or unwilling to actively resist the awesome power of the State, have been unjustly refused permission to leave it, and have instead been subjected to all manner of indignity and hardship.

Mr. Speaker, some time ago I adopted a Soviet Refusenik, Pavel Abramovich, a Hebrew teacher in Moscow, for I feel it is incumbent on all of us, particularly those who hold the public trust, to speak out against injustice wherever it may occur, and to remind ourselves that we may not permit, ever, mankind to experience another holocaust. For many months I have heard nothing about Pavel, but just yesterday I received a letter from his aunt, Lea Bondarenko, and I would like to share it with my colleagues.

Without objection, the letter was ordered printed.

CORAZIM 13/12, NEVE SHARETT,
TEL-AVIV, ISRAEL,
December 6, 1981.

Congressman PHILIP CRANE,
Longworth Building, Room 1035,
Washington D.C., USA

DEAR SIR; It came to my knowledge that you have adopted my nephew, Pavel Abramovich, a longtime refusenik and teacher of Hebrew in Moscow, and I would like you to know that I am most grateful to you for this. I learned of this through a letter from Mrs. Pamela Cohen of Chicago.

Pavel Abramovich suffers a difficult fate. Ten years ago he applied for the first time

for permission to leave the USSR for Israel. Pavel wrote in a recent letter: "Ten years of waiting is a period in one's life during which he undergoes severe persecutions can change a man more than one would have changed in half a lifetime of ordinary living. One must live in 'refusal' and make the best of it".

The "best of it" and the "creative life" of Pavel is his teaching of Hebrew and articles on his reflections on the development of the Hebrew language and the teaching of Hebrew in the Soviet Union. All the materials included in his articles were items which appeared in official Soviet press publications—but—this writing is considered illegal in the USSR.

During the past ten years, Pavel had been subjected to different kinds of persecutions: interrogations, imprisonment for 15 days on charges of "hooliganism", threats of long-term imprisonment, etc. During the past four years, three attempts have been made to bring Pavel to trial on fabricated charges. The first attempt was a charge of theft of books in Hebrew during the International Book Fair in Moscow—although the books had been sent to him as a present. An inquiry from Israel addressed to the Soviet powers stopped the danger of that trial.

The second attempt to bring Abramovich to trial was on accusation of "parasitism", although he had papers to prove that he was indeed working. An intellectual, educated young man inclined to very creative life by his very nature, a man who did work he was labelled a "parasite"—a drone, a man who eats bread that he has not earned, put on the same level as drunkards and tramps. Western lawyers intervened by sending appeals to the Procurator-General of the USSR and this obviously helped to cancel the trial for which a date had already been fixed.

At present, the situation of refuseniks has taken a change for the worse. Greater force is being used against them, against teachers of Hebrew, to put an end to their activity. In the Soviet Union, one is free to study any language—Spanish, Korean, Swahili—any language but Hebrew. If the authorities know that one has a book in Hebrew or on the Hebrew language, or a book about Israel—one is thought to be conducting "anti-Soviet activity".

In October of this year, a group of KGB men forced open the door of Pavel's apartment (Pavel had not been able to open the door immediately as he was in the bath). The men showed an order for a search (the equivalent of a search warrant, but the warrant had been issued one and a half months previously) and proceeded to search the apartment. Items confiscated were some seventy books in Hebrew, private notebooks, a typewriter, a tape recorder, cassettes and a Bible in Russian. No itemized list was made of the items confiscated. This of course left scope for accusing Pavel of some illegal activity in the future, and was done in such a way with forethought—such is the Soviet power.

Pavel was then summoned to the KGB for interrogation and threatened that he could be detained in the USSR for another 25 years and accused of inciting his Hebrew pupils to leave for Israel.

Pavel does not want any demonstrations in the West on his behalf just now, for he fears this would only make the authorities intensify their acts of repression against Jewish refuseniks. It is quite possible that certain KGB "promises" might be realized even though this might involve breach of law.

In connection with this, I am of the opinion that the most effective way of helping Pavel now would be to organize a Committee of Lawyers in the USA to assist refuseniks in the USSR, which we would be able to help here from Israel with necessary documents. If this Committee were to oppose or expose breach of Soviet law in the USSR, this might help refuseniks to stand up against arbitrary lawlessness and the tyranny of the Soviet power.

I am deeply grateful to you Mr. Crane for your help and sympathy.

I wish you and your family a Happy New Year and Season's Greetings.

Sincerely,

LEA BONDARENKO,
The aunt of Pavel Abramovich.●

SECRETARY OF THE INTERIOR JAMES WATT SHOULD BE REMOVED FROM HIS POST

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WEISS. Mr. Speaker, the preservation, protection, and prudent use of our natural resources and environment is one of the most important functions of the Federal Government, and one that has been maintained for more than 200 years. Unfortunately, the current Secretary of the Interior, James Watt, is dismantling the Government's ability to carry out this responsibility and could well end our Nation's historical commitment to a balanced interior lands and resources policy. For this reason, James Watt should be removed from his post.

In 1779, the Continental Congress resolved that lands owned by the United States should be used for the benefit of all Americans. This initiative gave shape to our Nation's policy of public land and natural resource use and has guided us to a point where I believe the quality of our Nation's lands is unmatched by any other nation. Much of our success is due to the "multiple use" concept integrated into our policies. This concept requires that lands in the public domain be used in a way that allows simultaneous or future use or other purposes. For example, land that is used to search for oil or coal must, under Federal law, be made usable for farming and other purposes.

Our national park system, created in 1916 by the National Park System Organic Act, offers recreation, history, and environmental studies, as well as the always vital preservation of limited resources. The United States was the first nation to create such a national park system.

Since that time, more than 330 national park areas have been designated, preserving 81.5 million acres of parkland. Still, only a little more than 1 percent of the land in the contiguous 48 States is used for this purpose.

The Federal Land Policy and Management Act of 1976 balanced, for the first time in history, resource protection and preservation with resource extraction and use. This act streamlined management of public lands to prevent careless use and unnecessary protection. It authorized a nationwide inventory of federally owned lands and established the Bureau of Land Management within the Interior Department. This Bureau clearly empowered the Department to put a stop to what, in the past, had been one of the most damaging of single-use environmental abuses, strip mining.

And just slightly more than 1 year ago, the Alaska National Interest Lands Conservation Act was signed into law to preserve certain lands for the benefit, use, education, and inspiration of present and future generations. The importance of this law includes the recognized need to preserve unrivaled scenic and geological values of natural landscapes; provide for the maintenance of sound populations of, and habitat for, wildlife species of inestimable value to Alaskans and all Americans; protect and preserve historic and archeological sites, rivers, and lands; and maintain opportunities for scientific research and undisturbed ecosystems.

This act, which was enacted after nearly a full decade of debate, virtually doubled the amount of publicly held lands. It also set out a study to consider the potential for mineral resource extraction from the Alaskan North Slope. This study offered insulation between rapid exploitation of possible energy resources—oil and natural gas—and environmental protection. This act, the most recent major piece of land use legislation, remained true to the Nation's historic commitment to balanced land use. As one editor commented earlier this year, "The concept of public domain is as old as America."

The implementation of a sound public lands and natural resource policy has enjoyed the support of virtually all sectors of American society over the years. In Congress and the White House, support has come from both Republicans and Democrats, and popular support remains consistently strong. Several nationwide polls taken in 1981 relect this support:

Fifty-eight percent of Americans favored Federal laws to protect the environment even if the laws might create additional costs; 36 percent opposed such laws, according to a Gallup poll.

Strong support across the political spectrum for these laws was revealed by a New York Times-CBS poll which found that upward of 65 percent of those who identify themselves as liberals, moderates, and conservatives believe these laws should be maintained.

Decisions made in the past two decades have rightly been seen as national choices, and so action has consistently and appropriately occurred on the Federal level. The ability to make policy in the best interest of all Americans depends on a breadth of vision that simply cannot exist on a State-to-State, or even a regional, basis. Our limited resources—including breathable air, drinkable water, farmable soil, inhabitable wilderness lands, and swimmable lakes and oceans—must be managed in consideration of the needs of our Nation as a whole. Balancing preservation and use of our natural resources should not be made either a regional or a partisan issue, and responsibility for public lands and natural resources should not be allowed to slip through the fingers of the Federal Government.

The so-called Sagebrush Rebellion has sought to take this responsibility from the Federal Government so that businesses might be unleashed to exploit, has attempted to bring this dangerous approach to the Federal Government. Those who have termed Watt in his post as "the fox guarding the chicken coop" really have understated how ridiculous it is to empower an opponent of many environmental laws with responsibility for enforcing them.

Still, the controversy around Watt is not really a result of his admitted belief that business interests are more important than environmental and preservation concerns. The dual nature of the Interior Department's charter—to promote both development and preservation of publicly held lands—seems to invite conflicting viewpoints.

The problem with Watt is that he has abandoned his duty to preserve resources, and in so doing, really has left behind the multiple use concept. His controversial decision soon after his appointment to permit the sale of oil drilling leases off the coast of California seems to have been made in disregard for the environmental damage which might be done by oil exploration. The Interior Department had previously declared that these sites could pose grave environmental risks to the California coastline, were drilling allowed.

Watt's order to the Fish and Wildlife Service that a list be drawn up of wildlife refuges that might be "disestablished" resulted in the selection of 21 areas for possible extinction. These refuge areas preserve and enhance endangered and possibly endangered species of animals and plants, as provided by the 1937 reorganization of the Interior Department which created the Fish and Wildlife Service. At the same time, Watt favors oil and gas exploration in many refuges, particularly those in Alaska, despite the fact that the Alaska Lands Act of 1980 set out restrictions on this type of exploration which several legal groups charge Watt has ignored.

His methods in doing this reflect, at the very least, abuse of the authority of his office and disdain for the multifaceted needs of the American people. An outspoken opponent of strip mining protections, he fired nearly 400 employees of the office watching over strip mining and eliminated the division's five regional offices, leaving virtually no one to regulate an industry that is known for its disregard for accepted standards of land use policy. This cut included a 57-percent reduction in staff responsible for enforcing existing regulations.

He tried to use the past year's budget frenzy to slip through policy-making decisions that are the proper duty of Congress. He unsuccessfully tried to all but eliminate the Parkland Acquisition fund, which would have ended procurement of additional public lands.

This fund, which contained $250 million in fiscal 1981 appropriations when Watt announced his planned purchasing moratorium on February 19, 1981, is money intended by Congress to maintain steady growth in available public lands. Watt proposed slashing the appropriation for this fund for fiscal 1982 from Carter's recommended $520 million to $45 million. Congress agreed to cut only $90 million, far short of Watt's desired $475 million chop.

Watt's attempt to end this type of public lands acquisition is shortsighted and foolish. Land use experts explain that the need for additional public parklands will continue to grow as American population continues its growth. As land costs invariably rise over time, acquiring the needed lands will be increasingly costly.

These examples point to the fundamental question raised by Watt's policies—should the Federal Government, in making public lands policy, give equal weight on a nationwide basis to the numerous potential uses provided by our vast natural resources and public lands? Previous Interior Secretaries have sparked controversies due to the degrees of emphasis they have placed on one side or the other of this issue. Watt, however, seeks to turn the concept on its head and to disrupt a policy achieved through more than 200 years of give-and-take and reasonable compromise. Like most policies forged by our system of government, this one is fundamentally sound and based on equality of access and just use of available resources.

I fear that Watt's policies and irresponsible approach will do tremendous damage to our vital and irreplaceable natural resources and a grave disservice to the American people of this and future generations. To limit that possibility, James Watt should be removed from his post as Secretary of the Interior.●

THE POLISH CRISIS

HON. EUGENE V. ATKINSON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ATKINSON. Mr. Speaker, we were all stunned this past weekend by the news of martial law being established in Poland, the imposition of the death penalty for strikers, and the complete crackdown on worker rights by the Communist regime in Poland.

In the past 2 years we in the Western world have watched cautiously and hopefully as Polish men and women put together Solidarity—their union and the basis for a brighter future. We have seen what a real union of workers, farmers, and patriots can bring to bear in a peaceful process against an antiquated, broken-down dictatorship that has repressed the Polish people for decades.

No longer were the Polish people going to allow corruption in their government and their marketplace, and be manipulated by "Communist Party henchmen." Strikes for bread and meat and milk—everyday rations—were established throughout the country, grinding industry to a halt. A 5-day workweek was negotiated for the first time in Poland and strict cutbacks in consumer goods ordered by the Communist government were canceled.

"Solidarity" is not a thing of the past 2 years. It is the spirit of brotherhood and sisterhood, an ages-old process of reaching accord with management and government through negotiations and compromise. It is something so precious, yet taken so much for granted in America and the West that we find it hard to realize that our Polish brothers and sisters live without this very basic right to withhold their labor in a search for better living and working conditions.

We all know what the alternative is. It is slavery. That is what the Communist government in Poland is trying to impose today.

As the Pope stated on Sunday, "Polish blood must not be spilled. Too much of it has already been spilled, especially in World War II." How can we forget that the Second World War began on those same streets 42 years ago as the Nazis began their attack on the sovereign Polish nation.

Our hearts go out to the Polish people. We fervently hope that these difficulties will be peacefully resolved. Certainly the world has learned much since 1939. I believe our foreign policy should reflect our hope and our concern. We must insist—through diplomatic channels and otherwise—that

the Soviet Union remain physically removed from the Polish situation. And this Congress should serve notice that further aid to Poland in the form of economic and other material assistance will be conditioned on how the situation is resolved.

America's moral leadership on behalf of a nonviolent resolution should be the strongest voice heard throughout the world today. If America stands for anything positive within the world community of nations, it must be firm on behalf of a policy of nonviolence and nonintervention by the Soviet Union in Poland's affairs.

The contributions of millions of Poles and Polish-Americans to the quest for freedom throughout history is monumental. Our own Revolutionary heroes include Generals Kosciusko and Pulaski who fought for American separation from a tyrannical superpower in 1776.

Now in a different time and a different setting, we recall their ideals and courage. We know the Polish people have an historical role to play; and we want them to know that all Americans will support them in every way possible. It is a time for careful and balanced decisionmaking and a peaceful accommodation to the legitimate concerns of the Polish people.●

OFFICIAL RECORD OF CLEMENT J. ZABLOCKI

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. ZABLOCKI. Mr. Speaker, the following is a summary of my attendance record, position, and voting record on the major issues considered during the 97th Congress, 1st session:

	Yeas/ Nays	Quorum calls	Recorded votes	Grand total
Number of calls or votes	224	18	129	371
Present responses	207	16	123	346
Yea, Nay, Present, Present-Paired For or Against				
Absences	17	2	6	25
Absent, Not Voting, Not Voting-Paired For or Against				
Voting percentage (presence)	92.4	88.8	95.3	93.2

VOTING POSITION AND STATUS OF ISSUE

NATIONAL ECONOMY AND LABOR

Voted against budget reconciliation to eliminate or reduce programs for middle and lower income taxpayers—became law.

Voted for amendment to balance the Federal budget and target tax break to those making under $50,000 annually—defeated.

Voted for tax package to spur savings and investment—became law.

Voted for legislation to shore up thrift institutions and allow merging of savings and loans—passed House.

Voted against reductions of $2.6 billion in trade adjustment assistance for fiscal year 1982-84—became law.

Voted against unemployment compensation cuts of $3.1 billion and elimination of extended benefits program—became law.

ENERGY AND ENVIRONMENT

Voted for legislation to provide Presidential authority to allocate oil supplies and set prices in the event of future oil crisis—pending conference.

Voted for waivers to build Alaskan natural gas pipeline to alleviate dependency on foreign sources—cleared.

Cosponsored resolution urging continuation of tax incentives for energy conservation and renewable energy sources—pending.

Cosponsored legislation to restrict excessive state severance taxes on coal to provide fair treatment to energy consuming States including Wisconsin—pending.

Voted for legislation to extend daylight savings time for 2 months to conserve electricity—passed House.

Voted against amendment to expedite costly Garrison diversion water project without proper congressional consideration—defeated.

Voted for reauthorization of Clean Water Act to provide Federal assistance to sewage districts including Milwaukee County—cleared.

CONSUMERS, SOCIAL SERVICES, AND EDUCATION

Voted against bill that would result in increased cost of sugar and peanuts—cleared.

Cosponsored resolution to allow period of silent prayer in public schools—pending.

Voted for rule to allow separate consideration of budget cuts in social services and education by program—defeated.

Voted against reductions in elementary and secondary school aid—became law.

Voted against measure to adversely impact student financial aid—became law.

Voted against legislation to eliminate "work incentive" provisions in welfare law—became law.

SENIOR CITIZENS AND HEALTH

Voted for restoration of social security minimum benefit—cleared.

Voted for legislation to shore up the social security system—cleared.

Cosponsored legislation to provide nursing care in private homes—pending.

Voted against major reductions in medicare and medicaid—became law.

Voted for measure to provide individual consideration of health programs based on merit—defeated.

VETERANS AND NATIONAL DEFENSE

Voted for major health care bill for veterans—became law.

Voted for medical treatment for ailments attributed to agent orange—became law.

Voted for language to prevent "contracting out" services at VA hospitals—became law.

Cosponsored pensions for World War I veterans—pending.

Voted against amendments to weaken U.S. national security—defeated.

Voted against resolution to disapprove sale of AWACS to Saudi Arabia—passed House.

Voted for bill to attract high quality military personnel—became law.

GENERAL GOVERNMENT AND TRANSPORTATION

Voted for legislation to promote fair elections and voting rights—passed House.

Voted for legislation to provide adequate legal representation for the poor—passed House.

Introduced right-to-life resolution to protect the rights of the unborn—pending.

Cosponsored legislation to make Government regulations more cost effective—pending.

Voted for bus deregulation to allow companies freedom in eliminating unprofitable lines—passed House.

Voted for Major Highway Reform Act—pending conference.

FOREIGN AFFAIRS

Introduced legislation providing food and economic assistance to help poor countries help themselves—cleared.

Introduced legislation to make the Peace Corps an independent agency—cleared.

Cosponsored major export control bill—cleared.

Cosponsored resolution to commend the negotiators for securing the release of the American hostages in Iran—passed House.

Cosponsored resolution honoring armed service personnel who died in the Iranian rescue attempt—passed House.

Introduced resolution expressing regret over the assassination of President Anwar El-Sadat—passed House.

Introduced resolution to promote safe health standards for use of infant formula overseas—passed House.

Introduced resolution reaffirming support of the Congress for the people of Poland—passed House.

AN AMERICAN DREAM

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DUNCAN. Mr. Speaker, the American dream was an incentive to the immigrants of foreign nations to come to the New World. It is an inspiration to those who struggle to make ends meet with a belief in hard work and determination. Simply stated, it is the dream that one can rise above humble beginnings to achieve prominence, despite race, class or religious affiliation.

The story of the Regas family of Knoxville exemplifies this American dream. From an 18-stool lunch counter, near the city's Southern Railroad station, the establishment has blossomed into Knoxville's finest restaurant. Regas Restaurant has received the Travel/Holiday Award, the top award of Travel Holiday magazine this year.

I would like to commend to my colleagues an article from the Knoxville News-Sentinel which details this classic American success story.

[From the Knoxville News-Sentinel, Dec. 11, 1981]

REGAS GAINS TOP IN TRAVEL MAGAZINE AWARD

Regas Restaurant, recommended as one of North America's finest restaurants by Travel Holiday magazine every year since 1972, has this year received for the first time the magazine's top award: The Travel/Holiday Award—given only to some of the recommended restaurants.

The complete 1982 Travel/Holiday Guide to Fine Dining in North American Restau-

rants, by Robert Lawrence Balzer, the magazine's food and beverage editor, appears in the December 1981 issue.

Balzer visited Knoxville last June and was honored at a private dinner given by William Regas, chairman of the board of Regas Brothers Inc., which operates the restaurant, and his partners and cousins, Frank Regas, vice chairman, and Gus Regas, president. Balzer also dined in the restaurant from the menu one night.

About Regas the magazine says:

"Frank and George Regas came to America, the land of opportunity—built their restaurant, an 18-stool lunch counter, at the hub of the railway station and the hotels and stayed open 24 hours a day. Children of the founders can say with pride today that from this humble beginning, they've built 'Knoxville's Finest Restaurant,' with no fear of contradiction. Here is the finest Prime Rib, outstanding Boston Scrod flown in fresh and prepared with a wondrous shrimp sauce and equally wonderful French, Honey Wheat and Coconut breads—baked daily in their own ovens, along with a spectacular cheesecake. The whole menu of good wine and food comes together in the greatly expanded facility of multiple dining rooms filled with warmth, comfort, service and total dedication. Bill Regas and the family have made this 'The Gathering Place' everyone admires."

"We appreciate the fine recognition," said Bill Regas, who as of yesterday had not seen a copy of the magazine. After listening over the phone to the magazine's glowing account, Regas commented, "I couldn't have written it better myself. But there is one change. We no longer serve the coconut bread; we now serve croissants instead. Some of the customers thought the coconut was a little too sweet, so we're trying a little something different. In this business, you have to dare to take chances, you know."

Two other restaurants in Tennessee are included in the magazine's recommendations: Four Flames and Sciara's Palazzino, both have previously been listed in the magazine.

Winners of the magazine's special award, which Sciara's Palazzino, as well as Regas, received, are marked in the magazine with a special "T/H Award" insignia.●

A SALUTE TO HERMAN J. SMITH

HON. JIM WRIGHT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. WRIGHT. Mr. Speaker, the Roman statesman and philosopher Seneca observed: "Fire is the test of gold; adversity, of strong men."

As in Seneca's time nearly 2,000 years ago, trouble is still the truest test of strength in an individual.

And seldom have I seen a better example of a person's demonstrating strength, wisdom and courage in the face of adversity than in the case of my constituent and longtime friend, Herman J. Smith of Hurst, Tex.

On January 21, only a few weeks from now, Herman Smith will complete his tenure as president of the National Association of Home Builders. To gage the severity of the test to which he has been subjected, one needs only to look at the plight of the housing industry in America today.

Skyrocketing interest rates, tight money, unemployment, bankruptcies, looming record Federal budget deficits—all these and countless other problems have faced Herman Smith in his job as national strategist and spokesman for America's homebuilders.

Yet Herman Smith faced these economic challenges in a way that has earned him the praise of his colleagues in the industry and many of us on the outside who are proud to know him as a friend.

Last month the Fort Worth Star-Telegram, in a penetrating profile written by Mike Norman, did a superb job of summarizing the troubles that Herman has faced in his important position, and how he has gone about dealing with them. Herman did his job well.

As one associate remarked admiringly: "We probably could not have had a better president for the kind of year our industry has faced."

So Mr. Speaker, as Herman Smith prepares to culminate a year of signal service to the homebuilding industry and to the American citizens it serves, let me join his countless friends in Texas and elsewhere in offering sincere congratulations for a job well done.

Here, for the RECORD, are excerpts from the Star-Telegram profile:

HERMAN SMITH: BRIGHT LIGHT IN AILING INDUSTRY

(By Mike Norman)

Herman Smith, the builder from Hurst, hit the top of the ladder at the National Association of Home Builders just as the United States housing industry's economic floor fell in.

Smith has been president of the 123,000 member national association during one of those "worst since . . ." years, the worst for housing starts since 1966 and the worst for home sales since the government started keeping records in 1963.

By the end of Smith's year as NAHB president, unemployment in the construction industry reached 18 percent and builder bankruptcies became almost an everyday occurrence. Smith himself says 1981 will end up being the worst year for housing since 1946.

It has been a year in which Smith has had to fight for every opportunity to help the nation's builders. He's been a combination cheerleader and head coach, spiritual leader and political lobbyist for one of the nation's largest trade associations. Other NAHB leaders say he's been good at the job.

"We probably could not have had a better president for the kind of year our industry has faced," said Louis M. Thompson, NAHB senior staff vice president for public affairs.

Three things made Herman Smith a bright light for his ailing industry this year. First, behind a good-ole-boy Texas drawl, he's smart, "sharp as a two-headed-tack," according to one acquaintence.

Second, he knows the building industry. He has 30 years under his belt as a developer and builder of housing subdivisions, shopping centers and office buildings, mainly in Fort Worth and surrounding cities.

And third, Herman Smith has something that even many other smart people don't have, political savvy and political contacts. Himself a long-time Democrat and a close friend of House Majority Leader Jim Wright of Fort Worth, Smith saw when the Ronald Reagan's Republicans assumed power this year that the future of his association and his industry depended to a great extent on how well he could gain contacts and influence in the Reagan administration.

He set out to gain that influence and has met several times with Reagan cabinet members, twice with Presidential Counselor Edwin Meese, twice with Vice President George Bush and once with President Reagan. He stays in frequent contact with NAHB lobbyists and has testified before several congressional committees. He keeps up with the latest rumors about what's happening behind the scenes at the White House and on Capitol Hill.

Himself a former mayor of Hurst, Smith is the type of man who disclaims all interest in politics. Others who know him well say that's not the full story.

"If he's not a politician, neither was Lyndon Johnson," says fellow Hurst builder and former business associate John Barfield.

But he's not the run-for-office type of politician. He's the type who treats the right people in the right way to get things done, always with the cultivated knack of knowing when to prod and when to praise. He approaches issues the way a legislator would approach introduction of a favored bill, step by measured step.

There has been much concern in the savings and loan industry and some segments of the housing industry in recent months that there might be a federal move to limit the amount of mortgage interest which homeowners can claim as a deduction on their income tax. It's a suggestion that rolls around every few years when the government is searching for money, and it's receiving some talk again in Washington. Smith settled that one to his satisfaction early in the year.

NAHB invited Reagan confidante Meese to a meeting last spring and gave him a list of written questions, which the organization said were of top concern to the nation's 123,000 home builders. Meese was asked to respond to those questions in a later meeting with Smith, with the knowledge that his answers would be published in the organization's Builder magazine, which circulates to all those members. Meese's response on limiting mortgage interest deductions: Reagan won't go for it.

"It'll be killed when it gets to the White House," says Smith. "Now I'm not going to spend a lot of time worrying about it. We have it in writing in no uncertain language."

Others in the real estate industry have seen record high interest rates cripple their business this year and have cried out against the tight money policies of the Federal Reserve Board and its chairman, Paul Volker. Smith has met six times with Volker and has come to respect his views. More importantly, he has become convinced that Volker and the Fed policies are not going to change.

"Why butt your head up against a brick wall?" Smith asks. "What we have to do is go back to Congress and show them how a high deficit clashes with the procedures of the Federal Reserve."

Before interest rates will come down, the White House and Congress must hold the line on federal deficits, Smith says. All year long, he has made that a theme of NAHB efforts. He has kept up that theme as a steady pressure, and the problem of growing deficits is becoming the bane of the Reagan administration.

Herman Smith was born and raised near Greenville, a small Hunt County town northeast of Dallas. He worked briefly for General Dynamics in Fort Worth and was a reservist at the Dallas Naval Air Station before being called to active duty in the Korean War.

He came back to Fort Worth after the war, just at the time when Bell Helicopter was setting up its headquarters here. When he tells the story now, he's not too clear on which happened first, but all pretty much at the same time he went to work for Bell as an aircraft inspector, married Patsy—then a Baylor University coed but now his wife of 29 years—and bought his first house in Richland Hills.

He is clear on one thing: while working for Bell he set up a real estate agency on the side, selling homes to Bell executives who were moving into the new corporate headquarters. Within 20 months he quit his job at Bell and went to work building homes.

Most of his building has been in Fort Worth and nearby communities, with the huge Candleridge subdivision on the city's far southwest side as one example. He also has developed a 700-acre subdivision in Longview and a townhouse project in Santa Fe, N.M.

When the market for new homes began to slow down, Smith shifted the emphasis of his business from residential construction to development of small shopping centers and other commercial buildings. That's his main line of work now, and his project of the moment is Mayfair Village, a 200,000-square-foot shopping center near his home in Hurst.

Mannig's President Gene Adelson, who recently opened a new store in Mayfair Village, said retailers know Smith as "a hard-nosed businessman."

"But he's the most intelligent developer I've run into," said Adelson. "He's a nice guy, and he understands his business from your point of view."

Smith is the typical real estate developer who takes pride in knowing who owns what land, who is building and who is not, who has plans to build and who would be willing to sell for what price. His own growth and success is some measure of how well he has learned the patterns and projections of his city's growth.

Along the line, he got interested in politics and was elected city councilman and then mayor of Hurst. He also joined the Builders Association of Forth Worth and Tarrant County and rose to become its president. Trade associations are important, he says, because people and businesses have to look out for themselves.

"It's important to rally behind a position," Smith says. "Frankly, survival may depend on it."

But getting involved is one thing. Working at it so hard that you become national president and end up devoting most of your time to your association rather than your own business is quite another. Why do it?

"I really don't have a good answer for that," says Smith. "The more you talk to all these builders and hear their comments, the more you want to get involved. Having job opportunities and the right to own a home are two of the basic principles which have built our country. If that changes, the whole social fabric of our country changes."

So Herman Smith rose in the ranks of his trade association and became president of the Texas Association of Builders. Then in 1978, the peak year for housing sales and construction in this country, he took on the job of vice president and secretary of NAHB. The post entered him in the association's four-year executive growth track, leading him to two other vice presidential jobs and then to the presidency this year.

While he was rising through those ranks, his industry began running into trouble. Home sales were still hot but rising interest rates were beginning to cool things down. Smith became NAHB's chief spokesman before Congress, testifying "50 or 60 times" before committees which could help or hurt his trade.

By the time he became NAHB president, he was spending 90 percent of his time traveling on behalf of the association. He ended up visiting all 50 states and many of the 730 local organizations which make up the national group.

Two weeks ago he came home, determined to stay at least through Christmas. He took time for a speech to local builders, to look over his new shopping center and to work on a possible sale of 400 acres in which he has part interest north of Fort Worth.

He had an appointment with the executives of a Dallas retail chain who were interested in building a new store, and took time to discuss construction plans for a four-story office building he will build at the shopping center. He met the Loren Hawerton, a former General Dynamics accounting executive who now serves as Smith's local right-hand man, running the business while the boss is out running around the country.

And he talked over the building plans with his 27-year-old daughter Vicki, who after three years with the huge Coldwell Banker real estate firm came back to join her father's business and take on the task of leasing space to retailers in the shopping center and tenants in the new office building. His younger daughter, 24-year-old Karla, recently left a job on Jim Wright's staff in Washington to come back and join the family business.

He uses an office in the Fort Worth Bank & Trust Building to conduct NAHB affairs while he's in town. He helped found the bank and build the building, but disassociated himself from bank operations when he was named chairman of the Federal Home Loan Bank of the Ninth District, a federal institution which supervises and assists savings and loan associations.

Settling into a chair at that office, he took time between calls from NAHB's Washington headquarters to review his year as the association's president. It has been a year aimed mainly at attempts to increase the supply of money available for home mortgages.

Congress authorized sale of All Savers certificates with tax-free benefits, giving only limited help to the mortgage problem but giving a boost to financially troubled savings and loan institutions, the nation's thrift industry.

"We were for anything which would help the thrifts," said Smith.

NAHB conducted a year-long push to get the Reagan administration to relax regulatory barriers which have prevented wealthy pension funds from investing in home mortgages. Last month the administration took down some of those barriers, and legislation is working its way through Congress to give the pension funds more investment freedom.

"Pension funds will grow as a source of mortgage money," said Smith. "It won't make interest rates any cheaper, but it makes money available."

The issue of the moment at NAHB is a battle against federal Budget Director David Stockman proposal to shut down the Government National Mortgage Association, widely known as "Ginnie Mae." Lenders who make FHA and VA loans to home buyers often replenish their own funds by selling their interest in those loans to Ginnie Mae.

FHA and VA loans are now one of the last sources of long-term, fixed-rate mortgages, and the low down payments required for those loans make them one of the last avenues still open for first-time home buyers. The Stockman proposal, while not aimed directly at FHA and VA loans, will drastically curtail their use, Smith said.

"What Ginnie Mae does is allow the first-time home buyer to compete with the big boys," he said. If the Stockman proposal goes through, "we will have seen the end of the 30-year, fixed-rate mortgage."

And Smith is continuing NAHB's pressure on the Reagan administration to reduce its budget deficits. He's not above taking a slap at Reagan in one of his speeches.

"Even presidents of the United States after they get into office seem to change their attitude toward budget deficits," he told local builders.

The builders will convene in Las Vegas next month at about the same time Reagan will be sending his annual economic message to Congress. Smith said the builders are "anxious to see what the administration is going to propose."

But once that convention arrives, Smith will be bowing out of most of NAHB's work. Frederick J. Napolitano, a builder-developer from Virginia Beach, Va., will take over as the association's president.

Smith will remain on the NAHB board, and he still expects to spend about 25 percent of his time on the road doing NAHB business. But he also expects to spend more time in Fort Worth and to relax.●

ACTIVITIES OF THE SUBCOMMITTEE ON ADMINISTRATIVE LAW AND GOVERNMENTAL RELATIONS, COMMITTEE ON THE JUDICIARY

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. DANIELSON. Mr. Speaker, during the 1st session of the 97th Congress, the Subcommittee on Administrative Law and Governmental Relations, which it is my privilege to chair, considered several bills of major significance including the subject of reform of the regulatory process, a major revision of the Federal Tort Claims Act, and basic statutory improvements to deal with air disaster litigation.

In the course of its 31 meetings during this Congress, this subcommit-

tee of the Judiciary Committee held 21 hearings at which witnesses were heard, and 9 markup sessions for the amendment of public bills.

REGULATORY REFORM LEGISLATION—H.R. 746

During the past two Congresses the subcommittee held extensive hearings on the regulatory process and the need for improvements in agency procedures for issuing rules through amendments to the Administrative Procedure Act. The focus of consideration during the 97th Congress was H.R. 746, the Regulatory Procedure Act of 1981, a bill sponsored by Representative GEORGE E. DANIELSON, the chairman of the subcommittee.

The basic approach of H.R. 746 is to expand the Administrative Procedure Act to emphasize management tools and techniques as a means of solving the twin problems of administrative delay and overregulation.

H.R. 746 improves the regulatory process by requiring all agencies to follow certain procedures in making decisions. The bill does this in seven main ways. First, the bill increases the fairness and effectiveness of the regulatory process by requiring agencies to examine carefully the economic and noneconomic effects of all proposed major rules. Second, in order to facilitate public participation in agency decisionmaking and to prevent duplicative and conflicting rules, agencies are required to issue agendas of all rulemaking activities and the President is required to publish a Government-wide calendar of all major rulemaking activities. Third, the bill requires agencies to review within 10 years all existing major rules, so that an agency can update or rescind such rules where it is necessary or appropriate to do so. Fourth, the bill amends the current Administrative Procedure Act to encourage effective public participation in administrative proceedings, to improve the quality of agency decisionmaking, and to provide for legislative veto of agency regulations. Fifth, the bill standardizes the procedures followed by agencies for issuing subpenas in adjudications. Sixth, the bill clarifies the duties of the courts in reviewing agency action and resolves the problem of determining proper venue when more than one court challenge to agency action is filed. Finally, the bill provides for a more diversified selection of members to the Administrative Conference of the United States.

Regulatory reform has been a top priority of at least the last three administrations, as demonstrated by a series of Executive orders on the subject: Executive Order 11821 (Ford), Executive Order 12044 (Carter), and Executive Order 12291 (Reagan). During the 96th Congress, the House Committee on the Judiciary reported H.R. 3263, the bill which was the immediate predecessor to H.R. 746. Prior to acting on H.R. 3263, the committee had considered bills on regulatory reform in both the 94th and 95th Congresses.

The subcommittee conducted 10 days of hearings on H.R. 746 during the 97th Congress. The witnesses representing the Reagan administration were James C. Miller III, then executive director of the President's task force on regulatory relief, and C. Boyden Gray, counsel to the President's task force on regulatory relief. Other departments and agencies testified on various aspects of the subject, including the Departments of Justice and Treasury, the Securities and Exchange Commission, the Interstate Commerce Commission, the Federal Communications Commission, and the Administrative Conference of the United States. The Judicial Conference of the United States testified on behalf of the Federal judiciary. The private sector was represented by such diverse groups as the American Bar Association, Business Roundtable, Chamber of Commerce, AFL-CIO, Interstate Natural Gas Association of America, Public Citizen, and the Natural Resources Defense Council.

The subcommittee held 5 days of markup on H.R. 746, and reported the bill to the full committee on October 1, 1981. The vote to report the subcommittee's version of H.R. 746 was by unanimous voice vote. All members of the subcommittee are cosponsors of the bill.

On December 8, 1981, following 4 days of general debate and markup, the full committee favorably reported H.R. 746 to the House by voice vote.

AIR DISASTER LITIGATION LEGISLATION

On December 10, 1981, the subcommittee held the first of a planned series of hearings on H.R. 1027, a bill to deal with air disaster litigation. The witness was Prof. Daniel J. Meador of the University of Viriginia, the former Assistant Attorney General for Improvements in the Administration of Justice.

The purposes of H.R. 1027 are to create a Federal cause of action for air disaster litigation and to provide for a less cumbersome means of litigating cases arising out of air disasters.

Although these wrongful-death and personal-injury suits bear some similarity to other tort cases, the problems and legal issues involved tend to be much more complex. First, there usually are a large number of cases arising out of the same event pending in State or Federal courts or both. The cases resulting from each disaster typically involve multiple parties and claims: Claims by the injured and by the representatives of those killed in the accident against not only the carrier but also the airframe and component manufacturers and frequently the United States; cross-claims between defendants; and third-party claims based on indemnity and/or subrogation. Because of the number of parties and claims, discovery is generally very time consuming and expensive.

H.R. 1027 would establish the procedures necessary to deal with the limitations of the present system which is administered under the Multidistrict Litigation Act. In addition, by creating Federal common law for air disaster litigation, it resolves the conflicts created by the existence of different State choice of law rules.

COMMISSION ON WARTIME RELOCATION

The Commission on Wartime Relocation and Interment of Civilians was established pursuant to Public Law 96-317 which originated as a bill considered by the subcommittee during the 96th Congress. The bill, H.R. 5021, was introduced on November 18, 1981, to provide for an extension in the date for the submission to Congress of the final report of the Commission. The Commission has now completed its schedule of hearings and has assembled an extensive record involving the history of the evacuation and relocation of persons of Japanese ancestry during World War II and the relocation of Aleuts from the Pribilof Islands and some of the Aleutian Islands during that period. The time limited in the original act for the filing of the report would have expired early in 1982. Additional time is necessary for completing several important aspects of the work of the Commission including the analysis of information gathered by it and beginning the careful discussion and argument necessary to formulating the Commission's report and recommendations to the Congress.

The subcommittee held a hearing on the bill on November 20, 1981, and subsequently ordered it reported to the full Committee on the Judiciary. The bill was approved by the full committee and ordered reported to the House on December 8, 1981. H.R. 5021 passed the House on December 15, 1981.

PUBLIC CLAIMS LEGISLATION

FEDERAL TORT CLAIMS ACT AMENDMENTS

The bill H.R. 24, introduced by Mr. DANIELSON, is based upon information presented to the subcommittee in the course of its consideration of similar bills in the 95th and 96th Congresses. The bill amends the Federal tort claims provisions of title 28, United States Code, to make the remedy against the United States provided therein the exclusive remedy for injuries or damages due to acts or omissions of Federal employees within the scope of their employment and for tort claims arising from violations of the Constitution of the United States. Thus, the bill provides that the United States would be sole defendant in cases arising under the Constitution and cases arising out of acts or omissions of Federal employees.

The subcommittee held hearings on this bill on October 13, 1981, and November 5, 1981. Testimony was received from Mr. Edward C. Schmults, Deputy Attorney General, Mr. Joseph A. Morris, General Counsel for the Office of Personnel Management, Mr. Peter J. Wallison, General Counsel for the Department of the Treasury, and Mr. Mark H. Lynch, national staff counsel for the American Civil Liberties Union. Further hearings are anticipated in the second session.

NATIONAL GUARD TORT CLAIMS ACT

The bill, H.R. 3799, introduced by Mr. KASTENMEIER and Mr. MONTGOMERY, extends the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard during Federal training and provides that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard. Under the bill, National Guard personnel are covered under the Federal tort claims provisions of title 28 while they are engaged in Federal training or duty to the same extent as their counterparts in the Army Reserve and the Air Force Reserve.

The subcommittee held hearings on H.R. 3799 on October 13, and October 29, 1981. Witnesses appearing at the hearing included Edward C. Schmults, Deputy Attorney General, Brig. Gen. Herbert R. Temple, Jr., Deputy Director, Army National Guard, Maj. Gen. Francis Greenlief (retired), executive vice president, National Guard Association of the United States, and a panel of witnesses from the Pennsylvania National Guard. The subcommittee also received testimony from Col. James A. Mounts, Jr., Chief of Army Claims Service and Col. Ramutis R. Semeta, Chief of Air Force Claims and Tort Litigation, Office of the Judge Advocate General.

On October 29, 1981, the subcommittee favorably reported H.R. 3799 to the full Judiciary Committee with amendments. All but one of the subcommittee amendments were technical in nature. The Judiciary Committee favorably reported the bill H.R. 3799, as amended, to the House on December 8, 1981, by unanimous voice vote. The House passed H.R. 3799, as amended, on December 15, 1981, and sent it to the Senate. The Senate passed the House bill on December 16, 1981. The bill was approved as Public Law No. 97-124 on December 29, 1981.

PROTECTION AGAINST PERSONAL LIABILITY FOR EMPLOYEES OF DEFENDER ORGANIZATIONS

The bill, H.R. 3060, would amend section 3006A of title 18 of the United States Code to provide protection against personal liability to the officers and employees of the Federal public defender offices and community defender organizations. These employees provide representation to indigent criminal defendants under the Criminal Justice Act.

The subcommittee held 1 day of hearings on the bill on October 13, 1981, and received testimony from Mr. Edward C. Schmults, Deputy Attorney General. The subcommittee plans further hearings on the measure in the next session.

AMENDMENT TO THE MILITARY AND CIVILIAN EMPLOYEES CLAIMS ACT OF 1964

The bill, H.R. 4688, as amended by the subcommittee, amends the Military Personnel and Civilian Employees Claims Act of 1964 to increase from $15,000 to $25,000 the maximum amount that the United States may pay in settlement of a claim under that act. This bill would increase the amount payable by the United States for losses incurred during moves between duty stations by military and civilian personnel from $15,000 to $25,000.

The subcommittee heard testimony on a similar measure in the 96th Congress and has held 2 days of hearings on the matter in the 97th Congress. On March 5, 1981, the subcommittee held oversight hearings on moving losses and received testimony from Maj. Gen. James Taylor, Jr., Deputy Judge Advocate General, U.S. Air Force. The subcommittee held further hearings on October 29, 1981, and received testimony from Maj. Gen. Thomas B. Bruton, Judge Advocate General of the U.S. Air Force.

The subcommittee adopted an amendment which raised the maximum amount payable from $20,000 to $25,000 and favorably reported the bill as amended to the full Judiciary Committee on October 29, 1981. The bill is currently pending before the full Judiciary Committee.

CHEROKEE CLAIMS

The bill, H.R. 2329, confers jurisdiction on certain courts of the United States to hear and render judgment in connection with certain claims by the Cherokee Nation of Oklahoma. The bill would empower the Federal courts to adjudicate the claims of the Cherokee Nation against the Federal Government for loss or damage to Cherokee lands resulting from the construction of the Arkansas River navigation system and as a result of the transfer by the Federal Government of certain Cherokee lands known as station grounds to third parties.

The subcommittee held hearings on the bill on December 9, 1981, and received testimony from Hon. MIKE SYNAR, sponsor of the bill and a Member of Congress from Oklahoma, Mr. Ross O. Swimmer, principal chief of the Cherokee Nation, and Mr. Anthony Liotta, Deputy Assistant Attorney General.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION CLAIMS

The subcommittee considered the bill, H.R. 1029, providing for increased authority to the Secretary of Commerce to settle claims for damages arising by reason of acts of the National Oceanic and Atmospheric Administration. This bill would amend the current authority for settlement of claims up to $500 arising from the acts of the National Ocean Survey by increasing the amount to $2,500 and making it applicable to all of the components of the National Oceanic and Atmospheric Administration.

The bill, H.R. 1029, was favorably recommended by the subcommittee to the full committee and was ordered reported to the House on September 15, 1981. It passed the House on October 5, 1981.

SECRET SERVICE ZONES OF PROTECTION

On September 17, 1981, the subcommittee held a hearing on the bill, H.R. 4468, which provides for an amendment to section 1752 of title 18, United States Code, relating to the establishment of zones of protection for persons protected by the U.S. Secret Service. The subcommittee received testimony from J. Robert McBrien, special assistant to the Assistant Secretary of the Treasury for Enforcement and Operations, accompanied by Gerald Bechtle, Deputy Assistant Director, of the Secret Service.

On October 6, 1981, the subcommittee ordered the bill favorably reported to the full committee.

GOVERNMENT CONTRACTS

MILLER ACT

The subcommittee considered the bill, H.R. 1026, providing for an amendment to section 3 of the Miller Act (40 U.S.C. 270c) to provide that the head of a contracting agency is to have the responsibility for providing certified copies of payment bonds required under the act. The subcommittee ordered the bill favorably reported to the full committee which approved the recommendations of the subcommittee and ordered the bill reported to the House. The bill passed the House on October 5, 1981.

THE CONTRACT DISPUTES ACT

The bill, H.R. 1371, was introduced in accordance with the recommendations of the Comptroller General of the United States and provided for an amendment to section 12 of the Contract Disputes Act of 1978, to require that the Secretary of the Treasury is to fix at 6-month intervals interest rates applicable to contract claims. Under the bill, the Secretary of the Treasury would be required to take into consideration the current private commercial rates of interest. Interest with respect to each particular claim is to be paid at the rate fixed by the Secretary for the period during which the contracting officer first receives the claim and then at the rate applicable for each subsequent 6-month period as fixed by the Secretary during the

pendency of that claim. After consideration, the subcommittee ordered the bill favorably reported to the full committee on February 24, 1981. The full committee considered the bill on May 13, 1981, and ordered it reported to the House. The bill passed the House on June 1, 1981.

GOVERNMENT CONTRACTORS' PRODUCT LIABILITY ACT OF 1981

The bill, H.R. 1504, was introduced to provide for Government indemnification in instances where, after a contractor provided a product or service in compliance with a Government contract, that compliance results in a defective product or service for which the contractor is held liable.

Government contractors furnish products or services to the Federal Government under contracts which require the contractor to adhere strictly to detailed Government requirements not developed or recommended by the contractor. Often contracts give the contractor no voice as to the design of the item to be furnished, its manufacture, or the inspection or tests of the item. The contractor may not have the opportunity to furnish warnings or instructions concerning the product. In sum, the Government contractor is seldom in control of the way his products or services are designed or used.

These contracts usually do not include any provisions for the indemnification of the contractor, so that if he is sued by a third party for any cause arising out of the performance of the contract, he may be held liable even when performance has been in full compliance with the contract.

The adoption of the principle of "strict liability" as to defective products in most of the States causes serious problems for Government contractors. This liability may well exist even though the defendant contractor has exercised all possible care in the manufacture or sale of the product.

During the 96th Congress the subcommittee held a hearing on a similar bill. In the current Congress a hearing was held on the bill, H.R. 1504, on March 19, 1981.

INTERSTATE COMPACTS

GRANTING THE CONSENT OF CONGRESS TO AGREEMENT BETWEEN THE STATES OF NORTH CAROLINA AND SOUTH CAROLINA ESTABLISHING THEIR LATERAL SEAWARD BOUNDARY

The bill, H.R. 2896, provides for congressional consent to the compact between the States of North Carolina and South Carolina which establishes their lateral seaward boundary. This compact was initiated in response to a need to deliniate offshore jurisdiction between the two States. It was developed in cooperation with officials of the National Oceanic and Atmospheric Administration of the Department of Commerce. The text of the compact has been adopted by the legislatures of both States.

The subcommittee held hearings on H.R. 2896 on July 14, 1981, and heard testimony from the Members of Congress representing the districts adjacent to the proposed boundary, Hon. CHARLES ROSE, seventh Congressional District of North Carolina and Hon. JOHN L. NAPIER, sixth District of South Carolina. The subcommittee favorably reported the bill, H.R. 2896, to the full Judiciary Committee on July 29, 1981. The full committee favorably reported the bill to the House on September 15, 1981, and filed Report No. 97-238 on September 22, 1981. The House passed S. 1033, an identical Senate bill on September 29, 1981. The bill was approved as Public Law 97-59 on October 9, 1981.

GRANTING THE CONSENT OF CONGRESS TO THE AGREEMENT BETWEEN THE STATES OF KANSAS AND MISSOURI ESTABLISHING THEIR MUTUAL BOUNDARY IN THE VICINITY OF THE FRENCH BOTTOMS NEAR ST. JOSEPH, MO. AND ELWOOD, KANS.

The bill, H.R. 4048, provides for congressional consent to the compact between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near St. Joseph, Mo., and Elwood, Kans. In April 1952 the channel of the Missouri River in the area known as the French Bottoms was abondoned by avulsion. That portion of the river had not been surveyed prior to the avulsion, thus the precise boundary between the States in this vicinity was unclear. In 1977, committees appointed by the legislatures of each State met and determined that the thalweg—deep water line—of the channel would constitute the boundary. Following a survey, the legislatures of both States approved the boundary as it is set forth in this compact.

The subcommittee held hearings on July 14, 1981, and received testimony from Hon. E. THOMAS COLEMAN, of Missouri and Hon. JIM JEFFRIES, of Kansas, Members of Congress representing the areas adjacent to the boundary. The Subcommittee on Administrative Law and Governmental Relations favorably reported H.R. 4048 to the full Judiciary Committee on July 29, 1981. The full Judiciary Committee favorably reported the bill to the House on September 15, 1981, and filed Report No. 97-239 on September 22, 1981. The bill was passed by the House September 29, 1981. The Senate passed H.R. 4048 on October 1, 1981, and it was approved as Public Law 97-64 on October 16, 1981.

FEDERALLY RECOGNIZED NONPROFIT CORPORATIONS

ITALIAN AMERICAN WAR VETERANS

The Subcommittee on Administrative Law and Governmental Relations held a hearing on H.R. 33, a bill to recognize the organization known as the Italian American War Veterans on June 11, 1981. The subcommittee received testimony or statements from the following persons at that hearing: Hon. FRANK ANNUNZIO, Member of Congresss from Illinois; Hon. JOHN CHAFEE, U.S. Senator from Rhode Island; Mr. Edward F. Rose, Director of Voluntary Service of the Veterans' Administration; Mr. John Nave, past national commander, Italian American War Veterans; Mr. Robert N. Dardano, Sr., National Veterans Administration voluntary service director.

The Italian American War Veterans of the United States is an organization for honorably discharged veterans of World War I, World War II, the Korean conflict and the Vietnam conflict and for recipients of congressional medals for other U.S. expeditions or campaigns. Though any veteran may join, most members are of Italian descent. The organization was founded in 1932 and has maintained a State charter since that date.

On October 6, 1981, the Subcommittee on Administrative Law and Governmental Relations adopted an amendment in the nature of a substitute for H.R. 33, ordered it reported as a clean bill which was introduced as H.R. 4734. That bill was favorably reported to the full Judiciary Committee. The full committee favorably reported the clean bill, H.R. 4734, to the House on October 20, 1981. The committee report was filed on October 22, 1981, and its number is 97-287. The House passed H.R. 4734 on October 26, 1981. The Senate passed it on November 10, 1981, and the bill was approved as Public Law 97-82 on November 20, 1981.

AMERICAN COUNCIL OF LEARNED SOCIETIES

The subcommittee held hearings in the 96th Congress on H.R. 3212, to recognize the organization as the American Council of Learned Societies (ACLS). In the 97th Congress, on June 11, 1981, the subcommittee held a hearing on H.R. 3232 and received testimony from Mr. W. McNiel Lowry, former vice president of the Ford Foundation and the Honorable PAUL SIMON, Member of Congress from the State of Illinois.

The ACLS was established originally in response to the need of the United States for a spokesman within the International Union of Academies, and it has represented the Nation in that body for 60 years. The ACLS is a federation of professional and honorary associations with a constituency of 43 learned societies having an aggregate membership of approximately 250,000 scholars. The purpose of this organization is the advancement of humanistic studies in all fields of learning, and the maintenance and strengthening of relations among all national societies devoted to such studies.

On October 6, 1981, the Subcommittee on Administrative Law and Governmental Relations adopted an amendment in the nature of a substi-

tute for H.R. 3232, ordered it reported as a clean bill and reported the clean bill favorably to the full Judiciary Committee. The full Judiciary Committee favorably reported the clean bill, H.R. 4769, to the House on October 20, 1981. The committee report was filed on October 22, 1981, as House Report No. 97-285. The House passed H.R. 4769 on October 26, 1981. The bill is currently pending in the Senate Judiciary Committee.

UNITED STATES SUBMARINE VETERANS OF WORLD WAR II

On June 11, 1981, the Subcommittee on Administrative Law and Governmental Relations held a hearing on H.R. 894, a bill to recognize the organization known as the United States Submarine Veterans of World War II. At that hearing the subcommittee received testimony from Mr. E. J. Newbould, member of the United States Submarine Veterans of World War II.

The United States Submarine Veterans of World War II was founded in August 1955 as a patriotic association of veterans of the submarine service during the Second World War. It has operated under a charter granted by the State of New Jersey since 1956. There are currently 5,000 active and associate members of the organization with additional integrated organizations for wives, sons, and daughters.

On October 6, 1981, the Subcommittee on Administrative Law and Governmental Relations adopted an amendment in the nature of a substitute for H.R. 894, ordered it reported as a clean bill and reported the clean bill favorably to the full Judiciary Committee. The subcommittee amendment substituted standardized charter language developed by the committee for that of H.R. 894. The full Judiciary Committee favorably reported the clean bill, H.R. 4766 to the House on October 20, 1981. The committee report was filed on October 22, 1981, and its number is 97-284. The House amended and passed S. 195 on October 26, 1981, and laid H.R. 4766 on the table. The Senate agreed to the House amendments on November 9, 1981. The bill was approved as Public Law 97-83 on November 20, 1981.

FORMER MEMBERS OF CONGRESS

The Subcommittee on Administrative Law and Governmental Relations held hearings on H.R. 3837, a bill to recognize the organization known as the Former Members of Congress on June 11, 1981. The subcommittee received testimony from Hon. William S. Maillard, former Member of Congress from the State of California.

The Former Members of Congress was founded in 1970 with 10 Members and was incorporated as a nonprofit corporation in the District of Columbia on June 18,1970. The organization now has 580 members representing both the House of Representatives and the Senate. All former Members of the U.S. Congress are eligible to join regardless of race, sex, creed or color. Of former Members, only candidates for or Members of Congress are excluded from membership. Its stated purpose is to "promote the cause of good government at the national level by strengthening and improving the U.S. Congress as an institution." The Former Members of Congress is a national nonprofit, educational, civic, historical, and research corporation. It does not engage in partisan politics and has tax exempt status.

On October 6, 1981, the Subcommittee on Administrative Law and Governmental Relations adopted an amendment in the nature of a substitute for H.R. 3837, ordered it reported as a clean bill and reported the clean bill favorably to the full Judiciary Committee. The subcommittee amendment substituted standardized charter language developed by the committee for that of H.R. 3837. The full Judiciary Committee favorably reported the clean bill, H.R. 4755 to the House on October 20, 1981. The committee report was filed on October 22, 1981, and its number is 97-286. The House passed H.R. 4755 on October 26, 1981. The Senate amended H.R. 4755 and passed the bill as amended on December 16, 1981. The amended bill is currently pending in the House.

OVERSIGHT HEARINGS

On March 5, 1981, the subcommittee conducted an oversight hearing relating to the administration and settlement of claims for personal property losses within the Department of Defense and the military departments. Claims of this type are settled under the authority of the Military Personnel and Civilian Employees Claims Act of 1964.

In the 96th Congress, the subcommittee recommended legislation providing increased authority for claims for personal property losses incident to evacuation such as occurred in Iran in 1979, and also for personal property losses of U.S. personnel overseas which resulted from mob violence, terrorist attacks or other hostile acts directed against the U.S. Government or its officers or employees. The bill considered by the committee in that Congress was enacted as Public Law 96-519. Information submitted to the subcommittee in the course of the consideration of that legislation raised the question of the desirability of an amendment of the amounts relating to the payment of personal property claims generally as they apply to all other military and civilian employees of the Federal Government. Accordingly, the oversight hearing in the 97th Congress was scheduled to provide for an indepth examination of the administration of the claim provisions of the act. Based on the information received at the hearing on March 5, 1981, and a subsequent hearing on the same subject scheduled on the bill, H.R. 4688, on October 29, 1981, the subcommittee took favorable action on an amendment to the act, as has been previously outlined in this report.

OVERSIGHT HEARINGS ON THE FUNCTIONING OF THE CIVIL DIVISION OF THE DEPARTMENT OF JUSTICE AND THE FOREIGN CLAIMS SETTLEMENT COMMISSION

On Thursday, March 26, 1981, the subcommittee conducted an oversight hearing relating to the Civil Division of the Department of Justice. Testimony was received from Thomas Martin, Acting Assistant Attorney General of the Civil Division, and John Poore, Tricia King, and Stewart Schiffer also appeared before the committee representing the Department of Justice. The witnesses appearing at the hearing advised the committee of the numbers of people engaged in the work of the Civil Division and the needs of the Department relating to the representation of the United States in civil litigation. The subcommittee also received information concerning the efforts on the part of the Civil Division to collect moneys owing the United States as the result of the activities of the various departments and agencies. Information was also received concerning the specific types of litigation in which the subcommittee is particularly interested, such as litigation involving tort claims against the United States and the judicial review of agency action.

On March 26, 1981, the subcommittee also received testimony from Richard W. Yarborough, Chairman of the Foreign Claims Settlement Commission, concerning the operation of that independent Commission. Francis Masterson, the Executive Director of the Commission, and David Rogers, director, German Democratic Republic claims program, also appeared before the subcommittee. The witnesses before the subcommittee outlined the current status of claims programs before the Commission and reported that the Commission contemplated the completion of the programs relating to European countries, except for the East German program which was the next program projected to be completed by the Commission. Following these subjects, the Commission intended to process the claims against Vietnam, a program which was authorized by the Congress in 1980.●

THE ACTIVITIES OF THE SUBCOMMITTEE ON HEALTH AND SAFETY OF THE COMMITTEE ON EDUCATION AND LABOR DURING THE 1ST SESSION OF THE 97TH CONGRESS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. GAYDOS. Mr. Speaker, the Subcommittee on Health and Safety, on which I am privileged to serve as chairman, conducted oversight hearings during the 1st session of the 97th Congress on three matters subject to the jurisdiction of the subcommittee. They were: I. Occupational safety and health of the Federal employee; II. The proposed OSHA rules on hazards identification; III. The proposed transfer of the Rockville, Md., operations of the National Institute for Occupational Safety and Health.

I. OCCUPATIONAL SAFETY AND HEALTH OF THE FEDERAL EMPLOYEE

In the 96th Congress, the Subcommittee on Health and Safety initiated comprehensive oversight hearings into the safety and health programs of several Federal agencies. These hearings continued in the 97th Congress, and representatives of the Department of Energy and the Veterans' Administration testified before the subcommittee as follows:

A. THE DEPARTMENT OF ENERGY

First: The employee safety management function in DOE is located in the Office of Personnel. Each DOE field establishment has full-time occupational safety and health personnel.

Second: Department of Energy employees receive general training in occupational safety and health, as well as specific training relating to the function of their field establishment.

Third: DOE has 20,000 Federal sector employees and 120,000 contract employees. The contract employees are at higher risk than the Federal employees. Their greatest risks involve explosives, radiation exposure, and electric transmission.

Fourth: DOE's lost workdays per 200,000 hours is 1.07; the average for the Federal Government as a whole is 3.39. Their reportable injuries and illnesses per 200,000 hours work is declining but lost workday cases per 200,000 is increasing.

FIfth: DOE elected not to set up the safety committee authorized under the recent Executive order, because of the prior existence of safety and health committees in many of their field locations which were established under their labor contracts. Forty to forty-five percent of DOE employees are covered by collective bargaining agreements.

Sixth: In DOE facilities that are Government-owned but contracted out, OSHA does not inspect; DOE is responsible for safety and health. This is under section 4(b)(1) of the act providing for exemption of certain Federal activities where other Federal legislation authorizes that Federal agency to undertake and maintain a health and safety program. This would cover those 120,000 contract employees.

Seventh: DOE has adopted all occupational safety and health standards for Federal employees legislated by law and has included them in their occupational safety and health orders.

B. VETERAN'S ADMINISTRATION

First: The VA, through the Department of Medicine and Surgery, operates the largest centrally managed health care system in the Nation. This system is comprised of 172 medical centers, 1 independent domiciliary, and 49 satellite or independent outpatient clinics.

Second: The objectives of the VA safety and health program are: The safety of patients, beneficiaries, and the public; safety and occupational health of employees; conservation of records and property.

Third: Each VA field facility director is directly responsible for the safety and health program at his or her facility. The director is fully responsible for conducting programs of inspection, employee training, hazard abatement, as well as preparing an annual self-evaluation of field facility activities in these areas.

Fourth: The VA requires that each employee be trained to perform assigned duties in a safe manner. Each supervisor must identify safety training needs and monitor job performance. VA supervisors are given an 8-hour supervisory safety training course in which the agency's safety program is described, the supervisor's role and responsibilities are explained, and educational materials to be distributed to subordinate employees are discussed.

Fifth: The VA has an intermediate level safety and health inspector to evaluate and report on the facility safety and health programs. These officials are known as district safety and fire protection engineers. Their primary emphasis is in carrying out the requirements of 29 CFR 1960 regarding the inspection of employee workplaces. They work independently of any facility director and report directly to the VA Central Office for technical guidance and program direction.

Sixth: The VA Central Office acts as the coordinator of the employee safety program. It also acts as the agency's final arbitrator on areas of disagreement between the district safety and fire protection engineers and the facility directors.

Seventh: Directors of VA field units are assisted in implementing and monitoring their safety programs by 754 full-time safety personnel.

Eighth: All VA workplaces are required to be inspected on an annual basis by the district safety and fire protection engineers. More frequent inspections are provided as needed. This inspection visit is normally announced to the facility director 2 to 3 weeks in advance. An employee representative is invited to accompany the district safety and fire protection engineer. The inspection includes an opening conference, a review of the facility safety and health program, a walkthrough of workspaces, and a closing conference. An inspection report is then prepared by the district safety and fire protection engineer and forwarded to the facility director for comments. These comments are returned to the district safety and fire protection engineer who then forwards the complete package to Central Office.

Ninth: Facility directors also conduct inspection programs to identify and correct hazardous working conditions. Inspections are promptly initiated in response to employee reports and appropriate corrective actions are taken.

Tenth: The VA and the Office of Federal Agency Programs at OSHA have had frequent contact and the VA finds it to be an excellent working relationship. However, VA believes that their own safety inspections, their annual inspections, the inspections that they make for specific purposes, and the response they give to the employees who make complaints, is far better than OSHA could do for them.

II. THE PROPOSED OSHA RULES ON HAZARDS IDENTIFICATION

Section 6(b)(7) of the Occupational Safety and Health Act of 1970 (Public Law 91-596) provides in pertinent part:

> (7) Any standard promulgated under this subsection shall prescribe the use of labels or other appropriate forms of warning as are necessary to insure that employees are apprised of all hazards to which they are exposed, relevant symptoms and appropriate emergency treatment, and proper conditions and precautions of safe use or exposure . . .

The matter involving an employee's right to know the identification of hazardous substances that he or she may be exposed to has been under consideration at the Occupational Safety and Health Administration for several years.

On January 16, 1981, the Occupational Safety and Health Administration published in the Federal Register, "OSHA Proposed Rules on Hazards Identification; Notice of Public Hearings on Proposal."

The proposed rules and notice of hearing were withdrawn on February 13, 1981.

In response to the withdrawal of the proposed rule and cancellation of the projected public hearings, the subcom-

mittee conducted a series of oversight hearings to review the proposed rule.

Appearing before the subcommittee were representatives of: AFL-CIO, United Steelworkers of America (AFL-CIO), Oil, Chemical & Atomic Workers International Union (AFL-CIO), Chemical Manufacturers Association, Shell Oil Co., Monsanto Co., Exxon Chemical Americas, E. I. du Pont de Nemours & Co, Mooney Chemicals, Inc., Motor Vehicle Manufacturers Association, International Chemical Workers Union, International Union—United Auto Workers Master Chemical Corp.

During the course of the hearings it was very clear that there was no disagreement over an employee's right to know the identity of the hazardous substances to which he or she may be exposed.

Rather, the disagreement was directed to the specific manner set forth in the proposed rule for identifying hazardous substances and conveying this information to employees.

More particularly, the employer representatives criticized:

First: The procedure to be followed in making a risk assessment.

Second: The specific requirements as to scope and extent of labeling hazardous substances and materials.

Third: The provisions with respect to safeguarding trade secrets.

Fourth: The provisions pertaining to the identification of substances and mixtures with chronic adverse health effects.

In May 1981, Assistant Secretary for Occupational Safety and Health Thorne G. Auchter announced that,

Since the withdrawal, the agency has established an internal task force to review the labeling proposal. Based on the work of this group, the agency intends to publish a new labeling proposal by September 1, and to begin public hearings in the fall.

As of the date of this report no new proposal has been published.

III. THE PROPOSED TRANSFER OF THE ROCKVILLE, MD., OPERATIONS OF THE NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH.

The National Institute for Occupational Safety and Health (NIOSH) was created by section 22 of the Occupational Safety and Health Act of 1970. It was established in the Department of Health, Education, and Welfare (HEW) and its main administrative operations were housed at Rockville, Md. Subsequently, it was located within the table of organization at HEW so that it reported to the Center for Disease Control (CDC) whose administration is located at Atlanta, Ga.

In June 1981, HEW announced that it proposed to close out the NIOSH facilities at Rockville, Md., and transfer those operations to Atlanta, Ga., and Cincinnati, Ohio.

This proposed move caused serious concern on the part of many supporters of an effective NIOSH, in that it could result in NIOSH's interests and objectives being submerged in CDC, whose basic philosophy and goals were not necessarily the same as those of NIOSH.

Accordingly, the subcommittee held 2 days of oversight hearings, at which the following individuals testified:

Hon. Paul S. Sarbanes, U.S. Senator, Maryland.

Hon. Charles McC. Mathias, Jr., U.S. Senator, Maryland.

Hon. Sam Nunn, U.S. Senator, Georgia.

Hon. Michael D. Barnes, U.S. Representative, Eighth Congressional District, Maryland.

Hon. Steny Hoyer, U.S. Representative, Fifth Congressional District, Maryland.

Hon. Elliott H. Levitas, U.S. Representative, Fourth Congressional District, Georgia.

Dr. Edward N. Brandt, Jr., Assistant Secretary for Health, Department of Health and Human Services.

Dr. William Foege, Director, Center for Disease Control.

Mr. William Watson, Deputy Director, Center for Disease Control.

Mr. Kenneth T. Blaylock, national president, AFGE.

Mr. Joseph E. Cook, Jr., president, Local 41, AFGE.

Ms. Darlene Christian, vice president, Local 41, AFGE.

Mr. George Taylor, director of occupational safety and health, AFL-CIO.

Mr. Jack Sheehan, director, legislative department, United Steelworkers of America, AFL-CIO.

Dr. Lorin Kerr, occupational health department, International Union of Mine Workers of America.

Dr. John Finklea, former Director, NIOSH.

Dr. Marcus M. Key, former Director, NIOSH.

Dr. Anthony Robbins, former Director, NIOSH.

Dr. Morton Corn, former Assistant Secretary of Labor for Occupational Safety and Health.

Dr. William N. Rom, Rocky Mountain Center for Occupational and Environmental Health, University of Utah Medical Center.

Dr. Raymond R. Suskind, department of environmental health, University of Cincinnati.

Dr. Gareth M. Green, School of Hygiene and Public Health, Johns Hopkins University.

Dr. Merle Bundy, director of industrial medicine, United States Steel Corp.

Dr. Lloyd B. Tepper, corporate medical director, Air Products & Chemicals, Inc.

Dr. H. Dean Belk, corporate medical director, Aluminum Co. of America.

Opponents of the proposed transfer contended, inter alia:

"The proposed move was 'precipitous'", a move "based on philosophical changes in fundamental health and safety policy, and a move designed for ease of management."

There is no evidence of any detailed study of the move by HHS.

"The CDC ignored long-established standards and criteria in formulating its decentralization decision."

The change in bringing NIOSH "into the mainstream of preventive medicine really amounts to a dramatic modification of NIOSH's legislative mandate."

NIOSH cost figures are incomplete. The move would cause the loss of many capable and dedicated professionals in NIOSH who have stated they will not move. The move will disrupt the daily contacts with EPA, OSHA, MSHA, CPSC, and HIH.

The proposal was developed in a shroud of secrecy with only a few people involved and most of the rationale developed since the decisions have been made.

According to law, the Executive Branch should have submitted a reorganization plan to the Congress.

It should be pointed out that CDC as an agency chiefly relates to state and local public health agencies, to a small extent with international government health entities, and that its relationship with academic institutions and independent research organizations is relatively inconsequential.

In contrast, NIOSH contacts with the scientific community are broad. Its system of peer review of research projects and ongoing criteria documents on toxic materials was developed with little assistance from CDC, which offers nothing equivalent in that area, simply because it lacks the scientific expertise and the working relationships to make a peer review system.

Through the years organized labor has had the opportunity to observe CDC and the manner in which it deals with NIOSH. To begin with, it is our opinion that CDC does not have the scientific credibility and reputation to provide first-rate professional direction of NIOSH, nor to give it proper policy guidance and strong support.

All three former NIOSH Directors, Drs. Key, Finklea, and Robbins, stated they did not support the proposed move.

The administration witnesses stated:

The proposed transfer "was made solely on programmatic grounds." These are "(1) strengthening the scientific/technical base of the Institute and; (2) strengthening its administrative and program management functions."

The principal management staff of NIOSH, with responsibility for research targeted at defining occupational safety and health problems and developing solutions to prevent or control these problems, has been isolated physically from the epidemiologic and technical leadership of the Center for Disease Control.

We are convinced that the scientific and technical base of NIOSH will be strengthened by locating the headquarters where there can be greater policy coordination between the leadership and programs of CDC and NIOSH.

CDC is the nation's principal repository for disease surveillance systems. NIOSH headquarters in Rockville, which manages nationwide surveillance activites, is separated now from that expertise. This transfer will correct that problem and enhance NIOSH and CDC surveillance activities.

By locating the NIOSH headquarters in Atlanta we will be able to consolidate certain administrative activities with the rest of CDC. It will strengthen the Institute's administrative management by integration with the strong administrative services which have characterized CDC over the years.

By placing NIOSH headquarters with its parent agency's headquarters we expect even greater support for NIOSH programing, resulting from the direct, day-to-day interaction with CDC leadership.

Through the elimination of duplicative functions now performed separately by management, administrative, and technical staff in Atlanta and Rockville, by consolidating the staff of the Division of Criteria Documentation and Standards Development, and by streamlining the conduct of administrative functions, we estimate that we will be able to save upwards of $1.5 million annually in the performance of these headquarters functions.

During the second day of hearings several occupational physicians provided a critical analysis of the accomplishments of NIOSH to date.

They stated, inter alia:

NIOSH has performed very little research that is innovative and it has sponsored little in the way of demonstration projects that would prove the feasibility of research findings. . . . NIOSH has tended to focus on bits and pieces of research which will facilitate implementation of current, recognized problems in the field. There has been no long view in the program of NIOSH research, presumably stemming from both NIOSH and CDC management of the agency research program.

NIOSH has put an inordinate amount of money into criteria-documents development, supposedly to support OSHA standards-setting. (These documents) are citational reviews; that is, reviews of who did what and when, but they are not critical reviews.

I have been critical of the research activities of the agency; however, one must not forget that the funds allocated to carry out these functions have been small when viewed against the magnitude of the problems. One should certainly be compelled to use what is available in the most efficient manner; but even if that had been done, the research problems in occupational safety and health in this country would not have been dented by the funds allocated for NIOSH research to date.

. . . NIOSH has supported training programs in four key professional areas related to occupational safety and health, namely, occupational medicine, industrial hygiene, safety sciences and nursing. It has also sponsored some training support for allied disciplines such as toxicology, epidemiology and biostatistics. In 1977, NIOSH initiated 12 Educational Resource Centers (ERC's) which were awarded to universities for training in the four core areas cited above. . . . The ERC's are without question the most innovative and major contribution made by NIOSH since its inception.

The current Administration is opposed to educational training grants. In the field of occupational safety and health, it should be recognized that without assistance to the universities—and roughly two-thirds of the current NIOSH assistance is for student support—we will simply not have the educated and training professionals needed to move this field forward.

I believe that NIOSH's missions, functions and scope of activity are clearly stated in the Occupational Safety and Health Act of 1970. . . . Unfortunately, since its inception, its leadership and policy direction have been subject to change with shifts in political administration. Its administrative and scientific independence have been limited. I would strongly recommend this very important scientific agency be allowed to assume its proper role as a national center for basic and clinical research in occupational health problems, that it be allowed to fully assume its responsibility for fostering and supporting the education and training of scientists and professionals for investigation and service to the national community.

Level of productivity is intimately related and indeed dependent upon the effectiveness and efficiency of the American workforce. Work hazards result in illness and injury, leading to disability and in many instances demoralization and damaged relations between affected employees and the employer. The training programs supported by NIOSH, especially those in the Educational Resource Centers, are producing large numbers of highly qualified, specially trained professional and scientific personnel who can help reduce and eliminate hazards, educate the workforce to recognize their responsibility for utilizing corrective measures, monitor the environment and the employees at risk, so that safe levels of exposure can be maintained.

NIOSH has, I believe, very sincerely attempted to fulfill the mandate which it has under the Act. I think because of other factors—factors of stability, factors of jobs, factors of resources, factors of being able to determine themselves what they should be doing on a long-term basis—NIOSH has not been able to maintain the scientific and professional leadership or recruit the necessary scientific personnel to carry out the research programs, including its own internal research efforts effectively.

One of the most important steps—and it was a real breakthrough—occurred in 1977 when the Educational Resource Centers were created. This had an enormous impact on the manpower problem, which is not new. As long as I have been in the field, there has been a shortage of occupational health physicians, nurses, hygienists, toxicologists; but in 1977, with the help of the Act, NIOSH was able to do something about it effectively, and it has.

The crises in the American workplace which led to an excessive burden of disease, injury and decreased productivity are highlighted by two major deficiencies—lack of knowledge on the health effects of many substances and the processes being developed in industry, and a shortage of professional manpower to address these questions. These two issues are intertwined. The mission of NIOSH is to produce and disseminate this information and to train professionals to carry it out. The reason that research has not been of the utmost quality in occupational health is that we have not had the trained professionals within NIOSH and the academic community to do this type of work.

NIOSH needs to continue the ERC's as their prime solution toward the manpower shortage, to increase occupational health's presence in the academic community by supporting teaching faculty and faculty academic awards, and to expand the ERC role to reach medical students and primary-care residents.

. . . NIOSH is clearly not as strong and effective as it once was, or as it could be, or should be. We can conclude only that someone's stewardship left much to be desired.

The Subcommittee should be aware of the vast reservoir of goodwill toward NIOSH that exists among persons now in various phases of occupational health practice. Many of us . . . would be eager to respond to calls for assistance or collaboration.

They need an adequate budget and they have not had it. They have not had an adequate research budget. They have not had an adequate budget for the full Institute as well; never have.

I am concerned about where NIOSH is located in the CDC heirarchy. I think if this move should occur, if it is to be successful in Atlanta, there should be reorganization of NIOSH within CDC. I do think if it continues at the same level in Atlanta outside the arena of public scrutiny, its needs could be shortchanged if it is not reorganized within CDC in the Atlanta move.

The SPEAKER. I would like to take this opportunity to thank the Members of Congress and the other individuals who have appeared as witnesses before the subcommittee. I particularly want to thank all the members of the subcommittee who have cooperated and participated in the activities of the subcommittee.●

CREDIT UNIONS PROMOTE SAVINGS

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Ms. OAKAR. Mr. Speaker, on August 13 of last year, President Reagan signed into law Public Law 97-34, the Economic Recovery Tax Act of 1981. While many provisions of the Tax Act were hotly contested by Members of this body prior to their adoption, there was universal agreement in the Congress that steps had to be taken to reverse inflation and encourage consumer savings.

Title III of the Economic Recovery Tax Act contains two primary provisions which were included in order to promote personal savings. Subtitle A of title III created the much publicized All-Savers Certificates; subtitle B expanded the eligibility requirements for individual retirement accounts (IRA's) to make them available to all wage earners and increased the annual contribution limit for such accounts from $1,500 to $2,000.

The National Association of Federal Credit Unions (NAFCU)—which is the only national organization exclusively representing the interests of credit unions chartered by the Federal Government—last Autumn conducted a survey to determine how credit unions

were utilizing the new All-Savers Certificate and expanded IRA account authority. NAFCU's survey results showed that 52 percent of funds invested in All-Savers Certificates were conversions from regular shares; 35 percent of the funds came from higher yielding certificates; and 13 percent of the funds represented new money. Regarding individual retirement accounts, the NAFCU survey indicated that while 36.5 percent of their member credit unions already offered IRA's, 96 percent plan to initiate IRA programs during 1982.

Since approximately 54 percent of our Nation's regulated depository institutions are credit unions, the vigorous commitment of Federal credit unions to the encouragement of consumer savings bodes well not only for the continued health and vitality of credit unions, but also for our Nation's small savers generally.

Mr. Speaker, I include the text of NAFCU Executive Vice President Mal Nestlerode's letter communicating the association's survey results as well as the enclosed tables summarizing the results of their survey in the CONGRESSIONAL RECORD at this point.

NATIONAL ASSOCIATION OF
FEDERAL CREDIT UNIONS,
Arlington, Va., December 16, 1981.

Hon. MARY ROSE OAKAR,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE OAKAR: As the First Session of the 97th Congress draws to a close, I would like to share with you the results of a survey NAFCU conducted in late October to determine precisely how federally chartered credit unions were responding to two significant provisions of the Economic Recovery Tax Act of 1981: the authority to offer All Savers Certificates and the authority to offer Individual Retirement Accounts to all wage earners. Enclosed for your information is a summary of the results of that survey which was answered by 244 Federal credit unions across the country. Incidentally, our survey results also indicate the rate Federal credit unions are paying their members on regular share accounts, which are the functional equivalent of passbook accounts offered by other types of financial institutions.

ALL-SAVERS CERTIFICATES

The figures on the enclosed summary sheet represent funds taken in by Federal credit unions during the first two weeks of the All-Savers Certificates program (October 1-16, 1981). The NAFCU survey indicates that: (1) 52 percent of the funds channeled into the tax-exempt certificates were conversions from regular shares already held by the credit union and paying a rate of return lower than the All Savers Certificate rate; (2) approximately 35 percent of the funds came from higher yielding certificates; and (3) 13 percent of the funds represented new money.

INDIVIDUAL RETIREMENT ACCOUNTS

While 36.5 percent of the respondents to our survey indicated that they already offered Individual Retirement Accounts (IRAs) to their members, we are particularly pleased to note that more than 96 percent plan to do so in 1982 and that 95 percent of those plan to offer IRAs through payroll deduction plans. It must be remembered, however, that all credit unions do not have the convenience of payroll deductions.

Credit unions throughout the country are working diligently to develop and market IRAs, which are expected to be a major source of new funds for credit unions and other depositories. To help Federal credit unions participate in this very competitive market, the National Association of Federal Credit Unions has distributed to each of its members an in-depth research report explaining the recently enacted changes affecting retirement accounts and how these changes can affect and benefit Federal credit unions and their members.

REGULAR SHARE ACCOUNTS

Our survey results also show that credit unions are prudently using their additional flexibility in establishing regular share account rates. Of those responding, 61.5 percent say they are now paying more than 7 percent on regular shares while 43 percent plan to increase their rates in the near future. While many, of course, cannot yet say what they will be increasing the rate to, most cited increases to 8 percent or 9 percent; only a few said they plan to pay the maximum permissible rate of 12 percent on regular shares at this time.

I hope you find this information useful. Be assured of the continuing commitment of the National Association of Federal Credit Unions to work with you and your colleagues in the Congress as you pursue efforts to promote consumer savings. Please feel free to contact me or our director of government affairs, Bill Donovan, if you would like to discuss further these or any other matters affecting your credit union constituents.

Sincerely,

MAL NESTLERODE,
Executive Vice President.

Enclosure.

NAFCU SURVEY OF MEMBERSHIP—RESULTS AS OF NOVEMBER 20, 1981

Total responses (by asset size)

$100 million plus	16
$100 million-30 million	56
$30 million-20 million	22
$20 million-10 million	56
$10 million-1 million	82
Less than $1 million	12
	244

Respondees not offering All-Savers Certificates (by asset size)

$100 million plus	0
$100 million-30 million	1
$30 million-20 million	0
$20 million-10 million	3
$10 million-1 million	7
Less than $1 million	6
	17

Total All-Savers Certificates deposits of respondees (by asset size)

	Millions
$100 million plus	$111.800
$100 million-30 million	98.650
$30 million-20 million	17.880
$20 million-10 million	20.020
Less than $1 million	0.163
	262.253

ALL-SAVERS CERTIFICATE DEPOSITS BETWEEN OCTOBER 1 AND OCTOBER 16

Asset size	ASC deposit (millions)	Conversions from certificate		Conversion from regular shares		New money	
		Percent	Millions	Percent	Millions	Precent	Millions
$100 million plus (16)	$111.800	31.9	$35.700	53.7	$60.100	14.3	$16.000
$100 million-30 million (50[1])	98.650	39.0	38.370	49.4	48.750	11.6	11.530
$30 million-20 million (22)	17.880	29.5	5.260	59.4	10.630	11.1	1.990
$20 million- 10 million (50)	20.020	37.1	7.440	44.7	8.940	18.2	3.640
$10 million-1 million (73)	13.740	28.3	3.880	54.2	7.450	17.5	2.410
Less than 1 million (5)	.163	16.0	.026	38.6	.063	45.4	.074
Totals (216)	262.253	34.6	90.676	51.8	135.933	13.6	35.644

[1] Fifty respondees with ASC information.

IRA's

[In percent]

Asset size	Now offering		Will offer in 1982			Will offer payroll deduction		
	Yes	No	Yes	No	UD	Yes	No	UD
$100 million plus (16)	62.50	37.50	100.00			100.00		
	(10)	(6)	(16)			(16)		
$100 million-30 million (56)	67.86	32.14	100.00			100.00		
	(38)	(18)	(56)			(56)		
$30 million-20 million (22)	40.90	59.09	100.00			95.50	4.50	
	(9)	(13)	(22)			(21)	(1)[1]	
$20 million-10 million (56)	39.30	60.70	100.00			94.60	5.40	
	(22)	(34)	(56)			(53)	(3)	

IRA's—Continued

[In percent]

Asset size	Now offering		Will offer in 1982			Will offer payroll deduction		
	Yes	No	Yes	No	UD	Yes	No	UD
$10 million–1 million (81)[2]	11.10	88.80	93.82	6.17		97.36	2.63	
	(9)	(72)	(76)	(5)		(74)	(2)	
Less than $1 million (13)	7.70	92.30	69.20	23.00	7.70	44.40	33.30	22.20
	(1)	(12)	(9)	(3)	(1)	(4)	(3)	(2)
Total (244)	36.50	63.50	96.30	3.30	0.40	95.30	3.80	0.90
	(89)	(155)	(235)	(8)	(1)	(244)	(9)	(2)

[1] Sponsor won't permit.
[2] One participant with no report.

REGULAR SHARE ACCOUNTS RATE

Asset size	Now paying 7 percent	Now paying less than 7 percent	Rate increase during first quarter 1982		
			Yes	No	UD
$100 million plus (17)	11	6	5	10	2
$100 million–30 million (55)	40	15	24	29	2
$30 million–20 million (22)	16	6	9	13	
$20 million–10 million (56)	28	28	22	31	3
$10 million–1 million (82) [1]	50	30	39	39	2
Less than $1 million (12)	5	7	7	4	1
Total (244)	150	92	106	126	10
Percent	61.5	37.7	43.4	51.6	4

[1] Two participants with no report.●

THE SOVIETS' INHUMAN "RAIN"

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 16, 1981

● Mr. HUGHES. Mr. Speaker, in the First World War, the nations of the world learned the horrifying effectiveness and brutality of chemical warfare. It was a tragic and wasteful lesson, but leaders of civilized nations at least emerged from the conflict prepared to ban this horrible means of conducting warfare by agreeing to a 1925 Geneva protocol on chemical weapons. Although war itself is terrible, world leaders agreed that its brutality could be reduced by banning chemical warfare.

In recent years, there has been renewed attention to the possible uses of chemical warfare, spawned by mounting evidence that the Soviet Union is prepared to use toxic weaponry in conventional armed conflicts. Now, serious evidence has emerged that the Soviets are not only willing to use such weaponry, but also have used it against the people of Southeast Asia and, according to some reports, citizens of Afghanistan.

Reports of a "yellow rain" which caused sickness and death have emerged from witnesses in Southeast Asia and Afghanistan first focused world attention on this horrifying possibility. More recently, the State Department announced that it believes there to be strong scientific evidence from samples taken from areas of witnessed attacks that poison known as trichothecene toxins have been used against armed opponents of Soviet-backed forces and civilian populations, including children.

The Soviet Union has shown through systematic violation of human rights in Eastern Europe and within its own boundaries that its leaders have little regard for the sanctity of human life or political freedom. Now there is evidence that this disregard has extended to the international norms of decency.

The evidence demands investigation—objective and honest investigation—by international bodies. The United Nations must continue to examine all evidence of chemical warfare presented to it, and follow its investigation with appropriate action. If it can be shown that the Soviet Union has used chemical weapons, then the civilized nations of the world must condemn this awful act. Decency demands it.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, December 17, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JANUARY 11, 1982

9:30 a.m.
Labor and Human Resources
Employment and Productivity Subcommittee
To hold hearings on unemployment problems in the automobile industry, focusing on the need for job opportunities and training assistance programs.
4232 Dirksen Building

JANUARY 12, 1982

9:30 a.m.
Labor and Human Resources
Employment and Productivity Subcommittee
To continue hearings on unemployment problems in the automobile industry, focusing on the need for job opportunities and training assistance programs.
4232 Dirksen Building

JANUARY 20, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclear-

ance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 25, 1982

9:30 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on the impact of immigration numbers and the interrelation of immigration policy and population policy.
2228 Dirksen Building

JANUARY 26, 1982

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, amending the Employee Retirement Income Security Act (ERISA) by simplifying both reporting and disclosure requirements, and the process for employers to provide retirement income to employees, and providing incentives for employers to provide pension benefits to employees.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

11:00 a.m.
Foreign Relations
Business meeting, to consider committee budget for 1982.
4221 Dirksen Building

JANUARY 27, 1982

10:00 a.m.
Judiciary
To resume hearings on S. 995, providing for contribution of damages in antitrust price fixing suits.
2228 Dirksen Building
Labor and Human Resources
Investigations and General Oversight Subcommittee
To hold hearings on problems of drug abuse in the American school system.
4232 Dirksen Building

JANUARY 28, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1785, increasing the penalties for violations of the Taft-Hartley Act, requiring immediate removal of certain individuals convicted of crimes relating to his official position, broadening the definition of the types of positions an individual is barred from upon conviction, increasing the time of disbarment from 5 to 10 years, escrowing a convicted official's salary for the duration of his appeal, and clarifying the jurisdiction of the Department of Labor relating to detecting and investigating criminal violations relating to ERISA.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building
Judiciary
Juvenile Justice Subcommittee
To resume hearings on S. 1688, making it a Federal offense when a convicted criminal commits a series of crimes involving firearms, and S. 1689, providing that a convicted criminal sentenced to life imprisonment under State habitual criminal statutes be incarcerated in a Federal penitentiary.
5110 Dirksen Building

FEBRUARY 2, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

FEBRUARY 3, 1982

10:00 a.m.
Environment and Public Works
Environmental Pollution Subcommittee
To resume hearings on S. 1018, prohibiting the Federal Government from funding commerical and residential growth on undeveloped barrier beaches and islands.
4200 Dirksen Building

FEBRUARY 4, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

FEBRUARY 8, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 9, 1982

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

FEBRUARY 10, 1982

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1748, exempting certain employers from withdrawal and plan termination insurance provisions of title IV of the Employee Retirement Income Security Act (ERISA).
4232 Dirksen Building

FEBRUARY 11, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
1202 Dirksen Building

FEBRUARY 23, 1982

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
4200 Dirksen Building

11:00 a.m.
Veterans' Affairs
To hold hearings on legislative recommendations of the Disabled American Veterans.
Room to be announced

FEBRUARY 24, 1982

9:30 a.m.
Banking, Housing, and Urban Affairs
Consumer Affairs Subcommittee
To hold hearings to examine certain financial institution practices restricting individuals from withdrawing funds represented by checks deposited to their accounts.
5302 Dirksen Building
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 25, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to resume markup of proposed amendments to the Clear Air Act (Public Law 95-95).
318 Russell Building

MARCH 3, 1982

9:30 a.m.
Banking, Housing, and Urban Affairs
Consumer Affairs Subcommittee
To hold hearings on the role of the Federal Government in the operation of American payment systems.
5302 Dirksen Building

CANCELLATIONS

DECEMBER 17, 1981

10:00 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on the impact of immigration numbers and the interrelation of immigration policy and population policy.
5110 Dirksen Building

JANUARY 13, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 14, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To continue hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 18, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building